Annual Report

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KINGBOARD CHEMICAL HOLDINGS LIMITED

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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
Ms. Cheung Wai Lin, Stephanie
Mr. Mok Cham Hung, Chadwick

Independent Non-Executive Directors
Mr. Cheng Ming Fun, Paul (resigned on 27 February 2009)
Mr. Cheng Wai Chee, Christopher
Mr. Henry Tan
Mr. Lai Chung Wing, Robert (appointed on 27 February 2009)
Mr. Tse Kam Hung

董事會

執行董事
張國榮先生*(主席)*
陳永錕先生*(董事總經理)*
張廣軍先生
鄭永耀先生
何燕生先生
張偉連女士
莫湛雄先生

獨立非執行董事
鄭明訓先生(於二零零九年二月二十七日辭任)
鄭維志先生
陳亨利先生
黎忠榮先生(於二零零九年二月二十七日獲委任)
謝錦洪先生

COMPANY SECRETARY
Mr. Lo Ka Leong

公司秘書
羅家亮先生

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

主要往來銀行
美國銀行
交通銀行股份有限公司香港分行
中國建設銀行股份有限公司
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

AUDITOR
Deloitte Touche Tohmatsu
Certified Public Accountants

核數師
德勤・關黃陳方會計師行
執業會計師

HONG KONG LEGAL ADVISORS
Mallesons Stephen Jaques

香港法律顧問
萬盛國際律師事務所

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

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
2nd Floor, Harbour View 1
No. 12 Science Park East Avenue
Phase 2 Hong Kong Science Park
Shatin
Hong Kong

總辦事處及主要營業地點
香港
沙田
香港科學園第二期
科技大道東十二號
海濱大樓一座二樓

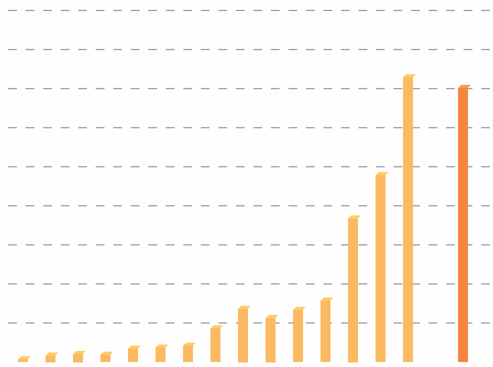
PRINCIPAL SHARE REGISTRAR
The Harbour Trust Co. Ltd.
3rd Floor
One Regis Place
P.O. Box 1787
George Town
Grand Cayman Islands
British West Indies

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

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

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

Financial Highlights
財務摘要



Note: Changed financial year end to December from March 2002 onwards

* Excluding the gain from the spin off of copper foil business of HK$178.4 million

** Annualized

△ Excluding the gain from the spin off of laminate business of HK$4.8 billion and discount on acquisition of HK$49.7 million

\# Excluding the gain on fair value change of conversion and redemption option derivative of HK$182.4 million; loss on disposal and deemed disposal of interest in an associate of HK$23.7 million and discount on acquisition of HK$1.0 million

☆ Excluding:

(1) loss on disposal of convertible bond and interest in an associate of HK$189.7 million

(2) impairment loss on available-for-sale investments of HK$253.2 million

(3) discount on acquisition of HK$45.1 million

Chairman's Statement
主席報告

BUSINESS REVIEW

I am pleased to report that Kingboard Chemical Holdings Limited (the "Group") concluded the financial year ended 31 December 2008 with resilient results despite adverse business environment in the second half of 2008. The Group experienced a fall in both revenue and profitability in the fourth quarter of 2008 ("Q4 2008") due to widespread market turbulence. Bolstered by robust operational performance in the first half of 2008, we delivered a revenue growth of 18% to HK$23.7 billion while underlying net profit declined 20% to HK$2,103.6 million (excluding one-off non-cash exceptional items) for the full year. The strength of our three core businesses and proficient management team have enabled the Group to respond promptly to rapid market changes with decisive action in spite of this extremely tough operati46.0Terlying ne0 Tc 0l8.4scapue,9s0ont

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PERFORMANCE

The electronics industry was impacted badly in Q4 2008 by the snowball effect of the global credit crunch which affected all business sectors. In anticipation of shrinking demand, manufacturers in the electronic supply chain reacted by scaling down production and slashing inventories aggressively towards the year end. As a result, revenue (including inter-segment sales) for the laminate division declined 6% to HK$9,638.2 million. Lower average selling prices coupled with reduced shipments in Q4 2008 posed pressure on our margin. EBIT was down 35% to HK$1,391.0 million over the previous year. Volume sales reduced by 6% with the average monthly shipment reaching 7.8 million sq. meters. However, the resilient performance of the laminate division clearly indicated that we have outperformed our peers during this down cycle.

Similar to the laminate division, PCB order bookings saw a decline in Q4 2008. Cushioned by strong performance in the first three quarters of 2008 and positive contribution from the newly acquired PCB shop in Suzhou, revenue for PCB division was up 4% to HK$7,869.8 million with EBIT improved by 1% to HK$586.9 million from the previous financial year. Both new high density interconnect ("HDI") PCB plants in KsLv1 Tc Jia.5(uTw [vi(peroducKaip3.5, Gua.5doage s[vi(percomthlales red

LIQUIDITY AND CAPITAL RESOURCES

Our financial and liquidity position continued to be strong. As at 31 December 2008, net current assets and current ratio of the Group were approximately HK$5,264.4 million (31 December 2007 – HK$6,377.6 million) and 1.72 (31 December 2007 – 1.89) respectively.

The net working capital cycle shortened from 84 days as at 31 December 2007 to 65 days as at 31 December 2008 on the following key metrics:

– Inventories, in terms of stock turnover days, reduced substantially to 48 days (31 December 2007 – 64 days) as a result of reduction in raw material purchase in Q4 2008.

– Trade receivables, in terms of debtors turnover days, decreased significantly to 61 days (31 December 2007 – 90 days) as a result of decrease in sales revenue in Q4 2008.

– Trade and bills payables, in terms of creditors turnover days, decreased to 44 days (31 December 2007 – 70 days), in line with reduction in purchase volume.

In 2008, the Group invested HK$3.8 billion in new production capacity and made deposits of HK$1.4 billion for properties, plant and equipment. The Group's net gearing ratio (ratio of interest bearing borrowings net of cash and cash equivalents to total equity) was approximately 23% (31 December 2007: 17%). The proportion of bank borrowings between short term and long term stood at 27%: 73% (31 December 2007: 24%: 76%). As at 31 December 2008, cash on hand and other committed and undrawn bank loan facilities were about HK$4.2 billion and HK$2.5 billion respectively. Hence, the Group is in a strong financial position to capitalize on any opportunities arising from the current downturn. Only 2% of the bank borrowings was denominated in Renminbi and the rest in Hong Kong or US dollars.

流動資金及財務狀況

集團的財務狀況持續保持穩健。集團於二零零八年十二月三十一日之流動資產淨值約為五十二億六千四百四十萬港元(二零零七年十二月三十一日:六十三億七千七百六十萬港元),流動比率則為1.72(二零零七年十二月三十一日:1.89)。

淨營運資金週轉期由二零零七年十二月三十一日的八十四日,縮短至二零零八年十二月三十一日的六十五日,細分如下:

— 由於二零零八年第四季之原料採購有所減少,存貨週轉期顯著縮短至四十八日(二零零七年十二月三十一日:六十四日)

— 由於二零零八年第四季之銷售收入下降,貿易應收款項週轉期大幅減少至六十一日(二零零七年十二月三十一日:九十日)

— 由於購貨量減少,貿易及票據應付賬款週轉期縮短至四十四日(二零零七年十二月三十一日:七十日)

於二零零八年,集團投資了約三十八億港元添置新的生產設施,並為物業、廠房及設備支付了十四億港元訂金。集團之淨負債比率(扣除現金及現金等值項目後之附息借貸與資本總額比率)約為23%(二零零七年十二月三十一日:17%)。短期與長期借貸的比例維持於27%:73%(二零零七年十二月三十一日:24%:76%)。集團於二零零八年十二月三十一日所持有之現金及已獲銀行承諾且未動用之融資貸款額度分別為四十二億港元及二十五億港元,因此集團具備充足的財務資源去捕捉任何於經濟低潮中出現的機遇。銀行借貸中僅2%為人民幣貸款,其餘的則為港元或美元貸款。

The Group continued to adopt a prudent financial management policy including the use of interest rate swap contract to minimize exposure to fluctuation in interest rates movement. At the end of 2008, we had entered into interest rate swap agreements of notional amount of HK$5.5 billion with reputable financial institutions for a weighed average duration and interest rate of 1.73 years and 3.02% respectively. We also entered into commodity and foreign currency forward contracts to manage the Group's exposure to fluctuation in exchange rates and commodity prices. The fair value of these contracts amounted to HK$2.9 million as at 31 December 2008. Other than derivative financial instruments in connection with our daily operations as mentioned above and the convertible bond in connection with G-Prop (Holdings) Limited which was disposed during the year, the Group had not entered into any other type of derivative financial instruments throughout 2008. There was no material foreign exchange exposure to the Group during the year under review. The Group's revenue, mostly denominated in Hong Kong dollars, Renminbi and US dollars, was fairly matched with the currency requirement of operating expenses.

集團繼續採取審慎的財務政策，包括利用利率掉期合約，以減低利率波動所帶來的風險。於二零零八年年底，集團與具良好信譽之金融機構簽訂面值為五十五億港元之利率掉期合約，有關利率掉期合約之加權平均年期為1.73年，息率為3.02%。另外，集團亦訂立了商品及外匯遠期合約以減低匯率及商品價格波動對集團所帶來的風險。該等合約於二零零八年十二月三十一日的公平值為二百九十萬港元。除了上述與集團日常營運有關的衍生金融工具及於年內已出售之由金匡企業有限公司發行的可換股債券外，集團於年內並無訂立任何其他衍生金融工具。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。

HUMAN RESOURCES

As at 31 December 2008, the Group had a global workforce of over 40,800 (31 December 2007: 47,200). The decrease in headcount was in line with lower manufacturing output in Q4 2008. 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

於二零零八年十二月三十一日，集團在全球合共聘用員工約40,800人（二零零七年十二月三十一日：47,200人），員工人數減少主要是配合集團於二零零八年第四季產量下降。集團除了提供具競爭力的薪酬待遇外，亦會根據公司的整體財務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。

PROSPECTS

Whilst the global economy faces significant challenges in 2009, our business outlook remains positive in the long term. As a major manufacturer for a wide range of key materials in China, we shall benefit from the enormous growth potential of this emerging market due to China's continuous urbanization and industrialization. A series of economic stimulus measures introduced by the Chinese government, in particular, subsidies for electronic products purchase in the rural area is likely to have a positive effect on the growth prospects for the Group. Coupled with our robust balance sheet, we believe that the Group will surmount current challenges and emerge from this down1 TM5ld stroger player.

l a m h i n t h e d i v i s t i o n e x p s e r i a n c d n a o n u p t r r e d n i o n d r e m e d n i o n

Our commodity and specialty chemical plants are seeing the benefits from the economic stimulus initiatives in China as coke price has shown an uptrend and methanol price has stabilized since end of last year. Construction of the new acetic acid plant adjacent to the existing coke/methanol plant in Hebei province remains on track for trial production by the end of 2009. Using methanol and coke granules as feedstock, this acetic acid project with a monthly capacity of about 42,000 metric tonnes will further enhance our vertically integrated business model and is expected to bring in attractive returns.

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, 27 March 2009

Mr. MOK Cham Hung, Chadwick, aged 44, 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 54, 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 38, 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 Wai Chee, Christopher, aged 60, was appointed as an independent non-executive Director in 2007. He holds directorships in various listed companies in the last three years.

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 2008.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of associates, jointly controlled entities and principal subsidiaries of the Company are set out in notes 22, 25 and 42 respectively to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

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

An interim dividend of HK40 cents per ordinary share was paid to the shareholders of the Company during the year. The directors of the Company now recommend the payment of a final dividend of HK30 cents per ordinary share to the Company's shareholders whose names appear on the register of members of the Company on 21 May 2009, and the retention of the remaining profit in the Company.

SHARE CAPITAL

Details of the movements during the year in the issued share capital of the Company are set out in note 35 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, the Company repurchased certain of its own ordinary shares of HK$0.10 each through The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), details of which are set out in note 35 to the consolidated financial statements. The

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RESERVES

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

In addition to the retained profits of the Company, the share premium and the special surplus account of the Company are also available for distribution to shareholders provided that the Company will be able to pay its debts as they fall due in the

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors:
Mr. Cheung Kwok Wing *(Chairman)*
Mr. Chan Wing Kwan *(Managing Director)*
Mr. Cheung Kwong Kwan
Mr. Chang Wing Yiu
Mr. Ho Yin Sang
Ms. Cheung Wai Lin, Stephanie
Mr. Mok Cham Hung, Chadwick

Independent non-executive Directors:
Mr. Cheng Ming Fun, Paul
(resigned on 27 February 2009)
Mr. Cheng Wai Chee, Christopher
Mr. Henry Tan
Mr. Lai Chung Wing, Robert
(appointed on 27 February 2009)
Mr. Tse Kam Hung

Mr. Lai Chung Wing, Robert was appointed by the board of Directors as a new independent non-executive Director with effect from 27 February 2009. In accordance with Article 84 of the Company's Articles of Association, Mr. Lai Chung Wing, Robert will hold directorship only until the annual general meeting of the Company following his appointment and will be eligible for re-election. Accordingly, Mr. Lai Chung Wing, Robert will retire at the forthcoming annual general meeting of the Company and will be eligible for re-election as an independent non-executive Director.

In accordance with Article 92 of the Company's Articles of Association, Messrs. Chan Wing Kwan and Cheung Wai Lin, Stephanie, being executive Directors, and Messrs. Henry Tan and Lai Chung Wing, Robert, being independent non-executive Directors, will retire from directorship by rotation and will offer themselves for re-election at the forthcoming annual general meeting of the Company.

Biographical details of the above Directors are set out in the

DIRECTORS' INTERESTS IN SHARES *(continued)*

DIRECTORS' INTERESTS IN SHARES *(continued)* 董事之股份權益*(續)*

Long position *(continued)* **長倉***(續)*

(c) *Ordinary shares of HK$0.10 each ("KLHL Shares") in Kingboard Laminates Holdings Limited ("KLHL"), a non wholly-owned subsidiary of the Company*

(c)

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	1,141,500	0.03
Mr. Chan Wing Kwan (Note 1) 陳永錕先生(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.

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*

Name of Director 董事姓名	Capacity 權益性質	Number of non-voting deferred shares held (Note) 所持無投票權遞延股份數目（附註）
Mr. Cheung Kwok Wing 張國榮先生	Beneficial owner 實益擁有人	1,904,400
Mr. Chan Wing Kwan 陳永錕先生	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

Note: None of the non-voting deferred shares of Kingboard Laminates Limited are held by the Group. Such deferred shares carry no rights to receive notice of or to attend or vote at any general meeting of Kingboard Laminates Limited and have practically no rights to dividends or to participate in any distribution on winding up.

