

董事會同寅茲向全體股東提呈本公司及本集團截至二零零六年十二月三十一日止年度之董事會報告書及經審核財務報表。

主要業務

本公司為一投資控股公司。本集團之主要業務為經營零售及分銷 *Giordano*、*Giordano Concepts*、*Giordano Ladies*、*Giordano Junior* 及 *Bluestar Exchange* 等品牌之便服及配襯用品。該等品牌提供由基本至流行時尚優質且物有所值之服裝。本集團亦經營成衣貿易及製造業務，供應本集團零售業務的需求，並向本集團以外之人士供應製成品。

分部資料

本集團截至二零零六年十二月三十一日止年度按照主要業務及營運地區之表現分析載於財務報表附註五。

業績

本集團截至二零零六年十二月三十一日止年度之業績及本公司與本集團於該日之財政狀況俱載於第五十一頁至第一百一十五頁之財務報表內。

股息

中期股息每股港幣四點五仙及特別中期股息每股港幣二仙已於二零零六年九月十五日派發。

董事會向股東建議派發截至二零零六年十二月三十一日止年度末期股息每股港幣五仙及特別末期股息每股港幣一角五仙予於二零零七年五月九日名列本公司股東名冊上之股東。

儲備

本年度內，儲備之變動情況載於第五十六頁至第五十八頁之權益變動表。

可供分派儲備

於二零零六年十二月三十一日，本公司之可供分派滾存溢利及繳入盈餘為港幣十一億六千八百萬元（二零零五年：港幣十三億一千六百萬元）。

The directors have pleasure in submitting their report together with the audited financial statements of the Company and of the Group for the year ended December 31, 2006.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal business of the Group is the retail and distribution of casual apparel and accessories under *Giordano*, *Giordano Concepts*, *Giordano Ladies*, *Giordano Junior* and *Bluestar Exchange* brands. These brands offer basic to modern fashionable apparel of quality and value. The Group also carries on garment trading and manufacturing operation, supporting the Group's retail business and supplying products to third parties.

SEGMENT INFORMATION

An analysis of the Group's performance by principal activities and geographical locations of operations for the year ended December 31, 2006 is set out in note 5 to the financial statements.

RESULTS

The results of the Group for the year ended December 31, 2006 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 51 to 115.

DIVIDENDS

An interim dividend of 4.5 HK cents per share and a special interim dividend of 2.0 HK cents per share were paid on September 15, 2006.

The directors recommend to shareholders the payment of a final dividend of 5.0 HK cents per share and a special final dividend of 15.0 HK cents per share for the year ended December 31, 2006 to those shareholders whose names appear on the register of members of the Company on May 9, 2007.

RESERVES

Movements in reserves during the year are set out in the Statements of Changes in Equity on pages 56 to 58.

DISTRIBUTABLE RESERVES

As at December 31, 2006, the retained profits of the Company together with the contributed surplus available for distribution amounted to HK\$1,168 million (2005: HK\$1,316 million).

慈善捐款

本集團於本年度內之慈善捐款為港幣二百二十萬元(二零零五年：港幣一百五十萬元)。

固定資產

本年度內，本集團共添置約港幣一億一千一百萬元(二零零五年：港幣一億二千萬元)之固定資產。本年度固定資產變動情況載於財務報表附註十四、十五及十九。

主要附屬公司

本公司於二零零六年十二月三十一日之主要附屬公司之詳情載於財務報表附註三十四。

銀行貸款

於二零零六年十二月三十一日，本集團須即付或於一年內償還之銀行貸款約為港幣五千八百萬元(二零零五年：港幣七千六百萬元)。

主要供應商及客戶

本集團首五大供應商及客戶所佔的購買及銷售總額均低於百分之三十。

十年財務資料

本集團過去十個財政年度之業績、資產及負債摘要載於第二頁及第三頁。

股本

本公司之股本於本年度內之變動詳情載於財務報表附註二十二。

購股權資料

購股權計劃之摘要及本公司購股權於本年度內變動詳情載於第一百一十六頁至第一百二十頁。

股份優先購買權

本公司之細則中並無股份優先購買權之規定，惟百慕達法例則無限制該等權利。

CHARITABLE DONATIONS

Donations made for charitable purposes by the Group during the year amounted to HK\$2.2 million (2005: HK\$1.5 million).

FIXED ASSETS

During the year, the Group acquired fixed assets of approximately HK\$111 million (2005: HK\$120 million). Movements in fixed assets during the year are set out in notes 14, 15 and 19 to the financial statements.

PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at December 31, 2006 are set out in note 34 to the financial statements.

BANK LOANS

As at December 31, 2006, the Group's bank loans of approximately HK\$58 million (2005: HK\$76 million) were repayable on demand or within one year.

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate percentages of purchases and sales attributable to the Group's five largest suppliers and customers respectively are less than 30 percent.

TEN-YEAR FINANCIAL INFORMATION

A summary of the results, assets and liabilities of the Group for the last ten fiscal years is set out on pages 2 and 3.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are shown in note 22 to the financial statements.

SHARE OPTION INFORMATION

A summary of the share option scheme and details of the movement in share options of the Company during the year are set out on pages 116 to 120.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws although there are no restrictions against such rights under the laws of Bermuda.

**購 買 、 出 售 或 贖 回 本 公 司 之
上 市 證 券**

本公司在本年度內並無贖回其股份。年內，本公司及其任何附屬公司亦無購買或出售任何本公司之股份。

董 事 會

於本年度內及截至本報告書之日期止，本公司之董事為：

劉國權先生
歐文柱先生*
畢滌凡先生*
馮永昌先生
鄭其志先生，GBS，JP*
李鵬飛博士，JP*
馬灼安先生

* 獨立非執行董事

根據本公司細則第九十八條，畢滌凡先生及馮永昌先生於即將舉行之股東週年大會上輪值告退，惟彼等均合資格膺選連任。

於本報告日，本公司董事之個人資料詳載於本年報第七頁至第九頁。有關將退任並獲推薦重選之董事的進一步資料詳載於本年報第一百三十頁至第一百三十二頁。

董 事 服 務 合 約

擬於即將召開之股東週年大會上膺選連任之董事，概無與本公司或其附屬公司訂立本集團不可於一年內毋須賠償（法定補償除外）而終止之服務合約。

董 事 享 有 權 益 之 合 約

本公司或其任何附屬公司概無參與訂立於年內或年終任何時間使本公司任何董事擁有不論直接或間接之重大權益之合約。

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

DIRECTORS

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

Mr. LAU Kwok Kuen, Peter
Mr. AU Man Chu, Milton*
Mr. Barry John BUTTIFANT*
Mr. FUNG Wing Cheong, Charles
Mr. KWONG Ki Chi, GBS, JP*
Dr. LEE Peng Fei, Allen, JP*
Mr. MAH Chuck On, Bernard

* *Independent non-executive directors*

In accordance with Bye-Law 98 of the Company's Bye-Laws, Mr. Barry John BUTTIFANT and Mr. FUNG Wing Cheong, Charles will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Biographical details of the directors of the Company as at the date of this report are set out on pages 7 to 9 of this annual report. Further information of the retiring directors proposed to be re-elected are set out on pages 130 to 132 of this annual report.

DIRECTORS' SERVICE CONTRACT

The directors being proposed for re-election at the forthcoming annual general meeting do not have any service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

None of the directors had a material interest, whether directly or indirectly, in any contract of significance subsisted during or at the end of the year to which the Company or any of its subsidiaries was a party.

董事之證券權益

於二零零六年十二月三十一日，本公司董事及行政總裁在本公司或其相關法團（定義見證券及期貨條例第 XV 部）的股份、相關股份及債權證中擁有根據該條例第三百五十二條須予備存的登記冊所載或根據香港聯合交易所有限公司（「聯交所」）之上市發行人董事進行證券交易的標準守則（「標準守則」）須知會本公司和聯交所之任何權益及淡倉如下：

DIRECTORS' INTERESTS IN SECURITIES

As at December 31, 2006, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under section 352 of the SFO; or as 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 Issuers (the "Model Code"), were as follows:

董事姓名 Name of director	權益性質 Nature of interest	股份 實益權益 (附註) Beneficial interest in shares (Note)	非上市之相關 股份實益權益 (附註) Beneficial interest in unlisted underlying shares (Note)	總權益 百分率概約 Approximate aggregate percentage of interests
劉國權 LAU Kwok Kuen, Peter	個人 Personal	24,118,000	–	1.62%
馮永昌 FUNG Wing Cheong, Charles	個人 Personal	1,122,000	5,000,000	0.41%
馬灼安 MAH Chuck On, Bernard	個人 Personal	1,619,086	5,000,000	0.44%

附註：

擁有之股份及股本衍生工具之相關股份權益均為好倉。非上市之股本衍生工具之相關股份乃按本公司採納之購股權計劃而授予董事之購股權，有關資料載列於第一百一十八頁。

Note:

Interests in the shares and underlying shares of equity derivatives were long position. Underlying unlisted shares are share options granted to the directors pursuant to the share option scheme of the Company and details of which are set out on page 118.

