



# COL Capital Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 383)

(website: <http://www.colcapital.com.hk>)

## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006

### AUDITED RESULTS OF THE GROUP

The Board of Directors (the “Directors”) of COL Capital Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2006 together with last year’s comparative figures are as follows:–

### Consolidated Income Statement

#### For the year ended 31 December

	2006 HK\$'000	2005 HK\$'000
Turnover ( <i>Note 2</i> )	<u>1,229,840</u>	<u>223,086</u>
Sales of mobile phones	67,098	66,309
Rental income	<u>3,801</u>	<u>2,723</u>
	<b>70,899</b>	69,032
Cost of sales	<u>(65,493)</u>	<u>(62,541)</u>
Gross profit	<b>5,406</b>	6,491
Dividend income from listed investments	17,717	11,706
Interest income from loan receivables	9,071	11,693
Net gain on investments ( <i>Note 3</i> )	801,269	79,562
Other income ( <i>Note 4</i> )	22,445	14,950
Distribution costs	(4,655)	(6,060)
Administrative expenses	(64,307)	(27,705)
Other expenses	(988)	(136)
Finance costs	(10,897)	(1,571)
Gain on disposal of an associate	1,740	–
Gain on disposal of a subsidiary	–	3,544
Fair value changes on investment properties	6,856	11,360
Revaluation surplus on buildings	<u>387</u>	<u>773</u>
Profit before taxation	<b>784,044</b>	104,607
Tax charge ( <i>Note 5</i> )	<u>(11,527)</u>	<u>(99)</u>
Profit for the year ( <i>Note 6</i> )	<u><b>772,517</b></u>	<u>104,508</u>

Attributable to:

Equity holders of the Company	772,468	104,511
Minority interests	49	(3)
	<u>772,517</u>	<u>104,508</u>
Dividends ( <i>Note 7</i> )		
– Dividends paid	<u>14,280</u>	<u>15,060</u>
– Dividends proposed	<u>11,280</u>	<u>11,879</u>
Earnings per share		
– Basic ( <i>Note 8</i> )	<u>HK\$2.67</u>	<u>HK\$0.35</u>

**Consolidated Balance Sheet**

	<b>As at 31 December</b>	
	<b>2006</b>	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Investment properties	81,589	136,526
Property, plant and equipment	4,712	51,825
Prepaid lease payments	2,424	2,483
Investment in an associate	–	–
Available-for-sale investments	557,375	171,633
Loan notes	50,476	86,805
Convertible bonds	6,626	–
	<u>703,202</u>	<u>449,272</u>
Current assets		
Inventories held for sale-finished goods	1,471	1,495
Investments held for trading	1,690,510	886,464
Amount due from a minority shareholder	–	4,805
Debtors, deposits and prepayments ( <i>Note 9</i> )	33,708	12,501
Loan receivables	123,598	74,429
Tax recoverable	3,543	–
Pledged bank deposits	–	10,526
Bank balances and cash	58,007	16,819
	<u>1,910,837</u>	<u>1,007,039</u>
Assets classified as held for sale	<u>134,419</u>	–
	<u>2,045,256</u>	<u>1,007,039</u>

Current liabilities		
Creditors and accrued charges ( <i>Note 10</i> )	55,480	41,176
Customers' deposits and receipts in advance	31,283	2,713
Other borrowings	170,100	100,986
Taxation payable	15,657	4,315
	<u>272,520</u>	<u>149,190</u>
Liabilities associated with assets classified as held for sale	60,044	–
	<u>332,564</u>	<u>149,190</u>
Net current assets	1,712,692	857,849
	<u>2,415,894</u>	<u>1,307,121</u>
Capital and reserves		
Share capital	2,829	2,975
Reserves	2,396,218	1,281,957
	<u>2,399,047</u>	<u>1,284,932</u>
Equity attributable to equity holders of the Company	2,399,047	1,284,932
Minority interests	16,847	16,798
	<u>2,415,894</u>	<u>1,301,730</u>
Total equity	2,415,894	1,301,730
Non-current liability		
Deferred tax liability	–	5,391
	<u>2,415,894</u>	<u>1,307,121</u>

