

# 管理層討論及分析

## Management Discussion and Analysis



## 管理層討論及分析 (續)

### Management Discussion and Analysis (continued)



本集團是一家中國精細化工產品生產商，並為世界氰乙酸乙酯 (ECYA) 生產市場領導者之一。本集團主要從事精細化學產品的生產、買賣及銷售，大致上可分為兩個主要產品類別，分別為：氰乙酸酯類產品及醇類產品。該等精細化學產品主要應用於不同下游工業，例如醫藥業、殺蟲劑業及黏貼製品業。集團之產品主要用於生產黏貼製品、醫藥產品、染料及其他化學產品之功能性成份或中間體。

受惠於下游行業需求增長，憑藉本集團競爭優勢，包括大規模生產達致經濟效益、嚴格質量監控及於精細化工業擁有豐富經驗及累積深入知識，在二零零六年，本集團錄得令人鼓舞之業績。

The Group is a fine chemical producer in the PRC and is one of the market leaders in producing ethyl cyanoacetate ("ECYA") in the world. The Group is principally engaged in the production, trading and sale of fine chemical products, which are broadly categorised into two major product groups, namely cyanoacetate products and alcoholic products. These fine chemical products are mainly used for application in a wide range of downstream industries such as pharmaceutical industry, pesticide industry and adhesive industry. The Group's products are mainly used as functional ingredients or intermediates in the production of adhesive products, pharmaceutical products, dyes and other chemical products.

Driven by increasing demand for its downstream industries, the Group records encouraging results in 2006 by leveraging on its competitive strengths, including economies of scale, stringent quality control, extensive experience and accumulated in-depth knowledge in the fine chemical industry.



**一家中國精細化工產品生產商**  
為世界氰乙酸乙酯生產市場領導者之一

**A fine chemical producer in the PRC**  
One of the market leaders in producing ethyl cyanoacetate in the world



## 財務回顧

### 業績

由於市場對本集團產品需求殷切，同時本集團持續提高生產能力，故本集團於截至二零零六年十二月三十一日止年度錄得可觀增長。二零零六年財政年度之營業額及股權持有人應佔溢利分別約為人民幣504,200,000元及人民幣58,000,000元，與二零零五年約人民幣430,800,000元及約人民幣41,700,000元相比，按年分別增加17.0%及39.1%。本集團股權持有人應佔溢利增加，主要由於本集團業務持續擴充以及本集團精細化工產品銷量增加所致。

### 營業額

在回顧年內，本集團之國內銷售錄得快速增長，同時海外銷售亦錄得持續增長。與二零零五年國內營業額約人民幣343,400,000元相比，國內營業額增長達11.8%至約人民幣384,100,000元。與此同時，與二零零五年海外營業額約人民幣87,400,000元相比，海外營業額增長達37.4%至約人民幣120,100,000元。

## FINANCIAL REVIEW

### Results

In light of the increasing demand of the Group's products and the Group's continuous enhancement of its production capabilities, the Group achieved an appreciable growth for the year ended 31 December 2006. Turnover and profit attributable to equity holders for the financial year 2006 amounted to approximately RMB504.2 million and RMB58.0 million respectively, representing a year-on-year increase of 17.0% and 39.1% respectively as compared with that of approximately RMB430.8 million and RMB41.7 million respectively in 2005. The increase in profit attributable to equity holders of the Group was mainly attributable to the continued expansion of the Group's business and the increase of sales of the Group's fine chemical products.

### Turnover

The Group has recorded a rapid growth of PRC sales and the overseas sales recorded have also posted a sustained growth during the year under review. The turnover derived from PRC was approximately RMB384.1 million representing a year-on-year increase of 11.8% as compared with that of approximately RMB343.4 million in 2005. Meanwhile, the turnover derived from overseas amounted to approximately RMB120.1 million representing a year-on-year increase of 37.4% as compared with that of approximately RMB87.4 million in 2005.



