

Corporate Governance Report

The board (the “Board”) of directors (the “Directors”) and the management (the “Management”) of Haier Electronics Group Co., Ltd. (the “Company”) recognise that sound corporate practices are crucial to the efficient operation of the Company and its subsidiaries (collectively the “Group”) and the safeguarding of our shareholders’ interests. In this regard, the Board attaches great priority to reinforce the Company’s corporate governance standards with emphasis on transparency, accountability and independence in order to enhance our long-term shareholders’ value.

The Company has, throughout the year ended 31 December 2006, complied with most of the applicable code provisions (the “Code Provision(s)”) and principles under the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) except for certain deviations as described below. This report describes the Company’s corporate governance practices, explains its applications of and deviations from the CG Code, together with considered reasons for such deviations.

BOARD OF DIRECTORS

Composition

The Board currently comprises six executive Directors and three independent non-executive Directors (the “INED(s)”). The Directors are well-versed in respective areas such as legal, accounting and finance, business management and industry knowledge and the Board as a whole has achieved an appropriate balance of skills and experience. The Directors’ biographical details are set out on pages 11 to 13 of this annual report.

To the best of the Company’s knowledge, there is no financial or family relationship among the Board members. All of them are free to exercise their independent judgment on all matters concerning the Company.

企業 管治報告

海爾電器集團有限公司(「本公司」)董事(「董事」)會(「董事會」)及管理層(「管理層」)深明優良之企業常規為本公司及其附屬公司(統稱「本集團」)有效經營及股東權益保障之重要關鍵。就此方面，董事會非常著重提升本公司之企業管治水平，尤其注重公司之透明度、問責性與獨立性，務求提高本公司股東之長遠價值。

截至二零零六年十二月三十一日止年度，除下列偏離外，本公司一直遵守香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)附錄14所載之企業管治常規守則(「企業管治守則」)之大部分適用守則條文(「守則條文」)及原則。本報告說明本公司之企業管治常規、闡釋其對企業管治守則之應用與偏離，連同有關偏離之經考慮原因。

董事會

組成

董事會現時由六名執行董事及三名獨立非執行董事(「獨立非執行董事」)組成。董事在法律、會計與財務、業務管理及行業知識等各範疇擁有深入精闢之認識，而董事會整體更具備各方面之適當技能與經驗。董事之履歷詳情載於本年報第11至第13頁內。

就本公司所深知，董事會成員之間概無財務或親屬關係。全體董事均可就本公司之一切事宜作出獨立判斷。

Corporate Governance Report

BOARD OF DIRECTORS (Cont'd)

Delegation by the Board

The Directors are collectively responsible for setting the Group's strategies, providing leadership and guidance to put them into effect, reviewing and monitoring the performance of the Group and are accountable to the Company's shareholders. To maximise the effectiveness of the Group's operations, the Board has delegated management and administration of the Group's daily operations to the executive Directors and the Management while reserving several important matters for its approval. To this end, the Board has adopted written guidelines (the "Guidelines") laying down the division of functions between the Board and the Management (including the executive Directors for the purpose of the Guidelines).

Pursuant to the Guidelines, the major functions of the Board and the Management are summarized as follows:

The Board is principally responsible for:

1. determining the overall strategy and approving annual operating budget of the Group;
2. reviewing all significant policies of the Group;
3. monitoring the performance of the Management to ensure that the business operations of the Group are properly planned and undertaken;
4. approving interim and annual results of the Group based on recommendations made by the audit committee of the Company;
5. approving material contracts and transactions for which the Management is required to obtain the Board's prior approval; and
6. subject to the requirements of the Listing Rules, approving transactions in which connected person(s) (as defined in the Listing Rules) of the Group is/are considered having a material conflict of interests.

