

Report of the Directors

董事會報告

The Directors submit herewith their annual report together with the audited financial statements of Forefront International Holdings Limited (hereinafter the “**Company**”) and its subsidiaries (together with the Company hereinafter the “**Group**”) for the year ended 31 December 2006.

ORGANISATION AND PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands on 10 September 1998 as an exempted company with limited liability under the Companies Law (Revised). Its shares have been listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 12 July 2001.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the trading of motor trucks, coaches and vehicle accessories, provision of motor vehicle repair and maintenance services, provision of other motor vehicle related business. Other activities and particulars of the Group’s subsidiaries are set out in Note 13 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2006, the five largest customers accounted for approximately 37.9% of the Group’s total turnover and the five largest suppliers of the Group accounted for approximately 96.7% of the Group’s total purchases. The largest customer of the Group accounted for approximately 10.9% of the Group’s turnover while the largest supplier accounted for approximately 90.5% of the Group’s total purchases. The largest supplier of the Group was Scania, also a holding company of a major shareholder of the Company.

Save as disclosed above, none of the Directors, their associates, or any shareholders (which, to the knowledge of the Directors, owned more than 5% of the Company’s share capital) had a beneficial interest in the Group’s five largest customers or five largest suppliers.

董事謹此提呈福方國際控股有限公司（下文稱為「**本公司**」）及其附屬公司（連同本公司統稱為「**本集團**」）截至二零零六年十二月三十一日止年度之年報連同已審核財務報表。

組織及主要業務

本公司於一九九八年九月十日在開曼群島根據開曼群島公司法（經修訂）註冊成立為獲豁免有限公司。本公司的股份已於二零零一年七月十二日在香港聯合交易所有限公司（「**聯交所**」）上市。

主要業務

本公司是一間投資控股公司，其附屬公司主要從事貨車、旅遊巴士及汽車配件買賣；提供汽車維修保養服務；提供其他汽車相關服務。本集團附屬公司之其他業務及詳情載於財務報表附註13內。

主要客戶及供應商

截至二零零六年十二月三十一日止年度，五大客戶約佔本集團總營業額37.9%，本集團五大供應商約佔本集團總採購額96.7%。本集團最大客戶，約佔本集團營業額10.9%。本集團的最大供應商，約佔本集團總採購額90.5%。Scania為本集團的最大供應商，亦是本公司的大股東之控股公司。

除上文披露外，概無董事、彼等之聯繫人或任何股東（就董事知悉擁有本公司股本超過5%者）擁有本集團五大客戶或五大供應商之實益權益。

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in share capital and the share option scheme of the Company are set out in Notes 22 and 23, respectively, to the financial statements.

RESERVES

Movements in reserves of the Company during the year are set out in Note 24 to the financial statements. The deficit in distributable reserves of the Company as at 31 December 2006 amounted to approximately HK\$28,566,000 (2005: Surplus HK\$2,571,000).

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR OTHER SIMILAR RIGHTS

There were no outstanding convertible securities, options, warrants or other similar rights as at 31 December 2006 and there has been no exercise of convertible securities, options, warrants or other similar rights during the year ended 31 December 2006.

PURCHASE, SALES OR REDEMPTION OF SHARES

During the year ended 31 December 2006, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and the laws in the Cayman Islands, which would oblige the Company to offer shares on a pro rata basis to its existing shareholders.

股本及購股權

本公司股本及購股權計劃之變動詳情分別載於財務報表附註22及附註23內。

儲備

本公司在年度內之儲備變動情況載於財務報表附註24內。於二零零六年十二月三十一日，本公司的可供分派儲備虧損達約28,566,000港元（二零零五年：2,571,000港元盈餘）。

可換股證券、認購權、認股權證或其他相類權利

本公司於二零零六年十二月三十一日並無尚未行使的可換股證券、認購權、認股權證或其他相類權利及於二零零六年十二月三十一日，並無可換股證券、認購權、認股權證或其他相類權利獲行使。

購買、出售或贖回股份

於截至二零零六年十二月三十一日止年度，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證券。

優先購買權

本公司的組織章程細則及開曼群島法律並無關於規定本公司須按比例向現有股東提呈股份之優先購買權的條文。

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SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 13 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in Note 10 to the financial statements.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2006 are set out in Note 19 to the financial statements.

