



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)

INTERIM REPORT 2009
二零零九年中期報告

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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

Board of directors

Executive directors

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

獨立非執行董事

梁錦雲先生
高寶玉先生
劉晨光先生

Independent non-executive directors

Mr. Leung Kam Wan
Mr. Gao Baoyu
Mr. Liu Chenguang

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

Board committees

Audit committee

Mr. Leung Kam Wan (*Chairman*)
Mr. Gao Baoyu
Mr. Liu Chenguang

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

Remuneration committee

Mr. Liu Hongliang (*Chairman*)
Mr. Leung Kam Wan
Mr. Gao Baoyu
Mr. Liu Chenguang

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

Safety and environmental protection committee

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

公司秘書

劉偉珍女士

Company secretary

Ms. Lau Wai Chun

香港法律顧問

施文律師行

Legal adviser as to Hong Kong laws

F. Zimmern & Co.

主要往來銀行

恒生銀行有限公司
中國工商銀行濰坊市分行

Principal bankers

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

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

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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

公司網址

<http://tdchem.hi2000.com>

股份代號

聯交所：609

Hong Kong share registrar and transfer office

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

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

Company's website

<http://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」)截至二零零九年六月三十日止六個月之未經審核簡明綜合業績,連同二零零八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 2009 together with the comparative figures for the corresponding period in 2008 and the notes as follows:

		截至六月三十日止六個月 Six months ended 30 June	
		二零零九年 2009	二零零八年 2008
		人民幣千元 RMB'000	人民幣千元 RMB'000
		(未經審核) (unaudited)	(未經審核) (unaudited)
		附註 Note	
營業額	Turnover		416,270
銷貨成本	Cost of sales		(355,440)
毛利	Gross profit		60,830
其他收入	Other income		3,112
銷售開支	Selling expenses		(15,260)
行政開支	Administrative expenses		(16,345)
投資物業公允值變動	Change in fair value of investment properties		660
財務成本	Finance costs	4	(7,037)
除稅前溢利	Profit before tax		25,960
所得稅開支	Income tax expense	5	(2,414)
本期溢利	Profit for the period	6	23,546
每股盈利	Earnings per share	8	
基本	Basic		人民幣0.059元 RMB0.059
攤薄	Diluted		不適用 N/A

簡明綜合全面收益表

Condensed Consolidated Statement of Comprehensive Income

截至六月三十日止六個月
Six months ended 30 June

		二零零九年 2009 人民幣千元 RMB'000 (未經審核) (unaudited)	二零零八年 2008 人民幣千元 RMB'000 (未經審核) (unaudited)
本期溢利	Profit for the period	17,755	23,546
其他全面收益：	Other comprehensive income:		
海外業務換算匯兌差額	Exchange differences on translating foreign operations	7	(47)
本公司擁有人應佔本期全面收益總額	Total comprehensive income for the period attributable to owners of the Company	17,762	23,499

簡明綜合財務狀況表

Condensed Consolidated Statement of Financial Position

			二零零九年 六月三十日 30 June 2009 人民幣千元 RMB'000 (未經審核) (unaudited)	二零零八年 十二月三十一日 31 December 2008 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	9	385,579	366,755
預付租賃款項	Prepaid lease payments		62,673	63,371
投資物業	Investment properties		10,360	10,360
購買物業、廠房 及設備之訂金	Deposits for acquisition of property, plant and equipment		1,139	20,571
遞延稅項資產	Deferred tax assets		494	826
			460,245	461,883
流動資產	Current assets			
存貨	Inventories		52,960	39,960
貿易應收賬款及 應收票據	Trade and bills receivable	10	102,533	97,477
預付款項及其他 應收款項	Prepayments and other receivables		9,598	8,079
流動稅項資產	Current tax assets		2,812	1,963
已抵押銀行存款	Pledged bank deposits		900	10,000
銀行及現金結餘	Bank and cash balances		23,497	21,363
			192,300	178,842
流動負債	Current liabilities			
貿易應付賬款及 應付票據	Trade and bills payable	11	34,187	47,952
應付未付賬款及 其他應付款項	Accruals and other payables		52,144	57,621
銀行借貸	Bank borrowings		84,982	110,054
流動稅項負債	Current tax liabilities		369	639
			171,682	216,266
流動資產／ (負債)淨值	Net current assets/ (liabilities)		20,618	(37,424)
總資產減流動負債	Total assets less current liabilities		480,863	424,459

簡明綜合財務狀況表

Condensed Consolidated Statement of Financial Position

		二零零九年 六月三十日 30 June 2009 人民幣千元 RMB'000 (未經審核) (unaudited)	二零零八年 十二月三十一日 31 December 2008 人民幣千元 RMB'000 (經審核) (audited)
非流動負債	Non-current liabilities		
銀行借貸	Bank borrowings	93,260	49,560
遞延收入	Deferred income	22,781	24,152
遞延稅項負債	Deferred tax liabilities	1,841	1,816
		117,882	75,528
資產淨值	NET ASSETS	362,981	348,931
資本及儲備	Capital and reserves		
股本	Share capital	4,031	4,031
儲備	Reserves	358,950	344,900
總權益	TOTAL EQUITY	362,981	348,931

附註
Note

簡明綜合權益變動表

Condensed Consolidated Statement of Changes in Equity

截至二零零九年六月三十日止六個月（未經審核）

For the six months ended 30 June 2009 (unaudited)

		股本	股份溢價	特別儲備	盈餘公積金	物業重估儲備	公益金	股份付款儲備	外幣匯兌儲備	保留溢利	建議末期股息	總權益
		Share capital	Share premium	Special reserve	Surplus reserve fund	Property revaluation reserve	Public welfare fund	Share-based payment reserve	Foreign currency translation reserve	Retained profits	Proposed final dividends	Total equity
		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	人民幣千元	人民幣千元	人民幣千元
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
於二零零九年一月一日	At 1 January 2009	4,031	89,544	31,182	13,599	1,359	633	2,459	(741)	202,465	4,400	348,931
期內總全面收益	Total comprehensive income for the period	-	-	-	-	-	-	-	7	17,755	-	17,762
支付二零零八年末期股息	2008 final dividends paid	-	-	-	-	-	-	-	-	-	(4,400)	(4,400)
確認股權結算之股份付款	Recognition of equity-settled share-based payments	-	-	-	-	-	-	688	-	-	-	688
期內權益變動	Changes in equity for the period	-	-	-	-	-	-	688	7	17,755	(4,400)	14,050
於二零零九年六月三十日	At 30 June 2009	4,031	89,544	31,182	13,599	1,359	633	3,147	(734)	220,220	-	362,981

