



CHINA STARCH HOLDINGS LIMITED
中國澱粉控股有限公司

(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: 3838)

CORNSTARCH LYSIN

Electricity
Steam



Annual Report 2008 年報

CONTENTS 目錄



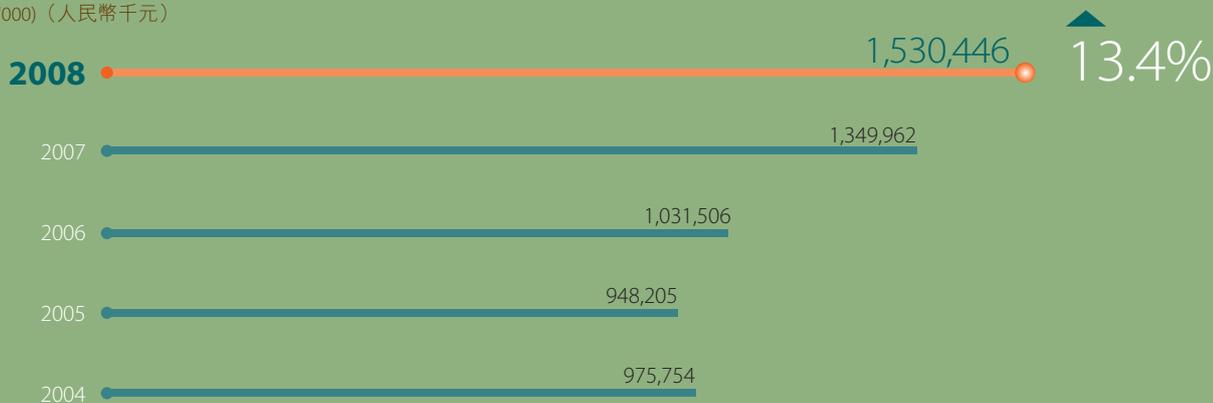
2	Financial Highlights 財務摘要
4	Corporate Information 公司資料
6	Chairman's Statement 主席報告
10	Management Discussion and Analysis 管理層討論及分析
23	Directors and Senior Management Profile 董事及高級管理人員簡介
29	Report of the Directors 董事會報告書
45	Corporate Governance Report 企業管治報告
102	Independent Auditor's Report 獨立核數師報告
104	Consolidated Income Statement 綜合收益表
105	Consolidated Balance Sheet 綜合資產負債表
107	Balance Sheet 資產負債表
108	Consolidated Statement of Changes in Equity 綜合權益變動表
109	Consolidated Cash Flow Statement 綜合現金流量表
111	Notes to the Consolidated Financial Statements 綜合財務報表附註
184	Five Years Financial Summary 五年財務概要

FINANCIAL HIGHLIGHTS

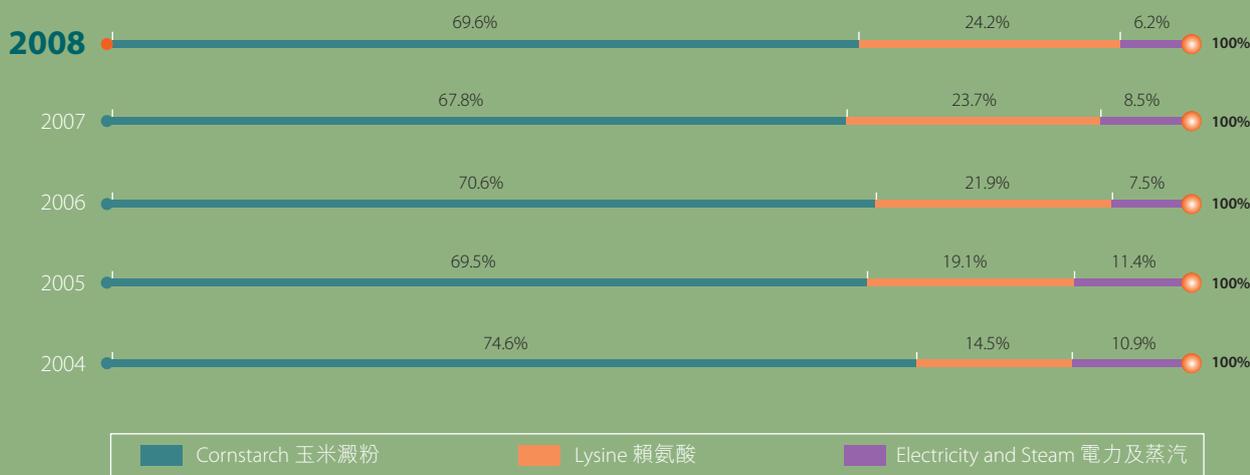
財務摘要

TURNOVER 營業額

(RMB'000) (人民幣千元)



TURNOVER BY BUSINESS SEGMENT 業務分部營業額



PROFIT FOR THE YEAR 本年度利潤

(RMB'000) (人民幣千元)



FINANCIAL HIGHLIGHTS
財務摘要

		2008	2007
		二零零八年	二零零七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Income Statement Data			
收益表數據			
Turnover	營業額	1,530,446	1,349,962
Gross profit	毛利	189,163	265,285
Profit before taxation	除稅前利潤	105,981	203,905
Net profit	純利	95,226	203,720
Basic earnings per share (RMB) *	每股基本盈利(人民幣)*	0.0376	0.1251
Gross profit margin	毛利率	12.4%	19.7%
Net profit margin	純利率	6.2%	15.1%
Balance Sheet and Other Data			
資產負債表及其他數據			
(as at year end date)			
(於年結日)			
Cash and cash equivalents	現金及現金等價物	242,825	362,648
Total assets	總資產	1,111,471	1,112,485
Total debts	總負債	223,774	320,144
Total equity	權益總額	887,697	792,341
Current ratio (Times)	流動比率(倍)	2.5	2.3
Quick ratio (Times)	速動比率(倍)	1.8	1.9
Gearing – borrowings to total assets	槓桿比率 – 借款 除以總資產	0.9%	10.1%
Efficiency ratios			
效益比率			
Debtors turnover (Days)	應收賬款週轉(天數)	30	38
Creditors turnover (Days)	應付賬款週轉(天數)	16	20
Inventories turnover (Days)	存貨週轉(天數)	34	39
Cash conversion (Days)	現金轉換(天數)	48	57

* Adjusted for the bonus issue (4 for 1) during the year ended 31 December 2008.

* 已就截至二零零八年十二月三十一日止年度的紅股發行(一送四)作出調整。

CORPORATE INFORMATION

公司資料

EXECUTIVE DIRECTORS

執行董事

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

田其祥先生 (主席)
高世軍先生 (行政總裁)
于英全先生
劉象剛先生

INDEPENDENT NON-EXECUTIVE DIRECTORS

獨立非執行董事

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

董延豐女士
余淑敏女士
曹增功先生
余季華先生

COMPANY SECRETARY

公司秘書

Mr. Leung Siu Hong, FCCA, CPA

梁兆康先生, FCCA, CPA

AUTHORISED REPRESENTATIVES

授權代表

Mr. Yu Yingquan
Mr. Leung Siu Hong

于英全先生
梁兆康先生

REGISTERED OFFICE

註冊辦事處

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

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

總辦事處及香港主要營業地點

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

香港
灣仔
皇后大道東183號
合和中心
24樓2408室

AUDITOR

核數師

PricewaterhouseCoopers
22/F, 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22樓

CORPORATE INFORMATION
公司資料

LEGAL ADVISERS

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

法律顧問

趙不渝 馬國強律師事務所
香港
康樂廣場1號
怡和大廈
41樓

PRINCIPAL BANKERS

China Construction Bank Corporation
Agricultural Bank of China
Industrial and Commercial Bank of China

主要往來銀行

中國建設銀行
中國農業銀行
中國工商銀行

**CAYMAN ISLANDS SHARE REGISTRAR
AND TRANSFER OFFICE**

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

開曼群島股份過戶及登記處

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

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

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

香港股份過戶及登記分處

卓佳證券登記有限公司
香港
灣仔
皇后大道東28號
金鐘匯中心26樓

WEBSITE

www.chinastarch.com.hk

網址

www.chinastarch.com.hk

IMPORTANT DATES

Closure of register of members:
27 May 2009 – 1 June 2009
(both days inclusive)
Annual general meeting: 1 June 2009
Proposed final dividend: 15 June 2009

重要日期

暫停辦理股份過戶登記手續：
二零零九年五月二十七日至二零零九年六月一日
(首尾兩日包括在內)
股東週年大會：二零零九年六月一日
擬派末期股息：二零零九年六月十五日

CHAIRMAN'S STATEMENT 主席報告

Dear shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of China Starch Holdings Limited (the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2008.

BUSINESS REVIEW

2008 is a year full of changes. In the first half of the year, the Group still benefited from strong demand for cornstarch by downstream producers and recorded notable growth in terms of sales when compared to the same period of last year. However, the global financial crisis in the second half of the year led to a decline in the demand of cornstarch, which adversely affected the sales for the Group. Notwithstanding the downward trend of the price of coal and corn in the second half of the year, such favorable effect on the costs will not be reflected until 2009. Besides, the Group established Linqing Deneng Golden Corn Bio Limited (臨清德能金玉米生物有限公司) ("Deneng Golden Corn") early in the year. During the year, since Deneng Golden Corn was still in the stage of trial production and required further technological upgrade to raise its production capacity, its utilisation rate remained at a relatively low level and did not contribute for the Group's profitability. For electricity and steam, the relevant sales dropped significantly as the Group reduced the supply of steam to a connected party due to an increase in demand for steam by internal production. The increase in the price of coal during the first three quarters of the year also imposed pressure on the electricity and steam business of the Group.

致各位股東：

本人謹代表中國澱粉控股有限公司(「本公司」)董事(「董事」)會(「董事會」)，欣然提呈本公司及其附屬公司(統稱為「本集團」)截至二零零八年十二月三十一日止的年度業績報告。

業務回顧

二零零八年是變化極大的一年，本集團上半年仍受惠於下游生產商對玉米澱粉的懇切需求，銷售與去年同期有顯著的增長。但下半年發生之國際金融危機導致玉米澱粉需求下跌，對本集團之銷售帶來負面影響。儘管下半年煤及玉米價格均呈現下降趨勢，但其對成本的好處要在二零零九年才可以反映出來。另一方面，本集團於年初成立臨清德能金玉米生物有限公司(「德能金玉米」)。由於德能金玉米在本年度仍處於調試生產階段，亦需要進行技術改造以提高其產能，以至使用率仍處於偏低水平，暫時未能為本集團帶來盈利貢獻。電力及蒸汽方面，由於內部生產對蒸汽需求增加，因此本集團減少對關連方供應蒸汽而導致有關銷售顯著回落。而於年內首三季煤價上升亦對本集團之電力和蒸汽業務構成壓力。



FINANCIAL PERFORMANCE

As of 31 December 2008, turnover of the Group amounted to approximately RMB1,530,446,000 (2007: RMB1,349,962,000), representing an increase of 13.4% over 2007.

The sales volume of cornstarch and lysine during the year under review amounted to 357,520 tonnes and 35,710 tonnes, representing increases of 9.0% and 34.9% over 2007, respectively. The sales amount of cornstarch and ancillary corn-refined products and lysine and its related products during the year amounted to approximately RMB1,065,915,000 and RMB369,832,000, representing increases of 16.5% and 15.6% over 2007, respectively. The average purchase price of coal increased significantly by 52.3% for the year under review, whereas the gross profit margin of cornstarch only slightly dropped to 10.2% (2007: 13.0%), which was attributable to the continuous efforts of all the staff of the Group to enhance production efficiency and strictly control other costs.

The Group has launched a new product, 65% lysine, during the year under review. Given the fact that the gross profit margin of the new product was lower than the existing 98.5% lysine, the overall gross profit margin of lysine and its related products decreased to 18.0% (2007: 33.7%) as affected by both the price of coal during the first half of year 2008 and changes in product mix.

財務表現

截至二零零八年十二月三十一日止，本集團的營業額為約人民幣1,530,446,000元(二零零七年：人民幣1,349,962,000元)，較二零零七年上升13.4%。

於回顧年度之玉米澱粉及賴氨酸銷售量分別約為357,520噸及35,710噸，較二零零七年分別提高9.0%及34.9%。玉米澱粉及玉米深加工副產品及賴氨酸及其相關產品銷售金額分別約為人民幣1,065,915,000元及人民幣369,832,000元，較二零零七年分別提高16.5%及15.6%。於回顧年度，煤採購平均價大幅飆升52.3%，但玉米澱粉之毛利率只輕微下跌至10.2% (二零零七年：13.0%)，此實屬本集團全體員工一直努力提高生產效益及嚴格控制其他成本的功勞。

本集團於回顧年度推出新產品－65%賴氨酸。因新產品之毛利率低於現有98.5%賴氨酸，因此賴氨酸及其相關產品之整體毛利率除了受二零零八年上半年的煤價影響外，亦同時受到產品組合改變而下跌至18.0%(二零零七年：33.7%)。



CHAIRMAN'S STATEMENT

主席報告

Sales of electricity and steam amounted to approximately RMB94,699,000 (2007: RMB115,344,000) and the gross profit margin decreased from 33.5% to 18.4%. The decrease was primarily due to changes in proportion of sales between electricity and steam and the increase in the price of coal during the first half of year 2008.

The Board proposed to pay a final dividend of HK1.14 cents per share to shareholders, which in total amounted to HK\$29,782,500. The dividend payout ratio was approximately 27.6%.

BUSINESS REVIEW

Formation of Linqing JV Company and completion of technological upgrade to enhance production capacity. The Group established Deneng Golden Corn in March 2008, in which the Group holds an equity interest of approximately 85.94%. Deneng Golden Corn completed the technological upgrade of its production facilities in November 2008 and has expanded the annual production capacity of cornstarch from 300,000 tonnes to 400,000 tonnes.

Commencement of production of the new product – 65% lysine. Through technological modification on lysine production, the Company set up a new production line for 65% lysine and the total lysine production capacity reached 55,000 tonnes per year. The Directors believe that the provision of diversified products would serve to maintain our share in the market and enhance our competitiveness.

Steady improvement in the level of production technology of cornstarch. Being the leader in the industry, the Group maintained leading standards in its output, corn-to-starch ratio and energy consumption amongst the industry players through technological upgrade, maintenance of production facilities, enhancement of product quality management and conducting product research and development. In the face of surging costs and global financial crisis, the Group is able to maintain its momentum for profitability and growth.

Further expansion of market network. The Group has taken Deneng Golden Corn as the platform to develop our business in the midwest region of the PRC, hence increased the resources to strengthen the sales network in that region.

電力及蒸汽銷售額約為人民幣94,699,000元(二零零七年：人民幣115,344,000元)，毛利率由33.5%下降至18.4%。下跌原因主要為二零零八年上半年電力及蒸汽銷售比例改變及煤價上升所致。

董事會建議向股東派發每股1.14港仙末期股息，總金額約為港幣29,782,500元，派息比率約為27.6%。

工作回顧

成立臨清合營公司及完成技術改造提升產能。集團於二零零八年三月成立德能金玉米，並持有該公司約85.94%之權益。德能金玉米於二零零八年十一月已完成其生產設施之技術改造，由原來300,000噸玉米澱粉之年產能提升至400,000噸。

新產品65%賴氨酸正式投產。透過對賴氨酸生產技術改造，本公司設立了一條65%賴氨酸新生產線，賴氨酸之總產能達至每年55,000噸。董事相信提供多元化的產品可維持本公司之市場份額及增強競爭能力。

玉米澱粉生產技術水平穩步提高。本集團為業內的龍頭，透過技術改造、對各生產設備進行維護、加強產品品質管理及進行產品研發等措施，本集團之產量、收得率及能耗之指標均為同業之領先水平。面對成本上漲及全球金融危機，本集團仍可保持其盈利及增長動力。

市場網絡進一步擴展。本集團透過德能金玉米作為對發展中國中西部業務之平台，因此本集團增加了資源加強該地區的銷售網絡。

CHAIRMAN'S STATEMENT
主席報告**OUTLOOK**

While countries all over the world are facing the brunt of financial crisis, strong domestic demand in the PRC market, together with economic stimulating measures being continuously launched recently, has made the PRC market relatively more stable than those in other countries amid the crisis. We believe the drop in the demand for and export volume of cornstarch in the second half of 2008 were only temporary in nature because cornstarch and lysine products are one of the indispensable raw materials for downstream producers and there are no other appropriate substitutes available. Therefore, we expect the demand for and export volume of cornstarch will return to normal in 2009. The price of coal has started to drop since the fourth quarter of 2008, which effectively reduced the cost for electricity and steam. In addition to the positive contribution to the electricity and steam business, it also helps the cornstarch and lysine businesses which requires huge energy consumption. In 2009, our production objective is to raise the production capacity and corn-to-starch ratio of Deneng Golden Corn, and at the same time expand the output of 65% lysine from approximately 11,000 tonnes in 2008 to approximately 15,000 tonnes.

APPRECIATION

I would like to take this opportunity to express my deepest gratitude to the brilliant leadership of the Board, the continuous efforts of all the staff and the continued support of shareholders.

Tian Qixiang
Chairman

Hong Kong, 17 April 2009

展望

雖然全球各國正面對金融危機之衝擊，但中國市場之強大內需及近期不斷出台之刺激經濟政策，致使中國市場於此危機中比其他國家之市場穩定。我們相信二零零八年下半年之玉米澱粉需求及出口量下降為暫時現象，因玉米澱粉及賴氨酸產品是下游生產商不可或缺的原材料之一，亦無其他適合之代替品，因此我們預期二零零九年之玉米澱粉需求及出口量將會回復正常。由二零零八年第四季起煤價開始回落，這可以有效減少電力及蒸汽之成本。除對電力及蒸汽業務有直接正面之貢獻外，對需要高能耗的玉米澱粉及賴氨酸業務也有幫助。於二零零九年，我們之生產目標為提高德能金玉米之產能及收得率，同時我們亦會加大65%賴氨酸之產量，由二零零八年約11,000噸提升至約15,000噸。

致謝

本人藉此機會對董事局全人之英明領導、全體員工努力不懈工作及股東一直之支持深表謝意。

田其祥
主席

香港，二零零九年四月十七日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

OVERVIEW

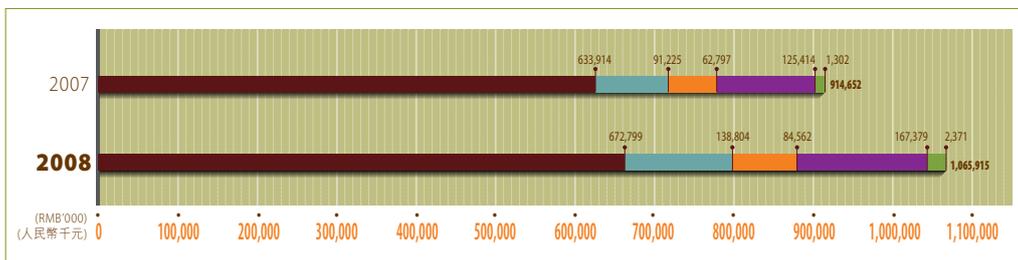
During the year under review, the Group's turnover and profit were inevitably affected by the global financial crisis in the second half of year 2008. The management had endeavoured to maintain growth of turnover and profitability of the Group amid an adverse operating environment of increased coal and corn kernel prices and slumped selling price of some of our products. With the continuous efforts and contributions from our experienced management and professional staff, total turnover for the year ended 31 December 2008 increased by 13.4% to approximately RMB1,530,446,000 (2007: RMB1,349,962,000). Gross profit margin was 12.4% (2007: 19.7%) and profit after taxation for the year was approximately RMB95,226,000 (2007: RMB203,720,000).

Basic earnings per share of the equity holders of the Company was RMB0.0376 for the year ended 31 December 2008 (2007: RMB0.1251 after adjusted for the four-for-one bonus issue made on 16 May 2008). The weighted average number of shares used for the calculation of basic earnings per share for the year ended 31 December 2008 was 2,612,500,000 (2007: 1,628,125,000).

BUSINESS REVIEW

CORNSTARCH 玉米澱粉

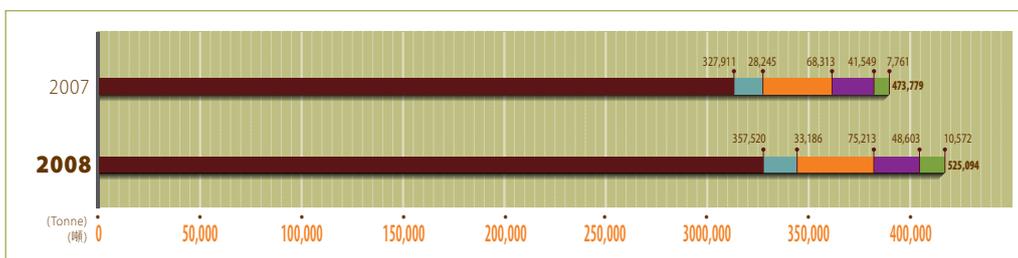
Turnover 營業額



+16.5%

- +6.1% Cornstarch 玉米澱粉
- +52.2% Corn gluten meal 蛋白粉
- +34.7% Corn fibre 玉米糠麩
- +33.5% Corn germ 胚芽
- +82.2% Corn slurry 玉米漿

Quantity 數量



+10.8%

- +9.0% Cornstarch 玉米澱粉
- +17.5% Corn gluten meal 蛋白粉
- +10.1% Corn fibre 玉米糠麩
- +17.0% Corn germ 胚芽
- +36.2% Corn slurry 玉米漿

OVERVIEW 概覽

於回顧年度，本集團的營業額及利潤無可避免受到二零零八年下半年的全球金融海嘯所影響。管理層在煤價及玉米粒價格增加及部分產品售價下滑等不利經營環境下，致力維持本集團營業額及盈利能力增長。憑藉經驗豐富的管理層及專業人員的持續努力及貢獻，截至二零零八年十二月三十一日止年度的營業總額增加13.4%至約人民幣1,530,446,000元(二零零七年：人民幣1,349,962,000元)。毛利率為12.4%(二零零七年：19.7%)，而年內除稅後利潤約為人民幣95,226,000元(二零零七年：人民幣203,720,000元)。

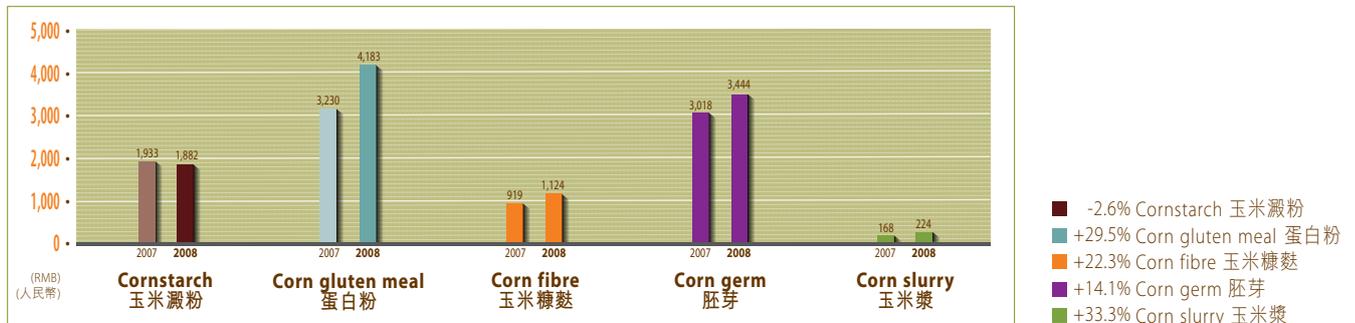
截至二零零八年十二月三十一日止年度，本公司權益持有人的每股基本盈利為人民幣0.0376元(二零零七年：人民幣0.1251元，已就二零零八年五月十六日進行每持有一股股份獲發四股紅股股份而作出調整)。用作計算截至二零零八年十二月三十一日止年度每股基本盈利的股份加權平均數為2,612,500,000股(二零零七年：1,628,125,000股)。

業務回顧

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Average selling price (Per Tonne) 平均售價 (每噸)



Turnover

Overall sales of cornstarch and ancillary corn-refined products for the year ended 31 December 2008 was approximately RMB1,065,915,000 (2007: RMB914,652,000) which represented about 69.6% of total sales (2007: 67.8%).

Sales volume and sales amount of cornstarch were 357,520 tonnes (2007: 327,911 tonnes) and approximately RMB672,799,000 (2007: RMB633,914,000) respectively. As a result of the global financial crisis which started off in the second half of year 2008, demand for fast moving consumer goods, such as paper, which used cornstarch as one of the major raw materials, was affected. The average selling price of cornstarch in the second half of year 2008 (approximately RMB1,806 per tonne) was lower than that of the first half year (approximately RMB1,961 per tonne) and thus resulted in a lower overall average selling price of approximately RMB1,882 per tonne for the year 2008 as compared to that of 2007 (approximately RMB1,933 per tonne).

The increase in sales of corn gluten meal was mainly due to animal feed manufacturers shifting their purchases to large and reputable suppliers by animal feed manufacturers after the outbreak of the melamine scandal in dairy products and animal feeds in September 2008.

Export sales of corn fibre accounted for 68.4% (2007: 78.8%) of total sales of corn fibre. Sales of corn fibre increased significantly by 34.7% to approximately RMB84,562,000 (2007: RMB62,797,000) mainly because the market of corn fibre was prosperous in most of the time in 2008 and the average export selling price was higher than that of local sales by about 37.9%.

Sales of corn germ increased significantly by 33.5% to approximately RMB167,379,000 (2007: RMB125,414,000). Benefited from strong prices of downstream customer products, such as cooking oil, sales volume and average selling price of corn germ increased by 17.0% and 14.1% respectively.

營業額

截至二零零八年十二月三十一日止年度，玉米澱粉及玉米深加工副產品的整體銷售約為人民幣1,065,915,000元(二零零七年：人民幣914,652,000元)，相當於總銷售約69.6%(二零零七年：67.8%)。

玉米澱粉的銷售量及銷售額分別為357,520噸(二零零七年：327,911噸)及約人民幣672,799,000元(二零零七年：人民幣633,914,000元)。由於二零零八年下半年開始出現全球金融海嘯，使用玉米澱粉為主要原材料之一的快速消費品(例如紙張)的需求受到影響。於二零零八年下半年，玉米澱粉的平均售價約為每噸人民幣1,806元，較上半年每噸人民幣1,961元為低，導致二零零八年的整體平均售價約每噸人民幣1,882元較二零零七年約每噸人民幣1,933元為低。

蛋白粉的銷售增加主要由於在二零零八年九月爆出奶類產品及動物飼料含有三聚氰胺的醜聞，以致飼料製造商轉而對大型及聲譽良好的供應商增加需求。

玉米糠麩的出口銷售佔玉米糠麩的總銷售約68.4%(二零零七年：78.8%)。玉米糠麩的銷售大幅增加34.7%至約人民幣84,562,000元(二零零七年：人民幣62,797,000元)，主要因為玉米糠麩市場在二零零八年大部分時間表現暢旺，而平均出口售價較本地銷售高約37.9%。

胚芽的銷售大幅增加33.5%至約人民幣167,379,000元(二零零七年：人民幣125,414,000元)。受惠於下游消費品(例如食用油)的價格強勁，胚芽銷售量及平均售價分別增加17.0%及14.1%。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Sales volume and average selling price of corn slurry increased by 36.2% and 33.3% respectively as a result of the Group's effort to upgrade its concentration technology in corn slurry production. Sales of corn slurry for the year increased by 82.2% to approximately RMB2,371,000 (2007: RMB1,302,000).

Cost of goods sold and gross profit margin

Cost of goods sold of cornstarch and ancillary corn-refined products increased by 20.7% to approximately RMB960,949,000 (2007: RMB795,888,000). During the year under review, the average cost of corn kernel was approximately RMB1,537 per tonne as compared to approximately RMB1,471 per tonne in 2007. While the corn kernel price had started to decrease in the last quarter of 2008, it is anticipated that the potential benefit will only be reflected in 2009. Labour cost and depreciation also experienced an increase of about 36.8% and 83.9% respectively which was mainly attributable to the establishment and operation of the Group's new subsidiary 臨清德能金玉米生物有限公司 (Linqing Deneng Golden Corn Bio Limited) ("Deneng Golden Corn"). The allocated cost in respect of electricity and steam produced by our own power plant also increased by about 83.7% as the cost of coal increased significantly during the first three quarters of the year under review. Moreover, the Group carried out major repair and maintenance works on its Golden Corn factory during the year in order to maintain productivity of its production facilities, which resulted in the significantly increase in the manufacturing overheads by 37.4%.

In summary, the combined effect of decreased average selling price of cornstarch, increased average cost of corn kernel and increased allocated electricity and steam cost had mainly resulted in the slightly decrease in the gross profit margin for cornstarch and ancillary corn-refined products for the year under review from 13.0% to 9.8%.

玉米漿銷售量及平均售價分別增加36.2%及33.3%，此乃由於本集團致力將其生產玉米漿的純化技術升級所致。年內玉米漿的銷售增加82.2%至約人民幣2,371,000元(二零零七年：人民幣1,302,000元)。

銷貨成本及毛利率

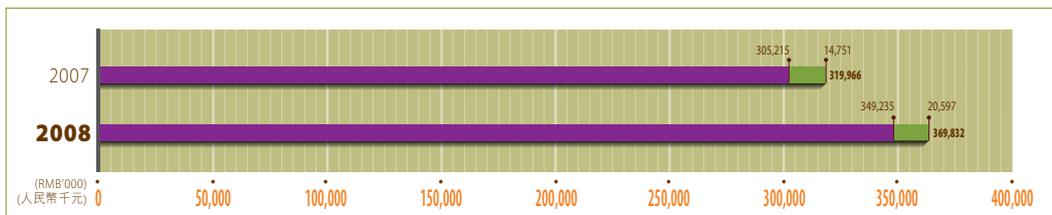
玉米澱粉及玉米深加工副產品的銷貨成本增加20.7%至約人民幣960,949,000元(二零零七年：人民幣795,888,000元)。於回顧年度，玉米粒的平均成本約為每噸人民幣1,537元，而二零零七年則約為每噸人民幣1,471元。儘管玉米粒價格於二零零八年最後一季開始下跌，惟估計潛在利益須留待二零零九年方能夠反映。勞工成本及折舊亦分別增加約36.8%及83.9%，主要由於本集團成立及經營新附屬公司臨清德能金玉米生物有限公司(「德能金玉米」)所致。有關由本身發電廠生產的電力及蒸汽的已分配成本亦增加約83.7%，此乃由於回顧年度首三季的煤成本大幅增加所致。此外，本集團年內於其金玉米廠房進行主要維修及保養工作，以維持其生產設施的生產能力，此乃導致製造費用大幅增加37.4%之原因。

概括而言，由於受到玉米澱粉平均售價減少、玉米粒平均成本增加以及已分配之電力及蒸汽成本增加所影響，主要導致回顧年度玉米澱粉及玉米深加工副產品的毛利率由13.0%輕微減少至9.8%。

MANAGEMENT DISCUSSION AND ANALYSIS
管理層討論及分析

LYSINE 賴氨酸

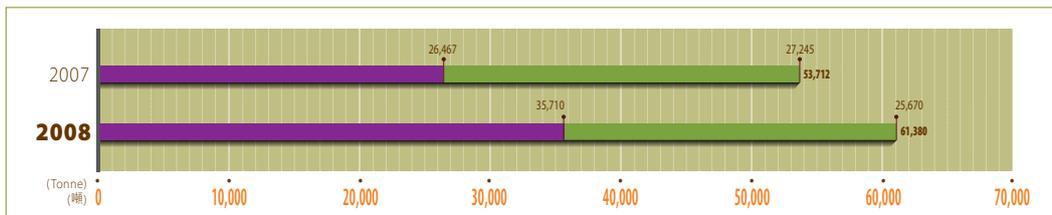
Turnover 營業額



+15.6%

■ +14.4% Lysine 賴氨酸
 ■ +39.6% Fertilisers 肥料

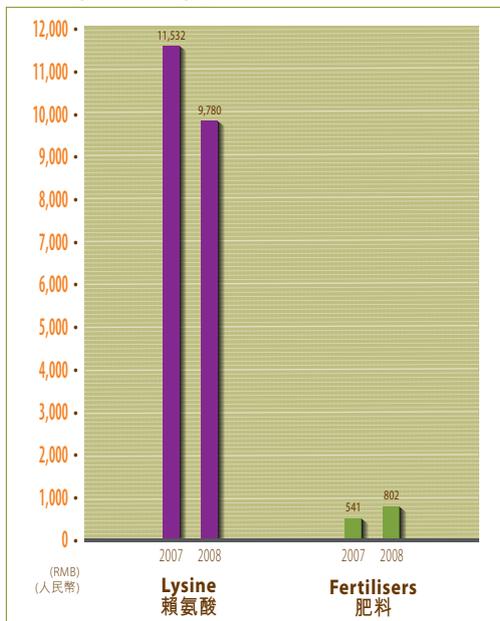
Quantity 數量



+14.3%

■ +34.9% Lysine 賴氨酸
 ■ -5.8% Fertilisers 肥料

Average selling price (Per Tonne) 平均售價 (每噸)



■ -15.2% Lysine 賴氨酸
 ■ +48.0% Fertilisers 肥料

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Turnover

During the year under review, sales amount and sales volume of lysine was approximately RMB349,235,000 (2007: RMB305,215,000) and 35,710 tonnes (2007: 26,467 tonnes) respectively. The Group launched a new product, 65% lysine, in early 2008 and achieved total sales volume and sales amount of 11,196 tonnes and approximately RMB70,179,000 respectively. Overall average selling price of lysine decreased because the average selling price of 65% lysine was lower than that of 98.5% lysine and the market price of lysine as a whole decreased progressively under the global financial crisis in the second half of year 2008.

Sales of fertilisers increased significantly by 39.6% to approximately RMB20,597,000 (2007: RMB14,751,000) because of the growing demand for organic and environmental-friendly fertilisers.

Cost of goods sold and gross profit margin

Cost of goods sold of lysine and related products increased by 42.9% to approximately RMB303,098,000 (2007: RMB212,113,000). During the year under review, direct materials increased by approximately 29.2% as a result of the increased cost of corn kernel and chemicals used for the production of lysine. Manufacturing overheads also increased significantly by 88.0% to approximately RMB17,755,000 (2007: RMB9,446,000) as a result of the increase in repair and maintenance works on the 98.5% lysine production line and the new 65% lysine production line. Moreover, as the cost of coal increased significantly during the first three quarters of the year under review, the allocated cost of electricity and steam also increased. Government tax and surcharge also increased as a result of the significant increase in export sales of lysine in the second and third quarter of 2008.

During the year under review, gross profit margin for lysine and its related products decreased from 33.7% to 18.0% which was mainly attributable to (i) the decrease in average selling price of lysine, (ii) the lower margin of 65% lysine as compared to that of 98.5% lysine, and (iii) the increase in the allocated cost of electricity and steam.

營業額

年內，賴氨酸的銷售額及銷量分別約為人民幣349,235,000元(二零零七年：人民幣305,215,000元)及35,710噸(二零零七年：26,467噸)。本集團於二零零八年初推出新產品65%賴氨酸，總銷售量及銷售額分別達到11,196噸或約人民幣70,179,000元。賴氨酸的整體平均售價下跌，因為65%賴氨酸的平均售價較98.5%賴氨酸為低，而賴氨酸的整體市價在二零零八年下半年的全球金融海嘯下逐步下滑。

肥料的銷售大幅增加39.6%至約人民幣20,597,000元(二零零七年：人民幣14,751,000元)，此乃因為有機及環保肥料的需求增長所致。

銷貨成本及毛利率

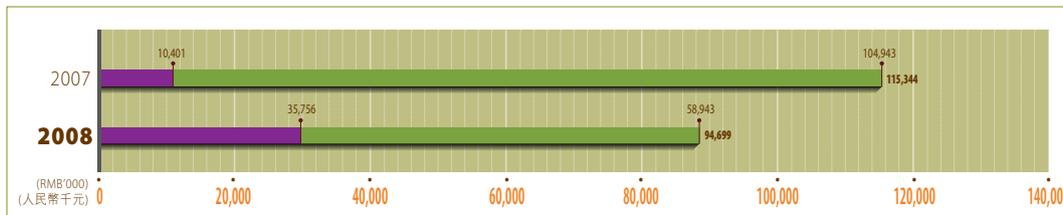
賴氨酸及相關產品的銷貨成本增加42.9%至約人民幣303,098,000元(二零零七年：人民幣212,113,000元)。於回顧年度，直接物料增加約29.2%，此乃由於玉米粒成本及用於賴氨酸生產的化學品增加所致。製造費用亦大幅增加88.0%至約人民幣17,755,000元(二零零七年：人民幣9,446,000元)，此乃由於就98.5%賴氨酸生產線及65%賴氨酸新生產線增加維修及保養工作所致。此外，由於回顧年度首三季煤成本大幅增加，已分配電力及蒸汽成本亦增加。由於賴氨酸的出口銷售於二零零八年第二及第三季大幅增加，政府稅項及額外費用亦增加。

於回顧年度，賴氨酸及其相關產品的毛利率由33.7%減少至18.0%，此乃主要由於(i)賴氨酸的平均售價下跌，(ii)65%賴氨酸的毛利率較98.5%賴氨酸為低，及(iii)已分配的電力及蒸汽成本增加。

MANAGEMENT DISCUSSION AND ANALYSIS
管理層討論及分析

ELECTRICITY AND STEAM 電力及蒸汽

Turnover 營業額



-17.9%

■ +243.8% Electricity 電力
 ■ -43.8% Steam 蒸汽

Turnover

For the year ended 31 December 2008, sales of electricity and steam was approximately RMB94,699,000 (2007: RMB115,344,000) which represented about 6.2% of total sales of the Group (2007: 8.5%).

The significant increase in the sales of electricity in 2008 was mainly attributable to (i) the full year sales effect following the resumption of electricity sales after July 2007 (which was temporarily suspended during the period from October 2006 to July 2007 when 山東壽光巨能金玉米開發有限公司 (Shandong Juneng Golden Corn Development Co., Ltd.) ("Golden Corn"), our wholly-owned subsidiary, was initially converted into a wholly foreign owned enterprise), and (ii) the adjustment of electricity unit price by the 壽光市物價局 (Commodity Price Bureau of Shouguang City).

The Group terminated its sales of steam to 山東巨能特鋼有限公司 (Shandong Juneng Special Steel Co., Ltd.) ("Juneng Special Steel") for its production because of our increasing internal demand for steam. As a result, the sales amount of steam for the year under review decreased substantially to approximately RMB58,943,000 (2007: RMB104,943,000).

營業額

截至二零零八年十二月三十一日止年度，電力及蒸汽的銷售約為人民幣94,699,000元(二零零七年：人民幣115,344,000元)，相當於本集團的總銷售約6.2%(二零零七年：8.5%)。

電力銷售於二零零八年大幅增加主要由於(i)於二零零七年七月後恢復電力銷售(在本集團的全資附屬公司山東壽光巨能金玉米開發有限公司(「金玉米」)初步轉制為外商獨資企業時，於二零零六年十月至二零零七年七月期間曾暫停電力銷售)的全年銷售影響及(ii)由壽光市物價局調整電力銷售單價。

本集團已終止向山東巨能特鋼有限公司(「巨能特鋼」)銷售蒸汽以供其生產，此乃因為本集團對蒸汽的內部需求不斷增加。因此，於回顧年度的蒸汽銷售額大幅減少至約人民幣58,943,000元(二零零七年：人民幣104,943,000元)。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Cost of goods sold and gross profit margin

During the year under review, the average price of coal, being the principal raw material for the provision of electricity and steam, increased by 52.3% as compared to that of 2007. Although coal prices had started to decrease in the last quarter of 2008, the Directors are of the opinion that the potential benefit of lower cost of coal will only be reflected in 2009.

