CASTEL

CASIL TELECOMMUNICATIONS HOLDINGS LIMITED
(航天科技通信有限公司)*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code :1185)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2005

RESULTS

The directors of CASIL Telecommunications Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2005 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December

	NOTES	**2005** ***HK$'000***	2004 *HK$'000*
Turnover	*2*	**185,784**	148,126
Cost of sales		**(120,707)**	(93,956)
Gross profit		**65,077**	54,170
Other income		**3,103**	9,518
Distribution costs		**(10,244)**	(12,876)
Administrative expenses		**(54,029)**	(38,631)
Allowance for amount due from an associate		**(27,633)**	—
Finance costs	*4*	**(5,889)**	(5,124)
Share of result of an associate		**(259)**	(149)
Net loss on liquidation of subsidiaries		**—**	(186)
(Loss) profit before taxation		**(29,874)**	6,722
Taxation	*5*	**510**	(2,544)
(Loss) profit for the year	*6*	**(29,364)**	4,178
Attributable to:			
Equity holders of the Company		**(29,781)**	5,368
Minority interests		**417**	(1,190)
		(29,364)	4,178
(Loss) earnings per share — Basic	*7*	**HK(2.93) cents**	HK0.54 cent

CONSOLIDATED BALANCE SHEET
As at 31 December

	2005 *HK$'000*	2004 *HK$'000*
Non-current assets		
Property, plant and equipment	**54,432**	47,202
Goodwill	**1,607**	4,275
Intangible assets	**33,634**	36,391
Interests in associates	**8,650**	1,269
	98,323	89,137
Current assets		
Inventories	**48,808**	70,523
Trade and other receivables	**165,873**	124,170
Amounts due from related companies	**15,291**	15,291
Amounts due from associates	**323**	19,122
Taxation recoverable	**—**	210
Pledged bank deposits	**1,351**	1,264
Bank balances and cash	**22,387**	37,616
	254,033	268,196
Current liabilities		
Trade and other payables	**85,385**	68,312
Amounts due to related companies	**4,407**	3,743
Amount due to an associate	**—**	870
Amount due to immediate holding company of a shareholder	**—**	906
Taxation payable	**65**	296
Borrowings due within one year	**98,998**	39,358
	188,855	113,485
Net current assets	**65,178**	154,711
Total assets less current liabilities	**163,501**	243,848
Non-current liabilities		
Borrowings due after one year	**6,654**	59,831
Deferred taxation	**2,217**	2,675
	8,871	62,506
	154,630	181,342

Capital and reserves		
Share capital	**101,714**	101,714
Reserves	**50,283**	78,832
Equity attributable to equity holders of the Company	**151,997**	180,546
Minority interests	**2,633**	796
Total equity	**154,630**	181,342

Notes:

1. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

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 (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 the 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:

Business combinations

In the current year, the Group has applied HKFRS 3 "Business Combinations". 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 acquisitions 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 has been transferred to the Group's accumulated losses on 1 January 2005. With respect to goodwill previously capitalised on the balance sheet, the Group has eliminated the carrying amount of related accumulated amortisation with a corresponding decrease in the cost of goodwill. The Group discontinued amortising such goodwill from 1 January 2005 onwards and goodwill will be tested for impairment at least annually and in the financial year in which the acquisition takes place. As a result of this change in accounting policy, no amortisation of goodwill has been charged in the current year. Comparative figures for 2004 have not been restated.

In the current year, the Group has also applied HKAS 21 "The effects of changes in foreign exchange rates" which requires goodwill to be treated as assets and liabilities of the foreign operation and translated at closing rate at each balance sheet date. Previously, goodwill arising on acquisitions of foreign operations was reported at 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 of the Company. Therefore, no prior year adjustment has been made.

