百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1168)

2005 RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2005

- Turnover up 130% to HK$4,770 million
- Gross Profit up 141% to HK$1,307 million
- Profit attributable to equity holders of the Company up 141% to HK$671 million
- Basic Earnings Per Share up 136% to HK28.42 cents
- Proposed final dividend of HK$0.035 per share

FINAL RESULTS

The Board of Directors (the "Board" or "Directors") of Sinolink Worldwide Holdings Limited (the "Company") or "Sinolink" is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2005, together with the comparative figures of the corresponding year in 2004 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005

	NOTES	**2005** **HK$'000**	2004 HK$'000 (Restated)
Turnover	*4*	**4,770,352**	2,072,611
Cost of sales		**(3,463,522)**	(1,529,762)
Gross profit		**1,306,830**	542,849
Other income		**146,968**	71,227
Distribution costs		**(136,849)**	(72,691)
Administrative expenses		**(335,025)**	(145,123)
Other operating expenses		**(68,891)**	(34,118)
Gain on group restructuring exercise		**180,401**	–
Gain on disposal of subsidiaries		**40,794**	88,271
Gain on disposal of available-for-sale investments		**116,397**	–
Loss on deemed disposal arising from dilution of interest in a subsidiary		**–**	(3,266)
Loss on deemed disposal arising from dilution of interest in an associate		**–**	(432)
Increase in fair value of investment properties		**240,778**	–
Share of results of associates		**20,829**	30,190
Finance costs	*5*	**(182,803)**	(33,994)
Changes in fair value of derivative financial instruments		**(208,127)**	–
Profit before taxation	*6*	**1,121,302**	442,913
Taxation	*7*	**(134,036)**	(23,504)
Profit for the year		**987,266**	419,409
Attributable to:			
Equity holders of the Company		**670,909**	277,935
Minority interests		**316,357**	141,474
		987,266	419,409
Dividends	*8*	**218,571**	92,241
		HK cents	*HK cents*
Earnings per share	*9*		
– basic		**28.42**	12.03
– diluted		**28.08**	11.40

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2005

	NOTES	2005 HK$'000	2004 HK$'000 (Restated)
Non-current assets			
Property, plant and equipment		**3,094,885**	2,291,243
Prepaid lease payments		**122,088**	74,574
Investment properties		**481,756**	–
Intangible asset		**8,969**	9,160
Goodwill		**397,077**	252,849
Interests in associates		**465,738**	70,795
Available-for-sale investments		**192,301**	–
Investments in securities		**–**	146,099
Pledged bank deposits		**202,916**	77,950
Loan receivables		**348,026**	–
		5,313,756	2,922,670
Current assets			
Stock of properties		**2,350,345**	2,308,648
Inventories		**192,001**	102,102
Trade and other receivables	10	**1,555,934**	870,798
Prepaid lease payments		**3,694**	2,314
Amounts due from minority shareholders		**–**	28,064
Investments in securities		**–**	49,576
Investments held for trading		**154,499**	–
Pledged bank deposits		**82,229**	72,467
Bank balances and cash		**2,152,484**	3,468,306
		6,491,186	6,902,275
Current liabilities			
Trade and other payables		**2,113,227**	1,009,211
Taxation		**123,360**	63,589
Amounts due to minority shareholders		**30,343**	30,773
Derivative financial instruments		**332,970**	–
Borrowings – amount due within one year		**1,188,708**	811,559
		3,788,608	1,915,132
Net current assets		**2,702,578**	4,987,143
Total assets less current liabilities		**8,016,334**	7,909,813
Non-current liabilities			
Borrowings – amount due after one year		**2,623,078**	3,521,065
Deferred taxation		**36,117**	–
		2,659,195	3,521,065
Net assets		**5,357,139**	4,388,748
Capital and reserves			
Share capital		**263,491**	233,345
Reserves		**3,178,477**	2,204,160
Equity attributable to equity holders of the Company		**3,441,968**	2,437,505
Equity component of convertible bonds of a listed subsidiary		**48,350**	48,350
Equity component of share option reserve of listed subsidiaries		**20,717**	3,813
Minority interests		**1,846,104**	1,899,080
Total equity		**5,357,139**	4,388,748

1. GENERAL

The Company is a public limited company incorporated in Bermuda as an exempted company with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company is Asia Pacific Promotion Limited, a private limited company incorporated in the British Virgin Islands (the "BVI").

The financial statements are presented in Hong Kong dollars, which is the functional currency of the Company.

The principal activities of the Group are property development, sale and distribution of liquefied petroleum gas and natural gas ("gas fuel") and construction of gas pipelines and supply of electricity operation.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS AND CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations ("INTs") (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. In particular, the presentation of minority interests and share of tax of associates have been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current or prior accounting years are prepared and presented:

Business combinations

In the current year, the Group has early applied HKFRS 3 "Business Combinations" with retrospective application for business combinations for which the agreement date is on or after 1 January 2002. The principal effects of the application of HKFRS 3 to the Group are summarised below:

Goodwill

In previous years, goodwill arising on acquisitions prior to 1 January 2001 was held in reserves, and goodwill arising on acquisition after 1 January 2001 was capitalised and amortised over its estimated useful life. The Group has applied the relevant transitional provisions in HKFRS 3. Goodwill previously recognised in reserves of HK$2,632,000 has been transferred to the Group's retained earnings on 1 January 2002. With respect to goodwill previously capitalised on the balance sheet, the Group on 1 January 2002 eliminated the carrying amount of the related accumulated amortisation of HK$698,000 with a corresponding decrease in the cost of goodwill. The Group has discontinued amortising such goodwill from 1 January 2002 onwards and such goodwill will be tested for impairment at least annually. Goodwill arising on acquisitions after 1 January 2002 is measured at cost less accumulated impairment losses (if any) after initial recognition. As a result of this change in accounting policy, no amortisation of goodwill has been charged since 1 January 2002. Comparative figures for 2004 has been restated.