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	物業重估儲備	公益金	股份付款儲備	外幣匯兌儲備	保留溢利	建議末期股息	總權益
		Share capital	Share premium	Special reserve	Surplus reserve fund	Property revaluation reserve	Public welfare fund	Share-based payment reserve	Foreign currency translation reserve	Retained profits	Proposed final dividends	Total equity
		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	人民幣千元	人民幣千元	人民幣千元
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
於二零零八年一月一日	At 1 January 2008	4,031	89,544	31,182	11,273	1,359	633	951	(702)	184,266	4,481	327,018
期內總全面收益	Total comprehensive income for the period	-	-	-	-	-	-	-	(47)	23,546	-	23,499
支付二零零七年末期股息	2007 final dividends paid	-	-	-	-	-	-	-	-	-	(4,481)	(4,481)
確認股權結算之股份付款	Recognition of equity-settled share-based payments	-	-	-	-	-	-	740	-	-	-	740
期內權益變動	Changes in equity for the period	-	-	-	-	-	-	740	(47)	23,546	(4,481)	19,758
於二零零八年六月三十日	At 30 June 2008	4,031	89,544	31,182	11,273	1,359	633	1,691	(749)	207,812	-	346,776

簡明綜合現金流動表

Condensed Consolidated Statement of Cash Flows

截至六月三十日止六個月
Six months ended 30 June

		二零零九年 2009 人民幣千元 RMB'000 (未經審核) (unaudited)	二零零八年 2008 人民幣千元 RMB'000 (未經審核) (unaudited)
經營業務所得現金淨額	NET CASH GENERATED FROM OPERATING ACTIVITIES	5,685	4,642
購買物業、廠房及設備	Purchases of property, plant and equipment	(20,192)	(48,739)
購買物業、廠房及設備之訂金	Deposits for acquisition of property, plant and equipment	(1,025)	(12,246)
已抵押銀行存款減少	Decrease in pledged bank deposits	9,100	16,100
變賣物業、廠房及設備之收入	Proceeds from disposals of property, plant and equipment	80	–
已收利息	Interest received	248	374
投資活動所用現金淨額	NET CASH USED IN INVESTING ACTIVITIES	(11,789)	(44,511)
償還銀行借貸	Repayments of bank borrowings	(85,372)	(60,103)
新增銀行借貸	New bank borrowings raised	104,000	87,952
已付利息	Interest paid	(5,988)	(7,008)
已付股息	Dividends paid	(4,400)	(4,481)
融資活動產生之現金淨額	NET CASH GENERATED FROM FINANCING ACTIVITIES	8,240	16,360
現金及現金等值增加／(減少)淨額	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,136	(23,509)
期初之現金及現金等值	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	21,363	29,207
外匯匯率變動之影響	EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(2)	(168)
期終之現金及現金等值	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTED BY	23,497	5,530
以銀行及現金結餘代表	Bank and cash balances	23,497	5,530

1. 編製基準

此等簡明綜合財務報表乃根據香港會計師公會（「香港會計師公會」）頒佈之香港會計準則第34號「中期財務報告」，以及按照香港聯合交易所有限公司證券上市規則之適用披露規定編製。

此等簡明綜合財務報表應與本集團二零零八年的年度財務報表一併閱讀。除以下所述外，編製此等簡明綜合財務報表所採用之會計政策和計算方法乃與編製截至二零零八年十二月三十一日止年度之年度財務報表時所採納者均屬一致。

1. Basis of Preparation

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the Group’s 2008 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2008 except as stated below.

2. 採納新訂及經修訂香港財務報告準則

於本期，本集團已採納香港會計師公會頒佈而有其營運之所有新訂及經修訂香港財務報告準則（「香港財務報告準則」），並於二零零九年一月一日開始之會計年度生效。香港財務報告準則包括香港財務報告準則（「香港財務報告準則」）、香港會計準則（「香港會計準則」）及詮釋。除以下所述外，採納該等新訂及經修訂香港財務報告準則對本集團會計政策及本期與往年度呈報之金額並無重大影響。

a. 財務報表之呈報

香港會計準則第1號（經修訂）「財務報表之呈報」影響若干財務報表之披露及呈報。資產負債表改稱為財務狀況表，而現金流動表改稱為現金流量表。所有因與非擁所有者之間交易而產生之收入及支出呈列在收益表及全面收益表，並將總額結存入權益變動表。擁所有者之權益變動呈列在權益變動表。該等呈報之要求在本簡明綜合財務報表已追溯應用。

2. Adoption of new and revised Hong Kong Financial Reporting Standards

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2009. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years except as stated below.

a. Presentation of Financial Statements

HKAS 1 (Revised) “Presentation of Financial Statements” affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the income statement and statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. These presentation requirements have been applied retrospectively in these condensed consolidated financial statements.

2. 採納新訂及經修訂香港財務報告準則(續)

b. 經營分類

按香港財務報告準則第8號「營運分類」要求，確認營運分類必須依從本集團個別實體之內部呈報分類作為基準；該等內部呈報分類乃定期由主要營運決策者審議，並對各分類進行資源分配及業績評估。之前香港會計準則第14號「分類呈報」則要求個別實體按風險及回報權衡，以該實體「對關鍵管理人員之內部財務呈報機制」作為起點，呈列兩套分類資料（按業務及地區）。採納香港財務報告準則第8號導致本集團須重新確認若干呈報分類，唯呈報分類不會影響本集團呈報之業績或財務狀況。香港財務報告準則第8號已追溯應用。

2. Adoption of new and revised Hong Kong Financial Reporting Standards (Continued)

b. Operating Segments

HKFRS 8 “Operating Segments” requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Previously, HKAS 14 “Segment Reporting” required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity’s “system of internal financial reporting to key management personnel” serving as the starting point for the identification of such segments. HKFRS 8 results in a redesignation of the Group’s reportable segments, but has had no impact on the reported results or financial position of the Group. HKFRS 8 has been applied retrospectively.

2. 採納新訂及經修訂香港財務報告準則(續)

b. 經營分類(續)

根據香港財務報告準則第8號，此等分類之會計政策已在簡明綜合財務報表附註3說明。

本集團尚無應用已頒佈惟尚未生效之新香港財務報告準則。本集團已對此等新訂香港財務報告準則之影響進行評估，但尚未能確定此等新訂香港財務報告準則會否對本集團之經營業績及財務狀況造成重大影響。

3. 分類資料

本集團有以下四項可呈報分類：

氰乙酸及其酯類產品	- 生產及銷售 氰乙酸及其酯類產品
醇類產品	- 生產及銷售 醇類產品
氯乙酸及其下游產品	- 生產及銷售 氯乙酸及其下游產品
精細石油化工類產品	- 生產及銷售 精細石油化工類產品

2. Adoption of new and revised Hong Kong Financial Reporting Standards (Continued)

b. Operating Segments (Continued)

The segment accounting policies under HKFRS 8 are stated in note 3 to the condensed consolidated financial statements.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. Segment information

The Group has four reportable segments as follows:

Cyanoacetic acid & its esters products	- manufacturing and sale of cyanoacetic acid & its esters products
Alcohols products	- manufacturing and sale of alcohols products
Chloroacetic acid and its derivatives products	- manufacturing and sale of chloroacetic acid and its derivatives products
Fine petrochemical products	- manufacturing and sale of fine petrochemical products

