1. COMPANY BACKGROUND AND GROUP REORGANISATION

EcoGreen Fine Chemicals Group Limited ("the Company") was incorporated in the Cayman Islands on 3rd March 2003 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 9th March 2004.

On 16th February 2004, the Company acquired the entire issued share capital of EcoGreen Fine Chemicals Limited, a company incorporated in the British Virgin Islands, through a share exchange ("the Reorganisation") and consequently became the holding company of the subsidiaries (collectively "the Group") as set out in Note 32, except for Xiamen Doingcom Enterprise Limited and Doingcom Pharmaceuticals Limited, which were established subsequent to that date.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these accounts are set out below:

(a) Basis of preparation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1st January 2005. The Group has not early adopted these new HKFRSs in its accounts for the year ended 31st December 2004. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

The Reorganisation (see Note 1) has been accounted for using merger accounting by treating the Company and its subsidiaries as a continuing group, in accordance with Statement of Standard Accounting Practice No. 27 "Accounting for group reconstructions" issued by the HKICPA. On this basis, the consolidated accounts as at and for the year ended 31st December 2004 have been prepared as if the structure of the Group resulting from the Reorganisation had been in existence throughout the year. Comparative figures as at and for the year ended 31 December 2003 have been presented on the same basis.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st December.

Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power, has the power to govern the financial and operating policies, to appoint or remove the majority of the members of the board of directors, or to cast majority of votes at the meetings of the board of directors.

Except for the Reorganisation (see Note 2(a)), the results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill or negative goodwill and any related accumulated foreign currency translation reserve.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company's balance sheet the investments in subsidiaries are stated at cost less accumulated impairment losses, if any. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(c) Goodwill/Negative goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net assets of the acquired subsidiaries at the date of acquisition. Goodwill is amortised on a straight-line basis over its estimated useful life of five years. Where an indication of impairment exists, the carrying amount of goodwill is assessed and written down immediately to its recoverable amount.

Negative goodwill represents the excess of the fair value of the Group's share of the net assets of the acquired subsidiaries at the date of acquisition over the cost of acquisition. It is presented in the same balance sheet classification as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair value of the non-monetary assets acquired, is recognised in the profit and loss account over the remaining weighted average useful life of those assets of 22 years; negative goodwill in excess of the fair value of those non-monetary assets is recognised in the profit and loss account immediately.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(d) Revenue recognition

Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are shipped/delivered to customers and title has passed.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(e) Property, plant and equipment

(i) Construction-in-progress

Construction-in-progress, representing buildings on which construction work has not been completed and machinery pending installation, is stated at cost, which includes construction expenditures incurred, cost of machinery, and other direct costs capitalised during the construction and installation period, less accumulated impairment losses, if any. No depreciation is provided in respect of construction-in-progress until the construction and installation work is completed. On completion, the construction-in-progress is transferred to appropriate categories of property, plant and equipment.

(ii) Other property, plant and equipment

Other property, plant and equipment, comprising land and buildings, plant and machinery, leasehold improvements, office furniture and equipment, and motor vehicles, are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Major costs incurred in restoring property, plant and equipment to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives.

(iii) Depreciation

Leasehold land is depreciated over the period of the lease. Other property, plant and equipment are depreciated at rates sufficient to write off their costs less any accumulated impairment losses and estimated residual value over their expected useful lives on a straight-line basis. The principal annual rates are as follows:

Land	1.4% to 2%
Buildings	3.3%
Plant and machinery	6.7% to 20%
Leasehold improvements	20%
Office furniture and equipment	20%
Motor vehicles	20%

The depreciation methods and useful lives are reviewed periodically to ensure that the methods and rates of depreciation are consistent with the expected pattern of economic benefits from property, plant and equipment.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(e) Property, plant and equipment *(Continued)*

(iv) Impairment and gain or loss on sale

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that assets included in property, plant and equipment are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account.

The gain or loss on disposal of an item of property, plant or equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

(f) Research and development costs

Research costs are expensed as incurred. Costs incurred on development projects relating to the design, development and testing of new or improved products are recognised as product development costs where the technical feasibility and intention of completing the products under development have been demonstrated and the resources are available to do so, costs are identifiable and there is an ability to sell or use the products that will generate probable future economic benefits. Such development costs are recognised as an asset and amortised on a straight-line basis over a period of five years to reflect the pattern in which the related economic benefits are recognised, commencing on the date when the asset is available for sale or use. Development costs that do not meet the above criteria are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Where an indication of impairment exists, the carrying amount of any product development cost is assessed and written down immediately to its recoverable amount.

(g) Investment securities

Investment securities are stated at cost less accumulated impairment losses, if any.

The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such securities will be reduced to their fair value. The impairment loss is recognised as an expense in the profit and loss account. This impairment loss is written back to the profit and loss account when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(h) Inventories

Inventories comprise raw materials, work-in-progress and finished goods, and are stated at the lower of cost and net realisable value. Cost, calculated on the weighted average basis, comprises materials, direct labour and an appropriate proportion of all production overhead expenditure. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(i) Accounts receivable

Provision is made against receivables, including trade, loans and other receivables, to the extent that they are considered to be doubtful. Receivables in the balance sheet are stated net of such provision.

(j) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(k) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(l) Government grants

A government grant is initially recognised as deferred income when there is a reasonable assurance that the Group will comply with the conditions attaching with it and that the grant will be received. Grants relating to income are recognised in the profit and loss account on a systematic basis over the period to match with the related costs which they are intended to compensate. Grants relating to assets are recognised in the profit and loss account on a straight-line basis over the expected useful lives of the related assets.

(m) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset.