All in all, the increased average coal price and the change of sales mix between electricity and steam had mainly resulted in the decrease in gross profit margin of this business segment from 33.5% to 18.4%.

Other income

Other income for the year ended 31 December 2008 mainly consisted of sales of scrap oil and coal, staff rental income, steam connection income, sewage service income and government grants, all of which showed increases compared to those for the year ended 31 December 2007. More particularly, during the year under review, the Group received different government grants totalling approximately RMB5,737,000 (2007: RMB1,000,000). However, the absence of gain on disposal of leasehold land in the year under review had resulted in the significant decrease in total other income to approximately RMB16,269,000 (2007: RMB31,695,000).

Finance income

Finance income mainly represented interest from bank deposits for the year ended 31 December 2008. The finance income was reduced to approximately RMB3,852,000 (2007: RMB8,756,000) because the Group repaid approximately RMB102,220,000 bank borrowings and invest approximately RMB110,000,000 in Deneng Golden Corn during the year under review.

Distribution expenses

Distribution expenses increased by 26.0% to approximately RMB51,640,000 (2007: RMB40,976,000). The increase in distribution expenses was due to the implementation of export tariff on cornstarch and the establishment of Deneng Golden Corn in March 2008.

銷貨成本及毛利率

於回顧年度，煤(即提供電力及蒸汽的主要原材料)的平均價格較二零零七年增加52.3%。儘管煤價於二零零八年最後一季開始下跌，董事認為煤成本下跌的潛在利益須留待二零零九年方能夠反映。

總括而言，煤的平均價格增加以及電力及蒸汽的銷售組合變動主要導致此業務分部的毛利率由33.5%減少至18.4%。

其他收入

截至二零零八年十二月三十一日止年度，其他收入主要包括銷售廢油及煤屑收益、員工租金收入、蒸汽接駁收入、污水服務收入及政府補助，比較截至二零零七年十二月三十一日止年度增加。於回顧年度，本集團已收不同政府補助總額約人民幣5,737,000元(二零零七年：人民幣1,000,000元)。然而，由於回顧年度並無出售租賃土地的收益，導致其他收入於二零零八年大幅減少至約人民幣16,269,000元(二零零七年：人民幣31,695,000元)。

融資收入

截至二零零八年十二月三十一日止年度，融資收入主要為銀行存款的利息。融資收入減少至約人民幣3,852,000元(二零零七年：人民幣8,756,000元)，因為本集團於回顧年度償還約人民幣102,220,000元銀行借款及投資約人民幣110,000,000元於德能金玉米。

分銷費用

分銷費用增加26.0%至約人民幣51,640,000元(二零零七年：人民幣40,976,000元)。分銷費用增加乃由於就玉米澱粉實施出口關稅及於二零零八年三月成立德能金玉米。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Administrative expenses

Administrative expenses mainly represented salaries and staff benefits (including directors' emoluments), exchange difference, depreciation and amortisation, taxes and levies and professional fees. For the year ended 31 December 2008, administrative expenses increased significantly by 43.2% to approximately RMB54,379,000 (2007: RMB37,985,000) mainly due to (i) the increase in number of employee, (ii) the full year effect of the establishment of Hong Kong office, (iii) the establishment of Deneng Golden Corn office, (iv) payment of directors' bonus of RMB2,000,000 (2007: Nil) and (v) foreign exchange loss.

Share of result of an associate

The share of profit from our associate, 壽光金遠東變性澱粉有限公司 (Shouguang Golden Far East Modified Starch Co., Ltd) was approximately RMB6,444,000 (2007: share of loss RMB2,375,000) for the year ended 31 December 2008.

Taxation

Tax expenses increased from approximately RMB185,000 to RMB10,755,000 because our wholly-owned subsidiary, Golden Corn, was subject to the PRC enterprise income tax (the "PRC EIT") with a 50% relief after the expiry of 2 years' tax exemption period which ended in the year of 2007. Golden Corn shall enjoy the existing preferential tax treatment on the PRC EIT until 2010.

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

DIVIDEND POLICY

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

行政費用

行政費用主要為薪金及員工福利(包括董事酬金)、匯兌差額、折舊及攤銷、稅項及徵費以及專業費用。截至二零零八年十二月三十一日止年度，行政費用大幅增加43.2%至約人民幣54,379,000元(二零零七年：人民幣37,985,000元)，主要由於(i)僱員數目增加，(ii)設立香港辦事處的全年影響，(iii)設立德能金玉米辦事處，(iv)支付董事花紅人民幣2,000,000元(二零零七年：無)及(v)匯兌虧損所致。

應佔一間聯營公司業績

截至二零零八年十二月三十一日止年度，應佔本集團聯營公司壽光金遠東變性澱粉有限公司的利潤約為人民幣6,444,000元(二零零七年：應佔虧損人民幣2,375,000元)。

稅項

稅項開支由約人民幣185,000元增加至人民幣10,755,000元，原因是本集團的全資附屬公司金玉米於兩年免稅期(於二零零七年完結)後，須根據中國企業所得稅(「中國企業所得稅」)寬減50%的稅率繳稅。金玉米可享有現行中國企業所得稅優惠稅率直至二零一零年為止。

由於本集團於香港並無產生任何應課稅收入，故年內本集團毋須繳納香港所得稅。

股息政策

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

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

The Board proposed a final dividend of HK1.14 cents per share which represented approximately 27.6% of distributable profit for the year under review. Subject to the approval granted from the shareholders of the Company at the annual general meeting to be held on 1 June 2009, the final dividend is expected to be paid to the shareholders on 15 June 2009.

HUMAN RESOURCES AND REMUNERATION POLICES

As at 31 December 2008, the Group had approximately 2,064 full-time staff (2007: 1,577 full-time staff, of which 498 were seconded from 山東壽光巨能控股集團有限公司 (Shandong Shouguang Juneng Holding Group Co., Ltd) ("Juneng Holding Group")). The secondment arrangement with Juneng Holding Group had ceased since 1 January 2008 as all such secondment staff were transferred to our Group under our employment. Total staff costs, including Directors' emoluments, of the Group was approximately RMB46 million (2007: RMB28 million).

The Group considers the experience, responsibility, and performance of the Directors and employees of the Group in order to determine their respective remuneration packages. The Company has also adopted a share option scheme with a primary purpose of motivating our employees and other eligible persons entitled under the scheme to optimise their contributions to the Group and to reward them for their contribution to the Group. In addition, a remuneration committee is delegated by the Board to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management. As at 31 December 2008, no options have been granted under the share option scheme of the Company.

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

董事會擬宣派末期股息每股1.14港仙，相當於回顧年度可分派利潤約27.6%，惟須待本公司股東於二零零九年六月一日舉行的股東週年大會上批准，方可作實，預期末期股息將於二零零九年六月十五日派付予股東。

人力資源及薪酬政策

於二零零八年十二月三十一日，本集團聘用約2,064名全職員工(二零零七年：1,577名全職員工，其中498名員工乃向山東壽光巨能控股集團有限公司(「巨能控股集團」)借調)。由於全部借調員工已轉為由本集團聘用，故與巨能控股集團訂立的借調安排已自二零零八年一月一日起終止。本集團的員工總成本(包括董事酬金)約為人民幣4,600萬元(二零零七年：人民幣2,800萬元)。

本集團以本集團董事及僱員的經驗、責任及表現釐定其各自的薪酬待遇。本公司已採納一項購股權計劃，主要目的是激勵本集團僱員及該計劃下所界定的其他合資格人士繼續積極為本集團作出貢獻，並對彼等為本集團所作出的貢獻予以獎勵。此外，薪酬委員會獲董事會委派審閱及釐定薪酬待遇的條款、花紅及應付予董事及高級管理層的其他報酬。於二零零八年十二月三十一日，本公司並無根據該購股權計劃授出任何購股權。

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

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW

Financial management and treasury policy

The Group adopts a conservative approach for cash management and investment on uncommitted funds. The unutilised portion of the net proceeds from the global offering of the Company's shares in 2007 (the "Global Offering") have been placed on short-term deposits with authorised financial institutions in Hong Kong and/or the PRC.

Foreign currency exposure

The Directors consider that the Group has limited foreign currency exposure because our operations are mainly conducted in the PRC. Sales and purchases are mainly denominated in Renminbi and the foreign currency risk associated with export sales is not material. In view of the minimal foreign currency exchange risk, we monitored the exchange rate closely instead of entering into any foreign exchange hedge arrangement.

Liquidity, financial resources and capital structure

The Directors are of the opinion that the working capital available to the Group is sufficient for its present requirements. Major source of financial resources of the Group include internally generated funds, banking facilities and net proceeds from the Global Offering. The Group recorded a strong financial position with net cash inflow from operating activities of approximately RMB183,223,000 (2007: RMB272,377,000). As at 31 December 2008, the available and unutilised banking facilities of the Group amounted to approximately RMB370 million. As at 31 December 2008 and 2007, the Group's borrowings were all denominated in Renminbi.

財務回顧

財務管理及庫務政策

本集團對並無作出承諾的資金採取保守的現金管理及投資策略。於二零零七年進行股份全球發售（「全球發售」）所得款項淨額尚未動用的部分已存放於香港及／或中國的認可財務機構作短期存款。

外匯風險

董事認為，由於本集團的營運主要在中國進行，因此本集團承受的外幣波動風險有限。買賣主要以人民幣結算，而與出口銷售有關的外幣風險並不重大。由於外匯風險極微，故本集團只密切監察匯率而不訂立任何外匯對沖安排。

流動資金、財務資源及資本架構

董事認為，本集團可提用的營運資金足以應付其現時需求。本集團主要財務資源來源包括內部產生的資金、銀行信貸及全球發售所得款項淨額。本集團財務狀況表現強勁，經營活動錄得現金流入淨額約人民幣183,223,000元（二零零七年：人民幣272,377,000元）。於二零零八年十二月三十一日，本集團的可提用及未動用銀行信貸約為人民幣3.70億元。於二零零八年及二零零七年十二月三十一日，本集團的借款均以人民幣計值。

MANAGEMENT DISCUSSION AND ANALYSIS**管理層討論及分析**

The major financial figures and key financial ratios are summarised as follows: 主要財務數據及關鍵財務比率概述如下：

		2008	2007
		二零零八年	二零零七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Borrowings:	借款：		
– Within 1 year	– 一年以內	1,551	92,885
– Between 1 and 2 years	– 一年至兩年	886	886
– Between 2 and 5 years	– 兩年至五年	2,659	12,659
– Over 5 years	– 超過五年	4,654	5,540
Total (Note)	總計 (附註)	9,750	111,970
Debtors turnover (days)	應收賬款週轉 (天數)	30	38
Creditors turnover (days)	應付賬款週轉 (天數)	16	20
Inventories turnover (days)	存貨週轉 (天數)	34	39
Current ratio	流動比率	2.5	2.3
Quick ratio	速動比率	1.8	1.9
Gearing ratio – borrowings divided by total assets	槓桿比率 – 借款除以總資產	0.9%	10.1%

Note: As at the balance sheet date, the Group's fixed rate borrowings, which represented a government loan, was approximately RMB9,750,000 (2007: fixed rate borrowings RMB81,970,000 and floating rate borrowings RMB30,000,000).

附註：於結算日，本集團的定息借款(即一項政府貸款)約為人民幣9,750,000元(二零零七年：定息借款人民幣81,970,000元及浮息借款人民幣30,000,000元)。

Finance costs

Finance costs were reduced significantly from approximately RMB20,495,000 for the year ended 31 December 2007 to approximately RMB3,728,000 for the year ended 31 December 2008. As the loan from the controlling shareholder, Merry Boom Group Limited, was capitalised upon listing of the shares of the Company in September 2007, the Company was not required to provide any imputed interest on such loan. In light of the strong financial position after listing, we repaid all bank borrowings and stopped discounting bills for the year under review.

融資成本

截至二零零八年十二月三十一日止年度，融資成本由截至二零零七年十二月三十一日止年度約人民幣20,495,000元大幅減少至約人民幣3,728,000元。由於已於二零零七年九月本公司股份上市後資本化控股股東怡興集團有限公司的貸款，故本公司毋須就有關貸款提供任何估算利息。鑒於上市後財務狀況穩健，本集團於回顧年度償還全部銀行借款並停止貼現票據。

Pledge of assets and contingent liabilities

As at 31 December 2008, the Group did not pledge any leasehold land and building in the PRC nor bank acceptance bills to secure banking facilities granted to the Group.

資產抵押及或然負債

於二零零八年十二月三十一日，本集團並無將位於中國的任何租賃土地及樓宇及銀行承兌票據作抵押，以擔保本集團所獲授的銀行信貸。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

As at 31 December 2008, the Group did not have any material contingent liabilities.

於二零零八年十二月三十一日，本集團並無重大或然負債。

Use of net proceeds

The net proceeds received by the Company from the Global Offering amounted to approximately RMB350,258,000. The net proceeds utilised as at 31 December 2008 is set out as follows:

所得款項淨額用途

本公司從全球發售收取的所得款項淨額約為人民幣350,258,000元。截至二零零八年十二月三十一日止已動用所得款項淨額載列如下：

Intended use 意向用途		Available 可用款額 RMB'000 人民幣千元	Utilised 已動用 RMB'000 人民幣千元
Acquisitions of other manufacturer(s)/capital injections of subsidiary(ies)/joint venture	收購其他生產商／附屬公司／合營企業的注資	177,000	110,000
Acquisition of new machineries/conduct production technology enhancement	購入新機器／進行生產技術改進	73,000	73,000
Acquisition of new machineries for cornstarch and lysine production facilities expansion	購入用於擴展玉米澱粉及賴氨酸生產設施的新機器	20,000	20,000
Purchase of raw materials and general productions expenses of new machineries	購買原材料及新機器的一般生產費用	22,258	22,258
Repayment of borrowing	償還借款	23,000	23,000
General working capital	一般營運資金	35,000	35,000
		350,258	283,258

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

所得款項淨額的未動用部分已存入香港及／或中國的持牌金融機構作短期存款。

Material acquisitions and disposals of subsidiaries and associated companies

The Group established Deneng Golden Corn in March 2008 and had been holding approximately 85.94% interest since its incorporation. The business scope of Deneng Golden Corn included purchase and sales of corn, processing, manufacturing and sales of cornstarch, starch-based sweeteners, amino acids and other ancillary products, and the provision of related services.

附屬公司及聯營公司的重大收購及出售事項

本集團於二零零八年三月成立德能金玉米，並自其註冊成立以來持有約85.94%權益。德能金玉米的業務範疇包括買賣玉米、加工、製造及銷售玉米澱粉、澱粉糖、氨基酸及其他副產品以及提供相關服務。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

During the year under review, Deneng Golden Corn was mainly engaged in the manufacture and sale of cornstarch and ancillary corn-refined products. Deneng Golden Corn was operating two production lines with original production capacity of 150,000 tonnes each. In November 2008, Deneng Golden Corn completed technological upgrades on these two production lines and its annual production capacity of cornstarch was accordingly increased from 300,000 tonnes to 400,000 tonnes in total.

During the year under review, sales of Deneng Golden Corn was approximately RMB120,531,000 which represented about 7.9% of total sales of the Group. As one of the production line was temporarily suspended during the technology upgrading period, the actual usable production capacity was 150,000 tonnes for the year under review. The utilisation ratio which represented sales volume divided by usable production capacity of Deneng Golden Corn for the period from its incorporation to the year ended 31 December 2008 was about 40.3%.

In view of the relatively low utilisation ratio as a result of the temporary suspension of one production line for upgrading, Deneng Gold Corn recorded gross loss during the year under review. The Directors are of opinion that the operating loss was temporary and did not affect the Group's operation and financial position in the long run.

Save as disclosed above, the Group had no other material acquisition or disposal of any subsidiaries and associated companies for the year ended 31 December 2008.

PROSPECT

The establishment of Deneng Golden Corn in March 2008 was in line with the Group's expansion plan as disclosed in the prospectus of the Company dated 12 September 2007. The Group successfully upgraded two production lines of Deneng Golden Corn and the annual production capacity of cornstarch of Deneng Golden Corn increased to 400,000 tonnes. As a result, the Group's total annual production capacity of cornstarch increased from 450,000 tonnes to 850,000 tonnes for the year ended 31 December 2008.

Although Deneng Golden Corn did not contribute any profit to the Group in 2008, the Directors are of the opinion that this situation was temporary and will be improved in the long run by increasing the utilisation ratio and stabilizing its corn-to-starch ratio.

於回顧年度，德能金玉米主要從事製造及銷售玉米澱粉及玉米深加工副產品。德能金玉米經營兩條原有產能各為150,000噸的生產線。於二零零八年十一月，德能金玉米已完成該兩條生產線的技術升級，而其年度產能因而由合共300,000噸增加至400,000噸。

於回顧年度，德能金玉米的銷售約為人民幣120,531,000元，相當於本集團的總銷售約7.9%。由於其中一條生產線於技術改造期暫停，實際可用產能於回顧年度為150,000噸。由德能金玉米註冊成立起截至二零零八年十二月三十一日止年度期間，其使用率(即銷售量除以可用產能)約為40.3%。

鑒於暫停一條生產線以進行升級以致使用率相對較低，德能金玉米於回顧年度內錄得毛損。董事認為，經營虧損屬暫時性，並不會影響本集團長遠業務及財務狀況。

除上文所披露者外，本集團於截至二零零八年十二月三十一日止年度並無任何附屬公司及聯營公司的其他重大收購或出售事項。

前景

誠如本公司日期為二零零七年九月十二日的本公司招股章程所披露，於二零零八年三月成立德能金玉米與本集團的擴充計劃一致。本集團成功將德能金玉米的兩條生產線升級，而德能金玉米的年度產能增加至400,000噸。因此，截至二零零八年十二月三十一日止年度，本集團的玉米澱粉年度總產能由450,000噸增加至850,000噸。

儘管德能金玉米於二零零八年並無為本集團貢獻任何利潤，董事認為，此情況屬暫時性，長遠而言將透過增加使用率及穩定收得率而有所改善。

DIRECTORS AND SENIOR MANAGEMENT PROFILE

董事及高級管理人員簡介

DIRECTORS

Executive Directors

Mr. Tian Qixiang, aged 45, is the chairman of the Board principally responsible for the Group's strategic positioning. He is also responsible for formulating the Group's business development objectives and ensuring that such objectives are implemented by the Board accordingly. Mr. Tian was the chairman of the board of directors of 山東壽光巨能金玉米開發有限公司 (Shandong Shouguang Juneng Golden Corn Development Co., Ltd.) ("Golden Corn"), an indirectly wholly-owned subsidiary of the Company, during the period from July 2003 (when he first joined the Group) up to October 2005. He was re-appointed as director of Golden Corn in December 2005 and has been the chairman of the board of Golden Corn since August 2006. Mr. Tian has been the authorised representative and chairman of the board of directors of 山東壽光巨能控股集團有限公司 (Shandong Shouguang Juneng Holding Group Co., Ltd.) ("Juneng Holding Group") since its establishment in October 2005. Mr. Tian has been working for 壽光市供電公司 (Electricity Supply Company of Shouguang City) ("Shouguang Electricity Supply Company") since 1984. He was appointed as the deputy manager of Shouguang Electricity Supply Company in October 1985, and was further appointed as its deputy party secretary in May 1990. Mr. Tian has been the manager and party member of Shouguang Electricity Supply Company since March 2000. Mr. Tian possesses substantial experience in corporate management.

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

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

董事

執行董事

田其祥先生，45歲，董事會主席，主要負責本集團的戰略部署。他同時亦負責本集團發展目標的規劃並確保這些目標會由董事會相應執行。田先生於二零零三年七月(他剛加入本集團時)至二零零五年十月期間是本公司間接全資附屬公司山東壽光巨能金玉米開發有限公司(「金玉米」)董事會的主席，於二零零五年十二月再獲委任為金玉米董事，並自二零零六年八月起擔任金玉米董事會主席。自山東壽光巨能控股集團有限公司(「巨能控股集團」)於二零零五年十月成立起，田先生是該集團的授權代表及董事會主席。田先生自一九八四年起於壽光市供電公司工作。他於一九八五年十月獲委任為壽光市供電公司副經理，更於一九九零年五月獲委任為黨書記。田先生於二零零零年三月起便成為壽光市供電公司的經理及黨委委員。田先生擁有豐富的企業管理經驗。

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

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

DIRECTORS AND SENIOR MANAGEMENT PROFILE

董事及高級管理人員簡介

Mr. Gao Shijun, aged 41, is the chief executive officer of the Company. Mr. Gao is principally responsible for overseeing the Group's operations and business management. Mr. Gao joined Golden Corn in August 1998, and was later appointed as the deputy manager of Golden Corn in January 2000. Mr. Gao has been a director of Golden Corn since July 2003 and its general manager since May 2005. Mr. Gao is also a director of 臨清德能金玉米生物有限公司 (Linqing Deneng Golden Corn Bio Limited) ("Deneng Golden Corn"), a non-wholly-owned subsidiary of Golden Corn. Mr. Gao graduated from 山東大學 (Shandong University) in 1989 with an undergraduate degree in Physics.

Mr. Yu Yingquan, aged 40, is principally responsible for the overall management in investment and corporate finance of the Group. Mr. Yu first joined the Group as a director of Golden Corn during the period from July 2003 to October 2005, and was re-appointed as director on 17 March 2007. Mr. Yu had worked in the accounting and internal audit departments of Shouguang Electricity Supply Company (壽光市供電公司) since August 1990 holding positions as deputy supervisor of audit department, deputy supervisor and supervisor of finance department and deputy chief accountant. Mr. Yu took up the position as chief accountant of Juneng Holding Group upon its establishment to oversee the financial reporting and performance of all its investments. Mr. Yu is also a director of Juneng Holding Group since October 2005. Mr. Yu graduated from 山東水利專科學校 (Shandong Hydro Institute) in 1990 with a diploma in 水利經濟與財務管理 (Hydro Economic and Financial Management), and obtained a diploma in 財務管理 (Finance Management) from 山東省經濟管理幹部學校院 (Shandong Economics Management Institute) in 1998. Mr. Yu obtained the 中華人民共和國會計從業資格證書 (Certificate of Accounting Professional of the People's Republic of China) issued by 壽光市財政局 (Finance Bureau of Shouguang City) in 1997.

高世軍先生，41歲，是本公司的行政總裁。高先生主要負責監督本集團的經營和業務發展。高先生於一九九八年八月加入金玉米，其後於二零零零年一月被任命為是金玉米的副總經理。自二零零零年七月起高先生為金玉米的董事，二零零五年五月起更成為總經理。高先生亦是金玉米非全資附屬公司臨清德能金玉米生物有限公司（「德能金玉米」）的董事。高先生於一九八九年畢業於山東大學，持有物理學學士學位。

于英全先生，40歲，主要負責本集團的整體投資管理和企業融資。于先生於二零零三年七月至二零零五年十月期間首次加盟本集團為金玉米董事，其後於二零零七年三月十七日再獲委任為董事。自一九九零年八月起，于先生在壽光市供電公司的會計及內部審計科工作，曾擔任的職位有審計科副科長、財務科副科長、主管及副總會計師。于先生自巨能控股集團成立起擔任其總會計師，監管財務報告及其所有投資的表現。自二零零五年十月，于先生為巨能控股集團董事。于先生一九九零年畢業於山東水利專科學校，獲水利經濟與財務管理文憑，及於一九九八年由山東省經濟管理幹部學校院獲得財務管理文憑。于先生於一九九七年取得由壽光市財政局發出的中華人民共和國會計從業資格證書。

DIRECTORS AND SENIOR MANAGEMENT PROFILE

董事及高級管理人員簡介

Mr. Liu Xianggang, aged 40, first joined Golden Corn as a factory supervisor in 1998 and has been a director of Golden Corn since October 2005. In March 2008, Mr Liu was also appointed as the general manager and a director of Deneng Golden Corn. He is responsible for the Group's production technology developments, cornstarch production and Linqing production plant. Mr. Liu had worked in the production technology department of Shouguang Electricity Supply Company from July 1990 to July 1997 as technical staff responsible for production management and production route design. Mr. Liu graduated from 山東工業大學 (Shandong Industrial University) in 1990 with an undergraduate degree in 工業管理工程 (Industrial Management), and obtained a post-graduate diploma in 產業經濟學 (Industrial Economics) from 山東大學經濟學院 (the Economics School of Shandong University) in 2003. Mr. Liu also obtained the qualification as senior engineer in December 2002. Mr. Liu is the deputy supervisor of 玉米澱粉專業委員會 (the Cornstarch Professionals Committee) of 中國澱粉工業協會 (China Starch Industry Association).

Independent non-executive Directors

Ms. Dong Yanfeng, aged 72, has been appointed as an independent non-executive Director on 5 September 2007. Ms. Dong was granted the qualification as senior engineer by 國家醫藥管理局 (State Medical Control Bureau) in 1988, and is currently the chief secretary of 中國澱粉工業協會 (China Starch Industry Association) responsible for its general management as well as organizing and supervising the execution of its annual plans. Over the years, Ms. Dong had won several technology awards, including 科技成果三等獎 (Third Level Award on Technology Results) and 科技進步三等獎 (Third Level Award on Technology Advancement) in 1984 and 1986 respectively granted by 河北省科學技術委員會 (Science and Technology Committee of Hebei Province), 科技進步一等獎 (First Level Award on Technology Advancement) in 1986 granted by 河北省醫藥總公司 (Chief Medical Company of Hebei Province) and 三等獎 (Third Level Award) in 1987 granted by 國家科學技術進步獎評審委員會 (Evaluation Committee of the State Science and Technology Advancement Awards). Ms. Dong's achievements in technologies was also evidenced by the grant of a special financial grant from the State Council in 1993 for her contributions in engineering technologies.

劉象剛先生，40歲，於一九九八年首次加盟金玉米出任工廠主管，並由二零零五年十月起出任金玉米董事。二零零八年三月，劉先生亦獲委任為德能金玉米的總經理及董事。他負責本集團的生產技術開發、玉米澱粉的生產及臨清生產廠房。劉先生由一九九零年七月至一九九七年七月於壽光市供電公司生產技術部門工作，出任技術員，負責生產管理及生產線設計。劉先生於一九九零年畢業於山東工業大學，持有工業管理工程學士學位，並於二零零三年獲山東大學經濟學院頒發產業經濟學研究生文憑。二零零二年十二月，劉先生獲取高級工程師的資格。劉先生是中國澱粉工業協會玉米澱粉專業委員會的副主任。

獨立非執行董事

董延豐女士，72歲，於二零零七年九月五日獲委任為獨立非執行董事。董女士於一九八八年獲國家醫藥管理局授予高級工程師資格，目前是中國澱粉工業協會的秘書長，負責綜合管理及組織及監管執行其年度計劃。於過去數年，董女士獲得多個技術獎項，包括於一九八四年及一九八六年分別獲河北省科學技術委員會頒發科技成果三等獎及科技進步三等獎、一九八六年獲河北省醫藥總公司頒發科技進步一等獎及一九八七年獲國家科學技術進步獎評審委員會頒發三等獎。董女士的技術成就亦可從一九九三年獲國務院就其對工程技術的貢獻頒發特殊津貼可見一斑。

DIRECTORS AND SENIOR MANAGEMENT PROFILE

董事及高級管理人員簡介

Ms. Yu Shumin, aged 67, has been appointed as an independent non-executive Director on 5 September 2007. Ms. Yu graduated from 北京化學工業學校 (Beijing Chemical Technical Institute) in 1963 with a diploma in 分析化學 (Chemical Analysis). Ms. Yu obtained the qualification as engineer in 分析化學 (Chemical Analysis) in 1988. Ms. Yu is currently the 副理事長 (Deputy General Manager) of the China Fermentation Industry Association and the 理事長 (General Manager) of the association's 澱粉糖分會 (Cornstarch Sweetener Sub-association) and 多元醇分會 (Polyol Sub-association).

Mr. Cao Zengong, aged 46, has been appointed as an independent non-executive Director on 5 September 2007. Mr. Cao graduated from 清華大學 (Qinghua University) in 1984 with an undergraduate degree in 電力系統及其自動化 (electrical engineering specialising in power system and automation). Mr. Cao has been the 主任工程師 (supervisory engineer) of 發展策劃部 (the development planning department) of 山東電力集團公司 (Shandong Electric Power Corporation) since July 2005 principally responsible for power system planning, feasibility analysis and electricity network management, and has been appointed as a specialist of the specialist committee of Shandong Electric Power Corporation in October 2006. Mr. Cao was awarded the 三等獎 (Third Level Award) for his thesis on 標準化設計—城網建設與改造的關鍵 (Standardised Design – Keys to City Electricity Network Construction and Re-modeling) by 山東電機工程學會 (Shandong Society for Electrical Engineering) in 2001. Mr. Cao was also granted honorary certificates by 中國電力規劃設計協會 (Electric Power Design Association) in 2003 and 2004 for his participation in two award-winning projects, namely the 濟南城市電網發展規劃 (Jinan City Electricity Network Development Plan) and the 黃河北(濱州)500kv變電所工程 (Yellow River North (Bingzhou) 500kv Transformer Station Project), respectively.

余淑敏女士，67歲，於二零零七年九月五日獲委任為本公司獨立非執行董事。余女士於一九六三年畢業於北京化學工業學校，獲得分析化學文憑。余女士於一九八八年獲取分析化學工程師資格。余女士現為中國發酵工業協會副理事長及協會的澱粉糖分會及多元醇分會理事長。

曹增功先生，現年46歲，於二零零七年九月五日被委任為獨立非執行董事。曹先生於一九八四年畢業於清華大學，並取得電力工程學士學位，專修電力系統及其自動化。自二零零五年七月起，曹先生為山東電力集團公司的主任工程師，主要負責電力系統計劃可行性分析及電網管理，並於二零零六年十月獲委任為山東電力集團公司專家委員會的專家。於二零零一年，曹先生的論文獲山東電機工程學會頒授「標準化設計—城網建設與改造的關鍵」三等獎。曹先生亦分別於二零零三年及二零零四年獲中國電力規劃設計協會頒授榮譽證書表揚他參與兩項獲獎項目「濟南城市電網發展規劃」及「黃河北(濱州)500kv變電所工程」。

DIRECTORS AND SENIOR MANAGEMENT PROFILE

董事及高級管理人員簡介

Mr. Yue Kwai Wa, Ken, aged 43, has been appointed as an independent non-executive Director on 5 September 2007. He was also an independent non-executive director of Dickson Group Holdings Limited, a company listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), for the period from July 2008 to February 2009. Mr. Yue is a Certified Public Accountant with over 16 years of experience in accounting, auditing and corporate finance. Mr. Yue is also a member of the American Institute of Certified Public Accountants, a member of the Colorado State Society of Certified Public Accountants and a member of the Hong Kong Securities Institute holding a specialist certificate and a practising certificate in corporate finance.

SENIOR MANAGEMENT TEAM

Mr. Guo Zhibo, aged 42, has been a director of Golden Corn since October 2005. Mr. Guo is also a director of Deneng Golden Corn. Mr. Guo was first appointed as the deputy manager of the sales and marketing department of Golden Corn in August 1998, and was re-assigned as the deputy chief engineer in January 2000. Mr. Guo has been in charge with the Group's sales and marketing activities since July 2003.

Mr. Zhang Junhua, aged 46, has been a director of Golden Corn since its establishment in July 1998. Mr. Zhang is principally responsible for overseeing the Group's overall production and procurement management. He is also the deputy chairman of the board of directors of 山東壽光金遠東變性澱粉有限公司 (Shouguang Golden Far East Modified Starch Co., Ltd.), a director of Juneng Holding Group and Deneng Golden Corn. Mr. Zhang graduated from 華北水利電學院 (Northern China Water and Electricity Institute) in 1984 with an undergraduate degree in 工學 (Engineering), and obtained the qualification as engineer in 1993.

Ms. Wei Guoying, aged 39, has been a director of Golden Corn since October 2005. Ms. Wei is also a director of Deneng Golden Corn. Ms. Wei was appointed as the Group's chief accountant and department supervisor in 2004, and is responsible for overseeing accounting and financial reporting of Golden Corn. Ms. Wei graduated from 山東省會幹部中等專業學校 (Intermediate Institute of Accountancy of Shandong Province) with a diploma in 專業會計 (Professional Accounting) in 1989, and obtained an adult higher education diploma in 會計學 (Accounting*) from 山東財政學院 (Shandong Finance Institute) in 2004. Ms. Wei obtained the qualification as accountant in May 1996.

余季華先生，43歲，於二零零七年九月五日獲委任為非執行董事。彼由二零零八年七月至二零零九年二月期間亦為德信集團控股有限公司的獨立非執行董事，該公司於香港聯合交易所有限公司（「聯交所」）上市。余先生是執業會計師，在會計、核數和企業融資方面經驗超過十六年，同時亦是美國會計師協會會員、科羅拉多州註冊會計師協會會員和香港證券專業學會會員，持有專業證書及企業融資執業證書。

高層管理隊伍

郭智博先生，42歲，自二零零五年十月起出任金玉米的董事。郭先生亦是德能金玉米的董事。郭先生於一九九八年八月首先擔任銷售及營銷部副經理，於二零零零年一月獲派為副總工程師。郭先生自二零零三年七月開始掌管本集團的銷售及市場活動。

張軍華先生，46歲，自金玉米於一九九八年七月成立起一直是金玉米的董事，張先生主要負責監督本集團的整體生產及採購管理。他亦為山東壽光金遠東變性澱粉有限公司董事會的副主席、巨能控股集團及德能金玉米的董事。張先生於一九八四年畢業於華北水利電學院，持有工學學士學位，一九九三年獲取工程師資格。

魏國英女士，39歲，自二零零五年十月起成為金玉米的董事。魏女士亦是德能金玉米的董事。魏女士於二零零四年獲委任為本集團的總會計師及主任，負責監管金玉米的財務和會計職能。魏女士於一九八九年畢業於山東省會幹部中等專業學校，取得專業會計文憑，並於二零零四年取得山東財政學院的會計學成人高等教育文憑。魏女士於一九九六年五月取得會計師資格。

DIRECTORS AND SENIOR MANAGEMENT PROFILE

董事及高級管理人員簡介

Mr. Hu Jing, aged 39, has been a director of Golden Corn since July 2003. He is principally responsible for the overall operations of the Group's lysine production plant and power plant. Mr. Hu joined the Group in 1998 and he was holding various positions as power plant supervisor, cornstarch factory manager and power plant manager. Mr. Hu obtained the qualification as accountant in May 1996, and a diploma in 經濟管理 (Economics Management) from 中國共產黨山東省委員會學校 (The Shandong Province Party Committee School of the People's Republic of China) in 1996.

Mr. Su Tao, aged 42, joined the Group in 1998 and is currently responsible for raw materials and accessories procurement. He was appointed as a deputy manager of the sales and supplies department of Golden Corn in 2002, and was later appointed as the 主任 (supervisor) of Golden Corn's supplies department in 2003. He was appointed as assistant to general manager in 2005, and was promoted to deputy manager in January 2007. Mr. Su has been the 監事 (supervisor) of Golden Corn since March 2007.

Mr. Wang Guoliang, aged 33, joined the Group in June 2004 as a technical supervisor and is currently responsible for the corporate management, quality and safety control and environmental protection. He graduated from 山東工業大學 (Shandong Industrial University) with an undergraduate degree in 熱能工程 (Heat Engineering) in 1997, and has obtained the qualification as engineer in 2002.

Mr. Leung Siu Hong, aged 33, joined the Group in February 2008 as the financial controller, qualified accountant and company secretary. Mr. Leung is responsible for company secretarial and financial reporting matters. He has over 10 years experience in auditing, accounting, corporate finance and management. Mr. Leung is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Leung holds a master's degree in accounting from the University of Aberdeen, Scotland.

胡靖先生，39歲，自二零零三年七月擔任金玉米的董事，主要負責本集團的賴氨酸生產廠房及發電廠的整體運作。胡先生自一九九八年為本集團服務，曾擔任多個職務，如發電廠主任、玉米澱粉廠廠長及電廠廠長。胡先生於一九九六年五月取得會計師資格及於一九九六年從中國共產黨山東省委員會學校取得經濟管理文憑。

蘇濤先生，42歲，自一九九八年便為本集團服務，目前負責原材料及配件採購。其於二零零二年獲委任為金玉米銷售及供應科副主任，隨後於二零零三年獲委任為金玉米物資供應部的主任。他於二零零五年獲委任為總經理助理，於二零零七年一月獲晉升為副經理。蘇先生自二零零七年三月起任金玉米的監事。

王國良先生，33歲，自二零零四年六月起加入本集團為技術部主任，目前負責企業管理、質量及安全控制及環境保護。他一九九七年畢業於山東工業大學並取得熱能工程學士學位，及於二零零二年取得工程師資格。

梁兆康先生，33歲，於二零零八年二月加入本集團，任財務總監、合資格會計師兼公司秘書。梁先生負責本公司的公司秘書及財務報告事宜，他擁有逾十年核數、會計、公司財務及管理經驗。梁先生為香港會計師公會會員及特許公認會計師公會的資深會員。梁先生持有蘇格蘭亞伯丁大學會計碩士學位。

REPORT OF THE DIRECTORS

董事會報告書

The Directors have pleasure in presenting their annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in the manufacture and sale of cornstarch, L-lysine hydrochloride salt and ancillary corn-based and corn-refined products and sales of electricity and steam. Details of the principal activities of the Company's subsidiaries are set out in note 18 to the consolidated financial statements. There were no significant changes in the nature of the principal activities of the Group during the year.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2008 are set out in the consolidated income statement on page 104.

The Directors recommend the payment of a final dividend of HK 1.14 cents per share, totalling HK\$29,782,500, in respect of the year ended 31 December 2008. Subject to the approval of the shareholders of the Company at the forthcoming annual general meeting (the "AGM") of the Company, the final dividend is expected to be paid to those shareholders whose names appear on the register of members of the Company on 1 June 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 27 May 2009 to 1 June 2009 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investors Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on 26 May 2009.

SHARE CAPITAL

Details of movements of the share capital of the Company during the year are set out in note 29 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

董事欣然提呈其年報及本公司及其附屬公司(統稱「本集團」)截至二零零八年十二月三十一日止年度的經審核綜合財務報表。

主要業務

本公司的主要業務為投資控股。本公司的附屬公司主要從事製造及銷售玉米澱粉L-賴氨酸鹽酸鹽、玉米製副產品及玉米深加工產品以及銷售電力和蒸汽。有關本公司附屬公司的主要業務詳情載於綜合財務報表附註18。年內，本集團的主要業務性質並無任何重大變動。

業績及股息

本集團截至二零零八年十二月三十一日止年度的業績載於第104頁的綜合收益表內。

董事建議派付截至二零零八年十二月三十一日止年度的末期股息每股1.14港仙，共計29,782,500港元，惟須待本公司股東於本公司即將舉行的股東週年大會(「股東週年大會」)上批准，方可作實。預期末期股息將派付予於二零零九年六月一日名列本公司股東名冊的股東。

暫停辦理股份過戶登記手續

本公司將於二零零九年五月二十七日至二零零九年六月一日(首尾兩日包括在內)暫停辦理股份過戶登記手續，期內將不會辦理任何股份過戶。為符合資格獲享擬派的末期股息及出席股東週年大會並投票，所有股份過戶文件連同有關股票必須最遲於二零零九年五月二十六日下午4時正前遞交於本公司的香港股份過戶及登記分處卓佳證券登記有限公司(地址為香港灣仔皇后大道東28號金鐘匯中心26樓)，以進行登記。

股本

本公司股本於年內的變動詳情分別載於綜合財務報表附註29及綜合權益變動表。

REPORT OF THE DIRECTORS 董事會報告書

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately RMB168,293,000 on additions of property, plant and equipment mainly for the expansion and enhancement of its production capability.

