

A photograph of a person in a white lab coat working at a desk. The person is using a pipette to transfer liquid into a test tube. On the desk, there is a laptop, a cup of coffee, and a notebook. The background is a light green wall with a geometric pattern. The text "Directors' Report" and "董事會報告書" is overlaid on the image.

Directors' Report
董事會報告書

DIRECTORS' REPORT

董事會報告書

The Directors hereby present their Annual Report together with the audited financial statements of China Everbright Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The Group is principally engaged in investment holding and provision of financial services. The principal activities of the subsidiaries are set out in note 13 to the financial statements.

TURNOVER AND CONTRIBUTION TO GROUP RESULTS

The turnover and contribution to operating results of the Group by activity and geographical location are set out in note 38 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2006 are set out on page 65 of this Annual Report.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2006 (2005: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

The principal activities of the Group are investment holding and provision of financial services. Turnover represents the aggregate of revenue from sale of trading securities, interest income, dividend income, rental income, brokerage commission and service income. Accordingly, it is not practicable to state the percentage of the sales attributable to the Group's largest customers and percentage of the purchases attributable to the Group's largest suppliers.

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has an interest in the share capital of any of the five largest suppliers.

董事會向各位股東呈覽中國光大控股有限公司(「本公司」)及其附屬公司(統稱「本集團」)截至二零零六年十二月三十一日止年度之年報及經審核財務報表。

主要業務

本集團之主要業務為投資控股及提供金融服務。附屬公司之主要業務詳情載於財務報表附註13。

營業額及對集團業績之貢獻

以主要業務及地域分佈及其對本集團營業額及經營業績貢獻之詳情載於財務報表附註38。

業績及盈利分配

本集團截至二零零六年十二月三十一日止年度之業績載於本年報第65頁。

董事會不建議就截至二零零六年十二月三十一日止年度派發末期股息(二零零五年:無)。

主要客戶及供應商

本集團主要業務為投資控股及提供金融服務。其營業額主要包括累計出售交易證券之收入、利息收入、股息收入、租金收入及經紀佣金與服務收入,因此未能列出最大客戶及最大供應商所佔本集團銷售額之百分比。

各董事及其聯繫人或任何股東(指根據董事會所知擁有本公司已發行股本逾百分之五者)概無擁有任何五大供應商之權益。

DIRECTORS' REPORT

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FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the past five financial years is set out on page 158 of this Annual Report.

FIXED ASSETS

Movements in fixed assets are set out in note 12 to the financial statements.

PROPERTIES

Particulars of major properties held by the Group as at 31 December 2006 are set out on pages 159 to 160 of this Annual Report.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and associates as at 31 December 2006 are set out in notes 13 and 14 to the financial statements respectively.

SHARE CAPITAL

During the year, the issued share capital of the Company had been increased from HK\$1,564,875,712 to HK\$1,569,003,212. The Company issued 4,127,500 shares on the exercise of share options granted to senior executives of the Group.

Details of the movements in the share capital of the Company during the year are set out in note 26 to the financial statements.

SHARE PREMIUM AND RESERVES

Movements in share premium and reserves during the year are set out on pages 68 and 128 of this Annual Report.

The Company does not have any distributable reserves at 31 December 2006 as calculated under Section 79B of the Hong Kong Companies Ordinance (2005: Nil).

財務摘要

本集團過往五年財政年度之業績、資產及負債摘要載於本年報第158頁。

固定資產

固定資產於本年度內之變動情況載於財務報表附註12。

物業

本集團於二零零六年十二月三十一日持有之主要物業資料載於本年報第159頁至第160頁。

附屬及聯營公司

本公司於二零零六年十二月三十一日之各主要附屬及聯營公司之詳情分別載於財務報表附註13及14。

股本

於本年度內，本公司之已發行股本由港幣1,564,875,712元增加至1,569,003,212元。本公司因本集團高級行政人員行使認股權而發行4,127,500股股份。

本公司股本於本年度內之變動情況載於財務報表附註26。

股本溢價及儲備

股本溢價及儲備於本年度內之變動情況載於本年報第68及128頁。

於二零零六年十二月三十一日，本公司沒有任何按照香港《公司條例》第79B條計算的可分配予股東之儲備（二零零五年：無）。



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BORROWINGS AND INTEREST CAPITALISED

Bank loans and overdrafts repayable within one year or on demand are classified as current liabilities in the financial statements. No interest was capitalised by the Group during the year.

CONTINUING CONNECTED TRANSACTIONS

Set out below is information in relation to certain continuing connected transactions entered into by the Group that are required to be disclosed in the Company's Annual Report pursuant to Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

1. Following completion of the Company's acquisition of China Everbright Financial Holdings Limited ("Everbright Financial") on 31 December 1998, the provision of financial services by Everbright Financial and its subsidiaries to China Everbright Holdings Company Limited ("CE Holding", i.e. the ultimate controlling shareholder of the Company) and China Everbright International Limited and their respective subsidiaries would constitute connected transactions for the Company. The Stock Exchange has granted a waiver to the Company from strict compliance with the requirements of the Listing Rules in relation to connected transactions in respect of these types of transactions subject to certain disclosure requirements (the "General Waiver").