All other borrowing costs are expensed in the period in which they are incurred.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(n) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group's contributions to defined contribution retirement schemes are expensed as incurred.

(o) Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognised but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(p) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the profit and loss account on a straight-line basis over the lease periods.

(q) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The balance sheets of subsidiaries expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date while the profit and loss accounts are translated at an average rate. Exchange differences arising in these cases are dealt with as movements in the accumulated foreign currency translation reserve.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(r) Segment reporting

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Segment assets consist of property, plant and equipment, product development costs, inventories, receivables and other operating assets. Segment liabilities consist of operating liabilities and exclude taxation. Capital expenditure comprises additions to property, plant and equipment and product development costs.

In respect of geographical segment reporting, turnover and segments results are determined based on the destination of shipment/delivery of goods. Total assets, liabilities, capital expenditures and depreciation and amortisation are based on where the assets and liabilities are located.

(s) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, bank deposits or cash investments with a maturity of three months or less from the date of investment, and bank overdrafts.

3. TURNOVER, REVENUES AND SEGMENT INFORMATION

(a) Turnover and revenues

The Group is principally engaged in the production of fine chemicals from natural resources for use in aroma chemicals and pharmaceutical products. The Group's turnover and revenues were as follows:

	2004	2003
	RMB'000	RMB'000
Turnover		
Sale of goods (net of value-added tax)	**276,491**	223,152
Other revenues		
Interest income from		
– bank deposits	**902**	333
– loans receivable	**–**	320
Amortisation of deferred income on government grants	**114**	38
	1,016	691
Total revenues	**277,507**	223,843

3. TURNOVER, REVENUES AND SEGMENT INFORMATION *(Continued)*

(b) Segment information

No segment information by business segment is presented as the Group operates in one business segment – manufacturing and selling of fine chemicals.

An analysis of the Group's turnover and segment results by geographical location, which is determined based on the destination of shipment/delivery of goods, is as follows:

	2004	2003
	RMB'000	RMB'000
Turnover		
– Mainland China	**229,309**	181,136
– Hong Kong	**6,954**	19,410
– Others	**40,228**	22,606
	276,491	223,152
Segment results		
– Mainland China	**71,575**	53,274
– Hong Kong	**1,097**	3,640
– Others	**8,121**	4,249
– Net unallocated corporate (expenses)/income	**(3,740)**	691
	77,053	61,854
Assets		
– Mainland China	**420,787**	275,994
– Hong Kong	**65,446**	7,856
	486,233	283,850
Liabilities		
– Mainland China	**147,819**	154,671
– Hong Kong	**18,081**	43,291
	165,900	197,962

No geographical analysis of capital expenditures, depreciation and amortisation is presented as substantially all of the Group's capital expenditures, depreciation and amortisation are incurred in respect of assets located in Mainland China.

4. OPERATING PROFIT

Operating profit is stated after charging and crediting the following:

	2004	2003
	RMB'000	RMB'000
Charging		
Employment costs (including directors' emoluments) *(Note 11)*	**17,756**	7,750
Depreciation of property, plant and equipment	**4,790**	4,380
Amortisation of		
– goodwill (included in general and administrative expenses)	**325**	324
– product development costs (included in general and administrative expenses)	**2,233**	2,238
Provision for slow-moving and obsolete inventories	**–**	731
Provision for bad and doubtful debts	**–**	2,450
Operating leases rental in respect of rented premises	**1,331**	551
Net exchange loss	**236**	32
Auditors' remuneration	**1,145**	638
Crediting		
Amortisation of		
– negative goodwill (included in general and administrative expenses)	**39**	39
– deferred income on government grants (included in other revenues)	**114**	38
Write-back of provision for slow-moving and obsolete inventories	**457**	–
Write-back of provision for bad and doubtful debts	**934**	–

5. FINANCE COSTS

	2004 RMB'000	2003 RMB'000
Interest expense on		
– bank borrowings wholly repayable within five years	**4,755**	4,387
– government loans wholly repayable within five years	**506**	128
– convertible bonds	**417**	1,206
	5,678	5,721
Amortisation of convertible bonds issuance costs	**2,094**	1,453
	7,772	7,174

6. TAXATION

	2004 RMB'000	2003 RMB'000
Current taxation		
– Mainland China enterprise income tax	**5,230**	–

Notes:

(i) Hong Kong profits tax

No Hong Kong profits tax was provided as the Group had no assessable profit arising in or derived from Hong Kong.

(ii) Mainland China enterprise income tax

The subsidiaries established in Xiamen, Fujian Province, Mainland China are subject to Mainland China enterprise income tax at a rate of 15% (2003: 15%). In February 2002, Xiamen Sinotek Enterprise Development Co., Ltd. transformed from a domestic enterprise to a wholly foreign owned enterprise and obtained exemption from Mainland China Tax Bureau for payment of enterprise income tax for two years starting from the first year of profitable operations after offsetting prior years' tax losses, followed by a 50% reduction in enterprise income tax for the following three years. In August 2003, Xiamen Doingcom Chemical Co., Ltd. was accredited as a New High Technology Enterprise and accordingly is exempted from payment of enterprise income tax for two years starting from the first year of profitable operations after offsetting prior years' tax losses, followed by a 50% reduction in enterprise income tax for the following three years. The first profitable year after offsetting prior year tax losses of Xiamen Sinotek Enterprise Development Co., Ltd. and Xiamen Doingcom Chemical Co., Ltd. were 31st December 2002 and 31st December 2004, respectively.

6. TAXATION *(Continued)*

Notes: (Continued)

(iii) Overseas income taxes

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, accordingly, is exempted from the Cayman Islands income tax. The Company's subsidiaries established in the British Virgin Islands were incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempted from the British Virgin Islands income tax.

