

## REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2006.

### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is investment holding. The activities of the principal subsidiaries and associates are set out in notes 20 and 21, respectively, to the financial statements.

### **RESULTS AND DIVIDENDS**

The Group's profit for the year ended 31 December 2006 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 35 to 130.

The directors have resolved to recommend for the shareholders' approval at the forthcoming annual general meeting to be held on 29 May 2007 the payment of a final dividend of HK1 cent per share for the year ended 31 December 2006 by way of distribution out of the contributed surplus account, subject to the reduction of the share premium account and the capital redemption reserve account being approved by the shareholders at the meeting. The final dividend, if approved, will be paid on or before 6 July 2007 by allotment of new shares with a cash option to the shareholders whose names appear on the Company's register of members on 29 May 2007. This recommendation has been incorporated in the financial statements as a distribution out of the contributed surplus account of the Company within the equity section of the balance sheet.

### **MAJOR SUPPLIERS AND CUSTOMERS**

In the year under review, purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year. Sales to the Group's five largest customers accounted for less than 30% of the total sales for the year.

**SUMMARY OF FINANCIAL INFORMATION**

The following table summarises the published results, assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and reclassified/restated as appropriate. This summary does not form part of the audited financial statements.

	<b>Year ended 31 December</b>				
	<b>2006</b>	2005	2004	2003	2002
	<b>HK\$'000</b>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>RESULTS</b>					
CONTINUING OPERATIONS					
Revenue	<b>611,052</b>	551,244	465,135	387,146	349,154
Continuing operations:					
Operating profit/(loss)	<b>8,474</b>	(839)	(153,675)	(66,868)	(155,576)
Share of loss of a jointly-controlled entity	—	—	—	(223)	(313)
Share of profits and losses of associates	<b>1,936</b>	396	(3,035)	(20,058)	(757)
Profit/(loss) before tax	<b>10,410</b>	(443)	(156,710)	(87,149)	(156,646)
Tax	<b>(3,505)</b>	(2,705)	(3,791)	(6,456)	(7,244)
Profit/(loss) for the year from continuing operations	<b>6,905</b>	(3,148)	(160,501)	(93,605)	(163,890)
DISCONTINUED OPERATIONS					
Gain on disposal of discontinued operations	<b>11,581</b>	—	—	—	—
Loss for the year from discontinued operations	—	(3,719)	(35,132)	(100,257)	(42,892)
Profit/(loss) for the year	<b>18,486</b>	(6,867)	(195,633)	(193,862)	(206,782)
ATTRIBUTABLE TO:					
Equity holders of the parent	<b>18,739</b>	(7,865)	(195,967)	(173,666)	(201,988)
Minority interests	<b>(253)</b>	998	334	(20,196)	(4,794)
	<b>18,486</b>	(6,867)	(195,633)	(193,862)	(206,782)
<b>ASSETS, LIABILITIES AND MINORITY INTERESTS</b>					
Total assets	<b>903,881</b>	1,236,798	972,767	1,150,003	1,247,792
Total liabilities	<b>(227,410)</b>	(590,633)	(321,200)	(337,577)	(293,161)
Minority interests	<b>(6,699)</b>	(6,051)	(5,302)	(3,533)	(23,729)
	<b>669,772</b>	640,114	646,265	808,893	930,902

### **PROPERTY, PLANT AND EQUIPMENT**

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 15 to the financial statements.

### **INVESTMENT PROPERTIES**

Details of movements in the investment properties of the Group during the year are set out in note 16 to the financial statements. Further details of the Group's investment properties are set out on page 131.

### **PROPERTY UNDER DEVELOPMENT**

Details of movements in the property under development of the Group during the year are set out in note 17 to the financial statements. Further details of the Group's property under development are set out on page 132.

### **SHARE CAPITAL AND SHARE OPTIONS**

Details of movements in the Company's share capital and share options during the year, together with the reasons therefor, are set out in notes 36 and 37 to the financial statements.

### **PRE-EMPTIVE RIGHTS**

There is no provision for pre-emptive rights under the Company's bye-laws or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

### **PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S SHARES**

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

### **RESERVES**

Details of movements in the reserves of the Company and the Group during the year are set out in note 38 to the financial statements and the consolidated statement of changes in equity.

