

董事會報告 Report of the Directors

董事謹此呈列首份董事會年度報告以及截至二零零六年十二月三十一日止年度本公司與本集團的經審核財務報表。

集團重組及上市

本公司於二零零五年十二月十三日根據開曼群島公司法第22章(一九六一年法例第3條,經合併及修訂)在開曼群島註冊成立為受豁免有限公司。

於二零零六年八月十四日,根據為籌備本公司股份在聯交所主板上市而進行整頓本集團架構的重組,本公司透過股份交換收購永嘉運動服裝有限公司、Portico Group Limited、Corus Investments Limited及Frankton International Limited全部股權(「重組」),其後成為本集團屬下附屬公司的控股公司。重組的詳情載於綜合財務報表附註1。

本公司股份自二零零六年九月六日起在聯交所主板上市。

主要業務及經營地區分析

本集團主要從事生產及銷售成衣產品,包括運動服、活動及戶外服裝及相關配件。銷售主要以原設備生產方式外銷至美國及歐洲客戶,及以批發及零售模式在中國及香港銷售。

本集團按業務及地區分部劃分的本年度業績分析載於綜合財務報表附註6。

The Directors have pleasure in presenting their first annual report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2006.

Group Reorganisation and Listing

The Company was incorporated in the Cayman Islands on 13 December 2005 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands.

On 14 August 2006, 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, the Company acquired all of the equity interests in Win Hanverky Sportswear Company Limited, Portico Group Limited, Corus Investments Limited and Frankton International Limited through share exchanges (the "Reorganisation") and thereafter became the holding company of the subsidiaries comprising the Group. Further details of the Reorganisation are set out in note 1 to the consolidated financial statements.

The Shares of the Company have been listed on the Main Board of the Stock Exchange since 6 September 2006.

Principal Activities and Geographical Analysis of Operations

The Group is principally engaged in the manufacturing and selling of garment products, including sportswear, active and outer wear, and related accessories. Sales are primarily under OEM arrangement to customers in the US and Europe, and wholesale and retail modes in the PRC and Hong Kong.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 6 to the consolidated financial statements.

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業績及股息

本集團截至二零零六年十二月三十一日止年度的業績載於本報告第58頁綜合損益表內。

由於本公司剛於二零零六年九月上市，故董事並不建議派付截至二零零六年十二月三十一日止年度的末期股息。

儲備

本公司及本集團年內的儲備變動詳情分別載於綜合財務報表附註23及本報告第59至60頁的綜合權益變動表。

本公司可分派儲備

於二零零六年十二月三十一日，本公司可供分派予本公司股東的儲備為1,181,100,000港元，包括股份溢價623,900,000港元、以股份付款儲備10,900,000港元、出資盈餘528,300,000港元及保留盈利18,000,000港元。

根據開曼群島公司法，本公司股份溢價儲備及出資盈餘可在符合本公司組織章程細則的規定下分派，惟於建議分派股息當日後，本公司必須可償清於日常業務中到期的債項。

股本

本公司股本變動詳情載於綜合財務報表附註22。

物業、機器及設備

本集團物業、機器及設備變動詳情載於綜合財務報表附註8。

捐款

本集團於年內的慈善及其他捐款合共為1,192,000港元。

Results and Dividends

The results of the Group for the year ended 31 December 2006 are set out in the consolidated income statement on page 58 of this report.

The Directors do not recommend a payment of final dividend for the year ended 31 December 2006 as the Company was just shortly listed in September 2006.

Reserves

Details of movements in the reserves of the Company and of the Group during the year are set out in note 23 to the consolidated financial statements and in the consolidated statement of changes in equity on pages 59 to 60 of this report, respectively.

Distributable Reserves of the Company

As at 31 December 2006, the Company's reserves available for distributions to shareholders of the Company were HK\$1,181.1 million, comprising share premium of HK\$623.9 million, share-based payment reserve of HK\$10.9 million, contributed surplus of HK\$528.3 million and retained earnings of HK\$18.0 million.

Under the Companies Law of the Cayman Islands, the share premium reserve and the contributed surplus of the Company may be distributed subject to the provision of the Company's Articles of Association and provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debt as and when they fall due in the ordinary course of business.

Share Capital

Details of movements in the share capital of the Company are set out in note 22 to the consolidated financial statements.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group are set out in note 8 to the consolidated financial statements.

Donation

During the year, the Group made charitable and other donations totaling HK\$1,192,000.

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財務概要

本集團過往四個財政年度的業績及資產和負債概要載於本報告第5頁。

優先認購權

本公司組織章程細則並無優先認購權的規定，而本公司註冊成立地點開曼群島的法例對該等權力並無限制，故並無規定本公司須按比例向現有股東出售新股份。

購買、出售或贖回證券

自本公司上市日期（即二零零六年九月六日）至二零零六年十二月三十一日期間，本公司及其任何附屬公司概無購買、贖回或出售本公司任何上市證券。

董事

本公司董事於年內及截至本報告日期為：

執行董事

李國棟先生

黎清平先生

張智先生（於二零零六年二月二十日獲委任）

李國樑先生（於二零零六年二月二十日獲委任）

周志偉先生（於二零零六年二月二十日獲委任）

獨立非執行董事

陳光輝先生（於二零零六年四月十八日獲委任）

關啟昌先生（於二零零六年四月十八日獲委任）

馬家駿先生（於二零零六年六月二十一日獲委任）

溫澤光先生（於二零零六年四月十八日獲委任）

根據本公司組織章程細則第86(3)條，全體董事將於應屆股東週年大會輪流告退，並可重選連任。

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last four financial years is set out on page 5 of this report.

Pre-emptive Rights

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

Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities since the listing date of the Company (i.e. 6 September 2006) up to 31 December 2006.

