

## DIRECTORS' REPORT 董事會報告

The directors have pleasure in presenting their report and the audited financial statements of the Company for the year ended 31 December 2003.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its principal subsidiaries (hereinafter the subsidiaries together with the Company are collectively referred to as the "Group") are engaged in the manufacture of laminates, copper foil, glass fabric, glass yarn, bleached kraft paper, printed circuit boards and chemicals. Most of the copper foil, glass fabric, glass yarn and bleached kraft paper produced are used by the Group in its manufacturing of laminates.

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

### RESULTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated income statement on page 28.

An interim dividend of 5 cents per share was paid to the holders of the Company's ordinary shares during the year. The directors recommend the payment of a final dividend of 10 cents per ordinary share, making a total of 15 cents per ordinary share for the year.

### SHARE CAPITAL

Details of the movements in the issued share capital of the Company for the year are set out in note 27 to the financial statements.

董事會欣然提呈本公司截至二零零三年十二月三十一日止年度之年報及經審核財務報表。

### 主要業務

本公司乃投資控股公司，其主要附屬公司（與本公司統稱「本集團」）從事製造覆銅面板、銅箔、玻璃纖維布、玻璃紗、漂白木漿紙、印刷線路板及化工產品。大部分生產之銅箔、玻璃纖維布、玻璃紗及漂白木漿紙乃供本集團用於製造覆銅面板。

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

### 業績及股息

本集團之本年度業績載於第28頁綜合收益表內。

年內本公司已派付中期股息每股5仙予本公司普通股持有人。董事現建議派付末期股息每股普通股10仙（即全年之總額為每股普通股15仙）。

### 股本

本公司已發行股本於年內之變動詳情載於財務報表附註27。

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### RESERVES

Details of the movements during the year in the reserves of the Group and of the Company are set out in the consolidated statement of changes in equity and note 30 to the financial statements respectively.

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

At 31 December 2003, the sum of the retained profits, the share premium and the special surplus account of the Company amounted to approximately HK\$1,446 million.

### INVESTMENT PROPERTIES

The Group's investment properties were revalued as at 31 December 2003. The surplus arising on revaluation of approximately HK\$1,015,000 is credited to the income statement.

### OTHER PROPERTIES, PLANT AND EQUIPMENT

Expenditure of approximately HK\$1,123 million was incurred during the year primarily to expand the production capacity of the Group. Details of all the changes during the year are set out in note 15 to the financial statements.

### PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2003 are set out in note 39 to the financial statements.

### DONATIONS

During the year, the Group made charitable and other donations totalling approximately HK\$1,075,000.

### 儲備

年內本集團及本公司之儲備變動詳情分別載於綜合權益變動報表及財務報表附註30。

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

於二零零三年十二月三十一日，本公司之保留溢利、股份溢價及特別盈餘賬目之總額約為1,446,000,000港元。

### 投資物業

本集團之投資物業於二零零三年十二月三十一日重新估值。重估溢價約為1,015,000港元，已計入收益表內。

### 其他物業、廠房及設備

年內主要因提高本集團之生產力而引致約1,123,000,000港元之支出。年內之所有變動詳情載於財務報表附註15。

### 主要附屬公司

本公司主要附屬公司於二零零三年十二月三十一日之詳情載於財務報表附註39。

### 捐款

本年內本集團作出之慈善性質及其他捐款共約1,075,000港元。

## DIRECTORS' REPORT 董事會報告

### DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company 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. Lam Ka Po  
Mr. Cheung Kwok Keung  
Mr. Cheung Kwok Wa  
Mr. Cheung Kwong Kwan  
Mr. Cheung Kwok Ping  
Mr. Chang Wing Yiu  
Mr. Mok Cham Hung, Chadwick

#### Non-executive directors:

Mr. Tsao Kwang Yung, Peter, CBE, CPM  
Mr. Cheng Ming Fun, Paul (appointed on 1 May 2003)  
Mr. Lau Tai Chim  
Mr. Lum Gum Wun

In accordance with Article 92 of the Company's Articles of Association, Messrs. Lum Gum Wun, Lam Ka Po and Mok Cham Hung, Chadwick retire by rotation and, being eligible, will offer themselves for re-election.

