



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

(於開曼群島註冊成立之有限公司) (股份代號: 609)

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

二零零八年中期報告
Interim Report 2008



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公司資料

Corporate Information

董事會

執行董事

劉洪亮先生(主席)

王子江先生

郭希田先生

郭玉成先生

獨立非執行董事

梁錦雲先生

高寶玉先生

劉晨光先生

董事會委員會

審核委員會

梁錦雲先生(主席)

高寶玉先生

劉晨光先生

薪酬委員會

劉洪亮先生(主席)

梁錦雲先生

高寶玉先生

劉晨光先生

安全及環保委員會

郭玉成先生(主席)

高寶玉先生

傅安旭先生

公司秘書及合資格會計師

劉偉珍小姐 CPA, FCCA

香港法律顧問

施文律師行

主要往來銀行

恒生銀行有限公司

中國工商銀行濰坊市分行

Board of directors

Executive directors

Mr. Liu Hongliang (Chairman)

Mr. Wang Zijiang

Mr. Guo Xitian

Mr. Guo Yucheng

Independent non-executive directors

Mr. Leung Kam Wan

Mr. Gao Baoyu

Mr. Liu Chenguang

Board committees

Audit committee

Mr. Leung Kam Wan (Chairman)

Mr. Gao Baoyu

Mr. Liu Chenguang

Remuneration committee

Mr. Liu Hongliang (Chairman)

Mr. Leung Kam Wan

Mr. Gao Baoyu

Mr. Liu Chenguang

Safety and environmental protection committee

Mr. Guo Yucheng (Chairman)

Mr. Gao Baoyu

Mr. Fu Anxu

Company secretary and qualified accountant

Ms. Lau Wai Chun, CPA, FCCA

Legal adviser as to Hong Kong Laws

F. Zimmern & Co.

Principal bankers

Hang Seng Bank Limited

Industrial and Commercial Bank of China,
Weifang Branch

公司資料

Corporate Information

香港股份過戶登記處

香港中央證券登記有限公司

香港
灣仔
皇后大道東183號合和中心
17樓1712-1716室

註冊辦事處

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

香港主要營業地點

香港
夏慤道12號
美國銀行中心
22樓
2204A室

總辦事處及中國主要營業地點

中國
山東省
濰坊市
山東濰坊經濟開發區

網址

tdchem.hi2000.com

股份代號

聯交所：609

Hong Hong share registrar and transfer office

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

Registered office

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

Principal place of business in Hong Kong

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

Head office and principal place of business in the PRC

Shandong Weifang Economic Development Zone
Weifang City
Shandong Province
The PRC

Website address

tdchem.hi2000.com

Stock code

The Stock Exchange: 609

簡明綜合收益表 Condensed Consolidated Income Statement

天德化工控股有限公司(「本公司」)董事(「董事」)組成之董事會(「董事會」)欣然宣佈，本公司及其附屬公司(「本集團」)截至二零零八年六月三十日止六個月之未經審核簡明綜合業績，連同二零零七年同期之比較數字及附註如下：

The board (the "Board") of directors (the "Directors") of Tiande Chemical Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008 together with the comparative figures for the corresponding period in 2007 and the notes as follows:

		截至六月三十日止六個月 Six months ended 30 June		
			二零零八年 2008	二零零七年 2007
		附註 Note	人民幣千元 RMB'000 (未經審核) (unaudited)	人民幣千元 RMB'000 (未經審核) (unaudited)
營業額	Turnover	4	416,270	262,710
銷貨成本	Cost of goods sold		(355,440)	(224,887)
毛利	Gross profit		60,830	37,823
其他收入	Other income	5	3,112	1,729
銷售開支	Selling expenses		(15,260)	(9,317)
行政開支	Administrative expenses		(16,345)	(11,100)
投資物業公平值變動	Change in fair value of investment properties		660	1,220
財務成本	Finance costs	6	(7,037)	(1,634)
除稅前溢利	Profit before tax		25,960	18,721
所得稅開支	Income tax expense	7	(2,414)	(697)
本公司股權持有人應佔本期溢利	Profit for the period attributable to equity holders of the Company	8	23,546	18,024
每股盈利	Earnings per share		人民幣 0.059 元	人民幣0.045元
— 基本	— basic	10	RMB0.059	RMB0.045

簡明綜合資產負債表

Condensed Consolidated Balance Sheet

			二零零八年 六月三十日 30 June 2008 人民幣千元 RMB'000 (未經審核) (unaudited)	二零零七年 十二月三十一日 31 December 2007 人民幣千元 RMB'000 (經審核) (audited)
非流動資產	Non-current assets			
物業、廠房及設備	Property, plant and equipment	11	368,896	369,684
預付租賃款項	Prepaid lease payments		65,739	66,457
投資物業	Investment properties		10,360	9,700
購買物業、廠房及設備之訂金	Deposits for acquisition of property, plant and equipment		18,740	6,494
遞延稅項資產	Deferred tax assets		468	669
			464,203	453,004
流動資產	Current assets			
存貨	Inventories		72,672	53,172
貿易應收賬款及 其他應收款項	Trade and other receivables	12	144,125	216,676
已抵押銀行存款	Pledged bank deposits		300	16,400
銀行及現金結餘	Bank and cash balances		5,530	29,207
			222,627	315,455
流動負債	Current liabilities			
貿易應付賬款及 其他應付款項	Trade and other payables	13	125,137	254,849
應付關聯公司款項	Amount due to a related company		-	39
銀行借貸	Bank borrowings	14	128,126	82,557
流動稅項負債	Current tax liabilities		2,000	304
			255,263	337,749
流動負債淨值	Net current liabilities		(32,636)	(22,294)
總資產減流動負債	Total assets less current liabilities		431,567	430,710
非流動負債	Non-current liabilities			
銀行借貸	Bank borrowings	14	57,480	75,200
遞延稅項負債	Deferred tax liabilities		1,790	1,600
遞延收入	Deferred income		25,521	26,892
			84,791	103,692
資產淨值	NET ASSETS		346,776	327,018
資本及儲備	Capital and reserves			
股本	Share capital	15	4,031	4,031
儲備	Reserves		342,745	322,987
總權益	TOTAL EQUITY		346,776	327,018

簡明綜合權益變動表

Condensed Consolidated Statement of Changes in Equity

截至二零零八年六月三十日止六個月(未經審核)

For the six months ended 30 June 2008 (unaudited)

		股本	股份溢價	特別儲備	盈餘公積金	公益金	物業重估 儲備	資本出資 儲備	股份付款 儲備	累計溢利	匯兌儲備	總股權
		Share capital	Share premium	Special reserve	Surplus reserve fund	Public welfare fund	Property revaluation reserve	Capital contribution reserve	Share- based payment reserve	Accu- mulated profits	Translation reserve	Total equity
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
於二零零八年一月一日	At 1 January 2008	4,031	89,544	31,182	11,273	633	1,359	951	-	188,747	(702)	327,018
產生自換算海外業務並 直接於股權中確認之 匯兌差額	Exchange differences arising on translation of foreign operations recognised directly in equity	-	-	-	-	-	-	-	-	-	(47)	(47)
本期溢利	Profit for the period	-	-	-	-	-	-	-	-	23,546	-	23,546
期內確認之收入(開支) 總額	Total recognised income (expense) for the period	-	-	-	-	-	-	-	-	23,546	(47)	23,499
確認股權結算 之股份付款	Recognition of equity-settled share-based payments	-	-	-	-	-	-	549	191	-	-	740
二零零七年末期股息	2007 final dividend	-	-	-	-	-	-	-	-	(4,481)	-	(4,481)
於二零零八年六月三十日	At 30 June 2008	4,031	89,544	31,182	11,273	633	1,359	1,500	191	207,812	(749)	346,776

截至二零零七年六月三十日止六個月(未經審核)

For the six months ended 30 June 2007 (unaudited)

		股本	股份溢價	特別儲備	盈餘公積金	公益金	物業重估 儲備	資本出資 儲備	股份付款 儲備	累計溢利	匯兌儲備	總股權
		Share capital	Share premium	Special reserve	Surplus reserve fund	Public welfare fund	Property revaluation reserve	Capital contribution reserve	Share- based payment reserve	Accu- mulated profits	Translation reserve	Total equity
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
於二零零七年一月一日	At 1 January 2007	4,031	89,544	31,182	7,819	633	-	-	-	170,941	(230)	303,920
產生自換算海外業務 之匯兌差額	Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	(181)	(181)
物業之重估盈餘	Surplus on revaluation of properties	-	-	-	-	-	1,359	-	-	-	-	1,359
直接於股權中確認之 收入(開支)淨額	Net income (expense) recognised directly in equity	-	-	-	-	-	1,359	-	-	-	(181)	1,178
本期溢利	Profit for the period	-	-	-	-	-	-	-	-	18,024	-	18,024
期內確認之收入(開支) 總額	Total recognised income (expense) for the period	-	-	-	-	-	1,359	-	-	18,024	(181)	19,202
轉撥	Transfer	-	-	-	1	-	-	-	-	(1)	-	-
於二零零七年六月三十日	At 30 June 2007	4,031	89,544	31,182	7,820	633	1,359	-	-	188,964	(411)	323,122

