

The Directors herein present their report and the audited consolidated financial statements of the Company and the Group for the Year.

董事謹此呈報本公司及本集團本年度之報告及經審核綜合財務報表。

## PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

## 主要業務及營運地區之分析

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 9 to the consolidated financial statements.

本公司之主要業務為投資控股，而附屬公司之主要業務則載於綜合財務報表附註9。

An analysis of the Group's performance for the Year by businesses and geographical segments is set out in Note 5 to the consolidated financial statements.

本年度按業務及地區分類之本集團業績表現分析載於綜合財務報表附註5。

## RESULTS AND APPROPRIATIONS

## 業績及分派

The results of the Group for the Year are set out in the consolidated income statement on pages 53.

本集團本年度之業績載於第53頁之綜合收益表內。

The Directors do not recommend the declaration of the payment of a final dividend for the Year (2005: Nil).

董事不建議派發本年度之末期股息(二零零五年：無)。

## RESERVES

## 儲備

Details of movements in reserves of the Company and the Group during the Year are set out in Note 15 to the consolidated financial statements.

本公司及本集團於本年度之儲備變動詳情載於綜合財務報表附註15。

## PROPERTY, PLANT AND EQUIPMENT

## 物業、廠房及設備

Details of movements in property, plant and equipment of the Company and the Group during the Year are set out in Note 6 to the consolidated financial statements.

本公司及本集團於本年度之物業、廠房及設備之變動詳情載於綜合財務報表附註6。

## PRINCIPAL PROPERTIES

## 主要物業

Details of the principal properties held for investment purposes during the Year are set out in Note 7 to the consolidated financial statements.

於本年度用作投資而持有之主要物業之詳情載於綜合財務報表附註7。

## SHARE CAPITAL

Details of the movements in share capital of the Company during the Year are set out in Note 14(a) to the consolidated financial statements.

## DISTRIBUTABLE RESERVES

As at 31 December 2006, the Company had no reserves available for distribution to its shareholders (2005: Nil).

## FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, restated and reclassified as appropriate, is set out on page 133. This summary does not form part of the audited consolidated financial statements.

## PURCHASE, SALE OR REDEMPTION OF 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.

## SHARE OPTIONS

The Company adopted a share option scheme on 27 June 2003 (the "2003 Share Option Scheme") as approved by the shareholders at the annual general meeting.

Details of the 2003 Share Option Scheme are set out in Note 14(b) to the consolidated financial statements.

## 股本

本公司之股本於本年度之變動詳情載於綜合財務報表附註14(a)。

## 可供分派之儲備

於二零零六年十二月三十一日，本公司並無可供分派予股東之儲備(二零零五年：無)。

## 五年財務摘要

本集團上五個財政年度經適當重列及重新歸類之業績、資產及負債摘要載於第133頁。本摘要並不構成經審核綜合財務報表之一部份。

## 購買、出售或贖回證券

本公司於本年度並無贖回本身之股份。本公司或其任何附屬公司於本年度亦無購買或出售任何本公司之股份。

## 購股權

本公司於二零零三年六月二十七日採納已由股東於股東週年大會上批准之購股權計劃(「二零零三年購股權計劃」)。

二零零三年購股權計劃詳載於綜合財務報表附註14(b)。

## DIRECTORS

The Directors during the Year and up to the date of this annual report were:

### Executive Directors

FANG Hongbo (*Chairman*)  
 ZHANG Quan  
 LI Dong Lai (appointed on 16 August 2006)  
 LI Jianwei  
 YUAN Liqun (redesignated from non-executive Director to executive Director on 4 January 2007)  
 WANG Wei (appointed on 17 January 2006 and resigned on 16 August 2006)

### Non-executive Directors

ZHANG Xin Hua  
 CHEN Yu Hang

### Independent non-executive Directors

CHAN Wai Dune  
 LAM Ming Yung  
 CHEN Chunhua

In accordance with article 87 of the Company's Articles, Mr. Li Dong Lai shall hold office until the next annual general meeting of the Company ("Annual General Meeting") and, being eligible, will offer himself for re-election at the forthcoming Annual General Meeting.

