

Management Discussion and Analysis – Report of the Directors

The Directors are pleased to present the annual report together with the annual financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company is a holding company. Its subsidiaries are principally engaged in the manufacturing and wholesaling of aluminium extrusion products and chemicals for use in electroplating process. Such products are produced on sites located in Nanhai and Zhuhai, Guangdong Province, the PRC and in Hong Kong. Other investments include a business in stainless steel production.

Segmental information of the Group's turnover and contribution to profit from operations for the Year is set out in note 36 to the financial statements.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

As at 31 December 2003, the net current assets of the Group were HK\$585,015,000 (31 December 2002: HK\$503,658,000). Within the current assets, HK\$471,548,000 (31 December 2002: HK\$410,868,000) was in the form of free cash and cash equivalents.

Total bank borrowings and obligations under finance leases as at 31 December 2003 were HK\$682,925,000 (31 December 2002: HK\$670,660,000), of which approximately 33%, HK\$223,892,000 (31 December 2002: HK\$320,093,000) will be due after one year. Net debt gearing (i.e. total borrowings less free cash/net tangible assets) of the Group as at year end was 20% (31 December 2002: 29%).

Since 2001, the Group has been adopting a strategy to obtain financing with a longer tenure to enhance its liquidity and minimise the maturity mismatch between assets and liabilities. As a result, more than 33% of the Group's bank borrowings and obligations under finance leases was due after one year as at 31 December 2003 (2002: 48%). This strategy will be maintained in the near future.

The Company issued 17,700,000 new shares during the Year due to the exercise of the options pursuant to the share option schemes of the Company.

Foreign Exchange Risk and Interest Rate Risk

The majority of the Group's borrowings are denominated in HK\$, RMB and US\$ at floating interest rates. Financing in RMB is used only by the Group's operations in the PRC, which usually receive revenue in RMB. Raw materials for export sales denominated in US\$ are predominately imported and therefore settled in US\$. The management is of the opinion that the Group's exposure to interest rate and foreign exchange rate risks is insignificant, and hedging for these risks by means of derivative instruments is considered unnecessary.

CUSTOMERS AND SUPPLIERS

During the financial year ended 31 December 2003, the Group's five largest customers accounted for approximately 49% of the Group's turnover, while the five largest suppliers accounted for approximately 68% of the Group's total purchases. In addition, the largest customer of the Group accounted for approximately 29% of the Group's sales revenue and the largest supplier of the Group accounted for approximately 31% of the Group's purchases.

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

RESULTS AND APPROPRIATIONS

Details of the Group's results for the year ended 31 December 2003 are set out on page 31 of the 2003 annual report.

The Directors recommended the payment of a final dividend of HK\$0.065 per share (2002: HK\$0.07) totalling HK\$27,055,000 to the shareholders registered in the Company's register of members as at the close of business on 3 June 2004. An interim dividend of HK\$0.035 per share was declared by the Company during 2003 (2002: Nil), the total dividend per share for the 2003 financial year is HK\$0.10 (2002: HK\$0.07). Subject to the approval of shareholders at the forthcoming Annual General Meeting (the "AGM") of the Company, the dividend warrants are expected to be despatched to shareholders on or before 29 June 2004.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 31 May 2004 to 3 June 2004, both days inclusive in order to determine those shareholders entitled to the proposed final dividend. No shares shall be transferred or effected during this period.

In order to qualify for the final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Hong Kong branch registrar of the Company, Tengis Limited of G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on 28 May 2004.

SPIN-OFF OF OCEAN GRAND CHEMICALS

On 30 June 2003, the Company spun-off Ocean Grand Chemicals (stock code: 2882) for listing on the Main Board of the Stock Exchange. 475,000,000 shares of Ocean Grand Chemicals were listed on the Stock Exchange at an issue price of HK\$0.88 per share. The Group's equity interest in Ocean Grand Chemicals was diluted from 90.40% to 74.98% as a result of the reorganisation and the issue of new shares as part of the spin-off.

DISPOSAL OF INVESTMENT

During the Year, the Group has commenced and completed the disposal of its interest in Linefan Technology Holdings Limited. As a result, a non-recurring loss of HK\$27,014,000 was recognised in the Year.

SHARE CAPITAL AND SHARE OPTIONS

Movements in share capital of the Company and details of share option schemes of the Company and subsidiary are set out in notes 27 and 28 respectively to the financial statements.

