



CHINA STARCH HOLDINGS LIMITED

中國澱粉控股有限公司

*(incorporated in the Cayman Islands with limited liability)*

(Stock code : 3838)

Annual Report 年報

2007

China Starch Holdings Limited



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# Financial Highlights

## 財務摘要

		2007 二零零七年		2006 二零零六年	
		HK\$'000 千港元 (Note) (附註)	RMB'000 人民幣千元	HK\$'000 千港元 (Note) (附註)	RMB'000 人民幣千元
<b>Operating results</b>	<b>經營業績</b>				
Turnover	營業額	<b>1,441,651</b>	<b>1,349,962</b>	1,026,068	1,031,506
Gross Profit	毛利	<b>283,303</b>	<b>265,285</b>	194,210	195,239
Profit before taxation	稅前利潤	<b>217,754</b>	<b>203,905</b>	132,454	133,156
Profit for the year	本年度利潤	<b>217,557</b>	<b>203,720</b>	113,787	114,390
<b>Business performance ratios</b>	<b>業務表現比率</b>				
Gross profit margin	毛利率		<b>19.7%</b>		18.9%
Net profit margin	純利率		<b>15.1%</b>		11.1%
Return on shareholders' equity	股東權益回報		<b>25.7%</b>		62.2%
Current ratio	流動比率		<b>2.3</b>		1.0
Quick ratio	速動比率		<b>1.9</b>		0.7
Gearing – borrowings to total equity	槓杆比率 – 借款 除以權益總額		<b>14.1%</b>		209.5%
<b>Efficiency ratios</b>	<b>效益比率</b>				
Debtors turnover (days)	應收賬款週轉天數		<b>38</b>		46
Creditors turnover (days)	應付賬款週轉天數		<b>23</b>		34
Inventories (days)	存貨週轉天數		<b>39</b>		44
Cash Conversion (days)	現金轉換天數		<b>54</b>		56
<b>Annual capacity</b>	<b>年產量</b>				
Cornstarch (tonnes)	玉米澱粉(噸)		<b>450,000</b>		450,000
98.5% Lysine (tonnes)	98.5% 賴氨酸(噸)		<b>35,000</b>		29,000
65% Lysine (tonnes)	65% 賴氨酸(噸)		<b>20,000</b>		–
Steam (tonnes)	蒸汽(噸)		<b>2,620,000</b>		2,620,000
Electricity (kwh)	電力(千瓦時)		<b>336,000,000</b>		336,000,000

Notes: The conversion of HK\$ into RMB is based on the exchange rate of HK\$1.00:RMB0.9364 and HK\$1.00:RMB1.0053 for the year ended 31 December 2007 and 2006 respectively. No presentation is made that the amounts stated in this annual report could be converted at the above rate.

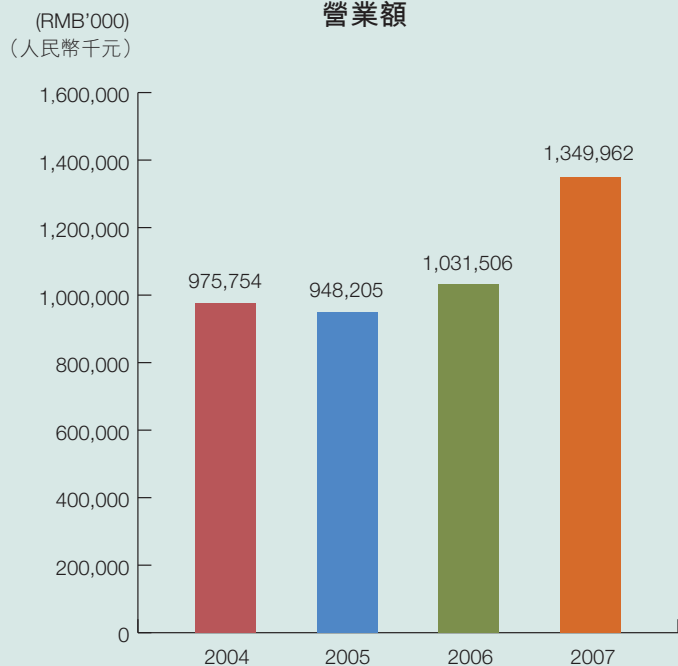
附註：截至二零零七及二零零六年十二月三十一日止年度的港元乃分別按1.00港元兌人民幣0.9364元及1.00港元兌人民幣1.0053元之匯率兌換為人民幣。概不表示本年報所述之金額可按上述匯率兌換。

# Financial Highlights

## 財務摘要

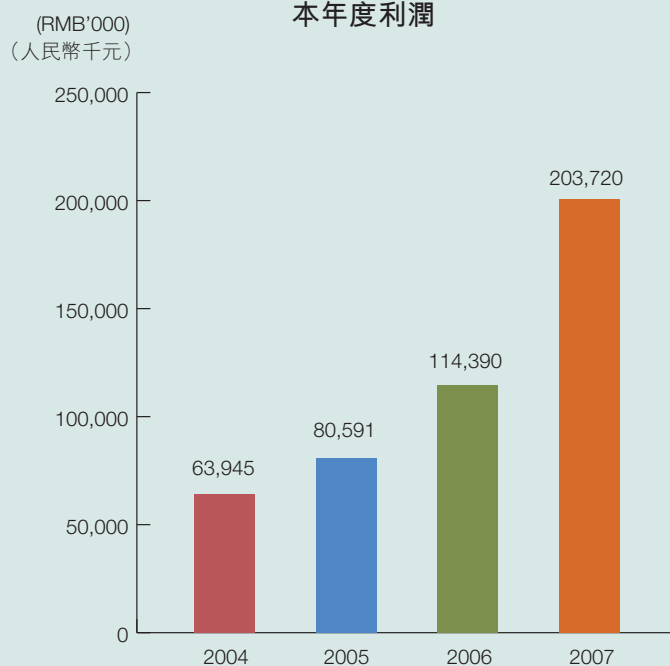
### TURNOVER

營業額



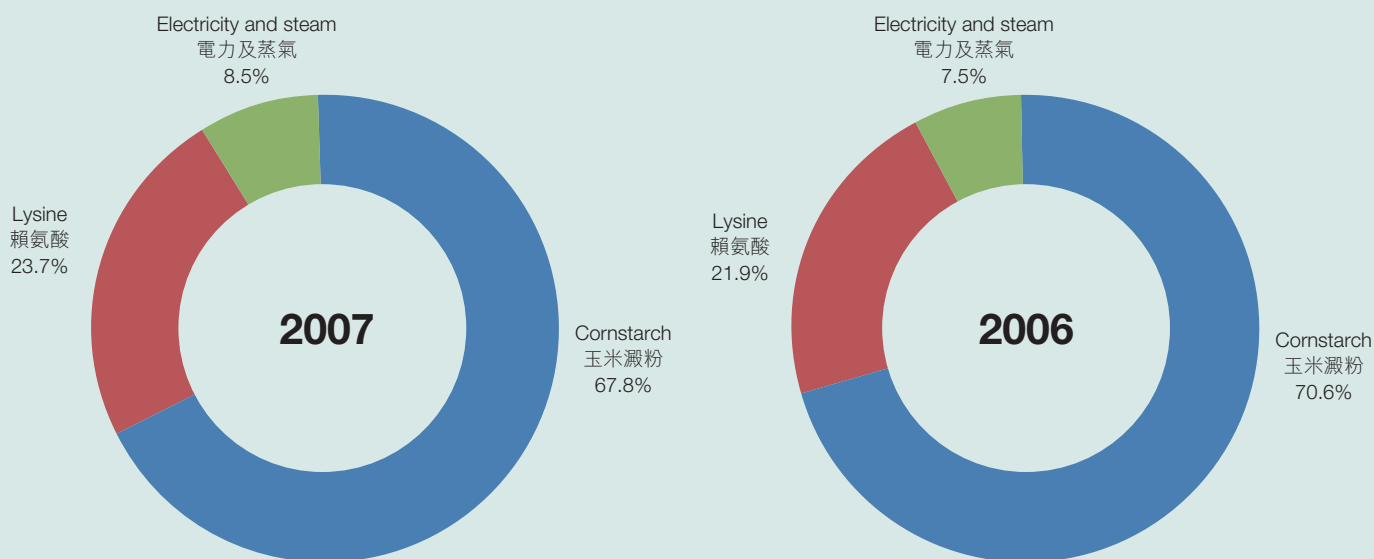
### PROFIT FOR THE YEAR

本年度利潤



### TURNOVER BY BUSINESS SEGMENT

業務分部營業額



## Corporate Information

### 公司資料

#### EXECUTIVE DIRECTORS

Mr. Tian Qixiang (*Chairman*)  
Mr. Gao Shijun (*Chief Executive Officer*)  
Mr. Yu Yingquan  
Mr. Liu Xianggang

#### 執行董事

田其祥先生 (*主席*)  
高世軍先生 (*行政總裁*)  
于英全先生  
劉象剛先生

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Dong Yanfeng  
Ms. Yu Shumin  
Mr. Cao Zenggong  
Mr. Yue Kwai Wa, Ken

#### 獨立非執行董事

董延豐女士  
余淑敏女士  
曹增功先生  
余季華先生

#### AUDIT COMMITTEE

Mr. Yue Kwai Wa, Ken (*Chairman*)  
Ms. Dong Yanfeng  
Ms. Yu Shumin  
Mr. Cao Zenggong

#### 審核委員會

余季華先生 (*主席*)  
董延豐女士  
余淑敏女士  
曹增功先生

#### NOMINATION COMMITTEE

Mr. Yue Kwai Wa, Ken (*Chairman*)  
Mr. Tian Qixiang  
Ms. Dong Yanfeng  
Ms. Yu Shumin  
Mr. Cao Zenggong

#### 提名委員會

余季華先生 (*主席*)  
田其祥先生  
董延豐女士  
余淑敏女士  
曹增功先生

#### REMUNERATION COMMITTEE

Mr. Yue Kwai Wa, Ken (*Chairman*)  
Mr. Tian Qixiang  
Ms. Dong Yanfeng  
Ms. Yu Shumin  
Mr. Cao Zenggong

#### 薪酬委員會

余季華先生 (*主席*)  
田其祥先生  
董延豐女士  
余淑敏女士  
曹增功先生

#### AUTHORISED REPRESENTATIVES

Mr. Yu Yingquan  
Mr. Leung Siu Hong

#### 授權代表

于英全先生  
梁兆康先生

## Corporate Information

### 公司資料

#### COMPANY SECRETARY

LEUNG SIU HONG, FCCA, CPA

#### 公司秘書

梁兆康 · FCCA, CPA

#### REGISTERED OFFICE

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

#### 註冊辦事處

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

#### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2408, 24/F  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

#### 總辦事處及香港主要營業地點

香港  
灣仔  
皇后大道東183號  
合和中心  
24樓2408室

#### AUDITORS

Deloitte Touche Tohmatsu  
Certified Public Accountants  
35th Floor  
One Pacific Place  
88 Queensway  
Hong Kong

#### 核數師

德勤 · 關黃陳方會計師行  
註冊會計師  
香港  
金鐘道88號  
太古廣場一座  
35樓

#### LEGAL ADVISERS

Chiu & Partners  
41st Floor  
Jardine House  
1 Connaught Place  
Hong Kong

#### 法律顧問

趙不渝 馬國強律師事務所  
香港  
康樂廣場1號  
怡和大廈  
41樓

## Corporate Information

### 公司資料

#### PRINCIPAL BANKERS

China Construction Bank Corporation  
Shouguang Sub-Branch  
66 Yingbin Road  
Shouguang City  
Shandong Province  
PRC

Agricultural Bank of China  
Shouguang Sub-Branch  
116 Shengcheng East Street  
Shouguang City  
Shandong Province  
PRC

Industrial and Commercial Bank of China  
Shouguang Sub-Branch  
173 Yinghai Road  
Shouguang City  
Shandong Province  
PRC

#### 主要往來銀行

中國建設銀行  
壽光支行  
中國  
山東省  
壽光市  
迎賓路66號

中國農業銀行  
壽光支行  
中國  
山東省  
壽光市  
聖城東街116號

中國工商銀行  
壽光支行  
中國  
山東省  
壽光市  
銀海路173號

#### CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Cayman) Limited  
Butterfield House  
68 Fort Street  
P.O. Box 705  
Grand Cayman KY1-1107  
Cayman Islands

#### 開曼群島股份過戶及登記處

Butterfield Fund Services (Cayman) Limited  
Butterfield House  
68 Fort Street  
P.O. Box 705  
Grand Cayman KY1-1107  
Cayman Islands

#### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
26th Floor, Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

#### 香港股份過戶及登記分處

卓佳證券登記有限公司  
香港  
灣仔  
皇后大道東28號  
金鐘匯中心26樓

#### WEBSITE

[www.chinastarch.com.hk](http://www.chinastarch.com.hk)

STOCK CODE: 3838

#### 網址

[www.chinastarch.com.hk](http://www.chinastarch.com.hk)

股份代號：3838

## Chairman's Statement

### 主席報告

Dear shareholders,

On behalf of the board of directors (the "Board") of China Starch Holdings Limited (the "Company"), I am pleased to present the first annual results of the Company and its subsidiaries (collectively, the "Group"), after its listing on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The year 2007 was a year of rapid development for the Company. Pursuant to the annual plan of development, the whole staff of the Company achieved excellent results in 2007, through the strengthening of internal management, increasing of market share, expanding of business scope, and pressed towards the target of being the leader in the corn processing industry in the PRC and strictly holding to the guiding principle of "Attending to details, quality and to be strong". The Company succeeded in achieving its historical target of listing its shares on the Stock Exchange on 27 September 2007 and laid an important milestone for its future development.

For the year ended 31 December 2007, turnover and net profit of the Group amounted to approximately RMB1,349,962,000 (2006: RMB1,031,506,000) and RMB203,720,000 (2006: RMB114,390,000) respectively, representing substantial increases of approximately 30.9% and 78.1% over 2006. The gross profit margin amounted to 19.7% (2006: 18.9%).

In the year under review, the total sales volume of cornstarch and lysine amounted to approximately 327,910 tonnes and approximately 26,467 tonnes, representing increases of 7.7% and 31.3% over the previous year. During the year, turnover of cornstarch and lysine amounted to approximately RMB914,652,000 and RMB319,966,000 respectively, representing remarkable increases of approximately 25.6% and 41.7% respectively. The increase in the sales revenue of cornstarch was mainly due to the increases in both unit prices and sales volume.

The increase in the sales revenue of lysine was due to the Company targeted to be the leader of corn processing industry in the PRC. During the year under review, the Company has the excellent achievement in the research and development of 65% lysine product and the completion of the production line at the end of November. The investment in this production line amounted to RMB23,450,000 and the planned annual production capacity was approximately 20,000 tonnes.

During the year under review, in order to be more effective in energy saving and reduction of emission and the overall utilisation of resources, the Company invested over RMB7,500,000 in the expansion of the production capacity of the fertiliser plant and the treatment capacity of high-density lysine waste water. The project started in July 2007 and began production in September and took only 66 days. It is expected that the production volume of fertilizer will be increased by approximately 12,000 tonnes and the treatment capacity of waste will be increased by approximately 181,500 tonnes within a year.

致各位股東：

本人謹代表中國澱粉控股有限公司(「本公司」)董事會(「董事會」)，欣然提呈本公司及其附屬公司(統稱「本集團」)於香港聯合交易所有限公司(「聯交所」)上市後首份年度業績報告。二零零七年乃本公司高速發展的一年，公司全體員工依據年度發展計劃，透過深化內部管理，增加市場份額及擴展業務範圍，朝著成為中國玉米深加工業的龍頭為目標，堅持「做細—做精—再作強」的指導原則，於二零零七年取得了優秀的業績。本公司更成功於二零零七年九月二十七日實現於聯交所股份掛牌上市之歷史性目標，為本公司未來發展奠下重要的里程碑。

截至二零零七年十二月三十一日止年度，本集團錄得營業額及純利約為人民幣1,349,962,000元(二零零六年：人民幣1,031,506,000元)及人民幣203,720,000元(二零零六年：人民幣114,390,000元)，較二零零六年度分別大幅上升約30.9及78.1%；本年度錄得毛利率為19.7% (二零零六年：18.9%)。

於回顧年內，全年玉米澱粉及賴氨酸之銷售量分別達約327,910噸及約26,467噸，較去年分別提高7.7%及31.3%。而玉米澱粉及賴氨酸於期內的營業額分別錄得約人民幣914,652,000元及人民幣319,966,000元，增長分別為約25.6%及41.7%，成績斐然。玉米澱粉銷售收益之增長原因主要為銷售單價及銷售量都有所增長。

而賴氨酸銷售收益之增長則由於本公司為了成為全中國玉米深加工行業龍頭之目標。於回顧年內，在65%賴氨酸產品研發上取得驕人成果，並於二零零七年十一月底實現生產線。該產品生產線投資人民幣23,450,000元，設計生產規模為年產量約20,000噸。

本公司為了進一步提升節能減排的效能及提高資源綜合利用水平，於回顧年內投資逾人民幣750萬元於擴大肥料廠產能及提高賴氨酸高濃度廢水的處理能力。該項目於二零零七年七月動工，並於九月份投產，歷時僅66天，預計一年內可增加肥料產量約12,000噸及額外提升廢物處理量約181,500噸。



## Chairman's Statement

### 主席報告

Meanwhile, the research and development of threonine and glucose-fructose slurry were also proceeding and numerous data were collected during experiments. Initial production perimeters were confirmed and it is expected that large scale production will be achieved in the near future.

The Company strengthened its internal management, promoted the Company's brand and enhanced its social influence and awareness within the industry. During 2007, the Company received various honours and recognitions from the government, regulatory authorities and within the industry:

- In January 2007, the Company was recognised as one of the "Top 50 fodder producers in Shandong" by the Animal Husbandry Association in Shandong;
- In May 2007, the Company's cornstarch passed the annual examination of "China Famous Brands" conducted by the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and the Company's L-lysine hydrochloride salt passed the annual examination of "Shandong Famous Brands" conducted by Shandong Bureau of Quality and technical supervision;
- In August 2007, the Company's cornstarch was awarded the Certificate of Sanitary Registration by Certification and Accreditation Administration of the People's Republic of China and the Company's gluten meal, fibre and L-lysine hydrochloride salt were awarded the Certificate of Registration of Vegetation-oriented Fodder Producers for Export from Shandong by the Administration for Inspection and Quarantine for Import and Export of the Shandong Province. All products obtained recognition from examination authorities and were permitted to be exported;
- In October 2007, the Company passed the annual examination for "Top Enterprises in Shandong" conducted by the Bureau of Agriculture of Shandong Province;
- In December 2007, the Company's cornstarch was assessed as a "product exempt from government inspection" by the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China;
- In December 2007, the Company's acid-based products and similar products (lysine) passed the inspection for European fodder additives and the quality pre-mixed fodder conducted by 北京華思聯認證中心, and were permitted to be exported to Europe;

蘇氨酸及果葡糖漿研究與開發亦同步進行，取得了大量實驗數據，初步確定了生產工藝參數，預計在不久的將來可達到規模化生產的水平。

公司強化內部管理，推廣公司品牌，提升公司的社會影響力及行業知名度，在整個二零零七年度中，獲得政府、監管部門及行業各項榮譽及認可：

- 二零零七年一月，獲得山東省畜牧協會頒發的「山東省飼料生產企業五十強」榮譽稱號；
- 二零零七年五月，通過國家質量監督檢驗檢疫總局對我公司玉米澱粉的「中國名牌」年檢，通過山東省質量技術監督局對我公司L-賴氨酸鹽酸鹽的「山東名牌」年檢；
- 二零零七年八月，玉米澱粉取得國家認證認可監督管理委員會頒發的衛生註冊許可證書，蛋白粉、纖維、賴氨酸鹽酸鹽取得山東省出境檢驗檢疫局頒發的山東省出境植物源性飼料生產企業註冊登記證書，所有產品通過商檢部門的認可，允許出口；
- 二零零七年十月，通過山東省農業局「省重點龍頭企業」年審；
- 二零零七年十二月，公司的玉米澱粉被國家質量監督檢驗檢疫總局評為「國家免檢產品」；
- 二零零七年十二月，通過北京華思聯認證中心的歐洲飼料添加劑與預混合飼料質量體系認證，取得氨基酸及其鹽類和類似物（賴氨酸）出口歐洲的權力；

## Chairman's Statement

### 主席報告

#### OUTLOOK

Looking forward, the rapid development of the Company in 2007 laid a solid foundation for its future fast and continuous development. In the year, the Company effectively utilised the resources from the listing and continued its market-oriented operation. Detailed and systemic flow of management was commenced. New focus points of growth were identified. Externally, through the establishment of a local plant and merger and acquisition in other areas, the production capacities of cornstarch and lysine are expected to reach 800,000 tonnes and 55,000 tonnes respectively and the types of products will be expanded to include the acid-based products of threonine and glucose-fructose slurry, L-lysine hydrochloride salt. Ultimately, the Company will be the leader in the corn processing industry in the PRC. We expect that through the acquisition of corn processing enterprise in Shandong and internal technological upgrading, the production capacity of cornstarch will further be expanded. The Company will continue its study on other cornstarch and lysine producers for feasibility of subcontracting, cooperation or acquisition for the furtherance of the Group's objective and goal.

The Company succeeded in entering into the international capital market and achieved good results in the year with the contribution and endeavour of the whole staff and management of the Company. Hence, I would like to express my sincerest gratitude to each staff members, each director, each shareholder and investor for their support to the Company.

**Tian Qixiang**

Chairman

Hong Kong, 16 April 2008

#### 展望

展望未來，二零零七年度公司的飛躍性發展為今後的持續、快速發展奠定了堅實的基礎，本年度公司有效的利用上市融資，內部繼續推行市場化運作，開展精細化、流程化管理，挖掘新的經濟增長點；外部通過本地建廠、在外地收購、併購企業的形式，產品產能目標達到玉米澱粉800,000噸及賴氨酸55,000噸，在不久的將來公司產品類別擴展到蘇氨酸、果葡糖漿及L-賴氨酸鹽酸鹽及蛋氨酸等氨基酸行業，最終成為中國玉米深加工行業龍頭。我們預期透過收購山東省一家玉米加工企業，以及提高內部技術，玉米澱粉產能將進一步擴大。本公司將繼續考察其他玉米澱粉及賴氨酸生產商的分包、合作或收購的可行性，以促成本集團的目標及目的。

有賴本公司全體員工及管理層所作出的貢獻及努力，令本公司成功晉身國際資本市場並於年內取得良好的業績；因此，在此對各位員工、各位董事會成員、各位股東及投資者對本公司的支持，致以最深切的感謝。

主席

**田其祥**

香港，二零零八年四月十六日

# Management Discussion and Analysis

## 管理層討論及分析

### OVERVIEW

2007 was a remarkable year for the Group because the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 27 September 2007.

Turnover of the Group comprised principally sales of (i) cornstarch and ancillary corn-refined products, (ii) 98.5% L-lysine hydrochloride salt and agricultural fertilisers, and (iii) electricity and steam. During the year under review, we recorded a substantial growth in turnover by 30.9% to approximately RMB1,349,962,000 (2006: RMB1,031,506,000), and our gross profit margin and net profit margin also increased to 19.7% (2006: 18.9%) and 15.1% (2006: 11.1%) respectively.

Basic earnings per share of the Company was RMB62.56 cents per share based on the weighted average number of 325,625,000 shares in issue during the year (2006: RMB25.36 cents per share based on the weighted average number of 262,500,000 shares).

We are pleased to report to our equity holders that the Board of Directors (the "Board") proposed a final dividend of HK3.83 cents per share for the year.

### 概覽

二零零七年對本集團而言為意義重大的一年，本公司於二零零七年九月二十七日成功在香港聯合交易所有限公司（「聯交所」）主板上市。

本集團的營業額主要來自銷售以下產品：(i) 玉米澱粉及玉米深加工副產品；(ii) 98.5% L-賴氨酸鹽酸鹽和農業肥料；及(iii) 電力及蒸汽。於回顧年度內，我們的營業額大幅增長約30.9%至約人民幣1,349,962,000元（二零零六年：人民幣1,031,506,000元），我們的毛利率及純利率亦分別升至19.7%（二零零六年：18.9%）及15.1%（二零零六年：11.1%）。

本公司每股基本盈利為人民幣62.56分，乃根據年內已發行股份的加權平均數325,625,000股計算（二零零六年：人民幣25.36分，乃根據股份的加權平均數262,500,000股計算）。

我們欣然向本公司權益持有人呈報，董事會（「董事會」）建議派付本年度的末期股息每股3.83港仙。

# Management Discussion and Analysis

## 管理層討論及分析

### REVIEW OF BUSINESS

#### Profit for the year

Net profit for the year attributable to equity holders of the Company increased by 206.0% to approximately RMB 203,720,000 (2006: RMB66,574,000). Net profit margin of the Company increased to 15.1% from 11.1%.

#### Turnover

##### Cornstarch

Sales of cornstarch and ancillary corn-refinery products for the year ended 31 December 2007 increased by 25.6% to approximately RMB914,652,000 and represented 67.8% of our total turnover for the year. Such substantial growth in sales was attributed by both the improvement in selling price and the increase in production volume. The average selling price was increased by approximately 10.0% as compared to the average selling price in 2006. The sales volume of cornstarch increased by approximately 23,000 tonnes (7.7%) to approximately 328,000 tonnes for the year ended 31 December 2007 as a result of increase in average production capacity.

Our cost of goods sold in respect of cornstarch and ancillary corn-refinery products increased by 27.1% to approximately RMB795,888,000 for the year as a result of increased sales and increased corn kernel cost. Despite the increase of average cost of corn kernels by about 20.7% during the year, the Group has successfully implemented various measures, including improving our production efficiency, corn-to-starch output ratio and strengthening our cost control. As a result, the Group only experienced minimal impact on the gross profit margin by a reduction of approximately 1.0% from 14.0% in 2006 to 13.0% in 2007.

##### Lysine

We recorded a strong growth in sales of lysine and its related products for the year under review. Turnover of this business segment increased by 41.7% to about RMB319,966,000 and represented 23.7% of total turnover for the year. The increase of turnover of this segment is mainly attributable to (i) increase of average selling price of lysine by 10.3%; (ii) improved production capacity & efficiency; and (iii) tonnage sales increase by 31.3% to approximately 26,467 tonnes.

During the year under review, the cost of starch paste, being the major and self-produced raw material of lysine, increased due to the increase in cost of corn kernels. However, gross profit margin of lysine still increased from 31.5% to 33.7% mainly due to the improved production efficiency.

### 業務回顧

#### 本年度利潤

本年度本公司權益持有人應佔利潤增長206.0%至約人民幣203,720,000元(二零零六年:人民幣66,574,000元)。本公司的純利率由11.1%升至15.1%。

#### 營業額

##### 玉米澱粉

截至二零零七年十二月三十一日止年度,玉米澱粉及玉米深加工副產品的銷售額增長25.6%至約人民幣914,652,000元,佔本年度本集團營業總額67.8%。銷售額的顯著增長乃受惠於售價上升及產量增加。平均售價較二零零六年的平均售價上升約10.0%。由於平均產能提升,截至二零零七年十二月三十一日止年度,玉米澱粉的銷售量增長約23,000噸(7.7%)至約328,000噸。

本年度本集團玉米澱粉及玉米深加工副產品的銷貨成本增加27.1%至約人民幣795,888,000元,乃由於銷售量增長及玉米粒成本增長所致。除年內玉米粒平均成本增長約20.7%外,本集團已成功實施各種措施,包括提高本集團生產效率、玉米生產澱粉產出率以及加強成本控制。因此,本集團僅受毛利率下降約1.0%的輕微影響,毛利率由二零零六年的14.0%下降至二零零七年的13.0%。

##### 賴氨酸

本集團賴氨酸及其相關產品的營業額於回顧年度錄得強勁增長。此項業務分部的營業額增長41.7%至約人民幣319,966,000元,佔本年度營業總額23.7%。此項業務分部的營業額的增長,主要是由於(i)賴氨酸的平均售價增長10.3%;(ii)產能及效率提高;及(iii)噸位銷售增長31.3%至約26,467噸。

於回顧年度內,澱粉乳(即賴氨酸的主要及自製原材料)的成本因玉米粒成本上升而有所增加。然而,因生產效率提升,賴氨酸的毛利率仍由31.5%升至33.7%。



# Management Discussion and Analysis

## 管理層討論及分析

### REVIEW OF BUSINESS (Continued)

#### Turnover (continued)

##### Electricity and steam

Pursuant to the conversion of our wholly-owned subsidiary, 山東壽光巨能金玉米開發有限公司 (Shandong Shouguang Juneng Golden Corn Development Co., Ltd.) ("Golden Corn"), into a wholly-foreign owned enterprise, our sales of electricity was temporarily suspended for the period from October 2006 to July 2007. As a result, our turnover of electricity was reduced to about RMB10,401,000 from about RMB30,068,000 and turnover of steam became the major contributor to this business segment for the year ended 31 December 2007. With the advantage of (i) the increased production capacity of our power plant (due to installation of additional boilers), (ii) the increased demand of steam from 山東壽光巨能特鋼有限公司 (Shandong Shouguang Juneng Special Steel Co., Ltd.), and (iii) our expanded sales and marketing efforts, our sales of steam increased to about RMB104,943,000, or by 122.4% compared to the same period in last year. Overall, turnover of this business segment increased by 49.3% to about RMB115,344,000 and represented 8.5% of total turnover for the year.

Coal is the principal cost component of our turnover of electricity and steam. During the year, the average price of coal increased by approximately 12.4% due to shortage in supply. That said, the gross profit margin of this business segment increased to 33.5% from 28.6% mainly due to the shift of product mix to increase turnover of steam which has a higher profit margin.

#### Other income

Other income mainly consisted of gain on disposal of leasehold land, sales of scrap of coal and oil, staff quarter rental income, steam connection income and government grants. Other income was increased to approximately RMB31,695,000 from approximately RMB10,631,000. While the Group disposed of two pieces of leasehold land, totalling approximately 76,676 sq. metre, resulting in other income of approximately RMB24,402,000. On the other hand, we ceased to have commission income from 壽光金遠東變性澱粉有限公司 (Shouguang Golden Far East Modified Starch Co., Ltd.) ("Golden Far East"), our 49% owned associated company, for sales support services (2006: RMB3,379,000) following termination of the sales representative agreement in August 2006.

### 業務回顧(續)

#### 營業額(續)

##### 電力及蒸汽

由於本公司的全資附屬公司山東壽光巨能金玉米開發有限公司(「金玉米」)轉制為外商獨資企業，本集團的電力銷售曾於二零零六年十月至二零零七年七月期間暫停。因此，截至二零零七年十二月三十一日止年度，本集團的電力營業額由約人民幣30,068,000元減至約人民幣10,401,000元，而蒸汽營業額成為此項業務分部收入的主要來源。受惠於(i)本集團電廠產能因安裝額外鍋爐而有所提升；(ii)山東壽光巨能特鋼有限公司的蒸汽需求上升；及(iii)本集團加大銷售及營銷力度，本集團的蒸汽銷售額增加至約人民幣104,943,000元，或與去年同期比較增長122.4%。整體而言，此項業務分部的營業額增長49.3%至約人民幣115,344,000元，佔本年度營業總額8.5%。

煤一直為本集團電力及蒸汽的營業額的主要成本部分。年內，由於煤供應不足，令煤平均價格增長約12.4%。因產品組合轉變為利潤較高的蒸汽銷售，該項業務分部的毛利率由28.6%上升至33.5%。

#### 其他收入

其他收入主要包括出售租賃土地收益、銷售煤屑及廢油收益、員工宿舍租金收入、蒸汽接駁收入及政府補助。其他收入由約人民幣10,631,000元增加至約人民幣31,695,000元。一方面本集團出售兩幅合共約76,676平方米的租賃土地，帶來其他收益約人民幣24,402,000元。另一方面，於二零零六年八月終止銷售代表協議後，本集團不再從壽光金遠東變性澱粉有限公司(「金遠東」，本公司擁有49%權益的聯營公司)收取銷售支援服務的佣金收入(二零零六年：人民幣3,379,000元)。

# Management Discussion and Analysis

## 管理層討論及分析

### REVIEW OF BUSINESS (Continued)

#### Interest income

Interest income represented interest income from bank deposits for the year ended 31 December 2007. Such increase was mainly due to the proceeds received by the Company from the global offering of its shares during the year ("Global Offering").

