



## EcoGreen Fine Chemicals Group Limited 中怡精細化工集團有限公司\*

(incorporated in the Cayman Islands with limited liability)  
(於開曼群島註冊成立之有限公司)  
Stock code 股份代號: 2341

# 2007 Annual Report 年報

Green Chemistry  
Pleasant **Fragrance World**  
綠色化學 **芳香世界**



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## Corporate Information

### 公司資料

#### Board of Directors

##### Executive Directors

Mr. Yang Yirong (*Chairman & President*)  
Mr. Gong Xionghui  
Ms. Lu Jiahua  
Mr. Lin Like  
Mr. Han Huan Guang

##### Non-executive Directors

Mr. Feng Tao (*Vice Chairman*)

##### Independent non-executive Directors

Mr. Yau Fook Chuen  
Mr. Wong Yik Chung, John  
Dr. Zheng Lansun

#### Board Committees

##### Audit Committee

Mr. Yau Fook Chuen (*Chairman*)  
Mr. Wong Yik Chung, John  
Dr. Zheng Lansun

##### Remuneration Committee

Mr. Han Huan Guang (*Chairman*)  
Mr. Yau Fook Chuen  
Mr. Wong Yik Chung, John  
Dr. Zheng Lansun

#### Company secretary

Mr. Lam Kwok Kin *FCCA, FCPA*

#### Auditors

PricewaterhouseCoopers

#### Principal bankers

Bank of Communications  
The Hong Kong and Shanghai Banking Corporation Limited  
Agricultural Bank of China  
China Merchants Bank  
China Citic Bank

#### 董事會

##### 執行董事

楊毅融先生(*主席兼總裁*)  
龔雄輝先生  
盧家華女士  
林力克先生  
韓歡光先生

##### 非執行董事

馮濤先生(*副主席*)

##### 獨立非執行董事

丘福全先生  
黃翼忠先生  
鄭蘭蓀博士

#### 董事委員會

##### 審核委員會

丘福全先生(*主席*)  
黃翼忠先生  
鄭蘭蓀博士

##### 薪酬委員會

韓歡光先生(*主席*)  
丘福全先生  
黃翼忠先生  
鄭蘭蓀博士

#### 公司秘書

林國健先生 *FCCA, FCPA*

#### 核數師

羅兵咸永道會計師事務所

#### 主要往來銀行

交通銀行  
香港上海滙豐銀行有限公司  
中國農業銀行  
招商銀行  
中信銀行

## Corporate Information 公司資料

### Registered office

Century Yard  
Cricket Square, Hutchins Drive  
P.O. Box 2681 GT, George Town  
Grand Cayman, Cayman Islands  
British West Indies

### Head office and principal place of business in Hong Kong

Suite 3706, 37th Floor  
Central Plaza  
18 Harbour Road  
Wanchai, Hong Kong

### Principal share registrar and transfer office

Bank of Bermuda (Cayman) Limited  
P.O. Box 513 GT  
2nd Floor, Strathvale House  
North Church Street, George Town  
Grand Cayman, Cayman Islands  
British West Indies

### Hong Kong branch share registrar and transfer office

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

### Website

<http://www.ecogreen.com>

### Stock Codes

Stock Exchange, Hong Kong:	2341
Access to Reuters:	2341.HK
Access to Bloomberg:	2341 HK Equity

### Shareholders' calendar

Book closing dates for the proposed final dividend:  
7 May 2008 to 9 May 2008 (both days inclusive)

Record date for the proposed final dividend:  
9 May 2008

2008 Annual General Meeting:  
9 May 2008

Payment date for the proposed final dividend:  
19 May 2008

### 註冊辦事處

Century Yard  
Cricket Square, Hutchins Drive  
P.O. Box 2681 GT, George Town  
Grand Cayman, Cayman Islands  
British West Indies

### 總辦事處兼香港主要營業地點

香港灣仔  
港灣道18號  
中環廣場  
37樓3706室

### 股份過戶登記總處

Bank of Bermuda (Cayman) Limited  
P.O. Box 513 GT  
2nd Floor, Strathvale House  
North Church Street, George Town  
Grand Cayman, Cayman Islands  
British West Indies

### 香港股份過戶登記分處

卓佳登捷時有限公司  
香港灣仔  
皇后大道東28號  
金鐘匯中心  
26樓

### 網址

<http://www.ecogreen.com>

### 股份代號

香港聯交所：	2341
路透社版面：	2341.HK
彭博版面：	2341 HK Equity

### 股東日誌

就擬派末期股息暫停辦理股份過戶登記日期：  
二零零八年五月七日至  
二零零八年五月九日(包括首尾兩日)

擬派末期股息記錄日期：  
二零零八年五月九日

二零零八年股東週年大會日期：  
二零零八年五月九日

擬派末期股息派付日期：  
二零零八年五月十九日

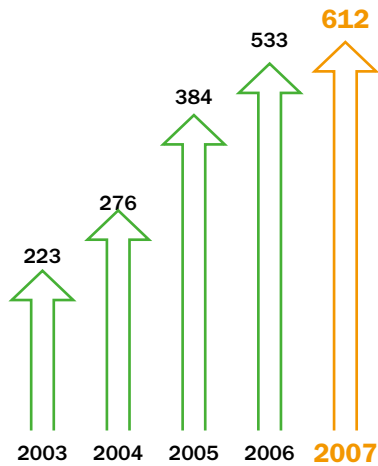
## Financial Highlights

### 財務摘要

#### Turnover

營業額

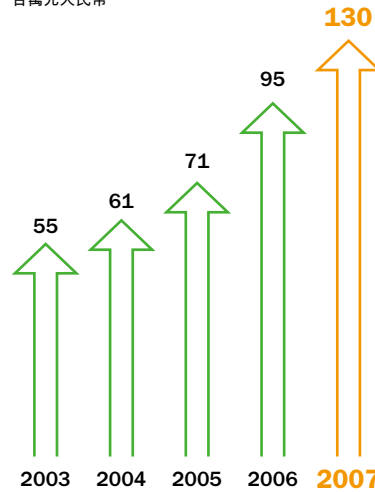
RMB Million  
百萬元人民幣



#### Profit Attributable to Equity Holders

權益持有人所佔溢利

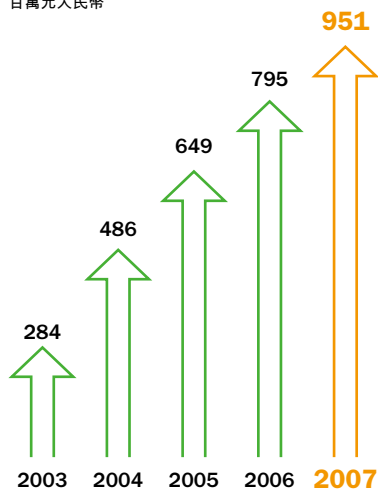
RMB Million  
百萬元人民幣



#### Total Assets

資產總值

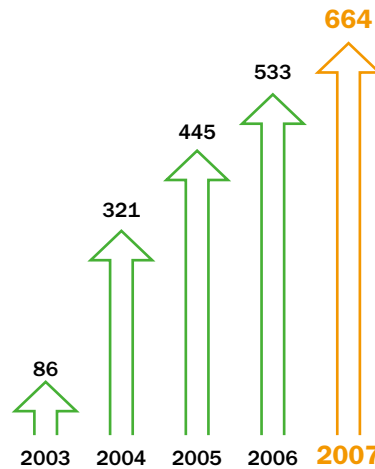
RMB Million  
百萬元人民幣



#### Equity Attributable to Equity Holders

權益持有人所佔權益

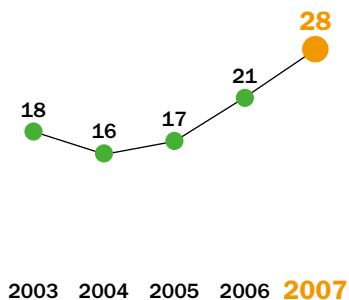
RMB Million  
百萬元人民幣



#### Earnings Per Share – Basic

每股盈利 – 基本

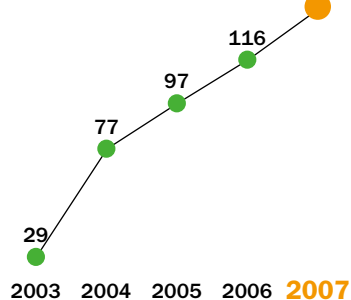
RMB Cents  
人民幣仙



#### Net Assets Per Share

每股資產淨值

RMB Cents  
人民幣仙



## Chairman's Statement 主席報告書

**EcoGreen** is the leading fine chemicals company in the PRC  
**Further advanced towards to be one of the most influential**

flavour and fragrance suppliers

**中怡**是中國領先的精細化工公司

**進一步向全球其中一間  
最具影響力之**

香料供應商進發

### Review

2007 is a year full of challenges and opportunities for the Group. For the year ended 31 December 2007, driven by a strong growth in the sales of our mainstream products, the growth momentum in its overall sales and profits for the whole year remained the same as the previous year, which demonstrated the Group's continuous efforts to enhance its management effectiveness and competitiveness as well as the brand recognition of the Group in the global market, which enabled the Group to become one of the worldwide influential fragrance suppliers. During the period, the Group recorded a turnover of RMB612.2 million, while profit amounted to RMB130.5 million, representing profit of RMB0.28 per share. To express our gratitude to the shareholders' support, the Board recommended to declare a final dividend of HK3.5 cents per share for the year.

### 回顧

二零零七年對本集團而言，是充滿考驗和機會的一年。回顧截至二零零七年十二月三十一日為止的年度期間，本集團在主營產品銷售增長的強烈帶動下，全年的總體銷售和盈利延續了往年的增長勢頭，體現了集團不斷提升的管理水準和競爭力，以及集團品牌在全球市場中的認受性，同時使到集團進一步成為一家具國際影響力之香料供應商。期內，錄得了612,200,000元人民幣的營業額，和130,500,000元人民幣的利潤，相當於每股0.28元人民幣利潤。為了回報廣大股東，董事會建議宣派本年度末期股息每股港幣3.5仙。



During the year, the operation of the Group experienced tough challenges. Firstly, the significant reduction in export tax rebate rate, together with the continuing rapid appreciation of Renminbi during the year, exerted considerable pressure on the Group's export to the global market. Moreover, prices of major raw materials remained stable but still at high levels in 2007. Lastly, the PRC's macro-economic measures brought increasing pressure of tightened liquidity and increased borrowing costs on the Group. Under such circumstances, the Group still achieved satisfactory operating results, mainly attributable to the timely implementation of efficient measures. Firstly, the Group had taken the exchange rate into account during the negotiation of annual orders, in the anticipation of Renminbi appreciation at the end of 2006, which successfully reduced the impact of Renminbi appreciation. We successfully achieved the agreement on sharing the loss from lowered export tax rebate with our overseas customers in mid 2007 when export policies were amended. In addition, benefited from the consistent efforts in production management and continuous advancement in production techniques and processes, the Group further decreased its costs of product mix during the year. Under these conditions, one of the Group's mainstream products, Dihydromyrcenol, still achieved a 28% global sales growth, reflecting the Group's outstanding competitiveness in the global aroma chemicals market.

年內，本集團的經營實際上經歷了較為嚴峻的挑戰。首先，年內出口產品退稅率的大幅降低，以及人民幣的持續快速升值，均對本集團面對全球市場的出口部分帶來了相當的壓力；其次，主要原材料價格在二零零七年全年雖有回穩但仍處於平均較高的水準；再者，中國國內實施的宏觀調控政策，給企業帶來了越來越大的銀根收縮和借貸成本壓力。在這樣的情況下，本集團仍取得良好的經營業績，主要有賴本集團適時地實施了有效的對策，包括：在二零零六年底預見人民幣的升值而在商定年度訂單時，已提前考慮了匯率因素，減低了人民幣升值的影響；在去年年中國家出口政策調整時，成功與海外客戶達成了分擔出口退稅降低帶來的損失；此外，集團通過在生產管理的持續努力，生產工藝和流程的不斷改進優化，使到年內集團組合產品的成本較往年又進一步下降。在這樣的背景下，年內集團其中一個主營產品二氫月桂烯醇在全球的市場營銷仍取得了28%的增長，體現了集團在國際香原料市場優良的競爭力。



## Chairman's Statement

### 主席報告書

The Group continued to use China natural resources such as botanic essential oils as its major raw materials. Resources management strategies adopted in the previous stage has brought into effect during the year, which enabled the Group obtained a steady raw material supply and achieved an efficient costs control of raw materials under the fierce fluctuation of raw materials markets. Since the end of 2006, the Group has expanded its upstream resource management, which has started to make contribution from the second quarter of the year.

Regarding the expansion of new products and production capacity, we completed the main structure construction and equipment installation of the Group's Phase III expansion during the year and expected the trial run will commence in the second quarter of 2008. Such expansion will mainly produce new flavour chemicals and part of aroma chemicals. In addition, the factory producing food additives located at Haicang Xinglin in Xiamen will also commence trial run in the second quarter of 2008. The completion and operation of such two projects will become new revenue sources for the Group.

Regarding strategic investment, the Group proactively continued the planning on its industry production layout on the 145 mu (approximately 97,000 square metres) of newly-purchased land in Changtai area of Fujian province in 2006, in the preparation to use this parcel of land as the extension base of process consolidation, industry expansion and future international industry cooperation at the next stage. The Group is also proactively preparing for the relevant resources. Currently, it has commenced the preparation of pre-construction, which is expected to commence construction in stages from the second half of 2008 and generate revenue in 2009 gradually. Besides, to increase the pace of its business growth, the Group has been proactively and prudently looking for opportunities to acquire or invest in enterprises or operations which will have synergies.

### Outlook

The continuous growth in the PRC's economy and the general prosperity of global consumer market provide a favourable opportunity for EcoGreen. Despite the various uncertainties in the domestic and international macroeconomic environment combined with the anticipation of global economic downturn, owing to the increased demand of emerging markets together with aroma chemicals and food additives are the key components in daily necessities, the impact of economic cycle on the flavor and fragrance industry is minimal in 2008. Therefore, we are still confident and optimistic about the development of the flavor and fragrance industry as well as the Group's other relevant business in the foreseeable future.

本集團的原料仍以中國本土豐產的植物精油等天然資源為主。集團在早期佈局的資源管理戰略在年內已開始發揮作用，在原料市場劇烈波動的環境下保障了本集團獲得穩定的原料供應，以及有效地控制了原料成本，自二零零六年底集團已開始對上游資源業務進行了積極的經營拓展，並在本年度的第二季度開始產生了貢獻。

在新產品和生產能力的拓展方面，年內集團第3期廠房擴建工程的主體建造和設備安裝已完成，預期在二零零八年第二季度可開始投入試生產，主要生產新的食用香料及部分日用香料；另外，建於廈門海滄杏林的食品配料工廠也將於二零零八年第二季度試車。兩個項目的建成和投產將為集團未來的營收帶來新的貢獻。

在策略性投資方面，集團對在二零零六年福建長泰地區新購的145畝(約97,000平方米)土地上繼續進行積極的產業佈局，準備將這塊土地作為本集團在下一階段的流程整合、產業拓展，以及未來國際產業合作的延伸基地，同時也對相關的資源著手積極的準備，這塊土地將會作為本集團在未來國際產業合作中的一項重要資源準備。現時長泰已具備開工建設前期的準備，預期將在二零零八年下半年開始分階段投入建造，並在二零零九年開始逐步產生營業貢獻。除此之外，本集團也一直在積極、審慎地尋找具協同效益的企業或業務進行收購或投資合作的機會，以加快業務的成長。

### 展望

中國經濟的持續增長及全球快速消費品市場保持旺盛，為中怡提供了一個難得的發展契機。進入二零零八年，雖然國內和國際的宏觀經濟環境預期將出現較多的不明朗因素，以及預期全球經濟面臨放緩，但由於新興經濟體的內需增強，加上香原料及食品配料是為生活必需品的關鍵組分，實質上受經濟週期影響甚低，故在可以預見的將來，我們對整個香料行業，以及本集團的其他相關業務的發展仍然充滿信心，並抱有樂觀的期待。

## Chairman's Statement

### 主席報告書

The development of strategic resources management still aims at securing the stable supply of major natural raw materials to the Group. The Group will capitalize on the practical management experience in existing resources origins in South-western China to further expand into resources in Southern China. We will carry out resources allotment in production chains of basic terpenic aroma chemicals in the forthcoming year which will grow into a new profit centre for the Group.

The development of food additives business is a new promising segment of the Group. The business uses seafood, vegetables and meat from the coastal areas of Xiamen and Fujian as raw materials and utilizes advanced production techniques and devices to produce unique quality natural extracts. In addition to existing customer base of flavor chemicals, we will also provide our products to domestic and multinational enterprises manufacturing frozen food, quality seasonings and instant food in domestic markets of the PRC. The first self-owned production line of the Group will commence production in the first half of 2008, which symbolized the beginning of full-scale operation of food additives business of the Group.

The development of intermediates business will continue to leverage on the research capability and cutting-edge technology of our wholly-owned subsidiary, Shanghai Fine Chemical Co., Limited, to establish long-term cooperation relationships with renowned international players in the pharmaceuticals and agrochemicals markets. We plan to enter into long term business relations with famous international agrochemicals manufacturers by capitalizing on our patent know-how on green agrochemical intermediates in the coming year.

The development of aroma chemicals business is still the core of the Group's operation in the forthcoming year. In addition to maintaining stable growth of daily aroma chemicals business, with the completed construction and commencement of production of Phase III of Haicang Plant, a multi-functional workshop, we will also accelerate the development of flavour chemicals to realise the following targets:

- 1) As to the existing product mix, we intend to strengthen customer management and marketing services to continuously maintain our competitiveness in the international markets and seek for opportunities to further expand our production capacity;
- 2) As to the new flavour chemicals business, by enhancing our effort in production and marketing, we expect the business segment to contribute considerably larger operating revenue and become a significant contributor of the aroma chemicals business to the Group in the future;

在戰略資源管理事業的發展，仍然是以保障集團主要天然原料的安全穩定供應為前提。集團將在已有的西南部分資源產區管理的實踐基礎上，進一步向華南資源產區拓展。在新的年度全力為集團的基礎萜類香原料產業鏈的運營實施資源配置，並逐步成為集團一個新的利潤中心。

在食品配料事業的發展，是集團期待的新的一個產業方向。該業務以廈門及福建周邊地區優秀的海產品、蔬菜及肉類為原料，運用先進的生產技術和裝置，產出具有獨特天然風味的高品質提取物。在面向集團現有的食品香料客戶群外，還將主要供應在中國市場的冷凍調理食品、高級調味品、速食品方面的本土和跨國品牌企業。隨著二零零八年上半年集團自身擁有的第一條生產線即將建成投產，將標誌著集團在食品配料產業開始進行規模化的實質運營。

在中間體事業的發展，將繼續立足於集團全資子公司上海萬凱化學有限公司的研發力量和技術優勢與國際著名醫藥和農藥廠商建立長期的合作關係。在新的年度計劃利用具有自身知識產權的綠色農藥中間體的專利技術與國際著名的農藥生產商簽訂長期的業務關係。

在香原料事業的發展，仍然是新年度集團營運的核心。在保持日化香料的穩定增長的同時，將以海滄第3期多功能車間的建成投產為契機，加快食用香料的發展步伐。爭取實現：

- 1) 在現有的產品組合方面，強化客戶管理和行銷服務，以繼續保證集團在國際市場的競爭優勢，並尋求進一步擴大產能的機會；
- 2) 在新增的食用香料業務方面，加強生產和營銷，期待能有更大規模的營收貢獻，並成為集團未來在香原料產業的重要組成部分；

## Chairman's Statement

### 主席報告書

3) As to the management of supply chains, we will leverage on the integrated advantages in product brands, operation management (research and development, production, technology and marketing) and resource management to implement the operational strategy of aroma chemicals production chain. Through our process management of the supply chain, we will gradually consolidate the existing basic terpenic aroma chemicals productivity in the PRC, striving for bringing operational contribution to the Group and realising the value creation of the brand "DOINGCOM" of the Group with the least capital expenditure in the coming years.

With the enhancement of core competitiveness as to our aroma chemicals business, the Group will grasp the opportunities arising from the migration of the industry as a result of the acquisitions and mergers and consolidations in the international flavor and fragrance industry. It is expected that the Group will make even more accomplishments in this respect in the coming year to further consolidate its leading role as an influential international aroma chemicals supplier in the industry.

### Acknowledgement

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our shareholders, customers, suppliers and staff. Their continued trust and support to the Group are essential to our success in operation and growth. Meanwhile, I would also like to thank all the Directors for their support and valuable recommendations during the period. With more efforts, I am confident that Ecogreen will sustain even more robust business growth, and the Group will gradually grow into the main supplier of terpenic aroma chemicals in the world, and one of the world's most influential technology suppliers of intermediates, as well as a food safety service provider who meets international food safety standards, with a view to maximising shareholders' values.

**Yang Yirong**  
Chairman

Hong Kong, 9 April 2008

3) 在供應鏈管理方面，綜合在產品品牌、營運管理(研發、生產、技術與市場營銷)和資源管理的優勢，實施香原料產業鏈的運營戰略。通過供應鏈的過程管理，在未來數年，逐步整合中國現有的基礎萜類香料產品的生產力，在資本性開支最小化的前提下，為集團營收做出貢獻，實現集團「中坤」品牌的價值創造。

集團在香原料方面核心競爭力的提升，將使得集團更多地承接過往幾年以來因國際香精香料行業併購與整合帶來的國際產業轉移的機會。在新的年度，集團將在這方面有更多的作為，以期進一步鞏固集團作為業內具有影響力的國際香原料供應商的地位。

### 致謝

本人謹代表董事會對股東、客戶、供應商及員工致以衷心謝意。彼等對本集團一如以往的信任與支持乃本集團取得業務成功和增長的要素。同時，對其間各董事所給予的大力支持和寶貴建議致以真誠感謝。在大家進一步的努力下，本人深信中怡的業務將會更加蓬勃地發展，集團也將逐步成長成為全球最主要的萜類香料供應商、和具有影響力的中間體技術供應商、以及符合國際食品安全準則的安全食品服務商的目標，為廣大股東創造更豐厚的價值回報。

主席  
楊毅融

香港，二零零八年四月九日

## Management Discussion and Analysis

### 管理層討論及分析



#### Final Dividend

In 2007, EcoGreen Fine Chemicals Group Limited (“the Company”) and its subsidiaries (collectively “Ecogreen” or “the Group”) recorded satisfactory business performance. In order to reward our shareholders for their continued support, the directors of the Company (the “Directors”) have resolved to recommend a distribution of dividend.

The Directors will propose at the annual general meeting to be held on 9 May 2008 payment of final dividend of HK3.5 cents per share for the year ended 31 December 2007 to be payable in cash on 19 May 2008 to shareholders whose names are listed on the register of members of the Company on 9 May 2008. Together with the interim dividend of HK1 cent (2006: HK0.8 cents) per share, this will bring the total dividend distribution for the year to HK4.5 cents (2006: HK3.1 cents) per share.

#### 末期股息

中怡精細化工集團有限公司(「本公司」)及其附屬公司(統稱「中怡」或「本集團」)於二零零七年度的業務表現理想，為答謝股東不斷支持，本公司董事(「董事」)議決向本公司建議派付股息。

董事將於二零零八年五月九日舉行之應屆股東週年大會，建議於二零零八年五月十九日向於二零零八年五月九日名列本公司股東名冊之股東就截至二零零七年十二月三十一日止年度派付末期現金股息每股3.5港仙。連同中期股息每股1港仙(二零零六年：0.8港仙)，本年度之股息分派總額為每股4.5港仙(二零零六年：3.1港仙)。

## Management Discussion and Analysis

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#### Closure of Registers of Members

The transfer books and register of members of the Company will be closed from Wednesday, 7 May 2008 to Friday, 9 May 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Tuesday, 6 May 2008.

#### 暫停辦理股份過戶手續

本公司將於二零零八年五月七日星期三至二零零八年五月九日星期五(包括首尾兩日)暫停辦理股東登記手續，期內將不會辦理股份過戶登記手續。為符合資格獲享擬派末期股息，所有過戶檔連同有關股票，須於二零零八年五月六日星期二下午四時正前送交本公司股份過戶登記分處卓佳登捷時有限公司，地址為香港灣仔皇后大道東28號金鐘匯中心26樓。

## Management Discussion and Analysis

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#### Business Analysis

In review of 2007, the Group was able to follow the trend of previous year and recorded a relatively faster growth rate in terms of business performance. Turnover for the year reached RMB612.2 million, an increase of 15% from the previous year. Excluding contributions from the supplementary trading and resource management business, core growth for our three major products reached 30%. Profit attributable to shareholders rose RMB35.0 million or 37% from the previous year to RMB130.5 million. Earnings per share were approximately RMB28.0 cents.

#### Sales and Marketing

During the year under review, the Group manufactured over 50 fine chemical products. The analysis of turnover and gross profit of the Group's various products for the years ended 31 December 2007 and 31 December 2006 are as follows:

#### 業務分析

回顧二零零七年，本集團繼承了去年於業務表現方面之較快增長速度。年度營業額已達至612,200,000元人民幣，較去年增加15%，扣除「貿易及資源營運」部分輔助業務的貢獻，三大類別產品的核心增長達到30%。股東應佔溢利達130,500,000元人民幣，較去年增加35,000,000元人民幣或37%。每股基本盈利約為28.0仙人民幣。

#### 銷售及推廣

於回顧年度內，本集團生產約50多種精細化工產品。本集團於截至二零零七年十二月三十一日及二零零六年十二月三十一日止年度內各類產品營業額及毛利分析如下：

		Turnover 營業額		Gross Profit 毛利	
		2007 二零零七年 RMB'000 千元人民幣	2006 二零零六年 RMB'000 千元人民幣	2007 二零零七年 RMB'000 千元人民幣	2006 二零零六年 RMB'000 千元人民幣
Aroma chemicals	芳香化學品	<b>372,097</b>	261,309	<b>120,464</b>	83,118
Natural extracts	天然提取物	<b>108,247</b>	97,666	<b>37,373</b>	35,520
Intermediates	中間體	<b>64,750</b>	60,929	<b>45,276</b>	41,480
Trading and resource management	貿易與資源運營	<b>67,065</b>	113,071	<b>6,304</b>	9,882
Turnover/gross profit of the Group	本集團營業額/毛利	<b>612,159</b>	532,975	<b>209,417</b>	170,000

## Management Discussion and Analysis

### 管理層討論及分析

#### Aroma Chemicals

Aroma Chemicals division continued to be the Group's core business during the year under review, and constituted a stable and major income source for the Group. During the year under review, since aroma chemicals are primarily used as functional ingredients and key components in many daily consumer goods, with a combined positive effect of its diversified applications and the pursuing of quality life in modern society, market demand continued to rise, generating more sales for the Group's aroma chemicals business.

For the year ended 31 December 2007, with increases in orders placed by existing customers and the selling prices, turnover of aroma chemicals significantly surged 42% to RMB372.1 million, accounting for 61% of the Group's turnover (2006: 49%) and a gross profit margin of 32.4% (2006: 31.8%). Dihydromyrcenol was the major contributor which brought a revenue of RMB107.0 million to the Group. Its sales increased 28% over the corresponding period last year and accounted for 29% of the total revenue for this product category.

In addition, the launch of certain new food flavour chemicals during the year was well responded by the market. Based on a small scale production, the production has already contributed RMB40.0 million to the Group's revenue, with a profit margin amounted to 43%, which is higher than the profit margin of our existing daily aroma chemicals products and represents our new growth source in the future.

#### Natural Extracts

In respect of the Natural Extracts division, apart from existing natural pharmaceutical raw materials, the Group has been actively engaged in the development of food flavour chemicals business, which is produced with bio-conversion and purification technologies on natural products, which mainly include seafood, meat and mushroom extracts.

During the year under review, the Group's natural extract business just maintained steady growth as the new food additives business has still been advancing towards full scale production capability and the market demand for natural pharmaceutical raw materials became stable. Turnover of this business category increased 11% to RMB108.2 million, accounting for 18% (2006:18%) of the Group's sales. Gross profit margin was dropped to 34.5%, compared to 36.4% of last year. The performance of Natural Cinnamic Aldehyde was relatively more outstanding under this business category. This product contributed a revenue of RMB31.9 million to the Group and its sales increased 13% over the corresponding period last year and accounted for 29% of the total revenue for this product category.

#### 芳香化學品

於本回顧年度內，芳香化學品繼續成為本集團之核心業務，為集團提供了穩定的主要收入。作為多種日常消費品的關鍵功能組份，本集團的芳香化學品因為應用廣泛的特性和現代追求生活質素而導致的市場需求不斷增加，為本集團的香原料業務帶來了更多的銷售。

截至二零零七年十二月三十一日止年度，在現有客戶的訂單增加和價格調升情況下，芳香化學品的營業額大幅增長42%至372,100,000元人民幣，佔本集團營業額的61%（二零零六年：49%），毛利率為32.4%（二零零六年：31.8%）。當中，以二氫月桂烯醇為主要貢獻者，其銷售額較其去年同期增長了28%，並為集團提供了107,000,000元人民幣的收益，佔本產品類別總收益的29%。

另外，若干食用香料之新產品，在年內推出市場便獲得良好的反應，於小規模生產的基礎下，便為集團提供了40,000,000元人民幣的收益，毛利率達到43%，較現有日用香料產品的毛利率為高，成為集團未來新的增長動力。

#### 天然提取物

天然提取物類別除包涵了原有的天然藥物原料外，本集團已在積極地開發以天然物轉化提純技術為基礎、應用於生產調香調味品的食品配料業務，主要是海鮮、肉類及食用菌等天然提取物。

於本回顧年度，由於新的食品配料業務的規模化生產能力還在形成之中，加上原有天然藥物原料的市場需求趨向穩定，該項業務只是錄得了平穩的增長，營業額增長11%至108,200,000元人民幣，佔集團銷售額的18%（二零零六年：18%），毛利率為34.5%（二零零六年：36.4%）。當中，以天然肉桂醛表現仍較突出，其銷售額較去年同期增長13%並為集團提供31,900,000元人民幣的收益，佔本產品類別總收益的29%。

## Management Discussion and Analysis

### 管理層討論及分析

#### Intermediates

Besides the chiral pharmaceutical raw materials and pharmaceutical intermediates, the Group has also expanded the scope of this business segment by applying similar advanced technologies of synthesis production to produce agrochemical intermediates, which is a kind of eco-pesticide used for regulating the growth of plants.

During the year under review, orders for the Group's intermediate products maintained steady. Turnover increased 6% from the corresponding period last year to RMB64.8 million, accounting for 11% (2006: 12%) of the Group's sales. Gross profit margin rose to 70% from 68.0% of the corresponding period last year. The gross profit margin of this product category of the Group was still higher than its peers in the industry. 3-Phenylpropanal Aldehyde is the major product of the intermediate business segment. Sales for this product category accounted for 42% of the overall sales of this business category and contributed a revenue of RMB26.9 million to the Group.

#### Trading and Resource Management

Trading and resource management division is always a supplement to the Group's core business in the previous year. In the past, comprised mostly the integrated sales of the raw materials of aroma chemicals. As the sources of the trading products are the same as the Group's major raw materials, in view of the secure supply of future strategic resources and the integration and management of industry chain, the Group has repositioned the focus of such business and gradually launched an effective management of relevant strategic resources, including mainly the gum rosin, gum turpentine and other special botanic essential oils and their by products, to secure a stable supply of the major resources of the Group as well as revenue contribution. For the year ended 31 December 2007, sales of the Group's trading and resource management business amounted to RMB67.1 million, accounting for 11% of the Group's turnover, and contribution to gross profit was approximately RMB6.3 million. Despite the active adjustment undertaken, this business segment also brought certain sales and profit contribution to the Group during the year under review.

For such business, the existing major objective of integrated sales is to improve the quality of the Group's sales services so as to satisfy the customer demands and to provide a more comprehensive product portfolio and value-added services to its clients, which will in turn enhance the status of the Group and "DOINGCOM" brand in the industry.

#### 中間體

中間體類別除了手性藥物原料及醫藥中間體外，本集團也把該業務範圍擴闊到應用同類先進合成技術生產、並用於製造調節植物生長的生態農藥之農用化學品中間體。

於本回顧年度，本集團中間體產品的訂單維持平穩。營業額較去年同期錄得6%增幅至64,800,000元人民幣，佔集團銷售額的11%（二零零六年：12%），而毛利率則從去年同期之68.0%上調至70.0%。本集團該類產品的毛利率在同業中仍處於較高水準。在該類別產品中，以3-苯丙醛為主，其銷售額佔本類別之42%，為本集團提供了26,900,000元人民幣的收益。

#### 貿易與資源運營產品

貿易及資源運營業務在過往年度仍是本集團核心業務的一個補充。過往，大部分是經營天然芳香品原料的集成銷售。因為該部分業務與本集團的主要天然原料同源，著眼於未來戰略資源的保障和產業鏈整合管理，本集團已適時地將該項業務的重點進行重新定位，逐步推行對相關的策略性資源進行有效運營，以期在保障集團主要原料的安全穩定供應的同時，也帶來營收貢獻。相關的策略性資源主要包括松脂、松節油和其它特有植物精油及其副產物等。截至二零零七年十二月三十一日止年度內，本集團貿易與資源運營產品之銷售為67,100,000元人民幣，佔本集團營業額11%；毛利貢獻約為6,300,000元人民幣。該項業務雖在積極的調整中，於回顧年度間也為集團的銷售及盈利帶來一定的貢獻。

在該項業務中，現有的集成銷售的主要目的是體現本集團一直致力提昇銷售服務質素以鞏固客戶關係的精神，以滿足客戶對其他產品的需求，為客戶提供更全面的產品組合和增值服務，同時也是集團及「DOINGCOM」品牌在行業地位不斷提升的體現。



## Management Discussion and Analysis

### 管理層討論及分析

#### Operations

Although China's macro economic environment and the international flavour and fragrance sector in 2007 were satisfactory, uncertainties arising from high raw material prices, Renminbi appreciation, interest rate hikes and the decrease of export tax rebates adversely affected a majority of different industries. Such factors also created more upward pressure on the operating cost of the Group. Leveraging on its solid foundation in the industry, the Group proactively adopted various effective measures in its operating strategy, and implemented resources operation strategy to minimise the impact of the cost fluctuation of raw materials. In addition, through the integration of operations over existing facilities of Phase I and II of Xiamen Plant, and the continuous enhancement of technology continuously, while effectively lowered the overall production costs, and enhanced the Group's competitiveness as well as mitigated operating exposures under rising costs in the industry around the world.