簡明綜合現金流量表

Condensed Consolidated Cash Flow Statement

		截至六月三十日止六個月 Six months ended 30 June	
		二零零八年 2008 人民幣千元 RMB'000 (未經審核) (unaudited)	二零零七年 2007 人民幣千元 RMB'000 (未經審核) (unaudited)
經營業務所得現金淨額	NET CASH FROM OPERATING ACTIVITIES	4,642	49,079
購買物業、廠房及設備	Purchase of property, plant and equipment	(48,739)	(64,477)
購買物業、廠房及設備之已付訂金	Deposits paid for acquisition of property, plant and equipment	(12,246)	(6,426)
支付預付租賃	Payments of prepaid lease	–	(1,310)
已抵押銀行存款減少	Decrease in pledged bank deposits	16,100	1,607
已收利息	Interest received	374	197
投資活動所用現金淨額	NET CASH USED IN INVESTING ACTIVITIES	(44,511)	(70,409)
償付銀行借貸	Repayment of bank borrowings	(60,103)	(10,220)
新造銀行借貸	New bank borrowings raised	87,952	20,300
已付利息	Interest paid	(7,008)	(1,634)
已派股息	Dividends paid	(4,481)	–
融資活動所得現金淨額	NET CASH FROM FINANCING ACTIVITIES	16,360	8,446
現金及現金等值減少淨額	NET DECREASE IN CASH AND CASH EQUIVALENTS	(23,509)	(12,884)
期初之現金及現金等值	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	29,207	36,899
外匯匯率變動影響	EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(168)	(190)
期終之現金及現金等值	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTED BY		
以銀行及現金結餘代表	Bank and cash balances	5,530	23,825

簡明綜合財務報表附註

Notes to the Condensed Consolidated Financial Statements

截至二零零八年六月三十日止六個月

For the Six Months Ended 30 June 2008

1. 編製基準

未經審核簡明綜合中期財務報表乃按照香港聯合交易所有限公司證券上市規則(「上市規則」)附錄十六之適用披露規定，以及香港會計師公會(「香港會計師公會」)頒佈之香港會計準則第34號(「香港會計準則第34號」)「中期財務報告」而編製。

未經審核簡明綜合中期財務報表並不包括年度財務報表所要求披露的所有資料，因此應與本集團截至二零零七年十二月三十一日止年度的年度財務報表一併閱讀。

2. 採用會計政策之重大判決

經評估(i)本集團就中華人民共和國(「中國」)票據法對銀行承兌匯票背書安排獲得之法律意見；(ii)本集團之主要債權人已作書面上不能撤回之承諾，不管在任何情況下均不會就本集團因及／或因應已背書給他們的票據向本集團提出任何有關索償；及(iii)本集團過往一直未曾因該類票據背書安排而被索償，董事認為本集團把已收並背書給其債權人的該等銀行承兌匯票(「背書銀行承兌匯票」)之擁有權相關的風險及回報已重大地轉移給其債權人。因此，總額約人民幣149,200,000元的背書銀行承兌匯票已用於抵銷截至二零零八年六月三十日止期間有關債權人的貿易應付款項及其他應付款項。

1. Basis of preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2007.

2. Critical judgements in applying accounting policies

After evaluating (i) the legal opinion on the Bills Law of the People's Republic of China ("PRC") for the bank acceptance bills endorsement arrangement obtained by the Group; (ii) the written irrevocable undertaking from major creditors of the Group who have irrevocably undertook not to make any claim and in any event to waive such claim against the Group arising from and/or in connection with the bills endorsed to them; and (iii) the fact that the Group has not experienced any claims arisen from such bills endorsement arrangement so far, the Directors are of the opinion that the risks and rewards associated with the ownership of those bank acceptance bills received by the Group and endorsed to its creditors ("Endorsed Bank Acceptance Bills") have been substantially transferred. As a result, the Endorsed Bank Acceptance Bills in the sum of approximately RMB149.2 million have been applied to set-off against the trade and other payables towards the relevant creditors for the period ended 30 June 2008.

簡明綜合財務報表附註

Notes to the Condensed Consolidated Financial Statements

截至二零零八年六月三十日止六個月

For the Six Months Ended 30 June 2008

3. 主要會計政策

未經審核簡明綜合中期財務報表乃按歷史成本慣例編製，並就投資物業按公平值列賬之重估作出修訂。

編製未經審核簡明綜合中期財務報表採用之會計政策及編製基準與截至二零零七年十二月三十一日止年度之年度財務報表所採用者一致，除已採納以下新增及經修訂之香港財務報告準則（「香港財務報告準則」）包括香港會計準則及詮釋外，有關準則及詮釋於二零零八年一月一日或之後開始之會計期間生效：

香港（國際財務報告詮釋委員會） — 詮釋第11號	香港財務報告準則第2號— 集團及庫存股份交易
香港（國際財務報告詮釋委員會） — 詮釋第12號	服務經營權安排
香港（國際財務報告詮釋委員會） — 詮釋第14號	香港會計準則第19號— 界定福利資產限額、 最低資金規定及其 相互關係

採納此等準則及詮釋對本集團的業績及財務狀況或表現並無重大影響。

3. Principal accounting policies

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, which are carried at their fair values.

The accounting policies and basis of preparation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2007, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which also included Hong Kong Accounting Standards and Interpretations) that are effective for the accounting periods beginning on or after 1 January 2008:

HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these standards and interpretations has no material effect on the results and the financial position or performance of the Group.

簡明綜合財務報表附註

Notes to the Condensed Consolidated Financial Statements

截至二零零八年六月三十日止六個月

For the Six Months Ended 30 June 2008

3. 主要會計政策(續)

以下新準則、經修訂準則及詮釋已頒佈但尚未於截至二零零八年十二月三十一日止年度生效，且本集團並無提早採納：

香港會計準則 第1號(經修訂)	財務報表的 呈列 ²
香港會計準則 第23號(經修訂)	借貸成本 ²
香港會計準則 第27號(經修訂)	綜合及獨立 財務報表 ³
香港會計準則 第32號及香港 會計準則第1號 (修訂)	可沽金融 工具及因 清盤產生 的責任 ²
香港財務報告準則 第2號(修訂)	歸屬的條件 及註銷 ²
香港財務報告準則 第3號(經修訂)	業務合併 ³
香港財務報告準則 第8號	營運分類 ²
香港(國際財務 報告詮釋委員會) — 詮釋第13號	客戶長期 支持計劃 ¹

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

本集團正評估該等準則或詮釋對本集團之影響，惟預期該等準則及詮釋將不會對本集團的業績及財務狀況構成重大影響。

3. Principal accounting policies (Continued)

The following new standards, amendments to standards and interpretations have been issued but are not effective for the year ending 31 December 2008 and have not been early adopted by the Group:

HKAS 1 (Revised)	Presentation of Financial Statements ²
HKAS 23 (Revised)	Borrowings Costs ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ²
HKFRS 2 (Amendments)	Vesting Conditions and Cancellation ²
HKFRS 3 (Revised)	Business Combinations ³
HKFRS 8	Operating Segments ²
HK(IFRIC)-Int 13	Customer Loyalty Programmes ¹

- 1 Effective for annual periods beginning on or after 1 July 2008.
- 2 Effective for annual periods beginning on or after 1 January 2009.
- 3 Effective for annual periods beginning on or after 1 July 2009.

The Group is in the process of assessing the impact of these standards or interpretations and does not expect that there will be material impact on the Group's results of operations and financial position.

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4. 營業額和分類資料

(a) 營業額

營業額指於回顧期內出售貨品時所收取和應收取之款項金額。

(b) 業務及地區分類

本集團之營業額及回顧期內本公司股權持有人應佔溢利全部來自製造及買賣精細化工產品。董事認為，由於該等業務相互有關及承擔相同風險及享有相同回報，故構成單一之業務分類。

4. Turnover and segment information

(a) Turnover

Turnover represents the amount received and receivables for goods sold during the period under review.

(b) Business and geographical segments

The Group's turnover and profit for the period under review attributable to equity holders of the Company are entirely derived from the manufacturing and trading of fine chemical products. The Directors consider that these activities constitute one business segment since these activities are related and are subject to common risks and returns.

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4. 營業額和分類資料(續)

(b) 業務及地區分類(續)

有關本集團按客戶位置(不論服務之來源地)分析之營業額分類資料(即本集團報告分類資料之主要形式)呈列如下:

4. Turnover and segment information

(Continued)

(b) Business and geographical segments (Continued)

Segment information regarding the Group's turnover by location of customers, irrespective of the origin of the services, being the primary format for reporting segment information of the Group, is presented below:

		截至六月三十日止六個月 Six months ended 30 June	
		二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	人民幣千元 RMB'000
		(未經審核) (unaudited)	(未經審核) (unaudited)
營業額	Turnover		
中國	PRC	327,122	197,525
台灣	Taiwan	23,731	23,465
英國	United Kingdom	9,735	9,084
日本	Japan	5,243	8,488
印度	India	17,642	10,406
其他	Others	32,797	13,742
		416,270	262,710
分類業績	Segment results		
中國	PRC	47,091	25,056
台灣	Taiwan	3,027	2,942
英國	United Kingdom	477	1,205
日本	Japan	466	1,729
印度	India	3,315	2,362
其他	Others	4,448	2,365
		58,824	35,659
未分配其他 企業收入	Unallocated other corporate income	3,772	2,949
未分配企業開支 財務成本	Unallocated corporate expenses Finance costs	(29,599) (7,037)	(18,253) (1,634)
除稅前溢利	Profit before tax	25,960	18,721
所得稅開支	Income tax expense	(2,414)	(697)
本公司股權持有人 應佔本期溢利	Profit for the period attributable to equity holders of the Company	23,546	18,024