借貸及利息資本化

本集團須於一年內或須限令償還之銀行貸款及透支於財務報表內概列為流動負債。於本年度內，本集團並無將任何利息資本化。

持續的關連交易

下述乃本集團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章的規定須於年報內披露的一些持續關連交易的資料。

1. 於一九九八年十二月三十一日本公司完成收購中國光大金融控股有限公司（「光大金融」）之事項後，光大金融及其附屬公司向中國光大集團有限公司（「光大集團」），即本公司的最終控股股東、中國光大國際有限公司及彼等各自之附屬公司提供金融服務將構成本公司之關連交易。聯交所已就該等關連交易須遵守上市規則中的規定向本公司給予豁免（「一般豁免」），惟本公司須履行若干披露條件。

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CONTINUING CONNECTED TRANSACTION (continued)

持續的關連交易 (續)

The details of these transactions during the year ended 31 December 2006 are set out as follows:

截至二零零六年十二月三十一日止年度有關上述交易之詳情如下：

		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Management of Funds of CE Holdings by way of investing, into China Everbright Dragon Fund, a private fund established by the Group (the "Dragon Fund Investment") (note 32(a)(i) to the Financial Statements)	管理光大集團的資金，投資於本集團成立的私人基金－中國光大龍騰基金（「龍騰基金投資」）（財務報表附註32(a)(i)）	125,145	100,000
Management fee received from CE Holdings in respect of the Dragon Fund Investment (note 32(a)(i) to the Financial Statements)	源自龍騰基金投資而收取光大集團的管理費（財務報表附註32(a)(i)）	1,802	929
Performance fee received from CE Holdings in respect of the Dragon Fund Investment (note 32(a)(i) to the Financial Statements)	源自龍騰基金投資而收取光大集團的績效費（財務報表附註32(a)(i)）	10,284	254
Incentive fee income received from CE Holdings for provision of investment management services (note 32(a)(i) to the Financial Statements)	源自龍騰基金投資而收取光大集團的獎勵費（財務報表附註32(a)(i)）	2,029	-
Rental expense paid to a wholly owned subsidiary of the ultimate holding company (note 32(a)(v) to the financial statements)	向最終控股公司持有之全資附屬公司支付租金（財務報表附註32(a)(v)）	2,779	2,786

DIRECTORS' REPORT

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CONTINUING CONNECTED TRANSACTIONS (continued)

2. Apart from the above transactions under the General Waiver, set out below is information in relation to certain continuing connected transactions entered into by the Group which were substantially disclosed in announcement dated 4 September 2006 and required under the Listing Rules to be disclosed in the Annual Reports of the Company:

- a) Leasing of Office Premises from Newepoch Group Limited ("Newepoch")

On 4 September 2006, CEL Management Services Limited ("CELMS"), a wholly-owned subsidiary of the Company, entered into a tenancy agreement with Newepoch, a wholly-owned subsidiary of CE Holdings, in respect of leasing an office premises situate in Room 4103-5, 41st Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for a term of 2 years from 1 September 2006 to 31 August 2008 at a monthly rental of HK\$224,000, exclusive of rates, management fees and other charges. The first two months of the lease term is rent free. The aforesaid tenancy agreement constituted continuing connected transactions of the Company pursuant to the Listing Rules.

The aggregate rental payable by CELMS under the aforesaid tenancy agreement is subject to an annual cap of approximately HK\$2,688,000. During the year ended 31 December 2006, the total rent expenses incurred by CELMS under the aforesaid tenancy agreement amounted to HK\$821,000. (Please also refer to note 32(a)(vi) to the Financial Statements.)

持續的關連交易 (續)

2. 除上述根據一般豁免進行的交易外，下述乃本集團已於二零零六年九月四日公告的持續關連交易，並根據上市規則規定其詳情須載於本公司年報內：

- a) 向Newepoch Group Limited租用辦公室物業

於二零零六年九月四日，本公司的全資附屬公司光大控股管理服務有限公司（「光大管理服務」）與Newepoch Group Limited，光大集團的全資附屬公司簽訂一項租賃協議，租用位於香港夏慤道十六號遠東金融中心41樓4103-5室的辦公室物業，為期兩年由二零零六年九月一日至二零零八年八月三十一日止，每月租金為港幣224,000元（不含差餉、管理費及其他費用），租期首兩個月為免租期。根據上市規則，上述租賃協議構成本公司的持續關連交易。

光大管理服務就上述租賃協議支付的租金全年總額上限約為港幣2,688,000元。截至二零零六年十二月三十一日止年度內，光大管理服務就上述租賃協議的租金支出為港幣821,000元。（請參照財務報表附註32(a)(vi)。）

DIRECTORS' REPORT

董事會報告書

CONTINUING CONNECTED TRANSACTION (continued)

In the opinion of the directors, these transactions had been conducted on normal commercial terms. The independent non-executive directors have reviewed these connected transactions and confirmed that such transactions were entered into on normal commercial terms in the ordinary course of business of the Group and in accordance with the agreements governing these transactions, or where there is no agreement, on terms no less favourable than terms available to independent third parties, and the aggregate value of such transactions did not exceed the limits set out in Rule 14A.34 of the Listing Rules.

The directors have requested the auditors of the Company to perform certain agreed upon procedures on the continuing connected transactions and have received a letter from the auditors as required under Rule 14A.38 of the Listing Rules.

