

Report of the Directors

The directors of MEXAN LIMITED (the “Company”) submit their report together with the audited financial statements for the year ended 31 March 2005.

Results and Appropriations

The results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2005 are set out in the consolidated profit and loss account on page 26.

The state of affairs of the Group and the Company as at 31 March 2005 are set out in the balance sheets on pages 27 to 29.

The cash flows of the Group are set out in the consolidated cash flow statement on pages 31 to 32.

As at 31 March 2005, the distributable reserves of the Company, calculated in accordance with the Companies Act 1981 of Bermuda (as amended), amounted to HK\$1,404,951,000 (2004: HK\$1,541,427,000).

The directors do not recommend the payment of a dividend for the year ended 31 March 2005.

Principal Activity

The principal activity of the Company is investment holding. During the year, the principal activities of its subsidiaries, associated company and jointly controlled entity include property investment, hotel investment, investment holding and toll road projects. Further details of subsidiaries, associated company and jointly controlled entity as at 31 March 2005 are set out in notes 15, 13 and 14 to the financial statements respectively.

An analysis of turnover and contribution to results from operations of the Group for the year by principal activities is set out in note 3 to the financial statements.

No geographical analysis is provided as less than 10% of the consolidated turnover and less than 10% of the consolidated results from operations of the Group are attributable to markets outside Hong Kong.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in note 25 to the financial statements.

Report of the Directors

Property, Plant and Equipment

Details of the Group's hotel and investment properties and movements in other property, plant and equipment during the year are set out in note 11 to the financial statements.

Principal Properties

Details of the Group's principal hotel and investment properties are set out on page 78.

Share Capital

Details of the movements in share capital of the Company during the year are set out in note 24 to the financial statements.

Bank Loans

Particulars of the Group's bank loans are set out in note 27 to the financial statements.

Convertible Notes

Details of the convertible notes of the Company as at 31 March 2005 are set out in note 28 to the financial statements.

Five Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 77.

Purchase, Sale or Redemption of the Company's Listed Securities

The Company has not redeemed any of its listed securities during the year.

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

Report of the Directors

Directors

The directors who held office during the year and up to the date of this report were:

Executive Directors:

Lau Kan Shan (*Chairman*)

Ching Yung

Tse On Kin (*Managing Director*)

Yuen Hiu Kwan

(appointed on 1 March 2005)

(retired on 24 December 2004,
reappointed on 29 December 2004
and resigned on 1 April 2005)

Yan Sheng (*Chief Executive Officer*)

(resigned on 22 December 2004)

Non-Executive Director:

Leung Heung Ying

(appointed on 3 January 2005)

Independent Non-Executive Directors:

Lau Wai

Chan Wai Dune

Tong Kwai Lai

Cheng Chun Pong, Paul

(appointed on 30 September 2004)

(appointed on 26 November 2004)

(resigned on 26 November 2004)

In accordance with Bye-law 86(2) of the Company's Bye-laws, Mr. Leung Heung Ying and Mr. Tse On Kin, being directors appointed by the board of directors during the year, shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In accordance with Bye-law 87 of the Company's Bye-laws, Mr. Lau Wai shall retire by rotation and be eligible for re-election at the forthcoming annual general meeting.

None of the directors who are proposed for re-election at the forthcoming annual general meeting has service contract with the Group, which is not determinable by the Group within one year without payment of compensation, other than statutory compensations.

The Company has received from each of the independent non-executive directors their annual confirmations of independence and considers that each of the independent non-executive directors is independent in accordance with the guidelines set out in Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

Report of the Directors

Biographical Details of Directors and Senior Management

Biographical details of directors and senior management of the Company as at the date of this report are set out below:

Executive Directors

Lau Kan Shan, aged 48, has been a director of the Company since June 2003 and appointed the Chairman of the board in July 2003. He had worked in various trading companies in the PRC for approximately eight years before he started his own trading business in Hong Kong in the 1980s. Mr. Lau is currently engaged in a wide variety of businesses including PRC highway investment, highway infrastructure construction and related businesses, real estate investment and financial services. Mr. Lau is a director of Mexan International Limited and a number of other companies. He is also a director of Mexan Group Limited, which has an interest in the shares of the Company, which falls to be disclosed under the provision of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Ching Yung, aged 46, has been a director of the Company since June 2003. She has been the assistant to Mr. Lau Kan Shan since 1991 prior to joining the Company. Ms. Ching has over eleven years experience in shipping, sales, accounting and administration.