RESERVES

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

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 5 of the 2003 annual report.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares on the Stock Exchange during the year ended 31 December 2003 (2002: Nil).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws ("Bye-laws") nor the laws of Bermuda.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 16 to the financial statements.

FIXED ASSETS

Movements of fixed assets during the Year are set out in note 13 to the financial statements.

BANK LOANS

Particulars of bank loans as at 31 December 2003 are set out in notes 22 and 24 to the financial statements.

CHARGES ON GROUP ASSETS

Details of charge on the Group's assets are set out in note 34 to the financial statements.

CONTINGENT LIABILITIES

Details of the contingent liabilities are set out in note 32 to the financial statements.

PENSION SCHEME

Details of the pension scheme are set in note 33 to the financial statements.

STAFF POLICY

Staff costs are disclosed in note 6 to the financial statements.

The Group believes that human resources are the most valuable assets of all, and is committed to providing a friendly and stimulating working environment for staff members. Remuneration of employees is determined on a merit basis with no regard to sex, age or disability of employees. Employees of the Group are also entitled to share options pursuant to the share option scheme adopted by the Company. On-the-job training is provided to staff members where necessary. As at 31 December 2003, the Group employed, excluding Directors, a total of approximately 700 (31 December 2002: approximately 650) full time employees. About 90% of them are located in the PRC.

Staff costs and Directors' remuneration for the year ended 31 December 2003 amounted to approximately HK\$35,000,000 (31 December 2002: HK\$28,000,000).

CONNECTED TRANSACTIONS

Details of connected transactions of the Group are set out in note 35 to the financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors who held office during the Year and up to the date of the 2003 annual report were:

Mr Yip Kim Po, Chairman

Mr Hui Ho Ming, Herbert, Deputy Chairman and Vice Chairman

Mr Choy Tak Ho *

Mr Chau Po Fan *

Mr Kwan Yan

Mr Lee Kwan Ho, Vincent Marshall * (Appointed on 4 December 2003)

Mr Li Lee Cheung

Ms Yip Wan Fung

* Independent Non-Executive Director

In accordance with Bye-law nos. 86(2) and 87(1) respectively of the Company, Mr Lee Kwan Ho, Vincent Marshall, Mr Li Lee Cheung and Ms Yip Wan Fung will retire at the forthcoming AGM of the Company to be held on 3 June 2004 and, being eligible, will offer themselves for re-election. Neither of the Directors being proposed for re-election at the forthcoming AGM has a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation) with the Company.

DETAILS OF DIRECTORS

Brief details of Directors are set out on pages 28 and 29 of the 2003 annual report.

INFORMATION ON SHARE OPTION SCHEMES

At the AGM of the Company held on 7 June 2002, an ordinary resolution was passed approving the adoption of a new share option scheme (the “Share Option Scheme – 2002”) which complied with Chapter 17 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange, and the termination of the share option scheme adopted by the Company on 4 September 1997 (the “Share Option Scheme – 1997”). All options granted prior to the termination of the Share Option Scheme – 1997 continue to be valid and exercisable.

At the AGM of the Company held on 6 June 2003, an ordinary resolution was passed approving the amendment to the Share Option Scheme – 2002 by expanding the definition of participants and refreshing the scheme’s mandate limit. Pursuant to the Share Option Scheme – 2002 (Amended), participants (including Directors of the Group, employees, consultants and business associates) are entitled to be granted options to subscribe for shares in the Company.

Summary of the terms and particulars of outstanding options of the Share Option Scheme – 1997 and the Share Option Scheme – 2002 (Amended) are set below pursuant to the requirements as contained in Chapter 17 of the Listing Rules.

	The Share Option Scheme – 1997	The Share Option Scheme – 2002 (Amended)
(a) Purpose	As an incentive to employees.	To provide incentive to the Participants to contribute to the Group and/or to enable the Group to recruit and/or to retain high-calibre individuals and attract human resources that are valuable to the Group.
(b) Participants	Any employees of the Company or any subsidiary (including any Executive Director (of any nationality) of the Company or any subsidiary, but shall not include any employees of the Company or any subsidiary who are PRC nationals).	Any employee or consultant of the Company or any subsidiary, any directors (including executive directors, non-executive directors and independent non-executive directors (of any nationality) but shall not include any of the employees, consultants or directors of the Company or any subsidiary who are PRC nationals) and any business associates including but not limited to advisors, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers to the Company or any subsidiary, who the Board considers, in its sole discretion, have contributed to the Company and/or any Subsidiary.

