

Directors' Report

The board of directors (the "Directors") of Minmetals Resources Limited (the "Company") has pleasure in presenting the annual report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2005.

CHANGE OF COMPANY NAME

Pursuant to the special resolution in respect of the change of Company's name from "Oriental Metals (Holdings) Company Limited (東方鑫源(集團)有限公司)" to "Minmetals Resources Limited (五礦資源有限公司)" was duly passed by the shareholders at the extraordinary general meeting of the Company held on 25 July 2005 and the Certificate of Change of Name of the Company was issued by the Registrar of Companies in Hong Kong on 4 August 2005, the name of the Company was changed with effect from 4 August 2005.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The activities of its subsidiaries and associated companies are set out in Notes 19 and 20 to the financial statements.

An analysis of the Group's revenue by business and geographical segments, together with their respective contributions to profit from operations for the year ended 31 December 2005 is set out in Note 5 to the financial statements.

MAJOR CUSTOMERS

In the year under review, sales to the five largest customers in aggregate accounted for less than 30% of the total sales of the Group for the year.

MAJOR SUPPLIERS

- (1) Purchases from the largest supplier accounted for approximately 13% of the total purchases of the Group for the year.
- (2) Purchases from the five largest suppliers in aggregate accounted for approximately 37% of the total purchases of the Group for the year.

None of the directors, their associates (as defined in the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")) or any shareholders of the Company (which to the knowledge of the directors owned more than 5% of the Company's share capital) had a beneficial interest in the Group's five largest suppliers.



Directors' Report

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2005 are set out in the consolidated income statement on page 46.

No interim dividend was declared during the year. The Directors do not recommend the payment of a final dividend, and recommend that the consolidated accumulated losses of approximately HK\$885,192,000 at 31 December 2005 (2004: HK\$1,065,565,000) be carried forward.

RESERVES

Movements in reserves of the Company and the Group during the year are set out in Note 30 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in Note 15 to the financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in Note 29 to the financial statements.

DIRECTORS

The Directors who held office during the year and up to the date of this report are as follows:

Chairman

Mr. Zhou Zhongshu (*Non-executive Director*) (Appointed on 6 October 2005)
Mr. Lin Xizhong (*Executive Director*) (Resigned on 6 October 2005)

Vice Chairman

Dr. Zhu Guang (*Non-executive Director*) (Appointed on 6 October 2005)

Executive Directors

Mr. Xu Huizhong
Mr. Wang Lixin (Appointed on 6 October 2005)
Mr. Qian Wenchao (Resigned on 6 October 2005)
Mr. Tang Xiaojin (Resigned on 6 October 2005)

Directors' Report

DIRECTORS *(cont'd)*

Non-executive Directors

Ms. Shen Ling	(Appointed on 6 October 2005)
Mr. Zhang Shoulian	(Appointed on 6 October 2005)
Mr. Li Linhu	(Appointed on 6 October 2005)
Mr. Zong Qingsheng	(Appointed on 6 October 2005)

Independent Non-executive Directors

Mr. Liu Hongru
Mr. Chan Wai Dune
Mr. Ting Leung Huel, Stephen

In accordance with Article 85 of the Articles of Association of the Company, Mr. Zhou Zhongshu, Dr. Zhu Guang, Mr. Wang Lixin, Ms. Shen Ling, Mr. Zhang Shoulian, Mr. Li Linhu and Mr. Zong Qingsheng will retire at the forthcoming annual general meeting of the Company. Save as Dr. Zhu Guang who does not offer himself for re-election, all these retiring directors, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

In accordance with Article 101 of the Articles of Association of the Company, Mr. Chan Wai Dune will retire by rotation and, being eligible, offer himself for re-election at the forthcoming annual general meeting of the Company.

The Company has received from each of the independent non-executive directors of the Company an annual confirmation of his independence pursuant to Rule 3.13 to the Listing Rules and considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

No directors proposed for re-election at the forthcoming annual general meeting of the Company has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory compensation.



Directors' Report

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2005, the interests and short positions of the directors and the 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 Part XV of the Securities and Futures Ordinance ("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 Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

Long position in underlying shares of the Company

Name of Director	Nature of interest	Number of underlying shares held <i>(Note 1)</i>	Approximate percentage of total number of issued shares <i>(Note 2)</i>
Xu Huizhong	Personal	2,000,000	0.12%

Notes:

1. The director's interests in underlying shares is the share options granted by the Company pursuant to the 1994 Share Option Scheme, details of which are set out under the section headed "Share Option Schemes".
2. The calculation is based on the number of underlying shares as a percentage of the total number of issued shares of the Company (i.e. 1,714,440,521 shares) as at 31 December 2005.

