

KB 建滔化工集團

KINGBOARD CHEMICAL HOLDINGS LIMITED

Stock Code 股份代號：148



Annual Report
2007 年報

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Corporate Information

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Cheung Kwok Wing (*Chairman*)
Mr. Chan Wing Kwan (*Managing Director*)
Mr. Cheung Kwong Kwan
Mr. Chang Wing Yiu
Mr. Ho Yin Sang
(appointed on 11 January 2007)
Ms. Cheung Wai Lin, Stephanie
(appointed on 11 January 2007)
Mr. Mok Cham Hung, Chadwick

Independent Non-Executive Directors

Mr. Cheng Ming Fun, Paul
Mr. Cheng Wai Chee, Christopher
(appointed on 1 July 2007)
Mr. Tse Kam Hung
Mr. Henry Tan

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Lo Ka Leong

PRINCIPAL BANKERS

Bank of America, N.A.
Bank of Communications Co., Ltd., Hong Kong Branch
China Construction Bank
Citibank, N.A.
DBS Bank Ltd., Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

董事會

執行董事

張國榮先生(主席)
陳永鋹先生(董事總經理)
張廣軍先生
鄭永耀先生
何燕生先生
(於二零零七年一月十一日獲委任)
張偉連女士
(於二零零七年一月十一日獲委任)
莫湛雄先生

獨立非執行董事

鄭明訓先生
鄭維志先生
(於二零零七年七月一日獲委任)
謝錦洪先生
陳亨利先生

公司秘書及合資格會計師

羅家亮先生

主要往來銀行

美國銀行
交通銀行股份有限公司香港分行
中國建設銀行
花旗銀行
星展銀行香港分行
香港上海滙豐銀行有限公司
渣打銀行(香港)有限公司

核數師

德勤•關黃陳方會計師行
執業會計師

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KR Kingboard

Chairman's Statement

主席報告

BUSINESS REVIEW

Having rallied as a team against a challenging business environment, I am pleased to report that Kingboard Chemical Holdings Limited (the "Group") concluded another landmark performance for the financial year ended 31 December 2007 with both record-breaking revenue and profit. During the year, we have further strengthened the growth platform across our core businesses and scaled up our production capabilities. Our relentless efforts resulted in encouraging payoffs. On the back of strong revenue of HK\$20.0 billion, the Group posted a new record of HK\$2,618.7 million net profit, representing an increase of 20% over 2006 (excluding one-off exceptional items* in both financial years). The strong results are a solid testament to our persistent focus on sustainable growth following the successful implementation of our business model of vertical integration and diverse revenue sources.

Leveraging on the premier position in the market place, our laminate and printed circuit board ("PCB") divisions continued to advance market share and make positive contributions to the Group. In addition, the Group's chemical division posted impressive growth of 150% in earnings contribution over 2006 after accounting for the share of profits of our Hainan methanol joint venture. This clearly demonstrates that our chemical investments have started to bring in excellent returns. We have unwavering confidence in the Group's ability to shape the future as we have all the right ingredients in place to drive long-term sustainable growth and create ever increasing value for our shareholders.

The new glass yarn plant in Qingyuan, Guangdong province further enhances our vertical integration development.
位於廣東省清遠之新玻璃紗廠，進一步提升集團之垂直整合發展。

業務回顧

本人欣然公佈，建滔化工集團(「集團」)於截至二零零七年十二月三十一日止財政年度，再次錄得破紀錄之全年業績，營業額及純利均創新高。集團能取得此豐碩成果，有賴全體員工上下共同努力，克服充滿挑戰的經營環境。集團在年內進一步強化核心業務的增長平台，提升生產能力。員工的不懈努力得到令人鼓舞的回報，集團錄得強勁的銷售額，達二百億港元。純利亦再創新高至二十六億一千八百七十萬港元，較二零零六年增加20%(不包括兩個財政年度內一次性特殊項目*)。此等亮麗業績正好印證集團銳意透過垂直整合及擴闊收入來源的經營模式去維持長期增長的核心價值之成功。

集團的覆銅面板及印刷線路板部門憑藉本身在市場上優於同儕的領導地位，繼續擴大其市場佔有率，為集團業績帶來理想貢獻。在計入所佔海南省合營公司的盈利後，集團化工部門的盈利貢獻較二零零六年大幅增長150%。此等輝煌成就反映化工項目投資開始為集團帶來豐厚的回報。管理層對集團未來發展前景充滿信心，集團現時具備充分條件，以保持長遠增長動力，及不斷為股東創造價值。



Chairman's Statement 主席報告

FINANCIAL HIGHLIGHTS	財務摘要
Revenue recorded strong growth of 19% to exceed HK\$20.0 billion	營業額錄得19%之強勁增長，突破二百億港元
Profit attributable to equity holders of the Company was up 20% to a record high of HK\$2.6 billion *	本公司權益持有人應佔溢利增長20%至二十六億港元紀錄新高*
Return on equity attributable to equity holders of the Company stayed healthy at 15.3%*	本公司權益持有人應佔權益回報率維持在15.3%的健康水平*
Proposed final dividend per share up 84% to HK70 cents	建議派發每股末期股息增加84%至七十港仙

* Excluding:

2007 - (1) gain on fair value change of conversion and redemption option derivative of HK\$182.4 million

(2) loss on disposal and deemed disposal of partial interest in an associate of HK\$23.7 million

(3) discount on acquisition of HK\$1.0 million

2006 - (1) gain on disposal and deemed disposal of interest in a subsidiary of HK\$4.8 billion

(2) discount on acquisition of HK\$49.7 million

* 不包括：

二零零七年 - (1) 可換股及贖回選擇權衍生工具之公平值變動收益一億八千二百四十萬港元

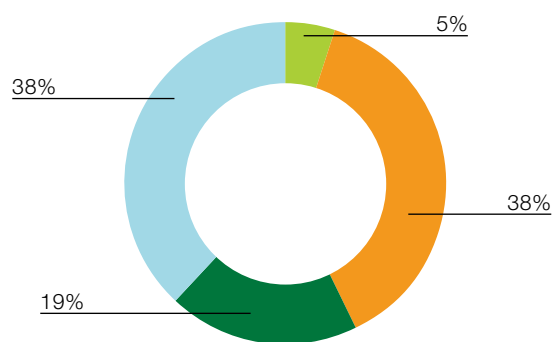
(2) 出售及視作出售一間聯營公司部分權益之虧損二千三百七十萬港元

(3) 收購折讓一百萬港元

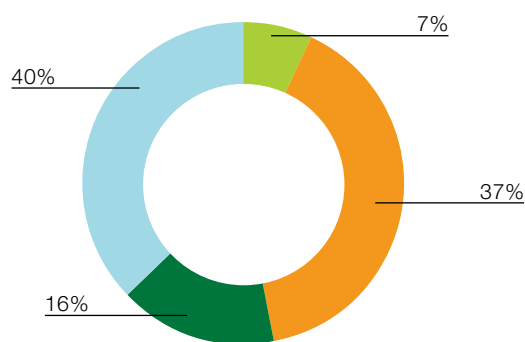
二零零六年 - (1) 出售及視作出售一間附屬公司權益之收益四十八億港元

(2) 收購折讓四千九百七十萬港元

Revenue Breakdown by Product 營業額分佈



FY 2007
二零零七年財政年度



FY 2006
二零零六年財政年度

 Laminates
覆銅面板

 Chemicals
化工產品

 Printed Circuit Boards
印刷線路板

 Others
其他

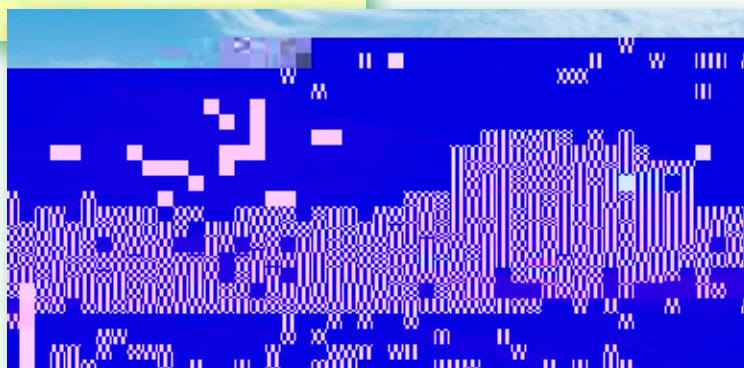
Chairman's Statement 主席報告

Performance

To capitalize on the thriving demand for our quality laminate products, the Group continued to expand the laminate division in both southern and eastern parts of China in 2007. Being the largest global laminate supplier backed by the reliable support from upstream material production capabilities, the Group was able to make further penetration into both existing and new customers. As a result, revenue (including inter-segment sales) for the laminate division recorded a 25% growth to HK\$10,276.2 million. Earnings before interest and tax ("EBIT") was up 18% to HK\$2,126.8 million over the previous year. Volume sales were up around 13% with the average monthly shipment reaching 8.3 million sq. meters. Revenue growth outpaced volume growth largely due to faster sales growth of glass epoxy laminates which commanded higher selling price than paper laminates. The capacity expansion in the new glass epoxy laminate plant in Jiangyin, Jiangsu province on top of our existing foothold at Kunshan, Jiangsu province has reinforced our presence in eastern China which accommodates an enlarging electronic industry cluster.

業務表現

為了滿足市場對集團優質覆銅面板產品之殷切需求，集團的覆銅面板部門在二零零七年繼續在華南及華東地區擴展。集團作為全球最大的覆銅面板供應商，加上擁有自行生產上游物料能力的強大支持，能進一步深化集團在現有及新客戶的認授性。故此，覆銅面板部門的營業額(包括分部間之銷售)增長25%至一百零二億七千六百二十萬港元，未扣除利息及稅項之盈利亦較上年度上升18%至二十一億二千六百八十萬港元。銷售量增長13%，每月的平均付運量達八百三十萬平方米。營業額增幅較付運量增長為高，主要由於銷售單價高於紙覆銅面板的環氧玻璃纖維覆銅面板之銷售在年度內有所增加。集團在江蘇省江陰新設的環氧玻璃纖維覆銅面板廠在年內擴充產能，再加上在江蘇省昆山原有的生產基地，進一步強化集團在華東此一電子工業樞紐中心的市場之地位。



Chairman's Statement 主席報告

With regard to PCB division, we encountered some softening demand in the computer and peripherals segment in the first half of 2007. However, the computer market rebounded sharply in the second half. Together with steadily growing automotive and consumer electronic sectors, revenue for PCB division was up 14% to HK\$7,601.2 million. However, EBIT slipped by 16% to HK\$578.6 million from the previous financial year owing to (a) high volatility in raw materials prices; (b) under performance of Kaiping plants of Elec & Eltek; and (c) soft pricing environment in the first half of the year.

印刷線路板部門方面，電腦及周邊行業需求在二零零七年上半年略為放緩。然而，隨著電腦市場於下半年出現強勁反彈，加上電子消費品及汽車行業平穩增長，印刷線路板部門的收入增加14%至七十六億零一百二十萬港元。然而，未扣除利息及稅項之盈利則為五億七千八百六十萬港元，較上一財政年度下降16%，盈利下降是由於(a)原料價格大幅波動；(b)依利安達的開平廠房在年內之表現未如理想；以及(c)產品價格上半年偏軟。



Elec & Eltek and Techwise actively participate in trade exhibitions.
依利安達及科惠積極參與展覽會。



Chairman's Statement 主席報告

Our new natural gas based methanol plant in Chongqing adds positive growth momentum to the Group.
位於重慶之天然氣甲醇廠為集團帶來另一增長動力。

The chemical division continued to reap the benefits from a series of investments made in the past few years and achieved remarkable results in 2007. Revenue soared 35% to approximately HK\$5,425.7 million and EBIT increased by 92% to HK\$658.1 million in 2007. The coke/methanol plant in Hebei province excelled in its performance with EBIT surging 102% against 2006 because the ongoing coke industry consolidation in China has created a favourable operating environment for suppliers. Meanwhile, our new natural gas based methanol plant in Chongqing which commenced production in September 2007 contributed positively to the Group after some initial teething problems. The caustic soda plant in Hengyang, Hunan province also saw substantial earnings growth as a result of robust domestic demand. The new phenol/acetone plant in Huizhou, Guangdong province which started production in December 2007 created another growth dimension to our expanding chemical division. Our joint venture with China BlueChemical Limited yielded excellent return to our investment in spite of temporary disruption of natural gas supply in late 2007.

在二零零七年，集團的化工部門繼續受惠於過去數年持續進行的投資，取得極其驕人的業績。二零零七年營業額較上年攀升35%，至五十四億二千五百七十萬港元，未扣除利息及稅項之盈利較上年增長92%，至六億五千八百一十萬港元。由於中國焦炭行業持續進行整合，為供應商提供了一個較有利的經營環境，河北省焦炭 甲醇廠因而取得驕人佳績，未扣除利息及稅項之盈利較二零零六年大幅上升92%。

Chairman's Statement 主席報告



Kingboard expands its chemical division to meet the thriving demand of chemical products in China.
建滔積極擴展化工部門以滿足中國市場對化工產品的需求。



LIQUIDITY AND CAPITAL RESOURCES

Our financial and liquidity position continued to be strong. As at 31 December 2007, net current assets and current ratio of the Group were approximately HK\$6,377.6 million (31 December 2006 – HK\$9,467.1 million) and 1.89 (31 December 2006 – 2.90) respectively.

The net working capital cycle shortened from 96 days as at 31 December 2006 to 84 days as at 31 December 2007 on the following key metrics:

- Inventories, in terms of stock turnover days, reduced to 64 days (31 December 2006 – 73 days)
- Trade receivables, in terms of debtors turnover days, improved to 90 days (31 December 2006 – 97 days)
- Trade and bills payables, in terms of creditors turnover days, decreased to 70 days (31 December 2006 – 74 days)

流動資金及財務狀況

集團的財務狀況持續保持穩健。集團於二零零七年十二月三十一日之流動資產淨值約為六十三億七千七百六十萬港元(二零零六年十二月三十一日：九十四億六千七百一十萬港元)，流動比率則為1.89(二零零六年十二月三十一日：2.90)。

淨營運資金週轉期由二零零六年十二月三十一日的九十六日縮短至二零零七年十二月三十一日的八十四日，細分如下：

- 存貨週轉期縮短至六十四日(二零零六年十二月三十一日：七十三日)
- 貿易應收款項的週轉期改善至九十日(二零零六年十二月三十一日：九十七日)
- 貿易及票據應付帳款的週轉期縮短至七十日(二零零六年十二月三十一日：七十四日)

Chairman's Statement 主席報告

In 2007, the Group invested HK\$4 billion in new production capacity and made deposits of HK\$993.2 million for properties, plant and equipment. The Group also invested HK\$1,084.5 million in investment properties so as to generate an inflow of steady and recurrent rental income. Furthermore, during the year, we paid the final and special dividend for the year ended 31 December 2006 of HK\$832.8 million in May 2007 and interim dividend for the year ended 31 December 2007 of HK\$251.4 million in September 2007 respectively. As a result, the Group's net gearing ratio (ratio of interest bearing borrowings net of cash and cash equivalents to total equity) was approximately 17%. Net gearing ratio of the retained group (excluding Kingboard Laminates Holdings Limited and Elec & Eltek International Company Limited) was approximately 7%.

The proportion of bank borrowings between short term and long term stood at 24%: 76% (31 December 2006: 24%: 76%). In December 2007, we successfully arranged a HK\$4 billion 5-year term loan of which HK\$500 million was drawn as of 31 December 2007. Together with other bank facilities around HK\$1 billion plus cash on hand of HK\$3.5 billion, the Group is in a strong financial position to invest in future earnings growth. Only 7% of the bank borrowings was denominated in Renminbi and the rest in Hong Kong or US dollars.

The Group continued to adopt a prudent financial management policy. Subsequent to the 2007 year end, we have entered interest rate swap agreements of notional amount of HK\$3.5 billion with reputable financial institutions in order to secure lower interest rates for part of our bank borrowings in the next few years. There was no material foreign exchange exposure to the Group during the year under review. The Group's revenue, mostly dominated in Hong Kong dollars, Renminbi and US dollars, was fairly matched with the currency requirement of operating expenses.

於二零零七年，集團投資了四十億港元來擴大各個核心業務之產能，並為物業、廠房及設備支付了九億九千三百二十萬港元訂金。此外，集團投資了十億八千四百五十萬港元購買投資物業，使集團有穩定和經常性的租金收入。此外，在年度內，集團於二零零七年五月派發截至二零零六年十二月三十一日止年度之末期及特別股息共八億三千二百八十萬港元，並於二零零七年九月派發截至二零零七年十二月三十一日止年度之中期股息二億五千一百四十萬港元。因此，集團之淨負債比率(扣除現金及現金等值項目後之付息借貸與資本總額比率)約為17%。保留集團(不包括建滔積層板控股有限公司及依利安達集團有限公司)之淨負債比率約為7%。

短期與長期借貸的比例維持24%: 76%(二零零六年十二月三十一日: 24%: 76%)。集團於二零零七年十二月成功簽訂一項四十億港元之五年期貸款，其中有五億港元已於年底前提取，加上其他銀行之融資額度約十億港元，以及手頭現金三十五億港元，集團具備充足的財務資源，繼續投資以維持未來之盈利增長。銀行借貸中僅7%為人民幣貸款，其餘的則為港元或美元貸款。

集團繼續採取審慎的財務政策。於二零零七年底後，集團與具良好信譽之金融機構簽訂面值為三十五億港元之利率掉期合約，藉以保證未來數年部份銀行貸款享有較低息率。在回顧年度內，集團並無面對重大的外匯風險。集團的收入主要以港元、人民幣及美元結算，與營運開支的貨幣要求比例大致相符。

Chairman's Statement 主席報告

HUMAN RESOURCES

As at 31 December 2007, the Group had a global workforce of over 47,200 (31 December 2006: 42,900). The increase in headcount was in line with our ongoing expansion plan. In addition to offering competitive salary package, the Group grants share options and discretionary bonuses to eligible employees based on our overall financial achievement and their individual performance.

人力資源

於二零零七年十二月三十一日，集團在全球合共聘用員工約47,200人(二零零六年十二月三十一日：42,900人)，員工人數增加主要為配合集團業務擴展之步伐。集團除了提供具競爭力的薪酬待遇外，亦會根據公司整體財政狀況和個別員工的表現，發放優先購股權及特別獎金予合資格員工。



The caustic soda plant in Hengyang, Hunan province provides new impetus to our chemical business.

位於湖南省衡陽的燒鹼廠為集團化工業務發展締造新動力。

PROSPECTS

2008 marks the 20th anniversary of the Group and 15th anniversary of its listing in Hong Kong. With an excellent growth track record, we are confident that the competitive advantages gained in the past will enable the Group to seize new opportunities and continue to invest for sustainable growth. Although the recent slow down in the US economy has posted a challenge to the entire manufacturing sector, we believe, in light of our financial strength and well balanced business portfolio, the Group will continue to create shareholders value and, similar to other downturns in the past, make further advancement against our competitors.

前景

二零零八年標誌著建滔化工集團成立二十週年和在香港上市十五週年。管理層相信，憑藉集團過往卓越的增長及過往累積的市場競爭優勢，可抓緊未來業務的新機遇及持續投資以維持未來之盈利增長。儘管近期美國經濟增長放緩為整個製造行業帶來挑戰，但管理層相信，像過往出現行業的低潮時期一樣，集團憑藉強勁的財務狀況及均衡的業務組合，仍將繼續為股東創造價值及進一步超越競爭對手。

Chairman's Statement 主席報告

Demand for laminates at the start of 2008 experienced brief softness due to seasonal effect of Chinese Lunar New Year. The power shortage and logistic bottleneck caused by the snowstorm in eastern and southern China provinces had caused temporary disruption to certain production facilities located in the north of Guangdong province for about one week. The affected operations have since then resumed full production. In view of fast growing PCB demand in emerging markets including China, we will continue capacity expansion at our laminate plants in Fogang, Guangdong province and Jiangyin, Jiangsu province to bring total laminate monthly production capacity to 11.3 million sq. meters, up 9.3% by the end of 2008. To capitalize on our broad customer base with diverse product requirements, the Group is continuously developing high end laminate products including thin and high performance laminates.

受農曆新年的季節性影響，二零零八年初的覆銅面板需求略為放緩。內地華東及華南地區的雪災造成了電力供應短缺和物流瓶頸阻礙，導致集團於粵北地區部分廠房運作短暫停頓約一星期，但受影響的生產設施已迅速恢復正常運作。鑑於新興市場包括中國對覆銅面板需求增長迅速，集團在廣東省佛岡及江蘇省江陰的廠房將繼續擴產產能，至二零零八年年底，覆銅面板之每月總產能



Chairman's Statement 主席報告

For the PCB division, the Group, similar to the laminate division, began the year with softening orders. Nevertheless, the rationalization efforts undertaken last year by Elec & Eltek which accounted for about 57% of total PCB division's turnover have laid down a concrete foundation for performance improvement. Moreover, our major expansion focus in the current year will be two high density interconnect ("HDI") PCB plants currently under construction in Kaiping, Guangdong province and Kunshan, Jiangsu province. Both plants are expected to be fully operational by year end of 2008. These new production facilities will address our untapped segments and hence add new momentum to the growth for the PCB division in due course.

Chemical division continues to be the strongest growth driver for the Group in coming years. The methanol demand in China is expected to grow robustly in the near future as the central government is interested in clean and alternative fuel to reduce pollution and reliance on crude oil import. The Group gains valuable know-how and experience from our successful coke/methanol project in Hebei. We will complete three more coal based methanol projects with total new monthly capacity of 34,800 tonnes during 2008, namely, phase two of the coke/methanol plant in Hebei province and the two joint venture coke gas based methanol projects in Shanxi province. Furthermore, in the first half of 2008, phase three of the caustic soda plant in Hengyang, Hunan province will commence operation, providing 8,300 tonnes new monthly capacity each of caustic soda and polyvinylchloride ("PVC").

Pursuant to a sale and purchase agreement dated 1 February 2008, the Group sold its entire holding of 740,518,325 shares in G-Prop (Holdings) Limited ("G-Prop"), a company listed on the main board of the Stock Exchange, to Mass Rise Limited, an indirect wholly-owned subsidiary of Chinese Estates Holdings Limited at a consideration of HK\$120,777,000. As a result, the Group no longer holds any shares in G-Prop.

印刷線路板部門方面，與覆銅面板部門情況相若，於今年初的訂單需求略為放緩。儘管如此，佔集團印刷線路板總銷售57%的依利安達於去年進行優化整合，為改進業務表現打下穩固的基礎。此外，部門今年主要業務擴展重點為位於廣東省開平及江蘇省昆山正在興建的兩家高密度互連印刷線路板廠。預計兩家新廠在今年年底全面投產。屆時新的生產設施可鎖定尚待開發的新市場，並為未來數年的收入及盈利增長注入新動力。

化工部門依然是集團未來最強勁的增長動力。中國對甲醇的需求未來數年將穩步上升，主要由於中央政府有意發展潔淨及可替代能源，以減少對環境的污染及降低對進口原油的依賴。管理層從成功開展的河北省焦炭 甲醇廠項目中獲取寶貴的生產技術及營運經驗。部門將於二零零八年完成興建三個以煤炭為基礎的甲醇項目，即河北省焦炭 甲醇廠第二期，以及在山西省的兩個以焦炭尾氣為原料的甲醇合營項目，將額外增加甲醇每月產能共三萬四千八百噸。此外，湖南省衡陽燒碱廠的第三期預計於二零零八年上半年開始投產，將額外提供燒碱及聚氯乙烯(PVC)每月新產能各八千三百噸。

根據集團於二零零八年二月一日與華人置業集團的間接全資附屬公司 - 巨昇有限公司所簽訂的買賣合同，集團以總代價120,777,000港元將集團所持有金匡企業有限公司(「金匡企業」，一間於聯交所主板上市的公司)的740,518,325股股份全數賣給巨昇有限公司。交易完成後，集團再沒有持有任何金匡企業的股份。

Chairman's Statement 主席報告

APPRECIATION

Finally, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our shareholders, customers, banks, the management and employees for their unreserved support to the Group in the past year.

CHEUNG Kwok Wing

Chairman

Hong Kong, 17 March 2008

致謝

最後，本人謹代表董事會藉此機會向各位股東、客戶、銀行、管理人員及員工過去一年對本集團毫無保留的支持致以衷心感謝。

主席

張國榮

香港，二零零八年三月十七日



Directors' and Senior Management's Biographies

董事及高級管理人員之資歷

EXECUTIVE DIRECTORS

Mr. CHEUNG Kwok Wing, aged 52, is the chairman and a co-founder of the Group, the chairman of Kingboard Copper Foil Holdings Limited ("KCFH") as well as Elec & Eltek International Company Limited ("EEIC"), both of which are subsidiaries of the Company listed on the Singapore Exchange Securities Trading Limited ("SGX"). Mr. Cheung is the brother of Ms. Cheung Wai Lin, Stephanie, the cousin of Mr. Cheung Kwong Kwan and the brother-in-law of Mr. Chang Wing Yiu and Mr. Ho Yin Sang. Mr. Cheung had over 13 years' experience in the sales and distribution of electronic components including laminates prior to the establishment of the Group. Mr. Cheung is responsible for the overall strategic planning of the Group and sets the general direction and goals for the Group. Mr. Cheung won the Young Industrialist Award of Hong Kong 1993, which was organized by the Federation of Hong Kong Industries and was described as "far-sighted, enterprising, and having insight in the business". Mr.

Directors' and Senior Management's Biographies 董事及高級管理人員之資歷

Mr. MOK Cham Hung, Chadwick, aged 43, joined the Group in 2000 and is responsible for the Group's financial management. Prior to this he worked in the financial services industry for over 11 years. Mr. Mok is an associate member of the Institute of Chartered Accountants in England & Wales and a fellow member of Hong Kong Institute of Certified Public Accountants. He holds an MA in Electrical and Information Engineering from the University of Cambridge and an MBA with distinction from Imperial College, the University of London. He is also an executive director of EEIC and responsible for the strategic planning of EEIC.

