

DIRECTORS' REPORT

董事會報告

The directors have pleasure in presenting their report and the audited consolidated financial statements of the Group for the year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of associates, jointly controlled entities and principal subsidiaries of the Company are set out in notes 21, 24 and 41 respectively to the consolidated financial statements.

The Group maintains its head office in Hong Kong while its production facilities are located in other areas of the People's Republic of China (the "PRC") and Thailand.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated income statement on page 51.

An interim dividend of HK20 cents per share was paid to the shareholders of the Company during the year. The directors now recommend the payment of a final dividend of HK38 cents per share and a special dividend of HK62 cents per share to the shareholders whose names appear on the register of members of the Company as at 18 May 2007, and the retention of the remaining profit in the Company.

SHARE CAPITAL

Details of the movements during the year in the issued share capital of the Company are set out in note 32 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, there was no purchases, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities.

董事會欣然提呈本集團截至二零零六年十二月三十一日止年度之年報及經審核綜合財務報表。

主要業務

本公司為投資控股公司，其聯營公司、共同控制實體及主要附屬公司之業務分別載於綜合財務報表附註21、24及41。

本集團之總辦事處設於香港，而其生產設施則位於中華人民共和國（「中國」）及泰國境內。

業績及股息

本集團之本年度業績載於第51頁綜合收益表內。

年內，本公司已派付中期股息每股20港仙予本公司股東。董事現建議向於二零零七年五月十八日名列本公司股東名冊之股東派付末期股息每股38港仙及特別股息每股62港仙，並保留剩餘的溢利於本公司。

股本

本公司已發行股本於年內之變動詳情載於綜合財務報表附註32。

購買、出售或贖回股份

年內，本公司或其任何附屬公司概無購買、出售或贖回本公司上市之證券。

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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.

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.

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.

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.

DONATIONS

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

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。

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。

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。

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。

捐款

年內，本集團作出之慈善及其他捐款共5,311,000港元。

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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)
陳永銀先生(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。

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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。

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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:

Long position

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

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：

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	Approximate percentage of the issued share capital of the Company	
			Number of issued Shares held 所持已發行股份數目	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。

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DIRECTORS' INTERESTS IN SHARES (continued)

(b) Share options

董事之股份權益 (續)

(b) 優先購股權

Name of Director	董事姓名	Capacity 權益性質	Interest in underlying Shares pursuant to share options 優先購股權 項下相關股份權益
Mr. Cheung Kwok Wing	張國榮先生	Beneficial owner 實益擁有人	1,145,000
Mr. Chan Wing Kwan	陳永鋌先生	Beneficial owner 實益擁有人	3,026,000
Mr. Chang Wing Yiu	鄭永耀先生	Beneficial owner 實益擁有人	3,643,000
Mr. Cheung Kwong Kwan	張廣軍先生	Beneficial owner 實益擁有人	3,419,000
			11,233,000

(c) Ordinary shares of HK\$0.10 each ("KLHL Shares") in Kingboard Laminates Holdings Limited ("KLHL")

(c) 建滔積層板控股有限公司(「建滔積層板」)每股面值0.10港元之普通股(「建滔積層板股份」)

Name of Director	董事姓名	Capacity 權益性質	Number of issued KLHL Shares held 所持已發行 建滔積層板 股份數目	Approximate percentage of the issued share capital of KLHL 佔建滔積層板 已發行股本之 概約百分比
Mr. Chang Wing Yiu (Note)	鄭永耀先生 (附註)	Beneficial owner 實益擁有人	100,000	0.003

Note: The 100,000 KLHL Shares were held by the spouse of Mr. Chang Wing Yiu as at 31 December 2006.

附註: 截至二零零六年十二月三十一日, 該100,000股建滔積層板股份乃由鄭永耀先生的配偶持有。

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DIRECTORS' INTERESTS IN SHARES (continued)

(d) Non-voting deferred shares of HK\$1 each in the share capital of Kingboard Laminates Limited, a non wholly-owned subsidiary of the Company

董事之股份權益 (續)

(d) 本公司非全資附屬公司建滔積層板有限公司股本中每股面值1港元之無投票權遞延股份

Name of Director	董事姓名	Capacity 權益性質	Number of non-voting deferred shares held 所持無投票權 遞延股份數目
Mr. Cheung Kwok Wing	張國榮先生	Beneficial owner 實益擁有人	1,904,400
Mr. Chan Wing Kwan	陳永鋌先生	Beneficial owner 實益擁有人	1,481,200
Mr. Cheung Kwong Kwan	張廣軍先生	Beneficial owner 實益擁有人	846,400
Mr. Chang Wing Yiu	鄭永耀先生	Beneficial owner 實益擁有人	423,200

(e) Ordinary shares ("EEIC Shares") in the share capital of Elec & Eltek International Company Limited ("EEIC"), a 70.89% owned subsidiary of the Company.

