

REPORT OF THE DIRECTORS

董事會報告書

The directors are pleased to present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 15 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDEND

The Group's results for the year ended 31 December 2006 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 37 to 96.

The directors do not recommend the payment of a final dividend for the year ended 31 December 2006.

董事會欣然提呈董事會報告書，連同公司及集團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。

主要業務

公司之主要業務為投資控股。主要附屬公司主要業務之詳情載於財務報表附註15。集團主要業務之性質於年內並無重大改變。

業績及股息

集團截至二零零六年十二月三十一日止年度之業績，以及公司與集團於該日之財務狀況載於第37至第96頁之財務報表。

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末期股息。

REPORT OF THE DIRECTORS

董事會報告書

FINANCIAL INFORMATION SUMMARY

The following is a summary of the published combined/consolidated results and assets and liabilities of the Group for the five years ended 31 December 2002, 2003, 2004, 2005 and 2006 prepared on the basis set out in the note below:

Results

		Year ended 31 December 截至十二月三十一日止年度				
		2006 HK\$'000	2005 HK\$'000	2004 HK\$'000	2003 HK\$'000	2002 HK\$'000
		(restated)				
		二零零六年 千港元	二零零五年 千港元	二零零四年 千港元	二零零三年 千港元	二零零二年 千港元
		(重列)				
TURNOVER	營業額	489,325	515,877	486,779	421,717	502,793
(LOSS)/PROFIT FROM OPERATIONS	經營(虧損)/溢利	(20,879)	46,033	89,965	61,292	76,331
Finance costs	財務成本	(4,419)	(2,609)	(567)	(84)	(1,102)
(LOSS)/PROFIT BEFORE TAXATION	除稅前(虧損)/溢利	(25,298)	43,424	89,398	61,208	75,229
Taxation	稅項	(1,069)	(3,749)	9,356	(4,312)	(12,866)
(LOSS)/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS	公司權益持有人應佔(虧損)/溢利	(26,367)	39,675	98,754	56,896	62,363

Assets and liabilities

		At 31 December 於十二月三十一日				
		2006 HK\$'000	2005 HK\$'000	2004 HK\$'000	2003 HK\$'000	2002 HK\$'000
		(restated)				
		二零零六年 千港元	二零零五年 千港元	二零零四年 千港元	二零零三年 千港元	二零零二年 千港元
		(重列)				
NON-CURRENT ASSETS	非流動資產	237,428	252,949	209,527	152,849	102,940
CURRENT ASSETS	流動資產	346,375	347,070	300,595	243,235	218,153
TOTAL ASSETS	總資產	583,803	600,019	510,122	396,084	321,093
CURRENT LIABILITIES	流動負債	163,138	192,077	150,806	152,969	124,476
NON-CURRENT LIABILITIES	非流動負債	16,667	50,000	37,500	161	415
TOTAL LIABILITIES	總負債	179,805	242,077	188,306	153,130	124,891
		403,998	357,942	321,816	242,954	196,202

財務資料摘要

以下為集團截至二零零二年、二零零三年、二零零四年、二零零五年及二零零六年十二月三十一日止五年之已刊發合併／綜合業績及資產與負債之概要，編製基準載於下文之附註：

業績

		Year ended 31 December 截至十二月三十一日止年度				
		2006 HK\$'000	2005 HK\$'000	2004 HK\$'000	2003 HK\$'000	2002 HK\$'000
		(restated)				
		二零零六年 千港元	二零零五年 千港元	二零零四年 千港元	二零零三年 千港元	二零零二年 千港元
		(重列)				
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Finance costs	財務成本	(4,419)	(2,609)	(567)	(84)	(1,102)
(LOSS)/PROFIT BEFORE TAXATION	除稅前(虧損)/溢利	(25,298)	43,424	89,398	61,208	75,229
Taxation	稅項	(1,069)	(3,749)	9,356	(4,312)	(12,866)
(LOSS)/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS	公司權益持有人應佔(虧損)/溢利	(26,367)	39,675	98,754	56,896	62,363

資產及負債

		At 31 December 於十二月三十一日				
		2006 HK\$'000	2005 HK\$'000	2004 HK\$'000	2003 HK\$'000	2002 HK\$'000
		(restated)				
		二零零六年 千港元	二零零五年 千港元	二零零四年 千港元	二零零三年 千港元	二零零二年 千港元
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		403,998	357,942	321,816	242,954	196,202

REPORT OF THE DIRECTORS

董事會報告書

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Group's property, plant and equipment during the year are set out in note 14 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year, together with the reasons therefor, are set out in notes 23 and 25 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

物業、廠房及設備

年內·集團物業、廠房及設備之變動詳情載於財務報表附註14。

股本及購股權

公司股本及購股權於本年度之變動詳情連同有關原因載於財務報表附註23及附註25。

優先購買權

公司之公司組織章程或公司註冊成立之司法管轄權區開曼群島法例並無條文規定公司須就發售新股按比例給予現有股東優先購買權。

購買、贖回或出售公司之上市證券

公司或其任何附屬公司於年內並無購買、贖回或出售公司之上市證券。

REPORT OF THE DIRECTORS 董事會報告書

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 26 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2006, the Company's reserves available for distribution, calculated in accordance with the Companies Law (Revised) of the Cayman Islands, amounted to HK\$209,031,000 (2005: HK\$165,575,000). This includes the Company's share premium account in the amount of HK\$157,887,000 (2005: HK\$113,665,000) as at 31 December 2006, which may be distributed, 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 debts as they fall due in the ordinary course of business. The Company's share premium account may also be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers and purchases from the Group's five largest suppliers accounted for less than 30% of the Group's total sales and total purchases for the year, respectively.