Notes:–

#### 1. Application of new and revised Hong Kong Financial Reporting Standards (“HKFRS”):–

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs had no material effect on how the Group’s results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these new standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital disclosures <sup>1</sup>
HKFRS 7	Financial instruments: Disclosures <sup>1</sup>
HKFRS 8	Operating segments <sup>2</sup>
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies <sup>3</sup>
HK(IFRIC) – INT 8	Scope of HKFRS 2 <sup>4</sup>
HK(IFRIC) – INT 9	Reassessment of embedded derivatives <sup>5</sup>
HK(IFRIC) – INT 10	Interim financial reporting and impairment <sup>6</sup>
HK(IFRIC) – INT 11	HKFRS 2 – Group and Treasury Share Transactions <sup>7</sup>
HK(IFRIC) – INT 12	Service concession arrangements <sup>8</sup>

- <sup>1</sup> Effective for accounting periods beginning on or after 1 January 2007.  
<sup>2</sup> Effective for accounting periods beginning on or after 1 January 2009.  
<sup>3</sup> Effective for accounting periods beginning on or after 1 March 2006.  
<sup>4</sup> Effective for accounting periods beginning on or after 1 May 2006.  
<sup>5</sup> Effective for accounting periods beginning on or after 1 June 2006.  
<sup>6</sup> Effective for accounting periods beginning on or after 1 November 2006.  
<sup>7</sup> Effective for accounting periods beginning on or after 1 March 2007.  
<sup>8</sup> Effective for accounting periods beginning on or after 1 January 2008.

## 2. Turnover and segment information:–

### Turnover

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Sales of mobile phones	67,098	66,309
Proceeds from sales of investments held for trading	1,132,153	130,655
Dividend income from listed investments	17,717	11,706
Interest income from loan receivables	9,071	11,693
Rental income	3,801	2,723
	<u>1,229,840</u>	<u>223,086</u>

### Business and Geographical Information

#### Business segments

The Group is currently organised into four main operating divisions – mobile phone distribution, securities trading and investments, financial services and property investment. These divisions are the bases on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

#### For the year ended 31 December 2006

	Mobile phone distribution <i>HK\$'000</i>	Securities trading and investments <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Turnover	<u>67,098</u>	<u>1,149,870</u>	<u>9,071</u>	<u>3,801</u>	<u>1,229,840</u>
Segment result	<u>(4,856)</u>	<u>835,379</u>	<u>8,832</u>	<u>9,081</u>	848,436
Gain on disposal of an associate					1,740
Revaluation surplus on buildings					387
Unallocated other income					2,470
Unallocated corporate expenses					(58,092)
Finance costs					(10,897)
Profit before taxation					784,044
Tax charge					(11,527)
Profit for the year					<u>772,517</u>

	Mobile phone distribution <i>HK\$'000</i>	Securities trading and investments <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Balance sheet					
<i>Assets</i>					
Segment assets	10,232	2,332,833	127,585	88,529	2,559,179
Assets classified as held for sale	–	–	–	134,419	134,419
Unallocated corporate assets					<u>54,860</u>
Consolidated total assets					<u><u>2,748,458</u></u>
<i>Liabilities</i>					
Segment liabilities	5,083	215,280	2,658	11,138	234,159
Liabilities associated with assets classified as held for sale	–	–	–	60,044	60,044
Unallocated corporate liabilities					<u>38,361</u>
Consolidated total liabilities					<u><u>332,564</u></u>

	Mobile phone distribution <i>HK\$'000</i>	Securities trading and investments <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<i>Other information</i>						
Capital expenditure	89	–	–	19,114	12	19,215
Depreciation	92	–	–	141	156	389
Write-down of inventories	<u>1,070</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,070</u>

