

Directors' Report

董事會報告書

The Directors present to shareholders this annual report and audited financial statements for the financial year ended December 31, 2006.

Principal Activities

The Company acts as an investment holding company.

Its subsidiaries were principally engaged in the import, marketing and distribution of air-conditioning and refrigeration products, audio-visual equipment, car audio and electronic products, cars and car accessories, motor yachts, other electronic and electrical products and property investment. The activities and other particulars of the principal subsidiaries are set out in Note 46 to the financial statements.

Segmental Information

Details of segmental information are set out in Note 7 to the financial statements.

Group Results

The consolidated income statement is set out on page 62 and further analysis is given in the accompanying notes to the financial statements.

Dividends

The Directors do not recommend the payment of a final dividend (2005: nil) for the year ended December 31, 2006. No interim dividend was paid during the year (2005: nil).

Group Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 7.

董事向各股東提呈本年報及截至二零零六年十二月三十一日止財政年度之經審核財務報表。

主要業務

本公司為一家投資控股公司。

其附屬公司主要經營入口、市場推廣及分銷空調及冷凍產品、影音設備、汽車音響及電子產品、汽車及汽車配件、機動遊艇，其他電子及電器產品及物業投資。各主要附屬公司之業務及其他資料載列於財務報表賬項附註第46項內。

分類資料

分類資料詳情載列於財務報表賬項附註第7項。

集團業績

綜合損益表載列於第62頁，其分析則一併載列於財務報表賬項附註內。

股息

董事會並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)。本年內並無派發中期股息(二零零五年：無)。

集團財務摘要

本集團於過去五個財政年度之業績、資產及負債之摘要載列於第7頁內。

Share Capital and Share Options

Details of movements in the share capital of the Company during the year are set out in Note 33 to the financial statements.

Information about the share options of the Company and details of movements in the share options of the Company during the year are set out in the "Share Option Information" section in this Annual Report and in Note 44 to the financial statements.

Reserves

Details of movements in reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on pages 66 to 67 of this Annual Report and in Note 34 to the financial statements respectively.

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group and of the Company during the year are set out in Note 16 to the financial statements.

Donations

During the year, the Group made charitable and other donations of HK\$1,767,000 (2005: HK\$208,000).

Borrowings

Details of the Group's borrowings are set out in Note 31 to the financial statements. No interest was capitalised by the Group during the year.

股本及優先認股權

本年度本公司股本之變動詳情載列於財務報表賬項附註第33項內。

本年度有關本公司優先認股權資料及授予優先認股權之變動詳情載列於本年報「優先認股權資料」一節內及財務報表賬項附註第44項內。

儲備

本年度本集團及本公司儲備之變動情況分別詳載於本年報第66至67頁之綜合權益變動報表及財務報表賬項附註第34項內。

物業、廠房及設備

本年度本集團及本公司之物業、廠房及設備之變動情況詳載於財務報表賬項附註第16項內。

捐款

本年度本集團之慈善及其他捐款總額為港幣1,767,000元(二零零五年：港幣208,000元)。

貸款

本集團貸款之詳情載列於財務報表賬項附註第31項內，本年度本集團並無將利息資本化。

Major Customers and Suppliers

The Group's five largest suppliers accounted for 37.6% of the Group's purchases during the year, 20.4% being attributable to the largest supplier.

The percentage of turnover attributable to the Group's five largest customers is less than 30.0% during the year.

As far as the Directors are aware, no Director of the Company, their associates or any shareholder (who to the knowledge of the Directors owns more than 5% of the Company's share capital) has interest in the Group's five largest suppliers.

Connected Transactions

Details of connected transactions of the Company during the year are disclosed in "Directors' Interests in Contracts" in this Directors' Report.

In 2006, in respect of the Group's occupancy of various units at Wo Kee Hong Building, the Group paid to Sumwell Property Management Limited ("SPML"), as a building manager to operate a building management fund for Wo Kee Hong Building, building management and other fees of total HK\$4,187,000 which SPML received on behalf of the management fund.

During the year under review, the transactions in the ordinary courses of business within the Group which involved the companies in which Messrs. Wing Sum LEE, Richard Man Fai LEE, Jeff Man Bun LEE and Ms. Kam Har YUE are directly or indirectly interested are shown in Note 38 to the financial statements.

