





董事會 報告

REPORT OF THE DIRECTORS

管理層致力為股東提供最佳的回報
Management strive to bring
fruitful return to the shareholders



申洲國際集團控股有限公司(以下簡稱本公司)董事同意謹將本公司及其附屬公司(以下統稱本集團)截至二零零五年十二月三十一日止年度報告連同經已審核的財務報表呈覽。

集團重組及上市

本公司於二零零五年六月二十三日根據開曼群島公司法第二十二章(一九六一年第三號法例,經綜合及修訂)(「開曼群島公司法」)在開曼群島註冊成立為獲豁免有限公司。根據為籌備本公司股份於香港聯合交易所有限公司(「聯交所」)主板上市以精簡本集團之架構而進行之重組,本公司於二零零五年十月九日成為現時組成本集團各公司之控股公司(「集團重組」)。有關集團重組及根據集團重組收購之附屬公司之進一步詳情,載於本財務報表附註2以及本公司於二零零五年十一月十五日刊發之售股章程(「售股章程」)。

本公司股份自二零零五年十一月二十四日起在聯交所主板上市。

主要業務及營運地區的分析

本公司之主要業務為投資控股。其附屬公司之主要業務詳情載於本財務報表附註9。

本集團於本年度之表現按業務及地區之分析載於財務報表附註6。

業績及股息

本集團截至二零零五年十二月三十一日止年度之業績以及本公司及本集團於該日之財務狀況載於本財務報表第56頁至127頁。

董事會建議就截至二零零五年十二月三十一日止年度向二零零六年五月三十日營業時間結束時名列本公司股東名冊上之股東,派發末期股息每股0.02港元(相當於約人民幣0.02元)。有待股東在二零零六年六月五日舉行之應屆股東週年大會上批准後,方可作實。

截至二零零五年十二月三十一日止六個月並無宣派中期股息。

於截至二零零五年十二月三十一日止年度,本公司股東概無放棄或同意放棄任何股息的安排。

The directors of Shenzhou International Group Holdings Limited (the "Company") have pleasure in submitting their report together with the audited financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2005.

Group Reorganisation and listing

The Company was incorporated on 23 June 2005 as an exempted company with limited liability in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Companies Law"). Pursuant to a reorganisation to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group on 9 October 2005 (the "Group Reorganisation"). Further details of the Group Reorganisation and the subsidiaries acquired pursuant thereto are set out in note 2 to the financial statements and in the prospectus of the Company dated 15 November 2005 (the "Prospectus").

The Company's shares have been listed on the Main Board of the Stock Exchange since 24 November 2005.

Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding. The 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 6 to the financial statements.

Results and dividends

The results of the Group for the year ended 31 December 2005 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on page 56 to 127.

The Directors recommend a payment of a final dividend of HK\$0.02 (equivalent to approximately RMB0.02) per share for the year ended 31 December 2005, subject to shareholders' approval at the forthcoming annual general meeting to be held on 5 June 2006, to the shareholders whose names appear on the Register of Members of the Company at the close of business on 30 May 2006.

No interim dividend was declared for the six months ended 31 December 2005.

There was no arrangement under which a shareholder of the Company has waived or agreed to waive any dividend during the year ended 31 December 2005.

儲備

本年度內本公司及本集團儲備變動之詳情分別載於財務報表附註19及綜合權益變動表。

捐款

本年度內本集團的慈善捐款及其他捐獻為人民幣580,000元。

物業、廠房及設備

本年度內本集團物業、廠房及設備變動詳情載於財務報表附註7。

股本

本公司的股本變動詳情載於財務報表附註18。

可供分派儲備

按照開曼群島公司法計算，本公司於二零零五年十二月三十一日的可供分派儲備約為人民幣213,753,000元，其中人民幣25,903,000元已建議用作本年度末期股息。

優先購股權

根據本公司組織章程細則中並無優先購股權之條文，而本公司註冊成立地開曼群島之法律亦無規定本公司於發行新股時，須按比例給予現有股東任何優先權。

財務資料摘要

本集團過往四個財政年度的業績及資產、負債及少數股東權益摘要載於本報告第128頁。

購買、出售或購回證券

本公司股份於二零零五年十一月二十四日開始上市。本公司或其任何附屬公司於二零零五年十一月二十四日至二零零五年十二月三十一日止期間內概無購買、贖回或出售本公司任何上市證券。

購股權計劃

於二零零五年十二月三十一日，本公司並無任何購股權計劃。

Reserves

Details of movements in the reserves of the Company and of the Group during the year are set out in note 19 to the financial statements and in the consolidated statement of changes in equity, respectively.