Directors

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

Executive Directors

Mr. LI Kwok Tung Roy

Mr. LAI Ching Ping

Mr. CHEUNG Chi (appointed on 20 February 2006)

Mr. LEE Kwok Leung (appointed on 20 February 2006)

Mr. CHOW Chi Wai (appointed on 20 February 2006)

Independent Non-Executive Directors

Mr. CHAN Kwong Fai (appointed on 18 April 2006)

Mr. KWAN Kai Cheong (appointed on 18 April 2006)

Mr. MA Ka Chun (appointed on 21 June 2006)

Mr. WUN Kwang Vincent (appointed on 18 April 2006)

In accordance with Article 86(3) of the Company's Articles of Association, all the Directors shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

董事會報告 Report of the Directors

董事及高級管理人員履歷

本集團董事及高級管理人員的履歷詳情載於第23至27頁。

董事服務合約

各執行董事已和本公司訂立為期三年的服務合約，可由任何一方向另一方發出不少於六個月書面通知而終止。根據該等服務合約，倘經董事會批准，各執行董事可於本集團各個完整財政年度獲得年度酌情管理層花紅。

各獨立非執行董事並無與本公司訂立任何服務合約，惟有固定服務年期三年。

董事於合約的利益

於財政年度內，董事概無於對本集團業務屬重大且本公司、其控股公司或其任何附屬公司為訂約方的任何合約中直接或間接擁有重大權益。

Directors' and Senior Management's Biographies

Biographical details of the Directors and the senior management of the Group are set out on pages 23 to 27.

Directors' Service Contracts

Each of the executive Directors has a service contract with the Company for a term of three years and is subject to termination by either party giving not less than six months' written notice. Under the service contracts, each of the executive Directors is entitled to an annual discretionary management bonus in respect of each complete financial year of the Group as the Board may approve.

Each of the independent non-executive Directors does not enter into any service agreements with the Company but has a fixed term of office for three years.

Directors' Interest in Contracts

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, its holding company or any of its subsidiaries was a party during the financial year.

董事會報告 Report of the Directors

董事所持本公司及其相聯法團股份、相關股份或債券的權益及淡倉

於二零零六年十二月三十一日，董事在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)股份、相關股份及債券中，擁有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聯交所的權益及淡倉(包括根據證券及期貨條例規定有關董事或行政總裁當作或視為擁有的權益及淡倉)，或根據證券及期貨條例第352條須登記於本公司置存的登記冊的權益及淡倉，或根據上市規則所載標準守則須知會本公司及聯交所的權益及淡倉如下：

(a) 本公司股份好倉

| 董事姓名 Name of Director | 身份 Capacity | 股份數目 Number of Shares | 佔本公司 權益概約 百分比 Approximate percentage of interest in the Company |
|--------------------------------|---|--------------------------|---|
| 李國棟先生 Mr. LI Kwok Tung, Roy | 受控制公司權益(附註) Interests in controlled company (Note) | 736,735,967 | 59.18% |
| 周志偉先生 Mr. CHOW Chi Wai | 個人權益 Personal interest | 24,000,000 | 1.93% |
| 張智先生 Mr. CHEUNG Chi | 個人權益 Personal interest | 12,000,000 | 0.96% |
| 李國樑先生 Mr. LEE Kwok Leung | 個人權益 Personal interest | 2,400,000 | 0.19% |

附註：

李國棟先生持有 Quinta Asia Limited (「Quinta」) 已發行股本70%。由於擁有 Quinta 的控制權益，根據證券及期貨條例，李國棟先生因此視為擁有 Quinta 所持本公司的權益。董事黎清平先生持有 Quinta 已發行股本其餘30%，間接擁有221,020,790股股份的權益(即約佔本公司股權約17.75%)。

Directors' Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and its Associated Corporations

As at 31 December 2006, the interests and short positions of the Directors 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 contained in the Listing Rules, were as follows:

(a) Long positions in the Shares of the Company

| 董事姓名 Name of Director | 身份 Capacity | 股份數目 Number of Shares | 佔本公司 權益概約 百分比 Approximate percentage of interest in the Company |
|--------------------------------|---|--------------------------|---|
| 李國棟先生 Mr. LI Kwok Tung, Roy | 受控制公司權益(附註) Interests in controlled company (Note) | 736,735,967 | 59.18% |
| 周志偉先生 Mr. CHOW Chi Wai | 個人權益 Personal interest | 24,000,000 | 1.93% |
| 張智先生 Mr. CHEUNG Chi | 個人權益 Personal interest | 12,000,000 | 0.96% |
| 李國樑先生 Mr. LEE Kwok Leung | 個人權益 Personal interest | 2,400,000 | 0.19% |

Note:

Mr. LI Kwok Tung, Roy holds 70% of the issued share capital of Quinta Asia Limited ("Quinta"). Mr. LI Kwok Tung, Roy has a controlling interest in Quinta and is therefore deemed to be interested in Quinta's interest in the Company for the purposes of the SFO. Mr. Lai Ching Ping, a Director, holds the remaining 30% of the issued share capital of Quinta (representing an indirect interest in 221,020,790 Shares or approximately 17.75% percentage shareholding in the Company).

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(b) 本公司相聯法團(定義見證券及期貨條例)的股份好倉

(b) Long positions in the Shares of Associated Corporations of the Company (as defined in the SFO)

| 董事姓名 Name of Director | 相聯法團 Associated corporation | 身份 Capacity | 股份數目 Number of shares | 佔相聯法團 權益概約 百分比 Approximate percentage of interest in associated corporation |
|--------------------------------|--------------------------------|---------------------------|--------------------------|--|
| 李國棟先生 Mr. LI Kwok Tung, Roy | Quinta | 個人權益 Personal interest | 7 | 70% |
| 黎清平先生 Mr. LAI Ching Ping | Quinta | 個人權益 Personal interest | 3 | 30% |

除上文所披露者外，於二零零六年十二月三十一日，董事、行政總裁或彼等各自的聯繫人並無實益或非實益擁有本公司及其相聯法團(定義見證券及期貨條例第XV部)股份、相關股份及債券任何權益或淡倉。

Save as disclosed above, as at 31 December 2006, none of the Directors, chief executive(s) or any of their respective associates had any interest or short position, whether beneficial or non-beneficial, in the shares, the underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO).