3. 分類資料 (續)

本集團之呈報分類乃策略業務單元以提供不同產品及服務。由於每項業務要求不同技術及市場策略，故每個分類是分開管理的。

分類損益不包括投資物業損益、財務成本及銷售費用及一般行政費用，該等費用乃視所有營運分類業務為一個整體所產生的共同成本，並不會被主要營運決策者用作資源分配及評估分類業務業績之依據。所得稅開支亦不會分配到個別營運分類業務中。分類資產不包括預付租賃款項、投資物業、遞延稅項資產、流動稅項資產、已抵押銀行存款和銀行及現金結餘。分類債務不包括銀行借貸、遞延收入及稅項負債。

3. Segment information (Continued)

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include gains or losses from investment properties, finance costs and the selling expenses and general administrative expenses which are common costs incurred for all operating segments as a whole that are not used by the chief operating decision-maker as a basis for the purpose of resource allocation and assessment of segment performance. Income tax expense is also not allocated to individual operating segments. Segment assets do not include prepaid lease payments, investment properties, deferred tax assets, current tax assets, pledged bank deposits and bank and cash balances. Segment liabilities do not include bank borrowings, deferred income and tax liabilities.

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3. 分類資料 (續)

本集團分類間之銷售和轉讓交易乃如同銷售或轉讓給第三方一般入賬處理，即按當時市場價格入賬。

3. Segment information (Continued)

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

	氰乙酸及其酯類產品 Cyanoacetic acid & its esters products	醇類產品 Alcohols	氯乙酸及其下游產品 Chloroacetic acid and its derivatives	精細石油化工類產品 Fine petrochemical products	合計 Total	
	人民幣千元 RMB'000 (未經審核) (unaudited)	人民幣千元 RMB'000 (未經審核) (unaudited)	人民幣千元 RMB'000 (未經審核) (unaudited)	人民幣千元 RMB'000 (未經審核) (unaudited)	人民幣千元 RMB'000 (未經審核) (unaudited)	
截至二零零九年六月三十日止六個月:	Six months ended 30 June 2009:					
來自外界客戶收益	Revenue from external customers	242,474	20,966	134	18,526	282,100
分類間之收益	Intersegment revenue	3	10,736	45,314	-	56,053
分類溢利/(損失)	Segment profit/(loss)	27,906	1,073	9,271	(180)	38,070
於二零零九年六月三十日:	As at 30 June 2009:					
分類資產	Segment assets	289,234	19,163	38,826	54,377	401,600
截至二零零八年六月三十日止六個月:	Six months ended 30 June 2008:					
來自外界客戶收益	Revenue from external customers	340,337	51,257	27	21,401	413,022
分類間之收益	Intersegment revenue	8	11,492	64,560	-	76,060
分類溢利/(損失)	Segment profit/(loss)	30,292	7,518	19,725	(1,919)	55,616
於二零零八年十二月三十一日:	As at 31 December 2008:					
分類資產	Segment assets	285,818	14,277	35,841	43,562	379,498

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For the six months ended 30 June 2009

3. 分類資料 (續)

3. Segment information (Continued)

		截至六月三十日止六個月 Six months ended 30 June	
		二零零九年 2009 人民幣千元 RMB'000 (未經審核) (unaudited)	二零零八年 2008 人民幣千元 RMB'000 (未經審核) (unaudited)
分類溢利或虧損之對賬:	Reconciliations of segment profit or loss:		
總可呈報分類溢利	Total profit of reportable segments	38,070	55,616
抵銷分類間之溢利	Elimination of intersegment profits	(922)	(7,457)
未分配之款項:	Unallocated amounts:		
收益	Revenue	312	3,248
銷貨成本	Cost of sales	(60)	(4,482)
其他收入	Other income	544	1,340
投資物業公允值變動	Change in fair value of investment properties	-	660
銷售開支	Selling expenses	(1,285)	(913)
行政開支	Administrative expenses	(11,911)	(15,015)
財務成本	Finance costs	(6,532)	(7,037)
本期除稅前綜合溢利	Consolidated profit for the period before tax	18,216	25,960

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4. 財務成本

4. Finance costs

		截至六月三十日止六個月 Six months ended 30 June	
		二零零九年 2009	二零零八年 2008
		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	6,532	7,037

5. 所得稅開支

5. Income tax expense

		截至六月三十日止六個月 Six months ended 30 June	
		二零零九年 2009	二零零八年 2008
		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:		
中華人民共和國	The People's Republic		
(「中國」)	of China ("PRC")		
企業所得稅	Enterprise Income Tax	103	2,023
遞延稅項	Deferred tax	358	391
		461	2,414

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.

5. 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(二零零八年：無)。

根據原有的中國外商投資企業和外國企業所得稅法，從事先進科技業務之企業可獲減免50%適用稅率，濰坊同業化學有限公司(「濰坊同業」)為一家先進技術企業，自二零零四年起獲享此項稅務優惠，濰坊同業在二零零八年的優惠稅率為12.5%，而該稅務優惠已於二零零八年十二月三十一日期滿。濰坊同業於二零零九年須按中國企業所得稅率25%繳納企業所得稅。

於二零零九年，上海德弘化工有限公司(「上海德弘」)須按上海浦東新區的優惠稅率20%繳納中國企業所得稅(二零零八年：18%)。

5. 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 (2008: Nil).

Weifang Common Chem Co., Limited 濰坊同業化學有限公司(“Weifang Common”), as an advance technology enterprise, was granted a tax concession since 2004 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. Weifang Common was charged at a preferential rate of 12.5% in the year 2008 and such tax concession was expired on 31 December 2008. Weifang Common is subject to the PRC Enterprise Income Tax at the rate of 25% for the year 2009.

Shanghai Dehong Chemical Company Limited 上海德弘化工有限公司(“Shanghai Dehong”) is subject to the PRC Enterprise Income Tax at the rate of 20% for the year 2009 (2008: 18%), being the preferential tax rate in Shanghai Pudong New District.

5. 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。於二零零八年及二零零九年分別為濰坊柏立第三個及第四個獲利年度，按優惠稅率為12.5%繳納中國企業所得稅。於二零零八年及二零零九年分別為濰坊濱海第一個及第二個獲利年度，可獲豁免所得稅，故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，以津貼為製造高純度異丁烯、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。由於興建工程已於二零零七年十二月三十一日完成，故開始按照有關資產可使用年期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。

5. Income tax expense (Continued)

Pursuant to the relevant laws and regulations in the PRC, Weifang Parasia Chem Co., Ltd. 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. The preferential rate of 12.5% on PRC Enterprise Income Tax is applied to Weifang Parasia in the year 2008 and 2009 as that are the third and forth profitable year respectively. No provision for PRC Enterprise Income Tax has been provided for Weifang Binhai for the year 2008 and 2009 as those years are the first and second profitable year respectively and tax being exempted.