#### Customers

Over the years, the Group has established a solid clientele around the globe, with a relatively diversified client portfolio, which includes global top ten multinational flavour and fragrance manufacturers, major household and personal care product manufacturers, natural pharmaceutical plants, pharmaceutical raw material plants and intermediate traders. Operating edges such as premium product quality and reliable supply have enabled the Group to maintain the long-term good collaborative relationship with clients. During the period under review, the number of the Group's clients exceeded 170. Turnover contributed from the Group's five largest clients increased from 31% to 33% in 2007.

To further strengthen the good relationship with clients, the Group will continue to propose reasonable solutions according to clients' needs on a timely basis, and actively sought for strategic partnerships with major multinational flavour and fragrance manufacturing enterprises. The Group will actively explore new client relationship to expand its existing product market share and launch out new products.

The Group's "DOINGCOM" brand has built up strong reputation amongst international peers.

#### 營運

雖則中國的宏觀經濟以及國際香精香料行業在二零零七年表現理想，然而，原材料價格高企、人民幣升值、息率上揚以及出口退稅降低等不利因素對大多數行業產生了負面的影響。這些因素也對本集團所做業務的營運成本帶來了較大的上升壓力。惟本集團憑著在行業內紮實的根基，在經營策略上積極地採取各種有效之措施，並通過實施資源營運戰略而使到原材料成本波動的影響降到最低。其中，通過對廈門工廠現有的第一、第二期設施的整合營運和不斷的技術提升，使得本集團生產能力不斷提高，同時，通過節能降耗，有效地控制了總體的生產成本。使到集團在全球行業成本持續上升的環境中，提高了本業競爭力和減低了經營風險。

#### 客戶

經過多年的積累，本集團已建立了一個穩固和遍佈全球各地的客戶群，客戶群的組合也較多元化，當中包括全球十大香精及香料產品跨國製造企業、大型家用和個人護理品生產商、天然藥品廠、原料藥品廠及中間商等。良好的品質、穩定可靠的供應等經營特點使到本集團與客戶多年良好的合作關係得以成功保持和發展。在回顧期內，本集團的客戶數目已逾170家，其中源自本集團頭五大客戶的營業貢獻由31%增至33%。

為進一步鞏固和發展與客戶的良好關係，本集團將會繼續努力按客戶的需求提出合理的解決方案，並且積極地發展與大型國際香精及香料企業的策略性合作夥伴關係。同時，也會積極拓展新的客戶關係以擴大現有產品的市場份額和推出新產品。

本集團品牌「DOINGCOM」在國際同行中已建立了良好的商譽。

## Management Discussion and Analysis

### 管理層討論及分析

#### Production

The Group completed the Phase II expansion of Haicang Plant, Xiamen at the end of 2005. The utilisation rate of facilities has reached over 95% during the year under review. The Phase III expansion is expected to be put into operation in the second quarter of 2008, upon which the annual processing capacity of botanic essential oils will increase from currently 16,000 metric tonnes to 20,000 metric tonnes. The new Phase III will serve as the production platform of various new products and new product mix so as to provide a better foundation for the Group's business growth during the year. Looking ahead into future business and product development, aside from the completion of Phase III construction according to schedule, the Group will also further expand its production capacity according to the medium to long term market demands on a cautious and timely basis, as well as continuously develop new technologies, to further lift up its integrated production efficiency. At the same time, the Group will actively establish its production layout on the 145mu (approximately 97,000 square metres) of Changtai's newly-purchased land in Fujian and use it as the Group's new base for business expansion and international industrial cooperation in the future.

#### Research and Development

The Group has always been putting great efforts on the research and development of new products. During the year under review, the Group focused on strengthening its own research and development team by inviting a number of professional technological research experts to join the Group which includes professionals with master degree and post-doctor from oversea universities. The Group's research and development centre at Xiamen and its Shanghai research and development team currently employ more than 50 research and development staff with extensive experience, accounting for about 16.7% of total headcount.

On the other hand, the Group successfully initiates new research and development projects through new strategic alliances with international peers. Leveraging on the advanced facilities and underlying resources of various academic and research institutes in China, the Group further strengthened its research capability through joint research and development and acquisition of proprietary technological know-how. Such institutes include Nanjing University, Xiamen University, Shanghai University of T.C.M., South China University of Technology, Jiangnan University, Guangdong Ocean University, Chinese Academy of Sciences, Shanghai Organic Chemistry Institute and Chinese Academy of Sciences and Guangzhou Chemistry Institute, etc.

#### 生產

本集團在二零零五年底完成的廈門海滄工廠第二期擴建，於回顧年度內，設施效能利用率已超過95%。第三期的擴建預計在二零零八年第二季度投產後，將會成為集團多項新產品及新的產品組合的生產平臺。集團以植物精油原料年處理能力為標誌的總體產能也會由現行的每年16,000公噸增至每年20,000公噸，從而為本集團在未來年度內的業務增長提供更好的基礎。著眼未來的業務和產品發展，本集團除努力按計劃完成第三期工程外，將會審慎、適時地根據市場的中長期需求將生產能力進一步提升，進行新工藝新技術的開發，以進一步提高綜合的生產能力和效率。同時，將對福建長泰地區新購的145畝(約97,000平方米)土地進行積極的產業策劃，以之作為本集團在產業拓展以及未來國際產業合作的延伸基地。

#### 研究及開發

本集團在新產品新技術的研發上一直不遺餘力。於本回顧年度，本集團一方面大力強化了自身研發團隊，繼續引進了多個專業的科研骨幹，包括多名海歸碩士與博士後。現在廈門研發中心與上海的研發隊伍共聘用超過50名經驗豐富的研發人員，佔總員工人數約16.7%。

另一方面，集團在建立與國際同行的戰略夥伴的基礎上，成功地展開新產品的研發合作。同時，本集團繼續借助中國多家學術及研究機構的先進設施及基礎資源，透過合作研發或購入專有技術等方式進一步充實了集團的研發力量，該等機構包括南京大學、廈門大學、上海中醫藥大學、華南理工大學、江南大學、廣東海洋大學及中國科學院上海有機所、中國科學院廣州化學所等。

## Management Discussion and Analysis

### 管理層討論及分析

#### Research and Development (continued)

For the year ended 31 December 2007, costs of the Group's product development, and costs of acquisition of patents and technological know-how capitalised totalled to approximately RMB15.1 million (2006: RMB15.0 million), amortisation of costs of product development, patents and technological know-how amounted to RMB2.3 million (2006: RMB4.0 million) and impairment of product development cost of RMB1.7 million (2006: 4.5 million).

## FINANCIAL REVIEW

### Turnover

The Group's turnover for the year ended 31 December 2007 amounted to RMB612.2 million, representing a steady growth of 15%. Excluding the revenue from trading and resource management products, turnover reached RMB545.1 million, achieving a rapid growth of 30% when compared to last year. This non-core business has a certain profit contributions to the Group. Though its turnover during the year under review decreased by 41% when compared to last year due to the lower profit margin of the trading and resource management business, it has increased the overall gross profit margin of the Group to 34.2% from 31.9% as recorded in last year.

Analysing by the Group's products category, turnover of aroma chemicals reached RMB372.1 million, representing a year-on-year increase of 42% as compared to RMB261.3 million in 2006; turnover of natural extracts and intermediates reached RMB108.2 million and RMB64.8 million respectively, representing a year-on-year increase of 11% and 6% as compared to RMB97.7 million and RMB60.9 million respectively in 2006.

Geographically, domestic sales of the Group's fine chemical products surged by 19% as compared to that of 2006 whereas the overseas sales of the Group's fine chemical products increased by 7% as compared to that of 2006. Eliminating the portion of trading and resource management of the products, the Group's overseas sales of natural products increased by 80% over 2006.

### 研究及開發(續)

截至二零零七年十二月三十一日止年度，本集團產品開發、收購專利權及技術知識等成本撥充資本化之金額合共約15,100,000元人民幣(二零零六年：15,000,000元人民幣)，而本集團之產品開發、專利權及技術知識成本攤銷為2,300,000元人民幣(二零零六年：4,000,000元人民幣)及產品開發成本減值為1,700,000元人民幣(二零零六年：4,500,000)。

### 財務回顧

#### 營業額

本集團於截至二零零七年十二月三十一日止年度的營業額錄得15%的穩定增長，金額達612,200,000元人民幣，若撇除貿易及資源運營產品的收益部份，營業額較去年錄得30%的強勁增長，金額達545,100,000元人民幣。由於目前貿易及資源運營業務的的毛利較低，於回顧年度內其銷售量比去年有41%之萎縮，但卻因此提升了集團的整體毛利率，使到集團毛利率從去年的31.9%上升至34.2%。

按本集團產品類別分析，芳香化學品整體需求上升，芳香化學品之營業額較二零零六年261,300,000元人民幣增加42%，達372,100,000元人民幣；天然提取物與中間體之營業額較二零零六年分別為97,700,000元人民幣及60,900,000元人民幣增加11%及6%至108,200,000元人民幣及64,800,000元人民幣。

就地域覆蓋範圍而言，本集團精細化工產品的國內市場銷量較二零零六年大幅攀升19%，而本集團精細化工產品的海外銷量亦較二零零六年上升7%，若撇除貿易及資源運營產品的部份，本集團自製產品的海外銷售更較二零零六年上升80%。

## Management Discussion and Analysis

### 管理層討論及分析

#### Gross Profit

During the year under review, the gross profit of the Group amounted to RMB209.4 million, representing a growth of 23%. The gross profit margin of the Group increased from 31.9% in 2006 to 34.2% in 2007. The growth of the Group's gross profit margin was mainly attributable to a decline of the trading and resource management business, which recorded a lower profit margin and the effective implementation of cost control. In particular, amid the continuous high price level of raw materials, the Group successfully carried out resources strategies to monitor production costs.

Analysing by the Group's products category, the gross profit margin of aroma chemicals increase from 31.8% in 2006 to 32.4% in 2007, while natural extracts decrease from 36.4% in 2006 to 34.5%. The increase of profit margin of intermediates from 68.1% in 2006 to 69.9% in 2007. The gross profit margin of trading and resource management was increased from 8.7% in 2006 to 9.4% in 2007.

#### Operating Income and Expense

Other net revenues include the interest income from bank deposits, the amortisation of deferred income on government grants and net realized and unrealized amount of interest rate swap. The decrease of RMB2.9 million in other net revenue was mainly due to the net loss of RMB1.4 million in interest rate swap and a decrease of other revenue of approximately RMB1.7 million during the year under review. Such interest rate swap was a new approach made by the Group upon a full analysis over the opportunities and risks in the market and the consideration of capital requirements for foreign exchange. Although during the period under review, a loss was recorded in its book value due to the accounting treatment, the Group has capitalized on the favourable market conditions in the second quarter of 2008 and closed the position in advance. The financial gain realized in this transaction will be recognized in the account of 2008.

The increase of RMB2.7 million in selling and marketing expenses was mainly due to an increase of transportation cost and packaging expenses resulting from an increase of export sales in the year under review. Selling and marketing expenses as a percentage of sales decreased from 4.2% to 4.1%.

The increase of RMB0.5 million in administrative expenses include, among the others, an increase of employment cost of RMB5.3 million, a decrease of research and development expenses of RMB2.3 million and a decrease of impairment of product development cost of RMB2.8 million in the year under review. Administrative expenses for 2007 represented 6.9% of its turnover (2006: 7.8%).

#### 毛利

於回顧年內，本集團的毛利為209,400,000元人民幣，增幅為23%。本集團的毛利率由二零零六年31.9%上升至二零零七年34.2%。毛利率上升的主要原因是低毛利的貿易與資源運營業務的萎縮和成本控制的有效實施。特別是，在行業仍然受到原材料價格持續位於高位所影響下，本集團能夠通過實施資源戰略等各種措施(見上文「業務來控制生產成本」。

按本集團產品類別分析，芳香化學品的毛利率由二零零六年的31.8%上升至二零零七年的32.4%，而天然提取物的毛利率便由二零零六年的36.4%下調至本年度的34.5%，中間體毛利率由二零零六年68.1%上升至二零零七年69.9%。貿易及資源運營業務之毛利率由二零零六年8.7%上升至二零零七年9.4%。

#### 經營收入及開支

其他收入淨額包括銀行存款利息收入、政府津貼遞延收入攤銷及利率掉期之變現及未變現淨額。其他收入淨額減少2,900,000元人民幣乃受到在回顧年內利率掉期約1,400,000元人民幣淨虧損及約1,700,000元人民幣之其他收益減少所致。該項利率掉期是在充分分析市場機會和風險以及企業對外匯融資的要求下，所做的一項嘗試性安排。雖則，在回顧期內，因為會計處理而出現過帳面損失，但集團已在2008年第二季度利用市場的有利條件，提前平盤，並獲得了實在財務收益，將在2008年度入帳。

銷售及分銷開支增加2,700,000元人民幣乃主要由於回顧年內出口銷售增加，導致運輸成本及包裝開支上漲所致。銷售及分銷開支佔銷售百分比由4.2%下調至4.1%。

行政開支增加約500,000元人民幣，其中包括本集團於回顧年度內員工成本及酌情管理花紅共增加5,300,000元人民幣、研究開發費減少2,300,000元人民幣及產品開發成本減值減少2,800,000元人民幣等。二零零七年行政開支佔營業額6.9%(二零零六年：7.8%)。

## Management Discussion and Analysis

### 管理層討論及分析

#### Operating Income and Expense (continued)

The finance expenses recorded a decrease of RMB0.3 million as compared with that of last year, mainly due to a decrease of interest expenses resulting from actively maintaining a balanced borrowing portfolio of the Group and reducing its borrowing costs by using different types of borrowings. The Group will seek for effective restructuring of its borrowing portfolio and financial asset management to reduce the Group's financing cost or increase the revenue from fund management in such an unfavorable market environment due to the rising interest rate and tightening liquidity in the PRC and the recent global interest rate cut cycle.

#### Income tax expense

Income tax expense of the Group for the year ended 31 December 2007 was RMB7.5 million, representing a decrease of 16% as compared with RMB9.0 million in last year. The reduction in income tax expenses is due to a preferential tax offer enjoyed by the subsidiaries of the Group starting from 2007, with two years tax-free and three years tax reduction. The effective income tax rate was 5.4% (2006: 8.6%).

#### Profit for the year

Profit for the year ended 31 December 2007 was RMB130.5 million representing an increase of 37% as compared with RMB95.4 million last year. The net profit ratio of the Group increased from 17.9% in last year to 21.3% in this year. If excluding the trading and resource management segment, the net profit ratio of the Group was 23.4% (2006: 22.1%).

#### Liquidity, Financial Resources and Capital Structure

During the year under review, the Group's primary source of funding mainly involved the cash generated from operating activities and the financing by the bank borrowings. With the financial resources obtained from the Group's operations, the Group had utilized RMB147.9 million (2006: RMB62.0 million) in the capital expenditure and paid dividend of RMB15.0 million (2006: 9.5 million) during the year. As at 31 December 2007, the Group had cash and bank deposits of approximately RMB307.4 million (2006: RMB360.6 million).

The Group's financial position remains very solid and healthy during the year under review. As at 31 December 2007, the net current assets and the current ratio of the Group were approximately RMB335.6 million (2006: RMB290.2 million) and 2.5 (2006: 2.2), respectively.

#### 經營收入及開支(續)

融資費用較去年減少約300,000元人民幣，主要由於集團積極地利用不同種類的借貸、務求把集團的借貸組合取得平衡及僅減低借貸成本，導致利息開支減少。面對國內持續加息和銀根緊縮、以及國外近期處於一個減息週期，集團將會積極地考慮有效的信貸組織和財資管理的辦法，努力在不利的市場環境中，設法減低集團的融資成本或者增加理財收益。

#### 所得稅開支

本集團的所得稅開支截至在二零零七年十二月三十一日止的年度為7,500,000元人民幣，較上年度的9,000,000元人民幣減少16%。所得稅的減省是由於集團內之附屬公司在二零零七年起獲得兩免三減之稅務優惠，實際所得稅率則約為5.4%(二零零六年：8.6%)。

#### 年內溢利

年內溢利在截至二零零七年十二月三十一日止的年度為130,500,000元人民幣，較二零零六年的95,400,000元人民幣增長37%。而本集團的淨利潤率則由上一年度的17.9%上調至本年度的21.3%。若撇除貿易及資源運營業務，本集團之淨利潤率為23.4%(二零零六年：22.1%)。

#### 流動資金、財務資源及資本結構

於回顧年內，本集團之基本資金來源主要來自經營業務及銀行融資所得現金。憑藉本集團營運所得財務資源，本集團斥資147,900,000元人民幣(二零零六年：62,000,000元人民幣)於資本支出上，並派付股息15,000,000元人民幣(二零零六年：9,500,000元人民幣)。於二零零七年十二月三十一日，本集團之現金及銀行存款約有307,400,000元人民幣(二零零六年：360,600,000元人民幣)。

本集團於回顧年內之財務狀況仍然保持相當穩健。於二零零七年十二月三十一日，本集團之流動資產淨值及流動比率分別約為335,600,000元人民幣(二零零六年：290,200,000元人民幣)及2.5(二零零六年：2.2)。

## Management Discussion and Analysis

### 管理層討論及分析

#### Liquidity, Financial Resources and Capital Structure (continued)

As at 31 December 2007, the Group had bank borrowings of approximately RMB122.5 million (2006: RMB101.0 million), government loans from State Development and Reform Commission, Xiamen Development Planning Commission and other Mainland China government bureaus to finance the Group's product development activities and expansion of production facilities of approximately RMB33.9 million (2006: RMB33.9 million). As at 31 December 2007, the Group's gearing ratio which is represented by the ratio of total borrowings to total shareholders' equity, was approximately 24% (2006: 25%) and the Group's net cash balance, being cash and cash equivalents plus pledged bank deposits less borrowings amounted to RMB151.0 million (2006: 225.8 million).

With the positive cash inflow from the Group's operations, its available banking facilities and its existing cash resources, the Group has very strong liquidity and sufficient financial resources to meet its commitments, working capital requirements and future investments for expansion.

#### Charges on assets

As at 31 December 2007, bank deposit of RMB32.2 million (2006: nil), certain property, plant and equipment of the Group with an aggregate net book value of about RMB94.5 million (2006: RMB92.1 million) and land use rights of RMB2.4 million (2006: RMB4.8 million) were pledged to secure the Group's bank borrowings.

#### Contingent Liabilities

As at 31 December 2007, neither the Group nor the Company had any significant contingent liabilities.

#### Capital Commitment

As at 31 December 2007, the Group had capital commitments of approximately RMB19.6 million (2006: RMB108.8 million) in respect of purchases of property, plant and equipment, construction-in-progress, product development projects and land use rights.

#### 流動資金、財務資源及資本結構(續)

於二零零七年十二月三十一日，本集團有銀行借貸約122,500,000元人民幣(二零零六年：101,000,000元人民幣)，其中，源自國家發展及改革委員會、廈門發展計劃委員會及其他中國政府機關的款項約33,900,000元人民幣(二零零六年：33,900,000元人民幣)，政府貸款已用於撥付本集團產品開發及擴充生產設備所需。於二零零七年十二月三十一日，本集團之資產負債比率(即借貸總額對股東資金總額之比率)約為24%(二零零六年：25%)，而本集團之現金結餘淨額(即現金及等同現金項目加已抵押銀行存款減借貸)則為151,000,000元人民幣(二零零七年：225,800,000元人民幣)。

憑藉經營業務所得正數現金流量、備用銀行融資及現有現金資源，本集團具備充裕流動資金及充足財務資源，應付其承擔、營運資金需求及日後擴展投資。

#### 資產抵押

於二零零七年十二月三十一日，銀行存款32,200,000元人民幣(二零零六年：47,600,000元人民幣)，本集團帳面淨值總額約94,500,000元人民幣(二零零六年：92,100,000元人民幣)之若干物業、廠房及設備以及2,400,000元人民幣(二零零六年：4,800,000元人民幣)之土地使用權已抵押，作為本集團銀行借貸之抵押品。

#### 或然負債

於二零零七年十二月三十一日，本集團或本公司概無任何重大之或然負債。

#### 資本承擔

於二零零七年十二月三十一日，本集團就購買物業、廠房及設備、在建工程、產品開發項目及土地使用權約有19,600,000元人民幣(二零零六年：108,800,000元人民幣)之資本承擔。

## Management Discussion and Analysis

### 管理層討論及分析

#### Treasury Policies and Exposure to Fluctuations in Exchange Rates

The Group's assets, liabilities, revenues and transactions are mainly denominated in Renminbi, United States dollars and Hong Kong dollars with its operation mainly in the PRC. As at 31 December 2007, the Group's borrowings of approximately RMB133.9 million were denominated in Renminbi. The Group's cash and bank deposits (comprise cash and cash equivalents and pledged bank deposits) denominated in Renminbi amounted to RMB296.6 million of the total balance, with the remaining balance of approximately RMB10.8 million denominated in Hong Kong dollars and United States dollars.

The Group's foremost exposure to the foreign exchange fluctuations was caused by the revaluation of Renminbi during the year under review. The Group's export sales are, in majority, denominated in United States dollars. Nevertheless, the Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the year. The Group will conduct periodic review of its exposure to foreign exchange risk and may use proper financial instrument and financing arrangement for hedging purpose when considered appropriate.

#### Employees and Remuneration Policy

As at 31 December 2007, the Group has 301 full-time employees of which 296 are based in the PRC. For the year under review, the total employment costs incurred for 2007 including directors' emolument amounted to RMB27.7 million. The Group has established its human resources policies and procedures with a view to deploy the incentives and rewards of the remuneration system. The remuneration package offered to the staff is appropriate for the duties and in line with the prevailing market terms. Staff benefits, including medical coverage and provident funds, are provided to employees. The Group has also established effective performance evaluation system in which employees are properly rewarded on a performance-related basis under the Group's salary and bonus system.

The Group has also adopted a share option scheme for the purpose of providing incentives and rewards to the management, key technician and other eligible participants who contribute to the success of the Group's operations.

#### 庫務政策及匯率波動風險

本集團之資產、負債、收入及交易主要以人民幣、美元及港元結算，而其業務主要於中國進行。於二零零七年十二月三十一日，本集團約133,900,000元人民幣之貸款乃以人民幣結算。本集團之現金及等同現金項目中(包括手頭現金、銀行結餘以及由借貸日起計三個月到期之定期存款)，合共296,600,000元人民幣乃以人民幣結算，餘額約10,800,000元人民幣則以港元及美元結算。

本集團所承擔之外匯波動風險乃因回顧年內重估人民幣所致。本集團之出口銷售主要以美元結算。儘管如此，本集團於年內並無因外幣匯率波動而於營運或資金流動狀況方面遇上任何重大困難或對其造成任何影響。此外，本集團將定期檢討其須承受之外匯風險，並於其認為適用之情況下採用適當的金融工具和財資安排以作必要的對沖用途。

#### 僱員及酬金政策

於二零零七年十二月三十一日，本集團有301名全職僱員，其中296名僱員派駐中國。於回顧年內，二零零七年之僱員成本總額包括董事酬金27,700,000元人民幣。本集團制定其人力資源政策及程序，於其薪酬制度中加入花紅及獎勵。向員工發放之酬金待遇乃根據其職責而釐訂，且符合的當時當地的市場水平。員工福利包括醫療保險及退休金。本集團亦設立一套有效表現評估制度，據此，本集團設定僱員的薪金及花紅制度，並按僱員表現發放適當的獎勵。

本集團亦已採納購股權計劃，以獎勵及獎賞曾對本集團成功經營作出貢獻的管理人員和技術骨幹以及其他合資參與人士。

## Corporate Governance Report

### 企業管治報告

The board of directors of EcoGreen Fine Chemicals Group Ltd. (the “Company”) (the “Board”) acknowledges the importance of and benefit from good corporate governance practices and is committed to improving the corporate governance practices in order to enhance better transparency and to ensure that business activities and decision making processes are regulated in a proper manner to safeguard the interests of shareholders.

The Company’s corporate governance practice are based on the principles and the code provisions (the “Code Provisions”) as set out in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). In the year under review, the Company has complied with most of the Code Provisions save for the deviations from the Code Provisions A.2.1. The following summarises the Company’s corporate governance practices and explains deviations, if any, from the CG Code.

#### The Board Responsibilities

The Board is accountable to the shareholders for leading the Company in a responsible and effective manner. The Board provides leadership and formulates strategic policies and plans of the Group with a view to enhance shareholder interests while the day-to-day operations of the Company are delegated to the management.

The Board reserves for its decisions all major matters of the Company, including: objectives and overall strategies of the Company; annual budgets and financial matters; equity related transactions such as issue of shares/options and repurchase of shares; dividend; raising of capital loan; determination of major business strategy; merger and acquisition; major investment; annual financial budget in turnover, profitability and capital expenditure; review and approval of financial performance and announcement; and matters as required by laws and ordinance.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulation are followed.

Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company’s expense, upon making request to the Board.

中怡精細化工集團有限公司(「本公司」)本公司董事會(「董事會」)深明良好企業管治常規的重要性及好處，並承諾改善企業管治常規，以增加透明度及確保本公司的業務活動及決策過程受到適當之規管以保障股東利益。

本公司企業管治常規乃以聯交所證券上市規則(「上市規則」)附錄14所載企業管治常規守則(「企業管治常規守則」)之原則及守則條文(「守則條文」)為基礎。於回顧年內，本公司已遵守大部分守則條文，惟偏離有關守則條文A.2.1者除外。下文概述本公司企業管治常規及闡釋偏離守則條文之情況(如有)。

#### 董事會職責

董事會須向股東負責，並以負責任及有成效的方式領導本公司。董事會並負責領導及制定本集團策略性政策及計劃以提高股東利益為宗旨，而本公司日常運作乃管理層負責。

董事會負責本公司所有重要事項之決策，包括制定本公司之業務目標及整體策略；年度預算及財務事宜；股本相關交易，如發行股份／購股權及購回股份；股息；籌集資金貸款；釐定主要業務策略；合併及收購；主要投資；營業額、盈利及資本開支之年度財務預算；檢討及批准財務表現及公佈；以及法例及條例規定之其他事項。

全體董事可全面及適時取得所有相關資料，以及公司秘書提供的意見及服務，確保董事會程序及所有適用的條例及規例已妥為遵守。

各董事一般可在適當情況下，徵得董事會同意後尋求獨立專業意見，有關費用由本公司承擔。



## Corporate Governance Report 企業管治報告

### The Board (continued)

#### Responsibilities (continued)

The Directors are continually updated with the regulatory requirements, business activities and development of the Company to facilitate the discharge of their responsibilities. Through regular Board meetings, all Directors are kept abreast of the conduct, business activities and development of the Company.

The management has the obligation to supply the Board and the various Committees with adequate information in a timely manner to enable the members to make informed decisions. Each Director has separate and independent access to the Company's senior management to acquire more information than is volunteered by management and to make further enquiries if necessary.

The functions delegated to management are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

#### Composition

The Board currently comprises a total of nine members including five Executive Directors, one Non-executive Director ("the NED") and three Independent Non-executive Directors ("the INED"). The Board's composition covers a balance of expertise, skills and industry experience so as to bring in valuable contributions and advices for the development of the Group's business. The NED and INED together have substantial experience in fields of auditing, legal matters, business, accounting, corporate internal control and regulatory affairs. Through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all NED and INED make various contributions to the effective direction of the Group.

The Company has received written annual confirmation from each INED of his independence pursuant to the requirements of the Listing Rules. The Company considers all INED to be independent in accordance with the independence guidelines set out in the Listing Rules.

### 董事會(續)

#### 職責(續)

本公司經常向董事提供有關監管規定與本公司業務活動及發展之最新資料，以助彼等履行職責。透過定期參加董事會議，各董事可密切跟進本公司之舉動、業務活動及發展。

管理層有責任於適當時候向董事會及各委員會提供充足資料，以便成員在知情之情況下作出決定。董事亦可自行及獨自向本公司之管理高層，索取管理層所主動提供以外資料，並在有需要時作出進一步查詢。

本公司會定期檢討委派管理層履行之職能。管理層在訂立任何重大交易前必須事先取得董事會批准。

#### 組成

董事會現時由九名成員組成，包括五名執行董事、一名非執行董事及三名獨立非執行董事。董事會之組成具備恰當專業知識、技巧及行業經驗，故可為本集團業務發展提供寶貴貢獻及意見。各非執行董事於審計、法律事宜、業務、會計、企業內部監控及監管事宜方面具有豐富經驗。透過積極參與董事會會議，領導涉及潛在利益衝突及處理各董事委員會事務，全體非執行董事對本集團之有效領導作出不同貢獻。

本公司已接獲各獨立非執行董事根據上市規則規定就其獨立身分作出之年度確認書。根據上市規則所載獨立身分指引，本公司認為，全體獨立非執行董事均為獨立人士。

## Corporate Governance Report

### 企業管治報告

#### The Board (continued)

##### Board meetings

The Board meets regularly throughout the year to discuss the overall strategy as well as the operation and financial performance of the Group. A total of 4 board meetings were held during the year. The individual attendance record of each Director at the meetings of the Board, the Remuneration Committee and the Audit Committee during the year ended 31 December 2007 is set out below:

Name of Director 董事姓名	Note 附註	Attendance/Number of meetings 出席／舉行會議次數		
		Board 董事會	Remuneration Committee 薪酬委員會	Audit Committee 審核委員會
<b>EXECUTIVE DIRECTORS</b> <b>執行董事</b>				
Mr. Yang Yirong (Chairman)	楊毅融先生(主席)	4/4	N/A 不適用	N/A 不適用
Mr. Gong Xionghui	龔雄輝先生	4/4	N/A 不適用	N/A 不適用
Ms. Lu Jiahua	盧家華女士	4/4	N/A 不適用	N/A 不適用
Mr. Lin Like	林力克先生	2/4	N/A 不適用	N/A 不適用
Mr. Han Huan Guang	韓歡光先生	4/4	3/3	N/A 不適用
<b>NED</b> <b>非執行董事</b>				
Mr. Feng Tao (Vice Chairman)	馮濤先生(副主席)	0/4	N/A 不適用	N/A 不適用
<b>INED</b> <b>獨立非執行董事</b>				
Mr. Yau Fook Chuen (iv) (v)	丘福全先生	4/4	3/3	3/3
Mr. Wong Yik Chung, John (v) (vi)	黃翼忠先生	4/4	3/3	3/3
Mr. Zheng Lansun (v) (vi)	鄭蘭蓀先生	1/4	0/3	0/3

Notes:

- (i) Chairman of the Remuneration Committee.
- (ii) Chairman of the Audit Committee.
- (iii) Member of the Remuneration Committee.
- (iv) Member of the Audit Committee.

#### 董事會(續)

##### 董事會會議

董事會於年內定期會晤商討本集團整體策略、營運及財務表現。年內合共舉行四次董事會會議。截至二零零七年十二月三十一日止年度，各董事於董事會會議、薪酬委員會會議及審核委員會會議之出席記錄如下：

Name of Director 董事姓名	Note 附註	Attendance/Number of meetings 出席／舉行會議次數		
		Board 董事會	Remuneration Committee 薪酬委員會	Audit Committee 審核委員會
<b>EXECUTIVE DIRECTORS</b> <b>執行董事</b>				
Mr. Yang Yirong (Chairman)	楊毅融先生(主席)	4/4	N/A 不適用	N/A 不適用
Mr. Gong Xionghui	龔雄輝先生	4/4	N/A 不適用	N/A 不適用
Ms. Lu Jiahua	盧家華女士	4/4	N/A 不適用	N/A 不適用
Mr. Lin Like	林力克先生	2/4	N/A 不適用	N/A 不適用
Mr. Han Huan Guang	韓歡光先生	4/4	3/3	N/A 不適用
<b>NED</b> <b>非執行董事</b>				
Mr. Feng Tao (Vice Chairman)	馮濤先生(副主席)	0/4	N/A 不適用	N/A 不適用
<b>INED</b> <b>獨立非執行董事</b>				
Mr. Yau Fook Chuen (iv) (v)	丘福全先生	4/4	3/3	3/3
Mr. Wong Yik Chung, John (v) (vi)	黃翼忠先生	4/4	3/3	3/3
Mr. Zheng Lansun (v) (vi)	鄭蘭蓀先生	1/4	0/3	0/3

附註：

- (i) 薪酬委員會主席。
- (ii) 審核委員會主席。
- (iii) 薪酬委員會成員。
- (iv) 審核委員會成員。

Notices of regular board meetings are served to all Directors at least 14 days before the meetings while reasonable notice is generally given for other Board meetings. Agenda and Board papers together with complete and reliable information are sent to all Directors at least 3 days before each Board meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decision. Minutes of all Board meetings and committee meetings are kept by the Company Secretary. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

定期舉行之董事會會議通告須於會議舉行前最少14日送交全體董事，而其他董事會會議亦通常有合理時間的通知。為讓董事知悉本公司之最新動向及財政狀況以及確保彼等可作出知情決定，議程及會議文件連同完整及可靠的資料均須於各董事會會議舉行前最少3日送交全體董事。公司秘書負責保存所有董事會會議及委員會會議之會議記錄。會議記錄初稿一般於各會議結束後的合理時間內交予董事傳閱，讓董事提供意見，會議記錄之最終定稿可供董事查閱。

## Corporate Governance Report 企業管治報告

### The Board *(continued)*

#### Board meetings *(continued)*

According to current Board practice, any material transaction which involves a conflict of interests for a substantial shareholder or a Director, will be considered and dealt with by the Board at a duly convened board meeting. The Company's Articles of Association also contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

#### Appointment, rotation and re-election of Directors

The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of INED. The Board reviewed its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company. There were no meeting held for the nomination of Directors during the year.

In accordance with the CG Code and the Company's Articles of Association, all Directors are subject to retirement by rotation once every three years and being eligible, offer themselves for re-election.

#### Term of appointment of NED and INED

All NED and INED were appointed for an initial term of not more than one year and will be renewable automatically for successive term of one year until terminated by not less than three months' notice in writing served by either party or the other. All NED and INED are subject to retirement by rotation once every three years and are subject to re-election.

