

(incorporated in Bermuda with limited liability)

(Stock Code: 24)

FINAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2006

(b)

HKAS 1 (Amendment) HKFRS 7 HK(IFRIC)–Int 8 HK(IFRIC)–Int 10 HK(IFRIC)–Int 11

The adoption of such standards or amendments has no significant effect on these financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the

Group The following standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 May 2006 or later periods but that the Group has not early adopted:

Presentation of Financial Statements: Capital Disclosures Financial Instruments – Disclosures Scope of HKFRS 2 Interim Financial Reporting and Impairment HKFRS 2 – Group and Treasury Share Transactions

The Directors of Burwill Holdings Limited (the "Company") here Company and its subsidiaries (the "Group") for the year ended Group as at 31 December 2006, together with the comparative fig CONSOLIDATED INCOME STATEMENT	31 December 2006 a	and the consolidated b		(2)	Segment information (a) Primary reporting format - bus The Group is organised into ti processing; and (iii) property d Turnover recognised during the	hree major operati levelopment and in	vestment.	trading, warehousin	g and distributio	on; (ii) steel man	ufacturing and
		2006	2005		ramover recognised during the	e year is as ronow.				2006	2005
	Note	HK\$'000	HK\$'000		Sale of goods					(\$'000 51,904	HK\$'000 3,670,368
Sales Cost of sales	2	4,793,364 (4,711,292)	3,696,566 (3,621,921)		Sale of properties held for sale					3,753	1,924
Gross profit	-	82,072	74,645		Rental income Service income					11,877 15,830	11,978 12,296
Other gains, net	3	256,099	209,070						4,79	03,364	3,696,566
Selling and distribution expenses	5	(38,964)	(30,454)					2005			
General and administrative expenses		(75,527)	(94,995)			Steel trading,	Steel	Property			
Operating profit	2 -	223,680	158,266			warehousing	manufacturing	development			
Finance costs	5	(61,017)	(51,685)			and distribution	and processing	and investment	Others	Unallocated	Total
Share of losses of associates	-	(3,597)	(9,370)		Television	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit before taxation		159,066	97,211		Total segment sales Inter-segment sales	3,246,327 (84,113)	494,936	14,130 (474)	26,546 (786)	_	3,781,939 (85,373)
Taxation	6	(7,391)	(18,426)		Sales	3,162,214	494,936	13,656	25,760		3,696,566
Profit for the year	_	151,675	78,785		Operating profit/(loss)	18,048	(16,580)	29,189	475	127,134	158,266
Attributable to:					Finance costs Share of losses of associates						(51,685) (9,370)
Equity holders of the Company		149,380	72,745		Profit before taxation					-	97,211
Minority interests	-	2,295	6,040		Taxation						(18,426)
	-	151,675	78,785		Profit for the year					-	78,785
Earnings per share for profit attributable to the	-							2006		•	
equity holders of the Company during the year – basic	7	HK 14.47 cents	HK 6.96 cents			Steel trading,	Steel	Property			
	-					warehousing	manufacturing	development			
- diluted	-	N/A	N/A			and distribution	and processing	and investment	Others	Unallocated	Total
Dividends	8	-	30,964			HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
CONSOLIDATED BALANCE SHEET					Total segment sales Inter-segment sales	4,329,521 (14,180)	450,558 (6,002)	15,864 (234)	20,010 (2,173)	_	4,815,953 (22,589)
	Note	2006 HK\$'000	2005 HK\$'000		Sales	4,315,341	444,556	15,630	17,837		4,793,364
ASSETS	INDIE	ΠΑφ 000	$m\phi 000$		Operating profit/(loss)	5,208	(7,093)	22,780	47	202,738	223,680
Non-current assets					Finance costs	3,208	(1,055)	22,780		202,758	(61,017)
Leasehold land and land use rights		82,568	92,526		Share of losses of associates					-	(3,597)
Property, plant and equipment Investment properties		105,746 237,857	155,268 209,480		Profit before taxation Taxation						159,066 (7,391)
Intangible assets		188	-		Profit for the year					-	151,675
Investments in associates Available-for-sale financial assets		356,624 7,772	118,929 9,310		From for the year			2005			101,070
Other receivables		181	407			Steel					
Deferred tax assets		9,673	9,805			trading, warehousing	Steel manufacturing	Property development			
		800,609	595,725			and distribution	and	and investment	Others	Unallocated	Total
Current assets	-					HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Inventories		157,742	194,089		Assets	1,017,155	469,373	296,844	14,734	335,942	2,134,048
Properties held for sale Held-to-maturity financial assets		29,398	28,779 23,423		Liabilities	501,096	309,413	63,616	20,170	364,515	1,258,810
Financial assets at fair value through profit or loss		10,076	31,027		Depreciation	636	7,314	1,097	1,153	627	10,827