主要客戶及供應商

本年度本集團之五大供應商佔本集團採購額之37.6%，其中最大供應商佔20.4%。

本年度來自本集團五大客戶之營業額佔本集團總營業額不足30.0%。

據董事所知，概無本公司董事、彼等之聯繫人士或任何股東（據董事知悉擁有本公司股本5%以上）於本集團五大供應商中擁有權益。

關連交易

本年度本公司之關連交易詳情於董事會報告書「董事在合約上之利益」一節內披露。

於二零零六年度，本集團就佔用和記行大廈多個單位支付予森和物業管理有限公司（「森和物業」）（作為和記行大廈之管理公司以經營樓宇管理基金），作為樓宇管理費及其他費用合共港幣4,187,000元，由森和物業代管理基金收取。

本年度內，本集團與李永森先生、李文輝先生、李文彬先生及余金霞女士均直接或間接擁有權益之公司所進行之正常商業交易載列於財務報表賬項附註第38項內。

Directors

The Directors of the Company who held office during the year and up to the date of this report are:

Executive

Wing Sum LEE (*Honorary Chairman*)
Richard Man Fai LEE
(*Executive Chairman and Chief Executive Officer*)
Sammy Chi Chung SUEN
Jeff Man Bun LEE
Tik Tung WONG
Waison Chit Sing HUI

Non-executive

Kam Har YUE

Independent Non-executive

Boon Seng TAN
Raymond Cho Min LEE
Ying Kwan CHEUNG

In accordance with bye-law No. 99 of the Bye-laws of the Company, Messrs. Wing Sum LEE and Raymond Cho Min LEE will retire from office by rotation at the forthcoming Annual General Meeting. Mr. Wing Sum LEE wishes to retire after the conclusion of the forthcoming Annual General Meeting and has indicated his intention not to offer himself for re-election. Mr. Raymond Cho Min LEE, being eligible, shall offer himself for re-election.

Mr. Sammy Chi Chung SUEN has also indicated his intention to resign as an executive Director effective on April 19, 2007 as he has reached retirement age.

The Independent Non-executive Directors ("INEDs") are subject to retirement by rotation in accordance with the Company's Bye-laws. The Company has received from each INED a confirmation of his independence pursuant to the new independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers the INEDs to be independent.

董事

本年度內及直至本年報日本公司董事之芳名如下：

執行董事

李永森先生 (*榮譽主席*)
李文輝先生
(*執行主席兼行政總裁*)
孫志冲先生
李文彬先生
汪滌東先生
許捷成先生

非執行董事

余金霞女士

獨立非執行董事

陳文生先生
李卓民先生
張應坤先生

依據本公司之公司細則第99條，李永森先生及李卓民先生在應屆股東週年大會上輪席告退。李永森先生擬於應屆股東週年大會結束後退休，並已表示不接受膺選連任之意願。李卓民先生惟願意接受膺選連任。

孫志冲先生亦已表示因已屆退休年齡，其將於二零零七年四月十九日起辭任執行董事之職務。

獨立非執行董事須依據本公司之公司細則輪席告退。根據上市規則第3.13條新獨立指引，本公司已收到每位獨立非執行董事確認其乃屬獨立。本公司認為獨立非執行董事乃屬獨立。

Directors' Service Contracts

None of the Directors who is proposed for re-election at the forthcoming Annual General Meeting has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Mr. Wing Sum LEE entered into a service agreement with the Company for a term of 3 years commencing from July 1, 1991 and the appointment continues thereafter unless and until terminated by either party giving to the other 6 months' notice in writing.

Mr. Richard Man Fai LEE entered into a service agreement with the Company for a term of 3 years commencing from April 1, 2002 and the appointment continues thereafter unless and until terminated by either party giving to the other 6 months' notice in writing or pay-in-lieu.

Mr. Jeff Man Bun LEE entered into a service agreement with the Company for a term of 1 year commencing from January 21, 2002 and the appointment continues thereafter unless and until terminated by either party giving to the other 3 months' notice in writing or pay-in-lieu.

Directors' Interests in Securities

At December 31, 2006, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO; or are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange are as follows:

董事之服務合約

在即將召開之股東週年大會上獲提名連任之董事概無與本公司訂立任何本公司不可於一年內不作賠償(法定賠償除外)而終止之服務合約。

李永森先生與本公司訂立為期三年之服務合約，並於一九九一年七月一日開始，且是項委任此後持續有效，除其中一方提前六個月發出書面通知予對方終止有關委任為止。

李文輝先生與本公司訂立為期三年之服務合約，並於二零零二年四月一日開始，且是項委任此後持續有效，除其中一方提前六個月發出書面通知或代通知金予對方終止有關委任為止。

李文彬先生與本公司訂立為期一年之服務合約，並於二零零二年一月二十一日開始，且是項委任此後持續有效，除其中一方提前三個月發出書面通知或代通知金予對方終止有關委任為止。