In accordance with article 91 of the Company's Articles, Mr. Fang Hongbo, Mr. Zhang Quan and Mr. Li Jianwei will retire at the forthcoming Annual General Meeting and, being eligible, will offer themselves for re-election at the forthcoming Annual General Meeting. Each of non-executive Directors and independent non-executive Directors is appointed for a specified period of two years.

## 董事

本年度及截至年度報告日在任之董事如下：

### 執行董事

方洪波 (董事長)  
 張權  
 李東來 (於二零零六年八月十六日獲委任)  
 栗建偉  
 袁利群 (於二零零七年一月四日由非執行董事調任為執行董事)  
 王偉 (於二零零六年一月十七日獲委任，並於二零零六年八月十六日辭任)

### 非執行董事

張新華  
 陳宇航

### 獨立非執行董事

陳維端  
 林明勇  
 陳春花

根據本公司之組織章程細則第87條，李東來先生之任期將直至本公司下屆股東週年大會 (「股東週年大會」) 為止，並合資格且願意於應屆股東週年大會膺選連任。

根據本公司之組織章程細則第91條，方洪波先生、張權先生及栗建偉先生將於應屆股東週年大會退任，並合資格且願意於應屆股東週年大會膺選連任。每名非執行董事及獨立非執行董事之特定任期均為兩年。

## DIRECTORS' SERVICE CONTRACTS

Each of the non-executive Directors and independent non-executive Directors have entered into service contract with the Company for a term of two years which commenced on 1 September 2005 and is subject to termination by either party giving not less than one month's written notice. These service contracts are exempted from the shareholders' approval requirement under Rule 13.68 of the Listing Rules.

Save as disclosed herein, none of the Directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its current independent non-executive Directors an annual confirmation of his/her independence and the Company considers that each of them to be independent based on the guidelines set out in Rule 3.13 of the Listing Rules.

## EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee, the principle of which is that the level of remuneration for the employees should be determined by reference to their respective ability, 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 14(b) to the consolidated financial statements.

## 董事服務合約

每名非執行董事及獨立非執行董事已與本公司訂立服務合約，由二零零五年九月一日開始為期兩年，惟其中一方發出不少於一個月之書面通知作出終止。根據上市規則第13.68條，該等服務合約獲豁免股東批准。

除本報告所披露者外，所有擬於應屆股東週年大會上膺選連任之董事，概無與本公司訂有本公司不可於一年內免付補償（法定補償除外）而終止之服務合約。

## 獨立非執行董事之獨立性

根據上市規則第3.13條，本公司已獲得各現任獨立非執行董事就其獨立性而作出之年度確認函，本公司認為彼等均屬獨立人士。

## 薪酬政策

本集團僱員之薪酬政策由薪酬委員會訂立，其宗旨為僱員之薪酬水平應參照彼等各自之才能、資歷及能力釐定。

本公司董事之薪酬由薪酬委員會經考慮本公司之經營業績、個人表現及市場比較數據而決定。

本公司已採納一項購股權計劃，作為董事及合資格僱員之獎勵。計劃詳情載於綜合財務報表附註14(b)。

## PENSION SCHEMES

Details of the pension schemes operated by the Group are set out in Note 22(a) to the consolidated financial statements.

## DIRECTORS' INTERESTS IN CONTRACTS

Except as disclosed in Note 31 to the consolidated financial statements, no contracts of significance in relation to the Group's business to which the Company, its fellow subsidiaries or its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

## BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of Directors are set out on pages 30 to 33.

## 退休金計劃

本集團營辦之退休金計劃之詳情載於綜合財務報表附註22(a)。

## 董事之合約權益

除綜合財務報表附註31所披露者外，本年度結束時或年內任何時間，本公司、各同系附屬公司或控股公司概無簽訂任何涉及本集團業務而董事直接或間接在其中擁有重大權益之重要合約。

## 董事之個人履歷

董事之個人履歷載於第30頁至33頁。

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN EQUITY OR DEBT SECURITIES

As at 31 December 2006, the interests and short positions of each Director and chief executive of the Company in office as at 31 December 2006 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"), Chapter 571 of the laws of Hong Kong), as recorded in the register required to be kept under Section 352 of the SFO or which have to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers contained in the Listing Rules, were as follows:

