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CORPORATE INFORMATION

BOARD OF DIRECTORS

Cheung Kwok Wing (*Chairman*)
Chan Wing Kwan (*Managing Director*)
Cheung Kwok Ping
Ho Yin Sang
Lam Ka Po
Lai Chung Wing, Robert
Ong Tiong Wee

COMPANY SECRETARIES

Ira Stuart Outerbridge III
FCIS
Juliana Loh Joo Hui
ACIS

AUDIT COMMITTEE

Lai Chung Wing, Robert (*Chairman*)
Ong Tiong Wee
Ho Yin Sang

NOMINATING COMMITTEE

Lai Chung Wing, Robert (*Chairman*)
Ong Tiong Wee
Ho Yin Sang

REMUNERATION COMMITTEE

Lai Chung Wing, Robert (*Chairman*)
Ong Tiong Wee
Ho Yin Sang

AUDITORS

Deloitte & Touche
Certified Public Accountants
6 Shenton Way #32-00
DBS Building Tower Two
Singapore 068809

Audit partner in charge: William Lim Choon Hock
Appointed on May 26, 2003

SOLICITORS

Bermuda

Conyers Dill & Pearman
2901 One Exchange Square
8 Connaught Place
Central, Hong Kong

Singapore

Shook Lin & Bok
1 Robinson Road #18-00
AIA Tower
Singapore 048542

PRINCIPAL BANKERS

Citibank N.A.
47th Floor Citibank Tower
Citibank Plaza
3 Garden Road
Central, Hong Kong

Standard Chartered Bank
10th Floor, Standard Chartered Bank Building
4-4A Des Voeux Road, Central
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM II
Bermuda
Tel no: (441) 295 1422
Fax no: (441) 292 4720
Email: info@conyersdillandpearman.com

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

5th Floor, Block J
Valiant Industrial Centre
2-12 Au Pui Wan Street
Fo Tan, Shatin
Hong Kong

BERMUDA REGISTRAR AND SHARE TRANSFER OFFICE

Butterfield Corporate Services Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

SINGAPORE SHARE TRANSFER AGENT

Compact Administrative Services Pte Ltd
6 Shenton Way #28-09
DBS Building Tower Two
Singapore 068809

FIVE YEAR FINANCIAL SUMMARY

OPERATING RESULTS OF THE GROUP

(HK\$'000)	1.4.2002	Year Ended December 31			
	to 31.12.2002	2003	2004	2005	2006
Revenue	379,467	698,005	1,032,924	1,484,713	2,795,324
Profit before tax	43,146	83,499	108,072	161,756	282,858
Income tax expense	(207)	(9,507)	(2,977)	(14,738)	(22,455)
Profit attributable to the Group	42,939	73,992	105,095	147,018	260,403
Earnings per Share (cents) ⁽¹⁾	5.96	10.24	14.55	20.35	36.04

FINANCIAL POSITION OF THE GROUP

(HK\$'000)	2002	2003	At December 31		2006
			2004	2005	
			(Restated)		
Property, plant and equipment	554,248	562,596	841,083	941,211	1,111,956
Prepaid land use right (non-current)	–	–	18,836	36,257	36,728
Available-for-sale investments	–	–	–	9,000	9,000
Other investments	6,782	6,782	15,782	–	–
Current assets	846,652	841,136	844,056	1,028,577	1,254,423
Current liabilities	(133,934)	(79,073)	(308,709)	(466,698)	(591,349)
Net current assets	712,718	762,063	535,347	561,879	663,074
	1,273,748	1,331,441	1,411,048	1,548,347	1,820,758
Shareholders' equity	1,273,748	1,331,441	1,411,048	1,548,347	1,820,758
Net tangible assets per Share (cents) ⁽¹⁾	176.30	184.28	195.30	214.30	252.01

Note:--

- (1) For the 9 months period ended December 31, 2002, the number of shares used in the calculation of Earnings per Share and net tangible assets per Share was 720,453,000 Shares (being the weighted average number of shares in issue throughout the financial period) and 722,500,000 Shares (being the number of shares in issue at the end of the financial period) respectively. For FY2003, FY2004, FY2005 and FY2006, the number of shares used in the calculation of Earnings per Share and Net tangible assets per Share was 722,500,000 Shares.

CHAIRMAN'S STATEMENT

RESULTS

On behalf of the Board of Directors, I am pleased to report to our shareholders that the Group achieved encouraging financial performance with substantial growth in both turnover and profit attributable to shareholders compared with last financial year on the back of positive market conditions for electronics products, price competitiveness on larger economies of scales and effective cost management across the board for our operations in China. We continued to make good progress in gaining market share in the copper foil business.

Financial Summary

- Revenue posted strong growth of 88% to HK\$2,795 million
- Profit attributable to shareholders was up by 77% to HK\$ 260 million
- Earnings per share were HK36.04 cents, up 77%
- Final dividend per share is proposed at HK4.0 cents, an increase of 33% over previous year's HK3.0 cents

BUSINESS REVIEW

During the year under review, the Group was able to capitalize on the opportunities arising from the electronics industry upcycle. We have completed the final stage of Phase One of the Lianzhou copper foil plant in end-February 2006. Being the largest copper foil producer in the PRC with a monthly capacity of 4,000 tonnes, the Group continued to maintain its leading position among the copper foil manufacturers in the PRC by leveraging on its expanded production capacity, improved product quality and closer proximity of our manufacturing plants to our customers. The Group's sales volume recorded healthy growth of approximately 27% year-on-year.

Due to increasing accreditation of our product quality, the Group continued to experience robust demands from parent group and other fellow subsidiaries and external customers. Sales to external customers accounted for approximately 10% or HK\$286 million of the total sales (FY2005 : 16%), representing a growth of HK\$49 million over last financial year. In the new financial year, the Group targets to achieve its external sales upto approximately 20%.

The product mix between the 18 microns or below and 35 microns or above thickness copper foil remained similar to last financial year. The former accounted for 24% of total sales and the latter 76%. The demand from multi-layer PCB manufacturers on our 18 microns or below thickness copper foil products remained stable throughout the year 2006.

FINANCIAL POSITION

The Group's financial position continued to be strong. As at December 31, 2006, net current assets and current ratio were approximately HK\$663 million and 2.1 respectively. The current assets included cash of HK\$209 million, trade receivables of HK\$574 million, other receivables and prepayments of HK\$55 million and inventories of HK\$415 million. The increase in inventory in FY2006 was primarily due to: (i) an increase in unit cost of copper by about 60% compared with FY2005, (ii) an increase in cost of sales and (iii) the commissioning of the final stage of Phase One and the first stage of Phase Two of the Lianzhou copper foil plant where more raw materials were procured to meet the production schedule. Addition to fixed assets in FY2006 amounted to HK\$251 million mainly for the final stage of Phase One and the first stage of Phase Two of the Lianzhou copper foil plant. As at December 31, 2006, no significant assets have been pledged.

Distribution costs increased by 47% to HK\$27 million in FY2006 in line with increased business activities. Finance costs, largely made up of interest paid for trust receipt loans, amounted to HK\$20 million as a result of higher interest rates on trust receipt loans. Pre-tax profit margin maintained at around 10% as a result of continuous cost management efficiency achieved at all levels within the Group.

CHAIRMAN'S STATEMENT

The appreciation of Renminbi against the US dollar had minimum impact on the Group's performance as the Group's revenue are substantially denominated in Hong Kong dollar, US dollar and Renminbi in a proportion closely matching with the Group's operational expenses.

PROSPECT

As electronic segment is heavily influenced by overall global demand, especially on performance in the semiconductor sub-segment, increasing inventory levels across the supply chain may slow the overall demand in the first half of 2007. Nevertheless, increasing applications of electronics products in our daily lives, fuelled by stronger consumer demand for PC memory and consumer electronics like MP3 players and 3G handsets, would see growing demand for copper foil. The Group will continue to focus on improving product quality and costs management so as to bring long-term benefits to the Group. We will leverage on the parent group's sales network to further expand our presence in the overseas markets, such as India and Russia.

The first stage of Phase Two of the Lianzhou copper foil plant began its pilot run in January 2007 with a monthly capacity of 300 tonnes and the second stage of Phase Two is expected to commence operation in second quarter 2007. These two stages will contribute a further capacity of 600 tonnes to our monthly capacity. Our production capacity expansion plans are expected to further strengthen our leading position in the PRC market. Our PVB film plant has received technical qualification from our customers and is expected to break-even in the new financial year.

In view of the satisfactory financial performance and the solid foundation laid over the past years, the management is cautiously confident of the Group's future development. Barring any unforeseen circumstances, the Directors expect the Group to remain profitable in the first financial quarter ending March 31, 2007.

Finally, on behalf of the Board of Directors, 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.

Cheung Kwok Wing

Chairman

Hong Kong, February 27, 2007

DIRECTORS AND SENIOR MANAGEMENT'S PROFILE

DIRECTORS

Mr. CHEUNG Kwok Wing, aged 51, is an Executive Director and Chairman of the Company and its subsidiaries ("KBCF Group"). He is also the group chairman and co-founder of the "Kingboard Group" – Kingboard Chemical Holdings Limited ("KCHL"), being the ultimate holding company of the Company incorporated in the Cayman Islands and listed on The Stock Exchange of Hong Kong Limited ("the Stock Exchange") and the Chairman of Elec & Eltek International Company Limited ("EEIC"), a fellow subsidiary of the Company. Mr. Cheung has had over 27 years' experience in the production and sales of laminates for use by manufacturers of PCBs and electronic products and is responsible for the overall strategic planning of the KBCF Group and sets the general direction and goals for the KBCF Group. He was awarded the Young Industrialist Award of Hong Kong 1993 by the Federation of Hong Kong Industries.