*For the year ended 31 December 2005*

	Mobile phone distribution <i>HK\$'000</i>	Securities trading and investments <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Turnover	<u>66,309</u>	<u>142,361</u>	<u>11,693</u>	<u>2,723</u>	<u>223,086</u>
Segment result	<u>(2,086)</u>	<u>104,524</u>	<u>11,528</u>	<u>12,166</u>	126,132
Gain on disposal of a subsidiary					3,544
Revaluation surplus on buildings					773
Unallocated other income					853
Unallocated corporate expenses					(25,124)
Finance costs					<u>(1,571)</u>
Profit before taxation					104,607
Tax charge					<u>(99)</u>
Profit for the year					<u><u>104,508</u></u>

	Mobile phone distribution <i>HK\$'000</i>	Securities trading and investments <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Balance sheet</b>					
<i>Assets</i>					
Segment assets	5,965	1,150,463	75,034	195,760	1,427,222
Unallocated corporate assets					29,089
Consolidated total assets					<u>1,456,311</u>
<i>Liabilities</i>					
Segment liabilities	3,789	101,834	1,550	35,518	142,691
Unallocated corporate liabilities					11,890
Consolidated total liabilities					<u>154,581</u>

	Mobile phone distribution <i>HK\$'000</i>	Securities trading and investments <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<i>Other information</i>						
Capital expenditure	56	–	–	17	15	88
Depreciation	281	–	–	112	224	617
Write-down of inventories	92	–	–	–	–	92
Acquisition of a subsidiary in relation to investment property and construction in progress	<u>–</u>	<u>–</u>	<u>–</u>	<u>127,039</u>	<u>–</u>	<u>127,039</u>

### ***Geographical segments***

The Group's operations are located in Hong Kong and the Mainland China ("China").

The Group's distribution of mobile phone, securities trading and investments, and financial services are carried out in Hong Kong. Rental income from property investment is derived from Hong Kong and China.

The following table provides an analysis of the Group's turnover by geographical market:

	<b>Turnover by geographical market</b>	
	<b>2006 <i>HK\$'000</i></b>	<b>2005 <i>HK\$'000</i></b>
Hong Kong	1,227,902	221,932
China	1,938	1,154
	<u>1,229,840</u>	<u>223,086</u>

The following is an analysis of the carrying amount of segment assets, and additions to investment properties, property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to investment properties, property, plant and equipment	
	At 31.12.2006	At 31.12.2005	Year ended 31.12.2006	Year ended 31.12.2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	2,490,594	1,259,467	19,215	88
China	68,585	167,755	–	127,039
	<u>2,559,179</u>	<u>1,427,222</u>	<u>19,215</u>	<u>127,127</u>

### 3. Net gain on investments:–

	2006 HK\$'000	2005 HK\$'000
Net realised gain on disposal of investments held for trading	337,871	17,592
Change in fair value of investments held for trading ( <i>Note a</i> )	439,498	61,506
Net realised gain on derivatives	1,594	1,464
Realisation gain on disposal of available-for-sale investments	26,268	–
Discount on early redemption of loan notes ( <i>Note b</i> )	(3,962)	(1,000)
	<u>801,269</u>	<u>79,562</u>

*Note:*

- (a) Change in fair value of investments held for trading excludes dividend income.
- (b) During the year, Allied Group Limited early redeemed all of the loan notes at HK\$43,465,000 with a discount on early redemption of HK\$3,962,000 at the request of the Group. The net redemption proceed was HK\$39,503,000.

During the year ended 31 December 2005, Sun Hung Kai & Co. Limited early redeemed part of the loan note at HK\$60,000,000 with a discount on early redemption of HK\$1,000,000 at the request of the Group. The net redemption proceed was HK\$59,000,000.

