

NOTES TO FINANCIAL STATEMENTS

31 December 2005

財務報表附註

二零零五年十二月三十一日

I. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 20 September 2002 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The companies comprising the Group underwent a reorganisation on 21 June 2003 to rationalise the Group's structure in preparation for the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), pursuant to which the Company became the holding company of the Group (the "Group Reorganisation").

During the year, the Group was principally engaged in the development, manufacture and sale of non-patented chemical medicines including cephalosporin in bulk medicine and powder for injection, their intermediate pharmaceuticals and system specific medicines in Mainland China. In the opinion of the directors, Fortune United Group Limited, a company incorporated in the British Virgin Islands, is the holding company of the Company.

The shares of the Company were listed on the Main Board of the Stock Exchange on 11 July 2003.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

I. 公司資料

本公司於二零零二年九月二十日根據開曼群島公司法(一九六一年第三卷，經綜合及修訂)第二十二章於開曼群島註冊成立為獲豁免有限公司。

通過集團重組優化本集團的架構以籌備本公司的股份在香港聯合交易所有限公司(「聯交所」)主板上市，於二零零三年六月二十一日，本公司成為組成本集團的附屬公司的控股公司(「集團重組」)。

本集團於年內主要在中國大陸從事非專利化學藥物開發、製造及銷售，包括無菌原料藥及粉針劑形式的頭孢菌素，並開發、製造及銷售頭孢菌素的藥物中間體產品和系統專科藥物。董事認為，Fortune United Group Limited為一間於英屬處女群島註冊成立的公司，是本公司的控股公司。

本公司股份於二零零三年七月十一日於聯交所主板上市。

2.1 編製基準

該等合併財務報表已根據國際會計準則委員會(International Accounting Standards Board)頒佈的國際財務報告準則、香港公司條例及聯交所的證券上市規則的披露規定而編製。除按公允值計算並記入損益表之財務資產外，合併財務報表按歷史成本原則編製，並以人民幣列示。除另有指明外，所有價值均以人民幣入賬，並約簡至附近千位(人民幣千元)。

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2.1 BASIS OF PREPARATION *(Continued)*

Statement of compliance

The consolidated financial statements of the Group and all its subsidiaries have been prepared in accordance with IFRSs.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2005. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

2.1 編製基準 (續)

遵例聲明

本集團及其附屬公司的合併財務報表乃根據國際財務報告準則編製。

合併基準

合併財務報表包括本公司及其附屬公司截至二零零五年十二月三十一日止年度的財務報表。本公司就可能存在不同的會計政策而作出調整。附屬公司的業績由收購日期(即本集團取得控制及持續合併直至該等控制終止的日期)起予以合併。集團內公司間的所有重大交易及結餘於合併時予以抵消。

少數股東權益指外界股東於本公司附屬公司業績及資產淨值所擁有的權益。

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2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except that the Group has adopted those new and revised standards mandatory for financial years beginning on or after 1 January 2005.

The changes in accounting policies result from the adoption of the following new and revised standards:

- IAS 1 Presentation of Financial Statements;
- IAS 2 Inventories;
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- IAS 10 Events after the Balance Sheet Date;
- IAS 16 Property, Plant and Equipment;
- IAS 17 Leases;
- IAS 21 The Effects of Changes in Foreign Exchange Rates;
- IAS 24 Related Party Disclosures;
- IAS 27 Consolidated and Separate Financial Statements;
- IAS 32 Financial Instruments: Disclosure and Presentation;
- IAS 33 Earnings per Share;
- IAS 38 Intangible Assets;
- IAS 39 Financial Instruments: Recognition and Measurement;
- IFRS 2 Share-based Payment;
- IFRS 3 Business Combinations; and
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

2.2 會計政策的變動

本集團除採納該等自二零零五年一月一日或其後開始財政年度新訂立及經修訂的準則外，所採納的會計政策與過往財政年度所採納者一致。

採納以下新訂立及經修訂準則產生的會計政策變動如下：

- 國際會計準則 財務報表呈報：第1號
- 國際會計準則 存貨：第2號
- 國際會計準則 會計政策、會計估計的變動及會計差錯更正：第8號
- 國際會計準則 資產負債表日後事項：第10號
- 國際會計準則 物業、廠房及設備：第16號
- 國際會計準則 租賃：第17號
- 國際會計準則 外幣匯率變動之影響：第21號
- 國際會計準則 關聯方披露：第24號
- 國際會計準則 合併及單體財務報表：第27號
- 國際會計準則 金融工具：披露及呈報：第32號
- 國際會計準則 每股盈利：第33號
- 國際會計準則 無形資產：第38號
- 國際會計準則 金融工具：確認及計量：第39號
- 國際財務報告準則第2號 以股份為基礎的支付方式；
- 國際財務報告準則第3號 業務合併；及
- 國際財務報告準則第5號 持作待售的非流動資產及非持續經營業務

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2.2 CHANGES IN ACCOUNTING POLICIES (Continued)

The adoption of IASs 2, 8, 10, 16, 17, 21, 24, 27, 32, 33, 38, 39 and IFRSs 3 and 5 has had no material impact on the accounting policies of the Group and the Company and the methods of computation in the Group's and the Company's financial statements.

The impact of adopting the other accounting policies is summarised as follows:

(a) IAS 1 – Presentation of Financial Statements

IAS 1 has affected the presentation of minority interests on the face of the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and other disclosures.

(b) IFRS 2 – Share-based Payment

In prior years, no recognition and measurement of share-based payment transactions in which eligible persons (including the Company's directors, employees of the Group and other eligible participants) were granted share options over shares in the Company were required until such options were exercised by eligible persons, at which time the share capital and share premium were credited with the proceeds received.

Upon the adoption of IFRS 2, when eligible persons render services as consideration for equity instruments ("equity-settled transactions"), the cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which the instruments are granted.

2.2 會計政策的變動 (續)

採納國際會計準則第2、8、10、16、17、21、24、27、32、33、38及39號，以及國際財務報告準則第3及5號並無對本集團及本公司的會計政策，以及本集團及本公司財務報表的計算方式造成重大影響。

採納其他會計政策的影響概述如下：

(a) 國際會計準則第1號 – 財務報表呈報

國際會計準則第1號影響合併資產負債表、合併利潤表及合併權益變動表的少數股東權益及其他披露的呈列方式。

(b) 國際財務報告準則第2號 – 以股份為基礎的支付方式

在以往年度，有關合資格人士(包括本公司董事、本集團僱員及其他合資格參予人)獲授本公司股份購股權，其以股份為基礎支付方式的交易，在合資格參予人行使該等購股權前並無需確認及計量，在該行使時所得款項計入股本及股份溢價。

採納國際財務報告準則第2號後，當合資格人士提供服務以換取股權工具(「股本結算交易」)，與僱員進行股本結算交易的成本，乃參照工具於授出日期的公允值而計量。

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2.2 CHANGES IN ACCOUNTING POLICIES (Continued)

(b) IFRS 2 – Share-based Payment (Continued)

The main impact of IFRS 2 on the Group is the recognition of the cost of these transactions and a corresponding entry to equity for employee share options. The revised accounting policy for share-based payment transactions is described in more detail in note 2.4 "Summary of significant accounting policies" below.

The adoption of IFRS 2 required retrospective application of all the share options granted after 21 June 2003 (date of adoption of the Company's Share option scheme) and not vested as at 1 January 2005, which has resulted in the following:

2.2 會計政策的變動 (續)

(b) 國際財務報告準則第2號 – 以股份為基礎的支付方式 (續)

國際財務報告準則第2號對本集團的主要影響，是對該等交易的成本的确認，以及就僱員購股權對權益作出相應的入賬。有關以股份為基礎的支付方式經修訂的會計政策詳情載於下文附註2.4「主要會計政策概要」。

採納國際財務報告準則第2號須對於二零零三年六月二十一日(採納本公司購股權計劃的日期)後授出但於二零零五年一月一日並未歸屬的所有購股權追溯應用，所產生的結果如下：

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元 (Restated) (重列)
Decrease in retained profits	保留溢利減少	4,255	535
Increase in selling and distribution costs	銷售及分銷費用增加	864	923
Increase in administrative expenses	行政費用增加	3,182	2,797
Decrease in basic earnings per share	每股基本盈利減少	RMB0.0051	RMB0.0046
Decrease in diluted earnings per share	每股攤薄盈利減少	RMB0.0051	RMB0.0046

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2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, to these financial statements. Unless otherwise stated, these IFRSs are effective for annual periods beginning on or after 1 January 2006:

IAS 1 Amendment	Capital Disclosures
IAS 19 Amendment	Actuarial Gains and Losses, Group Plans and Disclosures
IAS 21 Amendment	Net Investment in a Foreign Operation
IAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
IAS 39 Amendment	The Fair Value Option
IAS 39 & IFRS 4 Amendments	Financial Guarantee Contracts
IFRSs 1 & 6 Amendments	First-time Adoption of IFRSs and Exploration for and Evaluation of Mineral Resources
IFRS 6	Exploration for and Evaluation of Mineral Resources
IFRS 7	Financial Instruments: Disclosures
IFRIC – Int 4	Determining whether an Arrangement contains a Lease
IFRIC – Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IFRIC – Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IFRIC – Int 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
IFRIC – Int 8	Scope of IFRS 2
IFRIC – Int 9	Reassessment of Embedded Derivatives

2.3 已發佈但未生效之國際財務報告準則的影響

本集團並無於財務報表應用以下已發佈但未生效之新訂立及經修訂的國際財務報告準則。除另有所指外，該等國際財務報告準則於二零零六年一月一日或其後開始的年度期間生效：

國際會計準則 第1號(經修訂)	資本披露
國際會計準則 第19號(經修訂)	精算盈虧、集團計劃及披露
國際會計準則 第21號(經修訂)	海外投資淨額
國際會計準則 第39號(經修訂)	預計集團內交易的現金流量對沖會計公允值購股權
國際會計準則 第39號(經修訂)	財務擔保合約
國際會計準則 第39號及國際財務報告準則 第4號(經修訂)	首次採納國際財務報告準則、採探及評估礦資源
國際財務報告準則 第1及6號(經修訂)	採探及評估礦資源
國際財務報告準則 第6號	金融工具：披露
國際財務報告準則 第7號	釐定包括租賃的安排
國際財務報告 詮釋委員會 — 詮釋第4號	來自關閉、恢復和環境修復基金權益的權利
國際財務報告 詮釋委員會 — 詮釋第5號	參與特定市場、廢棄電力及電子設備產生的負債
國際財務報告 詮釋委員會 — 詮釋第6號	根據國際會計準則第29號在惡性通貨膨脹的經濟環境下在財務報告中採用重列的方法
國際財務報告 詮釋委員會 — 詮釋第7號	國際財務報告準則第2號的範圍
國際財務報告 詮釋委員會 — 詮釋第8號	重新評估嵌入式衍生工具
國際財務報告 詮釋委員會 — 詮釋第9號	

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2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSS (Continued)

(a) IAS 1 Amendment – Capital Disclosures

This interpretation shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

(b) IFRIC – Int 4 – Determining whether an Arrangement contains a Lease

This interpretation requires the determination of whether an arrangement is, or contains a lease shall be based on the substance of the arrangement and requires an assessment whether:

- (a) fulfillment of the arrangement is dependent on the use of a specific asset or assets; and
- (b) the arrangement conveys a right to use the asset.

Except as stated above, the Group expects that the adoption of the other pronouncements listed above will not have any significant impact on the Group's financial statements or not relevant to the activities of the Group in the period of initial application.

2.3 已發佈但未生效之國際財務報告準則的影響 (續)

(a) 國際會計準則第1號(經修訂) – 資本披露

本詮釋適用於二零零七年一月一日或其後開始的年度期間。經修訂準則將對有關本集團管理資本的目標、政策及程序等非量化資料，有關本公司視為資本的量化數據，對任何資本要求的遵行情形、以及任何不合規情況的披露產生影響。

(b) 國際財務報告詮釋委員會 – 詮釋第4號 – 釐定包括租賃的安排

本詮釋規定須根據安排的內容釐定是否包括租賃。有關詮釋規定需要評估：

- (a) 履行安排須視乎有否使用特定資產或資產；及
- (b) 安排有否轉移資產使用權。

除上述者外，本集團預期，採納上述其他準則將不會對本集團財務報表構成任何重大影響或於初次採用期間與本集團的活動有關。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investment interests in subsidiaries that are not classified as held for sale in accordance with IFRS 5 are stated at cost less any impairment losses.

