

REPORT OF THE DIRECTORS

董事會報告

The Directors herein present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 9 to the financial statements.

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2005 are set out in the consolidated income statement on page 56.

The Directors do not recommend the declaration of the payment of a final dividend for the year ended 31 December 2005 (2004: Nil).

RESERVES

Details of movements in reserves of the Company and the Group during the Year are set out in Note 16 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Company and the Group during the Year are set out in Note 6 to the financial statements.

董事會謹此呈報本公司及本集團截至二零零五年十二月三十一日止年度之報告及經審核財務報表。

主要業務及營運地區之分析

本公司之主要業務為投資控股，而附屬公司之主要業務則詳載於財務報表附註9。

本年度按業務及地區分類之本集團業績表現分析載於財務報表附註5。

業績及分派

本集團截至二零零五年十二月三十一日止年度之業績載於第56頁之綜合收益表內。

董事不建議派發截至二零零五年十二月三十一日止年度之末期股息（二零零四年：無）。

儲備

本公司及本集團於本年度之儲備變動詳情載於財務報表附註16。

物業、廠房及設備

本公司及本集團於本年度之物業、廠房及設備之變動詳情載於財務報表附註6。

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PRINCIPAL PROPERTIES

Details of the principal properties held for investment purposes during the Year are set out in Note 7 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Year are set out in Note 15(a) to the financial statements.

In order to finance the Group's general operations, the Company issued 2,382,054,612 ordinary shares of HK\$0.1 each, by way of rights issue for consideration of HK\$0.1 per share. The rights issue was closed on 18 July 2005, on the basis of three new shares for every two existing ordinary shares held. The new shares issued pursuant to the aforesaid rights issue rank pari passu with the existing shares in all respects.

DISTRIBUTABLE RESERVES

As at 31 December 2005, the Company had no reserves available for distribution to its shareholders (2004: Nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, restated and reclassified as appropriate, is set out on page 137. This summary does not form part of the audited financial statements.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the Year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the Year.

主要物業

於本年度用作投資而持有之主要物業之詳情載於財務報表附註7。

股本

本公司之股本於本年度之變動詳情載於財務報表附註15(a)。

為支援本集團日常營運之資金所需，本公司以供股方式，按每股股份港幣0.1元之代價，發行2,382,054,612股每股面值港幣0.1元之普通股。供股按每兩股現有普通股獲發三股新股份之基準進行，並已於二零零五年七月十八日結束。根據上述供股而發行之新股份在各方面與現有股份享有同等權益。

可供分派之儲備

於二零零五年十二月三十一日，本公司並無可供分派予股東之儲備(二零零四年：無)。

五年財務摘要

本集團上五個財政年度經適當重列及重新歸類之業績、資產及負債摘要載於第137頁。本摘要並不構成經審核財務報表之一部份。

購買、出售或贖回證券

本公司於本年度並無贖回本身之股份。本公司或其任何附屬公司於本年度亦無購買或出售任何本公司之股份。

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SHARE OPTIONS

Due to the expiration of share option scheme adopted by the Company on 26 November 1993 ("1993 Share Option Scheme"), and to be in line with Chapter 17 (Share Option Schemes) of the Listing Rules, the Company terminated the 1993 Share Option Scheme and adopted a new share option scheme on 27 June 2003 as approved by the shareholders at the annual general meeting.

Details of the Company's share options scheme are set out in Note 15(b) to the financial statements.