除上述披露外，於二零零六年十二月三十一日，本公司董事及行政總裁概無在本公司及其相關法團（定義見證券及期貨條例第 XV 部）的股份、相關股份及債權證中擁有或被視作擁有根據該條例第三百五十二條須予備存的登記冊所載或根據「標準守則」須知會本公司和聯交所之任何權益及淡倉。此外，除上述披露外，本公司或其任何附屬公司於截至二零零六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法團之股份或債權證而獲益。

Save as disclosed above, as at December 31, 2006, 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), as recorded in the register required to be kept under section 352 of the SFO; or as notified to the Company and the Stock Exchange pursuant to the Model Code. Furthermore, save as disclosed above, at no time during the year ended December 31, 2006 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

主要股東

於二零零六年十二月三十一日，根據證券及期貨條例第三百三十六條記錄於本公司存置之登記冊，下列人士（除本公司董事及行政總裁外）擁有本公司之股份或相關股份之權益或淡倉百分之五或以上：

SUBSTANTIAL SHAREHOLDERS

As at December 31, 2006, the following persons, other than directors and chief executive of the Company, having interests or short positions of 5 percent or more in the Company's shares or underlying shares were recorded in the register kept by the Company pursuant to section 336 of the SFO:

名稱 Name	附註 Note	好倉股份及 相關股份總數 Aggregate long position in shares and underlying shares	總權益百分率概約 Approximate aggregate percentage of interests
Aberdeen Asset Management Plc and its associates	1	219,420,018	14.72%
Harris Associates L.P.	2	209,719,800	14.07%
Matthews International Capital Management, LLC	3	134,937,000	9.05%
JPMorgan Chase & Co.	4	127,406,782	8.55%
State Street Corporation	5	86,397,598	5.80%
Emerging Markets Management, L.L.C.	6	74,692,000	5.01%

附註：

Notes:

1. Aberdeen Asset Management Plc 及其聯繫人以投資經理身份持有二億一千九百四十二萬零十八股股份。

由 Aberdeen Asset Management Plc 及其多間全資附屬公司代表其所管理的賬戶持有下列股份：

附屬公司名稱
Name of subsidiary

Aberdeen Asset Management Asia Limited	219,420,018
Aberdeen Asset Management Inc	1,764,000
Aberdeen Asset Management Limited	1,460,000
Aberdeen Asset Managers Limited	48,779,816
Aberdeen Fund Management Limited	27,724,808
Aberdeen International Fund Managers Limited	113,398,000
Aberdeen Unit Trust Managers Limited	39,107,816
Edinburgh Fund Management Limited	14,000,000

2. Harris Associates L.P. 以投資經理身份持有二億零九百七十一萬九千八百股股份。
3. Matthews International Capital Management, LLC 以投資經理身份持有一億三千四百九十三萬七千股股份。

1. Aberdeen Asset Management Plc and its associates held 219,420,018 shares in the capacity of Investment Manager.

Aberdeen Asset Management Plc and its various wholly-owned subsidiaries held the following shares on behalf of the accounts they managed:

好倉股份總數
Aggregate long position in shares

2. Harris Associates L.P. held 209,719,800 shares in the capacity of Investment Manager.
3. Matthews International Capital Management, LLC held 134,937,000 shares in the capacity of Investment Manager.

4. JPMorgan Chase & Co. 所持有之一億二千七百四十萬零六千七百八十二股股份之身份分別包括三百八十八萬四千股股份為實益擁有人、八萬九千六百九十三股股份為投資經理及一億二千三百四十三萬三千零八十九股為法團保管人持有之可供借出的股份。

由 JPMorgan Chase & Co. 所持有之一億二千七百四十萬零六千七百八十二股股份之資料如下：

名稱 Name	附註 Note	好倉股份總數 Aggregate long position in shares	總權益百分率概約 Approximate aggregate percentage of interests
JPMorgan Chase Bank, N.A.	i	127,317,089	8.54%
JPMorgan Asset Management Holdings Inc.	ii	89,693	0.01%

附註：

- i. JPMorgan Chase & Co. 之全資附屬公司 JPMorgan Chase Bank, N.A. 持有一億二千七百三十一萬七千零八十九股股份，當中包括：

