

## Report of the Directors

The directors of the Company (the "Directors") have pleasure in presenting their annual report and the audited financial statements of the Company for the year ended 31st December, 2005.

### PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 39 to the financial statements.

### RESULTS

The results of the Group for the year ended 31st December, 2005 are set out in the consolidated income statement on page 38 of the annual report.

### FINAL DIVIDEND

The Board recommends the payment of a final dividend for the year ended 31st December, 2005 of HK1.5 cents per share (2004: 1 HK cent per share) to shareholders of the Company whose names appear on the register of members of the Company as at the date of the 2006 Annual General Meeting.

### FINANCIAL REVIEW

#### Liquidity and Financial Resources

As at 31st December, 2005, the Group's shareholders' funds were approximately HK\$725,295,239, compared with approximately HK\$662,621,846 (restated) as at 31st December, 2004.

The Group finances its operations with internally generated cash flow and banking facilities provided by its bankers in Hong Kong and China. The Group's gearing ratio as at 31st December, 2005 was approximately 5.6% (2004: 8.7%), and the liquidity ratio was approximately 1.30 (2004: 1.26), both were maintained at a healthy level. As at 31st December, 2005, cash, bank balances and time deposits amounted to approximately HK\$116,815,000. All these reflect that the Group is in sound financial position.

#### Foreign Currencies and Treasury Policy

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollars, Renminbi or United States Dollars. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. During the year, the Group had no fixed interest rate borrowings and had not engaged in any financial instruments for hedging or speculative activities.

### FINANCIAL SUMMARY

A summary of the results, the assets and liabilities of the Group for the past five financial years is set out on page 110 of the annual report.

## Report of the Directors

### INVESTMENT PROPERTIES, LEASEHOLD BUILDINGS AND PLANT AND EQUIPMENT

The investment properties and leasehold buildings of the Group were revalued on 31st December, 2005. The resulting surplus arising on revaluation of investment properties attributable to the Group has been credited to the consolidated income statement. The resulting surplus and deficit arising on revaluation of leasehold buildings attributable to the Group has been credited or charged to the buildings revaluation reserve or consolidated income statement as appropriate.

During the year, the Group spent, in aggregate, approximately HK\$64,869,000 on the acquisition of property, plant and equipment for the purpose of expanding business.

Details of these and other movements in investment properties, plant and equipment of the Group and of the Company during the year are set out in notes 16 and 15 to the financial statements respectively.

### SHARE CAPITAL

Details of the share capital of the Company are set out in note 27 to the financial statements.

### RESERVES

Details of the movements in the reserves of the Company during the year under review are set out in note 28 to the financial statements.

### MAJOR CUSTOMERS AND SUPPLIERS

The aggregate turnover attributable to the Group's five largest customers and the aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the Group's turnover and purchases for the year respectively.

### DIRECTORS

The Directors during the year were:

*Executive Directors:*

Tang To, Chairman  
Wong Yiu Ming  
Zhao Zhuoying  
Yan Wing Fai Richard  
Li Tin Loi

*Non-Executive Directors:*

Tang Kwan, Honorary Chairman  
He Zhiqi, Vice Chairman  
Kan Wai Wah

*Independent Non-Executive Directors:*

Liang Shangli  
Yip Jeffery  
Yeung Shuk Fan

## Report of the Directors

### DIRECTORS *(Continued)*

In accordance with Articles 103 of the Company's Articles of Association, Mr. Zhao Zhuoying, Mr. Tang Kwan, Mr. He Zhiqi and Mr. Kan Wai Wah, will retire from office and, being eligible, will offer themselves for re-election at the forthcoming Annual General Meeting.

No director proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company or any of its subsidiaries, which is not terminable within one year without payment of compensation (other than statutory compensation).

### TERM OF OFFICE OF NON-EXECUTIVE DIRECTORS AND INDEPENDENT NON-EXECUTIVE DIRECTORS

The Non-Executive Directors and the Independent Non-Executive Directors were appointed for a specific term of three years commencing from 1st January, 2005. To be consistent with the Code Provision A.4.2 in Appendix 14 of the Listing Rules, Article 103(A) of the Company's Articles of Association will be amended in the forthcoming Annual General Meeting so that every director including those appointed for a specific term shall be subject to retirement by rotation and re-appointment at least once every three years.

