



開創 **無污染** 的未來
Creating a Greener
Future



泛亞環保集團有限公司
Pan Asia Environmental Protection Group Limited

(於開曼群島註冊成立之有限公司)
(Incorporated in the Cayman Islands with limited liability)

股份代號 stock code : 00556.HK

ANNUAL REPORT 2010 年報

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Future**



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Corporate Information

公司資料

DIRECTORS

Executive Directors

Mr. Jiang Quanlong (*Chairman*)
Mr. Jiang Lei (*Chief Executive Officer*)
Mr. Fan Yajun
Mr. Gan Yi

Independent Non-Executive Directors

Mr. Lai Wing Lee
Mr. Leung Shu Sun, Sunny
Professor Wang Guozhen

COMPANY SECRETARY

Mr. Wan San Fai, Vincent

AUTHORISED REPRESENTATIVES

Mr. Jiang Quanlong
Mr. Wan San Fai, Vincent

PRINCIPAL BANKERS

China Construction Bank
Bank of Communications
Hang Seng Bank

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董事

執行董事

蔣泉龍先生 (主席)
蔣磊先生 (行政總裁)
范亞軍先生
甘毅先生

獨立非執行董事

賴永利先生
梁樹新先生
王國珍教授

公司秘書

溫新輝先生

授權代表

蔣泉龍先生
溫新輝先生

主要往來銀行

中國建設銀行
交通銀行
恒生銀行

核數師

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Corporate Information 公司資料

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股份代號

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Chairman's Statement

主席報告書

To Shareholders:

On behalf of the board of directors (the "Board"), I am pleased to present the annual report of Pan Asia Environmental Protection Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2010.

Benefiting from various financial stimulus measures introduced by governments at provincial and municipal levels, the overall Chinese economy gradually recovered in 2010. However, while the economy was recovering, the global environment was worsening. Therefore, there has been a major call for more focus in energy conservation and environmental protection. Indeed, governments around the world have been putting efforts to foster this movement, aiming at achieving sustainable economic and social development.

The Chinese Central Government states explicitly in its Twelfth Five-Year Plan of 2011-2015 that energy conservation and environmental protection ("EP") are among the most critical focus of the country. The Government has also introduced various policies to support the EP industry. As a result of these initiatives, the standards for wastewater and flue gas emissions are expected to be raised and the demand for EP products in the PRC will rise as well. The Group's EP business is well poised to benefit from these favorable policies. In 2010, the Group embarked a variety of projects, many of which have been completed and recognised in phases, thus delivering a stable sales performance for the year.

To broaden the scope of its EP business and to tap the expanding market for environmentally friendly construction materials, the Group has introduced wood wool cement board production lines from the Netherlands.

In the future, the Group aims at securing more sales and engineering contracts for different EP products and equipments, and exploring suitable investment opportunities to capture opportunities presented by the country's environmental protection initiatives.

致各位股東：

本人謹代表董事會向各位股東提呈泛亞環保集團有限公司（「本公司」）及其附屬公司（統稱「本集團」）截至二零一零年十二月三十一日止年度之全年業績報告。

經過各地方政府推出的刺激經濟措施，中國整體經濟於二零一零年已逐步回復平穩。各行業的業績亦已逐漸回復升軌。但在經濟向好的同時，全球環境問題卻日益嚴重。節能環保成為世界大趨勢，各地政府努力推動，務求令經濟及社會達致可持續發展。

中央政府在制定二零一一年至二零一五年「十二五」規劃內明確表示節能環保為國家最受關注的項目重點之一，並落實多項鼓勵政策大力推動環保產業。污水及煙氣排放的規格將更為嚴謹，各地方政府及國內企業對環保產品需求不斷增加，本集團的環保業務也因此而受惠。於二零一零年，本集團旗下新工程於年內陸續展開，並分段完成及入賬，全年銷售保持平穩。

此外，本集團瞄準國內對環保建築材料的需求，從荷蘭引進木絲水泥板生產線，擴大集團環保業務的領域。

未來，本集團將繼續積極爭取各項環保產品及設備銷售和工程合約，並尋找合適的投資機會，以抓緊國家不斷完善環保體制所帶來的機遇。

Chairman's Statement

主席報告書

FINANCIAL REVIEW

For the year ended 31 December 2010, the Group achieved a total revenue of RMB646.7 million, an increase of 6.2% compared with last year (2009: RMB609.0 million). It completed a number of contracts on water treatment and two contracts on flue gas desulphurisation ("FGD"). As the gross profit margin of the FGD projects was low, the Group's overall gross profit decreased to RMB142.7 million (2009: RMB164.9 million) with gross profit margin at 22% (2009: 27.1%). Profit attributable to owners of the Company amounted to RMB76.3 million (2009: RMB88.1 million). Earnings per share was RMB9.53 cents (2009: RMB11.01 cents).

PROSPECTS

Water and flue gas treatment business – continue to bring promising revenue to the Group

The Twelfth Five-Year Plan officially commences in 2011, during which energy conservation and environmental protection are regarded as among one of the seven key emerging industries by the PRC Government and are the focus of the country's future development. It is believed that the country's demand for EP products and services will increase under the implementation of the Government policies, and will bring favourable opportunities to the Group. The Group currently has 23 contracts with a total value of approximately RMB522.0 million on hand.

The water treatment business will continue to bring stable income to the Group in 2011. It will further expand its scope of services from constructing large scale water treatment projects to building and operating them. This business direction will help broaden income sources, generate steady cash flow and boost return on investment for the Group.

The Group will devote more energy in developing its FGD and flue gas denitrification ("DeNOx") businesses with the aim of increasing the proportion of this business segment in the Group's overall turnover. The Central Government has proposed a standard for DeNOx in its Twelfth Five-Year Plan, and DeNOx engineering has also been designated as a key measure to reduce environmental pollution, indicating its great market potential. As such, the Group has decided to focus on developing engineering and construction of DeNOx systems and will suspend its earlier plan to research, develop and produce catalysts used in DeNOx systems until a viable partner is identified. It has also reached an agreement with an overseas supplier whereby the Group will be supplied with quality catalysts to meet its future project needs. The Group will continue to expand the scope of its FGD business in the light of tremendous demand for EP projects from the iron and steel industries. This thus constitutes the Group's future development direction.

財務摘要

截至二零一零年十二月三十一日止年度，本集團總營業額為人民幣6.467億元，較去年上升6.2%（二零零九年度：人民幣6.090億元）。本集團完成了多宗水處理工程及兩項煙氣脫硫工程。由於脫硫工程的利潤率相對較低，令本集團的整體毛利下調至人民幣1.427億元（二零零九年度：人民幣1.649億元），毛利率為22%（二零零九年度：27.1%）。本公司擁有人應佔溢利為人民幣7,630萬元（二零零九年度：人民幣8,810萬元）。每股盈利為人民幣9.53分（二零零九年度：人民幣11.01分）。

展望

水及煙氣處理業務 – 持續為本集團帶來可觀收益

踏入二零一一年，「十二五」規劃正式展開，節能環保被中央政府列為未來重點發展的七大新興產業之一。隨著國策的推動，國內對環保產業的需求將會不斷上升，為本集團帶來商機。現時，本集團手頭上未完成之合約共有23份，合約總金額達人民幣5.220億元。

污水處理業務於二零一一年仍會是本集團穩定收入來源。本集團將繼續拓展業務範疇，由原來的工程建設，拓展到大型的工業污水處理、建設及運營，以擴闊收入來源、增加穩定的現金流和提高回報率。

本集團將更著力發展煙氣脫硫脫硝處理業務，期望其佔整體營業額的比重將有所增長。中央在「十二五」規劃中對煙氣脫硝提出約束性指標，煙氣脫硝工程更被列為重點環境治理工程，擁有很大的市場潛力。因此，本集團決定現階段集中資源發展脫硝工程，而原計劃發展的煙氣脫硝催化劑研發及生產項目，在未覓得合適的合作夥伴前將暫緩開展。然而工程中所需應用的催化劑，本集團已與海外供應商達成協議，由其提供優質的催化劑產品，以應付未來的工程需求。在煙氣脫硫方面，當中鋼鐵企業對環保工程存在龐大需求，此將是本集團今後的發展方向。

Chairman's Statement 主席報告書

Environmentally friendly construction materials business – a new growth driver with huge potential

Apart from its traditional core business areas, the Group is well aware of the stricter requirements placed on construction materials and the policy to build more affordable housing for the public. It has successfully expanded into the environmentally friendly construction materials business by entering into an cooperation agreement with Eltomation BV of the Netherlands



in May 2010 regarding the introduction of wood wool cement board production lines. Wood wool cement board is an environmentally friendly inorganic energy conserving construction material which is made by cement, eco-friendly and fast growing timber, and nontoxic chemical additives after high pressure processing. This material is widely used overseas because of its distinctive features of heat preservation, fire resistant, sound-proof, and moisture-proof, mould-proof and insect repelling properties. It also does not contain formaldehyde or any other volatile organic compounds. The benefits of wood wool cement board make it a perfect material for renovation and wall construction, in particular, for residential and commercial buildings requiring heat conservation, high durability and energy saving.

The Group has set strict requirements on the timber it uses for the production of wood wool cement boards. All of the timber used complies with environmental protection standards and is provided by qualified suppliers. Most of the timber is from eco-friendly fast-growing trees to ensure minimum negative impact on the environment. Working towards a greener society that uses resources more efficiently has always been the Group's mission. With this in mind, the Group will continue its efforts to provide a comfortable living environment for people and contribute to sustainable development of the economy by providing energy-saving construction materials.

新增環保建材業務 – 潛力巨大的新增長點

除了傳統核心業務外，本集團瞄準國家對房屋建材規格的提高，以及大力興建保障性房屋的計劃，於二零一零年五月與荷蘭艾托美心有限公司訂立合作協議，引進木絲水泥板生產線，成功開拓了環保建材業務。木絲水泥板是一種由水泥、經濟速



生林木材與無毒性化學添加物，經高壓製成之環保無機節能建材，於國外被廣泛應用。此建材集合多項優點 – 擁有保溫、阻燃、隔音、防潮、防霉、防蟲及不含甲醛及任何有機揮發性氣體的特性。卓越的表現令其成為優質的裝修及建築牆體材料，特別適合用作牆體保溫改造，建造耐用及節能的經濟型房屋和商用建築。

本集團對生產木絲水泥板的木材要求嚴格，選用的木材都符合環保標準，由合規格的供應商提供，且多為經濟速生林木，以確保生產從源頭已不會對環境帶來破壞。本著構建一個有效運用資源及環保社會的目標，本集團以實際行動為建築節能和可持續發展出一份力，為人民提供更舒適的居住環境。

Chairman's Statement 主席報告書

The Group's first wood wool cement board production line had completed the trial run in March 2011 while two other lines are planned to commence production by the end of 2011. These production lines are expected to generate significant profit contributions to the Group's results in 2012. To increase further capacity, the Group plans to actively increase production lines in the future. In addition to the Yixing factory, it will also set up production stations in other areas, including Anhui and Liaoning provinces, targeting to sell this high-quality construction material to more areas.

To promote wood wool cement board, the Group participated in "The Seventh International Conference on Green and Energy-Efficiency Building & New Technologies and Products Expo" as an exhibitor on 28 March 2011. This annual EP expo is launched by the Ministry of Housing and Urban-Rural Development of the PRC and is a highly influential event among the PRC EP industry. The requirements on selecting exhibitors are also very stringent. The expo showcased the latest technologies and applications relating to energy saving construction and has attracted people from around the world, especially local participation. Amid a green building trend, it is expected that the Group's wood wool cement boards will draw considerable interest from different industries, bringing significant contributions to the Group.

本集團的第一條木絲水泥板生產線已在二零一一年三月完成試產，另外兩條也將於二零一一年底投產，預計會為二零一二年業績帶來重大盈利貢獻。本集團計劃於未來將積極增加生產線，以提升產能。除宜興廠房外，亦會於安徽及遼寧等地區設置生產點，務求將這優質的牆體建材銷售予更多地區。

而為推廣此產品，本集團亦於二零一一年三月二十八日參展「第七屆國際綠色建築與建築節能大會暨新技術與產品博覽會」。此一年一度的環保展覽由中國住房和城鄉建設部發起，為國內重要的環保展覽。其對挑選參展商的要求也非常嚴格。這次展覽展示與節能建築有關的最新技術與應用成果，吸引中國及世界各地人士參與，在綠色建築事業這個大趨勢下，預計本集團的木絲水泥板將會受到各方關注，為業務帶來重大貢獻。



Chairman's Statement

主席報告書

FINAL DIVIDEND

The Board did not recommend payment of a final dividend for the year ended 31 December 2010 (2009: HK4 cents per share), earmarking the profit to be used as capital for further development of various businesses, and also to capture opportunities arising from the rapid developing EP market.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to the management team and all our staff for their contributions and dedication to the Group as well as my gratitude to the shareholders for their continuous support.

By order of the Board
Pan Asia Environmental Protection Group Limited
JIANG Quanlong
Chairman
Hong Kong, 29 March 2011

股息

董事局建議不派發截至二零一零年十二月三十一日止年度之末期股息（二零零九年：每股4港仙）。此乃由於未來各項業務均有資金需求，加上環保市場發展快速，為把握發展機會，董事局認為應保留資金以作進一步發展之用。

致謝

誠如以往，本人謹代表董事會及管理層衷心感謝全體員工於年內努力不懈，全心全意為本集團作出貢獻。同時亦有賴各股東的鼎力支持，本集團的業務才得以穩步發展，在此謹致以衷心謝意。

承董事會命
泛亞環保集團有限公司
主席
蔣泉龍
香港，二零一一年三月二十九日

Management Discussion and Analysis 管理層討論及分析



BUSINESS REVIEW

As an integrated EP service provider in the PRC, the Group mainly designs and manufactures water and flue gas treatment products and equipment and sells pipes. The Group also undertakes EP construction engineering projects and provides EP related professional services. As at 31 December 2010, the Group had 60 engineers with different professional background and who had experience in providing customised EP solutions to customers across different industries.

SALES OF EP PRODUCTS AND EQUIPMENT

Business activities of this segment include selling water and flue gas treatment products and equipment as well as pipes. During the year under review, it recorded a turnover of approximately RMB627.9 million, accounting for about 97.1% of the Group's total turnover.

Sales of Water Treatment Products and Equipment

The water treatment systems produced by the Group are mainly used to process industrial and urban wastewater. Water treatment business generated a turnover of approximately RMB492.2 million, accounting for 78.4% of the segmental turnover. Water treatment business is still the main focus of the Group's contracts on hands and during the year, the Group completed 42 water treatment related sales contracts. The Group will continue to focus on the development of water treatment projects and the business will maintain steady growth.

業務回顧

本集團為中國綜合環保服務供應商，主要從事設計及製造水處理和煙氣處理產品及設備、銷售管道、承接環保建設工程項目，以及提供環保相關專業服務。於二零一零年十二月三十一日，本集團聘用共60名具有不同專業背景及擁有環保工作經驗之工程師，為不同行業之客戶提供及訂製各項環保解決方案。

銷售環保產品及設備

本分部主要從事水處理及煙氣處理產品和設備和管道的銷售，回顧年內錄得營業額約人民幣6.279億元，佔本集團總營業額約97.1%。

銷售水處理產品及設備

水處理系統主要用於處理工業廢水及城市污水。水處理業務為本集團帶來營業額約人民幣4.922億元，佔該分部營業額78.4%。本集團手頭上的合約仍然以水處理業務為主並於年內完成了42份與水處理有關之銷售合約。本集團會繼續專注於水處理項目，而處理業務將會維持平穩發展。

Management Discussion and Analysis

管理層討論及分析

Sales of Flue Gas Treatment Products and Equipment

The flue gas treatment systems manufactured by the Group are used in many industries to process polluted gas generated during the course of industrial production. In the past, the Group mainly provided FGD services to power plants; however, as there is more room for development in the iron and steel, cement and glass industries, the Group began to provide services to these market segments. During the year under review, the Group completed 3 projects related to the sales of equipment for flue gas treatment, contributing a turnover of RMB107.7 million to the Group, representing a 17.1% of the segmental turnover. In 2010, the Group planned to expand further its business scope to DeNOx. Denitrification reduces nitrogen oxide emissions, which is a major objective of the country's EP targets. The DeNOx system construction for thermal power plant is a main direction of the Group's future development. According to the Twelfth Five-Year Plan of the PRC, there will be huge investments in the construction and operation of wastewater, FGD and DeNOx treatments. Therefore, the Group believes projects for construction of FGD and DeNOx systems will generate a significant contribution in the future.

Sales of Pipes

In addition to providing clients with comprehensive EP solutions, the Group also produces fibre glass-reinforced plastic pipes with diameters up to 2,000 mm at its Yixing workshop with a total annual production capacity estimated at 172,680 metres. During the year, the Group completed 3 contracts related to sales of pipes, which generated a turnover of approximately RMB28.0 million, accounting for 4.5% of the segmental turnover. The utilisation rate of the pipe workshop was approximately 15.7%.

EP CONSTRUCTION ENGINEERING PROJECTS

Leveraging its extensive industry expertise, professional research and development capabilities and technologies, the Group has been providing one-stop EP solutions to many clients. During the year, this segment recorded a turnover of approximately RMB13.1 million, accounting for about 2.0% of the Group's total turnover.

銷售煙氣處理產品及設備

煙氣處理系統為不同行業的客戶處理生產過程中產生的污染氣體。過去，本集團主要為發電廠提供煙氣脫硫服務，但由於鋼鐵，水泥及玻璃等行業存在更大的發展空間，我們現時也為這些行業提供服務。回顧年內，本集團共完成3份煙氣處理設備有關之銷售合約，帶來營業額約人民幣1.077億元，佔該分部營業額17.1%。於二零一零年，本集團計劃將煙氣處理的範疇，由脫硫進一步擴展至脫硝項目。脫硝能減少氮氧化物的排放，是國家減排的重點項目，預期為火電廠興建脫硝工程將成為本集團業務的發展重點。根據「十二五」規劃，我國在污水與脫硫脫硝的建設投資和運營投資巨大。故此，本集團認為脫硫脫硝的建設投資將為本集團業務發展帶來重大貢獻。

銷售管道

除為客戶提供全面的環保解決方案外，本集團亦透過位於宜興市的管材車間生產直徑最高達2,000毫米的玻璃纖維鋼管，估計年產能約為172,680米。年內，本集團完成了3份管道產品銷售合約，有關銷售的營業額約人民幣2,800萬元，佔該分部營業額的4.5%。而車間的產能使用率約達15.7%。

環保建設工程承包服務

藉著豐富的行業知識，以及專業的研發和技術，本集團為客戶提供一站式的環保解決方案。年內，該分部的營業額約為人民幣1,310萬元，佔本集團總營業額約2.0%。

Management Discussion and Analysis 管理層討論及分析

PROVISION OF EP RELATED PROFESSIONAL SERVICES

The Group, through its subsidiary SEEDRI, provides EP-related professional services to clients. With Grade A engineering design certificates, SEEDRI is qualified to undertake engineering design for all environmental projects. During the year, the segment recorded a turnover of approximately RMB5.7 million, accounting for around 0.9% of the total turnover of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2010, the total assets of the Group amounted to RMB1,443.0 million (2009: RMB1,406.4 million). The Group's total liabilities as at 31 December 2010 were RMB237.2 million (2009: RMB246.6 million). The main reason for the decrease in total liabilities was the decrease in accounts payables and short term bank loans. The Group's total equity as at 31 December 2010 was RMB1,205.8 million (2009: RMB1,159.8 million). The Group's bank borrowings outstanding as at 31 December 2010 amounted to RMB9.0 million at variable rate of 6.06% to 6.97% per annum (2009: RMB16.5 million at fixed interest rate). There was no particular seasonality of the Group's borrowings. The Group monitored capital using a gearing ratio, which is total debt divided by total equity of the Group. The total debt to equity ratio of the Group expressed as a percentage of interest bearing loans and other borrowings over the total equity was 0.7% as at 31 December 2010 (2009: 1.4%). The Group's cash and cash equivalents amounted to RMB685.5 million as at 31 December 2010.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Business transactions and liabilities of the Group are largely denominated in Renminbi and Hong Kong Dollars. The Group adopts a conservative financial policy and the majority of its bank deposits are in Renminbi and Hong Kong Dollars. As at 31 December 2010, the Group did not have any foreign currency bank liability, foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purpose. Accordingly, the Group does not have material exposure to fluctuations in exchange rates other than significant interest rate and foreign exchange risk of Hong Kong Dollars. Nevertheless, the management will continue to monitor the foreign exchange exposure and will take prudent measures as and when appropriate.

提供環保相關專業服務

本集團透過附屬公司上海環境工程設計研究院有限公司為客戶提供環保相關的專業服務。其持有甲級工程設計證書，可就所有環境工程執行工程設計。期內，營業額約為人民幣570萬元，佔本集團總營業額約0.9%。

流動資金及財務資源

於二零一零年十二月三十一日，本集團之資產總值為人民幣14.430億元（二零零九年：人民幣14.064億元）。於二零一零年十二月三十一日，本集團之負債總額為人民幣2.372億元（二零零九年：人民幣2.466億元）。負債總額減少之主要原因為應付帳款及短期銀行貸款減少。於二零一零年十二月三十一日，本集團之股本總額為人民幣12.058億元（二零零九年：人民幣11.598億元）。於二零一零年十二月三十一日，本集團的未償還銀行借貸為人民幣900萬元，按浮動利率6.06%至6.97%之年利率計息（二零零九年：人民幣1,650萬元，按固定利率計息），本集團的借貸並無季節性。本集團採用資產負債比率監控資金，計算方式為本集團總負債除以權益總額。本集團的總負債對股本比率按計息貸款及其他借貸除以權益總額計算，於二零一零年十二月三十一日的比率為0.7%（二零零九年：1.4%）。於二零一零年十二月三十一日，本集團之現金及現金等價物為人民幣6.855億元。

承受匯率波動風險

本集團絕大多數營業交易與負債均以人民幣及港元計值。本集團奉行穩健財務政策，大部分銀行存款為人民幣及港元。於二零一零年十二月三十一日，本集團無任何外幣銀行負債、外匯合同、利息或貨幣掉期或其他對沖用途之金融衍生工具。因此，除港元存款的重大利率及外匯風險外，本集團並無重大匯率波動風險。然而，管理層將繼續監察外匯風險，並在適當時採取審慎措施。

Management Discussion and Analysis

管理層討論及分析

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2010, the Group had a capital expenditure commitment amounted to RMB91.5 million (2009: RMB51.3 million). The Group provides product maintenance service to customers of EP construction projects and certain EP products for a period ranging from 6 months to 2 years after a project is completed or a product is delivered. At the same time, the Group enjoys warranties for the work and equipment from its subcontractors and suppliers. The directors of the Company believe that the amount of crystallised warranty liabilities, if any, in excess of the amount covered by the warranties given by sub-contractors and suppliers, will not have any material adverse effect on the overall financial position or operating results of the Group.

HUMAN RESOURCES

As at 31 December 2010, the Group had approximately 280 employees. Salaries of employees are maintained at a competitive level and reviewed annually, with close reference to the relevant labour market benchmarks and the prevailing economic situation. Remuneration of the directors is determined based on a variety of factors including market conditions and the specific responsibilities shouldered by the individual director. Apart from the basic remuneration and statutory benefits required by laws, the Group also provides discretionary bonuses based on the Group's results and the performance of an individual employee. The Group also has an employee share option scheme in operation.

AUDIT COMMITTEE

An audit committee comprising three independent non-executive directors has been established by the Company to review the financial reporting process and internal control procedures of the Group.

資金承擔及或然負債

於二零一零年十二月三十一日，本集團資本開支承擔為人民幣9,150萬元（二零零九年：人民幣5,130萬元）。本集團就環保建築工程及其若干環保產品為其客戶提供產品保養服務，保養期由工程結束後或產品送遞後計6個月至2年不等。同時，本集團亦享有其承包商及供應商就所提供之建築工程及設備之保養服務。本公司董事相信保養負債之變現金額（如有）超逾承包商及供應商所提供保養所涉之金額，將不會對本集團整體財務狀況或營運業績造成重大不利影響。

人力資源

於二零一零年十二月三十一日，本集團僱用約280名員工。僱員之薪酬現維持在一個具競爭力之水平，並參考相關人力市場基準及現行經濟情況，按年進行檢討。董事之酬金乃根據一系列包括市場狀況及每位董事之特定職責之因素而釐定。除法律規定之基本薪酬及法定福利外，本集團亦根據本身之業績及個別員工之表現，酌情發放花紅。本集團亦已採納員工購股權計劃。

審核委員會

本公司已成立由三名獨立非執行董事組成的審核委員會，以審閱本集團的財務匯報及內部監控程序事宜。

Management Discussion and Analysis

管理層討論及分析

REVIEW OF FINANCIAL STATEMENTS

The Group's consolidated financial statements for the year ended 31st December 2010 have been reviewed by the Company's Audit Committee. Also, the figures in respect of this preliminary results announcement have been agreed by the Company's external auditors, CCIF CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31st December 2010. The work performed by CCIF CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCIF CPA Limited on this preliminary results announcement.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2010.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 3 June 2011 (Friday), notice of which will be published and dispatched to the shareholders as soon as practicable in accordance with the Company's articles of association and the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 1 June 2011 (Wednesday) to 3 June 2011 (Friday), both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be entitled to attend and vote at the annual general meeting, all transfers of shares of the Company accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on 31 May 2011 (Tuesday).

審閱財務報表

本集團截至二零一零年十二月三十一日止年度的綜合財務報表已經本公司審核委員會審閱。有關本初步業績公告之比較數字亦已經本公司之外部核數師陳葉馮會計師事務所有限公司同意為本集團截至二零一零年十二月三十一日止年度的綜合財務報表之所載金額。陳葉馮會計師事務所有限公司所執行的工作並不構成香港會計師公會頒佈的香港核數準則、香港審閱核證準則或香港核證工作準則項下的核證，因此陳葉馮會計師事務所有限公司並無就此初步業績公告表達任何保證。

企業管治常規

董事會認為，本公司於截至二零一零年十二月三十一日止全年期間一直遵守香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四所載之企業管治常規守則之守則條文。

股東周年大會

本公司將於二零一一年六月三日（星期五）舉行股東周年大會，有關通知將按本公司組織章程細則及上市規則盡快公佈及發放予股東。

暫停辦理股份過戶登記手續

本公司將由二零一一年六月一日（星期三）至二零一一年六月三日（星期五）（包括首尾兩天）暫停辦理股份過戶登記手續，期間將不會進行本公司股份之過戶登記。為符合資格出席股東周年大會並於會上投票，所有股份過戶文件連同相關股票及合適之過戶表格須於二零一一年五月三十一日（星期二）下午四時正前送達本公司在香港之股份過戶登記分處卓佳證券登記有限公司，地址為香港灣仔皇后大道東28號金鐘匯中心26樓，辦理股份過戶登記。

Corporate Governance Report

企業管治報告

The board of directors (the “Board”) of the Company is pleased to present this Corporate Governance Report in the Group’s annual report for the year ended 31 December 2010.

The manner in which the principles and code provisions in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) are applied and implemented is explained in the following sections of this Corporate Governance Report:

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Group is committed to achieving high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company recognizes the importance of good corporate governance to its healthy growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to its needs.

The CG Code sets out the principles of good corporate governance and two levels of corporate governance practices:

- (a) code provisions which listed issuers are expected to comply with or to give considered reasons for any deviation; and
- (b) recommended best practices for guidance only, which listed issuers are encouraged to comply with or to give considered reasons for any deviation.

The Company’s corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the CG Code.

Throughout the year ended 31 December 2010, the Company has complied with the code provisions as set out in the CG Code.

The Company will continue to review its corporate governance practices regularly to ensure compliance with the CG Code and continue to meet the rising expectations of shareholders and investors.

本公司董事會（「董事會」）欣然提呈本集團截至二零一零年十二月三十一日止年度年報內的企業管治報告。

有關應用及實施香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄十四所載的企業管治常規守則（「企業管治守則」）所載列原則及守則條文的方式，於本企業管治報告以下部分闡述：

本公司的企業管治常規

本集團致力達致高水平的企業管治，以保障股東權益以及提升企業價值及問責性。

本公司深明良好企業管治對其穩健發展的重要性，並竭盡全力識別及制訂適合其需求的企業管治常規。

企業管治守則訂明良好企業管治的原則及企業管治常規的兩個層次：

- (a) 守則條文，即上市發行人應遵守之守則條款或在出現任何分歧時作出合理解釋；及
- (b) 建議最佳常規，僅屬指引，鼓勵上市發行人遵守守則或在出現分歧時作出合理解釋。

本公司的企業管治常規乃建基於企業管治守則所載的原則、守則條文及若干建議最佳常規。

於截至二零一零年十二月三十一日止整個年度內，本公司已遵守企業管治守則所載的守則條文。

本公司將會不斷定期檢討其企業管治常規，以確保符合企業管治守則的規定及達至股東及投資者之更高期望。

Corporate Governance Report

企業管治報告

A. THE BOARD

1. Responsibilities

The Management and control of the Company's business are vested in its Board. The Board establishes policies, strategies and plans for the development of the Company's business, and provides leadership in the creation of value for shareholders.

Every director carries out his duty in good faith and in compliance with the standards of applicable laws and regulations, and acts in the interests of the Company and its shareholders at all times.

2. Board Composition

Membership of the Board is currently made up of seven members in total, with four executive directors and three independent non-executive directors:

Executive Directors:

Mr. Jiang Quanlong, *Chairman and member of the Nomination Committee and the Remuneration Committee*
Mr. Jiang Lei, *Chief Executive Officer*
Mr. Fan Yajun
Mr. Gan Yi

Independent Non-Executive Directors:

Mr. Lai Wing Lee, *chairman of the Nomination Committee and the Remuneration Committee and member of the Audit Committee*
Mr. Leung Shu Sun, Sunny, *chairman of the Audit Committee and member of the Nomination Committee and the Remuneration Committee*
Professor Wang Guozhen, *member of the Audit Committee, the Nomination Committee and the Remuneration Committee*

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

A. 董事會

1. 職責

董事會負責本公司之業務管理及監控。董事會為本公司業務制訂政策、策略及計劃，並領導本公司達致為股東創造價值之目標。

每位董事須真誠地及遵照適用之法例及法規履行其職責，並於任何時候均以本公司及其股東之利益為前提行事。

2. 董事會的組成

現時董事會成員合共有七名董事，包括四名執行董事及三名獨立非執行董事：

執行董事：

蔣泉龍先生，主席兼提名委員會及薪酬委員會成員
蔣磊先生，行政總裁
范亞軍先生
甘毅先生

獨立非執行董事：

賴永利先生，提名委員會及薪酬委員會主席兼審核委員會成員
梁樹新先生，審核委員會主席兼提名委員會及薪酬委員會成員
王國珍教授，審核委員會、提名委員會及薪酬委員會成員

董事名單（按董事類別）亦會不時於本公司根據上市規則發出的所有公司通訊中披露。

Corporate Governance Report

企業管治報告

Mr. Jiang Quanlong, Chairman, is the sole director of Praise Fortune Limited, the controlling shareholder of the Company. He is the father of Mr. Jiang Lei (being an executive director), father of Mr. Jiang Xin and spouse of Ms. Qian Yuanying, all of whom are the shareholders of Praise Fortune Limited. Save as disclosed, there are no financial, business, family or other material/relevant relationships among members of the Board. A brief description of the background of each director and the detailed relationships among the members of the Board are disclosed under "Directors and Senior Management" on pages 29 to 32 and "Report of the Directors" on pages 33 to 46.

During the year ended 31 December 2010, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

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

All directors, including independent non-executive directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive directors are invited to serve on the Audit, Nomination and Remuneration Committees of the Company.

3. Chairman and Chief Executive Officer

The roles and duties of the Chairman and the Chief Executive Officer of the Company are carried out by different individuals and have been clearly defined in writing.

主席蔣泉龍先生為本公司控股股東Praise Fortune Limited之唯一董事。蔣先生為蔣磊先生（執行董事）及蔣鑫先生之父親，並為錢元英女士之配偶，彼等皆為Praise Fortune Limited之股東，除上述披露之外，董事會各成員之間並無財務、業務、家族或其他重要／相關關係。各位董事的背景資料簡況及董事會各成員之間的詳盡關係於第29至32頁的「董事及高級管理層」以及第33至46頁的「董事會報告」中披露。

於截至二零一零年十二月三十一日止年度，董事會一直遵守上市規則有關委任最少三位獨立非執行董事的規定，而當中最少有一位獨立非執行董事具備適當的專業資格或會計或相關財務管理專長。

本公司已接獲各獨立非執行董事根據上市規則就其獨立性作出的年度確認書。本公司認為，根據上市規則所載的獨立性指引，所有獨立非執行董事均確屬獨立人士。

全體董事（包括獨立非執行董事）為董事會就其具效用及效率的運作提供多方面的寶貴業務經驗、知識及專業技術。獨立非執行董事獲邀出任本公司的審核、提名及薪酬委員會。

3. 主席及行政總裁

本公司的主席及行政總裁的角色及職責由不同人士分任，並以書面清晰界定。

Corporate Governance Report

企業管治報告

The Chairman of the Board is Mr. Jiang Quanlong, and the Chief Executive Officer is Mr. Jiang Lei with effect from 1 May 2010 while Mr. Fan Yajun ceased to act as Chief Executive Officer on 1 May 2010. With the support of the Company Secretary and the senior management, the Chairman is responsible for ensuring that the directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings. The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board and he is in charge of the Company's day-to-day management and operations.