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. The application of HKAS 32 has had no material effect on the presentation of financial instrument in the financial statements of the Group. HKAS 39, which is effective for annual year 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 39 are summarised below:

Financial assets and financial liabilities other than debt and equity securities

From 1 January 2005 onwards, the Group classifies and measures its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of Statement of Standard Accounting Practice 24) in accordance with the requirements of HKAS 39. Financial assets under HKAS 39 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 "financial liabilities other than financial liabilities at fair value through profit or loss (other financial liabilities)". "Other financial liabilities" are carried at amortised cost using the effective interest method. No adjustment to the previous carrying amounts of assets or liabilities are required upon adoption of HKAS 39.

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 cost model. In the current period, 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. Since 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.

Summary of the effects of the changes in accounting policies

Analysis of the effect in consolidated income statement by line items presented according to their function:

	2005	2004
	HK$'000	*HK$'000*
Decrease in amortisation of goodwill included in administration expenses	**254**	—
Increase in profit for the year	**254**	—

The cumulative effects of the application of the new HKFRSs on 31 December 2004 and 1 January 2005 are summarised below:

Balance sheet items	**31.12.2004**	**Adjustment**	**31.12.2004**	**Adjustment**	**1.1.2005**
	HK$'000 (originally stated)	*HK$'000*	*HK$'000* (restated)	*HK$'000*	*HK$'000*
Accumulated losses	(501,853)	—	(501,853)	(14,221)	(516,074)
Goodwill reserve	(14,221)	—	(14,221)	14,221	—
Minority interests	—	796	796	—	796
Total effects on equity	(516,074)	796	(515,278)	—	(515,278)
Minority interests	796	(796)	—	—	—

2. TURNOVER

Turnover represents the gross invoiced value of goods sold less discounts and returns, revenue from service contracts and gross rental income as follows:

	2005	2004
	HK$'000	*HK$'000*
Sales of goods	**178,019**	143,473
Revenue from service contracts	**7,765**	4,630
Gross rental income	**—**	23
	185,784	148,126

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

(A) Business segments

(i) Segment information for the year ended 31 December 2005 is presented below:

Income statement

	Communication Products	ITS	Video Conference System	Broadband Wireless Access	Others	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER							
External sales	39,284	35,399	12,306	98,795	—	—	185,784
Inter-segment sales*	—	469	—	11,156	—	(11,625)	—
Total	39,284	35,868	12,306	109,951	—	(11,625)	185,784
RESULT							
Segment result	(25,642)	(3,274)	(4,680)	22,695	(1,533)		(12,434)
Unallocated corporate expenses							(11,292)
Finance costs							(5,889)
Share of result of an associate	—	(259)	—	—	—	—	(259)
Loss before taxation							(29,874)
Taxation							510
Loss for the year							(29,364)

* *Inter-segment sales are charged at prevailing market prices.*

Balance sheet

	Communication Products HK$'000	ITS HK$'000	Video Conference System HK$'000	Broadband Wireless Access HK$'000	Others HK$'000	Consolidated HK$'000
ASSETS						
Segment assets	14,849	39,607	19,134	251,562	372	325,524
Interests in associates		1,010			7,640	8,650
Unallocated corporate assets						18,182
Consolidated total assets						352,356
LIABILITIES						
Segment liabilities	16,356	17,790	3,175	41,511	594	79,426
Unallocated corporate liabilities						118,300
Consolidated total liabilities						197,726

Other information

	Communication Products HK$'000	ITS HK$'000	Video Conference System HK$'000	Broadband Wireless Access HK$'000	Others HK$'000	Corporate HK$'000	Consolidated HK$'000
Capital additions							
— Property, plant and equipment	493	1,995	63	10,508	787	—	13,846
— Development costs	—	—	—	2,418	—	—	2,418
Depreciation and amortisation							
— Property, plant and equipment	119	1,334	425	4,902	13	410	7,203
— Development costs	—	944	250	1,560	—	—	2,754
— Technology licence right	—	—	—	2,262	—	—	2,262
(Reversal of) allowance for doubtful debts	—	(48)	1,665	3,561	—	—	5,178
Allowance for amount due from an associate	24,739	2,381	—	513	—	—	27,633
Allowance for obsolete inventories	—	274	—	—	—	—	274
Loss on disposal of property, plant and equipment	—	35	—	10	—	—	45
Write-off of development costs	—	228	—	—	—	—	228
Impairment loss on goodwill	—	—	2,668	—	—	—	2,668