### 新的里程碑

成功在二零零六年十月二十七日於聯交所主板上市

### One of the milestones

Successfully listed on the Main Board of the Stock Exchange on 27 October 2006



#### 毛利

本集團於二零零六年之毛利為約人民幣98,600,000元，較二零零五年之約人民幣72,200,000元按年增加36.5%。本集團之毛利率由二零零五年之16.8%上升至二零零六年之19.5%。本集團毛利率改善主要因本集團自行生產主要原材料，從而減低生產成本。本集團將繼續增強生產成本效益以提高盈利能力。

本集團將持續致力於改良產能、提升策略原材料生產能力、加強生產開支控制。

#### 經營收入及開支

在二零零六年錄得之其他收入包括(i)政府補助、(ii)租金收入、(iii)銀行存款利息收入、及(iv)變賣收入及其他，分別約為人民幣1,600,000元、人民幣400,000元、人民幣1,100,000元及人民幣900,000元。

#### Gross profit

The gross profit of the Group in 2006 amounted to approximately RMB98.6 million, representing a year-on-year increase of 36.5% as compared with that of approximately RMB72.2 million in 2005. The gross profit margin of the Group increased from 16.8% in 2005 to 19.5% in 2006. The improvement of the Group's gross profit margin was mainly attributable to the reduction of production cost arising from self-supplying of core raw materials. The Group will continue to enhance the production cost effectiveness in order to improve its profitability.

The Group will continue its effort in improving the productivity, strategic material production capability and production overhead control.

#### Operating Income and Expense

Other income recorded in 2006 mainly comprised (i) government grants; (ii) rental income; (iii) interest income from bank deposits; and (iv) scrap sales and others amounted to approximately RMB1.6 million, RMB0.4 million, RMB1.1 million and RMB0.9 million respectively.

## 管理層討論及分析 (續)

### Management Discussion and Analysis (continued)

於截至二零零六年十二月三十一日止年度，銷售及分銷開支金額約為人民幣13,000,000元（二零零五年：人民幣12,700,000元）。銷售及分銷開支主要由(i)運輸及物流費用、(ii)銷售佣金及(iii)員工成本組成。費用輕微增加主要由於員工成本增加所致。銷售及分銷費用佔本集團總銷售額2.6%，相對二零零五年之3.0%減少0.4%。

於截至二零零六年十二月三十一日止年度，行政開支約為人民幣23,400,000元（二零零五年：人民幣10,200,000元），佔營業額之百分比從二零零五年之2.4%增加至二零零六年之4.6%，主要源於上市及審計費用、折舊及攤銷費、兌換損失、差旅費、研發費、其他當地稅收及員工成本分別增加約人民幣6,100,000元、人民幣1,100,000元、人民幣900,000元、人民幣1,000,000元、人民幣900,000元、人民幣500,000元及人民幣1,500,000元。員工成本增加主要由於董事薪酬及員工和管理層花紅等開支增加。除上市費用及審計費用外，其他費用增加是由於本集團在回顧年內擴充業務及運作所致。

於截至二零零六年十二月三十一日止年度，融資費用包括銀行貸款利息及承兌匯票貼現利息，約為人民幣3,700,000元（二零零五年：人民幣3,300,000元）。融資費用較去年增加約人民幣400,000元，主要由於年內銀行借貸增加，導致利息開支增加。

#### 本公司股權持有人應佔溢利

截至二零零六年十二月三十一日止年度，本公司股權持有人應佔溢利約為人民幣58,000,000元，較二零零五年約人民幣41,700,000元增加39.1%。年內本公司股權持有人應佔淨溢利率約為11.5%，較二零零五年9.7%增長1.8%。

每股基本盈利為人民幣0.182元（二零零五年：人民幣0.139元）。

Selling and distribution expenses amounted to approximately RMB13.0 million (2005: RMB12.7 million) for the year ended 31 December 2006 and mainly comprised (i) transportation and logistics expenses; (ii) sales commission expenses; and (iii) staff costs. The slight increase in these expenses was mainly due to the increase in the staff costs. Selling and distribution expenses accounted for 2.6% of the Group's total turnover, representing a decrease of 0.4% against 3.0% in 2005.

