MINGYUAN MEDICARE DEVELOPMENT COMPANY LIMITED
銘源醫療發展有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 233)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2005

The Board of Directors (the "Directors") of Mingyuan Medicare Development Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2005, together with the comparative figures for year 2004 are as follows:

CONSOLIDATED INCOME STATEMENT
For the Year Ended 31st December, 2005

	Notes	**2005** *HK$'000*	2004 *HK$'000*
Turnover	*4*	**282,135**	523,568
Cost of sales		**(162,875)**	(426,739)
Gross profit		**119,260**	96,829
Other operating income	*5*	**24,913**	15,264
Selling and distribution expenses		**(5,835)**	(6,077)
Administrative expenses		**(46,967)**	(35,323)
Other operating expenses		**(4,895)**	(5,490)
Profit on disposal of subsidiaries		**–**	9,673
Finance costs	*6*	**(15,765)**	(2,853)
Profit before taxation	*7*	**70,711**	72,023
Taxation	*8*	**(676)**	(4,771)
Profit for the year		**70,035**	67,252
Attributable to:			
Equity holders of the parent		**70,096**	67,020
Minority interests		**(61)**	232
		70,035	67,252
Earnings per share (cents)			
Basic	*9*	**2.61**	2.50
Diluted	*9*	**2.81**	N/A

CONSOLIDATED BALANCE SHEET
At 31st December, 2005

	Notes	2005 HK$'000	2004 HK$'000 (Restated)
Non-Current Assets			
Investment properties		–	2,850
Property, plant and equipment		118,487	27,740
Prepaid lease payment		38,198	–
Deposit paid for acquisition of land use right		–	22,991
Goodwill		47,115	47,115
Negative Goodwill		–	(661)
		203,800	100,035
Current Assets			
Prepaid lease payment		796	–
Property held for resale		–	10,790
Inventories		13,971	12,525
Trade and other receivables, deposits and prepayment	*10*	73,070	192,499
Loan and interest receivables		269	18,829
Investments in securities		–	14,630
Pledged bank deposit		190	–
Bank balances and cash		489,085	123,491
		577,381	372,764
Current Liabilities			
Trade and other payables	*11*	13,400	21,093
Bills payable		–	18,164
Amount due to a minority shareholder		–	399
Amount due to related companies		6,728	4,509
Amount due to ultimate holding company		–	261
Bank borrowing – due within one year		47,962	31,102
Taxation payable		191	2,386
		68,281	77,914
Net Current Assets		509,100	294,850
		712,900	394,885
Capital and Reserves			
Share capital		134,405	134,405
Reserves		357,844	249,463
Equity attributable to equity holders of the parent		492,249	383,868
Minority Interests		8,921	8,982
Total equity		501,170	392,850
Non-Current Liabilities			
Bank borrowings – due after one year		28,577	2,035
Convertible bonds	*12*	183,153	–
		211,730	2,035
		712,900	394,885

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost convention except for the investment properties and financial instruments which are measured at fair values. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

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

The accounting policies adopted for the preparation of the consolidated financial statements are consistent with those used in the Group's annual audited financial statements for the year ended 31st December, 2004 except that the Group has changed certain of its accounting policies following the adoption of a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (herein collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are effective for accounting periods beginning on or after 1st January, 2005. The application of these 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 interest have been changed. The changes in presentation has been applies 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 and prior accounting periods are prepared and presented:

Business combinations

In the current year, the Group has applied HKFRS 3 *Business Combinations* which is effective for business combinations for which the agreement date is on or after 1st January, 2005. For those goodwill arising from business combination prior to 31st December, 2004 and the related principal effects of the transitional provision in HKFRS3 to the Group are summarized below:

Goodwill

In previous years, goodwill arising on acquisitions after 1st January, 2001 was capitalized and amortised over its estimated useful life. By applying the relevant transitional provisions in HKFRS 3, with respect to goodwill previously capitalized in the balance sheet, the Group on 1st January 2005 eliminated the carrying amount of the related accumulated amortization of HK$7,777,000 with a corresponding decrease in the cost of goodwill. Furthermore, the Group has discontinued amortising goodwill from 1st January, 2005 onwards and such goodwill is to be tested for impairment at least annually. As a result of this change in accounting policy, no amortization of goodwill was charged in the current year. Comparative figures for 2004 have not been restated.

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 recognized immediately in profit and loss in the period in which the acquisition takes place. In previous periods, negative goodwill arising on acquisitions after 1st January, 2001 was presented as a deduction from assets and released to income based on analysis of the circumstances from which the balance resulted. In accordance with the relevant transitional provisions in HKFRS 3, the Group derecognized all negative goodwill on 1st January, 2005 in the amount of HK$661,000 that was previously presented as a reduction from assets. A corresponding adjustment to the Group's accumulated profits of HK$661,000 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. HKAS 39, which is effective for annual periods beginning on or after 1st January, 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The application of HKAS 32 has no material impact on how the financial instruments of the Group are presented for current and prior accounting periods. The principal effects on the Group as a result of implementation of HKAS 39 are summarized below:

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.

Prior to 31st 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, investments in debt or equity securities are classified as "investment securities", "other investments" or "held-to-maturity investments" as appropriate. "Investment securities" are carried at cost less impairment losses (if any) while "other investments" are measured at fair value, with unrealized gains or losses included in profit and loss. "Held-to-maturity investments" are carried at amortised cost less impairment losses (if any). From 1st January, 2005 onwards, the Group has classified and measured its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sales financial assets", "loans and receivables", or "held-to-maturity financial assets". "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognized in profit or loss and equity respectively. "Loan and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method after initial recognition. On 1st January, 2005, the Group classified and measured its equity securities in accordance with the transitional provisions of HKAS 39. Other Investments classified under current assets with a carrying amount of HK$14,630,000 as at 31st December, 2004 were reclassified to investment in securities held for trading on 1st January, 2005 (see Note 3 for financial impact).