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5. 其他收入

5. Other income

		截至六月三十日止六個月 Six months ended 30 June	
		二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	人民幣千元 RMB'000
		(未經審核) (unaudited)	(未經審核) (unaudited)
政府補助 (附註)	Government grants (Note)	565	458
利息收入	Interest income	374	197
撥回遞延收入	Release of deferred income	1,371	283
租金收入	Rental income	199	270
其他	Others	603	521
		3,112	1,729

附註：有關款項主要為(i)上海市浦東新區人民政府洋涇街道辦事處作為鼓勵浦東的企業發展而授予本集團之稅務補助金；(ii)山東濰坊市經濟技術開發區管委會(現稱山東濰坊市經濟開發區管委會)作為生產創新高科技產品而授予本集團之財務資助；及(iii)濰坊市寒亭海洋化工開發區管委會(現稱濰坊濱海經濟開發區管委會)作為投資於高新技術發展項目而授予本集團之財務資助。

Note: The amounts mainly represent the grants given by (i) Shanghai Pudong New District Government of Yangjing Branch Office 上海市浦東新區人民政府洋涇街道辦事處 to the Group as a tax subsidy to encourage the development of business located in Pudong; (ii) the Management Committee of Shandong Weifang Economic and Technology Development District 山東濰坊市經濟技術開發區管委會 (now known as the Management Committee of Shandong Weifang Economic Development District 山東濰坊市經濟開發區管委會) to the Group as a finance subsidy for production in high technology innovation products; and (iii) the Management Committee of Weifang Hanting Ocean Chemical Development Zone 濰坊市寒亭海洋化工開發區管委會 (now known as the Management Committee of Weifang Binhai Economic Development Zone 濰坊濱海經濟開發區管委會) to the Group as a finance subsidy for investment in the high technology development projects.

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6. 財務成本

6. Finance costs

		截至六月三十日止六個月 Six months ended 30 June	
		二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	人民幣千元 RMB'000
		(未經審核) (unaudited)	(未經審核) (unaudited)
銀行貸款利息	Interest on bank loans	7,037	1,634

截至二零零八年六月三十日止六個月，概無資本化銀行貸款利息（截至二零零七年六月三十日止六個月：人民幣1,411,000元）。

No bank loan interest was capitalised for the six months ended 30 June 2008 (six months ended 30 June 2007: RMB1,411,000).

7. 所得稅開支

7. Income tax expense

		截至六月三十日止六個月 Six months ended 30 June	
		二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	人民幣千元 RMB'000
		(未經審核) (unaudited)	(未經審核) (unaudited)
即期稅項：	Current tax:		
中國企業所得稅	PRC enterprise income tax	2,023	600
遞延稅項	Deferred tax	391	97
		2,414	697

中國企業所得稅乃根據就中國稅項而言估計應課稅溢利並按各期間之適用稅率計提撥備。

The provision for PRC Enterprise Income Tax is based on the estimated assessable profits for PRC taxation purposes at the rate of taxation applicable to each period.

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7. 所得稅開支(續)

由於本集團之收入並非在香港產生或來自香港，故並無作出香港利得稅撥備。

二零零七年的稅項費用主要包括濰坊同業化學有限公司(「濰坊同業」)及上海德弘化工有限公司(「上海德弘」)之應課稅溢利分別按優惠稅率12%及15%收取之中國企業所得稅。

於二零零七年三月十六日，中國根據中國主席指令第63號頒佈中國企業所得稅法(「新稅法」)。於二零零七年十二月六日，中國國務院公佈了新稅法實施條例。根據新稅法及實施條例，由二零零八年一月一日起的適用所得稅率已改為25%(扣除任何優惠稅率前)。

根據原有的中國外商投資企業和外國企業所得稅法有關企業從事先進技術業務可獲減免50%適用稅率的規定，濰坊同業為一家先進技術企業，其於二零零八年獲享稅務優惠，優惠稅率為12.5%。

7. Income tax expense (Continued)

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

Taxation charge mainly consists of enterprise income tax in the PRC attributable to the assessable profits of Weifang Common Chem Co., Limited 濰坊同業化學有限公司 ("Weifang Common") and Shanghai Dehong Chemical Company Limited 上海德弘化工有限公司 ("Shanghai Dehong") charged at the preferential rate of 12% and 15% respectively in the year 2007.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Tax Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Tax Law. The applicable income tax rate under the New Tax Law and the Implementation Regulations was changed to 25% before any preferential concession from 1 January 2008.

Weifang Common, as an advance technology enterprise, was granted a tax concession for the year 2008 at a preferential rate of 12.5% pursuant to the old Income Tax Law of the PRC on Enterprises with Foreign Investment and Foreign Enterprises, which provides that enterprise engaging in advance technology business was entitled to 50% reduction of the applicable tax rate.

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7. 所得稅開支(續)

根據相關中國法律法規，濰坊柏立化學有限公司(「濰坊柏立」)及濰坊濱海石油化工有限公司(「濰坊濱海」)均合資格獲得中國若干免稅期及稅務優惠。免稅期及稅務優惠之形式為由首個獲利年度起獲完全豁免兩個年度所得稅，其後三年則可享50%適用稅率減免。由於二零零七年乃濰坊柏立第二個獲利年度，故二零零七年並無就濰坊柏立作出中國企業所得稅撥備，而由於二零零八年為第三個獲利年度，故適用優惠稅率為12.5%。由於二零零八年為濰坊濱海第一個獲利年度，故截至二零零八年六月三十日止六個月並無就濰坊濱海作出中國企業所得稅撥備。

濰坊濱海取得政府補貼，以津貼就製造高純度異丁烯、聚異丁烯及氯乙酸而興建之生產線及配套設施，該補貼已於二零零六年確認為遞延收入。由於該興建工程已於二零零七年十二月三十一日完成，故按照有關資產可使用年期開始將遞延收入撥往收入。有關收入於其撥往收益表之年度須予課稅。

7. Income tax expense (Continued)

Pursuant to the relevant laws and regulations in the PRC, Weifang Parasia Chem Co., Limited 濰坊柏立化學有限公司 (“Weifang Parasia”) and Weifang Binhai Petro-Chem Co., Ltd. 濰坊濱海石油化工有限公司 (“Weifang Binhai”) are eligible for certain tax holidays and concessions in the PRC. The tax holiday and concessions are in the form of two years tax exemption from the first profitable year, followed by a 50% reduction of the applicable tax rate in the following three years. No provision for PRC income tax has been provided for Weifang Parasia in year 2007 as it was in its second profitable year and the preferential rate of 12.5% is applied for the year 2008 as that is its third profitable year. No provision for PRC income tax has been provided for Weifang Binhai for the six months ended 30 June 2008 as this year is its first profitable year.

A government grant obtained by Weifang Binhai for subsidising the construction of the production lines and ancillary facilities for manufacturing of high purity isobutylene, polyisobutylene and mono chloro acetic acid which was recognised as a deferred income in 2006. As the construction has been completed as at 31 December 2007, the deferred income commenced to release to income over the useful lives of the relevant assets. Such income is taxable for the year in which it is released to the income statement.

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8. 本期溢利

本期溢利已扣除下列各項後計算：

8. Profit for the period

Profit for the period has been arrived at after charging:

		截至六月三十日止六個月	
		Six months ended 30 June	
		二零零八年	二零零七年
		2008	2007
		人民幣千元	人民幣千元
		RMB'000	RMB'000
		(未經審核)	(未經審核)
		(unaudited)	(unaudited)
董事酬金	Directors' remuneration		
袍金	Fees	143	157
其他酬金	Others emoluments	1,136	1,260
退休金成本	Pension costs	17	12
		1,296	1,429
其他員工成本	Other staff costs	12,640	9,881
退休金成本	Pension costs	713	466
總員工成本	Total staff costs	14,649	11,776
折舊	Depreciation	16,307	10,197
收益表內扣除之	Prepaid lease payments		
預付租賃款項	charged to income statement	718	744
呆壞賬撥備	Allowance for bad and		
	doubtful debts	-	1
存貨撥備	Allowance for inventories	606	-
確認為開支	Cost of inventories		
的存貨成本	recognised as expenses	351,133	222,180

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9. 股息

二零零七年之末期股息達港幣5,000,000元(每股股息: 1.25港仙)已於二零零八年五月九日舉行之本公司週年股東大會上獲批准並已於回顧期內支付。董事不建議派發任何截至二零零八年六月三十日止六個月之中期股息(截至二零零七年六月三十日止六個月: 無)。

10. 每股盈利

本公司股權持有人應佔每股基本盈利乃按下列數據計算:

9. Dividend

A final dividend for 2007 amounting to HK\$5,000,000 (dividends per share: HK1.25 cents) was approved in the Annual General Meeting of the Company held on 9 May 2008 and paid during the period under review. The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2008 (six months ended 30 June 2007: Nil).

10. Earnings per share

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

		截至六月三十日止六個月 Six months ended 30 June	
		二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	人民幣千元 RMB'000
		(未經審核) (unaudited)	(未經審核) (unaudited)
本公司股權持有人	Profit for the period		
應佔本期溢利	attributable to equity holders of the Company	23,546	18,024

		普通股數目 Number of ordinary shares 於 as at	
		二零零八年 六月三十日 30 June 2008	二零零七年 六月三十日 30 June 2007
計算每股基本 盈利之普通股 加權平均數	Weighted average number of ordinary shares for the purpose of basic earnings per share	400,000,000	400,000,000

截至二零零八年六月三十日止期間，所有潛在普通股均無攤薄影響力，而截至二零零七年六月三十日止期間並無潛在普通股。

The effects of all potential ordinary shares are anti-dilutive for the period ended 30 June 2008 and there was no potential ordinary shares for the period ended 30 June 2007.