(a) 一億二千三百四十三萬三千零八十九股直接權益；及

(b) 由 J.P. Morgan Chase International Holdings Limited 擁有百分之九十八點九五控股權之 J.P. Morgan Securities Ltd. 所持有之三百八十八萬四千股被視作彼擁有之權益。J.P. Morgan Chase International Holdings Limited 乃分別依序由 J.P. Morgan Chase (UK) Holdings Limited 及 J.P. Morgan Capital Holdings Limited 全資擁有。J.P. Morgan International Finance Limited 持有 J.P. Morgan Capital Holdings Limited 百分之七十二點七二之控股權益，並分別依序由 Bank One International Holdings Corporation、J.P. Morgan International Inc. 及 JPMorgan Chase Bank, N.A. 全資擁有。

- ii. JPMorgan Chase & Co. 之全資附屬公司 JPMorgan Asset Management Holdings Inc. 被視為持有八萬九千六百九十三股股份。該等股份乃由 JPMorgan Asset Management Holdings Inc. 之全資附屬公司 J.P. Morgan Investment Management Inc. 所持有。

4. The capacities of JPMorgan Chase & Co. in holding 127,406,782 shares were, as to 3,884,000 shares as Beneficial Owner, as to 89,693 shares as Investment Manager and as to 123,433,089 shares in the Lending Pool as Custodian Corporation.

Details of the breakdown of the 127,406,782 shares interested by JPMorgan Chase & Co. were as follows:

名稱 Name	附註 Note	好倉股份總數 Aggregate long position in shares	總權益百分率概約 Approximate aggregate percentage of interests
JPMorgan Chase Bank, N.A.	i	127,317,089	8.54%
JPMorgan Asset Management Holdings Inc.	ii	89,693	0.01%

Notes:

- i. The holding of 127,317,089 shares by JPMorgan Chase Bank, N.A., a wholly-owned subsidiary of JPMorgan Chase & Co., included:

(a) direct interests in 123,433,089 shares; and

(b) deemed interests in 3,884,000 shares held by its subsidiary, J.P. Morgan Securities Ltd., in which J.P. Morgan Chase International Holdings Limited held 98.95 percent controlling interests. J.P. Morgan Chase International Holdings Limited was in turn a subsidiary wholly-owned by J.P. Morgan Chase (UK) Holdings Limited and J.P. Morgan Capital Holdings Limited respectively. J.P. Morgan International Finance Limited, a company held 72.72 percent controlling interests of J.P. Morgan Capital Holdings Limited, was in turn a subsidiary wholly-owned by Bank One International Holdings Corporation, J.P. Morgan International Inc. and JPMorgan Chase Bank, N.A. respectively.

- ii. The holding of 89,693 shares by JPMorgan Asset Management Holdings Inc., a wholly-owned subsidiary of JPMorgan Chase & Co., included deemed interests in 89,693 shares held by its wholly-owned subsidiary, J.P. Morgan Investment Management Inc..

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|---|---|
| <p>5. 由 State Street Corporation 之全資附屬公司 State Street Bank & Trust Company 所持有的八千六百三十九萬七千五百九十八股可借出之股份被視作彼擁有之權益。</p> | <p>5. State Street Corporation had a deemed interest in respect of 86,397,598 shares held by its wholly-owned subsidiary, State Street Bank & Trust Company, in the Lending Pool.</p> |
| <p>6. Emerging Markets Management, L.L.C. 以投資經理身份持有七千四百六十九萬二千股股份。</p> | <p>6. Emerging Markets Management, L.L.C. held 74,692,000 shares in the capacity of Investment Manager.</p> |

管理合約

本年度內，本公司並無訂立或進行任何與本公司全部或重要業務有關之管理及行政合約。

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.

持續關連交易

聯交所就本集團根據無特定年限之舊生產許可合同（「舊生產許可合同」）向 Placita Holdings Limited（「Placita」）及其附屬公司之貨品採購，於二零零四年三月三十日有條件地授予本公司豁免，無須嚴格遵守上市規則（於二零零四年三月三十一日前沿用之規則）就關連交易之規定。鑒於有關持續關連交易之上市規則有所修改，要求合同年期一般不得超逾三年，並考慮到獨立股東批授之舊生產許可合同項下之金額上限將於二零零六年年底屆滿，本集團兩間附屬公司於二零零六年三月二十九日分別與 Placita 訂立設有三年期限之新生產許可合同（「新生產許可合同」）。

CONTINUING CONNECTED TRANSACTIONS

The Stock Exchange, subject to certain conditions, granted waiver to the Company on March 30, 2004 from strict compliance with the connected transactions requirements of the Listing Rules in force prior to March 31, 2004 in respect of the purchases of merchandise by the Group from Placita Holdings Limited ("Placita") and its subsidiaries under the previous manufacturing license agreements (the "Previous Manufacturing License Agreements") with no specific length of term. In view of changes of the Listing Rules in relation to continuing connected transactions which require the term of the agreements normally not to exceed three years, and considering the maximum amount of purchases under the Previous Manufacturing License Agreements granted by independent shareholders would expire by the end of 2006, two subsidiaries of the Group have each entered into a new manufacturing license agreement (the "New Manufacturing License Agreements") with Placita for a finite term of three years on March 29, 2006.