Administrative expenses of approximately RMB23.4 million (2005: RMB10.2 million) for the year ended 31 December 2006, as a percentage of turnover increased from 2.4% in 2005 to 4.6% in 2006 as a result of the increase in the listing and audit fees, depreciation and amortisation, exchange loss, traveling, research and development, other localization tax and staff costs amounted to approximately RMB6.1 million, RMB1.1 million, RMB0.9 million, RMB1.0 million, RMB0.9 million, RMB0.5 million and RMB1.5 million respectively. The increase of staff costs was mainly due to the increase in directors remuneration and staff and management bonus. Other than the listing and audit fees, the increase in other expenses was due to the expansion of Group's businesses and operations in the year under review.

The finance expenses of approximately RMB3.7 million (2005: RMB3.3 million) for the year ended 31 December 2006 was comprised bank borrowing interests and discounted bills interests. The increase in these expenses of approximately RMB0.4 million as compared with last year was mainly due to the increase in the interest expenses on additional bank borrowings obtained during the year under review.

#### Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company for the year ended 31 December 2006 was approximately RMB58.0 million, representing an increase of 39.1% from approximately RMB41.7 million in 2005. Net profit margin attributable to equity holders of the Company for the year under review was 11.5%, representing an increase of 1.8% as compared with that of 9.7% in 2005.

Basic earnings per share amounted to RMB18.2 cents (2005: RMB13.9 cents).

## 管理層討論及分析 (續)

### Management Discussion and Analysis (continued)

#### 流動資金及財務資源

於回顧年度內，本集團之主要資金來源包括公開發售及配售本公司新股份之所得款項淨額約人民幣92,600,000元(二零零五年：無)，經營活動產生之現金約人民幣4,600,000元(二零零五年：人民幣61,100,000元)，新借貸款約人民幣156,600,000元(二零零五年：人民幣75,200,000元)，以及已收利息收入約人民幣1,100,000元(二零零五年：人民幣100,000元)。憑藉本集團營運所得財務資源，本集團斥資約人民幣102,100,000元(二零零五年：人民幣73,300,000元)添置預付租賃款項、物業、廠房及設備，並已償還約人民幣139,500,000元(二零零五年：人民幣46,600,000元)借貸以及支付銀行借貸利息約人民幣3,700,000元(二零零五年：人民幣3,300,000元)。於二零零六年十二月三十一日，本集團之現金及銀行存款約為人民幣38,700,000元(二零零五年：人民幣28,800,000元)，其中73.5%以人民幣持有，20.6%以港元持有，其餘則以美元持有。

本集團於回顧年度內之財務狀況仍相當穩健。於二零零六年十二月三十一日，本集團之流動資產淨值及流動比率分別為約人民幣50,900,000元(二零零五年：流動負債淨值人民幣52,900,000元)及1.5倍(二零零五年：0.7倍)。

於二零零六年十二月三十一日，本集團之銀行借貸約為人民幣82,300,000元(二零零五年：人民幣65,200,000元)。本集團之資產負債比率(即借貸總額對股東資金總額之比率)約為27.3%(二零零五年：43.4%)。

憑藉本集團之經營業務所得正數現金流量、備用銀行融資、現有現金資源及本公司於二零零六年十月二十七在聯交所上市時發行新股之所得款項，本集團具備充裕財務資源應付其承擔、營運資金需求及日後擴展投資。

