

DIRECTORS' REPORT

The Directors have pleasure in submitting their first Annual Report together with the audited financial statements for the year ended 31 December 2005.

PRINCIPAL PLACE OF BUSINESS

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 28 February 2005. Its registered office and principal place of business are at Clifton House, 75 Fort street, PO Box 1350 GT, George Town, Grand Cayman, Cayman Islands and Rooms 3203-3204, Tower 6, The Gateway, Harbour City, Canton Road, Tsimshatsui, Kowloon, Hong Kong respectively.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as "the Group") are design and manufacture of quality paper-based packaging containers and materials, including corrugated paperboard and printed cartons, as set out in note 3 to the financial statements.

RESULTS AND DISTRIBUTIONS

The results of the Group for the year are set out in the consolidated income statement on page 34.

The Directors consider that dividends to be declared during the year or declarable in future by the Group will be subject to (inter alia) discretionary decision of the Board, distributable profits, the Group's profits, financial position, capital requirements and other factors which the Directors may deem relevant at the time. Undistributed profits will be used to provide funds for the Group's continued growth and business expansion. Subject to the above, the Directors propose distribution of a dividend of HK7.8 cents per share for the year ended 31 December 2005.

CORPORATE REORGANISATION

Pursuant to a reorganisation of the Group (the "Reorganisation") completed on 29 July 2005 to rationalise the structure of the Group for the preparation of the listing, the Company became the holding company of the subsidiaries comprising the Group.

The Company had been listed on the Main Board of the Stock Exchange since 2 November 2005.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2005 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 34 to 80.

PROPOSED FINAL DIVIDEND

The Directors have recommended the payment of a final dividend of HK7.8 cents per share to shareholders whose names appear on the Register of Members of the Company on 9 May 2006. The Register of Members will be closed from 9 May 2006 to 11 May 2006, both days inclusive, and the proposed final dividend will be paid on 8 June 2006. The payment of dividends shall be subject to the approval of the shareholders at the forthcoming Annual General Meeting to be held on 11 May 2006.

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TRANSFERS TO STATUTORY RESERVES

Profits attributable to shareholders, before dividends, of RMB40.90 million (2004: RMB28.65 million) have been transferred to reserves. Other movements in the reserves are set out in note 25 to the financial statements.

The Directors recommend the payment of a final dividend of HK7.8 cents per share for the year ended 31 December 2005.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK\$1.00 million.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group invested approximately RMB7.65 million for the acquisitions of property, plant and machinery (including construction in progress). Details of the movements of property, plant and equipment, and construction in progress are set out in notes 12 and 13 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 25(a) to the financial statements. Shares were issued during the year pursuant to the Reorganisation and the listing of the Company.

DISTRIBUTABLE RESERVES

Pursuant to the relevant rules of the Cayman Islands, the Company's distributable reserves as at 31 December 2005 amounted to RMB283 million.

PRE-EMPTIVE RIGHTS

There was no provision in the Articles of Association, nor any requirement in the laws of the Cayman Islands requiring the Company to issue new shares to the existing shareholders proportionately.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not purchased its own listed shares following its listing on the Stock Exchange on 2 November 2005. During the period, the Company or any of its subsidiaries has also not purchased or sold any of the listed Shares in the Company.

MATERIAL CONTRACTS

No material contract has been entered into between the Company and any of its subsidiaries since the Listing Date until 31 December 2005.

DIRECTORS' REPORT

DIRECTORS

The Directors during the year were:

Mr. Zheng Fan	(appointed on 2 September 2005)
Mr. Ni Zheng	(appointed on 28 February 2005)
Mr. Zhou Guangneng	(appointed on 2 September 2005)
Ms. Xie Mei	(appointed on 2 September 2005)
Mr. Lee Kit Wah	(appointed on 2 September 2005)
Mr. Chen Xiangdong	(appointed on 2 September 2005)
Mr. Xiao Yongping	(appointed on 2 September 2005)

Mr. Lee Kit Wah, Mr. Chen Xiangdong and Mr. Xiao Yongping are Independent Non-executive Directors appointed for a term of two years to expire on 1 November 2007.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest, whether directly or indirectly subsisted at the end of the year or at any time during the year.

