KB

建滔化工集團

KINGBOARD CHEMICAL HOLDINGS LIMITED

Stock Code 股份代號：148







00

Annual Report

年報



Contents 目錄

Corporate Information	2	公司資料
Financial Highlights	4	財務摘要
Chairman's Statement	5	主席報告
Directors' and Senior Management's Biographies	15	董事及高級管理人員之資歷
Directors' Report	18	董事會報告
Corporate Governance Report	33	企業管治報告
Independent Auditor's Report	49	獨立核數師報告
Consolidated Income Statement	51	綜合收益表
Consolidated Balance Sheet	52	綜合資產負債表
Consolidated Statement of Changes in Equity	54	綜合權益變動表
Consolidated Cash Flow Statement	56	綜合現金流量表
Notes to the Consolidated Financial Statements	59	綜合財務報表附註
Financial Summary	148	財務概要

CORPORATE INFORMATION
公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Cheung Kwok Wing *(Chairman)*
Mr. Chan Wing Kwan *(Managing Director)*
Mr. Cheung Kwong Kwan
Mr. Chang Wing Yiu
Mr. Ho Yin Sang
(appointed on 11 January 2007)
Ms. Cheung Wai Lin, Stephanie
(appointed on 11 January 2007)
Mr. Mok Cham Hung, Chadwick
Mr. Cheung Kwok Wa
(resigned on 7 December 2006)
Mr. Cheung Kwok Keung
(resigned on 7 December 2006)
Mr. Cheung Kwok Ping
(resigned on 7 December 2006)
Mr. Lam Ka Po
(resigned on 7 December 2006)

Independent Non-Executive Directors

Mr. Cheng Ming Fun, Paul
Mr. Tse Kam Hung
Mr. Henry Tan

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

CORPORATE INFORMATION
公司資料

HONG KONG LEGAL ADVISORS
Mallesons Stephen Jaques

香港法律顧問
萬盛國際律師事務所

REGISTERED OFFICE
Ground Floor, Caledonian House
Mary Street, P.O. Box 1043
George Town
Grand Cayman
Cayman Islands
British West Indies

註冊辦事處
Ground Floor, Caledonian House
Mary Street, P.O. Box 1043
George Town
Grand Cayman
Cayman Islands
British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
5th Floor, Block K
Valiant Industrial Centre
2-12 Au Pui Wan Street
Fo Tan
Shatin
Hong Kong

總辦事處及主要營業地點
香港
沙田
火炭
坳背灣街2-12號
威力工業中心
5樓K座

PRINCIPAL SHARE REGISTRAR
The Harbour Trust Co. Ltd.
3rd Floor
One Regis Place
P.O. Box 1787
George Town
Grand Cayman Islands
British West Indies

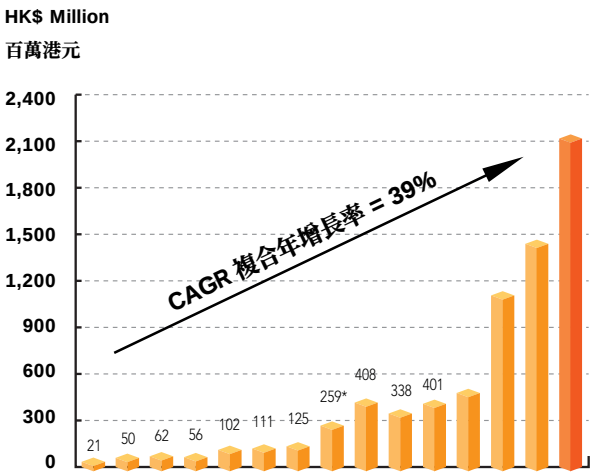
股份登記處總處
The Harbour Trust Co. Ltd.
3rd Floor
One Regis Place
P.O. Box 1787
George Town
Grand Cayman Islands
British West Indies

BRANCH SHARE REGISTRAR IN HONG KONG
Secretaries Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

股份登記處香港分處
秘書商業服務有限公司
香港灣仔
皇后大道東二十八號
金鐘匯中心二十六樓

FINANCIAL HIGHLIGHTS
財務摘要

CAGR 複合年增長率 = 40%



CHAIRMAN'S STATEMENT
主席報告

BUSINESS REVIEW

2006 was another successful year for Kingboard Chemical Holdings Limited (the "Group"). Benefited from the buoyant global economy, the Group's three core businesses, namely, laminate, chemical and printed circuit board ("PCB") had continued to enjoy strong growth. The Group achieved record revenue and profit for the fourth year in a row with consolidated sales reaching HK$16.8 billion which was 28% higher than that of the previous year. The Group's earnings before interest and tax (excluding the gain from the spin off of laminate business and discount on acquisition) exceeded HK$3,028.8 million which was 47% higher than the previous year.

Beyond the delivery of a solid financial performance, the Group reached another milestone following the spin off of the laminate business under the name Kingboard Laminates Holdings Limited ("Kingboard Laminates") on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 7 December 2006. The separate listing of Kingboard Laminates would enable investors to appraise and assess the potential and performance of the respective business units distinctly within the Group. In addition, the success of the initial public offering of Kingboard Laminates enables it to access to the international capital markets so as to capture additional growth opportunities as they arise. With a strong balance sheet, the Group is in a better position than it has ever been to seize future growth opportunities for both PCB and chemical divisions.

業務回顧

建滔化工集團(「集團」)在二零零六年再次成功取得驕人業績,在環球經濟蓬勃的有利條件下

8得鑑胺鎢犮吋招曉雙[illegible]

5

CHAIRMAN'S STATEMENT
主席報告

As a diversified Group, Kingboard is mindful of the need for management control over a wide geographic span with myriad businesses, which in turn enhances corporate governance and shareholders' return. I shall now elaborate our continuous effort to sustain the Group's earnings growth.

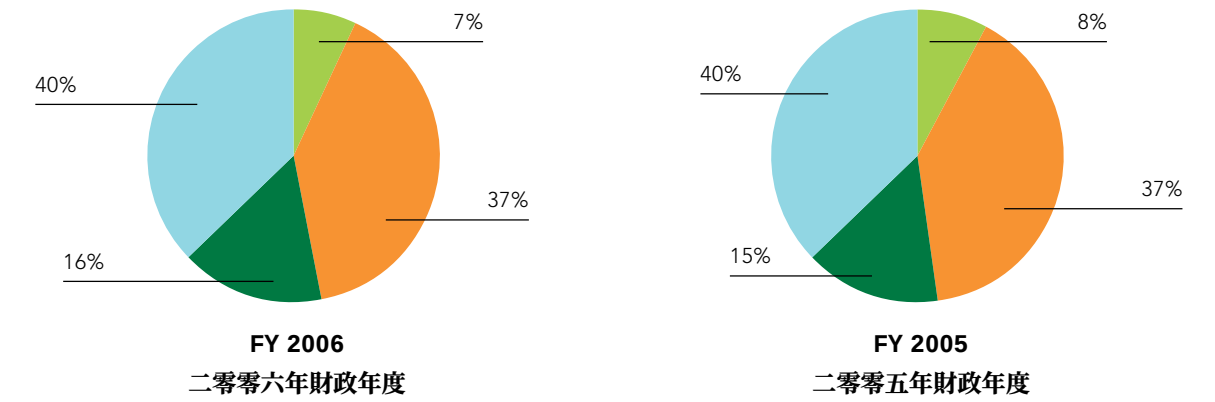
集團作為一家多元化的企業，深明對跨越不同地域的各種業務進行管理的重要性，並藉此提升股東回報及企業管治水平。本人謹此闡述管理層一直以來為保持集團盈利增長所作出的努力。

FINANCIAL HIGHLIGHTS	財務摘要
• Revenue surged to a record high of HK$16.8 billion – up 28%	· 營業額增加28%至一百六十八億港元新高
• Profit attributable to equity holders of the Company grew by 53% to HK$2.2 billion*	· 本公司權益持有人應佔溢利增長53%至二十二億港元*
• Return on equity attributable to equity holders of the Company improved to 22.6%* (2005: 20.8%)	· 本公司權益持有人股本回報率改善至22.6%* (2005: 20.8%)
• Solid financial 7a tion with net cash of HK$715 million	· 財務狀況理想，擁有淨現金七億一千五百萬港元
• Pro 7aed final dividend per share up 36% to HK38 cents plus special dividend per share of HK62 cents	· 建議派發每股末期股息增加36%至三十八港仙和每股特別股息六十二港仙

* excluding the gain from the spin off of laminate business of HK$4.8 billion and discount on acquia tion of HK$49.7 million

* 不包括分拆覆銅面板業務所得之四十八億港元及收購折讓四千九百七十萬港元的收益

Revenue Breakdown by Product 營業額分佈



CHAIRMAN'S STATEMENT
主席報告

Performance

We reported excellent results for 2006. Given our persistent focus on capacity growth and capability upgrading in the last few years, the Group had successfully ridden on the robust global demand for the consumer electronics product. Being the largest laminate producer in the world, the Group was able to take full advantage of its vertically integrated business model with a competitive cost structure to continuously gain share in the global laminate market. As a result, revenue (including inter-segment sales) for the laminate division recorded a 40% growth to HK$8,243.3 million. Earnings before interest and tax ("EBIT") rose even higher by 48.5% to HK$1,807.4 million over previous year. Volume sales were up by around 14% with the average monthly shipment reaching 7.3 million square meters. Revenue growth had outpaced volume growth because of tight supply of upstream raw materials which resulted in higher average selling price of laminate in the year. In addition, the capacity expansion located in Fogang, Guangdong province with lower operational cost base had contributed positively to our margin expansion.

業務表現

集團在二零零六年取得輝煌業績。由於集團在過去數年一直專注於擴大產能及提升生產技能，故此能成功受惠於全球電子消費品的強勁需求。集團作為全球最大覆銅面板生產商，能有效利用垂直整合經營模式的優勢及具競爭力的成本架構於環球覆銅面板市場搶佔市場份額。故此，覆銅面板部門的營業額（包括分部間之銷售）較上年度增加40%至八十二億四千三百三十萬港元，未扣除利息及稅項之盈利更較上年度大幅上升48.5%至十八億零七百四十萬港元。銷量增加約14%，平均每月出貨量達730萬平方米。收入增長超過銷量增長，乃因上游原材料供應緊張，導致年內層壓板平均售價上升。此外，位於廣東省佛岡、營運成本較低的產能擴充，對我們的毛利擴張貢獻正面。



CHAIRMAN'S STATEMENT
主席報告



LIQUIDITY AND CAPITAL RESOURCES

The Group's consolidated financial position changed distinctly following the successful listing of Kingboard Laminates on the Stock Exchange on 7 December 2006. The Group received net proceeds of approximately HK$6 billion from the spin off exercise of Kingboard Laminates. In addition, the Group received about HK$854.6 million from the conversion of around 42.7 million warrants to new shares of the Company. As a result, the Group had net cash of HK$715 million as at 31 December 2006 which was contrary to last financial year's net gearing ratio (ratio of interest bearing borrowings net of cash to total equity) of 58%. Furthermore, the retained group (excluding Kingboard Laminates and Elec & Eltek International Company Limited) was at a net cash position of HK$3,060.3 million.

流動資金及財務狀況

集團在二零零六年十二月七日成功分拆旗下建滔積層板在聯交所主板上市後，綜合財政狀況出現重大變化。集團透過分拆建滔積層板上市，取得集資淨額約六十億港元。此外，本公司因認股權證獲行使而發行四千二百七十萬股新股，所得款項約為八億五千四百六十萬港元。因此，集團於二零零六年十二月三十一日擁有淨現金七億一千五百萬港元，有別於上財政年度58%

CHAIRMAN'S STATEMENT
主席報告

The net working capital cycle improved from 103 days as at 31 December 2005 to 96 days as at 31 December 2006 on the following key metrics:

- Inventories, in terms of stock turnover days, increased to 73 days as a result of more raw material being purchased for the expanded production capacity across the core businesses (31 December 2005 – 66 days)
- Trade receivables, in terms of debtors turnover days, improved to 97 days (31 December 2005 – 106 days)
- Trade and bills payable, in terms of creditors turnover days, improved to 74 days (31 December 2005 – 69 days)

As at 31 December 2006, net current assets and current ratio of the Group were HK$9,467.1 million (31 December 2005 – HK$2,857.3 million) and 2.90 (31 December 2005 – 1.56), respectively. The mix of bank borrowings between short term and long term bank borrowings stood at 24%:76% (31 December 2005 – 33%:67%). Around 2% of the bank borrowings was denominated in Renminbi and the rest in Hong Kong or US dollars.

Our recurrent operating cash inflow was strong and positive even after funding working capital requirement, capital expenditure and payment of interest and tax during the year. In 2006, the Group had invested HK$2,393.2 million in new production facilities across core businesses so as to ride on new business opportunities.

The Group continued to adopt prudent financial management policy including the use of interest rate swap contract to minimize the exposure to fluctuation in interest rates movement. There is no material foreign exchange exposure to the Group during the year under review. The Group's revenue, mostly dominated in Hong Kong dollars, Renminbi and US dollars, was fairly matched with the currency requirement of operating expenses.

淨營運資金週轉期由二零零五年十二月三十一日的103日，改善至二零零六年十二月三十一日的96日，細分如下：

- 由於各個核心業務均擴大了生產能力，原材料採購亦隨之增加，存貨週轉期略為延長至73日（二零零五年十二月三十一日：66日）
- 貿易應收款項的週轉期改善至97日（二零零五年十二月三十一日：106日）
- 貿易及票據應付帳款的週轉期改善至74日（二零零五年十二月三十一日：69日）

於二零零六年十二月三十一日，集團流動資產淨值為九十四億六千七百一十萬港元（二零零五年十二月三十一日：二十八億五千七百三十萬港元），流動比率則為2.90（二零零五年十二月三十一日：1.56）。短期與長期借貸的比例為24%：76%（二零零五年十二月三十一日：33%：67%）。集團的借貸約有2%以人民幣訂立，其餘的則以港元或美元訂立。

集團的經常性營運現金流在扣除營運資金、資本性開支以及支付利息及稅項後，依然錄得正數，表現強勁。集團於二零零六年投資了二十三億九千三百二十萬港元，為各個核心業務添置新的生產設施，迎接新商機。

集團繼續採取穩健的財務政策，包括利用利率掉期合約，以減低利率波動所帶來的風險。在回顧年度內，集團並無面對重大的外匯風險。集團的收入主要以港元、美元及人民幣結算，與營運開支的貨幣要求比例大致相符。

CHAIRMAN'S STATEMENT
主席報告

HUMAN RESOURCES

As at 31 December 2006, the Group had a global workforce of over 42,900 (31 December 2005 – 37,600). The increase in headcount was in line with our ongoing expansion blueprint. Other than offering competitive salary package, the Group grants share options and discretionary bonuses to eligible employees based on our financial achievement and individual's performance.

PROSPECTS

Our remarkable operating performance has put the Group in an excellent position to invest in future earnings growth. Nevertheless, the Group is not complacent and will continue its relentless effort on cost management and efficiency improvements.

人力資源

截至二零零六年十二月三十一日，集團在全球合共聘用員工約42,900人（二零零五年十二月三十一日：37,600人），員工人數增加主要為配合集團業務擴展之步伐。集團除了提供具競爭力的薪酬待遇外，亦會根據公司的財政狀況和個別員工的表現，發放優先購股權及特別獎金予合資格員工。

前景

集團卓越的營運表現，使集團處於一個極有利的位置去部署未來的盈利增長。管理層並不會因此而自滿，並將繼續專注於加強成本管理及改善營運效率。



Our Chairman, Mr. Cheung Kwok Wing, was the winner of the DHL/SCMP Hong Kong Business Award, accredited with the Owner-Operator Award in 2006.
本公司主席張國榮先生榮獲二零零六年DHL／南華早報香港商業獎之東主營運獎。

CHAIRMAN'S STATEMENT
主席報告

After some brief softness in demand for laminates at the start of 2007 due to seasonal effect of Chinese Lunar New Year, our laminate order book has picked up since March 2007 and our plants are operating near full capacity. The Group plans to further expand production capacity of laminates and upstream component materials so as to increase our market share and capture new business opportunities in the global market place. Our plant expansion in Fogang, Guangdong province and Jiangyin, Jiangsu province would increase the glass epoxy laminate monthly production capacity by 29% by the end of 2007.

受農曆新年假期的季節性影響，覆銅面板需求在二零零七年頭兩個月略為放緩，然而訂單自二零零七年三月已重上軌道，而集團各廠之產能亦已接近飽和。集團計劃進一步擴大覆銅面板以至上游物料的產能，藉此擴大集團的市場佔有率，捕捉全球市場之商機。集團在廣東省佛岡及江蘇省江陰的擴展計劃，預期可在二零零七年底額外增加環氧玻璃纖維覆銅面板產能29%。

For the PCB division, management experienced slower market demand from the computer and peripherals segment over the first two months of 2007 due to post-festival inventory correction while demand from other business segments remained healthy. Although the Group enjoys a significant presence in the single side to 6-layer count product segment, we are now proactively planning to extend our core competence into the higher profit margin product segment including HDI and higher layer count PCB. We plan to expand our multi-layer PCB production capacity by about 20% in 2007. The co-operation and alliance of different PCB shops within the Group, among others, will remain one of the key objectives to move forward.

印刷線路板方面，電腦及電腦周邊產品市場需求在過去兩個月因節日後的庫存調整而出現放緩現象，而其他行業市場的需求則依然保持穩健。雖然印刷線路板部門在單面至六層印刷線路板產品市場享有顯著地位，管理層現正積極擴展邊際利潤較高的高精密度及多層數的印刷線路板市場，並計劃在二零零七年內擴大多層線路板的產能約20%。聯盟整合旗下不同的印刷線路板廠將仍是集團未來的其中一個重要目標。



The phenol/acetone plant in Huizhou, Guangdong province further enhances our vertical integration development.
位於廣東省惠州之苯酚及丙酮廠，進一步提升集團之垂直整合發展。



CHAIRMAN'S STATEMENT
主席報告

The Group will continue to expand the chemical division. The methanol project in Chongqing has progressed smoothly and expects to be completed by end of 2007 which will provide an additional methanol output of 37,500 tonnes per month. The other two joint venture methanol projects in Shanxi province will add another 16,700 tonnes monthly production by first half of 2008. With the huge success of phase one of the coke/methanol plant in Hebei province, we have recently commenced construction of phase two with similar production capacity as phase one and expect it to be operational in 2008. To capitalize on the lower cost structure of caustic soda plant in Hengyang, Hunan province, capacity expansion is underway with a targeted completion date by the first half of 2008. In addition, the phenol/acetone plant in Huizhou, Guangdong province shall commence operation in year 2007. With all these chemical expansion projects coming on stream, the Group is well poised to seize further growth opportunities in the chemical division which will contribute greater value to the Group.賺祝筈磚筈蠖韺耟



CHAIRMAN'S STATEMENT
主席報告

APPRECIATION

Finally, on behalf of the board of Director ("Board"), I would like to take this opportunity to express my sincere gratitude to our shareholders, customers, banks, the management and employees for their unreserved support to the Group.

