



ENERGY INTERNATIONAL INVESTMENTS HOLDINGS LIMITED
能源國際投資控股有限公司*

(Formerly known as 前稱 Xian Yuen Titanium Resources Holdings Limited 森源鈦礦控股有限公司*)
(Incorporated in the Cayman Islands with limited liability 於開曼群島註冊成立之有限公司)
(Stock code 股份代號 : 353)



年報
**ANNUAL
REPORT
2010**

CONTENTS

目錄

		<i>Pages</i> 頁次
Corporate Information	公司資料	2
Chief Executive Officer's Statement	行政總裁報告	4
Management Discussion and Analysis	管理層討論及分析	9
Biographical Details of Directors and Senior Management	董事及高級管理層履歷詳情	11
Corporate Governance Report	企業管治報告	15
Report of the Directors	董事會報告書	25
Independent Auditor's Report	獨立核數師報告書	40
Consolidated Income Statement	綜合損益表	43
Consolidated Statement of Comprehensive Income	綜合全面收入表	45
Consolidated Statement of Financial Position	綜合財務狀況表	46
Statement of Financial Position	財務狀況表	48
Consolidated Statement of Changes in Equity	綜合權益變動表	49
Consolidated Statement of Cash Flows	綜合現金流量表	50
Notes to the Financial Statements	財務報表附註	52

CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Law Fei Shing (*Chief Executive Officer*)
Mr. Chan Sung Wai
Mr. Chan Kwok Wing
Mr. Wang Donghai
Ms. Wang Meiyang
Mr. Yang Guangming

Independent Non-Executive Directors

Mr. Lum Pak Sum
Mr. Sun Tak Keung
Mr. Chow Pui Fung

AUDIT COMMITTEE

Mr. Lum Pak Sum (*Chairman*)
Mr. Sun Tak Keung
Mr. Chow Pui Fung

REMUNERATION COMMITTEE

Mr. Lum Pak Sum
Mr. Sun Tak Keung
Mr. Chow Pui Fung

NOMINATION COMMITTEE

Mr. Lum Pak Sum
Mr. Sun Tak Keung
Mr. Chow Pui Fung

COMPANY SECRETARY

Mr. Law Fei Shing, *AICPA, HKICPA (Practising)*

AUTHORISED REPRESENTATIVES

Mr. Law Fei Shing
Mr. Chan Sung Wai

REGISTERED OFFICE

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

董事會

執行董事

羅輝城先生 (*行政總裁*)
陳崇煒先生
陳國榮先生
王東海先生
王美艷女士
楊光明先生

獨立非執行董事

林柏森先生
辛德強先生
周培豐先生

審核委員會

林柏森先生 (*主席*)
辛德強先生
周培豐先生

薪酬委員會

林柏森先生
辛德強先生
周培豐先生

提名委員會

林柏森先生
辛德強先生
周培豐先生

公司秘書

羅輝城先生 · *AICPA, HKICPA (執業)*

授權代表

羅輝城先生
陳崇煒先生

註冊辦事處

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

CORPORATE INFORMATION

公司資料

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1508, 15th Floor
The Center
99 Queen's Road Central
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Trustee (Cayman) Limited
PO Box 484, HSBC House
68 West Bay Road
Grand Cayman, KY1-1106
Cayman Islands

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong Law:
Stevenson, Wong & Co.
4th & 5th Floor, Central Tower
No. 28 Queen's Road
Central, Hong Kong

As to Cayman Islands Law:
Conyers Dills & Pearman
2901 One Exchange Square
8 Connaught Place
Central, Hong Kong

AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

香港總辦事處及主要營業地點

香港
皇后大道中99號
中環中心
15樓1508室

香港股份過戶登記分處

卓佳登捷時有限公司
香港
皇后大道東28號
金鐘匯中心26樓

主要股份過戶登記處

HSBC Trustee (Cayman) Limited
PO Box 484, HSBC House
68 West Bay Road
Grand Cayman, KY1-1106
Cayman Islands

本公司法律顧問

香港法例：
史蒂文生黃律師事務所
香港中環
皇后大道中28號
中匯大廈4樓及5樓

開曼群島法律：
Conyers Dills & Pearman
香港中環
康樂廣場8號
交易廣場一座2901室

核數師

香港立信德豪會計師事務所有限公司
香港
干諾道中111號
永安中心25樓

CHIEF EXECUTIVE OFFICER'S STATEMENT

行政總裁報告

BUSINESS REVIEW

For the year ended 31 December 2010, the Group recorded revenue from its continuing operations of approximately HK\$46 million (2009: HK\$10 million) and profit before income tax from its continuing operations was approximately HK\$531 million (2009: a loss of HK\$63 million (re-presented)). The profit before income tax of the Group from its continuing operations was substantially increased by approximately HK\$594 million as compared to a loss of last year which included the recognition of a gain on bargain purchase of approximately HK\$606 million and impairment loss of goodwill of approximately HK\$49 million. Moreover, the discontinued operations recorded a loss of HK\$349 million (2009: loss of approximately HK\$370 million (re-presented)).

CARPET TRADING BUSINESS

Turnover of the carpet trading operation decreased by 88.3%, or HK\$9.1 million, to HK\$1.2 million in 2010, which was attributable to the global economic downturn and intense market competition and incurred a loss of HK\$2.0 million in trading of carpets business.

ELECTRICITY AND HEAT BUSINESS

In August 2010, the Company completed the acquisition of a total of 60% equity interest in Shanxi Zhong Kai Group Lingshi Heat and Power Company Limited ("Shanxi Zhong Kai Lingshi") which is engaged in the operation of a combined heat and electricity generation plant in Jinzhong City of Shanxi Province, the Peoples's Republic of China (the "PRC"). The details are set out in the Company's circular dated 28 June 2010. During the year ended 31 December 2010, Shanxi Zhong Kai Lingshi recorded turnover of approximately HK\$44.4 million and a profit of approximately HK\$187,000 before impairment of goodwill and amortisation of intangible assets.

業務回顧

截至二零一零年十二月三十一日止年度，本集團持續經營業務錄得收益約46,000,000港元（二零零九年：10,000,000港元），錄得持續經營業務除所得稅前溢利約531,000,000港元（二零零九年：虧損63,000,000港元（經重列））。本集團持續經營業務除所得稅前溢利較去年虧損大幅增加約594,000,000港元，包括確認議價收購收益約606,000,000港元及商譽減值虧損約49,000,000港元。此外，已終止經營業務錄得虧損349,000,000港元（二零零九年：虧損約370,000,000港元（經重列））。

地毯買賣業務

二零一零年，由於全球經濟下滑及市場競爭激烈，地毯買賣業務之營業額下降88.3%或9,100,000港元至1,200,000港元，地毯買賣業務錄得虧損2,000,000港元。

發電及供熱業務

於二零一零年八月，本公司完成收購於中華人民共和國（「中國」）山西省晉中市經營熱電聯合生產廠之山西中凱集團靈石熱電有限公司（「山西中凱靈石」）合共60%股本權益。有關詳情載於日期為二零一零年六月二十八日之本公司通函內。於截至二零一零年十二月三十一日止年度，山西中凱靈石錄得營業額約44,400,000港元及未計商譽減值及無形資產攤銷前溢利約187,000港元。

CHIEF EXECUTIVE OFFICER'S STATEMENT

行政總裁報告

The market price of material costs has increased throughout the year of 2010, especially the coal gangue price. Despite significant material costs increased, Shanxi Zhong Kai Lingshi recorded a profit of approximately HK\$187,000 before impairment of goodwill and amortisation of intangible assets for the year. As the industry's tariff is administered by the PRC government and is relatively stable, the local government of Lingshi County subsidised Shanxi Zhong Kai Lingshi to compensate its loss arising from the rise in material prices for 2010.

In December 2010, Shanxi Zhong Kai Lingshi acquired a newly constructed boiler 58MW and ancillary facilities. The details of the transaction are set out in the Company's announcement dated 19 November 2010. The new boiler facilities will generate approximately 200,000GJ of heat per annum. In order to prompt energy saving and emission reduction, a new desulphurisation system is installed in Shanxi Zhong Kai Lingshi. With the new desulphurisation facilities, Shanxi Zhong Kai Lingshi can reduce sulphur dioxide emission by approximately 180 tons.

OIL BUSINESS

The Company completed the acquisition of China International Energy Investments (Hong Kong) Limited ("China International") on 31 December 2010. Pursuant to a cooperation contract entered into between China Era Energy Power Investment Limited ("China Era"), a wholly-owned subsidiary of China International, and China National Petroleum Corporation ("CNPC") dated 13 August 2007, China International through China Era has been operating the business of oil exploration, development, production and other related activities (the "Petroleum Business") in respect of an oil field of the Lower Cretaceous System Quantou Formation Third Member Yangdachengzi Layer which is situated at Liangjing Block of Songliao Basin at Jilin Province of the PRC ("Target Oil Field"). For further details, please refer to the Company's circular dated 11 October 2010.

China Era made great efforts to develop its oil field, organised its production activities properly, steadily put in efforts to stabilise and raise the daily production per well and took all practical measures to lay a firm foundation for oil field development, commenced overall maintenance projects for water injections wells, took various measures to stabilise and increase production capacity and to improve the conditions of wells with low productions.

二零一零年材料市場價格成本不斷攀升，尤其是煤矸石價格。儘管材料成本大幅增加，但山西中凱靈石於年內仍然錄得未計商譽減值及無形資產攤銷前溢利約187,000港元。由於該行業電價由中國政府管理，相對穩定，靈石縣當地政府向山西中凱靈石提供補助，以補償其因二零一零年材料價格上漲而產生之虧損。

於二零一零年十二月，山西中凱靈石收購容量為58兆瓦之新建成鍋爐及輔助設施。交易之詳情載於日期為二零一零年十一月十九日之本公司公佈內。新鍋爐設施每年將生產約200,000吉焦熱力。為促進節能減排，山西中凱靈石已安裝新脫硫設備。新脫硫設施可為山西中凱靈石減少二氧化硫排放量約180噸。

石油業務

本公司於二零一零年十二月三十一日完成收購中國國際能源投資(香港)有限公司(「中國國際」)。根據中國國際之全資附屬公司中國年代能源投資有限公司(「中國年代」)與中國石油天然氣集團公司(「中國石油天然氣集團公司」)於二零零七年八月十三日訂立之合作合約，中國國際透過中國年代一直從事有關位於中國吉林省松遼盆地兩井區塊之下白堊統泉頭組三段楊大城子油層之油田(「目標油田」)之石油勘探、開發、生產及其他相關業務(「石油業務」)。進一步詳情請參閱日期為二零一零年十月十一日之本公司通函。

中國年代大力開發油田，適當組織生產活動，不斷穩定及提高每口井之日產量，採取一切可行措施為油田開發打下堅實基礎，並開始注水井之整體維護項目，採取各項措施穩定及提高產量以及改善低產量井之條件。

CHIEF EXECUTIVE OFFICER'S STATEMENT

行政總裁報告

EXPLORATION AND MINING BUSINESS

As disclosed in the Company's announcements dated 26 August and 27 August 2010 respectively and the Company's 2010 interim report, the Board, to its astonishment, found out that as from 31 January 2010 the exploration licence held by Qinghai Forest Source Mining Industry Developing Company Limited ("QHFSMI"), an indirect wholly-owned subsidiary of the Company incorporated in the PRC, had been transferred to a company known as 內蒙古小紅山源森礦業有限公司 (in English, for identification purpose only, Inner Mongolia Xian Hong Shan Yuen Xian Mining Industry Company Limited) ("Yuen Xian Company") without the Company's knowledge, consent or approval. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, Yuen Xian Company is wholly-owned by Ms. Leung Lai Ching Margaret beneficially through a company known as Yuenxian Mining Industry Holding Company Limited. Due to the loss of the exploration licence, it is the Board's current intention to suspend the Group's exploration and mining business until the Group regains control of QHFSMI and the exploration licence.

The Company has obtained advice from its legal advisers and legal counsel in respect of the above matter and will take further legal action against Ms. Leung Lai Ching Margaret in the PRC. The Company will continue to seek advice from its PRC legal advisers and will issue further announcement(s) as and when necessary to comply with the requirements of the Listing Rules.

FUTURE PLAN AND PROSPECTS

(i) Electricity and heat business

Shanxi Zhong Kai Lingshi is closely monitoring the progress of the urbanisation plan in Lingshi County. It is estimated that the area of heat supply network in Lingshi County will not be extended in 2011 and therefore, no further boilers will be constructed this year. We will continue to work with the Central Heat Transmit Station of Lingshi County for the provision of heat supply services in Lingshi County.

The rising coal gangue prices as well as increasingly stringent environmental requirements may continue to impact on the growth of the electricity and heat business. The management will take steps to ensure that Shanxi Zhong Kai Lingshi will continue to improve environmental performance and enhance efficiency and productivity in order to achieve strong operating performance and maintain high quality electricity and heat supply services.

勘探及開採業務

如日期分別為二零一零年八月二十六日及八月二十七日之本公司公佈及本公司二零一零年中期報告所披露，董事會驚訝發現，由本公司之間接全資附屬公司青海森源礦業開發有限公司（「青海森源」）（於中國註冊成立）持有之勘探牌照已自二零一零年一月三十一日起轉讓予名為內蒙古小紅山源森礦業有限公司（英文名稱為Inner Mongolia Xian Hong Shan Yuen Xian Mining Industry Company Limited，僅供識別）（「源森公司」）之公司，而本公司並不知悉、同意或批准。董事經作出一切合理查詢後所知、所悉及所信，源森公司由梁儷瀨女士透過一間名為「源森礦業控股有限公司」之公司實益全資擁有。由於失去勘探牌照，董事會現時有意暫時停止經營本集團之勘探及開採業務，直至本集團重獲青海森源之控制權及勘探牌照為止。

本公司已就上述事宜取得其法律顧問及律師之建議，並將於中國對梁儷瀨女士進一步採取法律行動。本公司將繼續尋求其中國法律顧問之意見，並將於有需要時刊發進一步公佈，以遵守上市規則之規定。

未來規劃及展望

(i) 發電及供熱業務

山西中凱靈石將密切監控靈石縣城市化發展計劃之進程。估計二零一一年靈石縣之供熱網絡覆蓋範圍將不會擴大，因此今年將不會建造其他鍋爐。本集團將繼續攜手靈石縣集中供熱總站在靈石縣提供供熱服務。

煤矸石價格不斷上漲及環保要求日益嚴格，或將持續影響發電及供熱業務之增長。管理層將採取措施確保山西中凱靈石持續改善環保效能、提高效率及產能，以取得強勁之經營業績及維持高質素發電及供熱服務。

CHIEF EXECUTIVE OFFICER'S STATEMENT

行政總裁報告

(ii) Oil business

In 2011, the global economy is expected to revive more notably and China's economy continues to bloom. Despite of numerous uncertainties including the fluctuations of United States dollars and regional political uncertainties especially in Northern Africa and speculative activities, China's economy is expected to maintain a rapid growth and demand in crude oil and refined products markets is expected to rise accordingly.

In the coming year, the Company will continue with a high level of exploration and production activities, aiming to increase its production capacity and reserves. The Company will continue to place great emphasis on its scientific and geological researches, increase efforts to make breakthroughs on key techniques, strengthen the meticulous exploration of mature oil field, actively push forward venture exploration in Target Oil Field.

In the meantime, various measures will be deployed for the maintenance of wells in Target Oil Field, including stabilising and controlling the production rate of aged wells, and implementing the maintenance project for water injections wells. As the key personnel for the operation of Petroleum Business will be retained despite the completion of acquisition, the operation of Petroleum Business shall continue in a substantially same way.

The Company will drill around 41 more production wells in the year of 2011. These 41 new wells are expected to contribute to the estimated increase of annual oil production of approximately 13,700 metric tonnes during the year of 2011. Taking into accounts also the production capacity of other existing wells and facilities, it is estimated that the annual oil production of the Target Oil Field in 2011 will be approximately 30,000 metric tonnes (equivalent to 219,420 barrels of oil).

(ii) 石油業務

二零一一年，預期全球經濟復甦更為顯著，中國經濟持續增長。儘管存在大量不明朗因素（如美元波動及區域政治不確定性（尤其是北非））及投機活動，中國經濟預期將保持快速增長，預期將推動原油及精煉石油產品市場需求之增長。

未來一年，本公司將維持高水平之勘探及生產活動，力求提高產量及儲量。本公司將繼續強調科學及地質研究，加倍努力取得關鍵技術突破，強化老區精細挖潛，大力推進目標油田之風險勘探。

同時，本集團將部署各項措施維護目標油田之油井，包括穩定及控制舊井之生產率以及實施注水井維護工程。由於收購事項完成後將會保留經營石油業務之主要人員，故石油業務將會繼續按大致相同之方式經營。

本公司將於二零一一年再鑽探約41口生產井。該等41口新井預期將令二零一一年之估計年產油量增加約13,700公噸。倘計及其他現有油井及設施之產量，估計二零一一年目標油田之年產油量將約為30,000公噸（相等於219,420桶石油）。

CHIEF EXECUTIVE OFFICER'S STATEMENT

行政總裁報告

APPRECIATION

On behalf of the Board, I would take this opportunity to express my sincere thanks to all Shareholders for their continuing support, and all the Directors and staffs of the Group for their loyalty, commitment and diligence in the past year.

By order of the Board

Law Fei Shing

Chief Executive Officer and Executive Director

Hong Kong, 28 March 2011

致謝

本人謹此代表董事會向所有股東致以由衷感謝，多謝各位對本集團從不間斷的支持。同時，本人亦向本集團所有董事及員工致以深切謝意，感謝各位於過去一年所作出的努力，及對本集團的無比忠誠及無私奉獻。

承董事會命

行政總裁兼執行董事

羅輝城

香港，二零一一年三月二十八日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL SUMMARY

The Group's revenue for the year ended 31 December 2010 was approximately HK\$46 million. The administrative expenses for the year ended 31 December 2010 were approximately HK\$22 million, which represented an increase of 29.9% compared to the administrative expenses incurred last year.

The profit attributable to the owners of the Company for the year ended 31 December 2010 was approximately HK\$185 million, as compared to a loss of HK\$432 million in the previous corresponding year. The profit was mainly resulted from the recognition of a gain on bargain purchase of approximately HK\$606 million which set off (i) the impairment loss in goodwill approximately HK\$49 million and (ii) loss of de-consolidating subsidiaries in discontinued operations of approximately HK\$349 million.

As a significant portion of the Group's sales and purchases were denominated in Hong Kong dollars and Renminbi, the Directors considered the Group has no significant exposure to foreign exchange fluctuations in view of the stability of the exchange rates of Hong Kong dollars and Renminbi. During the year under review, the Group did not use any hedging instrument.

CURRENT AND GEARING RATIOS

As at 31 December 2010, the Group had total assets of approximately HK\$3,176 million (2009: HK\$670 million), total liabilities of approximately HK\$883 million (2009: HK\$42 million), indicating a gearing ratio of 0.28 (2009: 0.06) on the basis of total liabilities over total assets. The current ratio of the Group for the year was 1.16 (2009: 5.09).

CHARGES ON ASSETS

As at 31 December 2010, the Group had interest-bearing bank borrowings approximately of HK\$33 million and pledged bank deposits of HK\$945,000 (2009: Nil).