Mr. CHAN Wing Kwan, aged 61, is an Executive Managing Director of the KBCF Group, the managing director and co-founder of the Kingboard Group and a non-executive director of EEIC. He acquired a degree of Doctor of Business Science from Pacific Western University in L.A. Mr. Chan has had over 29 years' experience in the sale and distribution of electronic components, as well as upstream products such as PCBs, laminates and copper foil. Mr. Chan is responsible for the overall implementation of the strategic plans and goals of the KBCF Group and supervises the management in the day-to-day operations of the KBCF Group.

Mr. CHEUNG Kwok Ping, aged 46, is an Executive Director of the Company. He has had over 23 years' experience in the field of marketing. He is a director of Kingboard Laminates Holdings Limited ("KLHL"), being the intermediate holding company of the Company and listed on the Stock Exchange. He is also a non-executive director of TC Interconnect Holdings Limited, a company listed on the Stock Exchange.

Mr. LAM Ka Po, aged 50, was appointed as the Executive Director of the Company on January 9, 2007. Mr. Lam was the co-founder of KCHL and he has over 26 years' experience in the sales and distribution of laminates. He is also a director of KLHL. Mr. Lam is the general manager of the copper foil factories in Fogang and Lianzhou, the PRC.

Mr. HO Yin Sang, aged 52, was the Executive Director of the Company up to January 9, 2007 and became the Non-Executive Director of the Company from January 9, 2007. He joined the Kingboard Group in 1989. He is also a director of Kingboard Group and has had over 17 years' experience in copper foil production. Mr. Ho joined as a member of the Audit Committee, Nominating Committee and Remuneration Committee on February 27, 2007 and provides advice in these committees.

Mr. LAI Chung Wing, Robert, aged 59, was appointed to the Board of the Company on November 29, 1999 as an Independent Non-Executive Director. He holds a Bachelor-of-Laws (Honours) degree from the University of London and is currently involved in business consultancy work in the Asia-Pacific region. He has had extensive experience in trading and investment. He was previously the managing director of Seaunion Holdings Ltd (now known as South Sea Petroleum Holdings Limited), an oil and gas company listed on the Stock Exchange. In June 2004, he was appointed as an independent non-executive director of Kee Shing (Holdings) Limited, a company listed on the Stock Exchange.

Mr. ONG Tiong Wee, aged 66, was appointed to the Board of the Company on November 16, 2001 as an Independent Non-Executive Director. He graduated with a Bachelor of Commerce from the University of New South Wales, Australia, and is a member of the Institute of Chartered Accountants in Australia. Mr. Ong has run his own public accounting firm for over 20 years in Singapore. Prior to that, he had 12 years' experience with 2 of the top 4 international auditing firms and 5 years' accounting and finance experience with a multinational company in Australia.

SENIOR MANAGEMENT

Mr. LO Ka Leong, aged 33, the Financial Controller, joined the Kingboard Group in May 1999. Prior to that, he was an accountant at an international accounting firm. He holds a Bachelor in Professional Accountancy from the Chinese University of Hong Kong. He is in charge of the financial management of the KBCF Group. Mr. Lo is also a non-executive director of KLHL.

REPORT OF THE DIRECTORS

The Directors present their report together with the audited consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended December 31, 2006.

1 DIRECTORS

The Directors of the Company in office at the date of this report are:

Mr Cheung Kwok Wing

Mr Chan Wing Kwan

Mr Cheung Kwok Ping

Mr Lam Ka Po (Appointed on January 9, 2007)

Mr Ho Yin Sang (Designated as non-executive director on January 9, 2007)

Mr Lai Chung Wing, Robert

Mr Ong Tiong Wee

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate except for the options and warrants mentioned below.

REPORT OF THE DIRECTORS

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Directors of the Company holding office at end of the financial year had no interest in the shares and debentures of the Company and related corporations except as follows:

	Shareholdings registered in the names of Directors		Shareholdings in which Directors are deemed to have an interest	
	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
The Company				
Ordinary shares of US\$0.10 each				
Mr Cheung Kwok Wing	–	–	446,553,000	449,002,000
Mr Ho Yin Sang	–	–	2,000	2,000
Mr Lai Chung Wing, Robert	72,000	72,000	–	–
The ultimate holding company				
– Kingboard Chemical Holdings Limited				
Ordinary shares of HK\$0.10 each				
Mr Cheung Kwok Wing	1,699,060	3,088,385	242,977,400	252,674,429
Mr Chan Wing Kwan	1,056,600	870,340	–	–
Mr Cheung Kwok Ping	1,427,300	1,582,853	–	–
Mr Ho Yin Sang	340,800	423,529	–	1,095,500
Options to acquire ordinary shares of HK\$0.10 each				
Mr Cheung Kwok Wing	2,091,400	1,145,000	–	–
Mr Chan Wing Kwan	3,499,200	3,026,000	–	–
Mr Cheung Kwok Ping	3,836,200	3,363,000	–	–
Mr Ho Yin Sang	4,061,200	3,588,000	–	–
Warrants to acquire ordinary shares of HK\$0.10 each				
Mr Cheung Kwok Wing	371,506	–	7,963,580	–
Mr Chan Wing Kwan	210,840	–	–	–
Mr Cheung Kwok Ping	201,526	–	–	–

REPORT OF THE DIRECTORS

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (Cont'd)

	Shareholdings registered in the names of Directors		Shareholdings in which Directors are deemed to have an interest	
	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
The intermediate holding company				
– Kingboard Laminates Holdings Limited				
Ordinary shares of HK\$0.10 each				
Mr Cheung Kwok Wing	–	–	3,900,000(*)	2,175,000,000
Mr Ho Yin Sang	–	400,000	–	831,000
A fellow subsidiary				
– Elec & Eltek International Company Limited				
Ordinary shares of S\$0.80 each				
Mr Cheung Kwok Wing	177,600	177,600	125,525,165	126,782,165
Options to acquire ordinary shares of S\$0.80 each				
Mr Cheung Kwok Wing	973,200	973,200	–	–
Mr Chan Wing Kwan	973,200	973,200	–	–

Note:

- (*) Kingboard Laminates Holdings Limited was incorporated in Cayman Islands on May 10, 2006 with an authorised share capital of HK\$390,000 divided into 3,900,000 shares with a nominal value of HK\$0.10 per share. Prior to its successful listing on The Stock Exchange of Hong Kong Limited on December 7, 2006, it is 100% owned by Jamplan (BVI) Limited, a 100% owned subsidiary of Kingboard Chemical Holdings Limited.

REPORT OF THE DIRECTORS

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (Cont'd)

The Directors' interests as at January 21, 2007 were the same as those at the end of the financial year except as follows:

	Shareholding registered in the names of the Directors	Shareholdings in which the Directors are deemed to have an interest
The ultimate holding company		
– Kingboard Chemical Holdings Limited		
Ordinary shares of HK\$0.10 each		
Mr Cheung Kwok Wing	2,520,485	–
Mr Ho Yin Sang	413,529	799,000
Mr Lam Ka Po (*)	625,934	–
Options to acquire ordinary shares of HK\$0.10 each		
Mr Lam Ka Po (*)	3,559,000	–
The intermediate holding company		
– Kingboard Laminates Holdings Limited		
Ordinary shares of HK\$0.10 each		
Mr Ho Yin Sang	–	540,000

Note:

(*) Mr Lam Ka Po was appointed as director of the Company on January 9, 2007.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements and except that certain Directors have received remuneration from related corporations in their capacity as Directors and/or executives of those related corporations.

5 SHARES OPTIONS

(a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group was granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued share under options

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

REPORT OF THE DIRECTORS

6 AUDIT COMMITTEE

The Audit Committee comprises Messrs Lai Chung Wing, Robert, Ong Tiong Wee, Ho Yin Sang (appointed on February 27, 2007) and Cheung Kwok Ping (resigned on February 27, 2007). The Audit Committee is chaired by Mr Lai Chung Wing, Robert. Mr Cheung Kwok Ping is an Executive Director of the Company, Mr Ho Yin Sang is a Non-Executive Director and Messrs Lai Chung Wing, Robert and Ong Tiong Wee are Independent Non-Executive Directors of the Company.

The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the company:

- a) the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;
- b) the Group's financial and operating results and accounting policies;
- c) the financial statements of the company and the consolidated financial statements of the Group before their submission to the directors of the company and external auditors' report on those financial statements;
- d) the three quarterly, and annual announcements as well as the related press releases on the results and financial position of the company and the Group;
- e) the co-operation and assistance given by the management to the Group's external auditors;
- f) the re-appointment of the external auditors of the Group; and
- g) all interested person transactions entered into by the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee recommended to the Board of Directors the nomination of Deloitte & Touche for re-appointment as external auditors at the forthcoming annual general meeting of the Company.

7 AUDITORS

The auditors, Deloitte & Touche, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE BOARD

Cheung Kwok Wing
Chairman

Chan Wing Kwan
Managing Director

February 27, 2007

CORPORATE GOVERNANCE REPORT

The Board of Directors of Kingboard Copper Foil Holdings Limited fully supports the Code of Corporate Governance as recommended by the Singapore Corporate Governance Committee. For effective corporate governance, the Company has in place various self-regulatory and monitoring mechanisms. This Corporate Governance Report gives an update on the corporate governance practices that the Company has undertaken since its previous reporting in the Annual Report 2005 issued by the Company on April 11, 2005.