致謝

最後 本人謹代表董事會(

CHEUNG Kwok Wing
Chairman

Hong Kong, 29 March 2007

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES
董事及高級管理人員之資歷

EXECUTIVE DIRECTORS

Mr. CHEUNG Kwok Wing, aged 51, is the chairman and a co-founder of the Group, the chairman of Kingboard Copper Foil Holdings Limited ("KCFH") as well as Elec & Eltek International Company Limited ("EEIC"), both of which are subsidiaries of the Company listed on the Singapore Exchange Securities Trading Limited ("SGX"). Mr. Cheung is the brother of Ms. Cheung Wai Lin, Stephanie, the cousin of Mr. Cheung Kwong Kwan and the brother-in-law of Mr. Chang Wing Yiu and Mr. Ho Yin Sang. Mr. Cheung had over 13 years' experience in the sales and distribution of electronic components including laminates prior to the establishment of the Group. Mr. Cheung is responsible for the overall strategic planning of the Group and sets the general direction and goals for the Group. Mr. Cheung won the Young Industrialist Award of Hong Kong 1993, which was organized by the Federation of Hong Kong Industries and was described as "far-sighted, enterprising, and having insight in the business". Mr. Cheung was the winner of the DHL/SCMP Hong Kong Business Award, accredited with the Owner-Operator Award in 2006.

Mr. CHAN Wing Kwan, aged 61, is the managing director and a co-founder of the Group, the managing director of KCFH and a non-executive director of EEIC. Mr. Chan acquired a degree of Doctor of Business Science from Pacific Western University L.A.. Prior to the establishment of the Group, Mr. Chan had over 22 years' experience in the sales and distribution of electronic components, industrial chemicals and printed circuit boards. Mr. Chan is responsible for the overall implementation of the strategic plans and goals of the Group and supervises the management in the day-to-day operations of the Group.

Mr. CHEUNG Kwong Kwan, aged 42, is the cousin of Mr. Cheung Kwok Wing and Ms. Cheung Wai Lin, Stephanie. He joined the Group in 1988 and has been working in the PCB industry since 1984 with particularly extensive experience in marketing components and materials required for PCB production. Mr. Cheung is responsible for the Group's chemical business operations.

執行董事

張國榮先生, 51歲, 本集團主席及創辦人之一, 兼Kingboard Copper Foil Holdings Limited(「KCFH」)及依利安達集團有限公司(「EEIC」)(兩

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES
董事及高級管理人員之資歷

Mr. TSE Kam Hung, aged 54, has over 30 years of experience in the field of electronic industry. He was appointed as an independent non-executive director of the Company in 2004.

謝錦洪先生, 54歲, 於電子業有30年以上經驗. 彼於二零零四年獲本公司委任為獨立非執行董事.

Mr. Henry TAN, aged 53, is the chief executive officer and president of Luen Thai Holdings Limited, a company listed on the Stock Exchange. Mr. Tan has over 22 years of experience in apparel and logistics industries. Mr. Tan is an active leader and contributor to charity and community programmes. He is the chairman of the Hong Kong General Chamber of Textiles Limited and is the former chairman of the board of directors of Po Leung Kuk of the year 2004-2005, an authorised charitable organization in Hong Kong. He also acts as committee member of the Chinese People's Political Consultative Conference in Fujian Province, the PRC and is a member of Election Committee (Textiles and Garment Subsector). Mr. Tan obtained his Master's Degree in Business Administration in 1980 and Bachelor's Degree in Business Administration in 1975 from the University of Guam, the United States of America. Mr. Tan was also an independent non-executive director of China Resources Peoples Telephone Company Limited, a company formerly listed on the Stock Exchange. Mr. Tan was appointed as an independent non-executive director of the Company in 2005.

陳亨利先生, 53歲, 為聯泰控股有限公司 (於聯交所上市之公司) 之行政總裁兼主席, 於服裝及物流行業擁有逾22年經驗. 彼為活躍於慈善及社區活動之領袖及善長. 陳先生為香港紡織商會會長. 彼於二零零四年至二零零五年間出任香港認可慈善機構保良局之主席, 並為中國人民政治協商會議福建省委員會委員及選舉委員會委員 (紡織及製衣界). 陳先生於一九七五年及一九八零年分別於美國關島大學獲得工商管理學士學位及工商管理碩士學位. 陳先生曾為前聯交所上市公司華潤萬眾電話有限公司之獨立非執行董事. 彼於二零零五年獲本公司委任為獨立非執行董事.

SENIOR MANAGEMENT

Mr. LO Ka Leong, aged 33, the Company Secretary, joined the Group in May 1999. Prior to that, he was an accountant at an international accounting firm. Mr. Lo is a fellow member of Hong Kong Institute of Certified Public Accountants. He holds a Bachelor's Degree in Professional Accountancy from The Chinese University of Hong Kong. He is in charge of the company secretarial work and financial management of the Group. He is a non-executive director of Kingboard Laminates Holdings Limited ("KLHL"), a 72.5%-owned subsidiary listed on the main board of the Stock Exchange.

高級管理人員

羅家亮先生, 33歲, 公司秘書, 於一九九九年五月加盟本集團. 於加盟本集團前, 羅先生於一所國際會計師行任職會計師. 彼為香港會計師公會資深會員, 並持有香港中文大學專業會計學學士學位. 彼現負責處理本集團之公司秘書工作及財務管理. 羅先生同時為建滔積層板控股有限公司 (「建滔積層板」, 本公司擁有72.5%權益的附屬公司, 其股份於聯交所主板上市) 之非執行董事.



DIRECTORS' R

DIRECTORS' REPORT
董事會報告

RESERVES

Details of the movements during the year in the reserves of the Group are set out in the consolidated statement of changes in equity on pages 54 and 55.

In addition to the retained profits of the Company, the share premium and the special surplus account of the Company are also available for distribution to shareholders provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid.

At 31 December 2006, the sum of the retained profits, the share premium and the special surplus account of the Company amounted to approximately HK$6,251 million.

儲備

年內，本集團之儲備變動詳情載於第54頁及55頁綜合權益變動表內。

除本公司之保留溢利外，本公司之股份溢價及特別盈餘賬目亦可向股東分派，惟於緊隨建議進行上述分派當日之後，本公司必須仍有能力償還在日常業務中到期支付之欠款。

於二零零六年十二月三十一日，本公司之保留溢利、股份溢價及特別盈餘賬目之總額約為6,251,000,000港元。

INVESTMENT PROPERTIES

The Group's investment properties were revalued as at 31 December 2006, resulting in an increase in fair value of approximately HK$7,163,000 which has been credited to the consolidated income statement.

投資物業

本集團之投資物業於二零零六年十二月三十一日重新估值，導致公平值增加約7,163,000港元，已計入綜合收益表內。

PROPERTIES, PLANT AND EQUIPMENT

Expenditure of approximately HK$2,393.2 million was incurred during the year primarily to expand the production capacity of the Group. Details of all the changes during the year are set out in note 18 to the consolidated financial statements.

物業、廠房及設備

年內因提高本集團生產力之支出約2,393,200,000港元。年內所有變動詳情載於綜合財務報表附註18。

PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2006 are set out in note 41 to the consolidated financial statements.

主要附屬公司

本公司主要附屬公司於二零零六年十二月三十一日之詳情載於綜合財務報表附註41。

DONATIONS

During the year, the Group made charitable and other donations totalling HK$5,311,000.

捐款

年內，本集團作出之慈善及其他捐款共5,311,000港元。

DIRECTORS' REPORT
董事會報告

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company ("Directors") during the year and up to the date of this report were:

Executive Directors:
Mr. Cheung Kwok Wing *(Chairman)*
Mr. Chan Wing Kwan *(Managing Director)*
Mr. Cheung Kwong Kwan
Mr. Chang Wing Yiu
Mr. Mok Cham Hung, Chadwick
Mr. Ho Yin Sang
(appointed on 11 January 2007)
Ms. Cheung Wai Lin, Stephanie
(appointed on 11 January 2007)
Mr. Lam Ka Po
(resigned on 7 December 2006)
Mr. Cheung Kwok Keung
(resigned on 7 December 2006)
Mr. Cheung Kwok Wa
(resigned on 7 December 2006)
Mr. Cheung Kwok Ping
(resigned on 7 December 2006)

Non-executive Director:
Mr. Lum Gum Wun
(resigned on 9 February 2006)

Independent non-executive Directors:
Mr. Cheng Ming Fun, Paul
Mr. Tse Kam Hung
Mr. Henry Tan

In accordance with Article 92 of the Company's Articles of Association, Messrs. Cheung Kwong Kwan and Mok Cham Hung, Chadwick, being the executive Directors, and Mr. Cheng Ming Fun, Paul, being an independent non-executive Director, will retire from directorship by rotation and will offer themselves for re-election at the forthcoming annual general meeting of the Company.

董事及董事之服務合約

年內及直至本報告日期止之本公司董事(「董事」)如下:

執行董事:
張國榮先生 *(主席)*
陳永錕先生 *(董事總經理)*
張廣軍先生
鄭永耀先生
莫湛雄先生
何燕生先生
(於二零零七年一月十一日獲委任)
張偉連女士
(於二零零七年一月十一日獲委任)
林家寶先生
(於二零零六年十二月七日辭任)
張國強先生
(於二零零六年十二月七日辭任)
張國華先生
(於二零零六年十二月七日辭任)
張國平先生
(於二零零六年十二月七日辭任)

非執行董事:
林根穩先生
(於二零零六年二月九日辭任)

獨立非執行董事:
鄭明訓先生
謝錦洪先生
陳亨利先生

執行董事張廣軍先生及莫湛雄先生;以及獨立非執行董事鄭明訓先生將依據本公司之公司組織章程第九十二條於本公司應屆股東週年大會上輪值退任,並願意膺選連任。

DIRECTORS' REPORT
董事會報告

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS *(continued)*

In accordance with Article 84 of the Company's Articles of Association, Mr. Ho Yin Sang and Ms. Cheung Wai Lin, Stephanie will hold directorship only until the annual general meeting of the Company following their respective appointment and will be eligible for re-election. Accordingly, Mr. Ho Yin Sang and Ms. Cheung Wai Lin, Stephanie will retire at the forthcoming annual general meeting of the Company and will offer themselves for re-election as executive Directors.

Biographical details of the above Directors are set out in the section "Directors' and Senior Management's Biographies" on pages 15 to 17.

No Director proposed for re-election at the forthcoming annual general meeting of the Company has a service contract which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

董事及董事之服務合約 *(續)*

根據本公司之公司組織章程第八十四條，何燕生先生及張偉連女士之董事任期僅直至彼等各自獲委任後之本公司股東週年大會為止，惟彼等將符合資格膺選連任。因此，何燕生先生及張偉連女士將於本公司應屆股東週年大會退任，並願意膺選連任執行董事。

上述董事之履歷詳情載於第15頁至17頁之「董事及高級管理人員之資歷」一節。

擬在本公司應屆股東週年大會重選連任之董事概無與本集團訂有任何不可於一年內毋須賠償（法定賠償除外）而終止之服務合約。

DIRECTORS' REPORT
董事會報告

DIRECTORS' INTERESTS IN SHARES

At 31 December 2006, the interests or short positions of the Directors and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as 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 Issuers were as follows:

董事之股份權益

於二零零六年十二月三十一日, 董事及彼等之聯繫人士於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份, 相關股份或債券中, 擁有本公司根據證券及期貨條例第352條存置之登記冊所記錄之權益或短倉, 或根據上市發行人董事進行證券交易的標準守則已知會本公司及香港聯合交易所有限公司(「聯交所」)之權益或短倉如下:

Long position

(a) *Ordinary shares of HK$0.10 each of the Company ("Shares")*

長倉

(a) *本公司每股面值0.10港元之普通股(「股份」)*

Name of Director	董事姓名	Capacity 權益性質	Number of issued Shares held 所持已發行股份數目	Approximate percentage of the issued share capital of the Company 佔本公司已發行股本之概約百分比
Mr. Cheung Kwok Wing	張國榮先生	Beneficial owner 實益擁有人	3,088,385	0.37
Mr. Chan Wing Kwan	陳永錕先生	Beneficial owner 實益擁有人	870,340	0.10
Mr. Cheung Kwong Kwan	張廣軍先生	Beneficial owner 實益擁有人	393,509	0.05
Mr. Chang Wing Yiu *(Note)*	鄭永耀先生 *(附註)*	Beneficial owner 實益擁有人	2,416,074	0.29
Mr. Mok Cham Hung, Chadwick	莫湛雄先生	Beneficial owner 實益擁有人	660,000	0.08
Mr. Cheng Ming Fun, Paul	鄭明訓先生	Beneficial owner 實益擁有人	50,000	0.01

Note: Out of the 2,416,074 Shares, 1,555,874 Shares were held by Mr. Chang Wing Yiu and 860,200 Shares were held by his spouse as at 31 December 2006.

附註: 截至二零零六年十二月三十一日, 於鄭永耀先生所持之2,416,074股股份當中, 其中1,555,874股股份乃由鄭永耀先生本人持有, 而860,200股股份則由其配偶持有.

DIRECTORS' REPORT
董事會報告

DIRECTORS' INTERESTS IN SHARES *(continued)*

(b) Share options

	Interest in underlying Shares

DIRECTORS' REPORT
董事會報告

DIRECTORS' INTERESTS IN SHARES *(continued)*

(f) Share options of EEIC

Name of Director	董事姓名	Capacity 權益性質	Interest in underlying EEIC Shares pursuant to share options 優先購股權項下相關EEIC股份權益 *(Note)* *(附註)*

DIRECTORS' REPORT
董事會報告

SHARE OPTIONS
Particulars of the share option schemes of the Company and of EEIC are set out in note 33 to the consolidated financial statements.

優先購股權
本公司及EEIC優先購股權計劃詳情載於綜合財務報表附註33。

The following table discloses movements in the Company's share options during the year:

下表披露本公司優先購股權於年內之變動:

Category 1: Directors	第1類:董事	Outstanding as at 1.1.2006 於二零零六年一月一日尚未行使	Exercised during the year 已於本年度行使	Reclassifications 重新分類	Outstanding as at 31.12.2006 於二零零六年十二月三十一日尚未行使
Mr. Cheung Kwok Wing	張國榮先生	2,091,400	(946,400)	–	1,145,000
Mr. Chan Wing Kwan	陳永錕先生	3,499,200	(473,200)	–	3,026,000
Mr. Cheung Kwong Kwan	張廣軍先生	3,892,200	(473,200)	–	3,419,000
Mr. Chang Wing Yiu	鄭永耀先生	4,116,200	(473,200)	–	3,643,000
Mr. Cheung Kwok Ping *(Note)*	張國平先生 *(附註)*	3,836,200	(473,200)	(3,363,000)	–
Mr. Lam Ka Po *(Note)*	林家寶先生 *(附註)*	4,032,200	(473,200)	(3,559,000)	–
Mr. Cheung Kwok Keung *(Note)*	張國強先生 *(附註)*	4,032,200	(473,200)	(3,559,000)	–
Mr. Cheung Kwok Wa *(Note)*	張國華先生 *(附註)*	3,781,200	(473,200)	(3,308,000)	–
		29,280,800	(4,258,800)	(13,789,000)	11,233,000
Category 2: Employees	**第2類:僱員**	7,241,200	(1,041,200)	13,789,000	19,989,000
Total all categories	**所有類別合計**	36,522,000	(5,300,000)	–	31,222,000

The weighted average closing price of the Shares on the five trading days immediately before the date on which the options were exercised was HK$27.75.

於緊接行使優先購股權之前五個交易日, 股份之加權平均收市價為27.75港元。

DIRECTORS' REPORT
董事會報告

SHARE OPTIONS *(continued)*

The following table discloses movements in EEIC's share options during the year:

Outstanding as at 1.1.2006 於二零零六年一月一日	Granted during the year 於本年度內	Exercised during the year 已於本年度	Lapsed during the year	Reclassification	Outstanding as at 31.12.2006 於二零零六年十二月三十一日

DIRECTORS' REPORT
董事會報告

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

No contract 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.

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 relevant interests in the issued share capital of the Company.

Long position

Ordinary shares of HK$0.10 each of the Company (



DIRECTORS' REPORT

DIRECTORS' REPORT
董事會報告

CONNECTED TRANSACTIONS

During the year, Techwise Circuits Company Limited ("Techwise") and its subsidiaries ("Techwise Group") sold printed circuit boards ("PCBs") to and purchased laminates from Shirai Electronics Industrial Co., Ltd. ("Shirai") and its subsidiaries ("Shirai Group") amounting to approximately HK$486,661,000 and HK$110,683,000 respectively. The Techwise Group also sub-contracted the services of the Shirai Group, namely the drilling of laminates by the Shirai Group on Techwise Group's behalf, amounting to approximately HK$18,693,000 during the year. Techwise is a non-wholly owned subsidiary of the Company, while Shirai is a substantial shareholder of Techwise Shirai Circuits Limited (a 70% owned subsidiary of Techwise). As such, Shirai and its subsidiaries are connected persons of the Company pursuant to Chapter 14A of the Listing Rules.

關連交易

年內，科惠線路有限公司（「科惠」）及其附屬公司（統稱「科惠集團」）向Shirai Electronics Industrial Co., Ltd.（「Shirai」）及其附屬公司（統稱「Shirai集團」）出售為數約486,661,000港元之印刷線路板及購買為數約110,683,000港元之覆銅面板。科惠集團另於年內向Shirai集團外判為數約18,693,000港元之服務，即由Shirai集團代科惠集團為覆銅面板鑽孔。科惠為本公司非全資附屬公司，而Shirai則為科惠擁有70%權益之附屬公司科惠白井電路有限公司之主要股東。因此，根據上市規則第14A章，Shirai及其附屬公司為本公司關連人士。

The sale of PCBs to the Shirai Group did not exceed the corresponding annual cap for the financial year ended 31 December 2006 which was approved by the shareholders of the Company at an extraordinary general meeting held on 22 December 2004, namely an amount of HK$489,000,000, while the purchase of laminates from the Shirai Group and the subcontracting transactions with the Shirai Group during the year did not exceed the corresponding annual caps for the financial year ended 31 December 2006 as announced by the Company on 27 October 2006, namely an amount of HK$115,000,000 and HK$19,000,000 respectively.