(iv) Mainland China value-added tax

The subsidiaries established in Mainland China are subject to Mainland China value-added tax ("VAT") at 17% of revenue from sale of goods in Mainland China and 4% (2003: 2%) of revenue from sale of goods outside Mainland China. Input VAT paid on purchases can be used to offset output VAT levied on sales to determine the net VAT recoverable/payable.

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the relevant enterprise income tax rate in Mainland China, where substantially all of the Group's profit was earned, and the reconciliation was as follows:

	2004	2003
	RMB'000	RMB'000
Profit before taxation	**69,281**	54,680
Calculated at Mainland China enterprise income tax rate of 15% (2003: 15%)	**10,392**	8,202
Effect of		
– tax exemption	**(7,780)**	(8,946)
– tax losses not probable to be utilised in the foreseeable future and not recognised	**2,966**	1,070
– utilisation of previously unrecognised tax losses	**(246)**	(367)
– others	**(102)**	41
Taxation	**5,230**	–

As at 31st December 2004, the Group has unrecognised tax losses of approximately RMB38,329,000 (2003: RMB25,140,000), which can be carried forward to offset against future taxable income. Included in the tax loss as at 31st December 2004 was a loss of RMB1,899,000 that will expire during the period from 2005 to 2009, while other losses can be carried forward indefinitely. The deferred tax benefit of such tax losses was not recognised as it was not probable that future taxable profit will be available against which the unutilised tax losses can be utilised.

7. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the accounts of the Company to the extent of approximately RMB9,709,000 (2003: Nil).

8. DIVIDENDS

	2004	2003
	RMB'000	RMB'000
Interim, paid	**–**	7,600
Final, proposed, of HK$0.0175 (2003: Nil) per ordinary share	**7,698**	–
	7,698	7,600

At a meeting held on 13th April 2005, the directors proposed a final dividend of HK$0.0175 per ordinary share. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of retained earnings for the year ending 31st December 2005.

Dividends of RMB7,600,000 during the year ended 31st December 2003 represented dividends paid by a subsidiary out of its retained earnings to its then shareholders before the Reorganisation. Such dividends were settled by offsetting amounts due from a director at the instructions of the relevant shareholders.

9. EARNINGS PER SHARE

The basic earnings per share is calculated based on the consolidated profit attributable to shareholders of RMB64,052,000 (2003: RMB54,680,000) and on the weighted average number of 393,633,800 (2003: 300,000,000) shares in issue during the year.

Diluted earnings per share is not presented as the potential ordinary shares that were outstanding during the year were anti-dilutive during the year ended 31st December 2004 and there was no dilutive potential ordinary shares as at 31st December 2003.

10. EMPLOYEE RETIREMENT BENEFITS

As stipulated by rules and regulations in Mainland China, the Group contributes to a state-sponsored retirement plan for its employees in Mainland China, which is a defined contribution plan. The Group and its employees contribute approximately 6% to 14% and 0% to 4%, respectively, of the employees' salary as specified by the local government, and the Group has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plan is responsible for the entire pension obligations payable to retired employees.

10. EMPLOYEE RETIREMENT BENEFITS *(Continued)*

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme ("the MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its Hong Kong employees makes monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' contributions are subject to a cap of HK$1,000 per month.

During the year, the aggregate amounts of the Group's contributions to the aforementioned retirement schemes were approximately RMB361,000 (2003: RMB245,000). As at 31st December 2004, the Group was not entitled to any forfeited contributions to reduce the Group's future contributions.

11. EMPLOYMENT COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2004	2003
	RMB'000	RMB'000
Wages, salaries, other allowances and benefits in kind	**11,289**	7,505
Bonus	**6,106**	–
Retirement benefit – defined contribution plans *(Note 10)*	**361**	245
	17,756	7,750

12. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The aggregate amounts of emoluments paid/payable to directors of the Company were as follows:

	2004	2003
	RMB'000	RMB'000
Executive directors		
Fees	**–**	–
Other emoluments		
Salaries, other allowances and benefits in kind	**4,191**	2,691
Discretionary performance bonus	**3,000**	–
Retirement benefit – defined contribution plan	**33**	49
	7,224	2,740
Independent non-executive directors		
Fees	**276**	–
	7,500	2,740

12. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

None of the directors waived any emoluments during the year ended 31st December 2004 (2003: Nil).

The emoluments of the directors fell within the following bands:

	2004	2003
Nil to RMB1,060,000 (equivalent of HK$1,000,000)	**6**	4
RMB1,060,001 to RMB1,590,000 (equivalent of HK$1,000,001 to HK$1,500,000)	**2**	1
RMB2,120,001 to RMB2,650,000 (equivalent of HK$2,000,001 to HK$2,500,000)	**1**	–
	9	5

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31st December 2004 include five (2003: four) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining zero (2003: one) individual is as follows:

	2004 **RMB'000**	2003 RMB'000
Salaries and other allowances	**–**	165
Retirement benefit – defined contribution plan	**–**	5
	–	170

(c) During the year ended 31st December 2004, no emoluments were paid to the directors of the Company or the five highest paid individuals as an inducement to join or as compensation for loss of office (2003: Nil).