(ii) Segment information for the year ended 31 December 2004 is presented below:

Income statement

	Communication Products	ITS	Video Conference System	Broadband Wireless Access	Others	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER							
External sales	29,205	7,842	13,082	97,974	23	—	148,126
Inter-segment sales*	—	—	—	1,337	—	(1,337)	—
Total	29,205	7,842	13,082	99,311	23	(1,337)	148,126
RESULT							
Segment result	1,497	(11,730)	(706)	16,198	7,094		12,353
Unallocated corporate expenses							(172)
Finance costs							(5,124)
Share of result of an associate	—	(149)	—	—	—	—	(149)
Gain (loss) on liquidation of subsidiaries	110	(296)	—	—	—	—	(186)
Profit before taxation							6,722
Taxation							(2,544)
Profit for the year							4,178

* *Inter-segment sales are charged at prevailing market prices.*

Balance sheet

	Communication Products HK$'000	ITS HK$'000	Video Conference System HK$'000	Broadband Wireless Access HK$'000	Others HK$'000	Consolidated HK$'000
ASSETS						
Segment assets	32,342	29,419	25,743	230,269	18,596	336,369
Interests in associates	—	1,269	—	—	—	1,269
Unallocated corporate assets						19,695
Consolidated total assets						357,333
LIABILITIES						
Segment liabilities	7,983	9,155	9,498	42,965	418	70,019
Unallocated corporate liabilities						105,972
Consolidated total liabilities						175,991

Other information

	Communication Products HK$'000	ITS HK$'000	Video Conference System HK$'000	Broadband Wireless Access HK$'000	Others HK$'000	Corporate HK$'000	Consolidated HK$'000
Capital additions							
— Property, plant and equipment	17	1,449	269	21,859	—	1,518	25,112
— Development costs	—	—	—	1,327	—	—	1,327
Depreciation and amortisation							
— Property, plant and equipment	80	1,330	399	2,746	581	282	5,418
— Development costs	—	940	329	1,034	—	—	2,303
— Technology licence right	—	—	—	2,262	—	—	2,262
— Goodwill	—	—	208	45	—	—	253
(Reversal of) allowance for doubtful debts	(2,536)	168	924	—	—	—	(1,444)
Loss (gain) on disposal of property, plant and equipment	116	3	—	85	(7,845)	93	(7,548)

(B) Geographical segments

The Group's operations are located in Hong Kong and other parts of the People's Republic of China (the "PRC").

The following table provides an analysis of the Group's sales by geographical market:

	Turnover	
	2005	2004
	HK$'000	*HK$'000*
PRC	**141,775**	96,173
Hong Kong	**15,919**	22,151
United States of America	**25,783**	27,193
Others	**2,307**	2,609
	185,784	148,126

4. FINANCE COSTS

	2005	2004
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings		
— wholly repayable within five years	**3,247**	2,645
— not wholly repayable within five years	**494**	490
Other loan wholly repayable within five years	**2,148**	1,989
	5,889	5,124

5. TAXATION

	2005	2004
	HK$'000	*HK$'000*
Tax credit (charge) for the year comprises:		
Current tax:		
Hong Kong	**—**	(325)
Other regions in the PRC	**—**	(148)
	—	(473)
(Under)overprovision in prior years:		
Hong Kong	**(19)**	(824)
Other regions in the PRC	**71**	—
	52	(824)
Deferred tax:		
Current year	**458**	(1,247)
	510	(2,544)

No provision for Hong Kong Profits Tax has been made in the financial statements in the current year as there is no assessable profits for the year.