### 4. Other income:–

	2006 HK\$'000	2005 HK\$'000
Interest income from:		
– Loan notes	9,287	14,077
– Bank deposits	1,412	695
– Others	314	65
	<u>11,013</u>	<u>14,837</u>
Net exchange gain	10,668	–
Others	764	113
	<u>22,445</u>	<u>14,950</u>

**5. Tax charge:-**

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Current tax:		
Profits Tax in Hong Kong	(11,342)	–
Enterprise income tax in China	(185)	(99)
	<u>(11,527)</u>	<u>(99)</u>

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

Enterprise income tax in China is calculated at 33.3% of estimated assessable profit for both years except for the subsidiary which is eligible for certain tax holidays and concessions on China income tax.

No provision for Hong Kong Profits Tax was made for the year ended 31 December 2005 as the assessable profits were wholly absorbed by estimated tax losses brought forward.

**6. Profit for the year:-**

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:-		
Cost of inventories recognised as expenses	62,847	60,532
Amortisation of prepaid lease payments	59	59
Depreciation of property, plant and equipment	389	617
Write-down of inventories	1,070	92
Staff costs, inclusive of directors' emoluments	52,560	24,095

**7. Dividends:-**

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
Interim dividend, paid – HK\$0.01 per share (2005: HK\$0.01)	2,855	2,990
2005 Final dividend paid – HK\$0.04 per share	11,425	–
2004 Final dividend paid – HK\$0.04 per share	–	12,070
	<u>14,280</u>	<u>15,060</u>

The final dividend of HK\$0.04 per share for the year ended 31 December 2006 has been proposed by the Directors and is subject to approval by the shareholders in the annual general meeting.

**8. Earnings per share:-**

The calculation of basic earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Earnings for the purpose of basic earnings per share (Profit for the year attributable to equity holders of the Company)	<u>772,468</u>	<u>104,511</u>



	<b>Number of shares</b>	Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u><b>289,070,361</b></u>	<u>300,660,114</u>

No diluted earnings per share have been presented as there were no potential ordinary shares issued in both years.

**9. Debtors, deposits and prepayments:–**

The Group has a policy of allowing an average credit period of 30-90 days to its trade debtors.

An aged analysis of trade debtors is as follows:

	<b>2006 HK\$'000</b>	2005 HK\$'000
Within 90 days	<b>6,150</b>	2,409
91 – 180 days	<b>992</b>	–
181 – 360 days	<b>258</b>	93
	<hr/>	<hr/>
	<b>7,400</b>	2,502
Other debtors, deposits and prepayments	<b>26,308</b>	9,999
	<hr/>	<hr/>
	<b>33,708</b>	12,501
	<hr/> <hr/>	<hr/> <hr/>

**10. Creditors and accrued charges:–**

Creditors and accrued charges principally comprise amounts outstanding for trade purpose and ongoing costs.

An aged analysis of trade creditors is as follows:

	<b>2006 HK\$'000</b>	2005 HK\$'000
Trade creditors due within 90 days	<b>14,684</b>	35
Other creditors and accrued charges	<b>40,796</b>	41,141
	<hr/>	<hr/>
	<b>55,480</b>	41,176
	<hr/> <hr/>	<hr/> <hr/>

**FINANCIAL RESULTS**

For the year ended 31st December 2006, the Group's turnover increased by 451.3% to HK\$1,229,840,000 (2005: HK\$223,086,000) and net profit attributable to shareholders increased by 639.1% to HK\$772,468,000 (2005: HK\$104,511,000). These positive results were mainly due to a substantial increase in its securities trading and investment activities. The earnings per share of the Company increased by an even larger scale of 662.9% to HK\$2.67 (2005: HK\$0.35) as a consequence of the Group's share repurchase programme.

As at 31 December 2006, the Group's net asset value per share increased to HK\$8.48 (2005: HK\$4.32).

