



山東新華製藥股份有限公司 Shandong Xinhua Pharmaceutical Company Limited

(H股股份代號 H Share Stock Code : 0719)

(A股股份代號 A Share Stock Code : 000756)



2007 年報 Annual Report

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重要提示：山東新華製藥股份有限公司（「公司」）董事會（「董事會」）、監事會（「監事會」）及董事（「董事」）、監事（「監事」）、高級管理人員（「高級管理人員」）保證本報告所載資料不存在任何虛假記載、誤導性陳述或者重大遺漏，並對其內容的真實性、準確性和完整性承擔個別及連帶責任。

董事長郭琴女士、財務負責人趙松國先生、財務資產部經理王建信先生聲明：保證本年度報告中財務報告真實、完整。

本報告分別以中文及英文刊載。如中英文有任何差異，概以中文為準。

Important: The board of directors ("Board of Directors") and the supervisory committee ("Supervisory Committee") and each of the directors ("Directors"), the supervisors ("Supervisors") and the senior officers ("Senior Officers") of Shandong Xinhua Pharmaceutical Company Limited (the "Company") hereby confirm that there are no false representations, material omissions or misleading statements contained in this report, and they, severally and jointly, accept full responsibility for the truthfulness, accuracy and completeness of the contents of this report.

The chairman (Ms. Guo Qin), financial controller (Mr. Zhao Songguo) and the chief of the finance department (Mr. Wang Jianxin) of the Company hereby declare that the financial report of the Company for 2007 is true and complete.

This report has been prepared in both Chinese and English. In the event of any discrepancy between the two versions, the Chinese version shall prevail.

公司基本情況簡介

COMPANY INFORMATION

公司中文名稱 Chinese Name of the Company	:	山東新華製藥股份有限公司(「公司」)
公司英文名稱 English Name of the Company	:	Shandong Xinhua Pharmaceutical Company Limited (“Company”)
公司法定代表人 Legal Representative	:	郭琴 Ms. Guo Qin
董事會秘書 Company Secretaries	:	曹長求 郭磊 Mr. Cao Changqiu, Ms. Guo Lei
聯繫電話 Telephone Number	:	86-533-216 6666
傳真號碼 Facsimile Number	:	86-533-228 7508
董秘電子信箱 E-mail Address of Company Secretaries	:	cqcao@xhzy.com; guolei@xhzy.com
公司註冊地址 Registered Address	:	中華人民共和國(「中國」) 山東省淄博市高新技術產業開發區化工區 Chemical Industry Area of Zibo Hi-tech Industry Development Zone, Zibo City, Shandong Province, The People’s Republic of China (the “PRC”)
公司辦公地址 Office Address	:	中國山東省淄博市高新技術產業開發區化工區 Chemical Industry Area of Zibo Hi-tech Industry Development Zone, Zibo City, Shandong Province, PRC
郵政編碼 Postal Code	:	255005
公司國際互聯網址 Website of the Company	:	http://www.xhzy.com
公司電子信箱 E-mail Address of the Company	:	xhzy@xhzy.com
國內信息披露報紙 PRC newspapers for information disclosure	:	《證券時報》 Securities Times
登載年報的中國證監會 指定網站的網址 Website designated by China Securities Regulatory Commission (“CSRC”)	:	http://www.cninfo.com.cn

上市資料

Listing information

H股

H Shares

交易所	:	香港聯合交易所有限公司(「香港聯交所」)
Stock Exchange	:	The Stock Exchange of Hong Kong Limited (“SEHK”)
簡稱	:	山東新華製藥
Abbreviated Name	:	Shandong Xinhua
代碼	:	0719
Stock Code	:	

A股

A Shares

交易所	:	深圳證券交易所
Stock Exchange	:	Shenzhen Stock Exchange
簡稱	:	新華製藥
Abbreviated Name	:	Xinhua Pharm
代碼	:	000756
Stock Code	:	

變更註冊登記日期 : 2001年12月19日
Date of Renewal of Registration : 19 December 2001

註冊登記地點 : 山東省淄博市工商行政管理局
Place of Registration : Zibo Municipal Administration of Industry and Commerce of Shandong Province

工商登記號碼 : 企股魯淄總字第001489號
Business Registration Number : Qiguluzizongzi No.001489

稅務登記號碼 : 370303164103727
Taxation Registration Number

組織機構代碼 : 16410372-7
Organization Code

核數師
Auditors

國際 : 信永中和(香港)會計師事務所有限公司
執業會計師
香港金鐘道95號統一中心16樓
International : SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

公司基本情況簡介 (續)

COMPANY INFORMATION (continued)

中國	:	信永中和會計師事務所 註冊會計師 中國北京市東城區朝陽門北大街8號富華大廈A座9樓 郵編：100027
PRC		ShineWing Certified Public Accountants 9/F., Block A, Fu Hua Mansion, 8 Chaoyangmen Beidajie, Dongcheng District, Beijing 100027, PRC
法律顧問 Legal Advisers		
香港	:	易周律師行 香港夏慤道10號和記大廈10樓
As to Hong Kong Law		Charltons 10th Floor, Hutchison House, 10 Harcourt Road, Hong Kong
中國	:	北京競天公誠律師事務所 北京市朝陽門外大街20號聯合大廈15樓 郵編：100020
As to PRC Law		Jingtian Gongcheng Associates 15th Floor, The Union Plaza, 20 Chaoyangmenwai Dajie, Beijing 100020, PRC
主要往來銀行	:	中國工商銀行淄博分行 中國山東省淄博市張店區人民東路2號
Principal Banker		The Industrial and Commercial Bank of China Zibo Branch 2 Renmin Dong Road, Zibo City, Shandong Province, PRC
H股股份過戶登記處	:	香港證券登記有限公司 香港皇后大道東183號合和中心17樓
Share Registrars of H Shares		Hong Kong Registrars Limited 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong
公司資料查詢地點 Corporate Information Available at	:	山東新華製藥股份有限公司董事會秘書室 Company Secretaries Office Shandong Xinhua Pharmaceutical Company Limited

會計數據和業務數據摘要

SUMMARY OF FINANCIAL AND OPERATING RESULTS

1. 按中國會計準則編制二零零七年度主要會計數據 (經審計)

1. Key financial data for the year ended 31 December 2007 prepared in accordance with PRC accounting standards (Audited)

項目	Items	二零零七 2007 人民幣元 RMB
營業利潤	Operating profit	35,453,438.79
利潤總額	Profit before taxation	46,510,493.48
歸屬於上市公司股東的淨利潤	Profit attributable to the equity shareholders of company	32,723,034.60
歸屬於上市公司股東的扣除非經常性損益後的淨利潤 (附註)	Profit attributable to the equity shareholders of company after extraordinary (Note)	9,959,541.29
經營活動產生的現金流量淨額	Net cash flow from operating activities	120,591,043.84

附註：非經常性損益的扣除項目及金額如下：

Note: Extraordinary items include:

項目	Items	人民幣元 RMB
非流動資產處置損益	Profit or loss from disposal of non-current assets	2,041,150.42
計入當期損益的政府補助	Government subsidies in the current profit or loss	5,479,121.00
除上述各項外的其他營業外收支淨額	Non-operating income or cost except items above	3,536,783.27
交易性金融資產公允價值變動損益	Change in fair value of held-for-trading financial assets	15,763,060.17
可供出售金融資產分配收益	Income distributed from available-for-sale financial assets	747,200.00
持有至到期投資損益	Income from disposal of held-to-maturity investment	1,647,025.56
所得稅影響	Income tax	(6,517,768.70)
歸屬於少數股東的非經常性損益	Net non-routine profit or loss attributable to the minority shareholders	66,921.59
合計	Total	<u>22,763,493.31</u>

採用公允價值計量的項目 Items by fair value

項目名稱	Item	期初餘額	期末餘額	當期變動	對當期利潤的影響金額
		Amount as at 1 January 2007 (人民幣元) (RMB)	Amount as at 31 December 2007 (人民幣元) (RMB)		Change (人民幣元) (RMB)
衍生金融資產	Derivative financial assets	133,672.68	15,896,932.85	15,763,060.17	15,763,060.17
合計	Total	133,672.68	15,896,932.85	15,763,060.17	15,763,060.17

會計數據和業務數據摘要 (續)

SUMMARY OF FINANCIAL AND OPERATING RESULTS (continued)

2. 財務摘要

- (i) 按香港普遍採納之會計原則編制
(經審計)

綜合損益表

		2007 人民幣千元 RMB'000	2006 人民幣千元 RMB'000	2005 人民幣千元 RMB'000	2004 人民幣千元 RMB'000 (重列)* (restated)*	2003 人民幣千元 RMB'000 (重列)* (restated)*
營業額	Turnover	1,865,568	1,685,367	1,712,102	1,524,409	1,341,788
除稅前溢利	Profit before taxation	37,364	29,733	13,194	(52,352)	61,907
所得稅抵免(開支)	Income tax credit (expense)	400	(7,784)	(13,696)	(1,119)	(10,200)
本年度溢利/(虧損)：	Profit/(Loss) for the year:	37,764	21,949	(502)	(53,471)	51,707
少數股東權益	Minority interests	5,946	(812)	(1,731)	(986)	(87)
本公司股東應佔溢利	Profit attributable to the equity holders of the Company	31,818	22,761	1,229	(52,485)	51,794

綜合資產負債表

		2007 人民幣千元 RMB'000	2006 人民幣千元 RMB'000	2005 人民幣千元 RMB'000	2004 人民幣千元 RMB'000 (重列)* (restated)*	2003 人民幣千元 RMB'000 (重列)* (restated)*
總資產	Total assets	2,260,100	1,881,575	2,211,328	2,315,440	2,106,065
總負債	Total liabilities	(526,061)	(509,088)	(841,191)	(941,834)	(663,321)
少數股東權益	Minority interests	(50,793)	(3,343)	(1,092)	(4,284)	(3,968)
資產淨值	Net assets	1,683,246	1,369,144	1,369,045	1,369,322	1,438,776

* 為反映2005年12月31日按香港會計準則編制之綜合財務報表所述之會計政策之變動，已作出前期調整。

* Prior periods have been adjusted to reflect the change in accounting policy to the consolidated financial statements prepared under HKGAAP for the year ended 31 December 2005.

會計數據和業務數據摘要 (續)

SUMMARY OF FINANCIAL AND OPERATING RESULTS (continued)

2. 財務摘要 (續)

(ii) 按中國會計準則編制 (經審計)

2. Financial Summary (continued)

(ii) In accordance with PRC accounting standards (Audited)

項目 Item	2007 人民幣元 RMB	2006 人民幣元 RMB		本年比上年增減 (%) Change as compared to the last year (%)		2005 人民幣元 RMB	
		調整前 Before adjusted	調整後 After adjusted	調整後 After adjusted	調整前 Before adjusted	調整後 After adjusted	調整後 After adjusted
		營業收入 Operating income	1,886,978,951.19	1,722,899,961.83	1,722,899,961.83	9.52	1,739,799,081.86
利潤總額 Profit before taxation	46,510,493.48	29,306,790.76	29,357,300.80	58.43	12,459,940.21	12,543,102.85	
歸屬於上市公司股東的淨利潤 Profit attributable to the equity shareholders of company	32,723,034.60	22,705,557.86	23,567,389.39	38.85	5,415,850.71	3,640,382.90	
歸屬於上市公司股東的扣除 非經常性損益後的淨利潤 Profit attributable to the equity shareholders of company after extraordinary items	9,959,541.29	16,760,873.31	17,701,666.54	(43.74)	(9,621,604.75)	(11,397,072.56)	
總資產 Total assets	2,270,714,981.14	1,880,020,275.73	1,887,769,371.36	20.29	2,207,053,451.14	2,213,712,724.86	
歸屬於上市公司股東權益 Total equity attributable to holders of company	1,665,960,952.04	1,343,336,960.31	1,351,117,628.22	23.30	1,343,492,616.72	1,350,151,890.44	
經營活動產生的現金流量淨額 Net cash flow from operating activities	120,591,043.84	133,303,506.08	133,303,506.08	(9.54)	178,859,107.49	178,859,107.49	
每股經營活動產生的現金流量淨額 Net cash flow from operating activities per share	0.26	0.29	0.29	(10.34)	0.39	0.39	
每股收益 Earning per share	0.07	0.05	0.05	40.00	0.01	0.01	
歸屬於上市公司股東每股淨資產 Net assets per share attributable to holders of company	3.64	2.94	2.95	23.39	2.94	2.95	
淨資產收益率 (%) Return on equity (%)	1.96	1.69	1.74	上升0.22個百分點 Increase 0.22 points	0.40	0.27	

會計數據和業務數據摘要 (續)

SUMMARY OF FINANCIAL AND OPERATING RESULTS (continued)

2. 財務摘要 (續)

(iii) 按中國會計準則編制的利潤表附表 (經審計)

2. Financial Summary (continued)

(iii) Appendix to the profit and loss account prepared in accordance with PRC accounting standards (Audited)

報告期利潤 Reported Profit	淨資產收益率 (%) Return on equity (%)				每股收益 (人民幣元) Earnings per share (RMB)			
	全面攤薄 Fully diluted		加權平均 Weighted average		基本每股收益 Basic earnings per share		稀釋每股收益 Diluted earnings per share	
	2007	2006	2007	2006	2007	2006	2007	2006
歸屬於上市公司股東的淨利潤 Profit attributable to the equity shareholders of company	1.96	1.74	2.40	1.75	0.07	0.05	0.07	0.05
歸屬於上市公司股東的扣除非經常性損益後的淨利潤 Profit attributable to the equity shareholders of company after extraordinary items	0.60	1.31	0.73	1.31	0.02	0.04	0.02	0.04

本報告期末至報告披露日本公司股本未發生變化。

There has been no change in the share capital of the Company from the end of the financial year 2007 to the publication date of the results announcement of 2007.

會計數據和業務數據摘要 (續)

SUMMARY OF FINANCIAL AND OPERATING RESULTS (continued)

3. 按照中國會計準則和香港 普遍採納之會計原則編制 帳目差異

3. Reconciliation of accounts prepared in accordance with PRC accounting standards and HKGAAP

項目 Item	於2007年 12月31日 淨資產 Net assets at 31 December 2007 (人民幣千元) RMB'000	截至 2007年 12月31日止 年度本公司 股東應佔溢利 Profit attributable to equity holders of the Company for the year ended 31 December 2007 (人民幣千元) RMB'000
按中國會計準則編制 Prepared under PRC accounting standards	1,665,961	32,723
按香港普遍採納之會計原則所作之調整： HKGAAP adjustments:		
遞延稅項 Deferred taxation	(3,036)	8,766
因往年度重估而產生之折舊費用 Depreciation charges due to revaluation in previous years	(19,459)	(449)
教育準備金 Provision for education fund	13,407	950
福利準備金 Provision for welfare expenses	4,993	(10,304)
為H股上市時重估之重估增值 Surplus from revaluation for listing of H Shares	21,300	—
其他 Others	80	132
	<hr/>	<hr/>
按香港普遍採納之會計原則編制 Prepared under HKGAAP	<u>1,683,246</u>	<u>31,818</u>

股本變動及股東情況

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

1. 股份變動情況表

1. Share capital structure

股份類別 Class of shares	2007年1月1日 1 January 2007		2007年12月31日 31 December 2007	
	股份數量 Number of Shares (share)	佔總股本比例 % of the total share capital (%)	股份數量 Number of Shares (share)	佔總股本比例 % of the total share capital (%)
1. 有限售條件的流通股合計 Total number of shares subject to conditions of trading	204,544,593	44.73	187,816,881	41.07
國家持股 Stated-owned shares	163,258,735	35.70	163,258,735	35.70
境內法人持股 Domestic legal person shares	16,719,500	3.66	0	0
A股有限售條件高管股 Senior management A shares subject to conditions of trading	38,758	0.01	30,546	0.01
其他 Others	24,527,600	5.36	24,527,600	5.36
2. 無限售條件的流通股合計 Total number of unconditional tradable shares	252,768,237	55.27	269,495,949	58.93
人民幣普通股 (A股) Renminbi ordinary shares (A shares)	102,768,237	22.47	119,495,949	26.13
境外上市外資股 (H股) Overseas listed foreign shares (H shares)	150,000,000	32.80	150,000,000	32.80
3. 股份總數 Total number of shares	457,312,830	100.00	457,312,830	100.00

附註：根據公司股權分置改革實施方案，2007年6月6日境內法人持股可上市流通。截至2007年12月31日新華集團所持本公司2,500,000股股權被司法凍結、32,470,000股股份被質押凍結。

Note: Domestic legal person shares were listed on 6 June 2007 according to the share reform proposal. As at 31 December 2007, a total of 2,500,000 shares and a total of 32,470,000 shares held by SXP GC in the Company have been judicial frozen and mortgaged.

股本變動及股東情況 (續)

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS (continued)

1. 股份變動情況表 (續)

1. Share capital structure (continued)

限售股份變動情況表

Change of conditional tradable shares

單位：股
Share

股東名稱	年初限售股數	本年解除 限售股數	本年增加 限售股數	年末限售股數	限售原因	解除限售日期
Name of shareholders	Number of shares subject to conditions of trading as at 1 January 2007	Number of unconditional tradable shares in 2007	Increase in shares subject to conditions of trading	Number of shares subject to conditions of trading as at 31 December 2007	Conditions	Date of removing the conditions
山東新華醫藥集團有限責任公司 Shandong Xinhua Pharmaceutical Group Company Limited	163,258,735	0	0	163,258,735	特別承諾 Special undertaking	2009年06月06日 6 June 2009
青島豪威投資發展有限公司 Qingdao Haowei Investment Development Company Limited	15,000,000	0	0	15,000,000	遵守新華集團特別承諾 Compliance with the special undertaking of SXP GC	2009年06月06日 6 June 2009
淄博高新技術風險投資股份有限公司 Zibo High-Tech Venture Capital Company Limited	7,632,600	0	0	7,632,600	遵守新華集團特別承諾 Compliance with the special undertaking of SXP GC	2009年06月06日 6 June 2009
上海證大投資管理有限公司 Shanghai Zhengda Investment Management Company Limited	2,100,000	2,100,000	0	0	遵守一般規定 Compliance with general provision	2007年06月06日 6 June 2007
葫蘆島八家子礦業有限責任公司 Huludao Bajiazi Mining Industry Company Limited	1,550,000	0	0	1,550,000	遵守新華集團特別承諾 Compliance with the special undertaking of SXP GC	2009年06月06日 6 June 2009
中國醫藥工業公司 China National Pharmaceutical Industry Corporation	1,540,000	1,540,000	0	0	遵守一般規定 Compliance with general provision	2007年06月06日 6 June 2007
蚌埠市中科資訊有限責任公司 Bengbu Zhongke Information Company Limited	1,000,000	1,000,000	0	0	遵守一般規定 Compliance with general provision	2007年06月06日 6 June 2007
中國醫藥對外貿易公司 China National Pharmaceutical Foreign Trade Corporation	1,000,000	1,000,000	0	0	遵守一般規定 Compliance with general provision	2007年06月06日 6 June 2007

股本變動及股東情況 (續)

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS (continued)

1. 股份變動情況表 (續)

限售股份變動情況表 (續)

股東名稱	年初限售股數	本年解除 限售股數	本年增加 限售股數	年末限售股數	限售原因	解除限售日期
Name of shareholders	Number of shares subject to conditions of trading as at 1 January 2007	Number of unconditional shares in 2007	Increase in shares subject to conditions of trading	Number of shares subject to conditions of trading as at 31 December 2007	Conditions	Date of removing the conditions
山東新華製藥集團濰博綜合 服務有限責任公司 Zibo All-purpose Service Company Limited of Shandong Xinhua Pharmaceutical Group	860,000	860,000	0	0	遵守一般規定 Compliance with general provision	2007年06月06日 6 June 2007
中國醫藥研究開發中心 China Pharmaceutical Research Development Center	800,000	800,000	0	0	遵守一般規定 Compliance with general provision	2007年06月06日 6 June 2007
上饒市帶湖實業有限公司 Shangrao Daiwu Industrial Company Limited	345,000	0	0	345,000	遵守新華集團特別承諾 Compliance with the special undertaking of SXP GC	2009年06月06日 6 June 2009
其他限售股股東 Others	9,419,500	9,419,500	0	0	遵守一般規定 Compliance with general provision	2007年06月06日 6 June 2007
合計 Total	204,505,835	16,719,500	0	187,786,335	—	—

註：新華集團特別承諾：自所持國家股獲得上市流通權之日起36個月內，不通過證券交易所掛牌出售。2009年6月6日至2010年6月6日，通過深圳證券交易所掛牌出售所持股份不超過公司總股本的5%，如果新華集團通過深圳證券交易所掛牌交易出售新華製藥A股，出售價格不低於4.8元，即新華製藥A股市場相關股東會議通知發出前30日「新華製藥」A股算術平均收盤價的150%（若自股權分置改革方案實施之日起至出售股份期間有派息、送股、資本公積金轉增股份等除權事項，應對該價格進行除權處理）。新華集團如果有違反該承諾的賣出交易，賣出資金將劃歸新華製藥所有。

1. Share capital structure (continued)

Change of conditional tradable shares subject to conditions of trading (continued)

單位：股
Share

Note: SXP GC has undertaken that between the 36th month and 48th month since the listing of the non-tradable shares of the Company, it shall not sell any of its shares of the Company on the SZSE at a price less than RMB4.8 per share, (such price will be on an ex-rights basis if there is any declaration of dividends, bonus issues or capitalization of capital reserve during the period between the day of implementation of the revised share reform of the Company and sale of the shares by SXP GC) being 150% of the average of the closing prices of the listed A Shares as quoted on the SZSE in the thirty (30) trading days prior to the issuance date of the relevant notice of the shareholders' meeting. Should SXP GC breach any of the provisions of this undertaking in the sale of its shares, the proceeds resulting from such sale shall be owned by the Company.

股本變動及股東情況 (續)

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS (continued)

2. 股東情況介紹

- (i) 於二零零七年十二月三十一日，本公司股東總數為45,605戶，包括H股股東56戶，A股股東45,549戶。
- (ii) 於二零零七年十二月三十一日持有本公司股份前十名股東情況如下：

序號	股東名稱	股份性質	持股數	佔總股本比例 (%)
No	Name of Shareholder	Class of shares	Number of shares held	% of the total share capital
1	山東新華醫藥集團有限責任公司 Shandong Xinhua Pharmaceutical Group Company Limited	限售A股 A Shares subject to conditions of trading	163,258,735	35.70
2	香港中央結算(代理人)有限公司 HKSCC (Nominees) Limited	流通H股 Listed H Shares	148,853,998	32.55
3	青島豪威投資發展有限公司 Qingdao Haowei Investment Development Company Limited	限售A股 A Shares subject to conditions of trading	15,000,000	3.28
4	淄博高新技術風險投資股份有限公司 Zibo High-Tech Venture Capital Company Limited	限售A股 A Shares subject to conditions of trading	7,632,600	1.67
5	葫蘆島八家子礦業有限責任公司 Huludao Bajiazi Mining Industry Company Limited	限售A股 A Shares subject to conditions of trading	1,550,000	0.34
6	中國醫藥工業公司 China National Pharmaceutical Industry Corporation	流通A股 Listed A Shares	1,540,000	0.34
7	莊衛星 Zhuang Weixing	流通A股 Listed A Shares	870,000	0.19
8	凌國耀 Ling Guoyao	流通A股 Listed A Shares	637,000	0.14
9	李華新 Li Huaxin	流通A股 Listed A Shares	634,300	0.14
10	蘇顏翔 Su Yanxiang	流通A股 Listed A Shares	580,000	0.13

2. Substantial shareholders

- (i) As at 31 December 2007, the Company had on record a total of 45,605 shareholders, including 56 holders of H Shares and 45,549 holders of A Shares.
- (ii) As at 31 December 2007, the ten largest shareholders of the Company were as follows:

股本變動及股東情況 (續)

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS (continued)

2. 股東情況介紹 (續)

(ii) (續)

於二零零七年十二月三十一日持有本公司股份前十名無限售條件股東情況如下：

股東名稱	持有無限售條件股份數量	股份種類
Name of Shareholder	Number of unconditional listed shares	Class of shares
香港中央結算(代理人)有限公司 HKSCC (Nominees) Limited	148,853,998	H股 H Shares
中國醫藥工業公司 China National Pharmaceutical Industry Corporation	1,540,000	A股 A Shares
莊衛星 Zhuang Weixing	870,000	A股 A Shares
凌國耀 Ling Guoyao	637,000	A股 A Shares
李華新 Li Huaxin	634,300	A股 A Shares
蘇顏翔 Su Yanxiang	580,000	A股 A Shares
宗子溪 Zong Zixi	577,058	A股 A Shares
陳良忠 Chen Liangzhong	517,100	A股 A Shares
山東農藥工業股份有限公司 Shandong Pesticide Industry Company Limited	500,000	A股 A Shares
尹忠 Yin Zhong	445,000	A股 A Shares

附註：

1. 本公司董事未知，上述十大股東中股東之間是否存在關聯關係或中國證券監督管理委員會(「中國證監會」)頒佈之《上市公司股東持股變動信息披露管理辦法》規定的一致行動人，也未知外資股東之間是否存在關聯關係或《上市公司股東持股變動信息披露管理辦法》規定的一致行動人。

本公司董事未知上述無限售條件股東之間、上述無限售條件股東與十大股東之間是否存在關聯關係，也不知是否存在《上市公司股東持股變動信息披露管理辦法》規定的一致行動人。

2. 持有本公司股份5%以上的境內股東為山東新華醫藥集團有限責任公司。

2. Substantial shareholders (continued)

(ii) (continued)

As at 31 December 2007, the ten largest shareholders holding the unconditional tradable shares of the Company were as follows:

Note:

1. The Directors are not aware as to whether there is any association amongst the ten largest shareholders of the Company, nor the persons acting in concert as defined in the "Rules for the information Disclosure of Changes in the Shareholding of Listed Companies" issued by the China Securities Regulatory Commission (the "CSRC"). In addition, the Directors do not know whether there is any association amongst the shareholders of H Shares of the Company or persons acting in concert as referred to above.

The Directors do not know whether there is any association amongst the ten largest shareholders of unconditional tradable shares of the Company, any association between the ten largest shareholders of the Company and the ten largest shareholders of the Company or the persons acting in concert as defined in the Rules for the information Disclosure of Changes in the Shareholding of Listed Companies issued by the CSRC.

2. The only domestic shareholder with more than 5% of the total issued shares of the Company is SXPGC.

股本變動及股東情況 (續)

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS (continued)

2. 股東情況介紹 (續)

(iii) 控股股東情況

本公司控股股東為山東新華醫藥集團有限責任公司(「新華集團」)，新華集團成立於一九九五年六月十五日，為國有獨資公司，註冊資本為人民幣29,850萬元，法人代表為郭琴，其經營範圍為：投資於建築工程設計、房地產開發、餐飲；軟膏劑生產銷售；包裝裝潢、化工機械設備、儀器、儀表的製造、銷售；化工產品(除化學危險品)銷售；經營進出口業務(資質證範圍內經營)。

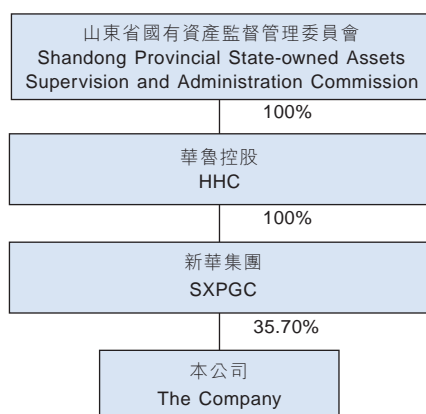
新華集團的控股股東為華魯控股有限公司(「華魯控股」)，成立於2005年1月28日，註冊資本人民幣8億元，為國有獨資公司，法人代表為李同道，經營範圍為：對化肥、石化產業投資，其他非國家(或地方)禁止性行業的產業投資，資產管理。

2. Substantial shareholders (continued)

(iii) Information about the controlling shareholders

Shandong Xinhua Pharmaceutical Group Company Limited (the "SXPGC"), being the controlling shareholder of the Company, was established as a wholly state-owned company on 15 June 1995. The registered capital of SXPGC is RMB298,500,000 and its legal representative is Ms Guo Qin. SXPGC is mainly engaged in the engineering design, real estate and restaurants; production and sale of ointment; packaging, manufacturing of chemical equipment; production and sale of chemical engineering apparatus and instrument; sales of chemical product (except for hazardous chemicals) and import and export business (within the scope approved).

Hualu Holdings Company Limited ("HHC"), a wholly state-owned company, the controlling shareholder of SXPGC, was established on 28 January 2005. The registered capital of HHC is RMB800,000,000 and its legal representative is Mr. Li Tongdao. HHC is mainly engaged in the investment of fertilisers, petrochemical industries and investment in sectors which are not prohibited by the state (or the local community). HHC is also engaged in asset management.



董事、監事及其他高級管理人員簡介

董事

郭琴女士，49歲，高級工程師，執業藥師，畢業於山東醫科大學藥學專業。一九八二年到山東新華製藥廠工作，歷任製劑車間副主任，製劑科副科長，質監處副處長、處長兼國家醫藥局山東藥品質量檢測站副站長、站長，企管處處長，總經理助理，副總經理、總經理。郭女士現為山東省淄博市人民代表大會常務委員會委員。二零零六年三月二十四日郭女士任本公司董事長，兼任山東新華醫藥集團有限責任公司董事長，淄博新華一百利高製藥有限公責任公司董事長。

劉振文先生，55歲，高級經濟師。一九六六年到山東新華製藥廠工作，一九六八年調山東濟寧抗生素廠，歷任班長、車間工段長，車間副主任、主任，生產技術處處長，山東魯抗醫藥集團有限公司生產計劃部經理、副總經理、董事、副董事長、黨委副書記、總經理、山東魯抗醫藥股份有限公司董事。山東新華醫藥集團有限責任公司黨委副書記、總經理、董事。二零零六年六月九日獲委任為本公司董事，兼任山東新華工貿股份有限公司董事長，山東淄博新達製藥有限公司董事長。

任福龍先生，45歲，高級工程師、執業藥師，一九八五年畢業於山東昌濰醫學院醫學專業。一九八五年至一九八八年任住院醫師。一九九一年獲得北京醫科大學醫學碩士學位，同年到山東新華製藥廠工作，歷任研究院副院長、院長，本公司總經理助理、副總經理，新華醫藥集團副總經理。二零零六年三月二十四日任先生任本公司總經理，同年六月九日獲委任為本公司董事，兼任山東新華醫藥集團有限責任公司董事，山東新華醫藥貿易有限公司董事長，山東新華隆信化工有限公司董事。

Brief Introduction of Directors, Supervisors and Senior Officers

Directors

Ms. Guo Qin, aged 49, is a senior engineer and practising pharmacist, she graduated from Shandong Medical University, specialising in pharmacy. Ms. Guo joined the Shandong Xinhua Pharmaceutical Factory (the "Factory") in 1982, and previously held the positions of the deputy director of the preparation workshop and the preparation sales department, the deputy director and the director of the quality control department, as well as the deputy director and the director of the Inspection Center for the Quality of Drugs, a subsidiary of Shandong Pharmaceutical Administration. She was also the director of the enterprise management department, the assistant to the general manager, the deputy general manager of the Company and the general manager of the Company. Ms. Guo is currently a member of the Standing Committee of Zibo People's Congress. Ms. Guo has been appointed as the Chairman of the Company since 24 March 2006. Ms. Guo is also the Chairman of SXPGC and the Chairman of Zibo Xinhua-Perrigo Pharmaceutical Company Limited.

Mr. Liu Zhenwen, aged 55, is a senior economist. He joined the Factory in 1966 and was transferred to Shandong Jining Antibiotics Factory in 1968 where he has served as the group leader, the workshop section head, the deputy head and the head of the workshop and the head of the Department of Production and Technology. He has also served as the manager, deputy general manager, director, vice-chairman, deputy secretary to the Company's Communist Party Committee and general manager of the Production and Planning Department of Shandong Lukang Pharmaceutical Co., Ltd. He is currently the deputy secretary to the Company's Communist Party Committee and the director and the general manager of SXPGC. Mr. Liu has been elected as the director of the Company with effect from 9 June 2006. Mr. Liu is the Chairman of Shandong Xinhua Industry & Trade Company Limited and the Chairman of Shandong Zibo XinCat Pharmaceutical Company Limited.

Mr. Ren Fulong, aged 45, is a senior engineer and practising pharmacist. He graduated from Shandong Changwei Medicine College in 1985. From 1985 to 1988, Mr. Ren was a resident physician. In 1991, Mr. Ren obtained his master of medicine from Beijing Medical University and joined the Factory in the same year. He previously held the positions of the deputy director and the director of the Company's research institute, the assistant to the general manager and the deputy general manager of the Company, the deputy general manager of SXPGC. Mr. Ren has been appointed the general manager of the Company with effect from 24 March 2006 and has been elected as the director of the Company with effect from 9 June 2006. Mr. Ren is also a director of SXPGC and the Chairman of Shandong Xinhua Medical Trade Company Limited and a director of Shandong Xinhua Longxin Chemical & Industrial Company Limited.

董事、監事及其他高級管理人員簡介 (續)

董事 (續)

趙松國先生，44歲，高級會計師，一九八六年畢業於山東廣播電視大學企業經營管理專業，二零零四年結業於中國海洋大學財務管理專業研究生課程進修班。一九八零年到山東新華製藥廠工作，歷任財務處科長、處長，總經理助理，現任本公司董事、副總經理、財務負責人。兼任山東新華醫藥貿易有限公司董事，淄博新華大藥店連鎖有限公司董事，山東新華製藥(歐洲)有限公司董事，山東新華隆信化工有限公司董事，淄博新華中西製藥有限責任公司董事，山東大地新華化學有限公司監事。

戴慶駿先生，65歲，一九六七年畢業於清華大學高分子化學專業。同年到山東新華製藥廠工作，歷任技術員、副總工程師、副廠長。歷任山東省醫藥總公司總經理、山東省醫藥管理局局長、國家醫藥管理局科教司司長、國家醫藥管理局副局長，國家藥品監督管理局副局長。現任本公司獨立非執行董事。戴先生兼任山東魯抗醫藥股份有限公司獨立董事。

莫仲堃先生，43歲，香港王桂壘律師行聯合法朗克律師行合夥人。莫先生於一九八九年獲認可為澳洲新南威爾斯最高法院訴訟律師，並於一九九二年獲認可為英格蘭及威爾斯與香港最高法院訴訟律師。莫先生於二零零二年獲委任為本公司的獨立非執行董事，莫先生已於二零零八年四月十六日辭任。詳情請參閱董事會報告。

Brief Introduction of Directors, Supervisors and Senior Officers (continued)

Directors (continued)

Mr. Zhao Songguo, aged 44, is a senior accountant. He graduated from Shandong Television and Broadcasting University, specialising in enterprise management, in 1986. He also completed a refresher course in Qingdao Ocean University in 2004. Mr. Zhao joined the Factory in 1980 and previously held the positions of the head and the director of the finance department and the assistant to the general manager of the Company. Mr. Zhao is the director, and the deputy general manager and the financial controller of the Company. He is also a director of Shandong Xinhua Medical Trade Co., Ltd., a director of Shandong Zibo Xinhua Pharmacy Chain Co., Ltd., a director of Shandong Xinhua Pharmaceutical (Europe) GmbH and a director of Shandong Xinhua Longxin Chemical Co., Ltd., a director of Zibo Xinhua Eastwest Pharmaceutical Company Limited and a supervisor of Shandong Dadi Xinhua Chemical Company Limited.

Mr. Dai Qingjun, aged 65, graduated from Tsinghua University specialising in macromolecule chemistry and joined the Factory in 1967. Mr. Dai previously held the positions of a technician, the vice engineer-general and the deputy general manager of the Factory. Mr. Dai was the former general manager of Shandong Provincial Pharmaceutical Company, the director-general of Shandong Pharmaceutical Administration, the director of science and education department and the vice director general of the State Pharmaceutical Administration of China and the vice director general of the State Drug Administration of the PRC. Mr. Dai is an independent non-executive director of the Company. Mr. Dai is also an independent non-executive director of Shandong Lukang Pharmaceutical Co., Ltd.

Mr. Mok Chung Kwan, Stephen, aged 43, is a partner of a law firm in Hong Kong, Huen Wong & Co in association with Fried Frank Harris Shriver & Jacobson LLP. Mr. Mok was admitted as a solicitor of the Supreme Court of New South Wales, Australia in 1989, and of England and Wales and Hong Kong in 1992. Mr. Mok was appointed as an independent non-executive director of the Company in 2002. Mr. Mok resigned as director with effect from 16 April 2008. For details, please refer to the Report of the Board of Directors.

董事、監事及其他高級管理人員簡介 (續)

董事 (續)

徐國君先生，45歲，中國人民大學會計學博士研究生畢業，教授，博士研究生導師，現任中國海洋大學校長助理。同時，社會兼職有青島市政府專家諮詢委員會委員、青島市社科聯副主席等。徐國君先生長期從事會計與財務管理方面的教學、科研及實際研究工作，在會計與財務管理理論等領域著述頗豐，曾多次被評為青島市青年學術、工程技術帶頭人，並獲山東省優秀教師、省高校系統十大優秀教師等稱號。徐先生於二零零五年獲委任為本公司的獨立非執行董事。現時，仍為本公司獨立非執行董事。兼任山東新華醫療器械股份有限公司獨立董事、青島黃海橡膠股份有限公司獨立董事、青島海爾股份有限公司董事。

孫明高先生，43歲，天津大學管理學博士，高級經濟師。二零零一年創立了深圳天成投資集團有限公司。現擔任董事長、總裁，兼任《中國創業投資與高科技》常務理事、湖北省十堰市人民政府財務顧問、山東省臨邑縣人民政府高級經濟顧問、深圳市創業投資同業公會的常務理事、山東省生產力學會副會長、山東省物流與採購協會副會長。孫先生於二零零五年獲委任為本公司的獨立非執行董事，現時仍為本公司獨立非執行董事。

原董事馬永先生於二零零七年八月三日去世。

Brief Introduction of Directors, Supervisors and Senior Officers (continued)

Directors (continued)

Mr. Xu Guojun, aged 45, is a doctorate class graduate in accounting of Renmin University of China, professor, and tutor of postgraduates and is currently an assistant to the president of Ocean University of China. Mr. Xu is also the member of Qingdao Municipal Government Expert Consultancy Committee and the vice chairman of Qingdao Social Academy. With years' experience in teaching accounting and financial management courses, engaging in scientific research and practical research as well as releasing lots of written works in accounting and financial management theories, he has been rewarded as the leader of Qingdao Youth Science and Engineering many times and has been named as the Excellent Teacher in Shandong Province and one of Ten Excellent Teachers of Provincial Colleges. Mr. Xu was appointed as an independent director of the Company in 2005. Currently, Mr. Xu is an independent non-executive director of the Company. Mr. Xu is also an independent director of Shandong Xinhua Medical Instrument Co., Ltd., an independent director of Qingdao Yellow Sea Rubber Company Limited, and a director of Qingdao Haier Company Limited.

Mr. Sun Minggao, aged 43, is a doctorate degree holder in Management of Tianjin University and a senior economist. Mr. Sun founded Shenzhen Tactician Investment (Group) Co., Ltd. in 2001, where he is the Chairman and President. He is also the standing member of "China Investment Capital & High-Tech", the financial adviser of Shiyan Municipal People Government of Hubei Province and the senior economics consultant of the People Government of Linyi County of Shandong Province, the standing member of Shenzhen Venture Capital Association, the deputy director of Shandong Production Committee, and the deputy director of Shandong Logistics & Procurement Committee. Mr. Sun was appointed as an independent director of the Company in 2005. Currently, Mr. Sun is an independent non-executive director of the Company.

Mr. Ma Yong, former director of the Company, passed away on 3 August 2007.

董事、監事及其他高級管理人員簡介 (續)

監事

于公福先生，57歲，高級工程師，一九七四年畢業於山東工學院工業自動化專業，一九六八年到山東新華製藥廠工作，歷任工會副主席及副廠長，副總經理、董事，山東新華醫藥集團有限責任公司董事、副總經理，黨委副書記、紀委書記。現任本公司監事會主席。

高慶剛先生，58歲，高級會計師，畢業於中國山東廣播電視大學財務與會計專業，一九七八年到山東新華製藥廠工作，歷任財務處副處長、處長，股份製改製辦公室主任、本公司董事、副總經理、財務負責人。現任山東新華醫藥集團有限責任公司董事、副總經理、財務負責人。現任本公司監事。

劉強先生，53歲，1970年到山東新華製藥廠工作，歷任車間黨支部書記，分廠黨總支書記，黨委辦公室主任，本公司工會辦公室主任。2007年2月2日本公司第三屆職工代表大會第二次會議選舉劉先生擔任本公司職工監事。

張月順先生，58歲，中國註冊會計師、中國註冊評估師，歷任企業財務負責人、財政部駐淄博地區中央企業管理處副處長、淄博市國有資產管理局副局長、山東淄博會計師事務所主任會計師。張先生於二零零二年獲委任為本公司獨立監事。現任山東普華會計師事務所有限公司高級顧問。本公司獨立監事。

Brief Introduction of Directors, Supervisors and Senior Officers (continued)

Supervisors

Mr. Yu Gongfu, aged 57, is a senior engineer. He graduated from Shandong Engineering College in 1974, specialising in industrial automation. He joined the Factory in 1968. Mr. Yu had previously held the positions of the vice-chairman of the labour union and the deputy manager of the Factory and was the deputy general manager of the Company and was a director of the Company. He was also a director, deputy general manager, deputy secretary to the Communist Party Committee and the secretary to the Disciplinary Committee of the Communist Party of SXPGC. Mr. Yu is the chairman of the Supervisory Committee of the Company.

Mr. Gao Qinggang, aged 58, senior accountant, graduated from Shandong Television and Broadcasting University, specialising in finance and accounting. Mr. Gao joined the Factory in 1978 and was previously the deputy director and the director of the finance department of the Factory, as well as the chief of the Shareholding System Reform Office, and the director, deputy general manager and financial controller of the Company. Mr. Gao is a director, the deputy general manager and the financial controller of SXPGC. Mr. Gao is currently a supervisor of the Company.

Mr. Liu Qiang, aged 53, was employed to work in the Factory since 1970. He has been employed in the past in different positions as the secretary of the Party branch of the Production Workshop, the secretary of the principal branch of the Party of the Factory Branch and the supervisor to the Party Committee Office. Mr. Liu was appointed as an employee supervisor of the Company by the employee's representatives meeting held on 2 February 2007.

Mr. Zhang Yueshun, aged 58, certified public accountant and certified public assessor of the PRC. Mr. Zhang was the controller of an enterprise, the deputy chief of Zibo Office affiliated to the Enterprise Department of the Ministry of Finance of the PRC, the vice director of the Zibo Municipal State-owned Assets Administration and the chief accountant of Shandong Zibo Accountant Firm. Mr. Zhang was appointed as an independent supervisor in 2002. Mr. Zhang is currently a senior consultant of Zibo Puhua Accountant Firm and an independent supervisor of the Company.

董事、監事及其他高級管理人員簡介 (續)

監事 (續)

陶志超先生，38歲，畢業於華東政法學院法律系，獲法學學士學位，並取得山東大學法律碩士專業學位。陶先生於二零零二年獲委任為本公司的獨立監事。現為山東致公律師事務所合夥人，山東淄博市人民政府法律顧問及本公司獨立監事。

呂忠德先生，51歲，高級政工師，一九七五年到山東新華製藥廠工作，歷任團委副書記、書記，工會副主席兼團委書記，工會副主席。二零零七年二月二日起不再擔任本公司職工監事。

其他高級管理人員簡介

張代銘先生，45歲，高級經濟師，畢業於青島科技大學有機化工專業，上海財經大學經濟學碩士。一九八七年到山東新華製藥廠工作，歷任國際貿易部副經理、經理，現任本公司副總經理。兼任山東新華製藥(歐洲)有限公司董事長，山東新華製藥進出口有限責任公司董事長，山東新華醫藥貿易有限公司董事，淄博新華-百利高製藥有限公司董事，淄博新華中西製藥有限責任公司董事。

傅恒謙先生，58歲，高級經濟師。一九七零年到山東新華製藥廠工作，歷任車間工程師、主任、調度處處長、計統處處長，山東新華醫藥集團有限責任公司規劃部部長、新華魯抗藥業集團有限責任公司規劃部部長、總經理助理、副總經理。二零零六年三月二十四日任本公司副總經理，兼任山東大地新華化學有限公司董事。

Brief Introduction of Directors, Supervisors and Senior Officers (continued)

Supervisors (continued)

Mr. Tao Zhichao, aged 38, graduated from East China University of Politics and Laws and obtained a bachelor's degree in law. Mr. Tao was also awarded a master's degree in law from Shandong University. Mr. Tao was appointed as an independent supervisor of the Company in 2002. Mr. Tao is a partner of Shandong Zhigong Associates, the legal consultant for the People's Government of Zibo, Shandong and an independent supervisor of the Company.

Mr. Lü Zhongde, aged 51, is a political work specialist. Mr. Lü joined the Factory in 1975 and held the positions of the deputy secretary and the secretary to the Company's Communist Youth Party Committee and the vice chairman of labour union of the Company. From 2 February 2007, Mr. Lü has resigned as an employee supervisor of the Company.

Senior Officers

Mr. Zhang Daiming, aged 45, is a senior economist. He graduated from Qingdao Science and Technology University, specialising in organic chemical engineering and obtained a master's degree in economics from Shanghai Financial and Economic University. Mr. Zhang joined the Factory in 1987 and was previously the deputy manager and manager of international trade department of the Company. Mr. Zhang is a deputy general manager of the Company, the chairman of Shandong Xinhua Pharmaceutical (Europe) GmbH, the chairman of Shandong Xinhua Import and Export Company Limited, a director of Shandong Xinhua Medical Trade Company Limited, a director of Zibo Xinhua-Perrigo Pharmaceutical Company Limited and a director of Zibo Xinhua Eastwest Pharmaceutical Company Limited.

Mr. Fu Hengqian, aged 58, is a senior economist. He joined the Factory in 1970. Mr. Fu previously held the positions of the workshop engineer, the director of the workshop, the director of the dispatch department and the director of the planning and statistics department of the Factory, the director of the planning department of SXPGC, the director of the planning department, the assistant to the general manager and the deputy general manager of Xinhua Lukang Pharmaceutical Group Corporation. Mr. Fu has been the deputy general manager of the Company since 24 March 2006. Mr. Fu is a director of Shandong Dadi Xinhua Chemical Company Limited.

董事、監事及其他高級管理人員簡介 (續)

其他高級管理人員簡介 (續)

王小龍先生，43歲，高級工程師，畢業於山東工業大學自動化專業，一九八八年到山東新華製藥廠工作，歷任電氣車間副主任、主任，機械分廠廠長，現任本公司副總經理，兼任山東新華長星化工設備有限公司董事。二零零七年九月三日辭去本公司副總經理職務。

高祥友先生，39歲，高級工程師。一九九零年畢業於天津大學有機化學專業，同年到山東新華製藥廠工作，歷任車間副主任、主任、新華—百利高製藥公司總經理，本公司總經理助理，現任本公司副總經理。

霍永先生，60歲，高級經濟師，畢業於北京化校。一九六九年到山東新華製藥廠工作，歷任勞資科副科長、人事處副處長、人事處處長兼幹部處處長，二零零七年三月二十三日離任本公司副總經理。

曹長求先生，38歲，高級經濟師，一九九一年畢業於中國海洋大學經濟管理專業，同年到山東新華製藥廠工作，現任本公司董事會秘書。

郭磊女士，39歲，北京大學經濟學碩士，經濟師，一九九二年畢業於廣州外貿學院會計專業，同年到山東新華製藥廠工作，現任本公司董事會秘書。

本公司現任董事、監事、總經理任職自二零零五年十二月二十二日起任期三年；其他高級管理人員任期至二零零八年十二月二十二日。

Brief Introduction of Directors, Supervisors and Senior Officers (continued)

Senior Officers (continued)

Mr. Wang Xiaolong, aged 43, was a senior engineer. He graduated from Shandong University of Technology, specialising in automation. Mr. Wang joined the Factory in 1988 and previously held the positions of the deputy director and the director of the electricity workshop and the director of the machinery sub-factory. Mr. Wang is the deputy general manager of the Company. Mr. Wang is a director of Shandong Xinhua Changxing Chemical Equipment Company Limited. Mr. Wang has resigned from the position of deputy general manager of the Company with effect from 3 September 2007.

Mr. Gao Xiangyou, aged 39, is a senior engineer. He graduated from Tianjin University, specialising in organic chemistry and joined the Factory in 1990. Mr. Gao had previously held the position of deputy director of the workshop and director of the workshop and was the general manager of Xinhua-Perrigo Pharmaceutical Company Limited and was the assistant to the general manager of the Company. Mr. Gao is a deputy general manager of the Company.

Mr. Huo Yong, aged 60, is a senior economist. He graduated from Beijing Chemical Industry School. Mr. Huo joined the Factory in 1969. Mr. Huo previously held the positions of the deputy chief of the labour division, the deputy director and the director of the personnel and cadre department of the Company. Mr. Huo retired as deputy general manager of the Company on 23 March 2007.

Mr. Cao Changqiu, aged 38, is a senior economist. He graduated from Qingdao Ocean University, specialising in economic management and joined the Factory in 1991. Mr. Cao is one of the company secretaries of the Company.

Ms. Guo Lei, aged 39, has a master's degree in economics from Beijing University and is an economist. She graduated from Guangzhou Foreign Trade College, specialising in accounting and joined the Factory in 1992. Ms. Guo is one of the company secretaries of the Company.

The Director, Supervisors and General Manager of the Company were appointed for a term of 3 years commencing from 22 December 2005. The Senior Officers of the Company were appointed for a term to 22 December 2008.

董事、監事、高級管理人員和員工情況 (續)

DIRECTORS, SUPERVISORS, SENIOR OFFICERS AND STAFF (continued)

董事、監事及其他高級管理人員持有本公司股份情況

Directors' and Supervisors' and Senior Officers' Interests in Shares of the Company

姓名 Name	職務 Duty	於2007年12月31日 As at 31 December 2007	於2007年1月1日 As at 1 January 2007
		股數 Number of shares	股數 Number of shares
董事			
Directors			
郭 琴 Ms. Guo Qin	董事長 Chairman	12,639	16,852
劉振文 Mr. Liu Zhenwen	非執行董事 Non-executive director	未持有 Nil	未持有 Nil
任福龍 Mr. Ren Fulong	執行董事、總經理 Executive director, General manager	未持有 Nil	未持有 Nil
趙松國 Mr. Zhao Songguo	執行董事、副總經理、財務負責人 Executive director, deputy general manager, financial controller	未持有 Nil	未持有 Nil
馬 永 Mr. Ma Yong	非執行董事(於2007年8月3日去世) Non-executive director (died on 3 August 2007)	未持有 Nil	未持有 Nil
戴慶駿 Mr. Dai Qingjun	獨立非執行董事 Independent Non-executive director	未持有 Nil	未持有 Nil
莫仲堃 Mr. Mok Chung Kwan, Stephen	獨立非執行董事(於2008年4月16日離任) Independent Non-executive director (resigned on 16 April 2008)	未持有 Nil	未持有 Nil
徐國君 Mr. Xu Guojun	獨立非執行董事 Independent Non-executive director	未持有 Nil	未持有 Nil
孫明高 Mr. Sun Minggao	獨立非執行董事 Independent Non-executive director	未持有 Nil	未持有 Nil
監事			
Supervisors			
于公福 Mr. Yu Gongfu	監事會主席 Chairman of the Supervisory Committee	6,075	6,075
高慶剛 Mr. Gao Qinggang	監事 Supervisor	4,370	4,370
劉 強 Mr. Liu Qiang	監事(於2007年2月2日選舉產生) Supervisor (appointed on 2 February 2007)	4,370	4,370
呂忠德 Mr. Lü Zhongde	監事(於2007年2月2日離任) Supervisor (retired on 2 February 2007)	未持有 Nil	未持有 Nil
張月順 Mr. Zhang Yueshun	獨立監事 Independent supervisor	未持有 Nil	未持有 Nil
陶志超 Mr. Tao Zhichao	獨立監事 Independent supervisor	未持有 Nil	未持有 Nil

董事、監事、高級管理人員和員工情況 (續)

DIRECTORS, SUPERVISORS, SENIOR OFFICERS AND STAFF (continued)

董事、監事及其他高級管理人員持有本公司股份情況 (續)

Directors' and Supervisors' and Senior Officers' Interests in Shares of the Company (continued)

姓名 Name	職務 Duty	於2007年12月31日	於2007年1月1日
		As at 31 December 2007	As at 1 January 2007
		股數 Number of shares	股數 Number of shares
其他高級管理人員			
Senior Officers			
張代銘 Mr. Zhang Daiming	副總經理 Deputy general manager	未持有 Nil	未持有 Nil
霍永 Mr. Huo Yong	副總經理(2007年3月23日離任) Deputy general manager (retired on 23 March 2007)	不屬於高管股 management shares	4,027
傅恒謙 Mr. Fu Hengqian	副總經理 Deputy general manager	未持有 Nil	未持有 Nil
高祥友 Mr. Gao Xiangyou	副總經理(2007年8月6日獲聘任) Deputy general manager (appointed on 6 August 2007)	未持有 Nil	未持有 Nil
王小龍 Mr. Wang Xiaolong	副總經理(2007年9月3日離任) Deputy general manager (retired on 3 September 2007)	3,384	3,384
曹長求 Mr. Cao Changqiu	董事會秘書 Company secretary	3,038	4,050
郭磊 Ms. Guo Lei	董事會秘書 Company secretary	未持有 Nil	未持有 Nil
合計 Total		33,876	43,128

本公司董事、監事及高級管理人員所持有本公司股份均為A股。

All shares held by the Director, Supervisors and Senior Officers are A shares.

股份變動原因是：根據有關規定，於二級市場賣出。

The changes in the number of shares held by the Directors, Supervisors and Senior Officers were due to the shares sold on the secondary market according to relevant provisions.

除上文所披露外，就公司之董事、高級管理人員及監事所知悉，於二零零七年十二月三十一日，沒有本公司之董事、高級管理人員及監事在本公司及其／或任何相聯法團(定義見《證券及期貨條例》第XV部)的股份、相關股份及／或債券證(視情況而定)中擁有任何需根據《證券及期貨條例》第XV部第7和第8部份需知會本公司及香港聯交所的權益或淡倉(包括根據《證券及期貨條例》該些章節的規定或當作這些董事、高級管理人員及監事擁有的權益或淡倉)，或根據《證券及期貨條例》第352條規定而記錄於本公司保存的登記冊的權益或淡倉，或根據上市規則附錄十中的「上市公司董事進行證券交易的標準規則」須知會本公司及香港聯交所的權益或淡倉。

Save as disclosed above, so far as the Directors, the Senior Officers and the Supervisors of the Company are aware, as at 31 December 2007, none of the Directors, the Senior Officers or the Supervisors of the Company had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance ("SFO")) which was required to be notified to the Company and The SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short position which any such Director, Senior Officer or Supervisor is taken or deemed to have under such provisions of the SFO) of which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

董事、監事和其他高級管理人員酬金

本公司主要依據國家政策、公司經濟效益情況和個人工作業績，並參考社會報酬水平，確定董事、監事及其他高級管理人員薪酬。本年度內薪酬與考核委員會審議通過了《關於二零零七年度董事、監事酬金的議案》、《關於二零零七年度高級管理人員酬金的議案》，並建議提交董事會審議。董事、監事的報酬由董事會提交股東大會審議通過，高級管理人員的報酬由董事會審議通過。

董事、監事及其他高級管理人員酬金

Remuneration of Directors, Supervisors and Senior Officers

The remuneration policy of the Directors, the Supervisors and the Senior Officers are based on State policies, the Company's profit realised in the corresponding period, individual achievement and the average income of local residents determined in accordance with State policies. During the year, the remuneration and examination committee of the Company has passed The Proposal of 2007 Annual Remuneration of Directors and Supervisors and The Proposal of 2007 Annual Remuneration of Senior Officers, and submitted the above proposals to the Board of Directors for approval. The Directors' and the Supervisors' remuneration must be approved in a shareholders' meeting of the Company, whereas the remuneration of the Senior Officers must be approved by the Board of Directors.

Remuneration of the Directors, Supervisors and Senior Officers

		2007年度 2007 人民幣萬元 RMB0'000
董事	Directors	
郭 琴	Ms. Guo Qin	20
劉振文	Mr. Liu Zhenwen	17
任福龍	Mr. Ren Fulong	30
趙松國	Mr. Zhao Songguo	22
馬 永	Mr. Ma Yong	11.67
戴慶駿	Mr. Dai Qingjun	6
莫仲堃	Mr. Mok Chung Kwan, Stephen	6
徐國君	Mr. Xu Guojun	6
孫明高	Mr. Sun Minggao	6
監事	Supervisors	
于公福	Mr. Yu Gongfu	20
高慶剛	Mr. Gao Qinggang	13
劉 強	Mr. Liu Qiang	6
呂忠德	Mr. Lü Zhongde	0
張月順	Mr. Zhang Yueshun	2.4
陶志超	Mr. Tao Zhichao	2.4
其他高級管理人員	Senior Officers	
張代銘	Mr. Zhang Daiming	22
傅恒謙	Mr. Fu Hengqian	20
高祥友	Mr. Gao Xiangyou	6.67
王小龍	Mr. Wang Xiaolong	13.5
霍 永	Mr. Huo Yong	4.5
曹長求	Mr. Cao Changqiu	7
郭 磊	Ms. Guo Lei	7

二零零七年度董事、監事和高級管理人員的年度報酬總額為人民幣249.14萬元。

The aggregate remuneration of the Directors and the Supervisors for the financial year ended 31 December 2007 was approximately RMB2,491,400.

董事、監事及其他高級管理人員變動情況

本公司第三屆職工代表大會第二次會議於2007年2月2日形成決議：因工作變動，呂忠德先生不再擔任本公司監事會職工監事，選舉劉強先生為本公司監事會職工監事。

2007年3月23日本公司第五屆董事會第八次會議同意續聘趙松國先生為本公司副總經理、財務負責人，張代銘先生、傅恒謙先生、王小龍先生為本公司副總經理；續聘曹長求先生、郭磊女士為本公司董事會秘書。

因年齡原因，不再聘任霍永先生為本公司副總經理。

2007年8月3日本公司董事馬永先生去世。

2007年8月6日本公司第五屆董事會第十次會議聘任高祥友先生為本公司副總經理。

2007年9月3日王小龍先生因工作變動辭去本公司副總經理職務。

員工及其薪金

本集團主要依據國家政策、企業經濟效益情況，並參考社會報酬水平，確定員工薪酬。

截至二零零七年十二月三十一日止本集團員工為5,005人，該年度集團全體員工工資總額為人民幣110,117千元。

Change of Directors, Supervisors and Senior Officers

As a result of job allocation, Mr. Lü Zhongde has resigned as a supervisor of the Company. Pursuant to a resolution of the employee's representatives meeting held on 2 February 2007, Mr. Liu Qiang has been appointed to replace Mr. Lü Zhongde as a supervisor of the Company.

Mr. Zhao Songguo was re-appointed as the deputy general manager and financial controller of the Company in the eighth meeting of the fifth Board of Directors held on 23 March 2007. At the same time, Mr. Zhang Daiming, Mr. Fu Hengqian and Mr. Wang Xiaolong were re-appointed as the deputy general manager of the Company, Mr. Cao Changqiu and Ms. Guo Lei were re-appointed as the company secretaries.

Due to his age, Mr. Huo Yong has not been appointed as the deputy general manager of the Company.

Mr. Ma Yong, a director of the Company passed away on 3 August 2007.

Mr. Gao Xiangyou was appointed as the deputy general manager of the Company in the tenth meeting of the fifth Board of Directors held on 6 August 2007.

As a result of job allocation, Mr. Wang Xiaolong resigned from his position as the deputy general manager of the Company on 3 September 2007.

Staff and Remuneration

The Group's staff remuneration was determined in accordance with the State policies, the Group's profit in the corresponding period and the average income of local residents.

As at 31 December 2007, the number of staff employed by the Group was 5,005, and the total amount of their salaries and wages for the year 2007 was approximately RMB110,117,000.

董事、監事、高級管理人員和員工情況 (續)

DIRECTORS, SUPERVISORS, SENIOR OFFICERS AND STAFF (continued)

員工及其薪金 (續)

本集團員工按職能及教育程度劃分如下：

Staff and Remuneration (continued)

The Group's staff can be categorised by their area of work and educational level as follows:

員工職能 Area of Work		員工人數 Number of Employees
生產人員	Staff in production	3,774
工程技術人員	Staff in engineering and technology	299
行政管理人員	Staff in administration	202
財務人員	Staff in finance	79
產品開發人員	Staff in research and development	130
採購人員	Staff in procurement of raw materials	26
銷售人員	Staff in sales	271
質量監督檢測人員	Staff in quality control and inspection	224
合計	Total	<u>5,005</u>

員工教育程度 Academic Qualification Attained		員工人數 Number of Employees
大學及以上學歷	University or above	543
大專學歷	Tertiary Institutes	846
中專學歷	Intermediate institutes	978
高中及技校學歷	Senior high schools and technical schools	1,807
初中及以下學歷	Junior high schools or below	831
合計	Total	<u>5,005</u>

截至二零零七年十二月三十一日止本集團退休職工人數為2,276人。

As at 31 December 2007, the number of retired staff of the Group was 2,276.

(一) 根據中國證監會要求披露資料

規範性自查

對照中國有關上市公司治理的規範性文件，本公司基本符合有關要求。

獨立非執行董事履行職責情況

在本年度內，本公司董事會共召開8次會議，各獨立非執行董事出席會議情況如下：

獨立非執行 董事姓名 Name	應參加次數 The number of participants	親自出席/ 書面表決 Personally attended/ written resolution	委託出席 Commissioned to attend	缺席 Absent	備註 Remarks
戴慶駿 Mr. Dai Qingjun	8	7	1	0	
莫仲堃 Mr. Mok Chung Kwan, Stephen	8	8	0	0	
徐國君 Mr. Xu Guojun	8	8	0	0	
孫明高 Mr. Sun Minggao	8	7	1	0	

在本年度內，本公司董事會審核委員會共召開4次會議，各獨立非執行董事出席會議情況如下：

獨立非執行 董事姓名 Name	應參加次數 The number of participants	親自出席 Personally attended	委託出席 Commissioned to attend	缺席 Absent	備註 Remarks
戴慶駿 Mr. Dai Qingjun	4	3	1	0	
莫仲堃 Mr. Mok Chung Kwan, Stephen	4	4	0	0	
徐國君 Mr. Xu Guojun	4	4	0	0	
孫明高 Mr. Sun Minggao	4	3	1	0	

1. Information disclosed under the requirement of CSRC

Self-examination for Standardisation

The corporate governance practice implemented by the Company has complied with the rules and requirements of corporate governance required to be observed by listed companies in the PRC.

How independent non-executive directors performed their duties

During the year, the Board convened eight Board meetings. The independent non-executive directors' attendance at the eight meetings are set out below:

During the year, the Audit Committee convened four meetings. The independent non-executive directors' attendance at the four meetings are set out below:

(一) 根據中國證監會要求披露
資料 (續)

規範性自查 (續)

獨立非執行董事履行職責情況
(續)

在本年度內，本公司董事會薪酬與考核委員會共召開1次會議，擔任薪酬與考核委員會成員的戴慶駿、徐國君、孫明高均出席會議。

在本年度內，本公司董事會提名委員會共召開2次會議，擔任提名委員會成員的戴慶駿、徐國君、孫明高均出席會議。

在本年度內，獨立非執行董事均未對公司有關事宜提出異議。

審核委員會審核2007年度報告情況

- (1) 董事會審核委員會就公司財務資產部出具的2007年度財務會計報表發表的書面意見：

公司財務會計報表依照公司會計政策編制，會計政策運用恰當，會計估計合理，符合新企業會計準則、企業會計制度及財政部發佈的有關規定的要求；公司財務報表納入合併範圍的單位報表內容完整，報表合併基礎準確；公司財務報表客觀、真實、準確，未發現有重大錯報、漏報情況。

審核委員會認為該財務會計報表可以提交年審註冊會計師進行審核。

1. Information disclosed under the
requirement of CSRC (continued)

Self-examination for Standardisation
(continued)

How independent non-executive directors performed
their duties (continued)

During the year, the Remuneration and Examination Committee of the Company convened one meeting. Mr. Dai Qingjun, Mr. Xu Guojun and Mr. Sun Minggao all attended the meeting.

During the year, the Nomination Committee of the Company convened two meetings. Mr. Dai Qingjun, Mr. Xu Guojun and Mr. Sun Minggao all attended the two meetings.

During the year, the independent non-executive directors did not dispute the matters raised by the Company.

Auditing of the 2007 annual report by the Audit Committee

- (1) The Audit Committee of the Board of Directors issued a written opinion in respect of the financial and accounting statements issued by the financial department of the Company in 2007:

The financial and accounting statement of the Company was prepared with reference to the accounting policy of the Company. The application of the accounting policy is appropriate and the accounting estimates are reasonable and in compliance with the new accounting standards for business enterprises, the Accounting Regulations for Business Enterprises as well as the regulations promulgated by the Ministry of Finance. Each financial statement consolidated in the financial statements of the Company is complete in contents and the basis of consolidation of the statements is accurate. The Company's financial statements are objective, truthful and accurate, without any material misrepresentations or omissions.

The Audit Committee considered that the financial statements can be submitted to the certified accountants engaged in annual auditing for auditing.

(一) 根據中國證監會要求披露
資料 (續)

規範性自查 (續)

審核委員會審核2007年度報告情
況 (續)

- (2) 審核委員會在信永中和會計師事務所有限公司就公司2007年度財務報表出具了初步審核意見後，審核委員會再次審閱了公司2007年度財務會計報表，現發表意見如下：

公司按照新企業會計準則及公司有關財務制度的規定，財務報表編制流程合理規範，公允地反映了截止2007年12月31日公司資產、負債、股東權益和經營成果，內容真實、準確、完整。

審核委員會認為，經信永中和會計師事務所有限公司初步審定的公司2007年度財務會計報表可以提交董事會審議表決。

1. Information disclosed under the
requirement of CSRC (continued)

Self-examination for Standardisation

(continued)

Auditing of the 2007 annual report by the Audit Committee
(continued)

- (2) The Audit Committee reviewed the financial and accounting statements for year 2007 of the Company again after the issue of a preliminary audit opinion by SHINEWING (HK) CPA Limited in respect of the financial statements for year 2007 of the Company, and expressed opinions as follows:

The Company was in compliance with the new accounting standards for business enterprises and regulations in relation to the financial system of the Company. The preparation process of the financial statements was reasonable and standardised and fairly reflected the assets, liabilities, shareholders' equity and operating results as at 31 December 2007. The content is truthful, accurate and complete.

The Audit Committee considered that the financial statements for the year 2007 of the Company which was preliminarily audited by SHINEWING (HK) CPA Limited can be submitted for consideration and approval by the board of directors.

(一) 根據中國證監會要求披露
資料 (續)

規範性自查 (續)

審核委員會審核2007年度報告情
況 (續)

- (3) 關於信永中和會計師事務所有限公司從事公司2007年度財務報告審核工作的總結報告

2008年3月7日，董事會審核委員會同意公司與信永中和會計師事務所有限公司協商確定的公司2007年度財務報告審核工作總體計劃。

信永中和會計師事務所有限公司為公司出具了標準無保留意見結論的審核報告。我們認為，信永中和會計師事務所有限公司已按照中國註冊會計師獨立審核準則的規定執行了審核工作，審核時間充分，審核人員配置合理，具備相應的執業能力，經審核後的財務報表能充分反映公司2007年12月31日的財務狀況以及2007年度的經營成果和現金流量情況，出具的審核結論符合公司的實際情況。

- (4) 2008年4月17日召開董事會審核委員會會議，審閱2007年年度經審計帳目及業績公告；建議續聘2008年度財務審計機構，期限一年。

1. Information disclosed under the
requirement of CSRC (continued)

Self-examination for Standardisation
(continued)

Auditing of the 2007 annual report by the Audit Committee
(continued)

- (3) Conclusive report of SHINEWING (HK) CPA Limited in respect of the auditing of the financial report of the Company for 2007

On 7 March 2008, the Audit Committee of the Board of Directors approved the overall auditing plan for the financial report of 2007 of the company as negotiated and confirmed by the Company together with SHINEWING (HK) CPA Limited.

SHINEWING (HK) CPA Limited was of the opinion that the Company issued a standard auditing report without any reserved opinions or conclusions. The Company considered that SHINEWING (HK) CPA Limited had audited in accordance with the regulations under "Independent auditing code of certified accountants of the PRC (中國註冊會計師獨立審核準則)". There was ample time for auditing and reasonable allocation of auditing staff who had attained the corresponding qualification. The audited financial statements fully reflected the financial condition of the Company as at 31 December 2007 and the operating results and cash flow in 2007. The conclusion upon auditing was in line with the actual circumstances of the Company.

- (4) In 17 April 2008, the Audit Committee of the board of directors convened a meeting to review the audited accounts and results announcement of 2007 and recommended to appoint the financial auditing institution for year 2008 with a term of one year.

(一) 根據中國證監會要求披露
資料 (續)

五 分 開 情 況

本公司在業務、資產、人員、機構、財務等方面與控股股東分開，本公司具有獨立完整的生產經營能力。

- (1) 在業務方面，本公司主要從事開發、製造及銷售化學原料藥、製劑以及化工產品，新華醫藥集團公司已向本公司承諾，在新華醫藥集團公司對本公司有指定程度控制權的期間，將不會從事任何與本公司有直接或間接競爭的業務。
- (2) 在資產方面，本公司擁有獨立的生產系統、輔助生產系統和配套設施；除「新華牌」商標由控股股東擁有，本公司獨佔使用外，其他工業產權、非專利技術等無形資產由本公司擁有；本公司獨立擁有採購和銷售系統。
- (3) 在人員方面，本公司在勞動、人事及工資管理等方面獨立；總經理、副總經理等高級管理人員均在上市公司領取薪酬，除總經理擔任控股股東董事職務外，副總經理均不在股東單位擔任職務。
- (4) 在機構方面，本公司設有股東大會、董事會、監事會、董事會秘書和經營管理層，各機構有明確的職責分工，辦公機構和生產經營場所與控股股東分開。

1. Information disclosed under the
requirement of CSRC (continued)

Status of Independence

The Company is independent of its controlling shareholder in respect of its business, assets, management, institutions and finance. The Company's production and operation are also independent.

- (i) The Company is mainly engaged in the business of development, manufacture and sale of bulk pharmaceuticals, preparations and chemical products. SXPGC undertook that for so long as SXPGC is regarded as a controlling shareholder of the Company, it will not engage in any business directly or indirectly in competition with the business of the Company.
- (ii) The Company has its own independent production and supplementary production system and facilities. Apart from certain patent technologies and the trademark "Xinhua", which are owned by the controlling shareholder, the Company owns all of the other intangible assets such as industrial property rights and know-how technologies used by the Company. The Company also has an independent procurement and sales network.
- (iii) The Company is independent of its controlling shareholder in respect of the management of its workforce and their salaries. The Senior Officers of the Company including the general manager and the deputy general managers are paid by the Company. Except for the general manager being a director of SXPGC, deputy general managers do not hold any position in the controlling shareholder of the Company.
- (iv) The Company holds its own shareholders' general meetings, and has its own board of directors, supervisory committee, company secretaries and management, which are responsible for the different areas and functions of the Company. The office and the production area of the Company are separate from that of its controlling shareholder.

(一) 根據中國證監會要求披露
資料 (續)

五分開情況 (續)

- (5) 在財務方面，本公司設立獨立的財會部門，並建立了獨立的會計核算體系和財務管理制度；獨立在銀行開戶。

公司治理情況

公司嚴格按照《公司法》、《證券法》、《上市公司治理準則》、《上市公司股東大會規則》、《股票上市規則》等法律法規及有關文件要求，建立了較為完善的法人治理結構，規範公司運作。《公司章程》對公司股東大會職責規定清晰，議事規則明確，並能得到有效切實執行。公司董事會、監事會職責清晰，有明確議事規則並能得到有效執行，全體董事、監事忠實履行職責。公司經理層根據《公司章程》及《總經理工作條例》的規定負責公司生產經營工作，組織實施董事會決議，並向董事會匯報，接受監事會監督。公司建立了較為完善的內部控制制度，不存在重大缺陷。

公司建立了《對外擔保管理制度》、《子公司管理規定》、《關聯交易管理制度》、《募集資金管理制度》、《獨立董事工作制度》及《投資者關係管理制度》等，制定了公司董事會轄下的提名委員會、審核委員會、薪酬與考核委員會、戰略與發展委員會的工作細則，促使公司的法人治理制度化、規範化。

1. Information disclosed under the
requirement of CSRC (continued)

Status of Independence (continued)

- (v) The Company has an independent finance department with an independent accounting and financial management system. The Company also maintains its own independent accounts with banks.

