Meadville Holdings Limited
美維控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 3313)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

The board of directors (the "Board") of Meadville Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2007, together with the comparative amounts for the previous financial year as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	**2007** *HK$'000*	2006 *HK$'000*
Revenue	3	**4,490,262**	3,140,398
Cost of sales		**(3,430,222)**	(2,486,560)
Gross profit		**1,060,040**	653,838
Other income	4	**177,050**	97,145
Selling and distribution expenses		**(240,182)**	(126,467)
General and administrative expenses		**(245,152)**	(154,349)
Share award expenses	5	**(254,502)**	–
Operating profit		**497,254**	470,167
Loss on share reform of an associated company		**–**	(52,237)
Interest income		**27,300**	6,034
Finance costs		**(109,737)**	(88,171)
Share of net profit of associated companies		**107,858**	97,849
Profit before income tax		**522,675**	433,642
Income tax expense	6	**(72,116)**	(48,718)
Profit for the year	3	**450,559**	384,924
Attributable to:			
Equity holders of the Company		**341,648**	320,017
Minority interests		**108,911**	64,907
		450,559	384,924
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in HK dollar per share)			
– basic	7	**0.17**	0.21
– diluted	7	**0.17**	0.21
Dividends	8	**120,000**	–

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2007

	Note	**2007** *HK$'000*	2006 *HK$'000*
Non-current assets			
Property, plant and equipment		**4,121,368**	2,030,800
Leasehold land and land use rights		**174,420**	114,549
Intangible assets		**27,670**	8,084
Goodwill		**122,229**	14,477
Investments in associated companies		**579,543**	441,409
Available-for-sale financial assets		**21,089**	–
Deferred tax assets		**13,124**	–
		5,059,443	2,609,319
Current assets			
Stocks and work in progress		**498,000**	373,459
Debtors and prepayments	9	**1,597,034**	1,241,699
Amount due from a related party		**39,055**	–
Taxation recoverable		**6,090**	2,220
Cash and bank balances		**418,192**	211,150
		2,558,371	1,828,528
Total assets	3	**7,617,814**	4,437,847
Equity			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**1,822,612**	777,000
Reserves		**560,901**	(43,189)
Proposed final dividend	8	**80,000**	–
		2,463,513	733,811
Minority interests		**359,293**	203,916
Total equity		**2,822,806**	937,727
Liabilities			
Non-current liabilities			
Borrowings		**1,738,067**	749,060
Deferred tax liabilities		**81,483**	14,219
Financial liabilities		**264,394**	–
Long-term other payable		**115,658**	–
		2,199,602	763,279
Current liabilities			
Creditors and accruals	10	**1,428,268**	800,030
Amount due to a subsidiary of a minority shareholder of a subsidiary		**29,367**	63,359
Amounts due to associated companies		**150,669**	120,742
Amount due to a minority shareholder		**343**	–
Amounts due to related parties		**–**	709,598
Borrowings		**961,107**	1,026,247
Taxation payable		**25,652**	16,865
		2,595,406	2,736,841
Total liabilities	3	**4,795,008**	3,500,120
Total equity and liabilities		**7,617,814**	4,437,847
Net current liabilities		**(37,035)**	(908,313)
Total assets less current liabilities		**5,022,408**	1,701,006

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The Group is principally engaged in the manufacturing and distribution of printed circuit boards and copper clad laminates (the "PCB and Laminates Business").

The Company was incorporated in the Cayman Islands on 28 August 2006 as an exempted company with limited liability under the Companies Law (2004 Revision) of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands.

As a result of the reorganisation in preparation for the listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), all the PCB and Laminates Business was transferred to the Company and its subsidiaries now comprising the Group effective 30 December 2006.

The Company's shares were listed on the Stock Exchange on 2 February 2007 (the "Listing").

These consolidated financial statements are presented in thousands of units of Hong Kong dollars, unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors on 18 March 2008.

2 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2007:

HKAS 1 (Amendment)	Presentation of Financial Statements – Capital Disclosures;
HKFRS 7	Financial Instruments: Disclosures;
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies;
HK(IFRIC)-Int 8	Scope of HKFRS 2;
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives; and
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment.

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2007 and have not been early adopted:

HKAS 1 (Revised), "Presentation of Financial Statements", effective for annual periods beginning on or after 1 January 2009. It requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs. The Group will apply HKAS 1 (Revised) from 1 January 2009.

HKAS 23 (Revised), "Borrowing Costs", effective for annual periods beginning on or after 1 January 2009. It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Revised) from 1 January 2009 but management believes that this standard should not have a significant impact to the Group as the Group has been capitalising borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, if any.

HKFRS 8, "Operating Segments", effective for annual periods beginning on or after 1 January 2009. HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 from 1 January 2009. Management believes that this standard should not have a significant impact to the number of reportable segments, as well as the manner in which the segments are reported as the reportable segments is presented in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. As goodwill is allocated to groups of cash-generating units based on segment level, the change will also require management to reallocate goodwill to the newly identified operating segments. Management does not anticipate that this will result in any material impairment to the goodwill balance.

HK(IFRIC)-Int 11, "HKFRS 2 – Group and Treasury Share Transfer", effective for annual periods beginning on or after 1 March 2007. It provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. The Group will apply HK(IFRIC)-Int 11 from 1 January 2008 but is currently not applicable to the Group as there are no share-based transactions.

HK(IFRIC)-Int 12, "Service Concession Arrangements", effective for annual periods beginning on or after 1 January 2008. It applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. HK(IFRIC)-Int 12 is not relevant to the Group's operations because none of the group's companies provide for public sector services.