#### Distribution expenses

Distribution expenses for 2007 was approximately RMB40,976,000, which represented an increase of approximately 28.3% as compared to 2006. Distribution expenses mainly consisted of transportation costs, salaries and commission, and export expenses. The increase in distribution expenses was mainly due to the increase in turnover and marketing expenses.

#### Administrative expenses

Administrative expenses mainly represented salary and staff benefits, exchange difference, depreciation and amortisation, travelling expense, entertainment expenses and listing expenses. The increase in administrative expenses was mainly attributed to (i) the loss on exchange difference of approximately RMB2,509,000 (2006: RMB523,000) due to the appreciation of Renminbi against US dollar and HK dollar; and (ii) listing expenses in relation to the Global Offering which amounted to approximately RMB8,814,000.

#### Share of result of an associate

The share of loss from our associate, Golden Far East, was reduced to approximately RMB2,375,000 from approximately RMB 3,475,000 for the financial year ended 31 December 2007.

### 業務回顧(續)

#### 利息收入

截至二零零七年十二月三十一日止年度，利息收入指銀行存款的利息收入。該項收入增加主要是由於本公司年內全球發售其股份（「全球發售」）的所得款項所致。

#### 分銷費用

二零零七年的分銷費用約為人民幣40,976,000元，較二零零六年增長約28.3%。分銷費用主要包括運輸費、薪金及佣金以及出口費用。分銷費用的上升主要是由於營業額及營銷費用的增長所致。

#### 行政費用

行政費用主要包括薪金及員工福利、匯兌差額、折舊及攤銷、差旅費用、應酬費用及上市費用。行政費用增加主要歸因於(i)因人民幣兌美元及港元匯價上升導致產生匯兌差額虧損約人民幣2,509,000元(二零零六年：人民幣523,000元)；及(ii)與全球發售有關的上市費用約人民幣8,814,000元。

#### 應佔一間聯營公司業績

截至二零零七年十二月三十一日止財政年度，應佔本集團聯營公司金遠東的虧損由約人民幣3,475,000元下降至約人民幣2,375,000元。

## Management Discussion and Analysis

### 管理層討論及分析

#### REVIEW OF BUSINESS (Continued)

##### Taxation

Tax expense for the year mainly represented deferred tax expense, amounted to approximately RMB185,000.

As our wholly-owned subsidiary, Golden Corn, was converted into a wholly foreign owned enterprise on 26 September 2006, it was entitled to exemption from PRC Foreign Enterprise Income Tax for two years commencing from its first profit making year, followed by a 50% relief for the next three years (the "2 + 3 tax concession").

Pursuant to the Notice by the PRC State Council on the Implementation of the Grandfathering Preferential Policies under the PRC Enterprise Income Tax Law, (Guofa [2007] No.39), from 1 January 2008, enterprises that have been granted "2 + 3 tax concession" shall continue to enjoy the tax concessions until the expiry day in accordance with the tax preferences under the old income tax law, regulations and relevant provisions. In this regard, Golden Corn can still enjoy this tax concession until 31 December 2011.

In addition, in accordance with the Notice released by the Ministry of Finance and the State Administration of Taxation (Caishui [2008] No.1), distributions of the pre-2008 earnings of a foreign-invested enterprise to a foreign investor in 2008 and onward are exempt from corporate income tax. Therefore, the retained distributable profits of Golden Corn as at 31 December 2007 (which amounted to approximately RMB140,998,000) will not be subject to 10% withholding tax on future distributions.

We were not liable for income tax in Hong Kong during the year because we did not have any assessable income arising in Hong Kong.

#### 業務回顧(續)

##### 稅項

本年度稅項開支主要為遞延稅項開支，約人民幣185,000元。

由於本公司的全資附屬公司金玉米於二零零六年九月二十六日轉制為外商獨資企業，因此可於首個獲利年度起兩年免繳中國外資企業所得稅，其後3年獲50%減免(「兩免三減半」)。

根據中國國務院關於實施企業所得稅過渡優惠政策的通知(國發[2007]第39號)，由二零零八年一月一日，已獲享兩免三減半的企業將繼續按原所得稅法、法規及相關規定的稅務優惠辦法享受稅務優惠至期滿為止。就此，金玉米仍可享受稅務優惠至二零一一年十二月三十一日為止。

此外，根據財政部及國家稅務總局下發的通知(財稅[2008]第1號)，如外國投資企業將二零零八年前的盈利於二零零八年及以後分配予境外投資者，則免繳企業所得稅。因此，金玉米於二零零七年十二月三十一日的留存可分配利潤(約達人民幣140,998,000元)於日後分配時毋須繳納10%的預提稅。

由於本集團於香港並無產生任何應課稅收入，故年內本集團毋須繳納香港所得稅。

# Management Discussion and Analysis

## 管理層討論及分析

### REVIEW OF BUSINESS (Continued)

#### Dividend policy

The Directors expect that dividends will be paid as interim and/or final dividends. We currently intend to pay annual cash dividends of not less than 30% of the Group's distributable profit in each financial year. However, the determination to pay such dividends will be made at the discretion of the Board and will be based upon the availability of distributable profits, our earnings, financial positions, funding requirements and other relevant factors from time to time. The payment of dividends may be limited by legal restrictions and by agreements that we may enter into in the future. The Directors are of the views that our dividend policy will not affect the sufficiency of our working capital in the coming years.

The Board proposed a final dividend of HK3.83 cents per share which represented approximately 11.8% of distributable profit for the year. The actual dividend pay-out ratio is less than the dividend policy because the Company was listed in the final quarter in 2007 and the management would like to reserve cash for expansion of production capacity. Details of our expansion plan is set out in the paragraph headed "Future plan and capital commitments" under this section.

#### Human resources and remuneration policies

As at 31 December 2007, the Group had approximately 1,577 full-time staff, of which 1,079 were under employment of the Group, and 498 were provided by 山東壽光巨能控股集團有限公司 (Shandong Shouguang Juneng Holding Group Co., Ltd.) ("Juneng Holding Group") under the Manpower Provision Agreement dated 5 September 2007 entered into between Golden Corn and Juneng Holding Group. Total staff costs, including Directors' emoluments, of the Group for the year amounted to approximately RMB23,105,000 (2006: RMB22,317,000).

The Directors consider that it is very important to retain competent and experienced staff and management as it is a key to success and a driver for future development of the Group. Therefore, we offer on-the-job training, staff quarters and retirement benefits to our staff.

The Company has adopted a share option scheme with primary purpose of motivating our employees and other eligible persons entitled under the scheme to optimise their contributions to the Group and to reward them for their contribution to the Group. As at 31 December 2007, no options have been granted under the share option scheme of the Company.

In addition, we do not encourage our full-time staff to engage in other business or employment. Therefore, we require our staff to seek consent from the Group prior to engaging in other business or employment during the course of his/her employment with us.

### 業務回顧(續)

#### 股息政策

董事預期，股息將作為中期及／或末期股息派付。本公司現時擬支付不少於本集團於各財政年度可供分派利潤30%的年度現金股息。然而，該等股息將由董事會酌情根據可供分派利潤的水平、本集團盈利、財務狀況、資金需求及其他有關因素而不時釐定。派付股息或會受限於法律限制及本集團日後可能訂立的協議。董事認為，本公司的股息政策將不會對其未來數年的營運資金充足程度構成影響。

董事會擬宣派末期股息每股3.83港仙，相當於年度可分派利潤約11.8%。實際派息率低於股息政策所訂明者，此乃由於本公司於二零零七年最後一個季度上市，管理層擬保留現金以擴展產能所致。擴展計劃的詳情載於本節「未來計劃及資本承擔」。

#### 人力資源及薪酬政策

於二零零七年十二月三十一日，本集團聘用約1,577名全職員工，其中1,079名員工受本集團僱用，498名員工由山東壽光巨能控股集團有限公司（「巨能控股集團」）根據金玉米與巨能控股集團於二零零七年九月五日訂立的人力供應協議提供。本集團於本年度的員工總成本（包括董事酬金）約為人民幣23,105,000元（二零零六年：人民幣22,317,000元）。

董事認為，作為帶動本集團日後達到成功的關鍵和日後發展的推動力，挽留勝任和具經驗的員工及管理人員對本集團非常重要。因此，本集團向其員工提供在職培訓、員工宿舍及退休福利。

本公司已採納一項購股權計劃，主要目的是激勵本集團僱員及該計劃下所界定的其他合資格人士繼續積極為本集團作出貢獻，並對彼等為本集團所作出的貢獻予以獎勵。於二零零七年十二月三十一日，本公司並無根據該購股權計劃授出任何購股權。

此外，本集團並不鼓勵其全職員工從事其他業務或受聘，因此，本集團要求其員工在受聘於本集團期間，如欲從事其他業務或受聘，須事先徵求本集團的同意。



# Management Discussion and Analysis

## 管理層討論及分析

### REVIEW OF FINANCIAL POSITION

#### Financial management and treasury policy

The Group adopts a conservative approach for cash management and investment on uncommitted funds. The unutilised portion of the net proceeds from the Global Offering have been placed on short-term deposits with authorised financial institutions in Hong Kong and/or the PRC.

#### Foreign currency exposure

We have limited exposure to fluctuation in foreign currency because our operation is mainly conducted in the PRC. Sales and purchases are mainly denominated in Renminbi. The Directors consider that the foreign currency risk associated with export sales which are denominated in US dollars is not material. In view of the minimal exposure to fluctuations in foreign currency exchange rate, other than closely monitoring the changes in the foreign currency exchange rate, the Group does not maintain any hedges in this regard.

#### Finance costs

For the financial year ended 31 December 2007, finance cost mainly represented the interest paid on bank borrowings and imputed interest on loan from a shareholder, Merry Boom Group Limited ("Merry Boom"). The increase in finance cost was mainly due to the imputed interest of about RMB5,939,000 (2006: RMB225,000) on loan from Merry Boom incepted in December 2006. As disclosed in the prospectus of the Company dated 12 September 2007 (the "Prospectus"), the loan from Merry Boom was capitalised prior to the listing of the Company's shares on the Main Board of the Stock Exchange. As a result, we ceased to incur such imputed interest expense following the capitalisation of loan from Merry Boom in September 2007.

Our interest on bank borrowing increased by approximately 23.7% to about RMB13,646,000 (2006: RMB11,032,000) because we ceased to rely on our related company, Juneng Holding Group, and instead relied on short term borrowings from financial institutions for short term funding in 2007.

### 財務狀況回顧

#### 財務管理及庫務政策

本集團對並無作出承諾的資金採取保守的現金管理及投資策略。全球發售所得款項淨額尚未動用的部分已存放於香港及／或中國的認可財務機構作短期存款。

#### 外幣風險

由於本集團的營運主要在中國進行，因此本集團承受的外幣波動風險有限。買賣主要以人民幣結算。董事認為，與以美元結算的出口銷售有關的外幣風險並不重大。由於外匯波動風險極微，除密切監察外匯匯率變動外，本集團並無就此維持任何對沖安排。

#### 融資成本

截至二零零七年十二月三十一日止財政年度，融資成本主要指已付銀行借款的利息及股東怡興集團有限公司（「怡興」）所提供貸款的估算利息。融資成本增加主要來自於二零零六年十二月產生的怡興貸款的估算利息約人民幣5,939,000元（二零零六年：人民幣225,000元）。如本公司於二零零七年九月十二日刊發的招股章程（「招股章程」）所披露，怡興貸款已於本公司股份在聯交所主板上市前予以資本化。因此，於二零零七年九月資本化怡興貸款後，本集團不再產生該等估算利息開支。

由於本集團於二零零七年不再依賴本集團的關連公司巨能控股集團，改為依賴從財務機構獲取短期借款籌集短期資金，因此本集團有關銀行借款的利息增長23.7%至約人民幣13,646,000元（二零零六年：人民幣11,032,000元）。

# Management Discussion and Analysis

## 管理層討論及分析

### REVIEW OF FINANCIAL POSITION

#### Liquidity, financial resources and capital structure

The Directors are of the opinion that the working capital available to the Group is sufficient for its present requirement. Major source of financial resources include internally generated funds, banking facilities and net proceeds from the Global Offering. The Group recorded a strong financial position with net cash inflow from operating activities of approximately RMB263,621,000 (2006: RMB84,598,000). As at 31 December 2007, the Group had available banking facilities of RMB258,000,000, of which RMB80,000,000 was utilised. The amount of the Group's fixed rate borrowings and floating rate borrowings were approximately RMB81,970,000 (2006: RMB263,003,000) and approximately RMB30,000,000 (2006: RMB121,999,000) respectively. As at 31 December 2007, the Group's borrowings were all denominated in Renminbi (2006: RMB123,644,000 denominated in HK dollar, represented 32.1% of total borrowings). The interest rate on fixed borrowing will be reviewed on an annual basis.

The major financial figures and key financial ratios are summarised as follows:

### 財務狀況回顧

#### 流動資金、財務資源及資本架構

董事認為，本集團可提用的營運資金足以應付其現時需求。財務資源的主要來源包括內部產生的資金、銀行信貸及全球發售所得款項淨額。本集團財務狀況表現強勁，經營活動錄得現金流入淨額約人民幣263,621,000元（二零零六年：人民幣84,598,000元）。於二零零七年十二月三十一日，本集團有可提用銀行信貸人民幣258,000,000元，其中人民幣80,000,000元已被動用。本集團的定息借款及浮息借款金額分別約為人民幣81,970,000元（二零零六年：人民幣263,003,000元）及約人民幣30,000,000元（二零零六年：人民幣121,999,000元）。於二零零七年十二月三十一日，本集團的借款均以人民幣計值（二零零六年：人民幣123,644,000元乃以港元計值，佔借款總額32.1%）。定息借款的利率將每年檢討一次。

主要財務數據及關鍵財務比率概述如下：

		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
Borrowings:	借款：		
– on demand or within one year	– 按要求或一年以內	92,885	101,608
– more than one year, but not exceeding two years	– 一年以上，但不超過兩年	886	274,308
– more than two years, but not exceeding 5 years	– 兩年以上，但不超過五年	12,659	1,773
– more than 5 years	– 五年以上	5,540	7,313
		<b>111,970</b>	<b>385,002</b>
Debtors turnover (days)	應收賬款週轉天數	38	46
Creditors turnover (days)	應付賬款週轉天數	23	34
Inventories turnover (days)	存貨週轉天數	39	44
Current ratio	流動比率	2.3	1.0
Quick ratio	速動比率	1.9	0.7
Gearing ratio-borrowings divided by total equity	資產負債比率—借款除以總權益	14.1%	209.5%

# Management Discussion and Analysis

## 管理層討論及分析

### USE OF NET PROCEEDS

The net proceeds received by the Company from the Company's Global Offering amounted to approximately RMB350,258,000. The net proceeds utilised for the year ended 31 December 2007 is set out as follows:

Intended use 意向用途		Available 可用款額 RMB'000 人民幣千元	Utilised 已動用 RMB'000 人民幣千元
Acquisitions of other manufacturer(s)/capital injections of subsidiary(ies)/joint venture	收購其他生產商／附屬公司／合營企業的注資	177,000	-
Acquisition of new machineries/conduct production technology enhancement	購入新機器／進行生產技術改進	73,000	15,800
Acquisition of new machineries for cornstarch and lysine production facilities expansion	購入用於擴展玉米澱粉及賴氨酸生產設施的新機器	20,000	20,000
Purchase of raw materials and general productions expenses of new machineries	購買原材料及新機器的一般生產費用	22,258	22,258
Repayment of borrowing	償還借款	23,000	23,000
General working capital	一般營運資金	35,000	35,000
		350,258	116,058

The unutilised portion of the net proceeds have been deposited on short term basis in licensed financial institutions in Hong Kong and/or the PRC.

### Material acquisitions and disposals of subsidiaries and associated companies

Other than the reorganisation of the Group in preparation of the listing of the Company's shares on the Main Board of the Stock Exchange as disclosed in the Prospectus, the Group had no material acquisition or disposal of any subsidiaries and associated companies for the year ended 31 December 2007.

### Pledge of assets and contingent liabilities

As at 31 December 2007, the Group pledged the leasehold land and plant in the PRC with an aggregate net book value of approximately RMB85,118,000 to secure banking facilities granted to the Group. In addition, the cash received from discounted bank acceptance bills, amounting to RMB22,000,000 (2006: RMB25,608,000), were also recognised as secured bank loans.

As at 31 December 2007, the Group did not have material contingent liabilities.

### 所得款項淨額用途

本公司從其全球發售收取的所得款項淨額約為人民幣350,258,000元。截至二零零七年十二月三十一日止年度已動用所得款項淨額載列如下：

	Available 可用款額 RMB'000 人民幣千元	Utilised 已動用 RMB'000 人民幣千元
Acquisitions of other manufacturer(s)/capital injections of subsidiary(ies)/joint venture	177,000	-
Acquisition of new machineries/conduct production technology enhancement	73,000	15,800
Acquisition of new machineries for cornstarch and lysine production facilities expansion	20,000	20,000
Purchase of raw materials and general productions expenses of new machineries	22,258	22,258
Repayment of borrowing	23,000	23,000
General working capital	35,000	35,000
	350,258	116,058

所得款項淨額的未動用部分已存入香港及／或中國的持牌金融機構作短期存款。

### 附屬公司及聯營公司的重大收購及出售事項

除本集團為籌備本公司股份在聯交所主板上市而進行的重組(如招股章程所披露)外,本集團於截至二零零七年十二月三十一日止年度並無重大收購或出售任何附屬公司及聯營公司事項。

### 資產抵押及或然負債

於二零零七年十二月三十一日,本集團將位於中國合共賬面淨值約人民幣85,118,000元的租賃土地及廠房作抵押,以擔保本集團所獲授的銀行信貸。此外,從貼現銀行承兌票據收取的現金人民幣22,000,000元(二零零六年:人民幣25,608,000元)亦確認為有擔保銀行貸款。

於二零零七年十二月三十一日,本集團並無重大或然負債。

# Management Discussion and Analysis

## 管理層討論及分析

### FUTURE PLAN AND PROSPECTS

#### Launch of new product

As disclosed in the paragraph headed “Expand our product pipeline” under the section of “Future plans and use of proceeds” in the Prospectus, we intend to expand our lysine product offerings to include 65% lysine. We have successfully developed 65% lysine at the end of 2007. We spent approximately RMB23,450,000 for the facilities for the production of 65% lysine and the estimated annual production capacity is expected to achieve approximately 20,000 tonnes.

#### Future plan and capital commitments

It is one of the Group’s business strategies to increase its annual cornstarch and lysine production capacity. To facilitate the planned expansion in production capacity of the Group, it is part of the Group’s future plans to acquire additional production capacity from small-to-medium-sized cornstarch and/or lysine producers.

We have on March 2008, established 臨清德能金玉米生物有限公司 (Linqing Deneng Golden Corn BioLimited) (“Deneng Golden Corn”), a PRC joint venture company owned as to approximately 85.94% by us. On 9 April 2008, Deneng Golden Corn entered into a provisional sales and purchase agreement with its 14.06% minority shareholder to acquire certain production facilities and construction in progress in respect of cornstarch and starch-based sweetener production facilities. The Directors expected that the annual production capacity for cornstarch and starch-based sweetener will be increased by 300,000 tonnes and 100,000 tonnes respectively by the end of 2008. The estimated capital commitment for the acquisition of the said production facilities and the construction in progress is approximately RMB144,000,000 and will be financed by the net proceeds from the Global Offering and Deneng Golden Corn’s internally generated funds.

We intend to utilise Deneng Golden Corn as our extended sales network to cover the middle and western China, and as our new production vehicle for more advanced corn-based products such as amino acid and starch-based sweeteners.

Further details of the acquisition of production facilities is disclosed in the Company’s announcement dated 11 April 2008.

### 未來計劃及前景

#### 推出新產品

如本公司招股章程「未來計劃及所得款項用途」章節下「擴展產品種類」所披露，我們擬擴展我們的賴氨酸產品供應以包括65%賴氨酸在內。我們已於二零零七年底成功開發65%賴氨酸。我們用於生產65%賴氨酸的設備的開支約人民幣23,450,000元，預期估計年產能將達約20,000噸。

#### 未來計劃及資本承擔

本集團的業務策略之一是提升其玉米澱粉及賴氨酸年產能。為促進本集團的產能擴展計劃，本集團未來計劃向中小型玉米澱粉及／或賴氨酸生產商購入額外產能。

我們於二零零八年三月成立臨清德能金玉米生物有限公司（「德能金玉米」），為一家中國合資公司，由我們擁有約85.94%權益於二零零八年四月九日，德能金玉米與其14.06%權益的少數權益股東訂立臨時買賣協議，以收購玉米澱粉及澱粉糖生產設備之若干在建生產設備及建築工程。董事預期，截至二零零八年底，玉米澱粉及玉米製糖的年產能將分別增加300,000噸及100,000噸。收購該等生產設施及在建工程的估計資本承擔約為人民幣144,000,000元，將以全球發售所得款項淨額以及德能金玉米的內部產生資金撥付。

我們擬採用德能金玉米以擴大我們的銷售網絡，以拓展至中國中西部地區，並作為我們的更先進玉米產品（如氨基酸及淀粉糖）的新生產旗艦。

收購生產設施的進一步詳情在本公司日期為二零零八年四月十一日的公佈中披露。



# Corporate Governance Report

## 企業管治報告

### CORPORATE GOVERNANCE PRACTICES

The board of directors (the “Board”) of the Company is mindful of the importance of good corporate governance practices and procedures in safeguarding shareholders’ interests and enhancing the performance of the Group. With this objective in mind, the Company is committed to the establishment and implementation of good corporate governance practices and procedures. The code provisions prescribed in the Code on Corporate Governance Practices (the “CG Code”) set out in Appendix 14 of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) were adopted by the Company as its own code of corporate governance practices on 5 September 2007.

Since the listing of the Company’s shares on the Main Board of the Stock Exchange on 27 September 2007 (the “Listing Date”), the Company has complied with the code provisions under the CG Code.

The following set out the major principles in the CG Code that were applied by the Group from the Listing Date to 31 December 2007 (the “Relevant Period”) and where applicable, up to the date of this report.

### DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as its own code of conduct (the “Model Code”) governing securities transactions by the directors of the Group to which the Model Code applied. Having made specific enquiry of all directors of the Company (the “Directors”), all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the Relevant Period and up to the date of this report.

### 企業管治常規

本公司董事會(「董事會」)一直深明良好的企業管治常規及程序對保障股東權益及促進本集團表現的重要性。為奉行此一宗旨，本公司致力訂立及執行良好的企業管治常規及程序。本公司於二零零七年九月五日採納香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)附錄14所載企業管治常規守則(「企業管治常規守則」)的守則條文，作為本身的企業管治常規守則。

自二零零七年九月二十七日(「上市日期」)本公司的股份於聯交所主板上市以來，本公司一直遵守企業管治常規守則列載的守則條文。

以下載列本集團由上市日期至二零零七年十二月三十一日(「有關期間」)及(倘適用)截至本報告日期所採用的企業管治常規守則的主要原則。

### 董事的證券交易

本公司採納了上市規則附錄10所載的上市發行人董事進行證券交易之標準守則，作為監管本集團董事進行標準守則適用之證券交易的操守守則(「標準守則」)。經過對本公司全體董事(「董事」)作出具體查詢後，各董事確認於有關期間及截至本報告日期一直遵守標準守則所載的規定標準。

# Corporate Governance Report

## 企業管治報告

### BOARD OF DIRECTORS

#### Composition of the Board of Directors

The Board comprises four executive Directors and four independent non-executive Directors. The function of the Board is to guide the management to ensure the interests of the shareholders of the Company are safeguarded.

The Board members for the year ended 31 December 2007 were:

#### Executive Directors

Mr. Tian Qixiang (*Chairman*) (*appointed on 29 November 2006*)  
Mr. Gao Shijun (*Chief Executive Officer*) (*appointed on 5 September 2007*)  
Mr. Yu Yingquan (*appointed on 15 March 2007*)  
Mr. Liu Xianggang (*appointed on 5 September 2007*)

#### Independent Non-executive Directors

Ms. Dong Yanfeng (*appointed on 5 September 2007*)  
Ms. Yu Shumin (*appointed on 5 September 2007*)  
Mr. Cao Zenggong (*appointed on 5 September 2007*)  
Mr. Yue Kwai Wa, Ken (*appointed on 5 September 2007*)

The biographical details of all Directors and the relationships (if any) among them are set out in the section headed "Directors and Senior Management Profile" on pages 31 to 35 of this annual report and the Company's website. Save as so disclosed, there are no financial, business, family or other material or relevant relationships among members of the Board.

The composition of the Board is well balanced with each Director having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the businesses of the Group. All executive Directors and independent non-executive Directors bring a variety of experience and expertise to the Company.

### 董事會

#### 董事會的組成

董事會由四名執行董事及四名獨立非執行董事組成。董事會的職責為引導管理層確保本公司股東的權益受到保障。

截至二零零七年十二月三十一日止年度董事會成員為：

#### 執行董事

田其祥先生(主席)(於二零零六年十一月二十九日獲委任)  
高世軍先生(行政總裁)(於二零零七年九月五日獲委任)  
于英全先生(於二零零七年三月十五日獲委任)  
劉象剛先生(於二零零七年九月五日獲委任)

#### 獨立非執行董事

董延豐女士(於二零零七年九月五日獲委任)  
余淑敏女士(於二零零七年九月五日獲委任)  
曹增功先生(於二零零七年九月五日獲委任)  
余季華先生(於二零零七年九月五日獲委任)

各董事履歷詳情及彼等之間的關係(倘有)載於本年報第31至35頁「董事及高級管理層履歷」一節及本公司網站。除已披露外，董事會成員之間概無任何財務、業務、家族或其他重大或相關關係。

董事會的成員各有所長，形成平衡的組成架構，每名董事對於本集團所從事業務均具備充分行業知識、豐富的企業及策略規劃經驗及/或專門技術。各執行董事及獨立非執行董事分別為本公司引入不同的經驗及專長。

# Corporate Governance Report

## 企業管治報告

### BOARD OF DIRECTORS (Continued)

#### Chairman and Chief Executive Officer

In compliance with the code provision A.2.1 of the CG Code, the roles of the Chairman, Mr. Tian Qixiang, and the Chief Executive Officer (“CEO”), Mr. Gao Shijun are segregated in order to ensure a clear distinction between the Chairman’s and the CEO’s responsibilities. This also allows a balance of power between the Board and the management of the Group, and ensures their independence and accountability.

The Chairman focuses on the Group’s business and strategic matters to ensure the Board is operated effectively. In addition, the Chairman will lead the Board to establish good corporate governance practices and procedures for the Group.

The CEO is responsible for the daily operation to ensure the approved Group’s strategies are effectively implemented to achieve the goals of the Group.

#### Functions of the Board of Directors

The Board is responsible for the oversight of the management of the Company’s business and affairs with the goal of maximizing long-term shareholder’s value, while balancing broaden shareholder interests. The Board also focuses on overall strategic development of the Group and its policies with particular attention paid to the growth and financial performance of the Group.

The Board delegates the authority and responsibility for implementing day-to-day operations, business strategies and management of the Group’s businesses to the executive Directors, senior management and certain specific responsibilities to Board committees.

When the Board delegates aspects of its management and administration functions to the management, it has given clear directions as to the powers of management, in particular, with respect to the circumstances. While allowing management substantial autonomy to run and develop the business, the Board plays a key role in structuring and monitoring the reporting systems and internal controls. The composition and functions of each Board committee and its major role and function are described below in the paragraph headed “Board Committees”. The final decision rests with the Board unless otherwise provide for in the terms of reference of relevant committees.

### 董事會 (續)

#### 主席及行政總裁

根據企業管治常規守則第A.2.1條之守則規定，主席田其祥先生及行政總裁高世軍先生的職權互相分立，藉以確保主席與行政總裁的責任明確劃分。此舉亦有助平衡董事會與本集團管理層之間的權力，確保彼等的獨立性及問責性。

主席專注於本集團的業務及策略性事務，以確保董事會有效運作。此外，主席將引領董事會為本集團建立良好的企業管治常規及程序。

行政總裁負責日常營運以確保本集團獲通過的策略有效執行，達致本集團的目標。

#### 董事會的職責

董事會負責監督本公司業務及事務的管理，以盡量提升股東的長遠價值的同時能夠平衡廣泛股東利益為目標。董事會亦專注於本集團的整體策略發展及其政策，尤其著重於本集團的增長及財務表現。

董事會將執行本集團業務的日常運作、業務策略及管理的權力及責任委派予執行董事、高級管理層，並將若干特定責任指派予董事委員會。

當董事會將管理及行政功能方面的權力委派予管理層時，會就有關管理層在特定情況下的權力給予清晰的指引。雖然管理層獲給予高度自由度經營及發展業務，但董事會在構建及監察申報制度及內部監控方面仍扮演著重要角色。各董事委員會的組成、功能及其主要職責功能載於以下「董事委員會」一段。除非相關董事委員會的職權範圍另有規定者外，董事會仍保留最終決策權。

# Corporate Governance Report

## 企業管治報告

### BOARD OF DIRECTORS (Continued)

#### Independent non-executive Directors

In compliance with Rule 3.10(1) of the Listing Rules, there are four independent non-executive Directors representing half of the Board. Among the four independent non-executive Directors, one of them have appropriate professional qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The Company has received from each of its independent non-executive Directors the annual written confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and it still considers each of Ms. Dong Yanfeng, Ms. Yu Shumin, Mr. Cao Zengong and Mr. Yue Kwai Wa, Ken to be independent.

#### Directors' Appointment, Re-election and Removal

Each of the executive Directors has entered into a service contract with the Company for a period of three years commencing from 5 September 2007, subject to termination by either party giving not less than three months' prior written notice to the other.

Each of the independent non-executive Directors has entered into a formal appointment letter with the Company for his/her appointment as independent non-executive Directors for a term of two years commencing from 5 September 2007, subject to termination by either party giving not less than three months' prior written notice to the other.

In accordance with the Company's articles of association, all Directors (including executive Directors and independent non-executive Directors) are subject to retirement by rotation at least once every three years and shall be eligible for re-election. Under the Company's articles of association, the office of a director is liable to be vacated in certain circumstances and the Company may by ordinary resolution at general meeting remove any Director.

### 董事會(續)

#### 獨立非執行董事

根據上市規則第3.10(1)條，現有四名獨立非執行董事，佔董事會成員的一半。四名獨立非執行董事中，其中一名擁有上市規則第3.10(2)條所規定的會計或相關財務管理專業知識的適當專業資格。

本公司已收到每名獨立非執行董事按照上市規則第3.13條發出有關其獨立性的確認書。本公司認為董延豐女士、余淑敏女士、曹增功先生及余季華先生具有獨立性。

#### 董事的委任、重選及罷免

每名執行董事已與本公司訂立服務合約，自二零零七年九月五日起計為期三年，可由任何一方給予另一方不少於三個月的事先書面通知而終止合約。

每名獨立非執行董事已就其獲委任為獨立非執行董事與本公司訂立正式委任書，自二零零七年九月五日起計為期兩年，可由任何一方給予另一方不少於三個月的事先書面通知而終止。

根據本公司的公司章程，所有董事(包括執行董事及獨立非執行董事)須每三年至少輪選退任一次，惟其有資格重選連任。根據本公司組織章程，本公司的董事職位可於若干情況下出現空缺，而本公司可於股東大會上以普通決議案罷免本公司任何董事。



# Corporate Governance Report

## 企業管治報告

### BOARD OF DIRECTORS (Continued)

#### Board meetings and Board Practices

The Board has scheduled to meet at least four times a year, and the Board will also meet on other occasions when a board-level decision on a particular matter is required.

The company secretary of the Company (the "Company Secretary") assists the Chairman to prepare the agenda of the meeting and each Director may request to include any matters in the agenda. Generally, at least 14 days notice is given for the regular Board meetings. The Directors will receive details of agenda items for decision at least 3 days before each Board meeting.