Mr. HO Yin Sang, aged 53, is the brother-in-law of Mr. Cheung Kwok Wing and Ms. Cheung Wai Lin, Stephanie. He joined the Group in 1989 and is responsible for the Group's chemical business operations in Hebei and Shanxi province. He is also a non-executive director of KCFH.

Ms. CHEUNG Wai Lin, Stephanie, aged 37, is the sister of Mr. Cheung Kwok Wing. She joined the Group in 2002 and is responsible for the Group's logistic, procurement and purchasing function. Prior to joining the Group, she worked as an administration assistant manager in a listed company for about 5 years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHENG Ming Fun, Paul, aged 71, was appointed an independent non-executive Director of the company in 2003. He was formerly a member of the Hong Kong Legislative Council and Chairman of the Link Management Ltd., Inchcape Pacific Ltd., N M Rothschild & Sons (Hong Kong) Ltd., the Hong Kong General Chamber of Commerce and the American Chamber of Commerce in Hong Kong. He currently serves as an independent non-executive director for several listed companies including Esprit Holdings Ltd. and is an honorary steward of the Hong Kong Jockey Club as well as an adjunct professor at the Hong Kong University of Science & Technology.

莫湛雄先生，43歲，於二零零零年加盟本集團，負責本集團之財務管理。於加盟本集團前，莫先生於金融服務業工作逾11年。莫先生為英格蘭及威爾斯特許會計師公會會員和香港會計師公會資深會員。彼持有劍橋大學頒授之電子及資訊工程碩士學位，並以優異成績獲倫敦大學帝國學院頒授之工商管理碩士學位。彼亦為EEIC之執行董事，負責EEIC之策略規劃工作。

何燕生先生，53歲，為張國榮先生之妹夫及張偉連女士之姐夫，自一九八九年起加盟於本集團，現時負責本集團於河北省及山西省之化工業務營運。彼亦為KCFH之非執行董事。

張偉連女士，37歲，為張國榮先生之胞妹，於二零零二年加盟本集團，現時負責本集團之物流、採購及購買工作。於加盟本集團前，彼於一家上市公司任職助理行政經理約五年。

獨立非執行董事

鄭明訓先生，71歲，於二零零三年獲委任為獨立非執行董事。彼曾擔任香港立法會議員及領匯管理有限公司、英之傑太平洋有限公司、洛希爾父子(香港)有限公司、香港總商會和香港美國商會之主席。彼現為數間上市公司，包括思捷環球控股有限公司之獨立非執行董事，香港賽馬會名譽董事及香港科技大學兼任教授。

Directors' and Senior Management's Biographies 董事及高級管理人員之資歷

Mr. CHENG Wai Chee, Christopher, aged 59, was appointed as an independent non-executive Director in 2007. He holds directorships in various listed companies in the last three years. He is currently the chairman of two listed companies in Hong Kong, namely USI Holdings Limited and Winsor Properties Holdings Limited, and also an independent non-executive director of a number of listed companies in Hong Kong, including New World China Land Limited, NWS Holdings Limited and PICC Property and Casualty Company Limited. Mr. Cheng is also an independent director of DBS Group Holdings Limited which is listed in Singapore. Mr. Cheng was appointed a Justice of the Peace in 1985, and awarded an OBE and a Gold Bauhinia Star in 1992 and 2004 respectively. He is a member of the Exchange Fund Advisory Committee of the HKSAR Government, a Steward of the Hong Kong Jockey Club and a member of the Council of the University of Hong Kong. He is also an independent director of Temasek Foundation CLG Limited and a non-executive director of the Securities and Futures Commission.

Mr. TSE Kam Hung, aged 55, has over 30 years of experience in the field of electronic industry. He was appointed as an independent non-executive director of the Company in 2004.

Mr. Henry TAN, aged 54, is the chief executive officer of Luen Thai Holdings Limited, a company listed on the Stock Exchange. Mr. Tan has over 23 years of experience in apparel and logistics industries. Mr. Tan is an active leader and contributor to charity and community programmes. He is the chairman of the Hong Kong General Chamber of Textiles Limited and is the former chairman of the board of directors of Po Leung Kuk of the year 2004-2005, an authorised charitable organization in Hong Kong. He also acts as committee member of the Chinese People's Political Consultative Conference in Fujian Province, the PRC and is a member of Election Committee (Textiles and Garment Subsector). Mr. Tan obtained his Master's Degree in Business Administration in 1980 and Bachelor's Degree in Business Administration in 1975 from the University of Guam, the United States of America. Mr. Tan was also an independent non-executive director of China Resources Peoples Telephone Company Limited, a company formerly listed on the Stock Exchange. Mr. Tan was appointed as an independent non-executive director of the Company in 2005.

鄭維志先生，59歲，於二零零七年獲委任為獨立非執行董事。彼過去三年在多家上市公司擔任董事職位。彼現為香港兩家上市公司富聯國際集團有限公司及南聯地產控股有限公司之主席，亦為多家香港上市公司之獨立非執行董事，包括新世界中國地產有限公司、新創建集團有限公司及中國人民財產保險股份有限公司。鄭先生同時為新加坡上市公司DBS Group Holdings Limited之獨立董事。彼於一九八五年獲委任為太平紳士，並分別於一九九二年及二零零四年獲頒授OBE勳銜及金紫荊星章。彼為香港政府外匯基金諮詢委員會委員、香港賽馬會董事及香港大學校務委員會成員。彼亦為Temasek Foundation CLG Limited之獨立董事及證券及期貨事務監察委員會之非執行董事。

謝錦洪先生，55歲，於電子業有30年以上經驗。彼於二零零四年獲本公司委任為獨立非執行董事。

陳亨利先生，54歲，為聯泰控股有限公司（於聯交所上市之公司）之行政總裁，於服裝及物流行業擁有逾23年經驗。彼為活躍於慈善及社區活動之領袖及善長。陳先生為香港紡織商會會長。彼於二零零四年至二零零五年間出任香港認可慈善機構保良局之主席，並為中國人民政治協商會議福建省委員會委員及選舉委員會委員（紡織及製衣界）。陳先生於一九七五年及一九八零年分別於美國關島大學獲得工商管理學士學位及工商管理碩士學位。陳先生曾為前聯交所上市公司華潤萬眾電話有限公司之獨立非執行董事。彼於二零零五年獲本公司委任為獨立非執行董事。

Directors' and Senior Management's Biographies 董事及高級管理人員之資歷

SENIOR MANAGEMENT

Mr. LO Ka Leong, aged 34, the Company Secretary, joined the Group in May 1999. Prior to that, he was an accountant at an international accounting firm. Mr. Lo is a fellow member of Hong Kong Institute of Certified Public Accountants. He holds a Bachelor's Degree in Professional Accountancy from The Chinese University of Hong Kong. He is in charge of the company secretarial work and financial management of the Group. He is a non-executive director of Kingboard Laminates Holdings Limited ("KLHL"), a 74.77%-owned subsidiary listed on the main board of the Stock Exchange.

高級管理人員

羅家亮先生，34歲，公司秘書，於一九九九年五月加盟本集團。於加盟本集團前，羅先生於一所國際會計師行任職會計師。彼為香港會計師公會資深會員，並持有香港中文大學專業會計學學士學位。彼現負責處理本集團之公司秘書工作及財務管理。羅先生同時為建滔積層板控股有限公司（「建滔積層板」，本公司擁有74.77%權益的附屬公司，其股份於聯交所主板上市）之非執行董事。

Directors' Report

董事會報告

The directors have pleasure in presenting their report and the audited consolidated financial statements of the Group for the year ended 31 December 2007.

董事會欣然提呈本集團截至二零零七年十二月三十一日止年度之年報及經審核綜合財務報表。

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of associates, jointly controlled entities and principal subsidiaries of the Company are set out in notes 22, 25 and 41 respectively to the consolidated financial statements.

主要業務

本公司為投資控股公司，其聯營公司、共同控制實體及主要附屬公司之業務分別載於綜合財務報表附註22、25及41。

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 54.

業績及分派

本集團之本年度業績載於第54頁綜合收益表內。

An interim dividend of HK30 cents per ordinary share was paid to the shareholders of the Company during the year. The Directors now recommend the payment of a final dividend of HK70 cents per ordinary share to the Company's shareholders whose names appear on the register of members of the Company on 5 May 2008, and the retention of the remaining profit in the Company.

年內，本公司已派付中期股息每股普通股30港仙予本公司股東。董事現建議向於二零零八年五月五日名列本公司股東名冊之股東派付末期股息每股普通股70港仙，並保留剩餘的溢利於本公司。

SHARE CAPITAL

Details of the movements during the year in the issued share capital of the Company are set out in note 34 to the consolidated financial statements.

股本

本公司已發行股本於年內之變動詳情載於綜合財務報表附註34。

PURCHASE, SALE OR REDEMPTION OF SHARES

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

購買、出售或贖回股份

年內，本公司或其任何附屬公司概無購買、出售或贖回本公司上市之證券。

Directors' Report 董事會報告

RESERVES

Details of the movements during the year in the reserves of the Group are set out in the consolidated statement of changes in equity on pages 57 and 58.

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

At 31 December 2007, the sum of the retained profits, the share premium and the special surplus account of the Company amounted to approximately HK\$5,614 million.

INVESTMENT PROPERTIES

The Group's investment properties were revalued as at 31 December 2007, resulting in an increase in fair value of approximately HK\$5,118,000 which has been credited to the consolidated income statement.

PROPERTIES, PLANT AND EQUIPMENT

Expenditure of approximately HK\$4,004 million was incurred during the year primarily to expand the production capacity of the Group. Details of all the changes during the year are set out in note 19 to the consolidated financial statements.

PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2007 are set out in note 41 to the consolidated financial statements.

DONATIONS

During the year, the Group made charitable and other donations totalling HK\$11,442,000.

儲備

年內，本集團之儲備變動詳情載於第57頁及58頁綜合權益變動表內。

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

於二零零七年十二月三十一日，本公司之保留溢利、股份溢價及特別盈餘賬目之總額約為5,614,000,000港元。

投資物業

本集團之投資物業於二零零七年十二月三十一日重新估值，導致公平值增加約5,118,000港元，已計入綜合收益表內。

物業、廠房及設備

年內主要因提高本集團生產力之支出約為4,004,000,000港元。年內所有變動詳情載於綜合財務報表附註19。

主要附屬公司

本公司主要附屬公司於二零零七年十二月三十一日之詳情載於綜合財務報表附註41。

捐款

年內，本集團作出之慈善及其他捐款共11,442,000港元。

Directors' Report 董事會報告

DIRECTORS' INTERESTS IN SHARES

At 31 December 2007, the interests or short positions of the Directors and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Long position

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

董事之股份權益

於二零零七年十二月三十一日，董事及彼等之聯繫人士於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份或債券中，擁有本公司根據證券及期貨條例第352條存置之登記冊所記錄之權益或短倉，或根據上市發行人董事進行證券交易的標準守則已知會本公司及香港聯合交易所有限公司(「聯交所」)之權益或短倉如下：

長倉

(a) 本公司每股面值0.10港元之普通股(「股份」)

Name of Director 董事姓名	Capacity 權益性質	Number of issued Shares held 所持已發行 股份數目	Approximate percentage of the issued share capital of the Company 佔本公司 已發行股本之 概約百分比
Mr. Cheung Kwok Wing 張國榮先生	Beneficial owner 實益擁有人	3,880,685	0.46
Mr. Chan Wing Kwan (Note 1) 陳永錕先生(附註1)	Beneficial owner 實益擁有人	791,000	0.09
Mr. Cheung Kwong Kwan 張廣軍先生	Beneficial owner 實益擁有人	860,709	0.10
Mr. Chang Wing Yiu (Note 2) 鄭永耀先生(附註2)	Beneficial owner 實益擁有人	2,769,174	0.33
Mr. Ho Yin Sang (Note 3) 何燕生先生(附註3)	Beneficial owner 實益擁有人	1,504,079	0.17
Mr. Mok Cham Hung, Chadwick 莫湛雄先生	Beneficial owner 實益擁有人	960,000	0.11
Mr. Cheng Ming Fun, Paul 鄭明訓先生	Beneficial owner 實益擁有人	120,000	0.01

Directors' Report 董事會報告

DIRECTORS' INTERESTS IN SHARES (continued)

Long position (continued)

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

Notes:

- (1) Out of the 791,000 Shares, 731,000 Shares were held by Mr. Chan Wing Kwan and 60,000 Shares were held by his spouse.
- (2) Out of the 2,769,174 Shares, 1,928,974 Shares were held by Mr. Chang Wing Yiu and 840,200 Shares were held by his spouse.
- (3) Out of the 1,504,079 Shares, 477,079 Shares were held by Mr. Ho Yin Sang and 1,027,000 Shares were held by his spouse.

(b) Share options of the Company

董事之股份權益(續)

長倉(續)

(a) 本公司每股面值0.10港元之普通股(「股份」)(續)

附註：

- (1) 於該791,000股股份當中，其中731,000股股份乃由陳永錕先生本人持有，而60,000股股份則由其配偶持有。
- (2) 於該2,769,174股股份當中，其中1,928,974股股份乃由鄭永耀先生本人持有，而840,200股股份則由其配偶持有。
- (3) 於該1,504,079股股份當中，其中477,079股股份乃由何燕生先生本人持有，而1,027,000股股份則由其配偶持有。

(b) 本公司優先購股權

Name of Director 董事姓名	Capacity 權益性質	Interest in underlying Shares pursuant to share options of the Company 本公司優先購股權項下相關股份權益
Mr. Cheung Kwok Wing 張國榮先生	Beneficial owner 實益擁有人	210,600
Mr. Chan Wing Kwan 陳永錕先生	Beneficial owner 實益擁有人	2,558,800
Mr. Chang Wing Yiu 鄭永耀先生	Beneficial owner 實益擁有人	3,175,800
Mr. Ho Yin Sang (Note) 何燕生先生(附註)	Beneficial owner 實益擁有人	5,104,800
Mr. Cheung Kwong Kwan 張廣軍先生	Beneficial owner 實益擁有人	2,951,800

Note: Out of the 5,104,800 share options, 3,120,800 share options were held by Mr. Ho Yin Sang and 1,984,000 share options were held by his spouse.

附註：於該5,104,800份優先購股權當中，其中3,120,800份乃由何燕生先生本人持有，而1,984,000份則由其配偶持有。

Directors' Report 董事會報告

DIRECTORS' INTERESTS IN SHARES (continued)

Long position (continued)

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

董事之股份權益(續)

長倉(續)

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

Name of Director 董事姓名	Capacity 權益性質	Number of issued KLHL Shares held 所持已發行 建滔積層板 股份數目	Approximate percentage of the issued share capital of KLHL 佔建滔積層板 已發行股本 之概約百分比
Mr. Cheung Kwok Wing 張國榮先生	Beneficial owner 實益擁有人	934,500	0.03
Mr. Chan Wing Kwan (Note 1) 陳永鋈先生(附註1)	Beneficial owner 實益擁有人	100,000	0.003
Mr. Chang Wing Yiu (Note 2) 鄭永耀先生(附註2)	Beneficial owner 實益擁有人	100,000	0.003
Mr. Ho Yin Sang (Note 3) 何燕生先生(附註3)	Beneficial owner 實益擁有人	540,000	0.01
Ms. Cheung Wai Lin, Stephanie 張偉連女士	Beneficial owner 實益擁有人	804,000	0.02

Notes:

- (1) The 100,000 KLHL Shares were held by the spouse of Mr. Chan Wing Kwan.
- (2) The 100,000 KLHL Shares were held by the spouse of Mr. Chang Wing Yiu.
- (3) The 540,000 KLHL Shares were held by the spouse of Mr. Ho Yin Sang.

附註：

- (1) 陳永鋈先生之配偶持有該100,000股建滔積層板股份。
- (2) 鄭永耀先生之配偶持有該100,000股建滔積層板股份。
- (3) 何燕生先生之配偶持有該540,000股建滔積層板股份。

Directors' Report 董事會報告

DIRECTORS' INTERESTS IN SHARES (continued)

Long position (continued)

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

董事之股份權益(續)

長倉(續)

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

Name of Director 董事姓名	Capacity 權益性質	Number of non-voting deferred shares held 所持無投票權 遞延股份數目
Mr. Cheung Kwok Wing 張國榮先生	Beneficial owner 實益擁有人	1,904,400
Mr. Chan Wing Kwan 陳永鋌先生	Beneficial owner 實益擁有人	1,481,200
Mr. Cheung Kwong Kwan 張廣軍先生	Beneficial owner 實益擁有人	846,400
Mr. Ho Yin Sang 何燕生先生	Beneficial owner 實益擁有人	529,000
Mr. Chang Wing Yiu 鄭永耀先生	Beneficial owner 實益擁有人	423,200

- (e) Ordinary shares ("EEIC Shares") in the share capital of Elec & Eltek International Company Limited ("EEIC"), a 70.77% owned subsidiary of the Company

- (e) 本公司擁有70.77%權益之附屬公司依利安達集團有限公司(「EEIC」)股本中之普通股(「EEIC股份」)。

Name of Director 董事姓名	Capacity 權益性質	Number of issued EEIC Shares held 所持已發行EEIC 股份數目	Approximate percentage of the issued share capital of EEIC 佔EEIC已發行股本 之概約百分比
Mr. Cheung Kwok Wing 張國榮先生	Beneficial owner 實益擁有人	60,000	0.03
Mr. Mok Cham Hung, Chadwick 莫湛雄先生	Beneficial owner 實益擁有人	74,000	0.04

Directors' Report 董事會報告

DIRECTORS' INTERESTS IN SHARES (continued)

Long position (continued)

(f) Share options of EEIC

董事之股份權益(續)

長倉(續)

(f) EEIC

Name of Director 董事姓名	Capacity 權益性質	Interest in underlying EEIC Shares pursuant to share options (Note) 優先購股權項下 相關EEIC股份權益 (附註)
Mr. Cheung Kwok Wing 張國榮先生	Beneficial owner 實益擁有人	973,200
Mr. Chan Wing Kwan 陳永鋸先生	Beneficial owner 實益擁有人	973,200
Mr. Chang Wing Yiu 鄭永耀先生	Beneficial owner 實益擁有人	973,200
Mr. Mok Cham Hung, Chadwick 莫湛雄先生	Beneficial owner 實益擁有人	973,200

Note: The interests are held by virtue of an aggregate of 3,244,000 share options of EEIC accepted by the Directors on 24 June 2005. The number of share options were subsequently adjusted pursuant to the 1 for 5 bonus issue effected on 13 October 2005. The relevant Directors are entitled to subscribe for EEIC Shares at an adjusted subscription price of US\$2.033 per EEIC Share. The share options are exercisable in whole or in part at the staggered manner within 5 option periods, commencing on 26 November 2006, 26 November 2007, 26 November 2008, 26 November 2009 and 26 March 2010 respectively and all ending on 24 May 2010.

Directors' Report 董事會報告

DIRECTORS' INTERESTS IN SHARES (continued)

Long position (continued)

- (g) Ordinary shares ("KCFL Shares") of US\$0.10 each in Kingboard Copper Foil Holdings Limited ("KCFL"), a non wholly-owned subsidiary of the Company

董事之股份權益(續)

長倉(續)

- (g) 本公司非全資擁有附屬公司Kingboard Copper Foil Holdings Limited(「KCFL」)每股面值0.10美元之普通股(「KCFL股份」)

Name of Director 董事姓名	Capacity 權益性質	Number of issued KCFL Shares held 所持已發行 KCFL股份數目	Approximate percentage of the issued share capital of KCFL 佔KCFL已發行 股本之概約 百分比
Mr. Ho Yin Sang (Note) 何燕生先生(附註)	Beneficial owner 實益擁有人	2,000	0.0003

Note: The 2,000 KCFL Shares were held by the spouse of Mr. Ho Yin Sang.

附註：何燕生先生之配偶持有該2,000股KCFL股份。

Other than as disclosed above, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 31 December 2007.

除上述披露者外，於二零零七年十二月三十一日，概無董事或彼等之聯繫人士於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之任何股份、相關股份或債券中擁有任何權益或短倉。

Directors' Report 董事會報告

SHARE OPTIONS

Particulars of the share option schemes of the Company, EEIC and KLHL are set out in note 35 to the consolidated financial statements.

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

優先購股權

本公司、EEIC及建滔積層板之優先購股權計劃詳情載於綜合財務報表附註35。

下表披露本公司優先購股權於年內之變動：

	Outstanding as at 1.1.2007 於二零零七年 一月一日	Reclassifications 重新分類	Exercised during the year 已於 本年度行使	Outstanding as at 31.12.2007 於二零零七年 十二月三十一日
Category 1: Directors 第1類：董事				
Mr. Cheung Kwok Wing 張國榮先生	1,145,000	—	(934,400)	210,600
Mr. Chan Wing Kwan 陳永錕先生	3,026,000	—	(467,200)	2,558,800
Mr. Cheung Kwong Kwan 張廣軍先生	3,419,000	—	(467,200)	2,951,800
Mr. Chang Wing Yiu 鄭永耀先生	3,643,000	—	(467,200)	3,175,800
Mr. Ho Yin Sang (Note) 何燕生先生(附註)	—	3,588,000	(467,200)	3,120,800
	11,233,000	3,588,000	(2,803,200)	12,017,800
Category 2: Employees 第2類：僱員	19,989,000	(3,588,000)	(2,496,800)	13,904,200
Total all categories 所有類別合計	31,222,000	—	(5,300,000)	25,922,000

Note: Mr. Ho Yin Sang was appointed as an executive Director with effect from 11 January 2007.

附註：何燕生先生獲委任為執行董事，由二零零七年一月十一日起生效。

The weighted average closing price of the Shares on the five trading days immediately before the date on which the options were exercised was HK\$33.50.

於緊接行使優先購股權之前五個交易日，股份之加權平均收市價為33.50港元。

Directors' Report 董事會報告

SHARE OPTIONS *(continued)*

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

	Outstanding as at 1.1.2007 於二零零七年 一月一日	Exercised during the year 度已於 本年度行使	Lapsed during the year 年公	Outstanding as at 31.12.2007 於二零零七年 十二月三十一日
Category 1: Directors 第1類：董事	尚未行使		青瑛皋鉅 灰惇紛 錫 錫瑛疲痘脂	

Directors' Report 董事會報告

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2007, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interests disclosed above in respect of certain Directors, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long position

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

董事之重大合約權益

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

主要股東

根據本公司按證券及期貨條例第336條須存置之主要股東登記冊所記錄，於二零零七年十二月三十一日，下列股東(上文所披露若干董事之權益除外)已知會本公司彼等於本公司已發行股本之相關權益。

長倉

本公司每股面值0.10港元之普通股(「股份」)

Name of shareholder 股東名稱	Nature of interest 權益性質	Number of issued Shares held 所持已發行 股份數目	Approximate percentage of the issued share capital of the Company 佔本公司 已發行股本 之概約百分比
Hallgain Management Limited ("Hallgain") (Note)(附註)	Beneficial owner 實益擁有人	259,968,929	31.01
Capital Research and Management Company	Investment manager 投資經理	79,651,400	9.50
Commonwealth Bank of Australia 澳洲聯邦銀行	Interests of controlled corporations 受控制法團權益	50,011,030	5.96

Note: As at 31 December 2007: (i) no shareholder of Hallgain is entitled to exercise, or control the exercise of, directly or indirectly, one-third or more of the voting power at general meetings of Hallgain, and Hallgain and its directors are not accustomed to act in accordance with any shareholder's direction; and (ii) Messrs. Cheung Kwok Wing and Chan Wing Kwan, being Directors, are also directors of Hallgain.

附註：於二零零七年十二月三十一日(i)概無Hallgain股東有權於Hallgain股東大會行使或直接或間接控制行使三分之一或以上之表決權，而Hallgain及其董事並不慣常根據任何股東指示行事；及(ii)董事張國榮先生及陳永銳先生亦為Hallgain之董事。

Directors' Report 董事會報告

SUBSTANTIAL SHAREHOLDERS (continued)

Long position (continued)

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2007.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange throughout the year ended 31 December 2007 save for the deviation that all independent non-executive Directors were not appointed for specific terms but are subject to retirement by rotation and will be eligible for re-election at the Company's annual general meeting in accordance with the Company's Articles of Association.

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

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

MAJOR CUSTOMERS AND SUPPLIERS

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

主要股東(續)

長倉(續)

除上述披露者外，本公司概無獲知會於二零零七年十二月三十一日之本公司已發行股本之任何其他相關權益或短倉。

企業管治

董事認為，除全體獨立非執行董事並無按指定任期獲委任而須根據本公司之公司組織章程細則於本公司股東週年大會輪值退任及符合資格膺選連任有所偏離外，本公司於截至二零零七年十二月三十一日止年度一直遵守聯交所證券上市規則(「上市規則」)附錄14所載之企業管治常規守則。

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

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

主要客戶及供應商

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

Directors' Report 董事會報告

CONNECTED TRANSACTIONS

During the year, Techwise Circuits Company Limited ("Techwise") and its subsidiaries ("Techwise Group") sold printed circuit boards ("PCBs") to and purchased laminates from Shirai Electronics Industrial Co., Ltd. ("Shirai") and its subsidiaries ("Shirai Group") amounting to approximately HK\$556,420,000 and HK\$123,218,000 respectively. The Techwise Group also sub-contracted the services of the Shirai Group, namely the drilling of laminates by the Shirai Group on Techwise Group's behalf, amounting to approximately HK\$27,008,000 during the year. Techwise is a non-wholly owned subsidiary of the Company, while Shirai is a substantial shareholder of Techwise Shirai Circuits Limited (a 70% owned subsidiary of Techwise). As such, Shirai and its subsidiaries are connected persons of the Company pursuant to Chapter 14A of the Listing Rules.