Related parties

A party is considered to be related to the Group if:

- (a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Company that gives it significant influence over the Group; or (iii) has joint control over the Group;
- (b) the party is an associate;
- (c) the party is a jointly-controlled entity;
- (d) the party is a member of the key management personnel of the Group or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d); or
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

2.4 主要會計政策概要

附屬公司

附屬公司乃指本公司直接或間接控制其財務及營運政策而從其活動中獲益的實體。

附屬公司的業績中僅已收股息及應收股息列入本公司的利潤表。本公司於附屬公司的投資權益非根據國際財務報告準則第5號所述而持有以待銷售，而按成本減任何減值虧損列賬。

關連方

在下列情況下，某一方將被視為與本集團有關連：

- (a) 該方直接或透過一個或多個中介間接：(i)控制本集團，或為本集團所控制或本集團及他方共同控制；(ii)擁有本公司的權益，並可對本集團施加重大影響；或(iii)與他方共同控制本集團；
- (b) 該方為聯營實體；
- (c) 該方為合營實體；
- (d) 該方為本集團或其母公司的主要管理人員之一；
- (e) 該方為(a)或(d)項所述個人的直系親屬；或
- (f) 該方為直接或間接歸屬於(d)或(e)項所述個人所控制、與他方共同控制或施加重大影響，或擁有重大投票權的實體；或

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

- (g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

Foreign currency translation

These financial statements are presented in RMB. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the Company, Dawnrays International Co., Ltd. ("Dawnrays International") and Dawnrays Pharma (Hong Kong) Limited (Dawnrays Pharma), is the Hong Kong Dollar. As at the reporting date, the assets and liabilities of these companies are translated into the presentation currency of the Group (RMB) at the exchange rates ruling at the balance sheet date and, their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

2.4 主要會計政策概要 (續)

關連方 (續)

- (g) 該方為本集團或任一集團內關聯實體的僱員終止受僱後福利計劃的受益人。

外幣交易

該等財務報表以人民幣呈列。本集團各實體釐定其本身的功能貨幣，而各實體財務報表載列的項目以功能貨幣計算。外幣交易最初以交易當日的適用功能貨幣匯率記錄入賬。以外幣列值的貨幣性資產及負債，則按結算日的適用功能貨幣匯率再換算。所有差額均計入損益，惟與國外實體的投資淨額對沖的外幣借貸差額則除外。該等差額會直接計入權益，直至出售該投資淨額才確認收益。而該等借貸差額之稅項及減免亦將計入權益。以外幣列值及按歷史成本計算的非貨幣項目，乃按交易當日的匯率換算。以外幣列值及按公允值計算的非貨幣項目，須按釐定公允值當日的匯率換算。

東瑞國際有限公司(「東瑞國際」)、東瑞藥業(香港)有限公司(「東瑞藥業」)及本公司的功能貨幣為港幣。於結算日，該等公司的資產與負債按結算日的匯率換算為本集團的呈列貨幣(人民幣)，而利潤表則按年度的加權平均匯率換算。報表折算差額直接計入一個單獨的權益科目。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of such property, plant and equipment when that cost is incurred if the recognition criteria are met. Depreciation is calculated on a straight-line basis over the useful life of the assets, after taking into account its estimated residual value. The estimated useful lives of property, plant and equipment are as follows:

Buildings	20 years
Machinery and other equipment	5 to 10 years
Office equipment	5 years
Motor vehicles	5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

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

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each financial year end.

When each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

2.4 主要會計政策概要 (續)

物業、廠房及設備

物業、廠房及設備乃按成本(不包括日常服務成本)減累計折舊及任何累計減值列賬。有關成本包括符合確認條件的該物業、廠房及設備重置成本。折舊以直線法按該資產可使用年期及其估計剩餘價值計算。物業、廠房及設備估計可使用年期如下：

樓宇	20年
機器及其他設備	5至10年
辦公室設備	5年
汽車	5年

倘發生任何事件或環境變化，顯示物業、廠房及設備的賬面值可能無法收回，則會檢討其賬面值是否出現減值。

當一項物業、廠房及設備處置或估計並無未來經濟效益於其使用或出售時，則取消確認。於取消確認該資產時產生的任何收益或虧損(以處置所得款項淨額與該項目的賬面值的差額計算)乃計入該資產取消確認年度的利潤表內。

剩餘價值、可使用年期及折舊方法於每個結算日進行檢討並作適當調整。

於每次重大檢測實施時，其符合確認條件的成本則計入廠房及設備的賬面值內。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Construction in progress

Construction in progress represents property, plant and equipment under construction and is stated at cost. The acquisition period of an asset includes the period when the asset is under construction, installation and testing. Cost comprises direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is transferred to the appropriate category of property, plant and equipment when it is completed and ready for its intended use. No depreciation is provided on construction in progress until the asset is completed and is ready for its intended use.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

Land use rights

Land use rights are stated at cost less accumulated amortisation and any impairment losses. Land use rights are amortised on the straight-line basis over a period of 50 years.

The carrying values of land use rights are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

2.4 主要會計政策概要 (續)

在建工程

在建工程指興建中的物業、廠房及設備，並以成本入帳。資產的收購期包括資產處於興建、安裝及測試的時期。成本包括直接興建成本及興建期間與借貸資金有關的資本化借貸成本。當在建工程完工並可作既定用途時，即會轉撥為適當類別的物業、廠房及設備。在建工程不予折舊，直至該資產完工並可作既定用途為止。

借貸成本

與收購、興建或生產合格資產(即需要相當時間將資產用作擬定用途或銷售的資產)直接相關的借貸成本資本化當作該等資產的部份成本。當資產大致上擬定用途或銷售時，借貸成本資本化終止。

土地使用權

土地使用權按成本減累計攤銷及任何減值虧損列賬。土地使用權以直線法按50年期間予以攤銷。

倘發生任何事件或環境變化，顯示土地使用權的賬面值可能無法收回，則會檢討其賬面值是否出現減值。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following the initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred. The useful lives of intangible assets of the Group are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or expected pattern of consumption of the future economic benefits embodied in the assets are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the expense category of the income statement consistent with the function of the intangible assets.

Research and development costs

All research costs are charged into the income statement as incurred. An intangible asset arising from development expenditure on an individual project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Following the initial recognition of the development expenditure, a cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Any expenditure capitalised is amortised using the straight-line basis over the commercial lives of the underlying products not exceeding ten years, commencing from the date when the products are put into commercial production.

2.4 主要會計政策概要 (續)

無形資產

單獨收購的無形資產於初次確認時按成本計量。其後，無形資產按成本減任何累計攤銷及任何累計減值虧損列賬。內部產生的無形資產(不包括資本化的開發成本)不得資本化，並於有關開支產生時自該年度溢利中扣除。本集團無形資產被評估為有限的可使用年期。有限年期的無形資產按其可使用經濟年期予以攤銷，並於無形資產出現減值跡象時評估減值。有限年期無形資產的攤銷期及攤銷方法至少須於每個財政年度終結日進行檢討。預期資產可使用年期變化或預期資產未來經濟利益消耗方式的變化乃透過更改攤銷期或方法(按適用者)列賬，並按會計估計變動處理。有限年期無形資產的攤銷按與無形資產功能一致的開支，於利潤表中確認為開支入賬。

研發成本

所有研究開支於產生時計入利潤表。單獨立項產生的開發開支，僅於本集團在技術可行性上可完成該項無形資產，令其可使用或出售、有意完成及有能力使用或出售該資產、資產可於日後產生經濟利益、有資源可供完成項目及有能力於開發時可靠地計量開支時確認為無形資產。其後，該無形資產按成本減任何累計攤銷及任何累計減值虧損列賬。任何已資本化的開支按相關產品不多於十年(由產品投入商業生產日期開始)的商業期間以直線法攤銷。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

Research and development costs (Continued)

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the reporting year.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in those expense categories of the income statement consistent with the function of the impaired asset.

2.4 主要會計政策概要 (續)

無形資產 (續)

研發成本 (續)

如某資產尚未使用，開發成本的賬面值會每年作減值檢討，或當在申報年度有跡象顯示出現減值時，減值檢討更頻繁。

取消確認無形資產產生的盈虧按資產處置所得款項淨額及賬面值的差額計算，並於資產取消確認時於利潤表確認。

資產減值

本集團於各報告日評估資產有否出現減值跡象。倘出現減值跡象，或有需要為資產每年進行減值測試，本集團會估計資產的可回收金額。除非某類資產產生的現金流量不能獨立於其他單項或多項資產所產生的現金流量，否則資產的可回收金額按資產或現金產生單位的使用價值與其公允價值減銷售成本售價淨額較高者計算，並按個別資產釐定。當資產的賬面值超過可回收金額時，資產將被視為減值，其賬面價值降至可回收金額。評估使用價值時是以除稅前的折扣率計算預計未來的現金流量的現值，而該折扣率反映當時市場對貨幣時值的評估及該項資產的特有風險。減值虧損按與減值資產功能一致的開支，於利潤表中確認為開支入賬。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of assets (Continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Investments and other financial assets

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 主要會計政策概要 (續)

資產減值 (續)

每個結算日會評定是否有跡象顯示之前已確認的減損不再存在或減少。倘出現該等跡象，則會估計可回收金額。除非用以釐定資產的可回收金額自從最近一次確認減值虧損後出現變動，否則之前確認的資產減損不予撥回。彼資產的可回收金額自從最近一次確認減值虧損後出現變動，資產的賬面值將增加至其可回收金額。惟增加金額不得超過倘過往年度並無就資產確認減損而釐定的賬面值（經扣除任何折舊／攤銷）。撥回的減損於所產生期間的利潤表入賬。除資產按重新估值的金額列值外，減損的撥回於利潤表確認，有關撥回視為重新估值增加。於撥回後，折舊開支於日後期間作出調整，即以有系統基準按餘下使用年期，以資產的經修訂賬面值減任何剩餘價值。

投資及其他財務資產

按照國際會計準則第39號，財務資產可分為四類：按公允值記入損益表的財務資產，貸款及應收賬款，持至到期日的投資及可供出售的財務資產（按適用者）。對於並非屬於按公允值記入損益表的財務資產的財務資產，在初始確認時以公允值加上直接應佔交易成本計量。本集團在初始確認時確定財務資產並在適當及容許的情況下於各財政年度終結時重新評估有關分類。

所有正常購買或銷售的財務資產在交易日，即本集團承諾購買資產的日期確認。正常購買或銷售資產是指按照市場規定或慣例在一定日期內進行資產交割。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)*Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in the income statement.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2.4 主要會計政策概要 (續)

投資及其他財務資產 (續)*按公允值記入損益表的財務資產*

列作以交易目的而持有的財務資產計入「按公允值記入損益表的財務資產」。財務資產如以短期賣出為目的而購買的，則分類為以交易為目的而持有的投資。以交易為目的而持有的投資的公允值變化在利潤表中確認。

持至到期日的投資

持至到期日的投資乃指付款金額固定或可以確定，有固定到期日且本集團管理層有明確意向及能力持有至到期日之非衍生工具財務資產。有意持有年期不定的投資並不歸入此類別。其他有意持至到期日的長期投資，例如債券，其後按攤銷成本計量。該成本指首次確認金額減本金還款額，再加上或扣除以實際利息計算法就首次確認金額與到期金額的任何差額而計算的累計攤銷。計算範圍包括實際利率主體部份訂約各方所付或所收的一切費用及代價、交易成本及其他所有溢價及折讓。就以攤銷成本計價的投資而言，在該投資被取消確認、減值或在攤銷過程中時，其盈虧乃於收入內確認。

貸款及應收賬款

貸款和應收賬款定義為具有固定的或可確定現金付款，但在活躍市場中無報價的非衍生財務資產。這類資產用有效利率的方法計算攤銷成本。貸款和應收賬款被取消確認、發生減值或進行攤銷時產生的盈虧計入利潤表。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity securities that are designated as available-for-sale or are not classified in any of the other three categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as separate components of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; a discounted cash flow analysis and option pricing models.