企業 管治報告

董事會 (續)

董事會之授權

董事須共同負責制訂本集團之策略，並為有關策略之實行提供領導與指引，亦肩負檢討及監察本集團表現之責任，同時向本公司股東負責。為提高本集團之營運效率，董事會已授權執行董事及管理層負責本集團日常營運之管理及行政工作，但若干重要事宜則須待其批准。就此而言，董事會已採納一套書面指引（「指引」），列明董事會與管理層（就指引而言，包括執行董事）間之職能劃分。

根據指引，董事會與管理層之主要職能概述如下：

董事會主要負責：

1. 釐定本集團之整體策略及批准年度經營預算；
2. 檢討本集團之所有重大政策；
3. 監察管理層之表現，確保本集團之業務營運妥善策劃及執行；
4. 根據本公司審核委員會作出之推薦建議，批准本集團之中期及年度業績；
5. 批准管理層須取得董事會事先批准之重大合約及交易；及
6. 在上市規則規定之規限下，批准本集團關連人士（定義見上市規則）被視為於其中有重大利益衝突之交易。

Corporate Governance Report

BOARD OF DIRECTORS (Cont'd)

Delegation by the Board (Cont'd)

The Management is principally responsible for:

1. exercising all such other powers and perform all such other acts as may be exercised and performed by the Directors, save and except for those that may specifically be reserved by the Board and/or the committees set up by the Board for decision and implementation; or those that may only be exercised by the Board pursuant to The Companies Act of Bermuda, the Bye-laws of the Company, the Listing Rules and/or the Hong Kong Codes on Takeovers and Mergers and Share Repurchases;
2. formulating and implementing policies for business activities, internal controls and administration of the Company;
3. planning and deciding the Company's strategies on its business activities; and
4. keeping proper written records of its decisions taken which may be inspected by any members of the Board or the Board committees upon request.

The Board reviews those arrangements and the Guidelines on a periodic basis to ensure that they remain appropriate to the needs of the Group.

企業 管治報告

董事會 (續)

董事會之授權 (續)

管理層主要負責：

1. 除董事會及／或董事會所成立委員會可能特別保留由其作決定及實行者；或根據百慕達公司法、本公司之公司細則、上市規則及／或香港公司收購、合併及股份購回守則僅可由董事會行使者外，行使及進行董事可能行使及進行之一切其他有關權力及行動；
2. 制訂及實行有關本公司業務活動、內部監控及行政之政策；
3. 策劃及決定本公司有關其業務活動之策略；及
4. 就其決策保存妥善之書面紀錄，以應董事會或董事會委員會任何成員要求供其查閱。

董事會定期檢討上述安排及指引，以確保此等安排及指引仍然切合本集團之需要。

Corporate Governance Report

BOARD OF DIRECTORS (Cont'd)

Chairman and Chief Executive Officer (“CEO”)

Under the Code Provision A.2.1, the roles of chairman and CEO should be separate and should not be performed by the same individual. Currently, the Company does not have any person holding the title of CEO. Ms. Yang Mian Mian is the Chairman of the Board and is also performing the functions of CEO. The Board meets regularly to consider major matters affecting the business and operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the Management and believes that this structure enables the Group to make and implement decision promptly and efficiently.

Under the Code Provision E.1.2, the chairman of the board should attend the annual general meeting. The Chairman of the Board did not attend the 2006 annual general meeting of the Company as she had overseas business trip at that time.

INEDs

The INEDs have the same duties of care and skill and fiduciary duties as the executive Directors. They are expressly identified as such in all corporate communications that disclose the names of the Directors.

The INEDs are experienced professionals with expertise in respective areas of legal, accounting and finance. With their professional knowledge and experience, the INEDs advise the Company on its operation and management; provide independent opinion on the Company's connected/continuing connected transactions; participate in the Company's audit committee meetings and remuneration committee meetings. The INEDs also contribute to provide adequate checks and balance to protect the interests of the Company and the Company's shareholders as a whole, and to promote the development of the Company.

The Company has received an annual confirmation of independence from each of the INEDs pursuant to Rule 3.13 of the Listing Rules and considers that all INEDs to be independent as the date of this report.