## 董事及最高行政人員於股本證券或債務證券之權益

於二零零六年十二月三十一日，於二零零六年十二月三十一日在任之董事及本公司最高行政人員於本公司及其相聯法團（定義見香港法例第571章證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份及債券中，擁有根據證券及期貨條例第352條須登記於該條所述登記冊之權益及淡倉，或根據上市規則所載上市發行人董事進行證券交易的標準守則須知會本公司及香港聯合交易所有限公司之權益及淡倉如下：

Name of Director 董事姓名		Number of shares held 持有股份數目	Nature of interest 權益性質	Approximate shareholding percentage in the total issued capital of the Company 佔本公司 全部已發行 股本之概約 百分比
Mr. Zhang Xin Hua 張新華先生	Long positions 好倉	3,000,000	Beneficial owner 實益擁有人	0.06%
Mr. Chen Yu Hang 陳宇航先生	Long positions 好倉	3,000,000	Beneficial owner 實益擁有人	0.06%
Mr. Chan Wai Dune 陳維端先生	Long positions 好倉	2,500,000	Beneficial owner 實益擁有人	0.05%

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN EQUITY OR DEBT SECURITIES

## 董事及最高行政人員於股本證券或債務證券之權益 (續)

(Continued)

Name 姓名		Options held at 1 January 2006 於二零零六年 一月一日 持有之購股權	Options granted during the Year 本年度內 授出之購股權	Options exercised during the Year 本年度內 行使之購股權	Options held at 31 December 2006 於二零零六年 十二月三十一日 持有之購股權	Exercise price 行使價 HK\$ 港元	Grant date 授出日期	Exercisable from 可行使 期限起始日	Exercisable until 可行使 期限結束日
Directors:	董事：								
Fang Hongbo	方洪波	-	25,000,000	-	25,000,000	0.1206	23/1/2006	23/1/2006	22/1/2016
Wang Wei	王偉	-	25,000,000	(25,000,000)	-	0.1206	23/1/2006	23/1/2006	22/1/2016
Zhang Quan	張權	-	25,000,000	(25,000,000)	-	0.1206	23/1/2006	23/1/2006	22/1/2016
Li Jianwei	栗建偉	-	5,000,000	-	5,000,000	0.1206	23/1/2006	23/1/2006	22/1/2016
Yuan Liquan	袁利群	-	3,900,000	-	3,900,000	0.1206	23/1/2006	23/1/2006	22/1/2016
Chen Yu Hang	陳宇航	-	3,000,000	(3,000,000)	-	0.1206	23/1/2006	23/1/2006	22/1/2016
Zhang Xin Hua	張新華	-	3,000,000	(3,000,000)	-	0.1206	23/1/2006	23/1/2006	22/1/2016

Share options are granted to Directors under the 2003 Share Option Scheme. The consideration for each of the grants above is HK\$1. Details of share options schemes are disclosed in Note 14(b) to the consolidated financial statements.

購股權乃根據二零零三年購股權計劃而授予董事。上述每次授出購股權之代價為港幣1元。購股權計劃詳情載於綜合財務報表附註14(b)。

Other than those interests disclosed above, as at 31 December 2006, no Directors and chief executives of the Company (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company and its associated corporations (within the meaning of the SFO).

除上文所披露之權益外，於二零零六年十二月三十一日，本公司各董事及最高行政人員（包括彼等之配偶及十八歲以下子女）並無擁有、獲授予或行使任何可認購本公司及其相聯法團（按證券及期貨條例之定義）之股份之權利。

Saved as disclosed herein, at no time during the Year was the Company, its subsidiaries, its associated companies, its fellow subsidiaries or its holding company, a party to any arrangement to enable the Directors and chief executives of the Company to hold any interests or short positions in the shares in, or debentures of, the Company or its associated corporations.