Details of movements in the Group's property, plant and equipment during the year are set out in note 16 to the consolidated financial statements.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 184. The summary does not form part of the audited consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2008, under the Cayman Companies Law, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. As at 31 December 2008, the Company's reserves available for distribution to shareholders amounted in total to approximately RMB407,831,000.

MAJOR CUSTOMERS AND SUPPLIERS

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

DIRECTORS

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

Executive Directors

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

物業、廠房及設備

年內，本集團花費約人民幣168,293,000元用於添置物業、廠房及設備，以擴展及提升其產能。

本集團物業、廠房及設備於年內的變動詳情載於綜合財務報表附註16。

財務資料概要

本集團於最近五個財政年度的已刊發業績及資產與負債的概要載於第184頁。該概要並不構成經審核綜合財務報表的一部分。

可供分派儲備

於二零零八年十二月三十一日，根據開曼群島公司法，在組織章程大綱或細則規限下，本公司之股份溢價可供向股東分派或派付股息，惟於緊隨股息分派後，本公司須有能力償還其於日常業務中到期之債務。於二零零八年十二月三十一日，本公司可供分派予股東之儲備合共約人民幣407,831,000元。

主要客戶及供應商

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

董事

年內及直至本報告日期止，本公司董事如下：

執行董事

田其祥先生(主席)
高世軍先生(行政總裁)
于英全先生
劉象剛先生

REPORT OF THE DIRECTORS 董事會報告書

Independent non-executive Directors

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

By virtue of Article 108 of the Company's Articles of Association, Mr. Yu Yingquan, Mr. Liu Xianggang and Ms. Dong Yanfeng will retire and, being eligible, offer themselves for re-election at the forthcoming AGM.

INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and as at the date of this report still considers all of them to be independent.

DIRECTORS' SERVICE CONTRACTS

As at 31 December 2008, none of the Directors proposed for re-election at the forthcoming AGM has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

EMOLUMENT POLICY

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

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

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

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

獨立非執行董事

董延豐女士
余淑敏女士
曹增功先生
余季華先生

根據本公司的公司章程第108條，于英全先生、劉象剛先生及董延豐女士將退任，惟彼等均符合資格並願於應屆股東週年大會膺選連任。

獨立非執行董事的確認函

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

董事服務合約

於二零零八年十二月三十一日，擬於應屆股東週年大會上膺選連任的董事概無與本公司訂立本公司不可於一年內免付賠償(法定賠償除外)而終止的任何服務合約。

薪酬政策

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

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

董事及五位最高薪人士的酬金

有關本公司董事及本集團五位最高薪人士於回顧年度的酬金詳情載於綜合財務報表附註12。

REPORT OF THE DIRECTORS 董事會報告書

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

As at 31 December 2008, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") as recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:-

Name of Director 董事姓名	The Company/ associated corporation 本公司／相聯法團	Capacity/nature of interest 身份／權益性質	Number and class of securities held 持有證券數目及類別 (Note 1) (附註1)	Percentage of shareholding 佔股權概約百分比
Mr. Tian Qixiang ("Mr. Tian") 田其祥先生 ([田先生])	The Company 本公司	Interest of a controlled corporation 受控制法團權益	1,750,000,000 Shares (L)(Note 2) 1,750,000,000股股份(L)(附註2)	66.99%
	Merry Boom Group Limited 怡興集團有限公司	Beneficial owner 實益擁有人	131 ordinary shares of US\$1 each (L) 131股每股面值1美元的普通股(L)	54.58%
Mr. Gao Shijun 高世軍先生	Merry Boom Group Limited 怡興集團有限公司	Beneficial owner 實益擁有人	60 ordinary shares of US\$1 each (L) 60股每股面值1美元的普通股(L)	25.00%
Mr. Yu Yingquan 于英全先生	Merry Boom Group Limited 怡興集團有限公司	Beneficial owner 實益擁有人	1 ordinary share of US\$1 each (L) 1股每股面值1美元的普通股(L)	0.42%

Note:

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

董事及主要行政人員於本公司或其相聯法團股份、相關股份或債券中的權益及淡倉

於二零零八年十二月三十一日，董事及本公司主要行政人員於本公司或其任何相聯法團(定義見香港法例第571章證券及期貨條例(「證券及期貨條例」)第XV部份)的股份、相關股份及債券中，擁有於根據證券及期貨條例第352條本公司存置的登記冊所記錄或根據上市規則所載的上市發行人進行證券交易的標準守則(「標準守則」)須另行知會本公司及聯交所的權益及淡倉如下：—

附註：

- (1) 字母「L」表示董事於本公司或有關相聯法團股份的好倉。
- (2) 此等股份由怡興集團有限公司持有。怡興集團有限公司由田先生擁有約54.58%權益。根據證券及期貨條例，田先生被視為於怡興集團有限公司持有的所有股份中擁有權益。

REPORT OF THE DIRECTORS 董事會報告書

Save as disclosed above, as at 31 December 2008, none of the Directors and the chief executive of the Company nor their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

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

1. The primary purpose of the Scheme is to motivate our employees and other eligible persons entitled under the scheme to optimise their contributions to the Group and to reward them for their contribution to the Group.
2. Eligible participants of the Scheme are (a) any employee (whether fulltime or part-time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity ("Invested Entity") in which any member of the Group holds an equity interest; (b) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of any member of the Group or any Invested Entity; (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

除上文所披露者外，於二零零八年十二月三十一日，董事及本公司主要行政人員或彼等各自的聯繫人士概無於本公司或其任何相聯法團(定義見證券及期貨條例第XV部分)的股份、相關股份及債券中，擁有於根據證券及期貨條例第352條須記錄於本公司存置的登記冊內或根據標準守則須另行知會本公司及聯交所的任何權益或淡倉。

購股權計劃

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

1. 該計劃的要主目的為激勵本公司的僱員及該計劃項下的其他合資格人士，務求令本集團從彼等的貢獻中得到最大裨益，並回報彼等對本集團做出的貢獻。
2. 該計劃的合資格參與者為(a)本公司、其任何附屬公司或本集團任何成員公司於其擁有股權的任何實體(「投資實體」)的任何僱員(無論全職或兼職，包括執行董事，但不包括非執行董事)；(b)本公司、其任何附屬公司或任何投資實體的任何非執行董事(包括獨立非執行董事)；(c)向本集團任何成員公司或任何投資實體提貨物或服務的供應商；(d)本集團任何成員公司或任何投資實體的任何客戶；(e)向本集團任何成員公司或任何投資實體提供研究、開發或其他技術支持的任何人士或實體；(f)本集團任何成員公司或任何投資實體的任何股東或本集團任何成員公司或任何投資實體所發行的任何證券的任何持有人；(g)本集團任何成員公司或投資實體的任何業務領域或業務發展的任何顧問(專業或其他)或諮詢師；(h)任何其他已經或可能透過合資、業務聯合或其他業務安排而對本集團的發展及成長作出貢獻的參與者小組或類別。

REPORT OF THE DIRECTORS

董事會報告書

3. The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the share capital of the Company in issue from time to time. The total number of the Shares which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Scheme and any other share option scheme of the Group) to be granted under the Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue on the date on which the Shares are listed on the Main Board of the Stock Exchange.
 4. The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being ("Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the shareholders of the Company in general meeting with such grantee and his associates abstaining from voting.
 5. Any grant of options under the Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive directors of the Company (excluding independent non-executive director of the Company who or whose associates is the proposed grantee of the options). In addition, any grant of options to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates, in excess of 0.1% of the Shares in issue at any time or with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval of the Company in a general meeting.
3. 因行使根據該計劃和本集團採納的其他購股權計劃授出而尚未行使的購股權而可能發行的股份上限，合計不得超過本公司不時已發行股本的30%。因行使根據該計劃和本集團的任何其他購股權計劃授出的全部購股權(就此而言，不包括根據該計劃及本集團的任何其他購股權計劃的條款已失效的購股權)而可能配發及發行的股份數目總額，合計不得超過股份於聯交所主板上市日期已發行股份的10%。
 4. 於任何十二個月期間因行使根據該計劃及本集團任何其他購股權計劃所授出的購股權(同時包括已行使或尚未行使購股權兩者)已向各承授人發行及將予發行的股份總數不得超過本公司當時已發行股本1%(「個別上限」)。於任何十二個月期間直至再授出購股權之日(包括該日)止進一步授予超逾個別上限的購股權須待於股東大會上取得本公司的股東的批准而受讓人及其聯繫人士須放棄投票。
 5. 根據該計劃授予本公司董事、行政總裁或主要股東或他們任何各自的聯繫人士的購股權必須經本公司獨立非執行董事(不包括身為購股權建議承授人或其聯繫人士為購股權建議承授人的本公司的獨立非執行董事)的批准。此外，倘向本公司主要股東或獨立非執行董事，或彼等任何各自的聯繫人士授予購股權，於十二個月期間內，超過任何時間已發行股份0.1%，或按授出日期股份的收市價計算，總值超過5,000,000港元，則須待股東於本公司的股東大會上批准，方可作實。

REPORT OF THE DIRECTORS
董事會報告書

- | | |
|--|---|
| <p>6. The exercise period of the share options granted under the Scheme is determined by the directors of the Company, which period may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of the offer for the grant of the option or the expiry date of the Scheme, if earlier, subject to the provisions for early termination as stated in the Scheme.</p> | <p>6. 根據該計劃授出的購股權的行使期限由本公司董事釐定，該期間可由授出購股權建議日期起計，至授出購股權建議日期後十年止，或該計劃屆滿日期止(以較早者為準)，惟可如該計劃所載根據有關條文提早終止。</p> |
| <p>7. The acceptance of an offer of the grant of the option must be made within 21 days from the date of the offer for the grant with a nonrefundable payment of HK\$1.00 from the grantee.</p> | <p>7. 授出購股權建議須於授出建議日期起計二十一日內接納，而承授人於接納時須支付不可退回款1.00港元。</p> |
| <p>8. The exercise price of the share option is determined by the Board but shall not be less than the higher of (i) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares.</p> | <p>8. 購股權的行使價由董事會釐定，但不得少於以下較高者：(i)股份於授出日期在聯交所日報表上所列的收市價；(ii)股份於緊接授出日期前五個營業日在聯交所日報表上的列的平均收市價；及(iii)股份面值。</p> |
| <p>9. The Scheme shall be valid and effective till 4 September 2017.</p> | <p>9. 該計劃將有效至二零一七年九月四日止。</p> |

As at 31 December 2008, no share options have been granted under the Scheme of the Company.

於二零零八年十二月三十一日，並無根據本公司該計劃而授出購股權。

REPORT OF THE DIRECTORS 董事會報告書

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

As at 31 December 2008, so far as is known to the Directors, the following persons, other than a Director or chief executive of the Company, have an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder 股東名稱	Capacity/nature of interest 身份／權益性質	Number of shares/ underlying shares 股份／相關股份數目 (Note 1) (附註1)	Percentage of issued share capital 佔已發行股本百分比
Merry Boom Group Limited 怡興集團有限公司	Beneficial owner 實益擁有人	1,750,000,000 (L) (Note 2) (附註2)	66.99%
Victory Investment China Group Limited	Beneficial owner 實益擁有人	176,000,000 (L)	6.74%
Wang Rui Yun 王瑞雲	Interest in controlled corporation, Victory Investment China Group Limited 受控制法團權益，Victory Investment China Group Limited	176,000,000 (L)	6.74%

Note:

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

主要股東於本公司股份及相關股份中的權益

於二零零八年十二月三十一日，據董事所知，按本公司根據證券及期貨條例第336條本公司須存置的登記冊所記錄，以下人士(董事或本公司主要行政人員除外)於本公司股份或相關股份中擁有權益或淡倉：

Name of shareholder 股東名稱	Capacity/nature of interest 身份／權益性質	Number of shares/ underlying shares 股份／相關股份數目 (Note 1) (附註1)	Percentage of issued share capital 佔已發行股本百分比
Merry Boom Group Limited 怡興集團有限公司	Beneficial owner 實益擁有人	1,750,000,000 (L) (Note 2) (附註2)	66.99%
Victory Investment China Group Limited	Beneficial owner 實益擁有人	176,000,000 (L)	6.74%
Wang Rui Yun 王瑞雲	Interest in controlled corporation, Victory Investment China Group Limited 受控制法團權益，Victory Investment China Group Limited	176,000,000 (L)	6.74%

附註：

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

REPORT OF THE DIRECTORS 董事會報告書

Save as disclosed above, as at 31 December 2008, other than the directors and chief executive of the Company whose interests or short positions are set out in the paragraph headed "Directors' and Chief Executive' Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company or its associated corporations" above, the Directors and the chief executive of the Company were not aware of any person who had an interest or a short position in the Shares, or underlying Shares of the Company which were required to be recorded in the register kept by the Company pursuant to section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

Continuing Connected Transactions

The Group has the following continuing connected transactions for the year ended 31 December 2008:

Type of transactions 交易類別	Parties involved 涉及各方	Amount 金額
1. Steam provision contract 蒸汽供應合約	山東壽光巨能金玉米開發有限公司 (Shandong Shouguang Juneng Golden Corn Development Co., Ltd) ("Golden Corn") and 山東壽光巨能特鋼有限公司 (Shandong Shouguang Juneng Special Steel Co., Ltd) ("Juneng Special Steel") 山東壽光巨能金玉米開發有限公司 (「金玉米」)及山東壽光巨能特鋼有限公司 (「巨能特鋼」)	2008: Approximately RMB235,000 (2007: RMB60,456,000) 二零零八年：約人民幣235,000元 (二零零七年：人民幣60,456,000元) Annual cap (exclusive of tax paid to relevant tax authority in the PRC): 2008: RMB70,000,000 (2007: RMB70,000,000) 年度上限 (不包括已支付中國有關稅務部門的稅款): 二零零八年：人民幣70,000,000元 (二零零七年：人民幣70,000,000元)

除上文所披露者外，於二零零八年十二月三十一日，除權益或淡倉載於上文「董事及主要行政人員於本公司或其相聯法團股份、相關股份或債券中的權益及淡倉」一段的本公司董事及主要行政人員外，董事及本公司行政人員概不知悉任何人士於本公司股份或相關股份中擁有根據證券及期貨條例第336條須記錄於本公司存置的登記冊的權益或淡倉。

董事購入股份或債券的權利

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

董事及控股股東於重大合約及關連交易中的權益

持續關連交易

本集團截至二零零八年十二月三十一日止年度的持續關連交易如下：

REPORT OF THE DIRECTORS
董事會報告書

2. Manpower provision agreement 人力供應協議	Golden Corn and Juneng Holding Group 金玉米及巨能控股集團	2008: Nil (2007: RMB6,950,000) 二零零八年：零 (二零零七年：人民幣6,950,000元)
		Annual cap (exclusive of tax paid to relevant tax authority in the PRC): 2008: RMB8,000,000 (2007: RMB7,000,000) 年度上限(不包括已支付中國有關稅務部門的稅款): 二零零八年：人民幣8,000,000元 (二零零七年：人民幣7,000,000元)
3. Electricity and steam supply agreements 電力及蒸汽供應協議	臨清德能金玉米生物有限公司 (Linqing Deneng Golden Corn Bio Limited) (“Deneng Golden Corn”) and 臨清德能生物科技有限公司 (Linqing Deneng Bio Technology Limited) (“Deneng Bio Tech”) 臨清德能金玉米生物有限公司(「德能金玉米」)及臨清德能生物科技有限公司(「德能生物科技」)	For the period from 9 April 2008 to 17 June 2008 when Deneng Bio Tech was a connected person of the Company: Approximately RMB3,406,000 由二零零八年四月九日至二零零八年六月十七日期間(即德能生物科技為本公司之關連人士)：約人民幣3,406,000元

The details of the above continuing connected transactions are summarised as follows:

上述持續關連交易的資料概述如下：

1. Steam provision contract

1. 蒸汽供應合約

The Group operates its own co-generation power plant which generates the electricity and steam needed both for the Group's production and sales to third parties. On 1 September 2006, Golden Corn entered into a steam provision contract with Juneng Special Steel for the provision of steam to Juneng Special Steel at the relevant prevailing charge rate prescribed by the 壽光市物價局 Commodity Pricing Bureau of Shouguang City (“Shouguang CPB”) from time to time. The pricing term is subject to adjustment in the event that there are changes in the prevailing charge rates for the provision of steam as prescribed by Shouguang CPB.

本集團經營本身的熱電發電廠，發電及生產蒸汽供本集團生產所需及向第三方銷售。於二零零六年九月一日，金玉米與巨能特鋼簽訂蒸汽供應合約，以壽光市物價局(「壽光市物價局」)不時制定的相關收費水平向巨能特鋼提供蒸汽。定價條款可按壽光市物價局制定的有關提供蒸汽的現行收費水平變化而作出調整。

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

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

Waiver from strict compliance with the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules was granted by the Stock Exchange with respect to the continuing connected transactions contemplated under the steam provision contract.

本公司已獲聯交所就根據蒸汽供應合約項下擬進行的持續關連交易授予豁免嚴格遵守上市規則第14章項下公佈及獨立股東批准規定。

REPORT OF THE DIRECTORS 董事會報告書

2. *Manpower Provision Agreement*

Prior to the listing of the Company's shares on the Main Board of the Stock Exchange, Juneng Holding Group had been providing staff provision service to the Group. On 5 September 2007, Golden Corn entered into a manpower provision agreement ("Manpower Provision Agreement") with Juneng Holding Group for the provision of staff service by Juneng Holding Group to Golden Corn. The terms of the Manpower Provision Agreement is for a period commencing from 5 September 2007 and ending on 31 December 2008.

Juneng Holding Group is 55% owned by Mr. Tian (who is a director of the Company and a controlling shareholder of the Company) and 5% owned by Mr. Yu Yingquan (who is a director of the Company). Juneng Holding Group is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules.

According to the Manpower Provision Agreement, Golden Corn shall pay to Juneng Holding Group, for each staff provided, a fixed monthly rate determined with reference to the average monthly salary of staff of Golden Corn engaged in similar functions. The monthly fee payable for each staff provided can be adjusted subject to the written consents by both parties to the Manpower Provision Agreement but shall, in any event, not exceed the average monthly salary of staff of Golden Corn engaged in similar functions or fees chargeable by independent third parties providing similar services.

The staff secondment arrangement with Juneng Holding Group has ceased since 1 January 2008 as all such secondment staff were transferred to the Group under our employment. Therefore, the Group did not have any transaction with Juneng Holding Group under the Manpower Provision Agreement for the year under review.

The Directors confirmed that the Company had complied with the disclosure requirements as applicable to the transactions contemplated under the manpower provision agreement of Chapter 14A of the Listing Rules.

3. *Electricity and steam supply agreements*

As disclosed in the announcement of the Company dated 1 December 2008, Deneng Golden Corn (as purchaser) entered into a steam supply agreement and an electricity supply agreement on 20 May 2008 (with various supplemental agreements on the adjustment of pricing term) (collectively the "Supply Agreements") with Deneng Bio Tech (as supplier). The unit price of electricity and steam was contracted at RMB0.45 per kwh and RMB90 per tonne (both of them including value-added tax) respectively. However, the unit price of electricity and steam

2. 人力供應協議

於本公司股份在聯交所主板上市前，巨能控股集團一直向本集團提供員工供應服務。於二零零七年九月五日，金玉米與巨能控股集團就巨能控股集團向金玉米提供員工服務而訂立人力供應協議（「人力供應協議」）。人力供應協議的期限由二零零七年九月五日起至二零零八年十二月三十一日止。

巨能控股集團由田先生（為本公司董事及本公司控股股東）擁有55%權益及由于英全先生（為本公司董事）擁有5%權益。就上市規則第14A章而言，巨能控股集團為本公司的關連人士。

根據人力供應協議，金玉米應向巨能控股集團各員工支付固定每月費率，此乃參考金玉米參與類似職能的員工平均月薪而釐定。應付各員工每月費用可在人力供應協議訂約雙方的書面同意下作出調整，但無論如何不得超過從事類似職能的金玉米員工的平均月薪或獨立第三方就同類服務所收取的費用。

與巨能控股集團間的員工調派安排已自二零零八年一月一日起終止，原因是所有該等調派員工已改由本集團聘用。因此，本集團於回顧年度概無有關人力供應協議的持續關連交易。

董事確認本公司已遵守上市規則第14A章適用於人力供應協議項下擬進行的交易的披露規定。

3. 電力及蒸汽供應協議

如本公司日期為二零零八年十二月一日的公佈披露，德能金玉米（作為買方）與德能生物科技（作為供應商）於二零零八年五月二十日簽訂蒸汽供應協議及電力供應協議（連同多份有關調整定價條款的補充協議）（統稱為「供應協議」）。電力及蒸汽的單價分別訂約為每千瓦時人民幣0.45元及每噸人民幣90元（兩者均包含增值稅）。然而，電力及蒸汽的單價須每半年作出調整，除

REPORT OF THE DIRECTORS

董事會報告書

was subject to adjustment half yearly save when there is a substantial variation in the production cost (whether upward or downward), both of Deneng Golden Corn and Deneng Bio Tech may adjust the unit price in accordance with the actual change in the production cost of electricity and steam earlier otherwise than half yearly.

Prior to 18 June 2008, Deneng Bio Tech held approximately 14.06% interest in Deneng Golden Corn and was therefore a substantial shareholder of Deneng Golden Corn and a connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions contemplated under the Supply Agreements constituted continuing connected transactions of the Company.

On 18 June 2008, Deneng Bio Tech transferred about 6.25% shareholding interest to two independent third parties of the Company. After such transfer, Deneng Bio Tech ceased to be a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Supply Agreements ceased to constitute connected transactions and continuing connected transactions of the Company pursuant to the Listing Rules on and subsequent to 18 June 2008.

As at the date of this report, Deneng Golden Corn still purchases electricity and steam from Deneng Bio Tech for the production of cornstarch and corn-related products under the Supply Agreements.

非生產成本大幅變動(上調或下調)，德能金玉米及德能生物科技則可在半年期前按電力及蒸汽的生產成本實際變動對單價作出調整。

於二零零八年六月十八日之前，德能生物科技持有德能金玉米約14.06%權益，故根據上市規則為德能金玉米之主要股東及本公司之關連人士。因此，根據上市規則，據供應協議擬進行之交易構成本公司之持續關連交易。

於二零零八年六月十八日，德能生物科技轉讓約6.25%股權予本公司兩名獨立第三方。轉讓後，根據上市規則德能生物科技不再為本公司關連人士。因此，根據上市規則，於二零零八年六月十八日及其後，據供應協議擬進行之交易不再構成本公司之關連交易及持續關連交易。

於本報告日期，德能金玉米仍根據供應協議向德能生物科技購買電力及蒸汽，以生產玉米澱粉及玉米相關產品。

Connected Transaction

Acquisition of production facilities from Deneng Bio Tech

On 9 April 2008, Deneng Golden Corn, as purchaser, and Deneng Bio Tech, as vendor, entered into a provisional sale and purchase agreement (the "Provisional Sale and Purchase Agreement") for the acquisition of certain cornstarch production facilities, including all machinery and equipments (the "Production Assets") and the associate lands, buildings and ancillary structures (the "Property Assets"), from Deneng Bio Tech for a consideration of approximately RMB105,529,513 and a maximum consideration of RMB38,417,230 respectively. A repayment guarantee agreement (the "Repayment Guarantee Agreement") was also entered into among Deneng Golden Corn, Deneng Bio Tech and 臨清市電業公司 (The Electricity Company of Linqing City) (the "Electricity Company"), as guarantor, on the same date in conjunction with the Provisional Sale and Purchase Agreement for the purpose of governing the performance by Deneng Bio Tech of its financial obligations under the Provisional Sale and Purchase Agreement. The Electricity Company is a state-controlled enterprise established in the PRC and the single-largest shareholder of Deneng Bio Tech holding 13.25% equity interest in Deneng Bio Tech.

關連交易

向德能生物科技收購生產設備

於二零零八年四月九日，德能金玉米(作為買方)與德能生物科技(作為賣方)已訂立臨時買賣協議(「臨時買賣協議」)，內容有關向德能生物科技收購若干玉米澱粉生產設施，包括所有機器及設備(「生產資產」)及相關土地、樓宇及配套建築物(「物業資產」)，代價分別約為人民幣105,529,513元及人民幣38,417,230元(最高)。德能金玉米、德能生物科技與臨清市電業公司(「電業公司」)(作為擔保人)同日亦就臨時買賣協議訂立還款擔保協議(「還款擔保協議」)，以規管德能生物科技履行其於臨時買賣協議項下之財務責任。電業公司為一間在中國成立之國家控制企業，為德能生物科技之單一最大股東，持有德能生物科技13.25%股權。

REPORT OF THE DIRECTORS
董事會報告書

As disclosed in the announcement dated 6 June 2008 and 19 December 2008, the application of relevant land use rights and certificate of title of the Property Assets (the "Relevant Certificates") was still processed by the People's Government of Linqing City (臨清市人民政府). In this regard, Deneng Golden Corn exercised its right to extend the completion date and entered into a supplemental agreement on 5 June 2008 and a further supplemental agreement (the "Further Supplement Agreement") on 18 December 2008 to further extend the deadline for obtaining the Relevant Certificate to 31 December 2009.

The payment terms of the Production Assets and Property Assets are summarised as follows:

Production Assets:

- (i) the first instalment in the sum of RMB70,000,000 within 10 days from the date of signing of the Provisional Sales and Purchase Agreement and the Repayment Guarantee Agreement;
- (ii) the second instalment in the sum of RMB12,000,000 upon completion of the acquisition of the Production Assets;
- (iii) the third instalment in the sum of RMB22,000,000 within 10 days following completion of the acquisition of the Property Assets; and
- (iv) the remaining balance of RMB1,529,513 as "quality assurance retainer" after one year from completion of the acquisition of the Property Assets, on the condition that no material defects shall be found in the title and/or quality of the Production Assets and the Property Assets.

Property Assets:

- (i) the first instalment in the sum of RMB18,000,000 within 10 days from the date of signing of the Provisional Sales and Purchase Agreement and the Repayment Guarantee Agreement;
- (ii) the second instalment, subject to a cap of RMB20,000,000, which is equal to the consideration for the associated land within 10 days following completion of the acquisition of the Property Assets; and
- (iii) the remaining balance of RMB417,230 as "quality assurance retainer" after one year from the completion of the acquisition of the Property Assets, on the condition that no material defects shall be found in the title and/or quality of the Production Assets and the Property Assets

誠如日期為二零零八年六月六日及二零零八年十二月十九日的公佈所披露，申請物業資產的相關土地使用權證及所有權證(「有關證書」)仍由臨清市人民政府處理當中。就此而言，德能金玉米行使其權利以延遲完成日期，並於二零零八年六月五日訂立補充協議及於二零零八年十二月十八日訂立進一步補充協議(「進一步補充協議」)以將領取有關證書之最後期限進一步延遲至二零零九年十二月三十一日。

生產資產及物業資產的付款條款概述如下：

生產資產：

- (i) 於臨時買賣協議及還款擔保協議簽署日期起計十天內支付首筆分期付款合共人民幣70,000,000元；
- (ii) 於完成生產資產收購事項時支付第二筆分期付款合共人民幣12,000,000元；
- (iii) 於完成物業資產收購事項後十天內支付第三筆分期付款合共人民幣22,000,000元；及
- (iv) 於完成物業資產收購事項起計一年後支付餘額人民幣1,529,513元作為「質量保證押金」，條件是並無發現生產資產及物業資產的所有權及／或質量有重大缺陷。

物業資產：

- (i) 於臨時買賣協議及還款擔保協議簽署日期起計十天內支付首筆分期付款合共人民幣18,000,000元；
- (ii) 於完成物業資產收購事項後十天內支付第二筆分期付款(受上限人民幣20,000,000元所限)，款額相等於相關土地的代價；及
- (iii) 於完成物業資產收購事項起計一年後支付餘額人民幣417,230元作為「質量保證押金」，條件是並無發現生產資產及物業資產的所有權及／或質量有重大缺陷。

REPORT OF THE DIRECTORS 董事會報告書

The first and second instalments of the Production Assets and the first instalment of the Property Assets were settled during the year ended 31 December 2008. It was reiterated in the Further Supplemental Agreement that the time for settlement of the remaining balance of the consideration for the acquisitions under the Provisional Sale and Purchase Agreement shall remain as follows:

- (i) the third instalment of RMB22,000,000 for the acquisition of Production Assets shall be payable within 10 days following completion of the acquisition of the Property Assets;
- (ii) the second instalment for the acquisition of the Property Assets, being the actual expenses to be incurred by Deneng Bio Tech in acquiring the land use rights of the associated land (with a cap of RMB20,000,000), shall be payable within 10 days following completion of the acquisition of the Property Assets; and
- (iii) the remaining balances of RMB1,529,513 under the acquisition of the Production Assets and RMB417,230 under the acquisition of the Property Assets as “quality assurance retainer” shall be payable after one year from the completion of the acquisition of the Property Assets, on the condition that no material defects shall be found in the title and/or quality of the Production Assets and the Property Assets.

As at the date of this report, the Relevant Certificates have not yet been obtained and so the Provisional Sale and Purchase Agreement has still not been completed. However, the acquisition of Production Assets which represents a substantial portion of the subject assets under the Provisional Sale and Purchase Agreement was duly completed during the year under review.

Annual review of continuing connected transaction

The independent non-executive Directors have reviewed the above continuing connected transactions for the year ended 31 December 2008 and confirmed that the continuing connected transactions were:

- (a) entered into in the ordinary and usual course of business of the Group;
- (b) entered into on normal commercial terms; and
- (c) in accordance with the terms of the respective agreements that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

生產資產的首筆及第二筆分期付款以及物業資產的首筆分期付款已於截至二零零八年十二月三十一日止年度償付。進一步補充協議重申，根據臨時買賣協議償付收購事項的代價餘額時間如下：

- (i) 於完成物業資產收購事項後十天內支付生產資產收購事項的第三筆分期付款合共人民幣22,000,000元；
- (ii) 物業資產收購事項的第二筆分期付款，即德能生物科技取得相關土地的土地使用權所實際產生的開支(上限為人民幣20,000,000元)，於完成物業資產收購事項後十天內支付；及
- (iii) 生產資產收購事項餘額人民幣1,529,513元，以及物業資產收購事項餘額人民幣417,230元，作為「質量保證押金」於完成物業資產收購事項起計一年後支付，條件是並無發現生產資產及物業資產的所有權及／或質量有重大缺陷。

於本報告日期，尚未取得有關證書，故臨時買賣協議尚未完成。然而，佔臨時買賣協議項下大部分有關資產的擬收購生產資產已於回顧年度正式完成。

持續關連交易之全年審閱

獨立非執行董事已審閱上述截至二零零八年十二月三十一日止年度之持續關連交易，並確認持續關連交易為：

- (a) 於本集團日常及一般業務過程中訂立；
- (b) 按正常商業條款訂立；及
- (c) 根據個別協議按公平合理及符合本公司股東整體利益的條款訂立。

REPORT OF THE DIRECTORS
董事會報告書

The auditor of the Company have also reviewed the continuing connected transactions on a sample basis and confirmed that the continuing connected transactions:

- (a) were approved by the Board;
- (b) were in accordance with the pricing policies of the Company;
- (c) had been entered into in accordance with the respective agreements governing the transactions; and
- (d) had not exceeded the respective annual caps as disclosed in the prospectus of the Company dated 12 September 2007 (the "Prospectus").

Other than as disclosed above, no contract of significance, to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year, nor had there been any contract of significance entered into between the Group and a controlling shareholder of the Company during the year ended 31 December 2008.

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the year ended 31 December 2008.

COMPETING INTERESTS

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

本公司的核數師亦已按抽樣基準審閱持續關連交易，並確認持續關連交易：

- (a) 獲得董事會批准；
- (b) 按本公司的定價政策；
- (c) 按監管有關交易之個別協議進行；及
- (d) 並無超過本公司日期為二零零七年九月十二日的招股章程(「招股章程」)所披露的個別年度上限。

除上文所披露者外，本公司、其任何控股公司、附屬公司或同系附屬公司概無參與訂立董事直接或間接擁有重要權益且於年末或年內任何時間仍有效的重大合同，而於截至二零零八年十二月三十一日止年度內本集團與本公司控股股東亦無訂立任何重大合同。

購買、出售或贖回本公司的上市證券

於截至二零零八年十二月三十一日止年度內，本公司或其任何附屬公司概無購買、出售或贖回本公司的上市證券。

競爭權益

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

REPORT OF THE DIRECTORS

董事會報告書

Save as disclosed above, as at 31 December 2008, in so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business apart from the Group's businesses that competed or was likely to compete, either directly or indirectly, with the businesses of the Group.

PRE-EMPTIVE RIGHTS

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

PUBLIC FLOAT

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

CORPORATE GOVERNANCE

The Directors are of the opinion that the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules throughout the year.

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 45 to 101 of this annual report.

AUDITOR

Deloitte Touche Tohmatsu ("Deloitte") were re-appointed as the auditor of the Company at the annual general meeting held on 16 May 2008 and resigned on 11 November 2008. PricewaterhouseCoopers ("PwC") was first appointed as auditor of the Company by the Board following the resignation of Deloitte with effect from 11 November 2008. The consolidated financial statements have been audited by PwC who shall retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM.

On behalf of the Board

Tian Qixiang

Chairman

Hong Kong

17 April 2009

除上文所披露者外，於二零零八年十二月三十一日，據董事所知，概無董事或彼等各自的聯繫人士在與本集團業務直接或間接構成或可能構成競爭的業務(本集團業務除外)中擁有任何權益。

優先購買權

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

公眾持股量

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

企業管治

董事認為，本公司於整個年度一直遵守上市規則附錄十四中企業管治常規守則所載的守則條文。

本公司的企業管治常規守則載於本年報第45至101頁的企業管治報告。

核數師

德勤·關黃陳方會計師行(「德勤」)於二零零八年五月十六日的股東週年大會上獲重新委聘為本公司的核數師，並於二零零八年十一月十一日辭任。於德勤辭任後，羅兵咸永道會計師事務所(「羅兵咸」)首次獲董事會委聘為本公司的核數師，自二零零八年十一月十一日起生效。綜合財務報表已由羅兵咸審核，惟羅兵咸須退任並符合資格及願於應屆股東週年大會上獲重新委聘。

代表董事會

田其祥

主席

香港

二零零九年四月十七日

CORPORATE GOVERNANCE REPORT

企業管治報告

The board (the “Board”) of directors (the “Directors”) of the Company is mindful of the importance of good corporate governance practices and procedures in safeguarding shareholders’ interests and enhancing the performance of the Group. With this objective in mind, the Company is committed to the establishment and implementation of good corporate governance practices and procedures.

CORPORATE GOVERNANCE PRACTICES

During the year under review, the Company has complied with the code provisions prescribed in the Code on Corporate Governance Practices (the “CG Code”) set out in Appendix 14 of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) which are adopted by the Company as its own code of corporate governance practices.

In December 2008, the Board has also resolved to amend its Securities Dealing Code and terms of reference of audit committee including, but not limited to, the followings (the “Amendments”):

- the extension of blackout period;
- the requirement of written clearance on dealing of securities by the Directors; and
- the responsibility of reviewing the adequacy of resources and experience of staff of the Company’s accounting and financial reporting function.

The Amendments have become effective from 1 January 2009 and are in line with the amendments to the Listing Rules promulgated by the Stock Exchange in December 2008.

In view of the recent modification of the blackout period made by the Stock Exchange in February 2009, the Securities Dealing Code of the Company has been further amended in line with the modification.

The Board is pleased to present the major principles in the CG Code that were applied by the Group during the year. The recommended best practices of the CG Code as mentioned below are not part of the Company’s code of corporate governance practices.