In accordance with Article 84 of the Company's Articles of Association, Mr. Cheng Ming Fun, Paul will retire and being eligible, will offer himself for re-election.

The term of office of each non-executive director is the period up to his retirement by rotation in accordance with the Company's Articles of Association.

None of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation (other than statutory compensation).

### 董事及董事之服務合約

本年內及直至本報告日期之本公司董事如下:

#### 執行董事:

張國榮先生 (主席)  
陳永鋹先生 (董事總經理)  
林家寶先生  
張國強先生  
張國華先生  
張廣軍先生  
張國平先生  
鄭永耀先生  
莫湛雄先生

#### 非執行董事:

曹廣榮先生, CBE, CPM  
鄭明訓先生 (於二零零三年五月一日獲委任)  
劉大潛先生  
林根穩先生

林根穩先生、林家寶先生及莫湛雄先生將依據本公司之公司組織章程第九十二條輪值退任，惟彼等符合資格，願意膺選連任。

鄭明訓先生將依據本公司之公司組織章程第八十四條輪值退任，惟彼符合資格，願意膺選連任。

各非執行董事之任期為至其根據本公司之公司組織章程規定須輪值退任之日期止。

擬在應屆股東週年大會上重選連任之董事並無與本公司或其任何附屬公司訂立任何不可於一年內毋須賠償 (法定賠償除外) 而終止之服務合約。

## DIRECTORS' REPORT 董事會報告

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

At 31 December 2003, the interests of the directors, chief executives and their associates in the shares, underlying shares and convertible bonds of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

#### Long position

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

### 董事及主要行政人員之股份權益

於二零零三年十二月三十一日，董事、主要行政人員及彼等之聯繫人於本公司或其相聯法團之股份、相關股份或可換股債券中擁有之權益，或根據證券及期貨條例第352條須載入該條所述登記冊之權益，或根據上市公司董事進行證券交易之標準守則須知會本公司及香港聯合交易所有限公司（「聯交所」）之權益如下：

#### 長倉

(a) 本公司每股面值0.10港元之普通股

Name of director	董事姓名	Number of issued ordinary shares held		Percentage of the issued share capital of the Company
		Interest in underlying shares pursuant to share options	Beneficial owner	
		根據購股權於相關股份之權益	實益擁有人	佔本公司已發行股本之百分比
		(Note)		
		(附註)		
Mr. Cheung Kwok Wing	張國榮先生	4,009,000	2,567,060	0.40%
Mr. Chan Wing Kwan	陳永錕先生	4,458,000	1,931,400	0.30%
Mr. Lum Gum Wun	林根穩先生	-	2,068,400	0.32%
Mr. Lam Ka Po	林家寶先生	4,991,000	223,520	0.03%
Mr. Cheung Kwok Keung	張國強先生	4,991,000	826,700	0.13%
Mr. Cheung Kwok Wa	張國華先生	4,740,000	1,462,200	0.22%
Mr. Cheung Kwong Kwan	張廣軍先生	4,851,000	549,620	0.08%
Mr. Cheung Kwok Ping	張國平先生	4,795,000	1,538,260	0.24%
Mr. Chang Wing Yiu	鄭永耀先生	5,075,000	510,500	0.08%
Mr. Mok Cham Hung, Chadwick	莫湛雄先生	-	600,000	0.09%
Mr. Tsao Kwang Yung, Peter	曹廣榮先生	-	-	-
Mr. Cheng Ming Fun, Paul	鄭明訓先生	-	-	-
Mr. Lau Tai Chim	劉大潛先生	-	-	-

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DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

(continued)

(b) Non-voting deferred shares of HK\$1 each of Kingboard Laminates Limited, a wholly-owned subsidiary of the Company

董事及主要行政人員之股份權益 (續)