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主要股東所持本公司股份的權益及淡倉

於二零零六年十二月三十一日，除本公司董事或行政總裁之外，就董事所知，以下人士擁有根據證券及期貨條例第XV部第2及3分部規定而須知會本公司及／或根據證券及期貨條例第336條登記於所置存登記冊的股份或相關股份之權益或淡倉。

本公司股份好倉

名稱
Name

身份
Capacity

Quinta

實際權益
Beneficial interest

TSG (BVI) Limited

實際權益
Beneficial interest

HTS Holding
Company Limited

受控制公司權益 (附註)
Interests in controlled corporation (Note)

附註：TSG (BVI) Limited其中85%權益由HTS Holding Company Limited控制。

除上文所披露者外，於二零零六年十二月三十一日，本公司並無接獲任何人士(本公司董事及行政總裁除外)通知，表示擁有本公司股份及相關股份的權益或淡倉而須根據證券及期貨條例第XV部第2及3分部之條文知會本公司或根據證券及期貨條例第336條須登記於本公司置存的登記冊。

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

As at 31 December 2006, as far as the Directors were aware, the following persons (other than the Directors or chief executive(s) of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were recorded in the register required to be kept under Section 336 of the SFO.

Long positions in the Shares of the Company

證券數目
Number
of securities

佔本公司權益
概約百分比

Approximate
percentage of
interest in
the Company

736,735,967

59.18%

67,069,636

5.39%

67,069,636

5.39%

Note: TSG (BVI) Limited is 85% controlled by HTS Holding Company Limited.

Save as disclosed above, as at 31 December 2006, the Company had not been notified by any person (other than the Directors or chief executive(s) of the Company) who had interests or short position in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or which were recorded in the register kept by the Company under section 336 of the SFO.

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首次公開售股前購股權

為嘉許本集團僱員及一位顧問對本集團發展及成功的貢獻，本公司於二零零六年五月十日向該等僱員及顧問授出並且獲得接納合共4批首次公開售股前購股權（該等承授人行使該等購股權可認購合共44,400,000股股份，相等於本公司已發行股本約3.56%）。公司條例附表三第10段及上市規則第17.02(1)(b)條及附錄一A部第27段所規定所有上述承授人（即三名董事及一名顧問）的詳情如下：

Pre-IPO Share Options

In recognition of the contributions made by employees and a consultant of the Group towards its growth and success, on 10 May 2006, an aggregate of four Pre-IPO Share Options (the exercise of which would entitle these grantees to an aggregate of 44,400,000 Shares, representing approximately 3.56% of the issued share capital of the Company) have been granted by the Company to, and accepted by, certain employees and the relevant consultant. A full list of such grantees (being three directors and one consultant) containing all the details in respect of each option required under paragraph 10 of the Third Schedule to the Companies Ordinance and Rule 17.02(1)(b) of and paragraph 27 of Part A of Appendix I to the Listing Rules is set out below:

| 承授人及職位 Grantee and Position | 全數行使首次 公開售股前購股權 所發行股份數目 Number of Shares to be issued upon full exercise of the Pre-IPO Share Option | 佔本公司已發行 股本總額 概約百分比 Approximate percentage of total issue share capital of the Company | 行使期 Exercise Periods | 行使價 Exercise Price |
|--|--|--|---|---|
| 張智先生 執行董事 Mr. CHEUNG Chi Executive Director | 12,000,000 | 0.96% | 二零零六年九月六日 上市時可行使33% 33% upon Listing on 6 September 2006 二零零七年六月三十日 或其後可行使33% 33% on or after 30 June 2007 其餘可於二零零八年 六月三十日或其後行使 Remaining on or after 30 June 2008 | 較發售價折讓30% 30% discount to Offer Price |

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| 承授人及職位 Grantee and Position | 全數行使首次 公開售股前購股權 所發行股份數目 Number of Shares to be issued upon full exercise of the Pre-IPO Share Option | 佔本公司已發行 股本總額 概約百分比 Approximate percentage of total issue share capital of the Company | 行使期 Exercise Periods | 行使價 Exercise Price |
|--|--|--|---|---|
| 周志偉先生 執行董事 Mr. CHOW Chi Wai Executive Director | 24,000,000 | 1.93% | 二零零六年九月六日 上市時可行使25% 25% upon Listing on 6 September 2006 二零零七年六月三十日 或其後可行使37.5% 37.5% on or after 30 June 2007 其餘可於二零零八年 六月三十日或其後行使 Remaining on or after 30 June 2008 | 較發售價折讓50% 50% discount to Offer Price |
| 李國樑先生 執行董事 Mr. LEE Kwok Leung Executive Director | 2,400,000 | 0.19% | 二零零六年九月六日 上市時可行使33.5% 33.5% upon Listing on 6 September 2006 二零零七年六月三十日 或其後可行使33.5% 33.5% on or after 30 June 2007 其餘可於二零零八年 六月三十日或其後行使 Remaining on or after 30 June 2008 | 發售價 At Offer Price |
| Apex Link Enterprises Limited (附註) Apex Link Enterprises Limited Consultant (Note) | 6,000,000 | 0.48% | 二零零六年九月六日 上市時可行使 Upon Listing on 6 September 2006 | 發售價 At Offer Price |
| 總計 Total | 44,400,000 | 3.56% | | |

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附註：

Apex Link Enterprises Limited (「Apex」) 是於香港提供管理及顧問服務的公司，一直受聘為本公司顧問，由於為本公司提供服務而獲授首次公開售股前購股權。