購股權

由於本公司於一九九三年十一月二十六日採納之購股權計劃（「一九九三年購股權計劃」）屆滿以及為符合上市規則第十七章（購股權計劃）之規定，本公司終止一九九三年購股權計劃並於二零零三年六月二十七日開始採納已由股東於股東週年大會上批准的新購股權計劃。

本公司之購股權計劃詳載於財務報表附註15(b)。

	As at 1 January 2005 於二零零五年 一月一日	Exercised 已行使	Adjustment for rights issue 就供股而調整	Lapsed 已失效	As at 31 December 2005 於二零零五年 十二月三十一日
Director 董事					
ZHANG Xin Hua 張新華	800,000	-	1,200,000	(2,000,000)	-
Employees 僱員	160,000	-	240,000	(400,000)	-
	960,000	-	1,440,000	(2,400,000)	-

DIRECTORS

The Directors during the Year and up to the date of this annual report were:

Executive Directors

FANG Hongbo (Chairman)
WANG Wei (appointed on 17 January 2006)
ZHANG Quan
LI Jianwei
LIU Liang (resigned on 17 January 2006)

董事

本年度及截至年度報告日在任之董事如下：

執行董事

方洪波（董事長）
王偉（於二零零六年一月十七日委任）
張權
栗建偉
劉亮（於二零零六年一月十七日辭任）

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DIRECTORS (Continued)

Non-executive Directors

YUAN Liqun

ZHANG Xin Hua

CHEN Yu Hang

Independent Non-executive Directors

CHAN Wai Dune

LAM Ming Yung

CHEN Chunhua

In accordance with article 87 of the Articles, Mr WANG Wei shall hold office until the next annual general meeting of the Company ("Annual General Meeting") and, being eligible for re-election at the forthcoming Annual General Meeting.

In accordance with article 91 of the Articles, Mr ZHANG Xin Hua, Mr CHEN Yu Hang and Mr LAM Ming Yung will retire at the forthcoming Annual General Meeting and, being eligible for re-election at the forthcoming Annual General Meeting. Each of non-executive Directors and independent non-executive Directors is appointed for a specified period of two years.

DIRECTORS' SERVICE CONTRACTS

Each of the non-executive Directors and independent non-executive Directors have entered into service contract with the Company for a term of two years which commenced on 1 September 2005 and is subject to termination by either party giving not less than one month's written notice. These service contracts are exempted from the shareholders' approval requirement under Rule 13.68 of the Listing Rules.

Save as disclosed herein, none of the Directors proposed for re-election at the forthcoming Annual General Meeting 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.

董事 (續)

非執行董事

袁利群

張新華

陳宇航

獨立非執行董事

陳維端

林明勇

陳春花

根據組織章程第87條，王偉先生之任期將直至本公司下屆股東週年大會（「股東週年大會」）為止，並合資格於應屆股東週年大會膺選連任。

根據組織章程第91條，張新華先生、陳宇航先生及林明勇先生將於應屆股東週年大會退任，並合資格於應屆股東週年大會膺選連任。每名非執行董事及獨立非執行董事之特定任期均為兩年。

董事服務合約

每名非執行董事及獨立非執行董事已與本公司訂立服務合約，由二零零五年九月一日開始為期兩年，惟其中一方可發出不少於一個月的書面通知作出終止。根據上市規則第13.68條，該等服務合約獲豁免股東批准。

除本報告所披露者外，所有擬於應屆股東週年大會上膺選連任之董事，概無與本公司訂有本公司不可於一年內免付補償（法定補償除外）而終止之服務合約。

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INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its current independent non-executive Directors an annual confirmation of his/her independence and the Company considers that each of them to be independent based on the guidelines set out in Rule 3.13 of the Listing Rules.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee, the principle of which is that the level of remuneration for the employees should be determined by reference to their respective ability, qualifications and competence.

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

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme are set out in Note 15(b) to the financial statements.

PENSION SCHEMES

Details of the pension schemes operated by the Group are set out in Note 23(a) to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

Except as disclosed in Note 32 to the financial statements, no contracts of significance in relation to the Group's business to which the Company, its fellow subsidiaries or its holding company 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 33 to 36.