Bills and accounts receivable	9	1,082,091	879,634		Amortisation	-	368	31	-	1,242	1,641
Deposits, prepayments and other receivables Due from an associate		97,097 1,050	175,031 1,010		Capital expenditure	230	59,275	143	348	214	60,210
Taxation recoverable		-	21					2006			
Pledged bank deposits		839	1,431			Steel					
Other cash and bank balances	-	275,156	203,878			trading, warehousing	Steel manufacturing	Property development			
	-	1,653,449	1,538,323			and	and	and	04	T N	T- 4-1
Total assets	_	2,454,058	2,134,048			distribution HK\$'000	processing HK\$'000	investment HK\$'000	Others HK\$'000	Unallocated HK\$'000	Total HK\$'000
EQUITY	-				Assets	1,259,736	313,398	319,756	14,326	546,842	2,454,058
Capital and reserves attributable to the					Liabilities	761,109	250,562	73,375	30,166	334,627	1,449,839
Company's equity holders Share capital		103,213	103,213		Depreciation	686	8,816	1,122	1,193	848	12,665
Other reserves		503,297	487,006		Amortisation	_	525	32	-	1,248	1,805
Retained profits – proposed dividends			30,964		Capital expenditure	96	9,085	828	672	236	10,917
- others		353,930	204,550		(b) Secondary reporting format —	geographical segn	ients				
	-	960,440	825,733						HI	2006 (\$'000	2005 HK\$'000
Minority interests		43,779	49,505		Sales (by location of customer	s)					
Total equity	-	1,004,219	875,238		 Mainland China Hong Kong 					56,189 870	2,532,970 261,100
LIABILITIES	-	,,=	,		 Asia (other than Mainland Europe 	China and Hong K	long)			37,669 35,182	751,064 113,895
Non-current liabilities					- Others					13,454	37,537
Borrowings		127,261	289,338						4,79	93,364	3,696,566
Deferred tax liabilities	-	42,899	34,860		Assets located in						
	_	170,160	324,198		 Mainland China Hong Kong 					21,223 38,768	758,204 1,224,616
Current liabilities					- Others					37,443	32,299
Borrowings Due to associates		538,974 22,787	501,922 16,058		American					07,434	2,015,119
Bills and accounts payable	10	648,995	341,112		Associates				-	56,624	118,929
Other payables and accruals		68,661	75,110						2,45	54,058	2,134,048
Taxation payable	-	262	410		Capital expenditure in – Mainland China					9,434	59,724
	-	1,279,679	934,612		 Hong Kong 					1,483	469
Total liabilities		1,449,839	1,258,810		- Others						17
Total equity and liabilities	-	2,454,058	2,134,048	(3)	Other gains, net				1	10,917	60,210
Net current assets	-	373,770	603,711	(3)	Sener gamo, net					2006	2005
	-				Net fair value gain/(loss) on financial	ssets at fair value 4	hrough profit or 1-	100	HI	\$`000 9,877	HK\$'000 (1,818)
Total assets less current liabilities	_	1,174,379	1,199,436		Net fair value gain/(loss) on financial as Gain on disposal of available-for-sale fi	inancial assets				650	-
Notes:-	_				Provision for impairment of available-for Interest income:	or-sale financial as	sets			(7,800)	-
(1) Basis of preparation and accounting policies The consolidated financial statements of the Company have been	prepared in accordance	with Hong Kong Financia	Reporting Standards		 on bank deposits 					2,755	1,979
("HKFRS"). The consolidated financial statements have been prepar	red under the historical c	ost convention, as modifie	d by the revaluation of		 on financial assets on other receivables 					694 1,577	823 1,161
certain investment properties, available-for-sale financial assets, finan value through profit or loss which are carried at fair value.	icial assets and financial	mannines (including deriva	ive instruments) at fair		Dividend income					806	272
The preparation of financial statements in conformity with HKFRS			mates. It also requires		Investment income Fair value gains on investment propertie	25				8,559 20,155	2,417 34,172
management to exercise its judgement in the process of applying the		ies.			Net gain on disposals of investment pro	perties				-	34,172
 Standards and amendments effective in 2006 relevant to the The following standards, amendments and interpretations a 	re mandatory for account	ting periods beginning on (or after 1 January 2006		Gain on disposal of interest in a subsidi Gain on disposal of shares in an associa	ate (Note (a))				4,832	91,986
and are relevant to the Group's operations:	NI-6 To come	Familian October			Dilution gain in an associate (Notes (b) Claims	& (c))			21	12,842	69,819 2,887
HKAS 21 (Amendment) HKAS 39 and HKFRS 4 (Amendments)	Net Investment in a Financial Guarantee	Contracts			Others					9,711	7,787
HKFRS-Int 4 The adoption of such standards or amendments has no signi	-	r an Arrangement contains	a Lease						2	56,099	209,070