除本報告所披露者外，本年度內任何時間，本公司、其附屬公司、其聯營公司、其同系附屬公司或其控股公司概無參與任何安排，致使本公司董事及最高行政人員持有任何本公司或其相聯法團之股份或債券之權益或淡倉。

## DIRECTORS' INTEREST IN COMPETING BUSINESSES

Mr. Fang Hongbo, an executive Director, is a director of GD Midea and certain subsidiaries of GD Midea and the Midea Group. He is also the president of the refrigeration equipment division of GD Midea. GD Midea and its subsidiaries ("Midea Electric Group") are principally engaged in the manufacture and sale of household electrical appliances including refrigerators and air conditioners, which may compete with the business of the Group. Midea Group and its subsidiaries (excluding the Group) ("Midea Ltd. Group") is principally engaged in the manufacture and sale of household electrical appliances including refrigerators and air conditioners, which may also compete with the business of the Group.

Mr. Li Jianwei, an executive Director, is a director of the Midea Group and certain subsidiaries of GD Midea and the Midea Group and he owns 33% of the registered capital of Foshan Shunde Lixun Investment Co., Group ("Lixun Investment") which in turn owns 45% of the registered capital of the Midea Group, the holding company of the controlling shareholder of the Company and Ms. Yuan Liqun, a non-executive Director (redesignated as an executive Director on 4 January 2007), is also a director and vice president of the Midea Group and certain subsidiaries of GD Midea and the Midea Group and a supervisor of GD Midea. She owns 33% of the registered capital of Lixun Investment. Both Midea Ltd. Group and Midea Electric Group are principally engaged in businesses which may compete with the business of the Group.

Mr. Zhang Quan, an executive Director, is a director of GD Midea. He is also a General Manager of the central air-conditioning division of the Midea Group which may compete with the business of the Group.

Mr. Li Dong Lai, an executive Director, is a general manager of refrigeration division of the Midea Group which may compete with the business of the Group.

As at 31 December 2006, save as disclosed above, none of the Directors was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

## 董事於競爭業務之權益

執行董事方洪波先生為廣東美的以及廣東美的及美的集團若干附屬公司之董事，亦為廣東美的轄下製冷家電事業部之總裁。廣東美的及其附屬公司（「美的電器集團」）之主要業務為製造及銷售家用電器包括冰箱及空調，而這可能與本集團之業務構成競爭。美的集團及其附屬公司（不包括本集團）（「美的集團成員公司」）之主要業務為製造及銷售家用電器包括冰箱及空調，這亦可能與本集團之業務構成競爭。

執行董事栗建偉先生為美的集團以及廣東美的及美的集團若干附屬公司之董事。彼於佛山市順德區利迅投資有限公司（「利迅投資」）之註冊資本中擁有33%，而利迅投資則於美的集團（本公司控股股東之控股公司）之註冊資本中擁有45%。非執行董事袁利群女士（於二零零七年一月四日調任為執行董事）亦為美的集團以及廣東美的及美的集團若干附屬公司之董事兼副總裁及廣東美的之監事。彼於利迅投資之註冊資本中擁有33%。美的集團成員公司及美的電器集團之主要業務可能與本集團之業務構成競爭。

執行董事張權先生為廣東美的之董事，並為美的集團轄下製冷家電集團中央空調事業部總經理，該公司可能與本集團之業務構成競爭。

執行董事李東來先生為美的集團製冷家電冰箱事業部之總經理，該公司可能與本集團之業務構成競爭。

於二零零六年十二月三十一日，除上文所披露者外，概無董事於本集團業務以外之任何業務中擁有與本集團業務直接或間接構成或可能構成競爭之權益。



## DIRECTORS' INTEREST IN COMPETING BUSINESSES (Continued)

The Audit Committee, which consists of three independent non-executive Directors, meets regularly to assist the Board in reviewing the financial performance and internal control systems of the Group. The Company is therefore capable of carrying on its businesses independently of, and at arm's length from, the businesses in which the Directors have declared interests.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2006, the following persons, other than a Director or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