In the current year, the Group has also applied HKAS 21 "The Effects of Changes in Foreign Exchange Rates" which requires goodwill to be treated as assets and liabilities of the foreign operation and translated at closing rate at each balance sheet date. Previously, goodwill arising on acquisitions of foreign operations was reported at the historical rate at each balance sheet date. In accordance with the relevant transitional provisions in HKAS 21, goodwill arising on acquisitions prior to 1 January 2005 is treated as a non-monetary foreign currency item. In the current year, the Group acquired some foreign operations, and goodwill arose on the acquisition of that foreign operations has been translated at the closing rate at 31 December 2005. There is no material impact on the Group's translation reserve in respect of such transaction.

Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as "negative goodwill")

In accordance with HKFRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition ("discount on acquisition") is recognised immediately in profit or loss in the period in which the acquisition takes place. In previous years, negative goodwill arising on acquisitions was presented as a deduction from assets and released to income based on an analysis of the circumstances from which the balance resulted. In accordance with the relevant transitional provisions in HKFRS 3, the Group derecognised all negative goodwill at 1 January 2002 presented as deduction from assets with a corresponding increase to retained earnings.

Share-based payments

In the current year, the Group has applied HKFRS 2 "Share-Based Payment" which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of directors and employees' share options of the Company, determined at the date of grant of the share options, over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised. The Group has applied HKFRS 2 to share options granted on or after 1 January 2005. In relation to share options granted before 1 January 2005, the Group chooses not to apply HKFRS 2 with respect to share options granted on or before 7 November 2002 and vested before 1 January 2005. However, the Group is still required to apply HKFRS 2 retrospectively to share options that were granted after 7 November 2002 and had not yet vested on 1 January 2005. Comparative figures have been restated.

Financial instruments

In the current year, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarised below:

Convertible bonds

The principal impact of HKAS 32 on the Group is in relation to convertible bonds issued by the Company that contain both liability and equity components. Previously, convertible bonds were classified as liabilities on the balance sheet. HKAS 32 requires an issuer of a compound financial instruments that contains both financial liability and equity components to separate the compound financial instrument into the liability and equity components on initial recognition and to account for these components separately. In subsequent periods, the liability component is carried at amortised cost using the effective interest method. The Group has made a retrospective application in accordance with the requirements of HKAS 32 and comparative figures have been restated accordingly.

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to the classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

By 31 December 2004, the Group classified and measured its debt and equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice 24 ("SSAP 24"). Under SSAP 24, the Group classified its investments in securities as "investment securities", which were securities held for an identified long-term strategic purpose, and were measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary. From 1 January 2005 onwards, the Group has classified and measured its debt and equity securities in accordance with HKAS 39. "Available-for-sale financial assets" are carried at fair value, with changes in fair values recognition in equity. Available-for-sale equity investments that do not have quoted market prices in an active market and whose fair value cannot be reliably measured are measured at cost less impairment after initial recognition. This is no material impact on the financial statements of the Group for the year ended 31 December 2005.

Financial assets and financial liabilities other than debt and equity securities

From 1 January 2005 onwards, the Group has classified and measured its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "other financial liabilities". Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being recognised in profit or loss directly. "Other financial liabilities" are carried at amortised cost using the effective interest method after initial recognition. Accordingly, an adjustment to increase the Group's retained earnings and minority interests of HK$132,000 and HK$94,000 respectively and to reduce the carrying amount of the Group's guaranteed senior loan notes on 1 January 2005 of HK$226,000 was made in accordance with the transitional provision of HKAS 39.

Derivatives and hedging

From 1 January 2005 onwards, all derivatives that are within the scope of HKAS 39 are required to be carried at fair value at each balance sheet date regardless of whether they are deemed as held for trading or designated as effective hedging instruments. Under HKAS 39, derivatives (including embedded derivatives separately accounted for from the non-derivative host contracts) are deemed as held-for-trading financial assets or financial liabilities, unless they qualify and are designated as effective hedging instruments. The corresponding adjustments on changes in fair values would depend on whether the derivatives are designated as effective hedging instruments, and if so, the nature of the item being hedged. For derivatives that are deemed as held for trading, changes in fair values of such derivatives are recognised in the profit or loss for the period in which they arise.

The Group has applied the relevant transitional provisions in HKAS 39. For derivatives that are not held for hedging purposes, on 1 January 2005, the Group recognised the difference between the previous carrying amount recognised on the balance sheet and the fair value on 1 January 2005, amounting to HK$112,591,000, which was debited to the Group's retained earnings and minority interests of HK$70,486,000 and HK$42,105,000 respectively.

Owner-occupied leasehold interest in land

In previous years, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the revaluation model. In the current year, the Group has applied HKAS 17 "Leases". Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively. Alternatively, where the allocation between the land and buildings elements cannot be made reliably, the leasehold interests in land continue to be accounted for as property, plant and equipment.

In addition, the Group has changed its accounting policy and elected for the leasehold buildings of the Group to be stated at cost less accumulated depreciation rather than at their revalued amount. As the value of the properties within the Group has not experienced any material fluctuations in the past, the Group believes that by stating its building at cost would reflect a more accurate position to user of the financial statements. Comparative figures have been restated.