4. Appointment and Re-Election of Directors

Each of the executive directors of the Company is engaged on a service contract with the Company for a term of 3 years commencing from 1 December 2007 which shall continue thereafter from year to year until terminated by either party with 3 months' notice in writing served on the other side. Each of the independent non-executive directors of the Company is appointed for a specific term up to 30 November 2009 and according to the service contract with the Company, the appointment shall continue from year to year until terminated by either party with 3 months' notice in writing served on the other side.

In accordance with the Company's Articles of Association, all directors of the Company are subject to retirement by rotation at least once every three years and any new director appointed to fill a casual vacancy or as an addition to the Board shall submit himself for re-election by shareholders at the first general meeting after appointment.

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors.

董事會主席由蔣泉龍先生擔任，行政總裁由蔣磊先生於二零一零年五月一日起擔任，而范亞軍先生則於二零一零年五月一日起不再擔任行政總裁。在公司秘書及高層管理人員的協助下，主席的職責為確保董事及時獲取足夠、完整及可靠的資料，並就董事會會議上討論事項作出恰當的說明。行政總裁著重於執行經董事會批准及委派的目標、政策及策略，行政總裁負責本公司的日常管理及營運。

4. 董事的委任及重選

本公司各執行董事與本公司訂立的服務合約由二零零七年十二月一日起計為期3年，其後每年持續有效，直至任何一方向另一方發出3個月書面通知終止為止。本公司各獨立非執行董事按指定任期獲委任，其任期於二零零九年十一月三十日屆滿，而根據與本公司訂立的服務合約，委任每年持續有效，直至任何一方向另一方發出3個月書面通知終止為止。

根據本公司的組織章程細則，本公司全體董事須至少每三年輪值退任一次，而任何新獲委任以填補臨時空缺或董事會新增的董事須於其獲委聘後首次股東大會上接受股東重選。

董事的委任、重選及罷免程序及過程載列於本公司的組織章程細則。提名委員會負責檢討董事會的組成、就董事的提名和委任編製及制定相關程序、監控董事的委任及繼任計劃，以及評估獨立非執行董事的獨立性。

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Nomination Committee

The Nomination Committee comprises four members, the majority of them are independent non-executive directors.

The principal duties of the Nomination Committee include:

- to review the structure, size and composition of the Board and make recommendations regarding any proposed changes;
- to develop and formulate relevant procedures for nomination and appointment of directors;
- to identify suitable candidates for appointment as directors;
- to make recommendations to the Board on appointment or re-appointment of and succession planning for directors;
- to assess the independence of independent non-executive directors.

The Nomination Committee carries out the process of selecting and recommending candidates for directorships by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of such individuals, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process where necessary.

The Nomination Committee did not hold any meeting but one Board meeting at which directors' nomination matters had been discussed was held during the year ended 31 December 2010. The meeting was attended by Mr. Jiang Quanlong, Mr. Jiang Lei, Mr. Fan Yajun and Mr. Gan Yi. Mr. Jiang Quanlong is the Chairman of the Nomination Committee.

In accordance with the Company's Articles of Association, Mr. Jiang Lei, Mr. Lai Wing Lee and Mr. Leung Shu Sun, Sunny shall retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

提名委員會

提名委員會由四名成員組成，成員大多數為獨立非執行董事。

提名委員會的主要職責包括：

- 檢討董事會的架構、人數及組成，並就任何擬作出的變動提出建議；
- 編製及制定提名和委任董事的相關程序；
- 物色合適候選人以委任為董事；
- 就董事的委任或重新委任及繼任計劃向董事會提出建議；
- 評估獨立非執行董事的獨立性。

提名委員會負責因應各候選人的技能、經驗、專業知識、個人誠信及所付出的時間，以及本公司的要求，以至其他相關法定規定及規例而挑選及推薦候選人出任董事。如有必要，或會委聘外部招聘人事顧問公司負責招聘及篩選的程序。

截至二零一零年十二月三十一日止年度，提名委員會並無舉行任何會議，惟已就董事提名事項舉行一次董事會會議作出討論。蔣泉龍先生、蔣磊先生、范亞軍先生及甘毅先生均出席是次會議。蔣泉龍先生為提名委員會主席。

根據本公司的組織章程細則，蔣磊先生、賴永利先生及梁樹新先生須輪值退任，惟合資格並願意於本公司應屆股東周年大會上膺選連任。

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The Nomination Committee recommended the re-appointment of the directors standing for re-election at the forthcoming annual general meeting of the Company.

The Company's circular containing detailed information of the directors standing for re-election at the forthcoming annual general meeting would be sent to the shareholders.

5. Training and Continuing Development

Though no new directors has been appointed during the year ended 31 December 2010, each newly appointed director will receive formal, comprehensive and tailored induction on the first occasion of his appointment, so as to ensure that he has appropriate understanding of the business and operations of the Company and that he is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The existing directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefing and professional development for directors will be arranged where necessary.

6. Board Meetings

(i) Board Practices and Conduct of Meetings

Schedules for annual meeting and draft agenda of each meeting are normally sent to all directors in advance.

Notices of regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

提名委員會建議重新委任準備於本公司應屆股東周年大會上膺選連任的董事。

載有有關準備於應屆股東周年大會上膺選連任的董事的詳細資料的本公司通函將寄發予股東。

5. 培訓及持續發展

雖然於截至二零一零年十二月三十一日止年度內並無新董事獲委任，但每名新獲委任董事在首次獲委任時均獲得正式、全面及為其度身訂造的入職培訓，務求確保其清楚理解本公司的業務及營運，以及其全面知悉彼根據上市規則及相關監管規定的職責及責任。

現任董事持續獲提供有關的法律及監管發展、業務及市場變動，以便彼等履行其責任。如有必要，將為董事持續安排簡介及專業培訓。

6. 董事會會議

(i) 董事會常規及會議的進行

全年會議時間表及每次會議的議程初稿一般會事先發給全體董事。

董事會定期會議通告最少於會議前14日發給全體董事。而其他董事會及委員會會議，一般會發出合理通告。

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Board papers together with all appropriate, complete and reliable information are sent to all directors/committee members at least 3 days before each Board meeting or committee meeting to ensure that the directors have sufficient time to review the related documents and be adequately prepared for the meeting. The Board and each director also have separate and independent access to the senior management where necessary.

The Chief Executive Officer, Chief Financial Officer and Company Secretary attend all regular Board meetings and where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and the final versions are open for directors' inspection.

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

董事會文件及所有適用、完整及可靠的資料最少於每次董事會會議或委員會會議前3日發給全體董事或委員會會員，以確保董事有充足時間審閱相關文件及為會議作出充分準備。如有必要，董事會及各董事亦有個別及獨立途徑接觸高層管理人員。

行政總裁、財務總監及公司秘書出席所有董事會常規會議，並在需要時出席其他董事會及委員會會議，以就本公司的業務發展、財務及會計事宜、法定法規、企業管治及其他主要事項提供意見。

公司秘書負責準備及備存所有董事會會議及委員會會議的會議記錄。會議記錄初稿一般在每次會議結束後的合理時間內發給董事，以供董事表達意見，最後定稿亦讓董事審閱。

本公司的組織章程細則載有條文規定董事就批准其或彼等任何聯繫人士擁有重大權益者的交易須投棄權票及不計入會議法定人數。根據現有董事會常規，任何涉及主要股東或董事利益衝突的重大交易，將由董事會在正式召開的董事會會議上審議及處理。

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(ii) Directors' Attendance Records

During the year ended 31 December 2010, four regular Board meetings were held, two of which were meetings for, among other things, approving the final results for the year ended 31 December 2009 and interim results for the six months ended 30 June 2010. The other two regular Board meetings were held as and when the business and operational needs arose.

The attendance records of each director at the Board meetings during the year ended 31 December 2010 are set out below:

Name of Director 董事姓名

Jiang Quanlong
Jiang Lei
Fan Yajun
Gan Yi
Lai Wing Lee
Leung Shu Sun, Sunny
Wang Guozhen

蔣泉龍
蔣磊
范亞軍
甘毅
賴永利
梁樹新
王國珍

(ii) 董事會議之出席記錄

於截至二零一零年十二月三十一日止年度，本公司舉行四次常規董事會會議，其中兩次會議為（其中包括）批准截至二零零九年十二月三十一日止年度的全年業績及截至二零一零年六月三十日止六個月的中期業績。其他兩次常規董事會會議在產生業務及營運需要時舉行。

截至二零一零年十二月三十一日止年度，各董事於董事會會議的出席記錄如下：

Attendance/ Number of Meetings 出席次數／會議次數

4/4
4/4
4/4
4/4
2/4
2/4
2/4

7. Model Code For Securities Transactions

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Company's Securities Dealing Code") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Company's Securities Dealing Code and the Model Code throughout the year ended 31 December 2010.

7. 證券交易之標準守則

有關董事買賣本公司證券，本公司已採納本身的一套不低於上市規則附錄十所載列的《上市發行人董事進行證券交易之標準守則》（「標準守則」）所訂標準的守則（「本公司證券買賣守則」）。

經向全體董事作出具體查詢後，董事確認彼等於二零一零年十二月三十一日止整個年度一直遵守本公司證券買賣守則及標準守則。

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The Company's Securities Dealing Code on no less exacting terms than the Model Code for securities transactions also applies to all employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Company's Securities Dealing Code by the employees was noted by the Company.

本公司所採納的不低於有關證券交易的標準守則的標準的本公司證券買賣守則同樣適用於所有可能會擁有本公司未公開股價敏感資料的僱員。

本公司並不知悉僱員不遵守本公司證券買賣守則。

B. DELEGATION BY THE BOARD

The Board takes responsibility for all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

The Board has established three committees, namely the Nomination Committee, Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference which are posted on the Company's website and are available to shareholders upon request.

The Board also has the full support of the Chief Executive Officer and the senior management for the discharge of its responsibilities.

B. 董事會權力的轉授

董事會負責本公司所有重大事項，包括批准及監察所有政策事宜、整體策略及預算、內部監控及風險管理系統、重大交易（尤其是可能涉及利益衝突之交易）、財務資料、董事的委任，以及其他重大財務及營運事項。

全體董事可隨時獲取所有相關資料及公司秘書提供的意見及服務，以確保遵守董事會程序及所有適當規則及規例。一般而言，各董事均可於適當情況下向董事會要求尋求獨立專業意見，費用由本公司支付。

本公司的日常管理、行政及運作均授權予行政總裁及高級管理層負責，並會定期對其效能及工作進行檢討。上述人員於進行任何重大交易前，須先獲得董事會批准。

董事會已設立三個委員會，分別為提名委員會、薪酬委員會及審核委員會，以監察本公司各範疇的整體事務。所有本公司董事委員會的成立均有書面界定其職權範圍，有關資料可於本公司網站參閱及在股東查詢時獲取。

董事會亦全面支持行政總裁及高層管理人員履行其職責。

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C. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration of senior management of the Group. Details of the remuneration of each of the directors of the Company for the year ended 31 December 2010 are set out in note 8 to the financial statements.

Remuneration Committee

The Remuneration Committee comprises four members, the majority of them are independent non-executive directors.

The primary objectives of the Remuneration Committee include:

- to make recommendations on the establishment of procedures for developing the remuneration policy and structure for the executive directors and the senior management, which policy shall ensure that no director or any of his associates will participate in deciding his own remuneration;
- to make recommendations on the remuneration packages of the executive directors and the senior management;
- to review and approve the remuneration packages of the executive directors and the senior management by reference to the performance of the individual and the Company as well as market practice and conditions;
- to review and approve the compensation arrangements for the executive directors and the senior management.

The Human Resources Department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee shall consult with the Chairman and/or the Chief Executive Officer of the Company about these recommendations on remuneration policy and structure and remuneration packages.

C. 董事及高級管理層的薪酬

本公司已就制定本集團高層管理人員薪酬的政策而設立正式及具透明度的程序。有關本公司各董事於截至二零一零年十二月三十一日止年度的薪酬詳情，載於財務報表附註8。

薪酬委員會

薪酬委員會包括四名成員，成員大多數為獨立非執行董事。

薪酬委員會的主要功能包括：

- 建議成立制定執行董事及高級管理層薪酬政策及架構的程序，該政策須確保並無董事或其任何聯繫人士參與決定其本身的薪酬；
- 就執行董事及高級管理層的薪酬組合作出建議；
- 參照個人及本公司的表現，以及市場慣例及情況，審閱及批准執行董事及高級管理層的薪酬組合；
- 審閱及批准執行董事及高級管理層的賠償安排。

人力資源部門負責收集及管理人力資源數據並提供建議給薪酬委員會考慮。薪酬委員會應就薪酬政策及架構及薪酬組合的建議向本公司主席及／或行政總裁作出諮詢。

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The Remuneration Committee has reviewed the remuneration policy and structure of the Company, and the remuneration packages of the executive directors and the senior management for the year under review.

The Remuneration Committee has not held any meeting during the year ended 31 December 2010.

薪酬委員會已檢討本公司的薪酬政策及架構，以及執行董事及高層管理人員於回顧年度內的薪酬組合。

薪酬委員會於截至二零一零年十二月三十一日止年度並未舉行任何會議。

D. ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for Financial Reporting in respect of Financial Statements

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2010.

The directors are responsible for overseeing the preparation of financial statements of the Company with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and that relevant statutory and regulatory requirements and applicable accounting standards are complied with.

The Management provides such explanation and information to the Board so as to enable the Board to make an informed assessment of the financial information and position of the Company put to the Board for approval.

D. 問責及審核

董事就財務報表的財務匯報責任

董事承認其於編製本公司截至二零一零年十二月三十一日止年度的財務報表具有責任。

董事負責監督本公司財務報表的編製，藉以確保有關財務報表真實及公平地呈列本集團的事務狀況並遵守有關法定及監管規定以及適用會計準則。

管理層向董事會提供說明及資料，以便董事會對提呈其批准的財務資料及本公司狀況作出知情評核。

E. INTERNAL CONTROLS

During the year under review, the Board with the support of the Audit Committee, conducted a review of the effectiveness of the internal control system of the Company including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

The internal control system of the Group aims to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The senior management shall review and evaluate the control process, monitors any risk factors on a regular basis and report to the Audit Committee on any findings and measures to address the variances and identified risks.

E. 內部監控

於回顧年度，董事會在審核委員會之支持下，已對本公司的內部監控系統的效能進行檢討，包括本集團會計及財務匯報職能方面的資源、員工資歷及經驗的充足性，以及彼等的培訓計劃及預算。

本集團的內部監控系統旨在促進有效及有效率的運作，以確保財務報告的可靠程度及遵守適用法例及規則、識別及管理潛在風險以及保障本集團的資產。高級管理層須定期檢討及評估監控程序，並監察任何風險因素，以及就任何轉變及已識別風險的調查結果及措施向審核委員會報告。

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The Board is responsible for maintaining an adequate internal control system to safeguard shareholders' investments and Company's assets and with the support of the Audit Committee, reviewing the effectiveness of such system on an annual basis.

F. AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors (including one independent non-executive director who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee include:

- to review the financial statements and reports and consider any significant or unusual items raised by the staff responsible for the accounting and financial reporting function, internal auditor or external auditor before submission to the Board;
- to review the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditor;
- to review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee provides supervision on the internal control system of the Group and reports to the Board on any material issues and makes recommendations to the Board.

During the year under review, the Audit Committee has reviewed the Group's annual results and annual report for the year ended 31 December 2009 and the interim results for the six months ended 30 June 2010, the financial reporting and compliance procedures, the report from the management on the Company's internal control and risk management review and processes and the re-appointment of the external auditor.

董事會負責維持充足的內部監控制度，以保障股東投資及本公司資產，並在審核委員會支持下每年檢討該制度的成效。

F. 審核委員會

審核委員會成員由三位獨立非執行董事組成，其中包括一位具備合適專業資格或會計或相關財務管理專業知識的獨立非執行董事。概無審核委員會成員為本公司現任外聘核數師的前合夥人。

審核委員會主要職責包括以下各項：

- 於呈交董事會前，審閱財務報表及報告，並考慮由負責會計及財務匯報部門的員工、內部核數師或外聘核數師提出的任何重大或非經常項目；
- 經參考核數師進行的工作、其費用及委聘條款後，檢討與外聘核數師的關係，並就委任、續聘及罷免外聘核數師向董事會提出建議；
- 檢討本公司的財務報告系統、內部監控系統及風險管理系統與相關程序是否足夠及有效。

審核委員會監督本集團的內部監控系統，並就任何重大事宜向董事會報告及提供建議。

於回顧年度內，審核委員會已審閱本集團截至二零零九年十二月三十一日止年度之全年業績及年度報告及截至二零一零年六月三十日止六個月的中期業績、財務匯報及合規程序、管理層就本公司內部監控及風險管理檢討及程序以及續聘外聘核數師的報告。

Corporate Governance Report

企業管治報告

The external auditor was invited to attend the meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters.

The Audit Committee held two meetings during the year ended 31 December 2010 and the attendance records are set out below:

Name of Director 董事姓名

Lai Wing Lee
Leung Shu Sun, Sunny
Wang Guozhen

賴永利
梁樹新
王國珍

Attendance/ Number of Meetings 出席次數／會議次數

2/2
2/2
2/2

G. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 47 to 48.

During the year ended 31 December 2010, the remuneration paid to the external auditor of the Company in respect of audit services and non-audit services amounted to HK\$1,080,000 and HK\$470,000 respectively. An analysis of the remuneration paid to the external auditor of the Company is set out below:

Category of Services 服務種類

Audit Service
Non-audit Service
– review of accounts for the period ended 30 June 2010
– review results announcement

審核服務
非審核服務
– 審閱截至二零一零年六月三十日止期間之賬目
– 審閱業績公告

Total

合計

Fees Paid/Payable 已付／應付費用

HK\$1,080,000港元

HK\$430,000港元

HK\$40,000港元

HK\$1,550,000港元

外聘核數師獲邀出席會議，與審核委員會討論審核及財務匯報事宜所產生事項。

於截至二零一零年十二月三十一日止年度，審核委員會舉行兩次會議，出席率的記錄如下：

G. 外聘核數師及核數師酬金

本公司外聘核數師就其於財務報表之申報職責而作出的聲明載於第47頁至第48頁之「獨立核數師報告」內。

截至二零一零年十二月三十一日止年度，就審核服務及非審核服務支付予本公司外聘核數師的酬金分別為1,080,000港元及470,000港元。支付予本公司外聘核數師的酬金分析如下：

Corporate Governance Report

企業管治報告

H. COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investor's understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information which enables shareholders and investors to make the best investment decisions.

The general meetings of the Company provide an important channel for communication and exchange of views between the Board and the shareholders. The Chairman of the Board as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee or, in their absence, other members of the respective committees and, where applicable, the independent Board committee, normally attend the annual general meeting and other relevant shareholders' meetings to answer questions at shareholders' meetings.

The 2011 Annual General Meeting ("AGM") will be held on 3 June 2011. The notice of AGM will be sent to shareholders at least 20 clear business days before the AGM.

To promote effective communication, the Company maintains a website at www.paep.com.cn, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Investors may write directly to the Company at its principal place of business in Hong Kong or via email to info@paep.com.cn for any enquiries.

H. 與股東溝通及投資者關係

本公司相信，與股東有效溝通對改善投資者關係及投資者了解本集團的業務表現及策略非常重要。本公司亦深明高透明度及適時披露公司資料的重要性，以讓股東及投資者作出最佳投資決定。

本公司股東大會為董事會及股東提供溝通及意見交流的重要渠道。董事會主席及提名委員會、薪酬委員與審核委員會主席，或如彼等缺席，則各委員會其他成員及（如適用）獨立董事委員會，一般會出席股東周年大會及其他相關股東大會並於股東大會上回答提問。

二零一一年股東周年大會（「股東周年大會」）將於二零一一年六月三日舉行。股東周年大會通告將於股東周年大會舉行最少20個營業日前寄發予股東。

為促進有效溝通，本公司設有網站 www.paep.com.cn，該網站載有本公司最新資訊及最新業務營運及發展、財務資料、企業管治常規及其他資料，以供公眾查閱。投資人士如有任何查詢，可直接致函本公司之香港主要營業地點或電郵至 info@paep.com.cn。

Corporate Governance Report

企業管治報告

I. SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, separate resolutions are proposed for each substantially separate issue at shareholders' meetings, including the election of individual directors.

All resolutions put forward at shareholders' meetings will be voted on by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and of the Stock Exchange after each shareholders' meeting. Detailed procedures for conducting a poll will be explained during the proceedings of meetings.

J. GOING CONCERN

There are no material uncertainties relating to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

I. 股東權利

為保障股東利益及權利，會於股東大會上就各重大單獨事宜（包括選舉個別董事）提呈單獨決議案。

根據上市規則，所有於股東大會上提呈之決議案將會以投票方式表決，而投票表決結果將於每次股東大會後在本公司網站及聯交所網站上公佈。有關進行投票的詳盡程序將在會議程序中說明。

J. 持續進行

並無重大不確定事件或條件令致嚴重懷疑本公司按持續進行基準繼續營運之能力。

Directors and Senior Management 董事及高級管理層

BOARD OF DIRECTORS

Executive Directors

Mr. Jiang Quanlong, aged 58, is the Chairman of the Board and an Executive Director of the Company. He was appointed as Director of the Company in August 2006. He is also a member of the Nomination Committee and the Remuneration Committee. He has over 10 years of experience in China's EP industry. He is responsible for formulating strategies guiding the Group's overall development and strengthening the competitive position of the Group in the PRC's EP market. In addition, he is the chairman and executive director of China Rare Earth Holdings Limited, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Jiang is the father of Mr. Jiang Lei and also the sole director of Praise Fortune Limited, the controlling shareholder of the Company.

Mr. Jiang Lei, aged 28, is an Executive Director of the Company. He was appointed Director of the Company in March 2007. He was then appointed as the Chief Executive Officer of the Group in May 2010. He joined the Group in March 2007 and is responsible for the business development of the Group. He holds a bachelor's degree in Finance from Cass Business School, London, the United Kingdom. Mr. Jiang is the son of Mr. Jiang Quanlong.

Mr. Fan Yajun, aged 43, is an Executive Director of the Company. He was appointed Director of the Company in March 2007. He has nearly 20 years of experience in business management. He joined the Group in July 2002 and has been responsible for the overall administration and business management. He completed a Master degree in Business Administration from Southeast University in July 2004. For the period between August 1999 and August 2005, he was an executive director of China Rare Earth Holdings Limited, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Mr. Gan Yi, aged 55, is an Executive Director of the Company. He was appointed Director of the Company in March 2007. He has over 20 years of experience in environmental protection engineering design. He was appointed as an officer of Shanghai Environmental Engineering Design & Research Institute Limited ("SEEDRI") in 1995 and has served as a director of SEEDRI since 2002. He was also the chairman and general manager of SEEDRI from 2003 until April 2006, and was appointed the vice general manager of SEEDRI in April 2006. He is responsible for the daily operation and market development of SEEDRI. He completed a security engineering course at Tongji University in December 1988.

董事會

執行董事

蔣泉龍先生，58歲，為本公司之董事會主席及執行董事。他於二零零六年八月獲委任為本公司之董事。他同時為提名委員會及薪酬委員會之委員。他在中國環保業擁有逾十年經驗。他負責制訂策略以指引本集團之整體發展及增強本集團於中國環保市場之競爭地位。此外，他同時為中國稀土控股有限公司（其股份於香港聯合交易所有限公司主板上市）之主席兼執行董事。蔣先生為蔣磊先生之父親，他同時為本公司控股股東Praise Fortune Limited之唯一董事。

蔣磊先生，28歲，為本公司之執行董事。他於二零零七年三月獲委任為本公司之董事。他於二零一零年五月再獲委任為本集團之行政總裁。他於二零零七年三月加入本集團，負責本集團之業務發展。他持有英國倫敦Cass商學院金融學士學位。蔣先生為蔣泉龍先生之子。

范亞軍先生，43歲，為本公司之執行董事。他於二零零七年三月獲委任為本公司之董事。他擁有近20年之企業管理經驗。他於二零零二年七月加入本集團，負責本集團之整體行政及業務管理。他於二零零四年七月完成東南大學工商管理碩士課程。他於一九九九年八月至二零零五年八月期間為中國稀土控股有限公司（其股份於香港聯合交易所有限公司主板上市）之執行董事。

甘毅先生，55歲，為本公司之執行董事。他於二零零七年三月獲委任為本公司之董事。他在環保工程設計方面擁有逾20年經驗。他於一九九五年獲委任為上海環境工程設計研究院有限公司（「環境工程研究院」）之主管，並自二零零二年起出任環境工程研究院之董事。他亦自二零零三年至二零零六年四月期間，擔任環境工程研究院之董事長及總經理，並於二零零六年四月獲委任為環境工程研究院之副總經理。他負責環境工程研究院之日常營運及市場開發。他於一九八八年十二月完成同濟大學安全工程課程。

Directors and Senior Management 董事及高級管理層

Independent Non-Executive Directors

Mr. Lai Wing Lee, aged 71, has been appointed as an Independent Non-Executive Director of the Company since December 2007. He is the Chairman of the Nomination Committee and the Remuneration Committee and also a member of the Audit Committee. He has been the managing director of Shenzhen Beishen Environmental Packaging Development Co., Limited, which is mainly engaged in the sales and manufacture of environmental protection packaging products, since August 2005. He graduated from the South China Institute of Technology (now known as South China University of Technology) in 1965. He has over 30 years of experience in enterprise management.

Mr. Leung Shu Sun, Sunny, aged 48, has been appointed as an Independent Non-Executive Director of the Company since December 2007. He is the Chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee. He has over 15 years' working experience in, among other things, accounting, treasury management, budgeting and corporate finance. He graduated from Hong Kong Polytechnic University with a professional diploma in Accountancy and obtained a master's degree in business administration from the University of South Australia. He is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants and a member of Certified General Accountants' Association of Canada. From 2005 to 2007, he served as the financial controller, qualified accountant and company secretary of Xiwang Sugar Holdings Company Limited, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. From 2001 to date, he was a director of a company providing accounting, tax and corporate finance services. From 1999 to 2001, he held key finance position in a listed company in Hong Kong. From 1998 to 1999, he was a finance director of a company principally engaged in the provision of network infrastructure solutions. From 1993 to 1998, he was the financial controller of a company principally engaged in property investment, trading and securities. From 1987 to 1990, he had worked in international accounting firms, handling audit, tax and accounting matters.

獨立非執行董事

賴永利先生，71歲，自二零零七年十二月起獲委任為本公司之獨立非執行董事。他為提名委員會及薪酬委員會之主席，並同時為審計委員會之委員。他自二零零五年八月起出任深圳市北深環保包裝發展有限公司之董事總經理，該公司主要從事環保包裝產品之銷售及生產。他於一九六五年畢業於華南理工學院（現稱為華南理工大學）。他於企業管理方面擁有逾30年經驗。

梁樹新先生，48歲，自二零零七年十二月起獲委任為本公司之獨立非執行董事。他為審計委員會之主席，並為提名委員會及薪酬委員會之委員。他在會計、財務管理、預算及企業融資方面，還有其他方面，擁有逾15年工作經驗。他以會計專業文憑畢業於香港理工大學，並在澳洲國立南澳洲大學獲得工商管理碩士學位。他為英國特許公認會計師公會資深會員、香港會計師公會會員及加拿大註冊會計師協會會員。他於二零零五年至二零零七年期間擔任西王糖業控股有限公司（其股份於香港聯合交易所有限公司主板上市）之財務總監、合資格會計師及公司秘書。他自二零零一年至今，於一家提供會計、稅務及企業融資服務之公司擔任董事。他自一九九九年至二零零一年期間，於一家香港上市公司擔任主要財務職位。他自一九九八年至一九九九年期間，於一家主要從事提供網絡基建解決方案業務之公司擔任財務董事。他自一九九三年至一九九八年期間，為一家主要從事物業投資、貿易及證券之公司之財務總監。他自一九八七年至一九九零年期間，曾於國際會計師行工作，負責處理審計、稅務及會計事宜。

Directors and Senior Management 董事及高級管理層

Professor Wang Guozhen, aged 75, has been appointed as an Independent Non-Executive Director of the Company since December 2007. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee. He was from 1994 to 2005, a member of the Rare Earth Expert Group of China State Planning and Development Commission, and the team leader of the Industry Division. He graduated from the Department of Chemical Engineering of Tianjin University with a major in physical chemistry of metals. He is a member of the expert group and an adviser of the Environment Protection Specialist Commission. He has been an independent director of the State-owned Gansu Rare Earth Group Co., Ltd. since 2005.

SENIOR MANAGEMENT

Mr. Wan San Fai, Vincent, aged 37, is the chief financial officer and company secretary of the Company. He joined the Group in March 2007 and is responsible for the corporate finance function of the Group, and oversees matter related to financial administration, and the compliance and reporting obligations of the Group. Mr. Wan has more than 10 years' experience in auditing, accounting and financial management. Prior to joining the Group, Mr. Wan has worked for a company listed on the Singapore Stock Exchange, as its financial controller from 2005 to 2007. Mr. Wan is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Wan holds a Bachelor of Arts degree in Accountancy from the Hong Kong Polytechnic University.

Mr. Fu Kun, aged 44, has over 18 years of experience in project management of engineering design. He served as a vice general manager of SEEDRI since April 2006. Before joining the Group, he was the vice general manager of Shanghai Gongcheng. He is responsible for project management of environmental protection engineering design. He holds a Master of Business Administration degree from Asia International Open University, Macau.

Mr. Huang Wei, aged 27, is the vice general manager of Wuxi Pan-Asia. He has about 7 years of experience in EP technology. He joined the Group in 2010 and is responsible for wood wool cement board division. Before joining the Group, he was a technical manager of Jiangsu Yuansheng Environmental Protection Equipment Co, Limited. He graduated from Xuzhou Normal University, majoring in computer numerical control machining technology.

王國珍教授，75歲，自二零零七年十二月起獲委任為本公司之獨立非執行董事。他為審計委員會、提名委員會及薪酬委員會之委員。他於一九九四年至二零零五年期間為中國國家計劃和發展委員會稀土專家組之成員，並擔任產業組組長。他畢業於天津大學化學工程系，主修金屬物理化學。他為環保專業委員會專家組之成員及顧問。他自二零零五年起出任國有企業甘肅稀土新材料股份有限公司之獨立董事。

高級管理層

溫新輝先生，37歲，本公司之財務總監兼公司秘書。彼於二零零七年三月加入本集團，負責本集團之企業融資部門、監督財務管理相關事宜及負責本集團之合規事宜及履行呈報責任。溫先生在審核、會計及財務管理方面擁有逾十年經驗。於加入本集團前，溫先生於二零零五年至二零零七年在一家於新加坡證券交易所上市之公司任財務總監。溫先生現為香港會計師公會之會員。溫先生持有香港理工大學會計學文學士學位。

傅堃先生，44歲，彼在工程設計項目管理方面擁有逾18年經驗。彼自二零零六年四月起任環境工程研究院副總經理。加入本集團之前，彼任上海工程副總經理。彼負責環保工程設計之項目管理。彼持有亞洲（澳門）國際公開大學工商管理碩士學位。

黃偉先生，27歲，無錫泛亞副總經理。彼在環保技術管理方面擁有約七年經驗。彼於二零一零年加入本集團，負責本集團木絲水泥板事業部。於加入本集團前，彼為江蘇源盛環保設備有限公司技術部經理。黃先生畢業於徐州師範大學數控機床加工技術專業。

Directors and Senior Management 董事及高級管理層

Mr. Chen Liangping, aged 62, is the chief engineer of Wuxi Pan-Asia. He has over 20 years of experience in equipment manufacturing and production management. He joined the Group in 2006 and is responsible for the management of the daily production of the Group. Before joining the Group, he was a vice general manager of Yixing Xinwei Leeshing Refractory Materials Company Limited, a subsidiary under China Rare Earth Holdings Limited, the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited.

Mr. Wu Xijun, aged 37, is the head of the internal audit department of the Group. He has about 8 years of experience in financial management. He joined the Group in February 2011 and is responsible for the internal audit of the Group's enterprises in the PRC. Before joining the Group, he was a finance manager of Yixing Xinwei Leeshing Refractory Materials Company Limited. Mr. Wu graduated from The Open University of China, majoring in accountancy.

Ms. Xu Yiyun, aged 33, is the head of the finance department of Wuxi Pan-Asia. Ms. Xu has about 8 years of experience in financial management and corporate accounting in the PRC. She joined the Group in October 2000. Ms. Xu graduated from Suzhou University, majoring in accountancy.

Mr. Shen Mingming, aged 55, is the manager of the administration and human resource department of Wuxi Pan-Asia. He joined the Group in 2010 and is responsible for the daily management of the Group's human resource, administration and logistics services. Before joining the Group, he worked as deputy general director in Investment Invitation Bureau of Yixing, the PRC. He graduated from Jiangsu Radio and TV University majoring in industrial economy management.

Mr. Tang Weiqing, aged 47, the vice general manager of SEEDRI. He has over 20 years of experience in environmental protection engineering design. He joined SEEDRI in 2003 and is responsible for the overall project engineering design of SEEDRI. He graduated from Shanghai University of Technology with a major in analytical chemistry.