向Shirai集團銷售印刷線路板不超過本公司股東於二零零四年十二月二十二日舉行之股東特別大會所批准截至二零零六年十二月三十一日止財政年度相關年度上限489,000,000港元，而年內向Shirai集團購買覆銅面板及與Shirai集團進行外判交易分別不超過本公司於二零零六年十月二十七日所宣布截至二零零六年十二月三十一日止財政年度之相關年度上限115,000,000港元及19,000,000港元。

The Directors have engaged the auditors of the Company to perform certain agreed upon procedures in respect of the continuing connected transactions of the Group. The auditor of the Company has reported its factual findings on these procedures to the board of Directors ("Board"). The independent non-executive Directors have, for the purpose of Rule 14A.37 of the Listing Rules, reviewed the continuing connected transactions and the report of the auditor and have confirmed that the aforesaid continuing connected transactions have been entered into by the Group in the ordinary course of its business, on normal commercial terms, and in accordance with the terms of the agreements governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

董事已聘用本公司核數師對本集團之持續關連交易進行若干已協定程序。本公司核數師亦已向董事會（「董事會」）報告此等程序所得之實際結果。就上市規則第14A.37條而言，獨立非執行董事已審閱持續關連交易及核數師之報告，並確認上述持續關連交易乃由本集團於一般業務過程中訂立，且按一般商業條款及就該等交易所訂合約之條款進行，有關條款屬公平合理，並符合本公司股東之整體利益。

DIRECTORS' REPORT
董事會報告

CONNECTED TRANSACTIONS *(continued)*

Other than as disclosed above, the Company has also provided guarantees to financial institutions to secure general credit facilities for a non-wholly owned subsidiary, namely Techwise, in the amounts of approximately HK$70 million during the year.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees. Details of the scheme is set



Corporate Governance Report
企業管治報告

The board of directors (the "Board") of Kingboard Chemical Holdings Limited (the "Company", together with its subsidiaries, the "Group") recognises the importance of corporate governance practice of a listed company. It is in the interest of the stakeholders and shareholders for a listed company to operate in a transparent manner with the adoptions of various self-regulatory policies, procedures and monitoring mechanisms and a clear definition of accountability of directors and management.

建滔化工集團(「本公司」及其附屬公司(統稱「本集團」))董事會(「董事會」)明瞭上市公司企業管治常規之重要性。上市公司之營運具透明度,採納各種自行規管政策與程序以及監控機制,並清楚界定董事與管理層權責,乃符合權益持有人及股東之利益。

During the year under review, the Board has complied with the provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except with a deviation from code provision A.4.1 of the Code. Under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. Currently, the Company does not have any non-executive director and the independent non-executive directors of the Company were not appointed for specific terms but are subject to retirement by rotation and are eligible for re-election.

於回顧年度,董事會一直遵守香港聯合交易所有限公司證券上市規則(「上市規則」)附錄14所載之企業管治常規守則(「守則」)之條文,惟偏離守則條文A.4.1條除外。根據守則條文A.4.1條,非執行董事的委任應有指定任期,並須接受重新選舉。本公司現時並無任何非執行董事,而本公司獨立非執行董事之委任並無指定任期,惟須輪值退任及符合資格膺選連任。

In addition to the Code, which is mandatory in nature, the Board also observes certain recommended best practices ("Recommended Best Practices") contained in Appendix 14 to the Listing Rules and has adopted certain Recommended Best Practices which are suitable to the Company's current situation. The Board will continuously enhance the corporate governance standard of the Company by reference to the Recommended Best Practices whenever suitable and appropriate.

除屬強制性質之守則外,董事會亦參考上市規則附錄14所載之建議最佳常規(「建議最佳常規」),並採納適合本公司現行情況之若干建議最佳常規。董事會將於合適及適當情況下參考建議最佳常規,從而不斷提升本公司之企業管治水平。

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all directors, all directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding directors' securities transactions adopted by the Company.

本公司已採納條款不寬鬆於上市規則附錄10所載規定標準(「標準守則」)之有關董事進行證券交易之操守守則。經向全體董事作出特定查詢後,全體董事確認,彼等一直遵守標準守則所載規定標準及本公司所採納有關董事進行證券交易之操守守則。

Corporate Governance Report
企業管治報告

A. DIRECTORS

The Board

The Board is responsible for the leadership and control of the Group and is entrusted with the responsibility to supervise the management of the business and the affairs of the Group. The Group has adopted internal guidelines in setting forth matters that require the Board's approval. Apart from its statutory responsibilities, the Board approves the Group's strategic plan, annual budget, key operational initiatives, major investments and funding decisions. It also reviews the Group's financial performance, identifies principal risks of the Group's business and ensures implementation of appropriate systems to manage these risks. Daily business operations and administrative functions of the Group are delegated to the management.

The Board meets regularly and as warranted by particular circumstances. Notices and agendas are prepared by the Company Secretary as delegated by the Chairman of the Board and distributed to the Board members within reasonable time before the meetings. Relevant meeting papers are also sent to directors well before the meetings, informing them of the background and giving explanation on matters to be brought before the Board. All directors are given the opportunity to include matters in the agendas for Board meetings. To ensure the directors make decisions objectively and in the interests of the Company, the Company's articles of association provide that any director shall abstain from voting on any resolutions in which he or his associates is/are materially interested nor be counted in the quorum of the meeting. Draft and final versions of the minutes of Board meetings are sent to all directors for their comment and records respectively within a reasonable time after the Board meetings and are kept by the Company Secretary.

A. 董事

董事會

董事會負責領導及監控本集團，同時亦授責監督本集團之業務及事務管理事宜。本集團已採納內部指引訂明需經董事會批准之事項。除法定責任外，董事會亦負責批准本集團之策略計劃、年度預算、主要營運措施、重大投資及集資決定。董事會同時審閱本集團財務表現、識別本集團業務之主要風險及確保實施適當措施以管理有關風險。本集團日常業務運作及行政職能之職責已委派予管理層負責。

董事會定期及於特定情況所需時舉行會議。召開董事會會議之通告及議程由董事會主席委派公司秘書負責編製並於會議前合理時間內派發予董事會成員。相關會議文件亦會於開會前儘早送交董事，令彼等獲知將提呈董事會之事項之背景資料及說明。各董事可於董事會會議議程上加入事項提出討論。為確保董事作出客觀及符合本公司利益之決定，本公司之組織章程細則規定，倘董事會會議上任何決議案涉及董事或其關聯人士的重大權益，有關董事必須放棄投票，且不得計入會議法定人數。董事會會議記錄初稿及最終定稿將於董事會會議後合理時間內發送予全體董事，分別作表達意見及記錄之用，並由公司秘書存檔。



Corporate Governance Report
企業管治報告

During the year under review, the Board had held five meetings and the directors' attendance at Boarmeetinge

Corporate Governance Report
企業管治報告

Division and responsibilities

The Board of the Company is headed by the Chairman whose role differs from that of the Managing Director of the Company. The roles of the Chairman and Managing Director are segregated and are not exercised by the same individual.

The duties of the Chairman include (but not limited to) the following:

- schedule meetings that enable the Board to perform its duties and responsibilities and to ensure all key and appropriate issues are discussed by the Board in a timely manner without interfering the Company's operations;
- prepare meeting agenda after consultation with the Managing Director;
- exercise control over quality, quantity and timeliness of the flow of information between Management and the Board and to ensure decisions made by the directors are made on a fully informed basis; and
- assist in ensuring compliance with the Listing Rules and the Company's guidelines on corporate governance.

The Managing Director is mainly responsible for the overall strategic planning and day-to-day management of the Group.

分工及職責

本公司董事會由主席領導，其職務有別於本公司董事總經理。主席及董事總經理各有獨立職務，且非由同一名人士擔任。

主席職責包括但不限於：

- 安排會議以便董事會履行職責，並確保董事會及時討論所有重要及適當事宜，而不會干擾本公司之營運；
- 經與董事總經理磋商後編製會議議程；
- 控制管理層與董事會之間及時進行溝通和其質量，確保董事於知情情況下作出決定；及
- 協助確保遵從上市規則及本公司之企業管治指引。

董事總經理主要負責整體策略規劃及本集團日常管理。

CORPORATE GOVERNANCE REPORT
企業管治報告

Board composition

Corporate Governance Report
企業管治報告

Currently, the Company does not have any non-executive director and the independent non-executive directors of the Company were not appointed for specific terms but are subject to retirement by rotation and are eligible for re-election. The Company has received from each of the independent non-executive directors an annual confirmation of his independence as required under Rule 3.13 of the Listing Rules.

本公司現時並無任何非執行董事，而本公司獨立非執行董事之委任並無指定任期，惟須輪值退任並符合資格膺選連任。本公司已按上市規則第3.13條的規定，取得每名獨立非執行董事之年度獨立性確認書。

The Board comprises directors who collectively provide core competencies, sales and marketing experience and technical knowledge in laminates, printed circuit boards and chemical products, administration and management experience in the PRC factories, financial and accounting skills, as well as in-house advices to comply with international laws and regulations. The current Board size of ten directors with a balance of skills and experience is appropriate for effective decision making, taking into account the nature and scope of the operations of the Company.

董事會由多名董事組成，共同提供有關覆銅面板、印刷線路板及化工產品之核心能力、銷售及市場推廣經驗及技術知識、中國工廠之行政及管理經驗、財務及會計技巧以及有關遵守國際法律及規例之內部顧問。董事會現有十名成員，擁有不同資歷及經驗，考慮到本公司之業務性質及規模，董事會成員人數對其決策效率而言實屬合適。

Appointment, re-election and removal

The Company's Articles of Association set out a formal, considered and transparent procedure for the appointment of new directors to the Board. Any director appointed by the Board either to fill a casual vacancy or as addition to the Board, shall retire and be eligible for re-appointment at the next following annual general meeting after appointment. The appointment of directors are not fixed for a specified term, but at every annual general meeting one-third of the directors, including the Chairman, shall be subject to retirement by rotation and re-appointment by shareholders. The directors appointed by the Board who are subject to retirement and re-appointment as mentioned above shall be taken into account in calculating the total number of directors for the time being but shall not be taken into account in calculating the number of directors who are to retire by rotation. All directors eligible for re-appointment shall have their biographical details made available to the shareholders to enable them to make an informed decision on their re-appointment. Any appointment, resignation, removal or re-designation of director shall be timely disclosed to the shareholders by announcement and shall include in such announcement, the reasons given by the director for his resignation.

委任、重選及罷免

本公司之組織章程細則訂明一套正式、考慮周詳及具透明度之委任新董事程序。董事會委任之任何董事（不論為填補臨時空缺或屬董事會新增成員）均須於獲委任後首個股東週年大會退任並合資格膺選連任。董事之委任並無固定任期，惟於每屆股東週年大會上，三分一之董事（包括主席）均須輪值退任及由股東重新委任。於計算當時董事總數時，將會計入按上文所述由董事會委任而須輪值退任及獲重新委任之董事，惟於計算將輪值退任董事人數時則不予計算。所有符合資格獲重新委任之董事均須向股東披露個人履歷，以便股東於重新委任時作出知情決定。任何董事委任、辭任、罷免或調任事宜均須以公佈形式及時向股東披露，並須在公佈中注明該董事辭任之理由。



Corporate Governance Report
企業管治報告

Responsibilities of Directors

The Company and the Board require each director to keep abreast of his responsibilities as a director of the Company and of the conduct, business activities and development of the Company. Every director is required to devote sufficient time and involvement in the affairs of the Board and the material matters of the Company and to serve the Board with such degree of care and due diligence given his own expertise, qualification and professionalism.

Every newly appointed director shall receive a comprehensive, formal and tailored induction on the first occasion of his appointment. All directors shall be updated and briefed on continuing professional development as is necessary to ensure that they have a proper understanding of the operations and the business of the Company and that they are fully aware of their responsibilities under the applicable laws and regulations. The Board has a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Company's expenses to enable and facilitate the directors to make well considered decisions. Appropriate insurance coverage for directors' and officers' liability has been arranged against possibility of legal action to be taken against the directors and the management.

Supply of and access to information

The management of the Company has an obligation to furnish the Board with complete, adequate and appropriate information in such form and such quality in a timely manner so as to enable them to make an informed decision and to discharge their duties and responsibilities as directors of the Company. All the directors are given separate and independent access to the Company's senior management.

董事責任

本公司及董事會要求每名董事清楚彼作為本公司董事之職責，以及了解本公司之經營方式、業務活動及發展。每名董事均須投入足夠時間及精神處理董事會事務及本公司重要事宜，並按照各自之專門知識、資歷及專業技能，以謹慎盡責之態度為董事會服務。

每名新委任董事於首次獲委任時均會獲得一份全面兼特為其而設的正式就任須知。全體董事於有需要時將參與持續專業發展計劃，以確保彼等清楚了解本公司之營運及業務，且充分明瞭彼等於適用法律及規定下之責任。董事會設立既定程序，董事於履行職務時，在有需要的情況下可個別或共同徵詢獨立專業顧問意見，以作出充份考慮的決定，有關費用由本公司承擔。本公司已就董事及管理人員可能面對之法律行動而為董事及管理人員安排適當責任保險。

資料提供及使用

本公司管理層有責任及時向董事會提供完整、充足及適當形式和質量的資料，以便董事會作出知情決定及履行作為本公司董事之職務。全體董事均可個別地及獨立地接觸本公司高級管理人員。

CORPORATE GOVERNANCE REPORT
企業管治報告

- recommend targets for any performance-linked pay schemes operated by the Company, taking into account remuneration and employment conditions within the industry and in comparable companies; and

- recommend to the Board the remuneration of independent non-executive directors (including non-executive directors, if any), taking into account factors such as effort, time spent and responsibilities.

When recommending the remuneration package for each individual director, the Remuneration Committee will consider his qualification and experience, specific duties and responsibilities assigned to him by the Board and the prevailing market packages available for similar position. The emolument of the Directors on a named basis for the year under review is set out on page 98 and 99 in note 14 to the financial statements. Review and comparison in terms of Directors' emolument package and net profits of the Group are made from time to time with comparable listed industrial companies with similar capitalisation to the Group. Considering all such factors, the Remuneration Committee would make recommendation on the remuneration package for each Director after consultation with the Chairman.

During the year under review, the Remuneration Committee had convened two meetings during which, among other things, the remuneration packages for all Directors, including Mr. Ho Yin Sang and Ms. Cheung Wai Lin, Stephanie, who were newly appointed to the Board on 11 January 2007, were considered.

· 按照業內及同類型公司之薪酬水平及就業狀況，為本公司任何與表現

CORPORATE GOVERNANCE REPORT
企業管治報告

C. ACCOUNTABILITY AND AUDIT

Financial reporting

The directors acknowledge their responsibilities for preparing the Company's account which gives a true and fair view of the financial position of the Group. The Company deploys appropriate and sufficient resources to prepare unaudited half-yearly account and audited yearly account. Senior management is required to present and explain the financial reporting and matters that materially affect or may have material impact on the financial performance and operations of the Company to the Audit Committee and the Board and respond to the queries and concerns raised by the Audit Committee and the Board to their satisfaction. The statement of the auditor of the Company about their reporting responsibilities on the financial statements is set out in Independent Auditor's Report on pages 49 and 50 of this annual report.

Internal controls

The Group has in place a system of internal controls, the key elements of which are as follows:–

- formal policies and procedures are in place, including the documentation of key processes, procedures and rules relating to the delegation of authorities. These allow the monitoring of controls and restrict the unauthorised use of the Group assets;
- experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- monthly business and financial reports are prepared, providing relevant, timely, reliable and up-to-date financial and other information; budget variances are investigated as appropriate; and
- an internal audit function, which reports directly to the Audit Committee, is in place to determine whether the above procedures are properly carried out.

C. 問責及核數

財務匯報

董事確認編製能真實及公平反映本集團的財務狀況之賬目乃彼等之責任。本公司調配合適及足夠的資源編製未經審核半年度賬目及經審核年度賬目。高級管理層須向審核委員會及董事會呈報及闡釋對本公司財務表現及營運構成或可能構成重大影響之財務匯報及事宜，並就審核委員會及董事會提出之查詢及關注作出令彼等信納之回應。本公司核數師就其對財務報表承擔之申報責任作出之聲明載於本年報第49及50頁之獨立核數師報告。

內部監控

本集團已設立內部監控制度，其主要要點如下：

- 設立正式政策及程序，包括有關授權之主要過程、程序及規則。上述措施令本集團得以監控及防止未經授權而挪用本集團資產；
- 由具備經驗及合適資格之員工擔任重要業務職責。本集團已設立每年評審程序，以維持表現水準；
- 編製每月業務及財務報告，提供相關、適時、可靠及最新財務及其他資料，並於適當時調查預算偏差；及
- 設立內部核數職能，直接向審核委員會匯報，以確定上述程序已適當執行。

CORPORATE GOVERNANCE REPORT
企業管治報告

The Board has conducted a review on the effectiveness of the above internal control system of the Group including financial, operational and compliance controls and risk managements and will conduct such review at least once a year, so as to ensure the shareholders' investment and the Group's assets are properly safeguarded. The Board is satisfied that, based on the information supplied, coupled with its own observations and with the assistance of the Audit Committee, the present internal controls and risk management processes are satisfactory for the nature and size of the Group's operations and business.

In addition to the internal control system, the Board has established an internal audit team that reports directly to the Audit Committee. The internal audit team will independently audit various functions, operations and systems existed in the Company according to their weight of significance to the Company as well as the priority list recommended by the Audit Committee. The internal audit team will prepare an internal audit report highlighting the deficiencies and weaknesses in existing audit functions, operations and systems for discussion by the Audit Committee and the Board, and based on these findings the Board will instruct senior management to take appropriate corrective and improvement actions.

Audit Committee

The Board has established the Audit Committee with specific written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board of directors. The major duties and responsibilities of the Audit Committee include the following:–

- review with the external auditor, the audit plan;
- review with the external auditor, their evaluation of the system of internal accounting controls;
- review the scope and results of the internal audit procedures;

Corporate Governance Report
企業管治報告

- review the balance sheet and profit and loss account of the Company and the consolidated balance sheet and profit and loss account of the Group and submit them to the Board;

- nominate persons as auditor;

- review with the internal and external auditors their findings on their evaluation of the Company's system of internal controls for the purpose of assisting the Board in developing policies that would enhance the controls and operating systems of the Company; and

- review connected transactions and examine the adequacy of internal controls of the Group as part of the standard procedures.

The duties of the Audit Committee include reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the Company's auditor, Deloitte Touche Tohmatsu. The Audit Committee will review the independence of the Company's auditor, the resources and adequacy of the internal audit function, at least once a year. Where the auditor also supply non-audit services to the Company, the Committee will keep the nature and extent of such services under review, seeking to balance between the maintenance of objectivity and value for money. During the year under review, the fees paid/payable to the Company's auditor in respect of audit and non-audit services provided by the Company's auditor to the Group were as follows:

Amount (HK$)

CORPORATE GOVERNANCE REPORT
企業管治報告

The Audit Committee has reviewed with the 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 annual financial statements for the year ended 31 December 2006.

D. DELEGATION BY THE BOARD

Management function

The Company'

Corporate Governance Report
企業管治報告

- review whether or not an independent non-executive director is independent for the purpose of the Listing Rules on annual basis;
- be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- assess the effectiveness of the Board as a whole and the contribution by each individual director to the effectiveness of the Board; and
- be responsible for re-nomination having regard to the director's contribution and performance, including, if applicable, as an independent director.