Pre-completion contracts for the sale of development properties

Previously, the Group applied the stage of completion method to recognise revenue from pre-completion contracts for the sale of development properties. In the current year, the Group has, for the first time, applied Hong Kong Interpretation 3 "Pre-completion Contracts for the Sales of Development Properties" ("HK-INT 3") which clarifies that the use of stage of completion method to recognise revenue from pre-completion contracts for the sale of development properties is not appropriate. Under HK-INT 3, revenue arising from pre-completion contracts for the sale of development properties is recognised only when all of the criteria specified in paragraph 14 of HKAS 18 "Revenue" are met. The Group has elected to early adopt the requirements of HK-INT 3 to pre-completion contracts for the sale of development properties entered into on or after 1 January 2004. Comparative figures have been restated.

Investment properties

In the current year, the Group has, for the first time, applied HKAS 40 "Investment Property". The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in profit or loss for the year in which they arise. The application of HKAS 40 has no financial impact in prior year as the Group did not have investment properties in prior year.

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The cumulative effects of the application of the new HFKRSs as at 31 December 2004 and 1 January 2005 are summarised below:

	31 December 2004 *HK$'000* (originally stated)	Re-classification *HK$'000*	Retrospective adjustments *HK$'000*	31 December 2004 *HK$'000* (restated)	Opening adjustments *HK$'000*	1 January 2005 *HK$'000* (restated)
Balance sheet items						
Property, plant and equipment	2,374,254	–	(83,011)	2,291,243	–	2,291,243
Prepaid lease payments	–	–	76,888	76,888	–	76,888
Goodwill	180,120	–	72,729	252,849	–	252,849
Negative goodwill	(40,125)	–	40,125	–	–	–
Interests in associates	70,677	–	118	70,795	–	70,795
Stock of properties	2,082,615	–	226,033	2,308,648	–	2,308,648
Trade and other payables	(681,804)	–	(327,407)	(1,009,211)	–	(1,009,211)
Taxation	(79,470)	–	15,881	(63,589)	–	(63,589)
Derivative financial instruments	–	–	–	–	(112,591)	(112,591)
Borrowings – amount due after one year	(3,570,142)	–	49,077	(3,521,065)	226	(3,520,839)
	336,125	–	70,433	406,558	(112,365)	294,193
Retained earnings	1,413,530	–	12,183	1,425,713	(70,354)	1,355,359
Asset revaluation reserve	2,881	–	(2,881)	–	–	–
Goodwill reserve	2,632	–	(2,632)	–	–	–
Share option reserve	–	–	965	965	–	965
Minority interests	–	1,888,445	10,635	1,899,080	(42,011)	1,857,069
	1,419,043	1,888,445	18,270	3,325,758	(112,365)	3,213,393
Equity component of convertible bonds of a listed subsidiary	–	–	48,350	48,350	–	48,350
Equity component of share option reserve of listed subsidiaries	–	–	3,813	3,813	–	3,813
Minority interests	1,888,445	(1,888,445)	–	–	–	–
	3,307,488	–	70,433	3,377,921	(112,365)	3,265,556

The financial effects of the application of the new HKFRSs to the Group's equity at 1 January 2004 are summarised below:

	As originally stated *HK$'000*	**Adjustments** *HK$'000*	**As restated** *HK$'000*
Retained earnings	1,199,750	48,725	1,248,475
Asset revaluation reserve	3,129	(3,129)	–
Goodwill reserve	2,632	(2,632)	–
Minority interests	874,556	3,636	878,192
	2,080,067	46,600	2,126,667
Equity component of convertible bonds of a listed subsidiary	–	48,350	48,350
	2,080,067	94,950	2,175,017

Effect of the changes in the accounting policies described above on the results for the current and prior years are as follows:

	2005 *HK$'000*	2004 *HK$'000*
Increase in staff cost and related expenses	**(40,393)**	(4,778)
Decrease in amortisation and depreciation of property, plant and equipment	**40**	40
Decrease in amortisation of goodwill	**14,213**	4,090
Increase in release of negative goodwill	**13,721**	37,661
Decrease in gain on disposal of subsidiaries	**–**	(2,434)
(Increase) decrease in effective interest on the Group's borrowings	**(7,262)**	727
Losses arising from changes in fair value of derivative financial instruments	**(208,127)**	–
Effect of the application of HK – INT 3	**(278,819)**	(85,494)
Increase in fair value of investment properties	**240,778**	–
Increase in share of results of associates	**–**	3,708
Decrease in profit for the year	**(265,849)**	(46,480)
Attributable to :		
Equity holders of the Company	**(166,603)**	(36,542)
Minority interests	**(99,246)**	(9,938)
	(265,849)	(46,480)

Analysis of increase (decrease) in profit for the year by line items presented according to their function:

	2005 *HK$'000*	2004 *HK$'000*
Decrease in turnover	**(800,927)**	(333,777)
Decrease in cost of sales	**472,905**	226,031
Increase in other income	**13,721**	37,661
(Increase) decrease in administrative expenses	**(26,140)**	3,108
Decrease in gain on disposal of subsidiaries	**–**	(2,434)
(Increase) decrease in finance costs	**(7,262)**	727
Increase in share of results of associates	**–**	3,708
Decrease in amortisation of goodwill in associates	**–**	2,615
Decrease in income tax	**49,203**	15,881
Increase in fair value of investment properties	**240,778**	–
Losses arising from changes in fair value of derivative financial instruments	**(208,127)**	–
Decrease in profit for the year	**(265,849)**	(46,480)
Attributable to :		
Equity holders of the Company	**(166,603)**	(36,542)
Minority interests	**(99,246)**	(9,938)
	(265,849)	(46,480)