根據首次公開售股前購股權計劃，不得根據該計劃再授出任何額外購股權。截至二零零六年十二月三十一日止年度，概無購股權獲行使或失效。

首次公開售股前購股權的主要條款概要如下：

1. 代價

首次公開售股前購股權各承授人已支付現金代價1.00港元。

2. 購股權有效期

除下列其他條件另有規定外，各首次公開售股前購股權有效期為10年，惟董事會（包括獨立非執行董事）可全權酌情書面延期。各首次公開售股前購股權有效期屆滿後，所有未行使的該等購股權將會自動失效。

3. 行使期及行使價

載於上表。

4. 其他條件

授出及／或行使各首次公開售股前購股權均須符合下列附帶條件：

- (a) 股份開始買賣後首六個月內不得行使首次公開售股前購股權；
- (b) 除本公司、聯交所及／或保薦人為爭取聯交所批准股份上市買賣而另有限制外，首次公開售股前購股權可部分或全數行使；

Note:

Apex Link Enterprises Limited ("Apex") is a company which provides management and consultancy services in Hong Kong. Apex has been engaged by the Company as a consultant and has been granted certain Pre-IPO Share Options for its provision of services to the Company.

According to the Pre-IPO Share Option Scheme, no additional options will be granted under the Scheme. During the year ended 31 December 2006, no options were exercised or lapsed.

A summary of the principal conditions attached to the Pre-IPO Share Options is set out below:

1. Consideration

A cash consideration of HK\$1.00 has been paid by each grantee of the Pre-IPO Share Options.

2. Option Period

Subject to other conditions as set out below, 10 years from the date of the offer of the respective Pre-IPO Share Options unless extended in writing by the Board (and approved by the independent non-executive Directors) in its absolute discretion. Each of the Pre-IPO Share Options (to the extent not already exercised) shall lapse automatically at the end of such option period.

3. Exercised Periods and Exercise Price

As set out in the table above.

4. Other conditions

The grant and/or exercise of each of the Pre-IPO Share Options is subject to the following additional conditions:

- (a) the Pre-IPO Share Option cannot be exercised within the first six months after the commencement of dealings in the Shares;
- (b) any exercise of the Pre-IPO Share Option may be made in part or in full subject to any further restrictions imposed by the Company, the Stock Exchange and/or the Sponsor as any of them see fit for the purposes of obtaining the Stock Exchange approval to the listing of and permission to deal in the Shares;

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- (c) 行使首次公開售股前購股權亦須遵守本公司不時為符合上市規則而實施的指引；
- (d) 首次公開售股前購股權屬有關承授人所有，不可轉讓或指讓；
- (e) 未行使的首次公開售股前購股權將於上文第2段所述的有效期限屆滿後失效，否則會在下列情況下失效：
- (i) 承授人的個人代表(如有)可於承授人身故後12個月內行使首次公開售股前購股權，其後未行使的首次公開售股前購股權將會自動失效，惟董事會有全權酌情延期；
- (ii) 承授人行使首次公開售股前購股權的權利不會由於終止受僱而終止，除非終止受僱是由於嚴重失職、破產或裁定干犯涉及誠信的刑事罪行，則其首次公開售股前未行使的購股權由本集團終止聘用日期起自動失效。
- (iii) 承授人違反本文所載首次公開售股前購股權任何條款或條件，則未行使的首次公開售股前購股權會自動失效，惟董事會可全權酌情另有書面指示；及
- (f) 首次公開售股前購股權承授人須遵守聯交所或保薦人可能額外要求的承諾或限制。
- (g) 截至二零零六年十二月三十一日，上述所有首次公開售股前購股權尚未行使。除上述者外，截至二零零六年十二月三十一日止六個月並無購股權根據購股權計劃授出、行使、註銷或失效。
- (c) any exercise of the Pre-IPO Share Option shall be further subject to any guidelines issued by the Company from time to time in order to ensure full compliance with the Listing Rules;
- (d) the Pre-IPO Share Option is personal to the relevant grantee and may not be transferred or assigned;
- (e) the Pre-IPO Share Option (to the extent not already exercised) shall lapse at the expiry of the option period as described in paragraph 2 above or otherwise in the following manner:
- (i) the grantee's personal representatives (if any) may exercise the Pre-IPO Share Option within 12 months from his death, upon the expiry of which the Pre-IPO Share Option (to the extent not already exercised) shall lapse automatically unless extended by the Board in its absolute discretion;
- (ii) the grantee's right to exercise the Pre-IPO Share Option shall not be affected by his/its cessation of employment, unless such cessation of employment arises from any serious misconduct, bankruptcy or conviction of any criminal offence involving integrity or honesty, in which case the Pre-IPO Share Option (to the extent not already exercised) shall lapse automatically on the his/its last date of employment with the Group;
- (iii) if the grantee breaches any term or condition of the Pre-IPO Share Option as described herein, the Pre-IPO Share Option (to the extent not already exercised) shall lapse automatically (unless otherwise directed by the Board in writing in its absolute discretion); and
- (f) the grantee of the Pre-IPO Share Option shall adhere to any undertakings or restrictions that may be further imposed on them by the Stock Exchange or the Sponsor.
- (g) All Pre-IPO Share Option above remain outstanding as at 31 December 2006. Apart from the above, no share options were granted under the share option scheme, exercised, cancelled or lapsed during the six months ended 31 December 2006.

