



# 天德化工控股有限公司 Tiande Chemical Holdings Limited

(於開曼群島註冊成立之有限公司) (股份代號：609)

(incorporated in the Cayman Islands with limited liability) (Stock Code: 609)



二零零七年年報  
Annual Report 2007



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# 公司資料

## Corporate Information

### 董事會

#### 執行董事

劉洪亮先生(主席)  
王子江先生  
郭希田先生  
郭玉成先生

#### 獨立非執行董事

翟軍先生(於二零零七年三月一日辭任)  
梁錦雲先生(於二零零七年三月一日獲委任)  
高寶玉先生  
劉晨光先生

### 董事會委員會

#### 審核委員會

梁錦雲先生(主席)  
(於二零零七年三月一日獲委任)  
翟軍先生(於二零零七年三月一日辭任)  
高寶玉先生  
劉晨光先生

#### 薪酬委員會

劉洪亮先生(主席)  
梁錦雲先生(於二零零七年三月一日獲委任)  
翟軍先生(於二零零七年三月一日辭任)  
高寶玉先生  
劉晨光先生

#### 安全及環保委員會

郭玉成先生(主席)  
高寶玉先生  
傅安旭先生

### 公司秘書及合資格會計師

劉偉珍小姐 CPA, FCCA

### 核數師

德勤·關黃陳方會計師行

### 合規顧問

第一上海融資有限公司

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Liu Hongliang (*Chairman*)  
Mr. Wang Zijiang  
Mr. Guo Xitian  
Mr. Guo Yucheng

#### Independent Non-Executive Directors

Mr. Chak Kwan (resigned on 1 March 2007)  
Mr. Leung Kam Wan (appointed on 1 March 2007)  
Mr. Gao Baoyu  
Mr. Liu Chenguang

### BOARD COMMITTEES

#### Audit Committee

Mr. Leung Kam Wan (*Chairman*)  
(appointed on 1 March 2007)  
Mr. Chak Kwan (resigned on 1 March 2007)  
Mr. Gao Baoyu  
Mr. Liu Chenguang

#### Remuneration Committee

Mr. Liu Hongliang (*Chairman*)  
Mr. Leung Kam Wan (appointed on 1 March 2007)  
Mr. Chak Kwan (resigned on 1 March 2007)  
Mr. Gao Baoyu  
Mr. Liu Chenguang

#### Safety and Environmental Protection Committee

Mr. Guo Yucheng (*Chairman*)  
Mr. Gao Baoyu  
Mr. Fu Anxu

### COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Ms. Lau Wai Chun, CPA, FCCA

### AUDITOR

Deloitte Touche Tohmatsu

### COMPLIANCE ADVISER

First Shanghai Capital Limited

### 香港法律顧問

施文律師行

### LEGAL ADVISER AS TO HONG KONG LAWS

F. Zimmern & Co.

### 主要往來銀行

恒生銀行有限公司  
中國工商銀行濰坊市分行

### PRINCIPAL BANKERS

Hang Seng Bank Limited  
Industrial and Commercial Bank of China, Weifang Branch

### 香港股份過戶登記處

香港中央證券登記有限公司  
香港  
灣仔皇后大道東183號  
合和中心  
17樓1712-1716室

### HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre, 183 Queen's Road East  
Wan Chai  
Hong Kong

### 註冊辦事處

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### 香港主要營業地點

香港  
夏慤道12號  
美國銀行中心  
22字樓2204A室

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2204A, 22nd Floor  
Bank of America Tower  
12 Harcourt Road  
Hong Kong

### 總辦事處及中國主要營業地點

中國  
山東省  
濰坊市  
山東濰坊經濟開發區

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Shandong Weifang Economic Development Zone  
Weifang City  
Shandong Province  
The PRC

### 公司網址

<http://tdchem.hi2000.com>

### COMPANY'S WEBSITE

<http://tdchem.hi2000.com>

### 股份代號

聯交所：609

### STOCK CODE

The Stock Exchange: 609

# 財務摘要及五年概要

## Financial Highlights and Five Years Summary

		二零零六年 (重列· 附註1) 2006 (As restated, note1)					二零零七年 2007
		附註 Notes	二零零三年 2003	二零零四年 2004	二零零五年 2005		
<b>業績</b>	<b>Results</b>						
(以人民幣千元列示)	(expressed in RMB'000)						
營業額	Turnover		201,763	323,124	430,817	504,187	<b>574,298</b>
毛利	Gross profit		44,738	59,261	72,223	98,567	<b>68,983</b>
本公司股權持有人 應佔溢利	Profit attributable to equity holders of the Company		31,964	42,453	41,711	58,437	<b>21,554</b>
每股盈利(人民幣)	Earnings per share (RMB)	2	0.335	0.198	0.139	0.184	<b>0.054</b>
<b>財務狀況</b>	<b>Financial Positions</b>						
(以人民幣千元列示)	(expressed in RMB'000)						
總資產	Total assets	3	123,579	221,809	313,177	578,723	<b>768,459</b>
負債總額	Total liabilities		76,892	111,122	162,715	275,097	<b>441,441</b>
每股淨資產(人民幣)	Net assets per share (RMB)	4	0.16	0.37	0.50	0.76	<b>0.82</b>
<b>財務比率</b>	<b>Financial Ratios</b>						
流動比率	Current ratio	5	0.9	0.9	0.7	1.3	<b>0.9</b>
速動比率	Quick ratio	6	0.7	0.7	0.5	1.1	<b>0.8</b>
負債比率	Gearing ratio	7	43.8%	21.6%	24.2%	14.4%	<b>34.3%</b>

附註：

1 前年度之數字已經重列，以反映(1)因自二零零七年一月一日起採納香港會計準則第40號「投資物業」規定(投資物業採用公平價值模式列賬)之會計政策變動及(2)改變比較金額之呈列及重新分類，其理由已在本公司綜合財務報表內附註34披露。但重列截至二零零三年、二零零四年及二零零五年十二月三十一日止年度之財務報表以作比較並不切實可行。

2 每股盈利 = 本公司股權持有人應佔溢利 ÷ 全年已發行股份加權平均數(每股基本盈利乃根據加權平均股數計算，而於截至二零零三年、二零零四年及二零零五年十二月三十一日止年度之加權平均股數分別為95,408,000股、214,531,000股及300,000,000股)。

3 總資產 = 非流動資產 + 流動資產

4 每股淨資產 = 股東權益 ÷ 年底已發行股數(於二零零三年、二零零四年及二零零五年十二月三十一日，每股淨資產乃根據已發行股數300,000,000股計算)。

5 流動比率 = 流動資產 ÷ 流動負債

6 速動比率 = (流動資產 - 存貨) ÷ 流動負債

7 負債比率 = 淨負債(扣除現金及等同現金項目後之借貸總額) ÷ 股東權益

Notes:

1 Prior year's figures have been restated to reflect (1) the change in accounting policies as a result of the adoption of Hong Kong Accounting Standards 40 "Investment Property" (investment properties to be accounted for using the fair value model) with effective from 1 January 2007 and (2) the change in the presentation and reclassification of the comparative amounts with that of the reason was disclosed in the note 34 of the consolidated financial statements of the Company. However, it is not practicable to restate the financial statements for the years ended 31 December 2003, 2004 and 2005 for comparison purposes.

2 Earnings per share = Profit attributable to equity holders of the Company ÷ weighted average of issued shares for the year. (The calculation of basic earnings per share is based on the weighted average number of 95,408,000, 214,531,000 and 300,000,000 shares for the years ended 31 December 2003, 2004 and 2005 respectively.)

3 Total assets = Non-current assets + Current assets

4 Net assets per share = Shareholders' equity ÷ Number of issued shares of the Company at the year end (As at 31 December 2003, 2004 and 2005, the calculation of net asset per share is based on the number of 300,000,000 issued shares.)

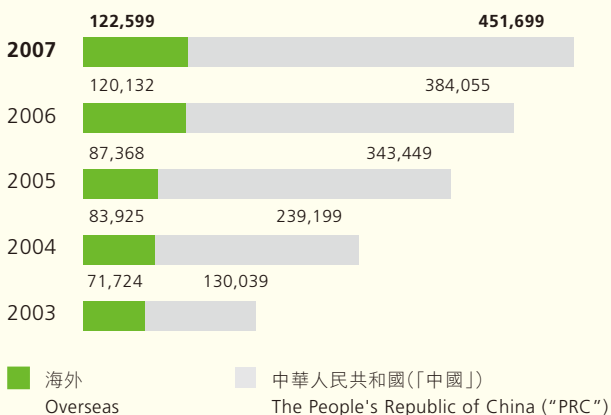
5 Current ratio = Current assets ÷ Current liabilities

6 Quick ratio = (Current assets - Inventories) ÷ Current liabilities

7 Gearing ratio = Net debts (Total borrowings net of cash and cash equivalents) ÷ Shareholders' equity

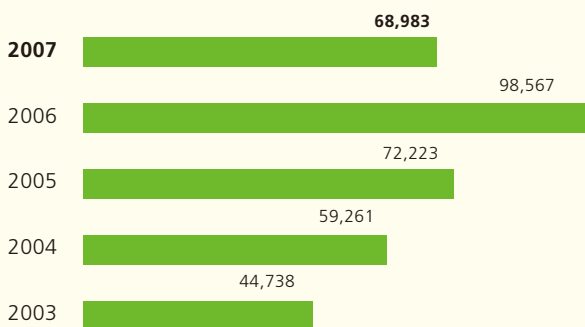
營業額 (人民幣千元)

**TURNOVER** (RMB'000)



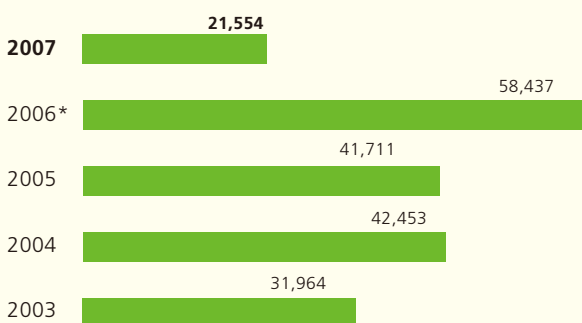
毛利 (人民幣千元)

**GROSS PROFIT** (RMB'000)



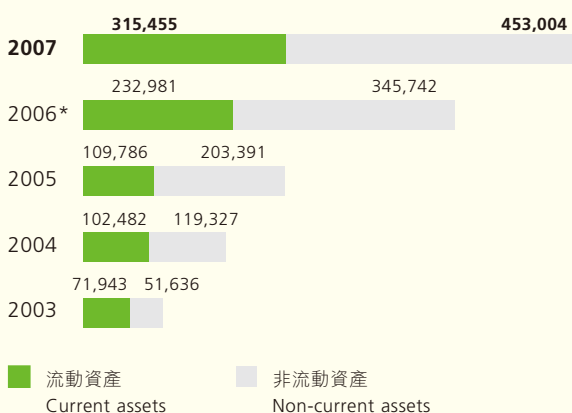
股權持有人應佔溢利 (人民幣千元)

**PROFIT ATTRIBUTABLE TO EQUITY HOLDERS** (RMB'000)



總資產 (人民幣千元)

**TOTAL ASSETS** (RMB'000)



\* 前年度之數字已經重列，以反映(1)因自二零零七年一月一日起採納香港會計準則第40號「投資物業」規定(投資物業採用公平價值模式列賬)之會計政策變動及(2)改變比較金額之呈列及重新分類，其理由已在本公司綜合財務報表內附註34披露。但重列截至二零零三年、二零零四年及二零零五年十二月三十一日止年度之財務報表以作比較並不切實可行。

\* Prior year's figures have been restated to reflect (1) the change in accounting policies as a result of the adoption of Hong Kong Accounting Standards 40 "Investment Property" (investment properties to be accounted for using the fair value model) with effective from 1 January 2007 and (2) the change in the presentation and reclassification of the comparative amounts with that of the reason was disclosed in the Note 34 of the consolidated financial statements of the Company. However, it is not practicable to restate the financial statements for the years ended 31 December 2003, 2004 and 2005 for comparison purposes.

# 主席報告

## Chairman's Statement



### 各位股東：

本人謹代表董事會（「董事」或「董事會」）向各位提呈天德化工控股有限公司（「本公司」）連同附屬公司（統稱「本集團」）截至二零零七年十二月三十一日止年度之年度報告。

於二零零七年，隨著完成幾個新產品線基建工程項目，本集團進一步加強本身之生產能力。一些精細石油化工產品相繼推出，成功擴大本集團的產品範圍，並減少其市場營運風險。此外，為滿足市場增長需求，本集團現有產品之生產能力亦有所提升，為本集團奠定更堅實的基礎，以支持本集團持續擴充和發展業務。

儘管在回顧年度內營商環境充滿挑戰及困難重重，市場競爭導致本集團部分產品價格下降，本集團營業額仍錄得快速增長13.9%至約人民幣574,300,000元。憑藉其穩固基礎及豐富之業內經驗，本集團仍維持其市場佔有率。此外，上游縱

### Dear shareholders,

On behalf of the board of directors (the "Board" or "Directors"), I present to you the annual report of Tiande Chemical Holdings Limited (the "Company") together with its subsidiaries (collectively the "Group") for the year ended 31 December 2007.

During the year 2007, with the completion of several infrastructure projects for new product lines, the Group further strengthened its production capability. A number of fine petrochemical products were launched which successfully broadened the product range and minimized the market risk of the Group. Besides, the production capability of the Group's existing products was also enhanced to satisfy the growing market demand. It has laid a stronger foundation of the Group to sustain the Group's continuous expansion and development.

Despite the challenging and increasingly demanding operating environment during the year under review, the Group recorded acceleration in turnover growth by 13.9% to approximately RMB574.3 million even though the prices of some products were adjusted downward due to the market competition. The Group was still maintaining its market shares by capitalizing on its solid foundation and adequate experience in the industry. Besides, the upward vertically-integrated production and large scale production

向整合式生產及大規模生產策略有效地提升本集團在價格上之競爭力，於回顧年度內，儘管原材料價格大幅上升，本集團整體生產成本僅輕微上升約1.5%。

上述取得的成績為本集團的長遠發展提供了有力的支持。本集團將透過其業務發展策略，持續提升其競爭力，以及在業內保持其領導地位。

## 年度業績

於回顧年度內，在競爭激烈之營商環境中，本集團仍錄得令人滿意的營業額約人民幣574,300,000元，較去年約人民幣504,200,000元上升13.9%。但受到市場競爭激烈影響，產品價格下滑以及原材料價格激增，本集團整體毛利率由去年19.5%下降7.5%至12.0%。此外，啟用新廠房（濱海廠房）初期營運成本高昂，折舊開支以及廠房使用率不足，均對本集團年內之整體表現構成重大影響，本公司股權持有人之應佔溢利被拖低至約人民幣21,600,000元，較去年約人民幣58,400,000元下降約63.1%。

## 展望

為擴大市場佔有率及促進業務增長，於二零零七年第四季，本集團在濱海廠房就部分精細石油化工類產品進行試產。該等新推出之產品之生產進度符合本集團之預期，商業生產將在二零零八年上半年展開。隨著商業生產落實，濱海廠房之各項設備營運效率將有所改善，預期本集團之新產品溢利貢獻將漸次反映在未來之年。

strategies enhanced the price competitiveness of the Group effectively and the overall production costs of the Group were slightly increased by around 1.5% only even though the price of raw materials increased substantially during the year under review.

The above achievement has provided strong support to the long-term development of the Group. The Group will continue enhancing its competitiveness through its business development strategies and maintain its dominant position in the industry.

## RESULTS FOR THE YEAR

During the year under review, the Group achieved a satisfactory turnover of approximately RMB574.3 million, representing an increase of 13.9% when compared with that of approximately RMB504.2 million in the last year amid a competitive operating environment. However, it was affected by the keen market competition, the product prices were adjusted downward and the surging raw materials prices, the overall gross profit margin of the Group recorded a decrease of 7.5% to 12.0% when compared with that of 19.5% in the last year. Moreover, a substantial initial start-up costs and depreciation charges with under-utilization of the new production plant (Binhai plant) which constituted a major impact to the Group's overall performance for the year, the profit attributable to the equity holders of the Company was dragged down to approximately RMB21.6 million, representing a decrease of about 63.1% when compared with that of approximately RMB58.4 million in the last year.

## PROSPECTS

The Group has launched the trial production of some fine petrochemical products in Binhai plant in the fourth quarter of 2007 in order to enlarge the market share and support the business growth. The production progress of such newly launched products was in line with the expectation of the Group and a commercial production will be commenced in the first half of 2008. With such commercial production, the efficient of various facilities in the Binhai plant would be improved. It is anticipated that the profit contribution from the Group's new products will be reflected gradually in the years ahead.





### 展望(續)

此外，隨著市場不利影響正在減退以及部分產品價格得以回升及穩定下來，同時受惠於上游縱向整合式生產及因大規模生產而獲得的規模經濟，生產成本將得以保持或進一步下降，預期本集團之毛利及純利將會顯著提升。

與二零零七年相比，本集團在二零零八年於生產廠房之基礎建設投資將會放緩。於二零零八年，本集團準備擴大若干具潛能產品之產能以滿足內部供應及目前市場需求。此外，本集團正考慮提升污水處理工程以配合本集團之內部政策及符合國家頒佈嚴格的環保政策。預期本集團的新產品能夠加強本身之產品系列及為本集團帶來新收入來源，同時透過擴大生產能力有效地提升本集團之競爭力。

### PROSPECTS (Continued)

Besides, the market adverse impact is diminishing and the price of some products has rebounded and stabilized, while the production cost will be maintained or further decreased resulting from upward vertically-integrated production and economies of scale from large-scale production. It is anticipated that the gross profit and net profit of the Group will be enhanced prominently.

The Group's infrastructure investment in production plant will be slowdown in 2008 when compared with that of 2007. In 2008, we intend to expand the production capacity of certain potential products in order to meet the internal supply and current market demand. Besides, we are considering upgrading the waste water treatment works in line with the Group's internal policy and meet the stringent environmental protection policies promulgated by the State. It is anticipated that our new products can enrich our product range to bring new source of income to the Group and the competitiveness of the Group will also be enhanced effectively through the expansion of production capacity.

## 展望(續)

產品開發及創新產品，以及擴大生產能力的投資將有助本集團在業內保持市場領導地位。本集團將繼續在業內保持其強勁的競爭優勢，同時已作好準備以應對未來業務發展及擴張。

本集團之整體業務仍維持穩健，同時未來發展方向定位不變，仍將主力加強研發能力、強化銷售渠道及分銷網絡、提升生產能力及擴大產品線。此外，本集團亦委派一個專責董事委員會，以應付及管理安全及環保方面工作以及符合國家頒佈嚴格的環保政策，此舉亦減低本集團之內在營運風險。

展望未來，本集團將面臨挑戰和機遇。本集團過去數年為擴大生產能力、提升生產設施和工藝、開發產品以及走向縱向整合式生產，一直作出大量投資及不斷努力。憑著業務成就帶來的強大平台和豐碩資源，本集團已經步入一個新的階段，能夠計劃新目標。因此，本集團對未來的業務持續增長深具信心，定能創造更豐厚回報回饋本公司股東。

## 股息

為與一直鼎力支持的全體股東分享令人欣喜的業績，本公司擬派發末期股息每股1.25港仙予股東。本公司承諾會繼續採取審慎的態度，在股東對回報的期望與本集團現時的財務狀況之間取得平衡。

## 鳴謝

最後，本人謹代表董事會，藉此機會對我們的股東、客戶、合作夥伴以及員工在回顧年度內一直以來不懈的支持使本集團持續取得成就，表示衷心的感謝。

承董事會命  
主席  
劉洪亮

香港，二零零八年三月二十八日

## PROSPECTS (Continued)

The investment in the product development and innovation and the expansion of production capacity would keep the Group in maintaining its market leading position in the industry. The Group will continue to maintain its strong competitive position in the industry and has positioned itself well for future business development and expansion.

The Group's overall business remains sound and positioning of future development remains unchanged, which will still focus on the strengthening of research and development capabilities; reinforcing sales channels and distribution network; advancement of production capabilities and expansion of product range. Besides, the Group has also designated a board committee to address and manage the safety and environmental protection issues and to meet the stringent environmental protection policies promulgated by the State that also achieve the lowest inherent operation risk of the Group.

Looking forward, the Group will face both opportunities and challenges. The Group has made a significant investment and effort in production capacity expansion, advancement production facilities and technology, product development and vertically-integrated production in the past few years. With the strengthened platform and enhanced resources as a result of the business achievement, the Group has reached a new stage where it can plan a new set of objectives. It is thus full of confidence that the business of the Group will continue to grow and generate a fruitful return to the Company in the coming years.

## DIVIDEND

To share our creditable results with our supportive shareholders, a final dividend of HK1.25 cents per share will be proposed. The Company commits to be mindful in striking a balance between meeting investors' expectation for financial returns and the prevailing financial situation of the Group.

## APPRECIATION

Lastly, on behalf of the Board, I would like to take this opportunity to express sincere thanks to all our shareholders, customers, business partners and employees for their unwavering support during the year under review, which has made the Group's continuous success possible.

On behalf of the Board  
**Liu Hongliang**  
Chairman

Hong Kong, 28 March 2008

# 董事及高級管理人員之個人履歷

## Biographical Details of Directors and Senior Management

### 執行董事

**劉洪亮**，52歲，本集團執行董事、主席、總經理及創辦人之一。劉先生由二零零八年一月一日起辭任本公司總經理，但繼續負責本集團整體策略性發展及政策。彼於一九八二年畢業於華東石油學院（現稱為中國石油大學（華東）），主修基本有機化工。劉先生自一九八二年起至一九九三年期間於濰坊市新技術研究所任職逾十年，其後，劉先生與其他人士於一九九六年成立濰坊天弘企業管理及顧問有限公司（「濰坊天弘」）。劉先生在化工業擁有逾20年經驗。

**王子江**，43歲，本集團執行董事、副總經理及創辦人之一。王先生負責管理及監察本集團整體銷售業務。彼於一九八八年畢業於南京化工學院（現稱為南京工業大學），主修化學工程。彼自一九九一年起於濰坊市新技術研究所任職，為期三年。其後，王先生與其他人士於一九九六年成立濰坊天弘。王先生在化工業擁有逾15年經驗。

**郭希田**，46歲，本集團執行董事及副總經理。郭先生負責整體員工事宜、人力資源策劃、培訓及發展。彼於一九八二年畢業於華東石油學院（現稱為中國石油大學（華東）），主修基本有機化工。於加盟本集團前，郭先生曾任職於山東淄博東風化工廠。郭先生於一九九九年三月加盟本集團。郭先生在化工業擁有逾20年經驗。

**郭玉成**，51歲，本集團執行董事。郭先生負責本集團整體安全及環境保護。彼於一九八二年畢業於華東石油學院（現稱為中國石油大學（華東）），主修基本有機化工。於二零零零年加盟本集團前，郭先生自一九八二年起一直於濰坊基本有機化工廠任職。彼於一九九四年獲山東省化工工程技術職務高級評審委員會認可為高級工程師。郭先生於二零零零年十二月加盟本集團。郭先生在化工業擁有逾20年經驗。

### EXECUTIVE DIRECTORS

**LIU Hongliang**, aged 52, is an executive Director, the chairman, the general manager and one of the founders of the Group. Mr. Liu has resigned as the general manager of the Company with effective from 1 January 2008. Mr. Liu continues to be responsible for the overall strategic development and policy of the Group. He graduated from the East China Petroleum Institute (now known as the University of Petroleum (East China)) in 1982, majoring in basic organic chemistry. Mr. Liu spent more than ten years from 1982 to 1993 in Weifang New Technology Research Centre. After that, Mr. Liu established Weifang Tianhong Corporate Management and Consultancy Company Limited ("Weifang Tianhong") with others in 1996. Mr. Liu has over 20 years of experience in the chemical industry.

**WANG Zijiang**, aged 43, is an executive Director, the deputy general manager and one of the founders of the Group. Mr. Wang is responsible for the management and supervision of the overall sales operation of the Group. He graduated from the Nanjing Chemical College (now known as the Nanjing University of Technology) in 1988, majoring in chemical engineering. He spent three years since 1991 working in Weifang New Technology Research Centre. After that, Mr. Wang established Weifang Tianhong with others in 1996. Mr. Wang has over 15 years of experience in the chemical industry.

**GUO Xitian**, aged 46, is an executive Director and deputy general manager of the Group. Mr. Guo is responsible for the overall personnel matters, human resources planning, training and development. He graduated from the East China Petroleum Institute (now known as the University of Petroleum (East China)) in 1982, majoring in basic organic chemistry. Prior to joining the Group, Mr. Guo had been working in Shandong Zibo Dongfeng Chemical Factory. Mr. Guo joined the Group in March 1999. Mr. Guo has over 20 years of experience in the chemical industry.

**GUO Yucheng**, aged 51, is an executive Director of the Group. Mr. Guo is responsible for the overall safety and environmental protection of the Group. He graduated from the East China Petroleum Institute (now known as the University of Petroleum (East China)) in 1982, majoring in basic organic chemistry. Prior to joining the Group in 2000, Mr. Guo had been working for Weifang Organic Chemicals Factory since 1982. He was accredited as a senior engineer by The Jury of Senior Title of Chemical Technical Post, Shandong Province in 1994. Mr. Guo joined the Group in December 2000. Mr. Guo has over 20 years of experience in the chemical industry.

## 獨立非執行董事

**梁錦雲**，42歲，自二零零七年三月一日起獲委任為獨立非執行董事。梁先生於一九九二年獲香港浸會大學頒發工商管理財務學士學位。梁先生為香港會計師公會的會員和英國特許公認會計師公會的資深會員。梁先生從事執業會計師超過10年。彼在財務、會計及審計方面經驗豐富，現為梁錦雲會計師有限公司董事總經理。

**高寶玉**，46歲，自二零零六年十月四日起獲委任為獨立非執行董事。彼為山東大學環境工程教授兼環境科學與工程學院院長。彼亦為山東大學博士研究生導師兼青年科學學科帶頭人。彼於二零零二年獲評為山東省十佳傑出中青年科學家之一。彼於一九九九年一月畢業於清華大學，取得工程學博士學位，主修環境工程。

**劉晨光**，46歲，自二零零六年十月四日起獲委任為獨立非執行董事。劉先生分別於一九八二年取得華東石油學院(現稱為中國石油大學(華東))石油煉製系科學學士學位及於一九八五年取得應用化學碩士學位。彼於一九九一年取得中國石油大學(華東)化學博士學位。劉先生自一九九二年起任中國石油大學(華東)副教授，後於一九九四年升任教授，並於一九九八年擔任博士學位研究生導師。劉先生為中國石油大學(華東)院長兼應用化學系教授。彼為中國石油學會、中國化學學會、中國化工學會及美國化學學會會員，並為山東省化學化工學會會員。

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**LEUNG Kam Wan**, aged 42, has been appointed as an independent non-executive Director since 1 March 2007. Mr. Leung graduated from the Hong Kong Baptist University with a degree of Bachelor of Business Administration in Finance in 1992. Mr. Leung is an associate member of The Hong Kong Institute of Certified Public Accountants and a fellow of The Association of Chartered Certified Accountants. Mr. Leung has been a practicing certified public accountant for over 10 years. He has extensive experience in financing, accounting and auditing. Mr. Leung currently is the managing director of Leung Kam Wan CPA Limited.