陳良平先生，62歲，無錫泛亞總工程師。彼在設備製造及生產管理方面擁有逾20年經驗。彼於二零零六年加入本集團，負責本集團日常生產管理。於加入本集團前，彼為中國稀土控股有限公司（其股份於香港聯合交易所有限公司主板上市）附屬公司宜興新威利成耐火材料有限公司副總經理。

吳錫君先生，37歲，本集團內控審計部部長。彼在財務管理方面擁有約八年經驗。彼於二零一一年二月加入本集團，負責本集團中國企業之內部審核。於加入本集團前，彼為宜興新威利成耐火材料有限公司財務經理。吳先生畢業於中央廣播電視大學會計專業。

徐逸雲女士，33歲，無錫泛亞財務部部長。徐女士於中國財務管理及企業會計方面擁有約八年經驗。彼於二零零零年十月加入本集團。徐女士畢業於蘇州大學會計專業。

沈明明先生，55歲，無錫泛亞行政及人力資源部經理。彼於二零一零年加入本集團，負責本集團人事、行政及後勤服務之日常管理。於加入本集團前，彼在宜興環保科技工業園招商局任副局長。彼畢業於江蘇廣播電視大學工業經管理專業。

唐偉慶先生，47歲，環境工程研究院副總經理。彼於環保工程設計領域有逾20年經驗。彼於二零零三年加入環境工程研究院，負責環境工程研究院之整體項目工程設計。彼畢業於上海工業大學分析化學專業。

Report of the Directors 董事會報告

The board (the “Board”) of directors (the “Directors”) submit their annual report together with the audited financial statements of Pan Asia Environmental Protection Group Limited (the “Company”) and its subsidiaries (collectively referred as the “Group”) for the year ended 31 December 2010.

PRINCIPAL PLACE OF BUSINESS

The Company is incorporated in the Cayman Islands and has its principal place of business in the PRC at No. 1 Chuanshan Road, Dingshu Town, Yixing City, Jiangsu Province, PRC 214222 and its principal place of business in Hong Kong at Suite 6302, The Center, 99 Queen’s Road Central, Hong Kong.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the sale of pipes, water treatment and flue gas treatment products and equipment, as well as undertaking of environmental protection (“EP”) construction engineering projects and provision of EP related professional services.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the major customers and suppliers of the Group during the financial year is as follows:

The largest customer	最大客戶
Five largest customers in aggregate	五大客戶總計
The largest supplier	最大供應商
Five largest suppliers in aggregate	五大供應商總計

None of the Directors, their associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”)) or any shareholders of the Company (which to the knowledge of the directors owned more than 5% of the Company’s share capital) had a beneficial interest in the Group’s five largest customers and suppliers.

由董事（「董事」）組成之董事會（「董事會」）提呈彼等之年報，連同泛亞環保集團有限公司（「本公司」）及其附屬公司（統稱「本集團」）之截至二零一零年十二月三十一日止年度之經審核財務報表。

主要營業地點

本公司乃一家於開曼群島註冊成立之公司，其位於中國之主要營業地點為中國江蘇省宜興市丁蜀鎮川善公路1號（郵政編號：214222），其於香港之主要營業地點為香港皇后大道中99號中環中心6302室。

主要業務

本集團主要從事銷售管道、水處理及煙氣處理產品及設備，以及承接環保（「環保」）建設工程項目及提供環保相關專業服務。

主要客戶及供應商

於財政年度內有關本集團主要客戶及供應商之資料如下：

Percentage of the Group’s total 佔本集團總額之百分比	
Turnover 營業額	Purchases 採購額
10.8%	—
30.0%	—
—	32.7%
—	88.4%

概無董事、彼等之聯繫人士（定義見香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」））或本公司任何股東（據董事所知擁有本公司股本5%以上）於本集團五大客戶及供應商擁有實益權益。

Report of the Directors

董事會報告

FINANCIAL STATEMENTS

The profit of the Group for the financial year ended 31 December 2010 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 49 to 53.

DISTRIBUTABLE RESERVES

Profits attributable to equity holders of the Company, before dividends, of RMB76,277,000 (2009: RMB88,070,000) have been transferred to reserves. Other movements in reserves are set out in note 29 to the financial statements.

As at 31 December 2010, the distributable reserve of the Company amounted to approximately RMB781,256,000 (2009: RMB792,883,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group are set out in note 14 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the financial year are set out in note 28 to the financial statements.

BORROWINGS

Details of the borrowings are set out in note 23 to the consolidated financial statements of the Group.

DIRECTORS

The Directors during the financial year were:

Executive Directors

Mr. Jiang Quanlong (*Chairman*)
Mr. Jiang Lei (*Chief Executive Officer*)
Mr. Fan Yajun
Mr. Gan Yi

財務報表

本集團於截至二零一零年十二月三十一日止財政年度之溢利及本公司及本集團於該日之狀況載於財務報表第49至第53頁。

可分發儲備

本公司權益持有人應佔溢利（未計股息）為人民幣76,277,000元（二零零九年：人民幣88,070,000元）已轉撥至儲備。儲備之其他變動載於財務報表附註29。

於二零一零年十二月三十一日，本公司可分發儲備大約為人民幣781,256,000元（二零零九年：人民幣792,883,000元）。

物業、廠房及設備

本集團物業、廠房及設備之變動詳情載於財務報表附註14。

股本

本公司股本於財政年度內之變動詳情載於財務報表附註28。

借貸

借貸詳情載於本集團之綜合財務報表附註23。

董事

於財政年度內之董事為：

執行董事

蔣泉龍先生（主席）
蔣磊先生（行政總裁）
范亞軍先生
甘毅先生

Report of the Directors 董事會報告

Independent Non-Executive Directors

Mr. Lai Wing Lee
Mr. Leung Shu Sun, Sunny
Professor Wang Guozhen

Mr. Jiang Lei retires from the office as executive director and Mr. Lai Wing Lee and Mr. Leung Shu Sun, Sunny retire from the offices as independent non-executive directors at the forthcoming annual general meeting in accordance with article 108(A) of the articles of association and all retiring directors, being eligible, offer themselves for re-election.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save for the information disclosed in the section headed "Connected Transactions", no contracts of significance to which the Company, any of its holding companies, or any of their subsidiaries was a party, in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

獨立非執行董事

賴永利先生
梁樹新先生
王國珍教授

根據組織章程細則第108(A)條於應屆股東周年大會上，蔣磊先生退任執行董事職務，而賴永利先生及梁樹新先生則退任獨立非執行董事之職務，全部退任董事均合資格及願意重選連任。

確認獨立性

本公司已接獲各獨立非執行董事根據上市規則第3.13條作出之年度獨立性確認書，並認為全體獨立非執行董事均為獨立人士。

董事之服務合約

概無擬於應屆股東周年大會重選之董事訂有未到期服務合約，而本公司或其任何附屬公司在一年內不支付賠償（一般法定賠償除外）不可終止。

董事於重大合約中之權益

除於「關連交易」一節所披露之資料外，本公司、其任何控股公司或其任何附屬公司概無參與訂立本公司董事於其中擁有重大權益，且於年結時或年內任何時間仍然有效之重大合約。

Report of the Directors 董事會報告

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2010, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise 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 were as follows:

董事於股份、相關股份及債券中之權益及淡倉

於二零一零年十二月三十一日，本公司董事及行政總裁於本公司及其相聯法團之股份、相關股份或債券中擁有根據證券及期貨條例（「證券及期貨條例」）第352條記錄於本公司存置之股東名冊內，或根據上市公司董事進行證券交易的標準守則須知會本公司及香港聯合交易所有限公司之權益及淡倉如下：

Interests in shares and underlying shares of the Company

於本公司股份及相關股份之權益

Name of Director 董事姓名	Nature of interest 權益性質	Number of shares held 持有股份數目 (Note 1) (附註1)	Equity derivatives (share option) 股本衍生工具 (認股權) (Notes 1 and 5) (附註1及5)	Percentage of issued share capital 佔已發行股本百分比
Jiang Quanlong 蔣泉龍	Corporate interest 法團權益	600,000,000 (L) (Notes 2 and 4) (附註2及4)		75.00%
	Beneficial interest 實益權益		400,000 (L)	0.05%
Jiang Lei 蔣磊	Corporate interest 法團權益	600,000,000 (L) (Notes 3 and 4) (附註3及4)		75.00%
	Beneficial interest 實益權益		400,000 (L)	0.05%
Fan Yajun 范亞軍	Beneficial interest 實益權益		2,500,000 (L)	0.3125%
Gan Yi 甘毅	Beneficial interest 實益權益		1,000,000 (L)	0.125%
Lai Wing Lee 賴永利	Beneficial interest 實益權益		500,000 (L)	0.0625%
Leung Shu Sun, Sunny 梁樹新	Beneficial interest 實益權益		500,000 (L)	0.0625%
Wang Guozhen 王國珍	Beneficial interest 實益權益		500,000 (L)	0.0625%

Report of the Directors 董事會報告

Notes:

1. The letter "L" denotes the Director's long position in the shares/ underlying shares.
2. These 600,000,000 shares are registered in the name of Praise Fortune Limited, Mr. Jiang Quanlong is the sole director of Praise Fortune Limited and he is deemed to be interested in all the shares in which Praise Fortune Limited is interested by virtue of the SFO.
3. These 600,000,000 shares are registered in the name of and beneficially owned by Praise Fortune Limited, the entire issued share capital of which is beneficially owned as to approximately 49.9%, 49.9% and 0.2% by Mr. Jiang Lei, Mr. Jiang Xin and Ms. Qian Yuanying respectively. Under the SFO, Mr. Jiang Lei is deemed to be interested in the Shares held by Praise Fortune Limited.
4. The total number of issued shares in Praise Fortune Limited as at 31 December 2010 is 601 shares of US\$1 each. These 601 shares are owned as to 300 shares by Mr. Jiang Lei (an executive Director), as to 300 shares by Mr. Jiang Xin and as to 1 share by Ms. Qian Yuanying. The sole director of Praise Fortune Limited is Mr. Jiang Quanlong, an executive Director and Ms. Qian Yuanying is the spouse of Mr. Jiang Quanlong.
5. These interests represent the interests in underlying shares in respect of share options granted by the Company to these directors as beneficial owners, the details of which are set out in the Share Option Scheme section stated below.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") pursuant to a resolution of the sole shareholder of the Company passed on 1 December 2007. The Share Option Scheme complies with the requirements of the Listing Rules. On 14 May 2008, the Company granted 17,800,000 options under the Share Option Scheme to its directors and key employees at an exercise price of HK\$2.81. The closing market price per Share immediately before the date on which the share options were granted was HK\$2.79. The options can be exercised one year after the grant date and expiring on the tenth anniversary of the grant date. The total

附註：

1. 字母「L」代表董事於股份／相關股份之好倉。
2. 該等600,000,000股股份以Praise Fortune Limited之名義登記，蔣泉龍先生乃Praise Fortune Limited之唯一董事，彼根據證券及期貨條例被視為擁有Praise Fortune Limited所擁有全部股份之權益。
3. 該等600,000,000股股份以Praise Fortune Limited之名義登記並由其實益擁有，其全部已發行股本分別由蔣磊先生、蔣鑫先生及錢元英女士擁有約49.9%、49.9%及0.2%。根據證券及期貨條例，蔣磊先生被視為擁有Praise Fortune Limited所持有之股份權益。
4. Praise Fortune Limited於至二零一零年十二月三十一日之已發行股份總數為601股每股面值1美元之股份。該等601股股份乃由蔣磊先生（執行董事）擁有300股股份、由蔣鑫先生擁有300股股份及由錢元英女士擁有1股股份。Praise Fortune Limited之唯一董事為執行董事蔣泉龍先生，而錢元英女士為蔣泉龍先生之配偶。
5. 該等權益指本公司向有關董事（作為實益持有人）授出認股權所涉及的相關股份權益，有關詳情載於下文認股權計劃。

購股權計劃

本公司根據本公司唯一股東於二零零七年十二月一日通過之決議案採納一項購股權計劃（「購股權計劃」）。購股權計劃符合證券上市規則（「上市規則」）之規定。本公司於二零零八年五月十四日根據購股權計劃向其董事及主要僱員授出17,800,000份購股權，行使價為2.81港元。於購股權授出日期之前的收市價為2.79港元。購股權可於授出日期後滿一年開始行使，於授

Report of the Directors 董事會報告

number of share options represents 2.2% of the Company's outstanding share capital when fully exercised. They include the options granted to 4 executive directors, 3 independent non-executive directors and 11 employees of the Company for the number of shares set out below:

出日期第十周年時屆滿。購股權獲悉數行使時，總數佔本公司已發行股本2.2%。該等購股權包括授予本公司4名執行董事、3名獨立非執行董事及11名僱員之購股權，涉及股份數目如下：

						Number of Share Options 購股權數目		Exercised/ Cancelled/ Lapsed during the period 於期內 已行使/ 已註銷/ 已失效		As at 31/12/2010 於 31/12/2010
Date of Grant 授出日期	Exercise Price 行使價 HK\$ 港元	Vesting Period 歸屬期	Exercisable Period 可行使期間	As at 1/1/2010 於 1/1/2010	Granted during the year 於期內 已授出	As at 1/1/2010 於 1/1/2010	Granted during the year 於期內 已授出	As at 1/1/2010 於 1/1/2010	Granted during the year 於期內 已授出	As at 31/12/2010 於 31/12/2010
Jiang Quanlong 蔣泉龍	14/5/2008	2.81	14/5/2008 to 13/5/2009	14/5/2009 to 13/5/2018	400,000	-	-	400,000		
Jiang Lei 蔣磊	14/5/2008	2.81	14/5/2008 to 13/5/2009	14/5/2009 to 13/5/2018	400,000	-	-	400,000		
Fan Yajun 范亞軍	14/5/2008	2.81	14/5/2008 to 13/5/2009	14/5/2009 to 13/5/2018	2,500,000	-	-	2,500,000		
Gan Yi 甘毅	14/5/2008	2.81	14/5/2008 to 13/5/2009	14/5/2009 to 13/5/2018	1,000,000	-	-	1,000,000		
Lai Wing Lee 賴永利	14/5/2008	2.81	14/5/2008 to 13/5/2009	14/5/2009 to 13/5/2018	500,000	-	-	500,000		
Leung Shu Sun, Sunny 梁樹新	14/5/2008	2.81	14/5/2008 to 13/5/2009	14/5/2009 to 13/5/2018	500,000	-	-	500,000		
Wang Guozhen 王國珍	14/5/2008	2.81	14/5/2008 to 13/5/2009	14/5/2009 to 13/5/2018	500,000	-	-	500,000		
Continuous contract employees 長期合約僱員	14/5/2008	2.81	14/5/2008 to 13/5/2009	14/5/2009 to 13/5/2018	12,000,000	-	-	12,000,000		
					17,800,000	-	-	17,800,000		

As at 31 December 2010, there are options relating to 17,800,000 shares granted by the Company pursuant to the Share Option Scheme which are valid and outstanding.

於二零一零年十二月三十一日，本公司根據購股權計劃授出涉及17,800,000股股份之有效及尚未行使購股權。

Report of the Directors 董事會報告

The Company has used the binomial option pricing model (the "Model") to value the share options granted pursuant to the Share Option Scheme for the year ended 31 December 2010, which is a common model used in assessing the fair value of an option. The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option. As such, the fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the valuation model used.

The share options were granted to the Directors, senior management and other employees of the Company pursuant to the Share Option Scheme on 14 May 2008. The fair value of the share options as at the date of grant under the Model was HK\$15,681,000.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the directors and chief executive of the Company, as at 31 December 2010, the following persons (other than the Directors or chief executive officer of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

本公司已使用二項式購股權定價模式（「模式」），以評估於截至二零一零年十二月三十一日止年度已根據股份購股權計劃授出的購股權的價值。該模式是評估購股權公平值的其中一種常用模式。購股權的價值隨著若干主觀假設的不同變數而變化。作出評估時所使用的變數有任何變動，均可能對購股權公平值的估計有重大影響。由於作出假設及所使用的估價模式有所限制，故所計算的公平值難免有主觀成份及不能肯定。

本公司於二零零八年五月十四日向本公司董事、高級管理人員及其他僱員授出購股權。於上述授出日期根據模式計算的購股權的公平值為15,681,000港元。

主要股東於本公司股份及相關股份之權益及淡倉

於二零一零年十二月三十一日，據本公司董事及行政總裁所知，下列人士（本公司董事或行政總裁除外）於本公司之股份或相關股份中擁有須根據證券及期貨條例第XV部第2及3分部之條文向本公司披露或須記錄於本公司根據證券及期貨條例第336條存置之登記冊內之權益或淡倉：

Report of the Directors

董事會報告

Long position in the shares and underlying shares of the Company 於本公司股份及相關股份之好倉

Name 名稱	Nature of interest 權益性質	Number of shares held 所持股份數目 (Note 1) (附註1)	Equity derivatives (share option) 股本衍生工具 (認股權) (Note 1) (附註1)	Approximate percentage of total number of issued shares 佔已發行股份總數 之概約百分比
Praise Fortune Limited (Note 2) Praise Fortune Limited (附註2)	Beneficial interest 實益權益	600,000,000 (L)		75.00%
Mr. Jiang Xin (Note 3) 蔣鑫先生 (附註3)	Interest of a controlled corporation 受控制公司權益	600,000,000 (L)		75.00%
Ms. Qian Yuanying (Note 4) 錢元英女士 (附註4)	Interest of spouse 配偶權益	600,000,000 (L)		75.00%
	Interest of spouse 配偶權益		400,000 (L)	0.05%
Ms. Li Jingru (Note 5) 李靜如女士 (附註5)	Interest of spouse 配偶權益	600,000,000 (L)		75.00%
Ms. Chai Yongping (Note 6) 柴永萍女士 (附註6)	Interest of spouse 配偶權益	600,000,000 (L)		75.00%
	Interest of spouse 配偶權益		400,000 (L)	0.05%

Notes:

附註：

- The Letter "L" denotes the person's long position in the shares/ underlying shares.
- The total number of issued shares in Praise Fortune Limited as at 31 December 2010 is 601 shares of US\$1 each. These 601 shares are owned as to 300 shares by Mr. Jiang Lei (an executive Director), as to 300 shares by Mr. Jiang Xin and as to 1 share by Ms. Qian Yuanying. The sole director of Praise Fortune Limited is Mr. Jiang Quanlong, an executive Director.

- 字母「L」指有關人士於股份／相關股份之好倉。
- Praise Fortune Limited於二零一零年十二月三十一日之已發行股份總數為601股每股面值1美元之股份。該601股股份乃由蔣磊先生（執行董事）擁有300股股份，由蔣鑫先生擁有300股股份及由錢元英女士擁有1股股份。Praise Fortune Limited之唯一董事為執行董事蔣泉龍先生。

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3. These Shares are registered in the name of and beneficially owned by Praise Fortune Limited, the entire issued share capital of which is beneficially owned as to approximately 49.9%, 49.9% and 0.2% by Mr. Jiang Lei, Mr. Jiang Xin and Ms. Qian Yuanying respectively. Under the SFO, Mr. Jiang Xin is deemed to be interested in the Shares held by Praise Fortune Limited.
4. Ms. Qian Yuanying is the spouse of Mr. Jiang Quanlong and is therefore deemed to be interested in all the Shares in which Mr. Jiang Quanlong is deemed to be interested.
5. Ms. Li Jingru is the spouse of Mr. Jiang Xin and is therefore deemed to be interested in all the Shares in which Mr. Jiang Xin is deemed to be interested.
6. Ms. Chai Yongping is the spouse of Mr. Jiang Lei and is therefore deemed to be interested in all the Shares in which Mr. Jiang Lei is deemed to be interested.

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

Neither the Company nor any of its subsidiary purchased, sold or redeemed any of the Company's listed share during the year ended 31 December 2010.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in notes 8, 9, 19, 24, 25 and 34 to the financial statements, no contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest, subsisted at the end of the financial year or at any time during the financial year.

3. 該等股份以Praise Fortune Limited之名義登記並由其實益擁有，其所有已發行股本由蔣磊先生、蔣鑫先生及錢元英女士分別擁有約49.9%、49.9%及0.2%。根據證券及期貨條例，蔣鑫先生被視為於Praise Fortune Limited所持有之股份中擁有權益。
4. 錢元英女士乃蔣泉龍先生之配偶，因此被視為於蔣泉龍先生被視為擁有之全部股份中擁有權益。
5. 李靜如女士乃蔣鑫先生之配偶，因此被視為於蔣鑫先生被視為擁有之全部股份中擁有權益。
6. 柴永萍女士乃蔣磊先生之配偶，因此被視為於蔣磊先生被視為擁有之全部股份中擁有權益。

買賣或贖回本公司之公司之上市股份

於截至二零一零年十二月三十一日止年度，本公司或其附屬公司概無買賣或贖回本公司任何上市股份。

足夠之公眾持股量

根據於本年報日期，本公司可公開取得之資料及據董事所知，本公司一直維持上市規則項下規定之公眾持股量。

董事於合約之權益

除財務報表附註8、9、19、24、25及34所披露外，本公司、其任何控股公司、附屬公司或同系附屬公司概無參與訂立本公司董事於其中擁有重大權益，且於財務年度年結或財政年度年內任何時間仍然有效之重大合約。

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CONNECTED TRANSACTIONS

The following transactions have been carried out by the Group and its connected person (as defined in the Listing Rules) during the year:

Wuxi Xin Wei High Temperature Ceramics Co., Ltd. (“High Temperature”) – Rental of Office Space

High Temperature was at the relevant time indirectly wholly owned by China Rare Earth Holdings Limited (“CRE”), the shares of which are listed on the Main Board and the latter’s issued share capital, as at the end of the reporting period is attributable as to about 35.60% to Mr. Jiang Lei and Mr. Jiang Quanlong, executive Directors, and their family members. High Temperature is therefore a connected person of the Company for the purpose of the Listing Rules. High Temperature is principally engaged in the manufacture and sales of high temperature ceramics products. By a lease agreement (“Lease Agreement”) dated 30 April 2008 made between High Temperature as the lessee and Wuxi Pan Asia Environmental Protection Technologies Limited (“Wuxi Pan Asia”) as the lessor, Wuxi Pan Asia leased the fifth block at number one of Chuanzhang Road, Yixing City, the PRC with gross floor area of 553.05 square metres, to High Temperature at an annual rent of approximately RMB53,000 (equivalent to approximately HK\$63,000). The premise is used as administrative office of High Temperature. The Lease Agreement has a term of five years, commencing from 1 May 2008 and expiring on 30 April 2013.

Osram (China) Fluorescent Materials Co., Ltd. (“Osram”) – Lease of Land

Osram was at the relevant time an associate of CRE. Osram is therefore a connected person of the Company for the purpose of the Listing Rules. Osram is principally engaged in the manufacture and sales of fluorescent materials.

By a Lease Agreement dated on 20 September 2010 made between Wuxi Pan Asia as the lessee and as the lessor, Osram leased the land at 888 Taodu Road, Ceramic Industrial Park, Yixing, the PRC with gross floor area of 3,460.68 square metres, to Wuxi Pan Asia at an annual rent of approximately RMB19,000 (equivalent to approximately HK\$22,000). The land is reserved by Wuxi Pan Asia to build up a factory for productivity of wood wool cement board. The Lease Agreement has a term of 49 years, commencing from 20 September 2010 and expiring on 29 December 2059.

關連交易

以下交易由本集團及其關連人士（定義見上市規則）於年內進行：

無錫新威高溫陶瓷有限公司（「高溫」）－租賃辦公室

高溫於相關期間內由中國稀土控股有限公司（「中國稀土」，其股份於主板上市，而執行董事蔣磊先生及蔣泉龍先生及彼等家族成員應佔中國稀土控股有限公司於滙報期末之已發行股本約35.60%股權）間接全資擁有。故就上市規則而言，高溫因此為本公司之關連人士。高溫主要從事生產及銷售高溫陶瓷產品。根據高溫（作為承租人）與無錫泛亞環保科技有限公司（「無錫泛亞」）（作為出租人）訂立之日期為二零零八年四月三十日之租賃協議（「租賃協議」），無錫泛亞將位於中國宜興市川張公路1號第5座（總建築面積553.05平方米）以年租金約人民幣53,000元（相當於約63,000港元）出租予高溫，作為高溫之行政辦公室。租賃協議為期五年，由二零零八年五月一日起至二零一三年四月三十日止屆滿。

歐司朗（中國）熒光材料有限公司（「歐司朗」）－租賃土地

歐司朗於有關時間為中國稀土之聯營公司。因此就上市規則而言，歐司朗為本公司之關連人士。歐司朗主要從事製造及銷售熒光材料。

根據無錫泛亞（作為承租人）與歐司朗（作為出租人）訂立日期為二零一零年九月二十日之租賃協議，歐司朗向無錫泛亞出租位於中國宜興陶瓷產業園區陶都路888號、總樓面面積達3,460.68平方米之土地，每年租金約人民幣19,000元（相等於約22,000港元）。無錫泛亞保留該土地以建立製造木絲水泥板之工廠。租賃協議之年期為49年，自二零一零年九月二十日起至二零五九年十二月二十九日屆滿。

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The above transactions under the Lease Agreement falls within the de minimis threshold as stipulated under Rules 14A.33(3) of the Listing Rules. Accordingly, the transactions are not subject to any of the reporting, announcement and independent Shareholders' approval requirements are applicable to continuing connected transactions under Chapter 14A of the Listing Rules.

COMPETING BUSINESS INTERESTS OF DIRECTORS

Non-Competition Undertaking

Under the restrictive covenants of a share purchase agreement dated 1 December 2007 executed among (i) YY Holdings as vendor, (ii) Praise Fortune Limited, Mr. Jiang Quanlong, Ms. Qian Yuanying, Mr. Jiang Lei and Mr. Jiang Xin as covenants, and (iii) the Company as the purchaser, each of Praise Fortune Limited, Ms. Qian Yuanying, Mr. Jiang Quanlong, Mr. Jiang Lei and Mr. Jiang Xin (collectively the "Covenantors") has undertaken that he/she/it will not and shall procure his/her/its Associates will not:

- (a) at any time disclose to any person, or himself/herself/itself use for any purpose, and shall use his/her/its best endeavours to prevent the publication or disclosure of, any information concerning the business, accounts or finances of any Group company, or any of its clients', suppliers' or customers' transactions or affairs, which may, or may have, come to his/her/its knowledge;
- (b) at any time during which the Company is listed on the Stock Exchange and for so long as each of the Covenantors and their respective associates collectively hold, whether individually or taken together, 30% or more of the issued Shares or is regarded as the controlling shareholder(s) of the Company under the Listing Rules or for a period of two years from the date of the Listing, whichever is the longest period of time:
 - (i) directly or indirectly solicit, interfere with, employ or endeavour to entice away from any Group company with a view to competing with the Group any person who, to his/her/its knowledge, is now, or has during the 12 months preceding the date of the share purchase agreement been, a client, customer, supplier or employee of, or has been in the habit of dealing with, any Group company;

根據租賃協議進行之以上交易符合上市規則第14A.33(3)條所規定之最低要求。因此，交易毋須遵守上市規則第14A章適用於持續關連交易之任何匯報、公告及獨立股東批准之規定。

董事於競爭業務之權益

不競爭承諾

根據由(i) YY Holdings (賣方)、(ii) Praise Fortune Limited、蔣泉龍先生、錢元英女士、蔣磊先生及蔣鑫先生(承諾人)與(iii)本公司(買方)於二零零七年十二月一日訂立之購股協議之限制性條款，Praise Fortune Limited、錢元英女士、蔣泉龍先生、蔣磊先生及蔣鑫先生(統稱為「承諾人」)分別承諾，彼等將不會且將促使彼等聯繫人士亦不會：

- (a) 於任何時間向任何人士透露彼等本人因任何目的利用就彼等所知可能涉及本集團任何公司之業務、賬目或財務之資料，或其客戶、供應商或客戶之交易或事務，並將竭盡所能防止該等資料交易或事務被公開或透露；
- (b) 於本公司在聯交所上市期間內，及根據上市規則或自上市之日起計兩年期間內(以最長者為準)任何時間，共同持有(無論單獨或視作共同持有)30%或以上已發行股份或被視為本公司控股股東之各承諾人及彼等各自聯繫人士：
 - (i) 直接或間接誘使、干預、聘用或試圖誘使就彼等所知現時或於購股協議訂立日期前12個月期間為本集團任何公司之客戶、顧客、供應商或僱員或慣常與本集團任何成員公司進行交易之任何人士離開本集團任何公司以與本集團競爭；

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- (ii) at any time use the name or trading style of any Group company, or any trademarks or logos or device similar in appearance to any trademarks, in the PRC, Hong Kong or any other part of the world, or represent himself as carrying on or continuing or being connected with any Group company or its business for any purposes whatsoever; and/or
- (iii) directly or indirectly carry on or be engaged or concerned or interested in the businesses of (i) the production of water treatment and flue gas treatment and solid waste treatment equipment and components and pipes; (ii) the sale and installation of water treatment and flue gas treatment and solid waste treatment equipment and pipes; and (iii) the contracting of water treatment and flue gas treatment and solid waste treatment projects, being the current principal businesses of the Group.

Each of the Covenantors has confirmed that he/she/it is not currently engaged in any business, which directly or indirectly competes or may compete with the Group's business.

Each of the Covenantors has undertaken in favour of the Company under the share purchase agreement to procure the provision to the Company of all information necessary for the enforcement of the above undertaking. Each of the Covenantors further undertakes in favour of the Company to make a statement in the annual report of the Company confirming compliance by it and its affiliates with the terms of the non-competition undertaking in the share purchase agreement. The Company will disclose in its annual reports on how the undertakings in the share purchase agreement are complied with and enforced in accordance with the principles of making voluntary disclosures in the Corporate Governance Report as defined in Appendix 23 of the Listing Rules.

Benxi Fanya Environmental Heat & Power Co., Ltd. ("Benxi Fanya") is owned as to 80% by Asia Global Tech Group Limited ("AGT (HK)"), and as to 20% by an Independent Third Party. AGT (HK) is beneficially owned as to 60%, 20% and 20% by Ms. Qian Yuanying (the spouse of Mr. Jiang Quanlong), Mr. Jiang Lei and Mr. Jiang Xin (both of whom are sons of Mr. Jiang Quanlong) respectively. The permitted business scope on the business licence of Benxi Fanya includes, among others, research and consultation of environmental protection technology, and design of EP engineering. As at the date of this annual report, Benxi Fanya was principally engaged in

- (ii) 於任何時間，在中國、香港或任何其他國家或地區使用本集團任何公司之名稱或經營模式或與彼等任何商標之外觀相似之任何商標、圖標或圖案，或不論任何目的代表其本身開展或繼續從事與本集團任何公司或其業務有關之業務；及／或
- (iii) 直接或間接開展、從事或涉及本集團現有主要業務或於其中擁有權益，即：(i)生產水處理及煙氣處理及固體廢棄物處理設備及元件及管材；(ii)水處理及煙氣處理及固體廢棄物處理設備及管材銷售及安裝；及(iii)承包水處理及煙氣處理及固體廢棄物處理工程。

各承諾人均已確認，彼等現時並無從事與本集團業務直接或間接構成競爭或可能構成競爭之任何業務。

各承諾人均已根據購股協議作出以本公司為受益人之承諾，以促使向本公司提供執行上述承諾所需之全部資料。各承諾人進一步作出以本公司為受益人之承諾，將於本公司年報中作出聲明，確認其及其聯屬公司將遵守購股協議內不競爭承諾之條款。本公司將根據上市規則附錄23所界定企業管治報告之自願披露原則，於其年報中披露購股協議中承諾之遵守狀況及執行狀況。

本溪泛亞環保熱電有限公司（「本溪泛亞」）由Asia Global Tech Group Limited（「AGT (HK)」）擁有80%及由一位獨立第三方擁有20%。AGT (HK)分別由錢元英女士（蔣泉龍先生之配偶）、蔣磊先生及蔣鑫先生（均為蔣泉龍先生之子）擁有60%、20%及20%。本溪泛亞之營業執照所列許可經營範圍涵蓋（其中包括）環保技術研究與諮詢及環保工程設計。於本年報日期，本溪泛亞主要從事電力及熱能生產，而並無從事與本集團現有主要業務

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generating electricity and heat, and did not engage or interest in any businesses which compete with the current principal businesses of the Group. Jiangsu Tianyuan Technologies Limited ("Jiangsu Tianyuan") is owned by the associates of Mr. Fang Guohong, former Executive Director of the Company who resigned on 25 March 2009. The permitted business scope on the business licence of Jiangsu Tianyuan includes, among others, research and development of denitrification EP equipment and technology, manufacture of FGD EP equipment, desulphurization absorption tower and flue glass flake anticorrosive material and denitrification EP equipment. As at the date of this annual report, Jiangsu Tianyuan was principally engaged in the business of producing thermal insulation components, and did not engage or interest in any businesses which compete with the current principal businesses of the Group. The permitted scope of business of each of Benxi Fanya and Jiangsu Tianyuan is relatively wide, but it is not unusual for a corporate entity to provide for a broader scope of business in its corporate documents to allow for flexibility. At present, neither Benxi Fanya nor Jiangsu Tianyuan has any plan to vary their respective business licences to exclude or alter the permitted activities as set out therein.

Mr. Jiang Quanlong is also the chairman and one of the executive directors of CRE, a company whose securities are listed on the Main Board. CRE and its subsidiaries are principally engaged in manufacturing and sales of rare earth products and refractory products. As the Group's principal business is to provide integrated EP solutions in areas such as water and flue gas treatments, the current principal businesses of the Group and those of CRE and its subsidiaries do not compete with each other.

Under the restrictive covenants of several service agreements dated 1 December 2007 between the Company and each of the executive Directors, the executive Directors gave undertakings similar to the wordings stated in paragraph (b) above of the said share purchase agreement.

The independent non-executive Directors shall review, at least on an annual basis, the compliance with the non-competition undertaking by each of such persons on their existing or future competing business and the Company shall disclose the result of such review either through the annual report of the Company, or by way of announcement to the public.

