百仕達控股有限公司

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 1168

ANNUAL REPORT 2005

Corporate Information

BOARD OF DIRECTORS

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

AUTHORISED REPRESENTATIVES

Ou Yaping
Law Sze Lai

QUALIFIED ACCOUNTANT

Tiong Check Hiong, Jacqueline

COMPANY SECRETARY

Lo Tai On

AUDIT COMMITTEE

Davin A. Mackenzie
Tian Jin
Xin Luo Lin *(Chairman)*

REMUNERATION COMMITTEE

Davin A. Mackenzie
Ou Yaping
Xin Luo Lin *(Chairman)*

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
26th Floor
Wing On Centre
111 Connaught Road Central
Hong Kong

REGISTERED OFFICE

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2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Fascimile : (852) 2851 0970
Stock Code : 1168
Website : http://www.sinolinkhk.com
http://www.irasia.com/listco/hk/sinolink
http://www.enerchina.com.hk
http://www.panva-gas.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke, HM 08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

HONG KONG BRANCH SHARE TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712 – 1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISORS

(As to Hong Kong Law)
Woo, Kwan, Lee & Lo
Tsang, Chan & Wong

(As to Bermuda Law)
Conyers Dill & Pearman

(As to the PRC Law)
Haiwen & Partners

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of China (Shenzhen) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Ltd.
Industrial and Commercial Bank of China,
Shenzhen Branch

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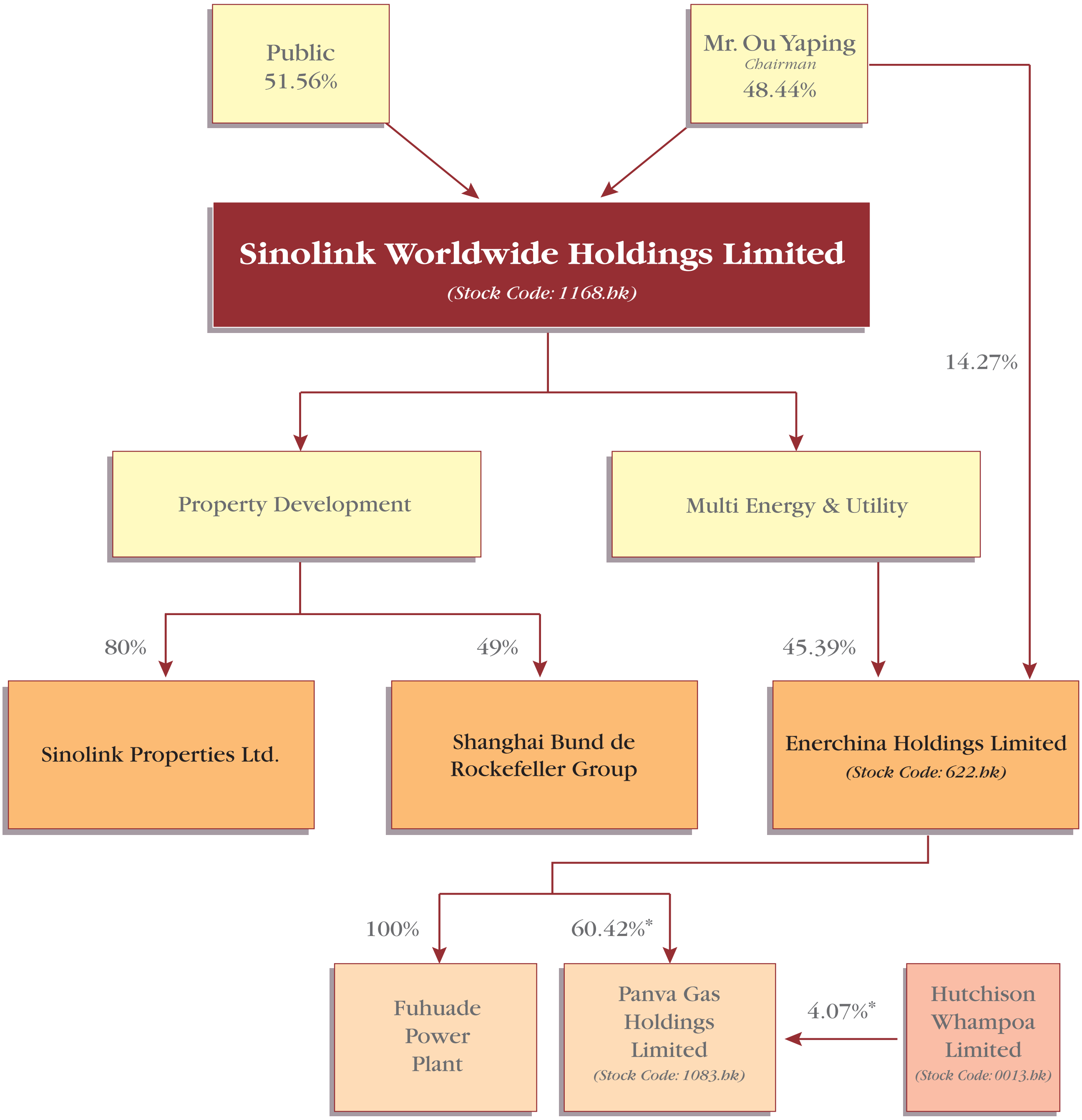
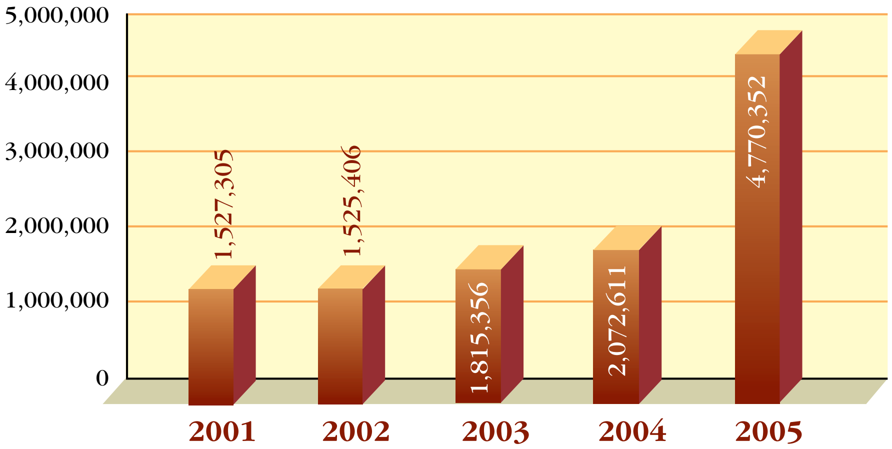
GROUP STRUCTURE *(As at the date of this report)*

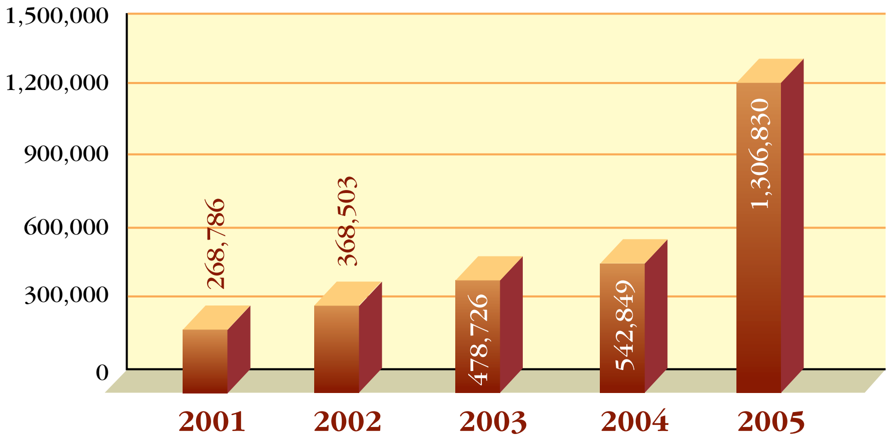


* *Note: Upon full conversion of the exchangable note, the respective holding of Enerchina Holdings Limited and Hutchison Whampoa Limited in Panva Gas Holdings Limited will be 58.38% and 6.11%.*

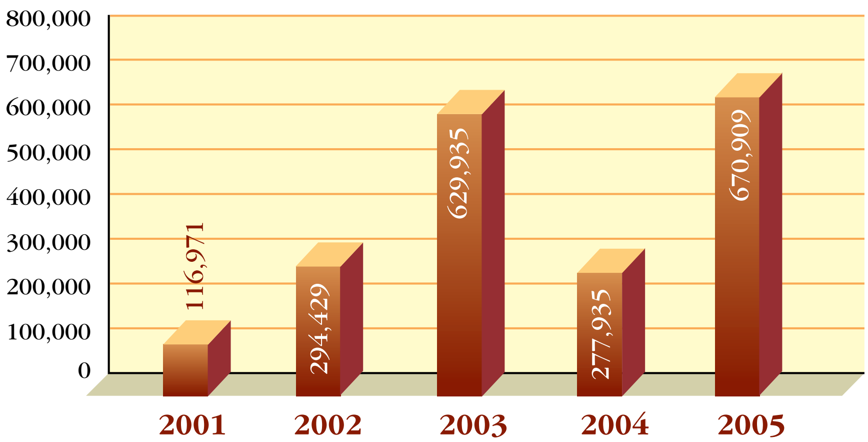
TURNOVER (HK$'000)



GROSS PROFIT (HK$'000)



PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (HK$'000)



Financial Summary

For the year ended 31 December 2005

	For the year ended 31 December				
	2001	2002	2003	2004	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
				(restated)	
RESULTS					
Turnover	1,527,305	1,525,406	1,815,356	2,072,611	**4,770,352**
Profit before taxation	183,672	389,245	805,247	442,913	**1,121,302**
Taxation	(10,499)	(16,068)	(48,654)	(23,504)	**(134,036)**
Profit for the year	173,173	373,177	756,593	419,409	**987,266**
Attributable to:					
Equity holders of the Company	116,971	294,429	629,935	277,935	**670,909**
Minority interests	56,202	78,748	126,658	141,474	**316,357**
	173,173	373,177	756,593	419,409	**987,266**
	HK cents	*HK cents*	*HK cents*	*HK cents*	***HK cents***
Earnings per share					
Basic	7.00	16.17	28.15	12.03	**28.42**
Diluted	6.63	15.40	27.54	11.40	**28.08**

The financial information for the year ended 31 December 2004 has been restated to reflect the effect of changes in accounting policies as described in notes 2 and 3 to the consolidated financial statements. The financial information for the years ended 31 December 2001, 2002 and 2003 has not been adjusted.

	As at 31 December				
	2001	2002	2003	2004	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
				(restated)	
ASSETS AND LIABILITIES					
Total assets	2,966,479	3,365,046	4,691,596	9,824,945	**11,804,942**
Total liabilities	(1,321,962)	(1,331,096)	(1,630,302)	(5,436,197)	**(6,447,803)**
	1,644,517	2,033,950	3,061,294	4,388,748	**5,357,139**
Equity attributable to equity holders of the Company	1,275,760	1,579,216	2,186,738	2,437,505	**3,441,968**
Equity component of convertible bonds of a listed subsidiary	–	–	–	48,350	**48,350**
Equity component of share option reserve of listed subsidiaries	–	–	–	3,813	**20,717**
Minority interests	368,757	454,734	874,556	1,899,080	**1,846,104**
	1,644,517	2,033,950	3,061,294	4,388,748	**5,357,139**

The financial information for the year ended 31 December 2004 has been restated to reflect the effect of changes in accounting policies as described in notes 2 and 3 to the consolidated financial statements. The financial information for the years ended 31 December 2001, 2002 and 2003 has not been adjusted.

OU Yaping
Chairman

Enhance Value
Create Value
Identify
Value

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") recorded remarkable results during the year ended 31 December 2005.

BUSINESS REVIEW

During the year under review, the Group achieved robust growth with record levels of turnover and contributions from all across our core businesses. The turnover increased by 130% to HK$4,770 million and profit attributable to equity holders of the Company increased by 141% to HK$671 million. The basic earnings per share increased by 136% to HK28.42 cents. The Board has proposed to distribute a final dividend of HK3.5 cents per share (the "Share") in respect of the year ended 31 December 2005.

Property Business

In 2005, the People's Republic of China ("PRC " or "China") government continued to take macro austerity measures to adjust its economy. Those measures that affect our property development business include raising the mortgage interest rate, raising the ceiling of deposit for mortgages to 30%, the introduction of the capital gain tax in the Guangdong Province, the stringent land management as well as prohibitions on the transfers of pre-sale unit. However, the Group's property sales was not affected by these measures due to the booming Chinese economy, the surge in property buying on affordability and the massive influx of foreign money into the property markets in the PRC. In fact, one of our most prestigious properties, *The Mangrove West Coast*, when it was first launched for pre-sale in May 2005 had set the highest selling price per square metre record in Shenzhen property history due to its exclusive location, finest quality and advanced features.

Our success was mainly contributed by our quality control through our design and our committed team of professionals. We are prepared to take our success and skills in the Shenzhen market into other high-potential cities in the PRC. Year 2005 sets a milestone year for the Group's property development business as the Group has first tapped into Shanghai property market with the announcement of our investment in the Shanghai Bund de Rockefeller Group. With our proven business model, reputation and extensive experience in Shenzhen, we are committed to carrying these attributes into other new cities.

Power Business

The PRC economy in 2005 recorded a growth of more than 9% in gross domestic product ("GDP") and I believe the growth in the PRC economy will remain steady in 2006 as the PRC government recently set out new policies in the "Eleventh-five year" plan in order to focus on building up a harmonious society while maintaining a sustainable growth. One of the concern and focus of the PRC government is the stability of energy and the environmental impact from the energy sector. I believe our Group through Enerchina Holdings Limited ("Enerchina", Stock code: 622) is poised to benefit from that.

In 2005, I saw significant progress made by the Group in achieving our mission, which is to become a major clean energy provider in the PRC. Firstly, the Group's newly installed 180,000 kilowatts power generator unit, which has duel fuel capability, commenced operation in May. This newly installed capacity has brought our power plant to a total installed capacity to 665,000 kilowatts and become one of the largest power plants in Shenzhen. With such existing installed capacity, I believe that our Group is in a favourable condition to use natural gas as an alternative fuel source in the near future.

The Board and I believe that 2006 is still a challenging year for our power generation business as we are still facing soaring fuel costs. I believe that our management and staff have the ability and skill to counter these challenges and bring long terms success for the Group in the future.

Gas Fuel Business

The gas fuel sector in the PRC has entered into a stage of rapid growth. Blessed by the rising demand for natural gas and spurred by the opening up of the production chain, the natural gas sector is becoming more market-oriented and adopting higher standards. In February 2005, the State Council released a new policy paper outlining the "three symbols and six trends" in the development of non-public economy, which stated that "encouragement and support will be given to the entry of non-public capital into the infrastructure, public utilities and monopolised sectors, and other sectors and industries that are not forbidden by laws". At the same time, the PRC has begun drafting an Energy Law on oil and natural gas.

In light of the PRC's further opening up of public utilities and the increasing adoption of market oriented principles in the natural gas sector, large utility companies with strong competitiveness will be poised to grow further. Privatisation of state-owned utilities will continue to gain ground while large and efficient utility operators will be able to improve profit margins.

The Group remains positive towards the outlook of the PRC's end-user market for Liquified Petroleum Gas ("LP Gas"). In recent years, the PRC consumed as much as 30 million tonnes of LP Gas per year, of which approximately 70% was domestic consumption. Overall, domestic consumption of gas fuel products has been rising. while some cities have switched to natural gas, consumption of LP Gas has been growing rapidly in rural households, which accounted for 10% of total gas fuel consumption in 2004 against 4% in 1994. LP Gas will remain an essential gas fuel in the PRC for a significant period of time.

Despite the higher purchasing costs of LP Gas products as a result of the rise in international oil prices, the Group's LP Gas business managed to report satisfactory results in 2005. This can be attributed to the Group's successful executive and management of its operations and resources.

PROSPECTS

Property Business

Looking ahead to 2006, I am optimistic of the outlook of the property market in the PRC given the upbeat market sentiment and massive influx of foreign funds. The Group is prepared to take advantage of opportunities as they arise to drive future growth. With the distribution of Enerchina's shares completed on 13 April 2006 the focus of the Group is clearer through future financial information depicting the performance of our property development business and our share from the contribution from Enerchina.

The Group will continue to expand in Shenzhen to take advantage of the increasing demand for quality housing from the market and the established brandname of Sinolink. The better transportation infrastructure in Shenzhen and increasing affordability in purchasing private car will provide convenience to the Shenzhen residents and thus provide us the opportunities to explore the greater city area of Shenzhen.

On the other hand, the Group is currently actively exploring any potential high returns projects in other major cities of the PRC. On 30 November 2005, an investment agreement was entered into with the Rockefeller Group International Inc. to jointly develop the Shanghai Bund de Rockefeller Group or Waitanyuan Project. The project is a significant re-development project of Shanghai and a pivotal project of the comprehensive development along the Huangpu River. Surrounded by Yuanmingyuan, East Beijing, Huqiu and South Suzhou roads, Shanghai Bund de Rockefeller Group occupies 18,000 square metres of land, and houses seven famous historical buildings. There will be commercial and cultural facilities, service apartments, office buildings as well as public squares in the blueprint. This development project will bring returns and contributions to the Group in medium term.

A Memorandum of Understanding was signed with the Rockefeller Group International to form a real estate investment fund called "The Rockefeller Group•Sinolink Greater China Fund" on 2 December 2005, aiming to provide net worth and institutional investors access to a portfolio of real estate projects in Greater China with strong growth potential.

Power Business

With increased installed capacity to 665,000 kilowatts and together with the growth in power consumption in the Guangdong province, the power plant will further increase the power output in 2006.

However, the major challenge in 2006 is still heavy oil price and will continue to be a major determinant of the Group's power sector profitability. The Group believes that the heavy oil price may not come down significantly in the near future.

In 2006, we undergo the gas conversion of the power plant which allows natural gas, a significantly more economical source of fuel with substantial less pollution, to be used as an alternative. In the medium term, the Group will look for opportunities in expanding our power generation business and continue to explore the opportunities to expand into the clean energy sector of the PRC.

