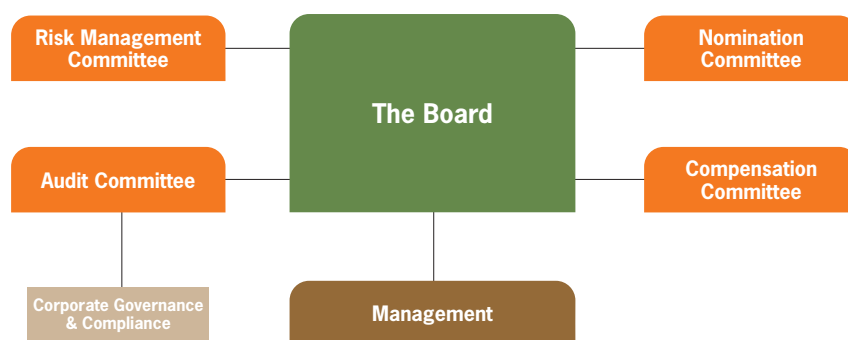


Corporate Governance

The Board of Directors is committed to principles of corporate governance consistent with prudent enhancement and management of **shareholder value**. These principles emphasize transparency, accountability and independence. Set out below are those principles of corporate governance as adopted by the Company.



The Board

The Board is composed of the Group Non-Executive Chairman, the Group Executive Managing Director, four executive directors and six non-executive directors (of whom four are independent), whose biographical details and relevant relationships among them are set out in the Directors and Senior Management section on pages 30 to 36.

In order to reinforce their respective independence, accountability and responsibility, **the role of the Group Chairman is separate from that of the Group Managing Director**. Their respective responsibilities are clearly established and set out in writing. The Group Chairman is responsible for **ensuring that the Board is functioning properly**, with good corporate governance practices and procedures, whilst the Group Managing Director, supported by the executive directors, is responsible for **managing the Group's business**, including the implementation of major strategies and initiatives adopted by the Board.

The non-executive Directors (the majority of whom are independent), who offer diversified industry expertise, serve the important function of advising the management on strategy development and ensuring that the Board maintains high standards of financial and other mandatory reporting as well as providing adequate checks and balances for safeguarding the interests of shareholders and the Company as a whole. **The Board has received from each independent non-executive director a written annual confirmation of their independence** and satisfied their independence up to the approval date of this report in accordance with the Listing Rules of The Stock Exchange of Hong Kong Limited.

The Board meets regularly throughout the year to discuss the overall strategy as well as the operation and financial performance of the Group. The Board has reserved for its decision or consideration matters covering overall group strategy, major acquisitions and disposals, annual budgets, annual and interim results, recommendations on directors' appointment or reappointment, approval of major capital transactions and other significant operational and financial matters. Board meetings are scheduled one year in advance to facilitate maximum attendance of directors. The meeting agenda is set by the Non-Executive Group Chairman in consultation with members of the Board. All directors are kept informed on a timely basis of major changes that may affect the Group's businesses, including relevant rules and regulations. Forming part of the **continuous professional development programme for directors**, a guest speaker from a multinational investment bank was invited to speak at a Board meeting held in 2004 on the macroeconomic environment and global risks that may have implications for the Group. Written procedures are also in place for directors to seek independent professional advice in performing their directors' duties at the Company's expense. No request was made by any director for such independent professional advice in 2004.

The Board has established four committees with specific responsibilities as described below. Major matters that are specifically delegated by the Board to management include the preparation of annual and interim accounts for board approval before public reporting, execution of business strategies and initiatives adopted by the Board, monitoring of operating budgets, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

Our **Group Chief Compliance Officer and Chief Operating Officer/Chief Financial Officer also attend all Board meetings** to advise on corporate governance, risk management, statutory compliance, mergers and acquisitions, and accounting and financial matters. The Board held three regular meetings in 2004 and the average attendance rate was 100%.

