

Directors' Report

The Directors have pleasure in submitting their Report together with the audited Accounts for the year ended 31 December 2005.

W. E. Mocatta



Principal Activities

The principal activity of the Company is investment holding and the principal activities of the subsidiaries are the generation and supply of electricity. Particulars of the Company's principal subsidiary companies are shown under Note 17 to the Accounts.

Consolidated Accounts

The consolidated Accounts incorporate the Accounts of the Company and its subsidiaries (collectively referred to as the Group) together with the Group's interests in jointly controlled entities and associated companies. Details of the jointly controlled entities and associated companies are provided under Notes 18 and 19 to the Accounts respectively.

Earnings and Final Dividend

	2005 HK\$M	2004 HK\$M
Total earnings for the year	11,368*	8,614
Less: Interim dividends paid of HK\$1.44 (2004: HK\$1.35) per share	(3,468)	(3,251)
Balance after interim dividends	<u>7,900</u>	<u>5,363</u>
The Directors recommend that this balance be dealt with as follows:		
Final dividend of HK\$0.83 (2004: HK\$0.73) per share	1,999	1,758
Special final dividend of HK\$0.11 (2004: HK\$0.15) per share	265	361
Retained profits for the year	<u>5,636</u>	<u>3,244</u>
	<u>7,900</u>	<u>5,363</u>

* Total earnings include a deferred tax consolidation benefit from Australia of HK\$2,004 million. This amount is a one-off, non-cash item until the tax benefit can be utilised in the future.

Subject to approval of the Directors' recommendation by shareholders at the Annual General Meeting to be held on 25 April 2006 (AGM), the final dividend and special final dividend will be paid on 26 April 2006.

Performance

A discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the Management's Discussion and Analysis on pages 14 to 49 of this Annual Report.

Share Capital

There was no movement in the share capital of the Company during the year.

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

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed shares during the year.

Reserves

Distributable reserves of the Company amounted to HK\$19,631 million as at 31 December 2005 (2004: HK\$17,616 million). Movements in the reserves of the Company and the Group during the year are set out in the Statement of Changes in Equity on pages 134 and 135 of this Annual Report.

Fixed Assets

In May 2005, the Group acquired the merchant energy business division (MEB) of SPI Australia Group, a wholly-owned subsidiary of Singapore Power Limited. The MEB is an energy retailer in Australia and sells electricity and gas to over 1.1 million customers across Victoria, New South Wales, South Australia and Queensland. This acquisition added a total of HK\$2,988 million of fixed assets to the Group.

In 2005, the Group increased its interest in Huaiji Project, which owns nine small hydro power stations in Huaiji County, Guangdong Province, from 41.5% to 75%. Consequently, the Group assumed control of the Huaiji Project and reclassified it from a jointly controlled entity to a subsidiary of the Group. Total fixed assets added to the Group from the restructuring of the Huaiji project amounted to HK\$662 million.

Additions to the fixed assets of the Group for the year totalled HK\$9,288 million (2004: HK\$5,762 million), comprising principally the above acquisitions, as well as transmission and distribution equipment, land and buildings.

Additions to the fixed assets of the jointly controlled generating companies incorporated in Hong Kong totalled HK\$1,167 million for the year.

Details of movements in the fixed assets of the Group are shown under Note 15(A) to the Accounts.

Bank Loans and Other Borrowings

The total borrowings of the Group as at 31 December 2005 amounted to HK\$29,391 million (2004: HK\$18,774 million). Particulars of borrowings are set out in Note 24 to the Accounts.

Financial Assistance and Guarantees to Affiliated Companies

The financial assistance given to affiliated companies and guarantees given for facilities granted to affiliated companies aggregated to 7.2% of the Group's total assets as at 31 December 2005.

Finance Costs Capitalised

Finance costs amounting to HK\$297 million (2004: HK\$261 million) were capitalised by the Group during the year as set out in Note 9 to the Accounts.

Donations

Donations by the Group for charitable and other purposes amounted to HK\$4,684,000 (2004: HK\$4,690,000).

Ten-year Summary

A summary of the results for the year and of the assets and liabilities of the Group as at 31 December 2005 and for the previous nine financial years are set out on pages 192 and 193 of this Annual Report.