The sale of PCBs to the Shirai Group and the subcontracting transactions with the Shirai Group did not exceed the revised corresponding annual caps for the financial year ended 31 December 2007 amounting to HK\$618,585,000 and HK\$29,260,000, respectively, which was approved by the shareholders of the Company at an extraordinary general meeting held on 10 December 2007. The purchase of laminates from the Shirai Group during the year did not exceed the corresponding annual cap for the financial year ended 31 December 2007 as announced by the Company on 27 October 2006, namely an amount of HK\$161,000,000.

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

關連交易

年內，科惠線路有限公司(「科惠」)及其附屬公司(統稱「科惠集團」)向Shirai Electronics Industrial Co., Ltd. (「Shirai」)及其附屬公司(統稱「Shirai集團」)出售為數約556,420,000港元之印刷線路板(「印刷線路板」)及購買為數約123,218,000港元之覆銅面板。科惠集團另

Directors' Report 董事會報告

CONNECTED TRANSACTIONS *(continued)*

Other than as disclosed above, the Company has also provided guarantees to financial institutions to secure general credit facilities for a non-wholly owned subsidiary, namely Techwise, in the amounts of approximately HK\$193 million during the year.

EMOLUMENT POLICY

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

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

The Company has adopted a share option scheme as an incentive to Directors and eligible employees. Details of the scheme is set out in note 35 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2007.

POST BALANCE SHEET EVENT

Details of significant event occurring after the balance sheet date are set out in note 43 to the consolidated financial statements.

關連交易 (續)

除上文所披露者外，本公司年內亦為一間非全資擁有附屬公司「科惠」取得一般信貸額而向財務機構提供擔保，涉及款額約193,000,000港元。

薪酬政策

薪酬委員會根據本集團僱員之表現、資歷及工作能力制定員工之薪酬政策。

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

本公司已採納優先購股權計劃，作為對董事及合資格僱員之獎勵。計劃詳情載於綜合財務報表附註35。

優先權

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

充足公眾持股量

截耳籬

Directors' Report 董事會報告

AUDITOR

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

核數師

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

On behalf of the Board

Cheung Kwok Wing

CHAIRMAN

17 March 2008

承董事會命

張國榮

主席

二零零八年三月十七日

Corporate Governance Report

企業管治報告

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

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

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

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

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

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

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

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

A. DIRECTORS

The Board

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

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

A. 董事

董事會

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

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

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During the year under review, the Board had held four meetings and the directors' attendance at Board meetings and Board committees' meetings were as follows:

於回顧年度內，董事會舉行了四次會議，董事於董事會會議及董事委員會會議之出席記錄如下：

		Board Meeting 董事會會議	Audit Committee Meeting 審核委員會會議	Nomination Committee Meeting 提名委員會會議	Remuneration Committee Meeting 薪酬委員會會議
Number of Meeting	會議數目	4	3	2	2
Executive directors	執行董事				
Cheung Kwok Wing (Chairman)	張國榮(主席)	4	–	–	–
Chan Wing Kwan (Managing Director)	陳永銀(董事總經理)	4	2	2	2
Cheung Kwong Kwan	張廣軍	4	–	–	–
Chang Wing Yiu	鄭永耀	4	–	–	–
Mok Cham Hung, Chadwick	莫湛雄	4	2	2	2
Ho Yin Sang (appointed on 11 January 2007)	何燕生(於二零零七年一月十一日獲委任)	4	–	–	–
Cheung Wai Lin, Stephanie (appointed on 11 January 2007)	張偉連(於二零零七年一月十一日獲委任)	4	–	–	–
Independent non-executive directors	獨立非執行董事				
Cheng Ming Fun, Paul	鄭明訓	4	3	2	2
Cheng Wai Chee, Christopher (appointed on 1 July 2007)	鄭維志(於二零零七年七月一日獲委任)	3	–	–	–
Tse Kam Hung	謝錦洪	4	3	2	2
Henry Tan	陳亨利	4	3	2	2

The directors have observed the importance of directing and supervising the Company's affairs at a more regular interval. After consulting all directors, Board meetings have been preliminarily scheduled to be held at quarterly interval and no less than four times in the coming year.

董事明瞭更頻密地定期領導及監管本公司事務之重要性。經徵詢全體董事後，董事會初步計劃來年董事會將每季度舉行及全年舉行不少於四次會議。

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Division and responsibilities

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

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

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

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

分工及職責

本公司董事會主席與管理層職責明確，互不重疊。主席與管理層分別負責董事會及日常業務。

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Board composition

The Board currently comprises eleven members, four of whom are independent non-executive directors who are expressly identified in all corporate communications that disclose the names of directors of the Company. One of the independent non-executive directors possesses appropriate professional qualifications (or accounting or related financial management expertise) as required by the Listing Rules. The composition of the Board is as follows:

Executive Directors

Cheung Kwok Wing (*Chairman*)
 Chan Wing Kwan (*Managing Director*)
 Cheung Kwong Kwan
 Chang Wing Yiu
 Mok Cham Hung, Chadwick
 Ho Yin Sang
 (appointed on 11 January 2007)
 Cheung Wai Lin, Stephanie
 (appointed on 11 January 2007)

Independent non-executive Directors

Cheng Ming Fun, Paul
 Cheng Wai Chee, Christopher
 (appointed on 1 July 2007)
 Tse Kam Hung
 Henry Tan

Ms. Cheung Wai Lin, Stephanie is the sister of Mr. Cheung Kwok Wing. Mr. Cheung Kwong Kwan is a cousin of Mr. Cheung Kwok Wing and Ms. Cheung Wai Lin, Stephanie. Mr. Chang Wing Yiu and Mr. Ho Yin Sang are brothers-in-law of Mr. Cheung Kwok Wing and Ms. Cheung Wai Lin, Stephanie.

董事會成員

董事會現由十一名成員組成，其中四名為獨立非執行董事，彼等之獨立非執行董事身分均於所有載有董事姓名之公司通訊中明確披露。其中一名獨立非執行董事具備上市規則規定之適當專業資格。

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

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

Appointment, re-election and removal

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

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

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Responsibilities of Directors

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

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

Supply of and access to information

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

董事責任

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

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

資料提

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All the directors are given separate and independent access to the Company Secretary, whose role includes ensuring that Board procedures are observed and followed, and that applicable rules and regulations are complied with. The Company Secretary attends all the meetings of the Board and Board committees and is responsible for drafting minutes and keeping minutes records which can be accessed by any director for inspection.

全體董事均可個別及獨立地接觸公司秘書。公司秘書之職責包括確保貫徹遵循董事會程序，同時遵守適用規則及規例。公司秘書出席董事會及董事委員會所有會議，負責編寫及存檔會議記錄，以供董事查閱。

B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The level and make-up of remuneration and disclosure

The Board has set up a remuneration committee (the "Remuneration Committee") which comprises three independent non-executive directors, namely Mr. Tse Kam Hung (Chairman), Mr. Cheng Ming Fun, Paul and Mr. Henry Tan, to formulate policies and procedures for determining the remuneration of directors and senior management and other remuneration related matters. The Remuneration Committee is set up with written terms of reference which set out clearly its duties and authorities delegated by the Board of directors, including the following specific duties:

- formulate the framework or Board policy for determining the remuneration of the Company's Board and senior management. The objective of such policy should ensure that members of the senior management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and reasonable manner, rewarded for their individual contributions to the success of the Company;
- recommend specific remuneration packages including, where appropriate, allowances, bonuses, benefits in kind, incentive payments, and share options, if any, for each executive director and the Managing Director and such other members of senior management as it is designated to consider;

B. 董事及高級管理人員薪酬

薪酬及披露的水平及組成

董事會已成立薪酬委員會(「薪酬委員會」)

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- recommend targets for any performance-linked pay schemes operated by the Company, taking into account remuneration and employment conditions within the industry and in comparable companies; and
- recommend to the Board the remuneration of independent non-executive directors (including non-executive directors, if any), taking into account factors such as effort, time spent and responsibilities.
- 按照業內及同類型公司之薪酬水平及就業狀況，為本公司任何與表現掛鈎的獎勵計劃建議目標；及
- 參考獨立非執行董事(包括非執行董事(如有))所付出之時間、精力及職責，就彼等之薪酬向董事會提出建議。

When recommending the remuneration package for each individual director, the Remuneration Committee will consider his qualification and experience, specific duties and responsibilities assigned to him by the Board and the prevailing market packages available for similar position. The emolument of the Directors on a named basis for the year under review is set out on page 116 and 117 in note 15 to the financial statements. Review and comparison in terms of Directors' emolument package and net profits of the Group are made from time to time with comparable listed industrial companies with similar capitalisation to the Group. Considering all such factors, the Remuneration Committee would make recommendation on the remuneration package for each Director after consultation with the Chairman.

During the year under review, the Remuneration Committee had convened two meetings during which, among other things, the remuneration packages for all Directors, including Mr. Cheng Wai Chee, Christopher, who was appointed to the Board on 1 July 2007, were considered.

薪酬委員會為個別董事建議薪酬待遇時，將考慮彼之資格及經驗、董事會指派予彼之特定職責以及市場現行給予同類職位之待遇。於回顧年度內，每名董事之酬金詳列於第116及117頁財務報表附註15。本公司不時就董事薪酬待遇及集團純利狀況，與本集團市值相若之上市工業公司進行檢討及比較。考慮上述因素後，薪酬委員會經諮詢主席意見後將就每名董事之薪酬待遇提出建議。

於回顧年度內，薪酬委員會召開兩次會議，並已考慮(其中包括)所有董事(包括於二零零七年七月一日獲委任加入董事會之鄭維志先生)之薪酬待遇。

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C. ACCOUNTABILITY AND AUDIT

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

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

Audit Committee

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

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

董事會已檢討上述本集團內部監控制度之效能，包括財務、營運及規章監控及風險管理功能，並將每年至少進行一次該等檢討，以確保妥善保障股東的投資及本集團資產。董事會根據獲提供之資料，連同其本身觀察及在審核委員會協助下，信納就本集團營運及業務之性質及規模而言，現行內部監控及風險管理程序達滿意水平。

除內部監控制度外，董事會已設立內部核數隊伍，直接向審核委員會匯報。內部核數隊伍將會按照本公司現存各項職能、運作及系統之重要性，以及審核委員會建議之優先次序，獨立審核該等職能、運作及系統。內部核數隊伍將會編製內部核數報告，指出現時經審核職能、運作及系統之漏洞及缺點，以供審核委員會及董事會討論，而董事會將根據該等核數結果指示高級管理層採取適當糾正及改善措施。

審核委員會

董事會已設立審核委員會，並已書面訂明其具體職權範圍，載列董事會委派予其之職責及權力。審核委員會之主要職責包括下列各項：

- 與外聘核數師審閱核數計劃；
- 與外聘核數師檢討彼等對內部會計監控制度之評審；
- 檢討內部核數^職程

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- review the balance sheet and profit and loss account of the Company and the consolidated balance sheet and profit and loss account of the Group and submit them to the Board;
- nominate persons as auditor;
- review with the internal and external auditors their findings on their evaluation of the Company's system of internal controls for the purpose of assisting the Board in developing policies that would enhance the controls and operating systems of the Company; and
- review connected transactions and examine the adequacy of internal controls of the Group as part of the standard procedures.
- 審閱本公司之資產負債表及損益表以及本集團之綜合資產負債表及損益表，並呈交董事會；
- 提名核數師；
- 與內部及外聘核數師檢討彼等對本公司內部控制制度之評審結果，以協助董事會制訂有助提升本公司監控及運作制度之政策；及
- 作為正常程序之一部分，審閱關連交易及審查本集團內部監控是否足夠。

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

審核委員會之職責包括檢討核數之範疇、結果以及成本效益，以及本公司外聘核數師德勤•關黃陳方會計師行之獨立性及客觀性。審核委員會每年至少一次檢討本公司外聘核數師之獨立性、內部核數職能有否足夠資源及稱職。倘若核數師向本公司提供非核數服務，委員會亦會檢討該等服務之性質及所涉範圍，務求在保持客觀性及成本之間取得平衡。於回顧年度內，就本公司外聘核數師向本集團提供之核數及非核數服務而已付 應付本公司核數師費用如下：

Nature of services		Amount (HK\$) 金額(港元)
服務性質		
Audit services	核數服務	9,264,000
Non-audit services	非核數服務	
(i) Tax services	(i) 稅務服務	1,619,000
(ii) Other services	(ii) 其他服務	242,000

Corporate Governance Report 企業管治報告

The Audit Committee has undertaken a review of all the non-audited services provided by the Company's auditor and concluded that in their opinion such services did not affect the independence of the auditor. The Board has appointed an accountant to be responsible for the accounting and financial matters of the Group and the Audit Committee has free access to the accountant and senior management of the Group and to any financial and relevant information which enable them to discharge their audit committee function effectively and efficiently. Besides internal assistance being available, the Audit Committee may request for assistance and advice from external auditor as and when they think necessary at the expenses of the Company. The Audit Committee shall meet with external auditor without the presence of executive directors to discuss the Group's financial reporting and any major and financial matters arising during the year under review at least once a year.

In addition, the Audit Committee is authorised:

- to investigate any matter within its written terms of reference;
-

Corporate Governance Report 企業管治報告

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the audited annual financial statements for the year ended 31 December 2007.

D. DELEGATION BY THE BOARD

Management function

The Company's articles of association set out matters which are specifically reserved to the Board for its decision. Executive directors normally meet on an informal basis every two weeks and participate in senior management meetings on a regular basis to keep abreast of the latest operations and performance of the Group and to monitor and ensure the management carry out the directions and strategies set by the Board of directors correctly and appropriately. Clear instructions are given to the management as to the matters which should bring to the attention and be determined by the Board on behalf of the Company.

Board committees

The Board has set up three Board committees, namely Audit Committee, Nomination Committee and Remuneration Committee, each chaired by different independent non-executive director, to assist the Board in discharging functions specific to each committee. Each Board committee has its own written terms of reference setting out the principles, procedures and arrangements which are substantially the same as those for the Board.

The Nomination Committee comprises three members who are independent non-executive directors, namely Mr. Henry Tan (Chairman), Mr. Cheng Ming Fun, Paul, and Mr. Tse Kam Hung. According to the written terms of reference of the Nomination Committee, the major responsibilities of the Nomination Committee 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;

審核委員會與管理層已檢討本集團採納之會計原則及常規，並已討論核數、內部監控及財務匯報事宜，包括審閱截至二零零七年十二月三十一日止年度之經審核年度財務報表。

D. 董事會權力的轉授

管理功能

本公司之組織章程載列指明須由董事會決定之事項。執行董事一般每兩星期舉行非正式會議，並定期參與高級管理層之會議，以便掌握本集團近期之營運及表現，且監察及確保管理層正確及恰當地執行董事會制訂之指示及策略。管理層已獲清晰指示，得知須提呈董事會垂注並由董事會代表本公司作出決定之事宜。

董事委員會

董事會已設立三個委員會，分別為審核委員會、提名委員會及薪酬委員會，分別由不同獨立非執行董事出任主席，以協助董事會履行各委員會獲委派之特定職能。各董事委員會均書面訂明其特定的職權範圍，所載列之原則、程序及安排均與董事會之原則、程序及安排大致相同。

提名委員會由三名獨立非執行董事：陳亨利先生(主席)、鄭明訓先生及謝錦洪先生組成。根據提名委員會書面訂明的職權範圍，提名委員會之主要職責包括：

- 定期就董事會之架構、人數及組成作出檢討，並就任何認為需作出的調整向董事會提供推薦建議；

Corporate Governance Report 企業管治報告

- review whether or not an independent non-executive director is independent for the purpose of the Listing Rules on annual basis;
- be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- assess the effectiveness of the Board as a whole and the contribution by each individual director to the effectiveness of the Board; and
- be responsible for re-nomination having regard to the director's contribution and performance, including, if applicable, as an independent director.
- 就上市規則而言，每年檢討獨立非執行董事是否屬獨立人士；
- 在董事會出現空缺時負責物色及提名人選，以供董事會批准，藉以填補有關空缺；
- 評估董事會整體成效及各董事對董事會效能之貢獻；及
- 負責就董事之貢獻及表現重新提名其(視情況而定)為獨立董事。

During the year under review, the Nomination Committee had convened two meetings during which, among other things, the nomination of Mr. Cheng Wai Chee, Christopher, as additional director of the Company was considered. Mr. Cheng Wai Chee, Christopher was appointed as independent non-executive director by the Board with effect from 1 July 2007 and pursuant to the Company's articles of association, Mr. Cheng Wai Chee, Christopher, will retire, and be eligible for re-election at the forthcoming annual general meeting. The Nomination Committee had also considered the directors who should retire by rotation pursuant to the Company's articles of association and the Code. The Nomination Committee had resolved that Mr. Cheung Kwok Wing, Mr. Chang Wing Yiu and Mr. Tse Kam Hung, shall be subject to retirement by rotation at the forthcoming annual general meeting of the Company. All the above-named directors were nominated by the Nomination Committee to stand for re-election at the forthcoming annual general meeting of the Company.

於回顧年度，提名委員會召開兩次會議，考慮(其中包括)鄭維志先生為本公司新增董事之提名。鄭維志先生獲董事會委任為獨立非執行董事，自二零零七年七月一日起生效。根據本公司組織章程細則，鄭維志先生將於應屆股東週年大會退任，並符合資格膺選連任。提名委員會亦已考慮應根據本公司之組織章程細則及守則輪值退任之董事名單。提名委員會議決，張國榮先生、鄭永耀先生及謝錦洪先生須於本公司應屆股東週年大會輪值退任。上述全部董事均獲提名委員會提名於本公司應屆股東週年大會膺選連任。

E. COMMUNICATION WITH SHAREHOLDERS

The Board endeavours to maintain an on-going dialogue with shareholders. All directors are encouraged to attend the general meetings to have personal communication with shareholders. In annual general meeting, Chairman of the Board and the chairman of each committee are required to attend and answer questions from shareholders in respect of the matters that they are responsible and accountable for. The external auditor is also required to be present to assist the directors in addressing any relevant queries by shareholders. The Company has also set up a public relations website which enables the shareholders and public to post their questions, comments and opinions in relation to the Group to the Board.

The Company's annual general meeting ("AGM") and extraordinary general meeting ("EGM") 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, circulars and notices of AGM and EGM and other corporate communications. The notices are also published in newspapers. Separate resolutions are required at general meetings on each distinct issue. Each shareholder is permitted to appoint a proxy to attend and vote in his stead.

Voting by poll

Pursuant to the articles of association of the Company, the Chairman shall demand a poll in the Company's general meetings whenever voting by poll is required under the Listing Rules. The Company's articles of association has set out the procedures, requirements and circumstances where voting by poll is required, and in corporate communications to shareholders for matters where shareholders' voting are required, the procedures for and shareholders' right to demand a poll shall be specified. Such procedure and shareholders' right would be reiterated and explained by the Chairman at the commencement of the general meeting of shareholders.

E. 與股東的溝通

董事會致力與股東保持持續對話。本集團鼓勵全體董事出席股東大會並與股東進行個人溝通。董事會主席及各委員會主席均須出席股東週年大會，並回應股東就彼等負責之事宜所作出之提問。外聘核數師亦須出席股東週年大會以協助董事回應股東任何有關提問。本公司亦已設立一公共關係網站，供股東及公眾向董事會發表有關本集團之問題、評論及意見。

藉本公司股東週年大會及股東特別大會，股東可表達彼等對本公司之意見及向董事及管理層提問。本公司全體股東均獲寄發年報、通函、股東週年大會及股東特別大會通告以及其他公司通訊。通告亦會於報章刊登。本公司須就各項不同事項於股東大會上個別提呈決議案。每名股東可委派一名代表出席大會及代其投票。

以投票方式表決

根據本公司之組織章程細則，於上市規則規定須以投票方式表決之情況下，主席須於本公司股東大會上要求以投票方式表決。本公司之組織章程細則已載列須以投票方式表決之程序、規定及情況，以及在需要股東投票之情況下於致股東之公司通訊載列股東以投票方式表決之程序及股東要求投票方式表決之權利。於股東大會開始時主席亦會重申及闡釋該等程序及股東權利。

Independent Auditor's Report

獨立核數師報告

TO THE SHAREHOLDERS OF KINGBOARD CHEMICAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Kingboard Chemical Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 54 to 179, which comprise the consolidated balance sheet as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

致建滔化工集團股東

(於開曼群島註冊成立的有限公司)

吾等已完成審核載於第54至179頁的建滔化工集團(「貴公司」)及其附屬公司(統稱「貴集團」)綜合財務報表,此等綜合財務報表包括於二零零七年十二月三十一日的綜合資產負債表及截至該日止年度的綜合收益表、綜合權益變動表及綜合現金流量表以及主要會計政策概要及其他附註解釋。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務申報準則及香港公司條例披露規定編製及真實而公平地列報該等綜合財務報表。這責任包括設計、實施及維護與編製及真實而公平地列報綜合財務報表相關的內部控制,以使財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述;選擇和應用適當的會計政策;及按情況作出合理的會計估

Independent Auditor's Report 獨立核數師報告

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 true and fair presentation of the consolidated 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 the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
17 March 2008

審核涉及執程序以獲取有關綜合財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該實體編製及真實而公平地列報綜合財務報表相關的內部控制，以設計在該等情況下適當的審核程序，但並非為對實體的內部控制的效能發表意見。審核亦包括評價董事所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價綜合財務報表的整體列報方式。

吾等相信，吾等所獲得的審核憑證是充足和適當地為吾等的審核意見提供基礎。

意見

吾等認為，該等綜合財務報表已根據香港財務申報準則真實而公平地反映 貴集團於二零零七年十二月三十一日的事務狀況及 貴集團截至該日止年度的溢利及現金流量，並已按照香港公司條例的披露規定妥為編製。

德勤·關黃陳方會計師行
執業會計師
香港
二零零八年三月十七日

Consolidated Income Statement

綜合收益表

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

		NOTES 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Revenue	營業額	7	20,025,112	16,773,348
Cost of sales	銷售成本		(15,178,498)	(12,495,937)
Gross profit	毛利		4,846,614	4,277,411
Other income	其他收入	9	84,453	50,275
Investment income	投資收入	10	339,102	144,597
Distribution costs	分銷成本		(550,279)	(457,526)
Administrative costs	行政成本		(1,171,926)	(1,024,102)
Loss on disposal and deemed disposal of interest in an associate	出售及視作出售一間聯營公司權益之虧損		(23,658)	—
Gain on fair value change of conversion and redemption option derivative	可換股及贖回選擇權衍生工具之公平值變動收益	24	182,367	—
Gain on disposal and deemed disposal of partial interest in a subsidiary	出售及視作出售一間附屬公司部分權益之收益	11	—	4,830,916
Discount on acquisition of an associate	收購一間聯營公司折讓		—	48,182
Discount on acquisition of additional interest in a subsidiary	收購一間附屬公司額外權益折讓		962	1,498
Finance costs	融資成本	12	(287,664)	(313,266)
Share of results of associates	應佔聯營公司業績		298,283	39,924
Share of results of jointly controlled entities	應佔共同控制實體業績		(1,070)	(1,755)
Profit before taxation	除稅前溢利		3,717,184	7,596,154
Income tax expense	所得稅開支	13	(245,030)	(240,435)
Profit for the year	本年度溢利	14	3,472,154	7,355,719
Attributable to:	應佔份額：			
Equity holders of the Company	本公司權益持有人		2,778,321	7,068,015
Minority interests	少數股東權益		693,833	287,704
			3,472,154	7,355,719
Dividends	股息	16	1,084,229	382,648
Earnings per share	每股盈利	17		
Basic	基本		HK\$3.330	HK\$8.904
Diluted	攤薄		HK\$3.232	HK\$8.527

Consolidated Balance Sheet

綜合資產負債表

At 31 December 2007 於二零零七年十二月三十一日

		NOTES 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Non-current assets	非流動資產			
Investment properties	投資物業	18	1,197,952	40,220
Properties, plant and equipment	物業、廠房及設備	19	13,752,739	10,254,325
Prepaid lease payments	預付租賃款項	20	1,265,127	471,727
Goodwill	商譽	21	2,005,658	1,717,519
Investments in associates	於聯營公司之投資	22	741,128	486,929
Available-for-sale investments	可供出售投資	23	564,657	395,150
Convertible bond – loan portion	可換股債券 - 借貸部分	24	86,188	–
Interests in jointly controlled entities	於共同控制實體之權益	25	14,284	15,354
Non-current deposits	非流動訂金	26	993,168	265,430
Intangible assets	無形資產	27	725,884	2,185
Deferred tax assets	遞延稅項資產	33	21,994	19,499
			21,368,779	13,668,338
Current assets	流動資產			
Inventories	存貨	28	2,648,216	2,498,354
Trade and other receivables and prepayments	貿易及其他應收賬款及預付款項	29	7,182,019	5,805,993
Prepaid lease payments	預付租賃款項	20	28,029	9,513
Conversion and redemption option derivative	可換股及贖回選擇權衍生工具	24	205,461	–
Derivative financial instruments	衍生金融工具	30	2,812	39,183
Taxation recoverable	可收回稅項		12,074	2,439
Bank balances and cash	銀行結餘及現金	29	3,494,596	6,097,231
			13,573,207	14,452,713
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付賬款	31	4,191,715	2,751,777
Bills payable	應付票據	31	880,992	653,608
Derivative financial instruments	衍生金融工具	30	1,184	195
Taxation payable	應繳稅項		362,422	283,583
Bank borrowings – amount due within one year	銀行借貸 - 一年內到期之款項	32	1,759,340	1,296,421
			7,195,653	4,985,584
Net current assets	流動資產淨值		6,377,554	9,467,129
Total assets less current liabilities	資產總值減流動負債		27,746,333	23,135,467