Corporate Governance

The Company strictly complied with various laws and regulations such as the “Company Law”, “Securities Law”, “Standard of corporate governance for PRC listed companies”, “rules of shareholders’ meeting of listed companies” (《上市公司股東大會規則》), “Securities Listing Rules” as well as the requirements of relevant documents to establish a better corporate governance structure and to standardise the operation of the Company. The Articles of Association clearly define the functions of the shareholders’ general meetings of the Company with clear rules and procedures that were effectively carried out. There is a clear division between the duties of the Board of Directors and the Supervisory Committee of the Company, with clear rules of procedures that can be effectively implemented. All members of the Board of Directors and supervisors diligently perform their duties. The management of the Company is responsible for the production and operation of the Company, the organisation and implementation of resolutions of the board of directors, and reported to the board of directors and was supervised by the Supervisory Committee pursuant to the regulations of the Articles of Association and Rules for the General Manager. The Company has established a more comprehensive internal control system without material deficiencies.

The Company has established a “Management Guidelines for the Provision of Guarantee to External Parties” (《對外擔保管理制度》), “Management Guidelines for Subsidiaries” (《子公司管理規定》), “Management Guidelines for Connected Transactions”, “Management Guidelines for Raised Proceeds” (《募集資金管理制度》), “Working System of Independent Directors” (《獨立董事工作制度》) and Management Guidelines for Investor Relations (《投資者關係管理制度》). The Company has formulated the code of work for the Nomination Committee, the Audit Committee, the Remuneration Committee and Strategic and Development Committee under the Board of Directors of the Company, which procured the systematisation and standardisation of corporate governance of the Company.

**(一) 根據中國證監會要求披露
資料 (續)**

公司治理情況 (續)

報告期內，公司根據相關規定，對《信息披露管理制度》的部分條款進行了修訂，確保了公司治理文件與有關法律法規的統一。

報告期內，公司根據證監會「加強上市公司治理專項活動」的要求，對公司的治理情況進行了自查，編制了自查報告和整改計劃，形成了公司治理專項活動整改報告，該報告經公司董事會審議通過，並刊登於中國證監會指定信息披露網站。

**報告期內對高級管理人員
的考評及激勵機製、相關
獎勵機制的建立、實施情
況**

對於高級管理人員的選擇，本公司按照唯才是舉、德才兼備的原則，一般從公司內部進行選拔，通過考察被選擇人員的思想道德品質、組織協調能力、工作能力和責任心等方面的素質，並經過嚴格的篩選程序，最終由董事會進行聘用。在聘用期間，董事會定期對高級管理人員進行多方面的考核，主要是考核工作績效和貫徹執行董事會決議等方面的情況。

通過對每位高級管理人員的職務分析，明確規定他們的工作性質，職責範圍以及相應的獎懲制度，建立起了激勵和約束機制。

**1. Information disclosed under the
requirement of CSRC (continued)**

Corporate Governance (continued)

During the reporting period, the Company amended certain parts of the Management Guidelines for Information Disclosure in accordance with relevant regulations so as to ensure that corporate governance documents are in compliance with relevant laws and regulations.

During the reporting period, the Company conducted a self-inspection of the corporate governance of the Company, prepared the self-inspection report and reform plan with reference to the requirements in respect of the instruction to “Strengthen corporate governance of listed companies” stipulated by the CSRC, thereby compiling the reform report for the corporate governance of the Company. The report was reviewed by the Board of Directors of the Company and was published on the website for information disclosure designated by the CSRC.

**The establishment and implementation of
assessment and appraisal mechanisms
as well as the incentive mechanisms for
senior officers**

The Company selects its senior officers from its staff on the basis of talent and ability. Prior to selecting and appointing the senior officers, the Board of Directors follows a strict set of selection criteria, which include the assessment of each of the candidates' individual character, moral standard, coordination ability, working ability and sense of responsibility. Once appointed, the Board of Directors will evaluate the senior officers periodically, particularly in respect of achievements and their execution of resolutions passed by the Board of Directors.

By analysing the duties of each of the Senior Officers, the Company clearly sets out their job nature and scope of responsibilities and has established a corresponding incentive and penalty scheme to reward and sanction Senior Officers.

(一) 根據中國證監會要求披露
資料 (續)

內部控制制度執行的效果

通過制定和有效實施內控制度，本公司經營規模逐年擴大，銷售額逐年增長，呈現較好的發展態勢，管理水平進一步提高，實現了質量和效益的統一。通過加強內控，保證了公司產品的質量，也促進了技術創新，有力地提升了公司的綜合競爭力，為公司的長遠發展奠定堅實的基礎。

本公司管理層認為，公司按照有關法律法規和有關部門的要求，建立健全了完整的、合理的內部控制，總體上保證了公司生產經營活動的正常運作，在一定程度上降低了管理風險，並按照控制制度標準於2007年12月31日與會計報表相關的重大方面的執行是有效的。

1. Information disclosed under the
requirement of CSRC (continued)

Effect of execution of internal control
system

Through formulation and effective implementation of the internal control system, the Company's scale of operation has gradually been expanded, followed by consecutive annual increases in sales volume, representing a sound development trend. The Company's management level has been raised and its internal control system has been improved. Therefore, the quality of the Company's products has been improved. In addition, the technology of the Company has been innovated and the competitiveness of the Company has been increased. As a result, the Company has a strong foundation for its future development.

The management of the Company considers that the Company has established and refined a comprehensive and reasonable internal control system with reference to laws and regulations as well as the requirements of relevant departments. Overall, the normal operation of the Company's production has been guaranteed which, to a certain extent, has mitigated the management risk. The Company also conformed to the standards of the control system as at 31 December 2007 and the material aspects of the accounting statements.

(一) 根據中國證監會要求披露
資料 (續)

公司監事會對公司內部控
制自我評價的意見

公司監事會審核後認為：公司內部控制符合《深圳證券交易所上市公司內部控制指引》的要求。內部控制自我評價報告的格式符合深證上[2007]206號《關於做好上市公司2007年年度報告工作的通知》的要求，內容真實、客觀、完整地反映了公司內部控制制度的執行情況和效果。

公司獨立董事對公司內部
控制自我評價的意見

公司獨立董事徐國君、戴慶駿、孫明高審核後認為：公司內部控制符合《深圳證券交易所上市公司內部控制指引》的要求。公司內部控制的評估、評價過程符合《深圳證券交易所上市公司內部控制指引》的要求，內部控制自我評價報告能真實、客觀、完整地反映了公司內部控制制度的執行情況和效果。

1. Information disclosed under the
requirement of CSRC (continued)

Self-evaluation of the Company's internal
control by the Supervisory Committee of
the Company

After auditing, the Company's Supervisory Committee considered that the internal control of the Company was in compliance with the Rules Governing the Listing of Shares on the Shenzhen Stock Exchange. The format of self-evaluation of internal control was in compliance with "Completion of 2007 annual report of listed companies" (ShenZhengShan [2007] No.206) (深證上[2007]206 號《關於做好上市公司2007 年年度報告工作的通知》). The contents truthfully, objectively and fully reflected the performance and effect of the Company's internal control system.

Self-evaluation of the Company's internal
control by the independent directors of
the Company

After auditing, Xu Guojun, Dai Qingjun and Sun Minggao; independent directors of the Company, considered that the internal control of the Company was in compliance with the "Guidelines of the internal control of listed companies on the Shenzhen Stock Exchange" (《深圳證券交易所上市公司內部控制指引》). The evaluation process of the Company's internal control conformed to the "Guidelines of the internal control of listed companies on the Shenzhen Stock Exchange" (《深圳證券交易所上市公司內部控制指引》). The self-evaluation report of the internal control system truthfully, objectively and fully reflected the performance and effect of the Company's internal control system.

(二) 根據香港聯合交易所有限公司公佈的證券上市規則披露

企業管治常規守則

除二零零七年度持續關聯交易金額超過股東大會批准上限，本公司及附屬公司與關聯人士的部分關聯交易未獲得獨立股東批准及未進行披露外，本公司董事(包括獨立非執行董事)確認本公司於截至二零零七年十二月三十一日止年度內已遵守企業管治常規守則條文(「該守則」)，企業管治常規守則條文包括香港聯交所有限公司(「聯交所」)公佈的證券上市規則(「上市規則」)附錄十四所載的條款。

本公司一直致力達到根據該守則所述的最佳企業管治常規。

獨立非執行董事

本集團已遵守上市規則第3.10(1)和3.10(2)條有關委任足夠數量的獨立非執行董事且至少一名獨立非執行董事必須具備適當的專業資格，或具備適當的會計或相關財務管理專長的規定。本公司聘任了四名獨立非執行董事，其中一名獨立非執行董事具有財務管理專長。

本公司四名獨立非執行董事分別向本公司提交獨立性確認書，確認其在報告期內嚴格遵守聯交所公佈的《上市規則》第3.13條所載有關其獨立性的條款。本公司認為有關獨立非執行董事為本公司獨立人士。

2. Information disclosed under the requirement of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd.

CODE ON CORPORATE GOVERNANCE PRACTICES

Save that the Company has exceeded the annual cap of the continuing connected transactions for 2007 and that certain connected transactions between the Company, including its subsidiaries, and the connected persons, have not been approved by the independent shareholders and have not been disclosed, the Directors (including the Independent Non-Executive Directors), are of the opinion that for the year ended 31 December 2007, the Company has complied with all requirements set out in the Code on Corporate Governance Practices (the “Code”) including provisions contained in Appendix 14 to Listing Rules.

The Company always endeavours to achieve the best corporate governance practices in accordance with the code.

INDEPENDENT NON-EXECUTIVE Directors

The Group has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of a sufficient number of independent non-executive directors and at least one independent non-executive director with appropriate professional qualifications, or accounting or related financial management expertise. The Company has appointed four independent non-executive directors including one with financial management expertise.

The four independent non-executive directors of the Company have submitted confirmation of independence to confirm that he / she has strictly complied with the independence guidelines set out in Rule 3.13 of the Listing Rules to the Stock Exchange during the reporting period. The Company considers each independent non-executive director to be independent from the Company.

(二) 根據香港聯合交易所有限公司公佈的證券上市規則披露 (續)

上市公司董事及監事進行證券交易的標準守則(《標準守則》)

董事會

(1) 董事會組成

董事

郭 琴 (董事長)
劉振文 (非執行董事)
任福龍 (執行董事)
趙松國 (執行董事)
馬 永 (非執行董事、
於2007年8月3日去世)
戴慶駿 (獨立非執行董事)
莫仲堃 (獨立非執行董事)
(於2008年4月16日辭任)
徐國君 (獨立非執行董事)
孫明高 (獨立非執行董事)

董事會成員簡介載於本報告第四節「董事、監事、高級管理人員和員工情況」。

本報告期內，本公司已採納一套不低於上市規則附錄十所載《標準守則》所訂標準的行為守則。經向董事查詢後，本公司確認每名董事及監事均已遵守有關董事進行證券交易的標準守則內所載準則規定。

2. Information disclosed under the requirement of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd.(continued)

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (“MODEL CODE”)

The Board of Directors

(1) The Board consists of

Directors

Ms. Guo Qin (Chairman)
Mr. Liu Zhenwen (Non-executive director)
Mr. Ren Fulong (Executive director)
Mr. Zhao Songguo (Executive director)
Mr. Ma Yong (Non-executive director,
passed away on 3 August 2007)
Mr. Dai Qingjun (Independent non-executive director)
Mr. Mok Chung Kwan, Stephen
(Independent non-executive director
(resigned on 16 April 2008))
Mr. Xu Guojun (Independent non-executive director)
Mr. Sun Minggao (Independent non-executive director)

Brief Introduction of the Board members are set out in the “DIRECTORS, SUPERVISORS, SENIOR OFFICERS AND STAFF”.

During the year, the Company has adopted a code of conduct regarding securities transactions by Directors and Supervisors on terms no less exacting than the required standard set out in the Model Code as set out in Appendix 10 to the Listing Rules. Following specific enquiries made with the Directors, the Company has confirmed that each Director and Supervisor has complied with the required standard set out in the Model Code regarding securities transactions by directors.

(二) 根據香港聯合交易所有限公司公佈的證券上市規則披露 (續)

董事會 (續)

(2) 在本年度內，本公司董事會共召開8次董事會會議，各董事出席上述董事會情況如下：

董事姓名 Name	應參加次數 The number of participants	親自出席 Personally attended	委託出席/ 書面表決 Commissioned to attend/ written resolution	缺席 Absent	備註 Remarks
郭 琴 Ms. Guo Qin	8	8	0	0	
劉振文 Mr. Liu Zhenwen	8	8	0	0	
任福龍 Mr. Ren Fulong	8	8	0	0	
趙松國 Mr. Zhao Songguo	8	8	0	0	
馬 永 Mr. Ma Yong	8	4	0	0	2007年8月3日去世 passed away on 3 August 2007
戴慶駿 Mr. Dai Qingjun	8	7	1	0	
莫仲堃 Mr. Mok Chung Kwan, Stephen	8	8	0	0	
徐國君 Mr. Xu Guojun	8	8	0	0	
孫明高 Mr. Sun Minggao	8	7	1	0	

2. Information disclosed under the requirement of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd.(continued)

The Board of Directors (continued)

(2) During the year, the Board convened eight Board meetings. The details of Directors' attendance at the eight Board meetings are set out below:

(二) 根據香港聯合交易所有限公司公佈的證券上市規則披露 (續)

董事會 (續)

(3) 董事會運作

董事會的職責是為本公司股東創造價值，確定本公司策略、目標及計劃、領導員工確保達成預定目標。董事會成員本著誠實勤勉原則，遵守法律、法規、本公司《公司章程》及有關規定，為本公司及股東利益最大化努力工作。在各項內部控制及制衡機制下，董事會與公司經理層的職責均有明確規定。

董事會的角色已經清楚界定，負責指導和領導公司事務，制定策略方向及訂立目標和業務發展計劃。本公司管理層負責執行董事會決定的策略、目標和計劃。董事會已經根據中國有關法律法規及境內外上市地《上市規則》，分別制訂了《董事會工作條例》、《總經理工作條例》，進一步明確董事會職責許可權，規範董事會內部工作程序，充份發揮董事會經營決策中心作用；進一步細化了總經理產生及職權、總經理工作機構及工作程序以及總經理職責等。

2. Information disclosed under the requirement of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd.(continued)

The Board of Directors (continued)

(3) Operation of Board

The duties of the Board are to create value for shareholders of the Company, to confirm the strategies, targets and planning of the Company, and to supervise staff in order to ensure that the planned targets can be met. The members of the Board work in accordance with principles of honesty and diligence and comply with all relevant laws, regulations, the Articles of Association of the Company and relevant requirements to maximise the shareholders' interests. With various measures of internal controls and mechanisms for checks and balances, the duties of the Board and the management of the Company are clearly defined.

The Board's role is clearly defined as directing and supervising the affairs of the Company, establishing its strategic direction and setting objectives and business development plans. The management of the Company is responsible for the implementation of the strategies, and achieving the objectives and carrying out the plans determined by the Board. The Board has formulated the Rules for the Operation of the Board and the Rules for the General Manager according to the relevant PRC laws and regulations and the listing rules of stock exchanges both in the PRC and overseas, in which the duties and powers of the Board are further defined and the internal operation procedures of the Board were standardised. Therefore, the Board can fully perform its function as the decision-maker of the Company. Further, the procedures for the appointment of the General Manger were laid down. The power, the scope of work, the working procedures and the responsibilities of the General Manager have been specifically defined.

(二) 根據香港聯合交易所有限公司公佈的證券上市規則披露 (續)

董事長及總經理

董事長負責領導董事會，確保董事會的行為符合本公司最大的利益，並確保董事會有效運作，履行其職責，同時負責考慮其他董事提呈的任何事項，以載入董事會會議議程。

總經理負責公司的日常業務管理及業務表現。

於報告期間，郭琴女士為本公司的董事長而任福龍先生為本公司的總經理。

獨立非執行董事任期

第五屆董事會獨立非執行董事任期由二零零五年十二月二十二日起，為期三年。

薪酬與考核委員會

本公司設立了薪酬與考核委員會（「薪酬委員會」），為董事會設立的專門工作機構，對董事會負責。其目前成員包括戴慶駿、郭琴、劉振文、徐國君及孫明高，其中戴慶駿為薪酬與考核委員會主席。

本公司已經制定《董事會薪酬與考核委員會工作細則》。薪酬委員會負責制定公司董事及高級管理人員的薪酬，釐定董事及高級管理人員的考核標準，就彼等年內的表現進行考核，以及批准彼等的服務合約、薪酬方案，並提交董事會批准。薪酬委員會的職權範圍可按要求提供查閱。

2. Information disclosed under the requirement of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd. (continued)

Chairman and General Manager

The Chairman is responsible for providing leadership to the Board and ensuring that the Board acts in the best interests of the Company. The Chairman ensures that the Board effectively functions and discharges its responsibilities. The Chairman is also responsible for approving the agenda for each Board meeting, taking into account any matters proposed by other Directors for inclusion in the agenda.

The General Manager is responsible for the day-to-day management and the business performance of the Company.

During the reporting period, Guo Qin was the Chairman of the Company while Ren Fulong was the general manager of the Company.

Term of independent non-executive directors

The independent non-executive directors of the fifth Board were appointed for a term of 3 years commencing from 22 December 2005.

Remuneration and Examination Committee

The Company has established a Remuneration and Examination Committee (the “Remuneration Committee”), which is a special committee responsible to the Board. The Remuneration Committee comprises of Mr. Dai Qingjun, Ms. Guo Qin, Mr. Liu Zhenwen, Mr. Xu Guojun and Mr. Sun Minggao. The Remuneration Committee is chaired by Mr. Dai Qingjun.

The Company has formulated the “Rules for Operation of the Remuneration and Examination Committee”. The Remuneration Committee is responsible for formulating the remuneration policy of Directors and Senior Officers of the Company, determining the standard of examination of Directors and Senior Officers, assessing the performance of Directors and Senior Officers during the year and approving the terms of their service contracts and remuneration packages and submitting the same to the Board for approval. The terms of reference for the Remuneration Committee are available upon request.

(二) 根據香港聯合交易所有限公司公佈的證券上市規則披露 (續)

薪酬與考核委員會 (續)

截至二零零七年度內薪酬委員會召開一次會議。審議通過了《關於二零零七年度董事、監事酬金的議案》及《關於二零零七年度高級管理人員酬金的議案》，並建議提交董事會審議。

本公司董事、監事及高級管理人員的薪酬根據國家政策，本公司經濟效益情況和個人工作業績，並參考社會報酬水平釐定。

提名委員會

本公司設立了提名委員會，為董事會設立的專門工作機構，對董事會負責，其目前成員包括戴慶駿、郭琴、任福龍、徐國君及孫明高，其中戴慶駿為提名委員會主席。

提名委員會職責如下：

- (a) 制定提名董事或高級管理人員的政策及選擇標準；
- (b) 對出任董事和高級管理人員的人選進行初步挑選，並向董事會作出建議；
- (c) 初步挑選是根據各人的學歷、行業背景及相關領域工作經驗等進行的。
- (d) 定期檢查董事會結構、規模和成員(包括技能、知識和經驗)，並就任何建議作出的變動向董事會作出建議；

2. Information disclosed under the requirement of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd.(continued)

Remuneration and Examination Committee (continued)

During the year ended 31 December 2007, the Remuneration Committee convened one meeting for the purpose of passing the "Proposal of 2007 Annual Remuneration of Directors and Supervisors" and the "Proposal of 2007 Annual Remuneration of Senior Officers", which were submitted to the Board for approval.

The remuneration of Directors, Supervisors and Senior Officers of the Company is determined with reference to State policies, the Company's profit realised in the corresponding period, individual achievement and the average income of local residents.

Nomination Committee

The Company has established a Nomination Committee, which is a special committee responsible to the Board. The Nomination Committee comprises of Mr. Dai Qingjun, Ms. Guo Qin, Mr. Ren Fulong, Mr. Xu Guojun and Mr. Sun Minghao. The Nomination Committee is chaired by Mr. Dai Qingjun.

The Nomination Committee is responsible for the following:

- (a) formulating the policy for the nomination of Directors or Senior Officers and the standard for selection of such individuals;
- (b) preliminary selection of Directors and Senior Officers and submission of nomination proposals to the Board;
- (c) selecting Directors and Senior Officers based on their education qualifications, industry background and experiences in the relevant field;
- (d) reviewing the structure, size and composition (including the skills, knowledge and experience) of members of the Board on a regular basis and making recommendations to the Board regarding any proposed changes;

(二) 根據香港聯合交易所有限公司公佈的證券上市規則披露 (續)

提名委員會 (續)

- (e) 評核獨立非執行董事的獨立性；及
- (f) 就有關委任或重選董事或高級管理人員事宜向董事會作出建議。

提名委員會的職責範圍可以按照要求提供查閱。

截至二零零七年十二月三十一日止年度內提名委員會召開二次會議。2007年3月22日提名趙松國為本公司副總經理兼財務負責人，張代銘、傅恒謙、王小龍為本公司副總經理，曹長求、郭磊為本公司董事會秘書，2007年8月5日提名高祥友先生為本公司副總經理，並建議提交董事會審議。

核數師酬金

二零零七年六月十五日召開的二零零六年度周年股東大會上，信永中和(香港)會計師事務所有限公司被聘任為本公司境外審計師，續聘信永中和會計師事務所為中國審計師。

二零零七年度報告審計支付會計師事務所提供的核數服務報酬為：

	2007年度	2006年度
信永中和(香港)會計師事務所有限公司 SHINEWING (HK) CPA Limited	USD75,000	USD75,000
信永中和會計師事務所 ShineWing	USD45,000	USD45,000

2. Information disclosed under the requirement of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd.(continued)

Nomination Committee (continued)

- (e) assessing the independence of independent non-executive directors; and
- (f) making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors or Senior Officers.

The terms of reference for the Nomination Committee are made available upon request.

During the year ended 31 December 2007, the Nomination Committee convened two meetings. Mr. Zhao Songguo was nominated as the deputy general manager and financial controller of the Company, Mr. Zhang Daiming, Mr. Fu Hengqian and Mr. Wang Xiaolong were nominated as the deputy general managers of the Company, Mr. Cao Changqiu and Ms. Guo Lei were nominated as the company secretaries on 22 March 2007 and Mr. Gao Xiangyou was nominated as the deputy general manager of the Company on 5 August 2007. These nominations were then submitted to the Board for approval.

Auditors' remuneration

SHINEWING (HK) CPA Limited was appointed as the International Auditor and ShineWing was re-appointed as the Domestic Auditor in the 2006 annual general meeting held on 15 June 2007.

In 2007, the auditors' remuneration for audit services provided was as follows:

(二) 根據香港聯合交易所有限公司公佈的證券上市規則披露 (續)

審核委員會

本公司已經根據上市規則3.21條設立了審核委員會(「審核委員會」)，其於二零零七年度成員包括四名獨立非執行董事(即戴慶駿、徐國君、莫仲堃及孫明高)。審核委員會主席為徐國君。

本公司董事會參照香港會計師公會印製的《成立審核委員會指引》，制定了《審核委員會職責範圍》，其中包括審核委員會的職權和責任。

審核委員會則負責監管本公司財務報告的公正性。除審閱本公司的財務資料和報表外，還負責與外部核數師聯繫、管理本公司的財務匯報制度、內部監控和風險管理程序等。審核委員會的職權範圍可按要求提供查閱。

審核委員會已經與管理層審閱本集團所採納的會計原則、會計準則及方法，並探討審計、內部監控及財務匯報事宜，本年度審核委員會召開四次會議，包括審閱二零零六年度經審計帳目、二零零七年度未經審計帳目、半年度未經審計帳目。

審核委員會於二零零八年四月十七日召開會議，審閱二零零七年年度的審計帳目及業績公告。

審核委員會個別成員出席會議的紀錄，請參閱公司治理報告的「根據中國證監會要求披露資料」項下的出席表。

2. Information disclosed under the requirement of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd.(continued)

Audit Committee

Pursuant to Rule 3.21 of the Listing Rules, the Company set up an Audit Committee (the "Audit Committee") comprising of four independent non-executive directors, namely Mr. Dai Qingjun, Mr. Xu Guojun, Mr. Mok Chung Kwan, Stephen and Mr. Sun Minggao in 2007. The chairman of the Audit Committee is Mr. Xu Guojun.

With reference to "A Guide for the Formation of An Audit Committee" published by the Hong Kong Society of Accountants, the Board has set out terms of reference for the Audit Committee, which define the authority and duties of the Audit Committee.

The Audit Committee has to make sure that the Company's financial report reflects a fair view of the Company. In addition to reviewing the financial information and statements of the Company, the Audit Committee is also responsible for liaising with the Company's external auditor and overseeing the Company's financial reporting system, internal control system and risk management procedures. A copy of the terms of reference for the Audit Committee is available upon request.

The Audit Committee has, together with the management, reviewed the accounting principles, practices and methods adopted by the Group and has discussed the auditing, internal controls and financing reporting of the Company. The Audit Committee has convened four meetings to review the audited financial statements for 2006, the audited quarterly financial statements and the unaudited interim statements for 2007.

The Audit Committee convened a meeting on 17 April 2008 to review the 2007 audited accounts and annual results announcement.

For the record of individual attendance of members of the Audit Committee, please refer to the attendance table set out under the section headed "Information disclosed under the requirement of CSRC" of the Corporate Governance Report.

(二) 根據香港聯合交易所有限公司公佈的證券上市規則披露 (續)

投資者關係

本公司積極認真做好信息披露和投資者關係工作，並專門委任一名人士為投資者關係管理代表，本公司堅守真實、準確、完整、及時信息披露原則，通過編制業績報告、公佈公告、公司網頁、接待投資者分析員、回答問詢等方式和途徑，加強與投資者溝通聯繫，提高公司透明度。

董事、監事及高級管理人員在股份中的權益

就公司之董事、高級管理人員及監事所知悉，本公司董事、監事及其他高級管理人員持有根據《證券及期貨條例》第352條規定而記錄於本公司保存的登記冊的股份權益或淡倉，或根據上市規則附錄十中的「上市公司董事進行證券交易的標準規則」須知會本公司及香港聯交所的權益或淡倉見「董事、監事、高級管理人員和員工情況」之董事、監事及高級管理人員持有本公司股份情況。

內部監控

董事會負責本公司內部監控體系，檢查其效果，並促使經理層建立、完善穩健有效的內部監控。公司的內部監控由監事會定期進行評估。

董事會確認已檢查本公司及其附屬公司內部監控體系。檢查範圍包括財務、運作及程序、風險管理等重大監控工作。

2. Information disclosed under the requirement of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd.(continued)

Investor Relations

The Company actively and earnestly carried out work in respect of the disclosure of information and investor relations and nominated an individual to deal with the Company's investor relations. Meanwhile, the Company strictly complied with the principles of truthfulness, accuracy, completeness and timeliness in the disclosure of information. The Company also enhanced communication with investors and made efforts in the improvement of the transparency of the Company by way of issuing results announcements, publishing announcements, launching the company's website, meeting investors and analysts and answering investors' inquiries, etc..

Directors', Supervisors' and Senior Officers' Interests in Shares

So far as the Directors, the Senior Officers and the Supervisors of the Company are aware, the interests or short position in shares of the Directors, the Supervisors and the Senior Officers, according to the register required to be kept by the Company pursuant to section 352 of the SFO or which was otherwise required to be notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the Listing Rules, are stated in the above subsection headed "Directors' and Supervisors' and Senior Officers' Interests in Shares of the Company" under the section "DIRECTORS, SUPERVISORS, SENIOR OFFICERS AND STAFF".

Internal Controls

The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. The Board requires the management to establish and maintain sound and effective internal controls. Evaluation of the Company's internal controls is independently conducted by the Supervisory Committee on an on-going basis.

The Board confirms that it has reviewed the effectiveness of the internal control system of the Company and its subsidiaries. The review covered all material controls, including financial, operational and compliance controls and risk management functions.

(二) 根據香港聯合交易所有限公司公佈的證券上市規則披露 (續)

主要股東在股份中的權益

除根據上文「股本變動及股東情況」所披露外，就公司董事、高級管理人員及監事所知悉，於二零零七年十二月三十一日，沒有其他董事、高級管理人員及監事以外的任何人士於本公司股份或相關股份(視情況而定)中擁有根據《證券及期貨條例》第XV部第2和第3分部之規定須向本公司及香港聯交所披露的權益或淡倉，或根據《證券及期貨條例》第336條規定記錄於本公司保存的登記冊的權益或淡倉。

董事、監事及高級管理人員的股份及淡倉權益

除「董事、監事、高級管理人員和員工情況」一節項下之董事、監事及高級管理人員持有本公司股份情況所披露外，就公司董事、高級管理人員及監事所知悉，於二零零七年十二月三十一日，沒有本公司董事、高級管理人員及監事在本公司及其／或任何相聯法團(定義見《證券及期貨條例》第XV部)的股份、相關股份及／或債券(視情況而定)中擁有任何需根據《證券及期貨條例》第XV部第7和第8部份需知會本公司及香港聯交所披露的權益或淡倉(包括根據《證券及期貨條例》該些章節的規定或當作這些董事、高級管理人員及監事擁有的權益或淡倉)，或根據《證券及期貨條例》第352條規定而記錄於本公司保存的登記冊的權益或淡倉，或根據上市規則附錄十中的「上市公司董事進行證券交易的標準規則」須知會本公司及香港聯交所的權益或淡倉。

2. Information disclosed under the requirement of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd.(continued)

Substantial Shareholders' Interests in Shares

Save as disclosed above in "Changes in Share Capital and Shareholders" and so far as the Directors, the Senior Officers and the Supervisors of the Company are aware, as at 31 December 2007, no other person (other than a Director, Senior Officer or Supervisor of the Company) had an interest or short position in the Company's shares or underlying shares (as the case may be), which are required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Directors', Supervisors' and Senior Officers' Interest and Short Positions

Save as disclosed in "Directors' and Supervisors' and Senior Officers' Interests in Shares of the Company" under the section headed "DIRECTORS, SUPERVISORS, SENIOR OFFICERS AND STAFF", so far as the Directors, the Senior Officers and the Supervisors of the Company are aware, as at 31 December 2007, none of the Directors, the Senior Officers or the Supervisors of the Company had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance ("SFO")) which was required to be notified to the Company and The SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short position which any such Director, Senior Officer or Supervisor is taken or deemed to have under such provisions of the SFO) of which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the Listing Rules.

股東大會簡介

SUMMARISED REPORT OF THE GENERAL MEETING

(一) 本公司二零零六年周年股東大會通告於二零零七年四月二十七日在報章上刊登並以郵寄方式送達H股股東，本次股東大會由董事會召集，於二零零七年六月十五日在公司住所召開，出席本次股東大會的股東（包括股東代理人）人數為5人，出席本次股東大會的股東所代表的股份總數為167,562,735股，佔本公司股本總額的36.64%，本次股東大會的召開符合《中華人民共和國公司法》、《關於境外上市公司1995年召開股東年會和修改公司章程若干問題的通知》和本公司《公司章程》等有關規定。大會由董事長郭琴女士主持。本次股東大會通過了下列普通決議案：

1. 批准二零零六年度董事會報告；
2. 批准二零零六年度監事會報告；
3. 批准二零零六年度經審核的財務報告；
4. 批准二零零六年度利潤分配方案；
5. 批准聘任信永中和(香港)會計師事務所有限公司(香港執業會計師)及信永中和會計師事務所(中國註冊會計師)為本公司截至二零零七年十二月三十一日止年度的國際及國內核數師並授權董事會確定其酬金；
6. 批准二零零七年度董事、監事酬金的議案；

決議公告於二零零七年六月十八日刊載在國內的《證券時報》，以及香港的《文匯報》和《The Standard》。

選舉、更換公司董事、監事情況見上述「董事、監事、高級管理人員和員工情況」

(1) On 27 April 2007, the notice of 2006 Annual General Meeting (“AGM”) was published in newspapers and served on the shareholders of H Shares by prepaid post. The AGM was convened by the Board of Directors and held at the Company’s registered office on 15 June 2007. Five shareholders (including those represented by their proxies) attended the AGM, representing a total number of 167,562,735 shares and accounting for 36.64% of the Company’s total share capital. The AGM was convened in compliance with the provisions of the Company Law of the PRC, the Notice for Matters Concerned in respect of 1995 Annual General Meeting and Amendments to the Articles of Association of the Overseas Listed Companies as well as the articles of association of the Company (the “Articles of Association”). The AGM was chaired by Ms. Guo Qin, the Chairman. The following ordinary resolutions were passed at the AGM:

1. To approve the report of the Directors for the year 2006;
2. To approve the report of the Supervisory Committee for the year 2006;
3. To approve the audited financial statements of the Company for the year 2006;
4. To approve the profit distribution of the Company for the year 2006;
5. To approve the appointment of SHINGWING (HK) CPA Limited (Certified Public Accountants in Hong Kong) and Shine Wing (Certified Public Accountants in the PRC) as the international and domestic auditors respectively for the year 2007 and authorise the Board to fix their remuneration;
6. To approve the remuneration of the Directors and the Supervisors for the year 2007;

An announcement of the above resolutions was published in the domestic newspaper, Securities Times, as well as the Hong Kong newspapers, Wen Wei Po and The Standard, on 18 June 2007.

The election and replacement of the Directors and the Supervisors are set out in the above section headed “DIRECTORS, SUPERVISORS, SENIOR OFFICERS AND STAFF”.

致各位股東：

本人謹此提呈山東新華製藥股份有限公司(本公司)截至二零零七年十二月三十一日止年度報告書，敬請各位股東省覽。

業績與股息

本公司及其附屬公司(簡稱「本集團」)截至二零零七年十二月三十一日止年度按中國會計準則編制的營業收入為人民幣1,886,979千元，較二零零六年度增長9.52%；歸屬於上市公司股東淨利潤為人民幣32,723千元，較二零零六年度增長38.85%，每股收益人民幣0.07元。

按香港普遍採納之會計原則編制的營業額為人民幣1,865,568千元，較二零零六年度增長10.69%；股東應佔溢利為人民幣31,818千元，較二零零六年度增長39.79%，每股收益人民幣0.07元。

董事會宣佈及建議派發截至二零零七年十二月三十一日止年度末期股息每股人民幣0.03元(約折合港幣0.033元，A股含稅)，按已發行307,312,830股A股及150,000,000股H股計算。此建議派發的股息有待周年股東大會審議通過。

業務回顧

2007年，本集團積極面對原材料及能源動力漲價、製劑產品降價、環保壓力加大、人民幣升值和出口退稅率降低等諸多因素的影響，採取切實可行應對措施，通過狠抓結構調整、技術創新、市場營銷、節能減排等重點工作，較好地完成了年度生產經營計劃。

1. 明確發展目標，加快結構調整。2007年本集團堅持「以提高效益為中心」，積極開展各項工作，年度利潤增長幅度大大高於收入增長速度。製劑銷售佔本集團銷售收入的比重開始呈現上升趨勢，較上年度上升2.27個百分點。茶鹼、布洛芬等原料藥及片劑、針劑產能大幅度提高。

Dear shareholders,

I hereby present for your review the annual report of the Company for the year ended 31 December 2007.

Results and Dividends

In the fiscal year ended 31 December 2007, the operating income of the Company and its subsidiaries ("Group") prepared under PRC accounting standards was RMB1,886,979,000, representing an increase of 9.52% as compared with that of year 2006. The Group recorded its profit attributable to the equity shareholders of the Company of RMB32,723,000, representing an increase of 38.85% as compared with that of year 2006, earnings per share was RMB0.07.

The Group's sales prepared under HKGAAP were RMB1,865,568,000, representing an increase of 10.69% as compared with that of year 2006. A profit attributable to shareholders of RMB31,818,000 was recorded, representing an increase of 39.79%. Earnings per share was RMB0.07.

The Board of Directors has proposed a final dividend for the year ended 31 December 2007 of RMB0.03 per share (approximately HK\$0.033 per share, including income tax of A shares) on 307,312,830 A Shares and 150,000,000 H Shares. The proposed dividend is subject to approval by the shareholders of the Company at the annual general meeting of the Company for the year 2007.

Business Review

In 2007, the Group took active steps to deal with the issues such as price rises of raw materials, price rises of energy and power, a drop in the price of preparations, growing pressure for environmental protection, appreciation of the RMB and a reduction in the rate of export tax rebates. By means of implementing practicable and feasible measures, the Group achieved the production and operation targets for the year through success in core areas, including structural adjustment, technical innovation, marketing promotion and sales, energy-saving and emission reduction.

1. Speeding up structural adjustment with clear development objectives. In 2007, adhering to the principle of "enhancing efficiency", the Group proactively launched various projects, resulting in a growth in profit for the year far higher than the growth of income. The sales of preparations tend to account for a more substantial proportion of the Group's sales turnover, representing an increase of 2.27% as compared to the previous year. The production capacity of pharmaceuticals, tablets and injections such as theophylline and ibuprofen had a considerable increase.

業務回顧 (續)

2. 狠抓外經外貿，開拓國際市場。2007年度本集團出口創匯完成122,615千美元，較上年增長22.08%，國際貿易中直接用戶貿易額佔到總出口額的60%。對外合作進展順利，製劑委托加工項目開始實現商業化運作。控股子公司新華百利高、新華中西公司等中外合資公司發展勢頭良好。
3. 加快技術進步，突出節能降耗。2007年本公司完成原料節約800多萬元，能源節約超過1,000萬元，水的重覆利用率達95%以上。完成淄博市安全、節能降耗管理考核目標。本公司東園順利通過山東省環保局清潔生產績效驗收，並獲得A級證書。
4. 強化企業管理，質量保證體系有效運行。2007年本集團布洛芬等3個產品順利通過美國FDA審計，安乃近等6個原料藥產品通過GMP現場審核，順利完成40餘次客戶審計，ISO9001、ISO14001、ISO10012體系順利通過覆審。ERP系統全面應用，信息化建設邁上新台階。

未來展望

2008年我國經濟繼續保持較高速度增長，國家建設覆蓋城鄉居民的藥品供應保障體系，以及隨著新型農村合作醫療制度的進一步完善、城鎮職工與城鎮居民基本醫療保險制度全面鋪開以及人口老齡化加快等，醫藥行業將迎來新一輪發展機遇。

而主要化工原料價格居高不下，水電煤氣等價格將大幅上漲，製劑產品繼續呈降價趨勢，環保壓力繼續加大，人民幣持續升值以及諸多不確定因素增加，本集團將承受成本上升、部分產品價格下降雙重壓力。

Business Review (continued)

2. Grasping foreign economic and commercial opportunities to explore international markets. During the year 2007, the revenue from the Group's exports was US\$122,615,000, representing an increase of 22.08% over 2006. As regards intentional trade, the volume of trades to end users accounted for 60% of the total export volume. Co-operation with external parties was smooth. Preparation processing projects began to operate in a commercial way. The development of subsidiaries such as sino-foreign joint-ventures Xinhua-Perrigo and Zibo Xinhua-Eastwest Pharmaceutical Company Limited were good.
3. Speeding up technology improvement to save energy and reduce consumption. In 2007, the raw materials and energy saved by the Company amounted to more than RMB8 million and RMB10 million respectively; whilst the water recycle rate was over 95%, fulfilling the management assessment objectives of safety, energy-saving and consumption reduction in Zibo. The East Area of the Company had successfully passed the evaluation of clean production by the environmental protection bureau of Shandong Province and was granted the A-grade certificate.
4. Reinforcing corporate management to ensure the effective operation of a quality assurance system. In 2007, three products of the Group, including ibuprofen, were approved in the US FDA examination; six pharmaceutical products, such as ibuprofen, passed the GMP on-site verification and completed over 40 evaluations by customers. The Company had also passed the re-evaluations of ISO9001, ISO14001 and ISO10012. With the comprehensive application of the ERP system, the information system of the Company entered a new stage of development.

Prospects

In 2008, China's economy continues to expand rapidly. With the state's establishment of a system ensuring medicine supply to urban and rural residents, together with further improvement in a new co-operative medical scheme in villages, full launching of a basic medical insurance system for urban workers and urban residents, along with increasing ageing problems etc., the medicine industry is welcoming a new round of business opportunities.

Given the high prices of major chemical raw materials, surges in the prices of water, electricity and gas, and prices of preparations continuing to fall, growing pressure for environmental protection, consistent appreciation of the RMB and other uncertainties, the Group will have to bear the pressure from rising costs and falling prices for part of its products.

未來展望 (續)

本集團確定2008年主要經營指標如下：

銷售收入實現兩位數增長；費用率同比壓縮2%以上，應收賬款同比壓縮5%以上；產銷率100%以上，回款率100%以上。

1. 夯實發展基礎，加快結構優化升級

以建設國際知名的化學原料藥基地為目標，突出優勢產品，拉長產業鏈，做強做大傳統原料藥產品。加快原料藥新產品生產，不斷提高新產品貢獻率。

抓住製劑產品國際合作生產機遇，發揮新片劑廠房的產能。開發新品種新劑型，提升營銷能力，努力提高製劑銷售佔本集團銷售收入的比重。

抓好3,000噸/年布洛芬系列工程、現代醫藥產業創新園工程、多功能車間工程在內的重點工程項目建設，夯實發展基礎。

2. 狠抓發展重點，實現營銷新突破

重點開拓原料藥新市場新領域，積極尋求製劑銷售新突破。繼續推行製劑多層次並重營銷政策，強化第三終端的開發。努力爭取定點生產資格、更多製劑產品進入國家基本藥物目錄，為普藥銷售增長創造條件。積極培育銷售額過億元製劑品種。

Prospects (continued)

The principal operation objectives of the Group for the year 2008 are as follows:

To achieve a double-digit growth in the sales turnover; to lower expenditure rates and trade receivables by more than 2% and 5% respectively; to attain over 100% in the ratio of production to sales and sales to payment.

1. Speeding up structural optimisation and development

Aiming at constructing an internationally well-known base for chemical pharmaceuticals, the Company will highlight advantageous products and lengthen the production chain, seeking to expand traditional pharmaceutical products. The Company will enhance the production of pharmaceutical products as well as consistently improving the return rate of its new products.

The Company will seize the opportunity of international cooperation in preparation production, and will fully enhance the production capacity of its new tablet plants. The Company will also produce new products and new forms of medicines. Further, it will enhance its sales capability and strive to elevate the proportion of sales turnover from preparations in the Group's turnover.

The Company will proceed with key projects, including the series of ibuprofen projects with a production capacity of 3,000 tonnes per annum, the innovative park project of modern medicine and the multi-functional workshop project for the development of the Company.

2. Focusing on development with a view to having a breakthrough in sales

The Company will focus on exploring new pharmaceutical markets and will proactively seek for a breakthrough in sales of preparations by continuing to implement multi-preparations along with sales strategies so as to reinforce the tertiary end user market. To achieve the increase in sales of general medicine, the Company will strive to be a designated enterprise for producing medicine as well as bringing more preparations to be listed on the National Essential Medicines Lists. Lastly, the Company will take the initiative to produce various types of preparations with a sales volume over 100 million.

未來展望 (續)

3. 加大資金投入，加快科研開發速度

以新華現代醫藥產業創新園項目建設為契機，進一步加大科研投入，引進先進科研儀器、裝備，提高科研技術水平。

積極貫徹「長中短結合」的原則，落實新產品研發計劃，最大限度地發揮產學研結合的效用，加快效益好、市場潛力大新品種的引進與消化吸收，加快科研成果轉化。

4. 堅持技術創新，狠抓節能環保工作

深入開展「節能減排全員行動」，堅持以技術創新為先導，積極改進完善生產工藝，爭取節能減排工作上一個新的臺階。實行點源治理與末端達標相結合，提高環保治理能力和綜合利用水平，促進技術進步與環保高效的良性循環，努力建設資源節約型、環境友好型企業。

5. 積極研究對策，嚴格控制經營風險

切實採取措施，積極應對人民幣加速升值、出口退稅率下調等因素影響，抓好國際貿易工作，合理規避各種風險。

加強經營全過程管理，強化風險管理的源頭控制，完善風險管理制度、內控機制，深入開展相關審計工作，提高運營質量。

郭琴
董事長

中國·山東·濰博
二零零八年四月十八日

Prospects (continued)

3. Increasing investment and accelerating R&D

The Company will take the construction of Xinhua innovative park project of modern medicine (新華現代醫藥產業創新園項目) as an opportunity to further increase the investment in R&D and introduce advanced machinery and equipment in order to improve R&D.

The Company will proactively carry out research and development of new products by adhering to the principle of "integration of long, mid and short term targets", so as to bring the effect upon the integration of R&D and production into full play. The Company will speed up the introduction and adoption of new products which are cost-effective and have good market potential. The Company will also speed up transforming R&D results into products.

4. Using innovative technology and adopting energy-saving and environmental protection policies

The Company will launch an "energy saving and emission reduction campaign" by using innovative technology and taking positive steps to perfect the production process with a view to saving energy and reducing emission. The Company will deal with the sources so as to achieve the targets of energy saving and emission reduction. It will strive to attain a high level of environmental protection and efficient use of resources. And also, it will improve its technology to protect the environment. By doing so, the Company aims to be an energy-saving and environmental friendly enterprise.

5. Finding out solutions to problems and stringently controlling operational risks

The Company will take measures to deal with the problems, such as the appreciation of the Renminbi and decrease in export duty returns. Further, the Company will try to perform well in international trade and endeavour to avoid all kinds of risks.

The Company will strengthen its management of the whole enterprise and strengthen its risk management by controlling the sources of risks. It will also perfect the risk management system and internal control system, and conduct auditing work with a view to strengthen the management of the Company.

Guo Qin
Chairman

18 April 2008
Zibo, Shandong, PRC

本董事會謹向股東提呈本公司二零零七年董事會報告和本公司及本集團截至二零零七年十二月三十一日止年度經審核之帳目。

經營管理研討與分析

1. 主營業務範圍及其經營狀況

本集團主要從事開發、製造和銷售化學原料藥、製劑、化工及其他產品。本集團利潤主要來源於主營業務。

銷售分析

本集團截至二零零七年十二月三十一日止年度按中國會計準則編制的營業收入為人民幣1,886,979千元，其中化學原料藥、製劑、商業流通、化工產品及其他銷售額所佔比重分別為61.63%、18.04%、17.64%、2.69%，分別較二零零六年上升4.90個百分點、上升2.27個百分點、下降5.55個百分點和下降1.62個百分點。

二零零七年本集團化學原料藥銷售額完成人民幣1,163,054千元，較上年上升19.00%，上升的主要原因是本年繼續發揮主導化學原料藥市場優勢地位作用，大力開拓國際市場，產品出口創匯額達122,615千美元，較上年增長22.08%。

製劑產品銷售額完成人民幣340,345千元，較上年增長25.28%，製劑產品銷售額增長的主要原因是本年度製劑營銷部門整合初見成效，通過大力開拓製劑產品市場，銷售規模擴大；

商業流通完成銷售額人民幣332,795千元，較上年下降16.72%，下降的主要原因是本年度改變商業經營策略，著力開展毛利率高的產品銷售，銷售規模比去年有所下降；

The Board of Directors sincerely submits to the shareholders the report of the Board of Directors and the audited accounts of the Company and the Group for the year ended 31 December 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

1. The business scope and operating results of the Company

The Group is mainly engaged in the development, production and sale of bulk pharmaceuticals, preparations, chemical products and other products. The profit of the Group is mainly attributable to its principal operations.

Sales Analysis

Under PRC accounting standards, the Group had a operating income of approximately RMB1,886,979,000 for the year ended 31 December 2007. Sales of bulk pharmaceuticals, sales of preparations, medical logistics, chemical and other products accounted for 61.63%, 18.04%, 17.64% and 2.69% respectively of the total sales of the Group, representing an increase of 4.90%, an increase of 2.27%, a decrease of 5.55% and a decrease of 1.62% respectively as compared with that of 2006.

During the year 2007, the sales volume of the Group's bulk pharmaceuticals amounted to RMB1,163,054,000, representing an increase of 19.00% over 2006. The rise was mainly attributable to the Group's active exploration of international markets by making use of its leading position in the bulk pharmaceuticals market. The revenue from export was US\$122,615,000, representing an increase of 22.08% over 2006.

The sales volume of preparations was RMB340,345,000, representing an increase of 25.28% over last year. The growth was mainly because of the efficiency arising from the restructuring of the preparation sales department during the year and the enlargement in the sales as a result of active exploration of the preparations market;

The sales volume of medical logistics amounted to RMB332,795,000, representing a decrease of 16.72% over 2006. The fall was mainly due to the adjustment in business operation strategy during the year in which efforts had been focused on the development of sales of products with high gross profit margin, resulting in a decline in the sales when compared to last year;

經營管理研討與分析 (續)

1. 主營業務範圍及其經營狀況 (續)

化工產品及其它銷售額完成人民幣50,785千元，較上年下降31.65%，下降的主要原因為本集團搪玻璃產品業務於本年度全部轉入聯營企業—山東新華長星化工設備有限公司。

業績分析

截止二零零七年十二月三十一日止年度，按香港普遍採納之會計原則審計的本集團股東應佔盈利為人民幣31,818千元，較二零零六年度增長39.79%；按中國會計準則審計的歸屬於上市公司股東的淨利潤為人民幣32,723千元，較二零零六年度增長38.85%。增長的主要原因為：(i)本年度，本公司不斷開拓市場，銷售規模擴大；(ii)繼續加強預算管理，銷售費用下降；(iii)為規避外匯匯率波動風險，通過簽訂遠期結匯合約，遠期結匯收益增加。

主要產品及其於中國市場佔有率為：

MANAGEMENT DISCUSSION AND ANALYSIS
 (continued)

1. The business scope and operating results of the Company
 (continued)

The sales volume of chemical and other products was RMB50,785,000, representing a fall of 31.65% over last year. The main reason for the drop was that the glass-lining business of the Group has been transferred to Shandong Xinhua Changxing Chemical Equipment Company Limited, a joint stock venture company of the Group.

Results Analysis

The Group's profit attributable to the equity holders of the Company for the year ended 31 December 2007 prepared in accordance with HKGAAP was approximately RMB31,818,000, representing an increase of 39.79% as compared to that of last year. The profit attributable to equity shareholders of the Company prepared in accordance with PRC accounting standards was approximately RMB32,723,000, representing an increase of 38.85% as compared to that of last year. The main reasons for the increase were: (i) the opening up of the market and the continuous expansion of sales; (ii) the strengthening of the budget management and the decline in the cost of sales; and (iii) entering into forward foreign exchange contracts to avoid fluctuations in the foreign exchange rate risk, which resulted in long-term foreign exchange gains.

Major products and the corresponding market share in the PRC are set forth below:

主要產品	Major Products	估二零零七年	二零零七年
		總銷售額百分比(%) As % of total sales in 2007	國內市場佔有率(%) Market share in the domestic market in 2007
A. 化學原料藥	A. Bulk Pharmaceuticals		
安乃近	Analgin	15.89	46
咖啡因	Caffeine	17.97	36
氨基比林	Aminopyrine	5.13	68
阿斯匹林	Aspirin	7.45	65
氫化可的松	Hydrocortisone	2.35	53
吡嘧酸	Pipemidic acid	1.92	100
布洛芬	Ibuprofen	4.64	52
茶碱	Theophylline	1.83	32
B. 製劑	B. Preparations		
吡嘧酸片	Pipemidic acid tablets	3.74	64
複方甘草片	Co-liquorice tablets	1.70	4.5
尼莫地平片	Nimodipine tablets	1.42	14

經營管理研討與分析 (續)

1. 主營業務範圍及其經營狀況 (續)

按中國會計準則對財務狀況、經營成果的分析

於二零零七年十二月三十一日本集團總資產為人民幣2,270,715千元，較年初人民幣1,887,769千元增加人民幣382,946千元，上升20.29%，總資產增加的主要原因是本年度內可供出售金融資產公允價值上升及本年度經營盈利。

於二零零七年十二月三十一日歸屬於上市公司股東權益為人民幣1,665,961千元，較年初人民幣1,351,118千元增加人民幣314,843千元，上升23.30%，增加的主要原因為本年度內可供出售金融資產公允價值上升及本年度經營盈利。

於二零零七年十二月三十一日本集團負債總額為人民幣553,961千元，較年初人民幣533,371千元增加人民幣20,590千元，上升3.86%，上升的主要原因是本年度遞延所得稅負債增加。

二零零七年度本集團實現營業利潤為人民幣35,453千元，較上年同期增長25.33%，二零零七年度歸屬於上市公司股東的淨利潤為人民幣32,723千元，較上年同期增長38.85%。增長主要原因見「業績分析」。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

1. Business scope and operating results of the Company (continued)

Financial and results analysis in accordance with PRC accounting standards

Total assets of the Group as at 31 December 2007 increased by 20.29% or approximately RMB382,946,000 to approximately RMB2,270,715,000, as compared with the figure at the beginning of the year of approximately RMB1,887,769,000. The increase in total assets was mainly due to the increase of fair value of financial assets available for sale and the profit obtained during this reporting period.

Total equity attributable to the shareholders of the company as at 31 December 2007 increased by approximately RMB314,843,000 or 23.30% from approximately RMB1,351,118,000 at the beginning of the year to approximately RMB1,665,961,000. This increase was mainly attributable to the increase in the fair value of financial assets available for sale and the profit obtained during this reporting period.

The total liabilities of the Group as at 31 December 2007 were approximately RMB553,961,000, representing an increase of approximately RMB20,590,000 or 3.86%, as compared to approximately RMB533,371,000 as at the beginning of the year. The increase was mainly attributable to the increase of deferred tax liability in this year.

Operating profit of the Group for 2007 amounted to approximately RMB35,453,000, representing an increase of 25.33% when compared with that of the previous year; profit attributable to the shareholders of the Company for 2007 amounted to approximately RMB32,723,000, representing an increase of 38.85% when compared with that of the previous year. The main reasons for the growth are set out in the above section headed "Results Analysis".

經營管理研討與分析 (續)

1. 主營業務範圍及其經營狀況 (續)

二零零七年年末本集團現金及現金等價物淨增加額為人民幣66,699千元，現金及現金等價物淨額變動的主要原因為：本年度收回持有至到期投資本金人民幣117,000千元所致。

2007年按中國會計準則編制的分產品情況如下：

分行業或分產品	By product or By section	主營業務收入 Turnover 人民幣千元 RMB'000	主營業務成本 Cost of goods sold 人民幣千元 RMB'000	毛利率 % Rate of gross margin %
化學原料藥	Bulk pharmaceuticals	1,163,054	982,289	15.54
製劑	Preparations	340,345	262,239	22.95
商業流通	Medical Commercial Logistics	332,795	308,973	7.16
化工產品及其他	Chemical & other products	8,842	4,382	50.44
合計	Total	1,845,036	1,557,883	15.56

按香港普遍採納之會計原則分析

於二零零七年十二月三十一日，本集團流動比率為177.37%，速動比率為117.37%，應收賬款周轉率為775.99%（應收賬款周轉率 = 營業額 / 平均應收帳款及票據淨額 x 100%），存貨周轉率為615.30%（存貨周轉率 = 產品銷售成本 / 平均存貨淨額 x 100%）。

本集團資金需求無明顯季節性規律。

MANAGEMENT DISCUSSION AND ANALYSIS
 (continued)

1. Business scope and operating results of the Company
 (continued)

The Group's net increase in cash and cash equivalents for the year 2007 was approximately RMB66,699,000. Changes in cash and cash equivalents were mainly due to receiving the held-to-maturity investments of principal amount of RMB117,000,000.

Segmental information of the main products for 2007 prepared under PRC accounting standards is as follows:

分行業或分產品	By product or By section	主營業務收入 Turnover 人民幣千元 RMB'000	主營業務成本 Cost of goods sold 人民幣千元 RMB'000	毛利率 % Rate of gross margin %
化學原料藥	Bulk pharmaceuticals	1,163,054	982,289	15.54
製劑	Preparations	340,345	262,239	22.95
商業流通	Medical Commercial Logistics	332,795	308,973	7.16
化工產品及其他	Chemical & other products	8,842	4,382	50.44
合計	Total	1,845,036	1,557,883	15.56

Analysis of the Group's performance under HKGAAP

As at 31 December 2007, the current ratio and the quick ratio of the Group were 177.37% and 117.37% respectively, and the rate of accounts receivable turnover (being turnover/average trade and bill receivables x 100%) and the rate of stock turnover (being cost of goods sold/average inventories x 100%) were 775.99% and 615.30% respectively.

The Group's demand for working capital did not have a significant seasonal pattern throughout the year.

經營管理研討與分析 (續)

1. 主營業務範圍及其經營狀況 (續)

本集團資金來源主要是向金融機構借款。於2007年12月31日，本集團銀行借款均為無抵押貸款，總額為人民幣206,819千元。於2007年12月31日本集團共有貨幣資金人民幣212,258千元(包括約人民幣12,425千元銀行承兌匯票保證金存款)。

為加強財務管理，本集團在現金和資金管理方面擁有嚴格的內部控制制度。本集團資金流動性好，償債能力強。

截至二零零七年十二月三十一日止年度，本公司對山東大地新華化學有限公司(「大地新華」)增資人民幣6,000千元，增資後，大地新華成為本公司控股子公司，註冊資本變更為人民幣32,000千元，本公司出資人民幣18,740千元，佔註冊資本的58.5625%。

本公司出資6,000美元(約人民幣46,000元)收購了美國百利高國際公司持有的淄博新華-百利高製藥有限責任公司(「新華百利高」)0.1%股權。收購完成後，本公司享有新華百利高50.1%股權，新華百利高亦成為本公司控股子公司。

截至二零零七年十二月三十一日止年度，本公司處置了部分樓房及土地，共產生收益人民幣6,401千元。該等交易的百分比率均低於5%，故不屬於須予披露的交易。本公司收購了山東淄博新達製藥有限公司部分廠房及土地，價值為人民幣3,358千元。此項關聯交易已於二零零七年十二月十日作出公告。除上述交易外，本集團於報告期內無任何其他重大投資、收購或資產處置。

於二零零七年十二月三十一日，本集團員工人數為5,005人，2007年全年員工工資總額為人民幣110,117千元。

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

1. Business scope and operating results of the Company (continued)

The main source of funds for the Group was loans from financial institutions. As at 31 December 2007, the total amount of outstanding bank loans was approximately RMB206,819,000, all of which were unsecured. As at 31 December 2007, cash on hand and in bank amounted to approximately RMB212,258,000 (including pledged bank deposits of approximately RMB12,425,000).

The Group has stringent internal control systems for cash and fund management in order to strengthen its financial management. The Group maintained a good level of liquidity and had a strong debt repayment ability.

During the financial year ended 31 December 2007, the Company made an additional capital investment of RMB6,000,000 in Shandong Dadi Xinhua Chemical & Industrial Company Limited ("Dadi Xinhua"). After the additional investment, the registered capital of Dadi Xinhua was increased to RMB32,000,000, of which the Company holds 58.5625% of the interest of Dadi Xinhua and the Company has a total investment of RMB18,740,000 in Dadi Xinhua. After the Company's increase in investment, Dadi Xinhua became a subsidiary of the Company.

The Company acquired 0.1% equity interest of Sino-USA Zibo Xinhua-Perrigo Pharmaceutical Company Limited ("Xinhua-Perrigo") held by Perrigo International Inc by US\$6,000 (equivalent to approximately RMB46,000). After the acquisition, the Company holds 50.1% of the equity interest of Xinhua-Perrigo, which became a subsidiary of the Company.

During the financial year ended 31 December 2007, the Company disposed of some buildings and land and realised a profit of RMB6,401,000. The percentage ratios of this transaction were below 5%, therefore it was not a discloseable transaction. The Company acquired some buildings and land from Shandong Zibo XinCat pharmaceutical Company Limited, which was valued at RMB3,358,000. An announcement was issued on 10 December 2007 in relation to this connected transaction. Except for the above transactions, there were no other material acquisitions and sales of assets, nor material investments during the reporting period.

As at 31 December 2007, the number of staff employed by the Group was 5,005, and the total amount of their salaries and wages for the year 2007 was approximately RMB110,117,000.

經營管理研討與分析 (續)

1. 主營業務範圍及其經營狀況 (續)

於二零零七年十二月三十一日，本集團無抵押資產。

本公司預計二零零八年度內無重大投資項目。

本集團的資本負債率為12.29%。
(資本負債率 = 借款總額/股本及儲備總額 x 100%)

公司現有的銀行存款主要目的是為生產經營及科研開發投入作資金準備。

於二零零七年十二月三十一日，本公司向銀行提供財務擔保予一家獨立第三方公司，用作銀行開具銀行承兌匯票給予本公司旗下一家附屬公司合共人民幣14,000,000元。如果開具的銀行承兌匯票逾期，則本公司只對銀行開具的匯票票面金額與提貨通知單上的金額之差額負有連帶責任。於二零零七年十二月三十一日，銀行已開具人民幣7,000,000元匯票，而提貨通知單金額為人民幣6,500,000元。(二零零六年：無)。

本集團之資產及負債主要以人民幣為記賬本位幣，但2007年度出口創匯完成122,615千美元，亦存在一定的匯率波動風險。本集團在降低匯率波動風險方面主要採取了以下措施：1.提高產品出口價格以降低匯率波動風險；2.在簽訂大額出口合同時就事先約定，在超出雙方約定範圍的匯率波動限度時，匯率波動風險由雙方承擔；3.與金融機構簽訂遠期結匯協議，鎖定匯率，規避風險。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

1. Business scope and operating results of the Company (continued)

As at 31 December 2007, there was no charge on the Group's assets.

The Company does not anticipate any significant investment plan in 2008.

The debt-to-capital ratio of the Group was 12.29% (being total borrowings / share capital & total reserves x 100%).

The bank balances of the Company will mainly be used as working capital for production, sales and research and development.

For the year ended 31 December 2007, the Company provided financial guarantees to a bank for the benefits of an independent third party in relation to bills of exchange amounting to RMB14,000,000 and the bills of exchange would be issued to a subsidiary of the Company. The Company was only liable for the difference between the face value of the bills of exchange issued by the bank and the amount on the bills of lading if the bills of exchange were overdue. As at 31 December 2007, bills of exchange amounting to RMB7,000,000 were issued by the bank and bills of lading amounting to RMB6,500,000 were issued. (2006: Nil)

The assets and liabilities of the Group were mainly recorded in Renminbi. For the year ended 31 December 2007, the revenue from the Group's exports was approximately US\$122,615,000, which may suffer from the risks associated with fluctuation in exchange rates. Therefore, the Group has taken the following measures to hedge against the risks of fluctuation in exchange rates: (1) the Group has increased the prices of its exported products to mitigate the risks of fluctuation in exchange rates; (2) the Group has made arrangements with overseas customers when entering into significant export contracts that the risks associated with fluctuation in exchange rates shall be borne by both parties if the fluctuation exceeds the amount agreed by contract parties; and (3) the Group has entered into foreign currency forward contracts with financial institutions to fix exchange rates in order to mitigate risks of fluctuation in exchange rates.

經營管理研討與分析 (續)

2. 會計政策、會計估計和核算方法發生變化的影響

重大會計政策變更

本公司原執行2006年以前頒布的原企業會計準則和制度，從2007年1月1日起執行新企業會計準則，並自該日起按照新企業會計準則的規定確認、計量和報告本公司的交易或事項。對於因首次執行新企業會計準則而發生的會計政策變更，本公司採用追溯調整法進行處理。

長期股權投資：執行新企業會計準則之前，母公司報表中以權益法核算對子公司的長期股權投資。於首次執行日，母公司報表中對子公司長期股權投資予以追溯調整，視同該子公司自最初即採用成本法核算。

所得稅：執行新企業會計準則之前，所得稅的會計處理方法採用應付稅款法。執行新企業會計準則後，本公司採用資產負債表債務法進行所得稅會計處理。

交易性金融資產：執行新企業會計準則之前，本公司的遠期美元外匯合約未在報表中反映。執行新企業會計準則後，遠期美元外匯合約作為衍生金融工具，於資產負債表日按公允價值在報表中反映。

會計政策變更對2006年1月1日和2006年12月31日的合併股東權益及2006年度淨利潤的影響如下：

(1) 對2006年1月1日合併股東權益的影響

遞延所得稅資產追溯調整增加未分配利潤6,576千元；衍生金融工具追溯調整增加未分配利潤83千元；少數股東權益作為股東權益列報增加股東權益1,092千元；合計共增加2006年1月1日股東權益7,751千元。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

2. Effect of changes in accounting policies and accounting estimate

Significant changes of Accounting policies

The company applied the Accounting Standards for Business Enterprises (ASBEs) since 1 January 2007, instead of the old ASBE which was promulgated by the Ministry of Finance before 2006, and started to recognise, measure and report the transactions and events in accordance with the ASBEs. The Company shall make retrospective adjustments for the changes of accounting policies arising from the initial adoption of the ASBEs.

Long-term equity investment of subsidiaries, which accounted in equity method in the parent company's balance sheet before the first-time adoption of ASBEs, shall be retrospectively adjusted as the deemed beginning cost accounted in cost method on the first-time adoption date.

Enterprise Income Tax was accounted in the method of payable tax before the first ASBEs financial statements, while the method shall be changed as the debit in the balance sheet on the first-time adoption date.

The foreign currency forward contracts have not been presented in the financial statements before the first-time implementation of ASBEs, while after that, the above contracts shall be presented as derivate financial instruments in the balance sheet and measured by fair value.

The impacts from changes in the accounting policies on the shareholders' equity on 1 January 2006 and 31 December 2006, and the net profit in 2006 based on the consolidation and parent company are listed as follows:

(1) Impacts on the consolidated shareholders' equity on 1 January 2006

The retrospective adjustments on deferred tax asset increased RMB6,576,000 of undistributed profit; derivative financial instrument retrospectively increased RMB83,000 of undistributed profit; shareholders' equity has been increased of RMB1,092,000 because of the minority shareholders' equity has been presented in the shareholders' equity. The adjustments above totally increased RMB7,751,000 of shareholders' equity as at 1 January 2006.

經營管理研討與分析 (續)

2. 會計政策、會計估計和核算方法發生變化的影響 (續)

(2) 對2006年度合併淨利潤的影響

遞延所得稅資產追溯調整增加淨利潤1,039千元；衍生金融工具追溯調整增加淨利潤51千元；少數股東損益列報方式變化增加淨利潤-814千元；未確認投資損失列報方式變化增加淨利潤-228千元；合計共增加2006年度淨利潤48千元。

(3) 對2006年12月31日合併股東權益的影響

遞延所得稅資產追溯調整增加未分配利潤7,615千元；衍生金融工具追溯調整增加未分配利潤134千元；少數股東權益作為股東權益列報增加股東權益3,313千元；合計共增加2006年12月31日股東權益11,062千元。

MANAGEMENT DISCUSSION AND ANALYSIS
(continued)

2. Effect of changes in accounting policies and accounting estimate (continued)

(2) Impacts on the consolidated net profit in 2006

The retrospective adjustment on deferred tax asset increased RMB1,039,000 of net profit; derivative financial instrument retrospectively increased RMB51,000 of net profit; change of presentation of minority shareholder's equity increased RMB-814,000 of net profit; change of presentation of unconfirmed investment loss increased RMB-228,000 of net profit. The adjustments above totally increased RMB48,000 of net profit in 2006.

(3) Impacts on the consolidated shareholders' equity on 31 December 2006

The retrospective adjustments on deferred tax asset increased RMB7,615,000 of undistributed profit; derivative financial instrument retrospectively increased RMB134,000 of undistributed profit; shareholders' equity has been increased of RMB3,313,000 because of the minority shareholders' equity has been presented in the shareholders' equity. The adjustments above totally increased RMB11,062,000 of shareholders' equity as at 31 December 2006.

經營管理研討與分析 (續)

MANAGEMENT DISCUSSION AND ANALYSIS
(continued)

2. 會計政策、會計估計和核算方法發生變化的影響 (續)

2. Effect of changes in accounting policies and accounting estimate (continued)

(4) 利潤表調整項目表

(4) Income statement adjusted

(2006.1.1 – 2006.12.31)

單位：(人民幣)元
RMB

項目 Item		調整前 Before adjusted	調整後 After adjusted
營業成本	Operating Cost	1,420,654,316.83	1,439,645,679.82
銷售費用	Selling and distribution	114,723,187.31	115,767,700.70
管理費用	General and administrative expenses	135,450,402.82	96,169,249.78
公允價值變動收益	Gain or loss from changes in fair value	0.00	50,510.04
投資收益	Investment gain or loss	6,029,998.09	6,029,998.09
所得稅	Income taxation	7,642,939.19	6,603,627.32
歸屬上市公司股東的淨利潤	Net profit attributable to shareholders of the Company	22,705,557.86	23,567,389.39

(5) 淨利潤差異調節表

(5) Reconciliation of Transitional Adjustment in Consolidated Net Profit

項目 Item	2006年度 2006 (人民幣千元) (RMB)
原合併利潤表之淨利潤金額 Consolidated net profit applied for old ASBEs	22,706
差異調整： Adjustments:	
(1) 遞延所得稅資產對所得稅費用的調整 Adjustment to income tax expense from the deferred tax assets	1,039
(2) 衍生金融工具 Derivative financial instruments	51
(3) 少數股東損益列報方式變化 Changes in presentation of minority shareholders' equity	(814)
(4) 未確認投資損失列報方式變化 Changes in presentation of unconfirmed investment loss	(228)
差異調整小計 Sub-total	48
新準則合併利潤表之淨利潤金額 Consolidated net profit applied for ASBEs	22,754
其中：歸屬於母公司淨利潤 Including: Attributable to the parent company	23,567

經營管理研討與分析 (續)

2. 會計政策、會計估計和核算方法發生變化的影響 (續)

- (6) 新舊會計準則股東權益差異調節表對比披露表

MANAGEMENT DISCUSSION AND ANALYSIS
(continued)

2. Effect of changes in accounting policies and accounting estimate (continued)

- (6) Comparative Table of Reconciliation Difference between the old ASBEs and ASBEs

單位：(人民幣)元
RMB

項目名稱 Item	2007年報披露數 2007	2006年報原披露數 2006	差異 Difference	原因說明 Notes
2006年12月31日股東權益(原會計準則) Equity as at 31 December 2006	1,343,336,960.31	1,343,336,960.31	0.00	
衍生金融工具 Derivative financial instrument	133,672.68	133,672.68	0.00	
所得稅 Income tax	7,615,422.95	8,049,148.23	(433,725.28)	根據《企業會計準則第18號—所得稅》的規定，本公司對2006年12月31日的遞延所得稅資產進行了新認定。 According to Accounting Standards for Business Enterprise No.18-Income Tax, the Company recognised the deferred tax assets as at 31 December 2006.
少數股東權益 Minority shareholders' equity	3,280,950.06	3,312,522.34	(31,572.28)	根據2007年4月發行的《企業會計準則—講解》中的相關要求，本公司將2006年12月31日少數股東權益中應包含的子公司超額虧損31,572.28元，調整至少數股東權益項下，並相應調整未分配利潤。 According to Interpretations on Accounting Standards for Business Enterprise which were promulgated in April 2007, the Company adjusted RMB32,000 of the excess loss of subsidiaries in the minority shareholders' equity, which should be attributed to minority shareholders on 31 December 2006.

經營管理研討與分析 (續)

2. 會計政策、會計估計和核算方法發生變化的影響 (續)

(6) 新舊會計準則股東權益差異調節表對比披露表 (續)

MANAGEMENT DISCUSSION AND ANALYSIS
(continued)

2. Effect of changes in accounting policies and accounting estimate (continued)

(6) Comparative Table of Reconciliation Difference between the old ASBEs and ASBEs (continued)

單位：(人民幣)元
RMB

項目名稱 Item	2007年報披露數 2007	2006年報原披露數 2006	差異 Difference	原因說明 Notes
其他 Other	31,572.28		31,572.28	根據2007年4月發行的《企業會計準則—講解》中的相關要求，本公司將2006年12月31日少數股東權益中應包含的子公司超額虧損31,572.28元，調整至少數股東權益項下，並相應調整未分配利潤。 According to Interpretations on Accounting Standards for Business Enterprise which were promulgated in April 2007, the Company adjusted RMB32,000 of the excess loss of subsidiaries in the minority shareholders' equity, which should be attributed to minority shareholders on 31 December 2006.
2007年1月1日股東權益(新會計準則) Equity as at 1 January 2007	1,354,398,578.28	1,354,832,303.56	(433,725.28)	根據《企業會計準則第18號—所得稅》的規定，本公司對2006年12月31日的遞延所得稅資產進行了新認定。 According to Accounting Standards for Business Enterprise No.18-Income Tax, the Company recognised the deferred tax assets as at 31 December 2006.