### DIRECTOR'S AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

During the year under review, the interests and short positions of the Directors and the chief executive of the Company (the "Chief Executive") in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of the Part XV of the Securities and Futures Ordinance, Chapter 571 under the Laws of Hong Kong (the "SFO")) as recorded in the register of directors' and chief executive's interests and short positions required to be maintained under section 352 of the SFO or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), to be notified to the Company and the Stock Exchange are as follows:

#### Interests in the Shares

Name of Director	Number of shares held				Total	Approximate % of total issued Shares of the Company
	Personal interests	Family Interests	Corporate Interests	Others Interests		
Tang To	2,970,000	2,000 <i>(Note 2)</i>	300,617,458 <i>(Note 1)</i>	224,000 <i>(Note 3)</i>	303,813,458	42.94
Wong Yiu Ming	9,696,072	–	–	–	9,696,072	1.37
Tang Kwan	–	297,157,052 <i>(Note 4)</i>	–	–	297,157,052	42
Kan Wai Wah	136,400	–	–	–	136,400	0.02

## Report of the Directors

### DIRECTOR'S AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES *(Continued)*

*Notes:*

- As at 31st December, 2005, 3,460,406 Shares of those 300,617,458 Shares were held by Ginta Company Limited ("Ginta") which is wholly owned by a company which in turn is owned as to 50% by Mr. Tang and 50% by his spouse. Mr. Tang was deemed to be interested in the remaining 297,157,052 Shares of those 300,617,458 Shares under the SFO through his deemed interests in Codo Development Limited ("Codo").

As at 31st December, 2005, Codo through its wholly owned subsidiaries, Cosmos Machinery (Holdings) Limited ("Cosmos Holdings") and Tai Shing Agencies Limited ("Tai Shing"), was deemed to be interested in 297,157,052 Shares. Codo is incorporated in Hong Kong and is owned as to (i) 25.06% by Keepsound Investments Limited, a Hong Kong company controlled by Saniwell Holdings Inc., a trustee of The Saniwell Trust, (ii) 8.37% by Elegant Power Enterprises Limited ("Elegant Power"); (iii) 30.25% by Friendchain Investments Limited ("Friendchain"), a Hong Kong company controlled as to 40% by Elegant Power, as to 57.42% by Saniwell Holdings Inc. and as to 2.58% by Fullwin Limited; (iv) 16.09% by Yik Wan Company Limited; and (v) 20.23% by 7 individuals.

- As at 31st December, 2005, 2,000 Shares were held by the spouse of Mr. Tang.
- As at 31st December, 2005, 224,000 Shares were jointly held by Mr. Tang and his spouse.
- As at 31st December, 2005, Mr. Tang Kwan was deemed to be interested in the block of 297,157,052 Shares under the SFO through his deemed interests in Codo Development Limited ("Codo"). As at 31st December, 2005, Codo through its wholly owned subsidiaries, Cosmos Holdings and Tai Shing, was deemed to be interested in 297,157,052 shares. Codo is incorporated in Hong Kong and is owned as to (i) 25.06% by Keepsound Investments Limited, a Hong Kong company controlled by The Saniwell Trust, a trust established for the benefit of Mr. Tang Kwan's family, of which the spouse of Mr. Tang Kwan is one of the beneficiaries; (ii) 8.37% by Elegant Power; (iii) 30.25% by Friendchain, a Hong Kong company controlled as to 40% by Elegant Power, as to 57.42% by The Saniwell Trust and as to 2.58% by Fullwin Limited; (iv) 16.09% by Yik Wan Company Limited; and (v) 20.23% by 7 individuals.

The percentage shown was calculated based on the number of issued shares of the Company as at 31st December, 2005.

As at 31st December, 2005, other than as disclosed above and certain nominee shares held in trust for the Group, none of the Directors or Chief Executive or their associates had any interests and short positions in the shares, underlying shares of the Company and its associated corporations (within the meaning of the SFO) to be notified to the Company and the Stock Exchange pursuant to Section 352 of the SFO, to be entered in the register referred to therein.

Save as disclosed herein, none of the Directors is materially interested in any contract or arrangement subsisting as at 31st December, 2005 which is significant in relation to the business of the Company and its subsidiaries.

As at 31st December, 2005, none of the Directors had any direct interests or indirect interests in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group.