Gas Fuel Business

In view of the further reform of public utilities and the increasing adoption of market oriented principles in the gas fuel sector of the PRC, large operators with high efficiency in operations is expected to enjoy greater advantages. While adhering to the principles of enhancing its economies of scale and operating efficiency, the Group is taking a two-pronged approach to increase its leading position in the market.

On the one hand, the Group will dedicate more efforts to new project development. For the piped gas business, we will further increase of the Group's market share in northeastern, southwestern and southern PRC regions and its expansion into other selective regions, while on the LP Gas front it preludes the Group's further penetration into major and medium PRC cities. On the other hand, the Group will make further endeavour to realign its operations and increase its economies-of-scale benefits, with the ultimate objective of generating higher returns for shareholders.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank our board members, customers and business associates for their strong support, and our staff for their high diligence during the past year. I would also like to thank our shareholders for their continual support and trust of the management team through all these years.

OU Yaping
Chairman
Hong Kong, 24 April 2006

TANG Yui Man Francis
Chief Executive Officer

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 equity holders of the Company 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 and commercial areas in Sinolink Garden with total gross floor areas of 83,837 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, 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", 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 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 23 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 of the Company 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 of the Company 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 60.42% 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: HK$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.

AUDIT COMMITTEE

The Company has an audit committee ("Audit Committee") which was established in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Kong Limited (the "Stock Exchange") ("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

Hong Kong, 24 April 2006

EXECUTIVE DIRECTORS

OU Yaping

Mr. Ou Yaping, aged 44, was appointed as the chairman and an executive director of the Company in December 1997. Mr. Ou is the founder and the indirect shareholder of the Group. He is also the chairman and an executive director of Enerchina and Panva Gas. He holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology in the PRC and is also the vice chairman of the board and a part-time professor of that institute. He was previously employed by a number of trading companies and investment companies in the PRC and Hong Kong. Mr. Ou has over 20 years of experience in investing, trading and corporate management. Mr. Ou is responsible for the overall business development, management and strategic development of the Group.

TANG Yui Man Francis

Mr. Tang Yui Man Francis, aged 43, was appointed as the chief executive officer in 2002 and an executive director of the Company in September 2001. Mr. Tang is also an executive director of Enerchina and the vice chairman and an executive director of Panva Gas. He holds a Bachelor's degree in Computer Studies from the University of Victoria in Canada and a Master of Business Administration degree from The City University of New York in the United States. Mr. Tang is a qualified accountant in the United States and has numerous years of experience in management, accounting and finance. Mr. Tang is responsible for corporate planning, strategic development and financial planning and management of the Group.

CHEN Wai

Mr. Chen Wei, aged 44, was appointed as an executive director of the Company in December 1997. Mr. Chen is also the managing director and an executive director of Panva Gas. He holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology in the PRC. He was previously employed by a number of large organisations and has over 20 years of experience in engineering, business administration, market development and management. Mr. Chen joined the Group in February 1992 and is responsible for the overall business development, management and strategic planning of the gas fuel business.

LAW Sze Lai

Mr. Law Sze Lai, aged 63, was appointed as an executive director of the Company in December 1997. He is also an executive director of Sinolink Properties Limited. He has been employed by a number of real estate companies in the PRC. He is a qualified economist in the PRC and has over 18 years of experience in property development. Mr. Law joined the Group in 1992 and is responsible for the coordination and administration of the real estate business of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Davin A. Mackenzie, aged 46, was appointed as an independent non-executive director of the Company in August 2004. He has a bachelor degree of arts from Dartmouth College, the US, a master degree of business administration from Wharton School, the US and a master degree of arts in international studies from the University of Pennsylvania, the US. Mr. Mackenzie also attended the World Bank Executive Development Program at Harvard Business School, the US in 1999. Mr. Mackenzie is the managing director and the Beijing representative of Peak Capital L.L.C., a private equity and advisory firm. Prior to this, Mr. Mackenzie was with the International Finance Corporation ("IFC") for seven years from 1993 to 2000. During the last four years with the IFC, Mr. Mackenzie was its resident representative in the PRC. While with the IFC, Mr. Mackenzie spearheaded the corporation's activities in indigenous private sector financing, state owned enterprise restructuring, western province investment and financial sector development and oversaw the growth of IFC's PRC portfolio of over 40 investments of approximately US$1.2 billion in commitments. He also led a number of advisory initiatives with the PRC government including projects related to foreign direct investment, private infrastructure and domestic private sector development. Prior to the IFC, Mr. Mackenzie worked for Mercer Management Consulting in Washington, the US. He is currently Chair of the Board of Governors of the Western Academy of Beijing and is on the management committee and the former chairman of Sports Beijing. He is also an independent non-executive director of Enerchina, Chia Hsin Cement Greater China Holding Corporation, AsiaInfo Holdings, Inc. and The 9 Limited.

Mr. Xin Luo Lin, aged 57, was appointed as an independent non-executive director of the Company in June 2002. He postgraduated from the Peking University in the PRC and is the Justice of Peace in New South Wales of Australia. Mr. Xin holds directorships in a number of companies in Hong Kong. He is also an independent non-executive director of Enerchina.

Mr. Tian Jin, aged 48, was appointed as an independent non-executive director of the Company in May 2005. He holds a Bachelor of Arts from Hunan University, Master of Arts from Wuhan University and Doctorate in Administration and Management from Auburn University. Mr. Tian is the COO of Asia Operations, Morningstar Inc., CEO of Morningstar Asia Ltd, and Chairman of Morningstar China. Before joining Morningstar Inc., he was the Lecturer of Hunan University, Visiting Professor of Auburn University, Director of Academic Technology Development of DePaul University, Director of Institutional Planning and Research of DePaul University.

QUALIFIED ACCOUNTANT

The qualified accountant of the Company is Ms. Tiong Check Hiong, Jacqueline, Certified Public Accountant.

The directors present the annual report and the audited financial statements for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 49 and 25 respectively to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2005 are set out in the consolidated income statement on page 51 of the annual report.

An interim dividend of HK$0.03 per Share and special interim dividend of HK$0.033 per Share amounting to HK$148,142,000 was paid to the shareholders during the year.

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's shares for every 10 Shares held by the shareholders of the Company. A total of 1,422,214,340 Enerchina's shares with aggregate market value worth HK$995,550,000 were distributed to the shareholders of the Company on 13 April 2006.

The final dividend of HK$0.035 (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 of the Company ("AGM").

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders at 31 December 2005, amounted to HK$2,749,971,000 (2004: HK$580,385,000).

FINANCIAL SUMMARY

A summary of the results of the Group for each of the five years ended 31 December 2005 is set out page 4.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 20 to the financial statements.

INVESTMENT PROPERTIES

Details of movements during the year in the investment properties of the Group are set out in note 22 to the financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 37 to the financial statements.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors:
Ou Yaping *(Chairman)*
Tang Yui Man Francis *(Chief Executive Officer)*
Chen Wei
Law Sze Lai

Independent non-executive Directors:

Li Zhi Xiang	(retired on 18 May 2005)
Davin A. Mackenzie	
Tian Jin	(appointed on 18 May 2005)
Xin Luo Lin	

In accordance with Bye-law 86(2) of the bye-laws of the Company ("Bye-laws"), Mr. Tian Jin will retire from office at the forthcoming AGM, and being eligible, would offer himself for re-election.

In accordance with Bye-law 87(1) of the Bye-laws, Messrs Chen Wei, Law Sze Lai and Xin Luo Lin shall retire by rotation at the forthcoming AGM and, being eligible, would offer themselves for re-election.

The Company has received annual confirmation from each of the independent non-executive Directors as regards their independence to the Company and considers that each of the independent non-executive Directors is independent to the Company.

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND IN SHARE OPTIONS

At 31 December 2005, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), were as follows:

(a) Long positions or short positions in Shares and underlying Shares

Name of Directors	Capacity	Interest in Shares: Family interest	Interest in Shares: Corporate interest	Total interest in Shares	Interest in underlying Shares pursuant to share options	Aggregate interest	Approximate percentage of issued share capital of the Company at 31.12.2005
Chen Wei	Beneficial owner	-	-	-	12,000,000	12,000,000	0.46%
Law Sze Lai	Beneficial owner	-	-	-	8,000,000	8,000,000	0.30%
Davin A. Mackenzie	Beneficial owner	-	-	-	2,000,000	2,000,000	0.08%
Ou Yaping	Joint interest and interest of controlled corporation	6,475,920	1,374,222,000 *(Note)*	1,380,697,920	-	1,380,697,920	52.40%
Tang Yui Man Francis	Beneficial owner	-	-	-	19,000,000	19,000,000	0.72%
Xin Luo Lin	Beneficial owner	-	-	-	2,000,000	2,000,000	0.08%

Note:

These 1,374,222,000 Shares are held by Asia Pacific Promotion Limited ("Asia Pacific"), a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Chairman of the Company.

Details of the directors' interests in share options granted by the Company are set out under the heading "Directors' rights to acquire Shares".

(b) Directors' interests or short positions in shares and underlying shares in associated corporations

Name of Directors	Name of associated corporations	Capacity	Interest in shares Long positions/ (short positions) Personal interest	Corporate interest	Total interest in shares	Interest in underlying shares pursuant to share options	Aggregate interest/ (short positions)	Approximate percentage of the issued share capital of the associated corporation at 31.12.2005
Chen Wei	Panva Gas	Beneficial owner	2,160,000	-	2,160,000	8,040,000	10,200,000	1.08%
Davin A. Mackenzie	Enerchina	Beneficial owner	-	-	-	2,288,000	2,288,000	0.05%
Law Sze Lai	Enerchina	Beneficial owner	510,000	-	510,000	-	510,000	0.01%
Ou Yaping	Enerchina	Beneficial owner and interest of controlled corporations	-	3,617,895,635 *(Note 1)*	3,617,895,635	2,288,000	3,620,183,635	74.83%
	Panva Gas	Beneficial owner and interest of controlled corporations	-	575,806,587 *(Note 2)*	575,806,587	3,600,000	579,406,587	61.49%
			-	(19,230,769) *(Note 3)*	(19,230,769)	-	(19,230,769)	(2.04%)
	Asia Pacific	Beneficial owner	2	-	2	-	2	100.00%
Tang Yui Man Francis	Enerchina	Beneficial owner	-	-	-	22,880,000	22,880,000	0.47%
	Panva Gas	Beneficial owner	3,440,000	-	3,440,000	3,960,000	7,400,000	0.79%
Xin Luo Lin	Enerchina	Beneficial owner	-	-	-	2,288,000	2,288,000	0.05%

Notes:

1. The 3,617,895,635 shares in Enerchina represent the aggregate of: (i) the 3,393,905,282 shares held by the Company; and (ii) the 223,990,353 shares held by Smart Orient Investments Limited ("Smart Orient"), a wholly-owned subsidiary of the Company (Mr. Ou Yaping through his wholly-owned company, Asia Pacific, holds approximately 52.15% of the issued share capital of the Company and is therefore deemed to be interested in such shares in which the Company is interested).

2. The 575,806,587 shares in Panva Gas represent the aggregate of (i) 401,233,462 shares held by Kenson Investment Limited ("Kenson") and 169,491,525 shares held by Supreme All Investments Limited ("Supreme All"). Kenson and Supreme All are wholly-owned subsidiaries of Enerchina. 74.79% interests of Enerchina were held by the Company as at 31 December 2005 and 52.15% interests of the Company are held by Asia Pacific; and (ii) 5,081,600 shares of Panva Gas held by Asia Pacific directly. As Asia Pacific is owned by Mr. Ou Yaping, he is deemed under the SFO to be interested in such 575,806,587 shares in Panva Gas.

3. Kenson is under an obligation to transfer 19,230,769 shares in Panva Gas to Hutchison International Limited ("Hutchison International") upon full exchange of a HK$62,500,000 exchangeable redeemable note of Panva Gas (the "Note") held by Hutchison International in accordance with the terms and conditions of the Note.

Details of the directors' interests in share options granted by the associated corporations are set out under the heading "Directors' right to acquire Shares".

DIRECTORS' RIGHTS TO ACQUIRE SHARES

(a) Interest in options to subscribe for Shares

Pursuant to the Company's share option schemes, the Company has granted to certain directors of the Company options to subscribe the Shares, details of which as at 31 December 2005 were as follows:

Name of Directors	Date of grant	Exercise period	Exercise price HK$	Number of Shares subject to outstanding options at 1.1.2005	Number of Shares subject to outstanding options at 31.12.2005	Approximate percentage of issued share capital of the Company at 31.12.2005
Chen Wei	14.03.2002	01.12.2002-01.12.2005	0.560	6,400,000	–	–
	13.01.2005	31.12.2005-24.05.2012	1.126	–	3,600,000	0.14%
	13.01.2005	30.06.2006-24.05.2012	1.126	–	3,600,000	0.14%
	13.01.2005	31.12.2006-24.05.2012	1.126	–	4,800,000	0.18%
Law Sze Lai	13.01.2005	31.12.2005-24.05.2012	1.126	–	2,400,000	0.09%
	13.01.2005	30.06.2006-24.05.2012	1.126	–	2,400,000	0.09%
	13.01.2005	31.12.2006-24.05.2012	1.126	–	3,200,000	0.12%
Davin A. Mackenzie	13.01.2005	31.12.2005-24.05.2012	1.126	–	600,000	0.02%
	13.01.2005	30.06.2006-24.05.2012	1.126	–	600,000	0.02%
	13.01.2005	31.12.2006-24.05.2012	1.126	–	800,000	0.03%
Tang Yui Man Francis	13.01.2005	31.12.2005-24.05.2012	1.126	–	5,700,000	0.22%
	13.01.2005	30.06.2006-24.05.2012	1.126	–	5,700,000	0.22%
	13.01.2005	31.12.2006-24.05.2012	1.126	–	7,600,000	0.29%
Xin Luo Lin	13.01.2005	31.12.2005-24.05.2012	1.126	–	600,000	0.02%
	13.01.2005	30.06.2006-24.05.2012	1.126	–	600,000	0.02%
	13.01.2005	31.12.2006-24.05.2012	1.126	–	800,000	0.03%

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

2. These options represent personal interest held by the Directors as beneficial owners.

3. During the year, 43,000,000 options were granted to the Directors, 6,400,000 options were exercised by the Director and no options held by the Directors were lapsed or cancelled.

(b) Interest in options to subscribe for shares of associated corporations

Name of Directors	Name of associated corporation	Date of grant	Exercise period	Exercise price *HK$*	Number of shares options held at 1.1.2005	Number of shares options held at 31.12.2005	Approximate percentage of the issued share capital of the associated corporation
Chen Wei	Panva Gas	04.04.2001	01.01.2003-03.04.2011	0.475	1,800,000	1,800,000	0.19%
		04.04.2001	01.01.2004-03.04.2011	0.475	1,800,000	1,800,000	0.19%
		13.11.2001	13.11.2002-13.02.2007	0.940	1,440,000	1,440,000	0.15%
		19.11.2004	31.12.2005-30.03.2011	3.500	900,000	900,000	0.10%
		19.11.2004	31.12.2006-30.03.2011	3.500	900,000	900,000	0.10%
		19.11.2004	31.12.2007-30.03.2011	3.500	1,200,000	1,200,000	0.13%
Davin A. Mackenzie	Enerchina	20.10.2004	20.10.2005-19.10.2015	0.500	2,288,000	2,288,000	0.05%
Ou Yaping	Enerchina	09.06.2004	09.06.2004-08.06.2014	0.440	2,288,000	2,288,000	0.05%
	Panva Gas	04.04.2001	01.01.2003-03.04.2011	0.475	1,800,000	1,800,000	0.19%
		04.04.2001	01.01.2004-03.04.2011	0.475	1,800,000	1,800,000	0.19%
Tang Yui Man Francis	Enerchina	09.06.2004	09.06.2004-08.06.2014	0.440	22,880,000	22,880,000	0.47%
	Panva Gas	13.11.2001	13.11.2002-13.02.2007	0.940	960,000	960,000	0.10%
		19.11.2004	31.12.2005-30.03.2011	3.500	900,000	900,000	0.10%
		19.11.2004	31.12.2006-30.03.2011	3.500	900,000	900,000	0.10%
		19.11.2004	31.12.2007-30.03.2011	3.500	1,200,000	1,200,000	0.13%
Xiu Luo Lin	Enerchina	09.06.2004	09.06.2004-08.06.2014	0.440	2,288,000	2,288,000	0.05%

Notes:

1. The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

2. These options represent personal interest held by the Directors as beneficial owners.

Save as disclosed above, at no time during the year, the Directors, chief executives (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for Shares (warrants or debentures of the Company, if applicable) or any of its associated corporations required to be disclosed pursuant to the SFO.

SHARE OPTION SCHEMES OF THE GROUP

(A) The Company's Share Option Scheme

(a) 1998 Share Option Scheme

Pursuant to a share option scheme approved by resolutions of the shareholders of the Company dated 11 May 1998 (the "Old Scheme"); share options were granted to Directors and employees of the Company or its subsidiaries for recognition of their contributions to the Group. The exercise price of the share options would be determined at the higher of 80% of the average closing prices of the Shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the share options and the nominal value of the Shares. The share options granted should be taken up within 28 days of the date of grant with a nominal consideration of HK$1 payable on the date of grant. The New Scheme (as defined below) replaced the Old Scheme and there will be no new share options granted under the Old Scheme in the future but the options which had been granted during its life shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the Old Scheme shall remain in full force and effect.

Under the Old Scheme, the maximum number of Shares in respect of which options might be granted would not exceed 10% of the issued share capital of the Company from time to time. The maximum number of Shares issued to each employee or director in respect of which options might be granted would not exceed 25% of the total Shares in issue or to be issued under the Old Scheme.

At 31 December 2005, no outstanding options might be exercisable and no further options would be offered or granted under the Old Scheme.

(b) 2002 Share Option Scheme

Pursuant to a share option scheme approved by resolutions of the shareholders of the Company dated 24 May 2002 (the "New Scheme"); share options were granted to Directors and employees of the Company or its subsidiaries for recognition of their contributions to the Group. The exercise price of the share options will be determined at the higher of the average of closing prices on the Stock Exchange on the five trading days immediately preceding on the date of grant, the closing price of the Shares on the Stock Exchange on the date of grant and the nominal value of the Shares. The share options granted must be taken up within 28 days of the date of grant.