Investment properties

In the current year, the Group has, for the first time, applied HKAS 40 *Investment Property*. The Group has elected to use fair value model to account for its investment properties which requires gains or losses arising from changes in fair value of investment properties to be recognized directly in profit or loss for the year in which they arise. In previous years, investment properties under the predecessor standard were measured at open market values, with revaluation surplus or deficit credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment revaluation reserve was charged to the income statement. Where a decrease had previously been charged to the income statement and a revaluation surplus subsequently arose, that increase was credited to the income statement to the extent of the decrease previously charged. The Group has applied the relevant transitional provisions in HKAS 40 and elected to apply HKAS 40 from 1st January, 2005 onwards. The amount held in the investment properties revaluation reserve at 1st January, 2005 has been transferred to the Group's accumulated profits (see Note 3 for financial impact).

Deferred taxes related to investment properties

In previous years, deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequence that would follow from recovery of the carrying amount of the properties through sale in accordance with the Predecessor Interpretation. In the current year, the Group has applied HK(SIC) Interpretation 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* which removes the presumption that the carrying amount of investment properties is to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflect the tax consequences that would follow from the manner in which the Group expects to recover the property at each balance sheet date. The application of HK(SIC) Interpretation 21 has no significant impact to the Group.

Share-based payments

In the current year, the Group has applied HKFES 2 *Share-based Payment* which require expenses to be recognized where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions").

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, determined at the date of the 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 1st January, 2005. Since the Group did not grant any share options before 31st December, 2004 and therefore, the application of HKFRS 2 has no significant impact to the Group in prior years. (See Note 3 for the financial impact in the current year).

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

The effects of the changes in the accounting policies described in Note 2 on the results for the current and prior years are as follows:

(i) On results

	2005	2004
	HK$'000	*HK$'000*
Non-amortisation of goodwill	**(5,490)**	–
Decrease in release of negative goodwill to income	**426**	–
Recognition of share-based payment as expenses	**9,965**	–
Increase in effective interest expense on the liability component of convertible bonds	**9,499**	–
Decrease in profit for the year	**14,400**	–

(ii) On income statement line items

	2005	2004
	HK$'000	*HK$'000*
Increase in administrative expenses	**4,901**	–
Increase in finance costs	**9,499**	–
	14,400	–

The cumulative effect of the new HKFRSs, as at 31st December, 2004 and 1st January, 2005 are summarized below:

	As at 31st December, 2004 (originally stated)	**Adjustments**	**As at 31st December, 2004 (restated)**	**Adjustments**	**As at 1st January, 2005 (Restated)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
(iii) Balance sheet items					
Impact of HKFRS 3					
Negative goodwill	(661)	–	(661)	661	–
Impact of HKAS 39					
Investment in securities	14,630	–	14,630	(14,630)	–
Investments in security held for trading	–	–	–	14,630	14,630
Total effect on assets	13,969	–	13,969	661	14,630
Investment property revaluation reserve	(750)	–	(750)	750	–
Accumulated profits	(82,710)	–	(82,710)	(1,411)	(84,121)
Minority interest	–	8,982	8,982	–	8,982
Total effect on equity	(83,460)	–	(74,478)	(661)	(75,139)
Minority interest	8,982	(8,982)	–	–	–

The financial effects of the application of the new HKFRSs to the Group's equity on 1st January, 2004 are summarized below:

	As originally stated	**Adjustments**	**As restated**
	HK$'000	*HK$'000*	*HK$'000*
Share capital and other reserves	291,548	–	291,548
Minority interests	–	9,481	9,481
Total effect on equity	291,548	9,481	301,029
Minority interests	9,481	(9,481)	–

4. SEGMENT INFORMATION

Business segments

For management purposes, the Group is organised into the following three major operating divisions. These divisions are the basis on which the Group reports its primary segment information.

The operating divisions are as follows:

Protein chips division	–	Operation of manufacturing and trading of protein chips and related equipments
IT products and services division	–	Trading of computer products and related accessories
Property investment division	–	Leasing of properties, properties holding and property trading

An analysis of the Group's turnover and contribution to operating results is as follows:

	Protein chips division *HK$'000*	**IT products and services division** *HK$'000*	**Property investment division** *HK$'000*	**Consolidated** *HK$'000*
For the year ended 31st December, 2005				
TURNOVER				
External sales	**126,985**	**144,322**	**10,828**	**282,135**
RESULTS				
Segment results	**86,954**	**65**	**439**	**87,458**
Unallocated expenses				**(22,282)**
Interest income				**4,899**
Gain on disposal of property, plant and equipment				**16,401**
Finance costs				**(15,765)**
Profit before taxation				**70,711**
Taxation				**(676)**
Profit for the year				**70,035**

	Protein chips division *HK$'000*	IT products and services division *HK$'000*	Property investment division *HK$'000*	Consolidated *HK$'000*
For the year ended 31st December, 2004				
TURNOVER				
External sales	78,798	429,696	15,074	523,568
RESULTS				
Segment results	48,278	6,641	7,523	62,442
Unallocated expenses				(4,530)
Interest income				583
Gain on disposal of property, plant and equipment				6,708
Profit on disposal of subsidiaries				9,673
Finance costs				(2,853)
Profit before taxation				72,023
Taxation				(4,771)
Profit for the year				67,252

Geographical segments

The following table provides an analysis of the Group's turnover by geographical markets, irrespective of the origin of the goods and services:

Revenue	2005 *HK$'000*	2004 *HK$'000*
Hong Kong	**20,355**	296,734
Canada	**260**	5,914
The People's Republic of China ("China")	**261,520**	220,920
	282,135	523,568

5. OTHER OPERATING INCOME

	2005 *HK$'000*	2004 *HK$'000*
Interest income	**4,899**	583
Unrealised gain on investments in securities	**–**	6,710
Gain on disposal of property, plant and equipment	**16,401**	6,708
Gain on disposal of investment properties	**779**	–
Others	**2,834**	1,263
	24,913	15,264

6. FINANCE COSTS

	2005 *HK$'000*	2004 *HK$'000*
Interest on bank borrowings wholly repayable within five years	**4,293**	2,853
Interest expenses on convertible bonds	**11,472**	–
	15,765	2,853

7. PROFIT BEFORE TAXATION

	2005 *HK$'000*	2004 *HK$'000*
Profit before taxation has been arrived at after charging:		
Depreciation	**6,256**	7,277
Staff costs		
– directors' remuneration	**6,667**	2,477
– other staff costs	**12,048**	10,926
– share-based payments	**7,064**	–
– retirement benefits scheme contributions, excluding directors	**49**	109
Total staff costs	**25,828**	13,512
Auditor's remuneration	**1,250**	1,000
Amortisation of goodwill included in other operating expenses	**–**	5,490
Allowance for bad and doubtful debts	**702**	543
Loss on disposal of investments in securities held for trading included in other operating expenses	**4,895**	–
Research and development expenses	**–**	1,227
and after crediting:		
Net rental income in respect of premises after outgoings of approximately HK$49,000 (2004: HK$3,000,000)	**69**	7,364
Release of negative goodwill included in administrative expenses	**–**	230

8. TAXATION

	2005	2004
	HK$'000	*HK$'000*
The (charge) comprises:		
Hong Kong Profits Tax		
– Current year	**(771)**	(1,103)
Taxation in other jurisdictions		
– Current year	**(2)**	(1,054)
– Overprovision (underprovision) in prior year	**97**	(2,614)
Taxation attributable to the Company and its subsidiaries	**(676)**	(4,771)

Hong Kong Profits Tax is calculated at 17.5 percent of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. Pursuant to the relevant laws and regulations in China, certain subsidiaries of the Company in China are exempted from China income tax for two years starting from their first profit-making year, followed by a 50 percent reduction for the next three years.

9. EARNINGS PER SHARE

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

	2005	2004
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to the equity holders of the parent and earnings for the purpose of basic earnings per share	**70,096**	67,020
Effect of dilutive potential ordinary shares:		
– Interest on convertible bonds	**11,472**	–
Earnings for the purpose of diluted earnings per share	**81,568**	67,020

	2005	2004
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,688,100,846**	2,685,082,531
Effect of dilutive potential ordinary shares:		
– share options	**189,705**	–
– convertible bonds	**214,408,725**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,902,699,276**	2,685,082,531

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in trade and other receivables, deposits and prepayments are trade receivables of HK$53,903,000 (2004: HK$90,257,000). The Group normally allows a credit period of 30 to 90 days to its trade customers. An aging analysis of the trade receivables at the balance sheet date is as follows:

	2005	2004
	HK$'000	*HK$'000*
0 – 60 days	**32,026**	56,643
61 – 90 days	**11,301**	5,098
Over 90 days	**13,238**	30,476
	56,565	92,217
Less: Allowances for bad and doubtful debts	**(2,662)**	(1,960)
	53,903	90,257

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK$3,201,000 (2004: HK$8,891,000). An aging analysis of trade payables at the balance sheet date is as follows:

	2005	2004
	HK$'000	*HK$'000*
0 – 60 days	**2,605**	21
61 – 90 days	**104**	13
Over 90 days	**492**	8,857
	3,201	8,891

12. CONVERTIBLE BONDS

On 6th January, 2005, the Company issued convertible bonds in the aggregate amount of HK$200,000,000 (the "Bonds"). The Bonds bears interest from 6th January, 2005 at the rate of 1 percent per annum and the interest is payable in arrear on 6th January in each year commencing on 6th January, 2005. The initial conversion price is HK$0.92 per share, subject to adjustment.

The holders of the Bonds have the right to convert their Bonds into ordinary shares of HK$0.05 each of the Company at any time on or after 15 days after 6th January, 2005 up to the close of business 15 days prior to 6th January, 2010.

The holders of the Bonds will have the right at such holders' option to require the Company to redeem all or some only of the Bonds of such holders on 7th January, 2007 at 105.09 percent of their principal amount. On or at any time after 6th January, 2007, and prior to 6th January, 2010, the Company may, having given not less than 30 nor more than 60 days' notice to the holder of the Bonds, redeem all and not some only of the Bonds at a redemption price equal to the principal amount of the Bonds plus a premium calculated to give the holders of the Bonds a fixed return of 3.5 percent per annum from 6th January, 2005 to the redemption date of the Bonds, together with the accrued interest to but excluding the redemption date. No such redemption may be made unless (i) the closing price of the shares of the Company for each of the 30 consecutive trading day, the last day of such 30 trading day period falls within five trading days prior to the date upon which notice of such redemption is given was at least 130 percent of the conversion price or (ii) at least 90 percent in principal amount of the Bonds has already converted, redeemed or purchased or cancelled.

Unless previously redeemed, purchased and cancelled or converted, the Company will redeem each of the Bonds at 113.41 percent of its principal amount on 6th January, 2010.

During the year ended 31st December, 2005, HK$10,000 of the Bonds had been converted into ordinary shares of 0.05 each of the Company.

The convertible bonds contain two components, liability and equity elements. Upon the application of HKAS 32 "*Financial Instruments: Disclosure and Presentation*", the convertible bonds are split between the liability ad equity elements. The equity element is presented in equity holding "Convertible bond equity reserve". The effective interest rate of the liability component is 6.77 percent.