Donations

Charitable and other donations made by the Group during the year amounted to RMB580,000.

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group are set out in note 7 to the financial statements.

Share capital

Details of the movements in share capital of the Company are set out in note 18 to the financial statements.

Distributable reserves

Distributable reserves of the Company as at 31 December 2005, calculated in accordance with the Companies Law, amounted to RMB213,753,000, of which RMB25,903,000 has been proposed as final dividend for the year.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's articles of association and there was no restriction against such rights under the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Summary financial information

A summary of the results and of the assets, liabilities and minority interests of the Group for the last four financial years is set out on page 128.

Purchase, sale or redemption of securities

The listing of the Company's shares commenced on 24 November 2005. Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the period from 24 November 2005 to 31 December 2005.

Share option scheme

No share option scheme was operated by the Company as at 31 December 2005.

董事

本年度內及截至本報告日期之在任董事如下：

執行董事：

馬建榮先生	(於二零零五年七月五日獲委任)
黃關林先生	(於二零零五年七月十二日獲委任)
馬仁和先生	(於二零零五年七月十二日獲委任)
陳忠靜先生	(於二零零五年七月十二日獲委任)
鄭妙輝女士	(於二零零五年七月十二日獲委任)

獨立非執行董事

錢鋒先生	(於二零零五年七月十二日獲委任)
宗平生先生	(於二零零五年七月十二日獲委任)
戴祥波先生	(於二零零五年七月十二日獲委任)

根據本公司組織章程第87(1)條，黃關林先生、陳忠靜先生及宗平生先生將於應屆股東週年大會輪值告退。惟彼等符合資格並願膺選連任。

獨立非執行董事均以三年任期委任。本公司已接獲錢鋒先生、宗平生先生及戴祥波先生之年度獨立性確認書，於本報告刊發日期，認為彼等均為獨立人士。

董事之服務合約

各執行董事均與本公司簽訂服務合約，自二零零五年十一月二十四日(即上市日期)開始，為期三年。根據服務合約，任何一方可向另一方發出不少於三個月的事先書面通知，隨時終止服務協議。

各獨立非執行董事均與本公司簽訂服務合約，自二零零五年十一月二十四日(即上市日期)開始，為期三年。根據服務合約，獨立非執行董事可發出不少於三個月的事先書面通知，隨時終止服務協議。

根據服務合約，各執行董事可獲發年度酌情管理花紅，由董事會薪酬委員會批准，惟本集團在任何財政年度向所有執行董事發放的酌情管理花紅總額，不得超過有關財政年度本集團除稅及少數股東權益以及扣除酌情管理花紅總額後但未計非經常項目前淨利潤的5%。

Directors

The directors during the year and up to the date of the report were:

Executive directors:

Mr. Ma Jianrong	(appointed on 5 July 2005)
Mr. Huang Guanlin	(appointed on 12 July 2005)
Mr. Ma Renhe	(appointed on 12 July 2005)
Mr. Chen Zhongjing	(appointed on 12 July 2005)
Ms. Zheng Miaohui	(appointed on 12 July 2005)

Independent Non-executive directors:

Mr. Qian Feng	(appointed on 12 July 2005)
Mr. Zhong Pingsheng	(appointed on 12 July 2005)
Mr. Dai Xiangbo	(appointed on 12 July 2005)

In accordance with Article 87(1) of the Company's Articles of Association, Mr. Huang Guanlin, Mr. Chen Zhongjing and Mr. Zhong Pingsheng shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Independent Non-executive Directors are appointed for terms of three years. The Company has received annual confirmations of independence from Mr. Qian Feng, Mr. Zhong Pingsheng and Mr. Dai Xiangbo and as at the date of this report still considers them to be independent.

