

Audit Committee Report

The Audit Committee (the “Committee”) has five members, three of whom are Independent Non-executive Directors and two are Non-executive Directors with observer status and no voting rights.

The Committee oversees the financial reporting process. In this process, management is responsible for the preparation of 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 reports 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 the 2005 Annual Report. In this regard, the Committee had discussions with management with regard to new or changes in the 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 changes in accounting policies as applied), and their assessment of Group internal controls.

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

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

The Committee recommended to the Board that the shareholders be asked to re-appoint PricewaterhouseCoopers as the Group’s external auditors for 2006.

Members of The Audit Committee

Robert SZE (Chairman)

Edward CHEN

R. Donald FULLERTON

JU Wei Min (Non-voting)

Mark RIGOLLE (Non-voting)

Hong Kong, 16 March 2006