

Audit Committee Report

The Audit Committee of the Company was established on 28 June 1999. Its composition shall be a minimum of 3 members of NEDs with a majority being INEDs. For the financial period under review, the Audit Committee comprised all the INEDs of the Company at all times.

For the financial period under review, the Audit Committee had performed the following duties:

- reviewed and commented on the financial report of each of the half-yearly, the third quarter, and the full year of the Group of the financial period under review before submission to the Board for adoption and publication;
- endorsed the policy on the engagement of external auditors for non-audit services;
- met with the Auditors to discuss the financial matters of the Group that arose during the course of the audit process, and reviewed the findings, recommendations and representations of the Auditors;
- reviewed and approved of the remuneration and the terms of engagement of the Auditors for both audit service and non-audit services for the financial period under review;
- reviewed the Company's statement on internal control.

After the due and careful consideration of the reports from the management of the Group and the Auditors, the Audit Committee was of the view that no suspected irregularities, internal control deficiencies, or breach of regulations had been found, and concluded that the system of internal controls was adequate and effective.

Based on the reviews and discussions performed by the Audit Committee, the Audit Committee had:

- recommended to the Board for the approval of the unaudited financial statements of the half-yearly before the announcement of the interim results;
- recommended to the Board for the approval of the audited financial statements of the financial period under review together with the Auditors' Report there attached, before the announcement of the annual results;
- recommended to the Board for the proposal for the re-appointment of Deloitte Touche Tohmatsu as the Auditors of the Company for the ensuing year in the forthcoming annual general meeting of the Company.

Audit Committee Members:

LEUNG Ka Kui Johnny (*chairman of the Audit Committee*)

WONG Chuk Yan

CHAN Hak Sin

Hong Kong, 13 April 2006