Consolidated Balance Sheet 綜合資產負債表

At 31 December 2007 於二零零七年十二月三十一日

			2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
			NOTES 附註	
Non-current liabilities	非流動負債			
Deferred tax liabilities	遞延稅項負債	33	29,165	36,323
Bank borrowings – amount due after one year	銀行借貸 - 一年後到期之款項	32	5,490,372	4,086,223
			5,519,537	4,122,546
			22,226,796	19,012,921
Capital and reserves	股本及儲備			
Share capital	股本	34	83,810	83,280
Share premium and reserves	股份溢價及儲備		18,193,893	15,875,645
Equity attributable to equity holders of	本貌鍼韜 旬菜鳶发弥駒譚穉蠅殍類鞏韞譚祛轔怙痘二貉莠蛇灋萃症酵			

Consolidated Cash Flow Statement

綜合現金流量表

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
OPERATING ACTIVITIES	經營業務		
Profit before taxation	除稅前溢利	3,717,184	7,596,154
Adjustments for:	調整：		
Share of results of associates	應佔聯營公司業績	(298,283)	(39,924)
Share of results of jointly controlled entities	應佔共同控制實體業績	1,070	1,755
Amortisation of intangible assets	無形資產攤銷	632	500
Depreciation of properties, plant and equipment	物業、廠房及設備折舊	1,169,731	1,031,198
Impairment loss recognised in respect of trade and other receivables	就貿易及其他應收賬款 確認之減值虧損	89,004	34,010
Dividends from available-for-sale investments	可供出售投資之股息	(15,092)	(1,002)
Interest expenses and finance charges	利息支出及其他融資費用	287,664	313,266
Gain on disposal and deemed disposal of partial interest in a subsidiary	出售及視作出售一間附屬公司 部分權益之收益	-	(4,830,916)
Gain on disposal of available-for-sale investments	出售可供出售投資之收益	(85,664)	(6,876)
Gain on fair value change of conversion and redemption option derivative	可換股及贖回選擇權衍生工具之 公平值變動收益	(182,367)	-
Gain on fair value changes of investment properties	投資物業公平值變動之收益	(5,118)	(7,163)
Gain on fair value changes of foreign currency forward contracts	遠期外匯合約公平值變動之收益	(86)	(23)
Gain on fair value change of commodity forward contract	遠期商品合約公平值變動之收益	(368)	-
Discount on acquisition of additional interest in a subsidiary	收購一間附屬公司額外權益折讓	(962)	(1,498)
Discount on acquisition of an associate	收購一間聯營公司折讓	-	(48,182)
Release of prepaid lease payments	預付租賃款項撥回	14,463	8,595
Interest income	利息收入	(129,682)	(51,499)
Imputed interest income on convertible bond	可換股債券應計利息收入	(1,282)	-
Loss on disposal and deemed disposal of interest in an associate	出售及視作出售一間聯營公司 權益之虧損	23,658	-
Loss (gain) on disposal and write off of properties, plant and equipment	出售及撇銷物業、廠房及設備之 虧損（收益）	10,864	(144)
Share based payment expenses	股份形式支付開支	4,448	6,717
Operating cash flows before movement in working capital	未計營運資金變動前之經營現金流量	4,599,814	4,004,968
Increase in inventories	存貨增加	(102,034)	(627,438)
Increase in trade and other receivables and prepayments	貿易及其他應收賬款及預付款項增加	(1,206,368)	(637,246)
Increase in trade and other payables	貿易及其他應付賬款增加	985,586	103,123
Increase in bills payable	應付票據增加	227,384	244,297
Cash generated from operations	經營業務所得現金	4,504,382	3,087,704
Hong Kong Profits Tax paid	已繳香港利得稅	(50,816)	(14,411)
Hong Kong Profits Tax refunded	已退香港利得稅	2,225	1,301
Other taxes paid	其他已繳稅項	(135,691)	(81,935)
NET CASH FROM OPERATING ACTIVITIES	經營業務所得現金淨額	4,320,100	2,992,659

Consolidated Cash Flow Statement 綜合現金流量表

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

			2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
	NOTE 附註			
INVESTING ACTIVITIES		投資業務		
Purchase of properties, plant and equipment		購買物業、廠房及設備	(3,518,081)	(2,026,971)
Purchase of investment properties		購買投資物業	(1,084,477)	-
Purchase of available-for-sale investments		購買可供出售投資	(616,905)	(350,271)
Deposits paid for acquisition of properties, plant and equipment		購買物業、廠房及設備 所付訂金	(993,168)	(265,430)
Acquisition of associates		收購聯營公司	(335,712)	(121,852)
Prepaid lease payments made		已付預付租賃款項	(784,506)	(106,071)
Acquisition of subsidiaries	37	收購附屬公司	(324,468)	(69,747)
Consideration paid for acquisition of additional interests in subsidiaries		增購附屬公司權益所付代價	(449,728)	(66,078)
Purchase of convertible bond		購買可換股債券	(108,000)	-
Purchase of intangible assets		購買無形資產	(245)	(907)
Net proceeds from disposal of partial interest in a subsidiary		出售一間附屬公司部分權益 之所得款項淨額	-	4,985,909
Proceeds from disposal of interest in an associate		出售一間聯營公司權益之 所得款項	6,543	-
Proceeds from settlements of foreign currency forward contracts		結算外 遠期合約之所得款項	匯兌	-
Proceeds from disposal of properties, plant and equipment		出售物業、廠房及設備 之所得款項		

Consolidated Cash Flow Statement 綜合現金流量表

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
FINANCING ACTIVITIES	融資活動		
New bank borrowings raised	新增銀行借貸	4,157,458	4,272,733
Proceeds from exercise of warrants	行使認股權證所得款項	-	854,638
Capital contributions from minority shareholders	少數股東出資款項	104,436	87,591
Proceeds from exercise of share options	行使優先購股權所得款項	19,822	19,822
Proceeds from issue of new shares of a subsidiary	一間附屬公司發行新股份所得款項	-	1,159,500
Repayment of bank borrowings	償還銀行借貸	(2,490,470)	(5,561,252)
Dividend paid on ordinary shares	已派普通股股息	(1,084,229)	(382,648)
Interest and other finance charges paid	已付利息及其他融資費用	(328,371)	(355,204)
Dividend paid to minority shareholders	已付少數股東股息		

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1 January 2007.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 – Financial reporting in hyperinflationary economies
HK(IFRIC) – INT 8	Scope of HKFRS 2
HK(IFRIC) – INT 9	Reassessment of embedded derivatives
HK(IFRIC) – INT 10	Interim financial reporting and impairment

The adoption of the new HKFRSs has had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

2. 應用新增及經修訂之香港財務申報準則(「香港財務申報準則」)

於本年度，本集團首次應用以下多項由香港會計師公會

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

The Group has not early applied the following new or revised standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements ¹
HKAS 23 (Revised)	Borrowing costs ¹
HKFRS 8	Operating segments ¹
HK(IFRIC) – INT 11	HKFRS 2: Group and treasury share transactions ²
HK(IFRIC) – INT 12	Service concession arrangements ³
HK(IFRIC) – INT 13	Customer loyalty programmes ⁴
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction ³

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

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

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

4 Effective for annual periods beginning on or after 1 July 2008.

The directors of the Company anticipate that the application of these new or revised standards or interpretations will have no material impact on the results and the financial position of the Group.

2. 應用新增及經修訂之香港財務申報準則(「香港財務申報準則」)(續)

本集團並無提前應用

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of consolidation

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

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

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

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

3. 主要會計政策

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

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

綜合賬目基準

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

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

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

所有集團內公司間交易、結餘、收入及開支於綜合賬目時對銷。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Basis of consolidation (continued)

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

On acquisition of additional interest in subsidiaries, goodwill was calculated as the difference between the consideration paid for the additional interest and the carrying amount of the net assets of the subsidiaries attributable to the additional interest acquired. If the Group's additional interest in the net assets of the subsidiaries exceeds the consideration paid for the additional interest, the excess is recognised immediately in the consolidated income 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 HKFRS 3 "Business combinations" are recognised at their fair values at the acquisition date.

3. 主要會計政策(續)

綜合賬目基準(續)

綜合附屬公司資產淨值之少數股東權益與本集團於其中之權益分開呈列。資產淨值之少數股東權益包括在原業務合併日期之有關權益數額，以及自合併日期起計少數股東應佔之權益變動。少數股東應佔虧損超出少數股東於附屬公司之股本權益之金額乃與本集團權益對銷，惟少數股東具有約束力責任及其有能力作出額外投資以彌補該等虧損則除外。

增持附屬公司權益時，商譽按就額外權益所付代價與所收購額外權益應佔附屬公司資產淨值之賬面值間差額計算。倘本集團應佔附屬公司資產淨值之額外權益超逾就額外權益所支付之代價，超額部分即時於綜合收益表內確認。

業務合併

收購附屬公司採用購買會計處理法入賬。收購成本按交換當日所給予之資產、所產生或承擔之負債，以及本集團為控制被收購方而已發行股本工具之公平值總額，另加業務合併直接應佔之任何成本計量。符合香港財務申報準則第3號「業務合併」確認條件之被收購方之可識別資產、負債及或然負債，均以收購日之公平值確認。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Business combinations (continued)

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

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or jointly control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

3. 主要會計政策(續)

業務合併(續)

因收購而產生之商譽確認為資產，初步按成本(即業務合併成本超逾本集團所佔之已確認之可識別資產、負債及或然負債之公平值淨額之權益)計量。倘於重新評估後，本集團應佔被收購方之可識別資產、負債及或然負債之公平值淨額之權益高於業務合併成本，超出部分即時於損益內確認。

少數股東於被收購方之權益初步按少數股東於已確認資產、負債及或然負債之公平值淨額所佔比例計量。

於聯營公司之投資

聯營公司指本集團對其有重大影響力之實體，且不屬於附屬公司或合資企業之權益。重大影響力指參與投資對象之財務及經營政策決策之權力，但並無控制或共同控制該等政策。

聯營公司之業績及資產與負債乃按權益會計法納入綜合財務報表內。根據權益法，於聯營公司之投資乃按成本於綜合資產負債表列賬，並就本集團應佔該聯營公司之資產淨值之收購後變動作出調整，以及減去任何已識別之減值虧損。當本集團應佔聯營公司之虧損相等於或超出其於該聯營公司之權益(包括實質上構成本集團於該聯營公司之投資淨額一部分之任何長期權益)，則本集團不再確認其應佔之進一步虧損。額外應佔虧損會作出撥備及確認負債，惟僅以本集團已產生法定或推定責任或代表該聯營公司支付之款項為限。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Investments in associates (continued)

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

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

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Deemed disposal of interests in associates

Gain or loss on deemed disposal of interests in associates represents the increase or decrease, respectively in the Group's share of the respective associate's net assets and adjusted for the release of goodwill and reserves attributable to such change.

3. 主要會計政策(續)

於聯營公司之投資(續)

任何收購成本超出本集團應佔於收購日期已確認之聯營公司可識別資產、負債及或然負債中之公平值淨額，均確認為商譽。商譽乃計入投資之賬面值中，並以投資之一部分進行減值評估。

任何本集團應佔可識別資產、負債及或然負債之公平值淨額超出收購成本之部分，經重估後即時於損益中確認。

當集團實體與本集團聯營公司進行交易時，損益會按本集團應佔有關聯營公司之權益予以對銷。

視作出售聯營公司權益

視作出售聯營公司權益之收益或虧損分別為本集團應佔有關聯營公司資產淨值之增加或減少，並作撥回商譽及有關支出應佔儲備之調整。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which ventures have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

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

When a group entity transacts with a jointly controlled entity of the Group, unrealised profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

3. 主要會計政策(續)

共同控制實體

合營企業安排涉及成立獨立實體，而當中各經營方對該實體之經濟活動擁有共同控制權者乃列作共同控制實體。

共同控制實體之業績及資產與負債乃按權益會計法列入綜合財務報表內。根據權益法，於共同控制實體之投資乃按成本就本集團應佔該共同控制實體之資產淨值之收購後變動調整，減任何已識別之減值虧損於綜合資產負債表列賬。當本集團應佔共同控制實體之虧損相等於或超出其於該共同控制實體之權益（包括實質上構成本集團於該共同控制實體之投資淨額之一部分之任何長期權益），則本集團不再確認其應佔之進一步虧損。額外應佔虧損會作出撥備及確認負債，惟僅以本集團已產生法定或推定責任或代表該共同控制實體支付之款項為限。

任何本集團應佔可識別資產、負債及或然負債之公平值淨額超出收購成本之部分，經重估後即時於損益中確認。

當集團實體與本集團共同控制實體進行交易時，未變現之損益會按本集團佔有關共同控制實體之權益予以撇銷。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Goodwill

Goodwill arising on acquisitions after 1 January 2001 and prior to 1 January 2005

Goodwill arising on an acquisition of a subsidiary for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant acquiree at the date of acquisition.

For previously capitalised goodwill arising on acquisitions after 1 January 2001, the Group has discontinued amortisation from 1 January 2005 onwards, and such

goodwill is tested for impairment annually, and where there is an indication that the cash generating unit to which the goodwill relates may be impaired.

Goodwill arising on acquisitions on or after 1 January 2005

Goodwill arising on an acquisition of a subsidiary for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

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

3. 主要會計政策(續)

商譽

於二零零一年一月一日後及二零零五年一月一日前因收購所產生之商譽

收購一間附屬公司(協議日期為二零零五年一月一日前)所產生之商譽,乃指收購成本超出本集團於收購日期應佔有關被收購方之可識別資產及負債公平值之權益之數額。

就於二零零一年一月一日後收購所產生並原先已資本化之商譽,本集團自二零零五年一月一日起不再攤銷,而有關商譽每年及凡與商譽有關之現金產生單位則二

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Goodwill (continued)

Goodwill arising on acquisitions on or after 1 January 2005 (continued)

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

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

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

3. 主要會計政策(續)

商譽(續)

於二零零五年一月一日或之後收購所產生之商譽(續)

就減值測試而言，收購所產生之商譽分配到預期從收購之協同效應中受益之各有關現金產生單位，或現金產生單位之組別。已獲分配商譽之現金產生單位每年及凡該單位有跡象顯示出現減值時進行減值測試。就於財政年度之收購所產生之商譽而言，已獲分配商譽之現金產生單位於該財政年度完結前進行減值測試。當現金產生單位之可收回金額少於該單位之賬面值，則減值虧損被分配，以首先削減分配到該單位之任何商譽之賬面值，及其後以單位各資產之賬面值為基準，按比例分配到該單位之其他資產。商譽之任何減值虧損於綜合收益表內直接確認。商譽之減值虧損於其後期間不予撥回。

其後出售一間附屬公司時，則被資本化之商譽應佔金額於出售時計入釐定損益之金額。

投資物業

投資物業乃持作賺取租金及或資本增值之物業。

於初步確認時，投資物業乃按成本計量，包括任何直接應佔開支。於初步確認後，投資物業按公平值以公平值模式計量。投資物業公平值變動產生之盈虧計入其產生期間之損益內。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Investment properties (continued)

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

Properties, plant and equipment

Properties, plant and equipment (other than properties, plant and equipment under construction) at cost less subsequent accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write off the cost of items of properties, plant and equipment other than the properties, plant and equipment under construction over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. (see note 19 for the depreciation rates per annum of the items of properties, plant and equipment)

3. 主要會計政策(續)

投資物業(續)

投資物業於出售後，或當永久停止使用該投資物業，或預期出售該資產不會產生未來經濟利益時剔除確認。剔除確認該資產所產生之任何盈虧乃按出售所得款項淨額與該資產賬面值間之差額計算，並計入剔除確認項目年度之綜合收益表內。

物業、廠房及設備

物業、廠房及設備(不包括在建物業、廠房及設備)，乃按成本減其後累計折舊及任何累計減值虧損。

物業、廠房及設備項目(不包括在建物業、廠房及設備)之折舊乃根據其估計可使用年期，於計及其估計剩餘價值後，以直線法撇銷其成本。(有關物業、廠房及設備項目每年折舊率，見附註19)

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Properties, plant and equipment (continued)

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

3. 主要會計政策(續)

物業、廠房及設備(續)

發展中供日後業主使用之租約土地及樓宇

倘租約土地及樓宇正在發展作生產或行政用途，則租約土地部分乃分類為預付租約付款，並於租約年期以直線法攤銷。在建期間，就租約土地計提之攤銷支出，乃列作在建樓宇成本部分。在建樓宇以成本減任何已識別減值虧損列賬。樓宇於可供使用(即其達致管理層預期方式之所需運作地點及狀況)時開始計提折舊。

存貨

存貨按成本或可變現淨值兩者中之較低者入賬。成本包括直接物料及(如適用)直接勞工成本及使存貨達致現有位置及狀況所產生之間接成本。成本按加權平均法計算。可變現淨值指估計售價減估計完成所需之全部成本以及市場推廣、銷售及分銷將予產生之成本。

無形資產

個別收購之無形資產

個別收購並具有有限使用年期之無形資產乃按成本減累計攤銷及任何累計減值虧損列賬。具有有限使用年期之無形資產於估計可使用年期內以直線法攤銷。

剔除確認無形資產時所產生之任何盈虧(按出售所得款項淨額與資產賬面值間之差額計算)，於資產剔除確認年度之綜合收益表確認。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Intangible assets (continued)

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortisation and any accumulated impairment losses.

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

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

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses.

3. 主要會計政策(續)

無形資產(續)

研究及開發費用

研究活動費用於產生期間確認為開支。

開發費用產生之內部產生無形資產，在預期清晰界定計劃項目產生之開發成本將可透過日後商業活動收回之情況下，方會確認。因而產生之資產於其估計可用年期按直線法攤銷，按成本減其後累計攤銷及任何累計減值虧損入賬。

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

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

於業務合併中收購之無形資產

倘於業務合併中收購之無形資產符合無形資產之定義，而其公平值能可靠計算，該等資產則獨立於商譽識別及確認。有關無形資產之成本為其於收購日期之公平值。

於初步確認後，具有有限使用年期之無形資產乃按成本減累計攤銷及任何累計減值虧損列賬。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. SIGNIFIC

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Foreign currencies (continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rates of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. 主要會計政策(續)

外幣(續)

就呈列綜合財務報表而言，本集團海外業務之資產及負債均按結算日當日匯率換算為本集團之呈列貨幣(即港元)，而彼等之收入及開支項目乃按年內平均匯率換算，除非期內匯率出現重大波幅，則於此情況下，將採用交易日之匯率。所產生匯兌差額(如有)確認為股本權益之獨立部分(換算儲備)。有關換算差額於該項海外業務出售期間在損益中確認。

於二零零五年一月一日或之後收購海外業務時產生之所收購可識別資產之商譽及公平值調整被視作該海外業務之資產及負債，並按結算日之匯率換算。所產生匯兌差額於換算儲備確認。

借貸成本

與收購、建造或生產合資格資產直接有關之借貸成本均撥充資本，作為該等資產之部分成本。當資產大致可作其擬定用途或可供銷售時，該等借貸成本將不再撥充為資本。特定借貸中，在其應用於合資格的資產之前所作的臨時投資所賺取的收入，須於資本化的借貸成本中扣除。

所有其他借貸成本均於產生期間於損益中確認。

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3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Retirement benefit costs

Payments to defined contribution retirement benefit plans, state-managed retirement benefit schemes and the Mandatory Provident Fund Schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

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 consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated 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

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Taxation *(continued)*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, 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. 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.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at fair value through profit or loss (continued)

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At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including convertible bond – loan portion, non-current deposits, trade and other receivables and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (See accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

3. 主要會計政策(續)

金融工具(續)

財務資產(續)

按公平值計入損益之財務資產(續)

於初次確認後各結算日，按公平值計入損益之財務資產按公平價值計量，公平值之變動於產生變動期間直接在損益中確認。
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Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets (continued)

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, 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 financial assets have been impacted.

For available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty; or it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. 主要會計政策(續)

金融工具(續)

財務資產(續)

可供出售財務資產(續)

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Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments *(continued)*

Impairment of financial assets (continued)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 120 days and observable paenen

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Impairment of financial assets (continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

Effective interest method

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.

Interest expense is recognised on an effective interest basis.

3. 主要會計政策(續)

金融工具(續)

財務資產減值(續)

就以已攤銷成本計算的財務資產而言，倘於隨後期間減值虧損的數額減少，而此項減少可客觀地與確認減值後的某一事件聯繫，則先前確認的減值虧損於損益表中予以撥回，惟於撥回減值當日的資產賬面值不得超逾假設未確認減值時的已攤銷成本。

可供出售的股本投資的減值虧損不會於其後期間在損益內回撥。減值虧損後公平值的任何增加將直接確認為股本。就可供出售的債務投資而言，倘該投資公平值的增加可客觀地與確認減值虧損後的某一事件聯繫，減值虧損將隨後回撥。

財務負債及權益

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

權益工具為證明本集團資產剩餘權益(經扣除其所有負債)之任何合約。本集團之財務負債一般分類為按公平值計入損益之財務負債及其他財務負債。

實際利率法

實際利率法是一種計算攤銷財務負債成本與分派利息支出到相關期間之方法。實際利率是以精確估計財務負債期間未來現金支出之現值比率，或適用於更短期間。

利息支出乃按實際利率基準確認。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments *(continued)*

Financial liabilities and equity (continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

-

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Derivative financial instruments and hedging

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

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

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

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Hedge accounting

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

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

3. 主要會計政策(續)

金融工具(續)

衍生金融工具及對沖

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

不符合對沖會計法之衍生工具被視為持作買賣之財務資產或財務負債。

本集團利用若干衍生工具(即利率掉期)作為浮息銀行借貸現金流量之對沖。

內置衍生工具

非衍生合約之內置衍生工具當其之風險及特徵與主要合約之風險及特徵並非密切相關時，作為獨立衍生工具處理，而主要合約並非按公平值計算，而公平值變動於損益表中確認。

對沖會計法

本集團指定某些衍生工具為對沖工具，用作現金流量對沖。

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

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Hedge accounting (continued)

Cash flow hedge

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

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

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

Derecognition

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

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

3. 主要會計政策(續)

金融工具(續)

對沖會計法(續)

現金流量對沖

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

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

當本集團解除對沖關係、對沖工具已屆滿、售出、終止、行使或不再符合對沖會計法，對沖會計法將被終止。當時遞延於權益之任何累計盈虧將保留於權益內，並在預測交易最終於損益內確認時確認。倘預測交易預期不再進行，遞延於權益之累計盈虧即時於損益內確認。

剔除確認

若從資產收取現金流量之權利已到期，或財務資產已轉讓及本集團已將其於財務資產擁有權之絕大部份風險及回報轉移，則財務資產將剔除確認。於剔除確認財務資產時，資產賬面值與已收及應收代價及已直接於股本確認之累計損益之差額，將於損益中確認。

倘於有關合約之指定責任獲解除、註銷或到期時，則會剔除確認財務負債。剔除確認之財務負債賬面值與已付及應付代價之差額於損益中確認。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Share-based payment transactions

Share options granted and vested prior to 1 January 2005

The financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in the consolidated income statement in respect of the value of option granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded in the share premium account. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

Share options granted and vested on or after 1 January 2005

Equity-settled share-based payment transactions

Share options granted to directors and employees of the Group

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in the share option reserve.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in the share option reserve will be transferred to share premium. When the share options are forfeited after vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

3. 主要會計政策(續)

以股份形式付款交易

於二零零五年一月一日前授出及歸屬之優先購股權

直至優先購股權獲行使前，已授優先購股權之財務影響並無記錄在綜合財務報表內，因此，並無於綜合收益報表內確認已授優先購股權之價值。行使優先購股權時，因行使優先購股權而發行之股份按股份面值記錄為額外股本，每股行使價超出股份面值之部分記錄於股份溢價賬內。於行使日期前失效或註銷之優先購股權將自尚未行使優先購股權登記冊內刪除。

於二零零五年一月一日或之後授出及歸屬之優先購股權

以股份形式付款交易

授予本集團董事及僱員之優先購股權

所獲服務之公平值乃參考優先購股權於授出日期之公平值釐定，倘優先購股權即時歸屬，將於授出日期全數確認為開支，並於優先購股權儲備中作相應增加。

於各結算日，本集團修訂對預期最終可歸屬之購股權數目的估計，並將修訂於原先估計的影響(如有)即時於損益內確認，優先購股權儲備亦作相應之調整。

優先購股權獲行使時，過往於優先購股權儲備中確認之數額將轉移至股份溢價。當優先購股權於歸屬日後被沒收或於屆滿日仍未獲行使，則過往於優先購股權儲備中確認之數額將轉撥至保留溢利。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Revenue recognition

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

Revenue from sales of goods is recognised when the goods are delivered and title has passed.

Service income is recognised when services are provided.

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

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

3. 主要會計政策(續)

營業額確認

營業額乃按已收或應收代價之公平值計算，並指於一般業務過程中銷售貨品及提供服務之應收金額，減折扣、退貨及銷售相關稅項後計算。

銷售貨品營業額於貨品付運及擁有權移交時確認。

服務收入於提供服務時確認。

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

投資之股息收入於股東收取該等股息之權利獲確立時確認。

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4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in Note 3, management has made the following estimation that have significant effect on the amounts recognised in the consolidated financial statements. The following are 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.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise. At 31 December 2007, the carrying amounts of goodwill arising from acquisition of subsidiaries and associates were approximately HK\$2,005,658,000 and HK\$152,820,000 respectively. Details of the recoverable amount calculations of subsidiaries and associates are disclosed in Notes 21 and 22 respectively.

Income taxes

At 31 December 2007, deferred tax assets of approximately HK\$9,303,000 (2006: HK\$9,678,000) in relation to unused tax losses has been recognised in the Group's consolidated balance sheet. No deferred tax asset has been recognised on the tax losses of HK\$20,085,000 (2006: HK\$6,258,000) due to the unpredictability of future profit stream. The realisability of the deferred tax asset mainly depends on whether sufficient future assessable profits or taxable temporary differences will be available in the future. In cases where the actual future assessable profits generated are less or more than expected, a reversal or further recognition of deferred tax assets may arise, which would be recognised in profit and loss for the period in which such a reversal or recognition takes place.