(b) 於本公司全資附屬公司建滔積層板有限公司每股面值1港元之無投票權遞延股份之權益

Name of director	董事姓名	Capacity 權益性質	Number of shares held 所持股份數目
Mr. Cheung Kwok Wing	張國榮先生	Beneficial owner 實益擁有人	1,904,400
Mr. Chan Wing Kwan	陳永錕先生	Beneficial owner 實益擁有人	1,481,200
Mr. Lum Gum Wun	林根穩先生	Beneficial owner 實益擁有人	1,058,000
Mr. Lam Ka Po	林家寶先生	Beneficial owner 實益擁有人	581,900
Mr. Cheung Kwok Keung	張國強先生	Beneficial owner 實益擁有人	529,000
Mr. Cheung Kwok Wa	張國華先生	Beneficial owner 實益擁有人	1,058,000
Mr. Cheung Kwong Kwan	張廣軍先生	Beneficial owner 實益擁有人	846,400
Mr. Cheung Kwok Ping	張國平先生	Beneficial owner 實益擁有人	952,200
Mr. Chang Wing Yiu	鄭永耀先生	Beneficial owner 實益擁有人	423,200

Note:

The interests are by virtue of share options granted to directors on 11 October 2002, which entitle the relevant directors to subscribe for shares in the Company at an exercise price of HK\$3.74 per share during the period from 15 October 2002 to 2 July 2012.

Other than as disclosed above, none of the directors, chief executives 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 as at 31 December 2003.

附註:

該等權益基於董事於二零零二年十月十一日獲授予之購股權而擁有。該等購股權賦予有關董事權利，於二零零二年十月十五日至二零零二年七月二日期間以每股3.74港元之行使價認購本公司股份。

除上文披露者外，於二零零三年十二月三十一日，概無董事、主要行政人員及彼等之聯繫人於本公司或其相聯法團之股份、相關股份或債券中擁有任何權益或淡倉。

## DIRECTORS' REPORT 董事會報告

### SHARE OPTIONS

Particulars of the Company's share option schemes are set out in note 28 to the financial statements.

The following table discloses movements in the share options of the Company's directors granted on 11 October 2002:

Name	姓名	Exercisable period 行使期	Outstanding at 1.1.2003 於二零零三年一月一日 尚未行使	Exercised during the year 已於本年度 行使	Outstanding at 31.12.2003 於二零零三年十二月三十一日 尚未行使
Mr. Cheung Kwok Wing	張國榮先生	15.10.2002 – 2.7.2012	5,300,000	(1,291,000)	4,009,000
Mr. Chan Wing Kwan	陳永錕先生	15.10.2002 – 2.7.2012	5,300,000	(842,000)	4,458,000
Mr. Lam Ka Po	林家寶先生	15.10.2002 – 2.7.2012	5,300,000	(309,000)	4,991,000
Mr. Cheung Kwok Keung	張國強先生	15.10.2002 – 2.7.2012	5,300,000	(309,000)	4,991,000
Mr. Cheung Kwok Wa	張國華先生	15.10.2002 – 2.7.2012	5,300,000	(560,000)	4,740,000
Mr. Cheung Kwong Kwan	張廣軍先生	15.10.2002 – 2.7.2012	5,300,000	(449,000)	4,851,000
Mr. Cheung Kwok Ping	張國平先生	15.10.2002 – 2.7.2012	5,300,000	(505,000)	4,795,000
Mr. Chang Wing Yiu	鄭永耀先生	15.10.2002 – 2.7.2012	5,300,000	(225,000)	5,075,000
			42,400,000	(4,490,000)	37,910,000

The closing price of the Company's shares immediately before the date on which the options were exercised was HK\$6.55.

### ARRANGEMENTS TO PURCHASE SHARES

Save for the options disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

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

### 優先購股權

本公司優先購股權之變動詳情載於財務報表附註28。

下表披露本公司董事於二零零二年十月十一日獲授之優先購股權之變動：

Outstanding at 1.1.2003 於二零零三年一月一日 尚未行使	Exercised during the year 已於本年度 行使	Outstanding at 31.12.2003 於二零零三年十二月三十一日 尚未行使
5,300,000	(1,291,000)	4,009,000
5,300,000	(842,000)	4,458,000
5,300,000	(309,000)	4,991,000
5,300,000	(309,000)	4,991,000
5,300,000	(560,000)	4,740,000
5,300,000	(449,000)	4,851,000
5,300,000	(505,000)	4,795,000
5,300,000	(225,000)	5,075,000
42,400,000	(4,490,000)	37,910,000