Directors

With the exceptions of Professor Judy Tsui and Sir Rod Eddington, the Directors of the Company, whose names appear on pages 96 and 97 of this Annual Report, were Directors for the whole year. Their biographical details as at the date of this Report are set out on the same pages. Details of Directors' remuneration are set out in the Remuneration Report on pages 112 to 119 of this Annual Report.

Mr. Peter W. Greenwood resigned as the Director & Company Secretary with effect from 27 August 2005.

Mr. J. S. Dickson Leach stepped down as Vice Chairman of the Company with effect from 1 January 2006, but remained as a Non-executive Director of the Company.

Professor Judy Tsui and Sir Rod Eddington, being new Independent Non-executive Directors appointed by the Board on 10 May 2005 and 1 January 2006 respectively, retire at the AGM in accordance with Article 109 of the Company's Articles of Association and, being eligible, offer themselves for election.

Under the existing Articles of Association of the Company, all the Directors are subject to retirement by rotation and re-election at the AGM. In accordance with Article 103 of the Company's Articles of Association, Mr. P. C. Tan, Mr. R. J. McAulay, Dr. William K. Fung, Mr. I. D. Boyce, Mr. J. S. Dickson Leach and Dr. Y. B. Lee retire by rotation and, being eligible, offer themselves for re-election.

None of the Directors offering themselves for election or re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation.

No contracts of significance in relation to the Company's business to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

Alternate Directors

The Alternate Directors in office during the year ended 31 December 2005 were as follows:

Mr. J. S. Dickson Leach, alternate to The Hon. Sir Michael Kadoorie }
 Mr. W. E. Mocatta, alternate to Mr. J. S. Dickson Leach }
 Mr. J. A. H. Leigh, alternate to Mr. R. Bischof } (for the year)
 Mr. I. D. Boyce, alternate to Mr. R. J. McAulay and Mr. W. E. Mocatta }
 Mr. Bradley W. Corson, alternate to Mr. P. C. Tan }
 Mr. Jason Whittle was appointed as alternate to Mr. R. J. McAulay on 1 September 2005.
 Mr. Peter W. Greenwood resigned as alternate to Mr. J. A. H. Leigh on 27 August 2005.
 Mr. J. S. Dickson Leach resigned as alternate to The Hon. Sir Michael Kadoorie on 1 January 2006.

Interests of Directors and Chief Executive Officer

The interests/short positions of each of the Directors and Chief Executive Officer in the shares, underlying shares and debentures of the Company or any of the Company's associated corporations (within the meaning of the Securities and Futures Ordinance) as at 31 December 2005, as recorded in the register required to be kept under Section 352 of Part XV of the Securities and Futures Ordinance, are set out in the table and explanatory notes below:

1. Aggregate long position in the shares, underlying shares and debentures of the Company and its associated corporations

The interests of Directors and Chief Executive Officer in the shares of the Company (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds) as at 31 December 2005 were as follows:

Directors	Capacity	Total Interests in Number of Ordinary Shares of the Company	% of the Issued Share Capital of the Company
The Hon. Sir Michael Kadoorie	Note (a)	475,381,026	19.7397
Mr. W. E. Mocatta	Founder of a discretionary trust	250,000	0.0104
Mr. J. S. Dickson Leach	Beneficial owner	3,436	0.0001
Mr. R. J. McAulay	Note (b)	439,800,565	18.2623

Directors	Capacity	Total Interests in Number of Ordinary Shares of the Company	% of the Issued Share Capital of the Company
The Hon. Sir S. Y. Chung	Beneficial owner	393,789	0.0164
Dr. William K. Fung	Beneficial owner	120,000	0.0050
Mr. J. A. H. Leigh	Beneficial owner	22,000	0.0009
Mr. R. Bischof	Beneficial owner	50,000	0.0021
Mr. P. C. Tan	Interests held jointly with spouse	5,000	0.0002
Mr. Andrew Brandler (Chief Executive Officer)	Note (c)	10,600	0.0004
Mr. Peter P. W. Tse	Note (d)	20,600	0.0009
Dr. Y. B. Lee	Note (e)	15,806	0.0007
Mr. Jason Whittle (Alternate Director)	Note (f)	240,483,371	9.9858

Notes:

(a) The Hon. Sir Michael Kadoorie was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 475,381,026 shares in the Company. These shares were held in the following capacity:

- i) 1,243 shares were an interest of his spouse, Lady Kadoorie.
- ii) 236,335,571 shares were held by discretionary trusts, of which The Hon. Sir Michael Kadoorie is one of the discretionary objects.
- iii) 239,044,212 shares were held by a discretionary trust, of which The Hon. Sir Michael Kadoorie is one of the discretionary objects and the founder.