4. 估計不明朗因素之主要來源

管理層在應用本集團之會計政策(於附註3載述)過程中作出以下估計,該等估計對綜合財務報表內確認之款額造成重大影響。下文詳述有關日後主要假設及於結算日估計不明朗因素之其他主要來源,而該等假設及不確定估計或會造成須對資產賬面值作出重大調整之重大風險。

商譽減值估計

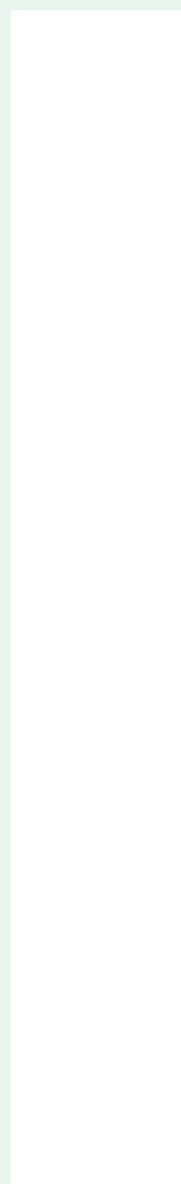
釐定商譽是否出現減值時,須估計商譽所獲分配之現金產生單位使用價值。本集團計算使用價值時須就預期源自該現金產生單位之日後現金流量及合適之折現率作出估計,以計算現值。倘實際未來現金流量少於預期數額,則可能會產生減值虧損。於二零零七年十二月三十一日,收購附屬公司及聯營公司所產生之商譽之賬面值分別約為2,005,658,000港元及152,820,000港元。附屬公司及聯營公司之可收回款項計算詳情分別於附註21及22披露。

所得稅

於二零零七年十二月三十一日,有關未動用稅項虧損之遞延稅項資產約9,303,000港元(二零零六年:9,678,000港元)已於本集團綜合資產負債表中確認。由於不能確定未來溢利,故未就20,085,000港元(二零零六年:6,258,000港元)之稅務虧損確認遞延稅項資產。變現遞延稅項資產主要視乎是否有足夠未來可評估溢利或將來可供利用之應課稅暫時差額而定。倘產生之未來實際可評估溢利少於或多於預期溢利,則遞延稅項資產可能須作撥回或進一步確認,並於該撥回或確認期間於損益中確認。

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6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

Sensitivity analysis

The Group mainly exposes to currency of United States Dollars and Euro. The following table details the Group's sensitivity to a 5% increase and decrease in RMB against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. The sensitivity analysis includes trade and other receivables, bank balances, trade and other payables, bills payables as well as bank borrowings. A positive number below indicates an increase in profit before taxation where RMB strengthen 5% against the relevant currency for net asset position and vice versa. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit before taxation.

6. 金融工具(續)

6b. 財務風險管理目標及政策(續)

市場風險(續)

貨幣風險(續)

敏感度分析

本集團主要面對美元及歐元的貨幣風險。下表詳述本集團對人民幣兌相關外幣升跌5%的敏感度。5%為本集團內部向主要管理人員匯報外幣風險所用的敏感度比率，亦是管理層對外匯匯率可能出現之合理變動的評估。敏感度分析包括尚未結算以外幣列值的貨幣項目，對年末匯率5%變動作兌感

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
United States Dollars	美元	(74,429)	(14,780)
Euro	歐元	12,535	638

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to floating-rate bank borrowings (see Note 32 for details of these borrowings). In relation to these floating-rate borrowings, the Group aims at keeping certain borrowings at fixed rates. In order to achieve this result, the Group entered into interest rate swaps to hedge against part of its exposure to potential variability of cash flows arising from changes in floating rate (see Note 30 for details). The management continuously monitors interest rate fluctuation and will consider further hedging interest rate risk should the need arise.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate bank borrowings (see Note 32 for details of these borrowings). The management monitors interest rate exposure and will consider repay the fixed-rate bank borrowings when significant interest rate exposure is anticipated.

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

6. 金融工具(續)

6b. 財務風險管理目標及政策(續)

市場風險(續)

利率風險

本集團就浮息銀行借貸承擔現金流量利率風險(該等借貸詳情見附註32)。就該等浮息借貸而言,本集團致力將若干借貸利率保持穩定。為達致此目的,本集團訂立利率掉期安排,以對沖因浮息變動而產生之現金流量潛在變動(詳情見附註30)。管理層持續監控利率波動,並將於有需要時考慮進一步對沖利率風險。

本集團須承受由定息銀行借貸所產生之公平值利率風險(該等借貸詳情見附註32)。管理層監控利率風險,如預期出現重大利率風險,本集團將考慮償還定息銀行借貸。

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

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6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk (continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for interest bearing bank balances and bank borrowings at the balance sheet date and the stipulated changes taking place at the beginning of the financial year and held constant throughout the financial year to floating rates.

If interest rates on interest bearing bank balances and bank borrowings had been 50 basis points higher/ lower and all other variables were held constant, the profit before taxation for the year ended 31 December 2007 would decrease/ increase by approximately HK\$18,277,000 (2006: increase/decrease by approximately HK\$3,562,000). This is mainly attributable to the Group's exposure to interest rates on its interest bearing bank balances and variable-rate bank borrowings.

Equity price risk

The Group is exposed to equity price risk through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk profiles and the Group has a team to monitor the price risk and will consider hedging the risk exposure should the need arise.

6. 金融工具(續)

6b. 財務風險管理目標及政策(續)

市場風險(續)

利率風險(續)

敏感度分析

釐定敏感度分析，其根據為結算日計息銀行結餘及銀行借貸的利率風險，以及於財政年度初出現的假設變動，變動於整個財政年度維持不變。變動為浮動利率，度直。

倘計息銀行結餘及銀行借貸利率升 跌

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

Market risk (continued)

Equity price risk (continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity instruments had been 5% higher/lower, investment valuation reserve for the Group would be increased/decreased by approximately HK\$27,217,000 (2006: increase/decrease by approximately HK\$11,150,000) as a result of the changes in fair value of available-for-sale investments.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at 31 December 2007 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the board of directors has delegated the management to be responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

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

6. 金融工具(續)

6b. 財務風險管理目標及政策(續)

市場風險(續)

股本價格風險(續)

敏感度分析

下文的敏感度分析，乃根據報告日所承擔的股本價格風險而釐定。

倘相關股本工具的價格升/跌5%，本集團的投資估值儲備因可供出售投資公平值的變動，增加/減少約27,217,000港元(二零零六年：增加/減少約11,150,000港元)。

信貸風險

倘交易方於二零零七年十二月三十一日未能履行彼等就各類已確認財務資產之承擔，則本集團須承受之最高信貸風險為於綜合資產負債表所載該等資產賬面值。為將信貸風險降至最低，董事會已委派管理層負責制訂信貸限額、信貸審批及其他監控程序，以確保採取跟進措施收回逾期未付之債項。此外，於各結算日，本集團審閱每項個別貿易負債之可收回金額，以確保就不可收回金額作出足夠減值虧損。就此而言，本公司董事認為，本集團之信貸風險已大幅降低。

由於銀行存款及銀行結餘乃存放於信譽良好之銀行，故該等款項之信貸風險屬微不足道。

本集團並無高度集中之信貸風險，有關風險由多個交易方及客戶分攤。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensure compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2007, the Group has available unutilised bank borrowings facilities of approximately HK\$8,968,937,000 (2006: HK\$5,083,919,000).

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

For derivative instruments settled on a net basis, undiscounted net cash outflows are presented.

6. 金融工具(續)

6b. 財務風險管理目標及政策(續)

流動資金風險

本集團為管理流動資金風險，監控現金及現金等值項目的水平，將其維持於管理層認為合適的水平，以撥支本集團的業務，亦減低現金流量波動的影響。管理層監控銀行借貸的使用情況，確保符合貸款契約。

本集團依賴銀行借貸作為流動資金的主要來源。於二零零七年十二月三十一日，本集團未動用的銀行信貸額度約為8,968,937,000港元(二零零六年：5,083,919,000港元)。

下表詳述本集團餘下合約財務負債的到期情況。就非衍生財務負債而言，乃根據本集團須付財務負債最早之日的非折現現金流量以制定表格。表格包括利息及本金現金流量。

按淨額基準結算的衍生工具，呈報其非折現現金流出淨額情況。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables

6. 金融工具(續)

6b. 財務風險管理目標及政策(續)

流動資金風險(續)

流動資金及利率風險表

			Over 3 months but not more than 1 year	Over 1 year but not more than 5 years	Total undis- counted cash flows		Carrying amount
Weighted average effective interest rate	Less than 3 months	三個月以上 但不超過 一年	三個月以上 但不超過 一年	一年以上 但不超過 五年	Over 5 years 超過五年	非折現 現金流量 總額	賬面值
加權平均 實際利率 %	三個月內 HK\$'000 千港元	三個月內 HK\$'000 千港元	三個月以上 但不超過 一年 HK\$'000 千港元	一年以上 但不超過 五年 HK\$'000 千港元	超過五年 HK\$'000 千港元	非折現 現金流量 總額 HK\$'000 千港元	賬面值 HK\$'000 千港元
As at 31 December 2007	於二零零七年十二月三十一日						
<i>Non-derivative financial liabilities</i>	<i>非衍生財務負債</i>						
Trade and other payables	貿易及其他應付賬款	-	2,322,518	437,143	-	-	2,759,661
Bills payable	應付票據	-	880,992	-	-	-	880,992
Bank borrowings	銀行貸款						
- fixed rate	- 定息	4.3	42,870	5,512	56,840	-	105,222
- variable rate	- 浮息	4.7	496,559	1,285,655	6,240,411	115,155	8,137,780
			3,742,939	1,728,310	6,297,251	115,155	11,883,655
							10,890,365
<i>Derivative – net settlement</i>	<i>衍生工具 - 結算淨額</i>						
Foreign currency forward contracts	外匯遠期合約	-	60	291	894	-	1,245
							1,184

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

6. 金融工具(續)

6b. 財務風險管理目標及政策(續)

流動資金風險(續)

流動資金及利率風險表(續)

				Over 3 months but not more than 1 year	Over 1 year but not more than 5 years	Total undis- counted cash flows	
Weighted average effective interest rate	Less than 3 months	三個月以上 但不超過 一年	三個月內 一年	三個月以上 但不超過 一年	一年以上 五年	非折現 現金流量 總額	Carrying amount 賬面值
%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元	千港元	千港元
As at 31 December 2006	於二零零六年 十二月三十一日						
<i>Non-derivative financial liabilities</i>	<i>非衍生財務負債</i>						
Trade and other payables	貿易及其他應付賬款	-	2,067,364	324,748	-	2,392,112	2,392,112
Bills payable	應付票據	-	653,608	-	-	653,608	653,608
Bank borrowings	銀行貸款						
- variable rate	- 浮息	5.2	658,651	685,463	5,002,697	6,346,811	5,382,644
			3,379,623	1,010,211	5,002,697	9,392,531	8,428,364
<i>Derivative - net settlement</i>	<i>衍生工具 - 結算淨額</i>						
Foreign currency forward contracts	外匯遠期合約	-	34	167	-	201	195

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS (continued)

6c. Fair value

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

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively;
- the fair value of other financial assets and financial liabilities (except for derivatives) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input;
- the fair value of conversion and redemption option derivative is estimated using Black-Scholes Option Pricing Model and Binomial Model; and
- the fair value of other derivative financial instruments are determined based on the valuation provided by counterparty financial institutions for equivalent instruments.

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

6. 金融工具(續)

6c. 公平值

財務資產及財務負債之公平值按下列方式釐定:

- 擁有標準條款及條件並於活躍流通市場買賣之財務資產及財務負債之公平值分別參考市場所報之買盤價及賣盤價釐定;
- 根據普遍接受的定價模式, 按折現現金流量分析, 釐定其他財務資產及財務負債(衍生工具除外)的公平值, 折現現金流量分析使用現時市場已有的價格或利率作為資料;
- 以柏力克 - 舒爾斯期權定價模式及二項模式, 估計可換股及贖回選擇權衍生工具公平值; 及
- 根據另一方金融機構提供對等工具的估值, 釐定其他衍生金融工具的公平值。

本公司董事認為, 以攤銷成本記錄於綜合財務報表之財務資產及財務負債之賬面值與其公平值相若。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

7. REVENUE

Revenue represents the net amounts received and receivable by the Group from the sale of goods to outside customers, net of discounts, returns and sales related taxes and services rendered by the Group, for each year is analysed as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Sale of laminates	銷售覆銅面板	7,590,476	6,288,922
Sale of PCBs	銷售印刷線路板	7,601,201	6,649,997
Sale of chemicals	銷售化工產品	3,806,630	2,725,653
Others (Note)	其他(附註)	1,026,805	1,108,776
		20,025,112	16,773,348

Note: Amount included service income amounted to HK\$28,637,000 (2006: HK\$24,320,000).

7. 營業額

營業額指本集團於各年內自對外客戶銷售貨品(減折扣、退貨及銷售相關稅項)及提供服務之所收及應收金額淨額,分析如下:

附註: 包括服務收入28,637,000港元(二零零六年: 24,320,000港元)。

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

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

8. 業務及地區分部

業務分部

在管理方面,本集團目前分成四大營運部門 - 覆銅面板、印刷線路板、化工產品及其他。此等部門為本集團申報其主要分部資料之基準。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

		Laminates	PCBs	Chemicals	Others	Consolidated
		覆銅面板	印刷線路板	化工產品	其他	綜合
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Year ended 31 December 2007	截至二零零七年十二月三十一日止年度					
Other information	其他資料					
Capital additions	資本增添	1,515,028	756,006	2,623,316	1,233,569	6,127,919
Depreciation and amortisation	折舊及攤銷	492,876	440,737	178,045	58,705	1,170,363
Impairment loss recognised in respect of trade and other receivables	就貿易及其他應收賬款確認之減值虧損	19,854	39,107	30,043	-	89,004
Loss on disposal and write off of	出售及撇銷物					

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued) 8. 業務及地區分部(續)

Business segments (continued)

業務分部(續)

		Laminates 覆銅面板 HK\$'000 千港元	PCBs 印刷線路板 HK\$'000 千港元	Chemicals 化工產品 HK\$'000 千港元	Others 其他 HK\$'000 千港元	Eliminations 對銷 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Year ended 31 December 2006	截至二零零六年十二月三十一日止年度						
Segment revenue	分部收益						
External sales	對外銷售額	6,288,922	6,649,997	2,725,653	1,108,776	–	16,773,348
Inter-segment sales	分部間之銷售額	1,954,390	–	1,285,722	15,571	(3,255,683)	–
Total	合計	8,243,312	6,649,997	4,011,375	1,124,347	(3,255,683)	16,773,348
Result	業績						
Segment result	分部業績	1,807,375	686,182	342,027	80,248	–	2,915,832
Gain on disposal and deemed disposal of partial interest in a subsidiary	出售及視作出售一間附屬公司部分權益之收益	4,830,916	–	–	–	–	4,830,916
Discount on acquisition of an associate	收購一間聯營公司折讓	–	48,182	–	–	–	48,182
Discount on acquisition of additional interest in a subsidiary	收購一間附屬公司額外權益折讓	1,498	–	–	–	–	1,498
Unallocated corporate income	未分配之公司收入						156,853
Unallocated corporate expenses	未分配之公司支出						(82,030)
Finance costs	融資成本						(313,266)
Share of results of associates	應佔聯營公司業績	–	90	39,834	–	–	39,924
Share of results of jointly controlled entities	應佔共同控制實體業績	–	–	–	(1,755)	–	(1,755)
Profit before taxation	除稅前溢利						7,596,154
Income tax expense	所得稅支出						(240,435)
Profit for the year	年內溢利						7,355,719

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

分部間之銷售乃參考市價計算。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

	Laminates	PCBs	Chemicals	Others	Consolidated
	覆銅面板	印刷線路板	化工產品	其他	綜合
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
和板一誠咀灼(华製離碼矩矩 坐製離碼離觀 # 間壓板	千港元	千港元	千港元	千港元	千港元

Year ended 31 December 2006

截至二零零六年
十二月三

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

11. GAIN ON DISPOSAL AND DEEMED DISPOSAL OF PARTIAL INTEREST IN A SUBSIDIARY

During the year ended 31 December 2006, the Group spun off its interests in Kingboard Laminates Holdings Limited ("KLHL"), a subsidiary of the Company principally engaged in the manufacture and sale of laminates and laminate-related products, for a separate listing on the main board of the Stock Exchange (the "Spin-off"). The Group disposed of 675,000,000 shares in KLHL to the public investors at a price of HK\$7.73 per share in KLHL, giving a total consideration of approximately HK\$5,217,750,000 before expenses, which amounted to approximately HK\$231,841,000. It resulted in a gain on disposal of partial interest in KLHL of approximately HK\$4,166,273,000, including a gain on release of translation reserve of approximately HK\$59,460,000.

In addition, KLHL also issued a total of 150,000,000 new shares to the public investors at an issue price of HK\$7.73 per share in KLHL, resulting in a gain on deemed disposal of partial interest in KLHL by the Group of approximately HK\$664,643,000.

As a result of the Spin-off, the Group's interest in KLHL was reduced from 100% to 72.5%.

11. 出售及視作出售一間附屬公司部分權益之收益

於截至二零零六年十二月三十一日止年度內，本集團分拆其於建滔積層板控股有限公司(「建滔積層板」)之權益於聯交所主板獨立上市(「分拆」)。建滔積層板為本公司附屬公司，主要從事製造及銷售覆銅面板及覆銅面板相關產品。本集團按每股建滔積層板股份7.73港元向公眾投資者出售675,000,000股建滔積層板股份，扣除相關開支約231,841,000港元前之總代價約為5,217,750,000港元。出售建滔積層板部分權益之收益約為4,166,273,000港元，其中包括換算儲備收入撥回約59,460,000港元。

此外，建滔積層板亦按發行價每股7.73港元向公眾投資者發行合共150,000,000股建滔積層板新股份，因此，本集團視作出售建滔積層板部分權益之收益約為664,643,000港元。

分拆後，本集團於建滔積層板之權益由100%減至72.5%。

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

12. FINANCE COSTS

12. 融資成本

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Interest on bank borrowings wholly repayable within five years	須於五年內全數償還之銀行借貸之利息	289,932	382,622
Interest on bank borrowings not wholly repayable within five years	非於五年內全數償還之銀行借貸之利息	4,203	—
Other finance charges	其他融資費用	3,177	36,637
		297,312	419,259
Release of hedging reserve	對沖儲備之撥回	—	(43,823)
Fair value changes of interest rate swap contracts	利率掉期合約公平值變動	(6,636)	(59,126)
		290,676	316,310
Less: Interests capitalised	減：資本化利息	(3,012)	(3,044)
		287,664	313,266

Borrowing costs capitalised during the year arose on the general borrowing pool and were calculated by applying a capitalisation rate of 5% for 2007 (2006: 5%) to expenditures on qualifying assets.

年內之資本化借貸成本乃於一般借貸中產生，於二零零七年以合資格資產開支之資本化率5%(二零零六年：5%)計算。

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

13. INCOME TAX EXPENSE

13. 所得稅開支

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
The amount comprises:	稅項包括：		
Hong Kong Profits Tax	香港利得稅		
Charge for the year	本年度之稅項支出	94,330	16,310
Overprovision in previous years	過往年度超額撥備	(4,558)	(8,433)
		89,772	7,877
Taxation arising in other jurisdictions	其他司法權區之稅項		
Charge for the year	本年度之稅項支出	167,258	246,190
(Over)underprovision in previous years	過往年度(超額撥備) 撥備不足	(3,544)	4,404
		163,714	250,594
Deferred taxation (Note 33)	遞延稅項(附註33)		
Credit for the year	本年度撥回	(9,622)	(18,036)
Attributable to a change in tax rate	稅率變動之影響	1,166	—
		(8,456)	(18,036)
		245,030	240,435

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profits for both years.

香港利得稅乃按該兩年內估計應課稅溢利並按17.5%之稅率計算。

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

其他司法權區之稅項乃按有關司法權區之適用稅率計算。

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rates for certain subsidiaries of the Group from current tax rates ranging from 15% to 33% to 25% starting from 1 January 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

於二零零七年三月十六日，中國頒佈中華人民共和國主席令第63號《中華人民共和國企業所得稅法》(「新稅法」)。於二零零七年十二月六日，中國國務院頒佈新稅法實施條例。按照新稅法及實施條例，自二零零八年一月一日起，適用於集團若干附屬公司之稅率將由現時介乎15%至33%逐步劃一為25%。遞延稅項結餘已作調整，以反映預期於變現資產或結清負債之各期間適用之稅率。

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13. INCOME TAX EXPENSE (continued)

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

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Profit before taxation	除稅前溢利	3,717,184	7,596,154
Tax charge at the domestic income tax rate of 33% (2006: 33%) (Note a)	以當地所得稅率33% (二零零六年：33%) 計算之稅款(附註a)	1,226,671	2,506,731
Tax effect of expenses not deductible for tax purpose	不可扣稅費用之稅務 影響	34,029	60,506
Tax effect of income not taxable for tax purpose	毋須課稅收益之稅務 影響		

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15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

No directors of the Company had waived any emoluments during the years ended 31 December 2007 and 2006 and the five highest paid individuals in the Group for the year ended 31 December 2007 including four (2006: five) directors of the Company. The emoluments of the remaining one (2006: Nil) individual were as follows:

	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Salaries and other benefits 薪金及其他福利	2,300	—
Contributions to retirement benefits scheme 退休福利計劃供款	99	—
Performance related incentive payments 工作表現獎勵	13,850	—
	16,249	—

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

15. 董事及僱員酬金(續)

概無本公司董事於截至二零零七年及二零零六年十二月三十一日止年度放棄任何酬金。本集團於截至二零零七年十二月三十一日止年度五名最高薪人士有四名(二零零六年：五名)為本公司之董事。餘下一名人士(二零零六年：沒有)之酬金如下：

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

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16. DIVIDENDS

16. 股息

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Dividends paid	已派發股息		
Interim dividend for 2007 of HK30 cents (2006: HK20 cents) per ordinary share	二零零七年年中期股息 每股普通股30港仙 (二零零六年：20港仙)	251,430	162,721
Final dividend for 2006 of HK38 cents (2006: final dividend for 2005 of HK28 cents) per ordinary share	二零零六年末期股息 每股普通股38港仙 (二零零六年派發之 二零零五年末期股息： 28港仙)	316,464	219,735
Special dividend for 2006 of HK62 cents (2006: no special dividend for 2005) per ordinary share	二零零六年特別股息 每股普通股62港仙 (二零零六年：二零零五年 沒有特別股息)	516,335	—
Additional dividend paid in respect of the previous period as a result of new shares issued subsequent to the approval of the previous period's consolidated financial statements	因於批准過往期間 綜合財務報表後發行 新股份而就過往 期間派發之額外股息	—	192
		1,084,229	382,648
Dividends proposed	建議股息		
Proposed final dividend for 2007 of HK70 cents (2006: HK38 cents) per ordinary share	建議二零零七年末期股息 每股普通股70港仙 (二零零六年：38港仙)	586,669	316,464
Proposed special dividend for 2006 of HK62 cents (2007: Nil) per ordinary share	建議二零零六年特別股息 每股普通股62港仙 (二零零七年：沒有)	—	516,335
		586,669	832,799

The final dividend of HK70 cents per share has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

本公司董事建議派發末期股息每股70港仙，惟須待本公司股東於應屆股東週年大會批准，方可作實。

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17. EARNINGS PER SHARE

The calculations of the basic and diluted earnings per share attributable to equity holders of the Company are based on the following data:

17. 每股盈利

本公司權益持有人應佔基本及攤薄每股盈利按下列數據計算：

	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
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Earnings for the purpose of calculating basic and diluted earnings per share	計算基本及攤薄每股盈利之盈利	2,778,321	7,068,015
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	Number of shares 股份數目	
	2007 二零零七年	2006 二零零六年

Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	計算基本每股盈利之普通股加權平均數	834,294,662	793,798,250
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Effect of dilutive potential ordinary shares relating to:	具潛在攤薄效應之普通股：		
— outstanding share options	- 未行使之優先購股權	25,207,611	29,654,784
— outstanding warrants	- 未行使之認股權證	—	5,422,518

Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	計算攤薄每股盈利之普通股加權平均數	859,502,273	828,875,552
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The effect of dilutive potential shares on share of results of a non wholly-owned subsidiary, Elec & Eltek International Company Limited ("EEIC"), based on the dilution of its earnings per share for both years are insignificant.

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

	2007 二零零七年	2006 二零零六年
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Additional information on adjusted earnings per share:	經調整每股盈利之附加資料：		
Basic	基本	HK\$3.139	HK\$2.756

Diluted	攤薄	HK\$3.047	HK\$2.639
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18. INVESTMENT PROPERTIES

18. 投資物業

		HK\$'000 千港元
FAIR VALUE	公平值	
At 1 January 2006	於二零零六年一月一日	33,057
Increase in fair value	公平值增加	7,163
At 31 December 2006 and 1 January 2007	於二零零六年十二月三十一日 及二零零七年一月一日	40,220
Additions	添置	1,084,477
Transfer from properties, plant and equipment (Note)	轉撥自物業、廠房及設備 (附註)	68,137
Increase in fair value	公平值增加	5,118
At 31 December 2007	於二零零七年十二月三十一日	1,197,952

Note: The fair value of the properties transferred from properties, plant and equipment at the date of transfer had been arrived at on the basis of a valuation carried out on that day by Messrs. Chung, Chan & Associates, independent qualified valuers not connected to the Group.