During the year under review, the Nomination Committee had convened two meetings during which, among other things, the nomination of Mr. Ho Yin Sang and Ms. Cheung Wai Lin, Stephanie as additional directors of the Company were considered. Mr. Ho Yin Sang and Ms. Cheung Wai Lin, Stephanie were appointed as executive directors by the Board with effect from 11 January 2007 and pursuant to the Company's articles of association, Mr. Ho Yin Sang and Ms. Cheung Wai Lin, Stephanie, will retire, and be eligible for re-election at the forthcoming annual general meeting. The Nomination Committee had also considered the directors who should retire by rotation pursuant to the Company's articles of association and the Code. The Nomination Committee had resolved that Mr. Cheung Kwong Kwan, Mr. Mok Cham Hung, Chadwick and Mr. Cheng Ming Fun, Paul shall be subject to retirement by rotation at the forthcoming annual general meeting of the Company. All the above-named directors were nominated by the Nomination Committee to stand for re-election at the forthcoming annual general meeting of the Company.

- 就上市規則而言，每年檢討獨立非執行董事是否屬獨立人士；
- 在董事會出現空缺時負責物色及提名人選，以供董事會批准，藉以填補有關空缺；
- 評估董事會整體成效及各董事對董事會效能之貢獻；及
- 負責就董事之貢獻及表現重新提名其（視情況而定）為獨立董事。

於回顧年度，提名委員會召開兩次會議，考慮（其中包括）何燕生先生及張偉連女士為本公司新增董事之提名。何燕生先生及張偉連女士獲董事會委任為執行董事，自二零零七年一月十一日起生效。根據本公司組織章程細則，何燕生先生及張偉連女士將於應屆股東週年大會退任，並符合資格膺選連任。提名委員會亦已考慮應根據本公司之組織章程細則及守則輪值退任之董事名單。提名委員會議決，張廣軍先生、莫湛雄先生及鄭明訓先生須於本公司應屆股東週年大會輪值退任。上述全部董事均獲提名委員會提名於本公司應屆股東週年大會膺選連任。

CORPORATE GOVERNANCE REPORT
企業管治報告

E. COMMUNICATION WITH SHAREHOLDERS

The Board endeavours to maintain an on-going dialogue with shareholders. All directors are encouraged to attend the general meetings to have personal communication with shareholders. In annual general meeting, Chairman of the Board and the chairman of each committee are required to attend and answer questions from

INDEPENDENT AUDITOR'S REPORT
獨立核數師報告

TO THE SHAREHOLDERS OF
KINGBOARD CHEMICAL HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Kingboard Chemical Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 51 to 147, which comprise the consolidated balance sheet as at 31 December 2006, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

CONSOLIDA



INDEPENDENT AUDITOR'S REPORT
獨立核數師報告

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not

CONSOLIDATED INCOME STATEMENT
綜合收益表

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

		NOTES 附註	2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Revenue	營業額	6	**16,773,348**	13,098,354
Cost of sales	銷售成本		**(12,495,937)**	(9,918,457)
Gross profit	毛利		**4,277,411**	3,179,897
Other income	其他收入	8	**50,275**	13,380
Investment income	投資收入	9	**144,597**	53,737
Distribution costs	分銷成本		**(457,526)**	(384,879)
Administrative costs	行政成本		**(1,024,102)**	(790,900)
Gain on disposal and deemed disposal of partial interest in a subsidiary	出售及視作出售一間附屬公司部分權益之收益	10	**4,830,916**	–
Discount on acquisition of an associate	收購一間聯營公司折讓		**48,182**	–
Discount on acquisition of additional interest in a subsidiary	收購一間附屬公司額外權益折讓		**1,498**	6,305
Finance costs	融資成本	11	**(313,266)**	(274,418)
Share of results of associates	應佔聯營公司業績		**39,924**	–
Share of results of jointly controlled entities	應佔共同控制實體業績		**(1,755)**	(14,320)
Profit before taxation	除稅前溢利		**7,596,154**	1,788,802
Income tax expense	所得稅開支	12	**(240,435)**	(139,970)
Profit for the year	本年度溢利	13	**7,355,719**	1,648,832
Attributable to:	應佔份額:			
Equity holders of the Company	本公司權益持有人		**7,068,015**	1,435,809
Minority interests	少數股東權益		**287,704**	213,023
			7,355,719	1,648,832
Dividends	股息	15	**382,648**	238,525
Earnings per share	每股盈利	16		
Basic	基本		**HK$8.904**	HK$1.915
Diluted	攤薄		**HK$8.527**	HK$1.826



CONSOLIDATED BALANCE SHEET
綜合資產負債表

CONSOLIDATED BALANCE SHEET
綜合資產負債表

At 31 December 2006 於二零零六年十二月三十一日

		NOTES 附註	2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Non-current liabilities	非流動負債			
Deferred tax liabilities	遞延稅項負債	31	**36,323**	46,960
Bank borrowings – amount due after one year	銀行借貸－一年後到期之款項	30	**4,086,223**	4,549,245
			4,122,546	4,596,205
			19,012,921	9,646,743
Capital and reserves	股本及儲備			
Share capital	股本	32	**83,280**	78,477
Reserves	儲備		**15,875,645**	8,153,690
Equity attributable to equity holders of the Company	本公司權益持有人應佔權益		**15,958,925**	8,232,167
Equity component of share option reserve of a subsidiary	一間附屬公司優先購股權儲備之權益	33	**9,764**	3,047
Minority interests	少數股東權益		**3,044,232**	1,411,529
Total equity	資本總額		**19,012,921**	9,646,743

The consolidated financial statements on pages 51 to 147 were approved and authorised for issue by the Board of Directors on 29 March 2007 and are signed on its behalf by:

第51頁至第147頁之綜合財務報表已於二零零七年三月二十九日獲董事會批准及授權刊發，並由下列董事代表簽署：

Cheung Kwok Wing
張國榮
DIRECTOR
董事

Chan Wing Kwan
陳永錕
DIRECTOR
董事

Consolidated Statement of Changes in Equity
綜合權益變動表

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

		Attributable to equity holders of the Company 本公司權益持有人應佔權益												
		Share capital 股本 HK$'000 千港元	Share premium 股份溢價 HK$'000 千港元	Capital redemption reserve 資本贖回儲備 HK$'000 千港元	Goodwill reserve 商譽儲備 HK$'000 千港元	Special surplus account 特別盈餘賬目 HK$'000 千港元	Statutory reserve 法定儲備 HK$'000 千港元	Hedging reserve 對沖儲備 HK$'000 千港元	Investment revaluation reserve 投資重估儲備 HK$'000 千港元	Translation reserve 換算儲備 HK$'000 千港元	Retained profits 保留溢利 HK$'000 千港元	Total 合計 HK$'000 千港元	Share option reserve of a subsidiary 一間附屬公司之優先購股權儲備 HK$'000 千港元	Minority interests 少數股東權益 HK$'000 千港元	Total equity 資本總額 HK$'000 千港元
Balance at 1 January 2005	於二零零五年一月一日之結餘	71,948	2,324,661	897	(791)	10,594	3,466	(89,795)	(41,465)	3,168	3,091,121	5,373,804	–	1,638,440	7,012,244
Increase in fair value changes of derivatives under cash flow hedge	現金流對沖下衍生工具公平值變動之增加	–	–	–	–	–	–	206,988	–	–	–	206,988	–	–	206,988
Increase in fair value changes of available-for-sale investments	可供出售投資公平值變動之增加	–	–	–	–	–	–	–	16,602	–	–	16,602	–	–	16,602
Exchange differences on translation of foreign operations	兌換海外業務所產生之匯兌差額	–	–	–	–	–	–	–	–	124,211	–	124,211	–	24,016	148,227
Net income recognised directly in equity	收益淨額(直接在資本中確認)	–	–	–	–	–									

–4(e00)-3657.5(18.16–)-3158.6(124,24)-25188.1(–)-23015(479(5(124,24)-25188656me 5(166)-2)-1.2(4,016)-46 T817206,988) TJ-31.1643 -1.4229 840.0185 Tc0.029Pr

Consolidated Statement of Changes in Equity
綜合權益變動表

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

	Attributable to equity holders of the Company 本公司權益持有人應佔權益												
	Share capital	Share premium	Capital redemption reserve	Goodwill reserve	Special surplus account	Statutory reserve	Hedging reserve	Investment revaluation reserve	Translation reserve	Retained profits	Total	Share option reserve of a subsidiary 一間附屬	Minority interests	Total equity

Consolidated Cash Flow Statement
綜合現金流量表

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
OPERATING ACTIVITIES	**經營業務**		
Profit before taxation	除稅前溢利	**7,596,154**	1,788,802
Adjustments for:	調整:		
Share of results of associates	應佔聯營公司業績	**(39,924)**	–
Share of results of jointly controlled entities	應佔共同控制實體業績	**1,755**	14,320
Amortisation of intangible assets	無形資產攤銷	**500**	460
Depreciation of properties, plant and equipment	物業 廠房及設備折舊	**1,031,198**	817,258
Dividends from available-for-sale investments	可供出售投資之股息	**(1,002)**	(6,862)
Interest expenses and other finance charges	利息支出及其他融資費用	**313,266**	274,418
Gain on disposal and deemed disposal of partial interest in a subsidiary	出售及視作出售一間附屬公司部分權益之收益	**(4,830,916)**	–
Gain on disposal of investments held for trading	出售持作買賣投資之收益	**(85,197)**	–
Gain on disposal of available-for-sale investments	出售可供出售投資之收益	**(6,876)**	(35,724)
Gain on fair value changes of investment properties	投資物業公平值變動之收益	**(7,163)**	(717)
(Gain) loss on disposal and write off of properties, plant and equipment	出售及撇銷物業 廠房及設備之(收益) 虧損	**(144)**	1,669
Gain on fair value changes of foreign currency forward contracts	遠期外匯合約公平值變動之收益	**(23)**	–
Loss on closure of a jointly-controlled entity	關閉一間共同控制實體之虧損	**–**	5,344
Discount on acquisition of additional interest in a subsidiary	收購一間附屬公司額外權益折讓	**(1,498)**	(6,305)
Discount on acquisition of an associate	收購一間聯營公司折讓	**(48,182)**	–
Release of prepaid lease payments	預付租賃款項撥回	**8,595**	6,513
Interest income	利息收入	**(51,499)**	(11,151)
Share based payment expense	股份形式支付開支	**6,717**	3,047
Operating cash flows before movement in working capital	未計營運資金變動前之經營現金流量	**3,885,761**	2,851,072
Increase in inventories	存貨增加	**(627,438)**	(250,750)
Increase in trade and other receivables and prepayments	貿易及其他應收賬款及預付款項增加	**(603,236)**	(853,897)
Increase in trade and other payables	貿易及其他應付賬款增加	**103,123**	369,097
Increase (decrease) in bills payable	應付票據增加(減少)	**244,297**	(205,978)
Cash generated from operations	經營業務所得現金	**3,002,507**	1,909,544
Hong Kong Profits Tax paid	已繳香港利得稅	**(14,411)**	(12,957)
Hong Kong Profits Tax refunded	已退香港利得稅	**1,301**	128
Other taxes paid	其他已繳稅項	**(81,935)**	(79,342)
NET CASH FROM OPERATING ACTIVITIES	**經營業務所得現金淨額**	**2,907,462**	1,817,373

CONSOLIDATED CASH FLOW STATEMENT
綜合現金流量表

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值項目增加淨額	5,007,171	247,444
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	年初之現金及現金等值項目	1,087,234	839,790
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	年末之現金及現金等值項目	6,094,405	1,087,234
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等值項目結餘分析		
Bank balances and cash	銀行結餘及現金	6,097,231	1,226,928

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The consolidated financial statements are presented in Hong Kong Dollars, which is the same as the functional currency of the Company.

The principal activities of the Group are the manufacture of laminates, copper foil, glass fabric, glass yarn, bleached kraft paper, printed circuit boards ("PCBs"), chemicals, liquid crystal displays ("LCDs") and magnetic products.

1. 一般資料

本公司在開曼群島註冊成立為受豁免有限公司，其股份在香港聯合交易所有限公司（「聯交所」）之主板上市。本公司註冊辦事處之地址及主要營業地點於本年報「公司資料」一節中披露。

綜合財務報表以本公司之功能貨幣港元呈報。

本集團主要從事覆銅面板、銅箔、玻璃纖維布、玻璃紗、漂白木漿紙、印刷線路板（「印刷線路板」）、化工產品、液晶體顯示屏（「液晶體顯示屏」）及磁電產品製造業務。

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

2. 應用新增及經修訂之香港財務申報準則（「香港財務申報準則」）

於本年度，本集團首次應用多項由香港會計師公會（「香港會計師公會」）頒佈並分別於二零零五年十二月一日或二零零六年一月一日或之後開始之會計期間生效的新準則、修訂及詮釋（「新香港財務申報準則」）。採納新香港財務申報準則對如何編製及呈列即期或過往會計期間業績及財務狀況之方法並無重大影響。因此，本集團無須對過往期間進行調整。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital disclosures[1]
HKFRS 7	Financial instruments: Disclosures[1]
HKFRS 8	Operating segments[2]
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[3]
HK(IFRIC) – INT 8	Scope of HKFRS 2[4]
HK(IFRIC) – INT 9	Reassessment of embedded derivatives[5]
HK(IFRIC) – INT 10	Interim financial reporting and impairment[6]
HK(IFRIC) – INT 11	HKFRS 2 – Group and treasury share transactions[7]
HK(IFRIC) – INT 12	Service concession arrangements[8]

1 Effective for annual periods beginning on or after 1 January 2007.

2 Effective for annual periods beginning on or after 1 January 2009.

3 Effective for annual periods beginning on or after 1 March 2006.

4 Effective for annual periods beginning on or after 1 May 2006.

5 Effective for annual periods beginning on or after 1 June 2006.

6 Effective for annual periods beginning on or after 1 November 2006.

7 Effective for annual periods beginning on or after 1 March 2007.

8 Effective for annual periods beginning on or after 1 January 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3. 主要會計政策

綜合財務報表乃按歷史成本慣例基準編製，惟如下列會計政策所闡述，若干物業及若干金融工具則按公平值計量。

綜合財務報表乃按香港會計師公會頒佈之香港財務申報準則編製。此外，綜合財務報表載有聯交所證券上市規則及香港公司條例規定之適用披露。

綜合賬目基準

綜合財務報表包括本公司及本公司控制之實體（附屬公司）截至每年十二月三十一日止之財務報表。當本公司有權力操縱某實體之財政及經營政策以藉其活動之中獲益，將視為擁有控制權。

於年內收購或出售之附屬公司之業績，自實際收購日期起或結算至實際出售日期止（視適用情況而定）列入綜合收益表內。

如需要，將會就附屬公司之財務報表作出調整，致使其會計政策與本集團其他成員公司所用者貫徹一致。

所有集團內公司間交易、結餘、收入及開支於綜合賬目時對銷。



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES
(continued)

Business combinations *(continued)*

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest

dn1s combinationscost 150ially ed 89 (e.56 ssme 0,up')110.691.5ntercost 448ially eerFor the34inatiliabilFor th19ially Tmbii T

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES
(continued)

Investments in associates *(continued)*

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are elimis181luor theexteunt of the Group'is itearves hin thearlevaent associat.S

Jo itely conproll81l entities

etragetmentsthashivolvetheestiabishrment

rs haverjo it conpr2316(ole) TJ0 -1.5467 TD0.0465 Tc-0.0991 Tw (over the(ecnoemif ativtity of the entitya

asadjustsed forpcos- acquisitionchragesIhin the

Group's share of the net assets of thejo itely conpoll81s

Whin the

Gup'sshareoflossesofoitelyconproll81lentiyecqalis

ry excedsIhtis itearves hin tas jo itely conpl81l entiyswhichincludssaAnylong-teamsiteveeststhas,eisubstinoe,t

s net inruvpe'stmenthin thejo itele

ll81lentiy),fthe Grou dis(continuseGr)1951(ecognitinfhtis) TJ0-1.56TD0.2142Tc0.2362Tw (shar)31(e offurthrflosse. Aanddsitioalsshar)31(e

t at the Garou hais inurpr

oll81l entiys9224(.S) TJ/F4 1 Tf11 0 0 113420.93 564.715 Tm0.002063942061952 rg0.0320 Tc0 Tw3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES
(continued)

Jointly controlled entities *(continued)*

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition after reassessment, is recognised immediately in profit or loss.

When a group entity transacts with a jointly controlled

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Goodwill *(continued)*

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the consolidated balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

3. 主要會計政策 *(續)*

商譽 *(續)*

收購一間附屬公司所產生並已資本化之商譽於綜合資產負債表內獨立呈列。

就減值測試而言，收購所產生之商譽分配到預期從收購之協同效應中受益之各有關現金產生單位，或現金產生單位之組別。已獲分配商譽之現金產生單位每年及凡該單位

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment properties *(continued)*

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

Properties, plant and equipment

Properties, plant and equipment (other than properties, plant and equipment under construction) used in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated balance sheet at cost less subsequent accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write off the cost of items of properties, plant and equipment other than the properties, plant and equipment under construction over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method, at the following rates per annum:

Freehold land	Nil
Properties for own use	Over the remaining unexpired terms of the leases or fifty years, whichever is the shorter

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Properties, plant and equipment *(continued)*

Properties, plant and equipment under construction, representing property, plant and equipment in the course of construction for production or for its own use purposes, are carried at cost less any recognised impairment loss. Properties, plant and equipment under construction is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Leasehold land and buildings under development for future owner-occupied purpose

When the leasehold land and buildings are in the course of development for production, rental or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

3. 主要會計政策 *(續)*

物業 廠房及設備 *(續)*

在建物業 廠房及設備(即為生產或自用而在建之物業 廠房及設備)按成本減任何已確認減值虧損列賬 在建物業 廠房及設備在竣工及可作擬定用途時分類為物業 廠房及設備之適當類別 該等資產在可作擬定用途時按其他物業資產之基準開始計提折舊

物業 廠房及設備項目於出售或預期持續使

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

Foteohe year ended 31 December 2006 截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Inventories

Inventories are stated ateohe lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs andeohose overheads thatehave been incurred in bringingeohe inventories toeoheir present location andecondition. Cost is calculated using the weighted average meohod. Net realisable value representseohe estimated sellingeprice less all estimated costs of completion andecosts toebe incurred in marketing, sellingeandedistribution.

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separatelyeandewith finite useful lives are carried atecosts less accumulated amortisation andeany accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis overeoheir estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured ateohe difference between ohe net disposal proceeds andeohe carryingeamount of ohe asset andeare recognised in ohe consolidated income statement when ohe asset is derecognised.

Researcheandedevelopment expenditure expenditures

Expenditure on researcheactivities is recognised as an expense in ohe period in whicheit is incurred.

An internally-generated intangible asset arising from development expenditure is recognised onlyeifeit is anticipated thateohe development costs incurred on a clearly-defined project will be recovered through future

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets *(continued)*

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Impairment

Intangible assets with finite useful lives are tested for impairment when there is an indication that an asset may be impaired (see the accounting policies in respect of impairment losses for tangible and intangible assets below).