The Board Composition and Guidance

Principle 2

The Board of the Directors of the Company comprises of the following seven members, four (4) executive Directors and three(3) non-executive Directors whereas two of whom are independent non-executive Directors.

Cheung Kwok Wing	Executive Chairman
Chan Wing Kwan	Managing Director
Cheung Kwok Ping	Executive Director
Lam Ka Po	Executive Director
Ho Yin Sang	Non-Executive Director
Lai Chung Wing, Robert	Independent Non-Executive Director
Ong Tiong Wee	Independent Non-Executive Director

Collectively, the Directors provide core competencies, sales and marketing experience in copper foil, technical knowledge in manufacturing of copper foil, administration and management experience in PRC factories, as well as in-house advice to comply with international laws and regulations.

Mr. Lam Ka Po was appointed an additional Director to the Board on January 9, 2007. Mr Lam is also a general manager of the Company in charge of the copper foil factories in Fogang and Lianzhou, the PRC. Mr. Lam has over 26 years' experience in the sales and distribution of laminates. He is the co-founder of Kingboard Chemical Holdings Limited ("KCHL"), the ultimate holding company and the Company and also a director of Kingboard Laminates Holdings Limited ("KLHL"). The Board views its current size of seven directors appropriate for effective decision-making, taking into account the nature and scope of the operations of the Company.

Given its recognition of good corporate governance, the Board constantly strives to implement the various recommendations put forth by the Corporate Governance Committee. Thus, in February 2007, the Director, Mr Ho Yin Sang relinquished his executive position to assume the role as a Non-Executive Director of the Company and at the same time he was appointed member of the Company's Audit, Nominating and Remuneration Committees in place of Mr Cheung Kwok Ping. Hence, the composition of the Audit and Remuneration Committees of the Company is now comprised entirely of the non-executive directors in line with the recommendation of the Corporate Governance Committee.

Again, in light of the revised Code of Corporate Governance, Mr Lai Chung Wing, Robert, an Independent Non-Executive Director, was appointed the Lead Independent Director of the Company in February 2007. The Lead Independent Director shall be available to shareholders if they have concerns which communication through the normal channels of the Chairman, Managing Director and Chief Finance Officer has failed to resolve or for which such contact is inappropriate.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

Principle 3

The Board of the Company is headed by a Chairman whose role differs from that of the Managing Director of the Company, who assumes the role of both director and chief executive officer ("CEO") of the Company.

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

- schedule meetings that enable the Board to perform its duties responsibly while not interfering with the flow of the Company's operations;
- prepare meeting agenda in consultation with the Managing Director;
- exercise control over quality, quantity and timeliness of the flow of information between Management and the Board; and
- assist in ensuring compliance with 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.

Board's Conduct of its Affairs

Principle 1

The Board 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 board 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. These functions are carried out by the Board directly or through committees of the Board which have been set up to support its work.

The Board meets regularly and as warranted by particular circumstances. The Bye-Laws of the Company has provisions for telephone and video-conference meetings. The executive directors normally meet on an informal basis every two weeks, while the non-executive independent directors will participate in meetings where the interim and final results are reviewed and approved.

The Directors' attendance at Board and Board Committee meetings during the period reported on are as follows:–

Name of Director	Board Meeting		Audit Committee		Nominating Committee		Remuneration Committee	
	No. held	Attended	No. held	Attended	No. held	Attended	No. held	Attended
Cheung Kwok Wing	4	4	–	–	–	–	–	–
Chan Wing Kwan	4	4	–	–	–	–	–	–
Cheung Kwok Ping	4	4	4	4	1	1	1	1
Ho Yin Sang	4	3	–	–	–	–	–	–
Lai Chung Wing, Robert	4	4	4	4	1	1	1	1
Ong Tiong Wee	4	4	4	4	1	1	1	1

CORPORATE GOVERNANCE REPORT

Access to Information

Principle 6

The Management of the Company has an obligation to furnish the Board with complete and adequate information in a timely manner. The Board is also given separate and independent access to the Company's senior management. Notice of board meetings and the relevant meeting papers are sent to individual directors well before the meetings, informing them of the background and giving explanation on matters to be brought before the Board.

All the Directors are given separate and independent access to the company secretary, whose role includes ensuring that board procedures are observed and followed through and that applicable rules and regulations are complied with. The company secretary or his representative attends all the meetings of the Company.

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 expense.

Effective formal and informal communication channels are in place between the Board and the Management which enable newly appointed directors to familiarize themselves with the operation, business and corporate governance practices of the Company without the need for formal training programme. Nevertheless the newly-appointed directors, with their profound commercial experience and relevant academic qualifications, are able to keep abreast with the relevant new laws, regulations and changing commercial risks.

NOMINATING COMMITTEE ("NC")

Board Membership

Principle 4

Board Performance

Principle 5

The composition of the NC has changed subsequent to changes to the Board mentioned above. Presently, the NC comprises three(3) directors, namely, Messrs Lai Chung Wing, Robert (Chairman), Ong Tiong Wee and Ho Yin Sang. All the members are non-executive directors, of whom the Chairman and Mr Ong Tiong Wee are Independent Non-Executive Directors.

The major terms of reference of the NC include:-

- regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- annually review whether or not a director is independent, in accordance with paragraph 2.1 of the Code of Corporate Governance and other salient factors;
- be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- keep under review the leadership needs of the organization with a view of ensuring the continued ability to compete effectively in the organization's marketplace;
- keep up to date with strategic issues and commercial changes affecting the Company and the market in which it operates;
- decide how the Board's performance may be evaluated and propose objective performance criteria;
- assess the effectiveness of the Board as a whole and the contribution by each individual director to the effectiveness of the Board; and

CORPORATE GOVERNANCE REPORT

NOMINATING COMMITTEE ("NC") (Cont'd)

Board Membership (Cont'd)

Principle 4

Board Performance (Cont'd)

Principle 5

- be responsible for re-nomination having regard to the director's contribution and performance, including, if applicable, as an independent director.

The NC is of the opinion that the multiple Board representations held by the Directors do not hinder them in carrying out their duties to the Company. When a director has multiple board representations, he will ensure that sufficient time and attention is given to the affairs of each company. The NC will decide whether or not a director is able to and has been adequately carrying out his/her duties as director of the Company.

The Board has power from time to time and at any time to appoint a person as a Director to fill a casual vacancy or as an addition to the Board. Any new Director appointed during the year shall hold office only until the next Annual General Meeting ("AGM") and submit them for re-election and shall not be taken into account in determining the Director who is to retire by rotation at the meeting.

All the directors, except the Chairman and Managing Director, submit themselves for re-nomination and re-election at regular intervals of at least once every three years. At the Company's annual general meeting, a director appointed during the year and at least one-third of the remaining directors shall retire from office.

Mr Lam Ka Po, the new director appointed during the year shall be retired at the forthcoming Annual General Meeting ("AGM") of the Company together with Messrs Cheung Kwok Ping and Ong Tiong Wee who are due to retire by rotation. Being eligible, they have offered themselves for re-election. The Board concurred with the NC and recommended that they be re-elected Directors of the Company at the AGM.

REMUNERATION COMMITTEE ("RC")

Procedures for Developing Remuneration Policies

Principle 7

Level and mix of remuneration

Principle 8

The composition of the RC has also changed following changes to the Board mentioned above. Presently, the RC comprises three(3) directors, namely, Messrs Lai Chung Wing, Robert (Chairman), Ong Tiong Wee and Ho Yin Sang. All the members are non-executive directors, of whom the Chairman and Mr Ong Tiong Wee are Independent Non-Executive Directors.

The major terms of reference of the RC include:-

- determine and agree with the Board the framework or board policy for the remuneration of the Company's Board and key executives, and to determine specific remuneration packages for each executive director and the Chief Executive Officer, where applicable and such other members of the executive management as it is designated to consider;
- in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- determine targets for any performance relating to pay schemes operated by the Company, taking into account; pay and employment conditions within the industry and in comparable companies;

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE ("RC") (Cont'd)

Procedures for Developing Remuneration Policies (Cont'd)

Principle 7

Level and mix of remuneration (Cont'd)

Principle 8

- within the terms of the agreed policy, determine the total individual remuneration package of each executive director and executive manager including, where appropriate, allowances, bonuses, benefits in kind, incentive payments, and share options, if any;
- determine the policy for and scope of service agreements for the executive management team, termination payments and compensation commitments, including fixing appointment period for the directors; and
- determine the remuneration of non-executive directors, taking into account factors such as effort, time spent and responsibilities.

Disclosure of Remuneration

Principle 9

Director's Remuneration (for the financial year ended December 31, 2006)

Remuneration Band and Name of Director	Directors' Fees (%)	Basic Salary (%)	Bonuses (%)	Total Compensation (%)
S\$500,000 and above	–	–	–	–
S\$250,000 to S\$499,999				
Ho Yin Sang	0	86	14	100
Below S\$250,000				
Lai Chung Wing, Robert	100	0	0	100
Ong Tiong Wee	100	0	0	100

Apart from the above mentioned executive director who is paid remuneration, the rest of the executive directors are not paid any remuneration by the Company. However, the Company pays a management fee to its parent company, inter alias, for the services rendered by the other executive directors who are also directors of the parent company.