**GAO Baoyu**, aged 46, has been appointed as an independent non-executive Director since 4 October 2006. He is the professor of environmental engineering and the dean of the school of environmental science and engineering of the Shandong University. He is also the tutor of the post-graduate students studying for doctorate degrees and the leader of the youth science subject of the Shandong University. He was recognised as one of the Ten Outstanding Young Scientists in Shandong Province in 2002. He graduated from Tsinghua University in January 1999 with a doctorate degree in engineering majoring in environment engineering.

**LIU Chenguang**, aged 46, has been appointed as an independent non-executive Director since 4 October 2006. Mr. Liu has obtained from the East China Petroleum Institute (now known as the University of Petroleum (East China)) a bachelor degree in science majoring in petroleum refining in 1982 and a master degree in applied chemistry in 1985. He obtained his doctorate degree in chemistry from the University of Petroleum (East China) in 1991. Mr. Liu has been an associate professor of the University of Petroleum (East China) since 1992, then was promoted as a professor in 1994 and subsequently the tutor of the post-graduate students studying for doctorate degrees in 1998. Mr. Liu is the dean and professor of the faculty of applied chemistry of the University of Petroleum (East China). He is a member of China Petroleum Association, China Chemistry Association, China Chemical Association, US Chemistry Association and director of Shandong Chemistry and Chemical Association.

## 高級管理人員

**翟軍**，41歲，前任獨立非執行董事，彼自二零零七年三月二日起獲調任為副總經理。於二零零八年一月一日起，翟先生獲晉升為本集團總經理。翟先生畢業於上海復旦大學和香港理工大學，分別於一九九零年及二零零五年以優異成績取得文學士學位和企業融資碩士學位。翟先生為香港會計師公會的會員和英國特許公認會計師公會的資深會員。加盟本集團之前，翟先生曾任上海實業醫藥科技(集團)有限公司的合資格會計師及為南洋兄弟煙草股份有限公司的助理總經理和財務總監。翟先生於香港和中國的會計和企業融資方面擁有豐富經驗。

## SENIOR MANAGEMENT

**CHAK Kwan**, aged 41, the former independent non-executive Director, has been re-designated as the deputy general manager of the Company since 2 March 2007. With effective from 1 January 2008, Mr. Chak has been promoted as the general manager of the Group. Mr. Chak graduated from the Shanghai Fudan University and The Hong Kong Polytechnic University with a bachelor degree in arts and a master degree in corporate finance with distinction in 1990 and 2005 respectively. Mr. Chak is a member of The Hong Kong Institute of Certified Public Accountants and a fellow of The Association of Chartered Certified Accountants. Prior to joining the Group, Mr. Chak was the qualified accountant of SIIC Medical Science and Technology (Group) Limited and the assistant general manager and financial controller of Nanyang Brothers Tobacco Company Limited. Mr. Chak has extensive working experience in accounting and corporate finance fields in Hong Kong and the PRC.

管理層討論及分析

Management Discussion and Analysis



## 財務回顧

### 營業額

回顧年度內，本集團的營業額持續增長。營業額上升至約人民幣574,300,000元，較二零零六年約人民幣504,200,000元上升約13.9%。營業額增長主要來自部分新推出之產品，如氰化鈉、氰乙酸及高純度異丁烯，以及氰乙酸甲酯和丙二酸二乙酯之大幅增長。

### 毛利

本集團之毛利率於年內受到各方面之壓力。由於市場競爭激烈，導致部分產品價格下降、原材料成本價格及員工薪酬上升，而新推出產品卻未達正常生產水平，故此，整體毛利率與二零零六年之19.5%比較，下降約7.5%至12.0%。毛利亦由二零零六年約人民幣98,600,000元下降至約人民幣69,000,000元，減幅約30.0%。

### 經營收入及開支

在二零零七年，其他收入主要包括(i)遞延收入撥回，(ii)政府補助，(iii)匯兌收益，(iv)租金收入，(v)銀行利息收入及(vi)其他。

銷售及分銷成本由約人民幣13,000,000元增加約人民幣6,100,000元至約人民幣19,100,000元。有關成本上漲主要由於銷售佣金及運輸成本隨著營業額上升而上漲。二零零七年銷售及分銷成本佔本集團營業額百分比上升至約3.3%(二零零六年：約2.6%)。

行政開支由約人民幣23,300,000元增加約人民幣4,100,000元至約人民幣27,400,000元。有關開支上漲主要由於新生產廠房(「濱海廠房」)於運作初期啟用成本高昂、折舊及攤銷開支、員工成本及徵收其他本地稅項所致。二零零七年行政開支佔本集團營業額百分比增至約4.8%(二零零六年：約4.6%)。

## FINANCIAL REVIEW

### Turnover

During the year under review, the Group has achieved continuous growth in turnover. Turnover increased to approximately RMB574.3 million, representing an increase of about 13.9% as compared to that of approximately RMB504.2 million in 2006. The increase in turnover was mainly contributed by some newly launched products, such as sodium cyanide, cyano acetic acid and high purity isobutylene, as well as the substantial growth of methyl cyanoacetate and diethyl malonate.

### Gross Profit

The gross profit margin of the Group was under pressure throughout the year. Due to the keen market competition, the prices of some products were decreased, the raw materials cost and employees' wages increased whilst the newly launched products have not reached the normal productivity level. The overall gross profit margin thus recorded a decrease of about 7.5% to 12.0% when compared with 19.5% in 2006. The gross profit was also decreased to approximately RMB69.0 million, representing a decrease of about 30.0% as compared with approximately RMB98.6 million in 2006.

### Operating Income and Expenses

In 2007, other income was mainly comprised (i) release of deferred income; (ii) government subsidy; (iii) exchange gain; (iv) rental income; (v) bank interest income and (vi) others.

Selling and distribution costs increased by approximately RMB6.1 million from approximately RMB13.0 million to approximately RMB19.1 million. Such an increase was principally as a result of the increase in sales commission and transportation costs which were in line with the growth in turnover. Selling and distribution costs as a percentage of turnover increased to about 3.3% in 2007 (2006: about 2.6%).

Administrative expenses increased by approximately RMB4.1 million from approximately RMB23.3 million to approximately RMB27.4 million. The increase was mainly due to significant initial start-up costs of the new production plant ("Binhai plant"), depreciation and amortization expenses, staff costs and other local taxes. Administrative expenses expressed as a percentage of the Group's turnover increased to about 4.8% in 2007 (2006: about 4.6%).

## 財務回顧(續)

### 融資成本

融資成本主要包括銀行貸款利息及承兌匯票貼現利息。融資成本由二零零六年約人民幣3,700,000元增加約人民幣1,500,000元至二零零七年約人民幣5,200,000元。融資成本增加主要由於年內銀行借貸增加以作為資本開支及本集團一般營運資金，導致利息開支增加。

### 本公司股權持有人應佔溢利

由於毛利減少，以及濱海廠房於運作初期產生龐大的啟用成本，是年本集團股東應佔溢利下降約人民幣21,600,000元，與二零零六年約人民幣58,400,000元比較，下降約63.1%。

### 流動資金及財務資源

本集團之主要資金來源包括經營活動產生之淨現金流入約人民幣31,600,000元(二零零六年：人民幣4,100,000元)，新增銀行借貸約人民幣115,600,000元(二零零六年：人民幣156,600,000元)，以及利息收入約人民幣300,000元(二零零六年：人民幣1,100,000元)。憑藉本集團營運所得財務資源，於回顧年度內，本集團斥資約人民幣94,300,000元(二零零六年：人民幣101,600,000元)購入預付租賃款項、物業、機器及設備，並償還借貸款項約人民幣40,100,000元(二零零六年：人民幣139,500,000元)以及支付利息開支約人民幣5,400,000元(二零零六年：人民幣3,700,000元)。於二零零七年十二月三十一日，本集團之現金及銀行存款約為人民幣45,600,000元(二零零六年：人民幣38,700,000元)，其中69.8%以人民幣持有，4.1%以港元持有，其餘則以美元持有。本集團於回顧年度內並無運用任何金融工具作任何對沖用途。

於二零零七年十二月三十一日，本集團之流動負債淨值約人民幣22,300,000元(二零零六年：流動資產淨值為人民幣50,900,000元)、本集團之流動比率約為0.9倍(二零零六年：1.3倍)、銀行借貸約為人民幣157,800,000元(二零零六年：人民幣82,300,000元)及資產負債比率(即淨借貸(借貸總額減去現金及等同現金項目)與股東資金總額之比率)約為34.3%(二零零六年：14.4%)。資產負債比率上升是由於在回顧期內新廠房資本開支上升所致。

## FINANCIAL REVIEW (Continued)

### Finance Costs

The finance costs mainly comprised bank borrowing interest and discounted bills interest which were increased by approximately RMB1.5 million from approximately RMB3.7 million in 2006 to approximately RMB5.2 million in 2007. The increase was mainly due to the increase in the interest expenses on additional bank borrowings obtained during the year under review to finance the capital expenditure and general working capital requirements of the Group.

### Profit Attributable to Equity Holders of the Company

With a lower gross profit and a significant initial start-up costs of Binhai plant, the Group reported a decline in profit attributable to shareholders of approximately RMB21.6 million for the year, representing a decrease of about 63.1% as compared to that of approximately RMB58.4 million in 2006.

### Liquidity and Financial Resources

The Group's primary source of funding included the net cash inflow generated from operating activities of approximately RMB31.6 million (2006: RMB4.1 million), newly raised bank borrowings of approximately RMB115.6 million (2006: RMB156.6 million) and interest income of approximately RMB0.3 million (2006: RMB1.1 million). With the financial resources obtained from the Group's operations, the Group had invested approximately RMB94.3 million (2006: RMB101.6 million) in the acquisition of the prepaid lease payments, property, plant and equipment, borrowing repayments of approximately RMB40.1 million (2006: RMB139.5 million) and interest expenses of RMB5.4 million (2006: RMB3.7 million) during the year under review. As at 31 December 2007, the Group had cash and bank deposits of approximately RMB45.6 million (2006: RMB38.7 million), of which 69.8% was held in Renminbi, 4.1% was held in Hong Kong dollars and the remaining balance was held in United States dollars. During the year under review, the Group did not use any financial instruments for any hedging purposes.

As at 31 December 2007, the Group had the net current liabilities of approximately RMB22.3 million (2006: net current assets of RMB50.9 million), the current ratio of the Group was approximately 0.9 time (2006: 1.3 times), bank borrowings of approximately RMB157.8 million (2006: RMB82.3 million) and the gearing ratio which is represented by the ratio of net debts (total borrowings net of cash and cash equivalent) to total shareholders' equity, was approximately 34.3% (2006: 14.4%). The increase in the gearing ratio was due to a rise in capital expenditure on new production plant during the year under review.



### 財務回顧(續)

儘管本集團錄得淨流動負債以及資產負債比率與去年相比有所上升(此乃由於回顧年度內為應付市場需求增長及使生產達到規模經濟，在擴大產能方面的基建加重投資)，本集團來年基建項目投資將會放緩，令流動資金有所改善。同時，憑藉本集團之經營業務錄得現金流入、現有現金資源及獲得往來銀行給予之備用銀行融資，本集團具備充裕的財務資源，足以應付其承擔、營運資金需求及日後擴展所需之投資。本集團致力維持穩健的財務狀況及為股東改善股本回報。

### 背書票據

於結算日，本集團應收票據總額約人民幣150,500,000元，其中約人民幣115,700,000元及人民幣26,300,000元已分別背書予其貿易及非貿易債權人。在有關票據背書後，本集團已收到有關債權人確認清還債務之正式收據。本集團一貫慣例是把大部分從客戶收取之票據再背書及轉讓給其供應商或債權人，以支付本集團應付有關供應商或債權人之貿易及非貿易應付賬款。董事認為此類票據背書是國內企業普遍之付款方式及一般貿易慣例，亦認為本集團並不會因有關票據背書而承擔重大風險，原因是(i)本集團收取之已背書票據必須為銀行承兌票據，由中國持牌銀行擔保付款；(ii)本集團在從客戶收取票據前已進行充份盡職審查及確認，以確保客戶背書票據之有效性；及(iii)過往本集團一直未嘗在將票據再背書予供應商、債權人或第三方後被彼等索償。

應收票據為免息，到期期限最長為六個月。截至批准財務報表當日，應收票據總額合共約人民幣84,000,000元已經到期，且到目前為止，本集團並未收到任何有關票據背書索償通知。

### FINANCIAL REVIEW (Continued)

Even though the Group recorded net current liabilities and a higher gearing ratio when compared with the previous year (which was caused by a heavy investment in infrastructure for production capacity expansion during the year under review in order to meet the growing market demand and achieve the economic of scale in production), the Group's liquidity position will be improved as the infrastructure investment will be slowdown in coming years. Together with the positive cash inflow from the Group's operations, existing cash resources and available banking facilities obtained from its bankers, the Group has sufficient financial resources to meet its commitments, working capital requirements and future investments for expansion. The Group is dedicated to maintaining a sound financial position and improving the equity return to its shareholders.

### Bills endorsement

As at the balance sheet date, the Group had total amount of bills receivable of approximately RMB150.5 million, out of which approximately RMB115.7 million and RMB26.3 million have been endorsed to its trade and non-trade creditors respectively. The Group obtained official receipts from such creditors for confirmation of settlement after the bills have been endorsed to them. It has been the Group's usual practice to endorse and deliver most of the bills received from its customers to its suppliers or creditors for settlement of the Group's trade and non-trade payables due to such suppliers or creditors. The Directors consider that such kind of bills endorsement is a common payment method and normal trading practices amongst PRC enterprises. The Directors are also of the opinion that the Group did not bear substantial risks arisen from such bills endorsement as (i) the endorsed bills accepted by the Group must be bank acceptance bills, the payments of which were guaranteed by the licensed banks in the PRC; (ii) the Group has performed adequate due diligence and confirmation to ensure the validity of the bills endorsed by its customers before the Group's acceptance; and (iii) the Group has not experienced any claims from its suppliers, creditors or third parties after the bills have been further endorsed to them in the past.

The bills receivable are non-interest bearing and have a maximum maturity period of six months. Up to the date of approval of the financial statements, the total amount of bills receivable in the sum of approximately RMB84.0 million have subsequently matured and the Group did not receive any claim arisen from such bills endorsement so far.

**財務回顧(續)**

然而，本公司核數師接觸董事會進行商討後，背書銀行承兌票據安排之風險已被重新評估，並考慮中國票據法及目前中國市場實務之後，按香港財務報告準則，繼續將已背書銀行承兌票據呈列為應收票據直至到期日為止為較合宜之舉，而有關票據並無應用於削減貿易應付賬款及其他應付款項。董事認為，確認及披露此類票據背書，是較為審慎之舉。上年度之比較數字已重新排列以符合現年度之呈列方式。

倘將已背書票據抵銷且不納入應收票據及貿易應付賬款及其他應付款項內，應收票據之金額將由人民幣150,500,000元減少約人民幣142,000,000元，至人民幣8,500,000元，而貿易應付賬款及其他應付款項亦將以相應金額減少，由約人民幣254,900,000元減至人民幣112,900,000元。

**資產抵押**

於二零零七年十二月三十一日，本集團將銀行存款約人民幣16,400,000元(二零零六年：人民幣1,800,000元)抵押以獲得票據額度。賬面淨值總額約人民幣77,700,000元(二零零六年：人民幣60,700,000元)之若干物業、機器及設備、公平值總額人民幣9,700,000元(二零零六年：人民幣5,800,000元)之本集團投資物業以及約人民幣44,100,000元(二零零六年：人民幣59,000,000元)之預付租賃款項，已作為本集團銀行借貸之抵押品。

**或然負債**

於二零零七年十二月三十一日，本集團並無任何重大或然負債。

**資本承擔**

於二零零七年十二月三十一日，本集團就購買物業、機器及設備、在建工程及產品開發項目之資本承擔約為人民幣22,700,000元(二零零六年：人民幣16,400,000元)。

**FINANCIAL REVIEW (Continued)**

However, after the auditor of the Company discussed with the Board, the risks associated with the bank acceptance bills endorsement arrangement were re-assessed and taking into account of the PRC Bills Law and the current market practice in the PRC, it is more appropriate to continue presenting the endorsed bills as bills receivable until maturity, accordingly, such bills have not been applied to reduce the amounts of trade and other payables in accordance with HKFRSs. The Directors considered that it is more prudent on the recognition and disclosure of such kind of bills endorsement. The prior year's comparative figures have been realigned in order to conform to the current year's presentation.

Should the endorsed bills be set-off against and excluded from the bills receivable and trade and other payables, the amount of bills receivable will be decreased by approximately RMB142.0 million from RMB150.5 million to RMB8.5 million, whilst the total amount of trade and other payables will also be decreased by the corresponding amount from approximately RMB254.9 million to RMB112.9 million.

**Pledge of Assets**

As at 31 December 2007, bank deposits of approximately RMB16.4 million (2006: RMB1.8 million) were pledged for bills facilities. Certain property, plant and equipment of the Group with an aggregate net book value of about RMB77.7 million (2006: RMB60.7 million), investment properties of the Group with an aggregate fair value of RMB9.7 million (2006: RMB5.8 million) and prepaid lease payments of approximately RMB44.1 million (2006: RMB59.0 million) were pledged to secure the Group's bank borrowings.

**Contingent Liabilities**

As at 31 December 2007, the Group had no material contingent liabilities.

**Capital Commitments**

As at 31 December 2007, the Group had capital commitments of approximately RMB22.7 million (2006: RMB16.4 million) in respect of purchases of property, plant and equipment, construction-in-progress and product development projects.

## 財務回顧(續)

### 匯率波動風險

本集團之營運主要位於國內，而且其資產、負債、收入及交易主要以人民幣、港元及美元結算。

本集團所承擔之最主要外匯波動風險乃因回顧年度內人民幣升值所致。除本集團之出口銷售主要以美元結算外，本集團大部分之收入及開支乃以人民幣結算。但本集團於回顧年度內並無因外幣匯率波動而於營運或資金流動狀況方面遇上任何重大困難或對其造成任何影響。而且，於適當之時，本集團將為日後之外幣交易考慮具有成本效益之對沖方法。

### 僱員及酬金政策

於二零零七年十二月三十一日，本集團共有821名全職僱員(二零零六年十二月三十一日：686名)，其中732名屬生產及倉庫員工，17名為銷售及市場推廣員工，8名為研發中心員工，而64名則為辦公室後勤員工。員工人數增加主要由於本集團業務及營運擴充所致。

於回顧年度，僱員成本總額包括董事酬金約人民幣26,700,000元(二零零六年：15,500,000元)。

本集團已制定其人力資源政策及程序，務求於薪酬制度中加入獎勵及獎金，以及為員工提供多元化之員工培訓及個人發展計劃。向員工發放之酬金待遇乃按其職務及當時市場標準釐訂，同時向員工提供員工福利，包括醫療保險及公積金。

## FINANCIAL REVIEW (Continued)

### Exposure to Fluctuations in Exchange Rates

The Group's operation is mainly in the PRC and its assets, liabilities, revenues and transactions are mainly denominated in Renminbi, Hong Kong dollars and United States dollars.

The Group's foremost exposure to the foreign exchange fluctuations was caused by the revaluation of Renminbi during the year under review. Most of the Group's income and expenses are denominated in Renminbi except those for the Group's export sales which were, in majority, denominated in United States dollars. However, the Group has not experienced any material difficulties or effects on its operations or liquidity as a result of the fluctuations in currency exchange rates during the year under review. Besides, the Group will consider cost-efficient hedging methods in future foreign currency transactions when appropriate.

### Employees and Remuneration Policy

As at 31 December 2007, the Group has 821 full-time employees (31 December 2006: 686) of whom 732 were production and warehouse employees, 17 were sales and marketing employees, 8 were research and development centre employees, and 64 were back-office supportive employees. The increase in the number of employees was mainly due to the expansion of the Group's businesses and operations.

For the year under review, the total staff costs incurred include Directors' remuneration amounted to approximately RMB26.7 million (2006: RMB15.5 million).

The Group has established its human resources policies and procedures with a view to deploying the incentives and rewards of the remuneration system which include a wide range of training and personal development programs to the employees. The remuneration package offered to our staff was in line with the duties and the prevailing market terms. Staff benefits, including medical coverage and provident funds, have also been provided to employees.

**財務回顧(續)**

本集團根據員工年度表現評核的評分，發放任意花紅及獎金。本集團亦會給予僱員獎金或獎勵，以推動僱員個人成長及事業發展。例如持續向員工提供培訓，以提升彼等之技術、產品知識以及對行業品質標準之認識。本集團所有新員工均須參加入門課程以及各類供集團所有員工選擇之培訓課程。

本集團亦已採納購股權計劃，以獎勵及獎賞曾對本集團成功經營作出貢獻之合資格參與人士。於回顧年度內，本集團並無向僱員授出任何購股權。

**業務回顧**

在回顧年度內，在激烈之營商環境競爭中，本集團營業額錄得穩健增長，主要由於提供優質產品並且價格具競爭力、與客戶良好關係，以及新推出產品為本集團帶來新收入來源及市場佔有率。

此外，隨著大規模生產的優勢及上游縱向整合式生產之協同作用，降低本集團依賴外來原材料供應以及改善本集團之價格競爭力。儘管在回顧年度內原材料價格大幅上漲，本集團之整體生產成本與去年比較，僅微升約1.5%。

在回顧年度內，受到部分產品價格下降之不利影響，本集團毛利下跌。再加上濱海廠房營運初期產生龐大的啟用成本，該廠房於二零零七年第四季方開始初步投產，投資初期廠房使用率不足以及折舊和攤銷支出，令本集團溢利錄得倒退。

**FINANCIAL REVIEW (Continued)**

Employees would receive discretionary bonuses and monetary rewards based on their ratings in annual performance appraisals of the Group. The Group also offered rewards or other incentives to the employees in order to motivate their personal growth and career development, such as ongoing opportunities for training to enhance their technical and product knowledge as well as their knowledge of industry quality standards. All new staff of the Group is required to attend an introductory course and there are also various types of training courses available to all the Group's employees.

The Group has also adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. During the year under review, no share option was granted to employees.

**BUSINESS REVIEW**

The Group's turnover was recorded with a healthy growth amid a competitive operating environment during the year under review, which mainly resulted from its superior product quality at competitive price, promising customer relationship, and newly launched products to bring new source of income and market share to the Group.

Besides, with the advantage of large scales production and the synergy of the upward vertically-integrated production, the Group's reliance on external supply of raw materials was reduced and the price competitiveness of the Group was improved. Although the market price of raw materials increased substantially during the year under review, the overall production cost of the Group was slight increased by around 1.5% only when compared with that of recorded in the last year.

With the adverse market impact in the price of some products that was dropped during the year under review, the gross profit of the Group was declined. In addition to the heavy initial start-up operating costs incurred by Binhai plant, the plant began its initial production in the fourth quarter of 2007, the under-utilization during the initial start-up stage and the significant depreciation and amortization charges, the Group reported a decline in profit.



### 業務回顧(續)

在回顧年度內，本集團致力發展濱海廠房。第一期建設已完成，本集團成功開拓高純度異丁烯、聚異丁烯及氯乙酸等產品系列。濱海廠房不單能擴大本集團產品系列，提升本集團之整體產能，亦為本集團帶來進一步發展的空間，從而鞏固其業內領導地位。

目前，不利市況之影響正在減退，產品價格亦已回升。在濱海廠房之新產品的商業生產進度符合本集團預期之情況下，濱海廠房營運表現將得以改善，使用率亦逐漸提升。該等新產品之溢利貢獻預期在不久將來將會反映出來，股東應佔溢利屆時將有所提升。

### 強化銷售渠道及分銷網絡

本集團在國內擁有相當穩定及成熟之分銷市場。多年來本集團得到長期客戶的支持，本集團將繼續維持其本身之強大及穩定的客戶基礎。此外，本集團將致力擴大精細石油化工產品之客戶群，並與有潛力客戶尋求新業務關係。

### BUSINESS REVIEW (Continued)

The Group has made substantial efforts on the development of Binhai plant during the year under review. Phase one construction has been completed, and the Group's product range has been successfully expanded by the high purity isobutylene, polyisobutylene and mono chloro acetic acid. Binhai plant not only can extend the product range of the Group, elevate its overall output capacity but also provide further rooms for the development to the Group so as solidifying its leading position in the industry.

At present, the adverse market impact is diminishing and the product price has rebounded. The operating performance of Binhai plant will be improved and the utilization rate of the plant will be arising gradually when the progress of commercial production of the new products at the Binhai plant is in line with the Group's expectation. The profit attributable to shareholders will be improved when the contribution of these new products has been expected to be reflected in the near future.

### Reinforcing sales channels and distribution network

The Group has very stable and mature distribution market in China. With the support from its long-term customers, the Group will continue to maintain its strong and stable customer base. Besides, the Group will endeavour to expand the customer base for fine petrochemical products, and to seek new business relationship with potential customers.



### 業務回顧(續)

#### 強化銷售渠道及分銷網絡(續)

本集團視銷售代理為合作伙伴，與他們建立非常良好及長遠的業務關係。本集團亦致力開拓海外市場，於二零零七年第四季度參與於意大利舉行之重要精細化工展銷會，以開拓有潛力之客戶，提升本集團之聲譽及其企業形象，並與海外客戶建立更緊密之業務關係。

本集團將持續拓展其海外業務覆蓋範圍及擴大中國市場，以達致更佳之市場佔有率以及提升其市場領導地位。

#### 提升生產設施及開拓產品種類

為佔據快速發展之市場，本集團於過去數年推行積極的產能擴充計劃。在回顧年內，丙二酸二乙酯及氰化鈉之年產能已大幅提升。

除現有產品外，本集團已於二零零七年第四季開始生產精細石油化工產品，如高純度異丁烯及聚異丁烯。與此同時，本集團已在市場推出新產品氰乙酸，該產品是生產咖啡因之主要原材料之一，在回顧年度為本集團帶來可觀的溢利貢獻。

### BUSINESS REVIEW (Continued)

#### Reinforcing sales channels and distribution network (Continued)

The Group treats its sales agents as business partner that has established a very well and long term business relationship with them. The Group also devoted to explore the overseas market and has participated in an important fine chemical fair held in Italy in the fourth quarter of 2007 for exploring potential customers, promoting the Group's reputation and its corporate image and building up a further close business relationship with overseas customers.

The Group will continue to extend its business coverage to overseas market and expand its market in the PRC, achieve a better market shares and enhance its market leading position.

#### Advancement of production facilities and expansion of product range

During the past few years, in order to capture the fast expanding market, an aggressive production capacity expansion program was embarked. During the year under review, the annual production capacity of diethyl malonate and sodium cyanide was increased substantially.