構成競爭之任何業務或於其中擁有權益。江蘇天元科技有限公司（「江蘇天元」）由本公司前任執行董事方國洪先生（於二零零九年三月二十五日辭任）之聯繫人士擁有。江蘇天元之營業執照所列許可經營範圍涵蓋（其中包括）脫硝環保設備技術的研發、煙氣脫硫環保設備、脫硫吸收塔及煙道玻璃鱗片防腐材料、脫硝環保設備之製造。於本年報日期，江蘇天元主要從事生產熱絕緣元件之業務，而並無從事與本集團現有主要業務構成競爭之任何業務或於其中擁有權益。本溪泛亞與江蘇天元之獲許可經營範圍相對較廣。但為保持靈活性，一間公司實體往往會於其公司文件中設定較廣之業務範圍。目前，本溪泛亞與江蘇天元並無計劃更換其各自之營業執照，以去除或修改其中載明之獲許可業務。

蔣泉龍先生亦為中國稀土（其股份於主板上市）之主席兼執行董事。中國稀土及其附屬公司主要從事製造及銷售稀土產品及耐火產品。由於本集團之主要業務為提供水及煙氣處理等範疇之綜合環保解決方案，故此本集團目前之主要業務與中國稀土及其附屬公司之業務並不構成競爭。

根據本公司與每位執行董事於二零零七年十二月一日訂立之若干服務協議之限制性承諾，執行董事均作出與上文所述購股協議(b)段措詞類似之承諾。

獨立非執行董事須至少每年檢討各有關人士於彼等之現有或日後競爭業務遵守不競爭承諾方面之守規情況，而本公司將透過本公司年報或公告向公眾人士披露有關檢討結果。

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As the controlling shareholders (namely, Praise Fortune Limited, Mr. Jiang Lei and Mr. Jiang Xin) and Mr. Jiang Quanlong as sole director of Praise Fortune Limited have given non-competition undertakings in favour of the Company and none of them has interests in other business that compete or are likely to compete with the business of the Group, the management and operation of the operating entities are independent from each other, the Directors are of the view that the Group is capable of carrying on its business independently of the controlling Shareholders.

PRE-EMPTIVE RIGHTS

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

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 156 of the annual report.

RETIREMENT BENEFIT COSTS

The retirement schemes of the Company and its subsidiaries are primarily in form of contributions to the Hong Kong mandatory provident fund and China statutory public welfare fund. Particulars of these retirement schemes are set out in note 7 to the financial statements.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the shareholders ("Shareholders") of the Company are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the shares, they are advised to consult an expert.

AUDITOR

The consolidated financial statements for the year have been audited by CCIF CPA Limited. CCIF CPA Limited will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of CCIF CPA Limited as auditor of the Company is to be proposed at the forthcoming annual general meeting.

By order of the Board
Jiang Quanlong
Chairman

Hong Kong, 29 March 2011

由於控股股東（即Praise Fortune Limited、蔣磊先生及蔣鑫先生）及蔣泉龍先生（Praise Fortune Limited之唯一董事）已給予以本公司為受益人之不競爭承諾，且彼等概無於與本集團業務競爭或可能與本集團業務競爭之其他業務中擁有權益，各經營實體之管理及營運相互獨立，因此董事認為本集團有能力獨立於控股股東經營本集團業務。

優先購買權

本公司組織章程細則或開曼群島法律均無有關強制本公司按比例向其現有股東發售新股份之優先購買權之規定。

財務摘要

本集團在過去五個財政年度之業績及資產與負債摘要載於年報第156頁。

退休福利成本

本公司及其附屬公司之退休計劃主要以香港強制性公積金及中國法定公積金供款之形式。此等退休計劃之詳情載於財務報表附註7。

建議之專業稅務意見

如本公司股東（「股東」）未能確定購買、持有、出售、處理或行使有關股份之任何權利之稅務影響，謹請彼等諮詢專業人士。

核數師

本公司之綜合財務報表由陳葉馮會計師事務所有限公司審核。陳葉馮會計師事務所有限公司將退任惟合資格獲重新聘任。重新聘任陳葉馮會計師事務所有限公司為本公司核數師之決議案將於應屆股東周年大會上提呈。

承董事會命
主席
蔣泉龍

香港，二零一一年三月二十九日

Independent Auditor's Report 獨立核數師報告



CCIF

CCIF CPA LIMITED

34/F The Lee Gardens
33 Hysan Avenue
Causeway Bay Hong Kong



CCIF

陳葉馮會計師事務所有限公司

香港 銅鑼灣 希慎道33號
利園34樓

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PAN ASIA ENVIRONMENTAL PROTECTION GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Pan Asia Environmental Protection Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 49 to 155, which comprise the consolidated and company statements of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and this report is made 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.

致泛亞環保集團有限公司全體股東之 獨立核數師報告

(於開曼群島註冊成立之有限公司)

本核數師已審核第49至155頁所載泛亞環保集團有限公司(「貴公司」)及其附屬公司(統稱為「貴集團」)之綜合財務報表,包括二零一零年十二月三十一日之綜合及公司財務狀況表、截至該日止年度之綜合全面收益表、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資料。

董事編製綜合財務報表之責任

貴公司董事須遵照香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定,負責編製真實公平的綜合財務報表以及董事認為需要之有關內部監控,以確保綜合財務報表之編製並無重大錯誤陳述(不論其由欺詐或錯誤引起)。

核數師之責任

本核數師之責任是根據審核之結果對此等綜合財務報表作出意見。本報告乃僅為向股東匯報而編製,不應用作其他用途。本核數師概不就本報告之內容向任何其他人士負責或承擔責任。

Independent Auditor's Report 獨立核數師報告

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 of consolidated financial statements that give a true and fair view 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 Company and of the Group as at 31 December 2010, 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.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 29 March 2011

Kwok Cheuk Yuen
Practising Certificate Number P02412

本核數師之審核工作按照香港會計師公會頒佈之香港審計準則進行。該等準則要求本核數師遵守操守規定以及計劃及進行審核以合理之確定此等綜合財務報表是否存在重大之錯誤陳述。

審核範圍包括進行程序以取得與綜合財務報表所載數額及披露事項有關之審核憑證。選取之該等程序須視乎核數師之判斷，包括評估綜合財務報表之重大錯誤陳述（不論其由欺詐或錯誤引起）之風險。在作出該等風險評估時，核數師將考慮與公司編製真實公平的綜合財務報表有關之內部監控，以為不同情況設計適當審核程序，但並非旨在就公司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之恰當性，董事所作之會計估算之合理性，並就綜合財務報表之整體呈列方式作出評估。

本核數師相信，本核數師所取得之審核憑證就提出審核意見而言屬充分恰當。

意見

本核數師認為，綜合財務報表根據香港財務報告準則足以真實兼公平地顯示 貴公司與 貴集團於二零一零年十二月三十一日之財務狀況及 貴集團截至該日止年度之溢利及現金流量，並按照香港公司條例之披露規定妥為編製。

陳葉馮會計師事務所有限公司
執業會計師
香港，二零一一年三月二十九日

郭焯源
執業證書編號P02412

Consolidated Statement of Comprehensive Income

綜合全面收益表

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

		Note 附註	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
TURNOVER	營業額			
Cost of sales	銷售成本	4	646,708 (504,022)	608,972 (444,096)
GROSS PROFIT	毛利		142,686	164,876
Other revenue	其他收入	4	3,769	12,028
Other net (loss)/income	其他淨(虧損)/收入	4	(1,415)	9,627
Selling and distribution expenses	銷售及分銷開支		(673)	(17,531)
General and administrative expenses	一般及行政開支		(32,065)	(34,902)
Other operating expenses	其他經營開支		(1,281)	(4,875)
Finance costs	融資成本	5a)	(367)	(4,080)
PROFIT BEFORE TAXATION	除稅前溢利	5	110,654	125,143
Income tax expenses	所得稅開支	6	(35,999)	(37,385)
PROFIT FOR THE YEAR	年內溢利		74,655	87,758
Other comprehensive for the year (after tax and reclassification adjustments)	年內其他全面收入 (稅後及經重新分類調整)			
Exchange differences on translation of financial statements of foreign operation	換算海外業務財務報表 之匯兌差額		(753)	(205)
Other comprehensive income for the year, net of tax	年內其他全面收入， 稅後		(753)	(205)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	年內全面收入總額		73,902	87,553
Profit attributable to:	以下人士應佔：			
Owners of the Company	本公司擁有人		76,277	88,070
Non-controlling interests	非控股權益		(1,622)	(312)
			74,655	87,758
Total comprehensive income attributable to:	以下人士應佔全面收入總額：			
Owners of the Company	本公司擁有人		75,524	87,865
Non-controlling interests	非控股權益		(1,622)	(312)
			73,902	87,553
EARNINGS PER SHARE	每股盈利	12		
– BASIC AND DILUTED	– 基本及攤薄		RMB9.53cents 人民幣9.53分	RMB11.01cents 人民幣11.01分

The notes on pages 54 to 155 form part of these financial statements.

第54頁至第155頁之附註屬本財務報表之一部份。

Statements of Financial Position

財務狀況表

As at 31 December 2010
於二零一零年十二月三十一日

		The Group 本集團		The Company 本公司	
	Note	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
NON-CURRENT ASSETS					
Prepaid lease payment	13	6,576	6,745	-	-
Property, plant and equipment	14	175,881	47,951	197	12
Available-for-sale financial asset	15	6,850	6,850	-	-
Investments in subsidiaries	16	-	-	381,537	381,537
		189,307	61,546	381,734	381,549
CURRENT ASSETS					
Prepaid lease payment	13	169	169	-	-
Inventories	17	33,750	32,955	-	-
Trade and other receivables	18	529,803	540,992	438,039	426,930
Pledged bank deposits	33	4,500	31,480	-	-
Cash and bank balances	20	685,503	739,266	6,475	46,475
		1,253,725	1,344,862	444,514	473,405
CURRENT LIABILITIES					
Trade and other payables	22	109,703	140,968	1,066	937
Short-term bank loan	23	9,000	16,478	-	-
Deposits received and receipts in advance		92,448	69,413	-	-
Tax payable	27a)	21,204	19,722	-	-
		232,355	246,581	1,066	937
NET CURRENT ASSETS		1,021,370	1,098,281	443,448	472,468
TOTAL ASSETS LESS CURRENT LIABILITIES		1,210,677	1,159,827	825,182	854,017
NON-CURRENT LIABILITIES					
Deferred tax liabilities	27b)	4,852	-	-	-
NET ASSETS		1,205,825	1,159,827	825,182	854,017
CAPITAL AND RESERVES					
Share capital	28	74,872	74,872	74,872	74,872
Reserves	29	1,130,209	1,082,589	750,310	779,145
Equity attributable to owners of the Company		1,205,081	1,157,461	825,182	854,017
Non-controlling interests		744	2,366	-	-
TOTAL EQUITY		1,205,825	1,159,827	825,182	854,017

Approved and authorised for issue by the board of directors on 29 March 2011

Jiang Quanlong
Director

蔣泉龍
董事

經董事會於二零一一年三月二十九日批准及授權刊發

Jiang Lei
Director

蔣磊
董事

The notes on pages 54 to 155 form part of these financial statements.

第54頁至第155頁之附註屬本財務報表之一部份。

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

		Attributable to owners of the Company											
		本公司擁有人應佔											
		Share capital	Share premium	Special reserve	Capital reserve	Enterprise expansion reserve	Statutory surplus reserve	Translation reserve	Share option reserve	Retained profits	Subtotal	Non-controlling interests	Total equity
		股本	股份溢價	特別儲備	股本儲備	企業擴展儲備	法定盈餘儲備	匯兌儲備	購股權儲備	保留溢利	小計	非控股權益	權益總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(Note 29(i))	(Note 29(ii))	(Note 29(iii))	(Note 29(iv))	(Note 29(v))	(Note 29(vi))	(Note 29(vii))	(Note 29(viii))	(Note 29(ix))	(Note 29(x))	(Note 29(xi))	(Note 29(xii))
		(附註29(i))	(附註29(ii))	(附註29(iii))	(附註29(iv))	(附註29(v))	(附註29(vi))	(附註29(vii))	(附註29(viii))	(附註29(ix))	(附註29(x))	(附註29(xi))	(附註29(xii))
At 1 January 2009	於二零零九年一月一日	74,872	419,229	94,225	133	34,541	43,814	(6,338)	8,720	395,279	1,064,475	2,678	1,067,153
Profit for the year	年內溢利	-	-	-	-	-	-	-	-	88,070	88,070	(312)	87,758
Other comprehensive income	其他全面收入	-	-	-	-	-	-	(205)	-	-	(205)	-	(205)
Total comprehensive income	全面收入總額	-	-	-	-	-	-	(205)	-	88,070	87,865	(312)	87,553
Equity-settled share-based transactions	以股本結算之股份交易	-	-	-	-	-	-	-	5,121	-	5,121	-	5,121
Transfer to reserves	轉撥至儲備	-	-	-	-	5,608	5,608	-	-	(11,216)	-	-	-
At 31 December 2009 and 1 January 2010	於二零零九年十二月三十一日及二零一零年一月一日	74,872	419,229	94,225	133	40,149	49,422	(6,543)	13,841	472,133	1,157,461	2,366	1,159,827
Profit for the year	年內溢利	-	-	-	-	-	-	-	-	76,277	76,277	(1,622)	74,655
Other comprehensive income	其他全面收入	-	-	-	-	-	-	(753)	-	-	(753)	-	(753)
Total comprehensive income	全面收入總額	-	-	-	-	-	-	(753)	-	76,277	75,524	(1,622)	73,902
Dividends approved in respect of previous year	已批准上年度之股息	-	-	-	-	-	-	-	-	(27,904)	(27,904)	-	(27,904)
Transfer to reserves	轉撥至儲備	-	-	-	-	5,426	5,426	-	-	(10,852)	-	-	-
At 31 December 2010	於二零一零年十二月三十一日	74,872	419,229	94,225	133	45,575	54,848	(7,296)	13,841	509,654	1,205,081	744	1,205,825

The notes on pages 54 to 155 form part of these financial statements.

第54頁至第155頁之附註屬本財務報表之一部份。

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Cash flows from operating activities	經營活動之現金流量		
Profit before taxation	除稅前溢利	110,654	125,143
Adjustments for:	調整：		
Amortisation of prepaid lease payment	攤銷預付租賃款項	169	168
Bad debt recovery	壞賬收回	-	(2,229)
Depreciation	折舊	5,417	5,300
Dividend income from available-for-sale financial asset	可供出售金融資產之股息收入	-	(5,176)
Gain on disposal of property, plant and equipment	出售物業、廠房及設備之收益	-	(47)
Gain on disposal of subsidiaries	出售附屬公司之收益	-	(1,120)
Impairment loss on trade receivables	應收貿易款項之減值虧損	94	322
Interest expenses	利息開支	367	4,080
Interest income	利息收入	(3,738)	(4,466)
Reversal of impairment loss on trade receivables	應收貿易款項之減值虧損撥回	-	(100)
Equity-settled share-based payment expenses	股本結算股份付款開支	-	5,121
		112,963	126,996
Changes in working capital	營運資金變動		
(Increase)/decrease in inventories	存貨(增加)/減少	(795)	7,738
Decrease/(increase) in trade and other receivables	應收貿易和其他款項減少/(增加)	11,095	(277,419)
(Decrease)/increase in trade and other payables	應付貿易及其他應付款項(減少)/增加	(31,265)	11,822
Increase in deposits received and receipts in advance	已收按金及預收款增加	23,035	32,094
		115,033	(98,769)
Cash generated from/(used in) operations	經營業務產生/(所用)之現金		
PRC enterprises income tax paid	已付中國企業所得稅	(29,665)	(13,827)
		85,368	(112,596)
Net cash generated from/(used in) operating activities	經營業務產生/(所用)之現金淨額		
Cash flows from investing activities	投資活動之現金流量		
Interest received	已收利息	3,738	4,466
Payments for acquisition of prepaid lease payment	收購預付租賃款項付款	-	(20,800)
Proceeds on disposal of subsidiaries	出售附屬公司所得款項	-	14,971
Proceeds on disposal of property, plant and equipment	出售物業、廠房及設備所得款項	-	102

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Payments for acquisition of property, plant and equipment	收購物業、廠房及設備付款	(133,345)	(475)
Decrease in pledged bank deposits	已抵押銀行存款減少	26,980	65,260
Dividend income from available-for-sale financial asset	可供出售金融資產之股息收入	-	276
Net cash (used in)/generated from investing activities	投資活動(所用)/產生之現金淨額	(102,627)	63,800
Cash flows from financing activities	融資活動之現金流量		
Advance from non-controlling interests	非控股權益墊款	-	8,571
Interest paid	已付利息	(367)	(4,080)
Repayment of short term bank loan	短期銀行貸款預付款項	(16,478)	(82,000)
Proceed from short term bank loan	短期銀行貸款所得款項	9,000	16,478
Payment of dividend	派發股息	(27,904)	-
Net cash used in financing activities	融資活動所用之現金淨額	(35,749)	(61,031)
Net decrease in cash and cash equivalent for the year	本年度現金及等同現金項目減少淨額	(53,008)	(109,827)
Cash and bank balances at beginning of year	年初之現金及銀行結餘	739,266	849,298
Effect of foreign exchange rate changes, net	外匯匯率變動之影響淨額	(755)	(205)
Cash and bank balances at end of year	年終之現金及銀行結餘	685,503	739,266
Analysis of the balance of cash and cash equivalents	現金及等同現金項目結存分析		
Cash and bank balances	現金及銀行結餘	685,503	739,266

The notes on pages 54 to 155 form part of these financial statements.

第54頁至第155頁之附註屬本財務報表之一部份。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

1. GENERAL INFORMATION

Pan Asia Environmental Protection Group Limited (the “Company”) was incorporated as an exempted company and registered in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Suite 6302, The Center, 99 Queens Road Central, Hong Kong, respectively.

The Company and its subsidiaries (together the “Group”) are principally engaged in the manufacture and sales of environmental protection (“EP”) products and equipment, undertaking EP construction engineering projects, provision of EP related professional services in the People’s Republic of China (the “PRC”) and investment holding.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

1. 一般資料

泛亞環保集團有限公司（「本公司」）於開曼群島註冊成立為一間獲豁免有限公司，其股份於香港聯合交易所有限公司（「聯交所」）上市。本公司之註冊辦事處及香港主要營業地點地址分別為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands及香港皇后大道中99號中環中心6302室。

本公司及其附屬公司（統稱為「本集團」）主要在中華人民共和國（「中國」）從事環保（「環保」）產品及設備之製造及銷售、承接環保建設工程項目、提供環保相關專業服務及投資控股。

2. 主要會計政策

a) 守規聲明

此等財務報表已根據所有適用之香港財務報告準則（此乃包括所有適用之個別香港財務報告準則（「香港財務報告準則」）、香港會計師公會（「香港會計師公會」）頒佈之香港會計準則（「香港會計準則」）及詮釋之統稱）、香港普遍採納會計原則及香港公司條例之披露規定而編製。此等財務報表亦遵守香港聯合交易所有限公司證券上市規則（「上市規則」）之適用披露規定。本集團採納之主要會計政策概要載列如下。

香港會計師公會已頒佈若干新訂及經修訂香港財務報告準則，均於本集團及本公司之本會計期間首次生效或可供提早採納。附註3提供了有關首次應用該等發展而導致的任何會計政策變動的資料，而該等財務報表均反映彼等於本或過往會計期間與本集團相關。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2010 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for certain financial instruments, which are stated at their fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 39.

2. 主要會計政策 (續)

b) 財務報表之編製基準

截至二零一零年十二月三十一日止年度綜合財務報表包括本公司及其附屬公司之財務報表。

財務報表之編製乃以歷史成本作計量基準，惟若干金融工具以公平值計量除外（見下文會計政策所闡釋）。

編製符合香港財務報告準則之財務報表，管理層需作出判斷、估計和假設，該等判斷、估計及假設對會計政策之應用以及所呈報資產、負債、收入和支出之金額構成影響。該等估計及有關假設乃根據過往經驗及被認為在該情況下屬合理之多項其他因素而作出，其結果便成為判斷資產及負債賬面值之基礎，而該賬面值顯然無法從其他來源取得。實際結果可能有別於該等估計。

該估計及相關假設會按持續基準進行檢討。對會計估計進行修訂時，倘修訂僅影響該期間，則修訂會於修訂估計之期間確認；或倘有關修訂同時影響即期及未來期間，則會於修訂期間及未來期間確認。

管理層在應用對本財務報表構成重大影響之香港財務報告準則時所作出之判斷，以及未來年度有重大調整風險之估計，將在附註39內討論。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Business combinations

Business combinations on or after 1 January 2010

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition-date fair values, except that:

- deferred tax asset or liability arising from the assets acquired and liabilities assumed in a business combination and the potential tax effects of temporary differences and carryforwards of an acquiree that exist at the acquisition date or arise as a result of acquisition are recognised and measured in accordance with HKAS 12, Income Taxes;
- liabilities or assets relating to employee benefit arrangements are recognised and measured in accordance with HKAS 19 *Employee Benefits*;

2. 主要會計政策（續）

c) 業務合併

於二零一零年一月一日或之後的業務合併

業務收購乃採用收購法入賬。於業務合併轉撥的代價按公平值計量，而計算方法為本集團所轉撥資產、本集團對被收購公司原擁有人產生的負債及本集團就交換被收購公司的控制權發行的股權於收購日期的公平值總和。與收購事項有關的成本一般於產生時在損益中確認。

於收購日期，所收購的可識別資產及所承擔負債按其於收購日期的公平值確認，惟下列項目除外：

- 所收購資產及於業務合併中承擔的負債所產生的遞延稅項資產或負債，以及於收購日期存在或因收購而產生的暫時差異的潛在稅務影響及被收購公司結轉，乃根據香港會計準則第12號「所得稅」確認及計量；
- 與僱員福利安排有關的負債或資產根據香港會計準則第19號 *僱員福利* 確認及計量；

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財務報表附註

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Business combinations (Continued)

*Business combinations on or after 1 January 2010
(Continued)*

- liabilities or equity instruments relating to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2. 主要會計政策 (續)

c) 業務合併 (續)

於二零一零年一月一日或之後
的業務合併 (續)

- 被收購公司的以股份支付之交易的相關負債或股本工具，或以本集團以股份支付之交易取代被收購公司的以股份支付之交易，均於收購日期根據香港財務報告準則第2號股份付款計量；及
- 根據香港財務報告準則第5號持作出售的非流動資產及已終止經營業務劃分為持作出售的資產（或出售組合）根據該項準則計量。

所轉撥代價、與被收購公司的任何非控股權益及收購方先前持有被收購公司股權（如有）的公平值合計，倘超出所收購可識別資產及所承擔負債於收購日期的淨額，超出的部分確認為商譽。倘（經評估後）所收購可識別資產及所承擔負債於收購日期的淨額超出所轉撥代價、於被收購公司任何非控股權益的金額及收購方先前持有被收購公司權益（如有）的公平值總和，超出部分即時於損益中確認為議價收購收益。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Business combinations (Continued)

Business combinations on or after 1 January 2010 (Continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another Standard.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

2. 主要會計政策 (續)

c) 業務合併 (續)

於二零一零年一月一日或之後 的業務合併 (續)

屬現時擁有權益，並賦予彼等擁有人於清盤時按比例分佔實體資產淨值的權力的非控股權益可初步按公平值或非控股權益按比例分佔被收購公司可識別資產淨值的已確認金額計量。計量基準乃根據逐項交易基準作出選擇。其他非控股權益類別按彼等之公平值或另一準則規定之另一計量基準計量。

倘本集團於業務合併中所轉移的代價包括或然代價安排所產生的資產或負債，或然代價按其於收購日期之公平值計量，並被視為於業務合併中轉移的代價一部分。符合計量期間調整的或然代價的公平值變動作出追溯調整，相應調整乃對商譽或議價收購作出。計量期間調整乃於計量期間取得有關於收購日期存在的事實及情況的額外資料所產生的調整。計量期間自收購日期起不超過一年。

不符合計量期間調整資格的或然代價公平值變動的其後會計處理取決於或然代價如何分類。分類為權益的或然代價並非於隨後報告日期計量，其隨後結算於權益內列賬。分類為資產或負債的或然代價於隨後報告日期根據香港會計準則第39號或香港會計準則第37號撥備、或然負債及或然資產（如合適）重新計量，相應收益或虧損於損益內確認。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Business combinations (Continued)

Business combinations on or after 1 January 2010 (Continued)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

2. 主要會計政策 (續)

c) 業務合併 (續)

於二零一零年一月一日或之後 的業務合併 (續)

倘業務合併乃分階段達成，則本集團過往於被收購公司持有之股權於收購日期（即本集團取得控制權當日）重新計量為公平值，所導致之收益或虧損（倘有）於損益確認。於收購日期前於被收購公司之權益所產生並在過往於其他全面收益確認之款額重新分類至損益，而有關處理於倘出售權益時屬適合。

倘本集團取得被收購公司之控制權，則於收購日期前於其他全面收益確認並於權益累計之過往持有股權之價值變動將重新分類至損益。

倘業務合併的初步會計處理於合併發生時的報告期末尚未完成，本集團於會計處理尚未完成時就項目報告暫時性金額。暫時性金額於調整期間（見上文）或確認額外資產或負債時作出調整，以反映有關截至收購日期存在並（如已知悉）可能影響截至該日止所確認金額的事實及情況的新資料。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Business combinations (Continued)

Business combinations prior to 1 January 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was 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 met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The non-controlling interest in the acquiree was initially measured at the non-controlling interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against the cost of the acquisition.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

2. 主要會計政策 (續)

c) 業務合併 (續)

二零一零年一月一日前的業務合併

業務收購以購買法入賬。收購成本按交換當日所給予的資產、所產生或承擔的負債，以及本集團為控制被收購公司而發行股本工具的公平值，另加業務合併直接應佔的任何成本計量。被收購公司的可識別資產、負債及或然負債，如符合有關確認條件，一般均以收購日期的公平值確認。

收購附屬公司所生產的商譽確認為資產，並最初以成本計量，即收購成本高於本集團於可識別資產、負債及或然負債的已確認金額的權益。倘重估後，本集團於被收購公司的可識別資產、負債及或然負債的已確認金額的權益高於收購成本，則超出的金額即時於損益賬內確認。

於被收購公司的非控股權益按非控股權益按比例分佔被收購公司的資產、負債及或然負債的已確認金額而作初步計量。

倘或僅倘或然代價能夠及可能可靠計量時，方確認或然代價。或然代價的隨後調整按收購成本確認。

分階段進行的業務合併將會分段入賬。商譽亦會分段釐定。任何額外收購均不會影響過往確認的商譽。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests (previously known as "minority interests") represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(l) or (m) depending on the nature of the liability.

2. 主要會計政策 (續)

d) 附屬公司及非控股權益

附屬公司指受本集團控制之實體。當本集團有權監管一間實體之財務及經營政策以便從其業務中取得利益時，即屬具有控制權。於評估控制權時，目前可行使之潛在投票權亦計算在內。

於附屬公司之投資將由控制權開始至控制權終止之期間計入綜合財務報表。集團內部往來之餘額與交易以及由集團內部交易產生之任何未變現溢利，均在編製綜合財務報表時全數抵銷。集團內部交易所產生之未變現虧損，其抵銷方法與以抵銷未變現收益之方法相同，但抵銷額只限於沒有證據顯示已出現減值之部份。

非控股權益（前稱「少數股東權益」）指並非本公司直接或間接應佔附屬公司之權益。就該等權益，本集團並未與該等權益持有人協定任何額外條款，使本集團整體就該等權益而負上符合金融負債定義之合約責任。就各業務合併而言，本集團可選擇按公平值或其佔附屬公司可識別資產淨值的比重計算任何非控股權益。

非控股權益在綜合財務狀況表內列入權益，但與本公司擁有人應佔權益分開列示。非控股權益於本集團業績中所佔之權益，在綜合全面收益表內以非控股權益與本公司擁有人各佔本年度損益總額之方式列示。非控股權益持有人之貸款及其他有關該等持有人之合約責任，於綜合財務狀況表根據附註2(l)或(m)（視乎負債性質而定）列為財務負債。

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財務報表附註

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Subsidiaries and non-controlling interests (Continued)

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(e)).

In the company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(h)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

e) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

2. 主要會計政策 (續)

d) 附屬公司及非控股權益 (續)

本集團於一間附屬公司之權益變動(並無導致失去控制權)列作權益交易,並對合併權益中的控股及非控股權益金額作出調整,以反映有關權益的變動,惟概無對商譽作出任何調整及並無確認任何損益。

倘本集團失去一間附屬公司的控制權,將列作出售其於該附屬公司的全部權益,因此產生的收益或虧損於損益中確認。於失去控制權當日仍保留於前附屬公司的任何權益乃按公平值確認,而該款項將視為於初步確認金融資產時(見附註2(e))之公平值。

在本公司財務狀況表中,附屬公司之投資以成本減任何減值虧損列賬(見附註2(h)),除非該投資被列為持作銷售(或計入分類為持作出售之出售組別)。

e) 其他股本證券投資

本集團及本公司之股本證券投資(除附屬公司投資外)政策如下:

股本證券投資初步按公平值(即其交易價格)列賬;但如可根據一項變數只包括可觀察市場數據之估值方法更可靠地估計出公平值則除外。成本包括應佔交易成本;惟下文所述者除外。此等投資其後因應所屬分類入賬如下:

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For the year ended 31 December 2010
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Other investments in equity securities (Continued)

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in the profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in the profit or loss. The net gain or loss recognised in the profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in note 2(r).

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(h)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in note 2(r) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with the policy set out in note 2(r). When these investments are derecognised or impaired, the cumulative gain or loss is reclassified from equity to profit or loss.

Investments in equity securities are recognised/derecognised on the date the Group and/or the Company commits to purchase/sell the investment or they expire.

2. 主要會計政策 (續)

e) 其他股本證券投資 (續)

持作貿易用途之證券投資被歸類為流動資產，任何應佔交易成本於產生時在損益表中確認。於各報告期末，會重新計算公平值，所得之盈虧於損益表中確認。在損益表中確認之盈虧淨額並不包括從此等投資賺取所得之任何股息或利息，因為有關股息或利息會按附註2(r)所載政策確認。

倘股本證券投資於活躍市場並無報價及其公平值無法準確計量，則該等投資在財務狀況表中以成本值減去耗損虧損確認入賬（見附註2(h)）。

不屬於以上任何類別之證券投資分類為可供出售股本證券。公平值於報告期末重新計量，由此產生之任何收益或虧損于全面收益中確認，並於權益中單獨累積。投資產生之股息收入根據附註2(r)所載政策於損益內確認，倘該等投資為計息，按實際利率法計算之利息乃根據附註2(r)所載之政策於損益內確認。倘不再確認該等投資或減值，累計收益或虧損將從損益重新確認至權益內。

本集團及／或本公司承諾購買／出售投資當日或投資到期確認／不再確認之股本證券投資。

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財務報表附註

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment loss (see note 2(h)).