HK(IFRIC)-Int 13, "Customer Loyalty Programmes", effective for annual periods beginning on or after 1 July 2008. It clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. HK(IFRIC)-Int 13 is not relevant to the Group's operation as none of the Group's companies operate any loyalty programmes.

HK(IFRIC)-Int 14, "HKAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", effective for annual periods beginning on or after 1 January 2008. It provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Group will apply HK(IFRIC)-Int 14 from 1 January 2008, but it is not expected to have any impact on the Group's financial statements.

In preparing the consolidated financial statements of the Company, the directors have taken into account all information that could reasonably be expected to be available and have ascertained that the Group has obtained adequate financial resources to support the Group to continue in operational existence for the foreseeable future. Under these circumstances, the directors consider that it is proper to prepare the financial statements on a going concern basis notwithstanding that at 31 December 2007, the Group's current liabilities exceeded its current assets by approximately HK$37,035,000.

3 Segment information

(a) Analysis of sales by category

Sales for the years ended 31 December 2006 and 2007 represent principally sales of printed circuits boards ("PCB") and copper clad laminates and prepreg ("Laminates").

(b) Primary reporting format – business segments

The Group is organised into two main business segments: (i) Manufacturing and distribution of PCB including provision of circuit design, QTA services and drilling and routing services; (ii) Manufacturing and distribution of Laminates.

Segment assets consist primarily of property, plant and equipment, leasehold land and land use rights, intangible assets, stocks and work in progress, debtors and prepayments and cash and bank balances. They exclude items such as deferred tax assets, taxation recoverable and amounts due from related parties.

Segment liabilities comprise operating liabilities. They exclude items such as taxation payables, deferred tax liabilities and amounts due to related parties.

Capital expenditure comprises mainly additions to property, plant and equipment, leasehold land and land use rights and intangible assets, including additions resulting from acquisition through business combination.

Unallocated assets and liabilities represent assets and liabilities not dedicated to a particular segment, consist primarily of taxation and amounts due from/to related parties.

Inter-segment sales were conducted with terms mutually agreed among the Group companies.

The segment results for the years are as follows:

	2007	2006
	HK$'000	*HK$'000*
Revenue		
PCB	**4,108,638**	2,838,773
Inter-segment revenue	**–**	–
Subtotal for PCB	**4,108,638**	2,838,773
Laminates	**663,943**	512,466
Inter-segment revenue	**(282,319)**	(210,841)
Subtotal for Laminates	**381,624**	301,625
Total revenue	**4,490,262**	3,140,398
Segment results		
PCB	**448,462**	412,303
Laminates	**48,792**	57,864
Loss on share reform of an associated company	**–**	(52,237)
Interest income	**27,300**	6,034
Finance costs	**(109,737)**	(88,171)
Share of net profit of associated companies	**107,858**	97,849
Income tax expense	**(72,116)**	(48,718)
Profit for the year	**450,559**	384,924
Segment assets		
PCB	**6,416,918**	3,553,250
Laminates	**563,084**	440,968
Associated companies	**579,543**	441,409
Unallocated assets	**58,269**	2,220
Total assets	**7,617,814**	4,437,847
Segment liabilities		
PCB	**4,268,289**	2,285,096
Laminates	**268,915**	353,600
Associated companies	**150,669**	120,742
Unallocated liabilities	**107,135**	740,682
Total liabilities	**4,795,008**	3,500,120
Capital expenditure		
PCB	**2,119,814**	665,753
Laminates	**170,288**	19,494
Total capital expenditure	**2,290,102**	685,247

Other segment items included in the consolidated profit and loss account are as follows:

	2007	2006
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment		
PCB	**278,663**	200,264
Laminates	**13,097**	8,506
Total depreciation of property, plant and equipment	**291,760**	208,770
Amortisation of leasehold land and land use rights		
PCB	**2,167**	1,876
Laminates	**737**	596
Total amortisation of leasehold land and land use rights	**2,904**	2,472
Impairment of property, plant and equipment		
PCB	**10,612**	–
Laminates	**–**	–
Total impairment of property, plant and equipment	**10,612**	–
Provision for bad and doubtful debts		
PCB	**6,587**	15,818
Laminates	**149**	192
Total provision for bad and doubtful debts	**6,736**	16,010
Provision for stocks and work in progress		
PCB	**12,572**	12,264
Laminates	**1,026**	(81)
Total provision for stocks and work in progress	**13,598**	12,183
Amortisation of intangible assets		
PCB	**1,337**	1,170
Laminates	**–**	–
Total amortisation of intangible assets	**1,337**	1,170

(c) *Secondary reporting format – geographical segments*

The Group primarily operates in Hong Kong and the People's Republic of China (the "PRC"). Sales are made to overseas customers as well as customers in Hong Kong and the PRC.