Impairment losses (other than goodwill (see the accounting policies in respect of goodwill))

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

3. 主要會計政策 *(續)*

無形資產 *(續)*

就內部產生無形資產初步確認之金額為該等無形資產首次符合確認標準當日起產生之開支總額。倘未能確認內部產生無形資產，則開發費用於產生期間在損益扣除。

於初次確認後，內部產生無形資產以個別購入之無形資產之相同基準按成本減累計攤銷及累計減值虧損列賬。

減值

倘有跡象顯示具有有限可使用年期之無形資產可能出現減值，則對有關資產進行減值測試(請參閱下文有關有形資產及無形資產減值虧損之會計政策)。

減值虧損(商譽(請參閱有關商譽之會計政策)除外)

於各結算日，本集團須審閱其有形及無形資產之賬面值，以確定是否有任何跡象顯示該等資產出現減值虧損。倘某項資產之可收回金額估計低於其賬面值，則該項資產之賬面值須削減至其可收回金額。減值虧損即時確認為開支。

倘日後轉出減值虧損，有關資產之賬面值須增至其經重新估計之可收回金額，惟增加之賬面值不得超出倘有關資產並無於以往年度確認任何減值虧損所應釐定之賬面值。轉出之減值虧損即時確認為收入。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense on a straight-line basis over the term of the relevant lease.

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, leasehold land which title is not expected to pass to the lessee by the end of the lease term is classified as an operating lease unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is classified as a finance lease.

3. 主要會計政策 *(續)*

租約

當租約條款將涉及擁有權之絕大部分風險及回報轉讓予承租人時，該租約乃分類為融資租約。所有其他租約均分類為經營租約。

本集團作為出租人

經營租約之租金收入乃按相關租約年期以直線法於綜合收益表內確認。於磋商及安排經營租約所產生之初步直接成本乃加至租約資產之賬面值，並按租約年期以直線法確認作開支。

本集團作為承租人

根據經營租約之應付租金於有關租約年期以直線法在損益中扣除。訂立經營租約時已收及應收作為獎勵之利益按直線法於有關租約之年期確認為租金開支減少。

就租賃分類而言，租賃土地及樓宇中土地及樓宇部分乃分開計算，預期不會於租約年期完結前轉移業權予承租人之租賃土地，分類列為經營租賃，除非租金支出無法可靠地在土地及樓宇部分之間作出分配，則在此情況下，整項租賃則分類融資租賃。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

3. 主要會計政策 *(續)*

外幣

編製各集團實體之財務報表時, 以該實體之功能貨幣以外貨幣(外幣)進行之交易乃按其功能貨幣(即實體主要經營之經濟環境之貨幣)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rates of exchange prevailing at the balance sheet date, and their

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006截至檄二零零墠祾哥粞度餘髡 9 錦翉

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets

The Group's financial assets are classified into (i) financial assets at fair value through profit or loss, (ii) loans and receivables and (iii) available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition.

At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. 主要會計政策 *(續)*

金融工具 *(續)*

財務資產

本集團之金融資產分類為(i)按公平值計入損益表之金融資產；(ii)

NOTES TO THE CONSOLIDATED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss has two subcategories, including financial liabilities held for trading and those designated at fair value through profit or loss on initial recognition.

At each balance sheet date subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Other financial liabilities

Other financial liabilities including trade and other payables, bills payable and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. 主要會計政策 *(續)*

金融工具 *(續)*

財務負債及權益

由集團實體發行之財務負債及權益工具按所訂立之合約安排內容，以及財務負債及權益工具之定義而分類。

權益工具為證明本集團資產剩餘權益（經扣除其所有負債）之任何合約。本集團之財務負債一般分類為以公平值於損益中列值之財務負債及其他財務負債。有關財務負債及權益工具所採納之會計政策載列如下。

按公平值計入損益表之財務負債

按公平值計入損益表之財務負債分為兩個分類，包括持作買賣財務負債及指定於初次確認時按公平值計入損益表之財務負債。

於初次確認後各結算日，按公平值計入損益表之財務負債按公平值計量，公平值之變動於產生變動期間直接在損益中確認。

其他財務負債

其他財務負債包括其後以實際利率法按攤銷成本計量之貿易及其他應付賬款、應付票據及銀行貸款。

權益工具

本公司所發行之權益工具乃按已收取之所得款項減直接發行成本入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives that do not qualify for hedge accounting are deemed as financial assets held for trading or financial liabilities held for trading.

The Group designates certain derivatives as hedges of the cash flow of floating-rate bank borrowings (i.e. interest rate swaps).

Hedge accounting

The Group designates certain derivatives as hedging instruments as cash flow hedges.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other expenses or other income.

3. 主要會計政策 *(續)*

金融工具 *(續)*

金融衍生工具及對沖

衍生工具以衍生工具合約簽訂日之公平值作初次確認及其後以各結算日之公平值重新計量，所產生的收益或虧損將即時於損益內確認，除非該衍生工具是指定而有效之對沖工具，在此情況下，於損益內確認的時間取決於對沖關係的類別。

不符合對沖會計法之衍生工具被視為持作買賣之財務資產或財務負債。

本集團利用若干衍生工具（即利率掉期）作為浮息銀行借貸現金流量之對沖。

對沖會計法

本集團指定某些衍生工具為對沖工具，用作現金流量對沖。

於對沖關係之開始，實體記錄對沖工具和被對沖項目的關係，及進行各類對沖交易之風險管理目標及其策略。此外，於對沖開始和進行期間，本集團記錄用於對沖關係之對沖工具是否能高度有效地抵銷被對沖項目的公平值或現金流量變動。

現金流量對沖

指定和符合現金流量對沖之衍生工具公平值變動，其有效部分遞延於權益，其無效部分之收益或虧損，即時於損益內確認為其他開支或其他收入之部分。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Cash flow hedge (continued)

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. 主要會計政策 *(續)*

金融工具 *(續)*

現金流量對沖 (續)

當被對沖項目確認於損益內確認時，遞延於權益之金額則在該期間之損益內重新確認。

當本集團解除對沖關係、對沖工具已屆滿、售出、終止、行使或不再符合對沖會計法，對沖會計法將被終止。當時遞延於權益之任何累計盈虧將保留於權益內，

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Income from sales of goods are recognised when goods are delivered and title has passed.

Service income is recognised when services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income is recognised on a straight-line basis over the term of the relevant lease.

Dividend income from available-for-sale investments is recognised when the shareholders' rights to receive payment have been established.

3. 主要會計政策 *(續)*

收入確認

營業額乃按於一般業務過程中供應貨品及提供服務之已收或應收代價之公平值減折讓及銷售相關稅項後計算。

銷售貨品收入於貨品付運及擁有權移交時確認。

服務收入於提供服務時確認。

財務資產利息收入乃根據未償還本金及適用實際利率按時間基準累計，有關利率乃將估計未來所收現金按財務資產估計可使用年期折讓至該資產賬面淨值之利率。

租金收入乃於有關租約期內按直線基準確認。

可供出售投資之股息收入於股東收取該等股息之權利獲確立時確認。



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Market risk *(continued)*

(ii) Cash flow interest rate risk

The Group's cash flow interest rate risk relates primarily to floating-rate bank borrowings (see Note 30 for details of these borrowings). In relation to these floating-rate borrowings, the Group aims at keeping certain borrowings at fixed rates. In order to achieve this result, the Group entered into interest rate swaps to hedge against part of its exposure to potential variability of cash flows arising from changes in floating rate (see Note 23 for details). The management continuously monitors interest rate fluctuation and will consider further hedging interest rate risk should the need arises.

The Group's bank balances have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The directors consider the Group's exposure of the short-term bank deposits to interest rate risk is not significant as interest bearing bank balances are within short maturity period.

(iii) Fair value interest rate risk

The Group is exposed to fair value interest rate risk from the fixed rate debt securities (see Note 22 for details). However, the management considered the risk is insignificant to the Group.

(iv) Equity price risk

The Group is exposed to equity price risk. The management manages this exposure by maintaining a portfolio of investments with different risk profiles.

5. 財務風險管理目標及政策 *(續)*

市場風險 *(續)*

(ii) 現金流量利率風險

本集團之現金流量利率風險主要涉及以浮動利率計息之銀行借貸(該等借貸詳情見附註30)。就該等浮動利率借貸而言, 本集團致力將若干借貸利率保持穩定。為達致此目的, 本集團訂立利率掉期安排, 以對沖因浮動利率變動而產生之現金流量潛在變動(詳情見附註23)。管理層持續監控利率波動, 並將於有需要時考慮進一步對沖利率風險。

由於適用於銀行結餘之現行市場利率浮動, 本集團之銀行結餘承受現金流量利率風險。董事認為, 由於計息銀行結餘之到期期間較短, 故本集團短期銀行存款所承受之利率風險並不重大。

(iii) 公平值利率風險

本集團須承受由定息債務證券所產生之公平值利率風險(詳情見附註22)。然而, 管理層認為此項風險對本集團而言並不重大。

(iv) 股本價格風險

本集團須承受股本價格風險。管理層藉持有不同風險之投資組合管理此類風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at 31 December 2006 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated the members of the board of directors responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk for bank deposits and bank balances exposed is considered minimal as such amounts are placed with banks with good credit ratings.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and

- the fair value of derivative instruments are determined in accordance with generally accepted pricing models.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

5. 財務風險管理目標及政策 *(續)*

信貸風險

倘交易方於二零零六年十二月三十一日未能履行彼等就各類已確認財務資產之承擔，則本集團須承受之最高信貸風險為於綜合資產負債表所載資產賬面金額。為將信貸風險降至最低，本集團管理層已委派董事會成員負責制訂信貸限額、信貸審批及其他監控程序，以確保採取跟進措施收回逾期未付之債項。此外，於各結算日，本集團檢討每項個別應收

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

6. REVENUE

Revenue represents the net amounts received and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

7. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into four operating divisions – laminates, PCBs, chemicals and others. These divisions are the basis on which the Group reports its primary segment information.

		Laminates 覆銅面板 HK$'000 千港元	PCBs 印刷線路板 HK$'000 千港元	Chemicals 化工產品 HK$'000 千港元	Others 其他 HK$'000 千港元	Eliminations 對銷 HK$'000 千港元	Consolidated 綜合 HK$'000 千港元
Year ended 31 December 2006	**截至二零零六年十二月三十一日止年度**						
Segment revenue	分部收益						
External sales	對外銷售額	6,288,922	6,649,997	2,725,653	1,108,776	-	16,773,348
Inter-segment sales	分部間之銷售額	1,954,390	-	1,285,722	15,571	(3,255,683)	-
Total	合計	8,243,312	6,649,997	4,011,375	1,124,347	(3,255,683)	16,773,348
Result	業績						
Segment result	分部業績	1,807,375	686,182	342,027	80,248	-	2,915,832
Gain on disposal and deemed disposal of partial interest in a subsidiary	出售及視作出售一間附屬公司部分權益之收益	4,830,916	-	-	-	-	4,830,916
Discount on acquisition of an associate	收購一間聯營公司折讓	-	48,182	-	-	-	48,182
Discount on acquisition of additional interest in a subsidiary	收購一間附屬公司額外權益折讓	1,498	-	-	-	-	1,498
Unallocated corporate income	未分配之公司收入						156,853
Unallocated corporate expenses	未分配之公司支出						(82,030)
Finance costs	融資成本						(313,266)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

7. BUSINESS AND GEOGRAPHICAL SEGMENTS
(continued)

Business segments *(continued)*

		Laminates 覆銅面板 HK$'000 千港元	PCBs 印刷線路板 HK$'000 千港元	Chemicals 化工產品 HK$'000 千港元	Others 其他 HK$'000 千港元	Consolidated 綜合 HK$'000 千港元
Year ended 31 December 2006	**截至二零零六年十二月三十一日止年度**					
Other information	其他資料					
Capital additions	資本增添	799,415	730,675	780,546	122,707	2,433,343
Depreciation and amortisation	折舊及攤銷	444,331	385,049	148,367	53,951	1,031,698
At 31 December 2006	**於二零零六年十二月三十一日**					
Assets	資產					
Segment assets	分部資產	8,337,233	9,342,019	4,733,011	537,846	22,950,109
Interests in jointly controlled entities	於共同控制實體之權益	–	–	–	15,354	15,354

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)* 7. 業務及地區分部 *(續)*

Business segments *(continued)* **業務分部** *(續)*

		Laminates 覆銅面板 HK$'000 千港元	PCBs 印刷線路板 HK$'000 千港元	Chemicals 化工產品 HK$'000 千港元	Others 其他 HK$'000 千港元	Eliminations 對銷 HK$'000 千港元	Consolidated 綜合 HK$'000 千港元
Year ended 31 December 2005	截至二零零五年十二月三十一日止年度						
Segment revenue	分部收益						
External sales	對外銷售額	4,788,387	5,284,203	2,023,404	1,002,360	–	13,098,354
Inter-segment sales	分部間之銷售額	1,096,509	–	1,171,888	–	(2,268,397)	–
Total	合計	5,884,896	5,284,203	3,195,292	1,002,360	(2,268,397)	13,098,354
Result	業績						
Segment result	分部業績	1,217,278	567,030	168,873	71,289	–	2,024,470
Discount on acquisition of additional interest in a subsidiary	收購一間附屬公司額外權益折讓	6,305	–	–	–	–	6,305
Unallocated corporate income	未分配之公司收入						56,797
Unallocated corporate expenses	未分配之公司支出						(10,032)
Finance costs	融資成本						(274,418)
Share of results of jointly controlled entities	應佔共同控制實體業績	–	–	–	(14,320)	–	(14,320)
Profit before taxation	除稅前溢利						1,788,802
Income tax expense	所得稅支出						(139,970)
Profit for the year	年內溢利						1,648,832

Inter-segment sales are charged by reference to market prices.

分部間銷售額乃參考市價計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)* 7. 業務及地區分部 *(續)*

Business segments *(continued)* **業務分部** *(續)*

		Laminates 覆銅面板 HK$'000 千港元	PCBs 印刷線路板 HK$'000 千港元	Chemicals 化工產品 HK$'000 千港元	Others 其他 HK$'000 千港元	Consolidated 綜合 HK$'000 千港元
Year ended 31 December 2005	截至二零零五年十二月三十一日止年度					
Other information	其他資料					
Capital additions	資本增添	677,028	574,362	680,911	33,596	1,965,897
Depreciation and amortisation	折舊及攤銷	359,971	362,718	85,999	9,030	817,718
At 31 December 2005	於二零零五年十二月三十一日					
Assets	資產					
Segment assets	分部資產	7,168,489	5,689,807	3,767,061	527,189	17,152,546
Interests in jointly controlled entities	於共同控制實體之權益	–	–	–	17,109	17,109
Investment in an associate	於一間聯營公司之投資	–	–	188,137	–	188,137
Unallocated corporate assets	未分配之公司資產					2,003,030
Consolidated total assets	綜合資產總值					19,360,822
Liabilities	負債					
Segment liabilities	分部負債	(945,305)	(1,062,185)	(652,812)	(87,950)	(2,748,252)
Unallocated corporate liabilities	未分配之公司負債					(6,965,827)
Consolidated total liabilities	綜合負債總額					(9,714,079)



NOTES TO THE CONSOLIDATED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

9. INVESTMENT INCOME

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Dividends from available-for-sale investments	可供出售投資之股息	**1,002**	6,862
Gain on disposal of available-for-sale investments	出售可供出售投資之收益	**6,876**	35,724
Gain on disposal of investments held for trading	出售持作買賣投資之收益	**85,197**	–
Gain on fair value changes of foreign currency forward contracts	外匯遠期合約公平值變動之收益	**23**	–
Interest income from bank deposits	銀行存款利息收入	**51,499**	11,151
		144,597	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

11. FINANCE COSTS

11. 融資成本

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Interest on bank borrowings wholly repayable within five years	須於五年內全數償還之銀行借貸之利息	**382,622**	262,035
Other finance charges	其他融資費用	**36,637**	16,114
		419,259	278,149
Release of hedging reserve	對沖儲備之撥回	**(43,823)**	–
Fair value changes of interest rate swap	利率掉期公平值變動	**(59,126)**	–
		316,310	278,149
Less: Interests capitalised	減:資本化利息	**(3,044)**	(3,731)
		313,266	274,418

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 5% for 2006 (2005: 5%) to expenditures on qualifying assets.

年內之資本化借貸成本乃於一般借貸中產生，於二零零六年以合資格資產開支之資本化率5%(二零零五年:5%)計算。

NOTES TO THE CONSOLIDATED FINANCIAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

12. INCOME TAX EXPENSE *(continued)*

Taxation for the year can be reconciled to the profit before taxation as follows:

		2006 二零零六年	2005
			韻 HK$'000 ’
Profit before taxation	除稅前溢利	**7,596,154**	1,788,802
c income tax	以當地所得稅率33%rate of 33% (2005: 33%)		
	(Note 1) 3		
	計算之稅款 *(附註1)*	**2,506,731**	590,304
Tax effect of expenses not d			
Tax effect of income not taxable for tax	毋須課稅收益之稅務purpose影響	**(99,641)**	(75,502)
Tax			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

13. PROFIT FOR THE YEAR

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Profit for the year has been arrived at after charging (crediting):	本年度溢利已經扣除（加上）以下項目：		
Depreciation of properties, plant and equipment	物業、廠房及設備折舊	1,031,198	917,258
Amortisation of intangible			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the thirteen (2005: fourteen) directors were as follows:

		Year ended 31 December 2006 截至二零零六年十二月三十一日止年度													
		Cheung Kwok Wing 張國榮	Chan Wing Kwan 陳永鋐	Lam Ka Po 林家寶	Cheung Kwok Keung 張國強	Cheung Kwok Wa 張國華	Cheung Kwong Kwan 張廣軍	Cheung Kwok Ping 張國平	Chang Wing Yiu 鄭永耀	Mok Cham Hung, Chadwick 莫湛雄	Lum Gum Wun 林根煖	Cheng Ming Fun, Paul 鄭明訓	Tse Kam Hung 謝錦洪	Henry Tan 陳亨利	Total 合計
		HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元
Fees	袍金	-	-	-	-	-	-	-	-	-	-	480	180	180	840
Other emoluments:	其他酬金:														
Salaries and other benefits	薪金及其他福利	2,755	2,485	1,490	1,739	2,523	2,022	1,739	2,620	2,782	-	-	-	-	20,155
Contributions to retirement benefits scheme	退休福利計劃供款														

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*
14. 董事及僱員酬金 *(續)*

Year ended 31 December 2005
截至二零零五年十二月三十一日止年度

		Cheung Kwok Wing 張國榮 HK$'000 千港元	Chan Wing Kwan 陳永錕 HK$'000 千港元	Lam Ka Po 林家寶 HK$'000 千港元	Cheung Kwok Keung 張國強 HK$'000 千港元	Cheung Kwok Wa 張國華 HK$'000 千港元	Cheung Kwong Kwan 張廣軍 HK$'000 千港元	Cheung Kwok Ping 張國平 HK$'000 千港元	Chang Wing Yiu 鄭永耀 HK$'000 千港元	Mok Cham Hung, Chadwick 莫湛雄 HK$'000 千港元	Tsao Kwang Yung, Peter 曹廣榮 HK$'000 千港元	Lum Gum Wun 林根穩 HK$'000 千港元	Cheng Ming Fun, Paul 鄭明訓 HK$'000 千港元	Tse Kam Hung 謝錦洪 HK$'000 千港元	Henry Tan 陳亨利 HK$'000 千港元	Total 合計 HK$'000 千港元
Fees	袍金	–	–	–	–	–	–	–	–	–	90	–	360	100	51	601
Other emoluments:	其他酬金:															
Salaries and other benefits	薪金及其他福利	2,240	1,960	1,680	1,960	2,170	2,100	1,960	2,100	2,268	–	–	–	–	–	18,438
Contributions to retirement benefits scheme	退休福利計劃供款	96	84	66	78	87	84	84	90	97	–	–	–	–	–	766
Performance related incentive payment	工作表現獎勵款項	8,174	6,452	4,184	4,184	5,375	4,722	4,938	4,083	4,083	–	–	–	–	–	46,195
Total emoluments	酬金總額	10,510	8,496	5,930	6,222	7,632	6,906	6,982	6,273	6,448	90	–	360	100	51	66,000

Note: The performance related incentive payment is determined with reference to the operating results, individual performance and comparable market statistics during both years.