#### Indemnification

The Company has arranged appropriate insurance cover in respect of legal actions against its Directors and officers. The Board reviews the extent of this insurance annually.

### 董事會 *(續)*

#### 董事會會議 *(續)*

根據現時董事會常規，任何涉及主要股東或董事利益衝突之重大交易將由董事會正式召開董事會會議予以考慮及處理。本公司之公司組織章程細則亦載有條文規定，董事在批准涉及其或其連繫人士擁有重大權益之交易時，必須放棄投票及不得計入有關會議之法定人數內。

#### 董事委任、輪值退任及重選

董事會之整體職責是檢討董事會組成、發展及制定提名及委任董事之有關程序、監督董事委任及連任計劃以及評估獨立非執行董事之獨立性。董事會定期檢討其本身的架構、人數及組成，確保具備適當及所需之專長、技能及經驗，以應付本公司業務發展所需。年內並無就董事之提名召開任何會議。

根據守則及本公司組織章程細則，全體董事均須每三年輪流退任，惟符合資格膺選連任。

#### 非執行董事及獨立非執行董事之委任年期

本公司全體非執行董事均按不超過一年之初步年期委任，並將於屆滿時自動續約一年，直至其中一名訂約方向另一方發出不少於三個月書面通知予以終止，所有非執行董事均須每三年輪流退任，並須經重選連任。

#### 賠償

本公司已就其董事及高級人員可能會面對之法律行動作適當之投保安排，投保範圍乃按年檢討。

## Corporate Governance Report

### 企業管治報告

#### Segregation of Rules of Chairman and Chief Executive Officer (“CEO”)

The Company has not yet adopted A.2.1. Under the code provision A.2.1 of the CG Code, the roles of Chairman and CEO should be separate and would not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

The Company does not presently have any officer with the title CEO. At present, Mr. Yang Yirong, being the Chairman and the President of the Company, is responsible for the strategic planning, formulation of overall corporate development policy and running the business of the Group as well as the duties of Chairman. The Board considered that, due to the nature and extent of the Group’s operations, Mr. Yang is the most appropriate chief executive because he possesses in-depth knowledge and experience in fine chemicals business and is able to ensure the sustainable development of the Group. Besides, he is the founder, the chairman and the controlling shareholder of the Group since its establishment and till now. Notwithstanding the above, the Board will review the current structure from time to time. When at the appropriate time and if candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group, the Company may make the necessary amendments.

#### Board Committees

The Board has established two committees, namely the Remuneration Committee and the Audit Committee, for overseeing particular aspects of the Company’s affairs. All Board committees of the Company are established with defined written terms of reference which deal clearly with their authority and duties.

The chairmen of the committees will report the findings and recommendations of the committees to the Board after each meeting. The minutes of all meetings of the committees are circulated to the Board for information.

#### 主席及行政總裁職能之劃分

本公司尚未採納第A.2.1條之規定。根據企業管治守則之守則條文A.2.1，主席及行政總裁之角色應予區分，不應由同一人擔任。主席與行政總裁間之職責分工應清楚界定及以書面列明。

本公司並無高級職員獲授行政總裁職銜。本公司主席兼總裁楊毅融先生現負責策略規劃、整體企業發展政策制定及本集團業務營運以及主席職責。董事會認為，基於本集團之業務性質及範疇，楊先生不但具備精細化工業務之豐富知識及經驗，並有能力推動本集團持續發展，故為最合適的行政總裁人選。此外，彼亦為本集團之創辦人、自成立至今之主席兼控股股東，惟董事會將不時檢討現行架構，並於合適時候及倘本集團自內部或外界物色到具備適當領導才能、知識、技能及經驗之人選，本公司或會作出所需修訂。

#### 董事委員會

董事會設有兩個委員會，分別為薪酬委員會及審核委員會，以監管本公司各類具體事務。本公司之所有董事會委員會均有明確的書面職權範圍，清晰訂明其權力及職能。

各委員會主席將於各會議完結後向董事會提交各委員會的結論及推薦意見。所有委員會會議記錄會交予董事會傳閱，以提供資訊。

## Corporate Governance Report 企業管治報告

### Board Committees (continued)

#### Remuneration Committee

Mr. Han Huan Guang is the chairman while all the three INED, namely, Mr. Yau Fook Chuen, Mr. Wong Yik Chung, John and Dr. Zheng Lansun are the members of the Remuneration Committee.

The primary responsibilities of the Remuneration Committee include establishing a formal and transparent procedures for developing policy on the remuneration of the Executive Directors and senior management, making recommendations to the Board on the Company's policy and structure for the remuneration of Directors and senior management, ensuring the remuneration packages are sufficient to attract and retain the Directors to run the Company successfully, to avoid over-paying and ensure no Director or any of his associates will participate in deciding his own remuneration.

During the year under review, the Remuneration Committee met three to review and consider the remuneration policy and packages, including any discretionary management bonus of the Executive Directors and senior management by reference to market conditions, performance of the Group and the individual and corporate goals.

#### Audit Committee

The Audit Committee comprises the three INED, namely, Mr. Yau Fook Chuen, Mr. Wong Yik Chung, John and Dr. Zheng Lansun. Mr. Yau is the chairman of the Audit Committee and he possesses recognised professional qualifications in accounting required by the Listing Rules.

The primary duties of the Audit Committee include the following:

- (a) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant or external auditors before submission to the Board;
- (b) To review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process by reference to the work performed by the external auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors; and
- (c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

### 董事委員會(續)

#### 薪酬委員會

韓歡光先生為薪酬委員會主席，而三名獨立非執行董事丘福全先生、黃翼忠先生及鄭蘭蓀博士均為薪酬委員會成員。

薪酬委員會主要職責包括制定正式及具透明度之程序，就執行董事及高級管理層之酬金制定政策；就本公司對執行董事及高級管理層酬金之政策及結構向董事會提供推薦意見；確保酬金組合足以吸引及留聘董事成功經營本公司；避免給予過多酬報以及確保並無董事或其任何聯繫人士參與釐定本身酬金的磋商。

於回顧年度，薪酬委員會曾舉行會議三次，經參考市況、本集團及個人表現以及企業目標後，檢討及考慮執行董事及高級管理層之酬金政策及組合，包括任何酌情管理花紅。

#### 審核委員會

審核委員會由三名獨立非執行董事組成，分別為丘福全先生、黃翼忠先生及鄭蘭蓀博士。丘先生為審核委員會主席，其擁有上市規則規定之認可專業會計資格。

審核委員會主要職責包括以下各項：

- (a) 向董事會提交財務報表及報告前，審閱財務報表及報告以及考慮任何由合資格會計師或外聘核數師提出的重大或不尋常項目；
- (b) 經參考外聘核數師之工作、委聘費用及條款後，檢討及監察與外聘核數師是否獨立客觀及核數程序是否有效，並就外聘核數師之委聘、續聘及罷免向董事會提供推薦意見；及
- (c) 檢討本公司財務申報系統、內部監控及風險管理制度與相關程序是否足夠及其成效。

## Corporate Governance Report

### 企業管治報告

#### Board Committees (continued)

##### Audit Committee (continued)

During the year under review, the Audit Committee held three meetings with the senior management and the Company's external auditors to review the interim and annual financial statements, financial controls, internal controls and risk management systems and the re-appointment of the external auditors. The Audit Committee has also reviewed the Group's accounting principles and practices, listing rules and statutory compliance and financial reporting matters.

#### Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the Company's own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors and all the Directors have confirmed that they have complied with all the relevant requirements as set out in the Model Code throughout the year ended 31 December 2007.

#### Responsibilities in Respect of the Financial Statements

The management provides such explanation and information to the Board to facilitate an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibility for preparing the financial statements which give a true and fair view and the Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other financial disclosures required under the Listing Rules and other regulatory requirements. Meanwhile, the Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgments and estimates made are prudent and reasonable. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern. The Board has prepared the financial statements on a going concern basis.

#### 董事委員會(續)

##### 審核委員會(續)

於回顧年內，審核委員會曾與高級管理人員及本公司外聘核數師舉行三次會議，檢討中期及年度財務報表、財務監控、內部監控、風險管理制度及外聘核數師續聘等事宜。審核委員會亦完成檢討本集團之會計原則與常規、上市規則及其他法規之遵行，以及財務匯報事宜。

#### 進行證券交易的標準守則

本公司已採納上市規則附錄10所載上市公司董事進行證券交易的標準守則(「標準守則」)，作為本公司有關董事進行證券交易之操守守則。本公司已向全體董事作出具體查詢，而全體董事亦已確認，彼等於截至二零零七年十二月三十一日止年度一直遵守標準守則所載所有有關規定。

#### 有關財務報表之責任

管理層提供一切解釋及資料，以便董事會在知情之情況下就其提呈予以通過之財務及其他資料加以評定。

董事知悉其須編製真實公平的財務報表之責任，而董事會則須負責對年報及中期報告、股價敏感資料公佈以及根據上市規則及其他監管規定須予披露的其他財務資料提呈平衡、清晰及易於理解的評審。同時亦須負責確保採納恰當之會計政策及貫徹採用，且所作判斷及估計乃審慎合理。董事會並不知悉任何可能會嚴重影響本集團繼續長遠經營之能力的重大不明朗事件或情況。因此，董事會在基於本集團長遠經營之假設下編製財務報表。

## Corporate Governance Report 企業管治報告

### Internal Controls

The Board has overall responsibilities for maintaining a sound and effective internal control system of the Group. The system includes a defined management structure with limits of authority, safeguards its assets against unauthorized use or disposition, ensures the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensures compliance with relevant laws and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage the risks of failure in the Group's operational systems and in the achievement of the Group's objectives.

The Board periodically conducts review of the effectiveness of the system of internal controls. The tasks include:

- (i) access and review selected aspects of the Group's activities and internal controls;
- (ii) conduct regular comprehensive reviews of the practices, procedures and internal controls of selected business and supporting units and subsidiaries;
- (iii) examine and investigate business ethics, conflicts of interest and other company policy violations; and
- (iv) report results of review to the senior management and make recommendation where appropriate.

The Directors, through the audit committee of the Company ("Audit Committee"), have conducted an annual review of the effectiveness of the system of internal control of the Company and its subsidiaries. The review covers all material controls, including financial, operational and compliance controls and risk management functions.

### External Auditors

During the year, PricewaterhouseCoopers, the external auditors of the Company received approximately RMB1.5 million for audit services provided to the Group. The external auditors did not provide any non-audit service to the Group during the year under review.

### 內部監控

董事會須在整體上負責保持本集團之內部監控制度有效妥善，當中包括設有一個權限分明之清晰管理架構、保障集團資產不會遭挪用或竊取、確保會計紀錄妥為存置以提供可靠財務資料作內部或公佈之用，並且確保有關法例及規則一一遵循。該制度旨在合理（但非絕對）保證不會出現嚴重失誤，並管控本集團之營運系統以及本集團爭取達成業務目標過程中之失誤風險。

董事會定期檢討內部監控制度之有效性，範圍包括：

- (i) 對本集團業務及內部監控選定之範疇進行評估及檢討；
- (ii) 定期對選定之業務、支授單位及附屬公司之常規、程序及內部監控進行全面檢討；
- (iii) 對業務操守，利益衝突及其他公司政策之違反進行審查及調查；及
- (iv) 向高級管理層提交評審結果及提出建議（如適用）。

董事透過本公司之審核委員會（「審核委員會」），每年檢討一次本公司及其附屬公司的內部監控系統是否有效。有關檢討涵蓋所有重要的監控方面，包括財務監控、運作監控及合規監控，以及風險管理功能。

### 外聘核數師

年內，本公司核數師羅兵咸永道會計師事務所就審計服務收取本集團約1,500,000元人民幣。外聘核數師年內並無向本集團提供任何非審計服務。

## Corporate Governance Report 企業管治報告

### Communication with Shareholders and Investor Relations

Details of the rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are set out in the circulars despatched to shareholders which the notice of the general meeting forms part and will be explained during the proceedings of meetings.

In accordance with the CG Code and the Company's Articles of Association, the Chairman of a meeting and/or Directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at a particular meeting shall demand a poll in certain circumstances where, on a show of hands, a meeting votes in opposite manner to that instructed in those proxies.

The Company continues to enhance communications and relationships with its investors. The annual general meeting enables the Company's shareholders to exchange views with the Board. The chairman of the Board and the chairman of Audit Committee and Remuneration Committee have attended at the annual general meeting to be available to answer the questions of the shareholders of the Company. Regular meetings are also held with media, institutional investors and research analysts to provide them the Group's latest business development and non-price sensitive information.

To promote effective communication, extensive information about the Company business is provided in its interim and annual reports, which are sent to shareholders, analysts and interested parties. The Company also maintains a corporate website on which comprehensive information, updates on the Company's business developments and operations, financial information, corporate governance practices and other information of the Group are provided.

### 與股東之溝通及投資者關係

股東權利及於股東大會就決議案要求按股數方式表決程序之詳情載於寄發予股東之通函內，股東大會通告亦為該通函一部分，有關詳情將於會議過程中闡釋。

根據守則及公司組織章程細則，個別或共同持有特定大會代表權之投票權總額5%或以上股份之大會主席及／或董事，須於進行舉手表決而表決結果與代表委任表格所指示相反方式表決之若干情況下，要求按股數投票表決。

本公司繼續改善與其投資者之溝通及關係。股東週年大會為讓本公司股東可與董事會交流意見之機會。董事會主席及審核委員會與薪酬委員會主席均有出席股東週年大會，以回應本公司股東的提問。本公司亦與傳媒、機構投資者及研究分析員定期舉行會議，向彼等提供本公司最新業務發展及非股價敏感資料。

為推行有效溝通，本公司向股東、分析員及有關人士寄發載有本集團業務詳細資料之中期報告及年報，並設有公司網站，提供全面資訊、本公司業務發展及營運的最新動向、財務資料、企業管治常規及本集團其他資料。



## Biographical Details of Directors and Senior Management

### 董事及高級管理人員履歷

#### Directors

##### Executive Directors

Mr. YANG Yirong (*Chairman and President*)

Mr. Yang, aged 46, is the founder of the Group. He is responsible for strategic planning and formulation of overall corporate development policy for the Group. Mr. Yang holds a Bachelor degree in science, majoring in chemistry from Huaqiao University (華僑大學) in 1982. Prior to founding the Group in 1994, Mr. Yang has extensive experience in the fine chemicals manufacturing and trading and has more than ten years of experience in natural organic chemistry research.

Mr. GONG Xionghui (*Senior Vice President – Engineering Project Management*)

Mr. Gong, aged 44, is responsible for project construction and strategic investment development. Mr. Gong holds a Master degree in chemical engineering from Xiamen University (廈門大學) and has accumulated over 19 years of experience in fine chemicals industry and qualified as an ISO 9000 auditor in the PRC in 1998. He joined the Group in September 1999.

Ms. LU Jiahua (*Senior Vice President – Group Financial Control*)

Ms. Lu, aged 41, oversees the finance and accounting and human resources functions for the Group in the PRC. She has over 18 years of experience in accounting, financial management, administration management and internal auditing in a number of pharmaceutical and fine chemical manufacturing enterprises. Ms. Lu holds a Bachelor degree and a Master degree in economics and corporate management from Xiamen University (廈門大學). She joined the Group in April 2002.

Mr. LIN Like (*Senior Vice President – Group Operation and Technology*)

Mr. Lin, aged 45, is responsible for the management of the Group's operation in aroma and natural products and research and development functions for the Group. Mr. Lin oversees the research and development department and other operational departments including the production department and quality management department of the Group. Mr. Lin graduated from the Chemistry Department of Huaqiao University (華僑大學) with a Bachelor degree in science and graduated from the Guangzhou Institute of Chemistry (中國科學院廣州化學研究所), Academic Sinica with a Master degree in science. Mr. Lin has been engaged in the research and development of fine chemicals for many years with extensive experience in the natural products industry in China. He joined the Group in August 2004.

#### 董事

##### 執行董事

楊毅融先生(*主席兼總裁*)

楊先生，46歲，本集團創辦人，負責制定本集團策略規劃及整體企業發展政策。楊先生在華僑大學主修化學，於一九八二年取得理學士學位。於一九九四年創辦本集團之前，已累積豐富精細化學品生產及貿易經驗，具有逾十年天然有機化學研究經驗。

龔雄輝先生(*資深副總裁－工程項目管理*)

龔先生，44歲，負責項目建設及策略投資發展。龔先生持有廈門大學化學工程碩士學位，並累積超過19年之精細化工行業經驗，龔先生於一九九八年成為中國認可ISO 9000審計師。彼於一九九九年九月加入本集團。

盧家華女士(*資深副總裁－財務管控*)

盧女士，41歲，負責監督本集團中國業務之財務與會計及人力資源的工作。盧女士於多間製藥工業及精細化工企業之會計、財務管理、行政管理及內部核數擁有逾18年經驗。盧女士持有廈門大學經濟學學士及企業管理碩士學位。彼於二零零二年四月加入本集團。

林力克先生(*資深副總裁－集團營運及技術管理*)

林先生，45歲，負責管理本集團芳香及天然產物的營運工作及研發工作。林先生掌管本集團研發部及其他營運部門，包括生產部及品質管理部。林先生先後於華僑大學化學系及中國科學院廣州化學研究所畢業，分別獲理學學士學位及理學碩士學位。林先生多年來從事精細化學品的研究和開發工作，對中國天然產物產業擁有豐富經驗。彼於二零零四年八月加入本集團。

## Biographical Details of Directors and Senior Management

### 董事及高級管理人員履歷

#### Directors (continued)

##### Executive Directors (continued)

Mr. HAN Huan Guang (*Chairman of Remuneration Committee*) (*Senior Vice President – Group Strategic Investments and Capital Markets*)

Mr. Han, aged 45, graduated from Zhongshan University (中山大學) with a Bachelor degree in biochemistry in 1982 and obtained his Master degree in Business Administration from University of Technology, Sydney, Australia in 1993. He has over 20 years' experience in corporate finance, merger and acquisition, infrastructure and new technology developments, management of listed and non-listed companies in the PRC and overseas. Over the years, he has been a Director, and then Managing Director in China Everbright Medicine Co. Ltd. (a subsidiary of China Everbright Holdings Group), Livzon Pharmaceutical Group Inc. and in other senior management positions in Hong Kong, Singapore and Mainland companies. He has been appointed as a Councilor of the China Society of Biotechnology, and also member of some professional associations in the region. He joined the Group in September 2005 as a non-executive director, and became an executive director from May 2006, responsible for Group strategic investments and investor relations.

##### Non-executive Directors

Mr. FENG Tao (*Vice Chairman*)

Mr. Feng, aged 40, is the Chief Executive Officer of New Margin Venture Capital Co. Ltd., which is one of the most outstanding venture-capital firms in China. Commencing from 1999, Mr. Feng has been serving as the vice president officer (副主任) of The Foundation of Science & Technology for Development of the State Planning Committee, State Economic & Trade Commission of the PRC (中華人民共和國國家經濟貿易委員會) and Chinese Academy of Sciences. As one of pioneers of venture-capital of China, Mr. Feng possesses extensive experience and knowledge of both domestic and overseas markets. Mr. Feng was awarded the title of "Top 10 most influential venture capitalists in China" in the "Asia-Pacific Venture Capitalist Summit and Most Influential Venture Capitalists in China Award Ceremony" in April 2005. He obtained a Master degree in science from the Department of Statistics and Applied Probability of University of Alberta in June 1992. He joined the Group in September 2005.

#### 董事(續)

##### 執行董事(續)

韓歡光先生(薪酬委員會主席)(資深副總裁－策略投資與資本市場)

韓先生，45歲，於一九八二年在中山大學畢業，持有生物化學學士，並於一九九三年獲取澳大利亞悉尼理工大學工商管理碩士學位。彼於中國及海外企業融資、併購、基建和新技術開發，以及中國及海外上市及非上市公司管理方面積逾二十年豐富經驗，曾先後於中國光大集團附屬公司China Everbright Medicine Co. Ltd.、麗珠醫藥集團任職董事及董事總經理，亦曾於香港、星加坡和中國公司擔任其他高級管理職務。並曾獲中國生物工程學會委任為理事。彼亦為區內多個專業組織之會員。彼於二零零五年九月加盟本集團作為非執行董事，並於二零零六年五月轉任為執行董事負責筆略投資及投資者關係。

##### 非執行董事

馮濤先生(副主席)

馮先生，40歲，為上海聯創投資管理有限公司(「上海聯創」)總裁，該公司為中國頂尖創業資本管理公司。自一九九九年，馮先生出任中華人民共和國國家計劃委員會、國家經濟貿易委員會中國科學院之科技促進經濟基金委員會副主任。作為中國創業資本先鋒之一，馮先生於中國及國際市場均具備資深經驗及豐富認識。馮先生於二零零五年四月在「亞太風險投資人峰會暨首屆中國最具影響力風險投資人頒獎典禮」中，榮獲「中國最具影響力風險投資人十佳」。馮先生於一九九二年六月在阿爾伯特大學的統計及應用概率學系取得理學碩士學位。彼於二零零五年九月加入本集團為非執行董事兼董事會副主席。

## Biographical Details of Directors and Senior Management 董事及高級管理人員履歷

### Directors (continued)

#### Independent Non-executive Directors

Mr. YAU Fook Chuen (*Chairman of Audit Committee, Member of Remuneration Committee*)

Mr. Yau, aged 50, is a practising accountant and has over 18 years of experience in public accountancy practice which covers company secretarial service, accountancy, auditing and taxation. He is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Yau is currently the proprietor of Yau & Wong, Certified Public Accountants in Hong Kong. He was appointed as an Independent Non-executive Director in February 2004.

Mr. WONG Yik Chung, John (*Member of Audit Committee, Member of Remuneration Committee*)

Mr. Wong, aged 41, among being the Independent Non-executive Director of the Company, was also served as an Independent Non-executive Director of Golden Resources Development International Limited, CDW Holdings Limited and General Steel Holdings Inc, companies listed in Hong Kong, Singapore and the United States respectively. He is a professional accountant by training with more than 17 years of experience in auditing and corporate finance work, with extensive exposure to the business enterprise in the PRC. Mr. Wong is currently the director to TMF China, a firm provides a variety of professional outsourcing solutions to an international client base investing in PRC. Mr. Wong graduated from the University of Melbourne. He is a fellow member of the Australian Society of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants. He also obtained a PRC Certificate of Independent Directorship in 2002. He was appointed as an Independent Non-executive Director in February 2004.

Dr. ZHENG Lansun (*Member of Audit Committee, Member of Remuneration Committee*)

Dr. Zheng, aged 53, is a member of the National Committee of the 10th Chinese People's Political Consultative Conference (中國人民政治協商會議第十屆全國委員會), representing the technology sector. He is also a qualified academician (院士) of the Chinese Academy of Sciences (中國科學院). Dr. Zheng received a Doctoral degree in philosophy from Rice University in the United States of America and has engaged in chemistry related research activities at Xiamen University. He was appointed as an Independent Non-executive Director in February 2004.

### 董事(續)

#### 獨立非執行董事

丘福全先生(審核委員會主席, 薪酬委員會成員)

丘先生, 50歲, 執業會計師, 擁有逾18年有關公司秘書服務、會計、審計及稅務之執業會計師經驗。丘先生為英國特許公認會計師公會及香港會計師公會會員, 現時經營香港執業會計師丘王會計師事務所。彼於二零零四年二月獲委任為獨立非執行董事。

黃翼忠先生(審核委員會主席, 薪酬委員會成員)

黃先生, 41歲, 彼為本公司的獨立非執行董事外, 同時身兼金源米業國際有限公司, CDW Holdings 及通用鋼鐵控股有限公司等分別於香港、新加坡及美國上市之公司獨立非執行董事之職務。彼為合資格會計師, 擁有逾17年審計及企業融資經驗, 對中國商業企業具有資深經驗。彼現為TMF China之董事, 該公司向投資於中國並以國際客戶為主之公司提供專業外判解決方案。黃先生於墨爾本大學畢業, 為澳洲會計師公會及香港會計師公會資深會員。彼亦於二零零二年取得中國獨立董事證書。黃先生於二零零四年二月獲委任為獨立非執行董事。

鄭蘭蓀博士(審核委員會主席, 薪酬委員會成員)

鄭博士, 53歲, 中國人民政治協商會議第十屆全國委員會科技界委員。鄭博士亦為中國科學院合資格院士, 獲美國Rice University頒發哲學博士學位, 其後在廈門大學從事化學研究工作。鄭博士於二零零四年二月獲委任為獨立非執行董事。

## Biographical Details of Directors and Senior Management

### 董事及高級管理人員履歷

#### Senior Management

Mr. XIE Rong Guo. (*Vice President – Strategic Resources Management*)

Mr. Xie, aged 45, Head of Strategic Resources Management Center. Since he joined Ecogreen, Mr. Xie has been the management positions in purchase department, logistic department and commercial department and the general manager of strategic resources management. He has excellent professional knowledge and rich experience in supply chain management and strategic resources management.

Mr. LIN Zhigang (*Vice President – Food Additives Business*)

Mr. Lin, aged 37, Head of Food Additives Business. He holds a Bachelor degree of economics obtained from Xiamen University. Prior to joining the Group in June 1996, he worked in a foreign investment enterprise and has concrete experience in sales and marketing management, business development and production management.

Mr. YI Zhi Xiong (*Vice President – Corporate Administration*)

Mr. Yi, aged 46, Head of Corporate Administration. Mr. Yi majored in fine chemicals in Tianjin University with a Bachelor degree of engineering. He has been the head of management in a large manufacturing company before he joined Ecogreen in September 1998.

Mr. WONG Cang Yan (*Head of President Office*)

MR. Wong, aged 50, Head of President Office. Mr. Wong received Bachelor degree of management science from National Chiao Tung University. Before joining Ecogreen in July 2007, Mr. Wong has 26 years work experience in enterprise management. During 2003 to 2005, he was the management consultant of Ecogreen, helping the Group to build the daily management system.

Mr. YAN Da Yi David (*General Manager – Marketing and Sales of Aroma Chemicals*)

Mr. Yan, aged 47, General Manager of the Marketing and Sales of Aroma Chemicals, Mr. Yan holds a Bachelor degree of Engineering. Mr. Yan has 25 years work experience in Canada, Hong Kong and China. Before joining the Group in May 2004, he worked for eight years in a well-known software company in Hong Kong, for positions in marketing, sales, servicing and administrative departments.

#### 高級管理人員

謝榮國 (*副總裁－戰略資源管理*)

謝先生，45歲，本集團之戰略資源副總裁。謝先生自公司建立入職，歷任採購、物流、商務經理、物流中心總經理及戰略資源總經理等重要職務。在供應鏈管理，戰略資源項目開發、戰略資源運營上具有優秀的專業積累和豐富的運營經驗。

林志剛先生 (*副總裁－食品配料事業部*)

林先生，37歲，本集團之食品配料事業部副總裁。林先生持有廈門大學經濟學士學位。於一九九六年六月加入本集團之前，曾在一家外資企業工作，有堅實之銷售與市場推廣管理、業務開發及生產管理經驗。

伊志雄先生 (*副總裁－企業管理*)

伊先生，46歲，本集團之企業管理副總裁。伊先生畢業於天津大學精細化工學學士學位。於一九九八年九月加入本集團前，伊先生曾於一家大型製造企業擔任管理部部长，具有優秀的專業積累和豐富的管理經驗。

翁倉煙先生 (*總裁辦公室主任*)

翁先生，50歲，本集團之總裁辦公室主任。翁先生畢業於台灣交通大學管理科學學士學位。於二零零七年十月加入本集團前，翁先生已從事企業管理26年。在二零零三年至二零零五期間擔任本集團的管理顧問，幫助集團建立了日常管理體系，擁有豐富的管理經驗。

顏達義先生 (*香原料市場營銷部總經理*)

顏先生，47歲，本集團之香原料市場營銷部總經理。顏先生持有工學學士學位，在加拿大、香港和中國沿海有25年工作積累，於二零零四年五月加入本集團前，顏先生曾於香港一家知名軟體公司任職八年及擔任市場、銷售、服務和行政管理職務，對不同文化背景的商業運作模式和溝通交流理解深刻、經驗豐富。

## Biographical Details of Directors and Senior Management

### 董事及高級管理人員履歷

#### Senior Management (continued)

Mr. XIAO Li Yuan (*Aroma Chemicals Operations Manager*)

Mr. Xiao, aged 44, Director of Aroma Chemicals Operations. Before joining the Group in February 2001, he was the deputy manager in a large chemical enterprise. Mr. Xiao has more than 26 years experience of production management.

Ms. CHEN Ying Hong (*Human Resources Manager*)

Ms. Chen, aged 32, Human Resources Manager. She graduated from Normal University, and holds the certificate of manpower resource management (second class), and certificate of national enterprise training (second class). Before joining the Group in July 2006, she worked in a Japanese corporation and occupied the management position, She has very rich manpower management experience.

Mr. TU Hong Bin (*Aroma Chemicals R&D Manager*)

Mr. Tu, aged 40, Aroma Chemicals R&D Manager, who received a Ph.D degree in 1995 from Beijing Institute of Technology. After the postdoctoral research experience with Professor Alan.R.Katritzky at University of Florida of USA (2001-2004), he joined Ecogreen in May 2005. He has more than 10 years experience in organic synthesis and methodology including 3 years preparation and production of Heterocyclic compounds.

Mr. LEE Ke (*Deputy Manager of Shanghai Fine Chemical*)

Mr. Lee, aged 33. Deputy Manager of Shanghai Fine Chemical Co., Ltd. Mr. Lee received a Master degree of MBA in Britain together a Master of science. Before joining the Group in May 2005, Mr. Lee occupied management position in American and French companies. He has excellent professional knowledge and rich experience in sales & marketing, also in project management.

Mr. LAM Kwok Kin (*Financial Controller and Company Secretary*)

Mr. Lam, aged 34, is the financial controller and company secretary of the Company. He holds a Bachelor degree in accountancy and is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group in October 2003, he worked with an international accounting firm for seven years and was the financial controller and company secretary of a company listed on the Stock Exchange. Mr. Lam has extensive experience in auditing, accounting, budgeting and company secretarial works.

#### 高級管理人員(續)

肖利遠先生(*香原料營運總監*)

肖先生，44歲，本集團香原料製造之營運總監。於二零零一年二月加入本集團前，肖先生曾於一家大型化工企業擔任生產管理副廠長，具有26年化工企業生產管理的豐富經驗。

陳映紅女士(*人力資源部經理*)

陳女士，32歲，本集團之人力資源經理。師範大學本科，國家人力資源管理師(二級)、國家企業培訓師(二級)。於二零零六年七月加入本集團前，陳女士曾於日資企業擔任管理職務，具有豐富的人力資源實務與管理經驗。

塗洪斌先生(*香原料研發主管*)

塗先生，40歲，本集團之香原料研發主管。北京理工大學工學博士，美國佛羅里達大學博士後。於二零零五年五月加入本集團前，塗先生曾於美國佛羅里達大學從事雜環化學研究3年，積累有13年有機化學研究的豐富經驗。

李科先生(*萬凱化學副總經理*)

李先生，33歲，本集團之萬凱化學副總經理。李先生在英國接受MBA教育，獲碩士學位、同時具有理學碩士學位。於二零零五年一月加入本集團前，李先生曾於美、法外資企業擔任管理職務，有優秀的專業積累，具備豐富的市場行銷和專案管理經驗。

林國健先生(*財務總監兼公司秘書*)

林先生，34歲，本集團之財務總監兼公司秘書。林先生持有會計學士學位，為英國特許公認會計師公會及香港會計師公會之資深會員。於二零零三年十月加入本集團前，林先生曾於一家國際會計師行任職七年及擔任一家聯交所上市公司之財務總監兼公司秘書，於核數、會計、預算及公司秘書事務擁有豐富經驗。

## Directors' Report

### 董事會報告

The directors (“the Directors”) of EcoGreen Fine Chemicals Group Limited (“the Company”) are pleased to present their annual report together with the audited financial statements of the Company and of its subsidiaries (collectively “the Group”) for the year ended 31 December 2007.

#### Principal activities and geographical analysis of operations

The Company is an investment holding company. The principal activities of the Group are the research and development, production and sale of fine chemicals products from natural resources for use in aroma chemicals and pharmaceutical products and trading of fine chemicals products and natural materials.

An analysis of the Group's performance for the year by business and geographical segments is set out in Note 5 to the financial statements.

#### Subsidiaries

Particulars of the Company's subsidiaries as at 31 December 2007 are set out in Note 10 to the financial statements.

#### Results and dividends

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

An interim dividend of HK1 cents per share, amounting to a total of about HK\$4,699,000 (equivalent of approximately RMB4,537,000), was paid to shareholders of the Company (“the Shareholders”) on 30 November 2007.

The Directors recommend the payment of a final dividend of HK3.5 cents per share to the Shareholders whose names appear on the register of members on 9 May 2008. Together with the interim dividend, this will bring the total dividend distribution for the year to HK4.5 cents (2006: HK3.1 cents) per share, resulting in an aggregate dividend of about HK\$21.1 million (equivalent of approximately RMB19.3 million) for the year ended 31 December 2007.

#### Reserves

Details of movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 54. Details of movements in other reserves of the Group and of the Company during the year are set out in Note 16 to the financial statements.

中怡精細化工集團有限公司(「本公司」)董事(「董事」)欣然呈報其全年報告連同本公司及其附屬公司(統稱「本集團」)截至二零零七年十二月三十一日止年度之經審核財務報表。

#### 主要業務及業務地區分析

本公司為投資控股公司。本集團之主要業務包括利用天然資源研發、生產及銷售精細化學品，用於芳香化學品及藥品，以及買賣精細化工產品及天然物料。

本集團於本年度按業務及地區分部劃分之表現分析載於財務報表附註5。

#### 附屬公司

本公司附屬公司於二零零七年十二月三十一日之詳情載於財務報表附註10。

#### 業績及股息

本集團截至二零零七年十二月三十一日止年度業績載於第53頁之綜合損益帳。

本公司已於二零零七年十一月三十日向本公司股東(「股東」)派付中期股息每股1港仙，合共約4,699,000港元(約相等於4,537,000元人民幣)。

董事建議派發末期股息每股3.5港仙予於二零零八年五月九日名列股東名冊之股東，連同中期股息款額，本年度股息分派總額為每股4.5港仙(二零零六年：3.1港仙)，導致截至二零零七年十二月三十一日止年度之股息合共約為21,100,000港元(約相等於19,300,000元人民幣)。

#### 儲備

本集團儲備於年內之變動詳情載於第54頁之綜合權益變動表。本集團及本公司其他儲備於年內之變動詳情載於綜合財務報表附註16。

## Directors' Report

### 董事會報告

#### Property, plant and equipment

Movements in property, plant and equipment of the Group during the year are set out in Note 6 to the financial statements.