Under the Company's bye-laws, one-third of the directors, who have served longest on the board, must retire, thus becoming eligible for re-election at each Annual General Meeting. As such, no director has a term of appointment longer than three years. To further enhance accountability, any further reappointment of an independent non-executive director who has served the Company's Board for more than nine years will be subject to separate resolution to be approved by shareholders.

The Company has arranged for appropriate liability insurance since 2002 to indemnify its directors for their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

The attendance rates of individual members at Board and Committee meetings in 2004 are detailed in the following table:

Attendance of Board and Committee members For Year 2004					
Directors / Senior Management	No. of meetings attended / held				
	Board	Nomination Committee ^N	Audit Committee ^A	Risk Management Committee ^{RM}	Compensation Committee ^C
Non-executive Directors					
Dr Victor FUNG Kwok King ^{N, A, RM, C} (Group Chairman) – Chairman of Nomination Committee and Risk Management Committee	3/3	2/2	4/4	2/2	3/3
Mr LAU Butt Farn	3/3	–	–	–	–
Mr Leslie BOYD ^A	3/3	–	3/4	–	–
Independent Non-executive Directors					
Mr Paul Edward SELWAY-SWIFT ^{N, A} – Chairman of Audit Committee	3/3	2/2	4/4	–	–
Mr Allan WONG Chi Yun ^{A, C} – Chairman of Compensation Committee	3/3	–	4/4	–	3/3
Professor Franklin Warren McFARLAN ^{A, C}	3/3	–	4/4	–	3/3
Mr Makoto YASUDA ^{N, A}	3/3	2/2	3/4	–	–
Executive Directors					
Dr William FUNG Kwok Lun ^{RM} (Group Managing Director)	3/3	–	–	2/2	–
Mr Bruce Philip ROCKOWITZ ^{RM} (President of Li & Fung (Trading) Ltd.) – Appointed to Risk Management Committee on 14 December 2004	3/3	–	–	N/A	–
Mr Henry CHAN	3/3	–	–	–	–
Mr Danny LAU Sai Wing	3/3	–	–	–	–
Ms Annabella LEUNG Wai Ping	3/3	–	–	–	–
Senior Management					
Mr James SIU Kai Lau ^{RM} (Group Chief Compliance Officer)	–	–	–	2/2	–
Mr Frank LEONG Kwok Yee ^{RM} (Chief Financial Officer) – Retired from Risk Management Committee on 1 September 2004	–	–	–	–	–
Mr Robert Ernest ADAMS ^{RM} (Chief Operating Officer and Chief Financial Officer) – Appointed to Risk Management Committee on 14 December 2004	–	–	–	N/A	–
Average attendance rate	100%	100%	92%	100%	100%
Dates of meeting	24/3/2004 12/8/2004 14/12/2004	24/3/2004 12/8/2004	25/2/2004 24/3/2004 12/8/2004 13/12/2004	27/9/2004 21/10/2004	24/3/2004 12/8/2004 13/12/2004

Management's commitment to excellence and **high standards in corporate governance practices has earned the following market recognition from different stakeholders** including bankers, analysts and institutional investors:



Corporate Governance Awards under the current Three-Year Plan (2002-2004)

- **Gold Award in the Hang Seng Index Category of the Best Corporate Governance Disclosure Awards 2004 and 2003** organised by the Hong Kong Institute of Certified Public Accountants (HKICPA);
- Corporate Governance Awards 2004 - Number 1 Company in Hong Kong/China by *Euromoney* magazine;
- "Best Managed Company 2004" and "Best Corporate Governance 2004" by *FinanceAsia* magazine;
- "Best in Corporate Governance, Hong Kong and Pan-Asia" The Asset Benchmark 2003 Survey;
- **Gold Award in the Hang Seng Index Category and first-time Significant Improvement Award of the Best Corporate Governance Disclosure Awards 2002** organised by HKICPA;
- One of the best Hong Kong companies in the category of "Asia's Best Company 2002" by *Euromoney* magazine;
- One of the "Best Managed Company 2002" and a "Company most committed to Corporate Governance" by *FinanceAsia* magazine