## **DIVIDENDS**

An interim dividend of HK\$0.01 per share (2005: HK\$0.01), amounting to HK\$2,855,000 (2005: HK\$2,990,000), was paid during 2006. The Directors recommend the payment of a final dividend of HK\$0.04 per share (2005: HK\$0.04), amounting to approximately HK\$11,280,000 (2005: HK\$11,425,000) to shareholders whose names appear on the Register of Members of the Company on 28 June 2007. Dividend warrants are expected to be dispatched on or before 25 July 2007.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Monday, 25 June 2007 to Thursday, 28 June 2007, both days inclusive, during which no share transfer will be effected.

## **REVIEW OF OPERATIONS**

During the year under review, the Group's mobile handset distribution activities, operated by Star Telecom Limited ("STAR"), recorded a turnover of HK\$67,098,000 (2005: HK\$66,309,000) and a loss of HK\$4,856,000 (2005: loss of HK\$2,086,000). As the Group reported before, STAR had been operating in a difficult and highly competitive retail market environment due to the intense rivalry among participants for market share. STAR's mobile handset distribution business had persistently showed losses in recent years and the situation is not expected to improve. As such, the Group sees no bright future for this business and in order to avoid further losses, the Group decided to discontinue STAR's operation and the cessation of STAR's business was effected in March 2007.

For its trading and investment in financial securities, the Group achieved a turnover of HK\$1,149,870,000 (2005: HK\$142,361,000) and a profit of HK\$835,379,000 (2005: HK\$104,524,000) for the year ended 31 December 2006. The major profit contribution was from realized and unrealized gain on investments of HK\$801,269,000 (2005: HK\$79,562,000) and dividend income from listed investments of HK\$17,717,000 (2005: HK\$11,706,000). 2006 was a good year for the global financial markets because of continued economic growth leading to improved investor and consumer confidence. The Hong Kong economy expanded by 6.8% in 2006. As a result of the buoyant stock market, the Group managed to profit from the disposal of part of its trading portfolio of listed shares, including shares of Tian An China Investments Company Limited, Mulpha International Limited and Mount Gibson Iron Limited.

The Group's money lending business contributed a turnover of mainly interest income of HK\$9,071,000 (2005: HK\$11,693,000) and a profit of HK\$8,832,000 (2005: HK\$11,528,000) during the year under review. As at 31 December 2006, the Group's loan portfolio grew by 66.1% to HK\$123,598,000 (2005: HK\$74,429,000).

For 2006, the Group's investment properties located in Hong Kong and China achieved a turnover of HK\$3,801,000 (2005: HK\$2,723,000) and a profit of HK\$9,081,000 (2005: HK\$12,166,000) mainly attributed to the gain from fair value changes of its property portfolio. As stated in the Group 2005 Annual Report, the Group disposed of its investment in an investment property located at Buji Town in Shenzhen, China, by entering into a conditional framework agreement with a third party for a total consideration of RMB99,900,000 (the "Disposal"). A deposit of RMB31,220,000 had been received, with the remaining balance of RMB68,680,000 payable within six months from the completion date bearing interest at the rate of 1% per month. Due to certain technical issues, the completion date of the Disposal was extended. The Disposal was completed on 3rd April 2007. The Group has succeeded in negotiating an increase in the consideration to RMB102,550,000 and the gain from the Disposal will be accounted for in 2007.

## **FINANCIAL RESOURCES, BORROWINGS, CAPITAL STRUCTURE AND EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES**

The Group continued to maintain a strong financial position. As at 31 December 2006, after the reclassification of certain non current assets associated with the Disposal to current assets, the Group's non current assets consisted mainly of investment properties of HK\$81,589,000 (2005: HK\$136,526,000); property, plant and equipment of HK\$4,712,000 (2005: HK\$51,825,000); prepaid lease payments of HK\$2,424,000 (2005: HK\$2,483,000) and long term investments of HK\$614,477,000 (2005: HK\$258,438,000). These non-current assets were principally financed by shareholders' funds. As at 31 December 2006, the Group had net current assets of HK\$1,712,692,000 (2005: HK\$857,849,000) and current ratio of 6.1 times (2005: 6.8 times) calculated on the basis of the Group's current assets over current liabilities.