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 chloroacetic 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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6. 本期溢利

本集團之本期溢利已扣除下列各項後計算：

6. Profit for the period

The Group's profit for the period is arrived at after charging/(crediting):

		截至六月三十日止六個月 Six months ended 30 June	
		二零零九年 2009 人民幣千元 RMB'000 (未經審核) (unaudited)	二零零八年 2008 人民幣千元 RMB'000 (未經審核) (unaudited)
利息收入	Interest income	(248)	(374)
董事酬金	Directors' remuneration		
袍金	Fees	140	143
其他酬金	Others emoluments	1,140	1,136
退休金成本	Pension costs	25	17
		1,305	1,296
其他員工成本	Other staff costs	12,032	12,640
退休金成本	Pension costs	840	713
		14,177	14,649
折舊	Depreciation	17,422	16,307
收益表內扣除之 預付租賃款項	Prepaid lease payments charged to income statement	718	718
呆壞賬撇銷	Bad debts written off	187	-
存貨撥備	Allowance for inventories	113	606
存貨撥備回撥	Reversal of allowance for inventories	(2,117)	-
出售物業、廠房及 設備虧損	Loss on disposal of property, plant and equipment	373	-
存貨成本確認為開支	Cost of inventories recognised as expenses	234,347	351,133

6. 本期溢利 (續)

由於期內本集團產品的市場狀況改變，該存貨可變現淨值大幅上升，因此，於以往年度對存貨作出的撥備約人民幣2,117,000元已於回顧期內回撥。

7. 股息

二零零八年之末期股息達港幣5,000,000元（每股股息：1.25港仙）已於二零零九年五月八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二零零九年六月三十日止六個月之中期股息（截至二零零八年六月三十日止六個月：無）。

6. Profit for the period (Continued)

Because of the change in the market conditions of the Group's products during the period, there was a significant increase in the net realisable value of inventories. As a result, allowance made in prior years against the inventories of RMB2,117,000 was reversed during the period under review.

7. Dividends

A final dividend for 2008 amounting to HK\$5,000,000 (dividends per share: HK1.25 cents) was approved at the annual general meeting of the Company held on 8 May 2009 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 2009 (six months ended 30 June 2008: Nil).

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8. 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：

8. Earnings per share

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

		截至六月三十日止六個月 Six months ended 30 June	
		二零零九年 2009 人民幣千元 RMB'000 (未經審核) (unaudited)	二零零八年 2008 人民幣千元 RMB'000 (未經審核) (unaudited)
盈利	Earnings		
本期溢利	Profit for the period	17,755	23,546
股份數目	Number of shares		
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

截至二零零九年及二零零八年六月三十日止六個月，沒有潛在攤普通股。

There were no dilutive potential ordinary shares for the six months ended 30 June 2009 and 2008.

9. 物業、廠房及設備

於二零零九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36,600,000元（截至二零零八年六月三十日止六個月：人民幣15,500,000元）。

9. Property, plant and equipment

During the six months ended 30 June 2009, the Group acquired property, plant and equipment of approximately RMB36.6 million (six months ended 30 June 2008: RMB15.5 million).

10. 貿易應收賬款及應收票據

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之銀行承兌票據及賬齡於六個月以內。本公司管理層對過期欠款進行定期檢討。

10. Trade and bills receivable

The Group normally allows credit terms to customers ranging from one month to six months. The bills receivable are non-interest bearing bank acceptance bills and of the age within six months at both balance sheet dates. Overdue balances are reviewed regularly by the management of the Company.

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10. 貿易應收賬款及應收票據 (續)

本集團之貿易應收賬款及應收票據之賬齡分析如下：

		二零零九年 六月三十日 30 June 2009 人民幣千元 RMB'000 (未經審核) (unaudited)	二零零八年 十二月三十一日 31 December 2008 人民幣千元 RMB'000 (經審核) (audited)
0 – 90日	0 – 90 days	94,131	80,513
91 – 180日	91 – 180 days	4,878	16,025
181 – 365日	181 – 365 days	2,607	939
365日以上	Over 365 days	917	–
		102,533	97,477

10. Trade and bills receivable (Continued)

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

11. 貿易應付賬款及應付票據

本集團獲其供應商授予一般信貸期由30日至365日不等。

本集團貿易應付賬款及應付票據之賬齡分析如下：

		二零零九年 六月三十日 30 June 2009 人民幣千元 RMB'000 (未經審核) (unaudited)	二零零八年 十二月三十一日 31 December 2008 人民幣千元 RMB'000 (經審核) (audited)
0 – 90日	0 – 90 days	31,994	19,674
91 – 180日	91 – 180 days	1,311	19,762
181 – 365日	181 – 365 days	851	7,732
365日以上	Over 365 days	31	784
		34,187	47,952

11. Trade and bills payable

The Group normally obtains typical credit terms ranging from 30 to 365 days from its suppliers.

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

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截至二零零九年六月三十日止六個月

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12. 股本

12. Share capital

		金額	
		Amount	
		港幣千元	人民幣千元
股份數目			
Number of shares		HK\$'000	RMB'000
法定：	Authorised:		
每股面值港幣0.01元	Ordinary shares of		
之普通股	HK\$0.01 each		
於二零零八年	At 31 December 2008		
十二月三十一日及	and 30 June 2009		
二零零九年			
六月三十日		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	Ordinary shares of		
之普通股	HK\$0.01 each		
於二零零八年	At 31 December 2008		
十二月三十一日及	and 30 June 2009		
二零零九年			
六月三十日		400,000,000	4,000
			4,031

13. 關聯交易

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、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（「濰坊天弘」）進行之交易如下：

13. Related party transactions

During the period, the Group had the following transactions with Weifang Tianhong Corporate Management and Consultancy Company Limited ("Weifang Tianhong") 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	
		二零零九年	二零零八年
		2009	2008
		人民幣千元	人民幣千元
		RMB'000	RMB'000
		(未經審核)	(未經審核)
		(unaudited)	(unaudited)
租金款項	Rental payments	78	78

13. 關聯交易 (續)

於二零零九年六月三十日，濰坊天弘就本集團獲得約人民幣5,350,000元(二零零八年十二月三十一日：人民幣5,519,000元)之銀行額度抵押其租賃土地及樓宇。

14. 或然負債

於二零零九年六月三十日，本集團並無任何重大或然負債(二零零八年十二月三十一日：無)。

15. 資本承擔

13. Related party transactions
(Continued)

As at 30 June 2009, Weifang Tianhong pledged its leasehold land and building for banking facilities of the Group of approximately RMB5,350,000 (31 December 2008: RMB5,519,000).

14. Contingent liabilities

The Group did not have any significant contingent liabilities at 30 June 2009 (31 December 2008: Nil).