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective as at 31 December 2005. The directors of the Company anticipate that the application of these standards, interpretations and amendments will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Capital disclosures[1]
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures[2]
HKAS 21 (Amendment)	Net investment in a foreign operation[2]
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions[2]
HKAS 39 (Amendment)	The fair value option[2]
HKAS 39 & HKFRS 4 (Amendments)	Financial guarantee contracts
HKFRS 6	Exploration for and evaluation of mineral resources[2]
HKFRS 7	Financial instruments: Disclosures[1]
HK(IFRIC) – INT 4	Determining whether an arrangement contains a lease[2]
HK(IFRIC) – INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds[2]
HK(IFRIC) – INT 6	Liabilities arising from participating in a specific market, waste electrical and electronic equipment[3]
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[4]

1 Effective for annual periods beginning on or after 1 January 2007.
2 Effective for annual periods beginning on or after 1 January 2006.
3 Effective for annual periods beginning on or after 1 December 2005.
4 Effective for annual periods beginning on or after 1 March 2006.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

(A) Business segments

For management purposes, the Group currently organises its operations into five business segments, namely property development, property investment, gas fuel business, electricity supplies 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
Property investment	–	rental income from investment properties
Gas fuel business	–	wholesaling and retailing of gas fuel and the construction of gas pipelines
Electricity supplies	–	sales of electricity
Others	–	property management services

Segment information about these businesses is presented below.

For the year ended 31 December 2005

	Property development *HK$'000*	Property investment *HK$'000*	Gas fuel business *HK$'000*	Electricity supplies *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE							
External sales	1,109,736	11,441	2,324,100	1,292,131	32,944	–	4,770,352
Inter-segment sales	–	–	–	–	1,702	(1,702)	–
	1,109,736	11,441	2,324,100	1,292,131	34,646	(1,702)	4,770,352
RESULT							
Segment result	315,404	8,660	580,756	124,918	7,690	–	1,037,428
Other income							146,968
Unallocated corporate expenses							(271,363)
Gain on disposal of subsidiaries	–	–	–	40,794	–	–	40,794
Gain on group restructuring exercise							180,401
Gain on disposal of available-for-sale investments							116,397
Increase in fair value of investment properties	–	240,778	–	–	–	–	240,778
Share of results of associates	–	–	20,829	–	–	–	20,829
Finance costs							(182,803)
Changes in fair value of derivative financial instruments							(208,127)
Profit before taxation							1,121,302
Taxation							(134,036)
Profit for the year							987,266

Inter-segment sales are charged at prevailing market prices.

At 31 December 2005

	Property development HK$'000	Property investment HK$'000	Gas fuel business HK$'000	Electricity supplies HK$'000	Others HK$'000	Consolidated HK$'000
ASSETS						
Segment assets	3,236,579	240,978	4,481,097	2,206,611	14,829	10,180,094
Interests in associates	4	–	465,734	–	–	465,738
Unallocated corporate assets						1,159,110
Consolidated total assets						11,804,942
LIABILITIES						
Segment liabilities	1,502,379	–	546,418	196,878	10,290	2,255,965
Borrowings	586,040	–	2,015,305	1,149,206	–	3,750,551
Unallocated corporate liabilities						441,287
Consolidated total liabilities						6,447,803
OTHER INFORMATION						
Capital additions	4,870	–	765,477	215,160	20	985,527
Intangible assets additions	–	–	60,684	108,010	–	168,694
Depreciation and amortisation	9,158	–	63,724	95,016	582	168,480
Release of prepaid lease payments	–	–	1,506	968	–	2,474
Impairment loss on goodwill	–	–	–	6,405	–	6,405

For the year ended 31 December 2004

	Property development HK$'000	Gas fuel business HK$'000	Electricity supplies HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE						
External sales	144,500	1,800,253	99,857	28,001	–	2,072,611
Inter-segment sales	–	–	–	1,684	(1,684)	–
	144,500	1,800,253	99,857	29,685	(1,684)	2,072,611
RESULT						
Segment result	8,452	355,331	14,315	4,974	–	383,072
Other income						71,227
Unallocated corporate expenses						(92,155)
Gain on disposal of subsidiaries	3,898	84,373	–	–	–	88,271
Loss on deemed disposal arising from dilution of interest in a subsidiary	–	(3,266)	–	–	–	(3,266)
Loss on deemed disposal arising from dilution of interest in an associate	–	–	(432)	–	–	(432)
Share of results of associates	–	83	30,107	–	–	30,190
Finance costs						(33,994)
Profit before taxation						442,913
Taxation						(23,504)
Profit for the year						419,409

Inter-segment sales are charged at prevailing market prices.

At 31 December 2004

	Property development *HK$'000*	Gas fuel business *HK$'000*	Electricity supplies *HK$'000*	Others *HK$'000*	Conslidated *HK$'000*
ASSETS					
Segment assets	2,827,911	2,158,805	1,704,461	9,266	6,700,443
Interests in associates	–	70,795	–	–	70,795
Unallocated corporate assets					3,053,707
Consolidated total assets					9,824,945
LIABILITIES					
Segment liabilities	735,486	155,519	133,686	6,702	1,031,393
Borrowings	1,125,612	1,901,347	1,305,665	–	4,332,624
Unallocated corporate liabilities					72,180
Consolidated total liabilities					5,436,197
OTHER INFORMATION					
Capital additions	13,162	489,180	1,264,379	1,795	1,768,516
Intangible asset additions	–	8,951	220,711	–	229,662
Depreciation and amortisation	9,132	36,416	5,381	362	51,291
Release of prepaid lease payments	–	1,471	86	–	1,557

(B) Geographical segments

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

5. FINANCE COSTS

	2005 *HK$'000*	2004 *HK$'000*
Interest on:		
– bank and other borrowings wholly repayable within five years	**106,436**	51,107
– bank and other borrowings not wholly repayable within five years	**–**	38,237
– convertible bonds	**22,782**	13,685
– senior notes	**132,404**	–
	261,622	103,029
Net interest receivable on interest rate swaps	**(43,988)**	(26,239)
	217,634	76,790
Less: Amount capitalised to properties under development for sale	**(31,916)**	(41,438)
Amount capitalised to construction in progress	**(7,196)**	(1,594)
	178,522	33,758
Bank charges	**4,281**	236
	182,803	33,994

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 5.4% (2004: 4.2%) to expenditure on qualifying assets.