於緊接行使優先購股權之前一日，本公司股份之收市價為6.55港元。

### 購買股份之安排

除上文所披露之優先購股權外，本公司或其任何附屬公司於年內任何時間概無參與訂立任何安排，致使本公司董事可藉購入本公司或任何其他法人團體之股份或債券而獲益。

### 董事之重大合約權益

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

## DIRECTORS' REPORT 董事會報告

### SUBSTANTIAL SHAREHOLDERS

At 31 December 2003, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO show that, other than the interests disclosed above in respect of directors, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

#### Long position

Ordinary shares of HK\$0.10 each of the Company

Name of shareholder 股東名稱	Notes 附註	Nature of interest 權益性質	Number of issued ordinary shares held 所持已發行 普通股數目	Percentage of the issued share capital of the Company 佔本公司已發行 股本百分比
Hallgain Management Limited	(a)	Beneficial owner 實益擁有人	234,635,800	36.18%
The Capital Group Companies, Inc.	(b)	Investment manager 投資經理	67,934,400	10.47%
FMR Group	(c)	Investment manager 投資經理	61,322,800	9.45%

Notes:

- (a) Hallgain Management Limited is owned as to 22% by Mr. Cheung Kwok Wing, 15% by Mr. Chan Wing Kwan, 10% by Mr. Lum Gum Wun, 5.5% by Mr. Lam Ka Po, 5.5% by Mr. Cheung Kwok Keung, 10% by Mr. Cheung Kwok Wa, 8% by Mr. Cheung Kwong Kwan, 9% by Mr. Cheung Kwok Ping and 5% by Mr. Chang Wing Yiu.
- (b) The interests are indirectly held by The Capital Group Companies, Inc. through its 100% controlled corporations, namely Capital Research and Management Company and Capital Guardian Trust Company.
- (c) The interest are indirectly held by FMR Corp through its 100% controlled corporations, namely Fidelity Management & Research Company and Fidelity Management Trust Company.

Other than as disclosed above, the Company has not been notified of any other interests or short positions in the issued share capital of the Company as at 31 December 2003.

### 主要股東

根據本公司按證券及期貨條例第336條須存置之登記冊所記錄，於二零零三年十二月三十一日，下列主要股東（本公司董事或行政總裁除外）於本公司之股份及相關股份中擁有權益：

#### 長倉

本公司每股面值0.10港元之普通股

Name of shareholder 股東名稱	Notes 附註	Nature of interest 權益性質	Number of issued ordinary shares held 所持已發行 普通股數目	Percentage of the issued share capital of the Company 佔本公司已發行 股本百分比
Hallgain Management Limited	(a)	Beneficial owner 實益擁有人	234,635,800	36.18%
The Capital Group Companies, Inc.	(b)	Investment manager 投資經理	67,934,400	10.47%
FMR Group	(c)	Investment manager 投資經理	61,322,800	9.45%

附註：

- (a) Hallgain Management Limited分別由張國榮先生(22%)、陳永鋁先生(15%)、林根穩先生(10%)、林家寶先生(5.5%)、張國強先生(5.5%)、張國華先生(10%)、張廣軍先生(8%)、張國平先生(9%)及鄭永耀先生(5%)擁有。
- (b) 該等權益由The Capital Group Companies, Inc.透過其擁有100%控制權之公司Capital Research and Management Company及Capital Guardian Trust Company間接持有。
- (c) 該等權益由FMR Corp透過其擁有100%控制權之公司Fidelity Management & Research Company及Fidelity Management Trust Company間接持有。

除上述披露者外，本公司概無獲知會於二零零三年十二月三十一日之本公司已發行股本之任何其他權益或淡倉。

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### UNDERTAKINGS BY CONTROLLING SHAREHOLDERS

Hallgain Management Limited and/or Mr. Cheung Kwok Wing and certain directors of the Company and their relatives have undertakings to maintain, directly and indirectly, certain percentage shareholdings in the Company as a condition under which certain bank loans are made to the Group. The extent of such loan facilities and the obligations imposed on the controlling shareholders are as follows:

	Amount of the bank loan outstanding at 31 December 2003 於二零零三年 十二月三十一日 尚未償還之銀行貸款 HK\$ 港元	Date by which the loan will be wholly repayable 須全數償還 貸款之日期	Minimum percentage shareholding to be maintained 將維持之 最低股權百分比
Facility 1 貸款融資一	191,000,000	June 2005 二零零五年六月	35%
Facility 2 貸款融資二	85,000,000	December 2005 二零零五年十二月	35%
Facility 3 貸款融資三	100,000,000	November 2007 二零零七年十一月	30%
Facility 4 貸款融資四	850,000,000	March 2007 二零零七年三月	30%
	1,226,000,000		