Directors' service contracts

Each of the executive directors has a service contract with the Company for a term of three years which commenced on 24 November 2005 (being the date of listing) and is subject to termination by either party giving not less than three months' written notice.

Each of the independent non-executive directors has a service contract with the Company for a term of three years which commenced on 24 November 2005 (being the date of listing) and is subject to termination by the independent non-executive director giving not less than three months' written notice.

Under the service contracts, each of the executive directors is entitled to an annual discretionary management bonus as the Remuneration Committee of the Board may approve, provided that the aggregate amount of the discretionary management bonuses payable to all executive directors in respect of any financial year of the Group would not exceed 5% of the net profits of the Group after taxation and minority interests and less the aggregate amount of the discretionary management bonuses but before non-recurring items for the relevant financial year.

董事之合約權益

除在本報告「持續關連交易」部分以及財務報表附註36「關連人士交易」所披露者外，各董事在本公司或其任何控股公司、附屬公司或同系附屬公司所訂立而於年內任何時間仍然有效且與本集團業務有關之重大合約中概無直接或間接擁有重大權益。

董事於競爭業務的權益

於截至二零零五年十二月三十一日止年度，本公司董事概無於與本公司或其任何附屬公司存有競爭之任何業務擁有任何權益。

董事及高級管理層履歷

本公司董事及本集團高級管理層履歷詳情載於本年報第38頁至43頁。

董事及最高行政人員於本公司股份的權益及淡倉

於二零零五年十二月三十一日，根據證券及期貨條例（「證券及期貨條例」）第XV部第7及第8分部已知會本公司和聯交所，並根據證券及期貨條例第352條而存置之登記冊所載；或根據上市規則內上市公司董事進行證券交易的標準守則（「標準守則」）已知會本公司和聯交所，有關本公司董事及最高行政人員擁有本公司或其任何相關法團（按證券及期貨條例第XV部之涵義）之股份、相關股份及債權證之權益或淡倉（包括根據證券及期貨條例之該等條文任何該等董事及最高行政人員擁有或被視作擁有之權益或淡倉）如下：

於本公司普通股中之好倉

名稱 Name	附註 Notes	身份及權益類別 Capacity and nature of interest	股份數目 Number of shares	佔本公司 已發行股本 百分比(%) Percentage of the Issued Share Capital of the Company
Mr. Ma Jianrong 馬建榮先生	1	Corporate interests 公司權益	900,000,000	72.29
Mr. Huang Guanlin 黃關林先生	2	Corporate interests 公司權益	117,000,000	9.40

Directors' interests in contracts

Save as disclosed under the heading "Continuing connected transactions" below and "Related party transactions" in note 36 to the financial statements, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party during the year.

Directors' interests in competing business

During the year ended 31 December 2005, none of the directors of the Company had any interest in any competing business with the Company or any of its subsidiaries.

Biographical details of directors and senior management

Brief biographical details of directors of the Company and senior management of the Group are set out on page 38 to 43.

Directors' and Chief Executives' interests and short positions in the shares of the Company

As at 31 December, 2005, the interests and short positions of the directors and chief executive 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 ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive was taken or deemed to have under such provisions of the SFO) and were recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") contained in the Listing Rules, were as follows:

Long positions in ordinary shares of the Company

附註：

- 於二零零五年十二月三十一日，該等股份由世通(香港)有限公司(「世通」)一家全資附屬公司卓耀海外有限公司(「卓耀」)實益擁有。而世通則由馬建榮先生擁有74%權益、黃關林先生擁有13%權益及馬寶興先生(馬建榮先生之父親)擁有13%權益。由於馬建榮先生有權於世通股東大會上行使超過三分之一的投票權，根據證券及期貨條例，馬建榮先生被視為於卓耀持有的900,000,000股股份中擁有權益。
- 黃關林先生間接擁有卓耀13%的權益，而卓耀則擁有本公司72.29%的權益。

除上述披露外，於二零零五年十二月三十一日，根據證券及期貨條例第352條記錄於本公司存置之登記冊；或根據上述上市規則的標準守則已知會本公司和聯交所，本公司各董事及高級行政人員概無擁有或被視作擁有本公司或其任何相關法團(按證券及期貨條例第XV部之涵義)之股份、相關股份及債權證之權益或淡倉。