15. Capital commitments

		二零零九年 六月三十日 30 June 2009 人民幣千元 RMB'000 (未經審核) (unaudited)	二零零八年 十二月三十一日 31 December 2008 人民幣千元 RMB'000 (經審核) (audited)
已訂約但未撥備	Contracted but not provided for	14,243	17,061
已授權但未訂約	Authorised but not contracted for	9,197	12,390
		23,440	29,451

經營業績概要

截至二零零九年六月三十日止六個月本公司的營業額及純利分別約為人民幣282,400,000元及人民幣17,800,000元，較去年同期紀錄分別約為人民幣416,300,000元及人民幣23,500,000元，分別下降了約人民幣133,900,000元及人民幣5,700,000元，即分別減少32.2%及24.6%。下跌是主要受到自二零零八年第四季度開始全球經濟放緩所致。然而本公司毛利率較去年同期14.6%上升了1.7%至16.3%。同樣地，本集團純利率亦較去年同期5.7%上升了0.6%至6.3%。於回顧期內，本公司之盈利率改善主要由於(i)有效上游縱向整合式生產及規模生產效益加強了其產品競爭力；(ii)若干具有較高盈利率的新開發產品；及(iii)實施有效的成本控制措施。

銷售開支從去年同期約人民幣15,300,000元減少了約人民幣4,300,000元至約人民幣11,000,000元，主要由於銷售佣金及運輸成本開支隨著營業額下降而減少。於回顧期內，銷售開支佔本集團營業額的百分比達3.9%（截至二零零八年六月三十日止六個月：3.7%）。

Summary of operating results

Turnover and net profit of the Company for the six months ended 30 June 2009 were approximately RMB282.4 million and RMB17.8 million respectively, representing an decrease of approximately RMB133.9 million and RMB5.7 million or 32.2% and 24.6%, as compared with approximately RMB416.3 million and RMB23.5 million recorded in the corresponding period of last year. The decrease was mainly caused by the global economic downturn since the forth quarter of 2008. The gross profit margin of the Company, however, was increased by 1.7% to 16.3% as compared with 14.6% recorded in the corresponding period of last year. Likewise, the net profit margin of the Company was also increased by 0.6% to 6.3% as compared with 5.7% recorded in the corresponding period of last year. The improvement of the profit margins of the Group was primarily resulted from (i) effective upward vertically integrated production and the advantage of economies of scale in production that enhanced its products competitiveness; (ii) higher profit margin of some newly developed products; and (iii) implementation of effective cost control measures during the period under review.

Selling expenses decreased by approximately RMB4.3 million from approximately RMB15.3 million in the corresponding period of last year to approximately RMB11.0 million, which was mainly due to the decrease of sales commission and transportation costs that in line with the decline of turnover. The selling expenses as a percentage of turnover was 3.9% (six months ended 30 June 2008: 3.7%) during the period under review.

經營業績概要 (續)

於回顧期內，行政開支亦從去年同期約人民幣16,300,000元減少了約人民幣3,700,000元至約人民幣12,600,000元，主要由於匯兌損失下跌及本地其他稅項開支減少。由於大部分固定開支保持穩定，行政開支佔營業額的百分比增加至4.5%（截至二零零八年六月三十日止六個月：3.9%）。

融資成本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7,000,000元輕微減少約人民幣500,000元至約人民幣6,500,000元。融資成本減少主要由於回顧期內銀行借貸利率下降及銀行承兌匯票貼現減少所致。

每股基本盈利由去年同期約人民幣0.059元減少至約人民幣0.044元。

Summary of operating results (Continued)

The administrative expenses also decreased by approximately RMB3.7 million from approximately RMB16.3 million in the corresponding period of last year to approximately RMB12.6 million mainly due to the reduction of exchange loss and the decrease of other local tax expenses during the period under review. The percentage of turnover was increased to 4.5% (six months ended 30 June 2008: 3.9%) whilst most of the fixed expenses were remain constant.

The finance costs comprised interest on bank borrowings and discounted bank acceptance bills, which were slightly decreased by approximately RMB0.5 million from approximately RMB7.0 million in the corresponding period of last year to approximately RMB6.5 million. The decrease was mainly due to the decreased bank borrowing interest rates and the decrease in discounted bank acceptance bills during the period under review.

Basic earnings per share decreased to approximately RMB4.4 cents from approximately RMB5.9 cents in corresponding period last year.

業務回顧

全球金融危機引致世界各地經濟體衰退，自二零零八年第四季度起，本集團面對急劇下降的市場需求。有賴於中國政府在二零零九年年初推行各種刺激經濟發展的措施，國內錄得正面經濟增長。於二零零九年第二季度，本集團見及國內經濟正在逐漸復甦，同時當地市場需求亦已緩步回升。由於本集團之營業額大部分來自中國市場，中國市場的貢獻比例由去年同期的78.6%上升了9.2%達到87.8%。

儘管二零零九年上半年本集團整體營業額及純利與去年同期比較出現倒退，但於回顧期內本集團的毛利率及純利率得以維持有賴於實施了多項成本控制措施，包括銷售及行政開支。此外，於二零零九年第二季度，由於國內市場需求緩步回升，本集團的營運業績亦顯著地得以改善。

本集團根據產品性質大致上分為四個主要產品組別，分別為：(i) 氰乙酸及其酯類產品；(ii) 醇類產品；(iii) 氯乙酸及其下游產品；及(iv) 精細石油化工類產品，本集團今後將致力並將資源集中在該等產品組別作進一步發展。

Business review

The global financial turmoil caused economies downturn around the world and the Group faced a sharp decline of market demand since the fourth quarter of 2008. In light of the various economic stimulus measures promoted by the PRC government in the early of 2009, a positive economic growth was recorded in the PRC. The Group has seen that the economy of the PRC was in the process of gradual recovery and the local market demand was rebounded slowly in the second quarter of 2009. Since the turnover of the Group was generated mostly from the PRC market, the proportion of contribution from the PRC market increased 9.2%, reaching 87.8% from 78.6% in the corresponding period of last year.

Even though the turnover and net profit of the Group in the first half of 2009 were declined when compared with those recorded in the corresponding period of last year, the gross profit margin and net profit margin of the Group were well maintained as a result of the implementation of various cost control measures including those on the selling and administrative expenses during the period under review. Furthermore, the operating results of the Group were also improved notably in the second quarter of 2009 due to the slowly rebounded in the PRC market demands.

The Group has broadly categorised its products into four major product groups based on the product nature, namely: (i) cyanoacetic acid & its esters products; (ii) alcohols products; (iii) chloroacetic acid and its derivatives products; and (iv) fine petrochemical products. The Group will concentrate its effort and resources on the further development of these product groups.