財務摘要

截至二零一零年十二月三十一日止年度，本集團之營業額約為46,000,000港元。截至二零一零年十二月三十一日止年度之行政開支約為22,000,000港元，較上年度行政開支增加29.9%。

截至二零一零年十二月三十一日止年度，本公司擁有人應佔溢利約為185,000,000港元，上年同期則虧損432,000,000港元。溢利主要由於確認議價收購收益約606,000,000港元，並抵銷(i)商譽減值虧損約49,000,000港元及(ii)已終止經營業務附屬公司不再綜合入賬之虧損約349,000,000港元所致。

由於本集團買賣大部分以港元及人民幣進行，加上港元與人民幣之間匯率穩定，董事認為本集團之外匯波動風險不大。於回顧年度內，本集團沒有採納任何對沖工具。

流動比率及資本負債比率

於二零一零年十二月三十一日，本集團之資產總值約為3,176,000,000港元（二零零九年：670,000,000港元），負債總額約為883,000,000港元（二零零九年：42,000,000港元），按負債總額除資產總值計算，資本負債比率為0.28（二零零九年：0.06）。本年度本集團之流動比率為1.16（二零零九年：5.09）。

資產抵押

於二零一零年十二月三十一日，本集團有計息銀行借款約33,000,000港元及已抵押銀行存款945,000港元（二零零九年：無）。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

CONTINGENT LIABILITIES

As at 31 December 2010, the Group did not have any significant contingent liabilities (2009: Nil).

EMPLOYEE INFORMATION

As at 31 December 2010, the Group employed approximately 517 full-time employees (2009: 31). The substantial increase in number of employees is mainly due to the acquisition of heat and electricity business and oil business. The details are set out in note 40 to the financial statements. The Group's emolument policies are formulated on the performance of individual employees and are reviewed annually in line with industry practice. The Group also provides provident fund schemes (as the case may be) to its employees depending on the location of such employees.

DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2010 (2009: Nil).

INFORMATION OF OIL RESERVES

The following table sets forth the estimated proved reserves (1P), proved plus probable reserves (2P) and proved plus probable plus possible reserves (3P) as at 30 June 2010 by Gaffney, Cline & Associates. This table is extracted from the Company's circular dated 11 October 2010 and there is no material change between 30 June 2010 and 31 December 2010.

ESTIMATE OF OIL RESERVES
As of 30 June 2010

Field 油田	Oil Reserves Gross (100%) of Field 石油儲量 油田總儲量(100%)		
	Proved 探明 (1P) MMTonnes 百萬噸	Proved plus Probable 探明及可能 (2P) MMTonnes 百萬噸	Proved plus Probable plus Possible 探明、可能 及潛在 (3P) MMTonnes 百萬噸
Liangjing Block 兩井區塊	1.471	3.807	8.031

Note: Details are set out in Technical Report of the Company's circular dated 11 October 2010.

或然負債

於二零一零年十二月三十一日，本集團概無任何重大或然負債（二零零九年：無）。

僱員資料

於二零一零年十二月三十一日，本集團僱用約517名全職僱員（二零零九年：31名）。僱員人數大幅增加主要由於收購供熱及發電業務以及石油業務所致。有關詳情載於財務報表附註40。本集團之薪酬政策按個別僱員表現而釐定，並每年檢討以便與業界慣例相符。此外，本集團亦按該等僱員之工作地點向僱員提供公積金計劃（按情況而定）。

股息

董事不建議派付截至二零一零年十二月三十一日止年度之任何股息（二零零九年：無）。

石油儲量資料

下表載列Gaffney, Cline & Associates於二零一零年六月三十日作出之估計探明儲量(1P)、探明及可能儲量(2P)及探明、可能及潛在儲量(3P)。此表乃摘錄自日期為二零一零年十月十一日之本公司通函，且於二零一零年六月三十日至二零一零年十二月三十一日期間並無任何重大變動。

石油儲量估計
截至二零一零年六月三十日

Net Entitlement Attributable to China Era 中國年代應佔淨儲量		
Proved 探明 (1P) MMTonnes 百萬噸	Proved plus Probable 探明及可能 (2P) MMTonnes 百萬噸	Proved plus Probable plus Possible 探明、可能 及潛在 (3P) MMTonnes 百萬噸
1.060	2.428	4.637

附註：詳情載於日期為二零一零年十月十一日之本公司通函之技術報告內。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷詳情

EXECUTIVE DIRECTORS

Mr. Law Fei Shing, aged 51, was appointed as executive Director and company secretary of the Company in August 2004 and as chief executive officer of the Company in November 2007. Mr. Law is a Practising Certified Public Accountant in Hong Kong. He is also a member of American Institute of Certified Public Accountants (AICPA), USA and associate member of the Hong Kong Institute of Certified Public Accountants (HKICPA). Mr. Law has over 21 years of experience in the audit and accounting services. He was an executive director and a company secretary of Heng Xin China Holdings Limited (stock code: 8046), a company listed on the GEM board of The Stock Exchange of Hong Kong Limited (“**the Stock Exchange**”), for a period from June 2007 to October 2007. Currently, Mr. Law is an executive director and a company secretary of Bestway International Holdings Limited (stock code: 718) and an executive director of China Boon Holdings Limited (stock code: 922). Both companies are listed on the Main board of the Stock Exchange.

Mr. Chan Sung Wai, aged 63, was appointed as executive Director of the Company in November 2008. He has extensive experience in trading, real property and shipping industries. He also has extensive experience in financial and media business. He was an executive director of Grand Field Group Holdings Limited (stock code: 115), a company listed on the Main board of the Stock Exchange, for a period from November 2007 to June 2008. Currently, he is an executive director of Asia Resources Holdings Limited (stock code: 899) and Karce International Holdings Company Limited (stock code: 1159). Both companies are listed on the Main board of the Stock Exchange.

Mr. Chan Kwok Wing, aged 53, was appointed as executive Director of the Company in July 2009. He has been working in securities brokerage and funds management professions. Wholly devoted to petroleum and natural gas upstream development arena since 2006, Mr. Chan participated in discussions on various petroleum and natural gas projects in China and internationally, including Africa, central Asia and America, accumulating rich and extensive experience in exploration, exploitation and production. He was an executive director and chief executive officer of China Energy Development Holdings Limited (stock code: 228), a company listed on the Main board of the Stock Exchange, for a period from October 2009 to December 2009.

執行董事

羅輝城先生，51歲，於二零零四年八月獲委任為本公司執行董事及公司秘書，並於二零零七年十一月獲委任為本公司行政總裁。羅先生為香港執業會計師，亦為美國執業會計師公會會員及香港會計師公會會員。羅先生於核數及會計服務方面積逾21年經驗。羅先生曾於二零零七年六月至二零零七年十月期間出任於香港聯合交易所有限公司（「**聯交所**」）創業板上市之公司恒芯中國控股有限公司（股份代號：8046）之執行董事兼公司秘書。現時，羅先生擔任於聯交所主板上市之百威國際控股有限公司（股份代號：718）之執行董事兼公司秘書及中福控股發展有限公司（股份代號：922）之執行董事。

陳崇煒先生，63歲，於二零零八年十一月獲委任為本公司執行董事。彼具有豐富的貿易、地產及航運從業經驗。彼亦為金融及傳媒業資深工作者。彼曾於二零零七年十一月至二零零八年六月期間出任於聯交所主板上市之公司鈞濠集團有限公司（股份代號：115）之執行董事。現時，陳先生擔任於聯交所主板上市之公司亞洲資源控股有限公司（股份代號：899）及泰盛實業集團有限公司（股份代號：1159）之執行董事。

陳國榮先生，53歲，於二零零九年七月獲委任為本公司執行董事。彼曾從事證券經紀與基金管理業務。陳先生自二零零六年起全身投入石油及天然氣之上游開發領域，參與了多項中國以及國際間，包括非洲、中亞和美洲之石油及天然氣項目談判，並積累了豐富的勘探、開發與生產經驗。於二零零九年十月至二零零九年十二月期間，陳先生曾擔任於聯交所主板上市之公司中國能源開發控股有限公司（股份代號：228）之執行董事兼行政總裁。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷詳情

Mr. Wang Donghai, aged 58, was appointed as executive Director of the Company in September 2009. Mr. Wang has extensive experience in all oil-related areas, including oil production, exploration, development and investment economics, investment and financial management, infrastructure and overall operations of oilfields. He has been acted as the Head of the Gudong Oil Production Centre (one of the largest oil production centres of the Shengli Oilfield) since 2000; He also has been a visiting professor at the Nanjing University since 2001, teaching post-graduate and graduate students on subjects including oil field exploration and development, oil economics and state security.

Ms. Wang Meiyuan, aged 48, was appointed as executive Director of the Company in January 2011. Ms. Wang graduated from a vocational education institute. She was a senior officer of the Office of Dongying Municipal Committee, Shandong Province, Geology Research Institute of Shengli Oilfield (勝利油田地質研究院), Huaren Group of Shenyang Military Area Command (瀋陽軍區華仁集團), Chinese Enterprises Dagan Magazine (中國企業大觀雜誌社), the Association of Chinese Enterprises Television Stations (中國企業電視台協會), American Pan Asia Investment Group Corporation (美國泛亞投資集團公司) and Kashgar project of Tarim Oilfield in Xinjiang. Ms. Wang has extensive experience in corporate management and leadership.

Mr. Yang Guangming, aged 63, was appointed as executive Director of the Company in January 2011. Mr. Yang obtained his diploma in petroleum geology from Jilin Petroleum School (吉林省石油學校石油地質) in September 1983 and his degree or diploma of Petroleum Exploitation Geology in China University of Geosciences (中國地質大學石油開發地質) in 1991. Mr. Yang worked in Oil Extraction Plant No. 2 of Jilin Oil Field Group (吉林油田採油二廠) from 1970 to 2002, and he worked in the same group as the head of the geological research institute in 1983 and as chief geologist in 1994. From December 2002 to July 2007, Mr. Yang worked as deputy general manager in charge of the production and chief geologist in Jilin Petroleum Natural Gas Development Limited (吉林石油天然氣開發有限責任公司). As disclosed in the Company's circular dated 11 October 2010, Mr. Yang currently is a member of the management team of certain subsidiaries of the Company engaged in the petroleum resources development and production business. Mr. Yang is responsible for supervising the operation of production, in particular to ensure that the operation complies with the applicable laws, regulations, safety and environment requirements. He is also responsible for making necessary arrangement in the production line and planning for production schedule.

王東海先生，58歲，於二零零九年九月獲委任為本公司執行董事。王先生在所有石油相關領域均有豐富經驗，包括石油生產、油田勘探、開發投資經濟、投資和財務管理、油田基本建設工作及採油廠全面工作。自二零零零年開始，彼擔任孤東採油廠（勝利油田最大採油廠之一）第一把手。並於二零零一年起被南京大學聘為客座教授，曾多次在南京大學給研究生和本科生授課，主講油田勘探與開發以及石油經濟與國家安全。

王美艷女士，48歲，於二零一一年一月獲委任為本公司執行董事。王女士，中專學歷，先後在山東省東營市委辦公室、勝利油田地質研究院、瀋陽軍區華仁集團、中國企業大觀雜誌社、中國企業電視台協會、美國泛亞投資集團公司及新疆塔里木油田喀什項目部任高級職員。彼有著豐富的企業管理經驗和領導經驗。

楊光明先生，63歲，於二零一一年一月獲委任為本公司執行董事。楊先生於一九八三年九月取得吉林省石油學校石油地質系文憑學位，並於一九九一年取得中國地質大學石油開發地質系學士學位或文憑。楊先生於一九七零年至二零零二年間曾於吉林油田採油二廠工作，於一九八三年曾於該集團擔任地質學研究機構主管，以及於一九九四年擔任總地質學家。於二零零二年十二月至二零零七年七月期間，楊先生曾於吉林石油天然氣開發有限責任公司擔任主管生產之副經理及總地質學家。如本公司日期為二零一零年十月十一日之通函所披露，楊先生現為本公司從事石油資源開發及生產業務的若干附屬公司之管理團隊一員。楊先生負責監督生產業務，尤其是確保業務已遵守適用法例、規則、安全及環保規定。楊先生亦負責就生產線及規劃生產流程作出必須的安排。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷詳情

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lum Pak Sum, aged 49, was appointed as independent non-executive Director of the Company in September 2005. He holds a master degree in business administration from the University of Warwick, UK and a LLB (Honor) degree from the University of Wolverhampton, UK. He is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, UK. Mr. Lum was an independent non-executive director of Grand Field Group Holdings Limited (stock code: 115) for a period from July 2004 to May 2008, KH Investment Holdings Limited (stock code: 8172) for a period from September 2005 to December 2008 and Heng Xin China Holdings Limited (stock code: 8046) for a period from June 2007 to November 2008. Currently, he is an independent non-executive director of Waytung Global Group Limited. (stock code: 21), Bestway International Holdings Limited (stock code: 718), Karce International Holdings Company Limited (stock code: 1159), Radford Capital Investment Limited (stock code: 901) and Asia Resources Holdings Limited (stock code: 899). These companies are listed on the Main board of the Stock Exchange. He is also a chairman of the audit committee and a member of the remuneration committee and nomination committee of the Company.

Mr. Sun Tak Keung, aged 46, was appointed as independent non-executive Director of the Company in April 2007. He is currently a director of a Hong Kong private limited company which is principally engaged in marketing and trading of daily consumable goods in Hong Kong and overseas. Mr. Sun was an executive director of Polyard Petroleum International Group Limited (stock code: 8011) for a period from March 2002 to November 2007 and he was an independent non-executive director of Huscoke Resources Holdings Limited (stock code: 704) for a period from April 2008 to January 2010 and Yueshou Environmental Holdings Limited (stock code: 1191) for a period from July 2007 to October 2008. These companies are listed on the Stock Exchange. He is also a member of the audit committee, remuneration committee and nomination committee of the Company.

獨立非執行董事

林柏森先生，49歲，於二零零五年九月獲委任為本公司獨立非執行董事。彼持有英國華威大學頒授之工商管理碩士學位，以及英國Wolverhampton大學頒授之榮譽法律學士學位。彼目前為香港會計師公會及英國特許公認會計師公會資深會員。林先生曾於二零零四年七月至二零零八年五月期間擔任鈞濠集團有限公司（股份代號：115）、於二零零五年九月至二零零八年十二月期間擔任嘉滙投資控股有限公司（股份代號：8172）及於二零零七年六月至二零零八年十一月期間擔任恒芯中國控股有限公司（股份代號：8046）之獨立非執行董事。現時，林先生擔任滙通天下集團有限公司（股份代號：21）、百威國際控股有限公司（股份代號：718）、泰盛實業集團有限公司（股份代號：1159）、萊福資本投資有限公司（股份代號：901）及亞洲資源控股有限公司（股份代號：899）之獨立非執行董事。該等公司均在聯交所主板上市。林先生同時出任本公司審核委員會之主席及薪酬委員會及提名委員會成員。

辛德強先生，46歲，於二零零七年四月獲委任為本公司獨立非執行董事。現時，彼擔任一間主要於香港及海外從事日常消費用品之市場推廣及貿易業務之香港私人有限公司的董事。辛先生曾於二零零二年三月至二零零七年十一月期間出任百田石油國際集團有限公司（股份代號：8011）之執行董事，並於二零零八年四月至二零一零年一月期間擔任和嘉資源控股有限公司（股份代號：704）及於二零零七年七月至二零零八年十月期間擔任粵首環保控股有限公司（股份代號：1191）之獨立非執行董事。該等公司均在聯交所上市。辛先生同時出任本公司審核委員會、薪酬委員會及提名委員會成員。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷詳情

Mr. Chow Pui Fung, aged 70, was appointed as independent non-executive Director of the Company in November 2008. He is a merchant and has been in the business of securities investments, shipping and import & export for years. He was an independent non-executive director of Neptune Group Limited (stock code: 70), a company listed on the Main board of the Stock Exchange, for a period from March 2003 to June 2007. He is also a member of the audit committee, remuneration committee and nomination committee of the Company.

SENIOR MANAGEMENT

Ms. Ho Suk Yi, aged 43, is the assistant financial controller of the Company since February 2010. Ms. Ho holds a bachelor's degree and a master's degree in accounting and is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. She has over 20 years' experience in auditing, finance and accounting. Ms. Ho previously worked in several companies whose shares are listed on the Stock Exchange.

Mr. Li Jinxu, aged 52 is the chief executive officer of 山西中凱集團靈石熱電有限公司 (Shanxi Zhong Kai Group Lingshi Heat and Power Company Limited) ("Shanxi Zhong Kai Lingshi"), a subsidiary of the Company, and is a director of Shanxi Zhong Kai Lingshi. Mr. Li previously worked in the Lingshi County's local branch of State Grid since 1980 and was promoted as a general manager and later promoted to be the vice-general manager of Jinzhong branch of State Grid in 2000. In relation to Shanxi Zhong Kai Lingshi, Mr. Li is responsible for liaison with local authorities in relation to the operation of Shanxi Zhong Kai Lingshi and the expansion plan and cooperation, liaison with major customers and to make major decisions in relation to the operation of Shanxi Zhong Kai Lingshi.

Mr. Yuan Li, aged 38, joined China Era in November 2008 and has been working as the vice geologist in the oil field. Mr. Yuan graduated from Changchun Geological Institute (長春地質學院) in the profession of petroleum geology in 1994. Mr. Yuan worked in (紅崗採油廠地質研究所) as team leader from 1995 to 2002. Mr. Yuan was in charge of technical for 14 joint venture projects in the period from 2002 to 2008. As geologist, Mr. Yuan will review and further research on the existing geological materials and reports in relation to the oil field. Furthermore, he is responsible for reviewing the position of newly-drilled wells and to plan for the allocation of new wells in the contract area. He is also responsible for advising the oil production plan in the oil field.

周培豐先生，70歲，於二零零八年十一月獲委任為本公司獨立非執行董事。彼為一名商人，多年來一直從事證券投資、航運及進出口業務。彼曾於二零零三年三月至二零零七年六月期間出任於聯交所主板上市之公司海王國際集團有限公司（股份代號：70）之獨立非執行董事。周先生同時出任本公司審核委員會、薪酬委員會及提名委員會成員。

高級管理層

何淑儀女士，43歲，自二零一零年二月起出任本公司副財務總監。何女士持有會計學士及碩士學位，並為香港會計師公會及英國特許公認會計師公會資深會員。彼於審核、財務及會計各方面積逾20年經驗。何女士先前曾在數間於聯交所上市之公司工作。

李金霄先生，52歲，為本公司附屬公司山西中凱集團靈石熱電有限公司（「山西中凱靈石」）之行政總裁，並為山西中凱靈石之董事。李先生自一九八零年起曾於國家電網靈石縣分公司任職，並晉升為總經理，其後於二零零零年晉升為國家電網晉中分公司副總經理。就山西中凱靈石而言，李先生負責就山西中凱靈石業務、擴充計劃及合作與地方機關聯繫、與主要客戶聯絡，並作出有關山西中凱靈石業務之主要決策。

袁利先生，38歲，於二零零八年十一月加入中國年代，並自此擔任油田之副地質學家。袁先生於一九九四年畢業於長春地質學院之石油地質學。袁先生於一九九五年至二零零二年於紅崗採油廠地質研究所擔任所長。袁先生於二零零二年至二零零八年期間專責14項合資公司項目之技術問題。作為地質學家，袁先生將審閱及進一步研究有關油田之現有地質資料及報告。此外，彼負責檢討新鑽井之位置，並就合約區域內之新井分佈進行規劃，以及就油田之產油計劃提供意見。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Company is committed to maintain a high standard of corporate governance, holding the beliefs of transparency, honesty and accountability. The Board of directors of the Company considers that sound corporate management and governance practices are essential to the Company's healthy growth under all business environments. Therefore, we continuously review and improve our corporate governance standards to ensure maximum compliance with the relevant laws and codes.

CORPORATE GOVERNANCE PRACTICES

During the year under review, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), save for the deviations from Code Provision A.2.1 (chairman and chief executive officer) and Code Provision A.4.1 (tenure of non-executive directors) of the Code as explained in the relevant paragraphs below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Following specific enquiries made, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year.