PERSONAL BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Personal biographies of Directors and senior management are set out on pages 12 to 14.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors of the Company is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the 2005 financial year up to and including the date of this report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2005, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2005, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long Position in the Shares

Name	Capacity/Nature	No. of Shares of interest	Approximate shareholding percentage
Substantial Shareholders			
Pacific Climax Limited	Beneficial owner	134,370,000	67.185%
OCT (HK)	Interest of a controlled corporation (<i>Note 1</i>)	134,370,000	67.185%
OCT Group	Interest of a controlled corporation (<i>Note 2</i>)	134,370,000	67.185%
Others			
Polyfairz Group Limited (formerly known as Polyfair Limited)	Beneficial owner	15,630,000	7.815%
Zhang Zhi Lin	Interest of a controlled corporation (<i>Note 3</i>)	15,630,000	7.815%
Noor Financial Investment Company KSC	Beneficial owner	14,598,000	7.299%

Notes:

- (1) OCT (HK) is the beneficial owner of all the issued share capital in Pacific Climax Limited. Therefore OCT (HK) is deemed, or taken to be interested in these shares which are beneficially owned by Pacific Climax Limited for the purpose of the SFO.
- (2) OCT Group is the beneficial owner of all the issued shares in OCT (HK) (OCT Group holds 454,999,998 shares in OCT (HK) in its own name. Mr. Zheng Fan, an executive Director, and Mr. Guo Yubin hold one share each in OCT (HK) on trust for OCT Group) and which is in turn the beneficial owner of all the issued share capital in Pacific Climax Limited and therefore OCT Group is deemed, or taken to be, interested in the 134,370,000 shares which are beneficially owned by Pacific Climax Limited for the purposes of the SFO.
- (3) Polyfairz Group Limited (formerly known as Polyfair Limited) is beneficially owned as to 90% by Mr. Zhang Zhi Lin and thus a controlled corporation of Mr. Zhang Zhi Lin, and Mr. Zhang Zhi Lin is deemed, or taken to be, interested in the 15,630,000 shares which are beneficially owned by Polyfairz Group Limited for the purpose of the SFO.

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As at 31 December 2005, the following parties (other than the Directors or chief executive of the Company) were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carry rights to vote in all circumstances at general meetings of members of the Group:

Names of shareholders	Name of company	Approximate shareholding percentage
Panyu Huali Youde Offset Printing & Packaging Co., Ltd. ("Panyu Huali") (Note 1)	Shenzhen Huayou	10% (Note 2)
Mudanjiang Nanhua Hesheng Paper Co., Ltd. ("Mudanjiang Nanhua") (Note 3)	Mudanjiang Huali	15%

Notes:

- (1) Panyu Huayou is held by Shenzhen OCT International Hotel Management Co., Ltd (formerly known as Shenzhen OCT Xinqiao Industry Development Co., Ltd.) and Shenzhen OCT City Inn Company Limited in the proportion of 51% and 49% respectively. Shenzhen OCT International Hotel Management Co., Ltd. and Shenzhen OCT City Inn Company Limited are effectively owned or controlled by OCT Group.
- (2) On 20 January 2006, the Group acquired the 10% interest in Shenzhen Huayou from Panyu Huali. After the acquisition, Shenzhen Huayou became a wholly-owned subsidiary of the Company.
- (3) Mudanjiang Nanhua is formerly known as Mudanjiang Nanhua Industrial Company Limited.

Save as disclosed above, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the Company.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year.

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MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follow:

	Percentage of the Group's total	
	Sales	Purchases
The largest customer	16%	
Five largest customers in aggregate	34%	
The largest supplier		10%
Five largest suppliers in aggregate		38%

Other than OCT Group, the ultimate holding company of the Company, which owns a 15.1% stake in Konka Group Co., Ltd., the largest customer of the Company, at no time during the year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in the Group's five largest suppliers or customers.

CONNECTED TRANSACTIONS

During the year, the following continuing connected transactions (the "Connected Transactions") have been entered into by the Group to which the Stock Exchange has granted waiver to the Company from strict compliance with the announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. On 26 April 2005, Overseas Chinese Town Real Estate Company Limited (深圳華僑城房地產有限公司) (as lessor) ("OCT Properties") entered into a tenancy agreement with Shenzhen Huali (as lessee), a wholly owned subsidiary of the Company, for a term from 26 April 2005 to 31 December 2007.