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購股權計劃

本公司已根據股東於二零零六年八月八日通過的書面決議案設立購股權計劃(「計劃」)，據此董事會可酌情邀請本集團任何董事、僱員、諮詢顧問、專家、客戶、供應商、代理、合夥人或顧問或承包商(須符合本文所載之資格規定)接納購股權，以認購最多相當於本公司不時已發行股本面值30%的股份。根據該計劃及任何其他計劃可認購的股份總數，合共不得超過本公司於上市日期的已發行股本之10%，惟取得股東進一步批准除外。於截至授出日期止任何十二個月期間內，因行使授出及將予授出購股權(包括已行使及未行使購股權)而向主要股東或獨立非執行董事或彼等之聯繫人士發行及將予發行的股份總數，不得超過已發行股份的0.1%或總值超過5,000,000港元，惟取得股東進一步批准除外；而每名其他合資格人士獲發的股份不得超過已發行股份1%。

該計劃旨在確認及表揚為本集團曾經或可能作出貢獻的合資格參與者。計劃亦給與合資格參與者機會收購本公司專有權益，以(a)推動合資格參與者提升其表現及效率，以符合本集團利益；及(b)吸引及挽留有貢獻的合資格參與者或與有貢獻的合資格參與者維持持續業務關係，預期對本集團有利。

Share Option Scheme

Pursuant to the written resolutions of the shareholders passed on 8 August 2006, the Company has established a share option scheme (the "Scheme") whereby the Board may, at their discretion, invite any Directors, employees, consultants, professionals, customers, suppliers, agents, partners or advisers of or contractors to the Group (subject to the eligibility requirements as set out therein) to take up options which entitle them to subscribe for shares representing up to a maximum in nominal value of 30% of the issued share capital of the Company from time to time. The total number of shares available for issue under the Scheme and any other schemes must not in aggregate exceed 10% of the issued share capital of the Company as at the Listing Date unless further shareholders' approval has been obtained. The total number of shares issued and to be issued upon the exercise of the options granted and to be granted (including both exercised and outstanding options) in any 12 months' period up to the date of grant to a substantial shareholder or an independent non-executive director or their associates would not exceed 0.1% of the shares in issue or an aggregate value of HK\$5,000,000 unless further shareholders' approval has been obtained; and to each other eligible person would not exceed 1% of the shares in issue.

The purpose of the Scheme is to recognise and acknowledge the contributions that eligible participants have made or may make to the Group. It also provides the eligible participants with an opportunity to acquire proprietary interests in the Company with a view to (a) motivate the eligible participants to optimise the performance and efficiency for the benefit of the Group; and (b) attract and retain or otherwise maintain ongoing business relationship with the eligible participants whose contributions are, will or expected to be beneficial to the Group.

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計劃的有效期為十年，於二零一六年八月七日屆滿。購股權的行使價由董事會決定，惟不得低於授出購股權當日的收市價及緊接授出當日前五個營業日本公司股份於聯交所每日報價表所列的平均收市價及本公司股份面值三者中最高者。購股權可於董事會釐定的期內由授出日期起計十年期間內任何時間行使，惟須受計劃條款的提前終止條文所限。

按Black-Scholes估值法(「估值法」)計算，二零零六年授出的購股權的平均加權公平值為每份0.45港元。估值法用作估計可全面轉讓的已買賣購股權的公平值。該估值法涉及大量主觀假設，包括預期股價波動。由於本公司的購股權與其他買賣商品截然不同，加上主觀假設更改可能對公平值估計有重大影響，故此該估值法未必能可靠計算購股權的公平值。

有關購股權的會計政策載於綜合財務報表附註22。

於二零零六年十二月三十一日，概無任何根據該計劃已授出或尚未行使的購股權。

管理層合約

年內概無訂立或存在有關本公司全部或任何重大部分業務的管理及行政方面的合約。

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，本集團主要客戶及供應商分別佔本集團的銷售及採購百分比如下：

最大客戶／供應商
五大客戶／供應商

The Scheme shall be valid and effective for a period of ten years ending on 7 August 2016. The exercise price of options shall be determined by the Board and shall not be less than the highest of the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options and the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer and the nominal value of a share of the Company. An option may be exercised at any time during a period as the Board may determine which shall not be more than ten years from the date of grant of the option subject to the provisions of early termination thereof.

The weighted average fair values of options granted in 2006 using the Black-Scholes valuation model (the "Model") was HK\$0.45 per option. The Model was developed for use in estimating the fair value of traded options that are fully transferable. Such Model requires input of highly subjective assumptions, including the expected stock price volatility. Because the Company's share options have characteristics significantly different from those of traded goods, and because changes in the subjective input assumptions can materially affect the fair value estimate, the Model does not necessarily provide a reliable measure of the fair value of the share options.

The accounting policy adopted for the share options is described in note 22 to the consolidated financial statements.

As at 31 December 2006, no share options had been granted or were outstanding under this scheme.

Management Contracts

No contract 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

Sales and purchases of the Group attributable to its major customers and suppliers respectively for the year ended 31 December 2006 were as follows:

| | 佔銷售百分比 % of Sales | 佔採購百分比 % of Purchases |
|--|----------------------|--------------------------|
|--|----------------------|--------------------------|

| | | |
|----------------------------------|------|------|
| The largest customer/supplier | 44.1 | 9.6 |
| Five largest customers/suppliers | 68.7 | 23.8 |

董事會報告 Report of the Directors

本公司的關連人士Umbro集團及Oceanjade Corporation Limited為截至二零零六年十二月三十一日止年度本集團的五大客戶及五大供應商的其中兩名。就董事所知及所信，董事、彼等的聯繫人或擁有本公司已發行股本5%以上的股東，概無擁有上述所披露本集團五大客戶或供應商的任何權益。

持續關連交易

綜合財務報表附註34所披露的若干關連交易亦屬上市規則所界定的持續關連交易，故須根據上市規則第14A章披露。下列若干關連人士（上市規則所定義者）與本公司間之交易仍然持續進行中，而本公司已根據上市規則規定刊發所需的有關公佈。

(A) 為本集團活動及戶外服裝業務提供承包服務

由於受本集團生產能力所局限，本公司的全資附屬公司Al-Aham Garment Manufacturing Co. Ltd.（「Al-Aham」）自二零零四年下半年起一直聘用Diamond Needle Factory (Jordon) Co. Ltd（「Diamond Needle」）為承包商，負責生產NYL品牌產品的配件。

陳錦昌先生（「陳先生」）為Al-Aham的行政總裁。基於Diamond Needle由陳先生的兄弟陳錦全先生實益全資擁有，因此Diamond Needle為陳先生的聯繫人，即關連人士。

截至二零零六年十二月三十一日止年度，本集團已付或應付Diamond Needle的承包費用為9,472,000港元，低於本公司二零零六年八月二十五日售股章程（「售股章程」）所披露聯交所批准的相關年度上限。

Umbro Group and Oceanjade Corporation Limited, being connected persons, is one of the five largest customers and suppliers to the Group during the year ended 31 December 2006. To the best knowledge and belief of the Directors, none of the Directors, their associates or any Shareholder owning more than 5% of the issued share capital of the Company, has any interest in any of the Group's five largest customers or suppliers as disclosed above.