At 31 December 2005, a total of 112,840,000 Shares (representing approximately 3.96% of the existing issued share capital of the Company as at the date of this annual report) may be issued upon exercise of all options which had been granted and yet to be exercised under the New Scheme.

The share options are exercisable at any time for a period to be determined by the Directors, which shall not be more than 10 years from the date of grant.

The total number of Shares in respect of which options may be granted under the New Scheme are not permitted to exceed 10% of the Shares in issue at the date of approval of the New Scheme, without prior approval from the Company's shareholders. The number of Shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the Company's shareholders.

Consideration of HK$1 is payable on the grant of an option.

Additional information in relation to the Company's share option schemes are set out is note 42 to the financial statements.

The following table discloses movements in the Company's share options during the year:

	Option types	Outstanding at 1.1.2005	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.12.2005
Category 1: Directors						
Chen Wei	2002A	6,400,000	–	(6,400,000)	–	–
	2005	–	12,000,000	–	–	12,000,000
Law Sze Lai	2005	–	8,000,000	–	–	8,000,000
Davin A. Mackenzie	2005	–	2,000,000	–	–	2,000,000
Tang Yui Man Francis	2005	–	19,000,000	–	–	19,000,000
Xin Luo Lin	2005	–	2,000,000	–	–	2,000,000
Total for Directors		6,400,000	43,000,000	(6,400,000)	–	43,000,000
Category 2: Employees						
	2004	24,850,000	–	(15,060,000)	(750,000)	9,040,000
	2005	–	61,800,000	–	(1,000,000)	60,800,000
Total for employees		24,850,000	61,800,000	(15,060,000)	(1,750,000)	69,840,000
All categories		31,250,000	104,800,000	(21,460,000)	(1,750,000)	112,840,000

Details of specific categories of share options are as follows:

Option types	Date of grant	Exercise period	Exercise price
			HK$
Old Scheme:			
2002A	14.03.2002	01.12.2002 – 01.12.2005	0.560
New Scheme:			
2004	01.01.2004	01.06.2004 – 31.05.2008	0.760
	01.01.2004	01.01.2005 – 31.05.2008	0.760
	01.01.2004	01.06.2005 – 31.05.2008	0.760
	01.01.2004	01.01.2006 – 31.05.2008	0.760
2005	13.01.2005	31.12.2005 – 24.05.2012	1.126
	13.01.2005	30.06.2006 – 24.05.2012	1.126
	13.01.2005	31.12.2006 – 24.05.2012	1.126

Notes:

1. The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

2. The closing price of the Company shares immediately before 13 January 2005 the date of grant of the 2005 options was HK$1.12.

3. The weighted average share price at the date of exercise for share options during the year was at a range of HK$1.12 to HK$2.05.

4. During the year, 104,800,000 options were granted under the New Scheme. The estimated fair value of the options granted on the date is HK$0.31 per option.

5. During the year, 1,750,000 options were lapsed under the New Schemes. No options were cancelled under the share option schemes.

6. The fair value of the options granted under the New Scheme in the current period measured at the date of grant (13 January 2005) totalled approximately HK$32,359,000. The following significant assumptions were used to derive the fair value using the Black-Scholes option pricing model:

Expected volatility:	50% p.a
Expected dividend yield:	4.93% p.a
Expected life:	4.5 years
Risk free interest rate:	2.62% being the approximate yield of 5-year Exchange Fund Note on the grant date
Rate of leaving service:	5% p.a

The Black-Scholes options pricing model was developed to estimate the fair value of traded options which do not have vesting restrictions and are fully transferable. This pricing model requires the input of highly subjective assumptions including the volatility of the share price. As the Company's options are different from traded options and because changes in subjective input assumptions can materially affect the fair value estimate in the directors opinion the model does not necessarily provide a reliable single measure of the fair value of the share options.

All the options forfeited before expiry of the options will be treated as lapsed options under the relevant share option scheme.

Based on the closing price of Shares on the date of grant and the above assumptions, the estimated fair value under the options granted during the year was approximately HK$0.31 per option share.

(B) Share Options of Enerchina

The following table discloses movements in the Enerchina's share options during the year under the share option scheme adopted by shareholders of Enerchina on 26 July 1993 (" Enerchina's 1993 Scheme") and share option scheme adopted by the shareholder of Enerchina on 24 May 2002 ("Enerchina's 2002 Scheme"):

	Option types	Outstanding at 1.1.2005	Granted during the year	Exercised during the year	Resigned as Director during the year	Lapsed during the year	Cancelled during the year	Outstanding at 31.12.2005
Category 1: Directors								
Davin A. Mackenzie	Enerchina's 2002 Scheme	2,288,000	-	-	-	-	-	2,288,000
Ou Yaping	Enerchina's 2002 Scheme	2,288,000	-	-	-	-	-	2,288,000
Tang Yui Man Francis	Enerchina's 2002 Scheme	22,880,000	-	-	-	-	-	22,880,000
Xin Luo Lin	Enerchina's 2002 Scheme	2,288,000	-	-	-	-	-	2,288,000
Other directors of Enerchina	Enerchina's 1993 Scheme	26,250,000	-	-	-	(26,250,000)	-	-
	Enerchina's 2002 Scheme	32,168,000	15,000,000	-	(5,000,000)	-	-	42,168,000
Total for directors		88,162,000	15,000,000	-	(5,000,000)	(26,250,000)	-	71,912,000
Category 2: Other participant								
Total for other participant	Enerchina's 2002 Scheme	-	-	-	5,000,000	(5,000,000)	-	-
Category 3: Employees								
Total for employees	Enerchina's 2002 Scheme	26,900,000	-	(5,733,328)	-	-	(2,100,000)	19,066,672
All categories		115,062,000	15,000,000	(5,733,328)	-	(31,250,000)	(2,100,000)	90,978,672

Details of specific categories options are as follows:

Option types	**Date of grant**	**Exercise period**	**Exercise price**
			HK$
Enerchina's 1993 Scheme	24.05.2000	24.05.2000 – 23.05.2010	0.55
Enerchina's 2002 Scheme	09.06.2004	09.06.2004 – 08.06.2014	0.44
	09.06.2004	09.06.2005 – 08.06.2014	0.44
	09.06.2004	09.06.2006 – 08.06.2014	0.44
	09.06.2004	09.12.2006 – 08.06.2014	0.44
	20.10.2004	20.10.2005 – 19.10.2015	0.50
	20.12.2005	20.12.2005 – 07.12.2015	0.83

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

2. The closing price of the shares of Enerchina immediately before 20 December 2005, the date of grant 2005 options under Enerchina's 2002 Scheme was HK$0.80.

3. During the year ended 31 December 2005, the weighted average share price of Enerchina at the date of exercise of the share options was a range of HK$0.78 to HK$0.86.

4. During the year, 15,000,000 options were granted and 5,733,328 options were exercised under the share option schemes of Enerchina.

5. During the year, 31,250,000 options were lapsed under the share option schemes of Enerchina and 2,100,000 options were cancelled on 18 January 2005 as the results of the open offer.

6. The fair value of the options granted under Enerchina's 2002 Scheme in the current period measured at the date of grant (20 December 2005) totalled approximately HK$7,017,000 (2004: HK$1,080,000). The following significant assumptions were used to derive the fair value using the Black-Scholes option pricing model:

Expected volatility:	38% based on historical volatility
Expected dividend yield:	6.88% based on historical dividends
Expected life:	10 years from grant date
Risk free interest rate:	4.18% being the approximate yield of 5-year Exchange Fund Note on the grant date

The Black-Scholes options pricing model was developed to estimate the fair value of traded options which do not have vesting restrictions and are fully transferable. This pricing model requires the input of highly subjective assumptions including the volatility of the share price. As the Company's options are different from traded options and because changes in subjective input assumptions can materially affect the fair value estimate in the directors opinion the model does not necessarily provide a reliable single measure of the fair value of the share options.

All the options forfeited before expiry of the options will be treated as lapsed options under the relevant share option scheme.

Based on the closing price of Enerchina's shares on the date of grant and the above assumptions the computed fair value under the options granted during the year was approximately HK$0.80 per option share.

(C) Share Options of Panva Gas

The following table discloses movements in the Panva Gas's share options during the year under Pre-GEM Listing share option scheme adopted by the resolutions of the sole shareholder of Panva Gas on 4 April 2001 ("Panva's Pre-GEM Listing Share Option Scheme") and share option scheme adopted by the resolutions of sole shareholder of Panva Gas on 4 April 2001 ("Panva's 2001 GEM Share Option Scheme"):

	Option types	Outstanding at 1.1.2005	Exercised during the year	Lapsed during the year	Outstanding at 31.12.2005
Category 1: Directors					
Chen Wei	Pre-GEM Listing Options	3,600,000	–	–	3,600,000
	2001 GEM Options	1,440,000	–	–	1,440,000
	2004 GEM Options	3,000,000	–	–	3,000,000
Ou Yaping	Pre-GEM Listing Options	3,600,000	–	–	3,600,000
Tang Yui Man Francis	2001 GEM Options	960,000	–	–	960,000
	2004 GEM Options	3,000,000	–	–	3,000,000
Other directors of Panva Gas	Pre-GEM Listing Options	2,420,000	–	–	2,420,000
	2001 GEM Options	480,000	–	–	480,000
	2004 GEM Options	6,400,000	–	–	6,400,000
Total for directors		24,900,000	–	–	24,900,000
Category 2: Employees					
	Pre-GEM Listing Options	4,250,000	–	(1,900,000)	2,350,000
	2001 GEM Options	5,689,000	–	(1,770,000)	3,919,000
	2004 GEM Options	8,800,000	–	–	8,800,000
Total for employees		18,739,000	–	(3,670,000)	15,069,000
All categories		43,639,000	–	(3,670,000)	39,969,000

Details of specific categories of options are as follows:

Option types	Date of grant	Exercise period	Exercise price
			HK$
Panva's Pre-Listing Share Option Scheme			
Pre-GEM Listing Options	04.04.2001	01.01.2003 – 03.04.2011	0.475
	04.04.2001	01.01.2004 – 03.04.2011	0.475
Panva's 2001 GEM Share Option Scheme			
2001 Old GEM Options	13.11.2001	13.02.2002 – 13.02.2007	0.940
	13.11.2001	13.05.2002 – 13.02.2007	0.940
	13.11.2001	13.11.2002 – 13.02.2007	0.940
2004 Old GEM Options	19.11.2004	31.12.2005 – 30.03.2011	3.500
	19.11.2004	31.12.2006 – 30.03.2011	3.500
	19.11.2004	31.12.2007 – 30.03.2011	3.500

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

2. During the year, no options were granted, exercised or cancelled under the share option schemes of Panva Gas, and 3,670,000 options were lapsed under Panva's Pre-GEM Listing Share Option Scheme and Panva's 2001 GEM Share Option Scheme.

Save as disclosed above, none of the Directors, chief executives nor their respective associates (as defined in the Listing Rules) had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the share options schemes disclosed above, at no time during the period was the Company, its holding company, or any or its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors or the chief executive or any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

DIRECTORS' SERVICE CONTRACT

There is no unexpired directors' service contract which is not terminable by the Company within one year of any Director proposed for re-election at the forthcoming AGM.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed, no contracts of significance to which the Company or any related company (holding companies, subsidiaries, or fellow subsidiaries) was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

At 31 December 2005, the register of substantial shareholders (other than the Directors or chief executives of the Company as disclosed above) maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:–

Long positions and short positions in Shares and underlying Shares in the Company

Name of shareholders	Capacity	Interest in Shares	Approximate percentage of the Company's issued share capital at 31.12.2005
Asia Pacific	Beneficial owner	1,374,222,000 *(Note 1)*	52.15%
Deutsche Bank Aktiengesellschaft	Security interests in Shares	158,694,000	6.02%
The Children's Investment Fund Management (UK) LLP	Investment manager	159,384,000	6.05%
The Children's Investment Master Fund	Beneficial owner	159,384,000	6.05%
Value Partners Limited	Investment manager	157,032,000 *(Note 2)*	5.96%
Cheah Cheng Hye	Interest of controlled corporation	157,032,000 *(Note 2)*	5.96%

Notes:

1. The 1,374,222,000 Shares are held by Asia Pacific, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Chairman of the Company.

2. These 157,032,000 Shares are held by Value Partners Limited, a company which is held by 32.77% by Mr. Cheah Cheng Hye. Accordingly, Mr. Cheah Cheng Hye is deemed to be interested in these Shares.

Save as disclosed above, no person had registered an interest in the share capital of the Company that was required to be disclosed under Division 2 and 3 of Part XV of the SFO and the Listing Rules.

Save for the shareholders as disclosed herein, the Directors are not aware of any persons who, as at 31 December 2005, were entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

CONNECTED TRANSACTIONS

Pursuant to Chapter 14A of the Listing Rules, the following connected transactions of the Company require disclosure in the annual report of the Company:

1. As disclosed in the announcement dated 28 June 2005, the Company's subsidiary, Shenzhen Mangrove West Coast Property Development Co., Ltd. as vendor (the "Vendor") had on the same date entered into the following provisional agreements:

   i. the 1st provisional agreement with Powerjoy Limited ("Powerjoy") as purchaser whereby Powerjoy agreed to purchase from the Vendor the 1st property at Flat A, 28/F, Block 1 Unit 9 of the Mangrove West Coast Development for a consideration of HK$9,321,429;

   ii. the 2nd provisional agreement with Ms. Law Ling as purchaser whereby Ms. Law Ling agreed to purchase from the Vendor the 2nd property at Flat A, 28/F, Block 1 Unit 7 of the Mangrove West Coast Development for a consideration of HK$4,914,286;

   iii. the 3rd provisional agreement with Ms. Law Sze Yungang as purchaser whereby Ms. Law Sze agreed to purchase from the Vendor the 3rd property at Flat B, 28/F, Block 1 Unit 6 of the Mangrove West Coast Development for a consideration of HK$4,900,000;

   iv. the 4th provisional agreement with Mr. Lu Yungang ("Mr. Lu") as purchaser whereby Mr. Lu agreed to purchase from the Vendor the 4th property at Flat A, 12/F, Block 1 Unit 3 of the Mangrove West Coast Development for a consideration of HK$2,778,572; and

   v. the 5th provisional agreement with Plot Holdings Limited ("Plot Holdings") as purchaser whereby Plot Holdings agreed to purchase from the Vendor the 5th property at Flat A, 29/F, Block 3 Unit 4 of the Mangrove West Coast Development for a consideration of HK$5,557,143.

Powerjoy, a company which is owned by Mr. Xiang Ya Bo and his spouse Ms. Wu Hang Wa. Mr. Xiang Ya Bo, is an executive director of Enerchina. Therefore, Powerjoy is an associate of Mr. Xiang Ya Bo and his spouse Ms. Wu Hang Wa and thus a connected person under the Listing Rules. Ms. Law Ling and Ms. Law Sze are the daughters of Mr. Law Sze Lai, an executive Director of the Company and thus Ms. Law Ling and Ms. Law Sze are associates of the Company and therefore connected persons under the Listing Rules. Mr. Lu is an independent non-executive director of Enerchina, and thus Mr. Lu is a connected person under the Listing Rules. However, Enerchina and Mr. Lu has confirmed that in reference to Rule 3.13(4) of the Listing Rules, Mr. Lu's independency as an independent non-executive director of Enerchina would not be impaired as a result of the transaction contemplated herein with the Company. Plot Holdings is a company owned by Mr. Ou Yafei, the brother of Mr. Ou Yaping, who is the Chairman of the Board and thus Plot Holdings is an associate of Mr. Ou Yaping and is therefore a connected person under the Listing Rules. Accordingly, transactions between members of the Group and the Company constitutes connected transactions for the Company under Chapter 14A of the Listing Rules. However, since the provisional agreements are on normal commercial terms and the amounts whether individual or in aggregate under each of the provisional agreements are less than 2.5% of each of the appropriate percentage ratios calculated in accordance with the Listing Rules, the provisional agreements are only subject to the reporting and announcement requirements set out in Chapter 14A of the Listing Rules and are exempted from the independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules.

2. As disclosed in the circular dated 22 August 2005, the indirect wholly-owned subsidiary of the Company, Goodunited Holdings Limited ("Goodunited") and Shenzhen Huishen had on 23 June 2005 entered into the equity transfer agreement, pursuant to which Shenzhen Huishen agreed to sell, and Goodunited agreed to purchase, the equity interest, constituting 30% the registered capital of Shenzhen Fuhuade Electric Power Company Limited ("Shenzhen Fuhuade"), a non-wholly owned subsidiary of the Company, for a total consideration of RMB250,000,000, which is equivalent to approximately HK$233,863,000. Sinolink Electric Power Company Limited, a wholly owned subsidiary of Enerchina, holds the remaining 70% of the registered capital of Shenzhen Fuhuade.

   The equity transfer constitutes a major and connected transaction for the Company under the Listing Rules. Since Shenzhen Huishen is a controlling shareholder (as defined in the Listing Rules) of Shenzhen Fuhuade, an indirect subsidiary of the Company, pursuant to Rule 14A.11(1) of the Listing Rules, it is a connected person (as defined in the Listing Rules) of the Company. As such, the Equity Transfer which was entered into between Goodunited (an indirect subsidiary of the Company) and Shenzhen Huishen (a connected person of the Company) is a connected transaction of the Company.

3. As disclosed in the circular dated 8 September 2005, Panriver Investments Company Limited ("Panriver Investments"), a wholly-owned subsidiary of Panva Gas had on 16 August 2005 entered into the sino-foreign joint venture agreement (the "JV Agreement") with Jinan City Gas Company ("Jinan Gas") and Shenzhen Huaxinlian Investment Limited Liability Company in relation to the setting up and the operation of Shandong Panva Gas Co. Ltd. ("Shandong Panva").

   According to the JV Agreement, Shandong Panva will have a registered capital of RMB400 million (equivalent to approximately HK$384.6 million), of which Panriver Investments will contribute 48% or RMB192 million (equivalent to approximately HK$184.6 million). The JV Agreement is legally binding and conditional upon the approval from the relevant PRC authorities and upon obtaining the relevant independent shareholders' approval (or waivers thereof).