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*

附註： 本集團概無持有建滔積層板有限公司之無投票

DIRECTORS' INTERESTS IN SHARES *(continued)*

Long position *(continued)*

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

DIRECTORS' INTERESTS IN SHARES *(continued)*

Long position *(continued)*

(g) *Ordinary shares ("KCFH Shares") of US$0.10 each in the share capital of Kingboard Copper Foil Holdings Limited ("KCFH"), 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(「KCFH」)股本中每股面值0.10美元之普通股(「KCFH股份」)*

Name of Director 董事姓名	Capacity 權益性質	Number of issued KCFH Shares held 所持已發行KCFH股份數目	Approximate percentage of the issued share capital of KCFH 佔KCFH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 KCFH 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KCFH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 2008.

除上述披露者外，於二零零八年十二月三十一日，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。

SHARE OPTIONS

Particulars of the share option schemes of the Company, EEIC and KLHL are set out in note 36 to the consolidated financial statements.

The following table discloses movements in the Share Options under the 2002 Scheme 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36。

下表披露二零零二年計劃項下優先購股權於年內之變動：

		Outstanding as at 1.1.2008 於二零零八年一月一日尚未行使	Exercised during the year 已於本年度行使	Outstanding as at 31.12.2008 於二零零八年十二月三十一日尚未行使
Category 1: Directors	第1類：董事			
Mr. Cheung Kwok Wing	張國榮先生	210,600	(210,600)	–
Mr. Chan Wing Kwan	陳永錕先生	2,558,800	(1,217,200)	1,341,600
Mr. Cheung Kwong Kwan	張廣軍先生	2,951,800	(1,217,200)	1,734,600
Mr. Chang Wing Yiu	鄭永耀先生	3,175,800	(1,941,000)	1,234,800
Mr. Ho Yin Sang	何燕生先生	3,120,800	(1,217,200)	1,903,600
		12,017,800	(5,803,200)	6,214,600
Category 2: Employees	第2類：僱員	13,904,200	(5,496,800)	8,407,400
Total all categories	所有類別合計	25,922,000	(11,300,000)	14,622,000

The weighted average closing price of the Shares on the five trading days immediately before the dates on which the Share Options were exercised was HK$20.66.

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20.66港元。

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange throughout the year ended 31 December 2008, save for the deviation that all independent non-executive Directors were not appointed for specific terms pursuant to the code provision A.4.1 of the Code. Notwithstanding the aforesaid deviation, all the Directors

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CONNECTED TRANSACTIONS

During the year, Techwise Circuits Company Limited ("Techwise") and its subsidiaries (collectively referred to as the "Techwise Group") sold printed circuit boards ("PCBs") to and purchased laminates from Shirai Electronics Industrial Co., Ltd. ("Shirai") and its subsidiaries (collectively referred to as the "Shirai Group") amounting to approximately HK$477,381,000 and HK$81,958,000 respectively. The Techwise Group also sub-contracted the services of the Shirai Group, namely the drilling of lam byces of the Shirai onces oyear, Techirai'm behalf,ing of amou23.6d approxim53.6du23.6d3.6d3.6d

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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. 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.

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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$376 million during the year.

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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 are set out in note 36 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.

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。

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2008.

充足公眾持股量

截至二零零八年十二月三十一日止年度，本公司一直維持充足公眾持股量。

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

27 March 2009

承董事會命
張國榮
主席

二零零九年三月二十七日

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 Model Code for Securities Transactions by Directors of Listed Issuers 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

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

A. DIRECTORS *(continued)*

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

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
Cheung Wai Lin, Stephanie

Independent non-executive Directors

Cheng Ming Fun, Paul
(resigned on 27 February 2009)
Cheng Wai Chee, Christopher
Tse Kam Hung
Henry Tan
Lai Chung Wing, Robert
(appointed on 27 February 2009)

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.

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 Board considersthat although such arrangement deviates from code provision A.4.1 of the Code, sufficient measures have been taken to ensure that the Company•s corporate governance practices are no less exacting than those in the Code.

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A. DIRECTORS *(continued)*

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 seTR 1 management.

B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT *(continued)*

The level and make-up of remuneration and disclosure *(continued)*

- 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;

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

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

When recommending the remuneration package for each individual director, the Remuneration Committee will consider his qualification and experience, specific duties and responsibilities assigned to him by the Board and the prevailing market packages available for similar position. The emoluments of the Directors on a named basis for the year under review is set out on page 115 and 116 in note 15 to the financial statements. Review and comparison in terms of Directors' emoluments 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. Lai Chung Wing, Robert, who was appointed to the Board on 27 February 2009, were considered.

B. 董事及高級管理人員薪酬*(續)* *用P蚝录挣 疴h0*

C. ACCOUNTABILITY AND AUDIT

Financial reporting

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

Internal controls

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

- formal policies and procedures are in place, including the documentation of key processes, procedures and rules relating to the delegation of authorities. These allow the monitoring of controls and restrict the unauthorised use of the Group assets;
- experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- monthly business and financial reports are prepared, providing relevant, timely, reliable and up-to-date financial and other information; budget variances are 8nq413egated as appropriate; and
- an internal audit function, which reports directly to the Audit Committee, is in place to determine whether the above procedures are properly carried out.

C. 問責及核數

財務匯報

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

內部監控

本集團已設立內部監控制度，其主要要點如下：

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

C. ACCOUNTABILITY AND AUDIT *(continued)*

Audit Committee *(continued)*

- 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.

C. 問責及核數*(續)*

審核委員會*(續)*

- 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。

C. ACCOUNTABILITY AND AUDIT *(continued)*

Audit Committee *(continued)*

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:

C. 問責及核數*(續)*

審核委員會*(續)*

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	服務性質	Amount (HK$) 金額(港元)
Audit services	核數服務	9,349,000
Non-audit services	非核數服務	
(i) Tax services	(i) 稅務服務	1,702,000
(ii) Other services	(ii) 其他服務	1,103,000

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.

審核委員會已檢討本公司外聘核數師所提供之全部非核數服務，並認為該等服務並不影響核數師之獨立性。董事會已內部委任一名會計師負責本集團會計及財務事宜，而審核委員會有權隨時接觸本集團會計師及高級管理層，以及索取任何財務及相關資料，以便能夠有效地履行其作為審核委員會之職責。除獲得內部協助外，審核委員會亦可於彼等認為有需要時要求外聘核數師提供協助及建議，費用由本公司承擔。審核委員會每年至少一次在執行董事不在場之情況下與外聘核數師會面，以討論本集團之財務申報及回顧年度內出現之任何重大及財務事宜。

C. ACCOUNTABILITY AND AUDIT *(continued)*

Audit Committee *(continued)*

In addition, the Audit Committee is authorised:

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

The Board will ensure that the members of the Audit

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. Lai Chung Wing, Robert, 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

D. DELEGATION BY THE BOARD *(continued)*

Board committees *(continued)*

- be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- assess the effectiveness of the Board as a whole and the contribution by each individual director to the effectiveness of the Board; and
- be responsible for re-nomination having regard to the director's contribution and performance, including, if applicable, as an independent director.

During the year under review, the Nomination Committee had convened two meetings during which, among other things, the nomination of Mr. Lai Chung Wing, Robert, as additional director of the Company was considered. Mr. Lai Chung Wing, Robert was appointed as independent non-executive director by the Board with effect from 27 February 2009 and pursuant to the Company's articles of association, Mr. Lai Chung Wing, Robert, 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. Chan Wing Kwan, Ms. Cheung Wai Lin, Stephanie and Mr. Henry Tan and Mr. Lai Chung Wing, Robert, 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.

D. 董事會權力的轉授

董事委員會*(續)*

- 在董事會出現空缺時負責物色及提名人選，以供董事會批准，藉以填補有關空缺；
- 評估董事會整體成效及各董事對董事會效能之貢獻；及
- 負責就董事之貢獻及表現重新提名其(視情況而定)為獨立董事。

於回顧年度，提名委員會召開兩次會議，考慮(其中包括)黎忠榮先生為本公司新增董事之提名。黎忠榮先生獲董事會委任為獨立非執行董事，自二零零九年二月二十七日起生效。根據本公司組織章程細則，黎忠榮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。提名委員會議決通過，陳永錕先生、張偉連女士、陳亨利先生及黎忠榮先生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.

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。

E. COMMUNICATION WITH SHAREHOLDERS *(continued)*

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.

E. 與股東的溝通*(續)*

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。

Independent Auditor's Report
獨立核數師報告

Deloitte.
德勤

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

We have audited the consolidated financial statements of Kingboard Chemical Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 51 to 183, which comprise the consolidated balance sheet as at 31 December 2008, 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51至183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二零零八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計。

核數師的責任

吾等的責任是根據吾等的審核對綜合財務報表作出意見，並只向作為法人團體的股東報告。除此以外，吾等的報告書不可用作其他用途。吾等概不會就本報告書的內容，對任何其他人士負責或承擔法律責任。吾等已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求吾等遵守道德規範，並規劃及執行審核，以合理確定此等綜合財務報表是否不存有任何重大錯誤陳述。

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.

審核涉及執行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會制

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 2008 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
27 March 2009

Consolidated Income Statement
綜合收益表

For the year ended 31 December 2008 截至二零零八年十二月三十一日止年度

		NOTES 附註	2008 二零零八年 HK$'000 千港元	2007 二零零七年 HK$'000 千港元
Revenue	營業額	7	23,681,401	20,025,112
Cost of sales	銷售成本		(19,431,259)	(15,178,498)
Gross profit	毛利		4,250,142	4,846,614
Other income	其他收入	9	374,622	423,555
Distribution costs	分銷成本		(652,752)	(550,279)
Administrative costs	行政成本		(1,285,350)	(1,171,926)
Impairment loss on available-for-sale investments	可供出售投資之減值虧損	10	(253,158)	–
Loss on disposal of convertible bond and interest in an associate	出售可換股債券及一間聯營公司權益之虧損	11	(189,697)	–
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)
Discount on acquisition of additional interests in subsidiaries	收購附屬公司額外權益之折讓		33,711	962
Discount on acquisition of subsidiaries	收購附屬公司之折讓	37	11,395	–
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
Finance costs	融資成本	12	(329,369)	(287,664)
Share of results of associates	應佔聯營公司業績		369,807	298,283
Share of results of jointly controlled entities	應佔共同控制實體業績		(3,849)	(1,070)
Profit before taxation	除稅前溢利		2,325,502	3,717,184
Income tax expense	所得稅開支	13	(194,231)	(245,030)
Profit for the year	本年度溢利	14	2,131,271	3,472,154
Attributable to:	應佔份額：			
Equity holders of the Company	本公司權益持有人		1,705,850	2,778,321
Minority interests	少數股東權益		425,421	

Consolidated Balance Sheet
綜合資產負債表

At 31 December 2008 於二零零八年十二月三十一日

		NOTES 附註	2008 二零零八年 HK$'000 千港元	2007 二零零七年 HK$'000 千港元
Non-current assets	非流動資產			
Investment properties	投資物業	18	1,327,165	1,197,952
Properties, plant and equipment	物業、廠房及設備	19	16,888,278	13,752,739
Prepaid lease payments	預付租賃款項	20	1,499,021	1,265,127
Goodwill	商譽	21	2,005,658	2,005,658
Investments in associates	於聯營公司之投資	22	686,133	741,128
Available-for-sale investments	可供出售投資	23	780,248	564,657
Convertible bond – loan portion	可換股債券－借貸部份	24	–	86,188
Interests in jointly controlled entities	於共同控制實體之權益	25	10,435	14,284
Non-current deposits	非流動訂金	26	1,413,450	993,168
Intangible assets	無形資產	27	770,142	725,884
Properties held for development	待發展物業	30	233,135	–
Deferred tax assets	遞延稅項資產	34	32,660	21,994
			25,646,325	21,368,779
Current assets	流動資產			
Inventories	存貨	28	2,561,334	2,648,216
Trade and other receivables and prepayments	貿易及其他應收賬款及預付款項	29	5,765,899	7,182,019
Prepaid lease payments	預付租賃款項	20	32,103	28,029
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	31	3,468	2,812
Taxation recoverable	可收回稅項		7,063	12,074
Bank balances and cash	銀行結餘及現金	29	4,225,273	3,494,596
			12,595,140	13,573,207
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付	30		

Derivative financial instruments 衍生金融工具 31 12,595,140

205,461

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2008 截至二零零八年十二月三十一日止年度

		Attributable to equity holders of the Company 本公司權益持有人應佔權益														
		Share capital 股本 HK$'000 千港元	Share premium 股份溢價 HK$'000 千港元	Capital redemption reserve 資本贖回儲備 HK$'000 千港元	Goodwill reserve 商譽儲備 HK$'000 千港元	Special surplus account 特別盈餘賬目 HK$'000 千港元 (Note a) (附註a)	Statutory reserve 法定儲備 HK$'000 千港元 (Note b) (附註b)	Hedging reserve 對沖儲備 HK$'000 千港元	Property revaluation reserve 物業重估儲備 HK$'000 千港元 (Note c) (附註c)	Investment revaluation reserve 投資重估儲備 HK$'000 千港元	Translation reserve 匯兌儲備 HK$'000 千港元	Retained profits 保留溢利 HK$'000 千港元	Total 合計 HK$'000 千港元	Share option reserve of a subsidiary 一間附屬公司之優先購股權儲備 HK$'000 千港元	Minority interests 少數股東權益 HK$'000 千港元	Total equity 資本總額 HK$'000 千港元
Balance at 1 January 2007	於二零零七年一月一日之結餘	83,280	4,486,536	897	(791)	10,594	9,651	–	–	10,331	390,840	10,967,587	15,958,925	9,764	3,044,232	19,012,921
Increase in fair values of available-for-sale investments	可供出售投資公平值之增加	–	–	–	–	–	–	–	–	16,930	–	–	16,930	–	–	16,930
Share of changes in reserve of associates	應佔聯營公司儲備變動	–	–	–	–	–	–	–	–	–	26,232	–	26,232	–	–	26,232
Exchange differences arising on translation to presentation currency	因折算至呈報貨幣而產生之匯兌差額	–	–	–	–	–	–	–	–	–	641,484	–	641,484	–	199,015	840,499
Fair value gain on properties transferred to investment properties	物業轉撥至投資物業之公平值收益	–	–	–	–	–	–	–	6,583	–	–	–	6,583	–	–	6,583
Net income recognised directly in equity	收益淨額(直接在資本中確認)	–	–	–	–	–	–	–	6,583	16,930	667,716	–	691,229	–	199,015	890,244
Profit for the year	本年度溢利	–	–	–	–	–	–	–	–	–	–	2,778,321	2,778,321	–	693,833	3,472,154
Reserves released upon disposal of associates	出售聯營公司撥回之儲備	–	–	–	–	–	–	–	–	–	(1,131)	–	(1,131)	–	–	(1,131)
Investment revaluation reserve released on disposal	出售撥回之投資重估儲備	–	–	–	–	–	–	–	–	(85,664)	–	–	(85,664)	–	–	(85,664)
Total recognised income and expenses for the year	本年度已確認之收益及開支總額	–	–	–	–	–	–	–	6,583	(68,734)	666,585	2,778,321	3,382,755	–	892,848	4,275,603
Issue of new shares from exercise of share options	因行使優先購股權而發行新股份	530	19,292	–	–	–	–	–	–	–	–	–	19,822	–	–	19,822
Recognition of equity-settled share based payments	確認以股份形式付款	–	–	–	–	–	–	–	–	–	–	–	–	4,448	–	4,448
Final dividend for the year ended 31 December 2006	截至二零零六年十二月三十一日止年度之末期股息	–	–	–	–	–	–	–	–	–	–	(316,464)	(316,464)	–	–	(316,464)
Special dividend for the year ended 31 December 2006	截至二零零六年十二月三十一日止年度之特別股息	–	–	–	–	–	–	–	–	–	–	(516,335)	(516,335)	–	–	(516,335)
Interim dividend for the year ended 31 December 2007	截至二零零七年十二月三十一日止年度之中期股息	–	–	–	–	–	–	–	–	–	–	(251,430)	(251,430)	–	–	(251,430)
Acquisition of subsidiaries (Note 37)	收購附屬公司(附註37)	–	–	–	–	–	–	–	–	–	–	–	–	–	263,447	263,447
Acquisition of additional interests in subsidiaries	收購附屬公司額外權益	–	–	–	–	–	–	–	–	–	–	–	–	–	(162,789)	(162,789)
Contribution from minority shareholders	少數股東出資款項	–	–	–	–	–	–	–	–	–	–	–	–	–	104,436	104,436
Dividend paid to minority shareholders	支付予少數股東之股息	–	–	–	–	–	–	–	–	–	–	–	–	–	(206,863)	(206,863)
Transfer upon exercise of share option	因行使優先購股權而轉撥	–	–	–	–	–	–	–	–	–	–	–	–	(920)	920	–
Transfer upon lapse of share option	因優先購股權失效而轉撥	–	–	–	–	–	–	–	–	–	–	430	430	(430)	–	–
Transfers	轉撥	–	–	–	–	–	22,077	–	–	–	–	(22,077)	–	–	–	–
		530	19,292	–	–	–	22,077	–	–	–	–	(1,105,876)	(1,063,977)	3,098	(849)	(1,061,728)
Balance at 31 December 2007	於二零零七年十二月三十一日之結餘															

