

Directors' Report 董事會報告書

The directors present their annual report and the audited financial statements for the year ended 31st December, 2005.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries are set out in note 35 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2005 are set out in the consolidated income statement on page 30 of the annual report.

The directors do not recommend the payment of a dividend and propose that the profit for the year be retained.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK\$18.9 million on plant and machinery to expand and upgrade its manufacturing facilities.

Details of this and other movements in the property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

DIRECTORS

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

Executive directors

Thomas Lau, Luen-hung
Tsang Chiu Wai
Kong Cheuk Luen, Trevor

Independent non-executive directors

Lee Tho Siem
Wang Jianguo
Loke Yu alias Loke Hoi Lam

Non-executive director

Wong Wing Sing

董事會提呈其截至二零零五年十二月三十一日止年度之年報及經審核財務報表。

主要業務

本公司為一間投資控股公司，其附屬公司之主要業務載於財務報表附註35。

業績及溢利分配

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年報第30頁之綜合收益表。

董事會不建議派付股息，並建議保留本年度溢利。

物業、廠房及設備

本集團年內用於廠房及機器的金額約達港幣18,900,000元，以擴充及提升其生產設施。

本集團年內在上述方面及有關物業、廠房及設備之其他變動詳情載於財務報表附註13。

董事

以下為本公司本年度及截至本報告日期之董事：

執行董事

劉鑾鴻
曾昭偉
江爵媛

獨立非執行董事

李多森
王建國
陸海林

非執行董事

黃永勝

DIRECTORS (continued)

In accordance with Article 112 of the Company's Article of Association, Mr. Lee Tho Siem and Mr. Wang Jianguo will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Each of the executive directors has entered into a service contract with the Company for an initial term of three years commencing 1st December, 2002 which shall continue thereafter until terminated by either party giving to the other party not less than six months prior written notice, such notice not to be given earlier than 1st December, 2003.

The term of office of each of the independent non-executive directors and non-executive director is the period from his appointment to the time of retirement by rotation in accordance with the Company's Articles of Association.

Save as disclosed above, none of the directors being 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 determinable by the Group within one year without payment of compensation (other than statutory compensation).

董事 (續)

根據本公司之公司組織章程細則第112條，李多森先生及王建國先生將於即將舉行之股東週年大會輪值告退，彼等合資格並願膺選連任。

各執行董事與本公司訂有服務合約，年期由二零零二年十二月一日起計初步為期三年，其後將會繼續有效，直至其中一方向另一方發出不少於六個月的事先書面通知為止，惟有關通知不得早於二零零三年十二月一日發出。

各獨立非執行董事及非執行董事的任期為由其委任日期起直至本公司之公司組織章程細則訂明的輪值退任時間為止。

除上文披露者外，本公司或其任何附屬公司與擬在即將舉行之股東週年大會膺選連任之董事之間，概無任何本集團若不給予補償（法定補償除外）則於一年內不可終止之服務合約。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31st December, 2005, the interests of the directors and the chief executives and their associates in the shares and underlying shares 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 maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions

Ordinary shares of HK\$0.01 each of the Company

Name of director 董事姓名	Capacity 身分	Number of issued ordinary shares held 所持已發行 普通股數目	Percentage of the issued share capital of the Company 佔本公司已發行 股本百分比
Thomas Lau, Luen-hung 劉鑾鴻	Held by controlled corporation (Note i) 由受控制公司持有(附註i)	69,468,000	31.58%
Tsang Chiu Wai 曾昭偉	Held by controlled corporation (Note ii) 由受控制公司持有(附註ii)	62,292,000	28.31%
Kong Cheuk Luen, Trevor 江爵媛	Held by controlled corporation (Note iii) 由受控制公司持有(附註iii)	31,716,000	14.42%
		163,476,000	74.31%

Notes:

- (i) These securities are registered in the name of and beneficially owned by Shine Top Limited, a company incorporated in the British Virgin Islands. The entire issued share capital of Shine Top Limited is beneficially owned by Mr. Thomas Lau, Luen-hung. Accordingly, Mr. Thomas Lau, Luen-hung is deemed to be interested in 69,468,000 shares held by Shine Top Limited under the SFO.
- (ii) These securities are registered in the name of and beneficially owned by Standard Beyond Limited, a company incorporated in the British Virgin Islands. The entire issued share capital of Standard Beyond Limited is beneficially owned by Mr. Tsang Chiu Wai. Accordingly, Mr. Tsang Chiu Wai is deemed to be interested in 62,292,000 shares held by Standard Beyond Limited under the SFO. Mr. Tsang Chiu Wai is also a director of Standard Beyond Limited.

董事及主要行政人員於股份及相關股份之權益

於二零零五年十二月三十一日，董事及主要行政人員以及彼等之聯繫人士於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部分)之股份及相關股份中，擁有本公司根據證券及期貨條例第352條規定存置之登記冊所記錄之權益，或根據上市公司董事進行證券交易的標準守則已知會本公司及香港聯合交易所有限公司(「聯交所」)的權益如下：

好倉

本公司每股面值港幣0.01元之普通股

附註：

- (i) 該等證券乃以在英屬處女群島註冊成立之Shine Top Limited的名義登記，並由該公司實益擁有。Shine Top Limited全部已發行股本均由劉鑾鴻先生實益擁有。據此，根據證券及期貨條例，劉鑾鴻先生被視作於Shine Top Limited所持有69,468,000股股份中擁有權益。
- (ii) 該等證券乃以在英屬處女群島註冊成立之Standard Beyond Limited的名義登記，並由該公司實益擁有。Standard Beyond Limited全部已發行股本均由曾昭偉先生實益擁有。據此，根據證券及期貨條例，曾昭偉先生被視作於Standard Beyond Limited所持有62,292,000股股份中擁有權益。曾昭偉先生亦為Standard Beyond Limited之董事。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)

