



主席報告

CHAIRMAN'S STATEMENT

憑藉於業內之領導地位及於中國市場之累積經驗，本公司已榮獲福布斯亞洲評選為二百間年度收入在10億美元內及五年資金回報率最少達5%之亞洲最佳上市企業之一。

Leveraging on the leading position in the industry and experiences accumulated in the PRC, the Company was honoured to be recognised by Forbes Asia featuring one of the 200 Asia's best listed enterprises with revenue under US\$1 billion a year and five-year returns on capital of at least 5%.



本人謹代表僑威集團有限公司(「本公司」)連同其附屬公司(「本集團」)之董事會(「董事會」)欣然公佈本集團截至二零零六年十二月三十一日止年度之經營業績及呈上有關年度之年報。

理想之經營業績

本集團於二零零六年繼續錄得理想業績，是自二零零四年起連續第三年錄得營業額及股權持有人應佔溢利均達至雙位數字之增長。此項強勁數據顯示本集團自二十五年前成立後已踏入快速增長之階段。營業總額錄得1,651,880,000港元，較二零零五年之1,381,172,000港元增加19.6%。股權持有人應佔溢利由二零零五年之47,838,000港元增加30.1%至二零零六年之62,258,000港元。由於本集團新落成位於安徽省之合營公司為本集團所帶來之貢獻將不斷增加，本集團預期於未來數年將可繼續快速增長，而本集團管理層對本集團之前景亦感到樂觀。

On behalf of the Board of Directors (the "Directors") of Kith Holdings Limited (the "Company"), together with its subsidiaries (the "Group"), I am pleased to announce the operational results of the Group and to present the annual report for the year ended 31st December, 2006.

SATISFACTORY OPERATIONAL RESULTS

Satisfactory results continue in 2006 and this is the third consecutive year since 2004 that the Group has achieved a double-digit growth in both turnover and in profit attributable to equity holders. This is a strong sign indicating that the Group is entering into its fast growing stage after its establishment in 25 years ago. Total turnover amounted to HK\$1,651,880,000, representing an increase of 19.6% as compared to that of HK\$1,381,172,000 in 2005. Profit attributable to equity holders increased by 30.1% from HK\$47,838,000 in 2005 to HK\$62,258,000 in 2006. With the increasing contribution from the Group's newest joint venture in Anhui Province, the Group expects continuous rapid growth in the coming years and the Group's management is optimistic about the prospects of the Group.



股息

本公司恪守穩定之股息政策。本公司已於二零零六年十月派付截至二零零六年六月三十日止六個月之中期股息每股2港仙。董事會建議派付二零零六年末期股息每股10港仙（全年股息總額為12港仙），較二零零五年增加33.3%，而派息率維持約51.6%的相若水平。

業務回顧

包裝印刷部門

包裝印刷業務於本年度之營業額為425,862,000港元，較二零零五年增加21.6%。儘管原材料及勞工成本上漲，以及市場價格競爭加劇，本集團仍能透過有效之成本計劃及控制，加上已改善之生產效率，令毛利率保持與二零零五年相若利率，約31.1%。

DIVIDENDS

The Company keeps a consistent dividend policy. An interim dividend of HK2 cents per share has been paid for the six months ended 30th June, 2006 in October 2006. The Directors recommend the payment of a final dividend of HK10 cents per share for the year 2006, making up a total of HK12 cents for the whole year, which represents an increase of 33.3% in comparison with that of 2005 and maintains a similar dividend payout ratio of approximately 51.6%.

BUSINESS REVIEW

Package Printing Division

Turnover from the package printing business for the year amounted to HK\$425,862,000, representing an increase of 21.6% as compared to that of 2005. Despite of the increase of raw materials and labour costs and keen price competition in the market, the Group could still secure a gross profit margin of about 31.1%, similar to that of 2005, through its effective cost planning and controls as well as the improved production efficiency.