Pursuant to the Incentive Agreement disclosed in the Company's announcements dated 16 September 2005 and 19 April 2006, no bonus has accrued or been paid during 2006.

DIRECTORS

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

Executive Directors:

Mr. Wang Mingquan, *Chairman*
Mr. Guo You
Dr. Zhou Liqun, *Chief Executive Officer*
Madam He Ling, *Deputy General Manager*
Mr. Chen Shuang, *Deputy General Manager*
Mr. Xu Haoming

Independent Non-executive Directors:

Mr. Ng Ming Wah, Charles
Mr. Seto Gin Chung, John
Dr. Lin Zhijun
Madam Tung Iring
(Appointed on 18 July 2006)
Mr. Tung Wai, David
(Retired on 26 May 2006)

持續的關連交易 (續)

董事認為上述交易按一般商業條款進行。本公司之獨立非執行董事已審閱該等關連交易，並確認該等交易乃本集團在日常業務中按一般商業條款及該等交易之協議規定而訂立，或如無訂立協議，交易條件不遜於給予獨立第三者之條款，上述交易之總金額並無超過上市規則第14A.34條規定之交易上限。

董事會已要求本公司核數師就持續關連交易進行若干協定核數程序，並已接獲核數師根據上市規則第14A.38條之規定而發出之函件。

在二零零六年內，本集團在詳情披露於本公司二零零五年九月十六日及二零零六年四月十九日之公告內的“激勵協議”項下並無產生或支付任何獎金。

董事

於本年度內及截至本報告書日期止，本公司董事為：

執行董事：

王明權先生，主席
郭友先生
周立群博士，行政總裁
賀玲女士，副總經理
陳爽先生，副總經理
徐浩明先生

獨立非執行董事：

吳明華先生
司徒振中先生
林志軍博士
董愛菱女士
(於二零零六年七月十八日獲委任)
董偉先生
(於二零零六年五月二十六日退任)

DIRECTORS' REPORT

董事會報告書

DIRECTORS (continued)

Article 87 of the Company's Articles of Association provides that any director appointed by the Board of Directors shall hold office only until the next annual general meeting of the Company, but shall be eligible for re-election at such meeting. Accordingly, Madam Tung Iring, being directors so appointed, shall retire at the forthcoming Annual General Meeting and, being eligible, offer herself for re-election.

In accordance with Articles 120 and 121 of the Company's Articles of Association, one-third of the directors or the nearest number to but not exceeding one-third of the directors shall retire from office and be eligible for re-election. Accordingly, Mr. Wang Mingquan, Dr. Zhou Liqun and Mr. Ng Ming Wah, Charles, being the longest serving directors, shall retire by rotation. They will offer themselves for re-election at the forthcoming Annual General Meeting.

The term of office for each independent non-executive director is for a period of 3 years subject to rotation in accordance with the Company's Articles of Association.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31 December 2006, the interests and short positions of the directors and Chief Executive of the Company in the shares, underlying shares of equity derivatives and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register of directors' and chief executives' interests and short positions required to be maintained under section 352 of the SFO are as follows:

1. Long position in shares of the Company

Name of director	董事姓名	Total 總數	Personal interests 個人權益	Family interests 家族權益	Corporate interests 公司權益	% of total issued shares (if 0.01% or more) 佔已發行股份 總數百分比 (倘0.01%或以上)
Guo You	郭友	1,000,000	1,000,000	-	-	0.06
He Ling	賀玲	320,000	320,000	-	-	0.02
Ng Ming Wah, Charles	吳明華	150,000	150,000	-	-	0.01
Seto Gin Chung, John	司徒振中	150,000	150,000	-	-	0.01

董事(續)

本公司組織章程細則第87條規定，獲董事會委任的董事之任期將於下屆股東週年大會屆滿，但可於該大會膺選連任。因此，董愛菱女士在即將舉行之股東週年大會上告退，並願意膺選連任。

本公司組織章程細則第120條及第121條規定，於每年股東週年大會上，三分之一的董事或最接近但不超過此數目之董事將退任，但可膺選連任。因此，任期最長的董事：王明權先生、周立群博士及吳明華先生將依章輪值告退，並願意於即將舉行之股東週年大會上膺選連任。

每位獨立非執行董事的任期為三年，但將根據本公司組織章程細則需輪值退任。

董事及行政總裁於本公司及聯營公司股份中之權益

於二零零六年十二月三十一日，本公司根據證券及期貨條例第352條規定須設置之董事及行政總裁權益及淡倉登記冊所載記錄顯示，各董事及行政總裁在本公司及其聯營公司（定義見證券及期貨條例第XV部）之股份、相關股份股本衍生工具及債券之權益如下：

1. 於本公司股份之長倉

DIRECTORS' REPORT

董事會報告書

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS (continued)

董事及行政總裁於本公司及聯營公司股份中之權益(續)