The Company Secretary is responsible for distributing detailed documents to Directors prior to the meetings of the Board to ensure that the Directors are able to make informed decisions regarding the matters discussed in the meetings so that they may receive accurate, timely and clear information.

All Directors may have access to the advice and services of the Company Secretary who regularly updates the Board on governance and regulatory matters. The Company Secretary is also responsible for ensuring the procedures of the Board meetings are observed and providing the Board opinions on matters in relation to the compliance with the procedures of the Board meetings.

If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board, the Company will not deal with the matter by way of written resolution or by a Board committee (except if that Board committee was specifically established for such purpose). The independent non-executive Director with no material interest in the matter will attend the meeting to deal with the matter if it is considered appropriate.

All the Board committees adopted the same principles and procedures used in the Board meetings.

### 董事會(續)

#### 董事會會議及董事會常規

董事會每年預定召開至少四次會議，董事會亦將於需要就特別事項作出董事會層次的決議時召開會議。

本公司的公司秘書(「公司秘書」)協助主席編製會議議程，各董事均可要求將任何事項列入議程。一般而言，舉行定期會議前須發出至少十四天的通知。董事將於每次董事會會議舉行前至少三天接獲須議定的詳細議程項目。

公司秘書負責於董事會會議前分派詳細文件予董事，以確保董事能夠就會議上討論的事項作出知情決定，讓彼等可獲得準確、及時和清晰的資料。

所有董事可獲得公司秘書的建議及服務，而公司秘書會定期為董事會更新有關管治及監管的事情。公司秘書亦負責確保董事會會議依程序進行，並向董事會提供有關遵守董事會會議程序的意見。

倘若主要股東或董事在董事會將予考慮的事項中存在利益衝突，本公司將不會透過書面決議案或經由董事委員會(特別為此目的而組建的董事委員會除外)處理該事項。於該事項中並無重大權益的獨立非執行董事將在認為適當的情況下出席處理該事項的會議。

所有董事委員會均採納董事會會議中所採用的相同原則及程序。

# Corporate Governance Report

## 企業管治報告

### BOARD OF DIRECTORS (Continued)

#### Board meetings and Board Practices

The Board held 2 regular meetings since the Listing Date to the date of this annual report and the attendance records of the regular Board meetings held are set out below:

#### Executive Directors

Mr. Tian Qixiang (*Chairman*)  
 Mr. Gao Shijun (*Chief Executive Officer*)  
 Mr. Yu Yingquan  
 Mr. Liu Xianggang

#### Independent non-executive Directors

Ms. Dong Yanfeng  
 Ms. Yu Shumin  
 Mr. Cao Zenggong  
 Mr. Yue Kwai Wa, Ken

#### Access to Information

The management will provides the Board with appropriate and sufficient information through financial reports, business and operational reports and budget statements in a timely manner to keep the members of the Board informed of the latest development of the Group.

The Board members can gain access to the Group's information and other matters either from the Company Secretary or the CEO.

### 董事會(續)

#### 董事會會議及董事會常規

董事會由上市日期至本年報日期止內召開2次定期會議，定期董事會會議的出席紀錄載列如下：

#### Directors' Attendance

#### 董事出席次數

#### 執行董事

田其祥先生(主席)	2/2
高世軍先生(行政總裁)	2/2
于英全先生	2/2
劉象剛先生	2/2

#### 獨立非執行董事

董延豐女士	2/2
余淑敏女士	2/2
曹增功先生	2/2
余季華先生	2/2

#### 取閱資料

管理層將透過財務報告、業務和經營報告以及預算報表及時向董事會提供適當及充分的資料，以使董事會成員能夠知悉本集團的最新發展。

董事會成員能夠從公司秘書或行政總裁處獲取本集團資料及獲悉其他事情。

# Corporate Governance Report

## 企業管治報告

### BOARD COMMITTEES

The Board has established the following committees to oversee specified aspects of the Company's affairs as defined in their own terms of reference. Details of which are set out below:—

#### Audit Committee

##### Composition

The Audit Committee was established on 5 September 2007 and comprises four members, all are independent non-executive Directors, namely Mr. Yue Kwai Wa, Ken (Chairman), Ms. Dong Yanfeng, Ms. Yu Shumin, and Mr. Cao Zenggong.

##### Role and Function

The Audit Committee acts as an important link between the Board and the Company's auditors in matters within the scope of the Group's audit. The written terms of reference of Audit Committee are available upon request.

The principal roles and functions of the Audit Committee are to review and supervise the financial reporting process, financial controls, internal control and risk management system of the Group and to provide recommendations and advises to the Board on the appointment, reappointment and removal of external auditors as well as their terms of appointment.

##### Meeting Record

The Audit Committee held two meetings up to the date of this annual report and the attendance records of the members of the Audit Committee are set out below:

#### Members of the Audit Committee

Mr. Yue Kwai Wa, Ken (*Chairman*)  
 Ms. Dong Yanfeng  
 Ms. Yu Shumin  
 Mr. Cao Zenggong

#### 審核委員會成員

余季華先生 (*主席*)  
 董延豐女士  
 余淑敏女士  
 曹增功先生

#### Attendance 出席次數

2/2  
 2/2  
 2/2  
 2/2

### 董事委員會

董事會已成立以下委員會，負責按彼等本身的職權範圍內界定的範圍監察本公司特定方面的事務。各董事委員會的詳情載列如下：—

#### 審核委員會

##### 組成

審核委員會於二零零七年九月五成立，由四名成員組成，彼等均為獨立非執行董事，即余季華先生(主席)、董延豐女士、余淑敏女士及曹增功先生。

##### 職責及功能

審核委員會就本集團審計範圍內涉及的事宜擔當著董事會與本公司核數師之間的重要橋樑。審核委員會的書面職權範圍應要求備查。

審核委員會的主要職責及功能為檢討及監察本集團的財務報告程序、財務控制、內部監控及風險管理制度，並就外聘核數師的委任、重新委任及罷免以及彼等的委任條款向董事會作出建議及提供意見。

##### 會議記錄

截至本年報日期止，審核委員會舉行過兩次會議，審核委員會成員出席紀錄載列如下：

# Corporate Governance Report

## 企業管治報告

### BOARD COMMITTEES (CONTINUED)

Up to the date of this annual report, the Audit Committee has performed the following:

- reviewed with management the auditing, internal control and financial reporting matters including the interim financial statements of the Group for the six months ended 30 June 2007 and the audited financial statements of the Group for the year ended 31 December 2007;
- discussed with external auditors on matters relating to yearly audit.

#### Remuneration Committee

##### Composition

The Remuneration Committee was established on 5 September 2007. The committee comprises of five members, namely the independent non-executive Directors, Mr. Yue Kwai Wa, Ken (Chairman), Ms. Dong Yanfeng, Ms. Yu Shumin, Mr. Cao Zengong, and an executive Director, Mr. Tian Qixiang.

##### Role and Function

The written terms of reference of the Remuneration Committee are available upon request. The major duties of the Remuneration Committee are to review and making recommendations to the Board on the Company's remuneration policy and structure for and compensation scheme of the Directors and senior management as well as to determine the specific remuneration packages of all executive Directors and senior management.

### 董事委員會(續)

截至本年報日期止，審核委員會執行了以下職責：

- 與管理層審閱有關審核、內部監控及財務報告等事宜(包括本集團截至二零零七年六月三十日止六個月中期財務報表及本集團截至二零零七年十二月三十一日止年度經審核財務報表)；
- 與外聘核數師討論有關年度審核之事宜。

#### 薪酬委員會

##### 組成

薪酬委員會於二零零七年九月五日成立。該委員會由五名成員組成，即獨立非執行董事余季華先生、董延豐女士、余淑敏女士、曹增功先生及執行董事田其祥先生。

##### 職責及功能

薪酬委員會的書面職權範圍可應要求供查閱。薪酬委員會的主要職責為審閱及就本公司的薪酬政策、董事及高級管理層的架構及酬勞計畫提出意見，以及釐定所有執行董事及高級管理層的薪酬待遇。

# Corporate Governance Report

## 企業管治報告

### BOARD COMMITTEES (CONTINUED)

#### Remuneration Committee (Continued)

##### Meeting Record

The Remuneration Committee held one meeting up to the date of this annual report and the attendance records of the members of the Remuneration Committee are set out below:

##### Members of the Remuneration Committee

Mr. Yue Kwai Wa, Ken ( <i>Chairman</i> )	余季華先生 ( <i>主席</i> )
Ms. Dong Yanfeng	董延豐女士
Ms. Yu Shumin	余淑敏女士
Mr. Cao Zenggong	曹增功先生
Mr. Tian Qixiang	田其祥先生

Up to the date of this annual report, the Remuneration Committee has performed the following:

- reviewed and made recommendation to the Board of the remuneration of Directors and salary adjustments;
- reviewed and made recommendation to the Board on the remuneration policy.

#### Nomination Committee

##### Composition

The Nomination Committee was established on 5 September 2007. The Nomination Committee comprises of five members, namely the independent non-executive Directors, Mr. Yue Kwai Wa, Ken (*Chairman*), Ms. Dong Yanfeng, Ms. Yu Shumin, Mr. Cao Zenggong and an executive Director, Mr. Tian Qixiang.

##### Role and Function

The authority and duties of the Nomination Committee are specified in its written terms of reference. The major duties of the Nomination Committee are to review the structure and composition of the Board, to review and provide recommendations to the shareholders of the Company on the terms of Director's contract, to assess the independence of the independent non-executive Directors. The Nomination Committee is used to consider each individual's professional knowledge, industry experience, personal ethic and personal skills when it makes recommendation to the Board on individuals suitably qualified to become members of the Board.

### 董事委員會 (續)

#### 薪酬委員會 (續)

##### 會議記錄

截至本年報日期止，薪酬委員會舉行過一次會議，薪酬委員會成員出席紀錄載列如下：

	<b>Attendance</b> 出席次數
余季華先生 ( <i>主席</i> )	1/1
董延豐女士	1/1
余淑敏女士	1/1
曹增功先生	1/1
田其祥先生	1/1

截至本年報日期止，薪酬委員會執行了以下職責：

- 審閱以及就董事的薪酬及薪金調整向董事會作出建議；
- 審閱以及向董事會就薪酬政策作出建議。

#### 提名委員會

##### 組成

提名委員會於二零零七年九月五日成立。該委員會由五名成員組成，即獨立非執行董事余季華先生 (*主席*)、董延豐女士、余淑敏女士、曹增功先生及執行董事田其祥先生。

##### 職責及功能

提名委員會的權力及職責載於其書面職權範圍。提名委員會的主要職責為檢討董事會的架構及組成，審閱及就董事的合約條款向本公司股東提供建議，評估獨立非執行董事的獨立性。就符合資格加入董事會的人士向董事會作出建議時，提名委員會通常考慮各人士的專業知識、行業經驗、個人道德以及個人技能。



# Corporate Governance Report

## 企業管治報告

### BOARD COMMITTEES (CONTINUED)

#### Nomination Committee (Continued)

##### Meeting Record

The Nomination Committee held one meeting up to the date of this annual report and the attendance records of the members of the Nomination Committee are set out below:

#### Members of the Nomination Committee

Mr. Yue Kwai Wa, Ken (Chairman)  
 Ms. Dong Yanfeng  
 Ms. Yu Shumin  
 Mr. Cao Zenggong  
 Mr. Tian Qixiang

#### 提名委員會成員

余季華先生(主席)  
 董延豐女士  
 余淑敏女士  
 曹增功先生  
 田其祥先生

#### Attendance 出席次數

1/1  
 1/1  
 1/1  
 1/1  
 1/1

Up to the date of this annual report, the Nomination Committee has performed the following:

- made recommendation to the Board for their re-election at the forthcoming annual general meeting of the Company;
- reviewed the independence of the independent non-executive Directors and the annual independence confirmation provided by each of them.

### 董事委員會(續)

#### 提名委員會(續)

##### 會議記錄

截至本年報日期止，提名委員會舉行過一次會議，提名委員會成員出席紀錄載列如下：

截至本年報日期止，提名委員會執行了以下職責：

- 就本公司應屆股東週年大會的人員重選向董事會作出建議；
- 審閱獨立非執行董事的獨立性及彼等提供的年度獨立性確認。

### ACCOUNTABILITY AND AUDIT

#### Directors' and Auditors' Acknowledgement

The Audit Committee and the Board have reviewed the Company's financial statements for the year ended 31 December 2007. The Directors acknowledge their responsibility for preparing the accounts and presenting a balanced, clear and comprehensive assessment for the Company's performance, position and prospects. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

### 問責性及審計

#### 董事及核數師的確認

審核委員會及董事會已審閱本公司截至二零零七年十二月三十一日止年度的財務報表。董事明白彼等編製賬目及就本公司表現、狀況及前景呈平衡、清晰及全面的評估的責任。董事並不知悉與可能令本公司持續經營能力蒙上重大存疑性的事件或情況有關的任何重大不明朗因素。

# Corporate Governance Report

## 企業管治報告

### BOARD COMMITTEES (CONTINUED)

#### ACCOUNTABILITY AND AUDIT (Continued)

##### Directors' and Auditors' Acknowledgement (Continued)

Messrs. Deloitte Touche Tohmatsu Certified Public Accountants acknowledge their reporting responsibilities in the "Independent Auditors' Report" on pages of 51 to 52 in this annual report.

##### Auditors' Remuneration

During the year ended 31 December 2007, the remuneration paid/payable to the auditors, Deloitte Touche Tohmatsu Certified Public Accountants in respect of its statutory audit service to the Group was RMB1,220,000. Fees for non-audit services was divided as follows:

Initial public offering	首次公開招股	
Review of 2007 interim report	審閱二零零七年中期報告	
Total:	總計：	

### INTERNAL CONTROL

The Board is responsible for the effectiveness of the Group's internal control systems. The internal control systems are designed to meet the Group's particular needs and the risks to which it is exposed, and by their nature can only provide reasonable, but not absolute assurance against misstatement or loss.

Procedures have been set up for safeguarding assets against unauthorized use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication. Qualified management throughout the Group maintains and monitors the internal control systems on an ongoing basis.

The Board has, through the engagement of SHINEWING Risk Services Limited, conduct an annual review of the effectiveness of the internal control systems of the Group, covering all material controls, including financial, operation, compliance controls, etc.

According to the internal control report, the Audit Committee is satisfied with the internal control systems of the Company and no material deficiencies has been found on the internal control systems.

### 董事委員會(續)

#### 問責性及審計(續)

##### 董事及核數師的確認(續)

德勤•關黃陳方會計師行在本年報第51至52頁的「獨立核數師報告」中確認其申報責任。

##### 核數師薪酬

截至二零零七年十二月三十一日止年度，就核數師德勤•關黃陳方會計師行對本集團所作的法定審計服務而已付／應付薪酬為人民幣1,220,000元。非審計服務的費用分為下列類別：

<b>2007</b> 二零零七年 RMB'000 人民幣千元
<b>2,100</b>
<b>487</b>
<b>2,587</b>

### 內部監控

董事會負責本集團內部監控系統的有效性。內部監控系統是專為滿足本集團的特定需要及應付其面臨的風險而設，但因其性質使然，對於錯誤陳述或失誤僅能提供合理而非絕對的保證。

系統內已建立程序保障資產免遭未經授權的使用或處置、控制資本支出、維持適當的會計記錄及確保用於業務及公佈的財務資料的可靠性。本集團的合資格管理層會持續維護及監控內部監控系統。

董事會已透過聘任信永方略風險管理有限公司對本集團的內部監控系統的有效性進行年度檢討，當中涵蓋所有重大監控，包括財務、經營及合規監控等。

根據內部監控報告，審核委員會滿意本公司內部監控系統，並無發現該內部監控系統存在任何重大缺失。

## Directors and Senior Management Profile

### 董事及高級管理人員簡介

#### DIRECTORS

##### Executive Directors

**Mr. Tian Qixiang**, aged 44, is the chairman of the Board principally responsible for the Group's strategic positioning. He is also responsible for formulating the Group's business development objectives and ensuring that such objectives are implemented by the Board accordingly. Mr. Tian was the chairman of the board of directors of 山東壽光巨能金玉米開發有限公司 (Shandong Shouguang Juneng Golden Corn Development Co., Ltd.) ("Golden Corn"), an indirectly wholly-owned subsidiary of the Company, during the period from July 2003 (when he first joined the Group) up to October 2005. He was re-appointed as director of Golden Corn in December 2005 and has been the chairman of the board of Golden Corn since August 2006. Mr. Tian has also been the authorised representative and chairman of the board of directors of 山東壽光巨能控股集團有限公司 (Shandong Shouguang Juneng Holding Group Co., Ltd.) ("Juneng Holding Group") since its establishment in October 2005. Mr. Tian has been working for 壽光市供電公司 (Electricity Supply Company of Shouguang City) ("Shouguang Electricity Supply Company") since 1984. He was appointed as the deputy manager of Shouguang Electricity Supply Company in October 1985, and was further appointed as its deputy party secretary in May 1990. Mr. Tian has been the manager and party member of Shouguang Electricity Supply Company since March 2000. Mr. Tian possesses substantial experience in corporate management.

Mr. Tian completed his study of 電力排灌 (Electricity and Water Irrigation) from 山東省水利機電學校 (Water and Electricity Machinery School) in 1981 and graduated from 中國共產黨山東省委員會黨校 (The Shandong Province Party Committee School of the People's Republic of China) with a diploma on 經濟管理 (Economics Management) in 1996. Mr. Tian obtained the qualification as a senior economist in December 2002.

Mr. Tian is beneficially interested in approximately 54.5833% of the issued share capital of Merry Boom Group Limited ("Merry Boom"), a substantial shareholder of the Company, and is also a director of Merry Boom.

**Mr. Gao Shijun**, aged 40, is the chief executive officer of the Company. Mr. Gao is principally responsible for overseeing the Group's operations and business management. Mr. Gao joined Golden Corn in August 1998, and was later appointed as the deputy manager of Golden Corn in January 2000. Mr. Gao has been a director of Golden Corn since July 2003 and its general manager since May 2005. Mr. Gao graduated from 山東大學 (Shandong University) in 1989 with an undergraduate degree in Physics.

#### 董事

##### 執行董事

**田其祥先生**，44歲，董事會主席，主要負責本集團的戰略步署。他同時亦負責本集團發展目標的規劃並確保這些目標會由董事會相應執行。田先生於二零零三年七月（他剛加入本集團時）至二零零五年十月期間是本公司間接全資附屬公司山東壽光巨能金玉米開發有限公司（「金玉米」）董事會的主席，於二零零五年十二月再獲委任為金玉米董事，並自二零零六年八月起擔任金玉米董事會主席。自山東壽光巨能控股集團有限公司（「巨能控股集團」）於二零零五年十月成立起，田先生亦是該集團的授權代表及董事會主席。田先生自一九八四年起於壽光市供電公司工作。他於一九八五年十月獲委任為壽光市供電公司副經理，更於一九九零年五月獲委任為黨書記。田先生於二零零零年三月起便成為壽光市供電公司的經理。田先生擁有豐富的企業管理經驗。

田先生於一九八一年在山東省水利機電學校完成電力排灌專業課程，一九九六年畢業於中國共產黨山東省委員會黨校，持有經濟管理專業文憑。田先生於二零零二年十二月取得高級經濟師資格。

田先生於本公司的主要股東怡興集團有限公司（「怡興」）的已發行股本中擁有約54.5833%權益，其亦為怡興的董事。

**高世軍先生**，40歲，是本公司的行政總裁。高先生主要負責監督本集團的經營和業務發展。高先生於一九九八年八月加入金玉米，其後於二零零零年一月被任命為是金玉米的副總經理。自二零零三年七月起高先生為金玉米的董事，二零零五年五月起更成為總經理。高先生於一九八九年畢業於山東大學，持有物理學學士學位。

## Directors and Senior Management Profile

### 董事及高級管理人員簡介

**Mr. Yu Yingquan**, aged 39, is principally responsible for the overall management in investment and corporate finance of the Group. Mr. Yu first joined the Group as a director of Golden Corn during the period from July 2003 to October 2005, and was re-appointed as director in 17 March 2007. Mr. Yu had worked in the accounting and internal audit departments of Shouguang Electricity Supply Company since August 1990 holding positions as deputy supervisor of audit department, deputy supervisor and supervisor of finance department and deputy chief accountant. Mr. Yu took up the position as chief accountant of Juneng Holding Group upon its establishment to oversee the financial reporting and performance of all its investments. Mr. Yu is also a director of Juneng Holding Group since October 2005. Mr. Yu graduated from 山東水利專科學校 (Shandong Hydro Institute) in 1990 with a diploma in 水利經濟與財務管理 (Hydro Economic and Financial Management), and obtained a diploma in 財務管理 (Finance Management) from 山東省經濟管理幹部學校院 (Shandong Economics Management Institute) in 1998. Mr. Yu obtained the 中華人民共和國會計從業資格證書 (Certificate of Accounting Professional of the People's Republic of China) issued by 壽光財政局 (Finance Bureau of Shouguang City) in 1997.

**Mr. Liu Xianggang**, aged 39, has been a director of Golden Corn since October 2005 principally responsible for the Group's production technology developments and cornstarch production. Mr. Liu has been an employee of Golden Corn since August 1998 holding positions as factory supervisor, technical department supervisor, deputy chief engineer, chief engineer, deputy general manager and factory manager. Mr. Liu had worked in the production technology department of Shouguang Electricity Supply Company from July 1990 to July 1997 as technical staff responsible for production management and production route design. Mr. Liu graduated from 山東工業大學 (Shandong Industrial University) in 1990 with an undergraduate degree in 工業管理工程 (Industrial Management), and obtained a post-graduate diploma in 產業經濟學 (Industrial Economics) from 山東大學經濟學院 (the Economics School of Shandong University) in 2003. Mr. Liu also obtained the qualification as senior engineer in December 2002. Mr. Liu is the deputy supervisor of 玉米澱粉專業委員會 (the Cornstarch Professionals Committee) of China Starch Industry Association.

**于英全先生**，39歲，主要負責本集團的整體投資管理和企業融資。于先生於二零零三年七月至二零零五年十月期間首次加盟本集團為金玉米董事，其後於二零零七年三月十七日再獲委任為董事。自一九九零年八月起，于先生在壽光市供電公司的會計及內部審計科工作，曾擔任的職位有審計科副科長、財務科副科長、主管及副總會計師。于先生自巨能控股集團成立起擔任其總會計師，監管財務報告及其所有投資的表現。自二零零五年十月，于先生為巨能控股集團董事。于先生一九九零年畢業於山東水利專科學校，獲水利經濟與財務管理文憑，及於一九九八年由山東省經濟管理幹部學院獲得財務管理文憑。于先生於一九九七年取得由壽光財政局發出的中華人民共和國會計從業資格證書。

**劉象剛先生**，39歲，由二零零五年十月起出任金玉米董事，主要負責本集團的生產技術開發及玉米澱粉的生產。劉先生自一九九八年八月起便受僱於金玉米，曾出任的職位包括工廠主管、技術部主任、副總工程師、總工程師、副總經理和廠長。劉先生由一九九零年七月至一九九七年七月於壽光市供電公司生產技術部門工作，出任技術員，負責生產管理及生產線設計。劉先生於一九九零年畢業於山東工業大學，持有工業管理工程學士學位，並於二零零三年獲山東大學經濟學院頒發產業經濟學研究生文憑。二零零二年十二月，劉先生獲取高級工程師的資格。劉先生是中國澱粉工業協會玉米澱粉專業委員會的副主任。

## Directors and Senior Management Profile

### 董事及高級管理人員簡介

#### Independent non-executive Directors

**Ms. Dong Yanfeng**, aged 71, has been appointed as an independent non-executive Director on 5 September 2007. Ms. Dong was granted the qualification as senior engineer by 國家醫藥管理局 (State Medical Control Bureau) in 1988, and is currently the chief secretary of China Starch Industry Association responsible for its general management as well as organising and supervising the execution of its annual plans. Over the years, Ms. Dong had won several technology awards, including 科技成果三等獎 (Third Level Award on Technology Results) and 科技進步三等獎 (Third Level Award On Technology Advancement) in 1984 and 1986 respectively granted by Science and 河北省科學技術委員會 (Technology Committee of Hebei Province), 科技進步一等獎 (First Level Award on Technology Advancement) in 1986 granted by 河北省醫藥總公司 (Chief Medical Company of Hebei Province) and 三等獎 (Third Level Award) in 1987 granted by 國家科學技術進步獎評審委員會 (Evaluation Committee of the State Science and Technology Advancement Awards). Ms. Dong's achievements in technologies was also evidenced by the grant of a special financial grant from the State Council in 1993 for her contributions in engineering technologies.

**Ms. Yu Shumin**, aged 66, has been appointed as an independent non-executive Director on 5 September 2007. Ms. Yu graduated from 北京化學工業學院 (Beijing Chemical Technical Institute) in 1963 with a diploma in 分析化學 (Chemical Analysis). Ms. Yu obtained the qualification as engineer in 分析化學 (Chemical Analysis) in 1988. Ms. Yu is currently the 副理事長 (Deputy General Manager) of the China Fermentation Industry Association and the 理事長 (General Manager) of the association's 澱粉糖分會 (Cornstarch Sweetener Sub-association) and 多元醇分會 (Polyol Sub-association).

**Mr. Cao Zenggong**, aged 45, has been appointed as an independent non-executive Director on 5 September 2007. Mr. Cao graduated from 清華大學 (Qinghua University) in 1984 with an undergraduate degree in 電力系統及其自動化 (electrical engineering specialising in power system and automation). Mr. Cao has been the 主任工程師 (supervisory engineer) of 發展策劃部 (the development planning department) of 山東電力集團公司 (Shandong Electric Power Corporation) since July 2005 principally responsible for power system planning, feasibility analysis and electricity network management, and has been appointed as a specialist of the specialist committee of 山東電力集團公司 (Shandong Electric Power Corporation) in October 2006. Mr. Cao was awarded the 三等獎 (Third Level Award) for his thesis on 標準化設計—城建設與改造的關鍵 (Standardised Design – Keys to City Electricity Network Construction and Re-modeling) by 山東電機工程學會 (Shandong Society for Electrical Engineering) in 2001. Mr. Cao was also granted honorary certificates by 中國電力規劃設計協會 (Electric Power Design Association) in 2003 and 2004 for his participation in two award-winning projects, namely the 濟南城市電網發展規劃 (Jinan City Electricity Network Development Plan) and the 黃河北(濱州)500kv變電所工程 (Yellow River North (Bingzhou) 500kv Transformer Station Project), respectively.

#### 獨立非執行董事

**董延豐女士**，71歲，於二零零七年九月五日獲委任為獨立非執行董事。董女士於一九八八年獲國家醫藥管理局授予高級工程師資格，目前是中國澱粉工業協會的秘書長，負責綜合管理及組織及監管執行其年度計劃。於過去數年，董女士獲得多個技術獎項，包括於一九八四年及一九八六年分別獲河北省科學技術委員會頒發科技成果三等獎及科技進步三等獎、一九八六年獲河北省醫藥總公司頒發科技進步一等獎及一九八七年獲國家科學技術進步獎評審委員會頒發三等獎。董女士的技術成就亦可從一九九三年獲國務院就其對工程技術的貢獻頒發特殊津貼可見一斑。

**余淑敏女士**，66歲，於二零零七年九月五日獲委任為本公司獨立非執行董事。余女士於一九六三年畢業於北京化學工業學校，獲得分析化學文憑。余女士於一九八八年獲取分析化學工程師資格。余女士現為中國發酵工業協會副理事長及協會的澱粉糖分會及多元醇分會理事長。

**曹增功先生**，現年45歲，於二零零七年九月五日獲委任為獨立非執行董事。曹先生於一九八四年畢業於清華大學，並取得電力工程學士學位，專修電力系統及其自動化。自二零零五年七月起，曹先生為山東電力集團公司的主任工程師，主要負責電力系統計劃可行性分析及電網管理，並於二零零六年十月獲委任為山東電力集團公司專家委員會的專家。於二零零一年，曹先生的論文獲山東電機工程學會頒授「標準化設計——城網建設與改造的關鍵」三等獎。曹先生亦分別於二零零三年及二零零四年獲中國電力規劃設計協會頒授榮譽證書表揚他參與兩項獲獎項目「濟南城市電網發展規劃」及「黃河北(濱州)500kv變電所工程」。



## Directors and Senior Management Profile

### 董事及高級管理人員簡介

**Mr. Yue Kwai Wa, Ken**, aged 42, has been appointed as an independent non-executive Director on 5 September 2007. Mr. Yue is a director of Winkas Capital Limited, a financial and management consulting company. Mr. Yue was an independent non-executive director of Wealthmark International (Holdings) Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange"), during the period from January 2005 to June 2005. He was also an independent non-executive director of several companies listed on the Growth Enterprise Market of the Stock Exchange, namely, Loulan Holdings Limited, during the period from August 2004 to January 2006, Byford International Limited, during the period from May 2003 to September 2007, and Sungreen International Holdings Limited, during the period from November 2005 to February 2008. Mr. Yue is a Certified Public Accountant with over 15 years of experience in accounting, auditing and corporate finance. Mr. Yue is also a member of the American Institute of Certified Public Accountants, a member of the Colorado State Society of Certified Public Accountants and a member of the Hong Kong Securities Institute holding a specialist certificate and a practicing certificate in corporate finance

#### SENIOR MANAGEMENT TEAM

**Mr. Guo Zhibo**, aged 41, has been a director of Golden Corn since October 2005. Mr. Guo was first appointed as the deputy manager of the sales and marketing department of Golden Corn in August 1998, and was re-assigned as the deputy chief engineer in January 2000. Mr. Guo has been in charge with the Group's sales and marketing activities since July 2003.

**Mr. Zhang Junhua**, aged 45, has been a director of Golden Corn since its establishment in July 1998. Mr. Zhang is principally responsible for overseeing the Group's overall production and procurement management. He is also the deputy chairman of the board of directors of Shouguang Golden Far East Modified Starch Co., Ltd. and a director of Juneng Holding Group. Mr. Zhang graduated from 華北水利電學院 (Northern China Water and Electricity Institute) in 1984 with an undergraduate degree in 工學 (Engineering), and obtained the qualification as engineer in 1993.

**Ms. Wei Guoying**, aged 38, has been a director of Golden Corn since October 2005. Ms. Wei was appointed as the Group's chief accountant and department supervisor in 2004, and is responsible for overseeing accounting and financial reporting of Golden Corn. Ms. Wei graduated from 山東省會幹部中等專業學校 (Intermediate Institute of Accountancy of Shandong Province) with a diploma in 專業會計 (Professional Accounting) in 1989, and obtained an adult higher education diploma in 會計學 (Accounting\*) from 山東財政學院 (Shandong Finance Institute) in 2004. Ms. Wei obtained the qualification as accountant in May 1996.