#### Liquidity and Capital Resources

During the year under review, the Group's primary source of funding included the net proceeds of approximately RMB92.6 million (2005: nil) received from the public offering and placing of new shares of the Company, the cash generated from operating activities of approximately RMB4.6 million (2005: RMB61.1 million), new raised borrowings of approximately RMB156.6 million (2005: RMB75.2 million) and interest income received of approximately RMB1.1 million (2005: RMB0.1 million). With the financial resources obtained from the Group's operations, the Group had invested approximately RMB102.1 million (2005: RMB73.3 million) in the acquisition of the prepaid lease payments, property, plant and equipment, repaid approximately RMB139.5 million (2005: RMB46.6 million) borrowings and interest expenses paid of approximately RMB3.7 million (2005: RMB3.3 million) during the year. As at 31 December 2006, the Group had cash and bank deposits of approximately RMB38.7 million (2005: RMB28.8 million), of which 73.5% was held in Renminbi, 20.6% was held in Hong Kong dollars and the remaining balance was held in United States dollars.

The Group's financial position remains healthy during the year under review. As at 31 December 2006, the net current assets and the current ratio of the Group were approximately RMB50.9 million (2005: net current liabilities of RMB52.9 million) and 1.5 times (2005: 0.7 times), respectively.

As at 31 December 2006, the Group had bank borrowings of approximately RMB82.3 million (2005: RMB65.2 million) and the Group's gearing ratio which is represented by the ratio of total borrowings to total shareholders' equity, was approximately 27.3% (2005: 43.4%).

With the positive cash inflow from the Group's operations, its available banking facilities, its existing cash resources, and the proceeds from the Company's issue of new shares at the time of its listing on the Stock Exchange on 27 October 2006, the Group has sufficient financial resources to meet its commitments, working capital requirements and future investments for expansion.

## 管理層討論及分析 (續)

### Management Discussion and Analysis (continued)

#### 資產抵押

於二零零六年十二月三十一日，本集團將銀行存款金額約人民幣1,800,000元（二零零五年：人民幣15,700,000元）抵押以獲得票據額度。賬面淨值總額約人民幣63,600,000元（二零零五年：人民幣33,800,000元）之若干物業、廠房及設備以及約人民幣59,000,000元（二零零五年：人民幣18,000,000元）之預付租賃款項抵押，作為本集團銀行借貸之抵押品。

#### 或然負債

於二零零六年十二月三十一日，本集團並無任何重大或然負債。

#### 資本承擔

於二零零六年十二月三十一日，本集團就購買物業、廠房及設備、在建工程及產品開發項目之資本承擔約為人民幣16,400,000元（二零零五年：人民幣6,500,000元）。

#### 匯率波動風險

本集團之資產、負債、收入及交易主要以人民幣、港元及美元結算，而其業務主要於中國進行。於二零零六年十二月三十一日，本集團約人民幣82,300,000元之銀行借貸乃以人民幣結算。本集團之現金及等同現金項目（包括手頭現金、銀行結餘以及在購入時於二至六個月內到期之定期存款）乃以人民幣結算，合共約人民幣28,400,000元，餘額則以港元及美元結算。

本集團所承擔之最主要外匯波動風險乃因回顧年度內重估人民幣所致。本集團之出口銷售主要以美元結算。儘管如此，本集團於年內並無因外幣匯率波動而於營運或資金流動狀況方面遇上任何重大困難或對其造成任何影響。此外，本集團將定期檢討其須承受之外匯風險，並於其認為適當時採用金融工具進行對沖。

#### Pledge of assets

As at 31 December 2006, bank deposit of approximately RMB1.8 million (2005: RMB15.7 million) was pledged for bills facilities. Certain property, plant and equipment of the Group with an aggregate net book value of about RMB63.6 million (2005: RMB33.8 million) and prepaid lease payments of approximately RMB59.0 million (2005: RMB18.0 million) were pledged to secure the Group's bank borrowings.

#### Contingent Liabilities

As at 31 December 2006, the Group had no material contingent liabilities.

#### Capital Commitment

As at 31 December 2006, the Group had capital commitments of approximately RMB16.4 million (2005: RMB6.5 million) in respect of purchases of property, plant and equipment, construction-in-progress and product development projects.