Property under construction is carried at cost less impairment losses and includes all development expenditure and other direct costs attributable to such projects. They are not depreciated until completion of construction and the asset is ready for their intended use. Cost of completed construction work is transferred to the appropriate category of property, plant and equipment.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method, over their estimated useful lives as follows:

Buildings	Over the shorter of the term of the lease or 20 years
Furniture, fixtures and equipment	20% p.a.
Leasehold improvements	20% p.a.
Motor vehicles	20% p.a.
Plant and machineries	10% p.a.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2. 主要會計政策 (續)

f) 物業、廠房及設備

物業、廠房及設備概以成本減累積折舊及減值虧損於財務狀況表內列賬(見附註2(h))。

在建工程按成本減減值虧損計值，並計入所有發展開支及有關項目應佔之其他直接成本。彼等於建設完成及資產可用作其擬作用途後，方作出減值。建成工程成本轉移至物業、廠房及設備之適當類別。

物業、廠房及設備項目乃使用直線法按其估計可使用年期減彼等之估計剩餘價值(如有)以撇銷其成本值計算折舊如下：

樓宇	租期或二十年之較短者
傢俬、裝置及設備	20%每年
租賃物業裝修	20%每年
汽車	20%每年
廠房及機器	10%每年

當一項物業、廠房及設備之各部份有不同之可使用年期，此項目各部份之成本將按合理基礎分配，而每部份將作個別折舊。資產之可使用年期及其剩餘價值(倘適用)會每年進行檢討。

因報廢或出售物業、廠房及設備項目而產生之盈虧乃釐定為出售所得款項淨額與該項目之賬面值間之差額，並於報廢或出售之日於損益表內確認。

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For the year ended 31 December 2010
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

i) *Classification of assets leased to the Group*

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, except for land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, which is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

2. 主要會計政策 (續)

g) 租賃資產

如本集團能確定某項安排賦予有關人士權利，可透過付款或支付一系列款項而於協定期間內使用特定資產，有關安排（包括一項交易或一系列交易）即屬或包含租賃。本集團之結論乃基於有關安排之細節評估而作出，並不論有關安排是否具備租賃之法律形式。

i) 本集團租用之資產之分類

就本集團根據租賃持有之資產而言，如有關租賃把絕大部份擁有權之風險及利益轉移至本集團，則有關資產被分類為根據融資租賃持有之資產。不會轉移絕大部份擁有權之風險及利益予本集團之租賃乃分類為經營租賃；惟根據經營租賃持作自用之土地而言，如其公平值不能夠與訂立租賃時已建於其上之建築物之公平值分開計量，將當作根據融資租賃持有者入賬；惟如有關建築物亦是根據經營租賃確實持有則除外。就此而言，訂立租賃之時指本集團首次訂立租賃之時，或自前度承租人接收之時。

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財務報表附註

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Leased assets (Continued)

ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property, if any.

h) Impairment of assets

i) Impairment of investments in equity securities and other receivables

Investments in equity securities other than investments in subsidiaries (see note 2(d)) and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale financial assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;

2. 主要會計政策 (續)

g) 租賃資產 (續)

ii) 經營租賃支出

如屬本集團根據經營租賃使用所持資產之情況，則根據租賃作出之付款會在租賃期所涵蓋之會計期間內，以等額方式計入損益中；惟如有其他基準能更清楚地反映租賃資產所產生之收益模式則除外。已收取之租賃獎勵在損益中確認為總租賃付款淨額的一部份。或然租金計入損益於產生之會計期間。

根據經營租賃持有之土地之收購成本乃於租賃期內以直線法攤銷；惟如該物業被分類為投資物業（如有）則除外。

h) 資產減值

i) 股本證券投資及其他應收款項之減值

以成本或已攤銷成本列值或歸類為可供出售金融資產之股本證券投資（於附屬公司之投資除外（見附註2(d)）及其他流動及非流動應收款項，會在各報告期末作檢討以決定是否有客觀減值證據。客觀減值證據包括本集團注意到以下一項或多項虧損事項之可觀察數據：

- 債務人有重大財政困難；
- 違反合約，如逾期或拖欠償還利息或本金；

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財務報表附註

For the year ended 31 December 2010
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Impairment of assets (Continued)

i) *Impairment of investments in equity securities and other receivables (Continued)*

- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For unlisted equity securities carried at cost, impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

2. 主要會計政策 (續)

h) 資產減值 (續)

i) 股本證券投資及其他應收款項之減值 (續)

- 債務人可能破產或進行其他財務重組；
- 科技、市場、經濟或法律環境有重大改變，並對債務人有不利影響；及
- 股本工具投資之公平值大幅或長期下跌至低於其成本值。

若有任何上述證據存在，將按以下方式釐定及確認減值虧損：

- 就按成本值列賬之非上市股本證券而言，如貼現之影響屬重大，減值虧損以金融資產之賬面值與以同類金融資產當時之市場回報率貼現之預計未來現金流量間之差額計量。按成本值列賬之股本證券之減值虧損不可撥回。

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For the year ended 31 December 2010
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Impairment of assets (Continued)

i) *Impairment of investments in equity securities and other receivables (Continued)*

- For trade receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decrease and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

2. 主要會計政策 (續)

h) 資產減值 (續)

i) 股本證券投資及其他應收款項之減值 (續)

- 就按已攤銷成本列賬之貿易應收賬款及其他金融資產而言，如貼現之影響屬重大，減值虧損以資產之賬面值與以金融資產原有實際利率（即在初步確認有關資產時計算之實際利率）貼現預計未來現金流量現值間之差額計量。倘按已攤銷成本列賬之金融資產具備類似之風險特徵，例如類似之逾期情況及並未單獨被評估為減值，則有關之評估會同時進行。金融資產之未來現金流量會根據與該組被評估資產具有類似信貸風險特徵之資產之過往虧損情況一同減值。

如減值虧損於往後期間減少，且客觀上與減值虧損確認後發生之事件有關，則於損益撥回減值虧損。減值虧損撥回後資產之賬面值不能超逾倘其在過往年度並無確認任何減值虧損而應已釐定之數額。

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財務報表附註

For the year ended 31 December 2010
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Impairment of assets (Continued)

i) *Impairment of investments in equity securities and other receivables (Continued)*

- For available-for-sale financial assets, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale financial assets are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in other comprehensive income.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2. 主要會計政策 (續)

h) 資產減值 (續)

i) *股本證券投資及其他應收款項之減值 (續)*

- 就可供出售金融資產而言，於公平值儲備確認之累計虧損獲重新歸類為損益。於損益確認之累計虧損乃收購成本（扣除任何本金還款及攤銷）與即期公平值之間之差額，減去該資產先前於損益確認之減值虧損。

可供出售金融資產於損益確認之減值虧損不會透過損益轉回。此等資產之公平值其後之任何增額會直接在其他全面收益中確認。

減值虧損直接撇銷相應資產，惟應收貿易及其他款項之減值虧損除外，因其可收回性被視為可疑但並非微乎其微。在此情況下，呆壞賬之減值虧損以撥備賬記錄。除此之外，就其他資產確認之減值虧損應直接撇銷相應之資產。倘本集團確認能收回貿易應收賬款之機會微乎其微，則被視為不可收回之金額會直接撇銷貿易應收賬款，而在撥備賬中就該債務保留之任何金額會被撥回。倘之前計入撥備賬之款項在其後收回，則有關款項於撥備賬撥回。撥備賬之其他變動及其後收回先前直接撇銷之款項均於損益內確認。

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財務報表附註

For the year ended 31 December 2010
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Impairment of assets (Continued)

ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (other than properties carried at revalued amounts, if any);
- investments in subsidiaries; and
- prepaid lease payment.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

2. 主要會計政策 (續)

h) 資產減值 (續)

ii) 其他資產減值

於各報告期末，內部及外部資料會予檢討，以識別有否跡象顯示以下資產已出現減值，或之前已確認之減值是否已不存在或減少：

- 物業、廠房及設備(按重估金額列賬之物業除外)(如有)；
- 於附屬公司之投資；及
- 預付租賃款項。

倘若存在任何有關跡象，則會估計資產之可收回金額。

- 計算可收回金額

資產之可收回金額以其公平值減銷售成本和使用價值兩者中之較高數額為準。於評估使用價值時，估計未來現金流量乃以能反映現時市場評估資金時間值及資產特定風險之稅前貼現率貼現至其現值。倘資產不可在大致上獨立於其他資產之情況下產生現金流量，則可收回價值以能獨立地產生現金流量之最小組別資產(即現金產生單位)計算。

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財務報表附註

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Impairment of assets (Continued)

ii) Impairment of other assets (Continued)

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. 主要會計政策 (續)

h) 資產減值 (續)

ii) 其他資產減值 (續)

– 確認減值虧損

倘資產或其所屬之現金產生單位之賬面值超過其可收回金額，則於損益內確認減值虧損。就現金產生單位確認之減值虧損，首先會分配予減少現金產生單位（或一組單位）所獲分配之任何商譽賬面值，其後再按比例減少單位（或一組單位）其他資產之賬面值，惟資產賬面值不會減少至低於其本身之公平值減銷售成本或使用價值（若能釐定）。

– 撥回減值虧損

倘用以釐定可收回數額之估計出現有利轉變，則撥回減值虧損。

撥回減值虧損僅限於倘過往年度並未確認減值虧損而釐定之資產之賬面值。撥回減值虧損乃於確認撥回之年度計入損益。

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財務報表附註

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Impairment of assets (Continued)

iii) *Interim financial reporting and impairment*

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year.

Impairment losses recognised in an interim period in respect of available-for-sale financial asset and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale financial asset increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

i) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is calculated using the weighted-average cost formula and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

2. 主要會計政策 (續)

h) 資產減值 (續)

iii) 中期財務報告及減值

根據上市規則，本集團須遵照香港會計準則第34號「中期財務報告」編製有關財政年度首六個月之中期財務報告。於中期期末，本集團採用與本財政年度末相同之減值測試、確認及撥回標準。

按成本列賬之商譽及可供出售金融資產及未上市股本證券於中期確認之減值虧損不會於往後期間撥回。即使在該中期所屬之財政年度末評估減值並確認沒有虧損，或虧損屬輕微，亦不會撥回減值虧損。因此，倘可供出售金融資產公平值於剩餘會計期間或隨後任何期間增加，增幅於其他全面收入而非損益內確認。

i) 存貨

存貨按成本或可變現淨值兩者之較低者列賬。成本以加權平均成本方程式計算，包括使存貨達致目前地點及狀況而產生之購買成本、兌換成本及其他成本。

可變現淨值乃按日常業務過程中之估計售價減完成之估計成本及進行銷售所需之估計成本計算。

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For the year ended 31 December 2010
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

j) Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design.

The accounting policy for contract revenue is set out in note 2(r). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the end of reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the end of the reporting period are recorded at the net amount of costs incurred plus recognised profits less recognised losses and progress billings, and are presented in the statement of financial position as the "Amount due from customers for contract work" (as an asset) or the "Amounts due to customers for contract work" (as a liability), as applicable. Progress billings not yet paid by the customer are included under "Trade and other receivables". Amounts received before the related work is performed are presented as "Deposits received and receipts in advance".

2. 主要會計政策 (續)

i) 存貨 (續)

所出售存貨的賬面金額在相關收入獲確認的期間內列為支出。存貨金額撇減至可變現淨值及存貨的所有虧損，均在出現減值或虧損的期間內列為支出。存貨的任何減值逆轉之數在出現逆轉期間內確認為已確認存貨金額之減少。

j) 建造合約

倘客戶能夠指定設計的主要結構性元素，建造合約為與客戶就建造資產或一組資產而特別磋商的合約。

合約收入之會計政策載列於附註2(r)。倘能夠可靠地估計建造合約之成果，則合約成本會參照報告期末之合約完成程度確認為支出。如合約總成本有可能超過合約總收入，便會即時將預期虧損確認為支出。倘不能可靠地估計工程合約之成果，則合約成本於產生期間確認為支出。

於報告期末尚在進行之工程合約，按已產生之成本加上已確認之盈利，再減去已確認之虧損及按進度開列之款項入賬，並於財務狀況表中呈列為「應收客戶合約工程款項」(作為資產)或「應付客戶合約工程款項」(作為負債)(視何者適用)。客戶尚未支付之進度款項在「應收貿易及其他款項」入賬。相關工程進行前之已收取款項在「已收按金及預收款」。

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財務報表附註

For the year ended 31 December 2010
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 2(h)).

l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, using the effective interest method.

m) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

2. 主要會計政策 (續)

k) 貿易及其他應收款項

貿易及其他應收款項初步按公平值確認，其後則按已攤銷成本減呆賬減值撥備列賬，惟應收款項為免息、無固定償還期限或折現時並無重大影響之關連人士貸款則除外。在該等情況下，應收款項按成本減呆賬減值虧損撥備列賬（見附註2(h)）。

l) 計息借貸

計息借貸初步按公平值減應佔交易成本確認。初始確認後，計息借貸以攤銷成本列賬，而首次確認金額與贖回價值間之任何差額，按實際利息法在借貸期間於損益內確認。

m) 貿易及其他應付款項

應付貿易及其他應付款項均於初期按公平值確認，其後按攤銷成本列賬，惟倘若貼現之影響並不重大，則按成本列賬。

n) 現金及等同現金項目

現金及等同現金項目包括銀行及手頭現金，銀行及其他金融機構之活期存款，以及可隨時轉換為已知數額現金，並於購入時起計三個月內到期且幾乎不受價值變動風險所影響之短期高度流通投資項目。就綜合現金流量表而言，須應要求償還且構成本集團現金管理中組成部份之銀行透支亦已作為現金及等同現金項目計算在內。

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財務報表附註

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Employee benefits

i) *Short-term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

ii) *Share-based payments*

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

2. 主要會計政策 (續)

o) 僱員福利

i) 短期僱員福利及定額供款退休計劃供款

薪金、年度花紅、有薪年假、界定供款退休計劃供款及非貨幣福利成本，乃於僱員提供有關服務之年度計算。倘款項支付或清付遞延處理且其影響屬重大，則該等金額將以其現值列賬。

ii) 股份基礎付款

授予僱員之購股權公平值會確認為僱員成本，並會相應增加權益內之股本儲備。公平值於授出當日採用二項式期權定價模式釐定，並會考慮購股權之授出條款及條件。倘僱員須於無條件獲授購股權前達成歸屬條件，則購股權之估計公平總值會在歸屬期內攤分，並會考慮購股權歸屬的可能性。

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財務報表附註

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Employee benefits (Continued)

ii) Share-based payments (Continued)

During the vesting period, the number of share options expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detail formal plan which is without realistic possibility of withdrawal.

2. 主要會計政策 (續)

o) 僱員福利 (續)

ii) 股份基礎付款 (續)

於歸屬期內會審核預期歸屬之購股權數目。於過去年度確認之累計公平值而產生之任何調整，乃於審核年度於損益扣除／計入，惟合資格確認為資產之原本僱員開支則除外，並對購股權儲備作相應調整。於歸屬日，確認為開支之款額會予以調整，以反映歸屬購股權之實際數目（並對購股權儲備作相應調整），惟因並無達致與本公司股份市值相關之歸屬條件才沒收之購股權除外。權益款額乃於購股權儲備內確認，直至購股權獲行使（當其轉撥至股份溢價賬）或購股權到期（直接撥入保留溢利時）為止。

iii) 離職福利

離職福利只會在本集團有正式的具體辭退計劃且沒有撤回該計劃的實質可能性，並且明確表示會終止僱用或於自願遣散而提供福利時才確認。

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截至二零一零年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Income Tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

2. 主要會計政策（續）

p) 所得稅

本年度所得稅包括即期稅項及遞延稅項資產及負債之變動。即期稅項及遞延稅項資產及負債之變動均在損益內確認，惟彼等有關於其他全面收益或權益確認之項目除外，在該等情況下，有關稅項分別於其他全面收益確認或於權益直接確認。

即期稅項乃按年內應課稅收入根據在各報告期末已執行或實質上已執行之稅率計算之預期應付稅項，加上過往年度應付稅項之任何調整。

遞延稅項資產及負債分別由可扣稅及應課稅暫時差異產生，即資產及負債就財務呈報之賬面值與其課稅基礎值之差異。遞延資產亦可由未動用稅項虧損及未動用稅項抵免產生。

除若干有限之例外情況外，所有遞延稅項負債和遞延稅項資產（以未來可能有應課稅溢利可予抵銷之資產為限）均予以確認。支持確認由可抵扣暫時差異所產生之遞延稅項資產之未來應課稅溢利包括因撥回目前存在之應課稅暫時差異而產生之數額；但此等撥回之差異必須與同一稅務機關及同一應課稅實體有關，並預期在可抵扣暫時差異預計撥回之同一期間或遞延稅項資產所產生可抵扣虧損可向後期或向前期結轉之期間內撥回。在決定目前存在之應課稅暫時差異是否足以支持確認由未動用稅項虧損和稅項抵免所產生之遞延稅項資產時，亦會採用同一準則，即差異是否與同一稅務機關及同一應課稅實體有關，並是否預期在能夠使用未動用稅項虧損和稅項抵免撥回之同一期間內撥回。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Income Tax (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

2. 主要會計政策 (續)

p) 所得稅 (續)

該等確認遞延稅項資產及負債之有限例外情況，包括首次確認但並不影響會計溢利及應課稅溢利之資產或負債（惟其不可為企業合併之部份）、以及有關於附屬公司投資所引致之暫時差異（如為應課稅差異，只限於本集團可控制回撥之時間，並且不大可能在可見未來回撥之差異；或如為可予扣減差異，則只限於可能在未來回撥之差異）。

已確認之遞延稅項數額乃按照資產及負債賬面值之預期變現或清償方式，以於報告期末實施或實際上已實施之稅率計算。遞延稅項資產及負債均無作折現計算。

遞延稅項資產之賬面值會在各報告期末予以審閱，若日後不再可能有足夠應課稅溢利用以抵扣相關稅項利益，則扣減遞延稅項資產賬面值。若日後可能有足夠應課稅溢利用以抵扣，則撥回所扣減之數額。

股息分派產生之額外所得稅於支付相關股息之負債獲確認時予以確認。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Income Tax (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. 主要會計政策 (續)

p) 所得稅 (續)

即期和遞延稅項結餘及其變動額將各自列示，並不予抵銷。即期及遞延稅項資產只會在本公司或本集團有合法可強制執行權利以即期所得稅項資產抵銷即期所得稅項負債時，並且符合以下附帶條件之情況下，方可分別抵銷即期及遞延稅項負債：

- 即期稅項資產及負債：本公司或本集團計劃按淨額基準結算，或同時變現該資產及清償該負債；或
- 遞延稅項資產和負債：此等資產及負債必須與同一稅務機關就以下其中一項徵收之所得稅有關：
 - 同一應課稅實體；或
 - 不同之應課稅實體，該等實體預期在日後每個預計有大額遞延稅項負債需要清償或大額遞延稅項資產可以收回之期間內，按淨額基準實現即期稅項資產及清償即期稅項負債，或同時變現該資產及清償該負債。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Provision and contingencies liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

r) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sales of goods

Revenue is recognised when goods are delivered and the risks and rewards of ownership have been transferred. Revenue from sales of goods excludes value added tax or other sales taxes and is after deduction of any trade discount and returns.

2. 主要會計政策 (續)

q) 撥備及或然負債

當本集團或本公司因過往事件而須負上法定或推定責任，而履行該責任很可能導致經濟效益流出及能夠就此作出可靠估計時，方為未確定時間或金額之其他負債確認撥備。當數額涉及重大之時間價值時，則會按預期用以履行責任之開支之現值作出撥備。

倘不一定需要流出經濟效益履行責任或未能可靠估計金額，則該等責任將作為或然負債予以披露，惟出現經濟效益流出之可能性極微則除外。可能出現之責任（僅於一項或多項未來事件發生或不發生之情況下確定其是否存在）亦作為或然負債予以披露，惟出現經濟效益流出之可能性極微則除外。

r) 收益確認

收入按已收或應收代價之公平值列賬。倘其可能為流向本集團之經濟利益，且收入及成本（倘合適）能夠可靠計量，則收入於損益確認如下：

(i) 貨品銷售

收入乃於交付貨品及其所有權風險及回報已移交時確認。銷售商品收入不包括增值稅或其他銷售稅，並經扣除任何貿易折扣及回報。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Revenue recognition (Continued)

(ii) Contract revenue

When the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

(iii) Render of services

Revenue from professional services is recognised when the services are rendered.

(iv) Interest income

Interest income 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 estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(v) Dividends

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

2. 主要會計政策 (續)

r) 收益確認 (續)

(ii) 合約收益

當建造合約的結果可以可靠地估計，則固定造價合約的收益根據完工百分比法確認，其參照迄今已發生的合約成本佔合約預計總成本的百分比計量。

倘建造合約之結果不能被可靠估計，則只有已產生合約成本可收回時才能確認收入。

(iii) 提供服務

專業服務所得收益乃於提供服務時確認。

(iv) 利息收入

利息收入乃按時間基準，參考未償還本金及適用之實際利率計算，該利率為確實地將金融資產之預計年期內之估計未來現金收入貼現至該資產於初步確認之賬面淨值之貼現率。

(v) 股息

未上市投資所得股息收入乃於建立可收取有關款項之股東權利後予以確認。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is different from the Company's functional currency of Hong Kong dollar ("HK\$") as a majority of the Group's transactions are denominated in RMB.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised directly in other comprehensive income.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into RMB at the average exchange rates for the period, unless the exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Statement of financial position items are translated into RMB at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

2. 主要會計政策 (續)

s) 外幣

本集團旗下各實體之財務報表所列項目均以該實體經營所在主要經濟環境之通行貨幣(「功能貨幣」)計量。綜合財務報表以人民幣(「人民幣」)與本公司之功能貨幣港幣(「港幣」)不同)呈列。

於本年度之外幣交易均按交易當日之適用匯率換算。以外幣計值之貨幣資產及負債則按各報告期末之外幣匯率換算。匯兌盈虧則於損益中確認，惟用於對沖海外業務淨投資之外幣借款所產生之匯兌盈虧，則在其他全面收益中直接確認。

以歷史成本計量之外幣非貨幣資產及負債，按交易日之匯率換算。以公平值列賬而以外幣計值之非貨幣資產及負債，按釐定公平值當日之外幣匯率進行換算。

海外業務之業績使用期內之平均匯率換算成人民幣金額，除非期內匯率大幅波動，於此情況下，則採用交易當日之匯率。財務狀況表項目按各報告期末之匯率換算為人民幣金額。所產生之匯兌差異於其他全面收入確認及個別累計於換算儲備權益。

於出售海外業務時，倘出售之損益確認，與海外業務有關之匯兌差異之累計金額從權益中重新分類為損益。

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財務報表附註

For the year ended 31 December 2010

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an assets which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

u) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

- i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- ii) the Group and the party are subject to common control;
- iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;
- iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

2. 主要會計政策 (續)

t) 借貸成本

購買、建造或生產就其擬作用途或銷售而需要相當長時間的資產所直接涉及之借貸成本列作該等資產成本之一部份。其他借貸成本於產生期間確認為開支。

倘資產招致開支、產生借貸成本及正進行就其擬作用途或銷售而須準備資產的活動，則借貸成本開始資本化成合資格資產成本之一部份。倘就其擬作用途或銷售而須準備合資格資產的大部分活動中斷或完成，則借貸成本暫停或終止資本化。

u) 關連人士

就本財務報表而言，有關人士被認為是本集團之關連人士，倘：

- i) 該人士有能力透過一家或多家中介機構，直接或間接控制本集團或可對其財務及經營決策發揮重大影響（反之亦然），或可共同控制本集團；
- ii) 本集團及該人士均受共同控制；
- iii) 該人士為本集團之聯繫人士或本集團為合營方之合營公司；
- iv) 該人士為本集團或本集團母公司主要管理人員之成員，或有關人士之近親家族成員，或為受有關人士控制、共同控制或重大影響之實體；

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2010
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

u) Related parties (Continued)

- v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

v) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's Chief Executive Officer, who is the chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical location.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the type or class of customers, the methods used to provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2. 主要會計政策 (續)

u) 關連人士 (續)

- v) 該人士為於第(i)段所述人士之近親家族成員或為受有關人士控制、共同控制或重大影響之實體；或
- vi) 該人士為就本集團僱員或屬於本集團關連方之任何實體之僱員利益而設之離職後福利計劃。

有關人士之近親家族成員為預期於買賣實體時將影響該人士或受該人士影響之該等家族成員。

v) 分部報告

於綜合財務報表之營運分部及各分部項目之金額乃自財務資料中確認，並定期向本集團之首席營運決策人行政總裁提供以分配資源及評估本集團各業務類別之表現及地域位置。

就財務報告而言，除非分部具備相似的經濟特徵與產品及服務性質、生產工序性質、客戶類型或類別、用作分配產品或提供服務之方法及監管環境之性質方面相似，否則各個重大營運分部不會進行合算。個別非重大之營運分部，倘符合上述大部份標準，則可進行合算。

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財務報表附註

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

The HKICPA has issued a number of HKASs, HKFRSs, amendments and interpretations (“HK(IFRIC) – Int”) (hereinafter collectively referred to as the “New HKFRSs”) which are effective for the financial year beginning on 1 January 2010. For the purposes of preparing and presenting these financial statements for the year ended 31 December 2010, the Group has adopted the following New HKFRSs that are mandatory for the first time for the financial period beginning on 1 January 2010:

HKAS 27 (Revised 2008)	Consolidated and separate financial statements
HKAS 39 (Amendments)	Financial instruments: Recognition and measurement – Eligible hedged items
HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (Revised 2008)	Business combinations
HK(IFRIC) Int 17	Distributions of non-cash assets to owners
HK(Int) 5	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of improvements to HKFRSs issued in 2008

3. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）

香港會計師公會（「香港會計師公會」）已頒佈多項香港會計準則、香港財務報告準則、修訂及詮釋（「香港（國際財務報告詮釋委員會）詮釋」）（下文統稱為「新訂香港財務報告準則」），於二零一零年一月一日開始之財政年度生效。就編製及呈列截至二零一零年十二月三十一日止年度之該等財務報表而言，本集團已採納須於二零一零年一月一日開始之財政年度首次採納之以下有關新訂香港財務報告準則：

香港會計準則第27號 (二零零八年經修訂)	綜合及獨立財務報表
香港會計準則第39號 (修訂本)	金融工具：確認及計量 – 合資格對沖項目
香港財務報告準則第2號 (修訂本)	集團以現金結算以股份為基礎之付款交易
香港財務報告準則第3號 (二零零八年經修訂)	業務合併
香港（國際財務報告詮釋委員會）– 詮釋第17號	向擁有人分派非現金資產
香港詮釋第5號	財務報表呈列 – 借入人對包含可隨時要求償還條款的定期貸款的分類
香港財務報告準則 (修訂本)	對二零零九年頒佈的香港財務報告準則的改進
香港財務報告準則 (修訂本)	香港財務報告準則第5號的修訂本，作為二零零八年頒佈的香港財務報告準則的改進一部分

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

The application of these new and revised Standards and Interpretations has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

The Group has not early applied any of the following new and revised standards, amendments or interpretations which have been issued but are not yet effective for the current accounting period:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 ¹
HKAS 12 (Amendments)	Deferred tax: Recovery of Underlying Assets ²
HKAS 24 (Revised)	Related Party Disclosures ³
HKAS 32 (Amendments)	Classification of Rights Issues ⁴
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets ⁷
HKFRS 9	Financial Instruments ⁶
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement ³
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ⁵

- ¹ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
- ² Effective for annual periods beginning on or after 1 January 2012
- ³ Effective for annual periods beginning on or after 1 January 2011
- ⁴ Effective for annual periods beginning on or after 1 February 2010
- ⁵ Effective for annual periods beginning on or after 1 July 2010
- ⁶ Effective for annual periods beginning on or after 1 January 2013
- ⁷ Effective for annual periods beginning on or after 1 July 2011

3. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

應用該等新訂及經修訂準則及詮釋對現時或過往年度呈報之金額並無任何重大影響，惟可能影響日後交易或安排之會計處理。

本集團並未提早應用下列已頒佈但於本會計期間尚未生效之新訂及經修訂準則、修訂或詮釋：

香港財務報告準則（修訂本）	對二零一零年頒佈的香港財務報告準則的改進 ¹
香港會計準則第12號（修訂本）	遞延稅項：收回相關資產 ²
香港會計準則第24號（經修訂）	關連人士披露 ³
香港會計準則第32號（修訂本）	供股分類 ⁴
香港財務報告準則第7號（修訂本）	披露－轉讓金融資產 ⁷
香港財務報告準則第9號	金融工具 ⁶
香港（國際財務報告詮釋委員會）－詮釋第14號（修訂本）	預付最低資金規定 ³
香港（國際財務報告詮釋委員會）－詮釋第19號	以股本工具抵銷金融負債 ⁵

- ¹ 於二零一零年七月一日及二零一一年一月一日或之後開始之年度期間生效（倘合適）
- ² 於二零一二年一月一日或之後開始之年度期間生效
- ³ 於二零一一年一月一日或之後開始之年度期間生效
- ⁴ 於二零一零年二月一日或之後開始之年度期間生效
- ⁵ 於二零一零年七月一日或之後開始之年度期間生效
- ⁶ 於二零一三年一月一日或之後開始之年度期間生效
- ⁷ 於二零一一年七月一日或之後開始之年度期間生效

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

While the adoption of those changes will result in changes in the accounting policy, the changes are unlikely to have any significant impact on the Group. Further information about those changes that are expected to have a significant impact on the Group's policies is as follows:

HKFRS 9 Financial instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial instruments: Recognition and measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.
- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

3. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

儘管採納該等變動將導致會計政策變動，變動不大可能對本集團造成任何重大影響。預期將對本集團政策造成重大影響的該等變動的相關資料如下：

於二零零九年十一月頒佈及於二零一零年十月作出修訂的香港財務報告準則第9號金融工具就金融資產及金融負債的分類及計量及終止確認引入新規定。

- 香港財務報告準則第9號規定所有符合香港會計準則第39號金融工具：確認及計量範疇之所有已確認金融資產隨後將按攤銷成本或公平值計量。具體而言，於隨後會計期間末根據業務模式以收取合約現金流量為目的所持有，及僅為支付本金及未償還本金之利息而產生合約現金流量之債務投資一般按攤銷成本計量。於隨後會計期間末，所有其他債務投資及股本投資乃按公平值計量。
- 就金融負債之分類及計量而言，香港財務報告準則第9號最重大影響乃有關金融負債信貸風險變動應佔該負債（指定為按公平值計入損益）公平值變動之會計處理方法。特別是根據香港財務報告準則第9號，就指定為按公平值計入損益之金融負債而言，該負債信貸風險變動應佔之金融負債公平值變動金額於其他綜合收益確認，除非在其他綜合收益確認負債之信貸風險變動影響會導致或擴大損益上之會計錯配。金融負債信貸風險應佔之公平值變動其後不會重新分類至損益。過往，根據香港會計準則第39號，指定為按公平值計入損益之金融負債公平值變動全部金額於損益確認。

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

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard will have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government. The Group expects to adopt HKAS 24 (Revised) from 1 January 2011 and the comparative related party disclosures will be amended accordingly.

4. TURNOVER, OTHER REVENUE AND OTHER NET (LOSS)/INCOME

Turnover

Turnover represents the net amounts received and receivable for goods sold and rendering of services by the Group

營業額

營業額指因本集團銷售產品及提供服務而產生之已收款項及應收款項淨額

Sales of EP products and equipment
Revenue from EP construction engineering projects
Revenue from EP related professional services

環保產品及設備之銷售
來自環保建設工程之收入
來自環保相關專業服務之收入

3. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

香港財務報告準則第9號於二零一三年一月一日或之後開始的年度期間生效，准予提早應用。

董事預期，香港財務報告準則第9號將於二零一三年一月一日開始的年度期間在本集團綜合財務報表內採納，採納新訂準則將對就本集團的金融資產及金融負債所呈報的金額造成重大影響。然而，直至詳細審閱完成為止，提供該影響的合理估計並不可行。

香港會計準則第24號（經修訂）闡明及簡化關連人士的定義。該經修訂準則亦為政府相關實體與同一政府或由同一政府控制、共同控制或受同一政府重大影響的實體的交易，提供關連人士披露的部分豁免。本集團預期自二零一一年一月一日起採納香港會計準則第24號（經修訂），而關連人士披露的比較資料亦將作相應修訂。

4. 營業額、其他收入及其他淨（虧損）／收入

2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
627,897	421,521
13,114	179,386
5,697	8,065
646,708	608,972

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財務報表附註

For the year ended 31 December 2010
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4. TURNOVER, OTHER REVENUE AND OTHER NET (LOSS)/INCOME (Continued)

4. 營業額、其他收入及其他淨(虧損)/收入(續)

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Other revenue	其他收入		
Interest income on bank deposits	銀行存款利息收入	3,738	4,466
Total interest income on financial assets not at fair value through profit or loss	透過損益非按公平值列賬之金融資產之利息收入總額	3,738	4,466
Bad debts recovery	壞賬收回	-	2,229
Dividend income from available-for-sale financial asset	可供出售金融資產之利息收入	-	5,176
Reversal of impairment loss on trade receivables	應收貿易款項減值虧損撥回	-	100
Sundry income	雜項收入	31	57
		3,769	12,028
Other net (loss)/income	其他淨(虧損)/收入		
Gain on disposal of subsidiaries	出售附屬公司之收益	-	1,120
Gain on disposal of property, plant and equipment	出售物業、廠房及設備之收益	-	47
Net exchange (loss)/gain	匯兌(虧損)/收益淨額	(1,415)	8,460
		(1,415)	9,627

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5. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging the following:

5. 除稅前溢利

除稅前溢利已扣除下列各項：

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
a) Finance costs:	a) 融資成本：		
Interest on bank advances wholly repayable within one year	須於一年內全數償還之銀行貸款之利息	367	4,080
Total interest expenses on financial liabilities not at fair value through profit or loss	透過損益非按公平值列賬之金融負債之利息開支總額	367	4,080
b) Staff costs (including directors' emoluments) (Note):	b) 員工成本（包括董事酬金）（附註）：		
– Contributions to defined contribution retirement plans (Note 7)	– 界定供款退休計劃供款（附註7）	947	1,053
– Equity-settled share-based payment expenses	– 股本結算股份付款開支	–	5,121
– Salaries, wages and other benefits	– 工資，薪金及其他福利	10,416	11,154
		11,363	17,328

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5. PROFIT BEFORE TAXATION (Continued)

5. 除稅前溢利 (續)

c) Other items:
Amortisation of prepaid lease payment
Auditor's remuneration
– audit service
– other service
Cost of inventories (Note)
Depreciation (Note)
Impairment loss on trade receivables
Operating lease charges
– properties rental

c) 其他項目：
預付租賃款項之攤銷
核數師酬金
– 審計服務
– 其他服務
存貨成本 (附註)
折舊 (附註)
應收貿易款項之減值虧損
經營租賃費用
– 物業租金

2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
169	168
1,191	857
410	388
483,942	313,105
5,417	5,300
94	322
1,030	1,019

Note:

Cost of inventories includes RMB3,750,000 (2009: RMB4,066,000) relating to staff costs and depreciation, which amount is also included in the respective total amounts disclosed separately above.

附註：

存貨成本包括人民幣3,750,000元 (二零零九年：人民幣4,066,000元) 有關員工成本及折舊的金額，該等金額亦已分別計入上述各自披露的總金額。

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6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

- a) Taxation in the consolidated statement of comprehensive income represents:

Current Tax	即期稅項
PRC enterprise income tax	中國企業所得稅
– current year	– 本年度
Deferred Tax	遞延稅項
Origination of temporary differences	暫時性差異產生
(note 27(b))	(附註27(b))

- i) The Company and its subsidiaries established in the British Virgin Islands are not subject to income tax.
- ii) An uniform enterprise income tax of 25% became generally applicable to all domestic and foreign investment enterprises established in the PRC, subject to certain exceptions or exemptions with effect from 1 January 2008.
- iii) No provision for Hong Kong profits tax has been made for the years ended 31 December 2009 and 2010 as the Group's income neither arises in, nor is derived from Hong Kong.