For the purpose of the Securities and Futures Ordinance, the spouse of The Hon. Sir Michael Kadoorie was taken to have a discloseable duty in Hong Kong in relation to the 239,044,212 shares referred to in (iii) above. The spouse of The Hon. Sir Michael Kadoorie was therefore deemed to be interested in 239,045,455 shares in the Company representing approximately 9.93% of the issued share capital of the Company, of which 1,243 shares were held by her as beneficial owner and 239,044,212 shares were attributed to her pursuant to the Securities and Futures Ordinance for disclosure purposes. Nevertheless, she has no interest, legal or beneficial, in these 239,044,212 shares attributed to her for disclosure purposes.

(b) Mr. R. J. McAulay was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 439,800,565 shares in the Company. These shares were held in the following capacity:

- i) 13,141 shares were held in a personal capacity.
- ii) 236,335,571 shares were held by discretionary trusts, of which Mr. R. J. McAulay is one of the discretionary objects.
- iii) 203,451,853 shares were held by a discretionary trust, of which Muriel, Lady Kadoorie, mother-in-law of Mr. R. J. McAulay, is the founder and a beneficiary and Mr. R. J. McAulay, his wife and members of his family are discretionary objects.

(c) 600 shares were held in a personal capacity and 10,000 shares were held in a beneficial owner capacity.

(d) 600 shares were held in a personal capacity and 20,000 shares were held in a beneficial owner capacity.

(e) 600 shares were held in a personal capacity and 15,206 shares were held jointly with spouse.

(f) Mr. Jason Whittle was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 240,483,371 shares in the Company. These shares were held in the following capacity:

- i) 600 shares were held in a personal capacity.
- ii) 236,335,571 shares were held by discretionary trusts, of which Mr. Jason Whittle is one of the discretionary objects.
- iii) two lots of 2,073,600 shares (totalling 4,147,200 shares) were held by discretionary trusts, of which Mr. Jason Whittle is one of the discretionary objects.

Messrs. I. D. Boyce, V. F. Moore, Hansen C. H. Loh and Paul M. L. Kan and Professor Judy Tsui who are Directors of the Company, and Mr. Bradley W. Corson who is an Alternate Director have each confirmed that they had no interests in the shares of the Company or any of its associated corporations as at 31 December 2005.

None of the Directors or the Chief Executive Officer had interests in debentures, under equity derivatives or in underlying shares of the Company and its associated corporations as at 31 December 2005.

2. Aggregate short position in the shares, underlying shares and debentures of the Company and its associated corporations

None of the Directors or the Chief Executive Officer had short positions in respect of shares, debentures, under equity derivatives or interests in underlying shares of the Company and its associated corporations as at 31 December 2005.

At no time during the period was the Company, its subsidiaries or its associated companies a party to any arrangement to enable the Directors and the Chief Executive Officer of the Company (including their spouse and children under 18 years of age) to acquire benefits by an acquisition of shares or underlying shares in, or debentures of, the Company or its associated corporations.

Interests of Substantial Shareholders

The interests/short positions of substantial shareholders in the shares and underlying shares of the Company as at 31 December 2005, as recorded in the register required to be kept under Section 336 of Part XV of the Securities and Futures Ordinance, are set out in the table and explanatory notes below:

1. Aggregate long position in the shares and underlying shares of the Company

The Company had been notified of the following substantial shareholders' interests in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds) as at 31 December 2005.

