

Audit Committee Report

The Audit Committee (the "Committee") has three members; three of them are independent non-executive director.

The Committee oversees the financial reporting process. In this process, management is responsible for the preparation of the Group financial statements including the selection of suitable accounting policies. External auditors are responsible for auditing and attesting to Group financial statements and evaluating Group system of Internal controls. The Committee oversees the respective work of management and external auditors to endorse the processes and safeguards employed by them. The Committee presents a report to the Board on its findings after each Committee meeting.

The Committee reviewed and discussed with management and external auditors the 2005 consolidated financial statements included in 2005 Annual Report. In the regard, the Committee had discussions with management with regard to new or changes in accounting policies as applied, and significant judgments affecting the Group financial statements. The Committee also received reports and met with the external auditors to discuss the general scope of their audit work (including the impact of new or changes in accounting policies as applied), their assessment of Group internal controls.

Based of these review and discussion, and the report of the external auditors, the Committee recommended to the Board approval of the consolidated financial statements for the year ended 31st December, 2005, with the Auditors' Report thereon.

The Committee also reviewed and recommended to the Board approval of the unaudited financial statements for the six months ended 30th June, 2005, prior to public announcement and filing.

The Committee recommended to the Board that the shareholders be asked to re-appointed Deloitte Touche Tohmatsu as the Group's external auditors for 2006.

The Committee has also reviewed and revised its terms of reference.

MEMBERS OF THE AUDIT COMMITTEE

Ms. Fang Yen Ling
Mr. Lai Jenn Yang, Jeffrey
Mr. Liu Chung Kang, Helios

Hong Kong, 20th April, 2006