(e) 本公司擁有70.89%權益之附屬公司依利安達集團有限公司("EEIC")股本中之普通股("EEIC股份")

Name of Director	董事姓名	Capacity 權益性質	Number of issued EEIC Shares held 所持已發行 EEIC股份數目	Approximate percentage of the issued share capital of EEIC 佔EEIC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	177,600	0.10
Mr. Mok Cham Hung, Chadwick	莫湛雄先生	Beneficial owner 實益擁有人	74,000	0.04

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DIRECTORS' INTERESTS IN SHARES (continued)

(f) Share options of EEIC

董事之股份權益 (續)

(f) EEIC之優先購股權

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)
Mr. Cheung Kwok Wing	張國榮先生	Beneficial owner 實益擁有人	973,200
Mr. Chan Wing Kwan	陳永鋌先生	Beneficial owner 實益擁有人	973,200
Mr. Chang Wing Yiu	鄭永耀先生	Beneficial owner 實益擁有人	973,200
Mr. Mok Cham Hung, Chadwick	莫湛雄先生	Beneficial owner 實益擁有人	973,200
			3,892,800

Note: The interests are by virtue of an aggregate of 3,244,000 share options of EEIC accepted by the Directors on 24 June 2005. The number of share options were subsequently adjusted pursuant to the 1 for 5 bonus issue effected on 13 October 2005. The relevant Directors are entitled to subscribe for EEIC Shares at an adjusted subscription price of US\$2.033 per EEIC Share. 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.

Other than as disclosed above, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 31 December 2006.

附註: 該等權益基於董事於二零零五年六月二十四日接納合共3,244,000份EEIC優先購股權而擁有。優先購股權數目,其後因二零零五年十月十三日按一比五基準進行之紅股發行而調整。有關董事可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至二零一零年五月二十四日止五個優先購股權行使期間內分段行使全部或其中部分。

除上述披露者外,於二零零六年十二月三十一日,概無董事或彼等之聯繫人士於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之任何股份、相關股份或債券中擁有任何權益或短倉。

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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.

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

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。

下表披露本公司優先購股權於年內之變動：

		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
Category 1: Directors	第1類:董事				
Mr. Cheung Kwok Wing	張國榮先生	2,091,400	(946,400)	-	1,145,000
Mr. Chan Wing Kwan	陳永鋌先生	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。

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SHARE OPTIONS (continued)

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

優先購股權 (續)

下表披露EEIC優先購股權於年內之變動:

		Outstanding as at 1.1.2006 於二零零六年 一月一日 尚未行使	Granted during the year 於本年度內 授出	Exercised during the year 已於本年度 行使	Lapsed during the year 年內已失效	Reclassification 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
Category 1: Directors	第1類: 董事						
Mr. Cheung Kwok Wing	張國榮先生	973,200	-	-	-	-	973,200
Mr. Chan Wing Kwan	陳永鋌先生	973,200	-	-	-	-	973,200
Mr. Chang Wing Yiu	鄭永耀先生	973,200	-	-	-	-	973,200
Mr. Mok Cham Hung, Chadwick	莫湛雄先生	973,200	-	-	-	-	973,200
Mr. Cheung Kwok Wa (Note)	張國華先生 (附註)	973,200	-	-	-	(973,200)	-
		4,866,000	-	-	-	(973,200)	3,892,800
Category 2: Employees	第2類: 僱員	6,798,000	1,020,000	(9,600)	(768,000)	973,200	8,013,600
Total all categories	所有類別合計	11,664,000	1,020,000	(9,600)	(768,000)	-	11,906,400

Note: Messrs. Cheung Kwok Wa, Cheung Kwok Ping, Cheung Kwok Keung and Lam Ka Po resigned as executive Directors with effect from 7 December 2006.