Substantial Shareholders	Capacity	Total Interests in Number of Ordinary Shares of the Company	% of the Issued Share Capital of the Company
Acorn Holdings Corporation	Beneficiary	196,468,538 Note (a)	8.16
Bermuda Trust Company Limited	Trustee/Interests of controlled corporations	682,978,836 Note (a)	28.36
Bermuda Trust (Cayman) Limited	Trustee	203,451,853 Note (b)	8.45
Esko Limited	Interests of controlled corporations	236,335,571 Note (a)	9.81
Hesko Limited	Interests of controlled corporations	236,335,571 Note (a)	9.81
HWR Trustees Limited	Interests of controlled corporations	240,482,771 Note (a)	9.99
Lakshmi Company Limited	Beneficiary	196,468,538 Note (a)	8.16
Lawrencium Corporation	Beneficiary	196,468,538 Note (a)	8.16
Merlin Investments Limited	Beneficiary	196,468,538 Note (a)	8.16
Mikado Holding Inc.	Trustee	239,044,212 Note (a)	9.93
Mikado Investments Limited	Interest of controlled corporation/ Beneficiary of trusts	239,044,212 Note (a)	9.93
Muriel, Lady Kadoorie	Founder and Beneficiary	203,451,853 Note (b)	8.45
New Boron Holding Corporation	Trustee	193,512,472 Note (a)	8.04
Oak CLP Limited	Beneficiary	196,554,172 Note (b)	8.16

Substantial Shareholders	Capacity	Total Interests in Number of Ordinary Shares of the Company	% of the Issued Share Capital of the Company
Oak (Unit Trust) Holdings Limited	Trustee	196,554,172 Notes (a) & (b)	8.16
Mr. R. Parsons	Trustee	196,554,172 Note (c)	8.16
Sir Sidney Gordon	Trustee	205,525,453 Note (c)	8.53
The Hon. Sir Michael Kadoorie	Note (d)	475,381,026 Note (d)	19.74
Mr. R. J. McAulay	Note (e)	439,800,565 Note (e)	18.26
Mr. Jason Whittle	Note (f)	240,483,371 Note (f)	9.99
Guardian Limited	Beneficiary/Interests in controlled corporations	196,554,172 Note (c)	8.16

Notes:

(a) The interests of Bermuda Trust Company Limited in the shares of the Company include the interests in the Company held by Esko Limited, Hesko Limited, Acorn Holdings Corporation, Lawrencium Corporation, Mikado Holding Inc., Mikado Investments Limited, Oak (Unit Trust) Holdings Limited, Lakshmi Company Limited and Merlin Investments Limited.

The interests of Bermuda Trust Company Limited in the shares of the Company also include the shares held by discretionary trusts of which The Hon. Sir Michael Kadoorie and/or Mr. R. J. McAulay and/or Mr. Jason Whittle are among the discretionary objects as disclosed in "Interests of Directors and Chief Executive Officer".

Bermuda Trust Company Limited was deemed to be interested in the shares in which Esko Limited, Hesko Limited, Acorn Holdings Corporation, Lawrencium Corporation, Mikado Holding Inc., Mikado Investments Limited, Oak (Unit Trust) Holdings Limited, Lakshmi Company Limited and Merlin Investments Limited were interested, either in the capacity as trustee or by virtue of having direct or indirect control over such companies.

Esko Limited and Hesko Limited together controlled Lakshmi Company Limited and Merlin Investments Limited and were therefore deemed to be interested in the shares in which Lakshmi Company Limited and Merlin Investments Limited were interested. The Company has been advised that Lakshmi Company Limited, Merlin Investments Limited, Acorn Holdings Corporation and Lawrencium Corporation were deemed to be interested in the same 196,468,538 shares in which New Boron Holding Corporation was deemed to be interested.

Esko Limited and Hesko Limited together controlled Acorn Holdings Corporation and Lawrencium Corporation and were therefore deemed to be interested in the shares in which such companies were deemed interested. In addition, Esko Limited and Hesko Limited were deemed interested in 39,867,033 shares through other controlled corporations controlled by them.

The Company was notified by New Boron Holding Corporation that it was interested in 193,512,472 shares as at 1 April 2003. However, HWR Trustees Limited indicated in its latest disclosure form that as at 17 January 2005, it was interested in, *inter alia*, 200,615,738 shares through its wholly-owned subsidiary, New Boron Holding Corporation. Therefore, New Boron Holding Corporation was interested in the same 200,615,738 shares as at 17 January 2005 but was not itself under a duty to notify the Company of the change under the Securities and Futures Ordinance.

