

The Directors have pleasure in presenting their Annual Report and Statement of Accounts for the year ended 30 June 2004.

## CHANGE OF COMPANY NAME

On 28 November 2003, the English name of the Company was changed from "New World Infrastructure Limited" to "New World TMT Limited" and the Chinese name of the Company, for identification purposes only, was changed from "新世界基建有限公司" to "新世界信息科技有限公司".

## GROUP ACTIVITIES

The principal activities of the Group are the development, investment, operation and/or management of telecommunications, media and technology businesses. The principal activities of the principal subsidiaries, associated companies and jointly controlled entities are shown in Notes 37, 38 and 39 to the Accounts on pages 89 to 93.

## ACCOUNTS

The consolidated results of the Group for the year ended 30 June 2004 and the state of the Company's and the Group's affairs at that date are set out in the Accounts on pages 35 to 93.

## DIVIDENDS

The Directors have resolved that no dividend be declared for the year ended 30 June 2004.

## RESERVES

The details of movements in reserves are set out in Note 28 to the Accounts.

Under the Cayman Islands Company Law, the contributed surplus and share premium are both distributable and therefore, total distributable reserves of the Company amount to HK\$628,742,000 as at 30 June 2004.

## FIXED ASSETS

Movements of fixed assets during the year are summarized in Note 14 to the Accounts.

## DONATIONS

During the year, the Group made charitable donations amounting to HK\$2,000.

## PRE-EMPTIVE RIGHTS

No pre-emptive rights exist in the Cayman Islands in respect of the Company's share capital.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed shares during the year. Neither the Company nor any of its subsidiaries has repurchased or sold any of the Company's listed securities during the year ended 30 June 2004.

## PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed minimum public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

## DIRECTORS

The Directors who held office during the year and at the date of this report are:

### Executive Directors:

Dr Cheng Kar-Shun, Henry  
 Mr Wong Chi-Chiu, Albert  
 Mr Chan Wing-Tak, Douglas (resigned on 13 July 2004)  
 Dr Wai Fung-Man, Norman

### Non-executive Directors:

Mr Fu Sze-Shing  
 Mr Wilfried Ernst Kaffenberger  
 Mr Lee Sean, Sammy  
 Mr Yeung Kun-Wah, David (alternate Director to Mr Wilfried Ernst Kaffenberger)

### Independent Non-executive Directors:

Mr Lai Hing-Chiu, Dominic (re-designated as Non-executive Director on 28 September 2004)  
 Dr Lam Man-Kit, Dominic  
 The Honourable Shek Lai-Him, Abraham (appointed on 28 September 2004)  
 Mr Kong Chi-How, Johnson (appointed on 28 September 2004)

Messrs Shek Lai-Him, Abraham, Kong Chi-How, Johnson, Cheng Kar-Shun, Henry and Wilfried Ernst Kaffenberger retire in accordance with Articles 99 and 116 of the Company's Articles of Association and, being eligible, offer themselves for re-election.

No Director has a service contract which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

## CONFIRMATION OF INDEPENDENCE BY INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received confirmation of independence from Messrs Lam Man-Kit, Dominic, Shek Lai-Him, Abraham and Kong Chi-How, Johnson pursuant to the new independence guidelines under the Listing Rules and that the Company considers such Directors to be independent.

## DIRECTORS' INTEREST IN CONTRACTS

No contracts of significance in relation to the Company's business to which the Company, its subsidiaries, its holding company or fellow subsidiaries is a party, and in which any Director had a material interest, subsisted at the end of the year or at any time during the year.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, the following Directors are considered to have interests in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules as set out below:

<b>Name of Director</b>	<b>Name of entity which businesses are considered to compete or likely to compete with the businesses of the Group</b>	<b>Description of businesses of the entity which are considered to compete or likely to compete with the businesses of the Group</b>	<b>Nature of interest of the Director in the entity</b>
Dr Cheng Kar-Shun, Henry	New World Telephone Holdings Limited group of companies	Telecom services	Director
Mr Wong Chi-Chiu, Albert	New World Telephone Holdings Limited group of companies	Telecom services	Director

As the Board of Directors of the Company is independent from the boards of the aforesaid companies and none of the above Directors can control the Board of the Company, the Group is capable of carrying its businesses independently of, and at arm's length from the businesses of such companies.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Directors' Interests in Securities" below, at no time during the year was the Company or its holding company or any of its subsidiaries and fellow subsidiaries a party to any arrangements to enable the Directors or chief executive or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2004, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