Apart from the existing products, the Group has commenced the production of fine petrochemical products such as high purity isobutylene and polyisobutylene in the fourth quarter of 2007. At the same time, the Group introduced a new product, namely cyanoacetic acid to the market, which is one of the core raw materials for production of caffeine and contributed remarkable profit to the Group during the year under review.

## 業務回顧(續)

### 提升生產設施及開拓產品種類(續)

本集團亦積極開拓上游產品，如氯乙酸、鹽酸及甲醇等。

目前，部分新生產線達到最高之使用量。

本集團正竭力對若干具潛力之產品推行產能擴充計劃，同時亦持續尋求改善生產能力，提高生產效率並提升生產設備，從而提升規模經濟及精簡生產流程。

### 增強研究及開發能力

研究及開發是一個持續過程，讓本集團開拓新商機及維持優越競爭能力。本集團已投放豐富資源於產品開發、作出生產工藝之突破、改良生產程序及為來年進一步擴大產品種類而鋪路，有關工作將會繼續進行。深信持續產品開發及推陳出新能支持本集團的溢利增長，以及保持本集團在市場中的領導地位。



## BUSINESS REVIEW (Continued)

### Advancement of production facilities and expansion of product range (Continued)

The Group has also endeavoured to expand upstream products, such as mono chloro acetic acid, hydrochloric acid and methanol etc.

At present, some new production lines reach their optimum utilization.

The Group is pressing ahead with capacity expansion plans in certain potential products and also continues to quest for improved productivity, enhance production efficiency combined with upgraded production facilities to improve economies of scale and streamline production process.

### Strengthening research and development capabilities

Research and development are continuous processes for the Group to explore new business opportunities and maintain the edge competitiveness capabilities. The Group has allocated and will continue to allocate considerable resources towards product development, making production technique breakthroughs, fine-tuning the production process and paving the way to further broaden its product range in the coming years. It is believed that ongoing product development and innovation can support the Group's profit growth and maintain the market leading position of the Group.



## 展望

本集團將持續實施規模量產之戰略，通過規模經濟配合發展。提高產能亦有利於以較低之生產成本擴大銷售量。為進一步加強競爭力，本集團專注於強化縱向整合生產以達到協同效應之優勢。在未來之年，將繼續發展產品多元化，確保本集團處於有利位置，把握未來之增長機會。

本集團繼續提升生產設施以改善生產力，同時為配合其內部政策，已主動積極應付安全及環保問題。以往本集團一直致力於提升環境保護設施，並已計劃於二零零八年進一步提升污水處理設施。本集團已委任小組負責其安全及環保工作，以及進一步改善及發展，以確保本集團日後發展得到保障。

本集團將繼續努力在營運上不斷地追求卓越，通過充份利用其現有資源之競爭優勢，積極尋求拓展業務的機遇，帶動營業額上升，以鞏固本集團業內地位。展望未來，憑藉豐富的行業經驗、高質素的產品、與客戶建立穩固的關係和擴大生產規模，本集團將繼續發展核心業務，進一步提升公司的盈利能力，為股東爭取理想的回報。

## OUTLOOK

The Group will implement the strategy of large scale production continuously in order to secure the development through economies of scale. Also, a higher capacity has facilitated an enlargement of sales volume at a lower production cost. To further enhance the competitiveness, the Group aims to strengthen its vertically-integrated production to achieve the synergy advantages. In coming years, product diversification will be ongoing to ensure that the Group is well-positioned to capitalize on future growth opportunities.

The Group continued to upgrade production facilities to improve productivity and has taken proactive steps to address the safety and environmental issues that in line with its internal policy. The Group has devoted to enhancing environmental protection facilities in the past and planned to further upgrade its waste water treatment facilities in 2008. The Group has assigned a team with responsibility for the safety and environmental protection work and its further improvement and development in order to safeguard the future development of the Group.

The Group will continue to strive for operational success by utilizing all competitive advantages of its existing resources to actively seek for expansion opportunities to lead the leap in turnover growth and consolidate the Group's position in the industry. Looking forward, capitalizing on its abundant industry experience, high quality products, solid customer relationship and expanded production scale, the Group will continue to develop its core business and further enhance its corporate profitability so as to generate satisfactory returns for its shareholders.



# 董事報告

## Directors' Report

本公司董事(「董事」)欣然提呈其年報連同截至二零零七年十二月三十一日止年度本公司及其附屬公司(統稱為「本集團」)之經審核綜合財務報表。

### 主要業務

本公司為投資控股公司，本集團之主要業務為研發、生產及銷售精細化工產品。該等產品大致分為三個主要產品類別：氰乙酸乙酯類產品，醇類產品及石油化工類產品。

### 業績及分派

本集團截至二零零七年十二月三十一日止年度之業績載於本年報的綜合收益表第47頁。

董事建議派發末期股息每股1.25港仙(二零零六年：零)。本公司將於二零零八年五月二十三日(星期五)向於二零零八年五月九日(星期五)營業時間結束時名列本公司股東名冊之股東派付末期股息，此須獲股東於應屆股東週年大會(「二零零八年股東週年大會」)批准。

### 股東週年大會

二零零八年股東週年大會將於二零零八年五月九日(星期五)舉行。有關二零零八年股東週年大會之詳情，股東應參閱二零零八年四月十六日之本公司通函及大會通告及隨附之代表委任表格。

The directors of the Company (the "Directors") have pleasure in presenting the annual report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2007.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal business of the Group includes the research and development, production and sale of fine chemical products, which is broadly categorised into three major product groups, namely cyanoacetate products, alcoholic products and petrochemical products.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2007 are set out in the consolidated income statement on page 47 of the annual report.

The Directors recommend the payment of a final dividend of HK1.25 cents (2006: nil) per share. The final dividend will be payable by the Company on Friday, 23 May 2008 to the shareholders on the register of members of the Company at the close of business on Friday, 9 May 2008, subject to the approval of the shareholders at the forthcoming annual general meeting (the "2008 AGM").

### ANNUAL GENERAL MEETING

The 2008 AGM will be held on Friday, 9 May 2008. Shareholders should refer to the details regarding the 2008 AGM in the circular of the Company of 16 April 2008 and the notice of the 2008 AGM and the form of proxy accompanying thereto.

## 暫停辦理股份過戶登記手續

為確定有權收取末期股息，並出席二零零八年股東週年大會及於會上投票之股東身份，本公司將於二零零八年五月七日(星期三)至二零零八年五月九日(星期五)(包括首尾兩天)止期間內暫停辦理股份過戶登記手續。所有股份過戶文件連同有關股票必須於二零零八年五月六日(星期二)下午四時三十分前送交本公司之香港股份過戶及登記處香港中央證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心17樓1712-1716室。

## 股本

在回顧年度內本公司股本變動之詳情載於本公司截至二零零七年十二月三十一日止年度之綜合財務報表附註26。

## 財務概要

本集團於過去五個財政年度的業績以及資產及負債概要載於年報第4頁。

## 儲備

本公司儲備變動之詳情載於年報第49頁之綜合權益變動表。

## 本公司可供分派儲備

於二零零七年十二月三十一日，根據開曼群島公司法第22章，在組織章程大綱或細則規限下，本公司之股份溢價賬可供向股東分派或派付股息，惟於緊隨股息分派後，本公司須有能力償還其於日常業務中到期之債務。於二零零七年十二月三十一日，本公司可供分派予股東之儲備合共約為人民幣321,100,000元(二零零六年：人民幣238,400,000元)。

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders entitled to receive the final dividend, and attend and vote at the 2008 AGM, the register of members of the Company will be closed from Wednesday, 7 May 2008 to Friday, 9 May 2008, both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 6 May 2008.

## SHARE CAPITAL

Details of movements during the year under review in the share capital of the Company are set out in Note 26 to the consolidated financial statements of the Company for the year ended 31 December 2007.

## FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 4 of the annual report.

## RESERVES

Details of movements in the reserves of the Company are set out in the consolidated statement of changes in equity on page 49 of the annual report.

## DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2007, under Chapter 22 of the Companies Law of the Cayman Islands, the share premium account of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. As at 31 December 2007, the Company's reserves available for distribution to shareholders amounted in total to approximately RMB321.1 million (2006: RMB238.4 million).

## 物業、機器及設備及預付租賃款項

在回顧年度內本集團耗支約人民幣94,300,000元於物業、機器及設備及預付租賃款項，以擴充生產能力。年內，有關預付租賃款項及物業、機器及設備之變動詳情分別載於本公司於截至二零零七年十二月三十一日止年度之綜合財務報表附註15及附註16。

## 投資物業

本集團之投資物業已於結算日重估。因重估產生之投資物業公平值增加人民幣1,900,000元已計入綜合財務報表。有關本集團投資物業變動之詳情載於本公司截至二零零七年十二月三十一日止年度之綜合財務報表附註17。

## 主要客戶及供應商

截至二零零七年十二月三十一日止年度，五大客戶佔本集團總營業額約19.8%（二零零六年：28.6%），而本集團最大客戶應佔營業額則佔本集團總營業額約5.7%（二零零六年：7.4%）。

截至二零零七年十二月三十一日止年度，五大供應商佔本集團總採購額約32.3%（二零零六年：45.1%），而本集團最大供應商應佔採購額則佔本集團總採購額約12.9%（二零零六年：13.5%）。

本公司任何董事、其聯繫人或就董事所知擁有本公司股本5%以上之任何本公司股東，概無於回顧年度內任何時間在本集團五大客戶及供應商中擁有任何權益。

## PROPERTY, PLANT AND EQUIPMENT AND PREPAID LEASE PAYMENTS

During the year under review, the Group spent approximately RMB94.3 million on property, plant and equipment and prepaid lease payments to expand its production capabilities. Details of the movements in the prepaid lease payments and property, plant and equipment of the Group are set out in Note 15 and Note 16 to the consolidated financial statements of the Company for the year ended 31 December 2007 respectively.

## INVESTMENT PROPERTIES

The Group's investment properties were revalued at the year end date. The fair value increase on investment properties arising on revaluation amounting to RMB1.9 million has been credited to the consolidated financial statements. Details of movements in the investment properties of the Group are set out in Note 17 to the consolidated financial statements of the Company for the year ended 31 December 2007.

## MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2007, the five largest customers accounted for approximately 19.8% (2006: 28.6%) of the Group's total turnover, whilst turnover attributable to the Group's largest customer accounted for approximately 5.7% (2006: 7.4%) of the Group's total turnover.

For the year ended 31 December 2007, the five largest suppliers accounted for approximately 32.3% (2006: 45.1%) of the Group's total purchases, whilst purchases attributable to the Group's largest supplier accounted for approximately 12.9% (2006: 13.5%) of the Group's total purchases.

At no time during the year under review did any Director, any associate of a Director or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) has an interest in any of the Group's five largest customers and suppliers.

## 董事及董事之服務合約

於本回顧財政年度及截至本報告刊發當日之董事如下：

### 執行董事：

劉洪亮先生  
王子江先生  
郭希田先生  
郭玉成先生

### 獨立非執行董事：

翟軍先生(於二零零七年三月一日辭任)  
梁錦雲先生(於二零零七年三月一日獲委任)  
劉晨光先生  
高寶玉先生

根據本公司組織章程細則第86及87條，劉洪亮先生、郭希田先生及劉晨光先生將於應屆股東週年大會上輪值告退，惟符合資格並願意膺選連任為董事。

獨立非執行董事之任期初步不多於三年，並將自動續任三年，直至任何一方向對方發出不少於一個月之書面通知終止任期為止。

執行董事均與本公司訂立服務合約，為期三年。其後，除非一方提前三個月向另一方發出書面通知予以終止，否則董事任期將會按年延續。

擬於應屆股東週年大會上膺選連任之董事概無與本公司或其附屬公司訂立本公司不作賠償(法定賠償除外)則不可於一年內終止之未屆滿服務合約。

## 董事之合約權益

除本報告題為「關連交易」一段及本公司截至二零零七年十二月三十一日止年度綜合財務報表附註30「關聯交易」所披露者外，於年終或年內任何時間，概無任何由本公司或其附屬公司所訂立而與本集團業務有關且本公司董事直接或間接擁有重大權益之重大合約。

## DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the financial year under review and up to the date of this report are:

### Executive Directors:

Mr. Liu Hongliang  
Mr. Wang Zijiang  
Mr. Guo Xitian  
Mr. Guo Yucheng

### Independent non-executive Directors:

Mr. Chak Kwan (resigned on 1 March 2007)  
Mr. Leung Kam Wan (appointed on 1 March 2007)  
Mr. Liu Chenguang  
Mr. Gao Baoyu

In accordance with Articles 86 and 87 of the Company's Articles of Association, Mr. Liu Hongliang, Mr. Guo Xitian, and Mr. Liu Chenguang shall retire and, being eligible, offer themselves for re-election as Directors at the forthcoming annual general meeting.

The independent non-executive Directors were appointed for an initial term of not more than three years and will be renewable automatically for successive term of three years until terminated by not less than one month's notice in writing served by either party on the other.

The executive Directors have entered into service contracts with the Company for a term of 3 years and thereafter shall continue from year to year until terminated by giving three month's notice in writing thereof by either party to the other.

No Directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any its subsidiaries within one year without payment of compensation, other than statutory compensation.

## DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the paragraph headed "Connected Transactions" set out in this report and Note 30 to the consolidated financial statements of the Company for the year ended 31 December 2007 on "Related Party Transactions", no contracts of significance in relation to the Group's business to which the Company or its subsidiaries were a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or any time during the year.

## 董事及主要行政人員之證券權益

於二零零七年十二月三十一日，本公司董事、主要行政人員及彼等之聯繫人於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份及／或相關股份中，擁有本公司根據證券及期貨條例第352條規定存置之登記冊所記錄，或已根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）所載上市公司董事進行證券交易的標準守則（「標準守則」）知會本公司及聯交所之權益及淡倉如下：

### 持有本公司股份之好倉

董事姓名 Name of Director	公司／相聯法團名稱 Company/name of associated corporation (附註1) (Note 1)
劉洪亮先生 Mr. Liu Hongliang	志峰集團有限公司 Cheerhill Group Limited

附註：

- 該等292,000,000股股份由志峰集團有限公司（「志峰」）持有，其全部已發行股本分別由劉洪亮先生、王子江先生、郭希田先生、鄭虹女士、郭玉成先生及傅安旭先生分別最終實益擁有38%、26%、11.5%、11.5%、6.5%及6.5%。
- 由於劉先生於志峰擁有38%權益，其被視為於上文附註1所述之292,000,000股股份擁有權益。
- 在回顧年度內，志峰轉讓本公司8,000,000股股份予翟軍先生（「轉讓」），作價1,000港元。該轉讓受制於翟先生與本公司於二零零七年三月二日簽訂之五年固定年期服務合約。自此，志峰持有本公司之股權由300,000,000股股份減至292,000,000股股份。

除上文所披露之權益外，於二零零七年十二月三十一日，各董事、本公司主要行政人員及彼等之聯繫人概無擁有本公司或其任何相聯法團之任何股份、相關股份或債券之任何權益或淡倉。

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

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

### Long Position in the shares of the Company

所持股份／ 股份權益 Number of shares held/interest in the Shares	身份 Capacity	佔已發行股本總數 概約百分比(%) Approximate % in the total issued share capital
292,000,000 (附註2和3) (Notes 2 and 3)	受控法團 之權益 Interest of controlled corporation	73.00%

Notes:

- The 292,000,000 Shares were held by Cheerhill Group Limited ("Cheerhill"), the entire issued share capital of which is ultimately beneficially owned as to 38% by Mr. Liu Hongliang, 26% by Mr. Wang Zijiang, 11.5% by Mr. Guo Xitian, 11.5% by Ms. Zheng Hong, 6.5% by Mr. Guo Yucheng and 6.5% by Mr. Fu Anxu.
- Mr. Liu is deemed to be interested in 292,000,000 Shares referred to in Note 1 above by virtue of his 38% interest in Cheerhill.
- During the year under review, Cheerhill transferred 8,000,000 shares of the Company to Mr. Chak Kwan (the "Transfer") for a consideration of HK\$1,000. The Transfer is subject to a 5-year fixed term service contract entered into between Mr. Chak and the Company on 2 March 2007. The shareholding of the Company held by Cheerhill was decreased from 300,000,000 shares to 292,000,000 shares since then.

Other than as disclosed above, none of the Directors, chief executives of the Company, nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 December 2007.

## 主要股東

於二零零七年十二月三十一日，按本公司根據證券及期貨條例第336條存置之主要股東名冊內顯示，以下人士已知會本公司彼等於本公司已發行股本中擁有相關權益：

主要股東於股份及／或相關股份中持有之好倉

股東名稱 Name of shareholders	所持股份／ 股份權益 及權益總額 Number of shares held/interest in the Shares and aggregated interest	身份 Capacity	佔已發行股本總數 概約百分比(%) Approximate % in the total issued share capital
志峰(附註) Cheerhill (Note)	292,000,000	實益擁有人 Beneficiary owner	73.00%
荷蘭銀行控股有限公司 ABN AMRO Holdings Limited	27,588,000	投資基金 Investment Fund	6.9%

附註：

該等292,000,000股股份由志峰集團有限公司(「志峰」)持有，其全部已發行股本分別由劉洪亮先生、王子江先生、郭希田先生、鄭虹女士、郭玉成先生及傅安旭先生分別最終實益擁有38%、26%、11.5%、11.5%、6.5%及6.5%。

除上文所披露者外，截至二零零七年十二月三十一日，本公司並無獲任何人士知會於本公司之股份或相關股份中，擁有任何根據證券及期貨條例須知會本公司之權益或淡倉，或擁有本公司根據證券及期貨條例第336條存置之登記冊中記錄之權益或淡倉。

## 購買股份或債券之安排

本公司、其控股公司、或其任何附屬公司及同系附屬公司概無於回顧年度內任何時間訂立任何安排，致使本公司董事可藉購買本公司或任何其他法人團體之股份或債務證券(包括債券)而獲益。

## SUBSTANTIAL SHAREHOLDERS

As at 31 December 2007, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that the following shareholders had notified the Company of their relevant interests in the issued share capital of the Company:

Long position of substantial shareholders in the shares and/or underlying shares

Note:

The 292,000,000 shares were held by Cheerhill Group Limited ("Cheerhill"), the entire issued share capital of which is ultimately beneficially owned as to 38% by Mr. Liu Hongliang, 26% by Mr. Wang Zijiang, 11.5% by Mr. Guo Xitian, 11.5% by Ms. Zheng Hong, 6.5% by Mr. Guo Yucheng and 6.5% by Mr. Fu Anxu.

Save as disclosed above, the Company has not been notified by any person who had any interest or short position in the shares or underlying shares of the Company as at 31 December 2007, which are required to be notified to the Company under the SFO or which are recorded in the register required to be kept by the Company under section 336 of the SFO.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year under review was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

## 關連交易

根據本集團主要營運附屬公司濰坊同業化學有限公司(「濰坊同業」)與濰坊天弘企業管理及顧問有限公司(「濰坊天弘」)訂立之租約(「該租約」)，濰坊同業由二零零七年四月一日起租賃由濰坊天弘擁有之辦公室物業，租期三年，每年租金人民幣155,400元，於每年年底前支付。因本公司執行董事劉洪亮先生、王子江先生、郭希田先生及郭玉成先生控制濰坊天弘之全部投票權，故濰坊天弘為本公司之關連人士。該租約之交易構成本公司之持續關連交易。然而，因該租約屬上市規則第14A.33(3)條所指之符合最低豁免水平的交易，該租約獲豁免遵守上市規則之申報、公佈及獨立股東批准之規定。

除上文所披露者外，回顧年度內，概無任何其他根據上市規則之規定須作披露之關連交易，而本公司、其控股股東，或其任何附屬公司及同系附屬公司之間概無訂立於本年度年結日或回顧年度內任何時間仍然有效，且本公司之董事於其中直接或間接擁有重大權益或根據上市規則或香港法例第32章公司條例之規定須予披露之重要合約。

## 管理合約

回顧年度內概無訂立或存在任何有關本集團業務全部或主要部分之管理或行政之合約。

## 獨立非執行董事確認

本公司已收到每位獨立非執行董事根據上市規則第3.13條規定就其獨立性發出之年度確認書。本公司認為所有獨立非執行董事均為獨立人士。

## CONNECTED TRANSACTIONS

Pursuant to a lease (the "Lease") entered into between Weifang Common Chem Co. Ltd. ("Weifang Common"), being a major operating subsidiary of the Group, and Weifang Tianhong Corporate Management and Consultancy Service Co. Ltd. ("Weifang Tianhong"), Weifang Common leased the office premises owned by Weifang Tianhong for a term of three year commencing on 1 April 2007 at an annual rental payment of RMB155,400, payable at the end of each year. Weifang Tianhong is a connected person to the Company as Mr. Liu Hongliang, Mr. Wang Zijiang, Mr. Guo Xitian and Mr. Guo Yucheng, all being executive Directors of the Company, have full voting control of Weifang Tianhong. The transaction under the Lease constituted a continuing connected transaction of the Company. However, as the Lease is a de minimis transaction under Rule 14A.33(3) of the Listing Rules, it was exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

Save as disclosed above, there were no other transactions which need to be disclosed as connected transactions in accordance with the requirements of the Listing Rules and no contract of significance, between the Company, its controlling shareholders, or any of its subsidiaries and fellow subsidiary or in which a Director had a material interest, whether directly or indirectly, or which are required to be disclosed under the Listing Rules or the Companies Ordinance (Chapter 32 of the laws of Hong Kong) subsisted at the end of the year or at any time during the year under review.

## MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year under review.

## CONFIRMATION FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

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

## 薪酬政策

本集團之薪酬政策由人力資源部釐定並根據僱員之功績、資格及能力而提供薪酬待遇。

本公司董事及高級管理層之薪酬將由薪酬委員會經考慮本集團經營業績、董事及高級管理層所需承擔之責任及可資比較之市場統計數據後作出審閱。

本公司設有購股權計劃(「購股權計劃」)，旨在獎勵及酬謝對本集團之成功作出貢獻之本集團任何成員公司或聯營公司之董事、合資格僱員及股東或彼等各自之聯繫人。購股權計劃由二零零六年十月四日起生效，有效期為十年，根據購股權計劃可授出最多40,000,000份購股權，購股權賦予其持有人權利認購最多40,000,000股股份。

截至二零零七年十二月三十一日，本公司並無根據購股權計劃授出或同意授出購股權予任何人士。

## 優先購買權

本公司之公司細則或開曼群島法例均無載列有關優先購買權之條文，規定本公司須向現有股東按比例提呈發售新股份。

## 買賣或贖回本公司上市證券

在回顧年度內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

## 足夠公眾持股量

於刊發本報告前之最後實際可行日期，根據本公司從公開途徑所得的資料及就董事會所知，董事會確認本公司一直維持上市規則所規定的足夠公眾持股量。

## EMOLUMENT POLICY

The emolument policy of the Group is set up by its human resources department and seeks to provide remuneration packages on the basis of the merit, qualifications and competence of the employees.

The emoluments of the Directors and senior management of the Company will be reviewed by the Remuneration Committee, having regard to factors including the Group's operating results, responsibilities required of the Directors and senior management and the comparable market statistics.

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to directors, eligible employees, any shareholder of each member of the Group or associated company or any of their respective associates, who contribute to the success of the Group. The Share Option Scheme has become effective for a period of 10 years commencing from 4 October 2006 and up to 40,000,000 options entitling the holders thereof to subscribe for up to 40,000,000 shares may be granted under the Share Option Scheme.

As at 31 December 2007, no option has been granted or agreed to be granted to any person under the Share Option Scheme.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles and Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## SUFFICIENCY OF PUBLIC FLOAT

As at the latest practicable date prior to the issue of this report, based on information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirmed that the Company has maintained sufficient public float as required under the Listing Rules.



## 遵守最佳守則之規定

本公司致力維持高水平之企業管治常規。有關本公司所採納企業管治常規之資料載於本年報第33至44頁之企業管治報告內。

本公司已採納標準守則作為董事買賣本公司證券之守則。經本公司作出具體查詢後，本公司之所有董事確認，彼等已於截至二零零七年十二月三十一日止財政年度遵守標準守則之規定標準。

## 合規顧問權益

根據本公司與第一上海融資有限公司(「第一上海」)訂立日期為二零零六年十月十六日之合規顧問協議，第一上海已根據上市規則規定獲委任為合規顧問，任期由二零零六年十月二十七日至本公司截至二零零七年十二月三十一日止年度之財務業績符合上市規則第13.46條之日。第一上海受薪出任本公司合規顧問。

誠如第一上海知會，除上文所披露者外，第一上海或其相關董事、僱員或聯繫人(定義見上市規則)於二零零七年十二月三十一日概無擁有本公司股份任何權益，或擁有任何購股權或任何可認購或提名他人認購本公司股份之權利。

## 核數師

截至二零零七年十二月三十一日止年度之財務報表已經德勤•關黃陳方會計師行審核，彼因任期屆滿須於本公司應屆股東週年大會上退任，但合資格膺選連任。

承董事會命  
主席  
劉洪亮

香港，二零零八年三月二十八日

## COMPLIANCE WITH CODE OF BEST PRACTICES

The Company is committed to maintaining the high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 33 to 44 of this annual report.

The Company has adopted the Model Code as its code for dealing in securities of the Company by the Directors. After specific enquiry by the Company, all the Directors confirmed that they had complied with the required standards set out in the Model Code for the financial year ended 31 December 2007.

## COMPLIANCE ADVISER'S INTEREST

Pursuant to the compliance adviser agreement dated 16 October 2006 entered into between the Company and First Shanghai Capital Limited ("First Shanghai"), First Shanghai has been appointed as the compliance adviser as required under the Listing Rules for the period from 27 October 2006 to the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of the Company's financial results for the year ended 31 December 2007. First Shanghai is paid for acting as the Company's compliance adviser.

As notified by First Shanghai, save as disclosed above, neither First Shanghai nor its respective directors, employees or associates (as defined in the Listing Rules) had any interests in the shares of the Company, or had any options or rights to subscribe for or to nominate persons to subscribe for the shares of the Company as at 31 December 2007.

## AUDITOR

The financial statements for the year ended 31 December 2007 have been audited by Deloitte Touche Tohmatsu who are due to retire and, being eligible, shall offer themselves for reappointment at the forthcoming Annual General Meeting of the Company.

On behalf of the Board  
**Liu Hongliang**  
Chairman

Hong Kong, 28 March 2008

# 企業管治報告

## Corporate Governance Report

本集團認同達致高水準的企業管治對提高企業表現及問責性的價值及重要性。

The Group recognises the value and importance of high corporate governance standards in the enhancement of corporate performance and accountability.

本集團致力確保其經營業務遵照適用的規則、規例以及守則及準則。

The Group endeavours to ensure that its businesses are conducted in accordance with the applicable rules, regulations and codes and standards.

除本報告所披露的偏離情況外，本公司於回顧年度內一直遵守香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四所載企業管治常規守則（「守則」）之適用守則條文。

During the year under review, the Company has complied with all applicable code provisions of the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited, except for the deviations as disclosed in this report.

