SINO-i TECHNOLOGY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 250)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2005

RESULTS

The directors of Sino-i Technology Limited (the "Company") hereby announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2005, together with the comparative figures for the year ended 31 December 2004 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2005

	Notes	**2005** ***HK$'000***	2004 *HK$'000*
Continuing operations:			
Revenue/Turnover	*3*	**496,249**	530,378
Cost of sales and services provided		**(72,625)**	(126,869)
Gross profit		**423,624**	403,509
Other operating income	*3*	**217,139**	33,969
Administrative expenses		**(303,736)**	(242,737)
Other operating expenses		**(51,438)**	(82,563)
Profit from operations	*5*	**285,589**	112,178
Finance costs	*6*	**(8,460)**	(12,015)
Share of results of associates		**756**	1,689
Profit before income tax		**277,885**	101,852
Income tax expense	*7*	**(7,598)**	(7,834)
Profit for the year from continuing operations		**270,287**	94,018
Discontinued operations:			
Loss for the year from discontinued operations		**(128)**	(2,656)
Profit for the year		**270,159**	91,362
Attributable to:			
Equity holders of the Company		**264,016**	82,579
Minority interests		**6,143**	8,783
Profit for the year		**270,159**	91,362

		HK cents	*HK cents*
Earnings per share for profit from continuing operations attributable to the equity holders of the Company during the year	*8*		
– Basic		**1.33**	0.44
– Diluted		**N/A**	0.44
Loss per share for loss from discontinued operations attributable to the equity holders of the Company during the year			
– Basic		**(0.01)**	(0.02)
– Diluted		**N/A**	(0.02)

CONSOLIDATED BALANCE SHEET
As at 31 December 2005

	Notes	**2005** *HK$'000*	(Restated) 2004 *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**43,331**	41,561
Prepaid land lease payments under operating leases		**12,736**	13,029
Interests in associates		**27,947**	48,312
Other investments		**324**	364,162
Properties held for and under development		**451,903**	4,172,715
Goodwill		**324,330**	302,922
Other intangible assets		**36,598**	38,204
		897,169	4,980,905
Current assets			
Inventories		**3,855**	4,611
Properties held for and under development		**282,243**	–
Short term investments		**–**	208,558
Investments at fair value through profit or loss		**4,977**	–
Trade receivables, other receivables and deposits	*9*	**1,014,478**	318,609
Cash at banks and in hand		**65,458**	52,244
		1,371,011	584,022
Current liabilities			
Trade payables, other payables and accruals	*10*	**185,842**	367,932
Provision for tax		**11,936**	23,864
Land premium payables		**–**	252,775
Amount due to a director		**5,589**	10,885
Amounts due to shareholders		**5,006**	5,010
Amount due to a minority shareholder		**12,000**	12,000
Amount due to a prospective investee company		**–**	9,416
Amount due to ultimate holding company		**24,572**	–
Bank and other borrowings		**56,371**	406,012
		301,316	1,087,894

Net current assets/(liabilities)		**1,069,695**	(503,872)
Total assets less current liabilities		**1,966,864**	4,477,033
Non-current liabilities			
Deposits received		–	34,755
Deferred tax		–	790
		–	35,545
Net assets		**1,966,864**	4,441,488
EQUITY			
Equity attributable to Company's equity holders			
Share capital	*11*	**199,145**	1,991,450
Share premium		**39,194**	472,736
Reserves		**1,565,471**	1,007,634
		1,803,810	3,471,820
Minority interests		**163,054**	969,668
Total equity		**1,966,864**	4,441,488

Notes:

1. GENERAL INFORMATION

The Company is a limited liability company incorporated and domiciled in Hong Kong. The address of its registered office and its principal place of business is 39th Floor, New World Tower 1, 16-18 Queen's Road Central, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The Group are principally engaged in property development, operations of web sites and related services, provision of information technology services, distance learning and application services, provision of financial information and related services and trading of consumer electronic products.

Group reorganisation

The Company and Nan Hai Corporation Limited ("Nan Hai", formerly known as South Sea Holding Company Limited), the former subsidiary company of the Group and a company listed on the Hong Kong Stock Exchange, put forward a shareholding restructure plan as detailed in the Company's circular dated 23 March 2004. Pursuant to the shareholding restructure plan, the following events took place during the year:

(a) Convertible notes of Nan Hai of HK$200 million which bore interest at 1% per annum were converted by the noteholder, Robina Profits Limited, a wholly owned subsidiary of the Company into 11,111,111,111 ordinary shares of HK$0.01 each of Nan Hai at a conversion price of HK$0.018 per share on 26 July 2005.

(b) On 26 July 2005, the authorised share capital of the Company was by virtue of a special resolution passed at an Extraordinary General Meeting of the Company held on 16 April 2004 and with the sanction of an order of the High Court dated 21 June 2005, reduced from HK$3,000,000,000 divided into 30,000,000,000 ordinary shares of HK$0.10 each to HK$300,000,000 divided into 30,000,000,000 ordinary shares of HK$0.01 each and that such reduction be effected by cancelling paid-up capital to the extent of HK$0.09 upon each of the 19,914,504,877 fully-paid ordinary shares in issue.

At the same time, part of the share premium account of the Company was by virtue of a special resolution passed at an Extraordinary General Meeting of the Company held on 16 April 2004 and with the sanction of an order of the High Court dated 21 June 2005, reduced by HK$433,541,063.

(c) On 27 July 2005, the credit arising from the aforesaid reduction of nominal value of ordinary share and share premium account (the "Capital Reduction") was then applied to effect a distribution of 31,377,831,111 ordinary shares of Nan Hai held by the Company's wholly-owned subsidiaries to the qualifying shareholders (the "Distribution") on the basis of 15,756 ordinary shares of HK$0.01 each of Nan Hai for every 10,000 ordinary shares of HK$0.01 each of the Company. The remaining balance of 537,228 ordinary shares of Nan Hai were disposed by the Company in the market. Upon the Distribution, Nan Hai ceased to be a subsidiary of the Company. Accordingly, the Group discontinued the business segment of consumer packaged electronics.