### (A) The Company

#### *Long positions in shares*

Name of Director	Number of shares held			Approximate percentage of issued share capital of the Company as at 30.6.2004
	Personal interests	Family interests	Total	
Dr Cheng Kar-Shun, Henry	–	1,000,000	1,000,000	0.11
Mr Chan Wing-Tak, Douglas	1,300,000	400,000	1,700,000	0.18

#### *Long positions in underlying shares – share options*

Name of Director	Grant date	Options held at 1.7.2003	Options lapsed during the year	Options held at 30.6.2004	Exercise price per share HK\$	Note
Dr Cheng Kar-Shun, Henry	2 December 1998	600,000	(600,000)	–	10.20	(1)
	2 December 1998	2,400,000	(2,400,000)	–	12.00	(2)
Mr Chan Wing-Tak, Douglas	26 November 1998	320,000	(320,000)	–	10.20	(1)
	26 November 1998	1,280,000	(1,280,000)	–	12.00	(2)
Mr Fu Sze-Shing	23 September 1999	240,000	–	240,000	10.20	(3)
	23 September 1999	960,000	–	960,000	12.00	(4)
Total		5,800,000	(4,600,000)	1,200,000		

## DIRECTORS' INTERESTS IN SECURITIES (Continued)

### (A) The Company (Continued)

#### *Long positions in underlying shares – share options (Continued)*

Notes:

- (1) Exercisable from 1 July 1999 to 1 June 2004.
- (2) Divided into 3 tranches exercisable from 1 July 2000 to 1 June 2004, from 1 July 2001 to 1 June 2004 and from 1 July 2002 to 1 June 2004 respectively.
- (3) Exercisable from 1 July 2000 to 1 June 2005.
- (4) Divided into 3 tranches exercisable from 1 July 2001 to 1 June 2005, from 1 July 2002 to 1 June 2005 and from 1 July 2003 to 1 June 2005 respectively.
- (5) The above share options were granted under the share option scheme adopted by the Company on 3 October 1997 and the cash consideration paid by each Director for each grant of the share options is HK\$10.
- (6) No share option of the Company was exercised by the above Directors during the year ended 30 June 2004.

## DIRECTORS' INTERESTS IN SECURITIES (Continued)

### (B) Associated Corporations

#### NWS Holdings Limited ("NWSH")

*Long positions in shares of NWSH*

Name of Director	Number of shares held			Approximate percentage of issued share capital of NWSH as at 30.6.2004
	Personal interests	Family interests	Total	
Dr Cheng Kar-Shun, Henry	1,000,000	587,000	1,587,000	0.09
Mr Chan Wing-Tak, Douglas	410,900	–	410,900	0.02

*Long positions in underlying shares of NWSH – share options*

Name of Director	Grant date	Number of share options				Balance as at 30.6.2004	Exercisable period (Notes)	Exercise price per share HK\$
		Balance as at 1.7.2003	Granted during the year	Exercised during the year	Balance as at 30.6.2004			
Dr Cheng Kar-Shun, Henry	21 July 2003	–	3,000,000	1,000,000	2,000,000	(2), (4)	3.725	
Mr Chan Wing-Tak, Douglas	11 May 1999	1,000,000	–	–	1,000,000	(1)	6.93	
Mr Wilfried Ernst Kaffenberger	21 July 2003	–	600,000	–	600,000	(2), (3)	3.725	
Mr Lai Hing-Chiu, Dominic	21 July 2003	–	600,000	200,000	400,000	(2), (4)	3.725	

Notes:

- (1) These share options were granted under the share option scheme adopted by NWSH on 11 April 1997 and were divided into 4 tranches exercisable from 5 November 1999, 5 May 2001, 5 May 2002, 5 May 2003 respectively to 4 November 2004.
- (2) These share options were granted under the share option scheme adopted by NWSH on 6 December 2001. The cash consideration paid by each Director for such options is HK\$10.
- (3) Divided into 3 tranches exercisable from 21 January 2004, 21 July 2004, 21 July 2005 respectively to 20 July 2008.
- (4) Divided into 2 tranches exercisable from 21 July 2004 and 21 July 2005 respectively to 20 July 2008.

