



Enhance Value Create value Identify value

Chairman's Statement

On behalf of the board of directors (the "Board" or "Directors") of Sinolink Worldwide Holdings Limited ("Sinolink" or the "Company"), I am pleased to announce that the Company and its subsidiaries (collectively the "Group") continued to deliver strong results for the year ended 31 December 2003.

MACROECONOMIC ENVIRONMENT

Property Market: The Group's real estate developments are located in the city of Shenzhen of the People's Republic of China (the "PRC" or "China"), and its operating results in the property development business is directly influenced by the recent favourable market conditions. 2003 was an eventful year for China and for Shenzhen. Through joint efforts of the Chinese government and its citizens, the severe acute respiratory syndrome (SARS) epidemic was curbed successfully. Business cooperation between Hong Kong and Shenzhen continued to form stronger bonds, and a border exchange operating 24 hours a day became effective. In the middle of the year, Hong Kong gained further economic advantage through the favourable Closer Economic Partnership Agreement ("CEPA") initiated by the Chinese government, and such advantage is expected to benefit Shenzhen in the foreseeable future. Through 2003, Shenzhen's economy achieved substantial growth. The total annual gross domestic product was RMB286 billion, a 17.3% increase from 2002 while per capita consumption reached RMB19,960, a 5.5% increase from 2002.



Under the favourable economic environment and better structured real-estate policies, Shenzhen's property development sector experienced a healthy growth. In 2003, impacted by the government's enhanced control and further transparency on land sales and tightened lending policy, the sector consolidated with investments in the sector increased at a reduced speed; the total investment in Shenzhen property development sector was RMB45 billion, representing an increase of only 9.4% over the previous year, far below an increase of 27.3% in 2002 over 2001. This adjustment reflected the reduced supply and set the

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pace of property developments to a reasonable level. Total area of new residential property developments in 2003 was 9.58 million square metres, representing an increase of 1.38% (against a 6.74% increase in 2002). The Shenzhen government also stabilised the property market through a systematic land auction scheme. Total area of land sold in 2003 was 11.7 square kilometres, among which only 1.1 square kilometres were for residential developments. Meanwhile, the Shenzhen property demand has been healthy and total area of residential property sold was 8.12 million square metres, representing a 12.08% increase over 2002. The vacancy area of residential property was 1.61 million square metres, representing a decrease of 4.82% over 2002.

The vacancy rate of Shenzhen commercial property also decreased. Total 2003 vacancy area of commercial property was 2.41 million square metres, representing a decrease of 2.34% over 2002.



Gas Fuel Market: Driven by the strong economic growth, the PRC's energy sector marched into a new age of development. Aware of the problem of low proportion of clean energy consumption, the PRC government has included the structural reform of its energy strata and environmental and the ecological protection in its national development plan. The introduction of a series of related policies and measures created a favourable policy environment for the Company's business development in the PRC's gas fuel sector.

In 2003, a nationwide piped natural gas development framework took shape, comprising the "five major pipelines" that connect various geographic areas of major demand and supply in the PRC. The "eastern pipeline", to be completed in 2004, will supply natural gas mainly to the southern Zhejiang Province and Shanghai. The "western pipeline" will transmit natural gas from Talimu and Sebei to Henan, Anhui, Jiangsu, Zhejiang and Shanghai, boasting an annual supply capacity of 12 billion cubic metres. The Kuche-Tabei



region will be the major supplier for the western pipeline under the "West to East Natural Gas Pipelines Project" which is expected to be completed on schedule. The "southern pipeline" includes liquefied natural gas ("LNG") projects in Guangdong and Fujian and is making solid progress. The "northern pipeline" is intended for bringing natural gas from Russia, with its main pipeline connecting Siberia and Tongzhou in the eastern suburb of Beijing, and an ancillary pipeline extending to Shandong. The "central pipeline" will tap the natural gas in the Sichuan Basin and Shannxi-

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Gansu-Ningxia Provinces and delivers natural gas to the Sichuan-Chongqing regions and the Yunnan-Guizhou areas in the southwest. With an annual production of close to 10 billion cubic metres of natural gas, the Sichuan Basin has become a major supplier for the regions, and is joining hands with the Shannxi-Gansu-Ningxia Provinces to aggressively expand the coverage.

The consumption and production of liquefied petroleum gas ("LP Gas") in the PRC continued to grow annually in double digits. Demand for LP Gas increased to more than 18 million tonnes from 2002's 16 million tonnes, and is expected to reach 20 million tonnes by 2005. LP Gas production grew by nearly 37% between 2000 and 2003. With the commencement of gas transmission from the "West to East Natural Gas Pipelines Project", competition has gradually intensified in the PRC's natural gas market. Given the special characteristics of natural gas supply in the PRC, major competition is expected to be strongest in cities along the major gas pipelines and in major cities with expected strong growth potential in fuel consumption. Moreover, taking the overall energy structure of the PRC into account, the Company believes that LP Gas – with its clean and environmentally friendly nature, high burning power and cost efficient value – will continue to play a major role in the PRC's energy strata. The fact that LP Gas operation is more flexible and complimentary to the development of clean fuel consumption in China along with the development of natural gas pipeline penetration, the Company has established an extensive coverage and strong customer base to enjoy the full synergy effect. In light of the above factors, LP Gas still has large room for profit and market growth.