儲備

公司及集團於年內之儲備變動詳情分別載於財務報表附註26及綜合權益變動表。

可供分派儲備

於二零零六年十二月三十一日，根據開曼群島公司法（經修訂）計算，公司可供分派之儲備為209,031,000港元（二零零五年：165,575,000港元）。可供分派儲備包括於二零零六年十二月三十一日公司可供分派之股份溢價為157,887,000港元（二零零五年：113,665,000港元），惟於緊隨擬派股息日期後，公司須有能力償付日常業務過程中到期應付之債務。公司之股份溢價亦可以繳足紅股方式分派。

主要客戶及供應商

年內，銷售予集團五大客戶及採購自集團五大供應商之數額分別少於集團年內總銷售額及總購貨額之30%。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS

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

Executive directors

Mr. Lam Ping Kei (*Chairman*)
 Mr. Li Jun (*Vice-Chairman*) (appointed on 2 February 2007)

Ms. Wong Choi Fung
 Ms. Lam Chu Ying (resigned on 2 February 2007)

Mr. Law Wai Fai
 Mr. Yeung Kwong Lun

Independent non-executive directors

Mr. Sun Tian Yan
 Mr. Deng Xiao Jun
 Mr. Qiu Ji Zhi

In accordance with the Company's articles of association, Ms Wong Choi Fung will retire by rotation and, being eligible, offer herself for re-election at the forthcoming annual general meeting.

In accordance with the Company's articles of association, Mr. Li Jun will retire and, being eligible, offer himself for re-election at the forthcoming annual general meeting.

董事

年內及直至本報告日期，公司之董事如下：

執行董事

林平基先生 (主席)
 李珺先生 (副主席) (於二零零七年二月二日獲委任)

黃賽鳳女士
 林珠英女士 (於二零零七年二月二日辭任)

羅偉輝先生
 楊廣倫先生

獨立非執行董事

孫添炎先生
 鄧小軍先生
 邱繼志先生

根據公司章程細則，黃賽鳳女士將於應屆股東週年大會上輪席告退，惟彼願意且符合資格膺選連任。

根據公司章程細則，李珺先生將於應屆股東週年大會上告退，惟彼願意且符合資格膺選連任。

REPORT OF THE DIRECTORS 董事會報告書

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 32 to 34 of the annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors has entered into a service contract with the Group for a term of two years, which continues thereafter until terminated by either party giving not less than three months notice in writing to the other party.

The independent non-executive directors have been appointed for a term of two years, except that Mr. Li Jun and Mr. Qiu Ji Zhi is not appointed for a specific term.

Save as disclosed above, no director 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.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company or any of its subsidiaries, was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

董事及高級管理人員簡歷

公司董事及集團高級管理人員之簡歷載於本年報第32頁至34頁。

董事之服務合約

各執行董事分別與集團訂立服務合約，為期兩年，其後將會繼續，除非任何一方發出不少於三個月書面通知予另一方予以終止。

獨立非執行董事之委任年期均為兩年，惟李珺先生及邱繼志先生並無以指定任期獲委任。

除上文所披露者外，被提名於應屆股東週年大會上重選之董事，概無與公司訂立任何公司不能於一年內免付賠償（法定賠償除外）而予以終止之服務合約。

董事之合約權益

公司或其任何附屬公司於年終或年內任何時間並無訂立公司董事於其中直接或間接擁有重大權益之重大合約。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES

董事於股份之權益或淡倉

As at 31 December 2006, the interests of the directors and chief executives of the Company in the shares 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 kept by the Company pursuant to section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

於二零零六年十二月三十一日，公司董事及主要行政人員在公司或其相聯法團（按證券及期貨條例（「證券及期貨條例」）第XV部定義）之股份中擁有須記入公司按證券及期貨條例第352條而存置之登記冊或根據上市公司董事進行證券交易之標準守則向公司及香港聯合交易所有限公司（「聯交所」）發出通知之權益及淡倉如下：

Long position

好倉

Ordinary shares of HK\$0.01 each of the Company

公司每股面值0.01港元普通股

Name of Directors	Number of shares			Percentage of the issued share capital
	Personal interest	Corporate interest	Total	
董事姓名	個人權益	公司權益	總計	佔已發行股本百分比
Mr. Lam Ping Kei 林平基先生	-	702,000,000 (note) (附註)	702,000,000	30.47%

Note:

附註:

These ordinary shares are owned by Super Giant Assets Limited ("Super Giant"), a company incorporated in the British Virgin Islands (the "BVI"). The entire issued share capital of Super Giant is beneficially owned by Mr. Lam Ping Kei.