附註： 工作表現相關獎勵款項乃參考該兩個年度之經營業績、個人表現及比較市場數據而釐定。

No directors had waived any emoluments during the years ended 31 December 2006 and 2005 and the five highest paid individuals in the Group in both years were all directors of the Company.

概無董事於截至二零零六年及二零零五年十二月三十一日止年度放棄任何酬金。本集團於該兩個年度之五名最高薪人士均為本公司董事。

During both years, no emoluments were paid to or receivable by the directors or the Group's five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office.

於兩個年度內，董事或本集團五名最高薪金僱員（包括董事）概無支付或應收任何酬金，作為吸引彼等加盟或加盟時支付之獎勵或作為離職之補償。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

15. DIVIDENDS

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Dividends paid	**已派發股息**		
Interim dividend for 2006 of HK20 cents (2005: HK12 cents) per ordinary share	二零零六年中期股息每股普通股20港仙（二零零五年：12港仙）	**162,721**	94,172
Final dividend for 2005 of HK28 cents (2005: final dividend for 2004 of HK20 cents) per ordinary share	二零零五年末期股息每股普通股28港仙（二零零五年派發之二零零四年末期股息：20港仙）	**219,735**	143,895
Additional dividend paid in respect of the previous period as a result of new shares issued subsequent to the approval of the previous period's	因於批准過往期間綜合財務報表後發行新股份而就過往期間派發之額外股息		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

16. EARNINGS PER SHARE *(continued)*

The effect of dilutive potential shares on share of results of a non wholly-owned subsidiary, Elec & Eltek International Company Limited ("EEIC"), based on the dilution of its earnings per share for both years are insignificant.

16. 每股盈利 *(續)*

於該兩個年度內，因應佔一間非全資擁有附屬公司依利安達集團有限公司(「EEIC」)之攤薄每股盈利而產生之具攤薄效應之股份數目並不重大。

		2006 二零零六年	2005 二零零五年
Additional information on earnings per share:	每股盈利之附加資料		
Basic	基本	**HK$2.756**	HK$1.907
Diluted	攤薄	**HK$2.639**	HK$1.818

Additional information on basic and diluted earnings per share figures have also been presented, based on the profit for the year attributable to equity holders of the Company less any non-recurring items, which are calculated as follows:

基本及攤薄每股盈利之附加資料乃由本公司權益持有人應佔本年度溢利扣除任何非經常性項目而作額外呈列，詳細計算如下：

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Profit for the year attributable to equity holders of the Company	本公司權益持有人應佔本年度溢利	**7,068,015**	1,435,809
Less: Non-recurring items	減去：非經常性項目		
Gain on disposal and deemed disposal of partial interest in a subsidiary	出售及視作出售一間附屬公司部分權益之收益	**(4,830,916)**	–
Discount on acquisition of an associate	收購一間聯營公司折讓	**(48,182)**	–
Discount on acquisition of additional interest in a subsidiary	收購一間附屬公司額外權益折讓	**(1,498)**	(6,305)
Earnings for the purpose of calculating basic and diluted earnings per share	計算基本及攤薄每股盈利之盈利	**2,187,419**	1,429,504

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

上述計算所用之分母和計算基本及攤薄每股盈利之分母相同。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

17. INVESTMENT PROPERTIES 17. 投資物業

		HK$'000 千港元
FAIR VALUE	**公平值**	
At 1 January 2005	於二零零五年一月一日	32,340
Increase in fair value	公平值增加	717
At 31 December 2005 and 1 January 2006	於二零零五年十二月三十一日及二零零六年一月一日	33,057
Increase in fair value	公平值增加	7,163
At 31 December 2006	於二零零六年十二月三十一日	40,220

The fair value of the Group's investment properties at 31 December 2005 had been arrived at on the basis of a valuation carried out on that date by Messrs. Chung, Chan & Associates, independent qualified professional valuers not connected with the Group. At 31 December 2006, the fair value of the Group's investment properties had been arrived at on the basis of a valuation carried out on that date by Messrs. B.I. Appraisals Limited, independent qualified professional valuers not connected with the Group. Messrs. Chung, Chan & Associates and B.I. Appraisals Limited are members of the Institute of Valuers, and have appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

本集團投資物業於二零零五年十二月三十一日之公平值乃按與本集團並無關連之獨立合資格專業估值師衡量行於該日進行估值之基準達致。本集團投資物業於二零零六年十二月三十一日之公平值則按與本集團並無關連之獨立合資格專業估值師保柏國際評估有限公司於當日進行估值之基準達致。衡量行及保柏國際評估有限公司乃估值師協會會員，具備適當資歷，擁有評估近期相關地點類似物業價值之經驗。是次估值遵循國際估值準則，並參考類似物業交易價值之市場憑證釐定。

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

本集團為賺取租金或資本增值並根據經營租約持有之所有物業權益，均利用公平值模式計量，並分類及列作投資物業。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

17. INVESTMENT PROPERTIES *(continued)*

The carrying value of investment properties shown above comprises:

17. 投資物業 *(續)*

以上所示投資物業賬面值包括：

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Property interests situated in Hong Kong under:	按下列租約於香港持有之物業權益：		
Medium-term lease	中期租約	**4,480**	2,777
Property interests situated outside Hong Kong under:	按下列租約於香港以外持有之物業權益：		
Medium-term lease	中期租約	**12,000**	9,400
Long lease	長期租約	**23,740**	20,880
		40,220	33,057

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

18. PROPERTIES, PLANT AND EQUIPMENT 18. 物業 廠房及設備

		Freehold land and properties for own use 永久產權土地及自用物業	Leasehold improvements 租約物業裝修	Plant and machinery 廠房及機器	Furniture, fixtures and equipment 傢俬裝置及設備	Motor vehicles 汽車	Properties, plant and equipment under construction 在建中物業廠房及設備	Total 合計
		HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元
COST	成本							
At 1 January 2005	於二零零五年一月一日	1,427,042	162,659	5,889,278	128,493	94,266	1,249,635	8,951,373
Exchange adjustments	匯兌調整	18,353	10,370	82,197	2,381	3,824	44,742	161,867
Additions	添置	113,672	15,174	661,524	56,421	16,267	1,102,839	1,965,897
Disposals and write off	出售及撇銷	(1,421)	(1,569)	(71,141)	(7,739)	(4,590)	–	(86,460)
Reclassifications	重新分類	326,509	10,691	1,164,534	15,605	1,379	(1,518,718)	–
At 31 December 2005 and 1 January 2006	於二零零五年十二月三十一日及二零零六年一月一日	1,884,155	197,325	7,726,392	195,161	111,146	878,498	10,992,677
Exchange adjustments	匯兌調整	23,693	52,797	118,383	11,342	4,641	35,137	245,993
Additions	添置	367,221	28,150	764,753	60,092	39,190	1,133,826	2,393,232
Acquired from acquisition of subsidiaries	收購附屬公司而獲取	3,382	–	33,148	1,198	1,089	387	39,204
Disposals and write off	出售及撇銷	(29,407)	(20,343)	(109,912)	(28,735)	(19,992)	–	(208,389)
Reclassifications	重新分類	133,418	4,801	591,153	4,145	297	(733,814)	–
At 31 December 2006	於二零零六年十二月三十一日	2,382,462	262,730	9,123,917	243,203	136,371	1,314,034	13,462,717

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

19. PREPAID LEASE PAYMENTS

All of the Group's prepaid lease payments are prepaid for medium-term lease leasehold land outside Hong Kong.

19. 預付租賃款項

本集團全部預付租賃款項均為香港以外租賃土地之中期租約預付款。

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Analysed for reporting purposes as:	就報告分析如下：		
Current asset	流動資產	**9,513**	7,669
Non-current asset	非流動資產	**471,727**	351,374
		481,240	359,043

20. GOODWILL

20. 商譽

		HK$'000 千港元
CARRYING VALUE	**賬面值**	
At 1 January 2005	於二零零五年一月一日	1,379,999
Arising on acquisition of additional interests in subsidiaries *(Note)*	收購附屬公司額外權益產生 *(附註)*	279,355
At 31 December 2005 and 1 January 2006	於二零零五年十二月三十一日及二零零六年一月一日	1,659,354
Arising on acquisition of subsidiaries *(see Note 35)*	收購附屬公司產生 *(見附註35)*	48,621
Arising on acquisition of additional interests in subsidiaries *(Note)*	收購附屬公司額外權益產生 *(附註)*	9,544
At 31 December 2006	於二零零六年十二月三十一日	1,717,519

Note: Goodwill was calculated as the difference between the consideration paid for the additional interest and the carrying amount of the net assets of the subsidiaries attributable to the additional interest acquired.

附註： 商譽按就額外權益所付代價與所收購額外權益應佔附屬公司資產淨值之賬面值間差額計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

20. GOODWILL *(continued)*

Particulars regarding impairment testing on goodwill arising from acquisition of subsidiaries are disclosed as follows:

As explained in Note 7, the Group uses business segments as its primary segment for reporting segment information. For the purposes of impairment testing, goodwill has been allocated to the cash generating unit ("CGU") of PCBs business segment. The carrying amount of goodwill allocated to the CGU of PCBs business segment is approximately HK$1,717,519,000 (2005: HK0.01.77 1Ji9,354,000).

The recoverable amount of the PCB'
determined from value-in-use calculation. Goodwill is expected to generate cash flow for indefinite period. To calculate this, cash flow projections are based on five year periods financial budgets approved by senior management. The key assumption for the value-in-use calculation is the budgeted gross margin at a discount rate of 7% and growth rate of 10%, which is determined based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggr
carrying amount to exceed the aggregate recoverable amount. Since the recoverable amount of the cash generating unit is higher than its carrying amount, the directors consider that the carrying value of goodwill at the balance sheet date is not significantly impaired.

20. 商譽 *(續)*

有關收購附屬公司所產生之商譽之減值測試詳情披露如下:

誠如附註7所闡釋, 本集團以業務分部作為申報分部資料之主要分部. 就減值測試而言, 商譽已分配予印刷線路板業務分部之現金產生單位(「現金產生單位」)。分配予印刷線路板業務分部之現金產生單位之商譽賬面值約為1,717,519,000港元(二零零五年: 11Ji9,354,000港元)。

印刷線路板現金產生單位之可收回金額按使用價值計算法釐定. 預期商譽將無限期產生現金流量. 為計算使用價值, 現金流量預測以經高級管理層所批准之五年期財政預算為基準. 使用價值計算法之主要假設為預算毛利率之折現率及增長率分別為7%及10%, 乃按該單位過往表現及管理層對市場發展之期望釐定. 管理層相信, 該等假設或會出現仲釀嶁硃措預拭輓赭螃澖接革蠑腢現遺使用奭挫對鑑癆

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

21. INVESTMENTS IN ASSOCIATES 21. 於聯營公司之投資

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Cost of investments in associates	於聯營公司之投資成本		
Listed in Hong Kong	於香港上市	**196,824**	–
Unlisted in the PRC	於中國非上市	**188,137**	188,137
Share of post-acquisition profits	應佔收購後溢利	**88,106**	–
Share of reserve	應佔儲備	**13,862**	–
		486,929	188,137
Fair value of listed investments	上市投資之公平值	**171,794**	–

At 31 December 2006, the Group had interests in the following associates:

於二零零六年十二月三十一日, 本集團擁有以下聯營公司權益 :

Name of entity 實體名稱	Form of business structure 業務架構形式	Place of registration/ incorporation 註冊／註冊成立地點	Principle place of operation 主要營業地點	Proportion of nominal value of registered capital/ issued share capital held by the Group 本集團所持註冊資本／已發行股本面值比例	Principal activities 主要業務
CNOOC Kingboard Chemical Limited 中海石油建滔化工有限公司	Incorporated 註冊成立	PRC 中國	PRC 中國	40%	Manufacture and sales of methanol 製造及分銷甲醇
Topsearch International (Holdings) Limited ("Topsearch")* 至卓國際(控股)有限公司(「至卓」)*	Incorporated 註冊成立	Bermuda 百慕達	PRC 中國	25.04%	Manufacture and sales of PCBs 製造及分銷印刷線路板

* A company with its shares listed on the main board of the Stock Exchange.

* 一間股份於聯交所主板上市之公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

21. INVESTMENTS IN ASSOCIATES *(continued)*

During the year, the Group has acquired additional equity of 15.07% in Topsearch and Topsearch became an associate of the Group. As at 31 December 2005, the investment in Topsearch had been accounted for as available-for-sale investments.

The summarised financial information in respect of the Group's associates is set out below:

21. 於聯營公司之投資 *(續)*

年內, 本集團額外收購至卓15.07%權益, 至卓因而成為本集團之聯營公司. 於二零零五年十二月三十一日, 於至卓之投資以可供出售投資列賬.

本集團聯營公司之財務資料概述如下:

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Total assets	資產總值	**3,716,266**	712,162
Total liabilities	負債總值	**(2,067,384)**	(241,819)
Net assets	資產淨值	**1,648,882**	470,343
Group's share of net assets of associates	本集團應佔聯營公司資產淨值	**486,929**	188,137
Revenue	營業額	**294,607**	–
Profit for the year	本年度溢利	**99,945**	–
Group's share of results of associates for the year	本集團應佔聯營公司本年度業績	**39,924**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

22. AVAILABLE-FOR-SALE INVESTMENTS 22. 可供出售投資

Available-for-sale investments comprises:

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Listed investments:	上市投資:		
– Equity securities listed in Hong Kong	一於香港上市之股本證券	**230,206**	111,756
– Debt security listed in overseas with fixed interest of 4.625% per annum and maturity date on 15 November 2016	一於海外上市之債務證券, 固定年息4.625厘, 於二零一六年十一月十五日到期	**155,419**	–
		385,625	111,756
Unlisted equity investments	非上市股本投資	**9,525**	9,525
Total	合計	**395,150**	121,281

At the balance sheet date, all available-for-sale investments are stated at fair value, except for those unlisted equity investments of which their fair values cannot be measured reliably. Fair values of those investments have been determined by reference to bid prices quoted in active markets.

The above unlisted investments represent investments in unlisted equity securities issued by private entities. They are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

23. DERIVATIVE FINANCIAL INSTRUMENTS 23. 衍生金融工具

		2006 二零零六年		2005 二零零五年
		Assets 資產	Liabilities 負債	Assets 資產
		HK$'000 千港元	HK$'000 千港元	HK$'000 千港元
Interest rate swaps	利率掉期			
– derivatives not under hedge accounting	—並非以對沖會計法列賬之衍生工具	**38,966**	**–**	–
– derivatives under hedge accounting	—以對沖會計法列賬之衍生工具	**–**	**–**	117,193
Foreign currency forward contracts	遠期外匯合約	**217**	**(195)**	–
		39,183	**(195)**	117,193
Analysed as:	分析如下：			
Non-current	非流動	**–**	**–**	60,697
Current	流動	**39,183**	**(195)**	56,496
		39,183	**(195)**	117,193

The Group currently uses interest rate swaps to minimise its exposure to cash flow changes of its floating-rate Hong Kong dollar bank borrowings by swapping borrowings from floating rates to fixed rates. The critical terms of these interest rate swaps are similar to those of the hedged bank borrowings and the directors designated the derivatives as cash flows hedging instruments and considered they are highly effective.

本集團透過將借貸由浮息轉為定息，利用利率掉期減低按浮息計算之港元銀行借貸現金流量變動之風險。該等利率掉期之主要條款與對沖銀行借貸之主要條款相似，董事指定該衍生工具為現金流量對沖工具，並認為該等工具極有效。

During the year ended 31 December 2006, the loss on fair value change of approximately HK$73,370,000 (2005: gain on fair value change of approximately HK$206,988,000) has been deferred in equity.

截至二零零六年十二月三十一日止年度，為數約73,370,000港元之公平值變動虧損（二零零五年：公平值變動收益約206,988,000港元）已於股本遞延處理。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

23. DERIVATIVE FINANCIAL INSTRUMENTS

(continued)

In December 2006, the Group repaid all floating-rate Hong Kong dollar bank borrowings, which were effectively hedged by the interest rate swaps. However, the Group did not terminate those interest rate swaps at the same time. As a result, the hedging accounting was discontinued and the credit balance of approximately HK$43,823,000 included in the hedging reserve was released to the consolidated income statement during the year ended 31 December 2006.

At the balance sheet date, major terms of the interest rate swaps are as follows:

Outstanding contracts as at 於以下日期尚未到期之合約	Notional amount 面值 HK$'000 千港元	Maturity 到期日	Receive floating 所收浮息	Pay fixed 所付定息
31 December 2006 二零零六年十二月三十一日	3,250,000	Within 1 year 一年內	HIBOR 香港銀行同業拆息	2.18% to 3.43% 2.18至3.43厘
	300,000	Within 1 to 2 years 一至兩年內	HIBOR 香港銀行同業拆息	2.55% 2.55厘
	300,000	Within 2 to 3 years 兩至三年內	HIBOR 香港銀行同業拆息	3.40% to 3.74% 3.40至3.74厘

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

23. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

At 31 December 2006, major terms of the outstanding foreign currency forward contracts are as follows:

23. 衍生金融工具 *(續)*

於二零零六年十二月三十一日，尚未到期之遠期外滙合約之主要條款如下：

Notional amount 面值	Maturity 到期日	Forward Contract Rates 遠期合約滙率
1 contract to buy US$20,000,000	Within 1 month	US$1 to HK$7.778
一份購買20,000,000美元之合約	一個月內	1美元兌7.778港元
6 contracts to buy US$1,000,000 each	Within 6 months	US$1 to HK$7.728
六份每份購買1,000,000美元之合約	六個月內	1美元兌7.728港元
6 contracts to sell US$1,000,000 each	Within 6 months	US$1 to HK$7.728
六份每份出售1,000,000美元之合約	六個月內	1美元兌7.728港元
6 contracts to sell US$1,000,000 each	Within 6 months	US$1 to HK$7.750
六份每份出售1,000,000美元之合約	六個月內	1美元兌7.750港元

The above derivatives were measured at fair value at each balance sheet date. Their fair values were determined based on the valuation techniques as provided by licensed financial institutions for equivalent instruments at the balance sheet date.