經營管理研討與分析 (續)

3. 控股子公司經營及業績情況

- (i) 本公司享有山東淄博新華大藥店連鎖有限公司88%的股東權益。合資公司註冊資本為人民幣2,000千元，經營範圍包括：中成藥、中藥飲片、化學藥製劑、診斷藥品、保健食品、計劃生育藥品、醫療器械、化妝品的零售。於2007年12月31日，該公司總資產為人民幣8,556千元，歸屬於母公司所有者權益為人民幣2,136千元，2007年度實現營業收入人民幣18,383千元，較去年同期下降5.25%，下降的主要因為本公司為追求效益，改變經營策略，關閉了部分盈利能力差的連鎖藥店，銷售規模有所下降；實現淨利潤人民幣870千元，較去年同期增長人民幣1,996千元，增長的主要因為2007年度該公司不斷加強管理，努力最求效益最大化，經營狀況比去年有所好轉。
- (ii) 本公司享有淄博新華醫藥設計院有限公司90%股東權益。合資公司註冊資本為人民幣2,000千元，主要經營醫藥工程的設計等，於2007年12月31日，該公司總資產為人民幣2,716千元，所有者權益為人民幣479千元，2007年度實現營業收入人民幣2,954千元，較去年同期增長11.51%，；實現淨利潤人民幣141千元，較上年同期增長97.75%，營業收入及淨利潤較去年同期增長較大的主要因為該公司業務規模不斷擴大。

MANAGEMENT DISCUSSION AND ANALYSIS
(continued)

3. Operations and Results of subsidiaries of the Company

- (1) Total equity interest of Zibo Xinhua Pharmacy Chain Company Limited ("Xinhua Pharmacy") is RMB2,000,000, in which the Company holds 88% of the total equity interest. The main operations of the subsidiary are the sale of traditional Chinese medicine, prepared herbal medicine for decoction, preparations, drugs for diagnosis, drugs for birth control, medical devices, health foods and cosmetics. As at 31 December 2007, the total assets of the subsidiary were approximately RMB8,556,000, equity attributable to shareholders of the parent was approximately RMB2,136,000. In 2007, the operating income of the subsidiary was approximately RMB18,383,000, a decrease of 5.25% as compared with that of 2006. The main reason for the decrease was that the Company, in pursuit of efficiency, adjusted its operation strategy and closed some of its drug chain stores with unsatisfactory profitability, leading to a decline in sales. Net profit was RMB870,000, representing an increase of RMB1,996,000 over 2006. The growth was principally attributable to that company's constant effort to reinforce management during the year 2007 so as to strive for efficiency optimisation, resulting in an improvement in its operation positions.
- (ii) Total equity interest of Zibo Xinhua Pharmaceutical Design Institute Company Limited is RMB2,000,000, in which the Company holds 90% of the total equity interest. This subsidiary is mainly engaged in the business of the design of medical projects. As at 31 December 2007, the total assets of the subsidiary were approximately RMB2,716,000, equity attributable to shareholders of the parent was approximately RMB479,000. In 2007, the operating income and the profit after taxation of the subsidiary were approximately RMB2,954,000 and RMB141,000 respectively, representing an increase of 11.51% and an increase of 97.75% respectively as compared with that of 2006, mainly due to the continued expansion in the scale of the subsidiary's business.

經營管理研討與分析 (續)

3. 控股子公司經營及業績情況 (續)

- (iii) 本公司享有山東新華製藥(歐洲)有限公司76.9%的股東權益。合資公司註冊資本為歐元650千元，主要經營醫藥原料藥及中間體。於2007年12月31日，該公司總資產為人民幣6,353千元，所有者權益為人民幣2,483千元，2007年度實現營業收入人民幣12,760千元，較去年同期增長130.83%，增長的主要原因為公司業務規模不斷擴大；實現淨虧損人民幣1,097千元。
- (iv) 本公司享有山東新華醫藥貿易有限公司98%股東權益。合資公司註冊資本為人民幣48,499千元，主要經營生物製品、中藥飲片、中成藥、化學原料藥、化學製劑、抗生素製劑、生化藥品、保健食品、醫療器械、計劃生育藥具、化妝品等。於2007年12月31日，該公司總資產為人民幣168,972千元，歸屬於母公司所有者權益為人民幣48,243千元，2007年度實現營業收入人民幣658,706千元，較去年同期增長86.37%，營業收入較去年同期增長較大的主要因為本公司進行製劑營銷部門整合，製劑銷售業務於本年度全部由本公司轉入該公司，銷售規模擴大所致；實現淨虧損人民幣440千元。

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

3. Operations and Results of subsidiaries of the Company (continued)

- (iii) Total equity interest of Shandong Xinhua Pharmaceutical (Europe) GmbH is EUR650,000, in which the Company holds 76.9% of the total equity interest. This subsidiary is mainly engaged in the business of bulk pharmaceutical intermediates. As at 31 December 2007, the total assets of the subsidiary were approximately RMB6,353,000, equity attributable to shareholders of the Company was approximately RMB2,483,000. In 2007, the operating income of the subsidiary was approximately RMB12,760,000, representing an increase of 130.83% as compared with that of 2006, which was mainly due the continued expansion in the scale of the business. The net loss of the subsidiary was RMB1,097,000.
- (iv) Total equity interest of Shandong Xinhua Medical Trade Company Limited is RMB48,499,000, in which the Company holds 98% of the total equity interest. This subsidiary is mainly engaged in the business of biological products, prepared herbal medicine for decoction, traditional Chinese medicine, bulk pharmaceuticals, preparations, antibiotic preparations, biochemical medicine, health food, medical appliances, drugs and products for birth control and cosmetics etc.. As at 31 December 2007, the total assets of the subsidiary were approximately RMB168,972,000, equity attributable to shareholders of the parent was approximately RMB48,243,000. In 2007, the operating income of the subsidiary was approximately RMB658,706,000, representing an increase of 86.37% as compared with that of 2006, which was mainly due to the increase of operating revenues due to the restructuring of the preparation sales department and the transfer of preparation sales from the Company to Shandong Xinhua Medical Trade Company Limited that year, which resulted in an increase in sales. Net loss was RMB440,000.

經營管理研討與分析 (續)

3. 控股子公司經營及業績情況 (續)

- (v) 本公司享有淄博新華一中西製藥有限責任公司75%股東權益。合資公司註冊資本為美元1,500千元，主要生產、銷售聚卡波非鈣原料藥。於2007年12月31日，該公司總資產為人民幣15,242千元，所有者權益為人民幣14,489千元，2007年度實現營業收入人民幣11,713千元；實現淨利潤人民幣2,502千元，營業收入及淨利潤較去年同期增長較大的主要原因為2007年度該公司產品正式投入生產。
- (vi) 本公司之子公司山東新華醫藥貿易有限公司享有山東新華製藥進出口有限責任公司98%的股東權益。合資公司註冊資本為人民幣3,000千元，主要從事貨物、技術進出口和開展對銷貿易、轉口貿易。於2007年12月31日，該公司總資產為人民幣9,198千元，所有者權益為人民幣4,795千元，2007年度實現營業收入人民幣40,728千元，較去年同期增長188.61%；實現淨利潤人民幣1,470千元，較去年同期增長353.17%，營業收入及淨利潤較去年同期增長較大的主要原因為2007年度該公司經營規模擴大。

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

3. Operations and Results of subsidiaries of the Company
(continued)

- (v) Total equity interest of Zibo Xinhua-Eastwest Pharmaceutical Company Limited is US\$1,500,000, in which the Company holds 75% of the total equity interest. This subsidiary is mainly engaged in producing and selling calcium polycarbophil bulk pharmaceutical products. As at 31 December 2007, the total assets of the subsidiary were approximately RMB15,242,000, equity attributable to shareholders of the Company was approximately RMB14,489,000. In 2007, the operating income of and the profit after taxation of the subsidiary were approximately RMB11,713,000 and RMB2,502,000 respectively, which were mainly due to the products of the subsidiary being put into production in 2007.
- (vi) Total equity interest of Shandong Xinhua Pharmaceutical Import and Export Company Limited is RMB3,000,000, in which Shandong Xinhua Medical Trade Company Limited, a subsidiary of the Company holds 98% of the total equity interest. The joint venture is mainly engaged in the import and export of goods and technologies, marketing and re-export. As at 31 December 2007, the total assets of the subsidiary were approximately RMB9,198,000, equity attributable to shareholders of the Company was approximately RMB4,795,000. In 2007, the operating income and the profit after taxation of the subsidiary were approximately RMB40,728,000 and RMB1,470,000 respectively, representing an increase of 188.61% and an increase of 353.17% respectively as compared with that of 2006, which were mainly due to the expansion in the scale of the business.

經營管理研討與分析 (續)

3. 控股子公司經營及業績情況 (續)

- (vii) 本公司享有山東大地新華化學有限公司58.5625%股東權益。合資公司註冊資本為人民幣32,000千元,主要從事生產、銷售化工產品。於2007年12月31日,該公司總資產為人民幣69,300千元,歸屬於母公司所有者權益為人民幣32,704千元,2007年度實現營業收入人民幣84,522千元;實現淨利潤人民幣506千元,營業收入及淨利潤較去年同期增長較大的主要因為2007年度該公司產品正式投入生產。
- (viii) 本公司之子公司山東大地新華化學有限公司享有濰坊萬源化工有限公司51%的股東權益。合資公司註冊資本為人民幣10,000千元,主要從事生產、銷售溴素及化工產品。於2007年12月31日,該公司總資產為人民幣35,167千元,所有者權益為人民幣17,389千元,2007年度實現營業收入人民幣46,223千元,較去年同期增長73.46%;實現淨利潤人民幣857千元,較去年同期增長29.16%,營業收入及淨利潤較去年同期增長較大的主要因為2007年度該公司產品生產規模不斷擴大。
- (ix) 本公司享有淄博新華-百利高製藥有限責任公司50.1%股東權益。合資公司註冊資本為美元6,000千元,主要從事生產、銷售布洛芬原料藥。於2007年12月31日,該公司總資產為人民幣63,559千元,所有者權益為人民幣47,508千元,2007年度實現營業收入人民幣112,220千元,較去年同期增長196.37%;實現淨利潤人民幣9,454千元,較去年同期增加人民幣10,390千元,營業收入及淨利潤較去年同期增長較大的主要因為2007年度該公司產品生產規模擴大。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

3. Operations and Results of subsidiaries of the Company (continued)

- (vii) Total equity interest of Shandong Dadi Xinhua Chemical & Industry Company Limited is RMB32,000,000, in which the Company holds 58.5625% of the total equity interest. This subsidiary is mainly engaged in producing and selling chemical products. As at 31 December 2007, the total assets of the subsidiary were approximately RMB69,300,000, equity attributable to shareholders of the parent was approximately RMB32,704,000. In 2007, the operating income of and the profit after taxation of the subsidiary were approximately RMB84,522,000 and RMB506,000 respectively. The increase in operating income and profit after taxation in 2007 was higher than that of 2006 mainly because the subsidiary commenced to produce its products in 2007.
- (viii) Total equity interest of Weifang Wanyuan Chemical Company Limited is RMB10,000,000, in which Shandong Dadi Xinhua Chemical & Industry Company Limited, a subsidiary of the Company holds 51% of the total equity interest. The joint venture is mainly engaged in producing and selling chemical products and bromine. As at 31 December 2007, the total assets of the subsidiary were approximately RMB35,167,000, equity attributable to shareholders of the parent was approximately RMB17,389,000. In 2007, the operating income of and the profit after taxation of the subsidiary were approximately RMB46,223,000 and RMB857,000 respectively, representing an increase of 73.46% and an increase of 29.16% respectively as compared with that of 2006, which were mainly due to the continued expansion in the scale of the business.
- (ix) Total equity interest of Zibo Xinhua-Perrigo Pharmaceutical Company Limited is US\$6,000,000, in which the Company holds 50.1% of the total equity interest. This subsidiary is mainly engaged in producing and selling Ibuprofen. As at 31 December 2007, the total assets of the subsidiary was approximately RMB63,559,000, equity attributable to shareholders of the Company was approximately RMB47,508,000. In 2007, the operating income of and the profit after taxation of the subsidiary were approximately RMB112,220,000 and RMB9,454,000 respectively, representing an increase of 196.37% and an increase of RMB10,390,000 respectively as compared with that of 2006, which were mainly due to the continued expansion in the scale of the business.

經營管理研討與分析 (續)

4. 募集資金使用情況

本公司於二零零一年九月三日增發3,300萬股A股(含國有股減持300萬股)，募集資金淨額為人民幣370,517千元，截止二零零七年十二月三十一日，共使用募集資金人民幣320,056千元，主要用於以下項目：

募集資金投資項目名稱 Name of project	募集資金 投入計劃 Total investment 人民幣千元 RMB'000	2007年 實際投入 Investment in 2007 人民幣千元 RMB'000	累計投資額 Accumulated investment 人民幣千元 RMB'000	完成計劃投 資額的比例 % of the total investment	備註 Remark
國家級技術中心改造項目 State-level technical centre	74,500	—	10,123	13.59%	N/A
針劑GMP改造項目 Injection workshop GMP renovation	80,000	—	80,226	100.28%	完工 Completed
咖啡因技術改造項目 Caffeine technical renovation	160,000	—	188,201	117.63%	完工 Completed
L-350技術改造項目 L-350 technical renovation	29,980	—	23,442	78.19%	完工 Completed
安乃近精幹包(GMP)改造項目 Analgin GMP renovation	39,800	—	46,265	116.24%	完工 Completed
合計 Total	384,280	—	348,257	—	其中28,201千元為 自有資金投入 RMB28,201,000 financed by the Company

附註：

- 安乃近精幹包(GMP)改造項目、L-350項目、咖啡因技術改進項目、針劑(GMP)改造項目均已經完工並已達產達效。
- 國家級技術中心改造項目已經完成前期準備階段。

尚未使用的募集資金存於銀行，將按照承諾投資項目使用。

Note:

- Analgin GMP renovation project, L-350 project and caffeine technical renovation project, and Injection GMP renovation project have finished and the production has commenced.
- The construction of the state-level technical center has entered the stage of preparation.

The unused proceeds were deposited in banks and will be used in accordance with project commitments.

MANAGEMENT DISCUSSION AND ANALYSIS
(continued)

4. Use of Proceeds

On 3 September 2001, the Company raised an amount of RMB370,517,000 from the issue and offer of 33,000,000 A Shares (including the offer of 3,000,000 state-owned shares). As at 31 December 2007, a total of approximately RMB320,056,000 from the proceeds of the above issue of A Shares had been used in the following projects:

董事會工作報告

1. 在本年度內，本公司董事會共召開八次會議：
 - A. 本公司於二零零七年三月二十三日在公司住所召開第五屆董事會第八次會議，相關公告刊登於二零零七年三月二十六日內地《證券時報》、香港《文匯報》及《虎報》。
 - B. 本公司於二零零七年四月二十六日在公司住所召開第五屆董事會第九次會議，相關公告刊登於二零零七年四月二十七日內地《證券時報》、香港《文匯報》及《虎報》。
 - C. 本公司於二零零七年六月二十八日以書面方式召開二零零七年度第一次臨時董事會會議，審議通過了《信息披露管理辦法》(修訂稿)。
 - D. 本公司於二零零七年七月十二日以書面方式召開二零零七年度第二次臨時董事會會議，審議通過了《關於開展加強上市公司治理專項活動的自查報告與整改計劃的議案》。
 - E. 本公司於二零零七年八月六日以電子通訊方式召開第五屆董事會第十次會議，相關公告刊登於二零零七年八月七日內地《證券時報》、香港《文匯報》及《虎報》。
 - F. 本公司於二零零七年十月十一日以書面方式召開二零零七年度第三次臨時董事會會議，審議通過了《關於對山東大地新華化學有限公司增資控股的議案》。

Working Report of the Board

1. During the year, the Board of Directors passed resolutions on eight occasions:
 - A. On 23 March 2007, the eighth meeting of the Fifth Board was convened at the Company's registered office, the results of the meeting were published in the domestic Securities Times, and Wen Wei Po and The Standard of Hong Kong on 26 March 2007.
 - B. On 26 April 2007, the ninth meeting of the Fifth Board was convened at the Company's registered office, the results of the meeting were published in the domestic Securities Times, and Wen Wei Po and The Standard of Hong Kong on 27 April 2007.
 - C. On 28 June 2007, the first extraordinary Board meeting of 2007 was convened by way of written resolution, the "Management Guidelines for Information Disclosure" (revised version) of the Company was approved.
 - D. On 12 July 2007, the second extraordinary Board meeting of 2007 was convened by way of written resolution, the "On the governance of listed companies in strengthening the activities of self-examination and special reports and corrective plan for the motion" of the Company was approved.
 - E. On 6 August 2007, the tenth meeting of the Fifth Board was convened by electronic means of communication, the results of the meeting were published in the domestic Securities Times, Wen Wei Po and The Standard of Hong Kong on 7 August 2007.
 - F. On 11 October 2007, the third extraordinary Board meeting of 2007 was convened by way of written resolution, the resolution of "Increase in shareholding of Shandong Dadi Xinhua Chemical Company Limited" was approved.

董事會工作報告 (續)

1. 在本年度內，本公司董事會共召開八次會議：(續)
 - G. 本公司於二零零七年十月二十五日以電子通訊方式召開第五屆董事會第十一次會議，相關公告刊登於二零零七年十月二十六日內地《證券時報》、香港《文匯報》及《虎報》。
 - H. 本公司於二零零七年十二月六日以電子通訊方式召開第五屆董事會第十二次會議，相關公告刊登於二零零七年十二月十一日內地《證券時報》、香港《文匯報》及《虎報》。
2. 董事會執行股東大會決議情況

二零零六年度公司股息已於二零零七年八月中旬前派發完畢。

董事、監事及高級管理人員簡介

董事、監事及高級管理人員簡介見「董事、監事、高級管理人員和員工情況」之「董事、監事及高級管理人員簡介」。

公眾持股

本公司確認於本報告期內及截至發出本報告前的最後可行日期本公司公眾股東持股量滿足有關要求。

董事、監事的酬金

本年度本公司董事、監事的酬金詳情載於按香港普遍採納之會計原則編制帳目附註14。

最高酬金人士

本年度本集團獲最高酬金的前五名人士為兩名董事、一名高級管理人員和兩名部門經理。詳情請參閱按香港普遍採納之會計原則編制帳目附註15。

Working Report of the Board (continued)

1. During the year, the Board of Directors passed resolutions on eight occasions: (continued)
 - G. On 25 October 2007, the eleventh meeting of the Fifth Board was convened by electronic means of communication, the results of the meeting were published in the domestic Securities Times, Wen Wei Po and The Standard of Hong Kong on 26 October 2007.
 - H. On 6 December 2007, the twelfth meeting of the Fifth Board was convened by electronic means of communication, the results of the meeting were published in the domestic Securities Times, and Wen Wei Po and The Standard of Hong Kong on 11 December 2007.
2. Implementation of the Resolutions Passed at the General Meeting by the Board

The dividend for 2006 of the Company was distributed in mid August 2007.

Brief Introduction of Directors, Supervisors and Senior Officers

Brief introduction of Directors, Supervisors and Senior Officers are listed in the above section headed "BRIEF INTRODUCTION OF DIRECTORS, SUPERVISORS AND SENIOR OFFICERS" under the section "DIRECTORS, SUPERVISORS, SENIOR OFFICERS AND STAFF".

Public Float

The Company has complied with the requirement in respect of the minimum public float during this reporting period and up to the latest practicable date prior to the issue of this report.

Remuneration of Directors and Supervisors

Details of the remuneration of the Company's Directors and Supervisors are set out in note 14 to the Accounts prepared in accordance with HKGAAP.

Individuals with the Highest Remuneration

The five individuals with the highest salaries paid by the Group during the year 2007 were two directors, one senior officer and two managers. For details, please refer to note 15 to the Accounts prepared in accordance with the HKGAAP.

董事、監事購買股份或債券之權利中取得之利益

本公司、其控股公司及控股公司其他附屬公司概無於本年度內任何時間訂立任何安排、致使本公司之任何董事、監事或其配偶或其未滿十八歲子女通過購入本公司或任何其他公司之股份或債券而獲得利益。

董事、監事之服務合約

所有董事、監事暫未與本公司訂立服務合約。

現任董事或監事與本公司概無訂立若於一年內作出賠償(法定賠償除外)方可終止之服務合約。

管理合約

本年度內，本公司並無就整體業務或任何重要業務的管理或行政工作簽訂或存有任何合約。

董事與監事之合約中的利益

本公司、其所屬公司、其控股股東或控股公司其他附屬公司之間於本年度年終或年內任何時間，均無就本集團業務簽訂任何董事、監事直接或間接佔有重大利益的合約。

帳目

根據香港普遍採納之會計原則及中國會計準則編制的有關本集團及本公司截至二零零七年十二月三十一日止年度業績和於二零零七年十二月三十一日財務狀況載於「根據香港普遍採納之會計原則編制的賬目」和「按中國會計準則編制之賬目」。

財務摘要

根據香港普遍採納之會計原則編制的本集團於過去五個財政年度及中國會計準則編制的本集團於過去三個財政年度的業績、資產及負債載於「會計數據和業務數據摘要」。

Directors' and Supervisors' Rights to Acquire Shares

At no time during the year was the Company, its holding company or its fellow subsidiaries a party to any arrangements to enable any of the Directors, the Supervisors, or their spouses or children under 18 years of age to take advantage by acquiring shares in, or debentures of, the Company or any other body corporate.

Service Contracts of Directors and Supervisors

Each of the Directors and Supervisors has not entered into a service contract with the Company.

None of the Directors and the Supervisors have a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Management Contracts

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

Directors' and Supervisors' Interests in Contracts

Neither the Company, its holding company, its controlling shareholder nor fellow subsidiaries have signed any contracts in relation to the Company's business in which any Directors or Supervisors had a material interest, whether directly or indirectly at the end of the year or at any time during the year.

Accounts

The Group's results for the year ended 31 December 2007 and the financial position of the Group and the Company as at 31 December 2007 prepared in accordance with HKGAAP and PRC accounting standards are set out in section headed "ACCOUNTS PREPARED IN ACCORDANCE WITH HONG KONG GENERALLY ACCEPTED ACCOUNTING PRINCIPALS" and "ACCOUNTS PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS".

Financial Summary

A summary of the results, assets and liabilities of the Group prepared in accordance with HKGAAP for the last five financial years and PRC accounting standards for the last three financial years is set out in section headed "SUMMARY OF FINANCIAL AND OPERATING RESULTS".

利潤分配

根據中國會計準則編制本集團截至二零零七年十二月三十一日止年度實現淨利潤人民幣32,723千元，按10%提取法定盈餘公積金人民幣1,972千元；建議派發末期股息每10股人民幣0.3元（折合港幣約0.33元，A股含稅），按已發行的307,312,830股A股及150,000,000股H股計算，共計人民幣13,719千元。以上建議將提交本公司二零零七年度周年股東大會審議批准。

主要業務及按地區劃分的營業額

本集團及本公司本年度按地區分析之營業額載於按香港普遍採納之會計原則編制帳目附註7。

股本變動及股東情況介紹

本公司於本年度內股本變動及股東情況介紹見「股東變動及股東情況」

儲備

本集團及本公司本年度內儲備的變動情況分別載於按香港普遍採納之會計原則編制之綜合權益變動表及按中國會計準則編制帳目附註七.26及七.27。

固定資產

本集團及本公司於二零零七年度固定資產變動情況載於按香港普遍採納之會計原則編制帳目附註17及按中國會計準則編制帳目附註七.11。

銀行貸款及其他借款

本集團及本公司於二零零七年十二月三十一日的銀行貸款及其他借款情況之詳情載於按香港普遍採納之會計原則編制帳目附註32及中國會計準則編制帳目附註七.15。

Profit Appropriation

In accordance with PRC accounting standards, the Group recorded a net profit of approximately RMB32,723,000 for the year ended 31 December 2007, 10% of which was transferred to the statutory surplus reserves amounting to approximately RMB1,972,000. The Board has recommended to distribute a final dividend at RMB0.3 per 10 shares subject to the approval of the shareholders of the following 2007 annual general meeting of the Company (equivalent to approximately HK\$0.33 per A Shares, tax inclusive) on 307,312,830 A Shares and 150,000,000 H Shares in issue, which is aggregated to be approximately RMB13,719,000. The above recommendation will be submitted to the 2007 Annual General Meeting of the Company for approval.

Principal Activities and Geographical Analysis of Operations

The turnover of the Group and the Company in various geographical locations is set out in note 7 to the Accounts prepared in accordance with the HKGAAP.

Changes in Share Capital and Shareholders

Changes in share capital and shareholders are set out in the above section headed "CHANGES IN SHARE CAPITAL AND SHAREHOLDERS"

Reserves

Movements in the reserves of the Group and the Company during the year 2007 are set out in Consolidated Statement of Changes in Equity to the Accounts prepared in accordance with the HKGAAP, and notes 7.26 and 7.27 to the Accounts prepared in accordance with PRC accounting standards, respectively.

Fixed Assets

Details of the movement in the fixed assets of the Group and the Company during year 2007 are set out in notes 17 to the Accounts prepared in accordance with the HKGAAP, and note 7.11 to the Accounts prepared in accordance with PRC accounting standards.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Group and the Company as at 31 December 2007 are set out in note 32 to the Accounts prepared in accordance with the HKGAAP, and notes 7.15 to the Accounts prepared in accordance with the PRC accounting standards.

資本化利息

本年度內本集團無有關在建工程所借貸款的資本化利息。

職工宿舍

本集團截至二零零七年十二月三十一日止年度內並無出售職工宿舍予本集團員工。但自一九九八年一月一日起，本集團已根據中國政府有關規定，按員工工資8%繳納由山東省淄博市財政局管理的住房公積金，截至二零零七年十二月三十一日止年度本集團共繳納職工住房公積金人民幣5,076千元。

職工基本醫療保險

根據《山東省建立城鎮職工基本醫療保險製度的實施方案》和《淄博市關於建立城鎮職工醫療保險制度的實施方案》等文件要求，本公司已經於二零零四年十二月實行職工基本醫療保險制度。截至二零零七年十二月三十一日止年度本集團共繳的職工醫療保險人民幣6,461千元。

稅收優惠問題

自二零零四年一月一日起，本公司位於開發區內的經營所得適用稅率為15%，開發區外的經營所得適用稅率為33%，並已在當地稅務部門進行備案。

委託存款問題

截至二零零七年十二月三十一日止年度，本集團沒有於非銀行金融機構的存款及屬於委託性質的存款，也不存在到期不能收回的定期存款。

Interest Capitalised

During the year, no interest was capitalised in respect of loans borrowed by the Group and the Company for financing its construction-in-progress.

Staff Quarters

The Group did not sell any staff quarters to its employees during the year ended 31 December 2007 but was required to contribute 8% of the basic wages of the Group's staff to the accommodation scheme managed by the Shandong Province Zibo Municipal Finance Bureau in accordance with the relevant regulations implemented by the PRC government authorities since 1 January 1998. For the year ended 31 December 2007, contributions to the accommodation scheme made by the Group in this respect amounted to approximately RMB5,076,000.

Staff Basic Medical Insurance

Pursuant to the Plan for Implementation of Basic Medical Insurance System for Urban Employees promulgated by the Shandong Provincial Government and the Schedule for Establishment of Medical Insurance System for Urban Employees implemented by Zibo Municipal Government, the Company joined the above-mentioned Medical Insurance System for Urban Employees in December 2004. For the year ended 31 December 2007, the total contribution of the Group to the staff basic medical insurance was approximately RMB6,461,000.

Preferential Tax Treatment

Since 1 January 2004, the operating results of the Company arising from business conducted in the development zone are subject to PRC enterprise income tax at a rate of 15%, while business conducted outside the development zone is subject to PRC enterprise income tax at a rate of 33%. The Company has submitted a tax filing to the local tax bureau.

Designated Deposits

For the year ended 31 December 2007, the Group had neither placed any deposits with any non-banking financial institutions, nor had it placed any designated deposits. The Group does not have any overdue time deposits.

重要事項

二零零七年度內本公司的重要事項見「重要事項」

主要客戶及供應商

本集團五大原料供應商的採購費用及五大客戶的銷售額分別佔本集團於截至二零零七年十二月三十一日止年度總採購額及總銷售額之比重分別為22.79%和14.04%。

本集團最大原料供應商的採購費用及最大客戶的銷售額分別佔本集團於截至二零零七年十二月三十一日止年度總採購額及總銷售額之比重分別為5.43%和4.35%。

據董事會所知，概無董事、彼等聯繫人士（按香港聯交所上市規則界定），或持有本公司股本超過百分之五之股東於本年度於本集團之上述客戶或供應商擁有權益。

購買、出售及贖回本公司之上市股份

截至二零零七年十二月三十一日止年度內本公司並無贖回本公司之上市股份。本公司及其附屬公司於年度內並無購買、出售及贖回任何本公司股份。

優先認股權

本公司的公司章程及中國法律並無優先認股權條款。

員工退休金計劃

本集團參加國家管理的社會養老及退休保險基金，並按照當地政府的規定繳納保險費。本集團目前向社會養老及退休保險基金繳納的保險費為所有員工每年工資及獎金總額的23%。當地政府承諾支付所有現在和將來退休員工的退休福利支出。所有向社會養老及退休保險基金繳納的保險費將於損益表內作為開支。於截至二零零七年十二月三十一日止之年度內，本集團繳納的社會養老及退休保險費為人民幣21,152千元。

Important Issues

Important issues of the Company for the year 2007 are set out in the section headed "IMPORTANT ISSUES".

Major Customers and Suppliers

The percentages of purchases and sales attributable to the Group's five largest suppliers and five largest customers were 22.79% and 14.04% of the Group's total purchases and total sales, respectively, for the year ended 31 December 2007.

The percentages of purchases and sales attributable to the Group's largest supplier and largest customer were 5.43% and 4.35% of the Group's total purchases and total sales, respectively, for the year ended 31 December 2007.

As far as the Directors are aware, none of the Directors or any of their associates (within the meaning of the Listing Rules), or those shareholders which own more than 5% of the share capital of the Company have an interest in any of the above customers or suppliers of the Group during the year.

Purchase, Sale and Redemption of the Company's Listed Securities

During the year ended 31 December 2007, neither the Company nor any of its subsidiaries had redeemed, purchased or sold any of the Company's listed securities.

Pre-emptive Rights

According to the Company's Articles of Association and the laws of the PRC, there is no provision for pre-emptive rights.

Retirement Scheme Arrangements

The Group participates in the State Social Retirement Scheme (the "Scheme") and pays the insurance premium in accordance with the particular regulation issued by the local municipal government whereby it is required to make an annual contribution of 23% of the total salaries and bonuses paid to staff. In turn, the local municipal government undertakes to assume the retirement benefit obligations of all existing and future retirees of the Group. Contributions to the Scheme are charged to the profit and loss account as and when they are incurred. For the year ended 31 December 2007, the total contribution of the Group to the Scheme was approximately RMB21,152,000.

關聯交易

Connected Transactions

(1) 本集團在正常業務範圍內進行之重大有關聯人士交易摘要如下：

(1) Significant connected transactions carried out in the normal course of the Group's business are summarised as follows:

	二零零七 2007 人民幣千元 RMB'000	二零零六 2006 人民幣千元 RMB'000
與控股公司山東新華醫藥集團 有限責任公司及其附屬公司	With immediate holding company Shandong Xinhua Pharmaceutical Group Company Limited ("SXPGC") and its subsidiaries	
— 銷售水電汽及原材料	14,036	13,160
— 採購原材料	96,730	72,293
— 採購物業、廠房及設備	3,358	1,499
— 租金收入	952	1,438
— 設計費收入	10	—
— 支付許可商標	1,100	1,000
— 租金支出	870	500
與聯營公司	With associates	
— 採購原材料	34,768	6,421
— 銷售水電汽	—	6,766
— 利息收入	—	270
— 銷售技術	—	2,005
— 銷售在產品	—	4,759
— 出售物業、廠房及設備	—	1,708
— 設計費收入	31	—
與少數股東	With minority shareholders	
— 銷售化學原料藥及化工原料	175,989	—
— 採購化工原料及水電汽	2,938	—

關聯交易 (續)

本公司董事(包括獨立非執行董事)確認上述的交易乃於日常業務過程中進行，且按照一般商務條款達成，對於公司的股東而言是公平合理的。

本公司獨立非執行董事已經審閱上述關聯交易，除按香港聯交所上市規則規定，部分本公司或本公司之附屬公司與少數股東(關聯人士)進行的關聯交易未符合獨立股東批准及/或公開披露的要求外，確認上述其他交易乃本公司在日常業務中按約束該等交易的協議條款訂立。

- (2) 本公司與山東淄博新達製藥有限公司(一間由新華集團持有80%權益、本公司持有20%權益的中國公司)於二零零七年十二月十日就資產收購簽訂了協議。協議涉及的資產包括房屋建築物、機器設備。上述資產已經山東魯盛土地房地產評估諮詢有限公司評估，並於二零零七年十一月九日出具(淄博)魯盛房地產(2007)(估)字第2460號及淄房評估[2007]第162號評估報告，評估總價值為人民幣3,358,200元。協議所涉及的資產價格按照評估報告的評估價值確定。

本公司就上述關聯交易已於二零零七年十二月十日作出公告。

本公司董事會及獨立董事認為，上述關聯交易是屬於正常的資產收購，且按照一般商務條款達成的，對於公司的股東而言是公平合理的。

Connected Transactions (continued)

In the opinion of the Directors (including the Independent Non-Executive Directors), the above transactions were carried out in the ordinary and usual course of the Group's business and were entered into on normal commercial terms and the transactions were fair and reasonable to the shareholders of the Company as a whole.

The Independent Non-Executive Directors have reviewed the above connected transactions and are of the opinion that the transactions are in the ordinary course of business of the Group and carried out in accordance with the terms of agreements governing these transactions. However, some connected transactions between the Company/its subsidiaries and the minority shareholders of the Company (connected persons) were not in compliance with the independent shareholders approval requirement and disclosure requirement according to the Listing Rules.

- (2) On 10 December 2007, the Company and Shandong Zibo XinCat Pharmaceutical Company Limited (a PRC limited company of which 80% of its interests is held by SXP GC and 20% held by the Company) ("XinCat") entered into the transfer agreement in relation to the acquisition of XinCat's assets. The asset acquired in the transaction is a workshop and the associated land use rights. The asset was valued by Shandong Lusheng Land & Real Estate Assessment and Consultation Company Limited at approximately RMB3,358,200 and the valuation report of (Zibo) Lusheng Land & Real Estate (2007) (Gu) No 2460 and Zifang Pinggu (2007) No 162 were issued on 9 November 2007. The asset price was based on the value stated in the valuation report.

In relation to the above connected transaction, the Company issued an announcement on 10 December 2007.

In the opinion of the Directors (including the Independent Non-Executive Directors), the above connected transaction was a normal asset acquisition, and was entered into on normal commercial terms and the transaction was fair and reasonable to the shareholders of the Company as a whole.

關聯交易 (續)

- (3) 本公司與本公司之同級附屬公司——山東新華工貿股份有限公司(「新華工貿」)於二零零七年一月二十二日簽訂股權轉讓協議，新華工貿將其持有的交通銀行144,000股法人股以每股人民幣4.5元的價格合共人民幣648,000元轉讓給本公司。上述關聯交易屬於一次性的交易，並為符合最低豁免水平的交易，故此毋須發出公告。

本公司董事會及獨立董事認為，上述關聯交易是屬於正常的資產收購，且按照一般商務條款達成的，對於公司的股東而言是公平合理的。

- (4) 本公司與本公司之同級附屬公司——山東淄博新達製藥有限公司(「新達製藥」)於二零零七年四月二日簽訂房屋租賃協議，新達製藥租賃本公司房屋，為期一年，租金為人民幣952,000元。上述關聯交易屬於一次性的交易，並為符合最低豁免水平的交易，故此毋須發出公告。

本公司董事會及獨立董事認為，上述關聯交易是按照一般商務條款達成的，對於公司的股東而言是公平合理的。

- (5) 本公司與新華集團於二零零七年一月十日簽訂房屋租賃協議，本公司租賃新華集團房屋，為期一年，租金為人民幣500,000元。上述關聯交易屬於一次性的交易，並為符合最低豁免水平的交易，故此毋須發出公告。

本公司董事會及獨立董事認為，上述關聯交易是按照一般商務條款達成的，對於公司的股東而言是公平合理的。

Connected Transactions (continued)

- (3) On 22nd January 2007, the Company entered into an agreement with a fellow subsidiary of the Company, Shandong Xinhua Industry & Trade Company Limited ("Xinhua Industry & Trade Company") in relation to the acquisition of 144,000 shares of Bank of Communications for a total consideration of RMB648,000, based on a price of RMB4.5 per share. The above connected transaction was an one-off transaction and a de minimis transaction. Therefore, no announcement was required.

In the opinion of the Directors (including the Independent Non-Executive Directors), the above connected transaction was a normal asset acquisition, and was entered into on normal commercial terms and the transaction was fair and reasonable to the shareholders of the Company as a whole.

- (4) On 2 April 2007, the Company entered into an agreement with a fellow subsidiary of the Company, Shandong Zibo XinCat to rent a property from XinCat for one year. The rental for one year was RMB952,000. The above connected transaction was an one-off transaction and a de minimis transaction. Therefore, no announcement was required.

In the opinion of the Directors (including the Independent Non-Executive Directors), the above connected transaction was entered into on normal commercial terms and the transaction was fair and reasonable to the shareholders of the Company as a whole.

- (5) On 10 January 2007, the Company entered into an agreement with SXPGC to rent a property from SXPGC for one year. The rental for one year was RMB500,000. The above connected transaction was an one-off transaction and a de minimis transaction. Therefore, no announcement was required.

In the opinion of the Directors (including the Independent Non-Executive Directors), the above connected transaction was entered into on normal commercial terms and the transaction was fair and reasonable to the shareholders of the Company as a whole.

關聯交易 (續)

- (6) 本公司附屬公司與新華工貿於二零零七年三月一日簽訂房屋租賃協議，本公司附屬公司租賃工貿公司房屋，為期一年，租金為人民幣370,000元。上述關聯交易屬於一次性交易，並為符合最低豁免水平的交易，故此毋須發出公告。

本公司董事會及獨立董事認為，上述關聯交易是按照一般商務條款達成的，對於公司的股東而言是公平合理的。

- (7) 本公司附屬公司與山東淄博新華一肯孚製藥有限公司於二零零七年八月三十一日簽訂設計協議，設計費用為人民幣10,000元。上述關聯交易屬於一次性交易，並為符合最低豁免水平的交易，故此毋須發出公告。

本公司董事會及獨立董事認為，上述關聯交易是按照一般商務條款達成的，對於公司的股東而言是公平合理的。

持續關連交易

1. 本公司與新華集團的持續關聯交易

於1996年12月7日，本公司與新華集團訂立由本公司就其現在及將來的產品於中國及海外獨家持續使用商標“新華”的商標許可協議。2007年的總代價為人民幣1,100,000元。

於2006年10月23日，本公司與新華集團訂立就持續銷售及購買化學原料及雜項(包括但不限於生產醫藥產品所需的水、電、蒸汽及該等其他物料)，以及向及由新華集團提供服務。該協議期限由2007年1月1日起至2009年12月31日止。2007年的總代價為人民幣110,766,000元。

Connected Transactions (continued)

- (6) On 1 March 2007, a subsidiary of the Company entered into an agreement with Xinhua Industry & Trade Company to rent a property from Xinhua Industry and Trade Company for one year. The rental for one year was RMB370,000. The above connected transaction was an one-off transaction and a de minimis transaction. Therefore, no announcement was required.

In the opinion of the Directors (including the Independent Non-Executive Directors), the above connected transaction was entered into on normal commercial terms and the transaction was fair and reasonable to the shareholders of the Company as a whole.

- (7) On 31 August 2007, a subsidiary of the Company entered into a design agreement with Shandong Zibo Xinhua-Chemferm Pharmaceutical Company Limited. The design fee was RMB10,000. The above connected transaction was an one-off transaction and a de minimis transaction. Therefore, no announcement was required.

In the opinion of the Directors (including the Independent Non-Executive Directors), the above connected transaction was entered into on normal commercial terms and the transaction was fair and reasonable to the shareholders of the Company as a whole.

Continuing Connected Transactions

1. Continuing connected transactions between the Company and SXPGC

On 7 December 1996, the Company entered into a trademark licence agreement for the exclusive use of the trademark "Xinhua" by the Company for its existing and future products in and outside the PRC on an ongoing basis. The consideration in 2007 was RMB1,100,000.

On 23 October 2006, the Company and SXPGC entered into an agreement in relation to the sale and purchase of chemical raw materials and sundry items (including but not limited to water, electricity, steam and such other items for the production of pharmaceutical products) and the provisions of services to and from SXPGC on an on-going basis for a term from 1 January 2007 to 31 December 2009 subject to extension. The consideration in 2007 was RMB110,766,000.

持續關連交易 (續)

新華集團持有本公司已發行股本總數的35.70%，成為本公司的最大股東。新華集團為本公司的關聯人士，故此等之間的交易構成持續關連交易。由於適用的百分比率(盈利比率除外)超過2.5%，且年度代價已超過10,000,000港幣，故該等交易須遵守上市規則第14A章有關申報、公佈及尋求獨立股東批准的規定。本公司已於2006年遵守上述所有規定，並於2006年10月24日發出公告。

上述持續關連交易於二零零六年度總額不超過本公司2005年6月29日舉行的股東大會所批准的年度上限人民幣144,440,000元。由於所採購原材料市場價格上漲幅度大大超過預期，2007年度總額超過2006年12月29日舉行的股東大會所批准的年度上限人民幣96,320,000元。

2. 本公司與美國百利高國際公司(「百利高國際」)的持續關連交易

於2007年，本公司與百利高國際就向其銷售布洛芬(美國藥典通用名稱)等原料藥進行交易，2007年度的總代價為人民幣45,619,000元。於本公司收購新華百利高的額外0.1%股權後，新華百利高成為本公司附屬公司。百利高國際是新華百利高之主要股東。於上述收購後，百利高國際成為本公司之關連人士。故彼等之間的交易構成持續關連交易。

3. 新華百利高與百利高國際之間的持續關連交易

於2007年，新華百利高持續向百利高國際銷售布洛芬，2007年度的總代價為人民幣111,902,000元。如上文第2段所述，新華百利高為本公司附屬公司，而百利高國際為新華百利高之主要股東。故百利高國際為新華百利高之關連人士，彼等之間的交易構成持續關連交易。

Continuing Connected Transactions (continued)

SXPGC held 35.70% of the total issued share capital of the Company and was the largest shareholder of the Company. SXPGC was a connected person of the Company and therefore the transactions between them constituted continuing connected transactions. As all the percentage ratios (other than the profits ratio) exceeded 2.5%, the continuing connected transactions are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The company complied with all the said requirements in 2006 and an announcement was issued on 24 October 2006.

The aggregate amount of the above continuing connected transactions for the year 2006 did not exceed the annual cap of RMB144,440,000 approved by the extraordinary general meeting held on 29 June 2005. The aggregate amount of the above transactions for the year 2007 exceeded the annual cap of RMB96,320,000 approved by the extraordinary general meeting held on 29 December 2006 due to an unexpected increase in the market prices of raw materials.

2. Continuing connected transactions between the Company and Perrigo International Inc ("Perrigo International")

The Company entered into transactions with Perrigo International for the purpose of selling an active pharmaceutical ingredient commonly known as "ibuprofen U.S.P." etc. to Perrigo International in 2007. The total consideration in the year 2007 was RMB45,619,000. Xinhua Perrigo became a subsidiary of the Company after the Company acquired an additional 0.1% equity interest in Xinhua Perrigo. As Perrigo International was a substantial shareholder of Xinhua Perrigo. Perrigo International became a connected person of the Company after the Company's acquisition. The transactions between them therefore constituted continuing connected transactions.

3. Continuing connected transactions between Xinhua Perrigo and Perrigo International

Xinhua Perrigo sold, on a ongoing basis, ibuprofen to Perrigo International in 2007. The total consideration in 2007 was RMB111,902,000. As discussed in paragraph 2 above, Xinhua Perrigo was a subsidiary of the Company and Perrigo International was a substantial shareholder of Xinhua Perrigo. Therefore, Perrigo International was a connected person of Xinhua Perrigo and the transactions between them constituted continuing connected transactions.

持續關連交易 (續)

4. 山東新華製藥進出口有限公司(「新華製藥進出口」)與百利高國際之間的持續關連交易

於2007年，新華製藥進出口持續向百利高國際銷售化學原料藥等，2007年度的總代價為人民幣9,752,000元。新華製藥進出口為本公司附屬公司，而百利高國際為新華製藥進出口之關連人士。故彼等之間的交易構成持續關連交易。

5. 本公司與美國中西公司(「美國中西」)之間的持續關連交易。

於2007年，本公司持續向美國中西銷售藥物，2007年度的總代價為人民幣5,276,000元。美國中西為本公司附屬公司淄博新華-中西製藥有限責任公司之主要股東。故美國中西為本公司之關連人士，彼等之間的交易構成持續關連交易。

6. 山東大地新華化學有限公司(「大地新華」)與山東大地鹽化集團有限公司(「大地鹽化」)之間的持續關連交易

於2007年，大地新華持續向大地鹽化採購化學原材料，2007年度的總代價為人民幣226,000元。大地新華為本公司附屬公司，而大地鹽化為大地新華之主要股東。故大地鹽化為大地新華之關連人士，彼等之間的交易構成持續關連交易。

7. 濰坊萬源化工有限公司(「濰坊萬源」)與大地鹽化之間的持續關連交易

於2007年，濰坊萬源持續向大地鹽化銷售藥物，2007年度的總代價為人民幣3,440,000元。同年，濰坊萬源亦持續向大地鹽化採購化學原材料，2007年度的總代價為人民幣2,711,000元。

濰坊萬源為本公司附屬公司，而大地鹽化為濰坊萬源之主要股東。故大地鹽化為濰坊萬源之關連人士，彼等之間的交易構成持續關連交易。

Continuing Connected Transactions (continued)

4. Continuing connected transactions between Shandong Xinhua Pharmaceutical Export and Import Company Limited (“XPEI”) and Perrigo International

XPEI sold on, an ongoing basis, chemical raw materials to Perrigo International in 2007. The total consideration in 2007 was RMB 9,752,000. XPEI was a subsidiary of the Company and Perrigo International was a connected person of XPEI. Therefore, the transactions between them constituted continuing connected transactions.

5. Continuing connected transactions between the Company and Eastwest United Group (“Eastwest United”)

The Company sold, on an ongoing basis, pharmaceuticals products to Eastwest United. The total consideration for 2007 was RMB5,276,000. Eastwest United was a substantial shareholder of a subsidiary of the Company, Zibo Xinhua Eastwest Pharmaceuticals Company Limited. Therefore, Eastwest United was a connected person of the Company and the transactions between them constituted continuing connected transactions.

6. Continuing connected transactions between Shandong Dadi Xinhua Chemical & Industrial Company Limited (“Dadi Xinhua”) and Shandong Dadi Stalinisation Group Limited (“Dadi Stalinisation”)

Dadi Xinhua, on an ongoing basis, purchased chemical raw materials from Dadi Stalinisation in 2007. The total consideration in 2007 was RMB226,000. Dadi Xinhua was a subsidiary of the Company and Dadi Stalinisation was a substantial shareholder of Dadi Xinhua. Therefore, Dadi Stalinisation was a connected person of Dadi Xinhua and the transactions between them constituted continuing connected transactions.

7. Continuing connected transactions between Weifang Wanyuan Chemical Company Limited (“Weifang Wanyuan”) and Dadi Stalinisation

Weifang Wanyuan sold, on an ongoing basis, pharmaceutical products to Dadi Stalinisation in 2007. The total consideration in the year 2007 was RMB3,440,000. Weifang Wanyuan also purchased, on an ongoing basis, chemical raw materials from Dadi Stalinisation in the same year. The total consideration in 2007 was RMB2,711,000.

Weifang Wanyuan was a subsidiary of the Company and Dadi Stalinisation was a substantial shareholder of Weifang Wanyuan. Therefore, Dadi Stalinisation was a connected person of Weifang Wanyuan and the transactions between them constituted continuing connected transactions.

持續關連交易 (續)

董事(包括獨立非執行董事)認為,上述持續關連交易乃於本集團的日常及一般業務過程中進行並按照正常商業條款訂立,且該等交易就本公司股東而言乃屬公平合理。

由於上文第2、3及4段所述的持續關連交易合併計算後的百分比率(盈利比率除外)超逾2.5%,且年度代價已超逾10,000,000港元,故該等交易須受上市規則第14A章中有關申報、公佈及尋求獨立股東批准規定的規限。本公司於2007年尚未遵守獨立股東批准及公告規定,但將於2008年遵守所有上述規定。

鑒於上文第5段所述之持續關連交易的適用百分比率(盈利比率除外)超逾0.1%但低於2.5%,根據上市規則14A.34條,該等交易可豁免尋求獨立股東批准,但須遵守上市規則第14A章有關申報及公告的規定。本公司於2007年尚未遵守有關公告的規定,但將於2008年遵守該等規定。

鑒於上文第6段至第7段所述之持續關連交易合併計算後的適用百分比率超逾0.1%但低於2.5%,根據上市規則14A.34條,該等交易可豁免尋求獨立股東批准,但須遵守上市規則第14A章有關申報及公告的規定。本公司尚未於2007年遵守有關公告的規定,但將於2008年遵守該等規定。

就上述持續關連交易超逾年度上限及違規事宜,本公司已自覺向聯交所報告。

核數師報告中所披露的與聯營公司間的關連方交易並非上市規則第14A章所界定之持續的關連交易或關連交易。本部份所述的均是上市規則第14A章所界定的關連交易或持續關連交易。

Continuing Connected Transactions (continued)

In the opinion of the Directors (including the Independent Non-Executive Directors), the above continuing connected transactions were carried out in the ordinary and usual course of the Group's business and were entered into on normal commercial terms and the transactions were fair and reasonable to the shareholders of the Company as a whole.

As the percentage ratios (other than profits ratio) of the continuing connected transactions referred to in paragraph 2, 3 and 4 above, in aggregate, exceeds 2.5% and the annual consideration was more than HK\$10,000,000, the transactions were subject to independent shareholders approval, and to the reporting and announcement requirements under Chapter 14A of the Listing Rules. The Company did not comply with the independent shareholders' approval requirements and announcement requirements in 2007 but the Company will comply with all the said requirements in 2008.

As the percentage ratios (other than profits ratio), of the continuing connected transactions referred to in paragraph 5 above, were more than 0.1% but less than 2.5%, the transactions were exempted from independent shareholders' approval in accordance with Rule 14A.34 of the Listing Rules and were only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules. The Company did not comply with the announcement requirement in 2007 and it will comply with the said requirement in 2008.

As the percentage ratios (other than profits ratio), of the continuing connected transactions referred to in paragraph 6 and 7 above, in aggregate, were more than 0.1% but less than 2.5%, the transactions were exempted from independent shareholders' approval in accordance with Rule 14A.34 of the Listing Rules and were only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules. The Company did not comply with the announcement requirement in 2007 but it will comply with the said requirements in 2008.

The Company has reported to the Exchange on a voluntary basis in relation to exceeding the 2007 annual cap and non-compliance of the above continuing connected transactions.

The disclosed related party transactions with associates in the auditors' report were not continuing connected transactions or connected transactions defined by Chapter 14A of the Listing Rules. All the transactions mentioned in this section were connected transactions or continuing connected transactions defined by Chapter 14A of the Listing Rules.

持續關連交易 (續)

本公司核數師已審閱本集團於截至2007年12月31日止年度與新華集團及其附屬公司所進行之持續關連交易，並向董事會確認：

1. 於截至2007年12月31日止年度的持續關連交易已獲董事會批准；
2. 該等持續關連交易符合規管該等交易的有關協議所載的定價政策；
3. 該等持續關連交易乃根據規管該等交易的有關協議的條款進行；
4. 該等持續關連交易年度總金額為人民幣111,866,000元，已超逾截至2007年12月31日止財政年度之年度上限人民幣96,320,000元。

核數師

本公司及本集團本年度按照香港普遍採納之會計原則及中國會計準則編制的帳目已分別由信永中和(香港)會計師事務所有限公司(香港執業會計師)和信永中和會計師事務所(中國註冊會計師)審核。

本公司擬於二零零八年召開的本公司二零零七年度周年股東大會上建議續聘信永中和(香港)會計師事務所有限公司和信永中和會計師事務所分別為本公司二零零八年度國際和中國核數師。

其他

自二零零八年四月十六日起，莫仲堃先生辭任本公司獨立非執行董事及審核委員會成員職務。莫先生辭任的原因為其律師行的內部政策不允許合夥人擔任上市公司的董事。莫先生已經確認其並無與董事會持有任何不同意見，其辭任亦無其他事項需要通知本公司股東。莫先生的辭任公告已於二零零八年四月十六日發佈。

承董事會命
郭琴
董事長

中國山東淄博
二零零八年四月十八日

Continuing Connected Transactions (continued)

The Company's auditors have reviewed the continuing connected transactions entered into by the Group with SXP GC and SXP GC's subsidiaries during the year ended 31 December 2007, and confirmed to the Board that:

1. the continuing connected transactions during the year ended 31 December 2007 have received the approval of the Board;
2. the continuing connected transactions were in accordance with the pricing policies as stated in the relevant agreement governing such transactions;
3. the continuing connected transactions were entered into in accordance with the terms of the relevant agreements governing such transactions;
4. the annual aggregate amount of the continuing connected transactions amounted to RMB111,866,000 have exceeded the annual cap amount of RMB 96,320,000 for the financial year ended 31 December 2007.

Auditors

The accounts of the Company and the Group for the year 2007 prepared in accordance with HKGAAP and PRC accounting standards have been audited by SHINEWING (HK) CPA Limited and ShineWing, Certified Public Accountant, PRC respectively.

The Company intends to re-appoint SHINEWING (HK) CPA Limited and ShineWing as international auditors and PRC auditors of the Company respectively for the year 2008 at the annual general meeting for the year 2007 to be held in 2008.

Others

Mr. Mok Chung Kwan, Stephen has resigned as an independent non-executive director and an Audit Committee member of the Company with effect from 16 April 2008. The reason for his resignation is that his law firm's internal policy does not allow a partner to be a director of a listed company. Mr. Mok has confirmed that he has no disagreement with the Board and that there are no matters relating to his resignation that need to be brought to the attention of shareholders of the Company. An announcement of Mr. Mok's resignation was issued on 16 April 2008.

By order of the Board
Guo Qin
Chairman

Zibo, Shandong, PRC
18 April 2008

敬啟者：

二零零七年度，本公司監事會全體成員依照《中華人民共和國公司法》、本公司《公司章程》和有關法律法規的規定和要求，遵守誠信原則，忠實履行公司章程賦予的各項職責，為維護本公司及其股東利益積極地開展工作。

本年度監事會召開會議五次：

二零零七年三月二十三日在公司住所召開第一次會議，形成如下決議：

- (1) 審議通過二零零六年度監事會報告；
- (2) 審議通過二零零六年度報告及業績公佈；
- (3) 審議通過二零零六年經審計的財務報告；
- (4) 審議關於核銷和計提資產減值準備的決議，認為決議程序合法，依據充分；
- (5) 審議通過二零零六年度的募集資金使用情況和關聯交易；
- (6) 審議並通過預計二零零七年日常關聯交易的議案；

二零零七年四月二十六日在公司住所召開第二次會議，通過本公司二零零七年第一季度報告及財務報告，以及審議主要會計政策變更的議案。

二零零七年八月六日在公司住所召開第三次會議，審議通過了關於二零零七年半年度報告；審議通過二零零七年半年度關聯交易的議案。

To All Shareholders,

In 2007, all the members of the supervisory committee of the Company (the "Supervisory Committee") actively performed their tasks in protecting the interests of the Company and its shareholders in accordance with the requirements of the Company Law of the PRC, the Company's articles of association (the "Articles of Association") and the relevant PRC laws and regulations. The Supervisory Committee also performed the various duties assigned to it by the Articles of Association in an active, diligent and faithful manner.

The Supervisory Committee convened five meetings in 2007:

The first meeting was convened at the Company's registered office on 23 March 2007, in which the following resolutions were passed:

- (1) To approve the report of the Supervisory Committee for the year 2006;
- (2) To approve the annual report and announcement of results for the year 2006;
- (3) To approve the audited accounts of the Company for the year 2006;
- (4) To approve the resolution in respect of the provisions for diminution in value of assets and treatment of related losses. In the opinion of the Supervisory Committee, the procedures taken to pass the said resolution were lawful and were adequately evidenced;
- (5) To approve the use of proceeds raised from the issue of A shares and connected transactions in 2006;
- (6) To approve the proposal in respect of the estimate of continuing connected transactions for the year 2007;

The second meeting was convened at the Company's Registered office on 26 April 2007 to approve the first quarterly report and financial report of 2007 of the Company and changes in significant accounting policies.

The third meeting was convened at the Company's Registered office on 6 August 2007 to approve the 2007 interim report of the Company, and the connected transactions for the first half of 2007.

二零零七年十月二十五日以書面方式召開第四次會議，審議通過二零零七年第三季度報告及財務報告；審議通過公司治理專項活動整改報告。

二零零七年十二月六日以書面方式召開第五次會議，審議通過布洛芬技術改造項目議案；審議通過關於收購新達公司部分資產的關聯交易議案。

本監事會在本年度列席本公司董事會會議對本公司董事會所作經營決策決議是否符合國家的法律、法規及公司章程，是否符合本公司的發展前景以及是否符合股東的權益實施有效的監督。認為公司能夠依法進行運作。

本監事會認為本公司最近一次募集資金實際投入與承諾投入項目一致，本年度所發生的關聯交易公平合理。

本監事會亦認真行使職權，全面認真地審閱了董事會擬提交本次股東周年大會之財務報表、董事會的工作報告等，並未發現疑問，二零零七年財務報告真實反映本公司的財務狀況和經營成果。

在該年度內本公司無任何重大訴訟事項。

承監事會命
于公福
監事會主席

中國山東淄博
二零零八年四月十八日

The fourth meeting was convened by way of written resolution on 25 October 2007 to approve the third quarter report and financial report of 2007 of the Company and the rectification report of corporate governance.

The fifth meeting was convened by way of written resolution on 6 December 2007 to approve the proposed Ibuprofen technological transformation projects and the proposed connected transaction of acquisition of assets of Shandong Zibo XinCat Pharmaceutical Company Limited.

Members of the Supervisory Committee also attended the board meetings of the Company and exercised effective supervision as to whether business decisions made by the Board of Directors were in compliance with the laws and regulations of the PRC and the Articles of Association, and in line with the development of the Company and also in the interests of the shareholders of the Company. The Supervisory Committee considered that the Board of Directors exercised its powers in accordance with the law.

In the opinion of the Supervisory Committee, the actual use of the proceeds from the issue of new shares was in compliance with the undertakings made by the Company and all the connected transactions that took place during the year were fair and reasonable.

The Supervisory Committee has carried out its duties diligently. The Supervisory Committee has carefully reviewed the accounts and the Report of the Directors to be submitted by the Board of Directors to the 2007 Annual General Meeting and has not found anything contained therein to be questionable. In the opinion of the Supervisory Committee, the financial report for the year 2007 reflects the true financial position and results of the Company.

The Company was not involved in any significant litigation during the year.

By order of the Supervisory Committee
Yu Gongfu
Chairman of Supervisory Committee

Zibo, Shandong, PRC
18 April 2008

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| <p>1. 本報告期內本集團無涉及或任何未完結或面臨的重大訴訟、仲裁事項。</p> <p>2. 本公司報告期內無重大收購及出售資產、吸收合併事項。</p> <p>3. 本報告期內本公司無託管、承包、租賃其他公司資產或其他公司託管、承包、租賃本公司資產事項。</p> <p>4. 於二零零七年十二月三十一日，本公司向銀行提供財務擔保予一家獨立第三方公司，用作銀行開具銀行承兌匯票給予本公司旗下一家附屬公司合共人民幣14,000,000元。如果開具的銀行承兌匯票逾期，則本公司只對銀行開具的匯票票面金額與提貨通知單上的金額之差額負有連帶責任。於二零零七年十二月三十一日，銀行已開具人民幣7,000,000元匯票，而提貨通知單金額為人民幣6,500,000元。</p> <p>除上述擔保外，本報告期內，本公司無其他重大擔保及未履行完畢的重大擔保。</p> <p>5. 本公司未發生委託他人進行現金資產管理事項。</p> <p>6. 截至二零零七年十二月三十一日止年度內，本公司、本公司董事及高級管理人員均無受到監管部門處罰的情況。</p> <p>7. 在中國證券結算深圳分公司辦理上市公司相關高層人員持股按25%比例解禁後，高慶剛先生家屬於2007年5月23日賣出高慶剛先生證券賬戶中新華製藥股份500股，2007年5月24日其家屬以高慶剛先生證券賬戶買進新華製藥股份500股，本次買賣獲利24.5元。此次股票買賣行為違反了《證券法》有關規定。公司根據相關規定，責令高慶剛先生將本次買賣新華製藥股票所獲收益24.5元於2007年5月29日全額上繳歸公司所有，並保證今後不再發生此類行為。</p> | <p>1. The Group was not involved in any material litigation or arbitration and no material litigation or arbitration is pending or threatened or was made against the Group during the reporting period.</p> <p>2. During the reporting period, there were no material acquisitions and sales of assets, nor any material acquisitions and mergers.</p> <p>3. In the reporting period, there was no trust, subcontract or lease of assets between the Company and other companies.</p> <p>4. For the year ended 31st December 2007, the Company provided financial guarantees to a bank for the benefits of an independent third party in relation to bills of exchange amounting to RMB14,000,000 and the bills of exchange would be issued to a subsidiary of the Company. The Company was only liable for the difference between the face value of the bills of exchange issued by the bank and the amount on the bills of lading if the bills of exchange were overdue. As at 31st December 2007, bills of exchange amounting to RMB7,000,000 were issued by the bank and bills of lading amounting to RMB6,500,000 were issued.</p> <p>During the reporting period of the annual report, except for the above guarantee, there was no other material guarantee provided by the Company nor had any material guarantee provided by the Company not been fully performed.</p> <p>5. The Company did not appoint any custodian for the management of funds.</p> <p>6. None of the Company, the Directors and the Senior Officers has been penalised by any PRC authorities during the year ended 31 December 2007.</p> <p>7. After the ban of share sales be lifted to a limit of 25% by the Company in Shenzhen Branch of China Security Clearing Centre, the wife of Mr. Gao Qinggang, a supervisor of the Company, sold 500 shares of the Company in an account dominated by Mr. Gao on 23 May 2007, and bought 500 shares of the Company in the same account on 24 May 2007. The transactions were breach of the Law of Security and the related rules. Pursuant to certain rules, the Company asked Mr. Gao to turn over the earning of RMB24.5 arising from the transactions and received on 29 May 2007.</p> |
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8. 本公司或持股5%以上股東披露承諾事項：
- (1) 新華集團承諾：新華製藥非流通股份獲得上市流通權之日起第36個月至第48個月內，如果新華集團通過深圳證券交易所掛牌交易出售新華製藥A股，出售價格不低於4.8元，即新華製藥A股市場相關股東會議通知發出前30日「新華製藥」A股算術平均收盤價的150%（若自股權分置改革方案實施之日起至出售股份期間有派息、送股、資本公積金轉增股份等除權事項，應對該價格進行除權處理）。新華集團如果有違反該承諾的賣出交易，賣出資金將劃歸新華製藥所有。
- (2) 新華集團承諾自2006年1月1日起，不再非經營性佔用本公司資金。
9. 關連交易見按中國會計準則編制的帳目附註九。
10. 本報告期內，本公司未向關聯方提供資金，也未發生關聯方向本公司提供資金的情況。
11. 核數師
- 有關核數師及其薪酬情況詳見「公司治理報告」中「核數師酬金」一節。
8. The Company and its shareholders, holding more than 5% of shares of the Company, have disclosed undertakings designated by the CSRC:
- (1) SXPGC has undertaken between the 36th month and 48th month since the listing of the non-tradable shares of the Company that it shall not sell any of its A shares of the Company on the SZSE at a price less than RMB4.8 per share, (such price will be on an ex-rights basis if there is any declaration of dividends, bonus issues or capitalisation of capital reserve during the period between the day of implementation of the revised share reform of the Company and sale of the shares by SXPGC) being 150% of the average of the closing prices of the listed A shares as quoted on the SZSE in the thirty (30) trading days prior to the issuance date of the relevant notice of the shareholders' meeting. Should SXPGC breach any of the provisions of this undertaking in the sale of its shares, the proceeds resulting from such sale shall be owned by the Company.
- (2) SXPGC guaranteed not to use any funds of the Company for non-business reasons starting from 1 January 2006.
9. The related party transactions are as set out in the Note 9 to the Accounts prepared in accordance with PRC accounting standards.
10. During the reporting period, the Company did not provide funds to the connected parties, and the connected parties did not provide funds to the Company.
11. Auditors
- The auditors of the Company and respective remuneration of auditors are set out in the section headed "Auditors' remuneration" disclosed in the "CORPORATE GOVERNANCE REPORT".

12. 持有其他上市公司股權情況(人民幣千元)

證券代碼 Stock Code	證券簡稱 Abbreviated Name	初始投資金額 Initial investment amount	佔該公司 股權比例 Proportion of equity interest in investee	期末賬面值 Book value of end of this period	報告期損益 Profit/loss of this period	報告期所有者 權益變動 Change of shareholder's equity of this period
601328	交通銀行 BANKCOMM	14,225	0.02%	116,713	—	87,114
601601	中國太保 China Pacific Insurance	7,000	0.07%	247,250	—	204,213
	合計 Total	21,225		363,963	—	291,327

13. 報告期接待調研、溝通、採訪等活動情況表

12. Information about holding other listed companies (RMB'000)

13. Information of reception research, communication and interview

接待時間 Reception time	接待地點 Reception location	接待方式 Reception method	接待對象 Reception objects	談論的主要內容及提供的資料 Main content of the discussion and the information provided
2007年1月19日 19 January 2007	公司住所 Office address of the Company	實地調研 Field study	信泰證券有限責任公司研究員 Researchers of Xintai Securities Company Limited	了解公司生產經營情況 Understand the production and operation of the Company
2007年3月7日 7 March 2007	公司住所 Office address of the Company	實地調研 Field study	泰達荷銀基金管理公司研究員 Researchers of ABN AMRO TEDA Fund Management Company Limited	了解公司生產經營情況 Understand the production and operation of the Company
2007年3月9日 9 March 2007	公司住所 Office address of the Company	實地調研 Field study	中國國際金融有限公司等研究員 Researchers of China International Capital Corporation Limited	了解公司生產經營情況、發展規劃 Understand the production, operation and development planning of the Company
2007年9月11日 11 September 2007	公司住所 Office address of the Company	實地調研 Field study	長江證券研究員 Researchers of Changjiang Securities	了解公司發展前景 Understand the development prospects of the Company
2007年12月26日 26 December 2007	公司住所 Office address of the Company	實地調研 Field study	東方證券研究員 Researchers of Dongfang Securities	了解公司營銷情況 Understand the marketing information of the Company

獨立核數師報告書

INDEPENDENT AUDITOR'S REPORT



信永中和(香港)
會計師事務所有限公司
香港金鐘道95號
統一中心16樓

致山東新華製藥股份有限公司全體股東

(於中華人民共和國註冊成立之股份有限公司)

我們已完成審核山東新華製藥股份有限公司(「貴公司」)及其附屬公司(「貴集團」)載於第88頁至第165頁的綜合財務報告，包括於二零零七年十二月三十一日的綜合資產負債表、截至該日止年度的綜合損益表、綜合權益變動表及綜合現金流量表以及主要會計政策概要及其他說明附註。

董事對綜合財務報告負上的責任

貴公司董事須遵照香港會計師公會頒佈的香港財務報告準則及香港公司條例的披露規定，負責編製並真實兼公平地呈列此等綜合財務報告。此責任包括設計、實行及維持與編製並真實兼公平地呈列綜合財務報告有關的內部監控，以確保其並無重大錯誤陳述(不論其由欺詐或錯誤引起)；選擇並應用適當會計政策；及在不同情況作出合理的會計估算。

TO THE SHAREHOLDERS OF SHANDONG XINHUA PHARMACEUTICAL COMPANY LIMITED (a joint stock limited company established in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Shandong Xinhua Pharmaceutical Company Limited (the "Company") and its subsidiaries (collectively referred as the "Group") set out on pages 88 to 165, which comprise the consolidated balance sheet as at 31st December 2007, 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 Consolidated 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 consolidated 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.