2.4 主要會計政策概要 (續)

投資及其他財務資產 (續)*可供出售的財務資產*

可供出售財務資產包括可供出售的上市或非上市的債權或權益類證券，或是不能分到其他三類的非衍生財務資產。初始確認後，可供出售的投資的公允值變化在權益中單獨確認，當該資產被取消確認時，將其以前在權益中確認的累計收益或損失轉入利潤表中。

由於(a)合理的公允值的估計存在重大可變性；或(b)在一定範圍內各種估計的可能性不能合理評估並用於估算公允值，故非上市的債權或權益類證券的公允值不能可靠計，則有關證券以成本減任何減值虧損計價。

公允值

在金融市場活躍交易的投資的公允值取決於結算日的市場收盤價。如某項投資的市場不活躍，公允值將採用估值方法確定。該等方法包括參考近期發生的同等交易，其他大致類同的金融工具現行市場價格、現金流折現分析和期權定價模型。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the impairment loss shall be recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2.4 主要會計政策概要 (續)

財務資產減值

本集團於各結算日評估財務資產或一組財務資產有否出現減值。

按攤銷成本列值的資產

如果有客觀跡象表明貸款和以攤銷成本計價的應收款項已經出現了減值虧損，資產的賬面價值與估算未來的現金流（不包括未來出現信貸損失）以原始有效利率（即在初步確認階段計算的有效利率）折現的現值之間差額確認減值虧損。有關的賬面值可通過直接沖減資產賬面價值或者使用備抵科目來抵減資產賬面價值。有關損失在損益表中確認。

本集團首先評估是否有客觀跡象表明減值存在於一項具有重要性的財務資產，還是單獨或整體地存在於一組不獨立具有重要性的財務資產。如果已經確定沒有客觀跡象表明減值存在於任何一項的財務資產，無論重要與否，此項資產都被合併在具有相同信貸風險特徵的同類金融資產當中，整體進行減值評估。一項資產如被單獨評估了減值並確認了其減值虧損，則不再與其他財務資產項目合併進行整體減值評估。

如果在以後的期間，減值虧損的金額減少，且這種減少客觀上與減值虧損確認時發生的事項相關聯，則先前確認的減值虧損可從利潤表中轉回。減值虧損於期後的任何撥回於利潤表中確認，惟該資產於撥回日期的賬面值不得超逾其攤銷成本。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials	Purchase cost on a weighted average basis;
Finished goods and work in progress	Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less allowance for any uncollectible amounts. Provision is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off as incurred.

2.4 主要會計政策概要 (續)

財務資產減值 (續)

按成本列值資產

倘有客觀證據證明非上市股本工具的減值虧損由於未能可靠計量其公允值，故並非按公允值列值，或衍生資產與非上市股本工具有關並必須以該等非上市股本工具結算時，虧損的數額按資產賬面值及估計未來現金流量的現值(按類似財務資產目前市場回報作折扣)的差額計算。該等資產的減值虧損不得予以撥回。

存貨

存貨按成本及可變現淨值兩者的較低者列賬。

將產品運至現址和變成現狀的成本的會計處理方法如下：

原材料	採購成本(按加權平均法釐定)；
製成品及在製品	直接材料、直接人工成本，以及根據正常運作量計算的生產經常費用比例，但不包括借貸成本。

可變現淨值則按一般營運過程的估計售價減完成及出售時產生的任何估計成本計算。

應收貿易賬款及其他應收款項

應收貿易賬款乃按原有發票金額減未能收回金額的撥備予以確認及列賬。倘有客觀證據顯示本集團不可能全數收回債項則須作出撥備。壞賬於產生時予以撇銷。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

Cash and cash equivalents in the balance sheets comprise cash at banks and on hand and short term deposits with an original maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised as well as through the amortisation process.

2.4 主要會計政策概要 (續)

現金及現金等價物

於資產負債表的現金及現金等價物包括銀行及手頭現金及原訂期限為三個月或以下的短期存款。

編製合併現金流量報表時，現金及現金等價物包括上述界定的現金及現金等價物，但不包括尚未償還的銀行透支。

計息貸款及借貸

所有貸款及借貸初步按所獲代價的公允值減交易涉及的直接應佔成本確認。

初步確認後，計息貸款及借貸隨後以實際利率法按攤銷成本列賬。

所得收益或虧損，乃在取消確認負債時，以及通過攤銷過程，在純利或虧損淨額中確認。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets and liabilities*Financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2.4 主要會計政策概要 (續)

取消確認財務資產及財務負債*財務資產*

在下列情況下，將取消確認財務資產（或（如適當）一項財務資產的一部份或一組同類財務資產的一部份）：

- 可獲取資產所得現金流量的權利期滿；
- 本集團保留可獲取資產所得現金流量的權利，但已假設根據交付協議須無重大延誤地向第三方悉數清償；或
- 本集團已轉讓其可獲取資產所得現金流量的權利，並(a)轉讓資產絕大部份的風險及回報，或(b)既無轉讓亦無保留資產絕大部份的風險及回報，但已轉讓資產的控制權。

倘本集團已轉讓其可獲取資產所得現金流量的權利，但既無轉讓亦無保留資產絕大部份的風險及回報，亦無轉讓資產的控制權，則本集團將繼續確認該資產，惟以該資產持續相關部份為限。以轉讓資產擔保形式發生的持續相關乃按該資產的原賬面值及本集團須支付的最高代價額（以較低者為準）計算。

倘持續相關以轉讓資產書面及／或購買期權（包括現金結算期權或類似條文）形式發生，則本集團的持續相關部份為本集團購回的轉讓資產部份。倘資產的書面認沽期權（包括現金結算期權或類似條文）按公允值計算，則本集團的持續相關部份僅限於轉讓資產的公允值及期權行使價兩者的較低者。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets and liabilities (Continued)

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

2.4 主要會計政策概要 (續)

取消確認財務資產及財務負債 (續)

財務負債

債務被解除或取消或到期時，取消確認財務負債。

倘現有財務負債由同一貸方授予條款迥異的其他債項取代，或現有財務負債的條款經重大修訂，則該等變更或修訂視作取消確認原負債及確認新負債，各賬面值的差額於損益表確認。

應付貿易賬款及其他應付款項

應付貿易賬款及其他應付款項的負債乃按成本列賬，成本即所獲貨品及服務於日後所支付的代價的公允值(不論是否已向本集團發出賬單)。

撥備

本集團若因過往事項而有法定或推定債務，而且可能需要有經濟利益外流以償付這些債務，並能對債務數額作出可靠估計，便確認撥備。如果本集團預計部份或全部撥備將可收回(如根據一項保險合約)，並且相當肯定能夠收回，則確認預計收回的金額為個別的資產。與任何撥備相關的開支乃在利潤表內扣減任何收回金額後列賬。如果貨幣的時值有重大影響力，則撥備將以能夠反映(如適用)有關負債特定風險的稅前折現率予以折現。若採用折現方法，因時間流逝而增加的撥備額應確認為借貸成本。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefits schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operate in the Mainland China (the "Mainland China Subsidiaries") are required to participate in a central pension scheme operated by the local municipal government. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Accommodation benefits

Contributions to an accommodation fund administered by the Public Accumulation Funds Administration Centre in Mainland China are charged to the income statement as incurred.

Share-based payment transactions

The Company operates 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. Eligible participants (the Company's directors, employees of the Group and other eligible participants) of the Group receive remuneration in the form of share-based payment transactions, whereby eligible participants render services as consideration for equity instruments ("equity-settled transactions").

2.4 主要會計政策概要 (續)

退休福利計劃

本集團根據強制性公積金計劃條例為合資格參加強制性公積金計劃的僱員設立一個定額供款強制性公積金計劃(「強積金計劃」)。供款數目乃按僱員基本薪金若干百分比而作出，並根據強積金計劃的規則於到期支付時自利潤表中扣除。強積金計劃的資產與本集團資產分開，由獨立管理的基金保管。本集團的僱主供款於向強積金計劃供款時全數歸僱員所有；惟根據強積金計劃的規則，本集團的僱主自願供款，在僱員未能享有全數供款前離職的情況下，可退回本集團。

本集團於中國大陸營運的附屬公司(「中國大陸附屬公司」)的員工均須參予由當地政府運作的中央退休計劃。供款根據中央退休計劃的規則於到期日支付時自利潤表中扣除。

住房福利

有關對由中國大陸公積金管理中心管理的住房公積金的供款，乃於產生時自利潤表扣除。

以股份支付的交易

本公司設立一項購股權計劃作為給予為本集團業務成功作出貢獻的合資格參與者的激勵及獎勵。本集團的合資格參與者(本公司董事、本集團僱員及其他合資格參與者)按以股份支付交易的方式收取酬金，合資格參與者則提供服務以作為收取股本工具的代價(「股本結算交易」)。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment transactions (Continued)

The cost of equity-settled transactions with eligible participants is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Black-Scholes-Merton valuation model, further details of which are given in note 28. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the eligible participants become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the participants as measured at the date of modification.

2.4 主要會計政策概要 (續)

以股份支付的交易 (續)

與合資格參與者進行股本結算交易的成本，乃參考授出股本當日的公允值計算。公允值乃按柏力克－舒爾斯估值模式釐定，有關詳情載於附註28。對股本結算交易作出估值時，並無計及任何績效條件，惟對本公司股價有影響的條件（「市況」）（如適用）除外。

股本結算交易的成本連同股價的相應升幅，於達到績效及／或服務條件的期間內確認，直至相關合資格參與者完全享有該報酬之日（「歸屬日」）為止。由每個結算日直至歸屬日就股本結算交易確認的累積支出，反映歸屬期屆滿部份以及本集團對最終將會歸屬的股權工具數目的最佳估計。在某一期間內在利潤表內扣除或進賬，乃反映累計開支於期初與期終確認時的變動。

尚未完全歸屬的報酬不會確認支出，除非歸屬的報酬附帶市況條件，則該情況下不論是否達到該市況均會視作歸屬處理，惟其他所有績效條件必須達成。

當股本結算報酬的條款修訂時，會確認最少的支出，猶如條款並無修訂一般。此外，因修訂而導致以股份支付的安排的總公允值有所增加，或對參與者帶來利益，均會按修訂當日的計算確認支出。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment transactions (Continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Operating leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

Where the Group is the lessee, operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

2.4 主要會計政策概要 (續)

以股份支付的交易 (續)

當股權結算報酬註銷時，會視作報酬已於註銷當日經已歸屬，而報酬尚未確認的任何支出會即時確認。然而，倘註銷的報酬有任何替代的新報酬，並指定為授出當日的替代報酬，則該項註銷及新報酬會如上段所述被視為原有報酬的修訂般處理。

未行使購股權的攤薄影響會入賬為計算每股盈利時的額外股份攤薄。

經營租約

一項安排是否包括租賃須根據安排的內容釐定，並須評估履行安排是否須視乎使用特定資產或資產等及安排有否轉移資產使用權。

倘本集團為承租者，則按該等經營租約的應付租金按有關租期，以直線法於利潤表中列支。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Interest income

Revenue is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividend income

Revenue is recognised when the shareholder's right to receive payment has been established.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

2.4 主要會計政策概要 (續)

收益確認

收益乃於經濟利益極有可能歸本集團所有，並能以可靠方式計算時確認。

收益須待達致下列基準後方可確認：

銷售貨品

收益會在貨品擁有權的重大風險及回報已轉移至買方後確認入賬。

利息收入

收益會按應計利息(即按金融工具的估計使用年期用實際利率將未來估計的現金收入折現為財務資產的賬面淨值)確認。

股息收入

收益會在股東收取款項的權利被確立時確認。

政府撥款

政府撥款於可合理地保證將會獲得撥款，以及將遵守所有附帶條件時予以確認。倘撥款與一項費用有關，即按其擬補償的費用所屬的期間根據系統化基準確認為收入。倘撥款與一項資產有關，即將其公允值撥入遞延利潤賬，並於有關資產的預計可使用年期內以等額年金撥往利潤表。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 主要會計政策概要 (續)