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11. 物業、廠房及設備

於截至二零零八年六月三十日止六個月內，本集團購入物業、廠房及設備約人民幣15,500,000元（截至二零零七年六月三十日止六個月：人民幣65,900,000元）。

12. 貿易應收賬款及其他應收款項

貿易應收賬款及其他應收款項包括貿易應收賬款及應收票據約人民幣128,226,000元（二零零七年十二月三十一日：人民幣207,174,000元）。本集團給予貿易客戶之信貸期一般介乎一個月至六個月不等。於兩個結算日，應收票據均為不計息銀行承兌匯票及賬齡於六個月以內。本集團之貿易應收賬款及應收票據之賬齡分析如下：

11. Property, plant and equipment

During the six months ended 30 June 2008, the Group acquired property, plant and equipment of approximately RMB15.5 million (six months ended 30 June 2007: RMB65.9 million).

12. Trade and other receivables

Trade and other receivables include trade and bills receivable of approximately RMB128,226,000 (31 December 2007: RMB207,174,000). The Group allows a credit period normally ranging from one month to six months to its trade customers. The bills receivable are non-interest bearing bank acceptance bills and of the age within six months at both balance sheet dates. An aged analysis of the Group's trade and bills receivable is as follows:

		二零零八年 六月三十日 30 June 2008 人民幣千元 RMB'000 (未經審核) (unaudited)	二零零七年 十二月三十一日 31 December 2007 人民幣千元 RMB'000 (經審核) (audited)
0至90日	0 – 90 days	121,260	146,513
91至180日	91 – 180 days	5,693	58,443
181至365日	181 – 365 days	1,268	1,862
365日以上	Over 365 days	5	356
		128,226	207,174

附註：於二零零七年十二月三十一日，應收票據結餘約人民幣141,975,000元已背書予本集團若干債權人，但仍以應收票據確認直至到期日為止。

Note: As at 31 December 2007, the outstanding bills receivable of approximately RMB141,975,000 have been endorsed to certain creditors of the Group but continue to be recognised as bills receivable until maturity.

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13. 貿易應付賬款及其他應付款項

貿易應付賬款及其他應付款項包括貿易應付賬款及應付票據約人民幣64,635,000元(二零零七年十二月三十一日：人民幣164,158,000元)。本集團貿易應付賬款及應付票據之賬齡分析如下：

13. Trade and other payables

Trade and other payables include trade and bills payable of approximately RMB64,635,000 (31 December 2007: RMB164,158,000). An aged analysis of the Group's trade and bills payable is as follows:

	二零零八年 六月三十日 30 June 2008 人民幣千元 RMB'000 (未經審核) (unaudited)	二零零七年 十二月三十一日 31 December 2007 人民幣千元 RMB'000 (經審核) (audited)
0至90日	0 – 90 days	110,978
91至180日	91 – 180 days	50,511
181至365日	181 – 365 days	2,652
365日以上	Over 365 days	17
	64,635	164,158

附註：於二零零七年十二月三十一日，本集團已背書予若干貿易債權人之銀行承兌匯票總金額約人民幣115,676,000元，但並未用於減少貿易應付賬款直至相關票據到期日為止。

Note: As at 31 December 2007, the Group has endorsed a sum of bank acceptance bills of approximately RMB115,676,000 to certain trade creditors but have not yet been applied to reduce the amounts of trade payables until the relevant bills have been matured.

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14. 銀行借貸

14. Bank borrowings

	二零零八年 六月三十日 30 June 2008 人民幣千元 RMB'000 (未經審核) (unaudited)	二零零七年 十二月三十一日 31 December 2007 人民幣千元 RMB'000 (經審核) (audited)
應償還銀行貸款：Bank loans repayable:		
催繳時或一年內 On demand or within one year	128,126	82,557
第二年 In the second year	12,220	25,640
第三至五年 In the third to fifth year inclusive (首尾兩年 包括在內)	45,260	49,560
	185,606	157,757
減：於一年內到期列作 流動負債 之款項 Less: Amount due within one year shown as current liabilities	(128,126)	(82,557)
一年後到期之款項 Amount due after one year	57,480	75,200

所有銀行借貸均以人民幣為單位。短期及長期銀行借貸為浮動利率介乎6.33%至8.96%（二零零七年十二月三十一日：6.33%至8.22%），致使本集團承受現金流量利率風險。短期及長期銀行借貸以本集團物業、廠房及設備、投資物業及本集團根據預付租賃款項於租賃土地之權益為抵押。

All bank borrowings are denominated in Renminbi. Short-term and long-term bank borrowings are arranged at floating interest rates ranged from 6.33% to 8.96% (31 December 2007: 6.33% to 8.22%) exposing the Group to cash flow interest rate risks and are secured by the Group's property, plant and equipment, investment properties and the Group's interest in leasehold land under prepaid lease payments.

簡明綜合財務報表附註

Notes to the Condensed Consolidated Financial Statements

截至二零零八年六月三十日止六個月

For the Six Months Ended 30 June 2008

15. 股本

15. Share capital

		股份數目 Number of shares	金額 Amount	
			港幣千元	人民幣千元
			HK\$'000	RMB'000
法定：	Authorised:			
每股面值港幣0.01元之普通股	Ordinary shares of HK\$0.01 each			
於二零零七年十二月三十一日及 二零零八年六月三十日	At 31 December 2007 and 30 June 2008	100,000,000,000	1,000,000	
已發行及繳足：	Issued and fully paid:			
每股面值港幣0.01元之普通股	Ordinary shares of HK\$0.01 each			
於二零零七年十二月三十一日及 二零零八年六月三十日	At 31 December 2007 and 30 June 2008	400,000,000	4,000	4,031

16. 關連交易

期內，本集團與由若干董事(劉洪亮先生、王子江先生、郭希田先生和郭玉成先生)擁有實益權益並可行使重大影響力之濰坊天弘企業管理及顧問有限公司進行之交易如下：

16. Related party transactions

During the period, the Group had the following transactions with Weifang Tianhong Corporate Management and Consultancy Company Limited in which certain Directors, namely, Mr. Liu Hongliang, Mr. Wang Zijiang, Mr. Guo Xitian and Mr. Guo Yucheng have beneficial interests and can exercise significant influence:

		截至六月三十日止六個月 Six months ended 30 June	
		二零零八年 2008 人民幣千元 RMB'000 (未經審核) (unaudited)	二零零七年 2007 人民幣千元 RMB'000 (未經審核) (unaudited)
租金款項	Rental payments	78	78

簡明綜合財務報表附註

Notes to the Condensed Consolidated Financial Statements

截至二零零八年六月三十日止六個月

For the Six Months Ended 30 June 2008

17. 或然負債

於二零零八年六月三十日，本集團並無任何重大或然負債(二零零七年十二月三十一日：無)。

17. Contingent liabilities

The Group did not have any significant contingent liabilities at 30 June 2008 (31 December 2007: HK\$ Nil).

18. 資本承擔

18. Capital commitments

	二零零八年 六月三十日 30 June 2008 人民幣千元 RMB'000 (未經審核) (unaudited)	二零零七年 十二月三十一日 31 December 2007 人民幣千元 RMB'000 (經審核) (audited)
有關興建工廠之 已訂約但未於 財務報表撥備 之資本性開支	Capital expenditure in respect of factory construction contracted for but not provided in the financial statements	
	17,434	22,737

管理層討論及分析

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經營業績概要

本集團主要從事精細化學產品的研發、生產及銷售，產品大致上可分為三個主要類別，分別為：(i) 氰乙酸酯類產品；(ii) 醇類產品；及(iii) 石油化工類產品。本集團之產品主要應用於醫藥業、殺蟲劑業、黏貼製品業及橡膠製造業。

截至二零零八年六月三十日止六個月的營業額及本公司股權持有人應佔純利分別約為人民幣416,300,000元及人民幣23,500,000元，較去年同期紀錄分別約為人民幣262,700,000元及人民幣18,000,000元，分別增加58.5%及30.6%。

於回顧期內，本集團錄得可觀的營業額增長，原因是其市場策略奏效及氰化鈉、氰乙酸及丙二酸二乙酯等產品的銷售快速增長，該等產品於過往數年在市場上推出，為本集團在回顧期內銷售增長最為顯著之產品。

儘管市場不確定因素增加以及持續沉重的成本壓力，本集團整體毛利率與去年同期紀錄14.4%比較，輕微上升0.2%至14.6%，這有賴產品價格回升、良好生產成本控制、生產規模不斷擴大加強了規模效益之優勢，以及上游縱向整合式生產之協同作用，大大地緩和了原材料價格不斷上升之壓力。本集團整體毛利亦由去年同期約人民幣37,800,000元，增加約人民幣23,000,000元至約人民幣60,800,000元，增長60.8%。

Summary of operating results

The Group is principally engaged in the research and development, manufacture and sales of fine chemical products, which are broadly categorised into three major product groups, namely: (i) cyanoacetate products; (ii) alcoholic products; and (iii) petrochemical products. The Group's products are mainly used for in a pharmaceutical industry, pesticide industry, adhesive industry and rubber manufacturing industry.