Consolidated Cash Flow Statement 綜合現金流量表

For the year ended 31 December 2008 截至二零零八年十二月三十一日止年度

		NOTE 附註	2008 二零零八年 HK$'000 千港元	2007 二零零七年 HK$'000 千港元
INVESTING ACTIVITIES	**投資業務**			
Purchase of properties, plant and equipment	購買物業、廠房及設備		(3,286,469)	(3,518,081)
Purchase of investment properties	購買投資物業		(360,302)	(1,084,477)
Purchase of available-for-sale investments	購買可供出售投資		(752,707)	(616,905)
Deposits paid for acquisition of	購買物業、廠房及設備			

Purchase of prope9 Tf 9.5872026f96038b240bea>Tj /F1 1 4f 8 -.0088 TD ( )q 6 9.7481 .0618 TD ( )Tj /F2 1 Tf 7.901 0 TD -.1803 Tw 676,673707)

Consolidated Cash Flow Statement 綜合現金流量表

For the year ended 31 December 2008 截至二零零八年十二月三十一日止年度

		2008 二零零八年 HK$'000 千港元	2007 二零零七年 HK$'000 千港元
FINANCING ACTIVITIES	**融資活動**		
New bank borrowings raised	新增銀行借貸	8,199,044	4,157,458
Capital contributions from minority shareholders	少數股東出資款項	134,321	104,436
Proceeds from exercise of share options	行使優先購股權所得款項	42,262	19,822
Repayment of bank borrowings	償還銀行借貸	(5,852,605)	(2,490,470)
Dividend paid on ordinary shares	已派普通股股息	(927,430)	(1,084,229)
Dividend paid to minority shareholders	支付予少數股東之股息	(373,573)	(206,863)
Interest and other finance charges paid	已付利息及其他融資費用	(349,228)	(328,371)
Payment on repurchase of shares	購回股份款項	(163,907)	–
NET CASH FROM FINANCING ACTIVITIES	**融資活動所得現金淨額**	708,884	171,783
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**現金及現金等值項目增加(減少)淨額**	669,235	(2,677,749)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**年初之現金及現金等值項目**	3,494,011	6,094,405
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**匯率變動影響**	62,011	77,355
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**年末之現金及現金等值項目**	4,225,257	3,494,011
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS	**現金及現金等值項目結餘分析**		
Bank balances and cash	銀行結餘及現金	4,225,273	3,494,596
Bank overdrafts	銀行透支	(16)	(585)
		4,225,257	3,494,011

1. GENERAL

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

The functional currency of the Group is Renminbi ("RMB") while the consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which the management of the Company considered is more beneficial for the users of the consolidated financial statements.

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

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

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC)* – INT 11	HKFRS 2: Group and treasury share transactions
HK(IFRIC) – INT 12	Service concession arrangements
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of the new HKFRSs 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.

1. 一般資料

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

本集團的功能貨幣為人民幣(「人民幣」)。綜合財務報表則以港元(「港元」)呈列，本公司管理層認為此舉對綜合財務報表的使用者更有幫助。

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

2. 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，本集團已應用以下多項由香港會計師公會(「香港會計師公會」)頒佈並已生效的修訂本及詮釋(「新香港財務申報準則」)。

香港會計準則第39號及香港財務申報準則第7號(修訂本)	金融資產之重新分類
香港(國際財務申報準則詮釋委員會)*－詮釋第11號	香港財務申報準則第2號：集團及庫存股份交易
香港(國際財務申報準則詮釋委員會)－詮釋第12號	服務經營權安排
香港(國際財務申報準則詮釋委員會)－詮釋第14號	香港會計準則第19號－設定受益資產的上限，最低資金要求規定及其相互關係

採納該等新香港財務申報準則對如何編製及呈列本集團本期間或過往會計期間之業績及財務狀況之方式並無重大影響。因此，本集團無需對過往期間進行調整。

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

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

HKFRSs (Amendments)	Improvements to HKFRSs [1]
HKAS 1 (Revised)	Presentation of financial statements [2]
HKAS 23 (Revised)	Borrowing costs [2]
HKAS 27 (Revised)	Consolidated and separate financial statements [3]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation [2]
HKAS 39 (Amendment)	Eligible hedged items [3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate [2]
HKFRS 2 (Amendment)	Vesting conditions and cancellations [2]
HKFRS 3 (Revised)	Business combinations [3]
HKFRS 7 (Amendment)	Improving disclosures about financial instruments [2]
HKFRS 8	Operating segments [2]
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives [4]
HK(IFRIC) – INT 13	Customer loyalty programmes [5]
HK(IFRIC) – INT 15	Agreements for the construction of real estate [2]
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation [6]
HK(IFRIC) – INT 17	Distribution of non–cash assets to owners [3]
HK(IFRIC) – INT 18	Transfer of assets from customers [7]

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下列已頒佈但尚未生效之新增及經修訂的準則、修訂本或詮釋。

香港財務申報準則(修訂本)	香港財務申報準則之改進[1]
香港會計準則第1號(經修訂)	財務報表的呈列[2]
香港會計準則第23號(經修訂)	借貸成本[2]
香港會計準則第27號(經修訂)	綜合及獨立財務報表[3]
香港會計準則第32及1號(修訂本)	可沽售金融工具及清盤時產生之責任[2]
香港會計準則第39號(修訂本)	合資格對沖項目[3]
香港財務申報準則第1號及香港會計準則第27號(修訂本)	於附屬公司、共同控制實體或聯營公司之投資成本[2]
香港財務申報準則第2號(修訂本)	歸屬條件及註銷[2]
香港財務申報準則第3號(經修訂)	業務合併[3]
香港財務申報準則第7號(修訂本)	金融工具披露改善[2]
香港財務申報準則第8號	經營分部[2]
香港(國際財務申報準則詮釋委員會)－詮釋第9號及香港會計準則第39號(修訂本)	內置衍生工具[4]
香港(國際財務申報準則詮釋委員會)－詮釋第13號	顧客忠誠度計劃[5]
香港(國際財務申報準則詮釋委員會)－詮釋第15號	房地產建造協議[2]
香港(國際財務申報準則詮釋委員會)－詮釋第16號	海外業務投資淨額之對沖[6]
香港(國際財務申報準則詮釋委員會)－詮釋第17號	分配給擁有人的非現金資產[3]
香港(國際財務申報準則詮釋委員會)－詮釋第18號	來自客戶之資產轉移[7]

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared using the historical cost basis except for investment 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 (the "Listing Rules") 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，投資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（「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實際出售日期止（視適用情況而定）已列入綜合收益表內。

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。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Basis of consolidation *(continued)*

Minority interests in the net assets of consolidated

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.

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initially measured at the m fTgity's proportion 9en5.6(the)5.6(net)5.6( )]TJ T* 0 Tc .0961 Tw (fair value of the assets, liab power to participate in the financial and operating policy decisions of the invdenee but is not control or jo199ly 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, invdenments 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 i99aident5.3.319t5.3(that)5.3(associate)5.3((which)5.3.319cludes any long-9aim i99aidens that, i9 substance, form part of the Group's net invdenment in the associate), the Group

3. SIGNIFICANT ACCOUNTING POLICIES

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Jointly controlled entities *(continued)*

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, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

Goodwill

Goodwill arising on acquisitions 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.

3. 主要會計政策*(續)*

共同控制實體*(續)*

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

共控制實體之ξ益

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Goodwill *(continued)*

Goodwill arising on acquisitions prior to 1 January 2005 (continued)

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 whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired.

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.

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.

3. 主要會計政策*(續)*

商譽*(續)*

於二零零五年一月一日前因收購所產生之商譽(續)

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有跡象顯示出現減值時進行減值測試。

收購一間附屬公司(協議日期為二零零五年一月一日或之後)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附屬公司之可識別資產、負債及或然負債公平值之權益之數額。該商譽乃按成本減任何累計減值虧損列賬。

收購一間附屬公司所產生並已資本化之商譽於綜合資產負債表內獨立呈列。

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Goodwill *(continued)*

Goodwill arising on acquisitions prior to 1 January 200[illegible] (continued)

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or 8hss on disposal.

Investment properties

Investment properties are properties held to earn rentals e2353 -3.<07190cef189d064a0e38>er 20es

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Properties, plant and equipment

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Properties, plant and equipment *(continued)*

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

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

When the leasehold land and buildings are in the course of development for production 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.

3. 主要會計政策*(續)*

物業、廠房及設備*(續)*

物業、廠房及設備項目於出售或預期持續使用該資產不會產生未來經濟利益時剔除確認。剔除確認資產時所產生之任何盈虧(按出售所得款項淨額與項目賬面值間之差額計算)將計入剔除確認項目年度之綜合收益表內。

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

作在建樓宇成本部分。在建樓宇ˇ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)

存神

存神按成本或可變現淨值兩者中之桀低者入賬。成本包括直接物料及(如適用)直接勞工成本及使存神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。

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3. 主要會計政策*(續)*

Intangible assets *(continued)*

無形資產*(續)*

Intangible assets acquired in a business combination

於業務合併中收購之無形資產

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.

Impairment

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

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

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. In addition, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in the

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate 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 a foreign operation is disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation before 1 January 2005 is treated as non-monetary foreign currency items of the acquirer and reported using the historical cost prevailing at the date of acquisition.

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.

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.

3. 主要會計政策*(續)*

外幣*(續)*

於二零零五年一月一日前因收購海外業務時而就收購可識別資產而產生之商譽及公平值調整被視為收購方之非貨幣海外資產，以收購當日之歷史成本呈報。

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投資收入，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。

退休福利成本

向定額供款退休福利計劃、國家管理退休福利計劃及強積金計劃支付之供款均於僱員提供服務致使其有權獲得有關供款時以開支形式扣除。

稅項

所得稅開支指現時應繳稅項及遞延稅項之總和。

現時應繳稅項乃按本年度應課稅溢利計算。應課稅溢利與綜合收益表中所申報之溢利不同，乃由於前者不包括在其他年度應課稅或可扣稅收入或開支，並且不包括從未課稅或扣稅之項目。本集團即期稅項之債務乃按結算日已頒佈或實際已頒佈之稅率計算。

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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 liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries 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.

3. 主要會計政策*(續)*

稅項*(續)*

遞延稅項乃根據綜合財務報表資產及負債賬面值與計算應課稅溢利所採用相應稅基間之差額確認，以資產負債表負債法處理。遞延稅項負債一般會就所有應課稅臨時差額確認，而遞延稅項資產乃按可能出現可利用臨時差額扣稅之應課稅溢利時確認。因商譽或因業務合併以外交易初步確認其他資產及負債且不影響應課稅溢利亦不影響會計溢利而引致之臨時差額，則不會確認該等資產及負債。

遞延稅項負債乃按於附屬公司及聯營公司之投資及於合資企業之權益而引致之應課稅臨時差額而確認，惟若本集團可控制臨

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現吮稅溢佚而勹佫氐熧廑嘅녆負鐠掤쵣膏켮덧裦맍沒申甮鯱

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3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments *(continued)*

Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3. 主要會計政策

Financial instruments *(continued)*

Impairment of financial assets (continued)

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

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity (continued)

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.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL are financial liabilities held for trading.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

3. 主要會計政策*(續)*

金融工具*(續)*

財務負債及權益(續)

實際利率法

實際利率法是一種計算財務負債攤銷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或(如適用)更短期間估計未來現金支出之折現比率。

利息支出乃按實際利率基準確認。

按公平值計入損益之財務負債

按公平值計入損益之財務負債為持作買賣財務負債。

倘屬下列情況，財務負債則分類為持作買賣：

- 所產生之財務負債主要用於在不久將來購回；或 n
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3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments *(continued)*

Financial liabilities and equity (continued)

Other financial liabilities

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

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 and are classified as current assets or current liabilities.

Embedded derivatives

Derivatives embedded remeasu Tf829.o a1g

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Hedge accounting

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

At the inception of the hedging relationship, the Group 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 cash flows of the hedged item.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity (hedging reserve). 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.

3. 主要會計政策*(續)*

金融工具*(續)*

對沖會計法

本集團指定某些衍生工具(即利率掉期合約)用作浮息銀行借貸現金流量之對沖。

於對沖關係之開始，本集團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現金流量變動。

現金流量對沖

指定和符合現金流量對沖之衍生工具公平值變動，其有效部分遞延於權益(對沖儲備)。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。

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payment transactions *(continued)*

Share options granted on or before 7 November 2002, or granted after 7 November 2002 and vested before 1 January 2005 (continued)

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 expensed on a straight-line basis over the vesting period, 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 estimates during the vesting period, 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.

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.

Service income for drilling services is recognised when services are provided.