   Jinan Gas is a connected person of Panva Gas since it is a substantial shareholder of Jinan Panva, which is an indirect non-wholly owned subsidiary of Panva Gas. Accordingly, the entering into of the JV Agreement and the transactions contemplated under the JV Agreement constitutes a discloseable and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules.

The independent non-executive Directors confirm that the transactions have been entered into by the Company in the ordinary course of its business and in accordance with the terms of the agreement governing such transactions.

DONATIONS

During the year the Group made charitable and other donations amounting to HK$1,248,000.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Director's as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued share as required under the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's largest supplier accounted for approximately 26.4% of the Group's total purchases and the Group's largest five suppliers accounted for approximately 71.5% of the Group's total purchases.

During the year, the Group's largest customer accounted for approximately 27.09% of the Group's total sales and the Group's largest five customers accounted for 31.8% of the Group's total sales.

None of the Directors, their associates or any shareholders, which to the knowledge of the directors owned more than 5% of the Company's issued share capital, had an interest in the share capital of any of the five largest suppliers and customers.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws of Bermuda.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. No Director, or any of his associates, and executive is involved in dealing his own remuneration.

The Company has adopted share option schemes as an incentive to directors and eligible employees, details of the schemes is set out in note 42 to the financial statements and under the heading "Directors' right to acquire Shares".

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 48 to the financial statements.

AUDITORS

The financial statements of the Company for the year ended 31 December 2005 have been audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be submitted to the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

OU Yaping
Chairman
Hong Kong, 24 April 2006

CODE ON CORPORATE GOVERNANCE PRACTICES

Sinolink Worldwide Holdings Limited ("the Company" or "Sinolink") is committed to maintaining a good, credible and dynamic framework for corporate governance so as to ensure better transparency and protection of shareholders' interest, as well as the stakeholders' interests. We understand the importance on the sound corporate governance practices and recognize the changing regulatory environment, our corporate governance characterized as dynamic framework, i.e. an evolving process, for responding to the rapid changes and continuous development in our corporate governance practices.

On 1 January 2005, the Code of Best Practices contained in appendix 14 of the the Listing Rules was replaced by the Code on Corporate Governance Practices ("the Code"). The Company adopted all the code provisions in the Code as its own code on corporate governance practices.

STATEMENT OF COMPLIANCE

The Company has complied with the code provisions as set out in the Code during the year ended 31 December 2005 with exception of the following:

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 the audit committee or another member of the committee or their duly appointed delegate to their 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 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, 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 to comply with the first sentence of the code provision A.4.2 of the Code.

BOARD OF DIRECTORS

Composition

The Board comprises 7 members. Mr. Ou Yaping acts as Chairman of the Board, whereas Mr. Tang Yui Man Francis acts as Chief Executive Officer of the Company. Other executive Directors are Messrs. Chen Wei and Law Sze Lai. The Company has three independent non-executive Directors, Messrs. Davin A. Mackenzie, Tian Jin and Xin Luo Lin, all independent non-executive directors possess appropriate professional accounting experience and expertise.

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each director are disclosed in pages 18 to 19 of this annual report.

Each of independent non-executive Directors has pursuant to the rule 3.13 of the Listing Rules, confirmed that he is independent of the Company and the Company also considers that they are independent.

There is no relationship (including financial, business, family or other material relationship) among members of the Board.

Pursuant to the Bye-laws, the Directors shall hold office subject to retirement by rotation at the annual general meeting of the Company at least once every three years and eligible for re-election.

The term of office of each independent non-executive Director is for a period of 1 year from 1 January 2006 to 31 December 2006 subject to retirement by rotation, except for Mr. Tian Jin, who was appointed in May 2005, has the term of office for a period of 2 years from 18 May 2005 to 17 May 2007.

Function

The Board, headed by the Chairman, is responsible for formulation and approval of the Group's development and business strategies and policies, approval of annual budgets and business plans, recommendation of dividend, and supervision of management in accordance with the rules governing the meeting of the Board, the Managing Director's working guides, Bye-laws and rules governing the meeting of shareholders.

The executive Directors are responsible for day-to-day management of the Company's operations. These executive Directors conduct regular meetings with the senior management of the Group, at which operational issues and financial performance are evaluated.

The Company views well developed and timely reporting systems and internal controls are essential, and the Board plays a key role in the implementation and monitoring of internal financial controls.

The Board has established schedule of matters specifically reserved to the Board for its decision and those reserved for the management. The Board reviews this schedule on a periodic basis to ensure that it remains appropriate to the needs of the Company.

The Board has established procedure to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

The Bye-laws contain description of responsibilities and operation procedures of the Board. The Board holds regular meeting and listens to the operating reports of the Company and makes policies. Significant operating policies of the Company have to be discussed and passed by the Board. Board meetings include regular meetings and irregular meetings. The Board meets formally at least 4 times a year.

Besides regular and irregular meetings, the Board obtains adequate information through working meetings, presided by the Chairman in a timely manner, to monitor objectives and strategies of the management, financial conditions and operating results of the Company and provisions of significant agreements.

During 2005, the Board held 4 regular Board meetings at approximately quarterly interval and 36 irregular Board meetings which were convened when deemed necessary. Due notice and Board papers were given to all Directors prior to the meeting in accordance with the Bye-laws and the Code. Details of individual attendance of directors are set out below:–

Executive Directors	**No. of meeting attended**
Ou Yaping *(Chairman)*	40
Tang Yui Man Francis *(Chief Executive Officer)*	38
Chen Wei	11
Law Sze Lai	16
Independent Non-executive Directors	
Li Zhi Xiang *	–
Davin A. Mackenzie	5
Tian Jin *	3
Xin Luo Lin	6

**Note:* *Mr. Li Zhi Xiang retired on 18 May 2005 and Mr. Tian Jin was appointed on the same date.*

Chairman and Chief Executive Officer

The role of the Chairman, Mr. Ou Yaping, is separate from that of the Chief Executive Officer, Mr. Tang Yui Man Francis. Such division of responsibilities allows a balance of power between the Board and the management of the Group, and ensures their independence and accountability.

The Chairman is the leader of the Board and he oversees the Board so that its acts in the best interests of the Group. The Chairman is responsible for deciding the agenda of each Board meeting, taking into account, where appropriate, matters proposed by other Directors for inclusion in the agenda. The Chairman has overall responsibility for providing leadership, vision and direction in the development of the business of the Company.

The Chief Executive Officer, assisted by other executive Directors, is responsible for the day-to-day management of the business of the Group, attends to formulation and successful implementation of policies, and assumes full accountability to the Board for all operations of the Group. Working with the Chairman and the executive management team of each core business division, he ensures smooth operations and development of the Group. He maintains continuing dialogue with the Chairman and all directors to keep them fully informed of all major business developments and issues. He is also responsible for building and maintaining an effective executive team to support him in his role.

Responsibilities

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include:

- regular board meetings focusing on business strategy, operational issues and financial performance;
- active participation on the boards of subsidiaries and associated companies;
- approval of annual budgets for each operating company covering strategy, financial and business performance, key risks and opportunities;
- monitoring the quality, timeliness, relevance and reliability of internal and external reporting;
- monitoring and managing potential conflicts of interest of management, Board members and shareholders, including misuse of corporate assets and abuse in related party transaction; and
- ensuring processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

To enable the Directors to meet their obligations, an appropriate organizational structure is in place with clearly defined responsibilities and limits of authority.

Board Committees

A number of Board Committees, including Audit Committee and Remuneration Committee, have been established by the Board to strengthen its functions and to enhance its expertise. These committees have been formed with specific written terms of reference which deal clearly with the committees authority and duties.

Remuneration Committee

The Board established a Remuneration Committee comprising one executive director, Mr. Ou Yaping and two independent non-executive Directors, Messrs. Davin A. Mackenzie and Xin Luo Lin. It is chaired by Mr. Xin Luo Lin.

The terms of reference of the Remuneration Committee have been reviewed with reference to the Code.

The Remuneration Committee's responsibilities are to review and consider Company's policy for remuneration of Directors and senior management, to determine remuneration packages of executive Directors and senior management including benefits in kind, pension rights and compensation payments, and to recommend to the Board remuneration of non-executive Directors.

Set out below is the summary of work of the Remuneration Committee done in 2005:–

- to review the remuneration policy for 2005/2006;
- to review the remuneration of the executive Directors and the independent non-executive Directors; and
- to review the annual share option policy.

The Remuneration Committee held 1 meeting during 2005. Details of individual attendance of its members are set out in the table below:

Members of the Remuneration Committee	No. of meeting attended
Davin A. Mackenzie	1
Ou Yaping	1
Xin Luo Lin *(Chairman of the committee)*	1

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.

Audit Committee

The Audit Committee is composed of three independent non-executive Directors, namely Messrs. Davin A. Mackenzie, Tian Jin and Xin Luo Lin. It is chaired by Mr. Xin Luo Lin. It reports directly to the Board and reviews financial statements and internal controls, to protect the interests of the Company's shareholders.

The Audit Committee meets regularly with the Company's external auditors to discuss accounting issues, and reviews effectiveness of internal controls and risk evaluation. Written terms of reference, which describes the authority and duties of the Audit Committee are regularly reviewed and updated by the Board.

Set out below is the summary of work done in 2005:

- review of the financial statements for the year ended 31st December, 2004 and for the six months ended 30 June 2005;
- review of the effectiveness of the internal control system;
- review the external auditors' audit findings; and
- review and approve 2005 auditors' remuneration.

The Audit Committee held 2 meetings during the year. Details of individual attendance of its members are set out in the table below:

Members of the Audit Committee	**No. of meeting attended**
Li Zhi Xiang *(Note 1)*	–
Davin A. Mackenzie	2
Tian Jin *(Note 2)*	1
Xin Luo Lin *(Chairman of committee)*	2

Notes:

1. Mr. Li Zhi Xiang retired on 18 May 2005.

2. Mr. Tian Jin was appointed on 18 May 2005 and he was eligible to attend only one audit committee meeting of the Company during the year 2005.

Nomination of Directors

The Board has not established a nomination committee. According to the Bye-laws, the Board has the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. In assessing nomination of new Directors, the Board has taken into consideration of the nominee's qualification, ability and potential contributions to the Company.

During 2005, the Board has reviewed the need to appoint new independent non-executive Director for filling the vacancy of retirement of Mr. Li Zhi Xiang as Director and to comply with the Listing Rules that the listed company should have three independent non-executive directors. Nomination was made by the members of the Board based on the need of the Company and the expertise and the experience of individual candidate.

There was a meeting held for the aforesaid purpose during the year, which Messrs. Ou Yaping and Mr. Tang Yui Man Francis were attended the meeting, to consider and approve the appointment of a new independent non-executive Director.

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.

The Company has also established written guidelines regarding securities transaction on no less exacting terms of the Model Code for senior management and specific individual who may have access to price sensitive information in relation to the securities of the Company.

EXTERNAL AUDITORS

The external auditors of the Company is Deloitte Touche Tohmatsu ("Deloitte"), Deloitte provided services in respect of the Company's financial statements prepared under Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("HKFRSs") for the year 2005. Deloitte also reviewed the 2005 unaudited interim financial report of the Company, prepared under HKFRSs.

During the year, the fees charged by Deloitte in respect of audit services for the year 2005 amounted to HK$3,618,000. In respect of non-audit services, the fees charged by Deloitte are set out as below:

	Fee
	HK$'000
Description of professional services rendered in connection with:	
– interim reviews of the financial statements of the Group for the six months ended 30 June 2005	490
– the migration exercise of Panva Gas Holdings Limited to the listing on The Main Board of the Stock Exchange	5,000
– acting as reporting accountants for the issue of circular for the acquisition of 30% interest in Shenzhen Fuhuade Electric Power Company Limited	600
– review of the statement of indebtedness of the Group as at 31 October 2005 and review of the cash flow forecast of the Group in connection with the major transaction of the investment in Rockefeller Group Asia Pacific, Inc. to fund Shanghai Bund de Rockefeller Group	300
– other services	650
Total	7,040

INTERNAL CONTROL

The Company places great importance on internal control and risk management. The Company is making comprehensive improvements to its internal control system and will implement a stricter and more regulated internal control system in the new financial year and disclose the relevant measures to the public in a timely manner.

The Company encourages a risk aware and control conscious environment throughout the Company. The Board, either directly or through it committees, sets objectives, performance targets and policies for management of key risks facing the Company. These include strategic planning, political and regulatory, acquisitions, investments, expenditure control, treasury and environment.

Pursuant to the code provision C.2.1, the Board should at least annually conduct a review of the effectiveness of the system of internal control of the issuer and its subsidiaries and report to shareholders that they have done so in the corporate governance report. Under the transitional arrangement, the said code provision C.2.1 will be implemented for accounting periods commencing on or after 1 July 2005.

GOING CONCERN

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

SHAREHOLDERS COMMUNICATION

The objective of shareholders communication is to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner.

The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include annual general meeting, annual report, various notices, announcements and circulars. Procedure for voting by poll has been included in all circulars accompanying notice convening general meeting and has been read out by the chairman at general meeting.

At the 2005 Annual General Meeting, a separate resolution was proposed by the Chairman in respect of each separate issue, including re-election Directors. The Chairman of the Board attended the 2005 Annual General Meeting to answer questions of shareholders, while the chairman and other members of the Audit Committee were unable to attend the 2005 Annual General Meeting because they were out of Hong Kong at the time for their personal business commitment.

DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibilities in preparing the financial statements. The statement of the Auditors about their reporting responsibilities on the financial statements is set out in the Auditors' Report on page 50.

Deloitte.
德勤

TO THE SHAREHOLDERS OF SINOLINK WORLDWIDE HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Sinolink Worldwide Holdings Limited (the "Company") and its subsidiaries (the "Group") on pages 51 to 134 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for the preparation of consolidated financial statements which give a true and fair view. In preparing consolidated financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those consolidated financial statements and to report our opinion solely to you, as a body, in accordance with Section 90 of The Companies Act of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the circumstances of the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the consolidated financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2005 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 April 2006

Consolidated Income Statement

For the year ended 31 December 2005

	Notes	2005 HK$'000	2004 HK$'000 (Restated)
Turnover	7	**4,770,352**	2,072,611
Cost of sales		**(3,463,522)**	(1,529,762)
Gross profit		**1,306,830**	542,849
Other income	8	**146,968**	71,227
Distribution costs		**(136,849)**	(72,691)
Administrative expenses		**(335,025)**	(145,123)
Other operating expenses	9	**(68,891)**	(34,118)
Gain on group restructuring exercise	10	**180,401**	–
Gain on disposal of subsidiaries	11	**40,794**	88,271
Gain on disposal of available-for-sale investments	12	**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	22	**240,778**	–
Share of results of associates		**20,829**	30,190
Finance costs	13	**(182,803)**	(33,994)
Changes in fair value of derivative financial instruments		**(208,127)**	–
Profit before taxation	14	**1,121,302**	442,913
Taxation	17	**(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	18	**218,571**	92,241
		HK cents	*HK cents*
Earnings per share	19		
– 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	20	3,094,885	2,291,243
Prepaid lease payments	21	122,088	74,574
Investment properties	22	481,756	–
Intangible asset	23	8,969	9,160
Goodwill	24	397,077	252,849
Interests in associates	25	465,738	70,795
Available-for-sale investments	26	192,301	–
Investments in securities		–	146,099
Pledged bank deposits		202,916	77,950
Loan receivables	28	348,026	–
		5,313,756	2,922,670
Current assets			
Stock of properties	29	2,350,345	2,308,648
Inventories	30	192,001	102,102
Trade and other receivables	31	1,555,934	870,798
Prepaid lease payments	21	3,694	2,314
Amounts due from minority shareholders	32	–	28,064
Investments in securities		–	49,576
Investments held for trading	27	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	33	2,113,227	1,009,211
Taxation		123,360	63,589
Amounts due to minority shareholders	32	30,343	30,773
Derivative financial instruments	34	332,970	–
Borrowings – amount due within one year	35	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	35	2,623,078	3,521,065
Deferred taxation	36	36,117	–
		2,659,195	3,521,065
Net assets		5,357,139	4,388,748

	Notes	2005 HK$'000	2004 HK$'000 (Restated)
Capital and reserves			
Share capital	37	**263,491**	233,345
Reserves	38	**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

The consolidated financial statements on pages 51 to 134 were approved and authorised for issue by the Board of Directors on 24 April 2006 and are signed on its behalf by:

OU Yaping
Chairman

TANG Yui Man, Francis
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2005

	Attributable to equity holders of the Company														
	Share capital HK$'000	Share premium HK$'000	Asset revaluation reserve HK$'000	Translation reserve HK$'000	Share option reserve HK$'000	Goodwill reserve HK$'000	Capital reserve HK$'000	General reserve HK$'000	Contributed surplus HK$'000	Retained earnings HK$'000	Total HK$'000	Equity component of convertible bonds of a listed subsidiary HK$'000 (Note 1)	Equity component of share option reserve of listed subsidiaries HK$'000 (Note 2)	Minority interests HK$'000	Total HK$'000
At 1 January 2004															
As originally stated	191,104	370,859	3,129	(7,058)	-	2,632	603	57,937	367,782	1,199,750	2,186,738	-	-	874,556	3,061,294
Effects of changes in accounting policies *(notes 2 and 3)*	-	-	(3,129)	-	-	(2,632)	-	-	-	48,725	42,964	48,350	-	3,636	94,950
As restated	191,104	370,859	-	(7,058)	-	-	603	57,937	367,782	1,248,475	2,229,702	48,350	-	878,192	3,156,244
Exchange differences arising on translation of foreign operations recognised directly in equity	-	-	-	(2,017)	-	-	-	-	-	-	(2,017)	-	-	(1,365)	(3,382)
Profit for the year, restated	-	-	-	-	-	-	-	-	-	277,935	277,935	-	-	141,474	419,409
Realised on partial disposal of interests in subsidiaries	-	-	-	227	-	-	(57)	(219)	-	-	(49)	-	-	(2,881)	(2,930)
Total recognised income and expense for the year	-	-	-	(1,790)	-	-	(57)	(219)	-	277,935	275,869	-	-	137,228	413,097
Bonus issue of shares	38,306	(38,306)	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of shares on the exercise of share options	3,935	19,275	-	-	-	-	-	-	-	-	23,210	-	-	-	23,210
Acquired on acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	787,606	787,606
Disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(31)	(31)
Capital contribution from minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	50,630	50,630
Changes in minority interests on deemed/partial disposal of interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	78,709	78,709
Reduction in minority interests on acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,472)	(1,472)
Recognition of equity-settled share based payments	-	-	-	-	965	-	-	-	-	-	965	-	3,813	-	4,778
Transfer	-	-	-	-	-	-	-	8,456	-	(8,456)	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	(92,241)	(92,241)	-	-	-	(92,241)
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(31,782)	(31,782)
At 31 December 2004	233,345	351,828	-	(8,848)	965	-	546	66,174	367,782	1,425,713	2,437,505	48,350	3,813	1,899,080	4,388,748
Effect of changes in accounting policies *(notes 2 and 3)*	-	-	-	-	-	-	-	-	-	(70,354)	(70,354)	-	-	(42,011)	(112,365)
At 1 January 2005 - as restated	233,345	351,828	-	(8,848)	965	-	546	66,174	367,782	1,355,359	2,367,151	48,350	3,813	1,857,069	4,276,383