BOARD OF DIRECTORS

The Board determines and keeps under review the objectives of the Group. It makes decisions on overall strategies and actions necessary for achieving these objectives, monitors and controls financial and operating performance, formulates appropriate policies, and identifies and ensures best practices of corporate governance. The Board members are fully committed to their roles and have acted in good faith to maximise the Shareholders' value in the long run, and have aligned the Group's goals and directions with the prevailing economic and market conditions. Daily operations and administration are delegated to the management.

本公司致力維持高水平之企業管治，以維持其透明度、誠信及問責性。本公司董事會認為，穩健之企業管理及管治常規對本公司在所有業務環境下有穩健增長是不可或缺。因此，本公司持續檢討及改善本集團之企業管治標準，以確保在最大程度下遵循相關法例及守則。

企業管治常規

於回顧年度，本公司已遵循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（「守則」）之所有守則條文。惟偏離下文相關段落所說明守則之守則條文A.2.1（主席及行政總裁）及守則條文A.4.1（非執行董事之任期）。

董事之證券交易活動

本公司已採納上市規則附錄十所載之上市發行人董事進行證券交易的標準守則（「標準守則」）。經作出具體查詢後，全體董事均確認彼等全年均已遵守標準守則所載之規定標準。

董事會

董事會釐定本集團之目標，並持續作出檢討。其就達到有關目標之所須整體策略及措施作出決策，監察、控制財務及營運表現，制定合適政策，並指出及確保執行最佳企業管治常規。董事會成員均盡忠職守，並善意地盡量為股東提高長遠價值行事，並把本集團之目標和發展方向與目前經濟及市場環境配合。而日常運作及管理則交託管理層負責。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Board comprises a balanced number of executive Directors and non-executive Directors (including independent non-executive Directors) that can ensure there is adequate independent judgment for the running of the Company's business. The members of the Board comprise experts from various professions with extensive experience. One of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise. In all corporate communications, the Company had disclosed the composition of the Board according to the categories and responsibilities of the directors.

As at the date of this annual report, the Board comprises nine members, including six executive Directors and three independent non-executive Directors. The Board members during the year and up to the date of this annual report were:

Executive Directors

Mr. Law Fei Shing (*Chief Executive Officer*)
Mr. Chan Sung Wai
Mr. Chan Kwok Wing
Mr. Wang Donghai
Mr. Zhao Guoqiang (*resigned on 10 November 2010*)
Ms. Wang Meiyang (*appointed on 25 January 2011*)
Mr. Yang Guangming (*appointed on 25 January 2011*)

Non-executive Director

Mr. Zhang Zhenming (*resigned on 10 November 2010*)

Independent Non-executive Directors

Mr. Lum Pak Sum
Mr. Sun Tak Keung
Mr. Chow Pui Fung

董事會由人數均等的執行董事及非執行董事(包括獨立非執行董事)所組成,能確保執行本公司業務時作出足夠之獨立判斷。董事會成員為擁有不同專業知識之專家,且擁有豐富經驗。其中一名獨立非執行董事擁有合適專業資格或會計或相關財務管理之專業知識。於所有企業溝通中,本公司已根據董事類別及責任披露董事會之組成。

於本年報日期,董事會由九名成員組成,包括六名執行董事及三名獨立非執行董事。年內及直至本年報日期,董事會成員為:

執行董事

羅輝城先生 (*行政總裁*)
陳崇煒先生
陳國榮先生
王東海先生
趙國強先生 (*於二零一零年十一月十日辭任*)
王美艷女士 (*於二零一一年一月二十五日獲委任*)
楊光明先生 (*於二零一一年一月二十五日獲委任*)

非執行董事

張振明先生 (*於二零一零年十一月十日辭任*)

獨立非執行董事

林柏森先生
辛德強先生
周培豐先生

CORPORATE GOVERNANCE REPORT

企業管治報告

Biographical details of the Directors and senior management of the Company as at the date of this annual report are set out in the “**Biographical Details of Directors and Senior Management**” section on pages 11 to 14 of this annual report. None of the Directors has any financial, business, family or other material or relevant relationships among members of the Board.

The Company has received an annual confirmation of independence from each of its independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. Based on the contents of such confirmation, the Company considers that the three independent non-executive Directors are independent and that they have met the specific independence guidelines as set out in Rule 3.13 of the Listing Rules.

During the year ended 31 December 2010, 12 full Board meetings were held and details of attendance is set out as follows:

於本年報日期，本公司董事及高級管理層履歷詳情載於本年報第11頁至第14頁「**董事及高級管理層履歷詳情**」一節。董事會成員之間並無財務、業務、家庭或其他重大或相關關係。

根據上市規則第3.13條，本公司已收到各獨立非執行董事一份年度獨立確認書。根據有關確認書內容，本公司認為三名獨立非執行董事均獨立於本公司，且符合上市規則第3.13條所載之特定獨立指引。

截至二零一零年十二月三十一日止年度，本公司召開12次全體董事會會議，各董事之出席率詳述如下：

		Number of Board meetings attended/eligible to attend Board meetings 出席／合資格出席 董事會會議次數
Executive Directors		
執行董事		
Mr. Law Fei Shing	羅輝城先生	12/12
Mr. Chan Sung Wai	陳崇煒先生	12/12
Mr. Chan Kwok Wing	陳國榮先生	12/12
Mr. Wang Donghai	王東海先生	10/12
Mr. Zhao Guoqiang (Note)	趙國強先生 (附註)	6/8
Non-Executive Director		
非執行董事		
Mr. Zhang Zhenming (Note)	張振明先生 (附註)	6/8
Independent Non-Executive Directors		
獨立非執行董事		
Mr. Lum Pak Sum	林柏森先生	12/12
Mr. Sun Tak Keung	辛德強先生	12/12
Mr. Chow Pui Fung	周培豐先生	12/12

Note:

Resigned on 10 November 2010

附註：

於二零一零年十一月十日辭任

CORPORATE GOVERNANCE REPORT

企業管治報告

Every Board member have full and timely access to Board papers and related materials and has unrestricted access to the advice and services of the company secretary, and has the liberty to seek external professional advice if so required. The company secretary continuously updates all Directors on the latest development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practice.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code A.2.1 of CG Code provides, inter alia, that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Following the retirement of Mr. Tam Owen at the 2009 annual general meeting of the Company, Mr. Tam Owen ceased to act as chairman, executive Director, chairman of remuneration committee and nomination committee and authorised representative of the Company with effect from 2 June 2009. The Company is still looking for a suitable candidate to fill the vacancy of chairman and further announcement will be made by the Company upon fulfillment of this requirement under the Listing Rules.

The Board will review the management structure of the Group from time to time and will adopt appropriate measures as may be desirable for future development of the operating activities or business of the Group.

每位董事會成員均可全面並適時查閱董事會文件及相關資料，並可隨時取得公司秘書之意見和享用其所提供之服務，及有自由在需要時尋求外部專業意見。公司秘書會不斷向所有董事提供上市規則及其他適用監管規定之最新發展，以確保本公司遵守及維持良好企業管治常規。

主席及行政總裁

企業管治守則之守則A.2.1規定（其中包括），主席及行政總裁之角色須分開，不應由同一人擔任。主席及行政總裁之職責須明確區分，並以書面形式訂明。

自譚浩榮先生於本公司二零零九年股東週年大會上退任後，由二零零九年六月二日起，譚浩榮先生不再擔任本公司之主席、執行董事、薪酬委員會及提名委員會主席以及授權代表。本公司仍在物色合適人選填補主席之空缺，並將於符合上市規則此項規定後作進一步公佈。

董事會將不時檢討本集團之管理架構，並會為本集團經營活動或業務之未來發展採取所需之適當措施。

CORPORATE GOVERNANCE REPORT

企業管治報告

NON-EXECUTIVE DIRECTORS

The Company has deviated from the requirements of Code Provision A.4.1 of the Code, which stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. Some existing non-executive Directors (including independent non-executive Directors) of the Company do not have a specific term of appointment.

As the appointment of non-executive Directors are subject to the retirement by rotation provisions in the Articles of Association of the Company, the Board considers that it is not necessary to appoint the non-executive Directors for a specific term and it is sufficient measures have been taken to ensure that the Company's corporate governance practices are on terms no less exacting than the required standard set out in the Code. At every annual general meeting, one-third of the Directors for the time being (or if their number is not three or in a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. All Directors, including those appointed for a fixed term, are subject to the retirement by rotation provision in the Articles of Association of the Company.

REMUNERATION COMMITTEE

The remuneration committee, established in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, comprises the three independent non-executive Directors of the Company and the chairman of the Company, is responsible for reviewing and evaluating the remuneration packages of the executive Directors and senior management of the Company and making recommendations to the Board of directors from time to time.

Following the retirement of Mr. Tam Owen at the 2009 annual general meeting of the Company, the remuneration committee currently comprises the three independent non-executive Directors of the Company.

非執行董事

本公司偏離守則之守則條文A.4.1條之規定，該條文規定非執行董事須委任指定任期，惟可膺選連任。本公司之部分現任非執行董事（包括獨立非執行董事）並無指定任期。

由於非執行董事之委任須遵循本公司之章程細則之輪值告退規定，因此董事會認為毋須向非執行董事委任指定任期，並已採取足夠措施以確保本公司之企業管治常規之條款與守則所規定之標準相近。於每屆股東週年大會上，當時三分之一之董事（倘人數並非三或三之倍數，則為最接近但不少於三分之一之人數）應輪席告退，惟每名董事應最少每三年於股東週年大會上退任一次。全體董事（包括已委任指定任期者）須遵循本公司之章程細則之輪值告退規定。

薪酬委員會

本公司遵照上市規則附錄十四所載企業管治常規守則成立薪酬委員會，成員包括本公司三名獨立非執行董事及本公司主席，負責審閱及評估本公司執行董事及高級管理層之薪酬待遇，並不時向董事會提供推薦建議。

自譚浩榮先生於本公司二零零九年股東週年大會上退任後，薪酬委員會現時由本公司三名獨立非執行董事組成。

CORPORATE GOVERNANCE REPORT

企業管治報告

The remuneration committee has adopted written terms of reference prepared by reference to the suggested terms of reference stated under the Code Provision B.1.3 of the Code. The primary duties of the remuneration committee include (but without limitation):

1. To make recommendations to the Directors on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration.
2. To determine the terms of the specific remuneration package of the Directors and senior management.
3. To review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time.

During the year ended 31 December 2010, the remuneration committee held a meeting to review the remuneration package of the Board members and the senior management. Composition of the remuneration committee and details of members' attendance to the committee are as follows:

薪酬委員會已採用根據守則之守則條文B.1.3條所述之建議職權範圍而編製之明文職權範圍。薪酬委員會之主要職責包括(但不限於):

1. 向董事就本集團之全體董事及高級管理層之薪酬政策及架構及就發展該等薪酬政策設立正式而具透明度之程序作出建議。
2. 釐定董事及高級管理層之特定薪酬待遇之條款。
3. 參考董事不時制訂之公司目標，檢討及批准按表現釐定之薪酬。

截至二零一零年十二月三十一日止年度，薪酬委員會舉行了一次會議，以檢討董事會成員及高級管理層之薪酬待遇。薪酬委員會之組成及委員會成員之出席率詳述如下：

		Number of meetings attended/eligible to attend meetings 出席／合資格 出席會議次數
Mr. Lum Pak Sum	林柏森先生	1/1
Mr. Sun Tak Keung	辛德強先生	1/1
Mr. Chow Pui Fung	周培豐先生	1/1

CORPORATE GOVERNANCE REPORT

企業管治報告

NOMINATION COMMITTEE

The nomination committee, established in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, comprises the three independent non-executive Directors of the Company and the chairman of the Company, is responsible for making recommendations to the Board on the appointment of Directors and management of the Board succession.

Following the retirement of Mr. Tam Owen at the 2009 annual general meeting of the Company, the nomination committee currently comprises the three independent non-executive Directors of the Company.

The nomination committee has adopted written terms of reference prepared by reference to the suggested terms of reference stated under the Code Provision A.4.5 of the Code.

During the year ended 31 December 2010, no meeting was held by the nomination committee.

AUDIT COMMITTEE

The audit committee of the Company was established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the suggested terms of reference stated under the Code Provision C.3 of the Code. The audit committee comprises all three independent non-executive Directors and is chaired by Mr. Lum Pak Sum. The audit committee is responsible for review of the Group's accounting principles, practices internal control procedures and financial reporting matters including the review of the interim and final results of the Group prior to recommending to the Board for approval. The major roles and functions of the Group's audit committee are as follows:

1. To consider the appointment of the external auditor, the audit fees, and any questions of resignation or dismissal of the external auditor of the Group.
2. To discuss with the external auditor the nature and scope of the audit.

提名委員會

本公司遵照上市規則附錄十四所載企業管治常規守則成立提名委員會，成員包括本公司三名獨立非執行董事及本公司主席，負責就委任董事及董事會管理層之繼任事宜向董事會提供推薦建議。

自譚浩榮先生於本公司二零零九年股東週年大會上退任後，提名委員會現時由本公司三名獨立非執行董事組成。

提名委員會已採用根據守則之守則條文A.4.5條所述之建議職權範圍而編製之明文職權範圍。

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。

審核委員會

本公司之審核委員會已根據上市規則第3.21條及守則之守則條文C.3條所述之建議職權範圍而編製之明文職權範圍所成立。審核委員會由全體三名獨立非執行董事組成，主席為林柏森先生。審核委員會負責審核本集團之會計原則、常規內部控制程序及財務匯報事項，包括於建議董事會批准前，審核本集團之中期及年度業績。本集團審核委員會之主要職責及功能如下：

1. 考慮本集團外聘核數師之委任、核數費用、外聘核數師之辭職或辭退之任何問題。
2. 與外聘核數師商討核數之性質及範疇。

CORPORATE GOVERNANCE REPORT

企業管治報告

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| <p>3. To review the interim and annual financial statements before submission to the Board.</p> <p>4. To discuss problems and reservations arising from the interim review and final audit, and any matters the auditor may wish to discuss.</p> <p>5. To review the external auditor's management letters and management's response.</p> <p>6. To review the Group's internal control systems.</p> <p>7. To consider the major findings of internal investigations and management's response.</p> | <p>3. 於呈交予董事會前，審閱中期及年度財務報表。</p> <p>4. 就中期審核及年度審核工作產生之問題和保留意見，及核數師欲商談之任何事項作出商討。</p> <p>5. 審閱外聘核數師之管理層函件及管理層之回應。</p> <p>6. 檢討本集團之內部監控制度。</p> <p>7. 考慮內部調查之主要發現及管理層之回應。</p> |
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During the year ended 31 December 2010, the audit committee held two meetings to review the annual and interim results. Composition of the audit committee and details of members' attendance to the committee are as follows:

截至二零一零年十二月三十一日止年度，審核委員會舉行了兩次會議，以審閱年度及中期業績。審核委員會之組成及委員會成員之出席率詳述如下：

		Number of meetings attended/ eligible to attend meetings 出席／合資格 出席會議次數
Mr. Lum Pak Sum	林柏森先生	2/2
Mr. Sun Tak Keung	辛德強先生	2/2
Mr. Chow Pui Fung	周培豐先生	2/2

AUDITOR'S REMUNERATION

During the year, BDO Limited was appointed as the auditor of the Company and to hold office until the conclusion of the next annual general meeting of the Company.

核數師酬金

年內，香港立信德豪會計師事務所有限公司獲委任為本公司之核數師，並留任至本公司下一屆股東週年大會完結為止。

CORPORATE GOVERNANCE REPORT

企業管治報告

The following table sets forth the type of, and fees for, the principal audit services and non-audit services provided by BDO Limited to the Group for the year ended 31 December 2010:

下表載列截至二零一零年十二月三十一日止年度由香港立信德豪會計師事務所有限公司提供予本集團之主要核數服務及非核數服務之種類及收費：

		Services rendered Fees paid/payable HK\$'000 所提供服務 已付／應付費用 千港元
Audit services	核數服務	700
Non-audit services (i.e. consultancy services)	非核數服務 (即顧問諮詢服務)	—
Total	共計	<u>700</u>

INTERNAL CONTROL

The Company endeavors to implement a sound risk management and internal control system. The Board is responsible for maintaining an adequate internal control system to safeguard Shareholder investments and Company's assets, and reviewing the effectiveness of such system on an annual basis, as well as through the audit committee. For the year ended 31 December 2010, the audit committee reported to the Board on any material issues and inadequate measures and made recommendations to the Board.

內部監控

本公司致力執行穩健風險管理及內部監控制度。董事會負責維持足以保障股東投資及本公司資產之內部監控制度，及每年檢討其有效性，並透過審核委員會推行上述工作。截至二零一零年十二月三十一日止年度，審核委員會已就任何重大事宜及不足措施向董事會匯報及對其作出建議。

SHAREHOLDER RIGHT AND INVESTOR RELATIONS

The rights of Shareholders and the procedures for them to demand a poll on resolutions at Shareholders' meetings are contained in the Company's Articles of Association. Details of such rights to demand a poll and the poll procedures are included in all circulars to Shareholders prior to 31 December 2010 and will be explained during the proceedings of meetings. Poll results, if any, will be posted on both the websites of the Stock Exchange and the Company no later than 30 minutes before the earlier of the morning session or any pre-opening session on the next business day of the Shareholders' meeting.

股東權利及投資者關係

股東要求在股東大會就決議案以投票方式表決之權利及程序載於本公司章程細則。以投票方式表決之有關權利及投票程序詳情載於於二零一零年十二月三十一日前寄發予股東之所有通函，並將於會議上予以說明。投票結果（如有）將不遲於股東大會後第二個營業日之早市或開市前時段（以較早者為準）前30分鐘刊登於聯交所及本公司網站。

The general meetings of the Company provide a platform for communication between the Shareholders and the Board. Our Directors are available at the Shareholders' meetings of the Company to answer questions and provide information which Shareholders may enquire. The Company continues to enhance communications and relationships with its investors. Enquiries from investors are dealt with in an informative and timely manner.

本公司之股東大會為股東及董事會提供了一個溝通平台。本公司董事將於本公司股東大會上回答問題，並提供股東可能問詢之資料。本公司繼續加強與投資者之溝通及關係。投資者查詢乃以充分數據及時作出處理。

CORPORATE GOVERNANCE REPORT

企業管治報告

Taking advantages of various resources, the Company keeps communicating with its Shareholders regularly and properly to ensure that Shareholders are adequately aware of any important issues during the course of the Company's operation, and then exercise their rights as Shareholders with sufficient knowledge. Investors are welcome to write directly to the Company at its Hong Kong registered office for any inquiries.

DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Board acknowledges that it is responsible for the preparation of financial statements of the Group and for ensuring that financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of financial statements of the Group. The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the external auditor of the Company, BDO Limited, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on page 40 of this annual report.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. As such, all the resolutions set out in the notice of the AGM will be voted by poll.

本公司利用各種資源，與股東保持定期及適時之溝通，以確保股東充分獲悉本公司業務過程中之任何重要事項，並在知情情況下行使其當時作為股東之權利。如有任何查詢，投資者可直接致函本公司之香港註冊辦事處。

董事就編製財務報表所承擔之責任

董事會明白其負責編製本集團之財務報表，以確保本集團之財務報表之編製符合所有有關法規及適用會計準則之規定。董事會亦須確保本集團財務報表適時刊發。董事經作出一切合理查詢後確認，就彼等所知、所悉及所信，彼等並不知悉存在任何重大不確定因素而可能引致對本公司之持續經營能力造成重大疑慮之事件或情況。

本公司之外部核數師香港立信德豪會計師事務所有限公司就彼等對本集團財務報表之申報責任作出之聲明載於本年報第40頁之獨立核數師報告書。

投票表決

根據上市規則第13.39(4)條，股東於股東大會上之任何表決均須以投票方式進行。因此，股東週年大會通告所載全部決議案均將以投票方式進行表決。

REPORT OF THE DIRECTORS

董事會報告書

The Directors present their report and the audited financial statements of Energy International Investments Holdings Limited and its subsidiaries (the "Group") for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its principal subsidiaries are engaged in the trading of carpets, the supply of heat and electricity and the development and production of petroleum resources.