Turnover and net profit attributable to equity holders of the Company for the six months ended 30 June 2008 was approximately RMB416.3 million and RMB23.5 million respectively, representing an increase of 58.5% and 30.6%, as compared with approximately RMB262.7 million and RMB18.0 million recorded in the corresponding period last year.

During the period under review, the Group recorded a considerable growth of the turnover as a result of its effective market strategy and the rapid sales growth of sodium cyanide, cyano acetic acid and diethyl malonate etc., which were launched to the market in the past few years, the sales of these products was the most outstanding growth products of the Group during the period under review.

Despite the increase in market uncertainty and continuing heavy cost pressure, the overall gross profit margin of the Group was slightly increased by 0.2% to 14.6% as compared with 14.4% recorded in the corresponding period last year, which is attributable to the product price rebounded, well controlled cost of production, the continuous expansion of production scales strengthened the advantages of economic of scales and the synergy of the vertical upstream integrated production of the Group that alleviated the pressure on steadily rising raw material price substantially. The overall gross profit was also increased by approximately RMB23.0 million from approximately RMB37.8 million in corresponding period last year to approximately RMB60.8 million, representing an increase of 60.8%.

管理層討論及分析

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經營業績概要(續)

銷售開支從去年同期約人民幣9,300,000元增加約人民幣6,000,000元至約人民幣15,300,000元。有關成本上漲主要由於銷售佣金及運輸成本隨著營業額上升而上漲。於回顧期內，銷售開支佔本集團營業額的百分比輕微上升至3.7% (截至二零零七年六月三十日止六個月：3.5%)。

於回顧期內，由於本集團擴充經營，行政開支亦從去年同期約人民幣11,100,000元增長至約人民幣16,300,000元，該增長主要由於本地其他稅項、匯兌損失、折舊及攤銷，以及授出購股權而產生之股份付款開支增加所致。然而，行政開支佔營業額的百分比輕微下降至3.9% (截至二零零七年六月三十日止六個月：4.2%)。

融資成本主要包括銀行貸款利息及銀行承兌匯票貼現利息，從去年同期約人民幣1,600,000元增長約人民幣5,400,000元至約人民幣7,000,000元。融資成本增加主要由於回顧期內銀行借貸利率上升及銀行承兌匯票貼現利息增加所致。

本公司股權持有人應佔回顧期內溢利由去年同期約人民幣18,000,000元增長約人民幣5,500,000元至約人民幣23,500,000元，增長30.6%，並已超出二零零七年全年溢利。

每股基本盈利由去年同期約人民幣0.045元增長至約人民幣0.059元。

Summary of operating results (Continued)

Selling expenses increased by approximately RMB6.0 million from approximately RMB9.3 million in corresponding period last year to approximately RMB15.3 million. Such an increase was principally as a result of the increase in sales commission and transportation costs which were in line with the growth in turnover. Selling expenses as a percentage of turnover was slightly increased to 3.7% (six months ended 30 June 2007: 3.5%) during the period under review.

As the expansion in the operation of the Group, administrative expenses were also increased from approximately RMB11.1 million in corresponding period last year to approximately RMB16.3 million, which was mainly due to the increase in other local tax, exchange loss, depreciation and amortisation and the share-based payment expenses incurred as a result of the granted share options for the period under review. However, the percentage of turnover was slightly reduced to 3.9% (six months ended 30 June 2007: 4.2%).

The finance costs mainly comprised interest on bank borrowings and discounted bank acceptance bills, which were increased by approximately RMB5.4 million from approximately RMB1.6 million in corresponding period last year to approximately RMB7.0 million. The increase was mainly due to the rising of bank borrowing interest rates and increase in discounted bank acceptance bills interests during the period under review.

The profit for the period under review attributable to the equity holders of the Company has increased by approximately RMB5.5 million from approximately RMB18.0 million in corresponding period last year to approximately RMB23.5 million, representing an increase of 30.6% and exceed the whole year profit of 2007.

Basic earnings per share increased to approximately RMB5.9 cents from approximately RMB4.5 cents in corresponding period last year.

管理層討論及分析

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業務回顧

於回顧期內，因去年下半年市場競爭激烈打擊部份產品價格之不利影響已改善，市場回復正常水平，尤其在本年度第二季度，本集團營業額及毛利錄得相當顯著的增長。儘管種種因素引致國內所有製造商的營運成本上升，例如原材料價格持續上升、高通脹率引致間接費用不斷上升、新勞動法加重員工成本負擔、出口增值退稅不斷減少以及匯率及利率不利變動，本公司股權持有人應佔回顧期內溢利與去年同期相比仍錄得可觀的增長。

於過往數年，本集團集中於新產品開發及市場推廣，帶動本集團於回顧期內的營業額及溢利增長。鑒於新推出產品的成功，本集團將會繼續其產品開發，以維持其未來之業務增長。

濰坊濱海之新生產廠房（「濱海廠房」）已成功投入異丁烯及氯乙酸的商業生產。該商業生產令經營效率得以提升，濱海廠房目前已達到盈虧平衡。此外，聚異丁烯的生產預期於本年度下半年逐步增加，濱海廠房之盈利能力將會進一步提升。

Business review

During the period under review, the adverse impact on the keen market competition which affected some of the products price in the second half of last year was improved and returned to the normal level, and the Group recorded a considerable growth of turnover and gross profit, particularly in the second quarter of this year. Despite the various factors causing the rise of operation cost to all manufacturers in the PRC, such as the continuously increasing price of raw materials, the constantly rising overheads caused by the high inflation rate, the heavier staff costs burden under the new labour contract laws, the reducing export value-added-tax refund and the unfavourable exchange rate and interest rate movement, the profit for the period under review attributable to the equity holders of the Company was still recorded appreciable growth when compared with that recorded in the corresponding period last year.

The Group focused its efforts on its new products development and the market promotion in the past few years that was driven the growth of turnover and profit of the Group during the period under review. Given the success of the newly launched products, the Group will continue its product development to sustain its future business growth.

In the new production plant of Weifang Binhai ("Binhai plant"), the commercial production of isobutylene and mono chloro acetic acid has been successfully launched. With such commercial production, the operation efficiency was improved and Binhai plant has reached its break even currently. Besides, the production of polyisobutylene is expected to be enhanced gradually in the second half of the year that will further uplift the profitability of Binhai plant.

管理層討論及分析

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業務回顧(續)

本集團多年來實行上游縱向整合式生產，通過自行供應主要原材料，確保穩定供應、改善原材料質量控制及降低對外來供應的依賴，從而降低生產成本及縮短生產週期。於回顧期內，本集團產品的主要原材料之一氯乙酸之生產線擴建已完成，年產能力得以提升，於不久將來將可進一步加強規模效益之優勢。

本集團一直與現有分銷代理人及寶貴客戶保持良好和密切的商業關係，並加強其銷售及市場推廣隊伍，以繼續擴大其市場份額。本集團亦將進一步強化其銷售渠道及分銷網絡，並持續參加於中國及海外舉行的精細化工展銷會，以向全球各地客戶推介其產品，從而擴展其市場覆蓋範圍。

於回顧期內，本集團與黏貼業內一家名優產品企業簽署一份供貨框架協議，供應氰乙酸乙酯及氰乙酸甲酯產品，為期三年。該供貨框架協議將會穩固本集團之營業額和改善其未來之業績，並將強化本集團於業內之市場地位。

為確保本集團健康及可持續增長，本集團已積極地關注環保問題。本集團已投資約人民幣8,000,000元興建污水處理設施，以提升本集團之安全及環保管理及符合國家頒佈的嚴格環保政策的要求。於回顧期內，該污水處理設施的建設已接近完成，並將於本年度下半年投入運作。

Business review (Continued)

The Group implemented vertical upstream integrated production over the years through self supplying of core raw materials to ensure steadier supply, better quality control of raw materials and to release the reliance on the external supply that in turn reduces production costs and shortens the production cycle. During the period under review, the extension of the production line of mono chloro acetic acid, one of the core raw materials of the Group's products, was completed that enhanced its annual production capacity. The advantage of economic of scale will further be strengthened in coming future.

The Group was keeping on expansion of its market shares through maintaining good and close business relationship with existing distribution agents and valuable customers and strengthening its sales and marketing team. The Group will also be further reinforced its sales channels and distribution networking and keep participating in the fine chemical products fairs held in the PRC and overseas to promote its products to worldwide customers so as to extend its market coverage.

During the period under review, the Group has entered into a Framework Supply Agreement with a brandname corporation in adhesive industry for the supply of Ethyl cyanoacetate and Methyl cyanoacetate for three years. With the Framework Supply Agreement, not only it will steady the turnover of the Group and improve the Group's future results, and also reinforce the market position of the Group in the industry.

In order to ensure a healthy and sustainable growth of the Group, the environmental protection issues were proactively addressed. The Group has invested approximately RMB8.0 million in the construction of waste water treatment facilities for promoting the safety and environmental protection management of the Group and meeting the stringent environmental protection policy requirements issued by the State. During the period under review, the construction of the waste water treatment facilities was nearly completed and they will put into the operation in the second half of the year.