All Independent Non-executive directors are paid a fixed director's fee only, taking into account their efforts and time rendered, as well as contribution to the growth of the Company.

The Code of Corporate Governance requires the remuneration of at least top 5 key executives who are not also directors to be disclosed within bands of S\$250,000. The Company is of the opinion that, given the highly competitive industry conditions, disclosure of the remuneration of these executives is not advantageous to its business interests.

Apart from the above mentioned disclosure, there is no employees who are immediate family members of a director or the CEO, and whose remuneration exceed S\$1,500,000 during the year.

The Company does not have any employee share option schemes.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE ("AC")

Accountability

Principle 10

The Board of Directors is accountable to the Shareholders while the Management of the Company is accountable to the Board. From year 2003 onwards, the Company announces its results on a quarterly basis, providing the shareholders with a balanced and understandable assessment of the Company's performance, position and prospect.

Audit Committee

Principle 11

Internal Audit

Principle 13

Likewise, the composition of the AC has also changed following changes to the Board mentioned above. Presently, the AC comprises three(3) directors, namely, Messrs Lai Chung Wing, Robert (Chairman), Ong Tiong Wee and Ho Yin Sang. All the members are Non-Executive Directors, of whom the Chairman and Mr Ong Tiong Wee are Independent Non-Executive Directors.

The major terms of reference of the AC include the following:–

- review with the external auditors, the audit plan; including the nature and scope of the audit before the audit commences;
- review with the external auditors, their evaluation of the system of internal accounting controls, their audit report, their management letter and the Management's response;
- review the scope and results of the internal audit procedures;
- review the assistance given by the Management to the external auditors;
- review the balance sheet and profit and loss account of the Company and the consolidated balance sheet and profit & loss account and submit them to the Board;
- nominate persons as auditors;
- 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 of interested person transactions, mandated or otherwise, as part of the standard procedures while examining the adequacy of internal controls of the Group.
- review the independence of the external auditors, the resources and adequacy of the internal audit function, at least once a year.

In addition, the AC is authorised:–

- to investigate any matter within its terms of reference;
- to have full access to and co-operation by the Management;
- to have full discretion to invite any director or executive officer to attend its meetings; and
- to have reasonable resources to enable it to discharge its functions properly.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE ("AC") (Cont'd)

Audit Committee (Cont'd)

Principle 11

Internal Audit (Cont'd)

Principle 13

- to have access to the internal auditors and external auditors at any time, as and when they think necessary, needless to first refer to the Company's Management.

The duties of the AC include keeping under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors. Where the auditors also supply a substantial volume of non-audit services to the Company, the AC will keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money.

In this regard, the AC has undertaken a review of all the **non-audited services provided** by the auditors for the financial year and concluded that in their opinion, such services did not affect the independence of the auditors.

During the year, the AC has also met with the external auditors, and with the internal auditors to discuss issues of their concerns without the presence of the Management.

The Board has ensured that the members of the AC are appropriately qualified to discharge their responsibilities and that at least two members have accounting and related financial management expertise or experience.

In light of the Revised Code, the Company has in February 2007 implemented a Whistle-Blowing Policy for staff to raise concerns in confidence, and that there is independent investigation of such matters and appropriate follow-up action.

Internal Controls

Principle 12

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 takes 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 AC, is in place to determine whether the above procedures are properly carried out.

The Board is satisfied that, based on the information supplied, coupled with its own observations and with the assistance of the AC, the present internal controls and risk management processes are satisfactory for the nature and size of the Group's operations and business.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE ("AC") (Cont'd)

Communication with Shareholders

Principle 14 & 15

The Company's Annual General Meeting (AGM) and Special General Meeting (SGM) provide good opportunities for shareholders to air their views and ask Directors and Management questions regarding the Company. All shareholders of the Company receive the annual report, circular and notice of AGM and SGM. The notice is also advertised in the newspapers. Separate resolutions are required at general meetings on each distinct issue. Shareholder is permitted to appoint one or two proxies to attend and vote in his stead. The chairpersons of the audit, nomination and remuneration committees will be required to be present and available to address questions at general meetings. The external auditors are also required to be present to assist the Directors in addressing any relevant queries by shareholders.

SECURITIES TRANSACTIONS

As a listed company in Singapore and in accordance with the requirements set out in Rule 1207(18) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), the Company has devised and adopted its internal compliance code of best practices giving guidance to its officers on dealing by the Company and its officers in its securities (the BP Code).

All officers of the Company and its subsidiaries which include all directors, company secretary, chief executive officer, head of department, manager and assistant manager and all levels of staff in the finance/accounts department are required to comply with the BP Code.

Under the BP Code, Directors are required to notify the Company of their dealings within two business days while officers (other than directors), four days. Disclosures by the Directors are followed with release of announcement via SGXNet platform immediately. In addition, a summary on dealing by directors for each quarter would be prepared and tabled at the meeting of the Board. After each financial year end, all the officers are required to submit an annual confirmation of compliance of the BP Code to the Company.

Officers are reminded not to deal in the Company's securities on short-term consideration, or while in possession of price-sensitive information, and during the period commencing one month before the announcement of the full year results and two weeks before releasing of the Company's quarterly (Q1, Q2 & Q3) results, unless under exceptional circumstances when it is the only reasonable course of action available.

The BP Code also urged the officers to be mindful of the law on insider trading, dealing by connected persons, and to ensure that their dealings would not contravene the law. It is highlighted in the BP Code that it is an offence, and penalties are severe, under the Securities and Futures Act, Cap. 289 to deal in the Company's securities as well as securities of other listed companies while in possession of unpublished material price-sensitive information in relation to those securities.

MATERIAL CONTRACTS

There was no material contracts of the Company and any related companies involving the interests of the chief executive officers, each director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy with respect to any transactions with interested persons and has set out the procedures for review and approval of the Company's interested person transactions.

The AC carried out periodic reviews during the financial year to ensure that the Guidelines and Procedures for Interested Person Transactions ("IPT") were as mandated in the last Special General Meeting. This IPT mandate will expire at the forthcoming Annual General Meeting of the Company.

During the year, KCHL had spun-off its laminates business, including its shareholding in the Company to KLHL and listed KLHL on the main board of The Stock Exchange of Hong Kong Limited ("the Stock Exchange"). In this connection, certain terms and conditions upon which the IPT were made were revised to comply with the listing rules of the Stock Exchange. In addition, there were some changes to the considerations upon which the current internal control procedures were established by the Company to ensure that the IPT are conducted on normal commercial terms.

In view thereof, the Directors of the Company will put forth the proposed amendments to, and renewal of, the IPT Mandate for shareholders' approval at a special general meeting to be held immediately after the conclusion of the forthcoming Annual General Meeting.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS (Cont'd)

The Aggregate value of all interested person transactions entered into during the financial year ended December 31, 2006 pursuant to Rule 920(1)(a)(i) of the SGX-ST Listing Manual is as follows:-

Name of interested person	Aggregate Value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate Value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	HK\$	HK\$
Kingboard Laminates (MCO) Limited	11,107,000	1,487,657,000
Kingboard Laminates (Kunshan) Company Limited	–	293,006,000
Kingboard Laminates (Jiangmen) Company Limited	–	83,634,000
Kunshan Yattao Chemical Company Limited	–	275,094,000
Techwise (MCO) Circuits Limited	–	28,824,000
King Board (Panyu) Chemical Company Limited	–	3,488,000
Hengyang Kingboard Chemical Company Limited	–	1,423,000
Shanghai Zhan Bo Marketing Co., Ltd.	–	1,041,000
Nanjing Elec & Eltek Electronic Company Limited	–	2,381,000
Elec & Eltek (Guangzhou) Electronic Company Limited	–	1,358,000
Guangzhou Elec & Eltek High Density Interconnect Technology No. 1 Co., Ltd.	–	32,616,000
Guangzhou Elec & Eltek Microvia Technology Co., Ltd.	–	6,789,000
Elec & Eltek (Thailand) Limited	–	24,509,000
Pacific Insulating Material (Thailand) Limited	–	53,934,000
Kaiping Pacific Insulating Material Co., Ltd.	–	48,246,000
Shenzhen Pacific Insulating Material Company Limited	–	133,042,000
Kai Ping Elec & Eltek Company Limited	–	10,896,000
Kaiping Elec & Eltek No. 2 Company Limited	–	15,101,000
Kaiping Elec & Eltek No. 3 Company Limited	–	18,690,000
Total	11,107,000	2,521,729,000

Note: All the above named companies are subsidiaries of KCHL, a substantial shareholder of the Company listed on the Stock Exchange.

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KINGBOARD COPPER FOIL HOLDINGS LIMITED

We have audited the accompanying financial statements of Kingboard Copper Foil Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprise the balance sheets of the Group and the Company as at December 31, 2006, the profit and loss statement, statement of changes in equity and cash flow statement of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 24 to 51.

DIRECTORS' RESPONSIBILITY

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

OPINION

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2006 and of the results, changes in equity and cash flows of the Group and changes in equity of the company for the year ended on that date.