6. 於綜合全面收益表之所得稅

- a) 於綜合全面收益表之稅項指：

2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
31,147	37,385
4,852	–
35,999	37,385

- i) 本公司及其於英屬處女群島成立之附屬公司毋須繳付所得稅。
- ii) 自二零零八年一月一日起，於中國成立之所有國內及外商投資企業普遍採用25%之劃一企業所得稅稅率，惟若干例外或豁免除外。
- iii) 由於本集團收入並非於香港產生，亦非來自香港，故截至二零零九年及二零一零年十二月三十一日止年度本集團並無就香港利得稅作出撥備。

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財務報表附註

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6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

b) Reconciliation between tax expenses and accounting profit at applicable tax rates:

6. 於綜合全面收益表之所得稅 (續)

b) 按適用稅率計算之稅項支出與會計溢利之對賬如下：

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Profit before taxation	除稅前溢利	110,654	125,143
Notional tax on profit before taxation calculated at rates applicable to profits in the jurisdictions concerned	按適用於在有關司法權區產生溢利之稅率計算除稅前溢利之名義稅項	28,055	32,878
Tax effect of non-taxable income	毋須課稅收入之稅務影響	(4,892)	(2,097)
Tax effect of non-deductible expenses	不可扣稅開支之稅務影響	5,547	3,565
Tax effect of unrecognised temporary difference	未確認暫時差異之稅務影響	9	13
Tax effect of unused tax losses not recognised	未確認尚未動用稅項虧損之稅務影響	2,755	3,896
Tax effect of utilisation of unused tax losses not recognised in prior year	動用往年未確認尚未動用稅項之稅務影響	(327)	(870)
Tax effect of withholding tax at 10% on distributable profits of the PRC subsidiaries	中國附屬公司可分派溢利按10%稅率繳納預提稅的稅務影響	4,852	—
Income tax expenses	所得稅支出	35,999	37,385

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7. RETIREMENT BENEFITS COSTS

Defined contribution retirement plan

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance and Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan managed by independent trustees. Under the MPF Scheme, each of the Group (the employer) and its employees makes monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Ordinance. The contributions from each of the employer and employees are subject to a cap of HK\$1,000 per month and thereafter contributions are voluntary. Contributions to the plan vest immediately.

The employees of the Group's subsidiaries in the PRC are members of a state-sponsored retirement plan operated by the local government in the PRC and these subsidiaries make mandatory contributions to the state-sponsored retirement plan to fund the employees retirement benefits. The retirement contributions paid by the PRC subsidiaries are based on a certain percentage of the relevant portion of the payroll of all qualifying employees in accordance with the relevant regulations in the PRC and are charged to the profit or loss as incurred. The Group discharges its retirement obligations upon payment of the retirement contributions to the state-sponsored retirement plan operated by the local government in the PRC.

A new law of the PRC on employment contracts (the "Employment Contract Law") was adopted by the Standing Committee of the National People's Congress of the PRC in 2008 and became effective on 1 January 2008. Compliance with the requirements under the new law, in particular, the requirement of severance payment and non-fixed term employment contracts, may increase the staff costs of the Group.

7. 退休福利成本

定額供款退休計劃

根據香港僱傭條例及香港強制性公積金計劃條例規定，本集團已安排其香港僱員參與強制性公積金計劃（「強積金計劃」）。強積金計劃乃由獨立受託人管理之定額供款退休計劃。根據強積金計劃，本集團（作為僱主）及其僱員須每月各自按僱員薪金（定義見強制性公積金條例）之5%向該計劃作出供款。僱主及僱員每月各自之供款以1,000港元為上限，另可自願額外供款。對該計劃之供款即時歸屬。

本集團於中國附屬公司之僱員均參與中國當地政府運作之退休福利計劃，該等附屬公司向該項國家資助之退休福利計劃強制性供款以為僱員之退休福利提供資金。該等中國附屬公司之退休金供款乃基於所有合資格僱員薪酬之特定百分比，及根據中國之有關規定，並按照所發生之金額計入損益表。本集團在向由中國地方政府運作並由國家資助之退休金計劃供款之後即為履行其於僱員退休福利方面之責任。

中國新勞動合同法（「勞動合同法」）於二零零八年獲全國人民代表大會常務委員會採納並自二零零八年一月一日開始生效。遵守新法律之規定，特別是遣散費及非固定期限勞動合同之規定可能會增加本集團之員工成本。

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7. RETIREMENT BENEFITS COSTS (Continued)

Pursuant to the new Employment Contract Law, the PRC subsidiaries are required to enter into non-fixed term employment contract with employees who have worked for more than 10 years or with whom a fixed term employment has been concluded for 2 consecutive terms. The employer is required to make a severance payment to the employee when the term of the employment contract expires unless the employee voluntarily terminates the contract or voluntarily rejects the offer to renew the contract in which case the terms are no worse off than the terms of other employment contracts available to him/her. The severance payment will be equal to the monthly wages times the number of full years that the employee has been working for the employer. The minimum wages requirement has also been imposed. Fines will be imposed for any breach of the Employment Contract Law.

The Group has no other material obligation for the payment of retirement benefits associated with the schemes beyond the contributions described above.

The contributions paid which have been dealt with in the profit or loss of the Group for the years ended 31 December 2009 and 2010 are as follows:

Contributions paid

已支付供款

7. 退休福利成本 (續)

根據新勞動合同法，中國附屬公司須與已工作10年以上或已經連續兩次訂立固定期限勞動合同之僱員訂立無固定期限勞動合同。法律規定當勞動合同期限到期時僱主須向僱員支付遣散費，除非僱員自願終止合同或自願拒絕續簽條款不遜於其可獲得之其他勞動合同條款之合同。遣散費之支付將相等於該僱員每月工資乘以該僱員已為僱主工作的年限。此外還實施最低工資規定。對勞動法之任何違反將會遭罰款。

本集團除上述供款以外，毋須就該等計劃承擔其他任何有關支付退休福利的重大責任。

計入本集團截至二零零九年及二零一零年十二月三十一日止年度之損益表之已支付供款列明如下：

2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
947	1,053

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8. DIRECTORS' EMOLUMENTS

The directors of the Company were members of the senior management of the Group during the year ended 31 December 2010 and 2009. Directors' emoluments disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

Fees	袍金
Salaries, allowances and other benefits in kind	薪金、津貼及其他實物利益
Equity-settled share-based payments	股本結算股份付款
Contributions to retirement scheme	退休計劃供款

8. 董事酬金

於截至二零一零年及二零零九年十二月三十一日止年度，本公司董事亦為本集團高級管理層成員。根據香港公司條例第161條披露之董事酬金如下：

2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
711	746
395	398
—	1,670
25	21
1,131	2,835

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For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

8. DIRECTORS' EMOLUMENTS (Continued)

8. 董事酬金 (續)

		Year ended 31 December 2010 截至二零一零年十二月三十一日止年度					
Name of director	董事姓名	Salaries, allowances and other benefits	Contributions		Equity- settled	Total	
		薪金、 津貼及 其他	to retirement scheme	Sub-total	share-based payments		
		Fees					
		袍金	實物利益	劃供款	小計		股本結算 股份付款
		RMB'000	RMB'000	RMB'000	RMB'000		RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
Executive directors		執行董事					
Mr. Fan Yajun	范亞軍先生	105	106	4	215	-	215
Mr. Gan Yi	甘毅先生	105	120	17	242	-	242
Mr. Jiang Lei	蔣磊先生	105	44	-	149	-	149
Mr. Jiang Quanlong	蔣泉龍先生	105	125	4	234	-	234
Independent non-executive directors		獨立非執行董事					
Mr. Lai Wing Lee	賴永利先生	52	-	-	52	-	52
Mr. Leung Shu Sun, Sunny	梁樹新先生	187	-	-	187	-	187
Professor Wang Guozhen	王國珍教授	52	-	-	52	-	52
		711	395	25	1,131	-	1,131

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For the year ended 31 December 2010
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8. DIRECTORS' EMOLUMENTS (Continued)

8. 董事酬金 (續)

Year ended 31 December 2009
截至二零零九年十二月三十一日止年度

Name of director	董事姓名	Fees	Salaries, allowances and other benefits in kind 薪金、 津貼及 其他 實物利益	Contributions to retirement scheme 退休計 劃供款	Sub-total	Equity-settled share-based payments 股本結算 股份付款	Total
		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 人民幣千元
Executive directors		執行董事					
Mr. Fan Yajun	范亞軍先生	106	103	7	216	720	936
Mr. Fang Guohong (note a)	方國洪先生 (附註a)	26	85	–	111	–	111
Mr. Gan Yi	甘毅先生	106	88	7	201	288	489
Mr. Jiang Lei	蔣磊先生	106	–	–	106	115	221
Mr. Jiang Quanlong	蔣泉龍先生	106	122	7	235	115	350
Independent non-executive directors		獨立非執行董事					
Mr. Lai Wing Lee	賴永利先生	53	–	–	53	144	197
Mr. Leung Shu Sun, Sunny	梁樹新先生	190	–	–	190	144	334
Professor Wang Guozhen	王國珍教授	53	–	–	53	144	197
		746	398	21	1,165	1,670	2,835

Note:

a) Mr. Fang Guohong resigned on 25 March 2009.

附註：

a) 方國洪先生於二零零九年三月二十五日辭任。

As at 31 December 2010 and 2009, the directors held share options under the Company's share option scheme. The details of the share options are disclosed under the paragraph "Share Option Scheme" in the report of directors and note 30 to the financial statements. During the years ended 31 December 2010 and 2009, no directors of the Company had waived any emoluments and no emoluments was paid or payable by the Group as an inducement to join or upon joining the Group, or as compensation for loss of office.

於二零一零年及二零零九年十二月三十一日，董事根據本公司購股權計劃持有購股權。有關購股權詳情載於董事會報告「購股權計劃」一節及財務報表附註30。於截至二零一零年及二零零九年十二月三十一日止年度，本公司概無董事已放棄任何酬金及本集團並無支付或應支付任何酬金作為促使加入或於加入本集團時之獎金或離職之賠償。

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For the year ended 31 December 2010
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9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals for the year included three directors (2009: two), details of whose emoluments are set out in note 8 to the financial statements. The emoluments of the remaining two (2009: three) individuals are as follows:

Salaries and allowances	薪金及津貼
Contributions to retirement scheme	退休計劃供款
Equity-settled share-based payments	股本結算股份付款

During the year, no emoluments were paid to the five highest paid individuals (including directors and other employees) as inducement to join or upon joining the Group or as compensation of loss of office (2009: Nil).

The emoluments of the remaining two individuals other than the director fall within the following bands:

Bands:	組別：
Nil to RMB871,490 (equivalent to HK\$1,000,000)	零至人民幣871,490元 (相當於1,000,000港元)
RMB871,491 (equivalent to HK\$1,000,001) to RMB1,742,980 (equivalent to HK\$2,000,000)	人民幣871,491元 (相當於1,000,001港元) 至人民幣1,742,980元 (相當於2,000,000港元)

9. 最高酬金人士

年內，五位最高酬金人士包括三位董事（二零零九年：兩位），其酬金詳情載於財務報表附註8。餘下兩位人士（二零零九年：三位）之酬金如下：

2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
1,123	1,068
21	24
-	1,153
1,144	2,245

年內，概無向五位最高酬金人士（包括董事及其他僱員）支付任何酬金作為促使加入或於加入本集團時之獎金或離職之賠償（二零零九年：零）。

該等餘下兩位人士（董事除外）之酬金組別如下：

2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
1	2
1	1
2	3

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10. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company includes a profit of approximately RMB16,277,000 (2009: RMB43,223,000) which has been dealt with in the financial statements of the Company.

10. 本公司擁有人應佔溢利

本公司擁有人應佔綜合溢利包括溢利約人民幣16,277,000元(二零零九年：人民幣43,223,000元)，已在本公司之財務報表中處理。

11. DIVIDENDS

a) Dividends payable to owners of the Company attributable to the year

No final dividend was proposed after the end of the reporting period (2009: HK4 cents (equivalent to RMB3.53 cents))

並不擬於報告期末之後派付末期股息(二零零九年：每股4港仙(相當於人民幣3.53分))

The directors have resolved not to recommend the payment of a final dividend for the year.

b) Dividends payable to owners of the Company attributable to the previous financial year, approved and paid during the year.

Final dividend in respect of the previous financial year, approved and paid during the year, of HK4 cents per share (equivalent to RMB3.49 cents) (2009: Nil)

於本年度內批准及支付上個財政年度之末期股息，每股4港仙(相等於人民幣3.49分)(二零零九年：無)

a) 應派付予本公司擁有人之本年度股息

2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
-	28,213

董事決議不派發本年度末期股息。

b) 應派付予本公司擁有人之上個財政年度股息，並於本年度內批准及支付

2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
27,904	-

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財務報表附註

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12. EARNINGS PER SHARE

a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately RMB76,277,000 (2009: approximately RMB88,070,000) and the weighted average number of 800,000,000 shares (2009: 800,000,000 shares) in issue during the year.

b) Diluted earnings per share

Diluted earnings per share equal to basic earnings per share for the year ended 31 December 2010 and 2009 as the exercise price of the Company's outstanding share options were higher than the average market price of the Company's shares for the year and therefore it is anticipated that no share option to subscribe for the Company's shares will be exercised.

12. 每股盈利

a) 每股基本盈利

每股基本盈利乃基於本公司擁有人應佔溢利約人民幣76,277,000元(二零零九年:約人民幣88,070,000元)及年內已發行800,000,000股(二零零九年:800,000,000股)股份之加權平均數計算。

b) 每股攤薄盈利

由於年內本公司尚未行使購股權之行使價高於本公司股份之平均市價,截至二零一零年及二零零九年十二月三十一日止年度之每股攤薄盈利相等於每股基本盈利,因此預期不會行使購股權以認購本公司股份。

13. PREPAID LEASE PAYMENT

Carrying amount at beginning of year	年初賬面值
Addition during the year	年內添置
Disposal during the year	出售附屬公司
Amortisation	攤銷
Carrying amount at end of year	年末賬面值
Analysed by:	分析如下:
Non-current portion	非即期部份
Current portion	即期部份

The prepaid lease payment represents prepayment of lease premium for land situated in the PRC under medium lease term. The amortisation charge for the year is included in "general and administrative expenses" in the consolidated statement of comprehensive income.

13. 預付租賃款項

The Group 本集團	
2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
6,914	7,082
-	20,800
-	(20,800)
(169)	(168)
6,745	6,914
6,576	6,745
169	169
6,745	6,914

預付租賃款項指根據中期租賃條款支付之位於中國之預付土地租金。本年度攤銷費用計入綜合全面收益表之「一般及行政開支」內。

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14. PROPERTY, PLANT AND EQUIPMENT

14. 物業、廠房及設備

The Group

本集團

		Buildings held for own use 持作自用 之樓宇 RMB'000 人民幣千元	Furniture, fixtures and equipment 傢私、 裝置及設備 RMB'000 人民幣千元	Plant and machineries 廠房 及機器 RMB'000 人民幣千元	Leasehold improvements 租賃 物業裝修 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Property under construction 在建物業 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
Cost	成本							
As at 1/1/2009	於二零零九年一月一日	52,584	1,821	18,739	1,305	6,775	-	81,224
Additions	添置	-	353	-	-	122	-	475
Disposal	出售	-	-	-	-	(132)	-	(132)
Disposal of subsidiaries	出售附屬公司	-	(20)	-	-	-	-	(20)
As at 31/12/2009 and 1/1/2010	於二零零九年 十二月三十一日 及二零一零年一月一日	52,584	2,154	18,739	1,305	6,765	-	81,547
Additions	添置	-	161	-	553	2,576	130,055	133,345
Transfer from/(to) construction in progress	自/(向) 在建工程轉撥	-	-	-	11,012	-	(11,012)	-
Exchange adjustment	匯兌調整	-	(7)	-	-	-	-	(7)
As at 31/12/2010	於二零一零年 十二月三十一日	52,584	2,308	18,739	12,870	9,341	119,043	214,885
Accumulated depreciation	累計折舊							
As at 1/1/2009	於二零零九年一月一日	14,755	1,218	7,877	473	4,054	-	28,377
Charge for the year	本年度開支	2,392	277	1,622	251	758	-	5,300
Written back on disposal	出售撇減	-	-	-	-	(77)	-	(77)
Disposal of subsidiaries	出售附屬公司	-	(4)	-	-	-	-	(4)
As at 31/12/2009 and 1/1/2010	於二零零九年 十二月三十一日 及二零一零年一月一日	17,147	1,491	9,499	724	4,735	-	33,596
Charge for the year	本年度開支	2,388	217	1,621	355	836	-	5,417
Exchange adjustment	匯兌調整	-	(7)	-	(2)	-	-	(9)
As at 31/12/2010	於二零一零年 十二月三十一日	19,535	1,701	11,120	1,077	5,571	-	39,004
Carrying amount	賬面值							
As at 31/12/2010	於二零一零年 十二月三十一日	33,049	607	7,619	11,793	3,770	119,043	175,881
As at 31/12/2009	於二零零九年 十二月三十一日	35,437	663	9,240	581	2,030	-	47,951

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14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Company

14. 物業、廠房及設備 (續)

本公司

		Furniture, fixtures and equipment	Leasehold improvements	Total
		傢私、 裝置及設備	租賃 物業裝修	總額
		RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元
Cost	成本			
As at 1/1/2009, 31/12/2009 and 1/1/2010	於二零零九年一月一日、 二零零九年 十二月三十一日 及二零一零年一月一日	183	—	183
Additions	添置	37	254	291
Exchange adjustment	匯兌調整	(7)	—	(7)
As at 31/12/2010	於二零一零年 十二月三十一日	213	254	467
Accumulated depreciation	累計折舊			
As at 1/1/2009	於二零零九年一月一日	80	—	80
Charge for the year	本年度開支	91	—	91
As at 31/12/2009 and 1/1/2010	於二零零九年 十二月三十一日 及二零一零年一月一日	171	—	171
Charge for the year	本年度開支	28	80	108
Exchange adjustment	匯兌調整	(7)	(2)	(9)
As at 31/12/2010	於二零一零年 十二月三十一日	192	78	270
Carrying amount	賬面值			
As at 31/12/2010	於二零一零年 十二月三十一日	21	176	197
As at 31/12/2009	於二零零九年 十二月三十一日	12	—	12

a) All the buildings are situated in the PRC and are held under medium-term lease.

a) 所有樓宇均於中國並根據中期租賃條款持有。

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15. AVAILABLE-FOR-SALE FINANCIAL ASSET

15. 可供出售金融資產

Unlisted equity securities in the PRC, at cost	按成本計算之於中國 非上市股本證券
Balance at beginning of year	年初結餘
Addition	添置
Balance at end of year	年末結餘

The carrying value of the above unlisted investment represents 5% equity interest in a private entity incorporated in the PRC. The financial instrument is not held for short-term trading. The unlisted equity securities were carried at cost less accumulated impairment losses as they do not have a quoted price in an active market and whose fair value cannot be reliably measured.

The Group 本集團	
2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
6,850	1,950
-	4,900
6,850	6,850

上述非上市投資的賬面值為在中國註冊成立之私人實體之5%股權。金融工具並非為短期買賣而持有。非上市股本證券由於並無活躍市場所報價格及其公平值不能可靠地計量，故有關投資按成本減累計減值虧損。

16. INVESTMENTS IN SUBSIDIARIES

16. 於附屬公司之投資

Unlisted shares, at cost	按成本計算之非上市股份
Amounts due from subsidiaries (Note 18)	應收附屬公司款項 (附註18)

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

The Company 本公司	
2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
381,537	381,537
435,429	412,916

應收附屬公司款項為無抵押、免息及須按要求即時還款。

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16. INTERESTS IN SUBSIDIARIES (Continued)

16. 於附屬公司之投資 (續)

Details of the subsidiaries are as follows:

附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation and type of legal entity 註冊成立及法律實體性質	Proportion of ownership interest 擁有權比例				Principal activities and place of operations 主要業務及經營地點
		Issued and fully paid share capital/ registered capital 已發行及繳足股本／註冊股本	Group's effective interest 本集團實際權益	Held by the Company 由本公司持有	Held by a subsidiary 由附屬公司持有	
Pan Asia Environmental Protection Technologies Limited	British Virgin Islands, limited liability company 英屬處女群島，有限公司	US\$100/ Ordinary Share 100美元／普通股	100%	100%	—	Investment holding, in Hong Kong 投資控股，香港
Dragon Commend Limited	British Virgin Islands, limited liability company 英屬處女群島，有限公司	US\$1/ Ordinary Share 1美元／普通股	100%	100%	—	Not yet commence business, in Hong Kong 暫無營業，香港
Wuxi Pan Asia Environmental Protection Technologies Limited ("Wuxi Pan Asia") 無錫泛亞環保科技 有限公司 (「無錫泛亞」)	The PRC, wholly-foreign-owned enterprise 中國，外商獨資企業	US\$13,280,000/ Registered Capital 13,280,000美元／註冊股本	100%	—	100%	Manufacture and sales of EP products and equipment and undertakes EP construction engineering projects, in the PRC 環保產品及設備之製造及銷售及承接環保建設工程項目，中國

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財務報表附註

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

16. INTERESTS IN SUBSIDIARIES (Continued)

16. 於附屬公司之投資 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation and type of legal entity 註冊成立及法律實體性質	Issued and fully paid share capital/ registered capital 已發行及繳足股本／註冊股本	Proportion of ownership interest 擁有權比例			Principal activities and place of operations 主要業務及經營地點
			Group's effective interest 本集團實際權益	Held by the Company 由本公司持有	Held by a subsidiary 由附屬公司持有	
Pan Asia Environmental Protection (China) Company Limited 泛亞環保(中國)有限公司	The PRC, wholly-foreign-owned enterprise 中國，外商獨資企業	HK\$100,000,000/ Registered Capital 100,000,000港元／註冊股本	100%	—	100%	Manufacture and sales of EP products and equipment and undertakes EP construction engineering projects, in the PRC 環保產品及設備之製造及銷售及承接環保建設工程項目，中國
Wuxi Zhong Dian Kong Leng Technology Limited 無錫市中電空冷技術有限公司	The PRC, domestic-invested limited liability company 中國，境內投資有限公司	RMB5,000,000/ Registered Capital 人民幣5,000,000元／註冊股本	100%	—	100%	Investment holding, in the PRC 投資控股，中國
連雲港民心投資有限公司 (「民心投資」)	The PRC, domestic-invested limited liability company 中國，境內投資有限公司	RMB10,000,000/ Registered Capital 人民幣10,000,000元／註冊股本	100%	—	100%	Undertakes EP construction engineering projects, in the PRC 承接環保建設工程項目

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For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

16. INTERESTS IN SUBSIDIARIES (Continued)

16. 於附屬公司之投資 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation and type of legal entity 註冊成立及 法律實體性質	Issued and fully paid share capital/ registered capital 已發行及 繳足股本／ 註冊股本	Proportion of ownership interest 擁有權比例			Principal activities and place of operations 主要業務及 經營地點
			Group's effective interest 本集團 實際權益	Held by the Company 由本 公司持有	Held by a subsidiary 由附屬 公司持有	
Shanghai Environmental Engineering Design & Research Institute Limited ("SEEDRI") 上海環境工程設計研究院 有限公司 (「環境 工程研究院」)	The PRC, joint stock limited company 中國，股份 有限公司	RMB10,750,000/ Registered Capital 人民幣 10,750,000元／ 註冊股本	70.05%	—	70.05%	Provision of professional services, in the PRC 提供專業 服務，中國
五河泛亞污水處理 有限公司	The PRC, domestic- invested limited liability company 中國，境內投資 有限公司	RMB2,000,000/ Registered Capital 人民幣 2,000,000元／ 註冊股本	70.05%	—	100%	Manufacture and sales of EP products and equipment and undertakes EP construction engineering projects, in the PRC 環保產品及設備 之製造及銷售及 承接環保建設工程 項目，中國
遼寧泛亞環境設計工程 有限公司 (「遼寧泛亞」)	The PRC, joint stock limited company 中國，股份 有限公司	RMB10,000,000/ Registered Capital 人民幣 10,000,000元／ 註冊股本	49.04%	—	70%	Manufacture and sales of EP products and equipment and undertakes EP construction engineering projects and provision of professional services, in the PRC 環保產品及設備 之製造及銷售及 承接環保建設工程 項目及提供專業 服務，中國

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For the year ended 31 December 2010
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17. INVENTORIES

Raw materials	原材料
Work-in-progress	在製品
Finished goods	製成品

The analysis of the amount of inventories recognised as an expense is as follows:

17. 存貨

The Group 本集團

2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
13,873	7
15	—
19,862	32,948
33,750	32,955

被確認為開支之存貨金額分析如下：

The Group 本集團

Carrying amount of inventories sold	已售存貨之賬面值
-------------------------------------	----------

2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
483,942	313,105

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For the year ended 31 December 2010
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18. TRADE AND OTHER RECEIVABLES

18. 應收貿易及其他款項

		The Group 本集團		The Company 本公司	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Trade receivables	應收貿易款項	209,608	177,685	-	-
Less: Allowance for doubtful debts	減：呆賬撥備	(1,156)	(1,062)	-	-
		208,452	176,623	-	-
Other receivables	其他應收款項	132,422	134,944	111	-
Less: Allowance for doubtful debts	減：呆賬撥備	(147)	(147)	-	-
		132,275	134,797	111	-
Amount due from a related company (Note 19)	應收一間關連公司款項 (附註19)	-	2,028	-	2,028
Amounts due from subsidiaries (Note 16)	應收附屬公司款項 (附註16)	-	-	435,429	412,916
Loans and receivables	貸款及應收款項	340,727	313,448	435,540	414,944
Prepayments and deposits	預付款項及按金	72,430	34,361	2,499	11,986
Other tax recoverables	其他可收回稅金	1,769	9,078	-	-
Amounts due from customers for contract work (Note 26)	應收客戶合約工程款項 (附註26)	114,877	184,105	-	-
		529,803	540,992	438,039	426,930

The amount of the Group's and the Company's prepayments and deposits expected to be recovered or recognised as expense after more than one year is RMB249,000 (2009: RMB360,000) and RMB249,000 (2009: RMB360,000) respectively. All of the trade and other receivables (including amounts due from a related company and subsidiaries), apart from the quality retention monies of approximately RMB22,389,000 (2009: RMB1,072,000) mentioned in note 18(a) are expected to be recovered or recognised as expense within one year.

本集團及本公司預期將於一年後收回或確認為開支之預付款項及按金分別為人民幣249,000元 (二零零九年：人民幣360,000元) 及人民幣249,000元 (二零零九年：人民幣360,000元)。除附註18(a)所述質量保證金約人民幣22,389,000元 (二零零九年：人民幣1,072,000元) 外，所有應收貿易及其他款項 (包括應收一間關連公司及附屬公司款項) 預期於一年內收回或確認為開支。

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For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

18. TRADE AND OTHER RECEIVABLES (Continued)

a) Ageing analysis

Trade receivables are net of allowance for doubtful debts and with the following ageing analysis presented as of the end of the reporting period:

0-30 days	0至30天
31-60 days	31至60天
61-90 days	61至90天
91-180 days	91至180天
181-365 days	181至365天
Over 365 days	365天以上

Trade receivables are due within 60 days from the date of billing.

The Group normally grants credit terms from 1 to 2 months to its customers. Trade receivables generally include the balances yet to be due such as the quality retention monies of approximately RMB72,981,000 (2009: RMB41,654,000) (typically 5% to 20% of the total contracted value) that are retained by the customers until the fulfilment of the warranty period of generally 1 to 2 years and receivable pursuant to the payment terms of the respective contracts.

18. 應收貿易及其他款項 (續)

a) 賬齡分析

應收貿易款項扣除呆賬撥備，而於報告期末呈列之賬齡分析如下：

2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
104,110	61,525
20,057	12,651
5,003	2,725
25,438	15,915
27,471	15,407
26,373	68,400
208,452	176,623

應收貿易款項在出具賬單日起60天內到期。

本集團通常會向客戶授予1至2個月之信貸期。應收貿易款項一般包括未到期餘額，如根據各自合約之支付條款應收取，由客戶保留直至通常為1至2年之擔保期履行為止之質量保證金約為人民幣72,981,000元(二零零九年：人民幣41,654,000元)(一般為合約總價值之5%至20%)。

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For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

18. TRADE AND OTHER RECEIVABLES (Continued)

b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivable directly (see note 2(h)).

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

At 1 January	於一月一日
Impairment loss recognised	已確認減值虧損
Reversal of impairment loss	減值虧損撥回
At 31 December	於十二月三十一日

There were no movements in the allowance account for other receivables.

As at 31 December 2010, trade receivables of approximately RMB1,156,000 (2009: approximately RMB1,062,000) were individually determined to be impaired and full allowance had been made. These individually impaired receivables were outstanding for over 90 days as at the end of reporting period or were due from companies with financial difficulties. The Group does not hold any collateral over these balances.

18. 應收貿易及其他款項 (續)

b) 應收貿易款項之減值

應收貿易款項之減值虧損乃於撥備賬中確認，除非本集團相信收回該金額之可能性很低，則該減值虧損會直接於應收貿易款項中撇銷（見附註2(h)）。

年內呆賬撥備變動（包括特定及整體虧損部分）如下：

2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
1,062	840
94	322
-	(100)
1,156	1,062

其他應收款項之撥備賬並無變動。

於二零一零年十二月三十一日，應收貿易款項約人民幣1,156,000元（二零零九年：約人民幣1,062,000元）已個別釐定為減值，並作出全數撥備。該等個別減值之應收款項於報告期末逾期超過90日，或由陷入財政困難之公司欠付。本集團對該等結餘並無持有任何抵押物。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

18. TRADE AND OTHER RECEIVABLES (Continued)

b) Impairment of trade receivables (Continued)

The factors which the Group considered in determining whether these trade receivables were individually impaired included the following:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- receivables that have been outstanding for a certain period;
- the granting to the debtor, for economic or legal reasons relating to the debtor's financial difficulty, a concession that the Group would not otherwise consider;
- it becoming probable that the debtor will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;

18. 應收貿易及其他款項 (續)

b) 應收貿易款項之減值 (續)

本集團於釐定該等應收貿易款項是否已個別減值時所考慮之因素如下：

- 債務人有重大財政困難；
- 違反合約，如逾期或拖欠償還利息或本金；
- 應收款項已拖欠一段時期；
- 本集團基於與債務人之財政困難有關之經濟或法律理由，給予債務人一項本集團在其他情況下不會考慮之讓步；
- 債務人將可能破產或進行其他財務重組；
- 科技、市場、經濟或法律環境有重大改變，並對債務人有不利影響；

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For the year ended 31 December 2010
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18. TRADE AND OTHER RECEIVABLES (Continued)

c) Trade receivables that are past due but not impaired

The ageing analysis of trade receivables that are past due but not impaired are as follows:

Less than 1 month past due	逾期少於1個月
1 to 3 months past due	逾期1至3個月
More than 3 months past due	逾期超過3個月

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

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.

18. 應收貿易及其他款項 (續)

c) 已過期但未減值之應收貿易款項

已過期但未減值之應收貿易款項之賬齡分析如下：

2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
30,343	25,488
13,125	34,110
16,430	29,973
59,898	89,571

既未逾期亦未減值之應收款項與多名近期無拖欠還款記錄之客戶有關。

已逾期但未減值之應收款項與多名擁有與本集團有良好往績記錄之獨立客戶有關。基於過往經驗，由於信貸質素並無重大變化且該等餘額仍被視為可全數收回，故管理層相信毋須就有關餘額作出減值撥備。本集團並無持有該等餘額之任何抵押品。

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For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

18. TRADE AND OTHER RECEIVABLES (Continued)

d) Other receivables

The amounts due are unsecured, interest free and repayable on demand.

Included an amount of approximately RMB97,230,000 (2009: RMB93,000,000) advanced to the local government departments of Guannan County, Lianyungang City, Jiangsu Province. The management believes that no impairment allowance is necessary in respect of this balance as the balance is still considered fully recoverable.

Included a total amount of approximately RMB20,000,000 (2009: RMB20,000,000) arising from disposal of subsidiaries in 2009. The management believes that no impairment allowance is necessary in respect of this balance as the balance is still considered fully recoverable.

18. 應收貿易及其他款項 (續)

d) 其他應收款項

該款項乃無抵押、免息及須按
要求即時還款。

包括款項約人民幣97,230,000
元(二零零九年: 人民幣
93,000,000元)已預付予江蘇
省連雲港市灌南縣當地政府部
門。管理層相信,由於該等餘
額仍被視為可全數收回,此餘
額無須作減值撥備。

所計入款項合共約人民幣
20,000,000元(二零零九年:
人民幣20,000,000元)乃自二
零零九年出售附屬公司產生。
管理層相信,由於該等餘額仍
被視為可全數收回,此餘額無
須作減值撥備。

19. AMOUNT DUE FROM A RELATED COMPANY

The Group and the Company

Name of
company
公司名稱

Connected party
關連方

YY Holdings
Limited

A company in which
Mr. Jiang Lei and
Mr. Jiang Quanlong,
directors of the
Company, have
beneficial interest

本公司董事
蔣磊先生及
蔣泉龍先生
於其中擁有
實益權益
之公司

Year ended
31 December
截至十二月三十一日
止年度

2010
二零一零年
RMB'000
人民幣千元

2009
二零零九年
RMB'000
人民幣千元

Maximum amount
outstanding
未償還
最高金額

2010
二零一零年
RMB'000
人民幣千元

2009
二零零九年
RMB'000
人民幣千元

-

2,028

2,028

2,033

The amount due from a related company was of a non-trade nature and was unsecured, interest-free and repayable on demand.

應收一間關連公司款項屬非交易性
質,且為無抵押、免息及須按要
求即時還款。

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20. CASH AND BANK BALANCES

A major position of the cash and bank balances for the years ended 31 December 2010 and 2009 was denominated in RMB which is not a freely convertible currency in the international money market. The exchange rate of RMB is determined by the Government of the PRC and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the Government of the PRC. The bank balances carry interest at market rates range from Nil to 0.36% (2009: Nil to 0.36%) per annum.