Pursuant to relevant laws and regulations in the PRC, the Group's subsidiaries operating in the PRC are entitled to exemption from income tax under certain tax holidays and concessions. Income tax is calculated at rates given under the respective concessions.

6. (LOSS) PROFIT FOR THE YEAR

	2005	2004
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging:		
Directors' emoluments	**3,774**	3,187
Other staff costs	**20,299**	19,820
Other staff's retirement benefits scheme contributions	**907**	822
	24,980	23,829
Amortisation of goodwill (included in administration expenses)	**—**	253
Amortisation of intangible assets (included in cost of sales)	**5,016**	4,565
Auditors' remuneration	**1,200**	1,000
Cost of inventories recognised as an expense	**109,885**	93,098
Depreciation of property, plant and equipment	**7,203**	5,418
Loss on disposal of property, plant and equipment	**45**	—
Impairment loss on goodwill (included in administration expenses)	**2,668**	—
Minimum lease payments paid under operating leases in respect of land and buildings	**3,449**	2,459
Research and development expenses	**696**	248
Write-off of development costs	**228**	—
Allowance for doubtful debts	**5,178**	—
Allowance for amount due from an associate	**27,633**	—
Allowance for obsolete inventories	**274**	—
and crediting:		
Rental income from land and buildings, net of negligible outgoings	**—**	23
Gain on disposal of property, plant and equipment	**—**	7,548
Interest income	**154**	109

7. (LOSS) EARNINGS PER SHARE — BASIC

	2005	2004
	HK$'000	*HK$'000*
(Loss) profit for the purpose of basic (loss) earnings per share	**(29,781)**	5,368

	Number of shares	
	2005	2004
Weighted average number of shares for the purposes of basic (loss) earnings per share	**1,017,139,763**	1,000,199,872

No diluted earnings per share has been disclosed as the Company has no potential ordinary shares outstanding for both years.

8. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2005, nor has any dividend been proposed since the balance sheet date (2004:nil).

BUSINESS REVIEW AND PROSPECTS

Group Reorganisation

On 22 January 2005, China Aerospace International Holdings Limited ("CASIL") and China Academy of Launch Vehicle Technology Limited ("CALT") entered into a Sale and Purchase Agreement for the purpose of effecting the group reorganisation. Pursuant to the sale and purchase agreement, for an aggregate cash consideration of HK$143,758,081, CASIL agreed to sell, and CALT agreed to purchase, CASIL's entire 100% equity interest in and the entire shareholder's loan due from Astrotech, which, in turn, holds 449,244,000 ordinary shares (representing approximately 44.17% equity interest) in CASTEL. Upon completion of the sale and purchase agreement on 10 July 2005, CASIL will no longer hold any direct or indirect equity interest in CASTEL.

Pursuant to the sale and purchase agreement, after China Academy of Launch Vehicle Technology Limited attained control over CASTEL, CASTEL establishes its unique profile in the market following the addition of new businesses.

Major Transaction

The joint venture contracts in respect of Jilin Sanyuan and Jiangsu Longyuan were entered into by Crownplus, a wholly owned subsidiary of the Group, in respect of the building, maintenance and operation of wind energy plants and facilities in the PRC respectively on 15 April 2005.

1) Jilin Sanyuan (a Sino-foreign equity joint venture enterprise to be established in Jilin Province, the PRC)

Business scope:	wind power generation; wind field survey and design and construction works; full-set installation, testing and maintenance and repairs of wind-driven generators; sale of electricity; related technical consultancy and training.
Authorized term of operations:	25 years
Construction size:	100 megawatt
Total investment:	RMB811,960,000 (equivalent to HK$766,000,000)
Total registered capital:	RMB269,020,000 (equivalent to HK$253,792,453) (Attributable to Crownplus under the Group: 25% HK$63,448,113)
Return from operations:	prior to the production of 30,000 hours of electricity, Jilin Sanyuan would be entitled to an electricity rate of RMB0.509 per hour for each kilowatt. After the production of electricity has reached 30,000 hours until the end of the authorised term of operations, the electricity price will be calculated according to the average local grid electricity rate. The actual rate would be determined by the relevant pricing authority.