董事之證券權益

於二零零六年十二月三十一日，本公司各董事及主要行政人員於本公司或任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及債權證中擁有根據證券及期貨條例第352條須記入登記冊之權益及淡倉；或根據上市公司董事進行證券交易之標準守則須知會本公司及聯交所之權益及淡倉如下：

Directors' Interests in Securities (continued)

董事之證券權益(續)

(a) Beneficial interests and short position in the shares of the Company at December 31, 2006:

(a) 於二零零六年十二月三十一日，於本公司股份之實益權益及淡倉：

Directors 董事	Long or short position 好倉或淡倉	Number of ordinary shares of HK\$1.00 each ("Share") 每股面值港幣 1.00 元普通股股份(「股份」)數目				Total interests 權益總計
		Personal interests 個人權益	Family interests 家族權益	Corporate interests 公司權益		
Mr. Richard Man Fai LEE 李文輝先生	Long position 好倉	3,556,438	673,873 (Note 1) (附註1)	117,133,570 (Note 2) (附註2)	121,363,881	
Mr. Jeff Man Bun LEE 李文彬先生	Long position 好倉	471,900	–	118,579,289 (Notes 2 & 3) (附註2及3)	119,051,189	
Ms. Kam Har YUE 余金霞女士	Long position 好倉	5,209,716	–	117,133,570 (Note 2) (附註2)	122,343,286	
Mr. Sammy Chi Chung SUEN 孫志冲先生	Long position 好倉	47,190	–	–	47,190	
Mr. Raymond Cho Min LEE 李卓民先生	Long position 好倉	–	–	1,920,200 (Note 4) (附註4)	1,920,200	

Directors' Interests in Securities (continued)

(a) (continued):

Notes:

1. The 673,873 Shares are owned by Ms. Siew Yit HOH, the spouse of Mr. Richard Man Fai LEE.
2. The 117,133,570 Shares are held by Modern Orbit Limited, which is wholly owned by Cyber Tower Inc. as trustee of The WS Lee Unit Trust. 99% of the units of The WS Lee Unit Trust are held by a discretionary trust of which Mr. Wing Sum LEE's family members including Ms. Kam Har YUE, Mr. Richard Man Fai LEE and Mr. Jeff Man Bun LEE are the beneficiaries. The remaining 1% of the units of The WS Lee Unit Trust is held by Skylink International Asset Corporation, a company incorporated in the British Virgin Islands and owned by Ms. Kam Har YUE, Mr. Richard Man Fai LEE and Mr. Jeff Man Bun LEE.
3. Out of the 118,579,289 Shares, 1,445,719 Shares are held by Fisherman Enterprises Inc., a company incorporated in the British Virgin Islands and wholly owned by Mr. Jeff Man Bun LEE.
4. The 1,920,200 Shares are beneficially owned by ODE Asia Limited, which is 100% owned by M.W. Lee & Sons Enterprises Limited which is controlled by Mr. Raymond Cho Min LEE.
5. All interests in the Shares are long positions. None of the Directors hold any short position in the Shares.

(b) Beneficial interests and short positions in underlying shares of equity derivatives of the Company at December 31, 2006 are disclosed in the section headed "Share Option Information" of this Annual Report.

董事之證券權益(續)

(a) (續) :

附註 :

1. 該673,873股股份由李文輝先生之配偶何秀月女士擁有。
2. 該117,133,570股股份由Modern Orbit Limited擁有。Modern Orbit Limited由Cyber Tower Inc. (即The WS Lee Unit Trust之信託人)全資擁有。The WS Lee Unit Trust之99%權益由一項全權信託所持有,其中李永森先生之家庭成員,包括余金霞女士、李文輝先生及李文彬先生為該全權信託之受益人。The WS Lee Unit Trust其餘1%權益由Skylink International Asset Corporation持有,該公司於英屬處女群島註冊成立,由余金霞女士、李文輝先生及李文彬先生擁有。
3. 該118,579,289股股份當中,1,445,719股股份由Fisherman Enterprises Inc.持有,該公司於英屬處女群島註冊成立,由李文彬先生全資擁有。
4. 該1,920,200股股份由M.W. Lee & Sons Enterprises Limited全資擁有之ODE Asia Limited實益擁有,而M.W. Lee & Sons Enterprises Limited則由李卓民先生所控制。
5. 股份中所有權益均為好倉。各董事概無於股份中持有任何淡倉。

(b) 於二零零六年十二月三十一日,本公司之股票衍生工具之相關股份之實益權益及淡倉在本年報「優先認股權資料」一節內予以披露。

Directors' Interests in Securities (continued)

