

Report of the Directors

The directors submit their report together with the audited consolidated financial statements for the year ended 31 March 2006.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries are set out in Note 17 to the financial statements.

An analysis of the Group's performance for the year by geographical segments is set out in Note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 40.

The directors declared an interim dividend of HK1.0 cent per ordinary share, totalling HK\$2,596,000 which was paid on 20 January 2006.

The directors recommend the payment of a final dividend of HK3.0 cents per ordinary share, totalling HK\$7,788,000.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in Note 29 to the financial statements.

DONATIONS

The Group did not make any charitable and other donations during the year (2005: HK\$50,000).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 16 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 28 to the financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 March 2006, calculated under section 79B of the Companies Ordinance, amounted to HK\$114,846,000 (2005: HK\$125,090,000).

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 100.

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

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

SHARE OPTION SCHEME

The old share option scheme adopted by the Company on 27 November 1992 was terminated on 2 September 2002.

At the annual general meeting held on 2 September 2002, a new share options scheme (the "Scheme") of the Company was approved and adopted by the shareholders of the Company to comply with the requirements of Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(a) Details of the Scheme are as follows:

(i) Purpose

The purpose of the Scheme is to provide incentives or rewards to participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity.

(ii) Qualifying participants

Any employee including any executive director or non-executive director of the Company, its subsidiaries or any invested entity.

SHARE OPTION SCHEME (continued)**(a) Details of the Scheme are as follows: (continued)***(iii) Maximum number of shares*

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue on the date of approval of the Scheme. The Company may renew this limit at any time, subject to shareholders' approval and the issue of a circular and in accordance with the Listing Rules provided that the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares in issue from time to time. No options may be granted under the Scheme or any other share option schemes of the Company if this will result in such limit being exceeded. As at 31 March 2006, the number of shares available for issue under the Scheme is 25,533,600 shares.

(iv) Limit for each participant

The total number of shares of the Company issued and to be issued upon exercise of the options granted to each participant (including both exercised or outstanding options) in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue.

(v) Option period

On and subject to the terms of the Scheme the Board shall be entitled at any time within 10 years, or such other period as the Board may from time to time determine subject to the Listing Rules applicable for the time being, after the adoption date to offer the grant of an option to any participant as the Board may in its absolute discretion select.

(vi) Amount payable on application or acceptance

An option shall be deemed to have been granted and accepted and to have taken effect when the duplicate of the offer letter comprising acceptance of the option duly signed by the grantee together with a remittance of HK\$1.00 in favour of the Company by way of consideration for the grant thereof is received by the Company within 28 days from the date of the offer letter issued by the Company. Such remittance shall in no circumstances be refundable.

SHARE OPTION SCHEME (continued)

(a) Details of the Scheme are as follows: (continued)

(vii) *Subscription price*

The subscription price in respect of any particular option shall be such price as determined by the Board in its absolute discretion at the time of the making of the offer but in any case the subscription price shall not be less than the highest of:

- (a) The closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a trading day;
- (b) The average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the offer date; and
- (c) The nominal value of the Company's shares.

(viii) *The remaining life of the Scheme*

The Board shall be entitled at any time within 10 years between 2 September 2002 and 1 September 2012 to offer the grant of an option to any qualifying participant.

SHARE OPTION SCHEME (continued)

(b) Details of share options outstanding as at 31 March 2006 which have been granted under the Scheme are as follows:

Name	Number of share options					Exercise price HK\$	Grant date	Exercisable period
	Held at 1 April 2005	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Held at 31 March 2006		
TAI Tak Fung, Stephen	1,200,000	-	-	(1,200,000)	-	-	0.93	11 November 2003 31 October 2005
Takeshi NOMAGUCHI	400,000	-	-	(400,000)	-	-	0.93	11 November 2003 31 October 2005
MAN Wing Cheung, Ellis	100,000	-	-	(100,000)	-	-	0.93	11 November 2003 31 October 2005
YIP Wai Keung	520,000	-	-	(520,000)	-	-	0.93	11 November 2003 31 October 2005
CHAN Kay Cheung	800,000	-	(800,000)	-	-	-	0.93	11 November 2003 31 October 2005
	<u>3,020,000</u>	<u>-</u>	<u>(800,000)</u>	<u>(2,220,000)</u>	<u>-</u>	<u>-</u>		
Other employees								
Managerial level in aggregate	5,000,000	-	(500,000)	(4,500,000)	-	-	0.93	11 November 2003 31 October 2005
Grand Total	<u>8,020,000</u>	<u>-</u>	<u>(1,300,000)</u>	<u>(6,720,000)</u>	<u>-</u>	<u>-</u>		