Notes (a)

(b)

In August 2005, the Group disposed of certain equity interests in China LotSynergy Holdings Limited, reducing its shareholding from 38.65% to 31.98%, and recognised a disposal gain of approximately HKS91,986,000. In August 2005, the Group's equity interest in China LotSynergy Holdings Limited was diluted from 31.98% to 26.84% as a result of the issuance of new shares of China LotSynergy Holdings Limited. In this connection, the Group recognised a dilution gain of approximately HK\$69,819,000.

approximately frk.50%,01%,000. During the year ended 31 December 2006, the Group's equity interest in China LotSynergy Holdings Limited was diluted from 26.84% to 21.75% as a result of the issuance of new shares of China LotSynergy Holdings Limited. In this connection, the Group recognised a dilution gain of approximately HK\$212,842,000. (c)

Expenses by nature Expenses included in cost of sales, selling and distribution expenses and general and administrative expenses comprise the fol

		2006 HK\$'000	2005 HK\$'000
	Depreciation of property, plant and equipment – owned assets – assets held under finance leases Net (gain)/loss on disposals of property, plant and equipment Amoriisation of prepaid operating lease payments Amoriisation of intangible assets Operating lease rentals Provision for inpairment of receivables Net exchange gains	$10,928 \\ 1,737 \\ (100) \\ 1,800 \\ 5 \\ 10,229 \\ 1,912 \\ (3,141) \\ \end{array}$	9,063 1,764 23 1,641 12,738 13,121 (584)
(5)	Finance costs		
		2006 HK\$'000	2005 HK\$'000
	Interest on: – Bank borrowings repayable within five years – Other Ioans – Finance lease liabilities	59,948 231 838	49,767 326 1,592
		61,017	51,685

Taxation The Company is exempted from taxation in Bermuda until 2016. The Company's subsidiaries established in the British Virgin Islands an incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income taxes. Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the yes Subsidiaries of the Group in Mainland China are subject to Mainland China enterprise income tax ranging from 12% to 33% (2005: 12% to 33% on their taxable income determined according to Mainland China tax laws. Other overseas taxation has been calculated on the estimate assessable profits for the year at the rates prevailing in the respective jurisdictions. (6)

assessable profits for the year at the rates prevaning in the respective jurisdictions. Under the relevant tax rules in Mainland China, a subsidiary of the Group is subject to Mainland China land appreciation tax ("LAT"). During the year, the Group recorded LAT paid/payable amounting to approximately HKS73,000 (equivalent to approximately RMB74,000) (2005: HKS51,000 (equivalent to approximately RMB54,000)), which was calculated based on 2% on the sales proceeds received from the properties sold during 2006, as advised by the local tax bureau. Taking into account the common practice on the levy of LAT in various cities in Mainland China, the Company's directors consider it is unlikely that the Group will be required to make any additional payment for the properties disposed of up to 31 December 2006. As a result, no additional provision on LAT was made in the financial statements (2005: Ni). The amount of taxation recognised in the income statement represents:

	2006 HK\$'000	2005 HK\$'000
Current taxation – Mainland China taxation	608	1,217
Under/(over) provision in prior years – Hong Kong profits tax – Mainland China taxation	21 68	8,573 (3,429)
	89	5,144
Deferred taxation relating to the origination and reversal of temporary differences	6,694	12,065
	7,391	18,426

Earnings per share

is calculated by dividing the profit attributable to equity holders of the Company by the weighted average nuring the year. Basic earnings per share i ordinary shares in issue di