### **DISTRIBUTABLE RESERVES**

At 31 December 2006, the Company had no reserves available for distribution. Under The Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is distributable to shareholders in certain circumstances, prescribed by Section 54 thereof. In addition, the Company's share premium account and capital redemption reserve may be distributed in the form of fully paid bonus shares.

### **CHARITABLE CONTRIBUTIONS**

During the year, the Group made charitable contributions totalling HK\$80,000.

### **DIRECTORS**

The directors of the Company during the year and up to the date of this report are as follows:

#### **Executive Directors**

Tsui Tsin Tong

Lam Ting Ball, Paul

Tsui Ho Chuen, Philip

Tsui Yam Tong, Terry

Wong Chi Keung, Alvin (*appointed on 1 August 2006*)

#### **Non-executive Directors**

Hung Ting Ho, Richard

Zhang Yulin (*appointed on 11 December 2006*)

Ko Sheung Chi (*appointed on 1 February 2007*)

#### **Independent Non-executive Directors**

Sir David Akers-Jones

Lau Wong Fat (*resigned on 19 April 2006*)

Li Hui Yan (*resigned on 1 February 2007*)

Danny T Wong

Chan Wa Shek (*appointed on 1 February 2007*)

Steven Chow (*appointed on 1 February 2007*)

In accordance with the Company's bye-laws, Messrs. Tsui Tsin Tong, Wong Chi Keung, Alvin, Zhang Yulin, Ko Sheung Chi, Danny T Wong, Chan Wa Shek and Dr. Steven Chow will retire from office at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

**BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT**

**Directors**

<b>Name</b>	<b>Age</b>	<b>Position held</b>	<b>Number of years of service</b>	<b>Business experience</b>
<b>Executive Directors</b>				
Tsui Tsin Tong G.B.S., LL.D., JP Standing Member, National Committee of The Chinese People's Political Consultative Conference	67	Honorary Chairman	22	More than 36 years' experience in the investment and property fields
Lam Ting Ball, Paul	65	Chairman	34	More than 34 years' experience in the paint industry
Tsui Ho Chuen, Philip	43	Executive Deputy Chairman	22	Solicitor
Tsui Yam Tong, Terry	61	Managing Director	20	More than 34 years' experience in administration and management
Wong Chi Keung, Alvin	44	Finance Director	3	More than 19 years' experience in finance and accounting

**BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT** (continued)**Directors** (continued)

<b>Name</b>	<b>Age</b>	<b>Position held</b>	<b>Number of years of service</b>	<b>Business experience</b>
<b>Non-executive Directors</b>				
Hung Ting Ho, Richard	53	Non-executive Director	5	More than 29 years' experience in business and financial management
Zhang Yulin	43	Non-executive Director	— (appointed on 11 December 2006)	More than 10 years' experience in finance and management
Ko Sheung Chi	50	Non-executive Director	— (appointed on 1 February 2007)	More than 26 years' experience in general management
<b>Independent Non-executive Directors</b>				
Sir David Akers-Jones KBE, CMG, JP	80	Deputy Chairman and Independent Non-executive Director	16	Former Chief Secretary specialising in land planning and housing development
Danny T Wong	61	Independent Non-executive Director	3	More than 32 years' experience in finance, accounting and management
Chan Wa Shek CBE, ISO	76	Independent Non-executive Director	— (appointed on 1 February 2007)	Former Commissioner of Correctional Services of Hong Kong
Steven Chow	62	Independent Non-executive Director	— (appointed on 1 February 2007)	More than 30 years' experience in finance and management

### BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT (continued)

#### Senior management

The businesses of the Group are under the direct responsibility of four directors, namely, Messrs. Tsui Tsin Tong, Lam Ting Ball, Paul, Tsui Ho Chuen, Philip and Tsui Yam Tong, Terry.