附註: 張國華先生、張國平先生、張國強先生及林家寶先生已於二零零六年十二月七日辭任執行董事之職務。

ARRANGEMENTS TO PURCHASE SHARES

Other than the option holdings disclosed above and the warrants of the Company (which had expired on 31 December 2006), at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

購買股份之安排

除上文披露所持優先購股權及本公司之認股權證(已於二零零六年十二月三十一日到期)外,本公司或其任何附屬公司於年內任何時間概無參與訂立任何安排,致使董事可藉購入本公司或任何其他法人團體之股份或債券而獲益。

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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 ("Shares")

董事之重大合約權益

本公司或其任何附屬公司概無訂立任何於年度終結或年內任何時間仍然生效而本公司董事直接或間接擁有重大權益之重大合約。

主要股東

根據本公司按證券及期貨條例第336條須存置之主要股東登記冊所記錄，於二零零六年十二月三十一日，下列股東（上文所披露若干董事之權益除外）已知會本公司彼等於本公司已發行股本之相關權益。

長倉

本公司每股面值0.10港元之普通股（「股份」）

Name of shareholder 股東名稱	Note 附註	Nature of interest 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
Hallgain Management Limited ("Hallgain")	(a)	Beneficial owner 實益擁有人	252,674,429	30.34
Capital Research and Management Company		Investment manager 投資經理	79,651,400	9.56
Gryphon Investment Counsel, Inc.		Investment manager 投資經理	39,308,908	4.72

Note:

(a) As at 31 December 2006: (i) no shareholder of Hallgain is entitled to exercise, or control the exercise of, directly or indirectly, one-third or more of the voting power at general meetings of Hallgain, and Hallgain and its directors are not accustomed to act in accordance with any shareholder's direction; and (ii) Messrs. Cheung Kwok Wing and Chan Wing Kwan, being Directors, are also directors of Hallgain.

附註:

(a) 於二零零六年十二月三十一日: (i)概無Hallgain股東有權於Hallgain股東大會行使或直接或間接控制行使三分之一或以上之表決權，而Hallgain及其董事並不慣常根據任何股東指示行事；及(ii)董事張國榮先生及陳永錕先生亦為Hallgain之董事。

DIRECTORS' REPORT

董事會報告

SUBSTANTIAL SHAREHOLDERS (continued)

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

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange throughout the year ended 31 December 2006 save for the deviation that all independent non-executive Directors were not appointed for specific terms but are subject to retirement by rotation and will be eligible for re-election at the Company's annual general meeting in accordance with the Company's Articles of Association.

The Company has adopted a code of conduct regarding securities transactions by directors 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 securities transactions by directors adopted by the Company.

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent for the purposes of Rule 3.13 of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales or purchases attributable to the Group's five largest customers combined or suppliers combined were less than 30% of the Group's sales or purchases respectively.

主要股東 (續)

除上述披露者外，本公司概無獲知會於二零零六年十二月三十一日之本公司已發行股本之任何其他相關權益或短倉。

企業管治

董事認為，除全體獨立非執行董事並無按指定任期獲委任而須根據本公司之公司組織章程細則於本公司股東週年大會輪值退任及符合資格膺選連任有所偏離外，本公司於截至二零零六年十二月三十一日止年度一直遵守聯交所證券上市規則（「上市規則」）附錄14所載之企業管治常規守則。

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。

本公司已接獲各獨立非執行董事根據上市規則第3.13條作出有關其獨立身分之年度確認。本公司認為，就上市規則第3.13條而言，全體獨立非執行董事均為獨立人士。

主要客戶及供應商

年內，本集團五名最大客戶合計或供應商合計之總銷售額或購貨額分別少於本集團之銷售額或購貨額之30%。

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.

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.

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.

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。

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。

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 out in note 33 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's Articles of Association although there are no restrictions against such rights under company laws in the Cayman Islands.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2006.

關連交易 (續)

除上文所披露者外，本公司年內亦為一間非全資附屬公司(科惠)取得一般信貸額而向財務機構提供擔保，涉及款額約70,000,000港元。

薪酬政策

薪酬委員會根據本集團員工之表現、資歷及工作能力制定員工之薪酬政策。

薪酬委員會經參考本公司經營業績、個別董事之表現及可比較之市場統計數據後決定董事之薪酬。

本公司已採納優先購股權計劃，作為對董事及合資格僱員之獎勵。計劃詳情載於綜合財務報表附註33。

優先權

本公司之公司組織章程並無關於優先權之規定，儘管開曼群島公司法例並無對優先權作出任何限制。

充足公眾持股量

截至二零零六年十二月三十一日止年度，本公司一直維持充足公眾持股量。

DIRECTORS' REPORT

董事會報告

AUDITOR

A resolution to re-appoint Deloitte Touche Tohmatsu as auditor of the Company will be proposed for approval by shareholders of the Company at the forthcoming annual general meeting of the Company.

On behalf of the Board
Cheung Kwok Wing
CHAIRMAN

29 March 2007

核數師

續聘德勤•關黃陳方會計師行為本公司核數師之決議案將於本公司應屆股東週年大會上提呈以供本公司股東審批。

承董事會命
張國榮
主席

二零零七年三月二十九日