卷煙包裝印刷仍為包裝印刷部門之核心產品，佔該部門營業總額之92.7%。年內中國之煙草業繼續整固，惟步伐於二零零六年下半年開始放緩。煙草業快速之行業整固加快同地區或跨地區之優質煙草製造商合併成為巨型煙草工業企業。因此，年內之中國煙草製造商數目大幅減少，令卷煙包裝印刷公司之競爭增加。然而，由於本集團各合營企業之策略性夥伴為地方政府及／或主要買家，加上與客戶所建立之長遠關係及先進之防偽技術及設計，本集團於年內仍可成功取得更多銷售訂單及達至業務增長。

儘管中國政府於年內實施多項宏觀調控措施壓抑中國之經濟發展過熱，惟中國國內生產總值於二零零六年仍能保持10.7%之增長率。中國人民之消費力仍然強勁，而對較佳設計及包裝之優質消費產品需求不斷增加。展望於二零零八年在北京舉辦之

Tobacco package printing was still the core product line of the package printing division, which accounted for 92.7% of the total turnover of the division. The consolidation of the tobacco industry in the PRC continued even though its pace was slow down in the second half of 2006. The rapid consolidation of the tobacco industry accelerated well established tobacco manufacturers in the same region or cross regions merging together to form giant tobacco industrial enterprises. As a result, the number of tobacco manufacturers in the PRC dropped significantly during the year which made keen competitions among tobacco package printing companies. However, with the local government and/or major buyers participating as strategic partners in each of its joint ventures, long-term relationship with customers, and its leading technology in anti-counterfeit and design, the Group had been able to secure its sale orders and achieve growth for the year.

Although the PRC government implemented various austerity measures to suppress the overheating economy in the PRC during the year, the gross domestic product of the PRC still continued to grow at a rate of 10.7% in 2006. Consumption power of people in the PRC remained strong and demands for premium quality consumer products with better designs and packaging



奧運，管理層深信優質包裝印刷之需求將迅速增加，而本集團將透過與中國潛在夥伴成立新合營公司而維持增長勢頭，以掌握快速發展市場所帶來之機會。

位於安徽省滁州市之新廠房

本集團於滁州市成立之合營公司安徽僑豐包裝印刷有限公司（「安徽僑豐」）於二零零六年中旬投入生產，儘管合營公司仍處於發展階段，其於本年度下半年已為本集團帶來營業額及溢利。合營公司已於二零零七年初完成安裝及測試廠房之所有新訂機器及設備。廠房現時生產線之產能約達300,000個大箱卷煙包裝產品，接近第一期發展計劃產能之四分之三。生產規模相若之第二期發展將於二零零八年展開，預期將於二零一零年完成，此乃本集團未來年度之主要增長動力。

was increasing. Looking forward to the 2008 Olympic Game in Beijing ahead, the management is confident that the demand for high quality package printing will grow rapidly and the Group will maintain its growth momentum through setting up new joint ventures with potential partners in the PRC for capturing the opportunity in this fast growing market.

New Plant in Chuzhou City, Anhui Province

The Group's joint venture in Chuzhou City, Anhui Qiaofeng Package Printing Co., Ltd. ("Anhui Qiaofeng") commenced production in mid 2006 and started to contribute to the Group's turnover and profit in the second half of the year even though it was still in its development stage. Installation and testing of all newly ordered machineries and equipment for the plant were completed in early 2007. The plant is now equipped with production lines' capacity of approximately 300,000 master cartons of tobacco packaging products, almost 3/4 of its planned capacity for the phase I development. Phase II development of a similar production scale will be started in 2008 and is expected to be completed by 2010. It will be the main growth driver of the Group in the years to come.



新研究及開發中心（「研發中心」）

位於雲南省昆明市之新研發中心於二零零六年初開始為本集團提供服務，此中心不僅有助本集團鞏固於昆明市之競爭力，尤其是於該地區之藥品行業，亦成為本集團研發隊伍之基地，以開發新設計、技術及物料應用，並與本集團其他成員公司共享技術知識。此舉亦將有助提升本集團之防偽技術以創造更能配合客戶需求之高增值產品。

分銷及投資業務

年內，分銷及投資業務之營業額達1,226,018,000港元，較二零零五年增加18.9%，主要由於船舶用燃油於年內之售價持續高企。

本集團已就電子及電腦零件分銷業務開發新模式，並非單純追求銷量，著眼於為本集團帶來較高利潤率及貢獻。此模式有助更佳善用本集團資源及為股東帶來更高回報。

New Research and Development Centre (the "R&D Centre")

The new R&D Centre in Kunming City, Yunnan Province started providing services to the Group in early 2006. It not only helps the Group to strengthen its competitiveness in Kunming City, especially in the pharmaceutical industry of the region, but also acts as a base for the Group's research team to develop new designs and techniques, to make material application and to share know-how with other members of the Group. It can also advance the Group's anti-counterfeit techniques with the prime objective of creating high value-added products to better suit the customers' needs.