Notes:

- (1) Mr. Tsui Tsin Tong and Mr. Tsui Yam Tong, Terry are brothers and Mr. Tsui Ho Chuen, Philip is the son of Mr. Tsui Tsin Tong.
- (2) Mr. Tsui Yam Tong, Terry is the sole director and shareholder of Rapid Growth Ltd. ("RGL"), a substantial shareholder of the Company.
- (3) Mr. Zhang Yulin is a director and an employee of Broadsino Investment Company Limited ("Broadsino"), which is interested in 6.36% of the issued share capital of the Company.
- (4) Mr. Ko Sheung Chi is a director of Chuang's China Investments Limited ("Chuang's China"), Profit Stability Investments Limited ("Profit Stability") and Chuang's Consortium International Limited ("Chuang's Consortium"), the shareholders of the Company discloseable under the Securities and Futures Ordinance (the "SFO"). Mr. Hung Ting Ho, Richard is a director of Midas International Holdings Limited ("Midas International") which is an associated company of Chuang's Consortium.

#### DIRECTORS' INTERESTS IN CONTRACTS

None of the directors had a beneficial interest, either direct or indirect, in any significant contract to which the Company or any of its subsidiaries was a party at the balance sheet date or at any time during the year.

#### DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Hung Ting Ho, Richard is a director of Midas International (a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")) which engages in the businesses of property investment in the PRC. Mr. Ko Sheung Chi holds directorships in Chuang's Consortium and Chuang's China (both companies listed on the Stock Exchange) and certain private companies (the "Private Companies") which engage in the businesses of property development and investment in Hong Kong and the PRC. As the above-mentioned businesses are managed by separate publicly listed companies with independent management and the properties owned by the Private Companies are of different types and/or in different locations from those of the Group, the Group operates its businesses independently of the businesses of the above-mentioned companies. Save as disclosed above, none of the directors or any of their respective associates have any interests in any businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

**DIRECTORS' SERVICE CONTRACTS**

Save as set out below, no director has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

- (a) On 11 May 2002, a director's service agreement was entered into between the Company and Mr. Lam Ting Ball, Paul for a term of nine years expiring on 2 May 2011. Under the agreement, Mr. Lam is entitled to the payment of a monthly salary of HK\$89,000 and an accommodation allowance of not more than HK\$60,000 per month. The agreement provides that the Company may terminate the agreement by giving Mr. Lam not less than six months' notice in writing and in the event that the Company shall terminate Mr. Lam's employment, Mr. Lam is entitled to receive a compensation that equals to the total amount of Mr. Lam's remuneration including salary and year-end payment of one month's salary (exclusive of fringe benefits) for the remaining term of his employment.
- (b) On 11 May 2002, a director's service agreement was entered into between the Company and Mr. Tsui Yam Tong, Terry for a term of nine years expiring on 2 May 2011. Under the agreement, Mr. Tsui is entitled to the payment of a monthly salary of HK\$110,000 and an accommodation allowance of not more than HK\$100,000 per month. The agreement provides that the Company may terminate the agreement by giving Mr. Tsui not less than six months' notice in writing and in the event that the Company shall terminate Mr. Tsui's employment, Mr. Tsui is entitled to receive a compensation that equals to the total amount of Mr. Tsui's remuneration including salary and year-end payment of one month's salary (exclusive of fringe benefits) for the remaining term of his employment.

The remuneration of the executive directors are determined by the remuneration committee and the remuneration of the non-executive directors are determined by the board on the recommendation of the remuneration committee, by reference to their duties and responsibilities, performance, experiences, time commitment and the market conditions.

**DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than under the share option schemes of the Company pursuant to which options were granted to certain directors as disclosed under the heading "Share option schemes" below.



**DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 31 December 2006, the interests of the directors of the Company in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the SFO were as follows:

**(i) Shares**

Name	Note	Capacity	Number of shares				Total	Percentage of issued share capital
			Personal interests	Family interests	Corporate interests	Other interests		
Tsui Tsin Tong	1	Beneficial owner & founder of discretionary trust	12,400,000	—	—	337,473,906	349,873,906	22.72%
Tsui Ho Chuen, Philip	1	Beneficiary of trust	—	—	—	337,473,906	337,473,906	21.92%
Tsui Yam Tong, Terry	1	Beneficial owner, beneficiary of trust & interest of controlled corporation	1,124,000	—	337,473,906*	337,473,906*	338,597,906	21.99%

\* duplication

**DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES** (continued)**(ii) Underlying shares**

<b>Name</b>	<b>Note</b>	<b>Capacity</b>	<b>Nature of equity derivative (unlisted/physically settled)</b>	<b>Number of underlying shares</b>
Tsui Tsin Tong	2	Founder of discretionary trust	option	98,000,000
Tsui Ho Chuen, Philip	2	Beneficiary of trust	option	98,000,000
Tsui Yam Tong, Terry	2	Beneficiary of trust & interest of controlled corporation	option	98,000,000