獨立非執行董事之獨立性

根據上市規則第3.13條，本公司已獲得各現任獨立非執行董事就其獨立性而作出的年度確認函，本公司認為他們均屬獨立人士。

薪酬政策

本集團僱員之薪酬政策由薪酬委員會訂立，其宗旨為僱員之薪酬水平應參照彼等各自之才能、資歷及能力釐定。

本公司董事之薪酬由薪酬委員會經考慮本公司之經營業績、個人表現及市場比較數據而決定。

本公司已採納一項購股權計劃，作為董事及合資格僱員之獎勵。計劃詳情載於財務報表附註15(b)。

退休金計劃

本集團營辦之退休金計劃之詳情載於財務報表附註23(a)。

董事之合約權益

除財務報表附註32所披露者外，本年度或年結時，本公司、各同系附屬公司或控股公司概無簽訂任何涉及本集團之業務而本公司之董事直接或間接在其中擁有重大權益之重要合約。

董事及高級管理層之個人簡歷

董事及高級管理層之個人簡歷載於第33頁至36頁。

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DIRECTORS' AND CHIEF EXECUTIVE INTERESTS IN EQUITY OR DEBT SECURITIES

As at 31 December 2005, the interests and short positions of each Director and chief executive of the Company in office as at 31 December 2005 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 ("SFO"), Chapter 571 of the laws of Hong Kong), as recorded in the register maintained by the Company under Section 352 of the SFO or which have to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they are taken or deemed to have under such provisions of the SFO) and the Model Code for Securities Transactions by the Directors of Listed Companies contained in the Listing Rules, were as follows:

董事及高級行政人員於股本證券或債務證券之權益

於二零零五年十二月三十一日，於二零零五年十二月三十一日在任之董事及高級行政人員於本公司或其相聯法團(定義見香港法例第571章證券及期貨條例(「證券及期貨條例」))之證券中，擁有根據證券及期貨條例第352條須登記於該條所述登記冊之權益或淡倉或根據證券及期貨條例第XV部第7及8分部須知會本公司及香港聯合交易所有限公司之權益或淡倉(包括根據證券及期貨條例彼等被當作或視為擁有之權益或淡倉)；或根據上市發行人之董事進行證券交易的標準守則須知會本公司及香港聯合交易所有限公司之權益或淡倉如下：

		Number of shares held 持有股份數目				Percentage in the issued share capital Total to the Company 佔本公司 已發行股本之 百分比	
		Personal interests 個人權益	Family interests 家屬權益	Corporate interests 法團權益	Other interests 其他權益	Total 合計	
CHAN Wai Dune 陳維端	Long positions 權益	2,500,000	-	-	-	2,500,000	0.06%

		Share options 購股權				Percentage in the issued share capital As at 31 to the Company 佔本公司 已發行股本之 百分比	
		As at 1 January 2005 於二零零五年 一月一日	Adjustment for Exercised 已行使	right issue 就供股而調整	Lapsed 已失效	As at 31 December 2005 於二零零五年 十二月三十一日	
ZHANG Xin Hua 張新華	Long positions 權益	800,000	-	1,200,000	(2,000,000)	-	-

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DIRECTORS' AND CHIEF EXECUTIVE INTERESTS IN EQUITY OR DEBT SECURITIES (Continued)

Share options are granted to Directors under the 1993 Share Option Scheme. Details of share options schemes are disclosed in Note 15(b) to the financial statements.

Other than those interests disclosed above, as at 31 December 2005, no Directors and chief executives of the Company (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company and its associated corporations (within the meaning of the SFO).

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

Saved as disclosed herein, at no time during the Year was the Company, its subsidiaries, its associated companies, its fellow subsidiaries or its holding company, a party to any arrangement to enable the Directors and chief executives of the Company to hold any interests or short positions in the shares in, or debentures of, the Company or its associated corporations.

DIRECTORS' INTEREST IN COMPETING BUSINESSES

Mr FANG Hongbo, an executive Director, is a director of GD Midea and certain subsidiaries of GD Midea and the Midea Group. GD Midea and its subsidiaries ("Midea Electric Group") are principally engaged in the manufacture and sale of household electrical appliances including refrigerators and air conditioners, which may compete with the business of the Group. The Midea Group and its subsidiaries (excluding the Group) ("Midea Ltd. Group") is principally engaged in the manufacture and sale of household electrical appliances including refrigerators and air conditioners, which may also compete with the business of the Group.