Distribution and Investment Businesses

Turnover from the distribution and investment businesses during the year amounted to HK\$1,226,018,000, representing an increase of 18.9% over that of 2005. The increase was mainly attributable to the high selling price of marine fuel oil throughout the year.

The Group developed a new model for its electronic and computer components distribution business by pursuing higher profit margin and contribution to the Group rather than just simply achieving volume. This can better utilise the Group's resources and bring a higher return to its shareholders.



鑑於全球化發展，買家現可更容易直接與製造商接觸及買賣，以省卻中間人所收取之絕大部份利潤。未能提供增值服務之簡單買賣活動已不合時宜，亦只有些微利潤空間。為善用本集團分銷業務於過往在電子行業所建立為買家及供應商提供服務之網絡，本集團由二零零六年第四季開始嘗試為其客戶提供供應鏈管理服務，包括但不限於採購、生產、物料計劃及控制、品質控制及物流服務等。本集團之目標為客戶提供一站式解決方案，以滿足彼等於供應鏈所需之服務。最終，客戶僅需提供基本設計或產品意念，而本集團將可安排迅速交付具價格競爭力之製成品。初步測試階段已取得滿意及鼓舞成績。

Due to globalisation, buyers can now easily contact and deal with manufacturers directly and as such it eliminates almost all profit margins for middlemen. Simple trading activities without any value-added services become rare and profit margins of such activities are reducing down to minimal. Making use of the Group's well-established networks in electronics industry via its distribution business in the past for both buyers and suppliers, the Group has tried to provide supply chain management services for its customers from the last quarter of 2006, which included but not limited to procurement, production, materials planning and controls, quality controls, logistic services, etc. The aim of which is to provide a one-stop solution to the Group's customers to meet whatever services they need in the supply chain. To the extreme, customers can solely provide their basic designs or even ideas of their products and the Group will arrange for the prompt delivery of their final products with competitive prices. The initial trial was proved to be satisfactory and encouraging.



為更妥善地運用國內更成熟之合營公司的財務資源及管理技巧，管理層正考慮藉著合營公司參與新投資業務，為本集團於中國之各項投資締造協同效益。

人力資源發展

於二零零六年十二月三十一日，隨著安徽省及昆明市之業務投入服務，本集團之僱員數目增加至約1,000名，較二零零五年增加約25%，大部份僱員乃由本集團設於中國之生產廠房所聘用。

本集團不斷為僱員提供培訓，以更新彼等對包裝印刷最新技術之知識及維持本集團於最先進包裝印刷及設計技術方面之競爭優勢。本集團已採用具系統之方法評估員工表現，以確保每位僱員獲得公平及可予評定之獎勵。

To better utilise the financial resources and management skills of more well-established joint venture in the PRC, the management is considering new investments with its participation so as to create synergy effects among the Group's various investments in the PRC.

Human Resources Development

As at 31st December, 2006, with the commencement of operations in Anhui Province and in Kunming City, the number of employees of the Group increased to approximately 1,000, an increase of approximately 25% as compared to that of 2005, of which most of them were working for the Group's production plants in the PRC.

The Group has been offering continuous training to employees to update their knowledge on the latest technology on package printing and to maintain the Group's competitive edges in most advanced package printing technology and design techniques. The Group adopts a systematic approach on staff performance appraisal to ensure that every employee is rewarded on a fairly and assessable basis.



未來展望

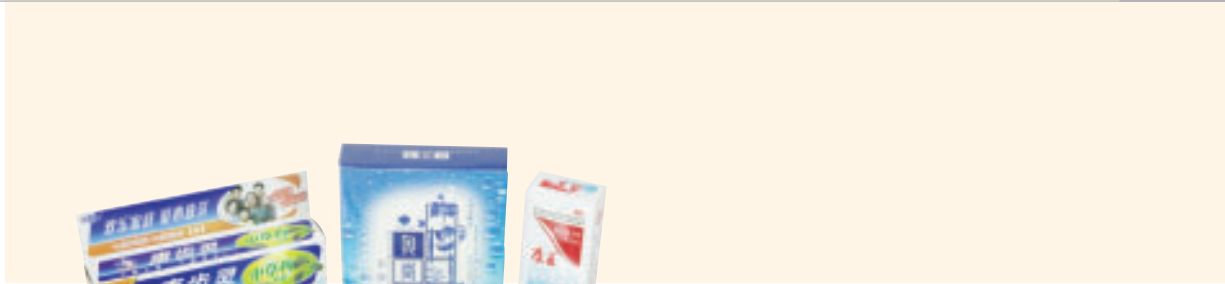
面對中國煙草業快速轉變之經營環境不斷增加之挑戰，本集團將繼續採取積極主導之方式，透過地方政府之共同努力，事前與客戶就增值特點及要求進行商討，取得銷售訂單及增加市場份額，本集團於本年度能夠維持增長實有賴此方法。