## Notes:

- (1) The 337,473,906 shares were held by RGL as trustee of a discretionary trust of which Mr Tsui Tsin Tong is the founder and Messrs. Tsui Ho Chuen, Philip and Tsui Yam Tong, Terry are the discretionary beneficiaries. Mr. Tsui Yam Tong, Terry is also the sole director and shareholder of RGL.
- (2) The 98,000,000 shares were owned by Broadsino. RGL granted an option to Broadsino to sell to RGL all or any part of such shares exercisable at any time during the term of the option. RGL was taken to be interested in these underlying shares under the SFO. By virtue of the interests of Messrs. Tsui Tsin Tong, Tsui Ho Chuen, Philip and Tsui Yam Tong, Terry in RGL as disclosed in note (1) above, each of them was deemed under the SFO to be interested in such underlying shares.

Details of the options granted to the directors of the Company under the Company's share option schemes are disclosed in the heading "Share option schemes" below.

Save as disclosed above, as at 31 December 2006, none of the directors or chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO. Nor any of the directors and the chief executives had any interest in, or had been granted any right to subscribe for the securities of the Company and its associated corporations (within the meaning of Part XV of the SFO) or had exercised any such right during the year under review.

### SHARE OPTION SCHEMES

The Company's existing share option scheme (the "Scheme") was adopted on 28 June 2002. The key terms of the Scheme are summarised below:

- (i) the purposes of the Scheme are to recognise and motivate the participants of the Scheme that made contributions to the Group and to attract and retain high calibre employees of the Group;
- (ii) the participants of the Scheme include any employee, director, supplier, customer and securities holder of the Company, its subsidiaries or any entity in which the Group holds an equity interest and any person or entity that provides research, development or other technological support to such companies;
- (iii) the total number of shares available for issue under the Scheme is 152,818,819 which represents about 9.92% of the issued share capital of the Company as at the date of this report;
- (iv) the total number of shares issued and to be issued upon exercise of the options granted to each participant (including the exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the shares in issue unless it is approved by the shareholders in general meeting;
- (v) an option may be exercised in accordance with the terms of the Scheme at any time during the period to be notified by the directors to the grantee, but in any event not beyond the 10-year period after the date of grant;
- (vi) the subscription price of a share in respect of any option granted shall not be lower than the highest of: (i) the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheet for the 5 trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share; and
- (vii) the Scheme remains in force until 27 June 2012.

No share option has so far been granted under the Scheme since its adoption.

## SHARE OPTION SCHEMES (continued)

Details of the share options of the Company granted to the directors of the Company and the continuous contract employees of the Group pursuant to the Company's expired/terminated share option schemes adopted on 2 May 1991 (the "1991 Scheme") and 13 June 2001 (the "2001 Scheme") respectively and the movement during the year are as follows:

Name	Date of grant	Vesting/ Exercise period	Exercise price per share HK\$	Number of shares under options			
				Balance at 1 January 2006	Exercised during the year	Lapsed during the year	Balance at 31 December 2006
<b>1991 Scheme</b>							
<b>Directors</b>							
Tsui Ho Chuen, Philip	26 April 2001	26 April 2001 to 25 April 2006	0.2152	4,000,000	—	4,000,000	—
Tsui Yam Tong, Terry	26 April 2001	26 April 2001 to 25 April 2006	0.2152	4,000,000	—	4,000,000	—
<b>2001 Scheme</b>							
<b>Directors</b>							
Tsui Tsin Tong	27 September 2001	27 September 2001 to 26 September 2006	0.1576	38,000,000	6,400,000 (note 1)	31,600,000	—
Lam Ting Ball, Paul	27 September 2001	27 September 2001 to 26 September 2006	0.1576	10,000,000	—	10,000,000	—
Tsui Ho Chuen, Philip	27 September 2001	27 September 2001 to 26 September 2006	0.1576	33,500,000	—	33,500,000	—
Tsui Yam Tong, Terry	27 September 2001	27 September 2001 to 26 September 2006	0.1576	33,500,000 (note 2)	—	33,500,000	—
<b>Continuous contract employees</b> (other than the directors of the Company and their associates)	27 September 2001	27 September 2001 to 26 September 2006	0.1576	6,288,000	102,000 (note 3)	6,186,000	—