Save as disclosed above, as at 31 December 2005, other than a nominee share in a subsidiary held by a director of the Company in trust for the Company, none of the directors or the chief executive of the Company or any of their associates has any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the 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. In addition, save as disclosed above, none of the directors or the chief executive of the Company nor their spouses or children under 18 years of age had been granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company, any of its holding companies, or any of their subsidiaries was a party, in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

Directors' Report

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.

SHARE OPTION SCHEMES

1994 Share Option Scheme

Pursuant to the share option scheme adopted by the Company on 25 November 1994 ("1994 Share Option Scheme"), the number of outstanding options as at 31 December 2005 is 6,610,000. The 1994 Share Option Scheme had expired on 24 November 2004. Accordingly, no further options would be granted in accordance with the provisions thereunder but in all other respects the provisions of the 1994 Share Option Scheme shall remain in force to govern the exercise of all the options granted prior to such expiry which shall continue to be valid and outstanding until the expiry of the exercise period.

The following is a summary of the principal terms of the 1994 Share Option Scheme:

1. Purpose

The 1994 Share Option Scheme was established to recognise and acknowledge the contributions that eligible participants had made or might make to the Group in order to attract and retain high calibre employees of the Group.

2. Participants

Any employees including directors of the Group.

3. Total number of shares available for issue under the 1994 Share Option Scheme

No further options may be granted under the 1994 Share Option Scheme as it had expired on 24 November 2004.

4. Maximum entitlement of each participant

The maximum number of shares in respect of which options might be granted to any one employee should not exceed 25% of the maximum number of shares in respect of which options might be granted under the 1994 Share Option Scheme.

Effective from 1 September 2001, the total number of shares of the Company issued and to be issued upon exercise of options (including both exercised and outstanding) granted in any 12-month period to each participant must not exceed 1% of the shares of the Company in issue in accordance with the revised provisions as set out in Chapter 17 to the Listing Rules.



Directors' Report

SHARE OPTION SCHEMES *(cont'd)*

1994 Share Option Scheme *(cont'd)*

5. **Period within which the shares must be taken up under an option**

An option may be exercised in whole or in part at any time after the date on which the option is deemed to have been granted and from time to time or before the date which is three years after such date.

6. **Minimum period for which an option must be held before it can be exercised**

Not applicable

7. **Amount payable on acceptance of the option**

A non-refundable remittance of HK\$10.00 by way of consideration for the grant of an option was required to be paid by each grantee upon acceptance of the option.

8. **Basis of determining the exercise price**

The exercise price was determined by the Directors of the Company and would not be less than (i) 80% of the average of the closing prices of the shares on the Stock Exchange on the five business days immediately preceding the date of granting of options or (ii) the nominal value of the shares, whichever is the higher.

Effective from 1 September 2001, the exercise price must be at least the higher of (i) the closing price of the shares on the date of grant, which must be a business day, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of a share of the Company in accordance with the revised provisions as set out in Chapter 17 to the Listing Rules.

Directors' Report

SHARE OPTION SCHEMES (cont'd)

1994 Share Option Scheme (cont'd)

9. The remaining life of the 1994 Share Option Scheme

The life of the 1994 Share Option Scheme was until 24 November 2004.

During the year, the movements of share options which have been granted under the 1994 Share Option Scheme are as follows:

Category and name of participant	Date of grant	Exercise price per share HK\$	Exercise period	Number of options				Balance as at 31 December 2005
				Balance as at 1 January 2005	Exercised during the year	Cancelled during the year	Lapsed during the year	
Directors								
Lin Xizhong (Note 1)	15 March 2004 (Note 2)	3.115	16 March 2004 to 15 March 2007	3,000,000	-	-	3,000,000 (Note 3)	-
Qian Wenchao (Note 1)	15 March 2004 (Note 2)	3.115	16 March 2004 to 15 March 2007	1,500,000	-	-	1,500,000 (Note 3)	-
Tang Xiaojin (Note 1)	15 March 2004 (Note 2)	3.115	16 March 2004 to 15 March 2007	1,500,000	-	-	-	1,500,000
Xu Huizhong	15 March 2004 (Note 2)	3.115	16 March 2004 to 15 March 2007	2,000,000	-	-	-	2,000,000
Employees								
	15 March 2004 (Note 2)	3.115	16 March 2004 to 15 March 2007	3,110,000	-	-	-	3,110,000
				<u>11,110,000</u>	<u>-</u>	<u>-</u>	<u>4,500,000</u>	<u>6,610,000</u>

Notes:

1. Mr. Lin Xizhong, Mr. Qian Wenchao and Mr. Tang Xiaojin resigned as directors of the Company with effect from 6 October 2005.
2. In respect of the options granted on 15 March 2004, the closing price of the shares of the Company immediately before the date on which the options were granted was HK\$3.00 per share.
3. Options were lapsed due to cessation of employment.