## Report of the Directors

### SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2005, the following interests in 5% or more in the shares and underlying shares of the Company have been notified to the Company and recorded in the register of substantial shareholders' interests and short positions required to be kept under Section 336 of Part XV of the SFO:

#### Interests in the Shares

Name of Substantial Shareholder	Direct Interests	Number of shares held		Approximate % of total issued shares of the Company
		Deemed Interests	Total	
Law Kit Fong	–	297,157,052 <i>(Note 1)</i>	297,157,052	42
Codo	–	297,157,052 <i>(Note 2)</i>	297,157,052	42
Cosmos Holdings	127,052,600	170,104,452 <i>(Note 3)</i>	297,157,052	42
Tai Shing	170,104,452	–	170,104,452	24.04
Saniwell Holdings Inc.	–	297,157,052 <i>(Note 4)</i>	297,157,052	42
China Resources (Holdings) Company Limited	169,649,046 <i>(Note 5)</i>	–	169,649,046	23.98

## Report of the Directors

### SUBSTANTIAL SHAREHOLDERS (Continued)

Notes:

1. Ms. Law Kit Fong is deemed to be interested in the block of 297,157,052 Shares through her direct and indirect interests in Elegant Power and Codo. As at 31st December, 2005, Codo through its wholly owned subsidiaries, Cosmos Holdings and Tai Shing, was deemed to be interested in 297,157,052 Shares. As at 31st December, 2005, Codo is owned as to 30.25% by Friendchain (which is owned as to 40% by Elegant Power) and 8.37% by Elegant Power (which is wholly owned by Ms. Law Kit Fong).
2. As at 31st December, 2005, Codo is interested in 297,157,052 Shares through its wholly owned subsidiaries, Cosmos Holdings and Tai Shing. As at 31st December, 2005, Codo is owned as to (i) 25.06% by Keepsound Investments Limited, a Hong Kong company controlled by Saniwell Holdings Inc., a trustee of The Saniwell Trust; (ii) 8.37% by Elegant Power, which is wholly-owned by Ms. Law Kit Fong; (iii) 30.25% by Friendchain, which is owned as to 40% by Elegant Power, as to 57.42% by Saniwell Holdings Inc. and as to 2.58% by Fullwin Limited; (iv) 16.09% by Yik Wan Company Limited; and (v) 20.23% by 7 individuals.
3. Cosmos Holdings was deemed to be interested in 170,104,452 Shares through its subsidiary, Tai Shing.
4. As at 31st December, 2005, Saniwell Holdings Inc. was deemed to be interested in the block of 297,157,052 Shares under the SFO through its deemed interests in Codo. Codo is owned as to (i) 25.06% by Keepsound Investments Limited, a Hong Kong company controlled by Saniwell Holdings Inc., a trustee of The Saniwell Trust; (ii) 8.37% by Elegant Power; (iii) 30.25% by Friendchain which is owned as to 40% by Elegant Power, as to 57.42% by Saniwell Holdings Inc. and as to 2.58% by Fullwin Limited; (iv) 16.09% by Yik Wan Company Limited; and (v) 20.23% by 7 individuals.
5. As shown by the latest interest disclosure information maintained pursuant to Part XV of the SFO provided to the Company by China Resources Corporation, China Resources Co., Limited and CRC Bluesky Limited, the above three companies were deemed to be interested in the Shares owned by China Resources (Holdings) Company Limited.

The percentage shown was calculated based on the number of issued shares of the Company as at 31st December, 2005.

Save as disclosed above, as at 31st December, 2005, the Directors are not aware of any other persons who have interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would be required to be disclosed to the Company and the Stock Exchange pursuant to Part XV of the SFO.

## Report of the Directors

### CONNECTED TRANSACTIONS

On 3rd May, 2005, Grand Technology Products Limited ("GTPL") entered into an agreement with Wuxi Plastic Machinery Factory ("WX Factory"), pursuant to which, GTPL agreed to acquire from WX Factory its 24% equity interest in Wuxi Grand Plastic Machine Manufacture Co., Ltd. ("Grand Plastic Machine") representing registered capital of Grand Plastic Machine in the amount of USD684,000 (equivalent to approximately HKD5,321,520) at the consideration of RMB4,418,700 (equivalent to approximately HKD4,168,585).

As the Group envisaged that there would be satisfactory growth of the plastic injection moulding business in the PRC market, the Board considered that the acquisition of the equity interest in Grand Plastic Machine was in line with the Group's business strategy and that it would enhance the profitability of the Company by further implementing the Group's strategic development of its plastic injection moulding business.

As Grand Plastic Machine is a non-wholly owned subsidiary of the Company, WX Factory being a substantial shareholder of Grand Plastic Machine, is a connected person of the Company within the meaning of the Listing Rules and the entering into of such agreement by GTPL and WX Factory constituted a connected transaction of the Company under the Listing Rules.

