

Report of the Directors

The directors herein present their report and the audited financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries and associates are set out in notes 17 and 18 to the financial statements, respectively. There were no significant changes in the nature of the Group’s principal activities during the year.

RESULTS AND DIVIDENDS

The Group’s profit for the year ended 31 March 2005 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 33 to 101.

An interim dividend of HK2.0 cents per share was paid by the Company on 28 January 2005. The directors recommend the payment of a final dividend of HK5.0 cents per share in respect of the year ended 31 March 2005 to shareholders on the register of members on 1 September 2005. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the capital and reserves section of the balance sheet.

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SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out below.

	Year ended 31 March				
	2005	2004	2003	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RESULTS					
TURNOVER	<u>1,561,785</u>	<u>1,389,343</u>	<u>1,249,639</u>	<u>1,176,128</u>	<u>1,124,833</u>
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	<u>80,720</u>	<u>64,763</u>	<u>63,519</u>	<u>79,418</u>	<u>66,831</u>
	As at 31 March				
	2005	2004	2003	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS, LIABILITIES AND MINORITY INTERESTS					
TOTAL ASSETS	<u>1,363,363</u>	<u>1,257,948</u>	<u>1,072,887</u>	<u>883,811</u>	<u>842,589</u>
TOTAL LIABILITIES	<u>(701,855)</u>	<u>(657,951)</u>	<u>(507,063)</u>	<u>(358,766)</u>	<u>(397,154)</u>
MINORITY INTERESTS	<u>(32,460)</u>	<u>(25,815)</u>	<u>(34,694)</u>	<u>(27,317)</u>	<u>(21,094)</u>
NET ASSETS	<u>629,048</u>	<u>574,182</u>	<u>531,130</u>	<u>497,728</u>	<u>424,341</u>

The information set out above does not form part of the audited financial statements.

FIXED ASSETS AND INVESTMENT PROPERTY

Details of movements in the fixed assets and investment property of the Group are set out in note 14 to the financial statements. Further details of the Group's investment property are set out on page 102.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 30(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2005, the Company's reserves available for cash distribution and/or distribution in specie amounted to HK\$298,919,000, of which HK\$19,978,000 has been proposed as a final dividend for the year.

BORROWINGS

Details of the Group's bank borrowings at the balance sheet date are set out in note 26 to the financial statements.

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DIRECTORS

The directors of the Company during the year were:

Executive directors:

TAI Tak Fung, Stephen (*Chairman*)

WU Mei Yung, Quinly

MAN Wing Cheung, Ellis

YIP Wai Keung

WU Wing Biu

Non-executive directors:

Tsunao KIJIMA*

LEUNG Mei Han*

CHAN Yuk Sang, Peter*

* *Independent non-executive directors*

In accordance with article 119 of the Company's articles of association, Mr. Yip Wai Keung and Mr. Tsunao Kijima, will retire and being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from Mr. Tsunao Kijima, Mdm. Leung Mei Han and Mr. Chan Yuk Sang, Peter and still considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The directors' remuneration is determined by the Company's board of directors with reference to directors' duties, responsibilities and performance, and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

Report of the Directors

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2005, the interests and short positions of the directors of the Company in the shares and underlying shares of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), were as follows:

(A) Long positions in ordinary shares of the Company

	Number of ordinary shares held, capacity and nature of interest					Percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation	Beneficiary of a trust	Through controlled corporation and other interests	Total interest	
TAI Tak Fung, Stephen	–	81,250,000 (i)	82,000,000 (ii)	108,510,000 (iii)	271,760,000	68.01
WU Mei Yung, Quinly	–	81,250,000 (i)	82,000,000 (ii)	108,510,000 (iii)	271,760,000	68.01
YIP Wai Keung	680,000	–	–	–	680,000	0.17

Notes:

- (i) The 81,250,000 shares are owned by Special Access Limited (“SAL”), a company wholly-owned by Dr. Tai Tak Fung, Stephen, JP, and his spouse Dr. Wu Mei Yung, Quinly.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