Details of the Company's principal subsidiaries at 31 December 2010 are set out in note 18 to the financial statements.

RESULTS AND DIVIDEND

The Group's profit for the year ended 31 December 2010 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 43 to 184. The Directors do not recommend the payment of any dividend in respect of the year.

董事會謹提呈能源國際投資控股有限公司及其附屬公司（「本集團」）截至二零一零年十二月三十一日止年度之董事會報告書及經審核財務報表。

主要業務

本公司之主要業務為投資控股。其主要附屬公司從事地毯買賣、熱電供應及石油資源之開發及生產。

本公司於二零一零年十二月三十一日之主要附屬公司之詳情載於財務報表附註18。

業績及股息

本集團截至二零一零年十二月三十一日止年度之溢利，以及本公司與本集團於該日之財務狀況載於第43至第184頁之財務報表。董事會不建議派付本年度之任何股息。

REPORT OF THE DIRECTORS

董事會報告書

SUMMARY FINANCIAL INFORMATION

The following is a summary of the published consolidated results of the Group for the years ended 31 December 2006, 2007, 2008, 2009 and 2010, and the assets, liabilities and non-controlling interests of the Group as at each of the reporting date, prepared on the basis set out in the notes below.

RESULTS

財務資料概要

下文載有本集團截至二零零六年、二零零七年、二零零八年、二零零九年及二零一零年十二月三十一日止各年度之已刊登綜合業績以及本集團於各報告日期之資產、負債及非控股股東權益之概要，編製基準載於下文之附註。

業績

		Year ended 31 December 截至十二月三十一日止年度				
		2010 HK\$'000	2009 HK\$'000 (Re-presented)	2008 HK\$'000 (Re-presented)	2007 HK\$'000 (Re-presented)	2006 HK\$'000 (Re-presented)
		二零一零年 千港元	二零零九年 千港元 (經重列)	二零零八年 千港元 (經重列)	二零零七年 千港元 (經重列)	二零零六年 千港元 (經重列)
Revenue	收益					
– Continuing operations*	– 持續經營業務*	45,620	10,332	12,846	28,851	17,698
– Discontinued operations**	– 已終止經營業務**	–	–	6,418	26,796	8,825
Operating profit/(loss) from continuing operations	持續經營業務溢利／(虧損)	535,778	(56,091)	(291,728)	(37,946)	(28,390)
Finance costs	財務成本	(5,229)	(6,455)	(22,521)	(3,235)	(149)
Profit/(Loss) before income tax from continuing operations	持續經營業務除所得稅前溢利／(虧損)	530,549	(62,546)	(314,249)	(41,181)	(28,539)
Income tax credit	所得稅計入	1,457	–	–	–	–
Loss for the year from discontinued operations	本年度已終止經營業務虧損	(348,966)	(369,641)	(34,233)	(37,380)	(17,618)
Profit/(Loss) for the year	本年度溢利／(虧損)	183,040	(432,187)	(348,482)	(78,561)	(46,157)
Profit/(Loss) attributable to:	應佔溢利／(虧損)：					
Owners of the Company	本公司擁有人	184,887	(432,187)	(341,321)	(79,129)	(46,167)
Non-controlling interests	非控股股東權益	(1,847)	–	(7,161)	568	10
		183,040	(432,187)	(348,482)	(78,561)	(46,157)

* Continuing operations for the years ended 31 December 2006, 2007, 2008, 2009 and 2010 represent trading of carpets and supply of electricity and heat.

** Discontinued operations for the years ended 31 December 2006, 2007, 2008, 2009 and 2010 represent manufacturing of carpets, trading of goods and exploration of mine.

* 截至二零零六年、二零零七年、二零零八年、二零零九年及二零一零年十二月三十一日止年度之持續經營業務指買賣地毯及熱電供應。

** 截至二零零六年、二零零七年、二零零八年、二零零九年及二零一零年十二月三十一日止年度之已終止經營業務指製造地毯、買賣貨品及礦區勘探。

REPORT OF THE DIRECTORS

董事會報告書

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

資產、負債及非控股股東權益

		At 31 December 於十二月三十一日				
		2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元	2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Non-current assets	非流動資產	2,955,357	554,799	747,086	702,176	82,614
Current assets	流動資產	220,225	114,775	93,511	168,012	17,903
Total assets	資產總值	3,175,582	669,574	840,597	870,188	100,517
Current liabilities	流動負債	189,635	22,559	64,123	68,157	36,558
Non-current liabilities	非流動負債	693,680	19,279	192,695	177,403	1,158
Total liabilities	負債總額	883,315	41,838	256,818	245,560	37,716
Net assets	資產淨值	2,292,267	627,736	583,779	624,628	62,801
Non-controlling interests	非控股股東權益	142,332	–	1,288	33,581	(217)

PROPERTY, PLANT AND EQUIPMENT

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

物業、廠房及設備

本公司及本集團物業、廠房及設備於年內之變動詳情載於財務報表附註16。

REPORT OF THE DIRECTORS

董事會報告書

SHARE CAPITAL

Details of the movements in the Share capital during the year together with the reasons therefore, are set out in note 37 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 38 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

Under the Companies Law (Revised) of the Cayman Islands, the Share premium account of the Company of approximately HK\$2,038 million as at 31 December 2010, is distributable to the Shareholders 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. The Share premium account may also be distributed in the form of fully paid bonus Shares.

股本

年內，股本之變動詳情連同變動之理由載於財務報表附註37。

優先購買權

本公司之章程細則或本公司註冊成立之司法管轄權區開曼群島法例並無關於優先購買權之條文，使本公司須按比例向現有股東提呈發售新股。

購買、贖回或出售本公司之上市證券

本公司或其任何附屬公司於本年度並無購買、贖回或出售本公司任何上市證券。

儲備

年內，本公司及本集團之儲備變動詳情分別載於財務報表附註38及綜合權益變動表。

可供分派儲備

根據開曼群島公司法（經修訂），本公司於二零一零年十二月三十一日之股份溢價賬約為20.38億港元，乃可供分派予本公司股東，條件為於緊隨建議分派股息日期後，本公司將有能力償付日常業務過程中到期應付之債務。股份溢價賬亦可以繳足紅股方式分派。

REPORT OF THE DIRECTORS

董事會報告書

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the sales to the Group's five largest customers accounted for approximately 82% of the Group's total sales for the year and sales to the largest customer included therein amounted to approximately 23%.

Purchases from the Group's five largest suppliers accounted for approximately 46% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 11%.

None of the Directors of the Company, any of their associates or Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued Share capital), had any beneficial interests in the Group's five largest customers and/or suppliers.

DIRECTORS

The Board members during the year and up to the date of this annual report were:

Executive Directors

Mr. Law Fei Shing (*Chief Executive Officer*)
Mr. Chan Sung Wai
Mr. Chan Kwok Wing
Mr. Wang Donghai
Mr. Zhao Guoqiang (*resigned on 10 November 2010*)
Ms. Wang Meiyang (*appointed on 25 January 2011*)
Mr. Yang Guangming (*appointed on 25 January 2011*)

Non-executive Director

Mr. Zhang Zhenming (*resigned on 10 November 2010*)

Independent Non-executive Directors

Mr. Lum Pak Sum
Mr. Sun Tak Keung
Mr. Chow Pui Fung

主要客戶及供應商

年內，銷售予本集團五大客戶之數額佔本集團本年度總銷售額約82%，當中銷售予最大客戶之數額約佔23%。

本集團向五大供應商採購之數額佔本集團本年度總採購額約46%，當中向最大供應商採購之數額約佔11%。

本公司之董事、其各自之任何聯繫人或股東（據董事所知擁有本公司已發行股本逾5%者），概無於本集團五大客戶及／或供應商中擁有任何實質權益。

董事

年內及截至本年報日期，董事會成員如下：

執行董事

羅輝城先生（*行政總裁*）
陳崇煒先生
陳國榮先生
王東海先生
趙國強先生（*於二零一零年十一月十日辭任*）
王美艷女士（*於二零一一年一月二十五日獲委任*）
楊光明先生（*於二零一一年一月二十五日獲委任*）

非執行董事

張振明先生（*於二零一零年十一月十日辭任*）

獨立非執行董事

林柏森先生
辛德強先生
周培豐先生

REPORT OF THE DIRECTORS

董事會報告書

In accordance with Article 108(A) of the Company's Articles of Association, Mr. Chan Sung Wai, Mr. Wang Donghai, Mr. Sun Tak Keung and Mr. Chow Pui Fung will retire by rotation at the forthcoming annual general meeting. Mr. Wang Donghai, Mr. Sun Tak Keung and Mr. Chow Pui Fung will offer themselves for re-election as Directors, whereas Mr. Chan Sung Wai will not offer himself for re-election at the forthcoming annual general meeting.

In accordance with Article 112 of the Company's Articles of Association, Ms. Wang Meiyan and Mr. Yang Guangming who were newly appointed as Directors of the Company on 25 January 2011, shall hold office until the forthcoming annual general meeting of the Company following their appointments and, being eligible, offer themselves for re-election.

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Company considers all the independent non-executive Directors are independent as defined in the Listing Rules.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Company are set out on pages 11 to 14 of the annual report.

DIRECTORS' SERVICE CONTRACTS

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

根據本公司章程細則第108(A)條，陳崇煒先生、王東海先生、辛德強先生及周培豐先生將於即將舉行之股東週年大會上輪值告退。王東海先生、辛德強先生及周培豐先生願膺選連任董事，而陳崇煒先生則不願於即將舉行之股東週年大會上膺選連任。

根據本公司章程細則第112條，於二零一一年一月二十五日新獲委任為本公司董事之王美艷女士及楊光明先生，將出任至本公司即將舉行且自其獲委任後之股東週年大會為止，並符合資格膺選連任。

根據香港聯合交易所有限公司證券上市規則（「**上市規則**」）第3.13條，本公司已收到各獨立非執行董事一份年度獨立確認書，並視所有獨立非執行董事（定義見上市規則）獨立於本公司。

董事及高級管理層履歷詳情

本公司董事及高級管理層履歷詳情載於本年報第11頁至第14頁。

董事之服務合約

被提名於即將舉行之股東週年大會上重選之董事，概無與本公司訂立任何本公司不能於一年內免付賠償（法定賠償除外）而予以終止之服務合約。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed elsewhere in this annual report, no Director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

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

PENSION SCHEME ARRANGEMENT

Particulars of the pension scheme arrangements are set out in note 3(w) to the financial statements.

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

As at 31 December 2010, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), which had been notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required to be entered in the register referred to therein pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Companies (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules.

董事之合約權益

除本年報其他部分所披露者外，董事概無於本公司或其任何附屬公司於年內訂立而與本集團業務有重大關係之任何合約中直接或間接擁有重大實質權益。

管理合約

年內並無訂立或存在有關本公司整體或任何重大部分業務之管理及行政合約。

退休金計劃安排

退休金計劃安排之詳情載於財務報表附註3(w)。

董事於股份、相關股份及債券之權益及淡倉

於二零一零年十二月三十一日，本公司董事及主要行政人員概無於本公司或其任何相聯法團（定義見證券及期貨條例（「**證券及期貨條例**」）第XV部）之股份、相關股份或債券中擁有任何已根據證券及期貨條例第XV部第7及8分部通知本公司及香港聯合交易所有限公司（「**聯交所**」），或須根據證券及期貨條例第352條規定於該規定所指之登記冊記錄，或須根據上市規則附錄十所載之上市公司董事進行證券交易的標準守則（「**標準守則**」）通知本公司及聯交所之權益或淡倉。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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

As at 31 December 2010, so far as is known to the Directors or chief executives of the Company, the following person other than a Director or chief executive of the Company had an interest or a short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

董事購入股份或債券之權利

於年內任何時間，任何董事或其配偶或未滿18歲之子女概無獲授可藉購入本公司之股份或債券而獲益之權利，亦無行使有關權利；或本公司或其任何附屬公司亦無訂立任何安排，致使董事可收購任何其他法人團體之上述權利。

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，就本公司董事或主要行政人員所知，除本公司董事或主要行政人員外，以下人士於本公司股份及相關股份中擁有本公司根據證券及期貨條例第336條須予備存之登記冊中記錄之權益或淡倉：

Name of Shareholders 股東姓名	Interest in Shares 股份權益		Interests in underlying Shares 於相關股份之權益		Aggregate interest	Approximate percentage [#]	Notes 附註
	Personal Interests [*]	Corporate Interest [*]	Personal Interests [*]	Corporate Interest [*]			
Mr. Liu Ran 劉燃先生	-	3,078,000,000	-	13,172,000,000	16,250,000,000	120.70%	1
Giant Crystal Limited 鉅晶有限公司	3,078,000,000	-	13,172,000,000	-	16,250,000,000	120.70%	1
Ms. Ho Mee Kuen Karen 何美娟女士	-	1,210,000,000	-	-	1,210,000,000	8.99%	2
Maycrown Capital Limited 美冠資本有限公司	1,210,000,000	-	-	-	1,210,000,000	8.99%	2
Ms. Leung Lai Ching Margaret 梁儷瀨女士	-	-	2,212,617,599	-	2,212,617,599	16.44%	3
* Beneficial owner			* 實質擁有人				
+ Interests of controlled corporation(s)			+ 受控制法團權益				
# Percentage which the aggregate long position in the Shares or underlying Shares represents to the issued share capital of the Company of 13,462,586,614 Shares as at 31 December 2010			# 於股份或相關股份之好倉總額佔本公司於二零一零年十二月三十一日之已發行股本13,462,586,614股股份之百分比				

REPORT OF THE DIRECTORS

董事會報告書

Notes:

1. Giant Crystal Limited is a company incorporated under the laws of the British Virgin Islands, the entire issued share capital of which is legally and beneficially owned by Mr. Liu Ran. Mr. Liu Ran therefore deemed to be interested in 3,078,000,000 shares and 13,172,000,000 underlying shares held by Giant Crystal Limited.

13,172,000,000 underlying Shares consist of shares to be issued upon the conversion of (i) the outstanding Tranche 1 Bonds (as defined in the circular of the Company dated 11 October 2010) (which, based on the conversion price of HK\$0.08 per Share, can be converted into 6,586,000,000 Shares); and (ii) the Tranche 2 Bonds (as defined in the circular of the Company dated 11 October 2010) (which, based on the conversion price of HK\$0.08 per Share, can be converted into 6,586,000,000 Shares). However, the Tranche 2 Bonds has not been issued. Please refer to the Company's circular dated 11 October 2010 for details of the principal terms of the Tranche 1 Bonds and the Tranche 2 Bonds.

2. Maycrown Capital Limited is a company incorporated under the laws of the British Virgin Islands, the entire issued share capital of which is legally and beneficially owned by Ms. Ho Mee Kuen Karen. Ms. Ho Mee Kuen Karen therefore deemed to be interested in 1,210,000,000 shares held by Maycrown Capital Limited.

3. 2,212,617,599 underlying Shares consist of shares to be issued upon the conversion of (i) the outstanding Tranche 1 Bonds (as defined in the circular of the Company dated 15 October 2007) (which, based on the conversion price of HK\$0.508 per Share (as adjusted), can be converted into 20,472,441 Shares); (ii) the Tranche 2 Bonds (as defined in the circular of the Company dated 15 October 2007) (which, based on the conversion price of HK\$0.60 per Share, can be converted into 666,666,667 Shares); (iii) the outstanding Tranche 3 Bonds (as defined in the circular of the Company dated 6 June 2008) (which, based on the conversion price of HK\$0.212 per Share (as adjusted), can be converted into 2,358,491 Shares); and (iv) the Tranche 4 Bonds (as defined in the circular of the Company dated 6 June 2008) (which, based on the conversion price of HK\$0.25 per Share, can be converted into 1,523,120,000 Shares).

The Tranche 2 Bonds and Tranche 4 Bonds have not been issued. Please refer to the Company's circulars dated 15 October 2007 and 6 June 2008 for details of the principal terms of the Tranche 2 Bonds and Tranche 4 Bonds respectively.

附註:

1. 鉅晶有限公司為一間根據英屬處女群島法律註冊成立之公司，其全部已發行股本由劉燃先生合法實質擁有。因此，劉燃先生被視為擁有鉅晶有限公司所持有之3,078,000,000股股份及13,172,000,000股相關股份之權益。

該13,172,000,000股相關股份包括於轉換下列債券時發行之股份：(i)尚未行使之第一批債券（定義見本公司日期為二零一零年十月十一日之通函）（按轉換價每股0.08港元計算，可兌換為6,586,000,000股股份）；及(ii)第二批債券（定義見本公司日期為二零一零年十月十一日之通函）（按轉換價每股0.08港元計算，可兌換為6,586,000,000股股份）。然而，第二批債券尚未發行。有關第一批債券及第二批債券之主要條款之詳情，請參閱本公司日期為二零一零年十月十一日之通函。

2. 美冠資本有限公司為一間根據英屬處女群島法律註冊成立之公司，其全部已發行股本由何美娟女士合法實質擁有。因此，何美娟女士被視為擁有美冠資本有限公司所持有之1,210,000,000股股份之權益。

3. 該2,212,617,599股相關股份包括於轉換下列債券時發行之股份：(i)尚未行使之第一批債券（定義見本公司日期為二零零七年十月十五日之通函）（按轉換價每股0.508港元（經調整）計算，可兌換為20,472,441股股份）；(ii)第二批債券（定義見本公司日期為二零零七年十月十五日之通函）（按轉換價每股0.60港元計算，可兌換為666,666,667股股份）；(iii)尚未行使之第三批債券（定義見本公司日期為二零零八年六月六日之通函）（按轉換價每股0.212港元（經調整）計算，可兌換為2,358,491股股份）；及(iv)第四批債券（定義見本公司日期為二零零八年六月六日之通函）（按轉換價每股0.25港元計算，可兌換為1,523,120,000股股份）。

第二批債券及第四批債券尚未發行。有關第二批債券及第四批債券之主要條款之詳情，請參閱本公司日期分別為二零零七年十月十五日及二零零八年六月六日之通函。

REPORT OF THE DIRECTORS

董事會報告書

As disclosed in the Company's announcements dated 26 August and 27 August 2010 respectively and the Company's 2010 interim report, the Board, to its astonishment, found out that as from 31 January 2010 the exploration licence held by Qinghai Forest Source Mining Industry Developing Company Limited ("QHFSMI"), an indirect wholly-owned subsidiary of the Company incorporated in the People's Republic of China ("PRC"), had been transferred to a company known as 內蒙古小紅山源森礦業有限公司 (in English, for identification purpose only, Inner Mongolia Xian Hong Shan Yuen Xian Mining Industry Company Limited) ("Yuen Xian Company") without the Company's knowledge, consent or approval. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, Yuen Xian Company is wholly-owned by Ms. Leung Lai Ching Margaret through a company known as Yuenxian Mining Industry Holding Company Limited. However, according to the terms and conditions of the Tranche 2 Bonds and Tranche 4 Bonds, the Tranche 2 Bonds and Tranche 4 Bonds will only be issued if the Mining Licence has been received by the Group. The Company is seeking legal advice from its legal advisers on whether the Company still has any obligation to issue the Tranche 2 Bonds and Tranche 4 Bonds to Ms. Leung Lai Ching Margaret in light of the present situation, in particular, in these circumstances where Ms. Leung Lai Ching Margaret has transferred the Group's exploration licence to her own company without the Company's knowledge, consent or approval.