Tse On Kin, aged 43, has been a director and the Managing Director of the Company since March 2005. Mr. Tse has over 16 years of experience in corporate planning, operation and human resources and new markets development. Mr. Tse has a Bachelor Degree in Public Policy and Administration from York University in Canada. He is currently also the Vice Chairman and Chief Executive Officer of Great Wall Cybertech Limited ("Great Wall") and the Chief Executive Officer of China National Resources Development Holdings Limited ("China National"). Both Great Wall and China National are companies whose shares are listed in The Stock Exchange of Hong Kong Limited.

Non-Executive Director

Leung Heung Ying, aged 42, has been a director of the Company since January 2005. Mr. Leung is a fellow member of The Institute of Chartered Accountants in England and Wales and a fellow member of the Hong Kong Institute of Certified Public Accountants. He received a Master Degree from London School of Economics and Political Science of University of London, United Kingdom and a Bachelor Degree in Chinese Law from the University of Peking, the People's Republic of China. Mr. Leung is a registered responsible officer under the Securities and Futures Ordinance.

Report of the Directors

Biographical Details of Directors and Senior Management (continued)

Independent Non-Executive Directors

Lau Wai, aged 30, has been a director of the Company since June 2003. He is the director of Point Best International Limited, which is engaged in the trading of luxury automobiles in the PRC. Mr. Lau, after graduating from Hong Kong University of Science and Technology with a bachelor honours degree in 1997, worked for Epson Hong Kong Ltd. and PCCW Limited.

Chan Wai Dune, aged 52, has been a director of the Company since September 2004. He has over 24 years of experience in the finance sector, particularly in auditing and taxation areas. He is a certified public accountant and is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Taxation Institute of Hong Kong. Mr. Chan is currently a member of CPPCC of Guangzhou Municipal Committee (廣州市政協委員會) and a member of the Executive Council of China Overseas Friendship Association (中華海外聯誼會). He was a member of the Selection Committee for the establishment of the First Government of the Hong Kong Special Administration Region. Mr. Chan is currently principally employed as the Managing Director of CCIF CPA Limited.

Mr. Chan currently also serves as an independent non-executive director of Sam Woo Holdings Limited, Hualing Holdings Limited, IIN International Limited, Oriental Metals (Holdings) Company Limited, Zhongda International Holdings Limited, Sino Union Petroleum & Chemical International Limited, Jinheng Automotive Safety Technology Holdings Limited, EVA Precision Industrial Holdings Limited and Chuang's China Investments Limited.

Tong Kwai Lai, aged 45, has been a director of the Company since November 2004. He has over 21 years of experience in directing and producing films and is a Hong Kong leading action director, producer, stunt choreographer and script writer. Mr. Tong directed a number of famous movies and TV series which included Policy Story III: Super Cop, Rumble in the Bronx, First Strike and Martial Law for CBS. Recently, the Asian Business Association and the "Media Achievement Award" from MANAA presented Mr. Tong with an "Excellence in Entertainment Leadership Award" for his contributions to the Asian American market.

Directors' Interests in Contracts

Save as disclosed in the section headed "Connected Transactions", no contracts of significance in relation to the Company's business to which the Company, its subsidiaries, holding companies or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Report of the Directors

Share Option Scheme

On 27 September 2004, the Company adopted a new share option scheme (the "Scheme") which is in compliance with Chapter 17 of the Listing Rules. No options have been granted under the Scheme during the period from the date of adoption up to the date of this report.

Below is a summary of the principal terms of the Scheme:

- 1. Purpose of the Scheme**

To enable the Group and any entity in which any member of the Group holds an equity interest (the "Invested Entity") to recruit and retain high caliber employees and attract human resources that are valuable to the Group or the Invested Entity, to recognize the significant contributions of the Participants to the growth of the Group or the Invested Entities by rewarding them with opportunities to obtain ownership interest in the Company and to further motivate and give incentives to the Participants to continue to contribute to the long term success and prosperity of the Group or the Invested Entity
- 2. Participants of the Scheme**

Any participant (including any director or employees, any consultant, advisors or agent engaged by or any vendor, supplier of goods or services or customer of or to any member(s) of the Group or any Invested Entity) as the Board may in its absolute discretion select, having regard to each person's qualification, skills, background, experience, service records and/or contribution or potential value to the relevant member(s) of the Group or any Invested Entity
- 3. Maximum number of shares**

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme(s) of the Company shall not in aggregate exceed thirty (30) per cent of the share capital of the Company from time to time

Report of the Directors

Share Option Scheme (continued)