OCT Group, the ultimate shareholder of OCT (HK) (OCT (HK) owns 100% equity interest in Pacific Climax Limited, which is the immediate holding company of the Company), together with its associated companies, are directly or indirectly interested in 100% equity interests in OCT Properties. OCT Properties is a connected person of the Company within the meaning of the Listing Rules. Accordingly, the arrangements under the above tenancy agreement constitute continuing connected transactions under the Listing Rules.

2. Mudanjiang Huali, a subsidiary of the Company, purchases paper from Mudanjiang Nanhua. On 9 September 2005, a sale and purchase agreement was entered into between Mudanjiang Huali and Mudanjiang Nanhua for a period commencing from the date of agreement to 31 December 2007.

Mudanjiang Nanhua owns a 15% stake in Mudanjiang Huali. Pursuant to the Listing Rules, the above purchasing arrangement constitutes a continuing connected transaction.

3. Shenzhen Huali, a subsidiary of the Company, purchases printed instruction manuals, brochures or similar publications from Panyu Huali. On 9 September 2005, a sale and purchase agreement was entered into between Shenzhen Huali and Panyu Huali for a period commencing from the date of agreement to 31 December 2007.

OCT Group, the ultimate shareholder of OCT (HK) (OCT (HK) owns 100% equity interest in Pacific Climax Limited, which is the immediate holding company of the Company), holds 80% equity interest in Shenzhen OCT International Hotel Management Co., Ltd. (深圳市華僑城國際酒店管理有限公司, formerly known as Shenzhen OCT Xinqiao Industry Development Co., Ltd. (深圳市華僑城新僑實業發展有限公司)), which in turn directly holds 51% equity interest in Panyu Huali and directly holds 90% equity interest in Shenzhen OCT City Inn Company Limited (深圳市華僑城市客棧有限公司), a company holding 49% equity interest in Panyu Huali. As such, Panyu Huali is a connected person within the meaning of the Listing Rules. Accordingly, the above purchase arrangements constitute continuing connected transactions under the Listing Rules.

4. On 25 April 2005, Shenzhen Overseas Chinese Town Water and Electricity Company (深圳市華僑城水電公司) (“OCT Electricity”) and Shenzhen Huali entered into a utilities agreement for a term commencing from the date of agreement to 31 December 2007. Under the agreement, Shenzhen Huali has agreed to pay the water (including sewage charges) and electricity charges incurred for the premises owned or rented by Shenzhen Huali located in Huaqiaocheng, Shenzhen. The calculation of the electricity and water charges are based on meter reading of separate meters installed by Shenzhen Huali. The water, sewage and electricity tariffs charged by OCT Electricity follows the standard charges set by the government authorities.

OCT Electricity is a state-owned enterprise and OCT Group, the ultimate shareholder of OCT (HK) (OCT (HK) owns 100% equity interest in Pacific Climax Limited, which is the immediate holding company of the Company), is directly interested in 100% of the registered capital of OCT Electricity. OCT Electricity is a connected person within the meaning of the Listing Rules. Accordingly, the arrangements under the Utilities Agreement constitute continuing connected transactions under the Listing Rules.

5. The Group, and in particular Shenzhen Huali, sells cartons to OCT Group and a number of its associated companies (being such companies in the equity capital of which OCT Group is directly or indirectly interested so as to exercise or control the exercise of 30% or more of the voting power at general meetings, or to control the composition of a majority of the board of directors). A sale and purchase agreement was entered into between Shenzhen Huali and OCT Group on 9 September 2005 for an initial period commencing from the date of the agreement to 31 December 2007.

OCT Group is the ultimate shareholder of OCT (HK), and OCT (HK) owns 100% equity interest in Pacific Climax Limited, which is the immediate holding company of the Company. Pursuant to the Listing Rules, each of OCT Group and its associated companies is a connected person to the Company. Accordingly, the arrangements under the above sales and purchase agreement constitute continuing connected transactions under the Listing Rules.