董事之證券權益(續)

(c) Beneficial interests and short position in shares in associated corporations at December 31, 2006:

(c) 於二零零六年十二月三十一日，於相聯法團之股份之實益權益及淡倉：

Directors 董事	Long or short position 好倉或淡倉	Associated corporations in which shares or equity interests are held or interested 持有或擁有相聯法團 之股份或股本權益	Number of shares or amount of equity interests held or interested 持有或擁有之股份 數目或股本權益	Class and/or description of shares/interests 股份／權益類別 及／或概況
Mr. Wing Sum LEE 李永森先生	Long position 好倉	Stoneycroft Estates Limited	15,750,000	non-voting deferred shares 無投票權遞延股
	Long position 好倉	Wo Kee Hong Limited 和記電業有限公司	8,500	non-voting deferred shares 無投票權遞延股
	Long position 好倉	Wo Kee Services Limited 和記電器服務有限公司	1	non-voting deferred shares 無投票權遞延股
Ms. Kam Har YUE 余金霞女士	Long position 好倉	Rogers Entertainment International Limited 樂爵士娛樂國際有限公司 (Formerly known as Forward International Corporation, Limited 前稱福和貿易有限公司)	34,335	non-voting deferred shares 無投票權遞延股
	Long position 好倉	Shinwa Engineering Company, Limited 信和工程有限公司	3,850,000	non-voting deferred shares 無投票權遞延股
	Long position 好倉	Stoneycroft Estates Limited	340,000	non-voting deferred shares 無投票權遞延股
	Long position 好倉	Wo Kee Hong Limited 和記電業有限公司	400	non-voting deferred shares 無投票權遞延股

Directors' interest in assets and/or arrangement

As at December 31, 2006, save as those disclosed in "Directors' Interests in Contracts" in this Directors' Report, none of the Directors had any other direct or indirect interest in any assets which have been acquired or disposed of by or leased to any members of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at December 31, 2006, save as those disclosed in "Directors' Interests in Contracts" in this Directors' Report, there is no other contract or arrangement subsisting in which a Director was materially interested and which was significant in relation to the business of the Group as a whole.

Directors' Interests in Contracts

- (a) Stoneycroft Estates Limited ("Stoneycroft") and Ever Rising Investments Limited, both are wholly-owned subsidiaries of the Company, (hereinafter collectively referred as "Owners") entered into a deed of mutual covenant and management agreement with Sumwell Property Management Limited ("SPML"), a company owned by Cyber Tower Inc. ("Cyber Tower") and Ms. Kam Har YUE. Pursuant to the agreement, Owners appointed SPML to be the manager for a term of 2 years from December 29, 1998 (renewable automatically thereafter) for the management, operation, servicing, maintenance, repair, renovation and replacement of Wo Kee Hong Building. The agreement can be terminated by either the committee of the Owners or SPML by giving 3 months' prior notice. The total management fee paid by the Owners to SPML in 2006 was HK\$417,000.

董事於資產及／或安排之權益

截至二零零六年十二月三十一日，除董事會報告書所披露之「董事在合約上之利益」外，並無任何董事於已收購或出售或租賃予本集團任何成員之資產，或於擬收購或出售或租賃予本集團任何成員之任何資產中享有任何其他直接或間接權益。

截至二零零六年十二月三十一日，除董事會報告書所披露之「董事在合約上之利益」外，並無任何董事於本集團整體業務有重要影響之其他合約或安排中享有重大利益。

董事在合約上之利益

- (a) 本公司之全資附屬公司Stoneycroft Estates Limited (「Stoneycroft」) 及 Ever Rising Investments Limited (統稱為「業主」) 與一間由Cyber Tower Inc. (「Cyber Tower」) 及余金霞女士擁有之公司 — 森和物業管理有限公司 (「森和物業」) 簽訂一項大廈公契及管理協議。根據該協議，業主委任森和物業為管理人，任期由一九九八年十二月二十九日起，為期兩年(並於到期後自動延續)，負責管理、運作、保養、維修、修理、翻新及重置和記行大廈。業主委員會或森和物業可預先給予對方三個月通知以終止該協議。業主於二零零六年支付予森和物業之管理費合共為港幣417,000元。

Directors' Interests in Contracts (continued)

(a) (continued):

Cyber Tower is the trustee of The WS Lee Unit Trust, 99% of the units of which are held by a discretionary trust of which Mr. Wing Sum LEE's family members including Ms. Kam Har YUE, Mr. Richard Man Fai LEE and Mr. Jeff Man Bun LEE, all of which are Directors of the Company, are the beneficiaries. The remaining 1% of the units of The WS Lee Unit Trust are held by Skylink International Asset Corporation, a company incorporated in the British Virgin Islands and owned by Ms. Kam Har YUE, Mr. Richard Man Fai LEE and Mr. Jeff Man Bun LEE.