Under the Code Provision A.4.1, non-executive directors should be appointed for specific terms, subject to re-election. Currently, all INEDs are not appointed for a specific term but are subject to retirement by rotation at the annual general meetings of the Company in accordance with the Company's Bye-laws (the “Bye-laws”). As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

企業 管治報告

董事會 (續)

主席及行政總裁 (「行政總裁」)

根據守則條文A.2.1，主席與行政總裁之角色應有區分，並不應由一人同時兼任。本公司現時並無任何人士擁有行政總裁之職銜。楊綿綿女士為董事會主席，同時兼顧行政總裁之職能。董事會定期舉行會議，對影響本集團業務運作之重要事宜加以考慮。董事會認為該架構將不會損害董事會與管理層間之均衡權力與授權，並相信該架構可讓本集團得以有效地即時作出並實行各項決策。

根據守則條文E.1.2，董事會主席應出席股東週年大會。由於董事會主席當時在海外公幹，故並無出席本公司二零零六年度股東週年大會。

獨立非執行董事

獨立非執行董事應具有與執行董事相同之謹慎態度及技能以及受信責任。於所有披露董事姓名之公司通訊內，均會明確識別出獨立非執行董事。

獨立非執行董事均為資深專業人士，具備法律、會計與金融各範疇之專業知識。憑藉其專業知識及經驗，獨立非執行董事就本公司之營運及管理向本公司提供建議；就本公司之關連／持續關連交易提供獨立意見；並參與本公司之審核委員會及薪酬委員會會議。獨立非執行董事亦致力提供充分監管與制衡，務求保障本公司及本公司股東之整體利益，同時亦可促進本公司之發展。

於本報告日期，本公司已接獲各獨立非執行董事根據上市規則第3.13條之規定就其獨立性發出之年度確認，並認為全體獨立非執行董事均屬獨立人士。

根據守則條文A.4.1，非執行董事之委任應有指定任期，並須接受重新選舉。現時，全體獨立非執行董事之委任均無指定任期，惟彼等須根據本公司之公司細則 (「公司細則」) 於本公司股東週年大會上輪流退任。因此，董事會認為，本公司已採取足夠措施確保本公司之企業管治常規與企業管治守則所載者同樣嚴緊。

Corporate Governance Report

BOARD OF DIRECTORS (Cont'd)

Supply of and access to information

Newly appointed Directors will receive induction packages containing the duties and responsibilities of directors under the Listing Rules and other applicable rules and regulations.

All the Directors are briefed and updated from time to time on the latest legislative and regulatory developments to ensure that they are fully aware of their responsibilities under the Listing Rules, applicable legal and regulatory requirements.

In order to ensure that their duties can be properly discharged, the Directors are entitled to seek advice from independent professional advisers whenever deemed necessary by them at the Company's expense.

Board Meetings

During the year ended 31 December 2006, apart from consents obtained by means of written resolutions of all the Board members, the Board had held five scheduled meetings at approximately quarterly intervals to review and approve, among other things, the 2005 annual results and 2006 interim results, major and connected transactions and continuing connected transactions of the Group. The Company's board meetings (the "Board Meeting(s)") are permitted to be held by means of telephone or other means of electronic communication under the Bye-laws.

Reasonable notices are served and comprehensive information is provided to the Board members in advance of all the Board Meetings in order to enable them to make informed decisions on all matters transacted at the Board Meetings.

The proceedings of the Board Meetings are normally conducted by the Chairman of the Board who ensures that sufficient time is allowed for discussion among the Directors and equal opportunities are being given to the Directors to express their views and share their concerns.

The Company Secretary/Qualified Accountant attends the Board Meetings to advise Directors on corporate governance practices, and statutory compliance, accounting and financial issues whenever deemed necessary by the Board.

The Company Secretary is responsible for preparing minutes recording all matters transacted and resolved at the Board Meetings. All the Board Minutes are kept by the Company Secretary and are open for inspection by the Directors.

企業 管治報告

董事會 (續)

資料之提供與取閱

新委任之董事將接獲一套就任須知，當中包括董事根據上市規則以及其他適用規則及法規之職責與責任。

全體董事均會不時獲介紹及更新法例及法規之最新發展，以確保彼等全面瞭解其根據上市規則、適用法例及規管規定之責任。

為確保董事能妥善履行其職責，董事有權在彼等認為有需要時尋求獨立專業顧問之意見，費用概由本公司承擔。

董事會會議

於截至二零零六年十二月三十一日止年度內，除透過書面決議案以取得全體董事會成員之同意外，董事會已舉行五次定期會議，即約每季舉行一次，以審閱及批准(其中包括)本集團二零零五年度業績及二零零六年度中期業績、主要及關連交易以及持續關連交易。本公司之董事會會議(「董事會會議」)獲准以電話或根據公司細則以其他電子通訊方式舉行。