3. 主要會計政策*(續)*

以股份形式付款交易(續)

於二零零二年十一月七日或之前授出、或於二零零二年十一月七日後授出，並於二零零五年一月一日前歸屬之優先購股權(續)

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，並於歸屬期按直線法支銷，且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優先購股權數目的估計，並將修訂歸屬期內估計的影響(如有)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。

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。

鑽孔服務之服務收入於提供服務時確認。

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Income taxes

At 31 December 2008, deferred tax assets of (i) approximately HK$8,628,000 (2007: HK$9,303,000) in relation to unused tax losses; (ii) approximately HK$16,779,000 (2007: Nil) in relation to loss on cash flow hedge recognised in hedging reserve; and (iii) approximately HK$13,589,000 (2007: HK$23,090,000) in relation to write-down of inventories have been recognised in the Group's consolidated balance sheet. No deferred tax asset has been recognised on the tax losses of HK$92,286,000 (2007: HK$64,334,000) 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*(續)*

所得稅

於二零零八年十二月三十一日，(i)有關未動用稅項虧損之遞延稅項資產約8,628,000港元(二零零七年：9,303,000港元)；(ii)有關於對沖儲備確認之現金流量對沖虧損之遞延稅項資產約16,779,000港元(二零零七年：沒有)；及(iii)有關撇減存貨之遞延稅項資產約13,589,000港元(二零零七年：23,090,000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92,286,000港元(二零零七年：64,334,000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臨時差額而定。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。

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group entities will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of bank borrowings, cash and cash equivalents and equity attributable to equity holders of the Company, comprising share capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors of the Company consider the cost of capital and will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

5. 資本風險管理

本集團管理其資本以確保通過優化債務與股本結存為股東爭取最高回報，使集團實體能夠持續經營。本集團之整體策略與過往年度相同。

誠如綜合權益變動表所披露，本集團之資本結構包括銀行借貸、現金及現金等值項目及本公司權益持有人應佔權益(包括股本、儲備及保留盈利)。

本公司董事每半年審核資本結構。作為審核一部分，本公司董事將考慮資本成本，並通過支付股息、發行新股、購回股份、發行新債或者贖回現有債項，以平衡整體資本結構。

6. FINANCIAL INSTRUMENTS 6. 金融工具

6a. Categories of financial instruments 6a. 金融工具類別

		2008 二零零八年 HK$'000 千港元	2007 二零零七年 HK$'000 千港元
Financial assets	財務資產		
Fair value through profit or loss (FVTPL) – held for trading	持作買賣且按公平值計入損益之財務資產		
– derivative financial instruments	一衍生金融工具	3,468	2,812
– conversion and redemption option derivative	一可換股及贖回選擇權衍生工具	–	205,461
		3,468	208,273
Loans and receivables (including cash and cash equivalents)	貸款及應收賬款（包括現金及現金等值項目）		
– non–current deposits	一非流動訂金	1,413,450	993,168
– trade and other receivables	一貿易及其他應收賬款	5,176,780	6,102,586
– convertible bond (loan portion)	一可換股債券(借貸部份)	–	86,188
– bank balances and cash	一銀行結餘及現金	4,225,273	3,494,596
		10,815,503	10,676,538
Available-for-sale investments	可供出售投資	780,248	564,657
Financial liabilities	財務負債		
Fair value through profit or loss (FVTPL) – held for trading	持作買賣且按公平值計入損益之財務負債	1,940	1,184
Derivative instruments in designated hedge accounting relationships	符合指定對沖會計關係之衍生工具	136,961	–
Amortised cost	攤銷成本		
– trade and other payables	一貿易及其他應付賬款	2,943,089	2,759,661
– bills payable	一應付票據	615,362	880,992
– bank borrowings	一銀行借貸	9,702,271	7,249,712
		13,260,722	10,890,365

6. FINANCIAL INSTRUMENTS *(continued)*

6b. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, convertible bond (loan portion), derivative financial instruments, conversion and redemption option derivative, non-current deposits, bank balances and cash, bank borrowings, trade and other receivables, trade and other payables and bills payable. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 39.0% (2007: 33.5%) of the Group's sales are denominated in currencies other than the functional currency of the group entity making the sale, whilst almost 33.8% (2007: 32.7%) of purchases are denominated in currencies other than the group entity's functional currency.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the balance sheet dates are disclosed in respective notes. During the year, the Group has entered into certain foreign currency forward contracts to hedge against part of its exposure to potential variability of foreign currency risk arising from changes in foreign exchange exposure. The management continuously monitors the foreign exchange exposure and will consider hedging foreign currency risk should the need arise.

6. 金融工具*(續)*

6b. 財務風險管理目標及政策

本集團之主要金融工具包括權益投資、可換股債券

6. FINANCIAL INSTRUMENTS *(continued)*

6b. Financial risk management objectives and policies *s .1372(policie) 72.boa0(s .1372)*

6. FINANCIAL INSTRUMENTS *(continued)*

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

Market risk (continued)

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 as well as interest rate swap contracts at the balance sheet date. The analyses are prepared assuming the financial instruments outstanding at the balance sheet date were outstanding for the whole year. A 100 basis points (2007: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

The management adjusted the sensitivity rate from 50 basis points to 100 basis points for assessing interest rate after considering the impact of the volatile financial market conditions after the third quarter of 2008.

If interest rate had been 100 basis points (2007: 50 basis points) higher/lower and all other variables were held constant, the Group's:

- post-tax profit for the year ended 31 December 2008 would decrease/increase by HK$32,353,000 (2007: decrease/increase by HK$27,339,000). This is mainly attributable to the Group's exposure to interest rates on its interest bearing bank balances and variable-rate borrowings; and

- the debt side hedging reserve would decrease/increase by HK$102,223,000 (2007: Nil) mainly as a result of the changes in the fair value of interest rate swap contracts.

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

以下敏感度分析根據結算日計息銀行結餘、銀行借貸及利率掉期合約的利率風險釐定。編製該等分析時，假設於結算日未到期之金融工具於整年度仍未到期。100個點子(二零零七年：50個點子)增減為本集團內部向主要管理人員匯報利率風險所用者，亦是管理層對利率合理潛在變動的評估。

管理層考慮二零零八年第三季後金融市場狀況波動之影響後，就評估利率而言，將敏感度比率由50個點子調整為100個點子。

倘利率升／跌100個點子(二零零七年：50個點子)，而所有其他因素不變，本集團：

- 截至二零零八年十二月三十一日止年度之除稅後溢利將減少／增加約32,353,000港元(二零零七年：減少／增加27,339,000港元)，主要理由是本集團承受計息銀行結餘及浮息借貸之利率風險；及

- 借方對沖儲備將減少／增加約102,223,000港元(二零零七年：沒有)，主要理由是利率掉期合約公平值變動。

6. FINANCIAL INSTRUMENTS *(continued)*

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

Market risk (continued)

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.

In addition, the Group was also exposed to equity price risk arising from convertible bond at 31 December 2007. The fair values of the conversion and redemption option derivatives of the convertible bond were estimated using Black-Scholes Option Pricing Model and Binomial Model, respectively. Details of the convertible bond are set out in Note 24.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date. For sensitivity analysis purpose, the sensitivity rate is increased from 5% to 15% in the current year as a result of the volatile financial market after the third quarter of 2008.

If the prices of the respective available-for-sales equity listed securities, which have been impaired at the balance sheet date, had been 15% higher (2007: 5% higher):

- post-tax profit for the year ended 31 December 2008 would increase by approximately HK$31,258,000 (2007: Nil) as a result of the change in fair value of these available-for-sale investments; and

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

本集團因投資於上市股本證券而承擔股本價格風險。管理層藉持有不同風險之投資組合管理此類風險。本集團有一支團隊監控價格風險，有需要時將考慮對沖風險。

此外，本集團於二零零七年十二月三十一日面對可換股債券所產生之股本價格風險。可換股債券之可換股及贖回選擇權衍生工具之公平值分別以柏力克－舒爾斯期權定價模式及二項模式估計。可換股債券之詳情載於附註24。

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。就敏感度分析而言，由於二零零八年第三季後，金融市場之狀況起伏不定，故將敏感度由5%增加至本年度15%。

倘各於結算日已減值之可供出售股本上市證券之價格增加15%(二零零七年：增加5%)：

- 截至二零零八年十二月三十一日止年度之除稅後溢利將增加約31,258,000港元(二零零七年：沒有)，原因為該等可供出售投資公平值變動；及

6. FINANCIAL INSTRUMENTS *(continued)*

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

Market risk (continued)

Equity price risk *(continued)*

Sensitivity analysis *(continued)*

- no change in investment revaluation reserve for the years ended 31 December 2007 and 2008 would be resulted.

If the prices of the respective available-for-sales equity listed securities, which have been impaired at the balance sheet date, had been 15% lower (2007: 5% lower):

- post-tax profit for the year ended 31 December 2008 would decrease by approximately HK$31,258,000 (2007: Nil) as a result of the change in fair value of these available-for-sale investments; and

- no change in investment revaluation reserve for the years ended 31 December 2007 and 2008 would be resulted.

If the prices of the respective available-for-sales equity listed securities, which have not been impaired at the balance sheet date, had been 15% higher (2007: 5% higher):

- investment revaluation reserve would increase by approximately HK$82,730,000 (2007: HK$27,217,000) as a result of the change in fair value of these available-for-sale investments; and

- no change in post-tax profit for the years ended 31 December 2007 and 2008 would be resulted.

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*(續)*

- [illegible]年十二月三十一日止年度之投資估值儲備並無變動。

倘各於結算日已減值之可供出售股本上市證券之價格減少15%（二零零七年：減少5%）：

- 截至二零零八年十二月三十一日止年度之除稅後溢）

6. FINANCIAL INSTRUMENTS *(continued)*

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

Market risk (continued)

Equity price risk *(continued)*

Sensitivity analysis *(continued)*

If the prices of the respective available-for-sales equity listed securities, which have not been impaired at the balance sheet date, had been 15% lower (2007: 5% lower):

- post-tax profit for the year ended 31 December 2008 would decrease by approximately HK$50,135,000 (2007: Nil) as a result of the change in fair value of these available-for-sale investments; and

- investment revaluation reserve would decrease by approximately HK$32,595,000 (2007: HK$27,217,000) as a result of the change in fair value of these available-for-sale investments.

Commodity price risk

The Group was exposed to commodity price risk from the outstanding commodity forward contracts at the balance sheet date. The management consider that the price risks of these derivative instruments are not significant to the Group.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at 31 December 2008 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 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

6. FINANCIAL INSTRUMENTS *(continued)*

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

The credit risk for bank deposits and bank balances exposed is considered minimal as such amounts are placed with various banks with good credit ratings and there is no significant concentration of credit risk.

The Group has no significant concentration of credit risk on trade and other receivables with exposure spread over a number of counterparties and customers. However, the Group is exposed to the concentration on geographic segment of the PRC. At 31 December 2008, approximately 83% (2007: 78%) of the Group's trade and other receivables are arising from the People's Republic of China (the "PRC").

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 2008, the Group has available unutilised bank borrowings facilities of approximately HK$7,460,317,000 (2007: HK$8,968,937,000).

The following table details the Group's remaining contractual maturity for its financial liabilities and derivative financial instruments. 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 (inflows) outflows are presented.

6. 金融工具*(續)*

6b. 財務風險管理目標及政策*(續)*

由於銀行存款及銀行結餘乃存放於信譽評級良好之銀行，故該等款項之信貸風險屬微不足道，且概無重大集中信貸風險。

本集團貿易及其他應收賬款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。然而，本集團承受地區分部集中在中國之風險。於二零零八年十二月三十一日，本集團約83%（二零零七年：78%）之貿易及其他應收賬款於中華人民共和國（「中國」）產生。

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，確保符合貸款契諾。

本集團依賴銀行借貸作為流動資金的主要來源。於二零零八年十二月三十一日，本集團未動用的銀行信貸額度約為7,460,317,000港元（二零零七年：8,968,937,000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（流入）流出淨額情況。

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

		Weighted average effective interest rate 加權平均實際利率 % 百份比	Less than 3 months 三個月內 HK$'000 千港元	Over 3 months but not more than 1 year 三個月以上但不超過一年 HK$'000 千港元	Over 1 year but not more than 2 years 一年以上但不超過兩年 HK$'000 千港元	Over 2 years but not more than 5 years 兩年以上但不超過五年 HK$'000 千港元	Over 5 years 超過五年 HK$'000 千港元	Total undiscounted cash flows 非折現現金流量總額 HK$'000 千港元	Carrying amount 賬面值 HK$'000 千港元
As at 31 December 2008	於二零零八年十二月三十一日								
Non-derivative financial liabilities	*非衍生財務負債*								
Trade and other payables	貿易及其他應付賬款	–	2,130,166	812,923	–	–	–	2,943,089	2,943,089
Bills payable	應付票據	–	615,362	–	–	–	–	615,362	615,362
Bank borrowings	銀行借貸								
– fixed rate	–定息	6.7	–	8,469	–	–	–	8,469	7,937
– variable rate	–浮息	3.3	286,296	1,199,571	976,465	2,167,988	46,853	4,677,173	4,527,634
– variable rate hedged by interest rate swap contracts	–浮息(以利率掉期合約對沖)	3.4	330,580	871,442	1,229,860	2,908,563	–	5,340,445	5,166,700
			3,362,404	2,892,405	2,206,325	5,076,551	46,853	13,584,538	13,260,722
Derivatives – net settlement	*衍生工具–結算淨額*								
Commodity forward contracts	商品遠期合約	–	(2,634)	–	–	–	–	(2,634)	(2,454)
Foreign currency forward contracts	外匯遠期合約	–	(72)	(465)	–	–	–	(537)	(502)
Interest rate swap contracts	利率掉期合約	–	9,104	24,000	35,523	78,451	–	147,078	138,389
			6,398	23,535	35,523	78,451	–	143,907	135,433

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 values of conversion and redemption option derivative are estimated using Black-Scholes Option Pricing Model and Binomial Model, respectively; and
- the fair value of other derivative financial instruments are measured at fair value by reference to the valuation provided by counterparty financial institutions for these instruments.

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

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交易已有的價格或利率作為資料；
- 分別以柏力克－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
- 其他衍生金融工具公平值乃經參考該等工具之交易方金融機構提供之估值後，按公平值計量。

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。

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 and is analysed as follows:

	2008 二零零八年	2007

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	Consolidated 綜合 HK$'000 千港元
Year ended 31 December 2008	截至二零零八年十二月三十一日止年度					
Other information	其他資料					
Capital additions	資本增添	1,096,936	1,134,768	1,352,956	716,004	4,300,664
Depreciation and amortisation	折舊及攤銷	750,452	514,032	266,061	59,853	1,590,398
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	8,101	18,457	13,916	–	40,474
Gain on disposal of investment properties	出售投資物業之收益	–	–	–	143,745	143,745
Release of prepaid lease payments	預付租賃款項撥回	6,095	6,906	9,087	4,775	26,863
Loss 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	608	1,055	1,822	228	3,713
Share based payment expenses	以股份形式支付開支	–	2,816	–	–	2,816
At 31 December 2008	於二零零八年十二月三十一日					
Assets	資產					
Segment assets	分部資產	11,310,226	9,852,236	9,562,221	2,628,443	33,353,126
Interests in jointly controlled entities	於共同控制實體之權益	–	–	–	10,435	10,435
Investments in associates	於聯營公司之投資	–	–	686,133	–	686,133
Unallocated corporate assets	未分配之公司資產					4,191,771
Consolidated total assets	綜合資產總值					38,241,465
Liabilities	負債					
Segment liabilities	分部負債	(1,171,358)	(1,182,150)	(1,311,940)	(526,149)	(4,191,597)
Unallocated corporate liabilities	未分配之公司負債					(10,432,667)
Consolidated total liabilities	綜合負債總額					(14,624,264)

8. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

Business segments *(continued)*

	Laminates 覆銅面板 HK$'000	PCBs 印刷線路板 HK$'000	Chemicals 化工產品 HK$'000	Others 其他 HK$'000	Eliminations 對銷 HK$'000	Consolidated 綜合 HK$'000

8. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

Business segments *(continued)*

		Laminates 覆銅面板 HK$'000 千港元	PCBs 印刷線路板 HK$'000 千港元	Chemicals 化工產品 HK$'000 千港元	Others 其他 HK$'000 千港元	Consolidated 綜合 HK$'000 千港元
Year ended 31 December 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 properties, plant and equipment	出售及撇銷物業、廠房及設備之虧損	896	6,279	3,689	–	10,864
Release of prepaid lease payments	預付租賃款項撥回	4,698	3,533	4,734	1,498	14,463
Share based payment expenses	以股份形式支付開支	–	4,448	–	–	4,448
At 31 December 2007	於二零零七年十二月三十一日					
Assets	資產					
Segment assets	分部資產	10,827,245	9,633,504	8,205,951	2,270,417	30,937,117
Interests in jointly controlled entities	於共同控制實體之權益	–	–	–	14,284	14,284
Investments in associates	於聯營公司之投資	–	–	741,128	–	741,128
Unallocated corporate assets	未分配之公司資產					3,249,457

11. LOSS ON DISPOSAL OF CONVERTIBLE BOND AND INTEREST IN AN ASSOCIATE

11. 出售可換股債券及一間聯營公司權益之虧損

		2008 二零零八年 HK$'000 千港元	2007 二零零七年 HK$'000 千港元
Loss on disposal of convertible bond	出售可換股債券之虧損	182,918	–
Loss on disposal of interest in an associate	出售一間聯營公司權益之虧損	6,779	–
		189,697	–

During the year ended 31 December 2007, the Group entered into subscription agreements with G-Prop (Holdings) Limited ("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 ("CB") with a principal amount of HK$108,000,000. Details of the acquisition of the CB are set out in Note 24.