稅項

當期稅項

當前及過往期間的當期稅項資產及負債按預期可收回或支付予稅務機構的金額計量。該等金額乃採用結算日前已立例制定或大致上已立例制定的稅率及稅法例計算。

遞延稅項

在結算日時資產及負債的稅基與其就財務報告而言的賬面值之間的所有時間性差異，須按負債法計提遞延稅項撥備。所有應課稅時間性差異均會確認遞延稅項負債，惟下列情況除外

- 倘若遞延稅項負債的起因，是由於在一宗非屬業務合併的交易中初步確認商譽或資產或負債，而且在交易時，對會計利潤或應課稅利潤或虧損均無影響；及
- 對於涉及附屬公司投資的應課稅時間性差異而言，倘若撥回時間性差異的時間可以控制，以及時間性差異不甚可能在可見將來撥回。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxes (Continued)

Deferred tax (Continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realised or the liabilities are settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

2.4 主要會計政策概要 (續)

稅項 (續)

遞延稅項 (續)

對於所有可扣減時間性差異、結轉的未用稅項資產及未用稅項虧損，若日後有可能出現應課稅利潤，可用以抵扣該等可扣減時間性差異、結轉的未用稅項資產及未用稅項虧損的，則遞延稅項資產一律確認入賬，惟應注意下列各點：

- 倘若有關可扣減時間性差異的遞延稅項資產的起因，是由於在一宗非屬業務合併的交易中初步確認資產或負債，而且在交易時，對會計利潤或應課稅利潤或虧損均無影響；及
- 對於涉及附屬公司投資的可扣減時間性差異而言，只有在時間性差異有可能在可見將來撥回，而且日後有可能出現應課稅利潤，可用以抵扣該等時間性差異時，方會確認遞延稅項資產。

遞延稅項資產的賬面值，在每個結算日予以審閱。若不再可能有足夠應課稅利潤用以抵扣相關稅項資產的全部或部分，則扣減遞延稅項資產賬面值。未被確認遞延稅項資產於各結算日進行重新評估，並當可能有足夠應課稅溢利讓遞延稅項資產被動用時確認。

變現資產或清償負債的期間預期適用的稅率，會用作衡量遞延稅項資產及負債，並以結算日當日已經生效或大致上已經生效的稅率(及稅法)為基準。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxes (Continued)

Deferred tax (Continued)

Income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the balance sheets, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

There is no significant risk of key assumptions concerning the future and other key sources of estimation at the balance sheet date which will cause an adjustment to carrying amounts of assets and liabilities within the next financial year.

There are no significant effects on amounts recognised in the financial statements arising from the judgement or estimates used by management except for the share option benefit expense which is subject to the limitations of the Black-Scholes-Merton valuation model and the uncertainty in estimates used by management in the assumptions. The Black-Scholes-Merton valuation model is modified for the early exercise of share options in limited open exercise periods. Should the estimates including limited early exercise behavior, expected interval and frequency of open exercise periods in the share option life and other relevant parameters of the share option model be changed, there would be material changes in the amount of share option benefits recognised in income statement and employee share option reserve.

2.4 主要會計政策概要 (續)

稅項 (續)

遞延稅項 (續)

與直接於股本中確認的項目相關的所得稅於股本中而非利潤表中確認。

倘若存在法律上可強制執行的權利，可將有關同一課稅實體及同一稅局的即期稅項資產及遞延稅項抵銷，則對銷遞延稅項資產與遞延稅項負債。

股息

董事擬派的末期股息於股東在股東大會上批准派發股息前乃於資產負債表的權益部分中列作獨立分配的留存溢利。當上述股息取得股東批准並宣派，則確認為負債。

由於本公司組織章程大綱及公司組織章程細則賦予董事宣派中期股息的權力，本公司可同時建議及宣派中期股息。因此，中期股息於建議及宣派時即時確認為負債。

2.5 主要會計判斷及估計

本集團於結算日並無有關將來重要假設的重大風險及其他估計的資料來源，致使來年的資產及負債的賬面值須作出調整。

本集團管理層的判斷及估計對財務報表內已確認數額並無重大影響，惟購股權利益支出受限於柏力克 - 舒爾斯估值模式及管理層用於假設的不確定估計。本集團已對柏力克 - 舒爾斯估值模式作出修訂以顧及於有限行使期內早期行使的購股權。若該等估計包括有限制早期行使行為、購股權有效期內預期行使期的時距及次數及其他有關購股權模式限制改變，利潤表內已確認的購股權利益及以股份支付的僱員購股權儲備數額將會有重大改變。

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3. SEGMENT INFORMATION

The Group's turnover and profit were mainly derived from the sale of medicines by the Mainland China Subsidiaries to customers in the Mainland China. The principal assets employed by the Group are located in the Mainland China. Accordingly, no segmental analysis by business and geographical segments is provided.

4. REVENUE, OTHER INCOME AND GAIN

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of the Group's revenue, other income and gain is as follows:

3. 分類資料

本集團的營業額及溢利主要來自其中中國大陸附屬公司向中國大陸的客戶銷售藥物。本集團的主要資產均位於中國大陸。因此，並無提供業務及地區分類分析。

4. 收入、其他收入及收益

收入(本集團營業額)指銷售貨品扣除退貨、貿易折扣的發票淨額。

本集團收入、其他收入及收益分析如下：

		Group 本集團	
		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Revenue	收入		
Sale of goods	銷售貨品	<u>734,002</u>	<u>584,758</u>
Other income	其他收入		
Bank interest income	銀行利息收入	1,032	1,165
Government grant	政府撥款	200	50
Dividend income from financial assets at fair value through profit or loss	按公允值記入損益表之財務資產的股息收入	7	110
Others	其他	<u>712</u>	<u>526</u>
		<u>1,951</u>	<u>1,851</u>
Gain	收益		
Gain on disposal of financial assets at fair value through profit or loss	出售按公允值記入損益表之財務資產的收益	<u>8</u>	<u>105</u>
Total revenue	收入總額	<u><u>1,959</u></u>	<u><u>1,956</u></u>

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5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

5. 除稅前溢利

本集團的除稅前溢利乃經扣除／(計入)下列各項後釐定：

		Group 本集團	
	Notes 附註	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元 (Restated) (重列)
Cost of inventories sold	已售存貨成本	518,769	392,081
Depreciation	折舊	17,408	12,389
Amortisation of land use rights *	土地使用權攤銷*	306	306
Research and development costs:	研究及開發成本：		
Deferred expenditure amortised **	遞延開支攤銷**	531	742
Current year expenditure	本年度支出	15,910	12,309
		16,441	13,051
		552,924	417,827
Minimum lease payments under operating leases:	按經營租約之最低租金：		
Land and buildings	土地及樓宇	1,279	963
Auditors' remuneration	核數師酬金	1,160	691
Employee benefit expense (including directors' remuneration (note 7)):	僱員福利開支(包括董事酬金(附註7))：		
Wages and salaries	工資及薪金	38,609	32,877
Equity-settled share option expense	以股權支付的購股權開支	4,046	3,720
Retirement costs	退休成本	3,173	4,071
Accommodation benefits	住房福利	1,613	2,734
		47,441	43,402
Foreign exchange differences, net	匯兌淨額	(471)	42
Write-back of provision for bad and doubtful debts	呆壞賬撥備撥回	(510)	—
Write-down of inventories to net realisable value	存貨減值至可變現淨值	1,269	—
Fair value losses, net:	公允值虧損淨額：		
Equity investments at fair value through profit or loss	按公允值記入損益表之上市股票投資	190	247
Bank interest income	銀行利息收入	(1,032)	(1,165)
Loss on disposal of items of property, plant and equipment	出售物業、廠房及設備等項目的虧損	959	1,427

* The amortisation of land use rights for the year is included in "Administrative expenses" on the face of the consolidated income statement.

* 年內的土地使用權攤銷計入合併利潤表的「行政費用」。

** The amortisation of deferred expenditure for the year is included in "Other expenses" on the face of the consolidated income statement.

** 年內的遞延開支攤銷計入合併利潤表的「其他開支」。

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6. FINANCE COSTS

6. 財務費用

		Group 本集團	
		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Interest on bank loans	銀行貸款利息	202	—

7. DIRECTORS' REMUNERATION

7. 董事酬金

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance, is as follows:

根據上市規則及公司條例第161節所披露年內的董事酬金如下：

		Group 本集團	
		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Fees	袍金	298	175
Other emoluments:	其他薪酬：		
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	3,138	3,677
Employee share option benefits	以股權支付的僱員福利	461	535
Pension scheme contributions	退休金計劃供款	68	65
		3,667	4,277
		3,965	4,452

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7. DIRECTORS' REMUNERATION (Continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Mr. Pan Xue Tian	潘學田先生	95	78
Mr. Lee Cheuk Yin Dannis	李卓然先生	95	78
Mr. Choi Tat Ying Jacky	蔡達英先生	95	19
		<u>285</u>	<u>175</u>

There were no other emoluments payable to the independent non-executive directors during the year (2004: Nil).

7. 董事酬金 (續)

(a) 獨立非執行董事

本年度獨立非執行董事的袍金如下：

本年度並無應付獨立非執行董事的其他酬金(二零零四年：無)。

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7. DIRECTORS' REMUNERATION (Continued)

(b) Executive directors and a non-executive director

7. 董事酬金 (續)

(b) 執行董事及一名非執行董事

			Salaries allowances and benefits in kind 袍金 及實物利益 RMB'000 人民幣千元	Employee share option benefits 以股權支付 的僱員福利 RMB'000 人民幣千元	Pension scheme contributions 退休金 計劃供款 RMB'000 人民幣千元	Total remuneration 酬金總額 RMB'000 人民幣千元
2005						
Executive directors:	執行董事：					
Ms. Li Kei Ling	李其玲女士	—	456	48	13	517
Mr. Hung Yung Lai	熊融禮先生	—	456	48	13	517
Mr. Zhang Jing Xing	張京星先生	—	764	104	13	881
Mr. Lam Kam Wah	林錦華先生	—	248	52	3	303
(Resigned on 22 April 2005)	(於二零零五年 四月廿二日辭任)					
Mr. Li Tung Ming	李東明先生	—	456	73	13	542
Mr. Xu Kehan	許克寒先生	—	758	136	13	907
		—	3,138	461	68	3,667
Non-executive director:	非執行董事：					
Mr. Leung Hong Man	梁康民先生					
(Appointed on 1 November 2005)	(於二零零五年十一 月一日獲委任)	13	—	—	—	13
		13	3,138	461	68	3,680
2004						
Executive directors:	執行董事：					
Ms. Li Kei Ling	李其玲女士	—	383	67	13	463
Mr. Hung Yung Lai	熊融禮先生	—	383	67	13	463
Mr. Zhang Jing Xing	張京星先生	—	1,283	144	—	1,427
Mr. Lam Kam Wah	林錦華先生	—	724	90	13	827
Mr. Li Tung Ming	李東明先生	—	383	101	13	497
Mr. Xu Kehan	許克寒先生	—	521	66	13	600
		—	3,677	535	65	4,277

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

年內概無董事放棄或同意放棄任何酬金的安排。

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8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2004: three) directors, details of whose remuneration are set out in note 7 above. Details of the remuneration of the remaining three (2004: two) non-director, highest paid employees for the year are as follows:

		Group 本集團	
		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	2,131	926
Employee share option benefits	以股權支付的僱員福利	289	1
Pension scheme contributions	退休金計劃供款	20	26
		<u>2,440</u>	<u>953</u>

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

		Number of employees 僱員人數	
		2005 二零零五年	2004 二零零四年
Nil to HK\$1,000,000	零至港幣1,000,000元	<u>3</u>	<u>2</u>

8. 五位最高薪僱員

年內五位最高薪僱員包括兩名(二零零四年：三名)董事，詳情載於上文附註7。餘下三名(二零零四年：兩名)非董事最高薪僱員於年內的薪酬如下：

酬金金額介乎下列組別的非董事及最高薪僱員工的人數如下：

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9. RETIREMENT BENEFITS AND ACCOMMODATION BENEFITS

In compliance with the Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance"), the Company has participated in the MPF scheme, a defined contribution scheme managed by an independent trustee, to provide retirement benefits to its Hong Kong employees. Contributions to the MPF scheme are made in accordance with the statutory limits prescribed by the MPF Ordinance.