#### Exposure to Fluctuations in Exchange Rates

The Group's assets, liabilities, revenues and transactions are mainly denominated in Renminbi, Hong Kong dollars and United States dollars with its operation mainly in the PRC. As at 31 December 2006, the Group's bank borrowings of approximately RMB82.3 million were denominated in Renminbi. The Group's cash and cash equivalents (comprising cash on hand, bank balances and time deposits within two to six months of maturity when acquired) denominated in Renminbi amounted to approximately RMB28.4 million of the total balance, with the remaining balance denominated in Hong Kong dollars and United States dollars.

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

## 管理層討論及分析 (續)

### Management Discussion and Analysis (continued)

#### 僱員及酬金政策

於二零零六年十二月三十一日，本集團共有686名全職僱員，其中604名屬生產及倉庫員工、17名為銷售及市場推廣員工、12名為研發中心員工，而53名則為辦公室後勤員工。二零零六年之僱員成本總額包括董事酬金約人民幣15,500,000元。本集團制定其人力資源政策及程序，於其薪酬制度中加入花紅及獎勵。向員工發放之酬金待遇乃根據其職責而釐訂，且切合當時市場水平。員工福利包括醫療保險及公積金。

本集團亦設立一套有效表現評估制度，據此，本集團根據僱員薪金及花紅制度結構，按僱員表現發放獎勵。

本集團亦已採納購股權計劃，以獎勵及獎賞曾對本集團成功經營作出貢獻之合資格參與人士。於回顧年度內，本集團並無向僱員授出任何購股權。

#### 發售新股所得款項淨額用途

本公司之股份成功於二零零六年十月二十七日於聯交所主板上市，發售股數共100,000,000股。於二零零六年十二月三十一日，發行新股所得款項淨額已作以下用途：

- 約50,900,000港元用作興建中國山東省濰坊市的新生產設施，包括投資新廠房和機器，以加強本集團生產新產品（包括高純度異丁烯及聚異丁烯）的產能；
- 約8,200,000港元用作加強本集團的研發能力；及
- 約1,000,000港元用作本集團的一般營運資金。

本集團將繼續如上市招股章程所披露，將發行新股所得款項淨額用作實行本集團未來發展計劃。

#### Employees and Remuneration Policy

As at 31 December 2006, the Group has 686 full-time employees of which 604 were production and warehouse, 17 were sales and marketing, 12 were research and development centre, and 53 were back-office supportive employees. For the year under review, the total employment costs incurred for 2006 including directors' remuneration amounted to approximately RMB15.5 million. The Group has established its human resources policies and procedures with a view to deploying the incentives and rewards of the remuneration system. The remuneration package offered to the staff was appropriate for the duties and in line with the prevailing market terms. Staff benefits, including medical coverage and provident funds, were provided to employees.

The Group has also established effective performance evaluation system in which employees were rewarded on a performance-related basis within the general framework of the Group's salary and bonus system.

The Group has also adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. During the year under review, no share option was granted to employees.

#### USE OF NET PROCEEDS FROM THE NEW ISSUE

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 27 October 2006 with a total number of offer shares of 100,000,000 shares. As at 31 December 2006, the net proceeds from the new issue have been utilized as follows:

- approximately HK\$50,900,000 for the construction of new production facilities in Weifang City, Shandong Province, the PRC, including investments in new plant and machinery so as to enhance the Group's manufacturing capability for producing new products, namely high purity isobutylene and polyisobutylene;
- approximately HK\$8,200,000 for enhancing the Group's research and development capability; and
- approximately HK\$1,000,000 for general working capital of the Group.

As disclosed in the Listing prospectus, the Group will continue to utilize the net proceeds from the new issue to finance our future development plans.