Best Board Practices

- **"Directors of the Year Awards 2001"** by the Hong Kong Institute of Directors



Board Committees

The Board has established the following committees (all chaired by non-executive directors) with defined terms of reference (available to shareholders upon request), which are of no less exacting terms than those set out in the Code on Corporate Governance Practices of the Listing Rules: the Nomination Committee, the Audit Committee, the Risk Management Committee and the Compensation Committee. Minutes of all committees meetings are circulated to all Board members. To further reinforce independence, the Nomination, Audit and Compensation Committees have been structured to include a majority of independent non-executive directors since 2003.

Nomination Committee

The Nomination Committee was established in August 2001 and is chaired by the non-executive Group Chairman to make recommendations to the Board on the **appointment of directors, evaluation of board composition** and the **management of board succession** with reference to certain guidelines as endorsed by the Committee. These guidelines include appropriate professional knowledge and industry experience, personal ethics, integrity and personal skills, and time commitments of members. The Nomination Committee carries out the process of selecting and recommending candidates for directorship including the consideration of referrals and engagement of external recruitment professionals when necessary. There was no nomination of directors to fill board vacancies in 2004. The Nomination Committee met twice in 2004 (with **an average attendance rate of 100%**) to review and recommend the reappointment of retiring directors for shareholders' approval at the Annual General Meeting.

Audit Committee

The Audit Committee was established in 1998 to review the Group's **financial reporting, internal controls and corporate governance issues** and make relevant recommendations to the Board. The majority of the Committee members are independent non-executive directors. To further reinforce independence, the Audit Committee has been chaired by an independent non-executive director since 2003. All Committee members possess appropriate professional qualifications, accounting or related financial management expertise as required under the Listing Rules.

The Audit Committee met four times in 2004 (with **an average attendance rate of 92%**) to review with senior management and the Company's internal and external auditors the internal and external audit findings, the accounting principles and practices adopted by the Group, and listing rules and statutory compliance, and to discuss auditing, internal controls, risk management and financial reporting matters (including the interim and annual accounts for 2004 before recommending them to the Board for approval).

The Group recently established a "whistleblowing" policy under which employees can report any concerns, including misconduct, impropriety or fraud in financial reporting matters and accounting practices, to either senior management or the Audit Committee through our Group Chief Compliance Officer in confidence and without fear of recrimination. Any shareholders or stakeholders can also report similar concerns by writing in confidence to our Group Chief Compliance Officer at the Company's business address in Hong Kong.

External Auditors' independence

In order to further enhance **independent reporting** by external auditors, part of the aforementioned meetings was attended only by independent non-executive directors and external auditors. In addition, the external audit engagement partner is subject to periodical rotation, and the nature and ratio of annual fees to external auditors for non-audit services and for audit services are subject to scrutiny by the Audit Committee (refer to details of fees to auditors on page 73 of the accounts). In 2004, a policy of non-audit services from external auditors was established. Such policy includes prohibition of specified non-audit services. Other non-audit services, with a fee above a threshold endorsed by the Audit Committee, that are considered not to affect the independence of our external auditors require prior approval of Audit Committee. In addition, a policy restricting the employment of employees or former employees of external auditors at senior executive and financial positions with the Group has also been in place. Prior to the commencement of the audit of 2004 accounts of the Company, the **Committee received written confirmation from the external auditors on their independence and objectivity** as required under the Professional Ethics Statement 1.203A "Independence for Assurance Engagements" issued by the Hong Kong Institute of Certified Public Accountants.

The Committee is satisfied with the findings of their review of the audit fees, process and effectiveness, independence and objectivity of PricewaterhouseCoopers and has recommended to the Board their reappointment in 2005 as the Company's external auditors at the forthcoming Annual General Meeting.