## DIRECTORS' INTERESTS IN SECURITIES (Continued)

### (B) Associated Corporations (Continued)

#### New World China Land Limited ("NWCL")

*Long positions in underlying shares of NWCL – share options*

Name of Director	Grant date	Exercisable period (Note 1)	Number of share options outstanding at 30.6.2004 with exercise price per share of HK\$1.955
Dr Cheng Kar-Shun, Henry	7 February 2001	8 March 2001 to 7 March 2006	5,000,000
Mr Chan Wing-Tak, Douglas	12 February 2001	13 March 2001 to 12 March 2006	500,000

Notes:

- (1) The share options are exercisable during a period of five years commencing from the expiry of one month after the dates of each grant when the offers of the share options were accepted, provided that the maximum number of share options that can be exercised during a year is 20% of the total number of the share options granted together with any unexercised share options carried forward from the previous year(s).
- (2) The above share options were granted under the share option scheme adopted by NWCL on 18 December 2000 and the cash consideration paid by each Director for each grant of the share options is HK\$10.
- (3) No share option of NWCL was exercised by the above Directors during the year ended 30 June 2004.

Save as disclosed above, as at 30 June 2004, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in the SFO) that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2004, the interests or short positions of substantial shareholders (as defined in the Listing Rules) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

### *Long positions in shares*

Name	Number of shares held			Approximate percentage of issued share capital of the Company as at 30.6.2004
	Beneficial interests	Corporate interests	Total	
Chow Tai Fook Enterprises Limited (Note 1)	–	519,919,085	519,919,085	54.60
New World Development Company Limited ("NWD") (Note 2)	–	519,919,085	519,919,085	54.60
Sea Walker Limited ("SWL") (Note 3)	–	516,561,485	516,561,485	54.25
Mombasa Limited	516,561,485	–	516,561,485	54.25
AIG Asian Infrastructure Management II Ltd. as general partner of AIG Asian Infrastructure Management II LP as general partner of AIG Asian Infrastructure Fund II LP	–	96,848,750	96,848,750	10.17

Notes:

- (1) Chow Tai Fook Enterprises Limited and its subsidiaries have interests in more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the shares deemed to be interested by NWD.
- (2) This interest represents 516,561,485 shares deemed to be held by SWL and 3,357,600 shares directly held by Financial Concepts Investment Limited ("FCIL"). SWL is a wholly owned subsidiary of NWD and FCIL is a non-wholly owned subsidiary of NWD. NWD is deemed to have interest in the shares held by SWL and FCIL.
- (3) Mombasa Limited is a wholly owned subsidiary of SWL and its interests in the Company is deemed to be held by SWL.

Save as disclosed above, no other person was recorded in the register kept pursuant to Section 336 of the SFO as having an interest in 10% or more of the issued share capital of the Company as at 30 June 2004.



## OTHER PERSONS' INTERESTS IN SECURITIES

As at 30 June 2004, the interests or short positions of persons (other than Directors or chief executive or substantial shareholders (as defined in the Listing Rules)) in the shares and underlying shares of the Company as recorded in the register as required to be kept under Section 336 of the SFO were as follows:

### *Long positions in shares*

Name	Number of shares held			Approximate percentage of issued share capital of the Company as at 30.6.2004
	Beneficial interests	Corporate interests	Total	
Steven Shmuel Gross (Note 1)	–	53,691,200	53,691,200	5.64
World Link Development Limited ("World Link")	41,361,000	12,330,200	53,691,200 (Note 2)	5.64

Notes:

- (1) Steven Shmuel Gross owns 100% interest in World Link and he is accordingly deemed to have an interest in the shares held by World Link.
- (2) This interest represents 41,361,000 shares held by World Link and 12,330,200 shares held by Long Victory Group Limited which is a wholly owned subsidiary of World Link. World Link is deemed to be interested in the shares held by Long Victory Group Limited.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 30 June 2004.

## SHARE OPTION SCHEMES

Pursuant to the share option schemes adopted on 3 October 1997 (the "1997 Share Option Scheme") and 6 December 2001 (the "2001 Share Option Scheme"), the Company may grant options to Directors and employees of the Company or any of its subsidiaries to subscribe for shares in the Company. No option had been granted under the 2001 Share Option Scheme since its adoption.

Summary of share option schemes of the Company disclosed in accordance with the Listing Rules is as follows:

	<b>1997 Share Option Scheme</b>	<b>2001 Share Option Scheme</b>
Purpose of schemes	As incentive to employees (including any Director) of the Company or any of its subsidiaries.	To provide an opportunity for employees (including any Director) of the Company or any of its subsidiaries to participate in the equity of the Company as well as to motivate them to optimize their performance.
Participants of the schemes	Full time employees (including any Director) of the Company or its subsidiaries.	Full time employees (including any Director) of the Company or its subsidiaries.
Total number of shares available for issue under the schemes and percentage of issued share capital as at the date of this annual report	1,200,000 shares (approximately 0.13% of the issued share capital as at the date of this annual report), being the outstanding options unexercised.  No further options will be granted under the 1997 Share Option Scheme upon adoption of the 2001 Share Option Scheme.	The total number of shares which may be issued upon exercise of all options to be granted under the 2001 Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the shares in issue as at the date of adoption of the 2001 Share Option Scheme, i.e. 85,533,125 shares (the 10% Limit), representing approximately 8.98% of the issued share capital as at the date of this annual report.  The 10% Limit may be refreshed with the approval of shareholders of the Company.

