

The bonus warrant issue was approved by the shareholders of the Company in the extraordinary general meeting on 8 February 2007. Details of the bonus warrant issue are set out in the prospectus issued by the Company dated 9 February 2007.

- (b) Pursuant to a placing and subscription agreement dated 12 February 2007 made between the Company, Yan Yin Company Limited (“Yan Yin”) and Kim Eng Securities (Hong Kong) Limited (“placing agent”), the placing agent agreed to place 23,000,000 shares in the Company held by Yan Yin at a placing price of HK\$7.15 per share. Also, the Company agreed to allot and issue 23,000,000 new shares in the Company to Yan Yin at a subscription price of HK\$7.15 per share.

On completion of the subscription of 26 February 2007, 23,000,000 share of HK\$0.10 each were issued and allotted to Yan Yin at a consideration of HK\$7.15 per share. The net proceeds are used for repayment of bank borrowings of the Group. These shares rank *pari passu* with the existing shares of the Company in all respects.

- (c) On 27 March 2007, a wholly owned subsidiary of the Company has acquired a piece of land located in Hong Kong from the Lands Department through public auction at a consideration of HK\$96.5 million.

## **PURCHASE AND CANCELLATION OF SHARES**

There was no redemption, purchase or cancellation of shares by the Company or any of its subsidiaries during the six months ended 31 December 2006.

## **CORPORATE GOVERNANCE**

### **Code on Corporate Governance Practices**

During the period, the Company had complied with the relevant provisions set out in the Code on Corporate Governance Practices (the “CGP Code”) based on the principles set out in Appendix 14 to the Listing Rules, save the following:

- (i) the non-executive directors were not appointed for a specific term. However, they are subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Bye-Laws of the Company. As such, the Company considers that such provisions are sufficient to meet the underlying objectives of the relevant provisions of the CGP Code;
- (ii) the role and responsibilities of Chairman and the Chief Executive Officer are not separated as we are still looking for suitable person to act as Chief Executive Officer.

## **Board Audit Committee**

The Board Audit Committee comprises Messrs. Lam Ka Wai, Graham, Leung Wing Kong Joseph and Dr. Sun Ping Hsu Samson, all being independent non-executive directors of the Company. The Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed the auditing, internal controls and financial reporting matters including a review of the unaudited interim results of the Company for the six months ended 31 December 2006.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (“the Model Code”) as the code of conduct regarding directors’ securities transactions.

Having made specific enquiry of all directors of the Company, they have complied with the required standard set out in the Model Code for the period.

## **DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SHARES AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

At 31 December 2006, the interests and short positions of the Directors and Chief Executive in the shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

### **Ordinary shares of HK\$0.1 each**

<b>Name</b>	<b>Personal interest</b>	<b>Corporate interests</b>
Cecil Sze-Tsung Chao	9,504,436	96,680,345

*Note:* The shareholdings disclosed by Dr. Cecil Sze-Tsung Chao under the heading “Corporate Interests” in the above represents the shares held by Yan Yin Company Limited and Szehope Securities Company Limited, substantial shareholders of the Company.

The Company did not grant to the Directors, Chief Executive or their associates any right to subscribe for shares in the Company.

Save as disclosed above, none of the Directors or their associates had any interest or short position in the shares of the Company or its subsidiaries as at 31 December 2006 that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

At no time during the period was the Company, any of its subsidiaries, its fellow subsidiaries or its holding company a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### **CLOSURE OF REGISTER**

The register of members of the Company will be closed from 16 April 2007 to 18 April 2007 (both days inclusive) during which period no transfers of shares would be effected. In order to qualify for the interim dividend, all transfer of shares together with the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 13 April 2007.

### **PUBLICATION OF DETAILED INTERIM RESULTS ANNOUNCEMENT ON THE WEBSITE OF THE STOCK EXCHANGE**

A detailed interim results announcement containing all information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website (<http://www.hkex.com.hk>) in due course.

By order of the Board  
**CONNIE HO**  
*Company Secretary*

Hong Kong, 28 March 2007