於所有董事會會議前，董事會成員均會事先獲發出合理通知及獲提供全面資料，以讓彼等得以在董事會會議上就所處理之一切事宜作出知情決定。

董事會會議程序一般由董事會主席主持，而主席亦會確保董事獲充裕時間進行討論，而各董事亦獲同等機會發表其意見及提出所關注之事宜。

如董事會認為有需要，則公司秘書／合資格會計師會出席董事會會議，以就企業管治常規、法規遵守、會計及財務等事項提供意見。

公司秘書負責編製會議紀錄，載列在董事會會議上所處理及議決之一切事宜。公司秘書會保管所有董事會會議紀錄，有關紀錄可供董事查閱。

Corporate Governance Report

企業 管治報告

BOARD OF DIRECTORS (Cont'd)

Board Meetings (Cont'd)

The following table shows the attendance of the Directors at the Board Meetings during the year ended 31 December 2006:

董事會 (續)

董事會會議 (續)

下表為截至二零零六年十二月三十一日止年度內，董事於董事會會議之出席率：

		No. of the Board Meetings attended/held 出席／舉行之董事會會議次數
Executive Directors:		
執行董事：		
Ms. Yang Mian Mian (Chairman)	楊綿綿女士 (主席)	4/5
Mr. Wu Ke Song (Deputy Chairman)	武克松先生 (副主席)	2/5
Mr. Chai Yong Sen*	柴永森先生*	0/5
Mr. Liang Hai Shan	梁海山先生	2/5
Mr. Cao Chun Hua	曹春華先生	2/5
Mr. Cui Shao Hua	崔少華先生	5/5
Mr. Song Chun Guang*	宋春光先生*	2/5
INEDs:		
獨立非執行董事：		
Mr. Lam Kin Kau, Mark	林建球先生	5/5
Mr. Fung Hoi Wing, Henry	馮藹榮先生	5/5
Mr. Lau Ho Wai, Lucas#	劉可為先生#	2/2
Mr. Wu Yinong	吳亦農先生	5/5

* resigned on 15 February 2007

resigned on 28 July 2006

* 於二零零七年二月十五日辭任

於二零零六年七月二十八日辭任

It is challenging to arrange the Board Meeting that fits in with the tight and busy schedules of all the Directors. In particular, as certain of the executive Directors devote considerable time and efforts to the management and operation of the Group's business, they were only able to attend some of the Board Meetings in person and their attendance rate at the Board Meetings were relatively low during the fiscal year of 2006. To enable all the Directors to keep abreast of the Group's latest development and to discharge their duties properly, the Company Secretary will brief the Directors on those matters transacted at the Board Meetings that they were unable to attend. In addition, draft and final versions of the Board Minutes will be sent to all Directors for their comments and records.

為配合各董事緊湊而繁忙之時間表而安排董事會會議實屬非常困難。尤其若干執行董事在本集團業務之管理及經營上付出不少時間及努力，故彼等僅可親身出席某些董事會會議，因而令彼等在二零零六年財政年度內之董事會會議出席率偏低。為令全體董事得悉本集團之最新發展，並妥善履行彼等之職務，公司秘書將向董事扼要報告在彼等無法出席之董事會會議上所處理之有關事宜。此外，董事會會議紀錄之草稿及定稿亦會送交全體董事，以供彼等提出意見及保存紀錄。

Corporate Governance Report

BOARD OF DIRECTORS (Cont'd)

Model Code for Securities Transactions by Directors

The Company has adopted a model code (the "Haier Electronics Model Code") for securities transactions by Directors on no less exacting terms 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 enquiry of all the Directors, the Company confirmed that all the Directors have complied with the required standard as set out in the Haier Electronics Model Code throughout the year ended 31 December 2006.

In addition, the Board has adopted written guidelines (the "Employees' Guidelines for Securities Transactions") for securities transactions by employees (the "Relevant Employees") who are likely to be in possession of unpublished price sensitive information of the Company on no less exacting terms than the Haier Electronics Model Code. Having made specific enquiry of all the Relevant Employees, the Company confirmed that all the Relevant Employees have complied with the required standard as set out in the Employees' Guidelines for Securities Transactions throughout the year ended 31 December 2006.