On 29th June, 2005, GTPL has entered into an agreement with WX Factory, pursuant to which, GTPL agreed to acquire from WX Factory its 49% equity interest in Wuxi Grand Tech Machinery Group Ltd. ("Grand Group") representing registered capital of Grand Group in the amount of USD3,227,140 (equivalent to approximately HKD25,107,149) at the consideration of USD1 (equivalent to approximately HKD7.78).

As the Group envisaged that there would be satisfactory growth of the plastic injection moulding business in the PRC market, the Board considered that the acquisition of the equity interest in Grand Group would be in line with the Group's business strategy and that it would enhance the profitability of the Company by further implementing the Group's strategic development of its plastic injection moulding business.

As Grand Group is a non-wholly owned subsidiary of the Company, WX Factory, being a substantial shareholder of Grand Group, is a connected person of the Company within the meaning of the Listing Rules and the entering into of such agreement by GTPL and WX Factory constituted a connected transaction of the Company under the Listing Rules.

On 12th September, 2005, GTPL entered into the Agreement with Wuxi City Xinqu Yunchang Electronics Trading Ministry ("Yunchang Ministry") whereby GTPL agreed to acquire and Yunchang Ministry agreed to dispose of its 39% equity interest in Wuxi GL Precision Plastic Products Co., Ltd. ("GL Precision Plastic Products") at a consideration of USD305,800 (equivalent to approximately HKD2,379,000).

## Report of the Directors

### **CONNECTED TRANSACTIONS** *(Continued)*

As the Group envisaged that there would be satisfactory growth of the manufacturing and sale of plastic products in the PRC market, the Board considered that the acquisition of the equity interest in GL Precision Plastic Products would be in line with the Group's business strategy and that it would enhance the profitability of the Company by further implementing the Group's strategic development of its manufacturing and sale of plastic products.

As GL Precision Plastic Products, a subsidiary of the Company, is currently owned by GTPL and Yunchang Ministry as to 51% and 49% respectively, Yunchang Ministry is a substantial shareholder of a subsidiary of the Company and thereby is a connected person of the Company within the meaning of the Listing Rules and the entering into of such agreement by GTPL and Yunchang Ministry constituted a connected transaction of the Company under the Listing Rules.

### **DIRECTOR'S AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES**

Other than as disclosed above, at no time during the year under review was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors and Chief Executive to acquire benefits by means of the acquisition of shares or any underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of SFO); and none of the Directors, their spouses or children under the age of 18, had any right to subscribe for the shares of the Company, or had exercised any such rights.

### **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

No contracts of significance to which the Company or any of its controlling shareholders, subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, that subsisted at the end of the year under review or at any time during the year under review.

### **SCRIP DIVIDEND**

The Company has approved for the payment of a final dividend for the year ended 31st December, 2004 of 1 HK cent per share to shareholders of the Company whose names appear on the register of members of the Company as at the date of the 2005 Annual General Meeting. Such final dividend was satisfied by way of a scrip dividend with an alternative to the Shareholders to elect to receive such final dividend (or part thereof) in cash in lieu of such scrip dividend. The Company has issued a scrip dividend of 1,293,835 ordinary shares at a price of HKD517,534 to certain Shareholders of the Company on 7th July, 2005.

## ***Report of the Directors***

### **SHARE OPTION SCHEME**

In order to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants for their contributions and/or potential contributions to the Group and for such other purposes as the Board may approve from time to time, the Company has adopted the share option scheme at the Annual General Meeting of the Company held on 30th May, 2005. No option were granted, exercised, cancelled or lapsed during the year under review.

### **AUDIT COMMITTEE**

The audit committee of the Company comprises the three Independent Non-Executive Directors. It has adopted terms of reference which are in line with the code provisions of the Code on Corporate Governance in Appendix 14 of the Listing Rules. The audited financial statements of the Company for the year ended 31st December, 2005 have been reviewed by the audit committee who is of the opinion that such statements comply with the applicable accounting standards, legal requirements and the Listing Rules, and that adequate disclosures have been made.

### **REMUNERATION COMMITTEE**

The remuneration committee comprises three Independent Non-Executive Directors and the Chairman of the Board of the Company. It has adopted terms of reference which are in line with the code provisions of the Code on Corporate Governance in Appendix 14 of the Listing Rules. The duties of the remuneration committee include reviewing and evaluating the remuneration packages of Executive Directors and senior management and making recommendations to the Board as regards the remuneration packages from time to time.