INFORMATION ON SHARE OPTION SCHEMES (continued)

	The Share Option Scheme – 1997	The Share Option Scheme – 2002 (Amended)
(c) Total number of shares available for issuance	<p>900,000 shares (approximately 0.22% of the issued share capital as at the date of the 2003 annual report), being the outstanding options unexercised.</p> <p>The maximum number of shares in respect of which options may be granted (together with options exercised and options then outstanding) under the Share Option Scheme – 1997 may not exceed 10% of the issued share capital of the Company from time to time, excluding for this purpose any shares which have been duly allotted and issued on the exercise of options granted under the Share Option Scheme – 1997.</p>	<p>51,050,000 shares (approximately 12.26% of the issued share capital as at the date of the 2003 annual report).</p> <p>The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme – 2002 (Amended) and any other schemes of the Company and/or its subsidiary (including the Share Option Scheme – 1997) must not exceed 30% of the shares in issue from time to time. No options may be granted under any schemes of the Company or its subsidiary if this would result in the 30% limit being exceeded.</p>
(d) Maximum entitlement of each Participant	<p>No option may be granted to any Participant which, if exercise in full, would result in the total number of shares already issued and issuable to him/her under the Share Option Scheme – 1997 exceeding 25% of the aggregate number of shares for the time being issued and issuable under the Share Option Scheme – 1997.</p>	<p>The total number of shares issued and to be issued upon exercise of the options granted to each Participant (including exercised, cancelled and outstanding options) within any twelve-month period under the Share Option Scheme – 2002 (Amended) and any other share option scheme(s) of the Company and/or any subsidiary must not exceed 1% of the number of shares in issue.</p>
(e) Time of exercise of option	<p>An option may be exercised in accordance with the terms of the Share Option Scheme – 1997 at any time during a period to be notified by the Board to each Participant. Such period shall not exceed the period of 10 years from the adoption date but such period is subject to the provisions for early termination contained in the terms of the Share Option Scheme – 1997.</p>	<p>An option may be exercised in accordance with the terms of the Share Option Scheme – 2002 (Amended) at any time during a period to be notified by the Board to each Participant at the time of offer of the grant of the option, which must not be more than 10 years from the date of offer of grant of the option.</p>

INFORMATION ON SHARE OPTION SCHEMES (continued)

	The Share Option Scheme – 1997	The Share Option Scheme – 2002 (Amended)
(f) Payment on acceptance of option	A remittance in favour of the Company of HK\$1.00 by way of consideration for the grant of an option is required to be paid by the Participant upon acceptance of the option, and such remittance shall in no circumstances be refundable.	HK\$1.00 in cash is payable by the Participant of the option to the Company on acceptance of the offer.
(g) The basis of determining the exercise price	The subscription price for the shares under the Share Option Scheme – 1997 will be a price determined by the Board and notified to each Participant and will be the higher of: (i) a price being not less than 80% of the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the date of offer of the option; and (ii) the nominal value of a share.	The subscription price for the shares in relation to the options to be granted under the Share Option Scheme – 2002 (Amended) will be a price determined by the Board and notified to each Participant at the time of offer of grant of the option and will be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange’s daily quotation sheets on the date of offer of the grant of the option, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of offer of the grant of the option; and (iii) the nominal value of the shares.
(h) Remaining life of scheme	The Share Option Scheme – 1997 was adopted on 4 September 1997 and was originally effective until 3 September 2007. On 7 June 2002, the shareholders of the Company resolved to terminate the operation of the Share Option Scheme – 1997.	The Share Option Scheme – 2002 (Amended) shall be valid and effective for a period of ten years commencing on the adoption date (i.e. 7 June 2002).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2003, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) 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 for Securities Transactions by Directors of Listed Companies were as follows:

Long positions

Name	Type of interest	Attributable interest to the Director	Number of shares	Number of options	Aggregate interest	Approximate % of the Company's issued share capital
Mr Yip Kim Po	Controlled corporation – Holylake Resources Limited (Note a)	Deemed interest	72,773,748	-	72,773,748	17.48
	Controlled corporation – Grecian Resources Limited (Note b)	Deemed interest	28,103,982	-	28,103,982	6.75
	Beneficial owner	100%	27,347,714	-	27,347,714	6.57
		Total:	128,225,444	-	128,225,444	30.81
Mr Hui Ho Ming, Herbert	Beneficial owner	100%	5,800,000	-	5,800,000	1.39
Mr Choy Tak Ho	Beneficial owner	100%	240,000	-	240,000	0.06
Mr Chau Po Fan	Beneficial owner	100%	20,000	-	20,000	0.005
Mr Kwan Yan	Beneficial owner	100%	800,000	-	800,000	0.19
Ms Yip Wan Fung	Beneficial owner	100%	11,579,314	-	11,579,314	2.78