(d) On 30 August 2005, a total number of 27,120,395,500 ordinary shares of HK$0.01 each in Nan Hai were allotted and issued as partial satisfaction of the consideration payable to the vendors following the completion of a sale and purchase agreement dated 29 December 2003 made between Nan Hai as purchaser and (1) First Best Assets Limited, (2) Rosewood Assets Limited, (3) Pippen Limited, (4) Staverley Assets Limited, (5) 中信信息科技投資有限公司 (CITIC Information Technology Investment Company Limited), (6) Macro Resources Limited and (7) Empire Gate Industrial Limited as vendors in respect of the acquisition by Nan Hai of 12,515,795,316 ordinary shares of HK$0.01 each of the Company, representing approximately 62.85% of the total issued share capital of the Company. The market price of each Nan Hai share was HK$0.038 as at 30 August 2005.

Upon the completion of the Group's shareholding restructure plan, Nan Hai has become the ultimate holding company of the Company since 30 August, 2005.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. The financial statements include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. ADOPTION OF NEW OR REVISED HKFRS AND CHANGES IN ACCOUNTING POLICIES

From 1 January 2005, the Group has adopted for the first time the new or revised standards and interpretations of HKFRS, which are relevant to its operations. These include the following new, revised and renamed standards:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments : Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments : Recognition and Measurement
HKAS 39 Amendment	Transitional and Initial Recognition of Financial Assets and Financial Liabilities
HKAS 40	Investment Property
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HKFRS 4	Insurance Contracts
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations
HK-Int 2	The Appropriate Accounting Policies for Hotel Properties
HKAS-Int 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets

All the standards have been applied retrospectively except where specific transitional provisions require a different treatment and accordingly the 2004 financial statements and their presentation have been amended in accordance with HKAS 8.

In the prior years, land or properties held for development are stated at cost less impairment while properties under development are stated at estimated open market value. From 1 January 2005 onwards, the Group changed its accounting policy on all properties held for and/or under development, such that all properties held for and/or under development for sale are stated at the lower of cost and net realisable value and included under current assets unless such properties are not expected to be realised within twelve months after the balance sheet date. The unification and change in accounting policy on properties

held for and/or under development for sale provide a unified policy for the Group's development properties and the new accounting policy is commonly used among property development companies. The new accounting policy has been applied retrospectively. Certain properties under development previously included under property, plant and equipment of HK$279,000,000 has been reclassified as properties held for and under development in the financial statements for the prior years. Other than the reclassification, the change in accounting policy on properties held for and under development has no effect on the current and the prior years' financial statements.

Due to the change in accounting policies, the 2004 comparatives contained in these financial statements differ from those published in the financial statements for the year ended 31 December 2004.

Significant effects on current, prior or future periods arising from the first-time application of the new or revised standards listed above in respect to presentation, recognition and measurement of accounts are described in the following notes:

2.1 Adoption of HKAS 1

The application of HKAS 1 has resulted in a change in the presentation of the financial statements. Minority interests are now included as a separate line item within equity. Profit and loss attributable to minority interests and that attributable to equity holders of the Company is now presented as an allocation of the net result of the year. In addition, in previous years, the Group's share of tax attributable to associates was included as a component of the Group's taxation charge/credit in the consolidated income statement. Upon the adoption of HKAS 1, the Group's share of the post-acquisition results of associates is presented net of the Group's share of tax attributable to associates.

2.2 Adoption of HKAS 16 and HK-Int 2

The adoption of HKAS 16 and HK-Int 2 has resulted in a change in the accounting policy for the Group's hotel properties, which is now stated at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Depreciation is calculated to write off the carrying values of hotel properties on a straight-line basis over the shorter of the unexpired period of the land lease and the anticipated remaining useful lives of the assets. In prior years, the hotel properties are stated at their estimated open market value on the basis of annual professional valuation performed at the end of each financial year. The retrospective adoption of HKAS 16 and HK-Int 2 has no material effect to the financial statements for the current and prior years.

2.3 Adoption of HKAS 17

The adoption of HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of land use rights from property, plant and equipment and land held for development to prepaid land lease payments under operating leases. The prepaid land lease payments under operating leases are carried at cost and subsequently recognised in the income statement on a straight-line basis over the period of the lease. In prior years, the land use rights were accounted for at cost and accumulated impairment. The change in accounting policy has been applied retrospectively which has no material effect to the income statement for the prior years.

2.4 Adoption of HKAS36, HKAS38 and HKFRS 3

These standards stipulate a prospective change to the accounting policies:

Goodwill

In previous years, goodwill arising on acquisition prior to 1 January 2001 was eliminated against reserve in the year of acquisition and was not recognised in the income statement until disposal or impairment of the acquired business.

Goodwill arising on acquisition on or after 1 January 2001 was capitalised and amortised on the straight-line basis over its estimated useful life and was subject to impairment testing when there was any indication of impairment.

In accordance with the provisions of HKFRS 3, with respect to goodwill previously capitalised on the consolidated balance sheet, the amortisation of goodwill has ceased from 1 January 2005 and the accumulated amortisation at 31 December 2004 was eliminated against the original gross amount of goodwill. Goodwill is now subject only to annual testing for impairment as well as when there is an indication of impairment. The Group has allocated the carrying amount of its goodwill to its cash generating units.

In respect of goodwill previously eliminated against or credited to reserves, HKFRS 3 does not require the Group to recognise that goodwill in profit or loss when it disposes of all or part of the business to which that goodwill relates or when a cash-generating unit to which the goodwill relates becomes impaired. Moreover, the Group is not required nor permitted to restate goodwill previously

eliminated against reserves. Goodwill previously recognised in reserves as at 1 January 2005 continues to be held in reserves and will be transferred to retained profits at the time when the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

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 is recognised immediately in profit or loss in the period in which the acquisition takes place.

In prior years, negative goodwill arising from acquisition prior to 1 January 2001 was credited to reserves, and those arising from acquisition after 1 January 2001 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 the carrying amounts of negative goodwill on 1 January 2005 against retained profits.

The effect of the above changes is summarised in note 2.10 and 2.11. In accordance with the transitional provision of HKFRS 3, comparative figures have not been restated.

Intangible assets

No adjustments to prior year financial statements were deemed to be necessary as a result of the reassessment of the useful lives of its intangible assets in accordance with the provision of HKAS 38.

2.5 Adoption of HKFRS 2

Prior to the adoption of HKFRS 2 on 1 January 2005, the Group did not recognise the financial effect of share options until they were exercised.