管理層討論及分析

Management Discussion and Analysis

業務回顧(續)

生產廠房遷址

根據濰坊市政府於二零零八年六月發出之濰坊市經修訂用地及城市新發展規劃(「城市規劃修訂」)通知，三塊位於山東省濰坊市濰坊經濟技術開發區北環路東端88號地盤面積合共56,121平方米，由濰坊經濟技術開發區國土資源局授予本公司之營運附屬公司濰坊同業使用的土地，因位於城市規劃修訂之範圍內而將會被收回，並由工業用途改為商業用途。該三塊土地的有效期分別於二零四七年十一月六日、二零四七年九月十六日及二零五四年六月二十五日屆滿。在本集團接受有關當局提出的搬遷條款及條件後，目前濰坊同業之生產及營運，包括其於該三塊土地上興建的生產廠房、機械及設施，將遷移至濰坊柏立及濰坊濱海之生產廠房。

董事會預計搬遷將不會對本集團整體上構成任何不利及重大影響。因該搬遷令本集團能集中資源於實現大規模經營策略、加大上游縱向整合式生產協同效益及有助本集團未來業務發展的管理。

Business review (Continued)

Relocation of production plant

According to the notice of revised new development of land use and town planning of Weifang City issued by the Government of Weifang City in June 2008 ("Revised Town Planning"), three plots of land having a total site area of 56,121 sq.m. situated at 88 East Beihuan Road, Weifang Economic and Technology Development Zone, Weifang City, Shandong Province, which have been granted by Weifang Economic and Technology Development Zone State Land and Resources Bureau (濰坊經濟技術開發區國土資源局) to Weifang Common, one of the operating subsidiaries of the Company, for a term expiring on 6 November 2047, 16 September 2047 and 25 June 2054 respectively, were falling within the boundary of the Revised Town Planning that will be evicted and changed from industrial use to commercial use. The existing productions and operations of Weifang Common including its production plants, machinery and equipment erected upon these plots of land will be relocated to the production plant of Weifang Parasia and Weifang Binhai upon the Group accepted the terms and conditions of relocation offered by the relevant authorities.

The Board anticipated that the relocation will not constitute any adverse and material effect to the Group overall. As a result of the relocation, the Group can centralise the resources for realising the strategy of large-scale operation, magnifying the synergistic effect of vertical upstream integration and facilitating the management of future business development of the Group.

管理層討論及分析

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業務回顧(續)

展望

現時市場競爭仍然非常激烈，營運條件仍然受限制，特別是全球經濟走勢不明朗，對精細化工產品製造業造成之影響仍屬未知之數。本集團一家位於德國的主要競爭對手最近關閉其位於美國生產氰乙酸乙酯及氰乙酸甲酯之廠房，為本集團帶來極佳機會，可藉此擴展其業務及擴大該等產品之市場份額。本集團將加大力度及資源充分把握機遇，以進一步鞏固其市場領先地位。為進一步擴展海外市場，本集團已計劃於本年度下半年參加一連串海外市場宣傳推廣活動。

同時，為了提升本集團產品之競爭力，本集團將持續追求提升生產設施及生產效益，藉以進一步減低成本及達致高效益之營運。本集團亦將集中於產能提升，以迎合可見將來不斷增長的市場需求，從而取得龐大的市場份額。

濱海廠房的運作現已漸上軌道，達致較高之成本效益。預期異丁烯及氯乙酸將進入快速增長階段，濱海廠房於本年度下半年將會開始帶來溢利。

有關加強安全及環境保護方面，本集團除了投放資源提升防止污染的硬件外，亦將持續積極調配資源，進一步提升安全及環境保護、員工培訓及職業安全之營運系統及設施。

Business review (Continued)

Outlook

The current market competition is still very keen where the operation conditions remains restrained, especially given the uncertainties economic development across the world, the impact to the fine chemical products manufacturing is still uncertain. A major competitor of the Group in Germany in the production of Ethylcyanoacetate and Methylcyanoacetate closed its production plants located in United States provided excellent opportunities for the Group to expand its business and its market share in such products. The Group will devote extensive efforts and resources to take full advantage of this opportunity to further consolidate its leading market position. In order to further extend the overseas markets, the Group has planned to participate in a series of overseas promotion fairs in second half of the year.

Meanwhile, in order to enhance the competitiveness of the Group's products, the Group will continuously pursue the advancement of production facilities and production effectiveness to achieve a further low cost and high efficiency operation. The Group will also concentrate on its productivity enhancement to meet the foreseeable growing market demand so as to capture an extensive market share.

Binhai plant began to run in norm and achieved higher cost-efficiency. It is anticipated that both isobutylene and mono chloro acetic acid will go into a rapid growth stage, and the Binhai plant will commence generating profit during the second half of the year.

In respect of the strengthening safety and environmental protection, the Group will also continue actively deploy resources to further improve the operation system and facilities involving safety and environmental protection, staff training and workplace protection, besides the investment in upgrading the hardware for anti-pollution.

管理層討論及分析

Management Discussion and Analysis

業務回顧(續)

展望(續)

展望將來，隨著本集團於二零零八年上半年錄得龐大的營業額及可觀的溢利增長，於本年度下半年，董事有信心本集團的營業額將能繼續其增長勢頭，並預期如無不可預料之情況出現，且未來市場需求不會惡化之情況下，本集團能在本年度下半年維持其溢利增長，並將遠遠超越二零零七年度的業績。無論如何，本集團將繼續採取各種措施增加本公司股東的回報。

財務回顧

流動資金及財務資源

截至二零零八年六月三十日止六個月，本集團的資金來源主要來自其經營活動產生之現金及新造銀行借貸。本集團之現金主要用作支付收購固定資產及償還銀行借貸。

經營活動產生之現金淨流入由去年同期約人民幣49,100,000元下降至約人民幣4,600,000元，主要原因是存貨與貿易應收賬款及其他應收款項增加，以及貿易應付賬款及其他應付款項減少。此外，新造銀行借貸約人民幣88,000,000元(截至二零零七年六月三十日止六個月：人民幣20,300,000元)產生來自融資活動之現金流入。

憑藉本集團營運所得財務資源，本集團斥資約人民幣61,000,000元(截至二零零七年六月三十日止六個月：人民幣72,200,000元)收購物業、廠房及設備，並已償還約人民幣60,100,000元(截至二零零七年六月三十日止六個月：人民幣10,200,000元)的銀行借貸。

Business review (Continued)

Outlook (Continued)

Looking forward, following the Group's considerable turnover and appreciable profit growth in the first half of 2008, the Directors have confidence that the turnover of the Group will be continuous its growth momentum in the second half of this year, and expect that if there are no unforeseen circumstances and the future market demand will not be deteriorating, the Group can maintain its profit growth in the second half of the year and will substantially exceed the results of 2007. Nevertheless, the Group will take various measures to improve the return to shareholders of the Company.

Financial review

Liquidity and Financial Resources

For the six months ended 30 June 2008, the Group's primary source of funding was derived from the cash generated from its operating activities and newly raised bank borrowings. The Group's cash has principally been used to pay for the acquisition of fixed assets and repayment of bank borrowings.

The net cash inflow from operating activities decreased from approximately RMB49.1 million of corresponding period last year to approximately RMB4.6 million which was primarily resulted from the increase in inventories and trade and other receivables and decrease in trade and other payables. Besides, the newly raised bank borrowings amounted to approximately RMB88.0 million (six months ended 30 June 2007: RMB20.3 million) generated cash inflow from financing activities.

With the financial resources obtained from the Group's operations, the Group had invested approximately RMB61.0 million (six months ended 30 June 2007: RMB72.2 million) in the acquisition of the property, plant and equipment, and repaid approximately RMB60.1 million (six months ended 30 June 2007: RMB10.2 million) bank borrowings.

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財務回顧(續)

流動資金及財務資源(續)

於二零零八年六月三十日，本集團之銀行及現金結餘和已抵押銀行存款約為人民幣5,800,000元（二零零七年十二月三十一日：人民幣45,600,000元）。未償還借貸總額約為人民幣185,600,000元（二零零七年十二月三十一日：人民幣157,800,000元）。於回顧期內，因新生產廠房基礎建設及提升生產設施的資本性開支，本集團之資產負債比率（即淨借貸（借貸總額減去現金及現金等值）與股東資金總額之比率）增加至51.8%（二零零七年十二月三十一日：34.3%）。

於二零零八年六月三十日，本集團錄得淨流動負債約為人民幣32,600,000元（二零零七年十二月三十一日：人民幣22,300,000元），主要是因為於回顧期內所有新造銀行借貸均為短期形式、提升生產設施、新廠房基礎建設及其配套設施的追加資本性開支所致。由於本集團所有已批准的生產廠房之基礎建設已接近完成，除與搬遷生產廠房有關的資本性開支外，所有新資本投資已暫時擱置，加上本集團之經營業務錄得正數現金流入及往來銀行給予之備用銀行融資，本集團具有充裕的財務資源以應付可見將來的資本承諾及營運資金需求。無論如何，本集團將盡力維持良好營運，提供足以應付其營運所需的資金來源，並為整體股東改善股本回報。

Financial review (Continued)

Liquidity and Financial Resources (Continued)

As at 30 June 2008, the Group had bank and cash balances and pledged bank deposits of approximately RMB5.8 million (31 December 2007: RMB45.6 million). The total amount of outstanding borrowings was approximately RMB185.6 million (31 December 2007: RMB157.8 million). The Group's gearing ratio which is represented by the ratio of net debts (total borrowings net of cash and cash equivalents) to total shareholders' equity increased to 51.8% (31 December 2007: 34.3%) as a result of the capital expenditure spent on the infrastructure of new production plant and the advancement of production facilities during the period under review.