Board Committees

The Board has established an Audit Committee (the "Audit Committee") and a Remuneration Committee (the "Remuneration Committee") (collectively the "Committees") to oversee specific aspects of the Company's affairs. The Committees report to the Board regularly, and have been provided with sufficient resources to discharge their respective duties. To reinforce independence, the chairman of both the Committees is an INED. Each of the Committees has adopted specific terms of reference covering its duties, powers and functions which will be reviewed by the Board from time to time. The Company Secretary also acts as secretary of the Committees. The Committees adopt as far as practicable, the procedures and arrangement of the Board Meeting in relation to the conduct of meetings, notice of meetings and recording of minutes. Further particulars of each of the Committees are set out below:

(1) Audit Committee

The Audit Committee currently comprises all three INEDs and is chaired by Mr. Lam Kin Kau, Mark. Mr. Lam is a professional accountant and has been a practicing accountant for over 20 years. The primary duties of the Audit Committee are to ensure the objectivity and credibility of financial reporting, to make recommendation to the Board on the appointment, reappointment and removal of the Group's external auditors and review of the Company's financial controls, internal control and risk management systems.

企業 管治報告

董事會 (續)

董事進行證券交易的標準守則

本公司已採納一套董事進行證券交易之標準守則(「海爾電器標準守則」)，該守則之條款與上市規則附錄10所載上市公司董事進行證券交易的標準守則同樣嚴緊。經向全體董事作出明確查詢後，本公司確認全體董事已於截至二零零六年十二月三十一日止年度內一直遵守海爾電器標準守則所載之規定標準。

此外，董事會已就可能擁有本公司未公佈價格敏感資料之僱員(「相關僱員」)所進行之證券交易採納書面指引(「僱員證券交易指引」)，該指引之條款與海爾電器標準守則同樣嚴緊。經向全體相關僱員作出明確查詢後，本公司確認全體相關僱員已於截至二零零六年十二月三十一日止年度內一直遵守僱員證券交易指引所載之規定標準。

董事會委員會

董事會已成立審核委員會(「審核委員會」)及薪酬委員會(「薪酬委員會」)(統稱「委員會」)，以對本公司事務之特定範疇進行監督。委員會定期向董事會匯報，並已獲提供足夠資源以執行彼等各自之職責。為加強獨立性，兩個委員會之主席均為獨立非執行董事。各委員會均已採納明確職權範圍，包括其職責、權力及職能，並不時由董事會進行檢討。公司秘書亦擔任委員會之秘書。在實際可行情況下，委員會就舉行會議、會議通告及記述會議紀錄方面採納與董事會會議相同之程序與安排。各委員會之進一步詳情載列如下：

(1) 審核委員會

審核委員會現時由全體三名獨立非執行董事組成，並由林建球先生擔任主席。林先生為專業會計師，並已任職執業會計師超過20年。審核委員會之主要職責為確保財務申報之客觀及可信程度、就委任、重新委任及罷免本集團外聘核數師向董事會提供推薦建議，以及檢討本公司之財務監控、內部監控及風險管理系統。

Corporate Governance Report

BOARD OF DIRECTORS (Cont'd)

Board Committees (Cont'd)

(1) Audit Committee (Cont'd)

During the year ended 31 December 2006, the Audit Committee held three meetings with an attendance rate of 100% to review the management and accounting principles and practices adopted by the Group and to discuss internal controls and financial reporting matters including the review of 2005 annual results and 2006 interim results of the Group. Each member of the Audit Committee has unrestricted access to the Group's external auditors and the Management.

(2) Remuneration Committee

The Remuneration Committee currently comprises five members including two executive Directors, namely, Mr. Wu Ke Song and Mr. Cui Shao Hua and all three INEDs. The Remuneration Committee is chaired by Mr. Fung Hoi Wing, Henry, an INED. The primary duties of the Remuneration Committee are to make recommendations to the Board on policy and structure of all remuneration of the Directors. Each of the Directors has not involved in the determination of his/her own remuneration. The Remuneration Committee meets at least once a year. During the year, the Remuneration Committee Meeting has held one meeting with an attendance rate of 100%. At the meeting, members of the Remuneration Committee reviewed the remuneration packages and overall benefits of the Directors by taking into account factors such as remuneration packages and benefits offered by comparable companies, the respective contribution of each of the Directors to the Group and the business objectives of the Group.