#### Share capital

Details of movements in share capital of the Company during the year are set out in Note 15 to the financial statements.

#### Distributable reserves

Distributable reserves including retained earnings of the Company at 31 December 2007 amounted to RMB321,547,000 (2006: RMB291,624,000).

#### Purchase, sale or redemption of the Company's listed securities

During the year ended 31 December 2007, the Company had not redeemed and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities.

#### Pre-emptive rights

There is no provision for pre-emptive rights under the Company's articles of association and there was no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

#### Financial summary

A summary of the results and of the financial positions of the Group for the past five financial years is set out on page 122.

#### 物業、機器及設備

本集團物業、機器及設備於年內之變動詳情載於財務報表附註6。

#### 股本

本公司股本於年內之變動詳情載於財務報表附註15。

#### 可供分派儲備

本公司於二零零七年十二月三十一日包括保留盈利之可供分派儲備為321,547,000元人民幣(二零零六年：291,624,000元人民幣)。

#### 購買、出售或贖回本公司上市證券

截至二零零七年十二月三十一日止年度，本公司並無贖回，而本公司或其任何附屬公司概無購買或出售本公司任何上市證券。

#### 優先購買權

本公司之組織章程細則並無有關優先購買權之規定，而根據開曼群島法例，該等權利並無限制，本公司毋須按比例向現有股東提呈發售新股份。

#### 財務概要

本集團過去五個財政年度之業績及財務狀況概要載於第122頁。

## Directors' Report

### 董事會報告

#### Directors

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

#### Executive Directors

Mr. Yang Yirong (*Chairman & President*)  
 Mr. Gong Xionghui  
 Ms. Lu Jiahua  
 Mr. Lin Like  
 Mr. Han Huan Guang

#### Non-executive Directors

Mr. Feng Tao

#### Independent Non-executive Directors

Mr. Yau Fook Chuen  
 Mr. Wong Yik Chung, John  
 Dr. Zheng Lansun

In accordance with article 108(A) of the Company's articles of association, Mr. Lin Like, Mr. Yau Fook Chuen and Mr. Wong Yik Chung, John, will retire from office by rotation and, being eligible, offers themselves for re-election at the forthcoming annual general meeting.

No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

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

#### Directors' interests in contracts

Details of the related party transactions are set out in Note 31 to the financial statements.

Save for the above, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at year-end or at any time during the year.

#### 董事

於本年度及直至本報告日期之本公司董事如下：

#### 執行董事

楊毅融先生(*主席兼總裁*)  
 龔雄輝先生  
 盧家華女士  
 林力克先生  
 韓歡光先生

#### 非執行董事

馮濤先生

#### 獨立非執行董事

丘福全先生  
 黃翼忠先生  
 鄭蘭蓀博士

根據本公司之組織章程細則第108(A)條，林力克先生、丘福全先生及黃翼忠先生將於應屆股東週年大會輪值退任，惟符合資格並願意膺選連任。

概無擬於應屆股東週年大會重選連任之董事訂有本集團不可於一年內不作賠償(法定賠償除外)予以終止之服務合約。

非執行董事及獨立非執行董事之任期初步不多於一年，並將自動續任一年，直至任何一方向對方發出不少於三個月之書面通知終止任期為止。

#### 董事之合約權益

有關連人士交易詳情載於財務報表附註31。

除上述者外，本公司或其任何附屬公司概無訂有與本集團業務有關，且於年末或年內任何時間仍然生效及本公司董事直接或間接擁有重大權益之重大合約。



## Directors' Report

### 董事會報告

#### Biographical details of Directors and senior management

Biographical details of Directors and senior management are set out on pages 31 to 35.

#### Directors' Emoluments

Details of Directors' emoluments disclosed pursuant to Section 161 of the Companies Ordinance and Appendix 16 of the Listing Rules are set out in Note 23(b) to the financial statements.

#### Arrangements to purchase shares or debentures

At no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors or chief executives of the Company or their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate with the exception of the Company's share option scheme, details of which are set out in the following section under the heading "Share options".

#### 董事及高級管理人員履歷

董事及高級管理人員之履歷載於第31至35頁。

#### 董事袍金

根據公司條例第161條及上市規則附錄16披露有關董事袍金詳情載於財務報表附註23(b)。

#### 購買股份或債券之安排

於年內任何時間，本公司或其任何附屬公司概無訂立任何安排，致使董事或本公司行政總裁或彼等之配偶或未滿十八歲子女可藉收購本公司或任何其他法人團體之股份或債券而獲利，惟透過本公司購股權計劃所購買者則除外，有關詳情載於下文「購股權」一節。

## Directors' Report

### 董事會報告

#### Directors' and chief executives' interests and/or short positions in shares, underlying shares and debentures

At 31 December 2007, the interests and short positions of the Directors, chief executives and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were recorded in the register maintained by the Company under Section 352 of the SFO; or which were notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

#### (a) Long positions in ordinary shares of HK\$0.10 each of the Company

#### 董事及行政總裁於股份、相關股份及債券之權益及／或淡倉

於二零零七年十二月三十一日，董事、行政總裁及彼等之聯繫人士於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)股份、相關股份或債券中擁有，並登記於本公司根據證券及期貨條例第352條存置之登記冊；或根據證券及期貨條例第XV部第7及8分部已知會本公司及聯交所(包括根據證券及期貨條例有關條文，彼等被當作或視作擁有之權益或淡倉)或根據上市規則上市公司董事進行證券交易的標準守則已知會本公司及聯交所之權益及淡倉如下：

#### (a) 於本公司每股面值0.10港元普通股之好倉

Name of Director 董事姓名	Number of shares held 所持股數					Total 總計	% of the issued share capital of the Company 佔本公司已發行股本百分比
	Personal interests 個人權益	Family interests 家族權益	Corporate interests 公司權益	Other interests 其他權益			
Mr. Yang Yirong 楊毅融先生	-	-	193,263,158 (Note a) (附註 a)	-	193,263,158	41.12%	
Mr. Gong Xionghui 龔雄輝先生	-	-	11,368,421 (Note b) (附註 b)	-	11,368,421	2.41%	
Ms. Lu Jiahua 盧家華女士	-	-	8,526,316 (Note c) (附註 c)	-	8,526,316	1.81%	

Notes:

附註：

- (a) These shares were beneficially owned by Marietta Limited, a private company beneficially wholly-owned by Mr. Yang Yirong.
- (b) These shares were beneficially owned by Dragon Kingdom Investment Limited, a private company beneficially wholly-owned by Mr. Gong Xionghui.
- (c) These shares were beneficially owned by Sunwill Investments Limited, a private company beneficially wholly-owned by Ms. Lu Jiahua.

- (a) 該等股份以楊毅融先生實益全資擁有之私人公司 Marietta Limited 實益擁有。
- (b) 該等股份以龔雄輝先生實益全資擁有之私人公司 Dragon Kingdom Investment Limited 實益擁有。
- (c) 該等股份以盧家華女士實益全資擁有之私人公司 Sunwill Investments Limited 實益擁有。

## Directors' Report

### 董事會報告

#### Directors' and chief executives' interests or short positions in shares, underlying shares and debentures

(continued)

##### (b) Interest in share options of the Company

Share options, being unlisted physically settled equity derivatives, to subscribe for the ordinary shares of the Company were granted to Directors, chief executives, employees and certain participants pursuant to the approved Company's share option scheme. Information in relation to these share options during the year ended 31 December 2007 are set out in the following section under the heading "Share options".

##### (c) Interest in registered share capital of a Company's subsidiary

Other than the interest disclosed above, a Director also hold nominee shares in certain subsidiaries held in trust for the Group solely for the purpose of ensuring that the relevant subsidiary has more than one member.

Other than as disclosed above, neither the Directors nor any chief executives, nor any of their associates, had any interests or short positions in the shares, underlying shares, or debentures of the Company or its associated corporation as at 31 December 2007.

#### Share options

The following is a summary of the Company's share option scheme ("the Scheme"), which was approved and adopted pursuant to a written resolution of the shareholders of the Company passed on 16 February 2004, disclosed in accordance with the Listing Rules:

##### 1. Purpose of the Scheme

The Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contributions to the Group.

##### 2. Participants of the Scheme

All directors, employees, suppliers of goods or services, customers, persons or entities that provide research, development or other technological support to the Group, shareholders and advisers or consultants of the Group are eligible to participate in the Scheme.

#### 董事及行政總裁於股份、相關股份及債券之權益或淡倉(續)

##### (b) 於本公司購股權之權益

董事、行政總裁、僱員及根據已獲批准之本公司購股權計劃之若干參與人士，授予屬於非上市實物交收股本衍生工具以認購本公司普通股之購股權。有關截至二零零七年十二月三十一日止年度內該等購股權之詳情，載於下文「購股權」一節。

##### (c) 於本公司一家附屬公司註冊股本之權益

除上文披露之權益外，董事亦以信託方式為本集團持有若干附屬公司之代名人股份，僅為確保有關附屬公司擁有超過一名股東。

除上文披露者外，於二零零七年十二月三十一日，概無董事或任何行政總裁或彼等任何聯繫人士，於本公司或其相聯法團之股份、相關股份或債券中，擁有任何權益或淡倉。

#### 購股權

以下為根據上市規則披露本公司股東於二零零四年二月十六日通過書面決議案批准及採納之本公司購股權計劃(「計劃」)之概要：

##### 1. 計劃之目的

計劃之目的是使本集團可向指定參與者授出購股權，作為彼等對本集團所作貢獻之獎勵或回報。

##### 2. 計劃參與者

本集團所有董事、僱員、貨品或服務供應商、客戶與向本集團提供研究、開發或其他技術支援之人士或公司、股東及諮詢人或顧問均合資格參與計劃。

## Directors' Report

### 董事會報告

#### Share options (continued)

##### 3. Total number of shares available for issue under the Scheme

The total number of shares of the Company ("the Shares") which may be allotted and issued upon exercise of all options to be granted under the Scheme and any other share option scheme adopted by the Company must not in aggregate exceed 10% of the Shares in issue on 21 July 2004, the date of approval of the refreshment of the General Scheme Limit (as defined below) by the shareholders of the Company ("the Shareholders").

The Company may renew the 10% limit with Shareholders' approval provided that each such renewal may not exceed 10% of the Shares in issue as at the date of the Shareholder's approval ("the General Scheme Limit").

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Company must not in aggregate exceed 30% of the Shares in issue from time to time.

As at 9 April 2008, being the latest practicable date prior to the issue of the annual report, options to subscribe for a total of 31,410,000 Shares were still outstanding under the Scheme which represents approximately 6.7% of the Shares in issue.

##### 4. Maximum entitlement of each participant

Unless approved by shareholders of the Company, the total number of shares issued and to be issued upon the exercise of the options granted to each participant (including both exercised and outstanding options) under the Scheme or any other share option scheme adopted by the Company in any 12-month period must not exceed 1% of the issued share capital.

##### 5. The period within which the shares must be taken up under an option

An option must be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence from the date of the offer for the grant of option is made, but shall end in any event not later than 10 years from the date on which the offer for the grant of the option is made, subject to the provisions for early termination thereof.

#### 購股權(續)

##### 3. 根據計劃可發行之股份總數

根據計劃及本公司採納之任何其他購股權計劃授出之購股權獲行使而將予配發及發行之本公司股份(「股份」)總數，合共不得超過於二零零四年七月二十一日本公司股東(「股東」)批准更新一般計劃限額(見以下註釋)當天已發行股份之10%。

在獲得股東批准後，本公司可更新此10%之限額，而每一次更新，均不得超過股東批准該日已發行股份之10%(「一般計劃限額」)。

根據購股權計劃及本公司採納之任何其他購股權計劃已授出但尚未行使之購股權獲行使而可予發行之股份數目，合共最多不得超過不時已發行股份之30%。

於二零零八年四月九日，為發行本年報之最後可行日期，根據計劃仍未行使的購股權可認購股份合共31,410,000股，佔已發行股份約6.7%。

##### 4. 各參與者之最高配額

除非獲本公司股東批准，否則於任何十二個月期間內，就根據計劃或本公司採納之任何其他購股權計劃而授予每名參與者之購股權(包括已行使及尚未行使者)獲行使而發行及將予發行之股份總數，不得超過已發行股本之1%。

##### 5. 根據購股權認購股份之期限

購股權須於董事釐定並知會各承授人之期間隨時根據計劃條款行使，而除根據計劃規定提早終止外，該期間可自建議授出購股權當日起計，惟無論如何不得遲於建議授出購股權當日起計滿10年之日屆滿。

## Directors' Report

### 董事會報告

#### Share options (continued)

##### 6. The minimum period for which an option must be held before it can be exercised

Unless otherwise determined by the Directors and stated in the offer for the grant of options to a grantee, there is no minimum period required under the Scheme for the holding of an option before it can be exercised.

##### 7. The period within which payments or calls must or may be made or loans for such purposes must be repaid and the amount payable on application or acceptance of the option

An option may be accepted by a participant within 21 days from the date of the offer for the grant of the option and the amount payable on acceptance of the grant of an option is HK\$1.

##### 8. The basis of determining the exercise price

The exercise price is determined by the Directors and being not less than the highest of:

- a. the closing price of the Company's shares as stated in the daily quotation sheet of the Stock Exchange for trade in one or more board lots of the Company's shares on the date of the offer for the grant;
- b. the average closing price of the Company's shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of the offer for the grant; and
- c. the nominal value of the Company's shares.

##### 9. The remaining life of the Scheme

The Scheme will end on 15 February 2014, after which no option can be granted under the Scheme. However, options that remain outstanding as at 15 February 2014 can be exercised until their respective expiry dates.

#### 購股權(續)

##### 6. 購股權可行使前須持有之最短期限

除非董事另行決定並於向承授人授出購股權之建議中表明，否則並無有關購股權可行使前必須根據計劃持有之最短期限。

##### 7. 必須或可以付款或催繳或須就此等目的償還貸款之期限及於申請或接納購股權時應付款項

參與者可由建議授出購股權當日起計21日內接納購股權，而於接納授出購股權時須支付之金額為1港元。

##### 8. 釐定行使價之基準

行使價由董事釐定，惟不得低於下列最高者：

- a. 以一手或以上單位進行買賣之本公司股份於建議授出購股權當日在聯交所每日報價表所列收市價；
- b. 本公司股份於緊接建議授出購股權當日前五個營業日在聯交所每日報價表所列平均收市價；及
- c. 本公司股份之面值。

##### 9. 計劃剩餘年期

計劃將於二零一四年二月十五日屆滿，此後不得根據計劃授出購股權。然而，於二零一四年二月十五日仍未行使之購股權可予行使，直至其各自屆滿日期為止。

## Directors' Report

### 董事會報告

#### Share options (continued)

The following table discloses details of share options outstanding as at 31 December 2007 under the Scheme and the movements during the year.

#### 購股權(續)

下表載述於二零零七年十二月三十一日根據計劃尚未行使之購股權詳情及其於年內之變動。

Type of Grantee	承授人類別	Granted date	Exercise price	Exercisable period	Balance as at 1 January 2007	Granted during the year	Exercised during the year	Cancelled during the year	Balance as at 31 December 2007
		授出日期	行使價	行使期	於二零零七年一月一日結餘	年內授出	年內行使	年內註銷	於二零零七年十二月三十一日結餘
			HK\$		('000)	('000)	('000)	('000)	('000)
			港元				(Notes a)		
							(附註a)		
<b>Category 1 Directors</b>	<b>類別1 – 董事</b>								
Mr. Yang Yirong	楊毅融先生	25.5.2006	1.39	25.5.2006 – 24.5.2011	400	-	-	-	400
Mr. Gong Xionghui	龔雄輝先生	8.6.2004	1.37	8.6.2004 – 7.6.2014	4,000	-	(900)	-	3,100
Ms. Lu Jiahua	盧家華女士	8.6.2004	1.37	8.6.2004 – 7.6.2014	3,500	-	(900)	-	2,600
Mr. Lin Like	林力克先生	25.5.2006	1.39	25.5.2006 – 24.5.2011	3,000	-	(600)	-	2,400
Mr. Han Huan Guang	韓歡光先生	25.5.2006	1.39	25.5.2006 – 24.5.2011	3,000	-	(600)	-	2,400
Mr. Fung Tao	馮濤先生	25.5.2006	1.39	25.5.2006 – 24.5.2011	3,000	-	(600)	-	2,400
Mr. Yau Fook Chuen	丘福全先生	8.6.2004	1.37	8.6.2004 – 7.6.2014	400	-	(200)	-	200
		25.5.2006	1.39	25.5.2006 – 24.5.2011	400	-	-	-	400
Mr. Wong Yik Chung, John	黃翼忠先生	8.6.2004	1.37	8.6.2004 – 7.6.2014	400	-	(200)	-	200
		25.5.2006	1.39	25.5.2006 – 24.5.2011	400	-	-	-	400
Dr. Zheng Lansun	鄭蘭蓀博士	8.6.2004	1.37	8.6.2004 – 7.6.2014	400	-	-	-	400
		25.5.2006	1.39	25.5.2006 – 24.5.2011	400	-	-	-	400
Sub-total	小計				19,300	-	(4,000)	-	15,300
<b>Category 2 – Employees under continuous employment contract</b>	<b>類別2 – 持續僱傭合約僱員</b>	8.6.2004	1.37	8.6.2004 – 7.6.2014	13,000	-	(2,730)	(2,000)	8,270
		25.5.2006	1.39	25.5.2006 – 24.5.2011	6,800	-	(1,360)	-	5,440
Sub-total	小計				19,800	-	(4,090)	(2,000)	13,710
<b>Category 3 – Other participants</b>	<b>類別3 – 其他參與人士</b>								
		25.5.2006	1.39	25.5.2006 – 24.5.2011	4,000	-	(800)	-	3,200
Sub-total	小計				4,000	-	(800)	-	3,200
<b>Total</b>	<b>總計</b>				<b>43,100</b>	<b>-</b>	<b>(8,890)</b>	<b>(2,000)</b>	<b>32,210</b>

Notes:

(a) Exercise date was 23 May 2007. At the date before the options were exercised, the market value per share was HK\$3.79.

附註：

(a) 行使日期為二零零七年五月二十三日，在購股權行使前一日，每股市值為3.79港元。

## Directors' Report

### 董事會報告

#### Interest and/or short positions of shareholders discloseable under SFO

As at 31 December 2007, the interests and short positions of the persons, other than the Directors and chief executives of the Company, in the shares and underlying shares of the Company, which were notified to the Company pursuant to Division 2 and 3 of Part XV of the SFO; or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:

#### 根據證券及期貨條例須予披露之股東權益及／或淡倉

於二零零七年十二月三十一日，除董事及本公司行政總裁以外之人士於本公司股份及相關股份中，擁有根據證券及期貨條例第XV部第2及3分部已知會本公司；或本公司根據證券及期貨條例第336條規定存置之登記冊所記錄之權益及淡倉如下：

#### Long positions in ordinary shares of HK\$0.10 each of the Company

於本公司每股面值0.10港元普通股之好倉

Name 名稱	Beneficial owner 實益擁有人	Investment Manager 投資經理	Number of shares held 所持股數		Other interests 其他權益	Total 總計	% of the issued share capital of the Company 佔本公司 已發行股 本百分比
			Interest of corporation controlled by the substantial shareholder 大股東 所控制的法團 的權益				
Marietta Limited	193,263,158 (Note a) (附註 a)	-	-	-	-	193,263,158	41.12%
Keywise Capital Management (HK) Limited	-	71,342,000	-	-	-	71,342,000	15.18%
Keywise Greater China Opportunities Master Fund	57,450,000	-	-	-	-	57,450,000	12.22%
Hang Seng Bank International Limited	-	-	-	-	28,376,000 (Note d) (附註 d)	28,376,000	6.03%
Cheah Cheng Hye 謝清海	796,000	-	28,376,000 (Note b) (附註 b)	-	-	29,172,000	6.20%
To Hau Yin 杜巧賢	-	-	-	-	29,172,000 (Note e) (附註 e)	29,172,000	6.20%
Cheah Capital Management Limited	-	-	28,376,000 (Note b) (附註 b)	-	-	28,376,000	6.03%
Cheah Company Limited	-	-	28,376,000 (Note b) (附註 b)	-	-	28,376,000	6.03%
Value Partners Group Limited	-	-	28,376,000 (Note c) (附註 c)	-	-	28,376,000	6.03%
Value Partners Limited	-	28,376,000	-	-	-	28,376,000	6.03%

## Directors' Report

### 董事會報告

#### Interest and/or short positions of shareholders discloseable under SFO (continued)

Notes:

- (a) These shares were registered in the name of and beneficially owned by Marietta Limited, the entire issued share capital of which was directly and beneficially owned by Mr. Yang Yirong.
- (b) These shares were registered in the name of and beneficially owned by Value Partners Limited, approximately 35.65% of the issued share capital of which was indirectly and beneficially owned by this shareholder.
- (c) These shares were registered in the name of and beneficially owned by Value Partners Limited, the entire issued share capital of which was directly and beneficially owned by this shareholder.
- (d) Trustee.
- (e) Interest of a substantial shareholder's spouse.

Other than as disclosed above, the Company has not been notified by any persons, other than the Directors and chief executives of the Company, who had interest or short positions in the shares or underlying shares of the Company as at 31 December 2007.

#### Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

#### Major customers and suppliers

The aggregate sales attributable to the Group's largest and the five largest customers were 15% and 33% respectively. The aggregate purchases attributable to the Group's largest and the five largest suppliers were 17% and 33% respectively.

None of the Directors, their associates or any shareholder of the Company, which to the knowledge of the Directors, owned more than 5% of the Company's issued share capital, had any interest in the share capital of the Group's five largest customers and five largest suppliers noted above.

#### 根據證券及期貨條例須予披露之股東權益及／或淡倉(續)

附註：

- (a) 該等股份以Marietta Limited之名義登記，並由該公司實益擁有，而Marietta Limited全部已發行股本則以楊毅融先生直接實益擁有。
- (b) 該等股份以Value Partners Limited之名義登記，並由該公司實益擁有，約35.65% Value Partners Limited已發行股本則由這股東間接實益擁有。
- (c) 該等股份以Value Partners Limited之名義登記，並由該公司實益擁有，而Value Partners Limited全部已發行股本這股東直接實益擁有。
- (d) 受託人。
- (e) 大股東配偶之權益。

除上文披露者外，本公司並無獲知會，於二零零七年十二月三十一日，除董事及本公司行政總裁以外，有任何人士於本公司之股份或相關股份中擁有權益或淡倉。

#### 管理合約

年內，本公司並無訂立或訂有任何涉及本集團全部或任何重大部分業務之管理及行政合約。

#### 主要客戶及供應商

本集團之最大客戶及五大客戶應佔銷量總額分別為15%及33%。本集團之最大供應商及五大供應商應佔採購總額分別為17%及33%。

董事、彼等之聯繫人士或據董事所知擁有本公司已發行股本5%以上之本公司任何股東，概無擁有上述本集團五大客戶及五大供應商股本中任何權益。



## Directors' Report

### 董事會報告

#### Connected transactions

Significant related party transactions entered into by the Group during the year ended 31 December 2007, which do not constitute connected transactions subject to reporting, announcement and independent shareholders' approval requirements under the Listing Rules, are set out in Note 31 to the financial statements.

In the opinion of the Directors, save for disclosed above, the Group did not enter into any connected transactions defined under the Listing Rules during the year ended 31 December 2007.

#### Corporate governance

In the opinion of the Directors, the Company has complied with most of the Code on Corporate Governance Practices ("the CG Code") contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2007, save for the deviations from code provision A.2.1 of the CG Code. Information on the deviations and further information on the Company's corporate governance practices is set out in the "Corporate Governance Report" as set out on pages 22 to 30.

#### Sufficiency of public float

Based on the information that is publicly available to and within the knowledge of the Directors, it is confirmed that there is sufficient public float of more than 25% of the Company's issued shares at the date of the annual report.

#### Auditors

The accompanying financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Directors  
**YANG YIRONG**  
*Chairman & President*

Hong Kong, 9 April 2008

#### 關連交易

本集團於截至二零零七年十二月三十一日止年度內訂立，而根據上市規則之申報、公佈及獨立股東批准之規定不會構成關連交易之重大關連人士交易載於財務報表附註31。

董事認為，除上文披露者外，本集團於截至二零零七年十二月三十一日止年度內並無訂立任何上市規則所界定之關連交易。

#### 企業管治

董事認為，除若干偏離企業管治常規守則條文第A.2.1條外，本公司於截至二零零七年十二月三十一日止年度一直遵守上市規則附錄14所載大部分企業管治常規守則（「企業管治常規守則」）。有關該等偏離及本公司企業管治常規守則之進一步資料載於第22至30頁「企業管治報告」。

#### 充足公眾持股量

根據董事以公開方式獲提供之資料及彼等所深知，本公司確認，於年報日期本公司已發行股份擁有25%以上之充足公眾持股量。

#### 核數師

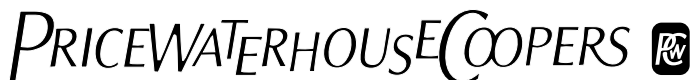
本財務報表已由羅兵咸永道會計師事務所審核，該核數師任滿告退，但表示願意應聘連任。

代表董事  
 主席兼總裁  
**楊毅融**

香港，二零零八年四月九日

## Independent Auditor's Report

### 獨立核數師報告



PricewaterhouseCoopers  
22nd Floor, Prince's Building  
Central, Hong Kong

羅兵咸永道會計師事務所  
香港中環  
太子大廈二十二樓

#### TO THE SHAREHOLDERS OF ECOGREEN FINE CHEMICALS GROUP LIMITED (incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Ecogreen Fine Chemicals Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 50 to 121, which comprise the consolidated and company balance sheets as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### Directors' responsibility for the financial statements

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

#### Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

#### 致中怡精細化工集團有限公司股東 (於開曼群島註冊成立之有限公司)

本核數師(以下簡稱「我們」)已審核列載於第50至121頁中怡精細化工集團有限公司(「公司」)及其附屬公司(統稱「集團」)的綜合財務報表，此綜合財務報表包括於二零零七年十二月三十一日的綜合及公司資產負債表與截至該日止年度的綜合損益帳、綜合權益變動表和綜合現金流量表，以及主要會計政策概要及其他附註解釋。

#### 董事就財務報表須承擔的責任

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

#### 核數師的責任

我們的責任是根據我們的審核對該等綜合財務報表作出意見，僅向整體股東報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負責或承擔任何責任。

我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定此等財務報表是否不存有任何重大錯誤陳述。

## Independent Auditor's Report

### 獨立核數師報告

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

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

### Opinion

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

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 9 April 2008

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

我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

### 意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映公司及集團於二零零七年十二月三十一日的事務狀況及集團截至該日止年度的利潤及現金流量，並已按照香港《公司條例》的披露規定妥為編製。

**羅兵咸永道會計師事務所**  
執業會計師

香港，二零零八年四月九日

## Consolidated Balance Sheet

## 綜合資產負債表

As at 31st December 2007 於二零零七年十二月三十一日

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

		Note 附註	2007 二零零七年	2006 二零零六年
<b>ASSETS</b>	<b>資產</b>			
<b>Non-current assets</b>	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	6	<b>336,839</b>	216,012
Land use rights	土地使用權	7	<b>8,741</b>	8,851
Intangible assets	無形資產	8	<b>40,347</b>	29,261
Available-for-sale financial assets	可供出售金融資產	9	<b>400</b>	400
			<b>386,327</b>	254,524
<b>Current assets</b>	<b>流動資產</b>			
Inventories	存貨	11	<b>45,489</b>	38,932
Trade receivables	應收交易帳款	12	<b>165,653</b>	114,904
Prepayments and other receivables	預付款項及 其他應收款項	13	<b>46,216</b>	25,819
Available-for-sale financial assets	可供出售金融資產	9	<b>-</b>	100
Pledged bank deposits	已抵押銀行存款		<b>32,158</b>	47,626
Cash and cash equivalents	現金及等同現金項目	14	<b>275,226</b>	312,990
			<b>564,742</b>	540,371
<b>Total assets</b>	<b>資產總值</b>		<b>951,069</b>	794,895
<b>EQUITY</b>	<b>權益</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>	<b>本公司權益持有人應佔股本及儲備</b>			
Share capital	股本	15	<b>49,653</b>	48,778
Other reserves	其他儲備	16	<b>240,651</b>	209,970
Retained earnings	保留盈利			
– Proposed final dividend	– 擬派末期股息	28	<b>14,760</b>	10,493
– Others	– 其他		<b>357,171</b>	263,595
			<b>662,235</b>	532,836
<b>Minority interest in equity</b>	<b>少數股東權益</b>		<b>1,572</b>	224
<b>Total equity</b>	<b>權益總額</b>		<b>663,807</b>	533,060

## Consolidated Balance Sheet

### 綜合資產負債表

As at 31st December 2007 於二零零七年十二月三十一日  
(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

	Note 附註	2007 二零零七年	2006 二零零六年
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	17	<b>58,121</b>	11,698
<b>Current liabilities</b>			
Borrowings	17	<b>98,272</b>	123,138
Trade payables and bills payable	18	<b>54,890</b>	91,808
Accruals and other payables	19	<b>34,704</b>	28,231
Deferred income on government grants		-	19
Derivative financial instruments	20	<b>37,837</b>	-
Amount due to directors	31	<b>1,467</b>	141
Amount due to a related company	31	-	3,880
Current income tax liabilities		<b>1,971</b>	2,920
		<b>229,141</b>	250,137
<b>Total liabilities</b>		<b>287,262</b>	261,835
<b>Total liabilities and equity</b>		<b>951,069</b>	794,895
<b>Net current assets</b>		<b>335,601</b>	290,234
<b>Total assets less current liabilities</b>		<b>721,928</b>	544,758

**YANG YIRONG**

楊毅融

Chairman

主席

**LU JIAHUA**

盧家華

Executive director

執行董事

The notes on pages 57 to 121 are an integral part of these consolidated financial statements.

第57至121頁附註為該等綜合財務報表其中部分。

## Balance Sheet

### 資產負債表

As at 31st December 2007 於二零零七年十二月三十一日  
(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

		Note 附註	2007 二零零七年	2006 二零零六年
<b>Non-current assets</b>	<b>非流動資產</b>			
Investments in and amounts due from subsidiaries	於附屬公司之投資及 應收附屬公司款項	10	<b>334,849</b>	322,846
<b>Current assets</b>	<b>流動資產</b>			
Prepayments	預付款項	13	<b>100</b>	247
Cash and cash equivalents	現金及等同現金項目	14	<b>364</b>	828
Dividend receivable	應收股息		<b>38,000</b>	18,000
			<b>38,464</b>	19,075
<b>Total assets</b>	<b>資產總值</b>		<b>373,313</b>	341,921
<b>EQUITY</b>	<b>權益</b>			
<b>Capital and reserves</b>	<b>股本及儲備</b>			
Share capital	股本	15	<b>49,653</b>	48,778
Other reserves	其他儲備	16	<b>286,698</b>	274,577
Retained earnings	保留盈利			
– Proposed final dividend	– 擬派末期股息	28	<b>14,760</b>	10,493
– Others	– 其他		<b>20,089</b>	6,554
<b>Total equity</b>	<b>權益總額</b>		<b>371,200</b>	340,402
<b>LIABILITIES</b>	<b>負債</b>			
<b>Current liabilities</b>	<b>流動負債</b>			
Accruals and other payables	應計費用及其他應付款項	19	<b>2,113</b>	1,519
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>權益及負債總額</b>		<b>373,313</b>	341,921
<b>Net current assets</b>	<b>流動資產總額</b>		<b>36,351</b>	17,556
<b>Total assets less current liabilities</b>	<b>資產總值減流動負債</b>		<b>371,200</b>	340,402

**YANG YIRONG**  
楊毅融  
Chairman  
主席

**LU JIAHUA**  
盧家華  
Executive director  
執行董事

The notes on pages 57 to 121 are an integral part of these consolidated financial statements.

第57至121頁附註為該等綜合財務報表其中部分。

## Consolidated Income Statement

### 綜合損益帳

– By function of expenses – 按費用功能分類

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

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

		Note 附註	2007 二零零七年	2006 二零零六年
Turnover	營業額	5	<b>612,159</b>	532,975
Cost of goods sold	已售貨品成本	22	<b>(402,742)</b>	(362,975)
Gross profit	毛利		<b>209,417</b>	170,000
Other gains – net	其他收益 – 淨額	21	<b>4,239</b>	4,952
Selling and marketing costs	銷售及市場推廣成本	22	<b>(24,816)</b>	(22,123)
Administrative expenses	行政費用	22	<b>(44,437)</b>	(41,767)
Operating profit	經營溢利		<b>144,403</b>	111,062
Finance costs	融資成本	24	<b>(6,355)</b>	(6,645)
Profit before income tax	除所得稅前溢利		<b>138,048</b>	104,417
Income tax expense	所得稅開支	25	<b>(7,514)</b>	(8,982)
Profit for the year	年內溢利		<b>130,534</b>	95,435
Attributable to:	應佔：			
Equity holders of the Company	本公司權益持有人	26	<b>130,465</b>	95,440
Minority interest	少數股東權益		<b>69</b>	(5)
			<b>130,534</b>	95,435
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in RMB per share)	年內本公司權益持有人應佔溢利之每股盈利 (每股以人民幣列示)			
– Basic	– 基本	27	<b>28.0 Cents</b> 仙	20.7 Cents 仙
– Diluted	– 攤薄	27	<b>26.8 Cents</b> 仙	20.6 Cents 仙
Dividends	股息	28	<b>19,339</b>	14,226

The notes on pages 57 to 121 are an integral part of these consolidated financial statements.