All the interests stated above represent long positions in the ordinary Shares of the Company. As at 31 December 2010, no short positions were recorded in the register maintained by the Company under section 336 of the SFO.

Save as disclosed above, as far as the Directors are aware, no other person had an interest or short position in the Company's shares or underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

如本公司日期分別為二零一零年八月二十六日及八月二十七日之公佈及本公司二零一零年中期報告所披露，董事會驚訝發現，由本公司之間接全資附屬公司青海森源礦業開發有限公司（「青海森源」）（於中華人民共和國（「中國」）註冊成立）持有之勘探牌照已自二零一零年一月三十一日起轉讓予名為內蒙古小紅山源森礦業有限公司（英文名稱為Inner Mongolia Xian Hong Shan Yuen Xian Mining Industry Company Limited，僅供識別）之公司（「源森公司」），而本公司並不知悉、同意或批准。董事經作出一切合理查詢後所知、所悉及所信，源森公司由梁麗瀨女士透過一間名為「源森礦業控股有限公司」之公司全資擁有。然而，根據第二批債券及第四批債券之條款及條件，第二批債券及第四批債券僅在本集團收到開採牌照之情況下方會發行。本公司現正向其法律顧問尋求法律意見，以確定在現時情況下本公司是否仍有責任向梁麗瀨女士發行第二批債券及第四批債券，特別是梁麗瀨女士在本公司並不知悉、同意或批准之情況下已將本集團之勘探牌照轉讓予其本身之公司。

上述所有權益代表於本公司普通股之好倉。於二零一零年十二月三十一日，於本公司根據證券及期貨條例第336條存置之登記冊中並無淡倉之記錄。

除以上所披露者外，就董事所知，概無其他人士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條存置之登記冊中之權益或淡倉。

REPORT OF THE DIRECTORS

董事會報告書

SHARE OPTION SCHEME

The Company operates a share option scheme (the “**Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include the Company’s Directors, independent non-executive Directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, any person or entity that provides research, development or other technological support to the Group and any minority Shareholder in the Company’s subsidiaries. The Scheme was adopted on 6 June 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised Share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the Shares of the Company in issue at any time.

Pursuant to the extraordinary general meeting passed on 8 December 2009, the general scheme limit of the Company’s Share option scheme has been reset to 736,104,330 Shares, representing 10% of the Company’s issued Share capital on the date of meeting, with the passing of ordinary resolution, which allowing the Company to grant further options carrying the rights to subscribe for a maximum of 736,104,330 Shares. As at the date of this report, no option has been granted pursuant to the Scheme.

The maximum number of Shares issuable under Share options to each eligible participant in the Scheme within any 12-month period, is limited to 1%, of the Shares of the Company in issue at any time. Any further grant of Share options in excess of this limit is subject to Shareholders’ approval in a general meeting.

購股權計劃

本公司設有購股權計劃（「**該計劃**」）藉此獎勵及回饋對本集團營運業績有寶貴貢獻之合資格參與者。該計劃之合資格參與者包括本公司之董事、獨立非執行董事、本集團之其他僱員、本集團之貨品或服務供應商、本集團之顧客、向本集團提供研究、發展或其他技術支援服務之任何人士或實體及本公司附屬公司之任何少數股東。該計劃於二零零二年六月六日採納，除非另行取消或修訂，否則由該日期起計十年將一直有效。

目前根據該計劃容許授出之尚未行使購股權之最高數目，為相等於購股權行使後本公司任何時間之已發行股份之10%。

根據於二零零九年十二月八日舉行之股東特別大會，本公司購股權計劃之一般計劃限額已重新設定為736,104,330股股份（佔大會舉行日期本公司已發行股本之10%），隨著普通決議案獲通過，本公司可進一步授出附有最多可認購736,104,330股股份權利之購股權。於本報告日期，概無根據該計劃授出購股權。

於任何12個月期間內，根據該計劃授予各合資格參與者購股權之可發行最高股數，僅限於任何時間本公司已發行股份之1%。任何進一步授出購股權超出此限制者須取得股東於股東大會上批准。

REPORT OF THE DIRECTORS

董事會報告書

Share options granted to a Director, chief executive or substantial Shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors, in addition, any Share options granted to a substantial Shareholder or an independent non-executive Director of the Company, or to any of their associates, in excess of 0.1% of the Shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's Shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to Shareholders' approval in advance in a general meeting.

The offer of a grant of Share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the Share options granted is determinable by the Directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the Share options or the expiry date of the Scheme, if earlier.

The exercise price of the Share options is determinable by the Directors, but may not be less than the higher of:

- (i) the Stock Exchange closing price of the Company's Shares on the date of the offer of the Share options;
- (ii) the average Stock Exchange closing price of the Company's Shares for the five trading days immediately preceding the date of the offer; and
- (iii) the nominal value of the Shares.

Share options do not confer rights on the holders to dividends or to vote at Shareholders' meetings.

授予本公司之董事、主要行政人員或主要股東或彼等之任何聯繫人之購股權，須事先取得獨立非執行董事之批准，此外，於任何12個月期間內，授予本公司之主要股東或獨立非執行董事或彼等任何聯繫人之任何購股權超逾本公司於任何時間已發行股份之0.1%或總價值（根據授出日期本公司之股份價格計算）超過5,000,000港元，亦須事先於股東大會上取得股東的批准。

授出購股權之建議可於授出購股權建議之日起計28日內獲接納，承授人須就此繳付合共1港元之名義代價。所授出之購股權之行使期由董事釐定，並於相關歸屬期後開始及由授出購股權建議之日期起不遲於10年內之日期或該計劃之屆滿日期（以較早者為準）結束。

購股權之行使價由董事釐定，惟不得低於以下之較高者：

- (i) 於建議授出購股權之日期本公司股份於聯交所之收市價；
- (ii) 緊接建議日期前五個交易日本公司股份於聯交所之平均收市價；及
- (iii) 股份之面值。

購股權並無賦予持有人收取股息或於股東大會上投票之權利。

REPORT OF THE DIRECTORS

董事會報告書

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

On 15 September 2010, Shanxi Zhong Kai Group Lingshi Heat and Power Company Limited (“**Shanxi Zhong Kai Lingshi**”), a non wholly-owned subsidiary of the Company, entered into a master agreement with Shanxi Zhongkai Industry Group Company Limited (“**Zhongkai Group**”), whereby Shanxi Zhong Kai Lingshi will supply and Zhongkai Group and its subsidiaries will purchase such amount of electricity generated by Shanxi Zhong Kai Lingshi for a term of approximately 27 months, expiring on 31 December 2012. Details of the continuing connected transactions are as stated in the Company’s announcement dated 16 September 2010 and the Company’s circular dated 13 October 2010.

Due to the significant growth in the sales volume of the electricity generated by Shanxi Zhong Kai Lingshi to one of Zhongkai Group’s subsidiaries, the annual caps of continuing connected transactions were revised. Details of the revised annual caps for the continuing connected transactions are as stated in the Company’s announcement dated 21 January 2011 and the Company’s circular dated 22 February 2011.

Save as disclosed therein, there were no transactions required to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

The continuing connected transactions have been subject to annual review by the Independent Non-executive Directors of the Company pursuant to Rule 14A.37 of the Listing Rules and confirmation of the auditor of the Company pursuant to Rule 14A.38 of the Listing Rules.

關連及持續關連交易

於二零一零年九月十五日，本公司之非全資附屬公司山西中凱集團靈石熱電有限公司（「**山西中凱靈石**」）與山西中凱實業集團有限公司（「**中凱實業集團**」）訂立一份總協議，據此，山西中凱靈石將供應而中凱實業集團及其附屬公司將購買山西中凱靈石所生產之有關數量之電力，該協議期限約為27個月，於二零一二年十二月三十一日到期。持續關連交易之詳情載於本公司日期為二零一零年九月十六日之公佈及本公司日期為二零一零年十月十三日之通函內。

由於山西中凱靈石向中凱實業集團其中一間附屬公司銷售所生產電力之銷售額大幅上升，故持續關連交易之年度上限已作出修訂。持續關連交易經修訂年度上限之詳情載於本公司日期為二零一一年一月二十一日之公佈及本公司日期為二零一一年二月二十二日之通函內。

除上述所披露者外，概無根據上市規則之規定須予披露之關連交易。

根據上市規則第14A.37條，持續關連交易須由本公司之獨立非執行董事每年進行審閱，而根據上市規則第14A.38條，須獲本公司核數師之確認。

REPORT OF THE DIRECTORS

董事會報告書

In respect of the financial year ended 31 December 2010, the Independent Non-executive Directors of the Company have concluded that the continuing connected transaction has been entered into:

- in the ordinary and usual course of business of the Company;
- either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
- in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board has engaged the auditor of the Company to perform certain agreed-upon procedures on the aforesaid continuing connected transactions. Based on the work performed, the auditor has issued a confirmation letter to the Board in accordance with Rule 14A.38 of the Listing Rules.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year and up to the date of this report, no Directors are considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, as defined by the Listing Rules, other than those businesses of which the Directors have been appointed as Directors to represent the interests of the Company and/or the Group.

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 15 to 24 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the Listing Rules during the year ended 31 December 2010.

就截至二零一零年十二月三十一日止財政年度，本公司之獨立非執行董事認為，持續關連交易已：

- 於本公司之日常一般業務過程中訂立；
- 按一般商業條款訂立，或如無相類交易足以判斷是否為一般商業條款，則按不遜於本公司向獨立第三方提供或由獨立第三方（如適用）提供予本公司之條款訂立；及
- 根據有關交易之相關協議按公平合理且符合本公司及股東整體利益之條款訂立。

董事會已委任本公司核數師就上述持續關連交易執行若干議定程序。基於所執行之工作，核數師已根據上市規則第14A.38條向董事會出具確認書。

董事於競爭業務之權益

年內及直至本報告日期，概無董事被視為於與本集團業務直接或間接構成競爭或可能構成競爭之業務內擁有權益（有關競爭之定義見上市規則），惟董事獲委任出任董事以代表本公司及／或本集團之權益之業務則除外。

企業管治

本公司之企業管治常規詳情載於本年報第15頁至第24頁之企業管治報告中。

足夠公眾持股量

根據本公司可取得之公開資料及就董事所知，董事確認截至二零一零年十二月三十一日止年度，本公司維持上市規則所規定之足夠公眾持股量。

REPORT OF THE DIRECTORS

董事會報告書

LITIGATIONS

Details of the litigations of the Group are set out in note 49 to the financial statements.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters including a review of the audited financial statements of the Company for the year ended 31 December 2010. The audit committee comprises the three independent non-executive directors of the Company. During the year, two regular meetings of the audit committee have been held.

AUDITOR

The financial statements in respect of the previous two financial years were audited by Grant Thornton ("GTHK"), now known as JBPB & Co. Due to a merger of the businesses of GTHK and BDO Limited ("BDO") to practise in the name of BDO as announced on 26 November 2010, GTHK resigned and BDO was appointed as auditor of the Company effective from 29 November 2010. The financial statements for the year ended 31 December 2010 were audited by BDO.

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO as auditor of the Company.

On behalf of the Board

LAW FEI SHING

Chief Executive Officer and Executive Director

Hong Kong, 28 March 2011

訴訟

本集團之訴訟之詳情載於財務報表附註49。

審核委員會

本公司之審核委員會已與管理層審閱本集團所採納之會計原則及慣例，並就內部監控及財務報告事宜進行討論，包括審閱本公司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。審核委員會成員包括本公司三名獨立非執行董事。於本年度，審核委員會已舉行兩次定期會議。

核數師

過往兩個財政年度之財務報表已經由均富會計師行（「均富香港」，現稱為莊栢會計師行）審核。由於均富香港與香港立信德豪會計師事務所有限公司（「香港立信德豪」）業務合併，並以香港立信德豪之名義從事業務（如二零一零年十一月二十六日所公佈），均富香港辭任，而香港立信德豪獲委任為本公司之核數師，自二零一零年十一月二十九日起生效。截至二零一零年十二月三十一日止年度之財務報表由香港立信德豪審核。

本公司將於即將舉行之股東週年大會上提呈一項決議案，以重新委任香港立信德豪為本公司之核數師。

代表董事會

行政總裁兼執行董事

羅輝城

香港，二零一一年三月二十八日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告書



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To the shareholders of

Energy International Investments Holdings Limited

能源國際投資控股有限公司

(formerly known as Xian Yuen Titanium Resources Holdings Limited)

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Energy International Investments Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 43 to 184, which comprise the consolidated and Company statements of financial position as at 31 December 2010, and the consolidated income statement, 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 misstatements, whether due to fraud or error.

致Energy International Investments Holdings Limited

能源國際投資控股有限公司

(前稱森源鈦礦控股有限公司)

(於開曼群島註冊成立之有限公司)

全體股東

本核數師(以下簡稱「吾等」)已審核列載於第43頁至184頁能源國際投資控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表，該等報表已包括於二零一零年十二月三十一日之綜合及公司財務狀況表與截至該日止年度之綜合損益表、綜合全面收入表、綜合權益變動表及綜合現金流量表，以及重大會計政策概述及其他解釋資料。

董事就綜合財務報表須承擔之責任

貴公司董事須負責根據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編製真實及公平之綜合財務報表，並負責執行董事認為必要之內部監控，確保綜合財務報表之編製並無由於欺詐或錯誤而導致之重大錯誤陳述。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告書

Auditor's Responsibility

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

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 judgement, 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 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.

核數師之責任

吾等之責任為根據吾等之審核對該等財務報表作出意見。本報告根據吾等之委聘條款僅向作為整體之股東報告，除此之外，本報告不可用作其他用途。吾等不會就本報告之內容對任何其他人士負責或承擔任何責任。

吾等已根據香港會計師公會頒佈之香港審計準則進行審核。該等準則要求吾等遵守道德規範，並規劃及執行審核，以合理確定該等綜合財務報表是否不存有任何重大錯誤陳述。

審核涉及執程序以獲取有關綜合財務報表所載金額及披露資料之審核憑證。所選定之程序取決於核數師之判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述之風險。在評估該等風險時，核數師考慮與該公司編製真實及公平之財務報表相關之內部監控，以按情況設計適當之審核程序，但並非對公司之內部監控效能發表意見。審核亦包括評價董事所採用之會計政策之合適性及所作出之會計估計之合理性，以及評價綜合財務報表之整體列報方式。

吾等相信，吾等所獲得之審核憑證乃充足及適當地為吾等之審核意見提供基礎。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告書

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.

BDO Limited

Certified Public Accountants

Au Yiu Kwan

Practising Certificate Number P05018

Hong Kong, 28 March 2011

意見

吾等認為，綜合財務報表已根據香港財務報告準則真實而公平地反映 貴公司及 貴集團於二零一零年十二月三十一日之財務狀況以及 貴集團截至該日止年度之溢利及現金流量，並已按照香港公司條例之披露規定妥為編製。

香港立信德豪會計師事務所有限公司

執業會計師

歐耀均先生

執業證書編號P05018

香港，二零一一年三月二十八日

CONSOLIDATED INCOME STATEMENT

綜合損益表

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

		Notes 附註	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 (Re-presented) 二零零九年 千港元 (經重列)
Continuing operations:	持續經營業務:			
Revenue	收益	5	45,620	10,332
Cost of sales	銷售成本		(47,018)	(10,020)
Gross (loss)/profit	毛(損)/利		(1,398)	312
Other income	其他收入	5	9,035	2,509
Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	收購方應佔被收購方之可辨認資產、負債及或然負債之公平淨值權益超過成本之數額	40(b)	606,270	–
Administrative expenses	行政開支		(22,350)	(17,205)
Other operating expenses	其他經營開支		(6,715)	(41,707)
Impairment loss recognised in respect of goodwill	已確認商譽減值虧損	19	(49,064)	–
Finance costs	財務成本	7	(5,229)	(6,455)
Profit/(Loss) before income tax	除所得稅前溢利/(虧損)	8	530,549	(62,546)
Income tax credit	所得稅計入	9	1,457	–
Profit/(Loss) after income tax from continuing operations	持續經營業務除所得稅後溢利/(虧損)		532,006	(62,546)
Discontinued operations:	已終止經營業務:			
Loss for the year	本年度虧損	11	(348,966)	(369,641)
Profit/(Loss) for the year	本年度溢利/(虧損)		183,040	(432,187)
Profit/(Loss) for the year attributable to:	應佔本年度溢利/(虧損):			
Owners of the Company	本公司擁有人	12		
– from continuing operations	– 持續經營業務		533,853	(62,546)
– from discontinued operations	– 已終止經營業務		(348,966)	(369,641)
			184,887	(432,187)
Non-controlling interests	非控股股東權益			
– from continuing operations	– 持續經營業務		(1,847)	–
– from discontinued operations	– 已終止經營業務		–	–
			(1,847)	–
Profit/(Loss) for the year	本年度溢利/(虧損)		183,040	(432,187)

CONSOLIDATED INCOME STATEMENT

綜合損益表

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

		Notes 附註	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 (Re-presented) 二零零九年 千港元 (經重列)
Earnings/(Loss) per share for profit/ (loss) attributable to the owners of the Company during the year	年內本公司擁有人應佔溢利/(虧損)之每股盈利/(虧損)	13		
- Basic	- 基本			
From continuing and discontinued operations	持續經營業務及已終止經營業務		HK cents 2.3港仙	(HK cents 8.2港仙)
From continuing operations	持續經營業務		HK cents 6.6港仙	(HK cent 1.2港仙)
From discontinued operations	已終止經營業務		(HK cents 4.3港仙)	(HK cents 7.0港仙)
- Diluted	- 攤薄			
From continuing and discontinued operations	持續經營業務及已終止經營業務		HK cents 2.1港仙	N/A不適用
From continuing operations	持續經營業務		HK cents 6.2港仙	N/A不適用
From discontinued operations	已終止經營業務		(HK cents 4.1港仙)	N/A不適用

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收入表

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

	Notes 附註	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
Profit/(Loss) for the year	本年度溢利／（虧損）	183,040	(432,187)
Other comprehensive income	其他全面收入		
Exchange gain/(loss) on translation of financial statements of foreign operations	換算海外業務財務報表之匯兌收益／（虧損）	10,553	(146)
Release of exchange reserve upon disposals of subsidiaries	出售附屬公司時匯兌儲備撥回	41(a) and (c) —	(9,272)
Release of exchange reserve upon de-consolidating subsidiaries	附屬公司不再綜合入賬時匯兌儲備撥回	42 (972)	—
Other comprehensive income/(expense) for the year	本年度其他全面收入／（開支）	9,581	(9,418)
Total comprehensive income/(expense) for the year	本年度全面收入／（開支）總額	192,621	(441,605)
Total comprehensive income/(expense) attributable to:	應佔全面收入／（開支）總額：		
Owners of the Company	本公司擁有人	190,247	(441,605)
Non-controlling interests	非控股股東權益	2,374	—
		192,621	(441,605)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31 December 2010 於二零一零年十二月三十一日

	Notes 附註	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16(a)	510,460	3,605
Prepaid land lease payments	17	29,569	–
Goodwill	19	274,302	327,632
Deposits for acquisitions of subsidiaries	20	–	185,000
Exploration and evaluation assets	21	–	38,562
Intangible assets	22	2,127,962	–
Deferred tax assets	36	13,064	–
		2,955,357	554,799
Current assets			
Indemnification assets	23	5,000	–
Inventories	24	4,800	–
Trade receivables	25	16,617	–
Prepayments, deposits and other receivables	26	40,614	1,393
Amount due from non-controlling shareholder	27	6,080	–
Pledged bank deposits	28	945	–
Cash at banks and in hand	28	146,135	113,382
Tax prepaid		34	–
		220,225	114,775
Current liabilities			
Trade payables	29	18,851	–
Other payables and accruals	30	124,687	22,559
Amount due to non-controlling shareholder	27	11,570	–
Provision for legal claim	31	5,000	–
Bank borrowings	32	21,133	–
Other borrowings	33	8,394	–
		189,635	22,559
Net current assets		30,590	92,216
Total assets less current liabilities		2,985,947	647,015
Non-current liabilities			
Bank borrowings	32	11,806	–
Other borrowings	33	87,010	–
Promissory notes	34	43,865	–
Convertible bonds	35	20,292	19,279
Deferred tax liabilities	36	530,707	–
		693,680	19,279
Net assets		2,292,267	627,736