本公司董事(「董事」)會(「董事會」)一直深明良好的企業管治常規及程序對保障股東權益及促進本集團表現的重要性。為奉行此一宗旨，本公司致力訂立及執行良好的企業管治常規及程序。

企業管治常規

於回顧年度內，本公司已遵守及採納香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)附錄十四所載企業管治常規守則(「企業管治常規守則」)的守則條文，作為本身的企業管治常規守則。

於二零零八年十二月，董事會亦已議決修訂其證券買賣守則及審核委員會的職權範圍，包括(但不限於)以下各項修訂(「該等修訂」):

- 延長禁制期；
- 有關董事進行證券買賣的書面結算規定；及
- 審閱本公司會計及財務報告功能的資源足夠程度及員工經驗的責任。

該等修訂自二零零九年一月一日起生效，並與聯交所於二零零八年十二月頒佈的上市規則的修訂貫徹一致。

鑒於近期聯交所於二零零九年二月就禁售期作出修訂，本公司已進一步修訂其證券買賣守則以符合有關修訂。

董事會欣然呈列本集團於年內所應用的企業管治常規守則的主要原則。下文所述企業管治常規守則的建議最佳常規並非本公司企業管治常規守則的一部分。

CORPORATE GOVERNANCE REPORT
 企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
A.	DIRECTORS 董事		
A.1	The Board 董事會		
	<p>Principle: The Company should be headed by an effective board which should assume responsibility for leadership and control of the Company and be collectively responsible for directing and supervising the Company's affairs. Directors should take decisions objectively in the interests of the Company.</p>		
	<p>原則： 公司應以一個行之有效的董事會為首；董事會應負有領導及監控公司的責任，並應集體負責統管並監督公司事務。董事應該客觀行事，所作決策須符合本公司之利益。</p>		
	<p>Code Provision 守則條文</p>		
A.1.1	<p>The board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. It is expected that such regular board meetings will normally involve the active participation, either in person or through other electronic means of communication, of a majority of directors entitled to be present. Accordingly, a regular meeting does not include the practice of obtaining board consent through the circulation of written resolutions.</p> <p>董事會應定期開會，董事會會議應每年召開至少四次，大約每季一次。預計每次召開此等董事會定期會議皆有大部分有權出席會議的董事親身出席，或透過其他電子通訊方法積極參與。因此，董事會定期會議並不包括以傳閱書面決議方式取得董事會批准。</p>	✓	<p>During the year, the Company convened a total of 18 Board meetings, of which 4 meetings were regular meetings scheduled at the beginning of the year in accordance with the Code Provision A.1.1.</p> <p>本年度內，本公司合共召開了十八次董事會議，其中4次仍根據守則條文A.1.1及在年初計劃好之定期會議。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓)/ 解釋(E)	Implementation 實行情況																																																
A.1.1 (Cont'd) (續)			<p>The Directors' attendance record in 2008 is shown as follows:</p> <p>董事於二零零八年的出席記錄詳情如下：</p> <table border="1"> <thead> <tr> <th colspan="4" style="text-align: center;">Attendance 出席次數</th> </tr> <tr> <th style="text-align: center;">Board members 董事會成員</th> <th style="text-align: center;">Regular meetings 定期會議</th> <th style="text-align: center;">Other meetings 其他會議</th> <th></th> </tr> </thead> <tbody> <tr> <td colspan="4">Executive Directors 執行董事</td> </tr> <tr> <td>TIAN Qixiang (Chairman) 田其祥(主席)</td> <td style="text-align: center;">3/4</td> <td></td> <td style="text-align: center;">13/14</td> </tr> <tr> <td>GAO Shijun (Chief Executive Officer) 高世軍(行政總裁)</td> <td style="text-align: center;">3/4</td> <td></td> <td style="text-align: center;">12/14</td> </tr> <tr> <td>YU Yingquan 于英全</td> <td style="text-align: center;">4/4</td> <td></td> <td style="text-align: center;">14/14</td> </tr> <tr> <td>LIU Xianggang 劉象剛</td> <td style="text-align: center;">4/4</td> <td></td> <td style="text-align: center;">12/14</td> </tr> <tr> <td colspan="4">Independent non-executive Directors 獨立非執行董事</td> </tr> <tr> <td>YU Shumin 余淑敏</td> <td style="text-align: center;">4/4</td> <td></td> <td style="text-align: center;">11/14</td> </tr> <tr> <td>DONG Yanfeng 董延豐</td> <td style="text-align: center;">4/4</td> <td></td> <td style="text-align: center;">10/14</td> </tr> <tr> <td>CAO Zenggong 曹增功</td> <td style="text-align: center;">4/4</td> <td></td> <td style="text-align: center;">10/14</td> </tr> <tr> <td>YUE Kwai Wa, Ken 余季華</td> <td style="text-align: center;">4/4</td> <td></td> <td style="text-align: center;">12/14</td> </tr> </tbody> </table> <p>Such meetings involved the participation, either in person or through other electronic means of communication, of the Directors.</p> <p>以上會議均由董事親身出席或透過其他電子通訊方法參與。</p>	Attendance 出席次數				Board members 董事會成員	Regular meetings 定期會議	Other meetings 其他會議		Executive Directors 執行董事				TIAN Qixiang (Chairman) 田其祥(主席)	3/4		13/14	GAO Shijun (Chief Executive Officer) 高世軍(行政總裁)	3/4		12/14	YU Yingquan 于英全	4/4		14/14	LIU Xianggang 劉象剛	4/4		12/14	Independent non-executive Directors 獨立非執行董事				YU Shumin 余淑敏	4/4		11/14	DONG Yanfeng 董延豐	4/4		10/14	CAO Zenggong 曹增功	4/4		10/14	YUE Kwai Wa, Ken 余季華	4/4		12/14
Attendance 出席次數																																																			
Board members 董事會成員	Regular meetings 定期會議	Other meetings 其他會議																																																	
Executive Directors 執行董事																																																			
TIAN Qixiang (Chairman) 田其祥(主席)	3/4		13/14																																																
GAO Shijun (Chief Executive Officer) 高世軍(行政總裁)	3/4		12/14																																																
YU Yingquan 于英全	4/4		14/14																																																
LIU Xianggang 劉象剛	4/4		12/14																																																
Independent non-executive Directors 獨立非執行董事																																																			
YU Shumin 余淑敏	4/4		11/14																																																
DONG Yanfeng 董延豐	4/4		10/14																																																
CAO Zenggong 曹增功	4/4		10/14																																																
YUE Kwai Wa, Ken 余季華	4/4		12/14																																																

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
A.1.2	<p>Arrangements should be in place to ensure that all directors are given an opportunity to include matters in the agenda for regular board meetings.</p> <p>董事會應訂有安排，以確保全體董事皆有機會提出商討事項列入董事會定期會議議程。</p>	✓	<p>Prior to convening the meetings, the company secretary consulted with each of the Directors if there is any matter to be discussed before issuing formal agenda.</p> <p>在會議前，公司秘書都會諮詢各董事是否要商討事項才發出正式會議議程。</p>
A.1.3	<p>Notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend.</p> <p>召開董事會定期會議應發出至少十四日通知，以讓所有董事皆有機會騰空出席。</p> <p>For all other board meetings, reasonable notice should be given.</p> <p>至於召開其他所有董事會會議，應發出合理通知。</p>	<p>✓</p> <p>✓</p>	<p>The schedule of the four regular Board meetings were made available by the company secretary at the beginning of the year to encourage the Directors to actively participate in Board meetings.</p> <p>在本年初，公司秘書已計劃好四次定期董事會會議的時間表，目的是鼓勵各董事積極參與討論董事會會議。</p> <p>Notices of the regular Board meetings have been given to the Directors at least 14 days prior to the actual dates of convening such meetings.</p> <p>會議通知亦會在實際舉行定期董事會會議最少十四日前發給各董事。</p> <p>For other Board meetings, reasonable notice had been given in compliance with the Company's articles of association.</p> <p>就其他董事會會議而言，已遵守本公司的公司章程給予合理通知。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓)/ 解釋(E)	Implementation 實行情況
A.1.4	<p>All directors should have access to the advice and services of the company secretary with a view to ensuring that board procedures, and all applicable rules and regulations, are followed.</p> <p>所有董事應可取得公司秘書的意見和享用他的服務，目的是為了確保董事會程序及所有適用規則及規例均獲得遵守。</p>	✓	<p>The Directors may make enquiry to the company secretary any time in respect of the agenda or other matters of the meetings as well as updates on rules and regulations.</p> <p>公司秘書隨時接受各董事查詢會議議程或其他事項以及規則及規例更新。</p>
A.1.5	<p>Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting and such minutes should be open for inspection at any reasonable time on reasonable notice by any director.</p> <p>經正式委任的會議秘書應備存董事會及轄下委員會的會議紀錄，若有任何董事發出合理通知，應公開有關會議紀錄供其在任何合理的時段查閱。</p>	✓	<p>The company secretary is responsible for preparing draft minutes of Board meetings, which should be circulated to and reviewed by all the Directors before signing by the chairman of the Board meetings for record purpose of the Company and the Directors.</p> <p>公司秘書負責編寫董事會會議記錄(初稿)並且會先傳閱給全體董事審閱後才讓董事會會議主席簽署確認，以供本公司及董事作記錄用途。</p> <p>The Directors may request the company secretary for a copy of any minutes of Board meetings.</p> <p>董事可能要求公司秘書提供任何董事會會議記錄之副本。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
A.1.6	<p>Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered by the board and decisions reached, including any concerns raised by directors or dissenting views expressed.</p> <p>董事會及其轄下委員會的會議紀錄，應對會議上各董事所考慮事項及達致的決定作足夠詳細的記錄，其中應該包括董事提出的任何疑慮或表達的反對意見。</p> <p>Draft and final versions of minutes of board meetings should be sent to all directors for their comment and records respectively, in both cases within a reasonable time after the board meeting is held.</p> <p>董事會會議結束後，應於合理時段內先後將會議紀錄的初稿及最終定稿發送全體董事，初稿供董事表達意見，最後定稿則作其紀錄之用。</p>	<p>✓</p> <p>✓</p>	<p>Please refer to A.1.5.</p> <p>請參考A.1.5。</p> <p>The final version of minutes of Board meetings are signed by the chairman of the Board meetings upon confirmation for record purpose.</p> <p>由董事會會議主席簽署作實董事會會議最終定稿為記錄。</p>
A.1.7	<p>There should be a procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the company's expense.</p> <p>董事會應該商定程序，讓董事按合理要求，可在適當的情況下尋求獨立專業意見，費用由公司支付。</p> <p>The board should resolve to provide separate independent professional advice to directors to assist the relevant director or directors to discharge his/their duties to the company.</p> <p>董事會應議決另外為董事提供獨立專業意見，以協助有關董事履行其對公司的責任。</p>	<p>✓</p> <p>✓</p>	<p>The Directors may seek for independent professional advice at the expense of the Company as and when necessary upon making request and obtaining approval at the Board meetings.</p> <p>董事若認為需要尋求獨立專業意見，可以在董事會議上提出要求及批准，費用亦由公司支付。</p> <p>In addition, as stated in Article 101 of the Company's articles of association, the Company should bear all expenses reasonably incurred by the Directors while discharging their duties.</p> <p>除此之外，公司章程第101條指出，董事在履行其職責時發生的全部合理費用皆由公司負責。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
A.1.10	<p>Board committees should adopt, so far as practicable, the principles, procedures and arrangements set out in A.1.1 to A.1.8.</p> <p>董事會轄下委員會應在切實可行的範圍內採納A.1.1至A.1.8條所列的原則、程序及安排。</p>	E	<p>The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee (collectively the "Committees"). Meeting schedules of the Committees are made available to the members at the beginning of the year.</p> <p>董事會轄下設有審核委員會、薪酬委員會及提名委員會(統稱「委員會」)。有關委員會的會議時間亦在年初擬定並通知各成員。</p> <p>As stipulated in the terms of reference of the Audit Committee, the Audit Committee should meet at least twice a year. The Remuneration Committee and the Nomination Committee should meet at least once a year. Unless consents from all relevant committee members are obtained, notice of not less than 7 days should be given for all meetings of the Committees. The 4 regular meetings requirement of CG Code A.1.1 is not adopted with respect to the Committees as the Directors considered that it is not necessary for the proper and efficient discharge of their respective duties. The right of any member or the secretary of the Committees to convene a committee meeting is sufficient to cater for the need to convene one in case this is necessary.</p> <p>根據審核委員會職權範圍規定，審核委員會每年最少開會兩次。薪酬委員會及提名委員會每年最少開會一次。除非有關的委員會全體成員同意，所有委員會的會議通知期應不少於七日。本公司並無就委員會採納企業管治常規守則A.1.1有關4次定期會議的規定，此乃由於董事認為此舉對妥善及有效履行其各自的職責而言並非必要。委員會任何成員或秘書可召開委員會會議的權利足以應付在有需要的情況下召開會議的需要。</p> <p>CG Codes A.1.2 to A.1.8 are applicable to the Committees.</p> <p>企業管治常規守則A.1.2至A.1.8適用於委員會。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
A.2 Chairman and Chief Executive Officer			
主席及行政總裁			
Principle: There should be a clear division of the responsibilities between the Chairman and the Chief Executive Officer of the Company to ensure a balance of power and authority.			
原則： 本公司主席及行政總裁之間的職責必須清楚區分，以確保權力和授權分布均衡。			
Code Provision 守則條文			
A.2.1	<p>The roles of chairman and chief executive officer should be separate and should not be performed by the same individual.</p> <p>主席與行政總裁的角色應有區分，並不應由一人同時兼任。</p> <p>The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.</p> <p>主席與行政總裁之間職責的分工應清楚界定並以書面列載。</p>	✓	<p>Mr. Tian Qixiang is the Chairman of the Company and Mr. Gao Shijun is the Chief Executive Officer of the Company.</p> <p>田其祥先生為本公司主席；高世軍先生為本公司的行政總裁。</p> <p>The Chairman is primarily responsible for the strategic positioning of the Group and the Chief Executive Officer is primarily responsible for the operation and business development of the Group.</p> <p>主席主要負責集團的戰略部署；行政總裁主要負責集團的經營和業務發展。</p>
A.2.2	<p>The chairman should ensure that all directors are properly briefed on issues arising at board meetings.</p> <p>主席應確保董事會會議上所有董事均適當知悉當前的事項。</p>	✓	<p>In respect of regular Board meetings, and so far as practicable, other Board meetings, the company secretary provides necessary information on relevant issues to all Directors at least three days before the date of convening of the Board meetings.</p> <p>就定期董事會會議及(在切實可行的情況下)其他董事會會議而言，公司秘書會在董事會舉行會議日期前最少三日向全體董事提供有關事項的所需資料。</p>

CORPORATE GOVERNANCE REPORT

企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
A.2.3	<p>The chairman should be responsible for ensuring that directors receive adequate information, which must be complete and reliable, in a timely manner.</p> <p>主席應負責確保董事及時收到充分的資訊，而有關資訊亦必須完備可靠。</p>	✓	<p>Please refer to A.2.2.</p> <p>請參考A.2.2。</p>
<p>Recommended Best Practices 建議最佳常規</p>			
A.2.4	<p>One of the important rules of the chairman is to provide leadership for the board.</p> <p>主席其中一個重要角色是領導董事會。</p> <p>The chairman should ensure that the board works effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the board in a timely manner.</p> <p>主席應確保董事會有效地運作，且履行應有職責，並及時就所有重要的適当事項進行討論。</p> <p>The chairman should be primarily responsible for drawing up and approving the agenda for each board meeting taking into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda. The chairman may delegate such responsibility to a designated director or the company secretary.</p> <p>主席應主要負責釐定並批准每次董事會會議的議程，在適當情況下，這過程中應計及其他董事提議加入議程的任何事項。主席可將這項責任轉授指定的董事或公司秘書。</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>The chairman of the Board is an executive Director whose function is to ensure the development objectives are executed by the Board.</p> <p>董事會主席由執行董事擔任，其中的工作包括確保發展目標會由董事會執行。</p> <p>The company secretary assists the chairman in preparing the agenda for each Board meeting and ensures that matters proposed by other Directors are included in the agenda.</p> <p>公司秘書負責協助主席釐定每次董事會會議的議程，並確保由其他董事提出之討論事項皆列入議程項目之中。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓)/ 解釋(E)	Implementation 實行情況
A.2.5	<p>The chairman should take the responsibility for ensuring that good corporate governance practices and procedures are established.</p> <p>主席應有責任確保公司制定良好的企業管治常規及程序。</p>	✓	<p>The chairman, with the assistance of the company secretary, is responsible for evaluating the effectiveness of the Company's corporate governance practices and procedures and to make recommendation on any change considered necessary by the chairman, the Directors or the company secretary.</p> <p>在公司秘書協助下，主席負責評估本公司企業管治常規及程序的有效程度，並就主席、董事或公司秘書認為必要的任何變動作出建議。</p>
A.2.6	<p>The chairman should encourage all directors to mark a full and active contribution to the board's affairs and take the lead to ensure that the board acts in the best interests of the company.</p> <p>主席應鼓勵所有董事全力投入董事會事務，並以身作則，確保董事會行事符合公司最佳利益。</p>	✓	<p>During the year under review, there is satisfactory attendance for Board and Board Committee meetings.</p> <p>於回顧年度，董事會及轄下委員會的出勤記錄都良好。</p>
A.2.7	<p>The chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present.</p> <p>主席應至少每年與非執行董事(包括獨立非執行董事)舉行一次沒有執行董事出席的會議。</p>	E	<p>The Chairman, Mr. Tian Qixiang, is a member of the Remuneration Committee and the Nomination Committee. Therefore, it is considered that the Chairman had the opportunity to discuss all relevant issues with the independent non-executive Directors annually without the need for a formal requirement in this regard.</p> <p>主席田其祥先生是薪酬委員會及提名委員會成員。因此認為已經有機會讓主席與獨立非執行董事每年討論所有有關事項，而毋須就此提出正式要求。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
A.2.8	<p>The chairman should ensure that appropriate steps are taken to provide effective communication with shareholders and that views of the shareholders are communicated to the board as a whole.</p> <p>主席應確保採取適當步驟保持與股東有效聯繫，以及確保股東意見可傳達到整個董事會。</p>	✓	<p>The Company has provided effective communication through:</p> <p>本公司已經透過以下各項提供有效的溝通渠道：</p> <p>(1) its annual reports/interim reports/announcements/circulars by providing the shareholders and potential investors with the corporate information</p> <p>年報／中報／公告／通函向股東及潛在投資者提供公司資訊</p> <p>(2) the websites of the Company and the Stock Exchange by releasing its latest news to the shareholders and the potential investors</p> <p>公司和聯交所的網站向股東及潛在投資者發放最新消息</p> <p>(3) the engagement of public relations agency to handle general enquiry from shareholders and potential investors</p> <p>委任公關公司處理股東及潛在投資者一般查詢</p> <p>(4) convening of press conference and briefing meetings with investors from time to time to explain the latest business development</p> <p>不時召開新聞發佈會及投資者簡報會解釋最新業務情況</p>
A.2.9	<p>The chairman should facilitate the effective contribution of non-executive directors in particular and ensure constructive relations between executive and non-executive directors.</p> <p>主席應促進董事(特別是非執行董事)對董事會作出有效貢獻，並確保執行董事與非執行董事之間維持建設性的關係。</p>	✓	Please refer to A.2.6. 請參考A.2.6。

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
-----------	---------------	--	------------------------

A.3 Board composition
董事會組成

Principle: The Board should have a balance of skills and experience appropriate for the requirements of the business of the Company. The Board should ensure that a balanced composition of executive and independent non-executive Directors so that a strong and independent judgement can be exercised.

原則： 董事會應根據公司業務而具備適當所需技巧和經驗。董事會應確保執行與獨立非執行董事的組合保持均衡，以使能夠作出強大及獨立判斷。

Code Provision
守則條文

A.3.1	<p>The independent non-executive directors should be expressly identified as such in all corporate communications that disclose the names of directors of the company.</p> <p>公司所有載有董事姓名的公司通訊中，應該明確說明獨立非執行董事身份。</p>	✓	<p>All corporate communications of the Company, such as announcements/circulars/financial reports/website of the Company that disclose the name of Directors have expressly identified each independent non-executive Director of the Company.</p> <p>公司的公告／通函／財務報告／網站等所有溝通渠道都披露董事姓名，並列明本公司各獨立非執行董事身份。</p>
-------	---	---	--

Recommended Best Practices
建議最佳常規

A.3.2	<p>The company should appoint independent non-executive directors representing at least one-third of the board.</p> <p>公司所委任的獨立非執行董事應佔董事會成員人數至少三分之一。</p>	✓	<p>The Board consists of four executive Directors and four independent non-executive Directors. Independent non-executive Directors represent 50% (i.e. more than one-third) of the Board.</p> <p>董事會成員由四名執行董事及四名獨立非執行董事組成，獨立非執行董事佔董事會人數50%(即超過三分之一)。</p>
A.3.3	<p>The company should maintain on its website an updated list of its directors identifying their role and function and whether they are independent non-executive directors.</p> <p>公司應在其網站上設存及提供最新的董事會成員名單，並列明其角色和職能，以及註明其是否獨立非執行董事。</p>	✓	<p>The Company has maintained on its website an updated profile of its Board members, and identified all independent non-executive Directors.</p> <p>本公司的網站已經載列各董事會成員最新資料並註明全體獨立非執行董事。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
A.4 Appointments, re-election and removal 委任、重選和罷免			
Principle: There should be a formal, considered and transparent procedure for the appointment of new directors to the Board. All directors should be subject to re-election at regular intervals.			
原則： 董事會應制定正式、經審慎考慮並具透明度的新董事委任程序。所有董事均應每隔若干時距即重新選舉。			
Code Provision 守則條文			
A.4.1	Non-executive directors should be appointed for a specific term, subject to reelection. 非執行董事的委任應有指定任期，並須接受重新選舉。	✓	Independent non-executive Directors are appointed for a term of two years subject to retirement by rotation at least once every three years according to Article 108 of the Company's articles of association. 獨立非執行董事的任期為兩年及根據公司章程108條規定應輪流退任，至少每三年一次。
A.4.2	All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. 所有為填補臨時空缺而被委任的董事應在接受委任後的首次股東大會上接受股東選舉。每名董事(包括有指定任期的董事)應輪流退任，至少每三年一次。	✓	These are provided for under the Company's articles of association and the terms of appointment of each Director. 有關事宜已根據本公司公司章程及各董事的委任條款作出規定。

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
Recommended Best Practices 建議最佳常規			
A.4.3	<p>Serving more than nine years could be relevant to the determination of a non-executive director's independence.</p> <p>在釐定非執行董事的獨立性時，「擔任董事超過九年」足以作為一個考慮界線。</p> <p>If an independent non-executive director serves more than nine years, any further appointment of such independent non-executive director should be subject to a separate resolution to be approved by shareholders.</p> <p>若獨立非執行董事在任已過九年，任何擬繼續委任該名獨立非執行董事均應以獨立決議案形式由股東審議通過。</p> <p>The board should set out to shareholders in the papers accompanying a resolution to elect such an independent non-executive director the reasons they believe that the individual continues to be independent and why he/she should be re-elected.</p> <p>董事會應在提議選任該名獨立非執行董事的決議案隨附的文件中，向股東列明董事會認為該名人士仍屬獨立人士的理由以及他們認為應重新選任其為董事的原因。</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>All independent non-executive Directors of the Company were appointed on 5 September 2007, therefore none of their independence are at this stage being affected due to serving more than nine years.</p> <p>公司的獨立非執行董事都在二零零七年九月五日委任的，因此暫無因擔任時間超過九年而影響其獨立性的問題。</p> <p>The Nomination Committee would nevertheless consider other factors in the determination of the independence of each independent non-executive Director.</p> <p>但提名委員會仍然會考慮其他因素來釐定各獨立非執行董事的獨立性。</p> <p>Each of the independent non-executive Directors had provided their annual confirmations on their independence in accordance with the Listing Rules.</p> <p>各獨立非執行董事根據上市規則提供有關其獨立性的年度確認。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況												
A.4.4	<p>The company should establish a nomination committee.</p> <p>公司應設立提名委員會。</p> <p>A majority of the members of the nomination committee should be independent non-executive directors.</p> <p>提名委員會須以獨立非執行董事佔大多數。</p>	<p>✓</p> <p>✓</p>	<p>The Nomination Committee was established on 5 September 2007.</p> <p>公司在二零零七年九月五日成立了提名委員會。</p> <p>The Nomination Committee comprises of four independent non-executive Directors and an executive Director.</p> <p>提名委員會成員由四位獨立非執行董事及一名執行董事組成。</p> <p>The Company held one Nomination Committee meeting during the year from 1 January to 31 December 2008. The attendance of the meeting is as follows:</p> <p>本公司於二零零八年一月一日至二零零八年十二月三十一日年度止，舉行了一次提名委員會會議，有關會議出席率詳情如下：</p> <table border="1" data-bbox="922 1420 1433 1848"> <thead> <tr> <th>Members of the Nomination Committee 提名委員會成員</th> <th>Attendance 出席次數</th> </tr> </thead> <tbody> <tr> <td>YUE Kwai Wa, Ken (Chairman) 余季華(主席)</td> <td>1/1</td> </tr> <tr> <td>TIAN Qixiang 田其祥</td> <td>1/1</td> </tr> <tr> <td>YU Shumin 余淑敏</td> <td>1/1</td> </tr> <tr> <td>DONG Yanfeng 董延豐</td> <td>1/1</td> </tr> <tr> <td>CAO Zenggong 曹增功</td> <td>1/1</td> </tr> </tbody> </table> <p>Such meeting involved the participation, either in person or through other electronic means of communication, of the committee members.</p> <p>以上會議均由委員會成員親身出席或透過其他電子通訊方法參與。</p>	Members of the Nomination Committee 提名委員會成員	Attendance 出席次數	YUE Kwai Wa, Ken (Chairman) 余季華(主席)	1/1	TIAN Qixiang 田其祥	1/1	YU Shumin 余淑敏	1/1	DONG Yanfeng 董延豐	1/1	CAO Zenggong 曹增功	1/1
Members of the Nomination Committee 提名委員會成員	Attendance 出席次數														
YUE Kwai Wa, Ken (Chairman) 余季華(主席)	1/1														
TIAN Qixiang 田其祥	1/1														
YU Shumin 余淑敏	1/1														
DONG Yanfeng 董延豐	1/1														
CAO Zenggong 曹增功	1/1														

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
A.4.6	<p>The nomination committee should make available its terms of reference explaining its role and the authority delegated to it by the board.</p> <p>提名委員會應公開其職權範圍，解釋其角色以及董事會轉授予其的權力。</p>	✓	<p>The major duties of the Nomination Committee are to review the structure and composition of the Board, to review and provide recommendations to the shareholders of the Company on the terms of Director's service contract, and to assess the independence of the independent non-executive Directors.</p> <p>提名委員會的主要職責為檢討董事會的架構及組成，審閱及就董事的服務合約條款向本公司股東提供建議，並評估獨立非執行董事的獨立性。</p> <p>The Nomination Committee considers each individual's professional knowledge, industry experience, personal ethic and personal skills when it makes recommendation to the Board as to whether that individual is suitably qualified to become a member of the Board.</p> <p>就有關人士是否符合資格加入董事會而向董事會作出建議時，提名委員會考慮各人士的專業知識、行業經驗、個人道德以及個人技能。</p> <p>Details of the terms of reference of the Nomination Committee are available at the Company's website.</p> <p>詳細的提名委員會職權範圍內容已經在本公司網站公開。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓)/ 解釋(E)	Implementation 實行情況
A.4.7	<p>The nomination committee should be provided with sufficient resources to discharge its duties.</p> <p>提名委員會應獲供給充足資源以履行其職責。</p>	✓	<p>This is part of the rights and powers of the Nomination Committee under its terms of reference.</p> <p>此乃提名委員會職權範圍項下其權利及權力的一部分。</p>
A.4.8	<p>Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe the individual should be elected and the reasons why they consider the individual to be independent.</p> <p>若董事會擬於股東大會上提呈決議案選任某人士為獨立非執行董事，有關股東大會通告所隨附的致股東通函及／或說明函件中，應該列明董事會認為應選任該名人士的理由以及他們認為該名人士屬獨立人士的原因。</p>	E	<p>No new independent non-executive Director had been appointed in the year under review.</p> <p>於回顧年度，概無新獨立非執行董事獲委任。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
A.5 Responsibilities of directors 董事責任			
Principle: Every Director is required to keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.			
原則： 每名董事須不時瞭解其作為公司董事的職責，以及公司的經營方式、業務活動及發展。			
Code Provision 守則條文			
A.5.1	<p>Every newly appointed director of an company should receive a comprehensive, formal and tailored induction on the first occasion of his appointment, and subsequently such briefing and professional development as is necessary, to ensure that he has a proper understanding of the operations and business of the company and that he is fully aware of his responsibilities under statute and common law, the Exchange Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the company.</p> <p>每名新委任的董事均應在首次接受委任時獲得全面、正式兼特為其而設的就任須知，其後亦應獲得所需的介紹及專業發展，以確保他們對公司的運作及業務均有適當的理解，以及完全知道本身在法規及普通法、《上市規則》、適用的法律規定及其他監管規定以及公司的業務及管治政策下的職責。</p>	✓	<p>No new Director was appointed in the year under review.</p> <p>於回顧年度，概無新董事獲委任。</p> <p>In order to keep abreast of the latest development of the Company, the Directors are provided with regular updates on the rules and regulations and so far as practicable, individual training provided by professional organisations.</p> <p>為瞭解本公司的最新發展，董事獲定期提供規則及規例更新以及（在切實可行的情況下）由專業機構提供個別培訓。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
A.5.2	<p>The functions of non-executive directors should include but should not be limited to the following:</p> <p>非執行董事的職能應包括但不限於下列各項：</p> <ul style="list-style-type: none"> • participating in board meetings of the company to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct; <p>參與公司董事會會議，在涉及策略、政策、公司表現、問責性、資源、主要委任及操守準則等事宜上，提供獨立的意見；</p> <ul style="list-style-type: none"> • taking the lead where potential conflicts of interests arise; <p>在出現潛在利益衝突時發揮牽頭引導作用；</p> <ul style="list-style-type: none"> • serving on the audit, remuneration, nomination and other governance committees, if invited; and <p>應邀出任審核委員會、薪酬委員會、提名委員會及其他管治委員會成員；及</p> <ul style="list-style-type: none"> • scrutinising the company's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance. <p>仔細檢查公司的表現是否達到既定的企業目標和目的，並監察匯報公司表現的事宜。</p>	✓	<p>All independent non-executive Directors are members of the Audit Committee, Remuneration Committee and Nomination Committee.</p> <p>獨立非執行董事全部皆為審核委員會成員。</p> <p>During the year under review, the independent non-executive Directors participated in Board meetings (including those when there were matters involving conflicts of interest to be considered).</p> <p>於回顧年度，獨立非執行董事已參與董事會會議(包括將予考慮涉及利益衝突事宜的會議)。</p> <p>In addition, the independent non-executive Directors reviewed the comparison of profit forecast for the year with actual performance in the regular Board meetings of the Company.</p> <p>此外，獨立非執行董事已在公司的定期董事會會議中審閱比較全年盈利預測與實際表現情況。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
A.5.3	<p>Every director should ensure that he can give sufficient time and attention to the affairs of the company and should not accept the appointment if he cannot do so.</p> <p>每名董事應確保能付出足夠時間及精神以處理公司的事務，否則不應接受委任。</p>	✓	<p>During the period, the Directors have been actively participating in the Board meetings. For details, please refer to A.1.1.</p> <p>於期內，各董事都積極參與董事會議。詳情請參考A.1.1。</p>
A.5.4	<p>Directors must comply with their obligations under the Model Code set out in Appendix 10 and, in addition, the board should establish written guidelines on no less exacting terms than the Model Code for relevant employees in respect of their dealings in the securities of the company. For this purpose, “relevant employee” includes any employee of the company or a director or employee of a subsidiary or holding company of the company who, because of such office or employment, is likely to be in possession of unpublished price sensitive information in relation to the company or its securities.</p> <p>董事必須遵守附錄十的《標準守則》；董事會亦應就有關僱員買賣公司證券事宜設定書面指引，指引內容應該不比《標準守則》寬鬆。就此而言，「有關僱員」包括公司任何因其職務或僱員關係而可能會擁有關於公司或其證券的未公開股價敏感資料的僱員，又或公司附屬公司或母公司的此等董事或僱員。</p>	✓	<p>The Company has established its own Securities Dealing Code on no less exacting terms than the Model Code set out in Appendix 10 to the Listing Rules.</p> <p>本公司制定了本身的《證券買賣守則》，其內容不比上市規則附錄十的《標準守則》寬鬆。</p> <p>The amendments to Securities Dealing Code were passed at the Board meeting held on 19 December 2008 to comply with the amended Listing Rules that became effective on 1 January 2009. In view of the recent modification of the blackout period made by the Stock Exchange in February 2009, the Securities Dealing Code of the Company has been further amended in line with the modification.</p> <p>在二零零八年十二月十九日舉行的董事會會議已通過了對《證券買賣守則》修訂以符合二零零九年一月一日生效之修訂後的《上市規則》。鑒於近期聯交所於二零零九年二月就禁售期作出修訂，本公司已進一步修訂其證券買賣守則以符合有關修訂。</p> <p>Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the Securities Dealing Code during the period from 1 January 2008 to 31 December 2008 and up to the date of this report.</p> <p>經向所有董事作出具體查詢後，所有董事已確認在二零零八年一月一日至二零零八年十二月三十一日期間及截至本報告日期，一直遵守《證券買賣守則》。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
Recommended Best Practices 建議最佳常規			
A.5.5	<p>All directors should participate in a programme of continuous professional development to develop and refresh their knowledge and skills to help ensure that their contribution to the board remains informed and relevant. The company should be responsible for arranging and funding a suitable development programme.</p> <p>所有董事應參與持續專業發展計劃，發展並更新其知識及技能，以助確保其繼續在具備全面資訊及切合所需的情況下對董事會作出貢獻。公司應負責安排合適的發展計劃並提供有關資金。</p>	✓	<p>Since talent is the most valuable asset of the Company, the Company has encouraged Directors and senior management to further their studies. The Company will offer support, such as subsidies of tuition fee, news with regard to rule enforcement and latest Listing Rules with the assistance of the company secretary, to Directors and staff.</p> <p>本公司一直鼓勵董事和其他高管人員持續進修，因為人材是公司最重要資產之一。公司會為董事和員工提供進修的協助，例如學費補貼、在公司秘書的協助下提供執法新聞和最新上市規則資料等等。</p> <p>The company secretary will also record attendance of Directors on their participation to seminars/lectures for the Board's information.</p> <p>公司秘書亦會統計各董事於年內參與研討班／講座的記錄給董事會參考。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
A.5.6	<p>Each director should disclose to the company at the time of his appointment, and on a periodic basis, the number and nature of offices held in public companies or organisations and other significant commitments, with the identity of the public companies or organisation and an indication of the time involved. The board should determine for itself how frequently such disclosure should be made.</p> <p>每名董事應於接受委任時向公司披露(並於其後定期披露)其於公眾公司或組織擔任職位的數目及性質以及其他重大承擔,其中必須提供公眾公司或組織的名稱以及顯示其擔任有關職務所涉及的時間。董事會應自行決定相隔多久作出一次披露。</p>	✓	<p>The Directors have disclosed to the Company at the time of their appointment and are reminded to keep the Company updated with regard to the number and nature of offices held in public companies or organisations and other significant commitments.</p> <p>董事在接受委任時已向公司披露並須向公司更新其於公眾公司或組織擔任職位的數目及性質以及其他重大承擔。</p> <p>The company secretary is responsible for updating the disclosed information from time to time when necessary.</p> <p>公司秘書負責於有需要時不時更新已披露資料。</p>
A.5.7	<p>Non-executive directors, as equal board members, should give the board and any committees on which they serve such as the audit committee, remuneration committee or nomination committee the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation.</p> <p>非執行董事作為與其他董事擁有同等地位的董事會成員,應定期出席董事會及其同時出任委員會成員的委員會(例如審核委員會、薪酬委員會或提名委員會)的會議並積極參與會務,以其技能、專業知識及不同的背景及資格作出貢獻。</p> <p>They should also attend general meetings and develop a balanced understanding of the views of shareholders.</p> <p>非執行董事並應出席股東大會,對公司股東的意見有公正的瞭解。</p>	<p>✓</p> <p>✓</p>	<p>There is satisfactory attendance of the independent non-executive Directors at Board meetings and Board Committee meetings during 2008.</p> <p>獨立非執行董事於二零零八年的董事會及轄下委員會之會議出席記錄令人滿意。</p> <p>Mr. Yue Kwai Wa, Ken, an independent non-executive Director, attended the annual general meeting and the extraordinary general meeting held on 16 May 2008 on behalf of other independent non-executive Directors.</p> <p>獨立非執行董事余季華先生代表其他獨立非執行董事出席了二零零八年五月十六日之股東週年大會及股東特別大會。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓)/ 解釋(E)	Implementation 實行情況
A.5.8	<p>Non-executive directors should make a positive contribution to the development of the company's strategy and policies through independent, constructive and informed comments.</p> <p>非執行董事須透過提供獨立、富建設性及有根據的意見對公司制定策略及政策作出正面貢獻。</p>	✓	<p>The independent non-executive Directors had made such contribution through meetings of the Board and the Board Committees with all relevant information provided to them in a timely manner prior to the meetings in order that they can provide informed comments.</p> <p>獨立非執行董事在董事會及轄下委員會會議上作出貢獻，其在會議前獲適時提供所有有關資料，致使其提供知情意見。</p>

A.6 Supply of and access to information

資料提供及使用

Principle: Directors should be provided in a timely manner with appropriate information in such form and of such quality as will enable them to make an informed decision and to discharge their duties and responsibilities as Directors of the Company.

原則： 董事應獲提供適當的適時資料，其形式及素質須使董事能夠在掌握有關資料的情況下作出決定，並能履行其作為公司董事的職責及責任。

Code Provision
守則條文

A.6.1	<p>In respect of regular board meetings, an agenda and accompanying board papers should be sent in full to all directors in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or such other period as agreed).</p> <p>董事會定期會議的議程及相關會議檔應全部及時送交全體董事，並至少在計劃舉行董事會或其轄下委員會會議日期的三日前(或協定的其他時間內)送出。</p>	✓	<p>The documents of regular Board meetings and Committee meetings (and so far as practicable in other Board meetings) are sent out to all Directors three days before the date of the meeting.</p> <p>董事會定期會議及其轄下委員會會議(及在切實可行的情況下其他董事會會議)文件都在會議日期前三日送出予全體董事。</p>
-------	--	---	--

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
A.6.2	<p>Management has an obligation to supply the board and its committees with adequate information in a timely manner to enable it to make informed decisions.</p> <p>管理層有責任向董事會及其轄下委員會提供充足的適時資料，以使董事能夠在掌握有關資料的情況下作出決定。</p> <p>The information supplied must be complete and reliable. To fulfil his duties properly a director may not in all circumstances be able to rely purely on what is volunteered by management and further enquiries may be required.</p> <p>管理層所提供的資料必須完整可靠。董事要恰當履行董事職責，他們並不能在所有情況下皆單靠管理層主動提供的資料，有時他們還需自行作進一步查詢。</p> <p>Where any director requires more information than is volunteered by management, he should make further enquiries where necessary.</p> <p>任何董事若需要管理層提供其他額外(管理層主動提供以外)的資料，應該按需要再作進一步查詢。</p> <p>The board and each director should have separate and independent access to the company's senior management.</p> <p>董事會及每名董事應有自行接觸公司高級管理人員的獨立途徑。</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>The company secretary will attend relevant Board meetings and Board committee meetings while other persons may be invited to provide explanations on issues to be discussed where necessary in order to provide the Directors with adequate information for making informed decisions.</p> <p>公司秘書都會出席有關的董事會及轄下委員會會議，於有需要時亦會邀請其他人士向董事解釋將予討論的有關事項，以使董事能夠充份掌握資作出知情決定。</p> <p>The company secretary acts as the communication channel among the Directors and his responsibilities include accessing to the Company's senior management as per the request of the Directors.</p> <p>公司秘書為各董事之間的溝通管道，這包括董事要求接觸公司高級管理層。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
A.6.3	<p>All directors are entitled to have access to board papers and related materials.</p> <p>所有董事均有權查閱董事會檔及相關資料。</p> <p>Such papers and related materials should be prepared in such form and quality as will enable the board to make an informed decision on matters placed before it.</p> <p>此等檔及相關資料的編備形式及素質應使董事會能就提呈董事會商議事項作出知情有根據的決定。</p> <p>Where queries are raised by directors, steps must be taken to respond as promptly and fully as possible.</p> <p>若有董事提出問題，公司必須採取步驟以盡快作出盡量全面的回應。</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>The Directors may request the company secretary to provide access to the Board papers and related materials.</p> <p>董事可以向公司秘書要求查閱董事會檔及相關資料。</p> <p>The company secretary and Chairman would respond to the queries raised by the Directors in a timely manner.</p> <p>公司秘書和主席將在收到有關提問後，在適當時間內提供回覆。</p>

CORPORATE GOVERNANCE REPORT

企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
B.	REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理人員的薪酬		
B.1	The level and make-up of remuneration and disclosure 薪酬及披露的水準及組成		
Principle:	There should be a formal and transparent procedure for setting policy on executive Directors' remuneration and for fixing the remuneration packages for all Directors of the Company. No Director should be involved in deciding his own remuneration.		
原則：	公司應設有正規而具透明度的程序，以制訂有關執行董事酬金的政策及釐訂各董事的薪酬待遇。任何董事不得參與訂定本身的酬金。		
Code Provision 守則條文			
B.1.1	<p>Companies should establish a remuneration committee with specific written terms of reference which deal clearly with its authority and duties. A majority of the members of the remuneration committee should be independent non-executive directors.</p> <p>公司應設立具有特定成文權責範圍的薪酬委員會；有關權責範圍應清楚說明委員會的權限及職責。薪酬委員會的大部分成員應為獨立非執行董事。</p>	✓	<p>The Remuneration Committee was established on 5 September 2007 with written terms of reference.</p> <p>薪酬委員會在二零零七年九月五日成立並採納了成文職權範圍。</p> <p>The Remuneration Committee of the Company consists of all independent non-executive Directors and the chairman of the Company.</p> <p>本公司的薪酬委員會成員由全體獨立非執行董事及本公司主席組成。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓)/ 解釋(E)	Implementation 實行情況												
B.1.1 (Cont'd) (續)			<p>The Remuneration Committee held one Remuneration Committee meeting during the year from 1 January 2008 to 31 December 2008. The attendance of the meeting is as follows:</p> <p>本公司於二零零八年一月一日至二零零八年十二月三十一日年度止，舉行了一次薪酬委員會會議，有關會議出席率詳情如下：</p> <table border="1"> <thead> <tr> <th data-bbox="991 1061 1182 1200">Members of the Remuneration Committee 薪酬委員會成員</th> <th data-bbox="1355 1133 1497 1200">Attendance 出席次數</th> </tr> </thead> <tbody> <tr> <td data-bbox="991 1207 1326 1274">YUE Kwai Wa, Ken (Chairman) 余季華(主席)</td> <td data-bbox="1458 1207 1497 1236">1/1</td> </tr> <tr> <td data-bbox="991 1281 1139 1348">TIAN Qixiang 田其祥</td> <td data-bbox="1458 1281 1497 1310">1/1</td> </tr> <tr> <td data-bbox="991 1355 1118 1422">YU Shumin 余淑敏</td> <td data-bbox="1458 1355 1497 1384">1/1</td> </tr> <tr> <td data-bbox="991 1429 1161 1496">DONG Yanfeng 董延豐</td> <td data-bbox="1458 1429 1497 1458">1/1</td> </tr> <tr> <td data-bbox="991 1503 1166 1570">CAO Zenggong 曹增功</td> <td data-bbox="1458 1503 1497 1532">1/1</td> </tr> </tbody> </table> <p>Such meeting involved the participation, either in person or through other electronic means of communication, of the committee members.</p> <p>以上會議均由委員會成員親身出席或透過其他電子通訊方法參與。</p>	Members of the Remuneration Committee 薪酬委員會成員	Attendance 出席次數	YUE Kwai Wa, Ken (Chairman) 余季華(主席)	1/1	TIAN Qixiang 田其祥	1/1	YU Shumin 余淑敏	1/1	DONG Yanfeng 董延豐	1/1	CAO Zenggong 曹增功	1/1
Members of the Remuneration Committee 薪酬委員會成員	Attendance 出席次數														
YUE Kwai Wa, Ken (Chairman) 余季華(主席)	1/1														
TIAN Qixiang 田其祥	1/1														
YU Shumin 余淑敏	1/1														
DONG Yanfeng 董延豐	1/1														
CAO Zenggong 曹增功	1/1														