The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of share options granted to directors and employees of the Company and/or its subsidiaries, determined at the date of grant of the share options, over the vesting period with a corresponding credit to equity, unless the transaction is cash settled share-based payment.

According to the transitional provisions of HKFRS 2, the Group applies HKFRS 2 retrospectively to share options that were granted after 7 November 2002 and had not vested on 1 January 2005.

2.6 Adoption of HKFRS 5

HKFRS 5 specifies the accounting for assets held for sale, and the presentation and disclosure of discontinued operations and replaces SSAP 33 "Discontinuing Operations", in accordance with the transitional provision of HKFRS 5, this HKFRS is applied prospectively. Under SSAP 33, the Group would have recognised a discontinued operation at the earlier of:

– the date the Group entered into a binding sale agreement; and

– the date the board of directors had approved and announced a formal disposal plan.

HKFRS 5 classifies an operation as discontinued at the date the operation meets the criteria to be classified as held for sale or when the entity has disposed of the operation. The principal impact of the adoption of HKFRS 5 to the Group is on the presentation and disclosure in relation to discontinued operations.

2.7 Adoption of HKAS 32 and HKAS 39

Prior to the adoption of HKAS 39, the Group has recorded its investment securities at cost less any provision for impairment losses and other securities at fair values with changes in value being recognised in the income statement as they arise.

On the adoption of HKAS 39, the Group classified its investments into the following categories: held-to-maturity, available-for-sale and fair value through profit or loss and measured its financial assets at either fair value or at amortised cost according to the classification. It also requires the recognition of derivative financial instruments at fair value.

In accordance with the transitional provisions of HKAS 39, it does not permit the recognition, derecognition and measurement of financial assets and liabilities in accordance with the standard on a retrospective basis. Accordingly, any adjustment to the previous carrying amount is recognised in the opening balance of retained profits on 1 January 2005 and the comparative figures have not been restated.

In previous years, convertible notes were classified as liabilities on the balance sheet. HKAS 32 requires an issuer of a compound financial instrument that contains both financial liability and equity components to separate the compound financial instrument into liability and equity

components on initial recognition and to account for these components separately. The liability component is subsequently measured at amortised cost using the effective interest method. The adoption of HKAS 32 has no material impact to the financial statements for the prior years.

HKAS 32 requires all disclosure and presentation rules regarding financial instruments to be applied retrospectively.

2.8 Adoption of HKAS 40 and HKAS-Int 21

In previous years, the Group stated its investment properties at valuation and recorded the increase in valuation in the investment properties revaluation reserve. Decreases in the valuation are first set off against increases on earlier valuations on a portfolio basis and thereafter are expensed in the income statement. Where a decrease had previously been charged to the income statement, the increase that subsequently arose was credited to the income statement to the extent of the decrease previously charged with the remaining part of the increase credited to the investment properties revaluation reserve. Investment properties held on leases with unexpired periods of 20 years or less are depreciated over the remaining period of the lease.

The adoption of HKAS 40 has led to the changes in the fair value of investment properties being recorded in the income statement and the investment properties are no longer subject to depreciation where the unexpired periods of the lease are 20 years or less.

The adoption of HKAS-Int 21 has resulted in a change in the accounting policy relating to the deferred taxation of the Group's investment properties. In accordance with the provision of HKAS-Int 21, the deferred tax liability arising from the revaluation of investment properties is measured on the basis of tax consequences that would follow from recovery of the carrying amount of that asset through use. In previous years, the carrying amount of that asset is expected to be recovered through sale.

The adoption of HKAS 40 and HKAS-Int 21 does not have material impact to the financial statements for the current and prior years.

2.9 Other standards adopted

The adoption of other new or revised standards or interpretations did not result in significant changes to the Group's accounting policies. The specific transitional provisions contained in some of these standards were considered. The adoption of these other standards did not result in any changes to the amounts or disclosures in these financial statements.

2.10 The effect of changes in accounting policies on consolidated income statement is summarised below:

	Effect of adopting				
	HKAS 1#	**HKAS 17#**	**HKFRS 2#**	**HKFRS 3***	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Year ended 31 December 2005					
Increase/(Decrease) in other operating income					
– Decrease in negative goodwill recognised as income	–	–	–	**(10,592)**	**(10,592)**
(Increase)/Decrease in expenses					
– Increase in staff costs and related expenses	–	–	**(5,967)**	–	**(5,967)**
– Increase in amortisation of prepaid land lease payments under operating leases	–	**(525)**	–	–	**(525)**
– Decrease in amortisation of goodwill	–	–	–	**32,610**	**32,610**
Decrease in share of results of associates	**(254)**	–	–	–	**(254)**
Decrease in income tax expense	**254**	–	–	–	**254**
Total increase/(decrease) in profit	**–**	**(525)**	**(5,967)**	**22,018**	**15,526**
	HK cents	***HK cents***	***HK cents***	***HK cents***	***HK cents***
Increase/(Decrease) in basic earnings per share	**–**	**–**	**(0.03)**	**0.11**	**0.08**

* adjustments which take effect prospectively from 1 January 2005

\# adjustments which take effect retrospectively

The change in accounting policies did not have material financial impact to the results and earnings per share for the year ended 31 December 2004.

2.11 The effect of changes in the accounting policies on the consolidated balance sheet is summarised below:

	Effect of adopting				Effect of changes in accounting policy for properties held for and under development	
	HKAS 1#	HKAS 17#	HKFRS 2#	HKFRS 3*		Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2004 (Equity only)						
Increase in equity						
Minority interests	1,011,248	–	–	–	–	1,011,248
At 31 December 2004						
Increase/(Decrease) in assets						
Property, plant and equipment	–	(13,029)	–	–	(279,000)	(292,029)
Prepaid land lease payments under operating leases	–	13,029	–	–	–	13,029
Properties held for and under development	–	–	–	–	279,000	279,000
Increase in equity						
Minority interests	969,668	–	–	–	–	969,668
At 31 December 2005						
Increase/(Decrease) in assets						
Property, plant and equipment	**–**	**(13,261)**	**–**	**–**	**(279,000)**	**(292,261)**
Prepaid land lease payments under operating leases	**–**	**12,736**	**–**	**–**	**–**	**12,736**
Properties held for and under development	**–**	**–**	**–**	**–**	**279,000**	**279,000**
Goodwill	**–**	**–**	**–**	**22,018**	**–**	**22,018**
Increase/(Decrease) in equity						
Share option reserve	**–**	**–**	**3,409**	**–**	**–**	**3,409**
Retained profits	**–**	**(525)**	**(5,967)**	**22,018**	**–**	**15,526**
Minority interests	**163,054**	**–**	**–**	**–**	**–**	**163,054**