獨立核數師報告書 (續)

INDEPENDENT AUDITOR'S REPORT (continued)

核數師的責任

我們的責任是根據我們審核工作的結果，對該等綜合財務報告作出獨立意見，並僅向全體股東報告，而本報告不得用作其他用途。我們不會就本報告的內容向其他人士負責或承擔任何責任。我們按照香港會計師公會頒佈的香港審計準則進行審核。該等準則要求我們遵守操守規定以及計劃及進行審核以合理確定此等綜合財務報告是否不存在重大的錯誤陳述。

審核範圍包括進程序以取得與綜合財務報告所載數額及披露事項有關的審核憑證。選取的該等程序須視乎核數師的判斷，包括評估綜合財務報告的重大錯誤陳述(不論其由欺詐或錯誤引起)之風險。在作出該等風險評估時，核數師將考慮與貴集團編製並真實兼公平地呈列綜合財務報告有關的內部監控，以為不同情況設計適當審核程序，但並非為貴集團的內部監控是否有效表達意見。審核範圍亦包括評估所用會計政策的恰當性，董事所作的會計估算的合理性，並就綜合財務報告的整體呈列方式作出評估。

我們相信，我們所取得的審核憑證就提出審核意見而屬充分恰當。

意見

我們認為，綜合財務報告根據香港財務報告準則真實與公平地反映貴集團於二零零七年十二月三十一日的財政狀況及貴集團截至該日止年度的溢利和現金流量，並已按香港公司條例的披露規定適當地編製。

信永中和(香港)會計師事務所有限公司

執業會計師

盧華基

執業證書編號：P03427

香港

二零零八年四月十八日

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. 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 Group as at 31st December 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Lo Wa Kei

Practising Certificate Number: P03427

Hong Kong

18 April 2008

綜合損益表

CONSOLIDATED INCOME STATEMENT

(根據香港普遍採納之會計原則編制)

(PREPARED UNDER HONG KONG GENERALLY ACCEPTED ACCOUNTING PRINCIPLES)

截至二零零七年十二月三十一日止年度

FOR THE YEAR ENDED 31ST DECEMBER 2007

		附註 NOTES	二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
營業額	Turnover	7	1,865,568	1,685,367
銷售成本	Cost of sales		(1,570,246)	(1,381,010)
毛利	Gross profit		295,322	304,357
其它業務收入	Other operating income	7	49,736	23,478
銷售費用	Selling expenses		(114,005)	(132,838)
管理費用	Administrative expenses		(169,096)	(142,382)
其它業務費用	Other operating expenses		(8,041)	(1,708)
應佔聯營公司業績	Share of results of associates		(4,369)	(699)
財務費用	Finance costs	8	(12,183)	(20,475)
除稅前溢利	Profit before taxation		37,364	29,733
所得稅抵免(開支)	Income tax credit (expense)	9	400	(7,784)
本年度溢利	Profit for the year	10	37,764	21,949
其中：	Attributable to:			
本公司股東應佔溢利	Equity holders of the Company		31,818	22,761
少數股東權益	Minority interests		5,946	(812)
			<u>37,764</u>	<u>21,949</u>
股息	Dividends	11		
— 擬派末期股息	— Proposed final		13,719	9,146
每股基本溢利	Earnings per share - basic	12	<u>人民幣RMB0.070元</u>	<u>人民幣RMB0.050元</u>

綜合資產負債表

CONSOLIDATED BALANCE SHEET

(根據香港普遍採納之會計原則編制)
 (PREPARED UNDER HONG KONG GENERALLY ACCEPTED ACCOUNTING PRINCIPLES)
 於二零零七年十二月三十一日
 AS AT 31ST DECEMBER 2007

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
		附註 NOTES	
非流動資產	Non-current assets		
技術	Technical know-how	16	1,922
物業、廠房及設備	Property, plant and equipment	17	857,040
在建工程	Construction in progress	18	71,180
土地使用權之 預付租賃款項	Prepaid lease payments on land use rights	19	91,266
聯營公司權益	Interests in associates	20	23,748
可供出售之投資	Available-for-sale investments	22	367,162
遞延所得稅資產	Deferred tax assets	34	2,157
			<u>1,414,475</u>
			<u>1,021,051</u>
流動資產	Current assets		
存貨	Inventories	23	286,041
應收賬款及 其它應收款項	Trade and other receivables	24	281,801
土地使用權之 預付租賃款項	Prepaid lease payments on land use rights	19	2,577
應收直接控股 公司款項	Amount due from immediate holding company	25	39,347
應收聯營公司款項	Amounts due from associates	26	7,558
可供出售之投資	Available-for-sale investments	22	—
應收稅金	Tax recoverable		146
銀行承兌匯票 保證金存款	Pledged bank deposits	27	12,425
衍生金融工具	Derivative financial instruments	28	15,897
銀行存款及現金結餘	Bank balances and cash	29	199,833
			<u>845,625</u>
			<u>856,325</u>
列作待出售之資產	Assets classified as held for sale	30	—
			<u>4,199</u>
			<u>860,524</u>

綜合資產負債表 (續)

CONSOLIDATED BALANCE SHEET (continued)

(根據香港普遍採納之會計原則編制)

(PREPARED UNDER HONG KONG GENERALLY ACCEPTED ACCOUNTING PRINCIPLES)

於二零零七年十二月三十一日

AS AT 31ST DECEMBER 2007

	附註 NOTES	二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000	
流動負債	Current liabilities			
應付賬款及 其它應付款項	Trade and other payables	31	269,807	266,347
應付聯營公司款項	Amount due to an associate	26	125	—
應交稅金	Tax payable		—	3,320
無抵押短期銀行貸款	Unsecured short-term bank loans	32	206,819	235,234
			<u>476,751</u>	<u>504,901</u>
流動資產淨額	Net current assets		<u>368,874</u>	<u>355,623</u>
總資產減流動負債	Total assets less current liabilities		<u>1,783,349</u>	<u>1,376,674</u>
資本及儲備	Capital and reserves			
股本	Share capital	33	457,313	457,313
儲備	Reserves		1,212,214	902,685
擬派末期股息	Proposed final dividend		13,719	9,146
本公司股東應佔權益	Equity attributable to equity holders of the Company		<u>1,683,246</u>	<u>1,369,144</u>
少數股東權益	Minority interests		<u>50,793</u>	<u>3,343</u>
總權益	Total equity		<u>1,734,039</u>	<u>1,372,487</u>
非流動負債	Non-current liability			
遞延所得稅負債	Deferred tax liabilities	34	49,310	4,187
			<u>1,783,349</u>	<u>1,376,674</u>

本綜合財務報表由第88頁至第165頁於二零零八年四月十八日經董事會核准及授權公佈，並由下列董事代表簽署：

The consolidated financial statements on pages 88 to 165 were approved and authorised for issue by the Board of Directors on 18th April 2008 and are signed on its behalf by :

郭琴
董事

趙松國
董事

Guo Qin
Director

Zhao Songguo
Director

綜合權益變動表

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(根據香港普遍採納之會計原則編制)
(PREPARED UNDER HONG KONG GENERALLY ACCEPTED ACCOUNTING PRINCIPLES)
截至二零零七年十二月三十一日止年度
FOR THE YEAR ENDED 31ST DECEMBER 2007

公司股權佔有人應佔												
Attributable to equity holders of the Company												
股本	股份溢價賬	資本公積金	物業儲備基金	物業估值儲備	其它儲備	匯兌儲備	保留溢利	股息儲備	總計	少數股東權益	總計	
Share capital	Share premium	Capital reserve	Reserve funds	Asset revaluation reserve	Other reserve	Exchange reserve	Retained earnings	Dividend reserve	Total	Minority interests	Total	
人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	(註b)	(註b)	(註c)									
	(Note b)	(Note b)	(Note c)									
於二零零六年一月一日												
At 1st January 2006	457,313	466,618	78,642	160,326	25,850	—	444	156,986	22,866	1,369,045	1,092	1,370,137
分派二零零五末期股息												
2005 final dividend paid	—	—	—	—	—	—	—	(22,866)	(22,866)	—	—	(22,866)
換算海外業務產生之匯兌差額												
Exchange difference arising on translation of overseas operation												
	—	—	—	—	—	—	204	—	—	204	60	264
本年度溢利												
Profit for the year	—	—	—	—	—	—	—	22,761	—	22,761	(812)	21,949
轉自保留溢利												
Transfer from retained earnings	—	—	—	2,078	—	—	—	(2,078)	—	—	—	—
本年度已確認之收支總額												
Total recognised income and expenses for the year												
	—	—	—	2,078	—	—	204	20,683	(22,866)	99	(752)	(653)
附屬公司之少數股東投入資本												
Capital contribution by minority shareholder of a subsidiary												
	—	—	—	—	—	—	—	—	—	—	3,003	3,003
二零零六年擬派末期股息												
Proposed final 2006 dividend												
	—	—	—	—	—	—	—	(9,146)	9,146	—	—	—
於二零零六年十二月三十一日												
At 31st December 2006	457,313	466,618	78,642	162,404	25,850	—	648	168,523	9,146	1,369,144	3,343	1,372,487

綜合權益變動表 (續)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

(根據香港普遍採納之會計原則編制)

(PREPARED UNDER HONG KONG GENERALLY ACCEPTED ACCOUNTING PRINCIPLES)

截至二零零七年十二月三十一日止年度

FOR THE YEAR ENDED 31ST DECEMBER 2007

	公司股權佔有人應佔										少數 股東權益	總計
	Attributable to equity holders of the Company											
	股本	股份 溢價賬	資本 公積金	物業 儲備基金	估價儲備	其它儲備	匯兌儲備	保留溢利	股息儲備	總計		
	Share capital	Share premium	Capital reserve	Reserve funds	Asset revaluation reserve	Other reserve	Exchange reserve	Retained earnings	Dividend reserve	Total	Minority interests	Total
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(註b)	(註b)	(註c)								
		(Note b)	(Note b)	(Note c)								
分派二零零六末期股息									(9,146)	(9,146)		(9,146)
2006 final dividend paid	—	—	—	—	—	—	—	—	(9,146)	(9,146)	—	(9,146)
換算海外業務產生之 匯兌差額							103			103	31	134
Exchange difference arising on translation of overseas operation	—	—	—	—	—	—	103	—	—	103	31	134
可供出售之投資的 公允值變動						342,737				342,737		342,737
Increase in fair value of available-for-sale investments	—	—	—	—	—	342,737	—	—	—	342,737	—	342,737
可供出售之投資而引致 的遞延所得稅資產						(51,410)				(51,410)		(51,410)
Deferred tax liabilities arising from available-for-sale investments	—	—	—	—	—	(51,410)	—	—	—	(51,410)	—	(51,410)
收購附屬公司											41,473	41,473
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	41,473	41,473
本年度溢利								31,818		31,818	5,946	37,764
Profit for the year	—	—	—	—	—	—	—	31,818	—	31,818	5,946	37,764
轉自保留溢利				1,972				(1,972)				
Transfer from retained earnings	—	—	—	1,972	—	—	—	(1,972)	—	—	—	—
本年度已確認之收支總額				1,972		291,327	103	29,846	(9,146)	314,102	47,450	361,552
Total recognised income and expenses for the year	—	—	—	1,972	—	291,327	103	29,846	(9,146)	314,102	47,450	361,552
二零零七年擬派末期股息								(13,719)	13,719			
Proposed final 2007 dividend	—	—	—	—	—	—	—	(13,719)	13,719	—	—	—
於二零零七年 十二月三十一日	457,313	466,618	78,642	164,376	25,850	291,327	751	184,650	13,719	1,683,246	50,793	1,734,039
At 31st December 2007	457,313	466,618	78,642	164,376	25,850	291,327	751	184,650	13,719	1,683,246	50,793	1,734,039

綜合權益變動表附註 (續)

NOTES TO CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

(根據香港普遍採納之會計原則編制)

(PREPARED UNDER HONG KONG GENERALLY ACCEPTED ACCOUNTING PRINCIPLES)

截至二零零七年十二月三十一日止年度

FOR THE YEAR ENDED 31ST DECEMBER 2007

附註：

Notes:

(a) 根據中國有關法規及本公司的公司章程(「公司章程」)，除稅後溢利應按以下之次序分派：

(a) Pursuant to the relevant regulations in The People's Republic of China (the "PRC") and the Company's Articles of Association (the "Articles"), profit after taxation shall be appropriated in the following order :

- (1) 彌補累積虧損；
- (2) 提取除稅後溢利10%往法定盈餘公積金。當法定盈餘公積金額達註冊資本的50%，可以不再提取；
- (3) 提取由股東於股東大會通過之任意盈餘公積金；及
- (4) 派發股息予股東。

- (1) make up accumulated losses;
- (2) transfer 10% of the profit after taxation to the statutory surplus reserve. When the balance of the statutory surplus reserve reaches 50% of the registered capital, such transfers need not be made;
- (3) transfer to the discretionary surplus reserve an amount approved by the shareholders in general meetings; and
- (4) distribute dividends to shareholders.

提取往法定盈餘公積金及法定公益金之金額應按照中國會計準則編制之中國法定賬目之除稅後溢利計算。

The amount transferred to the statutory surplus reserve shall be based on the profit after taxation in the statutory accounts prepared in accordance with the PRC accounting standards.

(b) 資本公積金及股份溢價賬

(b) Capital reserve and share premium account

資本公積金主要包括本公司由國營企業改組為股份有限公司時資產評估確認值與折股的股本差額。股份溢價賬為發行股票時所產生，並已扣除發行股票費用。根據中國有關法規，資本公積金及股份溢價賬只能用於增加股本。

Capital reserve comprises mainly surplus between the appraised value of assets and value of shares issued when the Company was converted from a state-owned enterprise to a joint stock limited company. Share premium account arose from issues of shares net of issuing expenses. According to the relevant regulations in the PRC, capital reserve and share premium account can only be used to increase share capital.

(c) 儲備基金

(c) Reserve funds

		法定盈餘 公積金	法定 公益金	任意盈餘 公積金	總計
		Statutory surplus reserve (註(i)) (note (i)) 人民幣千元 RMB'000	Statutory public welfare reserve (註(ii)) (note (ii)) 人民幣千元 RMB'000	Discretionary surplus reserve (註(iii)) (note (iii)) 人民幣千元 RMB'000	Total 人民幣千元 RMB'000
於二零零六年一月一日	At 1st January 2006	68,937	29,843	61,546	160,326
轉自保留溢利	Transfer from retained earnings	2,078	—	—	2,078
轉移(附註 ii)	Transfer (Note ii)	29,843	(29,843)	—	—
於二零零六年十二月三十一日	At 31st December 2006	100,858	—	61,546	162,404
轉自保留溢利	Transfer from retained earnings	1,972	—	—	1,972
於二零零七年十二月三十一日	At 31st December 2007	102,830	—	61,546	164,376

綜合權益變動表附註 (續)

NOTES TO CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

(根據香港普遍採納之會計原則編制)

(PREPARED UNDER HONG KONG GENERALLY ACCEPTED ACCOUNTING PRINCIPLES)

截至二零零七年十二月三十一日止年度

FOR THE YEAR ENDED 31ST DECEMBER 2007

附註：(續)

Notes: (continued)

(c) 儲備基金 (續)

(c) Reserve funds (continued)

(i) 法定盈餘公積金

(i) Statutory surplus reserve

本集團需提取中國法定賬目之除稅後溢利的10%往法定盈餘公積金。當法定盈餘公積金已達註冊資本的50%時，可以不再提取。該公積金可用於彌補虧損或增加股本。除了為彌補虧損外，在使用法定公積金後，餘額不應低於註冊資本的25%。

The Group is required in each year to transfer 10% of the profit after taxation as reported in the statutory accounts prepared in accordance with the PRC accounting standards to the statutory surplus reserve until the balance reaches 50% of the registered share capital. This reserve can be used to make up any losses incurred or to increase share capital. Except for the reduction of losses incurred, any other usage should not result in this reserve balance falling below 25% of the registered capital.

(ii) 法定公益金

(ii) Statutory public welfare reserve

於二零零六年一月一日之前，本集團需提取中國法定賬目之除稅後溢利的5%至10%往法定公益金。從二零零六年一月一日起，根據中國人民共和國《公司法》修訂後的第一章第一百六十七條，按照《公司法》組建的企業不再提取法定公益金。本集團對二零零六年一月一日的法定公益金結餘，已於該日轉作法定盈餘公積金使用。

Prior to 1st January 2006, the Group was required in each year to transfer 5% to 10% of the profit after taxation as reported in the statutory accounts prepared in accordance with the PRC accounting standards to the statutory public welfare reserve. Starting from 1st January 2006, the Group was not required to transfer any profit after taxation to statutory public welfare reserve in accordance with the amendment on section 167, Chapter one in the PRC Companies Ordinance. Therefore, the Group transferred the balances of the statutory public welfare reserve as at 1st January 2006 to the statutory surplus reserve during the year ended 31st December 2006.

(iii) 任意盈餘公積金

(iii) Discretionary surplus reserve

任意盈餘公積金從保留溢利中提取或從法定公益金中轉入，可用作彌補虧損及增加股本，但提取與使用時須經股東大會決議通過。任何轉撥至公積金亦須經股東大會決議通過。

The discretionary surplus reserve can be set up by means of appropriation from the retained earnings or transfer from statutory public welfare reserve. Subject to approval by shareholders in general meetings, the reserve can be used to reduce any losses incurred and to increase share capital. Any transfers to the reserve also require the approval of shareholders in general meetings.

綜合現金流量表

CONSOLIDATED CASH FLOW STATEMENT

(根據香港普遍採納之會計原則編制)
 (PREPARED UNDER HONG KONG GENERALLY ACCEPTED ACCOUNTING PRINCIPLES)
 截至二零零七年十二月三十一日止年度
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	二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
經營業務	OPERATING ACTIVITIES	
除稅前溢利	37,364	29,733
調整：	Adjustments for:	
土地使用權之預付 貸款項攤銷	2,461	2,425
應收賬款 呆壞賬撥備	6,254	12,131
其它應收款 項呆壞賬撥備	6,646	2,558
技術攤銷	1,130	1,130
銀行利息收入	(2,311)	(4,411)
折舊	103,710	99,661
可供出售之投資 之股息收入	(914)	(141)
財務費用	12,183	20,475
出售列作待出售 之資產收益	(6,401)	—
衍生金融工具 公允值增加	(15,763)	(50)
可供出售之 投資利息收入	(1,647)	(6,588)
聯營公司貸款 利息收入	—	(270)
註銷附屬公司虧損 出售物業、 廠房及設 備虧損(收益)	1,040	—
應佔聯營公司業績	4,360	(2,289)
存貨撇減	4,369	699
	3,026	4,630
營運資金變動前 之經營現金流量	155,507	159,693
存貨(增加)減少	(37,767)	45,779
應收賬款及其它 應收款項減少	5,038	50,808
應收直接控股 公司款項減少	7,527	2,414
應收聯營公司 款項減少(增加)	5,032	(12,386)
應付賬款及 其它應付款項減少	(29,885)	(153,633)
應付聯營公司 款項增加(減少)	125	(145)
經營產生之現金 已付中國所得稅	105,577	92,530
	(11,510)	(8,200)
經營業務所產生 之現金淨額	94,067	84,330
	NET CASH FROM OPERATING ACTIVITIES	

綜合現金流量表 (續)

CONSOLIDATED CASH FLOW STATEMENT (continued)

(根據香港普遍採納之會計原則編制)

(PREPARED UNDER HONG KONG GENERALLY ACCEPTED ACCOUNTING PRINCIPLES)

截至二零零七年十二月三十一日止年度

FOR THE YEAR ENDED 31ST DECEMBER 2007

	附註 Note	二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
投資業務			
支付在建工程款項		(51,694)	(41,156)
購入物業、 廠房及設備		(60,650)	(31,069)
投資聯營公司		(17,619)	(13,000)
土地使用權之預付 租賃款項增加		(7,481)	—
購入可供出售投資		(648)	—
收回可供出售之 投資款項		117,000	—
銀行承兌匯票 保證金存款減少		16,976	35,748
出售列作待出售 資產所得款		10,600	—
收購／視作收購 附屬公司所得款項	36	5,444	—
出售物業、廠房及 設備所得款項		12,545	8,624
已收取銀行利息		2,311	4,411
已收取可供出售 投資之利息收入		1,647	5,040
已收取可供出售 投資之股息收入		914	141
已收取聯營公司 貸款利息收入		—	270
投資業務所得(耗) 之現金淨額		29,345	(30,991)
融資業務			
償還銀行貸款		(327,652)	(506,746)
已付利息		(12,183)	(20,475)
已付股息		(9,146)	(17,040)
償還少數股東款項		(6,969)	—
新增銀行貸款		299,237	323,011
少數股東投資		—	3,003
融資業務 所耗現金淨額		(56,713)	(218,247)
現金及現金等價物 增加(減少)淨額		66,699	(164,908)
年初之現金及 現金等價物		133,134	298,042
年終之現金及 現金等價物 指銀行存款 及現金結餘		199,833	133,134

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(根據香港普遍採納之會計原則編制)

(PREPARED UNDER HONG KONG GENERALLY ACCEPTED ACCOUNTING PRINCIPLES)

截至二零零六年十二月三十一日止年度

FOR THE YEAR ENDED 31ST DECEMBER 2006

1. 一般資料

本公司為於中華人民共和國(「中國」)註冊之股份有限公司。本公司之股份於一九九六年十二月在香港聯合交易所有限公司(「聯交所」)上市，其A股則在一九九七年七月在深圳交易所上市。

本公司董事認為華魯控股有限公司及新華醫藥集團有限責任公司分別為本公司之最終控股公司及直接控股公司，兩家公司同為中國註冊成立的國營有限責任公司。

本公司註冊辦事處及主要營業地點之地址披露於「公司數據」一節。

本綜合財務報表以人民幣(「人民幣」)呈列，人民幣亦為本公司之功能性貨幣。

本公司及其附屬公司(「集團」)主要從事開發、製造及銷售化學原料藥、製劑、化工及其它產品。

2. 採用新訂及經修訂的香港財務報告準則(「香港財務報告準則」)

於本年度，本集團首次採用由香港會計師公會(「香港會計師公會」)新頒布之新準則、修訂及詮釋(在下文統稱為「新香港財務報告準則」)，該等準則適用於二零零七年一月一日或以後開始之會計期間。

1. GENERAL

The Company is a joint stock limited company established in the People's Republic of China (the "PRC") with limited liability. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in December 1996 and listed its A shares at Shenzhen Stock Exchange in July 1997.

The directors of the Company regard Hualu Holdings, a state-owned limited liability company established in the PRC, as being the ultimate holding company and Shandong Xinhua Pharmaceutical Group Company Limited ("SXPGC"), a wholly state-owned limited liability company established in the PRC, as being the immediate holding company.

The addresses of the registered office and principal place of business of the Company are disclosed in the company information to the annual report.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

The Company and its subsidiaries (the "Group") are principally engaged in the development, production and sales of bulk pharmaceuticals, preparations, chemical products and other products.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are effective for Group's financial year beginning 1st January 2007.

綜合財務報表附註 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(根據香港普遍採納之會計原則編制)

(PREPARED UNDER HONG KONG GENERALLY ACCEPTED ACCOUNTING PRINCIPLES)

截至二零零七年十二月三十一日止年度

FOR THE YEAR ENDED 31ST DECEMBER 2007

2. 採用新訂及經修訂的香港財務報告準則(「香港財務報告準則」)(續)

香港會計準則第1號(修訂本)
Hong Kong Accounting Standard (“HKAS”)
1 (Amendment)
香港財務報告準則第7號
HKFRS 7
香港(國際財務報告解釋委員會)－詮釋第7號
HK(IFRIC)-Interpretation (“INT”) 7
香港(國際財務報告解釋委員會)－詮釋第8號
HK(IFRIC)-INT 8
香港(國際財務報告解釋委員會)－詮釋第9號
HK(IFRIC)-INT 9
香港(國際財務報告解釋委員會)－詮釋第10號
HK(IFRIC)-INT 10

採用新香港財務報告準則對本會計年度及以往會計年度之業績編制及呈列方式並無重大影響。因此毋須作出前期調整。

本集團並無提早應用下列已頒布但未生效之新準則、修訂及詮釋。

香港會計準則第1號(經修訂)
HKAS 1 (Revised)
香港會計準則第23號(經修訂)
HKAS 23 (Revised)
香港會計準則第27號(經修訂)
HKAS 27 (Revised)
香港財務報告準則第2號(修訂本)
HKFRS 2 (Amendment)
香港財務報告準則第3號(經修訂)
HKFRS 3 (Revised)
香港財務報告準則第8號
HKFRS 8
香港(國際財務報告解釋委員會)－詮釋第11號
HK(IFRIC)-INT 11
香港(國際財務報告解釋委員會)－詮釋第12號
HK(IFRIC)-INT 12
香港(國際財務報告解釋委員會)－詮釋第13號
HK(IFRIC)-INT 13
香港(國際財務報告解釋委員會)－詮釋第14號
HK(IFRIC)-INT 14

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

資本披露
Capital Disclosures
金融工具－披露
Financial Instruments: Disclosures
根據香港會計準則第29號「惡性通貨膨脹經濟中之財務報告」
採用重列法
Applying the Restatement Approach under HKAS 29
Financial Reporting in Hyperinflationary Economies
香港財務報告準則第2號之範疇
Scope of HKFRS 2
內含衍生工具之重新評估
Reassessment of Embedded Derivatives
中期財務報告及減值
Interim Financial Reporting and Impairment

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendment or interpretations that have been issued but are not yet effective.

財務報表的呈列方式¹
Presentation of Financial Statements¹
借貸成本¹
Borrowing Costs¹
綜合及獨立財務報表⁵
Consolidated and Separate Consolidated Financial Statements⁵
以股份支付的款項－歸屬條件及取消¹
Share-based Payment - Vesting Conditions and Cancellations¹
業務合併⁵
Business Combinations⁵
經營分部¹
Operating Segments¹
香港財務報告準則第2號：集團及庫存股份交易²
HKFRS 2 - Group and Treasury Share Transactions²
服務特許經營安排³
Service Concession Arrangements³
客戶忠誠計劃⁴
Customer Loyalty Programmes⁴
香港會計準則第19號－對於定額福利資產、最低資金要求及其相互作用的限制³
HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction³

綜合財務報表附註 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(根據香港普遍採納之會計原則編制)

(PREPARED UNDER HONG KONG GENERALLY ACCEPTED ACCOUNTING PRINCIPLES)

截至二零零七年十二月三十一日止年度

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2. 採用新訂及經修訂的香港財務報告準則(「香港財務報告準則」)(續)

本公司董事預期，應用該等準則、修定或詮釋將不會對本集團之經營業績及財務狀況構成重大影響。

- ¹ 於二零零九年一月一日或之後的年度期間生效。
- ² 於二零零七年三月一日或之後的年度期間生效。
- ³ 於二零零八年一月一日或之後的年度期間生效。
- ⁴ 於二零零八年七月一日或之後的年度期間生效。
- ⁵ 於二零零九年七月一日或之後的年度期間生效。

3. 主要會計政策

誠如下列會計政策所述，綜合財務報表乃按歷史成本基準編制，惟若干物業、廠房及設備及金融工具按重估金額或公允值計算者除外。

綜合財務報表乃根據香港會計師公會頒布之香港財務報告準則編制。此外，綜合財務報表載列香港聯合交易所有限公司證券上市規則及香港公司條例規定之適用披露。

(a) 合併基準

綜合財務報表包括本公司及本公司所控制的公司(包括特殊目的實體)之財務報表(其附屬公司)。在本公司有權控制該實體之財務及營運政策並從其業務獲益時，本公司則為已取得其控制權。

於年內所收購或出售的附屬公司，其業績均自收購生效日期起或截至出售生效日期止(如適用)計入綜合損益表內。

如有需要，本集團會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它成員公司所採用的會計政策保持一致。

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

- ¹ Effective for annual periods beginning on or after 1st January 2009.
- ² Effective for annual periods beginning on or after 1st March 2007.
- ³ Effective for annual periods beginning on or after 1st January 2008.
- ⁴ Effective for annual periods beginning on or after 1st July 2008.
- ⁵ Effective for annual periods beginning on or after 1st July 2009.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for property, plant and equipment and certain financial instruments, which are measured at revalued amounts or fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose 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 disposed 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.

綜合財務報表附註 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(根據香港普遍採納之會計原則編制)

(PREPARED UNDER HONG KONG GENERALLY ACCEPTED ACCOUNTING PRINCIPLES)

截至二零零七年十二月三十一日止年度

FOR THE YEAR ENDED 31ST DECEMBER 2007

3. 主要會計政策 (續)

(a) 合併基準 (續)

所有集團內交易、結餘、收入及開支均於綜合賬目時對銷。

已合併的附屬公司淨資產值內之少數股東權益與本集團的權益分開呈列。少數股東於淨資產之權益包括該等權益於最初業務合併日期之權益金額及少數股東應佔自合併日期起之股權變動。倘少數股東應佔虧損高於少數股東應佔附屬公司權益時，則超出金額於本集團權益中扣除，惟少數股東須承擔具約束力責任及能夠作出額外投資彌補虧損則除外。

(b) 業務合併

收購附屬公司以收購法列賬。收購成本以被收購公司交換當天所得的資產、所產生或承擔的負債、由本集團發行的權益工具的公允價值，加上業務合併直接應佔成本的總和計算。被收購公司符合香港財務報告準則第3號「業務合併」的確認條件的可識別資產、負債及或有負債於收購日期按其公允價值確認。

收購時所產生之商譽會確認為一項資產，並初步以成本計量。成本即業務合併成本超出本集團所佔已確認可識別資產、負債及或然負債之公允價值淨值之權益之金額。如於重新評估後，本集團所佔被收購方可識別資產、負債及或然負債淨公允價值之權益超出業務合併成本，超出之金額會即時在損益表內確認。

被收購方之少數股東權益初步按少數股東所佔已確認資產、負債及或然負債的公允淨值的比例計量。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(a) Basis of consolidation (continued)

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

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(b) Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

綜合財務報表附註 (續)

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3. 主要會計政策 (續)

(c) 於聯營公司之權益

聯營公司指本集團對其有重大影響力但並非附屬公司或共同控制實體的實體。重大影響力指參與被投資公司的財政及經營政策決定的權力，但並非對有關政策的控制或共同控制。

聯營公司之業績及資產及負債乃以權益會計法計入綜合財務報表內。根據權益法，於聯營公司之投資乃按成本於綜合資產負債表中列賬，並就本集團於收購後應佔該聯營公司之損益及權益變動作出調整，以及減去任何已識別之減值虧損。當本集團應佔某聯營公司之虧損相等於或超出其於該聯營公司之權益(其包括任何長期權益，而該長期權益實質上構成本集團於該聯營公司之投資淨額之一部份)，則本集團不再繼續確認其應佔之進一步虧損。額外應佔之虧損被提撥備及確認負債，惟僅以本集團已產生法定或推定責任或代表該聯營公司支付款項為限。

當本集團應佔聯營公司之可識別資產、負債及或然負債之公允淨值超過收購成本之差額即時在損益表中確認。

倘本集團與本集團聯營公司進行交易，則損益以本集團於有關聯營公司中之權益為限進行扣除。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(c) Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

綜合財務報表附註 (續)

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3. 主要會計政策 (續)

(d) 無形資產

獨立收購之無形資產

獨立收購及擁有固定使用年期的無形資產乃以成本減累計攤銷及任何累計減值列賬。擁有固定使用年期的無形資產攤銷及按直線基準於估計可使用年期撥備。另一方面無形資產擁有無限可使用年期按成本減日後累計減值虧損列賬(見下文關於減值虧損之會計政策)。

取消確認無形資產所產生的損益乃按出售所得款項淨額及該資產的賬面值差額計算，並於該資產取消確認時於損益表確認。

技術

購入技術之開支將予資本化，並以直線法按不超過20年之可使用年期攤銷。由於技術並無活躍市場，故其價值不會進行重估。

研究與開發支出

研究活動所產生的支出在其發生的期間確認為費用。

因開發支出而出現內部產生的無形資產，僅在可清晰界定項目產生之開發成本預期可透過將來商業活動收回時方可確認。該資產按其可使用年期以直線法攤銷，並按成本值減其後累計攤銷及任何累計減值虧損列賬。

內部產生的無形資產的初始確認成本為自符合確認準則日起所產生的費用之總和。當沒有確認內部產生的無形資產時，開發費用於產生年度內計入損益表。

繼初始確認後，內部產生的無形資產與獨立收購的無形資產一樣按成本減期後累計攤銷及累計減值虧損後列賬。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(d) Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses below).

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

Technical know-how

Expenditure on technical know-how acquired is capitalised and amortised using straight-line method over their useful lives, but not exceeding 20 years. Technical know-how is not revaluated as there is no active market for these assets.

Research and development expenditures

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortisation and any accumulated impairment losses.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

綜合財務報表附註 (續)

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3. 主要會計政策 (續)

(e) 物業、廠房及設備

用於生產或提供商品或勞動，或為了行政管理目的而擁有的建築物(除在建工程外)，在綜合資產負債表上以其重估金額(即其在重估日的公允價值)減去其隨後發生的累計折舊及累計減值損失後的餘額列賬。資產價值重估會定期進行，以使其賬面金額與其在年結日使用公允價值確定的金額沒有重大差異。

物業、廠房及設備重估產生之任何重估增加計入重估儲備內，除非重估減少超出重估儲備結餘之部份自綜合損益表中扣除。倘減少在之前已在綜合損益表中扣除，而其後出現重估增加，則該項增加會根據之前已扣除之減少撥入損益表內。日後資產之賬面值減少至超過於早前重估該項資產之重估儲備結餘(如有)時，差額則列作開支。其它出售或棄用重估資產時之相應重估增值乃轉入保留溢利內。

物業、廠房及設備(除在建工程外)之折舊按其估計可使用年期並計入其預計殘值5%以直線法撇銷其公允價值。

在建工程包括正在建設及有待安裝之土地使用權、物業、廠房及設備，並按成本支出減累計減值虧損列賬。成本包括取得土地使用權的成本、興建樓宇成本、廠房及設備的成本，以及在建設或安裝及測試期間用以為該等資產融資所借貸款的利息減任何減值虧損。完成時，建設工程乃轉撥至適當類別之物業、廠房及設備，並於該等資產可作提定用途時按其它物業資產之相同基準計算折舊。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(e) Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress), are stated in the consolidated balance sheet at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of property, plant and equipment is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the consolidated income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained earnings.

Depreciation is provided to write off the fair value of items of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account of the 5% estimated residual value, using the straight-line method.

Construction in progress includes land use rights and buildings, plant and machinery in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate categories of property, 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.

綜合財務報表附註 (續)

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3. 主要會計政策 (續)

(e) 物業、廠房及設備 (續)

物業、廠房及設備項目於出售時或當繼續使用該資產預期不會產生任何日後經濟利益時終止確認。終止確認資產時產生之任何收益或虧損(按該項目之出售所得款項淨額與其賬面值之差額計算)於該項目終止確認之年度計入綜合損益表。

(f) 土地使用權

取得土地使用權而支付之款項視為經營租約付款，並於土地使用權之有效期內按成本減累計攤銷及累計減值虧損，以直線法在綜合損益表內扣除。

(g) 金融工具

當集團實體成為金融工具合同條文的一方，則於綜合資產負債表內確認財務資產及財務負債。財務資產及財務負債初步按公允價值計量。收購或發行財務資產及財務負債直接應佔的交易成本(按公允價值記入損益表的財務資產及財務負債除外)乃於初步確認時計入財務資產或財務負債(如適用)的公允價值，或從中扣除。收購按公允價值記入損益表的財務資產或財務負債直接應佔的交易成本，實時於損益表中確認。

財務資產

本集團之財務資產歸入下列兩個類別之其中一個，包括貸款及應收款項及可供出售財務資產。所有定期購買或出售財務資產乃按交易日基準確認及取消確認。定期購買或出售乃購買或銷售財務資產，並要求於市場上按規則或慣例設定之時間框架內付運資產。(有關各項財務資產採納的會計政策於下列披露)

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(e) Property, plant and equipment (continued)

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 asset. 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.

(f) Land use rights

Payment for obtaining land use right is considered as operating lease payment. Land use rights are stated at cost less accumulated amortisation and accumulated impairment losses, amortisation is charged to consolidated income statement over the period of the right using the straight-line method.

(g) Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the two categories, including loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

綜合財務報表附註 (續)

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3. 主要會計政策 (續)

(g) 金融工具 (續)

實際利息法

實際利息法為計算財務資產的攤銷成本以及分配於有關期間的利息收入的方法。實際利率是可準確透過財務資產的預計可用年期或(倘適用)在較短期間內對估計未來現金收入(包括所支付或收取能構成整體實際利率的所有費用及利率差價、交易成本及其它溢價或折價)進行折算的利率。

貸款及應收款項

貸款及應收款項為並無於活躍市場報價而且附帶固定或可議定付款之非衍生財務資產。於初步確認後各交易日，貸款及應收款項(包括應收賬款及其它應收款項、應收直接控股公司款項、應收聯營公司款項、銀行承兌匯票保證金存款及銀行存款)均按採用實際利率法按攤銷成本減任何已識別減值虧損入賬。當有客觀證據證明資產出現減值，則於損益中確認，並按該資產之賬面值與按原先實際利率折讓之估計未來現金流量之現值間的差額計量。當資產之可收回數額增加乃確實與於確認減值後所引致之事件有關時，則減值虧損會於隨後會計期間予以撥回，惟該資產於減值被撥回減值當日之資產賬面值不得超過未確認減值時之應攤銷成本。

可供出售財務資產

可供出售財務資產為劃分或並非分類為按公允值計入溢利或虧損之財務資產、貸款及應收款項或持至到期日的財務資產之非衍生工具。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(g) Financial instruments (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or where appropriate, a shorter period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from immediate holding company, amounts due from associates, pledged bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss ("FVTPL"), loans and receivables or held-to-maturity investments.

綜合財務報表附註 (續)

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3. 主要會計政策 (續)

(g) 金融工具 (續)

可供出售財務資產 (續)

於初步確認後之每個年結日，可供出售財務資產按公允值計算。公允值之變動於權益表內確認，直至該財務資產被出售或被釐定出現減值為止，屆時過往於權益賬內確認之累計收入或虧損則由權益賬轉往損益表內確認。可供出售財務資產之任何減值虧損均於損益表確認。(見下文關於財務資產減值虧損之會計政策)

就可供銷售之權益投資而言，倘並無活躍市場之市場報價，而其公允值未能可靠計算及與該等非上市權益工具有關並須以交付該等工具結算之衍生工具，則可供出售之權益投資於首次確認後之每個年結日按成本值減任何已識別減值虧損計算。(見下文關於財務資產減值虧損之會計政策)

財務資產之減值

除以公允值計入損益表的財務資產外，其它財務資產於每個年結日評估是否出現減值跡象。財務資產於每次確認後，如出現一個或多個事件顯示估計將來現金流量受影響，即代表該等財務資產存在客觀證據顯示出現減值。

對可供出售的權益投資而言，如果資產的公允值出現大幅度的貶值使低過其成本，即被視為減值的客觀證據。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(g) Financial instruments (continued)

Available-for-sale financial assets (continued)

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. (see accounting policy on impairment loss on financial assets below)

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured as cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. (see accounting policy on impairment loss on financial assets below)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

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(根據香港普遍採納之會計原則編制)

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截至二零零七年十二月三十一日止年度

FOR THE YEAR ENDED 31ST DECEMBER 2007

3. 主要會計政策 (續)

(g) 金融工具 (續)

財務資產之減值(續)

對其它財務資產而言，減值的客觀證據包括：

- 發行人或對手出現重大財政困難；
- 逾期支付或拖欠利息或本金；
- 借款人有可能會破產或進行其它財政重組

對某些類別的財務資產，如應收賬款及其他應收款項及資產不會進行單項減值評估，這些資產會於其後以整體方式評估其有否減值。應收賬款減值的客觀證據包括本集團於過往收款經驗；逾期付款的增加數目超過平均賒賬期；資產拖欠情況與有關國家或當地經濟狀況配合。

對按攤銷成本入賬的財務資產而言，當有客觀證據顯示有減值出現時於損益確認。虧損金額按資產賬面值與財務資產的初始實際利率貼現的估計未來現金流量現值的差額計算。

對成本入賬的資產而言，減值金額按該資產賬面值與同類財務資產當前市場回報率貼現的估計未來現金流量現值之間的差額計算。這些資產的減值準備不予以回撥。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(g) Financial instruments (continued)

Impairment of financial assets (continued)

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade and other receivables and assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss 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 the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

綜合財務報表附註 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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3. 主要會計政策 (續)

(g) 金融工具 (續)

財務資產之減值(續)

除應收賬款及其他應收款項以外，減值損失直接減少所有財務資產的賬上值，應收賬款及其他應收款項的賬款減少則通過減值撥備賬戶。減值撥備賬戶的變動於損益確認。當應收賬款及其他應收款項不能回收時，直接於減值撥備賬戶內撇銷。過往撇銷的金額於其後撥回時計入損益。

如按攤銷成本入賬的財務資產於期後減值虧損金額減少，同時客觀地與減值獲確認後發生的事項相關，過往確認的減值虧損於損益表回撥，唯過往獲確認的減值損失於損益表回撥時不能超過按攤銷成本計算的減值而未獲確認的金額。

可供出售的權益工具的減值準備不會於損益表中撥回。倘於繼後期間公允值增加於權益表確認。於繼後期間，可供出售的債權工具的公允值增加，而該增加值客觀地與減值虧損於損益表確認後出現事件有關，減值虧損則於損益表中撥回。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(g) Financial instruments (continued)

Impairment of financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

綜合財務報表附註 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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3. 主要會計政策 (續)

(g) 金融工具 (續)

財務負債及權益

由某集團實體發行之財務負債及權益工具乃根據已訂立的合同安排的內容及與財務負債及權益工具之定義予以分類。

權益工具指證明集團於扣減所有負債後的資產中擁有剩餘權益之任何合同。本集團財務負債乃分類為其它財務負債。

實際利息法

實際利息法為計算財務負債的攤銷成本以及分配於有關期間的利息開支的方法。實際利率是可準確透過金融負債的預計可用年期或(倘適用)在較短期間內對估計未來現金付款進行折算的利率。

利息開支按實際利率基準確認。

其它財務負債

其它財務負債包括應付賬款及其它應付款項、應付聯營公司款項及無抵押短期銀行貸款乃隨後採用實際利率法按已攤銷成本計量。

權益工具

本公司發行之權益工具乃按已收所得款項扣除直接發行成本記賬。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(g) Financial instruments (continued)

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are classified as other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

Interest expenses is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade and other payables, amount due to an associate and unsecured short-term bank loans are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

綜合財務報表附註 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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3. 主要會計政策 (續)

(g) 金融工具 (續)

衍生金融工具

本集團採用遠期貨幣合約衍生金融工具對沖與外匯波動相關之風險。於訂立衍生合約當日，該等衍生金融工具初步按公允價值確認，其後按公允價值重新計量。倘有關公允價值為正數，則該等衍生工具按資產列賬，倘公允價值為負數，則按負債列賬。

產生自衍生工具公允價值變動而不符合作對沖會計之任何收益或虧損均直接計入年度之綜合損益表。

遠期貨幣合約之公允價值乃參考到期概況相近之合約之現行遠期匯率釐定。

財務擔保合約

財務擔保合約乃要求發行人根據一項債務工具之原有或經修訂條款，因一特定債務人未能於到期日償還款項而需支付特定款項以補償合約持有人所招致損失之一項合約。由本集團發出而原意並非透過損益表以公允價值釐定之財務擔保合約，以其公允價值減因發行財務擔保合約而直接引致之交易成本初步確認。於初步確認後，本集團以下列較高者計量財務擔保合約：(i)根據香港會計準則第37號「撥備、或然負債及或然資產」釐定之金額；及(ii)初步確認之金額減(如適用)根據香港會計準則第18號「收益」而確認之累計攤銷。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(g) Financial instruments (continued)

Derivatives financial instruments and hedging

The Group uses derivatives financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the balance sheet date. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the consolidated income statement for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at FVTPL is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets", and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 "Revenue".

3. 主要會計政策 (續)

(g) 金融工具 (續)

終止確認

若從資產收取現金流之權利已到期，或財務資產已轉讓及本集團已將其於財務資產擁有權之絕大部份風險及回報轉移，則財務資產將被終止確認。於終止確認財務資產時，資產賬面值與已收及應收代價及已直接於權益中確認之累計損益之總和之差額，將於損益中確認。

若有關合約之指定責任獲解除、取消或到期，則財務負債將被終止確認。終止確認之財務負債賬面值與已收或應收代價之差額乃於損益中確認。

(h) 存貨

存貨乃按成本及可變現淨值之較低者列賬。成本按加權平均法釐定。

(i) 有形及無形資產的減值虧損

本集團於年結日評估其有形及無形資產之賬面值，以確定該等資產有否減值虧損之跡象。對無限使用年期的無形資產及尚未可供使用的無形資產而言，不論是否出現有可能減值之跡象，該些無形資產須每年進行減值測試。倘若一項資產之可收回金額低於其賬面值，則該項資產之賬面值即須減低至其可收回金額。減值虧損應立即確認為支出。

倘某項減值虧損於其後撥回，則該項資產之賬面值須增加至重新估計之可收回金額，惟增加後的賬面值不可高於該資產於過往年度並無減值虧損前之賬面值。撥回之減值虧損可即時被確認為收入。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(g) Financial instruments (continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

(i) Impairment losses on tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. In addition, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that they may be impaired. 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 the 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.

綜合財務報表附註 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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3. 主要會計政策 (續)

(j) 收入確認

收入包括本公司日常業務過程中就出售產品而已收或應收代價的公允價值。所示收入已扣除相關稅金及折讓。

貨品銷售之收益乃於交付貨品及業權轉移時予以確認。

財務資產產生之利息收入乃按時間基準，並參照尚未償還本金額及按所適用之實際利率按時間基準累計生，而實際利率為透過財務資產之預計可用年期將估計日後現金收入準確折讓至該資產之賬面淨值之比率。

投資產生之股息收入乃當股東收取股息之權利確立時確認。

租金收入乃按有關租約年期以直線法確認。

(k) 租賃

當租約條款將所涉及擁有權之絕大部份風險及回報轉讓予承租人時，租約乃分類為融資租約。所有其它租約均分類為經營租約。

本集團作為出租人

經營租約之租金收入乃按相關租約年期以直線法於綜合損益表確認。於磋商及安排時引致之初步直接成本乃加至租約資產之賬面值，並按租約年期以直線法確認作支出。

本集團作為承租人

根據經營租約之應付租金按相關租約年期以直線法於損益表扣除。作為促使訂立經營租約之優惠之已收及應收利益乃以直線法按租約年期確認作租金支出減少。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(j) Revenue recognition

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

Revenue from sales of goods are recognised when goods are delivered and title has passed.

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.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income is recognised on a straight-line basis over the relevant lease terms.

(k) Leasing

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.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss 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.

綜合財務報表附註 (續)

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3. 主要會計政策 (續)

(I) 外幣

於編制各個別集團實體之財務報表時，以該功能貨幣以外之貨幣(外幣)進行之交易均按交易日期之適用匯率換算為功能貨幣(如該實體經營所在主要經濟地區之貨幣)記賬。於各年結日，以外幣為定值之貨幣項目均按年結日之適用匯率重新換算。按公允值以外幣定值之非貨幣項目乃按於公允值釐定當日之適用匯率重新換算。按外幣過往成本計量之非貨幣項目毋須重新換算。

於結算及換算貨幣項目時產生之匯兌差額均於該等產生期間內於損益表中確認，唯組成本集團海外業務之投資淨額部份之貨幣項目所產生之匯兌差額除外，在此情況下，有關匯兌差額乃於綜合財務報表中確為權益。以公允值定值之非貨幣項目經重新換算後產生之匯兌差額於該期間列作損益，惟換算直接於股本內確認盈虧之非貨幣項目產生之差額除外，在此情況下，匯兌差額亦直接於權益內確認。

就呈列綜合財務報表而言，本集團海外經營業務之資產及負債乃按於年結日之適用匯率換算為本公司之列賬貨幣(即人民幣)，而其它收入及支出乃按該年度之平均匯率進行換算，除非匯率於該期間內出動大幅波動則作別論，於此情況下，則採用於換算當日之適用匯率。所產生之匯兌差額(如有)乃確認為權益之獨立部分(匯兌儲備)。該等匯兌差額乃於海外業務被出售之期間內於損益表內確認。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(I) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Renminbi) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

綜合財務報表附註 (續)

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3. 主要會計政策 (續)

(m) 政府津貼及補貼

政府津貼及補貼按與有關成本配對所需期間確認為收入。與折舊資產有關之津貼及補貼呈列為遞延收入，並按資產之可使用年期收益扣除。有關開支項目之津貼及補貼獨立呈列為「其它業務收入」。

(n) 退休福利計劃供款

國家管理退休福利計劃之供款將於員工提供服務而獲得資格後列作費用。

(o) 借貸成本

所有其它借貸成本均於其產生年度記入綜合損益表。

(p) 稅項

所得稅開支指現時應付稅項及遞延稅項。

現時應付稅項乃按本年度應課稅溢利計算。應課稅溢利與綜合損益表中所報溢利淨額不同，乃由於前者不包括在其它年度應課稅或可扣稅收入及開支，並且不包括損益表內不能課稅及扣稅之項目。本集團之當期稅項負債乃按年結日已頒布或大致上已頒布之稅率計算。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(m) Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to depreciable assets are presented as deferred income and are released to income over the useful lives of the assets. Grants are reported separately as "other operating income".

(n) Retirement benefit costs

Payments to state-managed retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

(o) Borrowing costs

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

(p) Taxation

Income tax expense represents the sum of the tax currently payable and deferred 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 years and it further excludes 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.

綜合財務報表附註 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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3. 主要會計政策 (續)

(p) 稅項 (續)

遞延稅項按綜合財務報表資產及負債賬面值與計算應課稅溢利所用相應稅基間之差額而確認，並以資產負債表負債法處理。遞延所得稅負債通常會就所有應課稅臨時差額確認，而遞延所得稅資產則於可能出現應課稅溢利以抵銷可扣稅之臨時差額時提撥。若於一項交易中，因商譽或因業務合併以外原因開始確認其它資產及負債而引致的臨時差額既不影響應課稅溢利亦不影響會計溢利，則不會確認該等資產及負債。

遞延所得稅負債乃按因於附屬公司及聯營公司之投資而引致之應課稅臨時差額而確認，惟若本集團可令臨時差額對沖及臨時差額有可能未必於可見將來對沖之情況除外。

遞延所得稅資產之賬面值於每個年結日作檢討，並在不可能會有足夠應課稅溢利恢復全部或部份資產價值時作調減。

遞延所得稅乃按預期於負債償還或資產變現期間適用之稅率計算。遞延稅項於損益表中扣除或計入損益表，惟於遞延稅項直接在權益中扣除或計入股本權益之情況下，遞延所得稅亦會於股本權益中處理。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(p) Taxation (continued)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

綜合財務報表附註 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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4. 關鍵會計判斷及估計不確定性之主要來源

於應用本集團之會計政策時(已於附註3敘述)本公司之董事須對那些不能由其它現有及明顯途徑獲取得的資產及負債的賬面值作出判斷、預測及假設。預測及相關假設乃建基於過往經驗及其它資料而作出。實際結果可能與這些預測存在差異。估計及相關假設會持續地檢討。

估計入確定性的主要來源

以下關鍵判斷對未來的主要假設及於各年結日估計不明朗性的其它主要來源，會導致下一個財政年度的資產及負債賬面值極有可能作出重大調整。

物業、廠房及設備之折舊

物業、廠房及設備按其估計可使用年期及釐定剩餘價值採用直線法估計。估計可使用年期及乃反映管理層於該期間內之估計，本集團計劃將來從機器及設備於各年度對物業、廠房及設備可使用年期的估計與原本估計產生差異時，將對當年度及將來的折舊有影響。

技術之攤銷

技術以直線法按其估計可使用年期攤銷。估計其可使用年期涉及管理層的估計。本集團於各年度對技術的可使用年期進行估計，如與最初估計產生差異，將對年度及將來期間的攤銷造成影響。

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, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are 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.

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.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account of their estimated residual value. The determination of the useful lives and residual value involve management's estimation. The Group assesses annually the useful life of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

Amortisation of technical know-how

Technical know-how are amortised on a straight-line basis over their estimated useful lives. The determination of the useful lives involve management's estimation. The Group re-assesses the useful life of the technical know-how and if the expectation differs from the original estimate, such a difference may impact the amortisation in the year and the estimate will be changed in the future period.

4. 關鍵會計判斷及估計不確定性之主要來源 (續)

呆壞賬備抵

本集團根據客戶現時信譽及過往收款歷史記錄對客戶進行持續信譽評估及調整其信貸限額。本集團亦持續監控客戶的回款狀況，按過往經驗及對個別客戶的可收回性作評估，估計信貸損失。信貸損失的控制一直在管理層所預計中，而本集團會繼續對客戶的回款作監控及保持合理估計的信貸損失撥備。

存貨撇減

本集團管理層於年結日審核賬齡分析並對確認為不再適合用於生產之過時及滯銷庫存品進行撥備。管理層估計此等製成品之可變現淨值主要根據最近期之發票價格及目前市況而釐定。本集團於年結日對每種產品進行盤點，並對過時品種作出撥備。

5. 資本風險管理

本集團的資本管理存在確保本集團旗下實體的持續經營能力，同時透過優惠債務及股本結構為股東謀求最大回報。本集團的政策維持與往年一致，並沒有改變。

本集團的資本架構包括債務(於附註32披露的銀行貸款)、現金及現金等價物及本公司股權持有人應佔權益(含已發行股本、儲備及保留溢利)。

本公司之董事定期檢討資本架構、考慮資本成本及各類資本的風險，採取適當措施以調整本集團的資本架構。本集團於二零零六年及二零零七年度的政策並沒有改變。

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Allowances for bad and doubtful debts

The Group performs ongoing credit evaluations of its customers and adjust credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience and any specific customer collection issues that it has been identified. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses.

Allowances for inventories

The management of the Group reviews an aging analysis at each balance sheet date, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production. The management estimates the net realisable value for such finished goods based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at each balance sheet date and makes allowance for obsolete items.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stockholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 32, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the associated risks and take appropriate actions to adjust the Group's capital structure. The overall strategy of the Group remained unchanged during the year ended 31st December 2007 and 2006.

綜合財務報表附註 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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6. 財務工具

6. FINANCIAL INSTRUMENTS

6a. 財務工具的分類

6a. Categories of financial instruments

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
財務資產	Financial assets		
貸款及應收賬款 (包括現金及 現金等價物)	Loans and receivables (including cash and cash equivalents)	<u>519,529</u>	<u>492,541</u>
可供出售財務資產	Available-for-sale financial assets	<u>367,162</u>	<u>140,777</u>
衍生金融工具	Derivative financial instruments	<u>15,897</u>	<u>134</u>
財務負債	Financial liabilities		
按攤銷成本計量的 財務負債	Financial liabilities measured at amortised cost	<u>437,025</u>	<u>501,581</u>

6b. 財務風險管理目標及政策

6b. Financial risk management objectives and policies

本集團的主要財務工具包括股本及債務投資、銀行貸款、應收款項及其它應收款項、應收直屬控股公司款、應收聯營公司款、抵押銀行存款及銀行存款、應付賬款及其它應付款及應付聯營公司款。該等財務工具的詳情披露於相關附註內。下文載列與該等財務工具有關的風險及如何降低該等風險的政策。管理層管理及監察該等風險，以確保及時及有效地採取適當的措施。

The Group's major financial instruments include equity and debt investments, bank loans, trade and other receivables, amount due from immediate holding company, amounts due from associates, pledged bank deposits, bank balances, trade and other payables and amount due to an associate. Details of these financial instruments are disclosed in 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.

綜合財務報表附註 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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6. 財務工具 (續)

6b. 財務風險管理目標及政策 (續)

貨幣風險

本公司旗下若干附屬公司有外幣銷售及採購，使本集團承受外幣風險。為了降低外幣風險，本集團根據其風險管理政策就預計極可能出現之美元銷售訂立外幣遠期合約。

本集團若干應收賬款、銀行結餘及現金、應付賬款及銀行貸款乃以人民幣以外的貨幣計值。

下表顯示本集團於結算日因交易或已確認資產或負債以與實體有關之功能貨幣以外貨幣結算產生之貨幣風險。

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. In order to mitigate the foreign currency risk, foreign currency forward contracts are entered into in respect of highly probable foreign currency forecast sales in accordance with the Group's risk management policies.

Certain trade receivables, bank balances and cash, trade payables and bank loans of the Group are denominated in a currency other than RMB.

The following table shows the Group's exposure at the balance sheet date to currency risk arising from transactions or recognised assets or liabilities denominated in a currency other than the function currency of the entity to which they relate.

		二零零七年十二月三十一日			二零零六年十二月三十一日		
		As at 31st December 2007			As at 31st December 2006		
		歐元千元	美元千元	港元千元	歐元千元	美元千元	港元千元
		Euro	United States	Hong Kong	Euro	United States	Hong Kong
		Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
		("EUR")'000	("USD")'000	("HKD")'000	("EUR")'000	("USD")'000	("HKD")'000
資產	Assets	531	22,721	21	338	25,552	—
負債	Liabilities	363	82	50,000	11	—	50,000

本集團要求旗下公司運用外幣遠期合約以減少外幣風險。外幣遠期合約必須與對沖項目一致。在這前提下，本集團為預計極可能出現之美元銷售訂立遠期合約(見本附註28)。

The Group requires its group entity to use foreign currency forward contracts to minimise the currency exposures. The foreign currency forward contracts must be in the same currency as the hedged item. On this basis, the Group has entered into USD forward contracts in relation to the highly probable USD forecast sales (see Note 28 for details).

綜合財務報表附註 (續)

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6. 財務工具 (續)

6b. 財務風險管理目標及政策 (續)

敏感度分析

本集團主要持有歐元、美元及港元之外幣。

下表詳細列明於所有其它易變因素保持一致情況下本集團對各種外幣兌人民幣匯率的5%的可能合理變動的敏感度。敏感度分析僅包括以外幣計值的未到期貨幣項目，並於各結算日就外幣匯率的5%變動調整其換算。敏感度分析包括與借款者不一樣定值的對外借款。下表正數代表人民幣兌換其它外幣升值5%時對利潤的增加。當人民幣兌其它外幣貶值5%時，對利潤的影響會是等值及相反，而下表會是負數。

	歐元 EUR		美元 USD		港元 HKD	
	二零零七年 2007	二零零六年 2006	二零零七年 2007	二零零六年 2006	二零零七年 2007	二零零六年 2006
	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
年度利潤 Profit or loss	(90)	(168)	(8,292)	(9,199)	2,340	2,512

利率風險

本集團因定息銀行貸款於截至二零零七年及二零零六年十二月三十一日止兩個年度承受公允值利率風險。(見本附註32有關該貸款詳情)。本集團目前沒有利率對沖政策。然而，管理層對利率風險實施監察，倘然預期將會出現重大風險，會將會考慮採取其它必要的行動。

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

Sensitivity analysis

The Group is mainly exposed to the currencies of EUR, USD and HKD.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the currency of the borrower. A positive number below indicates an increase in profit where RMB strengthen 5% against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	歐元 EUR		美元 USD		港元 HKD	
	二零零七年 2007	二零零六年 2006	二零零七年 2007	二零零六年 2006	二零零七年 2007	二零零六年 2006
	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
年度利潤 Profit or loss	(90)	(168)	(8,292)	(9,199)	2,340	2,512

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings (see note 32 for details of these borrowings) for the years ended 31st December 2007 and 2006. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

綜合財務報表附註 (續)

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6. 財務工具 (續)

6b. 財務風險管理目標及政策 (續)

利率風險 (續)

本集團亦因浮息銀行貸款於截至二零零七年及二零零六年十二月三十一日止兩個年度承受現金流利率風險。(見本附註32有關該貸款詳情)。本集團的政策是維持浮息銀行貸款以減少公允值利率風險。

本集團的財務負債承受的利息風險詳情於本附註流動資金風險一節披露，本集團的現金流利率風險主要集中於本集團的人民幣借款產生的香港銀行同業拆息利率的波動。

敏感度分析

本集團對現金流量利率風險的敏感度乃根據結算日浮動利率非衍生性工具承受的利率風險。對浮息銀行貸款而言，敏感度分析乃假設於年結日未償還負債貫穿於整個報告年度而釐定。

倘利息增加或減少50個點子且其它所有可變因素維持不變時，本集團截至二零零七年十二月三十一日止年度的利潤分別減少或增加人民幣234,000元(二零零六年：人民幣251,000元)，這主要是本集團的浮息銀行貸款面對利率風險。

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

Interest rate risk (continued)

The Group was also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see note 32 for details of these borrowings) for the year ended 31st December 2007 and 2006. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposure to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the Hong Kong Interbank Offered Rate ("HIBOR") arising from the Group's RMB borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For variable-rate bank borrowings, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year.

If interest rates had been 50 basis points higher/ lower and all other variables were held constant, the Group's profit for the year ended 31st December 2007 would decrease/ increase by approximately RMB234,000 (2006: RMB251,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

綜合財務報表附註 (續)

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6. 財務工具 (續)

6b. 財務風險管理目標及政策 (續)

其它價格風險

本集團之其它價格風險主要集中於中國股票交易所報價之可供出售之投資。管理層會監察價格風險及有需要時會採取適當措施。

敏感度分析

下列乃於結算日其它價格風險的敏感度分析。

如果相關的可供出售之投資之價格上升/下降5%

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

Other price risk

The Group's other price risk is mainly concentrated on available-for-sale investments quoted in the stock exchange of the PRC. The management monitors the price risk exposure and will take appropriate measures should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to other price risks at the balance sheet date.

If the prices of the respective available-for-sale investments had been 5% higher/lower:

	二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
年度權益成分上升(下降)	Increase (decrease) in equity for the year	
— 因股本證券價格上升	— as a result of increase in equity price	
	<u>18,198</u>	<u>—</u>
— 因股本證券價格下降	— as a result of decrease in equity price	
	<u>(18,198)</u>	<u>—</u>

流動資金風險

本集團之目標為透過監察及維持足夠資金水平供應以資助本集團的業務減低現金流波動的影響。本公司管理層監察銀行貸款的使用以確保符合貸款條件。

下表詳細列明本集團財務負債其餘的合同到期情況。該表根據本集團須付款的最早日期的財務負債中未折現現金流編制，包括利息及本金現金流。下表包括利息及本金現金流。

Liquidity risk

In the management of 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. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivatives 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 table includes both interest and principal cash flows.

綜合財務報表附註 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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6. 財務工具 (續)

6b. 財務風險管理目標及政策 (續)

流動資金風險表

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

Liquidity risk tables

		於十二月三十一日 之賬面值	總未折現 現金流量及 少於一年 Total
		Carrying amount at	undiscounted cash flows less
		31 December	than 1 year
		人民幣千元	人民幣千元
		RMB'000	RMB'000
二零零七年	2007		
非衍生財務負債	Non-derivative financial liabilities		
應付賬款及其它應付款項	Trade and other payables	269,807	269,807
應付聯營公司款項	Amount due to an associate	125	125
銀行貸款	Bank borrowings	206,819	213,185
		<u>476,751</u>	<u>483,117</u>
二零零六年	2006		
非衍生財務負債	Non-derivative financial liabilities		
應付賬款及其它應付款項	Trade and other payables	266,347	266,347
銀行貸款	Bank borrowings	235,234	243,774
		<u>501,581</u>	<u>510,121</u>

信貸風險

於二零零七年十二月三十一日，本集團因交易對手未能履行責任而可能面對財務損失的最高信貸風險產生於合併資產負債表所述的各項財務資產的賬面值。

為了儘量減低信貸風險，本集團管理層已委派一組人員負責制定信貸限額、信貸審批及其它監控程序，藉以確保採取跟進行動收回逾期債項。此外，本集團會在各年結日審閱各項個別貿易債項的可收回金額，確保對無法收回金額計提充足的減值虧損。有鑒於此，本公司董事認為本集團的信貸風險已顯著降低。

Credit risk

As at 31 December 2007, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet.

In order to minimise the credit risk, the management of 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 addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

綜合財務報表附註 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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6. 財務工具 (續)

6b. 財務風險管理目標及政策 (續)

信貸風險 (續)

流動資金之信貸風險有限，皆因大部分其他方均為信譽良好之銀行。

本集團並無集中之信貸風險，有關風險乃分散至不同行業及地方的客戶。

6c. 公允值

財務資產及財務負債的公允價值按以下各項釐定：

- 於活躍具流通性的市場交易的財務資產及財務負債的公允價值乃參照市場價格釐定；及
- 其它財務資產及財務負債的公允值乃根據公認的定價模型或利用可觀察的現有市場交易的價格釐定以折現現金流量分析。

本公司董事認為將攤銷成本法記入綜合財務報表的財務資產及財務負債的賬面值與其公允值相若。

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

Credit risk (continued)

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

6c. Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

綜合財務報表附註 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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7. 營業額、收益及分部資料

本集團主要從事開發、製造及銷售化學原料藥、製劑、化工及其它產品。本年已確認收入列載如下：

7. TURNOVER, REVENUE AND SEGMENTAL INFORMATION

The Group principally engaged in the development, production and sales of pharmaceutical products including bulk pharmaceutical, preparations (e.g. tablets and injections), chemicals and other products. Revenues recognised during the year are as follows:

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
營業額－產品銷售收入	Turnover — Sales of goods	1,865,568	1,685,367
其它業務收入	Other operating income		
銀行利息收入	Bank interest income	2,311	4,411
衍生金融工具公允值增加	Increase in fair value of derivative financial instruments	15,763	50
聯營公司貸款利息收入	Interest income from loan to an associate	—	270
可供出售之投資利息收入	Interest income from an available-for-sale investment	1,647	6,588
可供出售之投資股息收入	Dividend income from an available-for-sale investment	914	141
租金收入	Rental income	1,728	1,725
出售列作待出售之資產收益	Gain on disposal of assets classified as held for sale	6,401	—
出售物業、廠房及設備收益	Gain on disposal of property, plant and equipment	—	2,289
衍生金融工具實現之收益	Realised gain on derivative financial instruments	4,589	—
政府補貼	Government subsidies	5,479	600
其它	Others	10,904	7,404
		<u>49,736</u>	<u>23,478</u>
總收入	Total revenues	<u>1,915,304</u>	<u>1,708,845</u>

綜合財務報表附註 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(根據香港普遍採納之會計原則編制)

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7. 營業額、收益及分部資料

(續)

本集團按業務分部及顧客所在地區
分部資料呈列如下：

(i) 業務分部資料

		二零零七年 2007			二零零六年 2006		
		藥品業務 Pharmaceutical business 人民幣千元 RMB'000	其它 Other operations 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000	藥品業務 Pharmaceutical business 人民幣千元 RMB'000	其它 Other operations 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
分部收入	Segment revenues	1,912,743	2,561	1,915,304	1,702,116	6,729	1,708,845
分部業績	Segment results	51,355	2,561	53,916	44,178	6,729	50,907
應佔聯營公司業績	Share of results of associates			(4,369)			(699)
財務費用	Finance costs			(12,183)			(20,475)
除稅前溢利	Profit before taxation			37,364			29,733
所得稅抵免(開支)	Income tax credit (expense)			400			(7,784)
本年度溢利	Profit for the year			37,764			21,949

7. TURNOVER, REVENUE AND SEGMENTAL INFORMATION (continued)

Analysis of the Group's segment information for the year by business segment and geographical location of customers is set out as follows:

(i) By business segment

		二零零七年 2007			二零零六年 2006		
		藥品業務 Pharmaceutical business 人民幣千元 RMB'000	其它 Other operations 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000	藥品業務 Pharmaceutical business 人民幣千元 RMB'000	其它 Other operations 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
資產	ASSETS						
分部資產	Segment assets	1,866,887	367,162	2,234,049	1,698,218	140,777	1,838,995
聯營公司權益	Interests in associates			23,748			42,580
未分類資產	Unallocated corporate assets			2,303			—
綜合總資產	Consolidated total assets			2,260,100			1,881,575
負債	LIABILITIES						
分部負債	Segment liabilities	(269,932)	—	(269,932)	(266,347)	—	(266,347)
未分類負債	Unallocated corporate liabilities			(256,129)			(242,741)
綜合總負債	Consolidated total liabilities			(526,061)			(509,088)
其它資料	OTHER INFORMATION						
資本開支	Capital expenditure	119,825	—	119,825	72,225	—	72,225
折舊及攤銷	Depreciation and amortisation	107,301	—	107,301	103,216	—	103,216
出售物業、廠房及 設備虧損(收益)	Loss (gain) on disposal of property, plant and equipment	4,360	—	4,360	(2,289)	—	(2,289)
出售列作待出售 資產收益	Gain on disposal of assets classified as held for sale	(6,401)	—	(6,401)	—	—	—
存貨撇減撥備	Allowance for inventories	3,026	—	3,026	4,630	—	4,630
應收賬款呆 壞賬撥備	Allowance for bad and doubtful debts of trade receivables	6,254	—	6,254	12,131	—	12,131
其他應收款項 呆壞賬撥備	Allowance for bad and doubtful debts of other receivables	6,646	—	6,646	2,558	—	2,558

綜合財務報表附註 (續)

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7. 營業額、收益及分部資料 (續)

(ii) 顧客所在地區分部資料

		分部收入	
		Segment revenues	
		二零零七年	二零零六年
		2007	2006
		人民幣千元	人民幣千元
		RMB'000	RMB'000
中國(包括香港)	PRC (including Hong Kong)	1,082,315	988,706
歐洲	Europe	268,115	229,080
美洲	Americas	378,945	344,901
其它國家	Others	185,929	146,158
		<u>1,915,304</u>	<u>1,708,845</u>

本集團超過99%之資產均位於中國，所以沒有呈列資產和資本開支的地區分部資料。

Over 99% of the Group's assets are located in the PRC and therefore the analysis of segment assets and capital expenditure is not presented.

8. 財務費用

8. FINANCE COSTS

		二零零七年	二零零六年
		2007	2006
		人民幣千元	人民幣千元
		RMB'000	RMB'000
銀行貸款利息	Interest on bank loans	<u>12,183</u>	<u>20,475</u>

綜合財務報表附註 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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9. 所得稅(抵免)開支

9. INCOME TAX (CREDIT) EXPENSE

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
中國企業所得稅	PRC enterprise income tax		
— 本期	— current	12,202	10,273
— 以前年度多提的稅項	— over-provision in prior years	(4,158)	(2,630)
		<u>8,044</u>	<u>7,643</u>
遞延稅項(附註34)	Deferred tax (Note 34)		
— 本期	— current	(9,613)	141
— 稅率改變的影響	— attributable to a charge in tax rate	1,169	—
		<u>(8,444)</u>	<u>141</u>
		<u>(400)</u>	<u>7,784</u>

(a) 中國企業所得稅乃根據中國相關法律及法規按適用稅率計算。

(b) 本公司與一附屬公司的註冊地在淄博市高新技術產業開發區化工區，根據國家稅務總局[1994]國稅發151號《關於高新技術企業如何適用稅收優惠政策問題的通知》，從2002年起執行所得稅稅率15%的政策，並獲得當地稅務部門批覆；從2004年起，兩家公司位於開發區內的經營所得適用稅率為15%，開發區外的經營所得適用稅率為33%，並已在當地稅務部門備案。

截至二零零七及二零零六年十二月三十一日止兩個個別年度，根據中國的相關規例，本公司旗下兩家於中國經營之附屬公司自首個取得應課稅利潤的兩年內免繳中國企業所得稅，其後三年減半計繳。本集團旗下其它公司的經營所得適用稅率為33%。

(a) PRC enterprise income tax is calculated at the applicable rates in accordance with the relevant laws and regulations in the PRC.

(b) The Company and a subsidiary are located in the high-technology economic zone of Zibo City and are entitled to preferential PRC enterprise income tax rate of 15% from year 2002 onwards, according to [1994] Guo Shui Fa No. 151 "The notice of applying favourable tax policies for the new and high technology companies" issued by the State Administration of Taxation. The companies have obtained the relevant approvals from the local tax bureau. From year 2004 onwards, the operating results of the companies derived from business conducted in the high-technology economic zone are subject to a preferential income tax rate of 15% while the business conducted outside the high-technology economic zone are subject to an income tax rate of 33%. This has been filed with the local tax bureau as a record.

In accordance with the relevant regulations of the PRC, two subsidiaries operating in the PRC are entitled to exemption from PRC income tax in the first two years from the first profit-making year, followed by a 50% reduction of PRC income tax for the next three years. Other companies within the Group are subject to income tax rate at 33% on their taxable income for the years ended 31st December 2007 and 2006.

綜合財務報表附註 (續)

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9. 所得稅 (抵免) 開支 (續)

- (c) 於二零零七年三月十六日，全國人民代表大會公佈的新企業所得稅法(「新稅法」)。另外，於二零零七年十二月二十六日，國務院發出企業所得稅法實施條例(「實施條例」)。根據新稅法及實施條例，自二零零八年一月一日起，在中國之企業及外資企業所得稅稅率劃一為25%。然而，就於新企業所得稅法頒布前設立並享有相關的稅務機關授予減免所得稅優惠稅率的企業而言，新企業所得稅率可於自新企業所得稅法生效之後5年內逐漸增至25%。遞延所得稅項資產／負債均以其預期適用於應課稅收入之稅率及預期該等暫時性差異轉回或使用之時間計算。
- (d) 本集團截至二零零七及二零零六年十二月三十一日止兩個個別年度並無應課稅收入須繳付香港利得稅，故賬目內並無香港利得稅撥備。

9. INCOME TAX (CREDIT) EXPENSE

(continued)

- (c) On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Pursuant to the New Law and Implementation Regulations, the Enterprise income tax for both domestic and foreign-invested enterprises will be unified at 25% effective from 1 January 2008. There will be a transitional period for PRC subsidiaries that currently entitled to preferential tax treatments granted by the relevant tax authorities. PRC subsidiaries currently subject to an enterprise income tax rate lower than 25% will continue to enjoy the lower tax rate and be gradually transitioned to the new unified rate of 25% within five years after 1 January 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.
- (d) No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong for the two years ended 31st December 2007 and 2006.

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9. 所得稅(抵免)開支 (續)

(e) 年內之稅項(抵免)支出與綜合損益表內除稅前溢利對照如下：

9. INCOME TAX (CREDIT) EXPENSE

(continued)

(e) The tax (credit) charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
除稅前溢利	Profit before taxation	37,364	29,733
按稅率33%	Tax at domestic income tax rate of 33%		
(二零零六年：33%)	(2006: 33%)	12,330	9,812
計算之稅項			
中國不同稅率之影響	Effect of preferential tax rate in the PRC	(5,329)	(3,092)
非應課稅收入	Tax effect of income not taxable for tax purpose	(629)	(937)
不可扣稅支出	Tax effect of expenses not deductible for tax purposes	5,811	4,117
未確認稅項虧損	Tax effect of tax losses not recognised	362	514
稅率改變的影響	Effect on change in tax rate	1,169	—
以前年度暫時性差異未確認	Tax effect of temporary difference previously not recognised	(6,011)	—
本公司享有低稅率	Effect on tax exemption granted to PRC subsidiaries	(3,945)	—
享有稅務利益		(4,158)	(2,630)
以前年度多提的稅項	Over-provision in prior years		
稅項(抵免)支出	Tax (credit) charge for the year	<u>(400)</u>	<u>7,784</u>

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10. 本年度溢利

10. PROFIT FOR THE YEAR

本年度溢利已扣除下列項目：

Profit for the year has been arrived at after charging:

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
廣告及宣傳費用	Advertising and promotion expenses	10,095	42,219
應收賬款呆壞賬撥備	Allowance for bad and doubtful debts of trade receivables	6,254	12,131
其它應收賬款呆壞賬撥備	Allowance for bad and doubtful debts of other receivables	6,646	2,558
存貨撇減	Allowance for inventories	3,026	4,630
土地使用權之 預付租賃款項攤銷	Amortisation of prepaid lease payments on land use rights	2,461	2,425
技術攤銷	Amortisation of technical know-how	1,130	1,130
核數師酬金	Auditors' remuneration	1,324	1,084
折舊	Depreciation	103,710	99,661
注銷附屬公司虧損(附註)	Loss on deregistration of a subsidiary (Note)	1,040	—
出售物業、廠房及設備虧損	Loss on disposal of property, plant and equipment	4,360	—
匯兌淨損失	Net exchange loss	13,558	3,835
土地及樓宇經營租賃	Operating lease rentals on land and buildings	1,211	1,191
維修及保養費用	Repairs and maintenance expenses	784	736
研究及開發成本	Research and development costs	14,371	16,984
應佔聯營公司稅項 (包括在應佔聯營公司業績內)	Share of tax of associates (included in share of results of associates)	253	101
員工成本(不包括董事及 監事酬金)(附註13)	Staff costs (excluding directors' and supervisors' emoluments) (Note 13)	176,801	138,933

附註：截至二零零七年度十二月三十一日止年度，本公司旗下一家附屬公司注銷對本集團的營業額及溢利沒有重大影響。

Note: The subsidiary deregistered during the year ended 31st December 2007 had no significant impact on the turnover and results for the Group.