Consolidated Statement of Changes in Equity

For the year ended 31 December 2005

	Attributable to equity holders of the Company														
	Share capital HK$'000	Share premium HK$'000	Asset revaluation reserve HK$'000	Translation reserve HK$'000	Share option reserve HK$'000	Goodwill reserve HK$'000	Capital reserve HK$'000	General reserve HK$'000	Contributed surplus HK$'000	Retained earnings HK$'000	Total HK$'000	Equity component of convertible bonds of a listed subsidiary HK$'000 *(Note 1)*	Equity component of share option reserve of listed subsidiaries HK$'000 *(Note 2)*	Minority interests HK$'000	Total HK$'000
At 1 January 2005 - as restated	233,345	351,828	-	(8,848)	965	-	546	66,174	367,782	1,355,359	2,367,151	48,350	3,813	1,857,069	4,276,383
Exchange differences arising on translation of foreign operations recognised directly in equity	-	-	-	49,426	-	-	-	-	-	-	49,426	-	-	43,650	93,076
Profit for the year	-	-	-	-	-	-	-	-	-	670,909	670,909	-	-	316,357	987,266
Total recognised income for the year	-	-	-	49,426	-	-	-	-	-	670,909	720,335	-	-	360,007	1,080,342
Issue of shares on the exercise of share options	2,146	13,493	-	-	(609)	-	-	-	-	-	15,030	-	-	-	15,030
Issue of shares in placing and subscription arrangement	28,000	518,000	-	-	-	-	-	-	-	-	546,000	-	-	-	546,000
Expenses incurred in connection with issue of shares	-	(11,466)	-	-	-	-	-	-	-	-	(11,466)	-	-	-	(11,466)
Changes in minority interests on deemed/partial disposal of interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	49,638	49,638
Reduction in minority interests on acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(196,742)	(196,742)
Reduction of minority interests on group restructuring *(note 10)*	-	-	-	-	-	-	-	-	-	-	-	-	-	(180,401)	(180,401)
Acquired on acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	26,473	26,473
Transfer	-	-	-	-	-	-	-	2,879	-	(2,879)	-	-	-	-	-
Recognition of equity-settled share base payments	-	-	-	-	23,338	-	-	-	-	151	23,489	-	16,904	-	40,393
Dividends	-	-	-	-	-	-	-	-	-	(218,571)	(218,571)	-	-	-	(218,571)
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(69,940)	(69,940)
At 31 December 2005	263,491	871,855	-	40,578	23,694	-	546	69,053	367,782	1,804,969	3,441,968	48,350	20,717	1,846,104	5,357,139

Notes:

1. The amount represents equity component of convertible bonds issued by a subsidiary of the Company during the year ended 31 December 2003. The convertible bonds carry a right to convert into ordinary shares of the Company's listed subsidiary up to 8 April 2008. Details of the convertible bonds are set out in note 35.

2. The amount represents share option reserve of the listed subsidiaries of the Company.

Consolidated Cash Flow Statement

For the year ended 31 December 2005

	2005	2004
	HK$'000	*HK$'000*
		(Restated)
OPERATING ACTIVITIES		
Profit before taxation	**1,121,302**	442,913
Adjustments for:		
Interest income	**(70,703)**	(16,461)
Finance costs	**178,522**	33,758
Gain on group restructuring exercise	**(180,401)**	–
Gain on disposal of subsidiaries	**(40,794)**	(88,271)
Dividend income from available-for-sale investments	**(5,346)**	–
Share of results of associates	**(20,829)**	(30,190)
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
Depreciation and amortisation of property, plant and equipment	**168,052**	50,789
Loss (gain) on disposal of property, plant and equipment	**2,444**	(123)
Gain on disposal of available-for-sale investments	**(116,397)**	–
Release of prepaid lease payments	**2,474**	1,557
Amortisation of intangible asset	**428**	502
Impairment loss on goodwill	**6,405**	–
Impairment loss recognised in respect of available-for-sale investments/investments in securities	**50,000**	25,000
Increase in fair value of investment properties	**(240,778)**	–
Unrealised holding gain on investments held for trading/ investments in securities	**(11,949)**	(754)
Unrealised holding gain on commodity derivatives	**–**	(907)
Share-based payment expense	**40,393**	4,778
Discounts on acquisition	**(15,189)**	(40,140)
Changes in fair value of derivative financial instruments	**208,127**	–
Changes in fair value of convertible option of exchangeable note	**(7,227)**	–
Operating cash flows before movements in working capital	**1,068,534**	386,149
Increase in stock of properties	**(193,124)**	(675,879)
(Increase) decrease in inventories	**(87,533)**	14,767
(Increase) decrease in trade and other receivables	**(721,161)**	253,050
Increase in trade and other payables	**1,003,265**	325,358
Cash generated from operations	**1,069,981**	303,445
Interest paid	**(153,916)**	(61,217)
Income taxes paid	**(38,665)**	(21,071)
NET CASH FROM OPERATING ACTIVITIES	**877,400**	221,157

	Notes	2005 HK$'000	2004 HK$'000 (Restated)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(782,539)**	(486,717)
Prepaid lease payments		**(4,456)**	(656)
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	*39*	**(109,578)**	635,592
Acquisition of additional interests in subsidiaries		**(305,102)**	(1,151)
Acquisition of an associate		**(307,955)**	(299,334)
Purchase of available-for-sale investments/investments held for trading		**(368,161)**	–
Increase in pledged bank deposits		**(134,728)**	(77,950)
Proceeds from disposal of available-for-sale investments/investments in securities		**278,830**	11,068
Proceeds from disposal of property, plant and equipment		**24,396**	9,350
Proceeds from disposal of prepaid lease payments		**527**	903
Proceeds from placing of shares of subsidiaries		**97,196**	–
Interest received		**137,522**	16,461
Repayment from minority shareholders		**–**	11,246
Investment income from available-for-sale investments		**5,346**	–
Proceeds from redemption of unlisted debt securities		**–**	50,000
Disposal of subsidiaries (net of cash and cash equivalent disposed of)	*40*	**–**	52,475
Proceeds from partial disposal of interests in subsidiaries		**–**	157,685
Repayment from an associate		**–**	75,000
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(1,468,702)**	153,972

Consolidated Cash Flow Statement

For the year ended 31 December 2005

	2005	2004
	HK$'000	*HK$'000*
		(Restated)
FINANCING ACTIVITIES		
Proceeds from issue of shares	**549,564**	23,210
New bank and other loans raised	**223,119**	382,086
Repayment from minority shareholders of a subsidiary	**28,064**	–
Capital contributions from minority shareholders of subsidiaries	**2,523**	50,630
Proceeds from issue of guaranteed senior notes	**–**	1,559,000
Repayment of bank and other loans	**(936,947)**	–
Advance to shareholders	**(323,567)**	–
Dividends paid	**(218,571)**	(92,241)
Dividends paid to minority shareholders of subsidiaries	**(69,940)**	(31,782)
Repayment to minority shareholders	**(430)**	(5,964)
Repayment of exchangeable notes	**–**	(62,500)
Expenses paid in connection with the issue of guaranteed senior notes	**–**	(35,560)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(746,185)**	1,786,879
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(1,337,487)**	2,162,008
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**3,468,306**	1,309,473
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**21,665**	(3,175)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTING BY		
Bank balances and cash	**2,152,484**	3,468,306

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 addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

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 and investment, 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:

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

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 (see note 24). 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 (see note 3 for the financial impact).

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 (see note 3 for the financial impact).

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

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 (see note 3 for the financial impact).

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 (see note 3 for the financial impact).

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.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Classification and measurement of financial assets and financial liabilities (Continued)

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. There 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.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derivatives and hedging (Continued)

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 (see note 3 for the financial impact).

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 (see note 3 for the financial impact). 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 (see note 3 for the financial impact).

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

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 and changes in accounting policies as at 31 December 2004 and 1 January 2005 are summarised below:

	31 December 2004 HK$'000 (originally stated)	Reclassification HK$'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

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES *(Continued)*

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

	As originally stated	**Adjustments**	**As restated**
	HK$'000	*HK$'000*	*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

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES *(Continued)*

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

	2005	2004
	HK$'000	*HK$'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	2004
	HK$'000	*HK$'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)

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES *(Continued)*

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[2]
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. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by HKICPA. In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values. The principal accounting policies adopted are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

The consolidated financial statements incorporates the financial statements of the Company and its subsidiaries.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of additional interests of subsidiaries that do not result in a change in control do not fall within the definition of business combination under HKFRS 3. The excess of the cost of acquisition over the carrying amount of assets and liabilities of the subsidiary is recognised as goodwill.

All inter-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Goodwill

Goodwill arising on acquisition prior to 1 January 2002

Goodwill arising on an acquisition of subsidiaries or associates for the agreement date prior to 1 January 2002 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiaries or associates at the date of acquisition.

Goodwill previously recognised in reserves has been transferred to the Group's retained earnings on 1 January 2002. For previously capitalised goodwill arising on acquisitions prior to 1 January 2002, the Group has discontinued amortisation from 1 January 2002 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired (see the accounting policy below).

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

Goodwill arising on acquisitions on or after 1 January 2002

Goodwill arising on an acquisition of subsidiaries or associates for which the agreement date is on or after 1 January 2002 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiaries or associates at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of subsidiaries is presented separately in the balance sheet. Capitalised goodwill arising on an acquisition of associates is included in the cost of the investment of the relevant associates.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of subsidiaries or associates, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Goodwill arising on acquisition of additional interests in a subsidiary

Goodwill arising on acquisition of additional interests in a subsidiary represents the excess of the cost of acquisition of the additional interests over the book value of the net assets of the subsidiary attributable to the additional interest acquired.

Excess of an acquirer's interest in the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over cost ("discount on acquisitions")

A discount on acquisition arising on an acquisition of subsidiaries and associates for which an agreement date is on or after 1 January 2002 represents the excess of the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination. Discount on acquisition is recognised immediately in profit or loss. A discount on acquisition arising on an acquisition of an associate is included as income in the determination of the investor's share of results of the associate in the period in which the investment is acquired.

As explained in note 3 above, all negative goodwill as at 1 January 2002 has been derecognised with a corresponding adjustment to the Group's retained earnings.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Excess of an acquirer's interest in the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over cost ("discount on acquisitions") *(Continued)*

Discount on acquisitions arising on acquisition of additional interests in a subsidiary

Discount on acquisitions arising on acquisition of additional interests in a subsidiary represents the excess of the book value of the net assets of the subsidiary attributable to the additional interest acquired over the cost of acquisition of the additional interests.

Investments in associates

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any identified impairment losses. When the Group's share of losses of an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profit and losses are eliminated to the extent of the Group's interest in the relevant associate.

Recognition of revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Development properties

Income from properties developed for sale, which have not been pre-sold prior to completion of development, is recognised on the execution of legally binding, unconditional and irrevocable sales contracts.

Income from outright sales of an entire development project and/or development rights prior to completion and sales of completed properties are recognised on the execution of legally binding, unconditional and irrevocable contracts.

Sales of electricity supply

Revenue from electricity supply operations is recognised when electricity is supplied.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Recognition of revenue *(Continued)*

Gas pipelines construction revenue

Income from gas pipelines construction, representing gas connection revenue, is recognised when the outcome of a gas connection contract can be estimated reliably and the stage of completion at the balance sheet date can be measured reliably. Revenue from gas connection contracts is recognised on the percentage of completion method, measured by reference to the value of work carried out during the year. When the outcome of a gas connection contract cannot be estimated reliably, revenue is recognised only to the extent of contract cost incurred that is probable to be recoverable.

Sales of goods

Sales of goods are recognised when goods are delivered and title has been passed.

Income from property management services

Income from property management services is recognised on provision of services.

Interest income

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less accumulated depreciation, amortisation and any impairment losses.

Depreciation and amortisation is provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method, at the following rates per annum:

Buildings	3% to 10%
Furniture, fixtures and equipment	18% to 40%
Gas pipelines	3%
Motor vehicles	6% to 30%
Plant and machinery	6% to 30%

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

Construction in progress

Construction in progress, which includes all development expenditure and other direct costs attributable to such projects, is stated at cost less any accumulated impairment losses. It is not depreciated until completion of construction. The costs of completed construction works are transferred to other categories of property, plant and equipment.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

4. **SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

Exclusive operating right for city pipeline network

Exclusive operating right for city pipeline network is stated at cost less accumulated amortisation and any identified impairment loss. The cost incurred for the acquisition of exclusive operating right is capitalised and amortised on a straight-line basis over the estimated useful life of twenty years.

Stock of properties

Stock of properties includes properties under development and properties held for sale.

The carrying value of properties under development comprises the land cost together with development expenditure, which includes construction costs, capitalised interest and ancillary borrowing costs, less foreseeable losses. The properties under development are stated at the lower of cost and net realisable value.

Properties held for sale are classified under current assets and are stated at the lower of cost and net realisable value. Cost is determined by apportionment of the total land and development cost attributable to the unsold properties. Net realisable value is the estimated price at which a property can be realised in the ordinary course of business less related selling expenses.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Construction contracts

When the outcome of a construction contract can be estimated reliably and the stage of contract completion at the balance sheet date can be measured reliably, contract costs are charged to the income statement by reference to the stage of completion of the contract activity at the balance sheet date on the same basis as contract revenue is recognised.

When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred. When it is probable that total contracts costs will exceed contract revenue, the expected loss is recognised as an expense immediately.

Impairment (other than goodwill)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as expense immediately.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment (other than goodwill) *(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are mainly classified into one of the three categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Loans and receivables

Loans and receivables (including loan receivables, trade and other receivables, amounts due from minority shareholders and bank deposits) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the other categories.

For available-for-sale investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity (Continued)

Bank and other borrowings and guaranteed senior notes

Interest-bearing bank loans and other loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction cost) and the settlement or redemption of borrowings is recognised over the terms of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Convertible bonds

Convertible bonds issued by the Group that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the embedded call option for the holder to convert the bonds into equity, is included in equity (convertible bonds reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of a subsidiary of the Company, will remain in convertible bonds reserve until the embedded option is exercised (in which case the balance stated in convertible bonds reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bonds reserve will be released to the retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Other financial liabilities

Other financial liabilities including trade and other payables and amounts due to minority shareholders are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

The Group uses derivative financial instruments (primarily interest rates swap) to hedge its exposure against changes in interest rate. Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity (Continued)

Embedded derivatives

Derivatives embedded in non-derivative host contracts are separated from the relevant host contracts and deemed as held-for-trading when the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contracts, and the combined contracts are not measured at fair value through profit or loss. In all other circumstances, derivatives embedded are not separated and are accounted for together with the host contracts in accordance with appropriate standards. Where the Group needs to separate an embedded derivative but is unable to measure the embedded derivative, the entire combined contracts are treated as held-for-trading.

Commodity derivatives

Commodity derivatives related to fuel oil prices which are not designated as hedging instruments, are accounted for as financial instruments held-for-trading. At each balance sheet date, subsequent to initial recognition, commodity derivatives are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees of the Group

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on translating monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

As mentioned in note 3, goodwill and fair value adjustments arising on acquisitions of foreign operations prior to 1 January 2005 are treated as non-monetary foreign currency items of the acquirer and reported using the historical exchange rate prevailing at the date of the acquisition.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Retirement benefits costs

Payments to defined contribution retirement benefit schemes, state-managed retirement plans and Mandatory Provident Fund Scheme ("MPF Scheme") are charged as expenses as they fall due.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in note 4, management has made various estimates based on past experience, expectations of the future and other information. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Depreciation and amortisation

The Group's net book value of property, plant and equipment as at 31 December 2005 was approximately HK$3,094,885,000. The Group depreciates the property, plant and equipment, other than construction in progress, over their estimated useful lives and after taking into account of their estimated residual values, using the straight-line method, at 3% to 40% per annum. The estimated useful life reflects the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect the directors' estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated cost of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Allowances for inventories

The management of the Group reviews an aged analysis at each balance sheet date, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production. The management estimates the net realisable value for such finished goods and consumables based primarily on the latest invoice prices and current market conditions.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual cash flows are less than expected, a material impairment loss may arise. As at 31 December 2005, the carrying amount of goodwill is approximately HK$481,994,000 (including an amount of HK$84,917,000 included under interests in associates). Details of the recoverable amount calculation are disclosed in notes 24 and 25.

Income taxes

As at 31 December 2005, no deferred tax asset was recognised in the Group's balance sheet in relation to the estimated unused tax losses of HK$76,024,000 due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more than expected, a material recognition of deferred tax asset may arise, which would be recognised in the income statement for the period in which such a recognition takes place.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Share option benefit expenses

The share option benefit expense is subject to the limitations of the Black-Scholes option pricing model and the uncertainty in estimates used by management in the assumptions. The estimates include limited early exercise behavior, expected interval and frequency of open exercise periods in the share option life, and other relevant parameters of the share option model (see note 42 for the estimates).

The number of options to be vested at the end of vesting period involves management estimation. Should the number of options being vested at the end of vesting period be changed, there would be material changes in the amount of share option benefits recognised in the profit and loss account and share option reserve.

Fair value of derivative financial instruments

The fair value of derivative financial instruments is based on market prices quoted from financial institutions for equivalent instruments at the balance sheet date. The amount is estimated by using a discount cash flow model with incorporate market data, discount rates and other assumptions. Should these assumptions be changed, there would be material changes to the carrying amount of the derivative financial instruments.

6. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's major financial instruments include available-for-sale investments, investments held for trading, bank deposits, bank balances and cash, loan receivables, trade and other receivables, trade and other payables, amounts due to minority shareholders, bank and other loans, derivative financial instruments, convertible bonds and guaranteed senior notes. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group collects all of its revenue in Renminbi ("RMB") and most of the expenditures as well as capital expenditures are also denominated in RMB.

RMB is not a freely convertible currency. Future exchange rates of RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally, and supply and demand of RMB. The appreciation or devaluation of RMB against HKD and USD may have positive or negative impact on the results of operations of the Group.

6. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(Continued)*

Market risk *(Continued)*

(i) Currency risk (Continued)

Certain borrowings of the Group are denominated in USD. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

(ii) Fair value interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate bank borrowings. In relation to these fixed-rate borrowings, the Group aims at keeping borrowings at variable rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt and derivative financial instruments.

(iii) Price risk

The Group's available-for-sale investments and investments held for trading are measured at fair value, except for those unlisted equity investments of which fair values cannot be measured reliably, at the balance sheet date. Therefore, the Group is exposed to equity and debt security price risk.

Cash flow interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate bank borrowings (see note 35). The Group currently does not have policy on cash flow hedges of interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arises.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 December 2005 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because majority of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

7. 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

7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

(A) Business segments *(Continued)*

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.

7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

(A) Business segments *(Continued)*

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

7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

(A) Business segments *(Continued)*

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.

7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

(A) Business segments *(Continued)*

At 31 December 2004

	Property development HK$'000	Gas fuel business HK$'000	Electricity supplies HK$'000	Others HK$'000	Consolidated 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.

8. OTHER INCOME

	2005	2004
	HK$'000	*HK$'000*
Interest income	**70,703**	16,461
Dividend income from available-for-sale investments	**5,346**	–
Discounts on acquisition	**15,189**	40,140
Gain on disposal of property, plant and equipment	**–**	123
Changes in fair value of convertible option of exchangeable note	**7,227**	–
Rental income	**158**	3,722
Unrealised holding gain on commodity derivatives	**–**	907
Unrealised gain on investments held for trading/investments in securities	**11,949**	754
Net exchange gain	**25,943**	2,249
Sundry	**10,453**	6,871
	146,968	71,227

9. OTHER OPERATING EXPENSES

	2005	2004
	HK$'000	*HK$'000*
Loss on disposal of property, plant and equipment	**2,444**	–
Donations	**1,248**	1,950
Impairment loss recognised in respect of available-for-sale investments/investments in securities	**50,000**	25,000
Impairment loss on goodwill	**6,405**	–
Others	**8,794**	7,168
	68,891	34,118

10. GAIN ON GROUP RESTRUCTURING EXERCISE

During the year, the Group carried out a group restructuring exercise of which the Group disposed of its entire interest of 58.45% in Panva Gas Holdings Limited ("Panva Gas") to a non-wholly owned subsidiary, Enerchina Holdings Limited ("Enerchina"), at a consideration of 2,540,915,880 new shares of Enerchina which was settled by the allotment and issued credited as fully paid to the Group. A gain of approximately HK$180,401,000 was resulted from the above group restructuring exercise.

11. GAIN ON DISPOSAL OF SUBSIDIARIES

	2005	2004
	HK$'000	*HK$'000*
Gain on partial disposal of interests in subsidiaries	**40,658**	84,747
Gain on deemed disposal of subsidiaries	**136**	–
Gain on disposal of subsidiaries	**–**	3,524
	40,794	88,271

12. GAIN ON DISPOSAL OF AVAILABLE-FOR-SALE INVESTMENTS

During the year, the Group disposed of its 41% equity interests in Xin Hua Control Engineering Company Limited which are classified as available-for-sale investments and certain other available-for-sale investments. The gain on disposal is completed as follows:

	2005	2004
	HK$'000	*HK$'000*
Net assets disposed of:		
Investments *(note 26)*	**183,226**	–
Dividend receivable	**3,475**	–
Other receivable	**191**	–
	186,892	–
Gain on disposal	**116,397**	–
	303,289	–
Consideration:		
Cash	**278,830**	–
Loan receivables *(note 28)*	**24,459**	–
	303,289	–

The loan receivables of HK$24,459,000 bearing prevailing market interest rate which will be settled in 2007.

13. FINANCE COSTS

	2005	2004
	HK$'000	*HK$'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.

14. 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$2,781,000 (2004: nil)	**8,660**	–

15. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 8 (2004: 9) directors were as follows:

Year ended 31 December 2005

	Mr. Ou Yaping	Mr. Tang Yui Man Francis	Mr. Chen Wei	Mr. Law Sze Lai	Mr. Xin Luo Lin	Mr. Davin Alexander MacKenzie	Mr. Tian Jin	Mr. Li Zhi Xiang	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Fees	–	–	–	–	500	500	156	–	1,156
Other emoluments									
Salaries and other benefits	6,280	5,478	3,961	1,600	–	–	–	–	17,319
Retirement benefits scheme contributions	66	36	56	29	–	–	–	–	187
Performance related incentive payments *(Note)*	–	–	–	–	–	–	–	–	–
Share-based payment	–	6,432	4,902	1,747	437	500	–	–	14,018
Total emoluments	6,346	11,946	8,919	3,376	937	1,000	156	–	32,680

Year ended 31 December 2004

	Mr. Ou Yaping	Mr. Tang Yui Man Francis	Mr. Chen Wei	Mr. Law Sze Lai	Mr. Xin Luo Lin	Mr. Li Zhi Xiang	Mr. Davin Alexander MacKenzie	Mr. Cheung Wing Yui	Mr. Tsang Yu Chor Patrick	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Fees	-	-	-	-	150	-	57	62	-	269
Other emoluments										
Salaries and other benefits	3,876	1,780	2,665	1,388	-	-	-	-	-	9,709
Retirement benefits scheme contributions	12	12	68	12	-	-	-	-	-	104
Share-based payment	-	387	387	-	-	-	74	-	-	848
Total emoluments	3,888	2,179	3,120	1,400	150	-	131	62	-	10,930

Note: The performance related incentive payments are determined having regard to the performance of individuals and market trends.

During the year, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived or agreed to waive any remunerations for the year ended 31 December 2005.

16. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2004: four) were directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining individual were as follows:

	2005	2004
	HK$'000	*HK$'000*
Salaries and other emoluments benefits	3,024	724
Retirement benefits scheme contributions	160	23
	3,184	747

During the year, no remunerations was paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

17. 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 *(note 36)*	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%.

17. TAXATION *(Continued)*

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.

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

	2005	2004
	HK$'000	*HK$'000*
Profit before taxation	**1,121,302**	442,913
Tax at the applicable tax rate of 33% (2004: 33%) *(Note)*	**370,030**	146,161
Tax effect of expenses that are not deductible for tax purposes	**172,942**	23,246
Tax effect of income that is exempted from PRC enterprise income tax and other regions in determining taxable profit	**(177,952)**	(101,500)
Effect of different tax rates of subsidiaries entitled to a 50% reduction in PRC enterprise income tax rates and operating in different provinces	**(229,619)**	(36,415)
Tax effect of share of results of associates	**(6,873)**	(9,963)
Tax effect of utilisation of tax losses not previously recognised	**(243)**	–
Tax effect of tax losses not recognised	**12,063**	1,975
Overprovision of taxation in previous years	**(6,312)**	–
Taxation for the year	**134,036**	23,504

Note: The tax rate of 33% represents PRC Enterprise Income Tax which is applicable to most of the Group's operations in the PRC for both years.

18. 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 of the Company. 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.

19. 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

19. EARNINGS PER SHARE *(Continued)*

	Number of shares	
	2005	2004
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

The following table summarises the impact on basic and diluted earnings per share as a result of the changes in accounting policies:

	Basic earnings per share		Diluted earnings per share	
	2005	2004	**2005**	2004
	HK cents	*HK cents*	*HK cents*	*HK cents*
Reported figures before adjustments	**35.47**	13.61	**35.07**	12.87
Adjustments arising from the changes in accounting policies	**(7.05)**	(1.58)	**(6.99)**	(1.47)
	28.42	12.03	**28.08**	11.40

20. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Construction in progress	Furniture, fixtures and equipment	Gas pipelines	Motor vehicles	Plant and machinery	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST							
At 1 January 2004							
- as originally stated	147,093	54,053	42,429	346,481	34,957	155,032	780,045
- effect on changes in accounting policies	(39,168)	-	-	-	-	-	(39,168)
- as restated	107,925	54,053	42,429	346,481	34,957	155,032	740,877
Additions	9,301	460,161	9,261	-	7,341	2,247	488,311
On acquisition of subsidiaries	84,708	70,741	2,455	173,854	3,338	896,855	1,231,951
Disposals	(9,502)	-	(1,046)	(629)	(3,509)	(1,040)	(15,726)
On disposal of subsidiaries	-	-	(27)	-	(90)	(139)	(256)
Reclassification	-	-	-	212	-	(212)	-
Transfer	530	(301,358)	(31)	300,502	-	357	-
At 31 December 2004	192,962	283,597	53,041	820,420	42,037	1,053,100	2,445,157
Currency realignment	5,475	7,348	1,256	22,280	1,106	29,635	67,100
Additions	24,323	212,893	4,855	471,725	7,729	68,210	789,735
On acquisition of subsidiaries	35,801	662	989	72,793	3,649	32,327	146,221
Disposals	(11,443)	(2,923)	(1,521)	(233)	(3,339)	(11,327)	(30,786)
Reclassification	5,881	(436,000)	(2,835)	19,883	-	413,071	-
Transfer from stock of properties	3,580	-	-	-	-	-	3,580
At 31 December 2005	**256,579**	**65,577**	**55,785**	**1,406,868**	**51,182**	**1,585,016**	**3,421,007**

20. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings	Construction in progress	Furniture, fixtures and equipment	Gas pipelines	Motor vehicles	Plant and machinery	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
DEPRECIATION AND AMORTISATION							
At 1 January 2004							
- as originally stated	23,973	-	24,334	11,903	14,774	36,658	111,642
- effect on changes in accounting policies	(1,912)	-	-	-	-	-	(1,912)
- as restated	22,061	-	24,334	11,903	14,774	36,658	109,730
Provided for the year	6,304	-	6,296	20,583	4,711	12,895	50,789
Eliminated on disposals	-	-	(665)	(5)	(2,693)	(368)	(3,731)
Eliminated on disposal of subsidiaries	-	-	(8)	-	(60)	(39)	(107)
Written back	(2,767)	-	-	-	-	-	(2,767)
Reclassification	-	-	-	(212)	-	212	-
At 31 December 2004	25,598	-	29,957	32,269	16,732	49,358	153,914
Currency realignment	996	-	762	1,260	494	4,590	8,102
Provided for the year	12,180	-	4,995	43,445	6,282	101,150	168,052
Eliminated on disposals	(14)	-	(875)	(6)	(1,398)	(1,653)	(3,946)
Reclassification	239	-	297	580	-	(1,116)	-
At 31 December 2005	**38,999**	**–**	**35,136**	**77,548**	**22,110**	**152,329**	**326,122**
CARRYING VALUES							
At 31 December 2005	**217,580**	**65,577**	**20,649**	**1,329,320**	**29,072**	**1,432,687**	**3,094,885**
At 31 December 2004	167,364	283,597	23,084	788,151	25,305	1,003,742	2,291,243

The buildings are situated on land in the PRC which is held under medium term leases.

21. PREPAID LEASE PAYMENTS

	2005	2004
	HK$'000	*HK$'000*
The Group's prepaid lease payments comprise:		
Leasehold land outside Hong Kong:		
Medium-term lease	**125,782**	76,888
Analysed for reporting purposes as:		
Current assets	**3,694**	2,314
Non-current assets	**122,088**	74,574
	125,782	76,888

22. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2004 and 1 January 2005	–
Transfer from stock of properties	240,978
Increase in fair value of investment properties	240,778
At 31 December 2005	**481,756**

The fair value of the Group's investment properties at 31 December 2005 have been arrived at on the basis of a valuation carried out on 3 April 2006 by Messrs. DTZ Debenham Tie Leung Limited, Chartered Surveyors, independent qualified professional valuers not connected with the Group. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

The investment properties are held under medium term leases and are situated in the PRC. At 31 December 2005, the Group is in the process of applying for the relevant real estate ownership certificate with respect to certain investment properties with fair value of HK$133,000,000.

22. INVESTMENT PROPERTIES *(Continued)*

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties. As at 31 December 2005, the carrying amount of such property interests amounted to HK$481,756,000.

23. INTANGIBLE ASSET

	HK$'000
COST	
At 1 January 2004 and 31 December 2004	10,035
Currency realignment	260
At 31 December 2005	**10,295**
AMORTISATION	
At 1 January 2004	373
Provide for the year	502
At 31 December 2004	875
Currency realignment	23
Provide for the year	428
At 31 December 2005	**1,326**
CARRYING VALUES	
At 31 December 2005	**8,969**
At 31 December 2004	9,160

The Group's exclusive operating right for city pipeline network was purchased from third parties.

24. GOODWILL

	HK$'000
COST	
At 1 January 2004	24,519
Elimination of accumulated amortisation upon the application of HKFRS 3 *(note 3)*	(698)
Arising on acquisition of subsidiaries	229,662
Eliminated on partial disposal of interest in a subsidiary	(634)
At 31 December 2004	252,849
Currency realignment	291
Arising on acquisition of subsidiaries *(note 39)*	37,040
Arising on acquisition of additional interest in subsidiaries	131,654
Eliminated on partial disposal of interest in a subsidiary	(18,352)
At 31 December 2005	**403,482**
AMORTISATION	
At 1 January 2004	
– as originally stated	3,076
– effect on adoption of HKFRS 3 *(note 3)*	
– reversal of amortisation	(2,378)
– elimination of accumulated amortisation upon the application of HKFRS 3	(698)
At 31 December 2004 and 31 December 2005	–
IMPAIRMENT	
Impairment loss recognised for the year and at 31 December 2005	(6,405)
CARRYING VALUES	
At 31 December 2005	**397,077**
At 31 December 2004	252,849

The goodwill, which arose from acquisition of subsidiaries, is not amortised commencing from 1 January 2002 in accordance with the transitional provision of HKFRS 3.

24. GOODWILL *(Continued)*

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	2005	2004
	HK$'000	*HK$'000*
Gas fuel business	**92,037**	31,062
Electricity supplies	**311,445**	221,787
	403,482	252,849

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUS. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecast derived from the most recent financial budgets approved by management for the next 5 years and extrapolates cash flows for the following 15 years based on an estimated growth rate of 3% – 5%. This rate does not exceed that average long-term growth rate for the relevant markets. The rate used to discount the forecast cash flows from gas fuel business and electricity supplies is 12%.

As at 31 December 2005, the Group recognised an impairment loss of HK$6,405,000 in relation to goodwill arising in acquisition of Beijing Zhonglian Far East Engineering & Project Management Consulting Services Co., Ltd. in respect of the keen competition of the market.

25. INTERESTS IN ASSOCIATES

	2005 HK$'000	2004 HK$'000
Share of net assets	**380,821**	35,377
Goodwill on acquisition of associates	**84,917**	35,418
	465,738	70,795

Details of the Group's associate as at 31 December 2005 are as follows:

Name of associate	Place of establishment and operation	Percentage of equity interest attributable to the Group	Principal activities
佛山市燃氣集團有限公司 Foshan Panva Gas Co., Ltd.	PRC– Sino-foreign equity joint venture	45%	Provision of LPG, natural gas and related services and gas pipeline construction
長春燃氣控股有限公司 Changchun Gas Holdings Limited	PRC– Sino-foreign equity joint venture	48%	Provision and/or distribution of natural gas, coal gas, LPG, metallurgical coke and coke oil
Rockefeller Group Asia Pacific, Inc.	PRC– equity interest venture	49%	Property development

25. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information in respect of the Group's associates is set out below:

	2005	2004
	HK$'000	*HK$'000*
Total assets	**2,363,744**	3,191,721
Total liabilities	**(1,586,270)**	(1,769,973)
	777,474	1,421,748
Revenue	**1,425,295**	900,984
Profit for the year	**44,139**	80,414

25. INTERESTS IN ASSOCIATES *(Continued)*

Note:

Details of movements of goodwill on acquisition of associates are as follows:

	Goodwill	Negative goodwill
	HK$'000	*HK$'000*
COST		
At 1 January 2004		
– as originally stated	54,482	(22,759)
– effect on adoption of HKFRS 3 *(note 3)*	–	22,759
– as restates, at 1 January 2004	54,482	–
Arising on acquisition of subsidiaries	35,418	–
Eliminated upon the change of status from an associate to a subsidiary	(54,482)	–
At 31 December 2004	35,418	–
Arising from acquisition of an associate	49,499	–
At 31 December 2004 and 31 December 2005	84,917	–
AMORTISATION		
At 1 January 2004		
– as originally stated	4,540	948
– effect on adoption of HKFRS 3 *(note 3)*	(4,540)	(948)
– as restated, at 31 December 2004 and 31 December 2005	–	–
CARRYING VALUES		
At 31 December 2005	**84,917**	**–**
At 31 December 2004	35,418	–

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

25. INTERESTS IN ASSOCIATES *(Continued)*

The recoverable amounts are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates of 12% using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the business. The growth rates of 5% are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecast derived from the most recent financial budgets approved by management for the next 5 years. The directors considered no impairment loss is necessary at 31 December 2005.

26. AVAILABLE-FOR-SALE INVESTMENTS

	2005 *HK$'000*	2004 *HK$'000*
Unlisted shares in Hong Kong, at cost	75,000	–
Unlisted shares in the PRC, at cost	189,805	–
Club debentures, at cost	2,496	–
	267,301	–
Less: Impairment loss recognised	(75,000)	–
	192,301	–

As at the balance sheet date, investments in unlisted equity securities issued by private entities incorporated in both Hong Kong and the PRC are measured at cost less impairment because the directors of the Company are of the opinion that their fair values cannot be measured reliably.