20. 現金及銀行結餘

於截至二零一零年及二零零九年十二月三十一日止年度，大部份現金及銀行結餘以人民幣（於國際貨幣市場上不能自由兌換之貨幣）計值。人民幣匯率由中國政府釐定，在中國匯出上述資金，須受中國政府所施加之外匯管制規限。銀行結餘附有零至0.36%（二零零九年：零至0.36%）之市場年利率。

21. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

Shanghai Pan-Asia Environmental
Protection Industrial Development Limited
(上海泛亞環保產業發展有限公司)
上海工程成套建設有限公司

Total (Note 22)

合計（附註22）

The amounts are of a non-trade nature and are unsecured, interest-free and repayable on demand. During the year, the above non-controlling interests disposed of all their equity interests in the investee company to an independent third party and all the amounts due were reclassified as other payables.

21. 應收非控股權益款項

The Group 本集團	
2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
-	10,401
-	933
-	11,334

款項屬非交易性質，且為無抵押、免息及須按要求即時還款。以上非控股權益於年內向獨立第三方出售彼等於被投資公司之所有股權，而全數應付款項已重新分類為其他應付款項。

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For the year ended 31 December 2010
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22. TRADE AND OTHER PAYABLES

22. 應付貿易及其他款項

		The Group 本集團		The Company 本公司	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Trade payables	應付貿易款項	59,025	77,198	-	-
Accruals and other payables	應計費用及其他 應付款項	45,888	47,563	1,066	937
Amounts due to non-controlling interests (Note 21)	應付非控股權益款項 (附註21)	-	11,334	-	-
Amount due to a director (Note 24)	應付一位董事款項 (附註24)	1,531	1,223	-	-
Amount due to a related company (Note 25)	應付一間關連公司 款項 (附註25)	5	-	-	-
Financial liabilities measured at amortised cost	以攤銷成本計量的 金融負債	106,449	137,318	1,066	937
Other PRC tax payables	其他應付中國稅項	3,254	3,650	-	-
		109,703	140,968	1,066	937

a) Ageing analysis of trade payables

The Group normally receives credit terms of 30 days from its suppliers. The ageing analysis of trade payables is as follows:

0 to 30 days	0至30日
31 to 60 days	31至60日
61 to 90 days	61至90日
91 to 180 days	91至180日
181 to 365 days	181至365日
Over 365 days	365日以上

a) 應付貿易賬款之賬齡分析

本集團一般獲其供應商授予30天之信貸期。應付貿易賬款之賬齡分析如下：

The Group 本集團	
2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
10,024	59,054
304	1,300
1,383	30
958	578
1,930	4,592
44,426	11,644
59,025	77,198

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22. TRADE AND OTHER PAYABLES (Continued)

b) Accruals and other payables

Included a total amount of approximately RMB11,370,000 which was reclassified from "Amounts due to non-controlling interests" as the non-controlling interests disposed of all its equity interest in SEEDRI to an independent third party during the year. The amount due is unsecured, interest free and repayable on demand.

Included an amount of approximately RMB14,029,000 (2009: RMB14,029,000) due to a former subsidiary. The amount due is unsecured, interest free and repayable on demand.

22. 應付貿易及其他款項 (續)

b) 應計費用及其他應付款項

包括款項合共約人民幣11,370,000元自「應付非控股權益賬款」中重新分類，乃由於年內非控股權益出售其於環境工程研究院之全部股權予獨立第三方。該款項乃無抵押、免息及須按要求即時還款。

款項約人民幣14,029,000元(二零零九年：人民幣14,029,000元)應付予前附屬公司。該款項乃無抵押、免息及須按要求即時還款。

23. SHORT-TERM BANK LOANS

At 31 December 2010, the bank loan of the Group is secured, carrying interest at variable-rates of 6.06% – 6.97% per annum and is repayable within 1 year. The bank loan of the Group is secured by a building of the Group with a carrying amount of approximately RMB880,000 (2009: RMB918,000).

At 31 December 2009, the bank loan of the Group was secured, carrying interest at the fixed rate of 2.17% per annum and was repayable within 1 year. The bank loan of the Group was secured by bank deposits of the Group amounting to RMB16,480,000. During the year, the bank loan was fully repaid.

23. 短期銀行貸款

於二零一零年十二月三十一日，本集團之銀行貸款為有抵押貸款，按浮動年利率6.06%至6.97%計息及須於一年內償還。本集團之銀行貸款以其樓宇賬面值約人民幣880,000元(二零零九年：人民幣918,000元)為抵押。

於二零零九年十二月三十一日，本集團之銀行貸款為有抵押貸款，按固定年利率2.17%計息及須於一年內償還。本集團之銀行貸款以其銀行存款達人民幣16,480,000元為抵押。年內，銀行貸款已全數償還。

24. AMOUNT DUE TO A DIRECTOR

Jiang Quanlong

蔣泉龍先生

The amount is unsecured, interest-free and repayable on demand.

24. 應付一位董事款項

The Group 本集團

2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
1,531	1,223

該款項乃無抵押、免息及須按要求即時還款。

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25. AMOUNT DUE TO A RELATED COMPANY

Name of company 公司名稱	Connected party 關連方
Osram (China) Fluorescent Materials Co., Ltd. ("Osram") 歐司朗(中國)熒光材料有限公司 (「歐司朗」)	A company in which Mr. Jiang Lei and Mr. Jiang Quanlong, directors of the Company, have beneficial interest 本公司董事蔣磊先生及蔣泉龍先生於其中擁有實益權益之公司

The amount due to a related company is of a trade nature and is unsecured, interest-free and repayable on demand.

25. 應付一間關連公司款項

The Group 本集團	
2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
5	—

應付一間關連公司款項屬交易性質，且為無抵押、免息及須按要求即時還款。

26. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

Contract work-in-progress at the end of reporting period:

Contract costs incurred to date	迄今所產生之合約成本
Recognised profits less recognised losses	已確認溢利減已確認虧損
Less: Progress billings	減：進度款項
Amounts due from customers for contract work	應收客戶合約工程款項

In respect of construction contracts in progress at the end of the reporting period, the amount of retention receivables from customers, recorded within "trade receivable" at 31 December 2010 is RMB4,708,000 (2009: RMB10,628,000). The amount of those retentions expected to be recovered after more than one year is RMBNil (2009: RMB1,072,000). Receipts in advance from customers for contract work amounted to RMB15,040,000 (2009: RMB45,624,000).

26. 應收客戶合約工程款項

於報告期末執行之在製品合約：

The Group 本集團	
2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
171,323	162,789
75,686	70,817
247,009 (132,132)	233,606 (49,501)
114,877	184,105

有關於報告期末之在建工程合約，於二零一零年十二月三十一日之「應收貿易賬款」內所列應收客戶之保留款項為人民幣4,708,000元（二零零九年：人民幣10,628,000元）。該等預期將於一年後收回之保留款項為人民幣零元（二零零九年：人民幣1,072,000元）。預收客戶合約工程款項為人民幣15,040,000元（二零零九年：人民幣45,625,000元）。

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27. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

a) Current taxation in the statement of financial position represents

Provision for PRC enterprise income tax	中國企業所得稅撥備
Tax paid	已付稅項
Balance of PRC enterprise income tax relating to prior year	與過往年度有關之中國企業所得稅結餘
Tax payable	應付稅項

b) Deferred taxation

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

At 1 January 2009, 31 December 2009 and 1 January 2010	於二零零九年一月一日、 二零零九年十二月三十一日 及二零一零年一月一日
Charged to profit or loss (Note 6(a))	計入損益(附註6(a))
At 31 December 2010	於二零一零年十二月三十一日

27. 財務狀況表內之所得稅

a) 財務狀況表內之即期稅項指

The Group 本集團	
2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
31,147	37,385
(21,128)	(8,712)
10,019	28,673
11,185	(8,951)
21,204	19,722

b) 遞延稅項

年內於綜合財務狀況表確認之遞延稅項負債之組成部分及變動如下：

Withholding tax of undistributed profits	Total
未分派溢利 之預扣稅 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
-	-
4,852	-
4,852	-

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27. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION (Continued)

b) Deferred taxation (Continued)

Pursuant to the New Enterprise Income Tax Laws, a 10% withholding tax is levied on dividends declared to foreign investors from foreign investment enterprise established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax arrangement between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable tax rate is 10%. The Group is therefore liable to withholding taxes on dividend distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008 onwards. The Group recognised deferred tax liabilities in respect of expected distributable earnings from its subsidiaries established in the PRC since 1 January 2008 with reference to the Group's dividend policy, no matter whether such earnings have been declared or not by the subsidiaries at the reporting date. The directors of the Company will review the funding requirements of the Group from time to time and revise the dividend policy of its subsidiaries as appropriate.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

As at 31 December 2010 and 2009, the Group has not recognised deferred tax assets in respect of tax losses of RMB14,270,000 (2009: RMB12,100,000) as it is not probable, that future profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

27. 財務狀況表內之即期稅 (續)

b) 遞延稅項 (續)

根據新企業所得稅法，在中國成立的外資企業向外國投資者所宣派的股息須繳交10%預扣稅。此規定自二零零八年一月一日起生效，適用於二零零七年十二月三十一日後的盈利。倘中國與外國投資者所屬司法權區訂有稅務安排，或可按較低稅率繳交預扣稅。就本集團而言，適用稅率為10%。因此，本集團須就於中國成立的附屬公司於二零零八年一月一日以後產生的盈利所分派的股息繳納預扣稅。就自二零零八年一月一日以後在中國成立的附屬公司的預期可分配盈利而言，本集團根據其股息政策，確認遞延稅項負債，無論附屬公司於報告日是否已派發或並無派發該等盈利。本公司董事將不時檢討本集團的資金要求，於適當時修改其附屬公司股息政策。

本公司向其股東支付之股息並無附帶所得稅影響。

於二零一零年及二零零九年十二月三十一日，本集團並無確認稅項虧損人民幣14,270,000元(二零零九年：人民幣12,100,000元)之遞延稅項資產，因為有關稅務司法權區及實體並不可能取得未來溢利以供抵銷虧損。

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28. SHARE CAPITAL

Authorised and issued share capital

28. 股本

法定及已發行股本

		Number of shares 股份數目 '000 千股	Amount 金額 HK\$'000 千港元
Authorised	法定		
Ordinary shares of HK\$0.1 each	於二零零九年及二零一零年		
as at 31 December 2009 and 2010	十二月三十一日		
	普通股每股面值0.1港元	4,000,000	400,000
Issued and fully paid	已發行及繳足		
Ordinary shares of HK\$0.1 each	於二零零九年及二零一零年		
as at 31 December 2009 and 2010	十二月三十一日		
	普通股每股面值0.1港元	800,000	80,000
		Equivalent to RMB74,872,000	相當於人民幣74,872,000元

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

普通股持有人有權收取不時宣派之股息並有權於本公司大會上以每股一票投票。全部普通股對本公司剩餘資產而言屬同等。

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29. RESERVES

The Group

		Share premium 股份溢價	Special reserve 特別儲備	Capital reserve 資本儲備	Enterprise expansion reserve 企業擴展儲備	Statutory surplus reserve 法定盈餘儲備	Translation reserve 匯兌儲備	Share option reserve 購股權儲備	Retained profits 保留溢利	Total 總計
		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 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
		(Note (i)) (附註(i))	(Note (ii)) (附註(ii))	(Note (iii)) (附註(iii))	(Note (v)) (附註(v))	(Note (vi)) (附註(vi))	(Note (vii)) (附註(vii))	(Note (vii)) (附註(vii))		
At 1 January 2009	於二零零九年一月一日	419,229	94,225	133	34,541	43,814	(6,338)	8,720	395,279	989,603
Profit for the year	年內溢利	-	-	-	-	-	-	-	88,070	88,070
Other comprehensive income	其他全面收入	-	-	-	-	-	(205)	-	-	(205)
Total comprehensive income	全面總收入	-	-	-	-	-	(205)	-	88,070	87,865
Equity-settled share-based transactions	股本結算股份交易	-	-	-	-	-	-	5,121	-	5,121
Transfer to reserves	轉撥至儲備	-	-	-	5,608	5,608	-	-	(11,216)	-
At 31 December 2009 and 1 January 2010	於二零零九年十二月三十一日及二零一零年一月一日	419,229	94,225	133	40,149	49,422	(6,543)	13,841	472,133	1,082,589
Profit for the year	年內溢利	-	-	-	-	-	-	-	76,277	76,277
Other comprehensive income	其他全面收入	-	-	-	-	-	(753)	-	-	(753)
Total comprehensive income	全面總收入	-	-	-	-	-	(753)	-	76,277	75,524
Dividends approved in respect of previous year	已批准上年度之股息	-	-	-	-	-	-	-	(27,904)	(27,904)
Transfer to reserves	轉撥至儲備	-	-	-	5,426	5,426	-	-	(10,852)	-
At 31 December 2010	於二零一零年十二月三十一日	419,229	94,225	133	45,575	54,848	(7,296)	13,841	509,654	1,130,209

29. 儲備

本集團

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29. RESERVES (Continued)

The Company

		Share premium 股份溢價	Contributed surplus 繳入盈餘	Translation reserve 匯兌儲備	Share option reserve 購股權儲備	(Accumulated losses)/ retained profits (累計虧損)/ 保留溢利	Total 總計
		RMB'000 人民幣千元 (Note (i)) (附註(i))	RMB'000 人民幣千元 (Note (iv)) (附註(iv))	RMB'000 人民幣千元 (Note (vi)) (附註(vi))	RMB'000 人民幣千元 (Note (vii)) (附註(vii))	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2009	於二零零九年一月一日	419,229	372,178	(26,413)	8,720	(41,747)	731,967
Profit for the year	年內溢利	-	-	-	-	43,223	43,223
Other comprehensive income	其他全面收入	-	-	(1,166)	-	-	(1,166)
Total comprehensive income	全面總虧損	-	-	(1,166)	-	43,223	42,057
Equity-settled share-based transactions	股本結算股份交易	-	-	-	5,121	-	5,121
At 31 December 2009 and 1 January 2010	於二零零九年 十二月三十一日 及二零一零年一月一日	419,229	372,178	(27,579)	13,841	1,476	779,145
Profit for the year	年內溢利	-	-	-	-	16,277	16,277
Other comprehensive income	其他全面收入	-	-	(17,208)	-	-	(17,208)
Total comprehensive income	全面總溢利	-	-	(17,208)	-	16,277	(931)
Dividend approved in respect of previous year	已批准上年度之股息	-	-	-	-	(27,904)	(27,904)
At 31 December 2010	於二零一零年 十二月三十一日	419,229	372,178	(44,787)	13,841	(10,151)	750,310

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29. RESERVES (Continued)

Nature and purpose of reserves

i) Share premium

Under the Companies Law (Revised) of the Cayman Islands, the share premium account of the Company is distributable to the owners of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

ii) Special reserve

The special reserve of the Group represents the difference between the nominal value and share premium of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition at the time of reorganisation.

iii) Capital reserve

The capital reserve represents the excess capital contribution from the non-controlling interest of a subsidiary – 遼寧泛亞 of the Group.

iv) Contributed surplus

The contributed surplus represents the difference between the nominal value of the ordinary shares issued by the Company and the net assets value of subsidiaries acquired through an exchange of shares pursuant to the group reorganization immediately prior to the listing of the Company's shares on 1 December 2007.

v) Enterprise expansion reserve and statutory surplus reserve

Statutory surplus reserve and enterprise expansion reserve are non-distributable. Appropriations to such reserves are made out of profit after taxation of the statutory financial statements of the PRC subsidiaries while the amount and allocation basis are decided by their board of directors annually. The statutory surplus reserve can be used to make up prior year losses of the PRC subsidiaries, if any, and can be applied in conversion into capital by means of capitalisation issues. The enterprise expansion fund is used for expanding the capital base of the PRC subsidiaries by means of capitalisation issue.

29. 儲備 (續)

儲備之性質及目的

i) 股份溢價

根據開曼群島公司法(經修訂)，本公司之股份溢價賬可分派予本公司擁有人，惟緊隨建議分派股息當日之後，本公司須有能力償還於日常業務過程中到期之債項。

ii) 特別儲備

本集團之特別儲備指所收購附屬公司之面值及股份溢價與本公司於重組時就收購所發行股份之面值之差額。

iii) 資本儲備

資本儲備指來自非控股權益對本集團附屬公司遼寧泛亞之超額注資。

iv) 繳入盈餘

繳入盈餘指本公司已發行普通股之面值與緊接本公司股份於二零零七年十二月一日上市前根據集團重組透過換股所收購附屬公司之資產淨值的差額。

v) 企業擴展儲備及法定盈餘儲備

法定盈餘儲備及企業擴展儲備為不可分派儲備。有關儲備之撥款乃來自中國附屬公司法定財務報表之除稅後溢利，而款額及分配基準乃由董事會按年決定。法定盈餘儲備可用於彌補過往年度中國附屬公司之虧損(如有)及可以資本化發行之方式轉換為資本。企業擴展基金將用於以資本化發行之方式擴大中國附屬公司之資本基礎。

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29. RESERVES (Continued)

Nature and purpose of reserves (Continued)

vi) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2(s).

vii) Share option reserve

The share option reserve of the Company and the Group arose upon on the grant of share options of the Company and is dealt with in accordance with the accounting policies set out in note 2(o).

Distributable reserves of the Company

Under the Companies Law (Revised) of the Cayman Islands, share premium and contributed surplus are distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of share premium and contributed surplus if (i) it is, or would after the payment be unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its share capital account.

As at 31 December 2010, the Company's reserves available for distribution to shareholders amounted to approximately RMB781,256,000 (2009: RMB792,883,000), computed in accordance with the Companies Law (Revised) of the Cayman islands and the Company's articles of association. This includes the Company's share premium of approximately RMB419,229,000 (2009: RMB419,229,000) and contributed surplus of approximately RMB372,178,000 (2009: RMB372,178,000), less accumulated losses of approximately RMB10,151,000 (2009: plus retained profit RMB1,476,000), which are available for distribution provided that immediately following the date on which a dividend is proposed, the Company will be able to pay its debts as they fall due in the ordinary course of business.

29. 儲備 (續)

儲備之性質及目的 (續)

vi) 匯兌儲備

匯兌儲備包括換算海外業務財務報表產生之所有外匯差額。本公司根據附註2(s)所載會計政策處理儲備。

vii) 購股權儲備

因售出本公司之購股權而產生之本公司及本集團之購股權儲備按附註2(o)所載會計政策處理。

本公司之可分派儲備

根據開曼群島公司法(經修訂), 股份溢價及繳入盈餘可分派予股東, 惟倘本公司支付有關款項後(i)將不能償還到期之債項; 或(ii)可變現資產值將低於負債及股本賬合計之數額, 則不得宣派或支付股息, 或從股份溢價、股本贖回儲備及繳入盈餘作出分派。

於二零一零年十二月三十一日, 根據開曼群島公司法(經修訂)及本公司組織章程細則計算, 本公司可供分派予股東之儲備約為人民幣781,256,000元(二零零九年: 人民幣792,883,000元)。該數額包括本公司股份溢價約人民幣419,229,000元(二零零九年: 人民幣419,229,000元)及繳入盈餘約人民幣372,178,000元(二零零九年: 人民幣372,178,000元)減累計虧損約人民幣10,151,000元(二零零九年: 加保留溢利人民幣1,476,000元), 倘本公司緊隨建議分派股息當日之後將可償還日常業務中到期之債項, 則可作出分派。

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30. SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on 1 December 2007. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentive or rewards for their contributions to the Group. Under the Share Option Scheme, the directors of the Company may grant options to the following eligible participants:

- i) any employee (whether full-time or part-time, including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity ("Invested Entity") in which the Group holds an equity interest;
- ii) any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity;
- iii) any supplier of goods or services to any member of the Group or any Invested Entity;
- iv) any customer of the Group or any Invested Entity;
- v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;
- vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- vii) any advisor (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

30. 購股權計劃

本公司之購股權計劃（「購股權計劃」）乃根據於二零零七年十二月一日通過之決議案獲採納。購股權計劃旨在促使本公司授予經甄選參與者購股權，作為彼等為本集團作出貢獻之獎勵或獎賞。根據購股權計劃，本公司董事可向下列合資格參與者授出購股權：

- i) 本公司、其任何附屬公司或本集團持有其股權之任何實體（「投資實體」）之任何僱員（不論全職或兼職，包括任何執行董事，但不包括任何非執行董事）；
- ii) 本公司、其任何附屬公司或任何投資實體之任何非執行董事（包括獨立非執行董事）；
- iii) 向本集團任何成員公司或任何投資實體提供貨品及服務之任何供應商；
- iv) 本集團或任何投資實體之任何客戶；
- v) 為本集團或任何投資實體提供研究、開發或其他科技支持之任何人士或實體；
- vi) 本集團任何成員公司或任何投資實體之任何股東或由本集團任何成員公司或任何投資實體發行之任何證券之任何持有人；
- vii) 本集團任何成員公司或任何投資實體之任何業務範疇或業務發展之任何諮詢人（不論是否專業人士）或顧問；及
- viii) 透過合營企業、業務聯盟或對本集團之發展及增長作出其他業務安排而作出或可能作出貢獻之任何其他團體或類別之參與者。

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30. SHARE OPTION SCHEME (Continued)

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue on the day on which trading of the shares commenced on the Main Board ("General Scheme Limit"). The total number of shares available for issue under the Share Option Scheme is 80,000,000 (including those granted but yet to be exercised), representing 10% of the issued shares of the Company as at the date of this Annual Report.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 30% of the shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any participant is not permitted to exceed 1% of the shares of the Company in issue during the 12-month period before the date of grant without prior approval from the Company's shareholders. Any grant of options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associate (as defined under the Listing Rules) must be approved by the independent non-executive directors of the Company. In addition, any grant of options to a substantial shareholder or an independent non-executive director or any of their respective associates in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million within any 12-month period must be approved by shareholders of the Company in general meeting.

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

30. 購股權計劃 (續)

因行使根據購股權計劃及本集團任何其他購股權計劃所授出之全部購股權而發行之股份數目總額不得超過股份開始在主板買賣當日已發行股份之10% (「一般計劃限額」)。根據購股權計劃可供發行之股份總數為80,000,000股 (包括已授出但尚未行使者)，佔本公司於本年報日期之已發行股份10%。

根據購股權計劃可予授出之購股權涉及之股份數目最多不超過本公司不時已發行股份總額之30%。未經本公司股東批准，任何參與者於授出日期前十二個月期間獲授之購股權所涉及之股份數目不得超過本公司已發行股份1%。根據購股權計劃向本公司董事、最高行政人員或主要股東或彼等各自之任何聯繫人士 (定義見上市規則) 授出任何購股權，須由本公司之獨立非執行董事批准。此外，於任何十二個月內向主要股東或獨立非執行董事或彼等各自之任何聯繫人士授出超過本公司已發行股份0.1%及總值 (根據本公司股份於授出購股權當日之收市價計算) 超過5,000,000港元之購股權，須獲得本公司股東在股東大會上批准。

除非本公司董事另行決定及在向承授人提呈授出購股權要約時表明，否則購股權計劃並無規定在行使前所需持有購股權之最短期限。

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30. SHARE OPTION SCHEME (Continued)

An offer for the grant of options to a grantee shall be accepted by no later than 21 days from the date of offer. HK\$1 per grant of options is payable on the acceptance of the grant of options. Options may be exercised in accordance with the terms of the Share Option Scheme and expiring in accordance with the terms of the Share Option Scheme or upon the expiry of the tenth anniversary of the Share Option Scheme, whichever is the earlier.

The exercise price is determined by the directors of the Company, and shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheets of the Stock Exchange on the date of the offer of grant; (ii) the average closing price of the Company's shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Company's share.

The Share Option Scheme will remain in force for a period of 10 years commencing on 1 December 2007.

30. 購股權計劃（續）

向獲授人作出的授出購股權要約須不遲於要約日期後21日內接納。接納獲授之購股權時須就每份購股權支付1港元。購股權可根據購股權計劃之條款行使，並根據購股權計劃之條款或於購股權計劃滿十周年時失效（以較早者為準）。

行使價由本公司董事釐定，而且不得低於(i)授出購股權當日聯交所每日報價表所載本公司股份之收市價；(ii)緊接授出購股權日期前五個營業日聯交所每日報價表所載本公司股份之平均收市價；及(iii)本公司股份面值（以最高者為準）。

購股權計劃由二零零七年十二月一日起一直生效，為期十年。

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30. SHARE OPTION SCHEME (Continued)

- a) The terms and conditions of the grants that existed during the year are as follows, whereby all options are settled by physical delivery of shares:

30. 購股權計劃（續）

- a) 下文載列年內存有之購股權之授出條款及條件，據此，所有購股權以股份實物交收方式結算交收：

		Number of shares issuable under options granted 根據所授之 購股權 可予發行之 股份數目	Vesting conditions 生效條件	Contractual life of options 合約年期
Granted to directors: – on 14 May 2008	授予董事之購股權： – 二零零八年 五月十四日	5,800,000	one year 一年	10 years 十年
Granted to employees: – on 14 May 2008	授予僱員之購股權： – 二零零八年 五月十四日	12,000,000	one year 一年	10 years 十年
Total number of shares issuable under options granted	根據所授之購股權 可予發行股份總數	<u>17,800,000</u>		

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30. SHARE OPTION SCHEME (Continued)

- b) The number and weighted average exercise price of share options are as follows:

Outstanding at the beginning of the year	年初尚未行使
Granted during the year	年內授出
Outstanding at the end of the year	年終尚未行使
Exercisable at the end of the year	年終可予行使

The options outstanding at 31 December 2010 had an exercise price of HK\$2.81 (2009: HK\$2.81) and a weighted average remaining contractual life of 7.375 years (2009: 8.375 years).

30. 購股權計劃 (續)

- b) 購股權之數目及加權平均行使價如下：

2010 二零一零年		2009 二零零九年	
Weighted average exercise price 加權平均行使價	Number of shares issuable under options granted 根據所授購股權可發行之股份數目	Weighted average exercise price 加權平均行使價	Number of shares issuable under options granted 根據所授購股權可發行之股份數目
HK\$2.81港元	17,800,000	HK\$2.81港元	17,800,000
-	-	-	-
HK\$2.81港元	17,800,000	HK\$2.81港元	17,800,000
HK\$2.81港元	17,800,000	HK\$2.81港元	17,800,000

於二零一零年十二月三十一日尚未行使購股權之行使價為2.81港元(二零零九年：2.81港元)，加權平均剩餘合約年限為7.375年(二零零九年：8.375年)。

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30. SHARE OPTION SCHEME (Continued)

c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the binomial option pricing model. The contractual life of the share option is used as an input into this model.

Fair value of share options and assumptions

Share price	購股權之公平值及假設 股價
Exercise price	行使價
Expected volatility (expressed as weighted average volatility used in the modeling under the binomial option pricing model)	預期波幅（以「二項式」期權定價模式內採用的加權平均波幅）
Option life (expressed as weighted average life used in the modeling under the binominal option pricing model)	購股權年期（以「二項式」期權定價模式內採用的加權平均年期表示）
Expected dividends	預期股息
Risk-free interest rate (based on Exchange Fund Notes)	無風險利率（根據外匯基金票據）

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on public available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

There were no service conditions or market conditions associated with the share options granted.

30. 購股權計劃（續）

c) 購股權之公平值及假設

以授出購股權而獲得之服務之公平值按獲授購股權之公平值計量。獲授購股權之估計公平值按「二項式」期權定價模式計算。購股權之合約年期為此模式之一項輸入參數。

2010 二零一零年	2009 二零零九年
HK\$0.881港元 HK\$2.79港元 HK\$2.81港元	HK\$0.881港元 HK\$2.79港元 2.81港元
40%	40%
10 years 十年 3%	10 year 十年 3%
3.21%	3.21%

預期波幅乃根據歷史波幅計算（以購股權之加權平均剩餘年期計算），再調整因公眾所知的資料影響未來波幅之估計變動。預期股息乃根據過往股息釐定。所採用主觀輸入參數假設之變動可對公平值之估計構成重大影響。

已授出之購股權並無附帶任何服務條件或市場條件。

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31. DISPOSAL OF SUBSIDIARIES

On 14 December 2009, the Group through its wholly-owned subsidiary, Wuxi Pan-Asia and 民心投資, disposed of its entire interests in 民心置業 for a total consideration of RMB10,000,000. The transaction was completed on 14 December 2009.

On 23 December 2009, the Group through its wholly-owned subsidiary, Wuxi Pan-Asia, disposed of its entire interests in 泛亞置業 for a total consideration of RMB10,000,000. The transaction was completed on 23 December 2009.

The principal activities of 民心置業 and 泛亞置業 were property development.

31. 出售附屬公司

於二零零九年十二月十四日，本集團透過其全資附屬公司無錫泛亞及民心投資，出售其於民心置業之全部權益，總代價為人民幣10,000,000元。該交易於二零零九年十二月十四日完成。

於二零零九年十二月二十三日，本集團透過其全資附屬公司無錫泛亞出售其於泛亞置業之全部權益，總代價為人民幣10,000,000元。該交易於二零零九年十二月二十三日完成。

民心置業及泛亞置業均從事房地產開發。

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31. DISPOSAL OF SUBSIDIARIES (Continued)

The carrying amount of net assets/(liabilities) of the subsidiaries at the dates of disposal are as follow:

31. 出售附屬公司 (續)

該等附屬公司於出售日期之資產淨值/(負債淨額)之賬面值如下:

		民心置業 RMB'000 人民幣千元	泛亞置業 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Net assets/(liabilities) disposed of:	所出售之資產淨值/ (負債淨額):			
Property, plant and equipment	物業、機器及設備	16	–	16
Prepaid lease payments	預付租賃付款	20,800	–	20,800
Trade receivables	應收貿易賬款	367	–	367
Deposits, prepayments and other receivables	按金、預付款項及其他應收款項	26,530	14,682	41,212
Bank balances and cash	銀行結餘及現金	5,000	29	5,029
Other payables and accruals	其他應付款項及應計費用	(15,280)	(4,942)	(20,222)
Receipt in advance	預收款項	(28,322)	–	(28,322)
		9,111	9,769	18,880
Gain on disposal	出售產生之收益	889	231	1,120
Total consideration	總代價	10,000	10,000	20,000
Satisfied by:	以下列方式支付:			
Cash	現金	10,000	10,000	20,000
Net cash flows arising on disposal:	出售產生之現金流量淨額:			
Cash consideration	現金代價	10,000	10,000	20,000
Cash and cash equivalents disposed of	所出售之現金及等同現金項目	(5,000)	(29)	(5,029)
		5,000	9,971	14,971

民心置業 and 泛亞置業 contributed loss of approximately RMB889,000 and RMB231,000 respectively to the Group's profit for the period since 1 January 2009 to the date of disposal.

民心置業及泛亞置業為本集團自二零零九年一月一日起至出售日期止期間之溢利貢獻虧損分別約人民幣889,000元及人民幣231,000元。

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32. SEGMENT REPORTING

The Group manages its business by divisions and all those divisions are located in the PRC. In a manner consistent with the way in which information is reported internally to the Group's Chief Executive Officer for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segment. No operating segments have been aggregated to form the following reportable segments.

- Sales of EP products and equipment: this segment sells EP products and equipment to external customers. Currently the Group's activities in this regard are carried out in PRC only.
- EP construction engineering projects: this segment undertakes EP engineering construction projects for external customers. Currently the Group's activities in this regard are carried out in the PRC only.
- Provision of EP related professional services: this segment provides of EP related professional services to external customers and for Group companies. Currently the Group's activities in this regard are carried out in the PRC only.
- Manufacture of EP construction materials: this segment manufactures and sells EP construction materials to external customers, main products are wood wool cement board. Currently the Group's activities in this regard have not yet commenced.

a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's Chief Executive Officer monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

32. 分部報告

本集團按部門劃分管理其業務，所有該等部門均位於中國。為了與就資源分配及表現評估向本集團行政總裁內部呈報之資料方式更為一致，本集團呈列以下四個呈報分部。並無將任何經營分部合計以構成以下之呈報分部。

- 環保產品及設備之銷售：本分部向外部客戶銷售環保產品及設備。目前本集團此類業務僅在中國開展。
- 環保建設工程：此分部從事外部客戶環保工程營建項目。目前本集團此類業務僅在中國開展。
- 提供環保相關專業服務：此分部向外部客戶及本集團旗下公司提供環保相關專業服務。目前本集團此類業務僅在中國開展。
- 製造環保建築材料：本分部製造及向外界客戶銷售環保建築材料，主要產品為木絲水泥板。現時本集團於此分部之活動尚未開始。

a) 分部業績、資產及負債

就評估分部表現及分部間分配資源而言，本集團行政總裁按以下基準監察各呈報分部之業績、資產及負債：

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32. SEGMENT REPORTING (Continued)

a) Segment results, assets and liabilities (Continued)

Segment assets include all tangible and current assets with the exception of investments in financial assets and other corporate assets. Segment liabilities include trade and other payables attributable to individual segments and short-term bank loan managed directly by the Group's Chief Executive Officer.

Revenue and expenses are allocated to the reportable segments with reference to sales generated and services rendered by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Inter-segment assistance provided by one segment to another is not measured.