The movement of the liability components of the convertible bonds for the year is set out below:

	Total
	HK$'000
Balance at 1st January, 2005	–
Nominal value of convertible bonds issue	200,000
Less: transaction cost	(7,976)
	192,024
Equity component	(20,343)
Liability component at the issuance date	171,681
Interest charged	11,472
Interest paid	–
Liability component at 31st December, 2005	183,153

13. SHARE OPTIONS

The Company has in force a share option scheme (the "Scheme") for the purposes of providing incentives and rewards to eligible participants who contribute to the Group's operations. Under the Scheme, the Directors may, at its discretion, invite any employees, directors, advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, or service providers of any company in the Group to acquire options. The Scheme became effective on 31st May, 2004 (the "Adoption Date") and, unless otherwise cancelled or amended, will remain in force for 10 years commencing on the Adoption Date.

The maximum number of shares which may be issued upon exercise of all outstanding options under the Scheme shall not exceed 10 percent of the shares in issue at the Adoption Date unless the Company obtains a fresh approval from its shareholders.

Options granted must be taken up within 28 days of the date of grant, upon payment of HK$1 per grant. Options may be exercised at any time from the date of grant to the 10th anniversary of the date of grant. In each grant of options, the Directors may at its discretion determines the specific exercise period. The exercise price is determined by the Directors, and will not be less than the higher of (i) the closing price; (ii) the average closing price of the Company's shares of the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

As at 31st December, 2005, the number of shares issuable under share options granted under the Scheme was 157,000,000, which represented approximately 5.84 percent of the Company's shares in issue as at that date. The maximum number of shares issuable under share options may be granted to each eligible participant in the Scheme within any 12-month period up to the date of the latest grant, is limited to 1 percent of the shares of the Company in issue at any time. Any further grant of share options in excess of this limited is subject to shareholders' approval in a general meeting.

The share options granted under the Scheme during the year are set out below:

				Number of share options				
Name or category of participant	**Date of grant**	**Exercise period**	**Exercise price per share**	**At beginning of the period**	**Granted during the period**	**Exercise during the period**	**Lapsed during the period**	**At end of the period**
			HK$					
Directors								
Chien Hoe Yong, Henry	08/04/2005	08/04/2005 to 07/04/2010	0.728	–	26,500,000	–	–	26,500,000
Hu Geng Xi	08/04/2005	08/04/2005 to 07/04/2010	0.728	–	20,000,000	–	–	20,000,000
Hu Jun	08/04/2005	08/04/2005 to 07/04/2010	0.728	–	10,000,000	–	–	10,000,000
Yu Ti Jun	08/04/2005	08/04/2005 to 07/04/2010	0.728	–	10,000,000	–	–	10,000,000
Others								
Senior management and other employees	08/04/2005	08/04/2005 to 07/04/2010	0.728	–	90,500,000	–	–	90,500,000
In aggregate					157,000,000	–	–	157,000,000

The Group recognized the total expense of HK$9,965,000 for the year ended 31st December, 2005 in relation to share option granted by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

The timely implementation of macro-economic adjustment and control measures by the Chinese government contribute to a slower but controlled economic growth and will be beneficial to the healthy development of the economy in the medium to long term. The economy of China continued to grow robustly with an estimated GDP growth of 9.8 percent in 2005.

The austere measures implemented by the Chinese government have minimal or no effect on the healthcare industry. The Chinese healthcare industry continues to modernize and has become one of the fastest growing healthcare markets in the world over the last decade. Total health expenditure and per capita health expenditure have been growing at an annual average rate of over 16 percent. Underpinning such phenomenal growth are enhanced living standard, increase in per capita income, growth of the aging population, increasing healthcare consciousness, and market oriented industry reforms driven by the Chinese government.

From 2001 to 2005, the per capita income of urban and rural residents in China grew by annual averages of 9.2 percent and 5.2 percent respectively. Currently China's overall GDP ranks sixth in the world after decades of rapid economic development, with the nation's per capita GDP exceeds US$1,200. The improved standard of living and the increase in healthcare consciousness increased spending on healthcare products and services.

According to the World Health Report 2005 published by the World Health Organization, China was lagged behind other developed countries on healthcare services. Medical and healthcare services in the developed countries accounted for 8.9 percent of GDP on average in 2002. Medical and healthcare services in the US represented 14.6 percent of GDP, while the figure for China was only 5.8 percent in 2002. It is widely expected that demand for medical and healthcare services will continue to grow as consumers become more affluent. The Group expects both the percentage and the GDP base to expand, making it a sizable market over the coming years.

Equally important is the unprecedented growth in the life insurance market in China. Total life insurance premiums grew from RMB87,210 million in 1999 to RMB293,055 million in 2004, representing a compound annual growth rate of 27.5 percent.

According to the Sigma Report 2005 prepared by Swiss Reinsurance Company, China is likely to experience significant growth in life insurance premiums and policies. The report stated that average life insurance depth (measured by total life insurance premiums as a percentage of GDP) for developed countries is at 5.1 percent, while China's average life insurance depth is only at 2.2 percent in 2004 and is expected to reach 4.5 percent in 2012. The Group believes that this presents opportunities for healthcare providers and increases demand for early screening of diseases for life policy applicants.