6. Shanghai Huali sells cartons to Shanghai Meiling Center Air Conditioner Co., Ltd. (上海美靈中央空調有限公司) (“Meiling Air Conditioner”). A sales and purchase agreement was entered into by Shanghai Huali and Meiling Air Conditioner on 9 September 2005 for an initial period commencing from the date of the agreement to 31 December 2007.

Mr. Zhang Zhi Lin, a director of Shanghai Huali, a subsidiary of the Company, owns 79.08% equity interest in Shanghai Huiyang Industry Co., Ltd., which in turn owns 50% equity interest in Meiling Air Conditioner. Pursuant to the Listing Rules, Meiling Air Conditioner is a connected person to the Company. Accordingly, the sale arrangements stated above constitute continuing connected transactions under the Listing Rules.

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The particulars of the connected transactions are as follows:

Particulars of the connected transactions	Transaction amount for the year ended 31 December 2005 (RMB'000)	Cap amount for the year ended 31 December 2005 (RMB'000)
Tenancy agreement between OCT Properties (as lessor) and Shenzhen Huali (as lessee)	1,712	1,713
Purchase of paper by Mudanjiang Huali from Mudanjiang Nanhua	1,708	2,000
Purchase of booklets by Shenzhen Huali from Panyu Huali	1,658	2,000
Electricity supply arrangement between OCT Electricity and Shenzhen Huali	4,335	4,500
Sales of cartons by the Group to OCT Group and its associated companies	870	1,500
Sales of cartons by Shanghai Huali to Meiling Air Conditioner	9,106	10,000

The Directors confirm that the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with by the Company.

The following connected transactions have also been entered into by the Group, each of which involved an aggregate annual consideration of below HK\$1.00 million and hence fall within the de minimis threshold as stipulated under Rule 14A.33(3) of the Listing Rules. Therefore, the following agreements are not subject to any of the reporting, announcement and independent shareholders' approval requirements applicable to connected transactions under Chapter 14A of the Listing Rules.

- On 18 April 2005, Shanghai Pudong Xiamei Plastics Co., Ltd. (上海浦東夏美塑料製品有限公司) (as lessor) and Shanghai Huali (as lessee) entered into a tenancy agreement, pursuant to which Shanghai Huali agreed to lease from Shanghai Pudong Xiamei Plastics Co., Ltd. an office premise for a term effective from 1 April 2005 to 31 December 2008 at an annual rent of RMB180,000 (exclusive of water and electricity charges). Mr. Zhang Zhi Lin, a director of Shanghai Huali, owns 79.08% equity interest in Shanghai Huiyang Industry Co., Ltd. Shanghai Huiyang Industry Co., Ltd. owns 50% equity interest in Shanghai Pudong Xiamei Plastics Co., Ltd. Accordingly, Shanghai Pudong Xiamei Plastics Co., Ltd. is a connected person within the meaning of the Listing Rules, and the arrangements under the above tenancy agreement constitute continuing connected transactions under the Listing Rules.
- Mudanjiang Huali sells scrap paper to Mudanjiang Nanhua. A sales and purchase agreement was entered into between Mudanjiang Huali and Mudanjiang Nanhua on 9 September 2005 for an initial period commencing from the date of the agreement to 31 December 2007. The actual trading amount for the year was RMB168,359.

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The independent non-executive directors of the Company have reviewed the above connected transactions and confirm:

- (1) the above transactions are in the ordinary course of the operations of the Company;
- (2) the above transactions are on normal commercial terms, or if there are insufficient comparable transactions to judge whether the terms of those transactions are normal commercial terms, as far as the Company is concerned, the terms of the above transactions are no less favourable than that available from or provided by independent third parties (as the case may be); and
- (3) the above transactions are entered into under the terms of the agreement in respect of the relevant transactions and the transaction terms are fair and reasonable and are in the interests of shareholders of the Company as a whole.

In addition, the Company's auditors have confirmed in writing to the Board, the above connected transactions:

- (1) have received the approval of the Company's Board of Directors;
- (2) nothing had come to their attention which caused them to believe that:
 - the connected transactions had not been entered into in accordance with the relevant agreements governing the transactions;
 - the connected transactions had not been entered into in accordance with the pricing policies of the Group if the transactions involve provision of goods by the Group; and
 - the transaction amount occurred in 2005 for each of the connected transactions was not within the respective cap amount as disclosed in the Company's prospectus dated 24 October 2005.