Deloitte & Touche

Certified Public Accountants

Singapore

William Lim Choon Hock

Partner

Appointed on May 26, 2003

February 27, 2007

BALANCE SHEETS

At December 31, 2006

	Notes	Group		Company	
		2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
ASSETS					
Current assets:					
Cash and bank balances	6	208,562	103,247	–	–
Trade and bills receivables	7	574,468	564,154	–	–
Other receivables and prepayments	8	55,134	100,737	16,725	26,238
Prepaid land use rights (current)	9	825	788	–	–
Inventories	10	415,434	259,651	–	–
Total current assets		1,254,423	1,028,577	16,725	26,238
Non-current assets:					
Subsidiaries	11	–	–	394,165	394,165
Due from a subsidiary	11	–	–	472,563	455,498
Property, plant and equipment	12	1,111,956	941,211	–	–
Prepaid land use rights (non-current)	9	36,728	36,257	–	–
Available-for-sale investments	13	9,000	9,000	9,000	9,000
Other investments	14	–	–	–	–
Total non-current assets		1,157,684	986,468	875,728	858,663
Total assets		2,412,107	2,015,045	892,453	884,901
LIABILITIES AND EQUITY					
Current liabilities:					
Due to a subsidiary	11	–	–	394	–
Bank borrowings	15	423,518	365,134	–	–
Trade payables	16	130,901	79,217	–	75
Income tax payable		36,930	22,347	–	–
Total current liabilities		591,349	466,698	394	75
Capital and reserves:					
Issued capital	18	560,200	560,200	560,200	560,200
Reserves		1,260,558	988,147	331,859	324,626
Total equity		1,820,758	1,548,347	892,059	884,826
Total liabilities and equity		2,412,107	2,015,045	892,453	884,901

See accompanying notes to financial statements.

CONSOLIDATED PROFIT AND LOSS STATEMENT

Financial year ended December 31, 2006

	Notes	Group	
		2006 HK\$'000	2005 HK\$'000
Revenue	19	2,795,324	1,484,713
Cost of sales		(2,434,041)	(1,269,509)
Gross profit		361,283	215,204
Other operating income	20	26,676	19,872
Distribution costs		(26,777)	(18,155)
Administrative expenses		(54,360)	(45,431)
Other operating expenses		(3,727)	(3,664)
Finance costs - interest expenses paid to non-related companies		(20,237)	(6,070)
Profit before tax	21	282,858	161,756
Income tax expense	22	(22,455)	(14,738)
Profit for the year		260,403	147,018
		HK cents	HK cents
Earnings per share			
Basic and fully diluted earnings per share	23	36.04	20.35

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Financial year ended December 31, 2006

	Note	Issued capital HK\$'000	Share premium HK\$'000	Capital reserves HK\$'000	Proposed dividend HK\$'000	Currency translation reserves HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
Group								
Balance at January 1, 2005		560,200	296,573	6,275	18,063	3,400	526,537	1,411,048
Profit for the financial year		-	-	-	-	-	147,018	147,018
Exchange translation		-	-	-	-	22,794	-	22,794
Total recognised income and expense for the year		-	-	-	-	22,794	147,018	169,812
Dividend paid	24	-	-	-	(18,063)	-	-	(18,063)
Interim dividend paid	24	-	-	-	-	-	(14,450)	(14,450)
Proposed final dividend	24	-	-	-	21,675	-	(21,675)	-
Balance at December 31, 2005		560,200	296,573	6,275	21,675	26,194	637,430	1,548,347
Profit for the financial year		-	-	-	-	-	260,403	260,403
Exchange translation		-	-	-	-	51,746	-	51,746
Total recognised income and expense for the year		-	-	-	-	51,746	260,403	312,149
Dividend paid	24	-	-	-	(21,675)	-	-	(21,675)
Interim dividend paid	24	-	-	-	-	-	(18,063)	(18,063)
Proposed final dividend	24	-	-	-	28,900	-	(28,900)	-
Balance at December 31, 2006		560,200	296,573	6,275	28,900	77,940	850,870	1,820,758
	Note	Issued capital HK\$'000	Share premium HK\$'000	Capital reserves HK\$'000	Proposed dividend HK\$'000	Accumulated profits HK\$'000	Total HK\$'000	
Company								
Balance at January 1, 2005		560,200	296,573	6,275	18,063	105	881,216	
Profit for the financial year		-	-	-	-	36,123	36,123	
Dividend paid	24	-	-	-	(18,063)	-	(18,063)	
Interim dividend paid	24	-	-	-	-	(14,450)	(14,450)	
Proposed final dividend	24	-	-	-	21,675	(21,675)	-	
Balance at December 31, 2005		560,200	296,573	6,275	21,675	103	884,826	
Profit for the financial year		-	-	-	-	46,971	46,971	
Dividend paid	24	-	-	-	(21,675)	-	(21,675)	
Interim dividend paid	24	-	-	-	-	(18,063)	(18,063)	
Proposed final dividend	24	-	-	-	28,900	(28,900)	-	
Balance at December 31, 2006		560,200	296,573	6,275	28,900	111	892,059	

See accompanying notes to financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Financial year ended December 31, 2006

	2006 HK\$'000	2005 HK\$'000
Cash flows from operations:		
Profit before tax	282,858	161,756
Adjustments for:		
Depreciation expense	116,403	98,506
Amortisation of prepaid land use rights	799	514
Allowance for slow moving inventories	20,479	6,896
Interest expense	20,237	6,070
Interest income	(11,416)	(8,887)
Gain on disposal of available-for-sale investments	–	(4,162)
Loss/(Gain) on disposal of property, plant and equipment	578	(1)
Operating profit before working capital changes	429,938	260,692
Trade and bills receivables	(10,314)	(92,549)
Other receivables and prepayments	45,603	(1,290)
Inventories	(176,262)	(112,595)
Trade payables	51,684	(1,217)
Cash generated from operations	340,649	53,041
Income tax paid	(7,872)	(6,707)
Dividends paid (Note 24)	(39,738)	(32,513)
Interest paid	(20,237)	(6,070)
Interest received	11,416	8,887
Net cash from operating activities	284,218	16,638
Cash flows from investing activities:		
Purchase of property, plant and equipment	(251,227)	(178,965)
Proceeds from disposal of property, plant and equipment	–	2
Prepayment of land use rights	–	(17,671)
Proceeds from disposal of other investments	–	10,944
Net cash used in investing activities	(251,227)	(185,690)
Cash flows from financing activity:		
Increase in bank borrowings	58,384	151,175
Net cash generated from financing activities	58,384	151,175
Effects of consolidating foreign subsidiaries:	13,940	2,493
Increase/(Decrease) in cash and bank balances	105,315	(15,384)
Cash and bank balances at beginning of financial year	103,247	118,631
Cash and bank balances at end of financial year	208,562	103,247

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

1 GENERAL

The Company (Registration No. 26998) is incorporated in Bermuda with its registered office at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and principal place of business at 5th Floor, Block J, Valiant Industrial Centre, 2-12 Au Pui Wan Street, Fo Tan, Shatin, Hong Kong. The Company is listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The financial statements are expressed in Hong Kong dollars.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are stated in Note 11 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended December 31, 2006 were authorised for issue by the Board of Directors on February 27, 2007.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRSs").

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for annual periods beginning on or after January 1, 2006. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS were issued but not effective:

FRS 40	–	Investment Property
FRS 107	–	Financial Instruments: Disclosures
FRS 108	–	Operating Segment
INT FRS 107	–	Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies
INT FRS 108	–	Scope of FRS 102
INT FRS 109	–	Reassessment of Embedded Derivatives
INT FRS 110	–	Interim Financial Reporting and Impairment
INT FRS 111 FRS 102	–	Group and Treasury Share Transactions
INT FRS 112	–	Service Concession Arrangements

Amendments to FRS 1 Presentation of Financial Statements on Capital Disclosures.

Consequential amendments were also made to various standards as a result of these new/revised standards.

The application of FRS 107 and the consequential amendments to other FRS will not affect any of the amounts recognised in the financial statements, but will change the disclosures presently made in relation to the Company and Group's financial instruments and the objectives, policies and processes for managing capital.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Other than FRS 107, the directors anticipate that the adoption of the above FRSs and INT FRSs in the future periods will not have a material impact on the financial statements of the Company and of the Group in the period of their initial adoption.

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 December 31 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 profit and loss 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 the accounting policies used in line with those used by other members of the Group.

All significant intercompany transactions and balances between group enterprises are eliminated on consolidation.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

BUSINESS COMBINATIONS – The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

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 in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated profit and loss statement.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified into the following specified categories, "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Available-for-sale investments

Available-for-sale investments are measured at cost less impairment loss, if any, with reference to the net asset value of the investment as the fair value of the unquoted investment cannot be determined reliably and reasonably as at year end.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss, is recognised directly in equity.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount recognised as a provision and the amount initially recognised less cumulative amortisation in accordance with the revenue recognition policies described below.

LEASES – 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 on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised 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 also spread on a straight-line basis over the lease term.

INVENTORIES – Inventories are measured at the lower of cost (weighted average method) or net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less estimated costs to completion and costs to be incurred in marketing, selling and distribution.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are carried at cost, less accumulated depreciation and any impairment losses.

Assets under construction are stated at cost. No depreciation is provided until the construction is completed and the assets are put into use.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset.

Depreciation is charged so as to write off the cost of other assets, less residual value, if appropriate, over their estimated useful lives, using the straight line method at the following rates per annum:

Plant and equipment	–	10 to 20%
All other assets	–	20%

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit and loss statement.

PREPAID LAND USE RIGHTS – The cost of leasehold properties and improvements in the People's Republic of China ("PRC") are classified as prepaid land use right and are amortised on a straight line basis over the period for which the relevant land use rights have been granted to the Group.

IMPAIRMENT OF TANGIBLE ASSETS – At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

BORROWING COSTS – Borrowing costs are recognised as an expense in the period in which they are incurred.