* adjustments which take effect prospectively from 1 January 2005
\# adjustments which take effect retrospectively

2.12 New standards or interpretations that have been issued but are not yet effective

The Group has not early adopted the following standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of such standards and interpretations will not result in substantial changes to the Group's accounting policies.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKAS 19 (Amendment)	Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures[2]
HKAS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates – 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 Instruments : Recognition and Measurement and Insurance Contracts – Financial Guarantee Contracts[2]
HKFRS1 & HKFRS 6 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources[2]
HKFRS 6	Exploration for and Evaluation of Mineral Resources[2]
HKFRS 7	Financial Instruments : Disclosures[1]

HKFRS – Int 4	Determining whether an Arrangement contains a Lease[2]
HKFRS – 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

3. REVENUE/TURNOVER AND OTHER OPERATING INCOME

	2005	2004
	HK$'000	*HK$'000*
(a) Revenue, which is also the Group's turnover:		
Continuing operations		
Information technology business	**421,954**	378,184
Provision of financial information and related services	**18,699**	20,438
Royalty income	**23,111**	59,037
Property investment	**–**	1,467
Distance learning and application services	**32,485**	71,252
	496,249	530,378
Discontinued operations		
Sales of consumer packaged electronic products	**478**	1,215
Hotel operations	**–**	39,583
	478	40,798
	496,727	571,176
(b) Other operating income:		
Continuing operations		
Interest income	**2,487**	3,511
Gain on disposal of other investments	**–**	77
Gain on disposal of intangible assets	**2,100**	–
Negative goodwill recognised as income	**–**	18,158
Net gain on disposal and dissolution of subsidiaries	**24,850**	2,304
Excess of the carrying value of the additional interests in subsidiaries over the consideration arising from conversion of convertible notes	**185,501**	–
Write-back on impairment loss of properties under development	**–**	3,992
Sundry income	**2,201**	5,927
	217,139	33,969
Discontinued operations		
Interest income	**–**	1,815
Sundry income	**–**	65
	–	1,880
	217,139	35,849
Total revenue	**713,866**	607,025

The Group's consumer packaged electronics and hotel operations were discontinued with effect from July 2005 and June 2004 respectively. Accordingly, the consumer packaged electronics and hotel business were treated as discontinued operations.

4. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments.

In accordance with the Group's internal financial reporting policy, its segment information is presented by way of two segments format: (a) on a primary segment reporting basis, by business segments; and (b) on a secondary segment reporting basis, by geographical segments.

Summary details of the business segments are as follows:

(a) Provision of financial information and related services

(b) Information technology business

(c) Property development

(d) Sales of securities

(e) Distance learning and application services

(f) Consumer packaged electronics

(g) Hotel operations

(h) The corporate and other segment comprises operations other than those as specified above

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the locations of the customers, and assets are attributed to the segments based on the locations of the assets.

There were no inter-segment sales and transfers between segments.

(a) Business segments

The following table presents revenue, results and certain assets, liabilities and capital expenditure information for the Group's business segments for the year ended 31 December 2005:

	Continuing operations					Discontinued operations				
	Provision of financial information and related services *HK$'000*	Information technology business *HK$'000*	Property development *HK$'000*	Sales of securities *HK$'000*	Distance learning and application services *HK$'000*	Other segments *HK$'000*	Consumer packaged electronics *HK$'000*	Hotel operations *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Segment revenue										
Sales to external customers	39,454	421,954	–	–	32,485	2,356	478	–	–	496,727
Segment results	3,663	113,076	(5,546)	(1,652)	12,574	(3,083)	(128)	–	–	118,904
Interest income										2,487
Net gain on disposal and dissolution of subsidiaries										185,501
Negative goodwill arising on conversion of convertible notes										24,850
Unallocated corporate expenses										(46,281)
Profit from operations										285,461
Finance costs										(8,460)
Share of results of associates		1,150				(394)				756
Profit before income taxes										277,757
Income tax expenses										(7,598)
Profit for the year										270,159

Segment assets	**328,688**	**441,983**	**1,053,099**	**5,024**	**54,579**	**138**	–	–	–	**1,883,511**
Unallocated assets										**356,722**
Interest in associates		**36,505**				**(8,558)**				**27,947**
Total assets										**2,268,180**
Segment liabilities	**(17,368)**	**(77,439)**	**(28,111)**	**(16,871)**	**(2,094)**	**(56)**	–	–	–	**(141,939)**
Unallocated liabilities										**(159,377)**
Total liabilities										**(301,316)**
Other information										
Capital expenditure	**395**	**39,286**	**73,825**	–	**167**	**525**	–	–	–	**114,198**
Depreciation and amortisation	**1,134**	**18,462**	–	–	**766**	**857**	**47**	–	–	**21,266**
Other non-cash expenses	**108**	**1,630**	–	–	–	**62**	**52**	–	–	**1,852**

The following table presents revenue, results and certain assets, liabilities and capital expenditure information for the Group's business segments for the year ended 31 December 2004:

	Continuing operations						Discontinued operations			
	Provision of financial information and related services *HK$'000*	Information technology business *HK$'000*	Property development *HK$'000*	Sales of securities *HK$'000*	Distance learning and application services *HK$'000*	Other segments *HK$'000*	Consumer packaged electronics *HK$'000*	Hotel operations *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Segment revenue										
Sales to external customers	78,468	378,184	–	–	71,252	2,474	1,215	39,583	–	571,176
Segment results	22,424	89,812	685	(563)	53,230	(14,868)	(4,834)	2,666	–	148,552
Interest income										5,326
Net gain on disposal and dissolution of subsidiaries										2,304
Unallocated corporate expenses										(44,357)
Profit from operations										111,825
Finance costs										(13,269)
Share of results of associates		2,084	(417)			(395)		56	417	1,745
Profit before income taxes										100,301
Income tax expenses										(8,939)
Profit for the year										**91,362**
Segment assets	360,439	216,422	4,582,051	8,606	53,250	2,063	2,474	200,000	–	5,425,305
Unallocated assets										91,310
Interest in associates		56,479	208,256			(8,167)			(208,256)	48,312
Total assets										**5,564,927**
Segment liabilities	(13,456)	(52,526)	(523,502)	(18,516)	(1,216)	(9,057)	(11,578)	–	–	(629,851)
Unallocated liabilities										(493,588)
Total liabilities										(1,123,439)
Other information										
Capital expenditure	2,225	80,188	155,737	–	1,174	–	7	–	–	239,331
Depreciation and amortisation	21,380	21,624	16,115	–	1,286	1,152	1,027	3,124	–	65,708
Negative goodwill recognised as income	–	–	(18,158)	–	–	–	–	–	–	(18,158)
Other non-cash expenses	–	8,208	–	–	–	12,714	164	2,777	–	23,863

(b) Geographical segments

The following table presents revenue, results, certain assets and capital expenditure information for the Group's geographical segments for the year ended 31 December 2005:

	Europe, other than United Kingdom *HK$'000*	**Hong Kong** *HK$'000*	**Mainland China** *HK$'000*	**Philippines** *HK$'000*	**Other** *HK$'000*	**Total** *HK$'000*
Segment revenue						
Sales to external customers	**–**	**2,356**	**493,893**	**–**	**478**	**496,727**
Other segment information						
Segment assets	**–**	**5,162**	**2,263,018**	**–**	**–**	**2,268,180**
Capital expenditure	**–**	**–**	**114,198**	**–**	**–**	**114,198**

The following table presents revenue, certain assets and capital expenditure information for the Group's geographical segments for the year ended 31 December 2004:

	Europe, other than United Kingdom *HK$'000*	Hong Kong *HK$'000*	Mainland China *HK$'000*	Philippines *HK$'000*	Other *HK$'000*	Total *HK$'000*
Segment revenue						
Sales to external customers	59	1,467	528,911	39,583	1,156	571,176
Other segment information						
Segment assets	1,201	10,617	5,353,109	200,000	–	5,564,927
Capital expenditure	–	7	239,324	–	–	239,331

5. PROFIT FROM OPERATIONS

	Continuing operations 2005 ***HK$'000***	**Discontinued operations 2005** ***HK$'000***	Continuing operations 2004 *HK$'000*	Discontinued operations 2004 *HK$'000*
Profit from operations is arrived at after charging :				
Auditors' remuneration	**3,634**	**–**	2,508	850
Exchange loss	**195**	**–**	35	1,008
Depreciation and amortisation on property, plant and equipment	**15,139**	**47**	17,416	879
Operating lease charges on land and buildings	**38,771**	**–**	29,727	–
Operating lease charges on prepaid land lease	**525**	**–**	–	–
Redundancy costs	**–**	**–**	158	36
Retirement benefits contributions :				
Gross retirement benefit contributions	**11,187**	**–**	5,877	12
Less : forfeited contributions	**(8)**	**–**	(10)	–
Net retirement benefit contributions	**11,179**	**–**	5,867	12
Cost of provision of hotel services	**–**	**–**	–	24,086
Cost of provision of information technology business	**55,817**	**–**	108,277	–
Cost of provision of financial information and related services	**6,169**	**–**	3,797	–
Cost of provision of proprietary software	**2,313**	**–**	3,045	–
Cost of inventories sold - consumer electronic products	**–**	**508**	–	1,569
Cost of inventories sold - distance learning materials	**8,326**	**–**	11,750	–
Cost of sales and services provided	**72,625**	**508**	126,869	25,655
Impairment losses on short term investments	**–**	**–**	3,053	–
Provision for impairment of receivables	**1,420**	**52**	5,691	17
Provision for impairment of inventories	**–**	**–**	1,741	–
Loss on disposal of property, plant and equipment	**198**	**–**	12,305	–
Amortisation of intangible assets (included in other operating expenses)	**6,080**	**–**	43,823	3,124

Amortisation of goodwill on interests in associates (included in other operating expenses)	–	–	466	–
Write off of product development costs under intangible assets	–	–	–	148
Write off of property, plant and equipment	**137**	–	908	–
Share-based compensation	**5,967**	–	–	–
Fair value loss on investments at fair value through profit or loss	**1,693**	–	595	–

6. FINANCE COSTS

	2005 *HK$'000*	(Restated) 2004 *HK$'000*
Continuing operations		
Interest on:		
Bank loans and overdrafts (wholly repayable within five years)	**19,385**	24,064
Other borrowings, payable and convertible notes wholly repayable within five years	**24,077**	38,269
Total interest expenses	**43,462**	62,333
Less: Amounts capitalised directly attributable to properties held for and under development	**(35,002)**	(50,318)
	8,460	12,015
Discontinued operations		
Interest on bank loans and overdrafts (wholly repayable within five years)	–	1,254
	8,460	13,269

The interest was capitalised at the rates ranged from 3.51% to 18.25% (2004: 3.24% to 18.25%) per annum during the year.

7 INCOME TAX EXPENSE

	2005 *HK$'000*	2004 *HK$'000*
The tax charge/(credit) comprises :		
Continuing operations		
Current tax – overseas tax for the year	**23,372**	7,834
Over provision in respect of prior years	**(15,774)**	–
	7,598	7,834
Discontinued operations		
Current tax – overseas tax for the year	–	1,084
Hong Kong tax – under provision in respect of prior year	–	21
	–	1,105
	7,598	8,939

No Hong Kong profits tax has been provided in the financial statements as the Group did not derive any assessable profit subject to Hong Kong profits tax for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

8. EARNINGS PER SHARE

The calculation of basic earnings per share for profit from continuing operations is based on the profit attributable to equity holders of the Company of HK$264,144,000 (2004: HK$87,033,000) and on 19,914,504,877 (2004: 19,634,723,456) ordinary shares in issue during the year.