The measure used for reporting segment profit is "adjusted EBITDA" that is, "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditor's remuneration and other corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, the Group's Chief Executive Officer is provided with segment information concerning revenue (including inter segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

32. 分部報告 (續)

a) 分部業績、資產及負債 (續)

分部資產包括所有有形及流動資產（於金融資產及其他公司資產之投資除外）。分部負債包括各分部貿易及其他應付款項及由本集團行政總裁直接管理的短期銀行貸款。

收益及支出乃經參考該等分部產生之銷售額及提供之服務，以及所產生的支出或該等分部應佔之資產折舊或攤銷產生之支出分配予呈報分部。分部間提供的支持不計算在內。

用於呈報分部溢利的方法為「經調整EBITDA」，即「經調整之未計利息、稅項、折舊及攤銷前的溢利」，其中「利息」包括投資收入，而「折舊及攤銷」包括非流動資產之減值虧損。為達至「經調整EBITDA」，本集團之盈利乃對並未指定屬於個別分部之項目作出進一步調整，如董事及核數師之酬金及其他公司行政成本。

除收到有關經調整EBITDA之分部資料外，本集團行政總裁獲提供有關由各分部直接管理的收益（包括分部間銷售）、來自現金結餘及借貸之利息收入及支出、各分部於彼等營運中使用的折舊、攤銷及減值虧損以及非流動分部資產添置的分部資料。分部間銷售乃經參考就類似訂單向外部人士收取的價格而進行定價。

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For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

32. SEGMENT REPORTING (Continued)

a) Segment results, assets and liabilities (Continued)

For the year ended 31 December

	Sales of EP products and equipment		EP construction engineering projects		Provision of EP related professional services		Manufactories of EP construction materials		Total	
	銷售環保產品及設備		環保建設工程項目		提供環保相關專業服務		製造環保工程物料		總計	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	二零一零年	二零零九年	二零一零年	二零零九年	二零一零年	二零零九年	二零一零年	二零零九年	二零一零年	二零零九年
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Reportable segment revenue 來自外部客戶的 from external customer 呈報分部收益	627,897	421,521	13,114	179,386	5,697	8,065	-	-	646,708	608,972
Reportable segment profit 呈報分部溢利 (adjusted EBITDA) (經調整之EBITDA)	137,820	98,964	1,836	45,076	4,934	3,332	-	-	144,590	147,372
Interest expenses 利息開支	-	-	-	3,977	-	-	365	-	365	3,977
Depreciation and 年內折舊及攤銷 amortisation for the year	2,041	1,974	287	287	-	-	-	-	2,328	2,261
Reportable segment assets 呈報分部資產	392,066	224,344	163,898	221,944	613	6,318	156,392	-	712,969	452,606
Reportable segment liabilities 呈報分部負債	18,101	41,807	130,303	111,197	12,069	10,085	5	-	160,478	163,089

32. 分部報告 (續)

a) 分部業績、資產及負債 (續)

截至十二月三十一日止年度

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32. SEGMENT REPORTING (Continued)

32. 分部報告 (續)

b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

b) 呈報分部收益、溢利或虧損、資產及負債之對賬

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Revenue	收益		
Reportable segment revenue from external customer	來自外部客戶的呈報分部收益	646,708	608,972
Profit	溢利		
Reportable segment profit derived from external customer	源自外部客戶的呈報分部溢利	144,590	147,372
Other revenue and other net (loss)/income	其他收益及其他淨(虧損)/收入	2,354	21,655
Depreciation and amortisation	折舊及攤銷	(5,586)	(5,468)
Finance costs	融資成本	(367)	(4,080)
Unallocated head office and corporate expenses	未分配總部及企業開支	(30,337)	(34,336)
Consolidated profit before taxation	除稅前綜合溢利	110,654	125,143
Assets	資產		
Reportable segment assets	呈報分部資產	712,969	452,606
Non-current financial assets	非流動金融資產	6,850	6,850
Unallocated head office and corporate assets	未分配總部及企業資產	723,213	946,952
Consolidated total assets	綜合總資產	1,443,032	1,406,408
Liabilities	負債		
Reportable segment liabilities	呈報分部負債	160,478	163,089
Current tax liabilities	即期稅項負債	21,204	19,722
Deferred tax liabilities	遞延稅項負債	4,852	—
Unallocated head office and corporate liabilities	未分配總部及企業負債	50,673	63,770
Consolidated total liabilities	綜合總負債	237,207	246,581

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32. SEGMENT REPORTING (Continued)

b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities (Continued)

Information about major customer

Included in revenue arising from sales of EP products and equipment of approximately RMB627,897,000 (2009: arising from undertakes of EP engineering construction project of approximately RMB179,386,000) are revenues of approximately RMB81,660,000 (2009: RMB95,504,000) which arose from sales to the Group's largest customer. No other single customers contributed 10% or more to the Group's revenue for both 2010 and 2009.

Geographical information

The Group operates all its reportable segments in the PRC. All revenue of operations and location of its non-current assets are in the PRC.

33. PLEDGE OF ASSETS

A bank deposit of a subsidiary of approximately RMB4,500,000 as at 31 December 2010 (2009: RMB31,480,000) was pledged to secure a banking facility of approximately RMB2,800,000 (2009: RMB51,296,000) granted to the subsidiary.

A building with a carrying amount of approximately RMB880,000 as at 31 December 2010 (2009: RMB919,000) was pledged to a bank to secure a short-term bank loan of RMB9,000,000 (2009: Nil) granted to a subsidiary.

32. 分部報告 (續)

b) 呈報分部收益、溢利或虧損、資產及負債之對賬 (續)

有關主要客戶資料

包括源自環保產品及設備之收益約人民幣627,897,000元(二零零九年:源自從事環保工程營建項目約人民幣179,386,000元)乃源自向本集團最大客戶銷售之收益約人民幣81,660,000元(二零零九年:人民幣95,504,000元)。二零一零年及二零零九年兩年並無單獨客戶貢獻10%或以上予本集團收益。

地理資料

本集團在中國經營其所有可報告分部。其非流動資產全部營運及位置之收益均在中國。

33. 資產抵押

於二零一零年十二月三十一日,一間附屬公司之約人民幣4,500,000元(二零零九年:人民幣31,480,000元)銀行存款已抵押,以作為該附屬公司獲授之銀行額度約人民幣2,800,000元(二零零九年:人民幣51,296,000元)之擔保。

於二零一零年十二月三十一日,賬面值約人民幣880,000元之樓宇(二零零九年:人民幣919,000元)已抵押予銀行,以作為附屬公司獲授之短期銀行貸款約人民幣9,000,000元(二零零九年:無)之擔保。

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34. RELATED PARTY TRANSACTIONS

- a) During the two years ended 31 December 2010 and 2009, in addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following related party transactions:

Name of related party 關連人士名稱	Relationship with related party 與關連人士之關係	Nature of transaction 交易性質	The Group 本集團	
			2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Wuxi Xin Wei High Temperature Ceramics Co., Ltd. 無錫新威高溫陶瓷 有限公司	A company in which Mr. Jiang Lei and Mr. Jiang Quanlong, directors of the Company, have beneficial interest 本公司董事蔣磊先生及 蔣泉龍先生於其中擁有 實益權益之公司	Receipt of rental income 收取租金收入	53	53
Osram 歐司朗	A company in which Mr. Jiang Lei and Mr. Jiang Quanlong, directors of the Company, have beneficial interest 本公司董事蔣磊先生及 蔣泉龍先生於其中擁有 實益權益之公司	Payment of rental expenses 支付租賃開支	(5)	—

- b) The details of emoluments of key management personnel during the years ended 31 December 2009 and 2010 are set out in notes 8 and 9.

- a) 於截至二零一零年及二零零九年十二月三十一日止兩個年度，除於該等財務報表其他部份所披露之交易及結存外，本集團訂立下列關連人士交易：

- b) 主要管理層人員於截至二零零九年及二零一零年十二月三十一日止年度之酬金詳情載於附註8及9。

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35. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted but not provided for in the financial statements in respect of the acquisition of – property, plant and equipment

有關收購之已訂約但未於財務報表作出撥備之資本開支 – 物業、廠房及設備

The Group 本集團	
2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
91,546	51,296

(b) Operating lease commitments

The Group as lessee

At the end of the reporting period, the Group and the Company had commitments for future minimum lease payments under non-cancellable operating leases in respect of the renting of premises which fall due as follows:

(b) 經營租賃承擔

本集團作為承租人

於報告期末，本集團及本公司就租賃物業之不可撤銷經營租賃而須於未來支付最低租賃款額之承擔到期情況如下：

		The Group 本集團		The Company 本公司	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Within one year	一年內	855	135	837	135
In second to fifth year inclusive	第二年至五年（包括首尾兩年）	981	–	906	–
More than five year	五年以上	824	–	–	–
		2,660	135	1,743	135

Operating leases relate to new factory facilities with lease terms of 49 years.

有關新廠房設施之經營租賃期為49年。

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35. COMMITMENTS (Continued)

(b) Operating lease commitments (Continued)

The Group as lessor

The Group had contracted with tenants for the following non-cancellable future minimum lease payments receivable:

Within one year	一年內
In second to fifth year inclusive	第二年至五年 (包括首尾兩年)

(c) The Company had no capital commitments as at 31 December 2010 and 2009.

(d) The Company had no operating lease commitments as a lessor as at 31 December 2010 and 2009.

35. 承擔 (續)

(b) 經營租賃承擔 (續)

本集團作為出租人

本集團已與租戶就以下不可撤銷應收未來最低租金付款訂立合約：

The Group 本集團	
2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
53	53
71	124
124	177

(c) 於二零一零年及二零零九年十二月三十一日，本公司概無資本承擔。

(d) 於二零一零年及二零零九年十二月三十一日，本公司作為出租人概無經營租賃承擔。

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36. CONTINGENT LIABILITIES

The Group has provided product warranties to its customers in respect of construction work completed and certain of its EP products sold for a warranty period ranging from 6 months to 2 years after project completed or product delivery. At the same time, the Group has also received warranties in respect of those construction work and equipment supplied from its sub-contractors and suppliers. The directors of the Company believe that the amount of crystallised warranty liabilities, if any, in excess of the amount covered by the warranties given by the sub-contractors and suppliers, will not have a material adverse effect on the overall financial position or results of operations of the Group.

37. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, and to generate sufficient profit to maintain growth and provide a satisfactory return to its shareholders.

The management actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure through the amount of dividend payment to shareholders or raise new debt financing. No changes were made in the objectives or policies during the year.

The management monitors the Group's capital structure on the basis of a net debt-to-equity ratio. For this purpose, the Group defines net debt as total debt (which includes interest-bearing loans and borrowings, trade and other payables and deposits received and receipts in advance plus unaccrued proposed dividends minus cash and cash equivalents).

36. 或然負債

本集團就已竣工建築工程及其售出之若干環保產品為其客戶提供產品保養，保養期由工程結束後或產品送遞後計六個月至兩年不等。同時，本集團亦享有其承包商及供應商就所提供之建築工程及設備之保養服務。本公司董事相信保養負債之變現金額（如有）超逾承包商及供應商所提供保養所涉之金額，將不會對本集團整體財務狀況或營運業績造成重大不利影響。

37. 資本管理

本集團管理資本之首要目標乃保障本集團能夠繼續根據持續經營基準經營，以及產生足夠盈利以維持增長，及為股東賺取滿意之回報。

管理層積極及定期對資本架構進行檢討及管理，以在較高股東回報情況下可能伴隨之較高借貸水平與穩健之資本狀況帶來之好處及保障之間取得平衡，並透過對股東派發股息或進行新債務融資就資本架構作出調整。年內，概無就目標及政策作出任何變動。

管理層按債權比率淨值基準密切監察本集團之資本結構。為此，本集團界定債務淨額為債務總額（包括計息貸款及借貸、應付貿易及其他款項及已收按金及預收款加非累計擬分派股息減現金及等同現金項目）。

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37. CAPITAL MANAGEMENT (Continued)

The net debt-to-equity ratio at 31 December 2010 and 2009 was as follows:

37. 資本管理 (續)

於二零一零年及二零零九年十二月三十一日之債權比率淨值如下：

		The Group 本集團		The Company 本公司	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Current liabilities:	流動負債：				
Short-term bank loan	短期銀行貸款	9,000	16,478	-	-
Trade and other payables	應付貿易及其他款項	109,703	140,968	1,066	937
Deposits received and receipts in advance	已收按金及預付款	92,448	69,413	-	-
Total debt	總負債	211,151	226,859	1,066	937
Less: Cash and cash equivalents	減：現金及等同現金項目	(685,503)	(739,266)	(6,475)	(46,475)
Net debt	負債淨額	(474,352)	(512,407)	(5,409)	(45,538)
Total equity	權益總額	1,205,825	1,159,827	825,182	854,017
Net debt-to-equity ratio	債權比率淨值	N/A不適用	N/A不適用	N/A不適用	N/A不適用

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

本公司或任何其附屬公司概無受外部實施之資本規定限制。

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38. FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

a) Credit risk

As at 31 December 2010, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statements of financial position after deducting any impairment allowance.

The Group's credit risk is primarily attributable to trade receivables and amounts due from related parties which are disclosed elsewhere in these financial statements. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are normally due within 60 days from the date of billing. Normally, the Group does not obtain collateral from its customers.

38. 金融工具

本集團在日常業務中須承受信貸、流動資金、利率及貨幣風險。本集團透過下文所述財務管理政策及常規管理該等風險。

本集團有關金融工具或其管理及計量風險之方式之承擔類別並無變動。

a) 信貸風險

於二零一零年十二月三十一日，最大的信貸風險承擔為綜合財務狀況表中各金融資產扣除任何減值撥備後的賬面值。

本集團之信貸風險主要來自於該等財務報表其他部份披露之應收貿易賬款及應收關連方款項。管理層設定了既定之信貸政策，並持續監察該等信貸風險。

就應收貿易賬款而言，本公司對要求一定金額以上信貸之所有客戶個別進行信貸評估。評估主要根據客戶之歷史交易記錄及現時之償付能力，並考慮特定客戶之信用特徵及其所處經營環境。貿易應收賬款自發票日起於60天內到期。在一般情況下，本集團不會自客戶獲取抵押品。

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38. FINANCIAL INSTRUMENTS (Continued)

a) Credit risk (Continued)

In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Taking into account the creditworthiness of the Group's customers, the credit risk measures and the historical levels of the bad debts, the Directors consider that such concentration of credit risk would not result in significant credit default exposure to the Group. At the end of the reporting period, 24.03% (2009: 2.24%) and 37.52% (2009: 9.38%) of trade receivables was due from the Group's largest customer and the five largest customers respectively are arising from the sales of EP products and equipment segment.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 18.

Amounts due from related parties are regularly reviewed and settled unless the amounts are specifically intended to be long-term in nature.

The credit risk on liquid funds is limited because the counterparties are bank with good reputation and high credit ratings.

Credit risk associated with an advance to local government departments is mitigated because the amount is secured over the land use right. The carrying amount of the amount advance to local government departments amounted to RMB97,230,000 (2009: RMB93,000,000).

38. 金融工具 (續)

a) 信貸風險 (續)

就應收貿易賬款而言，本集團之信貸風險主要受每個客戶之個別情況所影響。客戶經營所屬行業之違約風險也會對信貸風險產生影響。考慮到本集團客戶之信譽、信貸風險措施及過往之壞賬水平，董事認為，此種集中信貸風險不會對本集團構成重大信貸拖欠風險。於報告期末，來自銷售環保產品及設備分部之應收本集團最大客戶及最大五位客戶分別佔總應收貿易賬款24.03%（二零零九年：2.24%）及37.52%（二零零九年：9.38%）。

有關本集團面臨之應收貿易賬款產生之信貸風險之更多量性披露載於附註18。

應收關連方款項會定期進行審閱及結算，除非該等款項特別指定為屬長期性則除外。

流動資金信貸風險有限，因為對方為具有良好信譽及高信貸評級的銀行。

有關預付當地政府部門款項之信貸風險已減低，乃由於該款項以土地使用權為抵押。預付當地政府部門款項之賬面值為人民幣97,230,000元（二零零九年：人民幣93,000,000元）。

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38. FINANCIAL INSTRUMENTS (Continued)

b) Interest rate risk

The Group's cash flow interest rate risk and fair value interest rate risks relate primarily to variable-rates and fixed rates respectively of pledged bank deposits, bank balances and short-term bank loan. The Group's normal policy is not to use any derivative contracts to hedge its exposure to interest rate risk. However, the management of the Company will consider hedging significant interest rate exposure should the need arises. The Group's interest rate profile as monitored by management is set out in (i) below.

i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period.

38. 金融工具 (續)

b) 利率風險

本集團之現金流量利率風險及公平值利率風險主要分別與已抵押銀行存款、銀行結餘及短期銀行貸款之浮動利率及固定利率有關。一般而言，本集團之政策不採用任何衍生合約對沖其利率風險。惟倘必要，本公司管理層將會考慮對沖重大利率風險。本集團由管理層監察的利率概況載列於下文(i)。

i) 利率概況

下表詳述本集團的借款於報告期末的利率概況。

		2010 二零一零年		2009 二零零九年	
		Effective interest rate 實際利率 %	RMB'000 人民幣千元	Effective interest rate 實際利率 %	RMB'000 人民幣千元
Net fixed rates borrowings	固定利率借款淨額				
Bank loans-secured	銀行貸款－有抵押	-	-	2.17	16,478
Net variable rates borrowings	浮息利率借款淨額				
Bank loans-secured	銀行貸款－有抵押	6.06 – 6.97	9,000	-	-
Total net borrowings	總借款淨額		9,000		16,478
Net fixed rates borrowings as a percentage of total interest-bearing borrowings	固定利率借款淨額佔 計息借款總額的 百分比		-		100%

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38. FINANCIAL INSTRUMENTS (Continued)

b) Interest rate risk (Continued)

ii) Sensitivity analysis

At 31 December 2010, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and retained profits by approximately RMB6,810,000 (2009: RMB7,543,000). Other components of equity would not be affected by the changes in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The analysis is performed on the same basis for 2009.

The Group's fair value interest rate risk relates primarily to fixed rate bank borrowings. The directors consider the fair value interest rate risk is insignificant to the Group as most of them are short-term.

38. 金融工具 (續)

b) 利率風險 (續)

ii) 敏感度分析

於二零一零年十二月三十一日，據估計，在所有其他變數維持不變之情況下，利率普遍上升／下降100個基點將令本集團之除稅後溢利及保留溢利減少／增加約人民幣6,810,000元（二零零九年：人民幣7,543,000元）。權益之其他部份將不會受利率變動之影響。

上述敏感度分析乃假設利率變動已於報告期末發生，並已應用於該日存在之非衍生金融工具須承受之利率風險。100個基點之增幅或跌幅為管理層就直至下個報告期末期間利率之合理可能變動所作之評估。二零零九年的分析是以相同的基準進行。

本集團之公平值利率風險主要與定息銀行貸款有關。董事認為由於大部分貸款均屬短期，本集團之公平值利率風險並不重大。

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38. FINANCIAL INSTRUMENTS (Continued)

c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets as they fall due. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates and variable rates) and the earliest date the Group and the Company can be required to pay.

38. 金融工具 (續)

c) 流動資金風險

流動資金風險乃指本集團於履行有關以現金交付方式或其他金融資產結算到期之金融負債義務之風險上所面對的困難。本集團之政策為定期監控目前及預期之流動資金需求及其遵守貸款契據之情況，以確保本集團維持充裕現金儲備及獲往來銀行承諾提供足夠資金，以應付其短期及較長期之流動資金需求。

下表為詳列本集團及本公司之非衍生金融負債於報告期末之餘下合約期限。此乃基於合約所定未貼現現金流（包括根據合約所定利率及浮動利率計算之利息付款）及本集團及本公司可能須付款之最早日期計算。

		2010 二零一零年 Total contractual undiscounted cash flow			2009 二零零九年 Total contractual undiscounted cash flow			
		Carrying amount 賬面值 RMB'000 人民幣千元	合約所定 未貼現 現金流 RMB'000 人民幣千元	Within 1 year or on demand 一年內或 要求時 RMB'000 人民幣千元	Carrying amount 賬面值 RMB'000 人民幣千元	合約所定 未貼現 現金流 RMB'000 人民幣千元	Within 1 year or on demand 一年內或 要求時 RMB'000 人民幣千元	
The Group	本集團							
	Short-term bank loan	短期銀行貸款	9,000	9,627	9,627	16,478	16,843	16,843
	Trade and other payables	應付貿易及其他款項	109,703	109,703	109,266	140,968	140,968	140,968
			118,703	119,330	119,330	157,446	157,811	157,811
The Company	本公司							
	Accruals and other payables	應計費用及其他應付款項	1,066	1,066	1,066	937	937	937

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38. FINANCIAL INSTRUMENTS (Continued)

c) Liquidity risk (Continued)

The Group held cash and bank balance amounting to approximately RMB685,503,000 as at 31 December 2010 (2009: approximately RMB739,266,000), which it considers is adequate for it to manage its liquidity requirements.

d) Currency risk

The Group's is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The Group currently does not have a foreign currency hedging policy, however, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure if necessary.

i) Exposure to currency risk

The following table details the Group's and the Company's exposure at the end of the reporting period to currency risk arising from recognised assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate.

38. 金融工具 (續)

c) 流動資金風險 (續)

本集團於二零一零年十二月三十一日持有之現金及銀行結餘約人民幣685,503,000元(二零零九年:約人民幣739,266,000元)。本集團認為其足以管理其流動資金需求。

d) 貨幣風險

本集團涉及之貨幣風險主要來自與以業務所涉及功能貨幣以外之貨幣計值之買賣交易有關之風險。本集團目前並無外幣對沖政策。然而,管理層會監控外匯風險,並將在需要時考慮對沖重大外匯風險。

i) 面臨貨幣風險

下表詳列本集團及本公司於報告期末面臨之貨幣風險,有關風險乃因以實體經營有關之功能貨幣以外之貨幣計值之已確認資產及負債而產生。

		The Group 本集團						The Company 本公司	
		2010 二零一零年			2009 二零零九年			2010 二零一零年	
		HK\$'000 千港元	AUD'000 千澳元	EUR'000 千歐元	HK\$'000 千港元	AUD'000 千澳元	EUR'000 千歐元	AUD'000 千澳元	2009 二零零九年 AUD'000 千澳元
Trade and other receivables	應收貿易及其他款項	2,949	-	-	13,595	-	1,625	-	-
Cash and bank balances	現金及銀行結餘	17,911	-	-	14,937	6,899	-	1	6,899
Trade and other payables	應付貿易及其他款項	(1,258)	-	-	(1,063)	-	-	-	-
Overall net exposure	整體風險淨額	19,602	-	-	27,469	6,899	1,625	1	6,899

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38. FINANCIAL INSTRUMENTS (Continued)

d) Currency risk (Continued)

ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax and retained profits for the year and other components of equity in response to reasonably possible changes in the foreign exchange rates to which the Company has significant exposure at the end of the reporting period date.

		2010 二零一零年		
		Increase/ (decrease) in foreign exchange rates 外幣匯率 增加/(減少)	Effect on profit after tax and retained profits 對除稅後溢利 及保留溢利 之影響	Effect on other components of equity 對權益其他 部分之影響
		RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元
HKD	港元	1%	166	-
		(1%)	(166)	-
AUD	澳元	1%	-	-
		(1%)	-	-
EUR	歐元	1%	-	-
		(1%)	-	-

The sensitivity analysis above has been determined assuming that the change in foreign exchange rate had occurred at the end of the reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date. The stated changes represent management's assessment of reasonably possible changes in foreign exchanges rates over the period until the end of the next reporting period. The analysis is performed on the same basis for 2009.

38. 金融工具 (續)

d) 貨幣風險 (續)

ii) 敏感度分析

下表顯示於於報告期末本集團除稅後溢利及保留溢利及權益其他部份在本公司面臨重大風險之匯率合理可能變動下之概約變動。

		2009 二零零九年		
		Increase/ (decrease) in foreign exchange rates 外幣匯率 增加/(減少)	Effect on profit after tax and retained profits 對除稅後溢利 及保留溢利 之影響	Effect on other components of equity 對權益其他 部分之影響
		RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元
1%		1%	242	-
		(1%)	(242)	-
1%		1%	423	-
		(1%)	(423)	-
1%		1%	116	-
		(1%)	(116)	-

以上敏感度分析基於假設外幣匯率變動發生於報告期末，且應用於當天存在的金融工具上的貨幣風險上。上述變動是管理層對期間至下個報告期末外幣匯率合理及有可能的變動的評估，二零零九年的分析是以相同的基準進行。

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38. FINANCIAL INSTRUMENTS (Continued)

d) Currency risk (Continued)

ii) Sensitivity analysis (Continued)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure at the end of the reporting period does not reflect the exposure during the year. RMB denominated the operations of the Group and the exposure on other currencies is insignificant.

e) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of the following financial instruments.

i) Liquid or/and short-term assets and liabilities

For financial assets and financial liabilities that are liquid or having a short term maturity, it is assumed that the carrying amounts approximate their fair values. The assumption is applied to trade and other receivables, trade and other payables, pledged bank deposits cash and cash equivalents without a specific maturity.

38. 金融工具 (續)

d) 貨幣風險 (續)

ii) 敏感度分析 (續)

管理層認為，敏感度分析未能代表固有之外幣匯率風險，乃由於報告期末之年底風險未能反映年內所承受之風險。本集團營運以人民幣計值，而其他貨幣風險並不重大。

e) 公平價值估計

以下概述以下金融工具的估計公平值所用之主要方法及假設。

i) 流動性或／及短期資產及負債

流動性或到期日短之金融資產及金融負債乃假設其賬面值與公平值相若。該假設適用於無特定到期日之應收貿易及其他款項、應付貿易及其他款項、已抵押銀行存款以及現金及等同現金項目。

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39. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in note 2(b), management is 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 underlying 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a) Key sources of estimation uncertainty

i) *Net realisable value of inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on the current market conditions and the historical experience of manufacturing and selling products of similar nature. Management will reassess the estimates at the end of each reporting period. Carrying amount of inventories as at 31 December 2010 are approximately RMB33,750,000 (2009: RMB32,955,000).

ii) *Trade and other receivables*

The Group's management determines the provision for impairment of trade and other receivables. This estimate is based on the credit history of its customers and the current market conditions. Management reassesses the provision at the end of each reporting period. Carrying amount of trade and other receivables as at 31 December 2010 are approximately RMB529,803,000 (2009: RMB540,992,000).

39. 關鍵會計估計及判斷

應用本集團會計政策時，如附註2(b)所述，管理層須就於其他來源尚未清晰可見之資產及負債賬面值，作出判斷、估計及假設。估計及有關假設乃基於過往經驗及被視為相關之其他因素而作出。實際結果可能有別於該等估計。

估計及相關假設乃按持續基準檢討。倘修訂僅於該期間生效，或倘修訂影響現時及日後期間，則為於修訂期間或日後期間，則會計估計修訂於估計作出修訂之期間確認。

a) 不明朗估計之主要來源

i) 存貨之可變現淨值

存貨之可變現淨值乃估計於日常業務過程中之銷售價格，減去估計之完成費用及銷售支出。該等估計乃基於當前之市場狀況及生產及銷售同類產品之以往經驗。管理層將於各報告期末重新評估該等估計。於二零一零年十二月三十一日，存貨的賬面值約為人民幣33,750,000元（二零零九年：人民幣32,955,000元）。

ii) 應收貿易及其他款項

應收貿易及其他款項減值撥備由本集團之管理層決定。該估計乃基於本集團客戶以往之信貸記錄及當前市場狀況。管理層將於各報告期末重新評估該等撥備。於二零一零年十二月三十一日，應收貿易及其他款項約為人民幣529,803,000元（二零零九年：人民幣540,992,000元）。

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39. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

a) Key sources of estimation uncertainty (Continued)

iii) Construction contracts

As explained in policy notes 2(j) and (r) (ii) revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the amounts due from customers for contract work as disclosed in note 26 will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

39. 關鍵會計估計及判斷（續）

a) 不明朗估計之主要來源（續）

iii) 建造合約

如政策附註2(j)及(r)(ii)所述，未完成項目的收入及溢利確認取決於建造合約的成果及直至當日止的工作完成程度的估計。根據本集團最近經驗及本集團進行的建造業務性質，本集團已就其認為工程已取得充足預付款項而作出估計，因此能夠可靠地估計完成成本及收入。因此，直至此金額達到附註26所披露的合約工程應收客戶款項為止，不會計入本集團最終自截至當日止工程完成進度中所變現的溢利。此外，以總成本或收入計的實際成果可能高於或低於報告期末的估計，可能影響未來數年的收入及溢利，作為截至當日錄得金額的調整。

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39. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

b) Critical judgements in applying accounting policies

i) *Useful lives of property, plant and equipment*

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continued to be valid.

ii) *Impairment on property, plant and equipment and prepaid lease payments*

The Group assesses annually whether property, plant and equipment and prepaid lease payments have any indication of impairment. The recoverable amounts of property, plant and equipment and prepaid lease payments have been determined based on value-in-use calculations. These calculations require the use of judgements and estimates.

iii) *Income taxes*

Determining income tax provisions involves judgement of the future tax treatment of certain transactions and the interpretation of tax rules. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

39. 關鍵會計估計及判斷 (續)

b) 應用會計政策之重要判斷

i) 物業、廠房及設備之可使用年限

本集團根據香港會計準則第16號之規定估計物業、廠房及設備之可使用年限，從而釐定所須列賬之折舊開支。本集團於購入資產之時，根據以往經驗、資產之預期使用量、資產損耗程度，以及技術會否因市場需求或資產產能有變而變成過時，估計其可使用年限。本集團亦會於每年作出檢討，以判斷就可使用年限所作出之假設是否仍然合理。

ii) 物業、廠房及設備以及預付租賃款項減值

本集團每年評估物業、廠房及設備及預付租賃款項是否出現任何減值跡象。物業、廠房及設備及預付租賃款項的可收回金額乃根據使用價值計算法釐定。此等計算須運用判斷及估算。

iii) 所得稅

釐定所得稅撥備涉及未來若干交易之稅項優惠及稅項條例詮釋之判斷。本集團謹慎估計稅務影響及因而訂立之稅務條文。有關交易之稅務優惠會定期檢討，並計及所有稅法變動。

Notes to the Financial Statements

綜合財務報表附註

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

40. PARENT COMPANY

The director considers the parent company of the Company to be Praise Fortune Limited, a company incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.

41. COMPARATIVE FIGURES

Certain items in the financial statements were reclassified which would result in a more appropriate presentation of events or transactions. Accordingly, comparative figures have been reclassified to conform with the current year's presentation.

42. LITIGATION

On 3 June 2010, an action was initiated by 上海凱泉泵業(集團)有限公司, a supplier of Company's subsidiary, against Wuxi Pan Asia, for the cancellation of a purchase contract and claiming a compensation of RMB939,000. The case is currently heard by 江蘇省宜興市人民法院 ("Court") and had the first hearing on 9 December 2010. At the end of the reporting period, no judgement has been received from the Court yet. The directors have sought advice from its PRC lawyers in this aspect and are of the view that the claim is based on unsubstantiated and invalid grounds. Wuxi Pan Asia should have no liabilities other than legal costs in this aspect.

40. 母公司

董事認為，本公司之母公司為於英屬處女群島註冊成立之公司Praise Fortune Limited。該實體並無編制可供公眾查閱之財務報表。

41. 比較數字

財務報表中之若干項目已重新分類，以更合適地呈列事件或交易。因此，已重新分類比較數字以符合本年度之呈列方式。

42. 訴訟

於二零一零年六月三日，本公司附屬公司之供應商上海凱泉泵業(集團)有限公司就撤銷購買協議及索償人民幣939,000元，向無錫泛亞提出起訴。案件現時於江蘇省宜興市人民法院(「法院」)辦理，並於二零一零年十二月九日進行首次聆訊。於報告期末，法院尚未作出任何判決。董事已就此向其中國律師尋求建議，並認為索償根據未經證實及無效。無錫泛亞就此應毋須承擔法律費用以外之任何責任。

Financial Summary

財務摘要

Following is a summary of the consolidated results and the consolidated assets and liabilities of the Group for the last five financial years prepared on a basis as stated in the notes below:

下表為本集團過往五個財政年度按下文所載附註為基準編製之綜合業績及綜合資產與負債摘要：

CONSOLIDATED RESULTS

綜合業績

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

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Turnover	營業額	646,708	608,972	593,765	703,946	508,628
Profits before taxation	除稅前溢利	110,654	125,143	117,563	277,214	187,827
Taxation	稅項	(35,999)	(37,385)	(41,428)	(67,766)	(22,701)
Profit for the year	年度溢利	74,655	87,758	76,135	209,448	165,126

CONSOLIDATED ASSETS AND LIABILITY

綜合資產與負債

As at 31 December
於十二月三十一日

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Total non-current assets	非流動資產總值	189,307	61,546	61,710	62,962	66,352
Total current assets	流動資產總值	1,253,725	1,344,862	1,293,881	1,171,530	448,597
Total assets	資產總值	1,443,032	1,406,408	1,355,591	1,234,492	514,949
Total liabilities	負債總額	(237,207)	(246,581)	(288,438)	(205,312)	165,126

Notes:

附註：

- The summary of the consolidated assets and liabilities of the Group as at the end of the five financial years ended 31 December 2010 was prepared as if the current group structure had been in existence throughout these financial years according to the basis of presentation as set out in note 1 to the financial statements.
- The results for the year ended 31 December 2006 were extracted from the prospectus of the Company dated 10 December 2007.
- Assets and liabilities of the Group as at 31 December 2006 were extracted from the prospectus of the Company dated 10 December 2007.

- 本集團於截至二零一零年十二月三十一日止五個財政年度之綜合資產與負債摘要乃假設現有集團架構在此等財政年度一直存在，以及根據財務報表附註1所載之呈報基準而編製。
- 截至二零零六年十二月三十一日止年度之業績乃摘錄自本公司日期為二零零七年十二月十日之招股章程。
- 本集團於二零零六年十二月三十一日之資產與負債乃摘錄自本公司日期為二零零七年十二月十日之招股章程。



泛 亞 環 保 集 團 有 限 公 司
Pan Asia Environmental Protection Group Limited

(於開曼群島註冊成立之有限公司)
(Incorporated in the Cayman Islands with limited liability)

股份代號 stock code : 00556.HK