第57至121頁附註為該等綜合財務報表其中部分。

## Consolidated Statement of Changes in Equity

### 綜合權益變動表

For the year ended 31st December 2007 截至二零零七年十二月三十一日止年度  
(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

		Attributable to equity holders of the Company 本公司權益持有人應佔				Minority interest 少數股東 權益	Total equity 總權益
		Share capital 股本	Other reserves 其他儲備	Retained earnings 保留盈利	Total 總計		
<b>Balance at 1 January 2007</b>	於二零零七年一月一日 之結餘	48,778	209,970	274,088	532,836	224	533,060
Profit for the year	年內溢利	-	-	130,465	130,465	69	130,534
Currency translation differences	貨幣換算差額	-	(21)	-	(21)	-	(21)
<b>Total recognised income for 2007</b>	二零零七年已 確認收入總額	-	(21)	130,465	130,444	69	130,513
Employees share option scheme:	僱員購股權計劃：						
- Value of share options granted	- 授出購股權之價值	-	1,920	-	1,920	-	1,920
- Cancellation of share options	- 註銷購股權	-	(348)	348	-	-	-
- Exercise of share options	- 行使購股權	-	(641)	641	-	-	-
Change in minority interest in equity:	少數股東 權益之變動：						
- Capital injection	- 注入資本	-	-	-	-	1,500	1,500
- Equity acquired by the Group from minority interest	- 本集團向少數股東 收購之權益	-	-	-	-	(221)	(221)
Issue of shares	發行股份	875	11,190	-	12,065	-	12,065
Dividend relating to 2006	有關二零零六年之股息	-	-	(10,493)	(10,493)	-	(10,493)
Dividend relating to 2007	有關二零零七年之股息	-	-	(4,537)	(4,537)	-	(4,537)
Transfer	轉撥	-	18,581	(18,581)	-	-	-
		875	30,702	(32,622)	(1,045)	1,279	234
<b>Balance at 31 December 2007</b>	於二零零七年 十二月三十一日之結餘	49,653	240,651	371,931	662,235	1,572	663,807



## Consolidated Statement of Changes in Equity

### 綜合權益變動表

For the year ended 31st December 2007 截至二零零七年十二月三十一日止年度  
(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

		Attributable to equity holders of the Company 本公司權益持有人應佔				Minority interest 少數股東 權益	Total equity 總權益
		Share capital 股本	Other reserves 其他儲備	Retained earnings 保留盈利	Total 總計		
<b>Balance at 1 January 2006</b>	於二零零六年一月一日 之結餘	48,778	209,747	186,260	444,785	229	445,014
Profit for the year	年內溢利	-	-	95,440	95,440	(5)	95,435
Currency translation differences	貨幣換算差額	-	17	-	17	-	17
<b>Total recognised income for 2006</b>	二零零六年已確認收入總額	-	17	95,440	95,457	(5)	95,452
Employees share option scheme:	僱員購股權計劃：						
- Value of share options granted	- 授出購股權之價值	-	2,047	-	2,047	-	2,047
- Cancellation of share options	- 註銷購股權	-	(1,841)	1,841	-	-	-
Dividend relating to 2005	有關二零零五年之股息	-	-	(5,720)	(5,720)	-	(5,720)
Dividend relating to 2006	有關二零零六年之股息	-	-	(3,733)	(3,733)	-	(3,733)
		-	206	(7,612)	(7,406)	-	(7,406)
<b>Balance at 31 December 2006</b>	於二零零六年 十二月三十一日之結餘	48,778	209,970	274,088	532,836	224	533,060

The notes on pages 57 to 121 are an integral part of these consolidated financial statements.

第57至121頁附註為該等綜合財務報表其中部分。

## Consolidated Cash Flow Statement

## 綜合現金流量表

For the year ended 31st December 2007 截至二零零七年十二月三十一日止年度  
(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

	Note 附註	2007 二零零七年	2006 二零零六年
<b>Cash flows from operating activities</b>	<b>經營業務現金流量</b>		
Cash generated from operations	29	<b>61,472</b>	133,204
Interest received		<b>3,469</b>	3,136
Interest paid		<b>(6,355)</b>	(6,645)
Income tax paid		<b>(8,463)</b>	(8,471)
Net cash generated from operating activities		<b>50,123</b>	121,224
<b>Cash flows from investing activities</b>	<b>投資活動現金流量</b>		
Acquisition of land use rights	7	-	(4,006)
Acquisition of property, plant and equipment	6	<b>(132,811)</b>	(43,042)
Increase in intangible assets	8	<b>(15,082)</b>	(14,980)
Increase in available-for-sale financial assets	9	-	(100)
Decrease in bank deposits with original maturity over three months	14	-	3,122
Proceeds from sales of property, plant and equipment		<b>2</b>	25
Proceeds from sales of available-for-sale financial assets		<b>240</b>	327
Capital injection from a minority interest		<b>1,500</b>	-
Equity acquired by the Group from minority interest		<b>(221)</b>	-
Net cash used in investing activities		<b>(146,372)</b>	(58,654)
<b>Cash flows from financing activities</b>	<b>融資活動現金流量</b>		
Proceeds from issue of shares	15	<b>12,065</b>	-
Proceeds from borrowings		<b>119,281</b>	135,605
Repayment of borrowings		<b>(97,724)</b>	(123,593)
Increase/(decrease) in amounts due to directors		<b>1,326</b>	(18)
Unfront proceeds from derivative financial instrument		<b>38,588</b>	-
Increase in pledged bank deposits		-	(10,046)
Dividends paid to the Company's equity holders	28	<b>(15,030)</b>	(9,453)
Net cash generated from/(used in) financing activities		<b>58,506</b>	(7,505)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>現金及等同現金項目 (減少)/增加淨額</b>	<b>(37,743)</b>	55,065
Cash and cash equivalents at beginning of the year		<b>312,990</b>	257,908
Exchange (losses)/gains on cash and cash equivalents		<b>(21)</b>	17
<b>Cash and cash equivalents at end of the year</b>	<b>年終之現金及等同現金項目</b>	<b>275,226</b>	312,990

The notes on pages 57 to 121 are an integral part of these consolidated financial statements.

第57至121頁附註為該等綜合財務報表其中部分。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

### 1. General information

EcoGreen Fine Chemicals Group Limited (“the Company”) and its subsidiaries (together “the Group”) are principally engaged in the production and trading of fine chemicals from natural resources for use in aroma chemicals and pharmaceutical products.

The Company was incorporated in the Cayman Islands on 3 March 2003 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, Cayman Islands, British West Indies.

The Company is listed on the Main Board of the Stock Exchange of Hong Kong Limited (“the Stock Exchange”).

These consolidated financial statements are presented in thousands of units of Chinese Renminbi (RMB'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 9 April 2008.

### 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

### 1. 一般資料

中怡精細化工集團有限公司(「本公司」)及其附屬公司(統稱「本集團」)主要從事利用天然資源買賣及生產精細化學品，以用於芳香化學品及醫藥產品。

本公司於二零零三年三月三日根據開曼群島公司法在開曼群島註冊成立為獲豁免有限公司。其註冊辦事處地址為 Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, Cayman Islands, British West Indies。

本公司以香港聯合交易所有限公司(「聯交所」)主板為其主要上市地點。

除另有指明者外，該等綜合財務報表均以千元人民幣列值。該等綜合財務報表於二零零八年四月九日經董事會批准發行。

### 2. 主要會計政策概要

於編製該等綜合財務報表時適用之主要會計政策載列如下。除另有指明者外，該等政策已於所有呈報年度貫徹採用。

#### 2.1 編製基準

本公司綜合財務報表乃根據香港財務報告準則(「香港財務報告準則」)，並按歷史成本常規法編製，並經重估可供出售金融資產及按公平值透過損益記帳的財務資產和財務負債(包括衍生金融工具)按公平值列帳作出修訂。

編製符合香港財務報告準則規定之財務報表須使用若干重要會計評估，管理層亦須於應用本集團會計政策時作出判斷，而涉及較高水平判斷或較為複雜之範圍，或假設及評估對綜合財務報表攸關重要之範圍於附註4披露。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

## 2. Summary of significant accounting policies (continued)

### 2.1 Basis of preparation (continued)

*Standards, amendments and interpretations effective in 2007*

HKFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to HKAS 1, 'Presentation of financial statements – Capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group's financial instruments, or the disclosures relating to taxation and trade and other payables.

HK(IFRIC) – Int 8, 'Scope of HKFRS 2', requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of HKFRS 2. This standard does not have any impact on the Group's financial statements.

HK(IFRIC) – Int 10, 'Interim financial reporting and impairment', prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Group's financial statements.

*Standards, amendments and interpretations effective in 2007 but not relevant to the Group's operations*

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the Group's operations:

- HK(IFRIC) – Int 7, 'Applying the restatement approach under HKAS 29, Financial reporting in hyper-inflationary economies'; and
- HK(IFRIC) – Int 9, 'Re-assessment of embedded derivatives'.

## 2. 主要會計政策概要(續)

### 2.1 編製基準(續)

*在二零零七年已生效的準則、修訂及詮釋*

香港財務報告準則7「金融工具：披露」，及香港會計準則1「財務報表的呈報–資本披露」的補充修訂引入了有關金融工具的新披露規定，對本集團金融工具的分類和估值，或稅項和貿易及其他應付款相關的披露並無任何影響。

香港(國際財務報告詮釋委員會)–詮釋8「香港財務準則2的範圍」規定凡涉及發行權益工具的交易–當中所收取的可識別代價低於所發行權益工具的公平值–必須確定其是否屬於香港財務報告準則2的範圍內。此項準則並無對本集團的財務報表有任何影響。

香港(國際財務報告詮釋委員會)–詮釋10「中期財務報告和減值」禁止在中期期間確認按成本值列賬的商譽、權益工具的投資和財務資產投資的減值虧損，在之後的結算日撥回。此項準則並無對本集團的財務報表有任何影響。

*在二零零七年生效但與本集團營運無關的準則、修訂及詮釋*

以下準則、修訂及對已公佈準則的詮釋必須在二零零七年一月一日或之後開始的會計期間採納，但與本集團的營運無關：

- 香港(國際財務報告詮釋委員會)–詮釋7「應用香港會計準則29「嚴重通脹經濟中的財務報告」下的重列法」；及
- 香港(國際財務報告詮釋委員會)–詮釋9「重新評估嵌入式衍生工具」。

## Notes to the Consolidated Financial Statements 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

### 2. Summary of significant accounting policies (continued)

#### 2.1 Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods, but the Group has not early adopted them:

- HKAS 1 (Revised), "Presentation of Financial Statements" (effective from 1 January 2009), HKAS 1 (Revised) requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs. The Group will apply HKAS 1 (Revised) from 1 January 2009.
- HKAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Amended) from 1 January 2009 but is currently not applicable to the Group as there are no qualifying assets.

### 2. 主要會計政策概要(續)

#### 2.1 編製基準(續)

仍未生效而本集團亦無提早採納的準則、修訂及對現有準則的詮釋

以下為已公佈的準則、修訂及對現有準則的詮釋，而本集團必須在二零零八年一月一日或之後開始的會計期間或較後期間採納，但本集團並無提早採納：

- 香港會計準則1(修訂)「財務報表的呈報」(自二零零九年一月一日起生效)。香港會計準則1(修訂)規定所有持有人權益變更須於權益變動表呈報。所有綜合收入須於一份綜合損益帳或兩份綜合損益帳(一份獨立損益帳及一份綜合損益帳)呈報。該準則規定當有追溯性調整或重新分類調整時，須於完整財務報表中載入最早可資比較期間的財務狀況報表。然而，並不會改變其他香港財務報告準則所需呈報的指定交易確認、計量或披露及其他事項。本集團會由二零零九年一月一日起採納香港會計準則1(修訂)。
- 香港會計準則23(修訂)「借貸成本」(由二零零九年一月一日起生效)。此項修訂要求實體將收購、興建或生產一項合資格資產(即需要頗長時間籌備作使用或出售的資產)直接應佔的借貸成本資本化，作為該資產的部份成本。將該等借貸成本即時作費用支銷的選擇將被刪去。本集團將會由二零零九年一月一日起應用香港會計準則23(修訂)，由於本集團並無合資格資產，故目前不適用於本集團。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

## 2. Summary of significant accounting policies (continued)

### 2.1 Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

- HKFRS 8, 'Operating segments' (effective from 1 January 2009). HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 from 1 January 2009. The expected impact is still being assessed in detail by management, but it is not expected to have any material impact on the Group's financial statements.
- HK(IFRIC) – Int 11, HKFRS 2 – Group and treasury share transactions' (effective from 1 March 2007) provides guidance on whether share-based transactions involving treasury shares or involving Group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone financial statements of the parent and Group companies. The Group will apply HK(IFRIC) – Int 11 from 1 January 2008, but it is not expected to have an impact on the Group's financial statements.
- HK(IFRIC) – Int 14, 'HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008). HK(IFRIC) – Int 14 provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Group will apply HK(IFRIC) – Int 14 from 1 January 2008, but it is not expected to have any impact on the Group's financial statements.

## 2. 主要會計政策概要(續)

### 2.1 編製基準(續)

仍未生效而本集團亦無提早採納的準則、修訂及對現有準則的詮釋(續)

- 香港財務報告準則8「營運分部」(由二零零九年一月一日起生效)。香港財務準則8取代了香港會計準則14，並將分部報告與美國準則SFAS 131「有關企業分部和相關資料的披露」的規定統一起來。此項新準則要求採用「管理方法」，即分部資料須按照與內部報告所採用的相同基準呈報。本集團將會由二零零九年一月一日起應用香港財務準則8。預期影響現正由管理層詳細評估中，但預期不會對本集團的賬目有任何重要影響。
- 香港(國際財務報告詮釋委員會)－詮釋11「香港財務報告準則2－集團及庫存股份交易」(由二零零七年三月一日起生效)。對涉及庫存股份或牽涉集團實體之以股份為基礎交易的支付應否在母公司及集團公司的獨立賬目中入賬為權益結算或現金結算的以股份為基礎的支付提供指引。本集團會由二零零八年一月一日起應用香港(國際財務報告詮釋委員會)－詮釋11，但預期不會對本集團的財務報表並無影響。
- 香港(國際財務報告詮釋委員會)－詮釋14「香港會計準則19－界定福利資產限額、最低資金要求及兩者相互關係」(由二零零八年一月一日起生效)。香港(國際財務報告詮釋委員會)－詮釋14對香港會計準則19有關評估可確認為資產的盈餘金額的限額提供指引。此項準則亦解釋了公積金資產或負債如何可能受法定或合約性的最低資金要求所影響。本集團會由二零零八年一月一日起應用香港(國際財務報告詮釋委員會)－詮釋14，但預期不會對本集團的賬目有任何影響。

## Notes to the Consolidated Financial Statements 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

### 2. Summary of significant accounting policies (continued)

#### 2.1 Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

- HKAS 32 and HKAS 1 Amendments “Puttable Financial Instruments and Obligations Arising on Liquidation” (effective from 1 January 2009). The amendment requires some puttable financial instruments and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity. The Group will apply HKAS 32 and HKAS 1 Amendments from 1 January 2009, but it is not expected to have any impact on the Group’s financial statements.
- HKAS 27 (Revised) “Consolidated and Separate Financial Statements” (effective from annual period beginning on or after 1 July 2009). The amendment requires non-controlling interests (i.e. minority interests) to be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Total comprehensive income must be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in a parent’s ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When control of a subsidiary is lost, the assets and liabilities and related equity components of the former subsidiary are derecognised. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost. The Group will apply HKAS 27 (Revised) from 1 January 2010.

### 2. 主要會計政策概要(續)

#### 2.1 編製基準(續)

仍未生效且與本集團營運無關的對現有準則的詮釋(續)

- 香港會計準則32及香港會計準則1修訂本「可售回金融工具及清盤引致的責任」(自二零零九年一月一日起生效)。該修訂本規定實體的若干可售回金融工具及若干金融工具僅需於清盤時負上向另一方按比例交付應該實體資產淨值的份額，並將其列為權益的責任。本集團會由二零零九年一月一日起採納香港會計準則32及香港會計準則1修訂本，惟預期不會對本集團帳目有任何影響。
- 香港會計準則27(修訂)「綜合及獨立財務報表」(自二零零九年七月一日或之後開始的年度期間起生效)。該修訂規定非控權權益(即少數股東權益)須於綜合財務狀況報表的權益中呈報，並與母公司權益持有人分開呈列。即使會使非控權權益出現赤字，綜合收入總額亦須分配予母公司持有人及非控權權益。母公司於附屬公司的擁有權權益變更(惟不會導致失去控制權者)會計入權益。前附屬公司的資產、負債及相關權益部分會於失去控制權時取消確認。任何盈虧均會於損益帳確認。獲保留的前附屬公司投資按失去控制權當日的公平值計量。本集團會由二零一零年一月一日起採納香港會計準則27(修訂)。

## Notes to the Consolidated Financial Statements 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

### 2. Summary of significant accounting policies (continued)

#### 2.1 Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

- HKFRS 3 (Revised) “Business Combination” (effective for business combinations with acquisition date on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The amendment may bring more transactions into acquisition accounting as combinations by contract alone and combinations of mutual entities are brought into the scope of the standard and the definition of a business has been amended slightly. It now states that the elements are ‘capable of being conducted’ rather than ‘are conducted and managed’. It requires considerations (including contingent consideration), each identifiable asset and liability to be measured at its acquisition-date fair value, except leases and insurance contracts, reacquired right, indemnification assets as well as some assets and liabilities required to be measured in accordance with other HKFRSs. They are income taxes, employee benefits, share-based payment and non current assets held for sale and discontinued operations. Any non-controlling interest in an acquiree is measured either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net identifiable assets. The Group will apply HKFRS 3 (Revised) from 1 January 2010.
- HKFRS 2 Amendment “Share-based Payment Vesting Conditions and Cancellations” (effective from 1 January 2009). The amendment clarifies the definition of “vesting conditions” and specifies the accounting treatment of “cancellations” by the counterparty to a share-based payment arrangement. Vesting conditions are service conditions (which require a counterparty to complete a specified period of service) and performance conditions (which require a specified period of service and specified performance targets to be met) only. All “non-vesting conditions” and vesting conditions that are market conditions shall be taken into account when estimating the fair value of the equity instruments granted. All cancellations are accounted for as an acceleration of vesting and the amount that would otherwise have been recognised over the remainder of the vesting period is recognised immediately. The Group will apply HKFRS 2 Amendment from 1 January 2009, but it is not expected to have any impact on the Group’s financial statements.

### 2. 主要會計政策概要(續)

#### 2.1 編製基準(續)

仍未生效且與本集團營運無關的對現有準則的詮釋(續)

- 香港財務報告準則3(修訂)「業務合併」(適用於收購日期為二零零九年七月一日或之後開始的首個年度報告期間開始當時或之後的業務合併)。由於單按合約的合併及相互實體的合併獲納入該準則範圍，而業務的定義亦有少許修訂，故該修訂本或會使更多交易須納入收購會計。該修訂本現訂明有關元素為「可予處理」，而非「被處理及管理」，亦規定除租賃及保險合約、重新取得的權利、彌償資產以及須按其他香港財務報告準則計量的若干資產及負債外，代價(包括或然代價)、各可識別資產及負債須按收購日期的公平值計量。有關項目為所得稅、僱員福利、以股份為基礎的支付、持作出售的非流動資產及已終止業務。承購人的非控權權益按公平值或非控權權益按比例應佔承購人可識別資產淨值的份額計量。本集團會由二零一零年一月一日起採納香港財務報告準則3(修訂)。
- 香港財務報告準則2修訂本「以股份為基礎的支付的歸屬條件及註銷」(自二零零九年一月一日起生效)。該修訂本澄清「歸屬條件」的定義並訂明另一方以股份為基礎的支付安排進行「註銷」的會計處理。歸屬條件僅為另一方須完成指定服務期的服務條件以及須完成指定服務期及達到指定表現指標的表現條件。估計獲授股權工具的公平值時須計入所有市場「非歸屬條件」及歸屬條件。所有註銷均須當作提早歸屬處理，而原本可於餘下歸屬期確認的金額須即時確認。本集團會由二零零九年一月一日起採納香港財務報告準則2修訂本，惟預期不會對本集團帳目有任何影響。



## Notes to the Consolidated Financial Statements 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

### 2. Summary of significant accounting policies (continued)

#### 2.1 Basis of preparation (continued)

*Interpretations to existing standards that are not yet effective and not relevant for the Group's operations*

The following interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods but are not relevant for the Group's operations:

- HK(IFRIC) – Int 12, 'Service concession arrangements' (effective from 1 January 2008). HK(IFRIC) – Int 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. HK(IFRIC) – Int 12 is not relevant to the Group's operations because none of the Group's companies provide for public sector services.
- HK(IFRIC) – Int 13, 'Customer loyalty programmes' (effective from 1 July 2008). HK(IFRIC) – Int 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. HK(IFRIC) – Int 13 is not relevant to the Group's operations because none of the Group's companies operate any loyalty programmes.

### 2. 主要會計政策概要(續)

#### 2.1 編製基準(續)

*仍未生效且與本集團營運無關的對現有準則的詮釋*

以下為已公佈對現有準則的詮釋，本集團必須在二零零八年一月一日或之後開始的會計期間或較後期間採納，但與本集團的營運無關：

- 香港(國際財務報告詮釋委員會) – 詮釋12「服務特許權的安排」(由二零零八年一月一日起生效)。香港(國際財務報告詮釋委員會) – 詮釋12適用於由私人營運商參與公營服務基建的發展、融資、營運和維修的合約性安排。香港(國際財務報告詮釋委員會) – 詮釋12與本集團的營運無關，因為本集團屬下並無公司提供公營服務。
- 香港(國際財務報告詮釋委員會) – 詮釋13「客戶忠誠度計劃」(由二零零八年七月一日起生效)。香港(國際財務報告詮釋委員會) – 詮釋13澄清了假若貨品或服務是跟隨一項客戶忠誠度獎勵計劃(例如忠誠度分數或贈品)而售出，則有關安排屬於多重銷售組合安排，應收客戶的代價須利用公平值在多重銷售組合安排部份中分攤。香港(國際財務報告詮釋委員會) – 詮釋13與本集團的營運無關，因為本集團屬下並無公司營運任何客戶忠誠度計劃。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

## 2. Summary of significant accounting policies (continued)

### 2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December.

#### (a) Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement (see Note 2.6).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

## 2. 主要會計政策概要(續)

### 2.2 綜合

綜合財務報表包括本公司及其所有附屬公司截至十二月三十一日止之財務報表。

#### (a) 附屬公司

附屬公司指本集團有權決定其財務及營運政策之所有實體(包括具特定用途實體)，且一般附有其超過一半投票權之股權。在評估本集團是否控制另一實體時，目前可行使或可兌換的潛在投票權的存在及影響均予以考慮。

附屬公司在控制權轉移至本集團之日全面綜合入帳。附屬公司在控制權終止之日起停止綜合入帳。

本集團收購附屬公司時採用購買會計處理法。收購成本乃按交換日期所給予資產、所發行股本工具及所引致或承擔負債之公平值，加收購直接產生之成本計算。業務合併時所收購可識別資產及所承擔負債及或然負債，初步以收購日之公平值計算，而不考慮任何少數股東權益。收購成本超出本集團應佔所收購可識別資產淨值之差額乃記錄為商譽。倘收購成本低於所收購附屬公司資產淨值，則該差額則直接於損益帳中確認(見附註2.6)。

集團內公司之間的交易、交易結餘及未變現收益乃予撇銷。除非所轉移資產證實已出現減值，否則未變現虧損亦予撇銷。附屬公司之會計政策已按需要作出修訂，確保與本集團所採納之政策貫徹一致。

在本公司之資產負債表內，於附屬公司之投資按成本值減減值虧損撥備列帳。附屬公司之業績由本公司按已收及應收股息入帳。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

## 2. Summary of significant accounting policies (continued)

### 2.2 Consolidation (continued)

#### (b) Transactions with minority interest in connection with equity interests in subsidiaries

The Group applies a policy of treating transactions with minority interest as transactions with parties external to the Group. Disposals to minority interest result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases from minority interest results in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

### 2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

### 2.4 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Chinese Renminbi, which is the Company's functional and presentation currency.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

## 2. 主要會計政策概要(續)

### 2.2 綜合(續)

#### (b) 與附屬公司權益有關之少數股東進行之交易

本集團政策是將與少數股東進行的交易視作本集團與外界人士進行之交易。向少數股東權益出售構成之集團收益及虧損，會記入綜合損益帳內。向少數股東權益購買產生之商譽，即任何已付代價與相關應佔附屬公司資產淨值的帳面值之間的差異。

### 2.3 分部呈報

業務分部指從事提供產品或服務之一組資產及業務，而該組資產及業務之風險及回報，與其他業務分部有別。地區分部乃在特定經濟環境下從事提供產品或服務業務，而該分部之風險及回報與其他經濟環境經營之分部有別。

### 2.4 外幣換算

#### (a) 功能及呈列貨幣

本集團各實體之財務報表所列項目，均以該實體營運主要經濟環境之貨幣（「功能貨幣」）計量。綜合財務報表乃以本公司之功能及呈列貨幣中國人民幣呈列。

#### (b) 交易及結餘

外幣交易按交易日之現行匯率換算為功能貨幣。結算該等交易及按年結匯率換算以外幣呈列貨幣資產及負債所產生之匯兌盈虧均於損益帳確認。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

## 2. Summary of significant accounting policies (continued)

### 2.4 Foreign currency translation (continued)

#### (b) Transactions and balances (continued)

Changes in the fair value of monetary securities denominated in a foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation difference on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the fair value reserve in equity.

#### (c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

## 2. 主要會計政策概要(續)

### 2.4 外幣換算(續)

#### (b) 交易及結餘(續)

以外幣為單位及被分類為可供出售證券之貨幣證券公平值轉變將在其證券攤銷成本轉變衍生之匯兌差額及其他證券帳面值轉變之間分配。與攤銷成本變動有關的匯兌差額確認為利潤或虧損，帳面值之其他轉變則在權益中確認。

非貨幣金融資產及負債之匯兌差額呈報為公平值盈虧之一部分。非貨幣金融資產及負債(例如按公平值計入損益之權益)之匯兌差額將於損益中確認為公平值盈虧一部分。非貨幣金融資產(例如分類為可供出售之權益)之匯兌差額在權益之公平值儲備內列帳。

#### (c) 集團公司

集團旗下所有公司(當中沒有嚴重通脹經濟體系之貨幣)之功能貨幣倘有別於呈列貨幣，則其業績及財務狀況須按如下方式兌換為呈列貨幣：

- (i) 每份呈報的資產負債表所呈列之資產及負債按其結算日之收市匯率換算；
- (ii) 每份損益帳所列收入及開支按平均匯率換算，惟倘該平均匯率並非交易日匯率累計影響的合理約數，則收入及開支按交易日的匯率換算；及
- (iii) 所有由此而產生之匯兌差額均確認為權益獨立組成部分。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

## 2. Summary of significant accounting policies (continued)

### 2.4 Foreign currency translation (continued)

#### (c) Group companies (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### 2.5 Property, plant and equipment

#### (a) Construction-in-progress

Construction-in-progress, representing buildings on which construction work has not been completed and machinery pending installation, is stated at historical cost, which includes construction expenditures incurred, cost of machinery, and other direct costs capitalised during the construction and installation period, less accumulated impairment losses, if any. No depreciation is provided in respect of construction-in-progress until the construction and installation work is completed. On completion, the construction-in-progress is transferred to appropriate categories of property, plant and equipment.

#### (b) Other property, plant and equipment

Other property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

## 2. 主要會計政策概要(續)

### 2.4 外幣換算(續)

#### (c) 集團公司(續)

於綜合帳目時，因換算於海外業務之淨投資、借貸及其他指定作為該等投資對沖的貨幣工具而產生之匯兌差額均計入股東權益內。當出售海外業務時，有關匯兌差額乃於損益帳確認為出售盈虧一部分。

收購海外實體時產生之商譽及公平值調整乃視為該海外實體之資產及負債處理，並按收市匯率換算。

### 2.5 物業、廠房及設備

#### (a) 在建工程

在建工程指未完成建築工程之樓宇及未安裝之機器，按成本入帳，包括所產生之建造開支、機器成本及建造與安裝期間其他撥充資本之直接成本，減任何累計減值虧損（如有）。建造及安裝完成前，不會就在建工程作出折舊。於完成時，在建工程轉撥至相關之物業、廠房及設備類別。

#### (b) 其他物業、廠房及設備

其他物業、廠房及設備乃按歷史成本減折舊及減值虧損列帳。歷史成本包括收購項目直接產生之開支。成本亦可包括轉撥自權益之對沖物業、廠房及設備外幣採購項目之合資格現金流量所產生之任何收益／虧損。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

## 2. Summary of significant accounting policies (continued)

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

#### (b) Other property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Depreciation of other property, plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts less their residual values over their estimated useful lives, as follows:

Buildings	30 to 40 years
Plant and machinery	5 to 15 years
Leasehold improvements	5 to 10 years
Office furniture and equipment	5 to 10 years
Motor vehicles	5 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within other (losses)/gains – net in the income statement.

## 2. 主要會計政策概要(續)

### 2.5 物業、廠房及設備(續)

#### (b) 其他物業、廠房及設備(續)

僅在與項目相關之日後經濟效益有可能歸於本公司及能可靠地計算出項目成本之情況下，其後成本方會計入資產帳面值或確認為獨立資產(倘適用)。所有其他維修及保養於其產生財政期間在損益帳列支銷。

其他物業、廠房及設備以直線法計算折舊，並按估計可使用年期分配成本或重估數額至餘值，估計可使用年期如下：

樓宇	30至40年
廠房及機器	5至15年
租賃物業裝修	5至10年
辦公室傢俬及設備	5至10年
汽車	5至10年

於各結算日檢討及調整(倘適用)資產之餘值及可使用年期。

倘資產之帳面值超過其估計可收回金額，則資產之帳面值將即時減至其可收回金額。

出售盈虧經比較所得款項與帳面值而釐定，在損益帳內的其他(虧損)/收益－淨額中確認。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

## 2. Summary of significant accounting policies (continued)

### 2.6 Intangible assets

#### (a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on disposal of an entity include the goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

#### (b) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- (i) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (ii) management intends to complete the intangible asset and use or sell it;
- (iii) there is an ability to use or sell the intangible asset;
- (iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;
- (v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- (vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

## 2. 主要會計政策概要(續)

### 2.6 無形資產

#### (a) 商譽

商譽即收購成本超逾本集團應佔所收購附屬公司於收購日期可識別資產淨值公平值之差額。收購附屬公司之商譽計入無形資產。商譽每年進行減值檢測，並按成本減累計減值虧損列帳。商譽減值虧損不會回撥。出售實體產生之收益及虧損包括售出實體有關之商譽帳面值。

進行減值檢測時，商譽分配至各現金產生單位。商譽分配至預期將從產生商譽之業務合併中受惠之現金產生單位。

#### (b) 研究及開發成本

研究成本於產生時列作開支。有關設計、開發及測試新產品或改良產品之開發項目成本確認為產品開發成本會於以下條件達成後確認為產品開發成本：

- (i) 在技術上可完成有關無形資產，並可供使用或出售；
- (ii) 管理層有意完成並使用或出售有關無形資產；
- (iii) 可使用或出售有關無形資產；
- (iv) 證明有關無形資產可於日後獲得經濟利益；
- (v) 具備合適的技術、財政及其他資源完成開發並使用或出售有關無形資產；及
- (vi) 可準確計算開發有關無形資產的所需開支。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

## 2. Summary of significant accounting policies (continued)

### 2.6 Intangible assets (continued)

#### (b) Research and development costs (continued)

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over a period of five years.

Development assets are tested for impairment annually, in accordance with HKAS 36.

#### (c) Patents and technical know-how

Expenditure on acquired patents and technical know-how is capitalised and amortised using the straight-line method over its estimated useful life of 5 to 10 years, from the date when the patents and technical know-how is available for use.

## 2. 主要會計政策概要(續)

### 2.6 無形資產(續)

#### (b) 研究及開發成本(續)

且產品在技術上屬可行且有意完成開發，並且具備所需資源，以及成本可資識別及有能力出售或使用相關產品而於日後獲得經濟利益。之前確認為開支的開發成本不會於其後期間確認為資產。

該等開發成本確認為資產，按直線法在五年期間內攤銷，以反映自資產可供銷售或使用日期起相關經濟利益之確認模式。

開發資產會根據香港會計準則36每年測試減值。

#### (c) 專利權及專門技術

購入專利權及專門技術所產生支出乃以直線法，按其估計可使用年期5至10年(自可使用該等專利權及專門技術日期起計)予以資本化及攤銷。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

## 2. Summary of significant accounting policies (continued)

### 2.7 Impairment of non-financial assets

Assets that have an indefinite useful life or have not yet available for use are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

### 2.8 Financial assets

#### (a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet (Note 2.11).

#### (b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

## 2. 主要會計政策概要(續)

### 2.7 非金融資產減值

無既定可使用年期或尚未可供使用之資產毋須攤銷，並每年檢討減值一次。當資產出現顯示未必能收回帳面值之事件或情況有變時檢討減值。減值虧損就資產帳面值超過其可收回金額之差額確認。可收回金額為資產公平值減出售成本及使用價值兩者間之較高者。就評估減值而言，資產按可獨立識別現金流量之最低水平（現金產生單位）分類。出現減值之非金融資產（商譽除外）於各申報日期檢討是否可能撥回減值。

本集團將其金融資產分為以下類別：按公平值計入損益之金融資產、貸款和應收款項、持至到期投資以及可供出售之金融資產。分類視乎購入投資金融資產之目的而定。管理層於初步確認時決定其金融資產分類，並於每個報告日期重新評估該分類。

### 2.8 金融資產

#### (a) 貸款及應收款項

貸款及應收款項為附帶固定或待定付款，在活躍市場並無報價之非衍生金融資產，均列入流動資產，惟到期日超過結算日後十二個月者除外。彼等均歸類為非流動資產。貸款及應收款項以應收交易帳款及其他應收款項於資產負債表中列帳（附註2.11）。

#### (b) 可供出售金融資產

可供出售金融資產指被指定為可供出售或未歸類為其他類別的非衍生金融資產。除非管理層擬在結算日日後十二個月內出售投資，否則均列為非流動資產。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

## 2. Summary of significant accounting policies (continued)

### 2.8 Financial assets (continued)

Regular purchases and sales of investments are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other (losses)/gains – net', in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of monetary securities classified as available-for-sale and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payment is established.