附註：該等轉撥自物業、廠房及設備之物業於轉撥日期之公平值，乃按與本集團並無關連之獨立合資格估值師衡量行於該日進行估值之基準達致。

The fair value of the Group's investment properties at 31 December 2006 had been arrived at on the basis of a valuation carried out on that date by Messrs. B.I. Appraisals Limited, independent qualified valuers not connected with the Group. At 31 December 2007, the fair value of the Group's investment properties had been arrived at on the basis of a valuation carried out on that date by Messrs. Chung, Chan & Associates, independent qualified valuers not connected with the Group. Messrs. B.I. Appraisals Limited and Chung, Chan & Associates are members of the Institute of Valuers. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

本集團投資物業於二零零六年十二月三十一日之公平值乃按與本集團並無關連之獨立合資格估值師保柏國際評估有限公司於該日進行估值之基準達致。截至二零零七年十二月三十一日止本集團投資物業之公平值乃按與本集團並無關連之獨立合資格估值師衡量行於該日進行估值之基準達致。保柏國際評估有限公司與衡量行為估值師協會會員。是次估值乃參考類似物業交易價值之市場憑證釐定。

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

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

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18. INVESTMENT PROPERTIES (continued)

The carrying value of investment properties shown above comprises:

18. 投資物業 (續)

以上所示投資物業賬面值包括：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Property interests situated in Hong Kong under:	按下列租約於香港持有之物業權益：		
Medium-term lease	中期租約	4,047	4,480
Property interests situated outside Hong Kong under:	按下列租約於香港以外持有之物業權益：		
Medium-term lease	中期租約	1,169,375	12,000
Long lease	長期租約	24,530	23,740
		1,193,905	35,740
		1,197,952	40,220

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19. PROPERTIES, PLANT AND EQUIPMENT

19. 物業、廠房及設備

		Freehold land 永久產權土地 HK\$'000 千港元	Buildings for own use 自用樓宇 HK\$'000 千港元	Leasehold improvements 租約物業裝修 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Furniture, fixtures and equipment 傢俬、裝置及設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Properties, plant and equipment under construction 在建物業、廠房及設備 HK\$'000 千港元	Total 合計 HK\$'000 千港元
COST	成本								
At 1 January 2006	於二零零六年一月一日	55,653	1,828,502	197,325	7,726,392	195,161	111,146	878,498	10,992,677
Exchange adjustments	匯兌調整	5,054	18,639	52,797	118,383	11,342	4,641	35,137	245,993
Additions	添置	-	367,221	28,150	764,753	60,092	39,190	1,133,826	2,393,232
Acquired from acquisition of subsidiaries	收購附屬公司而獲取	-	3,382	-	33,148	1,198	1,089	387	39,204
Disposals and write off	出售及撇銷	-	(29,407)	(20,343)	(109,912)	(28,735)	(19,992)	-	(208,389)
Reclassifications	重新分類	-	133,418	4,801	591,153	4,145	297	(733,814)	-
At 31 December 2006 and 1 January 2007	於二零零六年十二月三十一日及二零零七年一月一日	60,707	2,321,755	262,730	9,123,917	243,203	136,371	1,314,034	13,462,717
Exchange adjustments	匯兌調整	2,457	121,374	20,999	719,183	20,640	9,708	180,737	1,075,098
Additions	添置	-	105,026	19,458	1,428,526	69,647	18,674	2,362,768	4,004,099
Acquired from acquisition of subsidiaries	收購附屬公司而獲取	-	3,382	-	44,010	446	811	6,463	55,112
Disposals and write off	出售及撇銷	-	(7,169)	(5,158)	(207,150)	(48,615)	(21,656)	-	(289,748)
Transferred to investment properties (Note)	轉撥至投資物業 (附註)	-	(61,554)	-	-	-	-	-	(61,554)
Reclassifications	重新分類	-	79,925	14,071	1,259,817	33,081	(640)	(1,386,254)	-
At 31 December 2007	於二零零七年十二月三十一日	63,164	2,562,739	312,100	12,368,303	318,402	143,268	2,477,748	18,245,724
DEPRECIATION AND IMPAIRMENT	折舊及減值								
At 1 January 2006	於二零零六年一月一日	-	176,409	50,104	1,951,612	73,231	51,047	-	2,302,403
Exchange adjustments	匯兌調整	-	9,774	8,682	25,091	1,405	8,199	-	53,151
Provided for the year	本年度撥備	-	72,851	35,111	868,426	29,461	25,349	-	1,031,198
Eliminated on disposals and write off	出售時註銷及撇銷	-	(4,947)	(18,022)	(108,443)	(27,044)	(19,904)	-	(178,360)
At 31 December 2006 and 1 January 2007	於二零零六年十二月三十一日及二零零七年一月一日	-	254,087	75,875	2,736,686	77,053	64,691	-	3,208,392
Exchange adjustments	匯兌調整	-	20,260	11,662	258,609	9,317	5,676	-	305,524
Provided for the year	本年度撥備	-	44,701	20,611	1,045,377	41,026	18,016	-	1,169,731
Eliminated on disposals and write off	出售時註銷及撇銷	-	(7,040)	(5,059)	(144,992)	(21,779)	(11,792)	-	(190,662)
At 31 December 2007	於二零零七年十二月三十一日	-	312,008	103,089	3,895,680	105,617	76,591	-	4,492,985
CARRYING VALUES	賬面值								
At 31 December 2007	於二零零七年十二月三十一日	63,164	2,250,731	209,011	8,472,623	212,785	66,677	2,477,748	13,752,739
At 31 December 2006	於二零零六年十二月三十一日	60,707	2,067,668	186,855	6,387,231	166,150	71,680	1,314,034	10,254,325

Note: During the year, the Group rented out certain of its leasehold properties to independent third parties for rental income. When there was a change in use, upon the transfer from properties, plant and equipment to investment properties, these properties were revalued at fair value with a gain on revaluation of approximately HK\$6,583,000, which has been credited to the property revaluation reserve.

附註：年內，本集團向獨立第三方出租若干永久產權土地，獲取租金收入。倘用途有變，在將物業、廠房及設備轉撥至投資物業時，該等物業按公平值重估，重估收益約為6,583,000港元，計入物業重估儲備。

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19. PROPERTIES, PLANT AND EQUIPMENT

(continued)

The above items of properties, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Freehold land	Nil
Buildings for own use	Over the remaining unexpired terms of the leases or fifty years, whichever is the shorter
Leasehold improvements	Over shorter of lease terms or 10 – 20%
Plant and machinery	10 – 20%
Furniture, fixtures and equipment	10 – 33 $\frac{1}{3}$ %
Motor vehicles	20%

19. 物業、廠房及設備(續)

上述物業、廠房及設備項目以直線基準按下列年度比率計提折舊：

永久業權土地	無
自用樓宇	按照租約內剩餘未完的年期或50年(以較短者為準)
租約物業裝修	按照租約年期或10 - 20%(以較短者為準)
廠房及機器	10 - 20%
傢俬、裝置及設備	10 - 33 $\frac{1}{3}$ %
汽車	20%

20. PREPAID LEASE PAYMENTS

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

20. 預付租賃款項

本集團全部預付租賃款項均為香港以外租賃土地之中期租約預付款。

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Analysed for reporting purposes as:	就報告分析如下：		
Current asset	流動資產	28,029	9,513
Non-current asset	非流動資產	1,265,127	471,727
		1,293,156	481,240

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21. GOODWILL

21. 商譽

		HK\$'000 千港元
CARRYING VALUE	賬面值	
At 1 January 2006	於二零零六年一月一日	1,659,354
Arising on acquisition of subsidiaries (see Note 37)	收購附屬公司產生(見附註37)	48,621
Arising on acquisition of additional interests in subsidiaries (Note)	收購附屬公司額外權益產生 (附註)	9,544
At 31 December 2006 and 1 January 2007	於二零零六年十二月三十一日 及二零零七年一月一日	1,717,519
Arising on acquisition of subsidiaries (see Note 37)	收購附屬公司產生(見附註37)	238
Arising on acquisition of additional interests in subsidiaries (Note)	收購附屬公司額外權益產生 (附註)	287,901
At 31 December 2007	於二零零七年十二月三十一日	2,005,658

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

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

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

有關收購附屬公司所產生之商譽之減值測試詳情披露如下：

As explained in Note 8, the Group uses business segments as its primary segment for reporting segment information. For the purposes of impairment testing, goodwill has been allocated to the cash generating units ("CGU") of laminates and PCBs business segments. The carrying amounts of goodwill allocated to the CGUs of laminates and PCBs business segments are approximately HK\$288,139,000 (2006: Nil) and HK\$1,717,519,000 (2006: HK\$1,717,519,000), respectively.

誠如附註8所闡釋，本集團以業務分部作為申報分部資料之主要分部。就減值測試而言，商譽已分配予覆銅面板及印刷線路板業務分部之現金產生單位（「現金產生單位」）。分配予覆銅面板及印刷線路板業務分部之現金產生單位之商譽賬面值分別約為288,139,000港元（二零零六年：沒有）及1,717,519,000港元（二零零六年：1,717,519,000港元）。

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21. GOODWILL (continued)

The recoverable amounts of the laminates' and PCBs' CGUs have been determined from value-in-use calculation. Goodwill is expected to generate cash flow for indefinite period. To calculate this, cash flow projections are based on five year periods financial budgets approved by senior management. The key assumption for the value-in-use calculations is the budgeted gross margin at a discount rate of 10% and growth rate of 7%, which is determined based on the unit's past performance and management's expectations for the market development. Since the recoverable amount of the cash generating unit is higher than its carrying amount, the directors consider that the carrying value of goodwill at the balance sheet date is not significantly impaired.

21. 商譽(續)

覆銅面板及印刷線路板現金產生單位之可收回金額按使用價值計算法釐定。預期商譽將無限期限產生現金流量。為計算使用價值，現金流量預測以經高級管理層所批准之五年期財政預算為基準。使用價值計算法之主要假設為預算毛利率之折現率及增長率分別為10%及7%，乃按該單位過往表現及管理層對市場發展之期望釐定。由於現金產生單位之可收回金額高於其賬面值，故董事認為，於結算日之商譽賬面值並無出現重大減值。

22. INVESTMENTS IN ASSOCIATES

22. 於聯營公司之投資

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Cost of investments in associates	於聯營公司之投資成本		
Listed in Hong Kong	於香港上市	122,668	196,824
Unlisted in the PRC	於中國非上市	401,182	188,137
Share of post-acquisition profits, net of dividends received	應佔收購後溢利 (扣除已收股息)	178,315	88,106
Share of reserve	應佔儲備	38,963	13,862
		741,128	486,929
Fair value of listed investments	上市投資之公平值	718,303	171,794

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22. INVESTMENTS IN ASSOCIATES (continued)

At 31 December 2007 and 2006, the Group had interests in the following associates:

22. 於聯營公司之投資(續)

於二零零六年及二零零七年十二月三十一日，本集團擁有以下聯營公司權益：

Name of entity 實體名稱	Form of business structure 業務架構形式	Place of registration/ incorporation 註冊 註冊成立地點	Principle place of operation 主要營業地點	Proportion of nominal value of registered capital/ issued share capital held by the Group 本集團所持註冊資本 已發行股本面值比例		Principal activities 主要業務
				2007 二零零七年	2006 二零零六年	
CNOOC Kingboard Chemical Limited [#] 中海石油建滔化工有限公司 [#]	Incorporated 註冊成立	PRC 中國	PRC 中國	40%	40%	Manufacture and sales of methanol 製造及分銷甲醇
G-Prop (Holdings) Limited ("G-Prop") [*] 金匡企業有限公司 (「金匡」) [*]	Incorporated 註冊成立	Bermuda 百慕達	Hong Kong 香港	36.51%	—	Property investment and leasing 物業投資及租賃
實友化工(揚州)有限公司 [#]	Incorporated 註冊成立	PRC 中國	PRC 中國	25%	—	Refining of heavy oil and sales of chemicals 提煉重油及分銷化工產品
Topsearch International (Holdings) Limited ("Topsearch") [*] 至卓國際(控股)有限公司 (「至卓」) [*]	Incorporated 註冊成立	Bermuda 百慕達	PRC 中國	—	25.04%	Manufacture and sales of PCBs 製造及分銷印刷線路板

* Companies with their shares listed on the main board of the Stock Exchange.

These companies were established in the PRC in the form of Sino-Foreign Equity Joint Ventures.

* 股份於聯交所主板上市之公司。

此等公司乃以中外合資合營企業形式在中國成立。

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22. INVESTMENTS IN ASSOCIATES (continued)

During the year ended 31 December 2007, the Group entered into subscription agreements with G-Prop to subscribe for (i) 740,518,325 ordinary shares of G-Prop, which represented 36.51% of the enlarged issued share capital of G-Prop, at a consideration of approximately HK\$119,964,000 and (ii) a three-year zero coupon convertible bond with a principal amount of HK\$108,000,000. Details of the convertible bond are set out in Note 24.

The Group also acquired 25% registered capital of 實友化工(揚州)有限公司 at a consideration of approximately HK\$213,045,000 during the year ended 31 December 2007.

In addition, during the year ended 31 December 2007, Topsearch issued new ordinary shares to the public through placement and diluted the equity interest of the Group in Topsearch from 25.04% to 21.15%. The Group also disposed of certain shares of Topsearch in the market and thus Topsearch ceased to be an associate of the Group and has been accounted for as available-for-sale investments as at 31 December 2007. The loss on disposal and deemed disposal of interest in the associate amounted to approximately HK\$23,658,000 for the year ended 31 December 2007.

Included in the cost of investments in associates is goodwill of approximately HK\$152,820,000 (2006: Nil) arising on acquisition of associates during the year. The movement of goodwill is set out below.

		HK\$'000 千港元
At 1 January 2006, 31 December 2006 and 1 January 2007	於二零零六年一月一日、 二零零六年十二月三十一日 及二零零七年一月一日	—
Arising on acquisition of associates	收購聯營公司引起	152,820
At 31 December 2007	於二零零七年十二月三十一日	152,820

22. 於聯營公司之投資(續)

截至二零零七年十二月三十一日止年度，本公司與金匡訂立認購協議，以認購(i)金匡740,518,325股普通股，佔金匡經擴大已發行股本36.51%，代價約為119,964,000港元；及(ii)三年零息可換股債券，本金額為108,00

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22. INVESTMENTS IN ASSOCIATES (continued)

The recoverable amounts of the interests in associates including goodwill have been determined from value-in-use calculation. To calculate this, cash flow projections are based on five year periods financial budgets approved by senior management. The key assumption for the value-in-use calculations is the budgeted gross margin at a discount rate of 10% and growth rate of 7%, which is determined based on the unit's past performance and management's expectations for the market development. Since the recoverable amount of the associates is higher than its carrying amount, the directors consider that the carrying value of goodwill at the balance sheet date is not significantly impaired.

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

22. 於聯營公司之投資(續)

於聯營公司之權益(包括商譽)之可收回金額按使用價值計算法釐定。為計算使用價值,現金流量預測以經高級管理層所批准之五年期財政預算為基準。使用價值計算法之主要假設為預算毛利率之折現率及增長率分別為10%及7%,乃按該單位過往表現及管理層對市場發展之期望釐定。由於聯營公司可收回金額高於其賬面值,故董事認為,於結算日之商譽賬面值並無出現重大減值。

本集團聯營公司之財務資料概述如下:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Total assets	資產總值	2,306,348	3,716,266
Total liabilities	負債總值	(702,738)	(2,067,384)
Net assets	資產淨值	1,603,610	1,648,882
Group's share of net assets of associates	本集團應佔聯營公司資產淨值	588,308	486,929
Revenue (Note)	營業額(附註)	2,123,579	294,607
Profit for the year (Note)	本年度溢利(附註)	757,672	99,945
Group's share of results of associates for the year (Note)	本集團應佔聯營公司本年度業績(附註)	298,283	39,924

Note: The amounts included the revenue and profit of Topsearch for the period from 1 January 2007 to the date of which Topsearch ceased to be an associate of the Group.

附註: 該等金額包括至卓由二零零七年一月一日至卓不再為本集團聯營公司期間之營業額及溢利。

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23. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprises:

23. 可供出售投資

可供出售投資包括：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Listed investments:	上市投資：		
– Equity securities listed in Hong Kong	- 於香港上市之股本證券	544,332	230,206
– Debt security listed in overseas with fixed interest of 4.625% per annum and maturity date on 15 November 2016	- 於海外上市之債務 證券，固定年息 4.625厘，於 二零一六年十一月 十五日到期	—	155,419
Unlisted equity investments	非上市股本投資	544,332 20,325	385,625 9,525
Total	合計	564,657	395,150

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

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

於結算日，所有可供出售上市投資均按公平值列賬。由於不能可靠計算非上市股本投資公平值，故按成本列賬。該等投資之公平值乃經參考交投活躍市場所報競投價釐定。

上述非上市投資指於私人實體所發行非上市股本證券之投資。該等私人實體於中國成立，從事物業發展及酒店營運業務。由於公平值之合理估算幅度龐大，致使董事認為未能可靠計算其公平值，故非上市投資於各個結算日按成本扣除減值計算。

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24. CONVERTIBLE BOND

24. 可換股債券

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Unlisted convertible bond	非上市可換股債券		
- loan portion	- 借貸部分	86,188	-
- conversion and redemption option derivative – fair value	- 可換股及贖回選擇 權衍生工具 - 公平值	205,461	-
		291,649	-

During the year ended 31 December 2007, the Group subscribed a three-year zero coupon convertible bond with a principal amount of HK\$108,000,000 from G-Prop, an associate of the Group. The convertible bond can be converted in whole or in part into new ordinary shares of G-Prop at any time from the issue date (i.e. 25 October 2007) to the maturity date (i.e. 24 October 2010) at a conversion price of HK\$0.162 per share.

The convertible bond cannot be redeemed by G-Prop prior to the maturity date and the Group may request G-Prop to redeem the convertible bond at its face value, at any time during the period from the day immediately after the second anniversary of the issue date and expiring on the maturity date.

The convertible bond comprised of two components – (i) loan portion and (ii) conversion and redemption option. Since the economic characteristics and risks of the conversion and redemption option are not closely related to the host contract, it is separated from the host contract as conversion and redemption option derivative on initial recognition.

截至二零零七年十二月三十一日止年度，本集團認購其聯營公司金匡之三年零息可換股債券，本金額為108,000,000港元。可換股債券可自發行日期(即二零零七年十月二十五日)起至到期日(即二零一零年十月二十四日)止任何時間內，按轉換價每股0.162港元全部或部分轉換為金匡之新普通股。

金匡不可於到期日前贖回可換股債券，而本集團可於緊隨發行日期第二週年後之日起至到期日止期間內，隨時要求金匡按面值贖回可換股債券。

可換股債券包括兩個部分 - (1)借貸部分；及(2)可換股及贖回選擇權。由於可換股及贖回選擇權之經濟特性及風險與主合約並無密切關係，故於初步確認時與主合約分開並列賬為可換股及贖回選擇權衍生工具。

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24. CONVERTIBLE BOND (continued)

On application of HKAS 39, the fair value of the convertible bond – loan portion is determined based on an effective interest rate of 8.35% per annum on initial recognition and the fair value of the conversion and redemption option derivative is determined by using Black-Scholes Option Pricing Model and Binomial Model, respectively.

During the year ended 31 December 2007, the gain arising from change in fair value of conversion and redemption option derivative amounted to approximately HK\$182,367,000 (2006: Nil).

24. 可換股債券(續)

採用香港會計準則第39號時，於初步確認可換股債券 - 借貸部分之公平值時按實際年利率8.35厘計算，而可換股及贖回選擇權衍生工具之公平值則按柏力克 - 舒爾斯期權定價模式及二項式模型釐定。

截至二零零七年十二月三十一日止年度，可換股及贖回選擇權衍生工具之公平值變動收益約為182,367,000港元(二零零六年：沒有)。

25. INTERESTS IN JOINTLY CONTROLLED ENTITIES

25. 於共同控制實體之權益

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Cost of unlisted investment in jointly controlled entities	共同控制實體之非上市投資成本	15,953	15,953
Share of post-acquisition losses	應佔收購後虧損	(19,891)	(18,821)
		(3,938)	(2,868)
Amounts due from jointly controlled entities (Note)	應收共同控制實體款項(附註)	18,222	18,222
		14,284	15,354

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

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

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25. INTERESTS IN JOINTLY CONTROLLED ENTITIES (continued)

Included in the cost of investment in jointly controlled entities is goodwill of approximately HK\$10,943,000 (2006: HK\$10,943,000) arising on the acquisition of jointly controlled entities in prior years. The movement of goodwill is set out below:

25. 於共同控制實體之權益(續)

於共同控制實體投資成本包括過往年度收購共同控制實體所產生為數約10,943,000港元(二零零六年: 10,943,000港元)之商譽。商譽變動載列如下:

		Goodwill 商譽 HK\$'000 千港元
CARRYING VALUE	賬面值	
At 1 January 2006, 31 December 2006 and 31 December 2007	於二零零六年一月一日、 二零零六年十二月三十一日及 二零零七年十二月三十一日	10,943

At 31 December 2007 and 2006, the Group had interests in the following significant jointly controlled entities:

於二零零七年及二零零六年十二月三十一日, 本集團於下列重大共同控制實體擁有權益:

Name of jointly controlled entity 共同控制實體名稱	Form of business structure 業務架構形式	Place of registration/ incorporation and operation 註冊 註冊成立及營業地點	Proportion of nominal value of registered/issued capital held by the Group 本集團所持有註冊資本已發行股本面值比例		Proportion of voting power 表決比例		Principal activities 主要業務
			2007 二零零七年	2006 二零零六年	2007 二零零七年	2006 二零零六年	
Guangzhou Express Logistics Limited ("GZ Express") [#] 廣州智恆物流服務有限公司 (「廣州智恆」) [#]	Incorporated 註冊成立	PRC 中國	49%*	49%*	50%	50%	Provision of logistic services 提供物流服務
Concord Modern Technology Limited 康美科技有限公司	Incorporated 註冊成立	Hong Kong 香港	50%	50%	50%	50%	Manufacture and sales of optical discs 製造及銷售光碟
Full Summit Development Limited 溢峰發展有限公司	Incorporated 註冊成立	Hong Kong 香港	50%	50%	50%	50%	Manufacture and sales of optical discs 製造及銷售光碟

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

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

[#] The company was established in the PRC in the form of Sino-Foreign Equity Joint Venture.

[#] 該公司以中外合資合營企業形式在中國成立。

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25. INTERESTS IN JOINTLY CONTROLLED ENTITIES (continued)

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

25. 於共同控制實體之權益 (續)

以權益法列賬之本集團之共同控制實體之財務資料概述如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Total assets	資產總值	79,183	95,889
Total liabilities	負債總值	(108,945)	(123,509)
Net liabilities	負債淨額	(29,762)	(27,620)
Group's share of net liabilities of jointly controlled entities	本集團應佔共同控制實體負債淨額	(14,881)	(13,811)
Revenue	營業額	32,430	94,649
Loss for the year	本年度虧損	(2,140)	(3,509)
Group's share of loss of jointly controlled entities for the year	年內本集團應佔共同控制實體虧損	(1,070)	(1,755)

26. NON-CURRENT DEPOSITS

Non-current deposits represent deposits paid for the acquisition of properties, plant and equipment and investment properties, and the deposits will not be realised within twelve months from the balance sheet date. Accordingly, the amounts were included in the non-current assets. The deposits can only be refundable to the Group when the suppliers fail to deliver the assets to the Group within the timeframe as agreed with the Group. The directors of the Company expected that the assets will be received by the Group within next two years.

26. 非流動訂金

非流動訂金指就購買物業、廠房及設備以及投資物業已支付之訂金。該等訂金在結算日起計12個月內不能變現。因此，該等款項計入非流動資產。該等訂金在供應商未能在與本集團協定的時間內將資產交付予本集團時，方可退回。本公司董事預期，本集團將於未來兩年內收取該等資產。

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27. INTANGIBLE ASSETS

27. 無形資產

		Mining right 採礦權 HK\$'000 千港元	Know-how fee 專業知識費 HK\$'000 千港元	Total 合計 HK\$'000 千港元
COST	成本			
At 1 January 2006	於二零零六年 一月一日	—	2,329	2,329
Additions	增添	—	907	907
At 31 December 2006 and 1 January 2007	於二零零六年 十二月三十一日 及二零零七年 一月一日	—	3,236	3,236
Acquired from acquisition of a subsidiary	收購一間附屬公司 而獲取	695,847	—	695,847
Exchange adjustments	匯兌調整	28,239	—	28,239
Additions	添置	—	245	245
Disposals	出售	—	(6)	(6)
At 31 December 2007	於二零零七年 十二月三十一日	724,086	3,475	727,561
AMORTISATION	攤銷			
At 1 January 2006	於二零零六年 一月一日	—	551	551
Charge for the year	本年度支出	—	500	500
At 31 December 2006 and 1 January 2007	於二零零六年 十二月三十一日 及二零零七年 一月一日	—	1,051	1,051
Charge for the year	本年度支出	—	632	632
Eliminated on disposals	出售時註銷	—	(6)	(6)
At 31 December 2007	於二零零七年 十二月三十一日	—	1,677	1,677
CARRYING VALUES	賬面值			
At 31 December 2007	於二零零七年 十二月三十一日	724,086	1,798	725,884
At 31 December 2006	於二零零六年 十二月三十一日	—	2,185	2,185

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27. INTANGIBLE ASSETS (continued)

Mining right has finite useful life of 40 years and is amortised using the units of production method over the total proven reserves of the coal mines of approximately 93 million tonnes. No amortisation of mining right was provided during the year ended 31 December 2007 as the coal mining site is still under construction and no production of coal has been commenced.

Know-how was acquired from third parties, has finite useful life and is amortised on a straight-line basis over 5 years.

The recoverable amount of intangible assets had been determined based on the value-in-use calculation. Cash flow projections are based on five year periods financial budgets approved by senior management. The key assumption for the value-in-use calculation is the budgeted gross margin at a discount rate of 8% and growth rate of 5% which is determined based on the management's expectation and past performance of the industry. The cash flow beyond the five-year period are extrapolated using a steady 5% growth rate. Since the recoverable amount of the intangible assets is higher than its carrying amount, the directors of the Company consider that the carrying value of intangible assets at the balance sheet date is not significantly impaired.