13. PROPERTY, PLANT AND EQUIPMENT

Movements were:

	Land and buildings *(i)* RMB'000	Plant and machinery RMB'000	Leasehold improvements, office furniture and equipment RMB'000	Motor vehicles RMB'000	Construction-in-progress *(iii)* RMB'000	Total RMB'000
Cost						
At 1st January 2004	48,961	40,029	2,390	2,679	16,480	110,539
Additions	7,397	2,217	1,539	911	22,762	34,826
Refund of deposit for acquisition of land *(ii)*	(5,000)	–	–	–	–	(5,000)
Transfers	11,388	11,184	–	–	(22,572)	–
At 31st December 2004	**62,746**	**53,430**	**3,929**	**3,590**	**16,670**	**140,365**
Accumulated depreciation						
At 1st January 2004	3,152	5,413	1,211	1,323	–	11,099
Charge for the year	1,396	2,602	397	395	–	4,790
At 31st December 2004	**4,548**	**8,015**	**1,608**	**1,718**	**–**	**15,889**
Net book value						
At 31st December 2004	**58,198**	**45,415**	**2,321**	**1,872**	**16,670**	**124,476**
At 31st December 2003	45,809	34,616	1,179	1,356	16,480	99,440

Notes:

(i) All land and buildings are located in Mainland China. Land and buildings with a net book value of approximately RMB58,198,000 (2003: RMB40,809,000) are located on land held under land use rights for a period of 50 to 70 years up to April 2043 to December 2065.

(ii) As at 31st December 2003, land and buildings include a deposit of RMB5,000,000 for the acquisition of a piece land in Mainland China. Such a deposit was refunded during the year ended 31st December 2004 following the acquisition of the piece of land at a consideration of approximately RMB2,458,000.

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Notes: (Continued)

(iii) Analysis of construction-in-progress is:

	2004	2003
	RMB'000	RMB'000
Construction costs of buildings	**454**	5,095
Cost of plant and machinery	**16,216**	11,385
	16,670	16,480

(iv) Certain land and buildings with a net book value of approximately RMB5,984,000 (2003: RMB37,197,000) were pledged as collateral for the Group's bank loans (see Note 21).

14. (NEGATIVE GOODWILL)/GOODWILL

Movements were:

	Negative goodwill	Goodwill	Total
	RMB'000	RMB'000	RMB'000
Cost			
At 1st January 2004 and **at 31st December 2004**	**(863)**	**1,625**	**762**
Accumulated amortisation			
At 1st January 2004	41	(545)	(504)
Charge for the year	39	(325)	(286)
At 31st December 2004	**80**	**(870)**	**(790)**
Net book value			
At 31st December 2004	**(783)**	**755**	**(28)**
At 31st December 2003	(822)	1,080	258

15. PRODUCT DEVELOPMENT COSTS

Product development costs represent costs incurred on design, development and testing of new or improved fine chemicals.

Movements were:

	2004	2003
	RMB'000	RMB'000
Cost		
At 1st January	**22,524**	16,308
Additions	**3,561**	6,216
At 31st December	**26,085**	22,524
Accumulated amortisation		
At 1st January	**6,927**	4,689
Charge for the year	**2,233**	2,238
At 31st December	**9,160**	6,927
Net book value		
At 31st December	**16,925**	15,597

16. INVESTMENT SECURITIES

	2004 RMB'000	2003 RMB'000
Unlisted equity interest, at cost		
– Guangxi Wuzhou Joint Stock Co., Ltd. *(i)*	**200**	200
– Xiamen Xiada Taigu Pharmaceutical Co., Ltd. *(ii)*	**200**	200
	400	400

Notes:

(i) Guangxi Wuzhou Joint Stock Co., Ltd. is a domestic enterprise established in Mainland China and is principally engaged in the manufacturing and trading of fine chemicals. As at 31st December 2004, the Group had approximately 0.2% (2003: 0.2%) interest in this company.

(ii) Xiamen Xiada Taigu Pharmaceutical Co., Ltd. is a domestic enterprise established in Mainland China and is principally engaged in the research and development of biological and chemical pharmaceutical products. As at 31st December 2004, the Group had a 10% (2003: 10%) interest in this company.

17. INVENTORIES

	2004 RMB'000	2003 RMB'000
Raw materials	**10,848**	9,454
Work-in-progress	**889**	1,104
Finished goods	**8,446**	12,073
	20,183	22,631
Less: Provision for slow-moving and obsolete inventories	**(689)**	(1,146)
	19,494	21,485

As at 31st December 2004, inventories of approximately RMB19,494,000 (2003: RMB21,485,000) were stated at net realisable value.

18. TRADE AND BILLS RECEIVABLES

The credit period granted by the Group to its customers is generally around 60 to 90 days. The aging analysis of trade and bills receivables is as follows:

	2004	2003
	RMB'000	RMB'000
0 to 30 days	**34,724**	33,002
31 to 60 days	**23,948**	23,962
61 to 90 days	**10,728**	13,558
91 to 180 days	**132**	3,386
181 to 365 days	**205**	152
	69,737	74,060
Less: Provision for bad and doubtful debts	**(2,508)**	(3,442)
	67,229	70,618

19. PREPAYMENTS AND OTHER RECEIVABLES

	Group		**Company**	
	2004	2003	**2004**	2003
	RMB'000	RMB'000	**RMB'000**	RMB'000
Prepayment for purchases of raw materials	**15,724**	4,233	**–**	–
Deferred convertible bonds issuance costs *(i)*	**388**	2,482	**388**	–
Net input value-added tax recoverable	**–**	3,090	**–**	–
Advances to employees	**533**	212	**–**	–
Others	**569**	155	**292**	–
	17,214	10,172	**680**	–

Note:

(i) Convertible bonds issuance costs are amortised on a straight-line basis over the period of the bonds.

20. CASH AND OTHER BANK DEPOSITS

As at 31st December 2004, the Group's cash and other bank deposits of approximately RMB151,126,000 (2003: RMB64,042,000) were denominated in Chinese Renminbi, which is not a freely convertible currency in the international market and its exchange rate is determined by the People's Bank of China.