本公司或其任何控股公司、附屬公司或同系附屬公司於截至二零零五年十二月三十一日止整年內概無訂立任何安排，令本公司董事及高級行政人員或彼等之配偶或未滿十八歲之子女可藉購入本公司或其他相聯法團之股份或債券而獲益。

主要股東於本公司股份的權益及淡倉

於二零零五年十二月三十一日，下列人士(本公司董事除外)在本公司根據證券及期貨條例第336條所存置之股東名冊所紀錄佔本公司已發行股本5%或以上之權益如下：

於本公司普通股中之好倉

名稱 Name	附註 Notes	身份及權益類別 Capacity and nature of interest	股份數目 Number of shares	佔本公司 已發行股本 百分比(%) Percentage of the Issued Share Capital of the Company
Excelbright 卓耀	1	Beneficial owner 實益擁有人	900,000,000	72.29
Worldon 世通	1 and 2	Beneficial owner 實益擁有人	900,000,000	72.29

Note:

- As at 31 December 2005, these shares were beneficially owned by Excelbright Overseas Limited ("Excelbright") which is a wholly-owned subsidiary of Worldon (Hong Kong) Limited ("Worldon"), which is, in turn, owned as to 74% by Mr. Ma Jianrong, as to 13% by Mr. Huang Guanlin and as to 13% by Mr. Ma Baoxing (father of Mr. Ma Jianrong). As Mr. Ma Jianrong is entitled to exercise more than one-third of the voting power at the general meetings of Worldon, by virtue of the SFO, Mr. Ma Jianrong is deemed to be interested in the 900,000,000 shares held by Excelbright.
- Mr. Huang Guanlin is indirectly interested in a 13% interest in Excelbright, which owns a 72.29% interest in the Company.

Save as disclosed above, as at 31 December 2005, none of the directors and chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company and the Stock Exchange pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time during the year was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

Substantial shareholders' Interests and Short Positions in the Shares of the Company

At 31 December 2005, the following persons who held interests of 5% or more of the issued share capital of the Company, other than directors of the Company, were recorded in the register of members required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in ordinary shares of the Company

附註：

1. 卓耀為一家於二零零五年四月十二日在英屬處女群島註冊成立的公司，並持有本公司已發行股本的72.29%權益。於二零零五年十二月三十一日，世通持有卓耀全數已發行股本。
2. 於二零零五年十二月三十一日，世通已發行股本由馬建榮先生持有74%，馬寶興先生持有13%，黃關林先生則持有13%。馬建榮先生為馬寶興先生之子。黃關林先生為馬寶興先生的女婿兼馬建榮先生的妹夫。由於世通持有卓耀全數已發行股本而馬建榮先生控制世通股東大會超過三分之一投票權，根據證券及期貨條例，馬建榮先生被視為於卓耀持有的900,000,000股股份中擁有權益。

除上文所披露者外，於二零零五年十二月三十一日，除本公司董事（其權益載於上文「董事及最高行政人員於本公司股份的權益及淡倉」一節）外，概無其他人士於本公司股份或相關股份中擁有根據證券及期貨條例第336條須予記錄之權益或淡倉。

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的管理或行政工作簽訂或存在任何合約。

主要供應商及客戶

本集團的主要供應商及客戶佔截至二零零五年十二月三十一日止年度的採購額及銷售額百分比如下：

最大供應商／客戶
五大供應商／客戶

於年內任何時間，概無本公司董事、彼等之聯繫人士或任何股東（就董事所知擁有本公司5%以上股本）於該等主要客戶及供應商擁有任何權益。

Note:

1. Excelbright, a company incorporated in British Virgin Islands on 12 April 2005, held a 72.29% interest in the issued share capital of the Company. As at 31 December 2005, the entire issued share capital of Excelbright was held by Worldon.
2. As at 31 December 2005, the issued share capital of Worldon was held as to 74% by Mr. Ma Jianrong, as to 13 % by Mr. Ma Baoxing and as to 13% by Mr. Huang Guanlin. Mr. Ma Jianrong is the son of Mr. Ma Baoxing. Mr. Huang Guanlin is the son-in-law of Mr. Ma Baoxing and brother-in-law of Mr. Ma Jianrong. As the entire issued share capital of Excelbright is held by Worldon and Mr. Ma Jianrong controls more than one-third of the voting power at general meetings of Worldon, Mr. Ma Jianrong is deemed to be interested in the 900,000,000 shares held by Excelbright under the SFO.