STATE OF ORDER BOOK

As of the date of this report, the order booking within the area the Group operates has been in line with the management's expectation.

FIVE YEARS SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 95 and 96 of the annual report.

PENSION SCHEMES

Details of the pension schemes are set out in Note 18 to the financial statements.

附屬公司

本公司附屬公司的詳情載於財務報表附註13內。

物業、廠房及設備

物業、廠房及設備在本年度的變動詳情載於財務報表附註10內。

銀行貸款及其他借貸

本公司及本集團於二零零六年十二月三十一日之銀行貸款及其他借貸的詳情載於財務報表附註19內。

訂單狀況帳

於本報告日期，本集團所經營領域之訂單狀況符合管理層預期。

五年財務資料摘要

本集團過去五個財政年度之業績及資產負債摘要載列於本年報第95頁及96頁內。

退休金計劃

由本集團營辦之退休金計劃之詳情載於財務報表附註18內。

CONTINUING CONNECTED TRANSACTIONS

Certain related party transactions disclosed in Note 29 to the consolidated financial statements constituted connected transactions under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Details of such connected transactions are as follows:

Engagement of professional services from Alvarez & Marsal Asia Limited (“A&M”)

The Company disclosed in its 2005 annual report and in the Announcements that it had engaged A&M (which acquired the business of RSM Nelson Wheeler Corporate Advisory Services Limited with effect from July 2005) since December 2004 to provide financial and operational monitoring support, initiate improved controls and to assist with regards to prudential and corporate governance issues for the Group. It was disclosed in the Announcements that A&M was a connected person by virtue of being an associate of Mr. Cosimo Borrelli (“**Mr. Borrelli**”) and Mr. Kelvin Edward Flynn (“**Mr. Flynn**”) together control more than 30% of the voting shares of A&M, who were then Directors of the Company, therefore, the entering into the engagement with A&M constituted a connected transaction.

On 27 April 2006, the Company entered into a new engagement with A&M for a period of up to 9 months from 8 January 2006 until 7 October 2006. Pursuant to the A&M engagement, the Company agreed to pay A&M a monthly fee capped at HK\$375,000 and a success fee which includes a cash payment of HK\$3.5 million and an amount of shares equivalent to 3.5% of the Company's enlarged issued share capital, upon resumption of trading of the shares of the Company and subject to independent shareholders' approval (“**A&M Allotment**”). The remuneration package of the monthly fee and success fee payable by the Company to A&M was arrived at after arm's length negotiation between the Company and A&M. A&M assisted the Company to submit a resumption proposal to the Stock Exchange on 2 June 2006. A provision of HK\$3,500,000 in cash was therefore made accordingly in respect of the success fee. On 8 October 2006, the engagement was extended on the same terms and conditions for a period of 6 months until 7 April 2007.

持續關連交易

根據香港聯合交易所有限公司證券上市規則（「**上市規則**」）第14A章，於綜合財務報表附註29所披露之關連人士交易構成關連交易。該關連交易詳情如下：

安邁顧問有限公司（「安邁」）的專業服務委聘

本公司已於其二零零五年年報及該等公佈中披露，自二零零四年十二月起已委聘安邁（該公司已收購羅申美企業顧問有限公司之業務，自二零零五年七月起生效）提供財務及營運監控支援、改善控制及協助處理有關本集團之誠信與企業管治事宜。該等公佈披露，安邁因身為本公司當時董事Cosimo Borrelli先生（「**Borrelli先生**」）及Kelvin Edward Flynn先生（「**Flynn先生**」）之聯繫人，共同擁有安邁多於百分之三十投票權股份，故為關連人士。因此，與安邁訂立委聘構成關連交易。