上述衍生工具於各結算日按公平值計算，其公平值按有關持牌金融機構於結算日就對等工具確認之估值方法釐定。

24. INTERESTS IN JOINTLY CONTROLLED ENTITIES

24. 於共同控制實體之權益

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Cost of unlisted investment in jointly controlled entities	共同控制實體之非上市投資成本	**15,953**	15,953
Share of post-acquisition losses	應佔收購後虧損	**(18,821)**	(17,066)
		(2,868)	(1,113)
Amounts due from jointly controlled entities *(Note)*	應收共同控制實體款項 *(附註)*	**18,222**	18,222
		15,354	17,109

Note: Amounts due from jointly controlled entities are unsecured, interest-free, with no fixed repayment terms and are not repayable in the foreseeable future.

附註： 應收共同控制實體款項為無抵押、免息，且無固定還款期，毋須於可見將來償還。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

24. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(continued)*

Included in the cost of investment in jointly controlled entities is goodwill of approximately HK$10,943,000 (2005: HK$10,943,000) arising on the acquisition of jointly controlled entities in prior years. The movement of goodwill is set out below.

24. 於共同控制實體之權益 *(續)*

共同控制實體投資成本包括過往年度收購共同控制實體所產生為數約10,943,000港元(二零零五年:10,943,000港元)之商譽。商譽變動載列如下。

	Goodwill 商譽 HK$'000 千港元
CARRYING VALUE 賬面值	
At 1 January 2005, 31 December 2005 and 31 December 2006 於二零零五年一月一日、二零零五年十二月三十一日及二零零六年十二月三十一日	**10,943**

At 31 December 2006, the Group had interests in the following significant jointly controlled entities:

於二零零六年十二月三十一日,本集團於下列重大共同控制實體擁有權益:

Name of jointly controlled entity 共同控制實體名稱	Form of business structure 業務架構形式	Place of registration/ incorporation and operation 註冊/註冊成立及營業地點	Proportion of nominal value of registered/ issued capital held by the Group 本集團所持有註冊資本/已發行股本面值比例	Proportion of voting power 表決比例	Principal activities 主要業務
Guangzhou Express Logistics Limited ("GZ Express") 廣州智恆物流服務有限公司(「廣州智恆」)	Incorporated 註冊成立	PRC 中國	49%*	50%	Provision of logistics services 提供物流服務
Concord Modern Technology Limited 康美科技有限公司	Incorporated 註冊成立	Hong Kong 香港	50%	50%	Manufacture and sales of optical discs 製造及分銷光碟
Full Summit Development Limited 溢峰發展有限公司	Incorporated 註冊成立	Hong Kong 香港	50%	50%	Manufacture and sales of optical discs 製造及分銷光碟

* Under the joint venture agreement of GZ Express, the joint venture partners have joint control over the entity's daily operating and financial decisions.

* 根據廣州智恆之合營協議,合營夥伴於實體之日常營運及財務決策擁有共同控制權。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

24. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(continued)*

The summarised financial information in respect of the Group's jointly controlled entitles which are accounted for using the equity method is set out below:

	2006 二零零六年	2005

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

26. INTANGIBLE ASSETS

	Know-how fee 專業知識費 HK$'000 千港元
COST At 1 January 2005, 31 December 2005	**成本**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

27. INVENTORIES 27. 存貨

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Raw materials	原料	**1,861,387**	1,240,959
Work in progress	在製品	**456,599**	369,395
Finished goods	製成品	**180,368**	175,455
		2,498,354	1,785,809

28. OTHER FINANCIAL ASSETS 28. 其他財務資產

Trade and other receivables and prepayments
貿易及其他應收賬款及預付款項

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Trade receivables	貿易應收賬款	**4,456,464**	3,812,823
Bills receivables	應收票據	**466,178**	329,987
Other receivables and prepayments	其他應收賬款及預付款項	**883,351**	751,411
		5,805,993	4,894,221

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

28. OTHER FINANCIAL ASSETS *(continued)*

The Group allows credit periods of up to 120 days, depending on the product sold, to its trade customers. The following is an aged analysis of trade receivables at the balance sheet dates:

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
0 – 90 days	0至90日	**3,664,990**	2,998,323
91 – 180 days	91至180日	**750,160**	742,192
Over 180 days	180日以上	**41,314**	72,308
		4,456,464	3,812,823

All bills receivables are aged within 90 days at the balance sheet dates. The fair value of the Group's trade and other receivables and bills receivables at each of the balance sheet dates approximate their corresponding carrying amounts.

Included in trade and other receivables and prepayments are the following amounts denominated in currencies other than the functional currency of the Group to which they relate:

	2006 箴猿赻獟燒狱	2005

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

28. OTHER FINANCIAL ASSETS *(continued)*

Bank balances and cash

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. At 31 December 2006, the bank deposits carried at the prevailing market interest rates which range from 0.72% to 5.17% (2005: 0.05% to 4.82%) per annum. The directors consider the carrying amount of the bank deposits approximates to its fair value.

At 31 December 2006 and 2005, the Group had bank balances and cash that were not freely convertible or were subject to exchange controls in the PRC amounting to approximately HK$865.4 million and HK$540.1 million, respectively.

28. 其他財務資產 *(續)*

銀行結餘及現金

銀行結餘及現金包括本集團持有之現金及原到期日為三個月或以下之短期銀行存款。於二零零六年十二月三十一日，銀行存款按現行市場年利率介乎0.72厘至5.17厘（二零零五年：介乎0.05厘至4.82厘）計息。董事認為銀行存款之賬面值與其公平值相若。

於二零零六年及二零零五年十二月三十一日，本集團不可自由兌換或須受中國外匯管制所規限之銀行結餘及現金分別約為865,400,000港元及540,100,000港元。

29. TRADE AND OTHER PAYABLES AND BILLS PAYABLE

The following is an aged analysis of the trade payables at the balance sheet dates:

29. 貿易及其他應付賬款及應付票據

貿易應付賬款於資產負債表日之賬齡分析如下：

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
0 – 90 days	0至90日	**1,468,344**	1,059,106
91 – 180 days	91至180日	**303,117**	319,985
Over 180 days	180日以上	**94,413**	92,713
		1,865,874	1,471,804

The fair value of the Group's trade and other payables and bills payable at each of the balance sheet dates approximate their corresponding carrying amounts.

於各結算日，本集團之貿易及其他應付賬款及應付票據之公平值與其相應賬面值相若。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

29. TRADE AND OTHER PAYABLES AND BILLS PAYABLE *(continued)*

Included in trade and other payables and bills payable are the following amounts denominated in currencies other than the functional currency of the Group to which they relate:

29. 貿易及其他應付賬款及應付票據 *(續)*

貿易及其他應付賬款及應付票據包括下列以本集團之功能貨幣以外貨幣計值之款額：

		2006 二零零六年 Amount '000 千元	2005 二零零五年 Amount '000 千元
United States Dollars	美元	**59,536**	55,463
Japanese Yen	日圓	**193,922**	123,582
Swiss Franc	瑞士法郎	**2,568**	1,648
Macau Pataca	澳門幣	**19**	–
Euro	歐元	**1,186**	139

30. BANK BORROWINGS

30. 銀行借貸

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Bank loans	銀行貸款	**4,867,286**	6,224,467
Trust receipt loans	信託收據貸款	**512,532**	416,812
Bank overdrafts	銀行透支	**2,826**	139,694
		5,382,644	6,780,973
Carrying amounts repayable:	須於下列期間償還之賬面值：		
On demand or within one year	應要求或於一年內	**1,296,421**	2,231,728
More than one year, but not exceeding two years	一年以上但不超過兩年	**676,550**	1,160,283
More than two years but not more than five years	兩年以上但不超過五年	**3,409,673**	3,388,962
		4,086,223	4,549,245
Total	合計	**5,382,644**	6,780,973

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

30. BANK BORROWINGS *(continued)*

The bank borrowings are unsecured and bear interest at market rates.

Bank borrowings are variable-rate borrowings which carry interest ranging from HIBOR+0.575% to HIBOR+1% (2005: HIBOR+0.58% to HIBOR+1%) per annum.

The fair values of the Group's bank borrowings at each of the balance sheet dates approximate their corresponding carrying amounts.

Included in bank borrowings are the following amounts denominated in currencies other than the functional currency of the Group to which they relate:

30. 銀行借貸 *(續)*

銀行借貸為無抵押，並按市場利率計息。

		2006 二零零六年 Amount '000 千元	2005 二零零五年 Amount '000 千元
United States Dollars	美元	**61,304**	62,796
Japanese Yen	日圓	**1,082,024**	81,454



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

31. DEFERRED TAXATION *(continued)*

At 31 December 2006, deferred tax assets of approximately HK$9,678,000 (2005: HK$10,447,000) in relation to unused tax losses and approximately HK$14,580,000 (2005: HK$14,239,000) in relation to write-down of inventories have been recognised in the Group's consolidated balance sheet, and the Group has unrecognised deferred tax assets due to the unpredictability of the future profit streams arising from tax losses amounting to approximately HK$25,338,000 (2005: HK$15,970,000). All tax losses can be carriedunprK0 1((ecocogini6.4(o90 0(.TA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

32. SHARE CAPITAL *(continued)*

Note: On 8 July 2005, an agreement was entered into by Hallgain Management Limited ("Hallgain"), the controlling shareholder of the Company, and placing agents for a placement of 40,000,000 existing shares (the "Placing Shares") of HK$0.10 each in the Company at a price of HK$22.25 per share (the "Placing Price"). Citigroup Global Markets Hong Kong Futures and Securities Limited (the "Placing Agent") were appointed by Hallgain as the Placing Agent to unconditionally place the Placing Shares to six or more independent professional and institutional investors on a fully underwritten basis. The Placing Agent and the placees (and their ultimate beneficial owners) are independent of and not connected with any of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries, or an associate of any of them.

On the same date, Hallgain also entered into a subscription agreement with the Company to subscribe for 40,000,000 new shares of HK$0.10 each in the Company (the "Subscription Shares") at a price of HK$22.25 per Subscription Share (the "Subscription Price").

The Placing Shares and the Subscription Shares each represented approximately 5.39% of the existing share capital of the Company (742,525,981 shares of the Company in issue in total) and approximately 5.11% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (782,525,981 shares of the Company in issue in total). The Placing Price and the Subscription Price of HK$22.25 represented a discount of approximately 11.00% to the closing price of HK$25.00 per share quoted on the Stock Exchange on 6 July 2005 and a discount of approximately 11.55% to the average closing price of the shares for the last ten trading days of HK$25.155 per share from 22 June 2005 to 6 July 2005 (both days inclusive).

Of the net proceeds to the Company from the share subscription of approximately HK$880 million, approximately HK$616 million was used to repay existing bank borrowings of the Group, and approximately HK$264 million was used for general working capital purposes.

32. 股本 *(續)*

附註: 於二零零五年七月八日，本公司控股股東Hallgain Management Limited（「Hallgain」）與配售代理訂立協議，安排配售本公司每股面值0.10港元之現有股份40,000,000股（「配售股份」），每股股份作價22.25港元（「配售價」）。Citigroup Global Markets Hong Kong Futures and Securities Limited（「配售代理」）獲Hallgain委任為配售代理，負責按全面包銷基準將配售股份無條件配售予六名或以上獨立專業及機構投資者。配售代理及承配人（及彼等之最終實益擁有人）均為獨立人士，與本公司或其任何附屬公司之任何董事、主要行政人員、主要股東或彼等之聯繫人士概無關連。

於同日，Hallgain亦與本公司訂立認購協議，以便按每股認購股份22.25港元之價格（「認購價」）認購本公司每股面值0.10港元之新股份40,000,000股（「認購股份」）。

配售股份及認購股份各佔本公司現有股本（合共已發行742,525,981股本公司股份）約5.39%，及佔本公司因配發及發行認購股份而擴大之已發行股本（合共已發行782,525,981股本公司股份）約5.11%。配售價及認購價22.25港元較股份於二零零五年七月六日在聯交所所報收市價每股25.00港元折讓約11.00%，而與股份由二零零五年六月二十二日至二零零五年七月六日（包括首尾兩日）止最後十個交易日之平均收市價每股25.155港元比較，則折讓約11.55%。

本公司就股份認購事項所得款項淨額約為880,000,000港元，其中約616,000,000港元已用於償還本集團現有銀行借貸，約264,000,000港元則撥作一般營運資金。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

33. SHARE OPTIONS

Employees' share option scheme of the Company

Under the Company's share option scheme (the "Scheme") adopted on 2 July 2002, which is valid for a period of ten years, the board of directors of the Company may, at its discretion, grant options to subscribe for shares in the Company to eligible participants ("Eligible Participants") who contributes to the long-term growth and profitability of the Company. Eligible Participants includes (i) any employee (whether full time or part time) of the Company, any of its subsidiaries or any entity in

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

33. SHARE OPTIONS *(continued)*

Employees' share option scheme of the Company

(continued)

The total number of the Company's shares which may be issued upon exercise of all options to be granted u 1 to be grnJ/F0Tf9 0



Notes to the Consolidated

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

33. SHARE OPTIONS *(continued)*

Employees' share option scheme of EEIC

The 2002 Elec & Eltek Employees' Share Option Scheme (the "2002 Scheme") was approved by the shareholders of EEIC at the Extraordinary General Meeting held on 8 November 2002 and was adopted and took effect from 12 November 2002 upon fulfillment of all the conditions precedent as set out in Rule 3 of the 2002 Scheme.

The 2002 Scheme was implemented for the purpose of attracting, retaining and motivating talented directors and employees of EEIC to strive towards long-term performance targets and allowing the participants to enjoy the results of EEIC.

The 2002 Scheme, administered by the committee of directors of EEIC ("the Committee") as authorised by EEIC's directors, is open to full-time employees and directors of any company within EEIC and its subsidiaries, the parent group and of an associated company of EEIC, subject to certain conditions being satisfied.

The 2002 Scheme entitles the option holders to exercise their options and subscribe for new ordinary shares in EEIC either at a "Subscription Price", equal to the average of the last dealt price of the EEIC's shares for the last 5 market days immediately preceding the relevant date of grant, or at a "Discounted Subscription Price", whereby the discount shall not exceed 20% of the Subscription Price as defined earlier.

Options granted at the Subscription Price may be exercised commencing on a date not earlier than the first anniversary date of the date of grant and ending on a date not later than 5 years after the date of grant. Options granted at the Discounted Subscription Price may only be exercised commencing on a date not earlier than the second anniversary date of the date of grant and ending on a date not later than 5 years after the date of grant.

33. 優先購股權 *(續)*

EEIC僱員優先購股權計劃

二零零二年依利安達僱員優先購股權計劃(「二零零二年計劃」



NOTES TO THE CONSOLIDATED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

33. SHARE OPTIONS *(continued)*

Employees' share option scheme of EEIC *(continued)*

A summary of the movements of the share options under the 2002 Scheme for the year is as follows:

		Granted to directors 授予董事	Granted to employees 授予僱員	Total 總計
Balance at 1 January 2005	於二零零五年一月一日之結餘	–	–	–
Granted during the year *(Note a and b)*	於年內授出 *(附註a及b)*	4,055,000	5,895,000	9,950,000
Adjustment pursuant to Bonus Issue	根據紅股發行作出之調整	811,000	1,133,000	1,944,000
Lapsed during the year	於年內失效	–	(230,000)	(230,000)
Balance at 31 December 2005 and 1 January 2006	於二零零五年十二月三十一日及二零零六年一月一日之結餘	4,866,000	6,798,000	11,664,000
Granted during the year *(Note c)*	於年內授出 *(附註c)*			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

33. SHARE OPTIONS *(continued)*

Employees' share option scheme of EEIC *(continued)*

Notes:

(a) The interests are by virtue of 4,055,000 share options accepted by the directors of the Company and 5,895,000 share options accepted by the employees of the Group on 24 June 2005, and would entitle the relevant directors and employees to subscribe for shares in EEIC at an adjusted subscription price of US$2.033 per shares in EEIC after the Bonus Issue. The share options are exercisable in whole or in part at the staggered manner within 5 option periods, commencing on 26 November 2006, 26 November 2007, 26 November 2008, 26 November 2009 and 26 March 2010 respectively and all ending on 24 May 2010.

(b) The interests are by virtue of 150,000 share options accepted by the independent non-executive directors of EEIC on 29 September 2005, and would entitle the relevant directors to subscribe for shares in EEIC at an adjusted subscription price of US$2.375 per shares in EEIC after the Bonus Issue. The share options are exercisable in whole or in part at the staggered manner within 5 option periods, commencing on 5 September 2006, 5 September 2007, 5 September 2008, 5 September 2009 and 5 July 2010 respectively and all ending on 4 September 2010.

(c) The interests are by virtue of 1,020,000 share options accepted by the full-time employees of EEIC and its subsidiaries on 12 December 2006, and would entitle the relevant employees to subscribe for shares in EEIC at a subscription price of US$2.400 per share. The share options are exercisable in whole or in part at the staggered manner within 4 option periods, commencing on 13 November 2008, 13 November 2009, 13 November 2010 and 13 September 2011, respectively, and all ending on 12 November 2011.

The average of the closing prices of EEIC's shares quoted on the Singapore Exchange Securities Trading Limited on the five trading days immediately before the exercise date of 22 December 2006, was US$2.76 (2005: nil).

The share options were granted on 24 June 2005, 29 September 2005 and 12 December 2006. The estimated fair value of each share option granted on those dates were approximately HK$1.58, HK$1.55 and HK$2.56 per share respectively.