**SHARE OPTION SCHEMES (continued)**

Notes:

- (1) The weighted average closing price of the share immediately before the date of exercise of the option was HK\$0.137.
- (2) In addition, Ms. Ng Shou Ping, Lucilla, the wife of Mr. Tsui Yam Tong, Terry, was granted an option to subscribe for 750,000 shares at an exercise price of HK\$0.1576 per share on 27 September 2001 which was exercisable and valid between 27 September 2001 to 26 September 2006. The option lapsed on 27 September 2006.
- (3) The weighted average closing price of the share immediately before the dates of exercise of the options was HK\$0.216.

**INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO**

As at 31 December 2006, the register maintained by the Company under Section 336 of the SFO showed that the following persons (other than the directors of the Company) had interests and short positions in the shares and underlying shares of the Company:

Name	Note	Capacity	Number of shares	Number of underlying shares (unlisted/ physically settled equity derivative)	Percentage of issued share capital
<b>10% or more of issued share capital</b>					
RGL	1	Trustee	337,473,906	—	21.92%
	1	Trustee	—	98,000,000	6.36%
Wang Wing Mu, Amy	2	Interest of spouse	349,873,906	—	22.72%
	2	Interest of spouse	—	98,000,000	6.36%
Ng Shou Ping, Lucilla	3	Interest of spouse	338,597,906	—	21.99%
	3	Interest of spouse	—	98,000,000	6.36%
Ho Mei Po, Mabel	4	Interest of spouse	337,473,906	—	21.92%
	4	Interest of spouse	—	98,000,000	6.36%
West Avenue Group Company Limited	5	Beneficial owner	198,000,000	—	12.86%
Tsai Wu Chang	5	Interest of controlled corporation	198,000,000	—	12.86%

**INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO**  
(continued)

Name	Note	Capacity	Number of shares	Number of underlying shares (unlisted/ physically settled equity derivative)	Percentage of issued share capital
Chinaculture.com Limited	6	Beneficial owner	195,500,000	—	12.69%
Chuang's China	6	Interest of controlled corporation	195,500,000	—	12.69%
Profit Stability	6	Interest of controlled corporations	195,500,000	—	12.69%
Chuang's Consortium	6	Interest of controlled corporations	195,500,000	—	12.69%
Evergain Holdings Limited	6	Interest of controlled corporations	195,500,000	—	12.69%
Chuang (Chong) Shaw Swee, Alan	6	Interest of controlled corporations	195,500,000	—	12.69%
Chong Ho Pik Yu	6	Interest of spouse	195,500,000	—	12.69%
<b>Below 10% of issued share capital</b>					
Broadsino	7	Beneficial owner	98,000,000	—	6.36%
Golden Case Limited	8	Security interest in shares	80,000,000	—	5.19%
Cheung Kong Investment Company Limited	8	Interest of controlled corporation	80,000,000	—	5.19%
Cheung Kong (Holdings) Limited	8	Interest of controlled corporations	80,000,000	—	5.19%
Li Ka-Shing Unity Trustee Company Limited	8	Trustee	80,000,000	—	5.19%

**INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO**  
 (continued)

Name	Note	Capacity	Number of shares	Number of underlying shares (unlisted/ physically settled equity derivative)	Percentage of issued share capital
Li Ka-Shing Unity Trustee Corporation Limited	8	Trustee & beneficiary of trust	80,000,000	—	5.19%
Li Ka-Shing Unity Trustcorp Limited	8	Trustee & beneficiary of trust	80,000,000	—	5.19%
Li Ka-Shing	8	Interest of controlled corporations & founder of discretionary trusts	80,000,000	—	5.19%