2. Long position in underlying shares of equity derivatives of the Company

2. 於本公司相關股份、股本衍生工具之長倉

Name of director 董事姓名	Nature of interest 權益性質	Date of Grant 授出日期	Number of equity derivatives held 持有股本 衍生工具數目	Number of underlying shares 相關股份數目	Total 總數	Total Percentage 總百分比																																																
Wang Mingquan 王明權	Personal 個人	07.07.03	3,000,000	3,000,000	4,920,000	0.31																																																
	Personal 個人	03.05.05	1,920,000	1,920,000			Guo You 郭友	Personal 個人	07.07.03	750,000	750,000	1,390,000	0.09	Personal 個人	03.05.05	640,000	640,000	Zhou Liqun 周立群	Personal 個人	07.07.03	750,000	750,000	2,670,000	0.17	Personal 個人	03.05.05	1,920,000	1,920,000	He Ling 賀玲	Personal 個人	07.07.03	750,000	750,000	2,030,000	0.13	Personal 個人	03.05.05	1,280,000	1,280,000	Chen Shuang 陳爽	Personal 個人	03.09.04	750,000	750,000	2,030,000	0.13	Personal 個人	03.05.05	1,280,000	1,280,000	Seto Gin Chung, John 司徒振中	Personal 個人	05.05.05	640,000
Guo You 郭友	Personal 個人	07.07.03	750,000	750,000	1,390,000	0.09																																																
	Personal 個人	03.05.05	640,000	640,000			Zhou Liqun 周立群	Personal 個人	07.07.03	750,000	750,000	2,670,000	0.17	Personal 個人	03.05.05	1,920,000	1,920,000	He Ling 賀玲	Personal 個人	07.07.03	750,000	750,000	2,030,000	0.13	Personal 個人	03.05.05	1,280,000	1,280,000	Chen Shuang 陳爽	Personal 個人	03.09.04	750,000	750,000	2,030,000	0.13	Personal 個人	03.05.05	1,280,000	1,280,000	Seto Gin Chung, John 司徒振中	Personal 個人	05.05.05	640,000	640,000	640,000	0.04								
Zhou Liqun 周立群	Personal 個人	07.07.03	750,000	750,000	2,670,000	0.17																																																
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	Personal 個人	03.05.05	1,280,000	1,280,000			Seto Gin Chung, John 司徒振中	Personal 個人	05.05.05	640,000	640,000	640,000	0.04																																									
Seto Gin Chung, John 司徒振中	Personal 個人	05.05.05	640,000	640,000	640,000	0.04																																																

DIRECTORS' REPORT

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DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS (continued)

董事及行政總裁於本公司及聯營公司股份中之權益 (續)

2. Long position in underlying shares of equity derivatives of the Company (continued)

All the above shares and underlying shares of equity derivatives were beneficially owned by the directors concerned. The percentage shown was calculated based on the number of issued shares as at 31 December 2006.

Details of the share options held by the directors and Chief Executive of the Company are shown in the following section under the heading "Information on Share Options".

As at 31 December 2006 save as disclosed herein, none of the directors and Chief Executive of the Company were interested in short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any associated corporation defined under SFO as recorded in the register of directors' and chief executives' interests and short positions.

3. Long position in underlying shares of equity derivatives of associated corporations

As at 31 December 2006, the following directors had personal interests in options to subscribe for shares in China Everbright International Limited ("CEIL"), an associated corporation of the Company. The shares of CEIL are listed on the Hong Kong Stock Exchange.

2. 於本公司相關股份、股本衍生工具之長倉 (續)

上述股份及相關股份股本衍生工具均由有關董事實益持有。上表所顯示之百分比以本公司於二零零六年十二月三十一日已發行股份數目計算。

本公司董事及行政總裁持有之認股權的資料見於下列「認股權資料」項下。

於二零零六年十二月三十一日除此披露者外，本公司根據證券及期貨條例而設置之董事及行政總裁權益及淡倉登記冊內，本公司董事及行政總裁概無擁有本公司或任何聯營公司之股份、相關股份股本衍生工具或債券之淡倉權益。

3. 於有聯繫公司相關股份、股本衍生工具之長倉

於二零零六年十二月三十一日，以下董事個人擁有可認購本公司之有聯繫公司中國光大國際有限公司之認股權，其股份於香港聯交所上市。

Name of director 董事姓名	Nature of interest 權益性質	Exercise price (HK\$) 行使價 (港元)	Date of Grant 授出日期	Exercise period 行使期	Number of underlying shares of CEIL (ordinary shares) 光大國際之 相關股份數目	Total Percentage 總百分比
Wang Mingquan 王明權	Personal 個人	0.296	29.09.03	29.03.04-25.05.13	30,400,000	0.99%
Chen Shuang 陳爽	Personal 個人	0.296	29.09.03	29.03.04-25.05.13	5,000,000	0.16%

DIRECTORS' REPORT

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INFORMATION ON SHARE OPTIONS

Information in relation to share options of the Company disclosed in accordance with the Listing Rules was as follows:

1. Outstanding share options as at 1 January 2006:

	Number of options 認股權數目	Date of Grant 認股權 授出日期	Vesting period 有效期	Exercise period 行使期	Exercise price (HK\$) 行使價 (港元)
Wang Mingquan 王明權	3,000,000 1,920,000	07.07.03 03.05.05	08.07.03-07.01.06 04.05.05-03.11.07	08.07.04-07.01.07 04.05.06-03.05.10	2.375 2.850
Guo You 郭友	750,000 640,000	07.07.03 03.05.05	08.07.03-07.01.06 04.05.05-03.11.07	08.07.04-07.01.07 04.05.06-03.05.10	2.375 2.850
Zhou Liquan 周立群	750,000 1,920,000	07.07.03 03.05.05	08.07.03-07.01.06 04.05.05-03.11.07	08.07.04-07.01.07 04.05.06-03.05.10	2.375 2.850
He Ling 賀玲	750,000 1,280,000	07.07.03 03.05.05	08.07.03-07.01.06 04.05.05-03.11.07	08.07.04-07.01.07 04.05.06-03.05.10	2.375 2.850
Chen Shuang 陳爽	750,000 1,280,000	03.09.04 03.05.05	04.09.04-03.03.07 04.05.05-03.11.07	04.09.05-03.03.08 04.05.06-03.05.10	3.225 2.850
Ng Ming Wah, Charles 吳明華	50,000	07.07.03	08.07.03-07.01.06	08.07.04-07.01.07	2.375
Tung Wai, David (Note (ii)) 董偉 (註(ii))	150,000 640,000	07.07.03 05.05.05	08.07.03-07.01.06 06.05.05-05.11.07	08.07.04-07.01.07 06.05.06-05.05.10	2.375 3.000
Seto Gin Chung, John 司徒振中	150,000 640,000	07.07.03 05.05.05	08.07.03-07.01.06 06.05.05-05.11.07	08.07.04-07.01.07 06.05.06-05.05.10	2.375 3.000
Total employees (Note (i)) 僱員的總數 (註(i))	1,362,500 500,000 7,510,000 240,000 820,000 800,000	07.07.03 03.09.04 03.05.05 05.05.05 04.07.05 27.09.05	08.07.03-07.01.06 04.09.04-03.03.07 04.05.05-03.11.07 06.05.05-05.11.07 05.07.05-04.01.08 28.09.05-27.03.08	08.07.04-07.01.07 04.09.05-03.03.08 04.05.06-03.05.10 06.05.06-05.05.10 05.07.06-04.07.10 28.09.06-27.09.10	2.375 3.225 2.850 3.000 3.135 3.100

認股權資料

根據上市規則所披露有關認股權的資料如下：

1. 於二零零六年一月一日尚未行使的認股權

DIRECTORS' REPORT

董事會報告書

INFORMATION ON SHARE OPTIONS (continued)

認股權資料 (續)

2. Outstanding share options as at 31 December 2006:

2. 於二零零六年十二月三十一日尚未行使的認股權

	Number of options 認股權數目	Date of Grant 認股權 授出日期	Vesting period 有效期	Exercise period 行使期	Exercise price (HK\$) 行使價 (港元)
Wang Mingquan 王明權	3,000,000 1,920,000	07.07.03 03.05.05	08.07.03-07.01.06 04.05.05-03.11.07	08.07.04-07.01.07 04.05.06-03.05.10	2.375 2.850
Guo You 郭友	750,000 640,000	07.07.03 03.05.05	08.07.03-07.01.06 04.05.05-03.11.07	08.07.04-07.01.07 04.05.06-03.05.10	2.375 2.850
Zhou Liqun 周立群	750,000 1,920,000	07.07.03 03.05.05	08.07.03-07.01.06 04.05.05-03.11.07	08.07.04-07.01.07 04.05.06-03.05.10	2.375 2.850
He Ling 賀玲	750,000 1,280,000	07.07.03 03.05.05	08.07.03-07.01.06 04.05.05-03.11.07	08.07.04-07.01.07 04.05.06-03.05.10	2.375 2.850
Chen Shuang 陳爽	750,000 1,280,000	03.09.04 03.05.05	04.09.04-03.03.07 04.05.05-03.11.07	04.09.05-03.03.08 04.05.06-03.05.10	3.225 2.850
Seto Gin Chung, John 司徒振中	640,000	05.05.05	06.05.05-05.11.07	06.05.06-05.05.10	3.000
Total employees (Note (i)) 僱員的總數 (註(i))	500,000 5,032,500 120,000 820,000 800,000 6,200,000	03.09.04 03.05.05 05.05.05 04.07.05 27.09.05 10.04.06	04.09.04-03.03.07 04.05.05-03.11.07 06.05.05-05.11.07 05.07.05-04.01.08 28.09.05-27.03.08 11.04.06-10.10.08	04.09.05-03.03.08 04.05.06-03.05.10 06.05.06-05.05.10 05.07.06-04.07.10 28.09.06-27.09.10 11.04.07-10.04.11	3.225 2.850 3.000 3.135 3.100 4.800

DIRECTORS' REPORT

董事會報告書

INFORMATION ON SHARE OPTIONS (continued)

認股權資料 (續)

3. Share options granted during the year ended 31 December 2006:

3. 截至二零零六年十二月三十一日止年度內授出的認股權:

Date of Grant	授出日期	10.04.2006
Vesting period	有效期	11.04.2006-10.10.2008
Exercise period	行使期	11.04.2007-10.04.2011
Exercise price	行使價	HK\$4.800

Grantees 承受人

Number of options granted on 10.04.2006
於二零零六年四月十日授出之認股權數目

Total employees (Note (i))	僱員的總數 (註(i))	6,200,000
Total	總數	6,200,000

4. Number of share options exercised during the year ended 31 December 2006:

4. 截至二零零六年十二月三十一日止年度內行使的認股權數目:

		Date of Grant 授出日期	No. of Shares 股份數目	Exercise price (HK\$) 行使價 (港元)	WA Closing price**(HK\$) 加權平均 收市價** (港元)
Ng Ming Wah, Charles	吳明華	07.07.03	50,000	2.375	4.225
Seto Gin Chung, John	司徒振中	07.07.03	150,000	2.375	6.510
Tung Wai, David (Note (iii))	董偉 (註(iii))	07.07.03	150,000	2.375	3.750
		05.05.05	320,000	3.000	5.760
Total employees	僱員的總數	07.07.03	5,450,000	2.375	5.501
		03.05.05	2,477,500	2.875	7.405
		05.03.05	120,000	3.000	7.660

** The weighted average ("WA") closing price of the shares of the Company immediately before the dates on which the options were exercised.

** 本公司股份在緊接有關認股權行使日期之前的加權平均收市價。

DIRECTORS' REPORT

董事會報告書

INFORMATION ON SHARE OPTIONS (continued)

5. No share options were cancelled during the year ended 31 December 2006.
6. Number of share options lapsed during the year ended 31 December 2006:

認股權資料 (續)

5. 截至二零零六年十二月三十一日止年度內並無註銷認股權。
6. 截至二零零六年十二月三十一日止年度內失效的認股權數目：

		Date of Grant 授出日期	No. of options 認股權數目
Tung Wai, David (Note (ii))	董偉 (註(ii))	05.05.05	320,000
Total employees (Note (i))	僱員的總數 (註(i))	03.05.05	502,500

Note: (i) These are employees working under employment contracts that were regarded as "Continuous Contracts" for the purpose of the Employment Ordinance of Hong Kong.

(ii) Mr. Tung Wai, David retired as director of the Company on 26 May 2006

註: (i) 彼等為按香港《僱傭條例》所指的「連續性合約」工作的僱員。

(ii) 董偉先生已於二零零六年五月二十六日退任本公司董事職務。

7. Valuation of share options

The fair value of share options granted is measured using a Binomial Option Pricing Model based on the volatility of the Company's share price immediately preceding the date of grant, taking into account the terms and conditions upon which the share options were granted.

The Group amortises the fair value of share options granted to employees as an expense in the income statement in accordance with HKFRS 2 "Share-based Payments". Details of the underlying accounting policy are set out in note 2(q)(ii) to the financial statements.

Save as disclosed herein, as at 31 December 2006, none of the directors, the Chief Executive or their respective associates had any interest in the securities of the Company or any of its associated corporations or in any arrangements to which the Company is a party to purchase shares of the Company or any other body corporate.

7. 認股權估值

認股權的公平價值是採納一種《二項期權定價模式》訂定，並以本公司於認股權授出前之股價波幅作基礎，亦已顧及給予認股權的所有條款。

按照《香港財務報告準則》第2號「認股份償付」，本集團須將認股權的公平價值於損益表內攤銷確認為支出。相關的會計政策詳情已刊載於財務報表附註2(q)(ii)。

除上文所披露者外，於二零零六年十二月三十一日，無任何董事、行政總裁或彼等各自之聯繫人持有本公司或其任何聯營公司之證券權益，或任何購買本公司或任何其他法人團體股份之安排。

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董事會報告書

INFORMATION ON SHARE OPTION SCHEME

At the Extraordinary General Meeting of the Company held on 24 May 2002, an ordinary resolution was passed to adopt a Share Option Scheme (the "Scheme").

A summary of the Scheme disclosed in accordance with the Listing Rules is as follows:

1. Purpose of the Scheme:

To provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of the Group.

2. Participants of the Scheme:

Any employee(s) including any director(s) of the Company or any subsidiary or associated company.

3. Total number of shares available for issue under the Scheme and percentage of issued share capital as at 31 December 2006:

97,510,321 shares (6.21%)

4. Maximum entitlement of each participant under the Scheme:

The maximum number of shares (issued and to be issued) in respect of which options may be granted under the Scheme and any other share option scheme(s) of the Company (whether exercised, cancelled or outstanding) to any participants in any 12-month period shall not exceed 1 per cent of the total number of shares in issue from time to time unless such grant has been duly approved by ordinary resolution of the shareholders in general meeting.

5. The period within which the shares must be taken up under an option:

The exercise period of options ranges from 1 to 4 years.

6. The minimum period for which an option must be held before it can be exercised:

The vesting periods ranges from 1 to 2.5 years from the date of grant.