Business Review

The Group has successfully completed the objectives of operation strategic prioritization of resources ("SPOR") and is able to commit all its resources to carry out the business plans for the high margin protein chips operation. The following summary of major events and issues for 2005 will provide an indication of the corporate activities:

Major Events and Issues in 2005

6 Jan	Completion of issuance of convertible bonds in an aggregate principal amount of HK$200,000,000 to provide funding for the construction of a new plant in Shanghai, as part of the KM2003 Objectives to increase production capacity.
7 Jan	Completion of the Share Transfer Agreement in relation to disposal of the entire issued share capital of Giant Power International Limited and Fieldcrown Investments Limited as part of operation SPOR to dispose of the remaining investment properties.
9 Jun	Launched the groundbreaking ceremony of new plant in Fengxian, Shanghai. The production capacity of the new plant could reach 8 million protein chips per year, which is more than 5 times of the current capacity.
15 Jun	Corporate name changed from Shanghai Ming Yuan Holdings Limited to Mingyuan Medicare Development Company Limited. It marked a successful operational shift to a committed approach towards innovative medicare solutions for the early detection and prevention of diseases.
10 Aug	Appointed Biomarkers Sdn Bhd. ("BIO") to be the sole and exclusive distributor of the Group's Protein Chip System for Multi-Tumor Marker Detection ("C12 protein chips") in Malaysia, Indonesia and Brunei. BIO is an affiliation of HSC Medical Center in Kuala Lumpur, HSC is one of the world's leading one-stop medical, heart and diagnostic center specializing in early detection and treatment of heart, stroke and cancer with utilization of the latest medical technology.

18 Aug – 6 Sep	Huzhou HealthDigit Company Limited, the wholly owned subsidiary of the Company, successfully entered into cooperation agreements with the Guangdong, Shanghai, Zhejiang and Liaoning branches of China Life Insurance (Group) Company, whereby the branches would adopt C12 protein chips for its VIP customers screening tests for cancer tumors.

Mission Statement – A Dedicated and Diversified Approach

The year of 2005 marked a successful conclusion to operation SPOR and transformation of the Group into China's leading protein chips supplier.

Being a leading supplier of protein chips in China, the Group dedicates itself to providing low cost, non-invasive, and innovative medicare solutions in the areas of early detection and prevention of diseases to enhance human health and quality of life, and to provide a new approach to life insurance industries in the evaluation of life span.

The Group believes that early detection of potential diseases including life threatening diseases significantly improves the chances of successful medical therapy and treatment, raises the survival rate and improves the quality of life for patients.

Currently, the Group's protein chip business division manufactures and distributes C12 protein chips and related systems ("C12 products") to hospitals and life insurance companies in China. The C12 products are capable of detecting up to twelve tumor markers simultaneously and assisting in early detection of ten prevalent cancer tumor types.

During the year, the Group has experienced a robust performance in both order and sales of C12 products. As a proven and leading supplier of protein chips in China, the Group began to supply C12 products to life insurance companies based in China for the pre-screening and general health appraisal of life policy applicants. The Group expects the overall growth for the protein chips sales to be promising and sustainable in the future.

The Group continued to experience rapid growth in its protein chips business operations and sold a total of 1.19 million protein chips (2004: 0.71 million), representing an increase of 66.7 percent over that of last year.

The significant increase was due mainly to a number of the following factors:

Sales strategy

Building on past sales' experiences, the Group has established a more comprehensive pricing structure tailored for direct sales, distributorships and life insurance companies. Without the hindsight of affecting profit margins for the Group, the pricing strategy includes volume discounts, prompt rebates, seasonal adjustments, etc. During the year, the Group successfully restructured the nationwide distributorships that was built on the common goal of long term business development and profitability. At the same time, the new structure encourages competition among distributors, and attracts more potential distributors. The Group will continue to review its pricing structure and is prepared to make revisions from time to time.

Sales channels

The Group continued to strengthen its sales category portfolios and has expanded beyond the distributorship channel where historically most of the sales were generated. The Group has successfully established direct sales channels for life insurance industry and corporations in China. It is the long term strategy of the Group that the portfolios will be further developed to achieve a more balanced sales category platform and more importantly to reduce reliance on any particular sales channel.

Chipreader optimization plan

As at 31st December, 2005, the Group had 323 (2004: 240) chipreaders in the market. The Group understands that the chipreader for the C12 protein chips is a principal contributing factor for the sales volume and to this effect, the Group has devised an optimization strategy that implement plans to increase the utilization rate per chipreader per month by promoting the sharing of chipreaders among hospitals in any location, reallocating some existing chipreaders to newly signed up hospitals and insurance companies, and increasing the production of chipreaders to meet new demands. During the year, the implementation of the optimization plan for chipreaders also contributed significantly to the increase in sales volume for the C12 protein chips. The utilization rate per chipreader will be further increased when the Group continues to high growth for its C12 products and introduces new product in 2006.

Chipset packaging diversification

The Group currently maintains three different sizes of packaging for its customers, namely 48 wells chipset for the simultaneous testing of 42 patients, 24 wells for the testing of 18 patients and 16 wells for the testing of 10 patients. The smaller packaging for 18 and 10 patients is more popular with regional hospitals and allows more regular processing of C12 protein chips for patients. Nevertheless, the Group maintains a flexible policy on packaging based on a reasonable demand from its customers and will review the packaging from time to time.

Aftersales service

The Group continues to strengthen after sales service to its customers and in house procedure has been developed to track down details of subsequent therapeutic treatments in hospitals for cancer patients being diagnosed. This provides customers with a true sense of being cared for and instills in our employees a sense of mission to assist our customers and their patients.

Property Investment and IT Products and Services

Due to operation SPOR, the Group has successfully sold the remaining investment properties and continues its exercise to downsize the IT Products and Services division in 2005. Contribution from the two divisions will be increasing minimal and these two divisions would be discontinued in the near future.

FINANCIAL PERFORMANCE

The consolidated turnover of the Group amounted to HK$282.1 million (2004: HK$523.6 million) for the year under review, representing a decrease of approximately 46.1 percent over that of last year. The decrease in turnover was mainly attributable to downsizing of the IT products and services business division.