(A) Long positions in ordinary shares of the Company (continued)

- (ii) The 82,000,000 shares are owned by Careful Guide Limited ("CGL") whose shares are owned by a discretionary trust, the Tai Family Trust, the eligible beneficiaries of which include members of the family of Dr. Tai Tak Fung, Stephen, JP, and his spouse Dr. Wu Mei Yung, Quinly.
- (iii) The 108,510,000 shares are owned by Capital Season Investments Limited ("CSI"). CSI is wholly-owned by Advance Finance Investments Limited, which is a wholly-owned subsidiary of Four Seas Food Investment Holdings Limited ("FSFH"). Accordingly, FSFH is deemed to be interested in the 108,510,000 shares in the Company. FSFH is owned as to 0.073% by the Company, 0.5% by Dr. Tai Tak Fung, Stephen, JP, 20.48% by SAL, and 11.97% by CGL. As Dr. Wu Mei Yung, Quinly is the spouse of Dr. Tai Tak Fung, Stephen, JP, Dr. Wu Mei Yung, Quinly is deemed to be interested in the shares of Dr. Tai Tak Fung, Stephen, JP and vice versa. Therefore, Dr. Tai Tak Fung, Stephen, JP and his spouse, Dr. Wu Mei Yung, Quinly are considered to have deemed interests in the 108,510,000 shares of the Company.

All the interests stated above represent long positions in the shares of the Company and exclude those in the underlying shares through share options or equity derivatives.

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DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

(B) Long positions in the underlying shares of the Company through share options

Share options which were granted to the directors on 11 February 2003 under the share option scheme adopted by the Company on 2 September 2002 were lapsed on 1 February 2005. Details of the movements in the Company's share options under the scheme during the year were as follows:

Name	Date of grant of share options	Exercise price of share options HK\$	Exercisable period	Nature of interest	Number of share options held		
					As at 1 April 2004	Lapsed during the year	As at 31 March 2005
TAI Tak Fung, Stephen	11 February 2003	2.955	1 August 2003 to 31 January 2005	Personal Family (i)	300,000 300,000	(300,000) (300,000)	– –
WU Mei Yung, Quinly	11 February 2003	2.955	1 August 2003 to 31 January 2005	Personal Family (ii)	300,000 300,000	(300,000) (300,000)	– –
YIP Wai Keung	11 February 2003	2.955	1 August 2003 to 31 January 2005	Personal	300,000	(300,000)	–
WU Wing Bui	11 February 2003	2.955	1 August 2003 to 31 January 2005	Personal	300,000	(300,000)	–
MAN Wing Cheung, Ellis	11 February 2003	2.955	1 August 2003 to 31 January 2005	Personal	300,000	(300,000)	–
Tsunao KIJIMA	11 February 2003	2.955	1 August 2003 to 31 January 2005	Personal	300,000	(300,000)	–
LEUNG Mei Han	11 February 2003	2.955	1 August 2003 to 31 January 2005	Personal	300,000	(300,000)	–
CHAN Yuk Sang, Peter	11 February 2003	2.955	1 August 2003 to 31 January 2005	Personal	300,000	(300,000)	–

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

(B) Long positions in the underlying shares of the Company through share options (continued)

Notes:

- (i) The family interest represents share options held by Dr. Wu Mei Yung, Quinly, the spouse of Dr. Tai Tak Fung, Stephen, JP.
- (ii) The family interest represents share options held by Dr. Tai Tak Fung, Stephen, JP, the spouse of Dr. Wu Mei Yung, Quinly.

As at 31 March 2005, none of the directors of the Company nor any of their respective spouse or minor children was granted or held options to subscribe for shares in the Company (within the meaning of Part XV of the SFO), or had exercised such rights.