In addition, the Company was notified by Oak (Unit Trust) Holdings Limited that it was interested in 196,554,172 shares as at 26 August 2003. However, Bermuda Trust Company Limited indicated in its latest disclosure form that as at 24 June 2005, it was interested in, *inter alia*, 203,451,853 shares through its wholly-owned subsidiary, Oak (Unit Trust) Holdings Limited. Therefore, Oak (Unit Trust) Holdings Limited was interested in the same 203,451,853 shares as at 24 June 2005 but was not itself under a duty to notify the Company of the change under the Securities and Futures Ordinance.

(b) The interests of Bermuda Trust (Cayman) Limited in the shares of the Company include the interests in the Company in which Oak CLP Limited, Oak (Unit Trust) Holdings Limited and Muriel, Lady Kadoorie were deemed to be interested.

The interests of Muriel, Lady Kadoorie in 203,451,853 shares of the Company include shares in which Mr. R. J. McAulay, Mr. R. Parsons and Sir Sidney Gordon were deemed to be interested.

Bermuda Trust (Cayman) Limited was interested in the 203,451,853 shares by virtue of its capacity as trustee of a trust of which Muriel, Lady Kadoorie is the founder and a beneficiary and Mr. R. J. McAulay is one of the discretionary objects. Bermuda Trust (Cayman) Limited, in its capacity as trustee of a discretionary trust, controlled Oak CLP Limited and was therefore deemed to be interested in the shares in which Oak CLP Limited was interested. The Company was notified by Oak CLP Limited that it was interested in 196,554,172 shares as at 26 August 2003. However, Bermuda Trust (Cayman) Limited indicated in its latest disclosure form that as at 5 February 2004, it was interested in 203,451,853 shares through its wholly-owned subsidiary, Oak CLP Limited. Therefore, Oak CLP Limited was interested in the same 203,451,853 shares as at 5 February 2004 but was not itself under a duty to notify the Company of the change under the Securities and Futures Ordinance.

(c) Mr. R. Parsons and Sir Sidney Gordon, in their capacities as trustees of certain trusts, jointly controlled Guardian Limited and therefore were deemed to be interested in the shares in which Guardian Limited was deemed to be interested. Accordingly, the 196,554,172 shares in which Guardian Limited was interested is duplicated within the interests attributed to each of Sir Sidney Gordon and Mr. R. Parsons.

Sir Sidney Gordon was also deemed to be interested in 205,525,453 shares in his capacity as trustee of certain trusts.

(d) The aggregate long position in the shares of the Company of The Hon. Sir Michael Kadoorie is listed below:

Interests in the Ordinary Shares of the Company Number	Capacity
1,243	Interest of spouse
239,044,212	Founder of a discretionary trust
475,379,783	Discretionary object of various discretionary trusts

The interests of The Hon. Sir Michael Kadoorie as a founder of a discretionary trust and a discretionary object of various discretionary trusts are duplicated between each other. His interests, apart from the interest of his spouse, are also duplicated by the interests in the Company held by Bermuda Trust Company Limited and certain discretionary trusts of which Mr. R. J. McAulay and Mr. Jason Whittle are among the discretionary objects as disclosed in Notes (e) and (f) below.

For the purpose of the Securities and Futures Ordinance, the spouse of The Hon. Sir Michael Kadoorie was taken to have a discloseable duty in Hong Kong in relation to the 239,044,212 shares referred to above. The spouse of The Hon. Sir Michael Kadoorie was therefore deemed to be interested in 239,045,455 shares in the Company representing approximately 9.93% of the issued share capital of the Company, of which 1,243 shares were held by her as beneficial owner and 239,044,212 shares were attributed to her pursuant to the Securities and Futures Ordinance for disclosure purposes. Nevertheless, she has no interest, legal or beneficial, in these 239,044,212 shares attributed to her for disclosure purposes.

(e) See Note (b) under "Interests of Directors and Chief Executive Officer".