### 董事

#### (1) 職責

董事會須向股東負責，負責監控本公司所有重要事項，包括制定及批准所有政策事宜、整體策略、內部監控及風險管理制度，以及監察高級管理人員之表現。董事須以本公司利益為依歸，作出客觀決策。

董事負責編製本公司各財政年度的財務賬目，並確保該等賬目真實公平地反映本集團於期內的財務狀況、業績及現金流量，亦負責確保妥為存置本公司會計記錄以披露本集團的財務狀況。

### DIRECTORS

#### (1) Responsibilities

Being accountable to the shareholders, the Board is responsible for overseeing all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitoring the performance of the senior management. The Directors have to take decisions objectively in the interests of the Company.

The Directors are responsible for the preparation of the financial accounts of the Company for each financial year and ensuring that these accounts give a true and fair view of the state of affairs of the Group, its results and cash flows for that period. The Directors are also responsible for ensuring that proper accounting records of the Company which disclose the financial position of the Group are kept at all times.

## 董事(續)

### (2) 董事會

董事會現時由七名董事組成，包括四名執行董事及三名獨立非執行董事。各董事的履歷載於本年報第10至12頁。董事會結構平衡，每名董事均具備與本集團業務營運及發展有關之豐富知識、經驗及／或專業知識。全體董事深知彼等共同及個別對本公司股東所負之責任，並勤勉盡職，為本集團之理想業績作出貢獻。

各董事會成員及主席之間概無財務、業務及親屬關係。彼等均可自由作出獨立判斷。

於回顧年度內所有時間，董事會均符合上市規則有關委任三名獨立非執行董事，且其中最少一名獨立非執行董事須具備合適專業資格或會計或相關財務管理專業知識之規定。

本公司已接獲各獨立非執行董事根據上市規則第3.13條之規定就其獨立性而呈交的年度書面確認，並確信其獨立性符合上市規則的規定。

本公司已採納上市規則附錄十所載之上市公司董事進行證券交易的標準守則(「標準守則」)作為其本身監管董事進行證券交易之守則。董事確認，彼等於截至二零零七年十二月三十一日止財政年度一直遵守標準守則所載之一切規定。本公司亦已就有關僱員採納條款不會較《標準守則》寬鬆之書面指引。高級管理層因其在本公司所擔任之職務可能擁有未公佈股價敏感資料，已被要求遵守標準守則及本公司有關董事進行證券交易之操守準則之規定。根據本公司所知，並無出現相關僱員違反僱員書面指引之情況。

## DIRECTORS (Continued)

### (2) Board of directors

Currently, the Board comprises seven Directors, including four executive Directors and three independent non-executive Directors. The biographical details of the Directors are set out on pages 10 to 12 of this annual report. The composition of the Board is well balanced with each Director having sound knowledge, experience and/or expertise relevant to the business operations and development of the Group. All the Directors are aware of their collective and individual responsibilities to the shareholders of the Company and have exercised their duties with care, skill and diligence, contributing to the successful performance of the Group.

There is no financial, business and family relationship among members of the Board and the Chairman. All of them are free to exercise their independent judgment.

During the year under review, the Board at all times met the requirements of the Listing Rules relating to the three independent non-executives Directors with at least one independent non-executive Director possessing the appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received from each independent non-executive Director a written annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules and is satisfied with their independence in accordance with the Listing Rules.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code governing securities transactions of the Directors. Directors have confirmed compliance with the Model Code for the financial year ended 31 December 2007. The Company has also adopted written guidelines on no less exacting terms than the Model Code for the relevant employees. The senior management, who, because of their office in the Company, is likely to be in possession of unpublished price sensitive information, has been requested to comply with the provisions of the Model Code and the Company's code of conduct regarding securities transactions by Directors. No incidence of non-compliance of the employees' written guidelines by the relevant employees was noted by the Company.

**董事**(續)**(3) 董事會會議**

為了達至全體董事能盡量出席會議，定期董事會會議的日期會預先計劃。公司秘書協助主席擬訂董事會會議議程，而每位董事均獲邀提出任何擬在會議中討論或提呈的事項。

董事獲邀將任何彼等認為合適之事項列入董事會會議的議程內。每次董事會前14日已給予通知。董事會文件在會議舉行前不少於三天送予所有董事傳閱，以確保彼等可及時地獲得一切有關資料。

董事會文件及會議記錄由公司秘書備存於本公司主要營業地點。所有會議記錄之草擬本會於舉行各會議後七天內送交董事，以供彼等審閱及發表意見。董事在有需要時可尋求獨立專業意見，而費用由本公司承擔。

董事會已設立三個委員會，即安全及環保委員會、審核委員會及薪酬委員會，以監察本公司有關方面之事務。所有委員會均有明確的書面職權範圍，清晰訂明其權限及職責。

**DIRECTORS** (Continued)**(3) Board meetings**

Regular Board meetings are scheduled in advance to facilitate possible fullest attendance. The Company Secretary assists the Chairman in setting the agenda of the Board meetings and each Director is invited to present any businesses that he wishes to discuss or propose at such meetings.

The Directors were invited to include any matters which they thought appropriate in the agenda for the Board meetings. Notice of at least 14 days was given for each Board meeting. Board papers are circulated to all Directors not less than 3 days before the Board meetings to ensure timely access to relevant information.

The Board papers and minutes of the Company are kept by the Company Secretary at the Company's principal place of business in Hong Kong. All draft minutes would be sent to Directors for review and comment within 7 days after each meeting. The Directors are permitted to seek independent professional advice, if required, at the Company's expenses.

The Board has established three committees, namely the Safety and Environmental Protection Committee, the Audit Committee and the Remuneration Committee, for overseeing particular aspects of the Company's affairs. All committees have been established with specific written terms of reference which deal clearly with its authority and duties.

**董事(續)**

**(3) 董事會會議(續)**

在回顧年度內，共舉行四次董事會會議、兩次審核委員會會議、一次薪酬委員會會議及兩次安全及環保委員會會議。各董事出席上述會議之記錄載列如下：

**DIRECTORS (Continued)**

**(3) Board meetings (Continued)**

During the year under review, 4 Board meetings, 2 Audit Committee meetings, 1 Remuneration Committee meeting and 2 Safety and Environmental Protection Committee meetings were held. The attendance record of each Director at the aforesaid meetings is set out below:

**出席會議記錄  
Attendance of meetings**

安全及  
環保委員會  
Safety and

Environmental  
Protection  
Committee

		董事會 Board	審核委員會 Audit Committee	薪酬委員會 Remuneration Committee	安全及 環保委員會 Environmental Protection Committee
<b>執行董事</b>	<b>Executive Directors</b>				
劉洪亮先生 <sup>3</sup>	Mr. Liu Hongliang <sup>3</sup>	4/4	–	1/1	–
王子江先生	Mr. Wang Zijiang	4/4	–	–	–
郭希田先生	Mr. Guo Xitian	4/4	–	–	–
郭玉成先生 <sup>5</sup>	Mr. Guo Yucheng <sup>5</sup>	4/4	–	–	2/2
<b>獨立非執行董事</b>	<b>Independent non-executive Directors</b>				
梁錦雲先生 <sup>1, 4</sup>	Mr. Leung Kam Wan <sup>1,4</sup>	3/4	2/2	1/1	–
高寶玉先生 <sup>2, 4, 6</sup>	Mr. Gao Baoyu <sup>2,4,6</sup>	4/4	2/2	1/1	2/2
劉晨光先生 <sup>2, 4</sup>	Mr. Liu Chenguang <sup>2,4</sup>	4/4	2/2	1/1	–
<b>高級管理人員</b>	<b>Senior Management</b>				
傅安旭先生 <sup>6</sup>	Mr. Fu Anxu <sup>6</sup>	–	–	–	2/2

附註：

1. 審核委員會主席
2. 審核委員會成員
3. 薪酬委員會主席
4. 薪酬委員會成員
5. 安全及環保委員會主席
6. 安全及環保委員會成員

Notes:

1. Chairman of the Audit Committee
2. Member of the Audit Committee
3. Chairman of the Remuneration Committee
4. Member of the Remuneration Committee
5. Chairman of the Safety and Environmental Protection Committee
6. Member of the Safety and Environmental Protection Committee

**董事**(續)**(3) 董事會會議**(續)

審核委員會由三名獨立非執行董事組成，分別為梁錦雲先生、高寶玉先生及劉晨光先生。梁先生為審核委員會主席，彼具備上市規則規定之認可會計專業資格。審核委員會的主要職責包括：

- 審閱本集團的財務資料、監管本集團之財務報告制度及內部監控流程；
- 與董事會討論內部監控系統，確保董事會已履行職責建立有效的內部監控制度；
- 就委任、重新委任及罷免外聘核數師向董事會提供意見，以及批准外聘核數師的酬金及聘用條款；
- 評估關連交易之公平及合理性，及交易對本集團盈利能力及全體股東利益之影響；及
- 審閱外聘核數師給予管理層的函件及管理層回應。

**DIRECTORS** (Continued)**(3) Board meetings** (Continued)

The Audit Committee comprises the three independent non-executive Directors, namely, Mr. Leung Kam Wan, Mr. Gao Baoyu and Mr. Liu Chenguang. Mr. Leung is the Chairman of the Audit Committee and he possesses recognised professional qualifications in accounting required by the Listing Rule. The main duties of the Audit Committee include:

- reviewing the Group's financial information, overseeing the Group's financial reporting systems and internal control procedures;
- discussing with the Board the system of internal control and ensure that the Board has discharged its duty to have an effective internal control system;
- making recommendation to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditor;
- evaluating the fairness and reasonableness of any connected transaction and the impact of such transaction on the profitability of the Group as well as the interest of the Shareholders as a whole; and
- reviewing the external auditor's management letter and management's response.

## 董事(續)

### (3) 董事會會議(續)

審核委員會在回顧年度內召開兩次會議，以討論及審閱下列事宜：

1. 審閱截至二零零六年十二月三十一日止年度之全年業績及截至二零零七年六月三十日止六個月之中期業績；
2. 考慮外聘核數師之委任及審核費用；
3. 檢討內部監控制度是否足夠及有效；
4. 審閱外聘核數師給予管理層的函件；及
5. 向董事會提出建議，以改善內部監控及信貸監控管理；

薪酬委員會的主席為執行董事劉洪亮先生，其他三名成員為梁錦雲先生、高寶玉先生及劉晨光先生，全部均為獨立非執行董事。薪酬委員會主要負責檢討及評估執行董事之薪酬待遇以及不時向董事會提出建議。董事一概不得參與任何有關其本身薪酬之討論。

在回顧年度內，薪酬委員會已召開一次會議，以審閱及評估本公司全體董事及高級管理層之薪酬待遇。

## DIRECTORS (Continued)

### (3) Board meetings (Continued)

Two Audit Committee meetings were held during the year under review to discuss and review the following matters:

1. reviewing the annual results for the year ended 31 December 2006 and the interim results for the six months ended 30 June 2007;
2. considering the appointment and the audit fees of the external auditor;
3. reviewing the adequacy and effectiveness of the internal control system of the Group;
4. reviewing the external auditor's management letter; and
5. making recommendations to the Board for improvement of internal control and credit control management.

The Remuneration Committee is chaired by Mr. Liu Hongliang, an executive Director with Mr. Leung Kam Wan, Mr. Gao Baoyu and Mr. Liu Chenguang as the three other members, all being independent non-executive Directors. The Remuneration Committee is mainly responsible for reviewing and evaluating the remuneration packages of the executive Directors and making recommendations to the Board from time to time. No Director shall participate in any discussion about his own remuneration.

During the year under review, the Remuneration Committee has held a meeting to review and evaluate the compensation packages for all the Directors and senior management of the Company.

**董事**(續)**(3) 董事會會議**(續)

為加強生產過程中的安全及效益，董事會成立了安全及環保委員會。安全環保委員會由三名成員組成，包括執行董事兼委員會主席郭玉成先生、獨立非執行董事高寶玉先生及集團總工程師傅安旭先生。委員會受命於董事會，主要執行以下工作：

- 制定本集團整體安全及環保計劃及規章制度，供董事會審批；
- 考核及監督各附屬公司之生產運作情況，確保符合本集團之安全及環保規章制度；
- 確保本集團作為一間安全生產企業，其生產運作符合所有中國政府相關部門頒佈之安全生產法規及規則；及
- 處理所有關於本集團的安全及環保生產之投訴。

**DIRECTORS** (Continued)**(3) Board meetings** (Continued)

The Board has established the Safety and Environmental Protection Committee to enhance the safety and effectiveness during the production processes. The Safety and Environmental Protection Committee comprised three members, namely Mr. Guo Yucheng, an executive Director and the Chairman of the Committee, Mr. Gao Baoyu, an independent non-executive Director and Mr. Fu Anxu, a chief engineer of the Group. The Committee is delegated by the Board of Directors to perform mainly the following duties:

- formulating the Group's overall safety and environmental protection plans and regulations for the approval by the Board;
- examining and supervising the production operations at the subsidiary level to ensure that they are followed to the Group's safety and environmental protection regulations;
- ensuring that the production of the Group has been complied with all rules and regulations as a safety production enterprise promulgated by the relevant government authorities in the PRC; and
- handling all complaints regarding safety and environmental production aspect of the Group.



## 董事(續)

### (3) 董事會會議(續)

在回顧年度內，安全及環保委員會已召開兩次會議，以討論及審閱下列事宜：

1. 全面評估本集團之安全及環保系統，並向董事會提出提升污水處理設施功能之建議；
2. 考核各附屬公司之生產運作情況，確保符合本集團之安全及環保規章制度；及
3. 審閱所有中國政府相關部門頒佈之安全生產法規及規則，以確保本集團之生產運作符合法規及規則。

本公司並無成立提名委員會。新董事的委任由董事會全體成員參議，在提名新董事時，董事會會考慮彼等之專業知識、經驗、誠信及承擔等各方面的資歷。

### (4) 主席及行政總裁

據守則第A.2.1條之規定，主席及行政總裁之角色應予區分，不應由同一人擔任。

本公司目前並無高級職員獲授行政總裁職銜。在回顧年度內，劉洪亮先生為本公司主席兼總經理。董事會認為，劉先生不但具備精細化工業務之豐富知識及經驗，並有能力推動本集團持續發展，故不另外委任他人出任行政總裁職務代替劉先生之位置，此舉為最合適且符合本公司之最佳利益。

## DIRECTORS (Continued)

### (3) Board meetings (Continued)

During the year under review, the Safety and Environmental Protection Committee has held two meetings to discuss and review the following issues:

1. evaluating the overall safety and environmental protection system of the Group and recommended the Board to upgrade the function of the waste water treatment facilities;
2. examining the production operations at the subsidiary level to ensure that they are followed to the Group's safety and environmental protection regulations; and
3. reviewing all rules and regulations promulgated by relevant government authorities in the PRC to ensure that the production of Group complied with the rules and regulations.

The Company has not established a Nomination Committee. The full Board is involved in the appointment of new Directors by taking into consideration criteria such as expertise, experience, integrity and commitment when considering new director appointments.

### (4) Chairman and Chief Executive Officer

Under code provisions A.2.1 of the Code, the role of the chairman and that of the chief executive officer should be separate and should not be performed by the same individual.

The Company does not presently have any officer with the title of chief executive officer. During the year under review, Mr. Liu Hongliang was the Chairman and the general manager of the Company. The Board is of the opinion that it is appropriate and in the best interest to the Company not to engage a chief executive officer in his place as Mr. Liu possesses in-depth knowledge and experience in fine chemical business and is able to ensure the sustainable development of the Group.

**董事(續)****(4) 主席及行政總裁(續)**

為加強本公司主席及總經理各自之獨立地位、問責性及責任，本公司委任翟軍先生出任總經理一職，由二零零八年一月一日起生效。本公司主席與總經理間職責之分工已清楚界定如下：

主席肩負領導角色，並負責促使董事會按照良好企業管治常規有效運作。在高級管理人員支援下，主席亦負責確保董事適時獲取充分、完備及可靠之資料。

總經理執掌本集團之日常管理及經營事務、管理本公司及其附屬公司、發展及實施董事會所批准及授權之目標、政策及策略，亦負責推行策略計劃及制訂組織架構、監控制度及內部程序與流程，以供董事會批准。

**(5) 委任、重選及罷免**

所有董事的指定任期為三年，並根據本公司組織章程細則最少每三年輪值告退一次。

在回顧年度內，由董事會委任之一名獨立非執行董事已在獲委任後之本公司首次股東週年大會上退任及膺選連任。

於每屆股東週年大會上，當時三分之一之董事(或如其數目並非三之倍數，則以最接近但不少於三分之一之數目為準)須輪值告退，惟每名董事須最少每三年告退一次。退任董事符合資格膺選連任，並於其告退之大會期間繼續擔任董事。輪值告退之董事將為自上次重選或獲委任以來在任最久之董事，惟於同一日獲委任或重選為董事之人士，將以抽籤方式(除非彼等互相協定)決定應予告退之人士。

**DIRECTORS (Continued)****(4) Chairman and Chief Executive Officer (Continued)**

In order to reinforce the independence, accountability and responsibility of the position of the Chairman and the general manager of the Company, the Company designated Mr. Chak Kwan to play the role of a general manager of the Company with effective from 1 January 2008. Division of responsibilities between the Chairman and the general manager of the Company is clearly defined as follows:

The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. With the support of the senior management, the Chairman is also responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner.

The general manager focuses on the Group's day-to-day management and operations, managing the Company and its subsidiaries, developing and implementing objectives, policies and strategies approved and delegated by the Board, and is also responsible for developing strategic plans and formulating the organizational structure, control systems and internal procedures and processes for the Board's approval.

**(5) Appointment, re-election and removal**

All Directors are appointed for a specific term of three years and subject to retirement by rotation at least once every three years in accordance with the Articles of Association of the Company.

During the year under review, one independent non-executive Director appointed by the Board retired and be re-elected at the first annual general meeting of the Company immediately following his appointment.

At each annual general meeting, one-third of the Directors for the time being, or if their number is not a multiple of three, then the number nearest to but not less than one third, are required to retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation will be those who have been the longest in office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those retire will (unless they otherwise agree among themselves) be determined by lot.

## 董事(續)

### (5) 委任、重選及罷免(續)

本公司可以普通決議案於董事任期屆滿前罷免董事，惟不影響因其與本公司訂立之任何合約遭違反而就損害賠償可能提出之申索。

## 董事薪酬

本公司審核委員會及薪酬委員會均有明確的書面職權範圍，清晰訂明其權限及職責。審核委員會及薪酬委員會的職權範圍已刊登在本公司網址，並於股東要求時可供查閱。

## 問責及審核

管理層須提供詳盡報告及解釋，以供董事會於批准前作出知情評估。

此外，董事會致力根據一切法定規定為股東及公眾人士呈列以公平、清晰及明確之方式評估之本公司狀況。

## 內部監控

董事會須全面負責本公司內部監控制度，並維持本集團健全和有效的內部監控制度，以保障本集團資產及股東投資。全體執行董事均緊密及直接監控本集團之日常營運、業務活動，並檢討每月財務業績，從而確保合規控制及風險管理措施及程序得以妥善實施。本公司全體執行董事均參與每月管理層會議或為即時針對突發情況而按需要舉行之會議。此外，董事會不斷檢討本集團之財務及營運程序，以確保內部監控行之有效。

## DIRECTORS (Continued)

### (5) Appointment, re-election and removal (Continued)

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of time (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company).

## REMUNERATION OF DIRECTORS

Audit Committee and Remuneration Committee of the Company are established with defined written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee and the Remuneration Committee are posted on the Company's website and are available to shareholders upon request.

## ACCOUNTABILITY AND AUDIT

Management is required to provide detailed report and explanation to enable the Board to make an informed assessment before approval.

Besides, the Board aims to present a balanced, clear and understandable assessment of the Company's position to its shareholders and the public pursuant to all sort of statutory requirements.

## Internal controls

The Board has overall responsibilities for the Group's system of internal control and maintaining a sound and effective internal control system of the Group to safeguard the Group's assets and the shareholders' investment. All executive Directors closely and directly monitor the daily operations, business activities and review monthly financial results of the Group in order to ensure that compliance controls and risk management measures and procedures are properly implemented. All executive directors of the Company participate in the monthly management meetings or meetings held as and when required to address irregularities immediately. Besides, the Board takes a constant review of the Group's financial and operational procedures to ensure the internal control system is effectiveness.

## 問責及審核(續)

### 內部監控(續)

本集團實行內部監控制度，包括清晰界定職責範圍、資本性開支及投資制度及衡量表現之庫務、預算及監察系統等。

回顧年度內，董事會外聘一名顧問為本集團營運系統之效能進行審查。本集團根據外聘顧問的建議作出相應調整，藉此提升本集團之營運系統及減少其運作風險及不妥善的地方。

此外，根據本公司外聘核數師作出之評估，審核委員會及董事會認為，本集團內部監控制度部分地方仍有改善空間，本公司董事會及高級管理人員已積極跟進。

## 董事會權力之授權

本公司的日常管理、行政及營運授權總經理及本公司之高級管理人員負責，董事並定期檢討所授權之職能及工作。

董事會委員會須於董事會會議上向董事會匯報其工作、結果及建議。

## 與股東的溝通

本公司視股東週年大會為與股東直接溝通的重要渠道。董事會主席及審核委員會及薪酬委員會之主席或彼等之代表均會出席本公司之股東週年大會，向股東解答及說明有關本集團業務策略、財務業績及在股東大會提呈之決議案之事宜。

## ACCOUNTABILITY AND AUDIT (Continued)

### Internal controls (Continued)

The Group has implemented control systems including clearly defined lines of responsibilities, capital expenditure and investment system, treasury, budgeting and monitoring systems for performance measurement etc.

During the year under review, the Board appointed an external consultant to conduct a review of the effectiveness of the operation system of the Group. The Board made improvement according to the recommendations of the external consultant in order to optimize the Group's operation system and minimize its operational risks and areas of irregularities.

Besides, based on the assessment made by the external auditor of the Company, the Audit Committee and the Board considered that some areas of the Group's internal control system have room for improvement. The Board and senior management of the Company had followed up the same actively.

## DELEGATION BY THE BOARD

The day-to-day management, administration and operation of the Company are delegated to the general manager and the senior management of the Company. The delegated functions and work tasks are periodically reviewed by the Directors.

Board Committees would report to the Board their work, findings and recommendations in Board meetings.

## COMMUNICATIONS WITH SHAREHOLDERS

The Company considers its annual general meeting as an important channel for face-to-face dialogue with shareholders. The Chairman of the Board and either the chairman of the Audit Committee and the Remuneration Committee or their representatives would attend the annual general meeting of the Company answering and explaining to shareholders issues relating to the Group's business strategies and financial results and proposed resolutions at the general meeting.

## 與股東的溝通(續)

為了協助投資者公平及時取得合理所需資料，以作出最佳投資決定，本公司將繼續推動投資者關係及溝通。

### 按股數投票方式表決

根據本公司組織章程細則，持有附有權利在本公司股東大會上投票的本公司已繳股本不少於十分之一的任何一名或以上股東，有權隨時以書面要求董事會召開股東特別大會以處理要求所指明的事宜。

按股數投票方式表決之程序已載於隨附本公司年報之通函。

在會議開始時，大會主席會向股東解釋要求以按股數投票方式表決之程序及進行按股數投票表決之詳細程序。

股東可將需要董事會垂注之查詢寄致本公司主要營業地點予公司秘書。

## 核數師酬金

於回顧年度內，本公司外聘核數師就向本集團提供的審計服務收取約人民幣1,300,000元。本公司支付予外聘核數師的酬金如下：

審計服務 人民幣1,257,000元

承董事會命  
主席  
劉洪亮

香港，二零零八年三月二十八日

## COMMUNICATIONS WITH SHAREHOLDERS

(Continued)

The Company will continuously promote investor relations and communications in order to enable investors to have access, on a fair and timely basis, to information that is reasonably required for making the best investment decisions.

### Voting by poll

Pursuant to the Company's articles of association, any one or more shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

The procedures for demanding a poll were set out in the circular accompanying the annual report of the Company.

At the commencement of the meeting, the Chairman of the meeting will explain the procedures for demanding a poll by shareholders and the detailed procedures for conducting a poll.

Shareholders may send their enquiries requiring the Board's attention to the Company Secretary at the Company's principal place of business in Hong Kong.