Risk Management Committee

The Risk Management Committee was established in August 2001 to review the Group's **risk management** and **internal control** systems and make relevant recommendations to the Board. The Risk Management Committee met twice in 2004 (with **an average attendance rate of 100%**) to review risk management procedures pertinent to the Group's significant investments and proposed new acquisitions. It reports to the Board in conjunction with the Audit Committee.

Compensation Committee

The Compensation Committee was formed in 1993 and is being chaired by an independent non-executive director. The Committee's responsibility is approving the **remuneration policy for all directors and senior executives**, including the annual allocation of **Share Options** to employees under the Company's Employee Share Option Scheme. It annually reviews the existing remuneration policy. The Compensation Committee met three times in 2004 (with **an average attendance rate of 100%**) to review and approve the directors' and senior executives' remuneration for 2004 including the granting of share options and to discuss the implications of expensing share options in the Company's profit and loss account from 2005 onwards.

Remuneration Policy for Executive Directors

The primary goal of the remuneration policy on executive remuneration packages is to enable Li & Fung to retain and motivate executive directors by linking their compensation with performance as measured against corporate objectives. Under the policy, **a director is not allowed to approve his own remuneration.**

The principal elements of Li & Fung's executive remuneration package include basic salary, discretionary bonus without capping and share option. In determining guidelines for each compensation element, Li & Fung refers to remuneration surveys conducted by independent external consultants on companies operating in similar businesses.

Basic Salary

The Group Managing Director **annually reviews and approves the basic salary** of each executive director in accordance with the Group's remuneration policy. Under the service contracts between the Group and the Group Managing Director as disclosed under Directors' Service Contracts section on page 46, the Group Managing Director is entitled to an aggregate fixed basic salary which is subject to annual review by the Committee without his attendance.

Discretionary Bonus

Li & Fung implements a **performance-based discretionary bonus scheme** for each executive director (excluding the Group Managing Director). Under this scheme, the computation of discretionary bonus (without capping) is based on measurable performance contributions of business units headed by the respective executive directors. The Group Managing Director is entitled to a profit share of the Company's consolidated results after adjustment of interest, tax and minority interests under the above service contracts between the Group and the Group Managing Director.

Share Option

The Committee approves all grants of share options under the Company's approved share option scheme to executive directors, with regard to their individual performances and achievement of business targets in accordance with the Company's objectives of **maximizing long-term shareholder value**.

Remuneration Policy for Non-Executive Directors

The remuneration, comprising directors' fees, of non-executive directors is subject to annual assessment and recommendation by the Committee for shareholders' approval at the Annual General Meeting. Reimbursement is allowed for out-of-pocket expenses incurred in connection with the performance of their duties including attendance at Company meetings.

Code of Conduct and Business Ethics

The Group's **reputation capital** is built on its long-established standards of ethics in conducting business. Guidelines of the Group's core business ethical practices as endorsed by the Board are set out in the **Company's Code of Conduct and Business Ethics for all directors and staff**. For ease of reference and as a constant reminder, a copy of the latest guidelines is posted in the Company's internal electronic Bulletin Board to be accessible by all staff.

Directors' securities transactions

The Group has adopted stringent procedures governing directors' securities transactions in compliance with the Model Code as set out in Appendix 10 of the Listing Rules. Specific confirmation has been obtained from all directors to confirm compliance with the Model Code for 2004. Specified employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with guidelines on no less exacting terms than the Model Code. No incident of non-compliance was noted by the Company in 2004.

Directors' and senior management interests

Details of directors' interests in the shares of the Company are set out in the Report of the Directors section on pages 47 to 49. The shares held by each member of senior management are less than 0.20% of the issued share capital of the Company for the year ended 31 December 2004.

Directors' and auditors' responsibilities for accounts

The Directors' responsibilities for the accounts are set out on page 51, and the responsibilities of the external auditors to the shareholders are set out on page 52.