認股權計劃資料

本公司於二零零二年五月二十四日舉行之股東特別大會上通過普通決議案以採納一認股權計劃（「計劃」）。

根據上市規則披露的有關計劃的摘要如下：

1. 該計劃的目的：

對本集團作出貢獻及提升本集團利益而努力不懈之合資格人士提供激勵或報酬。

2. 該計劃的參與者：

本公司或其任何附屬公司或聯營公司之任何僱員及彼等之董事。

3. 該計劃中可予發行的股份數目及其於二零零六年十二月三十一日佔已發行股本的百分比：

97,510,321股(6.21%)

4. 該計劃中每名參與者可獲授權益上限：

根據該計劃及本公司任何其他認股權計劃而於任何12個月期間向任何參與者授出認股權（無論已行使、註銷或尚未行使者），其有關之股份最多數目（包括已發行及將予發行股份數目）將不可超逾本公司不時已發行股份總數之1%。如授出之數目超逾1%，則必須經本公司股東於股東大會上以普通決議案正式批准。

5. 可根據認股權認購股份的期限：

認股權行使期限由一年至四年不等。

6. 認股權行使之前必須持有的最短期限：

認股權之有效期為授出日期起計一年至二年半不等。

DIRECTORS' REPORT

董事會報告書

INFORMATION ON SHARE OPTION SCHEME (continued)

7. (a) The amount payable on application or acceptance of the option :

HK\$1.00

(b) The period within which payments or calls must or may be made:

Within 30 days after the date of offer

(c) The period within which loans for such purposes must be repaid:

N/A

8. The basis of determining the exercise price:

The exercise price is determined by the directors which shall be at least the highest of (i) the nominal value of the shares; (ii) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; and (iii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant.

9. The remaining life of the Scheme:

The Scheme will expire on 24 May 2012.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance, to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries 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.

DIRECTORS' SERVICE CONTRACTS

No director offering for re-election at the forthcoming Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not terminable by the employing company within one year without payment of compensation other than the normal statutory compensation.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

認股權計劃資料(續)

7. (a) 申請或接受認股權時須付之金額:

1.00港元

(b) 付款或通知付款的期限:

授出日期後30天內

(c) 償還申請認股權貸款的期限:

不適用

8. 行使價的釐定基準:

認股權之行使價將由董事會釐定，並至少須為下列三者中之最高者：(i)股份面值；(ii)於授出認股權當日，股份於聯交所每日報價表示之收市價；及(iii)緊接授出認股權當日前五個交易日，股份於聯交所每日報價表所示之平均收市價。

9. 該計劃尚餘的有效期:

該計劃將於二零一二年五月二十四日終止。

董事於重大合約之權益

於本年度內，本公司、其控股公司、控股公司的附屬公司、或本公司附屬公司概無訂立任何重大、而任何董事擁有直接或間接重大權益之合約。

董事之服務合約

所有在即將舉行之股東週年大會上膺選連任之董事，均沒有與本公司或其任何附屬公司訂立任何在一年內不能終止，或除正常法定補償外還須支付任何補償方可終止之服務合約。

董事認購股份或債券之權利

除上文所披露者外，在本年度任何時間內，本公司、其任何附屬公司、控股公司或控股公司之附屬公司概無訂立任何安排，使董事可藉購買本公司或任何其他法人團體之股份或債券而獲益。

DIRECTORS' REPORT

董事會報告書

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2006 the following persons had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the group:

Long Position

Name of shareholder 股東名稱	No. of shares beneficially held 實益持有股份數目	% of total issued shares 佔已發行 股本百分比
China Everbright Holdings Company Limited (Note) 中國光大集團有限公司 (附註)	867,119,207	55.27%
Datten Investments Limited (Note) (附註)	867,119,207	55.27%
Honorich Holdings Limited	867,119,207	55.27%

Note: Honorich Holdings Limited ("Honorich") is wholly-owned by Datten Investments Limited ("Datten") which in turn is a wholly-owned subsidiary of China Everbright Holdings Company Limited ("Holdings"). Accordingly, Datten and Holdings are deemed to have the same interests in the shares of the Company as Honorich.

Save as disclosed above as at 31 December 2006, the directors are not aware of any other persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the group.

主要股東

於二零零六年十二月三十一日，下列人士在本公司股份及相關股份中擁有須根據證券及期貨條例第XV部第2及第3分部知會本公司之權益及淡倉，或直接或間接擁有附帶權利在任何情況下在本集團任何其他成員公司之股東大會上投票之任何類別股本面值5%或以上權益：

股份之長倉

Name of shareholder 股東名稱	No. of shares beneficially held 實益持有股份數目	% of total issued shares 佔已發行 股本百分比
China Everbright Holdings Company Limited (Note) 中國光大集團有限公司 (附註)	867,119,207	55.27%
Datten Investments Limited (Note) (附註)	867,119,207	55.27%
Honorich Holdings Limited	867,119,207	55.27%

附註: Honorich Holdings Limited (「Honorich」) 乃由 Datten Investments Limited (「Datten」) 全資擁有，而 Datten 乃中國光大集團有限公司 (「光大集團」) 之全資附屬公司，因此 Datten 及光大集團於本公司股本中被視為擁有與 Honorich 相同之權益。

除上文所披露者外，於二零零六年十二月三十一日，董事並不知悉有任何其他人士於本公司股份及相關股份中擁有須根據證券及期貨條例第XV部第2及第3分部知會本公司之權益及淡倉，或直接或間接擁有附帶權利，可在任何情況下在本集團任何成員公司之股東大會上投票之任何類別股本面值5%或以上權益。

DIRECTORS' REPORT

董事會報告書

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S 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 securities during the year.

CORPORATE GOVERNANCE

The Company believes in upholding the principles and practices of good corporate governance as the best means to ensure effective internal control and safeguard the interests of shareholders, customers and staff. It is also crucial to the healthy development of the Company in the long term. The Company strictly abides by the laws and regulations of the jurisdictions in which it operates, and observes the guidelines and rules issued by regulatory authorities. It also strives to follow the latest international and local corporate governance best practices.