As at 30 June 2008, the Group recorded the net current liabilities of approximately RMB32.6 million (31 December 2007: RMB22.3 million), which was mainly caused by all newly raised borrowings in short-term basis, the additional of capital expenditure on production facilities advancement, the infrastructure of new production plant and its ancillary facilities during the period under review. As all approved infrastructure for the production plant of the Group was nearly completed, except for the capital expenditure related to relocation of production plant, all new capital investment has been suspended for the time being, and together with the positive cash inflow from the Group's operations and its available banking facilities obtained from its bankers, the Group has sufficient financial resources to meet its commitments and working capital requirements in foreseeable future. Nevertheless, the Group will dedicate to maintain its operation well and generate sufficient sources of fund enable to meet its operation requirements and improve the equity return to its shareholders as a whole.

管理層討論及分析

Management Discussion and Analysis

財務回顧(續)

資產抵押

於二零零八年六月三十日，本集團並無將銀行存款(二零零七年十二月三十一日：人民幣16,400,000元)抵押以獲得銀行承兌匯票額度。本集團將賬面淨值總額約人民幣31,700,000元(二零零七年十二月三十一日：人民幣77,700,000元)之若干物業、廠房及設備、公平值總額約人民幣10,400,000元(二零零七年十二月三十一日：人民幣9,700,000元)之投資物業以及約人民幣63,200,000元(二零零七年十二月三十一日：人民幣44,100,000元)之預付租賃款項，作為本集團銀行借貸之抵押品。

匯率波動風險

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

本集團所承擔之最主要外匯波動風險乃因回顧期內人民幣升值所致。除本集團之出口銷售主要以美元結算外，本集團大部分之收入及開支乃以人民幣結算。但本集團於回顧期內並無因外幣匯率波動而於其營運或資金流動遇上任何重大困難或對其營運或資金流動造成任何影響。而且，本集團將於適當時候考慮利用具成本效益之對沖方法對沖日後的外幣交易。

Financial review (Continued)

Pledge of assets

As at 30 June 2008, the Group had no bank deposit (31 December 2007: RMB16.4 million) pledged for bank acceptance bills facility. Certain property, plant and equipment of the Group with an aggregate net book value of approximately RMB31.7 million (31 December 2007: RMB77.7 million), investment properties of the Group with an aggregate fair value of approximately RMB10.4 million (31 December 2007: RMB9.7 million), and prepaid lease payments of approximately RMB63.2 million (31 December 2007: RMB44.1 million) were pledged to secure the Group's bank borrowings.

Exposure to Fluctuations in Exchange Rates

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

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

管理層討論及分析

Management Discussion and Analysis

人力資源

於二零零八年六月三十日，本集團共有737名全職僱員（二零零七年十二月三十一日：821名全職僱員），其中653名屬生產及倉庫員工，20名為銷售及市場推廣員工，7名為研發中心員工，而57名則為辦公室後勤員工。員工數目減少主要是由於提高了營運效益所致。

本集團給予員工具吸引力之薪酬待遇，通過制定其人力資源政策及程序，於其薪酬制度中加入花紅及獎勵，以及為員工提供多元化之員工培訓及個人發展計劃，促進彼等之健康、個人發展及福利，以及提升彼等於產品及品質標準之技術知識。於回顧期內，本集團為員工舉辦課程包括職業安全及健康防護、信息技術內部培訓、企業管理課程及各類在職培訓等。本集團所有新員工均須參加入門課程。

向員工發放之酬金待遇乃根據其職責、表現、資歷而釐訂，且切合當時市場水平。同時亦提供員工福利包括醫療保險及公積金。根據年度工作表現評核，僱員或會獲發放酌情花紅及獎金。本集團亦會給予僱員獎勵或其他形式之鼓勵，以推動僱員個人成長及事業發展。

本集團亦已採納購股權計劃，以獎勵及獎賞對本集團成功經營作出貢獻之合資格參與人士。於回顧期內，4,000,000份購股權已授予本集團合資格僱員及供應商。

Human resources

As at 30 June 2008, the Group has 737 full-time employees (31 December 2007: 821 full-time employees) of which 653 were in production and warehouse, 20 were in sales and marketing, 7 were in research and development centre, and 57 were in back-office supportive employees. The decrease in the number of employees was mainly due to the enhancement in operation efficiency.

The Group provides an attractive remuneration package to the employees by establishing its human resources policies and procedures with a view to deploying the incentives and rewards of the remuneration system which include a wide range of training and personal development programs to promote their health, personal development and welfare as well as enhancing their technical knowledge in product and quality standards. During the period under review, the Group had run programs including occupational safety and health protection, information technology in-house training, enterprise management course and various types of on-job training etc. provided to employees. All new staffs of the Group are required to attend an introductory course.

The remuneration package offered to employees was appropriate for their duties, performances, qualifications, and in line with the prevailing market terms. Staff benefits including medical coverage and provident funds were also provided to employees. Employee would receive discretionary bonuses and monetary rewards based on their ratings in the annual performance appraisals. The Group also offered rewards or other incentives to motivate personal growth and career development of the employees.

The Group has also adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. During the period under review, 4,000,000 options were granted to eligible employees and the supplier of the Group.

其他資料 Other Information

董事及主要行政人員於股份、 相關股份及債券之權益及淡倉

於二零零八年六月三十日，本公司董事及主要行政人員於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份及債券中，擁有根據證券及期貨條例第XV部第7及8分部已知會本公司及香港聯合交易所有限公司（「聯交所」）之權益及淡倉（包括根據證券及期貨條例之有關條文任何該等董事或主要行政人員擁有或被視作擁有之權益及淡倉）以及，本公司根據證券及期貨條例第352條規定存置之登記冊所記錄，或已根據上市規則所載上市公司董事進行證券交易的標準守則（「標準守則」）知會本公司及聯交所之權益及淡倉如下：

持有本公司股份之好倉

董事姓名 Name of Directors	公司／相聯法團名稱 Company/name of associated corporation (附註1) (Note 1)	所持股份數目／ 於股份之權益 Number of shares held/interest in the Shares	身份 Capacity	佔已發行股本 總數概約 百分比(%) Approximate % in the total issued share capital
劉洪亮先生 Mr. Liu Hongliang	志峰集團有限公司 Cheerhill Group Limited	292,000,000 (附註2) (Note 2)	受控法團之權益 Interest of controlled corporation	73.00%

附註：

- 該等292,000,000股股份由志峰集團有限公司（「志峰」）持有，其全部已發行股本由劉洪亮先生、王子江先生、郭希田先生、鄭虹女士、郭玉成先生及傅安旭先生分別最終實益擁有38%、26%、11.5%、11.5%、6.5%及6.5%。
- 由於劉先生於志峰擁有38%權益，其被視為於上文附註1所述之292,000,000股股份擁有權益。

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

At 30 June 2008, the interests and short positions of the Directors, chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive was taken or deemed to have under such provisions of the SFO) and were recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Listing Rules, were as follows:

Long Position in the shares of the Company

所持股份數目／ 於股份之權益 Number of shares held/interest in the Shares	身份 Capacity	佔已發行股本 總數概約 百分比(%) Approximate % in the total issued share capital
292,000,000 (附註2) (Note 2)	受控法團之權益 Interest of controlled corporation	73.00%

Notes:

- The 292,000,000 Shares were held by Cheerhill Group Limited ("Cheerhill"), the entire issued share capital of which is ultimately beneficially owned as to 38% by Mr. Liu Hongliang, 26% by Mr. Wang Zijiang, 11.5% by Mr. Guo Xitian, 11.5% by Ms. Zheng Hong, 6.5% by Mr. Guo Yucheng and 6.5% by Mr. Fu Anxu.
- Mr. Liu is deemed to be interested in 292,000,000 Shares referred to in Note 1 above by virtue of his 38% interests in Cheerhill.

其他資料 Other Information

董事及主要行政人員於股份、
相關股份及債券之權益及淡倉
(續)

於本公司股份之好倉(續)

除上文披露者外，於二零零八年六月三十日，記錄於本公司根據證券及期貨條例第352條存置之登記冊；或根據上述上市規則所載之標準守則已知會本公司和聯交所，本公司各董事及主要行政人員概無擁有或被視作擁有本公司及其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份或債券之權益或淡倉。

本公司或其任何控股公司、附屬公司或同系附屬公司於期內概無訂立任何安排，令本公司董事及主要行政人員或彼等之配偶及未滿十八歲之子女可購入本公司或其相聯法團任何股份或相關股份或債券。

Directors' and chief executive's interests
and short positions in shares, underlying
shares and debentures (Continued)

Long Position in the shares of the Company
(Continued)

Save as disclosed above, as at 30 June 2008, none of the directors and chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code as set out in the Listing Rules.

At no time during the period was the Company or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement that enable the directors and chief executive of the Company or their spouse and children under 18 years of age to purchase any shares or underlying shares in, or debentures of, the Company or its associated corporation.