Directors' Report

SHARE OPTION SCHEMES *(cont'd)*

2004 Share Option Scheme

At the annual general meeting of the Company held on 28 May 2004, the Company adopted a new share option scheme ("2004 Share Option Scheme") which is in compliance with the new requirements as set out in Chapter 17 to the Listing Rules. No options had been granted under the 2004 Share Option Scheme since its adoption.

The following is a summary of the principal terms of the 2004 Share Option Scheme:

1. Purpose

To recognise and acknowledge the contributions that the eligible persons had made or may from time to time make to the Group whether in the past or in the future.

2. Participants

Any directors or any employees of any company of the Group and any advisers of, consultants of, contractors to any company of the Group or any person who has any relationship (whether business or otherwise) with any company of the Group or any person whom the Directors of the Company considers, in its sole discretion, appropriate.

3. Total number of shares available for issue under the 2004 Share Option Scheme

The total number of shares available for issue under the 2004 Share Option Scheme is 54,124,961 shares, representing approximately 3.16% of the issued share capital of the Company as at the date of this report.

4. Maximum entitlement of each participant

No option may be granted to any eligible person which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of the options already granted and to be granted to such eligible person under the 2004 Share Option Scheme (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital of the Company as at the date of such new grant. Any grant of further options above this limit shall be subject to the requirements under the Listing Rules.

5. Period within which the shares must be taken up under an option

The Directors of the Company may in its absolute discretion determine the period during which an option may be exercised, save that such period shall not be more than ten years from the date on which such option is deemed to have been granted and accepted subject to the provisions for early termination thereof.

Directors' Report

SHARE OPTION SCHEMES *(cont'd)*

2004 Share Option Scheme *(cont'd)*

6. Minimum period for which an option must be held before it can be exercised

There is no general requirement on the minimum period for which an option must be held under the terms of the 2004 Share Option Scheme. However, the Directors of the Company may determine in its absolute discretion in relation to the minimum period of the options to be held.

7. Time of acceptance and the amount payable on acceptance of the option

An offer of an option may be accepted within 28 business days (or such shorter period as the Directors of the Company shall determine) from the date of such offer and the amount payable on acceptance of such offer is HK\$10.00.

8. Basis of determining the exercise price

The exercise price shall be determined by the Directors of the Company at the time of grant of the relevant option and shall not be less than the highest of:

- (i) the closing price per share of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option;
- (ii) an amount equivalent to the average closing price per share of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the relevant option; and
- (iii) the nominal value of a share of the Company.

9. The remaining life of the 2004 Share Option Scheme

The 2004 Share Option Scheme will remain in force until 27 May 2014.



Directors' Report

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2005, the following persons were recorded in the register required to be kept by the Company under section 336 of the SFO as having an interest or a short position in the shares and underlying shares of 5% or more of the issued shares of the Company:

Long position in shares of the Company

Name	Capacity	Number of shares held	Approximate percentage of total number of issued shares (Note 1)
China Minmetals Corporation ("China Minmetals")	Interest of controlled corporations (Notes 2, 3 & 4)	1,284,467,826	74.92%
China Minmetals Non-ferrous Metals Company Limited ("CMN")	Interest of controlled corporation (Note 2 & 3)	1,009,090,909	58.86%
Top Create Resources Limited ("Top Create")	Beneficial owner (Note 2 & 3)	1,009,090,909	58.86%
China Minmetals H.K. (Holdings) Limited ("Minmetals HK")	Interest of controlled corporation (Note 4)	275,376,917	16.06%
Coppermine Resources Limited ("Coppermine")	Beneficial owner (Note 4)	275,376,917	16.06%

Notes:

1. The calculation is based on the number of shares held by each person (whether directly/indirectly interested or deemed to be interested) as a percentage of the total number of issued shares of HK\$0.05 each (i.e. 1,714,440,521 shares) of the Company as at 31 December 2005.
2. Pursuant to the joint announcements of the Company and CMN dated 30 December 2004, 19 January 2005, 29 June 2005, 30 June 2005, 25 July 2005, 16 September 2005, 29 September 2005, 5 October 2005 and 6 October 2005 respectively and the circulars of the Company dated 30 June 2005 and 16 September 2005 respectively, a conditional acquisition agreement ("Acquisition Agreement") was entered into between the Company (as purchaser), Top Create (as seller) and CMN (as Top Create's guarantor and warrantor) on 30 December 2004 in relation to the proposed acquisition by the Company of the entire interest of Top Create in Peak Strategic Industries Limited ("Acquisition"). The consideration as specified in the Acquisition Agreement is HK\$2,886 million and shall be satisfied in full by the allotment and issue of 1,009,090,909 new shares of the Company ("Consideration Shares") to Top Create at HK\$2.86 per Consideration Share. The Acquisition had been duly passed as an ordinary resolution by the independent shareholders of the Company at the extraordinary general meeting held on 25 July 2005. The completion of the Acquisition took place on 6 October 2005.