21. SHORT-TERM BANK BORROWINGS

As at 31st December 2004, short-term bank loans bore interest at rates ranging from 1.4% to 6.1% per annum (2003: 5.6% to 6.4% per annum) and were secured by the following:

(i) Pledge of certain land and buildings with a net book value of approximately RMB5,984,000 (2003: RMB37,197,000) (see Note 13);

(ii) Pledge of the Group's bank deposits of RMB31,800,000 (2003: Nil); and

(iii) Corporate guarantee provided by a subsidiary.

22. OTHER BORROWINGS

	2004	2003
	RMB'000	RMB'000
Government loans *(i)*	**36,170**	36,170
Analysed as:		
Amounts repayable within a period:		
– not exceeding one year	**31,170**	30,900
– more than one year but not exceeding two years	**–**	270
– more than five years	**5,000**	5,000
	36,170	36,170
Less: Amounts repayable within one year included under current liabilities	**(31,170)**	(30,900)
	5,000	5,270

22. OTHER BORROWINGS *(Continued)*

Note:

(i) Government loans represent loans from State Development and Reform Commission, Xiamen Development Planning Commission and other Mainland China government bureaus to finance the Group's product development activities and expansion of production facilities. These loans are unsecured and non-interest bearing, except for the amount of RMB5,000,000 (2003: RMB5,000,000) and RMB10,000,000 (2003: Nil) as at 31st December 2004 which bears interest at 2.6% (2003: 2.6%) and 7.6% (2003: Nil) per annum, respectively.

As at 31st December 2004, government loans of RMB21,170,000 (2003: RMB21,170,000) shall be repayable on terms and conditions to be determined between the government bureaus and the Group upon completion of the relevant project, government loans of RMB10,000,000 (2003: RMB10,000,000) will be repayable on demand, and government loans of RMB5,000,000 (2003: RMB5,000,000) will be repayable in 2018.

23. CONVERTIBLE BONDS

Pursuant to subscription agreements dated 9th July 2002 and 8th August 2002, EcoGreen Fine Chemicals Limited, a wholly-owned subsidiary, issued convertible bonds of approximately RMB37,151,000 (equivalent of US$4,500,000). The convertible bonds were unsecured, denominated in United States Dollars, bore interest at 3.0% per annum, and were convertible (in multiples of US$450,000) from 10th October 2002 to 9th September 2005 into shares of the Company or EcoGreen Fine Chemicals Limited as described below, or were repayable upon maturity on 9th September 2005 if not converted. If the conversion took place before a listing of the Company's shares on The Stock Exchange of Hong Kong Limited ("the Listing"), the full conversion of such convertible bonds would enable the bondholder to a 10% interest in EcoGreen Fine Chemicals Limited. If the conversion took place after the Listing, the conversion would be for the shares of the Company at a price of (i) 120% of the offer price of the Company's shares upon the Listing during the period from the seventh month to the twelfth month after the Listing, and (ii) 140% of the offer price thereafter to 9th September 2005, and no conversion could be made within the first six months following the Listing.

On 10th February 2004, convertible bonds of RMB18,575,500 (equivalent of US$2,250,000) were converted into 5,000 shares of US$1 each of EcoGreen Fine Chemicals Limited, representing approximately 5.3% interest in EcoGreen Fine Chemicals Limited. In addition, the Company issued replacement convertible bonds in the principal amount of RMB18,575,500 (equivalent of US$2,250,000) to replace and exchange for the remaining outstanding convertible bonds. The terms of the replacement convertible bonds are substantially the same as that of the old convertible bonds, except that the replacement convertible bonds are only convertible into shares of the Company.

Upon the Reorganisation (see Note 1), 15,789,474 shares of the Company were allotted and issued to the holder of the convertible bonds in exchange for the aforementioned 5,000 shares of EcoGreen Fine Chemicals Limited issued to the holder of the convertible bonds. Pursuant to a deed of settlement entered into by the Company with the holder of the convertible bonds on 8th March 2004, the conversion price was adjusted from RMB1.18 (equivalent of HK$1.11) to RMB1.46 (equivalent of HK$1.38 per share), being the offer price of the Company's shares upon the Listing. In this connection, the price for the aforementioned conversion was increased from RMB18,575,500 (equivalent of US$2,250,000) to RMB23,097,000 (equivalent of US$2,797,647).

23. CONVERTIBLE BONDS *(Continued)*

As at 31st December 2004, the outstanding convertible bonds amounting to RMB14,054,000 (equivalent of US$1,702,353) are convertible into ordinary shares of the Company at (i) RMB1.76 (equivalent of HK$1.66) per share from 1st January 2005 to 7th March 2005, and (ii) RMB2.05 (equivalent of HK$1.93) per share from 8th March 2005 to 9th September 2005. Such bonds were repayable upon maturity on 9th September 2005 if not converted.