## SHARE OPTION SCHEMES (Continued)

	1997 Share Option Scheme	2001 Share Option Scheme
		<p>The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2001 Share Option Scheme and any other schemes must not exceed 30% of the shares in issue from time to time.</p> <p>No option has been granted under the 2001 Share Option Scheme since its adoption.</p>
Maximum entitlement of each participant under the schemes	25% of the aggregate number of shares for the time being issued and issuable under the scheme.	The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the shares in issue unless the same is approved by shareholders in general meeting.
The period within which the shares must be taken up under an option	At any time during a period to be notified by the Directors, which period not to exceed 5 years commencing on the expiry of 6 months after the date of grant of an option and expiring on the last day of the 5-year period.	At any time during a period to be notified by the Directors, which period not to exceed 7 years commencing on the expiry of 1 month after the date of grant of an option and expiring on the last day of the 7-year period.
The minimum period for which an option must be held before it can be exercised	6 months	1 month

## SHARE OPTION SCHEMES (Continued)

	1997 Share Option Scheme	2001 Share Option Scheme
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid	HK\$10 is to be paid as consideration for the grant of option within 28 days from the date of offer.	HK\$10 is to be paid as consideration for the grant of option within 28 days from the date of offer.
The basis of determining the exercise price	<p>The exercise price shall be determined by the Directors, being the higher of</p> <p>(a) not less than 80% of the average closing price of shares on the Hong Kong Stock Exchange as stated in the Hong Kong Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of offer; and</p> <p>(b) the nominal value of a share.</p>	<p>The exercise price shall be determined by the Directors, being at least the higher of</p> <p>(a) the closing price of shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of offer, which must be a business day; and</p> <p>(b) the average closing price of shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of offer.</p>
The remaining life of the schemes	The 1997 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date i.e. 3 October 1997.	The 2001 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date i.e. 6 December 2001.

## SHARE OPTION SCHEMES (Continued)

### (A) Share Options to Directors

Details of the share options granted to Directors under the 1997 Share Option Scheme were disclosed under the section headed "Directors' Interests in Securities" above.

### (B) Share Options to Employees

The Company had granted options under the 1997 Share Option Scheme to employees of the Group (the "Employees"). The movements in the aggregate number of the share options granted to the Employees during the year and balance outstanding at 30 June 2004 were as follows:

Grant date	Number of share options			Exercise price per share HK\$	Note
	Balance as at 1.7.2003	Lapsed during the year	Balance as at 30.6.2004		
18 November 1998 to 16 December 1998	42,800	(42,800)	–	10.20	(1)
18 November 1998 to 16 December 1998	510,000	(510,000)	–	12.00	(2)
Total	552,800	(552,800)	–		

Notes:

- (1) Exercisable from 1 July 1999 to 1 June 2004.
- (2) Divided into 3 or 5 tranches exercisable from 1 July 1999 to 1 June 2004, from 1 July 2000 to 1 June 2004, from 1 July 2001 to 1 June 2004, from 1 July 2002 to 1 June 2004 and from 1 July 2003 to 1 June 2004 respectively.

## CONNECTED TRANSACTIONS

The Company has entered into the following connected transactions during the year and up to the date of this report:

- (1) On 28 May 2004, the Company and New World Telecommunications Limited (“NWT”) entered into a consultancy agreement (the “Consultancy Agreement”) pursuant to which NWT agreed to provide to the Company consultancy services to a date which is three years from the date of the Consultancy Agreement at a monthly fee of not exceeding HK\$800,000. The aggregate consideration paid by the Company to NWT pursuant to the Consultancy Agreement up to 30 June 2004 amounted to HK\$1,414,164.

By virtue of being a wholly owned subsidiary of NWD, the controlling shareholder of the Company, NWT is a connected person of the Company and the entering into of the Consultancy Agreement constitutes a continuing connected transaction for the Company under the Listing Rules.