## 董事於競爭業務之權益 (續)

審核委員會由三名獨立非執行董事組成，並定期會晤以協助董事會審閱本集團之財務表現及內部監控系統。因此，本公司於董事聲明擁有權益之競爭業務上能公平及獨立運作。

## 主要股東權益

根據證券及期貨條例第336條須存置之登記冊顯示，於二零零六年十二月三十一日，下列人士（本公司董事或最高行政人員除外）於本公司股份及相關股份中擁有權益或淡倉：

Name of shareholders 股東姓名／名稱		Number of shares held 持有股份數目	Percentage of shareholding 持股百分比
Midea International Corporation Company Limited ("Midea International") (Note 1) 美的國際控股有限公司 ("美的國際") (附註1)	Long positions 好倉	1,909,414,805	40.74%
Midea Group (Note 2) 美的集團 (附註2)	Long positions 好倉	1,909,414,805	40.74%
Foshan Shunde Tiantuo Investment Co., Ltd ("Shunde Tiantuo") (Note 3) 佛山市順德區天托投資有限公司 ("順德天托") (附註3)	Long positions 好倉	1,909,414,805	40.74%
Foshan Shunde Lixun Investment Co., Ltd ("Lixun Investment") (Note 4) 佛山市順德區利迅投資有限公司 ("利迅投資") (附註4)	Long positions 好倉	1,909,414,805	40.74%
Mr. He Xiangjian (Note 5) 何享健先生 (附註5)	Long positions 好倉	1,909,414,805	40.74%
Ms. Liang Fengchai (Note 6) 梁鳳釵女士 (附註6)	Long positions 好倉	1,909,414,805	40.74%
Mr. Zhang Hechuan (Note 7) 張河川先生 (附註7)	Long positions 好倉	1,909,414,805	40.74%
Ms. Zhao Hongying (Note 8) 趙紅英女士 (附註8)	Long positions 好倉	1,909,414,805	40.74%

**SUBSTANTIAL SHAREHOLDERS' INTERESTS***(Continued)*

Notes:

1. These 1,909,414,805 shares were registered in the name of and beneficially owned by Midea International.
2. Midea Group was deemed to be interested in the 1,909,414,805 shares which Midea International was interested in by virtue of its holding 100% equity interest in Midea International.
3. The registered capital of the Midea Group is owned as to 55% by Shunde Tiantuo and 45% by Lixun Investment. Accordingly, Shunde Tiantuo was deemed to be interested in the 1,909,414,805 shares which Midea International was interested in by virtue of its holding 55% equity interest in the Midea Group.
4. The registered capital of the Midea Group is owned as to 55% by Shunde Tiantuo and 45% by Lixun Investment. Accordingly, Lixun Investment was deemed to be interested in the 1,909,414,805 shares which Midea International was interested in by virtue of its holding 45% equity interest in the Midea Group.
5. The registered capital of Shunde Tiantuo is owned as to 90% by Mr. He Xiangjian and 10% by Ms. Lu De Yan. Accordingly, Mr. He Xiangjian was deemed to be interested in the 1,909,414,805 shares which Midea International was interested in by virtue of his holding 90% equity interest in Shunde Tiantuo.
6. Ms. Liang Fengchai is the spouse of Mr. He Xiangjian and is therefore deemed to be interested in the 1,909,414,805 shares which Midea International was interested in by virtue of Mr. He Xiangjian's holding 90% equity interest in Shunde Tiantuo.
7. The registered capital of Lixun Investment is owned as to 34% by Mr. Zhang Hechuan, 33% by Mr. Li Jianwei and 33% by Ms. Yuan Liqun. Accordingly, Mr. Zhang Hechuan was deemed to be interested in the 1,909,414,805 shares which Midea International was interested in by virtue of his holding 34% equity interest in Lixun Investment.
8. Ms. Zhao Hongying is the spouse of Mr. Zhang Hechuan and was therefore deemed to be interested in the 1,909,414,805 shares which Midea International was interested in by virtue of Mr. Zhang Hechuan's holding 34% equity interest in Lixun Investment.

