

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 one holder of the First 2010 Convertible Notes and two holders of the Second 2010 Convertible Notes, holding principal amount of HK\$50,000,000 and in aggregate of HK\$33,300,000, representing approximately 8.59% and 55.50% of the outstanding principal of HK\$582,050,000 and HK\$60,000,000 for the First 2010 Convertible Notes and the Second 2010 Convertible Notes respectively, gave three notices to the Company to convert their First 2010 Convertible Notes or Second 2010 Convertible Notes both at the conversion price of HK\$0.44 per Share on 17th May, 2007, 22nd May, 2007 and 23rd May, 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 one holder of the First 2010 Convertible Notes and two holders of the Second 2010 Convertible Notes, holding principal amount of HK\$50,000,000 and in aggregate of HK\$33,300,000, representing approximately 8.59% and 55.50% of the outstanding principal of HK\$582,050,000 and HK\$60,000,000 for the First 2010 Convertible Notes and the Second 2010 Convertible Notes respectively, gave three notices to the Company to convert their First 2010 Convertible Notes or Second 2010 Convertible Notes both at the conversion price of HK\$0.44 per Share on 17th May, 2007, 22nd May, 2007 and 23rd May, 2007 respectively pursuant to the terms and conditions stipulated in the aforesaid convertible notes (the “**Conversion**”). Accordingly, the aggregate outstanding principal for the First 2010 Convertible Notes and the Second 2010 Convertible Notes will be reduced to HK\$532,050,000 and HK\$26,700,000 respectively after the Conversion. As a result of the Conversion, a total of 189,318,181 ordinary Shares of HK\$0.01 each, representing approximately 8.19% of the issued share capital of the Company as at 30th April, 2007 and approximately 7.57% 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 April, 2007 to 23rd May, 2007 are set out below:

	Number of Shares
Number of issued Shares as at 30th April, 2007	2,312,314,541
Notice of Conversion received on 17th May, 2007 for the Second 2010 Convertible Notes of HK\$21,796,130 at the conversion price of HK\$0.44 per Share	49,536,659
Notice of Conversion received on 22nd May, 2007 for the Second 2010 Convertible Notes of HK\$11,503,870 at the conversion price of HK\$0.44 per Share	26,145,159
Notice of Conversion received on 23rd May, 2007 from Kopola Investment Company Limited (“ Kopola ”) for the First 2010 Convertible Notes of HK\$50,000,000 at the conversion price of HK\$0.44 per Share (<i>Note</i>)	113,636,363
Number of issued Shares immediately after the issue of the Conversion Shares	2,501,632,722

Note:

As far as was known to the Directors, each of Mr. Ho Hau Chong, Norman, the Deputy Chairman of the Company and a non-executive Director, and his brother, Mr. Ho Hau Hay, Hamilton, owns 50% interest in Kopola which beneficially owns 55,080,000 Shares and HK\$50 million First 2010 Convertible Notes before the Conversion. Upon the conversion of HK\$50,000,000 First 2010 Convertible Notes at the conversion price of HK\$0.44 per Share for 113,636,363 Shares, Kopola would be interested in 168,716,363 Shares or approximately 6.74% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. After the Conversion, Kopola ceased to hold any convertible notes of the Company.

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, 23rd May, 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

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