## 業務回顧

本集團之業務創立於一九九七年。經過多年的迅速發展，本公司於二零零六年十月成功於聯交所主板上市，標誌著本集團在市場的領導地位、業務及財政實力各方面均得到認同。

於回顧年度內，本集團繼續專注其發展策略，包括：

- (i) 增強研發能力；
- (ii) 加強銷售途徑及分銷網絡；
- (iii) 改進生產設施以達至更佳效益；及
- (iv) 增加產品種類。

本集團之生產過程縱向一體化，將研究開發、自行生產主要原材料如氰化鈉及蒸汽集於一身。回顧年度內，位於濰坊市新廠房已在二零零六年二月份開始生產氰化鈉及蒸汽，同時於二零零六年十月份增加氰乙酸甲酯產能至每年5,000噸。新廠房可確保以較低成本提供更穩定的供應及更高質量的原材料。

同時，本集團已開始興建另一個新廠房，名為濰坊濱海，有利本集團產品種類更趨多元化，且鞏固本集團在中國精細化工業的領導地位。預期在2007年為本集團帶來新收益。

## 研究及開發

在回顧年度內，本集團增聘更多專業及合資格人員，並增購更精密化學實驗室儀器設備，從而致力改進及提升位於中國山東省濰坊市之研發中心之設施及設備。

## BUSINESS REVIEW

The Group's businesses were established in 1997. In October 2006, the Company, following years of rapid expansion, was successfully listed on the Main Board of the Stock Exchange, which was a recognition of the Group's leading market position, its business and financial strengths.

During the year under review, the Group has continued to focus on its growth strategies by:

- (i) strengthening research and development capabilities;
- (ii) reinforcing sales channels and distribution network;
- (iii) advancement of production facilities for better efficiency; and
- (iv) expansion of product range.

The Group vertically integrates its production process, which include research and development, production of its core raw materials such as sodium cyanide and steam. During the year under review, the new production plant in Weifang City commenced the production of sodium cyanide and steam in February 2006 and also increased methyl cyanoacetate production capacity to 5,000 tons per year in October 2006. The new production plant ensures steadier supply and better quality of raw materials at lower cost.

The Group has also commenced the construction of another new production plant, namely Weifang Binhai, facilitating the diversification of the Group's product range and reinforcing the Group's leading position in the fine chemical industry in the PRC. It is expected to generate new revenue to the Group in 2007.

## Research and development

During the period under review, the Group was committed to advance and upgrade the facilities and equipment of research and development center located in Weifang City of Shandong Province, China, by recruiting more professional and qualified staff and acquiring more sophisticated equipment for chemical laboratory.

## 管理層討論及分析 (續)

### Management Discussion and Analysis (continued)

此外，本集團在年內與國內著名學府中國石油大學（華東）共同研發改良氰乙酸乙酯生產過程，並已取得長足進展。研究結果令新生產程序得以減低生產成本，同時提升了產品本身之性能。

於二零零六年十二月，本集團之全資附屬公司濰坊同業購入位於山東濰坊經濟開發區，價值約人民幣8,000,000元之一幅土地連物業，用於為本集團發展一個極具實力之專業研發中心。

同時，為擴大產品種類以加強其於業內之市場地位，本集團將繼續專注研究及開發，加強新產品發展。

#### 市場策略

為籌備將新產品推出市場，本集團亦將主動物色潛在客戶，於選定之合適市場進行宣傳及推廣活動，為本集團帶來更多新客戶。為配合本集團致力擴張市場份額，本集團已計劃參加位於中國上海、南京及歐洲舉行之精細化工展銷會，從而透過這些推廣拓展海外市場。

為進一步加強與現有客戶所建立之良好關係，本集團積極與主要客戶發展策略性貿易伙伴關係。本集團相信此等關係定能令客戶與本集團達到雙贏和持續發展之局面。在回顧年度內，隨著生產能力提升和新產品面世，客戶數目亦有所增加。迄今，本集團之客戶數目已逾600個。

Besides, the Group has made a great progress in collaborating with domestic reputable institution, namely The University of Petroleum (East China), to advance the production process of ECYA this year. In results, the new production process can save the cost of production and upgrade the product's performance.