於截至二零零七年十二月三十一日止年度內，本集團與金匡企業有限公司(「金匡」)達成認購協議，(i)以總代價約119,964,000港元認購740,518,325股金匡普通股，佔金匡之擴大後已發行股本36.51%及(ii)認購金匡之三年期零息可換股債券(「可換股債券」)，本金金額為108,000,000港元。收購可換股債券之詳情載於附註24。

During the year ended 31 December 2008, the Group sold its entire holding of 740,518,325 ordinary shares of G-Prop, to Mass Rise Limited, an independent third party and an indirect wholly-owned subsidiary of Chinese Estates Holdings Limited, a company listed on the Main Board of the Stock Exchange, at a consideration of approximately HK$120,777,000.

於截至二零零八年十二月三十一日止年度內，本集團以總代價約120,777,000港元將所持有金匡的740,518,325股普通股股份全數賣給一間獨立第三方公司－巨昇有限公司(於聯交所主板上市的華人置業集團的間接全資擁有附屬公司)。

At the same time, the Group also sold the CB to Get Nice Securities Limited, an independent third party, at a consideration of approximately HK$109,333,000.

同時，本集團以總代價約109,333,000港元出售可換股債券予一間獨立第三方公司－結好證券有限公司。

As a result of the above, the Group recognised a loss of approximately HK$189,697,000 in total, comprising a loss on disposal of interest in an associate of approximately HK$6,779,000 and a loss on disposal of convertible bond of approximately HK$182,918,000.

基於上述原因，本集團因此而錄得之虧損總額約189,697,000港元，其中包括出售一間聯營公司權益之虧損約6,779,000港元及出售可換股債券之虧損約182,918,000港元。

12. FINANCE COSTS

		2008 二零零八年 HK$'000 千港元	2007 二零零七年 HK$'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	300,810	289,932
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	7,005	4,203
Other finance charges	其他融資費用	4,260	3,177
		312,075	297,312
Release of hedging reserve	對沖儲備之撥回	16,717	–

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13. INCOME TAX EXPENSE　13. 所得稅開支

		2008 二零零八年 HK$'000 千港元	2007 二零零七年 HK$'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	38,009	94,330
Overprovision in previous years	過往年度超額撥備	(8,890)	(4,558)
		29,119	89,772
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	140,689	167,258
Overprovision in previous years	過往年度超額撥備	(1,454)	(3,544)
		139,235	163,714
Deferred taxation (Note 34)	遞延稅項(附註34)		
Charge (credit) for the year	本年度支出(撥回)	24,856	(9,622)
Attributable to a change in tax rate	稅率變動之影響	1,021	1,166
		25,877	(8,456)
		194,231	245,030

On 26 June 2008, the Legislative Council of the Hong Kong Special Administration Region passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. The effect of such decrease has been reflected in measuring the current tax for the year ended 31 December 2008 and the deferred tax balance has also been adjusted to reflect the change in tax rate. The Hong Kong Profits Tax was calculated at 17.5% of the estimated assessable profit for the year ended 31 December 2007.

於二零零八年六月二十六日，香港特別行政區立法會通過二零零八年收入條例草案，將公司利得稅率由17.5%調低至16.5%，並自二零零八／二零零九課稅年度起生效。這下調影響已反映在截至二零零八年十二月三十一日止年度稅項之計算，遞延稅項結餘亦已調整，以反映稅率下調的影響。截至二零零七年十二月三十一日止年度內之香港利得稅乃按估計應課稅溢利並按17.5%之稅率計算。

13. INCOME TAX EXPENSE *(continued)*

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

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Under the New Law and Implementation Regulation, the Enterprise Income Tax rate of certain subsidiaries of the Company was changed from rates ranging 15% to 33% to 25% from 1 January 2008 onward. Certain subsidiaries that previously enjoyed a preferential tax rate prior to 1 January 2008 will gradually transit to the new tax rate over five years from 1 January 2008. The deferred tax balance was adjusted during the year ended 31 December 2007 to reflect the tax rates that were expected to apply to the respective periods when the assets were realised or the liability was settled.

13. 所得稅開支*(續)*

其他司法權區之稅項乃按有關司法權區之適用稅率計算。

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，適用於本公司若干附屬公司之企業所得稅稅率將由現行介乎15%至33%逐步劃一為25%。於二零零八年一月一日前享有優惠稅率之若干附屬公司，將由二零零八年一月一日起五年內逐步過渡至新稅率。截至二零零七年十二月三十一日止年度之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。

13. INCOME TAX EXPENSE *(continued)*

Notes:

(a) The domestic income tax rate of 25% (2007: 33%) represents the PRC Enterprise Income Tax of which the Group's operations are substantially based.

(b) Pursuant to relevant laws and regulations in the PRC, certain subsidiaries of the Company in the PRC are exempted from PRC Enterprise Income Tax for two years starting from the first profit-making year in which profits exceed any carried forward tax losses followed by a 50% reduction in the income tax rate in the following three years ("Tax Holiday"). The Tax Holiday enjoyed by these subsidiaries will expire not beyond 2012.

In addition, certain subsidiaries also enjoyed a preferential tax rate and the preferential tax rate will be gradually increased to the new tax rate of 25% over five years from 1 January 2008.

(c) Profits arising from certain subsidiaries of the Company in Macau are exempted from profit tax.

(d) The withholding tax represented the 5% withholding tax paid in respect of the dividend received from an associate, CNOOC Kingboard Chemical Limited.

13. 所得稅開支*(續)*

附註：

(a) 當地所得稅率25%(二零零七年：33%)指本集團大部分業務所在地區之中國企業所得稅。

(b) 根據中國相關法律及法規，本公司若干中國附屬公司自首個獲利年度(即溢利超逾任何結轉之稅務虧損)起計兩年內獲豁免繳納中國所得稅，其後三年所得稅率獲減免50%(「免稅期」)。該等附屬公司享有之免稅期將於二零一二年前屆滿。

此外，以往享有優惠稅率之若干附屬公司，其優惠稅率將由二零零八年一月一日起五年內逐步增至25%之新稅率。

(c) 本公司若干澳門附屬公司之溢利獲豁免利得稅。

(d) 預扣稅為就收取一間聯營公司－中海石油建滔化工有限公司股息而支付之5%預扣稅。

14. PROFIT FOR THE YEAR 14. 本年度溢利

		2008 二零零八年 HK$'000 千港元	2007 二零零七年 HK$'000 千港元
Profit for the year has been arrived at after charging (crediting):	本年度溢利已經扣除（加上）以下項目：		
Depreciation of properties, plant and equipment	物業、廠房及設備折舊	1,589,648	1,169,731
Amortisation of intangible assets (included in administrative costs)	無形資產攤銷（已計入行政成本）	750	632
		1,590,398	1,170,363
Net exchange gain	匯兌收益淨額		
– included in cost of sales	－已計入銷售成本	(47,646)	(59,226)
– included in other income	－已計入其他收入	(46,492)	(46,703)
		(94,138)	(105,929)
Auditor's remuneration	核數師酬金	9,349	9,264
Cost of inventories sold	已售存貨成本	17,436,188	13,660,718
Gain on fair value change of commodity forward contracts (included in cost of sales)	商品遠期合約公平值變動之收益（已計入銷售成本）	(2,454)	(368)
Impairment loss recognised in respect of trade and other receivables (included in administrative costs)	就貿易及其他應收賬款確認之減值虧損（已計入行政成本）	40,474	89,004
Loss on disposal of available-for-sale investments (included in administrative costs)	出售可供出售投資之虧損（已計入行政成本）	36,846	–
Loss 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	3,713	10,864
Release of prepaid lease payments	預付租賃款項之撥回	26,863	14,463
Total staff costs, including directors' emoluments (see Note 15)	員工成本總額，包括董事酬金（見附註15）	1,545,454	1,444,868

15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the eleven (2007: eleven) directors were as follows:

15. 董事及僱員酬金

已付或應付十一名（二零零七年：十一名）董事之酬金如下：

Year ended 31 December 2008 截至二零零八年十二月三十一日止年度

		Cheung Kwok Wing 張國榮 HK$'000 千港元	Chan Wing Kwan 陳永錕 HK$'000 千港元	Cheung Kwong Kwan 張廣軍 HK$'000 千港元	Chang Wing Yiu 鄭永耀 HK$'000 千港元	Mok Cham Hung, Chadwick 莫湛雄 HK$'000 千港元	Ho Yin Sang 何燕生 HK$'000 千港元	Cheung Wai Lin, Stephanie 張偉連 HK$'000 千港元	Cheng Ming Fun, Paul 鄭明訓 HK$'000 千港元	Tse Kam Hung 謝錦洪 HK$'000 千港元	Henry Tan 陳亨利 HK$'000 千港元	Cheng Wai Chee, Christopher 鄭維志 HK$'000 千港元	Total 合計 HK$'000 千港元
Fees	袍金	-	-	-	-	-	-	-	480	180	180	480	1,320
Other emoluments:	其他酬金：												
Salaries and other benefits	薪金及其他福利	2,606	2,299	2,226	2,447	2,625	2,078	703	-	-	-	-	14,984
Contributions to retirement benefits scheme	退休福利計劃供款	102	89	95	96	103	89	30	-	-	-	-	604
Performance related incentive payment (Note)	工作表現獎勵款項（附註）	17,000	9,500	9,500	9,500	8,500	8,550	1,625	-	140	70	-	64,385
Total emoluments	酬金總額	19,708	11,888	11,821	12,043	11,228	10,717	2,358	480	320	250	480	81,293

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

		Cheung Kwok Wing 張國榮 HK$'000 千港元	Chan Wing Kwan 陳永錕 HK$'000 千港元	Cheung Kwong Kwan 張廣軍 HK$'000 千港元	Chang Wing Yiu 鄭永耀 HK$'000 千港元	Mok Cham Hung, Chadwick 莫湛雄 HK$'000 千港元	Ho Yin Sang 何燕生 HK$'000 千港元	Cheung Wai Lin, Stephanie 張偉連 HK$'000 千港元	Cheng Ming Fun, Paul 鄭明訓 HK$'000 千港元	Tse Kam Hung 謝錦洪 HK$'000 千港元	Henry Tan 陳亨利 HK$'000 千港元	Cheng Wai Chee, Christopher 鄭維志 HK$'000 千港元	Total 合計 HK$'000 千港元
Fees	袍金	-	-	-	-	-	-	-	480	180	180	240	1,080
Other emoluments:	其他酬金：												
Salaries and other benefits	薪金及其他福利	2,374	2,078	2,226	2,226	2,404	2,078	703	-	-	-	-	14,089
Contributions to retirement benefits scheme	退休福利計劃供款	102	89	95	95	103	89	30	-	-	-	-	603
Performance related incentive payment (Note)	工作表現獎勵款項(附註)	27,261	15,361	13,500	13,361	13,361	13,000	2,225	100	200	100	-	98,469
Total emoluments	酬金總額	29,737	17,528	15,821	15,682	15,868	15,167	2,958	580	380	280	240	114,241

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

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

15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

No directors of the Company had waived any emoluments during the years ended 31 December 2008 and 2007 and the five highest paid individuals in the Group for the year ended 31 December 2008 included four (2007: four) directors of the Company.

The emoluments of the remaining one (2007: one) individual were as follows:

15. 董事及僱員酬金*(續)*

概無本公司董事於截至二零零八年及二零零七年十二月三十一日止年度放棄任何酬金。本集團於截至二零零八年十二月三十一日止年度五名最高薪人士有四名沅췶瑀닝祆慣月刁쌓禱

		2008 二零零八年 HK$'000 千港元	2007 二零零七年 HK$'000 千港元
Salaries and other benefits	薪金及其他福利	2,300	2,300
Contributions to retirement benefits scheme	退休福利計劃供款	99	99
Performance related incentive payments	工作表現獎勵款項	9,500	13,850
		11,899	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.

16. DIVIDENDS

16. 股息

		2008 二零零八年 HK$'000 千港元	2007 二零零七年 HK$'000 千港元
Dividends declared and paid	**已宣派及派發股息**		
Interim dividend for 2008 of HK40 cents (2007: HK30 cents) per ordinary share	二零零八年中期股息每股普通股40港仙（二零零七年：30港仙）	337,247	251,430
Final dividend for 2007 of HK70 cents (2007: Final dividend for 2006 of HK38 cents) per ordinary share	二零零七年末期股息每股普通股70港仙（二零零七年：二零零六年末期股息38港仙）	586,669	316,464
Special dividend for 2006 of HK62 cents (2008: No special dividend for 2007) per ordinary share	二零零六年特別股息每股普通股62港仙（二零零八年：二零零七年沒有特別股息）	–	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	3,514	–
		927,430	1,084,229
Dividend proposed	**建議股息**		
Proposed final dividend for 2008 of HK30 cents (2007: HK70 cents) per ordinary share	建議二零零八年末期股息每股普通股30港仙（二零零七年：70港仙）	253,422	586,669

The final dividend of HK30 cents per ordinary 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普通股30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。

18. INVESTMENT PROPERTIES

		HK$'000 千港元
FAIR VALUE	**公平值**	
At 1 January 2007	於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 and 1 January 2008	於二零零七年十二月三十一日及二零零八年一月一日	1,197,952

18. INVESTMENT PROPERTIES *(continued)*

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.