Nomination of Directors

The Board has not established a nomination committee. However, accordingly to the Bye-laws, the Board has the power from time to time to appoint any person as the Director to fill a casual vacancy or as an addition to the Board. The Board will mainly take into consideration the nominees' qualification, skills, experience, particularly their experience in the industry of the Group for the nominees of the executive Director, and potential contributions to the Group.

During the year, the Board held one meeting to consider the suitability of the re-election of the Directors who were subject to the retirement by rotation at the 2006 annual general meeting of the Company in accordance with the Bye-laws.

企業 管治報告

董事會 (續)

董事會委員會 (續)

(1) 審核委員會 (續)

截至二零零六年十二月三十一日止年度內，審核委員會已舉行三次會議，出席率達100%，會上審閱本集團所採納之管理及會計原則及慣例，並討論內部監控及財務申報事宜，包括審閱本集團二零零五年年度業績及二零零六年度中期業績。審核委員會各成員在接觸本集團之外聘核數師及管理層方面並無受到任何限制。

(2) 薪酬委員會

薪酬委員會現時由五名成員組成，包括兩名執行董事武克松先生及崔少華先生以及全體三名獨立非執行董事。薪酬委員會由獨立非執行董事馮藹榮先生擔任主席。薪酬委員會之主要職責為就董事之全部薪酬政策及架構向董事會作出推薦建議。各董事均無參與釐訂其本身之薪酬。薪酬委員會每年最少舉行一次會議。薪酬委員會已於年內舉行一次會議，出席率達100%。薪酬委員會成員在會上檢討董事之薪酬組合及整體福利，當中已考慮到可資比較公司所提供之薪酬組合及福利、各董事各自對本集團及其業務目標之貢獻。

董事提名

董事會並無成立提名委員會，然而根據公司細則，董事會有權不時委任任何人士為董事以填補董事會空缺或增添董事會成員。董事會主要會考慮獲提名人士之資歷、技能、經驗(如屬執行董事之獲提名人，則尤其會考慮其在本集團行業的經驗)及預計其對本集團可作出的貢獻。

年內，董事會舉行了一次會議，以考慮須按公司細則於二零零六年度股東週年大會上輪值退任之董事是否適合膺選連任。

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS

It is the Company's practice to include details of the procedures for voting by poll and the rights of shareholders to demand a poll in the circulars to shareholders in accordance with the Bye-laws and the Listing Rules. The poll results of special general meetings are also published in newspapers and on the websites of the Stock Exchange. The Board regards general meetings as one of the principal channels of communications with our shareholders and the Directors provide detailed and complete answers to questions raised by the shareholders in the general meetings.

INSURANCE

The Group has arranged appropriate directors' and officers' liability insurance to indemnify the Directors and senior staff of the Group for their potential liabilities incurred by them in discharging their duties. The Group reviews the insurance coverage for the Directors and the Group's senior staff on an annual basis.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing financial statements of the Group in accordance with relevant statutory requirements and generally accepted accounting principles in Hong Kong and ensuring that the financial statements give a true and fair view of the Group's financial position. In preparing the financial statements of the Group for the year ended 31 December 2006, the Directors have adopted suitable accounting policies and applied them consistently; made judgments and estimates that are prudent and reasonable; and prepared the financial statements on a going concern basis.

The Board aims to present a comprehensive, balanced and understandable assessment of the Group's development and prospects in all corporate communications, including but not limited to annual and interim reports, any price-sensitive announcements and financial disclosures required under the Listing Rules, any reports to regulators as well as to information required to be disclosed pursuant to other statutory requirements.