Notes:

- The issued shares of Holylake Resources Limited were owned as to 76% and 24% by Mr Yip Kim Po and Mr Yip Lap Chi respectively.
- The issued shares of Grecian Resources Limited were owned as to 76% and 24% by Mr Yip Kim Po and Mr Yip Lap Chi respectively.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

Long positions (continued)

Save as disclosed above, no other interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as at 31 December 2003 were recorded in the register required to be kept under Section 352 of the SFO or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies and the Company had no notice of any interest required to be recorded under Section 352 of the SFO as at 31 December 2003.

INFORMATION ON SHARE OPTIONS

Movement of share options during the year ended 31 December 2003:

Participant	Type of share option scheme	Date of grant	Number of share options to subscribe for shares				Outstanding at 31 December 2003	Subscription price per share	Exercise period*
			Outstanding at 1 January 2003	Granted	Exercised	Cancelled/ Lapsed			
Director:									
Mr Choy Tak Ho (Independent Non-Executive Director)	Share Option Scheme - 1997	27 March 1998	500,000	-	500,000 (Note a)	-	0	HK\$1.20	27 March 1998 to 3 September 2007
Employees:									
Employee	Share Option Scheme - 1997	2 May 2000	900,000	-	-	-	900,000	HK\$1.128	2 May 2000 to 3 September 2007
Employee	Share Option Scheme - 2002	1 August 2002	2,000,000 (Note b)	-	2,000,000 (Note c)	-	0	HK\$1.00	1 August 2002 to 6 June 2012
Employees	Share Option Scheme - 2002	16 January 2003	-	19,000,000 (Note d)	7,600,000 (Note e)	-	11,400,000	HK\$1.056	16 January 2003 to 6 June 2012

INFORMATION ON SHARE OPTIONS (continued)

Participant	Type of share option scheme	Date of grant	Number of share options to subscribe for shares				Outstanding at 31 December 2003	Subscription price per share	Exercise period*
			Outstanding at 1 January 2003	Granted	Exercised	Cancelled/Lapsed			
Employees (continued):									
Employees	Share Option Scheme – 2002 (Amended)	24 September 2003	-	9,750,000 (Note f)	-	-	9,750,000	HK\$1.66	24 September 2003 to 6 June 2012
Employees	Share Option Scheme – 2002 (Amended)	7 October 2003	-	10,500,000 (Note g)	-	-	10,500,000	HK\$1.999	7 October 2003 to 6 June 2012
							Total:	32,550,000	
Others:									
Consultants	Share Option Scheme – 2002	16 January 2003	-	11,400,000 (Note h)	7,600,000 (Note i)	-	3,800,000	HK\$1.056	16 January 2003 to 6 June 2012
Business Associates	Share Option Scheme – 2002 (Amended)	24 September 2003	-	19,500,000 (Note j)	-	-	19,500,000 (Note k)	HK\$1.66	24 September 2003 to 6 June 2012
							Total:	23,300,000	

Notes:

- * Share options are vested from date of issue.
- a. Weighted average closing price of the shares immediately before the date of which the options were exercised were HK\$1.29.
- b. The closing price per share of the Company immediately before 1 August 2002 on which the options were granted was HK\$0.90 (adjusted as a result of the consolidation of every 10 issued and unissued shares of HK\$0.10 each in the capital of the Company into 1 consolidated share of HK\$1.00 on 29 November 2002).
- c. Weighted average closing price of the shares immediately before the date of which the options were exercised were HK\$1.26.
- d. The closing price per share of the Company immediately before 16 January 2003 on which the options were granted was HK\$1.03.
- e. Weighted average closing price of the shares immediately before the date of which the options were exercised were HK\$1.35.
- f. The closing price per share of the Company immediately before 24 September 2003 on which the options were granted was HK\$1.58.
- g. The closing price per share of the Company immediately before 7 October 2003 on which the options were granted was HK\$2.025.
- h. The closing price per share of the Company immediately before 16 January 2003 on which the options were granted was HK\$1.03.
- i. Weighted average closing price of the shares immediately before the date of which the options were exercised were HK\$1.26.
- j. The closing price per share of the Company immediately before 24 September 2003 on which the options were granted was HK\$1.58.
- k. Subsequent to the year ended 31 December 2003, an option granted to a business associate to subscribe for 3,900,000 shares at a subscription price of HK\$1.66 each was cancelled on 16 March 2004.