Continuing Connected Transactions

Certain related party transactions, disclosed in note 34 to the consolidated financial statements also constitute 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/or are ongoing for which relevant announcements, if necessary, had been made by the Company in accordance with the requirements of the Listing Rules.

(A) Provision of sub-contracting services to Active and Outerwear Business of the Group

Al-Aham Garment Manufacturing Co. Ltd（「Al-Aham」），a wholly owned subsidiary of the Company, has been engaging Diamond Needle Factory (Jordon) Co. Ltd（「Diamond Needle」）as a sub-contractor for manufacturing components of products bearing the brand of NYL since the second half of the year 2004 due to the limitation in the production capacity of our Group.

Mr. CHAN Kam Cheong（「Mr. Chan」）is the chief executive of Al-Aham. Given that Diamond Needle is beneficially and wholly-owned by Mr. CHAN's brother, Mr. CHAN Kam Chuen, Diamond Needle is therefore an associate of Mr. Chan, and hence a Connected Person.

The sub-contracting fee that has been paid or payable by our Group to Diamond Needle amounted to HK\$9,472,000 for the year ended 31 December 2006, which was below the relevant annual cap approved by the Stock Exchange as disclosed in the Company's prospectus dated 25 August 2006 (the "Prospectus").

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(B) 為本集團運動服分銷業務租賃辦公室及倉庫

本集團於二零零四年十二月收購之前，天生集團自二零零四年七月起一直將中國廣東省廣州市雲埔(白雲)工業區天生路3號的物業(「廣州物業」)部分樓面租予廣州白雲山運動服裝有限公司(「廣州白雲山公司」)(本公司於二零零六年十二月三十一日間接擁有75%權益的附屬公司)作為本集團的辦公室及貨倉。

天生集團由何建陽先生及其親屬擁有及控制。由於何建陽先生於本年報日期前十二個月內曾擔任本集團若干成員公司董事，因此天生集團應視為何建陽先生的聯繫人，因此屬於關連人士。

截至二零零六年十二月三十一日止年度，本集團已付或應付天生集團的租金開支為1,327,000港元，低於售股章程所披露聯交所批准的相關年度上限。

(C) 本集團運動服分銷業務向嘉運集團銷售UMBRO產品

天運洋行一直以本集團根據UMBRO專營權協議獲得的分銷權向嘉運集團供應UMBRO產品。

於二零零七年認購嘉運額外25%股權前，截至二零零六年十二月三十一日，嘉運集團為本集團與天生集團共同擁有及控制的公司集團，而天生集團由何建陽先生及其親屬擁有及控制。由於何建陽先生於本年報日期前十二個月內曾擔任本集團若干成員公司董事，故天生集團為何建陽先生的聯繫人，因此屬於關連人士。

截至二零零六年十二月三十一日止年度，本集團向嘉運集團銷售UMBRO產品的金額為6,909,000港元，低於售股章程所披露聯交所批准的相關年度上限。

(B) Lease of offices and warehouses to Sportswear Distribution Business of the Group

The TSG Group has been leasing a portion of the property complex located at no. 3 Tiansheng Road, Yunpu (Bayun) Industrial Zone, Guangzhou, Guangzhou Province, the PRC ("Guangzhou Properties"), to Guangzhou Bai Yuen Shan Sportswear Company Limited ("Guangzhou BYS"), being an indirect 75% owned subsidiary of our Company as at 31 December 2006, as our offices and warehouses since July 2004 before we acquired it in December 2004.

The TSG Group is owned and controlled by Mr. HO Kin Yeung Samuel and his relatives. Given that Mr. HO Kin Yeung Samuel was a director of certain members of the Group within the preceding 12 months from the date of this annual report, the TSG Group should be regarded as an associate of Mr. HO Kin Yeung Samuel and therefore a Connected Person.

The rental expense that has been paid or payable by our Group to the TSG Group amounted to HK\$1,327,000 for the year ended 31 December 2006, which was below the relevant annual cap approved by the Stock Exchange as disclosed in the Prospectus.

(C) Sales of UMBRO Products by Sportswear Distribution Business of the Group to Win Sports Group

T&S HK has been supplying UMBRO Products to the Win Sports Group pursuant to our Group's distribution right under the UMBRO Licence Agreement.

Prior to its subscription of an additional 25% interest in Win Sports in 2007, the Win Sports Group was a group of companies jointly owned and controlled by us and the TSG Group as at 31 December 2006, which in turn owned and controlled by Mr. HO Kin Yeung Samuel and his relatives. Given that Mr. HO Kin Yeung Samuel was a director of certain members of the Group within the preceding 12 months from the date of this annual report, the TSG Group is therefore an associate of Mr. HO Kin Yeung Samuel and is therefore a Connected Person.

Our sales of UMBRO Products to the Win Sports Group amounted to HK\$6,909,000 for the year ended 31 December 2006, which was below the relevant annual cap approved by the Stock Exchange as disclosed in the Prospectus.