Internal Control

The Board is responsible for maintaining an adequate system of internal controls in Li & Fung and reviewing its effectiveness through the Audit Committee. The Board has delegated to executive management the implementation of such systems of internal controls as well as the review of relevant financial, operational and compliance controls and risk management procedures.

The Group maintains a tailored governance structure with defined lines of responsibility and appropriate delegation of authority. This is characterized by the establishment of an operation support group, under the supervision of the Group's Chief Operating Officer, to centralize the function and control exercised over global treasury activities, financial and management reporting, and human resources functions and computer systems, and is supplemented by policies and guidelines tailored to the need of respective business units in the countries where the Group operates.

Qualified personnel throughout the Group maintain and monitor these systems of controls on an ongoing basis. The Group's **Corporate Governance Division**, under the supervision of our Group Chief Compliance Officer, independently reviews these controls and evaluates their adequacy, effectiveness and compliance, and **reports directly to the Audit Committee** on a regular basis.

Based on the assessment made by senior management, the internal auditors and the external auditors in 2004 and up to the approval date of this report, **the Audit Committee is satisfied that:**

- **the internal controls and accounting systems of the Group are designed to provide reasonable assurance** that material assets are protected, business risks attributable to the Group are identified and monitored, material transactions are executed in accordance with management's authorisation and the accounts are reliable for publication.
- **there is an ongoing process in place for identifying, evaluating and managing the significant risks** faced by the Group.

Code of Best Practice

The Company complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited throughout the year ended 31 December 2004.

The Code of Best Practice was replaced by the Code on Corporate Governance Practices and Corporate Governance Report (Appendices 14 and 23 of the Listing Rules) on 1 January 2005. The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with their disclosure requirements under the new Code. **Full compliance of the new Code will be effective in the year ending 31 December 2005.**

Corporate Social Responsibility and Sustainability

Li & Fung has developed a Supplier Code of Conduct to be observed by all its approved vendors around the globe. The Code is a set of rigorous labor, health and environmental standards and expectations based on national labor laws, International Labor Organisation (ILO)'s conventions and treaties, and international best practices. For example, vendors are prohibited from hiring child or involuntary labor. They are also prohibited from practicing corporal punishment or any form of discrimination. The importance of environmental protection, occupational health and safety standards as well as compliance with the law is also clearly stated in the Code. A copy of the Code is available at our corporate website (www.lifung.com).

Aside from conducting supplier inspections and ongoing supplier verification audits, Li & Fung also provides systematic training both internally to its employees and externally to its vendors to equip them with awareness, knowledge and the necessary skills and tools they need to meet compliance requirements.

Li & Fung is a member of Business for Social Responsibility (BSR), an international non-profit organisation based in the US that promotes respect for ethical values, people, community and the environment.

Li & Fung is a founding member of the Global Labor Law Database, organised by BSR and funded by its member companies. This project has translated labor laws and regulations of over 60 countries and posted them online to ensure that the members' compliance teams have ready access to the most current data when auditing production facilities around the world.

In 2004, the Group's Hong Kong and overseas offices in Taiwan and Vietnam obtained the "Chain of Custody" certification in trading of indoor and outdoor home-used wood products certified by The Forest Stewardship Council (FSC), an international non-profit organisation based in Germany whose mission is to promote environmentally and socially responsible forest management worldwide. FSC Chain of Custody certification is independently verified and provides assurance to our committed customers that the forest products bearing the FSC trademark label were produced from certified well-managed forests in all stages of processing, manufacturing and distribution.

Li & Fung is also a participant in the United Nation's Global Compact initiative, which embraces and supports a set of core values in the areas of human rights, labor standards, the environment and anti-corruption. The initiative achieves this through the dissemination of good practices based on certain universal principles derived from international conventions and declarations - the Ten Principles. These cover the respect of and support for the protection of human rights, abstinence from human rights abuses, freedom of association, elimination of all forms of forced and child labor, elimination of discrimination in employment, promotion of environmental responsibility, and the elimination of corruption.