業務回顧 (續)

氰乙酸及其酯類產品與醇類產品生產為本集團之主要及成熟業務，自本集團成立便開始營運，並已成功地在市場上站穩。相對而言，氯乙酸及其下游產品和精細石油化工產品生產則為本集團新開發業務，現正在本集團主要生產廠房濰坊濱海進行生產。

本集團繼續積極開發產品，於回顧期內，一些新推出的酯類產品獲得理想的市場反應並對本集團貢獻相對較高的盈利率。本集團計劃在下半年擴充該產品的生產能力以迅速開拓該市場商機。

醇類產品的市場已告成熟及穩定，本集團將致力保持其市場份額。

目前，本集團生產的氯乙酸及其下游產品主要用於其內部需耗。為了於不久將來在自由市場推出該等產品銷售，本集團正努力提高其生產能力。

Business review (Continued)

The production of cyanoacetic acid & its esters products and alcohols products were the core and mature business of the Group, which the Group has been engaged since its incorporation and has already established foothold on the markets successfully. Whereas, the production of chloroacetic acid & its derivatives products and fine petrochemical products are newly started up business of the Group which are being carried out in the key production plant, Weifang Binhai, of the Group.

The Group continued to pursue proactive product development, some newly introduced esters products have been well received by the market and contributed relatively higher profit margin to the Group during the period under review. The Group planned to expand the production capacities of these new products promptly to tap such market opportunities in the second half of this year.

The market of alcohols products is matured and stable. The Group will strive to maintain its market share.

Currently, chloroacetic acid products produced by the Group were mainly used for its internal consumption. The Group is working towards the enhancement of such production capacities aiming to launch the sale of these products in the open market in the near future.

業務回顧 (續)

本集團的精細石油化工類產品仍在發展中的起步階段，且有關產品受到若干市場不利因素影響。作為一個新市場競爭者，於回顧期內，本集團已調整其生產及運作以配合不斷變化的市場狀況。儘管現階段這些產品未能達到目標業績，本集團將繼續加緊努力，以低成本高效率經營該類產品組別。在具備紮實的經驗及提升生產技術之下，本集團預期該產品組別能在未來為本集團帶來更佳回報。

本集團妥善建立不同的銷售渠道，包括直接銷售辦事處、銷售代表、經銷商和銷售代理，這有助抓緊在經濟逐漸復甦中市況不斷變化所帶來的商機，本集團將採取合適的市場策略以進一步提高市場份額、拓展和發掘具潛力的市場和產品。

於回顧期內，在維艱的經濟環境下，本集團對新資本性開支已採取緊縮措施以提高營運資金水平。除與搬遷及安置相關項目外，所有資本性投資計劃已暫時擱置。鑒於國內經濟狀況已有改善跡象，於下半年，本集團將根據市場動態，考慮擴充具有巨大潛力的產品生產線，並可以在市場反彈過程中抓緊業務商機。

Business review (Continued)

The petrochemical products of the Group were still in the infancy stage of development and the production of these products was adversely affected by several market factors. As a new market player, the Group has realigned its production and operations to meet the ever changing market conditions during the period under review. Despite these products failed to achieve the targeted results in current stage, the Group will continue to step up efforts to operate such products group at low cost with high efficiency. With the solid experience and advanced production technologies, the Group expects that such products group can bring better return to the Group in future.

The Group has well established different sales channels including direct sales offices, sales representatives, distributors and sales agents, which facilitate to capture the business opportunities arising from ever changing market conditions during the gradual economic recovery. The Group will adopt appropriate marketing strategies to gain further market shares, explore and identify potential markets and products proactively.

The Group has implemented tight measures on new capital expenditure to improve its working capital level amid tough economic environment. All proposed capital investments were suspended temporary other than those removal and relocation related projects during the period under review. In light of the improving signs of the PRC economic conditions, the Group will consider expansion of the production of the products with great potential according to the market dynamics and that can seize business opportunities in the process of market rebound in the second half of this year.

業務回顧 (續)

收地及安置

根據於二零零八年十一月六日之補償協議，濰坊同業須於二零零九年六月三十日或之前騰空一幅土地（「該土地」）。於二零零九年六月二十五日，延期騰地已獲濰坊市國家土地資源局屬下的山東濰坊經濟開發區分局批准（有關詳細情況請參考本公司於二零零八年十一月十八日及二零零九年六月二十六日刊發之公告），濰坊同業獲准繼續使用該幅土地作生產用途，並可於二零一零年六月三十日前將該幅土地騰空。該延期不會對本集團營運及財務構成任何重大影響。此外，本集團有足夠時間組織搬遷及安置工作事宜。

截至本報告刊發日為止，儘管餘下兩幅土地（「餘下土地」）之補償金額及收地條款與有關土地當局尚未達成協議，基於更具成本效益及提高運營效率，本集團已計劃把餘下土地之地上附著物的搬遷及安置工作與該土地同時執行。因此，搬遷和安置工作將覆蓋三幅土地，根據本集團暫定的時間表，預計將於二零一零年六月底前完成。

Business review (Continued)

Resumption and Relocation

Weifang Common is required to surrender the vacant possession of one plot of land (the "Land") on or before 30 June 2009 according to the Compensation Agreement dated 6 November 2008. On 25 June 2009, the postponement for the surrender of the vacant possession of the Land was approved by Shandong Weifang Economic Development Zone Sub-Bureau of the Weifang Municipal State Land Resources Bureau (please refer to the announcements of the Company dated 18 November 2008 and 26 June 2009 for details), Weifang Common is allowed to use the Land for production and surrender the vacant possession of the Land before 30 June 2010. The postponement will not have any material impact on the operation and finance to the Group. On the other hand, the Group has additional time to organise the removal and relocation works.

Although the amount of compensation and the terms of resumption have not been finalised with the relevant local authorities for the remaining two plots of land (the "Remaining Land") up to the date of this report, the Group has planned the removal and relocation of the structures erected on the Remaining Land simultaneously with the removal and relocation of the Land since it will be more cost effective and enhance operational efficiency. Hence, the removal and relocation works will cover the three plots of land which are expected to be completed by the end of June 2010 according to the tentative time schedule of the Group.

業務回顧 (續)

收地及安置 (續)

本集團計劃搬遷和安置工程將分成幾個階段進行。本集團在附近的另一個廠房已準備好後備生產能力，可維持每階段過渡期的生產需求。因此，董事會預期搬遷和安置將不會對本集團整體構成任何不利及重大的影響。截至本報告刊發日為止，本集團已開始進行第一期搬遷和安置工作。

此外，為了實現更高程度的生產成本效益，濰坊同業目前的生產能力將根據本集團可預見的市場需求和機遇作出調整。通過搬遷和安置事件，一些較高盈利率和具潛力產品的生產能力將會擴充。董事會相信收地及安置事件能強化和改善本集團的產品競爭力、營運效率以及未來業務發展。

展望

中國政府在去年十一月推出了四萬億元刺激經濟計劃，以增加基礎設施投資和擴大社會安全網。中國繼續改善內在的經濟以刺激增長。普遍認同全球經濟即將復甦，尤其在中國，本集團在當地具有廣泛和穩定的市場，使本集團處於一個有利地位促進其未來發展。加上其核心業務在十分成熟和具競爭力的市場中仍然保持穩健，本集團相信其可見未來的業績仍能維繫。本集團仍集中於擴充其在中國內地的業務。

Business review (Continued)

Resumption and Relocation (Continued)

The Group planned the removal and relocation works to be conducted by several phases. The back-up production capacity was available in another nearby production plant of the Group in order to sustain the production demands in the transitional of each phase. Hence, the Board anticipated that the removal and relocation will not have any adverse and material effect to the Group as a whole. The first phase of the works have been already been commenced by the Group as at the date of this report.