The carrying value of investment properties shown above comprises:

18. 投資物業*(續)*

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。

以上所示投資物業賬面值包括：

		2008 二零零八年 HK$'000 千港元	2007 二零零七年 HK$'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	3,840	4,047
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	1,297,600	1,169,375
Long lease	長期租約	25,725	24,530
		1,323,325	1,193,905
		1,327,165	1,197,952

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$'000 千港元	Transportation equipment 運輸設備 HK$'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 2007	於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 (Note 37)	收購附屬公司而獲取（附註37）	–	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 and 1 January 2008	於二零零七年十二月三十一日及二零零八年一月一日	63,164	2,562,739	312,100	12,368,303	318,402	143,268	2,477,748	18,245,724
Exchange adjustments	匯兌調整	(2,426)	76,384	3,447	587,381	18,241	6,482	251,216	940,725
Additions	添置	–	–	54,251	681,244	35,413	167,974	2,826,663	3,765,545
Acquired from acquisition of subsidiaries (Note 37)	收購附屬公司而獲取（附註37）	–	–	–	96,799	41,166	1,232	199,589	338,786
Disposals and write off	出售及撇銷	–	–	(3,594)	(143,799)	(8,681)	(12,214)	–	(168,288)
Transferred to investment properties (Note)	轉撥至投資物業（附註）	–	(50,106)	–	–	–	–	–	(50,106)
Reclassifications	重新分類	–	202,238	28,562	3,302,582	103,207	–	(3,636,589)	–
At 31 December 2008	於二零零八年十二月三十一日	60,738	2,791,255	394,766	16,892,510	507,748	306,742	2,118,627	23,072,386

19. PROPERTIES, PLANT AND EQUIPMENT *(continued)* 19. 物業、廠房及設備*(續)*

		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$'000 千港元	Transportation equipment 運輸設備 HK$'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
DEPRECIATION AND IMPAIRMENT	折舊及減值								
At 1 January 2007	於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 and 1 January 2008	於二零零七年十二月三十一日及二零零八年一月一日	–	312,008	103,089	3,895,680	105,617	76,591	–	4,492,985
Exchange adjustments	匯兌調整	–	9,288	11,751	184,732	7,015	5,535	–	218,321
Provided for the year	本年度撥備	–	56,273	39,523	1,408,384	58,916	26,552	–	1,589,648
Eliminated on disposals and write off	出售時註銷及撇銷	–	–	(1,584)	(102,664)	(5,314)	(7,284)	–	(116,846)
At 31 December 2008	於二零零八年十二月三十一日	–	377,569	152,779	5,386,132	166,234	101,394	–	6,184,108
CARRYING VALUES	賬面值								
At 31 December 2008	於二零零八年十二月三十一日	60,738	2,413,686	241,987	11,506,378	341,514	205,348	2,118,627	16,888,278
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

Note: During the years ended 31 December 2008 and 2007, the Group changed the use of certain of its leasehold properties and rented them out 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$4,705,000 (2007: HK$6,583,000), which has been credited to the property revaluation reserve.

附註： 截至二零零八年及二零零七年十二月三十一日止年度，本集團改變若干租約物業用途，並出租予獨立第三方，以獲得租金收入。倘用途有變，在從物業、廠房及設備中轉撥至投資物業時，該等物業按公平值重估，重估收益約為4,705,000港元（二零零七年：6,583,000港元），已計入物業重估儲備。

22. INVESTMENTS IN ASSOCIATES *(continued)*

22. INVESTMENTS IN ASSOCIATES *(continued)*

Included in the cost of investments in associates is goodwill of approximately HK$147,087,000 (2007: HK$152,820,000) arising on acquisition of associates. The movement of goodwill is set out below:

22. 於聯營公司之投資*(續)*

於聯營公司之投資成本包括收購聯營公司引起之商譽約147,087,000港元(二零零七年：152,820,000港元)。商譽變動載列如下：

		HK$'000 千港元
At 1 January 2007	於二零零七年一月一日	–
Arising on acquisition of associates	由收購聯營公司所得	152,820
At 31 December 2007 and 1 January 2008	於二零零七年十二月三十一日及二零零八年一月一日	152,820
Eliminated on disposal of an associate	出售一間聯營公司時註銷	(5,733)
At 31 December 2008	於二零零八年十二月三十一日	147,087

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 12% (2007: 10%) and growth rate of 5% (2007: 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.

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12%(二零零七年：10%)及5%(二零零七年：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，於結算日商譽之賬面值並無出現重大減值。

22. INVESTMENTS IN ASSOCIATES *(continued)*

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

		2008 二零零八年 HK$'000 千港元	2007 二零零七年 HK$'000 千港元
Total assets	資產總值	3,124,950	2,306,348
Total liabilities	負債總額	(1,736,823)	(702,738)
Net assets	資產淨值	1,388,127	1,603,610
Group's share of net assets of associates	本集團應佔聯營公司資產淨值	539,046	588,308
Revenue (Notes a & b)	營業額﹣熱銀		

23. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

24. CONVERTIBLE BOND *(continued)*

On application of HKAS 39, the fair value of the convertible bond – loan portion was 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 was 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 (2008: Nil).

During the year ended 31 December 2008, as a result of the disposal of the convertible bond by the Group to Get Nice Securities Limited, an independent third party, at a consideration of approximately HK$109,333,000, a loss on disposal of approximately HK$182,918,000 was recognised by the Group.

25. I

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

The summarised financial information in respect of the Group's interests in 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權益之財務資料概述如下：

		2008 二零零八年 HK$'000 千港元	2007 二零零七年 HK$'000 千港元
Total assets	資產總值	67,484	79,183
Total liabilities	負債總額	(104,944)	(108,945)
Net liabilities	負債淨額	(37,460)	(29,762)
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	(18,730)	(14,881)
Revenue	營業額	54,080	32,430
Loss for the year	本年度虧損	(7,698)	(2,140)
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	(3,849)	(1,070)

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 expected that the assets will be delivered to the Group within the 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。董事預期，該等資產將於未來兩年內交付予本集團。

27. INTANGIBLE ASSETS

		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 2007	於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 and 1 January 2008	於二零零七年十二月三十一日及二零零八年一月一日			

Additions 添置 –

At 31 December 8007 於二零

At 1 January 2007 於二零零七年一月一日 –

日

出】

日

At 31 Decem

29. OTHER FINANCIAL ASSETS *(continued)*

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

29. 其他財務資產*(續)*

於結算日，逾期但無減值之貿易應收賬款之賬齡分析如下：

		2008 二零零八年 HK$'000 千港元	2007 二零零七年 HK$'000 千港元
91 – 120 days	91至120日	202,112	276,256
121 – 150 days	121至150日	191,019	239,424
151 – 180 days	151至180日	60,128	59,723
Over 180 days	180日以上	58,824	50,917
		512,083	626,320

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

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。

29. OTHER FINANCIAL ASSETS *(continued)*

Movement in the allowance for doubtful debts

29. 其他財務資產*(續)*

呆壞賬準備之變動

		2008 二零零八年 HK$'000 千港元	2007 二零零七年 HK$'000 千港元
Balance at beginning of the year	年初結餘	320,615	286,285
Impairment losses recognised on receivables	確認應收賬款之減值虧損	40,474	89,004
Amounts written off as uncollectible	撇銷不可收回之款項	(2,683)	(54,674)
Balance at end of the year	年末結餘	358,406	320,615

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$358,406,000 (2007: HK$320,615,000) which have either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

呆壞賬準備包括個別已減值之貿易應收賬款，總結餘為358,406,000港元(二零零七年：320,615,000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。

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:

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

		2008 二零零八年 Amount 金額 '000 千元	2007 二零零七年 Amount 金額 '000 千元
US$	美元	223,465	230,494

29. OTHER FINANCIAL ASSETS *(continued)*

Bank balances and cash

Bank balances and cash comprise cash held by the Group and short–term bank deposits with an original maturity of three months or less. At 31 December 2008, the bank balances and deposits carry interest at the prevailing market interest rate which range from 0.01% to 7.33% (2007: 0.18% to 3.4%) per annum.

At 31 December 2008 and 2007, 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$1,723.5 million and HK$1,316.4 million, respectively.

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

29. 其他財務資產*(續)*

銀行結餘及現金

銀行結餘及現金包括本集團持有之現金及原到期日為三個月或以下之短期銀行存款。於二零零八年十二月三十一日，銀行結餘及存款按現行市場年利率介乎0.01厘至7.33厘（二零零七年：介乎0.18厘至3.4厘）計息。

於二零零八年及二零零七年十二月三十一日，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1,723,500,000港元及1,316,400,000港元。

銀行結餘及現金包括下列以集團實體相關之功能貨幣以外貨幣計值之款額：

		2008 二零零八年 Amount 金額 '000 千元	2007 二零零七年 Amount 金額 '000 千元
US$	美元	146,956	115,963
Euro	歐元	5,717	767
Japanese Yen	日圓	1,518	12,786

30. PROPERTIES HELD FOR DEVELOPMENT

Properties held for development were situated in the PRC with medium-term leases and were stated at cost at 31 December 2008.

30. 待發展物業

待發展物業位於中國並以中期租約持有，於二零零八年十二月三十一日按成本列賬。

31. DERIVATIVE FINANCIAL INSTRUMENTS 31. 衍生金融工具

		2008 二零零八年		2007 二零零七年	
		Assets 資產 HK$'000 千港元	Liabilities 負債 HK$'000 千港元	Assets 資產 HK$'000 千港元	Liabilities 負債 HK$'000 千港元
Interest rate swap contracts	利率掉期合約				
– derivatives under hedge accounting	－以對沖會計法列賬之衍生工具	–	(136,961)	–	–
– derivatives not under hedge accounting	－並非以對沖會計法列賬之衍生工具	–	(1,428)	1,174	–
Commodity forward contracts	商品遠期合約	2,454	–	368	–
Foreign currency forward contracts	外匯遠期合約	1,014	(512)	1,270	(1,184)
		3,468	(138,901)	2,812	(1,184)
Analysed for reporting purposes as:	就報告分析如下：				
Current	流動	3,468	(1,940)	2,812	(1,184)
Non-current	非流動	–	(136,961)	–	–
		3,468	(138,901)	2,812	(1,184)

(a) Interest rate swap contracts under cash flow hedges

During the year ended 31 December 2008, the Group used interest rate swap contracts (net quarterly settlement) to minimise its exposure to certain cash flow changes of its floating-rate Hong Kong dollar bank borrowings by swapping floating interest rates to fixed interest rates. The terms of these interest rate swap contracts were negotiated to match with those of the hedged bank borrowings (i.e. same notional amount of the derivatives match with principal amounts of bank borrowings, same currency and interest rate index). The Directors consider that the interest rate swap contracts are highly effective hedging instruments and have designated them as cash flows hedging instruments for hedge accounting purpose.

31. DERIVATIVE FINANCIAL INSTRUMENTS

(continued)

(a) **Interest rate swap contracts under cash flow hedges** *(continued)*

During the year ended 31 December 2008, the hedge was 80% to 118% effective in hedg 1 Tbd.5( )]TJ T14.0278 12420933 T.9(c26)13Tw (c26)13expo

31. DERIVATIVE FINANCIAL INSTRUMENTS

(continued)

(b) Interest rate swap contracts not under cash flow hedges

During the years ended 31 December 2008 and 2007, the cash flow hedges for some interest rate swap contracts did not qualify for hedging accounting. As a result, a loss in fair value of those interest rate swap contracts amounting to approximately HK$2,602,000 (2007: a gain of HK$6,636,000) was recognised in the consolidated income statement for the year ended 31 December 2008.

At the balance sheet date, major terms of these contracts which did not qualify for hedge accounting under cash flow hedges are as follows:

Outstanding contracts as at 於以下日期尚未到期之合約	Notional amount 面值 HK$'000 千港元	Maturity 到期日	Receive floating 所收浮息	Pay fixed 所付定息

31. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

(c) Commodity forward contracts not under hedge accounting

During both years, the Group entered into commodity forward contracts to hedge against part of the Group's exposure in copper price fluctuations. At the respective maturity dates, the contracts are settled net in cash with the issuer. The major terms of the outstanding contracts at the balance sheet dates are as follows:

31. 衍生金融工具*(續)*

(c) 並非以對沖會計法列賬之商品遠期合約

於兩個年度內，本集團訂立商品遠期合約，以對沖本集團承受銅價波動之部分風險。於各到期日，該等合約與發行人以現金作淨額結算。該等於結算日尚未到期之合約之主要條款如下：

At 31 December 2008 於二零零八年十二月三十一日

Contract amount 合約金額			
Currency 貨幣	Quantity 數量	Maturity 到期日	Commodity forward price 商品遠期價
US$ 美元	Copper 500 Metric Tonnes 500公噸銅	3 March 2009 二零零九年三月三日	Sell at US$3,617/metric tonne 按每公噸3,617美元出售

At 31 December 2007 於二零零七年十二月三十一日

Contract amount 合約金額			
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	Buy at US$7,125/metric tonne 按每公噸7,125美元購買

31. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

(d) Foreign currency forward contracts not under hedge accounting

During both years, the Group entered into foreign currency forward contracts to hedge against part of the Group's exposure in foreign currency fluctuations. At the respective maturity dates, the contracts are settled net in cash with the issuers. The major terms of the outstanding contracts at the balance sheet dates are as follows:

31. 衍生金融工具*(續)*

(d) 並非以對沖會計法列賬之外匯遠期合約

於兩個年度內，本集團訂立外匯遠期合約，以對沖本集團承受外匯波動之部分風險。於各到期日，該等合約與發行人以現金作淨額結算。該等於結算日尚未到期之合約之主要條款如下：

At 31 December 2008 於二零零八年十二月三十一日

Notional amount **面值**	Maturity **到期日**	Forward contract rates **遠期合約匯率**
9 contracts to buy US$1,000,000 each 九份每份購買1,000,000美元之合約	Within 1 year 一年內	US$1 to HK$7.710 1美元兌7.710港元
9 contracts to buy US$1,000,000 each 九份每份購買1,000,000美元之合約	Within 1 year 一年內	US$1 to HK$7.695 1美元兌7.695港元
9 contracts to sell US$2,000,000 each 九份每份出售2,000,000美元之合約	Within 1 year 一年內	US$1 to HK$7.710 1美元兌7.710港元
9 contracts to sell US$2,000,000 each 九份每份出售2,000,000美元之合約	Within 1 year 一年內	US$1 to HK$7.695 1美元兌7.695港元

At 31 December 2007 於二零零七年十二月三十一日

Notional amount **面值**	Maturity **到期日**	Forward contract rates **遠期合約匯率**
9 contracts to buy US$1,000,000 each 九份每份購買1,000,000美元之合約	Within 1 year 一年內	US$1 to HK$7.732 1美元兌7.732港元
12 contracts to buy US$1,000,000 each 十二份每份購買1,000,000美元之合約	Within 1 to 2 years 一至兩年內	US$1 to HK$7.695 1美元兌7.695港元
9 contracts to sell US$1,000,000 each 九份每份出售1,000,000美元之合約	Within 1 year 一年內	US$1 to HK$7.732 1美元兌7.732港元
12 contracts to sell US$1,000,000 each 十二份每份出售1,000,000美元之合約	Within 1 to 2 years 一至兩年內	US$1 to HK$7.695 1美元兌7.695港元

The above derivatives were measured at fair value at each balance sheet date by reference to the valuation provided by counterparty financial institutions for these instruments at the balance sheet dates.