- | | | |
|----|---|--|
| 4. | Total number of shares available for issue upon exercise of all options under the Scheme | 131,092,524 shares unless shareholders' approval has been obtained according to the requirements of the Listing Rules in force, being 10% of the issued share capital of the Company at the date of approval of the Scheme by the shareholders of the Company |
| 5. | Maximum entitlement of each participant under the Scheme | The total number of shares issued and to be issued upon exercise of the options granted to each participant under the Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) in any 12-month period must not exceed one (1) per cent of the issued share capital of the Company unless the same is approved by the shareholders of the Company in general meeting |
| 6. | the period within which the shares must be taken up under an option | The option period shall be determined by the Board upon grant of each option, provided that it shall not exceed a period of ten (10) years commencing on the date on which the Board grants the options or such later date as the Board may decide |
| 7. | the minimum period for which an option must be held before it can be exercised | Not applicable |
| 8. | 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 | The offer of an option made in accordance with the Scheme may be accepted within ten (10) business days from the date of offer and the amount payable on acceptance of the option is HK\$1.00 |

Report of the Directors

Share Option Scheme (continued)

9. the basis of determining the subscription price
- The subscription price shall be determined by the Board and shall not be less than the highest of:
- (a) the official closing price of the shares as stated in daily quotations sheet of the Stock Exchange on the date of offer of the relevant option;
 - (b) the average of the official closing price of the Shares as stated in daily quotations sheets of the Stock Exchange for the five (5) business days immediately preceding the date of offer of the relevant option; and
 - (c) the normal value of a share of the Company
10. the remaining life of the Scheme
- The Scheme was adopted on 27 September 2004 and shall be valid and effective for a period of ten (10) years commencing from the date of adoption

Report of the Directors

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2005, 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 its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules were as follows:

(i) Long positions in shares of the Company

Name of director	No. of shares of HK\$0.10 each held	Capacity and nature of interest	Approximate shareholding percentage (%)
Lau Kan Shan (Note i)	964,548,303 (Note ii)	Interest of controlled corporation	73.58

Notes:

- i. A substantial shareholder of the Company.
- ii. Such shares were held by Mexan Group Limited and Mr. Lau Kan Shan was taken to have an interest in such shares by virtue of the SFO since he was entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of Mexan Group Limited.

(ii) Long positions in shares of associated corporation

Name of associated corporation	Name of Director	No. of shares of US\$1.00 each held	Capacity and nature of interest	Shareholding percentage (%)
Mexan Group Limited	Lau Kan Shan	100	Beneficial owner	100

Save as disclosed above and other than the nominee share in a subsidiary held in trust for the Company by a director, as at 31 March 2005, none of the directors of the Company and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO).

Report of the Directors

Directors' Right to Acquire Shares

Save as disclosed under the section headed "Share Option Scheme", at no time during the year was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests in Competing Business

The following directors were considered to have interests in the following businesses ("Competing Business") which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules as set out below:

Name of director	Name of entity of the Competing Business	Description of the Competing Business	Nature of interest of the director in the entity
Lau Kan Shan	Mexan International Limited	Property investment	As substantial shareholder and director
	上海茂盛企業發展(集團)有限公司	Property development and investment	As director
	上海茂盛房地產有限公司	Property development and investment	As director
	上海滬青平高速公路建設發展有限公司	Toll road investment	As substantial shareholder and director
	紹興市甬金高速公路建設發展有限公司	Toll road investment	As substantial shareholder
Yuen Hiu Kwan	上海茂盛企業發展(集團)有限公司	Property development and investment	As director

The directors including those interested in the above businesses will, as and when required under the Company's Bye-laws, abstain from voting on any resolution of the Board in respect of any arrangement or proposal in which they or any of their associates have a material interest.

Report of the Directors

Persons Who Had an Interest or a Short Position Which was Discloseable under Divisions 2 and 3 of Part XV of the SFO

As at 31 March 2005, the following persons, other than the directors of the Company whose interests are disclosed above, who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name	Long/short position	No. of shares of HK\$0.10 each held	Capacity and nature of interest	Approximate shareholding percentage (%)
Mexan Group Limited	Long	964,548,303 (Note i)	Beneficial owner	73.58
Xia He Na (Note ii)	Long	964,548,303 (Note ii)	Interest of spouse	73.58
Cheung Kong (Holdings) Limited (Note iii)	Long	77,775,741 (Note iv)	Interest of controlled corporation	5.93
Li Ka-Shing Unity Trustee Company Limited (Note iii)	Long	77,775,741 (Note iv)	Trustee	5.93
Li Ka-Shing Unity Trustee Corporation Limited (Note iii)	Long	77,775,741 (Note iv)	Trustee and beneficiary of a trust	5.93
Li Ka-Shing Unity Trustcorp Limited (Note iii)	Long	77,775,741 (Note iv)	Trustee and beneficiary of a trust	5.93
Li Ka-Shing (Note iii)	Long	77,775,741 (Note iv)	Interest of controlled corporation and founder of discretionary trusts	5.93