Notes: (continued)

(iii) These securities are registered in the name of and beneficially owned by Absolute Above Limited, a company incorporated in the British Virgin Islands. The entire issued share capital of Absolute Above Limited is beneficially owned by Mr. Kong Cheuk Luen, Trevor. Accordingly, Mr. Kong Cheuk Luen, Trevor is deemed to be interested in 31,716,000 shares held by Absolute Above Limited under the SFO. Mr. Kong Cheuk Luen, Trevor is also a director of Absolute Above Limited.

Save as disclosed above, none of the directors, chief executives nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31st December, 2005.

SHARE OPTIONS

Particulars of the Company's share option scheme (the "Scheme") are set out in note 27 to the financial statements. No option was granted under the Scheme since its adoption.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed under the section headed "SHARE OPTIONS" above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

Other than as disclosed under the section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES", the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO discloses no person as having a notifiable interest or short position in the issued share capital of the Company as at 31st December, 2005.

董事及主要行政人員於股份及相關股份之權益 (續)

附註: (續)

(iii) 該等證券乃以在英屬處女群島註冊成立之Absolute Above Limited的名義登記，並由該公司實益擁有。Absolute Above Limited全部已發行股本均由江爵煥先生實益擁有。據此，根據證券及期貨條例，江爵煥先生被視作於Absolute Above Limited所持有31,716,000股股份中擁有權益。江爵煥先生亦為Absolute Above Limited之董事。

除上文披露者外，於二零零五年十二月三十一日，董事、主要行政人員或彼等任何聯繫人士概無於本公司或其任何相聯法團任何股份、相關股份或債券中，擁有任何權益或淡倉。

購股權

本公司之購股權計劃（「計劃」）詳情載於財務報表附註27。自採納計劃以來，並無根據計劃授出購股權。

購入股份或債券之安排

除上文「購股權」一節披露者外，本公司或其任何附屬公司於本年度任何時間概無訂立任何安排，令本公司董事可藉購入本公司或任何其他法人團體之股份或債券而取得利益。

主要股東

除「董事及主要行政人員於股份及相關股份之權益」一節披露者外，按照本公司根據證券及期貨條例第336條規定存置之主要股東登記冊所披露，於二零零五年十二月三十一日，概無任何人士在本公司已發行股本中擁有須具報權益或淡倉。

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

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

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

CONNECTED TRANSACTIONS

During the year, there was no discloseable connected transaction.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers in aggregate accounted for approximately 45.0% of the turnover of the Group and the largest customer accounted for approximately 11.4% of the total turnover of the Group.

The aggregate purchases attributable to the Group's five largest suppliers during the year accounted for approximately 79.2% of the total purchases of the Group and the largest supplier accounted for approximately 25.1% of the total purchases of the Group.

At no time during the year did a director, an associate of a director or a shareholder of the Company, which to the knowledge of the directors owns more than 5% of the Company's issued share capital, have an interest in any of the five largest customers and suppliers of the Group.

董事於重大合約之權益

本公司或其任何附屬公司概無訂立本公司董事直接或間接擁有重大權益而於年結時或年內任何時間仍然有效之重大合約。

購買、出售或贖回上市股份

於本年度，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市股份。

關連交易

年內，並無進行須予披露關連交易。

主要客戶及供應商

於本年度，本集團五大客戶的銷售總額佔本集團營業總額約45.0%。最大客戶的銷售額佔本集團營業總額約11.4%。

於本年度，本集團五大供應商的採購總額佔本集團採購總額約79.2%。最大供應商的採購額佔本集團採購總額約25.1%。

本年度任何時間董事及彼等各自的聯繫人士及據董事所知擁有本公司已發行股本5%以上的本公司股東，概無在本集團任何五大客戶及供應商中擁有權益。

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, 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 27 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

COMPETING BUSINESS INTERESTS OF DIRECTORS

None of the directors of the Company or their respective associates have any interests in a business which competes or may compete with the business of the Company.

SUFFICIENCY OF PUBLIC FLOAT

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

POST BALANCE SHEET EVENT

Details of a significant event occurring after the balance sheet date are set out in note 33 to the financial statements.

薪酬政策

本集團僱員之薪酬政策乃由薪酬委員會按彼等之長處、資格及能力釐定。

本公司董事之酬金乃由薪酬委員會按本公司經營業績、個人表現及可比較市場數據釐定。

本公司已採納購股權計劃，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27。

優先購買權

本公司之公司組織章程細則或開曼群島法例均無任何關於優先購買權之規定，致使本公司有責任向現有股東按比例發售新股。

董事之競爭業務權益

本公司董事或彼等聯繫人士概無於目前或可能與本公司業務競爭之業務中擁有任何權益。

充足公眾持股量

本公司於截至二零零五年十二月三十一日止年度一直維持充足公眾持股量。

結算日後事項

結算日後發生之重大事項詳情載於財務報表附註33。

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Thomas Lau, Luen-hung
Chairman

Hong Kong, 13th April, 2006

核數師

續聘德勤•關黃陳方會計師行為本公司核數師之決議案將於股東週年大會提呈。

代表董事會

劉鑾鴻
主席

香港，二零零六年四月十三日