11. 股息

11. DIVIDENDS

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
擬派末期股息：每股人民幣0.03元 (二零零六年：每股人民幣0.02元) 按307,312,830股A股 及150,000,000股H股計算	Final dividend proposed: RMB0.03 (2006: RMB0.02) per share on 307,312,830 A shares and 150,000,000 H shares	13,719	9,146

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11. 股息 (續)

本公司董事建議按307,312,830股A股及150,000,000股H股，擬派末期股息每股人民幣0.03元(二零零六年：人民幣0.02元)(折合港幣0.033元(二零零六年：港幣0.0202元)，A股含稅)。該股息有待股東於股東周年大會上批准及已於綜合財務報表內列作股息儲備。

12. 每股基本溢利

每股基本溢利是根據本公司股權持有人之應佔本集團溢利人民幣31,818,000元(二零零六年：人民幣22,761,000元)及按年內已發行股份之加權平均數457,312,830股(二零零六年：457,312,830股)計算。

截至二零零七年和二零零六年十二月三十一日止兩個年度，均沒有可能造成攤薄影響的普通股，故此並沒有對每股盈利造成攤薄影響。

13. 員工成本(不包括董事及監事酬金)

薪酬及工資
員工福利及其它津貼

退休福利計劃供款
— 界定供款計劃(附註)

Salaries and wages
Staff welfare and other benefits
Retirement benefit scheme contributions
— defined contribution plans (Note)

	二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
薪酬及工資	110,117	92,448
員工福利及其它津貼	45,532	27,671
退休福利計劃供款 — 界定供款計劃(附註)	21,152	18,814
	176,801	138,933

附註：

本集團參與地方政府設立的退休計劃，每年之供款額為過去一年本集團付予僱員之薪金、花紅及津貼(「有關收入」)總額的23%(二零零六年：23%)。每月個人有關收入的上限為人民幣4,983元(二零零六年：人民幣4,293元)。支付指定退休計劃的費用於產生時自綜合損益表中扣除。

地方政府將會就這退休計劃負責承擔所有本集團之現已退休和將來退休的僱員的福利。因此，除上文所述的供款外，本集團並無責任為僱員支付退休款項及其它退休後福利。

11. DIVIDENDS (continued)

The final dividend of RMB0.03 (2006: RMB0.02) per share (approximately HK\$0.033 (2006: HK\$0.0202) per share, including income tax of A shares) on 307,312,830 A shares and 150,000,000 H shares has been proposed by the directors of the Company and is subject to approval by shareholders at the Annual General Meeting and has been included as a dividend reserve in the consolidated financial statements.

12. EARNINGS PER SHARE — BASIC

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company of RMB31,818,000 (2006: RMB22,761,000) and based on the weighted average of 457,312,830 (2006: 457,312,830) shares in issue during the year.

There was no dilution effect on the basic earnings per share for the two years ended 31st December 2007 and 2006 as there were no dilutive shares outstanding during the two years ended 31st December 2007 and 2006.

13. STAFF COSTS (EXCLUDING DIRECTORS' AND SUPERVISORS' EMOLUMENTS)

Note:
As stipulated by the regulations of the PRC, the Group participates in a basic defined contribution pension scheme organised by the local municipal government, whereby it is required to pay contributions at the rate of 23% (2006: 23%) on the total salaries, bonuses and allowances (the "relevant income") paid to the Group's staff in the previous year. The monthly relevant income per head of a staff is subject to a cap of RMB4,983 (2006: RMB4,293). Contributions to this retirement scheme are charged to the consolidated income statement as and when incurred.

The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired staff of the Group. Accordingly, the Group has no other material obligation for payment of retirement and other post-retirement benefits of employees other than the contribution described above.

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14. 董事及監事酬金

已付或應付予十五位(二零零六年：十六位)董事及監事之酬金如下：

截至二零零七年十二月三十一日止年度

14. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The emoluments paid or payable to each of the fifteen (2006: sixteen) directors and supervisors were as follows:

For the year ended 31st December 2007

		工資、花紅、津貼及 退休福利 計劃供款			總額
		袍金	其它福利	退休福利 計劃供款	
		Fees	benefits	contributions	Total
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
執行董事	<i>Executive directors</i>				
郭琴女士	Ms. Guo Qin	—	200	14	214
趙松國先生	Mr. Zhao Songguo	—	220	14	234
任福龍先生	Mr. Ren Fulong	—	300	14	314
非執行董事	<i>Non-executive directors</i>				
馬永先生(附註1)	Mr. Ma Yong (Note 1)	—	117	8	125
劉振文先生	Mr. Liu Zhenwen	—	170	14	184
獨立非執行董事	<i>Independent non-executive directors</i>				
戴慶駿先生	Mr. Dai Qingjun	—	60	—	60
莫仲堃先生(附註2)	Mr. Mok Chung Kwan, Stephen (Note 2)	—	60	—	60
徐國君先生	Mr. Xu Guojun	—	60	—	60
孫明高先生	Mr. Sun Minggao	—	60	—	60
監事	<i>Supervisors</i>				
呂忠德先生(附註3)	Mr. Lü Zhongde (Note 3)	—	—	—	—
張月順先生	Mr. Zhang Yueshun	—	24	—	24
陶志超先生	Mr. Tao Zhichao	—	24	—	24
高慶剛先生	Mr. Gao Qinggang	—	130	14	144
于公福先生	Mr. Yu Gongfu	—	200	14	214
劉強先生(附註4)	Mr. Liu Qiang (Note 4)	—	60	10	70
總額	Total	—	1,685	102	1,787

附註：

- 於二零零七年八月三日離世
- 於二零零八年四月十六日離任
- 於二零零七年二月二日離任
- 於二零零七年二月二日獲委任

Notes:

- Passed away on 3rd August 2007.
- Resigned on 16th April 2008.
- Resigned on 2nd February 2007.
- Appointed on 2nd February 2007.

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14. 董事及監事酬金 (續)

截至二零零七年和二零零六年十二月三十一日止兩個年度，沒有董事或監事放棄任何酬金。本集團並無向董事或監事支付任何酬金，作為吸引加入或加入本集團之獎勵或作為離職補償。

截至二零零六年十二月三十一日止年度

14. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

No directors and supervisors waived any emoluments for the two years ended 31st December 2007 and 2006. During the year, no emoluments have been paid by the Group to the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

For the year ended 31st December 2006

		袍金	工資、花紅、 津貼及 其它福利 Salaries, bonuses, allowances and other benefits	退休福利 計劃供款 Retirement benefit scheme contributions	總額 Total
		Fees			
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
執行董事 <i>Executive directors</i>					
賀端湜先生 (附註1)	Mr. He Duanshi (Note 1)	—	144	11	155
郭琴女士	Ms. Guo Qin	—	295	11	306
趙松國先生	Mr. Zhao Songguo	—	180	11	191
任福龍先生 (附註2)	Mr. Ren Fulong (Note 2)	—	240	11	251
非執行董事 <i>Non-executive directors</i>					
劉從德先生 (附註1)	Mr. Liu Congde (Note 1)	—	20	2	22
馬永先生	Mr. Ma Yong	—	170	11	181
劉振文先生 (附註2)	Mr. Liu Zhenwen (Note 2)	—	147	10	157
獨立非執行董事 <i>Independent non-executive directors</i>					
戴慶駿先生	Mr. Dai Qingjun	—	50	—	50
莫仲堃先生	Mr. Mok Chung Kwan, Stephen	—	50	—	50
徐國君先生	Mr. Xu Guojun	—	50	—	50
孫明高先生	Mr. Sun Minggao	—	50	—	50
監事 <i>Supervisors</i>					
呂忠德先生 (附註3)	Mr. Lü Zhongde (Note 3)	—	56	11	67
張月順先生	Mr. Zhang Yueshun	—	20	—	20
陶志超先生	Mr. Tao Zhichao	—	20	—	20
高慶剛先生	Mr. Gao Qinggang	—	120	11	131
于公福先生	Mr. Yu Gongfu	—	170	11	181
總額	Total	—	1,782	100	1,882

附註：

- 於二零零六年六月九日離任。
- 於二零零六年六月九日獲委任。
- 於二零零七年二月二日離任。

Notes:

- Resigned on 9th June 2006.
- Appointed on 9th June 2006.
- Resigned on 2nd February 2007.

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15. 僱員酬金

年內，五位最高薪酬人士包括兩位董事(二零零六年：四位董事)，其酬金詳情載於附註14。其餘三位(二零零六年：一位)最高薪酬人士之酬金如下：

15. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2006: four) were directors, whose emoluments are set out in note 14 above. The emoluments of the remaining three (2006: one) highest paid individuals was as follows:

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
工資、花紅、津貼 及其它福利	Salaries, bonuses, allowances and other benefits	722	180
退休福利計劃供款	Retirement benefit scheme contributions	32	11
		<u>754</u>	<u>191</u>

其酬金價介乎以下範圍：

Their emoluments were within the following band:

		僱員數目 Number of employees	
		二零零七年 2007	二零零六年 2006
零至人民幣1,000,000	Nil to RMB1,000,000	<u>3</u>	<u>1</u>

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16. 技術

16. TECHNICAL KNOW-HOW

人民幣千元

RMB'000

原值	COST	
於二零零六年一月一日， 二零零六年十二月三十一日及 二零零七年十二月三十一日	At 1st January 2006, 31st December 2006 and 31st December 2007	6,550
攤銷	AMORTISATION	
於二零零六年一月一日	At 1st January 2006	2,368
本年攤銷	Charge for the year	1,130
於二零零六年十二月三十一日及 二零零七年一月一日	At 31st December 2006 and 1st January 2007	3,498
本年攤銷	Charge for the year	1,130
於二零零七年十二月三十一日	At 31st December 2007	4,628
賬面值	CARRYING VALUES	
於二零零七年十二月三十一日	At 31st December 2007	1,922
於二零零六年十二月三十一日	At 31st December 2006	3,052

本集團的技術從第三方購入。技術按其可使用年期4至6年期以直線法攤銷。

The Group's technical know-how were acquired from third parties. The technical know-how have definite useful lives and amortised on a straight-line basis over four to six years.

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17. 物業、廠房及設備

17. PROPERTY, PLANT AND EQUIPMENT

		建築物 Buildings 人民幣千元 RMB'000	廠房、機器 及設備 Plant, machinery and equipment 人民幣千元 RMB'000	汽車 Motor vehicles 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
重估值	VALUATION				
於二零零六年一月一日	At 1st January 2006	402,136	958,920	13,469	1,374,525
由在建工程轉入 (附註18)	Transferred from construction in progress (note 18)	24,158	21,244	—	45,402
添置	Additions	800	27,145	3,124	31,069
重新分類為待出售	Reclassified as held for sale	(8,329)	—	—	(8,329)
出售	Disposals	—	(42,746)	(3,655)	(46,401)
於二零零六年十二月三十一日	At 31st December 2006	418,765	964,563	12,938	1,396,266
由在建工程轉入 (附註18)	Transferred from construction in progress (note 18)	23,103	46,906	3	70,012
添置	Additions	6,510	53,074	1,066	60,650
收購附屬公司獲得	Acquired on acquisition of subsidiaries	25,554	59,090	506	85,150
出售	Disposals	(7,189)	(48,329)	(1,634)	(57,152)
於二零零七年十二月三十一日	At 31st December 2007	466,743	1,075,304	12,879	1,554,926
累計折舊	ACCUMULATED DEPRECIATION				
於二零零六年一月一日	At 1st January 2006	129,130	423,924	8,639	561,693
本年度折舊	Charge for the year	15,520	82,183	1,958	99,661
重新分類為待出售	Reclassified as held for sale	(4,338)	—	—	(4,338)
出售之對銷	Eliminated on disposals	—	(36,806)	(3,260)	(40,066)
於二零零六年十二月三十一日	At 31st December 2006	140,312	469,301	7,337	616,950
本年度折舊	Charge for the year	18,078	84,083	1,549	103,710
收購附屬公司獲得	Acquired on acquisition of subsidiaries	3,970	13,287	216	17,473
出售之對銷	Eliminated on disposals	(4,583)	(34,306)	(1,358)	(40,247)
於二零零七年十二月三十一日	At 31st December 2007	157,777	532,365	7,744	697,886
賬面值	CARRYING VALUES				
於二零零七年十二月三十一日	At 31st December 2007	308,966	542,939	5,135	857,040
於二零零六年十二月三十一日	At 31st December 2006	278,453	495,262	5,601	779,316

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17. 物業、廠房及設備 (續)

- (a) 本集團所有建築物位於中國。

於二零零七年十二月三十一日，本集團尚未獲授正式所有權之建築物賬面淨值約人民幣18,737,000元(二零零六年：人民幣11,346,000元)。本公司董事認為，本集團有關建築物價值不會因未獲批該等建築物之正式所有權而減少。本公司董事亦相信，該等建築物權益之正式所有權將於適當時間授予本集團。

- (b) 為準備本公司的股票於聯交所上市，本公司的物業、廠房及設備由中國註冊估值師山東會計師事務所按折舊重置成本的基準作估值。其後本公司的物業、廠房及設備由一獨立估值師—卓德測計師行有限公司按公開市值重新估值。兩個重估增值列賬後對截至二零零七年十二月三十一日止年度增加的折舊費用為人民幣449,000元(二零零六年：人民幣422,000元)。

- (c) 倘本集團之物業、廠房及設備以成本值減累計折舊入賬，該等資產之賬面值將分別約為：

17. PROPERTY, PLANT AND EQUIPMENT

(continued)

- (a) All the buildings of the Group are located in the PRC.

As at 31st December 2007, the carrying values of the buildings for which the Group had not been granted formal title amounted to approximately RMB18,737,000 (2006: RMB11,346,000). In the opinion of the directors of the Company, the absence of formal title to these buildings does not impair the value of the relevant buildings to the Group. The directors of the Company also believe that formal title to these buildings will be granted to the Group in due course.

- (b) In the preparation of the listing of the Company's shares on the Stock Exchange, the Company's property, plant and equipment were firstly revalued by Shandong Certified Public Accountants, a firm of valuers registered in the PRC on a depreciated replacement cost basis as part of its restructuring. Another separate revaluation was carried out on the Company's property, plant and equipment by Chesterton Petty Limited, an independent valuer, on an open market value basis. The adoption of the above two revaluations in the accounts has resulted in an additional depreciation charge of RMB449,000 (2006: RMB422,000) in respect of the year ended 31st December 2007.

- (c) Had the property, plant and equipment of the Group been carried at cost less accumulated depreciation, the carrying value of such property, plant and equipment in the accounts would have been approximately:

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
建築物	Buildings	307,139	275,862
廠房、機器及設備	Plant, machinery and equipment	541,284	493,921
汽車	Motor vehicles	4,647	5,115
		853,070	774,898

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17. 物業、廠房及設備 (續)

- (d) 於二零零七年十二月三十一日，本集團之所有物業、廠房及設備均由本公司董事按折舊重置成本基準作估值。由於重估值與於二零零七年十二月三十一日之賬面值並無重大差異，本公司董事認為物業、廠房及設備於二零零七年十二月三十一日之賬面值已經公平地反映其於當日之可收回價值。

以上物業、廠房及設備之折舊按直線法計提。物業、廠房及設備之可使用年期如下：

建築物	20年
廠房、機器及設備	5-10年
汽車	5年

18. 在建工程

於一月一日	At 1st January	85,922	90,168
增加	Additions	51,694	41,156
轉往物業、廠房及設備 (附註17)	Transfer to property, plant and equipment (note 17)	(70,012)	(45,402)
購買附屬公司而取得	Acquired on acquisition of subsidiaries	3,576	—
於十二月三十一日	At 31st December	<u>71,180</u>	<u>85,922</u>

在建工程指於二零零七年十二月三十一日正在建造並尚未投產的建築物、廠房及機器設備所發生的開支。於截至二零零七及二零零六年十二月三十一日止年度內均沒有關於在建工程的貸款。

於二零零七年十二月三十一日，在建工程包括購買位於中國山東省淄博市的土地使用權之訂金人民幣1,940,000元(二零零六年：人民幣1,940,000元)。

17. PROPERTY, PLANT AND EQUIPMENT

(continued)

- (d) At 31st December 2007, all property, plant and equipment of the Group were revalued by the directors of the Company on a depreciated replacement cost basis. Since there are no material differences between the revalued amount and the carrying values at 31st December 2007, the directors of the Company are of the opinion that the carrying values of property, plant and equipment at 31st December 2007 fairly reflected their recoverable amount at that time.

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

Buildings	20 years
Plant, machinery and equipment	5-10 years
Motor vehicles	5 years

18. CONSTRUCTION IN PROGRESS

二零零七年	二零零六年
2007	2006
人民幣千元	人民幣千元
RMB'000	RMB'000

Construction in progress comprises expenditures incurred on buildings, plants and machinery not yet commissioned at 31st December 2007. For the years ended 31st December 2007 and 2006, no loans were borrowed for financing construction in progress.

As at 31st December 2007, included in construction in progress, an amount of RMB1,940,000 (2006: RMB1,940,000) represented prepayment for purchase of land use rights in Zibo, Shandong, the PRC.

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19. 土地使用權之預付租賃款項

19. PREPAID LEASE PAYMENTS ON LAND USE RIGHTS

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
本集團預付租賃款項包括：	The Group's prepaid lease payments comprise:		
中國之租賃土地：	Leasehold land in PRC:		
中期	Medium-term lease	92,316	87,161
短期	Short lease	1,527	1,662
		<u>93,843</u>	<u>88,823</u>
就報告而作出之分析如下：	Analysed for reporting purposes as:		
流動資產	Current asset	2,577	2,419
非流動資產	Non-current asset	91,266	86,404
		<u>93,843</u>	<u>88,823</u>

本集團已取得中國之土地使用權，並已於土地上興建樓宇。本集團已支付該購買代價之大部分款額，而本集團仍尚待有關政府機關就若干該等土地使用權益批出正式所有權。於二零零七年十二月三十一日，本集團尚未獲授正式所有權之土地權益賬面淨值約為人民幣35,468,000元(二零零六年：約人民幣30,385,000元)。本公司董事認為，本集團有關土地使用權價值不會因未獲批授該等土地權益之正式所有權而減少。本公司董事亦相信，該等土地權益之正式所有權將於適當時間授予本集團。

The Group has acquired land use rights in the PRC and has erected buildings thereon. While the Group has paid substantially the full consideration of the purchase consideration, the relevant government authorities have not granted formal title to certain of these land use rights to the Group. As at 31st December 2007, the carrying values of the land use rights for which the Group had not been granted formal title amounted to approximately RMB35,468,000 (2006: RMB30,385,000). In the opinion of the directors of the Company, the absence of formal title to these land use rights does not impair the value of the relevant land use rights to the Group. The directors of the Company also believe that formal title to these land use rights will be granted to the Group in due course.

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20. 聯營公司權益

20. INTERESTS IN ASSOCIATES

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
於非上市聯營公司 投資之成本	Cost of investment in associates, unlisted	27,879	47,831
應佔被投資公司收購後之 虧損及儲備	Share of post-acquisition losses and reserves	(4,131)	(5,251)
		<u>23,748</u>	<u>42,580</u>

於二零零七年十二月三十一日之聯營公司詳情如下：

The details of the associates as at 31st December 2007 are as follows:

聯營公司名稱	公司架構	股份類別	註冊成立國家及 法定地位	註冊資本詳情	集團所持 實際權益	主要業務及經營地點
Name of associate	Form of business structure	Class of shares held	Place of incorporation and kind of legal entity	Nominal value of registered capital	Percentage of equity attributable to the Group	Principal activities and place of operation
山東淄博新達製藥 有限公司(「新達」)	法團	繳入股本	中國·有限責任公司	人民幣26,929,000	20%	於中國生產藥物及醫藥用品
Shandong Zibo Xincat Pharmaceutical Company Limited (「Xincat」)	Incorporated	Contributed capital	PRC, limited Company	RMB26,929,000	20%	Production of medicine and medical products in the PRC
山東新華隆信化工有限公司	法團	繳入股本	中國·有限責任公司	人民幣25,000,000	40%	於中國生產及銷售化工產品
Shandong Xinhua Longxin Chemical Co., Ltd.	Incorporated	Contributed capital	PRC, limited Company	RMB25,000,000	40%	Manufacture and sales of chemical products in the PRC
山東新華長星化工 設備有限公司	法團	繳入股本	中國·有限責任公司	人民幣22,000,000	35%	於中國生產及 銷售化工設備及配件
Shandong Xinhua Changxing Chemical Equipment Company Limited	Incorporated	Contributed capital	PRC, limited Company	RMB22,000,000	35%	Production and sale of chemical equipments and spare parts in the PRC

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20. 聯營公司權益 (續)

於本年度購買新達時產生的人民幣236,000元折讓已包括在本年度本集團應佔聯營公司收益。

本集團聯營公司之未經審計財務資料概要呈列如下：

20. INTERESTS IN ASSOCIATES (continued)

During the year, a discount on acquisition of RMB236,000 arising on acquisition of Xincat has been included as income in the determination of the Group's share of results of associates.

The summarised unaudited financial information in respect of the Group's associates is set out below:

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
資產總值	Total assets	164,210	143,644
負債總額	Total liabilities	(92,587)	(48,457)
資產淨值	Net assets	<u>71,623</u>	<u>95,187</u>
本集團應佔聯營公司之 資產淨值	Group's share of net assets of associates	<u>23,748</u>	<u>42,580</u>
營業額	Turnover	<u>345,665</u>	<u>100,606</u>
年內虧損	Loss for the year	<u>(19,194)</u>	<u>(1,564)</u>
本集團應佔聯營公司之 年內業績	Group's share of results of associates for the year	<u>(4,369)</u>	<u>(699)</u>

21. 聯營公司貸款

21. LOAN TO AN ASSOCIATE

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
聯營公司貸款	Loan to an associate	<u>—</u>	<u>6,921</u>
就報告賬面值而 作出之分析如下： 流動資產(附註26)	Carrying amount analysed for reporting purposes: Current assets (note 26)	<u>—</u>	<u>6,921</u>

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21. 聯營公司貸款 (續)

於二零零六年十二月三十一日，此貸款為貸款予淄博新華一百利高製藥有限責任公司（「新華一百利高」），有關款項無抵押，利息按市場利息計算。於二零零七年一月一日，本公司購買0.1%新華一百利高的權益。自此，新華一百利高成為本公司之附屬公司。於二零零七年十二月三十一日，貸款餘額於合併時抵銷。

22. 可供出售之投資

於二零零七年十二月三十一日的可供出售投資如下：

21. LOAN TO AN ASSOCIATE (continued)

As at 31st December 2006, the amount represented loan advanced to an associate, SINO-USA Xinhua-Perrigo Pharmaceutical Company Limited ("Xinhua-Perrigo"). The amount was unsecured, carried interest at prevailing market rates. As at 1st January 2007, the Company acquired 0.1% equity interest in Xinhua-Perrigo, since then Xinhua has become a subsidiary of the Company. As at 31st December 2007, the outstanding balance is fully eliminated on consolidation.

22. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments as at 31st December 2007 comprise:

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
非上市投資：	Unlisted securities:		
— 股本證券 (附註a)	— equity securities (note a)	397,162	53,777
— 債券按固定年利率5.81% (二零零六年：5.81%)及 於二零零七年七月 到期 (附註b)	— debt securities with fixed interest of 5.81% (2006: 5.81%) and maturity date in July 2007 (note b)	—	117,000
減：已確認減值虧損 (附註c)	Less: Impairment loss recognised (note c)	(30,000)	(30,000)
合計	Total	<u>367,162</u>	<u>140,777</u>

就報告而作出之分析如下：

Analysed for reporting purposes as:

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
流動資產	Current assets	—	117,000
非流動資產	Non-current assets	367,162	23,777
		<u>367,162</u>	<u>140,777</u>

以上非上市投資為於中國民營企業發行的非上市股本投資。除於下面附註22(a)提到的股本證券外(於二零零七年十二月三十一日以公允值計量)，其他投資由於估計非上市投資合理公允值時所需要考慮之假設因素範圍甚廣，本公司董事認為未能可靠地衡量其公允值，故此該等投資於各年結日按成本扣除減值入賬。

The above unlisted investments represent investments in unlisted equity securities issued by private entities incorporated in the PRC. Except for equity securities as stated in Note 22(a) below, which are measured at fair values as at 31st December 2007, others are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so wide that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

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22. 可供出售之投資 (續)

附註：

- (a) 於二零零六年十二月三十一日，包括在股本證券是對兩家非上市公司分別為交通銀行股份有限公司（「交通銀行」）及中國太平洋保險公司（「太平洋保險」）的法人股及發起人股投資。截至二零零七年十二月三十一日止年度，交通銀行及太平洋保險於中國境內上市。根據該兩家公司的上市招股說明書，法人股及發起人股自上市日起的一年後方於股票市場買賣。於二零零七年十二月三十一日，本公司董事參考股票市場的報價以審閱該些法人股及發起人股的賬面值，鑒定人民幣342,737,000元的公允值升值已計入儲備。
- (b) 在二零零四年七月，本集團投資人民幣1.3億元參加青島海協信託投資有限公司（「青島海協」）為紳未衡業投資發展有限公司（「衡業公司」）收購一家於中國生產醫藥產品的公司而設立的股權收購項目信託資金計劃。衡業公司承諾將收購的股權向青島海協提供全額質押，本集團同意青島海協在衡業公司無法歸還貸款本息時，以上述質押的股權償還本集團的信託本金和收益。該信託資金計劃為期三年，而年回報率是投資本金的5.81%（二零零六年：5.81%）。青島海協已於二零零五年歸還本金人民幣13,000,000元予本集團。餘額人民幣117,000,000元截至二零零七年十二月三十一日止年度已全部償還。
- (c) 於二零零七年十二月三十一日，公司持有天同證券有限責任公司（一家非上市的證券公司）之投資的合共成本價人民幣30,000,000元。該公司正面臨財政危機，因此已確認減值虧損人民幣30,000,000元（二零零六年：人民幣30,000,000元）。本公司董事認為，該減值乃彼等參考市場狀況及證券交易公司情況後根據其最佳估計而作出。

22. AVAILABLE-FOR-SALE INVESTMENTS

(continued)

Notes:

- (a) At 31st December 2006, included in equity securities were investments in two unlisted legal person shares and promoter shares in Bank of Communications Company Limited ("Bank of Communications") and China Pacific Insurance Company Limited ("Pacific Insurance") respectively. During the year ended 31st December 2007, Bank of Communications and Pacific Insurance listed in the stock exchange of the PRC. According to the listing prospectuses of these two companies, the legal person shares and the promoter shares will be transferable in the stock exchange of the PRC after one year from the date of the listing of the relevant shares. As at 31st December 2007, the directors of the Company reviewed the carrying amounts of the legal person shares and promoter shares by reference to the price of the listed shares quoted in the stock exchange and fair value increase of RMB342,737,000 has been credited to equity.
- (b) In July 2004, the Group invested RMB130,000,000 in an equity acquisition trust fund plan organised by Qingdao Hisyn Trust & Investment Co., Ltd. ("Qingdao Hisyn") for Shenzhen Hengye Investment Development Co., Ltd. ("Hengye Company") to acquire equity interests in a company engaging in pharmaceutical manufacturing business in the PRC. Under the arrangement, Hengye Company undertakes to pledge the equity interests acquired to Qingdao Hisyn in full amount. The Group agrees that Qingdao Hisyn uses the above equity interests so pledged to repay the trust fund principal and interest to the Group in the event that Hengye Company was in default of repayment. The trust fund plan is for a term of three years and the return to the Group is at a rate of 5.81% (2006: 5.81%) per annum on the investment amount. Qingdao Hisyn has repaid RMB13,000,000 principal to the Group during the year ended 31st December 2005. The remaining amount of RMB117,000,000 has been fully repaid during the year ended 31st December 2007.
- (c) As at 31st December 2007, the Group held an investment in Tian Tong Securities Company Limited, an unlisted securities trading company, at a cost of RMB30,000,000. The securities trading company is facing financial difficulties and impairment loss of RMB30,000,000 (2006: RMB30,000,000) has been recognised. The directors of the Company are of the opinion that the impairment is made based on their best estimation with reference to the market situation and circumstances of the securities trading company.

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23. 存貨

23. INVENTORIES

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
原材料	Raw materials	46,678	31,458
在製品	Work-in-progress	51,528	67,456
產成品	Finished goods	174,881	112,118
耗用品	Consumables	12,954	13,324
		286,041	224,356

以可變現淨值列賬之本集團產成品的賬面值合共人民幣9,209,000元(二零零六年：人民幣21,549,000元)。

Included in the above were finished goods of approximately RMB9,209,000 (2006: RMB21,549,000) carried at net realisable value.

24. 應收賬款及其它應收款項

24. TRADE AND OTHER RECEIVABLES

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
應收賬款及票據	Trade and bills receivables	261,506	246,190
減：應收賬款呆壞賬撥備	Less: Allowance for bad and doubtful debts of trade receivables	(14,185)	(12,691)
		247,321	233,499
其它應收賬款、按金及預付款項	Other receivables, deposits and prepayments	42,046	52,423
減：其它應收呆壞賬撥備	Less: Allowance for bad and doubtful debts of other receivables	(7,566)	(2,776)
		34,480	49,647
		281,801	283,146

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24. 應收賬款及其它應收款項

(續)

本集團之出口銷售之營業額均以信用證或付款交單方式進行銷售。除了某些客戶需要預先付款外，本集團的中國境內銷售平均給予客戶的賒賬期為120天。

於二零零七年十二月三十一日，應收賬款及票據(已扣除應收賬款呆壞撥備)的賬齡分析如下：

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
一年以內	Within one year	240,537	186,017
多於一年但少於兩年	More than one year but less than two years	3,530	39,584
多於兩年但少於三年	More than two years but less than three years	2,688	7,898
多於三年	Over three years	566	—
		<u>247,321</u>	<u>233,499</u>

於二零零七及二零零六年十二月三十一日，已經逾期但沒有作出減值的應收賬款之賬齡分析如下：

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
一年以內	Within one year	11,368	24,768
多於一年但少於兩年	More than one year but less than two years	3,249	29,022
多於兩年但少於三年	More than two years but less than three years	1,792	5,265
多於三年	More than three years	566	—
總額	Total	<u>16,975</u>	<u>59,055</u>

24. TRADE AND OTHER RECEIVABLES

(continued)

The Group's turnover from export sales is on letter of credit or documents against payment. The Group allows an average credit period of 120 days granted to its trade customers for PRC local sales, except for some particular customers where payment in advance is normally required.

At 31st December 2007, the ageing analysis of the trade and bills receivables, net of allowance for bad and doubtful debts of trade receivables is as follows:

At 31st December 2007 and 2006, the ageing of trade receivables which are past due but not impaired are as follows:

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24. 應收賬款及其它應收款項

(續)

本集團的應收賬款當中，有一部份是屬於記錄良好的客戶的賬款已逾期但無作出減值。根據過往經驗，管理層認為該等餘額沒有重大的信貸質量改變，且認為該等款項可全數收回，沒有需要作減值撥備。對於這些逾期賬款，本集團沒有持有相關的抵押品。

應收賬款呆壞賬撥備的變動詳情：

24. TRADE AND OTHER RECEIVABLES

(continued)

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Movements in the allowance for bad and doubtful debts of trade receivables in aggregate during the year are as follows:

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
年初餘額	Balance at beginning of the year	12,691	10,770
應收賬款呆壞賬撥備增加	Increase in allowance for bad and doubtful debts of trade receivables	6,254	12,131
年內撇銷未能收回之款項	Amounts written off as uncollectible	(4,760)	(10,210)
年終餘額	Balance at end of the year	<u>14,185</u>	<u>12,691</u>

其它應收賬款呆壞賬撥備的變動詳情：

Movements in the allowance for bad and doubtful debts of other receivables in aggregate during the year are as follow:

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
年初餘額	Balance at beginning of the year	2,776	2,523
其它應收賬款呆壞賬撥備增加	Increase in allowance for bad and doubtful debts of other receivables	6,646	2,558
年內撇銷未能收回之款項	Amounts written off as uncollectible	(1,856)	(2,305)
年終餘額	Balance at end of the year	<u>7,566</u>	<u>2,776</u>

25. 應收直接控股公司款項

應收直接控股公司款項是無抵押、免息、須於要求時償還，此等款項均為貿易款項。直接控股公司承諾償還及代收回應收及應付同級附屬公司款項。於二零零七年十二月三十一日，應收直接控股公司款項乃應收及應付直接控股公司及同級附屬公司之淨額。

25. AMOUNT DUE FROM IMMEDIATE HOLDING COMPANY

The amount due from immediate holding company is unsecured, interest-free, repayable on demand and are trading in nature. The immediate holding company has undertaken to settle and receive all amounts due to and due from the fellow subsidiaries. As at 31st December 2007, the amount due from immediate holding company represents the net balance due from and to the immediate holding company and the fellow subsidiaries.

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26. 應收(付)聯營公司款項

26. AMOUNTS DUE FROM (TO) ASSOCIATES

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
應收聯營公司款項	Amounts due from associates	7,558	12,940
聯營公司貸款一年以內 (附註21)	Loan to an associate — due within one year (note 21)	—	6,921
		<u>7,558</u>	<u>19,861</u>
應付聯營公司款項	Amount due to an associate	<u>(125)</u>	<u>—</u>

應收(付)聯營公司款項為無抵押、免息及須於要求時償還。

Amounts due from (to) associates are unsecured, interest-free and repayable on demand.

27. 銀行承兌匯票保證金存款

27. PLEDGED BANK DEPOSITS

根據本集團與銀行簽訂的銀行承兌協議及匯票承兌合同，本公司開具的銀行承兌匯票需按票面金額的30%至100%在相關銀行賬戶存入銀行承兌匯票保證金。此等承兌匯票均為短期，因此銀行承兌匯票保證金，分類為流動資產。該等保證金存款之固定利率為年息率由0.72%至2.67% (二零零六年：2.07%)。銀行承兌保證金，將於相關銀行貸款償還時退回。

The amount represents deposits pledged to bank to secure short-term banking facilities granted to the Group in respect of bills and letter of credit facilities and are therefore classified as current assets. In accordance with the facilities agreements, the Group is required to place deposits, which is amounted from 30% to 100% of the face value of the issued bills to the banks. The deposits carry fixed interest rate from 0.72% to 2.67% (2006: 2.07%) per annum. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

28. 衍生金融工具

28. DERIVATIVE FINANCIAL INSTRUMENTS

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
衍生工具不屬對沖會計：	Derivative not under hedge accounting:		
外幣遠期合約的公允值	Fair value of foreign currency forward contracts	<u>15,897</u>	<u>134</u>

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28. 衍生金融工具 (續)

本集團已訂立以美元為單位之遠期合約。於二零零七年十二月三十一日尚未到期的外幣遠期合約之主要條款如下：

28. DERIVATIVE FINANCIAL INSTRUMENTS

(continued)

The Group had entered into forward contracts denominated in USD. The major terms of the foreign currency forward contracts outstanding at 31st December 2007 are as follows:

名義金額 Notional amount	到期日 Maturity	匯率 Exchange rates
沽售 3,000,000 美元 Sell USD3,000,000	2008年1月11日 11th January 2008	0.1322 美元兌 1 人民幣 USD0.1322 to RMB1
沽售 2,000,000 美元 Sell USD2,000,000	2008年1月24日 24th January 2008	0.1352 美元兌 1 人民幣 USD0.1352 to RMB1
沽售 3,000,000 美元 Sell USD3,000,000	2008年2月14日 14th February 2008	0.1324 美元兌 1 人民幣 USD0.1324 to RMB1
沽售 2,000,000 美元 Sell USD2,000,000	2008年2月22日 22nd February 2008	0.1356 美元兌 1 人民幣 USD0.1356 to RMB1
沽售 3,000,000 美元 Sell USD3,000,000	2008年3月12日 12th March 2008	0.1327 美元兌 1 人民幣 USD0.1327 to RMB1
沽售 2,000,000 美元 Sell USD2,000,000	2008年3月24日 24th March 2008	0.1361 美元兌 1 人民幣 USD0.1361 to RMB1
沽售 5,000,000 美元 Sell USD5,000,000	2008年4月8日 8th April 2008	0.1351 美元兌 1 人民幣 USD0.1351 to RMB1
沽售 5,000,000 美元 Sell USD5,000,000	2008年5月8日 8th May 2008	0.1354 美元兌 1 人民幣 USD0.1354 to RMB1
沽售 5,000,000 美元 Sell USD5,000,000	2008年6月6日 6th June 2008	0.1356 美元兌 1 人民幣 USD0.1356 to RMB1
沽售 6,000,000 美元 Sell USD6,000,000	2008年7月18日 18th July 2008	0.1374 美元兌 1 人民幣 USD0.1374 to RMB1
沽售 5,000,000 美元 Sell USD5,000,000	2008年8月14日 14th August 2008	0.1401 美元兌 1 人民幣 USD0.1401 to RMB1
沽售 5,000,000 美元 Sell USD5,000,000	2008年9月12日 12th September 2008	0.1409 美元兌 1 人民幣 USD0.1409 to RMB1
沽售 5,000,000 美元 Sell USD5,000,000	2008年10月14日 14th October 2008	0.1418 美元兌 1 人民幣 USD0.1418 to RMB1
沽售 5,000,000 美元 Sell USD5,000,000	2008年11月14日 14th November 2008	0.1427 美元兌 1 人民幣 USD0.1427 to RMB1
沽售 3,000,000 美元 Sell USD3,000,000	2008年1月14日 14th January 2008	0.1322 美元兌 1 人民幣 USD0.1322 to RMB1
沽售 3,000,000 美元 Sell USD3,000,000	2008年2月19日 19th February 2008	0.1325 美元兌 1 人民幣 USD0.1325 to RMB1
沽售 3,000,000 美元 Sell USD3,000,000	2008年3月14日 14th March 2008	0.1326 美元兌 1 人民幣 USD0.1326 to RMB1

上述衍生工具於各年結日按公允值計算。其公允值乃按同等工具按照金融機構所報之市價釐定。

The above derivatives are measured at fair value at each balance sheet date, determined based on the quoted prices from financial institutions for equivalent instruments.

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29. 銀行存款及現金結餘

銀行存款及現金結餘包括銀行存款、現金以及三個月或以下的短期存款。短期銀行存款合共人民幣57,046,000元(二零零六年:人民幣10,000,000元)的固定年利率為1.71%至2.88%(二零零六年:1.62%至2.07%)。

其銀行結餘及現金當中,有部份是以非功能貨幣之外的外幣計值:

29. BANK BALANCES AND CASH

Bank balances and cash comprises bank balances and cash held by the Group and short-term bank deposits with maturity of three months or less which are interest-bearing at prevailing market rates. The short-term bank deposits of RMB57,046,000 (2006: RMB10,000,000) carry fixed interest rates ranged from 1.71% to 2.88% per annum (2006: 1.62% to 2.07% per annum).

Included in bank balances and cash are the following amounts denominated in foreign currencies other than the functional currency of the Group to which they relate:

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
歐元	EUR	3,912	2,545
美元	USD	50,915	38,446
港元	HKD	19	1
日元	Japanese Yen	6	—

30. 列作待出售之資產

截至二零零六年十二月三十一日,本集團已有指定計劃出售一座已空置的建築物及土地使用權之預付租賃款項,之前此建築物由本集團之其中一家附屬公司作為辦公用途。本集團現正尋找合適買家。截至二零零六年十二月三十一日,有關資產之出售之所得款淨額預期將超過其賬面淨額,因此,由土地使用權之預付租賃款項及建築物重分類至待出售之資產時,不須確認減值虧損。該建築物及土地使用權之預付租賃款項截至二零零七年十二月三十一日止年度已出售。

30. ASSETS CLASSIFIED AS HELD FOR SALE

For the year ended 31st December 2006, the Group had a committed plan to dispose of prepaid lease payments on land use rights and buildings erected thereon, which was previously used as an office premise for one of the Company's subsidiary, were no longer utilised. A search was underway for a buyer. The net proceeds of disposal were expected to exceed the net carrying amount of the relevant assets, therefore no impairment loss was recognised on reclassification of the prepaid lease payments on land use rights and buildings as assets held for sale as at 31st December 2006. The prepaid lease payments on land use rights and buildings were disposed of during the year ended 31st December 2007.

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31. 應付賬款及其它應付款項

於二零零七年十二月三十一日，應付賬款及票據的賬齡分析如下：

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
一年以內	Within one year	156,140	198,906
多於一年但少於兩年	More than one year but less than two years	6,528	10,388
多於兩年但少於三年	More than two years but less than three years	9,233	428
超過三年	Over three years	4,455	3,358
		176,356	213,080
其它應付款項及應計費用	Other payables and accrued charges	93,451	53,267
		269,807	266,347

於二零零七年十二月三十一日，其他應付款項及應計費用裡包含了預收一家少數股東款合共人民幣10,646,000元(二零零六年：無)。

At 31st December 2007, the ageing analysis of the trade and bills payables is as follows:

As at 31st December 2007, included in other payables and accrued charges amounted to RMB10,646,000 (2006: Nil) are receipt in advance from a minority shareholder.

32. 無抵押短期銀行貸款

無抵押之銀行貸款
於一年內到期

Unsecured bank loans
due within one year

二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
206,819	235,234

以上金額按市場利率計息。

於二零零七年十二月三十一日，銀行貸款包括約人民幣160,000,000元貸款按固定年利率5.216%至7.290%計息，餘下銀行貸款為以浮動年利率按香港銀行同業拆息利率加1%至1.2%計息。

於二零零六年十二月三十一日，銀行貸款包括約人民幣185,000,000元貸款按固定年利率5.508%至5.580%計息，餘下銀行貸款為以浮動年利率按香港銀行同業拆息利率加1.2%計息。

32. UNSECURED SHORT-TERM BANK LOANS

The above amounts bear interest at prevailing market rates.

At 31st December 2007, bank loans include approximately RMB160,000,000 fixed-rate borrowings which carry interest at 5.216% to 7.290% per annum. The remaining bank loans are floating-rate borrowings which carry interest ranging from HIBOR plus 1% to HIBOR plus 1.2% per annum.

At 31st December 2006, bank loans included approximately RMB185,000,000 fixed-rate borrowings which carry interest at 5.508% to 5.580% per annum. The remaining bank loans are floating-rate borrowings which carry interest at HIBOR plus 1.2% per annum.

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32. 無抵押短期銀行貸款 (續)

本集團以有關集團公司之功能貨幣以外之貨幣列示之借貸如下：

32. UNSECURED SHORT-TERM BANK LOANS (continued)

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	港幣千元 Hong Kong Dollars '000
於二零零七年十二月三十一日	50,000
於二零零六年十二月三十一日	<u>50,000</u>

於二零零七年十二月三十一日，本集團獲得新增貸款金額為人民幣299,237,000元(二零零六年：人民幣323,011,000元)。貸款按市場利率計息並將於二零零八年全數償還。

During the year ended 31st December 2007, the Group obtained new loans in the amount of approximately RMB299,237,000 (2006: RMB323,011,000). These loans carry interest at prevailing market rates and will be repayable in 2008.

33. 股本

33. SHARE CAPITAL

發行及實收資本	二零零七年 2007		二零零六年 2006	
	千股 Number of shares '000	人民幣千元 RMB'000	千股 Number of shares '000	人民幣千元 RMB'000
國有股份每股面值人民幣1元	State-owned shares of RMB1 each			
於一月一日	163,259	163,259	214,440	214,440
股權分置改革減少(附註1)	—	—	(26,654)	(26,654)
轉至法人股份(附註2)	—	—	(24,527)	(24,527)
於十二月三十一日	<u>163,259</u>	<u>163,259</u>	<u>163,259</u>	<u>163,259</u>
募集法人股每股面值人民幣1元	Promoters' shares of RMB1 each			
於一月一日	16,720	16,720	16,720	16,720
由募集法人股轉A股	(16,720)	(16,720)	—	—
於十二月三十一日	<u>—</u>	<u>—</u>	<u>16,720</u>	<u>16,720</u>
法人股每股面值人民幣1元	PRC legal person shares of RMB1 each			
於一月一日	24,527	24,527	—	—
由國有股份轉入(附註2)	—	—	24,527	24,527
於十二月三十一日	<u>24,527</u>	<u>24,527</u>	<u>24,527</u>	<u>24,527</u>
高管股份每股面值人民幣1元	Senior management shares of RMB1 each			
於一月一日	39	39	44	44
股權分置改革及高管離職淨減少	—	—	(5)	(5)
股權出售及高管離職淨減少	(8)	(8)	—	—
於十二月三十一日	<u>31</u>	<u>31</u>	<u>39</u>	<u>39</u>

綜合財務報表附註 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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33. 股本 (續)

33. SHARE CAPITAL (continued)

發行及實收資本	二零零七年 2007		二零零六年 2006	
	千股 Number of shares '000	人民幣千元 RMB'000	千股 Number of shares '000	人民幣千元 RMB'000
人民幣普通股 (「A股」)	RMB ordinary shares			
每股面值人民幣1元	(A Shares) of RMB1 each			
於一月一日	102,768	102,768	76,109	76,109
股權分置改革及 高管離職淨增加 (附註1)	—	—	26,659	26,659
股權由募集法人股及高管轉入	16,728	16,728	—	—
於十二月三十一日	119,496	119,496	102,768	102,768
境外上市的外資股 (「H股」)	Overseas listed foreign invested shares			
每股面值人民幣1元	(H Shares) of RMB1 each			
於一月一日及十二月三十一日	150,000	150,000	150,000	150,000
	457,313	457,313	457,313	457,313

附註：

- 根據本公司股權分置的改革方案，本公司非流通A股股東—新華醫藥，為本公司之直接控股公司，向股權分置改革方案實施的股權登記日登記在冊的本公司流通A股股東每10股流通A股作出的3.5股對價安排。新華醫藥共需送出26,653,665股股票作為其獲得於A股市場流通權的條件。這些股份於各方面與其它股份享有同等權益。
- 於二零零六年十一月二十七日，本公司接到新華醫藥通知，其持有的本公司股份被司法拍賣，司法凍結及質押。上述新華醫藥持有的本公司股份被司法拍賣、司法凍結及質押是由於新華醫藥為其自身利益及其附屬公司及第三方利益而進行的各種給予新華醫藥的貸款而提供擔保及新華醫藥及其附屬公司(不包括公司及其附屬公司)的債務糾紛。因此，新華醫藥持有的本公司總計約24,527,000股股份已經被司法拍賣過戶，新華醫藥持有的本公司股份總數已由過戶前約187,786,000股(佔本公司總股本約41.06%)減少為過戶後約163,259,000股(佔本公司總股本約35.70%)。

Notes:

- In accordance with the revised share reform of the Company for the conversion of non-tradable A shares to tradable A shares during the year ended 31st December 2006 ("Revised Share Reform"), the holder of the non-tradable A shares, SXP GC, which was also an immediate holding company of the Company, offered as consideration, 3.5 shares of non-tradable A shares of the Company for every 10 tradable A shares held by A share shareholders as registered on the registration date in respect of the implementation of the Revised Share Reform. Upon the completion of the reform, SXP GC offered 26,653,665 non-tradable A shares as condition to have trading right in the A share market. These shares rank pari passu in all respects with other shares in issue.
- On 27th November 2006, the Company received a notice from SXP GC that shares held by SXP GC in the Company have been subject to judicial sale, judicial freezing and pledging. The said judicial sale, judicial freezing and pledging of shares held by SXP GC in the Company is due to various loans to SXP GC and guarantees given by SXP GC for its own benefits and the benefits of its subsidiaries and third parties, and financial disputes involving SXP GC and SXP GC subsidiaries (but excluding the Company and its subsidiaries). As a result, a total of approximately 24,527,000 shares held by SXP GC in the Company have been sold via judicial auction, and the total shares held by SXP GC in the Company before and after the said sale has decreased from approximately 187,786,000 (representing approximately 41.06% of the total share capital of the Company) to approximately 163,259,000 (representing approximately 35.70% of the total share capital of the Company).

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34. 遞延所得稅(資產)負債

本集團年內遞延所得稅(資產)負債之變動如下：

34. DEFERRED TAX (ASSETS) LIABILITIES

The movements in deferred tax (assets) liabilities of the Group during the year are as follows:

	會計準備		財務工具公允值之變動		其它		總計	
	Accounting provisions		Change in fair value of financial instruments		Others		Total	
	二零零七年	二零零六年	二零零七年	二零零六年	二零零七年	二零零六年	二零零七年	二零零六年
	2007	2006	2007	2006	2007	2006	2007	2006
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
於一月一日								
At 1st January	3,361	3,098	—	—	826	948	4,187	4,046
本年度計入儲備扣除								
Charge to equity for the year	—	—	51,410	—	—	—	51,410	—
本年度綜合損益賬扣除(計入)								
Charge (credit) to consolidated income statement for the year	(11,850)	263	2,385	—	(148)	(122)	(9,613)	141
稅率變更的影響								
Effect of change in tax rate	1,539	—	—	—	(370)	—	1,169	—
於十二月三十一日								
At 31st December	<u>(6,950)</u>	<u>3,361</u>	<u>53,795</u>	<u>—</u>	<u>308</u>	<u>826</u>	<u>47,153</u>	<u>4,187</u>
							二零零七年	二零零六年
							2007	2006
							人民幣千元	人民幣千元
							RMB'000	RMB'000
於資產負債表確認的淨遞延所得稅資產							(2,157)	—
於資產負債表確認的淨遞延所得稅負債							49,310	4,187
							<u>47,153</u>	<u>4,187</u>

34. 遞延所得稅(資產)負債

(續)

於二零零七年十二月三十一日，本集團未使用可抵扣將來利潤的稅務虧損約人民幣1,097,000元(二零零六年：人民幣1,653,000)，由於未來利潤趨勢不能確定，因此沒有確認這些稅務虧損為遞延所得稅資產。

於二零零六年十二月三十一日，本集團有人民幣約33,414,000元的可抵免暫時性差異。由於不太可能有納稅利潤以使用可抵免暫時性差異，所以並沒有確認遞延所得稅資產。於二零零七年十二月三十一日，該些可抵免暫時性差異確認為遞延所得稅資產以抵銷截至二零零七年十二月三十一日止年度的遞延所得稅負債。

35. 銀行借貸

本集團之銀行信貸總額人民幣200,000,000元(二零零六年：人民幣300,000,000元)由直接控股公司擔保。於二零零七年十二月三十一日，本集團已使用人民幣27,184,000元於開具銀行承兌匯票予供貨商(二零零六年：無)。

34. DEFERRED TAX (ASSETS) LIABILITIES

(continued)

As at 31st December 2007, the Group has unused tax losses of approximately RMB1,097,000 (2006: RMB1,653,000) available for offsetting against future profits. No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit streams.

At 31st December 2006, the Group had deductible temporary difference of approximately RMB33,414,000. No deferred tax asset had been recognised in relation to such deductible temporary difference as it was not probable that the taxable profit will be available against which the deductible temporary differences can be utilised. At 31st December 2007, the temporary difference has been fully recognised as deferred tax asset to set off the deferred tax liabilities during the year ended 31st December 2007.

35. BANKING FACILITIES

The Group's banking facilities of RMB200,000,000 (2006: RMB300,000,000) were guaranteed by the immediate holding company. As at 31st December 2007, the Group utilised RMB27,184,000 in respect of bills payables issued to suppliers (2006: Nil).

綜合財務報表附註 (續)

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36. 收購附屬公司

- (a) 於二零零七年一月一日，本集團購買0.1%新華一百利高權益，代價為美元6,000元(約人民幣46,000元)。在此之前，新華一百利高為本集團持有的50%聯營公司。此次收購已按購買會計法入賬。

所收購附屬公司之可識別資產及負債之公允值與彼等各自之賬面值並無重大差異。

所收購淨資產值：

36. ACQUISITION OF SUBSIDIARIES

- (a) On 1st January 2007, the Group acquired 0.1% equity interests in an existing 50% held associate, Xinhua-Perrigo for a consideration of US\$6,000 (equivalent to approximately RMB46,000). The acquisition has been accounted for using the purchase method.

The fair value of net assets acquired approximate to their carrying amounts.

Net assets acquired:

2007年1月1日
1/1/2007
人民幣千元
RMB'000

物業、廠房及設備	Property, plant and equipment	43,987
應收賬款及其它應收款項	Trade and other receivables	2,742
存貨	Inventories	10,365
銀行存款及現金	Bank balances and cash	4,731
應付賬款及其它應付款項	Trade and other payables	(9,517)
應付股東款項	Amounts due to shareholders	(14,240)
		<u>38,068</u>
少數股東權益	Minority interests	(18,996)
		<u>19,072</u>
總代價	Total consideration	
		<u>19,072</u>
由以下方式支付：	Satisfied by:	
現金	Cash	46
聯營公司權益	Interests in associates	19,026
		<u>19,072</u>
因收購產生的	Net cash inflow arising	
現金流入淨額：	from acquisition:	
已付現金代價	Cash consideration paid	(46)
所收購的銀行結餘及現金	Bank balances and cash acquired	4,731
		<u>4,685</u>

綜合財務報表附註 (續)

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36. 收購附屬公司 (續)

(a) (續)

新華一利高於二零零七年一月一日(收購日)至年結日(亦為本集團的全年財政年度)，對本集團的營業額及溢利的貢獻分別為人民幣111,902,000元及人民幣9,454,000元。

- (b) 於二零零七年十一月三十日，本公司對一間持有49%權益的聯營公司—山東大地新華化學有限公司(「大地新華」)增資人民幣6,000,000元，與另一方股東的注資不成比例，增資完成後本公司對大地新華的權益由49%增加至58.56%，而本集團亦對其財務及經營政策有控制權，所以分類為視作收購附屬公司(「視作收購」)。此次收購已按購買會計法入賬。

所收購附屬公司之可識別資產及負債之公允值與彼等各自之賬面值並無重大差異。

36. ACQUISITION OF SUBSIDIARIES (continued)

(a) (continued)

Xinhua-Perrigo contributed RMB111,902,000 and RMB9,454,000 to the Group's turnover and profit respectively for the period between the date of acquisition and the balance sheet date, which is also the whole accounting year of the Group.

- (b) On 30th November 2007, the Company increases its investment cost of RMB6,000,000 in an associate, 山東大地新華化學有限公司(「大地新華」). The capital injection is not in proportion to the existing shareholding in 大地新華, as a result, the Company's interest held in 大地新華 increased from 49% to 58.56%, also the Group controlled the financial and operating policies of 大地新華 and therefore classified as a deemed acquisition of subsidiary ("deemed acquisition"). The deemed acquisition has been accounted for using the purchase method.

The fair value of net assets acquired approximate to their carrying amounts.

綜合財務報表附註 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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36. 收購附屬公司 (續)

(b) (續)

所收購淨資產值：

物業、廠房及設備
在建工程
應收賬款及其它應收款項
存貨
銀行存款及現金
應付賬款及其它應付款項

少數股東權益

總代價

由以下方式支付：

現金
聯營公司權益

因收購產生的
現金流入淨額：
已付現金代價
所收購的銀行結餘及現金

大地新華於收購日與年結日對本集團的營業額及溢利並沒有重大貢獻。

倘於二零零七年一月一日完成收購，收購對本集團之營業額及年內溢利並無重大影響。備參資料乃僅供參考，而未必能顯示倘收購事項於二零零七年一月一日已完成，本集團將已達到之收入及經營業績，亦並非預測未來業績。

36. ACQUISITION OF SUBSIDIARIES (continued)

(b) (continued)

Net assets acquired:

Property, plant and equipment
Construction in progress
Trade and other receivables
Inventories
Bank balances and cash
Trade and other payables

Minority interests

Total consideration

Satisfied by:

Cash
Interests in associates

Net cash inflow arising
from acquisition:
Cash consideration paid
Bank balances and cash acquired

大地新華 had no significant contribution to the Group's revenue and profit before tax for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1st January 2007, there would have been no significant impact on the Group's turnover and profit for the year. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1st January 2007, nor is it intended to be a projection of future results.

2007年11月30日

30/11/2007

人民幣千元

RMB'000

23,690

3,576

14,891

16,579

6,759

(23,962)

41,533

(22,477)

19,056

6,000

13,056

19,056

(6,000)

6,759

759

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37. 承擔

37. COMMITMENTS

(a) 資本承擔

- (i) 在建工程及物業、廠房及設備承擔

於年結日，本集團主要就是有關建築物及生產設備的在建工程及購置物業、購買土地使用權、購買廠房及設備之未撥備資本性承擔如下：

(a) Capital commitments

- (i) Commitments for construction in progress and property, plant and equipment

At the balance sheet date, the Group had the following capital commitments principally related to construction in progress, purchase of land use rights and purchase of property, plant and equipment in respect of buildings and production facilities which were not provided for in the consolidated financial statements.

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
已簽約但未撥備	Contracted but not provided	26,511	15,621
已批准但未簽約	Authorised but not contracted for	235,380	143,270
		261,891	158,891

(b) 經營租賃承擔

本集團作為承租人

本集團根據經營租約安排租賃其若干零售店。該等物業的租約之經磋商年期由一年至五年及為固定租金。

於年結日，本集團根據不可撤銷經營租約於下列到期日之將來最低應付租金承擔如下：

(b) Commitments under operating leases

The Group as lessee

The Group leases certain of its retail shops under operating lease arrangements. Lease for properties are negotiated for a term ranging from one to five years and rentals are under fixed rate.

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
一年內	Within one year	545	597
第二至第五年	In the second to fifth year inclusive	553	176
五年後	Over five years	—	81
		1,098	854

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37. 承擔 (續)

(c) 其它承擔

於二零零七年十二月三十一日，本集團有關增加投資於一家附屬公司的已批准但未簽約的資本承擔為人民幣16,100,000元。

本集團於二零零六年十二月三十一日有關於投資於一聯營公司49%股權的已簽約但未撥備之資本性承擔之金額為人民幣7,440,000元。此聯營公司的主要業務為於中國生產及銷售化工產品。

38. 或有負債

於二零零七年十二月三十一日止年度，本集團向銀行提供財務擔保予一家獨立第三方公司用作開具銀行承兌匯票給予本公司旗下一家附屬公司合共人民幣14,000,000元。如果開具的銀行承兌匯票逾期，則本集團只對銀行開具的匯票票面金額與提貨通知單上的金額之差額負有連帶責任。於二零零七年十二月三十一日，銀行已開具人民幣7,000,000元匯票，而提貨通知單金額為人民幣6,500,000元。(二零零六年：無)。

37. COMMITMENTS (continued)

(c) Other Commitments

The Group had capital commitment which authorised but not contracted for totalling RMB16,100,000 in respect of the additional capital injection in a subsidiary as at 31st December 2007.

As at 31st December 2006, the Group had capital commitment contracted but not provided for totalling RMB7,440,000 in respect of investment in an associate with 49% equity interest. The associate was engaged in production and sale of chemical products in the PRC.

38. CONTINGENT LIABILITIES

For the year ended 31st December 2007, the Group provided financial guarantee to a bank in respect of bills of exchange amounted to RMB14,000,000 granted to an independent third party which the bills of exchange would be issued to a subsidiary of the Company. The Group is only liable to the difference between the face value of bills of exchange issued by the bank and the amounts on bill of landing. As at 31st December 2007, bills of exchange amounted to RMB7,000,000 and bill of landing amounted to RMB6,500,000 have been issued respectively by the bank (2006: Nil).

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39. 有關連人士交易

39. RELATED PARTY TRANSACTIONS

(a) 除於本財務報表所披露外，本集團在其它正常業務範圍內進行之重大有關連人士交易摘要如下：

(a) Except as disclosed in elsewhere in the consolidated financial statements, the other significant related party transactions, which were carried out in the normal course of the Group's business are as follows:

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
新華醫藥：	SXPGC:		
— 支付許可商標 (附註1)	— Payment of annual trademark licence fee (Note 1)	1,100	1,000
— 租金支出	— Rental expense	500	500
— 購買物業、廠房及設備	— Purchase of property, plant and equipment	—	1,499
同級附屬公司：	Fellow subsidiaries:		
— 銷售水電汽及原材料	— Sale of water, electricity, steam and raw materials	14,036	13,160
— 採購原材料	— Purchase of raw materials	96,730	72,293
— 租金收入	— Rental income	952	1,438
— 租金支出	— Rental expense	370	—
— 設計費收入	— Design fee income	10	—
— 購買物業、廠房及設備 及土地使用權	— Purchase of property plant and equipment and land use rights	3,358	—
聯營公司：	Associates:		
— 銷售水電汽	— Sale of water, electricity and steam	—	6,766
— 採購原材料	— Purchase of raw materials	34,768	6,421
— 利息收入	— Interest income received	—	270
— 銷售技術	— Sale of technical know-how	—	2,005
— 銷售在製品	— Sale of work-in-progress	—	4,759
— 出售物業、廠房及設備	— Sale of property, plant and equipment	—	1,708
— 設計費收入	— Design fee income	31	—
少數股東：	Minority shareholder:		
— 銷售化學原料藥 及化工原料	— Sale of bulk pharmaceuticals and chemical materials	175,989	—
— 採購化工原料 及水電汽	— Purchase of chemical materials, water, electricity and steam	2,938	—

綜合財務報表附註 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(根據香港普遍採納之會計原則編制)

(PREPARED UNDER HONG KONG GENERALLY ACCEPTED ACCOUNTING PRINCIPLES)

截至二零零七年十二月三十一日止年度

FOR THE YEAR ENDED 31ST DECEMBER 2007

39. 有關連人士交易 (續)

(a) (續)

附註：

1. 在一九九六年十二月七日，本集團獲授予獨佔使用權，就其現有及將來於中國及海外的產品，使用新華商標（「商標」），首年年費為人民幣600,000元，其後每年遞增人民幣100,000元，直至年費達到上限人民幣1,100,000元，此後年費將維持不變，直至協議予以終止。協議條款須於商標有效期間（至二零一三年二月二十八日）持續生效，並視乎期後商標協議條款有否更新。本集團截至二零零七年十二月三十一日止年度支付的年費為人民幣1,100,000元（二零零六年：人民幣1,000,000元）。
2. 本集團現時由中國政府透過旗下眾多機構、成員或組織（統稱「國有企業」）直接或間接擁有或控制的經濟環境下經營業務。截止二零零七年十二月三十一日止年度，本集團除與其它公司外亦與國有企業有銷售及採購藥品及原材料之交易。本公司之董事認為此等與國有企業之交易均為正常的業務往來，而中國政府對此等交易並沒有直接參與或擁有重大控制權。對此等與國有企業之關係，本公司董事認為此等交易並不形成重大關聯交易而須獨立披露。

(b) 於二零零七年十二月三十一日，本集團之最終控股公司為本集團之銀行貸款合共人民幣80,000,000元提供擔保（二零零六年：人民幣180,000,000元）。

39. RELATED PARTY TRANSACTIONS

(continued)

(a) (continued)

Notes:

1. On 7th December 1996, the Group was granted the exclusive right to use the trademark "Xinhua" ("Trademark") by SXPGC for its existing and future products in and outside the PRC at an initial annual fee of RMB600,000 increasing at the rate of an extra RMB100,000 per year until the annual fee reaches the cap amount of RMB1,100,000, which shall stay as such until the agreement is terminated. The terms of the agreement shall continue to have effect during the validity period of the Trademark, being 28th February 2013, subject to further renewal of the registration of the Trademark. During the year ended 31st December 2007, the annual fee paid by the Group amounting RMB1,100,000 (2006: RMB1,000,000).
2. The Group operates in an economic environment predominated by enterprises directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively "State-owned Enterprises"). During the year ended 31st December 2007, the Group had transactions with State-owned Enterprises including, but not limited to, sales of pharmaceutical products and purchases of raw materials. The directors of the Company consider that transactions with other State-owned Enterprises are activities in the ordinary course of business, and that dealings of the Group have not been significantly controlled or owned by the PRC government. The Group has also established pricing policies for products and such pricing policies do not depend on whether or not the customers are State-owned Enterprises. Having due regard to the substance of the relationships, the directors of the Company are of the opinion that none of these transactions is a material related party transaction that requires separate disclosure.

(b) At 31st December 2007, the ultimate holding company provides guarantee in respect of bank loans amounted to RMB80,000,000 (2006: RMB180,000,000).

綜合財務報表附註 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(根據香港普遍採納之會計原則編制)

(PREPARED UNDER HONG KONG GENERALLY ACCEPTED ACCOUNTING PRINCIPLES)

截至二零零七年十二月三十一日止年度

FOR THE YEAR ENDED 31ST DECEMBER 2007

39. 有關連人士交易 (續)

39. RELATED PARTY TRANSACTIONS

(continued)

(c) 主要管理人員之報酬

本年度董事及其它主要管理人員之薪酬列明如下：

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
短期福利	Short-term benefits	2,491	2,592
僱員結束服務後之福利	Post-employment benefits	172	168
		2,663	2,760

董事及主要管理人員之薪酬由行政資源及薪酬委員會根據個人表現及市場趨勢釐定。

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(d) 本公司與本公司之同級附屬公司－山東新華工貿股份有限公司(「新華工貿」)於二零零七年一月二十二日簽訂股權轉讓協議，新華工貿將其持有的交通銀行144,000股法人股以每股人民幣4.5元的價格合共人民幣648,000元轉讓給本公司。

(d) On 22nd January 2007, the Company entered into an agreement with a fellow subsidiary of the Company, Shandong Xinhua Industry & Trade Company Limited (山東新華工貿股份有限公司) (“Xinhua Industry & Trade Company”) in relation to the acquisition of 144,000 legal person shares of Bank of Communications in the total consideration of RMB648,000 at RMB4.5 per share.

綜合財務報表附註 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(根據香港普遍採納之會計原則編制)

(PREPARED UNDER HONG KONG GENERALLY ACCEPTED ACCOUNTING PRINCIPLES)

截至二零零七年十二月三十一日止年度

FOR THE YEAR ENDED 31ST DECEMBER 2007

40. 附屬公司

於二零零七年十二月三十一日之附屬公司如下：

40. SUBSIDIARIES

Details of Company's subsidiaries as at 31st December 2007 are as follows:

附屬公司名稱 Name of subsidiary	註冊成立 國家及法定地位 Place of incorporation and kind of legal entity	註冊資本 詳情 Issued and fully paid share capital/ registered capital	實際 擁有權益 Effective interest held	主要業務及經營地點 Principal activities and place of operation
東營新華大藥店有限公司 Dongying Xinhua Drug Store Company Limited	中國，有限責任公司 PRC, limited company	人民幣900,000元 RMB900,000	46.64% 46.64%	於中國經營藥物及醫藥用品零售 Retail sales of medicine and medical products in the PRC
山東新華製藥(歐洲)有限公司 Shandong Xinhua Pharmaceutical (Europe) GmbH	德國，有限責任公司 Germany, limited company	歐元650,000元 EUR650,000	76.90% 76.90%	於歐洲經營藥物及醫藥用品貿易 Trading of medicine and medical products in Europe
山東新華醫藥貿易有限公司 Shandong Xinhua Medical Trading Company Limited	中國，有限責任公司 PRC, limited company	人民幣48,498,900元 RMB48,498,900	99.76% 99.76%	於中國經營藥物及醫藥用品貿易 Trading of medicine and medical products in the PRC
濰博新華大藥店(連鎖)有限公司 Zibo Xinhua Pharmacy (Chain) Company Limited	中國，有限責任公司 PRC, limited company	人民幣2,000,000元 RMB2,000,000	88% 88%	於中國經營藥物及醫藥用品零售 Retail sales of medicine and medical products in the PRC
濰博新華醫藥設計院有限公司 Zibo Xinhua Pharmaceutical Design Institute Company Limited	中國，有限責任公司 PRC, limited company	人民幣2,000,000元 RMB2,000,000	90% 90%	於中國經營醫藥工程的設計 Design of medical production projects in the PRC
濰博新華中西製藥有限責任公司 Zibo Xinhua-Eastwest Pharmaceutical Company Limited	中國，有限責任公司 PRC, limited company	美元1,500,000元 US\$1,500,000	75% 75%	於中國生產及銷售聚卡波非鈣原料藥 Production and sale of calcium polycarbophil materials in the PRC
山東新華製藥進出口有限責任公司 Shandong Xinhua Pharmaceutical Import & Export Company Limited	中國，有限責任公司 PRC, limited company	人民幣3,000,000元 RMB3,000,000	99.52% 99.52%	於中國進出口藥品及藥物技術 Import and export of chemical products and pharmaceutical technical know-how in the PRC

綜合財務報表附註 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(根據香港普遍採納之會計原則編制)

(PREPARED UNDER HONG KONG GENERALLY ACCEPTED ACCOUNTING PRINCIPLES)

截至二零零七年十二月三十一日止年度

FOR THE YEAR ENDED 31ST DECEMBER 2007

40. 附屬公司 (續)

於二零零七年十二月三十一日之附屬公司如下：(續)

40. SUBSIDIARIES (continued)

Details of Company's subsidiaries as at 31st December 2007 are as follows: (continued)

附屬公司名稱 Name of subsidiary	註冊成立 國家及法定地位 Place of incorporation and kind of legal entity	註冊資本 詳情 Issued and fully paid share capital/ registered capital	實際 擁有權益 Effective interest held	主要業務及經營地點 Principal activities and place of operation
淄博新華一百利高製藥 有限責任公司(「新華一百利高」) SINO-USA Zibo Xinhua — Perrigo Pharmaceutical Company Limited ("Xinhua-Perrigo")	中國，有限責任公司 PRC, limited company	美元6,000,000 USD6,000,000	50.10%	於中國生產藥物及醫藥用品 Production of medicine and medical products in the PRC
山東大地新華化學有限公司 (「大地新華」) Shandong Dadi Xinhua Chemical Company Limited ("Dadi Xinhua")	中國，有限責任公司 PRC, limited company	人民幣32,000,000元 RMB32,000,000	58.56%	於中國生產及銷售化工產品 Production and sale of chemical products in the PRC
濰坊萬源化工有限公司 (「萬源化工」) ¹ Weifang Wanyuan Chemical & Industrial Company Limited ("Wanyuan Chemical")	中國，有限責任公司 PRC, limited company	人民幣10,000,000元 RMB10,000,000	29.87%	於中國生產及銷售化工產品 Production and sales of chemical products in the PRC

¹ 大地新華持有萬源化工51%權益，於二零零七年十一月三十日收購大地新華後，萬源化工成為本公司之附屬公司。

¹ 萬源化工 is 51% owned by 大地新華, and has become a subsidiary of the Company after the acquisition of 大地新華 on 30th November 2007.

並無附屬公司於年結日擁有任何債務證券。

None of the subsidiaries had issued any debt securities at the end of the year.

41. 結算日後事項

於二零零八年一月十七日，本公司與新華工貿訂立一項轉讓協議，由本公司收購新華工貿辦公大樓及土地使用權的全部權益、權利及所有權，代價為人民幣9,500,000元。

41. POST BALANCE SHEET EVENT

On 17th January 2008, the Company and Xinhua Industry & Trade Company entered into a transfer agreement in relation to the acquisition of Xinhua Industry & Trade Company's entire interest, right and title in buildings and land use rights at a total consideration of RMB9,500,000.

42. 比較數據

截至二零零六年十二月三十一日止年度，某些數據已作出重分類，以使與本年度的呈列方法相符。

42. COMPARATIVE FIGURES

Certain comparative amounts for the year ended 31st December 2006 have been reclassified to conform with the current year's presentation.

中國審計師報告

PRC AUDITORS' REPORT

信永中和
ShineWing

信永中和會計師事務所

ShineWing
certified public accountants

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山東新華製藥股份有限公司全體股東：

我們審計了後附的山東新華製藥股份有限公司(以下簡稱「貴公司」)合併及母公司財務報表，包括2007年12月31日的資產負債表，2007年度的利潤表、現金流量表、股東權益變動表及財務報表附註。

管理層對財務報表的責任

按照企業會計準則的規定編制財務報表是貴公司管理層的責任。這種責任包括：(1)設計、實施和維護與財務報表編制相關的內部控制，以使財務報表不存在由於舞弊或錯誤而導致的重大錯報；(2)選擇和運用恰當的會計政策；(3)作出合理的會計估計。

ALL SHAREHOLDERS OF SHANDONG XINHUA PHARMACEUTICAL COMPANY LIMITED:

We have audited the accompanying financial statements (consolidated and company) of Shandong Xinhua Pharmaceutical Company Limited ("the Company"), which comprise the balance sheet as at 31 Dec. 2007, and the income statement, and cash flow statement, and statement of changes in shareholder's equity for the year then ended, and notes to the financial statements.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation of these financial statements in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation 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.