Report of the Directors

Persons Who Had an Interest or a Short Position Which was Discloseable under Divisions 2 and 3 of Part XV of the SFO (continued)

Notes:

- i. Mr. Lau Kan Shan is deemed to be interested in the 964,548,303 shares of the Company held by Mexan Group Limited as Mr. Lau Kan Shan is entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of Mexan Group Limited.
- ii. Ms. Xia He Na (formerly known as Ms. Ha Ming Kuen), the spouse of Mr. Lau Kan Shan, is deemed to be interested in Mr. Lau's shares which represented the same parcel of shares of the Company as held by Mexan Group Limited.
- iii. Mr. Li Ka-Shing is the settler and may be regarded as a founder of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2") for the purpose of the SFO. Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of DT1 and Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of DT2 holds units in The Li Ka-Shing Unity Trust ("UT1") but is not entitled to any interest or share in any particular property comprising the trust assets of UT1. Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of UT1 together with certain companies which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings, holds interest in the shares of Cheung Kong (Holdings) Limited ("CKH").

The 77,775,741 shares of the Company are interested in by Hutchison International Limited ("HIL") and Broadwell Profits Limited ("Broadwell"). HIL is a wholly-owned subsidiary of Hutchison Whampoa Limited ("HWL") and Broadwell is an indirect wholly-owned subsidiary of CKH. Certain subsidiaries of CKH together hold more than one-third of the issued share capital of HWL.

Therefore, Mr. Li Ka-Shing, TDT1, TDT2, TUT1 and CKH are deemed to be interested in the same 77,775,741 shares of the Company which HIL and Broadwell are interested in under the SFO.

- iv. Such 77,775,741 shares of the Company consists of (a) 24,442,408 shares of the Company; and (b) 53,333,333 shares of the Company to be issued by the Company upon full conversion of the convertible notes issued by the Company on 5 November 2003, assuming that the conversion price is HK\$3.00 per share, details of which are contained in the circular of the Company dated 3 November 2003.

Report of the Directors

Connected Transactions

Significant related party transactions entered into by the Group during the year ended 31 March 2005, which also constitute connected transactions under the Listing Rules, are disclosed in note 33 to the financial statements. The other connected transactions which are required to be disclosed in accordance with Chapter 14 of the Listing Rules are as follows:

1. On 20 June 2003, a management contract (the "Management Contract") was entered into among Winsworld Properties Limited ("Winsworld"), a wholly owned subsidiary of the Company, Mr. Chan Boon Ho, Peter ("Mr. Chan"), a former director of the Company in the preceding 12 months, and Verywell Services Limited ("Verywell"), an associate of Mr. Chan. Under the Management Contract, Verywell will manage, deal with and handle all matters in relation to the management of the commercial podium of Elizabeth House in Causeway Bay, Hong Kong and Winsworld will receive from Verywell guaranteed annual net rental receipt of HK\$78 million for three years commencing from 26 June 2003.

As Verywell is an associate of Mr. Chan, a connected person, the transactions constitute connected transactions of the Company.

The Stock Exchange has on 10 April 2003 granted a conditional waiver to the Company from strict compliance with the disclosure and shareholders' approval requirements under Rule 14.26 of the Listing Rules in respect of such transactions for a period of three financial years ending 31 March 2006.

The independent non-executive directors of the Company have reviewed the transactions contemplated under the Management Contract and confirmed that the transactions have been entered into by the Group in the ordinary and usual course of business, conducted on normal commercial terms and entered into in accordance with the terms of the Management Contract and that the annual monetary amount guaranteed by Verywell in favour of Winsworld in accordance with the terms of the Management Contract was HK\$78 million.

Report of the Directors

Connected Transactions (continued)

2. On 20 October 2003, Winsworld entered into licence agreements (the "Licence Agreements") with Wise Step International Limited ("Wise Step"), an associate of Mr. Chan, to licence to Wise Step for two years commencing from 1 October 2003 the multi-storey car park of the commercial podium of Elizabeth House at a licence fee of HK\$650,000 per month (exclusive of rates and service charges), and the designated signage at a licence fee of HK\$454 per month (exclusive of rates and service charges), details of which are set out in the Company's announcement dated 20 October 2003.