All the Group's borrowings are arranged on a short term basis in Hong Kong Dollars, repayable within one year and secured on certain investment properties, investments held for trading, available-for-sale investments, securities brokers house deposit and bank deposits. As at 31 December 2006, the Group had borrowings of HK\$170,100,000 (2005: HK\$100,986,000) and a gearing ratio of 4.7% (2005: 6.6%), calculated on the basis of the Group's net borrowings (after bank balances and cash) over shareholders' fund.

The issued share capital of the Company was reduced in 2006 from HK\$2,974,795 to HK\$2,828,835 as a result of the repurchase of 14,596,000 shares (par value HK\$0.01 each) for cancellation for an aggregate consideration of HK\$46,378,000.

During the year under review, the Group's assets, liabilities and transactions were mainly denominated in Hong Kong Dollar, Australian Dollar, RMB, Taiwan Dollar and Malaysian Ringgit. Because of its short term nature, the Group had not actively hedged risks arising from the Australian Dollar and RMB denominated assets and transactions. As the exchange rates of the Taiwan Dollar and Malaysian Ringgit were relatively stable during the period, the Group was not materially affected by its exposure to these currencies.

### **CHARGE ON GROUP ASSETS**

As at 31 December 2006, the Group's investment properties, investments held for trading, available-for-sale investments, securities brokers house deposit, and bank deposits with respective carrying values of HK\$26,640,000 (2005: HK\$22,100,000), HK\$1,210,235,000 (2005: HK\$737,033,000), HK\$115,607,000 (2005: HK\$19,272,000), HK\$196,000 (2005: Nil) and Nil (2005: HK\$10,526,000) were pledged to banks and securities brokers house to secure short term credit facilities granted to the Group.

### **EMPLOYEES**

The Group had 31 employees as at 31 December 2006 (2005: 32). The Group ensures that its employees are remunerated in line with market conditions and individual performance and our remuneration policies are reviewed on a regular basis.

### **PROSPECTS**

The Group's financial results for the year under review were satisfactory. However, 2007 will be a very challenging year for the Group to match its performance of 2006 as most of the global equity markets are at historical highs and equities are being traded at optimum values. Further, concerns are growing over the spillover of the sub-prime mortgage debt delinquency to the US housing sector, the well-being of the US economy and the negative impact of any further administrative tightening in China to cool down its heated property and stock markets. All these factors will in turn, adversely affect the investment environment.

The Group will closely monitor the development of these issues and other factors, including the interest rate movement and oil price, in order to avoid or minimize any adverse impact. As a value investor, the Group will constantly review and adjust its investment strategies and investment portfolio to continuously strive for improvement in its performance. The Group is poised to take advantage of any viable business and investment opportunities in the China, Hong Kong and the Asia Pacific region to enhance value for its shareholders.

#### **PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES**

During the year, the Company repurchased a total of 14,596,000 ordinary shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) in the range from HK\$1.25 to HK\$3.88 for a total consideration of HK\$46,378,000. The said shares were subsequently cancelled.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year.

#### **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) throughout the year ended 31 December 2006.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the Company’s code of conduct regarding Director’s securities transactions. Having made specific enquiry with all Directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the year ended 31 December 2006.

#### **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group’s consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2006 as set out in the Preliminary Announcement have been agreed by the Group’s auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements 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.

## **PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE**

The annual report of the Group for the year ended 31 December 2006 containing all the information as required by Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

By Order of the Board  
**Chong Sok Un**  
*Chairman*

Hong Kong, 19 April 2007

*As at the date of this announcement, the Board comprises Ms. Chong Sok Un (Chairman), Dato' Wong Peng Chong and Mr. Kong Muk Yin as executive directors and Messrs. Lo Wai On, Lau Siu Ki and Zhang Jian as independent non-executive directors.*