6. PROFIT BEFORE TAXATION

	2005	2004
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Amortisation of intangible asset (included under administrative expenses)	**428**	502
Auditors' remuneration	**4,294**	2,380
Cost of inventories recognised as an expense	**2,562,906**	1,349,689
Depreciation and amortisation of property, plant and equipment	**168,052**	50,789
Release of prepaid lease payments	**2,474**	1,557
Operating lease rentals in respect of land and buildings	**12,292**	8,211
Staff costs including directors' remuneration	**120,177**	99,999
Share of tax of associates (included in share of results of associates)	**3,573**	–
and after crediting:		
Rental income, net of outgoings of approximately HK$2,871,000 (2004: nil)	**8,660**	–

7. TAXATION

	2005	2004
	HK$'000	*HK$'000*
The charge comprises:		
PRC Enterprise Income Tax		
– current year	**104,231**	23,504
– overprovision in prior years	**(6,312)**	–
	97,919	23,504
Deferred tax	**36,117**	–
	134,036	23,504

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is 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 has been provided for after taking these tax incentives into account.

8. DIVIDENDS

	2005	2004
	HK$'000	*HK$'000*
Ordinary shares:		
Interim, paid – HK$0.03 (2004: HK$0.015) per share	**70,544**	34,781
Special interim, paid – HK$0.033 (2004: nil) per share	**77,598**	–
2004 final, paid – HK$0.03 (2003: HK$0.03) per share	**70,429**	57,460
	218,571	92,241

On 22 March 2006, the board declared a special interim dividend by way of a distribution in respect of Enerchina shares held by the Company in proportion of 5 Enerchina shares for every 10 shares held by the shareholders. A total of 1,422,214,340 Enerchina shares with aggregate market value worths HK$995,550,000 were distributed to the shareholders of the Company on 13 April 2006.

The final dividend of HK$0.035 per share (2004: HK$0.03 per share) has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	2005	2004
	HK$'000	*HK$'000*
Earnings for the purposes of basic earnings per share, being profit for the year attributable to equity holders of the Company	**670,909**	277,935
Effect of dilutive potential shares:		
Adjustment to the share of results of subsidiaries based on dilution of their earnings per share	**(1,250)**	(12,330)
Earnings for the purposes of diluted earnings per share	**669,659**	265,605

	Number of shares	
Weighted average number of shares for the purposes of basic earnings per share	2,360,969,665	2,310,630,573
Effect of dilutive potential shares:		
Share options	23,816,091	18,250,449
Weighted average number of shares for the purposes of diluted earnings per share	2,384,785,756	2,328,881,022

10. TRADE AND OTHER RECEIVABLES

The Group has a policy of allowing average credit terms ranging from 0 to 180 days to its customers. Included in trade and other receivables are trade receivables of HK$651,495,000 (2004: HK$306,885,000), the aged analysis of which is as follows:

	2005	2004
	HK$'000	*HK$'000*
Trade debtors	**651,495**	306,885
Other receivables	**904,439**	563,913
	1,555,934	870,798
Aged:		
0 to 90 days	**645,366**	303,752
91 to 180 days	**1,054**	841
181 to 360 days	**1,815**	1,798
over 360 days	**3,260**	494
	651,495	306,885

The fair values of the Group's trade and other receivables at 31 December 2005 approximates to the corresponding carrying amounts.

BUSINESS REVIEW

For the year ended 31 December 2005, the Group achieved remarkable results with turnover of HK$4,770 million, representing an increase of 130% as compared to 2004. Gross profit increased to HK$1,307 million for the year ended 31 December 2005, an increase of 141% as compared to 2004. Profit attributable to shareholders increased to HK$671 million, representing an increase of 141% as compared to 2004. The basic earnings per share increased to HK28.42 cents in 2005 as compared to HK12.03 cents in 2004, representing an increase of 136%.

The strong performance is attributed from the contributions of the Group's property development business, which recorded 139,600 square metres of gross floor areas sold, the gas fuel business continued to show significant progress and the consolidation of the electricity generating business.

Previously, the Group applied the stage of completion method to recognise revenue from pre-completion contracts for the sale of development properties. In the current year, the Group has, for the first time, applied Hong Kong Interpretation 3 Pre-completion Contracts for the Sale of Development Properties ("HK-Int 3") which only allowed the use of completion method to recognise revenue from pre-completion contracts for the sale of development properties. The Group has elected to retrospectively apply the requirements of HK-Int 3 to pre-completion contracts for the sales of development properties entered into on or after 1 January 2004.

Property Sales

For the year ended 31 December 2005, the Group recorded a turnover of HK$1,110 million for property sales, representing an increase of 668% as compared to 2004. The Group sold a total floor area of approximately 139,600 square metres during the year as compared to 20,566 square metres for 2004 and was mainly derived from the sales of the remaining units of Sinolink No.8 and 99% of The Oasis. The Oasis is a 1,322 units development covering a total gross floor area of 140,868 square metres and a 20,232 square metres commercial development and the Group completed its development during the year.

Gross profit increased by 505% to HK$448 million in 2005 from HK$74 million in 2004 due to significant increase in sales in 2005 and the increase in average selling price. The average selling price for The Oasis is approximately RMB9,206 per square metre in 2005, representing an increase of approximately 15% or RMB1,171 per square metre as compared to 2004 of RMB8,035 per square metre.