Save as disclosed above, as at 31 March 2005, none of the directors nor any of their associates had registered an interest or short position in the shares and underlying shares of the Company or any of its associated corporations 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in share option scheme disclosures in note 29 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

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SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2005, the interests or short positions of every person, other than a director of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of shareholder		Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Special Access Limited		Direct Long position	83,250,000	20.84
Careful Guide Limited ("CGL")		Direct Long position	80,000,000	20.02
HSBC International Trustee Limited	Note 1	Deemed Long position	80,000,000	20.02
Capital Season Investments Limited ("CSI")		Direct Long position	107,930,000	27.01
Advance Finance Investments Limited ("AFI")	Note 2	Deemed Long position	107,930,000	27.01
Four Seas Food Investment Holdings Limited ("FSFH")	Note 3	Deemed Long position	107,930,000	27.01
Arisaig Greater China Fund ("Arisaig Fund")		Direct Long position	28,334,000	7.09
Arisaig Partners (Mauritius) Limited ("Arisaig Mauritius")	Note 4	Deemed Long position	28,334,000	7.09
Lindsay William Ernest Cooper	Note 5	Deemed Long position	28,334,000	7.09

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)

Notes:

1. The interest of HSBC International Trustee Limited is held as trustee via CGL for a discretionary trust, the Tai Family Trust, the eligible beneficiaries of which include members of the family of Dr. Tai Tak Fung, Stephen, JP, and his spouse Dr. Wu Mei Yung, Quinly. These interests are also included as trust and similar interests of Dr. Tai Tak Fung, Stephen, JP, and his spouse, Dr. Wu Mei Yung, Quinly in "Directors' interests and short positions in shares and underlying shares" above.
2. AFI is deemed by virtue of its holding in the entire issued share capital of CSI to be interested in the shares held by CSI.
3. FSFH is deemed to be interested in the shares held by CSI by virtue of its holding in the entire issued share capital of AFI, which in turn wholly owns CSI.
4. The figure refers to the same holding in the 28,334,000 shares held by the Arisaig Fund. Arisaig Mauritius is the investment manager of the Arisaig Fund and is thereby deemed to have an interest in the shares in which the Arisaig Fund is interested.
5. Mr. Lindsay William Ernest Cooper has only an indirect beneficial interest in Arisaig Mauritius (the investment manager of the Arisaig Fund), but is thereby deemed to have an interest in the shares in which Arisaig Mauritius is interested.

Save as disclosed above, as at 31 March 2005, no person, other than the directors whose interests are set out in the above section headed "Directors' interests and short positions in shares and underlying shares", had registered an interest or a short position in the shares or underlying shares of the Company that was recorded in the register required to be kept by the Company under Section 336 of the SFO.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Dr. TAI Tak Fung, Stephen, SBS, JP, PhD (honoris causa), aged 57, is the founder and chairman of the Group, responsible for corporate strategies, policies and planning. He is a member of the Chinese People's Political Consultative Conference and a member of the Chinese People's Political Consultative Conference Canton Standing Committee. Dr. Tai received a number of awards and accolades, including the World Outstanding Chinese Award, the Visiting Professor of South China Normal University, the 30th Food Industry Distinguished Service Award, Letter of Appreciation from the Food & Marketing Bureau of the Ministry of Agriculture, Forestry and Fishery of Japan, "Honourable Citizen of Shantou" and "Honourable Citizen of Guangzhou" in Mainland China. He holds several public positions, including the president of Hong Kong Foodstuffs Association Limited, the president of Hong Kong Japan Confectionery, Biscuit & Foodstuff Association, the consultant of China National Food Industry Association and the International Economic Adviser of the People's Government of Hebei Province. He is also the chairman of Four Seas Food Investment Holdings Limited ("FSFH"), which is listed on the Stock Exchange, and a director of Careful Guide Limited and Special Access Limited, the substantial shareholders of the Company.

Dr. WU Mei Yung, Quinly, PhD (honoris causa), aged 52, is a co-founder and the managing director of the Group, responsible for the Group's business strategic planning, and formulation of human resources and administration policies. She has more than 30 years' experience in the food and confectionery business. Dr. Wu is also a director of Careful Guide Limited and Special Access Limited. She is the spouse of Dr. Tai Tak Fung, Stephen.