## AUDITOR'S REMUNERATION

The external auditor of the Company received approximately RMB1.3 million for audit services provided to the Group during the year under review. The remuneration paid to the Company's external auditor is set out as follows:

Audit services RMB1,257,000

On behalf of the Board  
**Liu Hongliang**  
Chairman

Hong Kong, 28 March 2008

# 獨立核數師報告

## Independent Auditor's Report

# Deloitte.

## 德勤

致天德化工控股有限公司股東  
(於開曼群島註冊成立之有限公司)

吾等已審核載於第47至110頁之天德化工控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表，當中包括於二零零七年十二月三十一日之綜合資產負債表、截至該日止年度之綜合收益表、綜合權益變動表及綜合現金流量表，以及重大會計政策概要及其他附註解釋。

### 董事就綜合財務報表須承擔之責任

貴公司董事須負責根據香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定編製及真實而公平地列報該等綜合財務報表。此責任包括設計、實施及維護與編製及真實而公平地列報綜合財務報表相關之內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致之重大錯誤陳述；選擇和應用適當之會計政策；及按情況作出合理之會計估計。

### 核數師之責任

吾等之責任是根據吾等之審核對該等綜合財務報表提出意見，並為股東(作為一個團體)而編製，並不為其他任何目的。吾等概不就本報告之內容，對任何其他人士負責或承擔責任。吾等已根據香港會計師公會頒佈之香港審計準則進行審核。該等準則要求吾等遵守道德規範，並規劃及執行審核，以合理確定綜合財務報表是否不存在任何重大錯誤陳述。

**TO THE MEMBERS OF TIANDE CHEMICAL HOLDINGS LIMITED**  
天德化工控股有限公司  
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Tiande Chemical Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 47 to 110, which comprise the consolidated balance sheet as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **AUDITOR'S RESPONSIBILITY**

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

審核涉及執行程序以獲取有關綜合財務報表所載金額及披露資料之審核憑證。所選定之程序取決於核數師之判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述之風險。在評估該等風險時，核數師考慮與該公司編製及真實而公平地列報綜合財務報表相關之內部控制，以設計適當之審核程序，但並非為對公司之內部控制之效能發表意見。審核亦包括評價董事所採用之會計政策之合適性及所作出之會計估計之合理性，以及評價綜合財務報表之整體列報方式。

吾等相信，吾等所獲得之審核憑證乃充足和適當地為吾等之審核意見提供基礎。

## 意見

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

德勤•關黃陳方會計師行  
執業會計師

香港  
二零零八年三月二十八日

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

## OPINION

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

Deloitte Touche Tohmatsu  
Certified Public Accountants

Hong Kong  
28 March 2008

# 綜合收益表

## Consolidated Income Statement

截至二零零七年十二月三十一日止年度

For the year ended 31 December 2007

			二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000 (重列) (restated)
		附註 NOTES		
營業額	Turnover	7	<b>574,298</b>	504,187
銷貨成本	Cost of goods sold		<b>(505,315)</b>	(405,620)
毛利	Gross profit		<b>68,983</b>	98,567
其他收入	Other income	8	<b>3,999</b>	3,969
銷售開支	Selling expenses		<b>(19,099)</b>	(12,963)
行政開支	Administrative expenses		<b>(27,411)</b>	(23,268)
投資物業公允值變動	Change in fair value of investment properties		<b>1,900</b>	390
財務成本	Finance costs	9	<b>(5,232)</b>	(3,744)
除稅前溢利	Profit before taxation	10	<b>23,140</b>	62,951
稅項	Taxation	12	<b>(1,586)</b>	(4,514)
本年度溢利	Profit for the year		<b>21,554</b>	58,437
股息	Dividend	13	<b>HK1.25 cents</b>	–
每股盈利 – 基本	Earnings per share – basic	14	<b>RMB0.054</b>	RMB0.184



# 綜合資產負債表

## Consolidated Balance Sheet

於二零零七年十二月三十一日  
At 31 December 2007

		附註 NOTES	二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000 (重列) (restated)
非流動資產	Non-current assets			
預付租賃款項	Prepaid lease payments	15	66,457	66,601
物業、機器及設備	Property, plant and equipment	16	369,684	267,593
購買物業、機器及設備 之訂金	Deposits for acquisition of property, plant and equipment		6,494	5,194
投資物業	Investment properties	17	9,700	5,830
遞延稅項資產	Deferred tax assets	18	669	524
			<b>453,004</b>	345,742
流動資產	Current assets			
存貨	Inventories	19	53,172	28,612
貿易應收賬款及其他應收款項	Trade and other receivables	20	216,676	165,693
已抵押銀行存款	Pledged bank deposits	21	16,400	1,777
銀行結餘和現金	Bank balances and cash	21	29,207	36,899
			<b>315,455</b>	232,981
流動負債	Current liabilities			
貿易應付賬款及其他應付款項	Trade and other payables	22	254,849	160,079
應付關聯公司款項	Amount due to a related company	23	39	–
應付稅項	Tax payable		304	1,869
銀行借貸 – 一年內到期	Bank borrowings – due within one year	24	82,557	20,140
			<b>337,749</b>	182,088
流動(負債)資產淨值	Net current (liabilities) assets		<b>(22,294)</b>	50,893
總資產減流動負債	Total assets less current liabilities		<b>430,710</b>	396,635
非流動負債	Non-current liabilities			
銀行借貸 – 一年後到期	Bank borrowings – due after one year	24	75,200	62,160
遞延稅項負債	Deferred tax liabilities	18	1,600	734
遞延收入	Deferred income	25	26,892	30,115
			<b>103,692</b>	93,009
資產淨值	Net assets		<b>327,018</b>	303,626
資本及儲備	Capital and reserves			
股本	Share capital	26	4,031	4,031
儲備	Reserves	27	322,987	299,595
總股權	Total equity		<b>327,018</b>	303,626

載於第47至110頁之財務報表獲董事會於二零零八年三月二十八日批准及授權發出，並由下列人士代表董事會簽署：

The financial statements on pages 47 to 110 were approved and authorised for issue by the Board of Directors on 28 March 2008 and are signed on its behalf by:

劉洪亮  
LIU HONGLIANG  
董事  
DIRECTOR

王子江  
WANG ZIJANG  
董事  
DIRECTOR

# 綜合權益變動表

## Consolidated Statement of Changes in Equity

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

		股本 Share capital 人民幣千元 RMB'000	股份溢價 Share premium 人民幣千元 RMB'000	特別儲備 Special reserve 人民幣千元 (附註27) (Note 27)	盈餘公積金 Surplus reserve fund 人民幣千元 (附註27) (Note 27)	物業重估儲備 Property revaluation reserve 人民幣千元 RMB'000	公益金 Public welfare fund 人民幣千元 (附註27) (Note 27)	資本出資儲備 Capital contribution reserve 人民幣千元 (附註27) (Note 27)	匯兌儲備 Translation reserve 人民幣千元 RMB'000	累計溢利 Accumulated profits 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
於二零零六年一月一日，原來列示	At 1 January 2006 as originally stated	413	-	31,182	3,669	-	633	-	(12)	114,577	150,462
會計政策變動影響 (附註3)	Effect of change in accounting policies (Note 3)	-	-	-	-	-	-	-	-	1,783	1,783
於二零零六年一月一日，重列	At 1 January 2006 as restated	413	-	31,182	3,669	-	633	-	(12)	116,360	152,245
本年度溢利	Profit for the year	-	-	-	-	-	-	-	-	58,437	58,437
產生自換算海外業務並 直接於股權中確認之 匯兌差額	Exchange differences arising from translation of foreign operations recognised directly in equity	-	-	-	-	-	-	-	(218)	-	(218)
年內確認之(開支)收入總額	Total recognised (expenses) income for the year	-	-	-	-	-	-	-	(218)	58,437	58,219
回購股份	Repurchase of shares	(413)	-	-	-	-	-	-	-	-	(413)
發行股份	Issue of shares	393	-	-	-	-	-	-	-	-	393
透過配售及公開發售發行股份	Issue of shares by placing and public offer	1,008	101,772	-	-	-	-	-	-	-	102,780
透過股份溢價賬資本化 發行股份	Issue of shares by capitalisation of share premium account	2,630	(2,630)	-	-	-	-	-	-	-	-
發行股份應佔之交易成本	Transaction costs attributable to issue of shares	-	(9,598)	-	-	-	-	-	-	-	(9,598)
轉讓	Transfer	-	-	-	4,150	-	-	-	-	(4,150)	-
於二零零六年十二月三十一日	At 31 December 2006	4,031	89,544	31,182	7,819	-	633	-	(230)	170,647	303,626
本年度溢利	Profit for the year	-	-	-	-	-	-	-	-	21,554	21,554
產生自換算海外業務並 直接於股權中確認之 匯兌差額	Exchange differences arising from translation of foreign operations recognised directly in equity	-	-	-	-	-	-	-	(472)	-	(472)
年內確認之(開支)收入總額	Total recognised (expenses) income for the year	-	-	-	-	-	-	-	(472)	21,554	21,082
確認股權結算以股份支付 之款項	Recognition of equity-settled share-based payments	-	-	-	-	-	-	951	-	-	951
撥入投資物業時物業、 機器及設備之 重估盈餘	Surplus on revaluation of property, plant and equipment upon transfer to investment properties	-	-	-	-	1,359	-	-	-	-	1,359
轉讓	Transfer	-	-	-	3,454	-	-	-	-	(3,454)	-
於二零零七年十二月三十一日	At 31 December 2007	4,031	89,544	31,182	11,273	1,359	633	951	(702)	188,747	327,018

# 綜合現金流量表

## Consolidated Cash Flow Statement

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

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000 (重列) (restated)
<b>經營業務</b>	<b>OPERATING ACTIVITIES</b>		
除稅前溢利	Profit before taxation	<b>23,140</b>	62,951
調整：	Adjustments for:		
利息收入	Interest income	<b>(316)</b>	(1,148)
利息開支	Interest expenses	<b>5,232</b>	3,744
撥入收益表之預付租賃款項	Prepaid lease payments released to income statement	<b>1,426</b>	736
物業、機器及設備折舊	Depreciation on property, plant and equipment	<b>24,497</b>	15,143
撥回遞延收入	Release of deferred income	<b>(1,194)</b>	-
出售物業、機器及設備虧損	Loss on disposal of property, plant and equipment	-	102
存貨撥備	Allowance for inventories	-	90
存貨減值虧損	Impairment loss on inventories	<b>897</b>	-
投資物業公平價值變動	Change in fair value of investment properties	<b>(1,900)</b>	(390)
股權結算以股份支付之款項開支	Equity-settled share-based payments expenses	<b>951</b>	-
呆壞賬撥備回撥	Reversal of allowance for bad and doubtful debts	<b>(135)</b>	-
呆壞賬撥備	Allowance for bad and doubtful debts	<b>5</b>	216
存貨撥備回撥	Reversal of allowance for inventories	<b>(31)</b>	-
營運資金變動前之經營現金流量	Operating cash flows before movements in working capital	<b>52,572</b>	81,444
存貨增加	Increase in inventories	<b>(25,426)</b>	(6,765)
貿易應收賬款及其他應收款項增加	Increase in trade and other receivables	<b>(50,974)</b>	(70,960)
貿易應付賬款及其他應付款項增加	Increase in trade and other payables	<b>57,810</b>	6,329
應付關連公司款項增加	Increase in amount due to a related company	<b>39</b>	-
經營所得現金	Cash generated from operations	<b>34,021</b>	10,048
已付中國企業所得稅	PRC enterprise income tax paid	<b>(2,430)</b>	(5,921)
<b>經營業務所得現金淨額</b>	<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>31,591</b>	4,127
<b>投資活動</b>	<b>INVESTING ACTIVITIES</b>		
購買物業、機器及設備	Purchase of property, plant and equipment	<b>(91,652)</b>	(83,212)
購買物業、機器及設備之已付訂金	Deposits paid for acquisition of property, plant and equipment	<b>(1,300)</b>	(3,908)
支付預付租賃	Payments of prepaid lease	<b>(1,309)</b>	(14,490)
出售物業、機器及設備所得款項	Proceeds from disposal of property, plant and equipment	-	497
已收利息	Interest received	<b>316</b>	1,148
已抵押銀行存款(增加)減少	(Increase) decrease in pledged bank deposits	<b>(14,623)</b>	13,923
<b>投資活動所用現金淨額</b>	<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(108,568)</b>	(86,042)

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000 (重列) (restated)
<b>融資活動</b>	<b>FINANCING ACTIVITIES</b>		
償付銀行借貸	Repayment of bank borrowings	<b>(40,140)</b>	(139,530)
已付利息	Interest paid	<b>(5,437)</b>	(3,744)
新增銀行借貸	New bank borrowings raised	<b>115,597</b>	156,600
購回股份	Repurchase of shares	-	(413)
發行股份所得款項淨額	Net proceeds from issue of shares	-	92,964
<b>融資活動所得現金淨額</b>	<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>70,020</b>	105,877
<b>現金及等同現金項目 (減少)增加淨額</b>	<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(6,957)</b>	23,962
年初之現金及等同現金項目	CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<b>36,899</b>	13,111
外匯匯率變動影響	EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<b>(735)</b>	(174)
年終之現金及等同現金項目， 以銀行結餘和現金代表	CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	<b>29,207</b>	36,899

# 綜合財務報表附註

## Notes to the Consolidated Financial Statements

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

### 1. 一般資料及公司重組

本公司為一間於二零零四年十二月七日於開曼群島註冊成立之受豁免有限公司。本公司之股份自二零零六年十月二十七日起於香港聯合交易所有限公司(「聯交所」)主板上市。本公司(作為一間投資控股公司)與其附屬公司主要從事精細化工產品之製造、研發、銷售及分銷。本公司附屬公司之主要業務載於附註33。

本公司之最終控股公司為於英屬處女群島註冊成立之志峰集團有限公司。

綜合財務報表是以本公司之功能貨幣人民幣列示。

截至二零零七年十二月三十一日為止，本集團擁有之流動負債淨額為短期銀行借貸，本公司可酌情按年延續該等短期銀行借貸，惟以銀行批准之限額為限。董事認為，計及目前本集團可以動用之信貸及內部財政資源後，本集團具備充裕營運資金，足以應付目前所需，即由財務報表日期起計最少十二個月之期間。因此，財務報表乃按持續經營基準編製。

### 1. GENERAL AND CORPORATE REORGANISATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 7 December 2004. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 27 October 2006. The Company acts as an investment holding company with its subsidiaries principally engaged in manufacturing, research and development, selling and distribution of fine chemical products. The principal activities of the Company's subsidiaries are set out in Note 33.

The ultimate holding company is Cheerhill Group Limited, a company incorporated in the British Virgin Islands.

The consolidated financial statements are presented in RMB which is the same as the functional currency of the Company.

The Group had net current liabilities as at 31 December 2007 with short-term bank borrowings which could be renewed on an annual basis at the discretion of the Company within the limit approved by banks. The Directors are of the opinion that, taking into account the presently available credit facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months commencing from the date of the financial statements. Hence, the financial statements have been prepared on a going concern basis.

## 2. 應用香港財務報告準則

於本年度內，本集團首次採用以下由香港會計師公會(「香港會計師公會」)頒佈之香港會計準則(「香港會計準則」)之新準則及修訂以及詮釋(「香港(國際財務報告詮釋委員會)-詮釋」)(以下統稱為「新香港財務報告準則」)，有關準則適用於由二零零七年一月一日開始之本集團財政年度。

香港會計準則第1號(修訂)	資本披露
香港財務報告準則第7號	金融工具：披露
香港(國際財務報告詮釋委員會)-詮釋第7號	根據香港會計準則第29號-惡性通脹經濟中的財務申報採用重列法
香港(國際財務報告詮釋委員會)-詮釋第8號	香港財務報告準則第2號之範圍
香港(國際財務報告詮釋委員會)-詮釋第9號	重估嵌入式衍生工具
香港(國際財務報告詮釋委員會)-詮釋第10號	中期財務申報及減值

採納新香港財務報告準則對現行或過往會計期間之業績及財務狀況之編製及呈列方式並無重大影響。因此，毋須就過往期間作出調整。

本集團已以追溯方式採用香港會計準則第1號(修訂)及香港財務報告準則第7號。根據香港會計準則第32號之規定於過往年度呈列之若干資料經已刪除，而按照香港會計準則第1號(修訂)及香港財務報告準則第7號之規定提供之有關比較資料已在本年度首次呈列。

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new standards, amendments of Hong Kong Accounting Standards (“HKASs”) and interpretations (“HK(IFRIC)-INT”) (hereinafter collectively referred to as “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning on 1 January 2007.

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

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

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

## 2. 應用香港財務報告準則(續)

本集團並無提早採納以下已頒佈但尚未生效之新訂或經修訂準則、詮釋或修訂。本公司董事預期採用此等新訂或經修訂準則、詮釋或修訂將不會對本集團之業績及財務狀況構成重大影響。

香港會計準則第1號 (經修訂)	財務報表的呈列 <sup>1</sup>
香港會計準則第23號 (經修訂)	借貸成本 <sup>1</sup>
香港會計準則第27號 (經修訂)	綜合及獨立財務報表 <sup>2</sup>
香港財務報告準則第2號 (修訂)	歸屬的條件及註銷 <sup>1</sup>
香港財務報告準則第3號 (經修訂)	業務合併 <sup>2</sup>
香港財務報告準則第8號	營運分類 <sup>1</sup>
香港(國際財務報告詮釋 委員會) – 詮釋第11號	香港財務報告準則第2號 – 集團及庫存股份 交易 <sup>3</sup>
香港(國際財務報告詮釋 委員會) – 詮釋第12號	服務經營權安排 <sup>4</sup>
香港(國際財務報告詮釋 委員會) – 詮釋第13號	客戶長期支持計劃 <sup>5</sup>
香港(國際財務報告詮釋 委員會) – 詮釋第14號	香港會計準則第19號 – 界定福利資產限額、 最低資金規定及 其相互關係 <sup>4</sup>

- 1 於二零零九年一月一日或之後開始之年度期間生效
- 2 於二零零九年七月一日或之後開始之年度期間生效
- 3 於二零零七年三月一日或之後開始之年度期間生效
- 4 於二零零八年一月一日或之後開始之年度期間生效
- 5 於二零零八年七月一日或之後開始之年度期間生效

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

The Group has not early applied the following new or revised standards, interpretations or amendments that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these new or revised standards, interpretations or amendments will have no material impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of financial statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and separate financial statements <sup>2</sup>
HKFRS 2 (Amendment)	Vesting conditions and cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business combinations <sup>2</sup>
HKFRS 8	Operating segments <sup>1</sup>
HK(IFRIC) – INT 11	HKFRS 2 – Group and treasury share transactions <sup>3</sup>
HK(IFRIC) – INT 12	Service concession arrangements <sup>4</sup>
HK(IFRIC) – INT 13	Customer loyalty programmes <sup>5</sup>
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction <sup>4</sup>

- 1 Effective for annual periods beginning on or after 1 January 2009
- 2 Effective for annual periods beginning on or after 1 July 2009
- 3 Effective for annual periods beginning on or after 1 March 2007
- 4 Effective for annual periods beginning on or after 1 January 2008
- 5 Effective for annual periods beginning on or after 1 July 2008

### 3. 會計政策變動影響概要

香港會計準則第40號「投資物業」規定，投資物業須採用成本模式或公平價值模式列賬。於過往年度，本集團採用成本模式，該模式規定投資物業須按成本減其後之累計折舊及任何累計減值虧損列賬。於本年度，本集團決定，由成本模式改用公平價值模式為投資物業列賬，而採用公平價值模式，投資物業公平價值變動產生之收益或虧損須於其出現期間直接於收益表內確認。董事認為，採用公平價值模式列賬之投資物業可以提供有關本集團資產值之更準確資料。會計政策之變動已追溯應用至本集團之財務報表。以下概述上文會計政策變動對本集團財務報表之影響：

### 3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

HKAS 40 "Investment property" requires an investment property to be accounted for using either the cost model or the fair value model. In previous years, the Group applied the cost model which requires investment properties to be stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. In current year, the Group decided to change from the cost model to the fair value model to account for its investment properties, which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in the income statement for the period in which they arise. In the opinion of the Director, investment properties accounted for using the fair value model would provide more accurate information about the value of the assets of the Group. The change in accounting policy has been applied retrospectively to the Group's financial statements. The following is a summary of the impact to the Group's financial statements as a result of the above-mentioned change in accounting policy:



### 3. 會計政策變動影響概要(續)

上文所述會計政策變動對本年度及過往年度業績之影響：

### 3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

(Continued)

The effect of changes in the accounting policies described above on the results for the current and prior year are as follows:

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
投資物業公平價值變動	Change in fair value of investment properties	1,400	390
與投資物業相關之遞延 稅項負債之增加	Increase in deferred tax liabilities relating to investment properties	(392)	(139)
折舊減少	Decrease in depreciation	168	168
增加年度溢利	Increase in profit for the year	1,176	419

		於二零零六年 一月一日(原來列示) As at 1 January 2006 (originally stated) 人民幣千元 RMB'000	調整 Adjustments 人民幣千元 RMB'000	於二零零六年 一月一日(重列) As at 1 January 2006 (restated) 人民幣千元 RMB'000
資產負債表項目	Balance sheet items			
投資物業	Investment properties	3,062	2,378	5,440
遞延稅項負債	Deferred tax liabilities	–	595	595
累計溢利	Accumulated profits	114,577	1,783	116,360

		於二零零六年 十二月三十一日 (原來列示) As at 31 December 2006 (originally stated) 人民幣千元 RMB'000	調整 Adjustments 人民幣千元 RMB'000	於二零零六年 十二月三十一日 (重列) As at 31 December 2006 (restated) 人民幣千元 RMB'000
資產負債表項目	Balance sheet items			
投資物業	Investment properties	2,894	2,936	5,830
遞延稅項負債	Deferred tax liabilities	–	734	734
累計溢利	Accumulated profits	168,445	2,202	170,647

#### 4. 重大會計政策

如下文所載之會計政策所闡釋，綜合財務報表乃按歷史成本法編製。

綜合財務報表乃根據香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報表載有聯交所證券上市規則及香港法例第32章公司條例規定之適用披露事項。

##### 綜合基準

綜合財務報表載有本公司及由本公司控制之實體(其附屬公司)之財務報表。控制於本公司有權力監管一個實體之財務及營運政策以自其活動取得利益時達致。

年內所收購或出售之附屬公司之業績自實際收購日期起或截至實際出售日期止(如適用)計入綜合收益表內。

如有需要，將對附屬公司之財務報表作出調整，使其會計政策與本集團其他成員公司所採用之會計政策一致。

所有重大集團內交易、結餘、收入及開支於綜合時抵銷。

##### 收益確認

收益乃按已收或應收代價公平價值計量，指在日常業務過程中出售貨品所應收之款項，並扣除銷售相關稅項。

貨品銷售於貨品售出及所有權轉移時確認入賬。

金融資產之利息收入乃按時間基準，參考未償還本金及適用之實際利率計算，該利率為確實地將金融資產之預計可用年內之估計未來現金收入貼現至該資產之賬面淨值之貼現率。

#### 4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Companies Ordinance Chapter 32 of the laws of Hong Kong.

##### Basis of consolidation

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

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

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

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

##### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for good sold in the normal course of business, net of sales related taxes.

Sales of goods are recognised when goods are sold and title has passed.

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

#### 4. 重大會計政策(續)

##### 對附屬公司之投資

對附屬公司之投資按成本減任何已識別減值虧損計入本公司之資產負債表。

##### 物業、機器及設備

物業、機器及設備(在建工程除外)按成本減累計折舊和攤銷及任何已識別減值虧損入賬。

倘物業、機器及設備項目因使用狀況有變(即不再由業主自用)而列為投資物業,則該項目賬面值與於轉讓日期之公平價值之差額在物業重估儲備中確認。其後當該資產出售或停用時,有關重估儲備將直接轉撥往保留溢利。

在建工程包括正在興建以作生產或自用用途之物業、機器及設備。在建工程按成本減任何已確認減值虧損列賬。在建工程於竣工及可作擬定用途時按物業、機器及設備之適當類別分類。當該等資產可供用作擬定用途時,乃按其他資產之相同基準折舊。

折舊乃使用直線法按物業、機器及設備(在建工程除外)之估計可使用年期並計及其估計剩餘價值後撇銷有關項目成本。

物業、機器及設備項目乃於出售後或當預期持續使用該資產將不會產生未來經濟利益時不再確認。於不再確認該資產時產生之任何收益或虧損(以該項目之出售所得款項淨額與賬面值之差額計算)乃計入於該項目不再確認之年度之綜合收益表內。

#### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

##### Property, plant and equipment

Property, plant and equipment (other than construction in progress) are stated at cost less accumulated depreciation and amortisation and any identified impairment losses.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account their estimated residual values, using the straight-line method.

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

#### 4. 重大會計政策(續)

##### 投資物業

投資物業指為收取租金及／或資本增值而持有之物業。

於初次確認時，投資物業按成本計值，當中包括任何直接應佔開支。初次確認後，投資物業採用公平價值模式按公平價值計量。投資物業公平價值變動產生之收益或虧損計入其產生期間之損益賬。

當出售或永久停止使用投資物業，或預期出售投資物業不會帶來日後經濟利益時，則不再確認該投資物業。不再確認資產產生之任何收益或虧損(按出售所得款項淨額與資產之賬面值之差額計算)計入項目不再確認之年度之綜合收益表中。

##### 預付租賃款項

預付租賃款項指支付予中華人民共和國(「中國」)土地局之土地使用權成本。

土地使用權按成本列賬，並於本集團獲授有關土地使用權期間於綜合收益表內扣除。

##### 存貨

存貨以成本與可變現淨值兩者中之較低者列賬。成本包括所有採購成本及(如適用)轉換成本及將存貨達致現時位置及狀況之其他成本，以加權平均法計算。可變現淨值指於日常業務過程中之估計售價減估計完成成本及作出銷售之估計所需成本。

#### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Investment properties

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

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

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

##### Prepaid lease payments

Prepaid lease payments represent cost of land use rights paid to the People's Republic of China ("PRC") land bureau.

Land use rights are stated at cost and are charged to the consolidated income statement over the period for which the relevant land use right has been granted to the Group.

##### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### 4. 重大會計政策(續)

##### 減值

於各結算日，本集團均檢討有形資產之賬面值，以衡量是否有跡象顯示該等資產出現減值虧損。倘估計資產之可收回金額低於其賬面值，則會將資產之賬面值減至其可收回金額，而減值虧損則即時確認為開支。

當減值虧損於其後撥回時，則會將資產之賬面值增至重新估計之可收回金額，而增加後之賬面值不會超出假設於過往年度並無就資產確認減值虧損而應有之賬面值。撥回之減值虧損會即時確認為收入。

##### 金融工具

金融資產及金融負債於集團實體成為該工具合約條文之訂約方時，於本集團之綜合資產負債表內確認。金融資產及金融負債初步按公平價值計量。收購或發行金融資產及金融負債(於損益賬按公平價值處理之金融資產及金融負債除外)直接應佔之交易成本乃於初步確認時計入金融資產或金融負債之公平價值，或自金融資產或金融負債之公平價值扣除(視乎適當情況而定)。收購於損益賬按公平價值處理之金融資產或金融負債直接應佔之交易成本即時於損益賬確認。

##### 貸款及應收款項

本集團之金融資產主要分為貸款及應收款項。貸款及應收款項(包括貿易應收賬款、其他應收款項、已抵押銀行存款及銀行結餘)乃並非於活躍市場報價之具固定或可釐定付款之非衍生金融資產。於初步確認後各結算日，貸款及應收款項採用實際利率法按攤銷成本減任何已識別減值虧損入賬(請參閱下文有關金融資產減值虧損之會計政策)。

#### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as expense immediately.

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

##### Financial instruments

Financial assets and financial liabilities are recognised on the Group's consolidated balance sheet when a group entity has become a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

##### Loans and receivables

The Group's financial assets are mainly classified into loans and receivables. Loans and receivables (including trade receivables, other receivables, pledged bank deposits and bank balances) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

#### 4. 重大會計政策(續)

##### 金融工具(續)

##### 貸款及應收款項(續)

##### 實際利息法

實際利息法乃為計算金融資產之攤銷成本及按有關期間攤分利息收入之方法。實際利率為可按金融資產之估計年期或(倘適用)較短期間對估計未來現金收入(包括所支付或所收取能構成整體實際利率之所有費用及利率差價、交易成本及其他溢價或折讓)進行準確折算之利率。

就債務工具而言，收入按實際利息確認。

##### 貸款及應收款項減值

貸款及應收款項於各結算日評估是否出現減值跡象。倘有客觀證據顯示估計未來現金流量因於初步確認後發生之一項或多項事件而受到影響，貸款及應收款項會作出減值。減值之客觀證據可包括：

- 發行人或交易對手出現重大財務困難；或
- 借款人有可能面臨破產。

就若干類貸款及應收款項(如貿易應收賬款及其他應收款項)而言，評估不會單獨出現減值之資產會於其後彙集一併評估減值。應收款項組合出現減值之客觀證據包括本集團過往收款記錄、組合內延遲付款之增加超出180天之最長信貸期以及國家或地區經濟狀況出現明顯變動導致應收款項未能償還。

#### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Financial instruments (Continued)

##### Loans and receivables (Continued)

##### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments.

##### Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at each balance sheet date. Loans and receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows have been impacted. The objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- if becoming probable that the borrower will enter bankruptcy.

For certain categories of loans and receivables, such as trade receivables and other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the maximum credit period of 180 days, observable changes in national or local economic conditions that correlate with default on receivables.