Property Rental

In 2005, turnover of the Group's property rental was HK$11 million, consist of mainly shopping malls in Sinolink Garden with total gross floor areas of 23,337 square metres. These rental properties were transferred from the stock of properties or completed construction of the property under development by the Group during the year.

As at 31 December 2005, the Group has the following properties under development:

(1) *The Mangrove West Coast* is a 1,301 units development project with a total gross floor area of approximately 249,300 square metres. This residential development project has completed its structural part of the development and expects to be completed in the first half of 2006. Its presale has commenced since May 2005. With RMB25,000 per square metre as the launching price before discount, a total of 49,851 square metres were presold since May 2005;

(2) Sinolink Garden Phase Five eastern district, is a development project with a total site area of 40,786 square metres and total gross floor area of 226,231 square metres. The Group intends to develop this development project into a residential and commercial areas. The construction works is expected to commence at the second quarter of 2006 and will be completed by second half of 2008;

(3) Shanghai Bund de Rockefeller Group or Waitanyuan Project, is a joint development project the Group entered into with the Rockefeller Group International Inc. in November 2005. The project has a total site area of 18,000 square metres and total gross floor area of 94,000 square metres. The Group intends to redevelop this historical site into an upscale mixed-use neighborhood, with residential, commercial, retail, offices and hotel facilities. This development project will commence construction works in the second half of 2006 and expects to be completed by late 2008.

Electricity Generation Business

For the year ended 31 December 2005, the Group's electricity generation business operated through Enerchina Holdings Limited ("Enerchina" or stock code: 622), recorded turnover of HK$1,292 million, an increase of 53% and sold 2,233 million kWh of electricity, representing an increase of 52% as compared to 1,473 million kWh over 2004. This increase was mainly due to (i) the increase in power generation capacity: completion of third and fourth combined cycle generating units which commenced commercial production in September 2004 and May 2005 respectively and (ii) continuation of the increased demand for electricity in the Guangdong Province during the year. For the year ended 31 December 2005, Enerchina Group had an installed capacity of 665,000 kilowatts, an increase of 1.4 times over the installed capacity of last year.

The staggering high world crude oil price had significantly affected the price of heavy oil during the second half of the year so as to put the Group's power generation business under enormous pressure. Despite the fact that the management had contributed a lot of efforts towards improving productivity and continued to strengthening of fuel procurement and inventory control in order to minimise the impact of higher fuel costs to the Group, the gross profit margin of power generation for the year was decreased by 15.9% as compared to last year.

The Group had received a subsidy of high fuel costs from Shenzhen Power Supply Bureau in an amount of HK$9 million and HK$51 million for the power generation during the period from January 2005 to April 2005 and from May 2005 to August 2005 and the Group is still in discussion with Shenzhen Power Supply Bureau regarding the compensation amount for the period from September 2005 to December 2005.

The management of the Group expects the current price level of heavy oil will sustain for a period of time. Therefore, the power plant is undergoing conversion which allows natural gas, more economical fuel with substantial less pollution, to be used as an alternative. The management of the Group expects the two 180 MW power generator units will be modified to burn natural gas as an additional energy source in 2006. In addition, it will provide greater flexibility to the power plant to select a cheaper source of fuel in the future. In view of the location of the Group's power plant is in close proximity to the Guangdong Liquefied Natural Gas Terminal, which is expecting to be completed in 2006, therefore the Group's power plant is in an advantageous position to convert from heavy oil to natural gas.

In the first half of 2005, the Enerchina Group had completed a disposal of its 41% equity interest in Xin Hua Control for a consideration of US$24 million, which was equivalent to approximately HK$183 million. The Group recorded a gain of HK$96 million from the disposal. Xin Hua Control is principally engaged in the business of manufacture and sale of control systems for power plants and large scale manufacturing plants. The Directors are of the view that the disposal is the sale of non-core business and it is in the interest of the Group.

Gas Fuel Business

For the year ended 31 December 2005, the Group's gas fuel business, operated by Panva Gas Holdings Limited ("Panva Gas" or Stock code: 1083), recorded a turnover of HK$2,324 million, an increase of 29% over 2004. Gross profit grew by 54% to HK$690 million and profit attributable to shareholders decreased by 45% to HK$156 million. The decrease was due to a mark-to-market revaluation of the interest rate SWAPS of HK$208 million charged to the bottom line.

The gas fuel business was further divided into wholesale and retail of LP Gas, the sale of piped gas and gas pipeline development business. The turnover contribution from each of these activities amounted to HK$854 million, HK$574 million, HK$153 million and HK$712 million, accounting for 37%, 25%, 7% and 31% respectively to the Panva Gas's turnover.

The Group continued to accelerate its new project development in 2005 and gained major breakthroughs and achievements. On the piped gas front, the Group further strengthened its strategic position in Sichuan and the northeastern PRC region while increased its market penetration in Guangdong. A total of seven projects were secured during the year concerning piped gas distribution and gas pipeline construction in cities that included Jianyang in Sichuan province, Tieling, Chaoyang and Benxi in Liaoning province, and Shaoguan and Qingyuan in Guangdong province with a total investment of over RMB543 million.

FINANCIAL REVIEW

As at 31 December 2005, the Group's total borrowings were HK$3,812 million (2004: HKHK$4,333 million) representing a decrease of 12% or HK$521 million over 2004. The net decrease is mainly due to the repayment of bank and other loans. The Group's gearing ratio, measured by net borrowings (after deducting cash and bank balances of HK$2,438 million) over shareholders' funds, increased from 29% to 40%. Bank borrowings are mainly used to finance the property development projects and the construction of power plants and the convertible note, bonds and senior notes are used for the expansion of gas fuel business. The borrowings are mainly at floating interest rates.