於二零零六年四月二十七日，本公司與安邁定下由二零零六年一月八日至二零零六年十月七日以九個月為限的新條約。根據安邁之委聘，本公司同意向安邁支付每月費用375,000港元及於股份恢復買賣後支付完成酬金（包括現金款項3,500,000港元及股份數量相當於本公司經擴大已發行股本3.5%），惟須經獨立股東批准（「**安邁配發事項**」）。本公司應付安邁之每月酬金組合及完成酬金乃經本公司與安邁按公平原則磋商而達致。於二零零六年六月二日，安邁協助本公司向聯交所提交恢復買賣建議書。據此，已就完成酬金作出現金款項3,500,000港元之撥備。於二零零六年十月八日，委聘期限按照相同條款及條件延長六個月時期，直至二零零七年四月七日結束。

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A&M subsequently ceased to be a connected person to the Company due to the fact that Mr. Borrelli and Mr. Flynn both resigned from A&M in September 2006 and ceased to have any shareholding interest in A&M. The extended engagement agreement of A&M was entered into on 8 October 2006, after A&M ceased to be an associate of Mr. Borrelli and Mr. Flynn. As such, A&M is no longer an associate of any Director, therefore, the extended A&M engagement with the Company no longer constitutes a connected transaction. During the period January 2006 to September 2006, the total amount of professional fee payable to A&M was approximately HK\$6,775,000.

Distributor Agreements with Scania

Scania Trade Development AB, a wholly-owned subsidiary of Scania CV AB (publ) (“**Scania**”), increased its equity interest in the Company and became a substantial Shareholders of the Company in May 2005, and therefore Scania is a connected person of the Company by virtue of it being an associate of Scania Trade Development AB, as such Scania’s ongoing trading relationship with the Group therefore constitutes a continuing connected transaction as defined in the Listing Rules.

On 23 December 2005, the Group and Scania entered into the New Distributor Agreements for Hong Kong, Macau, Shenzhen and Zhuhai for an initial period of 30 months commencing from 27 April 2006 (“**Distribution Transactions**”). The New Distributor Agreements shall thereafter be automatically renewed for successive two-year periods unless terminated by at least 12 months’ notice to expire on the last day of the Initial Period or any subsequent two-year period. As approved by independent shareholders of the Company on 17 March 2006, the annual aggregate value of the Distribution Transactions for the two years ending 31 December 2006, 31 December 2007 and the period from 1 January 2008 to 26 October 2008 (being the date on which the New Distributor Agreements will expire) will not exceed HK\$160 million, HK\$200 million and HK\$220 million respectively.

安邁其後不再為本公司之關連人士，原因為 Borrelli先生及Flynn先生均已於二零零六年九月辭去於安邁之職務，且不再持有安邁任何持股權益。安邁之經延長委聘協議乃於二零零六年十月八日訂立，當時安邁已經不屬 Borrelli先生及Flynn先生之聯繫人。因此，安邁不再為本公司任何董事之聯繫人，故與本公司進行之經延長安邁委聘不再構成關連交易。由二零零六年一月至二零零六年九月期間，應付專業費用予安邁之總款項約為6,775,000港元。

與Scania訂立之經銷商協議

於二零零五年五月，Scania CV AB (publ) (“**Scania**”)之全資附屬公司Scania Trade Development AB將其於本公司之股本權益增加，成為本公司主要股東之一；由於Scania為Scania Trade Development AB之聯繫人士，故Scania為本公司之關連人士，故此，Scania與本集團之持續業務關係構成上市規則所定義之持續關連交易。

於二零零五年十二月二十三日，本集團與Scania訂立於香港、澳門、深圳及珠海的新經銷商協議（「**經銷商交易**」），由二零零六年四月二十七日起初步為期30個月。新經銷商協議期後將獲自動續期兩年，除非給予最少12個月通知，於初步期間或任何繼後兩年期間最後一天屆滿時予以終止。由於新經銷商協議已獲本公司獨立股東於二零零六年三月十七日批准。於截至二零零六年十二月三十一日、二零零七年十二月三十一日止兩個年度及二零零八年一月一日至二零零八年十月二十六日（新經銷商協議到期之日）期間，經銷商交易之年度總值分別不會超過160,000,000港元、200,000,000港元及220,000,000港元。

The directors (including the independent non-executive directors) of the Company have reviewed the Continuing Connected Transactions and confirmed that:

- (i) the annual aggregate values of the Distribution Transactions for the year ended 31 December 2006 were HK\$63.9 million that did not exceed the caps allowed;
- (ii) the Continuing Connected Transactions have been and will continue to be entered into in the usual and ordinary course of business of the Group;
- (iii) the Continuing Connected Transactions have been and will continue to be conducted either (1) on normal commercial terms; or (2) if there is no available comparison, on terms no less favourable to the Group than terms available from independent third parties; and
- (iv) the Continuing Connected Transactions have been and will continue to be entered into in accordance with the relevant agreements governing the terms that are in the interests of the Company and its shareholders as a whole.

These transactions also constitute related party transactions of the Group during the year and are set out in Note 29 to the financial statements pursuant to the requirements under the Hong Kong Accounting Standard 24.

本公司之董事(包括獨立非執行董事)已審閱持續關連交易,並確認:

- (i) 截至二零零六年十二月三十一日止年度之經銷商交易之年度總值為63,900,000港元,並無超過所允許的上限;
- (ii) 持續關連交易已經並將會繼續於本集團之日常及正常業務過程中訂立;
- (iii) 持續關連交易已經並將會繼續以(1)正常商業條款;或(2)倘並無足夠之可資比較交易,則按不遜於獨立第三方提供予本集團之條款進行;及
- (iv) 持續關連交易已經並將會繼續按照管限該等交易之有關協議訂立,並合乎本公司及其股東整體利益之條款進行。

該等交易亦構成本集團年內之有關連人士交易,並根據香港會計準則第24條載於財務報表附註29內。

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DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors who held office during the year and up to the date of this report were:

Executive directors

Mr. David Giles Maund (appointed on 22 September 2006)

Mr. Louis Wen (appointed on 1 September 2006)

Non-executive directors

Mr. Arne Karlsson

Ms. Yau Shum Tek, Cindy (appointed on 16 March 2007)

Mr. Cosimo Borrelli (resigned on 22 September 2006)

Mr. Fung Kwok Leung (appointed on 16 March 2007)

Mr. Kelvin Edward Flynn (re-designated from Executive Director on 22 September 2006)

Ms. Huang Li (appointed on 16 March 2007)

Mr. Paul Gerard Davies (retired on 26 May 2006)

Mr. Zhou Qi Jin (appointed on 16 March 2007)

Independent non-executive directors

Mr. Lau Siu Ki, Kevin

Mr. Cheong Ying Chew, Henry

Mr. Alistair Macleod

Mr. Louis Wen, Ms. Yau Shum Tek, Cindy, Mr. Fung Kwok Leung, Ms. Huang Li and Mr. Zhou Qi Jin were re-elected as Directors at the EGM.

In accordance with Article 116 of the Articles of Association of the Company, Mr. Fung Kwok Leung and Ms. Huang Li will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

董事及董事之服務合約

本年度及截至本報告發佈當日任職的董事如下：

執行董事

David Giles Maund先生 (於二零零六年九月二十二日任命)

溫耒先生 (於二零零六年九月一日任命)

非執行董事

Arne Karlsson先生

邱深笛女士 (於二零零七年三月十六日任命)

Cosimo Borrelli先生 (於二零零六年九月二十二日辭任)

馮國良先生 (於二零零七年三月十六日任命)

Kelvin Edward Flynn先生 (於二零零六年九月二十二日由執行董事重新任命)

黃莉女士 (於二零零七年三月十六日任命)

Paul Gerard Davies 先生 (於二零零六年五月二十六日退任)

周奇金先生 (於二零零七年三月十六日任命)

獨立非執行董事

劉紹基先生

張英潮先生

Alistair Macleod先生

溫耒先生、邱深笛女士、馮國良先生、黃莉女士及周奇金先生於股東特別大會上重選為董事。

按照本公司章程細則第116條，馮國良先生及黃莉女士將於應屆股東週年大會上輪流告退及符合資格並願意膺選連任。

DIRECTORS' CONTRACTS

None of the directors has an unexpired service contract with the Company, which is not terminable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN SHARES