PROVISIONS – Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivables. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income 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 estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

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

Rental income

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

RETIREMENT BENEFIT COSTS – Payments to the state-sponsored pension scheme operated by the PRC government, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

EMPLOYEE LEAVE ENTITLEMENTS – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised and based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entity are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are presented in Hong Kong dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. 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. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Hong Kong dollars using exchange rates prevailing on the balance sheet dates. Income and expense items (including comparatives) are translated at the average exchange rates for the periods, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings designated as hedges of such investments, are taken to the foreign currency translation reserve.

CAPITAL RESERVES – This pertains to the surplus on acquisition of subsidiaries pursuant to a Group Restructuring Exercise.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, the management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements (apart from those involving estimates).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Provision for diminution in valuation of inventories

Determining whether a provision is necessary in the valuation of inventories is based on a comparison of whether the historical value of the inventories is greater than their estimated selling price less all the related costs related to the selling process. In addition, a detailed physical examination and quality tests are also carried out in order to derive their present values. Once the carrying value of the inventories is lower than their book values, a provision for diminution in value will be made so that the book value of inventories would not be lower than their net realisable values in the open market. A provision of HK\$20,479,000 (2005: HK\$6,896,000) was made for diminution in the value of the inventories of the Group in respective of the year ended December 31, 2006 on the above basis. The cumulative provision as at that date was HK\$28,575,000 (2005: HK\$8,096,000).

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNDERTAINTY (Cont'd)

Impairment in value of available-for-sale investments

Determining whether and by how much available-for-sale investments are impaired requires an estimation of the recoverable amount of the investments. The recoverable amount calculation requires the entity to estimate the future cash flows expected to arise from the asset using a suitable discount rate in order to calculate net present value. The estimated recoverable carrying amount of available-for-sale investments at the balance sheet date was HK\$9,000,000 and no provision for impairment loss was considered necessary.

4 FINANCIAL RISKS AND MANAGEMENT

i) Credit risk

The Group's credit risk is primarily attributable to receivables from related companies which management considers as low risk. The Group has adopted guidelines on extending credit terms to external customers, including monitoring the process and using related industry's practices as reference. This includes assessing and evaluating the customer's credit reliability and periodic review of their financial status to determine credit limits to be granted.

Cash and cash equivalents are placed with creditworthy financial institutions.

The Group has no significant concentration of credit risk.

ii) Foreign exchange risk

The Group's foreign currency exposure arises mainly from the exchange rate movements of the United States dollar ("USD"), the Renminbi ("RMB") and Hong Kong dollar ("HK\$"). These exposures are managed primarily by using natural hedges by matching foreign currency cashflows.

iii) Interest rate risk

The Group's primary interest rate risk relates to its borrowings from banks. The interest rate and term of repayment of the bank borrowings are disclosed in Note 15 to the financial statements.

iv) Liquidity risk

The Group has sufficient working capital to fund its operations.

v) Fair value of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities recorded in the financial statements, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements, approximate their respective fair values except for the unquoted investments whose fair values cannot be reliably measured. These instruments are shown at cost subject to impairment in value.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The holding companies of the Company are as follows:-

Relationship	Name of holding company	Country of incorporation
Immediate holding company	Excel First Investments Limited	British Virgin Islands
Intermediate holding company	Kingboard Laminates Holdings Limited	Cayman Islands
Intermediate holding company	Jamplan (BVI) Limited	British Virgin Islands
Ultimate holding company	Kingboard Chemical Holdings Limited	Cayman Islands

Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Many of the Group's transactions and arrangements are with related companies and the effect of these on the bases determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Significant intercompany transactions with fellow subsidiaries:

	Group	
	2006 HK\$'000	2005 HK\$'000
Revenue – sales of goods	(2,508,596)	(1,248,826)
Interest income	(10,133)	(8,396)
Rental income	(974)	(943)
Disposal of available-for-sale investments	–	(10,944)
Management fee expense	6,727	5,011
Purchase of goods	5,952	5,902

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

6 CASH AND BANK BALANCES

	Group	
	2006 HK\$'000	2005 HK\$'000
Cash at bank	208,031	102,916
Cash on hand	531	331
Total	208,562	103,247

Bank balances and cash comprise cash held by the Group. The carrying amounts of these assets approximate their fair values.

Cash at bank bears an interest rate ranging from 0.156% to 2.875% (2005: 0% to 2.625%) per annum.

The Group's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follow:

	Group	
	2006 HK\$'000	2005 HK\$'000
United States dollars	73,948	24,948
Japanese Yen	44	–
Macau Patacas	83	–
Hong Kong dollars	13	13

7 TRADE AND BILLS RECEIVABLES

	Group	
	2006 HK\$'000	2005 HK\$'000
Trade receivables		
– Fellow subsidiaries (Note 5)	434,683	488,435
– Outside parties	75,532	58,279
	510,215	546,714
Bills receivables	64,253	17,440
	574,468	564,154

Included in trade receivables from fellow subsidiaries are receivables amounting to HK\$201,607,000 (2005: HK\$182,783,000) which bear effective interest at rates ranging from 4.69% to 5.45% (2005: 2.81% to 5.06%) per annum. The average credit period on sales of goods is 69 days (2005: 125 days).

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

7 TRADE AND BILLS RECEIVABLES (Cont'd)

The Group's trade and bills receivables that are not denominated in the functional currencies of the respective entities are as follow:

	Group	
	2006 HK\$'000	2005 HK\$'000
United States dollars	54,120	121,794

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Subsidiaries (Note 11)	–	–	7,225	21,738
Prepayments	17,703	81,890	–	–
Deposits	5,420	6,236	–	–
Advance payments to suppliers	22,511	8,111	–	–
Outside parties	9,500	4,500	9,500	4,500
	55,134	100,737	16,725	26,238

At December 31, 2006, included in the Group and the Company's amounts due from outside parties of approximately HK\$9,500,000 (2005: HK\$4,500,000) was amount due from a third party of approximately HK\$5,000,000 (2005: nil) which was interest bearing at a rate of 8% per annum. The remaining balances of the Group and the Company's amounts due from outside parties were non-interest bearing.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

9 PREPAID LAND USE RIGHTS

	Group HK\$'000
Cost:	
At January 1, 2005	21,076
Additions	17,671
Currency realignment	678
At December 31, 2005	39,425
Currency realignment	1,409
At December 31, 2006	40,834
Accumulated amortisation:	
At January 1, 2005	1,819
Amortisation during the year	514
Currency realignment	47
At December 31, 2005	2,380
Amortisation during the year	799
Currency realignment	102
At December 31, 2006	3,281
Carrying amount:	
At December 31, 2006	37,553
At December 31, 2005	37,045

	Group	
	2006 HK\$'000	2005 HK\$'000
Current	825	788
Non-current	36,728	36,257
	37,553	37,045

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

10 INVENTORIES

	Group	
	2006 HK\$'000	2005 HK\$'000
Raw materials, at cost	360,541	223,197
Less: allowance for slow moving raw materials	(20,433)	(2,723)
	340,108	220,474
Work in progress, at cost	38,829	21,375
Finished goods, at cost	44,639	23,175
Less: allowance for slow moving finished goods	(8,142)	(5,373)
	36,497	17,802
Net	415,434	259,651

11 SUBSIDIARIES

	Company	
	2006 HK\$'000	2005 HK\$'000
Unquoted equity shares, at cost	394,165	394,165

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

11 SUBSIDIARIES (Cont'd)

The details of the significant subsidiaries are as follows:

Name of subsidiary and country of incorporation/ registration and operations	Principal activities	Equity interest held by the Group	
		2006 %	2005 %
Hong Kong Copper Foil Limited (British Virgin Islands)	Investment holding	100	100
Capital Project Group Ltd (British Virgin Islands)	Inactive	100	100
Fogang Kingboard Industry Ltd (Note a) (People's Republic of China)	Manufacture of copper foil	100	100
Kingboard Chemical Investment Limited (Note a) (British Virgin Islands)	Investment holding	100	100
Kingboard Copper Foil (MCO) Limited (Note a) (Macau)	Trading in copper foil	100	100
Kingboard (Fogang) Specialty Resins Limited (Note b) (People's Republic of China)	Manufacture of specialty resins and related products	100	100
Kingboard (Lianzhou) Copper Foil Ltd (Note a) (People's Republic of China)	Manufacture of copper foil	100	100

The above subsidiaries are audited by overseas member firms of Deloitte Touche Tohmatsu.

Notes:

- (a) Shares held by Hong Kong Copper Foil Limited.
- (b) Shares held by Kingboard Chemical Investment Limited.