董事及高級行政人員於股本證券或債務證券之權益 (續)

購股權乃根據一九九三年購股權計劃而授予董事。購股權詳情載於財務報表附註15(b)。

除上文披露之權益外，於二零零五年十二月三十一日，各董事及高級行政人員（包括彼等之配偶及十八歲以下子女）並無擁有、獲授予或行使任何可認購本公司及其相聯法團（按證券及期貨條例之定義）之股份之權利。

董事於股本證券或債務證券之權益

除本報告所披露者外，本年度內任何時間，本公司、其附屬公司、其聯營公司、同系附屬公司或其控股公司概無參與任何安排，致使本公司董事及高級行政人員持有任何本公司或其相聯法團之股份或債權證之權益或淡倉。

董事於競爭業務之權益

方洪波先生，執行董事，為廣東美的及廣東美的及美的集團若干附屬公司之董事。廣東美的及其附屬公司（「美的電器集團」）之主要業務為製造及銷售家用電器包括冰箱及空調，而這可能與本集團之業務構成競爭。美的集團及其附屬公司（不包括本集團）（「美的集團成員公司」）之主要業務為製造及銷售家用電器包括冰箱及空調，這亦可能與本集團之業務構成競爭。

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DIRECTORS' INTEREST IN COMPETING BUSINESSES (Continued)

Mr LI Jianwei, an executive Director, is a director of the Midea Group and certain subsidiaries of GD Midea and the Midea Group and he owns 33% of the registered capital of Foshan Shunde Lixun Investment Co., Group ("Lixun Investment") which in turn owns 45% of the registered capital of the Midea Group, the holding company of the controlling shareholder of the Company and Ms YUAN Liqun, a non-executive Director, is also a director of the Midea Group and certain subsidiaries of GD Midea and the Midea Group and she owns 33% of the registered capital of Lixun Investment. Both Midea Ltd. Group and Midea Electric Group are principally engaged in businesses which may compete with the business of the Group.

Mr ZHANG Quan, an executive Director, is a director of certain subsidiaries of GD Midea and the Midea Group which may compete with the business of the Group.

Mr LIU Liang, an executive Director, is a director of certain subsidiaries of GD Midea and the Midea Group which may compete with the business of the Group.

As at 31 December 2005, save as disclosed above, none of the Directors was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

The Audit Committee, which consists of three independent non-executive Directors, meets regularly to assist the Board in reviewing the financial performance and internal control systems of the Group. The Company is therefore capable of carrying on its businesses independently of, and at arm's length from, the businesses in which the Directors have declared interests.

董事於競爭業務之權益 (續)

栗建偉先生，執行董事，為美的集團及廣東美的及美的集團成員公司若干附屬公司之董事。彼於佛山市順德區利迅投資有限公司（「利迅投資」）之註冊資本中擁有33%，而利迅投資則於美的集團（本公司控股股東的控股公司）之註冊股本中擁有45%。袁利群女士，非執行董事，亦為美的集團、廣東美的及美的集團成員公司若干附屬公司之董事。彼於利迅投資之註冊資本中擁有33%。美的集團成員公司及美的電器集團成員公司之主要業務可能與本集團之業務構成競爭。

張權先生，執行董事，為廣東美的及美的集團成員公司若干附屬公司之董事，該等公司可能與本集團之業務構成競爭。

劉亮先生，執行董事，為廣東美的及美的集團成員公司若干附屬公司之董事，該等公司可能與本集團之業務構成競爭。

於二零零五年十二月三十一日，除上文所披露者外，概無董事於本集團業務以外之任何業務中擁有與本集團直接或間接構成或可能構成競爭之權益。

審核委員會由三位獨立非執行董事組成，並定期會晤以協助董事會審閱本集團之財務表現及內部監控系統。因此，本公司於董事擁有權益之競爭業務上能公平及獨立運作。

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SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as the Directors are aware, the register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31 December 2005, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors.