In December 2006, Weifang Common, a wholly-owned subsidiary of the Company, has spent approximately RMB8.0 million to acquire a piece of land and property located in Shangdong Weifang Economic Development Zone for the development of a highly competent research and development professional centre of the Group.

The Group will continue its research and development efforts to strengthen new products development in order to wider product range and to strengthen its market position in the industry.

#### Marketing strategy

To prepare the launching of new products of the Group to the market, the Group takes initiatives to identify potential customers, and carries out the promotion and advertisement activities in selected appropriated markets and brings more new customers to the Group. To be in line with the Group's efforts in expanding its market share, the Group planned to participate in fine chemical fairs to be held in Shanghai, Nanjing of the PRC and Europe so as to extend its overseas market by such promotion.

To further reinforce the good relationship built up with its existing customers, the Group actively developed strategic trading partnership with its major customers and believed that both the Group and its customers were able to achieve win-win situation and on-going development. During the year under review, the number of customers increased with the enhancement of production capability and the launch of new products. The number of the Group's customers was over 600 until now.

### 生產策略

為了提升產品功能、維持優良產品質素，以應付日趨激烈的市場競爭，本集團一直致力加快提升生產技術。本集團繼續維持大量生產其主要產品以達生產效益，同時提升產品質素來加強其競爭力及盈利能力。

在回顧年度內，為了應付未來增長需求，本集團已擴充氰乙酸甲酯之生產能力，由每年2,000噸增至5,000噸。同時，由於本集團已開始生產氰化鈉及蒸汽這兩種主要原材料。因此與去年度比較，本集團之毛利整體上升了2.7%，而直接銷售以上主要原材料亦為本集團帶來了新收入。

為保持本集團產品之市場競爭力，本集團將投入更多資源於生產酯類產品而非醇類產品，乃由於生產氰乙酸酯類產品之售價及邊際利潤較生產醇類產品為高，而醇類產品的邊際利潤因生產技術變得普及而受到影響。

為擴大本集團之產品種類，於回顧年度內，本集團增購位於中國山東省濰坊市一幅面積約569,581平方米土地之使用權。如本公司之招股章程所披露，該幅土地將用於建造生產高純度異丁烯、聚異丁烯及醋酸叔丁酯之廠房及安裝有關機械及設備。當中高純度異丁烯已開始進行生產，預期於不久將來將為本集團帶來新收入。

### Production strategy

The Group has been devoting more efforts in accelerating production technology advancement in order to advance the products features, maintain premium product quality to overcome the increasing market competition. The Group has continuously maintained a mass production of its core products to achieve the economic of sales and enhance the products quality to strengthen its competitiveness and profitability.

During the year under review, the Group has expanded the production capability of methyl cyanoacetate from 2,000 tons per year to 5,000 tons per year in order to cope with coming growth demand. Meanwhile, it has launched the production of two core raw materials, namely sodium cyanide and steam. As a result, the gross profit of the Group was improved by overall 2.7% over the previous year and new revenue was generated through direct sale of such core raw materials.

To maintain the competitiveness of the Group's products in the market, more resources will be given in the production of cyanoacetate products rather than alcoholic products, since the selling prices and profit margins in production of cyanoacetate products are higher than the production of alcoholic products as the production technology of the latter become common.

In order to expand the Group's products range, the Group has also acquired a right to use a piece of land with an area of approximately 569,581 sq. m. located at Weifang City, Shandong Province, China during the year under review. As disclosed in the prospectus of the Company, the piece of land would be used for the construction of new plant and installation of machinery and equipment for producing high purity isobutylene, polyisobutylene and tert-butyl acetate. Among of which high purity isobutylene had been put in the production and was expected to generate new revenue in near future.