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
B.1.2	<p>The remuneration committee should consult the chairman and/or chief executive officer about their proposals relating to the remuneration of other executive directors and have access to professional advice if considered necessary.</p> <p>薪酬委員會應就其他執行董事的薪酬建議諮詢主席及／或行政總裁，如認為有需要，亦可索取專業意見。</p>	✓	<p>To ensure good communications, the Chairman of the Company also acts as one of the members of the Remuneration Committee.</p> <p>為了有良好溝通，本公司主席亦是薪酬委員會成員之一。</p> <p>The Remuneration Committee has the rights to seek advice from professional consultants at the Company's expense under its terms of reference.</p> <p>職權範圍項下包括薪酬委員會有權向專業顧問詢查意見，費用由本公司支付。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓)/ 解釋(E)	Implementation 實行情況
B.1.3	<p>The terms of reference of the remuneration committee should include, as a minimum, the following specific duties:</p> <p>薪酬委員會在權責範圍方面應最低限度包括下列特定職責：</p> <ul style="list-style-type: none"> • to make recommendations to the board on the company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; <p>就公司董事及高級管理人員的全體薪酬政策及架構，及就設立正規而具透明度的程序制訂此等薪酬政策，向董事會提出建議；</p> <ul style="list-style-type: none"> • to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the board of the remuneration of non-executive directors; and <p>獲董事會轉授以下職責，即釐訂全體執行董事及高級管理人員的特定薪酬待遇，包括非金錢利益、退休金權利及賠償金額（包括喪失或終止職務或委任的賠償），並就非執行董事的薪酬向董事會提出建議；及</p> <ul style="list-style-type: none"> • to ensure that no director or any of his associates is involved in deciding his own remuneration. <p>確保任何董事或其任何聯繫人不得自行釐訂薪酬。</p>	✓	<p>The Remuneration Committee has established a written terms of reference in accordance with the requirements as set out in the CG Code.</p> <p>薪酬委員會已根據企業管治常規守則所載要求制定成文職權範圍。</p> <p>During the year, the Remuneration Committee had discharged the following duties:</p> <p>於本年度，薪酬委員會執行了以下職責：</p> <ul style="list-style-type: none"> – reviewing the remuneration of the Directors and its adjustments and make recommendations to the Board; and <p>審閱董事的薪酬以及薪酬調整向董事會作出建議；及</p> <ul style="list-style-type: none"> – reviewing and making recommendations to the Board on the remuneration policies. <p>審閱及向董事會就薪酬政策作出建議。</p> <p>During the year under review, there is no loss or termination or removal of office or appointment of Directors or senior management.</p> <p>於回顧年度，概無董事或高級管理人員喪失或終止或免除職務或獲委任。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
	<ul style="list-style-type: none"> to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the board from time to time. <p>透過參照董事會不時通過的公司目標，檢討及批准按表現而釐定的薪酬。</p> <ul style="list-style-type: none"> to review and approve the compensation arrangements relating to any loss or termination of the offices or dismissal or removal of Directors or senior management to ensure that such compensation is determined in accordance with relevant contract terms, and is reasonable and appropriate. <p>檢討及批准因董事或高級管理人員喪失或終止或免除職務所涉及的賠償安排，以確保該等賠償按有關合約條款釐定或屬合理適當。</p>		
B.1.4	<p>The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.</p> <p>薪酬委員會應公開其職權範圍，解釋其角色及董事會轉授予其的權力。</p>	✓	<p>The major duties of the Remuneration Committee are to review and make recommendations to the Board on the Company's remuneration policy and structure compensation scheme of the Directors and senior management as well as to determine the specific remuneration packages of all executive Directors and senior management.</p> <p>薪酬委員會的主要職責為審閱及就本公司有關董事及高級管理層的薪酬政策及結構性酬勞計畫提出意見，以及釐定所有執行董事及高級管理層的薪酬待遇。</p> <p>Details of the terms of reference of the Remuneration Committee are available at the Company's website.</p> <p>詳細的薪酬委員會的職權範圍已在本公司網站內公開。</p>
B.1.5	<p>The remuneration committee should be provided with sufficient resources to discharge its duties.</p> <p>薪酬委員會應獲供給充足資源以履行其職責。</p>	✓	<p>This is part of the rights and powers of the Remuneration Committee under its terms of reference.</p> <p>此乃薪酬委員會職權範圍項下其權利及權力的一部分。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓)/ 解釋(E)	Implementation 實行情況
Recommended Best Practices 建議最佳常規			
B.1.6	<p>A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.</p> <p>執行董事的薪酬結構中，應有頗大部分的報酬與公司及個人表現掛鉤。</p>	✓	<p>Under the service contracts of the executive Directors, all executive Directors are entitled to a discretionary bonus representing up to 5% of the audited consolidated profit of the Group (after taxation and minority interests and payment of such bonuses).</p> <p>根據執行董事的服務合同，全體執行董事可以領取不超過本集團經審核綜合利潤(除稅及少數股東權益以及支付該等花紅後) 5%之酌情花紅。</p> <p>Resolution approving the discretionary bonus to executive Directors would be discussed by the Remuneration Committee before being submitted to the Board for discussion. To avoid any conflict of interests, the executive Director receiving the bonus is not allowed to vote in the relevant resolution.</p> <p>有關給予執行董事酌情花紅的決議需要事前經過薪酬委員會的討論後才提交董事會討論，為免利益衝突有關接受花紅的執行董事不得在討論其花紅的議案中投票。</p> <p>Bonus for the executive Directors in 2008 is proposed to be discussed at the Remuneration Committee meeting held in 2009. No bonus was payable to executive Directors in 2007.</p> <p>二零零八年執行董事的花紅計劃在二零零九年舉行的薪酬委員會會議上討論。二零零七年沒有向執行董事派發花紅。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
B.1.7	<p>The company should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in their annual reports and accounts.</p> <p>公司應在其年度報告及賬目內披露每名高級管理人員的酬金，並列出每名高級管理人員的姓名。</p>	E	<p>The management believes that:</p> <p>管理層認為：</p> <p>1) the remuneration payable to senior management comprises an insignificant portion of the expenses; and</p> <p>應付高管人員的薪酬佔開支的比例很少；及</p> <p>2) disclosing remuneration payable to individual staff on named basis may affect overall staff morale,</p> <p>披露個別員工的薪酬及基準可能影響全體員工士氣，</p> <p>thus will not consider disclosing the name and remuneration of senior management on an individual basis.</p> <p>所以不考慮列出每名高管人員的姓名和酬金。</p>
B.1.8	<p>Where the board resolves to approve any remuneration or compensation arrangements which the remuneration committee has previously resolved not to approve, the board must disclose the reasons for its resolution in its next annual report.</p> <p>凡董事會議決通過的薪酬或酬金安排為薪酬委員會先前議決不予通過者，董事會須在下一份年報中披露其通過該項決議的原因。</p>	N/A 不適用	<p>The Board has never approved any matters which have previously been rejected by the Remuneration Committee during the year.</p> <p>於年內，董事會並無通過薪酬委員會先前議決不予通過的事項。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
C.	ACCOUNTABILITY AND AUDIT 問責及核數		
C.1	Financial reporting 財務匯報		
	<p>Principle: The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.</p> <p>原則： 董事會應平衡、清晰及全面地評核公司的表現、情況及前景。</p> <p>Code Provision 守則條文</p>		
C.1.1	<p>Management should provide such explanation and information to the board as will enable the board to make an informed assessment of the financial and other information put before the board for approval.</p> <p>管理層應向董事會提供充分的解釋及足夠的資料，讓董事會可以就提交給他們批准的財務及其他資料，作出有根據的評審。</p>	✓	<p>The financial information and plans were provided before and discussed in the regular Board meetings. The Chairman and financial controller were responsible for detailing the latest business developments to the Directors and had provided the Directors with all such information and plans.</p> <p>在董事會的定期會議前會提供及討論財務資料和計劃。主席和財務總監負責向各董事解釋最新的業務情況，並向董事提供所有有關資料及計劃。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
C.1.2	<p>The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts, and there should be a statement by the auditors about their reporting responsibilities in the auditors' report on the financial statements.</p> <p>董事應在《企業管治報告》中承認他們有編製賬目的責任，核數師亦應在有關財務報表的核數師報告中就他們的申報責任作出聲明。</p> <p>Unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary.</p> <p>除非假設公司將會持續經營業務並不恰當，否則，董事擬備的賬目應以公司持續經營為基礎，有需要時更應輔以假設或保留意見。</p> <p>When the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt upon the company's ability to continue as a going concern, such uncertainties should be clearly and prominently set out and discussed at length in the Corporate Governance Report.</p> <p>若董事知道有重大不明朗事件或情況可能會嚴重影響公司持續經營的能力，董事應在《企業管治報告》清楚顯著披露及詳細討論此等不明朗因素。</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>The Directors hereby acknowledge their responsibility for preparing the accounts of the Company. For the statement by the auditors about their reporting responsibilities in the auditors' report on the financial statements, please refer to pages 102 to 103.</p> <p>董事謹此承認他們有編製本公司賬目的責任。有關核數師在財務報表的核數師報告中就他們的申報責任作出的聲明，請參閱第102至103頁。</p> <p>As of 31 December 2008, the Company continues to prepare its financial report on an ongoing basis.</p> <p>公司截至二零零八年十二月三十一日止仍然以持續經營為基礎整理其財務報告。</p> <p>The Board is not aware of any material uncertainties relating to events or conditions that may affect the business of the Company or cast doubts on its ability to continue as a ongoing concern.</p> <p>董事會至今沒有發現任何重大不明朗事件或情況會影響本公司之業務或影響其持續經營的能力。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓)/ 解釋(E)	Implementation 實行情況
C.1.3	<p>The board's responsibility to present a balanced, clear and understandable assessment extends to annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Exchange Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.</p> <p>有關董事會應平衡、清晰及明白地評審公司表現的責任，適用於年度報告及中期報告、其他涉及股價敏感資料的通告及根據《上市規則》規定須予披露的其他財務資料，以及向監管者提交的報告書以至根據法例規定須予披露的資料。</p>	✓	<p>The Management Discussion and Analysis section in the annual report of the Company has provided an analysis on the business during the year.</p> <p>本公司的年報的管理討論及分析已經對本年業務作了分析。</p>
<p>Recommended Best Practices 建議最佳常規</p>			
C.1.4	<p>The company should announce and publish quarterly financial results within 45 days after the end of the relevant quarter, disclosing such information as would enable shareholders to assess the performance, financial position and prospects of the company.</p> <p>公司應於有關季度結束後45天內公佈及刊發季度財務業績，而所披露的資料，必須能夠讓股東評核公司的表現、財務狀況及前景。</p> <p>Any such quarterly financial reports should be prepared using the accounting policies applied to the company's half-year and annual accounts.</p> <p>公司擬備任何此等季度財務報告時，應使用那些適用於其半年度及年度賬目的會計政策。</p>	E	<p>The Company has no intention to issue quarterly financial report for the time being.</p> <p>公司暫無計劃刊發季度業績報告。</p>

CORPORATE GOVERNANCE REPORT
 企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
C.1.5	<p>Once the company decides to announce and publish its quarterly financial results, it should continue to adopt quarterly reporting for each of the first 3 and 9 months periods of subsequent financial years.</p> <p>公司一旦決定公佈及刊發季度財務業績，即應於其後的財政年度繼續匯報截至第三個月及第九個月的季度業績。</p> <p>Where the company decides not to announce and publish its financial results for a particular quarter, it should publish an announcement to disclose the reason(s) for such decision.</p> <p>若公司決定不公佈及刊發某一季度的財務業績，即應刊發通告，解釋這項決定的原因。</p>	N/A 不適用	Please refer to C.1.4. 請參考C.1.4。

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓)/ 解釋(E)	Implementation 實行情況
<p>C.2 Internal controls 內部監控</p>			
<p>Principle: The Board should ensure that the Company maintains sound and effective internal controls to safeguard the shareholders' investment and the Company's assets.</p>			
<p>原則： 董事會應確保公司的內部監控系統穩健妥善而且有效，以保障股東的投資及公司的資產。</p>			
<p>Code Provision 守則條文</p>			
<p>C.2.1</p>	<p>The directors should at least annually conduct a review of the effectiveness of the system of internal control of the company and its subsidiaries and report to shareholders that they have done so in their Corporate Governance Report. The review should cover all material controls, including financial, operational and compliance controls and risk management functions.</p> <p>董事應最少每年檢討一次公司及其附屬公司的內部監控系統是否有效，並在《企業管治報告》中向股東匯報已經完成有關檢討。有關檢討應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。</p>	<p>✓</p>	<p>The Board is ultimately responsible for the internal control of the Group.</p> <p>董事會是負責集團內部監控的最終責任者。</p> <p>During the year, the Board has engaged Horwath Risk Advisory Services Limited to review the internal control system of the Group. The report has been completed by November 2008 and submitted to the Audit Committee and the Board for discussion.</p> <p>董事會在本年度已聘用浩華風險諮詢服務有限公司作為本集團內控系統進行檢討，有關報告在二零零八年十一月完成並提交給審核委員會和董事會作討論。</p> <p>The Group has performed risk evaluations on human resources, financial, budget control, internal audit and capital usage functions and the Group is not aware of any material weaknesses.</p> <p>就本集團已經對人事管理、財務、預算監管、內部審計和資金運用等作出了風險評估，並無發現重大缺失。</p> <p>Besides, the Group has also strengthened its measures governing information disclosure during the year with an aim to enhance the ability and sensitivity of information disclosure of the Group to the investors and general public.</p> <p>除此之外，本集團亦在本年度加強了信息披露管理辦法，目的是提高本集團向投資者及公眾披露信息的能力和敏感度。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
Recommended Best Practices 建議最佳常規			
C.2.2	<p>The board's annual review should, in particular, consider:</p> <p>董事會每年檢討的事項應特別包括下列各項：</p> <ul style="list-style-type: none"> the changes since the last annual review in the nature and extent of significant risks, and the company's ability to respond to changes in its business and the external environment; <p>自上年檢討後，重大風險的性質及嚴重程度的轉變、以及公司應付其業務轉變及外在環境轉變的能力；</p> <ul style="list-style-type: none"> the scope and quality of management's ongoing monitoring of risks and of the system of internal control, and where applicable, the work of its internal audit function and other providers of assurance; <p>管理層持續監察風險及內部監控系統的工作範疇及素質，及(如適用)內部核數功能及其他保證提供者的工作；</p> <ul style="list-style-type: none"> the extent and frequency of the communication of the results of the monitoring to the board (or board committee(s)) which enables it to build up a cumulative assessment of the state of control in the company and the effectiveness with which risk is being managed; <p>向董事會(或旗下委員會)傳達監控結果的詳盡程度及次數；透過有關傳達，董事會得以對公司的監控情況及風險管理的有效程度建立累積的評審結果；</p>	✓	<p>The Board conducts annual review for the Group's exposure to risks (including operating environment and financial situation).</p> <p>董事會每年均會檢討集團的風險(包括經營環境及財務情況)。</p> <p>Audit Committee formulates review proposal at the beginning of the year and external and internal auditors perform relevant works according to the proposal.</p> <p>審核委員會在年初會制定檢討計劃並由外聘的內部核數師按計劃進行有關的工作。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
C.2.2 (Cont'd) (續)	<ul style="list-style-type: none"> • the incidence of significant control failings or weakness that has been identified at any time during the period and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the company's financial performance or conditions; and <p>期內任何時候發生重大監控失誤或發現重大監控弱項的次數，及因此導致未能預見的後果或緊急情況的嚴重程度，而該等後果或情況對公司的財務表現或情況已產生、可能已產生或將來可能會產生的重大影響；及</p> <ul style="list-style-type: none"> • the effectiveness of the company's processes relating to financial reporting and Listing Rule compliance. <p>公司有關財務報告及遵守《上市規則》規定的程序是否有效。</p>		

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
Recommended Best Practices 建議最佳常規			
C.2.3	<p>The company should disclose as part of the Corporate Governance Report a narrative statement how they have complied with the code provisions on internal control during the reporting period. The disclosures should also include the following items:</p> <p>作為《企業管治報告》的部分內容，公司應以述形式披露其如何在報告期內遵守有關內部監控的守則條文。有關披露內容也應包括下列事項：</p> <ul style="list-style-type: none"> the process that the company has applied for identifying, evaluating and managing the significant risks faced by it; <p>公司賴以辨認、評估及管理所面對的重大風險所採取的程序：</p>	✓	<p>The Board hereby acknowledges in the annual report that it is responsible for the effectiveness of the internal control system of the Group.</p> <p>董事會在有關年度報告中謹此承認負責本集團內部監控系統的有效性。</p> <p>In 2008, the Board has engaged Horwath Risk Advisory Services Limited to review its internal control system.</p> <p>在二零零八年，董事會已聘任浩華風險諮詢有限公司對內部監控系進行檢討。</p> <p>The Audit Committee is satisfied with the internal control system of the Company in 2008 and did not reveal any significant defects of the internal control system.</p> <p>審核委員會滿意二零零八年本公司內部監控系統，並無發現內部監控系統存在重大問題缺失。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
C.2.3 (Cont'd) (續)	<ul style="list-style-type: none"> • any additional information to assist understanding of the company's risk management processes and system of internal control; 任何有助瞭解公司風險管理程序及內部監控系統的額外資料； • an acknowledgement by the board that it is responsible for the company's system of internal control and for reviewing its effectiveness; 董事會承認其須對公司的內部監控系統負責，並有責任檢討該制度的有效性； • the process that the company has applied in reviewing the effectiveness of the system of internal control; and 公司檢討內部監控系統是否有效所採取的程序；及 • the process that the company has applied to deal with material internal control aspects of any significant problems disclosed in its annual reports and accounts. 公司就處理於年度報告及賬目內所披露的有關重要內部監控事項的重大問題所採取的程序。 		

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
C.2.4	<p>The company should ensure that their disclosures provide meaningful information and do not give a misleading impression.</p> <p>公司應確保所披露的是有意義的資料，而且沒有給人有誤導的感覺。</p>	✓	<p>The Company aims to ensure disclosures provide meaningful information and do not give a misleading impression.</p> <p>本公司盡力確保所披露的是有意義的資料，而且不會予人有誤導的感覺。</p>
C.2.5	<p>The company without an internal audit function should review the need for one on an annual basis and should disclose the outcome of such review in the company's Corporate Governance Report.</p> <p>沒有內部核數功能的公司應每年檢討是否需要增設此項功能，然後在其《企業管治報告》內披露檢討結果。</p>	E	<p>The Board believes that, considering the scale of the Company, it is more efficient to engage independent internal auditor to conduct annual review rather than establishing a dedicated internal audit department.</p> <p>董事會認為以本公司規模，外聘獨立內部核數師來進行年度檢討比成立專職內部核數部門更有效率。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
-----------	---------------	--	------------------------

C.3 Audit Committee
審核委員會

Principle: The Board should establish formal and transparent arrangements for considering how it will apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the Company's auditors.

原則： 董事會應就如何應用財務匯報及內部監控原則及如何維持與公司核數師適當的關係作出正規及具透明度的安排。

Code Provision
守則條文

C.3.1 Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting (who should normally be the company secretary). Draft and final versions of minutes of the audit committee meetings should be sent to all members of the committee for their comment and records respectively, in both cases within a reasonable time after the meeting.

審核委員會的完整會議紀錄應由正式委任的會議秘書(通常為公司秘書)保存。審核委員會會議紀錄的初稿及最後定稿應在會議後一段合理時間內先後發送委員會全體成員，初稿供成員表達意見，最後定稿作其紀錄之用。

✓

The company secretary is responsible for preparing minutes of the Audit Committee meetings. The draft minutes is circulated to and verified by the participants, then signed by the Chairman of the meeting for final confirmation and duly kept by the company secretary.

公司秘書負責編寫審核委員會的會議記錄，有關草稿先會給各與會者傳閱確認無誤後，最後由會議主席簽署作實，並由公司秘書存檔。

The Audit Committee held five meetings during the year from 1 January 2008 to 31 December 2008, of which two were regular meetings. The attendance of the meeting is as follows:

審核委員會於二零零八年一月一日至二零零八年十二月三十一日年度止，舉行了五次會議，其中兩次為定期會議，有關會議出席率詳情如下：

Members of the Audit Committee 審核委員會成員	Attendance 出席次數	
	Regular meetings 定期會議	Other meetings 其他會議
YUE Kwai Wa, Ken (Chairman) 余季華(主席)	2/2	3/3
YU Shumin 余淑敏	2/2	3/3
DONG Yanfeng 董延豐	2/2	3/3
CAO Zenggong 曹增功	2/2	2/3

CORPORATE GOVERNANCE REPORT
 企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
C.3.1 (Cont'd) (續)			<p>Such meetings involved the participation, either in person or through other electronic means of communication, of the committee members.</p> <p>以上會議均由委員會成員親身出席或透過其他電子通訊方法參與。</p>
C.3.2	<p>A former partner of the company's existing auditing firm should be prohibited from acting as a member of the company's audit committee for a period of 1 year commencing on the date of his ceasing:</p> <p>現時負責審計公司賬目的核數公司的前任合夥人在以下日期(以日期較後者為準)起計一年內，不得擔任公司審核委員會的成員：</p> <ul style="list-style-type: none"> • to be a partner of the firm; or <p>他終止成為該公司合夥人的日期；或</p> <ul style="list-style-type: none"> • to have any financial interest in the firm, whichever is the later. <p>他不再享有該公司財務利益的日期。</p>	✓	<p>No employee of the auditing firm, including partner of the firm, has been appointed by the Company as a member of the Audit Committee.</p> <p>本公司並無委任核數公司的任何僱員(包括合夥人)作為審核委員會成員。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
C.3.3	<p>The terms of reference of the audit committee should include at least the following duties:</p> <p>審核委員會的職權範圍須至少包括下列工作：</p> <ul style="list-style-type: none"> to be primarily responsible for making recommendation to the board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor; <p>主要負責就外聘核數師的委任、重新委任及罷免向董事會提供建議、批准外聘核數師的薪酬及聘用條款，及處理任何有關該核數師辭職或辭退該核數師的問題；</p> <ul style="list-style-type: none"> to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard and discuss with the auditor the scope of the audit; <p>按照適用準則審閱及監察外聘核數師的獨立性及客觀性以及審計過程的有效性，並與核數師討論審計工作範圍；</p> <ul style="list-style-type: none"> to develop and implement policy on the engagement of an external auditor to supply non-audit services; <p>建立及推行有關聘請外聘核數師提供非審計服務的政策；</p>	✓	<p>The Audit Committee has established its written terms of reference on no less exacting terms with reference to the CG Code.</p> <p>審核委員會乃參考企業管治常規守則制定不比其寬鬆的成文職權範圍。</p> <p>Details of the terms of reference of the Audit Committee are available at the Company's website.</p> <p>詳細的審核委員會職權範圍內容已經在本公司網站公開。</p> <p>During the year, the Audit Committee has discharged the following duties:</p> <p>於本年度，審核委員會執行了以下職責：</p> <ul style="list-style-type: none"> discussing the internal control review report and recommendations with the external and internal auditors and management; <p>與外聘內部審核會計師及管理層討論內部監控覆核報告及建議事項；</p> <ul style="list-style-type: none"> reviewing the audit and financial reporting issues, including the annual results for the year ended 31 December 2007 and the interim results for the six months ended 30 June 2008, with the management; <p>與管理層審閱有關審核及財務報告等事宜(包括截至二零零七年十二月三十一日止年度的年度業績及截至二零零八年六月三十日止六個月的中期業績)；</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況																		
C.3.3 (Cont'd) (續)	<ul style="list-style-type: none"> to monitor integrity of financial statements of a company and the company's annual report and accounts and half-year report, and to review significant financial reporting judgements contained in them; and 監察公司的財務報表及公司年度報告及賬目及半年度報告的完整性，並審閱報表及報告所載有關財務申報的重大意見； to review the company's financial controls, internal control and risk management systems. 檢討公司的財務監控、內部監控及風險管理制度。 		<ul style="list-style-type: none"> discussing the annual audit issues with the external auditor; and 與外聘核數師討論有關年度審核之事宜；及 making recommendation to the Board on the appointment of the external auditors. 向董事會建議委任外部核數師。 <p>For the year ended 31 December 2008, the fees paid/payable to the organisations below by the Company is as follows:</p> <p>截至二零零八年十二月三十一日止年度，本公司已付／應付以下機構的費用：</p> <table border="1" data-bbox="922 1249 1433 1585"> <thead> <tr> <th colspan="2"></th> <th style="text-align: right;">HK\$'000 千港元</th> </tr> </thead> <tbody> <tr> <td>Deloitte Touche</td> <td>(audit)</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Tohmatsu</td> <td>(審計)</td> <td style="text-align: right;">-</td> </tr> <tr> <td>德勤•關黃陳方 會計師行</td> <td>(interim report review) (審閱中期報告)</td> <td style="text-align: right;">622 622</td> </tr> <tr> <td>PricewaterhouseCoopers</td> <td>(audit)</td> <td style="text-align: right;">1,380</td> </tr> <tr> <td>羅兵咸永道會計師 事務所</td> <td>(審計)</td> <td style="text-align: right;">1,380</td> </tr> </tbody> </table>			HK\$'000 千港元	Deloitte Touche	(audit)	-	Tohmatsu	(審計)	-	德勤•關黃陳方 會計師行	(interim report review) (審閱中期報告)	622 622	PricewaterhouseCoopers	(audit)	1,380	羅兵咸永道會計師 事務所	(審計)	1,380
		HK\$'000 千港元																			
Deloitte Touche	(audit)	-																			
Tohmatsu	(審計)	-																			
德勤•關黃陳方 會計師行	(interim report review) (審閱中期報告)	622 622																			
PricewaterhouseCoopers	(audit)	1,380																			
羅兵咸永道會計師 事務所	(審計)	1,380																			

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓)/ 解釋(E)	Implementation 實行情況
C.3.4	<p>The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.</p> <p>審核委員會應公開其職權範圍，解釋其角色及董事會轉授予其的權力。</p>	✓	<p>The major roles and functions of the Audit Committee are to review and supervise the financial reporting process, financial controls, internal control and risk management system of the Group and to provide recommendations and advices to the Board on the appointment, re-appointment and removal of external auditors as well as their terms of appointment.</p> <p>審核委員會的主要職責及功能為檢討及監察本集團的財務報告程序、財務控制、內部監控及風險管理制度，並就外聘核數師的委任、重新委任及罷免以及彼等的委任條款向董事會作出建議及提供意見。</p> <p>Details of the terms of reference of the Audit Committee are available at the Company's website.</p> <p>詳細的審核委員會職權範圍內容已經在本公司網站公開。</p>
C.3.5	<p>Where the board disagrees with the audit committee's view on the selection, appointment, resignation or dismissal of the external auditors, the company should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view.</p> <p>凡董事會不同意審核委員會對甄選、委任、辭任或罷免外聘核數師事宜的意見，公司應在《企業管治報告》中列載審核委員會闡述其建議的聲明，以及董事會持不同意見的原因。</p>	✓	<p>Deloitte Touche Tohmatsu has resigned as the auditors of the Company with effect from 11 November 2008. The Audit Committee has recommended the Board to appoint PricewaterhouseCoopers as the auditors of the Company and to hold office with effect from 11 November 2008 until the conclusion of the forthcoming annual general meeting.</p> <p>德勤•關黃陳方會計師行於二零零八年十一月十一日辭任本公司之核數師。審核委員會向董事會建議聘用羅兵咸永道會計師事務所為本公司之核數師，由二零零八年十一月十一日起生效至應屆股東週年大會結束為止。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
C.3.6	<p>The audit committee should be provided with sufficient resources to discharge its duties.</p> <p>審核委員會應獲供給充足資源以履行其職責。</p>	✓	<p>This is part of the rights and powers of the Audit Committee under its terms of reference.</p> <p>此乃審核委員會職權範圍項下其權利及權力的一部分。</p>
<p>Recommended Best Practices 建議最佳常規</p>			
C.3.7	<p>The terms of reference of the audit committee should also require the audit committee:</p> <p>審核委員會的職權範圍亦須包括：</p> <ul style="list-style-type: none"> to review arrangements by which employees of the company may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action; and to act as the key representative body for overseeing the company's relation with the external auditor. <p>檢討公司設定的以下安排：公司僱員可暗中就財務匯報、內部監控或其他方面可能發生的不正當行為提出關注。審核委員會應確保有適當安排，讓公司對此等事宜作出公平獨立的調查及採取適當行動；及</p> <p>擔任公司與外聘核數師之間的主要代表，負責監察二者之間的關係。</p>	✓	<p>The Audit Committee has adopted measures (such as exit interviews with Directors/financial controller/general manager) to facilitate appropriate investigation or action by the management.</p> <p>審核委員會已採納了一些措施(例如：董事／財務總監／總經理等的離職面談)好讓管理層作出適當調查或行動。</p> <p>The Audit Committee meets the external auditors annually without the presence of the management to discuss issues including their cooperation and problems.</p> <p>審核委員會每年在沒有管理層出現的情況下與外聘核師會談，其中內容包括兩者的合作關係和發生的問題。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
D.	DELEGATION BY THE BOARD 董事會權力的轉授		
D.1	Management functions 管理功能		
Principle:	The Company should have a formal schedule of matters specifically reserved to the Board for its decision and the Board should give clear directions to management as to the matters that must be approved by the Board before decisions are made on behalf of the Company.		
原則：	公司應有一個正式的預定計劃表，列載特別要董事會作決定的事項，而董事會在代表公司作出決定前，應明確指示管理層哪些事項須由董事會批准。		
Code Provision 守則條文			
D.1.1	<p>When the board delegates aspects of its management and administration functions to management, it must at the same time give clear directions as to the powers of management, in particular, with respect to the circumstances where management should report back and obtain prior approval from the board before making decisions or entering into any commitments on behalf of the company.</p> <p>當董事會將其管理及行政功能方面的權力轉授予管理層時，必須同時就管理層的權力，給予清晰的指引，特別是在何種情況下管理層應向董事會匯報以及在代表公司作出任何決定或訂立任何承諾前應取得董事會批准等事宜方面。</p>	✓	<p>Four executive Directors with different expertise and defined roles are responsible for the daily operations of various aspects of the Company. Prior approval from the Board has to be obtained for all significant matters of the Company.</p> <p>四位執行董事都按其專長各施其職並領導公司各方面的日常運作。若公司有任何重大事項，都經過董事會作審批。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
D.1.2	<p>A company should formalise the functions reserved to the board and those delegated to management. It should review those arrangements on a periodic basis to ensure that they remain appropriate to the needs of the company.</p> <p>公司應將那些保留予董事會的職能及那些轉授予管理層的職能分別確定下來；公司也應定期作檢討以確保有關安排符合公司的需要。</p>	✓	<p>The Chairman is responsible for the strategic positioning of the Group, formulating the development objectives and ensuring that such objectives are implemented by the Board accordingly. The Chief Executive Officer is responsible for overseeing the operations and business development of the Group.</p> <p>主席負責集團的戰略步署及發展目標的規劃並確保這些目標由董事會相應執行。行政總裁負責監督本集的經營和業務發展。</p> <p>The Board is also responsible for reviewing the structure of organisation and Board regularly to ensure that the Company can operate properly.</p> <p>董事會亦負責定期檢討組織及董事會架構以確保本公司妥善營運。</p>
<p>Recommended Best Practices 建議最佳常規</p>			
D.1.3	<p>The company should disclose the division of responsibility between the board and management to assist those affected by corporate decisions to better understand the respective accountabilities and contributions of the board and management.</p> <p>公司應披露董事會與管理層之間的職責分工，以協助那些受企業決策影響者更瞭解董事會與管理層各自如何對公司負責及作出貢獻。</p>	✓	<p>Please refer to D.1.1.</p> <p>請參考D.1.1。</p>
D.1.4	<p>Directors should clearly understand delegation arrangements in place. To that end, the company should have formal letters of appointment for directors setting out the key terms and conditions relative to their appointment.</p> <p>董事應清楚瞭解既定的權力轉授安排。為此，公司應有正式的董事委任書，訂明有關委任的主要條款及條件。</p>	✓	<p>Each of the Directors has a formal letter of appointment setting out the key terms and conditions in respect of his appointment. They also maintain a copy of the terms of reference of their respective Committees.</p> <p>各董事都有正式委任書，訂明有關其委任的主要條款及條件。同時，他們亦會保留所屬之委員會之職權範圍。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
D.2 Board Committees 董事會轄下的委員會			
Principle: Board Committees should be formed with specific written terms of reference which deal clearly with the committees' authority and duties. 原則： 董事會轄下各委員會的成立應訂有書面的特定職權範圍，清楚列載委員會權力及職責。			
Code Provision 守則條文			
D.2.1	Where board committees are established to deal with matters, the board should prescribe sufficiently clear terms of reference to enable such committees to discharge their functions properly. 若要成立委員會處理事宜，董事會應充分清楚的訂明該等委員會的職權範圍，讓有關委員會能適當地履行其職能。	✓	The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee with their own terms of reference. 董事會分別成立了審核委員會、薪酬委員會及提名委員會，各委員會都有其職權範圍。
D.2.2	The terms of reference of board committees should require such committees to report back to the board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements). 董事會轄下各委員會的職權範圍應規定該等委員會要向董事會匯報其決定或建議，除非該等委員會受法律或監管限制所限而不能作此匯報(例如因監管規定而限制披露)。	✓	This is part of the terms of reference of each Committee. 此乃各委員會職權範圍的一部分。

CORPORATE GOVERNANCE REPORT
 企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
E.	COMMUNICATION WITH SHAREHOLDERS 與股東的溝通		
E.1	Effective communication 有效溝通		
Principle:	The Board should endeavour to maintain an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with shareholders and encourage their participation.		
原則：	董事會應盡力與股東持續保持對話，尤其是藉股東周年大會或其他全體會議與股東溝通及鼓勵他們的參與。		
Code Provision 守則條文			
E.1.1	In respect of each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. 在股東大會上，會議主席應就每項實際獨立的事宜個別提出決議案。	✓	Each substantially separate issue was proposed at general meetings by separate resolution held during the year under review. 於回顧年度舉行的股東大會上，每項實際獨立的事宜都是個別提出決議案。

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓) / 解釋(E)	Implementation 實行情況
E.2	Voting by poll 以投票方式表決		
Principle:	The Company should regularly inform shareholders of the procedure for voting by poll and ensure compliance with the requirements about voting by poll contained in the Listing Rules and the constitutional documents of the Company.		
原則：	公司應定期知會股東有關以投票方式表決的程序，並確保遵守上市規則及公司組織章程文件所載有關以投票方式表決的規定。		
Code Provision 守則條文			
E.2.1	<p>The chairman of a meeting should ensure disclosure in the company's circulars to shareholders of the procedures for and the rights of shareholders to demand a poll in compliance with the requirements about voting by poll contained in Rule 13.39(4) of the Listing Rules. In particular, pursuant to Rule 13.39(3), 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 the opposite manner to that instructed in those proxies. If a poll is required under such circumstances, the chairman of the meeting should disclose to the meeting the total number of votes represented by all proxies held by directors indicating an opposite vote to the votes cast at the meeting on a show of hands.</p> <p>大會主席應確保在公司致股東通函內，已載列以投票方式表決的程序，以及股東可根據《上市規則》第13.39(4)條要求以投票方式表決的權利，尤其是大會主席及／或董事在會議上個別或共同持有委任代表投票權，佔公司股份的總投票權（可在該會議投票）5%或以上，必須注意其須履行《上市規則》第13.39(3)條所述的責任，在若干情況下（如大會以舉手方式表決時，表決結果與該等委任代表的表格所指示者相反）要求以投票方式表決。如在此等情況下要求以投票方式進行表決，則大會主席應在會議上披露董事持有所有委任代表投票權書所代表的總票數，以顯示以舉手方式表決時所投的相反票。</p>	✓	<p>The circulars of the general meetings dated 23 April 2008 and 29 April 2008 have set out the procedures for demanding a poll.</p> <p>二零零八年四月二十三日及二零零八年四月二十九日的股東大會通函內，已經載列以投票方式表決的程序。</p> <p>In addition, the chairman of the general meetings have disclosed the total number of votes represented by all proxies held by the Directors indicating an opposite vote to the votes cast at the meeting on a show of hands before deciding whether a poll should be demanded and before reaching any resolutions.</p> <p>除此之外，股東大會主席在決定應否要求以投票方式表決及在達致任何決議前都披露了董事持有委任代表投票權書所代表的總票數，以顯示以舉手方式表決時所投的相反票。</p> <p>In view of the amendment to Rule 13.39(4) of the Listing Rules with effect from 1 January 2009, all resolutions will be put to vote by way of a poll at the annual general meeting to be convened in June 2009.</p> <p>基於由二零零九年一月一日生效的上市規則第13.39(4)條的修訂，在二零零九年六月即將召開的股東週年大會上，所有決議將以投票表決方式進行。</p>

CORPORATE GOVERNANCE REPORT
企業管治報告

No. 編號	Details 事項	Complied with (✓)/ Explanation (E) 已遵守(✓)/ 解釋(E)	Implementation 實行情況
E.2.2	<p>The company should count all proxy votes and, except where a poll is required, the chairman of a meeting should indicate to the meeting the level of proxies lodged on each resolution, and the balance for and against the resolution, after it has been dealt with on a show of hands. The company should ensure that votes cast are properly counted and recorded.</p> <p>公司應點算所有委任代表投票的票數以及除非要求以投票方式進行表決，大會主席應在會上表明每項決議案的委任代表投票比例，以及贊成和反對票數(如以舉手方式表決)。公司應確保所有票數均適當點算及記錄在案。</p>	✓	<p>The branch share registrar and transfer office of the Company is responsible for managing the voting results of the proxies 48 hours before the time for holding of the general meetings and acts as an independent scrutineer at the general meetings to monitor the vote taking and counting procedures.</p> <p>公司過戶處分處在股東大會前48小時整理委任代表投票的票數結果並同時擔任股東大會的監票員，以其獨立身份監察投票及點算票數。</p>
E.2.3	<p>The chairman of a meeting should at the commencement of the meeting ensure that an explanation is provided of:</p> <p>大會主席應確保在會議開始時已解釋下列事宜：</p> <ul style="list-style-type: none"> • the procedures for demanding a poll by shareholders before putting a resolution to the vote on a show of hands; and <p>在決議案以舉手方式表決之前股東要求以投票方式表決的程序；及</p> <ul style="list-style-type: none"> • the detailed procedures for conducting a poll and then answer any questions from shareholders whenever voting by way of a poll is required. <p>在要求以投票方式表決的情況下，以投票方式進行表決然後回答股東提出任何問題的詳細程序。</p>	✓	<p>The chairman of the general meeting has provided an explanation of the procedures for demanding and conducting a poll at the annual general meeting and extraordinary general meeting, both of which were held on 16 May 2008.</p> <p>在二零零八年五月十六日舉行的股東週年大會及股東特別大會上，股東大會主席已解釋要求及以投票方式進行表決之程序。</p>

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



羅兵咸永道會計師事務所

PricewaterhouseCoopers 羅兵咸永道會計師事務所
22nd Floor, Prince's Building 香港中環
Central, Hong Kong 太子大廈22樓
Telephone: (852) 2289 8888 電話：(852) 2289 8888
Facsimile: (852) 2810 9888 傳真：(852) 2810 9888
www.pwchk.com www.pwchk.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHINA STARCH HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Starch Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 104 to 183, which comprise the consolidated and company balance sheets as at 31 December 2008, 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 other person for the contents of this report.