主要股東權益

根據證券及期貨條例第336條而設置之主要股東登記冊顯示，於二零零五年十二月三十一日，本公司已接獲下列主要股東持有本公司已發行股本百分之五或以上權益之通知，此等權益並未包括於以上披露之董事之權益內。

Name of shareholder 股東姓名／名稱		Number of shares held 股份數目	Percentage of shareholding 股權概約百分比
Midea International Corporation Company Limited ("Midea International") (Note 1) 美的國際控股有限公司（「美的國際」）（附註1）	Long positions 權益	1,898,962,805	47.83%
Midea Group (Note 2) 美的集團（附註2）	Long positions 權益	1,898,962,805	47.83%
Foshan Shunde Tiantuo Investment Co., Ltd ("Shunde Tiantuo") (Note 3) 佛山市順德區天托投資有限公司（「順德天托」）（附註3）	Long positions 權益	1,898,962,805	47.83%
Foshan Shunde Lixun Investment Co., Ltd ("Lixun Investment") (Note 4) 佛山市順德區利迅投資有限公司（「利迅投資」）（附註4）	Long positions 權益	1,898,962,805	47.83%
Mr HE Xiangjian (Note 5) 何享健先生（附註5）	Long positions 權益	1,898,962,805	47.83%
Ms LIANG Fengchai (Note 6) 梁鳳釵女士（附註6）	Long positions 權益	1,898,962,805	47.83%
Mr ZHANG Hechuan (Note 7) 張河川先生（附註7）	Long positions 權益	1,898,962,805	47.83%
Ms ZHAO Hongying (Note 8) 趙紅英女士（附註8）	Long positions 權益	1,898,962,805	47.83%
Guangzhou Baiyun Agriculture Industry & Commerce Corporation 廣州市國營白雲農工商聯合公司	Long positions 權益	198,630,000	5%

REPORT OF THE DIRECTORS

董事會報告

SUBSTANTIAL SHAREHOLDERS' INTERESTS (Continued)

Notes:

1. These 1,898,962,805 shares were registered in the name of and beneficially owned by Midea International.
2. Midea Group was deemed to be interested in the 1,898,962,805 shares which Midea International was interested in by virtue of its holding 100% equity interest in Midea International.
3. The registered capital of Midea Group is owned as to 55% by Shunde Tiantuo and 45% by Lixun Investment. Accordingly, Shunde Tiantuo was deemed to be interested in the 1,898,962,805 shares which Midea International was interested in by virtue of its holding 55% equity interest in Midea Group.
4. The registered capital of Midea Group is owned as to 55% by Shunde Tiantuo and 45% by Lixun Investment. Accordingly, Lixun Investment was deemed to be interested in the 1,898,962,805 shares which Midea International was interested in by virtue of its holding 45% equity interest in Midea Group.
5. The registered capital of Shunde Tiantuo is owned as to 90% by Mr HE Xiangjian and 10% by Ms LU De Yan. Accordingly, Mr HE Xiangjian was deemed to be interested in the 1,898,962,805 shares which Midea International was interested in by virtue of his holding 90% equity interest in Shunde Tiantuo.
6. Ms LIANG Fengchai is the spouse of Mr HE Xiangjian and is therefore deemed to be interested in the 1,898,962,805 shares which Midea International was interested in by virtue of Mr HE's holding 90% equity interest in Shunde Tiantuo.
7. The registered capital of Lixun Investment is owned as to 34% by Mr ZHANG Hechuan, 33% by Mr LI Jianwei and 33% by Ms YUAN Liqun. Accordingly, Mr ZHANG Hechuan was deemed to be interested in the 1,898,962,805 shares which Midea International was interested in by virtue of his holding 34% equity interest in Lixun Investment.
8. Ms ZHAO Hongying is the spouse of Mr ZHANG Hechuan and was therefore deemed to be interested in the 1,898,962,805 shares which Midea International was interested in by virtue of Mr ZHANG's holding 34% equity interest in Lixun Investment.