As at 31 December 2006, the interests and short positions of the Directors and the Company's chief executives in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")) which were required to be 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 they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies and which were required to be entered in the register required to be kept under section 352 of the SFO were as follows:

Name of Director	Capacity	Nature of Interest	Number of shares held	% of the Company's issued share capital 佔本公司已發行股本%
董事姓名	身份	權益性質	所持股份數目	
Kelvin Edward Flynn and Cosimo Borrelli (Note 1)	Others	Corporate	31,331,464	7.19%
Kelvin Edward Flynn 及 Cosimo Borrelli (附註1)	其他	公司		
Liu Chen Wei, Jerry (Note 2)	Interest of a controlled corporation	Corporate	30,700,000	7.04%
劉振偉 (附註2)	受控法團之權益	公司		

Notes:

1. Mr. Kelvin Edward Flynn and Mr. Cosimo Borrelli act in the following capacity with respect to certain Shareholders:

- (a) Forefront International Limited (In Liquidation) ("FIL"): Mr. Flynn was appointed as joint and several provisional liquidator of FIL with effect from 7 June 2004. Subsequently, Mr Flynn and Mr. Borrelli were appointed joint and several liquidators of FIL with effect from 7 February 2005. As at 31 December 2006, FIL held 30,700,000 shares representing 7.04% of total issued share capital of the Company.

董事服務合約

所有董事與本公司之間無任何尚未屆滿且本公司不可於一年內免付補償(法定補償除外)而終止的服務合約。

董事的股份權益

於二零零六年十二月三十一日，於本公司或其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份及債權證中，擁有須根據證券及期貨條例第XV部第7及8分部之規定知會本公司及聯交所之權益及淡倉(包括根據證券及期貨條例之條文被當作或被視作擁有之權益及淡倉)，或須根據證券及期貨條例第352條登記於該條例所述之登記冊內之權益及淡倉之本公司董事及行政總裁如下：

附註：

1. Kelvin Edward Flynn先生及Cosimo Borrelli先生於本公司若干附屬公司之身份如下：

- (a) 福方股份有限公司(清盤中)(「FIL」)：Flynn先生自二零零四年六月七日起獲委任為FIL之共同及個別臨時清盤人。其後，Flynn先生與Borrelli先生獲委任為FIL之共同及個別清盤人，自二零零五年二月七日起生效。於二零零六年十二月三十一日，FIL持有本公司30,700,000股股份，佔本公司已發行股本總額7.04%。

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(b) Ever Wealth Management Limited (In Liquidation) (“**EWL**”): Mr. Flynn was appointed joint and several provisional liquidator of EWL with effect from 7 June 2004. Subsequently, Mr Flynn and Mr. Borrelli were appointed joint and several liquidators of EWL with effect from 1 February 2005. As at Latest Practicable Date, EWL held 550,000 Shares representing 0.13% of total issued share capital of the Company. EWL indirectly held a further 81,464 shares (0.02%) through its wholly-owned subsidiary Todaytech Asia Limited (In Liquidation).

(c) Todaytech Asia Limited (In Liquidation) (“**Todaytech**”): Mr. Flynn and Mr. Borrelli were appointed joint and several liquidators of Todaytech with effect from 1 December 2004. As at 31 December 2006, Todaytech held 81,464 shares of the Company, or 0.02% of total issued share capital. Todaytech is a wholly-owned subsidiary of EWL.

With effect from 22 September 2006, Mr Flynn has been re-designated from executive Director to non-executive Director of the Company and Mr Borrelli has resigned as non-executive Director of the Company.

2. Mr. Liu Chen Wei, Jerry, the senior adviser of the Company, is a shareholder of FIL. Mr Liu holds 7.92% of the issued share capital of FIL, which in turn hold 7.04% in the Company’s existing issued share capital. Therefore, Jerry Liu has an indirect shareholding of 0.56% in the existing issued share capital of the Company.