The net profit attributable to shareholders of the parent amounted to HK$70.0 million (2004: HK$67.2 million), representing an increase of 4.2 percent over that of last year. The increase was due to the increase in contribution from the protein chips business division which represented over 99.5 percent of the group's profits. Earnings per share was HK2.61 cents (2004: HK2.50 cents), representing an increase of approximately 4.4 percent.

The net profit attributable to shareholders of the parent for the year was significantly affected by the application of a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (herein collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are effective for accounting periods beginning on or after 1 January 2005. The implementation of these new HKFRSs affected a number of accounting items and two areas are particularly affected, namely the convertible bonds and the employees share option scheme.

The Group applied new accounting and disclosure policies for its convertible bonds that was issued on 6th January 2005 and employee share option scheme that was granted on 8th April, 2005. The net profit attributable to shareholders of the parent for the current year was reduced by approximately HK$19.4 million upon application of new HKFRSs on these two areas.

Protein Chips

Turnover contributed by the sale of C12 products and related equipment amounted to HK$127.0 million (2004: HK$78.8 million), representing a significant increase of approximately 61.2 percent over that of last year. More importantly, segment profits of the protein chips division amounted to HK$87.0 million (2004: HK$48.3 million), representing an increase of approximately 80.1 percent over that of last year.

Property Investment and IT Products and Services

Property investment – The Group sold the last remaining investment properties in Shanghai and Canada in 2005. Total turnover contributed by this division amounted to HK$10.8 million (2004: HK$15.1 million), representing a decrease of 28.5 percent over that of last year. The segment result for this division amounted to HK$439,000 (2004: HK$7.5 million), representing a sharp decrease of approximately 94.1 percent over that of last year. The Group does not expect any further contribution from this division in 2006.

IT products and services – Turnover contributed by this division amounted to HK$144.3 million (2004: HK$429.7 million), representing a sharp decline of 66.4 percent over that of last year. Due to operation SPOR, the Group reduced its allocation of resources to this division and the segment profits amounted to only HK$65,000 (2004: HK$6.6 million), representing a sharp drop of approximately 99.0 percent. Following the continual downsizing of the IT products and services divisions in 2005 by way of significantly reducing the number of trades, the turnover and profits from this division has declined sharply. The Group intends to discontinue this division in 2006 and therefore this division is unlikely to contribute to the growth of the Group in the future.

PROSPECTS

The Group is aware that the healthcare industry worldwide particularly in China is growing exponentially and in line with the recent resolutions adopted by the World Health Organization during the 58th World Health Assembly in 2005. There is an increasing emphasis on early detection and prevention of diseases by way of promoting national health programs in all member states to control and prevent diseases including cancers.

The Group's mission to develop and apply innovative biomedical solutions for the early detection and prevention of diseases may be traced back to 2000 when Shanghai HealthDigit Co. Limited (上海數康生物科技有限公司), a wholly-owned subsidiary of the Group, was founded. The accumulation of market experiences enables the Group to appreciate the opportunities and challenges for biomedical products and services, and structure its unique distribution network for growth.

This places the Group in a first mover advantage to service the increasing health conscious and affluent group of customers in China who demand higher standard of healthcare service and are looking for ways to improve quality of life including early medical therapy and treatment of diseases through early detection. The Group's protein chips are designed for early detection of diseases. With increasing health conscious worldwide and increasingly tight medical resources, the Group believes the dynamic development of biomedical solutions provides a new trend in healthcare industry that is moving decisively in the direction of early detection and prevention of diseases.

During 2003, the Group laid down key milestones for its protein chips business division (referred to as "KM2003 Objectives") and the Group has since been implementing business plans and strategies in the direction of KM2003 Objectives with an intention to strengthen its leading position as a protein chip supplier in China which is one of the largest, fastest growth and most promising healthcare markets in the world.

Despite many challenges ahead, the outlook for the Group is extremely promising and business plans are being implemented with impressive results. Most importantly the Group is implementing its business plans from which it has successfully raised through equity and debt issues, and through operation SPOR in 2005.

The Group continues to comply with a disciplined cost control philosophy and adopt a methodical approach towards the implementation of its business plan that includes strengthening distribution network and systems, strengthening aftersales services, upgrading production and quality control processes, and reviewing of its research and development efforts and effectiveness, etc. The Group believes that early screening and diagnosis of potentially fatal diseases significantly improve the chances of successful treatment and raise the survival rate of patients. The Group intends to provide early screening of diseases that may be cured via proper dieting and drug therapy and thus raising the quality of life for patients.

Key Milestones Progress

Based on KM2003 Objectives, the Group is committed to achieving key milestones and a summary of their respective progress are provided below:

(1) Expand production capacity for the protein chips.

As described in the 2004 Annual Report, the Group was planning to construct a new factory at the Songjiang Industrial Zone in the outskirt of the City of Shanghai to expand its production capacity for the protein chips. The Group decided to move the planned new factory to Fengxian MA District in Shanghai in May 2005. The new factory would be built on a site area with approximately 87,233 sq.m. at an estimated total cost of HK$200 million.

As described in the 2004 Annual Report, the new plant will have a total production capacity of 8 million chips and will be a production base for a range of protein chips used for screening and diagnosis of different diseases. Relevant applications will be made to the China State Food and Drug Administration ("SFDA") for a Good Manufacturing Practice Certificate (commonly known as "GMP") for the new plant. It is expected that Phase I of the new plant with 4 million production capacity will be operational in the first quarter of 2007.

(2) Commence mass production of various protein chips and systems.