Directors' Report

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY *(cont'd)*

Long position in shares of the Company *(cont'd)*

Notes: *(cont'd)*

3. Top Create is a wholly owned subsidiary of CMN which in turn is owned as to approximately 82.23% by China Minmetals. Accordingly, CMN and China Minmetals were by virtue of the SFO deemed to be interested in the 1,009,090,909 shares of HK\$0.05 each of the Company held by Top Create as at 31 December 2005.
4. Coppermine is a wholly owned subsidiary of Minmetals HK which in turn is a wholly owned subsidiary of China Minmetals. Accordingly, Minmetals HK and China Minmetals were by virtue of the SFO deemed to be interested in the 275,376,917 shares of HK\$0.05 each of the Company held by Coppermine as at 31 December 2005.

Save as disclosed above, as at 31 December 2005, no other person was recorded in the register required to be kept by the Company under section 336 of the SFO as having an interest or a short position in the shares and underlying shares of 5% or more of the issued shares of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2005, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CONNECTED TRANSACTIONS

During the year ended 31 December 2005, the Group had the following connected transactions, details of which are set out below:

1. Discontinued Connected Transactions

(a) Amounts due from connected persons

The Company was notified on 26 August 2004 that China Minmetals Corporation ("China Minmetals"), the ultimate controlling shareholder of the Company, had become the controlling shareholder of Oriental Shipping & Transportation Company Limited ("OST"), Orienmet Properties Company Limited ("OPC") and Jordan Worldwide Limited ("JWL"). By virtue of these relationships, receivable due from OST, OPC and JWL to the Company were considered as financial assistance provided by the Company and constituted connected transactions under Rule 14A.63 of the Listing Rules.

The receivables due from OST, OPC and JWL amounted to approximately HK\$146,634,000, HK\$2,083,000 and HK\$1,186,000 respectively as at 31 December 2004. These receivables have long been outstanding for more than six years and full provisions had been made against them in 2001.



Directors' Report

CONNECTED TRANSACTIONS *(cont'd)*

1. Discontinued Connected Transactions *(cont'd)*

(a) Amounts due from connected persons (cont'd)

Having considered the history of the receivables, the financial position of OST, OPC and JWL and the recovery rate of the bank creditor in relation to the bank debts as owed by OPC, the Company accepted the repayment of HK\$24,958,937, which was received by the Company on 12 January 2005, as full settlement of the amounts that OST, OPC and JWL owed to the Company. Accordingly, the transactions were completed on the same date.

(b) Purchase of raw materials

On 29 July 2005, North China Aluminium Company Limited, a subsidiary of the Company, entered into an agreement ("Agreement") with Minmetals Aluminium Company Limited ("Minmetals Aluminium") to purchase approximately 833 tonnes of aluminium ingots at a consideration of approximately RMB13,767,000 subject to the terms and conditions of the Agreement.

Prior to the completion of the acquisition of the entire interest in Peak Strategic Industries Limited by the Company pursuant to the acquisition agreement ("the Acquisition") (details of which are published in the circular of the Company dated 30 June 2005) on 6 October 2005, Minmetals Aluminium was a subsidiary of China Minmetals Non-ferrous Metals Company Limited ("CMN") which in turn is a subsidiary of China Minmetals, the Company's ultimate controlling shareholder. Accordingly, Minmetals Aluminium is a connected person of the Company under the Listing Rules. Following the completion of the Acquisition took place on 6 October 2005, Minmetals Aluminium became a wholly owned subsidiary of the Company and was no longer a connected person of the Company.