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31 December 2010 於二零一零年十二月三十一日

		Notes	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
		附註		
EQUITY	權益			
Equity attributable to the owners of the Company	本公司擁有人應佔權益			
Share capital	股本	37	134,626	73,610
Reserves	儲備	38(a)	2,015,309	554,126
			2,149,935	627,736
Non-controlling interests	非控股股東權益		142,332	–
Total equity	總權益		2,292,267	627,736

Law Fei Shing
羅輝城
Director
董事

Wang Meiyang
王美艷
Director
董事

STATEMENT 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

	Notes	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
	附註		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16(b)	7	10
Interests in subsidiaries	18	1,585,239	339,340
Deposits for acquisitions of subsidiaries	20	–	185,000
		1,585,246	524,350
Current assets			
Prepayments, deposits and other receivables	26	983	629
Cash at banks and in hand	28	15,564	112,631
		16,547	113,260
Current liabilities			
Other payables and accruals	30	3,793	2,567
Net current assets		12,754	110,693
Total assets less current liabilities		1,598,000	635,043
Non-current liabilities			
Convertible bonds	35	20,292	19,279
Net assets		1,577,708	615,764
EQUITY			
Share capital	37	134,626	73,610
Reserves	38(b)	1,443,082	542,154
Total equity		1,577,708	615,764

Law Fei Shing
羅輝城
Director
董事

Wang Meiyang
王美艷
Director
董事

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

		Equity attributable to the owners of the Company 本公司擁有人應佔權益								
		Share capital	Share premium	Capital reserve	Exchange reserve	Convertible bond equity reserve	Accumulated losses	Total	Non-controlling interests	Total equity
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		股本	股份溢價	資本儲備	匯兌儲備	可換股債券權益儲備	累計虧損	總計	非控股股東權益	總權益
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2009	於二零零九年一月一日	30,247	903,048	137,610	10,390	120,372	(619,176)	582,491	1,288	583,779
Disposals of subsidiaries (note 41(b))	出售附屬公司 (附註41(b))	-	-	-	-	-	-	-	(1,288)	(1,288)
Issue of shares upon placing and open offer (notes 37(d) and (e))	於配售及公開發售時發行股份 (附註37(d)及(e))	32,618	274,454	-	-	-	-	307,072	-	307,072
Issue of shares upon conversion of convertible bonds (notes 37(a) and (b))	於兌換可換股債券時發行股份 (附註37(a)及(b))	10,745	273,501	-	-	(104,468)	-	179,778	-	179,778
Transactions with owners	與擁有人之交易	43,363	547,955	-	-	(104,468)	-	486,850	(1,288)	485,562
Net loss for the year	本年度虧損淨額	-	-	-	-	-	(432,187)	(432,187)	-	(432,187)
Other comprehensive income	其他全面收入									
Exchange loss on translation of financial statements of foreign operations	換算海外業務財務報表之匯兌虧損	-	-	-	(146)	-	-	(146)	-	(146)
Release of exchange reserve upon disposals of subsidiaries (notes 41(a) and (c))	出售附屬公司時匯兌儲備撥回 (附註41(a)及(c))	-	-	-	(9,272)	-	-	(9,272)	-	(9,272)
Total comprehensive expense for the year	本年度全面開支總額	-	-	-	(9,418)	-	(432,187)	(441,605)	-	(441,605)
At 31 December 2009	於二零零九年十二月三十一日	73,610	1,451,003	137,610	972	15,904	(1,051,363)	627,736	-	627,736
At 1 January 2010	於二零一零年一月一日	73,610	1,451,003	137,610	972	15,904	(1,051,363)	627,736	-	627,736
Issue of shares upon acquisition of subsidiaries (notes 37(f) and (g))	於收購附屬公司時發行股份 (附註37(f)及(g))	45,880	425,640	-	-	-	-	471,520	-	471,520
Issue of convertible bonds upon acquisition of subsidiaries (note 35)	於收購附屬公司時發行可換股債券 (附註35)	-	-	-	-	859,292	-	859,292	-	859,292
Acquisition of subsidiaries (note 40(a))	收購附屬公司 (附註40(a))	-	-	-	-	-	-	-	139,958	139,958
Issue of shares upon conversion of convertible bonds (notes 37(a) and (c))	於兌換可換股債券時發行股份 (附註37(a)及(c))	15,136	161,126	-	-	(175,122)	-	1,140	-	1,140
Transactions with owners	與擁有人之交易	61,016	586,766	-	-	684,170	-	1,331,952	139,958	1,471,910
Net profit for the year	本年度純利	-	-	-	-	-	184,887	184,887	(1,847)	183,040
Other comprehensive income	其他全面收入									
Release of exchange reserve upon de-consolidating subsidiaries (note 42)	於附屬公司不再綜合入賬時匯兌儲備撥回 (附註42)	-	-	-	(972)	-	-	(972)	-	(972)
Exchange gain on translation of financial statements of foreign operations	換算海外業務財務報表之匯兌收益	-	-	-	6,332	-	-	6,332	4,221	10,553
Total comprehensive income for the year	本年度全面收入總額	-	-	-	5,360	-	184,887	190,247	2,374	192,621
At 31 December 2010	於二零一零年十二月三十一日	134,626	2,037,769	137,610	6,332	700,074	(866,476)	2,149,935	142,332	2,292,267

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

	Notes	2010 HK\$'000	2009 HK\$'000 (Re-presented)
	附註	二零一零年 千港元	二零零九年 千港元 (經重列)
Cash flows from operating activities of continuing and discontinued operations	持續經營業務及已終止經營業務之經營業務現金流量		
Profit/(Loss) before income tax	除所得稅前溢利／(虧損)		
Continuing operations	持續經營業務	530,549	(62,546)
Discontinued operations	已終止經營業務	(348,966)	(369,641)
		181,583	(432,187)
Adjustments for:	就下列項目作出調整：		
Depreciation	折舊	9,841	1,021
Amortisation of prepaid land lease payments	預付土地租賃款項攤銷	269	—
Amortisation of intangible assets	無形資產攤銷	6,406	—
Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	收購方應佔被收購方之可辨認資產、負債及或然負債之公平淨值權益超過成本之數額	(606,270)	—
Impairment loss of goodwill	商譽減值虧損	49,064	368,401
Provision for impairment loss of other receivables	其他應收款項減值虧損撥備	39	30,965
Loss on disposals of property, plant and equipment	出售物業、廠房及設備虧損	269	10
Gain on disposals of subsidiaries	出售附屬公司之收益	—	(9,044)
Loss on disposals of subsidiaries	出售附屬公司之虧損	—	10,534
Loss on de-consolidating subsidiaries	附屬公司不再綜合入賬之虧損	348,966	—
Interest income	利息收入	(121)	(1,787)
Interest expenses	利息開支	5,229	7,920
Operating loss before working capital changes	營運資金變動前之經營虧損	(4,725)	(24,167)
Increase in inventories	存貨之增加	(2,673)	—
Decrease in trade receivables	應收貿易賬項之減少	7,146	43
Decrease/(Increase) in prepayments, deposits and other receivables	預付款項、按金及其他應收款項之減少／(增加)	14,152	(1,847)
Increase in trade payables	應付貿易賬項之增加	2,935	—
(Decrease)/Increase in other payables and accruals	其他應付款項及應計款項(減少)／增加	(39,400)	6,463
<i>Cash used in operations</i>	<i>用於營運之現金</i>	(22,565)	(19,508)
Interest paid	已付利息	(3,065)	(1,523)
<i>Net cash used in operating activities</i>	<i>經營業務所用之現金淨額</i>	(25,630)	(21,031)

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

	Notes	2010 HK\$'000	2009 HK\$'000 (Re-presented)
	附註	二零一零年 千港元	二零零九年 千港元 (經重列)
Cash flow from investing activities of continuing and discontinued operations	持續經營業務及已終止經營業務之投資業務現金流量		
Purchases of property, plant and equipment	購買物業、廠房及設備	16(a) (74,862)	(32)
Purchases of exploration and evaluation assets	購買勘探及評估資產	–	(4,465)
Payments for the deposits for acquisitions of subsidiaries	收購附屬公司之按金付款	20 –	(185,000)
Net cash inflow arising from disposals of subsidiaries	出售附屬公司所產生之現金流入淨額	41(g) –	18,664
Net cash outflow arising from de-consolidating subsidiaries	附屬公司不再綜合入賬所產生之現金流出淨額	42 (75)	–
Net cash inflow arising from acquisitions of subsidiaries	收購附屬公司所產生之現金流入淨額	40(c) 196,572	–
Proceeds from disposals of property, plant and equipment	出售物業、廠房及設備之所得款項	207	–
Interest received	已收利息	121	1,787
Advances to non-controlling shareholder	向非控股股東作出之墊款	(188)	–
Net cash generated from/(used in) investing activities	來自/(用於)投資業務之現金淨額	121,775	(169,046)
Cash flow from financing activities of continuing and discontinued operations	持續經營業務及已終止經營業務之融資活動現金流量		
Proceeds from issue of shares upon placement	根據配售發行股份之所得款項	37(d) –	110,872
Proceeds from issue of shares upon open offer	根據公開發售發行股份之所得款項	37(e) –	196,200
Repayments of other borrowings	償還其他借款	–	(5,964)
Capital element of finance lease payments	融資租約付款之本金部分	–	(64)
Repayments to non-controlling shareholder	向非控股股東還款	(64,450)	–
Net cash (used in)/generated from financing activities	(用於)/來自融資活動之現金淨額	(64,450)	301,044
Net increase in cash and cash equivalents	現金及現金等值項目之增加淨額	31,695	110,967
Cash and cash equivalents at 1 January	於一月一日之現金及現金等值項目	113,382	2,387
Effect on foreign exchange rate changes	匯率變動之影響	1,058	28
Cash and cash equivalents at 31 December	於十二月三十一日之現金及現金等值項目	146,135	113,382
Analysis of balances of cash and cash equivalents	現金及現金等值項目之結餘分析		
Cash at banks and in hand	銀行結存及手頭現金	28 146,135	113,382

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

Energy International Investments Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in the Cayman Islands. Registered office of the Company is Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, British West Indies and its principal place of business is Unit 1508, 15th Floor, The Center, 99 Queen's Road Central, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Pursuant to a resolution passed on 28 September 2010 at an extraordinary general meeting, the Company's name was changed from Xian Yuen Titanium Resources Holdings Limited to Energy International Investments Holdings Limited.

During the year, the principal activities of the Company and its subsidiaries (together referred to as the "Group") include:

- the trading of carpets representing the trading of carpets of other renowned brand names;
- the supply of electricity and heat representing the business of generation and supplying of electricity and heat (newly acquired during the year); and
- the oil production representing the business of oil production (newly acquired during the year).

On 10 August 2010, the Group completed the acquisition of the entire equity interests in Sunlight Rise Limited ("Sunlight Rise", together with its subsidiaries referred to as the "Sunlight Group") (note 40(a)) which is principally engaged in the generation and supplying of electricity and heat in the People's Republic of China (the "PRC"). Details of the acquisition have been set out in the Company's circular dated 28 June 2010.

1. 一般資料

能源國際投資控股有限公司(「本公司」)為一間於開曼群島註冊成立並以開曼群島為居籍之有限責任公司。本公司之註冊辦事處位於Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, British West Indies, 而主要營業地點則為香港皇后大道中99號中環中心15樓1508室。本公司之股份於香港聯合交易所有限公司(「聯交所」)上市。

根據一項於二零一零年九月二十八日在股東特別大會上通過之決議案,本公司之名稱由Xian Yuen Titanium Resources Holdings Limited森源鈦礦控股有限公司更改為Energy International Investments Holdings Limited能源國際投資控股有限公司。

於本年度,本公司及其附屬公司(統稱「本集團」)之主要業務包括:

- 買賣地毯,指買賣其他馳名品牌之地毯;
- 熱電供應,指熱電生產及供應業務(於本年度新收購);及
- 產油,指產油業務(於本年度新收購)。

於二零一零年八月十日,本集團已完成收購於昇暉有限公司(「昇暉」,連同其附屬公司統稱為「昇暉集團」)之全部股本權益(附註40(a))。昇暉集團主要於中華人民共和國(「中國」)從事熱電生產及供應。有關收購事項之詳情載於日期為二零一零年六月二十八日之本公司通函內。

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 (Continued)

On 31 December 2010, the Group also completed the acquisition of the entire equity interests in China International Energy Investments (Hong Kong) Limited (“China International”, together with its subsidiaries referred to as the “China International Group”) (note 40(b)) which is principally engaged in the oil production in the PRC. Details of the acquisition have been set out in the Company’s circular dated 11 October 2010.

During the year, the Group discovered that the exploration licence held by the Company’s subsidiary was transferred without the Group’s consent, details of which are set out in the Company’s announcements dated 26 August 2010 and 27 August 2010. Presently, the board intends to suspend the Group’s exploration of mine business until the Group can successfully resume the controls over its subsidiaries, namely Qinghai Forest Source Mining Industry Developing Company Limited (“QHFSMI”) and Inner Mongolia Forest Source Mining Industry Developing Company Limited (“IMFSMI”) and until the Group repossesses the exploration licence. As a consequence, the directors of the Company consider that the Group currently does not have the power to exercise its rights as the sole shareholder and is unable to exercise the control over the financial and operating policy decisions of QHFSMI and IMFSMI. In light of this, the directors of the Company consider that it is inappropriate to consolidate the financial results of QHFSMI and IMFSMI into the Group and these two wholly-owned subsidiaries are de-consolidated and classified as discontinued operations during the year. Certain comparatives on the consolidated income statement, consolidated statement of cash flows and related notes have been re-presented as a result of the retrospective application of Hong Kong Financial Reporting Standards (“HKFRS”) 5. Details of the financial impact as a result of the loss of controls over the assets of QHFSMI and IMFSMI are set out in notes 3(a)(i), 3(a)(ii) and 42 to the financial statements.

1. 一般資料 (續)

於二零一零年十二月三十一日，本集團亦已完成收購於中國國際能源投資（香港）有限公司（「中國國際」，連同其附屬公司統稱為「中國國際集團」）之全部股本權益（附註40(b)）。中國國際集團主要於中國從事產油業務。有關收購事項之詳情載於日期為二零一零年十月十一日之本公司通函內。

年內，本集團發現本公司附屬公司持有之勘探牌照未經本集團同意而被轉讓，有關詳情載於日期為二零一零年八月二十六日及二零一零年八月二十七日之本公司公佈內。目前，董事會擬暫時中止本集團之礦區勘探業務，直至本集團成功收回對其附屬公司（即青海森源礦業開發有限公司（「青海森源」）及內蒙古森源礦業開發有限公司（「內蒙古森源」）之控制權以及本集團重新管有勘探牌照。因此，本公司董事認為，本集團現時無權行使其作為唯一股東之權利，亦無法對青海森源及內蒙古森源之財務及經營決策行使控制權。有鑒於此，本公司董事認為，不宜將青海森源及內蒙古森源之財務業績綜合計入本集團之賬目內，故該兩間全資附屬公司不再綜合計入本年度之賬目內，並分類為已終止經營業務。由於追溯應用香港財務報告準則（「香港財務報告準則」）第5號，於綜合損益表、綜合現金流量表及相關附註之若干比較資料已重新呈列。由於失去對青海森源及內蒙古森源資產之控制權而產生之財務影響之詳情載於財務報表附註3(a)(i)、3(a)(ii)及42。

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 (Continued)

Other than the acquisitions and the de-consolidating subsidiaries as described above, there were no significant changes in the Group's operations during the year. The Group's principal places of the business are in Hong Kong and the PRC. The principal activities and other particulars of its subsidiaries are set out in note 18 to the financial statements.

The financial statements on pages 43 to 184 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards ("HKAS") and Interpretations ("Int") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand ("HK\$'000") unless otherwise stated.

The financial statements for the year ended 31 December 2010 were approved for issue by the board of directors on 28 March 2011.

1. 一般資料 (續)

除上文所述之收購事項及不再綜合入賬之附屬公司外，本集團業務於年內並無重大變動。本集團之主要營業地點位於香港及中國。其附屬公司之主要業務及其他詳情載於財務報表附註18。

載於第43至184頁之財務報表乃根據香港會計師公會（「香港會計師公會」）所頒佈之香港財務報告準則（「香港財務報告準則」），該統稱涵蓋所有適用之個別香港財務報告準則、香港會計準則（「香港會計準則」）及詮釋（「詮釋」）編製。財務報表亦包括香港公司條例及聯交所證券上市規則（「上市規則」）之適用披露規定。

財務報表以本公司之功能貨幣港元（「港元」）呈列，除另有指明外，所有金額均概約至最接近之千位數字（「千港元」）。

截至二零一零年十二月三十一日止年度之財務報表已於二零一一年三月二十八日經董事會核准發佈。

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. ADOPTION OF NEW AND AMENDED HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2010:

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
Amendments to HKFRS 2	Share-based Payments – Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK-Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009

Other than as noted below, the adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

2. 採納新訂及經修訂香港財務報告準則

於本年度，本集團首次應用下列由香港會計師公會頒佈之新準則、修訂及詮釋，該等準則與本集團於二零一零年一月一日起開始之年度期間之財務報表有關，並對該等財務報表有效：

香港會計準則第27號 (經修訂)	綜合及獨立財務報表
香港財務報告準則第2號 (修訂本)	以股份為基礎之付款—集團現金結算以股份為基礎之交易
香港財務報告準則第3號 (經修訂)	業務合併
香港—詮釋第5號	財務報表之呈列—借款人對包含按要求償還條款之定期貸款之分類
二零零九年香港財務報告準則之改進項目	二零零九年五月頒佈之多項香港財務報告準則之修訂

除下文所述者外，採納該等新香港財務報告準則對當前及過往期間之業績及財務狀況之編製及呈列方式並無重大影響。

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. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

HKFRS 3 (Revised) – Business Combinations and HKAS 27 (Revised) – Consolidated and Separate Financial Statements

The revised accounting policies are described in note 3(b) to the financial statements, which are effective prospectively for business combinations effected in financial periods beginning on or after 1 July 2009. Changes in HKFRS 3 include the valuation of non-controlling interests the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill and the results in the period that an acquisition occurs and future results. The Group has accounted for the acquisition of the Sunlight Group and the China International Group according to the revised standard, details of which are set out in note 40 to the financial statements.

HKAS 17 (Amendments) – Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid land lease payments in the statement of financial position. The amendment to HKAS 17 has removed such a requirement and requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee. The Group concluded that the classification of the land use rights in the PRC as operating leases continues to be appropriate (see note 3(o)). The adoption of HKAS 17 has had no impact during the year and the new accounting policy has been applied retrospectively.