The Group is currently operating a plant at the Huzhou Economic & Technological Development Zone in the Zhejiang Province (the "Huzhou Plant") with a production capacity of 1.5 million chips per annum. The Group's flagship C12 protein chips are currently produced at this GMP compliant plant and the Group is expanding the production capacity at the Huzhou Plant from 1.5 million chips to 1.8 million chips in 2006

(3) Build and strengthen the distribution channels and after-sales support services.

The Group currently distributes its C12 products to over 45 health centers for major insurance companies and over 450 hospitals in China through regional distributorships and direct sales. The Group will further expand the points of service to a total of 800 hospitals and health centers of insurance companies. At the new plant site, the Group will build a composite training center to train medical and healthcare personnel on handling protein chips and systems and provide after-sales services for customers.

(4) Commit resources in marketing and promotional activities for different protein chips.

The Group markets and promotes protein chips under the brand name "HealthDigit". Currently, the Group is gaining increasing recognition for its product quality and corporate credibility. The Group intends to further leverage its first mover advantage and market leadership position by investing additional resources on the promotion and cultivation of the brand name "HealthDigit" and the Group's protein chip technology and related products.

(5) Pursue new research, discovery and product innovations.

The Group continues to conduct research in-house on different applications of protein chips to be used for early detection of diseases. The Group will continue to seek opportunities to work with established scientific research institutions and laboratories on the discovery and research of new product and applications. The Group has specific plans to launch new products such as protein chips for the detection of autoimmune and infertility diseases and to introduce new improved version of the C12 products within the next 24 months.

(6) Establish global platform for the protein chips and systems.

While the major market for the Group is China, the Group has commenced feasibility studies on various markets outside China and intends to work with partners and regulators in their respective native countries for the distribution of "HealthDigit" protein chips and systems. In 2005, the Group appointed Biomarkers Sdn Bhd. ("BIO") to be the sole and exclusive distributor for C12 protein chips in Malaysia, Indonesia and Brunei. BIO is an affiliation of HSC Medical Center in Kuala Lumpur, HSC is one of the world's leading one-stop medical, heart and diagnostic center specializing in early detection and treatment of heart, stroke and cancer with utilization of the latest medical technology. The Group plans to work in partnership with established medical professionals and centers in their respective countries for a more orderly distribution of the C12 products and systems. It is also the plan of the Group to enter other Asian markets, including Singapore, Thailand, Hong Kong and Taiwan within the next three years.

New Line of Protein Chips for the Early Detection of Diseases

In addition to the existing C12 products, the Group maintains a schedule for the introduction and launch of new types of protein chips. Following summary represents some of the protein chips that the Group plans to introduce to the market in the coming years:

– Protein Chip for Rheumatoid Autoimmune Diseases (referred to as "RAD")

Autoimmune diseases affect an estimated 3 to 5 percent of the total population with the highest prevalence in the elderly. Being a major category of the autoimmune diseases, rheumatoid disorders are difficult to recognize in the early stage, but in late stages, multiple organs can be affected and damage can be irreversible.

The word "auto" is the Greek word for self. The immune system is a complicated network of cells and cell components (called molecules) that normally defends the body and eliminates infections caused by bacteria, viruses, and other invading microbes. If a person has an autoimmune disease, the immune system mistakenly attacks itself, targeting the cells, tissues, and organs of the person's own body. A collection of immune system cells and molecules at a target site is broadly referred as inflammation.

Rheumatoid disorders include systemic lupus erythematosus, rheumatoid arthritis, Sjogren's syndrome, scleroderma, polymyositis/dermatomyositis and mixed connective tissue disease.

The clinical tests for RAD protein chip have been successfully completed and the Group has applied to SFDA for the granting of new drug certificate for the RAD protein chip. The Group expects the approval would to be granted in 2006. It is estimated that over 50 million people in China suffered from rheumatoid autoimmune diseases.

– Protein Chip for Infertility and Sterility Diseases (referred to as "ISD")

The protein chip is used to diagnose certain autoimmune disorders that cause infertility and sterility. Such disorders include endometriosis, recurrent spontaneous miscarriage, and dysfunction of the ovary and sperms.

Clinical tests for ISD have already been completed in 2005 and the Group has submitted the ISD protein chips to SFDA for approval in early 2006. It is estimated that over 20 million people in China suffered from infertility and sterility diseases.

– Improved Version of C12 Protein Chip (referred to as "C12A")

The Group has further modified the existing C12 protein chips to improve the overall sensitivity from the average of 80 percent by at least 5 percent and strengthen the level of specificity.

Clinical tests for C12A have already been successfully completed in 2005 and the Group has submitted C12A protein chips to the SFDA for approval.

Non Protein Chips

Following the disposal of all its key investment properties in 2004, the Group has successfully downsized its remaining IT products and services division in 2005. The Group's future plan will be solely centered on innovative medicare solutions in the healthcare area of early detection and prevention of diseases and there will no longer be any revenue contributions from this category in the future.

Conclusion

As a leading supplier of protein chips and solutions for early detection of diseases in the high growth healthcare industry in China, the Group appreciates the many challenges and risks that are associated with the high growth industry and believe that the Group is reasonably well placed to respond to the risks and challenges accordingly. The Group believes that the business plan for the revised KM2003 Objectives will be executed with precision and changes will only be made when there is a need to do so.

On a broader front, the Group will continue to expedite its business growth by actively pursuing new medical related opportunities through alliances, licensing and acquisitions. Finally, the Directors believe that the Group will continue to enjoy respectable growth in sales in C12 products and to benefit from diversifying other protein chips in the foreseeable future.

DIVIDEND

The directors do not recommend the payment of dividend for the year ended 31st December, 2005 (2004: Nil).