During the year, the directors reviewed the carrying amounts of available-for-sale investments and identified that they were impaired. Accordingly, an impairment loss of HK$50,000,000 was recognised in the financial statements to write down the carrying amount of the investments due to substantial loss incurred by an investee company, the directors are in the opinion that the invested amount is not recoverable.

In the current year, the Group disposed of certain unlisted shares with carrying amount of HK$183,226,000 which had been carried at cost less impairment before the disposal. A gain on disposal of HK$116,397,000 has been recognised in profit or loss for the current year.

27. INVESTMENTS HELD FOR TRADING

	2005	2004
	HK$'000	*HK$'000*
Investments held for trading, at fair value		
Listed shares in PRC or Hong Kong	9,938	–
Managed funds	144,561	–
	154,499	–

The fair values of the above held for trading investments are determined based on the quoted market bid prices available on the relevant exchanges.

28. LOAN RECEIVABLES

	2005	2004
	HK$'000	*HK$'000*
Shareholder's loan receivable *(note)*	323,567	–
Long-term receivable *(note 12)*	24,459	–
	348,026	–

Note: The amount represents loan receivable from its associate, Rockefeller Group Asia Pacific, Inc., which carries compound interest rate at 20% per annum. The loan is unsecured and not repayable within the next twelve months.

The fair value of the Group's loan receivables as at the balance sheet, determined based on the present value of the estimated future cash flows discounted using the prevailing rate at the balance sheet date approximates to the carrying amount of the receivables.

29. STOCK OF PROPERTIES

	2005	2004
	HK$'000	*HK$'000*
Properties under development for sale, at cost	2,337,278	2,008,352
Stock of properties held for sale	13,067	300,296
	2,350,345	2,308,648

29. STOCK OF PROPERTIES *(Continued)*

Stock of properties were stated at cost. Included in the stock of properties is interest capitalised of HK$156,748,000 (2004: HK$150,354,000).

30. INVENTORIES

	2005	2004
	HK$'000	*HK$'000*
Gas fuel	**27,852**	14,430
Fuel oil	**125,023**	62,367
Consumable stores	**39,126**	25,305
	192,001	102,102

31. 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.

32. AMOUNTS DUE FROM/TO MINORITY SHAREHOLDERS

The amounts are unsecured, interest free and are repayable on demand.

The fair values of the amounts due from/to minority shareholders at 31 December 2005 approximates to the corresponding carrying amounts.

33. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK$319,014,000 (2004: HK$105,381,000), the aged analysis of which is as follows:

	2005	2004
	HK$'000	*HK$'000*
Aged:		
0 to 90 days	**285,304**	74,595
91 to 180 days	**11,626**	6,482
181 to 360 days	**2,990**	9,258
over 360 days	**19,094**	15,046
	319,014	105,381

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

34. DERIVATIVE FINANCIAL INSTRUMENTS

	2005	2004
	HK$'000	*HK$'000*
Fair value hedges – interest rate swaps *(Note a)*	**327,680**	–
Conversion option under exchangeable note *(Note b)*	**5,290**	–
	332,970	–

34. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Notes:

(a) **Fair value hedges**

During the year, a subsidiary of the Company entered interest rate swaps contracts to manage its interest cost. Major terms of the interest rate swaps are set out below:

Notional amount	Maturity	Swaps
US$200,000,000	22 September 2011	From 8.25% to MAX (USD LIBOR BBA + 3.72%, 12%)
US$200,000,000	22 September 2011	From (0, 7.12 x Spread rate * + 0.01%) to 8.25%

* *Where:*

"Spread Rate" means the rate (expressed as a percentage per annum) calculated in accordance with the following formula:

US$ 30 year CMS – US$2 year CMS

"US$ 30 year CMS" means 30-year US$-ISDA-Swap Rate, as such rate appears on the Reuters Screen ISDAFIX1 Page as of or around 11:00 a.m., London time, on the day that is two (2) Banking Days preceding the commencement of the relevant Party A calculation period; and

"US$ 2 year CMS" means 2-year US$-ISDA-Swap Rate, as such rate appears on the Reuters Screen ISDAFIX1 Page as of or around 11:00 a.m., London time, on the day that is two (2) Banking Days preceding the commencement of the relevant Party A calculation period.

The fair value of swaps entered into at 31 December 2005 is estimated at HK$327,680,000. These amounts are based on market prices quoted from financial institutions for equivalent instruments at the balance sheet date. Changes in the fair value of interest rate swaps during the year ended 31 December 2005 of HK$208,127,000 have been charged to the consolidated income statement.

(b) On 30 October 2004, the exchangeable note of HK$62,500,000 was issued by a subsidiary of the Company. The exchangeable note will be exchangeable into shares of Panva Gas, a subsidiary of the Company which is also listed on the Stock Exchange, from the date of issue up to the second anniversary of the date of issue on 30 October 2006 at par. The note entitles the holder to convert them into ordinary shares of Panva Gas at the same amount. The fair value of the derivative was calculated using the Black-Scholes pricing model. The derivative is measured at fair value at each balance sheet date.

35. BORROWINGS

	2005	2004
	HK$'000	*HK$'000*
Bank loans – secured	**777,815**	598,485
Bank loans – unsecured	**959,936**	1,666,410
Other loans – unsecured	**96,758**	150,608
Exchangeable note *(Note a)*	**61,235**	62,500
Convertible bonds *(Note b)*	**362,116**	329,911
Guaranteed senior notes *(Note c)*	**1,553,926**	1,524,710
	3,811,786	4,332,624
Carrying amount repayable:		
On demand or within one year	**1,188,708**	811,559
More than one year but not exceeding two years	**303,437**	975,392
More than two years but not exceeding five years	**800,030**	980,645
More than five years	**1,519,611**	1,565,028
	3,811,786	4,332,624
Less: Amount due within one year shown under current liabilities	**(1,188,708)**	(811,559)
Amount due after one year	**2,623,078**	3,521,065

Notes:

(a) The exchangeable note with principal of HK$62,500,000 was issued on 30 October 2004 by a subsidiary of the Company. The exchangeable note can be exchanged into shares of Panva Gas from the date of issue up to the second anniversary of the date of issue on 30 October 2006 at par at the discretion of the note holder. Interest is payable at 2% per annum. The effective interest rate of the exchangeable note is 3.23%.

(b) The Group issued the 2% convertible bonds of US$50,000,000 on 23 April 2003. The bonds are convertible into shares of Panva Gas on or after 7 June 2003 and up to 9 April 2008. The conversion price at which each share shall be issued upon conversion is HK$3.8043 per share (adjusted to account for the effect of the issue of additional new shares). The outstanding unconverted principal amount of the bonds will be redeemed on 23 April 2008 at 108.119%. Interest of 2% is payable per annum. The effective interest rate of the liability component is 6.48%.

35. BORROWINGS *(Continued)*

Notes: (Continued)

(c) The Group issued US$200,000,000 8.25% guaranteed senior notes due 2011 (the "Guaranteed Senior Notes") on 23 September 2004. The Guaranteed Senior Notes are listed on the Singapore Exchange Securities Trading Limited. The Guaranteed Senior Notes bear interest at 8.25% per annum, payable semi-annually in arrears. At any time prior to 23 September 2007, Panva Gas may redeem up to 35% of the principal amount of the Guaranteed Senior Notes with the net cash proceeds of one or more sales of the Company's shares in an offering at a redemption price of 108.25% of the principal amount of the Guaranteed Senior Notes, plus accrued and unpaid interest, if any, to the redemption date. The effective interest rate of Guaranteed Senior Notes is 8.69%.

(d) The bank and other loans are mainly carried at fixed interest rate at a range of 2.0% – 6.4% per annum.

The fair value of the Group's bank and other borrowings approximates to the corresponding carrying amount calculated by discounting the future cash flows at the prevailing market borrowing rate for similar borrowings at the balance sheet date.

36. DEFERRED TAXATION

At the balance sheet date, deferred taxation liabilities amounting to HK$36,117,000 (2004: nil) were provided on temporary differences arising from changes in fair value of investment properties.

At the balance sheet date, the Group has estimated unused tax losses of HK$76,024,000 (2004: HK$49,559,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Such unrecognised tax losses will expire within five years from the date of origination.

37. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Shares of HK$0.10 each		
Authorised:		
At 1 January 2004, 31 December 2004 and 31 December 2005	4,800,000,000	480,000
Issued and fully paid:		
At 1 January 2004	1,911,035,200	191,104
Bonus issue of shares	383,067,040	38,306
Issue of shares on the exercise of share options	39,350,000	3,935
At 31 December 2004	2,333,452,240	233,345
Issue of shares on placing and subscription arrangements	280,000,000	28,000
Issue of shares on the exercise of share options	21,460,000	2,146
At 31 December 2005	2,634,912,240	263,491

Changes in the share capital of the Company during the year ended 31 December 2004 are as follows:

(a) Pursuant to an ordinary resolution passed in the annual general meeting of the Company held on 25 May 2004, a bonus issue of shares on the basis of two bonus shares for every ten existing shares then held by shareholders on 24 May 2004 was approved. As a result of the bonus issue of shares, the Company allotted and issued 383,067,040 new shares of HK$0.10 each, credited as fully paid at par, by the capitalisation of HK$38,306,704 from the share premium account.

(b) During the year and prior to the bonus issue of shares as explained above, as a result of the exercise of share options, the Company allotted and issued a total of 4,300,000 shares of HK$0.10 each for cash at the exercise prices of HK$0.67 per share. Subsequent to the two-for-ten bonus issue of shares and until 31 December 2004, the Company further allotted and issued a total of 660,000, 29,960,000 and 4,430,000 shares of HK$0.10 each for cash at the exercise prices of HK$0.28, HK$0.56 and HK$0.76 per share respectively.

37. SHARE CAPITAL *(Continued)*

Changes in the share capital of the Company during the current year are as follows:

(c) Pursuant to a placing and subscription agreement entered by the Company on 9 December 2005, the Company allotted and issued 280,000,000 new shares of HK$0.10 each at subscription price of HK$1.95 per share to independent investors.

(d) The Company allotted and issued a total of 6,400,000 and 15,060,000 shares of HK$0.10 each for cash at the exercise prices of HK$0.56 and HK$0.76 per share respectively as a result of the exercise of share option.

All the shares which were issued during the year rank pari passu with the existing shares in all respects.

38. RESERVES

Details of changes in reserves of the Group are set out in consolidated statement of changes in equity on pages 54 to 55.

The contributed surplus of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1998.

The general reserves represent the Enterprise Expansion Fund and General Reserve Fund set aside by certain subsidiaries in accordance with the relevant laws and regulations of the PRC, which are not available for distribution.

The capital reserve represents the deemed contribution arising from waiver of loan from the minority shareholders of the subsidiaries.

39. ACQUISITION OF SUBSIDIARIES

During the year, the Group acquired 70%, 70%, 100% and 80% of the registered capital of Beijing Zhonglian of East Engineering and Project Management Consultant Services Co., Ltd., Pengshan Panva Gas Co., Ltd., Jianyang Panva Gas Co., Ltd. and Benxi Panva Gas Co., Ltd. respectively for an aggregate consideration of HK$133,364,000. The acquisitions have been accounted for by the acquisition method of accounting. The aggregate amount of goodwill arising as a result of the acquisitions was HK$37,040,000.

During the year ended 31 December 2004, the Group increased its shareholding in Enerchina from 37.1% to 50.1% by acquiring additional 13.0% of the total issued share capital of Enerchina from four independent parties. Following the acquisition, Enerchina became a subsidiary of the Company. In addition, the Group acquired 100% registered capital of Cangxi Panva Gas Co., Ltd., Daiyi Panva Gas Co., Ltd., and Zhongjiang Panva Gas Co., Ltd.. The Group also acquired 90% of the registered capital of Yuechi Panva Gas Co., Ltd.. These acquisitions have been accounted for by the acquisition method of accounting. The aggregate amount of goodwill and negative goodwill arising as a result of the acquisitions was HK$229,662,000 and HK$22,646,000 respectively.

39. ACQUISITION OF SUBSIDIARIES *(Continued)*

	2005	2004
	HK$'000	*HK$'000*
Net assets acquired:		
Property, plant and equipment	146,221	1,231,951
Prepaid lease payments	45,115	47,598
Available-for-sale investments	3,977	–
Investments in securities	–	146,946
Inventories	2,366	80,489
Trade and other receivables	37,245	477,519
Amounts due from minority shareholders	–	28,064
Pledged bank deposits	–	72,467
Bank balances and cash	23,786	908,296
Trade and other payables	(55,138)	(321,714)
Taxation	(516)	–
Amounts due to minority shareholders	–	(13,719)
Borrowings	(80,259)	(1,295,722)
Minority interests	(26,473)	(772,727)
	96,324	589,448
Goodwill	37,040	229,662
Discount on acquisition	–	(22,646)
	133,364	796,464
Satisfied by:		
Cash paid	133,364	272,704
Interest in an associate	–	507,265
Amounts due to minority shareholders	–	16,495
	133,364	796,464
Net cash (outflow) inflow arising on acquisition:		
Cash consideration	(133,364)	(272,704)
Bank balances and cash acquired	23,786	908,296
Net (outflow) inflow of cash and cash equivalents in respect of acquisition of subsidiaries	(109,578)	635,592

39. ACQUISITION OF SUBSIDIARIES *(Continued)*

The acquiree's carrying amount of net assets before combination approximates to its fair value. Accordingly, no fair value adjustments are required.

The subsidiaries acquired during the year ended 31 December 2005 contributed HK$224,313,000 (2004: HK$291,203,000) to the Group's turnover and HK$95,851,000 (2004: HK$63,966,000) to the Group's profit before taxation.

If the acquisitions made during the year ended 31 December 2005 had been completed on 1 January 2005, total group revenue for the year would have been HK$4,803,220,000, and profit for the year would have been HK$980,332,000. The pro forma information is for illustrative purposes only and is not necessarily an indicative revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed on 1 January 2005, nor is it intended to be a projection of future results.

40. DISPOSAL OF SUBSIDIARIES

	2005	2004
	HK$'000	*HK$'000*
Net assets disposed of:		
Property, plant and equipment	–	149
Stock of unsold properties	–	48,663
Inventories	–	37
Trade and other receivables	–	202
Bank balances and cash	–	126
Trade and other payables	–	(69)
Minority interests	–	(31)
	–	49,077
Loss on disposal	–	3,524
Total consideration	–	52,601
Satisfied by:		
Net cash inflow arising on disposal:		
Proceeds received on disposal	–	52,601
Bank balances and cash disposed of	–	(126)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	–	52,475

41. RELATED PARTY TRANSACTIONS

During the year, the following related party transactions took place:

Name of related party	**Nature of transactions**	**2005** **HK$'000**	2004 HK$'000
Skillful Assets Limited *(Note a)*	Rental paid thereto	**996**	996
Enerchina	Interest received therefrom	–	152
	Office expenses received therefrom	–	855

Note:

(a) Skillful Assets Limited is a company controlled by Mr. Ou Yaping, a director of the Company.

The key management personnel are the directors of the Company. The details of the remuneration paid to them are set out in note 15.

42. SHARE OPTIONS

The Company's share option schemes were adopted pursuant to the resolutions passed on 11 May 1998 (the "Sinolink Old Scheme") and on 24 May 2002 (the "Sinolink New Scheme") for providing incentives to directors and eligible employees and unless otherwise cancelled or amended. The Sinolink New Scheme will expire on 23 May 2012. The Sinolink Old Scheme was terminated on 24 May 2002. Under the Sinolink Old Scheme and the Sinolink New Scheme, the Board of Directors of the Company may grant options to eligible employees, including executive directors of the Company, any of its subsidiaries, to subscribe for shares in the Company.

42. SHARE OPTIONS *(Continued)*

Movements of the Company's share options held by employees (including directors) during the year were as follows:

	Number of share options						
	Outstanding at beginning of year	Granted during the year	Exercised during the year prior to bonus issue of shares	Adjustment as a result of the bonus issue of shares	Exercised during the year after the bonus issue of shares	Lapsed during the year	Outstanding at end of year
For the year ended 31 December 2005	31,250,000	104,800,000	–	–	(21,460,000)	(1,750,000)	112,840,000
Weighted average exercise price	0.719	1.126	N/A	N/A	0.700	0.969	1.097
For the year ended 31 December 2004	35,150,000	25,400,000	(4,300,000)	11,250,000	(35,050,000)	(1,200,000)	31,250,000
Weighted average exercise price	0.665	0.910	0.670	N/A	0.580	0.760	0.719

42. SHARE OPTIONS *(Continued)*

The weighted average share price at the date of exercise for share options during the year was at a range of HK$1.12 to HK$2.05. During the year ended 31 December 2004, the weighted average share price of the Company at the dates of exercise of the share options was at a range of HK$0.83 to HK$1.13 per share.

During the year, options were granted on 13 January 2005. The estimated fair values of the options granted on the date is HK$0.31 per option. During the year ended 31 December 2004, options were granted on 1 January 2004. The estimated fair values of the options granted on the date was HK$0.19 per option.

These fair values were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	2005	2004
Weighted average share price	**HK$1.140**	HK$0.73
Weighted average exercise price	**HK$1.126**	HK$0.76
Expected volatility	**50% p.a**	47% p.a
Expected life	**4.5 years**	5 years
Risk free rate	**2.62% p.a**	3.16% p.a
Expected dividend yield	**4.93% p.a**	4.92% p.a
Rate of leaving service	**5% p.a**	5% p.a

The vesting period of share options is from the date of grant until the commencement of the exercise period.

The Group recognised total expenses of HK$40,393,000 (2004: HK$4,778,000) for the year ended 31 December 2005 in relation to share options granted by the Company and its listed subsidiaries.

43. RETIREMENT BENEFITS SCHEMES

The Group's subsidiaries operating in the PRC have participated in defined contribution retirement schemes organised by the relevant local government authorities in the PRC. All PRC employees are entitled to an annual pension equal to a fixed portion of their ending basic salaries at their retirement dates. The Group is required to make specific contributions to the retirement schemes at a rate of 7 to 25 percent of basic salary of its PRC employees and have no further obligation for post-retirement benefits beyond the annual contributions made.

43. RETIREMENT BENEFITS SCHEMES *(Continued)*

The Group has joined a MPF Scheme for all its non-PRC employees. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. The retirement benefits scheme contributions arising from the MPF Scheme charged to the income statement represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

During the year, the Group made contributions to the retirement benefits schemes amounted to HK$7,958,000 (2004: HK$5,495,000).