For further details, please refer to the section "Corporate Governance" of this report.

AUDITORS

KPMG were first appointed auditors of the Company in 2005 upon the retirement of PricewaterhouseCoopers. KPMG retire, and being eligible, offer themselves for reappointment. A resolution for their re-appointment as auditors for the ensuing year will be proposed at the forthcoming Annual General Meeting.

AUDIT COMMITTEE

During the year, the Audit Committee comprised Mr. Ng Ming Wah, Charles, Mr. Seto Gin Chung, John, Dr. Lin Zhijun and Madam Tung Iring. The Committee is chaired by Mr. Ng Ming Wah, Charles. All members of the Committee are independent non-executive directors.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements for the year ended 31 December 2006 of the Company. Details of the terms of reference of the Audit Committee and a summary of the duties discharged in 2006 have been set out in the section "Corporate Governance" of this Report.

購買、出售或贖回本公司之證券

本公司於年內並無贖回本身之股份。本公司及其任何附屬公司於年內概無購買或出售本公司之任何證券。

企業管治

本公司深信，保持高標準的良好企業管治機制，對確保本公司有效的內部監控，保障股東、客戶、員工以及本公司的長遠利益重要。為此，本公司將嚴格遵守本公司營業所在地的法律法規及監管機構的各項規定和指引，並積極配合國際和當地有關企業管治最佳慣例的要求，積極推動和完善本公司的企業管治。

詳情請參閱本報告「企業管治」部份。

核數師

畢馬威會計師繼羅兵咸會計師退任後於二零零五年首次被委任為本公司核數師。畢馬威會計師任滿告退，但表示願意應聘連任。在即將舉行的股東週年大會上，將提呈重新委任核數師之決議案。

審核委員會

於本年度內審核委員會成員包括吳明華先生、司徒振中先生、林志軍博士及董愛菱女士。主席由吳明華先生擔任。委員會所有成員均為獨立非執行董事。

審核委員會已與管理層一同回顧本集團所採用之會計政策及慣例，並討論審計、內部監控及財務申報事宜（包括審閱本公司現公佈之截至二零零六年十二月三十一日止年度之經審核財務報表）。審核委員會之工作範圍及其於二零零六年工作概述之詳細資料已列於本報告「企業管治」部份。

DIRECTORS' REPORT

董事會報告書

RETIREMENT SCHEMES

The Company provides retirement benefits to all local eligible employees under an approved defined contribution provident fund ("the ORSO Scheme"). The ORSO Scheme is administered by trustees, the majority of which are independent, with its assets held separately from those of the Company. The ORSO Scheme is funded by contributions from employees and employers at 5% each based on the monthly salaries of employees. Forfeited contribution may be used to reduce the existing level of contribution by the Company.

As from 1 December 2000, the Group also operates a Mandatory Provident Fund Scheme ("the MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the ORSO Scheme. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$20,000.

The employees of the subsidiaries in the People's Republic of China are members of the retirement schemes operated by the local authorities. The subsidiaries are required to contribute a certain percentage of their payroll to these schemes to fund the benefits. The only obligation of the Group with respect to these schemes is the required contributions under the schemes.

The Group's total contributions to these schemes charged to the consolidated income statement during the year ended 31 December 2006 amounted to approximately HK\$1.21 million.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

退休計劃

本公司已為所有本地合資格僱員設定認可定額供款公積金（「職業退休計劃條例計劃」）。職業退休計劃條例計劃由信託人（大部份為獨立信託人）管理，其資產與本公司之資產分開持有。僱員及僱主均須就職業退休計劃條例計劃供款，分別為僱員月薪的5%。沒收供款可用作抵銷本公司現需承擔之供款。


自二零零零年十二月一日起，本集團亦根據香港強制性公積金計劃條例為受香港僱傭條例管轄且原先未包括在職業退休計劃條例計劃內之僱員提供強制性公積金計劃（「強積金計劃」）。強積金計劃為由獨立信託人管理之定額供款退休計劃。根據強積金計劃，僱主及僱員各自須向計劃供款，供款額為僱員有關收入之5%，而有關收入每月之上限為港幣20,000元。

中華人民共和國附屬公司之僱員均參與當地政府管理之退休計劃。該等附屬公司須按員工薪金之若干百分比向上述計劃作出供款。就此等計劃而言，本集團之唯一責任為根據此等計劃作出所需供款。

本集團於截至二零零六年十二月三十一日止年度內向此等計劃所作之總供款額約為港幣121萬元，並已入賬綜合損益表內。

獨立性確認書

本公司已接獲各獨立非執行董事根據上市規則第3.13條就彼等之獨立性而發出之確認書。本公司認為全體獨立非執行董事均屬獨立。



DIRECTORS' REPORT

董事會報告書

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.

On behalf of the Board

Wang Mingquan

Chairman

Hong Kong, 29 March 2007

足夠的公眾持股量

根據本公司公開取得之資料，以及就本公司董事所知，於本年報刊發日期，本公司維持上市規則所規定之公眾持股量。

承董事會命

王明權

主席

香港，二零零七年三月二十九日