#### 4. 重大會計政策(續)

##### 金融工具(續)

##### 貸款及應收款項減值(續)

當有客觀證據證明資產出現減值時，減值虧損於損益賬中確認，並按資產之賬面值與按原實際利率折現之預計未來現金流量之現值間之差額計量。

倘減值虧損金額於隨後期間有所減少，而有關減少在客觀上與於確認減值虧損後所發生之事件相連，則先前已確認之減值虧損將透過損益賬撥回，惟減值被撥回當日之資產賬面值不得超過倘無確認減值之攤銷成本。

與所有金融資產有關之減值虧損會直接於貸款及應收款項之賬面值中作出扣減，惟貿易應收賬款除外，其賬面值會透過使用撥備賬作出扣減。撥備賬內之賬面值變動會於損益賬中確認。當貿易應收賬款被視為不可收回時，其將於撥備賬內撇銷。之前已撇銷款項如其後收回，將撥回損益賬內。

##### 金融負債及股權

由集團實體發行之金融負債及股權工具根據已訂立之合約安排內容以及金融負債及股權工具之定義分類。

股權工具乃證明於扣除所有負債後本集團資產內之剩餘權益之任何合約。就個別金融負債及股權工具採納之會計政策於下文載列。

#### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Financial instruments (Continued)

##### Impairment of loans and receivables (Continued)

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

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

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

##### Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of specific financial liabilities and equity instruments are set out below.

#### 4. 重大會計政策(續)

##### 金融工具(續)

##### 金融負債及股權(續)

##### 實際利息法

實際利息法乃為計算金融負債之攤銷成本及按有關期間攤分利息支出之方法。實際利率為可按金融負債之估計年期或(倘適用)較短期間對估計未來現金支出進行準確折算之利率。

利息支出按實際利息確認。

##### 金融負債

金融負債(包括貿易應付賬款及其他應付款項、應付關聯公司款項及銀行借貸)初步按公平價值計量，其後則以實際利息法按攤銷成本計量。

##### 股權工具

本公司發行之股權工具按已收所得款項經扣除直接發行成本後記賬。

##### 取消確認金融資產及負債

若從資產收取現金流量之權利已到期，或金融資產已轉讓及本集團已將金融資產擁有權之絕大部份風險及回報轉移，則金融資產將被取消確認。於取消確認金融資產時，資產賬面值與已收及應收代價及已直接於股權確認之累計損益之總和之差額，將於損益賬中確認。倘本集團保留已轉讓資產擁有權之絕大部份風險及回報，本集團會繼續確認金融資產及就所得款項確認已抵押借貸。

倘於有關合約之特定責任獲解除、取消或屆滿，金融負債將被取消確認。取消確認金融負債之賬面值與已付及應付代價之差額於損益賬中確認。

#### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Financial instruments (Continued)

##### Financial liabilities and equity (Continued)

##### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

##### Financial liabilities

Financial liabilities (including trade and other payables, amount due to a related company and bank borrowings) are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

##### Equity instruments

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

##### Derecognition of financial assets and liabilities

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

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



#### 4. 重大會計政策(續)

##### 以股份支付款項之交易

##### 股權結算以股份支付之款項交易

就本公司股東授予僱員之股份而言，所獲取服務之公平價值乃參照獲授股份於授出日期之公平價值而釐定，並於歸屬期內按直線法支銷，權益(資本出資儲備)亦相應增加。

於各結算日，就授予僱員之非市場表現歸屬條件之股份而言，本集團將修訂對預期最終歸屬之股份數目之估計。於歸屬期修訂估計之影響(如有)將於損益賬中確認，儲備亦作相應調整。

##### 稅項

所得稅開支指當期應付稅項與遞延稅項之和。

當期應付稅項根據本年度應課稅溢利計算。應課稅溢利有別於綜合收益表所列之溢利，原因在於應課稅溢利不包括其他年度應課稅收入或可扣稅開支項目，亦不包括完全毋須課稅或不得扣稅之項目。本集團當期稅項負債按在結算日前已執行或已實際執行之稅率計算。

遞延稅項根據綜合財務報表所列之資產及負債賬面值與計算應課稅溢利所使用之有關稅基之差額而確認，以資產負債表債務法入賬。遞延稅項負債一般就所有應課稅暫時差額確認，而遞延稅項資產則於可能有可扣減暫時差額可用以抵銷應課稅溢利時確認。倘暫時差額是基於商譽或不會對應課稅溢利或會計溢利構成影響之交易(業務合併除外)之其他資產及負債之首次確認所產生，則不會確認有關資產及負債。

#### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Share-based payment transactions

##### Equity-settled share-based payment transactions

For shares granted to an employee by a shareholder of the Company, the fair value of services received determined by reference to the fair value of shares granted at the grant date is expensed on a straight line basis over the vesting period, with a corresponding increase in equity (capital contribution reserve).

At each balance sheet date, for shares granted to an employee with non-market performance vesting conditions, the Group revises its estimates of the number of shares that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to reserve.

##### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

#### 4. 重大會計政策(續)

##### 稅項(續)

遞延稅項負債就於附屬公司之投資所產生之應課稅暫時差額確認，惟倘本集團可控制暫時差額撥回及暫時差額可能將不會於可見將來撥回時則除外。

每個結算日均會審閱遞延稅項資產之賬面值，並會於不再可能有足夠應課稅溢利以收回全部或部份資產時作出扣減。

遞延稅項按債項償還或資產套現期間內預計適用之稅率計算。遞延稅項於綜合收益表扣除或計入，惟當遞延稅項與直接自權益扣除或計入權益之項目有關時，則遞延稅項會以權益處理。

##### 外幣

各集團實體之個別財務報表均以該實體營運所在主要經濟環境之貨幣(即其功能貨幣)列值。就呈列綜合財務報表而言，各實體之業績及財務狀況均以本集團之呈列貨幣人民幣列值。

於編製各個別集團實體之財務報表時，以實體之功能貨幣以外之貨幣(外幣)進行之交易按交易日期之適用匯率以其功能貨幣記賬。於各結算日，以外幣計值之貨幣項目均按結算日之適用匯率重新換算。根據歷史成本計算得出之以外幣計值非貨幣項目毋須重新換算。

因結算貨幣項目及換算貨幣項目而產生之匯兌差額均於所產生期間之損益賬內確認。

#### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

##### Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of presenting the consolidated financial statements, the results and financial position of each entity are expressed in RMB, which is the presentation currency of the Group.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currency) are recorded in its functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

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

#### 4. 重大會計政策(續)

##### 外幣(續)

就呈列綜合財務報表而言，本集團境外營運之資產及負債按結算日之適用匯率以人民幣列值。收入及開支項目按該期間之平均匯率換算，除非匯率於期間大幅波動，在這情況下則使用交易日期之匯率。所產生之匯兌差額(如有)分類為權益並轉撥至本集團之匯兌儲備。有關匯兌差額於出售境外營運之期間在損益賬中確認。

##### 租賃

租賃在租賃之條款將所有權之絕大部份風險及回報轉移予承租人時分類為融資租賃，所有其他租賃則分類為經營租賃。

##### 本集團作為出租人

來自經營租賃之租金收入於有關租約期間按直線法於綜合收益表中確認。在磋商及安排經營租賃時產生之初步直接成本加入租賃資產之賬面值，於租約年內以直線法確認為開支。

##### 本集團作為承租人

根據經營租賃之應付租金於有關租約期間按直線法於綜合收益表中確認。作為促使訂立經營租賃之已收及應收利益，於租約年內以直線法確認為租金開支減項。

##### 政府補助

政府補助於其與相關成本配合所需之期間確認為收入。與須折舊資產相關之補助呈列為遞延收入，並於資產之可使用年內撥作收入。

#### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Foreign currencies (Continued)

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in RMB using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

##### Leasing

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

##### The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the terms of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

##### The Group as lessee

Rentals payable under operating leases are charged to the consolidated income statement on a straight line basis over the period of the respective leases. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

##### Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to depreciable assets are presented as deferred income and are released to income over the useful lives of the assets.

#### 4. 重大會計政策(續)

##### 退休福利成本

退休福利成本指根據地方市政府頒佈之規例應付之款項，於僱員提供使彼等有權享受供款之服務時在綜合收益表內扣除。

##### 借貸成本

所有借貸成本均在其產生之年度內確認，並計入產生年度綜合收益表之財務成本中。

##### 研究開支

研究活動之開支於其產生之年度確認為開支。

#### 5. 資本風險管理

本集團管理其資本，以確保本集團之實體將可持續經營，並透過優化債務及權益結餘為利益相關者帶來最大回報。與上年度相比，本集團整體策略維持不變。

本集團之資本結構包括淨負債(包括於附註24披露之銀行借貸)減現金及等同現金項目及已抵押銀行存款，亦包括本公司權益持有人應佔權益(包括於附註26披露之已發行股本)、儲備及保留盈利。

管理層經考慮資本成本及資本相關風險，以審閱資本結構。本集團將透過支付股息、發行新股及新增借貸或償還現有借貸來平衡其整體資本結構。本集團於年內之資本管理方式一直維持不變。本集團並無就獲授之銀行融資與銀行訂立任何契約。

#### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Retirement benefit costs

The retirement benefit costs, which represents the amount payable in accordance with the regulations promulgated by the local Municipal Government, is charged to the consolidated income statement as the employees have rendered the service entitling them to the contributions.

##### Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the year in which they are incurred.

##### Research expenditures

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

#### 5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes bank borrowings disclosed in Note 24, net of cash and cash equivalents and pledged bank deposits, and equity attributable to equity holders of the Company, comprising issued share capital disclosed in Note 26, reserves and retained earnings.

The management reviews the capital structure by considering the cost of capital and the risks associated with the capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as raise of new borrowings or repayment of existing borrowings. The Group's approach to capital management remains unchanged throughout the year. The Group has no covenant with banks for the banking facilities granted.

**6. 金融工具**  
**金融工具之類別**

**6. FINANCIAL INSTRUMENTS**  
**Categories of financial instruments**

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
金融資產	Financial assets		
貸款及應收款項（包括 現金及等同現金項目）	Loans and receivables (including cash and cash equivalents)	<b>260,848</b>	202,961
金融負債	Financial liabilities		
攤銷成本	Amortised cost	<b>409,905</b>	241,668

**財務風險管理目標及政策**

本集團之主要金融工具包括貿易應收賬款及其他應收款項、已抵押銀行存款及銀行結餘、貿易應付賬款及其他應付款項以及銀行借貸。該等金融工具之詳情於各自附註中披露。與該等金融工具相關之風險包括市場風險（包括貨幣風險及利率風險）、信貸風險及流動資金風險。下文載列有關如何降低該等風險之政策。管理層管理及監察有關風險，以確保相關措施能及時有效地實施。

**Financial risk management objectives and policies**

The Group's major financial instruments include trade and other receivables, pledged bank deposits and bank balances, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

## 6. 金融工具(續)

### 財務風險管理目標及政策(續)

#### 貨幣風險

若干銀行結餘以外幣計值，故本集團須承受外幣風險。

本集團於結算日以外幣(主要為美元及港元)計值之貿易應收賬款及銀行結餘以及本集團於報告日以外幣計值之貨幣資產賬面值之詳情如下：

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
美元	USD	26,254	16,824
港元	HKD	2,275	9,057

本集團進行之大部份交易均以人民幣計值，而人民幣為有關集團實體之功能貨幣，因此附帶之外匯風險有限。本集團現時並無採用外幣對沖政策，惟管理層會監察外匯風險，並會於需要時考慮對沖重大外幣風險。

#### 敏感度分析

下表詳細載列在所有其他可變因素保持不變之情況下，本集團對美元及港元兌人民幣匯率可能合理波動5%之敏感度分析。敏感度分析僅包括以外幣計值之未到期貨幣項目，並會於各結算日就外幣匯率之5%變動調整其換算。

## 6. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### Currency risk

Certain bank balances are denominated in foreign currencies which expose the Group to foreign currency risk.

Details of the Group's trade receivables and bank balances denominated in foreign currencies, mainly in United States Dollar ("USD") and Hong Kong Dollars ("HKD") at the balance sheet date and the carrying amounts of the Group's foreign currency denominated monetary assets at the reporting date are as follows:

Substantial transactions entered into by the Group are denominated in RMB, the functional currency of relevant group entities and the foreign exchange risk adhered is limited. The Group currently does not have a foreign currency hedging policy but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

#### Sensitivity analysis

The following table details the Group's sensitivity to a reasonably possible change of 5% in exchange rate of USD and HKD against RMB while all other variables are held constant. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at each balance sheet date for a 5% change in foreign currency rates.

## 6. 金融工具(續)

### 財務風險管理目標及政策(續)

#### 敏感度分析(續)

敏感度分析包括以各集團實體功能貨幣以外之貨幣計值之貿易應收賬款以及銀行結餘。以下正數即表示當美元及港元兌人民幣上升5%時溢利增加之數額。倘美元及港元兌人民幣下跌5%，則會對本集團溢利構成同等幅度之相反影響，下文之結餘將為負數。

## 6. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### Sensitivity analysis (Continued)

The sensitivity analysis includes trade receivables and bank balances which are denominated in a currency other than the functional currency of the respective group entity. A positive number below indicates an increase in profit where USD and HKD strengthen by 5% against RMB. For a 5% weakening of USD and HKD against RMB, there would be an equal and opposite impact on the profit of the Group, and the balances below would be negative.

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
溢利或虧損	Profit or loss	1,426	1,294

#### 利率風險

本集團之利率風險限於浮息銀行借貸(有關借貸詳情見附註24)以及於一家金融機構之存款及銀行結餘(有關銀行存款及結餘詳情見附註21)。本集團所有銀行借貸及銀行存款均按浮動利率計息。本集團現時並無採用利率對沖政策，惟管理層會監察利率風險，並會於需要時考慮對沖重大利率風險。由於定期存款屬於短期，故銀行存款公平價值之利率風險不大。

本集團金融負債之利率風險詳情載於本附註流動資金風險管理一節。本集團現金流量之利率風險主要來自本集團人民幣借貸之中國人民銀行貸款利率波動。

#### Interest rate risk

The interest rate exposure for the Group is restricted to the variable rate bank borrowings (see Note 24 for details of these borrowings) and deposits placed with a financial institution and bank balances (see Note 21 for details of these bank deposits and balances). The Group's bank borrowings and bank deposits are all subject to changes in floating rate. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. The fair value interest rate risk on bank deposits is insignificant as the fixed deposits are short-term.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of The People's Bank of China Lending Rate arising from the Group's RMB borrowings.

## 6. 金融工具(續)

### 財務風險管理目標及政策(續)

#### 利率風險(續)

##### 敏感度分析

以下敏感度分析乃根據結算日浮息金融工具之利率風險釐定。對於浮息銀行借貸而言，此分析乃假設於結算日之未償還負債於整個年度均未償還而釐定。增加或減少50個基點乃於向內部主要管理人員報告利率風險時使用，並代表管理層對利率可能合理變動之評估。

倘利率增加或減少50個基點且所有其他可變因素保持不變，本集團截至二零零七年十二月三十一日止年度之溢利將減少或增加人民幣789,000元(二零零六年：減少或增加人民幣412,000元)，主要由本集團浮息銀行借貸承受之利率風險所致。

本集團對利率之敏感度於本年度有所增加，乃主要由於浮息債務工具增加所致。

#### 信貸風險

倘交易對手未能履行彼等之責任，則本集團將蒙受財務虧損，而本集團於二零零七年十二月三十一日所承受之最大信貸風險為綜合資產負債表所列相關金融資產之賬面值。為盡量降低信貸風險，管理層已實施內部控制程序，以釐定信貸限額、信貸審批及其他監察程序，從而確保採取跟進措施收回逾期債項。此外，本集團會於各結算日檢討各個別貿易債項之可收回金額，確保就不可收回金額作出足夠減值虧損。因此，董事認為本集團之信貸風險已大大減低。

## 6. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### Interest rate risk (Continued)

##### Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments carried at variable rate at the balance sheet date. For variable-rate bank borrowings, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2007 would decrease/increase by RMB789,000 (2006: decrease/increase by RMB412,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

The Group's sensitivity to interest rates has increased during the current year mainly due to the increase in variable rate debt instruments.

#### Credit risk

At 31 December 2007, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, arises from the carrying amount of the respective financial assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management has implemented internal control procedures for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.



## 6. 金融工具(續)

### 財務風險管理目標及政策(續)

#### 信貸風險(續)

本集團之信貸風險主要來自貿易應收賬款。本集團並無重大集中信貸風險，有關風險分散於大量交易對手及客戶。

按客戶所在地域劃分，本集團信貸風險主要集中在於中國，佔於二零零七年十二月三十一日之貿易應收賬款之78%(二零零六年十二月三十一日：83%)。為盡量降低信貸風險，管理層會盡量建立遍佈全球之廣大客戶基礎，可最大程度地降低按地域劃分之信貸風險。

銀行結餘之信貸風險有限，因交易對手擁有高信貸評級。

於日常業務過程中，本集團接受客戶使用應收票據背書，以償付其貿易應付賬款及其他應付款項。基於過往經驗，管理層預期不會有任何交易對手不履行其責任。

## 6. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### Credit risk (Continued)

The Group's credit risk is primarily attributable to its trade receivables. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Group's concentration of credit risk by geographical locations of customers is mainly on the PRC which accounted for 78% of the trade receivables at 31 December 2007 (31 December 2006: 83%). In order to minimise the credit risk, management will endeavour to build an extensive customer base that spread over the world, which can minimise the credit risk by geographical location.

The credit risk on bank balances is limited because the counterparties have high credit ratings.

In the normal course of business, the Group used endorsement of bills receivable received from its customers to settle its trade and other payables, based on the past experience, the management does not expect any counterparty to fail to meet its obligation.

## 6. 金融工具(續)

### 財務風險管理目標及政策(續)

#### 流動資金風險

於管理流動資金風險方面，本集團透過持續監察預測及實際現金流量，以及保持金融資產與負債之年期配合，監察並維持現金及等同現金項目於管理層認為足夠之水平，為本集團營運提供資金及減低現金流量波動之影響。管理層監察銀行及其他借貸之運用，以確保符合貸款契約。

於二零零七年十二月三十一日，本集團之流動負債淨額為人民幣22,294,000元。由於本集團擁有在銀行批准限額內可由本公司酌情每年重續之短期銀行借貸，故董事認為，計及本集團目前可用之銀行融資及內部財務資源，本集團之營運資金足以應付目前所需(即由財務報表日期起計未來最少12個月)。

本集團依賴銀行借貸作為流動資金之主要來源。於二零零七年十二月三十一日，本集團可用之未動用銀行貸款融資為人民幣171,440,000元。

## 6. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The management monitors the utilisation of bank and other borrowings and ensures compliance with loan covenants.

The Group had net current liabilities of RMB22,294,000 as at 31 December 2007. As the Group has short term bank borrowings which could be renewed on an annual basis at the discretion of the Company within limit approved by banks, the Directors are of the opinion that, taking into account the presently available facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months commencing from the date of the financial statements.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2007, the Group had available unutilised bank loan facilities of RMB171,440,000.

## 6. 金融工具(續)

### 財務風險管理目標及政策(續)

#### 流動資金風險(續)

下表詳列本集團金融負債之餘下合約屆滿期。該表乃根據本集團須予支付之最早日期按金融負債之未折現現金流量得出。該表同時包括利息及本金現金流量。

## 6. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### Liquidity risk (Continued)

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

	加權平均 實際利率 Weighted average effective interest rate %	一個月內 Less than 1 month 人民幣千元 RMB'000	一至三個月 1 - 3 months 人民幣千元 RMB'000	三個月 至一年 3 months to 1 year 人民幣千元 RMB'000	一至五年 1 - 5 years 人民幣千元 RMB'000	於二零零七年	
						未折現現金 流量總額 undis- counted cash flows RMB'000	十二月 三十一日 之賬面值 Carrying amount at 31.12.2007 人民幣千元 RMB'000
二零零七年 2007							
貿易應付賬款及 其他應付款項 Trade and other payables	-	55,246	92,534	104,329	-	252,109	252,109
應付關聯公司款項 Amount due to a related company	-	39	-	-	-	39	39
銀行貸款-浮動利率 Bank loan - variable rate	8	-	34,511	52,763	83,224	170,498	157,757
		55,285	127,045	157,092	83,224	422,646	409,905

## 6. 金融工具(續) 財務風險管理目標及政策(續)

流動資金風險(續)

## 6. FINANCIAL INSTRUMENTS (Continued) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

						於二零零六年 十二月三十一日	
						未折現現金 流量總額	三十一日 之賬面值
加權平均 實際利率		一個月內	一至三個月	三個月 至一年	一至五年	Total undis- counted cash flows	Carrying amount at 31.12.2006
Weighted average effective interest rate		Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	人民幣千元	人民幣千元
%		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
二零零六年	2006						
貿易應付賬款及其他 應付款項	Trade and other payables	–	43,863	49,386	66,119	–	159,368
銀行貸款—浮動利率	Bank loan – variable rate	7	–	4,264	40,448	44,363	89,075
			43,863	53,650	106,567	44,363	248,443
							241,668

### 公平價值

金融資產及金融負債之公平價值乃根據基於折現現金流量分析之公認定價模式，使用當前市場可供參考交易之價格或利率釐定。

董事認為，按攤銷成本列入綜合財務報表之金融資產及負債之賬面值與其公平價值相若。

### Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

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

## 7. 營業額和分類資料

### (a) 營業額

營業額指於年內出售貨品時所收取和應收取之款項金額。

### (b) 業務分類

本年度之本集團營業額及溢利全部來自生產及銷售精細化工產品。董事認為，由於該等業務相互有關及承擔相同風險及享有相同回報，故構成單一之業務分類。

## 7. TURNOVER AND SEGMENT INFORMATION

### (a) Turnover

Turnover represents the amounts received and receivables for goods sold during the year.

### (b) Business segment

The Group's turnover and profit for the year are entirely derived from the manufacture and trading of fine chemical products. The Directors consider that these activities constitute one business segment since these activities are related and are subject to common risks and returns.

## 7. 營業額和分類資料(續)

### (b) 業務分類(續)

#### 地區分類

有關本集團按客戶位置(不論服務之來源地)分析之營業額分類資料呈列如下：

#### 收益表

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000 (重列) (restated)
營業額	Turnover		
中國	PRC	451,699	384,055
台灣	Taiwan	38,304	46,863
印度	India	21,185	14,106
英國	United Kingdom	19,417	15,094
日本	Japan	14,058	12,836
其他	Others	29,635	31,233
		<b>574,298</b>	504,187
分類業績	Segment results		
中國	PRC	49,178	77,183
台灣	Taiwan	4,208	7,314
印度	India	4,322	2,624
英國	United Kingdom	2,248	2,042
日本	Japan	2,523	2,524
其他	Others	3,498	4,421
		<b>65,977</b>	96,108
未分配其他企業收入	Unallocated other corporate income	4,705	4,359
未分配企業開支	Unallocated corporate expenses	(42,310)	(33,772)
財務成本	Finance costs	(5,232)	(3,744)
除稅前溢利	Profit before taxation	23,140	62,951
稅項	Taxation	(1,586)	(4,514)
本年度溢利	Profit for the year	<b>21,554</b>	58,437

## 7. TURNOVER AND SEGMENT INFORMATION

(Continued)

### (b) Business segment (Continued)

#### Geographical segment

Segment information regarding the Group's turnover by location of customers, irrespective of the origin of the services, is presented below.

#### Income statement

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000 (重列) (restated)
營業額	Turnover		
中國	PRC	451,699	384,055
台灣	Taiwan	38,304	46,863
印度	India	21,185	14,106
英國	United Kingdom	19,417	15,094
日本	Japan	14,058	12,836
其他	Others	29,635	31,233
		<b>574,298</b>	504,187
分類業績	Segment results		
中國	PRC	49,178	77,183
台灣	Taiwan	4,208	7,314
印度	India	4,322	2,624
英國	United Kingdom	2,248	2,042
日本	Japan	2,523	2,524
其他	Others	3,498	4,421
		<b>65,977</b>	96,108
未分配其他企業收入	Unallocated other corporate income	4,705	4,359
未分配企業開支	Unallocated corporate expenses	(42,310)	(33,772)
財務成本	Finance costs	(5,232)	(3,744)
除稅前溢利	Profit before taxation	23,140	62,951
稅項	Taxation	(1,586)	(4,514)
本年度溢利	Profit for the year	<b>21,554</b>	58,437

## 7. 營業額和分類資料(續)

### (b) 業務分類(續) 資產

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
分類資產	Segment assets		
中國	PRC	192,828	145,893
台灣	Taiwan	3,499	5,227
印度	India	2,859	1,740
英國	United Kingdom	3,715	3,327
日本	Japan	510	487
其他	Others	3,763	3,739
		<b>207,174</b>	160,413
未分配資產	Unallocated assets	<b>561,285</b>	418,310
綜合資產總值	Consolidated total assets	<b>768,459</b>	578,723

於二零零七年十二月三十一日本集團之負債總額乃未經分配，並為人民幣441,441,000元(二零零六年十二月三十一日：人民幣257,097,000元)。

### (c) 其他資料

由於添置物業、機器及設備主要位於中國，故並無披露地區分類之其他資料。

### (d) 按資產之地理位置劃分之分類資產賬面值

由於本集團之資產主要位於中國，故並無按資產之地理位置披露分類資產之賬面值。

## 7. TURNOVER AND SEGMENT INFORMATION (Continued)

### (b) Business segment (Continued) Assets

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
分類資產	Segment assets		
中國	PRC	192,828	145,893
台灣	Taiwan	3,499	5,227
印度	India	2,859	1,740
英國	United Kingdom	3,715	3,327
日本	Japan	510	487
其他	Others	3,763	3,739
		<b>207,174</b>	160,413
未分配資產	Unallocated assets	<b>561,285</b>	418,310
綜合資產總值	Consolidated total assets	<b>768,459</b>	578,723

As at 31 December 2007, the Group's total liabilities are all unallocated and amounted to RMB441,441,000 (31 December 2006: RMB257,097,000).

### (c) Other information

No geographical segment for other information is disclosed as additions of property, plant and equipment are substantially in the PRC.

### (d) Carrying amount of segment assets by geographical location of the assets

No carrying amount of segment assets by geographical location of the assets is disclosed as the Group's assets are substantially located in the PRC.

## 8. 其他收入

## 8. OTHER INCOME

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
政府補助 (附註)	Government grants (note)	905	1,550
撥回遞延收入	Release of deferred income	1,194	–
租金收入	Rental income	458	404
利息收入	Interest income	316	1,148
變賣收入	Scrap sales	–	64
其他	Others	1,126	803
		<b>3,999</b>	<b>3,969</b>

附註： 有關款項主要為(i)上海市浦東新區財政局為鼓勵於浦東購置房地產而授予本集團之補助金，(ii)山東濰坊市經濟技術開發區管委會(現稱山東濰坊市經濟開發區管委會)作為生產創新高科技產品而授予本集團之財務資助，及(iii)濰坊市寒亭海洋化工開發區管委會(現稱濰坊濱海經濟開發區管委會)作為投資於高新技術發展項目而授予本集團之財務資助。

note: The amounts mainly represent grants given by (i) the Shanghai Pudong Finance Bureau 上海市浦東新區財政局 to the Group to encourage the purchase of real estate in Pudong, (ii) the Management Committee of Shandong Weifang Economic and Technology Development District 山東濰坊市經濟技術開發區管委會 (now known as the Management Committee of Shandong Weifang Economic Development District 山東濰坊市經濟開發區管委會) to the Group as a finance subsidy for production in high technology innovation products and (iii) the Management Committee of Weifang Hanting Ocean Chemical Development Zone 濰坊市寒亭海洋化工開發區管委會 (now known as the Management Committee of Weifang Binhai Economic Development Zone 濰坊濱海經濟開發區管委會) to the Group as a finance subsidy for investment in the high technology development projects.