As stipulated by the People's Republic of China (the "PRC") state regulations, the Mainland China Subsidiaries participate in a defined contribution retirement scheme. All employees are entitled to an annual pension equal to a fixed proportion of the average basic salary amount of the geographical area of their last employment at their retirement date. The Mainland China Subsidiaries are required to make contributions to the local social security bureau at 20% to 22.5% (2004: 20% to 22.5%) of the previous year's average basic salary amount of the geographical area where the employees are under employment with the Mainland China Subsidiaries. The Group has no obligation for the payment of pension benefits beyond the annual contributions as set out above.

According to relevant rules and regulations of the PRC, the Mainland China Subsidiaries and their employees are each required to make contributions to an accommodation fund at 7% to 10% (2004: 7% to 10%) of the salaries and wages of the employees which is administered by Public Accumulation Funds Administration Centre. There is no further obligation on the part of the Group except for such contributions to the accommodation fund.

As at 31 December 2005, the Group had no significant obligation apart from the contributions as stated above.

9. 退休福利及住房福利

遵照《強制性公積金計劃條例》(「強積金條例」)的規定，本公司已加入一項強積金計劃(由獨立信託人管理之定額供款計劃)，為香港僱員提供退休福利。向強積金計劃作出的供款乃按照強積金條例所訂明的規定限額為定。

據中國國家法規規定，中國大陸附屬公司參與養老保險計劃。所有僱員於其退休日均有權享按彼等最後受聘地的平均基本薪金的固定比例計算的年度退休金。中國大陸附屬公司須向當地社會保障局供款，供款按僱員受僱於中國大陸附屬公司地區去年的平均基本薪金的20%至22.5%(二零零四年：20%至22.5%)計算。除上述的年度供款外，本集團並無義務支付其他退休福利。

根據中國的有關規則及法規，中國大陸附屬公司及彼等僱員各自須按僱員的薪金及工資的7%至10%(二零零四年：7%至10%)向一項由公積金管理中心管理的住房基金供款。除該項向有關住房基金的供款外，本集團並無其他責任。

於二零零五年十二月三十一日，除上述供款外，本集團並無其他重大責任。

NOTES TO FINANCIAL STATEMENTS

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財務報表附註

二零零五年十二月三十一日

10. TAX

Income tax expense

The major components of income tax expense for the years ended 31 December 2005 and 2004 are:

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Consolidated income statement	合併利潤表		
Current income tax	當期所得稅		
Current income tax charge	當期所得稅支出	2,870	4,851
Adjustments in respect of current income tax of previous years	有關過往年度之當期所得稅調整	(2,625)	1,374
		<u>245</u>	<u>6,225</u>

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year (2004: Nil).

According to the Income Tax Law of the PRC, four subsidiaries of the Company, namely Suzhou Dawnrays Pharmaceuticals Co., Ltd. ("Suzhou Dawnrays Pharmaceuticals"), Suzhou Dawnrays Chemical Co., Ltd. ("Suzhou Dawnrays Chemical"), Suzhou Dawnrays Pharmaceutical Technology Co., Ltd. ("Suzhou Dawnrays Technology") and Shanghai Dawnrays Chemical Co., Ltd. ("Shanghai Dawnrays Chemical"), are exempted from corporate income tax of the PRC for the two years starting from the first profitable year of operation, after setting off losses carried forward, and are entitled to a 50% relief from corporate income tax of the PRC for the following three years.

10. 稅項

所得稅支出

截至二零零四年及二零零五年十二月三十一日止年度所得稅的主要組成如下：

由於本集團於本年度在香港並無產生應課稅溢利，故並無就香港利得稅作出撥備（二零零四年：無）。

根據中國所得稅法律，本公司四間中國大陸的附屬公司，即蘇州東瑞製藥有限公司（「蘇州東瑞製藥」）、蘇州東瑞化工有限公司（「蘇州東瑞化工」）、蘇州東瑞藥物技術有限公司（「蘇州東瑞技術」）及上海東瑞化工有限公司（「上海東瑞化工」），由首個經營獲利年度起計獲豁免中國企業所得稅兩年（彌補以前年度虧損後），並在其後三年有權獲得減免中國企業所得稅50%。

NOTES TO FINANCIAL STATEMENTS

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財務報表附註

二零零五年十二月三十一日

10. TAX (Continued)

Income tax expense (Continued)

Suzhou Dawnrays Pharmaceuticals is in its fifth profitable year of operation in 2005 and therefore its applicable income tax rate should have been 12%. However, Suzhou Dawnrays Pharmaceuticals obtained tax approval from the relevant tax authorities as a qualified foreign-owned manufacturing enterprise engaging in technology-intensive and knowledge-intensive projects ("Double-intensive Enterprise"). According to PRC tax laws and regulations, Suzhou Dawnrays Pharmaceuticals is subject to the corporate income tax of the PRC at a rate of 7.5% from 1 January 2003 to 31 December 2005, and at 15% from 1 January 2006 onwards. Its status as a Double-intensive Enterprise is subject to periodic reassessment by the relevant PRC government authorities. The paid-up capital of Suzhou Dawnrays Pharmaceuticals was increased by US\$15,000,000 from US\$10,000,000 to US\$25,000,000 in 2004. According to PRC tax laws and regulations, taxable profits generated in the first two years and the three years thereafter from the aforesaid additional capital are exempted from corporate income tax and taxed at a 50% reduced rate respectively.

Shanghai Dawnrays Chemical is in its fourth profitable year of operation, based on its statutory financial report. It is subject to the corporate income tax of the PRC at a rate of 12% and local corporate income tax at a rate of 1.5% from 1 January 2004 to 31 December 2006.

Suzhou Dawnrays Chemical is in its first profitable year of operation, based on its statutory financial report. It is exempted from corporate income tax for the year.

Suzhou Dawnrays Technology had no taxable profits and therefore, no provision for income tax has been made for the year. On 22 April 2005, the board of directors of Suzhou Dawnrays Technology passed a resolution to voluntarily wind up the company (note 18).

10. 稅項 (續)

所得稅支出 (續)

蘇州東瑞製藥於二零零五年為第五個溢利年度，因此其適用所得稅率本應為12%。然而，蘇州東瑞製藥獲認定為一家從事技術密集、知識密集型項目的生產性外商投資企業（「兩個密集型企業」），並獲得有關稅務機構批准稅收優惠。根據中國稅法及規定，蘇州東瑞製藥由二零零三年一月一日起至二零零五年十二月三十一日止期間可按7.5%稅率繳納中國企業所得稅，而由二零零六年一月一日起則按15%繳納有關稅項。「兩個密集型企業」的認定須經由有關中國政府當局定期重新評估。蘇州東瑞製藥的繳足股本於二零零四年增資15,000,000美元，由10,000,000美元增加到25,000,000美元。根據中國稅法及規定，上述增資產生的應課稅溢利於首兩年獲豁免中國企業所得稅，並於其後三年獲減免50%稅率。

上海東瑞化工根據法定財務申報收入而言為第四個溢利年度。上海東瑞化工由二零零四年一月一日起至二零零六年十二月三十一日止期間，是按12%稅率繳納中國企業所得稅及按1.5%稅率繳納地方企業所得稅。

蘇州東瑞化工根據法定財務申報收入而言為首個溢利年度，並獲豁免繳納該年度的企業所得稅。

由於蘇州東瑞技術於年內並無應課稅溢利，因此，並無就所得稅作出撥備。於二零零五年四月二十二日，蘇州東瑞技術的董事會通過一項決議案，將該公司自動結束（附註18）。

NOTES TO FINANCIAL STATEMENTS

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財務報表附註

二零零五年十二月三十一日

10. TAX (Continued)

Income tax expense (Continued)

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gain or appreciation shall apply to the Company or its operations. The undertaking for the Company is for a period of 20 years from 8 October 2002. Accordingly, the Company is not subject to tax.

Pursuant to the International Business Companies Act, 1984 ("IBC Act") of the British Virgin Islands, International Business Companies incorporated pursuant to the IBC Act enjoy a complete exemption from income tax. This includes an exemption from capital gains tax, and all forms of withholding tax. Accordingly, Dawnrays International is not subject to tax.

No provision for deferred tax has been made as the net effect of all temporary differences is immaterial.

10. 稅項 (續)

所得稅支出 (續)

根據開曼群島稅務豁免法(一九九九年修訂本)第6條,本公司已獲得總督會同行政局保證:開曼群島並無法律對本公司或其業務的所得溢利、收入、收益或增值徵稅。對本公司的承諾將由二零零二年十月八日起有效二十年。因此,本公司無須納稅。

根據英屬處女群島頒佈的一九八四年國際商業公司法(「國際商業公司法」),根據國際商業公司法註冊成立的國際商業公司可享有全數所得稅豁免,包括資本收益稅及任何形式的預扣稅豁免。因此,東瑞國際無須納稅。

由於所有時間性差異的淨影響並不重大,因此並無就遞延稅項作出撥備。

NOTES TO FINANCIAL STATEMENTS

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財務報表附註

二零零五年十二月三十一日

10. TAX (Continued)

Income tax expense (Continued)

A reconciliation between tax expense and the product of accounting profit multiplied by PRC's domestic tax rate for the years ended 31 December 2005 and 2004 is as follows:

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元 (Restated) (重列)
Accounting profit before income tax	除所得稅前會計溢利	105,949	82,692
At PRC's statutory income tax rate of 33% (2004: 33%)	按中國法定所得稅稅率 33%(2004 : 33%)	34,963	27,288
Tax effect of profits entitled to tax exemption	可享稅項豁免溢利之稅務影響	(32,226)	(22,702)
Adjustments in respect of current income tax of previous years	有關過往年度之當期所得稅 調整	(2,625)	1,374
Non-deductible expenses	不可用作扣除的開支	133	265
At the effective income tax rate of 0.2% (2004: 7.5%)	按實際所得稅稅率0.2% (2004 : 7.5%)	245	6,225

11. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The net profit from ordinary activities attributable to equity holders of the parent for the year ended 31 December 2005 dealt with in the financial statements of the Company, was RMB58,153,000 (2004: RMB464,000 (as restated)) (note 29(b)).

