

## CONVERSION OF CONVERTIBLE NOTES

References are made to the Company's announcement dated 20th April, 2005 and circular dated 23rd May, 2005 in relation to, among others, the issue of the First 2010 Convertible Notes; the Company's announcement dated 5th July, 2006 in relation to, among others, the issue of the Second 2010 Convertible Notes; as well as the Company's announcement dated 28th April, 2006 and circular dated 22nd May, 2006 in relation to, among others, the issue of the 2011 Convertible Notes.

The Board would like to report that the Company has received seven notices from one holder of the First 2010 Convertible Notes and five holders of the 2011 Convertible Notes, of principal amount of HK\$28,000,000 and in aggregate of HK\$74,000,000 respectively, representing approximately 5.44% and 7.55% of the outstanding principal of HK\$515,050,000 and HK\$980,000,000 for the First 2010 Convertible Notes and the 2011 Convertible Notes respectively to convert the First 2010 Convertible Notes or the 2011 Convertible Notes at the respective conversion prices of HK\$0.44 per Share and HK\$0.70 per Share on 3rd July, 2007, 11th July, 2007, 13th July, 2007 and 19th July, 2007 respectively pursuant to the terms and conditions stipulated in the Conversion.

References are made to the Company's announcement dated 20th April, 2005 and circular dated 23rd May, 2005 in relation to, among others, the issue of HK\$1,000 million zero coupon convertible notes due 2010 (the "**First 2010 Convertible Notes**"); the Company's announcement dated 5th July, 2006 in relation to, among others, the issue of HK\$60 million zero coupon convertible notes due 2010 on 8th June, 2006 (the "**Second 2010 Convertible Notes**"); as well as the Company's announcement dated 28th April, 2006 and circular dated 22nd May, 2006 in relation to, among others, the issue of HK\$1,000 million 1% convertible notes due 2011 (the "**2011 Convertible Notes**"). This announcement is made by the Company pursuant to the requirements set out under the paragraph headed "Dilution Effect on Shareholders" of the said announcements and circulars. Unless otherwise specified, terms used herein shall have the same meanings as defined in the said circulars.

\* *For identification purpose only*

The Board would like to report that the Company has received seven notices from one holder of the First 2010 Convertible Notes and five holders of the 2011 Convertible Notes, of principal amount of HK\$28,000,000 and in aggregate of HK\$74,000,000 respectively, representing approximately 5.44% and 7.55% of the outstanding principal of HK\$515,050,000 and HK\$980,000,000 for the First 2010 Convertible Notes and the 2011 Convertible Notes respectively to convert the First 2010 Convertible Notes or the 2011 Convertible Notes at the respective conversion prices of HK\$0.44 per Share and HK\$0.70 per Share on 3rd July, 2007, 11th July, 2007, 13th July, 2007 and 19th July, 2007 respectively pursuant to the terms and conditions stipulated in the aforesaid conversion notes (the “**Conversion**”). Accordingly, the aggregate outstanding principal amounts for the First 2010 Convertible Notes and the 2011 Convertible Notes will be reduced to HK\$487,050,000 and HK\$906,000,000 respectively after the Conversion. As a result of the Conversion, a total of 169,350,646 ordinary Shares of HK\$0.01 each, representing approximately 5.86% of the issued share capital of the Company as at 30th June, 2007 and approximately 5.54% of the issued share capital of the Company as enlarged by the issue of Shares upon the Conversion, will be allotted and duly issued. Details of the Conversion and the changes in the issued share capital of the Company from 30th June, 2007 to 19th July, 2007 are set out below:

	<b>Number of Shares</b>
Number of issued Shares as at 30th June, 2007	2,889,803,745
Notices of Conversion received on 3rd July, 2007 and 13th July, 2007 for the First 2010 Convertible Notes of HK\$12,000,000 and HK\$16,000,000 respectively at the conversion price of HK\$0.44 per Share	63,636,363
Notices of Conversion received on 11th July, 2007, 13th July, 2007 and 19th July, 2007 for the 2011 Convertible Notes of HK\$16,000,000, HK\$25,000,000 and HK\$33,000,000 respectively at the conversion price of HK\$0.70 per Share	105,714,283
Number of issued Shares immediately after the issue of the Conversion Shares	3,059,154,391

This announcement is only released through the website of the Stock Exchange and no publication in the newspaper is made.

By order of the Board  
**Yan Ha Hung, Loucia**  
*Company Secretary*

Hong Kong, 19th July, 2007

As at the date of this announcement, the Directors are as follows:

*Executive Directors:*

Mr. Cheung Hon Kit (*Chairman*)

Mr. Chan Fut Yan (*Managing Director*)

Mr. Wong Kam Cheong, Stanley (*Deputy Managing Director*)

Mr. Cheung Chi Kit

Mr. Lai Tsan Tung, David

Mr. Ma Chi Kong, Karl

*Non-executive Directors:*

Mr. Ho Hau Chong, Norman (*Deputy Chairman*)

Mr. Lo Lin Shing, Simon

*Independent non-executive Directors:*

Mr. Wong Chi Keung, Alvin

Mr. Kwok Ka Lap, Alva

Mr. Chui Sai Cheong