	2006	2005
Profit attributable to equity holders of the Company (HK\$'000)	149,380	72,745
Weighted average number of ordinary shares in issue (thousands)	1,032,129	1,044,606
Basic earnings per share (HK cents per share)	14.47	6.96

Diluted Diluted earnings per share for the years ended 31 December 2005 and 2006 are not presented because the Company has no dilutive potential

Dividends (8)

(10

2006 HK\$'000 2005 HK\$'000 Proposed final dividend of nil (2005: HK3 cents) per ordinary share 30 964

Bills and accounts receivable (9)

The Group normally grants to its customers credit periods for sales of goods ranging from 30 days to 120 days. Consideration in respect of sold properties is payable by the purchasers pursuant to the terms of the sale and purchase agreements. Rentals in respect of leased properties are payable by the tenants on a monthly basis.

Aging analysis of bills and accounts receivable as at 31 December 2006 is as follows:

	HK\$'000	HK\$'000
Within three months Over three months but within six months Over six months but within twelve months	1,071,436 4,686 168	865,987 10,837 1,499
Over twelve months	11,801	7,311
	1,088,091	885,634
Less: provision for impairment of receivables	(6,000)	(6,000)
	1,082,091	879,634
Bills and accounts payable Aging analysis of bills and accounts payable is as follows:		
	2006 HK\$'000	2005 HK\$`000
Within three months	648,995	341,112

DIVIDEND o interim dividend was paid during the year.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2006 (2005: HK 3 cents).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

The Group has achieved a steady growth in all lines of business in 2006 with its turnover and profit for the year increased by 30% and 93% to HK\$4.79 billion and HK\$152 million respectively, as compared with last year. Net assets of the Group had increased by 15% as compared with last year.

Steel Trading and Warehousing and Distribution Business

Steel Trading and Warehousing and Distribution Business During 2006, the Group's steel trading department strived to maintain the strength of its import business in China and at the same time, successfully expanded its export business of various steel products to overseas markets. Total imports and exports of the Group increased by 14% during the year with the turnover amounting to HK\$4.25 billion. Owing to the deadlock in the international iron ore negotiation in the first half of the year, the Group recorded a loss in the import and warehousing of pellets and as such, the overall operating profit of the Group's steel trading business declined.

and as such, the overall operating profit of the Oroup's steel trading business decrified. Steel production of the PRC accounts for more than one third of the aggregate global output, yet its imbalanced product mix continued. Such imbalance reflected, on the one hand, in its reliance on the import of raw materials and high-end products and, on the other hand, in the overproduction of medium-end steel products. The demand for products such as steel billet, steel plates and long steel sections from overseas markets creates opportunities for exports and this trend for PRC exports is expected to be a prolonged one. During the year under review, the Group, in response to the market demand, was actively engaged in building overseas distribution network and establishing long-term and steady supply channels with large-to-medium steel manufacturers. The Group not only had consolidated the traditional markets in the neighbourhood, namely East Asia and South East Asia, but had also expanded its sales business in markets such as the European Union, Middle East and South America. The Group has also successfully managed procurement of nickel ore, given the market shortage, from overseas and launched sales in large-scale in the PRC since the fourth quarter of the year.

Looking forward into 2007, the global iron ore negotiation has come to an end in early January with a moderate increase in the price by 9.5% as compared the previous years, laying a good foundation for the market. With the continued economic growth in China, the European Union, Asia, Middle East, coupled with the increasing number of infrastructure establishments and the growing demand, it is expected that the market will be in a steady upward trend. The Group will adhere to its prudent yet progressive operation strategies by further strengthening its procurement and marketing in the PRC market and widening its coverage in the overseas markets to achieve better performance. Meanwhile, in respect of rare metal ore resources, the Group is actively in discussion with several overseas ore companies with a view to consolidate and further expand the related businesses in this sector. in this sector.

Steel Manufacturing and Processing Business

During the year under review, the results of the two steel plants of the Group in Dongguan, the PRC, have been improved. However, due to fierce peer competition, rising costs of raw materials and other costs and a narrowing profit margin, the sales tonnage and the turnover had dropped by 5% and 16% respectively.