In 2004, Li & Fung was again included, for the fourth consecutive year since 2001, as a component of the Dow Jones Sustainability World Indexes, the world's first global indexes tracking the performance of companies worldwide that lead their industry in terms of corporate sustainability criteria. The inclusion acknowledges **Li & Fung's continuing effort and consistent performance in three main dimensions of corporate sustainability: social, economic and environmental responsibilities.**

Investor Relations and Communications

The Company continues to pursue a proactive policy of promoting investor relations and communications by maintaining regular meetings with institutional shareholders and analysts. Since 2004, webcasts of results presentations given to analysts have also been made available at our corporate website (www.lifung.com). All shareholders have 21 days' notice of the Annual General Meeting at which directors and Committee Chairmen or members are available to answer questions on the business. The results of the voting by poll are declared at the meeting and are published on the Company's website together with details of the meeting, including the time and venue and major resolutions. As a channel to further promote effective communication, the corporate website is maintained to disseminate shareholder information and other relevant financial and non-financial information electronically on a timely basis.

During 2004, except for the amendments to the Company's bye-laws in alignment with the changes in the Listing Rules relating to enhancing corporate governance and the effect of the Securities and Futures Ordinance, the Board confirmed that there were no significant changes made in the Company's bye-laws affecting Li & Fung's reporting practices in this area. Details of the last shareholders' meeting, key calendar events for shareholders' attention and share information including market capitalisation as of 31 December 2004 are set out in Information for Investors section on page 37 and our corporate website.

In 2004, Li & Fung's continuing commitment to enhancing investor relations and communications gained further recognition from the wider business community when **the Company was awarded "Best Investor Relations in Hong Kong"** by *FinanceAsia* magazine. A survey by *Institutional Investor* magazine also ranked the Company in first place in the category of "Best Investor Relations in the Retail Sector".

Shareholders' Rights

Under the Company's bye-laws, in addition to regular Board meetings, directors of a company, on the requisition of shareholders of the Company holding not less than 10% of the paid-up capital of the Company, can convene a special general meeting to address specific issues of the Company upon the passing of a special resolution by at least 21 days' written notice deposited to the registered office of the Company. The same procedure also applies to any proposal to be tabled at shareholders' meetings for adoption. To further enhance minority shareholders' rights, **the Company has since 2003 adopted the policy of voting by poll for all resolutions put forward at Annual General Meeting and Special General Meeting.**

Specific enquiries by shareholders requiring the Board's attention can be sent in writing to our Group Company Secretary at the Company's business address in Hong Kong. Other general enquiries can be directed to the Company through our Group's Investor Relations Manager, whose contact information is detailed on page 37.

Corporate Communications

In 2004, the Company held monthly Policy Committee Meetings for senior executives to formulate company-wide policies and practices, and to report and discuss significant issues affecting the Group.

As part of Li & Fung's entrepreneurial corporate culture and business policy, semi-annual retreats, with active participation of the Group Chairman, the Group Managing Director, executive directors and senior managers of all business streams worldwide as well as guest speakers, are held in Hong Kong to create a sense of staff ownership of the Company's strategic objectives and to foster effective communications across the Group.

Senior executives also travel frequently to different country offices to reinforce staff commitment to Li & Fung's business culture and the Group's established corporate initiatives. **Our Group's Corporate Compliance team conducts regular interactive forums with staff members in Hong Kong and overseas to ensure that good corporate governance and company practices are reinforced and embedded in the Group's operations.**

The Company also publishes a regular newsletter to provide staff with reports on our Group's latest directives and initiatives and staff recreational activities.

Information Technology

Li & Fung adopts the latest mature information technology for enhancing efficiency and effectiveness in its external and internal communications. The IT infrastructure established by the Group includes the **sharing of dedicated Extranet sites with technologically advanced customers and other key partners** of the supply chain network, such as vendors and freight forwarders, to facilitate speedy dissemination of business information and better management of supply chain activities.