The Group's revenue by geographical location are determined by the final destination to where the products are delivered:

	2007	2006
	HK$'000	*HK$'000*
PRC	**3,038,429**	1,959,283
Hong Kong	**411,155**	186,272
North Asia	**278,155**	447,602
North America	**223,689**	182,759
Europe	**308,387**	224,517
Southeast Asia	**230,447**	139,965
Total revenue	**4,490,262**	3,140,398

The Group's assets are located in the following geographical areas:

	2007	2006
	HK$'000	*HK$'000*
Hong Kong	**1,346,397**	1,036,940
PRC	**5,262,440**	2,957,278
Finland	**301,489**	–
India	**69,676**	–
Associated companies	**579,543**	441,409
Unallocated assets	**58,269**	2,220
Total assets	**7,617,814**	4,437,847

The Group's capital expenditure, based on where the assets are located, is allocated as follows:

	2007	2006
	HK$'000	*HK$'000*
Hong Kong	**43,106**	54,387
PRC	**1,902,618**	630,860
Finland	**280,400**	–
India	**63,978**	–
Total capital expenditure	**2,290,102**	685,247

4 Other income

	2007	2006
	HK$'000	*HK$'000*
Sales of scrap	**129,767**	64,805
Investment tax credits[(i)]	**34,414**	16,317
Tooling charges	**5,757**	10,146
Sundries	**7,002**	4,441
Sales of raw materials	**69**	328
Gain on partial disposal of a subsidiary[(ii)]	**41**	–
Income on acquisition of additional equity interest of a subsidiary	**–**	1,108
	177,050	97,145

Notes:

(i) Investment tax credits represent incentives receivable as a result of the re-investment of the dividend incomes from subsidiaries and associated companies in the PRC.

(ii) The gain on partial disposal arises from the partial disposal of 6.29% equity interest in a subsidiary, Mica-Ava (No.3) Limited to Hitachi Chemical Co., Ltd. in April 2007.

5 Share award expenses

As previously disclosed in the prospectus issued by the Company on 22 January 2007 for the purpose of the Company's initial public offering in February 2007, the controlling shareholder of the Company, Su Sih (BVI) Limited ("SuSih"), had granted 134,800,000 shares from its own shareholding to the employees (including the Chief Executive Officer) and a consultant to SuSih through Total Glory Holdings Limited (a wholly owned subsidiary of SuSih and special vehicle established by SuSih for this purpose) so as to allow them to share in the Group's success and to incentivise and reward them.

The shares granted as aforesaid represent approximately 6.74% of the Company's total issued share capital immediately after the date of Listing.

Out of the total 134,800,000 shares, 105,448,000 shares are not subject to the return condition whereas for the 29,352,000 shares which are subject to return condition. The Company is required to recognise the value of such shares as a non-cash employee benefit expense on a straight line basis over the relevant vesting period.

In respect of those granted shares which are not subject to the return condition and based on the offer price of HK$2.25 per share, share award expenses of a total of HK$237.3 million were charged to the profit and loss account for the year ended 31 December 2007.

In respect of those granted shares which are subject to the return condition and based on the offer price of HK$2.25 per share, share award expenses of HK$17.2 million were charged to profit and loss account during 2007 whereas HK$17.2 million, HK$17.2 million, HK$9.9 million and HK$4.4 million will be charged for each of the financial years ending 31 December 2008, 2009, 2010, and 2011 respectively.

For the share award expenses charged for the year ended 31 December 2007, corresponding amounts were credited as employee share-based compensation reserve under equity in the accounts of the Company.

6 Income tax expense

The amounts of taxation charged to the consolidated profit and loss account represent:

	2007	2006
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**5,859**	3,151
– Overseas taxation	**73,472**	44,875
Deferred income tax	**(7,215)**	692
	72,116	48,718

Taxation has been provided at the appropriate tax rates prevailing in the countries in which the Group operates. Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year ended 31 December 2007. The rates applicable for income tax in the PRC is 33% (2006: 33%) for the year ended 31 December 2007.

Pursuant to relevant laws and regulations in the PRC, certain of the Company's subsidiaries are entitled to exemption from income tax under tax holidays and concessions. Income tax was calculated at rates given under the concessions.

On 16 March 2007, the National People's Congress of the PRC approved the Corporate Income Tax Law (the "new CIT Law"). The new CIT Law increases the corporate income tax rate for foreign investment enterprises from existing preferential rates to 25% with effect from 1 January 2008. Companies incorporated before 16 March 2007 and currently taxed at the rate lower than 25% may be offered a gradual increase of tax rate to 25% within 5 years. Certain of the Company's subsidiaries incorporated in the PRC will enjoy preferential income tax rate from 2008 to 2011 and be taxed at the rate of 25% from 2012 or when the preferential treatment expires.

7 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the year.

	2007	2006
Profit attributable to equity holders of the Company *(HK$'000)*	**341,648**	320,017
Weighted average number of shares in issue *(shares in thousands)*	**1,956,164**	1,500,000
Basic earnings per share *(HK dollar per share)*	**0.17**	0.21

(b) Diluted

Diluted earnings per share is calculated adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares.

During the years ended 31 December 2006 and 2007, there were no potential dilutive shares outstanding.

8 Dividends

The interim dividend paid in 2007 and dividend paid in 2006 were HK$40 million (HK$0.02 per share) and nil respectively. A final dividend in respect of the year ended 31 December 2007 of HK$0.04 per share, amounting of a total dividend of HK$80 million, is proposed on 18 March 2008, which is subject to approval at the Annual General Meeting on 2 June 2008. These financial statements do not reflect this dividend payable.

	2007	2006
	HK$'000	*HK$'000*
Interim dividend paid of HK$0.02 (2006: nil) per share	**40,000**	–
Proposed final dividend of HK$0.04 (2006: nil) per share	**80,000**	–
	120,000	–

9 Debtors and prepayments

	2007	2006
	HK$'000	*HK$'000*
Debtors	**1,471,542**	1,124,995
Prepayments and other receivables	**125,492**	116,704
	1,597,034	1,241,699

The carrying amounts of debtors and prepayments approximate their fair values.