24. TRADE AND BILLS PAYABLES

The aging analysis of trade and bills payable is as follows:

	2004 **RMB'000**	2003 RMB'000
0 to 30 days	**8,434**	4,806
31 to 60 days	**2,668**	2,256
61 to 90 days	**1,147**	2,633
91 to 180 days	**2,032**	2,565
181 to 365 days	**509**	475
Over 365 days	**393**	107
	15,183	12,842

25. ACCRUALS AND OTHER PAYABLES

	Group		**Company**	
	2004 **RMB'000**	2003 RMB'000	**2004** **RMB'000**	2003 RMB'000
Payable for construction and purchase of property, plant and equipment	**5,067**	3,400	**–**	–
Net output value-added tax payable	**8,774**	7,830	**–**	–
Accruals for				
– general and administrative expenses	**3,877**	4,681	**1,330**	–
– convertible bonds interest	**212**	1,551	**212**	–
– government loans interest	**633**	128	**–**	–
Payable for professional fees	**663**	1,111	**663**	–
	19,226	18,701	**2,205**	–

26. SHARE CAPITAL

Movements were:

	Note	Number of shares	Nominal value RMB'000
Ordinary shares of HK$0.1 each			
Authorised:			
Upon incorporation on 3rd March 2003 and at 1st January 2004	*(i)*	1,000,000	106
Increase in authorised share capital	*(ii)*	1,999,000,000	211,894
At 31st December 2004		2,000,000,000	212,000
Issued and fully paid:			
Allotted and issued nil paid	*(iii)*		
– on 24th March 2003		1	–
– on 28th October 2003		449,999	–
– on 10th February 2004		25,000	–
On acquisition of EcoGreen Fine Chemicals Limited			
– nil paid shares credited as fully paid	*(iii)*	–	50
– consideration shares issued	*(iii)*	475,000	51
Capitalisation issue	*(iv)*	299,050,000	–
At 31st December 2003	*(vi)*	300,000,000	101
Capitalisation of share premium account	*(iv)*	–	31,699
New issue of shares	*(v)*	115,000,000	12,190
At 31st December 2004		415,000,000	43,990

26. SHARE CAPITAL *(Continued)*

Notes:

(i) On 3rd March 2003 (date of incorporation), the authorised share capital of the Company was RMB106,000 (equivalent of HK$100,000), divided into 1,000,000 ordinary shares of HK$0.1 each.

(ii) On 16th February 2004, the authorised share capital of the Company was increased from RMB106,000 (equivalent of HK$100,000) to RMB212,000,000 (equivalent of HK$200,000,000), by the creation of additional 1,999,000,000 shares of HK$0.1 each.

(iii) On 24th March 2003, 28th October 2003 and 10th February 2004, 1 share, 449,999 shares and 25,000 shares of the Company were allotted and issued as nil paid, respectively. On 16th February 2004, the Company:

(a) credited as fully paid at par value of HK$0.1 each 475,000 ordinary shares of the Company, which were allotted and issued as nil paid; and

(b) further allotted and issued 475,000 ordinary shares of the Company, credited as fully paid at par value of HK$0.1 each,

as consideration of and in exchange for the entire issued share capital of EcoGreen Fine Chemicals Limited in connection with the Reorganisation (see Note 1).

(iv) On 16th February 2004, 299,050,000 ordinary shares of the Company were allotted and issued, credited as fully paid at par value of HK$0.1 each to the then existing shareholders of the Company in proportion to their respective shareholding, by the capitalisation of RMB31,699,300 (equivalent of HK$29,905,000) from the share premium account. Such allotment and capitalisation were conditional on the share premium account being credited as a result of the new shares issued in connection with the Listing as described in (v) below.

(v) On 8th March 2004, the Company issued 115,000,000 ordinary shares of HK$0.1 each at approximately RMB1.46 (equivalent of HK$1.38) per share in connection with the Listing, and raised gross proceeds of approximately RMB168,222,000 (equivalent of HK$158,700,000).

(vi) The share capital of the Company as at 31st December 2003 was presented as if the number of shares outstanding immediately after the share exchange in connection with the Reorganisation (see Note 1) and the related subsequent capitalisation issue had been in existence throughout the year.

27. SHARE OPTION SCHEME

Pursuant to a resolution of the shareholders of the Company passed on 16th February 2004, a share option scheme ("the Share Option Scheme") was approved and adopted. Under the Share Option Scheme, the Company's Directors may, at their sole discretion, grant options to any employee, non-executive director, supplier, customer, person or entity that provides research, development or other technological support to the Group, shareholder and adviser or consultant of the Group to subscribe for shares in the Company at a price per share of not less than the higher of (i) the closing price of shares as stated in the daily quotation sheet of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") on the date of the offer of grant; or (ii) the average closing price of shares as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a share. A nominal consideration of RMB1.06 (equivalent of HK$1) is payable on acceptance of the grant of options. The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group from time to time must not in aggregate exceed 30% of the share capital of the Company in issued from time to time. The Share Option Scheme will remain in force for a period of 10 years up to February 2014.

Movements of share options during the year are as follows:

	2004	2003
	'000	'000
At 1st January	**–**	–
Granted during the year *(i)*	**41,375**	–
Cancelled during the year	**(1,500)**	–
At 31st December *(ii)*	**39,875**	–

Notes:

(i) On 8th June 2004, 41,375,000 options were granted to certain eligible participants (including directors, employees and advisors of the Group) for them to subscribe for a total of 41,375,000 ordinary shares of HK$0.10 each in the Company. The share options are exercisable at a subscription price of HK$1.37 per ordinary share during the period from 9th June 2004 to 7th June 2014.