### MAJOR CUSTOMERS AND SUPPLIERS

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

### 控股股東之承諾

Hallgain Management Limited 及／或張國榮先生及本公司若干董事及彼等之親屬已承諾直接及間接持有本公司若干百分比之實際股權，作為本集團獲批若干銀行貸款之條件。該等貸款融資之額度及控股股東須承擔之責任如下：

### 主要客戶及供應商

於年內，本集團五名最大客戶或供應商之總銷售額或購貨額均少於本集團之銷售額或購貨額30%。



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**CONNECTED TRANSACTIONS**

During the year, Techwise Circuits Company Limited ("Techwise") and its subsidiaries sold printed circuit boards and other related products amounting to approximately HK\$38,722,000 and paid rental and management fees amounting to approximately HK\$8,297,000 to associated corporations of Legend Group Limited, a substantial shareholder of Techwise. In the opinion of the Company's independent non-executive directors, these transactions were entered into in the ordinary and usual course of the Group's business, conducted on normal commercial terms that are fair and reasonable so far as the shareholders of the Company are concerned and are in accordance with the terms of the contracts governing these transactions. The sales of printed circuit boards and other related products and the payment of rental and management fees by the Group did not exceed the amounts which were approved by the shareholders of the Company at an annual general meeting held on 28 August 2002.

During the year, Techwise sold printed circuit boards amounting to approximately HK\$266,953,000, purchased laminates amounting to approximately HK\$30,995,000 and paid sub-contracting charges of approximately HK\$12,612,000 to Shirai Electronics Industrial Co., Ltd., a substantial shareholder of Techwise Shirai Circuits Limited, a 70% owned subsidiary of Techwise.

Other than disclosed above, the Company and some of its wholly-owned subsidiaries also provided guarantees to financial institutions to secure general credit facilities for certain non-wholly owned subsidiaries, namely, Kingboard Copper Foil Holdings Limited and Techwise in the amounts of HK\$115,000,000 and HK\$40,000,000 respectively.

**關連交易**

年內，科惠線路有限公司（「科惠」）及其附屬公司向科惠之主要股東聯想集團有限公司之聯繫公司出售約值38,722,000港元之印刷線路板及其他相關產品，及支付約8,297,000港元之租金及管理費。本公司之獨立非執行董事認為，此等交易乃在本集團之日常業務過程中訂立，且按正常商業條款（對本公司股東而言屬於公平及合理）進行及符合就該等交易所訂合約之條款規定。本集團銷售印刷線路板及其他相關產品及支付租金與管理費所涉及之金額不超過本公司股東於二零零二年八月二十八日舉行之股東特別大會上批准之金額。

年內，科惠向其擁有70%之附屬公司科惠白井電路有限公司之主要股東Shirai Electronics Industrial Co., Ltd.出售印刷線路板約達266,953,000港元、購買覆銅面板約達30,995,000港元及支付加工費用約12,612,000港元。

除上文所披露者外，本公司及其若干全資附屬公司亦就若干非全資附屬公司（即Kingboard Copper Foil Holdings Limited及科惠）獲授一般信貸融資（金額分別為115,000,000港元及40,000,000港元）而向財務機構提供擔保。

## DIRECTORS' REPORT 董事會報告

### POST BALANCE SHEET EVENT

Details of a significant event occurring after the balance sheet date are set out in note 38 to the 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.

### CORPORATE GOVERNANCE

The Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

### AUDITORS

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be submitted at the annual general meeting of the Company.

On behalf of the Board

**Cheung Kwok Wing**

Chairman

18 March 2004

### 結算日後之事項

有關一件於結算日後發生之重要事項之詳情載於財務報表附註38。

### 優先權

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

### 公司管治

本公司於年內一直遵守聯交所證券上市規則附錄十四所載之最佳應用守則。

### 核數師

續聘德勤•關黃陳方會計師行之決議案將於本公司之股東週年大會上提呈。

承董事會命

**張國榮**

主席

二零零四年三月十八日