During the year, the Group normally granted credit terms of 60-90 days. The ageing analysis of the debtors, based on the invoice date and net of provision, is as follows:

	2007	2006
	HK$'000	*HK$'000*
Within credit period	**977,641**	827,403
0 – 30 days	**235,108**	171,962
31 – 60 days	**138,175**	61,396
61 – 90 days	**72,902**	26,449
Over 90 days	**47,716**	37,785
	1,471,542	1,124,995

10 Creditors and accruals

	2007	2006
	HK$'000	*HK$'000*
Creditors	**675,853**	382,330
Accruals	**752,415**	417,700
	1,428,268	800,030

During the year, the Group normally received credit terms of 60-90 days. The ageing analysis of the creditors, based on the invoice date, is as follows:

	2007	2006
	HK$'000	*HK$'000*
Within credit period	**435,324**	286,059
0 – 30 days	**136,473**	58,823
31 – 60 days	**60,111**	21,214
61 – 90 days	**25,042**	9,629
Over 90 days	**18,903**	6,605
	675,853	382,330

CHAIRMAN'S STATEMENT

I am pleased to announce a very strong first full year results since our listing (the "Listing") on The Stock Exchange of Hong Kong Limited on 2 February 2007.

Due to the Group's unique direction, strong positioning in China, and continuous strategies focusing on high technology PCB sectors and related production capacity expansion, the Group was able to capture the ever increasing demand for high value-added PCB from both local and international markets.

We saw strong China demand growth for a couple of reasons. The commencement of out-sourcing of high technology PCB requirements into China from the U.S.A., Europe and Japan in recent years has kept demand on the rise. Additionally, the development of more high technology end-products by Chinese customers has also been generating sizable high technology PCB demand in the local China market.

With a steady increase in high value-added business, the Group achieved a record blended average layer count of 7.5, as well as blended average selling price ("ASP") at US$25 per square foot. The Group was able to deliver an all-time-high turnover of HK$4,490 million and gross profit HK$1,060 million. Excluding the one-time non-cash share award expenses, the record operating profit and net profit were HK$752 million and HK$705 million respectively (HK$497 million and HK$451 million with share award expenses) in 2007.

An all-time-high gross profit margin of 23.6% has been achieved and, excluding the one-time non-cash share award expenses, a record operating profit margin of 16.7% and net profit margin of 15.7% were also achieved (11.1% and 10.0% respectively with share award expenses).

As a result of this significant growth in 2007, the Group now ranks number 5 among all PCB makers in China in 2007, as published by PCB Industry Analyst – NT Information Limited.

BUSINESS REVIEW

In 2007, global demand for high-end PCB with applications in telecommunication infrastructure, mobile handsets and other related end products remained bullish. Meanwhile other mass volume but lower technology PCB demand, such as computer motherboard and consumer sectors, remained cyclical.

China's continuous infrastructure spending in preparation for the 2008 Olympic Games in Beijing, coupled with the fast-growing China economy in the last decade, fueled demands in both infrastructure and high technology end products in the telecommunications sector.

The Group's strong positioning in China in 2007 enabled us to further grow the local China sales of the Group. These strong Renminbi sales allowed the Group to pay out majority of the Group's Renminbi expenses requirement in 2007. This has helped to protect the Group's margins from being eroded by Renminbi's appreciation in 2007.

The growth in high value-added business from multinational original equipment manufacturers (OEMs), which had been developed in 2006, also contributed a major part of the 2007 turnover growth.

The Group has been able to benefit from China's telecommunication sector growth, with PCB sales to telecommunication at 50.8% of turnover in 2007 over 43.6% in 2006, while computer, consumer and other sectors at 14.3%, 12.6%, and 22.3% of turnover in 2007 over 17.5%, 14.6%, and 24.3% in 2006 respectively.

Due to the above factors, the Group has been able to maintain strong growth in 2007, with the Group's PCB turnover of HK$4,109 million in 2007, a 44.7% growth over 2006 of HK$2,839 million. This growth rate outperformed both the China region PCB market growth rate at 17.0% and world PCB market growth rate at 6.1% in 2007 (the market growth rates were projected by PCB Industry Analyst – NT Information Limited).

In line with our technology-focus strategy, the Group's high valued-added prepreg and copper clad laminate sales also delivered a growth of 29.6% to HK$664 million in 2007 from HK$512 million in 2006. Out of the total prepreg and copper clad laminate sales, 57.5% were external sales, which also represented a 26.5% growth over 2006.

Average layer count and blended ASP of PCB sales improved from 7.3 layers and US$23 per square foot in 2006 to 7.5 layers and US$25 per square foot in 2007.

The Group's sales of conventional PCB, HDI PCB, IC substrates and quick-turn-around ("QTA") value-added services accounted for 66.2%, 27.9%, 3.2% and 2.7% of PCB turnover respectively in 2007 over 69.8%, 26.4%, 2.5% and 1.3% of PCB turnover respectively in 2006. This marked the achievement of shifting more to higher value-added businesses. Despite the continuous upward trend of commodity pricing in copper, gold and other petroleum-related chemical raw materials, the Group's gross profit margin was able to expand from 20.8% in 2006 to 23.6% in 2007.

The Group's operating profit margin and net profit margin of both years have been negatively impacted by the non-operational and non-cash share-reform charges in 2006 of HK$52 million and share award expenses in 2007 of HK$255 million, a drop from 15.0% and 12.3% in 2006 to 11.1% and 10.0% in 2007 respectively. However, if we exclude the non-operational and non-cash charges in both years, the Group's operating profit margin and net profit margin has also widened from 2006's 15.0% and 13.9% to 2007's 16.7% and 15.7% respectively.

