

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed under the section headed "SHARE OPTIONS, at no time during the review period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debts securities including debentures of, the Company or any other body corporate, and none of the directors, chief executives or their spouse or children under the age of 18, had any right to subscribe for securities of the Company, or had exercised any such rights during the review period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

At 31 December 2006, so far as is known to the directors of the Company, the interests and short positions of the substantial shareholders in more than 5% of the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of Part XV of the SFO were as follows:

Long Positions in shares of the Company

Name of substantial shareholder	Capacity and nature of interest	No. of ordinary shares held	No. of share options held	Aggregated interest	% of issued share capital
Mr. Yang Long-san, Rowell	Beneficial owner of 13,852,000 shares and 4,800,000 share options and interest in controlled corporation of 224,710,724 shares (note)	238,562,724	4,800,000	243,362,724	37.62%
Peipus International Ltd. (note)	Beneficial owner	224,710,724	–	224,710,724	34.74%
Nordea I SICAV-Far Eastern Value Fund	Investment manager	46,033,000	–	46,033,000	7.12%

Note: The entire issued share capital of Peipus International Ltd., is owned by Mr. Yang Long-san, Rowell. Accordingly, Mr. Yang Long-san, Rowell is deemed to be interested in all the shares in which Peipus International Ltd. is interested pursuant to the SFO.

Save as disclosed above, at 31 December 2006, the Company has not been notified of any interests or short positions in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of Part XV of the SFO.

PRE-EMPTIVE RIGHTS

No provision for pre-emptive rights under the Company's By-Laws, or the Companies Act 1981 of Bermuda (as amended) would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the code provision set out in the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 14 to the Listing Rules throughout the review period with certain deviations which have been disclosed in the Corporate Governance Report in the immediately preceding 2006 Annual Report, excluding that the Company has adopted and is implementing an Employees Code of Conduct at the date of this report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standards set out in Appendix 10 of Model Code. Having made specific enquiry of all directors, all directors have complied with the required standards of dealings set out in the Model Code and its code of conduct regarding directors' securities transactions.

AUDIT COMMITTEE

The Audit Committee comprises the three independent non-executive directors of the Company, with written terms of reference in line with the CG Code.

The Group's unaudited condensed consolidated financial statements for the period ended 31 December 2006 have been reviewed by the audit committee, who are of the opinion that such statements comply with the applicable accounting standards and legal requirements, and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The remuneration committee comprises two independent non-executive directors, namely Mr. Lee Chiu-kang, Alex and Mr. Lau Siu-ki, Kevin, and Mr. Wang Ming-chun, Morris, an executive director of the Company. The remuneration committee has adopted terms of reference which are in line with the CG Code.

THE BOARD

As at the date of this report, the Executive Directors of the Company are Mr. Yang Long-san, Rowell, Mr. Wang Ming-chun, Morris, Mr. Chang Su-pong, Steve, Mr. Lee Yi, Richard and Ms. Hui Siu-ling, Elina. The Independent Non-executive Directors are Mr. Lee Chiu-kang, Alex, Mr. Lau Siu-ki, Kevin and Mr. Liu Zixian.

On behalf of the Board
Yang Long-san, Rowell
 Chairman and Chief Executive Officer

Hong Kong, 26 March 2007