## 2. 主要會計政策概要(續)

### 2.8 金融資產(續)

日常購買或出售的投資於交易日即本集團承諾購買或出售該項資產之日予以確認。並非按公平值計入損益之所有金融資產，投資初步以公平值加交易成本確認。按公平值計入損益之金融資產初步以公平值加交易成本確認，並於損益帳支銷。當獲取投資所產生現金流量的權利到期，或本集團將絕大部分擁有權之風險及回報轉讓時，金融資產將被終止確認。可供出售的金融資產其後以公平值入帳。貸款及應收款項以實際利率法按攤薄成本列帳。

來自「按公平值透過損益記賬的財務資產」類別的公平值變動所產生的盈虧，列入產生期間收益表內的「其他(虧損)/收益—淨額」中。來自按公平值透過損益記賬的財務資產的股息，當本集團收取有關款項的權利確定時，在收益表內確認為部份其他收入。

以外幣計值並分類為可供出售之貨幣證券，其公平值的變動可就證券成本攤銷變動後的匯兌差額與帳面值的其他變動作出分析。匯兌差額在損益帳確認，而帳面值的其他變動在權益中確認。貨幣證券公平值之變動分為可供出售證券，非貨幣證券列為於股本中確認之可供出售證券。

於分類為可供出售證券已出售或減值，其於權益確認之累計公平值調整將列入損益帳為「投資證券之收益或虧損」。可供出售證券之利息以實際利率法計算，在損益帳確認。有關可供出售股本工具的股息於本集團收取款項的權利確立時於損益帳確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

## 2. Summary of significant accounting policies (continued)

### 2.8 Financial assets (continued)

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in Note 2.11.

### 2.9 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of these derivative instruments are recognised immediately in the income statement within “other gains/(losses) – net”.

### 2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## 2. 主要會計政策概要(續)

### 2.8 金融資產(續)

報價投資之公平值乃根據現行買入價計算。倘金融資產(以及非上市股份)之市場不活躍，本集團使用估價法確定公平值。估價法包括使用最近進行公平交易，參照大致相同的其他工具，折現現金流量分析和期權定價模型，並盡量使用市場的估價參數而非實體獨特的估價參數。

本集團在每個資產負債表日評估是否存在證明一項金融資產或一組金融資產出現減值的客觀證據。對於可供出售之股本證券，其公平值重大或長期下跌並低於其成本時，被認為是證券減值指標。倘可供出售金融資產有此等證據存在，則其累計虧損金額(即收購成本和當前公平值之間的差額)減先前於損益帳確認之金融資產的任何減值虧損，從權益中移除，於損益帳確認。股本工具確認的減值虧損，不再在損益帳中轉回。應收貿易帳款之減值檢測載述於附註2.11。

### 2.9 衍生金融工具

衍生工具初步按於衍生工具合約訂立日之公平值確認，其後按公平值重新計量。此等衍生工具的公平值變動即時於收益表中的「其他收益/(虧損) – 淨額」內確認。

### 2.10 存貨

存貨按成本或可變現淨值兩者間之較低者入帳。成本按加權平均法釐定。製成品及在製品成本包括原材料、直接人工、其他直接成本及相關生產開支(按正常經營規模計算)，惟不包括借款成本。可變現淨值指日常業務過程中之預計售價減適用銷售開支。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

## 2. Summary of significant accounting policies (continued)

### 2.11 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

### 2.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### 2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.14 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## 2. 主要會計政策概要(續)

### 2.11 應收交易帳款及其他應收款項

應收交易帳款及其他應收款項初步按公平值確認，其後按實際利率法攤銷成本減減值撥備計算。應收交易帳款及其他應收款項撥備乃在有客觀跡象顯示，本集團無法按應收款項之原有條款收回所有金額時作出。債務人出現重大財務困難、債務人可能破產或進行財務重組，延誤繳付及欠繳款項均被視為應收交易帳款出現減值之指標。撥備金額為資產帳面值與估計日後現金流量現值(按實際利率貼現計算)間之差額。資產的賬面值透過使用備付賬戶削減，而有關的虧損數額則在損益帳內的行政費用中確認。如一項貿易應收款無法收回，其會與貿易應收款內的備付賬戶撇銷。之前已撇銷的款項如其後收回，將撥回損益表中的行政費用內。

### 2.12 現金及等同現金項目

現金及等同現金項目包括庫存現金、活期銀行存款、其他三個月或以內到期之短期高度流通之投資以及銀行透支。銀行透支於資產負債表以流動負債項下借貸列示。

### 2.13 股本

普通股歸類為股本。

發行新股份或購股權直接所佔成本之增加，於權益中列為所得款項之扣減項目(扣除稅項)。

### 2.14 貿易應付款

貿易應付款初步以公平值確認，其後利用實際利息法按攤銷成本計量。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

## 2. Summary of significant accounting policies (continued)

### 2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

### 2.16 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

## 2. 主要會計政策概要(續)

### 2.15 借款

借款初步按公平值扣除所產生之交易成本確認。借款其後按攤銷成本計算，所得款項(經扣除交易成本)及贖回價值間之任何差額於借貸期間以實際利率法於損益帳內確認。

除非本集團具備無條件權利遞延清償債務之期限至結算日後最少十二個月，否則借款將分類為流動負債。

### 2.16 當期及遞延所得稅

當期所得稅支出根據本公司及其附屬公司營運及產生應課稅收入的國家於結算日已頒佈或實質頒佈的稅務法例計算。管理層就適用稅務法例詮釋所規限的情況定期評估報稅表的狀況，並在適用情況下根據預期須向稅務機關支付的稅款設定撥備。

遞延所得稅以負債法就資產與負債之稅基與綜合財務報表之帳面值間的暫時差額作全數撥備。然而，倘若於首次確認一項交易(業務合併除外)之資產或負債所產生之遞延所得稅於交易時不會對會計或應課稅溢利或虧損造成影響，則該等遞延所得稅並不會列帳。遞延所得稅之釐定乃根據於結算日已經制定或大致上已制定之稅率(及法例)，且預期相關之遞延所得稅資產變現或遞延所得稅負債清償時適用。

遞延所得稅資產於可能出現未來應課稅溢利抵銷暫時差額時方會確認。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

## 2. Summary of significant accounting policies (continued)

### 2.16 Current and deferred income tax (continued)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

### 2.17 Employee benefits

#### (i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of the leave.

#### (ii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

## 2. 主要會計政策概要(續)

### 2.16 當期及遞延所得稅(續)

遞延所得稅按投資於附屬公司產生之暫時差額作出撥備，除非暫時差額逆轉之時間可以控制，且暫時差額在可見未來將不會轉回。

### 2.17 僱員福利

#### (i) 僱員假期福利

僱員年假福利在僱員享有時確認。就僱員計至結算日之服務年期所享年假估計須承擔之負債作出撥備。僱員可享有之病假及產假於享有時方予以確認。

#### (ii) 股份付款酬金

本集團推行按股本結算、以股份支付酬金之計劃。就換取購股權而獲得的僱員服務，按其公平值確認為開支。於歸屬期內列作開支的總金額，乃參照已授出的購股權之公平值釐定，不包括任何非市場歸屬條件(例如盈利能力及銷售增長目標)的影響。非市場歸屬條件包括在有關預期可予歸屬購股權數目的假設內。於各結算日，各實體均會修訂其估計預期可予歸屬的購股權數目，修訂原來估計數字(如有)之影響，則於損益帳內確認，以及對股本作相應調整。

當購股權獲行使時，已收取所得款項(扣除任何直接應佔交易成本)均列入股本(面值)及股份溢價中。

## Notes to the Consolidated Financial Statements 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

### 2. Summary of significant accounting policies (continued)

#### 2.17 Employee benefits (continued)

##### (iii) Pension obligations

Group companies operate various defined contribution plans. The plans are generally funded through payments to trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity on a mandatory, contractual or voluntary basis. The Group has no legal or constructive obligations to pay further contributions. The contributions are recognised as employee benefit expense when they are due and are not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### 2.18 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 2. 主要會計政策概要(續)

#### 2.17 僱員福利(續)

##### (iii) 退休金責任

集團公司營運多項定額供款計劃。一般透過信託管理基金撥付計劃供款。定額供款計劃為本集團向一獨立實體作出強制、合約或自願性質定額供款之退休金計劃。倘基金所持資產並不足以支付所有僱員有關僱員於當期或以往期間服務之福利，本集團並無法律或推定責任作進一步供款。供款於到期時確認為僱員福利開支，且不會以僱員在取得全數供款前退出計劃而被沒收之供款作扣減。預繳供款確認為資產，惟須以可獲現金退款或扣減日後供款為限。

#### 2.18 撥備

倘本集團需就過去事項承擔現有法律或推定責任，而有可能導致資源流出以履行該責任，並能可靠估計金額，才會確認撥備。但不會就日後之經營虧損確認撥備。

倘出現多項類似債務，會否導致經濟利益流出以清償債務乃經考慮債務之整體類別後確定。即使同類別債務中任何一項可能流出經濟利益的機會不大，仍會確認撥備。

撥備按採用稅前貼現率計算預期須清償債務責任之開支現值計量，該貼現率反映市場當時對貨幣時間價值之評估及該責任之獨有風險。因時間過去而產生之撥備增加確認為利息開支。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

## 2. Summary of significant accounting policies (continued)

### 2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follow:

(a) *Sales of goods*

Sales of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(b) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

### 2.20 Operating leases

Leases in which a significant portion the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The up-front prepayments made for the land use rights are expensed in the income statement on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the income statement.

## 2. 主要會計政策概要(續)

### 2.19 收益確認

收益包括於本集團日常業務過程中銷售貨品已收或應收代價之公平值，並於扣除增值稅、退貨、回扣及折扣，以及撇銷集團內銷售額後呈列。收益乃於下列情況確認：

(a) *銷售貨品*

銷售貨品乃於集團實體向客戶交付產品，而客戶已接納有關產品，並會確保可收回相關應收款項時確認。

(b) *利息收入*

利息收入乃採用實際利率法按時間比例基準確認。倘應收款項出現減值，本集團會將帳面值減至其可收回款額，即估計日後現金流按該工具之原定實際利率貼現之數額，並繼續解除貼現作為利息收入。減值貸款之利息收入按原定實際利率確認。

### 2.20 經營租約

資產擁有權之大部分風險及回報仍屬出租人所有之租約，一概列為經營租約。根據經營租約支付之款項須扣除自出租人所得任何優惠，按直線法於租期內自損益帳扣除。

土地使用權之前期預付款項將於租約期間內以直線法在損益表內扣除，或倘出現減值，減值將於損益表內扣除。於過往年度，土地使用權乃按成本減累計減值列賬。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

## 2. Summary of significant accounting policies (continued)

### 2.21 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are recognised in the income statement on a straight line basis over the expected lives of the related assets.

### 2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

## 3. Financial risk management

### 3.1 Financial risk factors

The Group's financial assets include cash and cash equivalents, trade and other receivables. The Group's financial liabilities include borrowings, trade and other payables, accruals and derivative financial instruments.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk, liquidity risk and cash flow and fair value interest-rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. These risks are limited by the Group's financial management policies and practices described below.

## 2. 主要會計政策概要(續)

### 2.21 政府津貼

政府津貼於可合理肯定本集團將可獲取有關津貼及將符合有關附帶條件時按公平值確認。

與成本有關之政府津貼於損益帳按其擬補足之成本期間遞延處理及確認。

有關購置物業、廠房及設備之政府津貼列作非流動負債項下遞延政府津貼，並按直線法於有關資產估計可用年期計入損益帳。

### 2.22 股息分派

分派予本公司股東之股息於本公司股東批准期間，在本集團之財務報表中確認為負債。

## 3. 財務風險管理

### 3.1 財務風險因素

本集團之金融資產包括現金及現金等價物、應收賬款及其他應收款。本集團之金融負債包括借貸、應付賬款、其他應付款、應計費用及衍生金融工具。

本集團業務面對各種財務風險 市場風險(包括外匯風險及價格風險)、信貸風險、流動資金風險及現金流量與公平值利率風險。本集團整體風險管理策略針對金融市場之不可預測特性，並尋求方法減輕對本集團財務表現造成之潛在不利影響。本集團透過下述財務管理政策和慣常做法，對這些風險加以限制。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

### 3. Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### (a) Credit risk

The Group has policies in place to ensure that the sales of products are made to customers with appropriate credit history and the Group performs credit evaluations of its customers.

Trade receivables are due within three months from the date of billing. As at 31 December 2007, 90.0% of the total trade receivables was due within three months (2006: 99.0%).

As at 31 December 2007, the five largest customers accounted for 33% of the trade receivables carrying amount (2006: 31%).

The maximum exposure to credit risk is represented by the carrying amount of trade receivables in the consolidated balance sheet.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 12.

##### (b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

### 3. 財務風險管理(續)

#### 3.1 財務風險因素(續)

##### (a) 信貸風險

本集團制定政策，確保向擁有合適信貸記錄之客戶銷售產品。本集團會評估客戶信貸狀況。

應收賬款在出具賬單日起計三個月內到期。於二零零七年十二月三十一日，90%的應收賬款總額將於未來三個月內被支付(二零零六年：99.0%)。

於二零零七年十二月三十一日，應收賬款賬面金額中有33%來自本集團五個最大之客戶(二零零六年：31%)。

信貸風險敞口上限為合併資產負債表中應收賬款的賬面金額。

更多有關本集團的應收賬款的信貸風險敞口的信息已在附註12披露。

##### (b) 流動資金風險

本集團的政策是定期監察流動資金需求，以及是否符合借款契諾的規定，以確保維持充裕的現金儲備，同時獲得主要金融機構承諾提供足夠的備用資金，以滿足短期和較長期的流動資金需求。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

### 3. Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### (b) Liquidity risk (continued)

The following table details the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

The Group	本集團	Carrying amount 賬面值	Total contractual undiscounted cash flow 已訂約而未貼現的現金流量總額	Within 1 year or on demand 一年內或按獲通知時	More than 1 year but less than 2 years 一年後但不足兩年	More than 2 years but less than 5 years 二年後但不足五年	More than 5 years 五年後
<b>At 31 December 2007</b>		於二零零七年十二月三十一日					
Borrowings	借貸	156,393	156,393	98,272	3,121	50,000	5,000
Derivative financial instruments	衍生金融工具	37,837	37,837	37,837	-	-	-
Trade payables and bills payables	應付交易賬款及應付票據	54,890	54,890	54,890	-	-	-
Accruals and other payables	應計費用及其他應付款項	34,704	34,704	34,704	-	-	-
<b>At 31 December 2006</b>		二零零六年十二月三十一日					
Borrowings	借貸	134,836	134,836	123,138	3,349	3,349	5,000
Trade payables and bills payables	應付交易賬款及應付票據	91,808	91,808	91,808	-	-	-
Accruals and other payables	應計費用及其他應付款項	28,231	28,231	28,231	-	-	-

##### (c) Cash flow and fair value interest-rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. The Group's exposure to changes in interest rates is mainly attributable to its bank borrowings. Bank borrowings at variable rates expose the Group to cash flow interest-rate risk. Bank borrowings at fixed rates expose the Group to fair value interest-rate risk. Details of the Group's bank borrowings have been disclosed in Note 17 to the consolidated financial statements. The Group does not currently use any interest rate swaps to hedge its exposure to interest rate risk.

It is estimated that a general increase/decrease of 50 basis points as at 31 December 2007 in bank borrowing interest rates for bank loans with all other variables held constant, would decrease/increase the profit after taxation by approximately RMB613,000 (2006: RMB505,000).

### 3. 財務風險管理(續)

#### 3.1 財務風險因素(續)

##### (b) 流動資金風險(續)

下表載列了本集團的金融負債於結算日以合約未貼現現金流量(包括按照合約利率或(如屬浮動利率)結算日的現行利率計算的利息付款)和本集團可能需要付款的最早日期為準的剩餘合約到期情況:

##### (c) 現金流量及公平值利率風險

由於本集團並無重大計息資產，故本集團大部分收入及經營現金流量均獨立於市場利率變動。本集團之利率風險主要源自銀行借貸。按不同息率提供之銀行借貸使本集團面對現金流量利率風險。按定息提供之銀行借貸使本集團面對公平值利率風險。有關本集團銀行借貸之詳情，於綜合財務報表附註17披露。本集團目前並無採用任何利率掉期對沖其利率風險。

於二零零七年十二月三十一日，估計銀行貸款的利率普遍上升/下降50個基準點，如果所有其他變量保持不變，除稅後利潤會減少/增加約613,000元人民幣(二零零六年：505,000元人民幣)。

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(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

### 3. Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### (c) Cash flow and fair value interest-rate risk

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non derivative financial instruments in existence at that date.

##### (d) Foreign exchange risk

The Group mainly operates in the PRC with most of the transactions settled in RMB. Foreign exchange rate risk arises when future commercial translation or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group's assets and liabilities, and transactions arising from its operations primarily do not expose to material foreign exchange risk. Other than certain trade receivables, cash and cash equivalents, borrowings and derivative financial instrument denominated in United States dollars ("USD") and Hong Kong dollars ("HKD"), details of which have been disclosed in Note 12, Note 14, Note 17 and Note 20 respectively, the Group's assets and liabilities are primarily denominated in RMB. Other than approximately 33% (2006: 35%) of the sales are denominated in USD and certain expenses in HKD, the Group mainly generates RMB from sales in the PRC to meet its liabilities denominated in RMB. The Group has not used any forward contracts as the cost-benefit is considered not effective. But the Group used foreign currency bank borrowings to minimize its exposure.

RMB experienced certain appreciation in recent years which is the major reason for the exchange losses recognised by the Group for the years ended 31 December 2006 and 2007. Further depreciation or appreciation of USD and HKD against RMB will affect the Group's financial position and results of operations.

A 5% strengthening RMB against USD and HKD as at the respective balance sheet dates would increase profit after taxation by approximately RMB162,000 (2006: decrease of RMB1,766,000) and increase by approximately RMB287,000 (2006: RMB382,000) respectively.

### 3. 財務風險管理(續)

#### 3.1 財務風險因素(續)

##### (c) 現金流量及公平值利率風險

上述敏感度分析的釐定已假設利率變動在結算日已經發生，並且應用在該日已存在的非衍生金融工具的利率風險敞口上。

##### (d) 外匯風險

本集團主要在中國內地經營業務。本集團大部分交易、資產及負債均以中國人民幣結算。

本集團的資產與負債以及業務過程中的交易基本上並無重大外匯風險。除若干應收交易帳款、現金及等同現金項目、借貸以及衍生金融工具以美元及港元計值(詳情分別於附註12、附註14、附註17及附註20披露)外，本集團的資產及負債主要以人民幣計值。除約33%(二零零六年：35%)的銷售以美元計值以及若干港元開支外，本集團在中國的銷售主要賺取人民幣，以償付按人民幣計值的負債。由於遠期合約的成本效益不大，故本集團並無採用。然而，本集團採用外幣銀行借貸減低有關風險。

近年人民幣多番升值，是本集團於截至二零零六年及二零零七年十二月三十一日止年度確認外匯虧損的主因。美元及港元兌人民幣進一步貶值或升值均會影響本集團的財務狀況及經營業績。

於各相關結算日，人民幣兌美元及港元升值5%會分別增加除稅後溢利約人民幣162,000元(二零零六年：減少人民幣1,766,000元)及約人民幣287,000元(二零零六年：人民幣382,000元)。

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## 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

### 3. Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### (e) Price risk

The Group is exposed to equity securities price risk because certain investments held by the Group are classified on the consolidated balance sheet as available-for-sale financial assets. As the amount of such financial assets is not material to the Group, the exposure to price risk is considered to be insignificant.

#### 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity", as shown in the consolidated balance sheet, plus net debt.

During 2007, the Group's strategy, which was unchanged from 2006, was to maintain the debt equity ratio to be in a net cash position. The net cash amounts at 31 December 2007 and 2006 were as follows:

		2007 二零零七年	2006 二零零六年
Total borrowings (Note 17)	總借貸(附註17)	<b>156,393</b>	134,836
Less: Cash and cash equivalents (Note 14)	減: 現金及現金等價物 (附註14)	<b>(275,226)</b>	(312,990)
Net cash	淨現金	<b>(118,833)</b>	(178,154)

The decrease in the net cash position during 2007 resulted primarily from the capital expenditure in the construction of a new production plant and the product development cost for new products.

### 3. 財務風險管理(續)

#### 3.1 財務風險因素(續)

##### (e) 價格風險

由於本集團所持若干投資於綜合資產負債表分類作可供出售金融資產，故本集團面對股本證券價格風險。由於該等金融資產之金額對本集團而言並不重大，故價格風險被視為不重大。

#### 3.2 資金風險管理

本集團的資金管理政策，是保障本集團能繼續營運，以為股東提供回報和為其他權益持有人提供利益，同時維持最佳的資本結構以減低資金成本。

為了維持或調整資本結構，本集團可能會調整支付予股東的股息數額、向股東分派的資本返還、發行新股或出售資產以減低債務。

與業內其他公司一樣，本集團利用負債比率監察其資本。此比率按照債務淨額除以總資本計算。債務淨額為總借貸(包括綜合資產負債表所列的即期及非即期貸款)減去現金及現金等價物。總資本為「權益」(如綜合資產負債表所列)加債務淨額。

本集團在二零零七年的策略與二零零六年比較維持不變，為致力將負債比率維持在淨現金水平。在二零零七年及二零零六年十二月三十一日，淨現金之金額如下：

二零零七年淨現金水平降低主要因為建設新生產設施及新產品開發成本之資本性開支。

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(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

### 3. 財務風險管理(續)

#### 3.3 Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt.

The nominal values less impairment provision of trade receivables and payables are assumed to approximate their fair values.

### 4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### 4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) *Estimated useful lives of property, plant and equipment*

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to market conditions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

### 3. 財務風險管理(續)

#### 3.3 公平值估計

公開買賣衍生工具及買賣與可供出售證券等於活躍市場買賣之金融工具公平值於結算日按市價報價計算。本集團所持金融資產所用市場報價乃現行買入價。

場外衍生工具等並非於活躍市場買賣之金融工具公平值利用估值法釐定。本集團採用各種方法及根據各結算日現行市況作出多項假設。長期債務採用類似工具之市場報價或交易商報價。

應收交易帳款及應付交易帳款之面值扣除減值撥備假定與其公平值相若。

### 4. 重大會計估計及判斷

本集團根據過往經驗及其他因素不斷對估計及判斷作出評估，包括根據該等情況相信為合理之未來事項預測。

#### 4.1 重大會計估計及假設

本集團就未來發展作出估計及判斷。所得會計估值故名思義甚少等同於相關實際結果。以下所述之估計及假設有對下一個財政年度資產及負債帳面值造成重大調整之重大風險。

(a) *物業、廠房及設備之估計可用年期*

本集團管理層釐定其物業、廠房及設備之估計可用年期及相關折舊開支。有關估值按類似性質及功能之物業、廠房及設備之實際可用年期的過往經驗計算，或會基於科技革新及競爭對手因應市場狀況作出回應而出現重大變動。當可用年期少於先前估計年期，管理層將增加折舊開支，或撤銷或撤減技術陳舊之存貨或遭廢棄或出售之非策略資產。

## Notes to the Consolidated Financial Statements 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

### 4. Critical accounting estimates and judgements

(continued)

#### 4.1 Critical accounting estimates and assumptions

(continued)

(b) *Estimated impairment of intangible assets, inventories and trade receivables*

The Group makes provision for impairment of intangible assets, inventories and trade receivables based on an assessment of the recoverability of intangible assets and trade receivables. Provisions are applied to intangible assets, inventories and trade receivables where events or changes in circumstances indicate that the balances may not be recoverable. The identification of impairment requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of intangible assets, inventories and trade receivables and provision for impairment in the period in which such estimate has been changed.

(c) *Income taxes*

The Group is subject to income taxes in Hong Kong and Mainland China. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### 4. 重大會計估計及判斷(續)

#### 4.1 重大會計估計及假設(續)

(b) *無形資產、存貨及應收交易帳款之估計減值*

本集團根據無形資產及應收交易帳款之可收回情況作出之評估，就無形資產、存貨及應收交易帳款作出減值撥備。倘出現事項或情況有變而顯示不一定可收回餘款時，撥備應用於無形資產、存貨及應收交易帳款。識別減值須運用判斷及估計。倘預算金額有別於原訂估值，有關差額將影響估值出現變動期間無形資產、存貨及應收交易帳款之帳面以及期內減值撥備。

(c) *所得稅*

本集團需要在香港和中國大陸繳納所得稅。在釐定全球所得稅撥備時，需要作出重大判斷。在一般業務過程中，有許多交易和計算所涉及的最終稅務釐定都是不確定的。本集團根據對是否需要繳付額外稅款的估計，就預期稅務審計項目確認負債。如此等事件的最終稅務後果與最初記錄的金額不同，此等差額將影響作出此等釐定期間的所得稅和遞延稅撥備。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 5. Turnover and segment information

##### (a) Turnover

The Group is principally engaged in the manufacturing of fine chemicals from natural resources for use in aroma chemicals and pharmaceutical products and the trading of natural materials and fine chemicals. Turnover for the Group represents revenue from sale of goods.

		2007 二零零七年	2006 二零零六年
Sale of goods (net of value-added tax)	銷售貨品 (已扣除增值稅)	<b>612,159</b>	532,975

##### (b) Segment information

###### Primary reporting format – business segment

As at 31 December 2007, the Group is organised into two main business segments:

- (1) manufacturing and selling of fine chemicals; and
- (2) trading of natural materials and fine chemicals.

The segment results for the year ended 31 December 2007 are as follows:

		Manufacturing 生產	Trading 買賣	Total 總計
Turnover	營業額	545,094	67,065	612,159
Operating profit	經營溢利	150,475	2,990	153,465
Unallocated corporate expenses	未分配公司開支			(9,062)
Finance costs	融資成本			(6,355)
Profit before income tax	除所得稅前溢利			138,048
Income tax expense	所得稅開支			(7,514)
Profit for the year	年內溢利			130,534

#### 5. 銷售額及分部資料

##### (a) 營業額

本集團主要從事利用天然資源製造精細化學品，以用於芳香化學品及醫藥產品以及買賣天然原料及精細化學品。本集團營業額指從銷售貨品所產生之效益。

##### (b) 分部資料

###### 主要呈報方式 – 業務分部

於二零零七年十二月三十一日，本集團分為兩大主要業務分部：

- (1) 生產及銷售精細化學品；及
- (2) 買賣天然原料及精細化學品。

截至二零零七年十二月三十一日止年度之分部業績如下：



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 5. Turnover and segment information (continued)

##### (b) Segment information (continued)

###### Primary reporting format – business segment (continued)

The segment results for the year ended 31 December 2006 are as follows:

		Manufacturing 生產	Trading 買賣	Total 總計
Turnover	營業額	419,904	113,071	532,975
Operating profit	經營溢利	111,589	2,819	114,408
Unallocated corporate expenses	未分配公司開支			(3,346)
Finance costs	融資成本			(6,645)
Profit before income tax	除所得稅前溢利			104,417
Income tax expense	所得稅開支			(8,982)
Profit for the year	年內溢利			95,435

Other segment items included in the consolidated income statement are as follows:

計入綜合損益帳之其他分部項目如下：

		Manufacturing 生產		Trading 買賣	
		2007 二零零七年	2006 二零零六年	2007 二零零七年	2006 二零零六年
Depreciation (Note 6)	折舊(附註6)	11,545	11,106	103	55
Amortisation (Notes 7 and 8)	攤銷(附註7及8)	2,442	4,084	-	-
Impairment of intangible assets (Note 8)	無形資產(附註8)	1,664	4,450	-	-
Provision for/(reversal of) impairment of inventories (Note 11)	存貨減值撥備/ (撥回)(附註11)	160	175	8	(31)
Provision for/(reversal of) provision for impairment of trade receivables (Note 12)	應收交易帳款減值 撥備/(撥回) (附註12)	632	124	16	(38)

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 5. Turnover and segment information (continued)

##### (b) Segment information (continued)

###### Primary reporting format – business segment (continued)

The segment assets and liabilities as at 31 December 2007 and capital expenditure for the year then ended are as follows:

		<b>Manufacturing</b> 生產	<b>Trading</b> 買賣	<b>Unallocated</b> 未分配	<b>Total</b> 總計
Assets	資產	633,567	10,118	307,384	951,069
Liabilities	負債	125,091	1,811	160,360	287,262
		508,476	8,307	147,024	663,807
Capital expenditure (Notes 6, 7 and 8)	資本開支 (附註6、7及8)	147,874	19	–	147,893

The segment assets and liabilities as at 31 December 2006 and capital expenditure for the year then ended are as follows:

		<b>Manufacturing</b> 生產	<b>Trading</b> 買賣	<b>Unallocated</b> 未分配	<b>Total</b> 總計
Assets	資產	407,016	27,263	360,616	794,895
Liabilities	負債	145,370	15,499	100,966	261,835
		261,646	11,764	259,650	533,060
Capital expenditure (Notes 6, 7 and 8)	資本開支 (附註6、7及8)	61,312	716	–	62,028

Segment assets consist primarily of land use rights, property, plant and equipment, intangible assets, inventories, receivables and operating cash. Segment liabilities comprise operating liabilities. They exclude items such as taxation and corporate borrowings. Capital expenditure comprises additions to property, plant and equipment (Note 6), land use rights (Note 7), and intangible assets (Note 8).

#### 5. 銷售額及分部資料(續)

##### (b) 分部資料(續)

###### 主要呈報方式－業務分部(續)

於二零零七年十二月三十一日之資產及負債分部以及截至該日止年度之資本開支如下：

於二零零六年十二月三十一日之資產及負債分部以及截至該日止年度之資本開支如下：

分部資產主要包括土地使用權、物業、廠房及設備、無形資產、存貨、應收款項及經營現金。分部負債包括經營負債，但不包括稅項及公司借貸等項目。資本開支包括物業、廠房及設備(附註6)、土地使用權(附註7)以及無形資產(附註8)之增額。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 5. Turnover and segment information (continued)

##### (b) Segment information (continued)

###### Secondary reporting format – geographical segment

The Group's two business segments operate in three main geographical areas.

		2007 二零零七年	2006 二零零六年
Turnover	營業額		
– Mainland China	– 中國內地	<b>411,054</b>	345,380
– Europe	– 歐洲	<b>99,912</b>	126,822
– Asia (excluding Mainland China)	– 亞洲 (中國內地除外)	<b>64,255</b>	43,554
– Others	– 其他	<b>36,938</b>	17,219
		<b>612,159</b>	532,975

Sales are allocated based on the places/countries in which customers are located.

銷售額乃按客戶所在地區／國家分配。

		2007 二零零七年	2006 二零零六年
Total assets	資產總值		
– Mainland China	– 中國內地	<b>899,938</b>	739,824
– Hong Kong	– 香港	<b>48,872</b>	54,656
– Unallocated	– 未分配	<b>2,259</b>	415
		<b>951,069</b>	794,895

Total assets are allocated based on where the assets are located.

資產總值乃按資產所在地分配。

No geographical analysis of capital expenditure is presented as substantially all of the Group's capital expenditure was incurred in respect of assets located in Mainland China.

由於本集團絕大部分資本開支就位於中國內地之資產產生，因此並無呈報資本開支之地區分析。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 6. Property, plant and equipment

#### 6. 物業、廠房及設備

		Buildings 樓宇	Plant and machinery 廠房及機器	Leasehold improvements, office furniture and equipment 租賃物業、 裝修、辦公室 傢俬及設備	Motor vehicles 汽車	Construction- in-progress 在建工程	Total 合計
<b>At 1 January 2006</b>	於二零零六年一月一日						
Cost	成本	57,255	132,750	4,352	3,713	7,624	205,694
Accumulated depreciation	累計折舊	(5,708)	(11,500)	(2,076)	(2,266)	-	(21,550)
Net book amount	帳面淨值	51,547	121,250	2,276	1,447	7,624	184,144
<b>Year ended 31 December 2006</b>	截至二零零六年十二月 三十一日止年度						
Opening net book amount	年初帳面淨值	51,547	121,250	2,276	1,447	7,624	184,144
Additions	添置	49	975	580	117	41,321	43,042
Transfers	轉撥	-	4,673	271	-	(4,944)	-
Disposals (Note 29)	出售 (附註29)	-	-	-	(13)	-	(13)
Depreciation	折舊	(1,569)	(8,455)	(556)	(581)	-	(11,161)
Closing net book amount	年終帳面淨值	50,027	118,443	2,571	970	44,001	216,012
<b>At 31 December 2006</b>	於二零零六年 十二月三十一日						
Cost	成本	57,304	138,398	5,203	3,705	44,001	248,611
Accumulated depreciation	累計折舊	(7,277)	(19,955)	(2,632)	(2,735)	-	(32,599)
Net book amount	帳面淨值	50,027	118,443	2,571	970	44,001	216,012
<b>Year ended 31 December 2007</b>	截至二零零七年十二月 三十一日止年度						
Opening net book amount	年初帳面淨值	50,027	118,443	2,571	970	44,001	216,012
Additions	添置	-	468	3,749	120	128,474	132,811
Transfers	轉撥	-	3,965	-	-	(3,965)	-
Disposals (Note 29)	出售 (附註29)	-	(94)	(242)	-	-	(336)
Depreciation	折舊	(1,614)	(8,966)	(554)	(514)	-	(11,648)
Closing net book amount	年終帳面淨值	48,413	113,816	5,524	576	168,510	336,839
<b>At 31 December 2007</b>	於二零零七年 十二月三十一日						
Cost	成本	57,304	142,641	7,863	3,809	168,510	380,127
Accumulated depreciation	累計折舊	(8,891)	(28,825)	(2,339)	(3,233)	-	(43,288)
Net book amount	帳面淨值	48,413	113,816	5,524	576	168,510	336,839

The Group's buildings including buildings under construction, totalling RMB48,413,000 (2006: RMB50,027,000) are built on pieces of land in Mainland China with lease terms of 50 years up to April 2054.