33. 優先購股權 *(續)*

EEIC僱員優先購股權計劃 *(續)*

附註:

(a) 該等權益乃基於在二零零五年六月二十四日獲本公司董事及本集團僱員分別接納4,055,000份及5,895,000份優先購股權而擁有。該等優先購股權賦予有關董事及僱員權利，於紅股發行後按經調整認購價每股EEIC股份2.033美元認購EEIC股份。優先購股權分別自二零零六年十一月二十六日、二零零七年十一月二十六日、二零零八年十一月二十六日、二零零九年十一月二十六日及二零一零年三月二十六日起至二零一零年五月二十四日止五個優先購股權期間內分段行使全部或其中部分。

(b) 該等權益基於EEIC獨立非執行董事於二零零五年九月二十九日接納150,000份優先購股權而擁有。該等優先購股權賦予有關董事權利，於紅股發行後按經調整認購價每股EEIC股份2.375美元認購EEIC股份。優先購股權可分別自二零零六年九月五日、二零零七年九月五日、二零零八年九月五日、二零零九年九月五日及二零一零年七月五日起至二零一零年九月四日止五個優先購股權期間內分段行使全部或其中部分。

(c) 該等權益基於EEIC及其附屬公司全職僱員於二零零六年十二月十二日接納1,020,000份優先購股權而擁有。該等優先購股權賦予有關僱員權利，按認購價每股2.400美元認購EEIC股份。優先購股權可分別自二零零八年十一月十三日、二零零九年十一月十三日、二零一零年十一月十三日及二零一一年九月十三日起至二零一一年十一月十二日止四個優先購股權期間內分段行使全部或其中部分。

EEIC股份於緊接行使日期二零零六年十二月二十二日前五個交易日於新加坡證券交易所有限公司所報之平均收市價為2.76美元(二零零五年:零)。

優先購股權已於二零零五年六月二十四日、二零零五年九月二十九日及二零零六年十二月十二日授出。於該等日期授出之各份購股權之預計公平值分別約為每股1.58港元、1.55港元及2.56港元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

33. SHARE OPTIONS *(continued)*

Employees' share option scheme of EEIC *(continued)*

These fair values were calculated using the Trinomial Lattice Model. The inputs into the model are as follows:

		Share option grant date 優先購股權授出日期		
		12 December 2006 二零零六年十二月十二日	29 September 2005 二零零五年九月二十九日	24 June 2005 二零零五年六月二十四日
Share price at grant date	授出日期之股價	US$2.740美元	US$2.920美元	US$2.530美元
Subscription price	認購價	US$2.400美元	US$2.85美元*	US$2.44美元*
Expected volatility	預期波幅	36.6%	21.2%	25.4%
Expected life	預計年期	5 years年	5 years年	5 years年
Risk-free rate	無風險利率	3.7%	4.2%	3.7%
Expected dividend yield	預期股息率	7.5%	7.5%	7.5%

* *The original subscription price of share options granted on 29 September 2005 and 24 June 2005 were adjusted to US$2.375 and US$2.033 respectively as a result of the bonus issue of shares on the basis of one bonus share for every five ordinary shares held in the capital of EEIC on 13 October 2005.*

Expected volatility was determined by using the historical volatility of EEIC's share price over the previous five years. The expected life used in the model has been adjusted,



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

35. ACQUISITION OF SUBSIDIARIES

In 2006, the Group acquired 80% equity interest in Smark Foundate (H.K.) Limited, a company and its subsidiaries principally engaged in the manufacture of PCBs, for a consideration of HK$80,000,000. This acquisition has been accounted for by the acquisition method of accounting. The amount of goodwill arising as a result of the acquisition was approximately HK$48,621,000.

The net assets acquired in the acquisition, and the goodwill arising, are as follows:

35. 收購附屬公司

於二零零六年, 本集團收購杰基(香港)有限公司(該公司及其附屬公司主要從事製造印刷線路板)之80%股權, 代價為80,000,000港元。此項收購以收購會計法列賬。收購所產生之商譽約為48,621,000港元。

收購所購入之資產淨值及所產生之商譽如下:

		Acquiree's carrying amount before combination and fair value 被收購方於合併前之賬面值及公平值 HK$'000 千港元
Net assets acquired:	購入資產淨值:	
Properties, plant and equipment	物業, 廠房及設備	39,204
Prepaid lease payments	預付租賃款項	6,128
Inventories	存貨	20,943
Trade and other receivables and prepayments	貿易及其他應收賬款及預付款項	72,228
Bank balances and cash	銀行結餘及現金	10,253
Trade and other payables	貿易及其他應付賬款	(96,544)
Taxation payable	應付稅項	(116)
Bank borrowings	銀行借貸	(12,872)
		39,224
Minority interests	少數股東權益	(7,845)
Goodwill on acquisition	收購所產生之商譽	48,621
Total consideration satisfied by cash	以現金支付之總代價	80,000
Net cash outflow arising on acquisition:	收購產生之現金流出淨額:	
Cash consideration paid	已付現金代價	(80,000)
Bank balances and cash acquired	購入銀行結餘及現金	10,253
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	就收購附屬公司之現金及現金等值項目流出淨額	(69,747)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

35. ACQUISITION OF SUBSIDIARIES *(continued)*

The goodwill arising from the acquisition of subsidiaries is attributable to the anticipated profitability of the distribution of the Group's products (i.e. PCBs) from the combination.

The subsidiaries acquired in 2006 contributed revenue of approximately HK$201,175,000 and profit of approximately HK$2,745,000 to the Group during the period from date of acquisition to 31 December 2006.

If the acquisition had been completed on 1 January 2006, total group's revenue for the year would have been approximately HK$17,017,427,000, and profit for the year would have been approximately HK$7,390,219,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually have been achieved had the acquisition been completed on 1 January 2006, nor is intended to be a projection of future results.

36. MAJOR NON-CASH TRANSACTIONS

At 31 December 2006, an amount of approximately HK$112,239,000 (2005: HK$58,787,000) relating to properties, plant and equipment which were acquired during the year had not yet been paid.

37. COMMITMENTS

2006 二零零六年	2005 二零零五年

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

38. OPERATING LEASES

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
The Group as lessee:	由本集團承租：		
Lease payments charged to the consolidated income statement	年內自綜合收益表扣除		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

38. OPERATING LEASES *(continued)*

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
The Group as lessor:	由本集團出租：		
Rental income credited to the consolidated income statement during the year, net of outgoing amount of approximately HK$120,000 (2005: HK$40,000)	於年內計入綜合收益表之租金收入，已扣除支銷約120,000港元（二零零五年：40,000港元）	**5,894**	2,013

The Group's investment properties are rented to outside parties for periods up to three years at fixed predetermined amounts. At the balance sheet date, the Group had contracted with tenants to receive the following future minimum lease payments:

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Within one year	於一年內	**4,249**	828
After one year but not later than five years	於一年後但於五年內	**7,645**	324
		11,894	1,152

39. CONTINGENT LIABILITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

39. CONTINGENT LIABILITIES *(continued)*

On 22 April 2006, the litigation was settled and the counter-claims by the delinquent customers were dismissed in consideration of HK$3 million payable by the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at 31 December 2006 are as follows:

41. 本公司主要附屬公司詳情

本公司主要附屬公司於二零零六年十二月三十一日之詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration and operation 註冊成立／登記及營業地點	Issued and fully paid share capital/ registered capital 已發行及繳足股本／註冊資本	Proportion of interest held by the Group 本集團持有權益比例 %	Principal activities 主要業務
Fogang Kingboard Industry Ltd. 佛岡建滔實業有限公司	PRC [1] 中國 [1]	RMB878,100,000 人民幣878,100,000元	45.06	Manufacture and distribution of copper foil 製造及分銷銅箔
Guangzhou Chung Shun Century Fibre Glass Co., Ltd. 廣州忠信世紀玻纖有限公司	PRC [1] 中國 [1]	US$44,595,000 44,595,000美元	72.50	Manufacture and distribution of glass yarn 製造及分銷玻璃紗
Huiyang Techwise Circuits Co., Ltd. 惠陽科惠電路有限公司	PRC [1] 中國 [1]	HK$139,000,000 139,000,000港元	90	Manufacture and distribution of PCBs 製造及分銷印刷線路板
Jamplan (BVI) Limited	British Virgin Islands [#] 英屬處女群島 [#]	US$1,000 1,000美元	100 *	Investment holding 投資控股
King Board (Panyu) Chemical Co., Ltd. 建滔(番禺)化工有限公司	PRC [1] 中國 [1]	HK$100,000,000 100,000,000港元	100	Manufacture and distribution of chemicals 製造及分銷化工產品
Kingboard (Fogang) Insulated Material Company Limited 建滔(佛岡)絕緣材料有限公司	PRC [1] 中國 [1]	US$6,115,000 6,115,000美元	72.50	Manufacture and distribution of bleached kraft paper 製造及分銷漂白木漿紙
Kingboard (Fogang) Laminates Co. Limited 建滔(佛岡)積層板有限公司	PRC [1] 中國 [1]	US$29,466,000 29,466,000美元	72.50	Manufacture and distribution of laminates 製造及分銷覆銅面板

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*
41. 本公司主要附屬公司詳情 *(續)*

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration and operation 註冊成立／登記及營業地點	Issued and fully paid share capital/ registered capital 已發行及繳足股本／註冊資本	Proportion of interest held by the Group 本集團持有權益比例 %	Principal activities 主要業務
Kingboard (Fogang) Paper Laminates Co. Ltd. 建滔(佛岡)積層紙板有限公司	PRC [1] 中國 [1]	US$17,700,000 17,700,000美元	72.50	Manufacture and distribution of laminates 製造及分銷覆銅面板
Kingboard (Hebei) Cokechem Co. Limited 建滔(河北)焦化有限公司	PRC [1] 中國 [1]	RMB96,000,000 人民幣96,000,000元	100	Manufacture and distribution of coke 製造及分銷焦炭
Kingboard (Hebei) Chemical Co. Limited 建滔(河北)化工有限公司	PRC [1] 中國 [1]	RMB64,000,000 人民幣64,000,000元	100	Manufacture and distribution of chemicals 製造及分銷化工產品
Kingboard (Lian Zhou) Fibre Glass Co. Limited 建滔(連州)玻璃纖維有限公司	PRC [1] 中國 [1]	US$13,700,000 13,700,000美元	72.50	Manufacture and distribution of glass fabric 製造及分銷玻璃纖維布
Kingboard (Lian Zhou) Copper Foil Limited 建滔(連州)銅箔有限公司	PRC [1] 中國 [1]	US$27,000,000 27,000,000美元	45.06	Manufacture and distribution of copper foil 製造及分銷銅箔
Kingboard (Panyu Nansha) Petrochemical Company Limited 建滔(番禺南沙)石化有限公司	PRC [1] 中國 [1]	RMB250,000,000 人民幣250,000,000元	72.50	Manufacture and distribution of chemicals 製造及分銷化工產品
Kingboard (Tai Cang) Chemical Co., Ltd. 建滔(太倉)化工有限公司	PRC [1] 中國 [1]	US$2,500,000 2,500,000美元	100	Manufacture and distribution of chemicals 製造及分銷化工產品
Kingboard Copper Foil Holdings Limited	Bermuda [#] 百慕達 [#]	US$72,250,000 72,250,000美元	45.06	Investment holding 投資控股



Notes to the Consolidated Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*
41. 本公司主要附屬公司詳情 *(續)*

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration and operation 註冊成立／登記及營業地點	Issued and fully paid share capital/ registered capital 已發行及繳足股本／註冊資本	Proportion of interest held by the Group 本集團持有權益比例 %	Principal activities 主要業務
Techwise Circuits Company Limited 科惠線路有限公司	Hong Kong # 香港 #	HK$4,000,000 4,000,000港元	90	Investment holding 投資控股
Techwise Shirai (Fogang) Circuits Limited 科惠白井(佛崗)電路有限公司	PRC [1] 中國 [1]	HK$93,778,284 93,778,284港元	63	Manufacture and distribution of PCBs 製造及分銷印刷線路板
Elec & Eltek International Holdings Limited 依利安達國際集團有限公司	Bermuda/ Hong Kong # 百慕達／香港 #	HK$122,467,240 122,467,240港元	100	Investment holding 投資控股
Elec & Eltek Display Technology (Guangzhou) Company Limited 依利安達(廣州)顯示器有限公司	PRC [2] 中國 [2]	US$14,700,000 14,700,000美元	88	Manufacture and sales of LCDs 製造及銷售液晶體顯示屏
Avatex (Guangzhou) Communication Company Limited 愛華特(廣州)通訊有限公司	PRC [2] 中國 [2]	US$5,400,000 5,400,000美元	98	Manufacture of magnetic products 製造磁電產品
Elec & Eltek International Company Limited 依利安達集團有限公司	Singapore # 新加坡 #	US$97,069,474 97,069,474美元	70.89	Investment holding 投資控股
Kai Ping Elec & Eltek Company Limited 開平依利安達電子有限公司	PRC [2] 中國 [2]	US$18,750,000 18,750,000美元	67.35	Manufacture and distribution of PCBs 製造及分銷印刷線路板
Kaiping Elec & Eltek No.2 Company Limited 開平依利安達電子第二有限公司	PRC [2] 中國 [2]	US$17,350,000 17,350,000美元	67.35	Manufacture and distribution of PCBs 製造及分銷印刷線路板

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)* 41. 本公司主要附屬公司詳情 *(續)*

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration and operation 註冊成立／登記及營業地點	Issued and fully paid share capital/ registered capital 已發行及繳足股本／註冊資本	Proportion of interest held by the Group 本集團持有權益比例 %	Principal activities 主要業務
Kaiping Elec & Eltek No.3 Company Limited 開平依利安達電子第三有限公司	PRC [2] 中國 [2]	US$71,000,000 71,000,000美元	67.55	Manufacture and distribution of PCBs 製造及分銷印刷線路板
Kaiping Elec & Eltek No.5 Company Limited 開平依利安達電子第五有限公司	PRC [2] 中國 [2]	US$23,759,345 23,759,345美元	67.35	Manufacture and distribution of PCBs 製造及分銷印刷線路板
Elec & Eltek (Guangzhou) Electronic Company Limited 依利安達(廣州)電子有限公司	PRC [2] 中國 [2]	US$51,200,000 51,200,000美元	69.47	Manufacture and distribution of PCBs 製造及分銷印刷線路板
Elec & Eltek (Guangzhou) Technology Company Limited 依利安達(廣州)電子科技有限公司	PRC [2] 中國 [2]	US$6,000,000 6,000,000美元	69.47	Research and development, manufacture and distribution of PCBs 研究及開發 製造及分銷印刷線路板
Guangzhou Elec & Eltek Microvia Technology Limited 廣州依利安達微通科技有限公司	PRC [2] 中國 [2]	US$18,024,000 18,024,000美元	69.47	Manufacture and distribution of PCBs 製造及分銷印刷線路板
Guangzhou Elec & Eltek High Density Interconnect Technology No. 1 Company Limited 廣州依利安達精密互連科技第一有限公司	PRC [2] 中國 [2]	US$25,000,000 25,000,000美元	69.47	Manufacture and distribution of PCBs 製造及分銷印刷線路板
Nanjing Elec & Eltek Electronic Co., Ltd. 南京依利安達電子有限公司	PRC [1] 中國 [1]	US$8,752,000 8,752,000美元	70.89	Manufacture and distribution of PCBs 製造及分銷印刷線路板

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration and operation 註冊成立／登記及營業地點	Issued and fully paid share capital/ registered capital 已發行及繳足股本／註冊資本	Proportion of interest held by the Group 本集團持有權益比例 %	Principal activities 主要業務
Elec & Eltek (Thailand) Limited	Thailand 泰國	Baht780,000,000 780,000,000泰銖	70.89	Manufacture and distribution of PCBs 製造及分銷印刷線路板
Pacific Insulating Material (Thailand) Limited	Thailand 泰國	Baht650,000,000 650,000,000泰銖	70.89	Manufacture and distribution of PCB raw materials 製造及分銷印刷線路板原材料
Shenzhen Pacific Insulating Material Co., Ltd. 深圳太平洋絕緣材料有㘝裹鐳㓗轅烙芹㜷	PRC [2] 中國 [2]	RMB67,491,458 人民幣67,491,458元	66.28	Manufacture and distribution of PCB raw materials 펩褐灬竭勢胼

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

41. 本公司主要附屬公司詳情 *(續)*

上表所列為本公司董事認為主要影響本集團業績或資產之本公司附屬公司。本公司董事認為列出其他附屬公司之詳情會過於冗長。

各附屬公司於年終結時概無發行任何債務證券。

42. RELATED PARTY TRANSACTIONS

The Group entered into the following significant transactions with related parties during the year.

42. 有關連人士交易

本集團與有關連人士在年內進行之重大交易如下:

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Sales of goods to a minority shareholder of a subsidiary	向一間附屬公司之少數股東銷售貨品	**486,661**	416,149
Purchase of goods from a minority shareholder of a subsidiary	向一間附屬公司之少數股東採購貨品	**110,683**	72,598
Drilling service provided by a minority shareholder of a subsidiary	一間附屬公司之少數股東提供鑽孔服務	**18,693**	12,704
Purchase of goods from an associate	向一間聯營公司採購貨品	**178,896**	–
Sales of goods to an associate	向一間聯營公司銷售貨品	**9,941**	–

Included in trade and other receivables and prepayments are amount due from a minority shareholder of a subsidiary and an associate of approximately HK$143,098,000 (2005: HK$126,619,000) and HK$9,941,000 (2005: nil) respectively. The Group allows credit periods of up to 120 days, depending on the product sold, to its related parties.

貿易及其他應收賬款及預付款項包括應收附屬公司少數股東款項約143,098,000港元(二零零五年:126,619,000港元)及應收一間聯營公司款項約9,941,000港元(二零零五年:零)。本集團向有關連人士授出之信貸期最長為120日,視乎所銷售之產品而定。

Included in trade and other payables is an amount due to an associate of approximately HK$38,392,000 (2005: nil). The related parties offer credit periods of up to 120 days to the Group.

貿易及其他應付賬款包括應付一間聯營公司款項約38,392,000港元(二零零五年:零)。有關連人士向本集團授出之信貸期最長為120日。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

42. RELATED PARTY TRANSACTIONS *(continued)*

Compensation of key management personnel

The remuneration of directors and other members of key management during the year is as follows:

42. 有關連人士交易 *(續)*

主要管理人員酬金

年內，董事及其他主要管理人員之酬金如下：

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Short-term benefits	短期福利	**189,711**	87,383
Post employment benefits	退休後福利	**1,415**	1,287
Share-based payments	以股份形式付款	**5,100**	1,917
		196,226	90,587

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

董事及主要行政人員之酬金經薪酬委員會考慮個別員工表現及市場趨勢後釐定。

FINANCIAL SUMMARY
財務概要

Results	業績	1.4.2002 to 31.12.2002 二零零二年四月一日至二零零二年十二月三十一日 HK$'000 千港元	2003 二零零三年 HK$'000 千港元	Year ended 31 December 截至十二月三十一日止年度 2004 二零零四年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元	**2006 二零零六年 HK$'000 千港元**
Revenue	營業額	2,552,300	4,435,503	7,082,390	13,098,354	**16,773,348**
Profit before taxation	除稅前溢利	375,764	559,994	1,257,497	1,788,802	**7,596,154**
Income tax expense	所得稅開支	(22,392)	(37,601)	(61,184)	(139,970)	**(240,435)**
Profit for the period/year	期間／年度溢利	353,372	522,393	1,196,313	1,648,832	**7,355,719**
Attributable to:	應佔份額:					
Equity holders of the Company	本公司權益持有人	301,288	472,366	1,103,845	1,435,809	**7,068,015**
Minority interests	少數股東權益	52,084	50,027	92,468	213,023	**287,704**
		353,372	522,393	1,196,313	1,648,832	**7,355,719**

Assets and liabilities	資產及負債	At 31 December 於十二月三十一日 2002 二零零二年 HK$'000 千港元	2003 二零零三年 HK$'000 千港元	2004 二零零四年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元	**2006 二零零六年 HK$'000 千港元**
Total assets	資產總值	5,669,666	7,625,277	16,489,146	19,360,822	**28,121,051**
Total liabilities	負債總額	(2,546,300)				

KB 建滔化夏鍥團