註冊會計師的責任

我們的責任是在實施審計工作的基礎上對財務報表發表審計意見。我們按照中國註冊會計師審計準則的規定執行了審計工作。中國註冊會計師審計準則要求我們遵守職業道德規範，計劃和實施審計工作以對財務報表是否不存在重大錯報獲取合理保證。

審計工作涉及實施審計程序，以獲取有關財務報表金額和披露的審計證據。選擇的審計程序取決於註冊會計師的判斷，包括對由於舞弊或錯誤導致的財務報表重大錯報風險的評估。在進行風險評估時，我們考慮與財務報表編制相關的內部控制，以設計恰當的審計程序，但目的並非對內部控制的有效性發表意見。審計工作還包括評價管理層選用會計政策的恰當性和作出會計估計的合理性，以及評價財務報表的總體列報。

我們相信，我們獲取的審計證據是充分、適當的，為發表審計意見提供了基礎。

審計意見

我們認為，貴公司財務報表已經按照企業會計準則的規定編制，在所有重大方面公允反映了貴公司2007年12月31日的財務狀況以及2007年度的經營成果和現金流量。

信永中和會計師事務所

中國註冊會計師：郎爭

中國註冊會計師：張新衛

中國 北京
二零零八年四月十八日

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China's Auditing Standards for the Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 financial statements comply with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China and present fairly, in all material respects, the financial position of the Company as at 31 Dec.2007, and the results of operations and cash flows of the Company for the year then ended.

ShineWing Certified Public Accountants

Certified Public Accountant, PRC

Lang Zheng

Certified Public Accountant, PRC

Zhang Xinwei

Beijing, PRC
18 April 2008

合併及母公司資產負債表

CONSOLIDATED AND THE PARENT COMPANY'S BALANCE SHEET

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

資產 Assets	附註 Notes	合併 Consolidated		母公司 Parent Company		
		2007年12月31日 31 December 2007 End. Balance 人民幣元 RMB	2006年12月31日 31 December 2006 Beg. Balance 人民幣元 RMB	2007年12月31日 31 December 2007 End. Balance 人民幣元 RMB	2006年12月31日 31 December 2006 Beg. Balance 人民幣元 RMB	
流動資產：	Current assets:					
貨幣資金	Cash	7.1	212,257,860.96	162,535,231.19	171,473,812.44	134,014,405.66
交易性金融資產	Held-for-trade financial assets	7.2	15,896,732.85	133,672.68	15,896,732.85	133,672.68
應收票據	Notes receivable	7.3	71,965,993.53	19,430,806.25	54,105,664.07	17,461,774.68
應收賬款	Accounts receivable	7.4	221,089,889.52	269,249,651.02	215,346,436.72	249,187,477.63
預付款項	Advance to suppliers	7.5	21,437,818.42	19,872,479.25	20,260,313.40	9,704,886.67
應收利息	Interest receivable		—	1,548,365.00	—	1,548,365.00
應收股利	Dividend receivable		—	—	—	—
其他應收款	Other receivable	7.6	20,581,451.30	41,624,438.90	28,127,733.96	53,808,365.88
存貨	Inventories	7.7	286,041,091.79	224,355,465.93	187,002,774.30	193,112,417.52
一年內到期的 非流動資產	Non-current assets due within one year		—	—	—	—
其他流動資產	Other current assets		—	—	—	—
流動資產合計	Sub-total of current assets		849,270,838.37	738,750,110.22	692,213,467.74	658,971,365.72
非流動資產：	Non-current assets:					
可供出售金融資產	Available-for-sale financial assets	7.8	367,162,640.00	23,777,318.00	367,162,640.00	23,777,318.00
持有至到期投資	Held-to-maturity investment	7.9	—	117,075,500.00	—	117,075,500.00
長期應收款	Long-term receivable		—	—	—	—
長期股權投資	Long-term equity investment	7.10	23,512,190.33	42,580,066.62	131,823,478.19	115,975,461.52
投資性房地產	Investment property		—	—	—	—
固定資產	Fixed assets	7.11	853,263,386.97	778,747,090.08	746,249,488.38	758,083,056.05
在建工程	Construction in progress	7.12	71,180,403.06	81,044,943.17	70,537,755.07	81,044,943.17
工程物資	Construction materials		—	4,877,467.51	—	4,877,467.51
固定資產清理	Disposal of fixed assets		—	—	—	—
生產性生物資產	Biological assets		—	—	—	—
油氣資產	Oil and nature gas		—	—	—	—
無形資產	Intangible assets	7.13	96,647,338.77	93,301,452.81	95,463,885.48	93,238,519.48
開發支出	Research & Development cost		—	—	—	—
商譽	Goodwill		—	—	—	—
長期待攤費用	Long-term prepayments		—	—	—	—
遞延所得稅資產	Deferred tax assets	7.14	9,678,183.64	7,615,422.95	7,521,605.43	7,615,422.95
其他非流動資產	Other non-current assets		—	—	—	—
非流動資產合計	Sub-total of non-current assets		1,421,444,142.77	1,149,019,261.14	1,418,758,852.55	1,201,687,688.68
資產總計	Total of Assets		2,270,714,981.14	1,887,769,371.36	2,110,972,320.29	1,860,659,054.40

合併及母公司資產負債表 (續)

CONSOLIDATED AND THE PARENT COMPANY'S BALANCE SHEET (continued)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

負債和股東權益 Liabilities & Shareholders' equity	附註 Notes	合併 Consolidated		母公司 Parent Company	
		2007年12月31日 31 December 2007 End. Balance 人民幣元 RMB	2006年12月31日 31 December 2006 Beg. Balance 人民幣元 RMB	2007年12月31日 31 December 2007 End. Balance 人民幣元 RMB	2006年12月31日 31 December 2006 Beg. Balance 人民幣元 RMB
流動負債：	Current liabilities				
短期借款	Short-term loans	7.15	206,819,000.00	235,233,500.00	166,819,000.00
交易性金融負債	held-for-trade financial liabilities		—	—	—
應付票據	notes payable	7.16	30,184,200.00	97,066,900.00	27,184,200.00
應付賬款	Accounts payable	7.17	154,100,269.89	121,904,513.77	112,608,591.46
預收款項	Advances from customers	7.18	22,385,801.00	9,650,823.43	3,218,722.41
應付職工薪酬	Employee benefits payable	7.19	39,725,806.31	31,748,340.76	38,954,024.91
應交稅費	Tax payable	7.20	(2,698,407.78)	(642,994.69)	(5,606,583.11)
應付利息	Interest payable		—	—	—
應付股利	Dividends payable	7.21	5,506,871.72	5,826,365.75	5,268,267.14
其他應付款	Other payable	7.22	40,580,775.84	29,021,844.06	31,666,915.52
一年內到期的 非流動負債	Non-current liabilities due within one year		—	—	—
其他流動負債	Other current liabilities		—	—	—
流動負債小計	Sub-total of current liabilities		496,604,316.98	529,809,293.08	380,113,138.33
非流動負債：	Non-current liabilities				
長期借款	Long-term borrowings		—	—	—
應付債券	Bonds payable		—	—	—
長期應付款	Long-term payables		—	—	—
專項應付款	Specific payables		—	—	—
預計負債	Provisions		—	—	—
遞延所得稅負債	Deferred tax liabilities	7.23	53,795,108.23	—	53,795,108.23
其他非流動負債	Other non-current liabilities		3,561,500.00	3,561,500.00	3,561,500.00
非流動負債小計	Sub-total of non-current liabilities		57,356,608.23	3,561,500.00	57,356,608.23
負債合計	Total liabilities		553,960,925.21	533,370,793.08	437,469,746.56
股東權益：	Shareholders' equity				
股本	Share capital	7.24	457,312,830.00	457,312,830.00	457,312,830.00
資本公積	Capital surplus	7.25	850,245,800.85	558,919,077.15	850,245,800.85
減：庫存股	Less: Treasury stock		—	—	—
盈餘公積	Surplus reserve	7.26	164,257,990.01	162,285,764.68	163,595,448.70
未分配利潤	Undistributed profits	7.27	193,496,393.27	171,891,840.60	202,348,494.18
外幣報表折算差額	Foreign currency statements translation difference		647,937.91	708,115.79	—
歸屬於母公司 股東權益小計	Sub-total of shareholders' equity attributable to the parent company		1,665,960,952.04	1,351,117,628.22	1,673,502,573.73
少數股東權益	Minority Interest	7.28	50,793,103.89	3,280,950.06	—
股東權益合計	Total shareholders' equity		1,716,754,055.93	1,354,398,578.28	1,673,502,573.73
負債和股東權益總計	Total liabilities & shareholders' equity		2,270,714,981.14	1,887,769,371.36	2,110,972,320.29

合併及母公司利潤表

CONSOLIDATED AND THE PARENT COMPANY'S INCOME STATEMENT

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

項目 Item	附註 Notes	合併 Consolidated		母公司 Parent Company		
		2007年度 2007 Current year cumulatives 人民幣元 RMB	2006年度 2006 Last year cumulatives 人民幣元 RMB	2007年度 2007 Current year cumulatives 人民幣元 RMB	2006年度 2006 Last year cumulatives 人民幣元 RMB	
一. 營業收入	Operating Income	7.29	1,886,978,951.19	1,722,899,961.83	1,441,720,515.03	1,365,810,053.00
減：營業成本	Less: Operating Cost	7.29	1,602,416,724.99	1,439,645,679.82	1,234,939,353.52	1,100,211,366.84
營業稅金及附加	Taxes and surcharges	7.30	11,914,322.55	9,233,548.18	11,303,831.39	8,983,784.77
銷售費用	Selling and distribution expenses		86,788,904.20	115,767,700.70	37,911,493.16	104,835,371.56
管理費用	General and administrative expenses		129,003,027.18	96,169,249.78	117,570,489.74	91,034,309.26
財務費用	Financial expenses	7.31	20,220,553.65	20,742,820.77	19,103,870.58	20,703,459.09
資產減值損失	Impairment loss of assets	7.32	15,925,441.13	19,132,768.59	4,444,280.30	19,034,827.05
加：公允價值變動收益	Add: Gain or Loss from changes in fair value	7.33	15,763,060.17	50,510.04	15,763,060.17	50,510.04
投資收益	Investment gain or loss	7.34	(1,019,598.87)	6,029,998.09	(5,256,422.87)	6,498,020.71
其中：對聯營企業和合營企業的投資收益	Including: Investment gain or loss from joint ventures and associates		(3,580,329.93)	(698,973.17)	(7,817,153.93)	(230,950.55)
匯兌收益	Exchange gain or loss		—	—	—	—
二. 營業利潤	Operating profit		35,453,438.79	28,288,702.12	26,953,833.64	27,555,465.18
加：營業外收入	Add: Non-operating income	7.35	18,728,400.05	4,147,643.28	18,607,416.95	4,134,099.37
減：營業外支出	Less: Non-operating Cost	7.36	7,671,345.36	3,079,044.60	10,069,092.28	3,014,376.11
其中：非流動資產處置損失	Including: Disposal gain or loss on non-current assets		3,989,901.88	541,613.13	7,220,276.92	541,613.13
三. 利潤總額	Income before tax		46,510,493.48	29,357,300.80	35,492,158.31	28,675,188.44
減：所得稅費用	Less: Income tax expense	7.37	8,366,209.04	6,603,627.32	6,251,405.76	6,360,056.06
四. 淨利潤	Net profit		38,144,284.44	22,753,673.48	29,240,752.55	22,315,132.38
其中：歸屬於母公司股東的淨利潤	Attributable to: Equity holder of the parent company		32,723,034.60	23,567,389.39	29,240,752.55	22,315,132.38
少數股東損益	Minority interests		5,421,249.84	(813,715.91)	—	—
五. 每股收益	Earnings per share					
(一) 基本每股收益	Basic		0.07	0.05	0.06	0.05
(二) 稀釋每股收益	Diluted		0.07	0.05	0.06	0.05

合併及母公司現金流量表

CONSOLIDATED AND THE PARENT COMPANY'S CASH FLOW STATEMENT

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

項目 Item	附註 Notes	合併 Consolidated		母公司 Parent Company	
		2007年度 2007	2006年度 2006	2007年度 2007	2006年度 2006
		Current year cumulatives	Last year cumulatives	Current year cumulatives	Last year cumulatives
		人民幣元	人民幣元	人民幣元	人民幣元
		RMB	RMB	RMB	RMB
一、經營活動產生的現金流量：		CASH FLOW FROM OPERATING ACTIVITIES			
銷售商品、提供勞務收到的現金		1,510,043,727.20	1,375,727,996.66	1,211,918,357.42	1,242,696,484.38
收到的稅費返還		14,318,790.15	14,165,414.79	6,799,749.67	13,441,545.47
收到其他與經營活動有關的現金	7.38	31,513,639.69	51,699,308.85	43,944,198.13	54,011,786.60
經營活動現金流入小計		1,555,876,157.04	1,441,592,720.30	1,262,662,305.22	1,310,149,816.45
購買商品、接受勞務支付的現金		1,066,992,350.69	1,000,338,718.62	853,057,825.71	882,917,963.16
支付給職工以及為職工支付的現金		171,799,738.27	132,778,520.19	147,097,161.79	127,298,964.85
支付各項稅費		65,875,063.72	42,606,345.30	57,302,971.04	40,780,483.75
支付其他與經營活動有關的現金	7.38	130,617,960.52	132,565,630.11	96,449,919.41	122,147,597.59
經營活動現金流出小計		1,435,285,113.20	1,308,289,214.22	1,153,907,877.95	1,173,145,009.35
經營活動產生的現金流量淨額		120,591,043.84	133,303,506.08	108,754,427.27	137,004,807.10
二、投資活動產生的現金流量：		CASH FLOWS FROM INVESTING ACTIVITIES			
收回投資收到的現金		117,000,000.00	—	117,000,000.00	—
取得投資收益收到的現金		4,109,096.06	6,585,061.26	4,109,096.06	6,585,061.26
處置固定資產、無形資產和其他長期資產收回的現金淨額		16,638,246.39	10,166,628.02	16,632,050.40	10,166,628.02
處置子公司及其他營業單位收到的現金淨額		—	—	—	—
收到其他與投資活動有關的現金		—	—	—	—
投資活動現金流入小計		137,747,342.45	16,751,689.28	137,741,146.46	16,751,689.28
購建固定資產、無形資產和其他長期資產支付的現金		87,742,491.69	91,192,169.79	85,498,993.95	90,589,258.79
投資支付的現金		9,158,170.60	13,000,000.00	20,298,170.60	22,008,212.50
取得子公司及其他營業單位支付的現金淨額		—	—	—	—
支付其他與投資活動有關的現金		—	—	—	—
投資活動現金流出小計		96,900,662.29	104,192,169.79	105,797,164.55	112,597,471.29
投資活動產生的現金流量淨額		40,846,680.16	(87,440,480.51)	31,943,981.91	(95,845,782.01)

合併及母公司現金流量表 (續)

CONSOLIDATED AND THE PARENT COMPANY'S CASH FLOW STATEMENT (continued)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

項目 Item	附註 Notes	合併 Consolidated		母公司 Parent Company	
		2007年度 2007 Current year cumulatives 人民幣元 RMB	2006年度 2006 Last year cumulatives 人民幣元 RMB	2007年度 2007 Current year cumulatives 人民幣元 RMB	2006年度 2006 Last year cumulatives 人民幣元 RMB
三. 籌資活動產生的現金流量：	CASH FLOWS FROM FINANCING ACTIVITIES				
吸收投資收到的現金	Cash receipts from investors in making investment in the enterprise	—	3,002,737.50	—	—
其中：子公司吸收少數股東投資收到的現金	Including: Cash receipts from the subsidiaries by absorbing the minorities' equity investment	—	3,002,737.50	—	—
取得借款收到的現金	Cash receipts from borrowings	260,620,782.00	322,806,150.00	260,620,782.00	317,806,150.00
收到其他與籌資活動有關的現金	Other cash receipts relating to financing activities	—	—	—	—
籌資活動現金流入小計	SUB-TOTAL OF CASH INFLOWS	260,620,782.00	325,808,887.50	260,620,782.00	317,806,150.00
償還債務支付的現金	Cash repayments of amounts borrowed	331,767,039.70	502,316,019.22	320,220,063.00	502,316,019.22
分配股利、利潤或償付利息支付的現金	Cash payments for distribution of dividends or profits, or cash payments for interest expenses	19,601,928.40	32,987,403.27	19,199,157.71	32,987,403.27
其中：子公司支付少數股東的股利、利潤	Including: Cash payments by the subsidiaries to the minority shareholders	—	—	—	—
支付其他與籌資活動有關的現金	Other cash payments relating to financing activities	—	—	—	—
籌資活動現金流出小計	SUB-TOTAL OF CASH OUTFLOWS	351,368,968.10	535,303,422.49	339,419,220.71	535,303,422.49
籌資活動產生的現金流量淨額	NET CASH FLOWS FROM FINANCING ACTIVITIES	(90,748,186.10)	(209,494,534.99)	(78,798,438.71)	(217,497,272.49)
四. 匯率變動對現金及現金等價物的影響	EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	(3,991,370.85)	(1,275,547.85)	(3,194,953.69)	(1,444,100.70)
五. 現金及現金等價物淨增加額	NET INCREASE OF CASH AND CASH EQUIVALENT	66,698,167.05	(164,907,057.27)	58,705,016.78	(177,782,348.10)
加：期初現金及現金等價物餘額	Add: Beginning balance of cash and cash equivalents	133,134,361.19	298,041,418.46	104,613,535.66	282,395,883.76
六. 期末現金及現金等價物餘額	ENDING BALANCE OF CASH AND CASH EQUIVALENT	199,832,528.24	133,134,361.19	163,318,552.44	104,613,535.66

股東權益變動表

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

2007年度合併股東權益變動表

Consolidated Statement of Changes in Shareholder's Equity in 2007

項目 Item		歸屬於母公司所有者權益						少數股東權益	股東權益合計	
		Equity attributable to the parent company						Minority	Shareholder's	
		股本	資本公積	減：庫存股	盈餘公積	一般風險準備	未分配利潤	Interest	Equity	
		Share capital	Capital surplus	Less: Treasury stock	Surplus reserves	General risk provision	Undistributed profit	Others		
	人民幣元	人民幣元	人民幣元	人民幣元	人民幣元	人民幣元	人民幣元	人民幣元		
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB		
一、上年年末餘額	Ending balance of last year	457,312,830.00	558,919,077.15	—	162,285,764.68	—	171,891,840.60	708,115.79	3,280,950.06	1,354,398,578.28
加：會計政策變更	Add: Effects of the changes of accounting policies	—	—	—	—	—	—	—	—	—
前期差錯更正	Effects of the changes of prior accounting errors	—	—	—	—	—	—	—	—	—
二、本年年初餘額	Beginning balance of the year	457,312,830.00	558,919,077.15	—	162,285,764.68	—	171,891,840.60	708,115.79	3,280,950.06	1,354,398,578.28
三、本年增減變動金額(減少以「()」號填列)	Increase/decreased in the year (decrease is presented in bracket)	—	291,326,723.70	—	1,972,225.33	—	21,604,552.67	(60,177.88)	47,512,153.83	362,355,477.65
(一) 淨利潤	I Net profit	—	—	—	—	—	32,723,034.60	—	5,421,249.84	38,144,284.44
(二) 直接計入股東權益的利得和損失	II Gain or loss directly included in shareholders' equity	—	291,326,723.70	—	—	—	—	(60,177.88)	(854,325.41)	290,412,220.41
1. 可供出售金融資產公允價值變動淨額	a. Net changes in fair value of available-for-sale financial assets	—	342,737,322.00	—	—	—	—	—	—	342,737,322.00
2. 權益法下被投資單位其他股東權益變動的影響	b. Effects of the changes of other shareholders' equity of the investees under equity method	—	—	—	—	—	—	—	—	—
3. 與計入股東權益項目相關的所得稅影響	c. Effects of income tax related to shareholder's equity	—	(51,410,598.30)	—	—	—	—	—	—	(51,410,598.30)
4. 其他	d. Others	—	—	—	—	—	—	(60,177.88)	(854,325.41)	(914,503.29)
上述(一)和(二)小計	Sub-total of I & II	—	291,326,723.70	—	—	—	32,723,034.60	(60,177.88)	4,566,924.43	328,556,504.85
(三) 股東投入和減少資本	III Shareholder's devoted capital and decreased capital	—	—	—	—	—	—	—	42,945,229.40	42,945,229.40
1. 股東投入資本	a. Shareholder's devoted capital	—	—	—	—	—	—	—	42,945,229.40	42,945,229.40
2. 股份支付計入股東權益的金額	b. Paid in shares included in shareholders' equity	—	—	—	—	—	—	—	—	—
3. 其他	c. Others	—	—	—	—	—	—	—	—	—
(四) 利潤分配	IV Profit distribution	—	—	—	1,972,225.33	—	(11,118,481.93)	—	—	(9,146,256.60)
1. 提取盈餘公積	a. Withdrawal of surplus reserves	—	—	—	1,972,225.33	—	(1,972,225.33)	—	—	—
2. 對股東的分配	b. Distributions to shareholders	—	—	—	—	—	(9,146,256.60)	—	—	(9,146,256.60)
3. 提取一般風險準備	c. Withdrawal of general risk provision	—	—	—	—	—	—	—	—	—
4. 其他	d. Others	—	—	—	—	—	—	—	—	—
(五) 股東權益內部結轉	V Carrying forward internal shareholders' equity	—	—	—	—	—	—	—	—	—
1. 資本公積轉增資本(或股本)	a. Capital surplus conversed to capital (Share capital)	—	—	—	—	—	—	—	—	—
2. 盈餘公積轉增資本(或股本)	b. Surplus reserves conversed to capital (Share capital)	—	—	—	—	—	—	—	—	—
3. 盈餘公積彌補虧損	c. Remedying loss with surplus reserves	—	—	—	—	—	—	—	—	—
4. 其他	d. Others	—	—	—	—	—	—	—	—	—
四、本年年末餘額	Ending balance of the year	457,312,830.00	850,245,800.85	—	164,257,990.01	—	193,496,393.27	647,937.91	50,793,103.89	1,716,754,055.93

股東權益變動表 (續)

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY (continued)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

2006年度合併股東權益變動表

Consolidated Statement of Changes in Shareholder's Equity in 2006

項目 Item		歸屬於母公司所有者權益						少數股東權益 Minority Interest	股東權益合計 Total of Shareholder's Equity	
		Equity attributable to the parent company								
		股本	資本公積	減：庫存股	盈餘公積	一般風險準備	未分配利潤			其他
		Share capital	Capital surplus	Less: Treasury stock	Surplus reserves	General risk provision	Undistributed profit			Others
	人民幣元	人民幣元	人民幣元	人民幣元	人民幣元	人民幣元	人民幣元	人民幣元		
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB		
一、上年年末餘額	Ending balance of last year	457,312,830.00	558,919,077.15	—	160,207,660.67	—	167,636,170.49	(583,121.59)	1,091,928.47	1,344,584,545.19
加：會計政策變更	Add: Effects of the changes of accounting policies	—	—	—	—	—	5,632,026.23	1,027,247.49	—	6,659,273.72
前期差錯更正	Effects of the changes of prior accounting errors	—	—	—	—	—	—	—	—	—
二、本年年初餘額	Beginning balance of the year	457,312,830.00	558,919,077.15	—	160,207,660.67	—	173,268,196.72	444,125.90	1,091,928.47	1,351,243,818.91
三、本年增減變動金額(減少以「()」號填列)	Increase/decreased in the year (decrease is presented in bracket)	—	—	—	2,078,104.01	—	(1,376,356.12)	263,989.89	2,189,021.59	3,154,759.37
(一) 淨利潤	I Net profit	—	—	—	—	—	23,567,389.39	—	(813,715.91)	22,753,673.48
(二) 直接計入股東權益的利得和損失	II Gain or loss directly included in shareholders' equity	—	—	—	—	—	—	263,989.89	—	263,989.89
1. 可供出售金融資產公允價值變動淨額	a. Net changes in fair value of available-for-sale financial assets	—	—	—	—	—	—	—	—	—
2. 權益法下被投資單位其他股東權益變動的影響	b. Effects of the changes of other shareholders' equity of the investees under equity method	—	—	—	—	—	—	—	—	—
3. 與計入股東權益項目相關的所得稅影響	c. Effects of income tax related to shareholder's equity	—	—	—	—	—	—	—	—	—
4. 其他	d. Others	—	—	—	—	—	—	263,989.89	—	263,989.89
上述(一)和(二)小計	Sub-total of I & II	—	—	—	—	—	23,567,389.39	263,989.89	(813,715.91)	23,017,663.37
(三) 股東投入和減少資本	III Shareholder's devoted capital and decreased capital	—	—	—	—	—	—	—	3,002,737.50	3,002,737.50
1. 股東投入資本	a. Shareholder's devoted capital	—	—	—	—	—	—	—	3,002,737.50	3,002,737.50
2. 股份支付計入股東權益的金額	b. Paid in shares included in shareholders' equity	—	—	—	—	—	—	—	—	—
3. 其他	c. Others	—	—	—	—	—	—	—	—	—
(四) 利潤分配	IV Profit distribution	—	—	—	2,078,104.01	—	(24,943,745.51)	—	—	(22,865,641.50)
1. 提取盈餘公積	a. Withdrawal of surplus reserves	—	—	—	2,078,104.01	—	(2,078,104.01)	—	—	—
2. 對股東的分配	b. Distributions to shareholders	—	—	—	—	—	(22,865,641.50)	—	—	(22,865,641.50)
3. 提取一般風險準備	c. Withdrawal of general risk provision	—	—	—	—	—	—	—	—	—
4. 其他	d. Others	—	—	—	—	—	—	—	—	—
(五) 股東權益內部結轉	V Carrying forward internal shareholders' equity	—	—	—	—	—	—	—	—	—
1. 資本公積轉增資本(或股本)	a. Capital surplus converted to capital (Share capital)	—	—	—	—	—	—	—	—	—
2. 盈餘公積轉增資本(或股本)	b. Surplus reserves converted to capital (Share capital)	—	—	—	—	—	—	—	—	—
3. 盈餘公積彌補虧損	c. Remedying loss with surplus reserves	—	—	—	—	—	—	—	—	—
4. 其他	d. Others	—	—	—	—	—	—	—	—	—
四、本年年末餘額	Ending balance of the year	457,312,830.00	558,919,077.15	—	162,285,764.68	—	171,891,840.60	708,115.79	3,280,950.06	1,354,398,578.28

股東權益變動表 (續)

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY (continued)

(根據中國會計準則編制)
(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

2007年度母公司股東權益變動表

The Parent Company's Statement of Changes in Shareholder's Equity in 2007

項目 Item		股本	資本公積	減：庫存股	盈餘公積	一般風險準備	未分配利潤	其他	股東權益合計
		Share capital	Capital surplus	Less: treasury stock	Surplus reserves	General risk provision	Undistributed profit	Others	Total shareholders' equity
		人民幣元	人民幣元	人民幣元	人民幣元	人民幣元	人民幣元	人民幣元	人民幣元
		RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
一、上年年末餘額	Ending balance of last year	457,312,830.00	558,919,077.15	—	162,011,233.56	—	183,838,213.37	—	1,362,081,354.08
加：會計政策變更	Add: Effects of the changes of accounting policies	—	—	—	—	—	—	—	—
前期差錯更正	Effects of the changes of prior accounting errors	—	—	—	—	—	—	—	—
二、本年年初餘額	Beginning balance of the year	457,312,830.00	558,919,077.15	—	162,011,233.56	—	183,838,213.37	—	1,362,081,354.08
三、本年增減變動金額(減少以()號填列)	Increase/decreased in the year (decrease is presented in bracket)								
(一) 淨利潤	I Net profit	—	291,326,723.70	—	1,584,215.14	—	18,510,280.81	—	311,421,219.65
(二) 直接計入股東權益的利得和損失	II Gain or loss directly included in shareholders' equity	—	291,326,723.70	—	—	—	—	—	291,326,723.70
1. 可供出售金融資產公允價值變動淨額	a. Net changes in fair value of available-for-sale financial assets	—	342,737,322.00	—	—	—	—	—	342,737,322.00
2. 權益法下被投資單位其他股東權益變動的影響	b. Effects of the changes of other shareholders' equity of the investees under equity method	—	—	—	—	—	—	—	—
3. 與計入股東權益項目相關的所得稅影響	c. Effects of income tax related to shareholder's equity	—	(51,410,598.30)	—	—	—	—	—	(51,410,598.30)
4. 其他	d. Others	—	—	—	—	—	—	—	—
上述(一)和(二)小計	Sub-total of I & II	—	291,326,723.70	—	—	—	29,240,752.55	—	320,567,476.25
(三) 股東投入和減少資本	III Shareholder's devoted capital and decreased capital	—	—	—	—	—	—	—	—
1. 股東投入資本	a. Shareholder's devoted capital	—	—	—	—	—	—	—	—
2. 股份支付計入股東權益的金額	b. Paid in shares included in shareholders' equity	—	—	—	—	—	—	—	—
3. 其他	c. Others	—	—	—	—	—	—	—	—
(四) 利潤分配	IV Profit distribution	—	—	—	1,584,215.14	—	(10,730,471.74)	—	(9,146,256.60)
1. 提取盈餘公積	a. Withdrawal of surplus reserves	—	—	—	1,584,215.14	—	(1,584,215.14)	—	—
2. 對股東的分配	b. Distributions to shareholders	—	—	—	—	—	(9,146,256.60)	—	(9,146,256.60)
3. 提取一般風險準備	c. Withdrawal of general risk provision	—	—	—	—	—	—	—	—
4. 其他	d. Others	—	—	—	—	—	—	—	—
(五) 股東權益內部結轉	V Carrying forward internal shareholder' equity	—	—	—	—	—	—	—	—
1. 資本公積轉增資本(或股本)	a. Capital surplus converted to capital (Share capital)	—	—	—	—	—	—	—	—
2. 盈餘公積轉增資本(或股本)	b. Surplus reserves converted to capital (Share capital)	—	—	—	—	—	—	—	—
3. 盈餘公積彌補虧損	c. Remediating loss with surplus reserves	—	—	—	—	—	—	—	—
4. 其他	d. Others	—	—	—	—	—	—	—	—
四、本年年末餘額	Ending balance of the year	457,312,830.00	850,245,800.85	—	163,595,448.70	—	202,348,494.18	—	1,673,502,573.73

股東權益變動表 (續)

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY (continued)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

2006年度母公司股東權益變動表

The Parent Company's Statement of Changes in Shareholder's Equity in 2006

項目 Item		股本	資本公積	減：庫存股	盈餘公積	一般風險準備	未分配利潤	其他	股東權益合計
		Share capital	Capital surplus	Less: treasury stock	Surplus reserves	General risk provision	Undistributed profit	Others	Total shareholders' equity
		人民幣元	人民幣元	人民幣元	人民幣元	人民幣元	人民幣元	人民幣元	人民幣元
		RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
一、上年年末餘額	Ending balance of last year	457,312,830.00	558,919,077.15	—	159,980,492.82	—	167,861,084.93	—	1,344,073,484.90
加：會計政策變更	Add: Effects of the changes of accounting policies	—	—	—	—	—	18,558,378.30	—	18,558,378.30
前期差錯更正	Effects of the changes of prior accounting errors	—	—	—	—	—	—	—	—
二、本年年初餘額	Beginning balance of the year	457,312,830.00	558,919,077.15	—	159,980,492.82	—	186,419,463.23	—	1,362,631,863.20
三、本年增減變動金額(減少以「()」號填列)	Increase/decreased in the year (decrease is presented in bracket)	—	—	—	2,030,740.74	—	(2,581,249.86)	—	(550,509.12)
(一) 淨利潤	I Net profit	—	—	—	—	—	22,315,132.38	—	22,315,132.38
(二) 直接計入股東權益的利得和損失	II Gain or loss directly included in shareholders' equity	—	—	—	—	—	—	—	—
1. 可供出售金融資產公允價值變動淨額	a. Net changes in fair value of available-for-sale financial assets	—	—	—	—	—	—	—	—
2. 權益法下被投資單位其他股東權益變動的影響	b. Effects of the changes of other shareholders' equity of the investees under equity method	—	—	—	—	—	—	—	—
3. 與計入股東權益項目相關的所得稅影響	c. Effects of income tax related to shareholder's equity	—	—	—	—	—	—	—	—
4. 其他	d. Others	—	—	—	—	—	—	—	—
上述(一)和(二)小計	Sub-total of I & II	—	—	—	—	—	22,315,132.38	—	22,315,132.38
(三) 股東投入和減少資本	III Shareholder's devoted capital and decreased capital	—	—	—	—	—	—	—	—
1. 股東投入資本	a. Shareholder's devoted capital	—	—	—	—	—	—	—	—
2. 股份支付計入股東權益的金額	b. Paid in shares included in shareholders' equity	—	—	—	—	—	—	—	—
3. 其他	c. Others	—	—	—	—	—	—	—	—
(四) 利潤分配	IV Profit distribution	—	—	—	2,030,740.74	—	(24,896,382.24)	—	(22,865,641.50)
1. 提取盈餘公積	a. Withdrawal of surplus reserves	—	—	—	2,030,740.74	—	(2,030,740.74)	—	—
2. 對股東的分配	b. Distributions to shareholders	—	—	—	—	—	(22,865,641.50)	—	(22,865,641.50)
3. 提取一般風險準備	c. Withdrawal of general risk provision	—	—	—	—	—	—	—	—
4. 其他	d. Others	—	—	—	—	—	—	—	—
(五) 股東權益內部結轉	V Carrying forward internal shareholders' equity	—	—	—	—	—	—	—	—
1. 資本公積轉增資本(或股本)	a. Capital surplus conversed to capital (Share capital)	—	—	—	—	—	—	—	—
2. 盈餘公積轉增資本(或股本)	b. Surplus reserves conversed to capital (Share capital)	—	—	—	—	—	—	—	—
3. 盈餘公積彌補虧損	c. Remedying loss with surplus reserves	—	—	—	—	—	—	—	—
4. 其他	d. Others	—	—	—	—	—	—	—	—
四、本年年末餘額	Ending balance of the year	457,312,830.00	558,919,077.15	—	162,011,233.56	—	183,838,213.37	—	1,362,081,354.08

會計報表註釋

NOTES TO THE ACCOUNTS

(本註釋除另有註明者外以人民幣千元為單位)

(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

一. 公司的基本情況

山東新華製藥股份有限公司(下稱「本公司」)於1993年由山東新華製藥廠改制設立。1996年12月本公司以香港為上市地點，公開發行中華人民共和國H股股票。1997年7月本公司以深圳為上市地點，公開發行中華人民共和國A股股票。1998年11月經中華人民共和國對外貿易經濟合作部批准後，轉為外商投資股份有限公司。2001年9月經批准增發A股普通股票3,000萬股，同時減持國有股300萬股。

截至2007年12月31日，本公司的註冊資本為人民幣457,313千元，股本結構如下：

1. Background of the Company

Shandong Xinhua Pharmaceutical Company Limited (hereinafter referred to as the "Company") was established in 1993 as the result of the reorganization of Shandong Xinhua Pharmaceutical Factory. The Company issued its H Shares at Hong Kong Stock Exchange in December 1996 and listed its A Shares at Shenzhen Stock Exchange in July 1997. The Company became a foreign invested joint stock company in November 1998 upon approval by the Ministry of Foreign Trade and Economic Cooperation of P.R. China. The Company issued additional 30 million ordinary A shares as approved and decreased 3 million state-held shares in September 2001.

The registered capital of the Company as of 31 December 2007 is RMB457.31 million and its share capital as of 31 December 2007 consists of the following:

		股份數額 Shares	股本金額 Amount	比例 Ratio
國家股	State-held shares	163,259	163,259	35.70%
社會法人股	Legal-person shares	24,527	24,527	5.36%
高管股	Senior management -held shares	31	31	0.01%
社會公眾H股	Publicly-held H shares	150,000	150,000	32.80%
社會公眾A股	Publicly-held A shares	119,496	119,496	26.13%
合計	Total	<u>457,313</u>	<u>457,313</u>	<u>100%</u>

本公司主要從事開發、製造和銷售化學原料藥、製劑及化工產品。

The Company is mainly engaged in developing, manufacturing and selling bulk pharmaceuticals, preparations and chemicals products.

根據山東省科學技術廳魯科高字(2001)647號文件的通知，本公司被確認為高新技術企業。

According to the Circular "Lu Ke Gao Zi (2001) No. 647" issued by Shandong Provincial Bureau of Science & Technology, the Company has been recognized as a new and high-tech company.

本公司註冊地在山東省淄博市高新技術產業開發區化工區。

The Company's place of registration is the Chemical Area in Zibo New and High Technology Industrial Development Zone, Shandong Province.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

二. 財務報表的編制基礎

本財務報表以本公司持續經營為基礎編制。

本公司原按照2006年以前頒布的企業會計準則和《企業會計制度》(以下合稱「原會計準則和制度」)編制財務報表。自2007年1月1日起,本公司開始執行財政部於2006年頒布的企業會計準則(以下簡稱「企業會計準則」)。2007年度財務報表為本公司首份按照企業會計準則編制的年度財務報表。

在編制2007年度財務報表時,2006年度的相關比較數字已按照財政部《企業會計準則第38號 — 首次執行企業會計準則》及相關規定、中國證監會《公開發行證券的公司信息披露規範問答第7號 — 新舊會計準則過渡期間比較財務會計信息的編制和披露》的要求進行追溯調整,所有項目已按照企業會計準則重新列報。

三. 遵循企業會計準則的聲明

本公司編制的財務報表符合《企業會計準則》的要求,真實完整地反映了企業的財務狀況、經營成果和現金流量等有關信息。

2. Basis of the Preparation of Financial Statements

The financial statements shall be prepared on the basis on the assumption of the Company as a going concern.

The company prepared the financial statements according to the Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises (hereinafter referred to as the "old ASBEs") promulgated by the Ministry of Finance ("MOF") before 2006. On 1 January 2007, the Accounting Standards for Business Enterprises (hereinafter referred to as the "ASBEs") promulgated by MOF in 2006 was initially carried out by the company. The financial statements in 2007 shall be firstly presented according to the ASBEs.

The financial statements in 2007 shall consist of the comparative information of 2006 which have been adjusted retrospectively as required by the ASBEs No.38-First-time Adoption of Accounting Standards for Business Enterprises and corresponding practical guidelines promulgated by MOF, and the Circular on Issuing the No.7 Questions and Responses of Information Disclosure Standards of Public Companies — Compilation and Disclosure of the Comparative Financial Accounting Information during the Transition Period between the New and Old Accounting Standards, which has been promulgated by the China Securities Regulatory Commission (hereinafter referred to as the CSRC). All of the items of financial statements have been re-presented according to the ASBEs.

3. The Statement on Compliance with the ASBEs

The company believes that the financial statements have been prepared comply with the requirements of the ASBEs and presented fairly, in all material respects, the financial position of the Company and the operations results and cash flows of the Company.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)
(根據中國會計準則編制)
(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

四. 重要會計政策、會計估計和合併財務報表的編制方法

1. 會計年度

本公司會計年度自公曆1月1日起至12月31日止。

2. 記賬本位幣

本公司以人民幣作為記賬本位幣。

3. 報告期內計量屬性發生變化的報表項目及採用的計量屬性

本公司會計核算以權責發生制為記賬基礎。

本公司按照規定的會計計量屬性進行計量，報告期內計量屬性未發生變化。除交易性金融資產、可供出售金融資產等以公允價值計量外，各會計要素均以歷史成本為計價原則。

4. 現金及現金等價物

本公司現金流量表之現金指庫存現金以及可以隨時用於支付的存款。現金流量表之現金等價物指持有期限短(一般是指從購買日起三個月內到期)、流動性強、易於轉換為已知金額現金、價值變動風險很小的投資。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation

1. Accounting Year

The fiscal year of the Company is from January 1 to December 31 of each calendar year.

2. Reporting currency

The Company's reporting currency is Renminbi ("RMB").

3. Measurement Basis and its Changes in the Period

The financial statements have been prepared on an accrual basis.

The Company measures the accounting elements in accordance with the prescribed accounting measurement bases, without any changes during the reporting period. The accounting elements have been measured on historical cost principal except for the held-for-trading financial assets and available-for-sale financial assets which measured at their fair value.

4. Cash and Cash Equivalents

The cash in the Cash Flow Statement refers to as the cash-on-hand and deposits that are available for payment at any time. The cash equivalents refer to short-term (due within 3 months since the date of purchase) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

5. 外幣交易

5.1 外幣交易

本公司外幣交易按交易發生當月一日的即期匯率將外幣金額折算為人民幣金額。於資產負債表日，外幣貨幣性項目採用資產負債表日的即期匯率折算為人民幣，所產生的折算差額除了為購建或生產符合資本化條件的資產而借入的外幣專門借款產生的匯兌差額按資本化的原則處理外，直接計入當期損益。以公允價值計量的外幣非貨幣性項目，採用公允價值確定日的即期匯率折算為人民幣，所產生的折算差額，作為公允價值變動直接計入當期損益。以歷史成本計量的外幣非貨幣性項目，仍採用交易發生日的即期匯率折算，不改變其人民幣金額。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

5. Foreign Currency

5.1 Accounting for Foreign Currency

Foreign currency transactions shall be translated into RMB at the spot exchange rate on the first day of the month in which the transactions occurred. Foreign currency monetary items shall be translated using the spot exchange rate at the balance sheet date. Exchange differences arising from the differences between the spot exchange rate prevailing at the balance sheet date and those spot rates used on initial recognition or at the previous balance sheet date are recognized in profit or loss for the current period, except for those difference related to the principal and interest on a specific-purpose borrowing denominated in foreign currency for acquisitions, constructions or production of the qualified assets, which should be capitalized as cost of the assets. Foreign currency non-monetary items measured in fair value shall be translated using the spot exchange rate at the date when the fair value was determined. Exchange differences arising from the differences of exchange rate are recognized as changes in fair value in profit or loss for the current period. Foreign currency non-monetary items measured in historic cost shall still be translated using the spot exchange rate when the transaction occurred.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
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(根據中國會計準則編制)
(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

5. 外幣交易 (續)

5.2. 外幣財務報表的折算

境外經營的資產負債表中的資產和負債項目，採用資產負債表日的即期匯率折算，股東權益項目除未分配利潤項目外，其他項目採用發生時的即期匯率折算。境外經營的利潤表中的收入與費用項目，採用交易發生日的即期匯率折算。上述折算產生的外幣報表折算差額，在股東權益項目下單獨列示。實質上構成對境外經營淨投資的外幣貨幣性項目，因匯率變動而產生的匯兌差額，在編制合併財務報表時，也作為外幣報表折算差額在股東權益項目下單獨列示。處置境外經營時，與該境外經營有關的外幣報表折算差額，按比例轉入處置當期損益。

外幣現金流量以及境外子公司的現金流量採用現金流量發生日的即期匯率折算。匯率變動對現金的影響額，在現金流量表中單獨列示。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

5. Foreign Currency (continued)

5.2. Translation of Financial Statements Denominated in Foreign Currency

The Company shall translate the financial statements of a foreign operation as follows: assets and liabilities on the balance sheet will be translated at the spot rate prevailing at the balance sheet date, while the equity items except for undistributed profits on the balance sheet will be translated at the spot exchange rate when they occurred. Income and expenses on the income statement will be translated at the spot exchange rate at the date of the transactions. Differences arising from the above translations shall be presented as a separated component of shareholders' equity on the balance sheet. Exchange differences of the foreign currency items, which are substantively net investment to a foreign operation, arising from the change of the exchange rate shall be presented as a separated component of shareholders' equity on the balance sheet as well when the Company prepare the combined financial statements. Exchange differences related with the disposed foreign operation shall be transferred to profit or loss as the proportionate share in which the disposal occurs

Cash flow dominated in foreign currency or from the foreign subsidiaries shall be translated at the spot rate when occurs. Effects arising from change of exchange rate of cash shall be presented separated in cash flow statement.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

6. 金融資產和金融負債

6.1 金融資產的分類

本公司按投資目的和經濟實質對擁有的金融資產分為交易性金融資產、可供出售金融資產、應收款項、持有至到期投資四大類。

6.2 金融資產的確認和計量

金融資產以公允價值進行初始確認。以公允價值計量且其變動計入當期損益的金融資產，取得時發生的相關交易費用直接計入當期損益。其他金融資產的相關交易費用計入初始確認金額。當某項金融資產收取現金流量的合同權利已終止或與該金融資產所有權上幾乎所有的風險和報酬已轉移至轉入方的，終止確認該金融資產。

以公允價值計量且其變動計入當期損益的金融資產和可供出售金融資產按照公允價值進行後續計量；但在活躍市場中沒有報價且其公允價值不能可靠計量的權益工具投資，按照成本計量；應收款項以及持有至到期投資採用實際利率法，以攤餘成本列示。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

6. Financial Assets and Financial Liabilities

6.1 Classification of financial assets

The Company classified the financial assets as held-for-trading financial assets, available-for-sale financial assets, receivables and held-to-maturity investments by the purpose and substance of investments.

6.2 Recognition and measurement of financial assets

The financial asset shall be originally measured at its fair value. Transaction cost arising from acquisitions of financial assets at fair value through profit or loss shall be charged to the profit or loss for the current period. For other financial assets, the transaction costs shall be included in their initial recognition amounts. The Company shall derecognize a financial asset if the contractual rights to the cash flows from the financial asset expire, or all the risks and rewards belonging to the ownership of a financial asset have been substantively transferred to the transferee.

After initial recognition, the Company shall measure the financial assets at fair value through profit or loss and available-for-sale financial assets at their fair values, while investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured shall be measured at cost. Receivables and held-to-maturity investments shall be measured at amortised cost using the effective interest method.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

6. 金融資產和金融負債 (續)

6.2. 金融資產的確認和計量 (續)

以公允價值計量且其變動計入當期損益的金融資產的公允價值變動計入公允價值變動損益；在資產持有期間所取得的利息或現金股利，確認為投資收益；處置時，其公允價值與初始入賬金額之間的差額確認為投資損益，同時調整公允價值變動損益。

可供出售金融資產的公允價值變動計入股東權益；持有期間按實際利率法計算的利息，計入投資收益；可供出售權益工具投資的現金股利，於被投資單位宣告發放股利時計入投資收益；處置時，取得的價款與賬面價值扣除原直接計入股東權益的公允價值變動累計額之後的差額，計入投資損益。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

6. Financial Assets and Financial Liabilities (continued)

6.2 Recognition and measurement of financial assets (continued)

Gain or loss arising from changes in fair value of financial assets at fair value through profit or loss shall be recognized in current profit or loss. Interests or dividends achieved during the holding period shall be recognized as investment income. Difference between fair value and initial recognized amount arising from the disposal shall be recognized as investment income and presented in current profit or loss.

Gain or loss arising from changes in fair value of available-for-sale financial assets shall be recognized in shareholders' equity; Interests calculated using the effective interest method achieved during the holding period shall be recognized as investment income; Dividends on an available-for-sale equity instruments shall be recognized as investment income when the investee declares the dividends. Difference between the considerations of disposal and the carrying amount of financial assets deducted with any accumulative gain or loss that had been directly recognized in shareholders' equity shall be recognized in profit or loss.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

6. 金融資產和金融負債 (續)

6.3 金融資產減值

除以公允價值計量且其變動計入當期損益的金融資產外，本公司於資產負債表日對金融資產的賬面價值進行檢查，如果有客觀證據表明某項金融資產發生減值的，計提減值準備。如果可供出售金融資產的公允價值發生較大幅度或非暫時性下降，原直接計入股東權益的因公允價值下降形成的累計損失計入減值損失。對已確認減值損失的可供出售債務工具投資，在期後公允價值上升且客觀上與確認原減值損失確認後發生的事項有關的，原確認的減值損失予以轉回，計入當期損益。對已確認減值損失的可供出售權益工具投資，在期後公允價值上升且客觀上與確認原減值損失確認後發生的事項有關的，原確認的減值損失予以轉回，計入股東權益。在活躍市場中沒有報價且其公允價值不能可靠計量的權益工具投資發生的減值損失，不予轉回。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

6. Financial Assets and Financial Liabilities (continued)

6.3 Impairment of financial assets

The Company shall assess the carrying amount of financial assets other than those at fair value through profit or loss at the balance sheet date. If there is objective evidence that the financial asset is impaired, the Company shall determine the amount of any impairment loss. When an available-for-sale financial asset is impaired substantially or perpetually, the cumulative loss arising from decline in fair value that had been recognized directly in owner's equity shall be removed from owner's equity and recognized in profit or loss. If, after an impairment loss has been recognized on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss. Impairment losses recognized for an investment in an equity instrument classified as available-for-sale shall be reversed through owner's equity if the fair value increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognized. The impairment loss on an investment in unquoted equity instrument without a quoted price in an active market whose fair value cannot be reliably measured shall not be reversed.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

6. 金融資產和金融負債 (續)

6.4 金融資產轉移

本公司發生金融資產轉移時，如已將金融資產所有權上幾乎所有的風險和報酬轉移給轉入方的，則終止確認該金融資產；如保留了金融資產所有權上幾乎所有的風險和報酬的，則不終止確認該金融資產。

6.5 金融負債

分為以公允價值計量且其變動計入當期損益的金融負債和以攤餘成本計量的其他金融負債兩類。

7. 應收款項壞賬損失核算方法

7.1 壞賬的確認標準：因債務人破產或者死亡，以其破產財產或遺產清償後，仍不能收回的應收款項；因債務人逾期未履行償債義務，且具有明顯特徵表明無法收回的應收款項。

7.2 壞賬損失的核算方法：壞賬損失採用備抵法核算，期末按賬齡分析法計提壞賬準備(包括應收賬款和其他應收款)，計入當期損益。應收款項中與關聯公司的往來一般不計提壞賬準備。對於有確鑿證據表明確實無法收回的應收款項，經本公司董事會批准後列作壞賬損失，沖銷提取的壞賬準備。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

6. Financial Assets and Financial Liabilities (continued)

6.4 Transfer of Financial Assets

The Company shall derecognize the financial assets when the Company transfers substantially all the risks and rewards of ownership of a financial asset to the transferee. If the substantially risks and rewards of ownership of a financial asset to the transferee are retained, the Company shall not derecognize the financial asset.

6.5 Financial liabilities

The Company classified the financial liabilities as financial liabilities at fair value through profit or loss and other financial liabilities measured at amortised cost.

7. Accounting for bad debts loss

7.1 The receivables shall be recognized as bad debts when the debtor was dead or went bankruptcy and could not repay all his debts with the legacy or bankruptcy property; or the debtor has not repaid his debt with clear evidence indicates that the debts cannot be recovered.

7.2 Bad debt losses shall be accounted for using the allowance method. Provisions for accounts receivables and other receivables shall be made on an aging basis at the end of the period, and reported in the income statement of the period, except the receivables from the related parties. Receivables that cannot be recovered with absolute evidence shall be written off as bad debt losses after approval at a board meeting, and reported as reductions of provisions for bad debts.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

7. 應收款項壞賬損失核算方法 (續)

7.3 對於單項金額重大的應收款項，本公司對存在客觀證據表明將無法按應收款項的原有條款收回所有款項時，根據其未來現金流量現值低於其賬面價值的差額，單獨進行減值測試，計提壞賬準備。對於單項金額非重大的應收款項，本公司將其與經單獨測試後未減值的重大應收款項一起按信用風險特徵劃分為若干組合，根據以前年度與之相同或相類似的、具有類似信用風險特徵的應收賬款組合的實際損失率為基礎，結合現時情況確定本年度各項組合計提壞賬準備的比例，據此計算本年度應計提的壞賬準備。

應收款項壞賬準備計提比例為：

賬齡 Aging		計提比例 Bad Debts Percentage
一年以內	Less than 1 year	0.5%
一至二年	1-2 years	20%
二至三年	2-3 years	60%
三年以上	Over 3 years	100%

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

7. Accounting for bad debts loss (continued)

7.3 Individually significant receivables shall be accessed by the Company, while any objective evidence indicates that the receivables cannot be recovered, and be recognized the difference between the present value of future cash flow and the carrying value as the impairment individually. Individually non-significant receivables shall be included in a group of receivables with unimpaired individually significant receivables, which contain similar credit risk characteristics, and collectively assessed for impairment based on the similar groups.

Provision for bad debts loss shall be made as follows:

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

8. 存貨的核算方法

- 8.1 存貨分類：主要包括原材料、在產品、產成品、庫存商品、低值易耗品和包裝物等。
- 8.2 存貨取得的計價方法：購入原材料以買價加運輸、裝卸、保險等費用作為實際成本；自製半成品和產成品以製造和生產過程中發生的各項實際支出作為實際成本。
- 8.3 存貨發出的計價方法：領用和銷售原材料、自製半成品和產成品採用加權平均法核算。
- 8.4 低值易耗品及包裝物在領用時一次攤銷計入成本。
- 8.5 期末存貨計價原則及存貨跌價準備確認標準和計提方法：期末存貨按成本與可變現淨值孰低原則計價；期末，在對存貨進行全面盤點的基礎上，對於存貨因遭受毀損、全部或部分陳舊過時或銷售價格低於成本等原因，預計其成本不可收回的部分，提取存貨跌價準備。產成品及大宗原材料的存貨跌價準備按單個存貨項目的成本高於其可變現淨值的差額提取；其他數量繁多、單價較低的原輔材料按類別提取存貨跌價準備。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

8. Inventories

- 8.1 Inventories mainly include raw materials, work-in-process, finished products, goods in stock, low-value consumables and packaging materials.
- 8.2 Raw materials are stated at the cost of purchase price plus freight, loading and unloading charges, and insurance premiums. The cost of self-made semi-products and finished products include various expenditures actually incurred during production.
- 8.3 The valuation of raw materials, self-made semi-products and finished products is made on a weighted-average basis when they are shipped and sold.
- 8.4 Low-value- consumables and packaging materials are expensed as incurred.
- 8.5 Inventories are stated at the lower of cost or market value at the end of the period. When the cost of inventories is higher than their recoverable amount because they are damaged, completely or partially obsolescent, or with a selling price lower than the cost, a provision for inventory write-down is made after a thorough examination of inventories at the end of the period. The provisions for finished goods and large-amount raw materials are made on the differences between the costs of inventory items and their lower net realizable values on an item-by-item basis. Other inventories items shall be carried the provisions by categories.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

8. 存貨的核算方法 (續)

8.6 存貨可變現淨值確定方法：庫存商品、在產品和用於出售的材料等直接用於出售的商品存貨，其可變現淨值按該存貨的估計售價減去估計的銷售費用和相關稅費後的金額確定；用於生產而持有的材料存貨，其可變現淨值按所生產的產成品的估計售價減去至完工時估計將要發生的成本、估計的銷售費用和相關稅費後的金額確定。為執行銷售合同或者勞務合同而持有的存貨，其可變現淨值以合同價格為基礎計算；持有的存貨數量多於銷售合同訂購數量的，超出部分的存貨可變現淨值以一般銷售價格為基礎計算。

9. 長期股權投資的核算方法

9.1 長期股權投資的初始計量

通過同一控制下的企業合併取得的長期股權投資，在合併日按照取得被合併方所有者權益賬面價值的份額作為長期股權投資的初始投資成本。通過非同一控制下的企業合併取得的長期股權投資，以在合併(購買)日為取得對被合併(購買)方的控制權而付出的資產、發生或承擔的負債以及發行的權益性證券的公允價值作為合併成本。在合併(購買)日按照合併成本作為長期股權投資的初始投資成本。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

8. Inventories (continued)

8.6 Net realizable value of goods-in-stock, work-in-progress or held-for-sale raw materials shall be determined by their estimated sales less the related selling expenses and taxes. Net realizable for held-for-produce raw materials shall be determined by the estimated selling price of finished goods less the estimated cost till completion, selling expenses and taxes. Net realizable value of inventories held-for-contracts shall be determined by the carrying amount of the contracts. Net realizable value of inventories over the order of contracts shall be determined by the selling price.

9. Long-term Investments

9.1 Initial Measurement

The initial investment cost of a long-term equity investment acquired through a business combination involving enterprise under common control shall be the absorbing party's share of the owners' equity of the party being absorbed at combination date, while the investment cost acquired through a business combination but not involving enterprise under common control shall be the combination cost which contain assets given, liabilities incurred or assumed and equity securities issued as consideration of business combination on the acquisition date.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

9. 長期股權投資的核算方法 (續)

9.1 長期股權投資的初始計量 (續)

除上述通過企業合併取得的長期股權投資外，以支付現金取得的長期股權投資，按照實際支付的購買價款作為初始投資成本，初始投資成本包括與取得長期股權投資直接相關的費用、稅金及其他必要支出；以發行權益性證券取得的長期股權投資，按照發行權益性證券的公允價值作為初始投資成本；投資者投入的長期股權投資，按照投資合同或協議約定的價值作為初始投資成本；以債務重組、非貨幣性資產交換等方式取得的長期股權投資，按相關會計準則的規定確定初始投資成本。

9.2 長期股權投資的後續計量

本公司對子公司投資採用成本法核算，編制合併財務報表時按權益法進行調整；對合營企業及聯營企業投資採用權益法核算；對不具有控制、共同控制或重大影響並且在活躍市場中沒有報價、公允價值不能可靠計量的長期股權投資，採用成本法核算；對不具有控制、共同控制或重大影響，但在活躍市場中有報價、公允價值能夠可靠計量的長期股權投資，作為可供出售金融資產核算。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

9. Long-term Investments (continued)

9.1 Initial Measurement (continued)

The initial investment cost of a long-term equity investment acquired otherwise than through a business combination shall be determined as follows: (a). for a long-term equity investment acquired by paying cash, the initial investment cost shall be actual purchase price has been paid, that includes those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; (b). for a long-term equity investment acquired by the issue of equity securities, the initial investment cost shall be the fair value of the securities issued; (c). for a long-term equity investment contributed by an investor, the initial investment cost shall be value stipulated in the investment contract or agreement, except where the value stipulated in the contract or agreement is not fair; (d). for a long-term equity investment acquired through an exchange of non-monetary assets or debt restricting transaction, the initial investment cost shall be determined in accordance with related standards in ASBEs.

9.2 Subsequent Measurement

Long-term equity investment to subsidiaries shall be accounted for using the cost method and be adjusted when the Company prepare the consolidated financial statements. Long-term equity investment to joint ventures and associates shall be accounted for using the equity method; Long-term equity investment, where the Company does not have control, joint control or significant influence over the investee and the investment is not quoted in an active market and its fair value cannot be reliably measured, shall be accounted for using the cost method; While the long-term equity investment where the Company does not have control, joint control or significant influence, but the investment is quoted in an active market and its fair value can be reliably measured shall be accounted as available-for-sale financial assets.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

10. 固定資產

- 10.1 固定資產確認條件：固定資產是指為生產商品、提供勞務、出租或經營管理而持有，使用期限超過一年的有形資產；同時與該固定資產有關的經濟利益很可能流入企業，該固定資產的成本能夠可靠地計量。
- 10.2 固定資產分類：房屋建築物、機器設備、運輸設備、辦公及其他設備。
- 10.3 固定資產計價：固定資產按其按取得時的實際成本進行初始計量，其中，外購的固定資產的成本包括買價、增值稅、進口關稅等相關稅費，以及為使固定資產達到預定可使用狀態前所發生的可直接歸屬於該資產的其他支出；自行建造固定資產的成本，由建造該項資產達到預定可使用狀態前所發生的必要支出構成；投資者投入的固定資產，按投資合同或協議約定的價值作為入賬價值，但合同或協議約定價值不公允的按公允價值入賬；融資租賃租入的固定資產，按租賃開始日租賃資產公允價值與最低租賃付款額的現值兩者中較低者，作為入賬價值。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

10. Fixed Assets

- 10.1 Fixed assets refer to those tangible assets with useful lives for more than one accounting year, which held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. The fixed asset shall simultaneously meet the conditions as, firstly it is probable that economic benefits associated with the assets will flow to the Company; and secondly the cost of the asset can be measured reliably as well.
- 10.2 Fixed assets include house & buildings, machinery & equipment, vehicles and electronic apparatus.
- 10.3 Fixed assets shall be initially measured at cost. The cost of a purchased fixed asset comprises the purchase price, related taxes and any directly attributable expenditure for bringing the assets to working condition for its intended use. The cost of self-constructed fixed asset comprises those expenditures necessarily incurred for bringing the asset to working condition for its intended use. The cost of a fixed asset contributed by an investor shall be determined in accordance with the value stipulated in the investment contract or agreement, except where the value stipulated in the contract or agreement is not fair. The cost of a fixed assets acquired by finance lease shall be the lower of the fair value of the leased asset and the present value of the minimum lease payments at the commencement of the lease term.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

10. 固定資產 (續)

10.4 固定資產折舊方法：除已提足折舊仍繼續使用的固定資產，本公司對所有固定資產計提折舊。計提折舊時採用年限平均法，以單項折舊率按月計算，並根據用途分別計入相關資產的成本或當期費用。本公司固定資產預計淨殘值率5%。預計淨殘值率、折舊年限及年折舊率如下：

類別 Items	折舊年限 Useful lives	年折舊率 Annual Depreciation rate
房屋建築物 House & Buildings	20年 20 Years	4.75%
機器設備 Machinery & equipment	10年 10 Years	9.5%
電子儀器 Electronic apparatus	5年 5 Years	19%
辦公設備及運輸工具 Office equipment and vehicles	5年 5 Years	19%

10.5 固定資產後續支出的處理：固定資產的後續支出主要包括修理支出、更新改良支出及裝修支出等內容，在相關的經濟利益很可能流入本公司且其成本能夠可靠的計量時，計入固定資產成本，對於被替換的部分，終止確認其賬面價值；所有其他後續支出於發生時計入當期損益。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

10. Fixed Assets (continued)

10.4 Fixed assets (excluding those fully depreciated yet still used in operation) are depreciated on a straight-line basis with the estimated net residual value at 5%. Depreciation of a fixed asset shall be provided for monthly and, depending on the purpose for which the fixed asset is used, shall either be included as part of the cost of the relayed assets or recognized in profit or loss for the current period. The life and rate of depreciation for different classes of fixed assets are as follows:

10.5 The subsequent expenditures of a fixed asset, which are mainly arising from mending, improvement and fitments, shall be included in the cost of the fixed asset if the economic benefits associated with the expenditures can flow to the Company. While if not, the expenditures shall be recognized in profit or loss in the period in which they are incurred.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

10. 固定資產 (續)

10.6 本公司於每年年度終了，對固定資產的預計使用壽命、預計淨殘值和折舊方法進行覆核並作適當調整，如發生改變，則作為會計估計變更處理。

11. 在建工程

11.1 在建工程的計價：按實際發生的成本計量。自營工程按直接材料、直接工資、直接施工費等計量；出包工程按應支付的工程價款等計量；設備安裝工程按所安裝設備的價值、安裝費用、工程試運轉等所發生的支出等確定工程成本。在建工程成本還包括應當資本化的借款費用和匯兌損益。

11.2 在建工程結轉固定資產的時點：本公司建造的固定資產在達到預定可使用狀態之日起，根據工程預算、造價或工程實際成本等，按估計的價值結轉固定資產，次月起開始計提折舊。待辦理了竣工決算手續後再對固定資產原值差異作調整。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

10. Fixed Assets (continued)

10.6 The company shall make a review and proper adjustments of the estimated useful life, estimated net residual value, and the depreciation method of the fixed assets at the end of each year. Any change happened shall be disclosed as changes of accounting estimates.

11. Contrition-in-progress

11.1 The cost of construction-in-progress is determined according to expenditures actually incurred. The cost of construction work undertaken by the Company itself is determined according to direct materials cost, direct labour cost, and direct construction expenses; the cost of construction work undertaken by a third party is determined according to amount paid to the contractor; and the cost of equipment installation construction is determined according to the cost of equipment, installation charges and test run expenses. Capitalized borrowing costs and exchange profit or loss should also be included in the related cost of construction-in-progress.

11.2 Construction in progress is transferred to fixed assets at the date of reaching its usable conditions at an estimated amount based on the budget price, the amount paid to the contractor or actual cost of construction. The asset will be depreciated from the second month after it is put into use. The estimated value of the asset and its accumulated depreciation is adjusted after going through the procedures for the final accounts of project completion.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

12. 借款費用的會計處理方法

12.1 借款費用資本化的確認原則：本公司將發生的、可直接歸屬於符合資本化條件的資產的購建或者生產的借款費用予以資本化，計入相關資產成本；其他借款費用，在發生時根據其發生額確認為費用，計入當期損益。符合資本化條件的資產，是指需要經過相當長時間（通常指1年以上）的購建或者生產活動才能達到預定可使用或者可銷售狀態的固定資產、投資性房地產和存貨等資產。

12.2 借款費用資本化的期間：當資產支出已經發生、借款費用已經發生且為使資產達到預定可使用或者可銷售狀態所必要的購建或者生產活動已經開始時，本公司將與符合資本化條件的資產相關的借款費用開始資本化。若符合資本化條件的資產在購建或者生產過程中發生非正常中斷、且中斷時間連續超過3個月，則暫停借款費用的資本化；當購建或者生產符合資本化條件的資產達到預定可使用或者可銷售狀態時，借款費用停止資本化。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

12. Borrowing Cost

12.1 Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset. The amount of other borrowing costs incurred shall be recognized as an expense in the period in which they are incurred. Qualifying assets are assets (fixed assets, investment property, inventories, and etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

12.2 The capitalization of borrowing costs can commence only when all of the following conditions are satisfied; expenditures for the asset are being incurred, borrowing costs are being incurred; and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, when the interruption is for a continuous period of more than 3 months. Capitalization of borrowing costs shall cease when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

12. 借款費用的會計處理方法 (續)

12.3 借款費用資本化金額的計算方法：為購建或者生產符合資本化條件的資產而借入專門借款時，本公司以專門借款當期實際發生的利息費用扣除將尚未動用的借款資金存入銀行取得的利息收入或進行暫時性投資取得的投資收益後的差額作為專門借款利息的資本化金額。為購建或者生產符合資本化條件的資產佔用一般借款時，本公司根據累計資產支出超過專門借款部分的資產支出加權平均數乘以所佔用一般借款的加權平均利率，計算確定一般借款應予資本化的利息金額。

13. 無形資產計價及攤銷方法

13.1 無形資產的計價方法：本公司的主要無形資產是土地使用權、軟件使用權和非專利技術等。購入的無形資產，按實際支付的價款和相關的其他支出作為實際成本。投資者投入的無形資產，按投資合同或協議約定的價值確定實際成本，但合同或協議約定價值不公允的，按公允價值確定實際成本。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

12. Borrowing Cost (continued)

12.3 The Company shall determine the capitalized amount of interest as follows: where funds are borrowed under a specific-purpose borrowing for the acquisition, construction or production of a qualifying assets, the amount of interest to be capitalized shall be the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds; where funds are borrowed under general-purpose borrowings and are utilized for the acquisition, construction or production of a qualifying asset, the Company shall determine the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings.

13. Intangible Assets

13.1 The Company's intangible assets mainly contain land use right, software use right, non-patented technology, and etc. The cost of a purchased intangible asset shall be determined by the expenditures actually incurred and other costs related. The cost of a intangible asset contributed by an investor shall be determined in accordance with the value stipulated in the investment contract or agreement, except where the value stipulated in the contract or agreement is not fair

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

13. 無形資產計價及攤銷方法 (續)

13.2 無形資產攤銷方法和期限：本公司的土地使用權從出讓起始日起，按其出讓年限平均攤銷；本公司軟件使用權、非專利技術按預計使用年限、合同規定的受益年限和法律規定的有效年限三者中最短者分期平均攤銷。其中土地使用權按受益出讓年限攤銷，軟件使用權按預計受益年限5年攤銷。攤銷金額按其受益對象計入相關資產成本和當期損益。

13.3 本公司於每年年度終了，對使用壽命有限的無形資產的預計使用壽命及攤銷方法進行覆核，如有改變則進行調整。並於每個會計期間，對使用壽命不確定的無形資產的預計使用壽命進行覆核，對於有證據表明無形資產的使用壽命是有限的，則估計其使用壽命並在預計使用壽命內攤銷。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

13. Intangible Assets (continued)

13.2 The cost of land use right is amortized evenly over the whole period of the right. The cost of software use right and non-patented technology of the Company is amortized evenly over the amortization period not longer than the shortest of the expected useful life, the beneficial period as specified in the contract or the useful life specified in the law, which is five years in the Company. The amortization charge shall be recognized as cost of an intangible asset or profit or loss for the current period by the object of benefit derives from the assets.

13.3 For an intangible asset with a finite useful life, the Company shall review the useful life and amortization method at least at each financial year-end. If the expected useful life of the asset or the amortization method differs significantly from previous assessments, the amortization period or amortization method shall be changed accordingly. For an intangible asset with an indefinite useful life, the Company shall reassess the useful life of the asset in each accounting period. If there is evidence indicating that the useful life of that intangible asset is finite, the Company shall estimate the useful life of that asset and amortized accordingly.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

14. 研究與開發

本公司內部研究開發項目支出根據其性質以及研發活動最終形成無形資產是否具有較大不確定性，分為研究階段支出和開發階段支出。

自行研究開發的無形資產，其研究階段的支出，於發生時計入當期損益；其開發階段的支出，同時滿足下列條件的，確認為無形資產：1) 完成該無形資產以使其能夠使用或出售在技術上具有可行性；2) 具有完成該無形資產並使用或出售的意圖；3) 運用該無形資產生產的產品存在市場或無形資產自身存在市場；4) 有足夠的技術、財務資源和其他資源支持，以完成該無形資產的開發，並有能力使用或出售該無形資產；5) 歸屬於該無形資產開發階段的支出能夠可靠地計量。

不滿足上述條件的開發階段的支出，於發生時計入當期損益。前期已計入損益的開發支出不在以後期間確認為資產。已資本化的開發階段的支出在資產負債表上列示為開發支出，自該項目達到預定可使用狀態之日起轉為無形資產。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

14. Research and Development

According to the nature of expenditures and uncertainty of the achievement, expenditure on an internal research and development project shall be classified into expenditure on the research phase and expenditure on the development phase.

Expenditure on the research phase of an internal research and development project shall be recognized in profit or loss in the period in which it is incurred. While expenditure on the development phase of that shall be recognized as an intangible asset when all the conditions could be satisfied as following: (a). the technical feasibility of completing the intangible asset so that it will be available for use or sale; (b). the intention to complete the intangible asset and use or sell it; (c). there is a market for the output of the intangible asset or the intangible asset itself; (d). the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; (e). its ability to measure reliably the expenditure attributable to the intangible asset during its development phase.

Expenditure in the development phase which is failed to meet all the conditions above should be included in the profit or loss in the period in which it is incurred. The expenditure in the development phase which has been included in the profit or loss in the prior period could not be recognized as intangible asset. The capitalized expenditure in the development phase shall be recognized as intangible asset when the asset get ready to its intended use.

四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

15. 非金融資產減值

本公司於每一資產負債表日對子公司、合營企業和聯營企業的長期股權投資、固定資產、在建工程、使用壽命確定的無形資產等項目進行檢查，當存在下列跡象時，表明資產可能發生了減值，本公司將進行減值測試，對商譽和受益年限不確定的無形資產，無論是否存在減值跡象，每年末均進行減值測試。難以對單項資產的可收回金額進行測試的，以該資產所屬的資產組或資產組組合為基礎測試。

減值測試後，若該資產的賬面價值超過其可收回金額，其差額確認為減值損失，上述資產的減值損失一經確認，在以後會計期間不予轉回。資產的可收回金額是指資產的公允價值減去處置費用後的淨額與資產預計未來現金流量的現值兩者之間的較高者。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

15. Impairment for Non-financial Assets

The Company shall assess at each balance sheet date whether there is any indication that the following assets may be impaired, as long-term equity investment on subsidiaries, joint ventures and associates, fixed assets, construction-in-progress, intangible assets of finite useful life, and etc. Goodwill and an intangible asset with an indefinite useful life shall be tested for impairment annually, irrespective of whether there is any indication that the asset may be impaired. If it is not possible to estimate the recoverable amount of the individual asset, the Company shall determine the recoverable amount of the asset group or set of asset group to which the asset belongs.

If the recoverable amount of an asset is less than its carrying amount, the difference shall be recognized as an impairment loss. Once the impairment loss is recognized, it shall not be reversed in a subsequent period. Recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flow expected to be derived from the asset.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

15. 非金融資產減值 (續)

出現減值的跡象如下：1)資產的市價當期大幅度下跌，其跌幅明顯高於因時間的推移或者正常使用而預計的下跌；2)本公司經營所處的經濟、技術或者法律等環境以及資產所處的市場在當期或者將在近期發生重大變化，從而對本公司產生不利影響；3)市場利率或者其他市場投資報酬率在當期已經提高，從而影響本公司計算資產預計未來現金流量現值的折現率，導致資產可收回金額大幅度降低；4)有證據表明資產已經陳舊過時或者其實體已經損壞；5)資產已經或者將被閒置、終止使用或者計劃提前處置；6)本公司內部報告的證據表明資產的經濟績效已經低於或者將低於預期，如資產所創造的淨現金流量或者實現的營業利潤(或者虧損)遠遠低於(或者高於)預計金額等；7)其他表明資產可能已經發生減值的跡象。

16. 商譽

商譽為股權投資成本或非同一控制下企業合併成本超過應享有的或企業合併中取得的被投資單位或被購買方可辨認淨資產於取得日或購買日的公允價值份額的差額。

與子公司有關的商譽在合併財務報表上單獨列示，與聯營企業和合營企業有關的商譽，包含在長期股權投資的賬面價值中。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

15. Impairment for Non-financial Assets (continued)

The following are indications that an asset may be impaired: (a) during the period, asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use; (b) significant changes with an adverse effect on the Company have taken place during the period, or will take place in the near future, in the technological, economic or legal environment etc. in which the Company operates or in the market to which an asset is dedicated; (c) market interest rates or other market rates of return on investments have increased during the period, and those increase are likely to affect the discount rate used in calculating the present value of an asset's expected future cash flows and decrease the assets recoverable amount materially; (d) evidence is available of obsolescence or physical damage of an asset; (e) an asset has become or is becoming idle, the Company discontinues using an asset or plans to dispose of an asset before the previously expected date; (f) evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected, for example, the net cash flows generated or operating profit realized (or operating loss arising) from the asset are much less (or more) than the budgeted amounts.; (g) other factors that indicate an asset may be impaired.