INFORMATION ON SHARE OPTIONS (continued)

Options were granted for a consideration of HK\$1.00 per grant during the year ended 31 December 2003.

No options were cancelled during the year ended 31 December 2003. An option granted to a business associate on 24 September 2003 to subscribe for 3,900,000 shares in the Company at a subscription price of HK\$1.66 each was cancelled on 16 March 2004. Except as stated above, no options were cancelled from 1 January 2004 and up to the date of the 2003 annual report.

The Directors do not consider it appropriate to disclose a theoretical value of the share options granted during the year ended 31 December 2003 because the Directors are of the opinion that the values of share options calculated using theoretical models are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of the assumptions of expected future performance input to the model, and certain inherent limitations of the model itself.

AMENDMENT OF THE SHARE OPTION SCHEME – 2002 (AMENDED)

A resolution proposing the amendment of the Share Option Scheme – 2002 (Amended) to expand the categories of Participants to include PRC nationals and refresh the limit of the scheme will be proposed at the forthcoming AGM to be held on 3 June 2004. Details are set out in the circular sent together with the 2003 annual report.

DIRECTORS' RIGHTS TO SUBSCRIBE FOR EQUITY OR DEBT SECURITIES

Save as disclosed under the headings "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Information on Share Options" above, none of the Directors or chief executives or their spouses or children under 18 years of age were granted or exercised any right to subscribe for equity or debt securities in the Company.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance in relation to the Group's business to which the Company or any of its subsidiaries or holding companies in which any of the Company's Directors or members of its management had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Year.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSABLE UNDER THE SFO

As at 31 December 2003, the interests or short positions of the substantial shareholders and other persons (other than those Directors or chief executive of the Company disclosed above) 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:

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSABLE UNDER THE SFO (continued)

Long position – Substantial Shareholder

Name	Type of interest	Number of shares	Approximate % of the Company's issued share capital
Holylake Resources Limited	Directly	72,773,748	17.48%

Long positions – Other Persons

Name	Type of interest	Number of shares	Approximate % of the Company's issued share capital
Mr Cheah Cheng Hye	Indirectly through Value Partners Limited	35,716,800	8.58%
Grecian Resources Limited	Directly	28,103,982	6.75%
Value Partners Limited	Investment manager	35,716,800	8.58%

Save as disclosed above, as at 31 December 2003, there was no other person (other than the Directors or chief executives of the Company as disclosed above) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Subsequent to the year ended 31 December 2003, the Company received notifications from substantial shareholders and other person regarding their interests in the shares of the Company. These notifications were recorded in the register required to be kept under Section 336 of the SFO as follows:

**INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSABLE UNDER THE SFO
(continued)**

Long positions – Substantial Shareholders

Date of event	Name	Type of interest	Number of shares	Approximate % of the Company's issued share capital
28 January 2004	Mr Cheah Cheng Hye	Indirectly through Value Partners Limited	41,788,800	10.04%
28 January 2004	Value Partners Limited	Investment manager	41,788,800	10.04%

Long position – Other Person

Date of event	Name	Type of interest	Number of shares	Approximate % of the Company's issued share capital
16 March 2004	Allianz Aktiengesellschaft	Indirectly	22,052,000	5.30%

The Company has not received any notifications from Holylake Resources Limited (a substantial shareholder) and Grecian Resources Limited (an other person) regarding changes in their shareholdings in the Company during the period from 1 January 2004 up to the date of the 2003 annual report.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Group has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the Year under review.

AUDIT COMMITTEE

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to “A Guide for The Formulation of An Audit Committee” published by the Hong Kong Society of Accountants.

The Audit Committee provides an important link between the Board and the Company’s Auditors in matters coming within the scope of the Group’s audit. It also reviews the effectiveness of the external audit, internal controls and risk evaluation. The Committee comprises Mr Choy Tak Ho (the chairman), Mr Chau Po Fan and Mr Lee Kwan Ho, Vincent Marshall.

AUDITORS

The Auditors of the Company Messrs Moores Rowland merged with Messrs Mazars on 1 October 2003 and are now practising under the name of Moores Rowland Mazars.

The financial statements were audited by Messrs Moores Rowland Mazars, *Chartered Accountants, Certified Public Accountants*. A resolution for their reappointment as the Auditors of the Company will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Yip Kim Po

Chairman

Hong Kong, 22 April 2004