Furthermore, in order to achieve a higher degree of production cost-efficiency, the current production capacity of Weifang Common will be modified according to the foreseeable market demands and opportunities of the Group. The production capacities for some higher profit margin and potential products will be expanded through the removal and relocation event. The Board believed that the resumption and relocation can strengthen and improve the products competitiveness, operational efficiency and future business development of the Group.

Outlook

The PRC government rolled out a 4 trillion yuan stimulus package in November last year for increased infrastructure spending and expanded social safety net. China continues to retool its own economy to stimulate growth. The common consensus that the global economy is poised for recovery, especially in China, where the Group has extensive and stabilised market that put the Group in an advantageous position facilitates its future development. The Group believes that its foreseeable results can still be sustained as its core businesses are still strong with the markets being highly mature and competitive. The Group remains its focus on Mainland China for its business expansion.

業務回顧(續)

展望(續)

本集團將採取適當營運策略，在經濟出現復甦和改善消費信心中把握商機。本集團將持續追求產品多元化、成本效益生產和豐富其產品種類，以能改善其競爭力，從而提高其收入及利潤。同時，本集團將繼續把重點放在培育新產品和具潛力的市場以拓展新業務發展機會。最後仍須一提的是，嚴格的成本和質量控制措施將繼續推行以提高本集團之營運效率。

展望未來，本集團的市場地位仍然保持穩健。儘管上半年業績不如去年同期，預期國內市場復甦勢頭在今年餘下時間仍將保持，本集團有信心維持正面的全年營運業績。無論如何，本集團將採取各種措施，盡最大努力追求其每年業績增長，以改善本公司股東回報。

Business review (Continued)

Outlook (Continued)

The Group will capture business opportunities during reviving economy and an improving consumption confidence by adopting appropriated operating strategies. The product diversification, cost-efficiency production and enrichment of products range will be pursued by the Group continuously that can improve its competitiveness so as to boost its revenue and profit. Meanwhile, the Group will continue to focus on fostering new products and potential market for exploring new business growth opportunities. Last but not least, stringent cost and quality control measures will continue to carry out to improve the operation efficiency of the Group.

Looking forward, the market position of the Group still remains strong. The momentum of the PRC market recovery is expected to keep in the rest of this year, the Group has confidence to maintain positive operating results for the whole year even though the first half results were not as promising as the corresponding period of last year. Nevertheless, the Group will exert utmost efforts to seek its on going year-on-year results growth by taking various measures to improve the return to shareholders of the Company.

財務回顧

流動資金及財務資源

截至二零零九年六月三十日止六個月，本集團之主要資金來源包括經營活動產生之淨現金流入約人民幣5,700,000元（截至二零零八年六月三十日止六個月：人民幣4,600,000元），新增銀行借貸約人民幣104,000,000元（截至二零零八年六月三十日止六個月：人民幣88,000,000元），以及利息收入約人民幣300,000元（截至二零零八年六月三十日止六個月：人民幣400,000元）。於回顧期內，憑藉本集團營運所得財務資源，本集團斥資約人民幣21,200,000元（截至二零零八年六月三十日止六個月：人民幣61,000,000元）購入物業、廠房及設備，償還銀行借貸款項約人民幣85,400,000元（截至二零零八年六月三十日止六個月：人民幣60,100,000元），支付利息開支約人民幣6,000,000元（截至二零零八年六月三十日止六個月：人民幣7,000,000元）以及支付股息約人民幣4,400,000元（截至二零零八年六月三十日止六個月：人民幣4,500,000元）。

Financial review

Liquidity and Financial Resources

For the six months ended 30 June 2009, the Group's primary source of funding included the net cash inflow generated from operating activities of approximately RMB5.7 million (six months ended 30 June 2008: RMB4.6 million); newly raised bank borrowings of approximately RMB104.0 million (six months ended 30 June 2008: RMB88.0 million) and interest income of approximately RMB0.3 million (six months ended 30 June 2008: RMB0.4 million). With the financial resources obtained from the Group's operations, the Group had invested approximately RMB21.2 million (six months ended 30 June 2008: RMB61.0 million) in the acquisition of the property, plant and equipment, bank borrowing repayments of approximately RMB85.4 million (six months ended 30 June 2008: RMB60.1 million); interest expenses of approximately RMB6.0 million (six months ended 30 June 2008: RMB7.0 million) and dividends paid of approximately RMB4.4 million (six months ended 30 June 2008: RMB4.5 million) during the year under review.

財務回顧 (續)

流動資金及財務資源 (續)

於二零零九年六月三十日，本集團之現金及已抵押銀行存款約為人民幣24,400,000元（二零零八年十二月三十一日：人民幣31,400,000元）。未償還借貸總額約人民幣178,200,000元（二零零八年十二月三十一日：人民幣159,600,000元）。於回顧期內，因提升生產設施和搬遷及安置有關項目的資本性開支，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42.4%（二零零八年十二月三十一日：36.8%）。此外，本集團錄得淨流動資產約人民幣20,600,000元（二零零八年十二月三十一日淨流動負債：人民幣37,400,000元）。由於本集團於回顧期內維持偏低水平的資本性開支及獲得一筆中長期的新增銀行借貸，本集團流動資金狀況有所改善。基於本集團之經營業務錄得現金流入、現有現金資源及往來銀行提供之備用銀行信貸額度，本集團具有充裕的財務資源，足以應付可見將來的應付承擔及營運資金需求。無論如何，本集團將繼續實施緊縮資本性開支之措施，並盡力維持穩健之流動資金及財務狀況，為其股東帶來最佳回報。

本集團於回顧年度內並無運用任何金融工具作任何對沖用途。

Financial review (Continued)

Liquidity and Financial Resources (Continued)

As at 30 June 2009, the Group had bank and cash balances and pledged bank deposits of approximately RMB24.4 million (31 December 2008: RMB31.4 million). The total amount of outstanding borrowings was approximately RMB178.2 million (31 December 2008: RMB159.6 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 42.4% (31 December 2008: 36.8%) as a result of the capital expenditure spent on the advancement of production facilities and removal and relocation related projects during the period under review. Besides, the Group recorded net current assets of approximately RMB20.6 million (net current liabilities as at 31 December 2008: RMB37.4 million). The liquidity position of the Group was improved since the Group has maintained a low level capital expenditure and obtained a new bank borrowing in mid-long term basis during the period under review. With the positive cash inflow from the Group's operations, existing cash resources 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 implement tight measures on capital expenditure continuously and will dedicate to keep a sound liquidity position to optimise the equity return to its shareholders.