2. 採納新訂及經修訂香港財務報告準則 (續)

香港財務報告準則第3號 (經修訂) – 業務合併及香港會計準則第27號 (經修訂) – 綜合及獨立財務報表

經修訂會計政策載於財務報表附註3(b)，乃追溯應用於二零零九年七月一日或其後開始之財政期間之業務合併。香港財務報告準則第3號之變動包括非控股股東權益之估值、交易成本之會計處理方法、或然代價及分多個階段達成之業務合併之初步確認及其後計量。該等變動將影響商譽金額、發生收購期間之業績及未來業績。本集團已根據經修訂準則將收購昇暉集團及中國國際集團入賬，有關詳情載於財務報表附註40。

香港會計準則第17號 (修訂本) – 租賃

作為二零零九年頒佈之香港財務報告準則之改進項目之一部分，香港會計準則第17號對租賃土地之分類已作出修訂。在修訂香港會計準則第17號之前，本集團須將租賃土地分類為經營租賃，並於財務狀況表將其列作預付土地租賃款項。香港會計準則第17號之修訂本已刪除此規定，並要求租賃土地須根據香港會計準則第17號所載之一般原則劃分，即取決於租賃資產之擁有權所附之絕大部分風險及回報是否已轉移予承租人。本集團認為，於中國之土地使用權分類為經營租賃仍屬恰當。(見附註3(o))於年內採納香港會計準則第17號不會造成影響，而新會計政策已追溯應用。

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. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

HK-Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The Interpretation is a clarification of an existing standard, HKAS 1 Presentation of Financial Statements. It sets out the conclusion reached by the HKICPA that a term loan which contains a clause which gives the lender the unconditional right to demand repayment at any time shall be classified as a current liability in accordance with paragraph 69(d) of HKAS 1 irrespective of the probability that the lender will invoke the clause without cause. The issuance of HK-Int 5 has had no material impact on the consolidated financial statements as the Interpretation's conclusion has already been consistent with the policies already adopted by the Group.

Early adoption of new or amended HKFRSs

The Group early adopted the Amendments to HKFRS 3 – Business Combinations which was pertinent to its operations. In accordance with the relevant transitional provisions, business combination refers exclusively to business combination whose acquisition date preceded the application of this HKFRS as issued in 2008. If a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the acquirer shall include the amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. If the future events do not occur or the estimate needs to be revised, the cost of the business combination shall be adjusted accordingly. No adjustment to the cost of the combination contingent has been made during the year as a result of the early adoption of the amendment.

2. 採納新訂及經修訂香港財務報告準則 (續)

香港 – 詮釋第5號 – 財務報表之呈列 – 借款人對包含按要求償還條款之定期貸款之分類

此項詮釋是對現行準則 – 香港會計準則第1號呈列財務報表之澄清。此項詮釋載明香港會計師公會之決定，倘定期貸款中之條款賦予貸款人可隨時要求還款之無條件權利，則不論貸款人無故援引有關條款之機會如何，亦須根據香港會計準則第1號第69(d)段將有關貸款分類為流動負債。由於香港 – 詮釋第5號之總結與本集團已採用之政策一致，頒佈該詮釋對綜合財務報表並無重大影響。

提早採納新訂或經修訂香港財務報告準則

本集團提早採納與其經營業務相關之香港財務報告準則第3號 – 業務合併之修訂。根據有關過渡性條文，業務合併僅指收購日期在應用二零零八年頒佈之本香港財務報告準則之前之業務合併。倘業務合併協議規定須視乎未來可能出現之事項調整合併成本，而調整很可能進行且調整金額能可靠計量，則收購方須將此調整金額計入於收購日期之合併成本。倘未來事項並無發生或有關估計需要修訂，則須相應調整業務合併成本。由於提早採納該修訂，年內並無對或然合併成本作出調整。

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. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

HKFRS 9 Financial Instruments

The standard is effective for accounting periods beginning on or after 1 January 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The directors of the Company are currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

2. 採納新訂及經修訂香港財務報告準則(續)

於本財務報表授權日，若干新訂及經修訂香港財務報告準則已刊載但未生效，且本集團並無提早採納。

本公司董事預測，本集團會計政策將於聲明生效日期後第一個期間開始採納所有聲明。預期將會對本集團會計政策構成影響之新訂及經修訂香港財務報告準則之資料在下文載述。若干其他新訂及經修訂香港財務報告準則已經頒佈，但預期不會對本集團財務報表構成重大影響。

香港財務報告準則第9號金融工具

此項準則對二零一三年一月一日或之後開始之會計期間生效，內容有關金融資產之分類及計量。此項新訂準則減少金融資產之計量類別數目，並根據實體管理金融資產之業務模式及金融資產之合約現金流量特徵，按攤銷成本或公平值對所有金融資產進行計量。公平值收益及虧損將於損益表確認，惟若干股本投資之公平值收益及虧損則於其他全面收入內呈列。本公司董事現正評估該項新訂準則對本集團於應用首年之業績及財務狀況可能產生之影響。

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. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

HKFRS 9 Financial Instruments (Continued)

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities. The changes resulting from the amendments only affect the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. All other requirements in HKAS 39 in respect of liabilities are carried forward into HKFRS 9. However, the loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of these additions.

The Group is in the process of making an assessment of the potential impact of these new or revised HKFRSs and the directors of the Company so far concluded that the application of these new or revised HKFRSs will have no material impact on the Group's financial statements.

2. 採納新訂及經修訂香港財務報告準則 (續)

香港財務報告準則第9號金融工具 (續)

於二零一零年十一月，香港會計師公會就金融負債頒佈香港財務報告準則第9號之新增規定。該修訂帶來之變動只對指定可透過公平值選擇（「公平值選擇」）按公平值計入損益表之金融負債計量構成影響。就該等公平值選擇負債而言，因信貸風險變動而產生之負債公平值變動金額，必須於其他全面收入中呈列。除非於其他全面收入中就負債之信貸風險呈列公平值變動會於損益表中產生或擴大會計差異，否則其餘公平值變動金額均於損益表呈列。香港會計準則第39號與負債相關之所有其他規定已轉往香港財務報告準則第9號。然而，該等新增規定並不涵蓋納入公平值選擇之貸款承諾及財務擔保合約。

本集團現正評估該等新訂或經修訂香港財務報告準則之潛在影響，本公司董事認為，截至目前為止，應用該等新訂或經修訂香港財務報告準則不會對本集團之財務報表產生重大影響。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 2.

The financial statements have been prepared under historical cost convention. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in the preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3. 重大會計政策概述

(a) 編製基準

編製該等財務報表所應用之重大會計政策於下文概述。除另有訂明者外，該等政策一直貫徹應用於各個呈報年度。有關採納新訂或經修訂香港財務報告準則及其對本集團財務報表之影響（如有）於附註2披露。

該等財務報表乃以歷史成本法編製。計算方式於下列會計政策中細述。

應注意於財務報表編製時曾運用會計估計及假設。儘管該等估計乃根據管理層對目前事項及行動之所知及判斷而作出，但最終實際結果或會與該等估計有所差異。涉及更高判斷或複雜程度之範圍，或假設及估計對財務報表而言屬重大之範圍於附註4披露。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) Loss of controls over QHFSMI's and IMFSMI's assets

During the year, the board of directors, discovered that as from 31 January 2010, the exploration licence held by QHFSMI, an indirect wholly-owned subsidiary of the Group established in the PRC, had been transferred to a company known as 內蒙古小紅山源森礦業有限公司 (in English, for identification purpose only, Inner Mongolia Xiao Hong Shan Yuen Xian Mining Industry Company Limited) ("Yuen Xian Company") without the Company's knowledge, consent or approval.

Based on the searches conducted by the Company's legal advisers, the Company was advised that:

- (a) Yuen Xian Company is a wholly foreign owned enterprise established in the PRC on 21 October 2009 and is wholly owned by a company, namely Yuenxian Mining Industry Holding Company Limited ("HK Yuenxian"). Ms Leung Lai Ching Margaret ("Ms Leung") is one of the directors and the legal representative of Yuen Xian Company.
- (b) HK Yuenxian (formerly known as Forest Source Mining Industry Holding Company Limited) is a company incorporated in Hong Kong on 29 August 2008 and is wholly owned by Ms Leung. Ms Leung is also the sole director of HK Yuenxian.

3. 重大會計政策概述 (續)

(a) 編製基準 (續)

(i) 失去青海森源及內蒙古森源資產之控制權

於年內，董事會發現，由本集團之間接全資附屬公司青海森源（於中國成立）持有之勘探牌照自二零一零年一月三十一日起轉讓予一間名為內蒙古小紅山源森礦業有限公司（英文名稱為Inner Mongolia Xiao Hong Shan Yuen Xian Mining Industry Company Limited，僅供識別）之公司（「源森公司」），而本公司並不知情、同意或批准。

根據本公司法律顧問進行之調查，本公司進一步發現：

- (a) 源森公司為一間於二零零九年十月二十一日於中國成立之全外資企業，由名為源森礦業控股有限公司（「香港源森」）之公司全資擁有。梁儷瀨女士（「梁女士」）為源森公司之其中一名董事及法定代表。
- (b) 香港源森（前稱為森源礦業控股有限公司）為一間於二零零八年八月二十九日於香港註冊成立之公司，由梁女士全資擁有。梁女士亦為香港源森之唯一董事。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) Loss of controls over QHFSMI's and IMFSMI's assets (Continued)

Disputes with Ms Leung

In November 2009, a legal proceeding was commenced by Hong Kong Forest Source Mining Industry Holding Company Limited ("HKFSMIH"), QHFSMI and IMFSMI, all of which are wholly-owned subsidiaries of the Group, against HK Yuenxian, Ms Leung and such other persons named as co-defendants to such legal proceedings. The Company sought and obtained, among other things, an interim injunction order from the Hong Kong Court in the following terms:

- (a) An injunction restraining, amongst others, HK Yuenxian and Ms Leung from carrying on business in Hong Kong and/or the PRC under the name of Forest Source Mining Industry Holding Company Limited (subsequently known as HK Yuenxian since 7 January 2010); and
- (b) An injunction restraining, amongst others, Ms Leung from acting or holding out as a director of QHFSMI or interfering with the business of QHFSMI, including but not limited to making any representations, requests, demands or promises to the Inner Mongolia Autonomous Region Commerce and Industry Bureau or any other governmental agencies in the PRC on behalf of QHFSMI in regard to any affairs of or relating to QHFSMI.

3. 重大會計政策概述 (續)

(a) 編製基準 (續)

(i) 失去青海森源及內蒙古森源資產之控制權 (續)

與梁女士之糾紛

於二零零九年十一月，本集團三間全資附屬公司香港森源礦業控股有限公司（「香港森源礦業控股」）、青海森源及內蒙古森源向香港源森、梁女士及有關法律訴訟中名列共同被告人之其他人士展開法律訴訟。本公司已尋求並取得（其中包括）香港法院頒佈之暫時禁制令，內容如下：

- (a) 限制（其中包括）香港源森及梁女士以「森源礦業控股有限公司」（自二零一零年一月七日起名為「香港源森」）之名於香港及／或中國進行業務之禁制令；及
- (b) 限制（其中包括）梁女士擔任青海森源之董事或顯示出其為董事之身份行事或干涉青海森源之業務，包括但不限於就青海森源之任何事務或與之有關之任何事務代表青海森源向內蒙古自治區工商局或中國任何其他政府機構作出任何聲明、要求、索求或承諾之禁制令。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) **Loss of controls over QHFSMI's and IMFSMI's assets (Continued)**

Disputes with Ms Leung (Continued)

The interim injunction order was subsequently discharged on 30 March 2010. Details of the interim injunction order have been set out in the 2009 annual financial statements of the Company dated 14 May 2010 ("2009 Annual Financial Statements").

3. 重大會計政策概述 (續)

(a) 編製基準 (續)

(i) **失去青海森源及內蒙古森源資產之控制權 (續)**

與梁女士之糾紛 (續)

該暫時禁制令其後於二零一零年三月三十日撤銷。暫時禁制令之詳情載於本公司日期為二零一零年五月十四之二零零九年度財務報表(「二零零九年度財務報表」)。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) *Loss of controls over QHFSMI's and IMFSMI's assets (Continued)*

Ms Leung's legal status as director and legal representative in the PRC subsidiaries remained unchanged during the year in the absence of her cooperation

Ms Leung was a director and legal representative of both QHFSMI and IMFSMI. On 10 September 2009, the sole shareholder of QHFSMI and IMFSMI (i.e. HKFSMIH) had resolved to remove Ms Leung's capacity as director and legal representative of both QHFSMI and IMFSMI with immediate effect. As disclosed in the 2009 Annual Financial Statements and the Company's circular dated 28 June 2010, the respective members of the board of directors and legal representative of QHFSMI and IMFSMI had not yet been officially changed as the procedures of changing and updating the official records at the relevant PRC government authority took longer than expected as Ms Leung, being the then legal representative, was not cooperative and failed to provide the requested documents and corporate seals. Based on the advices of the Company's legal advisers as to PRC laws, the directors of the Company were of the view that the Company had maintained control on both QHFSMI and IMFSMI despite the fact that the respective members of the board of directors and legal representative of QHFSMI and IMFSMI had yet been officially changed, although it had been resolved on 10 September 2009 that the directors and legal representative of QHFSMI and IMFSMI were removed with immediate effect.

3. 重大會計政策概述 (續)

(a) 編製基準 (續)

(i) *失去青海森源及內蒙古森源資產之控制權 (續)*

梁女士於年內作為中國附屬公司之董事及法定代表之法律地位因其不合作而維持不變

梁女士曾為青海森源及內蒙古森源之董事及法定代表。於二零零九年九月十日，青海森源及內蒙古森源唯一股東（即香港森源礦業控股）議決罷免梁女士出任青海森源及內蒙古森源之董事及法定代表職務，即時生效。如二零零九年度財務報表及本公司日期為二零一零年六月二十八日之通函所披露，由於當時之法定代表梁女士不配合及未能提供所需文件及公司印章，致使於相關中國政府部門更改及更新正式記錄之手續所花費之時間超過預期，因此青海森源及內蒙古森源各自之董事會成員及法定代表仍未正式更改。根據本公司中國法律顧問提供之意見，儘管青海森源及內蒙古森源各自之董事會成員及法定代表仍未正式更改（儘管已於二零零九年九月十日議決罷免青海森源及內蒙古森源之董事及法定代表，並即時生效），但本公司董事認為本公司仍維持對青海森源及內蒙古森源之控制權。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) Loss of controls over QHFSMI's and IMFSMI's assets (Continued)

Transfer of exploration licence without the Company's knowledge, consent or approval

The Group acquired QHFSMI from Ms Leung in 2007. QHFSMI was the holder of an exploration licence which conferred QHFSMI the rights to conduct exploration work for the mineral resources containing iron, vanadium and titanium in the titanium mine located at Xiao Hong Shan in Inner Mongolia, the PRC. Based on the search conducted by the Company's legal advisers, the exploration licence was transferred, without the Company's knowledge, consent or approval, to Yuen Xian Company on 31 January 2010. Such actions by Ms Leung were not expected in view of the interim injunction order obtained by the Company from the Hong Kong Court, details of which are set out in the subparagraph headed "Disputes with Ms Leung" above. Without the exploration licence, QHFSMI no longer has the rights to, among other things, carry out exploration of the mineral resources of the titanium mine, access to the titanium mine and neighboring areas and has no priority in obtaining the mining rights of the titanium mine.

3. 重大會計政策概述 (續)

(a) 編製基準 (續)

(i) 失去青海森源及內蒙古森源資產之控制權 (續)

在本公司不知情及未經本公司同意或批准下轉讓勘探牌照

本集團於二零零七年向梁女士收購青海森源。青海森源持有一個勘探牌照，該牌照賦予青海森源在位於中國內蒙古小紅山之含有鐵、釩及鈦之鈦礦進行礦產資源勘探工作之權利。根據本公司法律顧問進行之調查，該勘探牌照已於二零一零年一月三十一日在本公司不知情及未經本公司同意或批准下轉讓予源森公司。鑒於本公司已取得香港法院頒佈之暫時禁制令（如上文「與梁女士之糾紛」分段中所述），故本公司完全沒有預料到梁女士會採取有關行動。倘無勘探牌照，青海森源不再擁有（其中包括）於鈦礦進行礦產資源勘探、進入鈦礦及鄰近區域以及優先獲得鈦礦之開採權。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) Loss of controls over QHFSMI's and IMFSMI's assets (Continued)

Transfer of exploration licence without the Company's knowledge, consent or approval (Continued)

As soon as the Company had discovered the loss of QHFSMI's exploration licence, the Company sought advice from its legal advisers. Given the discovery of the loss of significant assets of QHFSMI, the board of directors is no longer in the position of maintaining controls over QHFSMI and IMFSMI by the Group. As a consequence, the directors of the Company consider that the Group no longer has the power to exercise its right as the shareholder and thus has lost its control over the assets and operations and is unable to exercise control over the financial and operating policy decisions of QHFSMI and IMFSMI. Accordingly, the directors of the Company consider that it is inappropriate to consolidate the financial statements of QHFSMI and IMFSMI into the Group and these two wholly-owned subsidiaries are de-consolidated and classified as discontinued operations during the year.

3. 重大會計政策概述 (續)

(a) 編製基準 (續)

(i) 失去青海森源及內蒙古森源資產之控制權 (續)

在本公司不知情及未經本公司同意或批准下轉讓勘探牌照 (續)

本公司發現失去青海森源之勘探牌照後，已立即尋求其法律顧問之意見。鑒於發現青海森源出現重大資產損失，董事會已無法再維持本集團對青海森源及內蒙古森源之控制權。基於上述原因，本公司董事認為，本集團不再有權行使其作為股東之權利，並因此失去其對青海森源及內蒙古森源之資產及經營之控制權，或無法對青海森源及內蒙古森源之財務及經營決策行使控制權。因此，本公司董事認為，不宜將青海森源及內蒙古森源之財務報表綜合計入本集團之賬目內，故該兩間全資附屬公司於年內不再綜合入賬，並分類為已終止經營業務。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(ii) Financial impact on de-consolidating QHFSMI and IMFSMI

The Group has been unable to obtain the financial information of QHFSMI and IMFSMI for the year ended 31 December 2010. The directors of the Company consider that the Group had lost its control to govern the financial and operating policies of QHFSMI and IMFSMI with effect from 1 January 2010. Accordingly, in the consolidated financial statements for the year ended 31 December 2010, the financial information of QHFSMI and IMFSMI was de-consolidated with effect from 1 January 2010, and the loss arising from loss of controls over QHFSMI and IMFSMI amounting to approximately HK\$348,966,000 was recognised based on the latest available financial information of QHFSMI and IMFSMI as at 31 December 2009. Details of the de-consolidating QHFSMI and IMFSMI are set out in note 42.

(b) Business combination and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

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

3. 重大會計政策概述 (續)

(a) 編製基準 (續)

(ii) 不再綜合入賬青海森源及內蒙古森源之財務影響

本集團無法取得青海森源及內蒙古森源截至二零一零年十二月三十一日止年度之財務資料。本公司董事認為，二零一零年一月一日起，本集團失去其規管青海森源及內蒙古森源之財務及經營政策之控制權。因此，於二零一零年一月一日起，青海森源及內蒙古森源之財務資料不再綜合計入截至二零一零年十二月三十一日止年度之綜合財務報表。失去青海森源及內蒙古森源之控制權而引致之虧損約348,966,000港元，乃根據於二零零九年十二月三十一日最近期可得之青海森源及內蒙古森源之財務資料確認。不再綜合入賬青海森源及內蒙古森源之詳情載於附註42。

(b) 業務合併及綜合基準

綜合財務報表包括截至每年度十二月三十一日止本公司及其附屬公司之財務報表。

由控制權轉移至本集團當日起，附屬公司納入綜合計算。該等公司由控制權失效當日起，不計入綜合計算。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Business combination and basis of consolidation (Continued)

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

(i) Business combination from 1 January 2010

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed.