2. Continuing Connected Transactions

(a) Agreement on non-transferred contracts

Prior to the completion of the Acquisition, there were three subsisting sourcing contracts (the "Non-transferred Sourcing Contracts") and nine subsisting sales contracts (the "Non-transferred Sales Contracts", together with the Non-transferred Sourcing Contracts collectively referred to as the "Non-transferred Contracts") held under the name of CMN. On 28 June 2005, Minmetals Aluminium entered into an agreement on Non-transferred Contracts with CMN (the "Agreement on Non-transferred Contracts") pursuant to which CMN will sell the alumina sourced under the Non-transferred Sourcing Contracts to Minmetals Aluminium at the contracted purchase price plus RMB1 per tonne and Minmetals Aluminium will sell alumina to CMN for on-sell to the contracting parties under the Non-transferred Sales Contracts at the contracted sales price minus RMB1 per tone with effect from 1 January 2005. The Agreement on Non-transferred Contracts is an interim measure only and will expire on 31 December 2006.

Directors' Report

CONNECTED TRANSACTIONS *(cont'd)*

2. Continuing Connected Transactions *(cont'd)*

(a) Agreement on non-transferred contracts (cont'd)

Following the completion of the Acquisition took place on 6 October 2005, Minmetals Aluminium became a wholly owned subsidiary of the Company. Accordingly, CMN is a connected person of the Company under the Listing Rules by virtue of it being an approximately 82.23% owned subsidiary of China Minmetals, the ultimate controlling shareholder of the Company.

The total purchase price paid under the Non-transferred Sourcing Contracts and the sales proceeds received under the Non-transferred Sales Contracts during the period from 6 October 2005 to 31 December 2005 amounted to approximately RMB228,024,000 and RMB175,041,000 respectively and did not exceed the proposed annual cap of RMB630,000,000 for the purchase price payable and RMB1,330,000,000 for the sales proceeds receivable prescribed for the year ended 31 December 2005 as disclosed in the Company's circular dated 30 June 2005.

(b) Logistics services agreement

On 28 June 2005, Minmetals Aluminium entered into a logistics services agreement with Minmetals Shipping & Forwarding Company Limited ("Minmetals Shipping") (the "Logistics Services Agreement") pursuant to which Minmetals Shipping agreed to provide and to procure its subsidiaries to provide shipping, customs clearance, unloading, packaging and custody services (the "Services") to Minmetals Aluminium and its subsidiaries.

Following the completion of the Acquisition took place on 6 October 2005, Minmetals Aluminium became a wholly owned subsidiary of the Company. Accordingly, Minmetals Shipping is a connected person of the Company under the Listing Rules by virtue of China Minmetals, the ultimate controlling shareholder of the Company, having an attributable interest of approximately 71.7% in it.

The total logistics services fees paid to Minmetals Shipping and its subsidiaries for the Services during the period from 6 October 2005 to 31 December 2005 amounted to approximately RMB7,414,000 which did not exceed the proposed annual cap of RMB150,000,000 prescribed for the year ended 31 December 2005 as disclosed in the Company's circular dated 30 June 2005.



Directors' Report

CONNECTED TRANSACTIONS *(cont'd)*

2. Continuing Connected Transactions *(cont'd)*

The continuing connected transactions for the year ended 31 December 2005 have been reviewed by the independent non-executive directors of the Company and confirmed that the continuing connected transactions have been entered into:

- (a) in the ordinary and usual course of business of the Group;
- (b) either on normal commercial terms or on terms no less favorable to the Group than terms available to or from independent third parties;
- (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Group as a whole; and
- (d) the total annual transaction value of each of the Agreement on Non-transferred Contracts and the Logistics Services Agreement for the year ended 31 December 2005 have not exceeded the respective proposed annual cap amounts as approved by the independent shareholders at the extraordinary general meeting of the Company held on 25 July 2005.

EMOLUMENT POLICY

The Group's emolument policy is formulated by the Remuneration Committee on the basis of employees' merit, qualifications and competence.

The determination of remuneration packages of the Directors takes into consideration on factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-base remuneration.

The Company has adopted share option schemes as an incentive to the Directors and eligible employees, details of the schemes are set out under the section headed "Share Option Schemes".

RETIREMENT SCHEMES

Details of the Group's retirement schemes are set out in Note 35 to the financial statements.

DIRECTORS AND SENIOR MANAGEMENT

Particulars of Directors and senior management are set out on pages 15 to 20 of this annual report.

Directors' Report

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans of the Company and the Group as at 31 December 2005 are set out in Note 32 to the financial statements. No interest was capitalised by the Group during the year (2004: HK\$6,990,000).

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 125 to 126 of this annual report.

AUDITORS

PricewaterhouseCoopers, who will retire at the forthcoming annual general meeting, being eligible, offer themselves for re-appointment.

CORPORATE GOVERNANCE REPORT

Details of the Corporate Governance Report are set out on pages 36 to 43 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors, as at the latest practicable date prior to the printing of this report, the Company has maintained sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

By order of the Board
ZHOU Zhongshu
Chairman

Hong Kong, 31 March 2006