**主要股東權益 (續)**

附註：

1. 該等1,909,414,805股股份以美的國際之名義登記及由其實益擁有。
2. 美的集團藉持有美的國際100%股權而被視為於美的國際擁有權益之1,909,414,805股股份中擁有權益。
3. 美的集團之註冊資本由順德天托及利迅投資分別擁有55%及45%權益。因此，順德天托藉持有美的集團55%股權而被視為於美的國際擁有權益之1,909,414,805股股份中擁有權益。
4. 美的集團之註冊資本由順德天托及利迅投資分別擁有55%及45%權益。因此，利迅投資藉持有美的集團45%股權而被視為於美的國際擁有權益之1,909,414,805股股份中擁有權益。
5. 順德天托由何享健先生及盧德燕女士分別擁有90%及10%權益。因此，何享健先生藉持有順德天托90%股權而被視為於美的國際擁有權益之1,909,414,805股股份中擁有權益。
6. 梁鳳釵女士為何享健先生之配偶，因此，藉何享健先生持有順德天托90%股權而被視為於美的國際擁有權益之1,909,414,805股股份中擁有權益。
7. 利迅投資之註冊資本由張河川先生、栗建偉先生及袁利群女士分別擁有34%、33%及33%。因此，張河川先生藉持有利迅投資34%股權而被視為於美的國際擁有權益之1,909,414,805股股份中擁有權益。
8. 趙紅英女士為張河川先生之配偶，因此，藉張河川先生持有利迅投資34%股權而被視為於美的國際擁有權益之1,909,414,805股股份中擁有權益。

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

## MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the Group purchased less than 30% of its goods and services from its 5 largest suppliers and sold less than 30% of its goods and services to its 5 largest customers.

## CONNECTED TRANSACTIONS

- (a) Significant related party transactions entered by any member of the Group during the Year, which constituted connected transactions under Chapter 14A of the Listing Rules, are disclosed in note 31 to the consolidated financial statements.
- (b) No other related party transactions, which also constitute connected transactions under the Listing Rules, required to be disclosed in accordance with Chapter 14A of the Listing Rules, are entered by any member of the Group.
- (c) The independent non-executive Directors have reviewed the continuing connected transactions of the Group during the Year and confirmed that the continuing connected transactions have been entered into:
- (1) in the ordinary and usual course of business of the Group;
  - (2) are in accordance with the pricing policy of the Company;
  - (3) in accordance with the relevant agreements governing the transactions; and

## 管理合約

本年度內，本公司並無就整體業務或任何重要業務之管理或行政工作簽訂或訂有任何合約。

## 主要客戶及供應商

本年度內，本集團從其五大供應商購入之貨品及服務少於百分之三十，向其五大客戶售出之貨品及服務亦少於百分之三十。

## 關連交易

- (a) 本集團任何成員公司於本年度進行之重大關連方交易(即根據上市規則第十四A章構成關連交易者)，乃於綜合財務報表附註31披露。
- (b) 本集團任何成員公司並未有進行按照上市規則第十四A章須予披露之其他關連方交易(即根據上市規則亦構成關連交易者)。
- (c) 獨立非執行董事已審閱本集團於本年度內之持續關連交易，並確認該等持續關連交易：
- (1) 於本集團日常及正常業務過程中訂立；
  - (2) 乃按本公司的定價政策進行的；
  - (3) 按照規管該等交易之相關協議進行的；及

**CONNECTED TRANSACTIONS** (Continued)

- (4) have not exceeded the relevant maximum amount capped in accordance with the previous announcement.
- (d) Based on the work performed, the auditors of the Company have confirmed that the aforesaid continuing connected transactions:
- (1) have been approved by the Board;
- (2) are in accordance with the pricing policy of the Company;
- (3) have been entered into in accordance with the relevant agreements governing the transactions; and
- (4) have not exceed the relevant caps.
- (e) The Company confirms that it has complied with the disclosure requirements with respect to the transactions referred to in paragraph (a) above in accordance with Chapter 14A of the Listing Rules.

**COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES**

The Company has adopted the terms of the Model Code regarding securities transactions by the Directors, the terms of which are not less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific inquiry to the Directors, all Directors confirmed that they have complied with the Model Code throughout the Year.