本集團之樓宇包括合共48,413,000元人民幣(二零零六年: 50,027,000元人民幣)之在建樓宇，建於中國內地多幅土地上，為租期50年，於二零五四年四月屆滿。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

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

Depreciation expense of RMB9,535,000 (2006: RMB9,007,000) has been charged in “cost of goods sold”, RMB2,000 (2006: RMB3,000) in “selling and marketing costs” and RMB2,111,000 (2006: RMB2,151,000) in “administrative expenses”.

Analysis of construction-in-progress is:

		2007 二零零七年	2006 二零零六年
Construction costs of buildings	樓宇建築成本	46,833	23,634
Cost of leasehold improvements and plant and machinery	租賃物業及廠房與機器成	121,677	20,367
		<b>168,510</b>	44,001

Property, plant and equipment with a net book amount of RMB94,540,000 (2006: RMB92,077,000) were pledged as collateral for the Group's borrowings.

#### 7. Land use rights

The Group's interests in land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

		2007 二零零七年	2006 二零零六年
In Mainland China, held on Leases of between 10 to 50 years	於中國內地，按10至50年	8,741	8,851

Borrowings are secured on land use right with a carrying amount of RMB2,441,000 (2006: RMB4,845,000).

		2007 二零零七年	2006 二零零六年
Opening net book amount	年初帳面淨值	8,851	4,955
Additions	添置	-	4,006
Amortisation of prepaid operating lease payments	攤銷預付經營租約款項	(110)	(110)
Closing net book amount	期終帳面淨值	<b>8,741</b>	8,851

#### 6. 物業、廠房及設備(續)

折舊費用其中9,535,000元人民幣(二零零六年：9,007,000元人民幣)在「已售貨品成本」中支銷，2,000元人民幣(二零零六年：3,000元人民幣)計入「銷售及市場推廣成本」，而2,111,000元人民幣(二零零六年：2,151,000元人民幣)則計入「行政費用」中。

在建工程分析如下：

		2007 二零零七年	2006 二零零六年
Construction costs of buildings	樓宇建築成本	46,833	23,634
Cost of leasehold improvements and plant and machinery	租賃物業及廠房與機器成	121,677	20,367
		<b>168,510</b>	44,001

帳面淨值94,540,000元人民幣(二零零六年92,077,000元人民幣)之物業、廠房及設備已作為本集團借貸之抵押品。

#### 7. 土地使用權

本集團於土地使用權之權益指預付經營租約款項，其帳面淨值分析如下：

		2007 二零零七年	2006 二零零六年
In Mainland China, held on Leases of between 10 to 50 years	於中國內地，按10至50年	8,741	8,851

帳面值2,441,000元人民幣(二零零六年4,845,000元人民幣)之借貸以土地使內權作抵押。

		2007 二零零七年	2006 二零零六年
Opening net book amount	年初帳面淨值	8,851	4,955
Additions	添置	-	4,006
Amortisation of prepaid operating lease payments	攤銷預付經營租約款項	(110)	(110)
Closing net book amount	期終帳面淨值	<b>8,741</b>	8,851

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

## 8. Intangible assets

## 8. 無形資產

		Patents and technical know-how 專利權及 技術知識	Product development costs 產品 開發成本	Total 總計
<b>At 1 January 2006</b>	於二零零六年一月一日			
Cost	成本	4,000	30,401	34,401
Accumulated amortisation	累計攤銷	(200)	(11,496)	(11,696)
Net book amount	帳面淨值	3,800	18,905	22,705
<b>Year ended 31 December 2006</b>	截至二零零六年十二月 三十一日止年度			
Opening net book amount	期初帳面淨值	3,800	18,905	22,705
Additions	添置	5,930	9,050	14,980
Amortisation	攤銷	(1,097)	(2,877)	(3,974)
Impairment (Note 22)	減值(附註22)	-	(4,450)	(4,450)
Closing net book amount	期終帳面淨值	8,633	20,628	29,261
<b>At 31 December 2006</b>	於二零零六年 十二月三十一日			
Cost	成本	9,930	39,451	49,381
Accumulated amortisation and impairment	累計攤銷及減值	(1,297)	(18,823)	(20,120)
Net book amount	帳面淨值	8,633	20,628	29,261
<b>Year ended 31 December 2007</b>	截至二零零七年十二月 三十一日止年度			
Opening net book amount	期初帳面淨值	8,633	20,628	29,261
Additions	添置	131	14,951	15,082
Amortisation	攤銷	(1,393)	(939)	(2,332)
Impairment (Note 22)	減值(附註22)	-	(1,664)	(1,664)
Closing net book amount	期終帳面淨值	7,371	32,976	40,347
<b>At 31 December 2007</b>	於二零零七年 十二月三十一日			
Cost	成本	10,061	54,402	64,463
Accumulated amortisation and impairment	累計攤銷及減值	(2,690)	(21,426)	(24,116)
Net book amount	帳面淨值	7,371	32,976	40,347

Notes:

(a) Amortisation of RMB2,332,000 (2006: RMB3,974,000) is included in administrative expenses in the consolidated income statement.

附註：

(a) 攤銷2,332,000元人民幣(二零零六年：3,974,000元人民幣)已計入綜合損益帳行政費用內。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 9. Available-for-sale financial assets

		2007 二零零七年	2006 二零零六年
At 1 January	於一月一日	500	700
Additions	添置	-	100
Disposals	出售	(100)	(300)
At 31 December	於十二月三十一日	400	500
Less: Non-current portion	減：非流動部分	(400)	(400)
Current portion	流動部分	-	100

Available-for-sale financial assets include the following:

		2007 二零零七年	2006 二零零六年
Unlisted equity securities	非上市股本證券	400	400
Other available-for-sale financial assets	其他可供出售金融資產	-	100
		400	500

#### 10. Investments in and amounts due from subsidiaries – Company

		2007 二零零七年	2006 二零零六年
Unlisted investments, at cost	非上市投資，按成本值	91,041	91,041
Amounts due from subsidiaries	應收附屬公司款項	243,808	231,805
		334,849	322,846

The amounts due from subsidiaries are unsecured and non-interest bearing and have no fixed repayment terms.

#### 10. 於附屬公司之投資及應收附屬公司款項 – 本公司

應收附屬公司款項乃無抵押、免息且並無固定還款期。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 10. Investments in and amounts due from subsidiaries – Company (continued)

Particulars of the principal subsidiaries are:

#### 10. 於附屬公司之投資及應收附屬公司款項 – 本公司(續)

附屬公司之詳情如下：

Name 名稱	Place of incorporation/ operation 註冊成立/ 經營地點	Principal activities 主要業務	Issued and fully paid up capital 已發行及 繳足股本	Percentage of equity interest attributable to the Group (a) 本集團 應佔股權 百分比(a)
EcoGreen Fine Chemicals Limited	British Virgin Islands 英屬處女群島	Investment holding 投資控股	US\$95,000 95,000美元	100%
EcoGreen Fine Chemicals Manufacturing Limited	British Virgin Islands 英屬處女群島	Investment holding 投資控股	US\$1 1美元	100%
EcoGreen Fine Chemicals B.V.	The Netherlands 荷蘭	Sale of fine chemicals 銷售精細化學品	EUR18,000 18,000歐羅	100%
EcoGreen Holding B.V.	The Netherlands 荷蘭	Investment holding 投資控股	EUR18,000 18,000歐羅	100%
EcoGreen Investments Limited 中怡精細化工集團有限公司	Hong Kong 香港	Inactive 暫無業務	HK\$2 2港元	100%
Sino Bright International Trading Limited 光華國際貿易有限公司	Hong Kong 香港	Inactive 暫無業務	HK\$10,000 10,000港元	100%
Doingcom International Limited 中坤國際有限公司	Hong Kong 香港	Trading of fine chemicals 買賣精細化學品	HK\$10,000 10,000港元	100%
Xiamen Doingcom Biotechnology Co., Ltd.(b) 廈門中坤生物科技有限公司(b)	Mainland China 中國內地	Manufacturing of fine chemicals 生產精細化學品	RMB30,000,000 30,000,000元 人民幣	100%
上海萬凱化學有限公司(b)(c) (Shanghai Fine Chemicals Company Limited) (b)(c)	Mainland China 中國內地	Research and development of fine chemicals 研究及開發精細化學品	US\$2,000,000 2,000,000美元	100%
Xiamen Doingcom Chemical Co., Ltd. (b) 廈門中坤化學有限公司(b)	Mainland China 中國內地	Manufacturing and sale of fine chemicals 生產及銷售精細化學品	RMB50,000,000 50,000,000元 人民幣	100%
楚雄中怡林產貿易有限公司(b)(c) (Chuxiong Zhongyi Forestry Trading Co. Ltd.)	Mainland China 中國內地	Sale of forestry products 銷售林業產品	RMB5,000,000 5,000,000元	70%



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### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 10. Investments in and amounts due from subsidiaries – Company (continued)

Particulars of the principal subsidiaries are:(continued)

#### 10. 於附屬公司之投資及應收附屬公司款項 – 本公司(續)

附屬公司之詳情如下：(續)

Name 名稱	Place of incorporation/ operation 註冊成立/ 經營地點	Principal activities 主要業務	Issued and fully paid up capital 已發行及 繳足股本	Percentage of equity interest attributable to the Group (a) 本集團 應佔股權 百分比(a)
			人民幣	
Xiamen Doingcom Enterprise Limited (b) 廈門中坤貿易有限公司(b)	Mainland China 中國內地	Sale of fine chemicals 銷售精細化學品	RMB6,000,000 6,000,000元 人民幣	100%
Xiamen Hoozyn Life Chemistry Technology Limited (b) 廈門和辰生化科技有限公司(b)	Mainland China 中國內地	Research and development of fine chemicals 研究及開發精細化學品	US\$1,400,000 1,400,000美元	100%
Xiamen Sinoloon Import and Export Co., Ltd. (b) 廈門中玖進出口有限公司有限公司(b)	Mainland China 中國內地	Investment holding and trading of fine chemicals 投資控股及買賣精細化學品	RMB7,000,000 7,000,000元 人民幣	100%
Xiamen Sinotek Enterprise Development Co., Ltd. (b) 廈門中技實業發展有限公司(b)	Mainland China 中國內地	Manufacturing and sale of fine chemicals 生產及銷售精細化學品	RMB20,000,000 20,000,000元 人民幣	100%
Zhangzhou Zhongyi Fine Chemicals Co., Ltd. (b) 漳州中怡精細化工有限公司(b)	Mainland China 中國內地	Inactive 暫無業務	US\$1,509,330 1,509,330美元	100%

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 10. Investments in and amounts due from subsidiaries – Company (continued)

Particulars of the principal subsidiaries are:(continued)

Notes:

- (a) The shares of EcoGreen Fine Chemicals Limited are held directly by the Company. The shares of other subsidiaries are held indirectly.
- (b) Xiamen Doingcom Chemical Co., Ltd. and Xiamen Doingcom Biotechnology Co., Ltd. are sino-foreign owned enterprises established in Xiamen, Fujian Province, Mainland China for a term of 20 years up to October 2017 and July 2024 respectively. Shanghai Fine Chemicals Company Limited is a wholly foreign owned enterprise established in Shanghai, Mainland China for a term of 35 years up to March 2040. Xiamen Doingcom Enterprise Limited is a limited liability enterprise established in Xiamen, Fujian Province, Mainland China for a term of 20 years up to June 2024. Xiamen Hoozyn Life Chemistry Technology Limited, Xiamen Sinoloon Import and Export Co., Ltd. and Xiamen Sinotek Enterprise Development Co., Ltd. are wholly foreign owned enterprises established in Xiamen, Fujian Province, Mainland China for a term of 10 years, 17 years and 20 years up to June 2012, April 2012 and July 2016, respectively. Chuxiong Zhongyi Forestry Trading Co., Ltd. is a limited liability enterprise established in Chuxiong, Yunnan Province, Mainland China for a term of 30 years up to March 2007. Zhangzhou Zhongyi Fine Chemicals Co., Ltd. is wholly foreign owned enterprise established in Zhangzhou, Fujian Province, Mainland China for a term of 50 years up to April 2057.
- (c) The English names for 上海萬凱化學有限公司 and 楚雄中怡林產貿易有限公司 are for identification purpose only.

#### 11. Inventories

		2007 二零零七年	2006 二零零六年
Raw materials	原料	28,184	26,685
Work-in-progress	在製品	996	1,064
Finished goods	製成品	17,475	12,181
		46,655	39,930
Less: Provision for impairment of inventories	減：存貨減值撥備	(1,166)	(998)
		45,489	38,932

The cost of inventories recognised as expense and included in cost of goods sold amounted to RMB337,114,000 (2006: RMB316,658,000).

The Group made a provision for impairment of inventories of RMB168,000 (2006: impairment of RMB144,000). The amount has been included in cost of goods sold in the consolidated income statement.

#### 10. 於附屬公司之投資及應收附屬公司款項 – 本公司(續)

附屬公司之詳情如下：(續)

附註：

- (a) EcoGreen Fine Chemicals Limited股份由本公司直接持有，其他附屬公司股份則間接持有。
- (b) 廈門中坤化學有限公司及廈門中坤生物科技有限公司為在中國內地福建省廈門市成立之中外合資企業，經營期為二十年，分別二零一七年十月及至二零二四年七月止。上海萬凱化學有限公司為在中國內地上海市成立之全外資企業，經營期為三十五年，至二零四零年三月止。廈門中坤貿易有限公司均為在中國內地福建省廈門市成立之有限公司，經營期為二十年，至二零二四年六月止。廈門和辰生化科技有限公司、廈門中玖進出口有限公司及廈門中技實業發展有限公司均為全外資企業，在中國內地福建省廈門市成立，經營期分別為十年、十七年及二十年，分別至二零一二年六月、二零一二年四月及二零一六年七月止。楚雄中怡林產貿易有限公司於中國內地雲南省楚雄市成立之有限公司，經營期為三十年至二零三七年三月止。漳州中怡精細化工有限公司為一間全外資企業，在中國內地福建省漳州市成立，經營期為五十年至二零五七年四月止。
- (c) 上海萬凱化學有限公司及楚雄怡林產貿易有限公司的英文名稱僅供識別。

#### 11. 存貨

確認為開支及計入售出貨品成本之存貨成本為337,114,000元人民幣(二零零六年：316,658,000元人民幣)。

本集團已作出存貨減值撥備168,000元人民幣(二零零六年：撥備144,000元人民幣)。該款額已計入綜合損益帳售出貨品成本內。

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### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 12. Trade receivables

		2007 二零零七年	2006 二零零六年
Trade receivables	應收交易帳款	<b>167,737</b>	116,340
Less: Provision for impairment of trade receivables	減：應收交易帳款減值撥備	<b>(2,084)</b>	(1,436)
		<b>165,653</b>	114,904

The fair values of trade receivables approximate their carrying amounts.

The credit period granted by the Group to its customers is generally 60 to 90 days. The aging analysis of trade receivables is as follows:

		2007 二零零七年	2006 二零零六年
0 to 30 days	0至 30天	<b>60,902</b>	46,985
31 to 60 days	31至 60天	<b>54,627</b>	40,072
61 to 90 days	61至 90天	<b>35,451</b>	28,122
91 to 180 days	91至 180天	<b>15,853</b>	512
181 to 365 days	181天至365天	<b>150</b>	137
Over 365 days	365天以上	<b>754</b>	512
		<b>167,737</b>	116,340
Less: Provision for impairment of trade receivables	減：應收交易帳款減值撥備	<b>(2,084)</b>	(1,436)
		<b>165,653</b>	114,904

The credit quality of trade receivable that are neither past due nor impaired can be assessed by reference to the historical information about counter party default rates. The existing counter parties do not have significant default in the past. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

#### 12. 應收交易帳款

應收交易帳款公平值與其帳面值相若。

本集團給予其客戶之信貸期一般60至90天。應收交易帳款之帳齡分析如下：

沒有逾期或減值需要之應收交易帳款，其信貸質素是按以往的收款記錄及客戶的壞帳率而定。現有的客戶並無重大的拖欠。由於本集團客戶數目龐大，故有關應收交易帳款之信貸風險並無過份集中。

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

**12. Trade receivables (continued)**

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

		<b>2007</b> 二零零七年	2006 二零零六年
Renminbi	人民幣	<b>122,458</b>	95,934
US dollar	美元	<b>43,195</b>	18,970
		<b>165,653</b>	114,904

Movements on the provision for impairment of trade receivables are as follows:

		<b>2007</b> 二零零七年	2006 二零零六年
At 1 January	一月一日	<b>1,436</b>	1,598
Provision for receivable impairment	應收款減值撥備	<b>648</b>	-
Unused amounts reversed	未用金額轉回	-	(162)
At 31 December	十二月三十一日	<b>2,084</b>	1,436

The creation and release of provisions for impaired receivables have been included in administrative expenses in the consolidated income statement. Amounts are charged to the allowance account when there is no expectation of recovering additional cash.

**12. 應收交易帳款(續)**

本集團的貿易應收款的賬面值以下列貨幣為單位：

貿易應收款減值撥備的變動如下：

對已減值應收款撥備的設立和撥回已包括在綜合損益帳中的行政費用內。在準備賬戶中扣除的數額一般會在預期無法收回額外現金時撇銷。

**13. Prepayments and other receivables**

		<b>Group</b> 本集團		<b>Company</b> 本公司	
		<b>2007</b> 二零零七年	2006 二零零六年	<b>2007</b> 二零零七年	2006 二零零六年
Prepayment for purchases of raw materials	購買原料預付款項	<b>44,150</b>	20,979	-	-
Input value-added tax recoverable	可收回進項增值稅	<b>1,079</b>	3,284	-	-
Advances to employees	向僱員墊款	<b>161</b>	501	-	-
Others	其他	<b>826</b>	1,055	<b>100</b>	247
		<b>46,216</b>	25,819	<b>100</b>	247

The fair values of prepayments and other receivables approximate their fair values.

**13. 預付款項及其他應收款項**

預付款項及其他應收款項公平值與其賬面值相若。

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### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 14. Cash and cash equivalents

#### 14. 現金及等同現金項目

		Group 本集團		Company 本公司	
		2007 二零零七年	2006 二零零六年	2007 二零零七年	2006 二零零六年
Cash and cash equivalents	現金及等同現金項目				
Cash at bank and on hand	銀行及手頭現金	275,226	312,990	364	828
		<b>275,226</b>	312,990	<b>364</b>	828

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

於現金及等同現金項目的帳面值結算貨幣的金額如下：

		Group 本集團		Company 本公司	
		2007 二零零七年	2006 二零零六年	2007 二零零七年	2006 二零零六年
Renminbi	人民幣	264,461	288,893	-	-
Hong Kong dollar	港元	1,036	2,403	364	828
US dollar	美元	7,981	21,270	-	-
Euro	歐羅	1,748	424	-	-
		<b>275,226</b>	312,990	<b>364</b>	828

As at 31 December 2007, the Group has cash and cash equivalents of approximately RMB264,461,000 (2006: RMB288,893,000) denominated in Chinese Renminbi, which is not a freely convertible currency in the international market and its exchange rate is determined by the People's Bank of China.

於二零零七年十二月三十一日，本集團共有現金與等同現金項目約264,461,000元人民幣（二零零六年：288,893,000元人民幣），均以中國人民幣列值，且為不能於國際市場自由轉換貨幣，其匯率由中國人民銀行釐定。

At 31 December 2007, bank balance of RMB32,158,000 (2006: RMB47,626,000) have been pledged to banks to secure credit facilities granted to subsidiaries.

於二零零七年十二月三十一日，共32,158,000元人民幣（二零零六年：47,626,000元人民幣）之銀行存款已予以抵押作為附屬公司向銀行取得借貸額度之抵押。

The cash and cash equivalents are not exposed to material credit risk.

現金及等同現金項目並沒有重大的信貸風險。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 15. Share capital and share options

##### (a) Share capital – Ordinary shares of HK\$0.1 each

<b>Authorised:</b>	<b>法定：</b>	<b>Number of shares (thousands) 股份數目 (千股)</b>	<b>Nominal value 面值</b>
At 1 January 2006, 31 December 2006 and 31 December 2007	於二零零六年一月一日、 二零零六年十二月三十一日及 二零零七年十二月三十一日	2,000,000	212,000

<b>Issued:</b>	<b>已發行：</b>	<b>Number of fully paid shares (thousands) 已繳股款 股份數目 (千股)</b>	<b>Nominal value 面值</b>
At 1 January 2006 and at 31 December 2006	於二零零六年一月一日及 二零零六年十二月三十一日	461,000	48,778
Employee share option scheme – proceeds from shares issues	僱員購股權計劃  – 發行股份所得款	8,890	875
At 31 December 2007	於二零零七年十二月三十一日	469,890	49,653

#### 15. 股本及購股權

##### (a) 股本—每股面值 0.1 港元之普通股

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 15. Share capital and share options (continued)

##### (b) Share options

Pursuant to a resolution of the shareholders of the Company passed on 16 February 2004, a share option scheme ("the Share Option Scheme") was approved and adopted. Under the Share Option Scheme, the Company's Directors may, at their sole discretion, grant options to any employee, non-executive director, supplier, customer, person or entity that provides research, development or other technological support to the Group, shareholder and adviser or consultant of the Group to subscribe for shares in the Company at a price per share of not less than the highest of (i) the closing price of the shares as stated in the daily quotation sheet of the Stock Exchange of Hong Kong Limited on the date of the offer of grant; or (ii) the average closing price of the shares as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a share. A nominal consideration of RMB1.04 (equivalent of HK\$1) is payable on acceptance of the grant of options. The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group from time to time must not in aggregate exceed 30% of the share capital of the Company in issue from time to time. The Share Option Scheme will remain in force for a period of 10 years up to February 2014. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

#### 15. 股本及購股權(續)

##### (b) 購股權

根據本公司股東於二零零四年二月十六日通過之決議案，購股權計劃(「購股權計劃」)獲批准及採納。根據購股權計劃，本公司董事可全權酌情向本集團任何僱員、非執行董事、供應商、客戶或為本集團提供研發或其他技術支援之人士或實體以及本集團股東及顧問或諮詢顧問授出購股權，彼等可按不低於以下較高者之每股價格認購本公司股份：(i) 授出日期在香港聯合交易所有限公司每日報價表所報之股份收市價；或(ii)緊接授出日期前五個交易日聯交所每日報價表所報股份平均收市價；及(iii)股份面值。在接納購股權時，須支付名義代價1.04元人民幣(相等於1港元)。根據購股權計劃及本集團不時採納之任何其他購股權計劃授出但尚未行使之所有購股權獲行使而可予發行之股份數目，最多合共不得超過本公司不時已發行股本30%。購股權計劃有效期為10年，直至二零一四年二月止。本集團並無法定或推定責任，購回或以現金清償購股權。

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### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 15. Share capital and share options (continued)

##### (b) Share options

Movements of the number of share options outstanding during the year and their related weighted average exercise prices are as follows:

		2007 二零零七年		2006 二零零六年	
		Average exercise price in HK\$ per share 每股港元 平均行使價	Options (thousands) 購股權 (千份)	Average exercise price in HK\$ per share 每股港元 平均行使價	Options (thousands) 購股權 (千份)
At 1 January	於一月一日	1.38	43,100	1.37	36,075
Granted during the year	年內授出	-	-	1.39	21,400
Exercised during the year	年內行使	1.38	(8,890)	-	-
Cancelled during the year	年內註銷	1.37	(2,000)	1.37	(14,375)
At 31 December	於十二月三十一日	1.38	32,210	1.38	43,100

Out of the 32,210,000 outstanding options (2006: 43,100,000 options), 19,730,000 options (2006: 25,980,000) were exercisable.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

		Share options 購股權	
		2007 二零零七年 (thousands) (千份)	2006 二零零六年 (thousands) (千份)
Expiry date	到期日	Exercise price HK dollar per share 每股港元行使價	
May 2011	二零一一年五月	1.39	14,770
Jun 2014	二零一四年六月	1.37	17,440
			32,210
			43,100

#### 15. 股本及購股權(續)

##### (b) 購股權

尚未行使購股權數目及其相關加權平均行使價於年內之變動如下：

在 32,210,000 未行使的購股權中 (二零零六年：43,100,000 購股權)，19,730,000 (二零零六年：25,980,000) 購股權可予行使。

在年終時未行使的購股權的到期日和行使價如下：



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## 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

### 16. Other reserves (a) Group

### 16. 其他儲備 (a) 本集團

		Share Premium 股份溢價	Capital reserve (i) 股本儲備(i)	Contributed surplus (ii) 實繳盈餘(ii)	Statutory reserves (iii) 法定 公積金(iii)	Share options equity reserve 購股權 股本儲備	Currency translation reserve 匯兌儲備	Total 總計
<b>Balance at 1 January 2006</b>	於二零零六年一月一日之結餘	177,698	685	9,500	16,168	5,732	(36)	209,747
Employee share option scheme:	僱員購股權計劃：							
— Value of share options granted	— 授出購股權之價值	-	-	-	-	2,047	-	2,047
— Cancellation of share options	— 註銷購股權	-	-	-	-	(1,841)	-	(1,841)
Currency translation differences	匯兌差額	-	-	-	-	-	17	17
<b>Balance at 31 December 2006</b>	於二零零六年十二月三十一日之結餘	177,698	685	9,500	16,168	5,938	(19)	209,970
<b>At 1 January 2007</b>	於二零零七年一月一日	177,698	685	9,500	16,168	5,938	(19)	209,970
Employee share option scheme:	僱員購股權計劃：							
— Value of share options granted	— 授出購股權之價值	-	-	-	-	1,920	-	1,920
— Cancellation of share options	— 註銷購股權	-	-	-	-	(348)	-	(348)
— Exercise of share options	— 行使購股權	-	-	-	-	(641)	-	(641)
Issue of shares	發行股份	11,190	-	-	-	-	-	11,190
Transfer from retained earnings	保留盈利轉撥	-	-	-	18,581	-	-	18,581
Currency translation differences	匯兌差額	-	-	-	-	-	(21)	(21)
<b>Balance at 31 December 2007</b>	於二零零七年十二月三十一日之結餘	188,888	685	9,500	34,749	6,869	(40)	240,651

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 16. Other reserves (continued)

##### (b) Company

#### 16. 其他儲備(續)

##### (b) 本公司

		Share Premium 股份溢價	Capital reserve (i) 股本儲備(i)	Share options equity reserve 購股權 股本儲備	Total 總計
<b>Balance at 1 January 2006</b>	於二零零六年一月一日之結餘	177,698	90,941	5,732	274,371
Employee share option scheme:	僱員購股權計劃：				
- Value of share options granted	- 授出購股權之價值	-	-	2,047	2,047
- Cancellation of share options	- 註銷購股權	-	-	(1,841)	(1,841)
<b>Balance at 31 December 2006</b>	於二零零六年十二月三十一日之結餘	177,698	90,941	5,938	274,577
<b>Balance at 1 January 2007</b>	於二零零七年一月一日之結餘	177,698	90,941	5,938	274,577
Employee share option scheme:	僱員購股權計劃：				
- Value of share options granted	- 授出購股權價值	-	-	1,920	1,920
- Cancellation of share options	- 註銷購股權	-	-	(348)	(348)
- Exercise of share options	- 行使購股權	-	-	(641)	(641)
Issue of share	發行股份	11,190	-	-	11,190
<b>Balance at 31 December 2007</b>	於二零零七年十二月三十一日之結餘	188,888	90,941	6,869	286,698

Notes:

- (i) Capital reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the share exchange on 16 February 2004 over the nominal value of the share capital of the Company issued in exchange therefor.

Capital reserve of the Company represents the difference between the costs of investments in subsidiaries acquired pursuant to the share exchange on 16 February 2004 over the nominal value of the share capital of the Company issued in exchange therefor.

- (ii) Contributed surplus represents the capital contribution from an executive director and an indirect substantial shareholder of the Company, as part of a group reorganisation exercise.

- (iii) According to the articles of association of the relevant subsidiaries established in Mainland China and the Mainland China rules and regulations, Mainland China subsidiaries are required to transfer not less than 10% of their net profit as stated in their annual financial statements prepared under Mainland China accounting regulations to statutory reserves before the corresponding Mainland China subsidiaries can distribute any dividend. Such a transfer is not required when the amount of statutory reserves reaches 50% of the corresponding subsidiaries' registered capital. The statutory reserves shall only be used to make up losses of the corresponding subsidiaries, to expand the corresponding subsidiaries' production operations, or to increase the capital of the corresponding subsidiaries. Upon approval by resolutions of the corresponding subsidiaries' shareholders in general meetings, the corresponding subsidiaries may convert their statutory reserves into registered capital and issue bonus capital to existing owners in proportion to their existing ownership structure.

- (iv) The Company's other reserves totalled RMB286,698,000 (2006: RMB274,577,000) which, under the Company Law (revised) of the Cayman Islands subject to certain conditions, are available for distribution to shareholders.

附註：

- (i) 本集團資本儲備指根據二零零四年二月十六日重組所收購附屬公司股份的面值超過本公司發行以換取上述股份之股本面值的差額。

本公司資本儲備指根據二零零四年二月十六日重組所收購附屬公司的投資成本超過本公司發行以換取上述投資之股本面值的差額。

- (ii) 實繳盈餘指本公司一名執行董事兼間接主要股東就集團重組作出之出資額。

- (iii) 根據於中國內地成立之有關附屬公司之組織章程細則及相關中國內地規則及規例，中國內地附屬公司須先行將根據中國內地會計準則編製之年度財務報表所列純利其中不少於10%，撥入法定公積金，方可派付股息。當法定公積金達到有關附屬公司註冊資本50%時，則毋須再作轉撥。法定公積金僅可用於抵銷有關附屬公司虧損、擴大有關附屬公司生產規模或增加有關附屬公司股本。當獲得有關附屬公司之股東在股東大會通過決議案批准，則有關附屬公司可將法定公積金轉為註冊資本，並且按現有股東之現有擁有權結構比例發行紅股。

- (iv) 根據開曼群島公司法(修訂本)，本公司可供分派儲備約為286,698,000元人民幣(二零零六年：274,577,000元人民幣)。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 17. Borrowings

#### 17. 借貸

		2007 二零零七年	2006 二零零六年
<b>Non-current</b>	<b>非即期</b>		
Government loans, unsecured	無抵押政府貸款	5,000	5,000
Bank borrowings, secured	有抵押銀行借貸	3,121	6,698
Bank borrowings, unsecured	無抵押銀行借貸	50,000	-
		<b>58,121</b>	11,698
<b>Current</b>	<b>即期</b>		
Government loans, unsecured	無抵押政府貸款	28,870	28,870
Bank borrowings, secured	有抵押銀行借貸	62,402	94,268
Bank borrowings, unsecured	無抵押銀行借貸	7,000	-
		<b>98,272</b>	123,138
<b>Total borrowings</b>	<b>借貸總額</b>	<b>156,393</b>	134,836

Government loans represent unsecured loans from the State Development and Reform Commission, Xiamen Development Planning Commission and other Mainland China government bureaus to finance the Group's product development activities and expansion of production facilities.

Government loans of RMB5,000,000 (2006: RMB5,000,000) are repayable in 2018, and bear interest at 2.6%. Government loans of RMB8,000,000 (2006: RMB8,000,000) are repayable on demand, and bear interest at 7.6% per annum. Government loans of RMB20,870,000 (2006: RMB20,870,000) are non-interest bearing, and shall be repayable on terms and conditions to be determined between the government bureaus and the Group upon completion of the relevant project.

政府貸款即來自國家發展計劃委員會、廈門市計劃委員會及其他中國內地政府機關之無抵押貸款，用於本集團產品開發及擴建生產設施。

政府貸款5,000,000人民幣(二零零六年：5,000,000元人民幣)須於二零一八年償還，並按2.6厘利率計息。政府貸款8,000,000人民幣(二零零六年：8,000,000元人民幣)須應要求償還，並按年利率7.6厘計息。政府貸款20,870,000元人民幣(二零零六年：20,870,000元人民幣)為免息以及將按照政府當局與本集團釐定之條款及條件，於有關項目完成後償還。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 17. Borrowings (continued)

The maturity of borrowings is as follows:

		2007 二零零七年	2006 二零零六年
Amounts repayable within a period:	須於以下期間償還之款項：		
– not exceeding one year	– 不超過一年	98,272	123,138
– more than one year but not exceeding two years	– 一年以上，但不超過兩年	3,121	3,349
– more than two years but not exceeding five years	– 兩年以上，但不超過五年	50,000	3,349
– more than five years	– 五年以上	5,000	5,000
		<b>156,393</b>	<b>134,836</b>

The effective interest rates at the balance sheet date were as follows:

		2007 二零零七年	2006 二零零六年
Government loans	政府貸款	2.16%	2.16%
Bank borrowings	銀行借貸	8.5%	5.9%

The carrying amounts of borrowings approximate their fair value.

貸款的賬面值與其公平值相近。

The carrying amounts of the borrowings are denominated in the following currencies:

貸款的賬面金額以下列貨幣為單位

		Group 集團	
		2007 二零零七年	2006 二零零六年
Renminbi	人民幣	133,870	119,870
Hong Kong dollar	港元	6,243	10,047
US dollar	美元	16,280	4,919
		<b>156,393</b>	<b>134,836</b>

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 17. Borrowings (continued)

The Group has the following undrawn borrowing facilities:

		2007 二零零七年	2006 二零零六年
Floating rate	浮息		
– expiring within one year	– 一年內到期	29,956	11,469
– expiring beyond one year	– 一年以上到期	2,367	25,221
		<b>32,323</b>	36,690

Total borrowings include secured bank borrowings of RMB65,523,000 (2006: RMB100,966,000). Bank borrowings are secured by the land property, plant and equipment of the Group (Notes 6 and 7) and director's and corporate guarantees.