**余季華先生**，42歲，於二零零七年九月五日獲委任為非執行董事。余先生是金融管理顧問榮嘉融資有限公司的董事。從二零零五年一月至二零零五年六月，余先生是在香港聯合交易所有限公司（「聯交所」）主板上市的和寶國際控股有限公司的獨立非執行董事。彼亦曾在若干於聯交所的創業板上上市的公司擔任獨立非執行董事，如樓蘭控股有限公司（二零零四年八月至二零零六年一月）、Byford International Limited（二零零三年五月至二零零七年九月）及綠陽國際控股有限公司（二零零五年十一月至二零零八年二月）。余先生是執業會計師，在會計、核數和企業融資方面經驗超過十五年，同時亦是美國會計師協會會員、科羅拉多州註冊會計師協會會員和香港證券專業學會會員，持有專業證書及企業融資執業證書。

#### 高層管理隊伍

**郭智博先生**，41歲，自二零零五年十月起出任金玉米的董事。郭先生於一九九八年八月首先擔任銷售及營銷部副經理，於二零零零年一月獲派為副總工程師。郭先生自二零零三年七月開始掌管本集團的銷售及市場活動。

**張軍華先生**，45歲，自金玉米於一九九八年七月成立起一直是金玉米的董事，張先生主要負責監督本集團的整體生產及採購管理。他亦為壽光金遠東變性澱粉有限公司董事會的副主席及巨能控股集團的董事。張先生於一九八四年畢業於華北水利電學院，持有工學學士學位，一九九三年獲取工程師資格。

**魏國英女士**，38歲，自二零零五年十月起成為金玉米的董事。魏女士於二零零四年獲委任為本集團的總會計師及主任，負責監管金玉米的財務和會計職能。魏女士於一九八九年畢業於山東省會幹部中等專業學校，取得專業會計文憑，並於二零零四年取得山東財政學院的會計學成人高等教育文憑。魏女士於一九九六年五月取得會計師資格。

## Directors and Senior Management Profile

### 董事及高級管理人員簡介

**Mr. Hu Jing**, aged 38, has been a director of Golden Corn since July 2003. He is principally responsible for the overall operations of the Group's lysine production plant and power plant. Mr. Hu joined the Group in 1998 and he was holding various positions as power plant supervisor, cornstarch factory manager and power plant manager. Mr. Hu obtained the qualification as accountant in May 1996, and a diploma in 經濟管理 (Economics Management) from 中國共產黨山東省委員會學校 (The Shandong Province Party Committee School of the People's Republic of China) in 1996.

**Mr. Su Tao**, aged 41, joined the Group in 1998 and is currently responsible for raw materials and accessories procurement. He was appointed as a deputy manager of the sales and supplies department of Golden Corn in 2002, and was later appointed as the 主任 (supervisor) of Golden Corn's supplies department in 2003. He was appointed as assistant to general manager in 2005, and was promoted to deputy manager in January 2007. Mr. Su has been the 監事 (supervisor) of Golden Corn since March 2007.

**Mr. Wang Guoliang**, aged 32, joined the Group in June 2004 as a technical supervisor and is currently responsible for the corporate management, quality and safety control and environmental protection. He graduated from 山東工業大學 (Shandong Industrial University) with an undergraduate degree in 熱能工程 (Heat Engineering) in 1997, and has obtained the qualification as engineer in 2002.

**Mr. Leung Siu Hong**, aged 32, joined the Group in February 2008 as the financial controller, qualified accountant and company secretary. Mr. Leung is responsible for company secretarial and financial reporting matters. He has over 9 years experience in auditing, accounting, corporate finance and management. Mr. Leung is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Leung holds a master's degree in accounting from the University of Aberdeen, Scotland.

**胡靖先生**，38歲，自二零零三年七月擔任金玉米的董事，主要負責本集團的賴氨酸生產廠房及發電廠的整體運作。胡先生自一九九八年為本集團服務，曾擔任多個職務，如發電廠主任、廠長及電廠廠長。胡先生於一九九六年五月取得會計師資格及於一九九六年從中國共產黨山東省委員會黨校取得經濟管理文憑。

**蘇濤先生**，41歲，自一九九八年便為本集團服務，目前負責原材料及配件採購。其於二零零二年獲委任為金玉米銷售及供應科副主任，隨後於二零零三年獲委任為金玉米物資供應部的主任。他於二零零五年獲委任為總經理助理，於二零零七年一月獲晉升為副經理。蘇先生自二零零七年三月起任金玉米的監事。

**王國良先生**，32歲，自二零零四年起加入本集團為技術部主任，目前負責企業管理、質量及安全控制及環境保護。他一九九七年畢業於山東工業大學並取得熱能工程學士學位，及於二零零二年取得工程師資格。

**梁兆康先生**，32歲，於二零零八年二月加入本集團，任財務總監、合資格會計師兼公司秘書。梁先生負責本公司的公司秘書及財務報告事宜，他擁有逾九年核數、會計、公司財務及管理經驗。梁先生為香港會計師公會會員及特許公認會計師公會的資深會員。梁先生持有蘇格蘭亞伯丁大學會計碩士學位。

## Report of the Directors

### 董事會報告書

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

董事欣然提呈其年報及本公司及其附屬公司(「本集團」)截至二零零七年十二月三十一日止年度的經審核綜合財務報表。

### GROUP REORGANISATION AND LISTING OF THE COMPANY'S SHARES ON THE MAIN BOARD OF THE STOCK EXCHANGE

### 集團重組及本公司股份在聯交所主板上市

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands ("Cayman Companies Law") on 29 November 2006, with its ultimate holding company being Merry Boom Group Limited which was a limited liability company incorporated in the British Virgin Islands.

本公司於二零零六年十一月二十九日在開曼群島根據開曼群島公司法第22章(一九六一年法例3, 經綜合及修訂)(「開曼群島公司法」)註冊成立為受豁免有限公司, 而其最終控股公司為於英屬維爾京群島註冊成立的有限公司怡興集團有限公司。

Pursuant to the reorganisation (the "Reorganisation") of the Group in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as disclosed in the prospectus of the Company dated 12 September 2007 (the "Prospectus"), the Company has since 15 December 2006 become the holding company of the Group. Further details of the Reorganisation are set out in the Prospectus.

為籌備本公司股份在香港聯合交易所有限公司(「聯交所」)主板上市, 本集團進行了重組(「重組」)(如本公司於二零零七年九月十二日刊發的招股章程(「招股章程」)所披露), 據此, 本公司自二零零六年十二月十五日起成為本集團的控股公司。有關重組的進一步詳情載於招股章程。

The shares of the Company of HK\$0.10 each ("Shares") were listed on the Main Board of the Stock Exchange on 27 September 2007.

本公司每股面值0.10港元的股份(「股份」)已於二零零七年九月二十七日在聯交所主板上市。

### PRINCIPAL ACTIVITIES

### 主要業務

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in the manufacture and sale of cornstarch, L-lysine hydrochloride salt and ancillary corn-based and corn-refined products and sales of electricity and steam. Details of the principal activities of the Company's subsidiaries are set out in note 37 to the consolidated financial statements. There were no significant changes in the nature of the principal activities of the Group during the year.

本公司的主要業務為投資控股。本公司的附屬公司主要從事製造及銷售玉米澱粉L-賴氨酸鹽酸鹽、玉米製副產品及玉米深加工產品以及銷售電力和蒸汽。有關本公司附屬公司的主要業務詳情載於綜合財務報表附註37。年內, 本集團的主要業務性質並無任何重大變動。

### RESULTS AND DIVIDENDS

### 業績及股息

The results of the Group for the year ended 31 December 2007 are set out in the consolidated income statement on page 53.

本集團截至二零零七年十二月三十一日止年度的業績載於第53頁的綜合收益表內。

The Directors recommend the payment of a final dividend of HK 3.83 cents per share, totalling approximately HK\$20,012,000, in respect of the year ended 31 December 2007. Subject to the approval of the shareholders of the Company at the forthcoming annual general meeting ("AGM") of the Company, the final dividend is expected to be paid to those shareholders whose names appear on the register of members of the Company on 16 May 2008.

董事建議派付截至二零零七年十二月三十一日止年度的末期股息每股3.83港仙, 共計約20,012,000港元, 惟須待本公司股東於本公司即將舉行的股東週年大會(「股東週年大會」)上批准, 方可作實。預期末期股息將派付予於二零零八年五月十六日名列本公司股東名冊的股東。

## Report of the Directors

### 董事會報告書

#### CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 14 May 2008 (Wednesday) to 16 May 2008 (Friday) (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investors Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on 13 May 2008 (Tuesday).

#### SHARE CAPITAL

Details of movements of the share capital of the Company during the year are set out in note 28 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

#### DONATION

The Group made charitable donations amounting to HK\$1 million during the year.

#### PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately RMB26,374,000 on additions of property, plant and equipment mainly for the expansion and enhancement of its production capability.

Details of movements in the Group's property, plant and equipment during the year are set out in note 15 to the consolidated financial statements.

The amount of valuation as at 31 July 2007 of the Group's land and buildings as included in the Prospectus was RMB185,000,000. Had the Group's land and buildings been included in the financial statements at such valuation throughout the year ended 31 December 2007, an additional depreciation charge of RMB377,000 would have been charged to the consolidated income statement for the year ended 31 December 2007.

#### SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last four financial years is set out on page 119. The summary does not form part of the audited consolidated financial statements.

#### 暫停辦理股份過戶登記手續

本公司將於二零零八年五月十四日(星期三)至二零零八年五月十六日(星期五)(首尾兩日包括在內)暫停辦理股份過戶登記手續,期內將不會辦理任何股份過戶。為符合資格獲享擬派的末期股息及出席股東週年大會並投票,所有股份過戶文件連同有關股票必須最遲於二零零八年五月十三日(星期二)下午4時正前遞交於本公司的香港股份過戶及登記分處卓佳證券登記有限公司(地址為香港灣仔皇后大道東28號金鐘匯中心26樓),以進行登記。

#### 股本

本公司股本於年內的變動詳情分別載於綜合財務報表附註28及綜合權益變動表。

#### 捐款

本集團於年內作出慈善捐款為1,000,000港元。

#### 物業、廠房及設備

年內,本集團花費約人民幣26,374,000元用於添置物業、廠房及設備,以擴展及提升其產能。

本集團物業、廠房及設備於年內的變動詳情載於綜合財務報表附註15。

如招股章程所載,本集團土地及樓宇於二零零七年七月三十一日的估值金額為人民幣185,000,000元。倘本集團土地及樓宇於截至二零零七年十二月三十一日止整個年度內按該估值計入財務報表,則截至二零零七年十二月三十一日止年度的綜合收益表將扣除額外折舊費用人民幣377,000元。

#### 財務資料概要

本集團於最近四個財政年度的已刊發業績及資產與負債的概要載於第119頁。該概要並不構成經審核綜合財務報表的一部分。

## Report of the Directors

### 董事會報告書

#### DISTRIBUTABLE RESERVES

As at 31 December 2007, under the Cayman Companies Law, the share premium 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 dividends, 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 RMB569,976,000.

#### MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for less than 30% of the Group's turnover and purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases of the Group.

During the year, each of Mr. Tian Qixiang (a director and a substantial shareholder of the Company) and Mr Yu Yingquan (a director of the Company) had an indirect interest in one of the Group's top 5 suppliers, 山東壽光巨能電力燃料有限公司 (Shandong Shouguang Juneng Electricity Fuel Co., Ltd), which was owned as to 10% by 山東壽光巨能控股集團有限公司 (Shandong Shouguang Juneng Holding Group Co., Ltd) ("Juneng Holding Group") and as to the remaining 90% by 山東壽光巨能電力建設有限責任公司 (Shandong Shouguang Juneng Electricity Construction Co., Ltd), which is in turn 5.39% owned by Juneng Holding Group. Mr. Tian Qixiang and Mr Yu Yingquan have a 55% interest and 5% interest respectively in Juneng Holding Group.

Save as disclosed above, none of the Directors, their respective associates, or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) has any interest in any of the Group's five largest suppliers nor customers during the year.

#### 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，在組織章程大綱或細則規限下，本公司之股份溢價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人民幣569,976,000元。

#### 主要客戶及供應商

年內，向本集團五大客戶作出的銷售額佔本集團營業額不足30%，而本集團五大供應商作出的採購額佔本集團採購總額不足30%。

年內，田其祥先生（本公司董事及主要股東）及于英全先生（本公司董事）於本集團五大供應商之一山東壽光巨能電力燃料有限公司擁有間接權益。山東壽光巨能電力燃料有限公司的10%權益由山東壽光巨能控股集團有限公司（「巨能控股集團」）擁有及其餘90%權益由山東壽光巨能電力建設有限責任公司擁有，而巨能控股集團則擁有山東壽光巨能電力建設有限責任公司的5.39%權益。田其祥先生及于英全先生分別於巨能控股集團擁有55%及5%權益。

除上文所披露者外，年內，董事、彼等各自的聯繫人士或本公司任何股東（據董事所知擁有本公司5%以上的已發行股本）概無於本集團任何五大供應商或客戶中擁有任何權益。



# Report of the Directors

## 董事會報告書

### DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

#### Executive Directors

Mr. Tian Qixiang (Chairman) (appointed on 29 November 2006)  
Mr. Gao Shijun (Chief Executive Officer) (appointed on 5 September 2007)  
Mr. Yu Yingquan (appointed on 15 March 2007)  
Mr. Liu Xianggang (appointed on 5 September 2007)

#### Independent non-executive Directors

Ms. Dong Yanfeng (appointed on 5 September 2007)  
Ms. Yu Shumin (appointed on 5 September 2007)  
Mr. Cao Zengong (appointed on 5 September 2007)  
Mr. Yue Kwai Wa, Ken (appointed on 5 September 2007)

By virtue of Article 112 of the Company's Articles of Association, the office of all the above mentioned Directors will end at the forthcoming annual general meeting. All the Directors, being eligible, will offer themselves for re-election.

### INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION

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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and as at the date of this report still considers all of them to be independent.

### 董事

年內及直至本報告日期止，本公司董事如下：

#### 執行董事

田其祥先生(主席)(於二零零六年十一月二十九日獲委任)  
高世軍先生(行政總裁)(於二零零七年九月五日獲委任)  
于英全先生(於二零零七年三月十五日獲委任)  
劉象剛先生(於二零零七年九月五日獲委任)

#### 獨立非執行董事

董延豐女士(於二零零七年九月五日獲委任)  
余淑敏女士(於二零零七年九月五日獲委任)  
曹增功先生(於二零零七年九月五日獲委任)  
余季華先生(於二零零七年九月五日獲委任)

根據本公司的公司章程第112條，上述所有董事的任期將於應屆股東週年大會上屆滿。所有董事均符合資格並願膺選連任。

### 獨立非執行董事的確認函

本公司已收到每位獨立非執行董事根據聯交所證券上市規則(「上市規則」)第3.13條發出的年度獨立性確認函，而於報告日期仍認為彼等全部具獨立性。

## Report of the Directors

### 董事會報告書

#### DIRECTORS' SERVICE CONTRACTS

##### Executive Director

Each of the Executive Directors has entered into a service contract with the Company for a term of three years commencing from 5 September 2007, subject to termination by either party giving to the other not less than three months' advance written notice of termination.

##### Independent non-executive Directors

Each of the independent non-executive Directors has entered into an appointment letter with the Company for his/her appointment as independent non-executive Director for a term of two years commencing from 5 September, 2007, subject to termination by either party giving to the other not less than three months' advance written notice of termination.

As at 31 December 2007, none of the Directors proposed for re-election at the forthcoming AGM has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

#### EMOLUMENT POLICY

The emolument policies of the Group are formulated based on the Group's operating results, individual performance, working experience and responsibility, merit, qualifications and competence of individual employees and comparable market statistics and are reviewed regularly.

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments of directors are determined based on the Group's operating results, individual performance, duties, responsibilities and comparable market statistics.

#### EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors of the Company and the five highest paid individuals of the Group during the year are set out in notes 11 and 12 to the consolidated financial statements.

#### 董事服務合約

##### 執行董事

每位執行董事已與本公司訂立服務合約，自二零零七年九月五日起計，為期三年，並可由一方向另一方發出不少於三個月的事先書面終止通知予以終止。

##### 獨立非執行董事

每位獨立非執行董事已與本公司就其獲委任為獨立非執行董事而訂立委任函，自二零零七年九月五日起計，為期兩年，並可由一方向另一方發出不少於三個月的事先書面終止通知予以終止。

於二零零七年十二月三十一日，擬於應屆股東週年大會上膺選連任的董事概無與本公司訂立本公司不可於一年內免付賠償(法定賠償除外)而終止的任何服務合約。

#### 薪酬政策

本集團的薪酬政策乃根據本集團的經營業績、個別表現、工作經驗與責任、個別僱員的專長、資歷及能力及可資比較市場數據制定，並定期進行檢討。

董事袍金須於股東大會上獲得股東批准。董事其他酬金乃根據本集團的經營業績、個別表現、職責、責任及可資比較市場數據釐定。

#### 董事及五位最高薪人士的酬金

有關本公司董事及本集團五位最高薪人士於年內的酬金詳情載於綜合財務報表附註 11 及 12。

# Report of the Directors

## 董事會報告書

### DIRECTORS' AND CHIEF EXECUTIVE' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

### 董事及主要行政人員於本公司或其相聯法團股份、相關股份或債券中的權益及淡倉

As at 31 December 2007, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") as recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:—

於二零零七年十二月三十一日，董事及本公司主要行政人員於本公司或其任何相聯法團(定義見香港法例第57章證券及期貨條例(「證券及期貨條例」))的股份、相關股份及債券中，擁有於根據證券及期貨條例第352條本公司存置的登記冊所記錄或根據上市規則所載的上市發行人進行證券交易的標準守則(「標準守則」)須另行知會本公司及聯交所的權益及淡倉如下：

Name of Director 董事姓名	The Company/ associated corporation 本公司／相聯法團	Capacity/nature of interest 身份／權益性質	Number and class of securities held 持有證券數目及類別 (Note 1) (附註1)	Approximate percentage of shareholding 佔股權概約百分比
Mr. Tian Qixiang ("Mr. Tian") 田其祥先生(「田先生」)	The Company 本公司	Interest of a controlled corporation 受控制法團權益	350,000,000 Shares (L)(Note 2) 350,000,000 股股份(L)(附註2)	66.99%
	Merry Boom Group Limited 怡興集團有限公司	Beneficial owner 實益擁有人	131 ordinary shares of US\$1 each (L) 131 股每股面值1美元的普通股(L)	54.58%
Mr. Gao Shijun 高世軍先生	Merry Boom Group Limited 怡興集團有限公司	Beneficial owner 實益擁有人	60 ordinary shares of US\$1 each (L) 60 股每股面值1美元的普通股(L)	25.00%
Mr. Yu Yingquan 于英全先生	Merry Boom Group Limited 怡興集團有限公司	Beneficial owner 實益擁有人	1 ordinary share of US\$1 each (L) 1 股每股面值1美元的普通股(L)	0.42%

Notes:

附註：

- (1) The letter "L" denotes the Directors' long position in the shares of the Company or the relevant associated corporation.
- (2) These Shares were held by Merry Boom Group Limited. Merry Boom Group Limited is owned as to approximately 54.58% by Mr. Tian. Mr. Tian is deemed to be interested in all the Shares held by Merry Boom Group Limited under the SFO.

- (1) 字母「L」表示董事於本公司或有關相聯法團股份的好倉。

- (2) 此等股份由怡興集團有限公司持有。怡興集團有限公司由田先生擁有約54.58%權益。根據證券及期貨條例，田先生被視為怡興集團有限公司持有的所有股份中擁有權益。

Save as disclosed above, as at 31 December 2007, none of the Directors and the chief executive of the Company nor their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

除上文所披露者外，於二零零七年十二月三十一日，董事及本公司主要行政人員或彼等各自的聯繫人士概無於本公司或其任何相聯法團(定義見證券及期貨條例第XV部分)的股份、相關股份及債券中，擁有於根據證券及期貨條例第352條須記錄於本公司存置的登記冊內或根據標準守則須另行知會本公司及聯交所的任何權益或淡倉。

## Report of the Directors

### 董事會報告書

#### SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 5 September 2007. The major terms of the Scheme are as follows:

1. The primary purpose of the Scheme is to motivate our employees and other eligible persons entitled under the scheme to optimise their contributions to the Group and to reward them for their contribution to the Group.
2. Eligible participants of the Scheme are (a) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity ("Invested Entity") in which any member of the Group holds an equity interest; (b) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of any member of the Group or any Invested Entity; (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.
3. The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the share capital of the Company in issue from time to time. The total number of the Shares which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Scheme and any other share option scheme of the Group) to be granted under the Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue on the date on which the Shares are listed on the Main Board of the Stock Exchange.

#### 購股權計劃

本公司於二零零七年九月五日採納一項購股權計劃(「該計劃」)。該計劃的主要條款如下：

1. 該計劃的要主目的為激勵本公司的僱員及該計劃項下的其他合資格人士，務求令本集團從彼等的貢獻中得到最大裨益，並回報彼等對本集團做出的貢獻。
2. 該計劃的合資格參與者為(a)本公司、其任何附屬公司或本集團任何成員公司於其擁有股權的任何實體(「投資實體」)的任何僱員(無論全職或兼職，包括執行董事，但不包括非執行董事)；(b)本公司、其任何附屬公司或任何投資實體的任何非執行董事(包括獨立非執行董事)；(c)向本集團任何成員公司或任何投資實體提供貨物或服務的供應商；(d)本集團任何成員公司或任何投資實體的任何客戶；(e)向本集團任何成員公司或任何投資實體提供研究、開發或其他技術支持的任何人士或實體；(f)本集團任何成員公司或任何投資實體的任何股東或本集團任何成員公司或任何投資實體所發行的任何證券的任何持有人；(g)本集團任何成員公司或投資實體的任何業務領域或業務發展的任何顧問(專業或其他)或諮詢師；(h)任何其他已經或可能透過合資、業務聯合或其他業務安排而對本集團的發展及成長作出貢獻的參與者小組或類別。
3. 因行使根據該計劃和本集團採納的其他購股權計劃授出而尚未行使的購股權而可能發行的股份上限，合計不得超過本公司不時已發行股本的30%。因行使根據該計劃和本集團的任何其他購股權計劃授出的全部購股權(就此而言，不包括根據該計劃及本集團的任何其他購股權計劃的條款已失效的購股權)而可能配發及發行的股份數目總額，合計不得超過股份於聯交所主板上市日期已發行股份的10%。

## Report of the Directors

### 董事會報告書

#### SHARE OPTION SCHEME (Continued)

4. The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being ("Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the shareholders of the Company in general meeting with such grantee and his associates abstaining from voting.
5. Any grant of options under the Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive directors of the Company (excluding independent non-executive director of the Company who or whose associates is the proposed grantee of the options). In addition, any grant of options to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates, in excess of 0.1% of the Shares in issue at any time or with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval of the Company in a general meeting.
6. The exercise period of the share options granted under the Scheme is determined by the directors of the Company, which period may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of the offer for the grant of the option or the expiry date of the Scheme, if earlier, subject to the provisions for early termination as stated in the Scheme.
7. The acceptance of an offer of the grant of the option must be made within 21 days from the date of the offer for the grant with a non-refundable payment of HK\$1.00 from the grantee.
8. The exercise price of the share option is determined by the Directors of the Company but shall not be less than the higher of (i) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares.
9. The Scheme shall be valid and effective till 4 September 2017.

As at 31 December 2007, no share options have been granted under the Scheme of the Company.

#### 購股權計劃(續)

4. 於任何 12 個月期間因行使根據該計劃及本集團任何其他購股權計劃所授出的購股權(同時包括已行使或尚未行使購股權兩者)已向各承授人發行及將予發行的股份總數不得超過本公司當時已發行股本 1% (「個別上限」)。於任何 12 個月期間直至再授出購股權之日(包括該日)止進一步授予超逾個別上限的購股權須待於股東大會上取得本公司的股東的批准而受讓人及其聯繫人士須放棄投票。
5. 根據該計劃授予本公司董事、行政總裁或主要股東或他們任何各自的聯繫人士的購股權必須經本公司獨立非執行董事(不包括身為購股權建議承授人或其聯繫人士為購股權建議承授人的本公司的獨立非執行董事)的批准。此外,倘向本公司主要股東或獨立非執行董事,或彼等任何各自的聯繫人士授予購股權,於十二個月期間內,超過任何時間已發行股份 0.1%,或按授出日期股份的收市價計算,總值超過 5,000,000 港元,則須待股東於本公司的股東大會上批准,方可作實。
6. 根據該計劃授出的購股權的行使期限由本公司董事釐定,該期間可由授出購股權建議日期起計,至授出購股權建議日期後十年止,或該計劃屆滿日期止(以較早者為準),惟可如該計劃所載根據有關條文提早終止。
7. 授出購股權建議須於授出建議日期起計二十一日內接納,而承授人於接納時須支付不可退還款 1.00 港元。
8. 購股權的行使價由本公司董事會釐定,但不得少於以下較高者:(i) 股份於授出日期在聯交所日報表上所列的收市價;(ii) 股份於緊接授出日期前五個營業日在聯交所日報表上的列的平均收市價;或(iii) 股份面值。
9. 該計劃將有效至二零一七年九月四日止。

於二零零七年十二月三十一日,並無根據本公司該計劃而授出購股權。



# Report of the Directors

## 董事會報告書

### INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2007, so far as is known to the Directors, the following persons, other than a Director or chief executive of the Company, have an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

### 主要股東於本公司股份及相關股份中的權益

於二零零七年十二月三十一日，據董事所知，按本公司根據證券及期貨條例第336條本公司須存置的登記冊所記錄，以下人士（董事或本公司主要行政人員除外）於本公司股份或相關股份中擁有權益或淡倉：

Name of shareholder 股東名稱	Capacity/nature of interest 身份／權益性質	Number and class of securities 持有證券數目及類別 (Note 1) (附註1)	Approximate percentage of shareholding 佔股權概約百分比
Merry Boom Group Limited 怡興集團有限公司	Beneficial owner 實益擁有人	350,000,000 (L) (Note 2) (附註2)	66.99%
Victory Investment China Group Limited	Beneficial owner 實益擁有人	44,000,000 (L)	8.42%
Wang Rui Yun	Interest in controlled corporation, Victory Investment China Group Limited 受控制法團權益，Victory Investment China Group Limited	44,000,000 (L)	8.42%

Notes:

- (1) The letter "L" denotes the long position in the shares of the Company.
- (2) These Shares were held by Merry Boom Group Limited. Merry Boom Group Limited is owned as to approximately 54.58% by Mr. Tian, an executive Director and Chairman of the Company. Mr. Tian is deemed to be interested in all the Shares held by Merry Boom Group Limited under the SFO as disclosed under the paragraph headed "Directors' and Chief Executive' Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company or its associated corporations" above.

附註：

- (1) 字母「L」指於本公司股份的好倉。
- (2) 此等股份由怡興集團有限公司持有。怡興集團有限公司由本公司執行董事兼主席田先生擁有約54.58%權益。根據證券及期貨條例，田先生被視為於怡興集團有限公司持有的所有股份中擁有權益，如上文「董事及主要行政人員於本公司或其相聯法團股份、相關股份或債券中的權益及淡倉」一段所披露。

## Report of the Directors

### 董事會報告書

#### INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (Continued)

Save as disclosed above, as at 31 December 2007, other than the directors and chief executive of the Company whose interests or short positions are set out in the paragraph headed “Directors’ and Chief Executive’ Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company or its associated corporations” above, the Directors and the chief executive of the Company were not aware of any person who had an interest or a short position in the Shares, or underlying Shares of the Company which were required to be recorded in the register kept by the Company pursuant to section 336 of the SFO.

#### DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as the Scheme of the Company disclosed above, at no time during the year was the Company, its holding company, its subsidiaries or fellow subsidiaries a party to any arrangements whose objects are, or one of whose objects is, to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

#### DIRECTORS’ AND CONTROLLING SHAREHOLDER’S INTEREST IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

##### Steam Provision Contract

The Group operates its own co-generation power plant which generates the steam and electricity needed both for the Group’s production and sales to third parties. On 1 September 2006, 山東壽光巨能金玉米開發有限公司 (Shandong Shouguang Juneng Golden Corn Development Co., Ltd) (“Golden Corn”), the Company’s subsidiary, entered into a steam provision contract (the “Steam Provision Contract”) with 山東壽光巨能特鋼有限公司 (Shandong Shouguang Juneng Special Steel Co., Ltd) (“Juneng Special Steel”) for the provision of steam to Juneng Special Steel at the relevant prevailing charge rate prescribed by the Commodity Pricing Bureau of Shouguang City (“Shouguang CPB”) from time to time. The pricing term is subject to adjustment in the event that there are changes in the prevailing charge rates for the provision of steam as prescribed by Shouguang CPB.

#### 主要股東於本公司股份及相關股份中的權益(續)

除上文所披露者外，於二零零七年十二月三十一日，除權益或淡倉載於上文「董事及主要行政人員於本公司或其相聯法團股份、相關股份或債券中的權益及淡倉」一段的本公司董事及主要行政人員外，董事及本公司行政人員概不知悉任何人士於本公司股份或相關股份中擁有根據證券及期貨條例第336條須記錄於本公司存置的登記冊的權益或淡倉。

#### 董事購入股份或債券的權利

除上文本公司該計劃所披露者外，於年內任何時間本公司、其控股公司、其附屬公司或同系附屬公司概無參與任何目的為或其中一個目的為令董事可藉購入本公司或任何其他法人團體的股份或債券而獲益的安排。

#### 董事及控股股東於重大合約及關連交易中的權益

##### 蒸汽供應合約

本集團經營本身的熱電發電廠，生產蒸汽及發電供本公司生產所需及向第三方銷售。於二零零六年九月一日，本公司的附屬公司山東壽光巨能金玉米開發有限公司（「金玉米」）與山東壽光巨能特鋼有限公司（「巨能特鋼」）簽訂蒸汽供應合約（「蒸汽供應合約」），以壽光市物價局（「壽光物價局」）不時制定的相關收費水平向巨能特鋼提供蒸汽。定價條款可按壽光物價局制定的有關提供蒸汽的現行收費水平變化而作出調整。

## Report of the Directors

### 董事會報告書

#### DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTEREST IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS (CONTINUED)

##### Steam Provision Contract (continued)

Juneng Special Steel is owned as to 59% by Juneng Holding Group, which is in turn 55% owned by Mr. Tian (who is a director of the Company and a controlling shareholder of the Company) and 5% owned by Mr. Yu Yingquan (who is a director of the Company). As Juneng Special Steel is a subsidiary of Juneng Holding Group which is an associate of Mr. Tian, Juneng Special Steel is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules.

The sales of steam to Juneng Special Steel contemplated under the Steam Provision Contract constitute continuing connected transaction of the Company under Rule 14A.14 of the Listing Rules. A waiver from strict compliance with the announcement and independent shareholders' approval requirements respecting the sales of steam to Juneng Special Steel as contemplated under the Steam Provision Contract was granted by the Stock Exchange and as such, the sales of steam to Juneng Special Steel as contemplated under the Steam Provision Contract is subject to the reporting requirement set out in Rule 14A.45 to 14A.46 of the Listing Rules with an annual cap of RMB70,000,000 and RMB70,000,000 respectively (exclusive of tax paid by Juneng Special Steel to Golden Corn for onward payment to the relevant tax authority in the People's Republic of China ("PRC") for each of the two year ending 31 December 2008.

The independent non-executive Directors of the Company have reviewed the continuing connected transaction contemplated under the Steam Provision Contract and confirmed that it has been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or terms no less favourable to the Group than terms available to independent third parties; and
- (3) in accordance with the Steam Provision Contract on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

#### 董事及控股股東於重大合約及關連交易中的權益(續)

##### 蒸汽供應合約(續)

巨能特鋼由巨能控股集團擁有59%權益，而巨能控股集團由田先生(為本公司董事及本公司控股股東)擁有55%權益及由于英全先生(為本公司董事)擁有5%權益。由於巨能特鋼為巨能控股集團(屬田先生的聯營人士)的附屬公司，因此根據上市規則第14A章，巨能特鋼為本公司的關連人士。

根據上市規則第14A.14條，根據蒸汽供應合約預計向巨能特鋼銷售蒸汽構成本公司的持續關連交易。聯交所已就根據蒸汽供應合約預計向巨能特鋼銷售蒸汽而豁免本公司嚴格遵守公告及獨立股東批准規定，而故此根據蒸汽供應合約預計向巨能特鋼銷售蒸汽須遵守上市規則第14A.45至14A.46條所載的申報規定，截至二零零八年十二月三十一日止兩個年度各年的年度上限分別為人民幣70,000,000元及人民幣70,000,000元(不包括巨能特鋼向金玉米支付，再轉付中華人民共和國(「中國」)有關稅務部門的稅款)。

本公司獨立非執行董事已審閱根據蒸汽供應合約預計進行的持續關連交易，並確認其已：

- (1) 於集團的日常及正常業務過程中訂立；
- (2) 按一般商業條款或不遜於獨立第三方給予本集團的條款訂立；及
- (3) 根據蒸汽供應合約按公平合理及符合本公司股東整體利益的條款訂立。

## Report of the Directors 董事會報告書

### DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTEREST IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS (CONTINUED)

#### Steam Provision Contract (continued)

The sales of steam to Juneng Special Steel for the year was approximately RMB60,456,000 (2006: RMB11,556,000).