**關連交易** (續)

- (4) 並無超過已公佈之有關最高上限金額。
- (d) 本公司之核數師根據所進行之工作已確認上述持續關連交易：
- (1) 已獲董事會批准；
- (2) 乃按本公司的定價政策進行的；
- (3) 已根據規管該等交易之有關協議進行的；及
- (4) 並無超過有關之上限。
- (e) 本公司確認已就上文(a)段所述之交易遵守上市規則第十四A章之披露規定。

**遵守上市規則之標準守則**

本公司已採納董事進行證券交易的標準守則，其條款不低於上市規則附錄十所載的上市發行人董事進行證券交易的標準守則。經向董事作出特定查詢後，所有董事均確認，彼等已於本年度遵守標準守則。

## COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the Year, the Company had complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules, except for the deviations that under the code provision E.1.2, it is stipulated that the chairman of the Board should attend the annual general meeting. The Chairman did not attend the annual general meeting of the Company held on 9 June 2006 as he was overseas for a sudden business engagement. The CEO attended the said annual general meeting on his behalf to chair the meeting and answer shareholders' questions.

The Code requires that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. At the annual general meeting held on 9 June 2006, the Articles of the Company were amended to comply with the code provisions of the Code such that (i) every director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years and (ii) the managing director of the Company (if any) shall whilst holding office as such be subject to retirement by rotation at least once every three years and shall be taken into account in determining the number of directors to retire by rotation in each year. Notwithstanding the above, during the Year, the Company complied with code provision A.4.2 with respect to retirement of directors.

## AUDIT COMMITTEE

To protect the interest of shareholders, the Group formed the Audit Committee on 5 August 1999. The Audit Committee comprised three independent non-executive Directors of the Company, namely, Mr. Chan Wai Dune (Chairman), Mr. Lam Ming Yung and Ms. Chen Chunhua and is set to improve the system of internal control of the Group. The Group has consulted Practice Note on "Formation of Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants when it formulated the duties of the Audit Committee. The Audit Committee had reviewed the results of the Group for the Year.

## 遵守企業管治常規守則

於本年度，本公司已遵守上市規則附錄十四載列之企業管治常規守則（「守則」）之守則條文，惟根據守則條文第E.1.2條規定，董事會主席須出席股東週年大會，但主席因須臨時出國處理業務事宜而未能出席本公司於二零零六年六月九日舉行之股東週年大會。行政總裁遂代其出席上述股東週年大會並擔任大會主席及回應股東提問。

守則規定，所有董事（包括有特定任期之董事）須最少每三年輪席退任一次。於二零零六年六月九日舉行之股東週年大會上，本公司之組織章程根據守則之守則條文修訂，致令(i)每名董事（包括有特定任期之董事）須最少每三年輪席退任一次；及(ii)本公司董事總經理（倘有）在任期間須最少每三年輪席退任一次及須計入釐定每年輪席退任之董事人數內。除以上披露外，於年內本公司已依循守則條文A.4.2條之有關董事退任規定。

## 審核委員會

為保障股東權益，本集團於一九九九年八月五日成立審核委員會。審核委員會由三名獨立非執行董事陳維端先生（主席）、林明勇先生及陳春花女士組成，成立宗旨為改善本集團之內部監控制度。本集團於制定審核委員會之職能時，已參考香港會計師公會頒佈之「成立審核委員會指引」之應用指引。審核委員會已審閱本集團本年度之業績。

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained, during the Year, sufficient public float as required under the Listing Rules.

## AUDITORS

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as auditors of the Group is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

**FANG Hongbo**

*Chairman*

Hong Kong, 18 April 2007

## 足夠公眾持股量

根據可供本公司公開查閱且其董事亦知悉之資料，董事確認本公司於本年度內一直維持上市規則所規定之足夠公眾持股量。

## 核數師

綜合財務報表已經由羅兵咸永道會計師事務所審核，該核數師任滿告退，但合資格並表示願意膺聘連任。一項續聘羅兵咸永道會計師事務所為本集團核數師之決議案將於應屆股東週年大會上提呈。

代表董事會

**方洪波**

*主席*

香港，二零零七年四月十八日