10. 稅項 (續)

所得稅支出 (續)

截至二零零四年及二零零五年十二月三十一日止年度稅項支出與會計溢利乘以中國本地稅率的調節表如下：

11. 母公司權益持有人應佔日常業務純利

本公司財務報表截至二零零五年十二月三十一日止年度的母公司權益持有人應佔日常業務純利為人民幣58,153,000元(二零零四年：人民幣464,000元(重列後))(附註29(b))。

NOTES TO FINANCIAL STATEMENTS

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財務報表附註

二零零五年十二月三十一日

12. DIVIDENDS

12. 股息

		Company 本公司	
		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
<i>Declared and paid during the year</i>	本年度已宣派及支付		
Equity dividends on ordinary shares:	普通股股息：		
Final dividend for 2004: HK\$0.023 (2003: HK\$0.035)	二零零四年末期股息：港幣0.023元 (二零零三年：港幣0.035元)	19,543	29,840
Interim dividend for 2005: HK\$0.015 (2004: HK\$0.015)	二零零五年中期股息：港幣0.015元 (二零零四年：港幣0.015元)	12,779	12,760
		<u>32,322</u>	<u>42,600</u>
<i>Proposed for approval at Annual General Meeting (not recognised as a liability as at 31 December)</i>	待股東週年大會通過 (於十二月三十一日 尚未確認為負債)		
Equity dividends on ordinary shares:	普通股股息：		
Final dividend for 2005: HK\$0.035 (2004: HK\$0.023)	二零零五年末期股息：港幣0.035元 (二零零四年：港幣0.023元)	29,127	19,543

13. EARNINGS PER SHARE

13. 每股盈利

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

每股基本盈利是按母公司普通股權益持有人應佔本年度純利除以於年內已發行普通股股份之加權平均股數計算。攤薄後每股盈利是按母公司普通股權益持有人應佔本年度純利除以於年內已發行普通股股份之加權平均股數，及加上可能因轉換具攤薄作用的普通股而發行普通股之加權平均股數計算。

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財務報表附註

二零零五年十二月三十一日

13. EARNINGS PER SHARE (Continued)

The following reflects the income and share data used in the basic and diluted earnings per share computations:

13. 每股盈利 (續)

下列為用作計算每股基本盈利及攤薄後每股盈利的收入及股份的數據：

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元 (Restated) (重列)
Earnings	盈利		
Net profit attributable to ordinary equity holders of the parent	母公司普通股權益持有人應佔純利	105,646	76,451
		2005 二零零五年 Thousands 仟位	2004 二零零四年 Thousands 仟位
Shares	股份		
Weighted average number of ordinary shares used in the basic earnings per share calculation	用作計算每股基本盈利之加權平均普通股數	800,000	800,000
Effect of dilution:	攤薄影響：		
Share options	購股權	26	—
Weighted average number of ordinary shares adjusted for the effect of dilution	就攤薄影響作出調整後之加權平均普通股數	800,026	800,000

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財務報表附註

二零零五年十二月三十一日

14. PROPERTY, PLANT AND EQUIPMENT

14. 物業、廠房及設備

		Group 本集團				
		Buildings	Machinery and other equipment	Office equipment	Motor vehicles	Total
		樓宇	其他設備	辦公室設備	汽車	總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Cost:	成本：					
As at 1 January 2004	於二零零四年一月一日	41,902	86,684	6,095	6,952	141,633
Additions	添置	–	1,029	1,246	2,133	4,408
Transferred from Construction in progress	在建工程轉撥	38,601	38,137	53	–	76,791
Disposals	出售	(1,230)	(1,619)	(553)	(188)	(3,590)
As at 31 December 2004 and 1 January 2005	於二零零四年十二月三十一日 及二零零五年一月一日	79,273	124,231	6,841	8,897	219,242
Additions	添置	–	967	698	1,087	2,752
Transferred from Construction in progress	在建工程轉撥	10,180	46,243	562	451	57,436
Disposals	出售	(359)	(1,187)	(450)	(1,867)	(3,863)
As at 31 December 2005	於二零零五年十二月三十一日	89,094	170,254	7,651	8,568	275,567
Accumulated depreciation:	累計折舊：					
As at 1 January 2004	於二零零四年一月一日	5,297	16,861	2,488	1,073	25,719
Provided for the year	年內撥備	2,599	7,391	735	1,664	12,389
Disposals	出售	(303)	(972)	(492)	(115)	(1,882)
As at 31 December 2004 and 1 January 2005	於二零零四年十二月三十一日 及二零零五年一月一日	7,593	23,280	2,731	2,622	36,226
Provided for the year	年內撥備	3,009	11,850	1,044	1,505	17,408
Disposals	出售	(96)	(657)	(253)	(988)	(1,994)
As at 31 December 2005	於二零零五年十二月三十一日	10,506	34,473	3,522	3,139	51,640
Net book value:	賬面淨值：					
As at 31 December 2005	於二零零五年十二月三十一日	78,588	135,781	4,129	5,429	223,927
As at 31 December 2004	於二零零四年十二月三十一日	71,680	100,951	4,110	6,275	183,016

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財務報表附註

二零零五年十二月三十一日

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

14. 物業、廠房及設備(續)

Company
本公司
Office Equipment
辦公室設備
RMB'000
人民幣千元

Cost:	成本：	
As at 1 January 2004	於二零零四年一月一日	652
Additions	添置	70
As at 31 December 2004 and 1 January 2005	於二零零四年十二月三十一日 及二零零五年一月一日	722
Additions	添置	15
As at 31 December 2005	於二零零五年十二月三十一日	737
Accumulated depreciation:	累計折舊：	
As at 1 January 2004	於二零零四年一月一日	—
Provided for the year	年內撥備	193
As at 31 December, 2004 and 1 January 2005	於二零零四年十二月三十一日 及二零零五年一月一日	193
Provided for the year	年內撥備	189
As at 31 December, 2005	於二零零五年十二月三十一日	382
Net book value:	賬面淨值：	
As at 31 December 2005	於二零零五年十二月三十一日	355
As at 31 December 2004	於二零零四年十二月三十一日	529

15. LAND USE RIGHTS

15. 土地使用權

Group
本集團

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Cost:	成本：		
As at 1 January and 31 December	於一月一日及十二月三十一日	14,926	14,926
Accumulated amortisation:	累計攤銷：		
As at 1 January	於一月一日	1,109	803
Provided for the year	年內撥備	306	306
As at 31 December	於十二月三十一日	1,415	1,109
Net book value:	賬面淨值：		
As at 31 December	於十二月三十一日	13,511	13,817
As at 1 January	於一月一日	13,817	14,123

The land use rights of the Group are situated in Mainland China and are held under medium lease terms.

本集團持有之土地使用權位於中國大陸並按中期租約持有。

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財務報表附註

二零零五年十二月三十一日

16. CONSTRUCTION IN PROGRESS

16. 在建工程

		Group 本集團	
		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
As at 1 January	於一月一日	40,689	57,529
Additions	添置	36,308	59,951
Transferred to property, plant and equipment (note 14)	轉往物業、機器 及設備(附註14)	(57,436)	(76,791)
As at 31 December	於十二月三十一日	19,561	40,689

17. INTANGIBLE ASSETS

17. 無形資產

		Group 本集團	
		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Cost:	成本：		
As at 1 January	於一月一日	15,263	11,647
Additions	添置	1,908	3,616
As at 31 December	於十二月三十一日	17,171	15,263
Accumulated amortisation:	累計攤銷：		
As at 1 January	於一月一日	1,602	860
Provided for the year	年內撥備	531	742
As at 31 December	於十二月三十一日	2,133	1,602
Net book value:	賬面淨值：		
As at 31 December	於十二月三十一日	15,038	13,661
As at 1 January	於一月一日	13,661	10,787

NOTES TO FINANCIAL STATEMENTS

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財務報表附註

二零零五年十二月三十一日

18. INTERESTS IN SUBSIDIARIES

18. 於附屬公司的權益

Company

本公司

		2005	2004
		二零零五年	二零零四年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Unlisted shares, at cost	非上市股份，按成本	97,948	100,175
Amounts due from subsidiaries	附屬公司欠款	190,881	149,391
		288,829	249,566

The amounts due from subsidiaries of RMB190,881,000 (2004: RMB149,391,000) are non-interest bearing which, although technically are repayable under the original terms of the transactions giving rise thereto, have been deferred for a longer term and are therefore classified as non-current.

應收附屬公司款項人民幣190,881,000元(二零零四年：人民幣149,391,000元)為不計利息的結餘。雖然技術上而言，該等結餘須按有關交易原有條款即時償還，但已作遞延處理，並分類為非流動結餘。

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18. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the subsidiaries are as follows:

18. 於附屬公司的權益(續)

主要附屬公司的詳情如下：

Name	Place of incorporation/ registration and operations 註冊成立／ 註冊及營業地點	Nominal value of issued share/ paid-up capital 已發行／ 已繳足股本	Percentage of equity attributable to the Group 本集團應佔 股權百分比	Principal activities 主要業務
Directly held 直接持有				
Dawnrays International Company Limited 東瑞國際有限公司	British Virgin Islands 英屬處女群島	US\$100 100美元	100	Investment holding 投資控股
Indirectly held 間接持有				
Suzhou Dawnrays Pharmaceuticals Co., Ltd. [#] 蘇州東瑞製藥有限公司 [#]	Mainland China 中國大陸	US\$25,000,000 25,000,000美元	100	Manufacture and sale of pharmaceutical Products 製造及銷售 醫藥產品
Shanghai Dawnrays Chemical Co., Ltd. [#] 上海東瑞化工有限公司 [#]	Mainland China 中國大陸	US\$680,000 680,000美元	92	Manufacture and sale of pharmaceutical intermediates 製造及銷售 醫藥中間體

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18. INTERESTS IN SUBSIDIARIES (Continued)

18. 於附屬公司的權益(續)

Name	Place of incorporation/ registration and operations 註冊成立／ 註冊及營業地點	Nominal value of issued share/ paid-up capital 已發行／ 已繳足股本	Percentage of equity attributable to the Group 本集團應佔 股權百分比	Principal activities 主要業務
Suzhou Dawnrays Pharmaceutical Technology Co., Ltd. ^{#,*}	Mainland China	US\$480,413	100	Research and development of pharmaceutical technology and products
蘇州東瑞藥物技術有限公司 ^{#,*}	中國大陸	480,413美元		研發藥物技術 及產品
Suzhou Dawnrays Chemical Co., Ltd. [#]	Mainland China	US\$3,667,452	100	Manufacture and sale of pharmaceutical intermediates
蘇州東瑞化工有限公司 [#]	中國大陸	3,667,452美元		製造及銷售 醫藥中間體
Dawnrays Pharma (Hong Kong) Limited	Hong Kong	HK\$2	100	Sale of pharmaceutical products
東瑞藥業(香港)有限公司	香港	港幣2元		銷售醫藥產品

[#] These subsidiaries were registered under PRC law as foreign-owned enterprises.

^{*} On 22 April 2005, the board of directors of Suzhou Dawnrays Technology passed a resolution to voluntarily wind up the company.

[#] 該等附屬公司按中國法律註冊為外商投資企業。

^{*} 於二零零五年四月二十二日，蘇州東瑞技術的董事會通過一項決議案，將該公司自動結束。

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19. INVENTORIES

19. 存貨

		Group 本集團	
		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Raw materials – at cost	原材料 – 按成本	11,929	13,759
Work in progress	在製品		
– at cost	– 按成本	128,585	48,645
– provision	– 撥備	(1,036)	–
Finished goods	製成品		
– at cost	– 按成本	20,591	22,362
– provision	– 撥備	(233)	–
		<u>159,836</u>	<u>84,766</u>

20. TRADE AND NOTES RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade and notes receivables are non-interest-bearing.

20. 應收貿易及票據款項

除新客戶一般需預繳款項外，本集團主要按信貸方式與客戶交易。信貸期一般為期一個月，而主要客戶則可延長至三個月。每位客戶均設有最高信貸限額。本集團嚴謹監察其未償還應收款項，並設有信貸監控部門務求將信貸風險減至最低。高級管理層更會定期檢討逾期欠款。鑒於以上所述及由於本集團的應收貿易款項涉及大量不同客戶，因此並無高度集中的信貸風險。應收貿易及票據款項不計利息。

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20. TRADE AND NOTES RECEIVABLES (Continued)

An aged analysis of the trade and notes receivables as at the balance sheet date, based on the invoice date, is as follows:

20. 應收貿易及票據款項 (續)

按發票日期計，於結算日的應收貿易及票據款項的賬齡分析如下：

		Group 本集團	
		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Trade receivables	應收貿易款項		
Outstanding balances with ages:	按賬齡劃分的尚欠餘額：		
Within 90 days	90日內	136,398	119,210
Between 91 and 180 days	91至180日	10,224	2,932
Between 181 and 270 days	181至270日	792	1,135
Between 271 and 360 days	271至360日	35	990
Over one year	一年以上	214	199
		<u>147,663</u>	<u>124,466</u>
Notes receivables	應收票據		
Outstanding balances with ages:	按賬齡劃分的尚欠餘額：		
Within 90 days	90日內	58,498	54,318
Between 91 and 180 days	91至180日	33,344	57,736
		<u>91,842</u>	<u>112,054</u>
Total trade and notes receivables	應收貿易及票據款項總額	239,505	236,520
Less: Provision for bad and doubtful debts	減：呆壞賬撥備	—	(510)
		<u>239,505</u>	<u>236,010</u>

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21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

21. 預付款、按金及其他應收款項

		Group 本集團		Company 本公司	
		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Tax refund	所得稅返還	—	6,612	—	—
Prepayments	預付款	15,775	7,056	252	—
Deposits and other debtors	按金及其他應收賬款	5,085	2,476	173	361
		<u>20,860</u>	<u>16,144</u>	<u>425</u>	<u>361</u>

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

22. 按公允價值記入損益表之財務資產

		Group 本集團		Company 本公司	
		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Listed equity investments, at market value:	上市股票投資， 按市值：				
Hong Kong	香港	<u>867</u>	<u>598</u>	<u>867</u>	<u>598</u>

The above equity investments at 31 December 2005 were classified as held for trading.