As at 31 December 2005, total assets pledged in securing these loans have a net book value of HK$1,391 million (2004: HK$649 million). The borrowings of the Group are denominated in RMB, United States Dollars and Hong Kong Dollars. As the entire operation of the Group is carried out in the PRC, substantial receipts and payments in relation to operation are denominated in RMB. No financial instruments were used for hedging purpose except for the interest rate swaps entered into by Panva Gas Group to hedge the senior notes; however, the Board is evaluating and closely monitoring the potential impact of RMB appreciation and interest rate movement and the instruments that could minimise such potential impact on the Group.

The Group's cash and cash equivalents amounted to HK$2,438 million (including pledged bank deposits of HK$285 million) as at 31 December 2005 are mostly denominated in RMB, Hong Kong dollars and US dollars.

PROSPECTS

In 2005, the property prices in Shenzhen continued to rise at a steady rate as compared to 2004 reflecting the economic growth of Shenzhen. As the Group's current major real estate developments were located in the city of Shenzhen of the People's Republic of China (the "PRC"), the Group continued to benefit from the fast-growing economy of this special economic zone.

In addition, the proximity of Shenzhen to Hong Kong, the continuing rise on household income and their affordability ratio, the further influx of capital from overseas investing in fixed assets on return from the expected further revaluation of RMB, all contributed to the acceleration of foreign and local investors to invest in properties in Shenzhen and throughout the PRC, especially through investing in prime locations and high quality properties. The Mangrove West Coast since its presale had attracted about 50% foreign investors to buy our properties. To seize this opportunities, the Group is actively seeking its expansions in the property development business by exploring any new potential projects in both Shenzhen and other major cities in the PRC. The first move to branch our property development business into other major cities in the PRC was embarked by our investment in the Shanghai Bund de Rockefeller Group or Waitanyuan Project along the Waitanyuan district in Shanghai in November 2005.

The Group's future plan, in addition to residential projects, also would like to balance our portfolio including commercial projects with potential for capital appreciation and providing the Group with a stable income streams.

In 2006, the Group will reap a significant amount of sales from the presold units of The Mangrove West Coast, which was expected to obtain its occupancy permit by second quarter of 2006. The Group expects to pace the sales of The Mangrove West Coast in throughout 2006 and 2007 so as to capture the improving environment of the Shenzhen property markets.

On the power generation business side, the Group expects with the increased in installed capacity in 2005 together with the growth in power consumption in the Guangdong province, the power plant will further increase the power output in 2006. However, the Group sees the power sector in the PRC still a challenge in 2006 as the heavy oil price is still a major determinant of the Group's power sector profitability and the Group considers that the heavy oil price may not come down significantly in the near future. In addition, under the current electricity supply regime of the PRC, the Group cannot transfer the additional fuel costs to its customers and we can only receive partial compensation from the government for the additional fuel costs. In view of this situation, we will continue to undergo the gas conversion of the power plant which allows natural gas, a significantly more economical fuel with substantial less pollution, to be used as an alternative.

The Group will continue its effort in increasing the power generation capacity, which will be mainly powered by natural gas, from the Group's existing total installed capacity of 665,000 kilowatts to 1,450,000 kilowatts and at the same time, to explore the opportunities to expand into the coal gasification business and the clean energy sector of the PRC.

On the gas fuel business front, the Group will further enhance its corporate culture and social contribution in 2006 while focusing on the further expanding the Group's economies-of-scale through mergers and acquisitions and new project development and prudently seeking for new projects of higher investment returns while adhering to the Group's well-tested selection criteria. In addition, the Group will focus on the development of piped gas projects while expanding the Group's LP Gas business in selective PRC cities. On the operational side, we strive to further standardising the Group's operations and enhancing the returns of existing projects through effective cost reduction measures and realignment of resources and strengthening the Group's co-operations with up-stream enterprises to ensure a reliable gas fuel supply.

MAJOR AND CAPITAL MARKET EVENTS

On 3 December 2004, the Group increased its stake in Enerchina from 37.1% to 50.1% by purchasing another 13% from independent third parties. At the same time, an unconditional general offer was made and closed on 18 January 2005 with the Group's holding further increased to 63.38% and a total amount of HK$192 million was paid for the exercise.

During 2005, the Company made several placements on Enerchina's shares to various independent third parties and altogether raised HK$250.6 million from the placings for working capital of the Group.

On 24 June 2005, Goodunited Holdings Limited, an indirect wholly owned subsidiary of Enerchina, seized the opportunity to maximise the benefit from its electricity operations by entering into an agreement with Shenzhen Huishen Electric Power Company Limited ("Shenzhen Huishen") to purchase 30% registered capital of Shenzhen Fuhuade Electric Power Co., Limited, an indirect wholly owned subsidiary of Enerchina from Shenzhen Huishen for a total consideration of RMB250 million. The acquisition was completed in July 2005.

On 30 November 2005, the Group through its wholly owned subsidiary, Sinolink Shanghai Investments Limited, entered into the Investment Agreement with Rockefeller Group International, Inc. ("Rockefeller Group"), whereby the Group will participate alongside Rockefeller Group in a project to redevelop parts of the historic Waitanyuan district in Shanghai.

On 9 December 2005, the Company entered into the Placing and Subscription Agreement under which 280,000,000 shares were placed to independent placees at the Placing Price of HK$1.95, and raised HK$534.5 million, net of expenses from this placing to finance the Group's existing property development activities, and for general working capital purposes.

On 25 January 2006, the Company entered into another Placing and Subscription Agreement under which 189,456,448 shares were placed to various independent placees at the Placing Price of HK$2.34, and raised HK$426 million, net of expenses from this placing to finance the Group's existing property development activities, and for general working capital purposes.