Li & Fung's global sourcing network is **interlinked electronically through the Intranet for prompt sharing of information among employees worldwide**. The Company has also established direct electronic linkage with regulatory bodies through the Internet to disseminate corporate information in a timely manner.

The IT Division of Li & Fung (Trading) Limited has been certified in ISO 9001:2000 quality management system standards applicable to the provision of in-house IT products and services since the end of 2001.

Staff and Community

As a global Supply Chain Management service provider, Li & Fung fully recognises that human capital is a key asset to the growth and profitability of the Company. **The Group therefore places due emphasis on staff development and implements a policy of sponsoring staff to attend job-related training and self-improvement programmes**. Management development programmes are also in place for senior employees. Contents of these Group's programmes cover management skills, technical training, compliance and social ethics, business etiquette, language skills, occupational health and safety, and industry-related seminars. In 2004, a total of 3,400 participants took part in programmes organised for the Group's Hong Kong and overseas offices.

Li & Fung launched its annual Management Trainee Programme in 2003 with an aim to accommodate future business growth of the Group and also to nurturing young professional talents for the Company and the trading industry as a whole. The Trainee Programme is tailor-made to cover a wide range of skills-based, knowledge-oriented training and structured on-the-job training. Similar trainee programmes are also planned to be rolled out in other overseas offices in 2005.

Li & Fung adopts an equal opportunity policy in connection with all human resource matters from selection and recruitment, through training and development, appraisal and promotion, compensation and benefits, redundancy and dismissal, and retirement without any form of discrimination on grounds such as race, marital status, sex, age and disability.

Li & Fung strives to be environmentally responsible by adopting good environmental practices in respect of office premises, equipment and consumption of resources, and by supporting practical measures and policies aiming to protect and preserve the environment of the countries where it operates. As an example, Li & Fung has been committed to assuring a healthy and clean working environment for employees by declaring its headquarters building a non-smoking office since 1998.

Li & Fung and its offices, as an integral part of various communities where the businesses operate, contribute to the well-being of the societies and provide support to people in need. **The Group endorses senior executives in accepting public offices**, which currently include various government and non-government advisory boards and professional associations promoting Hong Kong's exports, the advancement of international trade, community quality-housing solutions and best corporate governance practices. Executives' participation includes serving on the Committee of the Hong Kong Exporters' Association, Hong Kong Trade Development Council, Hong Kong Export Credit Insurance Corporation and Hong Kong Housing Society, on the Corporate Governance Committee of the Hong Kong Institute of Certified Public Accountants, and as member on the Dual Filing Advisory Group of the Hong Kong Securities and Futures Commission.

In December 2004, Li & Fung and its worldwide offices joined hands to provide needed support and humanitarian assistance to those affected by the Asian tsunami and have been actively involved in a variety of relief efforts and initiatives. These included direct company donations to those major affected countries (Sri Lanka, India, Indonesia and Thailand) and to the Hong Kong Red Cross for their emergency relief operations in the form of a group-wide staff fundraising campaign matching dollar-for-dollar donations to the Hong Kong Red Cross and other charitable organisations, as well as further volunteer services rendered to selected local relief organisations through our local offices in the affected areas.

Li & Fung further provides institutional support in the form of sponsorships for universities and charitable support by direct donation or direct employee involvement in fundraising activities organised by leading charitable organisations. Activities in year 2004 included the Standard Chartered Hong Kong Marathon, blood donations for the Hong Kong Red Cross, new and used clothing collections for the Salvation Army, and volunteer work in weed clearance at Mai Po Nature Reserve for the World Wide Fund for Nature Hong Kong. In 2004, for the third consecutive year since 2002, these efforts and contributions toward a better society were **recognised by the “Caring Company Award” presented by The Hong Kong Council of Social Service** for the Group’s caring culture and good corporate citizenship.