(ii) Share options outstanding at 31st December 2004 are analysed as follows:

	Exercisable period	**Subscription price**	**Number of options**
Directors	From 8th June 2004 to 7th June 2014	HK$1.37	14,500,000
Employees	From 8th June 2004 to 7th June 2014	HK$1.37	11,000,000
Others	From 8th June 2004 to 7th June 2014	HK$1.37	14,375,000
			39,875,000

28. RESERVES

(a) Group

	Share premium RMB'000	Capital reserve *(i)* RMB'000	Contributed surplus *(ii)* RMB'000	Statutory reserves *(iii)* RMB'000	Share issuance costs RMB'000	Retained earnings RMB'000	Total RMB'000
At 31st December 2002	–	643	9,500	4,750	(393)	27,671	42,171
Profit attributable to shareholders	–	–	–	–	–	54,680	54,680
Transfer	–	–	–	5,000	–	(5,000)	–
Share issuance costs	–	–	–	–	(3,464)	–	(3,464)
Dividends	–	–	–	–	–	(7,600)	(7,600)
At 31st December 2003	–	643	9,500	9,750	(3,857)	69,751	85,787
Profit attributable to shareholders	–	–	–	–	–	64,052	64,052
Transfer	–	–	–	1,775	–	(1,775)	–
Share issuance costs	–	–	–	–	(21,225)	–	(21,225)
Issue of shares *(Note 26(v))*	156,032	–	–	–	–	–	156,032
Capitalisation of share premium account *(Note 26(iv))*	(31,699)	–	–	–	–	–	(31,699)
Share issuance costs charged against share premium	(25,082)	–	–	–	25,082	–	–
Conversion of convertible bonds *(Note 23)*	23,055	–	–	–	–	–	23,055
Others	–	42	–	–	–	–	42
At 31st December 2004	**122,306**	**685**	**9,500**	**11,525**	**–**	**132,028**	**276,044**

	Retained earnings RMB'000
Representing:	
2004 Final dividend proposed	7,698
Others	124,330
Retained earnings at 31st December 2004	**132,028**

28. RESERVES *(Continued)*

(b) Company

	Share premium RMB'000	Capital reserve *(i)* RMB'000	Share issuance costs RMB'000	Retained earnings RMB'000	Total RMB'000
At 1st January 2003 and at 31st December 2003	–	–	–	–	–
Profit attributable to shareholders	–	–	–	9,709	9,709
Premium arising from the Reorganisation	–	90,941	–	–	90,941
Share issuance costs	–	–	(25,082)	–	(25,082)
Issue of shares *(Note 26(v))*	156,032	–	–	–	156,032
Capitalisation of share premium account *(Note 26(iv))*	(31,699)	–	–	–	(31,699)
Share issuance costs charged against share premium	(25,082)	–	25,082	–	–
Conversion of convertible bonds *(Note 23)*	23,055	–	–	–	23,055
At 31st December 2004	**122,306**	**90,941**	**–**	**9,709**	**222,956**
Representing:					
2004 Final dividend proposed				7,698	
Others				2,011	
				9,709	

Notes:

(i) Capital reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Reorganisation over the nominal value of the share capital of the Company issued in exchange therefor.

Capital reserve of the Company represents the difference between the costs of investments in subsidiaries acquired pursuant to the Reorganisation over the nominal value of the share capital of the Company issued in exchange therefor.

(ii) Contributed surplus represents the capital contribution from an executive director and an indirect substantial shareholder of the Company, as part of a group reorganisation exercise.

28. RESERVES *(Continued)*

(b) Company *(Continued)*

Notes: (Continued)

(iii) According to the articles of association of the relevant subsidiaries established in Mainland China and the Mainland China rules and regulations, Mainland China subsidiaries are required to transfer not less than 10% of their net profit as stated in the accounts prepared under Mainland China accounting regulations to statutory reserves before the corresponding Mainland China subsidiaries can distribute any dividend. Such a transfer is not required when the amount of statutory reserves reach 50% of the corresponding subsidiaries' registered capital. The statutory reserves shall only be used to make up losses of the corresponding subsidiaries, to expand the corresponding subsidiaries' production operations, or to increase the capital of the corresponding subsidiaries. Upon approval by resolutions of the corresponding subsidiaries' shareholders in general meetings, the corresponding subsidiaries may convert their statutory reserves into registered capital and issue bonus capital to existing owners in proportion to their existing ownership structure.

29. CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit before taxation to net cash inflow generated from operations

	2004 **RMB'000**	2003 RMB'000
Profit before taxation	**69,281**	54,680
Adjustment for:		
Depreciation of property, plant and equipment	**4,790**	4,380
Amortisation of		
– negative goodwill	**(39)**	(39)
– goodwill	**325**	324
– product development costs	**2,233**	2,238
– deferred income on government grants	**(114)**	(38)
Interest income	**(902)**	(653)
Interest expense	**5,678**	5,721
Amortisation of convertible bonds issuance costs	**2,094**	1,453
Operating profit before working capital changes	**83,346**	68,066
Decrease/(increase) in inventories	**1,991**	(5,311)
Decrease/(increase) in trade and bills receivables	**3,389**	(46,186)
(Increase)/decrease in prepayments and other receivables	**(9,136)**	3,465
Increase/(decrease) in trade and bills payables	**2,341**	(1,362)
Increase in accruals and other payables	**1,359**	7,429
Net cash inflow generated from operations	**83,290**	26,101

29. CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

(b) Analysis of changes in financing

	Short-term bank loans	Long-term bank loans	Other borrowings	Convertible bonds
	RMB'000	RMB'000	RMB'000	RMB'000
At 31st December 2002	18,000	41,000	31,970	37,151
New loans/borrowings	57,900	–	5,600	–
Repayments	(21,300)	(5,000)	(1,000)	–
Others	–	–	(400)	–
At 31st December 2003	54,600	36,000	36,170	37,151
New loans/borrowings	112,471	–	–	–
Repayments	(89,100)	(36,000)	–	–
Conversion *(Note 23)*	–	–	–	(23,097)
At 31st December 2004	**77,971**	**–**	**36,170**	**14,054**

(c) Cash and cash equivalents

Cash and cash equivalents represents cash and other bank deposits.