The calculation of basic losses per share for the loss from discontinued operations is based on the loss less result attributable to minority interests and on 19,914,504,877 (2004: weighted average number of 19,634,723,456) ordinary shares in issue during the year. The loss for the year from discontinued operation less results attributable to minority interests is calculated as follows:

	2005	2004
	HK$'000	*HK$'000*
Loss for the year from discontinued operations	**128**	2,656
Profit attributable to minority interests	**–**	1,798
	128	4,454

The calculation of diluted earnings per share for profit from continuing operations for the year ended 31 December 2004 is based on the adjusted net profit attributable to equity holders of the Company for the year of HK$82,779,000 and the weighted average of 19,917,363,766 ordinary shares outstanding during the year, adjusted for the effects of all dilutive potential shares.

The adjusted net profit attributable to equity holders of the Company for the year ended 31 December 2004 is calculated based on the net profit attributable to equity holders of the Company for the year of HK$82,579,000 plus the dilution in the results of interest payable of HK$200,000 on the convertible notes.

The calculation of diluted loss per share for loss from discontinued operations for the year ended 31 December 2004 is based on the loss attributable to equity holders of the Company for the year and the weighted average of 19,917,363,766 ordinary shares outstanding during the year.

The weighted average number of ordinary shares used in the calculation of dilution earnings pre share for the year ended 31 December 2004 is calculated based on the weighted average of 19,634,723,456 ordinary shares in issue during the year plus the weighted average of 282,640,310 ordinary shares deemed to be issued at no consideration as if all the Company's convertible notes had been converted and share options had been exercised.

Diluted earnings/(losses) per share for the year ended 31 December 2005 was not presented because the impact of the exercise of the share option was anti-dilutive.

9. TRADE RECEIVABLES, OTHER RECEIVABLES AND DEPOSITS

	Group	
	2005	2004
	HK$'000	*HK$'000*
Trade receivables analysed according to aging:		
0-90 days	**23,815**	73,429
91-180 days	**81,035**	18,708
181-270 days	**29,416**	1,905
271-360 days	**2,318**	1,480
Over 360 days	**42,918**	69,862
Less: Provisions for impairment of receivables	**(6,810)**	(30,834)
	172,692	134,550
Other receivables and deposits	**841,786**	184,059
	1,014,478	318,609

The normal credit period granted ranges from 30 to 60 days.

During the year end 31 December 2005 and 31 December 2004, the Group encountered difficulties in collection of certain trade receivable and appropriate provision for impairment has been made against certain trade receivables.

10. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	Group	
	2005	2004
	HK$'000	*HK$'000*
Trade payables analysed according to aging:		
0-90 days	**3,890**	2,836
91-180 days	**324**	1,735
181-270 days	**354**	940
271-360 days	**39**	184
Over 360 days	**113**	2,758
	4,720	8,453
Other payables and accruals	**181,122**	359,479
	185,842	367,932

Included in other payables and accruals are amounts of HK$16,871,000 (2004: HK$18,516,000) due to certain securities brokers and margin financiers which are secured by shares in Nan Hai being held by certain shareholders who agreed to pledge their interests in Nan Hai. The amounts due bear interest at the rate of 8% to 20% per annum (2004: 8% to 17% per annum).

11. SHARE CAPITAL

	Number of ordinary shares of HK$0.10 each	Number of ordinary shares of HK$0.01 each	*HK$'000*
Authorised:			
At 1 January 2004 and 31 December 2004	30,000,000,000	–	3,000,000
Reduction of nominal value *(note (c))*	(30,000,000,000)	30,000,000,000	(2,700,000)
At 31 December 2005	–	30,000,000,000	300,000
Issued and fully paid:			
At 1 January 2004	15,914,504,877	–	1,591,450
Conversion of convertible notes *(note (a) and (b))*	4,000,000,000	–	400,000
At 31 December 2004 and 1 January 2005	19,914,504,877	–	1,991,450
Reduction of nominal value *(note (c))*	(19,914,504,877)	19,914,504,877	(1,792,305)
At 31 December 2005	–	19,914,504,877	199,145

Notes:

(a) On 31 December 2002, the Company issued HK$180,000,000 and HK$20,000,000 convertible notes to Procare Group Limited, an independent third party, and CITIC Active Partner Fund Limited, an associate of a former substantial shareholder, respectively. These convertible notes bore interest at 1% per annum and were due on 31 December 2004. Each of the convertible notes carried the right at any time commencing on the date of issue but before the due date to convert the whole or part of the outstanding principal amounts of the notes into ordinary shares of the Company at a conversion price of HK$0.10 per share. The conversion price is subject to adjustment in certain circumstances. On 13 January 2004 and on 30 December 2004, the convertible notes held by Procare Group Limited and CITIC Active Partner Fund Limited were fully converted into 1,800,000,000 and 200,000,000 ordinary shares of HK$0.10 each of the Company at a conversion price of HK$0.10 per share.

(b) On 31 December 2003, the Company issued HK$200,000,000 convertible notes to First Best Assets Limited, a company wholly owned by Mr. Yu Pun Hoi. These convertible notes bore interest at 1% per annum and were due on 31 December 2005. Each of the convertible notes carried the right at any time commencing on the date of issue but before the due date to convert the whole or part of the outstanding principal amounts of the notes into ordinary shares of the Company at a conversion price of HK$0.10 per share. The conversion price was subject to adjustment in certain circumstances. On 5 January 2004, these convertible notes were fully converted into 2,000,000,000 ordinary shares of HK$0.10 each of the Company at a conversion price of HK$0.10 per share.

(c) Pursuant to a special resolution passed on 16 April 2004, the authorised share capital of the Company was reduced from HK$3,000,000,000 divided into 30,000,000,000 ordinary shares of HK$0.10 each to HK$300,000,000 divided into 30,000,000,000 ordinary shares of HK$0.01 each with effect from 26 July 2005 with the sanction of an order of the High Court dated 21 June 2005. The reduction is effected by cancelling the paid up capital to the extent of HK$0.09 on each of the 19,914,504,877 ordinary shares in issue; and by reducing the nominal value of all issued and unissued shares in the capital of the Company from HK$0.10 to HK$0.01 each.

12. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform with changes in presentation in the current year where necessary.

FINAL DIVIDEND

The directors of the Company have resolved not to recommend the declaration of any final dividend for the year ended 31 December 2005 (2004: Nil).

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 29 May 2006. For details of the Annual General Meeting, please refer to the Notice of Annual General Meeting which is expected to be published on or about 28 April 2006.