Power Market: Driven by the strong China economic growth, the national demand for electricity increased substantially. During 2003, the national power generation reached a total of 1,846.2 billion kilowatt hour ("kWh"), representing an increase of 15.4% over the previous year. The increase was especially noticeable in the leading developing provinces such as the Guangdong Province. Based on the statistics published by the State Power Information Network, the total power generation in the Guangdong Province grew by more than 18% in 2003 to approximately 178.3 billion kWh. The power imported from its neighbouring provinces also grew by more than 31% to approximately 26.6 billion kWh. The shortage of power supply remains a serious issue in the Guangdong Province.



SUMMARY OF THE COMPANY'S RESULTS

The Company has successfully transformed from a sole property developer into an investment holding company with property development being one of its businesses. Strong results achieved by the investments across the board provide ample evidence that the Company is not relying on one particular investment.

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PROSPECTS

The Company will continue its effort in business development following the current strategy of active financial management, while explore additional high growth opportunities.

Property Market: According to market forecasts, the annual demand in Shenzhen property market will maintain at a level of approximately 11-13 million square metres during the next 5 years, which is corroborated with the annual sales record of 12 million square metres in 2002 and 2003. The land within the Shenzhen special economic zone has mostly been utilised and future developments will be focused on the Shenzhen suburb areas. The RMB6 billion Shenzhen subway project will greatly enhance local transportation efficiency and relieve traffic congestions. In general, the Company believes that the Shenzhen property market will maintain a healthy trend of rising demand and price, but the magnitude of increase will maintain at a rational level. On 16 April 2004, a land lot at Xiangmihu, Shenzhen, was sold at a public auction at an average of RMB7,500 per square metre. Personally, I believe that the Company has a strong land bank in the Shenzhen special economic zone, that will generate a healthy and satisfactory returns to our shareholders.



Gas Fuel Market: The Company's views in the next 10 to 20 years is that, the development and utilisation of natural gas in the PRC will move into a new era in which both demand and supply will grow substantially. The need to realign the energy structure and the fact that the market for natural gas is no longer confined to the vicinity of output locations, make the swift development of gas pipelines a practical necessity. Following the completion of its main pipeline, the "West to East Natural Gas Pipelines Project" will transmit natural gas in the second half of 2004. Along with the progress seen in other major gas projects, a giant gas-supply artery is taking shape.



Seizing the opportunities, Panva Gas Holdings Limited ("Panva Gas", stock code: 8132), a subsidiary of the Group carrying out the gas fuel business, has been focusing on the development of piped gas supply in the southwestern, eastern, southern and northeastern regions of the PRC. Going forward, Panva Gas will further strengthen its leadership position in LP Gas distribution, increase its penetration in the city piped natural gas market, and expedite growth through acquisitions and organic value enhancement from the existing customer base. Panva Gas will also strengthen the management of growth and post-merger integration through improving corporate governance, accumulating industrial resources and management know-how, and constantly improving its operational structure.

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Power Market: The Group's power generation business is conducted through its associated company, Enerchina Holdings Limited ("Enerchina", stock code: 622), which operates Shenzhen Fuhuade Electric Power Co., Ltd. ("Fuhuade Power Plant"). Fuhuade Power Plant received government approval to further expand its installed capacity by a total of 360,000 kilowatt. The installation of the first additional generating units with a capacity of 180,000 kilowatt will be completed by the third quarter of 2004. The installation of the second additional generating units with another 180,000 kilowatt capacity is expected to be completed and be in operation by the first quarter of 2005. Upon completion of these two expansions, the installed capacity of Fuhuade Power Plant will reach a total of 665,000 kilowatt.



Moving forward, the increasing demand in the PRC power market provides a favourable market environment for Enerchina to further expand its power generation capacity. Enerchina is currently conducting a feasibility study to further increase capacity to 1,000,000 kilowatt. Enerchina is also analyzing the possibility of switching to use natural gas when the Guangdong LNG terminal is completed, which will lower operating cost as well as annual maintenance expenses, thus improving profitability as well as operational efficiency. Even though the overall power consumption is at a low level in spring, Guangdong still imported over 600 million kWh from its neighborhood provinces during the first two months in 2004 due stronger power demand. The imported volume is over 80% higher than that of the first two months in 2003.

Given that energy shortage is imposing a constraint on the PRC's economic development, it is inevitable that more new sources of energy have to be developed. The management of Enerchina will continue to pursue new investment opportunities, in particular in the areas of electricity, coal and coal related petrochemical products. Enerchina will play an active role in the power sector as well as the public utility sector.

APPRECIATION

I would like to take this opportunity to thank our board members, customers and business associates for their continual support, and to extend my gratitude to the Company staff for their hard work and contribution during the past year.

Ou Yaping

Chairman

Hong Kong, 21 April 2004