獨立核數師報告

致中國澱粉控股有限公司全體股東

(於開曼群島註冊成立之有限公司)

本核數師(以下簡稱「我們」)已審核列載於第104至183頁中國澱粉控股有限公司(「貴公司」)及其附屬公司(以下合稱「貴集團」)的綜合財務報表。此綜合財務報表包括於二零零八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收益表、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

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及按照香港《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，並僅向整體股東報告，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上或承擔任何責任。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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.

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 of the Group as at 31 December 2008 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, 17 April 2009

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。

審核涉及執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貴公司及貴集團於二零零八年十二月三十一日的事務狀況及貴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，二零零九年四月十七日

CONSOLIDATED INCOME STATEMENT**綜合收益表**For the year ended 31 December
截至十二月三十一日止年度

		Note 附註	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Turnover	營業額	5	1,530,446	1,349,962
Cost of goods sold	銷貨成本		(1,341,283)	(1,084,677)
Gross profit	毛利		189,163	265,285
Distribution expenses	分銷費用		(51,640)	(40,976)
Administrative expenses	行政費用		(54,379)	(37,985)
Other income	其他收入	6	16,269	31,695
Operating profit	經營利潤		99,413	218,019
Finance income	融資收入	7	3,852	8,756
Finance costs	融資成本	8	(3,728)	(20,495)
Share of result of an associate	應佔一家聯營公司業績	19	6,444	(2,375)
Profit before taxation	除稅前利潤	9	105,981	203,905
Income tax expenses	所得稅支出	10	(10,755)	(185)
Profit for the year	本年度利潤		95,226	203,720
Attributable to:	以下各項應佔：			
Equity holders of the Company	本公司權益持有人		98,234	203,720
Minority interests	少數股東權益		(3,008)	-
			95,226	203,720
Basic and diluted earnings per share (RMB)	每股基本及攤薄盈利 (人民幣)	13	0.0376	0.1251
Dividends	股息	14	17,870	70,794

The notes on pages 111 to 183 are an integral part of these financial statements. 第111至183頁的附註乃財務報表之其中部分。

CONSOLIDATED BALANCE SHEET

綜合資產負債表

As at 31 December
於十二月三十一日

	Note 附註	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Non-current assets			
Property, plant and equipment	16	539,706	425,518
Prepaid lease payments	17	27,539	28,190
Deposits paid for acquisition of property, plant and equipment	16	18,000	–
Interest in an associate	19	36,517	29,643
Deferred tax assets	27	206	1,183
		621,968	484,534
Current assets			
Inventories	20	132,292	117,695
Prepaid lease payments	17	831	819
Trade and other receivables	21	113,555	144,559
Amount due from a related company	22	–	230
Pledged bank deposits	23	–	2,000
Cash and cash equivalents	23	242,825	362,648
		489,503	627,951
Current liabilities			
Trade and other payables	24	152,463	133,260
Income tax payable		5,128	11,379
Employee housing deposits			
– Basic deposit portion	25	26,499	26,846
– Instalment portion	25	12,407	3,857
Borrowings	26	1,551	92,885
		198,048	268,227
Net current assets		291,455	359,724
Total assets less current liabilities		913,423	844,258

CONSOLIDATED BALANCE SHEET**綜合資產負債表**

As at 31 December

於十二月三十一日

		Note 附註	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Non-current liabilities	非流動負債			
Employee housing deposits	員工房屋保證金			
– Instalment portion	– 分期付款部分	25	–	15,409
Borrowings	借款	26	8,199	19,085
Deferred income	遞延收入	28	17,527	17,423
			25,726	51,917
Net assets	資產淨值		887,697	792,341
Capital and reserves	資本及儲備			
Share capital	股本	29	237,762	50,477
Reserves	儲備		634,943	741,864
Attributable to equity holders	權益持有人應佔		872,705	792,341
Minority interests	少數股東權益		14,992	–
Total equity	權益總額		887,697	792,341

Tian Qixiang

田其祥

Director

董事

Yu Yingquan

于英全

Director

董事

The notes on pages 111 to 183 are an integral part of these financial statements.

第111至183頁的附註乃財務報表之其中部分。

BALANCE SHEET

資產負債表

As at 31 December
於十二月三十一日

		Note 附註	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Non-current assets	非流動資產			
Investments in subsidiaries	於附屬公司的投資	18	159,121	159,121
Current assets	流動資產			
Other receivables	其他應收款	21	259	143
Amount due from a related company	應收一家關連公司款項	22	-	256
Amounts due from subsidiaries	應收附屬公司款項	18	480,851	439,923
Cash and cash equivalents	現金及現金等價物	23	9,060	22,385
			490,170	462,707
Current liabilities	流動負債			
Other payables	其他應付款	24	3,698	1,374
Net current assets	流動資產淨額		486,472	461,333
Total assets less current liabilities	總資產減流動負債		645,593	620,454
Capital and reserves	資本及儲備			
Share capital	股本	29	237,762	50,477
Reserves	儲備	30	407,831	569,977
Total equity	權益總額		645,593	620,454

Tian Qixiang

田其祥

Director

董事

Yu Yingquan

于英全

Director

董事

The notes on pages 111 to 183 are an integral part of these financial statements. 第111至183頁的附註乃財務報表之其中部分。

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

綜合權益變動表

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

		Attributable to equity holders of the Company 本公司權益持有人應佔								Minority 少數股東	
		Share capital	Share premium	Special reserve	Capital reserve	Statutory reserve	Retained profits	Total	interests	Total	
		股本	股份溢價	特別儲備	資本儲備	法定儲備	留存利潤	總計	權益	合計	
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
附註		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
		(Note 30(i)) (附註30(i))									
At 1 January 2007	於二零零七年一月一日	151	-	60,669	57,424	31,224	34,317	183,785	-	183,785	
Net profit for the year	本年度純利	-	-	-	-	-	203,720	203,720	-	203,720	
Dividends	股息	14	-	-	-	-	(70,794)	(70,794)	-	(70,794)	
Issue of shares upon loan capitalisation	貸款資本化後發行股份	29(iv)	48	125,324	-	-	-	125,372	-	125,372	
Issue of shares upon capitalisation	資本化後發行股份	29(iii)	33,589	-	(33,589)	-	-	-	-	-	
Issue of shares upon the global offering	全球發售後發行股份	29(v)	16,689	353,813	-	-	-	370,502	-	370,502	
Transaction costs attributable to issue of shares	發行股份應佔交易成本		-	(20,244)	-	-	-	(20,244)	-	(20,244)	
Transfer to statutory reserves	轉入法定儲備	30(iv)	-	-	-	21,741	(21,741)	-	-	-	
At 31 December 2007	於二零零七年十二月三十一日	50,477	458,893	27,080	57,424	52,965	145,502	792,341	-	792,341	
At 1 January 2008	於二零零八年一月一日	50,477	458,893	27,080	57,424	52,965	145,502	792,341	-	792,341	
Net profit for the year	本年度純利	-	-	-	-	-	98,234	98,234	(3,008)	95,226	
Dividends	股息	14	-	-	-	-	(17,870)	(17,870)	-	(17,870)	
Transfer to statutory reserves	轉入法定儲備	30(iv)	-	-	-	11,888	(11,888)	-	-	-	
Contribution from a minority shareholder of a subsidiary	一家附屬公司一名少數股東注資		-	-	-	-	-	-	18,000	18,000	
Issue of bonus shares	發行紅股	29(vi)	187,285	(187,285)	-	-	-	-	-	-	
At 31 December 2008	於二零零八年十二月三十一日	237,762	271,608	27,080	57,424	64,853	213,978	872,705	14,992	887,697	

The notes on pages 111 to 183 are an integral part of these financial statements. 第111至183頁的附註乃財務報表之其中部分。

CONSOLIDATED CASH FLOW STATEMENT**綜合現金流量表**For the year ended 31 December
截至十二月三十一日止年度

		2008	2007
		二零零八年	二零零七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Cash flows from operating activities	經營活動產生之現金流量		
Profit before taxation	除稅前利潤	105,981	203,905
Adjustments for:	經調整以下項目：		
Finance income	融資收入	(3,852)	(8,756)
Finance costs	融資成本	3,728	20,495
Share of result of an associate	應佔一家聯營公司業績	(6,444)	2,375
Depreciation of property, plant, equipment	物業、廠房及設備折舊	53,353	46,429
Realised gain arising on injecting property, plant, equipment and land use right as capital to an associate	向一家聯營公司注入物業、廠房及設備和土地使用權作為注資產生的已變現收益	(430)	(430)
(Gain)/loss on disposal of property, plant and equipment	出售物業、廠房及設備(收益)/虧損	(173)	970
Gain on sales of leasehold land	銷售租賃土地的收益	-	(24,402)
Amortisation of prepaid lease payments	預付租賃款的攤銷	830	939
Amortisation of staff quarters rental income and steam connection income	員工宿舍租金收入及蒸汽接駁收入攤銷	(4,408)	(1,978)
Net foreign exchange loss	匯兌虧損淨額	6,708	2,237
Operating cash flows before movements in working capital	營運資金出現變動之前的經營現金流量	155,293	241,784
Increase in deferred income attributable to steam connection	蒸汽接駁應佔遞延收入的增加	4,512	7,270
Increase in inventories	存貨增加	(14,597)	(1,780)
Decrease/(increase) in trade and other receivables	貿易及其他應收款減少/(增加)	19,620	(5,184)
Increase in trade and other payables	貿易及其他應付款增加	30,572	30,033
Cash generated from operations	經營產生的現金	195,400	272,123
Interest received	已收利息	3,852	8,756
Income taxes paid	已繳納所得稅	(16,029)	(8,502)
Net cash generated from operating activities	經營活動所產生的現金淨額	183,223	272,377

CONSOLIDATED CASH FLOW STATEMENT**綜合現金流量表**

For the year ended 31 December

截至十二月三十一日止年度

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Cash flows from investing activities	投資活動產生之現金流量		
Purchases of property, plant and equipment	購置物業、廠房及設備	(168,293)	(26,374)
Deposits paid for acquisition of property, plant and equipment	收購物業、廠房及設備已付按金	(18,000)	-
Increase in prepaid lease payments	預付租賃款增加	(191)	-
Proceeds on disposal of property, plant and equipment	出售物業、廠房及設備所得款	925	211
Proceeds on disposal of leasehold land	出售租賃土地所得款	-	15,294
Repayments from related companies	關連公司還款	230	1,770
Investment in an associate	於一家聯營公司投資	-	(9,713)
Decrease in pledged bank deposits	已抵押銀行存款減少	2,000	35,500
Net cash (used in)/generated from investing activities	投資活動(使用)/產生的現金淨額	(183,329)	16,688
Cash flows from financing activities	融資活動產生之現金流量		
Interest paid	已付利息	(1,694)	(13,477)
Dividends paid	已付股息	(17,870)	(144,474)
Proceeds from issue of shares	發行股份所得款	-	370,502
Expenses on issue of shares	發行股份的費用	-	(20,244)
Proceeds from borrowings	借貸所得款	-	182,000
Repayments of borrowings	償還借貸	(102,220)	(331,388)
Decrease in employee housing deposits	員工房屋保證金減少	(9,240)	(4,599)
Repayment to related companies	關連公司還款	-	(13,342)
Capital contribution by minority interests	少數股東權益注資	18,000	-
Net cash (used in)/generated from financing activities	融資活動(使用)/產生的現金淨額	(113,024)	24,978
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物(減少)/增加淨額	(113,130)	314,043
Cash and cash equivalents at the beginning of the year	年初的現金及現金等價物	362,648	55,976
Effect of foreign exchange rate changes	匯率變動的影響	(6,693)	(7,371)
Cash and cash equivalents at the end of the year represented by bank balances and cash	年終的現金及現金等價物(以銀行結餘及現金列示)	242,825	362,648

The notes on pages 111 to 183 are an integral part of these financial statements. 第111至183頁的附註乃財務報表之其中部分。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

1 General information

The Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on 29 November 2006. Its ultimate holding company is Merry Boom Group Limited (“Merry Boom”) (incorporated in the British Virgin Islands). The address of the registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal activities of the Company and its subsidiaries (collectively, the “Group”) are the manufacture and sale of cornstarch, lysine and its related products and generation and sales of electricity and steam.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated, and are approved for issue by the Board on 17 April 2009.

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, except for certain financial assets and financial liabilities, which are measured at fair values, as appropriate.

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

本公司為於二零零六年十一月二十九日根據開曼群島公司法在開曼群島註冊成立的獲豁免有限公司。其最終控股公司為怡興集團有限公司(「怡興」)(於英屬維爾京群島註冊成立)。本公司之註冊辦事處的地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands。本公司及其附屬公司(統稱「本集團」)的主要業務為製造及銷售玉米澱粉、賴氨酸及其相關產品，以及生產及銷售電力及蒸汽。

本公司的股份主要在香港聯合交易所有限公司(「聯交所」)主板上市。

除另有說明者外，此等綜合財務報表乃以人民幣(「人民幣」)列值，並於二零零九年四月十七日獲董事會批准刊發。

2 主要會計政策概要

編製此等綜合財務報表所應用的主要會計政策載列如下。除另有說明者外，該等政策已於所有呈列年度貫徹應用。

2.1 編製基準

本公司的綜合財務報表已根據香港財務報告準則編製，其乃以歷史成本基準編製，惟按公平值計量的若干金融資產及金融負債(如適當)除外。

編製符合香港財務報告準則的財務報表須採用若干重大會計估計，在應用本集團會計政策的過程中亦需要管理層作出判斷。涉及較高度判斷或複雜性的範圍或如假設及估計對綜合財務報表而言屬重大的範圍於附註4中披露。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

2 Summary of significant accounting policies*(Continued)***2.1 Basis of preparation** *(Continued)***(a) Amendments and interpretations effective in 2008**

The HKAS 39, 'Financial instruments: Recognition and measurement', amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met. The related amendment to HKFRS 7, 'Financial instruments: Disclosures', introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 1 July 2008. This amendment does not have any impact on the Group's financial statements, as the Group has not reclassified any financial assets.

HK(IFRIC) – Int 11, 'HKFRS 2 – Group and treasury share transactions', 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 accounts of the parent and group companies. This interpretation does not 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', 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. This interpretation does not have any impact on the Group's financial statements.

HK(IFRIC) – Int 12, 'Service concession arrangements' applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. This interpretation does not have impact on the Group's financial statements.

2 主要會計政策概要(續)**2.1 編製基準(續)****(a) 於二零零八年生效的修訂及詮釋**

香港會計準則第39號「金融工具：確認及計量」，對金融資產重新分類的修訂容許若干金融資產如符合列明的條件，從持有作買賣及可供出售類別中重新分類。香港財務準則第7號「金融工具：披露」的相關修訂引入有關從持有作買賣及可供出售類別中重新分類金融資產的披露規定。此項修訂自二零零八年七月一日起追溯生效。由於本集團並無對任何金融資產重新分類，故此項修訂對本集團的財務報表並無任何影響。

香港(國際財務報告準則詮釋委員會) – 詮釋第11號「香港財務報告準則第2號 – 集團及庫存股份交易」，對涉及庫存股份或牽涉集團實體股份的以股份為基礎交易(例如涉及購買母公司的購股權)，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支付款項的交易提供指引。此項詮釋對本集團的財務報表並無影響。

香港(國際財務報告準則詮釋委員會) – 詮釋第14號「香港會計準則第19號 – 界定福利資產限額、最低資金要求及兩者相互關係」，對香港會計準則第19號有關評估可確認為資產的盈餘金額的限額提供指引。此項詮釋亦解釋退休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。此項詮釋對本集團的財務報表並無任何影響。

香港(國際財務報告準則詮釋委員會) – 詮釋第12號「特許服務權安排」適用於由私人營運商參與公營服務基建的發展、融資、營運和維修之合約性安排。此項詮釋對本集團的財務報表並無影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

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

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods, but the Group has not early adopted them:

HKFRS 1 (Revised)	First-time Adoption ²
HKFRS 1 and HKAS 27 (Amendments)	Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ¹
HKFRS 2 (Amendment)	Amendment to HKFRS 2 Share-based Payment – Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 7 (Amendment)	Financial Investments: Disclosures – Improving Disclosure about Financial Investments ¹
HKFRS 8	Operating Segments ¹
HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 and HKAS 1 (Amendments)	Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKAS 39 (Amendment)	Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items ²
HK(IFRIC)-Int 9	HKAS 39 Embedded Derivatives ⁵
HK(IFRIC)-Int 13	Customer Loyalty Programmes ³

2 主要會計政策概要(續)

2.1 編製基準(續)

(b) 尚未生效且本集團並無提早採納的準則、現有準則的修訂及詮釋

以下準則及現有準則的修訂已於二零零九年一月一日或之後開始的本集團會計期間或較後期間頒佈及須強制執行，惟本集團並無提早採納該等準則及修訂。

香港財務報告準則第1號(修訂)	首次採納 ²
香港財務報告準則第1號及香港會計準則第27號(修訂本)	香港財務報告準則第1號首次採納香港財務報告準則及香港會計準則第27號綜合及獨立財務報表—於附屬公司、共同控制實體或聯營公司的投資成本的修訂 ¹
香港財務報告準則第2號(修訂本)	香港財務報告準則第2號以股份支付款項—歸屬條件及註銷的修訂 ¹
香港財務報告準則第3號(修訂)	業務合併 ²
香港財務報告準則第7號(修訂本)	金融工具：披露—改善有關金融工具的披露 ¹
香港財務報告準則第8號	經營分部 ¹
香港會計準則第1號(修訂)	財務報表的呈報 ¹
香港會計準則第23號(修訂)	借款成本 ¹
香港會計準則第27號(修訂)	綜合及獨立財務報表 ²
香港會計準則第32號及香港會計準則第1號(修訂本)	香港會計準則第32號金融工具：呈報及香港會計準則第1號財務報表的呈報—可沽售金融工具及清盤產生的責任的修訂 ¹
香港會計準則第39號(修訂本)	香港會計準則第39號金融工具：確認及計量—合資格對沖項目的修訂 ²
香港(國際財務報告準則詮釋委員會)—詮釋第9號	香港會計準則第39號嵌入式衍生工具 ⁵
香港(國際財務報告準則詮釋委員會)—詮釋第13號	客戶忠誠度計劃 ³

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

2 Summary of significant accounting policies (Continued)**2.1 Basis of preparation (Continued)****(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)**

HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation ⁴
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners ²
HK(IFRIC)-Int 18	Transfer of Assets from Customers ⁶

In addition, Hong Kong Institute of Certified Public Accountants ("HKICPA") has also issued Improvements to HKFRSs which sets out amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41, primarily with a view to removing inconsistencies and to clarify wordings. Except for the amendments to HKFRS 5, which is effective for the financial periods on or after 1 July 2009, other amendments are effective for financial periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

2 主要會計政策概要(續)**2.1 編製基準(續)****(b) 尚未生效且本集團並無提早採納的準則、現有準則的修訂及詮釋(續)**

香港(國際財務報告準則詮釋委員會) – 詮釋第15號	房地產建築協議 ¹
香港(國際財務報告準則詮釋委員會) – 詮釋第16號	海外業務淨投資對沖 ⁴
香港(國際財務報告準則詮釋委員會) – 詮釋第17號	向所有者分派非現金資產 ²
香港(國際財務報告準則詮釋委員會) – 詮釋第18號	自客戶轉移資產 ⁶

此外，香港會計師公會亦頒佈香港財務報告準則的改進，當中載有香港財務報告準則第5號、香港財務報告準則第7號、香港會計準則第1號、香港會計準則第8號、香港會計準則第10號、香港會計準則第16號、香港會計準則第18號、香港會計準則第19號、香港會計準則第20號、香港會計準則第23號、香港會計準則第27號、香港會計準則第28號、香港會計準則第29號、香港會計準則第31號、香港會計準則第34號、香港會計準則第36號、香港會計準則第38號、香港會計準則第39號、香港會計準則第40號及香港會計準則第41號的修訂，頒佈修改主要旨在刪除不一致內容以及澄清字句。除了香港財務報告準則第5號的修訂將於二零零九年七月一日或之後開始的財務期間生效外，其他修訂於二零零九年一月一日或之後開始的財務期間生效，惟各準則均有不同之過渡條文。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

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

Note:

- ¹ Effective for financial periods beginning on or after 1 January 2009
- ² Effective for financial periods beginning on or after 1 July 2009
- ³ Effective for financial periods beginning on or after 1 July 2008
- ⁴ Effective for financial periods beginning on or after 1 October 2008
- ⁵ Effective for financial periods ending on or before 30 June 2009
- ⁶ Effective for transfer of assets from customers received on or after 1 July 2009

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application and does not anticipate that these will result in any material impact on the Group's result of operations and financial position.

2 主要會計政策概要 (續)

2.1 編製基準 (續)

(b) 尚未生效且本集團並無提早採納的準則、現有準則的修訂及詮釋 (續)

附註：

- ¹ 於二零零九年一月一日或之後開始的財務期間生效
- ² 於二零零九年七月一日或之後開始的財務期間生效
- ³ 於二零零八年七月一日或之後開始的財務期間生效
- ⁴ 於二零零八年十月一日或之後開始的財務期間生效
- ⁵ 於二零零九年六月三十日或之後結束的財務期間生效
- ⁶ 於二零零九年七月一日或之後收取自客戶轉移資產生效

本集團現正評估該等新訂及經修訂香港財務報告準則於初步應用時的影響，且預期不會對本集團的經營業績及財務狀況造成任何重大不利影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

3 Significant accounting policies

(a) Consolidation

The consolidated financial statements incorporated the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposal of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses (note 3(k)). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

3 主要會計政策

(a) 綜合賬目

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

年內收購或出售附屬公司的業績由收購生效日期起至出售生效日期計入綜合收益表(如適用)。

如有需要，將對附屬公司之財務報表作出調整，使其會計政策與本集團其他成員公司所採用之會計政策一致。

所有集團內公司間之交易、結餘及收入及開支均於綜合入賬時對銷。

在本公司的資產負債表中，於附屬公司的投資按成本減去減值虧損撥備(附註3(k))列賬。附屬公司的業績由本公司按已收及應收股息為基準入賬。

本集團的政策乃視與少數股東之間的交易為與本集團以外人士的交易。出售予少數股東導致本集團產生收益及虧損，並於綜合收益表中記錄。購買少數股東權益時引致的商譽為於任何已付代價與所收購股份在附屬公司資產淨額賬面值之間的差異。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

3 Significant accounting policies (Continued)**(b) Investment in associate**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. See note 3(k) for the impairment of non-financial assets including goodwill.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in associated companies are stated at cost less provision for impairment losses (note 3(k)). The results of associated companies are accounted for by the Company on the basis of dividend received and receivable.

3 主要會計政策(續)**(b) 於聯營公司的投資**

聯營公司為所有本集團對其有重大影響力而無控制權的實體，一般附帶持有20%至50%投票權的股權。於聯營公司的投資以權益會計法入賬，並初步按成本確認。本集團於聯營公司的投資包括於收購時已識別的商譽(扣除任何累計減值虧損)。有關非金融資產(包括商譽)減值請參閱附註3(k)。

本集團應佔收購後聯營公司的利潤或虧損於綜合收益表內確認，而應佔收購後儲備的變動則於儲備內確認。投資賬面值會根據收購後的累計變動而作出調整。如本集團應佔聯營公司的虧損等於或超過其於該聯營公司的權益(包括任何其他無抵押應收款)，本集團不會進一步確認虧損，除非其已代聯營公司承擔責任或作出付款。

本集團與其聯營公司進行交易的未變現收益，按本集團於聯營公司的權益對銷。除非交易顯示已轉讓資產出現減值跡象，否則未變現虧損亦予以對銷。聯營公司的會計政策在需要時經已作修改，以確保與本集團採納的政策一致。

在本公司的資產負債表中，於聯營公司的投資按成本減去減值虧損撥備(附註3(k))列賬。聯營公司的業績由本公司按已收及應收股息為基準入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

3 Significant accounting policies (Continued)

(c) Revenue recognition

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

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

Sales of steam and electricity are recognised when steam and electricity are generated and transmitted.

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

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Staff quarters rental income is amortised over the expected occupancy period of the staff quarters by the employees of 5 years on a straight-line basis (note 28).

3 主要會計政策(續)

(c) 收益確認

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

貨品銷售會在貨物已交付及擁有權已轉交時確認。

蒸汽及電力銷售於產生及輸送蒸汽及電力時確認。

向客戶提供蒸汽而收取蒸汽接駁收入於估計使用期間內於綜合收益表內遞延及攤銷。

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

員工宿舍租金收入以直線法在預期員工佔用員工宿舍期間五年內攤銷(附註28)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

3 Significant accounting policies (Continued)**(d) Leases**

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

(i) The Group as lessee

Rental payable under operating leases are charged to income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) Leasehold land

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

(e) Foreign currency**(i) 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 Renminbi, which is the Company's functional and the Group's presentation currency.

(ii) 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 consolidated income statement.

3 主要會計政策(續)**(d) 租賃**

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

(i) 本集團作為承租人

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

(ii) 租賃土地

租賃土地的權益當作經營租賃入賬，並以直線法於租賃期內攤銷。

(e) 外匯**(i) 功能及呈報貨幣**

計入本集團各實體財務報表的項目均以該實體業務所在的主要經濟環境的貨幣(「功能貨幣」)計量。綜合財務報表乃以人民幣呈列，人民幣為本公司的功能貨幣及本集團的呈報貨幣。

(ii) 交易及結餘

外幣交易按交易日期之當時匯率換算為功能貨幣。因結算此等交易及按年終匯率換算以外幣計值的貨幣資產及負債而產生的外匯收益及虧損於綜合收益表內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

3 Significant accounting policies (Continued)

(e) Foreign currency (Continued)

(iii) 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:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each consolidated 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
- all resulting exchange differences are recognised as a separate component of equity.

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 partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated 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.

3 主要會計政策(續)

(e) 外匯(續)

(iii) 集團公司

集團旗下所有實體(全部均非採用高通脹經濟體系之貨幣)之功能貨幣倘有別於呈報貨幣,其業績及財務狀況須按如下方式兌換為呈報貨幣:

- 各資產負債表所列資產及負債按其結算日之收市匯率換算;
- 各綜合收益表所列收入及開支按平均匯率換算,除非此平均匯率不足以合理地概括反映於交易日期適用匯率之累計影響,則在此情況下,收入及開支則按交易日期之匯率換算;及
- 所有因此而產生之匯兌差額均確認為權益賬下之一個獨立分項。

在綜合賬目時,換算海外業務投資淨額和換算被指定為此等投資之對沖項目的借款及其他貨幣工具而產生的匯兌差額,均列入股東權益賬內。當出售海外業務時,此等匯兌差額將於綜合收益表內確認為出售收益或虧損的一部分。

因收購海外實體而產生之商譽及公平值調整,均視作為該海外實體之資產及負債處理,並按結算日的匯率換算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

3 Significant accounting policies (Continued)**(f) Borrowing costs**

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

(g) 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 are recognised as income over the periods necessary to match them with the related costs. Grants related to depreciable assets are deducted in arriving at the carrying amount of the relevant asset. Grants related to expense items are recognised in the same periods as those expenses charged in the consolidated income statement and are reported separately as "other income".

(h) Employee benefits**(i) Pension obligations**

The Group's contributions to the Mandatory Provident Fund Scheme are expensed as incurred. Both the Group and its employees in Hong Kong are required to contribute 5% of each individual's relevant income with a maximum amount of HK\$1,000 per month as a mandatory contribution. The assets of the scheme are held separately from those of the Group and managed by independent professional fund managers.

3 主要會計政策(續)**(f) 借款成本**

所有借款成本乃於產生期間內於綜合收益表確認為並計入融資成本。

(g) 政府補助

政府補助以公平值確認，其合理地確保收取補助及本集團將遵守所有附帶的條件。

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

(h) 僱員福利**(i) 退休計劃責任**

本集團的強制性公積金計劃供款於產生時列為開支。本集團及其香港僱員均須就各名人士的有關收入作出5%的供款，每月強制性供款最高金額為1,000港元。計劃的資產與本集團的資產分開持有，並由獨立專業基金經理管理。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

3 Significant accounting policies (Continued)

(h) Employee benefits (Continued)

(i) Pension obligations (Continued)

For employees in Mainland China, the Group contributes on a monthly basis to various defined contribution plans organised by the relevant municipal and provincial governments in the PRC based on certain percentage of the relevant employees' monthly salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further constructive obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

(ii) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

3 主要會計政策(續)

(h) 僱員福利(續)

(i) 退休計劃責任(續)

就中國大陸的僱員而言，本集團就多項由中國有關市政府及省政府設立的定額供款計劃，根據有關僱員月薪的若干百分比每月支付供款。市政府及省政府承諾為所有參與該等計劃的現有及未來退休僱員承擔應付的退休福利責任，而除所作的供款外，本集團就退休後福利並無進一步的推定責任。就以上計劃作出的供款於產生時列作支出。

(ii) 花紅

支付花紅的預期成本於本集團因僱員提供的服務及可對責任作出可靠估計而產生當前法律或推定責任時確認為負債。花紅計劃的負債預期於十二個月內清償，並以清償時預期支付的金額計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

3 Significant accounting policies (Continued)**(h) Employee benefits (Continued)****(iii) 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.

(i) Taxation

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

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

3 主要會計政策(續)**(h) 僱員福利(續)****(iii) 以股份支付的報酬**

本集團設有以權益結算、以股份支付的報酬計劃。以授出購股權作為報酬所獲取僱員服務的公平值乃確認為開支，在歸屬期間內將予支銷的總金額參考所授出購股權的公平值而釐定，不包括任何非市場歸屬條件(例如盈利能力和銷售增長目標)的影響。非市場歸屬條件包括在有關預期可予以歸屬的購股權數目的假設中。於各結算日，公司修訂其對預期可予以歸屬購股權數目的估計。本公司在收益表確認對原估計修訂(如有)的影響，並對權益作出相應調整。

在購股權行使時，收取的所得款扣除任何直接應佔的交易成本後，撥入股本(面值)及股份溢價賬。

(i) 稅項

所得稅支出是指當期應付的稅款及遞延稅項。

(i) 當期稅項

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

3 Significant accounting policies (Continued)**(i) Taxation (Continued)****(ii) Deferred tax**

Deferred 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, deferred tax is not accounted for if it arises from initial recognition of an asset or a 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 tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred 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.

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

(j) Property, plant and equipment

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

3 主要會計政策(續)**(i) 稅項(續)****(ii) 遞延稅項**

遞延稅項以債務法按資產及負債稅基與其於綜合財務報表賬面值之間的暫時性差額作出全數撥備。然而，倘遞延稅項是由對會計處理或應課稅利潤或虧損無影響的交易中之資產或負債初步確認時(業務合併以外者)產生，則遞延稅項不會入賬。遞延稅項是按結算日前已實施或實質上已實施，並預期於遞延稅項資產變現或遞延所得稅負債清償時適用的稅率(及法律)釐定。

遞延稅項資產僅於可能有未來應課稅利潤能用以抵銷暫時性差額時才會確認。

遞延所得稅乃就附屬公司及聯營公司投資產生的暫時性差額而撥備，但倘若本集團可以控制暫時性差額的撥回，並有可能在可預見未來不會撥回則除外。

(j) 物業、廠房及設備

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

3 Significant accounting policies (Continued)**(j) Property, plant and equipment (Continued)**

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

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	15-35 years
Plant and machinery	5-12 years
Motor vehicles	6 years
Other machinery	4-10 years

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

(k) Impairment of investments in subsidiaries, associate and non-financial assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

3 主要會計政策(續)**(j) 物業、廠房及設備(續)**

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

上述物業、機器及設備按下列估計使用年限予以折舊：

樓宇	十五至三十五年
廠房及機器	五至十二年
汽車	六年
其他機器	四至十年

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

(k) 投資於附屬公司、聯營公司及非金融資產的減值

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

倘減值虧損其後撥回，則會將資產的賬面值增加至其修訂估計的可收回金額，令增加的賬面值不會超逾倘於先前年度無為該資產確認減值虧損而釐定的賬面值。撥回的減值虧損會即時確認為收入。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

3 Significant accounting policies (Continued)

(l) Research and development expenditure

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 all of the following criteria are fulfilled:

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

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 its useful life, not exceeding five years.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3 主要會計政策(續)

(l) 研發開支

研究開支於產生時確認為支出。開發項目產生的成本(有關新產品或已改良產品的設計及測試)若符合下列所有條件，則確認為無形資產：

- (a) 完成該無形資產乃技術上可行，以致其將可供使用或銷售；
- (b) 管理層有意完成無形資產及使用或銷售該無形資產；
- (c) 有能力使用或銷售該無形資產；
- (d) 能夠證明該無形資產如何產生可能的未來經濟利益；
- (e) 具備足夠的技術、財政及其他資源完成開發，並使用或銷售該無形資產；及
- (f) 該無形資產在開發期內應佔的開支能可靠地計量。

不符合上述條件的其他開發開支在產生時確認為支出。以往確認為支出的開發成本於往後期間不會確認為資產。資本化開發成本記錄為無形資產，並由資產可供使用時開始，在其可使用期間內(不超過五年)以直線法攤銷。

(m) 存貨

存貨是按成本及可變現淨值兩者中的較低者列示。成本會以加權平均法計算。可變現淨值乃估計日常業務過程中的售價，減去適用的可變銷售開支。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

3 Significant accounting policies (Continued)**(n) Financial instruments****Financial assets***(i) Classification*

The Group classifies its financial assets into 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 those with maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and bank balances' in the balance sheet (notes (p) and (r)).

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on trade-date—the date on which the Group commits to purchase or sell the asset. Loans and receivables are carried at amortised cost using the effective interest method.

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. Impairment testing of trade and other receivables is described in note (r).

(o) 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 主要會計政策(續)**(n) 金融工具****金融資產***(i) 分類*

本集團將其金融資產分為借貸及應收款。

貸款及應收款是在活躍市場沒有報價的定期或可終止付款的非衍生金融資產。其於流動資產項下入賬，惟年期超過結算日後十二個月者除外。其分類為非流動資產。本集團的借貸及應收款由資產負債表的「貿易及其他應收款」及「現金及銀行結餘」(附註(p)及(r))組成。

(ii) 確認及計量

定期購買及出售金融資產於交易日期(即本集團承諾購買或出售資產的日期)確認。貸款及應收款按實際利息法以攤銷成本入賬。

本集團於各結算日評估是否有客觀證據顯示金融資產或一組金融資產減值。貿易及其他應收款的減值測試於附註(r)闡述。

(o) 股息分配

向本公司股東分派的股息在股息獲本公司股東批准當期於本集團的財務報表列為負債。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

3 Significant accounting policies (Continued)**(p) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(q) Segment reporting

A business segment is a group of assets and operations engaged in providing products or service that are subject to risks and returns that are different from those of other business segment. The business segment reported in these financial statements is in consistent with the internal financial reporting system. As the Group's operation and assets are mainly located in the PRC, no geographical segment is presented.

(r) 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 into bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the 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 original 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 consolidated income statement within administrative expenses. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the consolidated income statement.

3 主要會計政策(續)**(p) 現金及現金等價物**

現金及現金等價物包括手頭現金、銀行通知存款及原到期日為三個月或以下的其他短期高流動性投資。

(q) 分部報告

業務分部是指提供產品或服務的一組資產及業務，其風險及回報與其他業務分部的風險及回報有所分別。本財務報表內呈報的業務分部與內部財務呈報制度一致。由於本集團的業務及資產主要位於中國，故並無呈報地區分部。

(r) 貿易及其他應收款

貿易及其他應收款初始以公平值確認，並其後採用實際利息法按攤銷成本減去減值撥備計量。當有客觀證據顯示本集團將不能根據應收款原定期限收回所有到期款項時，會為貿易及其他應收款作出減值撥備。債務人遭遇重大財務困難、債務人可能將陷入破產或財務重組，以及拖欠或延遲付款均視為應收款減值的跡象。撥備金額為資產賬面值與按原實際利率貼現的估計日後現金流量現值的差額。資產賬面值會透過撥備賬作出扣減，虧損金額則於綜合收益表的行政費用內確認。應收款不能收回時，將於應收款撥備賬內撇銷。先前已撇銷的款項如其後收回，將計入綜合收益表的行政費用。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

3 Significant accounting policies (Continued)**(s) 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.

(t) Trade payables

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

(u) Comparatives

Certain comparative figures have been reclassified to conform with current year's presentation.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions on the carrying amounts of assets and liabilities based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4.1 Key sources of estimation uncertainty

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

3 主要會計政策(續)**(s) 股本**

普通股分類為權益。與發行新股或購股權直接有關的增量成本，列入權益作為所得款項扣除稅項的減值。

(t) 貿易應付款

貿易應付款以公平值初始確認，並其後採用實際利息法按攤銷成本計量。

(u) 比較數字

若干比較數字已重新分類以符合本年度的呈報方式。

4 重大會計判斷及估計不明朗因素的主要來源

管理層在實施附註3載述的本集團會計政策時，需根據以往經驗及其認為相關的其他因素就資產及負債賬面值作出判斷、估計及假設。實際業績可能會與該等估計不同。

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

4.1 估計不明朗因素的主要來源

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

4 Critical accounting judgments and key sources of estimation uncertainty*(Continued)***4.1 Key sources of estimation uncertainty** *(Continued)***(a) Impairment of trade and note receivables**

Note 3 describes that trade and note receivables are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows as expected by management discounted at the original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(b) Valuation on inventories

The Group assesses periodically if the inventories have been suffered from any impairment in accordance with the accounting policy stated in note 3. The Group carries out an inventory review on a product-by-product basis at each balance sheet date and makes allowance for obsolete and slow-moving items. The management estimates the net realisable value for such finished goods, work in progress and raw material primarily on the estimated future selling price and market conditions. Where the estimates of the net realisable value are less than expected, a material allowance may arise.

4 重大會計判斷及估計不明朗因素的主要來源 *(續)***4.1 估計不明朗因素的主要來源** *(續)***(a) 貿易及票據應收款減值**

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

(b) 存貨估值

本集團會定時根據附註3所載述的會計政策評估存貨是否已經出現任何減值。本集團會於各結算日對每類產品檢對存貨，為陳舊及滯銷存貨項目作出備抵。管理層主要根據估計的未來售價和市場情況以估計該等製成品、在製品及原材料的可變現淨值。如可變現淨值估計少於預期，可能需作出重大撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

4 Critical accounting judgments and key sources of estimation uncertainty*(Continued)***4.1 Key sources of estimation uncertainty** *(Continued)***(c) Income taxes**

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations for which the ultimate tax determination is uncertain. 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 current and deferred income tax assets and liabilities in the period in which such determination is made.

(d) 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 severe industry cycles. 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.

4 重大會計判斷及估計不明朗因素的主要來源 *(續)***4.1 估計不明朗因素的主要來源** *(續)***(c) 所得稅**

本集團須繳納多個司法管轄區之所得稅。在確定就該等各個司法管轄區的所得稅作出撥備時，須作出重大判斷。若干交易及計算難以明確作出最終的稅務釐定。本集團須估計未來會否繳納額外稅項，從而確認對預期稅務審核事宜之責任。倘該等事宜之最終稅務結果與起初入賬之金額不同，該等差額將影響稅務釐定期內及遞延之所得稅資產及負債。

(d) 物業、廠房及設備的可使用年期

本集團的管理層決定其物業、廠房及設備的估計可使用年期及有關折舊開支。該估計乃根據性質及功能相近的物業、廠房及設備的實際可使用年期而作出。該估計可能因科技進步及競爭者對嚴重行業週期的行動而出現重大變動。管理層將於可使用年期較先前估計年期為短時增加折舊開支，或撇銷或撇減經已廢棄或出售的技術上已過時或非策略性資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

5 Turnover and business segments

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

		2008	2007
		二零零八年	二零零七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Cornstarch and corn-refined products	玉米澱粉及玉米深加工產品	1,065,915	914,652
Lysine and its related products	賴氨酸及其相關產品	369,832	319,966
Electricity and steam	電力及蒸汽	94,699	115,344
		1,530,446	1,349,962

5 營業額及業務分部

本集團於本年度的營業額分析如下：

(a) Business segments

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

Principal activities are as follows:

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

Segment information about these businesses is presented below.