28. INVENTORIES

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Raw materials	原料	1,926,465	1,861,387
Work in progress	在製品	526,894	456,599
Finished goods	製成品	194,857	18,105

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

29. OTHER FINANCIAL ASSETS

Trade and other receivables and prepayments

29. 其他財務資產

貿易及其他應收賬款及預付款項

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Trade receivables	貿易應收賬款	4,925,821	4,456,464
Bills receivables	應收票據	857,508	466,178
Other receivables and prepayments	其他應收賬款及預付款項	1,398,690	883,351
		7,182,019	5,805,993

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

本集團給予貿易客戶之信貸賬期最長為120日，視乎所售產品而定。於結算日，貿易應收賬款之賬齡分析如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
0 – 90 days	0至90日	3,935,709	3,664,990
91 – 180 days	91至180日	939,195	750,160
Over 180 days	180日以上	50,917	41,314
		4,925,821	4,456,464

All bills receivables are aged within 90 days at the balance sheet dates.

所有應收票據賬齡均為結算日起的90日之內。

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

29. OTHER FINANCIAL ASSETS (continued)

Trade and other receivables and prepayments (continued)

Before accepting any new customers, the Group has an internal credit grading system to assess the potential customers' credit quality and the board of directors has delegated the management to be responsible for determination of credit limits and credit approvals for any customers. Limits and scoring attributed to customers are reviewed every year. 87% (2006: 89%) of the trade receivables that neither past due nor impaired have the best credit scoring attributable under the credit grading system used by the Group.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK\$626,320,000 (2006: HK\$504,551,000) which were past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 121 days (2006: 119 days).

The following is an aged analysis of trade receivables which are past due but not impaired at the balance sheet dates:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
91 – 120 days	91至120日	276,256	259,139
121 – 150 days	121至150日	239,424	166,789
151 – 180 days	151至180日	59,723	37,309
Over 180 days	180日以上	50,917	41,314
		626,320	504,551

29. 其他財務資產(續)

貿易及其他應收賬款及預付款項(續)

在接納任何新客戶前，本集團內部信用紫嘯鼻層龍膽 膈

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

29. OTHER FINANCIAL ASSETS (continued)

Trade and other receivables and prepayments (continued)

The Group has provided fully for all receivables that are past due beyond 240 days because historical experience is such that these receivables are generally not recoverable. Allowance on trade receivables between 120 and 240 days are made based on estimated irrecoverable amounts by reference to past default experience and objective evidences of impairment determined by the difference between the carrying amount and the present value of the estimate future cash flow discounted at the original effective interest rate.

In determining the recoverability of the trade receivables, the Group monitors any change in the credit quality of the trade receivables since the credit was granted and up to the reporting date. The directors of the Company considered that the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Movement in the allowance for doubtful debts

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Balance at beginning of the year	年初結餘	286,285	252,275
Impairment losses recognised	確認之減值虧損	89,004	34,010
Amounts written off as uncollectible	撇銷不可收回之款項	(54,674)	—
Balance at end of the year	年末結餘	320,615	286,285

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK\$320,615,000 (2006: HK\$286,285,000) which have either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

29. 其他財務資產(續)

貿易及其他應收賬款及預付款項(續)

過往經驗顯示逾期240日以上之應收賬款一般無法收回，故本集團對該等應收賬款全數作出撥備。賬齡介乎120至240日之貿易應收賬款之準備，乃參考過往欠賬經驗釐訂之估計不可收回金額後釐訂，減值之客觀證據根據賬面值與以原有實際利率折現估計日後現金流量現值間之差額計算。

在釐定貿易應收賬款之可收回性時，自在早前授出信貸起至申報日期，本集團監察貿易應收賬款信用質素之任何變動。本公司董事認為，就客戶而言，本集團並無重大集中信貸風險，風險由多個交易方及客戶分攤。

呆壞賬準備之變動

呆壞賬準備包括之個別已減值之貿易應收賬款，總結餘為320,615,000港元(二零零六年：286,285,000港元)，該等款項為清盤或重大財務困難項下之款項。本集團就該等結餘並無持有任何抵押品。

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

29. OTHER FINANCIAL ASSETS (continued)

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

	2007 二零零七年 Amount 金額 '000 千元	2006 二零零六年 Amount 金額 '000 千元
United States Dollars 美元	230,494	136,119

Bank balances and cash

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. At 31 December 2007, the bank deposits carry interest at the prevailing market interest rate which range from 0.18% to 3.4% (2006: 0.72% to 5.17%) per annum.

At 31 December 2007 and 2006, the Group had bank balances and cash that were not freely convertible or were subject to exchange controls in the PRC amounting to approximately HK\$1,316.4 million and HK\$865.4 million, respectively.

29. 其他財務資產(續)

貿易及其他應收賬款及預付款項包括下列以集團實體之功能貨幣以外貨幣計值之款額：

銀行結餘及現金

銀行結餘及現金包括本集團持有之現金及原到期日為三個月或以下之短期銀行存款。於二零零七年十二月三十一日，銀行存款按現行市場年利率介乎0.18厘至3.4厘(二零零六年：介乎0.72厘至5.17厘)計息。

於二零零七年及二零零六年十二月三十一日，本集團不可自由兌換或須受中國外匯管制所規限之銀行結餘及現金分別約為1,316,400,000港元及865,400,000港元。

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29. OTHER FINANCIAL ASSETS (continued)

Bank balances and cash (continued)

Included in the bank balances and cash are the following amounts denominated in currencies other than the

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Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

30. DERIVATIVE FINANCIAL INSTRUMENTS

(continued)

During the year ended 31 December 2006, the Group used interest rate swaps to minimise its exposure to cash flow changes of its floating-rate Hong Kong dollar bank borrowings by swapping borrowings from floating rates to fixed rates. The critical terms of these interest rate swaps were similar to those of the hedged bank borrowings and the directors designated the derivatives as cash flows hedging instruments and considered they were highly effective.

During the year ended 31 December 2006, the loss on fair value change of approximately HK\$73,370,000 (2007: Nil) had been deferred in equity.

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

30. 衍生金融工具(續)

截至二零零六年十二月三十一日止年度，本集團透過將借貸由浮息轉為定息，利用利率掉期減低按浮息計算之港元銀行借貸現金流量變動之風險。該等利率掉期之主要條款與對沖銀行借貸之主要條款相似，董事指定該衍生工具為現金流量對沖工具，並認為該等工具極有效。

截至二零零六年十二月三十一日止年度，為數約73,370,000港元之公平值變動虧損(二零零七年：沒有)已於股本遞延處理。

於二零零六年十二月，本集團已悉數償還以利率掉期有效對沖之按浮息計算之港元銀行借貸。然而，本集團並無同時終止該等利率掉期。因此對沖會計經已終止，已計入對沖儲備中約43,823,000港元之結餘已於截至二零零六年十二月三十一日止年度之綜合收益表中撥回。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

30. DERIVATIVE FINANCIAL INSTRUMENTS 30. 衍生金融工具(續)

(continued)

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

於結算日，利率掉期之主要條款如下：

Outstanding contracts as at 於以下日期尚未到期之合約	Notional amount 面值 HK\$'000 千港元	Maturity 到期日	Receive floating 所收浮息	Pay fixed 所付定息
31 December 2007 二零零七年十二月三十一日	300,000	Within 1 year 一年內	HIBOR 香港銀行同業拆息	2.55%
	300,000	Within 1 to 2 years 一至兩年內	HIBOR 香港銀行同業拆息	3.40% to 3.74% 3.40至3.74厘
31 December 2006 二零零六年十二月三十一日	3,250,000	Within 1 year 一年內	HIBOR 香港銀行同業拆息	2.18% to 3.43% 2.18至3.43厘
	300,000	Within 1 to 2 years 一至兩年內	HIBOR 香港銀行同業拆息	2.55% 2.55厘
	300,000	Within 2 to 3 years 兩至三年內	HIBOR 香港銀行同業拆息	3.40% to 3.74% 3.40至3.74厘

At the balance sheet date, the Group entered into commodity forward contract. The major terms of the outstanding contract are as follows:

於結算日，本集團訂立遠期商品合約。該尚未到期之合約之主要條款如下：

Currency 貨幣	Quantity 數量	Maturity 到期日	Commodity Forward price 商品遠期價
US\$ 美元	Copper 100 Metric Tonnes 100公噸銅	31 January 2008 二零零八年一月三十一日	US\$7,125/metric tonne 7,125美元 公噸

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

31. TRADE AND OTHER PAYABLES AND BILLS PAYABLE

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

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
0 – 90 days	0至90日	1,657,401	1,468,344
91 – 180 days	91至180日	289,407	303,117
Over 180 days	180日以上	102,222	94,413
		2,049,030	1,865,874

All bills payable are aged within 90 days at the balance sheet dates.

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

		2007 二零零七年 Amount 金額 '000 千元	2006 二零零六年 Amount 金額 '000 千元
United States Dollars	美元	98,571	59,536
Japanese Yen	日圓	351,606	193,922
Swiss Franc	瑞士法郎	–	2,568
Macau Pataca	澳門幣	14	19
Euro	歐元	17,358	1,186

31. 貿易及其他應付賬款及應付票據

貿易應付賬款於結算日之賬齡分析如下：

所有應付票據賬齡均為結算日起的90日之內。

貿易及其他應付賬款及應付票據包括下列以集團實體之功能貨幣以外貨幣計值之款額：

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32. BANK BORROWINGS

32. 銀行借貸

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Bank loans	銀行貸款	6,811,850	4,867,286
Trust receipt loans	信託收據貸款	437,277	512,532
Bank overdrafts	銀行透支	585	2,826
		7,249,712	5,382,644
Carrying amounts repayable:	須於下列期間償還之賬面值：		
On demand or within one year	應要求或於一年內	1,759,340	1,296,421
More than one year but not more than two years	一年以上但不超過兩年	1,465,643	676,550
More than two years but not more than five years	兩年以上但不超過五年	3,939,295	3,409,673
More than five years	五年以上	85,434	—
		5,490,372	4,086,223
Total	合計	7,249,712	5,382,644

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

銀行借貸為無抵押，並按市場利率計息。

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

32. BANK BORROWINGS (continued)

Included in the above bank borrowings are the fixed-rate bank borrowings which are repayable as follows:

32. 銀行借貸(續)

上述銀行借貸包括須按下列期間償還的定息銀行借貸：

	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Fixed-rate bank borrowings repayable: 須於下列期間償還之定息銀行借貸：		
Within one year 一年內	48,382	—
More than one year but not more than two years 一年以上但不超過兩年	26,698	—
More than two years but not more than five years 兩年以上但不超過五年	26,372	—
	101,452	—

The fixed-rate bank borrowings carry interest ranging from 4.21% to 5.67% per annum.

定息銀行借貸年息率介乎4.21至5.67厘。

The rest of the bank borrowings are variable-rate borrowings which carry interest ranging from HIBOR+0.4% to HIBOR+1.0% (2006: HIBOR+0.575% to HIBOR+1.0%) per annum.

餘下銀行借貸為具有浮息借貸，年息率介乎香港銀行同業拆息加0.4厘至香港銀行同業拆息加1.0厘(二零零六年：香港銀行同業拆息加0.575厘至香港銀行同業拆息加1.0厘)不等。

The range of effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings are as follow:

本集團銀行借貸之實際利率(相當於已訂約利率)範圍如下：

	2007 二零零七年	2006 二零零六年
Effective interest rates 實際利率		
Fixed-rate borrowings 定息借貸	4.21% to 5.67%	—
Variable-rate borrowings 浮息借貸	3.8% to 5.4%	4.675% to 5.5%

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

32. BANK BORROWINGS (continued)

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

32. 銀行借貸(續)

銀行借貸包括下列以集團實體之功能貨幣以外貨幣計值之款額：

		2007 二零零七年 Amount 金額 '000 千元	2006 二零零六年 Amount 金額 '000 千元
United States Dollars	美元	57,042	61,304
Euro	歐元	6,727	—
Japanese Yen	日圓	50,700	1,082,024

33. DEFERRED TAXATION

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior reporting periods:

33. 遞延稅項

下表為本申報期及以前申報期內已予確認之主要遞延稅項負債及資產以及當中之變動：

		Accelerated tax depreciation 加速稅務折舊 HK\$'000 千港元	Tax losses 稅務虧損 HK\$'000 千港元	Write-down of inventories 存貨撇減 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2006	於二零零六年一月一日	60,040	(10,447)	(14,239)	35,354
Exchange adjustments	匯兌調整	(212)	(282)	—	(494)
(Credit) charge for the year	本年度(撥回)支出	(18,746)	1,051	(341)	(18,036)
At 31 December 2006 and 1 January 2007	二零零六年十二月三十一日及 二零零七年一月一日	41,082	(9,678)	(14,580)	16,824
Exchange adjustments	匯兌調整	(617)	(580)	—	(1,197)
(Credit) charge for the year	本年度(撥回)支出	(901)	955	(9,676)	(9,622)
Effect of change in tax rate	稅率變動之影響	—	—	1,166	1,166
At 31 December 2007	於二零零七年十二月三十一日	39,564	(9,303)	(23,090)	7,171

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

33. DEFERRED TAXATION (continued)

For the purposes of balance sheet presentation, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Deferred tax liabilities	遞延稅項負債	29,165	36,323
Deferred tax assets	遞延稅項資產	(21,994)	(19,499)
		7,171	16,824

At 31 December 2007, deferred tax assets of approximately HK\$9,303,000 (2006: HK\$9,678,000) in relation to unused tax losses and approximately HK\$23,090,000 (2006: HK\$14,580,000) in relation to write-down of inventories have been recognised in the Group's consolidated balance sheet, and the Group has unrecognised deferred tax assets due to the unpredictability of the future profit streams arising from tax losses amounting to approximately HK\$20,085,000 (2006: HK\$6,258,000). All tax losses can be carried forward indefinitely.

33. 遞延稅項 (續)

若干遞延稅項資產及負債因應資產負債表呈示用途而作出抵銷。以下為該等遞延稅項結餘用作財務報表的用途時作出的分析：

於二零零七年十二月三十一日，有關未動用稅項虧損及存貨撇減為數分別約9,303,000港元(二零零六年：9,678,000港元)及約23,090,000港元(二零零六年：14,580,000港元)之遞延稅項資產已於本集團綜合資產負債表確認，而本集團並無未確認遞延稅項資產，原因為無法預計為數約20,085,000港元(二零零六年：6,258,000港元)之稅項虧損所產生未來溢利來源。所有稅項虧損可無限期結轉。

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34. SHARE CAPITAL

34. 股本

		Number of shares 股數		Share capital 股本	
		2007 二零零七年	2006 二零零六年	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Ordinary shares of HK\$0.10 each	每股面值0.10港元之 普通股				
Authorised	法定	1,200,000,000	1,200,000,000	120,000	120,000
Issued and fully paid	已發行及繳足股款				
At beginning of the year	於年初	832,799,046	784,767,161	83,280	78,477
Exercise of share options (see Note 35)	行使優先購股權 (見附註35)	5,300,000	5,300,000	530	530
Exercise of warrant subscription rights (see Note 36)	行使認股權證之認購 權利(附註36)	—	42,731,885	—	4,273
At end of the year	於年終	838,099,046	832,799,046	83,810	83,280

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35. SHARE OPTIONS

(a) Employees' share option scheme of the Company

Under the Company's share option scheme (the "Scheme") adopted on 2 July 2002, which is valid for a period of ten years, the board of directors of the Company may, at its discretion, grant options to subscribe for shares in the Company to eligible participants ("Eligible Participants") who contributes to the long-term growth and profitability of the Company. Eligible Participants includes (i) any employee (whether full time or part time) of the Company, any of its subsidiaries or any entity in which the Group holds any equity interests ("Invested Entity"), including any executive director of the Company, any of such subsidiaries or any Invested Entity; (ii) any non-executive directors (including independent non-executive directors) of the Company, its subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of the Group or any Invested Entity; (v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and (vi) any person or entity who from time to time determined by the Board as having contributed or may contribute to the development and growth of the Group based on his or its performance and/or years of service, or is regarded as valuable resources of the Group based on his/its working experience, knowledge in the industry and other relevant factors. The subscription price for the Company's shares shall be a price at least equal to the highest of the nominal value of the Company's shares, the average of the closing prices of the Company's shares quoted on the Stock Exchange on the five trading days immediately preceding the date of an offer of the grant of the options and the closing price of the Company's shares quoted on the Stock Exchange on the date of an offer of the grant of the options. The options must be taken up within 28 days from the date of grant upon payment of HK\$1 and are exercisable over a period to be determined and notified by the directors to each grantee, which period may commence from the date of acceptance of the offer of the grant of the options but shall end in any event not later than ten years from the date of adoption of the Scheme.

35. 優先購股權

(a) 本公司僱員優先購股權計劃

根據本公司於二零零二年七月二日採納有效期為十年之優先購股權計劃(「該計劃」),本公司董事會可酌情向對本公司長遠增長及盈利作出貢獻之合資格參與者(「合資格參與者」)授出優先購股權,以認購本公司股份。合資格參與者包括(i)本公司、其任何附屬公司或本集團持有任何股權之任何實體「受投資實體」之任何全職或兼職僱員,包括本公司、任何該等附屬公司或任何受投資實體之任何執行董事;(ii)本公司、其附屬公司或任何受投資實體任何非執行董事,包括獨立非執行董事;(iii)本集團任何成員公司或任何受投資實體之任何貨品或服務供應商;(iv)本集團或任何受投資實體之任何客戶;(v)本集團任何成員公司或任何受投資實體之任何股東或本集團任何成員公司或受投資實體之任何已發行證券持有人;及(vi)董事會不時按其表現及或服務年期而認為曾經或可能對本集團發展及增長作出貢獻,或按其於業內工作經驗、知識及其他相關因素而被視為本集團寶貴資源之任何人士或實體。本公司股份之認購價須為至少相等於本公司股份面值、本公司股份於緊接要約授出優先購股權日期前五個交易日於聯交所所報平均收市價及本公司股份於要約授出優先購股權日期於聯交所所報收市價之最高者。優先購股權須於授出日期28日六> 冊 執 勞 增 限 蚘 葯 漸 醴 ~ 艷 豸 冥 槓 絲 古

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35. SHARE OPTIONS (continued)

35.

(a) Employees' share option scheme of the Company (continued)

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

		Granted to directors 授予董事	Granted to employees 授予僱員	Total 合計
Balance at 1 January 2006	於二零零六年 一月一日之結餘	29,280,800	7,241,200	36,522,000
Exercised during the year (Note)	於年內行使(附註)	(4,258,800)	(1,041,200)	(5,300,000)
Reclassifications	重新分類	(13,789,000)	13,789,000	-
Balance at 31 December 2006 and 1 January 2007	於二零零六年 十二月三十一日 及二零零七年 一月一日之結餘	11,233,000	19,989,000	31,222,000
Exercised during the year (Note)	於年內行使(附註)	(2,803,200)	(2,496,800)	(5,300,000)
Reclassifications	重新分類	3,588,000	(3,588,000)	-
Balance at 31 December 2007	於二零零七年十二月 三十一日之結餘	12,017,800	13,904,200	25,922,000

Note:

The share options were granted on 11 October 2002 at an exercise price of HK\$3.74 per share. These options are exercisable during the period from 15 October 2002 to 2 July 2012.

During the year, options to subscribe for 5,300,000 shares in the Company at HK\$3.74 per share were exercised. The weighted average closing prices of the Company's shares quoted on the Stock Exchange on the five trading days immediately before the exercise date of 18 May 2007 was HK\$33.50.

(b) Employees' share option scheme of EEIC

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

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35. SHARE OPTIONS (continued)

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

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

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

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

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

35. 優先購股權(續)

(b) EEIC僱員優先購股權計劃(續)

二零零二年計劃之推行目的旨在吸引、留聘及激勵有才幹之EEIC董事及僱員努力實現長遠表現目標，並讓參與人士從EEIC業績中受惠。

二零零二年計劃由EEIC董事授權之EEIC董事委員會(「委員會」)管理，可供EEIC旗下任何公司及其附屬公司、母公司集團及EEIC聯營公司之全職僱員及董事參與，並須待若干條件達成後，方可作實。

二零零二年計劃賦予優先購股權持有人權利，以相等於緊接相關授出日期前五個開市日EEIC股份最後買賣價平均數之「認購價」，或折讓不得超過先前所界定認購價20%之「折讓認購價」，行使彼等之優先購股權及認購EEIC新普通股。

按認購價授出之優先購股權可由不早於授出日期滿一週年當日至不遲於授出日期起計五年內行使。按折讓認購價授出之優先購股權只可由不早於授出日期滿第二週年當日至不遲於授出日期起計五年內行使。

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35. SHARE OPTIONS (continued)

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

The duration of the 2002 Scheme is 5 years and the total number of shares in EEIC that may be issued shall not exceed 10% of the issued share capital of EEIC as at the adoption date or subject to certain conditions being satisfied, 15% of the issued share capital of EEIC as at the adoption date. The total number of EEIC Shares issued and to be issued upon the exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the total number of EEIC Shares in issue from time to time. The 2002 Scheme has accordingly terminated in November 2007 without affecting the rights of holders of any options granted and outstanding under the 2002 Scheme.

Share options may be accepted within 30 days from the date of offer upon payment of S\$1.00 as a nominal consideration by the participants, but the grant of share options do not confer rights on the option holders to any dividend entitlement or to vote at any shareholders' meeting.

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

	Granted to directors	Granted to employees

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35. SHARE OPTIONS (continued)

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

Notes:

(a) The interests in share options arise by virtue of

(i) 4,055,000 share options accepted by the directors of the Company and 5,745,000 share options accepted by the employees of the Group on 24 June 2005, and would entitle the relevant directors and employees to subscribe for shares in EEIC at an adjusted subscription price of US\$2.033 per share after the 1 for 5 bonus issue effected by EEIC on 13 October 2005 ("Bonus Issue"). The share options are exercisable in whole or in part at the staggered manner within 5 option periods, commencing on 26 November 2006, 26 November 2007, 26 November 2008, 26 November 2009 and 26 March 2010 respectively and all ending on 24 May 2010; and

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

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

35. 優先購股權(續)

(b) EEIC僱員優先購股權計劃(續)

附註：

(a) 該等優先購股權權益由以下方式產生：

(i) 該等權益乃基於在二零零五年六月二十四日獲本公司董事及本集團僱員分別接納4,055,000份及5,745,000份優先購股權而擁有。該等優先購股權賦予有關董事及僱員權利，於EEIC於二零零五年十月十三日按一比五基準進行的紅股發行(「紅股發行」)後按經調整認購價每股2.033美元認購EEIC股份。優先購股權分別自二零零六年十一月二十六日、二零零七年十一月二十六日、二零零八年十一月二十六日、二零零九年十一月二十六日及二零一零年三月二十六日起至二零一零年五月二十四日止五個優先購股權期間內分段行使全部或其中部分。

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

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

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35. SHARE OPTIONS (continued)

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

The average of the closing prices of EEIC's shares quoted on The Singapore Exchange Securities Trading Limited on the five trading days immediately before the various exercise dates during the year was US\$2.68 (2006: US\$2.76).

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

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

35. 優先購股權(續)

(b) EEIC僱員優先購股權計劃(續)

年內，EEIC股份於緊接多個行使日期前五個交易日於新加坡證券交易所有限公司所報之平均收市價為2.68美元(二零零六年：2.76美元)。

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

該等公平值乃按三項模式計算。模式內計算之項目如下：

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

* The original subscription price of the share options granted on 29 September 2005 and 24 June 2005 were adjusted to US\$2.375 and US\$2.033 respectively as a result of the Bonus Issue.

* 由於進行紅股發行，故於二零零五年九月二十九日及二零零五年六月二十四日授出之優先購股權之原認購價已分別調整為2.375美元及2.033美元。

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35. SHARE OPTIONS (continued)

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

Expected volatility was determined by using the historical volatility of EEIC's share price over the previous five years. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of approximately HK\$4,448,000 for the year ended 31 December 2007 (2006: HK\$6,717,000) in relation to the share options granted by EEIC.

(c) Employees' share option scheme of KLHL

The share option scheme of KLHL (the "KLHL Scheme") was approved by the shareholders of KLHL and the shareholders of the Company on 18 May 2007 and 25 June 2007 respectively. The KLHL Scheme has been taken effect after obtaining the approval from the Listing Committee of the Stock Exchange on 6 July 2007.

35. 優先購股權 (續)

(b) EEIC僱員優先購股權計劃 (續)

預期波幅按EEIC股價過往五年之歷史波幅釐定。模式所用預計年期按管理層之最佳估算就非轉讓性、行使限制及表現考慮因素而獲調整。

本集團於截至二零零七年十二月三十一日止年度就EEIC授出之優先購股權確認約4,448,000港元(二零零六年：6,717,000港元)開支總額。

(c) 建滔積層板僱員優先購股權計劃

建滔積層板股東及本公司股東已分別於二零零七年五月十八日及二零零七年六月二十五日批准採納建滔積層板優先購股權計劃「建滔積層板優先購股權計劃」。建滔積層板優先購股權計劃於二零零七年七月六日獲得聯交所上市委員會批准後，現已生效。

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35. SHARE OPTIONS (continued)

(c) Employees' share option scheme of KLHL (continued)

The KLHL Scheme would be valid for a period of ten years. The directors of KLHL may, at its discretion, grant options to subscribe for shares in KLHL to eligible participants who contribute to the long-term growth and profitability of KLHL and include (i) any employee or proposed employee (whether full-time or part-time and including any executive director), consultants or advisers of or to KLHL, any of its subsidiaries or any entity ("KLHL's Invested Entity") in which KLHL and its subsidiaries (collectively referred to as the "KLHL Group") holds an equity interest; (ii) any non-executive directors (including independent non-executive directors) of KLHL, any of its subsidiaries or any KLHL's Invested Entity; (iii) any supplier of goods or services to any member of the KLHL Group or any KLHL's Invested Entity; (iv) any customer of the KLHL Group or any KLHL's Invested Entity; (v) any person or entity that provides research, development or other technological support to the KLHL Group or any KLHL's Invested Entity; and (vi) any shareholder of any member of the KLHL Group or any KLHL's Invested Entity or any holder of any securities issued by any member of the KLHL Group or any KLHL's Invested Entity.