As at 31 December 2007, the Group was able to produce 16.7 million, 8.0 million, and 1.0 million sq ft of conventional PCB, HDI PCB and IC substrates respectively, and 167.8 million and 46.5 million sq ft of prepreg and laminate respectively. This shows an increase of 11.6%, 71.8%, 128.6%, 9.6% and 16.2% respectively as compared with those as of 31 December 2006.

Apart from the very strong operational performance, and as disclosed in the Company's prospectus dated 22 January 2007, a total of 134.8 million shares were awarded to Group employees and a consultant to the controlling shareholder as a token of appreciation for their contribution and past services. Consequently, there was a HK$255 million non-cash and non-operational share-award expense (valued at HK$2.25 per share) charged to the 2007 profit and loss account in compliance with the new Hong Kong Financial Reporting Standard 2 "Share-based Payment". This charge represents 83.9% of the total share award expenses of HK$303 million.

However, these share-award expenses had no impact on the Group's net asset value, as a corresponding amount was credited to the Group's employee share-based compensation reserve account.

As at 31 December 2007, the Group's net asset value increased to HK$2,823 million (31 December 2006: HK$938 million) mainly due to the taking in of net Listing proceeds of about HK$1,046 million and the profit generated for the year ended 31 December 2007.

The net Listing proceeds had been applied for construction of plant and purchase of machinery approximately 2007 and 2008 for the Group's continuous expansion in various high technology capacities.

As disclosed in details in our circular dated 14 January 2008, the Group acquired a majority interest in certain PCB manufacturing business of Aspocomp Group OYJ ("Aspocomp") at a consideration of HK$708 million and a 10% equity interest in Aspocomp Oulu Oy at a consideration of approximately HK$21 million on 30 November 2007. The aforesaid acquisitions were financed by internal resources and bank borrowings.

Aspocomp is a listed company in Finland, specialised in the manufacture of HDI PCB and is strong in research and development within the field. Aspocomp is particularly strong in the Northern Europe telecommunication market.

Through this strategic alliance with Aspocomp, the Group can gain immediate access to the sales network in Northern Europe and penetrate into top-tier customers in the telecommunication industry. In addition, we can further strengthen our existing PCB research and development team with the addition of a team of expertise from Aspocomp which will help the Group's future technology development and business development in high technology products.

On top of the benefits to business and technology development mentioned above, the Group also gained immediate access to 150,000 sq ft of high-end HDI production capacity in their Suzhou operation being part of the acquisition.

As a result of financing this acquisition through the Group's operating cash flow as well as long-term and short-term borrowings, the Group's gearing ratio as at 31 December 2007 has increased from 0.67 (had the acquisition not happened) to 0.81 and the Group's current ratio has dropped to 0.99. However, the Group is already in the process of converting these short-term borrowings to long-term borrowings during the first quarter of 2008. It is expected that the current ratio will remain above one after the completion of the above loan restructuring.

FUTURE PROSPECTS

There were signs of a slowdown in PCB demand in consumer and computer sectors starting from December onwards, and it was still unclear whether it was caused by seasonal factors, subprime mortgage issue or a mix of both. As for telecommunication and other high technology sectors, demands from emerging markets, such as China, are still dominating the growth that we still don't see signs of slow-down in that respect so far. However, if this subprime mortgage issue will ultimately impact on the economies of these emerging markets, in particular the economy of China, we expect that even higher technology sectors PCB demand may be dampened and the market conditions of PCB may then change rapidly and become much more challenging than in 2007.

Currently, it is anticipated that China's infrastructure spendings in preparation for the Olympic Games in Beijing and its roughly 10% per annum economic growth would still drive for strong buying power for infrastructure type products and high-end consumer products.

On the anticipation of TD-SCDMA phone service to be launched before the Beijing Olympics commence as well as the nation-wide migration of TD-SCDMA networks after the initial trial run, we expect that infrastructure spending in China's telecommunication sector will continue after beyond the Beijing Olympics end. This will continuously generate new demand for high-layered conventional PCB and 2+ HDI PCB with filled-via technology in 2008.

If the subprime mortgage issue will not badly impact on the China economy, and with our particularly strong presence in China and close relationship with most of the top tier China customers since the beginning of the Group's first set up in China in 1989, we should be able to continue capitalising on the various business opportunities emerging in China region so as to maintain the local Renminbi currency sales proportion.

Regarding the overseas market, we do not see huge downward adjustment in demand in high technology and high valued-added sectors in the last six months in spite of the subprime mortgage impacts. On the contrary, we see high technology PCB outsourcing strategy continued by multinational OEMs, and if the US economy will not turn to a deep recession in the coming quarters, we expect that business from new multinational OEMs that we gained qualification in 2006 will continue and ramp up gradually.

Despite a seasonal book-to-bill dropping to about 0.9 during December 2007 until around Chinese New Year this year, we see the book-to-bill bounced back to above 1 after the Chinese New Year holiday. In the first two months of 2008, we saw double-digit year-on-year growth in business with the layer counts and ASP of PCB still migrating upwards.