2) Jiangsu Longyuan (a Sino-foreign equity joint venture enterprise to be established in Jiangsu Province, the PRC)

Business scope:	wind power generation; wind field survey and design and construction works; full-set installation, testing and maintenance and repairs of wind-driven generators; sale of electricity; related technical consultancy and training.
Authorized term of operations:	25 years
Construction size:	100.5 megawatt
Total investment:	RMB872,620,000 (equivalent to HK$823,226,415)
Total registered capital:	RMB211,610,000 (equivalent to HK$199,632,075) (Attributable to Crownplus under the Group: 25% HK$49,908,019)
Return from operations:	prior to the production of 30,000 hours of electricity, Jiangsu Longyuan would be entitled to an electricity rate of RMB0.519 per hour for each kilowatt. After the production of electricity has reached 30,000 hours until the end of the authorised term of operations, the electricity price will be calculated according to the average local grid electricity rate. The actual rate would be determined by the relevant pricing authority.

The Group would benefit from the entering into of the above Joint Venture Contracts, as the transactions will widen the business scope and earning base of the Group. Given the shortage of electricity supplies in the PRC and the global trend towards renewable energy for environment reasons, the investment by the Company into such power supply project is also fulfilling the Group's corporate responsibility and social obligations.

BUSINESS OPERATIONS

During the year of 2005, the Group had continued deploying resources on broadband wireless communication technology and its application to strive for development and had fully fostered and supported Intelligent Transportation System Business, Video Conferencing System Business and Communication End-products Business, resulting in the lucrative Broadband Wireless Communication Business amounting to approximately 59.2% of the Group's total turnover which during the year was HK$185,780,000, increased by 25.4% as compared to the previous year, by effective means of exploring new markets, applying cost control and expense cutting. The loss of the Group for the year mainly resulted from a provision of receivables relating to the expiry of operating term of Southern Telecommunication Development Company Limited, an associated company of the Group, all investors of which have currently agreed to apply to the respective local government for renewal of its operating term. To be accountable to the shareholders, provisions was being made by the Group in respect of the amounts due from such associated company to the Group before obtaining the approval from the government.

The Group's products of broadband wireless access systems had been continuously selected as network construction equipment by large operators and various internet service providers (ISP), such as China Telecom, China Netcom, China Unicom, China Mobile, China Railcom and CETC Communications. New business orders had been placed in the region of Greater China, such as Beijing, Shanghai, Guangdong, Jiangsu, Henan, Jiangxi, Sichuan, Guizhou, Yunnan, Gansu, Qinghai, Hong Kong, Macau and Taiwan.

The Group's CB-ACCESS broadband wireless access system and its successfully self-developed CB-MUX series product, used for image, data and voice comprehensive assessing, had been launched, widely installed and applied in a commercially influential scale. In terms of commercially reliable applications, good functionality and economic price, the products had maintained a comparative competitive edge in the communication market.

The Group had utilized its self-developed products, namely, the GPS mobile control unit based on GSM/GPRS communication network and the software of vehicle despatching and control system based on internet-related operation centres for its Intelligent Transportation System Business, providing the total solutions in respect of system integration as well as operation services of mobile information for various vehicles to the public.

In order for product segmentation and professionalized operation to provide tailor-made information services, the Group would, under the brand name HangTianQiHua, provide the mobile vehicle monitoring and despatching services to the target clientele of taxi and rented vehicle in the region of Beijing and Tangshan. The Group would also, under the band name SpaceiNet, serve the target clientele of privately or collectively owned vehicles in such regions as Shanghai, Shenzhen and Hong Kong with mobile information business. In addition, such business has been successfully introduced into the regions outside Greater China including Indonesia by the Group.

The Group's GPS vehicle service oriented clientele base was significantly widened from 2,000 units for the last year end to 12,000 units or above for the time being, as the taxi business of the Group in the region of Beijing was rapidly developed.