Placita 由本公司及 Placita 之董事張國良先生（「張先生」）之全資擁有公司 Gloss Mind Holdings Limited 分別擁有百分之五十一及百分之四十九之權益。根據上市規則，Placita 被視為本公司之關連人士。因此，新生產許可合同項下之採購（「該等採購」）構成本公司之持續關連交易（「該等交易」）。

Placita is owned as to 51 percent by the Company and 49 percent by Gloss Mind Holdings Limited ("Gloss Mind"), which in turn is wholly-owned by Mr. CHEUNG Kwok Leung ("Mr. Cheung"), a director of Placita. Placita is considered a connected person of the Company under the Listing Rules. Accordingly, the purchases (the "Purchases") contemplated under the New Manufacturing License Agreements constitute continuing connected transactions (the "Transactions") of the Company.

於二零零六年五月九日舉行之股東特別大會（「股東特別大會」）上，本公司之獨立股東已經批准了該等交易及其截至二零零六年、二零零七年及二零零八年十二月三十一日止財政年度之金額上限，分別為港幣四億元、港幣四億四千萬元及港幣四億八千四百萬元。

截至二零零六年十二月三十一日止財政年度之該等採購總值約達港幣二億六千八百萬元。

本公司之核數師就該等交易進行了若干議定程序，並已向董事會匯報在本年度內：(i) 該等交易已獲本公司董事會批准；(ii) 已按規管該等交易之有關協議或其他訂貨合約之條款進行；及 (iii) 沒有超過港幣四億元之金額上限。

本公司之獨立非執行董事已審閱本年度之該等交易，並確認該等交易已 (i) 在本集團之一般及日常業務運作中進行；(ii) 按正常商業條款進行，或不遜於獨立第三者之條款進行；及 (iii) 根據有關的協議之條款進行，而交易條款公平合理，並且符合本公司股東的整體利益。獨立非執行董事並確認該等交易之總金額沒有超過本公司日期為二零零六年四月十九日之通函內所載及於股東特別大會上獲獨立股東批准之截至二零零六年十二月三十一日止年度之港幣四億元之金額上限。

At a special general meeting held on May 9, 2006 (the "SGM"), shareholders of the Company independent of the Transactions approved the Transactions with annual cap amounts of HK\$400 million, HK\$440 million and HK\$484 million for the financial years ended December 31, 2006, 2007 and 2008 respectively.

The Purchases during the financial year ended December 31, 2006 totalled approximately HK\$268 million.

The auditors of the Company have performed certain agreed-upon procedures on the Transactions and reported to the Board that during the year (i) the Transactions have received approval from the Board; (ii) the Transactions have been entered into in accordance with the terms of the relevant agreements or other order contracts governing the Transactions; and (iii) the cap amount of HK\$400 million has not been exceeded.

The independent non-executive directors of the Company have reviewed the Transactions during the year and confirmed that they have been (i) entered into in the ordinary and usual course of business of the Group; (ii) conducted either on normal commercial terms or terms no less favorable to the Group than terms available to independent third parties; and (iii) entered into 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. The independent non-executive directors have also confirmed that the Transactions have not exceeded the maximum amount of HK\$400 million capped for the year ended December 31, 2006 in accordance with the circular of the Company dated April 19, 2006 and approved by the independent shareholders at the SGM.

公眾持股量

於本報告日，根據本公司可以得悉之公開資料及本公司董事亦知悉之情況下，本公司已按上市規則之要求，維持足夠公眾持股量。

核數師

羅兵咸永道會計師事務所將退任，惟願膺選連任，而重聘彼等之有關決議案於即將舉行之股東週年大會上提呈。

承董事會命

劉國權

主席

香港，二零零七年三月二十二日

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float required under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the directors.

AUDITORS

PricewaterhouseCoopers shall retire and being eligible, offer themselves for re-appointment, and a resolution to this effect will be proposed at the forthcoming annual general meeting.

On behalf of the Board

LAU Kwok Kuen, Peter

Chairman

Hong Kong, March 22, 2007