Mr. MAN Wing Cheung, Ellis, aged 49, is the deputy managing director of the Group, responsible for corporate finance, accounting, information technology and project investments of the Group. Mr. Man has a Master of Commerce degree from the University of New South Wales in Australia. He is also a member of CPA Australia and the Hong Kong Institute of Certified Public Accountants. He gained extensive experience in finance and accounting from overseas multinational corporations. Mr. Man joined the Group in 1992. He is also a director of FSFH.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Executive Directors (continued)

Mr. YIP Wai Keung, aged 55, is responsible for the overall sales and marketing functions of the Group. Prior to joining the Group, Mr. Yip was responsible for marketing and promotion activities in a Japanese food company in Hong Kong for eight years. He has more than 32 years' experience in sales and marketing. Mr. Yip joined the Group in 1979. He is also a director of FSFH.

Mr. WU Wing Bui, aged 46, is responsible for merchandising and purchasing management of the Group. He has more than 20 years' experience in the food and confectionery industry. Mr. Wu joined the Group in 1978. He is a brother of Dr. Wu Mei Yung, Quinly.

Independent Non-executive Directors

Mr. Tsunao KIJIMA, aged 57, is the executive vice president, group chief operating officer/ Living Essentials Group of Mitsubishi Corporation. He holds a Bachelor of Arts degree in Economics from Keio University in Japan. Mr. Kijima has more than 34 years' experience of worldwide trading of processed foods, beverages, snack foods, and other food products. He spent eight years in the United States managing the affiliated companies of Mitsubishi Corporation in the food manufacturing and marketing industry.

Mdm. LEUNG Mei Han, aged 47, holds a Bachelor of Commerce degree from the University of Queensland in Australia and is a fellow member of CPA Australia. Mdm. Leung has 21 years' experience in corporate finance and related areas.

Mr. CHAN Yuk Sang, Peter, aged 59, was the chairman of a listed company on the Stock Exchange until July 2002. He was a senior general manager of a local bank until November 1998. Mr. Chan was also a director of a listed company in Hong Kong from 1993 to 1995 and an executive director of a joint Chinese-foreign bank in Shenzhen until 1995. He has more than 35 years' experience in the banking and finance industry. Mr. Chan is currently an independent non-executive director of Gome Electrical Appliances Holdings Ltd., a company listed on the Main Board of the Stock Exchange.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Senior management

Mr. TSE Siu Wan, aged 44, is a director and the general manager of Hong Kong Ham Holdings Limited (“HK Ham”), a wholly-owned subsidiary of the Group, responsible for the management of the Group’s ham manufacturing operations. He has extensive experience in the manufacturing of ham and ham-related products. Mr. Tse joined HK Ham in 1980. He is also a director of FSFH.

Ms. CHING Kim Seung, Connie, aged 46, is the assistant managing director of the Group, responsible for general administration and human resources as well as the retail and restaurant businesses of the Group. She is an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and a Certified Information System Auditor. Prior to joining the Group, she was an executive director and a financial controller of a listed food and beverage company for six years; before that, she was an executive director of a garment retailing group for over five years. She joined the Group in 2005.

Mr. LO Ka Sing, Kassim, aged 51, is the general manager of the sales department, responsible for sales functions in Hong Kong. Mr. Lo holds a Master of Business Administration degree from the Southern California University for Professional Studies in U.S.A. Prior to joining the Group, he was an assistant general manager of a listed company in Hong Kong. He has more than 27 years’ experience in sales and marketing. Mr. Lo joined the Group in 1996.

Mr. LAI Yuk Fai, Patrick, aged 50, is the general manager of the business development department, responsible for the Group’s business planning and developing. Mr. Lai has a Bachelor of Business Administration degree from The Chinese University of Hong Kong. Prior to joining the Group, he was the general manager of the sales department of a multinational company. Mr. Lai joined the Group in 1998.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Senior management (continued)

Mr. NAM Chi Ming, Gibson, aged 44, is the general manager of the Group's internal audit department, responsible for managerial controls and internal audit. He holds a Master of Business Administration degree from The Chinese University of Hong Kong. Mr. Nam is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. He has extensive financial and managerial experience. Mr. Nam worked in the Group from 1996 to 1999, and re-joined the Group in 2001.