The amounts due from a subsidiary are unsecured, non-interest bearing and are repayable at the sole discretion of the directors of the subsidiary, and are thus treated as deemed investment in the subsidiary and classified as non-current.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

12 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties and improvements HK\$'000	Plant and equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
Group					
Cost:					
At January 1, 2005	164,403	799,141	8,609	213,076	1,185,229
Additions	1,791	26,598	505	150,071	178,965
Disposals	–	(858)	–	–	(858)
Reclassified from construction in progress	31,512	243,108	–	(274,620)	–
Currency realignment	4,041	20,451	194	3,246	27,932
At December 31, 2005	201,747	1,088,440	9,308	91,773	1,391,268
Additions	7,136	11,232	397	232,462	251,227
Disposals	–	(1,545)	(153)	–	(1,698)
Reclassified from construction in progress	48,118	193,563	–	(241,681)	–
Currency realignment	8,141	43,380	335	3,079	54,935
At December 31, 2006	265,142	1,335,070	9,887	85,633	1,695,732
Accumulated depreciation:					
At January 1, 2005	25,642	313,035	5,469	–	344,146
Depreciation during the year	9,065	88,438	1,003	–	98,506
Disposals	–	(857)	–	–	(857)
Currency realignment	677	7,455	130	–	8,262
At December 31, 2005	35,384	408,071	6,602	–	450,057
Depreciation during the year	7,840	107,907	656	–	116,403
Disposals	–	(967)	(153)	–	(1,120)
Currency realignment	1,434	16,758	244	–	18,436
At December 31, 2006	44,658	531,769	7,349	–	583,776
Carrying amount:					
At December 31, 2006	220,484	803,301	2,538	85,633	1,111,956
At December 31, 2005	166,363	680,369	2,706	91,773	941,211

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

12 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Details of the leasehold properties held by the Group as at December 31, 2006 are set out below:

Location	Description	Tenure of land use rights
Shijiao Town, Fogang, PRC	Staff quarters (Area: 8,981 sq m)	70 years from 1994
Shijiao Town, Fogang, PRC	Factory building (Area: 18,413 sq m)	50 years from 1994
Shijiao Town, Fogang, PRC	Factory building (Area: 27,332 sq m)	50 years from 1993
Shijiao Town, Fogang, PRC	Factory building (Area: 71,846 sq m)	50 years from 2001
Shijiao Town, Fogang, PRC	Factory building (Area: 168,033 sq m)	50 years from 2004
Tangtang Town, Huanghuahu Development Area, Fogang, PRC	Staff quarters (Area: 666 sq m)	70 years from 1997
Lianzhou Town, Lianzhou, PRC	Factory building (Area: 563,843 sq m)	50 years from 2005

13 AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
At beginning of year	9,000	–	9,000	–
Transfer from other investments on adoption of FRS 39	–	15,782	–	9,000
Disposal	–	(6,782)	–	–
At end of year	9,000	9,000	9,000	9,000

Available-for-sale investments comprise of unquoted equity share, representing 10% equity investment in Linkfit Investments Holdings Limited, incorporated in Samoa.

The unquoted equity shares are stated at cost less any impairment loss at the balance sheet date because the fair value of the unquoted equity shares cannot be reliably measured.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

14 OTHER INVESTMENTS

	Group		Company	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
At beginning of year:				
Unquoted equity shares, at cost	–	9,000	–	9,000
Quoted equity shares, at cost	–	6,782	–	–
	–	15,782	–	9,000
Transfer to available-for-sale investments on adoption of FRS 39	–	(15,782)	–	(9,000)
At end of year	–	–	–	–
Market value of quoted equity shares	–	–	–	–

15 BANK BORROWINGS

	Group	
	2006 HK\$'000	2005 HK\$'000
Bills payable	63,632	53,169
Trust receipt loans	359,886	311,965
	423,518	365,134

These unsecured bank borrowings bear effective interest ranging from 0.95% to 1% (2005: 0.95% to 1%) above HIBOR per annum and are repayable within the next 12 months. The repayment period ranges from 30 days to 360 days (2005: 30 days to 360 days) depending on the credit terms agreed with the creditors and banks.

The Group's bank borrowings that are not denominated in the functional currencies of the respective entities are as follow:

	Group	
	2006 HK\$'000	2005 HK\$'000
United States dollars	347,091	314,528
Japanese Yen	76,427	50,606

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

16 TRADE PAYABLES

	Group	
	2006 HK\$'000	2005 HK\$'000
Outside parties	67,029	22,318
Accrued operating expenses	63,872	56,899
	130,901	79,217

Trade payables principally comprise trade creditors arising from purchases of copper cathode, the main ingredient of copper foil. The average credit period on purchase of goods is approximately 16 days (2005: 23 days).

The Group's trade payables that are not denominated in the functional currencies of the respective entities are as follow:

	Group	
	2006 HK\$'000	2005 HK\$'000
United States dollars	1,346	376
Japanese Yen	2,318	1,256

17 RETIREMENT BENEFIT OBLIGATIONS

Employees of subsidiaries in the PRC are members of the state-sponsored pension scheme operated by the PRC government. The subsidiaries are required to contribute a certain percentage of their payroll to the pension scheme to fund the benefits. The only obligation of the Group with respect to the pension scheme is to make the required contributions.

18 SHARE CAPITAL

	Group and Company			
	2006 '000	2005 '000	2006 HK\$'000	2005 HK\$'000
	Number of ordinary shares of US\$0.10 each			
Authorised	2,000,000	2,000,000	1,550,000	1,550,000
Issued and fully paid:				
At beginning and end of financial year	722,500	722,500	560,200	560,200

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

19 REVENUE

Revenue for the Group represents amounts received and receivable from the sale of manufactured goods.

20 OTHER OPERATING INCOME

	Group	
	2006 HK\$'000	2005 HK\$'000
Interest income from non-related companies	1,283	491
Interest income from fellow subsidiaries (Note 5)	10,133	8,396
Rental income from a fellow subsidiary (Note 5)	974	943
Gain on disposal of available-for-sale investments (Note 5)	–	4,162
Foreign exchange gains, net	12,382	3,039
Sales of scrap materials	1,841	694
Gain on disposal of raw material	–	720
Miscellaneous	63	1,427
	26,676	19,872

21 PROFIT BEFORE TAX

	Group	
	2006 HK\$'000	2005 HK\$'000
Auditors' remuneration:		
Auditors of the Company	180	180
Auditors of subsidiaries	424	320
Non-audit fees paid to auditors:		
Auditors of the Company	–	–
Auditors of subsidiaries	70	110
Directors' remuneration:		
Directors of the Company		
– Fees	197	188
– Other emoluments	2,023	1,820
Depreciation expenses	116,403	98,506
Amortisation for prepaid land use rights (included in administrative expenses)	799	514
Allowance for doubtful debt	1,657	1,599
Cost of inventories recognised as expenses	2,066,425	1,029,027
Staff costs (including directors' remuneration)	26,202	23,129
Costs of defined contribution plans included in staff costs	1,315	1,146
Loss/(Gain) on disposal of property, plant and equipment	578	(1)
Minimum lease payments under operating leases for rental of factory premises	80	68

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

21 PROFIT BEFORE TAX (Cont'd)

Compensation of directors and key management personnel

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

	Group	
	2006 HK\$'000	2005 HK\$'000
Short-term employee benefits	3,746	2,789

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

22 INCOME TAX EXPENSE

Income tax comprises taxation payable on the Group's operations in the PRC. Fogang Kingboard Industry Ltd ("FKI"), the manufacturing arm of the Group, is a foreign investment enterprise established in the PRC. FKI has successfully applied to the relevant tax authorities in the PRC for a two-year tax holiday and a three-year tax reduction period to be granted to each of its three distinct phases of production. Consequently, in respect of the first phase of production, FKI was exempted from income tax in respect of the profits earned in 1996 and 1997 and enjoyed a 50% reduction of income tax liability for 3 years up to December 31, 2000. In respect of the profits derived from the second phase of production, FKI was exempted from income tax for the years 1999 and 2000 and enjoyed a 50% reduction of income tax liability for 3 years up to December 31, 2003. In respect of the profits derived from the third phase of production, FKI was exempted from income tax for the years 2001 and 2002 and enjoyed a 50% reduction of income tax liability for 3 years up to December 31, 2005. Since FKI was approved as a Technologically Advance Enterprise by the relevant PRC authority in 2004, it is entitled to a further three-year 50% reduction of income tax after expiration of two-year tax holiday and three-year 50% tax reduction period. Kingboard (Lianzhou) Copper Foil Limited ("LZCF"), another principal subsidiary of the Company, is a foreign investment enterprise established in the PRC. LZCF has successfully applied to the relevant tax authorities in the PRC for a two-year tax holiday and a three-year tax reduction period. Consequently, LZCF was exempted from income tax in respect of the profits earned in 2005 and 2006 and enjoyed a 50% reduction of income tax liability for 3 years up to December 31, 2009.

The Company does not have a place of business in Singapore and is not a tax resident for Singapore tax purpose. Accordingly, there is no income tax payable in Singapore. The Group's tax expenses is derived as follows:

	Group	
	2006 HK\$'000	2005 HK\$'000
Current	18,239	13,623
Under-provision in prior years	4,216	1,115
Income tax expense	22,455	14,738

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

22 INCOME TAX EXPENSE (Cont'd)

The income tax expense varied from the amount of income tax expense determined by applying the PRC income tax rate of 33% (2005: 33%) to profit before income tax as a result of the following differences:

	Group	
	2006 HK\$'000	2005 HK\$'000
Profit before tax	282,858	161,756
Income tax expense at statutory rate	93,343	53,378
Non-allowable items	7,950	3,434
Income taxed at concessionary rate	(32,879)	(28,387)
Effect of tax exempted profit	(50,176)	(14,802)
Under-provision in prior years	4,217	1,115
Income tax expense	22,455	14,738

23 EARNINGS PER SHARE

The basic and fully diluted earnings per share is calculated by dividing the Group's profit attributable to shareholders of HK\$260,403,000 (2005: HK\$147,018,000) by 722,500,000 (2005: 722,500,000) being the number of shares in issue during the financial year.