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(D) 向本集團活動及戶外服裝業務供應布料

Oceanjade Corporation Limited (「Oceanjade」) 為本公司全資附屬公司裕方(香港)有限公司其中一位供應商，供應生產NYL品牌產品所需的布料及相關的布料樣品(「布料」)。本集團自二零零一年起與Oceanjade有業務關係，如Oceanjade可繼續按具競爭力的定價供應優質布料，則本集團會繼續與Oceanjade交易。

由於Oceanjade由陳先生的兄弟陳錦全先生實益全資擁有，而陳先生為本公司的間接全資附屬公司Al-Aham的行政總裁，因此Oceanjade為陳先生的聯繫人，屬於關連人士。

截至二零零六年十二月三十一日止年度，本集團向Oceanjade購買布料的金額為49,910,000港元，低於售股章程所披露聯交所批准的相關年度上限。

(E) (i) 運動服生產業務向Umbro集團銷售UMBRO品牌的產品

除身為Umbro集團的UMBRO產品特許分銷商外，本集團亦為Umbro集團的認可供應商，供應UMBRO品牌的產品，由Umbro集團在歐盟地區分銷。本集團透過全資附屬公司永嘉集團(香港)有限公司自二零零四年八月起一直向Umbro集團供應該等產品。為更恰當調配生產資料及能力同時爭取成本效益，本集團聘用獨立第三方承包商生產該等產品。

Umbro集團為本公司附屬公司的主要股東，故此屬於關連人士。

截至二零零六年十二月三十一日止年度，本集團向Umbro集團的銷售額為50,846,000港元，低於售股章程所披露聯交所批准的相關年度上限。

(D) Purchases of fabrics by Active and Outwear Business of the Group

Oceanjade Corporation Limited ("Oceanjade") is one of the suppliers of Rich Form (HK) Limited, a wholly-owned subsidiary of our Company, for fabrics and related fabric-samples ("Fabrics") for the production of products bearing the brand of NYL. We established a business relationship with Oceanjade since 2001 and would like to continue our relationship so long as Oceanjade is able to continue to supply quality Fabrics at competitive pricing to us.

Given that Oceanjade is beneficially and wholly-owned by Mr. Chan's brother, Mr. CHAN Kam Chuen, and that Mr. Chan is a chief executive of Al-Aham, an indirect wholly-owned subsidiary of our Company, Oceanjade is therefore an associate of Mr. Chan, and hence a Connected Person.

Our purchases of Fabrics from Oceanjade amounted to HK\$ 49,910,000 for the year ended 31 December 2006, which was below the relevant annual cap approved by the Stock Exchange as disclosed in the Prospectus.

(E) (i) Sales of products bearing UMBRO brand by Sportswear Manufacturing Business to the Umbro Group

In addition to being a licensed distributor of UMBRO Products for the Umbro Group, we are also an authorised supplier of the Umbro Group for products bearing UMBRO brand for the Umbro Group's distribution in the EU. We, through, Win Hanverky Limited, our wholly-owned subsidiary, has been supplying such products to the Umbro Group since August 2004. To better allocate our production resources and capacity and for cost effectiveness, we engage independent third party contractors for the manufacture of such products.

The Umbro Group is a substantial shareholder of a subsidiary of our Company, hence it is a Connected Person.

Our sales to Umbro Group amounted to HK\$50,846,000 for the year ended 31 December 2006, which was below the relevant annual cap approved by the Stock Exchange as disclosed in the Prospectus.

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(E) (ii) 運動服分銷業務就分銷UMBRO產品向Umbro集團支付專營權費

根據UMBRO專營權協議，本集團在香港及中國分銷各種UMBRO產品。該等產品由Umbro集團直接或透過其互聯網平台（「平台」）向其認可供應商採購。UMBRO專營權協議規定，本集團在香港及中國分銷UMBRO產品須通過天運洋行及廣州白雲山公司（天運洋行的全資附屬公司）向Umbro集團支付專營權費。

Umbro為本公司附屬公司的主要股東，故此屬於關連人士。

截至二零零六年十二月三十一日止年度，本集團向Umbro集團支付的專營權費為52,642,000港元，低於聯交所批准及於二零零六年十二月四日公佈的相關年度上限。

(F) 運動服分銷業務向天生集團採購UMBRO產品

本集團與Umbro集團及Platform的認可供應商天生集團已建立長久關係，天生集團一直向天運洋行及廣州白雲山公司供應UMBRO產品，由本集團根據UMBRO專營權協議所獲的分銷權進行分銷。

天生集團由何先生及其親屬擁有及控制。由於何先生於本年報日期前十二個月內曾擔任本集團若干成員公司董事，因此天生集團應視為何先生的聯繫人，屬於關連人士。

截至二零零六年十二月三十一日止年度，本集團向天生集團的採購額為23,694,000港元，低於售股章程所披露聯交所批准的相關年度上限。

(E) (ii) Payment of royalty by Sportswear Distribution Business to the Umbro Group for distribution of the UMBRO Products

Pursuant to the UMBRO Licence Agreement, we distribute various UMBRO Products in Hong Kong and the PRC. These products are sourced from suppliers approved by the Umbro Group directly or via an internet platform operated by the Umbro Group ("Platform"). As part of the UMBRO Licence Agreement, we pay, through T&S HK and Guangzhou BYS, a wholly-owned subsidiary of T&S HK, royalty to the Umbro Group for our distribution of UMBRO Products in Hong Kong and the PRC calculated in accordance with the terms set out therein.

The Umbro Group is a substantial shareholder of a subsidiary of our Company, hence it is a Connected Person.

Our royalty to Umbro Group amounted to HK\$52,642,000 for the year ended 31 December 2006, which was below the relevant annual cap approved by the Stock Exchange and announced to the public on 4 December 2006.

(F) Purchases of UMBRO Products by Sportswear Distribution Business from the TSG Group

Due to the long established relationship with the TSG Group, TSG Group, one of the Umbro Group's approved suppliers which is also an approved supplier on the Platform, has been supplying UMBRO Products to each of T&S HK and Guangzhou BYS for distribution pursuant to our Group's distribution right under the UMBRO Licence Agreement.