To reinforce our competitiveness and improve our operation performance, the Group has implemented an array of measures To reinforce our competitiveness and improve our operation performance, the Group has implemented an array of measures. These include integrating purchase channels and endeavouring to procure most of the materials in the mainland instead of procuring all of them overseas, except for necessary materials, to zealously reduce raw material cost. The Group has also reduced inventory to a reasonable level and accelerated inventory cycle to lower inventory cost. To strengthen high value-added steel coil processing business, the steel coil centre was expanded during the year with its production lines updated and replaced. The indirect productions and labours in the two processing plants were outsourced to minimise administrative expenses. Trial settlement in Renminbi for local sales and processing business was also launched during the year to raise production and profit margin.

The Group entered into an agreement with Maanshan Iron & Steel Company Limited at the end of 2006, pursuant to which the registration of our the then wholly-owned steel coil processing centre in Yangzhou, the PRC was changed to a joint venture company, which has officially commenced its processing and distribution business by the end of the year.

With the implementation of measures for reducing cost and reinforcing its management in the two plants in Dongguan, followed by the end of the interest rate cycle and the completion of reconstruction of the Yangzhou plant, the Group established a new operation structure which has begun to generate good track record. We expect the market competitiveness of our steel processing business will be strengthened while production and total sales volume will turn around, further improving our result.

Property Development and Investment Yangzhou Times Square, the investment property of the Group in the PRC, continued to maintain full occupancy under its maturing operation and management. The rental income from the investment property in 2006 rose by 18% as compared with the previous year. The Group endeavors to carry out discussion and business negotiation on the feasibility of cooperation in developing new projects in the neighbourhood to consolidate its leading position as a local renowned shopping mall.

Given a rapidly growing local economy, the Group will continue its investment strategy of long-term rental. The property is expected to bring stable rental returns and asset appreciation potential to the Group.

Associated Corporation China LotSynergy Holdings Limited (Stock code: 8161), an associated corporation of the Group, is principally engaged in investment, project development, provision of technologies and equipment, as well as consultancy services in public welfare lottery business and related sectors. During the year under review, the Company has made substantial progress in its public welfare lottery related business in the PRC upon the completion of its business transformation, with a turnover of approximately HKS59,000,000 for the second half of the year. The turnover of the fourth quarter has increased by 43% as compared to the third

The Group believes that the continuing development of welfare lottery in China, and the progression of the relevant projects of China LotSynergy Holdings Limited, will bring satisfactory investment returns to the Group in the long run.

Liquidity and Financial Resources The Group's total equity increased to HK\$1,004,219,000 at 31 December 2006 from HK\$875,238,000 at 31 December 2005. The cash and bank balances of the Group were HK\$275,995,000 (2005: HK\$205,309,000) and the net current assets were HK\$373,770,000 (2005: HK\$603,711,000) at 31 December 2006.

The Group's current ratio, as a ratio of current assets to current liabilities, and gearing ratio, as a ratio of total liabilities to total assets, as at 31 December 2006 were 1.29 and 0.59 respectively (2005: 1.65 and 0.59 respectively). The decrease in current ratio was primarily due to certain portions of the syndicated loan granted in 2005 would become due in the ensuring year.

As at 31 December 2006, the total bank borrowings was HK\$656,296,000 (2005: HK\$772,352,000) and their maturity profile

	HK\$ million	HK\$ million
Within one year	536	498
In the second year	107	121
In the third to fifth year	13	153
	656	772
Most of the Group's bank borrowings were denominated in US Dellar and the re-	maining wara denominated in H	ong Kong Dollar

Most of the Group's bank borrowings were denominated in US Dollar and the remaining were denominated in Hong Kong Dollar and Renminbi, bearing interest at the prevailing market rates. No material exchange risk is expected on the bank borrowings and no financial instruments have been used for hedging purposes during the year. **Corporate Guarantees**

cember 2006, the Group had the following outstanding corporate guarantees:

	2006 HK\$'000	2005 HK\$'000
Guarantee for general banking facilities granted to an associate Guarantees given to banks for mortgage facilities granted to the buyers of the Group's properties	21,730	21,730
	3,372	33,153
	25,102	54,883

Contingent Liabilities As at 31 December 200

Contingent Liabilities As at 31 December 2006, the Group had contingent liabilities relating to Mainland China land appreciation tax amounted to approximately HK\$26,960,000 (2005: HK\$25,560,000).