The transaction amount in respect of the continuing connected transaction contemplated under the Steam Provision Contract during the year under reviewed has not exceeded the annual cap.

The Company has also received a letter from the auditors in respect of the continuing connected transaction contemplated under the Steam Provision Contract confirming that:

- (1) the transaction has received the approval of the Company's board of Directors;
- (2) has been entered into in accordance with the Steam Provision Contract; and
- (3) has not exceed the annual cap disclosed in the Prospectus.

#### Manpower Provision Agreement

Prior to the listing of the Company's shares on the Main Board of the Stock Exchange, Juneng Holding Group had been providing staff provision service to the Group. On 5 September 2007, Golden Corn entered into a manpower provision agreement ("Manpower Provision Agreement") with Juneng Holding Group for the provision of staff service by Juneng Holding Group to Golden Corn. The Manpower Provision Agreement is subsisting as at the date of this report. The terms of the Manpower Provision Agreement is for a period commencing from 5 September 2007 and ending on 31 December 2008. According to the Manpower Provision Agreement, Golden Corn shall pay to Juneng Holding Group, for each staff provided, a fixed monthly rate determined with reference to the average monthly salary of staff of Golden Corn engaged in similar functions. The monthly fee payable for each staff provided can be adjusted subject to the written consents by both parties to the Manpower Provision Agreement but shall, in any event, not exceed the average monthly salary of staff of Golden Corn engaged in similar functions or fees chargeable by independent third parties providing similar services.

### 董事及控股股東於重大合約及關連交易中的權益(續)

#### 蒸汽供應合約(續)

本年度向巨能特鋼銷售蒸汽的數額約為人民幣60,456,000元(二零零六年:人民幣11,556,000元)。

於回顧年度內,有關根據蒸汽供應合約預計進行的持續關連交易的交易金額並無超過年度上限。

本公司亦收到核數師就根據蒸汽供應合約預計進行的持續關連交易發出的函件,當中確認:

- (1) 交易已獲得本公司董事會的批准;
- (2) 已根據蒸汽供應合約訂立;及
- (3) 並無超過招股章程所披露的年度上限。

#### 人力供應協議

於本公司股份在聯交所主板上市前,巨能控股集團一直向本集團提供員工供應服務。於二零零七年九月五日,金玉米與巨能控股集團就巨能控股集團向金玉米提供員工服務而訂立人力供應協議(「人力供應協議」)。人力供應協議於本報告日期仍有效。人力供應協議的期限由二零零七年九月五日起至二零零八年十二月三十一日止。根據人力供應協議,金玉米應向巨能控股集團各員工支付固定每月費率,此乃參考金玉米參與類似職能的員工平均月薪而釐定。應付各員工每月費用可在人力供應協議訂約雙方的書面同意下作出調整,但無論如何不得超過從事類似職能的金玉米員工的平均月薪或獨立第三方就同類服務所收取的費用。

## Report of the Directors 董事會報告書

### DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTEREST IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS (CONTINUED)

#### Manpower Provision Agreement (continued)

Juneng Holding Group is 55% owned by Mr. Tian (who is a director of the Company and a controlling shareholder of the Company) and 5% owned by Mr. Yu Yingquan (who is a director of the Company). Juneng Holding Group is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. The Manpower Provision Agreement constitutes continuing connected transaction of the Company under Rule 14A.14 of the Listing Rules and is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirements. The annual cap proposed for the Manpower Provision Agreement in respect of each of the two years ending 31 December 2008 is RMB8,000,000 and RMB7,000,000.

The independent non-executive Directors of the Company have reviewed the continuing connected transaction contemplated under the Manpower Provision Agreement and confirmed that it has been entered into:

- (1) on normal commercial terms or terms no less favourable to the Group than terms available from independent third parties; and
- (2) in accordance with the Manpower Provision Agreement on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The salary paid to Juneng Holding Group for the year was approximately RMB6,950,000 (2006: RMB14,844,000).

The transaction amount in respect of the continuing connected transaction contemplated under the Manpower Provision Agreement during the year under reviewed has not exceeded the annual cap.

The Company has also received a letter from the auditors in respect of the continuing connected transaction contemplated under the Manpower Provision Agreement confirming that:

- (1) the transaction has received the approval of the Company's board of Directors;
- (2) has been entered into in accordance with the Manpower Provision Agreement; and
- (3) has not exceed the annual cap disclosed in the Prospectus.

### 董事及控股股東於重大合約及關連交易中的權益(續)

#### 人力供應協議(續)

巨能控股集團由田先生(為本公司董事及本公司控股股東)擁有55%權益及由于英全先生(為本公司董事)擁有5%權益。就上市規則第14A章而言,巨能控股集團為本公司的關連人士。根據上市規則第14A.14條,人力供應協議構成本公司的持續關連交易,因而須遵守申請及公告規定但可豁免獨立股東批准規定。人力供應協議截至二零零八年十二月三十一日止兩個年度各年的建議年度上限為人民幣8,000,000元及人民幣7,000,000元。

本公司獨立非執行董事已審閱根據人力供應協議預計進行的持續關連交易,並確認其已:

- (1) 按一般商業條款或不遜於獨立第三方給予本集團的條款訂立;及
- (2) 根據人力供應協議按公平合理及符合本公司股東整體利益的條款訂立。

本集團支付予巨能控股集團的薪酬約為人民幣6,950,000元(二零零六年:人民幣14,844,000元)。

於回顧年度內,有關根據人力供應協議預計進行的持續關連交易的交易金額並無超過年度上限。

本公司亦收到核數師就根據人力供應協議預計進行的持續關連交易發出的函件,當中確認:

- (1) 交易已獲得本公司董事會的批准;
- (2) 已根據人力供應協議訂立;及
- (3) 並無超過招股章程所披露的年度上限。

## Report of the Directors 董事會報告書

### DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTEREST IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS (CONTINUED)

#### Manpower Provision Agreement (continued)

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules as applicable to the Manpower Provision Agreement.

Other than as disclosed above, no contract of significance, to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year, nor had there been any contract of significance entered into between the Group and a controlling shareholder of the Company during the year ended 31 December 2007.

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the year ended 31 December 2007.

### COMPETING INTERESTS

As at the date of this report, Juneng Holding Group, an investment holding company established in the PRC, was 55% owned by Mr. Tian (who is a Director and a controlling shareholder of the Company) and accordingly is an associate of Mr. Tian for the purpose of the Listing Rules. As at the date of this report, Juneng Holding Group was interested in approximately 33% of the equity interest of 山東壽光巨能熱電發展有限公司 (Shandong Shouguang Juneng Heat and Electricity Development Co., Ltd.) ("Juneng Heat and Electricity Development"), a company established in the PRC and is principally engaged in the provision of electricity to the provincial power grid of Shandong Province. Each of Juneng Holding Group and Juneng Heat and Electricity Development has given an irrevocable non-competition undertaking in favour of the Company. For further details, please refer to the paragraph headed "Competing business of controlling shareholders" under the section headed "Business" in the Prospectus.

Save as disclosed above, as at 31 December 2007, in so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business apart from the Group's businesses that competed or was likely to compete, either directly or indirectly, with the businesses of the Group.

### 董事及控股股東於重大合約及關連交易中的權益(續)

#### 人力供應協議(續)

本公司已遵守人力供應協議適用的上市規則第 14A 章的披露規定。

除上文所披露者外，本公司、其任何控股公司、附屬公司或同系附屬公司概無參與訂立本公司董事直接或間接擁有重要權益且於年末或年內任何時間仍有效的重大合同，而於截至二零零七年十二月三十一日止年度內本集團與本公司控股股東亦無立任何重大合同。

### 購買、出售或贖回本公司的上市證券

於截至二零零七年十二月三十一日止年度內，本公司或其任何附屬公司概無購買、出售或贖回本公司的上市證券。

### 競爭權益

於本報告日期，巨能控股集團乃一間於中國成立的投資控股公司，由田先生（為董事及本公司控股股東）擁有 55% 權益，因此就上市規則而言屬田先生的聯繫人士。於本報告日期，巨能控股集團於山東壽光巨能熱電發展有限公司（「巨能熱電發展」）擁有約 33% 股權，巨能熱電發展乃一間於中國成立的公司，主要從事向山東省電力網絡提供電力。巨能控股集團及巨能熱電發展各自已不可撤回地向本公司作出不競爭承諾。有關進一步詳情，請參閱招股章程內「業務」一節「控股股東的競爭業務」一段。

除上文所披露者外，於二零零七年十二月三十一日，據董事所知，概無董事或彼等各自己的聯繫人士在與本集團業務直接或間接構成或可能構成競爭的業務（本集團業務除外）中擁有任何權益。



## Report of the Directors

### 董事會報告書

#### PRE-EMPTIVE RIGHTS

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

#### POST BALANCE SHEET EVENTS

Details of significant post balance sheet events are set out in note 38 to the financial statements.

#### PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's total issued shares as required under the Listing Rules.

#### CORPORATE GOVERNANCE

The Directors are of the opinion that the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules since the listing of the Shares on the Main Board of the Stock Exchange on 27 September 2007.

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 20 to 30 of this annual report.

#### AUDITORS

Deloitte Touche Tohmatsu Certified Public Accountants were appointed as the auditors of the Company for the year ended 31 December 2007. The financial statements for the year ended 31 December 2007 have been audited by Deloitte Touche Tohmatsu Certified Public Accountants who retire and, being eligible, offer themselves for reappointment. A resolution will be proposed at the forthcoming annual general meeting of the Company for the re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants as auditors of the Company.

On behalf of the Board

**Tian Qixiang**  
Chairman

Hong Kong  
16 April 2008

#### 優先購買權

本公司的公司章程或開曼群島法例概無載列有關本公司須按比例基準向現有股東發售新股份的優先購買權條文。

#### 結算日後事項

有關重大結算日後事項的詳情載於財務報表附註38。

#### 公眾持股量

根據本公司公開可用的資料及就其董事所知，於本報告日期，本公司按上市規則規定維持不少於本公司已發行股份總數25%的足夠公眾持股量。

#### 企業管治

董事認為，本公司自股份於二零零七年九月二十七日在聯交所主板上市以來，一直遵守上市規則附錄14中企業管治常規守則所載的守則條文。

本公司的企業管治常規守則載於本年報第20至30頁的企業管治報告。

#### 核數師

德勤·關黃陳方會計師行已獲委任為本公司截至二零零七年十二月三十一日止年度的核數師。截至二零零七年十二月三十一日止年度的財務報表已由德勤·關黃陳方會計師行審核，惟德勤·關黃陳方會計師行須退任並符合資格及願獲重新委聘。本公司將於應屆股東週年大會上提呈一項決議案，以重新委聘德勤·關黃陳方會計師行為本公司的核數師。

代表董事會

**田其祥**  
主席

香港  
二零零八年四月十六日

# Independent Auditor's Report

## 獨立核數師報告書

### Deloitte.

### 德勤

#### TO THE MEMBERS OF CHINA STARCH HOLDINGS LIMITED

(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Starch Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 53 to 118, 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.

#### 致中國澱粉控股有限公司全體股東

(於開曼群島註冊成立之有限公司)

本核數師(以下簡稱「我們」)已審核列載於第53至118頁中國澱粉控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表，包括於二零零七年十二月三十一日的綜合資產負債表，及截至該日止年度的綜合收入報表、綜合權益變動表及綜合現金流量表，以及主要會計政策概要及其他附註解釋。

#### 董事就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例的披露規定編製及真實而公平地列報該等綜合財務報表。這責任包括設計、實施及維護與編製及真實而公平地列報綜合財務報表相關的內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述；選擇和應用適當的會計政策；及按情況下作出合理的會計估計。

#### 核數師的責任

我們的責任是根據我們的審核對該等綜合財務報表作出意見，向整體股東作出報告，而不可用作其他用途。我們概不就本報告的內容對任何其他人士負上或承擔責任。我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定此等綜合財務報表是否不存有任何重大錯誤陳述。

## Independent Auditor's Report

### 獨立核數師報告書

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, 16 April 2008

審核涉及執程序以獲取有關綜合財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製及真實而公平地列報綜合財務報表相關的內部控制，以設計適當的審核程序，但並非為對公司的內部控制的效能發表意見。審核亦包括評價董事所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價綜合財務報表的整體列報方式。

我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

#### 意見

我們認為，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的財務狀況及截至該日止年度的溢利及現金流量，並已按照香港公司條例的披露規定妥為編製。

#### 德勤 • 關黃陳方會計師行

執業會計師  
香港二零零八年四月十六日

# Consolidated Income Statement

## 綜合收益表

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

		Year ended 31 December 截至十二月三十一日止年度		
		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	
Turnover	營業額	5	1,349,962	1,031,506
Cost of goods sold	銷貨成本		(1,084,677)	(836,267)
Gross profit	毛利		265,285	195,239
Other income	其他收入	6	31,695	10,631
Interest income	利息收入	7	8,756	4,632
Distribution expenses	分銷費用		(40,976)	(31,944)
Administrative expenses	行政費用		(37,985)	(25,568)
Finance costs	融資成本	8	(20,495)	(16,359)
Share of result of an associate	應佔聯營公司業績		(2,375)	(3,475)
Profit before taxation	除稅前利潤	9	203,905	133,156
Taxation	稅項	10	(185)	(18,766)
Profit for the year	本年度利潤		203,720	114,390
Attributable to:	以下各項應佔：			
Equity holders of the Company	本公司權益持有人		203,720	66,574
Minority interests	少數股東權益		-	47,816
			203,720	114,390
Dividends recognised as distribution	於分派時確認的股息	13	70,794	108,000
Attributable to:	以下各項應佔：			
Equity holders of the Company	本公司權益持有人		70,794	58,950
Minority interests	少數股東權益		-	49,050
			70,794	108,000
Earnings per share – basic (RMB)	每股盈利—基本(人民幣)	14	0.6256	0.2536

# Consolidated Balance Sheet

## 綜合資產負債表

As at 31 December 2007

於二零零七年十二月三十一日

		At 31 December 於十二月三十一日	
		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
	Notes 附註		
<b>Non-current assets</b>			
Property, plant and equipment	15	425,518	433,876
Prepaid lease payments	16	28,190	35,099
Interests in an associate	17	29,643	21,875
Deferred tax assets	26	1,183	1,368
		<b>484,534</b>	492,218
<b>Current assets</b>			
Inventories	18	117,695	115,915
Prepaid lease payments	16	819	941
Trade and other receivables	19	144,559	138,352
Amounts due from related companies	20	230	2,000
Pledged bank deposits	21	2,000	37,500
Bank balances and cash	21	362,648	55,976
		<b>627,951</b>	350,684
<b>Current liabilities</b>			
Trade and other payables	22	133,260	99,537
Amount due to a related company	23	-	14,265
Dividend payable		-	78,500
Income tax payable		11,379	19,881
Employee housing deposits			
Basic deposit portion	24	26,846	27,292
Installment portion	24	3,857	4,153
Borrowings	25	92,885	101,608
		<b>268,227</b>	345,236
<b>Net current assets</b>		<b>359,724</b>	5,448
<b>Total assets less current liabilities</b>		<b>844,258</b>	497,666

# Consolidated Balance Sheet

## 綜合資產負債表

As at 31 December 2007

於二零零七年十二月三十一日

		At 31 December 於十二月三十一日	
		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
	Notes 附註		
<b>Non-current liabilities</b>			
Employee housing deposits			
Installment portion			
Borrowings			
Deferred income			
		<b>51,917</b>	313,881
<b>Net assets</b>			
		<b>792,341</b>	183,785
<b>Capital and reserves</b>			
Share capital			
Reserves			
Retained earnings			
		<b>792,341</b>	183,785

The financial statements on pages 53 to 118 were approved and authorised for issue by the Board of Directors on 16 April 2008 and are signed on its behalf by:

載於第53至118頁的財務報表於二零零八年四月十六日獲董事會批准及授權發佈，並由下列董事代表簽署：

**Tian Qixiang**

田其祥

Director

董事

**Yu Yingquan**

于英全

Director

董事



# Consolidated Statements of Changes in Equity

## 綜合權益變動表

For the Year ended 31 December 2007

截至二零零七年十二月三十一日止年度

	Attributable to equity holders of the Company							Minority interests 少數股東權益	Total 合計
	本公司權益持有人應佔								
	Share capital	Paid-in capital	Special reserve	Capital reserve	Statutory reserve	Retained profits	Total		
	股本	繳入資本	特別儲備	資本儲備	法定儲備	留存利潤	總計		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
At 1 January 2006									
Profit for the year and total recognised income and expense for the year	-	65,500	-	40,694	12,916	45,001	164,111	136,552	300,663
Dividend	-	-	-	-	-	(58,950)	(58,950)	(49,050)	(108,000)
Issue of shares upon incorporation	-	2	-	-	-	-	2	-	2
Elimination of minority interest capital upon the group reorganisation	-	-	135,318	-	-	-	135,318	(135,318)	-
Elimination of the then paid-in capital upon the group reorganisation	-	(65,500)	(74,500)	-	-	-	(140,000)	-	(140,000)
Exchange of shares upon the group reorganisation	151	(2)	(149)	-	-	-	-	-	-
Contribution arising from interest free loan from shareholder	-	-	-	16,730	-	-	16,730	-	16,730
Transfer to statutory reserves	-	-	-	-	18,308	(18,308)	-	-	-
At 31 December 2006	151	-	60,669	57,424	31,224	34,317	183,785	-	183,785
Profit for the year and total recognised income and expense for the year	-	-	-	-	-	203,720	203,720	-	203,720
Dividends recognised as distribution	-	-	-	-	-	(70,794)	(70,794)	-	(70,794)
Issue of shares upon loan capitalisation (Note ii)	48	-	-	125,324	-	-	125,372	-	125,372
Issue of share upon capitalisation (Note iii)	33,589	-	(33,589)	-	-	-	-	-	-
Issue of share upon the global offering	16,689	-	-	353,813	-	-	370,502	-	370,502
Transaction costs attributable to issue of shares	-	-	-	(20,244)	-	-	(20,244)	-	(20,244)
Transfer to statutory reserves (Note iv)	-	-	-	-	21,741	(21,741)	-	-	-
At 31 December 2007	50,477	-	27,080	516,317	52,965	145,502	792,341	-	792,341

## Notes:

- Special reserve of the China Starch Holdings Limited (the "Company") and its subsidiaries (the "Group") represents (i) the difference between the nominal value of the share capital and share premium issued by the Company and the aggregate of the share capital and share premium of the subsidiaries acquired upon the group reorganisation ("Group Reorganisation"); and (ii) the difference between the consideration paid by the direct subsidiary for the entire registered capital of the indirect subsidiary and the amount of registered capital of the indirect subsidiary.
- The issue of shares upon loan capitalisation represents the issue of 500,000 shares of HK\$0.1 each to Merry Boom Group Limited ("Merry Boom") at an aggregate subscription price of an amount equal to loan due by the Company to Merry Boom pursuant to shareholders' resolution dated 5 September 2007.
- The issue of shares upon capitalisation represents the issue of 348,000,000 shares of HK\$0.1 each upon the special reserve amount of the Company pursuant to the shareholders' resolution dated 5 September 2007.

## 附註:

- 中國澱粉控股有限公司(「本公司」)及其附屬公司(「本集團」)特別儲備是指(i)集團重組(「集團重組」)後本公司已發行股本及股份溢價價值和收購附屬公司的股本及股份溢價總值之間的差異;及(ii)直接附屬公司就非直接附屬公司全部註冊資本支付的代價和非直接附屬公司的註冊資本之間的差異。
- 貸款資本化後發行的股份指向怡興集團有限公司(「怡興」)發行500,000股每股面值0.1港元的股份,累積認購價的金額相當於本公司根據日期為二零零七年九月五日的股東決議案從怡興貸款的金額。
- 資本化後發行的股份指根據日期為二零零七年九月五日的股東決議案按本公司特別儲備金額發行348,000,000股每股面值0.1港元的股份。

## Consolidated Statements of Changes in Equity

### 綜合權益變動表

For the Year ended 31 December 2007

截至二零零七年十二月三十一日止年度

iv. As stipulated by the relevant laws in the People's Republic of China ("PRC"), the subsidiary registered in the PRC is required to maintain statutory surplus reserve fund which are non distributable.

Appropriations to such reserves are made out of net profit after taxation as reported in the tax return submitted to the local tax bureau of the Company while the amounts and allocation basis are decided by its board of directors annually. The statutory surplus reserve fund can be used to make up prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue.

During the year, the allocation of statutory surplus reserve fund is based on 10% of net profit after taxation as reported in the tax return submitted to the local tax bureau.

iv. 誠如中華人民共和國(「中國」)的相關法律規定，在中國註冊的附屬公司必須設立不可作分派的法定盈餘公積金。

向該等儲備撥款是從本公司向地方稅務局提交的報稅中所呈報的除稅後純利中撥出，而金額及分配基準則由董事會每年釐定。法定盈餘公積金可用於彌補過往年度虧損(倘有)，並可透過資本化發行轉為資本。

年內，法定盈餘公積金乃根據向地方稅務局提交的報稅中所呈報的除稅後純利的10%分配。

# Consolidated Cash Flow Statement

## 綜合現金流量表

For the Year ended 31 December 2007

截至二零零七年十二月三十一日止年度

		At 31 December 於十二月三十一日	
		2007 二零零七年 RMB'000 人民幣千元	2006 二零零五年 RMB'000 人民幣千元
<b>Operating activities</b>	<b>經營活動</b>		
Profit before taxation	除稅前利潤	<b>203,905</b>	133,156
Adjustments for:	經調整以下項目：		
Interest income	利息收入	<b>(8,756)</b>	(4,632)
Finance costs	融資成本	<b>20,495</b>	16,359
Share of result of an associate	應佔聯營公司業績	<b>2,375</b>	3,475
Depreciation of property, plant, equipment	物業、廠房及設備折舊	<b>46,429</b>	43,948
Realised gain arising on injecting property, plant, equipment and land use right as capital to an associate	在向一家聯營公司注資物業、廠房及設備和土地使用權之後產生的已變現收益	<b>(430)</b>	(431)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備的虧損	<b>970</b>	266
Gain on sales of leasehold land	銷售租賃土地的收益	<b>(24,402)</b>	-
Amortisation of prepaid lease payments	預付租賃款的攤銷	<b>939</b>	949
Amortisation of staff quarter rental income and steam connection income	員工宿舍租金收入及蒸汽接駁收入攤銷	<b>(1,978)</b>	(1,843)
Net foreign exchange loss	滙兌虧損淨額	<b>2,237</b>	-
Operating cash flows before movements in working capital	營運資金出現變動之前的經營現金流量	<b>241,784</b>	191,247
Increase in deferred income attributable to steam connection	蒸汽接駁應佔遞延收入的增加	<b>7,270</b>	1,226
Increase in inventories	存貨增加	<b>(1,780)</b>	(34,443)
Increase in trade and other receivables	貿易及其他應收款增加	<b>(5,184)</b>	(33,279)
Increase (decrease) in trade and other payables	貿易及其他應付款增加(減少)	<b>30,033</b>	(30,622)
Cash generated from operations	經營產生的現金	<b>272,123</b>	94,129
Income taxes paid	已繳納所得稅	<b>(8,502)</b>	(9,531)
Net cash from operating activities	經營活動所產生的現金淨額	<b>263,621</b>	84,598

# Consolidated Cash Flow Statement

## 綜合現金流量表

For the Year ended 31 December 2007

截至二零零七年十二月三十一日止年度

		At 31 December 於十二月三十一日	
		2007 二零零七年 RMB'000 人民幣千元	2006 二零零五年 RMB'000 人民幣千元
<b>Investing activities</b>	<b>投資活動</b>		
Interest received	已收利息	8,756	4,632
Purchases of property, plant and equipment	購置物業、廠房及設備	(26,374)	(26,608)
Proceeds on disposal of property, plant and equipment	出售物業、廠房及設備所得款	211	615
Proceeds on disposal of leasehold land	出售租賃土地所得款	15,294	-
Repayment from related companies	關連公司還款	1,770	38,891
Investment in an associate	於一家聯營公司投資	(9,713)	-
Decrease in pledged bank deposits	已抵押銀行存款減少	35,500	30,185
Net cash from investing activities	投資活動產生的現金淨額	<b>25,444</b>	47,715
<b>Financing activities</b>	<b>融資活動</b>		
Interest paid	已付利息	(13,477)	(14,769)
Dividends paid	已付股息	(144,474)	(25,271)
Proceeds from issue of shares	發行股份所得款	370,502	-
Expense on issue of shares	發行股份的費用	(20,244)	-
Proceeds from borrowings	借貸所得款	182,000	587,590
Repayments of borrowings	償還借貸	(331,388)	(572,000)
(Decrease) increase in employee housing deposits	員工房屋保證金(減少)增加	(4,599)	19,918
Advance from (Repayment to) a related company	一間關連公司墊款(還款)	(13,342)	14,265
Prepayment made to shareholders upon the group reorganisation	集團重組後向股東支付的預付款	-	(140,000)
Net cash from financing activities	融資活動產生的現金淨額	<b>24,978</b>	(130,267)
Net increase (decrease) in cash and cash equivalents	現金及現金等價物增加(減少)淨額	<b>314,043</b>	2,046
Cash and cash equivalents at the beginning of the year	年初的現金及現金等價物	55,976	53,930
Effect of foreign exchange rate changes	匯率變動的影響	(7,371)	-
Cash and cash equivalents at the end of the year represented by bank balances and cash	年終的現金及現金等價物(以銀行結餘及現金列示)	<b>362,648</b>	55,976

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

#### 1. GROUP RESTRUCTURING AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company was incorporated in Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on 29 November 2006 and its shares have been listed on the Main Board of the The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 27 September 2007. Its ultimate holding company is Merry Boom (incorporated in British Virgin Islands). The address of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

Pursuant to the Group Reorganisation to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Stock Exchange, the Company became the holding company of the Group on 15 December 2006. Details of the Group Reorganisation were set out in the prospectus issued by the Company dated 12 September 2007 ("Prospectus").

The consolidated financial statements are prepared as if the group structure as at the date of Group Reorganisation had been in existence throughout the year ended 31 December 2006, or since the respective dates of incorporation of establishment of the companies comprising the Group where this is a shorter period, using the principles of merger accounting in accordance with Accounting Guideline 5 Merger Accounting for Common Control Combinations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") with the details of the accounting policy as set out in note 3. The financial statements have taken into account the effective interest in 山東壽光巨能金玉米開發有限公司 (Shandong Shouguang Juneng Golden Corn Development Co., Ltd.) ("Golden Corn") held by Mr. Tian Qixiang ("Mr. Tian") prior to the Group Reorganisation and by Sourcestar Worldwide Inc. ("Sourcestar") upon Group Reorganisation.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Group.

The principal activities of the Group are the manufacture and sale of cornstarch, lysine and its related products and generation and sales of electricity and steam.

#### 1. 集團重組及綜合財務報表之編製基準

本公司為於二零零六年十一月二十九日根據開曼群島公司法在開曼群島註冊成立的獲豁免有限公司，其股份已自二零零七年九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。其最終控股公司為怡興（於英屬維爾京群島註冊成立）。本公司註冊辦事處地址及主要營業地點乃於年報公司資料一節中披露。

為籌備本公司股份在聯交所上市，本集團已進行旨在精簡本集團結構的集團重組，據此，本公司於二零零六年十二月十五日成為本集團的控股公司。有關集團重組的詳情載於本公司於二零零七年九月十二日刊發的招股章程（「招股章程」）。

綜合財務報表乃根據香港會計師公會（「香港會計師公會」）頒佈的會計指引第5號合併受共同控制公司的合併會計法，以合併會計法原則編製（會計政策的詳情載於附註3），猶如本集團架構由集團重組日期起至截至二零零六年十二月三十一日止年度或自本集團各成員公司各自的註冊成立日期（以較短者為準）起一直存在。財務報表已計及由田其祥先生（「田先生」）於集團重組前所擁有及由Sourcestar Worldwide Inc.（「Sourcestar」）於集團重組後擁有山東壽光巨能金玉米開發有限公司（「金玉米」）的實際權益。

綜合財務報表乃以人民幣（「人民幣」）列值，人民幣亦為本集團的功能貨幣。

本集團的主要業務為製造及銷售玉米澱粉、賴氨酸及其相關產品，以及生產及銷售電力及蒸汽。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group, in the current year, has applied all of new and revised Standards and Interpretations (hereinafter collectively referred to as “new HKFRSs”) issued by the HKICPA that are effective for the financial periods beginning on 1 January 2007. 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.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective at the balance sheet date.

HKAS 1 (Revised)	Presentation of Financial Statements <sup>4</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>4</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>5</sup>
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations <sup>4</sup>
HKFRS 3 (Revised)	Business Combinations <sup>5</sup>
HKFRS 8	Operating Segments <sup>4</sup>
HK (IFRIC)-INT 11	HKFRS 2: Group and Treasury Share Transactions <sup>1</sup>
HK (IFRIC)-INT 12	Service Concession Arrangements <sup>2</sup>
HK (IFRIC)-INT 13	Customer Loyalty Programmes <sup>3</sup>
HK (IFRIC)-INT 14	HKAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction <sup>2</sup>

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

The directors of the Company (the “Directors”) anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

## 2. 採用新訂及修訂的香港財務報告準則

本集團於本年度已採用所有由香港會計師公會頒發的於二零零七年一月一日開始的財政期間生效的新訂及修訂準則及詮釋(以下合稱為「新香港財務報告準則」)。採納新香港財務報告準則，並無對本集團於現時或過往會計期間的業績及財務狀況的編制及呈報方式產生重大影響。

本集團並未提早採用下列於結算日期已頒佈但尚未生效的新訂及修訂準則或詮釋。

香港會計準則第1號(修訂)	財務報表的呈報 <sup>4</sup>
香港會計準則第23號(修訂)	借款成本 <sup>4</sup>
香港會計準則第27號(修訂)	綜合及獨立財務報表 <sup>5</sup>
香港財務報告準則第2號(修訂本)	歸屬條件及註銷 <sup>4</sup>
香港財務報告準則第3號(修訂)	業務合併 <sup>5</sup>
香港財務報告準則第8號	經營分部 <sup>4</sup>
香港(國際財務報告準則 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>1</sup>
香港(國際財務報告準則 詮釋委員會)-詮釋第12號	服務特許權安排 <sup>2</sup>
香港(國際財務報告準則 詮釋委員會)-詮釋第13號	客戶忠誠計劃 <sup>3</sup>
香港(國際財務報告準則 詮釋委員會)-詮釋第14號	香港會計準則第19號-界定利益資 產的限制、最低資金需求及其互相關係 <sup>2</sup>

1. 於二零零七年三月一日或的後開始的年度期間生效
2. 於二零零八年一月一日或的後開始的年度期間生效
3. 於二零零八年七月一日或的後開始的年度期間生效
4. 於二零零九年一月一日或的後開始的年度期間生效
5. 於二零零九年七月一日或的後開始的年度期間生效

本公司董事(「董事」)預期，應用該等準則或詮釋將不會對本集團的業績及財務狀況產生重大影響。



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for employee housing deposits, which were being adjusted to fair value at initial recognition.

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 Hong Kong Companies Ordinance.

#### Basis of consolidation

The consolidated financial statements incorporated 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.

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.