Notes:

- 1 The weighted average closing price per share immediately before the dates on which the share options were exercised was HK\$1.028.
- 2 A total of 6,720,000 share options at exercise price of HK\$0.93 were lapsed during the year.
- 3 The above options granted are not recognised in the financial statements until they are exercised. Rule 17.08 of the Listing Rules stipulates that the listed issuer is encouraged to disclose in its annual report and interim report the value of options granted to participants as referred to in (i) to (v) of Rule 17.07 during the financial year. The directors consider it inappropriate to value the share options as a number of factors critical for the valuation cannot be determined accurately. Any valuation of the share options based on various speculative assumptions would be meaningless and could be misleading to the shareholders. The directors therefore consider the disclosure of only the relevant market price and exercise price, which are readily ascertainable, will be appropriate.

DIRECTORS

The directors during the year were:

TAI Tak Fung, Stephen (*Chairman*)

Takeshi NOMAGUCHI (*Managing Director*)

MAN Wing Cheung, Ellis

YIP Wai Keung

TSE Siu Wan

LAI Yuk Chuen, Philip

TAI Chun Leung

CHAN Kay Cheung[#]

LAN Yee Fong, Steve John[#]

LUI Shing Ming, Brian[#]

[#] *Independent non-executive directors*

In accordance with Article 105(A) of the Company's Articles of Association, Dr. TAI Tak Fung, Stephen, Mr. Takeshi NOMAGUCHI, Mr. TSE Siu Wan and Mr. LAI Yuk Chuen, Philip retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting to be held on 1 September 2006 (the "AGM").

DIRECTORS' SERVICE CONTRACTS

Dr. TAI Tak Fung, Stephen has entered into a service contract with the Company for an initial term of two years commencing on 1 April 2006 and will continue thereafter until terminated by either party by serving a notice in writing to the other of not less than three calendar months in accordance with the terms of the service contract.

Mr. Takeshi NOMAGUCHI has entered into a service contract with the Company for an initial term of two years commencing on 1 April 2006 and will continue thereafter until terminated by either party by serving a notice in writing to the other of not less than three calendar months in accordance with the terms of the service contract.

Mr. TSE Siu Wan has entered into a service contract with the Company for an initial term of two years commencing on 1 April 2006 and will continue thereafter until terminated by either party by serving a notice in writing to the other of not less than three calendar months in accordance with the terms of the service contract.

Mr. LAI Yuk Chuen, Philip has entered into a service contract with the Company for an initial term of two years commencing on 1 April 2006 and will continue thereafter until terminated by either party by serving a notice in writing to the other of not less than three calendar months in accordance with the terms of the service contract.

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DIRECTORS' SERVICE CONTRACTS (continued)

Save as disclosed above, none of the directors who are proposed for re-election at the AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company and its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of directors and senior management are set out on pages 9 to 11 of this Annual Report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2006, the interests and short positions of the directors and chief executives of the Company (including those interests and short positions which were taken or deemed to have been taken under the provisions of the Securities and Futures Ordinance (the "SFO")) in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were notified to the Company or as otherwise 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) Interests in shares of the Company

	Number of shares held			Total interests as % of the relevant issued share capital	
	Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporation)	Trust and similar interests	Total interests	
TAI Tak Fung, Stephen	4,566,000	53,095,177 ⁽ⁱ⁾	30,914,000 ⁽ⁱⁱⁱ⁾	88,575,177	34.12%
YIP Wai Keung	736,360	–	–	736,360	0.28%
TAI Chun Leung	–	–	30,914,000 ⁽ⁱⁱⁱ⁾	30,914,000	11.91%
CHAN Kay Cheung	800,000	–	–	800,000	0.31%
LAN Yee Fong, Steve John	800,000	–	–	800,000	0.31%

Notes:

- (i) Out of the 53,095,177 shares, 187,927 shares, representing 0.072% of the Company's issued share capital, are beneficially owned by Four Seas Mercantile Holdings Limited ("FSMHL"). Special Access Limited ("SAL") and Careful Guide Limited ("CGL") which in aggregate hold more than one-third of the issued share capital of FSMHL. SAL is wholly owned by Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly; whereas CGL is 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. Accordingly, Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly are deemed to have interests in those 187,927 shares of the Company's issued share capital held by FSMHL. The remaining 52,907,250 shares, representing 20.38% of the Company's issued share capital, are owned by SAL, and Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly are therefore deemed to have interests therein.