Mr. LEUNG Tin Chi, Wallace, aged 41, is the financial controller, qualified accountant and company secretary of the Group, responsible for finance, accounting and company secretarial affairs. Mr. Leung holds a Bachelor of Business degree from Swinburne University of Technology in Australia. He is also a member of CPA Australia and the Hong Kong Institute of Certified Public Accountants. Mr. Leung has extensive accounting experience. He joined the Group in 1994.

Ms. WONG Yuen Shan, Susanna, aged 39, is the general manager of the Group's communications department, responsible for communications, promotion and advertising activities. Ms. Wong had previously worked for an international communications consultancy. Before joining the Group, she was with a Hong Kong listed retail chain and was responsible for corporate communications in Asia Pacific. Ms. Wong joined the Group in 2005.

Mr. HO Kwok Tong, Fred, aged 51, is the deputy general manager of the information technology department, responsible for information technology and systems development. He holds a Master of Business Administration degree from Southern California University for Professional Studies in U.S.A. Mr. Ho has over 29 years' experience in the development of management information systems. He joined the Group in 1994.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for less than 30% of the total sales for the year. Purchases from the Group's five largest suppliers accounted for 30.7% of the total purchases for the year and purchases from the largest supplier included therein amounted to 13.4%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flows and facilities granted by its principal bankers. As at 31 March 2005, the Group had banking facilities of HK\$1,359,703,000 of which 38% had been utilised. The Group had a gearing ratio of 0.82 as at 31 March 2005. This is expressed in terms of total bank borrowings to shareholders' funds. Bank borrowings of the Group, denominated in either Hong Kong dollar, Japanese yen or US dollar currencies, mainly comprise trust receipt loans and bank loans (the "Interest-Bearing Bank Borrowings") at prevailing market interest rates. The Interest-Bearing Bank Borrowings which are classified as current liabilities are repayable within one year and the Interest-Bearing Bank Borrowings under non-current liabilities are repayable between two and five years. As at 31 March 2005, the Group held cash and cash equivalents of HK\$416,252,000. During the year, the Group placed excess short term funds in short term currency-link deposits with banks and earned a net income of HK\$37,638,000. As at 31 March 2005, no short term currency-link deposits were placed with banks. There were no significant changes in the Group's contingent liabilities and there were no charges on the Group's assets during the year under review.

STAFF EMPLOYMENT

The total number of employees of the Group as at 31 March 2005 was approximately 2,730. Remuneration packages are generally structured by reference to market terms and individual qualifications. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors. The Group operates a mandatory provident fund scheme which covers all the employees of the Group.

The Company adopted a share option scheme on 2 September 2002. 2,400,000 and 3,700,000 share options with an exercise price of HK\$2.955 per share were granted to the directors (including executive directors and independent non-executive directors) and employees, respectively, on 11 February 2003. Except for 600,000 share options lapsed last year, the remaining 5,500,000 share options lapsed on 1 February 2005. Apart from the above, no share options were granted, lapsed, cancelled or exercised during the year under review.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the directors confirmed that at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

POST BALANCE SHEET EVENT

Details of the significant post balance sheet event of the Group are set out in note 35 to the financial statements.

Report of the Directors

CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), which was in force prior to 1 January 2005, throughout the accounting period covered by the annual report, except that the non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code, but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company’s articles of association.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code of the Listing Rules as the Company’s code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company’s directors, the directors confirmed that the directors complied with the required standard set out in the Model Code since the adoption date of the Model Code which fell within the accounting period covered by the annual report.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules, for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Dr. TAI Tak Fung, Stephen, JP

Chairman

Hong Kong, 20 July 2005