The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates is as follows:

		Group 集團	
		2007 二零零七年	2006 二零零六年
6 months or less	6個月或以下	55,393	62,836
6–12 months	6–12個月	46,000	67,000
1–5 years	1–5年	50,000	–
Over 5 years	5年以上	5,000	5,000
		<b>156,393</b>	134,836

#### 17. 借貸(續)

本集團有下列未提取貸款融資：

總貸款包括有抵押銀行貸款65,523,000元人民幣(二零零六年：100,966,000人民幣)。銀行貸款以本集團的土地及物業、廠房及設備(附註6及7)為抵押及需要董事及企業擔保。

本集團的貸款在利率變動及合約重新定價日期所承擔的風險如下：

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 18. Trade payables and bills payable

		2007 二零零七年	2006 二零零六年
Trade payables	應付交易帳款	8,202	16,548
Bills payable	應付票據	46,688	75,260
		<b>54,890</b>	91,808

As at 31 December 2007, the aging analysis of trade payables and bills payable is as follows:

於二零零七年十二月三十一日，應付交易帳款及應付票據之帳齡分析如下：

		2007 二零零七年	2006 二零零六年
0 to 30 days	0至30天	11,194	20,660
31 to 60 days	31至60天	31,071	21,017
61 to 90 days	61至90天	4,150	18,230
91 to 180 days	91至180天	7,676	30,647
181 to 365 days	181至365天	28	84
Over 365 days	超過365天	771	1,170
		<b>54,890</b>	91,808

All trade payables and bills payable were denominated in RMB.

應付交易帳款及應付票據均以人民幣為單位。

#### 19. Accruals and other payables

		Group 本集團		Company 本公司	
		2007 二零零七年	2006 二零零六年	2007 二零零七年	2006 二零零六年
Payable for construction and purchase of property, plant and equipment	應付建造及購買物業、廠房及設備費用	6,922	3,173	-	-
Output value-added tax payable	應付銷項增值稅	8,891	15,050	-	-
Accruals for	應計費用				
– Administrative expenses	– 行政費用	16,446	8,294	2,113	1,519
– Government loan interest	– 政府貸款利息	2,445	1,714	-	-
		<b>34,704</b>	28,231	<b>2,113</b>	1,519

#### 19. 應計費用及其他應付款項

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 20. Derivative financial instruments

#### 20. 衍生金融工具

		2007 二零零七年	2006 二零零六年
Structured interest rate swaps, at fair value	結構性利率掉期， 按公平值	<b>37,837</b>	-

During the year, the Group entered into a structured interest rate swaps (the "Swap") with maturity in 2012 with a commercial bank (the "Bank"), an upfront payment of USD5 million, approximately to RMB38,588,000 was received by the Group at the inception of the Swap and were initially recognised as a derivative financial liability in balance sheet. The Swap is remeasured at fair value as estimated by the Bank based on certain assumption at each balance sheet date. Key terms of the interest rate swap are summarised as follows:

Notional amounts:	USD50,000,000
Upfront payment:	USD5,000,000
Effective date:	16 April 2007
Maturity date:	16 April 2012
Group pays:	5% (annually)
Bank pays:	3% + 8* (Index YoY Return – 1%) Coupon capped at 10% and floored at 0% (annually) Note (i)

On 18 March 2008, the Swap between the Group and the Bank had been terminated. The Group paid USD4.2 million, approximately to RMB29,615,000 on 20 March 2008 with respect to this termination. There should be no further cashflows from either party with respect to this Swap after the termination. The gain on this Swap will be recognised as other gains in the year ending 31 December 2008.

Note:

- (i) Index means the Deutsche Bank Municipal Forward Rate Bias Index (the "Index") as published on Bloomberg.

於年內，本集團與一間商業銀行（「銀行」）進行之結構性利率掉期（「掉期」）於二零一二年，到期掉期開始時本集團收到一筆前期收款美元5,000,000元約為38,588,000元人民幣，於掉期開始時此前期收款於資產負債表中初始確認為衍生金融負債。掉期按銀行於每個結算日作出若干假設而預計之公平價作重新估量。利率掉期之重要條款概述如下：

名義金額：	50,000,000美元
首筆支付費用：	5,000,000美元
生效日：	二零零七年四月十六日
到期日：	二零一二年四月十六日
集團支付：	5% (每年)
銀行	3% + 8* (指數年比回報-1%) 票息上限為10%下限為0% (每年) 附註(i)

於二零零八年三月十八日，本集團與銀行之間的掉期已終止，本集團於二零零八年三月二十日已付美元4,200,000元，約為29,615,000元人民幣終止有關掉期，本集團與銀行在未來不需要為此掉期有任何的現金付款，而終止此掉期所產生的盈利將會在截至二零零八年十二月三十一日止之年度內確認為其他收益。

附註：

- (i) 指數指於彭博資訊上發佈之德意志銀行市政府遠期利率偏向指數（「指數」）。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 21. Other gains – net

#### 21. 其他收益淨額

		2007 二零零七年	2006 二零零六年
Interest income from bank deposits	銀行存款之利息收入	3,469	3,136
Amortisation of deferred income on government grants	攤銷政府撥款之遞延收入	19	115
Realised and unrealised loss on interest rate swaps – net	利率掉期之變現及未變現虧損淨額	(1,430)	–
Net foreign exchange gains from interest rate swap	利率掉期之匯兌收益淨額	2,181	–
Others	其他	–	1,701
		<b>4,239</b>	<b>4,952</b>

#### 22. Expenses by nature

#### 22. 按性質劃分之開支

		2007 二零零七年	2006 二零零六年
Depreciation (Note 6)	折舊 (附註6)	11,648	11,161
Amortisation of prepaid operating lease payments (Note 7)	攤銷預付經營租金款項 (附註7)	110	110
Amortisation of intangible assets (Note 8)	攤銷無形資產 (附註8)	2,332	3,974
Impairment of product development costs (Note 8)	產品開發成本減值 (附註8)	1,664	4,450
Employee benefit expense (Note 23)	僱員福利開支 (附註23)	27,682	22,406
Changes in inventories of finished goods and work-in-progress	製成品及在製品存貨變動	39,190	62,644
Raw materials and consumables used	已用原料及消耗品	297,924	254,014
Transportation	運輸	15,577	12,960
Advertising	廣告宣傳	123	564
Operating lease payments	營運租賃租金	2,864	2,289
Auditors' remuneration	核數師酬金	1,479	1,175
Net exchange loss	淨匯兌虧損	4,319	1,769



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 23. Employee benefit expense

#### 23. 僱員福利開支

		2007 二零零七年	2006 二零零六年
Wages, salaries, other allowances and benefits in kind	工資、薪金、其他津貼及實物利益	<b>22,129</b>	16,965
Bonus	花紅	<b>2,248</b>	2,759
Share options granted to directors and employees (Note 15)	授予董事及僱員之購股權（附註15）	<b>1,920</b>	2,047
Pension costs – defined contribution plans (Note a)	退休金成本 – 定額供款計劃（附註a）	<b>1,385</b>	635
		<b>27,682</b>	22,406

##### (a) Pensions – defined contribution plans

As stipulated by rules and regulations in Mainland China, the Group contributes to a state-sponsored retirement plan for its employees in Mainland China, which is a defined contribution plan. The Group and its employees contribute approximately 6% to 14% and 0% to 4%, respectively, of the employees' salary as specified by the local government, and the Group has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plan is responsible for the entire pension obligations payable to retired employees.

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its Hong Kong employees makes monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' contributions are subject to a cap of HK\$1,000 per month.

During the year, the aggregate amounts of the Group's contributions to the aforementioned retirement schemes were approximately RMB1,385,000 (2006: RMB635,000). As at 31 December 2007, the Group was not entitled to any forfeited contributions to reduce the Group's future contributions.

##### (a) 退休金成本 – 定額供款計劃

根據中國內地法規，本集團為其中國內地僱員向國家認可之定額供款退休計劃供款。本集團及其僱員分別按地方政府所指定之僱員薪金約6%至14%及0%至4%供款，除作出年度供款外，本集團毋須再承擔實際支付退休金或退休後福利之責任。國家認可之退休金計劃承擔應付予退休僱員之一切退休福利責任。

本集團已安排其香港僱員參與由獨立信託人管理之定額供款計劃強制性公積金計劃（「強積金計劃」）。根據強積金計劃，本集團及其香港僱員須每月按照強制性公積金條例所釐定之僱員收入5%各自向計劃供款，而本集團及僱員每月供款上限為1,000港元。

年內，本集團有關上述退休金計劃之供款總額約為1,385,000元人民幣（二零零六年：635,000元人民幣）。於二零零七年十二月三十一日，本集團並無已沒收供款可用作減少其日後供款。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 23. Employee benefit expense (continued)

##### (b) Directors' and senior management's emoluments

The remuneration of each Director for the year ended 31 December 2007 is set out below:

Name of Director 董事姓名	Fees 袍金	Salaries, other allowances and benefits in kind 薪金、 其他津貼 及實物福利	Retirement benefit- defined contribution plans 退休福利— 定額供款計劃	Share options granted to Directors 授予董事 之購股權	Total 總計
Executive directors 執行董事					
Mr. Yang Yirong 楊毅融先生	-	1,625	9	38	1,672
Mr. Gong Xionghui 龔雄輝先生	-	885	8	-	893
Ms. Lu Jiahua 盧家華女士	-	830	8	-	838
Mr. Lin Like 林力克先生	-	822	-	283	1,105
Mr. Han Huan Guang 韓歡光先生	-	1,321	12	283	1,616
Non-executive director 非執行董事					
Mr. Feng Tao 馮濤先生	-	-	-	283	283
Independent non-executive directors 獨立非執行董事					
Mr. Yau Fook Chuen 丘福全先生	139	9	-	38	186
Mr. Wong Yik Chung, John 黃翼忠先生	139	7	-	38	184
Mr. Zheng Lansun 鄭蘭蓀先生	64	4	-	38	106
	342	5,503	37	1,001	6,883

#### 23. 僱員福利開支(續)

##### (b) 董事及高級管理人員酬金

截至二零零七年十二月三十一日止年度，各董事之酬金載列如下：

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 23. Employee benefit expense (continued)

##### (b) Directors' and senior management's emoluments

(continued)

The remuneration of each Director for the year ended 31 December 2006 is set out below:

Name of Director 董事姓名	Fees 袍金	Salaries, other allowances and benefits in kind 薪金、 其他津貼 及實物福利	Discretionary performance bonus 按表現發放 之酌情花紅	Retirement benefit- defined contribution plans 退休福利— 定額供款計劃	Share options granted to Directors 授予董事 之購股權	Total 總計
<b>Executive directors 執行董事</b>						
Mr. Yang Yirong 楊毅融先生	-	1,412	300	7	41	1,760
Mr. Gong Xionghui 龔雄輝先生	-	713	378	7	-	1,098
Ms. Lu Jiahua 盧家華女士	-	713	378	7	-	1,098
Mr. Lin Like 林力克先生	-	578	350	-	304	1,232
Mr. Han Huan Guang 韓歡光先生	-	669	200	7	304	1,180
<b>Non-executive director 非執行董事</b>						
Mr. Feng Tao 馮濤先生	-	-	-	-	304	304
<b>Independent non-executive directors 獨立非執行董事</b>						
Mr. Yau Fook Chuen 丘福全先生	140	9	60	-	41	250
Mr. Wong Yik Chung, John 黃翼忠先生	140	9	60	-	41	250
Mr. Zheng Lansun 鄭蘭蓀先生	70	-	-	-	41	111
	350	4,103	1,726	28	1,076	7,283

#### Notes:

None of the directors waived any emoluments during the year ended 31 December 2007 (2006: Nil).

#### 23. 僱員福利開支(續)

##### (b) 董事及高級管理人員酬金(續)

截至二零零六年十二月三十一日止年度，各董事之酬金載列如下：

Name of Director 董事姓名	Fees 袍金	Salaries, other allowances and benefits in kind 薪金、 其他津貼 及實物福利	Discretionary performance bonus 按表現發放 之酌情花紅	Retirement benefit- defined contribution plans 退休福利— 定額供款計劃	Share options granted to Directors 授予董事 之購股權	Total 總計
<b>Executive directors 執行董事</b>						
Mr. Yang Yirong 楊毅融先生	-	1,412	300	7	41	1,760
Mr. Gong Xionghui 龔雄輝先生	-	713	378	7	-	1,098
Ms. Lu Jiahua 盧家華女士	-	713	378	7	-	1,098
Mr. Lin Like 林力克先生	-	578	350	-	304	1,232
Mr. Han Huan Guang 韓歡光先生	-	669	200	7	304	1,180
<b>Non-executive director 非執行董事</b>						
Mr. Feng Tao 馮濤先生	-	-	-	-	304	304
<b>Independent non-executive directors 獨立非執行董事</b>						
Mr. Yau Fook Chuen 丘福全先生	140	9	60	-	41	250
Mr. Wong Yik Chung, John 黃翼忠先生	140	9	60	-	41	250
Mr. Zheng Lansun 鄭蘭蓀先生	70	-	-	-	41	111
	350	4,103	1,726	28	1,076	7,283

#### 附註：

截至二零零七年十二月三十一日止年度，並無董事放棄任何酬金(二零零六年：無)。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明者外，所有款額均以千元人民幣列值)

#### 23. Employee benefit expense (continued)

##### (c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2007 and 31 December 2006 exclusively comprise the five highest paid directors whose emoluments are reflected in the analysis presented above.

During the years ended 31 December 2007 and 2006, no emoluments were paid to the directors of the Company or the five highest paid individuals as an inducement to join or as compensation for loss of office.

#### 24. Finance costs

Interest expense on:	利息開支：
– Bank borrowings wholly repayable within five years	– 須於五年內全數償還之銀行借貸
– Government loans wholly repayable within five years	– 須於五年內全數償還之政府貸款

#### 23. 僱員福利開支(續)

##### (c) 五名最高薪人士

本集團截至二零零七年十二月三十一日及二零零六年十二月三十一日止年度之五名最高薪人士之酬金已完全包括於上文分析內之五名最高薪董事。

截至二零零七年及二零零六年十二月三十一日止年度，並無向本公司董事或該五名最高薪人士支付任何酬金，作為吸引彼加盟之獎金或作為離職之補償。

#### 24. 融資成本

	2007 二零零七年	2006 二零零六年
	<b>5,623</b>	5,913
	<b>732</b>	732
	<b>6,355</b>	6,645

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 25. Income tax expense

		2007 二零零七年	2006 二零零六年
Current taxation	現有稅項		
– Mainland China enterprise income tax	– 中國內地企業所得稅	7,514	8,982

Notes:

- (a) Hong Kong profits tax**  
No Hong Kong profits tax has been provided as the Group had no assessable profit arising in or derived from Hong Kong.
- (b) Mainland China enterprise income tax**  
The subsidiaries established in Xiamen, Fujian Province, Mainland China are subject to Mainland China enterprise income tax at a rate of 15% (2006: 15%). In August 2003, Xiamen Doingcom Chemical Co., Ltd. was accredited as a New High Technology Enterprise and accordingly is exempted from payment of enterprise income tax for two years starting from year 2003. In November 2006, Xiamen Doingcom transformed from a domestic enterprise to a wholly foreign owned enterprise. It has obtained approval from Mainland China Tax Bureau to be exempted from enterprise income tax for two years starting from the first year of profitable operations, followed by a 50% reduction in enterprise income tax for the following three years. Xiamen Doingcom has commenced to enjoy its tax holiday in year 2007.
- On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("the New Tax Law") which will take effect on 1 January 2008. From 1 January 2008, the income tax rate for the operating subsidiaries mentioned above will be gradually changed to the standard rate of 25% over a five-year transition period. According to the Circular 39 passed by the State Council on 26 December 2007, the tax exemption and reduction will be terminated latest by 2012. The Group has assessed the impact of the change and consider the financial effect on the change in tax rate does not have material effect to the accounts.
- (c) Overseas income taxes**  
The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, accordingly, is exempted from Cayman Islands income tax. The Company's subsidiaries established in the British Virgin Islands are incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.
- (d) Mainland China value-added tax**  
The subsidiaries established in Mainland China are subject to Mainland China value-added tax ("VAT") at 17% (2006: 17%) of revenue from sale of goods in Mainland China and entitled to a VAT export refund at 5% (2006: 13%) from sale of goods outside Mainland China. Input VAT paid on purchases can be used to offset output VAT levied on sales to determine the net VAT recoverable/payable.

### 25. 所得稅開支

附註：

- (a) 香港利得稅**  
由於本集團並無在香港獲得或賺取應課稅溢利，因此並無就香港利得稅作出撥備。
- (b) 中國內地企業所得稅**  
於中國內地福建省廈門成立之附屬公司須按15%(二零零六年：15%)之稅率繳納中國內地企業所得稅。二零零三年八月，廈門中坤化學有限公司獲認可為高新技術企業，因此獲自二零零三起豁免繳納企業所得稅兩年。二零零六年十一月，廈門中坤化學有限公司由內資企業轉為全外資企業，並且獲得中國內地稅務局豁免自首個獲利年度起繳納企業所得稅兩年，其後三年之企業所得稅則減半。但廈門中坤化學有限公司並未在二零零六年就啟用該項稅收優惠。
- 於二零零七年三月十六日，第十屆全國人民代表大會第五次會議通過於二零零八年一月一日施行的《中華人民共和國企業所得稅法》(「新稅法」)。從二零零八年一月一日起，上述營運附屬公司將於五年過渡期內逐步轉變為標準率25%。根據國務院於二零零七年十二月二十六日通過的國法39號通知，稅項豁免及減免最遲將於二零一二年終止。集團已評估此項變動的影響，認為稅率變動不會對賬目產生重大財務影響。
- (c) 海外所得稅**  
本公司根據開曼群島公司法在開曼群島註冊成立為獲豁免有限公司，因此獲豁免繳納開曼群島所得稅。本公司在英屬處女群島成立之附屬公司乃根據英屬處女群島國際商業公司法註冊成立，因此獲豁免繳納英屬處女群島所得稅。
- (d) 中國內地增值稅**  
於中國內地成立之附屬公司在中國內地及境外銷售貨品之收入須分別按17%(二零零六年：17%)，繳納中國內地增值稅(「增值稅」)，但其出口銷售可享受增值稅出口退稅的待遇(退稅率為5%(2006：13%))。計算可收回／應付增值稅淨額時，採購時支付之進項增值稅可用作抵銷出售時徵收之銷項增值稅。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

#### 25. Income tax expense (continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the relevant enterprise income tax rate in Mainland China, where substantially all of the Group's profit was earned, and the reconciliation is as follows:

		2007 二零零七年	2006 二零零六年
Profit before income tax	除所得稅前溢利	<b>138,048</b>	104,417
Tax calculated at domestic tax rates applicable to profits in the respective countries	按相關國家溢利適用之本地稅率計算之稅項	<b>12,334</b>	7,969
Income not subject to tax	毋須課稅收入	<b>(6,971)</b>	(665)
Tax losses for which no deferred income tax asset was recognised	並無確認遞延所得稅資產所產生稅項虧損	<b>2,151</b>	1,678
Income tax expense	所得稅項開支	<b>7,514</b>	8,982

The weighted average applicable tax rate was 5.4% (2006: 8.6%).

As at 31 December 2007, the Group has unrecognised tax losses of approximately RMB91,824,000 (2006: RMB72,555,000), which can be carried forward to offset future taxable income. Included in the tax loss as at 31 December 2007 was a loss of RMB8,294,000 (2006: RMB5,597,000) that will expire during the period from 2008 to 2012 (2006: 2007 to 2011), while other losses can be carried forward indefinitely. The deferred tax benefit of such tax losses has not been recognised as it is not probable that future taxable profit will be available against which the unutilised tax losses can be utilised.

#### 25. 所得稅開支(續)

以本集團除所得稅前溢利計算之稅項，與按照本集團所得絕大部分溢利來源地中國相關之內地企業所得稅稅率計算之理論數額有差異，對帳如下：

		2007 二零零七年	2006 二零零六年
Profit before income tax	除所得稅前溢利	<b>138,048</b>	104,417
Tax calculated at domestic tax rates applicable to profits in the respective countries	按相關國家溢利適用之本地稅率計算之稅項	<b>12,334</b>	7,969
Income not subject to tax	毋須課稅收入	<b>(6,971)</b>	(665)
Tax losses for which no deferred income tax asset was recognised	並無確認遞延所得稅資產所產生稅項虧損	<b>2,151</b>	1,678
Income tax expense	所得稅項開支	<b>7,514</b>	8,982

適用加權平均稅率為5.4%(二零零六年：8.6%)。

於二零零七年十二月三十一日，本集團有未確認稅務虧損約91,824,000元人民幣(二零零六年：72,555,000元人民幣)，可結轉抵銷未來應課稅收入。於二零零七年十二月三十一日之稅務虧損包括虧損8,294,000元人民幣(二零零六年：5,597,000元人民幣)，結轉期將於二零零八年至二零一二年(二零零六年：二零零七年至二零一一年)間屆滿，其他虧損則可無限期結轉。由於並不肯定未來有應課稅溢利而可以未動用之稅務虧損抵銷，因此上述稅務虧損之遞延稅項利益並無確認入帳。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

#### 26. Profit attributable to equity holders of the company

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of RMB31,844,000 (2006: RMB11,669,000).

#### 27. Earnings per share

##### Basic

Basic earnings per share is calculated by dividing profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

		2007 二零零七年	2006 二零零六年
Profit attributable to equity holders of the Company	本公司權益持有人應佔溢利	<b>130,465</b>	95,440
Weighted average number of ordinary shares in issue (thousands)	已發行普通股加權平均數 (千股)	<b>466,407</b>	461,000
Basic earnings per share (RMB per share)	每股基本盈利(每股人民幣)	<b>28.0 Cents</b> 仙	20.7 Cents 仙

##### Diluted

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company mainly comprise the share options. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average monthly market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

#### 26. 本公司權益持有人應佔溢利

於本公司財務報表處理之本公司權益持有人應佔溢利為31,844,000元人民幣(二零零六年：11,669,000元人民幣)。

#### 27. 每股盈利

##### 基本

每股基本盈利乃根據本公司權益持有人應佔溢利除年內已發行普通股加權平均數計算。

##### 攤薄

每股攤薄盈利假設所有可攤薄的潛在普通股被兌換後，根據已發行普通股的加權平均股數計算。本公司可攤薄的潛在普通股主要包括購股權。根據未行使購股權所附的認購權的貨幣價值，釐定按公平值(釐定為本公司股份的平均月度市價)可購入的股份數目。按以上方式計算的股份數目，與假設購股權行使而應已發行的股份數目作出比較。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

#### 27. Earnings per share (continued) Diluted (continued)

		2007 二零零七年	2006 二零零六年
Profit attributable to equity holders of the Company	本公司權益持有人應佔盈利	130,465	95,440
Weighted average number of ordinary shares in issue (thousands)	已發行普通股的加權平均數(千計)	466,407	461,000
Adjustments assuming the exercise of share options (thousands)	假設購股權被行使的調整(千計)	20,626	2,818
Weighted average number of ordinary shares for diluted earnings per share (thousands)	計算每股攤薄盈利的普通股的加權平均數(千計)	487,033	463,818
Diluted earnings per share (RMB per share)	每股攤薄盈利(每股人民幣)	26.8 Cents仙	20.6 Cents仙

#### 28. Dividends

During the year ended 31 December 2007, a final dividend for the year ended 31 December 2006 of RMB10,493,000 (HK2.3 cents/share) (2006: 2005 final dividend of RMB5,720,000 (HK1.2 cents/share) and an interim dividend for the year ended 31 December 2007 of RMB4,537,000 (HK1 cents/share) (2006: 2006 interim dividend of RMB3,733,000 (HK 0.8 cents/share)), were paid by the Company, totalling RMB15,030,000 (2006: RMB9,453,000).

A final dividend in respect of the year ended 31 December 2007 of HK 3.5 cents per share, totalling approximately of RMB14,760,000, is to be proposed at the annual general meeting on 9 May 2008. These financial statements do not reflect this dividend payable.

#### 27. 每股盈利(續) 攤薄(續)

#### 28. 股息

於截至二零零七年十二月三十一日止年度內，本公司共支付15,030,000元人民幣(二零零六年：9,453,000元人民幣)之股息，分別包括10,493,000元人民幣(每股2.3港仙)之二零零六年末期股息(二零零六年：5,720,000元人民幣(每股1.2港仙)之二零零五年末期股息)和4,537,000元人民幣(每股1港仙)之2007年中期股息(二零零六年：3,733,000元人民幣(每股0.8港仙)之二零零六年中期股息)。

於二零零八年五月九日舉行之股東週年大會上，有關截至二零零七年十二月三十一日止年度擬派末期股息每股3.5港仙，合共約14,760,000元人民幣。財務報表並無反映此應付股息。

		2007 二零零七年	2006 二零零六年
Interim dividend paid of HK1 cents (2006: HK0.8 cents) per ordinary share	已派中期股息每股普通股1港仙(二零零六年：0.8港仙)	4,537	3,733
Proposed final dividend of HK3.5 cents (2006: HK2.3 cents) per ordinary share	擬派末期股息每股普通股3.5港仙(二零零六年：2.3港仙)	14,760	10,493
		<b>19,297</b>	<b>14,226</b>



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

#### 29. Cash generated from operations

#### 29. 經營業務產生之現金

		2007 二零零七年	2006 二零零六年
Profit for the year	年內溢利	<b>130,534</b>	95,435
Adjustments for:	按下列各項調整：		
– Income tax expense (Note 25)	– 所得稅開支(附註25)	<b>7,514</b>	8,982
– Depreciation (Note 6)	– 折舊(附註6)	<b>11,648</b>	11,161
– Amortisation of:	– 攤銷以下各項：		
– Land use rights (Note 7)	– 土地使用權(附註7)	<b>110</b>	110
– Intangible assets (Note 8)	– 無形資產(附註8)	<b>2,332</b>	3,974
– Deferred income on government grants	– 政府撥款之遞延收入	<b>(19)</b>	(115)
– Impairment of intangible assets (Note 8)	– 無形資產減值(附註8)	<b>1,664</b>	4,450
– Loss/(gain) on disposal of property, plant and equipment (see below)	– 出售物業、廠房及設備之虧損／(收益)(見下文)	<b>334</b>	(12)
– Gain on disposal of available-for-sale financial assets	– 出售可供出售金融資產收益	<b>(140)</b>	(27)
– Employee share option costs (Note 23)	– 僱員購股權成本(附註23)	<b>1,920</b>	2,047
– Fair value loss on derivative financial instrument	– 衍生金融工具之公平值虧損	<b>1,430</b>	–
– Unrealised exchange gain on derivative financial instrument	– 衍生金融工具之未變現匯兌收益	<b>(2,181)</b>	–
– Interest income (Note 21)	– 利息收入(附註21)	<b>(3,469)</b>	(3,136)
– Interest expense (Note 24)	– 利息開支(附註24)	<b>6,355</b>	6,645
Changes in working capital:	營運資金變動：		
– Inventories	– 存貨	<b>(6,557)</b>	(5,626)
– Trade receivables	– 應收交易帳款	<b>(50,749)</b>	(13,133)
– Prepayments and other receivables	– 預付款項及其他應收款項	<b>(20,397)</b>	14,739
– Pledged bank deposits	– 已抵押銀行存款	<b>15,468</b>	(37,580)
– Trade payables and bills payable	– 應付交易帳款及應付票據	<b>(36,918)</b>	43,747
– Accruals and other payables	– 應計款項及其他應付款項	<b>6,473</b>	(2,337)
– Amount due to a related company	– 應付關連公司款項	<b>(3,880)</b>	3,880
Cash generated from operations	經營業務產生之現金	<b>61,472</b>	133,204

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

於現金流量表，出售物業、廠房及設備所得款項包括以下各項：

		2007 二零零七年	2006 二零零六年
Net book amount (Note 6)	帳面淨值(附註6)	<b>336</b>	13
(Loss)/gain on sale of property, plant and equipment	出售物業、廠房及設備之(虧損)／收益	<b>(334)</b>	12
Proceeds from sale of property, plant and equipment	出售物業、廠房及設備所得款項	<b>2</b>	25

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

#### 30. Commitments

##### (a) Capital commitments

		2007 二零零七年	2006 二零零六年
Authorised and contracted but not provided for	已授權及訂約但未撥備		
– Construction-in-progress and property, plant and equipment	– 在建工程以及物業、廠房及設備	9,861	101,164
– Product development projects	– 產品開發計劃	6,450	4,370
– Land use rights	– 土地使用權	3,244	3,244
		<b>19,555</b>	<b>108,778</b>

##### (b) Operating lease commitments

The Group leases certain premises under non-cancellable operating lease agreements. The lease have varying terms, escalation clauses and renewal rights. The lease expenditure expensed in the consolidated income statement during the year is disclosed in Note 22.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

		2007 二零零七年	2006 二零零六年
Not later than 1 year	不超過一年	2,809	2,494
Later than 1 year and not later than 5 years	超過一年但不超過五年	3,118	3,000
		<b>5,927</b>	<b>5,494</b>

#### 30. 承擔

##### (a) 資本承擔

		2007 二零零七年	2006 二零零六年
Authorised and contracted but not provided for	已授權及訂約但未撥備		
– Construction-in-progress and property, plant and equipment	– 在建工程以及物業、廠房及設備	9,861	101,164
– Product development projects	– 產品開發計劃	6,450	4,370
– Land use rights	– 土地使用權	3,244	3,244
		<b>19,555</b>	<b>108,778</b>

##### (b) 經營租約承擔

本集團根據多份不可撤銷經營租約協議租賃若干物業。該等租約之條款、租金調整條款及續約權利不一。年內於綜合損益帳支銷之租賃開支在附註22披露。

本集團根據不可撤銷經營租約之未來最低租金總額如下：

		2007 二零零七年	2006 二零零六年
Not later than 1 year	不超過一年	2,809	2,494
Later than 1 year and not later than 5 years	超過一年但不超過五年	3,118	3,000
		<b>5,927</b>	<b>5,494</b>

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

#### 31. Related party transactions

The Company is 41% owned by Marietta Limited (incorporated in British Virgin Islands) which is owned by Mr. Yang Yirong. The remaining 59% of the shares are widely held.

The following transactions were carried out with related parties:

##### (a) Key management compensation

	2007 二零零七年	2006 二零零六年
Salaries and other short-term employee benefits	6,507	4,053
Discretionary performance bonus	-	1,826
Share-based payments	1,001	1,076
	<b>7,508</b>	<b>6,955</b>

##### (b) Details of the amounts due to directors were:

	2007 二零零七年	2006 二零零六年
Mr. Yang Yirong	1,167	141
Ms. Lu Jiahua	300	-
	<b>1,467</b>	<b>141</b>

Balances with directors were unsecured non-interest bearing, and are repayable within one year.

No advances were made to Mr. Yang Yirong or Ms. Lu Jiahua during the year ended 31 December 2007 and 31 December 2006.

##### (c) Details of amount due to a related company were:

	2007 二零零七年	2006 二零零六年
A company beneficially owned by Mr. Yang Yirong	-	3,880

Balances with the related company were unsecured, non-interest bearing and are repayable within one year.

#### 31. 有關連人士交易

本公司41%權益由一間楊毅融先生持有之英屬處女群島註冊成立之公司－Marietta Limited擁有。餘下59%餘由其他人士持有。

下列為與有關連人士進行之交易：

##### (a) 主要管理人員酬金

	2007 二零零七年	2006 二零零六年
薪金及其他短期僱員福利	6,507	4,053
按表現發放之酌情花紅	-	1,826
以股份為基礎的支付	1,001	1,076
	<b>7,508</b>	<b>6,955</b>

##### (b) 應付董事款項詳情如下：

	2007 二零零七年	2006 二零零六年
楊毅融先生	1,167	141
盧家華女士	300	-
	<b>1,467</b>	<b>141</b>

董事之結餘為無抵押、免息及須於一年內償還。

截至二零零七年十二月三十一日及二零零六年十二月三十一日止年度，本集團並無向楊毅融先生或盧家華女士墊付款項。

##### (c) 應付關連公司款項如下：

	2007 二零零七年	2006 二零零六年
一間由楊毅融先生為擁有之公司	-	3,880

關連公司之結餘為無抵押、免息及須於一年內償還。

## Financial Summary

## 財務概要

## Results

## 業績

		Year ended 31 December 截至十二月三十一日止年度					
		2003 二零零三年 RMB'000 千元人民幣	2004 二零零四年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣	2006 二零零六年 RMB'000 千元人民幣	2007 二零零七年 RMB'000 千元人民幣	
Turnover	銷售	223,152	276,491	384,417	532,975	<b>612,159</b>	
Operating profit	經營溢利	61,854	73,586	84,837	111,062	<b>144,403</b>	
Finance costs	融資成本	(7,174)	(7,003)	(6,864)	(6,645)	<b>(6,355)</b>	
Profit before income tax	除所得稅前溢利	54,680	66,583	77,973	104,417	<b>138,048</b>	
Income tax expense	所得稅	–	(5,230)	(6,923)	(8,982)	<b>(7,514)</b>	
Profit for the year	年內溢利	54,680	61,353	71,050	95,435	<b>130,534</b>	
Dividends	股息	7,600	9,650	9,605	14,226	<b>19,339</b>	
Attributable to:	應佔：						
Equity holders of the Company	本公司權益持有人	54,680	61,354	71,120	95,440	<b>130,465</b>	
Minority interest	少數股東權益	–	(1)	(70)	(5)	<b>69</b>	
		54,680	61,353	71,050	95,435	<b>130,534</b>	

## Financial Positions

## 財務狀況

		As at 31 December 截至十二月三十一日止年度					
		2003 二零零三年 RMB'000 千元人民幣	2004 二零零四年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣	2006 二零零六年 RMB'000 千元人民幣	2007 二零零七年 RMB'000 千元人民幣	
Non-current assets	非流動資產	115,695	141,773	212,204	254,524	<b>386,327</b>	
Current assets	流動資產	168,155	344,070	436,965	540,371	<b>564,742</b>	
Total assets	資產總值	283,850	485,843	649,169	794,895	<b>951,069</b>	
Shareholder' equity	股東權益	85,888	320,790	445,014	533,060	<b>663,807</b>	
Non-current liabilities	非流動負債	70,669	5,134	5,020	11,698	<b>58,121</b>	
Current liabilities	流動負債	127,293	159,919	199,135	250,137	<b>229,141</b>	
Total liabilities	負債總額	197,962	165,053	204,155	261,835	<b>287,262</b>	
Total liabilities and equity	總負債及權益	283,850	485,843	649,169	794,895	<b>951,069</b>	
Net current assets	流動資產淨值	40,862	184,151	237,830	290,234	<b>335,601</b>	
Total assets less current liabilities	總資產減流動負債	156,557	325,924	450,034	544,758	<b>721,928</b>	



**EcoGreen Fine Chemicals Group Limited**  
中怡精細化工集團有限公司\*

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