CLOSURE OF REGISTER

The register of members will be closed from 23 May 2006 to 29 May 2006, both days inclusive, during which period no transfer of shares will be effected for the purpose of determining the identity of members who are entitled to attend and vote at the forthcoming annual general meeting. In order to register the transfers, all transfers accompanied by the relevant share certificates must be lodged with the share registrars of the Company, Abacus Share Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00p.m. on 22 May 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

The Group is principally engaged in corporate IT application service, financial information service, distance learning and application services. Turnover for the year was HK$496,700,000 (2004: HK$571,200,000) and a net profit of HK$264,000,000 (2004: HK$82,600,000) was recorded. The net assets value of the Group amounted to approximately HK$1,966,900,000, representing a value of HK$0.1 per share.

During the year, the Company successfully completed a strategic business realignment and reorganisation program with its affiliated company, Nan Hai Corporation Limited ("Nan Hai" HKSE 0680). Upon completion of the structuring, Nan Hai shall focus on the property investment and development business in China and through its listed subsidiary, the Company, to continue participating in the IT business. As part of the business realignment process, with CE Dongli Technology Group Company Limited ("CE Dongli") as the flagship, complemented by 北京新網數碼信息技術有限公司 (Beijing Xinnet Cyber Information Company Limited "Xinnet") and 廣州漢鑫商務科技有限公司 (Easy-Trade Technology Services Limited "Easy-Trade"), the Company consolidated these 3 business entities into one and strive to create more synergies within the organisation in terms of sharing of resources, distribution capabilities and cost efficiency in a move to strengthen its leading position in the China IT industry.

In addition, the restructured group also allows investors to make better investment decisions, as each company's performance will be more clearly reflected. This in turn will have a positive impact on the Company's brand recognition as well as increase in investor understanding and trust in the company's business.

Corporate IT Application Service

This business division offers IT Application Services to SMEs in China, and continues to post strong performance during the year. This division recorded a revenue of approximately HK$422,000,000 (2004: HK$378,200,000) and a segment profit of approximately HK$113,100,000 (2004: HK$89,800,000).

In the mid of 2005, the Company founded 中企動力科技集團(CE Dongli Technology Group) with its affiliated company CE Dongli as the flagship and among others, Xinnet and Easy-Trade as its group members. The Group underwent a deep integration on various aspects including strategy, marketing, product R&D and operation, thus achieving resources sharing and synergies, decreased in overall operating cost, and enhancement in operating efficiency.

CE Dongli

According to the research report issued by IDC, CE Dongli ranked number twelfth in Chinese IT service market, the second in Chinese IT outsourcing service market and ranked top in PRC Web Hosting market in 2004. In 2005, the performance of CE Dongli continued to maintain a stable growth. In November and December, its monthly turnover surpassed RMB62,000,000 for 2 consecutive month. Meanwhile, CE Dongli has significantly strengthened its marketing efforts, product development and technical strength. Through the strategic cooperation with Google and Lenovo, CE Dongli has enhanced its influence and brand recognition in the market.

With its outstanding performance, CE Dongli obtained various awards in the industry such as "China's Top Internet Application Service Brand Name in 2005", "China's most trusted e-commerce platform by medium and small enterprises in 2005", "User's Most Satisfied Internet Application Service Platform", "User's Most Satisfied Internet Application Service Provider" and "User's Most Satisfied

Internet Service Provider" and "User's Most Satisfied e-commerce Platform", and obtained "China's IT Innovation Enterprises Reward in 2005". Ms Chen Dan, the general manager of CE Dongli, was selected as "2005中國IT十大財經人物 (China's Top 10 Financial Persons in IT Industry in 2005)" and "2005中國信息產業年度新銳人物(China's Annual New Talent in Information Industry in 2005)".

Xinnet

In 2005, Xinnet further defined its market position as a corporate internet basic application service operator. It has opened 23 branches across the nation and actively expanded agent distribution channel. Xinnet currently has more than 8,000 agents.

In November and December 2005, Xinnet monthly turnover surpassed RMB10,000,000 with a growth rate which we believe is above industry average. In addition, Xinnet rank top in both increase in number of new CN domain name registrations and ownership of CN domain name in 2005, ranked the twenty-second among more than 300 global service providers certified by Internet Corporation for Assigned Names and Numbers (ICANN), and ranked the first among registration service providers in the Great China Region. Xinnet also achieved rapid growth in virtual mainframe/website hosting and enterprise email businesses. According to the statistics of the world famous virtual mainframe research institution "Webhosting" the number of XINNET virtual mainframe was ranked the first among Chinese service providers. Xinnet was also selected as "2005中國十大企業郵箱推薦品牌(China's Top 10 Enterprise Email Recommended Brand in 2005)" and "2005年中國互聯網基礎服務最佳渠道服務商"(China's best channel service provider of Internet basic service in 2005)".

Easy-Trade

Easy-Trade was mainly engaged in providing commercialisation of bank credit card service. At present, it established long term business cooperation relationship with well-known financial enterprises such as China UnionPay, CITIC Industrial Bank, China Merchants Bank, Bank of China, HSBC, etc. Among which, its cooperation with China Merchants Bank included conducting settlement and collection of bills throughout the nation, which marked Easy-Trade has become one of the dominant enterprises in domestic financial settlement professional service field. During last year, Easy-Trade gradually expanded to other regions throughout the country with Guangzhou as the center and opened 8 branches to aggressively expand operation service network across the nation.

Financial Information Service

During the year, this business division posted a turnover of approximately HK$39,500,000 (2004: HK$78,500,000) and a segmental profit of approximately HK$3,700,000 (2004: HK$22,400,000). The decline in both turnover and operating profit was mainly the result of an internal business realignment within the IT application business above. Several system integration projects which were once managed by 北京世華國際金融信息有限公司 (Beijing Shihua International Financial Information Company Limited "Shihua") is now shifted to CE Dongli.

In 2005, Shihua continued to focus on professional financial information service business. Through quality information exchange, professional contents and analysis, real-time information delivery, Shihua has contributed significantly to the standardisation of Chinese information market and advancement of information industry standards.