(b) Owners entered into a service agreement with SPML on January 1, 2004 in respect of the accounting service of the Wo Kee Hong Building Management Fund rendered by SPML. The service fees are fixed at HK\$162,000 per annum.

(c) On May 27, 2005, Owners entered into a service agreement with Sunwell Development Limited ("SDL"), which is owned by Mr. Wing Sum LEE and Pioneer Dragon Development Ltd. ("Pioneer Dragon"). Pioneer Dragon is solely owned by Cyber Tower. Pursuant to the agreement, Owners appointed SDL as the project manager rendering administrative and advisory services for the application for modification of the use of Kwai Chung Town Lot No. 366, with effect from May 27, 2005. Either Owners or SDL may terminate the agreement by 1 month's written notice to the other party. Nil payment was made in 2006.

董事在合約上之利益 (續)

(a) (續) :

Cyber Tower 為 The WS Lee Unit Trust 之信託人，當中 99% 之基金單位由李永森先生之家族成員包括余金霞女士、李文輝先生及李文彬先生 (均為本公司董事) 為受益人之全權信託持有。The WS Lee Unit Trust 剩餘之 1% 基金單位由 Skylink International Asset Corporation (一家於英屬處女群島註冊成立並由余金霞女士、李文輝先生及李文彬先生擁有之公司) 持有。

(b) 業主與森和物業於二零零四年一月一日就森和物業為和記行大廈管理基金提供之會計服務簽訂服務協議。該等服務費定為每年港幣 162,000 元。

(c) 於二零零五年五月二十七日，業主與森和發展有限公司 (「森和發展」) 簽訂一項服務協議，森和發展乃由李永森先生及 Pioneer Dragon Development Ltd. (「Pioneer Dragon」) 擁有。Pioneer Dragon 由 Cyber Tower 全資持有。依據該協議，業主委任森和發展為項目經理，為葵涌市地段 366 號申請改變土地用途提供管理及諮詢服務，協議自二零零五年五月二十七日起生效。業主和森和發展均可預先給予對方一個月書面通知以終止該協議。於二零零六年並未付款。

Directors' Interests in Contracts (continued)

- (d) On January 25, 2006, the Group and Mr. Herbert ADAMCZYK ("Mr. ADAMCZYK"), the Managing Director of Technorient Limited ("Technorient"), a non-wholly owned subsidiary of the Company, subscribed for 9 and 1 shares of Keyforce (B.V.I.) Limited ("Keyforce") respectively at par value of US\$1.00 each. During the year ended December 31, 2006, Keyforce set up several subsidiaries including Auto Sportiva Limited, Keyforce Holdings Limited, Noble Brand Investments Limited, for the development of the "Alfa Romeo" cars, motor yachts and other luxury lifestyle products respectively.
- (e) On June 9, 2006, Corich Enterprises Inc. ("Corich"), a wholly owned subsidiary of the Company, entered into a termination agreement with Mr. ADAMCZYK for the termination of an option agreement dated May 3, 2004 ("Option Agreement"). Pursuant to the Option Agreement, Corich agreed to grant an option to Mr. ADAMCZYK to sell all or part of his shareholding in Technorient during the period from the 65th birthday of Mr. ADAMCZYK up to and including his 70th birthday.
- (f) On July 15, 2006, Corich and Mr. ADAMCZYK as sellers entered into a share exchange agreement with Xact Aid, Inc. (now known as "China Premium Lifestyle Enterprise, Inc.", hereinafter referred as "Xact") as the purchaser, an independent third party and Technorient in relation to the sale of an aggregate of 49% of the issued share capital of Technorient in consideration for the issue by Xact of an aggregate of 972,728 Preference Convertible Shares convertible into an aggregate of 89,689,881 Xact shares ("Share Exchange Agreement"). The Share Exchange Agreement also replaced and superseded a share exchange agreement dated June 9, 2006 entered into among the same parties in relation to the exchange of the entire issued share capital of Technorient for Preference Convertible Shares convertible into such number of Xact shares as representing 95% of the issued share capital of Xact upon conversion. Details of the transaction were set out in the circular dated November 10, 2006.