30. COMMITMENTS

(a) Operating leases

The Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of rented premises as follows:

	2004	2003
	RMB'000	RMB'000
Not later than one year	**1,128**	1,063
Later than one year and not later than five years	**2,470**	2,669
Later than five years	**–**	325
	3,598	4,057

30. COMMITMENTS *(Continued)*

(b) Capital commitments

	2004	2003
	RMB'000	RMB'000
Authorised and contracted but not provided for		
– Construction-in-progress and property, plant and equipment	**41,876**	6,950
– Product development projects	**2,990**	5,000
– Capital injection to a subsidiary *(i)*	**3,000**	9,092
– Acquisition of Shanghai Fine Chemicals Company Limited *(ii)*	**4,800**	–
	52,666	21,042

Notes:

(i) According to the Articles of Association of Doingcom Pharmaceuticals Limited, a subsidiary, the Group has to make capital contribution of RMB30,000,000 within three years after the subsidiary's establishment in July 2004. As at 31st December 2004, the Group has made capital contribution of RMB27,000,000.

The balance as at 31st December 2003 represented commitment for capital contribution to Xiamen Hoozyn Life Chemistry Technology Limited, a subsidiary, which was paid in March 2004.

(ii) In December 2004, the Group entered into an agreement to acquire from independent third parties the entire interest in Shanghai Fine Chemicals Company Limited, a domestic enterprise established in Mainland China, which is principally engaged in the research and development of fine chemicals, at a cash consideration of RMB4,800,000. The acquisition was conditional upon several conditions, including the conversion of Shanghai Fine Chemicals Company Limited into a wholly foreign owned enterprise and the transfer of its equity interest to the Group. The acquisition was not yet completed on the date when these accounts were approved.

31. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(a) During the year ended 31st December 2004, options of 14,500,000 were granted to directors of the Company to subscribe for 14,500,000 shares in the Company at a subscription price of HK$1.37 per share (see Note 27).

(b) Details of the amounts due to directors were:

	2004	2003
	RMB'000	RMB'000
Mr. Yang Yirong	**5**	2,136
Mr. Gong Xionghui	**550**	–
Ms. Lu Jiahua	**550**	–
Mr. Ho Wan Ming	**300**	–
Mr. Lin Zhigang	**400**	–
	1,805	2,136

Balances with directors were unsecured, non-interest bearing and with no pre-determined repayment terms.

(c) Ms. Lu Jiahua, a director of the Company, is a minority shareholder of Xiamen Doingcom Enterprise Limited (see Note 32(iv)).

32. PARTICULARS OF SUBSIDIARIES

	Company	
	2004	2003
	RMB'000	RMB'000
Unlisted investments, at cost	**91,041**	–
Due from subsidiaries	**177,294**	–
	268,335	–

The amounts due from subsidiaries are unsecured, non-interest bearing and not repayable within one year.

32. PARTICULARS OF SUBSIDIARIES *(Continued)*

Details of the subsidiaries are as follows:

Name	Place of incorporation/ operation	Principal activities	Issued and fully paid up capital	Percentage of equity interest attributable to the Group *(i)*
EcoGreen Fine Chemicals Limited	British Virgin Islands	Investment holding	US$95,000	100%
EcoGreen Fine Chemicals Manufacturing Limited	British Virgin Islands	Investment holding	US$1	100%
Rich Success Technology Limited	Hong Kong	Research and development of fine chemicals	HK$10,000	100%
Sino Bright International Trading Limited	Hong Kong	Trading of fine chemicals	HK$10,000	100%
Xiamen Doingcom Chemical Co., Ltd. *(ii)*	Mainland China	Manufacturing and sale of fine chemicals	RMB23,450,000	100%
Xiamen Hoozyn Life Chemistry Technology Limited *(ii)*	Mainland China	Research and development of fine chemicals	US$1,400,000	100%
Xiamen Sinoloon Import and Export Co., Ltd. *(ii)*	Mainland China	Investment holding and trading of fine chemicals	RMB7,000,000	100%
Xiamen Sinotek Enterprise Development Co., Ltd. *(ii)*	Mainland China	Manufacturing and sale of fine chemicals	RMB20,000,000	100%
Xiamen Doingcom Enterprise Limited *(ii)*	Mainland China	Sale of fine chemicals	RMB6,000,000	95% *(iv)*
Doingcom Pharmaceuticals Limited *(ii)*	Mainland China	Manufacturing of fine chemicals	RMB27,000,0000 *(iii)*	100%

32. PARTICULARS OF SUBSIDIARIES *(Continued)*

Notes:

(i) The shares of EcoGreen Fine Chemicals Limited are held directly by the Company. The shares of other subsidiaries are held indirectly.

(ii) Xiamen Doingcom Chemical Co., Ltd. and Xiamen Doingcom Enterprise Limited are limited liability enterprises established in Xiamen, Fujian Province, Mainland China for a term of 10 years and 20 years up to October 2007 and June 2024, respectively. Xiamen Hoozyn Life Chemistry Technology Limited, Xiamen Sinoloon Import and Export Co., Limited and Xiamen Sinotek Enterprise Development Co., Limited are wholly foreign owned enterprises established in Xiamen, Fujian Province, Mainland China for a term of 10 years, 17 years and 20 years up to June 2012, April 2012 and July 2016, respectively. Doingcom Pharmaceuticals Limited is a sino-foreign owned enterprise established in Xiamen, Fujian Province, Mainland China for a term of 20 years up to July 2024.

(iii) The Group is committed to make capital contribution to Doingcom Pharmaceuticals Limited of RMB30,000,000 within three years after its establishment in July 2004, of which RMB27,000,000 had been made as at 31st December 2004.

(iv) Ms. Lu Jiahua, a director of the Company, is a minority shareholder of Xiamen Doingcom Enterprise Limited.

33. APPROVAL OF ACCOUNTS

The accounts were approved by the Board of Directors on 13th April 2005.