24 DIVIDENDS

	Group and Company	
	2006 HK\$'000	2005 HK\$'000
a) Dividends paid		
December 31, 2004 final dividend of HK\$0.025 per share	–	18,063
December 31, 2005 interim dividend of HK\$0.02 per share	–	14,450
December 31, 2005 final dividend of HK\$0.03 per share	21,675	–
December 31, 2006 interim dividend of HK\$0.025 per share	18,063	–
	39,738	32,513
b) Proposed dividend		
Final dividend of HK\$0.04 (2005: HK\$0.03) per share	28,900	21,675

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

25 SEGMENT INFORMATION

The Group's revenue and profit before tax are substantially derived from sales in Hong Kong/the PRC, of which 90% (2005: 87%) are to related companies within the ultimate holding company's group of companies. The Group is principally engaged in the manufacture and sale of copper foil and most of the assets, liabilities and capital expenditure of the Group are employed in the PRC.

Hence, no geographical and business segment information are as presented in these financial statements.

26 CONTINGENT LIABILITIES

	Group		Company	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Guarantees (unsecured) given to banks in respect of bank facilities utilised by the subsidiaries	–	–	1,962,340	919,251

The maximum estimated amount to which the Group and the Company could become liable is as shown above.

At the balance sheet date, the fair value of the financial guarantees given to banks in respect of bank facilities utilised by the subsidiaries at date of inception is immaterial.

27 COMMITMENTS

	Group		Company	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Capital expenditure				
Capital expenditure contracted but not provided for in the financial statements in respect of acquisition of property, plant and equipment	19,408	27,836	–	–

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

28 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2006 HK\$'000	2005 HK\$'000
Minimum lease payments under operating leases recognised as an expense in the year	80	68

As at the balance sheet date, the Group has outstanding commitments under non-cancellable operating leases, which will fall due as follows:

	Group	
	2006 HK\$'000	2005 HK\$'000
Within one year	78	73
After one year but not later than five years	78	–
	156	73

Operating lease payments represent rentals payable by the Group for certain of its factory premises. Leases are negotiated for 2 years and rentals are fixed for two years.

STATEMENT OF DIRECTORS

In the opinion of the Directors of the Company, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 24 to 51 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2006, of the results, equity changes and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE BOARD

Cheung Kwok Wing

Chairman

Chan Wing Kwan

Managing Director

February 27, 2007

SHAREHOLDINGS

SHAREHOLDERS AS AT MARCH 15, 2007

SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	No. of Percentage	Shares Held	Percentage
1 – 999	5	0.05%	963	0.00%
1,000 – 10,000	8,772	83.37%	33,320,306	4.61%
10,001 – 1,000,000	1,726	16.40%	78,805,000	10.91%
1,000,001 and above	19	0.18%	610,373,731	84.48%
	10,522	100%	722,500,000	100%

Authorised share capital	: US\$200,000,000
Issued share capital	: US\$72,250,000
Number of shares	: 722,500,000
Class of shares	: ordinary shares of US\$0.10
Voting rights	: one vote per share

Based on information available to the Company as at 15 March 2007, approximately 37.85% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

TOP TWENTY SHAREHOLDERS AS AT 15 MARCH 2007

S/No.	Name	No. of Shares	Percentage
1	EXCEL FIRST INVESTMENTS LIMITED	449,002,000	62.15%
2	DBS NOMINEES PTE LTD	67,876,000	9.39%
3	HSBC (SINGAPORE) NOMINEES PTE LTD	24,349,000	3.37%
4	CITIBANK NOMINEES SINGAPORE PTE LTD	14,942,000	2.07%
5	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	13,279,000	1.84%
6	RAFFLES NOMINEES PTE LTD	12,535,000	1.73%
7	PHILLIP SECURITIES PTE LTD	5,651,731	0.78%
8	UOB KAY HIAN PTE LTD	3,824,000	0.53%
9	KIM ENG SECURITIES PTE. LTD.	3,081,000	0.43%
10	CIMB-GK SECURITIES PTE. LTD.	2,556,000	0.35%
11	OCBC SECURITIES PRIVATE LTD	2,247,000	0.31%
12	G K GOH STRATEGIC HOLDINGS PTE LTD	2,000,000	0.28%
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,597,000	0.22%
14	LEE MIING SAN	1,400,000	0.19%
15	MCCALLUM JOHN CHARLES	1,371,000	0.19%
16	CITIBANK CONSUMER NOMINEES PTE LTD	1,281,000	0.18%
17	HO SEONG PENG	1,250,000	0.17%
18	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,094,000	0.15%
19	MERRILL LYNCH (SINGAPORE) PTE LTD	1,038,000	0.14%
20	ALPHA SECURITIES PTE LTD	1,000,000	0.14%
		611,373,731	84.61%

SHAREHOLDINGS

SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders

	Name of Shareholders	No of Shares	
		Direct Interest	Deemed Interest
1	Excel First Investments Limited	449,002,000	
2	Kingboard Laminates Holdings Limited		449,002,000
3	Jamplan (BVI) Limited		449,002,000
4	Kingboard Chemical Holdings Limited		449,002,000
5	Hallgain Management Limited		449,002,000
6	Cheung Kwok Wing		449,002,000

Mr Cheung Kwok Wing has approximately 22% shareholding interest in Hallgain Management Limited ("HML"). In turn, HML has approximately 30% shareholding interest in Kingboard Chemical Holdings Limited ("KCHL"), which wholly owns Jamplan (BVI) Limited ("Jamplan").

Jamplan, in turn, has approximately 72.5% shareholding interest in Kingboard Laminates Holdings Limited ("KLHL") which holds 100% shareholding interest in Excel First Investments Limited ("Excel First")

Accordingly, KLHL, Jamplan, KCHL, HML and Mr Cheung Kwok Wing are deemed to have an interest in the 449,002,000 shares held by Excel First pursuant to Section 7 of the Companies Act (Chapter 50) of Singapore.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **KINGBOARD COPPER FOIL HOLDINGS LIMITED** will be held at 5th Floor, Block J, Valiant Industrial Centre, 2-12 Au Pui Wan Street, Fo Tan, Shatin, Hong Kong on Thursday, April 26, 2007 at 9.30 a.m. to transact the following business:-

As Ordinary Business

- | | | |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 1. | To consider and adopt the Directors' Report and Financial Statements for the year ended December 31, 2006 together with the Auditors' Report thereon. | Resolution 1 |
| 2. | To declare a Final Gross Dividend of HK4.0 cents per share in cash for the year ended December 31, 2006. | Resolution 2 |
| 3. | To approve the payment of Directors' Fees of HK\$197,200/-for the year ended December 31, 2006. (2005: HK\$188,000/-) | Resolution 3 |
| 4. | To re-elect Mr Lam Ka Po, the Director retiring pursuant to Bye-law 85(2) of the Company's Bye-laws. | Resolution 4 |
| 5. | To re-elect Mr Cheung Kwok Ping, the Director retiring pursuant to Bye-law 86(1) of the Company's Bye-laws. | Resolution 5 |
| 6. | To re-elect Mr Ong Tiong Wee, the Director retiring pursuant to Bye-law 86(1) of the Company's Bye-laws. [see note 3] | Resolution 6 |
| 7. | To re-appoint Messrs Deloitte & Touche as Auditors and to authorize the Directors to fix their remuneration. | Resolution 7 |

As Special Business

To consider and, if thought fit, to pass the following Resolution No. 8 as Ordinary Resolution with or without modifications: –

- | | | |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 8. | <p>THAT authority be and is hereby given to the Directors to issue shares in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution shall not exceed fifty per cent (50%) of the issued share capital of the Company at the time of passing of this resolution, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per cent (20%) of the issued share capital of the Company; and unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.</p> <p><i>[see statement under the heading Resolution 8]</i></p> | Resolution 8 |
| 9. | To transact any other business. | |

BY ORDER OF THE BOARD
JULIANA LOH JOO HUI
 Company Secretary

Singapore, April 10, 2007

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. With the exception of The Central Depository (Pte) Limited who may appoint more than two proxies, a member who holds two or more shares and entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead. The instrument appointing a proxy must be deposited at the office of the Share Transfer Agent of the Company in Singapore, at **6 Shenton Way #28-09 DBS Building Tower Two, Singapore 068809**, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting. A proxy need not also be a member.
2. **Persons holding shares in the capital of the Company through The Central Depository (Pte) Limited are reminded that the Proxy Forms appointing themselves as proxies must similarly be deposited not less than 48 hours before the time of the meeting in order for such persons to be able to attend and/or vote at such meeting.**
3. Mr Ong Tiong Wee will, upon re-election, continue to serve as member of the Audit, Remuneration and Nominating Committees of the Company. Mr Ong Tiong Wee is a Non-Executive Director of the Company and is considered independent by the Board of Directors of the Company.

STATEMENTS PURSUANT TO BYE-LAW 58(2) OF THE COMPANY'S BYE-LAWS

Resolution 8

The proposed ordinary Resolution no. 8, if passed, will empower the Directors of the Company to issue new shares in the capital of the Company, subject to the limits and in the manner as described therein. This authority shall, unless revoked or varied at a general meeting, expire at the conclusion of the next general meeting of the Company or the date by which the next annual general meeting of the Company is required by law or by the Bye-laws of the Company to be held, whichever is earlier.

The percentage of issued share capital is based on the Company's issued capital at the time of passing of the resolution approving the mandate after adjusting for (a) new shares arising from the conversion or exercise of convertible securities, (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of the resolution approving the mandate, and (c) any subsequent consolidation or subdivision of shares.