於二零零五年十二月三十一日，上述股票投資分類為持作買賣投資。

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23. CASH AND CASH EQUIVALENTS

23. 現金及現金等價物

		Group 本集團		Company 本公司	
		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Cash and bank balances	現金及銀行結存	35,666	45,174	1,479	6,444
Short term deposits	短期存款	16,282	53,208	16,282	27,208
Cash and cash equivalents	現金及現金等價物	51,948	98,382	17,761	33,652

At the balance sheet date, the cash and bank balances and short term deposits of the Group denominated in RMB amounted to RMB32,556,000 (2004: RMB63,320,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at bank earns interest at floating rates based on daily bank deposits rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The carrying amounts of the cash and cash equivalents approximate to their fair values.

於結算日，本集團以人民幣列值的現金及銀行結存與短期存款總值人民幣32,556,000元（二零零四年：人民幣63,320,000元）。人民幣並不可自由兌換為其他貨幣，然而，根據中國大陸外匯管制法規及管理結算、出售與支付外匯法規，本集團獲准透過特許進行外匯業務的銀行將人民幣兌換為其他貨幣。

銀行存款的利息按照活期存款的利率獲得。短期定期存款期限界乎一日至三個月不等，由本集團的現金需求而定，並以相應的短期定期存款利率獲得利息。現金和現金等價物的賬面值接近其公允值。

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24. TRADE AND NOTES PAYABLES

An aged analysis of the trade and notes payables as at the balance sheet date, based on the invoice date, is as follows:

		本集團 Group	
		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Outstanding balances with ages:	按賬齡劃分的尚欠餘額：		
Within 90 days	90日內	108,795	107,486
Between 91 and 180 days	91至180日	94,770	126,472
Between 181 and 270 days	181至270日	291	42
Between 271 and 360 days	271至360日	152	41
Over one year	一年以上	252	236
		<u>204,260</u>	<u>234,277</u>

Trade payables are non-interest-bearing and are normally settled on 90-day terms.

應付款項乃不計利息及一般按九十日賒賬期繳付。

25. INTEREST – BEARING LOANS AND BORROWINGS

25. 計息貸款及借貸

		Effective interest rate (%) 實際利率 (%)	Maturity 到期日	Group 本集團	
				2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Bank loans – unsecured			On demand		
銀行貸款 – 無抵押	2.16% – 2.41%		按要求時	<u>17,626</u>	<u>–</u>

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26. OTHER PAYABLES AND ACCRUALS

26. 其他應付款及應計負債

		Group 本集團		Company 本公司	
		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Advance from customers	客戶預付款	1,757	—	—	—
Accrued liabilities	預計負債	2,852	241	915	773
Taxes other than corporate income tax	除企業所得稅外的稅項	5,750	4,778	—	—
Payable for purchase of machinery and construction of buildings	新增機器及 樓宇建築的應付款	20,417	27,531	—	—
Others	其他	3,334	5,976	—	—
		<u>34,110</u>	<u>38,526</u>	<u>915</u>	<u>773</u>

Other payables are non-interest-bearing and have an average settlement term of six months.

其他應付款乃不計利息及平均六個月結算期。

27. SHARE CAPITAL

27. 股本

Shares

股份

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Authorised:	法定：		
10,000,000,000 (2004: 10,000,000,000) ordinary shares of HK\$0.1 each	每股面值港幣0.1元的 普通股10,000,000,000股 (二零零四年：10,000,000,000股)	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:	已發行及繳足：		
800,000,000 (2004: 800,000,000) ordinary shares of HK\$0.1 each	每股面值港幣0.1元的 普通股800,000,000股 (二零零四年：800,000,000股)	<u>80,000</u>	<u>80,000</u>
Equivalent to RMB'000	等值人民幣千元	<u>84,880</u>	<u>84,880</u>

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 28 to the financial statements.

購股權

有關本公司購股權計劃及根據該計劃發行的購股權詳情載於財務報表附註28。

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28. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, independent non-executive directors, employees of the Group and other eligible participants as defined under the Scheme. The Scheme was adopted on 21 June 2003, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares currently permitted to be issued upon the exercise of options under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time (unless refreshed) which is 80,000,000 shares, which represents 10% of the issued share capital of the Company at the date of this annual report. The maximum number of shares issuable under share options to each eligible person in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$10 by each grantee with no consideration being payable by the grantee. An option may be exercised in accordance with the terms of the Scheme at any time during a period commencing on such date on or after the date on which the option is granted as the Board may determine in granting the option and expiring at the close of business on such date as the Board may determine in granting the option but in any event shall not exceed ten years from the date of grant.

28. 購股權計劃

本公司採用的購股權計劃(「計劃」)，旨在為對本集團業務成就作出貢獻的合資格參與者提供鼓勵及獎勵。計劃的合資格參與者包括本公司董事、獨立非執行董事、本集團僱員及計劃界定的其他合資格參與者。計劃於二零零三年六月二十一日生效，除非另行註銷或修訂，計劃將於該日起計十年內持續有效。

目前，根據計劃行使購股權而可予發行的最高股份數目為相等於購股權行使後佔本公司於任何時間(更新計劃除外)已發行股份的10%，即80,000,000股股份，亦即本年報發行日期本公司已發行股本10%。在任何12個月期間內授予計劃的每位合資格參與者的購股權的可予發行最高股份數目，以本公司於任何時間的已發行股份1%為限。凡進一步授出超逾此限額的購股權，須在股東大會上獲股東批准。

授予本公司董事、行政總裁或主要股東或彼等任何關聯方購股權須事先取得獨立非執行董事批准。此外，如於任何12個月期間內授予本公司主要股東或獨立非執行董事或彼等任何關聯方的任何購股權超逾本公司於任何時間的已發行股份的0.1%，或有關購股權的總值(根據本公司股份於購股權授出日期的價格計算)超逾5,000,000港元，則須事先在股東大會上取得股東批准。

授予購股權的建議應於建議日期起計21日內獲接納，承授人接納購股權時無須支付代價，惟須支付10港元的象徵式代價。由董事會在授出購股權之日或其後所釐定的日期起至董事會在授出購股權時釐定的日期的營業時間結束時止，可隨時(無論如何不得超過由授出日期起計十年)根據該計劃的條款行使購股權。

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28. SHARE OPTION SCHEME (Continued)

The exercise price of share options is determined by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer, provided that the exercise price shall not be less than the nominal value of the ordinary shares of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Scheme during the year:

Name or category of participant	Number of share options 購股權數目						Date of grant of share options(a) (dd/mm/yy) 授出購股權日期(a)	Exercise period of share options (dd/mm/yy) 購股權行使期間	Exercise price of share options(b) 購股權行使價(b)	Price of Company's shares (c) 本公司股份價格(c)		
	At 1 January 2005	Granted during the year	Exercised during the year	Lapsed during the year(e)	Cancelled during the year	At 31 December 2005				At immediate date before the grant	Immediately before the exercise date	At exercise date of options
參與者名稱或類別	於二零零五年一月一日	年內已授出	年內已行使	年內已失效(e)	年內已註銷	於二零零五年十二月三十一日	(日/月/年)	(日/月/年)	港幣	港幣	港幣	港幣
Directors												
董事												
Ms. Li Kei Ling 李其玲女士	700,000	-	-	-	(700,000)	-	11/11/03	11/11/04 - 10/11/07	0.83	0.87	N/A不適用	N/A不適用
Mr. Hung Yung Lai 熊耀禮先生	700,000	-	-	-	(700,000)	-	11/11/03	11/11/04 - 10/11/07	0.83	0.87	N/A不適用	N/A不適用
Mr. Zhang Jing Xing 張京星先生	1,500,000	-	-	-	(1,500,000)	-	11/11/03	11/11/04 - 10/11/07	0.83	0.87	N/A不適用	N/A不適用
Mr. Li Tung Ming 李東明先生	1,048,000	-	-	-	(1,048,000)	-	11/11/03	11/11/04 - 10/11/07	0.83	0.87	N/A不適用	N/A不適用
Mr. Xu Kehan 許克寒先生	548,000	-	-	-	(548,000)	-	11/11/03	11/11/04 - 10/11/07	0.83	0.87	N/A不適用	N/A不適用
	1,500,000	-	-	-	-	1,500,000	17/11/04	17/11/05 - 16/11/10	0.63	0.62	N/A不適用	N/A不適用
	2,048,000	-	-	-	(548,000)	1,500,000						
Chief Executive Officer												
行政總裁												
Mr. Dong Shao Zhi 董紹志先生	2,000,000	-	-	-	-	2,000,000	17/11/04	17/11/05 - 16/11/10	0.63	0.62	N/A不適用	N/A不適用
Other employees(d)												
其他僱員(d)												
In aggregate 總計	31,936,000	-	-	(1,720,000)	(30,216,000)	-	11/11/03	11/11/04 - 10/11/07	0.83	0.87	N/A不適用	N/A不適用
	1,000,000	-	-	-	-	1,000,000	17/11/04	17/11/05 - 16/11/10	0.63	0.62	N/A不適用	N/A不適用
	23,360,000	-	-	(1,700,000)	-	21,660,000	28/12/04	28/12/05 - 27/12/10	0.58	0.59	N/A不適用	N/A不適用
	56,296,000	-	-	(3,420,000)	(30,216,000)	22,660,000						
Other participants												
其他參與者												
	-	400,000	-	-	-	400,000	05/05/05	05/05/06 - 04/05/09	0.50	0.49	N/A不適用	N/A不適用
	64,292,000	400,000	-	(3,420,000)	(34,712,000)	26,560,000						

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28. SHARE OPTION SCHEME (Continued)

- (a) The vesting period of the share options is from the date of the grant until the commencement of the exercise period.
- (b) The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- (c) The price of the Company's shares disclosed as at immediate date before the grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of grant of the options. The price of the Company's shares disclosed immediately before the exercise date of the share options is the weighted average of the Stock Exchange closing prices immediately before the dates on which the options were exercised over all of the exercises of options within the disclosure line.
- (d) Mr. Lam Kam Wah has resigned as an executive director of the Company on 22 April 2005 but remains as the vice president of the Company, the share options granted to him are then regrouped under "Other employees".
- (e) Options lapsed in accordance with the terms of the Scheme due to resignation of employees.

The fair value of the share options granted during the year was RMB50,000.

28. 購股權計劃 (續)

- (a) 購股權的歸屬期為授出日期至行使期開始為止。
- (b) 倘進行供股或發行紅股或本公司股本出現其他類似變動，則購股權的行使價須予以調整。
- (c) 披露授予購股權前一天的本公司股份價格為緊接授予購股權當日前一個交易日的聯交所收市價。於緊接購股權行使日期前披露的本公司股份價格為股份於緊接披露類別的所有購股權行使日期前的聯交所收市價的加權平均數。
- (d) 林錦華先生已於二零零五年四月二十二日辭任本公司執行董事一職，但仍任職本公司副總裁，因此授予林先生的購股權重新分類至「其他僱員」一項。
- (e) 基於僱員辭任職務，購股權根據計劃的條款而予以失效。

年內授予購股權的公允值為人民幣50,000元。

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28. SHARE OPTION SCHEME (Continued)

The fair value of equity-settled share options granted was estimated as at the date of grant, using a Black-Scholes-Merton valuation model, taking into account the terms and conditions upon which the options were granted. Such value is inherently subjective and uncertain due to the assumptions made and the limitation of the valuation model used. The following table lists the inputs to the model:

Date of grant 授出日期		11/11/2003	17/11/2004	28/12/2004	5/5/2005
Dividend yield (%)	股息率 (%)	4.96	6.54	7.10	8.41
Expected volatility (%)	預期波幅 (%)	41	47	46	47
Historical volatility (%)	過往波幅 (%)	41	47	46	47
Risk-free interest rate (%)	無風險折現率 (%)	2.86	2.76	2.91	2.90
Expected life of option (year)	購股權預計年期 (年)	4	6	6	4
Weighted average	加權平均				
share price (HK\$)	股份價格 (港幣)	0.53	0.53	0.53	0.53

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the balance sheet date, the Company had 26,560,000 share options outstanding under the Scheme, which represented approximately 3% of the Company's shares in issue as at that date. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 26,560,000 additional ordinary shares of the Company, additional share capital of HK\$2,656,000 and share premium of HK\$12,941,800 (before share issue expenses).