44. CONTINGENT LIABILITIES

	2005	2004
	HK$'000	*HK$'000*
Guarantees given to banks for the mortgage loans arranged for the purchasers of the Group's properties	**703,997**	261,484

45. COMMITMENTS

	2005	2004
	HK$'000	*HK$'000*
Commitments in respect of properties under development:		
– contracted for but not provided in the financial statements	**594,269**	381,359
– authorised but not contracted for	**–**	296,004
	594,269	677,363
Capital expenditure in respect of unpaid capital contribution of investment projects		
– contracted for but not provided in the financial statements	**1,132,715**	526,008
Capital expenditure in respect of the acquisition of property, plant and equipment		
– contracted for but not provided in the financial statements	**–**	191,488
	1,726,984	1,394,859

46. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had contracted with tenants for future minimum lease receipts in respect of land and buildings under non-cancellable operating leases which fall due as follows:

	2005	2004
	HK$'000	*HK$'000*
Within one year	**10,352**	9,144
In the second to fifth year inclusive	**39,141**	35,601
Over five years	**78,680**	90,916
	128,173	135,661

The properties held have committed tenants for periods up to fifteen years after the balance sheet date.

At the balance sheet date, the Group had commitments for future minimum lease payments in respect of land and buildings under non-cancellable operating leases which fall due as follows:

	2005	2004
	HK$'000	*HK$'000*
Within one year	**34,013**	12,116
In the second to fifth years inclusive	**11,992**	19,130
Over five years	**13,424**	14,518
	59,429	45,764

Operating lease payments represent rental payable by the Group for certain of its office properties.

Leases are negotiated for terms ranging from two to twenty years.

47. PLEDGE OF ASSETS

At 31 December 2005, bank deposits of HK$285,145,000 (2004: HK$150,417,000), land held under medium term leases included in stock of properties under development for sale with an aggregate carrying amount of HK$253,851,000 (2004: HK$441,956,000) and other property, plant and equipment with an aggregate carrying amount of HK$852,295,000 (2004: HK$56,472,000) were pledged to banks to secure general banking facilities granted to the Group. The pledged bank deposits carry at prevailing market interest rate. The fair value of pledged bank deposits at 31 December 2005 approximates to the corresponding carrying amount.

48. POST BALANCE SHEET EVENTS

(a) On 25 January 2006, the Company entered into the Placing and Subscription Agreement under which 189,456,448 shares ("Placing Shares") were allotted and issued to a controlling shareholder of the Company for the total consideration of approximately HK$426,000,000. The Placing Shares will then be placed by the controlling shareholder to independent placees at the price of HK$2.34 per share.

(b) 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 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 resolution in respect of this special dividend was passed on 10 April 2006, whereby bringing the shareholding of the Company in Enerchina from 74.79% to 45.56%. Enerchina will become an associate of the Company after the distribution.

49. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2005 are as follows:

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company Directly	Indirectly	Principal activities
Property development and management division					
Executive Choice Investments Limited	BVI	US$1	100%	–	Investment holding
Firstline Investment Limited	BVI	US$1	–	100%	Investment holding
Knatwood Limited	BVI	US$1	–	100%	Investment holding
Leader Faith International Limited	BVI	US$1	100%	–	Investment holding
Link Capital Investments Limited	BVI	US$50,000	–	100%	Investment holding
Ocean Diamond Limited	BVI	US$50,000	–	100%	Investment holding
Shenzhen Mangrove West Coast Property Development Co. Ltd. 深圳紅樹西岸地產發展有限公司	PRC – Sino-foreign equity joint venture	RMB200,000,000	–	87%	Property development
Shenzhen Sinolink Property Management Co., Ltd. 深圳百仕達物業管理有限公司	PRC – Foreign equity joint venture	RMB2,000,000	–	82.80%	Property management

49. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company Directly	Indirectly	Principal activities
Property development and management division *(Continued)*					
Sinolink International Investment (Group) Limited	BVI	US$1	–	100%	Investment holding
Sinolink LPG Development Limited	BVI	US$1	–	100%	Investment holding
Sinolink Petrochemical Investment Limited	BVI	US$1	–	100%	Investment holding
Sinolink Progressive Limited	BVI	US$47,207	100%	–	Investment holding
Sinolink Properties Agent Limited 百仕達物業代理有限公司	Hong Kong	HK$10,000	–	100%	Property agent
Sinolink Properties Limited 百仕達地產有限公司	PRC – Foreign equity joint venture	RMB375,000,000	–	80%	Property development and investment
Sinolink Shanghai Investment Ltd.	BVI	US$1	100%	–	Investment holding
Sinolink Worldwide (HK) Company Limited 香港百仕達有限公司	Hong Kong	HK$10,000,000	–	100%	Investment holding
Smart Orient Investments Limited	BVI	US$1	100%	–	Investment holding

49. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company Directly	Indirectly	Principal activities
Gas fuel business division					
Benxi Panva Gas Co., Ltd. 本溪百江燃氣有限公司	PRC – Limited liability company	RMB97,824,900	–	36.24% *(Note 1)*	Provision of natural gas and related services and gas pipeline construction
Cangxi Panva Gas Co., Ltd. 蒼溪百江燃氣有限公司	PRC – Limited liability company	RMB8,000,000	–	45.30% *(Note 1)*	Provision of natural gas and related services and gas pipeline construction
Changsha Pan River Enterprises Co., Ltd. 長沙百江能源實業有限公司	PRC – Sino-foreign equity joint venture	RMB40,000,000	–	27.18% *(Note 1)*	Wholesaling and retailing of LP Gas
Chenzhou Pan River Gas Industry Co., Ltd. 郴州百江燃氣實業有限公司	PRC – Sino-foreign equity joint venture	RMB9,000,000	–	27.18% *(Note 1)*	Wholesaling and retailing of LP Gas
China Overlink Holdings Co., Limited	BVI	US$1	–	45.30% *(Note 1)*	Investment holding
China Pan River Group Ltd. 中國百江集團有限公司	BVI	US$12,821	–	45.30% *(Note 1)*	Investment holding

49. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company Directly	Indirectly	Principal activities
Gas fuel business division *(Continued)*					
Dayi Panva Gas Co., Ltd. 大邑百江燃氣有限公司	PRC – Limited liability company	RMB3,300,000	–	45.30% *(Note 1)*	Provision of natural gas and related services and gas pipeline construction
Jianyang Panva Gas Co., Ltd. 簡陽百江燃氣有限公司	PRC – Limited liability company	RMB1,990,000	–	45.30% *(Note 1)*	Provision of natural gas and related services and gas pipeline construction
Jinan Panva Gas Co., Ltd. 濟南百江燃氣有限公司	PRC – Sino-foreign equity joint	RMB100,000,000	–	23.10% *(Note 1)*	Provision of LPG Gas, natural gas and related services and gas pipeline construction
Le Zhi Panva Gas Co., Ltd. 樂至百江燃氣有限公司	PRC – Limited liability company	RMB6,960,000	–	45.30% *(Note 1)*	Provision of natural gas and related services and gas pipeline construction
Nanjing Panva LPG Company Ltd. 南京百江液化氣有限公司	PRC – Sino-foreign equity joint venture	US$6,000,000	–	24.92% *(Note 1)*	Wholesaling and retailing of LP Gas
Nanjing Panva Pipeline Gas Co., Ltd. 南京百江管道燃氣有限公司	PRC – Sino-foreign equity joint venture	US$1,010,000	–	45.30% *(Note 1)*	Provision of LP Gas and related services and gas pipeline construction

49. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company Directly	Indirectly	Principal activities
Gas fuel business division *(Continued)*					
Pan River Enterprises (Changde) Co., Ltd. 常德百江能源實業有限公司	PRC – Sino-foreign equity joint venture	RMB6,000,000	–	38.51% *(Note 1)*	Wholesaling and retailing of LP Gas
Pan River Enterprises (Hengyang) Co., Ltd. 衡陽百江能源實業有限公司	PRC – Sino-foreign equity joint venture	RMB6,000,000	–	38.05% *(Note 1)*	Wholesaling and retailing of LP Gas
Pan River Enterprises (Wuhu) Co., Ltd. 蕪湖百江能源實業有限公司	PRC – Sino-foreign equity joint venture	RMB32,000,000	–	24.92% *(Note 1)*	Wholesaling and retailing of LP Gas
Pan River Enterprises Yongzhou Co., Ltd. 永州百江能源實業有限公司	PRC – Sino-foreign equity joint venture	RMB5,000,000	–	27.18% *(Note 1)*	Wholesaling and retailing of LP Gas
Pan River Gas (China Southwest) Co., Ltd. 百江西南燃氣有限公司	PRC – Sino-foreign equity joint venture	RMB57,500,000	–	22.70% *(Note 1)*	Wholesaling and retailing of LP Gas
Pan River Gas Zunyi Co., Ltd. 遵義百江燃氣有限公司	PRC – Limited liability company	RMB4,200,000	–	22.70% *(Note 1)*	Wholesaling and retailing of LP Gas

49. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company Directly	Indirectly	Principal activities
Gas fuel business division *(Continued)*					
Panriver Investments Company Limited 百江投資有限公司	PRC – Limited liability company	US$30,000,000	–	45.30% *(Note 1)*	Investment holding
Panva Chizhou Gas Co., Ltd. 池州百江燃氣有限公司	PRC– Sino-foreign equity joint venture	RMB20,000,000	–	27.18% *(Note 1)*	Provision of LP Gas and related services and gas pipeline construction
Panva Gas Holdings Limited 百江燃氣控股有限公司	Cayman Islands	HK$94,225,089	–	45.30% *(Note 1)*	Investment holding
Panva Gas (Yunnan) Co., Ltd. 雲南百江燃氣有限公司	PRC– Limited liability company	RMB58,840,000	–	12.92% *(Note 1)*	Wholesaling and retailing of LP Gas
Pengshan Panva Gas Co., Ltd. 彭山百江燃氣有限公司	PRC– Sino-foreign equity joint venture	RMB58,840,000	–	31.71% *(Note 1)*	Provision of natural gas and related services and gas pipeline construction
Pengxi Panva Gas Co., Ltd. 蓬溪百江燃氣有限公司	PRC – Sino-foreign equity joint venture	RMB3,590,000	–	40.77% *(Note 1)*	Provision of natural gas and related services and gas pipeline construction

49. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company Directly	Indirectly	Principal activities
Gas fuel business division *(Continued)*					
Pingchang Panva Gas Co., Ltd. 平昌百江燃氣有限公司	PRC- Limited liability company	RMB4,900,000	-	40.77% *(Note 1)*	Provision of natural gas and related services and gas pipeline construction
Sichuan Ziyang Hengyuan Compressed Natural Gas Co., Ltd. 四川資陽恆源壓縮天然氣有限公司	PRC- Limited liability company	RMB800,000	-	30.17% *(Note 1)*	Provision of compressed natural gas petroleum and petroleum products to automobile
Singkong Investments Limited 盛港投資有限公司	Hong Kong	HK$10,000	-	45.30% *(Note 1)*	Investment holding
Sinolink LPG Investment Limited	BVI	US$1	-	45.30% *(Note 1)*	Investment holding
Sinolink Power Investment Limited	BVI	US$1	-	45.30% *(Note 1)*	Investment holding
Weiyuan Panva Gas Co., Ltd. 威遠百江燃氣有限公司	PRC- Limited liability company	RMB5,000,000	-	45.07% *(Note 1)*	Provision of natural gas and related services and gas pipeline construction

49. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company Directly	Indirectly	Principal activities
Gas fuel business division *(Continued)*					
Xiang Tan Pan River Energy Industry Co., Ltd. 湘潭百江能源實業有限公司	PRC- Sino-foreign equity joint venture	RMB10,000,000	–	27.18% *(Note 1)*	Wholesaling and retailing of LP Gas
Yangzhou YPC & Panva Gas Co., Ltd. 揚州揚子石化百江燃氣有限公司	PRC – Limited liability company	RMB10,000,000	–	12.46% *(Note 1)*	Wholesaling and retailing of LP Gas
Yi Yang Pan River Enterprises Co., Ltd. 益陽百江能源實業有限公司	PRC- Sino-foreign equity joint venture	RMB5,000,000	–	27.18% *(Note 1)*	Wholesaling and retailing of LP Gas
YPC & Panva Energy Company Limited ("Yangzi Panva") 揚子石化百江能源有限公司	PRC- Sino-foreign equity joint venture	US$7,230,000	–	22.65% *(Note 1)*	Wholesaling and retailing of LP Gas
Yuechi Panva Gas Co., Ltd. 岳池百江燃氣有限公司	PRC- Limited liability company	RMB8,000,000	–	40.77% *(Note 1)*	Provision of natural gas and related services and gas pipeline construction

49. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company Directly	Indirectly	Principal activities
Gas fuel business division *(Continued)*					
Zhongjiang Panva Gas Co., Ltd. 中江百江燃氣有限公司	PRC- Limited liability company	RMB8,000,000	-	45.30% *(Note 1)*	Provision of natural gas and related services and gas pipeline construction
Zhongjiang Pingan Petroleum and Gas Limited Liability Company 中江縣平安氣油有限責任有限公司	PRC- Limited liability company	RMB3,000,000	-	24.92% *(Note 1)*	Provision of compressed natural gas to automobile
Ziyang Panva Gas Co., Ltd. 資陽百江燃氣有限公司	PRC- Limited liability company	RMB18,890,000	-	40.77% *(Note 1)*	Provision of natural gas and related services and gas pipeline construction
Electricity supplies division					
Ace Energy Holdings Limited	BVI	US$1	-	74.79% *(Note 1)*	Investment holding
Beijing Zhonglian Far East Engineering & Project Management Consulting Services Co., Ltd. 北京中聯遠東工程管理咨詢有限公司	PRC- Sino-foreign equity joint venture	RMB10,000,000	-	52.35%	Management services, technical consultant

49. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company Directly	Indirectly	Principal activities
Electricity supplies division *(Continued)*					
Enerchina Holdings Limited 威華達控股有限公司	Bermuda	HK$22,909,339	70.16%	4.63%	Investment holding
Enerchina Investments Limited	BVI	US$1	–	74.79%	Investment holding
Enerchina Oil and Petrochemical Company Limited	BVI	HK$2	–	74.79%	Procurement of fuel oil
Enerchina Resources Limited	Hong Kong	HK$2	–	74.79%	Provision of management services
Hanka Limited	Hong Kong	HK$2	–	74.79%	Holding of club membership
Kenson Investment Limited	BVI	US$1	–	74.79%	Investment holding
Rado International Limited	BVI	US$1	–	74.79%	Investment holding
Roxy Link Limited	BVI	HK$2	–	74.79%	Investment holding
Shenzhen Fuhuade Electric Power Co. Ltd. 深圳福華德電力有限公司	PRC-Sino-foreign equity joint venture	RMB224,500,000	–	74.79%	Electricity supplies

49. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company Directly	Indirectly	Principal activities
Electricity supplies division *(Continued)*					
Sinolink Electric Power Company Limited 百仕達電力有限公司	Hong Kong	HK$2 *(Note 2)*	–	74.79%	Investment holding
Sinolink Industrial Limited	BVI	US$50,001	–	74.79%	Investment holding
Supreme All Investments Limited	BVI	US$1	–	74.79%	Investment holding

Notes:

(1) As the Company controls the composition of the board of directors of these companies, these companies are treated as subsidiaries of the Company.

(2) In addition to the issued ordinary share capital of HK$2, Sinolink Electric Power Company Limited has HK$100,000 non-voting deferred shares which are held by Mr. Ou Yaping. Holders of the non-voting deferred shares are not entitled to receive notices, attend, vote at any general meetings nor to receive any dividend out of operating profit and have very limited rights on return of assets of the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affect the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Except for Enerchina Oil and Petrochemical Company Limited which operate in the PRC (other than Hong Kong) and the investment holding companies which have no definite place of operation, all the above subsidiaries operate principally in their respective place of incorporation/establishment.

None of the subsidiaries had issued any debt securities at 31 December 2005 or at any time during the year except for Panva Gas which has issued convertible bonds and guaranteed senior notes and the details have been disclosed in note 35 to the financial statements.

PROPERTIES HELD FOR DEVELOPMENT/SALE

Description	Type of use	GFA (M2)	Effective % held	Stage of completion	Anticipated completion
1. Certain residential units at Phase 3, Sinolink Garden, Taibai Road, Luowu District, Shenzhen, Guangdong Province	Residential	374	80%	Completed in 2002	N/A
2. Sinolink Garden, No. 8 Dongxiao Road, Luohu District, Shenzhen, Guangdong Province	Residential	248	80%	Completed in 2003	N/A
3. Sinolink Garden Phase IV Western District Taining Road, Taibai Road, Buxin Road, Luowu District, Shenzhen, Guangdong Province	Residential	2,055	80%	Completed in 2005	N/A
4. Sinolink Garden Phase V Eastern District Taining Road, Taibai Road, Buxin Road, Luowu District, Shenzhen, Guangdong Province	Residential/ commercial	226,231	80%	Design in progress	2008
5. Mangrove West Coast Development Land lot no. 7207-0026 Bin Hai Dao Dao North, Sha He Dong East, Nanshan, Shenzhen, Guangdong Province	Residential	249,300	87%	Construction in progress	2006

Particulars of Major Properties

At 31 December 2005

PROPERTIES HELD FOR INVESTMENTS

	Property	Type of use	GFA (M2)	Effective % held
1.	518 car parks at Residence Club House Phase 1 Sinolink Garden Taining Road Luowu District Shenzhen	Car parks	16,500	80%
2.	Shops of the basement Phase 3 Sinolink Garden Taibai Road Luowu District Shenzhen	Shops	729	80%
3.	Shop unit Nos. 1,2, and 3 on level 1 and whole floor of level 2 Sinolink Ancillary Building No. 8 Dongxiao Road Luowu District Shenzhen	Shops	2,376	80%
4.	Unit Nos. 101,102 ad 103 Ancillary Building West District, Phase 4, Sinolink Garden Taining Road Luowu District Shenzhen	Commercial	20,232	80%
5.	4 lorry parking spaces and 1,070 car parks Phase 4, Sinolink Garden Taining Road Luowu District Shenzhen	Car parks	44,000	80%