During the year, Shihua has ride on its continuous development of energy futures products, and with more thorough professional information and analysis content, advanced technology and a new platform, entered into the area of securities and related industries, and launched a series of industry specific information products designated for raw material suppliers, manufacturers and spot traders. In order to make the products more suitable for various industry professionals, Shihua has designed various industry-specific end products, network products and services that focused on several industries which have a great influence on national economy based on international industry system classification. Meanwhile, Shihua has also provided information service and training to non-professional investors such as mock trading system and teaching materials to colleges and universities students with an aim to train up future professional investors.

As at the period of the year, Shihua has provided services to near 50,000 terminals for 112 bank headquarters/branches which conducted personal foreign exchange business, 375 futures companies, 12 securities companies, 45 colleges and universities and 350 enterprises. Shihua is believed to command a market share of 85% in the futures market and 65% in the banking sector for providing personal FOREX information market in China, making it the most dominant financial information service provider in the PRC.

Distance Learning and Application Services

Turnover for this business division was approximately HK$32,500,000 (2004: HK$71,300,000) and a segmental profit of approximately HK$12,600,000 (2004: HK$53,200,000) was recorded. The decline in both turnover and operating profit was due to the completion of some large contracts during the year.

In 2005, 北京華夏大地遠程教育網絡服務有限公司 (Beijing Chinese Dadi Distance Education Company Limited) has achieved periodic development results. It has by far developed more than 300 education softwares for customers, established broad cooperation with more than 20 authoritative educational institutions for recruit and examination at provincial and municipal level across China, and established branch offices in six major cities of China. Its registered users of distance learning increased by 390,000 from last year, and through improvement and innovation in technology and content, students' repeated buying ratio also increased by 25% compared with 2004.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL

The Group continues to adopt prudent funding and treasury policies. As at 31 December 2005, net assets value of the Group amounted to approximately HK$1,966,900,000 (2004: HK$4,441,500,000), including cash and bank balances of approximately HK$65,500,000 (2004: HK$52,200,000), which was denominated mainly in Renminbi and Hong Kong dollars. The Group's aggregate borrowings decreased to HK$56,400,000 (2004: HK$406,000,000), including approximately HK$22,300,000 were bearing interest at fixed rates while approximately HK$34,100,000 were bearing interest at floating rates. The decrease in borrowings is mainly due to net repayment of approximately HK$1,200,000. The gearing ratio of the Group, measured on the basis of total borrowings as a percentage of total shareholders' equity, decreased to 3.1% as of 31 December 2005 from 11.7% as at 31 December 2004. Such drop is mainly due to the aforesaid reduction in borrowings. The Group's contingent liabilities at 31 December 2005 were HK$229,000,000, (2004: HK$165,200,000) due to the guarantees given in connection with credit facilities.

As at 31 December 2005, property under construction in progress with a net book value of approximately HK$15,300,000 (2004: HK$13,500,000).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATE

As the majority of the Group's borrowings and transactions are denominated in Renminbi, Hong Kong dollars and US dollars, the Group's exposure to exchange rate fluctuations is relatively insignificant. In general, the Group mainly utilises its Renminbi income receipt for operating expenditures in China and has not used any financial instruments for hedging Renminbi bank borrowings during the year and such borrowings were mainly used for Renminbi capital requirements in China.

EMPLOYEE

The Group employs and remunerates its staff based on their qualifications, experience and performance. In addition to basic salary payments, other benefits include contributions to mandatory provident fund, group medical insurance, group personal accident insurance and examination leave. Employees are eligible to be granted share options under the Company's share option scheme at the discretion of the board of directors. In general, salary review is conducted annually. At 31 December 2005, the Group had approximately 6,562 employees (2004: 8,422 employees). The salaries and allowance of employees for the year ended 31 December 2005 was about HK$212,700,000 (2004: HK$213,600,000).

PROSPECT

Looking ahead, the Company will further realign its different business entities to enhance overall operating efficiency to strengthen its dominant market position in the all their respective business area. The Company will continue to invest and expand all existing business segments in a move to

capitalise on these rapidly growing markets. If opportunities arise, the Company may also consider expanding its market share in each of its respective business area through merge and acquisitions, a move to further strengthen its market position and to maximise value for all shareholders.

Strong product and technology support will enable the Company to fully leverage the efficiency of its established nationwide network. Therefore, in the coming year, the Company will vigorously expand its technical team, enhance R&D strength, accelerate product development process, and rapidly extend product lines.

Meanwhile, the Company will establish a call center, integrated the customer resources of its group companies, build a standardised customer relationship management platform, improve customers' satisfaction and loyalty, so as to enhance overall competitiveness.

The Company also aims to enter into the rapidly growing culture and media industry in China given our strong foothold in the IT area and advantages in technology know how. The Group is looking at opportunities in developing Internet media business with innovative ideas and management resources, and gradually built up a sustainable and extendable cultural and media business development model based on and driven by such development.

The Company is planning to construct our own headquarter in the Beijing Economic and Technological Development Zone: "Digital Manor". The construction work is expected to be finished by the end of 2007.

The Company will continue to focus on all its existing business. Continue to strengthen and expand our leadership position so to achieve maximum shareholders' value.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company's code on corporate governance practices is built on the provisions of the Code on Corporate Governance Practices issued by the Stock Exchange of Hong Kong Limited ("CG Code"), and the Company conducts regular reviews of its corporate governance practices to ensure compliance with the CG Code. In the opinion of the directors, the Company has complied with the code provisions under the CG Code for the year ended 31 December 2005, except for the deviation mentioned below:

Code Provision A.4.1 stipulated that non-executive directors should be appointed for a specific term subject to re-election.

The non-executive directors of the Company are not appointed for a specific term. However, all non-executive directors are subject to the retirement and rotation requirements in accordance with the Company's Articles of Association. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

REVIEW OF THE ANNUAL RESULTS

The Group's annual results for the year ended 31 December 2005 has been reviewed by the Audit Committee of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold or redeemed any of the Company's shares during the year.

By order of the Board
Yu Pun Hoi
Chairman

Hong Kong, 20 April 2006

As at the date of this announcement, the directors of the Company are as follows:

Executive directors:	*Mr. Yu Pun Hoi, Ms. Chen Dan and Mr. Qin Tian Xiang*
Non-executive directors:	*Mr. Luo Ning and Mr. Lam Bing Kwan*
Independent non-executive directors:	*Mr. Huang Yaowen, Mr. Chan Lap Stanley and Mr. Fung Wing Lap*

Please also refer to the published version of this announcement in China Daily.