Save as disclosed above, as at 31 December 2005, no person, other than the directors of the Company, whose interests are set out in the section headed "Directors and Chief Executives' interests and short positions in the shares of the Company" above, had interest or short position in the shares and underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

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 suppliers and customers

The percentages of purchases and sales for the year ended 31 December 2005 attributable to the Group's major suppliers and customers are as follows:

	佔採購額之 百分比(%) Percentage of Purchases (%)	佔銷售額之 百分比(%) Percentage of sales (%)
The largest supplier/customer	13	58
Five largest suppliers/customers combined	39	84

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

持續關連交易

按照上市規則第14A章的披露規定，在財務報表附註36所披露的若干關聯方交易根據上市規則亦構成持續關連交易。若干關連人士(按上市規則定義)與本公司進行的下列交易經已訂立及持續進行，而本公司已在售股章程作出相關的披露。

a. 租賃若干生產物業和設施

本公司之一全資附屬公司寧波申洲針織有限公司(「申洲針織」)於二零零五年十月九日與寧波申洲置業有限公司(「申洲置業」)簽訂一份租賃協議，據此，申洲置業將服裝生產物業租予申洲針織，租期由二零零五年六月一日至二零零七年十二月三十一日，申洲針織可行使續租權，按當時或低於當時市場租金額外續租三年(「租賃總協議」)。申洲針織可給予申洲置業不少於三個月的通知以終止租賃總協議。上述由申洲置業收取的租金，乃參照在中國寧波市日常業務過程中根據一般商業條款，從獨立第三方租賃類似物業及生產設施的市場租金予以釐定。申洲置業，由執行董事馬建榮先生及寧波榮榮實業投資有限公司(「榮榮實業」)(根據上市規則為聯繫人)分別擁有80%及20%權益，根據上市規則第14A.11(4)條屬關連人士。截至二零零五年十二月三十一日止年度，本集團向申洲置業共支付租金人民幣8,339,830元。

Continuing connected transactions

Certain related party transactions as disclosed in note 36 to the financial statements also constituted continuing connected transactions under the Listing Rules, required to be disclosed in accordance with Chapter 14A of the Listing Rules. The following transactions between certain connected parties (as defined in the Listing Rules) and the Company have been entered into and are ongoing for which relevant disclosure had been made by the Company in the Prospectus.

a. Lease of certain production premises and facilities

Ningbo Shenzhou Knitwear Co., Ltd. ("Shenzhou Knitwear"), a wholly-owned subsidiary of the Company and Ningbo Shenzhou Properties Co., Ltd. ("Shenzhou Properties"), entered into a lease agreement dated 9 October 2005, by which Shenzhou Properties leased to Shenzhou Knitwear the apparel production properties for a period commencing from 1 June 2005 and expiring on 31 December 2007, with a right of renewal exercisable by Shenzhou Knitwear for a further term of three years at or below the then market rate (the "Principal Lease Agreement"). The Principal Lease Agreement is terminable by Shenzhou Knitwear by giving no less than three months' notice to Shenzhou Properties. The rental chargeable by Shenzhou Properties is determined by reference to market rates for leasing similar properties and production facilities from independent third parties under normal commercial terms in the ordinary course of the business in Ningbo, China. Shenzhou Properties, which is owned as to 80% by Mr. Ma Jianrong, an Executive Director, and as to 20% by Ningbo Rongrong Industrial Investment Co., Ltd. ("Rongrong Industrial"), an associate under the Listing Rules, is a connected person by virtue of Rule 14A.11(4) of the Listing Rules. During the year ended 31 December 2005, the Group paid rentals to Shenzhou Properties amounting to RMB8,339,830.