上述衍生工具於各結算日乃經參考有關交易方金融機構於結算日就該等工具提供之估值後，按公平值計量。

33. 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:

33. 銀行借貸*(續)*

銀行借貸包括下列以集團實體之相關功能貨幣以外貨幣計值之金額：

		2008 二零零八年 Amount 金額 '000 千元	2007 二零零七年 Amount 金額 '000 千元
US$	美元	49,071	57,042
Euro	歐元	515	6,727
Japanese Yen	日圓	70,926	50,700

34. DEFERRED TAXATION

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

34. 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（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$'000 千港元	Revaluation of properties 物業重估 HK$'000 千港元	Hedging instruments 對沖工具 HK$'000 千港元	Undistributed profits of an associate 一間聯營公司之未分配溢利 HK$'000 千港元	Total 合計 HK$'000 千港元
At 1 January 2007	於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 to consolidated income statement for the year (Note 13)	本年度綜合收益表之(撥回)支出(附註13)	(901)	955	(9,676)	–	–	–	(9,622)
Effect of change in tax rate (Note 13)	稅率變動之影響(附註13)	–	–	1,166	–	–	–	1,166
At 31 December 2007 and 1 January 2008	於二零零七年十二月三十一日及二零零八年一月一日	39,564	(9,303)	(23,090)	–	–	–	7,171
Exchange adjustments	匯兌調整	2,302	(437)	–	–	–	–	1,865
Acquisition of subsidiaries	收購附屬公司	–	–	–	9,853	–	–	9,853
Charge to consolidated income statement for the year (Note 13)	本年度綜合收益表之支出(附註13)	3,305	1,112	8,480	2,641	–	9,318	24,856
Effect of change in tax rate (Note 13)	稅率變動之影響(附註13)	–	–	1,021	–	–	–	1,021
Credit to equity for the year	計入本年度權益	–	–	–	–	(18,525)	–	(18,525)
Released to consolidated income statement for the year	撥回本年度綜合收益表	–	–	–	–	1,746	–	1,746
Utilised during the year	本年度已動用	–	–	–	–	–	(9,318)	(9,318)
At 31 December 2008	於二零零八年十二月三十一日	45,171	(8,628)	(13,589)	12,494	(16,779)	–	18,669

34. 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:

34. 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申報的用途時作出的分析：

		2008 二零零八年 HK$'000 千港元	2007 二零零七年 HK$'000 千港元
Deferred tax liabilities	遞延稅項負債	51,329	29,165
Deferred tax assets	遞延稅項資產	(32,660)	(21,994)
		18,669	7,171

Under the New Law of the PRC, a withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to profits earned by the Company's PRC subsidiaries since 1 January 2008 amounting to HK$1,053,525,000 for the year ended 31 December 2008 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

中國新稅法規定，自二零零八年一月一日起，將向於中國的附屬公司就其所賺取之溢利而宣派之股息徵收預扣稅。截至二零零八年十二月三十一日止年度，本公司之中國附屬公司自二零零八年一月一日起賺取之溢利應佔之臨時差異為1,053,525,000港元，本集團並未就該筆款項於綜合財務報表作出撥備，原因是本集團能控制撥回臨時差額之時間，且有關臨時差額將可能不會於可見將來撥回。

At 31 December 2008, deferred tax assets of (i) approximately HK$8,628,000 (2007: HK$9,303,000) in relation to unused tax losses; (ii) approximately HK$13,589,000 (2007: HK$23,090,000) in relation to write-down of inventories and (iii) approximately HK$16,779,000 (2007: Nil) in relation to loss on cash flow hedge recognised in hedging reserve have been recognised in the Group's consolidated balance sheet.

於二零零八年十二月三十一日，(i)有關未動用稅項虧損之遞延稅項資產約8,628,000港元(二零零七年：

35. SHARE CAPITAL *(continued)*

During the year ended 31 December 2008, the Company repurchased its own shares on the Stock Exchange as follows:

35. 股本*(續)*

截至二零零八年十二月三十一日止年度，本公司於聯交所購回其本身股份如下：

Month of repurchase	購回月份	Number of ordinary shares of HK$0.10 each 每股面值0.10港元之普通股數目	Price per share 每股股份價格 Highest 最高 HK$ 港元	Lowest 最低 HK$ 港元	Aggregate consideration paid 已付總代價 HK$'000 千港元
January	一月	281,000	30.50	30.35	8,560
October	十月	9,615,500	18.30	8.93	152,613
November	十一月	241,500	11.90	9.03	2,734
		10,138,000			163,907

The above shares were cancelled upon repurchase.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the years ended 31 December 2008 and 2007.

上述股份於購回時註銷。

截至二零零八年及二零零七年十二月三十一日止年度，本公司附屬公司概無購買、出售或贖回本公司任何上市證券。

36. SHARE OPTIONS

(a) Employees' share option scheme of the Company

The Company adopted its first share option scheme on 11 May 1998, and such share option scheme was terminated upon the adoption of its second share option scheme ("2002 Scheme") on 2 July 2002 for the duration of 10 years. In view of the recent changes to the Listing Rules, a new share option scheme (the "Scheme") was approved by shareholders of the Company at the extraordinary general meeting of the Company held on 23 March 2009. The 2002 Scheme was accordingly terminated on the same day without affecting the rights of holders of any options granted and outstanding under the 2002 Scheme.

36. 優先購股權

(a) **本公司僱員優先購股權計劃**

本公司於一九九八年五月十一日採納其首個優先購股權計劃，其後該優先購股權計劃於二零零二年七月二日因採納第二個為期十年之優先購股權計劃(「二零零二年計劃」)而終止。由於最近上市規則之改變，本公司股東已於二零零九年三月二十三日召開之本公司股東特別大會上批准一新優先購股權計劃(「該計劃」)。二零零二年計劃亦因此而於同日終止，惟二零零二年計劃項下任何已授出及尚未行使之優先購股權持有人之權利並不受影響。

36. SHARE OPTIONS *(continued)*

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

The total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of the Group (excluding options lapsed in accordance with the terms of the Scheme and any other schemes of the Group) must not in aggregate exceed 10% of the Company's shares in issue as at the date of approval of the Scheme. The limit on the number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Group must not exceed 30% of the Company's shares in issue from time to time. The total number of the Company's shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) under the Scheme or other schemes of the Group in any 12-month period up to the date of grant must not exceed 1% of the Company's shares in issue at the date of grant unless approved by the Company's shareholders in general meeting.

In accordance with the terms of the Scheme, share options of the Company issued vest at the date of grant.

There was no share options granted under the Scheme since its adoption. At 31 December 2008, the number of shares in respect of which options had been granted and remained outstanding under the 2002 Scheme was 14,622,000 (2007: 25,922,000), representing 1.74% (2007: 3.09%) of the shares of the Company in issue on that date.

36. 優先購股權*(續)*

(a) **本公司僱員優先購股權計劃***(續)*

因根據該計劃及本集團任何其他計劃所有將予授出之優先購股權(不包括根據該計劃及本集團任何其他計劃之條款已失效之優先購股權)獲行使而可發行之本公司股份總數,合共不得超過本公司於批准該計劃日期已發行股份10%。因根據該計劃及本集團任何其他計劃所有已授出尚未行使及有待行使之優先購股權獲行使而可發行之本公司股份數目限額,不得超過本公司不時已發行股份30%。於截至授出日期止任何十二個月期間,因根據該計劃或本集團任何其他計劃授予各承授人之優先購股權(包括已行使及尚未行使之優先購股權)獲行使而發行及將予發行之本公司股份總數,不得超過本公司於授出日期已發行股份1%,除非獲本公司股東於股東大會批准,則作別論。

根據該計劃之條款,本公司所發行之優先購股權於授出日期歸屬。

自該計劃採納以來,概無優先購股權根據該計劃授出。於二零零八年十二月三十一日,根據二零零二年計劃已授出而尚未行使之優先購股權涉及之股份數目為14,622,000股(二零零七年:25,922,000股),相當於本公司於當日之已發行股份1.74%(二零零七年:3.09%)。

36. SHARE OPTIONS *(continued)*

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

The 2008 EEIC Scheme which shall be administered by the committee of directors of EEIC 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 2008 EEIC Scheme entitles the option holders to exercise their options and subscribe for new ordinary shares in EEIC either at an "Exercise Price", which equals to the average of the last dealt prices for an EEIC share for a period of 5 consecutive market days immediately prior to the relevant date of grant, or at a discount to the Exercise Price as defined earlier, whereby the discount shall not exceed 20% of the Exercise Price.

Options granted at the Exercise Price or discount to the Exercise Price is exercisable after the first or second anniversary respectively of the date of grant and expiring on the fifth anniversary of the date of grant.

The duration of the 2008 EEIC Scheme is 10 years and the total number of shares in EEIC that may be issued shall not exceed 10% of the total number of EEIC shares in issue as at the adoption date or subject to certain conditions being satisfied, 15% of the total issued shares of EEIC excluding treasury shares from time to time. 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.

Share options may be accepted within 30 days after the relevant date of grant accompanied by payment of S$1.00 (or its equivalent) as 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.

36. 優先購股權*(續)*

(b) **EEIC僱員優先購股權計劃***(續)*

二零零八年EEIC計劃由EEIC董事授權之EEIC董事委員會管理，並在符合若干條件下，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。

二零零八年EEIC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連續五個交易日EEIC股份最後成交價平均數(「行使價」)，或折讓不得超過先前所界定行使價20%之折讓行使價，行使彼等之優先購股權及認購EEIC新普通股。

按行使價或折讓後行使價授出之優先購股權，可分別於授出日期滿一週年或兩週年當日起行使，並於授出日期滿五個週年屆滿。

二零零八年EEIC計劃之年期為十年，可發行之EEIC股份總數不得超過於採納日期EEIC已發行股份總數之10%，或倘符合若干條件後，不得超過EEIC不時已發行股份總數(不包括庫存股份)之15%。每名參與者於任何十二個月期間獲授之優先購股權(包括已經及尚未行使之優先購股權)獲行使時已經及將予發行之EEIC股份總數，不得超過不時已發行EEIC股份總數之1%。

優先購股權可於相關授出日期起計30日內由參與者支付1.00新加坡元(或其等值)作為代價予以接納，惟所授出之優先購股權不會賦予購股權持有人收取任何股息或於任何股東大會表決之權利。

36. SHARE OPTIONS *(continued)*

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

There was no share options granted under the 2008 EEIC Scheme since its adoption. However, there are outstanding share options under the 2002 EEIC Scheme and the summary of the movements of the outstanding share options under the 2002 EEIC Scheme for the year is as follows:

		Granted to Directors 授予董事	Granted to employees 授予僱員	Total 總計
Balance at 1 January 2007 (Note)	於二零零七年一月一日之結餘(附註)	3,892,800	8,013,600	11,906,400
Exercised during the year	於年內行使	–	(780,600)	(780,600)
Lapsed during the year	於年內失效	–	(438,800)	(438,800)
Balance at 31 December 2007 and 1 January 2008	於二零零七年十二月三十一日及二零零八年一月一日之結餘	3,892,800	6,794,200	10,687,000
Lapsed during the year	於年內失效	–	(1,353,200)	(1,353,200)
Balance at 31 December 2008	於二零零八年十二月三十一日之結餘	3,892,800	5,441,000	9,333,800

Note:

The interests in share options arise by virtue of

(i) 4,055,000 share options accepted by the Directors and 5,745,000 share options accepted by the employees of the Group on 24 June 2005, which would entitle

36. SHARE OPTIONS *(continued)*

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

There was no share options exercised during the year ended 31 December 2008. In 2007, 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 was US$2.68.

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 was 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:

36. 優先購股權*(續)*

(b) **EEIC僱員優先購股權計劃***(續)*

截至二零零八年十二月三十一日止年度，概無已行使優先購股權。於二零零七年，EEIC股份緊接各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。

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優先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$2.74美元	US$2.92美元	US$2.53美元
Subscription price	認購價	US$2.40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%

* 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。

36. 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 the best estimate of the management, for the effects of non transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of approximately HK$2,816,000 for the year ended 31 December 2008 (2007: HK$4,448,000) in relation to the share options granted by EEIC.

(c) Employees' share option scheme of Kingboard Laminates Holdings Limited ("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.

36. 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。

本集團於截至二零零八年十二月三十一日止年度就EEIC授出之優先購股權確認約2,816,000港元（二零零七年：4,448,000港元）開支總額。

(c) **建滔積層板控股有限公司（「建滔積僱員優先購股權計劃**

36. SHARE OPTIONS *(continued)*

(c) Employees' share option scheme of Kingboard Laminates Holdings Limited ("KLHL") *(continued)*

The KLHL Scheme would be valid for a period of 10 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") hold 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.

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36. SHARE OPTIONS *(continued)*

(c) **Employees' share option scheme of Kingboard Laminates Holdings Limited ("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.

36. 優先購股權*(續)*

(c) **建滔積層板控股有限公司(「建滔積層板」)僱員優先購股權計劃***(續)*

參與者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
均磅勠卅灄苘鬱疊陻綤藹扤據所限。建溧
板優先購股蚝購股權

36. SHARE OPTIONS *(continued)*

(c) **Employees' share option scheme of Kingboard Laminates Holdings Limited ("KLHL")** *(continued)*

The total number of shares of KLHL issued and to be issued upon exercise of the options granted (including both exercised and outstanding options) to each participant in any 12-month period must not exceed 1% of the share capital of KLHL then in issue unless approved by the shareholders of KLHL and the Company in general meetings.

No share option was granted pursuant to the KLHL Scheme since its adoption.

36. 優先購股權*(續)*

(c) **建滔積層板控股有限公司(「建滔積層板」)僱員優先購股權計劃***(續)*

於任何十二個月期內向各參與者授出之優先購股權(包括已行使及未行使優先購股權)獲行使而已發行及將予發行之建滔積層板股份總數，不得超過建滔積層板當時已發行股本之1%，除非獲建滔積層板及本公司之股東於股東大會批准則作別論。

建滔積層板優先購股權計劃自採納以來並無根據其而授出任何優先購股權。

37. ACQUISITIONS OF SUBSIDIARIES

During the year ended 31 December 2008, the Group had the following acquisition of subsidiaries:

(a) In January 2008, the Group acquired 75% equity interest in a company principally engaged in manufacture and distribution of PCBs, from an independent third party, for a cash consideration of approximately HK$134,667,000. This acquisition has been accounted for by the purchase method of accounting. The discount on acquisition of the subsidiary amounting to approximately HK$8,091,000 was recognised in the consolidated income statement for the year ended 31 December 2008.

37. 收購附屬公司

截至二零零八年十二月三十一日止年度，本集團收購下列附屬公司：

(a) 於二零零八年一月，本集團向一名獨立第三方收購一間主要從事製造及分銷印刷線路板之公司之75%股權，現金代價約為134,667,000港元。此項收購按購買會計法入賬。收購附屬公司之折讓約8,091,000港元已於截至二零零八年十二月三十一日止年度之綜合收益表內確認。

37. ACQUISITIONS OF SUBSIDIARIES *(continued)*

(c) In June 2008, the Group acquired 100% equity interest in a company principally engaged in manufacture and distribution of electronic raw materials, from an independent third party, for a cash consideration of approximately HK$40,620,000. This acquisition has been accounted for by the purchase method of accounting. No goodwill was arisen as a result of the acquisition.

The net assets acquired in the acquisition are as follows:

37. 收購附屬公司*(續)*

(c) 於二零零八年六月，本集團向一名獨立第三方收購一間主要從事製造及分銷電子原材料之公司之100%股權，現金代價約為40,620,000港元。此項收購按購買會計法入賬。此項收購並無產生商譽。

此項收購所購入之資產淨值如下：

		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	13,428
Inventories	存貨	18,987
Trade and other receivables and prepayments	貿易及其他應收賬款及預付款項	67,815
Bank balances and cash	銀行結餘及現金	61,514
Trade and other payables	貿易及其他應付賬款	(121,124)
Total consideration satisfied by cash	以現金支付之總代價	40,620
Net cash inflow arising on acquisition:	收購產生之現金流入淨額：	
Cash consideration paid	已付現金代價	(40,620)
Bank balances and cash acquired	購入銀行結餘及現金	61,514
Net inflow of cash and cash equivalents in respect of the acquisition of a subsidiary	收購一間附屬公司之現金及現金等值項目流入淨額	20,894

37. ACQUISITIONS OF SUBSIDIARIES *(continued)*

(d) In July 2008, the Group acquired 100% equity interest in a company, of which its subsidiaries are principally engaged in manufacture and distribution of methanol, from an independent third party for a cash consideration of approximately HK$183,699,000 together with the assignment of the loans to the Group amounting to HK$183,699,000. This acquisition has been accounted for by the purchase method of accounting. The discount on acquisition of subsidiaries amounting to approximately HK$3,304,000 was recognised in the consolidated income statement for the year ended 31 December 2008.