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DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (continued)

(a) Interests in shares of the Company (continued)

Notes: (continued)

- (ii) 30,914,000 shares, representing 11.91% of the Company's issued capital, are owned by 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. Thus Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly are deemed to have interests therein.
- (iii) Such interests in the shares are held by CGL, a company controlled by the Tai Family Trust under which Mr. TAI Chun Leung is a discretionary beneficiary. As Director of the Company, Mr. TAI Chun Leung is taken to have a duty of disclosure in relation to such shares under the SFO.

(b) Interests in shares of the associated corporation

Directors' interests in the equity of FSMHL are as follows:

	Number of shares held			Total interests	
	Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporation)	Trust and similar interests	Total interests	as % of the relevant issued share capital
TAI Tak Fung, Stephen	–	191,604,000 ⁽ⁱ⁾	82,000,000 ⁽ⁱⁱⁱ⁾	273,604,000	68.48%
YIP Wai Keung	680,000	–	–	680,000	0.17%
TAI Chun Leung	–	–	82,000,000 ⁽ⁱⁱⁱ⁾	82,000,000	20.52%

Notes:

- (i) Of which, 81,250,000 shares, representing approximately 20.34% of the issued share capital of FSMHL, are owned by SAL, which in turn is wholly-owned by Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly. Another 110,354,000 shares, representing 27.62% of the issued share capital of FSMHL, are owned by Capital Season Investments Limited, a company wholly-owned by Advance Finance Investments Limited ("AFIL"). Since AFIL is wholly owned by the Company, which in turn Dr. TAI Tak Fung, Stephen, JP, SAL, CGL and FSMHL in aggregate hold more than one-third of the issued share capital of the Company. Therefore, Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly are deemed to have interests in 110,354,000 shares of FSMHL.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (continued)

(b) Interests in shares of the associated corporation (continued)

Notes: (continued)

- (ii) The shares, which represent 20.52% of the issued share capital of FSMHL, are owned by 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. Thus Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly are deemed to have interests therein.
- (iii) Such interests in the shares are held by CGL, a company controlled by the Tai Family Trust under which Mr. TAI Chun Leung is a discretionary beneficiary.

All the interests stated above represent long positions in the shares of the Company. Save as disclosed above, as at 31 March 2006, none of the directors or chief executives of the Company had, or were deemed under the SFO to have, any interest or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from as disclosed under the headings "Directors' and Chief Executives' Interests and Short Positions in the Shares and Underlying Shares of the Company or Any Associated Corporation" and "Share Option Scheme" above, at no time during the year was the Company or its subsidiaries a party to any arrangement to enable the directors or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

As at 31 March 2006, according to the register required to be kept by the Company under Section 336 of the SFO, the following persons (other than the directors and chief executives of the Company) had interests, being 5% or more of the Company's issued share capital, and short positions in the shares and underlying shares of the Company:

	Number of shares held				Total interests as % of the Total relevant issued interests share capital	
	Direct/ Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Trust and similar interests		
SAL	52,907,250 ⁽ⁱ⁾	–	–	–	52,907,250	20.38%
CGL	–	–	–	30,914,000 ^(iv)	30,914,000	11.91%
WU Mei Yung, Quinly	–	4,566,000 ⁽ⁱⁱ⁾	53,095,177 ⁽ⁱⁱⁱ⁾	30,914,000 ^(iv)	88,575,177	34.12%
HSBC International Trustee Limited	–	–	–	30,914,000 ^(v)	30,914,000	11.91%

Notes:

- (i) SAL is wholly owned by Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly. This interest is also included as corporate interests of Dr. TAI Tak Fung, Stephen, JP in "Directors' and Chief Executives' Interests and Short Positions in the Shares and Underlying Shares of the Company or Any Associated Corporation".
- (ii) The shares, which represent 1.76% of the issued share capital of the Company, are beneficially held by Dr. TAI Tak Fung, Stephen, JP. Therefore, his spouse Dr. WU Mei Yung, Quinly is deemed to have interests therein. This interest is also included as personal interests of Dr. TAI Tak Fung, Stephen, JP in "Directors' and Chief Executives' Interests and Short Positions in the Shares and Underlying Shares of the Company or Any Associated Corporation".