The TSG Group is owned and controlled by Mr. Samuel Ho and his relatives. Given that Mr. Samuel Ho was a director of certain members of the Group within the preceding 12 months from the date of this annual report, the TSG Group should be regarded as an associate of Mr. Samuel Ho and therefore a Connected Person.

Our purchases from the TSG Group amounted to HK\$23,694,000 for the year ended 31 December 2006, which was below the relevant annual cap approved by the Stock Exchange as disclosed in the Prospectus.

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(G) 運動服生產業務向永佳(亞太)有限公司(「永佳」)銷售產品

本公司的全資附屬公司永嘉集團(香港)有限公司自二零零四年起一直聘用第三方的生產設施，為永佳供應運動服產品(包括永佳引入的兩個活動服裝品牌，「永佳客戶」)，由永佳轉售予永佳客戶。

永佳由譚淑慧女士(「譚女士」)實益擁有45%權益，而譚女士於回顧年內為永佳的董事，永佳為本集團間接擁有54.9%權益的附屬公司，因此永佳為譚女士的聯繫人，即關連人士。

截至二零零六年十二月三十一日止年度，本集團向永佳的銷售額為6,907,000港元，低於售股章程所披露聯交所批准的相關年度上限。

董事(包括獨立非執行董事)已審核截至二零零六年十二月三十一日止年度的持續關連交易，並確認該等交易：

- (1) 於本集團日常業務過程中訂立；
- (2) 按一般商業條款或不遜於本公司給予獨立第三方或獲獨立第三方提供的條款訂立；
- (3) 根據規管有關交易的相關協議按公平合理且對本公司股東整體有利的條款進行；及
- (4) 並無超逾之前獲聯交所批准之豁免所規定的有關上限額或之前公佈的有關限額。

根據上市規則第14A.38條，董事會聘用本公司核數師按相當於香港會計師公會頒佈的香港相關服務準則第4400號「就財務資料執行協定程序之應聘事宜」的方式對上述持續關連交易進行若干實際審查

(G) Sales by Sportswear Manufacturing Business to Win Gear (Asia Pacific) Company Limited (“Win Gear”)

Win Hanverky Limited, a wholly-owned subsidiary of our Company, has been supplying sportswear products, including two active wear brands brought in by Win Gear (“Win Gear Customers”) to Win Gear since 2004 by engaging third party production facilities for Win Gear’s onsale to the Win Gear Customers.

As Win Gear is 45% beneficially owned by Ms. TAM Shuk Wai (“Ms. Tam”) and that Ms. Tam is a director of Win Gear during the year under review, being our indirect 54.9% owned subsidiary, Win Gear is an associate of Ms. Tam, and hence a Connected Person.

Our sales to Win Gear amounted to HK\$6,907,000 for the year ended 31 December 2006, which was below the relevant annual cap approved by the Stock Exchange as disclosed in the Prospectus.

The Directors, including the independent non-executive Directors, have reviewed the continuing connected transactions made during the year ended 31 December 2006 and confirmed that these transactions were entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or on terms no less favourable to the Company than terms available to or from independent third parties;
- (3) in accordance with each of 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; and
- (4) have not exceeded the relevant maximum amount capped in accordance to the waiver previously granted by the Stock Exchange or previous announcement.

Pursuant to Rule 14A.38 of the Listing Rules, the Board engaged the auditor of the Company to perform certain factual finding procedures on the above continuing connected transactions on a sample basis in accordance with Hong Kong Standards on Related Services 4400 “Engagements to

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結果程序。核數師已向董事會匯報根據協定程序進行的有關抽樣審查實際結果，當中指出：

- (1) 獲抽樣審查的交易已獲本公司董事批准；
- (2) 有關本集團提供貨品及服務的抽樣交易乃根據本集團的定價政策進行；
- (3) 抽樣交易乃根據規管有關交易之協議條款進行；及
- (4) 有關交易（如適用）並無超逾之前獲聯交所批准之豁免所規定或之前公佈的有關限額。

Perform Agreed-Upon Procedures Regarding Financial Information” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported their factual findings for the selected samples based on the agreed procedures to the Board stating that:

- (1) the selected samples of the transactions had been approved by the Company's Directors;
- (2) the selected samples of the transactions in respect of provision of goods or services by the Group were entered into in accordance with the pricing policies of the Group;
- (3) the selected samples of the transactions were entered into in accordance with the terms of the agreements governing such transactions; and
- (4) such transactions, where applicable, did not exceed the relevant caps in accordance to the waivers previously granted by the Stock Exchange or previous announcements.

企業管治常規守則

本公司採納原則及於本年報所涵蓋會計期間一直遵守上市規則附錄十四所載之企業管治常規守則的守則條文。本公司採納的主要企業管治常規載於本報告第28至33頁的企業管治報告。

足夠的公眾持股量

根據本公司可公開取得的資料及就董事所知，截至二零零六年十二月三十一日止年度全年及截至本報告日期，本公司一直維持上市規則規定的足夠公眾持股量，由公眾人士持有本公司已發行股本超過25%。

Code on Corporate Governance Practices

The Company has applied the principles and complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the accounting period covered by this annual report. Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 28 to 33 of this report.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the year ended 31 December 2006 and up to the date of this report, the Company has maintained a sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

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核數師

截至二零零六年十二月三十一日止年度的財務報表已由羅兵咸永道會計師事務所審核，而羅兵咸永道會計師事務所將於應屆股東週年大會退任。將於應屆股東週年大會提呈決議案重新委任羅兵咸永道會計師事務所為本公司核數師。

承董事會命
主席
李國棟

香港，二零零七年四月十一日

Auditor

The financial statements for the year ended 31 December 2006 have been audited by PricewaterhouseCoopers who will retire at the forthcoming annual general meeting. A resolution will be proposed at the forthcoming annual general meeting to re-appoint PricewaterhouseCoopers as the auditor of the Company.

By order of the Board
LI Kwok Tung Roy
Chairman

Hong Kong, 11 April 2007