此等普通股乃由英屬處女群島（「英屬處女群島」）註冊成立之公司 Super Giant Assets Limited（「Super Giant」）擁有。Super Giant之全部已發行股本乃由林平基先生實益擁有。

Save as disclosed above, none of the other directors, chief executives and their associates, had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 31 December 2006.

除上文所披露者外，於二零零六年十二月三十一日，概無其他董事、主要行政人員及彼等之聯繫人於公司或其任何相聯法團（按證券及期貨條例第XV部定義）之股份、相關股份或債券中擁有任何權益或淡倉。

REPORT OF THE DIRECTORS 董事會報告書

SHARE OPTION SCHEME

Particulars of the Company's share option scheme are set out in note 25 to the financial statements.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' interests or short positions in shares, and "Share option scheme" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2006, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors, the following shareholders had notified the Company of the relevant interests in the issued share capital of the Company.

Long positions

Ordinary shares of HK\$0.01 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
股東名稱	身份	所持普通股數目	佔公司已發行股本之百分比
Super Giant Assets Limited (note) (附註)	Beneficial owner 實益擁有人	702,000,000	30.47%

Note:

These ordinary shares are owned by Super Giant Assets Limited ("Super Giant"), a company incorporated in the British Virgin Islands (the "BVI"). The entire issued share capital of Super Giant is beneficially owned by Mr. Lam Ping Kei.

Other than as disclosed above, the Company has not been notified of any other interests or short position in the issued share capital of the Company as at 31 December 2006.

購股權計劃

公司購股權計劃之詳情載於財務報表附註25。

董事購入股份或債券之權利

除上文「董事於股份之權益或淡倉」及「購股權計劃」兩節所披露者外，於年內任何時間，董事或彼等各自之配偶或未滿十八歲之子女概無獲授可藉着購入公司之股份或債券而獲益之權利，彼等亦無行使有關權利；公司或其任何附屬公司亦無訂立任何安排致使董事可收購在任何其他法人團體之上述權利。

主要股東

於二零零六年十二月三十一日，根據證券及期貨條例第336條規定公司存置之主要股東登記冊，除上文所披露有關若干董事及主要行政人員之權益外，下列股東已通知公司彼等於公司已發行股本中擁有之相關權益。

好倉

公司每股面值0.01港元普通股

附註：

此等普通股乃由英屬處女群島（「英屬處女群島」）註冊成立之公司Super Giant Assets Limited（「Super Giant」）擁有。Super Giant之全部已發行股本乃由林平基先生實益擁有。

除上文所披露者外，於二零零六年十二月三十一日，概無其他人士於公司已發行股本中擁有任何權益或淡倉。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

No director had interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), during the year and up to the date of this report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

PUBLIC FLOAT

Based on the information that is publicity available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required by the Listing Rules.

董事於競爭業務之權益

年內及直至本報告日期，概無董事於與集團業務直接或間接構成競爭或可能構成競爭之業務內擁有權益（有關競爭之定義見香港聯合交易所有限公司證券上市規則（「上市規則」））。

購買、出售或贖回公司上市證券

年內，公司或其任何附屬公司並無購買、出售或贖回公司任何上市證券。

公眾持股量

根據公司取得之公開資料，並就董事所知，於本報告日期之公眾持股量足夠，按上市規則規定不少於公司已發行股份之25%。

REPORT OF THE DIRECTORS 董事會報告書

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 Listing Rule and considers all the independent non-executive directors to be independent.

AUDITORS

KLL Associates CPA Limited (“KLL”) had been the auditors of the Company for three years until their practice merged with that of BDO McCable Lo Limited (“BDO”) in 2005. The Board appointed BDO as auditors of the Company immediately following the resignation of KLL on 23 November 2005. The Company appointed Lo and Kwong C.P.A. Company Limited (“Lo and Kwong”) as its auditors on 19 April 2006 immediately following BDO’s resignation as auditors of the Company on 19 April 2006. Lo and Kwong shall retire and, being eligible, offer themselves for re-appointment. A resolution to this effect will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Lam Ping Kei
Chairman

Hong Kong,
10 April 2007

確認獨立性

本公司已接獲獨立非執行董事根據上市規則第3.13條就其獨立性發出之年度確認書，並認為全體獨立非執行董事均為獨立人士。

核數師

華融會計師事務所有限公司（「華融」）已擔任公司之核數師三年，直至其業務與德豪嘉信會計師事務所有限公司（「德豪嘉信」）於二零零五年合併為止。董事會在華融於二零零五年十一月二十三日辭任後，隨即委聘德豪嘉信為公司之核數師。公司在德豪嘉信於二零零六年四月十九日辭任公司之核數師後，隨即於二零零六年四月十九日委任盧鄺會計師事務所有限公司（「盧鄺」）為核數師。盧鄺將會退任，並合資格獲重新委聘，應屆股東週年大會上將就此提呈決議案。

代表董事會

林平基
主席

香港
二零零七年四月十日