16. Goodwill

Goodwill refers to the difference at the acquisition date or purchasing date, which comes from the investment cost or cost of business combination not involving enterprises under common control, exceeds the acquirer's interest in the fair value of the investees' or acquiree's identifiable net assets.

Goodwill related with subsidiaries shall be separately presented in consolidated financial statements, while goodwill related with joint ventures and associates shall be included in carrying amount of long-term equity investment.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

16. 商譽 (續)

在財務報表中單獨列示的商譽至少每年進行減值測試。減值測試時，商譽的賬面價值根據企業合併的協同效應分攤至受益的資產組或資產組組合。

17. 職工薪酬

職工薪酬主要包括工資、獎金、津貼和補貼、職工福利費、社會保險費及住房公積金、工會經費和職工教育經費等其他與獲得職工提供的服務相關的支出。

本公司在職工提供服務的會計期間，將應付的職工薪酬確認為負債，並根據職工提供服務的受益對象計入相關資產成本和費用。因解除與職工的勞動關係而給予的補償，計入當期損益。

18. 預計負債的核算方法

18.1 預計負債的確認原則：當與對外擔保、未決訴訟或仲裁、產品質量保證、裁員計劃、虧損合同、重組義務、固定資產棄置義務等或有事項相關的業務同時符合以下條件時，本公司將其確認為負債：1)該義務是本公司承擔的現時義務；2)該義務的履行很可能導致經濟利益流出企業；3)該義務的金額能夠可靠地計量。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

16. Goodwill (continued)

Goodwill that is separated presented shall be tested for impairment at least at each financial year-end. For the purpose of impairment testing, the carrying amount of goodwill shall be allocated on a reasonable basis to the asset group or set of asset group that is able to benefit from the synergies of the business combination.

17. Employee Benefits

Employee benefits mainly include wages or salaries, bonuses, allowances and subsidies, social security contributions, housing funds, union running costs and employee education costs, and other expenditures incurred in exchange for service rendered by employees.

In the accounting period in which an employee has rendered service to the Company, the Company shall recognize the employee benefits payable as a liability and, except for compensation for termination of employment relationship with employees that be included in the profit or loss in the current period. Employee benefits shall be accounted as cost of related assets or charged to profit or loss for the current period according to the benefits derived from the employee service.

18. Provision

18.1 An obligation related to a contingency, such as guarantees provided to outsiders, pending litigations or arbitrations, product warranties, redundancy plan, onerous contract, reconstructing, expected disposal of fixed assets, and etc. shall be recognized as a provision when all of the following conditions are satisfied: (a) the obligation is a present obligation of the Company; (b) it is probable that an outflow of economic benefits will be required to settle the obligation; (c) the amount of the obligation can be measured reliably.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

18. 預計負債的核算方法 (續)

18.2 預計負債的計量方法：預計負債按照履行相關現時義務所需支出的最佳估計數進行初始計量，並綜合考慮與或有事項有關的風險、不確定性和貨幣時間價值等因素。貨幣時間價值影響重大的，通過對相關未來現金流出進行折現後確定最佳估計數。於資產負債表日對預計負債的賬面價值進行覆核，如有改變則對賬面價值進行調整以反映當前最佳估計數。

19. 收入確認方法

本公司的營業收入主要包括銷售商品收入、提供勞務收入和讓渡資產使用權收入。與交易相關的經濟利益能夠流入本公司，相關的收入能夠可靠計量且滿足下列各項經營活動的特定收入確認標準時，確認相關的收入。

19.1 銷售商品收入的確認原則：本公司已將商品所有權上的主要風險和報酬轉移給購貨方；本公司既沒有保留通常與所有權相聯繫的繼續管理權，也沒有對已售出的商品實施有效控制；收入的金額能夠可靠地計量；相關的經濟利益很可能流入企業；相關的已發生或將發生的成本能夠可靠地計量。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

18. Provision (continued)

18.2 A provision shall be initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as risk, uncertainties, and time value of money shall be taken into account as a whole in reaching the best estimate. Where the effect of the time value of money is material, the best estimate shall be determined by discounting the related future cash outflows. The Company will review the carrying amount of a provision at the balance sheet date. Where there is clear evidence that the carrying amount of a provision does not reflect the current best estimate, the carrying amount shall be adjusted to the current best estimate.

19. Revenue

The Company's revenue is mainly from sale of goods, rendering of services and use by others of enterprise assets. Revenue could only be recognized as the following conditions could be satisfied, that is the amount of revenue can be measured reliably and the associated economic benefit will flow into the Company, and for more details as follows:

19.1 Revenue from the sale of goods shall be recognized only when all of the following conditions are satisfied: (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; (b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (c) the amount of revenue can be measured reliably; (d) it is probable that the associated economic benefits will flow into the Company; and (e) the associated costs incurred or to be incurred can be measured reliably.

四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

19. 收入確認方法 (續)

19.2 提供勞務收入的事實原則：以勞務總收入和總成本能夠可靠地計量，與交易相關的經濟利益能夠流入本公司，勞務的完成程度能夠可靠地確定時，確認勞務收入的實現。在同一年度內開始並完成的勞務，在完成勞務時確認收入；勞務的開始和完成分屬不同的會計年度，在提供勞務交易的結果能夠可靠估計的情況下，於資產負債表日按完工百分比法確認相關的勞務收入，完工百分比按已經發生的成本佔估計總成本的比例確認。

19.3 讓渡資產使用權收入的事實原則：以與交易相關的經濟利益能夠流入本公司，收入的金額能夠可靠地計量時，確認讓渡資產使用權收入的實現。

20. 遞延所得稅資產和遞延所得稅負債

遞延所得稅資產和遞延所得稅負債根據資產和負債的計稅基礎與其賬面價值的差額（暫時性差異）計算確認。對於按照稅法規定能夠於以後年度抵減應納稅所得額的可抵扣虧損和稅款抵減，視同暫時性差異確認相應的遞延所得稅資產。於資產負債表日，遞延所得稅資產和遞延所得稅負債，按照預期收回該資產或清償該負債期間的適用稅率計量。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

19. Revenue (continued)

19.2 Revenue from the rendering of services shall be recognized only when all of the following conditions are satisfied: the amount of revenue and costs incurred or to be incurred for the transaction involving the rendering of services can be measured reliably; the associated economic benefits can flow into the Company; and the stage of completion of the transaction can be measured reliably. When the transaction commenced and ended in one year, the revenue shall be recognized at the completion; when they are not in one year, the revenue shall be recognized in percentage of completion method at the balance sheet date if the outcome of the transaction can be estimated reliably. The percentage of completion shall be determined by the cost incurred and the estimated whole cost.

19.3 Revenue from use by others of enterprise assets shall be recognized only when the associated economic benefit can flow into the Company, and the amount of revenue can be measured reliably.

20. Deferred Tax Assets and Deferred Tax Liabilities

A deferred tax asset and deferred tax liability shall be determined by a difference (temporary difference) between the carrying amount of an asset or liability and its tax base. The deferred tax asset shall be recognized for the carry forward of unused deductible losses and tax credits to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized. At the balance sheet date, deferred tax assets and deferred tax liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

20. 遞延所得稅資產和遞延所得稅負債 (續)

本公司以很可能取得用來抵扣可抵扣暫時性差異的應納稅所得額為限，確認由可抵扣暫時性差異產生的遞延所得稅資產。對已確認的遞延所得稅資產，當預計到未來期間很可能無法獲得足夠的應納稅所得額用以抵扣遞延所得稅資產時，應當減記遞延所得稅資產的賬面價值。在很可能獲得足夠的應納稅所得額時，減記的金額予以轉回。

21. 所得稅的會計核算

本公司所得稅的會計核算採用資產負債表債務法。所得稅費用包括當期所得稅和遞延所得稅。將與直接計入股東權益的交易和事項相關的當期所得稅和遞延所得稅計入股東權益，以及企業合併產生的遞延所得稅調整商譽的賬面價值外，其餘的當期所得稅和遞延所得稅費用或收益計入當期損益。

當期所得稅費用是指企業按照稅務規定計算確定的針對當期發生的交易和事項，應納給稅務部門的金額，即應交所得稅；遞延所得稅是指按照資產負債表債務法應予確認的遞延所得稅資產和遞延所得稅負債在期末應有的金額相對於原已確認金額之間的差額。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

20. Deferred Tax Assets and Deferred Tax Liabilities (continued)

The Company shall recognize the corresponding deferred tax asset for deductible temporary differences as no higher than the taxable profits that will be available in the future, against which the temporary difference can be utilized. The Company shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profits will be available in future periods to allow the benefit of the deferred tax asset to be utilized. Any such reduction in amount shall be reversed to the extent that it becomes probable that sufficient taxable profits will be available.

21. Income Tax

The Company accounted the income tax in a method of debit in balance sheet. The income tax expenses include income tax in the current period and deferred income tax. The income tax that associated with the events and transactions directly included in the owners' equity shall be included in the owners' equity; and the deferred income tax derived from business combination shall be included in the carrying amount of goodwill, except for that above, the income tax expense shall be included in the profit or loss in the current period.

The income tax expense in the current period refers to the tax payable, which is calculated according to the tax laws on the events and transactions incurred in the current period. The deferred income tax refers to the difference between the carrying amount and the deferred tax assets and deferred tax liabilities at the year-end recognized in the method of debit in the balance sheet.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

22. 企業合併

企業合併是指將兩個或兩個以上單獨的企業合併形成一個報告主體的交易或事項。本公司在合併日或購買日確認因企業合併取得的資產、負債，合併日或購買日為實際取得被合併方或被購買方控制權的日期。

22.1 同一控制下的企業合併：合併方在企業合併中取得的資產和負債，按照合併日在被合併方的賬面價值計量，合併方取得的淨資產賬面價值與支付的合併對價賬面價值的差額，調整資本公積；資本公積不足沖減的，調整留存收益。

22.2 非同一控制下企業合併：合併成本為購買方在購買日為取得對被購買方的控制權而付出的資產、發生或承擔的負債以及發行的權益性證券的公允價值。合併成本大於合併中取得的被購買方可辨認淨資產公允價值份額的差額，確認為商譽；合併成本小於合併中取得的被購買方可辨認淨資產公允價值份額的，經覆核確認後，計入當期損益。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

22. Business Combination

Business combination refers the event or transaction that the Company combines two or more separate enterprises as one reporting entity. The Company shall recognize the assets and liabilities derived from business combination at the combination date or acquisition date. A combination date or acquisition date is the date on which the Company effectively obtains control of the company being absorbed.

22.1 The assets and liabilities acquired through a business combination involving enterprise under common control shall be measured by the acquirer according to the carrying amount recorded by the acquiree's at the combination date. The difference between the consideration of combination and the carrying amount of the acquired net assets shall be included in capital surplus, or it shall be included in retained earnings continuously if the capital surplus is not sufficient.

22.2 The cost of business combinations not involving enterprise under common control is the aggregate of the fair value, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree. When the costs of business combinations exceed the acquirer's identifiable net assets, the difference shall be recognized as goodwill, if not, the differences shall be included in the profit or loss in the current period.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

23. 合併財務報表的編制方法

23.1 合併範圍的確定原則：本公司將擁有實際控制權的子公司及特殊目的主體納入合併財務報表範圍。

23.2 合併財務報表所採用的會計方法：本公司合併財務報表是按照《企業會計準則第33號—合併財務報表》及相關規定的要求編制，合併時合併範圍內的所有重大內部交易和往來業已抵銷。子公司的股東權益中不屬於母公司所擁有的部分，作為少數股東權益在合併財務報表中股東權益項下單獨列示。

子公司與本公司採用的會計政策或會計期間不一致的，在編制合併財務報表時，按照本公司的會計政策或會計期間對子公司財務報表進行必要的調整。

對於非同一控制下企業合併取得的子公司，在編制合併財務報表時，以購買日可辨認淨資產公允價值為基礎對其個別財務報表進行調整；對於同一控制下企業合併取得的子公司，視同該企業於合併當期的年初已經存在，從合併當期的年初起將其資產、負債、經營成果和現金流量，按原賬面價值納入合併財務報表。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

23. Basis of Preparation of Consolidated Financial Statements

23.1 The consolidated financial statements include subsidiaries and special purpose entities effectively controlled by the Company.

23.2 Consolidated financial statements have been prepared in accordance with the ASBEs No. 33-Consolidated Financial Statements and relevant supplementary regulations. All significant transactions and balances between the Company and its subsidiaries are eliminated for the purpose of consolidation. The equity of subsidiaries not held by the parent company shall be presented separately as minority shareholders' equity in consolidated shareholders' equity.

Any difference arising from the inconformity of accounting year or accounting policies between the subsidiaries and the Company shall be adjusted in the consolidated financial statements.

When preparing the consolidated financial statements, if the Company acquired the subsidiary through business combination not involving under common control, the separate financial statements shall be adjusted based on the fair value of identifiable net asset at the acquisition date. If the subsidiary is acquired through business combination involving under common control, the consolidated financial statements shall included the carrying amount of assets, liabilities, operating result and cash flow of the subsidiary at the beginning of the current period.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)
(根據中國會計準則編制)
(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

24. 重大會計政策變更

本公司原執行2006年以前頒布的原企業會計準則和制度，從2007年1月1日起執行新企業會計準則，並自該日起按照新企業會計準則的規定確認、計量和報告本公司的交易或事項。對於因首次執行新企業會計準則而發生的會計政策變更，本公司採用追溯調整法進行處理。

24.1 長期股權投資：執行新企業會計準則之前，母公司報表中以權益法核算對子公司的長期股權投資。執行新會計準則後，有關長期股權投資的會計政策詳見「四、9、長期股權投資的核算方法」。於首次執行日，母公司報表中對子公司長期股權投資予以追溯調整，視同該子公司自最初即採用成本法核算。

24.2 所得稅：執行新企業會計準則之前，所得稅的會計處理方法採用應付稅款法。執行新企業會計準則後，本公司採用資產負債表債務法進行所得稅會計處理，有關所得稅的會計政策詳見「四、21、所得稅的會計核算」。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

24. Significant Changes of Accounting Policies and Accounting Estimates and Corrections of Errors

The company applied the ASBEs since 1 January 2007, instead of the old ASBE which was promulgated by MOF before 2006, and started to recognize, measure and report the transactions and events in accordance with the ASBEs. The Company shall make retrospective adjustments for the changes of accounting policies arising from the initial adoption of the ASBEs.

24.1 Long-term equity investment of subsidiaries, which accounted in equity method in the parent company's balance sheet before the first-time adoption of ASBEs, shall be retrospectively adjusted as the deemed beginning cost accounted in cost method on the first-time adoption date. More details will be elaborated in Note X-Long-term Equity Investment.

24.2 Enterprise Income Tax was accounted in the method of payable tax before the first ASBEs financial statements, while the method shall be changed as the debit in the balance sheet on the first-time adoption date. More details will be described in Note X- Enterprise Income Tax.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

24. 重大會計政策變更 (續)

24.3 交易性金融資產：執行新企業會計準則之前，本公司的遠期美元外匯合約未在報表中反映。執行新企業會計準則後，遠期美元外匯合約作為衍生金融工具，於資產負債表日按公允價值在報表中反映。

24.4 上述會計政策變更對2006年1月1日和2006年12月31日的合併股東權益及2006年度淨利潤的影響如下：

(1) 對2006年1月1日合併股東權益的影響

遞延所得稅資產追溯調整增加未分配利潤6,576千元；衍生金融工具追溯調整增加未分配利潤83千元；少數股東權益作為股東權益列報增加股東權益1,092千元；合計共增加2006年1月1日股東權益7,751千元。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

24. Significant Changes of Accounting Policies and Accounting Estimates and Corrections of Errors (continued)

24.3 The foreign currency forward contracts have not been presented in the financial statements before the first-time implementation of ASBEs, while after that, the above contracts shall be presented as derivate financial instruments in the balance sheet and measured by fair value.

24.4 The impacts from changes in the accounting policies on the shareholders' equity on 1 January 2006 and 31 December 2006, and the net profit in 2006 based on the consolidation and parent company are listed as follows:

(1) Impacts on the consolidated shareholders' equity on 1 January 2006

The retrospectively adjustments on deferred tax asset increased RMB6,576,000 of undistributed profit; derivative financial instrument retrospectively increased RMB83,000 of undistributed profit; shareholders' equity has been increased of RMB1,092,000 because of the minority shareholders' equity has been presented in the shareholders' equity. The adjustments above totally increased RMB7,751,000 of shareholders' equity as at 1 January 2006.

(本註釋除另有註明者外以人民幣千元為單位)

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(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

四. 重要會計政策、會計估計和合併財務報表的編制方法 (續)

24. 重大會計政策變更 (續)

24.4 (續)

- (2) 對2006年度合併淨利潤的影響

遞延所得稅資產追溯調整增加淨利潤1,039千元；衍生金融工具追溯調整增加淨利潤51千元；少數股東損益列報方式變化增加淨利潤-814千元；未確認投資損失列報方式變化增加淨利潤-228千元；合計共增加2006年度淨利潤48千元。

- (3) 對2006年12月31日合併股東權益的影響

遞延所得稅資產追溯調整增加未分配利潤7,615千元；衍生金融工具追溯調整增加未分配利潤134千元；少數股東權益作為股東權益列報增加股東權益3,313千元；合計共增加2006年12月31日股東權益11,062千元。

4. Significant Accounting Policies, Estimates and Basis of Presentation for Consolidation (continued)

24. Significant Changes of Accounting Policies and Accounting Estimates and Corrections of Errors (continued)

24.4 (continued)

- (2) Impacts on the consolidated net profit in 2006

The retrospectively adjustment on deferred tax asset increased RMB1,039,000 of net profit; derivative financial instrument retrospectively increased RMB51,000 of net profit; change of presentation of minority shareholder's equity increased RMB-814,000 of net profit; change of presentation of unconfirmed investment loss increased RMB-228,000 of net profit. The adjustments above totally increased RMB48,000 of net profit in 2006.

- (3) Impacts on the consolidated shareholders' equity on 31 December 2006

The retrospectively adjustments on deferred tax asset increased RMB7,615,000 of undistributed profit; derivative financial instrument retrospectively increased RMB134,000 of undistributed profit; shareholders' equity has been increased of RMB3,313,000 because of the minority shareholders' equity has been presented in the shareholders' equity. The adjustments above totally increased RMB11,062,000 of shareholders' equity as at 31 December 2006.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

五. 稅項

本公司適用的主要稅種及稅率如下：

1. 所得稅

本公司註冊地在淄博市高新技術產業開發區化工區，根據國家稅務總局[1994]國稅發151號《關於高新技術企業如何適用稅收優惠政策問題的通知》，從2002年起執行所得稅稅率15%的政策，並獲得當地稅務部門批復；從2004年起，本公司位於開發區內的經營所得適用稅率為15%，開發區外的經營所得適用稅率為33%，並已在當地稅務部門備案。

本公司的控股子公司淄博新華一百利高製藥有限責任公司及淄博新華-中西製藥有限責任公司所得稅適用稅率為24%，其餘控股子公司所得稅適用稅率均為33%。

2. 增值稅

本公司商品銷售收入適用增值稅，其中：內銷商品銷項稅率為17%、13%，外銷商品增值稅執行免抵退政策。

購買原材料等所支付的增值稅進項稅額可以抵扣銷項稅，稅率一般為17%。

增值稅應納稅額為當期銷項稅抵減當期進項稅後的餘額。

3. 營業稅

本公司營業稅以設計費收入為計稅依據，適用稅率為5%。

4. 城建稅及教育費附加

本公司城建稅、教育費附加和地方教育費附加均以應納增值稅、營業稅額為計稅依據，適用稅率分別為7%、3%和1%。

5. Taxes

Major taxes and tax rates applicable to the Company are as follows:

1. Income tax

According to the document (State Revenue Issue [1994] No. 151 "The Notice of Applying favorable tax policies for the new and high technology companies") issued by State Bureau of Revenue, the Company is subject to an income tax rate of 15% starting from 2002 because its place of registration is the chemical zone in Zibo Municipal New and High Technology Industrial Development Zone, Shandong Province, and approved by the local department of revenue. The Company is subject to 15% income tax for operating income generated from the development zone and 33% income tax for operating income generated outside the development zone from 2004, and has put on records in the local department of revenue.

The other subsidiaries of the Company are subject to 33% income tax except for Sino-USA Zibo Xinhua-Perrigo Pharmaceutical Company Limited and Zibo Xinhua-Eastwest Pharmaceutical Company Limited which are subject for 24%.

2. Value added tax

The Company is subject to value added tax for its sales revenues at a VAT rate of 17% or 13% for domestic sales and 0% for export sales.

In purchasing raw materials, the input VAT is deductible against output VAT at the rate of 17%.

The VAT payable for the period is the amount of output VAT less input VAT.

3. Business tax

Business tax is based on the design revenue, at a rate of 5%.

4. Urban maintenance & construction tax and educational surcharges

Urban maintenance & construction tax and educational surcharges are based on the sum of VAT payable and sales tax payable, at the rates of 7%, 3% and 1% respectively.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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五. 稅項 (續)

5. 房產稅

本公司自用房產以房產原值的70%為計稅依據，適用稅率為1.2%。出租房產以租金收入為計稅依據，適用稅率為12%。

5. Taxes (continued)

5. Property tax

Property tax is levied based on 70% of the original cost of the building property of the Company at a rate of 1.2%. The Company is subject to a 12% tax rate for rental income from leasing its building property.

六. 企業合併及合併財務報表

1. 子公司情況

公司名稱 Company name	註冊地 Registered address	註冊資本 Registered capital	經營範圍 Business Scope	投資金額 Initial Investment	持股比例 (%) Holding Ratio(%)	表決權 比例(%) Voting Ratio(%)
山東新華醫藥貿易有限公司 Shandong Xinhua Pharmaceutical Trade Company Limited	山東省淄博市 Zibo, Shandong	4,849.89萬元人民幣 RMB48,498,900	藥品銷售 Drug sales	4,752.89萬元人民幣 RMB47,528,900	99.76	99.76
山東新華製藥進出口 有限責任公司 Shandong Xinhua Pharmaceutical Export & Import Company Limited	山東省淄博市 Zibo, Shandong	300萬元人民幣 RMB3,000,000	從事貨物、技術進出口和 開展對銷貿易、轉口貿易 Exporting & Importing of goods and technology, entrepot & counter trade	300萬元人民幣 RMB3,000,000	99.52	99.52
淄博新華醫藥設計院 有限公司 Zibo Xinhua Pharmaceutical Design Institute Company Limited	山東省淄博市 Zibo, Shandong	200萬元人民幣 RMB2,000,000	醫藥工程設計 Pharmaceuticals project design	180萬元人民幣 RMB1,800,000	90	90
淄博新華大藥店連鎖有限公司 Zibo Xinhua Drug Store Chain Company Limited	山東省淄博市 Zibo, Shandong	200萬元人民幣 RMB2,000,000	藥品零售 Pharmaceutical retail	176萬元人民幣 RMB1,760,000	88	88
東營新華大藥店有限公司 Dongying Xinhua Pharm. Company Limited	山東省淄博市 Zibo, Shandong	90萬元人民幣 RMB900,000	藥品零售 Pharmaceutical retail	47.70萬元人民幣 RMB477,000	46.64	46.64
山東新華製藥(歐洲) 有限公司 Shandong Xinhua Pharmaceutical (European) GmbH	德國漢堡市 Hamburg, Germany	65萬歐元 EURO650,000	經營醫藥原料及中間體 Sales of bulk pharmaceuticals and etc.	50萬歐元 EURO500,000	76.9	76.9
淄博新華一中西製藥 有限責任公司 Zibo Xinhua-Eastwest Pharmaceutical Company Limited	山東省淄博市 Zibo, Shandong	150萬美元 USD1,500,000	生產、銷售聚卡波非鈣原料藥 Producing & sales of Calcium Polycarboxylic materials	112.5萬美元 USD1,125,000	75	75

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

六. 企業合併及合併財務報表

(續)

1. 子公司情況 (續)

公司名稱 Company name	註冊地 Registered address	註冊資本 Registered capital	經營範圍 Business Scope	投資金額 Initial Investment	持股比例 Holding Ratio %	表決權 比例 Voting Ratio %
淄博新華一 百利高 製藥有限責任公司 Sino-USA Zibo Xinhua-Perrigo Pharmaceutical Company Limited	山東省淄博市 Zibo, Shandong	600萬美元 USD6,000,000	生產、銷售布洛芬原料藥 Producing & sales of Ibuprofen materials	300.6萬美元 USD3,006,000	50.1	50.1
山東大地新華化學 有限公司 Shandong Dadi Xinhua Chemical & Industrial Company Limited	山東省濰光市 Shouguang, Shandong	3,200萬元人民幣 RMB32,000,000	生產銷售化工設備及配件 Production and sales of chemical products (excluded dangerous chemical)	1,874萬元人民幣 RMB18,740,000	58.5625	58.5625
濰坊萬源化工有限公司 Weifang Wanyuan Chemical & Industrial Company Limited	山東省濰光市 Shouguang, Shandong	1,000萬元人民幣 RMB10,000,000	生產銷售溴素 Production and sales of bromine	872.4萬元人民幣 RMB8,724,000	29.87	29.87

1) 山東新華醫藥貿易有限公司(以下簡稱「醫貿公司」)成立於2004年8月30日，由本公司及控股子公司淄博大藥店共同出資組建，原註冊資本人民幣500萬元，出資各方股權比例分別為98%和2%。2005年3月該公司註冊資本新增4,349.89萬元，其中本公司以實物方式增加出資4,262.89萬元，淄博大藥店以現金方式增加出資87.00萬元，變更後各方股權比例不變。

6. Business Combination and Consolidated Financial Statements (continued)

1. Information about Subsidiaries (continued)

1) With a registered capital of RMB5 million, Shandong Xinhua Pharmaceutical Trade Company Limited (hereafter referred to as "Pharm. Trade") was established on 30 August 2004 by the Company and Zibo Xinhua Drug Store Chain Company Limited (a majority-owned subsidiary of the Company), which hold 98% and 2% of the registered capital, respectively. In March 2005, the registered capital increased by 43,498,900, among which, 42,628,900 was contributed by the Company in tangible assets, and 870,000 was contributed by Zibo Xinhua Drug Store Chain Company Limited in cash. The share of equity interest held by each shareholder remains unchanged.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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六. 企業合併及合併財務報表 (續)

1. 子公司情況 (續)

- 2) 山東新華製藥進出口有限責任公司(以下簡稱「新華進出口」)成立於2006年5月15日,由山東新華醫藥貿易有限公司和淄博新華大藥店連鎖有限公司共同出資組建,註冊資本為300萬元人民幣,出資各方股權比例分別為98%和2%。主要從事貨物、技術進出口和開展對銷貿易、轉口貿易。
- 3) 淄博新華醫藥設計院有限公司(以下簡稱「新華設計院」)成立於2002年3月,由本公司和山東新華醫藥集團有限責任公司共同出資組建,註冊資本為200萬元人民幣,出資各方股權比例分別為90%和10%。
- 4) 淄博新華大藥店連鎖有限公司(原名「淄博新華大藥店有限公司」,2003年12月變更為現名,以下簡稱「淄博大藥店」)成立於1999年7月,由本公司和山東新華醫藥集團有限責任公司共同出資組建,原註冊資本為人民幣100萬元,2002年9月公司註冊資本變更為200萬元人民幣,出資各方股權比例分別為88%和12%。

6. Business Combination and Consolidated Financial Statements (continued)

1. Information about Subsidiaries (continued)

- 2) With a registered capital of RMB3 million, Shandong Xinhua Pharmaceutical Export & Import Company Limited (hereafter referred to as “Xinhua Export& Import”) was established on 15 July 2006 by Shandong Xinhua Pharmaceutical Trade Company Limited and Zibo Xinhua Drug Store Chain Company Limited, which hold 98% and 2% of the equity interests respectively, the principle operation of Xinhua Export& Import is exporting & importing of goods and technology, entrepot & counter trade.
- 3) With a registered capital of RMB2,000,000, Zibo Xinhua Pharmaceutical Design Institute (hereinafter referred to as the “Design Institute”) was formed in March 2002 by the Company and Xinhua Pharmaceutical Group Company Limited, which hold 90% and 10% of the registered capital, respectively.
- 4) Zibo Xinhua Drug Store Chain Company Limited (the name was changed from Zibo Xinhua Drug Store Company Limited in December 2003, hereafter referred to as the “Zibo Drug Store”) was incorporated in July, 1999 with the registered capital contributed by the Company and Xinhua Pharmaceutical Group Company Limited, which hold 88% and 12% of the equity interests, respectively. The original registered capital was RMB1,000,000 and it was increased to RMB2,000,000 in September 2002.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

六. 企業合併及合併財務報表

(續)

1. 子公司情況 (續)

- 5) 東營新華大藥店有限公司(以下簡稱「東營大藥店」)成立於2002年3月,由本公司的控股子公司淄博大藥店和東營市藍鯨科技開發有限責任公司共同出資組建,註冊資本為90萬元人民幣,出資各方股權比例分別為53%和47%。
- 6) 山東新華製藥(歐洲)有限公司(以下簡稱「新華歐洲公司」)成立於2003年11月25日,由本公司和德意志聯邦共和國LIPENG先生共同出資組建,註冊資本100萬歐元,出資各方股權比例分別為70%和30%。該公司註冊地址為德國漢堡市,記賬本位幣為歐元。根據該公司2006年7月董事會決議,註冊資本變更為65萬歐元,出資各方股權比例變更為76.90%和23.10%。
- 7) 淄博新華—中西製藥有限責任公司(以下簡稱「中西製藥」)成立於2005年11月15日,由本公司與美國中西公司(Eastwest United Group, Inc.)共同組建,註冊資本150萬美元,出資各方股權比例分別為75%和25%。2006年6月26日,本公司和美國中西公司分別以現金112.5萬美元和37.5萬美元出資。該公司實收資本為150萬美元,主要生產聚卡波非鈣原料藥。

6. Business Combination and Consolidated Financial Statements (continued)

1. Information about Subsidiaries (continued)

- 5) With a registered capital of RMB900,000, Dongying Xinhua Pharmaceutical Company Limited (hereinafter referred to as the "Dongying Pharmaceutical") was formed in March 2002 by Zibo Drug Store and Dongying Lanjing Tech. Company Limited, which hold 53% and 47% of equity interests respectively.
- 6) Shandong Xinhua Pharmaceutical (European) GmbH (hereinafter referred to as the "Xinhua European") was established on 25 November 2003. It was jointly invested by the Company and Mr. LI PENG from Germany. The registered capital was 1 million Euros. The Company holds 70% of equity interests, while Mr. LIPENG owns 30%. This company was incorporated in Hamburg, Germany. This company's reporting currency is Euro. In July 2006, the registered capital of the Company was changed to EURO650,000 according to the resolution of the Board of Directors' meeting, and the share of equity interest held by the Company and Mr. LI PENG was changed to 76.90% and 23.10% respectively.
- 7) With a registered capital of USD1.5 million, Zibo Xinhua — Eastwest Pharmaceutical Company Limited (hereafter referred to as "Xinhua-Eastwest") was established on 15 November 2005 by the Company and Eastwest United Group, Inc., which hold 75% and 25% of the equity interests respectively, the principle operation of Zibo Xinhua — Eastwest Pharmaceutical Company Limited is producing and sales of Calcium Polycarboxylic materials. On 26 June 2006, the Company and Eastwest United Group, Inc. injected USD1.125 million and USD0.375 million in cash respectively.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)
(根據中國會計準則編制)
(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

六. 企業合併及合併財務報表 (續)

1. 子公司情況 (續)

- 8) 淄博新華一百利高製藥有限責任公司(以下簡稱「新華一百利高」)成立於2003年9月11日,由本公司和美國百利高國際公司共同出資組建,註冊資本600萬美元,該公司系合營企業,出資雙方股權比例均為50%。2006年4月3日,新華-百利高的美方股東美國百利高國際公司根據《合資企業合同修訂協議》,將其持有的新華-百利高0.1%的股權轉讓給本公司,股權轉讓款6,000美元。2006年12月27日本公司取得淄博高新技術產業開發區經濟發展局關於此次股權轉讓事項的批復。截止2007年12月31日本公司對新華-百利高的持股比例為50.1%。
- 9) 山東大地新華化學有限公司(以下簡稱為「大地新華」)成立於2006年9月12日,由本公司和山東大地鹽化集團有限公司共同組建,註冊資本人民幣2,600萬元,本公司出資1,274萬元,佔註冊資本的49%。2007年11月本公司對大地新華增資600萬元,增資後大地新華註冊資本變更為3,200萬元,本公司出資1,874萬元,佔註冊資本的58.5625%。大地新華主要業務包括:生產、銷售化工產品(不含危險化學品)。

6. Business Combination and Consolidated Financial Statements (continued)

1. Information about Subsidiaries (continued)

- 8) Sino-USA Zibo Xinhua-Perrigo Pharmaceutical Company Limited (hereinafter referred to as the "Xinhua-Perrigo") was established by the Company and Perrigo International Inc. on 11 September 2003, a foreign invested joint company. With a registered capital of USD6 million, each party holds 50% of equity interests. On 3 April 2006, Perrigo International Inc. transferred 0.1% shares of Xinhua-Perrigo to the Company with a consideration of USD6,000 according to the Mending Agreement of Joint Venture. The transaction was approved by Bureau of Economic Development in Zibo New & high-tech Industrial Development Zone. The Company held 50.1% shares of Xinhua-Perrigo as at the end of 31 December 2007.
- 9) Shandong Dadi Xinhua Chemical & Industrial Company Limited (hereinafter referred to as the Dadi Xinhua) was established with the registered capital of RMB26,000,000 by the Company and Shandong Dadi Salt Chemical Group Company Limited on 12 September 2006. The Company contributes RMB12,740,000, accounting for 49% of the registered capital. The Company injected RMB6,000,000 more to Dadi Xinhua and increased its registered capital to RMB32,000,000 in November 2007. The Company held 58.5625% of its shares. The main business of Dadi Xinhua includes production and sale of chemical products (excluded dangerous and poisonous chemical).

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

六. 企業合併及合併財務報表

(續)

1. 子公司情況 (續)

- 10) 濰坊萬源化工有限公司(以下簡稱為「萬源化工」)成立於2003年7月7日。大地新華受讓山東大地鹽化集團有限公司持有的萬源化工51%股權，支付股權轉讓款872.4萬元，自2007年3月起享有股東權益。萬源化工主要業務包括：生產、銷售溴素及化工產品(不含危險化學品)。

2. 合併範圍的變動

本年度合併會計報表範圍新增新華—百利高、大地新華和萬源化工三家公司；減少淄博新華-三和化工有限公司(以下簡稱為「三和化工」)，其於2007年已註銷。

七. 合併財務報表主要項目註釋

1. 貨幣資金

項目 Item		2007年12月31日 2007.12.31			2006年12月31日 2006.12.31		
		原幣 Original Currency	折算匯率 Exchange Rate	折合人民幣 Translated into RMB	原幣 Original Currency	折算匯率 Exchange Rate	折合人民幣 Translated into RMB
		庫存現金 Cash on Hand			149		
其中：美元 Including: USD	2	7.3046	11	15	7.8087	114	
歐元 EURO	4	10.6669	39	2	10.2665	25	
港幣 HKD	21	0.9364	19	1	1.00467	1	
日元 JPY	91	0.064064	6	6	0.065630	0	
銀行存款 Cash in Bank			142,637			122,950	
其中：美元 Including: USD	6,795	7.3046	49,634	4,909	7.8087	38,332	
歐元 EURO	363	10.6669	3,873	245	10.2665	2,520	
其他貨幣資金 Other Fund			69,472			39,401	
其中：美元 Including: USD	174	7.3046	1,270	0	7.8087	0	
合計 Total			<u>212,258</u>			<u>162,534</u>	

6. Business Combination and Consolidated Financial Statements (continued)

1. Information about Subsidiaries (continued)

- 10) Weifang Wanyuan Chemical & Industrial Company Limited (hereinafter referred to as the Wanyuan Chemical) was established on 7 July 2003. The Company purchased RMB8,724,000 as consideration of 51% shares of Wanyuan Chemical from Shandong Dadi Salt chemical Group Company Limited in March 2007. The main business of Wanyuan Chemical includes production and sales of bromine and chemical products (excluded dangerous and poisonous chemical).

2. Changes of the Scope of Consolidation

The consolidated financial statements of the Company included Xinhua-Perrigo, Dadi Xinhua and Wanyuan Chemical, which were not included in last year's consolidation. While Zibo Xinhua-sanhe Chemical & Industrial Company Limited (hereinafter referred as "Sanhe Chemical") was not included as it was cancelled registration in 2007.

7. Notes to the Consolidated Financial Statements

1. Cash & Cash equivalents

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)
(根據中國會計準則編制)
(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

七. 合併財務報表主要項目註釋 (續)

1. 貨幣資金 (續)

- (1) 期末貨幣資金餘額較上年增加較大，主要是由於本公司2007年收回青島海協信託投資1.17億元。
- (2) 期末其他貨幣資金餘額中銀行承兌匯票保證金存款11,155千元、三個月定期存款5,046千元、可隨時支取的通知存款52,000千元、信用證保證金存款1,270千元。

2. 交易性金融資產

- 項目
-
- 衍生金融資產
-
- (1) 本公司交易性金融資產為遠期美元結售匯合約，主要用於出口產品貨款結匯。其投資變現不存在重大限制。
 - (2) 期末交易性金融資產餘額較上年增加較大，主要是由於2007年人民幣對美元匯率波動較大。

7. Notes to the Consolidated Financial Statements (continued)

1. Cash & Cash equivalents (continued)

- (1) The ending balance of cash and cash equivalents has increased significantly from that of last year, mainly because the Company recovered the investment to Qindao Hisyn Trust & Investment Company Limited of RMB117,000,000 in 2007.
- (2) The ending balance of other fund contained bank acceptance deposit of RMB11,155,000, three-month fixed deposit of RMB5,046,000, freely-drawn notifying deposit of RMB52,000,000 and letter of credit deposit of RMB1,270,000.

2. Held-for-sale Financial Assets

項目	Item	2007年12月31日	2006年12月31日
		公允價值 Fair Value on 2007.12.31	公允價值 Fair Value on 2006.12.31
衍生金融資產	Derivate Financial Instruments	<u>15,897</u>	<u>134</u>

- (1) Held-for-trading financial assets referred to the United States Dollar forward contracts. The Company entered into forward contracts denominated in USD for the settlement of exchange of exportation. There is no significant restriction on the returns of investment.
- (2) The ending balance of held-for-trading financial assets has increased as that of last year, mainly due to the drastic changes of exchange rate between RMB and USD in 2007.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB'000)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

七. 合併財務報表主要項目註釋 (續)

7. Notes to the Consolidated Financial Statements (continued)

3. 應收票據

票據種類	Item	2007年12月31日 2007.12.31	2006年12月31日 2006.12.31
銀行承兌匯票	Bank acceptance	<u>71,966</u>	<u>19,431</u>

(1) 期末應收票據餘額較上年增加較大，主要是由於本公司2007年度銷售規模增加，較多採用銀行承兌匯票的結算方式。

(2) 截止2007年12月31日本公司已背書轉讓尚未到期的銀行承兌匯票244,209千元。

3. Notes Receivable

(1) The ending balance of notes receivable has increased significantly as that of last year, mainly due to the increasing of sales settled in bank acceptance in 2007.

(2) The ending balance contained RMB244,209,000 of bank acceptance endorsed but not matured.

4. 應收賬款

(1) 應收賬款風險分類

項目	Item	2007年12月31日 2007.12.31			2006年12月31日 2006.12.31		
		金額 Amount	比例 Ratio %	壞賬準備 Bad debts Provision	金額 Amount	比例 Ratio %	壞賬準備 Bad debts Provision
單項金額重大的 應收賬款	Individually significant accounts receivable	63,318	26.91	317	81,857	29.03	409
其他單項金額不 重大的應收賬款	Individually non-significant accounts receivable	171,956	73.09	13,868	200,084	70.97	12,282
合計	Total	<u>235,274</u>	<u>100.00</u>	<u>14,185</u>	<u>281,941</u>	<u>100.00</u>	<u>12,691</u>

單項金額重大的應收賬款為單項500萬元以上的應收賬款，經對單項金額重大的應收賬款進行認定，未發現減值跡象，故採用賬齡法計提壞賬準備。

4. Accounts Receivable

(1) Risk Classification of Accounts Receivable

Individually significant accounts receivable referred to as individual accounts receivable with an amount over RMB5,000,000. The provision for bad debts have been made on aging basis as no impairment of individually significant accounts receivable was found after the assessing.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)
(根據中國會計準則編制)
(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

七. 合併財務報表主要項目註釋 (續)

4. 應收賬款 (續)

(2) 應收賬款賬齡

項目	Item	2007年12月31日 2007.12.31			2006年12月31日 2006.12.31		
		金額 Amount	比例 Ratio %	壞賬準備 Bad debts Provision	金額 Amount	比例 Ratio %	壞賬準備 Bad debts Provision
一年以內	Less than 1 year	176,555	75.04	868	221,870	78.70	101
一至二年	1 to 2 years	21,729	9.24	849	42,327	15.01	2,744
二至三年	2 to 3 years	27,707	11.78	3,750	15,930	5.65	8,032
三年以上	Over 3 years	9,283	3.94	8,717	1,814	0.64	1,814
合計	Total	<u>235,274</u>	<u>100.00</u>	<u>14,184</u>	<u>281,941</u>	<u>100.00</u>	<u>12,691</u>

期末應收賬款餘額較上年減少較大，主要是由於本公司2007年度隨著銷售規模的擴大，為了加快貨款回收力度，較多的使用了銀行承兌匯票的結算方式。

The ending balance of accounts receivable has decreased significantly as that of last year, mainly due to the increased of settlements in bank acceptance in 2007.

(3) 壞賬準備的計提方法及比例參見附註四、7。本年度收回以前年度已核銷的應收賬款569千元。

(3) The provision system for bad debts shall be seen above Notes 4.7. The Company recovered RMB569,000 of the previous written-off accounts receivable in 2007.

(4) 本年度按照本公司壞賬核銷政策核銷了主要為三年以上的應收賬款5,815千元。

(4) RMB5,815,000 of accounts receivable aged over 3 years has been written off in 2007 according to the Company's accounting policy.

(5) 期末應收賬款中不含持本公司5% (含5%) 以上表決權股份的股東單位欠款。

(5) In the ending balance, there is no account receivable due from shareholders who hold 5% or more of the Company's voting capital.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

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(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

七. 合併財務報表主要項目註釋 (續)

4. 應收賬款 (續)

- (6) 期末餘額前五位的應收賬款金額合計55,913千元、比例為23.77%。
- (7) 期末餘額中應收關聯方款項合計45,734千元、比例為19.44%。
- (8) 應收賬款中包括以下外幣餘額：

外幣名稱	Item	2007年12月31日 2007.12.31			2006年12月31日 2006.12.31		
		原幣 Original Currency	折算匯率 Exchange Rate	折合人民幣 Translated into RMB	原幣 Original Currency	折算匯率 Exchange Rate	折合人民幣 Translated into RMB
美元	USD	15,821	7.3046	115,570	18,619	7.8087	145,386
歐元	EURO	89	10.6669	952	30	10.2665	304
合計	Total			<u>116,522</u>			<u>145,690</u>

5. 預付款項

項目	Item	2007.12.31 2007年12月31日		2006.12.31 2006年12月31日	
		金額 Amount	比例 Ratio %	金額 Amount	比例 Ratio %
1年以內	Less than 1 year	20,905	97.51	19,647	98.87
1-2年	1 to 2 years	14	0.07	189	0.95
2-3年	2 to 3 years	290	1.35	36	0.18
3年以上	Over 3 years	229	1.07	0	0
合計	Total	<u>21,438</u>	<u>100.00</u>	<u>19,872</u>	<u>100.00</u>

7. Notes to the Consolidated Financial Statements (continued)

4. Accounts Receivable (continued)

- (6) The balance of accounts receivable due from the top five debtors is RMB55,913,000, accounting for 23.77% of the total balance of accounts receivable.
- (7) The balance of accounts receivables due from the related parties is RMB45,734,000, accounting for 19.44% of the total balance of accounts receivable.
- (8) The ending balance of accounts receivable expressed in the foreign currency is as follows:

5. Advances to Suppliers

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)
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七. 合併財務報表主要項目註釋 (續)

5. 預付款項 (續)

- (1) 本公司2007年由於合併範圍變化，導致期末賬齡與上年末不合理。賬齡超過1年的預付賬款主要是尚未結算的預付材料款。
- (2) 期末預付款項中不含持本公司5% (含5%) 以上表決權股份的股東單位款項。
- (3) 預付款項中無外幣餘額。

6. 其他應收款

- (1) 其他應收款風險分類

7. Notes to the Consolidated Financial Statements (continued)

5. Advances to Suppliers (continued)

- (1) Aging system of the ending balance of advances to suppliers in 2007 was logically unreasonable compared with that of 2006, which mainly due to the change of consolidated scope of financial statements. Advance payments aged over one year yet still not recovered are mainly payments for materials pending settlement.
- (2) The ending balance of advance payments does not have any advance payment due from shareholders who hold 5% or more of the Company's voting capital.
- (3) There is no advance payment expressed in foreign currency in the ending balance.

6. Other Receivable

- (1) Risk Classification of Other Receivable

項目	Item	2007年12月31日 2007.12.31			2006年12月31日 2006.12.31		
		金額 Amount	比例 Ratio %	壞賬準備 Bad debts Provision	金額 Amount	比例 Ratio %	壞賬準備 Bad debts Provision
單項金額重大的其他應收款	Individually significant other receivable	6,196	22.01	6,196	11,835	26.65	0
其他單項金額不重大的其他應收款	Individually non-significant other receivable	21,951	77.99	1,370	32,565	73.35	2,776
合計	Total	<u>28,147</u>	<u>100.00</u>	<u>7,566</u>	<u>44,400</u>	<u>100.00</u>	<u>2,776</u>

單項金額重大的其他應收款為單項500萬元以上的其他應收款，經對單項金額重大的其他應收款進行認定，未發現減值跡象，故採用賬齡法計提壞賬準備。

Individually significant other receivable referred to as individual other receivable with an amount over RMB5,000,000. The provision for bad debts have been made on aging basis as no impairment of individually significant other receivable was found after the assessing.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

七. 合併財務報表主要項目註釋 (續)

6. 其他應收款 (續)

(2) 其他應收款賬齡

項目	Item	2007年12月31日 2007.12.31			2006年12月31日 2006.12.31		
		金額 Amount	比例 Ratio %	壞賬準備 Bad debts Provision	金額 Amount	比例 Ratio %	壞賬準備 Bad debts Provision
一年以內	Less than 1 year	16,986	55.73	28	17,184	38.70	10
一至二年	1 to 2 years	1,139	4.05	30	16,671	37.55	166
二至三年	2 to 3 years	2,954	10.49	450	2,306	5.19	533
三年以上	Over 3 years	7,068	29.73	7,058	8,239	18.56	2,067
合計	Total	<u>28,147</u>	<u>100.00</u>	<u>7,566</u>	<u>44,400</u>	<u>100.00</u>	<u>2,776</u>

期末其他應收款餘額較上年減少較大，主要是由於本公司加大了清欠力度，及時收回了部分其他應收款。

The ending balance of other receivable has decreased significantly as that of last year, mainly due to the efforts of settlements and recoveries of the Company on other receivable in 2007.

(3) 壞賬準備的計提方法及比例參見本附註四7。

(3) The provision system for bad debts shall be seen above Notes 4.7.

(4) 本年度按照本公司壞賬核銷政策核銷了主要為三年以上的其他應收款1,856千元。

(4) RMB1,856,000 of other receivable aged over three years have been written off in 2007 according to the Company's accounting policy.

(5) 期末其他應收款餘額中包含的待抵扣進項稅、出口報關批准前暫按內銷確認的增值稅等未計提壞賬準備。

(5) The ending balance of other receivable include deductible input VAT, output VAT for exporting before applying to customs. No bad debts provision is made on these items.

(6) 期末其他應收款中不含持本公司5% (含5%) 以上表決權股份的股東單位欠款。

(6) In the ending balance, there is no other receivable due from shareholders who hold 5% or more of the Company's voting capital.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)
(根據中國會計準則編制)
(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

七. 合併財務報表主要項目註釋 (續)

6. 其他應收款 (續)

- (7) 期末餘額前五位的其他應收款金額合計15,616千元、比例為55.48%。
- (8) 期末餘額中應收關聯方款項合計388千元、比例為1.38%。
- (9) 其他應收款中包括以下外幣餘額：

外幣名稱	Item	2007年12月31日 2007.12.31			2006年12月31日 2006.12.31		
		原幣 Original Currency	折算匯率 Exchange Rate	折合人民幣 Translated into RMB	原幣 Original Currency	折算匯率 Exchange Rate	折合人民幣 Translated into RMB
歐元	EURO	75	10.6669	804	61	10.2665	624

7. 存貨及跌價準備

- (1) 存貨的類別

項目	Item	2007.12.31 2007年12月31日		2006.12.31 2006年12月31日	
		餘額 Balance	存貨跌價準備 Provision for impairment	餘額 Balance	存貨跌價準備 Provision for impairment
原材料	Raw material	46,678	0	31,458	0
在產品	Work-in-progress	51,528	0	67,456	0
產成品	Finished goods	114,773	7,771	86,844	5,969
庫存商品	Goods-in-stock	68,704	825	32,410	1,168
低值易耗品	Low-value consumables	11,357	0	11,727	0
特准儲備物資	Special materials for Government	1,597	0	1,597	0
合計	Total	294,637	8,596	231,492	7,137

7. Notes to the Consolidated Financial Statements (continued)

6. Other Receivable (continued)

- (7) The balance of other receivable due from the top five debtors is RMB15,616,000, accounting for 55.48% of the total balance of other receivable.
- (8) The balance of other receivable due from the related parties is RMB388,000, accounting for 1.38% of the total balance of other receivable.
- (9) The ending balance of other receivable expressed in foreign currency is as follows:

7. Inventories

- (1) Classification of Inventories and Provisions

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

七. 合併財務報表主要項目註釋 (續)

7. 存貨及跌價準備 (續)

(1) 存貨的類別 (續)

期末存貨餘額較上年增加較大，主要是由於本公司2007年銷售規模擴大，使得期末庫存量增加；同時，2007年合併範圍擴大也增加了期末存貨。

存貨跌價準備的計提方法參見本附註四.8。

7. Notes to the Consolidated Financial Statements (continued)

7. Inventories (continued)

(1) Classification of Inventories and Provisions (continued)

The ending balance of inventories has increased significantly as that of last year, mainly due to the enlargement of sales and productions in 2007. Also, the change of consolidated scope of financial statements has increased the ending balance of inventories.

Provision system for impairment of inventories shall be seen above Notes 4.8

8. 可供出售金融資產

8. Available-for-sale Financial Assets

項目	Item	2007年12月31日 2007.12.31	2006年12月31日 2006.12.31
瑞恒醫藥科技投資 公司股權	Equity of Ruiheng Pharmaceutical & Technology Investment Company Limited	3,200	3,200
交通銀行法人股	Legal-person share of Bank of Communications	116,713	13,577
太平洋保險法人股	Legal-person share of Pacific Insurance Company Limited	247,250	7,000
天同證券股權	Equity of Tiantong Securities Company Limited	30,000	30,000
合計	Total	397,163	53,777
可供出售金融資產減值	Impairment of available-for-sale financial assets	30,000	30,000
其中：天同證券股權減值	Including: Impairment on Equity of Tiantong Securities Company Limited	30,000	30,000
可供出售金融資產淨值	Net value of available-for-sale financial assets	367,163	23,777

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
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(根據中國會計準則編制)
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七. 合併財務報表主要項目註釋 (續)

8. 可供出售金融資產 (續)

期末可供出售金融資產餘額較上年增加較大，是由於交通銀行、太平洋保險股票於2007年上市，其年末市價比年初增加較大。

9. 持有至到期投資

項目	Item	2007年12月31日 2007.12.31	2006年12月31日 2006.12.31
青島海協信託投資	Qingdao Hysin Trust & Investment Company limited	0	117,000
市重點建設基金	Municipal Construction Funds	0	76
合計	Total	<u>0</u>	<u>117,076</u>

期末可供出售金融資產餘額較上年減少較大，是由於本公司於2007年收回了青島海協信託投資。

10. 長期股權投資

(1) 長期股權投資

項目	Item	2007年12月31日 2007.12.31	2006年12月31日 2006.12.31
按成本法核算 長期股權投資	Accounted in cost method	0	0
按權益法核算 長期股權投資	Accounted in equity method	23,512	42,580
長期股權投資合計	Total	<u>23,512</u>	<u>42,580</u>
減：長期股權投資 減值準備	Less: Impairment of Long-term equity investment	0	0
長期股權投資淨值	Net value of Long-term equity investment	23,512	42,580

7. Notes to the Consolidated Financial Statements (continued)

8. Available-for-sale Financial Assets (continued)

The ending balance of available-for-sale financial assets has increased much as that of last year, mainly due to the market price of shares of Bank of Communications and Pacific Insurance Company Limited because of both their stocks going public in 2007.

9. Held-to-maturity Investment

The ending balance of held-to-maturity investment has decreased significantly as that of last year, mainly due to the recovery of investment to Qingdao Hysin Trust & Investment Company limited in 2007.

10. Long-term Equity Investment

(1) Long-term Equity Investment

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

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(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

七. 合併財務報表主要項目註釋 (續)

10. 長期股權投資 (續)

(2) 按權益法

被投資單位名稱 Name of investee	持股比例 Holding Ratio %	初始金額 Original Balance in Cost	年初餘額 2006.12.31	本年增加 Addition	其他減少 Deduction	年末餘額 Balance in 2007.12.31	當年分得
							現金紅利 Dividends received in 2007
權益法核算 Accounted in equity method							
1. 濰博新華一百利高製藥有限責任公司 Sino-USA Zibo Xinhua-Perrigo Pharmaceutical Company Limited	50.10	24,831	19,027	46	19,073	0	0
2. 山東大地新華化學有限公司 Shandong Dadi Xinhua Chemical & Industrial Company Limited	58.56	5,300	5,300	13,790	19,090	0	0
3. 山東新華隆信化工有限公司 Shandong Xinhua Longxin Chemical & Industrial Company Limited	40	10,000	10,694	(330)	0	10,364	0
4. 山東新華長星化工設備有限公司 Shandong Xinhua Changxing Chemical Equipment Company Limited	35	7,700	7,559	(1,810)	0	5,749	0
5. 山東濰博新達製藥有限公司 Shandong Zibo XinCat Pharmaceutical Company Limited	20	10,179	0	7,399	0	7,399	0
合計 Total			42,580	19,095	38,163	23,512	0

期末長期股權投資餘額較上年減少較大，主要是由於2007年本公司對新華-百利高和大地新華持股比例增加，將其納入合併範圍，作為其他減少列示，詳見「六、2、合併範圍變化」。

7. Notes to the Consolidated Financial Statements (continued)

10. Long-term Equity Investment (continued)

(2) Accounted in Equity Method

Holding Ratio %	Original Balance in Cost	2006.12.31	Addition	Deduction	Balance in 2007.12.31	當年分得
						Dividends received in 2007
Accounted in equity method						
50.10	24,831	19,027	46	19,073	0	0
58.56	5,300	5,300	13,790	19,090	0	0
40	10,000	10,694	(330)	0	10,364	0
35	7,700	7,559	(1,810)	0	5,749	0
20	10,179	0	7,399	0	7,399	0
		42,580	19,095	38,163	23,512	0

The ending balance of long-term equity investment has decreased significantly as that of last year, mainly because Xinhua-Perrigo and Dadi Xinhua were included in the consolidated financial statements in 2007 and expressed as deductions above. Details could be seen above notes 6.2 Change of the Scope of Consolidation.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
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七. 合併財務報表主要項目註釋 (續)

7. Notes to the Consolidated Financial Statements (continued)

10. 長期股權投資 (續)

10. Long-term Equity Investment (continued)

- (3) 長期股權投資減值準備

本公司長期股權投資不存在減值情形，未計提長期投資減值準備。

- (3) Impairment on Long-term Equity Investment

No provision for impairment is made and no evidence indicates any impairment of long-term equity investment at the end of the period.

- (4) 按合營企業、聯營企業

- (4) Joint Ventures and Associates

被投資單位名稱 Name of investee	註冊地 Registered address	業務性質 Business scope	本企業 持股比例 Holding Ratio	本企業在 被投資單位 表決權比例 Voting Ratio	期末淨資產 總額 Net Assets on 2007.12.31	本期營業 收入總額 Turnover in 2007	本期淨利潤 Net profit in 2007
聯營企業 Joint Ventures							
1. 山東新華隆信化工有限公司 Shandong Xinhua Longxin Chemical & Industrial Company Limited	山東省淄博市臨淄區 乙烯路299號 299th Ethene Road, Linzi Dist., Zobo, Shandong	水楊酸系列產品的 生產和銷售 Production and sales of Salicylic acid series	40%	40%	25,904	90,750	(825)
2. 山東新華長星化工設備 有限公司 Shandong Xinhua Changxing Chemical Equipment Company Limited	鄒平縣長山鎮三里河 Sanlihe, Changshan Town, Zouping, Shandong	主要生產銷售 化工設備及配件 Production and sales of chemical facilities and fittings	35%	35%	16,426	17,264	(5,171)
3. 山東淄博新達製藥有限公司 Shandong Zibo XinCat Pharmaceutical Company Limited	山東淄博市高新技術 企業開發區化工區 Chemical Area in Zibo New & High-Tech Industrial Development Zone, Shandong	西藥製劑 Preparation of chemical medicine	20%	20%	29,293	154,653	(13,901)

- (5) 本公司長期股權投資處置未受到重大限制。

- (5) There is no significant restriction on the Company to disposal the long-term equity investments.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

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七. 合併財務報表主要項目註釋 (續)

7. Notes to the Consolidated Financial Statements (continued)

11. 固定資產

11. Fixed Assets

(1) 固定資產明細表

(1) Details of fixed assets

		房屋建築物 Houses & Buildings	機器設備 Machinery & Equipment	運輸設備 及其他 Vehicles	電子儀器 Electronic Apparatus	合計 Total
原值	Original cost					
2006年12月31日	at beginning of year	486,525	1,097,378	18,025	27,342	1,629,270
加：本期增加	Add: Increases in the yr.	55,167	150,076	1,575	8,965	215,783
其中：在建工程轉入	Including: Construction-in-progress transferred in	23,103	53,241	4	167	76,515
減：本期減少	Less: Decreases in the yr.	15,518	46,365	1,634	1,979	65,496
2007年12月31日	Cost at the end of year	<u>526,174</u>	<u>1,201,089</u>	<u>17,966</u>	<u>34,328</u>	<u>1,779,557</u>
累計折舊	Accumulated depreciation					
2006年12月31日	at beginning of year	206,314	609,992	12,987	21,230	850,523
加：本期增加	Add: Increases in the yr.	22,048	92,131	1,765	4,413	120,357
減：本期減少	Less: Decrease in the yr.	8,921	32,429	1,359	1,878	44,587
2007年12月31日	Accumulated depreciation at the end of year	<u>219,441</u>	<u>669,694</u>	<u>13,393</u>	<u>23,765</u>	<u>926,293</u>
減值準備	Provision for impairment					
2006年12月31日	at beginning of year	0	0	0	0	0
加：本期增加	Add: Increases in the yr.	0	0	0	0	0
本期轉回	Reversed in the yr.	0	0	0	0	0
減：本期其他減少	Less: Other decrease in the yr.	0	0	0	0	0
2007年12月31日	Provision for impairment at the end of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
淨值	Net value					
2006年12月31日	Net value at 2006.12.31	<u>280,211</u>	<u>487,386</u>	<u>5,038</u>	<u>6,112</u>	<u>778,747</u>
2007年12月31日	Net value at 2007.12.31	<u>306,733</u>	<u>531,395</u>	<u>4,573</u>	<u>10,563</u>	<u>853,264</u>

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
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七. 合併財務報表主要項目註釋 (續)

11. 固定資產 (續)

- (2) 期末固定資產餘額較上年增加較大，主要是由於本公司2007年合併範圍擴大所致。
- (3) 本公司下列房產尚未取得產權證書：

房產名稱 Name	原值 Original Cost	淨值 Net value	原因說明 Status
頭孢廠房樓 Workshop of cephalothin	2,462	2,462	On-going
頭孢廠房倉庫 Warehouse of cephalothin	34	34	On-going
醫貿公司倉庫 Warehouse of Pharm. Trade	1,500	1,425	On-going
醫貿公司倉庫 Warehouse of Pharm. Trade	1,802	1,802	On-going
醫貿公司倉庫 Warehouse of Pharm. Trade	12,976	11,230	On-going
聚卡波菲鈣廠房 Workshop of calcium polycarbophil	1,784	1,784	On-going
合計 Total	<u>20,558</u>	<u>18,737</u>	

- (4) 期末固定資產餘額中經營租賃租出的房屋原值為8,975千元、淨值4,309千元。

7. Notes to the Consolidated Financial Statements (continued)

11. Fixed Assets (continued)

- (2) The ending balance of fixed assets has increased significantly as that of last year, mainly due the change of the scope of consolidation.
- (3) As at the end of 2007, the certificates of property right were out of acquirement as follows:

- (4) The ending balance of fixed assets included RMB8,975,000 of original cost and RMB4,309,000 of net value of houses & buildings used for operational rent.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

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(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

七. 合併財務報表主要項目註釋 (續)

7. Notes to the Consolidated Financial Statements (continued)

12. 在建工程

12. Construction-in-progress

(1) 在建工程明細表

(1) Detailed list of construction in projects

工程名稱 Project	工程預算 Budget	2006年 12月31日 Beginning balance	本期增加 Addition	本期轉固 Transfer to fixed assets	其他減少 Other deduction	2007年 12月31日 Ending balance	資金來源 Source of fund	投入估 預算比例 Investment accounts for the budget
開發區咖啡因工程 Caffeine project	160,000	673	5,814	6,487	0	0	募集 Raised	
新華(西區)國際工業園 Xinhua (West) Intel' building	0	4,628	4,324	0	0	8,952	自有 Self-owned	
新華(東區)國際工業園 Xinhua (East) Intel' building	0	709	145	0	0	854	自有 Self-owned	
針劑GMP改造 Injection GMP Revamping	80,000	15	1,695	1,710	0	0	募集 Raised	
異丙基安替比林 Propyphenazone project	12,500	266	1,476	1,742	0	0	自有 Self-owned	
聚卡波非鈣工程 Calcium Polycarbophil project	0	188	0	0	0	188		
新華東區供水系統 Xinhua (East) Park water supply system	0	10	0	0	0	10		
供銷倉庫改造工程 Supply and marking warehouse renovation project	0	99	221	320	0	0		
2005年DK擴產 2005 DK production expansion	5,000	1,630	273	1,903	0	0	自有 Self-owned	
05高濃度廢水處理站改造 2005 high concentration waste water treatment shop renovation project	6,000	5,248	0	0	926	4,322	自有 Self-owned	87%
左旋多巴新產品(L380) L380	30,000	0	18,323	0	0	18,323	自有 Self-owned	61%
西園科研中心(新華醫藥創新園) R&D centre in West Park	95,000	0	2,213	0	0	2,213	自有 Self-owned	2%
其他 Other	0	67,578	33,878	64,353	785	36,318		
合計 Total		<u>81,044</u>	<u>68,362</u>	<u>76,515</u>	<u>1,711</u>	<u>71,180</u>		
其中： 借款費用資本化金額 Include: Capitalized borrowing expense		0	0	0	0	0		

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)
(根據中國會計準則編制)
(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

七. 合併財務報表主要項目註釋 (續)

12. 在建工程 (續)

- (2) 本公司期末在建工程不存在減值情形，未計提在建工程減值準備。

13. 無形資產

- (1) 無形資產

7. Notes to the Consolidated Financial Statements (continued)

12. Construction-in-progress (continued)

- (2) No provision for impairment is made and no evidence indicates any impairment of construction-in-progress at the end of the period.

13. Intangible Assets

- (1) Details of Intangible Assets

項目	Item	土地使用權 Land use right	軟件使用權 Software use right	非專利技術 Non-patented technology	合計 Total
原價	Original cost at				
2006年12月31日	beginning of year	106,091	2,791	6,550	115,432
加：本期增加	Add: Increases in the yr.	7,553	35	8	7,596
減：本期減少	Less: Decreases in the yr.	226	136	0	362
2007年12月31日	Cost at the end of year	<u>113,418</u>	<u>2,690</u>	<u>6,558</u>	<u>122,666</u>
累計攤銷	Accumulated amortization				
2006年12月31日	at beginning of year	17,059	1,574	3,498	22,131
加：本期攤銷	Add: Increases in the yr.	2,536	370	1,138	4,044
減：本期減少	Less: Decrease in the yr.	20	136	0	156
2007年12月31日	Accumulated amortization at the end of year	<u>19,575</u>	<u>1,808</u>	<u>4,636</u>	<u>26,019</u>
賬面價值	Book Value				
2006年12月31日	Net value at 2006.12.31	<u>89,032</u>	<u>1,217</u>	<u>3,052</u>	<u>93,301</u>
2007年12月31日	Net value at 2007.12.31	<u>93,843</u>	<u>882</u>	<u>1,922</u>	<u>96,647</u>

本公司於2007年12月10日收購山東淄博新達製藥有限公司部分土地使用權，詳見「七、11. 固定資產(1)」。

The Company purchased the land use right from Shandong Zibo XinCat Pharmaceutical Company limited on 10 December 2007. More details see Notes 7.11. Fixed Assets (1).

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)
(根據中國會計準則編制)
(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

七. 合併財務報表主要項目註釋 (續)

13. 無形資產 (續)

- (2) 本公司下列土地使用權尚未取得產權證書：

土地位置	Address	土地淨值 Net value
機械分廠土地	Land for Engine Branch	1,293
左旋多巴土地	Land for L-dopa(L380)	3,839
頭孢廠房土地	Land for cephalothin	859
開發區東部工業路宗地	Land in Industry Road, Development Zone, Zibo	2,189
開發區新華工業園(西園) 土地使用權	Land in West Park of Xinhua	19,765
開發區新華工業園(東園) 土地使用權	Land in East Park of Xinhua, Development Zone, Zibo	6,421
淄博新華一百利高製藥 有限責任公司用地	Land for Xinhua-Perrigo	1,102
合計	Total	<u>35,468</u>

- (3) 本公司期末無形資產不存在減值情形，未計提無形資產減值準備。

14. 遞延所得稅資產

- (1) 已確認遞延所得稅資產

項目	Item	2007年12月31日 2007.12.31	2006年12月31日 2006.12.31
可抵扣暫時性差異 之所得稅資產	Deferred Tax Assets from deductable temporary difference	<u>9,678</u>	<u>7,615</u>

7. Notes to the Consolidated Financial Statements (continued)

13. Intangible Assets (continued)

- (2) As at the end of 2007, the certificates of land use right were out of acquirement as follows:

Address	Net value
Land for Engine Branch	1,293
Land for L-dopa(L380)	3,839
Land for cephalothin	859
Land in Industry Road, Development Zone, Zibo	2,189
Land in West Park of Xinhua	19,765
Land in East Park of Xinhua, Development Zone, Zibo	6,421
Land for Xinhua-Perrigo	1,102
Total	<u>35,468</u>

- (3) No provision for impairment is made and no evidence indicates any impairment of intangible assets at the end of the period.

14. Deferred Tax Assets

- (1) Recognized deferred tax assets

Item	2007.12.31	2006.12.31
Deferred Tax Assets from deductable temporary difference	<u>9,678</u>	<u>7,615</u>

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)
(根據中國會計準則編制)
(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

七. 合併財務報表主要項目註釋 (續)

7. Notes to the Consolidated Financial Statements (continued)

14. 遞延所得稅資產 (續)

- (2) 期末已確認遞延所得稅資產的暫時性差異項目

可抵扣暫時性差異項目	Items of deductible temporary difference	2007年12月31日 2007.12.31	2006年12月31日 2006.12.31
可供出售金融資產減值損失	Provision for impairment of available-for-sale financial assets	30,000	30,000
壞賬準備	Provision for impairment of receivables	20,751	14,800
存貨跌價準備	Provision for impairment of inventories	8,019	5,969
合計	Total	<u>58,770</u>	<u>50,769</u>
稅率	Tax rate	15%, 25%	15%
確認遞延所得稅資產	Deferred Tax Assets	9,678	7,615

14. Deferred Tax Assets (continued)

- (2) Deductible temporary difference of deferred tax assets at the ending balance

15. 短期借款

借款類別	Item	2007年12月31日 2007.12.31	2006年12月31日 2006.12.31
信用借款	Credit loans	126,819	55,234
保證借款	Secured borrowings	80,000	180,000
合計	Total	<u>206,819</u>	<u>235,234</u>

15. Short-term Loans

- (1) 信用借款中包含已貼現未到期的商業承兌匯票40,000千元，該票據到期日為2008年1月16日。

- (1) The ending balance of credit loans contained RMB40,000,000 of discounted but not matured trade acceptance. The maturity date is 16 January 2008.

- (2) 保證借款由母公司之控股股東華魯控股集團有限公司提供擔保。

- (2) The Secured borrowing was secured by Shandong Hualu Holding Group Company Limited, the ultimate shareholder of the Company.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

七. 合併財務報表主要項目註釋 (續)

7. Notes to the Consolidated Financial Statements (continued)

16. 應付票據

16. Notes Payable

票據種類	Item	2007年12月31日 2007.12.31	2006年12月31日 2006.12.31
銀行承兌匯票	Bank acceptance	<u>30,184</u>	<u>97,067</u>

應付票據到期日為2008年3月26日-2008年6月11日。

The maturity date of notes payable is from 26 March 2008 to 11 June 2008.

17. 應付賬款

17. Accounts Payable

項目	Item	2007年12月31日 2007.12.31	2006年12月31日 2006.12.31
應付賬款	Accounts payable	<u>154,100</u>	<u>121,905</u>

(1) 期末應付賬款中不含持本公司5%(含5%)以上表決權股份的股東單位款項。

(1) The ending balance of accounts payable does not have any amount due to the shareholders who hold 5% or more of the Company's voting capital.

(2) 賬齡超過1年的應付賬款為尚未結算的材料款。

(2) Accounts payable aged over one year were unsettled payments for raw materials.

(3) 應付賬款中包括以下外幣餘額：

(3) The ending balance of accounts payable expressed in foreign currency is as follows:

外幣名稱	Item	2007年12月31日 2007.12.31			2006年12月31日 2006.12.31		
		原幣 Original Currency	折算匯率 Exchange Rate	折合人民幣 Translated into RMB	原幣 Original Currency	折算匯率 Exchange Rate	折合人民幣 Translated into RMB
美元	USD	82	7.3046	599	0	7.8087	0
歐元	EURO	357	10.6669	3,805	7	10.2665	67
合計	Total			<u>4,404</u>			<u>67</u>

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)
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(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

七. 合併財務報表主要項目註釋 (續)

18. 預收款項

項目	Item	2007年12月31日 2007.12.31	2006年12月31日 2006.12.31
預收賬款	Advances from customers	<u>22,386</u>	<u>9,651</u>

- (1) 期末預收賬款餘額較上年增加較大，主要是由於本公司2007年度隨著銷售規模擴大，相應的預收貨款也隨之增加。
- (2) 期末預收賬款中不含持本公司5% (含5%) 以上表決權股份的股東單位款項。
- (3) 賬齡超過1年的預收款項1,680千元主要是尚未結算的零星尾款。

7. Notes to the Consolidated Financial Statements (continued)

18. Advances from Customers

項目	Item	2007年12月31日 2007.12.31	2006年12月31日 2006.12.31
預收賬款	Advances from customers	<u>22,386</u>	<u>9,651</u>

- (1) The ending balance of advances from customers has increased significantly as that of last year, mainly due to the enlargement of sales in 2007.
- (2) The ending balance of advances from customers does not have any amount due to the shareholders who hold 5% or more of the Company's voting capital.
- (3) The advance of RMB1,680,000 from customers aged over one year was unsettled petty expense.