董事在合約上之利益(續)

- (d) 於二零零六年一月二十五日，本集團及本公司之非全資附屬公司勵安有限公司（「勵安」）董事長 Herbert ADAMCZYK 先生（「夏德成先生」）以每股面值 1.00 美元分別認購 9 股及 1 股 Keyforce (B.V.I.) Limited（「Keyforce」）之股份。於截至二零零六年十二月三十一日止年度，Keyforce 已設立數間附屬公司（包括愛快汽車有限公司、堅榮控股有限公司、力保派有限公司）以拓展「愛快•羅蜜歐」汽車、機動游艇及其他豪華時尚奢侈產品。
- (e) 於二零零六年六月九日，本公司之全資附屬公司 Corich Enterprises Inc.（「Corich」）與夏德成先生訂立一項終止協議，以終止日期為二零零四年五月三日之一項認沽權協議（「認沽權協議」）。根據認沽權協議，Corich 同意授予夏德成先生一項認沽權，以於夏德成先生 65 歲生日直至並包括其 70 歲生日期間，出售其於勵安之全部或部份股權。
- (f) 於二零零六年七月十五日，Corich 及夏德成先生（作為賣方）與 Xact Aid, Inc（現名為「China Premium Lifestyle Enterprise, Inc.」，下稱「Xact」）（作為買方）、一名獨立第三方及勵安就出售勵安合共 49% 之已發行股本訂立股份交換協議，代價為由 Xact 發行合共 972,728 股可轉換為合共 89,689,881 股 Xact 股份之優先可換股（「股份交換協議」）。股份交換協議亦取代及替代日期為二零零六年六月九日由相同訂約方訂立之股份交換協議，該協議內容關於以勵安全部已發行股本交換優先可換股，而該等優先可換股於轉換時可轉換為相當於 Xact 已發行股本 95% 之 Xact 股份。交易詳情刊載於本公司日期為二零零六年十一月十日之通函。

Directors' Interests in Contracts (continued)

(g) On November 14, 2006, Wo Kee Hong (B.V.I.) Limited, an wholly-owned subsidiary of the Company, entered into an agreement to dispose of its entire 100% interest in the issued share capital of Che Chuen Development Ltd. to Surestatus Group Limited, which is wholly owned by Mr. Richard Man Fai LEE, Chairman and Chief Executive Officer of the Company, for a consideration of HK\$1.00. Details of the disposal were provided fully in the circular dated December 4, 2006. The disposal was duly approved in the special general meeting of the Company on December 22, 2006.

Apart from the foregoing, there were no other contracts of significance in relation to the Group's business, to which the Company or any of its subsidiaries was a party and in which a Director had, whether directly or indirectly, a material interest subsisting at the end of the year or at any time during the year ended December 31, 2006.

Directors' Interests in Competing Business

None of the Directors of the Company (other than Independent Non-executive Directors) is interested in any business apart from the Company's business, which competes or is likely to compete, either directly or indirectly, with the Company's business.

Convertible Note

Details of the Convertible Note issued by the Company are shown in Note 28 to the financial statements.

Substantial Shareholders

Save as disclosed below and in the section headed "Directors' Interests in Securities", at December 31, 2006, so far as is known to the Directors, no other person had, or was deemed or taken to have an interest or short position of 5% or more of the interests in the Shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

董事在合約上之利益(續)

(g) 於二零零六年十一月十四日，本公司之全資附屬公司 Wo Kee Hong (B.V.I.) Limited 訂立一份協議，出售其於 Che Chuen Development Ltd. 之全部 100% 已發行股本予本公司執行主席兼行政總裁李文輝先生全資擁有之 Surestatus Group Limited，代價為港幣 1.00 元。出售事項詳情全文載於日期為二零零六年十二月四日之通函。出售事項已於二零零六年十二月二十二日舉行之本公司股東特別大會獲正式批准。

除上述者外，本公司或其任何附屬公司於本年底或截至二零零六年十二月三十一日止年度內任何時間，並無簽訂任何與本集團業務有關而本公司董事在其中直接或間接享有重大利益之其他重要合約。

董事在競爭行業之權益

除本公司之業務外，本公司各董事(獨立非執行董事除外)概無在任何與本公司業務有直接或間接競爭或可能有競爭之業務中擁有權益。

可換股票據

本公司所發行可換股票據之詳情載於財務報表賬項附註 28。

本公司之主要股東

除下文所披露者及於「董事之證券權益」一節外，於二零零六年十二月三十一日，就董事所知，概無其他人士於本公司股份或相關股份中擁有或被視為或當作擁有 5% 或以上之權益或淡倉，而須根據證券及期貨條例第 336 條記入登記冊之內：

Substantial Shareholders (continued)