As Wise Step is an associate of Mr. Chan, who is a connected person of the Company by virtue of having been a director of the Company in the preceding 12 months, the transaction constitutes a connected transaction of the Company.

The Stock Exchange has on 31 October 2003 granted a conditional waiver to the Company from strict compliance with the requirement of disclosure by press notice, circular to shareholders and/or independent shareholders' approval as stipulated in Chapter 14 of the Listing Rules in connection with the above transaction on each occasion they arise.

The independent non-executive directors of the Company have reviewed the above transaction and confirmed that the transaction was in the ordinary and usual course of business of the Company, conducted on normal commercial terms and fair and reasonable so far as the shareholders of the Company are concerned and entered into in accordance with the terms of the Licence Agreements and that the annual aggregate value of the above transaction had not exceeded the amount as stated in the Licence Agreements.

3. On 26 March 2004, Winsworld entered into an agreement with Kind City Limited ("Kind City"), an associate of Mr. Chan, to let to Kind City the whole of 5th Floor of the commercial podium of Elizabeth House at the monthly rent of HK\$800,000 (exclusive of rates and service charges) and to grant a licence to Kind City for the use of the designated signage at a monthly licence fee of HK\$1 (exclusive of rates and service charges), both for a term of six years commencing from 1 June 2004, details of which are set out in the Company's announcement dated 30 March 2004.

As Kind City is an associate of Mr. Chan, a connected person of the Company, the transaction constitutes a connected transaction of the Company.

Report of the Directors

Connected Transactions (continued)

- On 30 September 2003, Mexan Resources Limited, a wholly owned subsidiary of the Company, as tenant entered into a tenancy agreement (the "Tenancy Agreement") with Mexan International Limited ("MIL") as landlord for renting office premises, certain furniture and fixtures and car parks for a term of three years commencing from 1 October 2003 at a monthly rent of HK\$160,000 (inclusive of management fee, rates and government rent and all charges for gas, water and electricity) from MIL.

As MIL is beneficially owned as to 65% by Mr. Lau Kan Shan, an executive director, chairman and controlling shareholder of the Company and his family members, the transaction constitutes a connected transaction of the Company.

The Stock Exchange has on 10 October 2003 granted a conditional waiver to the Company from strict compliance with the requirement of disclosure by press notice under Rule 14.25(1) of the Listing Rules in connection with the above transaction on each occasion it arises for the term of the Tenancy Agreement.

The independent non-executive directors of the Company have reviewed the above transaction and confirmed that the transaction was entered into in the ordinary and usual course of business of the Company, conducted on normal commercial terms and on terms that are fair and reasonable so far as the shareholders of the Company are concerned and that the annual aggregate value of the above transaction had not exceeded the higher of HK\$3,000,000 or 0.1% of the net tangible assets of the Company.

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.

Report of the Directors

Major Customers and Suppliers

Turnover attributable to the largest and the five largest customers accounted for 9% and 40% respectively of the turnover of the Group for the year. There was no purchase incurred during the year.

None of the directors, their associates or any shareholder who, to the knowledge of the directors, owns more than 5% of the Company's share capital, had any interest in the major suppliers or customers noted above.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws in Bermuda.

Audit Committee

The Audit Committee of the Company comprises Mr. Chan Wai Dune, Mr. Lau Wai and Mr. Tong Kwai Lai, all of whom are independent non-executive directors of the Company. The Audit Committee meets at least twice a year to review, among other things, the interim and the final results of the Group prior to recommending them to the Board for approval.

Corporate Governance

The Company has complied with the Code of Best Practice as set out in Appendix 14 to the Listing Rules throughout the financial year ended 31 March 2005 with the exception that the non-executive directors of the Company are not appointed for specific terms of office but retire from office on a rotational basis in accordance with the Company's Bye-laws.

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standard set out in the Model Code.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the directors as at the date of this report, the Company has maintained the prescribed amount of public float as required under the Listing Rules.

Report of the Directors

Pension Scheme

Details of the Group's pension scheme are set out in note 8 to the financial statements.

Subsequent Events

Details of the significant subsequent events of the Group are set out in note 34 to the financial statements.

Auditors

The financial statements have been audited by Horwath Hong Kong CPA Limited who retire and, being eligible, offer themselves for re-appointment.

By Order of the Board

Tse On Kin

Managing Director

Hong Kong, 20 July 2005