## 9. 財務成本

## 9. FINANCE COSTS

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
以下各項之利息開支：	Interest on:		
須於五年內悉數償還之銀行貸款	Bank loans wholly repayable within five years	4,297	3,437
貼現票據	Discounted bills	935	307
		<b>5,232</b>	<b>3,744</b>

## 10. 除稅前溢利

## 10. PROFIT BEFORE TAXATION

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000 (重列) (restated)
除稅前溢利已扣除 下列各項：	Profit before taxation has been arrived at after charging:		
董事酬金（附註11）	Directors' remuneration (Note 11)		
袍金	Fees	311	77
其他酬金	Other emoluments	2,567	1,281
退休金成本	Pension costs	24	20
		<b>2,902</b>	1,378
其他員工成本	Other staff costs	<b>22,766</b>	13,342
退休金成本	Pension costs	<b>997</b>	752
總員工成本	Total staff costs	<b>26,665</b>	15,472
核數師酬金	Auditor's remuneration	<b>1,257</b>	1,122
物業、機器及設備之折舊	Depreciation on property, plant and equipment	<b>24,497</b>	15,143
撥往收益表之 預付租賃款項	Prepaid lease payments released to income statement	<b>1,426</b>	736
呆壞賬撥備	Allowance for bad and doubtful debts	<b>5</b>	216
存貨撥備	Allowance for inventories	<b>—</b>	90
存貨減值虧損	Impairment loss on inventories	<b>897</b>	—
有關租賃土地及樓宇之 經營租賃訂明之最低 租賃款項	Minimum lease payments under operating leases in respect of leasehold land and building	<b>443</b>	363
確認為開支之存貨成本	Cost of inventories recognised as expenses	<b>500,324</b>	401,043
研究開支	Research expenses	<b>470</b>	941
出售物業、機器 及設備虧損	Loss on disposal of property, plant and equipment	<b>—</b>	102
上市費用	Listing fees	<b>370</b>	5,642
股權結算以股份支付之 款項開支（附註27）	Equity-settled share-based payments expenses (Note 27)	<b>951</b>	—
及已計入：	and after crediting:		
呆壞賬撥備回撥	Reversal of allowance for bad and doubtful debts	<b>135</b>	—
存貨撥備回撥	Reversal of allowance for inventories	<b>31</b>	—



## 11. 董事及僱員酬金

- (i) 董事酬金之詳情如下：  
截至二零零七年十二月三十一日  
止年度

## 11. DIRECTORS' AND EMPLOYEES' REMUNERATION

- (i) Details of directors' remuneration are as follows:  
For the year ended 31 December 2007

董事姓名	Name of directors	薪金、 津貼及 其他福利			退休金 成本	酬金總額
		袍金	Salaries, allowances and other benefits			
		人民幣千元	人民幣千元		人民幣千元	人民幣千元
		RMB'000	RMB'000		RMB'000	RMB'000
劉洪亮	Liu Hongliang	–	777		6	783
王子江	Wang Zijiang	–	597		6	603
郭希田	Guo Xitian	–	597		6	603
郭玉成	Guo Yucheng	–	596		6	602
翟軍*	Chak Kwan*	20	–		–	20
梁錦雲	Leung Kam Wan	97	–		–	97
高寶玉	Gao Baoyu	97	–		–	97
劉晨光	Liu Chenguang	97	–		–	97
		311	2,567		24	2,902

\* 翟軍先生於二零零七年三月二日調任為本公司副總經理。

\* Mr. Chak Kwan has been re-designated as the deputy general manager of the Company on 2 March 2007.

## 11. 董事及僱員酬金(續)

### (i) 董事酬金之詳情如下:(續)

截至二零零六年十二月三十一日  
止年度

## 11. DIRECTORS' AND EMPLOYEES' REMUNERATION (Continued)

### (i) Details of directors' remuneration are as follows:(Continued)

For the year ended 31 December 2006

董事姓名	Name of directors	袍金 Fees 人民幣千元 RMB'000	薪金、 津貼及 其他福利 Salaries, allowances and other benefits 人民幣千元 RMB'000	退休金	酬金總額 Total emoluments 人民幣千元 RMB'000
				成本 Pension costs 人民幣千元 RMB'000	
劉洪亮	Liu Hongliang	—	384	5	389
王子江	Wang Zijiang	—	299	5	304
郭希田	Guo Xitian	—	299	5	304
郭玉成	Guo Yucheng	—	299	5	304
翟軍	Chak Kwan	29	—	—	29
高寶玉	Gao Baoyu	24	—	—	24
劉晨光	Liu Chenguang	24	—	—	24
		77	1,281	20	1,378

## 11. 董事及僱員酬金(續)

- (ii) 截至二零零七年十二月三十一日止年度，五位最高薪人士包括三名董事(二零零六年：三名)。彼等之酬金載列如上。

截至二零零七年十二月三十一日止年度，其餘兩位(二零零六年：兩位)最高薪人士之酬金如下：

## 11. DIRECTORS' AND EMPLOYEES' REMUNERATION (Continued)

- (ii) The five highest paid individuals included three directors for the year ended 31 December 2007 (2006: three). Details of whose emoluments are set out above.

The emoluments of the remaining two (2006: two) highest paid individuals other than the directors for the year ended 31 December 2007, is as follows:

	二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
薪金、津貼及其他福利	2,033	846

其餘最高薪人士(董事除外)之酬金介乎以下範圍：

The emolument of the remaining highest paid individuals other than the directors was within the following bands:

	二零零七年 2007	二零零六年 2006
1,000,000至1,500,000港元	1	-
零至1,000,000港元	1	2

本集團概無向董事或五位最高薪人士支付酬金，作為加盟本集團或加盟本集團後之獎金或作為離職補償。年內並無董事放棄任何酬金。

No remuneration was paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during the year.

## 12. 稅項

## 12. TAXATION

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000 (重列) (restated)
中國企業所得稅	PRC Enterprise Income Tax	865	4,563
遞延稅項 (附註18)	Deferred tax (Note 18)	721	(49)
		<b>1,586</b>	4,514

年度稅項與綜合收益表內除稅前溢利之對賬如下：

The taxation for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000 (重列) (restated)
除稅前溢利	Profit before taxation	23,140	62,951
按適用稅率 (24%) 徵收之稅項 (附註)	Tax at the applicable tax rate (24%) (note)	5,554	15,108
於釐定應課稅溢利時 不可扣稅開支之稅務影響	Tax effect of expenses that are not deductible in determining taxable profit	1,323	1,337
未確認之稅務虧損	Tax losses not recognised	2,976	246
動用之前並未確認之稅務虧損	Utilisation of tax losses previously not recognised	-	(242)
一間附屬公司獲得之 稅務豁免之影響	Effect of tax exemption granted to a subsidiary	(8,228)	(8,343)
稅務優惠之稅務影響	Tax effect on tax concession	107	(3,208)
附屬公司間不同適用 稅率之影響	Effect on different applicable tax rates among subsidiaries	(146)	(384)
年度稅項	Taxation for the year	<b>1,586</b>	4,514

附註： 適用所得稅稅率為中國山東省濰坊市(本集團主要營運基地)之外資生產企業優惠稅率24%。

note: The applicable income tax rate of 24% is the preferential rate for foreign invested production enterprise in Weifang City, Shandong Province, the PRC, where the operations of the Group are substantially based.

## 12. 稅項(續)

由於本集團之收入並非在香港產生或來自香港，故並無作出香港利得稅撥備。

稅項費用主要包括濰坊同業化學有限公司(「濰坊同業」)及上海德弘化工有限公司(「上海德弘」)分別按24%及15%稅率計算應課稅溢利所產生之中國所得稅。中國企業所得稅之撥備乃以估計應課稅收入按中國當時適用之稅率計算。

根據中國外商投資企業所得稅法及外資企業從事先進技術業務可獲減免50%適用稅率之規定，濰坊同業作為一家先進技術企業，其於二零零六年及二零零七年獲享稅務優惠期，優惠稅率為12%。

上海德弘須按上海浦東新區之優惠稅率15%繳納企業所得稅。

根據相關中國法律法規，濰坊柏立化學有限公司(「濰坊柏立」)及濰坊濱海石油化工有限公司(「濰坊濱海」)均合資格獲得中國若干免稅期及稅務優惠。免稅期及稅務優惠之形式為首個獲利年度起獲完全豁免兩個年度中國所得稅，其後三年則可享50%稅率減免。由於濰坊柏立仍屬於第二個獲利年度而獲豁免繳納稅款，故並無作出中國所得稅撥備。並無就濰坊濱海作出中國所得稅撥備。

## 12. TAXATION (Continued)

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in nor was derived from Hong Kong.

Taxation charge mainly consists of income tax in the PRC attributable to the assessable profits of Weifang Common Chem Co., Ltd. 濰坊同業化學有限公司 ("Weifang Common") and Shanghai Dehong Chemical Company Limited 上海德弘化工有限公司 ("Shanghai Dehong") at 24% and 15% respectively. The provision for PRC Enterprise Income Tax is based on the estimated taxable income for the taxation purpose at the applicable rates prevailing in the PRC.

As an advance technology enterprise, Weifang Common was granted a tax concession in the years 2006 and 2007 at a preferential rate of 12% pursuant to the Income Tax Law of the PRC on Enterprises with Foreign Investment and Foreign Enterprises engaging in advance technology business and was subject to 50% reduction of the applicable tax rate.

Shanghai Dehong is subject to Enterprise Income Tax at the rate of 15%, being the preferential tax rate in Shanghai Pudong New District.

Pursuant to the relevant laws and regulations in the PRC, Weifang Parasia Chem Co., Limited 濰坊柏立化學有限公司 ("Weifang Parasia") and Weifang Binhai Petro-Chem Co., Ltd. 濰坊濱海石油化工有限公司 ("Weifang Binhai") are eligible for certain tax holidays and concessions in the PRC. The tax holiday and concessions are in the form of two years tax exemption from the first profitable year, followed by a 50% reduction of the applicable tax rate in the following three years. No provision for PRC income tax has been made for Weifang Parasia as it was the second profitable year and tax exempted. No provision for PRC income tax has been made for Weifang Binhai.

## 12. 稅項(續)

於二零零七年三月十六日，根據中華人民共和國主席指令第63號，中華人民共和國頒布中華人民共和國企業所得稅法(「新稅法」)。於二零零七年十二月六日，中國國務院公佈了新稅法實施條例。根據新稅法及實施條例，由二零零八年一月一日起，稅率將改為25%，惟作為先進技術企業之濰坊同業除外，濰坊同業之適用稅率為25%，但可享50%之減免，故優惠稅率為12.5%。

於二零零六年，濰坊濱海石油化工有限公司(「濰坊濱海」)取得政府補助，以補貼為製造高純度異丁烯、聚異丁烯及氯乙酸而興建生產線及配套設施。已收補助於二零零六年十二月三十一日確認為遞延收入，而並無在截至二零零六年十二月三十一日止年度之收益表確認任何收入。根據地方稅務機關出具之文件，由於興建工程於二零零六年十二月三十一日仍在進行，故該補助於二零零六年度毋須課稅。於二零零七年，興建工程已完成，故按照有關資產可使用年期開始將遞延收入撥往收入。有關收入於其撥往收益表之年度應予課稅。

## 12. TAXATION (Continued)

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate to 25% from 1 January 2008, except for Weifang Common, as an advance technology enterprise, which is subject to 50% reduction of the applicable tax rate of 25% and at preferential rate of 12.5%.

In 2006, Weifang Binhai Petro-Chem Co., Ltd. ("Weifang Binhai") 濰坊濱海石油化工有限公司 obtained a government grant for subsidising the construction of the production lines and ancillary facilities for the manufacture of high purity isobutylene, polyisobutylene and mono chloro acetic acid. The grant received was recognised as a deferred income as at 31 December 2006 with no income recognised in the income statement for the year ended 31 December 2006. Pursuant to the document issued by the local tax authorities, the grant was not subject to tax for the year 2006 as the construction was still in progress as at 31 December 2006. In 2007, construction has been completed, deferred income commenced to release to income over the useful lives of the relevant assets. Such income is taxable for the year in which it is released to the income statement.

### 13. 股息

截至二零零七年十二月三十一日止年度內概無派付任何股息。董事已建議派付末期股息每股1.25港仙(二零零六年：無)，惟須待股東在應屆股東週年大會上批准後方可作實。

### 14. 每股盈利

每股基本盈利乃按下列數據計算：

### 13. DIVIDEND

No dividend was paid during the year ended 31 December 2007. A final dividend of HK1.25 cents (2006: nil) per share has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

### 14. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000 (重列) (restated)
本年度溢利	Profit for the year	<b>21,554</b>	58,437
		<b>普通股數目</b> Number of ordinary shares	
		二零零七年 2007	二零零六年 2006
計算每股基本盈利之普通股 加權平均數	Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>400,000,000</b>	318,082,192

為計算二零零六年之每股基本盈利，已發行股份之加權平均股數300,000,000股乃假設集團重組於二零零六年一月一日經已進行而計算。

由於二零零七年及二零零六年兩個年度並無潛在攤薄影響之股份，因此並無每股攤薄盈利。

For the purpose of the calculation of basic earnings per share for the year 2006, the weighted average number of 300,000,000 shares in issue was assumed that the Group Reorganisation had taken place on 1 January 2006.

There were no diluted earnings per share for the years 2007 and 2006 as there were no potential dilutive shares.

## 14. 每股盈利

### 會計政策變動影響

本集團會計政策於年內之變動在附註3詳述。假如該等變動對二零零七年及二零零六年之申報業績有影響，則亦會對所申報之每股盈利數字有影響。下表概述對每股基本盈利之影響：

		二零零七年 2007 人民幣 RMB	二零零六年 2006 人民幣 RMB
調整前之數字	Figures before adjustments	5.1 cents	18.2 cents
因會計政策變動 所引致之調整	Adjustments arising from changes in accounting policies	0.3 cent	0.2 cent
經調整	As adjusted	5.4 cents	18.4 cents

## 14. EARNINGS PER SHARE (Continued)

### Impact of changes in accounting policies

Changes in the Group's accounting policies during the year are described in details in Note 3. To the extent that those changes have had an impact on results reported for 2007 and 2006, they have had an impact on the amounts reported for earnings per share. The following table summarises that the impact on basic earnings per share:

## 15. 預付租賃款項

## 15. PREPAID LEASE PAYMENTS

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
本集團之預付租賃款項包括： The Group's prepaid lease payments comprise:			
香港境外之租賃土地： 中期租約	Leasehold land outside Hong Kong: Medium-term lease	67,892	68,009
為申報目的分析為： Analysed for reporting purposes as:			
非流動資產	Non-current assets	66,457	66,601
流動資產（計入貿易應收 賬款及其他應收款項）	Current assets (included in trade and other receivables)	1,435	1,408
		67,892	68,009

於二零零七年十二月三十一日，本集團已質押其根據預付租賃款項持有之賬面值約人民幣44,133,000元（二零零六年：人民幣59,040,000元）之租賃土地之權益，以獲授予一般銀行融資。

At 31 December 2007, the Group has pledged its interest in leasehold land under prepaid lease payments with a carrying value of approximately RMB44,133,000 (2006: RMB59,040,000) to secure general banking facilities granted to the Group.



## 16. 物業、機器及設備

## 16. PROPERTY, PLANT AND EQUIPMENT

		樓宇 Buildings	租賃裝修 Leasehold improvements	廠房及機器 Plant and machinery	汽車 Motor vehicles	傢俬、固定 裝置及設備 Furniture, fixtures and equipment	在建工程 Construction in progress	總計 Total
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
<b>本集團</b>	<b>THE GROUP</b>							
成本	COST							
於二零零六年 一月一日	At 1 January 2006	15,030	35	62,300	956	1,914	112,079	192,314
添置	Additions	6,775	–	1,036	994	960	96,596	106,361
出售	Disposals	–	–	(729)	(408)	–	–	(1,137)
轉撥	Transfer	39,048	–	117,069	–	431	(156,548)	–
於二零零六年 十二月三十一日	At 31 December 2006	60,853	35	179,676	1,542	3,305	52,127	297,538
添置	Additions	2,869	–	5,730	246	1,082	117,272	127,199
自在建工程轉撥	Transfer from CIP	32,153	–	121,191	–	826	(154,170)	–
重估	Revaluation	1,359	–	–	–	–	–	1,359
轉撥至投資物業	Transfer to investment properties	(2,147)	–	–	–	–	–	(2,147)
於二零零七年 十二月三十一日	At 31 December 2007	95,087	35	306,597	1,788	5,213	15,229	423,949
折舊及攤銷	DEPRECIATION AND AMORTISATION							
於二零零六年 一月一日	At 1 January 2006	1,749	8	12,235	415	933	–	15,340
年度撥備	Provided for the year	2,210	7	12,338	134	454	–	15,143
出售	Disposals	–	–	(172)	(366)	–	–	(538)
於二零零六年 十二月三十一日	At 31 December 2006	3,959	15	24,401	183	1,387	–	29,945
年度撥備	Provided for the year	3,806	7	19,709	318	657	–	24,497
轉撥至投資物業	Transfer to investment properties	(177)	–	–	–	–	–	(177)
於二零零七年 十二月三十一日	At 31 December 2007	7,588	22	44,110	501	2,044	–	54,265
賬面值	CARRYING VALUES							
於二零零七年 十二月三十一日	At 31 December 2007	87,499	13	262,487	1,287	3,169	15,229	369,684
於二零零六年 十二月三十一日	At 31 December 2006	56,894	20	155,275	1,359	1,918	52,127	267,593

## 16. 物業、機器及設備(續)

上述物業、機器及設備項目(在建工程除外)乃使用直線法按估計可使用年期並計及其估計剩餘價值後按以下年率計算折舊：

樓宇	4.5%—5%
租賃裝修	20%
廠房及機器	6%—10%
汽車	18%—20%
傢俬、固定裝置及設備	18%—20%

樓宇位於在中國按中期租約持有之租賃土地。

在建工程指位於中國濰坊之租賃土地上樓宇及在建廠房及機器。

本集團已質押於二零零七年十二月三十一日賬面值約人民幣77,662,000元之樓宇(二零零六年：賬面值分別約為人民幣45,692,000元及人民幣17,878,000元之廠房及機器及樓宇)，以獲授予一般銀行融資。

## 16. PROPERTY, PLANT AND EQUIPMENT

(Continued)

The above items of property, plant and equipment, other than construction in progress, are depreciated over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method, at the following rates:

Buildings	4.5% – 5%
Leasehold improvements	20%
Plant and machinery	6% – 10%
Motor vehicles	18% – 20%
Furniture, fixtures and equipment	18% – 20%

Buildings are situated on leasehold land under medium-term in the PRC.

Construction in progress represented buildings on leasehold land situated at Weifang in the PRC and plant and machinery under construction.

The Group has pledged its buildings with carrying value of approximately RMB77,662,000 at 31 December 2007 (2006: plant and machinery and buildings having carrying values of approximately RMB45,692,000 and RMB17,878,000, respectively) to secure the general banking facilities granted to the Group.

## 17. 投資物業

## 17. INVESTMENT PROPERTIES

人民幣千元  
RMB'000  
(重列)  
(restated)

於二零零六年一月一日， 原來列示	At 1 January 2006 as originally stated	3,062
會計政策變動（附註3）	Change in accounting policy (Note 3)	2,378
於二零零六年一月一日， 重列	At 1 January 2006 restated	5,440
於綜合收益表中確認之 公平價值	Fair value recognised in the consolidated income statement	390
於二零零六年 十二月三十一日	At 31 December 2006	5,830
轉撥自物業、機器及設備 於綜合收益表中確認之 公平價值增加	Transfer from property, plant and equipment Increase in fair value recognised in the consolidated income statement	1,970 1,900
於二零零七年 十二月三十一日	At 31 December 2007	9,700

本集團按經營租賃持有以賺取租金之物業權益乃採用公平價值模式計算，並作為投資物業入賬。該等投資物業位於中國。

本集團投資物業於二零零七年十二月三十一日、二零零六年十二月三十一日及二零零六年一月一日之公平價值乃以與本集團無關連之獨立合資格專業估值師永利行評值顧問有限公司於當日進行之估值為基準釐定。永利行評值顧問有限公司為估值師學會會員，擁有合適資格，最近亦有評估相關地區類似物業之經驗。有關估值符合國際估值準則，乃經參考類似物業之交易價格市場證據後得出。

本集團已質押於二零零七年十二月三十一日公平價值為人民幣9,700,000元（二零零六年：人民幣5,830,000元）之投資物業，以獲授予一般銀行融資。

The Group's property interests held under operating leases to earn rentals purposes are measured using the fair value model and are accounted for as investment properties. The investment properties are located in the PRC.

The fair value of the Group's investment properties at 31 December 2007, 31 December 2006 and 1 January 2006 have been arrived at on the basis of a valuation carried out on that date by RHL Appraisal Ltd., independent qualified professional valuers not connected with the Group. RHL Appraisal Ltd. is a member of the Institute of Valuers, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

The Group has pledged investment properties having a fair value of RMB9,700,000 at 31 December 2007 (2006: RMB5,830,000) to secure the general banking facilities granted to the Group.

## 18. 遞延稅項

## 18. DEFERRED TAX

		遞延稅項 資產 Deferred tax assets 人民幣千元 RMB'000	遞延稅項 負債 Deferred tax liabilities 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
於二零零六年一月一日	At 1 January 2006			
— 原來列示	— as originally stated	336	—	336
會計政策變動	Change in accounting policy	—	(595)	(595)
於二零零六年一月一日	At 1 January 2006 – as restated	336	(595)	(259)
— 重列				
計入綜合收益表 (自綜合收益表 扣除)	Credited (charged) to the consolidated income statement	188	(139)	49
於二零零六年 十二月三十一日	At 31 December 2006	524	(734)	(210)
計入綜合收益表 (自綜合收益表 扣除)	Credited (charged) to the consolidated income statement	145	(866)	(721)
於二零零七年 十二月三十一日	At 31 December 2007	669	(1,600)	(931)

遞延稅項資產指由遞延經營前開支產生之臨時差異之稅務影響。

The deferred tax assets represent the tax effect of temporary differences arising from deferred pre-operating expenses.

本集團確認之遞延稅項負債指投資物業公平價值變動之遞延稅項。

The deferred tax liabilities recognised by the Group represent deferred tax on fair value changes on investment properties.

於結算日，本集團之未動用稅務虧損為人民幣20,008,000元(二零零六年：人民幣6,407,000元)，可用作抵銷未來溢利。本集團已就約人民幣5,571,000元(二零零六年：人民幣4,368,000元)之有關虧損確認遞延稅項資產。於二零零七年十二月三十一日，未確認稅務虧損包括約人民幣14,437,000元(二零零六年：人民幣2,039,000元)之虧損，將於二零一一年到期。

At the balance sheet date, the Group had unused tax losses of RMB20,008,000 (2006: RMB6,407,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately RMB5,571,000 (2006: RMB4,368,000) of such losses. Included in unrecognised tax losses at 31 December 2007 are losses of approximately RMB14,437,000 (2006: RMB2,039,000) that will expire in 2011.

## 19. 存貨

## 19. INVENTORIES

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
原材料	Raw materials	24,101	11,032
在製品	Work in progress	6,328	4,352
製成品	Finished goods	22,743	13,228
		<b>53,172</b>	28,612

## 20. 貿易應收賬款及其他應收款項

## 20. TRADE AND OTHER RECEIVABLES

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000 (重列) (restated)
貿易應收賬款	Trade receivables	56,649	66,095
減：呆賬撥備	Less: Allowance for doubtful debts	—	(147)
應收票據(附註)	Bills receivable (note)	150,525	94,465
		<b>207,174</b>	160,413
其他應收款項、訂金 及預付賬款	Other receivables, deposits and prepayments	8,067	3,872
預付租賃款項(附註15)	Prepaid lease payments (Note 15)	1,435	1,408
		<b>216,676</b>	165,693

## 20. 貿易應收賬款及其他應收款項 (續)

附註： 該等票據是到期期限最長為六個月之不計息銀行承兌票據。

於結算日之未償還應收票據人民幣141,975,000元(二零零六年：人民幣73,238,000元)已背書予若干債權人。本集團繼續將已背書票據呈列為應收票據直至到期為止，因此，該等票據並未應用於削減貿易應收賬款及其他應收款項。上年度之比較數字已重新調整以符合現年度之呈列方式。

於結算日之未償還應收票據人民幣150,525,000元(二零零六年：人民幣94,465,000元)中，截至批准財務報表之日期，合共人民幣84,227,000元(二零零六年：人民幣47,197,000元)已到期。

本集團給予貿易客戶之信貸期一般介乎一個月至六個月不等。

本集團於結算日之貿易應收賬款及應收票據之賬齡分析如下：

## 20. TRADE AND OTHER RECEIVABLES (Continued)

note: The bills are non-interest bearing bank acceptance bills with a maximum maturity period of six months.

Bills receivable outstanding at the balance sheet date amounted to RMB141,975,000 (2006: RMB73,238,000) have been endorsed to certain creditors. The Group continues to present the endorsed bills as bills receivable until maturity, accordingly, such bills have not been applied to reduce the amounts of trade and other payables. The prior year's comparative figures have been realigned in order to conform to the current year's presentation.

Of the bills receivable of RMB150,525,000 (2006: RMB94,465,000) outstanding at the balance sheet date, a total amount of RMB84,227,000 (2006: RMB47,197,000) have subsequently matured up to the date of approval of the financial statements.

The Group allows a credit period normally ranging from one month to six months to its trade customers.

An aged analysis of the Group's trade and bills receivable at the balance sheet date is as follows:

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
0-90日	0 - 90 days	146,513	128,571
91-180日	91 - 180 days	58,443	31,509
181-365日	181 - 365 days	1,862	333
365日以上	Over 365 days	356	-
		<b>207,174</b>	160,413

## 20. 貿易應收賬款及其他應收款項 (續)

本集團之貿易應收賬款結餘包括賬面值總額為人民幣2,218,000元(二零零六年：人民幣333,000元)之應收賬款，該等賬款於報告日期已過期。由於信貸狀況並無重大變動且本集團仍認為該等款項可收回，故本集團尚未就此撥備減值虧損。本集團並不持有該等結餘之任何擔保。

已過期但未減值之貿易應收賬款之賬齡如下：

## 20. TRADE AND OTHER RECEIVABLES (Continued)

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB2,218,000 (2006: RMB333,000) which are past due at the reporting date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired:

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
181 – 365日	181 – 365 days	1,862	333
365日以上	Over 365 days	356	–
		<b>2,218</b>	333

呆賬撥備變動如下：

Movement in the allowance for doubtful debts:

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
年初結餘	Balance at beginning of the year	147	5
就貿易應收賬款確認 之減值虧損	Impairment losses recognised on trade receivables	5	216
撇銷不可收回之金額	Amounts written off as uncollectible	(17)	(74)
本年度收回之金額	Amounts recovered during the year	(135)	–
年終結餘	Balance at end of the year	–	147

## 21. 已抵押銀行存款與銀行結餘和現金

於二零零七年十二月三十一日，本集團質押銀行存款作為本集團獲授銀行融資之抵押，金額為人民幣16,400,000元(二零零六年：人民幣1,777,000元)。

於二零零七年十二月三十一日之存款附帶實際利率每年3.42%(二零零六年：2.25%)。

於二零零七年十二月三十一日，本集團以人民幣計值之已抵押銀行存款及銀行結餘和現金為人民幣31,814,000元(二零零六年：人民幣28,421,000元)。

## 21. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

As at 31 December 2007, the Group had pledged deposits to banks to secure banking facilities granted to the Group, amounting to RMB16,400,000 (2006: RMB1,777,000).