## Notes:

- (1) The 337,473,906 shares were held by RGL as trustee of a discretionary trust. The interest in 98,000,000 underlying shares was in respect of an option granted by RGL to Broadsino to sell to RGL all or part of such shares owned by Broadsino exercisable at any time during the term of the option. These interests are duplicated in the interests of Messrs. Tsui Tsin Tong, Tsui Ho Chuen, Philip and Tsui Yam Tong, Terry as disclosed under the heading "Directors' interests and short positions in shares, underlying shares and debentures" above.
- (2) Ms. Wang Wing Mu, Amy is the wife of Mr. Tsui Tsin Tong and was taken to be interested in 349,873,906 shares and 98,000,000 underlying shares under an equity derivative in which her spouse was interested under the SFO.
- (3) Ms. Ng Shou Ping, Lucilla is the wife of Mr. Tsui Yam Tong, Terry and was taken to be interested in 338,597,906 shares and 98,000,000 underlying shares under an equity derivative in which her spouse was interested under the SFO.
- (4) Ms. Ho Mei Po, Mabel is the wife of Mr. Tsui Ho Chuen, Philip and was taken to be interested in 337,473,906 shares and 98,000,000 underlying shares under an equity derivative in which her spouse was interested under the SFO.
- (5) The 198,000,000 shares were beneficially owned by West Avenue Group Company Limited ("West Avenue"). Mr. Tsai Wu Chang was deemed to be interested in these shares under the SFO by virtue of his interest in the entire equity of West Avenue.

## INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO (continued)

Notes (continued):

- (6) The references to the 195,500,000 shares relate to the same block of 195,500,000 shares beneficially interested by Chinaculture.com Limited ("Chinaculture").

Chinaculture was a wholly-owned subsidiary of Chuang's China, which in turn was a 61.36% owned subsidiary of Profit Stability. Chuang's Consortium held 100% equity interest in Profit Stability. Evergain Holdings Limited ("Evergain") was interested in 34.86% of the issued share capital of Chuang's Consortium. Mr. Chuang (Chong) Shaw Swee, Alan ("Mr. Chuang") was interested in 100% of the issued share capital of Evergain. Ms. Chong Ho Pik Yu ("Mrs. Chuang") is the wife of Mr. Chuang.

Chuang's China, Profit Stability, Chuang's Consortium, Evergain, Mr. Chuang and Mrs. Chuang were all deemed under the SFO to be interested in these 195,500,000 shares which were owned by Chinaculture.

- (7) These shares were beneficially owned by Broadsino. Pursuant to an option granted by RGL, Broadsino has a right to sell all or part of these shares to RGL exercisable at any time during the term of the option. This interest is detailed and duplicated with the interests of RGL as shown in note (1) above.

- (8) The references to the 80,000,000 shares relate to the same block of 80,000,000 shares interested by Golden Case Limited ("Golden Case") by virtue of a security interest in these shares charged by RGL.

Golden Case was a wholly-owned subsidiary of Cheung Kong Investment Company Limited ("CKI"), which in turn was a wholly-owned subsidiary of Cheung Kong (Holdings) Limited ("CKH").

Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust, together with certain companies which TUT1 as trustee of The Li Ka-Shing Unity Trust was entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, held more than one-third of the issued share capital of CKH.

Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1") and Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust ("DT2") both held units in The Li Ka-Shing Unity Trust.

Mr. Li Ka-Shing is the settlor of each of DT1 and DT2 and may be regarded as a founder of each of them for the purpose of the SFO. The entire issued share capital of TUT1, TDT1 and TDT2 are owned by Li Ka-Shing Unity Holdings Limited, of which each of Messrs. Li Ka-Shing, Li Tzar Kuoi, Victor and Li Tzar Kai, Richard is interested in one-third of the issued share capital.

CKI, CKH, TUT1, TDT1, TDT2 and Mr. Li Ka-Shing were all deemed to be interested in these 80,000,000 shares which were taken to be interested in by Golden Case under the SFO.

Save as disclosed above, the Company has not been notified by any person (other than the directors of the Company) who had interests or short positions in the shares or underlying shares of the Company as at 31 December 2006 which were required to be disclosed to the Company under Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.



**SUFFICIENCY OF PUBLIC FLOAT**

The Company has maintained a sufficient public float throughout the year ended 31 December 2006.

**POST BALANCE SHEET EVENTS**

Details of the significant post balance sheet events of the Group are set out in note 47 to the financial statements.

**AUDITORS**

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the board of  
**CNT GROUP LIMITED**

**Lam Ting Ball, Paul**

*Chairman*

16 April 2007