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

Notes: (continued)

- (iii) Out of the 53,095,177 shares, 187,927 shares, representing 0.072% of the Company's issued share capital, are beneficially owned by FSMHL. SAL and CGL which in aggregate hold more than one-third of the issued share capital of FSMHL. SAL is wholly-owned by Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly; whereas CGL is 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. Accordingly, Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly are deemed to have interests in those 187,927 shares of the Company's issued share capital held by FSMHL. The remaining 52,907,250 shares, representing 20.38% of the Company's issued share capital, are owned by SAL, and Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly are therefore deemed to have interests therein. This interest is also included as corporate interests of Dr. TAI Tak Fung, Stephen, JP in "Directors' and Chief Executives' Interests and Short Positions in the Shares and Underlying Shares of the Company or Any Associated Corporation".
- (iv) CGL is 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 Dr. WU Mei Yung, Quinly. This interest is also included as trust and similar interests of Dr. TAI Tak Fung, Stephen, JP in "Directors' and Chief Executives' Interests and Short Positions in the Shares and Underlying Shares of the Company or Any Associated Corporation".
- (v) HSBC International Trustee Limited is the trustee of the discretionary trust, the Tai Family Trust, referred to in Note (iv) above.

All the interests stated above represent long positions in the shares of the Company. Other than as disclosed above, as at 31 March 2006, the Company had not been notified of any persons (other than the directors or chief executives of the Company) who had an interests or short positions in shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the Company's issued share capital, and short positions in the shares and underlying shares of the Company.

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.

Report of the Directors

MAJOR SUPPLIERS AND CUSTOMERS

The percentage of purchases for the year attributable to the Group's major suppliers are as follows:

	2006 %	2005 %
Purchases		
– the largest supplier	76	83
– five largest suppliers combined	91	93

None of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the major suppliers noted above at any time during the year.

The aggregate percentage of sales attributable to the Group's five largest customers is less than 30% of the total sales during the year and therefore no additional disclosure with regard to major customers are made.

CONNECTED TRANSACTIONS

Significant related party transactions entered by the Group during the year ended 31 March 2006, which do not constitute connected transactions under the Listing Rules, are disclosed in Note 33 to the financial statements.

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

Particulars of the Group's bank loans and other borrowings are set out in Note 27 to the financial statements. The Group had no bank overdrafts as at 31 March 2006.

LIQUIDITY

Operating revenue was the Group's major source of funds during the financial year. As at 31 March 2006, the Group held cash on hand and bank balances of approximately HK\$52 million (2005: HK\$179 million) whilst trade credit facilities were utilised to the extent of approximately HK\$77 million (2005: HK\$163 million), representing approximately 14% (2005: 32%) of the total banking facilities of HK\$541 million (2005: HK\$511 million).

The Group had a gearing ratio of 0.20 (2005: 0.45) as at the balance sheet date. Gearing is expressed as total bank borrowings to shareholders' funds.

Bank borrowings of the Group mainly comprised trust receipt loans which were denominated in either Hong Kong dollar or United States dollar. Risk in exchange rate fluctuations will not be material. The trust receipt loans were obtained to finance the purchase of meat products from overseas. The other loans were obtained for working capital purpose.

PLEDGE OF ASSETS

As at 31 March 2006, the assets (including leasehold land and buildings) and issued shares of a subsidiary were pledged as securities for a bank loan granted to the Group.

CONTINGENT LIABILITIES

As at 31 March 2006, the Group had no significant contingent liabilities.

RETIREMENT BENEFIT COSTS

Pursuant to the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) (the “MPF Ordinance”), companies within the Group in Hong Kong have enrolled all employees in Hong Kong aged between 18 and 65 into a mandatory provident fund scheme (the “MPF Scheme”).

The MPF Scheme is a master trust scheme established under trust arrangement and governed by laws in Hong Kong. The assets of the MPF Scheme are held separately from the assets of the employer, the trustees and other service providers. The Group made contributions to the MPF Scheme at 5% of the employees’ relevant income as defined in the MPF Ordinance up to a maximum of HK\$1,000 per employee per month or at a rate above 5% of the employees relevant income as determined by the Group. The employees also contribute a corresponding amount to the MPF Scheme if their relevant income is more than HK\$5,000 per month. The Group’s contribution to the MPF Scheme are expensed as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

STAFF EMPLOYMENT

Remuneration packages are generally structured by reference to market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Share options were granted to the senior executives in reward for their outstanding performance in management and operation. At 31 March 2006, the Group employed a total of 56 full-time employees.

AUDIT COMMITTEE

The responsibilities of the Audit Committee and the work done during the year are set out in the Corporate Governance Report on pages 27 to 38 of this Annual Report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company’s issued shares as required under the Listing Rules.

CORPORATE GOVERNANCE

The Company's corporate governance practices during the year are set out in the Corporate Governance Report on pages 27 to 38 of this Annual Report.

AUDITORS

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Dr. TAI Tak Fung, Stephen, SBS, JP

Chairman

Hong Kong, 19 July 2006