The deposits as at 31 December 2007 carry interest at the effective rate of 3.42% (2006: 2.25%) per annum.

As at 31 December 2007, the Group had pledged bank deposits and bank balances and cash denominated in RMB amounting to RMB31,814,000 (2006: RMB28,421,000).

## 22. 貿易應付賬款及其他應付款項

## 22. TRADE AND OTHER PAYABLES

		THE GROUP 本集團	
		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
貿易應付賬款(附註i)	Trade payables (note i)	162,455	106,265
應付票據(附註ii)	Bills payable (note ii)	1,703	1,724
		<b>164,158</b>	107,989
其他應付款項及 應計開支(附註i)	Other payables and accrued charges (note i)	87,951	51,379
遞延收入(附註25)	Deferred income (Note 25)	2,740	711
		<b>254,849</b>	160,079

附註i：於結算日，本集團已背書若干債權人之銀行承兌票據達人民幣141,975,000元(二零零六年：人民幣73,238,000元)，以該等票據結算之貿易應收賬款及其他應收款項於有關票據到期時方會停止確認。上年度之比較數字已重新調整以符合現年度之呈列方式。

附註ii：該等票據不計息，到期期限最長為六個月。

note i: At the balance sheet date, the Group has endorsed bank acceptance bills to certain creditors amounted to RMB141,975,000 (2006: RMB73,238,000). The settlement of trade and other payables by such bills will only be derecognised when the relevant bills have been matured. The prior year's comparative figures have been realigned in order to confirm to the current year's presentation.

note ii: The bills are non-interest bearing and have a maximum maturity of six months.



**22. 貿易應付賬款及其他應付款項**  
 (續)

本集團於結算日之貿易應付賬款及應付票據之賬齡分析如下：

		<b>2007</b>	2006
		<b>二零零七年</b>	二零零六年
		<b>RMB'000</b>	RMB'000
		人民幣千元	人民幣千元 (restated) (重列)
0-90日	0 - 90 days	<b>110,978</b>	73,618
91-180日	91 - 180 days	<b>50,511</b>	34,143
181-365日	181 - 365 days	<b>2,652</b>	212
365日以上	Over 365 days	<b>17</b>	16
		<b>164,158</b>	107,989

**22. TRADE AND OTHER PAYABLES** (Continued)

An aged analysis of the Group's trade and bills payable at the balance sheet date is as follows:

**23. 應付關聯公司款項**

該款項為無抵押、免息及於催繳時償還。  
 應付關聯公司款項指應付租金。

**23. AMOUNT DUE TO A RELATED COMPANY**

The amount is unsecured, interest-free and repayable on demand. The amount due to a related company represents rental payable.

## 24. 銀行借貸

## 24. BANK BORROWINGS

		THE GROUP 本集團	
		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
應償還銀行貸款：	Bank loans repayable:		
催繳時或一年內	On demand or within one year	<b>82,557</b>	20,140
於一年之後但不超過二年	In more than one year, but not exceeding two years	<b>25,640</b>	24,440
於二年之後但不超過五年	In more than two years, but not more than five years	<b>49,560</b>	37,720
		<b>157,757</b>	82,300
減：於一年內到期列作 流動負債之款項	Less: Amount due within one year shown under current liabilities	<b>82,557</b>	20,140
一年後到期之款項	Amount due after one year	<b>75,200</b>	62,160

所有銀行借貸均以人民幣為單位。短期及長期借貸之浮動利率介乎6.33%至8.22%（二零零六年：5.58%至7.61%），致使本集團承受現金流量利率風險。短期及長期借貸以本集團之銀行存款、物業、機器及設備、投資物業及本集團根據預付租賃款項持有之租賃土地之權益為抵押。

All bank borrowings are denominated in RMB. Short-term and long-term bank borrowings are arranged at floating interest rates ranged from 6.33% to 8.22% (2006: 5.58% to 7.61%) exposing the Group to cash flow interest rate risks and are secured by the Group's bank deposits, property, plant and equipment, investment properties and the Group's interest in leasehold land under prepaid lease payments.

## 25. 遞延收入

本集團之遞延收入指取得之政府補助，以補貼為製造異丁烯、聚異丁烯及氯乙酸而興建之生產線及配套設施。

為申報目的分析為：

## 25. DEFERRED INCOME

The Group's deferred income represents a government grant obtained for subsidising the construction of the production lines and ancillary facilities for the manufacture of isobutylene, polyisobutylene and mono chloro acetic acid.

Analysed for reporting purpose as:

		<b>2007</b>	2006
		<b>二零零七年</b>	二零零六年
		<b>RMB'000</b>	RMB'000
		人民幣千元	人民幣千元
流動負債（計入貿易應付賬款及其他應付款項）	Current liabilities (included in trade and other payables)	<b>2,740</b>	711
非流動負債	Non-current liabilities	<b>26,892</b>	30,115
		<b>29,632</b>	30,826

## 26. 股本

## 26. SHARE CAPITAL

		Number of shares 股份數目	Amount 金額	
			US\$'000 千美元	HK\$'000 千港元
法定：	Authorised:			
<b>每股面值1.00美元 之普通股</b>	<b>Ordinary shares of US\$1.00 each</b>			
於二零零六年一月一日 (附註a)	On 1 January 2006 (note a)	50,000	50	-
註銷所有未發行股份 (附註b(iv))	Cancellation of all unissued shares (note b(iv))	(50,000)	(50)	-
<b>每股面值0.01港元 之普通股</b>	<b>Ordinary shares of HK\$0.01 each</b>			
於二零零六年增加 (附註b(i))	Increase in the year 2006 (note b(i))	39,000,000	-	390
於二零零六年增加 (附註b(v))	Increase in the year 2006 (note b(v))	99,961,000,000	-	999,610
於二零零六年十二月 三十一日及 二零零七年十二月 三十一日	At 31 December 2006 and 31 December 2007	100,000,000,000	-	1,000,000

## 26. 股本(續)

## 26. SHARE CAPITAL (Continued)

		Number of shares		Amount 金額	
		股份 數目	US\$'000 千美元	HK\$'000 千港元	RMB'000 人民幣千元
已發行及繳足：	Issued and fully paid:				
<b>每股面值1.00美元 之普通股</b>	<b>Ordinary shares of US\$1.00 each</b>				
於二零零六年 一月一日之結餘	Balance at 1 January 2006	50,000	50	-	413
購回股份 (附註b(iii))	Repurchase of shares (note b(iii))	(50,000)	(50)	-	(413)
<b>每股面值0.01港元 之普通股</b>	<b>Ordinary shares of HK\$0.01 each</b>				
發行股份 (附註b(ii))	Issue of shares (note b(ii))	39,000,000	-	390	393
透過股份溢價賬 資本化發行股份 (附註d)	Issue of shares by capitalisation of share premium account (note d)	261,000,000	-	2,610	2,630
透過配售及公開 發售發行股份 (附註e)	Issue of shares by placing and public offer (note e)	100,000,000	-	1,000	1,008
於二零零六年 十二月三十一日	At 31 December 2006	400,000,000	-	4,000	4,031
於二零零七年 十二月三十一日	At 31 December 2007	400,000,000	-	4,000	4,031

## 26. 股本(續)

附註：

- (a) 本公司於二零零四年十二月七日註冊成立，其法定股本50,000美元分為50,000股每股面值1美元之股份。已配發及發行一股股份。
- (b) 於二零零六年十月四日，根據由本公司唯一股東以書面方式通過之決議案，本公司之法定及已發行股本以下列方式由原來之50,000美元，分為50,000股每股面值1美元之股份，轉換為390,000港元，分為39,000,000股每股面值0.01港元之股份：
- (i) 增設39,000,000股每股面值0.01港元之股份，增加金額為390,000港元之法定股本；
- (ii) 向智創控股有限公司(「智創」)、智邦企業有限公司(「智邦」)及智得控股有限公司(「智得」)(三者均為本集團之中介控股公司)之唯一股東志峰按面值發行39,000,000股每股面值0.01港元之股份；
- (iii) 按面值購回50,000股每股面值1美元之現有股份；
- (iv) 透過註銷50,000股每股面值1美元之法定但未發行股份，減少本公司之法定但未發行股本；及
- (c) 增設99,961,000,000股每股面值0.01港元之股份，法定股本其後進一步增至1,000,000,000港元。
- (d) 根據二零零六年十月四日由本公司唯一股東以書面方式通過之決議案，董事批准向於二零零六年十月四日辦公時間結束時名列本公司股東名冊上之股東，透過把本公司股份溢價賬中合共2,610,000港元資本化(以有關款項計入賬戶為條件)，配發及發行261,000,000股股份。
- (e) 於二零零六年十月二十七日，本公司於股份在聯交所主板上市時按1.02港元之價格配發及發行100,000,000股每股面值0.01港元之股份。

## 26. SHARE CAPITAL (Continued)

notes:

- (a) The Company was incorporated on 7 December 2004 with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each. One share was allotted and issued.
- (b) On 4 October 2006, pursuant to resolutions in writing passed by the sole shareholder of the Company, the authorised and issued share capital of the Company was converted from the original US\$50,000 divided into 50,000 shares of US\$1 each into HK\$390,000 divided into 39,000,000 shares of HK\$0.01 each by way of
- (i) an increase in the authorised share capital in the amount of HK\$390,000 by the creation of 39,000,000 shares of HK\$0.01 each;
- (ii) the issue of 39,000,000 shares of HK\$0.01 each to Cheerhill, the sole shareholder of Smartcharm Holdings Limited ("Smartcharm"), Smartpoint Enterprises Limited ("Smartpoint") and Techsmart Holdings Limited ("Techsmart"), all being intermediate holding companies of the Group, at par;
- (iii) the repurchase of the existing 50,000 shares of US\$1 each at par;
- (iv) the decrease of authorised but unissued share capital of the Company by cancellation of 50,000 authorised but unissued shares of US\$1 each; and
- (c) The authorised share capital was thereafter increased to HK\$1,000,000,000 by the creation of a further 99,961,000,000 of HK\$0.01 each shares.
- (d) Pursuant to a resolution in writing passed by the sole shareholder of the Company on 4 October 2006, the Directors approved the allotment and issue of 261,000,000 shares to the shareholder whose name appeared on the register of members of the Company as at the close of business on 4 October 2006 by way of capitalisation of the sum of HK\$2,610,000 out of the share premium account of the Company conditional on such account being credited.
- (e) On 27 October 2006, the Company allotted and issued 100,000,000 shares of HK\$0.01 each upon listing of the shares on the Main Board of the Stock Exchange at a price of HK\$1.02.

## 27. 儲備

### 特別儲備

特別儲備指根據重組所收購中國附屬公司之已繳資本與本公司所發行用以交換附屬公司控制權之股份面值之差額。

### 盈餘公積金

本公司於中國成立之附屬公司之章程細則規定，該等附屬公司須每年轉撥其除稅後溢利中之若干百分比至盈餘公積金，直至該結餘達到其註冊資本之50%為止。一般情況下，盈餘公積金僅可用作抵償虧損、透過資本化轉入註冊資本及擴充附屬公司之生產及經營。資本化轉換盈餘公積金至註冊資本後，儲備之餘額不得少於註冊資本之25%。

### 資本出資儲備

年內，本公司主要股東按非市場表現歸屬條件，向僱員授出若干數目之本公司股份，其所獲取服務之公平價值乃參照獲授股份於授出日期之公平價值而釐定，並於歸屬期內按直線法以股權結算股份支付之款項開支支銷，資本出資儲備亦相應增加。

## 28. 重大非現金交易

於二零零六年，本集團獲提供一項人民幣30,826,000元之政府補助，以補貼為製造異丁烯、聚異丁烯及氯乙酸而興建生產線及配套設施。是項政府補助已用於償還為上述興建之生產廠房建設成本融資而利用之短期貸款。

於二零零六年，添置預付租賃款項部份以該短期貸款償還。

## 27. RESERVES

### Special reserve

Special reserve represents the difference between the paid-in capital of the PRC subsidiaries acquired pursuant to the Reorganisation and the nominal value of the Company's shares issued in exchange for the control in these subsidiaries.

### Surplus reserve fund

Articles of Association of the Company's subsidiaries established in the PRC require the appropriation of certain percentage of their profit after taxation each year to the surplus reserve fund until the balance reaches 50% of their registered capital. In normal circumstances, the surplus reserve fund shall only be used for making up losses, capitalisation into registered capital and expansion of the subsidiaries' production and operation. For the capitalisation of surplus reserve fund into registered capital, the remaining amount of such reserve shall not be less than 25% of the registered capital.

### Capital contribution reserve

During the year, certain number of the Company's shares were granted to an employee by the Company's substantial shareholder, with non-market performance vesting conditions, with its fair value of services received determined by reference to the fair value of shares granted at the grant date, expensed on a straight line basis over the vesting period as equity-settled share based payments expenses, with a corresponding increase in capital contribution reserve.

## 28. MAJOR NON-CASH TRANSACTIONS

In 2006, the Group was provided with a government grant of RMB30,826,000 for subsidising the construction of the production lines and ancillary facilities for the manufacture of isobutylene, polyisobutylene and mono chloro acetic acid. The government grant was applied to repay the short term loan utilised to finance the construction costs of the production plant for the above construction.

In 2006, the acquisition of prepaid lease payment was partially settled by the short term loan.

## 29. 經營租賃

### 本集團作為出租人

截至二零零七年十二月三十一日止年度，投資物業之租金收入為人民幣483,000元（二零零六年：人民幣425,000元），有關開支為人民幣30,000元（二零零六年：人民幣38,000元）。有關物業之年租金收益率為4.66%（二零零六年：6.01%）。

於結算日，本集團與租戶就下列未來最低租賃付款達成協議。

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
一年內	Within one year	157	162
第二年	In the second year	-	144
		<b>157</b>	306

租約一般協定期平均為一至兩年。

### 本集團作為承租人

根據不可撤銷經營租賃，本集團未來有關物業之最低租賃付款總額如下：

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
一年內	Within one year	424	86
第二年至第三年 (包括首尾兩年)	In the second to third year inclusive	249	-
		<b>673</b>	86

租約協定之租期平均為一至三年。

## 29. OPERATING LEASES

### The Group as lessor

Rental income from investment property for the year ended 31 December 2007 was RMB483,000 (2006: RMB425,000) and the related outgoings were RMB30,000 (2006: RMB38,000). The properties generated annual rental yields of 4.66% (2006: 6.01%).

At the balance sheet dates, the Group had contracted with tenants for the following future minimum lease payments.

Leases are generally negotiated for an average term from one to two years.

### The Group as lessee

The Group's total future minimum lease payments under non-cancellable operating lease in respect of property was payable as follows:

The leases are negotiated for an average term of one to three years.



### 30. 關聯交易

年內，本集團與若干董事(劉洪亮、王子江、郭希田及郭玉成)擁有實益權益並可行使重大影響力之濰坊天弘進行之交易如下：

### 30. RELATED PARTY TRANSACTIONS

During the year, the Group had the following transactions with Weifang Tianhong in which certain Directors, namely, Liu Hongliang, Wang Zijiang, Guo Xitian and Guo Yucheng have beneficial interests and can exercise significant influence:

	二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
租金款項 Rental payment	155	117

於二零零七年十二月三十一日，應付濰坊天弘之款項合共為人民幣39,000元(二零零六年：無)，如附註23所披露。

As at 31 December 2007, amount due to Weifang Tianhong amounted to RMB39,000 (2006: Nil) as disclosed in Note 23.

主要管理人員之薪酬載於附註11。

The remunerations of key management personnel are set out in Note 11.

### 31. 資本承擔

### 31. CAPITAL COMMITMENTS

	二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
有關興建工廠之已訂約 但未於財務報表撥備 之資本支出 Capital expenditure contracted for but not provided in the financial statements in respect of factory construction	22,737	16,359

## 32. 退休福利計劃

本集團根據強制性公積金計劃條例為所有於香港之合資格僱員設立強制性公積金計劃(「強積金計劃」)。強積金計劃之資產與本集團資產分開保管，存放於獨立受託人管理之基金。根據強積金計劃規則，僱主及其僱員須各自按規則指定之比率向計劃供款。本集團於強積金計劃之唯一責任為根據該計劃作出所需供款。並無被沒收供款可供用作減少未來年度之應付供款。

本集團根據有關中國法規及規則為其全職僱員設立不同福利計劃，包括退休保險、醫療保險、失業保險及房屋公積金等。根據現行計劃，本集團須撥出工資成本之若干百分比予由國家管理之福利計劃作為供款，以就僱員福利提供資金。本集團就福利計劃所承擔之責任僅為根據計劃作出特定供款。

本集團之僱員根據中國法例及有關法規參與退休及醫療保險。當僱員加入本集團後，隨即加入地方退休計劃。由本集團及僱員按照地方市政府規定之比例共同作出之退休保險供款，每月支付予社會保險機構。由本集團與僱員共同承擔計劃成本，福利歸屬予僱員。當僱員退休時，將可直接自保險公司收取其退休金，並可於退休後享有由保險公司提供之醫療福利。除此之外，本集團並無涉及任何相關退休福利之責任。

## 32. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rate specified in the rules. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The Group has established different benefit schemes for its full-time employees according to the relevant PRC regulations and rules, including retirement insurance, medical insurance, unemployment insurance, housing provident fund, etc. Pursuant to the existing schemes, the Group is required to contribute a certain percentage of their payroll costs to the state-managed benefit schemes to fund the benefits of the employees. The only obligation of the Group with respect to the benefit schemes is to make the specified contributions under the schemes.

The employees of the Group participate in retirement and medicare insurances in accordance with the PRC laws and related regulations. When an employee joins the Group, he or she is enrolled with the local retirement plan. Contributions to the retirement insurance, borne by the Group and the employee jointly at the proportions stipulated by the local Municipal Government, are paid to the social insurance institutions monthly. The cost of the plan is borne by the Group and the employee jointly with the benefits vested in the employee. When the employee retires, he receives his retirement funds from the insurance company directly and is also entitled to enjoy medical benefits after retirement provided by the insurance company. Other than this, the Group has no obligation for any related retirement benefits.

### 33. 附屬公司

### 33. SUBSIDIARIES

附屬公司名稱 Name of subsidiary	註冊成立/ 成立地點和日期 Place and date of incorporation/ establishment	已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	本公司持有之股權百分比 Proportion of equity held by the Company				主要業務 Principal activities
			二零零七年 十二月三十一日 31 December 2007		二零零六年 十二月三十一日 31 December 2006		
			直接 Directly	間接 Indirectly	直接 Directly	間接 Indirectly	
			Directly	Indirectly	Directly	Indirectly	
智創 Smartcham	英屬處女群島 二零零四年九月二十八日 British Virgin Islands 28 September 2004	268美元 US\$268	100%	—	100%	—	投資控股 Investment holding
智邦 Smartpoint	英屬處女群島 二零零四年九月二十八日 British Virgin Islands 28 September 2004	1,251美元 US\$1,251	100%	—	100%	—	投資控股 Investment holding
智得 Techsmart	英屬處女群島 二零零四年九月二十八日 British Virgin Islands 28 September 2004	477美元 US\$477	100%	—	100%	—	投資控股 Investment holding
濰坊同業 Weifang Common	中國 一九九七年九月十七日 PRC 17 September 1997	600,000美元 US\$600,000	—	100%	—	100%	製造及銷售精細 化工產品 Manufacturing and sale of fine chemical products
上海德弘 Shanghai Dehong	中國 二零零一年六月二十日 PRC 20 June 2001	人民幣 5,000,000元 RMB5,000,000	—	100%	—	100%	研發、銷售及分銷 精細化工產品 Research and development, selling and distribution of fine chemical products
濰坊柏立 Weifang Parasia	中國 二零零四年四月二十九日 PRC 29 April 2004	5,200,000美元 US\$5,200,000	—	100%	—	100%	製造及銷售精細 化工產品 Manufacturing and sale of fine chemical products

### 33. 附屬公司(續)

### 33. SUBSIDIARIES (Continued)

附屬公司名稱 Name of subsidiary	註冊成立/ 成立地點和日期 Place and date of incorporation/ establishment	已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	本公司持有之股權百分比 Proportion of equity held by the Company				主要業務 Principal activities
			二零零七年 十二月三十一日 31 December 2007		二零零六年 十二月三十一日 31 December 2006		
			直接	間接	直接	間接	
			Directly	Indirectly	Directly	Indirectly	
Weifang Binhai	中國 二零零五年十一月十五日 PRC 15 November 2005	10,800,000美元 US\$10,800,000	—	100%	—	100%	製造及銷售精細 化工產品 Manufacturing and sale of fine chemical products
Evercheer Holdings Limited	香港 二零零七年十月二十五日 Hong Kong 25 October 2007	1港元 HKD1	—	100%	—	—	投資控股 Investment holding
Everbloom Holdings Limited	香港 二零零七年十月二十五日 Hong Kong 25 October 2007	1港元 HKD1	—	100%	—	—	投資控股 Investment holding
Everspring Holdings Limited	香港 二零零七年十月二十五日 Hong Kong 25 October 2007	1港元 HKD1	—	100%	—	—	投資控股 Investment holding
Everspirit Holdings Limited	香港 二零零七年十月二十五日 Hong Kong 25 October 2007	1港元 HKD1	—	100%	—	—	投資控股 Investment holding

附註：

notes:

(1) 上述附屬公司於二零零七年十二月三十一日或年內之任何時間概無任何尚未償還債務證券。

(1) None of the subsidiaries had any debt securities outstanding at 31 December 2007 or any time during the year.

(2) 除英屬處女群島及香港註冊成立之公司在香港經營外，其他附屬公司均在中國經營。

(2) Except for British Virgin Islands and Hong Kong incorporated companies which are operating Hong Kong, other subsidiaries are operating in the PRC.

### 34. 呈列方式變動

背書銀行承兌票據安排之風險已被重新評估，並考慮中國票據法及目前中國市場實務之後，按香港財務報告準則，繼續將已背書銀行承兌票據呈列為應收票據直至到期日為止為較合宜之舉，而按香港財務報告準則，有關票據並無應用於削減貿易應付賬款及其他應付款項。上年度之比較數字已重新排列以符合現年度之呈列方式。

下列項目已於二零零六年十二月三十一日之綜合資產負債表重列：

### 34. CHANGES IN PRESENTATION

The risks associated with the bank acceptance bills endorsement arrangement were re-assessed and after taking into account of the PRC Bills Law and the current market practice in the PRC, it is more appropriate to continue presenting the endorsed bills as bills receivable until maturity, accordingly, such bills have not been applied to reduce the amounts of trade and other payables in accordance with HKFRSs. The prior year's comparative figures have been realigned in order to conform to the current year's presentation.

The following items have been restated in the consolidated balance sheet as at 31 December 2006:

	於二零零六年 十二月三十一日 (原來列示) As at 31.12.2006 人民幣千元 RMB'000	調整 Adjustments 人民幣千元 RMB'000	於二零零六年 十二月三十一日 (重列) As at 31.12.2006 人民幣千元 RMB'000
綜合資產負債表項目：	<b>Consolidated balance sheet items:</b>		
貿易應收賬款 及其他應收款項	Trade and other receivables 92,455	73,238	165,693
貿易應付賬款 及其他應付款項	Trade and other payables (86,841)	(73,238)	(160,079)

本公司之流動資產淨額及資產淨額並不受該等重新分類影響。

The net current assets and net assets of the Company have not been affected by these reclassifications.

### 34. 呈列方式變動(續)

下列項目已於截至二零零六年十二月三十一日止年度之綜合現金流量表重列：

### 34. CHANGES IN PRESENTATION (Continued)

The following items have been restated in the consolidated cash flow statements for the year ended 31 December 2006:

		於二零零六年 十二月三十一日 (原來列示)		於二零零六年 十二月三十一日 (重列)
		As at 31.12.2006 (originally stated)	調整 Adjustments	As at 31.12.2006 (restated)
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
綜合現金流量表項目：	<b>Consolidated cash flow statements items:</b>			
經營所得現金	Cash generated from operations			
貿易應收賬款及其他 應收款項增加	Increase in trade and other receivables	(33,358)	(37,602)	(70,960)
貿易應付賬款及其他 應付款項(減少) 增加	(Decrease) increase in trade and other payables	(30,753)	37,082	6,329
投資活動	Investing activities			
購買物業、機器及 設備	Purchase of property, plant and equipment	(83,732)	520	(83,212)

於綜合現金流量表中所示之現金及等同現金項目增加淨額並不受該等重新分類影響。

The net increase in cash and cash equivalents as shown in the consolidated cash flow statements has not been affected by these reclassifications.

### 35. 本公司之資產負債表

### 35. BALANCE SHEET OF THE COMPANY

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
非流動資產	Non-current assets		
物業、機器及設備	Property, plant and equipment	21	17
於附屬公司之投資	Investments in subsidiaries	111,550	111,550
應收附屬公司款項	Amounts due from subsidiaries	129,517	124,587
		<b>241,088</b>	236,154
流動資產	Current assets		
貿易應收賬款及 其他應收款項	Trade and other receivables	389	1,066
應收股息	Dividend receivables	84,160	–
銀行結餘和現金	Bank balances and cash	1,887	7,951
		<b>86,436</b>	9,017
流動負債	Current liabilities		
貿易應付賬款及 其他應付賬款	Trade and other payables	1,078	579
應付附屬公司款項	Amounts due to subsidiaries	1,317	2,150
		<b>2,395</b>	2,729
流動資產淨值	Net current assets	<b>84,041</b>	6,288
總資產減流動負債	Total assets less current liabilities	<b>325,129</b>	242,442
資本及儲備	Capital and reserves		
股本	Share capital	4,031	4,031
儲備	Reserves	321,098	238,411
總股權	Total equity	<b>325,129</b>	242,442

於二零零七年十二月三十一日，本公司之可供分派予股東之儲備為人民幣321,098,000元（二零零六年：人民幣238,411,000元）。

As at 31 December 2007, the Company's reserves available for distribution to shareholders amounted to RMB321,098,000 (2006: RMB238,411,000).



天德化工控股有限公司  
**Tiande Chemical Holdings Limited**

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