28. 購股權計劃 (續)

授予以股本結算的購股權的公允值乃於授予購股權當日以柏力克－舒爾斯估值模式估計，並已考慮授予購股權的條款及條件。鑑於有關假設及所使用的估值模式存在限制，有關價值本身含主觀成分及不確定因素。下表列出該模式的輸入數值：

購股權預計年期乃根據過去三年的歷史資料釐定，未必能顯示行使購股權的方式。預期波幅反映過往波幅可顯示未來趨勢的假設，惟未來趨勢未必是實際結果。

並無其他授予購股權的特色列入公允值的計算當中。

於結算日，本公司根據計劃擁有26,560,000份購股權尚未行使，相當於當日本公司已發行股份約3%。根據本公司現時的資本架構，悉數行使餘下購股權將引致本公司發行26,560,000股額外普通股、2,656,000港元的額外股本以及股份溢價12,941,800港元（未計股份發行開支）。

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29. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 52 to 53 of the financial statements.

(i) *Contributed surplus*

The contributed surplus of the Group represents the difference between the aggregate of the nominal value of the paid-up capital of the subsidiaries acquired pursuant to the Group Reorganisation as set out in note 1, over the nominal value of the Company's shares issued in exchange therefor.

(ii) *Statutory surplus reserve ("SSR")*

In accordance with the Company Law of the PRC and the articles of association of the Mainland China Subsidiaries, the Mainland China Subsidiaries are each required to allocate 10% of their profit after tax, as determined in accordance with PRC generally accepted accounting principles, to the SSR until such reserve reaches 50% of the registered capital of the Mainland China Subsidiaries. Part of the SSR may be converted to increase paid-up capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(iii) *Exchange fluctuation reserve*

The Exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

29. 儲備

(a) 本集團

本集團儲備於本年度及過往年度的金額及變動已載於財務報表第52頁至53頁的合併股東權益變動表內。

(i) 繳入盈餘

本集團的繳入盈餘指根據附註1所載的集團重組所收購附屬公司的繳足股本總面值與本公司為換取有關股本而發行的本公司股份面值的差額。

(ii) 法定盈餘公積金

根據中國公司法及中國附屬公司的公司章程，中國附屬公司各自須按中國公認會計準則，將其稅後溢利的10%分配至法定盈餘公積金，直至法定盈餘公積金達到中國附屬公司註冊資本的50%。部分法定盈餘公積金可轉為繳足股本以增加股本，惟資本化後的餘額不可低於註冊資本的25%。

(iii) 匯兌波動儲備

匯兌波動儲備乃用作記錄換算外國附屬公司的財務報表所產生的匯兌差額，亦用作記錄對沖外國經營活動的淨投資的影響。

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29. RESERVES (Continued)

(b) Company

29. 儲備(續)

(b) 本公司

	Notes	Share premium account	Contributed surplus	Share option reserve	Exchange fluctuation reserve	Retained profits	Total
	附註	股份溢價 RMB'000 人民幣千元	繳入盈餘 RMB'000 人民幣千元	購股權儲備 RMB'000 人民幣千元	匯兌 波動儲備 RMB'000 人民幣千元	保留溢利 RMB'000 人民幣千元	總額 RMB'000 人民幣千元
At 1 January 2004	於二零零四年一月一日						
As previously reported	如以往所呈報	69,583	100,175	—	666	37,124	207,548
Prior year adjustment	上年度調整	—	—	535	—	(535)	—
As restated	經重列	69,583	100,175	535	666	36,589	207,548
Exchange realignment	匯兌調整	—	—	—	81	—	81
Equity-settled share option arrangements	以股權支付的 購股權安排	28	—	3,720	—	—	3,720
Net profit for the year	本年度淨溢利	—	—	—	—	464	464
Interim 2004 dividend	二零零四年中期股息	12	—	—	—	(12,760)	(12,760)
Proposed final 2004 dividend	擬派二零零四年 末期股息	12	—	—	—	(19,543)	(19,543)
At 31 December 2004	於二零零四年 十二月三十一日	69,583	100,175	4,255	747	4,750	179,510
Exchange realignment	匯兌調整	—	—	—	(6,488)	—	(6,488)
Equity-settled share option arrangements	以股權支付的 購股權安排	28	—	3,892	154	—	4,046
Cancellation and expiry of employee share options	註銷及已屆滿的 購股權	28	—	(6,531)	—	6,531	—
Net profit for the year	本年度淨溢利	—	—	—	—	58,153	58,153
Interim 2005 dividend	二零零五年中期股息	12	—	—	—	(12,779)	(12,779)
Proposed final 2005 dividend	擬派二零零五年 末期股息	12	—	—	—	(29,127)	(29,127)
At 31 December 2005	於二零零五年 十二月三十一日	69,583	100,175	1,616	(5,587)	27,528	193,315

The contributed surplus of the Company represents the excess of the then consolidated net assets of the subsidiaries acquired pursuant to the Group Reorganisation, over the nominal value of the Company's shares issued in exchange thereof.

本公司的繳入盈餘指根據集團重組所收購附屬公司當時的合併資產淨值超逾本公司為換取有關資產而發行的本公司股份面值的部份。

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30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing loans and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Cash flow interest rate risk

The interest rates of the interest-bearing loans and borrowings of the Group are disclosed in note 25.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and short term deposits, other receivables and financial assets at fair value through profit or loss, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

Liquidity risk

The Group maintains a balance between continuity of funding and flexibility through the use of interest-bearing loans and borrowings.

30. 金融風險管理目標及對策

本集團的金融工具以計息貸款以及現金及短期存款為主。持有該等金融工具之目的主要為本集團的經營籌措資金。此外，本集團擁有應收貿易款項及應付貿易款項等其他各種財務資產及負債，此乃由其經營直接產生。

本集團金融工具所涉及的主要風險為現金流量利率風險、信貸風險及流動資金風險。以下為董事會檢討並同意管理上述每項風險的政策之概要。

現金流量利率風險

本集團計息貸款及借貸的利率於附註25披露。

信貸風險

本集團僅與該等享譽盛名兼信譽可靠的第三者進行交易。按照本集團的政策，所有擬按信貸期進行交易的客戶，必須經過信貸核實程序後，方可落實。此外，本集團會持續監察應收結餘的情況，而本集團的壞賬風險並不重大。

就有關本集團其他財務資產的信貸風險，其中包括現金及短期存款、其他應收款項及按公允值計入利潤表的財務資產，本集團因對方違約所產生的信貸風險，上限相等於該等工具的賬面值。

由於本集團僅與該等享譽盛名兼信譽可靠的第三者進行交易，故不需要任何抵押。

流動資金風險

本集團透過利用計息貸款及借貸，在資金延續性與靈活性之間維持平衡。

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31. COMMITMENTS

(a) Operating lease commitments

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to seven years.

At 31 December 2005, the Group and the Company had total future minimum lease rentals payable under non-cancellable operating leases falling due as follows:

31. 承擔

(a) 營業租賃承擔

本集團根據經營租賃安排承租若干辦公物業。物業租賃的商定期限介乎一至七年之間。

截至二零零五年十二月三十一日，本集團及本公司根據不可撤銷經營租約於日後未來應付最低租賃款項總額如下：

		Group 本集團		Company 本公司	
		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Within one year	一年內	1,094	1,131	469	500
After one year but no more than five years	一年後至 不多於五年	1,555	1,855	—	438
More than five years	五年以上	647	971	—	—
		<u>3,296</u>	<u>3,957</u>	<u>469</u>	<u>938</u>

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31. COMMITMENTS (Continued)

(b) Capital commitments

31. 承擔 (續)

(b) 資本承擔

		Group 本集團		Company 本公司	
		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Contracted, but not provided for:	已訂約，但未作撥備：				
Information system software	訊息系統軟件	472	—	—	—
Land use rights	土地使用權	4,368	631	—	—
Buildings	樓宇	7,425	3,420	—	—
Plant and machinery	廠房及機器	1,553	4,965	—	—
		<u>13,818</u>	<u>9,016</u>	<u>—</u>	<u>—</u>
Authorised, but not contracted for:	已授權，但未訂約：				
Plant and machinery	廠房及機器	23,941	82,973	—	—
		<u>37,759</u>	<u>91,989</u>	<u>—</u>	<u>—</u>

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32. RELATED PARTY TRANSACTION

- (a) The Group had the following related party transaction during the year ended 31 December 2004:

Notes 附註	Group 本集團		Company 本公司	
	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Recurring transaction: 經常交易:				
Sales of products to a company in which a chief executive of the Company is a controlling shareholder 向一家由本公司行政總裁作為控股股東的公司銷售產品	-	3,889	-	-

The Company's chief executive, Mr. Dong Shao Zhi was a director of LIVZON Pharmaceutical Group Inc. ("LIVZON"). The sales included the transaction with LIVZON from July 2004 (date of Mr. Dong Shao Zhi's appointment) to 31 December 2004, which were made according to the published prices and conditions offered to the major customers of the Group. During the year of 2004, Mr. Dong Shao Zhi ceased to be the director of LIVZON. Accordingly, it has not been considered as related party. The Group's trade balance with LIVZON as at 31 December 2004 amounted to RMB3,450,000.

本公司行政總裁董紹志先生曾為麗珠醫藥集團股份有限公司(「麗珠」)的董事。銷售事項包括二零零四年七月(董紹志先生獲委任日)至二零零四年十二月三十一日期間與麗珠進行的交易，該等交易乃按授予本集團主要客戶的公佈價格及條件進行。於二零零四年，董紹志先生不再擔任麗珠董事一職，因此，彼不被視為關連方。本集團於二零零四年十二月三十一日應收麗珠的貿易結餘達人民幣3,450,000元。

- (b) Compensation of key management personnel of the Group:

- (b) 本集團主要管理人員酬金：

	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Short-term employee benefits 其他短期僱員福利	5,621	4,790
Post-employment benefits 退休後福利	91	78
Share-based payments 以股份為基礎的支付方式	750	553
Total compensation paid to key management personnel 主要管理人員酬金總額	6,462	5,421

Further details of directors' emoluments are included in note 7 to the financial statements.

董事酬金詳情載於財務報表附註7。

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33. POST BALANCE SHEET EVENTS

On 6 January 2006, the Company repurchased its shares of 28,000 shares from the open market at HK\$0.50, pursuant to the general mandate of repurchase shares passed in Annual General Meeting on 22 April 2005.

On 28 March 2006, the Company declared a final dividend for the year ended 31 December 2005 of HK\$0.035 per share, which amounted to a total sum of HK\$27,999,020 (equivalent to approximately RMB29,127,000).

34. COMPARATIVE AMOUNTS

As further explained in note 2 to the financial statements, due to the adoption of new IASs and IFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year and opening balance adjustments have been made and certain comparative amounts have been reclassified/restated to conform with the current year's presentation and accounting treatment.

35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2006.

33. 結算日後事項

於二零零六年一月六日，本公司行使於二零零五年四月二十二日股東週年大會上通過的購回股份一般性授權，於公開市場上以每股港幣0.50元購回共28,000股公司股份。

本公司於二零零六年三月二十八日宣派截至二零零五年十二月三十一日止年度的末期股息為每股港幣0.035元，合共港幣27,999,020元（相當於人民幣約29,127,000元）。

34. 比較數字

誠如財務報表附註2所作的進一步說明，由於本年度內採納新國際會計準則及國際財務報告準則，財務報表中若干項目及結餘的會計處理方式及呈列方式已遵照新規定予以修訂。因此，去年及期初的有關結餘經已作出調整，而若干比較數額已予重新分類／重列，以與本年度的呈列方式及會計處理方式一致。

35. 財務報表的批准

財務報表已於二零零六年三月二十八日獲董事會批准及授權發行。