其他資料 Other Information

主要股東於本公司股份之權益及淡倉

於二零零八年六月三十日，除本公司董事外，持有本公司已發行股本5%或以上權益之下列人士，已記錄於本公司根據證券及期貨條例第336條所存置之股東名冊內：

持有本公司股份之好倉

股東名稱 Name of shareholders	所持股份數目／於股份之 權益及權益總額 Number of shares held/ interest in the Shares and aggregated interest	身份 Capacity	佔已發行股本總數概約 百分比(%) Approximate % in the total issued share capital
志峰集團有限公司 Cheerhill Group Limited	292,000,000	實益擁有人 Beneficiary owner	73.00%

除上文所披露者外，於二零零八年六月三十日，本公司並無獲任何人士知會於本公司之股份或相關股份中，擁有任何根據證券及期貨條例須知會本公司之權益或淡倉，或擁有本公司根據證券及期貨條例第336條存置之登記冊中記錄之權益或淡倉。

購股權

本公司已於二零零六年十月四日批准及採納購股權計劃(「購股權計劃」)，旨在獎勵及酬謝對本集團之成功作出貢獻之本集團任何成員公司或聯營公司之董事、合資格僱員、供應商、客戶及任何股東或彼等各自之聯繫人，及本集團之諮詢人或顧問。購股權計劃由二零零六年十月四日起生效，有效期為十年，根據購股權計劃可授出最多40,000,000份購股權，購股權賦予其持有人權利認購最多40,000,000股股份。

Substantial shareholders' interests and short positions in the shares of the Company

At 30 June 2008, the following persons who held interests of 5% or more of the issued share capital of the Company, other than directors of the Company, were recorded in the register of members required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in the shares of the Company

Save as disclosed above, the Company has not been notified by any person who had any interest or short position in the shares or underlying shares of the Company as at 30 June 2008, which are required to be notified to the Company under the SFO or which are recorded in the register required to be kept by the Company under section 336 of the SFO.

Share options

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

其他資料 Other Information

購股權(續)

於二零零八年二月一日，本公司根據購股權計劃向合資格僱員及其供應商授出4,000,000份購股權。於二零零八年六月三十日，購股權計劃項下已授出及尚未行使之購股權所涉及股份數目為3,790,000股，相當於於該日期本公司已發行股份之0.95%。

於截至二零零八年六月三十日止六個月，購股權計劃項下購股權變動之詳情如下：

Share options (Continued)

As at 1 February 2008, the Company granted 4,000,000 share options to the eligible employees and its supplier under the Share Option Scheme of the Company. As at 30 June 2008, the number of shares in respect of which options had been granted and remained outstanding under the share option scheme was 3,790,000, representing 0.95% of the shares of the Company in issue at the date.

The movements of the share options granted under the Share Option Scheme for the six months ended 30 June 2008 are as follows:

承授人 Grantee	授出日期 Date of grant	行使價 Exercise price (港幣) (HKD)	於二零零八年	於期內授出 Granted during the period	於期內行使 Exercised during the period	於期內失效 Forfeited during the period	於二零零八年
			一月一日 尚未行使 Outstanding as at 01.01.2008				六月三十日 尚未行使 Outstanding as at 30.06.2008
員工 Employees	01.02.2008	0.64	-	3,800,000	-	(210,000)	3,590,000
小計 Sub-total			-	3,800,000	-	(210,000)	3,590,000
供應商 Supplier	01.02.2008	0.64	-	200,000	-	-	200,000
小計 Sub-total			-	200,000	-	-	200,000
總計 Total			-	4,000,000	-	(210,000)	3,790,000

其他資料 Other Information

購股權(續)

上述所有購股權的歸屬期及行使期如下：

佔所授出購股權百分比(%) % of the options granted	歸屬期 Vesting period	行使期 Exercise period
20%	01.02.2008-31.01.2009	01.02.2009 – 31.01.2014
30%	01.02.2008-31.01.2010	01.02.2010 – 31.01.2014
50%	01.02.2008-31.01.2011	01.02.2011 – 31.01.2014

緊接授出購股權日期前當日香港聯交所每日報價表所列之每股收市價為港幣0.61元。

根據一名獨立估值師永利行評值有限公司按三項式期權定價估值模式計算，截至二零零八年六月三十日止期間授出之購股權價值約為港幣1,079,000元。此模式之主要輸入項目為授出日期之股價港幣0.64元、行使價港幣0.64元、預計股價回報之標準偏差49.59%、購股權年期6年、預計股息派付率1.95%及無風險年利率2.21厘。基於本公司之交易歷史不足，本公司之回報波幅按五間可比較公司之平均回報波幅計算，以授出購股權日前六年度每星期該五間可比較公司股價之數據分析為基礎。選擇該等可比較公司準則為從事精細化工業務及在香港或中國證券交易所擁有最少六年交易歷史。

基於所作假設及所用模式之限制，計算所得公平值帶有主觀及不確定因素。購股權價值因應若干主觀假設之不同變數而不同，所採納變數之任何變動或會對購股權公平值估數造成重大影響。

Share options (Continued)

All options referred to above are subject to vesting schedules and exercise periods as follows:

The closing market price per Share immediately before the date on which the options were granted as quoted in the Hong Kong Stock Exchange's daily quotation sheets was HK\$0.61.

The value of the options granted during the period ended 30 June 2008 was approximately HK\$1,079,000, based on trinomial option pricing model which was performed by an independent valuer, RHL Appraisal Limited. The significant inputs into the model were share price of HK\$0.64 at the grant date, exercise price of HK\$0.64, standard deviation of expected share price returns of 49.59%, the life of options is 6 years, expected dividend paid out rate of 1.95% and annual risk-free interest rate of 2.21%. Due to short trading history of the Company, the average return volatilities of five comparables were used as a proxy to the return volatility of the Company which is based on statistical analysis of weekly share prices of the five comparables over the last six years before the date of grant. Comparables are selected based on criteria of engaging fine chemical business and at least six years of trading history either on Hong Kong or China stock exchange.

The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.

其他資料 Other Information

上市公司董事進行證券交易的標準守則

本公司已採納標準不寬鬆於上市規則附錄十所載標準守則有關董事進行證券交易規定之操守準則。本公司經作出查詢後，全體董事已確認，彼等於截至二零零八年六月三十日止六個月一直遵守標準守則及本公司有關董事進行證券交易之操守準則所載規定標準。

高級管理層因其在本公司所擔任之職務可能擁有未公佈股價敏感資料，故已被要求遵守標準守則及本公司有關董事進行證券交易之操守準則之規定。

購買、出售或贖回本公司之上市股份

於截至二零零八年六月三十日止六個月內，本公司或其任何附屬公司概無贖回、購買或出售本公司任何上市股份。

企業管治常規

本公司於截至二零零八年六月三十日止六個月內一直遵守上市規則所載企業管治常規(「企業管治守則」)之所有守則條文。

Model codes for securities transactions by directors of listed companies

The Company has adopted a code of conduct with standards not lower than those prescribed under the Model Code as set out in Appendix 10 to the Listing Rules for securities transactions by Directors. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards as set out in the Model Code and the Company's code of conduct regarding securities transactions by Directors throughout the six months ended 30 June 2008.

The senior management, who, because of their office in the Company, are likely to be in possession of unpublished price sensitive information, have been requested to comply with the provisions of the Model Code and the Company's code of conduct regarding securities transactions by Directors.

Purchase, sale or redemption of the Company's listed shares

During the six months ended 30 June 2008, neither the Company nor any of its subsidiaries had redeemed, purchased or sold any of the Company's listed shares.

Corporate governance practices

The Company has complied with all the code provision of the Corporate Governance Practices (the "CG Code") as set out in the Listing Rules during the six months ended 30 June 2008.

其他資料

Other Information

薪酬委員會

薪酬委員會目前由本公司執行董事劉洪亮先生(薪酬委員會主席)及本公司三名獨立非執行董事梁錦雲先生、高寶玉先生及劉晨光先生組成。於回顧期內，薪酬委員會在參考本公司董事職責範疇、本集團之企業目的及目標後，已審閱及批准截至二零零八年十二月三十一日止年度本公司所有董事及高級管理層之薪酬福利。董事一概不得參與有關其本身薪酬之討論及決定。

審核委員會

本公司審核委員會由本公司三名獨立非執行董事組成，包括梁錦雲先生(審核委員會主席)、高寶玉先生及劉晨光先生。審核委員會已審閱本公司採納之會計準則及實務，以及已與本公司管理層及外部核數師討論有關編製截至二零零八年六月三十日止六個月本集團未經審核簡明綜合財務報表之內部控制及財務報告事項。審核委員會概無對本公司於回顧期內採納之會計處理方式提出任何異議。

承董事會命
主席
劉洪亮

香港，二零零八年八月二十二日

Remuneration committee

The Remuneration Committee currently comprises an executive director of the Company, Mr. Liu Hongliang (Chairman of the Remuneration Committee) and three independent non-executive directors of the Company, Mr. Leung Kam Wan, Mr. Guo Baoyu and Mr. Liu Chenguang. During the period under review, the Remuneration Committee has reviewed the approved remuneration package of all Directors and senior management of the Company for the year ending 31 December 2008 by reference to the scope duties and responsibilities of the Directors of the Company, corporate goals and objectives of the Group. No Director shall participate in any discussion and decision about his own remuneration.

Audit committee

The Audit Committee of the Company comprises the three independent non-executive directors of the Company, namely Mr. Leung Kam Wan (Chairman of the Audit Committee), Mr. Guo Baoyu and Mr. Liu Chenguang. The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed internal control and financial reporting matters with our management and external auditor relating to the preparation of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2008. There is no disagreement raised by the Audit Committee on the accounting treatment adopted by the Company during the period under review.

By order of the Board
Liu Hongliang
Chairman

Hong Kong, 22 August 2008



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

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