- (2) 北京信通傳之媒文化發展有限公司 (Beijing Xintong Media & Cultural Development Co. Ltd.) (“Beijing Xintong”) was 51% owned by New World Infrastructure (China) Investment Limited (“NWIC”, a wholly owned subsidiary of the Company), 30% owned by Mr Tian Tao (“Mr Tian”) and 19% owned by 海南曉越文化發展有限公司 (Hainan Xiao Yue Cultural Development Co. Ltd.) (“Hainan Company”).

On 5 July 2004, NWIC entered into:

- (i) a share transfer agreement (the “Tian’s Agreement”) with Mr Tian regarding the purchase of 0.1% interest in the registered capital of Beijing Xintong from Mr Tian at a consideration of RMB30,000 (approximately HK\$28,000);
- (ii) a share transfer agreement (the “Hainan Agreement”) with Hainan Company regarding the purchase of 19% interest in the registered capital of Beijing Xintong from Hainan Company at a consideration of RMB21 million (approximately HK\$19.63 million); and
- (iii) a capital increase agreement (the “Capital Increase Agreement”) with Mr Tian pursuant to which the registered capital of Beijing Xintong will, conditional upon the completion of the Tian’s Agreement and the Hainan Agreement, be increased by RMB70 million (approximately HK\$65.42 million). Such increment will be contributed as to RMB49.07 million (approximately HK\$45.86 million) by NWIC and as to RMB20.93 million (approximately HK\$19.56 million) by Mr Tian and is in proportion to the then percentage of shareholding in Beijing Xintong held by NWIC and Mr Tian.

Mr Tian, being a substantial shareholder of Beijing Xintong and director of most of the subsidiaries of Beijing Xintong, is a connected person of the Company. Hainan Company, which is owned by Mr Tian’s spouse and son, is an associate of Mr Tian under the Listing Rules. Accordingly, the above transactions constitute connected transactions for the Company.

As at the date of this report, the Tian’s Agreement, the Hainan Agreement and the Capital Increase Agreement were not yet completed.

## CONNECTED TRANSACTIONS (Continued)

The continuing connected transactions pursuant to the Consultancy Agreement as stated in paragraph (1) above have been reviewed by Mr Lai Hing-Chiu, Dominic and Dr Lam Man-Kit, Dominic who have confirmed that the transactions have been entered into:

- (a) in the ordinary and usual course of business of the Company;
- (b) conducted on normal commercial terms; and
- (c) in accordance with the Consultancy Agreement on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company has received from the auditors a letter reporting that the continuing connected transactions stated in paragraph (1) above:

- (a) have received the approval of the Company's board of directors;
- (b) have been entered into in accordance with the Consultancy Agreement; and
- (c) have not exceeded the cap of HK\$9.6 million.

Save as disclosed above, a summary of significant related party transactions that did not constitute connected transactions made during the year was disclosed in Note 33 to the Accounts on pages 87 and 88.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

## MAJOR CUSTOMERS AND SUPPLIERS

The aggregate turnover attributable to the Group's five largest customers accounted for approximately 50% and the largest customer accounted for approximately 18% of the Group's total turnover for the year ended 30 June 2004.

The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 53% and the largest supplier accounted for approximately 13% of the Group's total purchases for the year ended 30 June 2004.

For the year ended 30 June 2003, less than 30% of the Group's turnover and less than 30% of the Group's purchases were attributable to the Group's five largest customers and five largest suppliers respectively.

## MAJOR CUSTOMERS AND SUPPLIERS (Continued)

According to the understanding of the Directors, none of the Directors, their associates or any shareholders who owned more than 5% of the Company's share capital had any interest in the five largest customers or suppliers.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules and all Directors have complied with the required standard of dealings set out therein.

## CODE OF BEST PRACTICE

The Company has complied throughout the financial year ended 30 June 2004 with the Code of Best Practice as set out in Appendix 14 to the Listing Rules except that the Non-executive Directors and the Independent Non-executive Directors are not appointed for a specific term as they are subject to retirement by rotation at Annual General Meeting in accordance with Article 116 of the Company's Articles of Association.

## AUDIT COMMITTEE

Following the reconstitution of the audit committee on 28 September 2004, its members currently consist of Messrs Kong Chi-How, Johnson, Shek Lai-Him, Abraham, Lam Man-Kit, Dominic and Lai Hing-Chiu, Dominic. Mr Kong is the chairman of the committee. A principal duty of the audit committee is to review and supervise the Company's financial reporting process and internal controls.

## AUDITORS

The Accounts have been audited by PricewaterhouseCoopers, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

**Dr Cheng Kar-Shun, Henry**

*Chairman*

Hong Kong, 15 October 2004