GROUP REORGANISATION

On 7 April 2005, the Board of the Company had reached an agreement with the Board of Enerchina, whereby the Company agreed to sell its stake of 58.45% interest in Panva Gas to Enerchina for a consideration HK$1,753 million payable by issuing new shares of Enerchina at HK$0.69 per share. Both the board of Sinolink and Enerchina consider that Panva Gas will provide a long term and reliable income base for Enerchina and as Enerchina itself is already a subsidiary of Sinolink, after completion of the acquisition, Panva Gas remain as the Company's subsidiary. The re-organisation was completed on 2 June 2005.

Subsequent to the acquisition, the Group through Enerchina had made various on-market purchases aggregated to 19,935,000 shares of Panva Gas for a total consideration of HK$62.3 million, equivalent to an average of HK$3.126 per share, representing approximately 2.1% of the issued share capital of Panva Gas. As the results of the acquisition and the various on-market purchases, the Group is currently holding approximately 60.6% shareholding interest in Panva Gas.

DISTRIBUTIONS IN SPECIE

On 22 March 2006, the Board of the Company declared a special interim dividend to be satisfied by way of a distribution in specie of the Enerchina shares held by the Company in the proportion of 5 Enerchina shares for every 10 shares held by the shareholders of the Company. The relevant Enerchina Shares were distributed to shareholders of the Company on 13 April, 2006, whereby bringing the shareholding of Sinolink in Enerchina from 74.79% to 45.39%.

CAPITAL COMMITMENTS

As at 31 December 2005, the Group has capital commitments in respect of properties under development amounting to HK$594 million (2004: HK$677 million), in respect of acquisition of property, plant and equipment of nil (2004: HK$191 million) and in respect of unpaid capital contribution of investment projects amounting to HK$1,133 million (2004: HK$526 million).

CONTINGENT LIABILITIES

As at 31 December 2005, the Group had contingent liabilities relating to guarantees given to banks as security for the mortgage loans arranged for the purchases of the Group's properties amounted to HK$704 million (2004: 261 million).

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has recommended a final dividend of HK$0.035 (2004: HK$0.03) per share in respect of the year ended 31 December 2005. Upon approval by the shareholders of the Company at the forthcoming annual general meeting, the final dividend will be paid on or before Tuesday, 6 June 2006 to shareholders whose names appear on the register of members of the Company on Monday, 29 May 2006.

The register of members will be closed from Thursday, 25 May 2006 to Monday, 29 May 2006, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer forms with share certificates must be lodged with the Company's Hong Kong Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Wednesday, 24 May 2006.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2005, the Group employed approximately 4,813 (2004: 4,120) employees for its principal businesses. The Group recognises the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme adopted by the Group.

PURCHASES, SALE OR REDEMPTION OF LISTED SHARES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the year ended 31 December 2005.

CORPORATE GOVERNANCE

On 1 January 2005, the Code of Best Practices was replaced by the Code on Corporate Governance Practices ("Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules"). The Company adopted all the code provisions in the Code as its own code on corporate governance practices.

During the year, the Company has complied with the code provisions as set out in the Code with the exceptions of the following code provisions and the considered reasons are as follows:

Code provision E.1.2

The chairman and other members of the audit committee were unable to attend the annual general meeting of the Company held on 18 May 2005 because they were out of Hong Kong at that time for business commitment. This does not meet with the first sentence of the code provision E.1.2 of the Code which provides that the chairman of the Board should arrange for the chairman of audit committee or another member of the committee or their appointed delegate to be available to answer questions at the annual general meeting.

Code provision A.4.2 (the last sentence)

One of the Directors held office for more than three years without subject to retirement by rotation at the annual general meeting of the Company held on 18 May 2005. This constitutes a deviation from the last sentence of the code provision A.4.2 of the Code which provides that every director (including directors appointed with specific terms) should be subject to retirement by rotation at least once every three years. Accordingly, a special resolution was proposed and passed at the said annual general meeting to amend the Bye-laws of the Company so that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Code provision A.4.2 (the first sentence)

The code provision A.4.2 of the Code (the first sentence) provides that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. The existing Bye-law 86(2) of the Bye-laws of the Company, requires any Director appointed by the Board to fill a causal vacancy to hold office only until the next annual general meeting and such Director shall then be eligible for re-election at that meeting.

A Director was appointed by the Board to fill a casual vacancy on 18 May 2005. He did not retire at the special general meeting of the Company held on 28 November 2005 and in accordance with the said Bye-law 86(2), he will offer himself for re-election at the forthcoming annual general meeting. The above constitutes a deviation from the first sentence of code provision A.4.2 of the Code. The Company will put forward at its forthcoming annual general meeting a proposal to amend the Bye-law 86(2) of the Bye-laws of the Company to comply with the first sentence of the code provision A.4.2 of the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 31 December 2005, all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has an audit committee ("Audit Committee") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors. The members of the Audit Committee are Messrs. Davin A. Mackenzie, Tian Jin and Xin Luo Lin. The Audit Committee meets regularly with the Company's senior management and the Company's auditors to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management

The annual results of the Group for the year ended 31 December 2005 had been audited by the Company's auditors, Deloitte Touche Tohmatsu, and had been reviewed by the Audit Committee.

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
Tang Yui Man Francis
Chief Executive Officer

As at the date of this announcement, the Board comprises:

Executive Directors:
OU Yaping *(Chairman)*
TANG Yui Man Francis *(Chief Executive Officer)*
CHEN Wei
LAW Sze Lai

Independent Non-executive Directors:
Davin A. MACKENZIE
TIAN Jin
XIN Luo Lin

Hong Kong, 24 April 2006

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