The related party transactions are set out in note 29 to the financial statements. Apart from the Connected Transactions disclosed above, all the other related party transactions did not fall under the scope of "Continuing Connected Transaction" under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2005 are set out in note 22 to the financial statements.

FOUR YEAR SUMMARY

A summary of the results and the assets and liabilities of the Company for the last four years is set out on pages 81 and 82 of the annual report.

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RETIREMENT SCHEMES

The Group participates in two defined contribution retirement schemes which cover the Group's full-time employees. Particulars of these retirement schemes are set out in note 23 to the financial statements.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-Executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the Independent Non-executive Directors to be independent parties.

AUDITORS

KPMG were first appointed as the auditors of the Company in 2005.

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting of the Company.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

POST BALANCE SHEET EVENTS

On 20 January 2006, the Group acquired 100% interest in Grand Signal Limited ("Grand Signal") for a cash consideration of HK\$8.46 million from OCT (HK). The principal activity of Grand Signal is investment holding and its wholly owned subsidiary, Anhui Huali Industrial Products Manufacturing Company Limited, owns a piece of land in Anhui, the PRC.

On 20 January 2006, the Group acquired 10% interest in Shenzhen Huayou for a cash consideration of RMB300,000 from Panyu Huali. After the acquisition, Shenzhen Huayou became a wholly-owned subsidiary of the Group.

SHARE OPTION SCHEME

The Company has a share option scheme which was adopted on 12 October 2005 whereby the Directors are authorised, at its absolute discretion and on such terms as it may think fit, grant an employee (full-time or part-time), a director, consultant and adviser of the Group, or any substantial shareholder of the Group, options to subscribe for shares of the Company. The purpose of the share option scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants and advisers of the Group and to promote the success of the Group. The share option scheme shall be valid and effective for a period of ten years ending on 11 October 2015, unless terminated earlier by shareholders of the Company in general meeting.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.00.

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The subscription price of a share in respect of any particular option granted under the share option scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share on the date of grant of the option.

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all options to be granted under the share option scheme does not exceed 10% of the shares in issue at the date of approval of the share option scheme. The Company may at any time refresh such limit, subject to the shareholders' approval and issue of a circular in compliance with the Listing Rules, provided that the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the shares in issue at the time.

The total number of securities available for issue under the share option scheme as at the date of this report was 19,300,000 shares which represented 9.65% of the issued share capital of the Company as at the date of this report. The total number of shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the share option scheme, in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue.

An option may be exercised in accordance with the terms of the share option scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

On 7 February 2006, the Board resolved to issue 19,300,000 share options to certain senior management personnel of the Group pursuant to the Company's share option scheme to subscribe for shares of the Company (the closing price per share on 6 February 2006 was HK\$1.41) granted for a consideration of HK\$1. The options are unlisted. Each option gives the holder the right to subscribe for one ordinary share of HK0.1 each of the Company. The options vest immediately and are then exercisable within a period of 10 years. The total number of shares involved in the options outstanding represents 9.65% of the issued share capital of the Company as at the date of this report.

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As at the date of this annual report:

	No. of options granted on 7 February 2006	No. of shares acquired on exercise of options	No. of options outstanding	Date granted	Period during which options are exercisable	Exercise price per share
Directors						
Ni Zheng	2,000,000	—	2,000,000	7 February 2006	7 February 2006 to 6 February 2016	HK\$1.41
Zhou Guangneng	1,700,000	—	1,700,000	7 February 2006	7 February 2006 to 6 February 2016	HK\$1.41
Employees	15,600,000	—	15,600,000	7 February 2006	7 February 2006 to 6 February 2016	HK\$1.41

The options granted to the directors are registered under the names of the directors who are also the beneficial owners.

Apart from the foregoing, at no time during the period prior to the date of the annual report was the Company, any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangement 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.

By order of the Board
Zheng Fan
Chairman

Hong Kong, 7 April 2006