With the above businesses still under development, the Group's capacity expansion is still on track as per the plan below:

Plant	**Capacity**	**Stage of Completion**
GME I	2.4 million sq ft HDI per annum	Production starts on or about May 2008
MAGL	3.4 million sheets laminate per annum	Production starts on or about May 2008
Suzhou II	2.0 million sq ft HDI per annum	Production starts on or about quarter 4, 2008
SYE II	1.9 million sq ft of land	Construction completes on or about quarter 4, 2008
	4.0 million sq ft PCB per annum	Production is expected to trial run on or about quarter 1, 2009
ACI	650,000 sq ft of land	Construction starts on or about quarter 2, 2008
SP II	2.6 million sq ft of IC Substrates	Construction starts on or about quarter 2, 2008
Flex PCB	4.8 million sq ft per annum	Set up is expected to be completed on or about quarter 1, 2009

Construction of the Group's newly set up plants, MAGL, for high-end prepreg and laminate, and GME for advanced filled-via multi stack-up HDI PCB were delayed by about 4 to 5 months due to unexpected bad weather and shortage in construction labor.

Due to the latest acquisition of the HDI plant from Aspocomp in Suzhou, phase II expansion of GME, with a planned additional 200,000 sq ft per month of high-end HDI PCB capacity, will be postponed by another 12 months until quarter 4, 2009.

To expand our product offering to flexible and rigid-flex PCB, the Group has recruited a team of flexible circuit expertise to start planning the setting up of a flexible circuit PCB manufacturing plant scheduled to be operational by around quarter 1, 2009.

The Group's expansion plans in 2008 as mentioned above amounted to approximately HK$1.4 billion. These capacity expansions will primarily be financed by the Group's operational cash flow generated in 2008 and bank borrowings. By the end of 2008, the Group should have an annual production capacity of 19.6 million sq ft of conventional PCBs, 12.4 million sq ft of HDI, 1.0 million sq ft of IC substrates and 353.1 million sq ft of prepreg and 84.4 million sq ft of copper clad laminate in place.

In addition, the Group will expand its dedicated engineering team to focus on: multi-level build up and filled-via HDI manufacturing, rigid-flex PCB manufacturing, high-end material science development for laminate, IC substrate manufacturing and continuous research and development processes.

The Group will continue to closely monitor the impacts on operation costs as caused by (i) RMB appreciation, (ii) recent income tax reforms effective from January 2008 and (iii) stringent environmental control requirements as well as the impact on business as caused by the China macro-economic control policies. Additionally, we will continue to closely monitor the impacts on the U.S.A. and global economy as caused by the subprime mortgage issue.

Should there be any adverse impacts on any of the economies of China, U.S.A., Europe, Japan and other emerging markets that lead to dampened PCB demand like the cycle in 2000 through 2003 whereby the Group results and cash flow may be negatively impacted, the Group will take prompt actions to regulate its capacity expansion plans in accordance with the worldwide economic situation and the Group's business order in-take situation.

As the majority part of the non-cash and non-operational share award expenses have been charged in 2007's Group profit and loss account, there is only HK$48 million expenses, which represent about 16.1% of the full expenses as disclosed in the Group's prospectus dated 22 January 2007, left behind to be charged at HK$17 million, HK$17 million, HK$10 million and HK$4 million in each of the 2008, 2009, 2010 and 2011's Group profit and loss account respectively.

Barring unforeseen circumstances or a world recession as a result of U.S.A. subprime mortgage issue, the Group is still expecting to continue a positive growth in 2008 though under a much more challenging market condition.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 31 December 2007, the Group financed its liquidity requirements by a combination of new capital raised through the Listing on 2 February 2007, bank borrowings and cash generated by operations. The Group's liquidity position had improved after taking in the net Listing proceeds of approximately HK$1,046 million. As disclosed in the prospectus of the Company dated 22 January 2007, the net proceeds derived from the Listing had been used for financing the on-going expansion and upgrading of our production facilities in 2007 and 2008. As at 31 December 2007, the Group's consolidated current assets increased by 39.9% to HK$2,558 million (2006: HK$1,829 million) whereas the Group's consolidated current liabilities maintained at HK$2,595 million (2006: HK$2,737 million). Although the current ratio improved to 0.99 (2006: 0.67) and the gearing ratio (expressed as total net borrowings over total equity) reduced to 0.81 (2006: 1.67), both ratios were negatively impacted by the acquisition of a majority equity interest of the PCB manufacturing business and certain equipment from Aspocomp ("ASPA Acquisition") on 30 November 2007. The Group's current ratio was below one as we had financed part of the ASPA Acquisition by short-term borrowings. However, the Group is already in the process of converting these short-term borrowings to long-term borrowings in the first quarter of 2008.

As at 31 December 2007, the Group's total bank borrowings increased by 52% to HK$2,699 million (2006: HK$1,775 million), whereas total cash and bank balances increased to HK$418 million (2006: HK$211 million). The substantial increase in bank borrowings was mainly due to the ASPA Acquisition amounting to approximately HK$708 million.

Despite the increase in financial leverage in support of the acquisition, the directors consider that the current financial leverage situation is still manageable. Total banking facilities (comprising primarily bank loans and overdrafts) amounted to HK$5,593 million of which HK$2,435 million was unutilised as at 31 December 2007.

CHARGES ON GROUP ASSETS

The Group's assets were free from charge as at 31 December 2007.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 31 December 2007, the Group had outstanding capital commitment in respect of purchases of property, plant and equipment of HK$782 million (2006: HK$278 million). In addition, the Group had commitment in respect of injection of additional capital into certain subsidiaries established in mainland China totalling approximately HK$809 million (2006: HK$434 million). Such injection of capital will be used to pay for the purchase of property, plant and equipment as stated above. These capital commitments will be financed by internal resources and bank borrowings.

The Group had no material contingent liabilities as at 31 December 2007.