企業 管治報告

與股東之溝通

本公司之慣例為根據公司細則及上市規則之規定，在致股東通函內載列按股數投票表決之程序及股東要求按股數投票表決之權利之詳情。於股東特別大會上按股數投票表決之結果亦會刊登於報章及聯交所網站。董事會視股東大會為與本公司股東溝通之主要渠道之一，而董事於股東大會上均會就股東之提問提供完整之詳盡答案。

保險

本公司已安排適當之董事及高級職員責任保險，以彌償本集團董事及高級職員因履行職責而可能產生之責任。本集團每年均會檢討董事及本集團高級職員之受保範圍。

問責性與審核

董事確認彼等對根據相關法律規定及香港公認會計原則編製本集團財務報表之責任，並確保財務報表可真實公平地反映本集團之財務狀況。董事在編製本集團截至二零零六年十二月三十一日止年度之財務報表時，已採納並貫徹應用合適之會計政策；作出審慎合理之判斷及估計；及按持續經營基準編製財務報表。

董事會務求在所有公司通訊中就本集團發展及前景呈列一份易於理解兼全面周詳之評估、任何致規管人之報告，以及根據其他法律規定須予披露之資料。上述公司通訊包括但不限於上市規則所規定之年度及中期報告、任何價格敏感公佈及財務披露。

Corporate Governance Report

INTERNAL CONTROL AND RISK MANAGEMENT

The Group is committed to implementing effective internal controls and risk management procedures to identify and manage the risks that may be faced by the Group, as well as to safeguard the interests of the Group and our shareholders as a whole.

The Board is responsible for maintaining adequate internal controls and risk management procedures in the Group, and for reviewing its effectiveness through the Audit Committee on an on-going basis. The Board has delegated to the Management the implementation of the Group's internal controls covering financial, operational and compliance aspects, as well as risk management procedures.

During the year, the Company has engaged external independent professionals to assist in its review on the operation of individual divisions of the Group and in its assessment of the effectiveness of Group's internal control systems and risk management procedures in its major business and operational processes. Such review has been reported to the Audit Committee and the Audit Committee has, in turn, reported the same to the Board together with its assessment and recommendations. Based on the results of the review together with the assessment and recommendations made by the Audit Committee, the Board is satisfied that during the year ended 31 December 2006, the Group has implemented adequate internal controls and risk management procedures. No significant areas of concern which might materially affect the Group's operation and the interests of our shareholders were identified.

REMUNERATION OF EXTERNAL AUDITORS

The Group's independent external auditors are Ernst & Young, Certified Public Accountants. During the year, the annual audit fees, reporting accountants' service fees in relation to the acquisition of subsidiaries and non-audit fees payable/paid by the Group to Ernst & Young were HK\$7,700,000, HK\$9,300,000 and HK\$3,000,000, respectively.

By Order of the Board of
HAIER ELECTRONICS GROUP CO., LTD.
Yip Wai Ming
Company Secretary

Hong Kong, 23 April 2007

企業 管治報告

內部監控與風險管理

本集團致力實行有效之內部監控及風險管理程序，以識別並管理本集團可能面臨之風險，並保障本集團及其股東之整體利益。

董事會負責為本集團維持充分之內部監控及風險管理程序，並有責任透過審核委員會持續檢討上述程序之成效。董事會已授權管理層對財務、營運及遵例各方面實行本集團之內部監控及風險管理程序。

年內，本公司已委聘外聘獨立專業人士協助其檢討本集團個別部門之運作，並評估本集團主要業務及運作程序之內部監控制度及風險管理程序之成效。有關檢討結果已向審核委員會匯報，而審核委員會亦已向董事會匯報有關事宜，並向其提交所作評估及推薦建議。基於檢討結果及審核委員會作出之評估及推薦建議，董事會同意本集團於截至二零零六年十二月三十一日止年度內已實施足夠內部監控及風險管理程序。並無發現可能對本集團營運及其股東利益構成重大影響之重要問題需要關注。

外聘核數師之酬金

本集團之獨立外聘核數師為執業會計師安永會計師事務所。年內，本集團應付／已付予安永會計師事務所之年度核數費用、有關收購附屬公司之申報會計師服務費及非核數費用分別為7,700,000港元、9,300,000港元及3,000,000港元。

承董事會命
海爾電器集團有限公司
公司秘書
葉偉明

香港，二零零七年四月二十三日