(a) 業務分部

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

主要活動如下：

玉米澱粉	– 生產及銷售玉米澱粉及其玉米深加工副產品
賴氨酸	– 生產及銷售賴氨酸及其玉米製產品
電力及蒸汽	– 生產及銷售電力及蒸汽

這些業務的分部資料呈列如下。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

5 Turnover and business segments (Continued)

(a) Business segments (Continued)

Results for the year ended 31 December 2008

		Cornstarch	Lysine	Electricity	Eliminations	Total
		玉米澱粉	賴氨酸	電力及蒸汽	抵銷	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Turnover	營業額					
External sales	對外銷售	1,065,915	369,832	94,699	-	1,530,446
Inter-segment sales	分部間銷售	6,900	-	140,589	(147,489)	-
Total	合計	1,072,815	369,832	235,288	(147,489)	1,530,446
Result	業績					
Segment result	分部業績	89,941	66,831	19,396	-	176,168
Unallocated distribution and administrative expenses	未分配分銷及行政費用					(86,091)
Other income	其他收入					9,336
Finance income	融資收入					3,852
Finance costs	融資成本					(3,728)
Share of result of an associate	應佔一家聯營公司業績					6,444
Profit before taxation	除稅前利潤					105,981
Income tax expenses	所得稅支出					(10,755)
Profit for the year	年度利潤					95,226

5 營業額及業務分部(續)

(a) 業務分部(續)

截至二零零八年十二月三十一日止年度業績

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

5 Turnover and business segments (Continued)

5 營業額及業務分部(續)

(a) Business segments (Continued)

(a) 業務分部(續)

Results for the year ended 31 December 2007

截至二零零七年十二月三十一日止年度之業績

		Cornstarch 玉米澱粉 RMB'000 人民幣千元	Lysine 賴氨酸 RMB'000 人民幣千元	Electricity and steam 電力及蒸汽 RMB'000 人民幣千元	Eliminations 抵銷 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Turnover	營業額					
External sales	對外銷售	914,652	319,966	115,344	-	1,349,962
Inter-segment sales	分部間銷售	-	-	81,771	(81,771)	-
Total	合計	914,652	319,966	197,115	(81,771)	1,349,962
Result	業績					
Segment result	分部業績	88,889	103,843	39,835	-	232,567
Unallocated distribution and administrative expenses	未分配分銷及行政費用					(44,076)
Other income	其他收入					29,528
Finance income	融資收入					8,756
Finance costs	融資成本					(20,495)
Share of result of an associate	應佔一家聯營公司業績					(2,375)
Profit before taxation	除稅前利潤					203,905
Income tax expenses	所得稅支出					(185)
Profit for the year	年度利潤					203,720

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

5 Turnover and business segments (Continued)

(a) Business segments (Continued)

Balance sheet as at 31 December 2008

		Cornstarch 玉米澱粉 RMB'000 人民幣千元	Lysine 賴氨酸 RMB'000 人民幣千元	Electricity and steam 電力及蒸汽 RMB'000 人民幣千元	Eliminations 抵銷 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Assets	資產					
Segment assets	分部資產	380,321	164,481	170,709	-	715,511
Interest in an associate	於一家聯營 公司的權益					36,517
Unallocated assets	未分配資產					359,443
Total assets	總資產					1,111,471
Liabilities	負債					
Segment liabilities	分部負債	43,716	25,414	9,473	-	78,603
Unallocated liabilities	未分配負債					145,171
Total liabilities	總負債					223,774

Balance sheet as at 31 December 2007

於二零零七年十二月三十一日的資產
負債表

		Cornstarch 玉米澱粉 RMB'000 人民幣千元	Lysine 賴氨酸 RMB'000 人民幣千元	Electricity and steam 電力及蒸汽 RMB'000 人民幣千元	Eliminations 抵銷 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Assets	資產					
Segment assets	分部資產	234,131	181,889	205,148	-	621,168
Interest in an associate	於一家聯營 公司的權益					29,643
Unallocated assets	未分配資產					461,674
Total assets	總資產					1,112,485
Liabilities	負債					
Segment liabilities	分部負債	28,155	29,786	31,596	-	89,537
Unallocated liabilities	未分配負債					230,607
Total liabilities	總負債					320,144

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

5 Turnover and business segments (Continued)

(a) Business segments (Continued)

2008

Other information

		Cornstarch 玉米澱粉 RMB'000 人民幣千元	Lysine 賴氨酸 RMB'000 人民幣千元	Electricity and steam 電力及蒸汽 RMB'000 人民幣千元	Unallocated 未分配資產 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Assets	資產					
Capital additions of property, plant and equipment and prepaid lease payments	投入物業、廠房及設備及預付租賃款	144,319	7,503	12,867	3,795	168,484
Depreciation	折舊	14,745	17,798	15,914	4,896	53,353
Amortisation of prepaid lease payment	預付租賃款攤銷	-	-	-	830	830

2007

Other information

		Cornstarch 玉米澱粉 RMB'000 人民幣千元	Lysine 賴氨酸 RMB'000 人民幣千元	Electricity and steam 電力及蒸汽 RMB'000 人民幣千元	Unallocated 未分配資產 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Assets	資產					
Capital additions of property, plant and equipment	投入物業、廠房及設備	1,383	30,936	2,765	4,195	39,279
Depreciation	折舊	11,943	14,732	16,505	3,249	46,429
Amortisation of prepaid lease payments	預付租賃款攤銷	-	-	-	939	939

(b) Geographical segment

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

5 營業額及業務分部(續)

(a) 業務分部(續)

二零零八年

其他資料

		Cornstarch 玉米澱粉 RMB'000 人民幣千元	Lysine 賴氨酸 RMB'000 人民幣千元	Electricity and steam 電力及蒸汽 RMB'000 人民幣千元	Unallocated 未分配資產 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Assets	資產					
Capital additions of property, plant and equipment and prepaid lease payments	投入物業、廠房及設備及預付租賃款	144,319	7,503	12,867	3,795	168,484
Depreciation	折舊	14,745	17,798	15,914	4,896	53,353
Amortisation of prepaid lease payment	預付租賃款攤銷	-	-	-	830	830

二零零七年

其他資料

		Cornstarch 玉米澱粉 RMB'000 人民幣千元	Lysine 賴氨酸 RMB'000 人民幣千元	Electricity and steam 電力及蒸汽 RMB'000 人民幣千元	Unallocated 未分配資產 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Assets	資產					
Capital additions of property, plant and equipment	投入物業、廠房及設備	1,383	30,936	2,765	4,195	39,279
Depreciation	折舊	11,943	14,732	16,505	3,249	46,429
Amortisation of prepaid lease payments	預付租賃款攤銷	-	-	-	939	939

(b) 地區分部

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

6 Other income

6 其他收入

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Government grants received for being a manufacturer of lysine and its related products (Notes (i), (ii) and (iii))	作為賴氨酸及其相關產品的製造商而獲取的政府補助(附註(i), (ii)及(iii))	5,737	1,000
Amortisation of staff quarters rental income (Note 28)	員工宿舍租金收入攤銷(附註28)	2,476	811
Amortisation of steam connection income (Note 28)	蒸汽接駁收入攤銷(附註28)	1,932	1,167
Realised gain arising on injecting property, plant and equipment and land use right as capital to an associate	向一家聯營公司注入物業、廠房及設備和土地使用權作為注資產生的已變現收益	430	430
Gain on sales of scrap of coal and oil	銷售煤屑及廢油的收益	1,744	509
Gain on disposal of leasehold land (Notes (iv) and (v))	出售租賃土地的收益(附註(iv)及(v))	-	24,402
Others	其他	3,950	3,376
		16,269	31,695

Note:

附註：

- (i) Government grant of RMB5,000,000 was paid by 壽光市科學技術局 (Shouguang Technology Bureau) for the year ended 31 December 2008 in respect of the development of 65% lysine technology. It was granted at the discretion of the government and was not recurring in nature.
- (ii) Government grant of RMB737,000 was paid by 壽光市財政局 (Shouguang City Finance Bureau) for the year ended 31 December 2008 to support a subsidiary, 山東壽光巨能金玉米開發有限公司 (Shandong Shouguang Juneng Golden Corn Development Co., Ltd.) ("Golden Corn"), being one of the largest agricultural businesses in the city and the application of environmental-friendly and energy-saving facilities. It was granted at the discretion of the government and was not recurring in nature.
- (iii) Government grant of RMB1,000,000, for the year ended 31 December 2007 was paid to Golden Corn by 壽光市聖城街道辦事處財政所 (Finance office of Shouguang Shengcheng Street Office) to support the use of advanced technology in the production of lysine. It was granted at the discretion of the government and was not recurring in nature.

- (i) 壽光市科學技術局於截至二零零八年十二月三十一日止年度就開發65%賴氨酸技術支付政府補助人民幣5,000,000元。這項授出乃由政府酌情決定及並非經常性質。
- (ii) 壽光市財政局於截至二零零八年十二月三十一日止年度支付政府補助人民幣737,000元，以支持附屬公司山東壽光巨能金玉米開發有限公司(「金玉米」)成為市內最大的農務企業之一與採用環保及節能設施。這項授出乃由政府酌情決定及並非經常性質。
- (iii) 於壽光市聖城街道辦事處財政所於截至二零零七年十二月三十一日止年度支付政府補助人民幣1,000,000元予金玉米，以支持使用先進科技生產賴氨酸。這項授出乃由政府酌情決定及並非經常性質。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

6 Other income (Continued)

Note: (Continued)

- (iv) Gain on disposal of leasehold land of RMB24,332,000 for the year ended 31 December 2007 was arising from the disposal of leasehold land with a carrying amount of RMB6,045,000 to 壽光市土地儲備中心 (Shouguang Land Reserves).
- (v) Gain on disposal of leasehold land of RMB70,000 for the year ended 31 December 2007 was arising from the disposal of leasehold land with a carrying amount of RMB47,000 to 壽光市供電公司 (Electricity Supply Company of Shouguang City).

7 Finance income**6 其他收入(續)**

附註:(續)

- (iv) 截至二零零七年十二月三十一日止年度止出售租賃土地予壽光市土地儲備中心的收益人民幣24,332,000元乃產生自出售賬面值為人民幣6,045,000元的租賃土地。
- (v) 截至二零零七年十二月三十一日止年度止出售租賃土地予壽光市供電公司的收益人民幣70,000元乃產生自出售賬面值為人民幣47,000元的租賃土地。

7 融資收入

	2008	2007
	二零零八年	二零零七年
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Interest income on bank deposits 銀行存款的利息收入	3,852	8,756

8 Finance costs**8 融資成本**

	2008	2007
	二零零八年	二零零七年
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Imputed interest on employee housing deposits 員工房屋保證金的估算利息	2,034	910
Imputed interest on loan from a shareholder 一名股東貸款的估算利息	-	5,939
Interest on bank borrowing wholly repayable within 5 years 須於五年內全數償還的銀行借款利息	1,694	13,646
	3,728	20,495

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

9 Profit before taxation

Profit before taxation has been arrived at after charging/
(crediting):

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Depreciation of property, plant and equipment	物業、廠房及設備折舊	53,353	46,429
Amortisation of prepaid lease payments	預付租賃款的攤銷	830	939
Total depreciation and amortisation	折舊及攤銷總額	54,183	47,368
(Gain)/loss on disposal of property, plant and equipment	出售物業、廠房及設備 的(收益)/虧損	(173)	970
Net foreign exchange loss	匯兌虧損淨額	7,406	2,509
Cost of inventories recognised as expenses	確認為支出的存貨成本	1,224,103	1,002,070
Provision for impairment of inventories	存貨減值撥備	3,839	-
Operating lease payments	經營租賃金額	552	196
Employee benefits expense including directors' emoluments (Note 11)	僱員福利開支 包括董事薪酬(附註11)	45,948	27,967
Research and development expenses	研究及開發費用	1,151	774
Auditor's remuneration	核數師薪酬	1,197	2,676
Listing expenses	上市開支	-	8,814

10 Income tax expenses

No provision for Hong Kong profits tax has been made as the Group entities' profit neither arose in nor was derived from Hong Kong during both years. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

10 所得稅支出

由於本集團之實體於兩個年度內並無在香港產生或賺取利潤，故並無就香港利得稅作出撥備。海外利得稅則按照年內估計應課稅利潤依本集團經營業務國家的現行稅率計算。

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Current PRC income tax	即期中國所得稅	9,778	-
Deferred tax (Note 27)	遞延稅項(附註27)	977	185
		10,755	185

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

10 Income tax expenses (Continued)

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

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Profit before taxation	除稅前利潤	105,981	203,905
Tax at the foreign enterprise income tax rate at 25% (2007: 27%)	以外國企業所得稅率25% (二零零七年: 27%)計算的稅項	26,495	55,055
Tax effect of share of result of an associate net of tax	應佔一家聯營公司業績扣除稅項的稅務影響	(1,611)	641
Effect of different tax rate	不同稅率的影響	(15,719)	(60,956)
Tax effect of expenses that are not deductible in determining taxable profit	釐定應課稅利潤時不可扣減的開支的稅務影響	5,187	7,190
Tax effect of income not taxable	毋須課稅收入的稅務影響	(548)	(1,814)
Change of deferred taxation resulting from the applicable change in tax rate	適用稅率改變產生的遞延稅項變動	-	69
Tax loss for which no deferred tax asset was recognised	無確認遞延稅項資產下的稅務虧損	4,357	-
Reduction of income tax in respect of tax benefit	就稅務利益減少所得稅	(7,406)	-
		10,755	185

Note:

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Tax Law") by Order No. 63 of the President of the People's Republic of China. On 26 December 2007, the State Council of the PRC issued the Notice of the Implementation of the Grandfathering Preferential Policies under the New Tax Law (the "Notice"), (Guofa [2007] No. 39) the applicable tax rate for all the PRC enterprises will change to 25% from 1 January 2008. The Notice provides a five-year transition period from its effective date for those enterprises which were established before the promulgation date of the New Tax Law and which were entitled to a preferential lower tax rate under the then effective tax laws or regulations. Thus, Golden Corn can still entitle to 50% relief of PRC Foreign Enterprise Income Tax for the next three years from 2008.

Further under the New Tax Law, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business in the PRC but whose relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding tax (depending on the applicable tax rate on the treaty) on various types of passive income such as dividends derived from sources within the PRC.

10 所得稅支出(續)

本年度稅項開支可與除稅前利潤對賬如下：

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Profit before taxation	除稅前利潤	105,981	203,905
Tax at the foreign enterprise income tax rate at 25% (2007: 27%)	以外國企業所得稅率25% (二零零七年: 27%)計算的稅項	26,495	55,055
Tax effect of share of result of an associate net of tax	應佔一家聯營公司業績扣除稅項的稅務影響	(1,611)	641
Effect of different tax rate	不同稅率的影響	(15,719)	(60,956)
Tax effect of expenses that are not deductible in determining taxable profit	釐定應課稅利潤時不可扣減的開支的稅務影響	5,187	7,190
Tax effect of income not taxable	毋須課稅收入的稅務影響	(548)	(1,814)
Change of deferred taxation resulting from the applicable change in tax rate	適用稅率改變產生的遞延稅項變動	-	69
Tax loss for which no deferred tax asset was recognised	無確認遞延稅項資產下的稅務虧損	4,357	-
Reduction of income tax in respect of tax benefit	就稅務利益減少所得稅	(7,406)	-
		10,755	185

附註：

於二零零七年三月十六日，中國根據中華人民共和國主席令第63號頒佈了中華人民共和國企業所得稅法(「新稅法」)。於二零零七年十二月二十六日，中國國務院發佈《關於實施企業所得稅過渡優惠政策的通知》(「通知」)(國發[2007]39號)，由二零零八年一月一日起，所有中國企業的適用稅率將改為25%。對於在新稅法頒佈日期前成立及根據成立當時的有效稅法或規例享有較低稅率優惠的企業，新稅法自生效日期起給予為期五年的過渡期。因此，金玉米由二零零八年起往後三年仍獲享中國外資企業的所得稅減半。

此外，根據新稅法，非居民企業於中國並無成立或業務地點，或於中國有成立或業務地點但有關收入與中國成立或業務地點並無有效關連，將須就各種被動收入(例如來自中國境內的股息)繳納預提稅(視乎契約訂明的適用稅率)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

10 Income tax expenses (Continued)

Note: (Continued)

According to the notice Caishui 2008 No. 1 released by the Ministry of Finance and the State Administration of Taxation, distributions of the pre-2008 retained profits of a foreign-invested enterprise to a foreign investor in 2008 or after are exempt from withholding tax. Therefore, the retained profits at 31 December 2007 in the Group's foreign-invested enterprises' books and accounts will not be subject to withholding tax on future distributions.

11 Employee benefit expenses

Wages and salaries	工資及薪金
Pension cost	退休金費用
Staff welfares	員工福利

10 所得稅支出(續)

附註：(續)

根據財政部及國家稅務總局下發的通知財稅2008第1號，如外資企業將二零零八年前的留存利潤於二零零八年或以後分配予境外投資者，則免繳預提稅。因此，本集團外資企業於二零零七年十二月三十一日的賬冊及賬目內的留存利潤將毋須於將來分派時繳納預提稅。

11 僱員福利開支

		2008	2007
		二零零八年	二零零七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		34,162	23,578
		6,767	2,995
		5,019	1,394
		45,948	27,967

No forfeited contributions are available to reduce the contribution payable by the Group in future years.

並無被沒收的供款可用作扣減本集團未來年度的應付供款。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

12 Emoluments for directors and five highest paid individuals**12 董事及五名最高薪人士的薪酬****(a) Directors' emoluments****(a) 董事薪酬**

		Basic salaries and allowance	Bonus	Retirement benefit contribution	Total
		基本薪金 及津貼	花紅	退休 福利供款	總額
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
2008	二零零八年				
Executive directors	執行董事				
Tian Qixiang	田其祥	516	500	-	1,016
Yu Yingquan	于英全	300	500	-	800
Gao Shijun	高世軍	360	500	16	876
Liu Xianggang	劉象剛	252	500	16	768
		1,428	2,000	32	3,460
Independent non-executive directors	獨立非執行董事				
Dong Yanfeng	董延豐	50	-	-	50
Yu Shumin	余淑敏	50	-	-	50
Cao Zenggong	曹增功	30	-	-	30
Yue Kwai Wa, Ken	余季華	89	-	-	89
		219	-	-	219
		1,647	2,000	32	3,679

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

12 Emoluments for directors and five highest paid individuals (Continued)

(a) Directors' emoluments (Continued)

12 董事及五名最高薪人士的薪酬(續)

(a) 董事薪酬(續)

		Basic salaries and allowance 基本薪金 及津貼 RMB'000 人民幣千元	Bonus 花紅 RMB'000 人民幣千元	Retirement benefit contribution 退休 福利供款 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
2007	二零零七年				
Executive directors	執行董事				
Tian Qixiang	田其祥	166	–	–	166
Yu Yingquan	于英全	97	–	–	97
Gao Shijun	高世軍	201	–	13	214
Liu Xianggang	劉象剛	150	–	13	163
		614	–	26	640
Independent non-executive directors	獨立非執行董事				
Dong Yanfeng	董延豐	13	–	–	13
Yu Shumin	余淑敏	13	–	–	13
Cao Zenggong	曹增功	8	–	–	8
Yue Kwai Wa, Ken	余季華	32	–	–	32
		66	–	–	66
Total	總計	680	–	26	706

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

12 Emoluments for directors and five highest paid individuals (Continued)**(b) Five highest paid individuals**

Of the five individuals with the highest emoluments in the Group, four (2007: three) were directors of the Company whose emoluments are presented above. The emoluments of the remaining one (2007: two) individual were as follows:

		2008	2007
		二零零八年	二零零七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Employees	僱員		
– basic salaries and allowance	–基本薪金及津貼	551	785
– retirement benefits scheme contributions	– 退休福利計劃供款	8	13
		559	798

Their emoluments were all ranged within HK\$1,000,000.

- (c) During the year, no emoluments have been paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

12 董事及五名最高薪人士的薪酬(續)**(b) 五名最高薪人士**

本集團五名最高薪人士中，四名(二零零七年：三名)為本公司的董事，彼等的薪酬於上文呈列。餘下一名(二零零七年：兩名)最高薪人士的薪酬如下：

	2008	2007
	二零零八年	二零零七年
	RMB'000	RMB'000
	人民幣千元	人民幣千元

彼等的薪酬均不超過1,000,000港元。

- (c) 年內，本集團概無向董事或五名最高薪人士支付酬金，作為吸引加入或加入本集團時的獎勵或作為失去職位的補償。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

13 Earnings per share

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

	2008	2007
	二零零八年	二零零七年
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to equity holders of the Company)	98,234	203,720
	2008	2007
	二零零八年	二零零七年
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,612,500,000	1,628,125,000

The weighted average number of ordinary shares for the purpose of basic earnings per share for 2007 has been adjusted for the bonus issue made on 16 May 2008.

No diluted earnings per share has been presented because no dilutive potential ordinary shares exist for both 2008 and 2007.

14 Dividends

The dividends paid in 2008 was RMB17,870,000 (HK3.83 cents per share). Prior to the listing of the Company's share on the Stock Exchange in September 2007, the dividend of RMB70,794,000 was paid by the Company to Merry Boom, the ultimate holding company for the year ended 31 December 2007.

13 每股盈利

本公司普通股權持有人應佔每股基本盈利乃按以下基準計算：

	2008	2007
	二零零八年	二零零七年
	RMB'000	RMB'000
	人民幣千元	人民幣千元
盈利		
就計算每股基本盈利的盈利 (本公司權益持有人 應佔本年度利潤)	98,234	203,720
	2008	2007
	二零零八年	二零零七年
股份數目		
就計算每股基本盈利的 普通股加權平均數	2,612,500,000	1,628,125,000

就計算二零零七年每股基本盈利之普通股加權平均數，已就二零零八年五月十六日進行紅股發行而作出調整。

由於二零零八年及二零零七年均無可攤薄潛在普通股，故並無呈列每股攤薄盈利。

14 股息

於二零零八年支付的股息為人民幣17,870,000港元(每股3.83港仙)。本公司在其股份於二零零七年九月在聯交所上市前，已向最終控股公司怡興派付截至二零零七年十二月三十一日止年度的股息人民幣70,794,000元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

14 Dividends (Continued)

A final dividend of HK1.14 cents per share has been proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

14 股息(續)

董事擬派發末期股息每股1.14港仙，惟須待股東於即將舉行的股東週年大會上批准，方可作實。

		2008	2007
		二零零八年	二零零七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Interim dividend	中期股息	-	70,794
Final dividend, proposed of HK1.14 cents (2007: HK3.83 cents) per ordinary share	末期股息，擬派每股普通股1.14港仙 (二零零七年：3.83港仙)	26,265	17,870
		26,265	88,664

15 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 extend of RMB43,009,000 (2007: RMB56,790,000).

15 本公司權益持有人應佔利潤

本公司權益持有人應佔利潤在本公司的財務報表中為人民幣43,009,000元（二零零七年：人民幣56,790,000元）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度16 Property, plant and equipment
Group16 物業、廠房及設備
本集團

		Buildings	Plant and machinery	Motor vehicles	Other machinery	Plant and equipment under construction	Total
		樓宇	廠房及機器	汽車	其他機器	在建廠房及設備	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Cost	成本						
At 1 January 2007	於二零零七年一月一日	246,982	363,946	4,274	8,981	559	624,742
Additions	添置	1,645	1,812	1,208	700	33,914	39,279
Transfer from plant and equipment under construction	由在建廠房及設備轉撥						
Disposals	出售	(210)	(1,375)	(474)	(46)	-	(2,105)
At 31 December 2007	於二零零七年十二月三十一日	251,467	395,575	5,008	9,671	195	661,916
Additions	添置	12,271	55,618	2,042	14,729	83,633	168,293
Transfer from plant and equipment under construction	由在建廠房及設備轉撥						
Disposals	出售	(74)	(2,344)	(156)	(200)	-	(2,774)
At 31 December 2008	於二零零八年十二月三十一日	275,169	488,426	6,894	32,177	24,769	827,435
Accumulated depreciation and impairment	累計折舊及減值						
At 1 January 2007	於二零零七年一月一日	59,396	125,530	1,557	4,383	-	190,866
Depreciation charge for the year	年內折舊費用	10,601	34,101	687	1,040	-	46,429
Disposals	出售	(30)	(496)	(333)	(38)	-	(897)
At 31 December 2007	於二零零七年十二月三十一日	69,967	159,135	1,911	5,385	-	236,398
Depreciation charge for the year	年內折舊費用	9,142	40,394	974	2,843	-	53,353
Disposals	出售	(74)	(1,685)	(65)	(198)	-	(2,022)
At 31 December 2008	於二零零八年十二月三十一日	79,035	197,844	2,820	8,030	-	287,729
Net carrying value	賬面淨值						
At 31 December 2008	於二零零八年十二月三十一日	196,134	290,582	4,074	24,147	24,769	539,706
At 31 December 2007	於二零零七年十二月三十一日	181,500	236,440	3,097	4,286	195	425,518

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

16 Property, plant and equipment (Continued)**Group (Continued)**

Pursuant to the provisional sales and purchase agreement (“Agreement”) entered into between a subsidiary, 臨清德能金玉米生物有限公司 (Linqing Deneng Golden Corn Bio Limited) (“Deneng Golden Corn”), and a minority shareholder, Linqing Deneng Bio Technology Limited (“Deneng Bio Tech”), on 9 April 2008, the Group purchased machinery and equipment of RMB105,529,000 during the year ended 31 December 2008 and has also paid deposit of RMB18,000,000 for additional purchase of property and building from Deneng Bio Tech. In addition, the Group has also agreed to acquire a land use right from Deneng Bio Tech at the lower of the costs incurred by Deneng Bio Tech and RMB20,000,000 (note 35). If the land use right cannot be obtained by 31 December 2009 (the “Completion Date”), the Group can exercise its right under this Agreement to extend the Completion Date or seek for a full repayment on the costs incurred in the acquisition of property, plant and equipment as at 31 December 2008 and any subsequent additional costs from Deneng Bio Tech. As at 31 December 2008, Deneng Bio Tech is still in the process of applying for the land use right.

As at 31 December 2008, the Group did not pledge any property, plant and equipment (2007: RMB69,055,000) to secure general banking facilities.

16 物業、廠房及設備(續)**本集團(續)**

根據附屬公司臨清德能金玉米生物有限公司(「德能金玉米」)與少數股東臨清德能生物科技有限公司(「德能生物科技」)於二零零八年四月九日訂立的臨時買賣協議(「該協議」)，本集團於截至二零零八年十二月三十一日止年度購入價值人民幣105,529,000元的機器及設備，並已就向德能生物科技購買額外物業及樓宇而支付按金人民幣18,000,000元。此外，本集團亦已同意向德能生物科技收購土地使用權，代價為德能生物科技涉及的費用與人民幣20,000,000元兩者中的較低者(附註35)。倘於二零零九年十二月三十一日(「完成日期」)前仍未能取得土地使用權，本集團可行使其於該協議下的權利以押後完成日期，或要求德能生物科技全數償還收購物業、廠房及設備而於二零零八年十二月三十一日涉及的費用及任何後續額外成本。於二零零八年十二月三十一日，德能生物科技仍正在申請土地使用權。

於二零零八年十二月三十一日，本集團並無抵押任何物業、廠房及設備(二零零七年：人民幣69,055,000元)以獲取一般銀行信貸。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

18 Subsidiaries**(a) Investments in subsidiaries****18 附屬公司****(a) 投資附屬公司**

		Company	
		本公司	
		2008	2007
		二零零八年	二零零七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Unlisted investments, at cost:	非上市投資，以成本計：	159,121	159,121

The following is a list of subsidiaries at 31 December 2008:

於二零零八年十二月三十一日的附屬公司表列如下：

Name of companies	Place of incorporation	Place of operation	Issued and fully paid up/ registered capital	Interest held (%)	Principal activities
公司名稱	註冊成立地點	經營地點	已發行及繳足／註冊資本	所持權益 (%)	主要業務
Sourcestar Worldwide Inc.	BVI	Hong Kong	US\$240 ordinary shares	100	Investment holding
Sourcestar Worldwide Inc.	英屬維爾京群島	香港	240美元的普通股	100	投資控股
China Starch Group Limited	Hong Kong	Hong Kong	HK\$1 ordinary share	100	Investment holding
中國澱粉集團有限公司	香港	香港	1港元的普通股	100	投資控股
Golden Corn ^{1,2}	PRC	RPC	RMB380,000,000	100	Manufacturing and sale of cornstarch, lysine and their related products
金玉米 ^{1,2}	中國	中國	人民幣380,000,000元	100	製造及銷售玉米澱粉、賴氨酸及其相關產品
Deneng Golden Corn ^{1,3}	PRC	RPC	RMB128,000,000	85.94	Manufacturing and sale of cornstarch and related products
德能金玉米 ^{1,3}	中國	中國	人民幣128,000,000元	85.94	製造及銷售玉米澱粉及相關產品

¹ Subsidiaries are held indirectly by the Company.

¹ 本公司間接持有的附屬公司。

² The entity is a wholly foreign owned enterprise.

² 該實體為一家全外資企業。

³ The entity is an equity joint venture enterprise.

³ 該實體為一家合資經營企業。

(b) Amounts due from subsidiaries

The amounts due from subsidiaries were non-trade, interest free, unsecured and repayable on demand.

(b) 應收附屬公司款項

應收附屬公司款項為非貿易、免息及按要求時償還。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

19 Interest in an associate

19 於一家聯營公司的權益

		Group 本集團	
		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Unlisted investment, at cost	非上市投資(按成本)	38,186	38,186
Less: Unrealised gain arising on injecting property, plant and equipment and land use right as capital contribution	減：注入物業、廠房及設備及土地使用權作為注資的未變現收益	(3,133)	(3,563)
Share of post-acquisition profits/(losses)	佔收購後利潤/(虧損)	1,464	(4,980)
		36,517	29,643

As at 31 December 2008 and 2007, details of the Group's interest in the associate, 壽光金遠東變性澱粉有限公司 (Shouguang Golden Far East Modified Starch Co., Ltd.) are as follows:

於二零零八年及二零零七年十二月三十一日，本集團於聯營公司壽光金遠東變性澱粉有限公司的權益的詳情如下：

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

19 Interest in an associate (Continued)

Summarised financial information of the Group's associate is as follows:

19 於一家聯營公司的權益 (續)

本集團聯營公司的財務資料概述如下：

		2008	2007
		二零零八年	二零零七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Total assets	總資產	105,446	99,994
Total liabilities	總負債	(24,527)	(32,226)
Net assets	淨資產	80,919	67,768
		2008	2007
		二零零八年	二零零七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Revenue	收入	216,229	158,800
Profit/(loss) for the year	本年度利潤／(虧損)	13,151	(4,848)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

20 Inventories

		Group 本集團	
		2008	2007
		二零零八年	二零零七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Raw materials	原材料	61,226	87,526
Work in progress	在製品	7,168	9,921
Finished goods	製成品	63,898	20,248
		132,292	117,695

The cost of inventories recognised as expense and included in "cost of goods sold" amounted to RMB1,224,103,000 (2007: RMB1,002,070,000).

確認為支出及包含在「銷貨成本」的存貨成本為人民幣1,224,103,000元(二零零七年：人民幣1,002,070,000元)。

The provision for impairment of inventories recognised as expense and included in "cost of goods sold" amounted to RMB3,839,000 (2007: Nil).

確認為支出及包含在「銷貨成本」的存貨減值撥備為人民幣3,839,000元(二零零七年：無)。

21 Trade and other receivables

		Group 本集團		Company 本公司	
		2008	2007	2008	2007
		二零零八年	二零零七年	二零零八年	二零零七年
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Trade receivables	貿易應收款	43,105	42,146	-	-
Bank acceptance bills	銀行承兌票據	63,548	99,734	-	-
Other receivables	其他應收款	6,902	2,679	259	143
		113,555	144,559	259	143

21 貿易及其他應收款

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

21 Trade and other receivables (Continued)

The Group normally grants 0 to 60 days credit period to customers.

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

		Group 本集團		Company 本公司	
		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
0 – 30 days	零至三十日	38,138	39,337	-	-
31 – 60 days	三十一至六十日	1,474	1,134	-	-
61 – 90 days	六十一至九十日	51	519	-	-
Over 90 days	九十日以上	3,442	1,156	-	-
		43,105	42,146	-	-

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

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB4,316,000 (2007: RMB2,746,000) which are past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

21 貿易及其他應收款(續)

本集團一般給予客戶零至六十日的信貸期。

以下為於結算日貿易應收款的賬齡分析：

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

本集團貿易應收款結餘包括賬面總值為人民幣4,316,000元(二零零七年：人民幣2,746,000元)的應收賬款，為已到期但未減值。該等結餘與過往並無違責紀錄的多名獨立客戶有關。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度**21 Trade and other receivables** (Continued)

Ageing analysis of trade receivables which are past due but not impaired is shown as follows:

		Group		Company	
		本集團	本公司	本公司	本公司
		2008	2007	2008	2007
		二零零八年	二零零七年	二零零八年	二零零七年
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
0 – 30 days	零至三十日	110	–	–	–
31 – 60 days	三十一至六十日	713	1,071	–	–
61 – 90 days	六十一至九十日	51	519	–	–
Over 90 days	九十日以上	3,442	1,156	–	–
		4,316	2,746	–	–

Included in the trade receivables are amounts from related companies amounted to RMB6,428,000 (2007: RMB13,772,000). No impairment has been made to receivables from related companies.

貿易應收款包括應收關連公司款項人民幣6,428,000元(二零零七年: 人民幣13,772,000元)。應收關連公司的款項並無作出任何減值。

Bank acceptance bills

		Group		Company	
		本集團	本公司	本公司	本公司
		2008	2007	2008	2007
		二零零八年	二零零七年	二零零八年	二零零七年
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Discounted bills	貼現票據	–	22,220	–	–
Endorsed bills	背書票據	27,651	32,528	–	–
Bills on hand	其他票據	35,897	44,986	–	–
		63,548	99,734	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

21 Trade and other receivables (Continued)**Bank acceptance bills (Continued)**

The bank acceptance bills are normally with maturity period of 180 days (2007: 180 days). There is no recent history of default on bank acceptance bills.

As at 31 December 2008 and 2007, the other receivables aged between 0-30 days.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

21 貿易及其他應收款(續)**銀行承兌票據(續)**

銀行承兌票據一般到期期限為一百八十日(二零零七年：一百八十日)。銀行承兌票據過往並無違責紀錄。

於二零零八年及二零零七年十二月三十一日，其他應收款的賬齡為零至三十日。

本集團以下列貨幣列值的貿易及其他應收款的賬面值如下：

		Group		Company	
		本集團		本公司	
		2008	2007	2008	2007
		二零零八年	二零零七年	二零零八年	二零零七年
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
United State Dollars	美元	-	1,077	-	36
Hong Kong Dollars	港元	405	229	255	36
British Pound	英鎊	4	41	4	41
Euro	歐元	2,437	30	-	30
Renminbi	人民幣	110,709	143,182	-	-
		113,555	144,559	259	143

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

22 Amount due from a related company

22 應收關連公司款項

	Group		Company			
	本集團		本公司			
	2008	2007	2008	2007		
	二零零八年	二零零七年	二零零八年	二零零七年		
	RMB'000	RMB'000	RMB'000	RMB'000		
	人民幣千元	人民幣千元	人民幣千元	人民幣千元		
Merry Boom (Note)		怡興(附註)	-	230	-	256

Note:

Merry Boom is the ultimate holding company of the Group and is a connected person of the Company under Chapter 14A of the Listing Rules. The amount due from Merry Boom was non-trade, interest-free, unsecured and repayable on demand.

Maximum balance outstanding during the year:

附註:

怡興為本集團的最終控股公司，並根據上市規則第14A章為本公司的關連人士。應收怡興的款項為非貿易性質、免息、無抵押及於要求時償還。

於年內最高結欠額：

	Group		Company			
	本集團		本公司			
	2008	2007	2008	2007		
	二零零八年	二零零七年	二零零八年	二零零七年		
	RMB'000	RMB'000	RMB'000	RMB'000		
	人民幣千元	人民幣千元	人民幣千元	人民幣千元		
Merry Boom		怡興	400	2,929	427	2,091

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

23 Cash and bank balances and pledged bank deposits

23 現金及銀行結餘及已抵押銀行存款

		Group 本集團		Company 本公司	
		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Cash and cash equivalents:	現金及現金等價物：				
Cash at bank and in hand (Note (a))	銀行存款及手頭現金(附註(a))	207,497	340,603	3,587	22,385
Short-term bank deposits (Note (b))	短期銀行存款(附註(b))	35,328	22,045	5,473	–
		242,825	362,648	9,060	22,385
Pledged bank deposits	已抵押銀行存款	–	2,000	–	–
		242,825	364,648	9,060	22,385

Cash and bank balances and pledged bank deposits are denominated in the following currencies:

現金及銀行結餘及已抵押銀行存款以下列貨幣列值：

		Group 本集團		Company 本公司	
		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
United State Dollars	美元	574	544	–	–
Hong Kong Dollars	港元	33,442	54,010	3,587	4,086
British Pound	英鎊	5,473	9,052	5,473	9,052
Euro	歐元	–	9,247	–	9,247
Renminbi (Note (d))	人民幣(附註(d))	203,336	291,795	–	–
		242,825	364,648	9,060	22,385

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

23 Cash and bank balances and pledged bank deposits *(Continued)*

Note:

- (a) Cash at banks earns interest at floating rates based on daily bank deposit rates.
- (b) Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates.
- (c) The bank balances and pledged deposits are deposited with credit worthy banks with no recent history of defaults. The carrying amounts of the cash and cash equivalents approximate their fair values.
- (d) The Group's bank balances and deposits denominated in RMB are deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies and the remittance of funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the government of the PRC.

23 現金及銀行結餘及已抵押銀行存款 (續)

附註：

- (a) 銀行存款乃根據每日銀行存款利率按浮息賺取利息。
- (b) 短期定期存款的存放期由一日至三個月不等，視乎本集團的即時現金需求而定，並按相應的短期定期存款利率賺取利息。
- (c) 銀行結餘及已抵押存款乃存於信譽良好且過往並無違責紀錄的銀行。現金及現金等價物的賬面值與其公平值相若。
- (d) 本集團以人民幣列值的銀行結餘及存款乃存入中國的銀行。兌換該等以人民幣為單位的結存為外幣及將資金匯出中國以外須遵守中國政府頒佈的外匯管制規則及規例。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

24 Trade and other payables

24 貿易及其他應付款

		Group 本集團		Company 本公司	
		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Trade payables	貿易應付款	58,053	56,237	-	-
Bills payable	應付票據	-	2,000	-	-
Total trade payables	貿易應付款總額	58,053	58,237	-	-
Advances from customers	客戶墊支	29,868	24,124	-	-
Deposits	訂金	7,569	4,709	-	-
Sales commission	銷售佣金	4,320	2,517	-	-
Other tax payables	其他應付稅項	13,684	13,303	-	-
Accrued expenses	應計費用	1,719	3,007	3,698	1,374
Payroll and welfare payables	應付薪金及福利	5,817	34	-	-
Payable for construction and equipment	建築及設備應付	22,544	20,685	-	-
Others	其他	8,889	6,644	-	-
		94,410	75,023	3,698	1,374
		152,463	133,260	3,698	1,374

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

以下為於結算日貿易應付款的賬齡分析：

		Group 本集團		Company 本公司	
		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
0 – 60 days	零至六十日	32,874	36,846	-	-
61 – 90 days	六十一至九十日	9,997	4,540	-	-
Over 90 days	九十日以上	15,182	16,851	-	-
Total	合計	58,053	58,237	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

24 Trade and other payables (Continued)

Included in the trade payables are payables to related companies amounted to RMB160,000 (2007: Nil).