(f) See Note (f) under "Interests of Directors and Chief Executive Officer".

2. Aggregate short position in the shares and underlying shares of the Company

As at 31 December 2005, the Company had not been notified of any short positions being held by any substantial shareholder in the shares or underlying shares of the Company.

Interests of Any Other Persons

As at 31 December 2005, the Company had not been notified of any persons other than the substantial shareholders who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register required to be kept under Section 336 of Part XV of the Securities and Futures Ordinance.

Senior Management

The biographical details of the Senior Management as at the date of this Report are set out on page 97 of this Annual Report. Details of the remuneration of the Senior Management are set out in the Remuneration Report on pages 117 to 119 of this Annual Report.

Major Customers and Suppliers

Purchases from the Group's five largest suppliers together accounted for 76.9% of the Group's total purchases during the year.

Castle Peak Power Company Limited (CAPCO) was the largest supplier (47.6%) of which Mr. Bradley W. Corson, Mr. W. E. Mocatta and Mr. Andrew Brandler are directors and Mr. J. A. H. Leigh is an alternate director. CAPCO is 40% owned by CLP Power Hong Kong Limited (CLP Power Hong Kong) and supplies electricity to CLP Power Hong Kong only. CLP Power Hong Kong is a wholly-owned subsidiary of the Company.

The second largest supplier to the Group was Guangdong Nuclear Investment Company, Limited (GNIC) (13.2%) in which the Group has no interest.

The third largest supplier to the Group was Guangdong Nuclear Power Joint Venture Company, Limited (GNPJVC) (7.4%) of which Mr. W. E. Mocatta, Mr. Andrew Brandler, Mr. Peter P. W. Tse and Dr. Y. B. Lee are directors. GNPJVC is 25% and 75% owned by the Group and GNIC respectively and supplies electricity to the Group.

The fourth largest supplier to the Group was National Electricity Market Management Company Ltd. (NEMMCO) (4.7%) in which the Group has no interest. NEMMCO is the administrator and operator of the national electricity market in Australia, from whom electricity is bought to supply TRUenergy group customers.

The fifth largest supplier to the Group was SPI Networks Pty Ltd. (SPINET) (4%) in which the Company has no interest. SPINET is the largest distributor of gas and electricity to TRUenergy group customers.

As at 31 December 2005, Acorn Holdings Corporation, Bermuda Trust Company Limited, Bermuda Trust (Cayman) Limited, Esko Limited, Hesko Limited, HWR Trustees Limited, Lakshmi Company Limited, Lawrencium Corporation, Merlin Investments Limited, Mikado Holding Inc., Mikado Investments Limited, Muriel, Lady Kadoorie, New Boron Holding Corporation, Oak CLP Limited, Oak (Unit Trust) Holdings Limited, Mr. R. Parsons, Sir Sidney Gordon, The Hon. Sir Michael Kadoorie, Lady Kadoorie, Mr. R. J. McAulay, Mr. Jason Whittle and Guardian Limited, who are substantial shareholders of the Company, had indirect interests in CAPCO and GNPJVC, which interests arose from the Company's interests in CAPCO and GNPJVC.

Sales to the Group's five largest customers together represented less than 30% of the Group's total turnover during the year.

Related Party Transactions

Details of the significant related party transactions undertaken in the normal course of business are provided under Note 32 to the Accounts. None of these related party transactions constitutes a discloseable connected transaction as defined under the Listing Rules.

Connected Transaction

On 30 June 2005, CLP Hydro Power Limited, an indirect wholly-owned subsidiary of the Company acquired 17,000 shares of US\$1.00 each in Hydro-electric Power Holding Limited (a then 83% owned indirect subsidiary of the Company) from Sun Hung Kai China Development Fund Limited at a cash consideration of HK\$52,570,000. Further information is provided under Fixed Assets above and Note 5(B) to the Accounts. Announcement of this connected transaction has been made by the Company in accordance with the requirements of Chapter 14A of the Listing Rules.

Corporate Governance

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 98 to 111 of this Annual Report.

Auditors

The Accounts for the year have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for reappointment at the AGM of the Company.

By Order of the Board



W. E. Mocatta

Vice Chairman

Hong Kong, 28 February 2006