#### Merger accounting for business combination under common control

The consolidated financial statements incorporate the financial statement items of the combining business in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

### 3. 主要會計政策

除員工房屋保證金於初步確認時調整至公平值外，綜合財務報表以歷史成本基準編製。

綜合財務報表是根據符合香港會計師公會發出的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公司條例規定之適用披露事項。

#### 綜合基準

綜合財務報表包括本公司及本公司所控制的實體(其附屬公司)的財務報表。倘本公司有權控制一個實體的財務及經營政策以從其活動中獲利，則控制方為達成。

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。

集團內的一切重大交易、結餘、收入及支出均於綜合時撇銷。

#### 共同控制業務合併的合併會計法

綜合財務報表包括合併業務產生共同控制合併的財務報表項目，猶如合併業務最初受控制方控制之日已經合併。

合併業務的資產淨值是採用控制方所視之現行賬面值作綜合入賬，而且並無確認於共同控制合併之時的高譽或收購方在被收購方的可辨識資產、負債及或然負債的公平淨值的權益較成本高出之數，惟控制方仍持續擁有權益。

不論共同控制合併的日期是何時，綜合收益表包括每個合併業務從最初呈報日開始或從合併業務最初受共同控制之時(取較短期間者)的業績。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Investment in associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investment in an associate is carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

### 3. 主要會計政策(續)

#### 在聯營公司的投資

聯營公司是本集團對其有重大影響的實體，並非附屬公司或於合營企業的權益。

聯營公司的業績、資產及負債均採用權益會計法納入本綜合財務報表。根據權益法，在一間聯營公司的投資會按本集團於收購後在聯營公司的應佔資產淨值變動作出調整的成本，減任何已辨識減值虧損得出的數額在綜合資產負債表中入賬。倘本集團應佔聯營公司的虧損相等或超過其於聯營公司的權益(包括任何實質上組成本集團於聯營公司的投資淨額的長期權益)，則本集團會終止再確認任何應佔虧損。本集團只會在產生法律或推定責任或已替該聯營公司支付款項等情況下才會為額外應佔虧損計提撥備及確認負債。

重新評估後，任何本集團應佔可識別資產、負債及或然負債公平淨值超過收購成本的差額乃隨即於損益表內確認。

倘集團實體與本集團的聯營公司交易，利潤和虧損均會抵銷，惟必須是屬於本集團在相關聯營公司的權益。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue recognition

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

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

Steam connection income received from customers for steam supply are deferred and amortised into the consolidated income statement over the estimated usage period.

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.

### 3. 主要會計政策(續)

#### 收益確認

收入是按已收或應收的代價的公平值計算，是指在正常業務過程中銷售貨品的應收款減去折扣及銷售相關稅項得出的金額。

貨品銷售會在貨物已交付及擁有權已轉交時確認。

向客戶提供蒸氣而收取蒸氣供應收入於估計使用期間內於綜合收益表內遞延及攤銷。

金融資產所產生的利息收入是按時間累計，參照尚欠本金及適用的實際利率計算；實際利率是按金融資產的估計年期折現未來估計的現金收入計算該資產賬面淨值的比率。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Leasing

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

#### *The Group as lessee*

Rental payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. 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.

#### *Leasehold land*

Interest in leasehold land is accounted for as operating leases and amortised over the lease term on a straight-line basis.

#### Foreign currency

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

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

### 3. 主要會計政策(續)

#### 租賃

倘租賃條款實質上將擁有權的一切風險及回報轉讓予承租人，則有關租賃會歸類為融資租賃。其餘租賃一律歸類為經營租賃。

#### *本集團作為承租人*

根據經營租賃支付的租金會按相關租賃的租期以直線法入賬為利潤或虧損。作為訂立經營租賃獎勵的已收及應收實益則按租期以直線法確認為租金支出的減少。

#### *租賃土地*

租賃土地的權益當作經營租賃入賬，並以直線法於租賃期內攤銷。

#### 外匯

於編製各獨立集團實體的財務報表時，以該實體的功能貨幣以外貨幣(外幣)進行的交易乃按交易日匯率折算為其功能貨幣入賬。於每個結算日，以外幣計值的貨幣資產以結算日匯率重新折算。以外幣歷史成本計量的非貨幣項目概不重新折算。

匯率差異於結算貨幣項目及兌換貨幣項目時產生，並於產生期內確認為利潤或虧損。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Borrowing costs

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

#### 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 deducted in arriving at the carrying amount of the relevant asset. Grants related to expense items are recognised in the same periods as those expenses are charged in the consolidated income statement and are reported separately as “other income”.

#### Retirement benefit costs

Payments to state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contribution.

#### Taxation

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

#### Current 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 periods and it further excludes income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

### 3. 主要會計政策(續)

#### 借貸成本

所有借貸成本會於產生期間內於綜合收益表確認為並計入融資成本。

#### 政府補助

政府補助會於需用以彌償相關成本的期間確認為收入。與可折舊資產相關的補助會於計算相關資產賬面值時扣除。與支出項目相關的補助會於該等支出在綜合收益表中計賬的同一期間確認，並分別呈報為「其他收入」。

#### 退休福利成本

國家管理的退休福利計劃及強制性公積金計劃的付款會於員工已提供服務因而符合資格獲供款時入賬為支出。

#### 稅項

所得稅支出是指當期應付的稅款及遞延稅項。

#### 當期稅項

當期應付稅項是根據該年度的應課稅利潤計算。應課稅利潤與綜合收益表呈報的利潤不同，因為並不包括在其他期間的應課稅或可扣除收入或支出，而且亦不包括從來毋須課稅或不可扣除的收益表項目。本集團當期的稅項負債是採用於結算日之前已經頒布或實質上已經頒布的稅率計算。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Taxation (continued)

##### Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which those 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.

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

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

#### Property, plant and equipment

Property, plant and equipment, other than those under construction, are stated at cost less subsequent depreciation and impairment losses.

Plant and equipment under construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Plant and equipment under construction is classified to the appropriate category of plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

### 3. 主要會計政策(續)

#### 稅項(續)

##### 遞延稅項

綜合財務報表的資產及負債賬面值與用以計算應課稅利潤的稅基之間差異會確認為遞延稅項，並採用資產負債表債務法入賬。一切應課稅暫時差異一般均會確認為遞延稅項負債，遞延稅項資產則必須可能會有應課稅利潤能用以抵銷該等可扣除暫時差異時才會確認為遞延稅項資產。倘暫時差異是由商譽或對應課稅利潤或會計利潤無影響的交易的其他資產及負債的初步確認(業務合併以外者)產生，則該等資產及負債不會獲確認。

遞延稅項資產的賬面值會於每個結算日檢討，倘不再可能會有足夠的應課稅利潤可藉以恢復全部或部分資產則會予遞減。

遞延稅項是按預期於負債結算或資產變現的期間實施的稅率計算。遞延稅項會計入或扣自利潤或虧損，惟倘其直接與計入或扣自權益的項目相關者除外，在該情況下遞延稅項亦會在權益中處理。

#### 物業、廠房及設備

除在建項目之外，物業、廠房及設備均會按成本減其後的折舊虧損及減值虧損列示。

作生產、租賃或行政用途或尚未決定用途的在建廠房及設備會按成本減任何已確認的減值虧損入賬。在建廠房及設備乃當完成並可作擬定用途時分類為廠房及設備的適當類別。該等資產的折舊於資產可供用作原定用途時開始，採用的基準與其他物業資產的基準相同。



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property, plant and equipment (continued)

Depreciation is provided to write off the cost of property, plant and equipment other than those under construction over their estimated useful life and after taken into account of their estimated residual value, using the straight – line method.

Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continue use of the assets. 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 income statement in the year in which the item is derecognised.

#### Impairment loss on tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its 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 an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to 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.

#### Research and development expenditure

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

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

### 3. 主要會計政策(續)

#### 物業、廠房及設備(續)

物業、廠房及設備(在建物業、廠房及設備除外)的折舊按直線法於彼等的估計可使用年內撇銷成本(經扣除估計餘值)計算。

物業、廠房及設備會於出售之後或預期繼續使用該項資產而不會再產生未來經濟實益時終止確認。因終止確認資產而產生的任何收益或虧損(計算為出售所得淨額和項目賬面值的差異)會包括在項目終止確認年度的收益表內。

#### 有形資產的減值虧損

本集團會於每個結算日檢討其資產的賬面值以釐定是否有跡象顯示該等資產已出現減值虧損。倘估計資產的可回收金額少於其賬面值，則會將資產的賬面值減至其可回收的金額。減值虧損會即時確認為支出。

倘減值虧損其後回撥，則會將資產的賬面值增加至其可回收的修訂估計金額，令增加的賬面值不會超過倘於先前年度無為該資產確認減值虧損而會釐定的賬面值。回撥的減值虧損會即時確認為收益。

#### 研發開支

研究活動的開支會於產生的期間確認為支出。

#### 存貨

存貨是按成本及可變現淨值兩者中的較低者列示。成本會以加權平均法計算。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes 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 cost 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.

#### Financial assets

The Group's financial assets are classified into loans and receivables.

#### 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 on 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 loan and receivables.

#### Loans and receivables

Loans and receivables 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 (including trade and other receivables, bank acceptance bills receivable, amounts due from related companies, pledged bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses.

### 3. 主要會計政策(續)

#### 金融工具

當集團實體成為金融工具合約規定一方時，金融資產及金融負債會在資產負債表中確認。金融資產及金融負債初步會按公平值計值。收購或發行金融資產及金融負債(不包括按公平值計入損益賬的金融資產及金融負債)直接應佔的交易成本會因應情況於初步確認時加入或扣自金融資產或金融負債的公平值。收購按公平值計入損益表的財務資產或財務負債時直接應佔的交易成本於損益表即時確認。

#### 金融資產

本集團的金融資產分類為借貸及應收款。

#### 實際利息法

實際利息法為計算金融資產的攤銷成本以及分配於有關期間的利息收入的方法。實際利率是可準確透過金融資產的預計可用年期或(倘適用)在較短期間內對估計未來現金收入(包括所支付或收取能構成整體實際利率的所有費用、交易成本及其他溢價或折價)進行折算的利率。

就貸款及應收款而言，利息收入按實際利率基準確認。

#### 貸款及應收款

貸款及應收款是在活躍市場沒有報價的定期或可終止付款的非衍生金融資產。於初步確認之後的每個結算日，借貸及應收款項(包括貿易及其他應收款、應收銀行承兌票據、應收有關公司的款項、已抵押銀行存款及銀行結餘)均採用實際利息法按攤銷成本減任何已辨識減值虧損入賬。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

For the year ended 31 December 2007

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial instruments (continued)

##### Impairment of financial assets

Financial assets, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Trade receivable that are assessed not to be impaired individually and subsequently assess 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 average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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.

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

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.

### 3. 主要會計政策(續)

#### 金融工具(續)

##### 金融資產減值

財務資產於各結算日就減值指示評估。倘有客觀證據證明於財務資產初次確認後有一項或多項事件發生，而財務資產的估計未來現金流已受影響，財務資產乃予以減值。

減值的客觀證據可包括：

- 發行人或對手方的重大財務困難；或
- 拖欠或欠缺利息或本金付款；或
- 借方有可能將陷入破產或財務重組。

不會單獨作出減值的貿易應收款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、組合內超出平均信貸期的延遲付款數量有所增加以及國家或地區經濟狀況出現明顯變動(與應收賬款未能償還的情況吻合)。

當有客觀證據證明資產已減值，減值虧損於損益中確認，並按資產賬面值與按原實際利率貼現的估計日後現金流量現值的差額計算。

所有金融資產的減值虧損會直接於金融資產的賬面值中作出扣減，惟貿易應收賬款除外，貿易應收賬款的賬面值會透過撥備賬作出扣減。撥備賬內的賬面值變動會於損益中確認。當貿易應收賬款被視為不可收回時，將於撥備賬內撇銷。先前已撇銷的款項如其後收回，將撥回損益內。

倘減值虧損額於隨後期間有所減少，而有關減少在客觀上與確認減值後發生的事件有關，則先前已確認的減值虧損將透過損益予以撥回，惟該資產於減值被撥回當日的賬面值不得超過未確認減值時的已攤銷成本。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial instruments (continued)

##### *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 definition of a financial liability and an equity instrument. An equity instrument is any contract that evidence a residual interest in the assets of the Group after deducting all of its liabilities.

##### *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 bank and other borrowings, trade and other payables and bills payable 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*

Financial assets are derecognised when the rights to receive cash flows from the asset expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of the 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 or any new asset obtained 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 financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the 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 including other liabilities assumed is recognised in profit or loss.

### 3. 主要會計政策(續)

#### 金融工具(續)

##### 金融負債與權益

由集團實體發行的金融負債和股本工具會根據訂立的合約安排實據及金融負債和股本工具的定義歸類。股本工具是任何證明在扣除本集團一切負債之後本集團在資產有剩餘權益的合約。

##### 實際利息法

實際利息法為計算金融負債的攤銷成本以及分配於有關期間的利息開支的方法。實際利率是可準確透過金融負債的預計年期或(倘適用)在較短期間內對估計未來現金付款進行折算的利率。利息開支按實際利益基準確認。

##### 金融負債

包括銀行及其他借款、貿易及其他應付款和應付票據的金融負債會於其後採用實際利息法按攤銷成本計值。

##### 股本工具

由本公司發行的股本工具會於已收取所得款之時記錄，並扣除直接發行成本。

##### 終止確認

財務資產於自資產收取現金流的權利屆滿，或財務資產被轉讓而本集團已轉讓財務資產擁有權的絕大部分風險及回報時終止確認。終止確認財務資產時，資產賬面值與已直接於權益中確認的已收代價或任何已獲得新資產及累計收益或虧損間的差額於收益表中確認。倘本集團仍保留已轉移金融資產的所有權的絕大部分風險及回報，本集團將繼續確認該金融資產以及確認已收所得款項的有抵押借款。

財務資產於相關合約指明的責任已解除、註銷或屆滿時終止確認。已終止確認的財務負債賬面值與已付代價(包括所承擔負債)間的差額於收益表中確認。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

#### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### Impairment of trade and note receivables

Note 3 describes that trade and note receivables are carried at amortised cost using the effective interest method, less any identified impairment losses. 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 estimated future cash flows as expected by management discounted at the original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

During the year, there was no impairment recognised in the consolidated income statement. (2006: Nil)

##### Valuation on inventories

The Group assesses periodically if the inventories have been suffered from any impairment in accordance with the accounting policy stated in note 3. The Group carries out an inventory review on a product-by-product basis at each balance sheet date and makes allowance for obsolete and slow-moving items. The management estimates the net realisable value for such finished goods, work in progress and raw material primarily on the estimated future selling price and market conditions. No impairment recognised as of 31 December 2007 and 2006. Where the estimates of the net realisable value are less than expected, a material allowance may arise.

#### 4. 估計不確定因素的主要來源

管理層在實施附註3載述的本集團會計政策時，需就未能即時明顯從其他來源得知的資產及負債賬面值作出判斷、估計及假設。估計及相關假設是根據以往經驗及其他其認為相關的因素作出，實際業績可能會與該等估計不同。

估計及有關假設會持續予以檢討。會計估計修訂只會當修訂僅影響該期間時在檢討估計的期間確認，倘檢討同時影響現時及未來期間，則會在檢討期及未來期確認。

##### 估計不明朗因素的主要來源

以下為涉及日後的主要假設及於結算日估計不明朗因素的其他主要來源，彼等均擁有導致下個財政年度的資產及負債的賬面值出現大幅調整的重大風險。

##### 貿易及票據應收款減值

附註3載述貿易及票據應收款均採用實際利息法按攤銷成本減任何已辨識減值虧損入賬。倘有客觀證據顯示資產已經減值，減值虧損會在損益中確認，並按資產賬面值與以原實際利率貼現管理層預期的估計未來現金流量現值之間的差異計算。當實際未來現金流動少於預期，則可能出現重大減值損失。

年內，於綜合收益表內並無確認減值(二零零六年：零)。

##### 存貨估值

本集團會定時根據附註3所載述的會計政策評估存貨是否已經出現任何減值。本集團會於每個結算日對每類產品檢對存貨，為陳舊及滯銷存貨項目作出備抵。管理層主要根據估計的未來售價和市場情況以估計該等製成品、在製品及原材料的可變現淨值。於二零零七年及二零零六年十二月三十一日並無確認減值。如可變現淨值估值少於預期，可能需作出重大撥備。

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

## 5. TURNOVER AND BUSINESS SEGMENTS

An analysis of the Group's turnover for the year is as follows:

Cornstarch and corn based by-products	玉米澱粉及玉米製產品
Lysine and its related products	賴氨酸及其相關產品
Electricity and steam	電力及蒸汽

## Business segments

For management purposes, the Group is currently organised into three operating divisions – cornstarch, lysine, electricity and steam. These divisions are the bases on which the Group reports its primary segment information.

Principal activities are as follows:

Cornstarch	– the manufacture and sale of cornstarch and its corn-refined by products
Lysine	– the manufacture and sale of lysine and its corn based by-products.
Electricity and steam	– the production and sale of electricity and steam

Segments information about these businesses is presented below.

## Results for the year ended 31 December 2007

		Cornstarch 玉米澱粉 RMB'000 人民幣千元	Lysine 賴氨酸 RMB'000 人民幣千元	Electricity and steam 電力及蒸汽 RMB'000 人民幣千元	Eliminations 抵銷 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Turnover	營業額					
External sales	對外銷售	914,652	319,966	115,344	–	1,349,962
Inter-segment sales	分部間銷售	–	–	81,771	(81,771)	–
Total	合計	914,652	319,966	197,115	(81,771)	1,349,962

Inter-segment sales are charged at cost.

## 5. 營業額及業務分部

本集團於本年度的營業額分析如下：

Year ended 31 December 截至十二月三十一日止年度	
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
914,652	728,409
319,966	225,846
115,344	77,251
<b>1,349,962</b>	<b>1,031,506</b>

## 業務分部

就管理而言，本集團目前以三個經營分部組成一玉米澱粉、賴氨酸、電力及蒸汽。這些分部都是本集團呈報其主要分部資料的基礎。

主要活動如下：

玉米澱粉	– 生產及銷售玉米澱粉及其玉米製產品
賴氨酸	– 生產及銷售賴氨酸及其玉米制產品
電力及蒸汽	– 生產及銷售電力及蒸汽

這些業務的分部資料呈列如下。

## 截至二零零七年十二月三十一日止年度業績

分部間銷售的費用按成本收取。



## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

5. TURNOVER AND BUSINESS SEGMENTS  
(Continued)

## 5. 營業額及業務分部(續)

		Cornstarch 玉米澱粉 RMB'000 人民幣千元	Lysine 賴氨酸 RMB'000 人民幣千元	Electricity and steam 電力及蒸汽 RMB'000 人民幣千元	Eliminations 抵銷 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
RESULT	業績					
Segment result	分部業績	88,889	103,843	39,835	–	232,567
Unallocated distribution and selling expenses	未分配分銷 及銷售費用					(6,091)
Administrative expenses	行政費用					(37,985)
Share of result of an associate	應佔聯營 公司業績					(2,375)
Other income	其他收入					29,528
Interest income	利息收入					8,756
Finance costs	融資成本					(20,495)
Profit before taxation	除稅前利潤					203,905
Taxation	稅項					(185)
Profit for the year	年度利潤					203,720

Results for the year ended 31 December 2006

截至二零零六年十二月三十一日止年度之業績

	營業額					
Turnover	營業額					
External sales	對外銷售	728,409	225,846	77,251	–	1,031,506
Inter-segment sales	分部間銷售	–	–	81,617	(81,617)	–
Total	合計	728,409	225,846	158,868	(81,617)	1,031,506

Inter-segment sales are charged at cost.

分部間銷售的費用按成本收取。

	業績					
RESULT	業績					
Segment result	分部業績	80,874	68,069	22,125	–	171,068
Unallocated distribution and selling expenses	未分配分銷 及銷售費用					(4,367)
Administrative expenses	行政費用					(25,568)
Share of result of an associate	應佔聯營 公司業績					(3,475)
Other income	其他收入					7,225
Interest income	利息收入					4,632
Finance costs	融資成本					(16,359)
Profit before taxation	除稅前利潤					133,156
Taxation	稅項					(18,766)
Profit for the year	年度利潤					114,390

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

5. TURNOVER AND BUSINESS SEGMENTS  
(Continued)

## 5. 營業額及業務分部(續)

## Balance sheet as at 31 December 2007

於二零零七年十二月三十一日的資產負債表

		Cornstarch 玉米澱粉 RMB'000 人民幣千元	Lysine 賴氨酸 RMB'000 人民幣千元	Electricity and steam 電力及蒸汽 RMB'000 人民幣千元	Eliminations 抵銷 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Assets	資產					
Segment assets	分部資產	234,131	181,889	205,148	-	621,168
Interest in an associate	於一間聯營公司 的權益					29,643
Unallocated assets	未分配資產					461,674
Total assets	總資產					1,112,485
Liabilities	負債					
Segment liabilities	分部負債	28,155	29,786	31,596	-	89,537
Unallocated liabilities	未分配負債					230,607
Total liabilities	總負債					320,144

## Balance Sheet as at 31 December 2006

於二零零六年十二月三十一日的資產負債表

		Cornstarch 玉米澱粉 RMB'000 人民幣千元	Lysine 賴氨酸 RMB'000 人民幣千元	Electricity and steam 電力及蒸汽 RMB'000 人民幣千元	Eliminations 抵銷 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Assets	資產					
Segment assets	分部資產	256,013	158,489	177,670	-	592,172
Interest in an associate	於一間聯營公司 的權益					21,875
Unallocated assets	未分配資產					228,855
Total assets	總資產					842,902
Liabilities	負債					
Segment liabilities	分部負債	29,372	9,343	7,661	-	46,376
Unallocated liabilities	未分配負債					612,741
Total liabilities	總負債					659,117

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

5. TURNOVER AND BUSINESS SEGMENTS  
(Continued)

## 5. 營業額及業務分部(續)

2007	二零零七年					
		Cornstarch	Lysine	Electricity	Unallocated	Total
		玉米澱粉	賴氨酸	電力及蒸汽	未分配資產	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Other information	其他資料					
Assets	資產					
Capital additions	投入資產	1,383	30,936	2,765	4,195	39,279
Depreciation	折舊	11,943	14,732	16,505	3,249	46,429
2006	二零零六年					
Other information	其他資料					
		Cornstarch	Lysine	Electricity	Unallocated	Total
		玉米澱粉	賴氨酸	電力及蒸汽	未分配資產	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Assets	資產					
Capital additions	投入資產	7,577	9,592	2,193	15,713	35,075
Depreciation	折舊	11,101	14,659	16,691	1,497	43,948

## Geographical segment

The Group's operations and assets are located in the PRC, thus no geographical segment by location was presented. Moreover, segment revenue from customers by geographical location for each of the countries other than PRC is less than 10% of the total revenue of the Group. Therefore, no geographical segment was presented.

## 地區分部

本集團的業務及資產主要位於中國，因此並無按地區呈報地區分部。並且，以地理位置分類，來自中國以外各國家客戶的分部收入少於本集團總收入的10%，因此無呈報地區分部。

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

## 6. OTHER INCOME

## 6. 其他收入

		Year ended 31 December 截至十二月三十一日止年度	
		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
Commission income	佣金收入	-	3,379
Government grant received for being a manufacturer of lysine and its related products (notes i and ii)	作為賴氨酸及其相關產品的製造商而獲取的政府補助 (附註 i 及 ii)	1,000	2,277
Amortisation of staff quarter rental income	員工宿舍租金收入攤銷	811	714
Amortisation of steam connection income	蒸汽接駁收入攤銷	1,167	1,129
Realised gain arising on injecting property, plant and equipment and land use right as capital to an associate	在向一家聯營公司注資物業、廠房及設備和土地使用權後產生的已變現收益	430	431
Gain on sales of scrap of coal & oil	銷售煤屑及廢油的收益	509	645
Gain on disposal of leasehold land (note iii and iv)	出售租賃土地的收益 (附註 iii 及 iv)	24,402	-
Others	其他	3,376	2,056
		<b>31,695</b>	<b>10,631</b>

Note:

- Government grant of RMB1,000,000, for the year (2006: RMB1,377,000) was paid to Golden Corn by 壽光市聖城街道辦事處財政所 (Finance office of Shouguang Shengcheng Street Office) to support the use of advanced technology in the production of lysine. It was granted at the discretion of the government and was not recurring nature.
- Government grant of RMB900,000 for the year ended 31 December 2006 was paid to Golden Corn by Shouguang City Finance Bureau to support Golden Corn's expansion in lysine production capacity. It was unconditionally granted at the discretion of the government and was not recurring nature.
- Gain on disposal of leasehold land of RMB24,332,000 for the year ended 31 December 2007 was arising from disposal of leasehold land with carry amount of RMB6,045,000 to 壽光市土地儲備中心 (Shouguang Land Reserves).
- Gain on disposal of leasehold land of RMB70,000 for the year ended 31 December 2007 was arising from disposal of leasehold land with carry amount of RMB47,000 to 壽光市供電公司 (Electricity Supply Company of Shouguang City).

附註:

- 壽光市聖城街道辦事處財政所於本年度支付政府補助人民幣1,000,000元(二零零六年: 人民幣1,377,000)予金玉米, 以支持使用先進科技生產賴氨酸。這項授出乃由政府酌情決定及並非經常性質。
- 壽光市財政局於截至二零零六年十二月三十一日止年度支付政府補助人民幣900,000元予金玉米, 以支持擴大賴氨酸生產能。這項無條件授出乃由政府酌情決定及並非經常性質。
- 截至二零零七年十二月三十一日止年度出售租賃土地的收益人民幣24,332,000元乃產生自出售賬面值為人民幣6,045,000元的租賃土地予壽光市土地儲備中心。
- 截至二零零七年十二月三十一日止年度出售租賃土地的收益人民幣70,000元乃產生自出售賬面值為人民幣47,000元的租賃土地予壽光市供電公司。

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

## 7. INTEREST INCOME

## 7. 利息收入

		Year ended 31 December 截至十二月三十一日止年度	
		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
Interest income on:	以下各項的利息收入：		
Bank deposits	銀行存款	8,756	2,636
Amount due from a related company	關連公司欠款	-	1,996
		<b>8,756</b>	<b>4,632</b>

## 8. FINANCE COSTS

## 8. 融資成本

		Year ended 31 December 截至十二月三十一日止年度	
		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
Imputed interest on employee housing deposits	僱員房屋保證金的估算利息	910	937
Imputed interest on loan from a shareholder	股東貸款的估算利息	5,939	225
Interest on bank borrowing wholly repayable within 5 years	須於五年內全數償還的銀行借款利息	13,646	11,032
Interest on loans from a related company	關連公司貸款的利息	-	4,165
		<b>20,495</b>	<b>16,359</b>

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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## 9. PROFIT BEFORE TAXATION

## 9. 除稅前利潤

Profit before taxation has been arrived at after charging:

除稅前利潤已扣除下列各項：

		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
Depreciation of property, plant and equipment	物業、廠房及設備折舊	46,429	43,948
Amortisation of prepaid lease payments	預付租賃款項攤銷	939	949
Total depreciation and amortisation	折舊及攤銷總額	<b>47,368</b>	44,897
Loss on disposal of property, plant and equipment	出售物業、廠房及設備的虧損	970	266
Net foreign exchange loss	匯兌虧損淨額	2,509	523
Cost of inventories recognised as expenses	存貨成本確認為開支	1,002,070	791,409
Employee benefits expense (including retirement benefit plan)	僱員福利開支 (包括退休福利計劃)	22,399	22,504
Research and development expense	研究及開發費用	774	5,940
Auditors' remuneration	核數師薪酬	2,676	950
Listing expenses	上市開支	8,814	-



## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2007

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## 10. TAXATION

## 10. 稅項

		Year ended 31 December 截至十二月三十一日止年度	
		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
Current PRC income tax	即期中國所得稅	-	11,520
Deferred tax	遞延稅項	185	7,246
		<b>185</b>	<b>18,766</b>

The tax expense for the year can be reconciled to the profit before taxation as follows:

本年度稅項支出可與除稅前利潤對賬如下：

		Year ended 31 December 截至十二月三十一日止年度	
		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
Profit before taxation:	除稅前利潤：	<b>203,905</b>	133,156
Tax at the domestic income tax rate of 33%	以國內企業所得稅率33%計算的稅項	-	43,942
Tax at the foreign enterprise income tax rate at 27%	以外國企業所得稅率27%計算的稅項	<b>55,055</b>	-
Tax effect of share of results of an associate	應佔聯營公司業績的稅務影響	<b>641</b>	1,147
Tax effect of expenses that are not deductible in determining taxable profit	釐定應課稅利潤時不可扣減的開支的稅務影響	<b>7,190</b>	1,710
Tax effect of income not taxable	毋須課稅收入的稅務影響	<b>(1,814)</b>	(902)
Change of deferred taxation resulting from the applicable change in tax rate	適用稅率改變產生的遞延稅項變動	<b>69</b>	(4,511)
Tax exemption	稅項豁免	<b>(60,956)</b>	(20,302)
Reduction of income tax in respect of Tax benefit	就稅務優惠所扣減的所得稅	-	(2,318)
		<b>185</b>	<b>18,766</b>

No provision for Hong Kong profits tax has been made as the Group entities' profit neither arose in and not derived from Hong Kong during both years.

由於兩個年度內本集團之實體並無在香港產生或賺取利潤，故並無就香港利得稅作出撥備。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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#### 10. TAXATION (Continued)

Notes:

Golden Corn was a domestic company during the periods prior to 25 September 2006. Accordingly, its taxable income was subject to domestic income tax rate of 33%.

On 26 September 2006 Golden Corn became a wholly foreign owned enterprise. Pursuant to the relevant law and regulations in the PRC, Golden Corn is subject to foreign enterprise income tax rate of 27% on the taxable income and is entitled to exemption from PRC Foreign Enterprise Income Tax for two years commencing from its profit-making year, followed by a 50% relief for the next three years. The first profit-making year is claimed for the period from 26 September 2006 to 31 December 2006.

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Tax 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 applicable tax rate for all the PRC enterprises will change to 25% from 1 January 2008. The New Tax Law provides a five-year transition period from its effective date for those enterprises which were established before the promulgation date of the New Tax Law and which were entitled to a preferential lower tax rate under the then effective tax laws or regulations. Thus, Golden Corn can still entitle 50% relief of PRC Foreign Enterprise Income Tax for the next three years from 2008. The deferred tax balance has already reflected the tax rates that are expected to apply to the respective periods when the assets are realised or the liabilities are settled.

During the year ended 31 December 2006, additional tax credit ("Tax Benefit") of RMB2,318,000, equivalent to 40% of the acquisition cost of advance technological machinery for lysine production and power generation acquired in that year was granted by the local tax bureau under 壽地稅發2006第150號 to reduce the income tax of Golden Corn.

#### 10. 稅項(續)

附註：

金玉米於二零零六年九月二十五日之前的期間為國內公司。因此，其應課稅收入乃按國內所得稅率33%計稅。

金玉米於二零零六年九月二十六日成為外商獨資企業。根據中國有關法律及法規，金玉米的應課稅收入須按外國企業所得稅率27%納稅，並由其首個獲利年度起兩年可享有豁免中國外資企業所得稅，而其後三年獲50%減免。二零零六年九月二十六日至二零零六年十二月三十一日期間被視為首個獲利年度。

於二零零七年三月十六日，中國根據中華人民共和國主席令第63號頒佈了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，中國國務院發佈新稅法的執行規則，由二零零八年一月一日起，所有中國企業的適用稅率將改為25%。對於在新稅法頒佈日期前成立及根據成立當時的有效稅法或規例享有較低稅率優惠的企業，新稅法自生效日期起給予為期五年的過渡期。因此，金玉米由二零零八年起接下來三年仍獲享中國外資企業的所得稅減半。遞延稅項結餘已反映資產變現或清償負債的相關期間預期所採用的稅率。

截至二零零六年十二月三十一日止年度，當地稅局以壽地稅發2006第150號的文件批出額外稅項抵免(「稅務優惠」)人民幣2,318,000元，相當於在該年購買生產賴氨酸的先進科技機器及發電設備的購置成本40%，以減低金玉米的所得稅。

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## 綜合財務報表附註

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截至二零零七年十二月三十一日止年度

## 11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of directors during the years ended 31 December 2007 are analysed as follows:

2007

二零零七年

Executive directors	執行董事
Tian Qixiang	田其祥
Yu Yingquan	于英全
Gao Shijian	高世軍
Liu Xianggang	劉象剛
Independent non-executive directors	獨立非執行董事
Dong Yanfeng	董延豐
Yu Shumin	余淑敏
Cao Zengong	曹增功
Yue Kwai Wa, Ken	余季華
Total	總計

2006

二零零六年

Executive directors	執行董事
Tian Qixiang	田其祥
Yu Yingquan	于英全
Gao Shijian	高世軍
Liu Xianggang	劉象剛
Total	總計

## 11. 董事及僱員薪酬

董事於截至二零零七年十二月三十一日止年度的薪酬分析如下：

Basic salaries and allowance 基本薪金及津貼 RMB'000 人民幣千元	Retirement benefit contribution 退休福利供款 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
166	-	166
97	-	97
201	13	214
150	13	163
<b>614</b>	<b>26</b>	<b>640</b>
13	-	13
13	-	13
8	-	8
32	-	32
<b>66</b>	<b>26</b>	<b>66</b>
<b>680</b>	<b>26</b>	<b>706</b>

Basic salaries and allowance 基本薪金及津貼 RMB'000 人民幣千元	Retirement benefit contribution 退休福利供款 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
-	-	-
-	-	-
137	5	142
115	6	121
<b>252</b>	<b>11</b>	<b>263</b>

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### 綜合財務報表附註

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截至二零零七年十二月三十一日止年度

#### 12. EMPLOYEES EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2006: two) were directors of the Company whose emoluments are included in the disclosures in Note 11 as above. The emoluments of the remaining two (2006: three) individuals were as follows:

Employees	僱員
— basic salaries and allowance	— 基本薪金及津貼
— retirement benefits scheme contributions	— 退休福利計劃供款

Their emoluments were all within HKD1,000,000.