19. 應付職工薪酬

項目	Item	2006年 12月31日 2006.12.31	本期增加額 Additions	本期支付額 Payment	2007年 12月31日 2007.12.31
工資(含獎金、津貼和補貼)	Salaries (including bonuses, allowance and subsidies)	0	110,117	110,117	0
職工福利費	Staff welfare	15,297	0	9,702	5,595
社會保險費	Social securities	0	31,025	31,025	0
其中：1. 醫療保險費	Including: 1. Medical insurance	0	6,461	6,461	0
2. 基本養老保險費	2. Pension insurance	0	21,152	21,152	0
3. 失業保險費	3. Unemployment insurance	0	1,854	1,854	0
4. 工傷保險費	4. Work injury insurance	0	910	910	0
5. 生育保險費	5. Maternity insurance	0	648	648	0
住房公積金	Housing funds	328	14,141	13,605	864
工會經費和職工教育經費	Union running costs and employee education costs	12,646	3,883	2,900	13,629
董事監事及高管人員酬金	Directors' and Supervisors' remuneration	1,356	2,977	2,313	2,020
因解除勞動關係給予的補償	Compensation to employees for termination of employment relationship	0	17	17	0
其他	Other	2,121	17,618	2,121	17,618
其中：以現金結算的股份支付	Including: Stock-based payment settled in cash	0	0	0	0
合計	Total	<u>31,748</u>	<u>179,778</u>	<u>171,800</u>	<u>39,726</u>

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

七. 合併財務報表主要項目註釋 (續)

19. 應付職工薪酬 (續)

其他主要是尚未發放的2007年目標責任獎金2,458千元及2007-2008年度骨幹員工薪酬。

20. 應交稅費

稅種	Item	適用稅率 Applicable tax rates	2007年 12月31日 2007.12.31	2006年 12月31日 2006.12.31
增值稅	Value added tax		(3,707)	(3,009)
營業稅	Business tax	3%, 5%	46	43
城市維護建設稅	Urban maintenance & construction tax	7%	504	(867)
企業所得稅	Income tax	15%, 24%, 33%	(146)	3,320
個人所得稅	Payroll tax		177	122
房產稅	Property tax	1.2%	20	15
土地使用稅	Land VAT		1	
印花稅	Stamp tax		150	48
教育費附加	Educational surcharges	4%	257	(315)
合計	Total		<u>(2,698)</u>	<u>(643)</u>

21. 應付股利

21. Dividends Payable

項目	Item	2007年12月31日 2007.12.31	2006年12月31日 2006.12.31
山東大地鹽化集團有限公司	Shandong Dadi Salt Chemical Group Company Limited	122	0
任愛芹	Ms. Ren Aiqing	117	0
其他	Others	5,268	5,826
合計	Total	<u>5,507</u>	<u>5,826</u>

22. 其他應付款

22. Other Payable

項目	Item	2007年12月31日 2007.12.31	2006年12月31日 2006.12.31
其他應付款	Other payable	<u>40,581</u>	<u>29,022</u>

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)
(根據中國會計準則編制)
(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

七. 合併財務報表主要項目註釋 (續)

7. Notes to the Consolidated Financial Statements (continued)

22. 其他應付款 (續)

- (1) 期末其他應付款餘額主要為應付的工程往來款、住房公積金等款項。
- (2) 期末其他應付款中不含持本公司5% (含5%) 以上表決權股份的股東單位款項。
- (3) 賬齡超過一年的其他應付款主要是尚未結算的工程款。
- (4) 期末大額其他應付款

22. Other Payable (continued)

- (1) The ending balance of other payable mainly includes the payment of constructions, housing funds, and etc.
- (2) The ending balance of other payable does not have any amount due to the shareholders who hold 5% or more of the Company's voting capital.
- (3) Other payable aged over one year in the ending balance was mainly unsettled payment of constructions.
- (4) Individually significant other payable in the ending balance is as follows:

項目 Name	欠款金額 Amount	賬齡 Ages	性質或內容 Content
新華工貿股份有限公司 Xinhua Industrial & Trading Company Limited	2,270	1年以內 Less than 1 year	工程款 Construction
淄博熱電股份有限公司 Zibo Thermoelectricity Company Limited	2,116	1年以內 Less than 1 year	電費、熱力費 Power
靖江賽德力製藥機械製造有限公司 Jingjiang Saideli Pharmaceutical Machine Company Limited	1,171	1年以內 Less than 1 year	工程款 Construction
達斯瑪環境科技(北京)有限公司 Dasima Environmental Technology (Beijing) Company Limited	958	1年以內 Less than 1 year	工程款 Construction
淄博建築工程公司工業設備安裝公司 Industry Installation Branch of Zibo Architecture & Constructing Company Limited	915	1年以內 Less than 1 year	工程款 Construction
合計 Total	7,430		

- (5) 其他應付款中包括以下外幣餘額：

- (5) The ending balance of other payable expressed in foreign currency is as follows:

外幣名稱 Item	2007年12月31日 2007.12.31			2006年12月31日 2006.12.31		
	原幣 Original Currency	折算匯率 Exchange Rate	折合人民幣 Translated into RMB	原幣 Original Currency	折算匯率 Exchange Rate	折合人民幣 Translated into RMB
歐元 EURO	6	10.6669	65	4	10.2665	43

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

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(根據中國會計準則編制)

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七. 合併財務報表主要項目註釋 (續)

7. Notes to the Consolidated Financial Statements (continued)

23. 遞延所得稅負債

23. Deferred Tax Liabilities

(1) 已確認遞延所得稅負債

(1) Recognized deferred tax liabilities

項目	Item	2007年12月31日 2007.12.31	2006年12月31日 2006.12.31
應納稅暫時性差異 之所得稅額	Income tax from taxable temporary difference	<u>53,795</u>	<u>0</u>

(2) 期末已確認遞延所得稅負債的暫時性差異項目

(2) Deductible temporary difference of deferred tax liabilities at the ending balance

應納稅暫時性 差異項目	Items of taxable temporary difference	2007年12月31日 2007.12.31	2006年12月31日 2006.12.31
可供出售金融資產 公允價值變動	Changes of fair value of available-for-sale financial assets	342,737	0
交易性金融資產 公允價值變動	Changes of fair value of held-for-trading financial assets	<u>15,897</u>	<u>0</u>
合計	Total	<u>358,634</u>	<u>0</u>
稅率	Tax rate	15%	15%
確認遞延所得稅負債	Deferred tax liabilities	<u>53,795</u>	<u>0</u>

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)
(根據中國會計準則編制)
(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

七. 合併財務報表主要項目註釋 (續)

7. Notes to the Consolidated Financial Statements (continued)

24. 股本

24. Share Capital

股東類別	Item	2007年12月31日 2007.12.31	2006年12月31日 2006.12.31
有限售條件股份	Conditional tradable shares		
國家持有股	State-held shares	163,259	163,259
國有法人持股	State-owned legal-person held shares	0	0
其他內資持股	Domestic-funded-held shares	24,558	41,286
其中：境內法人持股	Including: Domestic legal-person held shares	24,527	41,247
境內自然人持股	Domestic natural person held shares	31	39
外資持股	Foreign-funded-held shares	0	0
其中：境外法人持股	Including: Foreign legal-person held shares	0	0
境外自然人持股	Foreign natural person held shares	0	0
有限售條件股份合計	Sub-total	187,817	204,545
無限售條件股份	Unconditional tradable shares		
人民幣普通股	Domestically listed RMB A shares	119,496	102,768
境內上市外資股	Domestically listed foreign invested shares	0	0
境外上市外資股(H股)	Overseas listed foreign invested H shares	150,000	150,000
其他	Others	0	0
無限售條件股份合計	Sub-total	269,496	252,768
股份總額	Total stock	457,313	457,313

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

七. 合併財務報表主要項目註釋 (續)

7. Notes to the Consolidated Financial Statements (continued)

25. 資本公積

25. Capital Surplus

項目	Item	2006年	本年增加	本年減少	2007年
		12月31日			12月31日
		2006.12.31	Additions	Deductions	2007.12.31
資產重估增值	Upward revaluation of assets	60,910	0	0	60,910
股本溢價	Premium of stock	496,851	0	0	496,851
接受捐贈	Receipt of donation	1,158	0	0	1,158
其他資本公積	Others	0	342,737	51,410	291,327
合計	Total	558,919	342,737	51,410	850,246

(1) 其他資本公積核算可供出售金融資產中交通銀行法人股和太平洋保險法人股的公允價值變動。

(1) Others capital surplus mainly accounting for the change in fair value of available-for-sale financial assets, which were legal-person held shares of Bank of Communications and Pacific Insurance Company Limited.

(2) 期末資本公積餘額較上年增加較大，主要是由於交通銀行、太平洋保險於2007年上市，其年末市價比年初增加較大。

(2) The ending balance of capital surplus has increased much as that of last year, mainly due to the market price of shares of Bank of Communications and Pacific Insurance Company Limited because of both their stocks going public in 2007.

26. 盈餘公積

26. Surplus Reserves

項目	Item	2006年	本年增加	本年減少	2007年
		12月31日			12月31日
		2006.12.31	Additions	Deductions	2007.12.31
法定盈餘公積	Statutory surplus reserves	97,489	1,972	0	99,461
任意盈餘公積	Discretionary surplus reserve	64,797	0	0	64,797
合計	Total	162,286	1,972	0	164,258

27. 未分配利潤

27. Undistributed Profits

(1) 利潤分配比例

(1) Distribution Proportion

項目	Item	分配基礎	2007年度	2006年度
		Distributed base	2007	2006
提取盈餘公積金	Appropriation of statutory surplus reserve	淨利潤	10%	10%
		Net profit		

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)
(根據中國會計準則編制)
(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

七. 合併財務報表主要項目註釋 (續)

27. 未分配利潤 (續)

(2) 利潤分配表

項目	Item	2007年12月31日 2007.12.31	2006年12月31日 2006.12.31
期初未分配利潤	Undistributed profit at beginning of the year	171,892	166,609
加： 期初未分配利潤調整數	Add: adjustment to the undistributed profit at beginning of the year	0	6,660
加： 本年淨利潤	Add: Net profit of the year	32,723	23,567
減： 提取盈餘公積金	Less: Appropriation of statutory surplus reserve	1,972	2,078
分配普通股股利	Dividends payable on common stock	9,146	22,866
期末未分配利潤	Undistributed profit at the end of the year	193,497	171,892
其中： 擬分配現金股利	Including: dividend in cash to be distributed	13,719	9,146

(i) 本公司自2007年1月1日起執行新企業會計準則，對年初未分配利潤的追溯調整詳見「四、24.重大會計政策、會計估計變更和重大會計差錯更正」。

(ii) 2007年6月15日，本公司2006年度周年股東大會通過有關2006年度利潤分配方案，在提取10%的法定盈餘公積金後，以總股本457,312,830股為基數，向全體股東派發現金紅利每股人民幣0.02元(含稅)。

(iii) 2008年4月18日，本公司第五屆董事會第十四次會議通過有關2007年度利潤分配預案，在提取10%的法定盈餘公積金後，以總股本457,312,830股為基數，向全體股東派發現金紅利每股人民幣0.03元(含稅)，該2007年度利潤分配預案尚需經股東大會批准。

7. Notes to the Consolidated Financial Statements (continued)

27. Undistributed Profits (continued)

(2) Profit Distribution Statement

項目	Item	2007年12月31日 2007.12.31	2006年12月31日 2006.12.31
期初未分配利潤	Undistributed profit at beginning of the year	171,892	166,609
加： 期初未分配利潤調整數	Add: adjustment to the undistributed profit at beginning of the year	0	6,660
加： 本年淨利潤	Add: Net profit of the year	32,723	23,567
減： 提取盈餘公積金	Less: Appropriation of statutory surplus reserve	1,972	2,078
分配普通股股利	Dividends payable on common stock	9,146	22,866
期末未分配利潤	Undistributed profit at the end of the year	193,497	171,892
其中： 擬分配現金股利	Including: dividend in cash to be distributed	13,719	9,146

(i) The retrospective adjustments on the undistributed profit at beginning of the year due to the adoption of ASBEs on 1 January 2007 have been detailed in Notes 4.24 Significant Changes of Accounting Policies and Accounting Estimates and Corrections of Errors.

(ii) The General Meeting for 2006 held on 15 June 2007 passed the resolution on the proposal for 2006 profit distribution. Under the resolution, the shareholders will be allocated cash dividend of RMB0.02 per share (before tax) based on the total number of 457,312,830 shares after providing for 10% statutory surplus reserve.

(iii) According to the resolution on the preliminary proposal for 2007 profit distribution passed at the 14th Meeting of the 5th Board of Directors on 18 April 2008, the Company allocated cash dividend of RMB0.03 per share (before tax) based on the total number of 457,312,830 shares after providing for 10% statutory surplus reserve. The resolution should be approved by shareholders of annual general meeting.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

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(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

七. 合併財務報表主要項目註釋 (續)

7. Notes to the Consolidated Financial Statements (continued)

28. 少數股東權益

28. Minority Interest

少數股東名稱	Name	少數股權比例 Ratio of equity interests	2007年 12月31日 2007.12.31	2006年 12月31日 2006.12.31
山東新華醫藥集團有限責任公司	Shandong Xinhua Pharmaceutical Group Company Limited	10%	49	34
山東新華醫藥集團有限責任公司	Shandong Xinhua Pharmaceutical Group Company Limited	12%	256	180
LI PENG	LI PENG	23.1%	684	743
Eastwest United Group, INC	Eastwest United Group, INC	25%	3,622	2,996
百利高亞洲控股有限公司	Perrigo Asia Holding Company	49.9%	23,698	0
山東大地鹽化集團有限公司	Shandong Dadi Salt & Industrial Company Limited	41.4375%	13,613	0
任愛芹	Ms. Ren aiqin	49%	8,871	0
東營藍鯨科技開發公司	Dongying Lanjing Technology Development Company Limited	47%	0	(233)
日本共和藥品株式會社	Nippon Gonghe Pharmaceutical Corporation	30%	0	(439)
合計	Total		<u>50,793</u>	<u>3,281</u>

29. 營業收入、營業成本

29. Operating Income and Cost

(1) 營業收入、營業成本

(1) Operating Income and Cost

項目	Item	2007年度 2007	2006年度 2006
主營業務收入	Income from main operation	1,845,036	1,667,252
其他業務收入	Income from other operation	41,943	55,648
營業收入合計	Sub-total	<u>1,886,979</u>	<u>1,722,900</u>
前5名客戶銷售額	Sales to top 5 customers	259,029	278,885
佔主營業務收入比例	Accounting of the total sales	14.04%	16.73%
主營業務成本	Cost from main operation	1,557,883	1,390,346
其他業務成本	Cost from other operation	44,534	49,300
營業成本合計	Sub-total	<u>1,602,417</u>	<u>1,439,646</u>

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
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 (PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

七. 合併財務報表主要項目註釋 (續)

7. Notes to the Consolidated Financial Statements (continued)

29. 營業收入、營業成本 (續)

29. Operating Income and Cost (continued)

(2) 主營業務收入成本 —
按產品分類

(2) Income and Cost from Main Operation Listed
by Products

項目	Item	2007年度 2007	2006年度 2006
主營業務收入	Income from main operation		
原料藥	Bulk Pharmaceuticals	1,163,054	977,319
其中： 原料藥出口	Including: Export sales	852,098	733,652
製劑	Preparations	340,345	271,657
商業流通	Commerce circulations	332,795	399,622
化工及其他	Chemical and others	8,842	18,654
合計	Sub-total	1,845,036	1,667,252
主營業務成本	Cost from main operation		
原料藥	Bulk Pharmaceuticals	982,289	787,452
其中： 原料藥出口	Including: Export sales	743,843	592,941
製劑	Preparations	262,239	187,814
商業流通	Commerce circulations	308,973	395,367
化工及其他	Chemical and others	4,382	19,713
合計	Sub-total	1,557,883	1,390,346
主營業務毛利	Gross margin from main operation		
原料藥	Bulk Pharmaceuticals	180,765	189,867
其中： 原料藥出口	Including: Export sales	108,255	140,711
製劑	Preparations	78,106	83,843
商業流通	Commerce circulations	23,822	4,255
化工及其他	Chemical and others	4,460	(1,059)
合計	Sub-total	<u>287,153</u>	<u>276,906</u>

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

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七. 合併財務報表主要項目註釋 (續)

7. Notes to the Consolidated Financial Statements (continued)

30. 營業稅金及附加

30. Taxes and Surcharges

項目 Item	計繳基數 Base of computation	計繳比例 Tax rate	2007年度 2007	2006年度 2006
營業稅 Business tax	設計費收入 Design revenue	5%	179	133
城市維護建設稅 Urban maintenance & construction tax	流轉稅 VAT	7%	7,536	5,792
教育費附加 Educational surcharges	流轉稅 VAT	4%	4,199	3,309
合計 Total			11,914	9,234

31. 財務費用

31. Financial Expenses

項目 Item	Item	2007年度 2007	2006年度 2006
利息支出 Less: 利息收入 加: 匯兌損失 加: 手續費 加: 其他支出	Interest expenses Less: interest income Add: exchange loss Add: commission charges Add: others	12,183 2,311 8,969 881 499	20,372 4,681 3,835 1,114 103
合計 Total	Total	20,221	20,743

32. 資產減值損失

32. Impairment Loss of Assets

項目 Item	Item	2007年度 2007	2006年度 2006
壞賬損失 存貨跌價損失 工程物資減值損失	Impairment loss of bad debts Impairment loss of inventories Impairment loss of constructing materials	12,900 1,866 1,159	14,503 4,630 0
合計 Total	Total	15,925	19,133

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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七. 合併財務報表主要項目註釋 (續)

7. Notes to the Consolidated Financial Statements (continued)

33. 公允價值變動收益

33. Gain or Loss from changes in fair value

項目	Item	2007年度 2007	2006年度 2006
交易性金融資產公允價值變動收益	Gain or loss from changes in fair value of held-for-trading financial assets	<u>15,763</u>	<u>51</u>

本年度公允價值變動收益較上年增加較大，主要是由於受匯率變動影響，使得本公司衍生金融資產公允價值波動較大。

During this year, gain or Loss from changes in fair value rise due to the impact of exchange rate, fair value of derivative financial assets of the Company change.

34. 投資收益

34. Investment Gain or Loss

產生投資收益的來源	Sources of Investment gain or loss	2007年度 2007	2006年度 2006
從可供出售金融資產單位取得分紅	Dividends from the available-for-sale financial assets	914	141
債權投資收益	Bond investment gain or loss	1,647	6,588
年末調整的被投資單位所有者權益淨增減的金額	Adjustment on the investee's shareholders' equity at the end of the year	<u>(3,581)</u>	<u>(699)</u>
合計	Total	<u>(1,020)</u>	<u>6,030</u>

本公司投資收益的收回不存在重大限制。

There is no significant restriction on the returns of investment income.

35. 營業外收入

35. Non-operating Income

(1) 營業外收入明細

(1) Detailed list of non-operating income

項目	Item	2007年度 2007	2006年度 2006
非流動資產處置利得	Proceeds from disposal of non-current assets	6,031	2,831
政府補助	Government Subsidies	5,479	600
賠償款	Income from penalties	3,869	0
其他	Others	<u>3,349</u>	<u>717</u>
合計	Total	<u>18,728</u>	<u>4,148</u>

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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七. 合併財務報表主要項目註釋 (續)

35. 營業外收入 (續)

(2) 政府補助明細：

補助種類 Item	金額 Amount	批准文號 Circular No.
小清河流域生態補償試點資金 Compensation on experiment in ecological environment near Xiaoqing River 科研補助	600	淄財企[2007]97號 Zi Cai Qi [2007] No. 97 淄政發[2007]26號、 魯財企[2007]69號
Subsidies on R&D	400	Zi Zheng Fa [2007] No.26; Lu Cai Qi [2007] No. 69
財政挖潛扶持資金 Supporting funds from government	4,479	淄博高新技術產業開發區 管理委員會下發 From Management Committee of Zibo New & High-tech Industrial Development Zone
合計 Total	5,479	

7. Notes to the Consolidated Financial Statements (continued)

35. Non-operating Income (continued)

(2) Details of Government subsidies

36. 營業外支出

項目 Item	2007年度 2007	2006年度 2006
非流動資產處置損失 Loss from disposal of non-current assets	3,990	542
公益性捐贈支出 Donations for commonweal	44	603
罰款及滯納金支出 Overdue fines and penalties	1,820	378
其他 Others	1,817	1,556
合計 Total	7,671	3,079

36. Non-operating Expense

37. 所得稅費用

項目 Item	2007年度 2007	2006年度 2006
當期所得稅費用 Income tax expenses in current period	8,044	7,643
遞延所得稅費用 Deferred income tax expenses	322	(1,039)
合計 Total	8,366	6,604

37. Income Tax Expenses

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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七. 合併財務報表主要項目註釋 (續)

7. Notes to the Consolidated Financial Statements (continued)

38. 現金流量表

38. Cash Flow Statement

- (1) 列示於現金流量表的現金和現金等價物包括：

- (1) Cash and its equivalents presented in cash flow statement

項目	Item	2007年度 2007	2006年度 2006
現金	Cash	199,833	133,134
其中：庫存現金	Including: Cash in hand	149	184
可隨時用於支付的銀行存款	Bank deposit available for payment at any moment	142,638	132,950
可隨時用於支付的其他貨幣資金	Other funds available for payment at any moment	57,046	0
現金等價物	Cash equivalents	0	0
其中：三個月內到期的債權投資	Including: debt investment with a maturity of 3 months	0	0
期末現金和現金等價物餘額	Ending balance of cash and equivalents	199,833	133,134
其中：母公司或集團內子公司使用受限制的現金和現金等價物	Including: cash and equivalents restricted to use by parent company or subsidiaries in the Group.	0	0

- (2) 收到／支付的其他與經營活動有關的現金

- (2) Other Cash Received/Paid Relating to Operating Activities

- 1) 收到的其他與經營活動有關的現金

- 1) Other Cash Received Relating to Operating Activities

項目	Item	2007年度 2007	2006年度 2006
利息收入	Interest income	1,814	3,456
補貼收入	Subsidies income	5,479	600
往來款	Fund transactions	0	11,240
銀行承兌匯票保證金	Bank acceptance deposit	16,976	35,748
研發費補償	Allowance on R&D	3,760	0
其他	Other	3,485	655
合計	Total	31,514	51,699

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

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(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

七. 合併財務報表主要項目註釋 (續)

38. 現金流量表 (續)

(2) 收到/支付的其他與經營活動有關的現金 (續)

2) 支付的其他與經營活動有關的現金

7. Notes to the Consolidated Financial Statements (continued)

38. Cash Flow Statement (continued)

(2) Other Cash Received/Paid Relating to Operating Activities (continued)

2) Other Cash Paid Relating to Operating Activities

項目	Item	2007年度 2007	2006年度 2006
辦公費	Office expenses	4,861	2,116
差旅費	Travel expenses	1,479	1,151
上市年費、審計費、 董事會費	Annual listing fee, audit fee and Board's fee	7,240	7,727
排污費	Sewage discharge fees	7,929	5,183
廣告、市場開發費	Advertising and marketing expenses	25,363	58,025
運費	Freight charges	28,924	19,942
業務招待費	Entertainment expenses	2,920	1,932
技術開發費	Research and development expenses	11,330	16,982
往來款	Funds transactions	16,274	0
其他	Others	24,298	19,508
合計	Total	<u>130,618</u>	<u>132,566</u>

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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七. 合併財務報表主要項目註釋 (續)

7. Notes to the Consolidated Financial Statements (continued)

38. 現金流量表 (續)

38. Cash Flow Statement (continued)

(3) 合併現金流量表補充資料

(3) Supplementary Information to Consolidated Cash Flow Statement

項目	Item	2007年度 2007	2006年度 2006
1. 將淨利潤調節為經營活動現金流量：	1. Reconciliation of net income to cash flows from operating activities		
淨利潤	Net profit	38,144	22,754
加：資產減值準備	Add: Provisions for assets impairment	15,925	19,133
固定資產折舊	Depreciation of fixed assets	101,088	98,719
無形資產攤銷	Amortization of intangible assets	4,044	4,074
處置固定資產、無形資產和其他長期資產的損失 (收益以「-」填列)	Losses on disposal of fixed assets, intangible assets and other long-term assets (or deduct: gains)	-2,041	-2,290
公允價值變動損益 (收益以「-」填列)	Profit or loss from changes in fair value (or deduct: gains)	-15,763	-51
財務費用 (收益以「-」填列)	Financial expense (or deduct: gains)	12,172	20,372
投資損失 (收益以「-」填列)	Investment loss (or deduct: gains)	1,020	-6,030
遞延所得稅資產的減少 (增加以「-」填列)	Decrease in deferred tax assets (or deduct: increase)	-2,063	-1,039
遞延所得稅負債的增加 (減少以「-」填列)	Increase in deferred tax liabilities (or deduct: decrease)	53,795	0
存貨的減少 (增加以「-」填列)	Decrease in inventories (or deduct: increase)	-63,145	45,779
經營性應收項目的減少 (增加以「-」填列)	Decrease in operating receivables (or deduct: increase)	8,819	39,987
經營性應付項目的增加 (減少以「-」填列)	Increase in operating payables (or deduct: decrease)	-31,404	-108,104
經營活動產生的現金流量淨額	Net cash flows from operating activities	120,591	133,304
2. 不涉及現金收支的重大投資和籌資活動：	2. Significant investing and financing activities not involving cash receipt or payment:		
債務轉為資本	Conversion of a debts to capital	0	0
一年內到期的可轉換公司債	Convertible bonds due within one year	0	0
融資租入固定資產	Financial lease-in fixed assets	0	0
3. 現金及現金等價物淨變動情況：	3. Changes in cash and cash equivalents:		
現金的期末餘額	Ending balance of cash	199,832	133,134
減：現金的期初餘額	Less: beginning balance of cash	133,134	298,041
加：現金等價物的期末餘額	Add: ending balance of cash equivalents	0	0
減：現金等價物的期初餘額	Less: beginning balance of cash equivalents	0	0
現金及現金等價物淨增加額	Net increase of cash and cash equivalents	66,698	-164,907

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

八. 母公司財務報表主要項目註釋

1. 應收賬款

(1) 應收賬款風險分類

項目	Item	2007年12月31日 2007.12.31			2006年12月31日 2006.12.31		
		金額 Amount	比例 Ratio %	壞賬準備 Bad debts Provision	金額 Amount	比例 Ratio %	壞賬準備 Bad debts Provision
單項金額重大的 應收賬款	Individually significant accounts receivable	63,318	28.52	317	81,857	31.32	409
其他單項金額不重 大的應收賬款	Individually non-significant accounts receivable	158,723	71.48	6,378	179,489	68.68	11,750
合計	Total	<u>222,041</u>	<u>100.00</u>	<u>6,695</u>	<u>261,346</u>	<u>100.00</u>	<u>12,159</u>

單項金額重大的應收賬款為單項500萬元以上的應收賬款，經對單項金額重大的應收賬款進行認定，未發現減值跡象，故採用賬齡法計提壞賬準備。

Individually significant accounts receivable referred to as individual accounts receivable with an amount over RMB5,000,000. The provision for bad debts have been made on aging basis as no impairment of individually significant accounts receivable was found after the assessing.

(2) 應收賬款賬齡

項目	Item	2007年12月31日 2007.12.31			2006年12月31日 2006.12.31		
		金額 Amount	比例 Ratio %	壞賬準備 Bad debts Provision	金額 Amount	比例 Ratio %	壞賬準備 Bad debts Provision
1年以內	Less than 1 year	175,207	78.91	692	204,140	78.11	933
1-2年	1 to 2 years	18,818	8.48	294	40,513	15.50	2,381
2-3年	2 to 3 years	23,864	10.75	1,558	15,807	6.05	7,959
3年以上	Over 3 years	4,152	1.87	4,151	886	0.34	886
合計	Total	<u>222,041</u>	<u>100.00</u>	<u>6,695</u>	<u>261,346</u>	<u>100.00</u>	<u>12,159</u>

(2) Aging Analysis

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)
(根據中國會計準則編制)
(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

八. 母公司財務報表主要項目註釋 (續)

1. 應收賬款 (續)

- (3) 壞賬準備的計提方法及比例參見本附註四、7。本年度收回以前年度已核銷的應收賬款288千元。
- (4) 本年度按照公司壞賬核銷政策核銷了主要為三年以上的應收賬款3,238千元。
- (5) 期末應收賬款中不含持本公司5%(含5%)以上表決權股份的股東單位欠款。
- (6) 期末餘額前五位的應收賬款金額合計222,041千元、比例為25.18%。
- (7) 期末餘額中應收關聯方款項合計45,734千元、比例為20.60%。
- (8) 應收賬款中包括以下外幣餘額：

外幣名稱	Item	2007年12月31日			2006年12月31日		
		原幣	折算匯率	折合人民幣	原幣	折算匯率	折合人民幣
		Original Currency	Exchange Rate	Translated into RMB	Original Currency	Exchange Rate	Translated into RMB
美元	USD	15,073	7.3046	110,101	18,282	7.8087	142,760

8. Notes to the Financial Statements of the Parent Company (continued)

1. Accounts Receivable (continued)

- (3) The provision system for bad debts shall be seen above Notes 4.7. The Company recovered RMB288,000 of the previous written-off accounts receivable in 2007.
- (4) RMB3,238,000 of accounts receivable aged over 3 years has been written off in 2007 according to the Company's accounting policy.
- (5) In the ending balance, there is no account receivable due from shareholders who hold 5% or more of the Company's voting capital.
- (6) The balance of accounts receivable due from the top five debtors is RMB222,041,000 accounting for 25.18% of the total balance of accounts receivable.
- (7) The balance of accounts receivables due from the related parties is RMB45,734,000, accounting for 20.60% of the total balance of accounts receivable.
- (8) The ending balance of accounts receivable expressed in the foreign currency is as follows:

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

八. 母公司財務報表主要項目註釋 (續)

8. Notes to the Financial Statements of the Parent Company (continued)

2. 其他應收款

2. Other Receivable

(1) 其他應收款風險分類

(1) Risk Classification of Other Receivable

項目	Item	2007年12月31日 2007.12.31			2006年12月31日 2006.12.31		
		金額 Amount	比例 Ratio %	壞賬準備 Bad debts Provision	金額 Amount	比例 Ratio %	壞賬準備 Bad debts Provision
單項金額重大的 其他應收款	Individually significant other receivable	6,196	17.94	6,196	11,835	20.39	0
其他單項金額不重 大的其他應收款	Individually non-significant other receivable	28,347	82.06	219	46,211	79.61	4,238
合計	Total	<u>34,543</u>	<u>100.00</u>	<u>6,415</u>	<u>58,046</u>	<u>100.00</u>	<u>4,238</u>

單項金額重大的其他應收款為單項500萬元以上的其他應收款，經對單項金額重大的其他應收款進行認定，未發現減值跡象，故採用賬齡法計提壞賬準備。

Individually significant other receivable referred to as individual other receivable with an amount over RMB5,000,000. The provision for bad debts have been made on aging basis as no impairment of individually significant other receivable was found after the assessing.

(2) 其他應收款賬齡

(2) Aging Analysis

項目	Item	2007年12月31日 2007.12.31			2006年12月31日 2006.12.31		
		金額 Amount	比例 Ratio %	壞賬準備 Bad debts Provision	金額 Amount	比例 Ratio %	壞賬準備 Bad debts Provision
1年以內	Less than 1 year	25,074	72.59	4	27,211	46.88	10
1-2年	1 to 2 years	989	2.86	0	18,790	32.37	166
2-3年	2 to 3 years	908	2.63	139	2,306	3.97	533
3年以上	Over 3 years	7,572	21.92	6,272	9,739	16.78	3,529
合計	Total	<u>34,543</u>	<u>100.00</u>	<u>6,415</u>	<u>58,046</u>	<u>100.00</u>	<u>4,238</u>

(3) 壞賬準備的計提方法及比例參見本附註四、7。

(3) The provision system for bad debts shall be seen above Notes 4.7.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)
(根據中國會計準則編制)
(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

八. 母公司財務報表主要項目註釋 (續)

2. 其他應收款 (續)

- (4) 本年度按照公司壞賬核銷政策核銷了主要為三年以上的其他應收款1,821千元。
- (5) 期末其他應收款餘額中包含的出口報關批准前暫按內銷確認的增值稅等未計提壞賬準備。
- (6) 期末其他應收款中不含持本公司5% (含5%) 以上表決權股份的股東單位欠款。
- (7) 期末餘額前五位的其他應收款金額合計10,365千元，佔其他應收款總額的30.01%。
- (8) 期末餘額中其他應收關聯方款項合計380千元，佔其他應收款總額的1.10%。
- (9) 其他應收款中無外幣餘額。

3. 長期股權投資

- (1) 長期股權投資

項目	Item	2007.12.31	2006.12.31
按成本法核算長期股權投資	Accounted in cost method	108,311	97,722
按權益法核算長期股權投資	Accounted in equity method	23,512	18,253
長期股權投資合計	Total	131,823	115,975
減：長期股權投資減值準備	Less: Impairment of Long-term equity investment	0	0
長期股權投資淨值	Net value of Long-term equity investment	131,823	115,975

8. Notes to the Financial Statements of the Parent Company (continued)

2. Other Receivable (continued)

- (4) RMB1,821,000 of other receivable aged over three years have been written off in 2007 according to the Company's accounting policy.
- (5) The ending balance of other receivable includes output VAT for exporting before applying to customs. No bad debts provision is made on these items.
- (6) In the ending balance, there is no other receivable due from shareholders who hold 5% or more of the Company's voting capital.
- (7) The balance of other receivable due from the top five debtors is RMB10,365,000, accounting for 30.01% of the total balance of other receivable.
- (8) The balance of other receivable due from the related parties is RMB388,000, accounting for 1.10% of the total balance of other receivable.
- (9) There is no other receivable expressed in foreign currency in its ending balance.

3. Long-term Equity Investment

- (1) Long-term Equity Investment

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

八. 母公司財務報表主要項目註釋 (續)

8. Notes to the Financial Statements of the Parent Company (continued)

3. 長期股權投資 (續)

(2) 按成本法、權益法

3. Long-term Equity Investment (continued)

(2) Accounted in Equity Method and Cost Method

被投資單位名稱 Name of investee	持股比例 Holding Ratio	初始金額 Original Balance in Cost	年初餘額 2006.12.31	本年增加 Addition	其他減少 Deduction	年末餘額 Balance in 2007.12.31	當年分得 現金紅利
							Dividends received in 2007
成本法核算							
Accounted in cost method							
1. 山東新華醫藥貿易有限公司 Shandong Xinhua Pharmaceutical Trade Company Limited	100%	47,529	47,529	0	0	47,529	0
2. 淄博新華醫藥設計院有限公司 Zibo Xinhua Pharmaceutical Design Institute Company Limited	90%	1,800	1,800	0	0	1,800	0
3. 淄博新華大藥店連鎖有限公司 Zibo Xinhua Drug Store Chain Company Limited	88%	1,760	1,760	0	0	1,760	0
4. 淄博新華一三和化工有限公司 Zibo Xinhua-Sanhe Chemical & Industrial Company Limited	70%	2,897	2,897	0	2,897	0	0
5. 山東新華製藥(歐洲)有限公司 Shandong Xinhua Pharmaceutical (European) GmbH	76.90%	4,597	4,597	0	0	4,597	0
6. 淄博新華-中西製藥有限責任公司 Zibo Xinhua-Eastwest Pharmaceutical Company Limited	75%	9,008	9,008	0	0	9,008	0
7. 淄博新華-百利高製藥有限責任公司 Sino-USA Zibo Xinhua-Perrigo Pharmaceutical Company Limited	50.10%	24,831	24,831	46	0	24,877	0
8. 山東大地新華化學有限公司 Shandong Dadi Xinhua Chemical & Industrial Company Limited		5,300	5,300	13,440	0	18,740	0
小計 Sub-total			97,722	13,486	2,897	108,311	0

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)
(根據中國會計準則編制)
(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

八. 母公司財務報表主要項目註釋 (續)

8. Notes to the Financial Statements of the Parent Company (continued)

3. 長期股權投資 (續)

(2) 按成本法、權益法 (續)

3. Long-term Equity Investment (continued)

(2) Accounted in Equity Method and Cost Method (continued)

被投資單位名稱 Name of investee	持股比例 Holding Ratio	初始金額 Original Balance in Cost	年初餘額 2006.12.31	本年增加 Addition	其他減少 Deduction	年末餘額 Balance in 2007.12.31	當年分得 現金紅利
							Dividends received in 2007
權益法核算							
Accounted in equity method							
1. 山東新華隆信化工有限公司 Shandong Xinhua Longxin Chemical & Industrial Company Limited	40%	10,000	10,694	(330)	0	10,364	0
2. 山東新華長星化工設備有限公司 Shandong Xinhua Changxing Chemical Equipment Company Limited	35%	7,700	7,559	(1,810)	0	5,749	0
3. 山東淄博新達製藥有限公司 Shandong Zibo XinCat Pharmaceutical Company Limited	20%	10,179	0	7,399	0	7,399	0
小計 Sub-total			18,253	5,259	0	23,512	0
合計 Total			115,975	18,745	2,897	131,823	0

(3) 長期股權投資減值準備

本公司長期股權投資不存在減值情形，未計提長期投資減值準備。

(3) Impairment on Long-term Equity Investment

No provision for impairment is made and no evidence indicates any impairment of long-term equity investment at the end of the period.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

八. 母公司財務報表主要項目註釋 (續)

8. Notes to the Financial Statements of the Parent Company (continued)

3. 長期股權投資 (續)

- (4) 按合營企業、聯營企業

3. Long-term Equity Investment (continued)

- (4) Joint Ventures and Associates

被投資單位名稱 Name of investee	註冊地 Registered address	業務性質 Business scope	本企業 持股比例 Holding Ratio	本企業在 被投資單位 表決權比例 Voting Ratio	期末淨資產 總額 Net Assets on 2007.12.31	本期營業 收入總額 Turnover in 2007	本期淨利潤 Net profit in 2007
聯營企業 Joint Ventures							
1. 山東新華隆信化工有限公司 Shandong Xinhua Longxin Chemical & Industrial Company Limited	山東省淄博市臨淄區 乙烯路299號 299th Ethene Road, Linzi Dist., Zobo, Shandong	水楊酸系列產品的 生產和銷售 Production and sales of Salicylic acid series	40%	40%	25,904	90,750	(825)
2. 山東新華長星化工設備 有限公司 Shandong Xinhua Changxing Chemical Equipment Company Limited	鄒平縣長山鎮三里河 Sanlihe, Changshan Town, Zouping, Shandong	主要生產銷售化工 設備及配件 Production and sales of chemical facilities and fittings	35%	35%	16,426	17,264	(5,171)
3. 山東淄博新達製藥有限公司 Shandong Zibo XinCat Pharmaceutical Company Limited	山東淄博市高新技術 企業開發區化工區 Chemical Area in Zibo New & High- Tech Industrial Development Zone, Shandong	西藥製劑 Preparation of chemical medicine	20%	20%	29,293	154,653	(13,901)

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
 (UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)
 (根據中國會計準則編制)
 (PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

八. 母公司財務報表主要項目註釋 (續)

8. Notes to the Financial Statements of the Parent Company (continued)

4. 營業收入、營業成本

4. Operating Income and Cost

(1) 營業收入、營業成本

(1) Operating Income and Cost

項目	Item	2007年度 2007	2006年度 2006
主營業務收入	Income from main operation	1,378,898	1,315,999
其他業務收入	Income from other operation	62,823	49,811
營業收入合計	Sub-total	1,441,721	1,365,810
前5名客戶銷售額	Sales to top 5 customers	259,029	278,885
佔主營業務收入比例	Accounting of the total sales	18.79%	21.19%
主營業務成本	Cost from main operation	1,168,317	1,050,990
其他業務成本	Cost from other operation	66,622	49,221
營業成本合計	Sub-total	1,234,939	1,100,211

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

八. 母公司財務報表主要項目註釋 (續)

8. Notes to the Financial Statements of the Parent Company (continued)

4. 營業收入、營業成本 (續)

- (2) 主營業務收入成本—按產品分類

4. Operating Income and Cost (continued)

- (2) Income and Cost from Main Operation—Products Segment

項目	Item	2007年度 2007	2006年度 2006
主營業務收入	Income from main operation		
原料藥	Bulk Pharmaceuticals	1,051,152	982,444
其中：出口原料藥	Including: Export sales	740,196	738,776
製劑	Preparations	324,747	283,945
商業流通	Commerce circulations	1,024	33,605
化工及其他	Chemical and others	1,975	16,005
合計	Sub-total	1,378,898	1,315,999
主營業務成本	Cost from main operation		
原料藥	Bulk Pharmaceuticals	888,254	796,208
其中：出口原料藥	Including: Export sales	649,807	598,065
製劑	Preparations	277,277	201,172
商業流通	Commerce circulations	1,883	33,809
化工及其他	Chemical and others	903	19,801
合計	Sub-total	1,168,317	1,050,990
主營業務毛利	Gross margin from main operation		
原料藥	Bulk Pharmaceuticals	162,898	186,236
其中：出口原料藥	Including: Export sales	90,389	140,711
製劑	Preparations	47,470	82,773
商業流通	Commerce circulations	(859)	(204)
化工及其他	Chemical and others	1,072	(3,796)
合計	Sub-total	210,581	265,009

5. 投資收益

5. Investment Gain or Loss

產生投資收益的來源	Sources of Investment income	2007年度 2007	2006年度 2006
從可供出售金融資產單位 取得分紅單位取得分紅	Dividends from the available-for-sale financial assets	914	141
債權投資收益	Bond investment income	1,647	6,588
年末調整的被投資單位 所有者權益淨增減的金額	Adjustment on the investee's shareholders' equity at the end of the year	(7,817)	(231)
合計	Total	(5,256)	6,498

本公司投資收益匯回不存在重大限制。

There is no significant restriction on the returns of investment income.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)
(根據中國會計準則編制)
(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

九. 關聯方關係及其交易

9. Related Party Relationship and Transaction

(一) 關聯方關係

存在控制關係的子公司詳見附註六、企業合併及合併財務報表。

1. 存在控制關係的其他關聯方

關聯方名稱	組織機構代碼	註冊地址	主營業務	與本公司關係	經濟性質	法定代表人
Related Party Name	Code of Organization	Place of registration	Main operations	Relation with the Company	Nature	Legal Representative
山東新華醫藥集團有限公司	164132472	山東省淄博市張店區東一路14號	投資於建築工程的設計、房地產開發、餐飲等	本公司之母公司	國有獨資	郭琴
Shandong Xinhua Pharmaceutical Group Company Limited		No. 14, East 1st Road, Zhangdian Dist., Zibo, Shandong Province.	Investment in the design of construction projects, property development and food and beverage, etc.	Parent company of the Company	State-owned	Guo Qin
華魯控股集團有限公司	771039712	山東省濟南市榜棚街1號	對化肥、石化產業投資、投資管理等	母公司之控股股東	國有獨資	李同道
Shandong Hualu Holding Group Company Limited		No. 1, Bangpeng Street, Jinan, Shandong Province.	Investment and management in fertilizer and petrochemicals, etc.	The ultimate holding company	State-owned	Li Tongdao

2. 存在控制關係的其他關聯方的註冊資本及其變化

2. Registered capital and its changes of related parties under a control relationship

關聯方名稱	Related Party Name	2006.12.31	本年增加 Addition	本年減少 Deduction	2007.12.31
山東新華醫藥集團有限公司	Shandong Xinhua Pharmaceutical Group Company Limited	298,500	0	0	298,500
華魯控股集團有限公司	Shandong Hualu Holding Group Company Limited	800,000	0	0	800,000

3. 存在控制關係的其他關聯方的所持股份及其變化

3. Share holdings and their changes of related parties under a control relationship

關聯方名稱	Related Party Name	持股金額 Amount of shares		持股比例 Ratio	
		2007	2006	2007	2006
山東新華醫藥集團有限公司	Shandong Xinhua Pharmaceutical Group Company Limited	163,259	163,259	35.70%	35.70%

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

九. 關聯方關係及其交易 (續)

(一) 關聯方關係 (續)

4. 不存在控制關係的關聯方的性質

關聯方名稱 Related Party Name	關聯關係 Relationship	與本公司關聯交易內容 Related Transactions with the Company
山東新華工貿股份有限公司 Shandong Xinhua Industry & Trade Company Limited	受同一母公司控制 Under the common control of parent company	銷售動力及三廢、採購原材料 Sale of power and waste materials, and purchase of raw materials
山東新華醫藥集團濰博綜合服務有限責任公司* Zibo All-purpose Service Company Limited of Shandong Xinhua Pharmaceutical Group*	受同一母公司控制 Under the common control of parent company	接受勞務及服務、銷售動力 Purchase of services and sale of power
山東新華博邦化工有限公司 Shandong Xinhua Bobang Chemical & Industrial Company Limited	受同一母公司控制 Under the common control of parent company	採購原材料 Purchase of materials
山東新華萬博化工有限公司 Shandong Xinhua Wanbo Chemical & Industrial Company Limited	受同一母公司控制 Under the common control of parent company	採購原材料 Purchase of materials
山東新華隆信化工有限公司 Shandong Xinhua Longxin Chemical & Industrial Company Limited	本公司聯營企業 Joint venture	採購原材料 Purchase of materials
山東新華長星化工設備有限公司 Shandong Xinhua Changxing Chemical Equipment Company Limited	本公司聯營企業 Joint venture	銷售設備、在產品；轉讓技術 Sale of equipments, work-in-progress and technology
山東濰博新達製藥有限公司 Shandong Zibo Xincat Pharmaceutical Company Limited	受同一母公司控制的參股公司 Under the common control of parent company and partially held by the Company	銷售動力、出租房產 Sale of power and housing renting.
山東濰博新華-肯孚製藥有限公司 Shandong Zibo Xinhua-Chemferm Pharmaceutical Company Limited	母公司之參股公司 Partially held by parent company	銷售動力及採購原材料 Sale of power and Purchase of materials

* 山東新華醫藥集團濰博綜合服務有限責任公司已經註銷。

9. Related Party Relationship and Transaction (continued)

1. Related Party Relationship (continued)

4. Nature of related parties under no control relationships

* Zibo All-purpose Service Company Limited of Shandong Xinhua Pharmaceutical Group has been written off on 31 December 2007.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)
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(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

九. 關聯方關係及其交易 (續)

(二) 關聯交易

1. 定價政策

本公司銷售給關聯方的產品以及從關聯方購買原材料的價格按市場價作為定價基礎。

2. 採購物資

9. Related Party Relationship and Transaction (continued)

2. Related Transactions

1. Pricing Policy

The Company sells products and purchases the materials to related parties at the market price.

2. Purchase of materials

關聯方名稱 Related Party Name	交易性質 Transaction contents	2007年度 2007		2006年度 2006	
		金額 Amount	比例 Rate	金額 Amount	比例 Rate
山東新華工貿股份有限公司 Shandong Xinhua Industry & Trade Company Limited	原材料及化學試劑 Raw materials and chemical reagent	5,710	0.68%	12,484	2.02%
山東新華萬博化工有限公司 Shandong Xinhua Wanbo Chemical & Industrial Company Limited	原材料 Raw materials	40,667	4.83%	20,430	3.31%
山東新華博邦化工有限責任公司 Shandong Xinhua Bobang Chemical & Industrial	原材料 Raw materials	18,271	2.17%	8,761	1.42%
山東淄博新華一肯孚製藥有限公司 Shandong Zibo Xinhua-Chemiferm Pharmaceutical Company Limited	原材料 Raw materials	32,082	3.81%	16,989	2.75%
山東新華隆信化工有限公司 Shandong Xinhua Longxin Chemical & Industrial Company Limited	原材料 Raw materials	2,989	0.35%	5,033	0.82%
山東新華長星化工設備有限公司 Shandong Xinhua Changxing Chemical Equipment Company Limited	搪玻璃反應罐蓋 Daubed glass retorts	442	0.05%	0	0%
山東大地新華化學有限公司* Shandong Dadi Xinhua Chemical & Industrial Company Limited*	原材料 Raw materials	31,337	3.72%	0	0%

* 大地新華納入合併範圍前作為聯營企業發生的關聯交易。

* Related transactions with Dadi Xinhua referred the transactions with Dadi Xinhua as joint venture before it was included in the consolidated financial statements.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

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(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

九. 關聯方關係及其交易 (續)

(二) 關聯交易 (續)

3. 銷售貨物

關聯方名稱 Related Party Name	交易性質 Transaction contents	2007年度 2007		2006年度 2006	
		金額 Amount	比例 Rate	金額 Amount	比例 Rate
山東新華工貿股份有限公司 Shandong Xinhua Industry & Trade Company Limited	銷售動力及三廢 Sale of power and waste materials	3,641	7.54%	8,571	15.44%
山東新華萬博化工有限公司 Shandong Xinhua Wanbo Chemical & Industrial Company Limited	銷售動力及三廢 Sale of power and waste materials	4,326	8.95%	0	0%
山東新華博邦化工有限責任公司 Shandong Xinhua Bobang Chemical & Industrial Company Limited	銷售動力 Sale of power	0	0%	3	0.01%
山東淄博新華—肯孚製藥有限公司 Shandong Zibo Xinhua—Chemferm Pharmaceutical Company Limited	銷售動力 Sale of power	4,483	19.74%	3,482	6.27%
山東新華長星化工設備有限公司 Shandong Xinhua Changxing Chemical Equipment Company Limited	銷售在產品 Sale of work-in-progress	0	0%	4,759	100.00%
山東淄博新達製藥有限公司 Shandong Zibo XinCat Pharmaceutical Company Limited	銷售動力 Sale of power	1,586	6.98%	1,100	1.98%

4. 接受擔保

本公司與招商銀行高新技術產業開發區支行簽訂綜合授信額度2億元的協議，用於銀行承兌匯票、流動貸款和出口押匯，授信期間自2007年9月26日至2008年9月25日。該授信協議由母公司山東新華醫藥集團有限責任公司提供擔保。截至2007年12月31日本公司接受山東新華醫藥集團有限責任公司提供的擔保金額27,184千元。

9. Related Party Relationship and Transaction (continued)

2. Related Transactions (continued)

3. Sale of merchandise

關聯方名稱 Related Party Name	交易性質 Transaction contents	2007年度 2007		2006年度 2006	
		金額 Amount	比例 Rate	金額 Amount	比例 Rate
山東新華工貿股份有限公司 Shandong Xinhua Industry & Trade Company Limited	銷售動力及三廢 Sale of power and waste materials	3,641	7.54%	8,571	15.44%
山東新華萬博化工有限公司 Shandong Xinhua Wanbo Chemical & Industrial Company Limited	銷售動力及三廢 Sale of power and waste materials	4,326	8.95%	0	0%
山東新華博邦化工有限責任公司 Shandong Xinhua Bobang Chemical & Industrial Company Limited	銷售動力 Sale of power	0	0%	3	0.01%
山東淄博新華—肯孚製藥有限公司 Shandong Zibo Xinhua—Chemferm Pharmaceutical Company Limited	銷售動力 Sale of power	4,483	19.74%	3,482	6.27%
山東新華長星化工設備有限公司 Shandong Xinhua Changxing Chemical Equipment Company Limited	銷售在產品 Sale of work-in-progress	0	0%	4,759	100.00%
山東淄博新達製藥有限公司 Shandong Zibo XinCat Pharmaceutical Company Limited	銷售動力 Sale of power	1,586	6.98%	1,100	1.98%

4. Guaranty secured

The Company entered a facility contract of RMB200,000,000 as bank acceptance, short-term loans and bills purchased for exporting with Branch of New & High-tech Industrial Development Zone, China Merchant Bank. The facility is available from 26 September 2007 to 25 September 2008. Shandong Xinhua Pharmaceutical Group Company Limited, the parent company, provided guaranty for the facility. As at the end of 2007, the Company acquired the guaranty secured by the parent company in a amount of RMB27,184,000.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
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(根據中國會計準則編制)
(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

九. 關聯方關係及其交易 (續)

(二) 關聯交易 (續)

4. 接受擔保 (續)

本公司與中國進出口銀行簽訂借款本金為80,000千元的貸款協議，貸款期間為2007年11月5日至2008年11月5日，由母公司之控股股東華魯控股集團有限公司提供擔保。

5. 購買資產

本公司於2007年12月10日與山東淄博新達製藥有限公司(以下簡稱「新達製藥」)簽訂資產轉讓協議，收購新達製藥位於淄博市張店區東一路14號建築總面積2,528.85平方米的廠房及其面積為2,072.37平方米的土地使用權。山東魯盛土地房地產評估諮詢有限公司分別出具了(淄博)魯盛房地產(2007)(估)字第2460號土地估價報告和淄房評估[2007]第162號房產估價報告，其中土地評估價值為86.21萬元，房產評估價值為249.61萬元，合計335.82萬元為轉讓價格。

9. Related Party Relationship and Transaction (continued)

2. Related Transactions (continued)

4. Guaranty secured (continued)

The Company entered a loan contract with China Import & Export Bank with a contracted amount of RMB80,000,000 and for a period from 5 November 2007 to 5 November 2008. Shandong Hualu Holding Group Company Limited, the ultimate shareholders, provided guaranty for the liabilities of the Company under the above borrowing contract.

5. Purchase of Assets

The Company entered an assets transferring agreement with Shandong Zibo Xincat Pharmaceutical Company Limited (hereinafter referred to as Xincat) and purchased a plant with a total construction area of 2,528.85 square meters and a land use right which occupied area of 2,072.37 square meters. The consideration of the transaction was RMB3,358,200, including RMB862,100 of land and RMB2,496,100 of property, which based on the appraisal report of land ((Zibo) Lusheng Property (2007) (gu) No. 2460) and appraisal report of property (Zibo Pinggu [2007] No. 162) which were both issued by Shandong Lusheng Appraisal & Advisory Company Limited.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

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(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

九. 關聯方關係及其交易 (續)

9. Related Party Relationship and Transaction (continued)

(二) 關聯交易 (續)

2. Related Transactions (continued)

6. 資產租賃

6. Lease of Assets

(1) 資產出租

(1) Lease-out assets

關聯方名稱 Name of Related Party	交易性質 Transaction contents	交易時間 Effective period	2007年度 2007	2006年度 2006
山東淄博新達製藥有限公司 Shandong Zibo XinCat Pharmaceutical Company Limited	房屋出租 Lease-out of house	全年 Whole year	952	1,438

(2) 資產租入

(2) Lease-in assets

關聯方名稱 Name of Related Party	交易性質 Transaction contents	交易時間 Effective period	2007年度 2007	2006年度 2006
山東新華醫藥集團有限責任公司 Shandong Xinhua Pharmaceutical Group Company Limited	租入房屋 Lease-in of house	全年 Whole year	500	500
山東新華工貿股份有限公司 Shandong Xinhua Industry & Trade Company Limited	租入房屋 Lease-in of house	9個月 9months	370	0

7. 其他交易

7. Other Transactions

(1) 商標使用費

(1) Trademark Using Fee

關聯方名稱 Name of Related Party	關聯交易內容 Transaction contents	2007年度 2007	2006年度 2006
山東新華醫藥集團有限責任公司 Shandong Xinhua Pharmaceutical Group Company Limited	商標使用費 Trademark using fee	1,100	1,000

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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九. 關聯方關係及其交易 (續)

(二) 關聯交易 (續)

7. 其他交易 (續)

(1) 商標使用費 (續)

根據本公司與山東新華醫藥集團有限責任公司於1996年12月7日簽署的《商標使用許可協議》規定，山東新華醫藥集團有限責任公司授權本公司就現有及將來於中國及海外的產品，獨佔使用新華商標，首年年費為人民幣60萬元，以後每年遞增人民幣10萬元，直至年費達到上限人民幣110萬元時則不再增加。該協議條款於商標有效期間持續生效，直至協議予以終止。

9. Related Party Relationship and Transaction (continued)

2. Related Transactions (continued)

7. Other Transactions (continued)

(1) Trademark Using Fee (continued)

Pursuant to the Trademark License Agreement signed by the holding company and the Company on 7 December 1996, the Company was granted the exclusive right to use the trademark "Xinhua" ("Trademark") by the holding company for its existing and future products in and outside the PRC at an initial annual fee of RMB600,000 increasing at the rate of an extra RMB100,000 per year until the annual fee reaches the cap amount of RMB1,100,000, which shall 1,100,000 stay as such until the agreement is terminated.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

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(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

九. 關聯方關係及其交易 (續)

(二) 關聯交易 (續)

7. 其他交易 (續)

(2) 提供勞務

關聯方名稱 Name of Related Party	關聯交易內容 Transaction contents	2007年度 2007	2006年度 2006
山東淄博新華一肯孚製藥有限公司 Shandong Zibo Xinhua—Chemferm Pharmaceutical Company Limited	工藝設計服務 Design	10	0
山東新華長星化工設備有限公司 Shandong Xinhua Changxing Chemical Equipment Company Limited	工藝設計服務 Design	26	0
山東大地新華化學有限公司 Shandong Dadi Xinhua Chemical & Industrial Company Limited	工藝設計服務 Design	5	0

(3) 受讓交通銀行 股權

本公司與山東新華工貿股份有限公司於2007年1月22日簽訂股權轉讓協議，山東新華工貿股份有限公司將其持有的交通銀行14.4萬股法人股以每股4.5元的價格轉讓給本公司，金額共計64.8萬元。

9. Related Party Relationship and Transaction (continued)

2. Related Transactions (continued)

7. Other Transactions (continued)

(2) Offering Service

iii. Acquiring the shares of Bank of Communications

The Company entered a transferring agree on 22 January 2007 about 144,000 shares of bank of communication with Xinhua Industry and Commercial Company Limited at a consideration of RMB4.50 per share or totally RMB648,000.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

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九. 關聯方關係及其交易 (續)

9. Related Party Relationship and Transaction (continued)

(三) 關聯方往來餘額

3. Related Party Current Account Balances

關聯方名稱	Name of Related Party	2007年12月31日 2007.12.31	2006年12月31日 2006.12.31
應收賬款	Accounts receivable		
山東新華工貿股份有限公司	Shandong Xinhua Industry & Trade Company Limited	40,776	40,668
山東新華長星化工設備有限公司	Shandong Xinhua Changxing Chemical Equipment Company Limited	0	6,467
山東淄博新達製藥有限公司	Shandong Zibo XinCat Pharmaceutical Company Limited	4,958	8,048
預付賬款	Advances to Suppliers		
山東新華萬博化工有限公司	Shandong Xinhua Wanbo Chemical & Industrial Company Limited	8,258	2,959
山東新華隆信化工有限公司	Shandong Xinhua Longxin Chemical & Industrial Company Limited	2,600	2,123
其他應收款	Other Receivable		
山東新華醫藥集團有限責任公司	Shandong Xinhua Pharmaceutical Group Company Limited	0	(6)
山東新華工貿股份有限公司	Shandong Xinhua Industry & Trade Company Limited	8	0
山東新華醫藥集團淄博綜合服務有限責任公司	Zibo All-purpose Service Company Limited of Shandong Xinhua Pharmaceutical Group	0	1,374
山東新華長星化工設備有限公司	Shandong Xinhua Changxing Chemical Equipment Company Limited	380	26
應付賬款	Accounts Payable		
山東新華工貿股份有限公司	Shandong Xinhua Industry & Trade Company Limited	1,545	1,371
山東新華萬博化工有限公司	Shandong Xinhua Wanbo Chemical & Industrial Company Limited	1,109	0
山東新華博邦化工有限公司有限責任公司	Shandong Xinhua Bobang Chemical & Industrial Company Limited	1,458	598
山東淄博新華一肯孚製藥有限公司	Shandong Zibo Xinhua-Chemferm Pharmaceutical Company Limited	3,311	2,992
山東新華長星化工設備有限公司	Shandong Xinhua Changxing Chemical Equipment Company Limited	505	0
預收賬款	Advances from Customers		
山東新華萬博化工有限公司	Shandong Xinhua Wanbo Chemical & Industrial Company Limited	0	4
其他應付款	Other Payable		
山東新華工貿股份有限公司	Shandong Xinhua Industry & Trade Company Limited	2,271	273
山東新華博邦化工有限公司有限責任公司	Shandong Xinhua Bobang Chemical & Industrial Company Limited	1	0

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

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(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

十. 或有事項

1. 對外提供擔保形成的或有負債

本公司於2007年7月27日與安陽乾康醫藥有限公司(以下簡稱「安陽乾康」)和廣東發展銀行股份有限公司安陽支行(以下簡稱「廣發安陽支行」)簽訂合作協議,約定安陽乾康以廣發安陽支行簽發的銀行承兌匯票向本公司之子公司醫貿公司支付貨款,本公司為此提供擔保。在擔保期限內,如相關的銀行承兌匯票逾期,則本公司按醫貿公司已收到的匯票票面總金額扣除廣發安陽支行已開具發貨通知單總金額以後的餘額,向廣發安陽支行承擔連帶付款責任。該協議最高擔保額度1,400萬元,期限為2007年7月27日至2008年7月27日。截止2007年12月31日,廣發安陽支行已開具的銀行承兌匯票及發貨通知單金額分別為700萬元、650萬元。

2. 除存在上述或有事項外,截止2007年12月31日,本公司無其他重大或有事項。

10. Contingencies

1. Guaranty for the third party

The Company entered an agreement with Anyang Qiankang Pharmaceutical Company Limited (hereinafter referred to as Anyang Qiankang) and Anyang Branch of Guangdong Development Bank Company Limited (hereinafter referred to GDB) on 27 July 2007. The agreement stipulated that the Company should guarantee the risk exposure of gap between the amounts of bank acceptance issued by Anyang Qiankang in GDB, which was used for the payment to Xinhua Pharmaceutical & Trade, a subsidiary of the Company and the amounts of delivering notice issued by GDB, which was used for take delivery of goods. The guaranty will be available from 27 July 2007 to 27 July 2008 with an utmost amount of RMB14,000,000. As at 31 December 2007, Anyang Qiankang has issued RMB7,000,000 of the bank acceptance and GDB has issued RMB6,500,000 of the delivering notice to Xinhua Pharmaceutical & Trade.

2. The Company has no significant contingencies besides the above to be disclosed on 31 December 2007.

十一. 承諾事項

1. 已簽訂的正在或準備履行的大額發包合同

項目名稱	Items	合同金額 Contractual Amount	未付金額 Amount Unpaid
創新園項目	Innovation Zone	1,413	570
左旋多巴新產品(L380)項目	L-380 Projects	12,723	4,751
202力度深項目	Lidushen project in plant 202	850	38
茶鹼氨茶鹼擴產改造	Theophylline expansion	248	25
106車間污水處理	Pollution discharge in plant 106	318	32
針劑填平補齊	End of injection project	732	238
壽光土地	Land in Shouguang	23,480	18,480
其他	Others	7,488	2,377
合計	Total	<u>47,252</u>	<u>26,511</u>

2. 除存在上述承諾事項外,截止2007年12月31日,本公司無其他重大承諾事項。

11. Commitment

1. Large-Sum Agreed-Upon Contractual Disbursements

2. The Company has no other capital commitments signed except for the above-mentioned on 31 December 2007.

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)
(根據中國會計準則編制)
(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

十二. 資產負債表日後事項

本公司無需披露的重大資產負債表日後事項。

十三. 其他重要事項

1. 本公司在中國證券結算深圳分公司辦理上市公司相關高層人員持股按25%比例解禁後，監事高慶剛先生家屬於2007年5月23日賣出高慶剛證券賬戶中新華製藥股份500股，並於2007年5月24日又以高慶剛證券賬戶買進新華製藥股份500股，本次買賣獲利24.5元。此次股票買賣行為違反了《證券法》有關規定。本公司根據相關規定，已於2007年5月29日將高慶剛本次買賣新華製藥股票所獲收益24.5元收歸公司所有。
2. 除上述事項外，截止2007年12月31日，本公司無需披露的其他重要事項。

十四. 補充資料

1. 非經常性損益表

項目	Item	2007	2006
非流動資產處置損益	Profit or loss from disposal of non-current assets	2,041	2,290
計入當期損益的政府補助	Government subsidies in the current profit or loss	5,479	600
除上述各項外的其他營業外收支淨額	Non-operating income or cost except items above	3,538	(1,821)
交易性金融資產公允價值變動	Change in fair value of held-for-trading financial assets	15,763	51
可供出售金融資產分配收益	Income distributed from available-for-sale financial assets	747	141
持有至到期投資處置收益	Income from disposal of held-to-maturity investment	1,647	6,588
計入當期損益的對非金融企業收取的資金佔用費	Fund occupancy expenses from non-financial company in current profit or loss	0	270
小計	Sub-total	29,215	8,119
所得稅影響	Income tax	6,518	2,252
非經常性淨損益合計	Total net non-routine profit or loss	22,697	5,866
其中：歸屬於母公司股東	Including: attributable to the parent company	22,763	5,866

12. Post Balance Sheet Date Events

The Company has no significant subsequent events to be disclosed.

13. Other Important Events

1. After the ban of share sales be lifted to a limit of 25% by the Company in Shenzhen Branch of China Security Clearing Centre, the wife of Mr. Gao qinggang, a supervisor of the Company, sold 500 shares of the Company in an account dominated by Mr. Gao on 23 May 2007, and bought 500 shares of the Company in the same account on 24 May 2007. The transactions were breach of Law of Security and the related rules. Pursuant to the certain rules, the Company asked Mr. Gao to turn over the earning of RMB24.5 arising from the transactions and have gotten it on 29 May 2007.
2. The Company has no significant events to be disclosed.

14. Supplementary Information

1. Non-Routine Profit or Loss

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

十四. 補充資料 (續)

14. Supplementary Information (continued)

2. 淨資產收益率及每股收益

按照中國證監會《公開發行證券的公司信息披露編報規則第九號—淨資產收益率和每股收益的計算及披露》的要求，本公司(或本集團)全面攤薄和加權平均計算的淨資產收益率及每股收益如下：

(1) 2007年度

報告期利潤	Net income in reporting period	淨資產收益率 ROE		每股收益 EPS	
		全面攤薄 Full diluted	加權平均 Weighted average	基本每股收益 Basic	稀釋每股收益 Diluted
歸屬於母公司股東的淨利潤	Net profit attributed to the parent company	1.96%	2.40%	0.07	0.07
歸屬於母公司股東、扣除非經常性損益後的淨利潤	Net profit attributed to the parent company after deductions of extraordinary gains or losses	0.60%	0.73%	0.02	0.02

2. Rate of Return on Equity (ROE) and Earnings per Share (EPS)

According to the requirements of “Rule 9 on the Information Disclosure and Presentation of Companies That Issue Securities to the Public — Calculation and Disclosure of Rate of Return on Equity and Earnings per Share” issued by China Securities Regulatory Commission, the fully diluted and weighted average rate of return on equity and earnings per share of the Company are as follows:

(1) In 2007

(2) 2006年度

報告期利潤	Net income in reporting period	淨資產收益率 ROE		每股收益 EPS	
		全面攤薄 Full diluted	加權平均 Weighted average	基本每股收益 Basic	稀釋每股收益 Diluted
歸屬於母公司股東的淨利潤	Net profit attributed to the parent company	1.74%	1.75%	0.05	0.05
歸屬於母公司股東、扣除非經常性損益後的淨利潤	Net profit attributed to the parent company after deductions of extraordinary gains or losses	1.31%	1.31%	0.04	0.04

(2) In 2006

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
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十四. 補充資料 (續)

14. Supplementary Information (continued)

3. 資產減值準備明細表

3. Statement of Provision for Impairment of Assets

項目	Item	2006年 12月31日 2006.12.31	本期增加額 Additions		本期減少額 Deductions		2007年 12月31日 2007.12.31
			本期計提額 Provision Recognized in the period	收回以前 年度已核 銷壞賬準備 Recovery of written-off bad debts	轉回 Reversion	其他轉出 Other transferring	
壞賬減值準備	Provision for impairment of bad debts	15,467	12,900	568	0	7,185	21,750
存貨減值準備	Provision for impairment of inventories	7,136	1,867	0	0	407	8,596
工程物資減值準備	Provision for impairment of constructing materials	0	1,159	0		1,159	0
可供出售金融資產減值準備	Provision for impairment of available-for-sale financial assets	30,000	0	0	0	0	30,000
合計	Total	52,603	15,926	568	0	8,751	60,346

4. 2006年度合併淨資產差異調節表

4. Reconciliation of Transitional Adjustment in Consolidated Equity in 2006 arising from Difference between the old ASBEs and ASBEs

項目	Item	2006年度 2006
原合併資產負債表之淨資產金額	Consolidated equity applied for old ASBEs	
差異調整：	Adjustments:	1,343,337
(1) 遞延所得稅資產	(1) Deferred tax assets	7,615
(2) 衍生金融工具	(2) Derivative financial instruments	134
(3) 少數股東權益作為股東權益列報	(3) Minority shareholders' equity presented in shareholders' equity	3,313
差異調整小計	Sub-total	11,062
新準則合併資產負債表之淨資產金額	Consolidated equity applied for ASBEs	1,354,399
其中：歸屬於母公司淨資產	Including: Attributable to the parent company	1,351,118

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)

(UNLESS OTHERWISE INDICATED, ALL FIGURES ARE STATED IN RMB' 000)

(根據中國會計準則編制)

(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

十四. 補充資料 (續)

14. Supplementary Information (continued)

5. 2006年度合併淨利潤差異調節表

5. Reconciliation of Transitional Adjustment in Consolidated Net Profit in 2006 arising from Difference between the old ASBEs and ASBEs

項目	Item	2006年度 2006
原合併利潤表之 淨利潤金額	Consolidated net profit applied for old ASBEs	22,706
差異調整：	Adjustments:	
(1) 遞延所得稅資產對 所得稅費用的調整	(1) Adjustment to income tax expense from the deferred tax assets	1,039
(2) 衍生金融工具	(2) Derivative financial instruments	51
(3) 少數股東損益 列報方式變化	(3) Changes in presentation of minority shareholders' equity	(814)
(4) 未確認投資損失 列報方式變化	(4) Changes in presentation of unconfirmed investment loss	(228)
差異調整小計	Sub-total	48
新準則合併利潤表之 淨利潤金額	Consolidated net profit applied for ASBEs	22,754
其中：歸屬於母公司 淨利潤	Including: Attributable to the parent company	23,567

會計報表註釋 (續)

NOTES TO THE ACCOUNTS (continued)

(本註釋除另有註明者外以人民幣千元為單位)
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(PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

十四. 補充資料 (續)

14. Supplementary Information (continued)

6. 新舊會計準則股東權益差異調節表對比披露表

6. Comparative Table of Reconciliation Difference between the old ASBEs and ASBEs

編號 Ref.	項目名稱 Item	2007年報 披露數 2007	2006年報 原披露數 2006	差異 Difference	說明 Notes	
	2006年12月31日股東權益	Equity as at 31 December 2006	1,343,337	1,343,337	0	
1	衍生金融工具	Derivative financial instrument	134	134	0	
2	所得稅	Income tax	7,615	8,049	(434)	(1)
3	少數股東權益	Minority shareholders' equity	3,281	3,313	(32)	(2)
4	其他	Other	32	0	32	(2)
	2007年1月1日股東權益	Equity as at 1 January 2007	1,354,399	1,354,833	(434)	(1)

(1) 根據《企業會計準則第18號—所得稅》的規定，本公司對2006年12月31日的遞延所得稅資產進行了新認定。

(1) According to Accounting Standards for Business Enterprise No.18-Income Tax, the Company recognized the deferred tax assets as at 31 December 2006.

(2) 根據2007年4月發行的《企業會計準則—講解》中的相關要求，本公司將2006年12月31日少數股東權益中應包含的子公司超額虧損32千元，調整至少數股東權益項下，並相應調整未分配利潤。

(2) According to Interpretations on Accounting Standards for Business Enterprise which were promulgated in April 2007, the Company adjusted RMB32,000 of the excess loss of subsidiaries in the minority shareholders' equity, which should be attributed to minority shareholders on 31 December 2006.

十五. 財務報告批准

15. Approval of Financial Statements

本財務報告於2008年4月18日由本公司董事會批准報出。

The Financial Statements have been approved to report on 18 April 2008 by the Board of Directors.

- | | | | |
|-------|---------------------------------------|-------|--|
| (i) | 載有董事長、財務負責人、財務處長簽名並蓋章的會計報表。 | (i) | Financial statements for the year ended 31 December 2007 signed by the Chairman of the Board, the financial controller of the Company and appropriate accounting staff. |
| (ii) | 載有會計師事務所蓋章、註冊會計師簽名並蓋章的審計報告原件。 | (ii) | Financial statements for the year ended 31 December 2007 signed by the Certified Public Accountants both from domestic and international auditors with their respective company seals. |
| (iii) | 報告期內在中國證監會指定報紙上公開披露過的所有公司文件的正本及公告的原稿。 | (iii) | All original copies of the Company's announcement made on the newspapers designated by the CSRC in the reporting period. |
| (iv) | 本公司《公司章程》 | (iv) | The Articles of Association of the Company. |

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