The Group's Video Conferencing System Business had, during the year, launched new products based on MPEG4 technique, together with existing and marketed high-clear MPEG2 video conferencing and image transmission system, which constituted a product chain of video conferencing systems with MPEG2/MPEG4 dual-mode system that fulfills different requirements of various end-users provided by the Group to the public.

Because of the achievement of the design in core parts regarding MPEG2/MPEG4 encoder, the cost of video conferencing and image transmission system will be significantly reduced, thus consolidating the existing market foundation and aggressively promoting the promising specialized system concurrently.

In terms of strict quality control, in time delivery and valued services, the Group continued to maintain and develop good business relationship with customers overseas in respect of communication end-products business so as to maintain its business of consigned product design and product manufacturing business.

Human Resources and Remuneration Policy

As at 31 December 2005, the Group has 41 employees (2004: 46 employees) in the Hong Kong head office and 531 employees (2004: 260 employees) in the China Mainland offices. Remuneration of employees is determined by individual employee's performance and the prevailing trends in different areas and reviewed on an annual basis. The Group also provides Mandatory Provident Fund and medical insurance to its employees. In addition, discretionary performance related bonus and share option schemes are available and are at the discretion of the Directors.

Financial Review

Liquidity and Financial Resources

Total borrowings of the Group as at 31 December 2005 was HK$105,652,000 (2004: HK$99,189,000), of which HK$58,765,000 (2004:HK$54,284,000) was fixed-rate borrowings and the remaining was floating-rate. All borrowings of the Group were determined at market interest rate. The Group has not issued any financial instruments for hedging or other purposes.

Gearing ratio (total borrowings over shareholders' equity) at the year end was 70% (2004: 55%).

Pledge of Assets

As at 31 December 2005, certain assets of the Group of HK$10,280,000 (2004: HK$10,663,000) have been pledged to secure borrowings from banks and financial institutions.

Exchange and Other Exposures

Most of the Group's business transactions were conducted in Hong Kong dollars, Renminbi and United States dollars. The Group expected that the exposure to exchange rates fluctuation was minimal and therefore have not engaged in any hedging activities.

At 31 December 2005, the Group was committed to investment of approximately HK$108,000,000 for the capital contribution into two Sino-foreign joint ventures regarding wind facilities in the PRC. Details of the transaction were set out in an announcement made by the Company on 18 April 2005.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 26 May 2006 to Tuesday, 30 May 2006 (both days inclusive) during which no transfer of shares will be registered. In order to qualify for voting at the annual general meeting to be held on Tuesday, 30 May 2006, all share certificates with completed transfer forms must be lodged with the Company's Share Registrar, Share Registration Public Office of Standard Registrars Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Monday, 29 May 2006.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CORPORATE GOVERNANCE

The Group has adopted all of the Code Provisions in Appendix 14 of the Listing Rules except all of the Independent Non-executive Directors are not appointed for specific term but are subject to retirement and rotation and re-election at the Company's Annual General Meeting.

The Group has adopted procedures governing directors' securitites transactions in compliance with the Model Code as set out in Appendix 10 of the Listing rules.

PUBLICATION OF ANNUAL REPORT

A Full text of the Company's 2005 Annual Report will be sent to the shareholders and published on the website of the Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
Wu Yansheng
Chairman

As at the date of this announcement, the board of directors of the Company comprises Mr. Han Shuwang, Mr. Wang Xiaodong and Mr. Li Guang as executive directors, Mr. Wu Yansheng, Mr. Liang Xiaohong and Mr. Tang Guohong as non-executive directors, and Mr. Yiu Ying Wai, Mr. Wong Fai, Philip, Mr. Zhu Shixiong and Mr. Moh Kwen Yung as independent non-executive directors.

Hong Kong, 26 April 2006

* *the Chinese name of the Company is for reference only*

Please also refer to the published version of this announcement in The Standard.