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

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

24 貿易及其他應付款(續)

貿易應付款包括應付關連公司的款項人民幣160,000元(二零零七年：無)。

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

本集團以下列貨幣列值的貿易及其他應付款的賬面值如下：

		Group 本集團		Company 本公司	
		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
United State Dollars	美元	3,067	3,251	-	-
Hong Kong Dollars	港元	1,719	1,440	1,698	1,374
Renminbi	人民幣	147,677	128,569	2,000	-
		152,463	133,260	3,698	1,374

25 Employee housing deposits**25 員工房屋保證金**

		Group 本集團	
		At 31 December 於十二月三十一日 2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Basic deposit portion	基本保證金部分	26,499	26,846
Original amount of instalment portion	分期付款部分的原來金額	12,407	21,300
Less: imputed interest adjustment on initial recognition	減：初步確認的估算利息調整	-	(2,034)
		12,407	19,266
Instalment portion refundable:	可退回分期付款部分：		
Within 1 year	一年內	12,407	3,857
Between 1 and 2 years	一年至兩年	-	4,817
Between 2 and 5 years	兩年至五年	-	10,592
		12,407	19,266
Less: Instalment portion refundable within 1 year shown under current liabilities	減：列於流動負債項下一年內 到期的可退回分期付款部分	(12,407)	(3,857)
		-	15,409

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

25 Employee housing deposits (Continued)

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

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

The imputed interest of instalment portion on initial recognition and recognition of interest expense is determined with reference to the bank deposit rate of 3.88% per annum. In light of the strong cashflow position, the directors of Golden Corn passed a resolution on 28 November 2008 to repay all the remaining instalment portion of employee housing deposit in March 2009. Therefore, the imputed interest of instalment portion has been reversed and charged to consolidated income statement.

25 員工房屋保證金(續)

本集團向員工提供宿舍，旨在鼓勵其為本集團長期服務。這些宿舍由本集團建造，定期供員工申請。由於員工宿舍求過於供，且涉及龐大建設成本，員工須向本集團繳付房屋保證金。本集團利用從員工收取的房屋保證金作為一般營運資金。

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

分期付款部分估算利息的初次確認及利息開支的確認是參照銀行存款年利率3.88厘而釐定。鑑於現金流量狀況穩健，金玉米的董事於二零零八年十一月二十八日通過決議案，於二零零九年三月償還員工房屋保證金的所有餘下分期部分。因此，分期部分的估算利息已撥回及計入綜合收益表。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

26 Borrowings

26 借款

		Group 本集團	
		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Bank loans	銀行貸款	-	102,220
Government loan (Note)	政府貸款(附註)	9,750	9,750
		9,750	111,970
Secured	有抵押	-	52,220
Unsecured	無抵押	9,750	59,750
		9,750	111,970
Carrying amount payables:	應付賬面值：		
Within 1 year	一年內	1,551	92,885
Between 1 and 2 years	一年至兩年	886	886
Between 2 and 5 years	兩年至五年	2,659	12,659
Over 5 years	超過五年	4,654	5,540
		9,750	111,970
Less: Amount due within one year shown under current liabilities	減：在流動負債項下一年內 到期的金額	(1,551)	(92,885)
		8,199	19,085

Note:

Government loan represented government assistance provided to Golden Corn, for its corn refinery production by Finance Bureau of Shouguang City in April 2004. The balance is unsecured, interest free and fully repayable by 6 April 2019. According to the loan agreement, the loan is repayable by 11 annual instalment commencing from 6 April 2008.

附註：

政府貸款指壽光市財政局於二零零四年四月就玉米深加工生產向金玉米提供的政府資助。該結欠乃無抵押、免息及須於二零一九年四月六日前悉數償還。根據貸款協議，貸款須於二零零八年四月六日起按年分十一期償還。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

26 Borrowings (Continued)

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

		2008	2007
		二零零八年	二零零七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Fixed-rate borrowings	定息貸款	9,750	81,970
Variable-rate borrowings	浮息貸款	-	30,000
		9,750	111,970

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

		2008	2007
		二零零八年	二零零七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Effective interest rate:	實際利率：		
Fixed-rate borrowings	定息貸款	0%	6.57%
Variable-rate borrowings	浮息貸款	-	6.3% to 7.74%

27 Deferred taxation

Deferred income taxes are calculated in respect of temporary differences under the liability method using the tax rates enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes and liabilities relate to income taxes levied by the same authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

26 借款(續)

於結算日，本集團的定息貸款及浮息貸款如下：

		2008	2007
		二零零八年	二零零七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Fixed-rate borrowings	定息貸款	9,750	81,970
Variable-rate borrowings	浮息貸款	-	30,000
		9,750	111,970

本集團借款的實際利率範圍(亦等於合約規定利率)如下：

		2008	2007
		二零零八年	二零零七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Effective interest rate:	實際利率：		
Fixed-rate borrowings	定息貸款	0%	6.57%
Variable-rate borrowings	浮息貸款	-	6.3% to 7.74%

27 遞延稅項

遞延所得稅乃根據債務法採用於結算日之前已經頒佈或實際上已經頒佈的稅率計算臨時差異。

當法律可強制以當期稅項資產抵銷當期稅項負債時，以及當遞延稅項資產及負債涉及同一個機關就課稅實體或有意以淨值基準償還結餘的不同課稅實體而徵收稅項的收入，遞延稅項資產及負債即被抵銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

27 Deferred taxation (Continued)

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

27 遞延稅項 (續)

本集團於年內確認的遞延稅項資產及其變動如下：

		Group 本集團			
		Realised gain on injecting property, plant and equipment and land use right as capital contribution 注入物業、 廠房及設備 和土地使用權 作為注資產生的 已變現收益 RMB'000 人民幣千元	Impairment of property, plant and equipment 物業、廠房 及設備 的減值 RMB'000 人民幣千元	Other 其他 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 1 January 2007	於二零零七年一月一日	(1,617)	2,321	664	1,368
Effect of change of tax rate	稅率改變的影響	128	(154)	(43)	(69)
Charged to consolidated income statement for the year	於年度綜合收益表扣除	(116)	-	-	(116)
At 1 January 2008	於二零零八年一月一日	(1,605)	2,167	621	1,183
Charged to consolidated income statement for the year	於年度綜合收益表扣除	(108)	(248)	(621)	(977)
At 31 December 2008	於二零零八年十二月三十一日	(1,713)	1,919	-	206

Deferred tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred tax assets of RMB4,357,000 (2007: Nil) in respect of losses amounting to RMB17,429,000 (2007: Nil) that can be carried forward against future taxable income. The unrecognised tax losses will expire in 2012.

遞延稅項資產乃因應相關稅務利益可透過未來應課稅利潤變現而就所結轉的稅務虧損作確認。本集團未確認的稅務虧損為人民幣4,357,000元(二零零七年：無)，乃關於可結轉至未來應課稅收入的虧損人民幣17,429,000元(二零零七年：無)。未確認稅務虧損將於二零一二年到期。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

27 Deferred taxation (Continued)

As at 31 December 2008, no deferred tax liabilities have been recognised in respect of the tax that would be payable on the distribution of the retained profits of the Group's foreign-invested enterprises as the Company controls the dividend policy of these foreign-invested enterprises and it is probable that such differences will not be reversed in the foreseeable future.

28 Deferred income

		Steam connection income 蒸汽接駁收入 RMB'000 人民幣千元	Staff quarters rental income 員工宿舍租金收入 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 1 January 2007	於二零零七年一月一日	8,844	3,287	12,131
Additions	增加	7,270	-	7,270
Amortisation for the year	本年度攤銷	(1,167)	(811)	(1,978)
At 1 January 2008	於二零零八年一月一日	14,947	2,476	17,423
Additions	增加	4,512	-	4,512
Amortisation for the year	本年度攤銷	(1,932)	(2,476)	(4,408)
At 31 December 2008	於二零零八年十二月三十一日	17,527	-	17,527

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

The deferred balance of staff quarters rental income is determined based on the difference between the nominal amount and the fair value of the instalment portion of the employee housing deposits (note 25) at initial recognition. It is amortised over the expected occupancy period of the staff quarter by the employees of 5 years on a straight-line basis.

In light of the strong cashflow position, the directors of Golden Corn passed a resolution on 28 November 2008 to repay all the remaining instalment portion of employee housing deposit in March 2009. Thus, the deferred balance of staff quarter rental income was amortised fully during the year.

27 遞延稅項(續)

於二零零八年十二月三十一日，由於本公司控制該等外資企業的股息政策，而有關差異有可能在可預見未來不會撥回，故並無就分派本集團外資企業留存利潤時應付的稅項確認遞延稅項負債。

28 遞延收入

	Group 本集團		
		Steam connection income 蒸汽接駁收入 RMB'000 人民幣千元	Staff quarters rental income 員工宿舍租金收入 RMB'000 人民幣千元
			Total 合計 RMB'000 人民幣千元
At 1 January 2007	於二零零七年一月一日	8,844	3,287
Additions	增加	7,270	-
Amortisation for the year	本年度攤銷	(1,167)	(811)
At 1 January 2008	於二零零八年一月一日	14,947	2,476
Additions	增加	4,512	-
Amortisation for the year	本年度攤銷	(1,932)	(2,476)
At 31 December 2008	於二零零八年十二月三十一日	17,527	-

蒸汽接駁收入指為客戶接駁蒸汽管道的已收／應收款。

員工宿舍租金遞延收入餘額是按員工房屋保證金(附註25)的分期付款部分於最初確認時的賬面值與公平值的差額釐定。該等款項以直線法在預期員工佔用員工宿舍期間五年內攤銷。

鑑於現金流量狀況穩健，金玉米的董事於二零零八年十一月二十八日通過決議，於二零零九年三月償還員工房屋保證金的所有餘下分期部分。因此，員工宿舍租金遞延收入餘額已於年內全數攤銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

29 Share capital

Movements in the Company's authorised share capital are as follows:

		Number of shares 股份數目	Share capital 股本
		'000 千股	HK\$'000 千港元
Authorised	法定		
At 1 January 2007	二零零七年一月一日	2,000	200
Increased on 5 September 2007 (Note (i))	於二零零七年九月五日 增加(附註(i))	998,000	99,800
At 31 December 2007	二零零七年十二月三十一日	1,000,000	100,000
Increased on 16 May 2008 (Note (ii))	於二零零八年五月十六日 增加(附註(ii))	9,000,000	900,000
At 31 December 2008	二零零八年十二月三十一日	10,000,000	1,000,000

29 股本

本公司的法定股本變動如下：

Movements in the Company's issued share capital are as follows:

本公司的已發行股本變動如下：

		Number of shares 股份數目	Share capital 股本	
		'000 千股	HK\$'000 千港元	RMB'000 人民幣千元
Issued and fully paid	已發行及繳足			
At 1 January 2007	二零零七年一月一日	1,500	150	151
Shares issued upon capitalisation (Note (iii))	資本化時發行股份(附註(iii))	348,000	34,800	33,589
Shares issued upon loan capitalisation (Note (iv))	貸款資本化時發行股份 (附註(iv))	500	50	48
Shares issued upon global offering (Note (v))	全球發售時發行股份(附註(v))	172,500	17,250	16,689
At 31 December 2007	二零零七年十二月三十一日	522,500	52,250	50,477
Bonus shares issued on 16 May 2008 (Note (vi))	二零零八年五月十六日 發行紅股(附註(vi))	2,090,000	209,000	187,285
At 31 December 2008	二零零八年十二月三十一日	2,612,500	261,250	237,762

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

29 Share capital (Continued)

Note:

- (i) Pursuant to shareholders' resolution dated 5 September 2007, the authorised share capital of the Company was increased from HK\$200,000 to HK\$100,000,000 by the creation of an additional 998,000,000 shares of HK\$0.1 each.
- (ii) Pursuant to the resolution passed in the extraordinary general meeting held at 16 May 2008, the authorised share capital of the Company was increased from HK\$100,000,000 to HK\$1,000,000,000 by the creation of an additional 9,000,000,000 shares of HK\$0.1 each.
- (iii) Pursuant to a shareholders' resolution dated 5 September 2007, 348,000,000 shares of HK\$0.1 each was issued to Merry Boom upon capitalisation at special reserves of the Company on 5 September 2007.
- (iv) Pursuant to a shareholders' resolution dated 5 September 2007, the Company issued 500,000 shares HK\$0.1 each to Merry Boom, as capitalisation of loan due to Merry Boom on 5 September 2007.
- (v) On 25 September 2007 and 22 October 2007, an aggregate of 172,500,000 shares of HK\$0.1 each in total were issued by way of placing to professional and institutional investors and public offering to the public at a price of HK\$2.22 per share including over-allotment shares.
- (vi) Pursuant to the resolution passed at the extraordinary general meeting held on 16 May 2008, 2,090,000,000 bonus shares were issued at nil consideration. The issued and fully paid capital have been increased from HK\$52,250,000 (equivalent to RMB50,477,000) to HK\$261,250,000 (equivalent to RMB237,762,000) by the creation of an additional 2,090,000,000 shares of HK\$0.1 each. The bonus shares were credited as fully paid by way of capitalisation of HK\$209,000,000 (equivalent to RMB187,285,000) in the share premium account of the Company (note 30).

29 股本(續)

附註：

- (i) 根據日期為二零零七年九月五日的股東決議案，透過額外設立998,000,000股每股面值0.1港元的股份，本公司的法定股本由200,000港元增加至100,000,000港元。
- (ii) 根據於二零零八年五月十六日舉行的股東特別大會上通過的決議案，透過額外設立9,000,000,000股每股面值0.1港元的股份，本公司的法定股本由100,000,000港元增加至1,000,000,000港元。
- (iii) 根據日期為二零零七年九月五日的股東決議案，於二零零七年九月五日將本公司的特別儲備資本化後，向怡興發行348,000,000股每股面值0.1港元的股份。
- (iv) 根據日期為二零零七年九月五日的股東決議案，本公司於二零零七年九月五日向怡興發行500,000股每股面值0.1港元的股份，作為資本化本公司欠怡興的貸款。
- (v) 於二零零七年九月二十五日及二零零七年十月二十二日，透過按每股股份2.22港元的價格，向專業及機構投資者配售股份及向公眾人士公开发售股份，發行合共172,500,000股每股面值0.1港元的股份(包括超額配股股份)。
- (vi) 根據於二零零八年五月十六日舉行的股東特別大會上通過的決議案，無償發行2,090,000,000股紅股。透過額外設立2,090,000,000股每股面值0.1港元的股份，本公司的已發行及繳足股本由52,250,000港元(相當於人民幣50,477,000元)增加至261,250,000港元(相當於人民幣237,762,000元)。透過將本公司股份溢價賬內209,000,000港元(相當於人民幣187,285,000元)資本化，紅股已入賬列為繳足(附註30)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

30 Reserves

30 儲備

		Share premium 股份溢價 RMB'000 人民幣千元	Special reserve 特別儲備 RMB'000 人民幣千元	Company 本公司		Total 合計 RMB'000 人民幣千元
				Capital reserve 資本儲備 RMB'000 人民幣千元	Retained profits 留存利潤 RMB'000 人民幣千元	
At 1 January 2007	於二零零七年一月一日	-	142,240	16,730	(293)	158,677
Profit for the year and total recognised income and expense for the year	本年度利潤及本年度 已確認收入及 開支總額	-	-	-	56,790	56,790
Dividends	股息	-	-	-	(70,794)	(70,794)
Issue shares upon loan capitalisation (Note (ii))	貸款資本化後發行 股份(附註(ii))	125,324	-	-	-	125,324
Issue shares upon capitalisation (Note (iii))	資本化後發行股份 (附註(iii))	-	(33,589)	-	-	(33,589)
Issue shares upon global offering	全球發售後發行股份	353,813	-	-	-	353,813
Transaction costs attributable to issue of shares	發行股份應佔 交易成本	(20,244)	-	-	-	(20,244)
At 31 December 2007	於二零零七年 十二月三十一日	458,893	108,651	16,730	(14,297)	569,977
At 1 January 2008	於二零零八年一月一日	458,893	108,651	16,730	(14,297)	569,977
Profit for the year and total recognised income and expense for the year	本年度利潤及本年度 已確認收入 及開支總額	-	-	-	43,009	43,009
Dividends	股息	-	-	-	(17,870)	(17,870)
Issue of bonus shares (Note (v))	發行紅股(附註(v))	(187,285)	-	-	-	(187,285)
At 31 December 2008	於二零零八年 十二月三十一日	271,608	108,651	16,730	10,842	407,831

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

30 Reserves (Continued)

Note:

- i. Special reserve of the Company and the Group represents (a) the difference between the nominal value of the share capital and share premium issued by the Company and the aggregate of the share capital and share premium of the subsidiaries acquired upon the Group's reorganisation; and (b) the difference between the consideration paid by the direct subsidiary for the entire registered capital of the indirect subsidiary and the amount of registered capital of the indirect subsidiary.
- ii. The issue of shares upon loan capitalisation represents the issue of 500,000 shares of HK\$0.1 each to Merry Boom at an aggregate subscription price of an amount equal to loan due by the Company to Merry Boom pursuant to the shareholders' resolution dated 5 September 2007.
- iii. The issue of shares upon capitalisation represents the use of 348,000,000 shares of HK\$0.1 each upon the special reserve amount of the Company pursuant to the shareholders' resolution dated 5 September 2007.
- iv. As stipulated by the relevant laws in the PRC, the subsidiary registered in the PRC is required to maintain statutory reserve fund which are non distributable.

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

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

- v. Pursuant to the resolution passed in the extraordinary general meeting held on 16 May 2008, 2,090,000,000 bonus shares were issued at nil consideration. The issued and fully paid capital have been increased from HK\$52,250,000 (equivalent to RMB50,477,000) to HK\$261,250,000 (equivalent to RMB237,762,000) by the creation of an additional 2,090,000,000 shares of HK\$0.1 each. The bonus shares were credited as fully paid by way of capitalisation of HK\$209,000,000 (equivalent to RMB187,285,000) in the share premium account of the Company (note 29).

30 儲備(續)

附註：

- i. 本公司及本集團的資本儲備指(a)集團重組後本公司已發行股本及股份溢價面值每所收購附屬公司的股本及股份溢價總值之間的差異；及(b)直接附屬公司就間接附屬公司全部註冊資本支付的代價與間接附屬公司的註冊資本之間的差異。
- ii. 貸款資本化後發行的股份指向怡興發行500,000股每股面值0.1港元的股份，總認購價的金額相當於本公司根據日期為二零零七年九月五日的股東決議案欠怡興的貸款金額。
- iii. 資本化後發行的股份指根據日期為二零零七年九月五日的股東決議案按本公司特別儲備金額發行348,000,000股每股面值0.1港元的股份。
- iv. 誠如中國的相關法律規定，在中國註冊的附屬公司必須設立不可作分派的法定公積金。

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

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

- v. 根據於二零零八年五月十六日舉行的股東特別大會上通過的決議案，無償發行2,090,000,000股紅股。透過額外設立2,090,000,000股每股面值0.1港元的股份，本公司的已發行及繳足股本由52,250,000港元(相當於人民幣50,477,000元)增加至261,250,000港元(相當於人民幣237,762,000元)。透過將本公司股份溢價賬內209,000,000港元(相當於人民幣187,285,000元)資本化，紅股已入賬列為繳足(附註29)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

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

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

32 Financial instruments**(a) Financial risk management objectives and policies**

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

(b) Market risk**(i) Foreign currency risk management**

The Group undertakes certain transactions denominated in foreign currencies, hence, exposures to exchange rate fluctuations arise. Approximately 15% of the Group's sales are denominated in currencies other than the functional currency of the Group entity.

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

31 資本風險管理

本集團管理資本的目標為保障集團可持續經營，為股東帶來回報，以及令其他利益相關人受惠。為了維持或調整資本架構，本集團可能調整向股東支付的股息金額、向股東發還資本、發行新股或出售資產，藉以減低資金成本。

本公司或其任何附屬公司均毋須遵守任何外間實施的資本要求。

32 金融工具**(a) 金融風險管理目標與政策**

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

(b) 市場風險**(i) 外幣風險管理**

本集團進行的若干交易以外幣為單位，因此須承擔換率波動的风险。本集團銷售額約15%乃以集團實體的功能貨幣以外之貨幣列值。

本集團透過密切監測外幣匯率的變動管理其外幣風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

32 Financial instruments (Continued)**(b) Market risk (Continued)****(i) Foreign currency risk management***(Continued)*

The Group mainly operates in the PRC with most of the transactions settled in RMB. Foreign exchange 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 is exposed to foreign exchange risk primarily with respect to United States Dollars, British Pound, Euro, and Hong Kong Dollars.

The Group's assets and liabilities, and transactions arising from its operations primarily do not expose to material foreign exchange risk. Other than certain cash and bank balances, trade and other receivables and trade and other payables, the Group's assets and liabilities are primarily denominated in RMB. The Group generates RMB from sales in the PRC to meet its liabilities denominated in RMB. The Group has not used any forward contracts or currency borrowings to hedge its exposure as the cost-benefit is considered not effective.

At 31 December 2008, if RMB had strengthened/weakened by 5% (2007: 6%) against United States Dollars with all other variables held constant, post-tax profit for the year would have been RMB125,000 (2007: RMB98,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of United States Dollars-denominated other payables and cash at bank.

At 31 December 2008, if RMB had strengthened/weakened by 5% (2007: 6%) against Hong Kong Dollars with all other variables held constant, post-tax profit for the year would have been RMB1,606,000 (2007: RMB3,182,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of Hong Kong Dollars-denominated other receivables, other payables and cash at bank.

32 金融工具(續)**(b) 市場風險(續)****(i) 外幣風險管理(續)**

本集團業務主要位於中國，大部份交易以人民幣結算。倘日後商業匯兌或已確認資產及負債以非公司功能貨幣的貨幣計值，將會產生外幣風險。本集團主要面臨美元、英鎊、歐元及港元的外幣風險。

本集團的資產及負債以及業務交易基本不涉及重大外匯風險。除若干現金及銀行結餘、貿易及其他應收款與貿易及其他應付款外，本集團的資產及負債主要以人民幣計值。本集團透過在中國的銷售獲取人民幣，以應付人民幣負債。由於認為成本效益不高，故無利用任何遠期合約或貨幣借款作對沖。

於二零零八年十二月三十一日，倘人民幣兌美元升值／貶值5%（二零零七年：6%），而所有其他變數保持不變，年度除稅後利潤將增加／減少人民幣125,000元（二零零七年：人民幣98,000元），主要由於換算以美元計值的其他應付款及銀行存款的外匯收益／虧損所致。

於二零零八年十二月三十一日，倘人民幣兌港元升值／貶值5%（二零零七年：6%），而所有其他變數保持不變，年度除稅後利潤將減少／增加人民幣1,606,000元（二零零七年：人民幣3,182,000元），主要由於換算以港元計值的其他應收款、其他應付款及銀行存款的外匯虧損／收益所致。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

32 Financial instruments (Continued)**(b) Market risk (Continued)****(i) Foreign currency risk management***(Continued)*

At 31 December 2008, if RMB had strengthened/weakened by 5% (2007: 5%) against British Pound with all other variables held constant, post-tax profit for the year would have been RMB274,000 (2007: RMB455,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of British Pound-denominated other receivables and cash at bank.

At 31 December 2008, if RMB had strengthened/weakened by 5% (2007: 1.44%) against Euro with all other variables held constant, post-tax profit for the year would have been RMB122,000 (2007: RMB134,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of Euro-denominated cash at bank.

(ii) Interest rate risk management

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for the bank balances and deposits, details of which have been disclosed in note 23.

The sensitivity analyses below have been determined based on the exposure to variable interest rates for variable-rate cash at bank, bank deposits and bank borrowing. Interest rates had been increased/decreased by 50 basis points is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

32 金融工具(續)**(b) 市場風險(續)****(i) 外幣風險管理(續)**

於二零零八年十二月三十一日，倘人民幣兌英鎊升值／貶值5%（二零零七年：5%），而所有其他變數保持不變，年度除稅後利潤將減少／增加人民幣274,000元（二零零七年：人民幣455,000元），主要由於換算以英鎊計值的其他應收款及銀行存款的外匯虧損／收益所致。

於二零零八年十二月三十一日，倘人民幣兌歐元升值／貶值5%（二零零七年：1.44%），而所有其他變數保持不變，年度除稅後利潤將減少／增加人民幣122,000元（二零零七年：人民幣134,000元），主要由於換算以歐元計值的銀行存款外匯虧損／收益所致。

(ii) 利率風險管理

本集團的收入及經營現金流量基本上不受市場利率變化的影響，除銀行結餘及存款外，本集團並無重大的計息資產，詳情披露於附註23。

以下敏感度分析乃基於浮息銀行存款及銀行借款所承受的浮動利率風險釐定。向主要管理人員內部匯報利率風險時，已採用調高／調低50個基點的利率，代表管理層對利率的合理潛在變動作出的評估。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

32 Financial instruments (Continued)

(b) Market risk (Continued)

(ii) Interest rate risk management (Continued)

As at 31 December 2008, if interest rates had been increased/decreased by 50 basis points and all other variables were held constant, the Group's profit after tax for the year ended 31 December 2008 would increase/decrease by RMB19,000 (2007: RMB44,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate cash at bank and bank deposits.

As at 31 December 2007, if interest rates had been increased/decreased by 50 basis points and all other variables were held constant, the Group's profit after tax for the year ended 31 December 2007 would decrease/increase by RMB224,000. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(c) Credit risk

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

32 金融工具(續)

(b) 市場風險(續)

(ii) 利率風險管理(續)

於二零零八年十二月三十一日，倘利率調高／調低50個基點，而所有其他變動保持不變，則本集團截至二零零八年十二月三十一日止年度的除稅後利潤將增加／減少人民幣19,000元(二零零七年：人民幣44,000元)。此乃主要由於本集團就其浮息銀行存款承擔利率風險。

於二零零七年十二月三十一日，倘利率調高／調低50個基點，而所有其他變動保持不變，則本集團截至二零零七年十二月三十一日止年度的除稅後利潤將減少／增加人民幣224,000元。此乃主要由於本集團就其浮息借款承擔利率風險。

(c) 信貸風險

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

32 Financial instruments (Continued)**(c) Credit risk (Continued)**

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

The credit risk on liquid funds is limited because the counterparties are reputable banks in the PRC.

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

(d) Liquidity risk

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

As at 31 December 2008, the Group has available unutilised bank loan facilities of approximately RMB370,000,000 (2007: RMB178,000,000).

32 金融工具(續)**(c) 信貸風險(續)**

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

由於對手均是中國有信譽的銀行，故此流動資金的信貸風險有限。

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

(d) 流動資金風險

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

於二零零八年十二月三十一日，本集團之未動用銀行貸款約為人民幣370,000,000元(二零零七年：人民幣178,000,000元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

32 Financial instruments (Continued)

(d) Liquidity risk (Continued)

Liquidity table

The following table details the Group's contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The amounts disclosed in the table are the contractual undiscounted cash flows:

		Within 1 year	Between 1 – 2 years	Between 2 – 5 years	Over 5 years	Total undiscounted cash flow 未貼現現金 流量總額
		一年以內 RMB'000 人民幣千元	一年至兩年 RMB'000 人民幣千元	兩年至五年 RMB'000 人民幣千元	超過五年 RMB'000 人民幣千元	RMB'000 人民幣千元
2008	二零零八年					
Trade and other payables	貿易及其他應付款	122,595	–	–	–	122,595
Loans	貸款					
– interest free	– 免息	1,551	886	2,659	4,654	9,750
Employee housing deposits	員工房屋保證金	38,906	–	–	–	38,906
		163,052	886	2,659	4,654	171,251
2007	二零零七年					
Trade and other payables	貿易及其他應付款	95,833	–	–	–	95,833
Loans	貸款					
– interest free	– 免息	665	886	2,659	5,540	9,750
– fixed rate	– 定息	73,863	–	–	–	73,863
– variable rate	– 浮息	21,369	–	10,747	–	32,116
Employee housing deposits	員工房屋保證金	30,802	5,143	12,201	–	48,146
		222,532	6,029	25,607	5,540	259,708

Fair value of financial instruments

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

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

32 金融工具(續)

(d) 流動資金風險(續)

流動資金表

下表詳載本集團的非衍生金融負債的合約期限。該表乃基於本集團須作出支付的最早日期根據金融負債的未貼現現金流量制定。表內披露的金額為合約未貼現現金流量：

金融工具的公平值

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

33 Major non-cash transactions

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

- (i) Bank acceptance bills receivables of RMB11,364,000 (2007: RMB14,177,000) for the year have been used to settle accounts payable incurred for plant and equipment under construction.
- (ii) Pursuant to the resolution passed at the extraordinary general meeting held on 16 May 2008, 2,090,000,000 bonus shares were issued at nil consideration. The issued and fully paid capital have been increased from HK\$52,250,000 to HK\$261,250,000 by the creation of an additional 2,090,000,000 shares of HK\$0.1 each. The bonus shares were credited as fully paid by way of capitalisation of HK\$209,000,000 (equivalent to RMB187,285,000) in the share premium account of the Company.

34 Operating lease commitments

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

No later than 1 year	一年內
Later than 1 year and no later than 5 years	一年後但五年內

33 主要非現金交易

本集團於年內有如下主要非現金交易：

- (i) 本年度的銀行承兌票據應收款為人民幣11,364,000元(二零零七年：人民幣14,177,000元)，用於清付在建廠房及設備所產生的應付金額。
- (ii) 根據二零零八年五月十六日舉行的股東特別大會通過的決議案，2,090,000,000股紅股以無償方式發行。透過額外設立2,090,000,000股每股面值0.1港元的股份，已發行及繳足資本已由52,250,000港元增加至261,250,000港元。透過將本公司股份溢價賬內209,000,000港元(相當於人民幣187,285,000元)資本化，紅股已入賬列為繳足。

34 經營租賃承擔

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

	2008	2007
	二零零八年	二零零七年
	RMB'000	RMB'000
	人民幣千元	人民幣千元
No later than 1 year	394	532
Later than 1 year and no later than 5 years	306	915
	700	1,447

Operating lease payments mainly represent rentals payable by the Group for certain of its office. Generally, the Group's operating leases are for terms of 1 to 3 years.

經營租賃金額主要指本集團若干辦公室的應付租金。一般而言，本集團的經營租賃為期一至三年。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

35 Capital commitments**35 資本承擔**

		2008	2007
		二零零八年	二零零七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Capital expenditure contracted for but not provided for in the financial statements in respect of:	有關以下項目購置的已訂約但未在財務報表內撥備的資本開支：		
– property, plant and equipment	– 物業、廠房及設備	30,445	455
– prepaid lease payments (Note 16)	– 預付租賃款（附註16）	20,000	–
		50,445	445

36 Share-based payment transactions

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

As at 31 December 2008, no options have been granted under the Scheme of the Company.

36 以股份支付款項的交易

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

於二零零八年十二月三十一日，概無根據本公司該計劃授出任何購股權。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

37 Related party transactions

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

(i) Sales and purchases

		(i) 銷售及採購			
		Trade sales		Trade purchases	
		貿易銷售額		貿易採購額	
		2008	2007	2008	2007
		二零零八年	二零零七年	二零零八年	二零零七年
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Related companies	關連公司				
(Notes (a), (b))	(附註(a), (b))	-	-	427	352
An associate	一家聯營公司				
(Note (c))	(附註(c))	139,065	118,243	-	-
		139,065	118,243	427	352

Sales and purchases were based on contracted price.

銷售額及採購額根據合約價格計算。

(ii) Sales of electricity and steam

		(ii) 電力和蒸汽銷售額	
		2008	2007
		二零零八年	二零零七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Related companies (Notes (a), (d))	關連公司(附註(a), (d))	24,957	65,819
An associate (Note (c))	一家聯營公司(附註(c))	5,098	3,152
		30,055	68,971

Sales of electricity and steam were based on contracted price.

電力及蒸汽銷售額根據合約價格計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

37 Related party transactions (Continued)**(v) Interest expense**

A shareholder	一名股東	-	5,939
---------------	------	---	-------

The interest expense represents the imputed interest expenses for the interest-free loan calculated at effective interest rate of 6.57% per annum. This transaction did not constitute connected transaction or continuing connected transaction as defined under Chapter 14A of the Listing Rules.

37 關連方交易 (續)**(v) 利息開支**

	2008	2007
	二零零八年	二零零七年
	RMB'000	RMB'000
	人民幣千元	人民幣千元

利息開支指免息貸款的結算利息開支，按實際年利率6.57厘計算。此項交易並不構成根據上市規則第14A章所界定的關連交易或持續關連交易。

(vi) Rental income

An associate (Note (c))	一家聯營公司(附註(c))	90	70
-------------------------	---------------	----	----

The rental income charged represents the rental income for plant and office based on contract price.

(vi) 租金收入

	2008	2007
	二零零八年	二零零七年
	RMB'000	RMB'000
	人民幣千元	人民幣千元

收取的租金收入指根據合約價格廠房及辦公室的租金收入。

(vii) Service charge income

An associate (Note (c))	一家聯營公司 (附註(c))	442	364
-------------------------	----------------	-----	-----

The service charge income represents the provision of purchasing facilities to an associate based on contract price.

(vii) 服務費收入

	2008	2007
	二零零八年	二零零七年
	RMB'000	RMB'000
	人民幣千元	人民幣千元

服務費收入指根據合約價格向一家聯營公司提供購買設施。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

37 Related party transactions (Continued)

37 關連方交易(續)

(viii) Accounts receivables/payables to related party

(viii) 應收／應付與關連方款項

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Account receivables from an associate (Note (f))	應收一家聯營公司款項(附註(f))	6,428	13,772
Account receivables from a related company (Note (22))	應收一家關連公司款項(附註(22))	-	230
Account payables to related companies (Note (g))	應付關連公司款項(附註(g))	160	-

Note:

附註：

- (a) Those related companies are subsidiaries of Juneng Holding Group or the company in which Mr. Tian Qixiang, a director and shareholder of the Company, has significant influence.
- (a) 該等關連公司為巨能控股集團的附屬公司或本公司的董事兼股東田其祥先生對其有重大影響的公司。
- (b) These transactions constituted continuing connected transaction as defined under Chapter 14A of the Listing Rules but was fully exempted under rule 14A.33(3) of the Listing Rules.
- (b) 該等交易構成上市規則第14A章所界定的持續關連交易，惟獲全面豁免遵守上市規則第14A.33(3)條。
- (c) These transactions did not constitute connected transactions or continuing connected transactions as defined under Chapter 14A of the Listing Rules.
- (c) 該等交易並不構成上市規則第14A章所界定的關連交易或持續關連交易。
- (d) During the year, the sales of steam to Juneng Special Steel amounted to RMB235,000 (2007: RMB60,456,000) was also a continuing connected transaction as defined under Chapter 14A of the Listing Rules and the Company was granted a waiver for strict compliance with the disclosure requirements of Chapter 14A of the Listing Rules from the Stock Exchange. However, during the same year, the sales of electricity to Electricity Company of Shouguang City which amounted to RMB24,722,000 (2007: RMB5,363,000) did not constitute connected transaction or continuing connected transactions under Chapter 14A of the Listing Rules.
- (d) 於年內，銷售予巨能特鋼的蒸汽達人民幣235,000元(二零零七年：人民幣60,456,000元)，根據上市規則第14A章所界定者，銷售蒸汽亦為持續關連交易，而本公司獲聯交所豁免嚴格遵守上市規則第14A章的披露規定。然而，同年向壽光市電業公司銷售電力涉及款項人民幣24,722,000元(二零零七年：人民幣5,363,000元)並不構成上市規則第14A章所界定的關連交易或持續關連交易。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**綜合財務報表附註**

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

37 Related party transactions *(Continued)***(viii) Accounts receivables/payables to related party**
(Continued)

- (e) Prior to 18 June 2008, Deneng Bio Tech was holding approximately 14.06% interest in a subsidiary of the Company, Deneng Golden Corn, and was a connected person of the Company for the purpose of chapter 14A of the Listing Rules. So, the transactions between Deneng Bio Tech and the Group prior to 18 June 2008, the date on which Deneng Bio Tech ceased to be a connected person of the Company under the Listing Rules, constituted continuing connected transactions as defined under Chapter 14A of the Listing Rules. During this period, the purchase of electricity and steam from Deneng Bio Tech amounted to RMB3,406,000 (2007: Nil).
- (f) The amounts outstanding are unsecured and will be settled within the credit term granted. No guarantees have been given or received. No expense has been recognised in the year for bad or doubtful debts in respect of the amounts due from related parties.
- (g) Balance are unsecured, interest free and shall be settled in accordance with the respective trading terms.

37 關連方交易 *(續)***(viii) 應收／應付與關連方款項** *(續)*

- (e) 於二零零八年六月十八日前，德能生物科技於本公司附屬公司德能金玉米持有約14.06%的權益，且根據上市規則第14A章為本公司的關連人士。因此，德能生物科技與本集團於二零零八年六月十八日(根據上市規則德能生物科技不再為本公司關連人士之日)之前進行的交易，構成上市規則第14A章所界定的持續關連交易。於此期間，向德能生物科技購買電力及蒸汽的款項為人民幣3,406,000元(二零零七年：無)。
- (f) 尚未償還款項乃無抵押並將於所授予的信貸期內結算。概無提供或接獲任何擔保。於年內，未確認與應收關連人士款項相關的呆壞賬準備。
- (g) 結餘乃無抵押、免息，並須根據各自的交易條款償還。

FIVE YEARS FINANCIAL SUMMARY

五年財務概要

A summary of the results, assets and liabilities of the Group for the last five financial years is as follows:

本集團於最近五個財政年度之業績、資產及負債之概要如下：

		2004 二零零四年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Results	業績					
Turnover	營業額	975,754	948,205	1,031,506	1,349,962	1,530,446
Gross profit	毛利	122,851	120,555	195,239	265,285	189,163
Operating profit	經營利潤	92,933	85,688	148,358	218,019	99,413
Profit for the year	本年度利潤	63,945	80,591	114,390	203,720	95,226
Profit attributable to shareholders	股東應佔利潤	31,979	40,918	66,574	203,720	98,234
Basic and diluted earnings per share (RMB)*	每股基本及攤薄盈利 (人民幣)*	0.0049	0.0312	0.0507	0.1251	0.0376

* Adjusted for the bonus issue (4 for 1) during the year ended 31 December 2008.

* 已就截至二零零八年十二月三十一日止年度的紅股發行(一送四)作出調整。

		2004 二零零四年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Assets and Liabilities	資產及負債					
Total assets	資產總額	910,336	885,265	842,902	1,112,485	1,111,471
Total liabilities	負債總額	(690,264)	(584,602)	(659,117)	(320,144)	(223,774)
		220,072	300,663	183,785	792,341	887,697
Equity attributable to equity holders of the Company	本公司權益持有人應佔權益	110,058	164,111	183,785	792,341	872,705
Minority interests	少數股東權益	110,014	136,552	-	-	14,992
		220,072	300,663	183,785	792,341	887,697

CHINA STARCH HOLDINGS LIMITED
中國澱粉控股有限公司

Room 2408, 24/F., Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong
香港灣仔皇后大道東183號
合和中心24樓2408室



www.chinastarch.com.hk