Beneficial interests and short positions in Shares and underlying shares of equity derivatives of the Company at December 31, 2006:

Company name 公司名稱	Long or short position 好倉或淡倉	Number of Shares 股份數目	Number of underlying shares of equity derivatives 相關權益衍生工具之股份數目	Approximate % of the total issued Shares 佔已發行股本總額之概約百分比
Modern Orbit Limited	Long position 好倉	117,133,570 (Note 1) (附註1)	–	52.85%
Cross Profit Capital Limited	Long position 好倉	–	30,000,000 (Notes 2 & 3) (附註2及3)	13.54%
Cyber Generation Limited	Long position 好倉	325,000 (Note 3) (附註3)	–	0.15%
Great Intelligence Holdings Limited	Long position 好倉	955,800 (Note 4) (附註4)	–	0.43%

Notes:

- The 117,133,570 Shares are held by Modern Orbit Limited, which is wholly owned by Cyber Tower Inc. as trustee of The WS Lee Unit Trust. 99% of the units of The WS Lee Unit Trust are held by a discretionary trust of which Mr. Wing Sum LEE's family members including Ms. Kam Har YUE, Mr. Richard Man Fai LEE and Mr. Jeff Man Bun LEE are the beneficiaries. The remaining 1% of the units of The WS Lee Unit Trust is held by Skylink International Asset Corporation, a company incorporated in the British Virgin Islands and owned by Ms. Kam Har YUE, Mr. Richard Man Fai LEE and Mr. Jeff Man Bun LEE.
- The 30,000,000 Shares represented the Shares to be issued upon the full conversion of a HK\$30,000,000 convertible redeemable note convertible at HK\$1.00 which is held by Cross Profit Capital Limited, a wholly owned subsidiary of Hanny Magnetics (B.V.I.) Limited which in turn is a wholly owned subsidiary of Hanny Holdings Limited.

本公司之主要股東(續)

於二零零六年十二月三十一日，於本公司股份及權益衍生工具相關股份之實益權益及淡倉：

Number of underlying shares of equity derivatives 相關權益衍生工具之股份數目	Approximate % of the total issued Shares 佔已發行股本總額之概約百分比
–	52.85%
30,000,000 (Notes 2 & 3) (附註2及3)	13.54%
–	0.15%
–	0.43%

附註：

- 該117,133,570股股份由Modern Orbit Limited擁有。Modern Orbit Limited由Cyber Tower Inc. (即The WS Lee Unit Trust之信託人) 全資擁有。The WS Lee Unit Trust之99%權益由一項全權信託所持有，其中李永森先生之家庭成員，包括余金霞女士、李文輝先生及李文彬先生為該全權信託之受益人。The WS Lee Unit Trust其餘1%權益由Skylink International Asset Corporation持有，該公司於英屬處女群島註冊成立，由余金霞女士、李文輝先生及李文彬先生擁有。
- 該30,000,000股股份指由Cross Profit Capital Limited持有之港幣30,000,000元(可按港幣1.00元轉換)可換股可贖回票據全部獲轉換後發行之股份。Cross Profit Capital Limited為Hanny Magnetics (B.V.I.) Limited之全資附屬公司，而後者則為錦興集團有限公司之全資附屬公司。

Substantial Shareholders (continued)

Notes: (continued)

3. 325,000 Shares are held by Cyber Generation Limited, a wholly owned subsidiary of Hanny Magnetics (B.V.I.) Limited which in turn is a wholly owned subsidiary of Hanny Holdings Limited.

Famex Investment Limited, a wholly owned subsidiary of Mankar Assets Limited, controls Hanny Holdings Limited. Mankar Assets Limited is a wholly owned subsidiary of ITC Investment Holdings Limited which in turn is a wholly owned subsidiary of ITC Corporation Limited.

Galaxyway Investments Limited, a company wholly owned by Chinaview International Limited, owns approximately 34.52% of the issued ordinary share capital of ITC Corporation Limited. Chinaview International Limited is wholly owned by Dr. Charles Kwok Keung CHAN. Ms. Macy Yuen Lan NG is the spouse of Dr. Charles Kwok Keung CHAN.

Hanny Magnetics (B.V.I.) Limited, Hanny Holdings Limited, Famex Investment Limited, Mankar Assets Limited, ITC Investment Holdings Limited, ITC Corporation Limited, Galaxyway Investments Limited, Chinaview International Limited, Dr. Charles Kwok Keung CHAN and Ms. Macy Yuen Lan NG are deemed to be interested in the Shares held by Cyber Generation Limited and the underlying shares arising from the convertible redeemable note held by Cross Profit Capital Limited.