Save as disclosed above, as at 31 December 2006, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which a director or a chief executive would be taken or deemed to have under such provision of the SFO) or which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

(b) Ever Wealth Management Limited (清盤中) (「**EWL**」): Flynn先生自二零零四年六月七日起獲委任為EWL之共同及個別臨時清盤人。其後，Flynn先生與Borrelli先生獲委任為EWL之共同及個別清盤人，自二零零五年二月一日起生效。於最後實際可行日期，EWL持有本公司550,000股股份，佔本公司已發行股本總額0.13%。EWL透過其全資附屬公司Todaytech Asia Limited (清盤中) 間接持有額外81,464股股份 (0.02%)。

(c) Todaytech Asia Limited (清盤中) (「**Todaytech**」): Flynn先生與Borrelli先生獲委任為Todaytech之共同及個別清盤人，自二零零四年十二月一日起生效。於二零零六年十二月三十一日，Todaytech持有本公司81,464股股份，佔本公司已發行股本總額0.02%。Todaytech為EWL之全資附屬公司。

自二零零六年九月二十二日起，Flynn先生已由本公司執行董事調任為非執行董事，而Borrelli先生則已辭任非執行董事一職。

2. 劉振偉先生，本公司高級顧問，為FIL股東。劉先生持有福方股份已發行股本7.92%，而福方股份則持有本公司現有已發行股本之7.04%。因此，劉振偉間接擁有現有已發行股本中之0.56%股權。

除上文所披露者外，於二零零六年十二月三十一日，概無本公司董事或行政總裁於本公司及其相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債權證中，擁有根據證券及期貨條例第XV部第7及第8分部須通知本公司之權益或淡倉（包括根據證券及期貨條例該等條文董事或行政總裁被視為或當作擁有之任何權益或淡倉），或根據證券及期貨條例第352條須記錄於本公司存置之登記冊內之任何權益或淡倉，或根據上市規則上市公司董事進行證券交易的標準守則須知會本公司及聯交所之任何權益或淡倉。

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The Company has a share option scheme, under which it may grant options to employees of the Group (including executive directors of the Company) to subscribe for shares in the Company. Details of the scheme are set out in Note 23 to the financial statements. As at 31 December 2006, no option has been granted to the Company's directors under the share option scheme.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries or holding companies a party to any arrangements to enable any of the Company's directors or members of its management to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the preceding paragraph, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries or holding companies was a party and in which any of the Company's directors or members of its management had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

董事購買股份或債權證之權利

本公司設有購股權計劃，據此，本公司可向本集團僱員（包括本公司的執行董事）授出購股權，以認購本公司的股份。該計劃的詳情載於附隨之帳目附註23內。於二零零六年十二月三十一日，並無根據購股權計劃向本公司的董事授出任何購股權。

除上文所披露者外，於本年度任何時間內，本公司或其附屬公司或控股公司並無訂立任何安排，致令本公司董事或其管理層成員可藉購買本公司或任何其他法團的股份或債務證券（包括債權證）而獲益。

董事在合約之權益

除上段所披露者外，在本公司或其任何附屬公司或控股公司所訂立，並且於年結日或本年度內仍然生效及關於本集團業務之任何重大合約上，本公司董事或管理層成員並無直接或間接擁有任何重大權益。

Report of the Directors

董事會報告

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2006, the following persons (other than the Directors or the Chief Executive of the Company) has interests or short positions in the shares and underlying shares of the Company, being 5% or more of the Company's issued share capital, as recorded in the register required to be kept under Section 336 of the SFO and in accordance with information received by the Company:

Name	Number of shares (long position) 股份 (好倉) 數目	% of voting right (long position) 投票權 (好倉) 百分比	Number of shares (short position) 股份 (淡倉) 數目	% of voting right (short position) 投票權 (淡倉) 百分比
Scania Trade Development AB (Note 1) (附註1)	98,204,000	22.54%	-	-
Scania CV AB (publ) (Note 1) (附註1)	98,204,000	22.54%	-	-
Scania AB (publ) (Note 1) (附註1)	98,204,000	22.54%	-	-
The Mega International Commercial Bank Co. Ltd (formerly known as The International Commercial Bank of China Co. Ltd) (Note 2) 兆豐國際商業銀行 (前稱中國國際商業銀行股份有限公司) (附註2)	65,388,805	15.01%	-	-
Caisse Des Depots Et Consignation (Note 3) (附註3)	48,480,931	11.13%	-	-
CDC Holding Finance (Note 3) (附註3)	48,480,931	11.13%	-	-
Caisse Nationale Des Caisse Depargne Et De Prevoyance (Note 3) (附註3)	48,480,931	11.13%	-	-
CIE Financiere Eulia (Note 3) (附註3)	48,480,931	11.13%	-	-
CDC Ixis (Note 3) (附註3)	48,480,931	11.13%	-	-
Nexgen Financial Holdings Limited (Note 3) (附註3)	48,480,931	11.13%	-	-
Nexgen Re Limited (Note 3) (附註3)	48,480,931	11.13%	-	-
Nexgen Capital Limited (Note 3) (附註3)	48,480,931	11.13%	-	-
Hsieh, Tsung-Wen 謝聰文	44,869,734	10.30%	-	-
Aeneas Portfolio Company, L.P.	36,426,000	8.36%	-	-
Forefront International Limited (In Liquidation) ("FIL") (Note 4) 福方股份有限公司 (清盤中) ("FIL") (附註4)	30,700,000	7.04%	-	-
Jetwide Limited (Note 4) (附註4)	30,700,000	7.04%	-	-

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336條須記入規定存置的登記冊及根據本公司收到之資料，下列人士（本公司董事及行政總裁除外）於本公司的股份及相關股份中擁有本公司已發行股本5%或以上權益或淡倉：

Notes:

- (1) The issued share capital of Scania Trade Development AB is wholly-owned by Scania CV AB (publ) which is in turn, wholly-owned by Scania AB (publ). The references to 98,204,000 Shares relate to the same block of Shares.
- (2) On 15 March 2007, Mega International Commercial Bank Co. Ltd filed a Corporate Substantial Shareholder Notice (Form 2) to the Company for its change of long position from 65,388,805 shares (15.01%) to 45,388,805 shares (10.42%) with effect from 12 March 2007.
- (3) The issued share capital of Nexgen Capital Limited is wholly-owned by Nexgen Re Limited, which is in turn wholly-owned by Nexgen Financial Holdings Limited, which is in turn owned as to 39% by CDC Ixis, which is in turn owned as to 53% by CIE Financiere Eulia (“**CIEFE**”) and as to 43.55% by Caisse Des Depots Et Consignation (“**CDDEC**”).

The issued share capital of CIEFE is owned as to 49.9% by Caisse Nationale Des Caisse Depargne Et De Prevoyance (“**CNDCEDEP**”) and as to 50.1% by CDC Holdings Finance. The issued share capital of CNDCEDEP is owned as to 35% by CDC Holding Finance which is in turn wholly-owned by CDDEC. The references to 48,480,931 Shares relate to the same block of Shares.

A letter dated 26 March 2007 was received by the Company informing that the shareholding structure for Nexgen Capital Limited had changed. The issued share capital of Nexgen Capital Limited is wholly-owned by Nexgen Financial Holdings Limited, which is in turn 100% owned by IXIS Corporate & Investment Bank.

NATIXIS owns 100% of IXIS Corporate & Investment Bank. The issued share capital of NATIXIS is owed as to 34.4% by Caisse Nationale des Caisses d’Epargne and as to 34.4% by Banque Federal des Banques Populaires.

As at the date of this report, the Company did not receive any notice(s) made pursuant to the SFO in relation to the aforesaid changes.

- (4) Jetwide Limited owns 45% of the issued share capital of FIL. The references to 30,700,000 shares relate to the same block of shares.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

附註:

- (1) Scania Trade Development AB之已發行股本由Scania CV AB (publ)全資擁有，而Scania CV AB (publ)由Scania AB (publ)全資擁有，故有關98,204,000股股份乃指同一批股份。
- (2) 於二零零七年三月十五日，本公司收到兆豐國際商業銀行發出有關將其好倉由65,388,805股股份(15.01%)更改為45,388,805股股份(10.42%)之企業主要股東通知書(表格2)，由二零零七年三月十二日起生效。
- (3) Nexgen Capital Limited的已發行股本由Nexgen Re Limited全資擁有，Nexgen Re Limited則由Nexgen Financial Holdings Limited全資擁有，Nexgen Financial Holdings Limited由CDC Ixis擁有39%，CDC Ixis由CIE Financiere Eulia(「**CIEFE**」)和Caisse Des Depots Et Consignation(「**CDDEC**」)分別擁有53%及43.55%。