STAFF AND REMUNERATION POLICY

As at 31 December 2007, the Group had a total of 11,653 employees (2006: 7,977) of which 950 employees were added as a result of ASPA Acquisition on 30 November 2007. Other than ASPA Acquisition, the increase in the number of headcounts was mainly due to the ongoing production capacity expansion of our manufacturing plants in Dongguan and Shanghai, and the set up of the two new plants in Guangzhou. Staff costs, excluding the share award expenses, increased by 46.5% to HK$614 million for the year ended 31 December 2007 (2006: HK$419 million).

The Group remunerates its employees based on their performance, work experience and the prevailing market compensation packages. Salaries of employees are maintained at competitive level and bonuses are granted by reference to the performance of the Group and individual employees.

Upon the Listing in February 2007, SuSih, the controlling shareholder, had granted award shares to the employees of the Group and a consultant to SuSih in appreciation of their contributions to the growth of the Group and to incentivize them. Share award expenses, totalling HK$255 million, were charged to the profit and loss account but the expenses had no impact on the Group's cashflow and net asset value.

The Group approved and adopted a share option scheme on 12 January 2007 for the purposes of providing a longer term incentives and rewards to eligible participants who have contributed to the success of our operations. In view of the award shares granted by the controlling shareholder, there is no immediate need or urgency to grant share options under the scheme.

FOREIGN EXCHANGE FLUCTUATION EXPOSURES AND HEDGES

The Group operates principally in Hong Kong and mainland China, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar and Renminbi. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group attempts to minimise its foreign exchange risk exposure through matching its operating costs and borrowings against its receivables on sales. In addition, the conversion of Renminbi into foreign currencies is subject to the rules and regulations of the foreign exchange controls promulgated by the China government.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARY AND ASSOCIATED COMPANY

A joint venture agreement was signed with Hitachi Chemical Co., Ltd. ("Hitachi") in April 2007 by which Hitachi acquired 6.29% equity interest in one of our investment holding company, Mica-Ava (No.3) Limited, at a consideration of HK$14.7 million.

In November 2007, our Group acquired a majority interest of the PCB business and certain equipment from Aspocomp at a consideration of approximately HK$708 million. Through the ASPA Acquisition, the Group can get immediate access to the sales network in Northern Europe and to certain top-tier customers in the telecommunication industry in Northern Europe; and the Group can also increase its HDI PCB production capacity with the newly acquired plant in Suzhou in the ASPA Acquisition. In addition, the strategic alliance with Aspocomp will further strengthen the Group's research and development in HDI PCB and various PCB manufacturing processes.

Except as disclosed above, the Group had no material acquisition or disposal of subsidiaries and associated companies during the year ended 31 December 2007.

SEGMENTAL INFORMATION

Details of segmental information are set out in note 3 to the financial statements.

REVIEW OF OPERATING RESULTS – YEAR ENDED 31 DECEMBER 2007 COMPARED TO YEAR ENDED 31 DECEMBER 2006

Revenue and gross profit

The Group's revenue grew by 43.0% to HK$4,490 million in 2007 (2006: HK$3,140 million) with details as highlighted in the Chairman's Statement. Gross profit increased by 62.1% to approximately HK$1,060 million (2006: HK$654 million). The increase in gross profit was mainly due to increased proportion of sales of higher layer, higher margin products and the effect of better economies of scales. Gross margin expanded to 23.6% in 2007 (2006: 20.8%).

Other income

Other income increased by 82.3% to HK$177 million in 2007 (2006: HK$97 million). Other income as percentage to revenue increased to 3.9% in 2007 (2006: 3.1%). This increase was primarily due to higher scrap sales of HK$130 million in 2007 (2006: HK$65 million) as attributed to higher PCB production volume and increased copper and gold scrap resale unit prices.

Operating profit

Operating profit sustained at HK$497 million (2006: HK$470 million) and operating profit margin decreased to 11.1% (2006: 15.0%). The decrease in the operating profit margin was mainly due to the inclusion of the non-cash share award expenses, totalling HK$255 million. As highlighted in the Chairman's Statement, the share award expenses had no impact on the Group's cashflow and net asset value, as the corresponding amount was credited to the Group's employee share-based compensation reserve account. If excluding the non-cash share award expenses, the operating profit would have reached HK$752 million in 2007 (2006: HK$470 million). Operating profit margin would have been improved to 16.7% in 2007 (2006: 15.0%).

Selling and distribution expenses as percentage of the Group's revenue increased to 5.3% in 2007 (2006: 4.0%) which was due to a mix of higher market development expenses, freight and shipping costs plus higher PCB assembly cost charges on sales returns of higher value-added PCBs.

General and administrative expenses as percentage of the Group's revenue increased to 5.5% in 2007 (2006: 4.9%) which was mainly due to pre-operating expenses of the two new plants in Guangzhou amounting to HK$27 million.

Interest income and finance costs

Interest income increased to HK$27 million was mainly due to interest income earned on the subscription fund during the Listing period and higher cash balances after taking in the net Listing proceeds in February 2007. Finance costs increased by 24.5% to HK$110 million in 2007 (2006: HK$88 million) was primarily due to higher bank borrowings as explained above.

Share of net profit of associated companies

Share of net profit of associated companies increased by 10.2% to HK$108 million in 2007 (2006: HK$98 million) was primarily due to increase in net profits of Guangdong Shengyi Sci. Tech Co., Ltd. ("GSST") and Suzhou Shengyi Sci. Tech Co., Ltd.

Income tax expense

Income tax expense increased to HK$72 million in 2007 (2006: HK$49 million). Income tax expense as percentage of the Group's taxable profit (profit before income tax less share of profit of associated companies plus non-cash share award expenses) decreased to 10.8% in 2007 (2006: 12.6% where the Group's taxable profit was profit before income tax less share of profit of associated companies plus loss on share reform of an associated company) due to more profits contributed by operations still under tax incentives.