主要股東權益 (續)

附註：

1. 該1,898,962,805股股份以美的國際名義登記並由其實益擁有。
2. 美的集團藉持有美的國際100%股權而被視為於美的國際擁有權益之1,898,962,805股股份中擁有權益。
3. 美的集團由順德天托及利迅投資分別擁有55%及45%權益。因此，順德天托藉持有美的集團55%股權而被視為於美的國際擁有權益之1,898,962,805股股份中擁有權益。
4. 美的集團之註冊資本由順德天托及利迅投資分別擁有55%及45%權益。因此，利迅投資藉持有美的集團45%股權而被視為於美的國際擁有權益之1,898,962,805股股份中擁有權益。
5. 順德天托由何享健先生及盧德燕女士分別擁有90%及10%權益。因此，何享健先生藉持有順德天托90%股權而被視為於美的國際擁有權益之1,898,962,805股股份中擁有權益。
6. 梁鳳釵女士為何享健先生之配偶，並因此藉何先生持有順德天托90%股權而被視為於美的國際擁有權益之1,898,962,805股股份中擁有權益。
7. 利迅投資之註冊資本由張河川先生、栗建偉先生及袁利群女士分別擁有34%、33%及33%權益。因此張河川先生藉持有利迅投資34%股權而被視為於美的國際擁有權益之1,898,962,805股股份中擁有權益。
8. 趙紅英女士為張河川先生之配偶，並因此藉張先生持有利迅投資34%股權而被視為於美的國際擁有權益之1,898,962,805股股份中擁有權益。

REPORT OF THE DIRECTORS

董事會報告

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.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the Group purchased less than 30% of its goods and services from its 5 largest suppliers and sold less than 30% of its goods and services to its 5 largest customers.

CONNECTED TRANSACTIONS

- (a) Significant related party transactions entered by any member of the Group during the year ended 31 December 2005, which constituted connected transactions under Chapter 14A of the Listing Rules, are disclosed in Note 32 to the financial statements.
- (b) No other related party transactions, which also constitutes connected transactions under the Listing Rules, required to be disclosed in accordance with Chapter 14A of the Listing Rules, are entered by any member of the Group.
- (c) The independent non-executive Directors have reviewed the continuing connected transactions of the Group during the Year and confirmed that the continuing connected transactions have been entered into:
 - (1) in the ordinary and usual course of business of the Group;
 - (2) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties;

管理合約

本年度內，本公司並無就整體業務或任何重要業務之管理或行政工作簽訂或存有任何合約。

主要客戶及供應商

本年度內，本集團從其五位最大供應商購入之貨品及服務少於百分之三十，向其五位最大客戶售出之貨品及服務亦少於百分之三十。

關連交易

- (a) 本集團任何成員公司於截至二零零五年十二月三十一日止年度進行之重大關連方交易(即根據上市規則第十四A章構成關連交易者)，乃載於財務報表附註32。
- (b) 除上文披露外，本集團任何成員公司並未有進行按照上市規則第十四A章須予披露之與有關連人士(即根據上市規則亦構成關連交易者)之交易。
- (c) 獨立非執行董事已審閱本集團於本年度內之持續關連交易，並確認該等持續關連交易：
 - (1) 於本集團日常及正常業務過程中訂立；
 - (2) 按正常商業條款訂立，或倘無足夠可資比較交易以判斷該等交易是否按正常商業條款訂立，則按照本集團而言不遜於獨立第三者給予或獲提供之條款訂立；

REPORT OF THE DIRECTORS

董事會報告

CONNECTED TRANSACTIONS (Continued)

- (3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Group as a whole; and
 - (4) have not exceeded the relevant maximum amount capped in accordance to the waiver previously granted by the Stock Exchange.
- (d) Based on the work performed, the auditors of the Company have confirmed that the aforesaid continuing connected transaction:
- (1) have been approved by the Board;
 - (2) have been entered into in accordance with the terms of the relevant agreements governing the transactions; and
 - (3) have not exceeded the caps allowed by the Stock Exchange in the previous waiver.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code regarding securities transactions by Directors, the terms of which are not less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific inquiries to the Directors, all Directors confirmed that they have complied with the Model Code throughout the Year.