### **COMMITTEE OF EXECUTIVE DIRECTORS**

The Company has established the Committee of Executive Directors which includes all the five Executive Directors and meets frequently as when necessary and is responsible for the management and day-to-day operations of the Group.

### **EMPLOYEES AND REMUNERATION POLICY**

As at 31st December, 2005, the Group has approximately 6,000 employees (2004: approximately 6,000), remunerations were formulated in accordance with market trends and performance of employees. Benefits have included schemes of insurance, retirement, share option and so on.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The remuneration policy of the Company for non-executive directors is to ensure that they are sufficiently compensated for their efforts and time dedicated to the Company and that for the employees, including the executive directors and senior management is to ensure that the remuneration offered is appropriate for the duties and in line with market practice. The remuneration policy is to ensure that the pay levels are competitive and effective in attracting, retaining and motivating employees. No director, or any of his associates and executive, is involved in deciding his own remuneration.

## *Report of the Directors*

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

During the year ended 31st December, 2005, there has been no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed shares.

### **COMPLIANCE WITH THE CODE PROVISIONS SET OUT IN THE CODE ON CORPORATE GOVERNANCE PRACTICES**

The directors consider that the Company has complied with the Code on Corporate Governance Practice (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31st December, 2005 except for the following code provisions A.2.1, A.4.2 and E.2.1:

Code Provision A.2.1 – Pursuant to code provision A.2.1, roles of the Chairman and chief executive officer should be separate. In order to comply with this code, Mr. Wong Yiu Ming ("Mr. Wong"), the existing Executive Director and General Manager, has been re-designated as Executive Director and Chief Executive Officer of the Company with effect from 12th September, 2005. The date of appointment of Mr. Wong was slightly later than the six months ended 30th June, 2005.

Code Provision A.4.2 – Under the code provision A.4.2 of the Code, (a) All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment; and (b) Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. According to Article 94 of the Memorandum and New Articles of Association ("M&A") of the Company, "The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Directors so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting." Accordingly, the existing Article 94 of the M&A of the Company constitutes a deviation from code provision A.4.2 of the Code and will be amended in the forthcoming annual general meeting as "The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in case of an addition to the existing Board), and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation as such meeting."

## Report of the Directors

### COMPLIANCE WITH THE CODE PROVISIONS SET OUT IN THE CODE ON CORPORATE GOVERNANCE PRACTICES *(Continued)*

Besides, according to Article 103(A) of the M&A of the Company, "At each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. The retiring Directors shall be eligible for re-election." Therefore in order to comply with code provision A.4.2 of the Code, the existing Article 103(A) of the M&A of the Company will be amended in the forthcoming annual general meeting as "At each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. The retiring Directors shall be eligible for re-election."

Code Provision E.2.1 – under the Code Provision E.2.1 of the Code, "Directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at the meeting shall demand a poll in certain circumstances where, on a show of hands, a meeting votes in the opposite manner to that instructed in those proxies." In order to comply with Code Provision E.2.1 of the Code, the existing Article 74 of the M&A is proposed to be amended to add in Article 74(V) in the forthcoming Annual General Meeting to the effect that if required under the Listing Rules, the Chairman and/or any Director or Directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at the meeting shall demand a poll in certain circumstances where, on a show of hands, a meeting votes in the opposite manner to that instructed in those proxies. If a poll is required under such circumstances, the chairman of the meeting should disclose to the meeting the total number of votes represented by all proxies held by directors indicating an opposite vote to the votes cast at the meeting on a show of hands.

### COMPLIANCE WITH MODEL CODE

Throughout the year ended 31st December, 2005, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules and all Directors have confirmed that they have fully complied with the required standard as set out in the Model Code based on the enquiry of all the directors of the Company.

### CORPORATE GOVERNANCE

The Company has received from each of the Independent Non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers all of the Independent Non-executive Directors are independent.

## *Report of the Directors*

### **PUBLIC FLOAT**

The Company has maintained a sufficient public float throughout the year ended 31st December, 2005.

### **PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the Company's website at [www.cosmel.com](http://www.cosmel.com) and the website of The Stock Exchange of Hong Kong Limited at [www.hkex.com.hk](http://www.hkex.com.hk). The annual report will be available at the Company's website and the website of The Stock Exchange of Hong Kong Limited and dispatched to shareholders of the Company in late April 2006.

On behalf of the Board

**TANG To**

*Chairman*

Hong Kong, 24th April, 2006