Capital Commitments 31 December 2006, the Group had capital commitments contracted but not provided for as follows:

Capital contributions to an associate Machinery	2000 HK\$'000	HK\$'000
	22,620 510	
	23,130	

Charge on Assets As at 31 December 2006, the following assets were pledged: (i) certain leasehold land, land use rights and buildings with a net book amount of approximately HK\$118,734,000 (2005: HK\$121,666,000); (ii) certain motor vehicles and machinery with a net book amount of approximately HK\$10,052,000 (2005: HK\$19,044,000); (iii) certain investment properties of approximately HK\$77,309,000 (2005: HK\$32,766,000); (iv) certain inventories of approximately HK\$37,081,000 (2005: HK\$103,322,000); (v) certain properties held for sale of approximately HK\$24,691,000 (2005: HK\$20,250,000); (vi) certain financial assets at fair value through profit or loss of equity securities listed in Hong Kong with market value of approximately HK\$9,184,000 (2005: HK\$30,825,000); (vi) bank deposits of approximately HK\$839,000 (2005: HK\$1,431,000); and (viii) shares and equity interests in certain subsidiaries.

Staff

2005

2006

Staff As at 31 December 2006, the Group employed 626 staff. Staff remuneration packages are structured and reviewed by reference to market terms and individual merits. The Group also provides other staff benefits which include year end double pay, contributory provident fund and medical insurance. Share options and discretionary bonus may also be granted to eligible staff based on individual and Group performances. Training programmes for staff are provided as and when required.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2006.

AUDIT COMMITTEE The Company has established an Audit Committee which comprises the three Independent Non-Executive Directors of the Company, Mr. CUI Shu Ming, Mr. SONG Yufang and Mr. HUANG Shenglan. The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and auditing, internal controls and financial reporting matters. The audited financial statements of the Group for the year ended 31 December 2006 have been reviewed by the Audit Committee. Audit Committee.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2006, except for the following deviations:

- Code provision A.1.1 stipulates that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals with active participation, either in person or through other electronic means of communication, of a majority of directors entitled to be present. As the Company did not announce its quarterly results, two regular board meetings were held during the year for reviewing and approving the interim and annual financial performance of the Group. Board meetings were held on other occasions when board decisions were required.
- Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Chairman and Managing Director of the Company, Mr. CHAN Shing, currently assumes the role of the chairman and also the chief executive officer. Given the nature of the Group's businesses which require considerable market expertise, the Board believed that the vesting of the two roles provides the Group with stable and consistent leadership and allows for more effective planning and implementation of long term business strategies. The Board will continuously review the effectiveness of the structure to balance the power and authority of the Board and the management.
- Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to reelection, and code provision A.2.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Non-Executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation in accordance with the Bye-laws of the Company (the "Bye-laws"). The Directors have not been required by the rotation in accordance with the Bye-laws of the Company (the 'Bye-laws'). Ine Directors have not been required by the Bye-laws to retire by rotation at least once every three years. However, in accordance with Bye-law 85 of the Bye-laws, at each annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third), other than the Director holding office as Chairman or Managing Director, shall retire from office by rotation. The Board will ensure the retirement of each Director, other than the one who holds the office as Chairman or Managing Director, by rotation at least once every three years in order to comply with Code provisions. The Board considered that the continuity of office of the Chairman provides the Group a strong and consistent leadership and is of great importance to the smooth operations of the Group.

- Code provision B.1.1 stipulates the establishment of a remuneration committee with specific written terms of reference which deal clearly with its authority and duties and a majority of the remuneration committee should be independent non-executive directors. The Remuneration Committee was established on 12 September 2006 and the Code provision B.1.1 has been complied with as from 12 September 2006.
- Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. Mr. CHAN Shing, the Chairman of the Board, was unable to attend the Company's annual general meeting held on 30 May 2006 as he was on business trip. Nevertheless, he had arranged for Mr. SIT Hoi Tung, an Executive Director and the Deputy General Manager of the Company, to take the chair of the meeting and answer shareholders' questions.

The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board consider appropriate

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code during the users and al. December 2006. Model Code during the year ended 31 December 2006.

> On behalf of the Board CHAN Shing Chairman

Hong Kong, 20 April 2007

As at the date of this announcement, the Board of the Company comprises Mr. Chan Shing, Mr. Sit Hoi Tung, Mr. Yang Da Wei, Ms. Lau Ting, Ms. Tung Pui Shan, Virginia, Mr. Kwok Wai Lam and Mr. Yin Mark as executive directors, Mr. Cui Shu Ming, Mr. Song Yufang and Mr. Huang Shenglan as independent non-executive directors and Mr. Sze Tsai Ping, Michael as non-executive director.