4. 955,800 Shares are held by Great Intelligence Holdings Limited, a wholly owned subsidiary of ITC Management Group Limited which in turn is a wholly owned subsidiary of ITC Corporation Limited.

ITC Management Group Limited, ITC Corporation Limited, Galaxyway Investments Limited, Chinaview International Limited, Dr. Charles Kwok Keung CHAN and Ms. Macy Yuen Lan NG are deemed to be interested in the Shares held by Great Intelligence Holdings Limited.

Public Float

As at the date of this Annual Report, based on information that is publicly available to the Company, the Directors acknowledge that more than 25% of the issued capital of the Company are held by the public.

本公司之主要股東(續)

附註：(續)

3. 該325,000股股份由Cyber Generation Limited持有，該公司為Hanny Magnetics (B.V.I.) Limited之全資附屬公司，而後者則為錦興集團有限公司之全資附屬公司。

其威投資有限公司(即Mankar Assets Limited之全資附屬公司)擁有錦興集團有限公司之控制權。Mankar Assets Limited為ITC Investment Holdings Limited之全資附屬公司，而後者則為德祥企業集團有限公司之全資附屬公司。

Galaxyway Investments Limited(即Chinaview International Limited之全資附屬公司)擁有德祥企業集團有限公司已發行普通股本約34.52%。Chinaview International Limited由陳國強博士全資擁有。伍婉蘭女士為陳國強博士之配偶。

Hanny Magnetics (B.V.I.) Limited、錦興集團有限公司、其威投資有限公司、Mankar Assets Limited、ITC Investment Holdings Limited、德祥企業集團有限公司、Galaxyway Investments Limited、Chinaview International Limited、陳國強博士及伍婉蘭女士均被視作於Cyber Generation Limited持有之股份中擁有權益，以及於Cross Profit Capital Limited持有可換股可贖回票據之相關股份中擁有權益。

4. 該955,800股股份由Great Intelligence Holdings Limited持有，該公司為ITC Management Group Limited之全資附屬公司，而後者則為德祥企業集團有限公司之全資附屬公司。

ITC Management Group Limited、德祥企業集團有限公司、Galaxyway Investments Limited、Chinaview International Limited、陳國強博士及伍婉蘭女士均被視作於Great Intelligence Holdings Limited持有之股份中擁有權益。

公眾持股量

於本年報日，本公司依據已公開的資料，董事確認本公司25%以上已發行股本由公眾持有。

Purchase, Sale or Redemption of Securities

The Company and its subsidiaries have not repurchased, sold or redeemed any of the Company's securities during the year.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws in Bermuda although there are no restrictions against such rights under the laws in Bermuda.

Auditors

The financial statements for the year were audited by HLB Hodgson Impey Cheng who will retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

On July 19, 2004, Deloitte Touche Tohmatsu resigned as auditors of the Group. RSM Nelson Wheeler were appointed and then resigned as auditors of the Group on July 20, 2004 and on August 29, 2005, respectively. On August 30, 2005, HLB Hodgson Impey Cheng were appointed as auditors of the Group to fill the casual vacancy following the resignation of former auditors to hold office until the conclusion of the annual general meeting of the Company held on June 15, 2006 ("2006 AGM") where HLB Hodgson Impey Cheng was re-appointed as auditors of the Group until the forthcoming Annual General Meeting.

For and on behalf of the Board of Directors

Richard Man Fai LEE

Executive Chairman & CEO

Hong Kong, March 30, 2007

證券之購買、出售或贖回

本公司及其附屬公司於本年度概無購回、出售或贖回任何本公司證券。

先買權

儘管百慕達法例在先買權上並無設立限制，本公司之公司細則及百慕達法例並無有關先買權之條文。

核數師

本年度之財務報表由國衛會計師事務所審核，該核數師將在應屆股東週年大會任滿告退，惟願意接受膺選再獲委任。

於二零零四年七月十九日，德勤•關黃陳方會計師行辭任本集團核數師。羅申美會計師行分別於二零零四年七月二十日被委任為本集團核數師並於二零零五年八月二十九日辭任本集團核數師一職。國衛會計師事務所於二零零五年八月三十日被委任為核數師以彌補前任核數師之臨時空缺，直至於二零零六年六月十五日舉行之股東週年大會（「二零零六年股東週年大會」）結束為止。國衛會計師事務所於該次大會上獲續聘為本集團之核數師，直至應屆股東週年大會為止。

承董事會命

執行主席兼行政總裁

李文輝

香港，二零零七年三月三十日