During the year, no emoluments were paid by the Group to the directors of the Company or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

#### 12. 僱員薪酬

本集團五名最高薪人士中，三名(二零零六年：兩名)為本公司的董事，彼等的薪酬於上文附註11披露。餘下兩名(二零零六年：三名)最高薪人士的薪酬如下：

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
785	346
13	15
<b>798</b>	<b>361</b>

彼等的薪酬均不超過1,000,000港元。

年內，本集團概無向本公司董事或最高薪人士支付酬金，作為吸引加入或加入本集團時之獎勵或作為失去職位之補償。

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### 綜合財務報表附註

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#### 13. DIVIDENDS

Dividend of RMB20,794,000 and RMB50,000,000 was declared by the Company to Merry Boom on 20 March and 23 July 2007 respectively before the Shares have been listed on the Stock Exchange.

For the year ended 31 December 2006, the dividend of RMB108,000,000 represents the dividends declared by Golden Corn to its then shareholders prior to the Group Reorganisation.

A final dividend of HK3.83 cents per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

#### 14. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

<b>Earnings</b>	<b>盈利</b>
Earnings for the purpose of basic earnings per share (profit for the year attributable to equity holders of the Company)	就計算每股基本盈利的盈利 (本公司權益持有人應佔本年度利潤)
<b>Number of shares</b>	<b>股份數目</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share	就計算每股基本盈利的普通股加權平均數

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted to reflect the effects of the issue of shares upon the capitalisation, the loan capitalisation and the global offering as set out in note 28.

No diluted earnings per share has been presented because no dilutive potential ordinary shares exist for both 2007 and 2006.

#### 13. 股息

於股份在聯交所上市前，本公司分別於二零零七年三月二十日及七月二十三日向怡興派付股息人民幣20,794,000元及人民幣50,000,000元。

截至二零零六年十二月三十一日止年度，人民幣108,000,000元的股息是指金玉米在集團重組前向當時的股東宣派的股息。

董事擬派發末期股息每股3.83港仙，惟須待股東於即將舉行的股東週年大會上批准，方可作實。

#### 14. 每股盈利

本公司普通股權持有人應佔每股基本盈利乃按以下基準計算：

<b>2007</b> 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
<b>203,720</b>	66,574
<b>2007</b> 二零零七年	2006 二零零六年
<b>325,625,000</b>	262,500,000

就計算每股基本盈利的普通股加權平均數乃經調整，以反映如附註28所載資本化、貸款資本化及全球發售後發行股份的影響。

由於二零零七年及二零零六年均無可攤薄潛在普通股，故並無呈列每股攤薄盈利。

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## 15. PROPERTY, PLANT AND EQUIPMENT

## 15. 物業、廠房及設備

		Buildings	Plant and machinery	Motor vehicles	Other machinery	Plant and equipment under construction	Total
		樓宇	廠房及機器	汽車	其他機器	在建廠房及設備	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
<b>Cost</b>	<b>成本</b>						
At 1 January 2006	於二零零六年一月一日	235,396	338,633	3,736	7,259	7,562	592,586
Additions	添置	400	3,190	905	1,269	29,311	35,075
Transfer from plant and equipment under construction	由在建廠房及設備轉撥	11,190	24,106	–	762	(36,058)	–
Disposal	出售	(4)	(1,983)	(367)	(309)	(256)	(2,919)
At 31 December 2006	於二零零六年十二月三十一日	246,982	363,946	4,274	8,981	559	624,742
Additions	添置	1,645	1,812	1,208	700	33,914	39,279
Transfer from plant and equipment under construction	由在建廠房及設備轉撥	3,050	31,192	–	36	(34,278)	–
Disposal	出售	(210)	(1,375)	(474)	(46)	–	(2,105)
At 31 December 2007	於二零零七年十二月三十一日	251,467	395,575	5,008	9,671	195	661,916
<b>Accumulated depreciation and impairment</b>	<b>累計折舊及減值</b>						
At 1 January 2006	於二零零六年一月一日	51,280	92,733	1,110	3,578	–	148,701
Depreciation charge for the year	年內折舊費用	8,117	34,207	577	1,047	–	43,948
Eliminated on disposal	於出售時撇銷	(1)	(1,410)	(130)	(242)	–	(1,783)
At 31 December 2006	於二零零六年十二月三十一日	59,396	125,530	1,557	4,383	–	190,866
Depreciation charge for the year	年內折舊費用	10,601	34,101	687	1,040	–	46,429
Eliminated on disposal	於出售時撇銷	(30)	(496)	(333)	(38)	–	(897)
At 31 December 2007	於二零零七年十二月三十一日	69,967	159,135	1,911	5,385	–	236,398
<b>Net carrying value</b>	<b>賬面淨值</b>						
At 31 December 2006	於二零零六年十二月三十一日	187,586	238,416	2,717	4,598	559	433,876
At 31 December 2007	於二零零七年十二月三十一日	181,500	236,440	3,097	4,286	195	425,518

The above items of property, plant and equipment, are depreciated on a straight-line basis at the following rates per annum:

上述物業、機器及設備按下列年利率以直線法予以折舊：

Buildings	2.86% to 6.67%	樓宇	2.86% 至 6.67%
Plant and machinery	8.33% to 20%	廠房及機器	8.33% 至 20%
Motor vehicles	16.67%	汽車	16.67%
Other Machinery	10% to 25%	其他機器	10% 至 25%



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## 綜合財務報表附註

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截至二零零七年十二月三十一日止年度

15. PROPERTY, PLANT AND EQUIPMENT  
(Continued)

As at 31 December 2007 accumulative impairment of RMB13,113,000 (2006: RMB13,113,000) have been provided on the property, plant and equipment.

The Group has pledged plant having a carrying amount of approximately RMB69,055,000 (2006: RMB Nil) to secure general banking facilities granted to the Group.

## 15. 物業、廠房及設備(續)

於二零零七年十二月三十一日，物業、廠房及設備的累計減值為人民幣13,113,000元(二零零六年：人民幣13,113,000元)。

本集團已抵押賬面值約為人民幣69,055,000元(二零零六年：人民幣零元)的廠房，以獲取授予本集團的一般銀行信貸。

## 16. PREPAID LEASE PAYMENTS

Land in PRC held under medium-term lease 按中期租賃於中國持有的土地

Analysed for reporting purposes: 作呈報用途的分析：  
Current asset 流動資產  
Non current asset 非流動資產

The Group has pledged leasehold land having a carrying amount of approximately RMB16,063,000 (2006: RMB Nil) to secure general banking facilities granted to the Group.

## 16. 預付租賃款

At 31 December  
於十二月三十一日

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
29,009	36,040
819	941
28,190	35,099
29,009	36,040

本集團已抵押賬面值約人民幣16,063,000元(二零零六年：人民幣零元)的租賃土地，以獲取授予本集團的一般銀行信貸。

## 17. INTEREST IN AN ASSOCIATE

Unlisted investment, at cost 非上市投資(按成本)  
Less: Unrealised gain arising on injecting property, plant and equipment and land use right as capital contribution 減：注入物業、廠房及設備及土地使用權作為注資的未變現收益  
Share of post-acquisition reserves and (losses), net of dividends received 佔收購後儲備及(虧損)，減已收股息

## 17. 於聯營公司的權益

At 31 December  
於十二月三十一日

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
38,186	28,473
(3,563)	(3,993)
(4,980)	(2,605)
29,643	21,875

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## 綜合財務報表附註

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## 17. INTEREST IN AN ASSOCIATE (Continued)

## 17. 於聯營公司的權益(續)

As at 31 December 2007 and 2006, details of the Group's interest in the associate, 壽光金遠東變性澱粉有限公司 (Shouguang Golden Far East Modified Starch Co., Ltd.) are as follows:

於二零零七年及二零零六年十二月三十一日，本集團於聯營公司壽光金遠東變性澱粉有限公司的權益的詳情如下：

Place and date of incorporation/registration 註冊成立/ 註冊地點及日期	Issued and fully paid registered capital 已發行及 繳足註冊資本	Attributable equity interest to the Group 本集團 應佔股權	Principal activities 主要業務
PRC 25 September 2004	US\$9,600,000	49%	Research, development, manufacture and sale of modified starches and their related products
中國 二零零四年九月二十五日	9,600,000 美元	49%	研究、開發、製造及銷售變性澱粉及其相關產品

Summarise of the financial information of the Group's associate are as follows.

本集團聯營公司的財務資料概述如下。

		At 31 December 於十二月三十一日	
		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
Total assets	總資產	99,994	86,589
Total liabilities	總負債	(32,226)	(33,797)
Net assets	淨資產	67,768	52,792
Group's share of associate's net assets before adjustments to unrealised gain arising on injecting property, plant and equipment and land use right as capital contribution and unrealised profit on inventories	按注入物業、廠房及設備及土地使用權作為注資及存貨未變現利潤作出調整前本集團應佔聯營公司的淨資產	33,206	25,868

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## 綜合財務報表附註

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## 17. INTEREST IN AN ASSOCIATE (Continued)

## 17. 於聯營公司的權益(續)

		At 31 December 於十二月三十一日	
		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
Revenue	收入	158,800	112,241
Loss for the year	本年度虧損	(4,848)	(7,092)
Group's share of associate's loss for the year	本集團分佔聯營公司 本年度虧損	(2,375)	(3,475)

## 18. INVENTORIES

## 18. 存貨

		At 31 December 於十二月三十一日	
		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
Raw materials	原材料	87,526	87,076
Work in progress	在製品	9,921	8,326
Finished goods	製成品	20,248	20,513
		117,695	115,915

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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## 19. TRADE AND OTHER RECEIVABLES

## 19. 貿易及其他應收款

		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
Trade receivables	貿易應收款	42,146	51,865
Less: allowance for doubtful debts	減：呆賬撥備	-	-
		<b>42,146</b>	51,865
Bank acceptance bills	銀行承兌票據	99,734	85,869
Other receivables	其他應收款	2,679	618
		<b>144,559</b>	138,352

Credit terms to its trade customers for respective products are as follows:

Cornstarch and its related products 玉米澱粉及其相關產品	Within 30 days 三十日內
Lysine and its related products 賴氨酸及其相關產品	30 to 60 days 三十至六十日
Electricity and steam 電力及蒸汽	Within 30 days 三十日內

An ageing analysis of trade receivables at the balance sheet date is shown as follows:

		At 31 December 於十二月三十一日	
		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
0-30 days	零至三十日	39,337	49,536
31-60 days	三十一至六十日	1,134	828
61-90 days	六十一至九十日	519	393
Over 90 days	九十日以上	1,156	1,108
Total	合計	<b>42,146</b>	<b>51,865</b>

就各項產品而予以貿易客戶的信貸期如下：

以下為於結算日貿易應收款的賬齡分析：

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#### 19. TRADE AND OTHER RECEIVABLES (Continued)

Before accepting any new customer, the Group assesses the creditability of each of the potential customer's credit quality and defines credit limits by customer. Credit limit attributed to customers are reviewed monthly. Credit quality of trade receivables not yet past due are considered to be good and no impairment provision is needed.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB2,746,000 (2006: RMB2,329,000) which are past due at the balance sheet date for which the Group has not provided for impairment loss. The directors considered that there was no significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral over these balances. The average age of these receivables is 60 days (2006: 60 days).

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

30-60 days	三十至六十日
61-90 days	六十一至九十日
Over 90 days	九十日以上

Included in the trade receivables are amounts from related parties amounted to RMB13,772,000 (2006: RMB18,147,000). No impairment has been made to receivables from related companies.

#### 19. 貿易及其他應收款(續)

在接納任何新顧客前，本集團會評估每名潛在客戶信貸質素的信用度及為每名客戶訂立信貸限額。顧客的信貸限額會每月作出檢討。尚未到期的貿易應收款的信貸質素被認為良好，故無需作出減值撥備。

本集團貿易應收款結餘包括賬面總值為人民幣2,746,000元(二零零六年：人民幣2,329,000元)的應收款項，於結算日期為已到期，但本集團並未作出減值虧損撥備。董事認為該應收款項的信貸質素並無發生重大變動，且款項仍被認為可收回。本集團並無就該等結餘持有任何抵押品。該等應收款的平均賬齡為六十日(二零零六年：六十日)。

已到期但並無減值的貿易應收款的賬齡如下：

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
1,071	828
519	393
1,156	1,108
<b>2,746</b>	<b>2,329</b>

貿易應收款包括應收關連人士款項人民幣13,772,000元(二零零六年：人民幣18,147,000元)。應收關連公司的款項並無作出任何減值。

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## 綜合財務報表附註

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19. TRADE AND OTHER RECEIVABLES  
(Continued)

## 19. 貿易及其他應收款(續)

## Bank acceptance bills

## 銀行承兌票據

		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
Discounted bills	貼現票據	22,220	25,608
Endorsed bills	背書票據	32,528	7,432
Bill on hand	其他票據	44,986	52,829
		<b>99,734</b>	<b>85,869</b>

The following is the aging analysis for the bills receivables:

以下為應收票據的賬齡分析：

		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
0-30 days	零至三十日	60,381	45,317
31-60 days	三十一至六十日	3,354	9,877
61-90 days	六十一至九十日	14,882	13,856
Over 90 days	九十日以上	21,117	16,819
Total	合計	<b>99,734</b>	<b>85,869</b>



## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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## 20. AMOUNTS DUE FROM RELATED COMPANIES

## 20. 關連公司欠款

		At 31 December 於十二月三十一日	
		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
Shandong Shouguang Juneng Holding Group Co., Ltd. (Note i)	山東壽光巨能控股集團有限公司 (附註i)	-	2,000
Merry Boom Group Limited (Note ii)	怡興集團有限公司(附註ii)	230	-
<b>Total</b>	<b>合計</b>	<b>230</b>	<b>2,000</b>

## Notes:

- i. The director, Mr. Tian Qixiang, is a director of and has equity interest in Shandong Shouguang Juneng Holding Group Co., Ltd. The amount due from it was loan advance which was unsecured, carried interest rate at 5.58% per annum, which was fully received during the year.
- ii. Merry Boom is the ultimate holding company of the Group. The amount due from Merry Boom was non-trade, interest-free, unsecured and repayable on demand.

Maximum balance outstanding during the year:

Merry Boom	怡興
Shandong Shouguang Juneng Holding Group Co., Ltd.	山東壽光巨能控股集團有限公司

## 附註:

- i. 董事田其祥先生是山東壽光巨能控股集團有限公司的董事，並持有其股本權益。其欠款為無抵押、按年利率5.58厘計息已於一年內償還。
- ii. 怡興為本集團的最終控股公司。怡興的欠款為非貿易性質、免息、無抵押及於要求時償還。

於年內最高欠額:

		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
Merry Boom	怡興	2,929	-
Shandong Shouguang Juneng Holding Group Co., Ltd.	山東壽光巨能控股集團有限公司	2,000	40,434

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### 綜合財務報表附註

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#### 21. BANK BALANCE/PLEDGED BANK DEPOSIT

Bank balances carry interest at market rates which range from 0.72% to 0.817% (2006: 0.72%) per annum. The pledged bank deposits carry fixed interest rate of 0.79% per annum (2006: 0.79%).

As at 31 December 2007, deposits amounting to RMB2,000,000 (2006: RMB37,500,000) have been pledged to bank to secure bank acceptance bills issued by the Group and are therefore classified as current assets. The pledged bank deposits will be released upon the settlement of bank acceptance bills.

#### 22. TRADE AND OTHER PAYABLES

Trade and other payables:

Trade payables	貿易應付款
Bills payables	應付票據
Total trade payables	貿易應付款總額
Advances from customers	客戶墊支
Deposits	訂金
Sales commission	銷售佣金
Other tax payables	其他應付稅項
Accrued expenses	應計費用
Payroll and welfare payables	應付薪金及福利
Others	其他

#### 21. 銀行結餘／已抵押銀行存款

銀行結餘按市場年利率0.72厘至0.817厘計息(二零零六年: 0.72厘)。已抵押銀行存款按固定年利率0.79厘計息(二零零六年: 0.79厘)。

於二零零七年十二月三十一日, 人民幣2,000,000元(二零零六年: 人民幣37,500,000元)的存款已抵押予銀行, 以開具本集團發行的銀行承兌票據, 因此該存款分類為流動資產。已抵押銀行存款將於結算銀行承兌票據時獲解除。

#### 22. 貿易及其他應付款

貿易及其他應付款:

		At 31 December 於十二月三十一日	
		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
		<b>76,922</b>	51,437
		<b>2,000</b>	9,000
		<b>78,922</b>	60,437
		<b>24,124</b>	15,480
		<b>4,709</b>	3,831
		<b>2,517</b>	2,032
		<b>13,303</b>	6,739
		<b>3,007</b>	1,662
		<b>34</b>	4,555
		<b>6,644</b>	4,801
		<b>54,338</b>	39,100
		<b>133,260</b>	99,537

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## 綜合財務報表附註

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22. TRADE AND OTHER PAYABLES  
(CONTINUED)

The following is the ageing analysis for the trade payables at the balance sheet date:

0-60 days	零至六十日
61-90 days	六十一至九十日
Over 90 days	九十日以上
Total	合計

The average credit period on purchases is 80 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

Included above are payables to related companies amounted to RMB Nil (2006: RMB112,000) (see note 36(vii)).

## 23. AMOUNT DUE TO A RELATED COMPANY

Shandong Shouguang Juneng Holding Group Co., Ltd.	山東壽光巨能控股集團有限公司
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The amount due to related company were of non-trade nature, interest-free and unsecured which was fully repaid during the year.

## 22. 貿易及其他應付款(續)

以下為於結算日貿易應付款的賬齡分析：

At 31 December 於十二月三十一日	
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
47,831	36,040
7,567	6,744
23,524	17,653
<b>78,922</b>	<b>60,437</b>

採購的平均信貸期為八十日。本集團已制定財務風險管理政策，以確保所有應付款於有關信貸期內獲得支付。

上文所載為應付關連公司款人民幣零元(二零零六年：人民幣112,000元)(見附註36(vii))。

## 23. 欠關連公司款項

At 31 December 於十二月三十一日	
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
-	14,265

欠關連公司款項為非貿易性質、免息及無抵押，已於年內悉數償還。

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2007

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## 24. EMPLOYEE HOUSING DEPOSITS

## 24. 員工房屋保證金

		At 31 December 於十二月三十一日	
		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
Basic deposit portion	基本保證金部分	26,846	27,292
Original amount of installment portion	分期付款部分的原來金額	21,300	25,453
Less: imputed interest adjustment on initial recognition	減：初步確認的估算利息調整	(2,034)	(2,944)
		<b>19,266</b>	<b>22,509</b>
Installment portion refundable:	可退回分期付款部分：		
Within one year	一年內	3,857	4,153
In more than one year, but not exceeding two years	超過一年但不超過二年	4,817	3,459
In more than two years, but not more than five years	超過二年但不超過五年	10,592	14,897
		<b>19,266</b>	<b>22,509</b>
Less: Installment portion refundable within one year shown under current liabilities	減：列於流動負債項下一年內到期的可退回分期付款部分	(3,857)	(4,153)
		<b>15,409</b>	<b>18,356</b>

The Group offers quarters to the staff with the aim of promoting long service with the Group. These quarters are constructed by the Group and offered to staff for application on a periodic basis. Due to the excess demand of staff quarters and the relatively substantial construction costs involved, the staff are required to place housing deposit to the Group. The Group utilises the amount received from staff as general working capital. The amounts placed as housing deposit was determined based on a point-based deposit and tender system.

The employee housing deposits consists of two portions, the basic deposit portion and installment portion. Basic deposit portion is interest free, unsecured and repayable one month upon the return of the staff quarter by the employee or termination of employment. The installment portion is unsecured and repayable by installment with 30% at the end of the third and fourth year from the date on which the installment portion is received. The remaining 40% of the installment portion is repayable at the end of the fifth year from the date on which the installment portion is received.

The imputed interest of installment portion on initial recognition and recognition of interest expense is determined with reference to the bank deposit rate of 3.88% per annum.

本集團向員工提供宿舍，旨在鼓勵其為本集團長期服務。這些宿舍由本集團建造，定期供員工申請。由於員工宿舍求過於供，且涉及龐大建設成本，員工須向集團繳付房屋保證金。本集團這些從員工收取的房屋保證金作一般營資金。房屋保證金的金額按計分制及投標制訂定。

員工房屋保證金由兩個部分組成，即基本保證金部分及分期付款部分。基本保證金部分乃免息、無抵押及於員工交回員工宿舍後或員工終止僱用後一個月內償還。分期付款部分乃無抵押及由收到分期付款部分日期起計第三及第四年底分別償還30%。分期付款部分餘下的40%須由收到分期付款部分日期起計第五年底償還。

分期付款部分的估算利息於初次確認及利息開支的確認是參照銀行存款年利率3.88厘而釐定。

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## 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

## 25. BORROWINGS

## 25. 借款

		At 31 December 於十二月三十一日	
		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
Bank loans	銀行貸款	102,220	251,608
Government loan (Note i)	政府貸款(附註i)	9,750	9,750
Loan from Merry Boom (Note ii)	從怡興借入 的貸款(附註ii)	-	123,644
		<b>111,970</b>	385,002
Secured (Note iii)	有抵押(附註iii)	52,220	25,608
Unsecured	無抵押	59,750	359,394
		<b>111,970</b>	385,002
Carrying amount payable:	應付賬面值：		
On demand or within one year	於要求時或一年內	92,885	101,608
In more than one year, but not exceeding two years	超過一年但不超過二年	886	274,308
In more than two years, but not more than five years	超過二年但不超過五年	12,659	1,773
In more than five years	超過五年	5,540	7,313
		<b>111,970</b>	385,002
Less: Amounts due within one year shown under current liabilities	減：在流動負債項下一年內 到期的金額	<b>(92,885)</b>	(101,608)
		<b>19,085</b>	283,394

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## 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

## 25. BORROWINGS (Continued)

Notes:

- i. Government loan is unsecured, interest free and fully repayable by 6 April 2019. The loan is repayable by 11 annual installment commencing from 6 April 2008.
- ii. Loan from Merry Boom is unsecured, interest free. The loan balance was capitalized upon listing of the shares of the Company on Stock Exchange.
- iii. As at 31 December 2007, secured bank loans were secured by discounted bank acceptance bills of RMB22,220,000 (2006: RMB25,608,000) and building and prepaid lease payment of RMB30,000,000 (2006: Nil).

The Group's fixed-rate and variable-rate borrowings at the balance sheet date are as follows:

Fixed-rate borrowings	定息貸款
Variable-rate borrowings	浮息貸款

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

Effective interest rate:	實際利率：
Fixed-rate borrowings	定息貸款
Variable-rate borrowings	浮息貸款

The Group has variable-rate borrowings which carry interest at basic medium to long term lending rate quoted by the People's Bank of China.

## 25. 借款(續)

附註：

- i. 政府貸款乃無抵押、免息及須於二零一九年四月六日前悉數償還。該貸款須於二零零八年四月六日起按年分11期償還。
- ii. 怡興的貸款為無抵押、免息。貸款結餘於本公司的股份在聯交所上市後撥為資本。
- iii. 於二零零七年十二月三十一日，有抵押銀行貸款以銀行承兌票據折算人民幣22,220,000元(二零零六年：人民幣25,608,000元)及樓宇以及預付租賃款人民幣30,000,000元(二零零六年：零元)抵押。

於結算日，本集團的定息貸款及浮息貸款如下：

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
81,970	263,003
30,000	121,999
<b>111,970</b>	<b>385,002</b>

本集團貸款的實際利率範圍(亦等於合約規定利率)如下：

2007 二零零七年	2006 二零零六年
6.57%	5.58% to 6.3%
<b>6.3% to 7.74%</b>	5.76% to 6.3%

本集團的浮息借貸按中國人民銀行所報的基本中期一長期貸款利率計息。



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## 綜合財務報表附註

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截至二零零七年十二月三十一日止年度

## 25. BORROWINGS (Continued)

Notes:

The Group's borrowings that are denominated in currency other the functional currencies of the relevant group entities are set out below:

**Hong Kong Dollar**

As at 31 December 2007

As at 31 December 2006

**港元**

於二零零七年十二月三十一日

於二零零六年十二月三十一日

RMB'000

人民幣千元

-

123,644

As at the balance sheet date, the Group has the following undrawn borrowing facilities:

## Floating rate

- expiring within one year
- expiring beyond one year

## Fixed rate

- expiring within one year
- expiring beyond one year

## 浮息

- 於一年內到期
- 於一年後到期

## 定息

- 於一年內到期
- 於一年後到期

## 25. 借款(續)

附註：

並非以相關集團實體功能貨幣計值的本集團貸款呈列如下：

於結算日，本集團未動用貸款信貸額如下：

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
20,000	21,800
20,000	3,000
138,000	-
-	-
<b>178,000</b>	<b>24,800</b>

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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## 26. DEFERRED TAXATION

## 26. 遞延稅項

The deferred tax assets recognised by the Group and movements thereon during the year are as follows:

本集團於年內確認的遞延稅項資產及其變動如下：

		Realised gain on injecting property, plant and equipment and land use right as capital contribution 注入物業、 廠房及設備 和土地使用權 作為注資的 變現收益 RMB'000 人民幣千元	Impairment of property, plant and equipment 物業、廠房 及設備 的減值 RMB'000 人民幣千元	Temporary difference on expenses recognition 支出確認的 暫時性差額 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 1 January 2006	於二零零六年一月一日	(1,834)	3,806	6,642	8,614
Effect of change of tax rate	稅率改變的影響	359	(1,277)	(779)	(1,697)
Credit to consolidated income statement for the year	於年度綜合收益表進賬	(142)	(208)	(5,199)	(5,549)
At 1 January 2007	於二零零七年一月一日	(1,617)	2,321	664	1,368
Effect of change of tax rate	稅率改變的影響	128	(154)	(43)	(69)
Charge to consolidated income statement for the year	於年度綜合收益表 扣除	(116)	-	-	(116)
At 31 December 2007	於二零零七年 十二月三十一日	(1,605)	2,167	621	1,183

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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## 27. DEFERRED INCOME

## 27. 遞延收入

		<b>Staff quarter rental income</b>	<b>Steam connection income</b>	<b>Total 合計</b>
		員工宿舍 租金收入	蒸汽 接駁收入	RMB'000 人民幣千元
		<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
		人民幣千元	人民幣千元	人民幣千元
At 1 January 2006	於二零零六年一月一日	1,691	8,747	10,438
Additions	增加	2,310	1,226	3,536
Amortisation for the year	本年度攤銷	(714)	(1,129)	(1,843)
At 1 January 2007	於二零零七年一月一日	3,287	8,844	12,131
Additions	增加	-	7,270	7,270
Amortisation for the year	本年度攤銷	(811)	(1,167)	(1,978)
At 31 December 2007	於二零零七年十二月三十一日	2,476	14,947	17,423

The deferred balance of staff quarter rental income is determined based on the difference between the nominal amount and the fair value of the installment portion of the employee housing deposits (note 24) at initial recognition. It is amortised over the expected occupancy period of the staff quarter by the employee of 5 years on a straight-line basis.

Steam connection income represents the payment received/receivable from customers for the connection of steam pipelines.

員工宿舍租金遞延收入餘額是按員工房屋保證金(附註24)的分期付款部分於最初確認的賬面值與公平值的差額釐定。該等款項以直線法在預期員工佔用員工宿舍期間五年攤銷。

蒸汽接駁收入指為客戶接駁蒸汽管道的已收/應收款項。

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## 28. SHARE CAPITAL

## 28. 股本

		Number of Share 股數 '000 千股	Shares capital 股本 HK'000 千港元
Ordinary shares of HK\$0.1 each	每股0.1港元的普通股		
<b>Authorised</b>	<b>法定</b>		
On the date of incorporation and at 29 November 2006	於註冊成立日期及 於二零零六年十一月二十九日	2,000	200
At 31 December 2006	於二零零六年十二月三十一日	2,000	200
Increased on 5 September 2007 (Note iii)	於二零零七年九月五日增加(附註iii)	998,000	99,800
At 31 December 2007	於二零零七年十二月三十一日	1,000,000	100,000
<b>Issued and fully paid</b>	<b>已發行及繳足</b>		
1,000,000 share allotted and issued nil paid on date of incorporation (Note i)	於註冊成立日期配發及發行 1,000,000股未繳股款股份(附註i)	1,000	-
Issue of shares on Group Reorganisation (Note ii)	於集團重組時發行 股份(附註ii)	500	150
At 31 December 2006	於二零零六年十二月三十一日	1,500	150
Shares issued upon capitalisation (Note iv)	資本化時發行股份(附註iv)	348,000	34,800
Shares issued upon loan capitalisation (Note v)	貸款資本化時發行股份 (附註v)	500	50
Shares issued upon global offering (Note vi)	全球發售時發行股份 (附註vi)	172,500	17,250
At 31 December 2007	於二零零七年十二月三十一日	522,500	52,250
Shown on balance sheet as (RMB'000)	於資產負債表列示 (人民幣千元)		50,477

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### 綜合財務報表附註

For the year ended 31 December 2007

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#### 28. SHARE CAPITAL (Continued)

Notes:

- i. The Company was incorporated in the Cayman Islands on 29 November 2006 with an authorised share capital of HK\$200,000 divided into 2,000,000 shares of HK\$0.1 each and 1,000,000 shares were issued at nil paid on the date of incorporation.
- ii. On 15 December 2006, the shareholders transfer an aggregate of 240 shares of US\$1 each, being the entire issued share capital of Sourcestar, the intermediate holding company of Golden Corn, to the Company in consideration of and in exchange for (i) 500,000 new shares allotted and issued, credited as fully paid and (ii) credited as fully paid at par the 1,000,000 nil-paid shares issued on incorporation.
- iii. Pursuant to shareholders' resolution dated 5 September 2007, the authorised share capital of the Company was increased from HK\$200,000 to HK\$100,000,000 by the creation of an additional 998,000,000 shares of HK\$0.1 each.
- iv. Pursuant to shareholders' resolution dated 5 September 2007, 348,000,000 shares of HK\$0.1 each was issued to Merry Boom upon capitalisation at special reserves of the Company on 5 September 2007.
- v. Pursuant to a shareholders' resolution dated 5 September 2007, the Company issued 500,000 shares HK\$0.1 each to Merry Boom, as capitalisation of loan due to Merry Boom on 5 September 2007.
- vi. On 25 September 2007 and 22 October 2007, an aggregate of 172,500,000 shares of HK\$0.1 each in total were issued by way of placing to professional and institutional investors and public offering to the public at a price of HK\$2.22 per share including over-allotment shares.