b. 供應蒸汽

申洲針織於二零零五年十月九日與寧波明耀環保熱電有限公司（「明耀電力公司」）簽訂一份蒸汽供應協定，據此，明耀電力公司已同意自二零零五年十月九日至二零零七年十二月三十一日止向本集團供應蒸汽（「蒸汽供應協議」）。根據蒸汽供應協議，明耀電力公司已承諾在任何時間均為本集團維持充足穩定的蒸汽供應，並授予本集團優先權，以滿足本集團對蒸汽不時的需求。由於明耀電力公司並無自設與本集團連接的輸管系統，有關各方已同意明耀電力公司可先將其蒸汽售予在上海證券交易所上市的一家獨立A股公司（「A股公司」），然後再將蒸汽轉售予本集團。該A股公司向本集團收取的每噸蒸汽價格，將按明耀電力公司向該A股公司收取的價格收取。根據蒸汽供應協議，明耀電力公司所收取的每噸蒸汽價格，乃參考位於中國寧波經濟技術開發區內獨立蒸汽供應商供應蒸汽當時的市價而釐定，惟在任何情況下明耀電力公司所收取的每噸蒸汽價格不得高於該開發區內當時的蒸汽市價。訂約方任何一方可通過向另一方發出30日書面通知以終止蒸汽供應協議。明耀電力公司，由世通及寧波明耀投資有限公司分別擁有48%及52%權益，寧波明耀投資有限公司與本公司或其任何附屬公司的董事、最高行政人員、主要股東或彼等各自的聯繫人概無關連。根據上市規則第14A.11(4)條，明耀電力公司屬關連人士。截至二零零五年十二月三十一日止年度，本集團向明耀電力公司共支付蒸汽費人民幣11,641,998元。

c. 提供毛毯裁剪及縫紉服務

申洲針織於二零零五年十月九日與寧波申洲大港針織有限公司（「申洲大港」）簽訂一份加工服務協議。據此，申洲大港已同意向本集團提供或促使其他公司自二零零五年十月九日至二零零七年十二月三十一日止期間內向本集團提供若干毛毯裁剪與縫紉服務，協議按不遜於獨立第三方所提供的一般商業條款訂立。申洲大港，由世通及榮榮實業分別擁有80%及20%權益，根據上市規則第14A.11(4)條屬關連人士。截至二零零五年十二月三十一日止年度，本集團向申洲大港共支付毛毯裁剪與縫紉加工費人民幣1,436,182元。

b. Supply of steam

Shenzhou Knitwear and Ningbo Mingyao Environmental Thermal Power Co., Ltd., ("Mingyao Electric Company") entered into a steam supply agreement dated 9 October 2005, whereby Mingyao Electric Company agreed to supply steam to the Group for a period commencing from 9 October 2005 and expiring on 31 December 2007 (the "Steam Supply Agreement"). Under the Steam Supply Agreement, Mingyao Electric Company has undertaken to maintain a sufficient and stable supply of steam to the Group at all times and has granted priority to the Group for its demand for steam from time to time. As Mingyao Electric Company does not have its own piping system connected to the Group, the relevant parties have agreed that Mingyao Electric Company may first sell its steam to an independent A-share company listed on the Shanghai Stock Exchange (the "A-Share Company") which would then on-sell the steam to the Group. The steam price per ton to be charged by the A-Share Company to the Group will be at the price charged by Mingyao Electric Company to the A-Share Company. Pursuant to the Steam Supply Agreement, the steam price per ton charged by Mingyao Electric Company will be determined by reference to the prevailing market price of steam supplied by independent steam suppliers located in the Ningbo Economic and Technical Development Zone, China, but in any event, such steam price per ton to be charged by Mingyao Electric Company will not be higher than the prevailing market price of steam in that zone. Either party may terminate the Steam Supply Agreement by giving 30 days' written notice to the other party. Mingyao Electric Company is owned as to 48% by Worldon and as to 52% by Ningbo Mingyao Investment Co., Ltd., a party not connected with any of the Directors, the chief executive, the Substantial Shareholders of the Company or any of its subsidiaries, or any of their respective associates. Mingyao Electric Company is a connected person by virtue of Rule 14A.11(4) of the Listing Rules. During the year ended 31 December 2005, the Group paid steam expenses to Mingyao Electric Company amounting to RMB11,641,998.