Profit for the year

Profit for the year increased to HK$451 million in 2007 (2006: HK$385 million). Profit margin dropped to 10.0% (2006: 12.3%). However if excluding the non-cash share award expenses, profit for the year would have increased by 61.3% to HK$705 million (2006: HK$437 million after excluding the non-recurring and one-time loss on share reform of GSST shares of HK$52 million), and profit margin would have been improved to 15.7% in 2007 (2006: 13.9% if excluding the loss on share reform of GSST shares).

CORPORATE GOVERNANCE

The Company is committed to continuously achieving and maintaining a high standard of corporate governance practices and policies to enhance greater transparency and accountability and in the interests of its shareholders (the "Shareholders"). The Company devotes to best practice on corporate governance, and has applied the principles and complied with the extent practicable, with the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

Since the Listing and up to the date of this announcement, the Company has complied with the code provisions and to certain extent the recommended best practices set out in the Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted (i) the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules as its own code of conduct for its directors (the "Directors") in respect of securities transactions; and (ii) an Internal Code for Securities Transactions by Employees of Meadville Group (the "Internal Code") as its own code of conduct regarding securities transactions by the employees of the Group, with detailed procedures extending to the Directors.

Having made specific enquiry, all Directors confirmed that they have complied with the required standards set out in the Model Code and the Internal Code during the period from the Listing date to 31 December 2007 and up to the date of this announcement.

AUDIT COMMITTEE

The audit committee (the "Audit Committee") was established by the Board on 12 January 2007 with written terms of reference adopted on the same date. The Audit Committee comprises three independent non-executive directors of the Company. The chairman of the Audit Committee is Mr. Lee, Eugene and the other members are Mr. Leung Kwan Yuen, Andrew and Dr. Li Ka Cheung, Eric.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2007 before submission to the Board for approval.

NOMINATION COMMITTEE

A nomination committee (the "Nomination Committee") was established by the Board on 12 January 2007 with written terms of reference adopted on the same date. The Nomination Committee currently comprises five members. The chairman is Mr. Leung Kwan Yuen, Andrew and the other members are Mr. Lee, Eugene, Dr. Li Ka Cheung, Eric, Mr. Chung Tai Keung, Canice and Ms. Tang Ying Ming, Mai, three of the committee members are independent non-executive directors.

The primary duties of the Nomination Committee include making recommendations to the Board on appointment of directors, and reviewing the structure, size and composition of the Board on a regular basis.

REMUNERATION COMMITTEE

A remuneration committee (the "Remuneration Committee") was established by the Board on 12 January 2007 with written terms of reference adopted on the same date. The Remuneration Committee currently comprises five members. The chairman is Dr. Li Ka Cheung, Eric and the other members are Mr. Lee, Eugene, Mr. Leung Kwan Yuen, Andrew, Mr. Chung Tai Keung, Canice and Ms. Tang Ying Ming, Mai, three of the committee members are independent non-executive directors.

The primary duties of the Remuneration Committee include reviewing and making recommendations to the Board in respect of the remuneration structure for all directors and senior management of the Group.

EXECUTIVE COMMITTEE

An executive committee (the "Executive Committee") was established by the Board on 28 March 2007 with written terms of reference adopted on the same date. The Executive Committee currently comprises four members. The chairman of the Executive Committee is Mr. Tang Chung Yen, Tom and the other members are Mr. Tang Hsiang Chien, Mr. Chung Tai Keung, Canice and Ms. Tang Ying Ming, Mai, all of the committee members are executive directors of the Company.

The primary responsibility of the Excutive Committee is to supervise the day-to-day management of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares during the year ended 31 December 2007.

DIVIDEND

An interim dividend of HK$0.02 per share (2006: Nil) was paid on 28 September 2007. The Board recommends the payment of a final dividend of HK$0.04 (2006: Nil) per share, amounting to approximately HK$80 million in respect of the year ended 31 December 2007, to the Shareholders whose names appear on the register of members of the Company on 2 June 2008.

ANNUAL GENERAL MEETING

The annual general meeting of the Company ("AGM") will be convened on 2 June 2008 (Monday) at 2:00 p.m.. A circular containing a notice of the AGM will be dispatched to the Shareholders in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from 29 May 2008 (Thursday) to 2 June 2008 (Monday), both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the AGM and the final dividend payable on or around 2 July 2008, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Registrar and Transfer Office in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 28 May 2008 (Wednesday).

PUBLICATIONS

This announcement has been published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.meadvillegroup.com) in due course. The 2007 annual report will be dispatched to the Shareholders and available on the same website on or before 30 April 2008.

APPRECIATION

On behalf of the Board, I would like to express our gratitude to the Shareholders and business associates for their continuing support, and extend our sincere appreciation to all management and staff for their ongoing dedication, commitments and contributions throughout the year.

By Order of the Board
Meadville Holdings Limited
Tang Chung Yen, Tom
Executive Chairman and Managing Director

Hong Kong, 18 March 2008

As at the date of this announcement, the Board comprises seven directors, of which Mr. Tang Hsiang Chien, Mr. Tang Chung Yen, Tom, Mr. Chung Tai Keung, Canice and Ms. Tang Ying Ming, Mai are executive directors, Mr. Lee, Eugene, Mr. Leung Kwan Yuen, Andrew and Dr. Li Ka Cheung, Eric are independent non-executive directors.