The net assets acquired in the acquisition, and the discount on acquisition, 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	5,377
Prepaid lease payments	預付租賃款項	65,680
Trade and other receivables and prepayments	貿易及其他應收賬款及預付款項	115,403
Bank balances and cash	銀行結餘及現金	11,324
Trade and other payables	貿易及其他應付賬款	(928)
Loans from a former shareholder	前股東貸款	(183,699)
Deferred tax liabilities	遞延稅項負債	(9,853)
		3,304
Assignment of loans from a former shareholder to the Group	向本集團轉讓前股東授出之貸款	183,699
Discount on acquisition of subsidiaries	收購附屬公司之折讓	(3,304)
Total consideration satisfied by cash	以現金支付之總代價	183,699
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	(183,699)
Bank balances and cash acquired	購入銀行結餘及現金	11,324
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	收購附屬公司之現金及現金等值項目流出淨額	(172,375)

37. ACQUISITIONS OF SUBSIDIARIES *(continued)*

The subsidiaries acquired in 2008 contributed revenue of approximately HK$373,573,000 (2007: HK$23,186,000) and profit of approximately HK$8,360,000 (2007: HK$2,169,000) to the Group during the period from dates of acquisition to 31 December 2008.

If the acquisition in respect of items (a) to (d) had been completed on 1 January 2008, total group's revenue for the year would have been approximately HK$23,859,314,000 (2007: HK$20,027,934,000 in respect of items (e) and (f)), and profit for the year would have been approximately HK$2,135,560,000 (2007: HK$3,471,749,000 in respect of item (e) and (f)). 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 2008 in respect of items (a) to (d) and 1 January 2007 in respect of items (e) and (f), nor is intended to be a projection of future results.

37. 收購附屬公司*(續)*

於二零零八年收購之附屬公司自收購日期起至二零零八年十二月三十一日止期間對本集團營業額貢獻約為373,573,000港元(二零零七年：23,186,000港元)及對本集團溢利貢獻約8,360,000港元(二零零七年：2,169,000港元)。

倘第(a)至(d)項收購於二零零八年一月一日完成，本年度集團總營業額將約為23,859,314,000港元(二零零七年：就第(e)及(f)項而言，約為20,027,934,000港元)，本年度溢利將約為2,135,560,000港元

38. COMMITMENTS

		2008 二零零八年 HK$'000 千港元	2007 二零零七年 HK$'000 千港元
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of properties, plant and equipment	就收購物業、廠房及設備而已訂約但未於綜合財務報表作出撥備之資本支出	625,174	943,580

39. CONTINGENT LIABILITIES

During the year ended 31 December 2008, the Company's subsidiary, Kaiping Elec & Eltek No.3 Company Limited ("KPEE#3") is involved in potential lawsuits, claims and proceedings with one of its PRC customers amounting to approximately HK$34,017,000 (equivalent to RMB30 million), arising from some negative feedback from the end users of the assembled products using PCBs supplied by KPEE#3. At the same time, the Group is now recovering the long overdue accounts receivables of approximately HK$1,134,000 (equivalent to RMB1 million) from the same customer.

Based on the legal advice obtained by the Group, the Directors are of the opinion that the aforementioned claim has no merit and the potential lawsuit will not have a material adverse effect on the financial position of the Group.

39. 或然負債

截至二零零八年十二月三十一日止年度，本公司之附屬公司開平依利安達電子第三有限公司(「KPEE#3」)與其一名中國客戶涉及34,017,000港元(相等於人民幣30,000,000元)之潛在訴訟、申索及法律程序，事件源於最終用戶對以KPEE#3供應之印刷線路板裝嵌之產品之負面評價。同時，本集團現正向同一客戶收回逾期已久之應收賬款約1,134,000港元(相等於人民幣1,000,000元)。

根據本集團所獲之法律意見，董事認為，上述申索缺乏充分理據，潛在訴訟將不會對本集團財務狀況造成重大不利影響。

40. OPERATING LEASES

40. 經營租約

		2008 二零零八年 HK$'000 千港元	2007 二零零七年 HK$'000 千港元
The Group as lessee:	由本集團承租：		
Lease payments charged to the consolidated income statement during the year	年內自綜合收益表扣除之租約付款		
– for premises	一物業	18,960	15,738
– for plant and machinery	一廠房及機器	20	722
		18,980	16,460

Under the leases entered into by the Group, all lease payments are fixed and predetermined.

根據本集團訂立之租約，所有租約付款之金額均為固定及預早釐定。

40. OPERATING LEASES *(continued)*

At the balance sheet date, the Group's future lease payments under non-cancellable operating leases are payable as follows:

	Premises 物業		Plant and machinery 廠房及機器	
	2008 **二零零八年** HK$'000	2007 二零零七年 HK$'000 二零零八年	2008 **二零零八年**	2007 二零零七年 二零零八年

40. OPERATING LEASES *(continued)*

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

40. 經營租約*(續)*

本集團之投資物業均按預早釐定之定額租金租予外界人士，租期最長為七年。於結算日，本集團已與租戶訂立合約，可於日後收取之最低租約付款如下：

		2008 二零零八年 HK$'000 千港元	2007 二零零七年 HK$'000 千港元
Within one year	於一年內	48,403	45,281
After one year but not later than five years	於一年後但於五年內	26,873	37,885
After five years	於五年後	1,565	2,420
		76,841	85,586

41. RETIREMENT BENEFITS SCHEME

The Group participates in both a defined contribution scheme which was registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") which was established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group and are invested in funds under the control of independent trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme are members of both the ORSO Scheme and the MPF Scheme, whereas all new employees joining the Group on or after December 2000 are required to join the MPF Scheme.

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

Payments to the ORSO Scheme, the MPF Scheme and the state-sponsored pension schemes of approximately HK$71,794,000 (2007: HK$53,896,000) are charged to the consolidated income statement.

41. 退休福利計劃

本集團同時參加一項根據職業退休計劃條例註冊之定額供款計劃(「職業退休計劃」)及根據強制性公積金條例於二零零零年十二月成立之強制性公積金計劃(「強積金計劃」)。該等計劃之資產與本集團之資產分開持有，並投資於由獨立信託人控制之基金。於成立強積金計劃之前已參加職業退休計劃之僱員，同時成為職業退休計劃及強積金計劃之成員，而所有於二零零零 [illegible]

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at 31 December 2008 and 2007 are as follows:

42. 本公司主要附屬公司詳情

本公司主要附屬公司於二零零八年及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	Effective equity interest held by the Group 本集團持有之實際股權 2008 二零零八年 %	 2007 二零零七年 %	Principal activities 主要業務
Fogang Kingboard Industry Ltd. 佛岡建滔實業有限公司	PRC [1] 中國 [1]	RMB878,100,000 人民幣878,100,000元	47.60+	46.47+	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	74.77	Manufacture and distribution of glass yarn 製造及分銷玻璃紗
Jamplan (BVI) Limited	British Virgin Islands# 英屬處女群島 #	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$7,615,000 7,615,000美元	74.77	74.77	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	74.77	Manufacture and distribution of laminates 製造及分銷覆銅面板
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	74.77	Manufacture and distribution of laminates 製造及分銷覆銅面板

42. 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	Effective equity interest held by the Group 本集團持有之實際股權 2008 二零零八年 %	2007 二零零七年 %	Principal activities 主要業務
Kingboard (Hebei) Cokechem Co. Limited 建滔(河北)焦化有限公司	PRC [1] 中國 [1]	RMB96,000,000 人民幣96,000,000元	100	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]	RMB357,000,000 人民幣357,000,000元	100	100	Manufacture and distribution of chemicals 製造及分銷化工產品
Kingboard Natural Gas Chemical (Chong Qing) Limited 建滔天然氣化工(重慶)有限公司	PRC [1] 中國 [1]	US$18,500,000 18,500,000美元	100	100	Manufacture and distribution of methanol 製造及分銷甲醇
Heng Yang Kingboard Chemical Co., Ltd. 衡陽建滔化工有限公司	PRC [1] 中國 [1]	HK$30,000,000 30,000,000港元	100	100	Manufacture and distribution of caustic soda 製造及分銷燒鹹
Kingboard (Lianzhou) Fibre Glass Co. Limited 建滔(連州)玻璃纖維有限公司	PRC [1] 中國 [1]	US$13,700,000 13,700,000美元	74.77	74.77	Manufacture and distribution of glass fabric 製造及分銷玻璃纖維布
Kingboard (Lianzhou) Copper Foil Limited 建滔(連州)銅箔有限公司	PRC [1] 中國 [1]	US$64,000,000 64,000,000美元	47.60+	46.47+	Manufacture and distribution of copper foil 製造及分銷銅箔
Kingboard (Panyu Nansha) Petrochemical Company Limited 建滔(番禺南沙)石化有限公司	PRC [1] 中國 [1]	RMB250,000,000 人民幣250,000,000元	74.77	74.77	Manufacture and distribution of chemicals

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)* 42. 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	Effective equity interest held by the Group 本集團持有之實際股權 2008 二零零八年 %	 2007 二零零七年 %	Principal activities 主要業務
Kingboard Copper Foil Holdings Limited [@]	Bermuda [#] 百慕達 [#]	US$72,250,000 72,250,000美元	47.60 [+]	46.47 [+]	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 [Δ] 建滔積層板控股有限公司 [Δ]	Cayman Islands [#] 開曼群島 [#]	HK$300,000,000 300,000,000港元	74.77	74.77	Investment holding 投資控股
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	74.77	Manufacture and distribution of laminates 製造及分銷覆銅面板
Kingboard (Jiangsu) Chemical Co., Ltd. 建滔(江蘇)化工有限公司	PRC [1] 中國 [1]	US$28,000,000 28,000,000美元	74.77	74.77	Manufacture and distribution of chemicals 製造及分銷化工產品
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	74.77	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	74.77	Manufacture and distribution of laminates 製造及分銷覆銅面板

42. 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	Effective equity interest held by the Group 本集團持有之實際股權 2008 二零零八年 %	 2007 二零零七年 %	Principal activities 主要業務
Kunshan Yattao Chemical Co., Ltd.	PRC [1]	US$12,500,000			

42. 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	Effective equity interest held by the Group 本集團持有之實際股權 2008 二零零八年 %	2007 二零零七年 %	Principal activities 主要業務
Elec & Eltek International Company Limited @	Singapore # 新加坡 #	US$98,656,000 [3]	71.55	70.77	Investment holding

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

42. 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	Effective equity interest held by the Group 本集團持有之實際股權 2008 二零零八年 %	 2007 二零零七年 %	Principal activities 主要業務
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	70.12	69.35	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	70.12	69.35	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	71.55	70.77	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	71.55	70.77	Manufacture and distribution of PCB raw materials 製造及分銷印刷線路板原材料

42. 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	Effective equity interest held by the Group 本集團持有之實際股權 2008 二零零八年 %	2007 二零零七年 %	Principal activities 主要業務
Shenzhen Pacific Insulating Material Co., Ltd.	PRC [2] 中國 [2]	RMB67,491,458 人民幣67,491,458元	66.90	66.17	Manufacture and distribution

42. 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.

42. 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。

43. RELATED PARTY TRANSACTIONS

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

43. 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：

		2008 二零零八年 HK$'000 千港元	2007 二零零七年 HK$'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	477,381	556,420
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	81,958	123,218
Drilling service provided by a minority shareholder of a subsidiary	一間附屬公司之少數股東提供鑽孔服務	18,148	27,008
Purchase of goods from an associate	向一間聯營公司採購貨品	417,809	450,296
Sales of goods to an associate	向一間聯營公司銷售貨品	–	66,412

Included in trade and other receivables and prepayments at 31 December 2008 was an amount due from a minority shareholder of a subsidiary of approximately HK$104,804,000 (2007: HK$155,408,000). The Group allowed credit periods of up to 120 days, depending on the product sold, to its related parties.

於二零零八年十二月三十一日，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104,804,000港元（二零零七年：155,408,000港元）。本集團向有關連人士授出之信貸期最長為120日，視乎所銷售之產品而定。

43. RELATED PARTY TRANSACTIONS *(continued)*

Included in trade and other payables at 31 December 2008 was an amount due to an associate of approximately HK$11,595,000 (2007: Nil). The related party offers credit periods of up to 120 days to the Group.

43. 有關連人士交易*(續)*

於二零零八年十二月三十一日，貿易及其他應付賬款包括應付一間聯營公司款項約11,595,000港元(二零零七年：沒有)。有關連人士向本集團授出之信貸期最長為120日。

Compensation of key management personnel

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

主要管理人員酬金

年內，董事及其他主要管理人員之酬金如下：

		2008 二零零八年 HK$'000 千港元	2007 二零零七年 HK$'000 千港元
Short-term benefits	短期福利	157,666	209,851
Post-employment benefits	退休後福利	1,838	1,735
Share-based payments	以股份形式付款	1,468	2,776
		160,972	214,362

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

董事及主要行政人員之酬金經薪酬委員會考慮個別員工表現及市場趨勢後釐定。

Financial Summary
財務概要

RESULTS 業績

		Year ended 31 December 截至十二月三十一日止年度				
		2004 二零零四年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元	2007 二零零七年 HK'000 千港元	2008 二零零八年 HK$'000 千港元
Revenue	營業額	7,082,390	13,098,354	16,773,348	20,025,112	23,681,401
Profit before taxation	除稅前溢利	1,257,497	1,788,802	7,596,154	3,717,184	2,325,502
Income tax expense	所得稅開支	(61,184)	(139,970)	(240,435)	(245,030)	(194,231)
Profit for the year	本年度溢利	1,196,313	1,648,832	7,355,719	3,472,154	2,131,271
Attributable to:	應佔份額：					
Equity holders of the Company	本公司權益持有人	1,103,845	1,435,809	7,068,015	2,778,321	1,705,850
Minority interests	少數股東權益	92,468	213,023	287,704	693,833	425,421
		1,196,313	1,648,832	7,355,719	3,472,154	2,131,271

ASSETS AND LIABILITIES 資產及負債

		At 31 December 於十二月三十一日				
		2004 二零零四年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元	2007 二零零七年 HK'000 千港元	2008 二零零八年 HK$'000 千港元
Total assets	資產總值	16,489,146	19,360,822	28,121,051	34,941,986	38,241,465
Total liabilities	負債總額	(9,345,642)	(9,714,079)	(9,108,130)	(12,715,190)	(14,624,264)
		7,143,504	9,646,743	19,012,921	22,226,796	23,617,201
Equity attributable to equity holders of the Company	本公司權益持有人應佔權益	5,505,064	8,23 AN.2401	.05.7226L80125146	7(287,833	)]TJ /F2 1 Tf 27.7904 0 TD 0 T.

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