關連交易(續)

- (3) 按照規管該等交易之相關協議及按公平合理及符合本集團股東整體利益之條款訂立；及
 - (4) 並無超過根據香港聯合交易所先前授予之豁免之有關最高上限金額。
- (d) 本公司之核數師根據所進行之工作已確認上述持續關連交易：
- (1) 已獲董事會批准；
 - (2) 已根據規定該等交易之有關協議條款訂立；及
 - (3) 並無超過香港聯合交易所於先前豁免所容許之上限。

遵守上市規則之標準守則

本公司已採納董事進行證券交易的標準守則，其條款不低於上市規則附錄十所載的上市發行人董事進行證券交易之標準守則。經向所有董事作出特定查詢後，所有董事均確認，彼等已於本年度期間遵守標準守則。

REPORT OF THE DIRECTORS

董事會報告

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

As stated in the Company's interim report for the six months ended 30 June 2005, the Board has undertaken to review and propose the necessary amendments to the Articles in order to ensure its compliance with the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules. At the forthcoming Annual General Meeting of the Company, a special resolution to be passed to amend the Articles so that (i) every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years and (ii) the managing Director of the Company (if any) shall whilst holding office as such be subject to retirement by rotation at least once every three years and shall be taken into account in determining the number of Directors to retire in each year.

Accordingly, in the opinion of the Directors, the Company has met the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules save as disclosed in the corporate governance report which forms part of this annual report.

AUDIT COMMITTEE

To protect the interest of shareholders, the Group formed the Audit Committee on 5 August 1999. The Audit Committee comprised three independent non-executive Directors of the Company, namely, Mr CHAN Wai Dune, Mr LAM Ming Yung and Ms CHEN Chunhua and is set to improve the system of internal control of the Group. The Group has consulted Practice Note on "Formation of Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants when it formulated the duties of the Committee. The Audit Committee had reviewed the results of the Group for the year ended 31 December 2005.

遵守企業管治常規守則

誠如本公司截至二零零五年六月三十日止六個月之中期報告所述，本公司已承諾檢討及計劃對組織章程作出必要修訂，以確保其遵循上市規則附錄十四所載之企業管治常規守則。於本公司應屆股東週年大會上，將通過一項特別決議案以修訂組織章程，致使(i)每名董事(包括有指定任期者)須至少每三年輪席退任一次及(ii)本公司董事總經理(倘有)在任期間須至少每三年輪席退任一次，而釐定每年須退任之董事人數時計算在內。

因此，董事認為，除構成本年報一部分之企業管治報告所披露者外，本公司已符合上市規則附錄十四所載企業管治常規守則所列之守則條文。

審核委員會

為進一步保障股東利益，本集團於一九九九年八月五日成立審委會，審委會成員包括本公司三位獨立非執行董事陳維端先生、林明勇先生及陳春花女士，藉以加強本集團內部監控。本集團於制定該委員會之職能時，已參考香港會計師公會頒佈之「成立審核委員會指引」之應用指引。審核委員會已審閱本集團截至二零零五年十二月三十一日止年度之業績。

REPORT OF THE DIRECTORS

董事會報告

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained, during the Year, sufficient public float as required under the Listing Rules.

AUDITORS

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as auditors of the Group is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

FANG Hongbo
Chairman

Hong Kong, 18 April 2006

足夠公眾持股量

根據本公司可以得悉，且其董事亦知悉的公開資料，董事確認本公司於本年度內一直維持上市規則所規定之足夠公眾持股量。

核數師

本賬目已經由羅兵咸永道會計師事務所審核，該核數師任滿告退，但表示願意膺聘連任。一項續聘羅兵咸永道會計師事務所為本集團核數師之決議案將於應屆股東週年大會上提呈。

承董事會命

方洪波
董事長

香港，二零零六年四月十八日