During the period under review, the Group did not use any financial instruments for any hedging purposes.

財務回顧(續)

資產抵押

於二零零九年六月三十日，本集團經已將銀行存款約人民幣900,000元(二零零八年十二月三十一日：人民幣10,000,000元)抵押以獲得信用狀及銀行承兌匯票額度。本集團賬面淨值總額約人民幣23,700,000元之若干物業(二零零八年十二月三十一日：人民幣30,400,000元)、公平值總額約人民幣10,400,000元(二零零八年十二月三十一日：無)之本集團的投資物業、約人民幣64,100,000元(二零零八年十二月三十一日：人民幣62,300,000元)之預付租賃款項以及由本集團一名關聯方所提供賬面淨值總額約人民幣5,400,000元(二零零八年十二月三十一日：人民幣5,500,000元)位於中國之一幅租賃土地及樓宇，經已作為本集團銀行借貸之抵押品。

或然負債

於二零零九年六月三十日，本集團並無任何重大或然負債。

匯率波動風險

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

本集團所承擔之最主要外匯風險乃因回顧期內人民幣匯率波動所致。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。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狀況方面遇上任何重大困難或對其造成任何影響。而且，於適當之時，本集團將考慮利用具成本效益之對沖方法應付日後之外幣交易。

Financial review (Continued)

Pledge of assets

As at 30 June 2009, the Group had bank deposit of approximately RMB0.9 million (31 December 2008: RMB10.0 million) pledged for letter of credit and bank acceptance bills facility. Certain properties of the Group with an aggregate net book value of approximately RMB23.7 million (31 December 2008: RMB30.4 million), investment properties of the Group with an aggregate fair value of approximately RMB10.4 million (31 December 2008: nil), prepaid lease payments of approximately RMB64.1 million (31 December 2008: RMB62.3 million) and leasehold land and building in the PRC provided by a related party of the Group with an aggregate net book value of approximately RMB5.4 million (31 December 2008: RMB5.5 million) were pledged to secure the Group's bank borrowings.

Contingent Liabilities

As at 30 June 2009, the Group had no material contingent liabilities.

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 risk was caused by the fluctuation 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. 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 to cope with future foreign currency transactions when appropriate.

人力資源

於二零零九年六月三十日，本集團共有748名全職僱員（二零零八年十二月三十一日：906名全職僱員），其中650名屬生產及倉庫員工，24名為銷售及市場推廣員工，10名為研發中心員工，而64名則為辦公室後勤員工。員工數目減少是由於提高了營運效益所致。

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

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

本集團亦已採納購股權計劃，以獎勵及獎賞曾對本集團成功經營作出貢獻之合資格參與人士。迄今為止，本集團已授予4,000,000份購股權給合資格員工及一名供應商，以表揚他們對本集團作出之貢獻。於回顧期內，並無本公司之購股權授出。

Human resources

As at 30 June 2009, the Group has 748 full-time employees (31 December 2008: 906 full-time employees) of which 650 were production and warehouse, 24 were sales and marketing, 10 were research and development centre, and 64 were back-office supportive employees. The number of employees was reduced due to the enhancement in operation efficiency.

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

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

The Group has also adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Company has granted 4,000,000 share options to eligible employees and a supplier to recognise their contribution to the Group so far. No share option of the Company was granted during the period under review.

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

於二零零九年六月三十日，本公司董事及主要行政人員及彼等之聯繫人於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、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：

於本公司股份之好倉

董事姓名	公司／相聯 法團名稱	所持股份數目／ 股份權益	身份	佔已發行股本 總數概約百分比(%)
Name of Director	Company/name of associated corporation	Number of shares held/ interest in the Shares	Capacity	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 (附註1) (Note 1)	292,000,000 (附註2) (Note 2)	受控法團之權益 Interest of controlled corporation	73.00%

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

At 30 June 2009, the interests and short positions of the Directors, chief executive of the Company and their associates 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

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)

附註:

1. 該等292,000,000股股份將由志峰集團有限公司(「志峰」)持有，其全部已發行股本分別由劉洪亮先生、王子江先生、郭希田先生、鄭虹女士、郭玉成先生及傅安旭先生最終實益擁有38%、26%、11.5%、11.5%、6.5%及6.5%。
2. 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。

除上文披露之權益外，於二零零九年六月三十日，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及彼等之聯繫人概無擁有或被視為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)

Notes:

1. 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.
2. 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.

Save as disclosed above, as at 30 June 2009, none of the Directors and chief executive of the Company, nor their associates 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

於二零零九年六月三十日，除董事外，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：

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

At 30 June 2009, the following persons who held interests of 5% or more of the issued share capital of the Company, other than the Directors, were recorded in the register of members required to be kept by the Company pursuant to Section 336 of the SFO:

於本公司股份之好倉

Long position in the shares of the Company

股東姓名	所持股份數目／ 於股份之權益及 權益總額	身份	佔已發行股本總數 概約百分比(%)
Name of shareholder	Number of shares held/ interest in the Shares and aggregated interest	Capacity	Approximate % in the total issued share capital
志峰 Cheerhill	292,000,000	實益擁有人 Beneficiary owner	73.00%

除上文所披露者外，於二零零九年六月三十日，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。

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 2009, 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.

其他資料

Other Information

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。

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。於回顧期內，本集團的購股權並無變動。於二零零九年六月三十日，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%。

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.

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. No movement for the share option of the Company during the period under view. As at 30 June 2009, 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.

其他資料 Other Information

購股權 (續)

截至二零零九年六月三十日止，購股權計劃項下購股權結餘如下：

Share options (Continued)

The balances of the share options granted under the Share Option Scheme as at 30 June 2009 are as follows:

承授人	授出日期	行使價	於二零零九年一月一日及 二零零九年六月三十日 尚未行使
			Outstanding as at 01.01.2009 and 30.06.2009
Grantee	Date of grant	Exercise price (港元) (HKD)	
員工 Employees	01.02.2008	0.64	3,590,000
供應商 Supplier	01.02.2008	0.64	200,000
總計 Total			3,790,000

上述所有購股權的歸屬期及行使期如下：

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

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。

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.

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，彼等於截至二零零九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

於截至二零零九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

本公司於截至二零零九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 no less 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 2009.

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 2009, 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 2009.

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,已審閱及批准截至二零零九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,並已計及可資比較的市場狀況。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獨立核數師討論有關編製截至二零零九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,二零零九年八月二十九日

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 and approved the remuneration package of all Directors and senior management of the Company for the year ending 31 December 2009 by reference to the scope duties and responsibilities of the Directors of the Company, corporate goals and objectives of the Group, after taking into account also the comparable market conditions. 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 independent auditor relating to the preparation of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2009. 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, 29 August 2009



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

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