The subscription price of KLHL's share in respect of any option granted under the KLHL Scheme must be at least the highest of (i) the closing price of the shares of KLHL as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average closing price of the shares of KLHL as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares of KLHL.

35. 優先購股權 (續)

(c) 建滔積層板僱員優先購股權計劃 (續)

建滔積層板優先購股權計劃有效期為十年。建滔積層板董事會可酌情向合資格參與人士授出可認購建滔積層板股份之優先購股權。合資格參與人士為對建滔積層板長遠增長及盈利有貢獻之人士，包括(i)建滔積層板、其任何附屬公司統稱「建滔積層板集團」或任何建滔積層板集團持有股本權益之實體「建滔積層板投資實體」之任何僱員或擬聘用僱員(不論全職或兼職，且包括任何執行董事)、諮詢顧問或顧問；(ii)建滔積層板、其任何附屬公司或任何建滔積層板投資實體之任何非執行董事(包括獨立非執行董事)；(iii)任何向建滔積層板集團任何成員公司或任何建滔積層板投資實體提供貨品或服務之供應商；(iv)建滔積層板集團或任何建滔積層板投資實體之任何客戶；(v)任何向建滔積層板集團或任何建滔積層板投資實體提供研究、開發或其他技術支援之人士或實體；及(vi)建滔積層板集團任何成員公司或任何建滔積層板投資實體之任何股東或建滔積層板集團或任何建滔積層板投資實體所發行任何證券之持有人。

任何根據建滔積層板優先購股權計劃授出之優先購股權所涉及建滔積層板股份之最低認購價必須不能低於以下最高價格：(i)建滔積層板股份於優先購股權授出日期(必須為營業日)之聯交所每日報價表所報收市價；(ii)建滔積層板股份於緊接優先購股權授出日期前五個營業日之聯交所每日報價表所報收市價之平均價；及(iii)建滔積層板股份之面值。

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

35. SHARE OPTIONS (continued)

(c) Employees' share option scheme of KLHL (continued)

The option may be accepted by a participant within 28 days from the date of the offer for the grant of the option upon the payment of a consideration of HK\$1. An option may be exercised at any time during a period to be determined and notified by the directors of KLHL to each grantee, and in the absence of such determination, from the date upon which the offer for the grant of the option is accepted but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. The directors of KLHL may, at their absolute discretion, fix any minimum period for which an option must be held, any performance targets that must be achieved and any other conditions that must be fulfilled before the options can be exercised upon the grant of an option to a participant.

The total number of shares of KLHL which may be issued upon exercise of all options to be granted under the KLHL Scheme and any other share option scheme of KLHL (excluding, for this purpose, options lapsed in accordance with the terms of the KLHL Scheme and any other share option scheme of KLHL) must not in aggregate exceed 10% of the total number of shares of KLHL in issue as at the date of approval of the KLHL Scheme.

The maximum number of shares of KLHL which may be issued upon exercise of all outstanding options granted and yet to be exercised under the KLHL Scheme and any other share option scheme of KLHL must not exceed 30% of the issued share capital of KLHL from time to time.

35. 優先購股權 (續)

(c) 建滔積層板僱員優先購股權計劃 (續)

參與人士可於獲提呈授出優先購股權之日起計28天內，透過支付代價1港元接納優先購股權。優先購股權可於建滔積層板董事釐定及通知各承授人之期間內隨時行使，倘無釐定有關期間，則由優先購股權授出建議獲接納之日開始，並於任何情況下不遲於優先購股權授出日期起計十年之日為止，惟須受建滔積層板優先購股權計劃之提早終止條文所限。建滔積層板董事可全權酌情向參與人士訂定授出行使優先購股權之條件，行使優先購股權前必須持有之最短期間，任何須予達成之表現目標及任何其他須予達成之條件。

根據建滔積層板優先購股權計劃及建滔積層板任何其他優先購股權計劃授出之所有優先購股權(就此而言不包括按照建滔積層板優先購股權計劃及建滔積層板任何其他優先購股權計劃之條款已失效之優先購股權)獲行使時可予發行之建滔積層板股份總數，合共不得超過建滔積層板於批准該計劃當日已發行股份總數之10%。

根據建滔積層板優先購股權計劃及建滔積層板任何其他優先購股權計劃所有授出而尚未行使及有待行使之優先購股權獲行使時可予發行之建滔積層板股份數目，最多不得超過建滔積層板不時之已發行股本30%。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

37. ACQUISITIONS OF SUBSIDIARIES

- (a) In July 2007, the Group acquired 60% equity interest in 中陽縣鑫隆煤源有限公司, a company principally engaged in mining of coal, for a cash consideration of approximately HK\$365,764,000. This transaction has been reflected as purchases of assets and liabilities rather than as a business combination.

The net assets acquired in the transaction are as follows:

37. 收購附屬公司

- (a) 於二零零七年七月，本集團收購中陽縣鑫隆煤源有限公司(該公司主要從事開採煤炭)之60%股權，現金代價約為365,764,000港元。此項交易反映為購買資產及負債，而並非業務合併。

此項交易所購入之資產淨值如下：

		HK\$'000 千港元
Net assets acquired:	購入資產淨值：	
Properties, plant and equipment	物業、廠房及設備	17,959
Prepaid lease payments	預付租賃款項	3,549
Intangible asset – mining right	無形資產 - 採礦權	695,847
Trade and other receivables and prepayments	貿易及其他應收賬款及 預付款項	24,024
Bank balances and cash	銀行結餘及現金	61,576
Trade and other payables	貿易及其他應付賬款	(24,117)
Bank borrowings	銀行借貸	(169,232)
Minority interests	少數股東權益	(243,842)
Total consideration satisfied by cash	以現金支付之總代價	365,764
Net cash outflow arising on acquisition of assets and liabilities through purchase of a subsidiary:	透過購買一家附屬公司之資產及負債於收購產生之現金流出淨額：	
Cash consideration paid	已付現金代價	365,764
Bank balances and cash acquired	購入銀行結餘及現金	(61,576)
Net outflow of cash and cash equivalents in respect of the acquisition of assets and liabilities through purchase of a subsidiary	就透過購買一家附屬公司之資產及負債於收購附屬公司之現金及現金等值項目流出淨額	304,188

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37. ACQUISITIONS OF SUBSIDIARIES (continued)

- (b) In April 2007, the Group acquired 51% equity interest in 江西省宏豐塑膠有限公司, a company principally engaged in manufacture of plastic components, for a cash consideration of approximately HK\$20,643,000. This acquisition has been accounted for by the acquisition method of accounting. The amount of goodwill arising as a result of the acquisition was approximately HK\$238,000.

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

37. 收購附屬公司(續)

- (b) 二零零七年四月，本集團收購江西省宏豐塑膠有限公司(該公司主要從事製造塑料元件)之51%股權，現金代價約為20,643,000港元。此項收購以收購會計法列賬。收購所產生之商譽約為238,000港元。

收購所購入之資產淨值及所產生之商譽如下：

		Acquiree's carrying amount before combination and fair value 被收購方於合併前 之賬面值及公平值 HK\$'000 千港元
Net assets acquired:	購入資產淨值：	
Properties, plant and equipment	物業、廠房及設備	37,153
Prepaid lease payments	預付租賃款項	2,076
Inventories	存貨	140
Trade and other receivables and prepayments	貿易及其他應收賬款及 預付款項	1,212
Bank balances and cash	銀行結餘及現金	363
Trade and other payables	貿易及其他應付賬款	(934)
		40,010
Minority interests	少數股東權益	(19,605)
Goodwill on acquisition	收購所產生之商譽	238
		20,643
Total consideration satisfied by cash	以現金支付之總代價	
Net cash outflow arising on acquisition:	收購產生之現金流出淨額：	
Cash consideration paid	已付現金代價	20,643
Bank balances and cash acquired	購入銀行結餘及現金	(363)
		20,280
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiary	收購附屬公司之現金及 現金等值項目流出淨額	

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37. ACQUISITIONS OF SUBSIDIARIES (continued)

(b) (continued)

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

The subsidiaries acquired in 2007 contributed revenue of approximately HK\$23,186,000 and profit of approximately HK\$2,169,000 to the Group during the period from date of acquisition to 31 December 2007.

If the acquisition had been completed on 1 January 2007, total group's revenue for the year would have been approximately HK\$20,027,934,000, and profit for the year would have been approximately HK\$3,471,749,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2007, nor is it intended to be a projection of future results.

37. 收購附屬公司(續)

(b) (續)

收購附屬公司所產生之商譽源自合併後分銷本集團產品之預計盈利能力。

於二零零七年收購之附屬公司自收購日期起至二零零七年十二月三十一日止期間對本集團營業額貢獻約為23,186,000港元及對本集團溢利貢獻約2,169,000港元。

倘收購於二零零七年一月一日完成，本年度集團總營業額將約為20,027,934,000港元，本年度溢利將約為3,471,749,000港元。備考資料僅供說明之用，並不表示假設收購已於二零零七年一月一日完成後本集團實際可達致之營業額及經營業績，亦不擬作為未來業績之預測。

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37. ACQUISITIONS OF SUBSIDIARIES (continued)

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

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

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

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37. ACQUISITIONS OF SUBSIDIARIES (continued)

(c) (continued)

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

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

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

37. 收購附屬公司(續)

(c) (續)

收購附屬公司所產生之商譽源自合併後分銷本集團產品(即：印刷線路板)之預計盈利能力。

於二零零六年收購之附屬公司自收購日期起至二零零六年十二月三十一日止期間對本集團營業額貢獻約為201,175,000港元及對本集團溢利貢獻約2,745,000港元。

倘收購於二零零六年一月一日完成，本年度集團總營業額將約為17,017,427,000港元，本年度溢利將約為7,390,219,000港元。備考資料僅供說明之用，並不表示假設收購已於二零零六年一月一日完成後本集團實際可達致之營業額及經營業績，亦不擬作為未來業績之預測。

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39. OPERATING LEASES (continued)

At the balance sheet date, the Group's future lease payments under non-cancellable operating leases are payable as follows:

39. 經營租約 (續)

於結算日，本集團根據不可撤銷之經營租約於日後支付之租約付款須於下列期間支付：

		Premises 物業		Plant and machinery 廠房及機器	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Within one year	於一年內	7,565	14,186	20	617
After one year but not later than five years	於一年後但於五年內	6,287	8,632	30	-
After five years	於五年後	26,315	24,310	66	-
		40,167	47,128	116	617

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
The Group as lessor:	由本集團出租：		
Rental income credited to the consolidated income statement during the year, net of outgoing amount of approximately HK\$157,000 (2006: HK\$120,000)	於年內計入綜合收益表之租金收入，已扣除支銷約157,000港元 (二零零六年：120,000港元)	30,184	5,894

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41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at 31 December 2007 are as follows:

41. 本公司主要附屬公司詳情

本公司主要附屬公司於二零零七年十二月三十一日之詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration and operation 註冊成立 登記及營業地點	Issued and fully paid share capital/ registered capital 已發行及繳足 股本 註冊資本	Proportion of the ownership interest held by the Group 本集團持有 權益比例		Principal activities 主要業務
			2007	2006	
			二零零七年 %	二零零六年 %	
Fogang Kingboard Industry Ltd. 佛岡建滔實業有限公司	PRC ¹ 中國 ¹	RMB878,100,000 人民幣878,100,000元	46.47 ⁺	45.06 ⁺	Manufacture and distribution of copper foil 製造及分銷銅箔
Guangzhou Chung Shun Century Fibre Glass Co., Ltd. 廣州忠信世紀玻纖有限公司	PRC ¹ 中國 ¹	US\$44,595,000 44,595,000美元	74.77	72.50	Manufacture and distribution of glass yarn 製造及分銷玻璃紗
Jamplan (BVI) Limited	British Virgin Islands ² 英屬處女群島 ²	US\$1,000 1,000美元	100 ⁺	100 ⁺	Investment holding 投資控股
King Board (Panyu) Chemical Co., Ltd. 建滔(番禺)化工有限公司	PRC ¹ 中國 ¹	HK\$100,000,000 100,000,000港元	100	100	Manufacture and distribution of chemicals 製造及分銷化工產品
Kingboard (Fogang) Insulated Material Company Limited 建滔(佛岡)絕緣材料有限公司	PRC ¹ 中國 ¹	US\$6,115,000 6,115,000美元	74.77	72.50	Manufacture and distribution of bleached kraft paper 製造及分銷漂白木漿紙
Kingboard (Fogang) Laminates Co. Limited 建滔(佛岡)積層板有限公司	PRC ¹ 中國 ¹	US\$29,466,000 29,466,000美元	74.77	72.50	Manufacture and distribution of laminates 製造及分銷覆銅面板

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

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration and operation 註冊成立 登記及營業地點	Issued and fully paid share capital/ registered capital 已發行及繳足 股本 註冊資本	Proportion of the ownership interest held by the Group 本集團持有 權益比例		Principal activities 主要業務
			2007	2006	
			二零零七年 %	二零零六年 %	
Kingboard (Fogang) Paper Laminates Co. Ltd. 建滔(佛岡)積層紙板有限公司	PRC ¹ 中國 ¹	US\$17,936,546 17,936,546美元	74.77	72.50	Manufacture and distribution of laminates 製造及分銷覆銅面板
Kingboard (Hebei) Cokechem Co. Ltd. 建滔(河北)焦化有限公司	PRC ¹ 中國 ¹	RMB96,000,000 人民幣96,000,000元	100	100	Manufacture and distribution of coke 製造及分銷焦炭
Kingboard (Hebei) Chemical Co. Limited 建滔(河北)化工有限公司	PRC ¹ 中國 ¹	RMB179,000,000 人民幣179,000,000元	100	100	Manufacture and distribution of chemicals 製造及分銷化工產品
Kingboard Natural Gas Chemical (Chong Qing)	PRC ¹ 中國 ¹	US\$18,500,000 18,500,000美元	100	100	Manufacture and distributi

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

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration and operation 註冊成立 登記及營業地點	Issued and fully paid share capital/ registered capital 已發行及繳足 股本 註冊資本	Proportion of the ownership interest held by the Group 本集團持有 權益比例		Principal activities 主要業務
			2007	2006	
			二零零七年 %	二零零六年 %	
Kingboard (Panyu Nansha) Petrochemical Company Limited 建滔(番禺南沙)石化有限公司	PRC ¹ 中國 ¹	RMB250,000,000 人民幣250,000,000元	74.77	72.50	Manufacture and distribution of chemicals 製造及分銷化工產品
Kingboard Copper Foil Holdings Limited	Bermuda [#] 百慕達 [#]	US\$72,250,000 72,250,000美元	46.47 ⁺	45.06 ⁺	Investment holding 投資控股
Kingboard Investments Limited 建滔投資有限公司	Hong Kong [#] 香港 [#]	HK\$8,000 8,000港元	100	100	Investment holding 投資控股
Kingboard Laminates Holdings Limited 建滔積層板控股有限公司	Cayman Islands [#] 開曼群島 [#]	HK\$300,000,000 300,000,000港元	74.77	72.50	Investment holding 投資控股
Kingboard Copper Foil (Macao Commercial Offshore) Limited 建滔銅箔(澳門離岸商業服務) 有限公司	Macau 澳門	MOP100,000 澳門幣100,000元	46.47 ⁺	45.06 ⁺	Distribution of copper foil 分銷銅箔

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration and operation 註冊成立 登記及營業地點	Issued and fully paid share capital/ registered capital 已發行及繳足 股本 註冊資本	Proportion of the ownership interest held by the Group 本集團持有 權益比例		Principal activities 主要業務
			2007	2006	
			二零零七年 %	二零零六年 %	
Kingboard Laminates (Macao Commercial Offshore) Limited 建滔積層板(澳門離岸商業服務)有限公司	Macao 澳門	MOP100,000 澳門幣100,000元	74.77	72.50	Distribution of laminates 分銷覆銅面板
Kingboard Laminates (Jiangmen) Co., Ltd. 江門建滔積層板有限公司	PRC ¹ 中國 ¹	HK\$189,491,052 189,491,052港元	74.77	72.50	Manufacture and distribution of laminates 製造及分銷覆銅面板
Kingboard Laminates (Kunshan) Co., Ltd. 建滔積層板(昆山)有限公司	PRC ¹ 中國 ¹	US\$32,010,000 32,010,000美元	74.77	72.50	Manufacture and distribution of laminates 製造及分銷覆銅面板
Kingboard Laminates (Shaoguan) Co. Ltd. 建滔積層板(韶關)有限公司	PRC ¹ 中國 ¹	RMB7,490,000 人民幣7,490,000元	74.77	72.50	Manufacture and distribution of laminates 製造及分銷覆銅面板
Kunshan Yattoo Chemical Co., Ltd. 昆山日滔化工有限公司	PRC ¹ 中國 ¹	US\$12,500,000 12,500,000美元	74.77	72.50	Manufacture and distribution of laminates 製造及分銷覆銅面板
Techwise Circuits Company Limited 科惠線路有限公司	Hong Kong [#] 香港 [#]	HK\$4,000,000 4,000,000港元	90	90	Investment holding 投資控股

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

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration and operation 註冊成立 登記及營業地點	Issued and fully paid share capital/ registered capital 已發行及繳足 股本 註冊資本	Proportion of the ownership interest held by the Group 本集團持有 權益比例		Principal activities 主要業務
			2007	2006	
			二零零七年 %	二零零六年 %	
Techwise Shirai (Fogang) Circuits Limited 科惠白井(佛崗)電路有限公司	PRC ¹ 中國 ¹	HK\$135,000,000 135,000,000港元	63	63	Manufacture and distribution of PCBs 製造及分銷印刷線路板
Elec & Eltek International Holdings Limited 依利安達國際集團有限公司	Bermuda/Hong Kong [#] 百慕達 香港 [#]	HK\$122,467,240 122,467,240港元	100	100	Investment holding 投資控股
Elec & Eltek Display Technology (Guangzhou) Company Limited 依利安達(廣州)顯示器有限公司	PRC ² 中國 ²	US\$14,700,000 14,700,000美元	98	88	Manufacture and sales of LCDs 製造及銷售液晶體顯示屏
Avatex (Guangzhou) Communication Company Limited 愛華特(廣州)通訊有限公司	PRC ² 中國 ²	US\$5,400,000 5,400,000美元	89.67	98	Manufacture of magnetic products 製造磁電產品
Elec & Eltek International Company Limited 依利安達集團有限公司	Singapore [#] 新加坡 [#]	US\$98,656,000 98,656,000美元	70.77	70.89	Investment holding 投資控股
Kai Ping Elec & Eltek Company Limited 開平依利安達電子有限公司	PRC ² 中國 ²	US\$27,850,000 27,850,000美元	67.23	67.35	Manufacture and distribution of PCBs 製造及分銷印刷線路板

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

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration and operation 註冊成立 登記及營業地點	Issued and fully paid share capital/ registered capital 已發行及繳足 股本 註冊資本	Proportion of the ownership interest held by the Group 本集團持有 權益比例		Principal activities 主要業務
			2007	2006	
			二零零七年 %	二零零六年 %	
Kaiping Elec & Eltek No.2 Company Limited 開平依利安達電子第二有限公司	PRC ² 中國 ²	US\$21,670,000 21,670,000美元	67.23	67.35	Manufacture and distribution of PCBs 製造及分銷印刷線路板
Kaiping Elec & Eltek No.3 Company Limited 開平依利安達電子第三有限公司	PRC ² 中國 ²	US\$86,960,000 86,960,000美元	67.23	67.55	Manufacture and distribution of PCBs 製造及分銷印刷線路板
Kaiping Elec & Eltek No.5 Company Limited 開平依利安達電子第五有限公司	PRC ² 中國 ²	US\$30,075,100 30,075,100美元	67.23	67.35	Manufacture and distribution of PCBs 製造及分銷印刷線路板
Elec & Eltek (Guangzhou) Electronic Company Limited 依利安達(廣州)電子有限公司	PRC ² 中國 ²	US\$70,596,000 70,596,000美元	69.35	69.47	Manufacture and distribution of PCBs 製造及分銷印刷線路板
Elec & Eltek (Guangzhou) Technology Company Limited 依利安達(廣州)電子科技有限公司	PRC ² 中國 ²	US\$6,000,000 6,000,000美元	69.35	69.47	Research and development, manufacture and distribution of PCBs 研究及開發, 製造及分銷 印刷線路板

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration and operation 註冊成立 登記及營業地點	Issued and fully paid share capital/ registered capital 已發行及繳足 股本 註冊資本	Proportion of the ownership interest held by the Group 本集團持有 權益比例		Principal activities 主要業務
			2007	2006	
			二零零七年 %	二零零六年 %	
Guangzhou Elec & Eltek Microvia Technology Limited 廣州依利安達微通科技有限公司	PRC ² 中國 ²	US\$24,800,000 24,800,000美元	69.35	69.47	Manufacture and distribution of PCBs 製造及分銷印刷線路板
Guangzhou Elec & Eltek High Density Interconnect Technology No. 1 Company Limited 廣州依利安達精密互連科技第一 有限公司	PRC ² 中國 ²	US\$25,000,000 25,000,000美元	69.35	69.47	Manufacture and distribution of PCBs 製造及分銷印刷線路板
Elec & Eltek (Thailand) Limited	Thailand 泰國	Baht780,000,000 780,000,000泰銖	70.77	70.89	Manufacture and distribution of PCBs 製造及分銷印刷線路板
Pacific Insulating Material (Thailand) Limited	Thailand 泰國	Baht650,000,000 650,000,000泰銖	70.77	70.89	Manufacture and distribution of PCB raw materials 製造及分銷印刷線路板 原材料

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

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration and operation 註冊成立 登記及營業地點	Issued and fully paid share capital/ registered capital 已發行及繳足 股本 註冊資本	Proportion of the ownership interest held by the Group 本集團持有 權益比例		Principal activities 主要業務
			2007	2006	
			二零零七年 %	二零零六年 %	
Shenzhen Pacific Insulating Material Co., Ltd. 深圳太平洋絕緣材料有限公司	PRC ² 中國 ²	RMB67,491,458 人民幣67,491,458元	66.17	66.28	Manufacture and distribution of PCB raw materials 製造及分銷印刷線路板 原材料
Kaiping Pacific Insulating Material Company Limited 開平太平洋絕緣材料有限公司	PRC ¹ 中國 ¹	US\$15,000,000 15,000,000美元	70.77	70.89	Manufacture and distribution of high-end PCB raw materials 製造及分銷高端印刷線路板 原材料
* The Company directly holds the interest in Jamplan (BVI) Limited. The Company's interest in all other subsidiaries is held indirectly through Jamplan (BVI) Limited.			* 本公司直接持有Jamplan (BVI) Limited之權益。本公司於所有其他附屬公司之權益均透過Jamplan (BVI) Limited間接持有。		
# These are investment holding companies which have no specific principal place of operation.			# 此等為投資控股公司，並無特定之主要經營地點。		
+ These companies were non wholly-owned subsidiaries of Kingboard Laminates Holdings Limited.			+ 該等公司為建滔積層板控股有限公司之非全資擁有附屬公司。		
1 These companies were established in the PRC in the form of Wholly Foreign-owned Enterprises.			1 此等公司乃以外商獨資企業形式在中國成立。		
2 These companies were established in the PRC in the form of Sino-Foreign Equity Joint Ventures.			2 此等公司乃以中外合資合營企業形式在中國成立。		
3 Included treasury shares of US\$896,000.			3 包括庫存股份896,000美元。		

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

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

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

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

41. 本公司主要附屬公司詳情(續)

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

各附屬公司於年終結時概無發行任何債務證券。

42. RELATED PARTY TRANSACTIONS

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

42. 有關連人士交易

本集團與有關連人士在年內進行之重大交易如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Sales of goods to a minority shareholder of a subsidiary	向一間附屬公司之少數股東銷售貨品	556,420	486,661
Purchase of goods from a minority shareholder of a subsidiary	向一間附屬公司之少數股東採購貨品	123,218	110,683
Drilling service provided by a minority shareholder of a subsidiary	一間附屬公司之少數股東提供鑽孔服務	27,008	18,693
Purchase of goods from an associate	向一間聯營公司採購貨品	450,296	178,896
Sales of goods to an associate	向一間聯營公司銷售貨品	66,412	9,941

Included in trade and other receivables and prepayments are amount due from a minority shareholder of a subsidiary of approximately HK\$155,408,000 (2006: HK\$143,098,000). The Group allows credit periods of up to 120 days, depending on the products sold, to its related parties.

貿易及其他應收賬款及預付款項包括應收附屬公司少數股東款項約155,408,000港元(二零零六年：143,098,000港元)。本集團向有關連人士授出之信貸賬期最長為120日，視乎所銷售之產品而定。

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42. RELATED PARTY TRANSACTIONS 42. 有關連人士交易(續)

(continued)

Included in trade and other payables was an amount due to an associate of approximately HK\$38,392,000 (2007: nil) as at 31 December 2006. The related party offers credit periods of up to 120 days to the Group.

於二零零六年十二月三十一日

Compensation of key management personnel

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

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Short-term benefits	短期福利	209,851	189,711
Post-employment benefits	退休後福利	1,735	1,415
Share-based payments	以股份形式付款	2,776	5,100
		214,362	196,226

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

43. POST BALANCE SHEET EVENT

Subsequent to 31 December 2007, the Group sold its entire holding of 740,518,325 ordinary shares in G-Prop, an associate of the Company, to an independent third party namely Mass Rise Limited, an indirect wholly-owned subsidiary of Chinese Estates Holdings Limited, at a consideration of approximately HK\$120,777,000.

又於



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