#### 28. 股本(續)

附註：

- i. 本公司於二零零六年十一月二十九日於開曼群島註冊成立，法定股本為200,000港元，分為2,000,000股每股面值0.1港元的股份，而1,000,000股於註冊成立日期以未繳股款方式發行。
- ii. 於二零零六年十二月十五日，股東轉換合共240股每股面值1美元的股份(即金玉米的直接控股公司Sourcestar的全部已發行股本)予本公司，以代價及換取(i) 500,000股已配發及發行並列為繳足的新股份及(ii) 於註冊成立時的1,000,000股按面值未繳股份。
- iii. 根據日期為二零零七年九月五日的股東決議案，透過額外設立998,000,000股每股面值0.1港元的股份，本公司的法定股本由200,000港元增加至100,000,000港元。
- iv. 根據日期為二零零七年九月五日的股東決議案，資本化後，於二零零七年九月五日從本公司的特別儲備向怡興發行348,000,000股每股面值0.1港元的股份。
- v. 根據日期為二零零七年九月五日的股東決議案，本公司於二零零七年九月五日向怡興發行500,000股每股面值0.1港元的股份，作為資本化本公司欠怡興的貸款。
- vi. 於二零零七年九月二十五日及二零零七年十月二十二日，透過按每股股份2.22港元的價格，向專業及個人投資者配售股份，及向公眾人士公開發售股份而發行合共172,500,000股每股面值0.1港元的股份(包括超額配股股份)。

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### 綜合財務報表附註

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#### 29. 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 capital structure of the Group consists of debt, which includes loans and borrowings as disclosed in notes 24 and 25, and equity, comprising issued capital, reserves and retained profits as disclosed in the consolidated statements of changes in equity.

The management of the Group reviews the capital structure periodically. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as issue of new debt. The Group's overall strategy remains unchanged from prior year.

#### 30. FINANCIAL INSTRUMENTS

##### Categories of financial instruments

<b>Financial assets:</b>	<b>金融資產：</b>
Loans and receivables (including cash and cash equivalent)	貸款及應收款(包括現金及 現金等價物)
<b>Financial liabilities:</b>	<b>金融負債：</b>
Amortised cost	攤銷成本

##### Financial risk management objectives and policies

The Group's major financial instruments include borrowings, trade and note receivables, trade and bills payables, employee housing deposits, pledged bank deposit, bank balances and cash and amounts due from/to related companies. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### 29. 資本風險管理

本集團管理資本，以確保於本集團的實體將按持續經營基準，通過優化債務及股本結餘為股票持有人帶來最大回報。

本集團的資本架構由債務(包括於附註24和25披露的貸款及借貸)、及股權(包括綜合權益變動表內所披露的已發行股本、儲備及留存溢利)組成。

本集團管理層定期檢討資本架構。作為檢討的一部分，管理層考慮資本成本及每個級別資本有關的風險。本集團將以支付股息、發行新股及發行新債務方式平衡其全部的資本結構。本集團的整體策略較去年維持不變。

#### 30. 金融工具

##### 金融工具類別

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
509,437	233,827
253,915	604,886

##### 金融風險管理目標與政策

本集團的主要金融工具包括借貸、貿易及票據應收款、貿易及票據應付款、僱員房屋保證金、已抵押銀行存款、銀行結餘及應收/應付關連公司的現金及款額。該等金融工具的詳情已在相關的附註披露。該等金融工具的相關風險及減低該等風險的政策列述於下文。管理層會管理及監督該等風險以確保能及時並有效地實施適當措施。



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## 綜合財務報表附註

For the year ended 31 December 2007

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## 30. FINANCIAL INSTRUMENTS (Continued)

## Market risk

## (i) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence, exposures to exchange rate fluctuations arises. Approximately 12% of the Group's sales are denominated in currencies other than the functional currency of the group entity.

The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective balance sheet dates are as follow:

<b>Assets</b>	<b>資產</b>
United State Dollars	美元
Hong Kong Dollars	港元
Great Britain Pound	英鎊
Euro Dollars	歐元
<b>Liabilities</b>	<b>負債</b>
United State Dollars	美元
Hong Kong Dollars	港元

## 30. 金融工具(續)

## 市場風險

## (i) 外幣風險管理

本集團進行的若干交易以外幣為單位，因此受到對換率波動上升的風險。本集團銷售額約12%乃以集團實體的功能貨幣以外之貨幣列值。

本集團透過密切監測外幣兌換率之變動管理其外幣風險。

本集團以外幣計值的貨幣資產及貨幣負債於各結算日的賬面值如下：

<b>2007</b> 二零零七年 <b>RMB'000</b> 人民幣千元	<b>2006</b> 二零零六年 RMB'000 人民幣千元
<b>1,620</b>	12,806
<b>54,469</b>	–
<b>9,093</b>	–
<b>9,279</b>	–
<b>74,461</b>	12,806
<b>3,251</b>	–
<b>1,440</b>	123,644
<b>4,691</b>	123,644

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## 30. FINANCIAL INSTRUMENTS (Continued)

## Market risk (Continued)

## (i) Foreign currency risk management (Continued)

## Sensitivity analysis

The following table details the Group's sensitivity to a 6% appreciation in the RMB against the US Dollars and Hong Kong Dollars, 1.44% appreciation in the RMB against Great Britain Pound and 5% appreciation in the RMB against Euro Dollars. The respective rates are the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a change in foreign currency rates. The sensitivity analysis includes external loans, trade creditors as well as bank balances and trade receivables. The effect of the change in currency rate when the RMB strengthens against the relevant currency is as follows:

Profit or (loss) after taxation	稅後利潤或(虧損)
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Profit or (loss) after taxation	稅後利潤或(虧損)
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## 30. 金融工具(續)

## 市場風險(續)

## (i) 外幣風險管理(續)

## 敏感度分析

下表詳述本集團就人民幣兌換美元及港元的敏感度上升6%、人民幣兌換英鎊上升1.44%以及人民幣兌換歐元上升5%。各利率的敏感度，用於內部呈報外幣風險給主要管理人員及代表管理評估可能改變的外幣兌換率。敏感度分析只包括以外幣計值未兌現的幣值項目及於期末為外幣兌換率的變動而調整外幣折算。敏感度包括外部貸款、貿易應付款及銀行賬目餘額及貿易應收款。當人民幣升值時兌換有關貨幣的兌換率改變影響如下：

**United States Dollars Impact**  
美元影響

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
<b>(98)</b>	(154)

**Hong Kong Dollars Impact**  
港元影響

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
<b>(3,182)</b>	2,473

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## 30. FINANCIAL INSTRUMENTS (Continued)

## Market risk (Continued)

## (i) Foreign currency risk management (Continued)

## Sensitivity analysis (Continued)

Profit or (loss) after taxation 稅後利潤(虧損)

## (ii) Interest rate risk management

The Group has exposed to fair value and cash flow interest rate risks due to the fluctuation of the prevailing market interest rate on bank deposits and bank borrowings which comprise both fixed, subject to negotiation on annual basis, and variable rates borrowings. The Group's fair value interest rate risk relates primarily to its fixed rate bank borrowings (see note 25 for details of these borrowings). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see Note 25 for details of these borrowings). The Group has not used any derivative contracts to hedge its exposure to interest rate risk.

## 30. 金融工具(續)

## 市場風險(續)

## (i) 外幣風險管理(續)

## 敏感度分析(續)

Great Britain Pound Impact 英鎊影響	
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
(455)	—

Euro Dollars Impact 歐元影響	
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
134	—

Profit or (loss) after taxation 稅後利潤(虧損)

## (ii) 利率風險管理

由於現行市場利率波動，本集團的銀行存款及銀行借貸均以固定利率計息，但須每年協商，以及浮息借貸組成而面對公平值及現金流動利率風險。本集團的公平值利率風險主要與其固定利率銀行借貸有關(該等借貸詳情參閱附註25)。本集團亦面對有關浮息銀行借款之現金流量利率風險(該等借貸詳情參閱附註25)。本集團並無使用任何衍生合約工具進行對沖而承擔利率風險。

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#### 30. FINANCIAL INSTRUMENTS (Continued)

##### Market risk (Continued)

##### (ii) Interest rate risk management (Continued)

##### Sensitivity analysis (Continued)

The sensitivity analyses below have been determined based on the exposure to variable interest rates 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. Interest rates had been increased/decrease by 50 basis points 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 increase/decrease by 50 basis points and all other variables were held constant, the Group's profit after tax for the year ended 31 December 2007 would decrease/increase by RMB224,000 (2006: decrease/increase by RMB767,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

#### 30. 金融工具(續)

##### 市場風險(續)

##### (ii) 利率風險管理(續)

##### 敏感度分析(續)

以下敏感度分析乃基於浮息銀行借貸所承受的浮動利率風險釐定。該分析乃假設於結算日的尚未償還負債於該年度整段時間均尚未償還而編製。向主要管理人員內部匯報利率風險時，利用等量利率50個基點的增加／減少，代表管理層對利率的合理潛在變動作出的評估。

倘利率增加／減少50個基點，而所有其他變動保持不變，則本集團截至二零零七年十二月三十一日止年度的稅後利潤將減少／增加人民幣224,000元(二零零六年：減少／增加人民幣767,000元)。此乃主要由於本集團的利率風險為浮息借貸。

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#### 30. FINANCIAL INSTRUMENTS (Continued)

##### Credit risk

The Group's credit risk is primarily attributable to trade receivables from third parties. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Before accepting any new customer, the Group assesses the creditability of each of the potential customer's credit quality and defines credit limited to each customer. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In determining whether allowance for bad and doubtful debts is required, the Group takes into consideration the aging status and the likelihood of collection. Following the identification of doubtful debts, the responsible sales personnel discuss with the relevant customers and report on the recoverability, specific allowance is only made for trade receivable that is unlikely to be collected. In this regards, the directors of the Company are satisfied that this risk is minimal and adequate allowance for doubtful debts, if any, has been made in the financial statements after assessing the collectability of individual debts. The credit risk on liquid funds is limited because the counterparties are reputable banks in the PRC.

The Group has no significant concentration of credit risk in respect of the trade and other receivables, with exposure spread over a number of counterparties and customers.

##### Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2007, the Group has available unutilised bank loan facilities of approximately RMB178,000,000 (2006: RMB24,800,000). Details of which are set out in Note 25).

#### 30. 金融工具(續)

##### 信貸風險

本集團的信貸風險主要來自第三方貿易應收款。管理層已制訂信貸政策，並不斷監察所承擔的信貸風險。

在接納任何新顧客前，本集團會評估每名潛在客戶的信用度及為每名客戶訂立信貸限額。為盡量減低信貸風險，本集團的管理層已委派一組人員負責釐定信貸限額、信貸批核及其他監督程序，確保能採取跟進行動以討回逾期欠債。在確定是否須為呆壞賬作出備抵時，本集團會考慮賬齡狀況及討回債項的可能性。倘確定債項屬於呆賬，經辦的營銷人員會與有關客戶商討，就債項的可討回性作呈報，而且只會為不可能收回的貿易應收款作出特定備抵。就此而言，本公司的董事均信納該方面的風險極低，而且在評估個別債項的可收回性之後在財務報表中所作的呆賬(若有)備抵亦已充足。由於對手方均是中國有信譽的銀行，故此流動資金的信貸風險有限。

就貿易及其他應收款而言，本集團並無高度集中的信貸風險，風險均分散於多名對手方及客戶。

##### 流動資金風險

為管理流動資金風險，本集團會作出監督，將現金及現金等價物保持在管理層認為充足的水平，以應付本集團的經營所需及減低現金流量波動的影響。

本集團依賴銀行借款作為重要的流動資金來源。於二零零七年十二月三十一日，本集團之未動用銀行貸款約為人民幣178,000,000元(二零零六年：人民幣24,800,000元)。其詳情載於附註25。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

### 30. FINANCIAL INSTRUMENTS (Continued)

### 30. 金融工具(續)

#### Liquidity risk (Continued)

##### Liquidity table

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

#### 流動資金風險(續)

##### 流動資金表格

下表詳載本集團的非衍生金融負債的合約期限。該表乃基於本集團須作出支付的最早日期根據金融負債的未折現現金流量制定。該表列入利息及本金現金流量。

	Weighted average effective interest rate	Less than 1 month	1-6 months	6-12 months	1-2 years	2-5 years	More than 5 years	Total undiscounted flow	Carrying amount
	加權平均實際利率	少於一個月	第一至六個月	第六至十二個月	第一至二年	第二至五年	超過五年	未折現流量總額	的賬面值
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	%	人民千港元	人民千港元	人民千港元	人民千港元	人民千港元	人民千港元	人民千港元	人民千港元
<b>2007</b>	<b>二零零七年</b>								
Non-derivative financial liabilities	非衍生金融負債								
Trade and other payables	貿易及其他應付款	-	73,131	22,702	-	-	-	95,833	95,833
Loans	貸款								
- interest free	- 無息	-	-	665	886	2,659	5,540	9,750	9,750
- fixed rate	- 定息	6.57%	22,220	51,643	-	-	-	73,863	72,220
- variable rate	- 浮息	7.158%	-	21,369	10,747	-	-	32,116	30,000
Employee housing deposit	僱員住房存款	3.885%	26,846	3,956	5,143	12,201	-	48,146	46,112
		26,846	99,307	96,379	16,776	14,860	5,540	259,708	253,915
<b>2006</b>	<b>二零零六年</b>								
Non-derivative financial liabilities	非衍生金融負債								
Trade and other payables	貿易及其他應付款	98	54,502	22,717	-	-	-	77,317	77,317
Loans	貸款								
- interest free	- 無息	-	-	-	664	1,773	7,313	9,750	9,750
- fixed rate	- 定息	6.3%	101,608	-	30,559	-	-	132,167	129,609
- variable rate	- 浮息	6.3%	-	-	136,807	-	-	136,807	122,000
Amount due to a related party	欠一名關連人士款項	-	-	14,265	-	-	-	14,265	14,265
Employee housing deposit	僱員住房存款	3.885%	27,292	4,252	3,857	17,344	-	52,745	49,801
Dividend payable	應付股息	-	78,500	-	-	-	-	78,500	78,500
Loan from shareholder	股東貸款	6.57%	-	-	124,450	-	-	124,450	123,644
		105,890	156,110	41,234	296,337	19,117	7,313	626,001	604,886

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

#### 30. FINANCIAL INSTRUMENTS (Continued)

##### Fair value of financial instruments

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

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

#### 30. 金融工具(續)

##### 金融工具的公平值

金融資產及金融負債的公平值根據一般公認定價模式，以貼現現金流量分析及利用可觀察的現行市場交易價格而釐定。

董事認為，於綜合財務報表內按攤銷成本列值的金融資產及金融負債的賬面值與其公平值相若。

#### 31. MAJOR NON-CASH TRANSACTIONS

The Group had the following major non-cash transactions during the year:

- (i) Bank acceptance bills receivable of RMB14,177,000 (2006: RMB13,626,000) for the year have been used to settle amounts payable incurred for plant and equipment under construction.
- (ii) Bank acceptance bills of RMB15,200,000 for the year ended 31 December 2007 has been received as part of consideration of disposal of leasehold land.
- (iii) Amount of RMB4,820,000 at 31 December 2007 (2006: RMB5,500,000), being personal income tax (20% of dividend to be distributed) upon the dividends paid to the shareholders was withheld by the Company for future payment to the local tax bureau.
- (iv) Pursuant to a shareholders resolution date 5 September 2007, borrowing due to Merry Boom amounted to be RMB129,583,000 and amount due to Merry Boom amounted to be RMB922,000 were capitalised as set out in note 28.

#### 31. 主要非現金交易

本集團於年內有如下主要非現金交易：

- (i) 本年度的銀行承兌票據應收款為人民幣14,177,000元(二零零六年：人民幣13,626,000元)，用於清付在建廠房及設備所產生的應付金額。
- (ii) 截至二零零七年十二月三十一日止年度的銀行承兌票據人民幣15,200,000元乃作為出售租賃土地的部分代價而收取。
- (iii) 於二零零七年十二月三十一日金額為人民幣4,820,000元(二零零六年：人民幣5,500,000元)的款項，即派付股東股息後的個人所得稅收入(將分派股息的20%)被本公司扣起作日後支付當地稅局之用。
- (iv) 根據日期為二零零七年九月五日的股東決議案，欠怡興的貸款達人民幣129,583,000元及欠怡興的款項達人民幣922,000元乃如附註28所載撥作資本。



## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

## 32. OPERATING LEASE COMMITMENTS

## 32. 經營租賃承擔

For the year ended 31 December  
截至十二月三十一日年度

Minimum lease payments paid under operating lease during the year:	年內按經營租賃支付的最低租賃金額：
Premises	有關物業

<b>2007</b>	2006
二零零七年	二零零六年
<b>RMB'000</b>	RMB'000
人民幣千元	人民幣千元

<b>196</b>	238
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At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating lease which fall due as follows:

於結算日，本集團根據不可撤銷經營租賃的日後最低租賃金額承擔到期支付情況如下：

At 31 December  
於十二月三十一日

Within one year	一年內
In the second to fifth years inclusive	第二年至第五年(包括首尾兩年)

<b>2007</b>	2006
二零零七年	二零零六年
<b>RMB'000</b>	RMB'000
人民幣千元	人民幣千元

<b>532</b>	8
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<b>915</b>	8
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<b>1,447</b>	8
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Operating lease payments mainly represent rentals payable by the Group for certain of its staff quarters and office. The lease are negotiated for terms from 1 to 2 years.

經營租賃金額主要指本集團若干員工宿舍及辦公室的應付租金。所磋商的租約為期一至二年。

## 33. CAPITAL COMMITMENTS

## 33. 資本承擔

At 31 December  
於十二月三十一日

Capital expenditure contracted for but not provided for in the financial statements in respect of acquisition of property, plant and equipment	有關購置物業、廠房及設備的已訂約但未在財務報表內撥備的資本開支
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<b>2007</b>	2006
二零零七年	二零零六年
<b>RMB'000</b>	RMB'000
人民幣千元	人民幣千元

<b>455</b>	411
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## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

#### 34. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 5 September 2007 for the primary purpose of providing incentives to directors and eligible employees. Under the Scheme, the Board of Directors may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. The Scheme will remain in force for a period of 10 years commencing on the date on which the Scheme is adopted. The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme adopted by the Company must not in aggregate exceed 30% of share capital of the Company issue from time to time.

As at 31 December 2007, no options have been granted under the share option scheme of the Company.

#### 35. RETIREMENT BENEFITS SCHEME

##### Defined contribution plan

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of trustees.

The employees of the PRC subsidiary are members of the state-managed retirement benefits scheme operated by the PRC government. They are required to contribute 20% of their payroll to the retirement benefits scheme to fund the benefits.

The only obligation of the Group with respect to these pension scheme is to make the required contributions.

The total expense recognised in the consolidated income statement of RMB2,995,000 (2006: RMB2,632,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. No forfeited contributions are available to reduce the contribution payable by the Group in the future years.

#### 34. 以股份支付款項的交易

本公司的購股權計劃(「該計劃」)乃根據於二零零七年九月五日通過的一項決議案而採納，主要目的為向董事及合資格僱員提供獎勵。根據該計劃，董事會可向合資格僱員(包括本公司及附屬公司的董事)授出購股權以認購本公司的股份。該計劃將於採納之日起計十年內有效。因行使根據該計劃或本公司採納的任何其他購股權計劃的所有已授出及尚未行使的購股權而可能將發行的股份數目上限，不得超過本公司不時發行股本的30%。

於二零零七年十二月三十一日，概無根據本公司購股權計劃授出任何購股權。

#### 35. 退休金福利計劃

##### 界定供款計劃

本集團為所有在香港的僱員設立一項強制性公積金計劃(「強積金計劃」)。強積金計劃的資產與本集團的資產分開，由受託人控制的基金持有。

中國附屬公司的僱員為由中國政府運作的國營退休福利計劃的成員。彼等須按彼等工資的20%為退休福利計劃供款。

本集團就該等退休計劃的唯一責任為作出規定的供款。

綜合收益表內確認的總開支為人民幣2,995,000元(二零零六年：人民幣2,632,000元)，指本集團按計劃條款特定的利率向該等計劃支付的供款。並無被沒收的供款可用作扣減本集團未來年度的應付供款。

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

## 36. RELATED PARTY TRANSACTIONS

## 36. 關連交易

During the year, the Group entered into the following transaction with the related parties:

於年內，本集團與關連方訂立以下交易：

## (i) Sales and purchases

## (i) 銷售及採購

	Trade sales		Trade purchases	
	貿易銷售額		貿易採購額	
	Year ended 31 December		Year ended 31 December	
	截至十二月三十一日止年度		截至十二月三十一日止年度	
	2007	2006	2007	2006
	二零零七年	二零零六年	二零零七年	二零零六年
	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Related companies (note (a))	-	-	352	22,225
An associate	118,243	84,339	-	-
	<b>118,243</b>	<b>84,339</b>	<b>352</b>	<b>22,225</b>

Sales and purchases were based on contracted price.

銷售額及採購額根據合約價格計算。

## (ii) Sales of electricity and steam

## (ii) 電力和蒸汽銷售額

	Year ended 31 December	
	截至十二月三十一日止年度	
	2007	2006
	二零零七年	二零零六年
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Related companies (note (a))	65,819	40,380
An associate (note (b))	3,152	3,800
	<b>68,971</b>	<b>44,180</b>

Sales of electricity and steam are based on contracted price.

電力及蒸汽銷售額根據合約價格計算。

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

36. RELATED PARTY TRANSACTIONS  
(Continued)

## (iii) Commission income

An associate 聯營公司

Commission income is calculated at 1% on sales of modified starch handled by the Group for the associate during the year plus 4% on amount collected in respect of sales made in the year.

From 1 October 2006, the associate terminated the provision of handling service with the Group.

## (iv) Salary expenses

A related company 關連公司

Salary was paid to Juneng Holding Group at cost at a rate determined with reference to the average monthly salary of staff of Golden Corn engaging in similar function. Salary paid during the year was a continuing connected transaction as defined under Chapter 14A of the Listing Rules.

## 36. 關連交易(續)

## (iii) 佣金收入

Year ended 31 December  
截至十二月三十一日止年度

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
-	3,379

佣金收入是按本集團於年內為該聯營公司處理變性澱粉銷售的金額1%另加就本年度的銷售收回的金額4%計算。

由二零零六年十月一日起，該聯營公司與本集團終止提供處理服務。

## (iv) 薪金支出

For the year ended 31 December  
截至十二月三十一日止年度

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
6,950	14,844

薪金乃根據參考於金玉米從事類似職務的僱員的平均月薪而釐定，按成本支付給巨能控股集團。根據上市規則第14A章所界定者，年內支付薪金為持續關連交易。

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

36. RELATED PARTY TRANSACTIONS  
(Continued)

## (v) Interest income

A related company (note (a)) 關連公司(附註(a))

The interest income was interest charged by the Group on the amount due from a related company calculated at interest rate of 5.86% per annum.

## (vi) Interest expense

A shareholder 股東  
A related company (note (a)) 關連公司(附註(a))

The interest expense charged by a shareholder represents the imputed interest expenses for the interest-free loan calculated at effective interest rate of 6.57% per annum.

The interest expense charged by a related company represents the interest expense for amount due from a related company calculated at interest rate ranging from 0.72% to 5.58% per annum, the amount had been fully repaid during the year ended 31 December 2006.

## 36. 關連交易(續)

## (v) 利息收入

For the year ended 31 December  
截至十二月三十一日止年度

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
-	1,996

利息收入為本集團根據應收一間關連公司的金額，按年利率5.86厘計息而收取的利息。

## (vi) 利息支出

For the year ended 31 December  
截至十二月三十一日止年度

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
5,939	225
-	4,165
<b>5,939</b>	<b>4,390</b>

股東所收取的利息開支指免息貸款的名義利息開支，按年實際利率6.57厘計算。

一間關連公司所收取的利息開支指欠一間關連公司的款項的利息開支，按年利率0.72至5.58厘計算，該款項已於截至二零零六年十二月三十一日止年度悉數償付。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

#### 36. RELATED PARTY TRANSACTIONS (Continued)

##### (vii) Accounts receivables/payables to related party

Amounts receivable from related companies (note (a))	應收關連公司款項 (附註(a))
Amounts payable to related companies (note (a))	應付關連公司款項 (附註(a))

The amounts outstanding are unsecured and will be settled within the credit term granted. No guarantees have been given or received. No expense has been recognised in the year for bad or doubtful debts in respect of the amounts due from related parties.

Note (a) Those related companies are subsidiaries of Juneng Holding Group or the company on which Mr. Tian, the director and shareholder of the Company, has significant influence.

Note (b) During the year, the sales of steam to Juneng Special Steel amounted to RMB60,456,000 was also a continuing connected transaction as defined under Chapter 14A of the Listing Rules.

#### 36. 關連交易(續)

##### (vii) 應收／應付與關連人士款項

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
<b>13,772</b>	18,147
-	112

尚未償還款項乃無抵押並將於所授予的信貸期內結算。概無提供或接獲任何擔保。於年內，未確認與關連人士欠款相關的呆壞賬準備。

附註(a) 該等關連公司為巨能控股集團的附屬公司或本公司的董事兼股東田先生對其有重大影響的公司。

附註(b) 於年內，銷售予巨能特鋼的蒸氣達人民幣60,456,000元，根據上市規則第14A章所界定者，銷售蒸汽亦為持續關連交易。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

#### 36. RELATED PARTY TRANSACTIONS (Continued)

##### (viii) Compensation of key management personnel

The remuneration of key management during the years was as follows:

Short-term benefits	短期福利
Retirement benefits scheme contribution	退休金計劃供款

In the opinion of the directors of the Company, all the above transactions with the related parties were conducted on normal commercial terms and in the usual course of Group's business.

Save as mentioned above, none of the related party transactions constituted connected transactions or continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

#### 36. 關連交易 (續)

##### (viii) 主要管理層人員的報酬

主要管理層於年內的薪酬如下：

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
1,775	657
86	28
1,861	685

據董事的意見，以上所有與關連人士進行的交易是按正常商業條款於本集團日常業務過程中進行。

除上文所述者外，根據上市規則第14A章，概無關連人士交易構成本公司關連交易或持續關連交易。



## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

## 37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

## 37. 本公司的主要附屬公司詳情

Name of subsidiary 附屬公司名稱	Place/country of incorporation or registration/ operations 註冊成立或登記/ 經營地點/國家	Class of share held 所持股份類別	Paid up/ registered share capital 繳足/註冊股本	Proportion ownership interest held by the Company 本公司所持有 權益的比例		Proportion voting power held by the Company 本公司所持 投票權百分比		Principal activities 主要業務		
				Directly 直接		Indirectly 間接				
				2007 二零零七年 %	2006 二零零六年 %	2007 二零零七年 %	2006 二零零六年 %		2007 二零零七年 %	2006 二零零六年 %
Sourcestar Worldwide Inc.	British Virgin Islands 英屬維爾京群島	Ordinary 普通股	US\$240 240美元	100	100	-	-	100	100	Investing holding 投資控股
China Starch Group Limited (note i) (附註 i)	Hong Kong 香港	Ordinary 普通股	HK\$1 1港元	100	N/A 不適用	-	N/A 不適用	100	N/A 不適用	Investing holding 投資控股
Golden Corn (note ii) 金玉米(附註 ii)	PRC 中國	Registered 已註冊	RMB380,000,000 人民幣380,000,000元	-	-	100	100	100	100	Manufacture and sale of cornstarch, lysine and their related products 製造及銷售玉米澱粉、 賴氨酸及其相關產品

Note: (i) The entity was established on 27 November 2007.  
(ii) The entity was being a wholly foreign owned enterprise.

附註：(i) 該實體於二零零七年十一月二十七日成立。  
(ii) 該實體為外商獨資企業。

## 38. POST BALANCE SHEET EVENT

## 38. 結算日後事項

- (i) On 10 March 2008, Golden Corn entered into an agreement with 臨清德能生物科技有限公司 (Linqing Deneng Bio Technology Limited) to set up 臨清德能金玉米生物有限公司 (Linqing Deneng Golden Corn Bio Limited) ("Deneng Golden Corn").

The registered capital of Deneng Golden Corn was contributed as to RMB110,000,000 and represented by 85.94% of the registered capital by Golden Corn on 12 March 2008. Deneng Golden Corn was duly established on 13 March 2008.

- (i) 於二零零八年三月十日，金玉米與臨清德能生物科技有限公司訂立一項協議，成立臨清德能金玉米有限公司(「德能金玉米」)。

德能金玉米的註冊股本由金玉米於二零零八年三月十二日注資人民幣110,000,000元，佔註冊股本的85.94%。德能金玉米於二零零八年三月十三日成立。

## Four Years Financial Summary

### 四年財務概要

A summary of the results, assets and liabilities of the Group for the last four financial years is as follows:

本集團於最近四個財政年度之業績、資產及負債之概要如下：

#### For the year ended 31 December

截至十二月三十一日止年度

		2004	2005	2006	2007
		二零零四年	二零零五年	二零零六年	二零零七年
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
<b>Results</b>	<b>業績</b>				
Turnover	營業額	975,754	948,205	1,031,506	<b>1,349,962</b>
Cost of goods sold	銷貨成本	(852,903)	(827,650)	(836,267)	<b>(1,084,677)</b>
Gross profit	毛利	122,851	120,555	195,239	<b>265,285</b>
Other income	其他收入	9,212	9,033	10,631	<b>31,695</b>
Interest income	利息收入	1,009	2,411	4,632	<b>8,756</b>
Distribution expenses	分銷開支	(26,792)	(26,720)	(31,944)	<b>(40,976)</b>
Administrative Expenses	行政開支	(12,338)	(17,180)	(25,568)	<b>(37,985)</b>
Finance costs	融資成本	(6,100)	(12,403)	(16,359)	<b>(20,495)</b>
Share of results of an associate	攤佔一間聯營公司業績	2,986	1,790	(3,475)	<b>(2,375)</b>
Profit before taxation	除稅前利潤	90,828	77,486	133,156	<b>203,905</b>
Taxation	稅項	(26,883)	3,105	(18,766)	<b>(185)</b>
Profit for the year	本年度利潤	63,945	80,591	114,390	<b>203,720</b>
Attributable to:	以下人士應佔：				
Equity holder of the Company	本公司權益持有人	31,979	40,918	66,574	<b>203,720</b>
Minority interests	少數股東權益	31,966	39,673	47,816	<b>-</b>
		63,945	80,591	114,390	<b>203,720</b>
Dividends recognised as distribution	確認為分派的股息	-	-	108,000	<b>70,794</b>
Attributable to:	以下人士應佔：				
Equity holder of the Company	本公司權益持有人	-	-	58,950	<b>70,794</b>
Minority interests	少數股東權益	-	-	49,050	<b>-</b>
		-	-	108,000	<b>70,794</b>
Earnings per share – basic (RMB)	每股盈利 – 基本(人民幣)	0.1218	0.1559	0.2536	<b>0.6256</b>

## Four Years Financial Summary

### 四年財務概要

		As at 31 December			
		於十二月三十一日			
		2004	2005	2006	2007
		二零零四年	二零零五年	二零零六年	二零零七年
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
<b>Assets and Liabilities</b>	<b>資產及負債</b>				
Total assets	資產總額	910,336	885,265	842,902	<b>1,112,485</b>
Total liabilities	負債總額	(690,264)	(584,602)	(659,117)	<b>(320,144)</b>
		220,072	300,663	183,785	<b>792,341</b>
Equity attributable to equity holders of the Company	本公司權益持有人應佔權益	110,058	164,111	183,785	792,341
Minority interests	少數股東權益	110,014	136,552	–	–
		220,072	300,663	183,785	792,341

The company was incorporated in the Cayman Islands and became the holding company of the Group on 29 November 2006. The financial information for the year ended 31 December 2004, 2005 and 2006 have been prepared on a combined basis as if the current group structure had been in existence throughout those years and have been extracted from the Company's prospectus dated 12 September 2007.

本公司於二零零六年十一月二十九日在開曼群島註冊成立，並成為本集團的控股公司。截至二零零四年、二零零五年及二零零六年十二月三十一日止年度的財務資料乃按合併基準編製，猶如現有集團架構於該等年度一直存在，並摘錄自本公司日期為二零零七年九月十二日之招股章程。