另一方面，中國經濟之增長動力依然強勁，而優質消費產品之需求不斷增加，管理層因此對中國優質包裝印刷業務市場感到樂觀。憑藉本集團於過去在卷煙包裝印刷所累積之經驗所發展之尖端防偽技術及設計，本集團深信定可於其他快速發展之高檔消費產品之包裝印刷建立領導地位。因此，本集團正尋求機會將包裝印刷發展至其他行業，例如藥品行業。為了保持本集團長遠之穩健發展，管理層將繼續透過於中國不同地域之地方政府及／或於不同市場分部與具有強勁銷售網絡之潛在業務夥伴合作成立新合營公司以達致擴展目標。

FUTURE PROSPECTS

Facing the increasing challenges from rapidly changing business environment of the tobacco industry in the PRC, the Group will continuously adopt its proactive approach with the local government concerted efforts in securing sales orders and gaining market share by taking initiatives to discuss with customers for value added features and requirements in advance. This has been proved to be successful in maintaining the growth of the Group for the year.

On the other hand, the growth momentum of the PRC economy will remain strong and the demands for premium consumer products continue to increase, the management is therefore optimistic about the market for high quality package printing business in the PRC. With its cutting edge anti-counterfeit techniques and designs developed from years of experience in tobacco package printing, the Group is confident establishing leading positions in package printing for other fast growing premium consumer products. As a result, the Group is seeking opportunities to diversify in package printing for other industries like pharmaceutical industry. To sustain a healthy growth of the Group in the long run, the management will adhere to the policy of expansion through setting up new joint ventures with potential business partners with strong sales network and/or with local governments in different geographical areas of the PRC or in different market segments.



除中國內地市場外，本集團亦著眼於海外市場。透過先進之通訊科技，本集團已解決過往影響本集團進軍海外市場之障礙。管理層相信，為求與國際標準看齊，本集團將提升生產及設計之整體水平，加強本集團之形象及提升產品於國內市場及海外市場之競爭力。

本集團將繼續物色其他業務商機作進一步發展及業務多元化，包括增加包裝印刷部門之產品組合及地域覆蓋範圍；透過於中國與潛在客戶及／或地方政府合作成立新合營公司進行業務擴展；就電子業務發展分銷模式，以取得更佳回報；以及優化本集團之財務資源運用以為股東帶來更佳回報。本集團亦將考慮多種合併與收購之可行性以多元化發展業務範疇。

Other than domestic market in the PRC, the Group is also targeting at overseas markets. With the advancements in communication technology, a lot of barriers in the past have been overcome that allow the Group to enter into overseas markets. The management believes that, by benchmarking to the international standards, it will raise the Group's overall standards in production and design, enhance the Group's image and make its products more competitive in both domestic market and overseas markets.

The Group will continue to seek for other business opportunities for further development and diversification. Those includes extending its product portfolio and geographical coverage for the package printing division, expanding through setting up new joint ventures with potential customers and/or local governments in the PRC, developing distribution model for electronics business to better improve its returns, and better utilisation of the Group's financial resources to generate higher returns to shareholders. The Group will also consider various merger and acquisition possibilities to diversify its business scopes.



致謝

本人謹代表本集團感謝其管理層隊伍、僱員及業務夥伴一直以來對本集團之熱誠及承諾。儘管於過往一年面對種種挑戰，本集團仍能成功建立穩固基礎，為未來業務發展再度衝刺。最後，本人謹此對財務機構、股東及投資者對本集團不斷支持及信任致以衷心謝意。

許經振
主席

香港，二零零七年四月十八日

APPRECIATION

On behalf of the Group, I wish to express my sincere thanks to our management team, our employees and business partners for their continued dedication and commitment to the Group. Despite the challenges of the past year, we could still successfully lay the foundation for renewed growth in the years ahead. Finally, I would like to express my gratitude to our financial institutions, shareholders and investors for their continued support and trust towards the Group.

Hui King Chun, Andrew
Chairman

Hong Kong, 18th April, 2007