PLEDGE OF ASSETS

At the balance sheet date, following assets were pledged to secure general banking and credit facilities granted to the Group:

	2005	2004
	HK$'000	*HK$'000*
Land and buildings	**6,101**	–
Pledged bank deposit	**190**	–
Properties held for sale	**–**	5,500
	6,291	5,500

LIQUIDITY AND FINANCING

The Group adopts a prudent approach in managing its liquidity and treasury function and sets out guidelines to achieve these objectives. These guidelines cover the Group's debt profile, financing horizon and interest rate risks management.

At 31st December, 2005 the Group had cash and bank balances of HK$489.3 million (2004: HK$123.5 million). The Group's gearing ratio as at 31st December, 2005 was 52.8 percent (2004: 8.6 percent), based on bank and other borrowings of HK$259.7 million (2004: HK$33.1 million) and shareholders' fund of HK$492.3 million (2004: HK$383.9 million).

The Group's bank borrowings were denominated in Hong Kong Dollars and Renminbi. Bank borrowings totaling HK$76.5 million were outstanding as at 31st December, 2005. Annual interest rates of the borrowings denominated in Hong Kong Dollars and Renminbi as at 31st December, 2005 were approximately 6.1 percent and 5.8 percent respectively.

Revenue generated from protein chips operation, rental income generated from investment properties in China, and the payment for purchases of materials, components, equipment and salaries are made in Renminbi. Use of financial instruments for hedging purposes is considered unnecessary and the exposure to exchange rate fluctuation is minimal.

CONTINGENT LIABILITIES

As at 31st December, 2005 and 31st December, 2004, the Group did not have any significant contingent liabilities.

EMPLOYEES

At 31st December, 2005, the Group had a total of 277 employees (2004: 265 employees) in Hong Kong and China. The increase in the number of employees of the Group was due to the fact that various sales and support teams were built to strengthen the distribution channels and after-sales support services of protein chips operation. Employee's remuneration, promotion and salary review are assessed based on job responsibilities, work performance, experience and prevailing industry practice.

DEALINGS IN THE COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE

The Stock Exchange of Hong Kong Limited ("Stock Exchange") introduced the Code on Corporate Governance Practices (the "GCP Code") as set out in Appendix 14 of the Listing Rules effective from 1st January, 2005. The Board took appropriate action to adopt the GC Code as part of an ongoing exercise to strengthen corporate governance so as to ensure better transparency and protection of shareholder's interest in general.

None of the directors of the Company is aware of information that would reasonably indicate the Company is not or was not for any part of the year under review, in compliance with the CGP Code, except the followings:

(i) Provision A.2.1 of the CGP Code requires that the roles of the chairman and chief executive officer should be separate. During the year under review, the Company did not have any officer with the title "chief executive officer". The functions of chief executive officer are collectively performed by all the executive directors. Mr. Henry Chien is acting as a chief coordinator for the different sources of management contributions and together with other executive directors collectively responsible for overseeing the operations of the Group. The Board considers that this arrangement allows contributions from all executive directors with different expertise. The Board will review, and if thought fit, change this practice later. Mr. Yao Yuan continues to serve as the chairman of the Company and be primarily responsible for providing leadership to the Board.

(ii) Provision A.4.2 of the CGP Code requires that every director should be appointed for a specific and subject to retirement by rotation at least every three years. During the year, the non-executive directors have not been appointed for a specific term and they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws.

Bye-law 109 of the Bye-laws of the Company provides that at each general meeting of the Company, with the exception of the executive chairman, one-third of the directors of the Company (or if their number is not three or a multiple of three, the then number nearest to but not exceeding one-third) who have been longest in office since their last election shall retire from office and the retiring directors shall be eligible for re-election.

Based on the number of directors as at 31st December, 2005, a non-executive director will serve on the board for a term of about two years until he/she becomes due to retire from the board by rotation. In the opinion of the directors, this arrangement meets the same objective as the CGP Code.

The Company adopts the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules as the code of conduct for Directors and Senior Management in their dealings in the Company's securities.

The Company made specific enquiries of each Director and member of the Senior Management, and each confirmed that he/she had fully complied with the Model Code during the year ended 31st December, 2005.

The Company has received, from each of the Independent Non-executive Directors, a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the Independent Non-executive Directors are independent.

AUDIT COMMITTEE

The audit committee is comprised of three independent non-executive directors who together have substantial experience in fields of auditing, legal matters, business, accounting, corporate internal control and regulatory affairs.

The audit committee meets regularly to review the completeness, accuracy and fairness of the Company's financial statement. They consider the nature and scope of internal and external audit reviews. They also assess the effectiveness of the systems of internal control the Company has established to allow the board of directors to monitor the Group's overall financial position and to protect its assets.

The audit committee has reviewed the Group's consolidated financial statements for the year ended 31st December, 2005 in conjunction with the Group's auditors.

INVESTOR RELATIONS AND COMMUNICATION

The Group adopts a proactive policy of promoting investor relations and communication by maintaining regular meetings with institutional investors and analysts. In order to further effective communication, the Company maintains a website (www.mymedicare.com.hk) to disseminate shareholder information electronically on a timely basis.

REVIEW OF THE PRELIMINARY ANNOUNCEMENT BY AUDITORS

The figures in respect of the preliminary announcement of the Group's consolidated income statement, consolidated balance sheet and the related notes thereto for the year ended 31st December, 2005 have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amount set out in the Group's audited consolidated financial statement for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Yao Yuan, Mr. Chien Hoe Yong, Henry, Mr. Hu Jun, Mr. Yu Tin Jun, Dr. Lam Lee G., Mr. Hu Jian Hua and Mr. Lee Sze Ho, Henry.

On behalf of the Board
Chien Hoe Yong, Henry
Executive Director

27th March, 2006

* *For identification purposes only*

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