CIEFE的已發行股本由Caisse Nationale Des Caisse Depargne Et De Prevoyance(「**CNDCEDEP**」)與CDC Holdings Finance分別擁有49.9%及50.1%。CNDCEDEP的已發行股本由CDC Holding Finance擁有35%，而CDC Holding Finance則由CDDEC全資擁有。有關48,480,931股股份乃指同一批股份。

本公司收到Nexgen Capital Limited日期為二零零七年三月二十六日之信函通知其股東結構已經改變，其已發行股本由Nexgen Financial Holdings Limited全資擁有，Nexgen Financial Holdings Limited則由IXIS Corporate & Investment Bank全資擁有。

NATIXIS全資擁有IXIS Corporate & Investment Bank。NATIXIS之已發行股本由Caisse Nationale des Caisses d’Epargne擁有34.4%及Banque Federal des Banques Populaires擁有34.4%。

於本報告日期，本公司並無收到根據證券及期貨條例任何有關上述更改之通知。

- (4) Jetwide Limited擁有FIL已發行股本之45%。有關30,700,000股股份乃指同一批股份。

公眾持股量之充足度

根據本公司公開獲得資料及據本公司董事於本年報日期所知，本公司已維持上市規則規定之公眾持股量。

Report of the Directors

董事會報告

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed, for the purpose of determining shareholders' entitlement to attendance of the Annual General Meeting, from Monday, 14 May 2007 to Thursday, 17 May 2007 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify to attend the Annual General Meeting, shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's Share Registrar, Tengis Limited, at Level 26, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong, no later than 4:00 p.m. on Friday, 11 May 2007.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

CODE OF BEST PRACTICE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance section on pages 31 to 39.

AUDITORS

Messrs. PricewaterhouseCoopers audited the Company's financial statements for the years ended December 2004. In January 2005, Messrs PricewaterhouseCoopers resigned and in February 2005 the directors appointed Messrs. Moores Rowland Mazars ("MRM") to fill the casual vacancy. Apart from the above, there has been no change in auditors of the Group in any of the preceding three years.

The accompanying financial statements were audited by MRM. A resolution for the re-appointment of MRM as auditors of the Company is to be proposed at the forthcoming annual general meeting.

On behalf of the Board of Directors,

Louis Wen

Executive Director

16 April 2007

暫停辦理股份過戶登記

本公司將於二零零七年五月十四日星期一至二零零七年五月十七日星期四(包括首尾兩日)·暫停辦理股份過戶登記手續·以確定有權出席股東週年大會的股東資格·在該段期間內·將不會進行股份過戶登記·為符合資格出席應屆股東週年大會·股東應確保所有過戶文件連同有關股票·最遲於二零零七年五月十一日星期五下午四時正交到本公司的股份過戶登記處－登捷時有限公司·地址為香港灣仔皇后大道東28號金鐘匯中心26樓。

管理合約

本年度·概無訂立或存在關於本公司全部或任何重大部分業務的管理或行政合約。

最佳應用守則

本公司採納之主要企業管治應用守則載於31頁至39頁之企業管治報告。

核數師

本公司截至二零零四年十二月止年度之財務報表由羅兵咸永道會計師事務所審核。於二零零五年一月羅兵咸永道會計師事務所辭任·董事遂於二零零五年二月任命摩斯倫·馬賽會計師事務所(「摩斯倫」)填補空缺。除此上文所披露者·在前三年內任何一年·本集團的核數師概無任何變動。

隨附財務報表由摩斯倫審核。在即將舉行的股東週年大會上將會提呈決議案·重新任命摩斯倫為本公司來年度的核數師。

代表董事會

執行董事

溫耒

二零零七年四月十六日