c. Provision of blanket cutting and sewing services

Shenzhou Knitwear and Ningbo Shenzhou Dagang Knitwear Co., Ltd. ("Shenzhou Dagang"), entered into a processing services agreement dated 9 October 2005, whereby Shenzhou Dagang agreed to provide or procure other companies to provide certain blanket cutting and sewing services to the Group for a period commencing from 9 October 2005 and expiring on 31 December 2007 on normal commercial terms which are no less favourable than those available from independent third parties. Shenzhou Dagang, which is owned as to 80% by Worldon and as to 20% by Rongrong Industrial, is a connected person by virtue of Rule 14A.11(4) of the Listing Rules. During the year ended 31 December 2005, the Group paid processing services fee to Shenzhou Dagang amounting to RMB1,436,182.

d. 供應包裝物料

申洲針織於二零零五年十月九日與紹興縣華西包裝品有限公司（「華西包裝品公司」）簽訂一份供應協議（「包裝物料供應協議」），據此，華西包裝品公司已同意按不遜於獨立第三方提供的一般商業條款向本集團不時供應包裝物料。包裝物料供應協議期限乃自二零零五年十月九日開始，至二零零七年十二月三十一日止。華西包裝品公司，由執行董事黃關林先生之胞弟黃關泉先生及黃關林先生之父黃福昌先生分別擁有87.5%及12.5%權益。根據上市規則第14A.11(4)條，華西包裝品公司屬關連人士。截至二零零五年十二月三十一日止年度，本集團向華西包裝品公司共支付包裝物料款人民幣13,599,395元。

獨立非執行董事已審閱上述持續關連交易，並確認該等交易：(1)在本集團之一般及日常業務運作中進行；(2)按一般商業條款進行或對本公司而言，屬不遜於獨立第三方可獲得或提供之條款；及(3)乃按該等交易之有關協定之條款進行，而有關條款屬公平合理，並符合本公司股東之整體利益。

根據所執行之工作，本公司之核數師亦致函董事會確認該等持續關連交易：(1)已獲得本公司董事會之批准；(2)已遵照本集團之訂價政策；(3)符合規管有關交易之協定；及(4)不超過有關聯交所允許之上限金額。

公眾持股量的足夠性

基於本公司可取閱之資料以及就董事所知，於本報告刊發日期，本公司已發行股本總數之最少25%由公眾人士持有。

核數師

本財務報表已經由羅兵咸永道會計師事務所審核。羅兵咸永道會計師事務所任滿告退，但表示願意應聘連任。

承董事會命

主席
馬建榮

中國寧波，二零零六年四月十日

d. Supply of packaging materials

Shenzhou Knitwear and Shaoxing County Huaxi Packaging Materials Company Limited ("Huaxi Packaging Company") entered into a supply agreement dated 9 October 2005 (the "Packaging Material Supply Agreement"), whereby Huaxi Packaging Company agreed to supply packaging materials to the Group from time to time on normal commercial terms which are no less favourable than those available from independent third parties. The Packaging Material Supply Agreement is for a term commencing from 9 October 2005 to 31 December 2007. Huaxi Packaging Company is owned as to 87.5% by Mr. Huang Guanquan, who is the brother of Mr. Huang Guanlin, an Executive Director, and as to 12.5% by Mr. Huang Fuchang, who is the father of Mr. Huang Guanlin. Huaxi Packaging Company is a connected person by virtue of Rule 14A.11(4) of the Listing Rule. During the year, the Group's purchases of packaging materials from Huaxi Packaging Company amounting to RMB13,599,395.

The aforesaid continuing connected transactions have been reviewed by the Independent Non-executive Directors of the Company. The Independent Non-executive Directors confirmed that the aforesaid connected transaction were entered into (1) in the ordinary and usual course of business of the Group; (2) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (3) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Based on the work performed, the auditors of the Company have provided a letter and confirmed that the aforesaid continuing connected transaction (1) have been approved by the board of directors of the Company; (2) are in accordance with the pricing policies of the Group; (3) have been entered into in accordance with the terms of the relevant agreements governing the transaction; and (4) have not exceeded the caps allowed by the Stock Exchange in the previous waiver.

Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

Auditors

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

On behalf of the Board

Ma Jianrong
Chairman

Ningbo, China, 10 April 2006