3. 重大會計政策概述 (續)

(b) 業務合併及綜合基準 (續)

集團內部交易、結餘及集團內公司間之未實現交易收益及虧損於編製綜合財務報表時對銷。倘集團內公司間資產銷售之未實現虧損於綜合賬目時撥回，相關資產亦會自本集團之角度考量作減值測試。附屬公司財務報表所呈報之款項已作調整（如需要），以確保與本集團採納之會計政策一致。

(i) 自二零一零年一月一日起之業務合併

收購附屬公司或業務採用收購法列賬。一項收購之成本乃按所轉讓資產、所產生負債及本集團（作為收購方）發行之股權於收購當日之公平值總額計量。所收購可識別資產及所承擔負債則主要按收購當日公平值計量。本集團先前所持被收購方之股權以收購當日公平值重新計量，而所產生之收益或虧損則於損益表內確認。本集團可按逐筆交易基準選擇以被收購方之可識別資產淨值公平值或應佔比例計算非控股股東權益。所產生之收購相關成本列作開支。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Business combination and basis of consolidation (Continued)

(i) Business combination from 1 January 2010 (Continued)

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. 重大會計政策概述 (續)

(b) 業務合併及綜合基準 (續)

(i) 自二零一零年一月一日起之業務合併 (續)

收購方將予轉讓之任何或然代價均按收購日期之公平值計量。倘其後代價調整僅於因計量期間(最長為收購日期起計12個月)內所取得有關於收購日期之公平值之新資料而產生時,於商譽確認。分類為資產或負債之或然代價所有其他其後調整均於損益表確認。

本集團於附屬公司之權益變動(並無導致失去控制權)列作權益交易入賬。本集團之權益與非控股股東權益之賬面值均予以調整,以反映其於附屬公司相對權益之變動。非控股股東權益之調整額與已支付或收取之代價公平值之間的任何差額,均直接於權益確認,並歸屬於本公司擁有人。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Business combination and basis of consolidation (Continued)

(i) Business combination from 1 January 2010 (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. 重大會計政策概述 (續)

(b) 業務合併及綜合基準 (續)

(i) 自二零一零年一月一日起之業務合併 (續)

倘本集團失去附屬公司之控制權，出售損益乃按下列兩者之差額計算：(i)所收取代價之公平值與任何保留權益之公平值總額，與(ii)該附屬公司之資產(包括商譽)及負債與任何非控股股東權益過往之賬面值。先前就該附屬公司於其他全面收入確認之款額按出售相關資產或負債時所規定之相同方式列賬。

收購後，非控股股東權益之賬面值為該等權益於初步確認時之款額加非控股股東權益應佔權益其後變動之部分。即使會導致非控股股東權益出現虧絀結餘，全面收入總額仍歸屬於非控股股東權益。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Business combination and basis of consolidation (Continued)

(ii) Business combination prior to 1 January 2010

In consolidated financial statements, acquisition of subsidiaries (other than those under common control) is accounted for by applying the purchase method. This involves the estimation of fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

Non-controlling interests represent the portion of profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Group and are not the Group's financial liabilities.

3. 重大會計政策概述 (續)

(b) 業務合併及綜合基準 (續)

(ii) 二零一零年一月一日前之業務合併

於綜合財務報表內，收購附屬公司（不包括受共同控制之附屬公司）採用收購法入賬。這涉及按公平值估計於收購當日有關附屬公司之所有可辨認資產及負債（包括或然負債），而不論該等資產及負債於收購前是否記錄於有關附屬公司之財務報表。於首次確認時，有關附屬公司之資產及負債會按公平值計入綜合財務狀況表，而根據本集團之會計政策，公平值亦用作其後計量之基準。

非控股股東權益為非本集團擁有及不屬本集團財務負債之附屬公司股東權益之應佔溢利或虧損及資產淨值之一部分。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Business combination and basis of consolidation (Continued)

(ii) Business combination prior to 1 January 2010 (Continued)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Profit or loss attributable to the non-controlling interests is presented separately in the consolidated statement of comprehensive income as an allocation of the Group's result. Where losses applicable to the non-controlling interests exceed the non-controlling interests in the subsidiary's equity, the excess and further losses applicable to the non-controlling interests are allocated against the non-controlling interests to the extent that the non-controlling has a binding obligation and is able to make an additional investment to cover the losses. Otherwise, the losses are charged against the Group's interests. If the subsidiary subsequently reports profits, such profits are allocated to the non-controlling interests only after the non-controlling's share of losses previously absorbed by the Group has been recovered.

3. 重大會計政策概述 (續)

(b) 業務合併及綜合基準 (續)

(ii) 二零一零年一月一日前之業務合併 (續)

非控股股東權益在綜合財務狀況表中於權益內，與本公司擁有人應佔權益分開呈列。非控股股東權益應佔溢利或虧損於綜合全面收入表分開呈列為本集團之業績分配。倘非控股股東應佔虧損超過其所佔附屬公司股權中之非控股股東權益，超額部分及非控股股東應佔之其他虧損則分配予非控股股東權益，惟以非控股股東須承擔具約束力之責任及其有能力為彌補虧損而作額外投資為限。否則，該等虧損均會從本集團之權益扣除。倘該附屬公司其後錄得溢利，該等溢利則待收回本集團過往承擔之非控股股東應佔虧損後，方分配予非控股股東權益。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

(d) Accounting for production sharing contracts

Production sharing contracts constitute jointly controlled operations. The Group's interests in production sharing contracts are accounted for in the financial statements on the following bases:

- (i) the assets that the Group controls and the liabilities that the Group incurs; and
- (ii) the share of expenses that the Group incurs and its share of income from the production according to the terms stipulated in these contracts.

3. 重大會計政策概述 (續)

(c) 附屬公司

附屬公司乃本集團有權控制其財務及營運政策以從其業務活動取得利益之所有實體（包括特別目的實體）。評估本集團是否控制另一實體時，會考慮現可行使或轉換之潛在投票權之存在及影響。

於本公司財務狀況表內，附屬公司以成本減任何減值虧損列賬，惟該附屬公司乃持作出售或列入出售集團則除外。附屬公司業績會由本公司按報告日期已收及應收股息計算。不論所收取股息是以獲投資公司收購前或收購後溢利作出，全部股息乃於本公司損益表中確認。

(d) 分成合約之會計處理

分成合約構成共同控制經營業務。本集團於分成合約之權益按以下基準於財務報表入賬：

- (i) 本集團控制之資產及本集團產生之負債；及
- (ii) 根據該等合約規定之條款分佔本集團產生之開支及分佔生產收益。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK\$. Assets and liabilities have been translated into HK\$ at the closing rates at the reporting date. Income and expenses have been converted into HK\$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign operation have been treated as assets and liabilities of the foreign operation and translated into HK\$ at the closing rates.

When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale.

3. 重大會計政策概述 (續)

(e) 外幣兌換

在綜合實體之個別財務報表內，外幣交易以交易日期當時之匯率兌換至個別實體之功能貨幣。於報告日期，以外幣計值之貨幣資產及負債乃按報告日期通用之匯率兌換。該等交易結算及於報告日期重新兌換貨幣資產及負債而產生之外匯收益及虧損均在損益表內確認。

以外幣計值及以公平值列賬之非貨幣項目，會在決定公平值當日以當時匯率重新兌換，並列賬為公平值收益或虧損之一部分。以外幣之歷史成本計算之非貨幣項目不會重新兌換。

於綜合財務報表內，原來按與本集團呈列貨幣不同之貨幣呈報之海外業務所有個別財務報表，已轉換至港元。資產及負債亦在報告日期以收市匯率兌換至港元。收入及開支則以交易日期通用之匯率或報告期間之平均匯率兌換至港元，惟有關匯率須並無大幅波動。任何由此程序產生之差異已在其他全面收入中確認，並單獨在權益匯兌儲備內累計。因收購海外業務而產生之商譽及公平值調整作為有關海外業務之資產及負債處理，並以收市匯率兌換至港元。

當出售海外業務時，有關匯兌差額由權益重新分類，在損益表確認為出售收益或虧損之一部分。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and the use by others of the Group's assets yielding interest, and dividends, net of rebates and discounts. 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 as follows:

- (i) sale of goods are recognised upon transfer of significant risks and rewards of ownership to the buyers. This is usually taken as the time when the goods are delivered and the customer has accepted the goods;
- (ii) sale of electricity and heat is recognised upon the transmission of electricity and heat to the customer as determined based on the volume of electricity and heat transmitted and the applicable fixed tariff rates agreed with the respective customers annually; and
- (iii) interest income is recognised on time proportion basis using effective interest method.

(g) Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset 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 being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

3. 重大會計政策概述 (續)

(f) 收益確認

收益包括銷售貨品以及他人使用本集團資產之已收或應收代價之公平值而產生之利益及股息，扣除回扣及折扣。倘可能為本集團帶來經濟利益及能可靠計量收益與成本（如適用）時，則按以下方式確認收益：

- (i) 銷售貨品於擁有權之重大風險及回報轉移至買家時確認。這通常為貨品運送至客戶及客戶收取貨物之時；
- (ii) 銷售熱電於向客戶輸送電力及熱力時予以確認，並根據所輸電量及熱量以及每年與各客戶協定之適用固定價格釐定；及
- (iii) 利息收入使用實際利率法按時間比例確認。

(g) 借貸成本

收購、建設或製造任何合資格資產所產生之借貸成本，於完成建設及將資產達致擬定用途所需時間期限內資本化。合資格資產為需要長時間達到擬定用途或銷售狀況之資產。其他借貸成本於產生時計為開支。

借貸成本於資產產生開支、借貸成本及使資產達到擬定用途或銷售狀況所需之準備工作進行期間資本化，作為合資格資產成本之一部分。在使合資格資產達到擬定用途或銷售狀況所需之絕大部分準備工作完成時，不再將借貸成本資本化。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. Accounting policies for the impairment of goodwill are set out in note 3(m).

For goodwill arising on an acquisition in a financial year, the cash-generating unit ("CGU") to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

(i) Exploration and evaluation assets

These are stated at cost less impairment loss. Exploration and evaluation assets include topographical and geological survey drilling, exploratory drilling, sampling and trenching and expenditure incurred for the technical feasibility studies and incurred to secure further mineralisation in the mine ore. Expenditure incurred prior to obtaining the exploration and evaluation rights to explore an area are written off as expense as incurred. Once the technical feasibility and commercial viability of extracting the mineral resource had been determined and that the project reaches development phase, exploration and evaluation costs capitalised are amortised.

If exploration property is abandoned during the evaluation stage, the total expenditure thereon will be written off.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount.

3. 重大會計政策概述 (續)

(h) 商譽

商譽初步按成本確認，成本即所轉讓代價與就非控股股東權益確認之金額之總額超出所收購可辨認資產、負債及或然負債之公平值之部分。

倘可辨認資產、負債及或然負債之公平值高於所付代價之公平值，則超出部分於重估後於收購日期在損益表確認。

商譽乃按成本減減值虧損計量。有關商譽減值之會計政策載於附註3(m)。

就某財政年度內進行收購所產生之商譽而言，本集團會於該財政年度末之前就獲分配商譽之現金產生單位進行減值測試。倘現金產生單位之可收回金額少於其賬面值，則首先將減值虧損分配至該單位所獲分配之任何商譽，以減少其賬面值，其後以該單位內各資產賬面值為基準按比例分配至該單位之其他資產。商譽之任何減值虧損於損益表確認，不會於其後期間撥回。

(i) 勘探及評估資產

勘探及評估資產按成本減減值虧損列賬。勘探及評估資產包括地形及地質勘察鑽井、勘探鑽井、取樣、槽探及就技術可行性研究產生之開支，以及為取得礦體之其他礦化物而產生之開支。於取得勘探及評估權勘探某區域前產生之開支作為已產生開支撇銷。開採礦產資源之技術及商業可行性一經釐定及項目進入發展階段，已資本化之勘探及評估成本予以攤銷。

倘勘探物業於評估階段被廢除，則有關開支總額將被撇銷。

勘探及評估資產於出現勘探及評估資產賬面值可能超出其可收回金額之事實及情況時評估減值。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided as follows.

- Exploration and evaluation assets under oil production business is amortised on unit of production method.
- Customers' contracts is amortised when the revenue of the related customer contracts is recognised.
- Interests in oil production sharing contracts under oil production business is amortised on unit of production method.

(k) Property, plant and equipment

Property, plant and equipment (other than construction in progress ("CIP")) are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to the working condition and location for its intended use.

3. 重大會計政策概述 (續)

(j) 無形資產

分開購入之無形資產初步按成本確認。於業務合併購入之無形資產之成本，為收購日期之公平值。隨後，有限使用年期之無形資產按成本減累計攤銷及累計減值虧損列賬，並按以下基準計算攤銷。

- 產油業務之勘探及評估資產按生產單位法攤銷。
- 客戶合約於相關客戶合約之收益確認時攤銷。
- 產油業務分成合約之權益按生產單位法攤銷。

(k) 物業、廠房及設備

物業、廠房及設備（在建工程（「在建工程」）除外）按成本減累計折舊及任何減值虧損列賬。資產之成本包括購買價以及將資產達致擬定用途之工作狀況及地點之任何直接應佔成本。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Property, plant and equipment (Continued)

Other than oil properties, depreciation is provided to write off the cost less their estimated residual values, if any, over their estimated useful lives, using straight-line method, at the following rates per annum:

Buildings at mining site	The shorter of the lease terms and 50 years
Buildings	The shorter of lease terms and 29 years
Plant and machinery	12 to 15 years
Leasehold improvements, furniture, office equipment and motor vehicles	3 to 10 years

Depreciation on oil properties is provided to write off the cost of the oil properties using the unit of production method utilising only proved developed oil reserves as the depletion base.

The assets' estimated residual values, depreciation methods and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. 重大會計政策概述 (續)

(k) 物業、廠房及設備 (續)

除石油財產外，折舊按估計可使用年期以直線法撇銷成本減其估計殘值（如有）計算，年率如下：

位於礦址之樓宇	按租期及50年（以較短者為準）
樓宇	按租期及29年（以較短者為準）
廠房及機器	12至15年
租賃物業裝修、傢俬、辦公設備及汽車	3至10年

石油財產之折舊僅按探明已開發石油儲量作為損耗基礎以生產單位法撇銷石油財產之成本計算。

資產之估計殘值、折舊方法及估計可使用年期會在各報告日期檢討及在有需要時調整。

報廢或出售所產生之收益或虧損乃按資產出售所得款項淨額與其賬面值之差額釐定，並於損益表內確認。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Property, plant and equipment (Continued)

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

CIP represents property, plant and equipment under construction, which is stated at cost less any impairment losses and is not depreciated. Cost comprises direct costs incurred during the periods of construction, installation and testing. CIP is reclassified to the appropriate category of property, plant and equipment and depreciation commences when the construction work is completed and the asset is ready for use.

(l) Prepaid land lease payments

Upfront payments made to acquire land held under an operating lease are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated on straight-line method over the term of lease/right of use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

3. 重大會計政策概述 (續)

(k) 物業、廠房及設備 (續)

其後成本僅於與該項目相關之日後經濟利益有可能流入本集團，且該項目之成本能可靠計算時，方會計入資產之賬面值或確認為獨立資產（如適用）。所有其他成本（如維修及保養）均於產生之財政期間自損益表扣除。

在建工程指在建物業、廠房及設備，乃按成本減任何減值虧損列賬，且不予折舊。成本包括建設、安裝及測試期間產生之直接成本。在建工程於完工及資產可供使用時重新分類為物業、廠房及設備之適當類別並開始作出折舊。

(l) 預付土地租賃款項

就收購根據經營租約持有之土地所作出之預付款項乃以成本減累計攤銷及任何減值虧損列賬。攤銷乃於租期／使用權期限內以直線法計算，惟倘若有另一基準更能代表本集團透過使用有關土地產生利益之時間模式則除外。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of non-financial assets

Goodwill, property, plant and equipment, prepaid land lease payments, exploration and evaluation assets, intangible assets and interests in subsidiaries are subject to impairment testing.

Goodwill is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflow independently (i.e. CGUs). As a result, some assets are tested individually for impairment and some are tested as CGU level. Goodwill in particular is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

3. 重大會計政策概述 (續)

(m) 非財務資產減值

商譽、物業、廠房及設備、預付土地租賃款項、勘探及評估資產、無形資產及於附屬公司之權益會進行減值測試。

商譽不論有否出現任何減值跡象，均至少每年進行減值測試。所有其他資產在出現跡象顯示資產賬面值或不可收回時進行減值測試。

減值虧損按資產之賬面值高於其可收回金額之數額即時確認為開支。該可收回金額為反映市況之公平值減銷售成本與使用價值兩者之較高者。評估使用價值時，估計未來現金流量採用稅前折現率折現至其現值，而有關折現率反映現時市場對金錢時間值及有關資產特有風險之評估。

為評估減值，倘資產並無大致上獨立於其他資產產生現金流入，可收回金額則按該資產可獨立產生現金流入之最小資產組合（即現金產生單位）釐定。因此，部分資產個別進行減值測試，另有部分按現金產生單位測試。商譽乃特別分配至該等現金產生單位，而該等現金產生單位預料會因有關業務合併之協同作用而受惠，並代表本集團為內部管理而監控商譽之最低水平。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of non-financial assets (Continued)

Impairment losses recognised for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value-in-use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods including impairment losses recognised in an interim period. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Discontinued operations

A discontinued operation is a clearly distinguishable component of the Group's business that has been disposed of, abandoned or is classified as held for sale, which represents a separate major line of business or geographical area of operations of the Group.

(o) Leases

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.

3. 重大會計政策概述 (續)

(m) 非財務資產減值 (續)

就已分配商譽之現金產生單位確認之減值虧損，首次計入商譽之賬面值。除資產賬面值將不會調減至低於其個別公平值減銷售成本或使用價值（如可釐定）外，任何剩餘減值虧損按比例自該現金產生單位之其他資產扣除。

商譽減值虧損（包括於中期期間確認之減值虧損）不會於其後之期間撥回。至於其他資產，若用以決定資產可收回金額之估計出現有利變動時，撥回減值虧損，惟資產之賬面值不得高於倘無確認減值虧損而原應釐定之賬面值（已扣除折舊或攤銷）。

(n) 已終止經營業務

已終止經營業務為清楚劃分為已出售、廢棄或分類為持作出售之本集團業務部分，指本集團之獨立主要業務線或經營地區分類。

(o) 租賃

倘本集團確定一項安排賦予於經議定期間內使用指定資產之權利，而使用者須付款或作出一系列付款作為回報，則該安排（包括一項交易或一系列交易）為一項或包含一項租賃。本集團評估該項安排之實際內容後，作出上述確定，並不會考慮該項安排是否擁有租約之法定形式。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Leases (Continued)

Operating lease charges as the lessee

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating lease. Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss using straight-line method over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. 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 which they are incurred.

(p) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of coal gangue is determined using weighted average method. All other cost is determined using first-in, first-out method, and in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is the estimated selling prices in the ordinary course of business less any applicable selling expenses.

3. 重大會計政策概述 (續)

(o) 租賃 (續)

經營租約費用 (作為承租人)

如租賃不會使所有權之絕大部分風險及回報轉移至本集團，則劃歸為經營租約。倘本集團有權使用根據經營租約持有之資產，則除非有另一基準更能代表租賃資產產生利益之時間模式，否則根據租約作出之付款，會在租期內採用直線法於損益表中扣除。所收之租賃獎勵，作為已繳付租賃付款淨值總額之整體部分於損益表中確認。或然租金於其發生之會計期間從損益表中扣除。

(p) 存貨

存貨按成本及可變現淨值兩者中之較低者列賬。煤矸石成本按加權平均法計算。所有其他成本則按先進先出法計算，在製品及製成品之成本包括直接材料、直接工資及按適當比例計算之間接費用。可變現淨值為日常業務過程中之估計售價減任何適用銷售開支。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Financial assets

Recognition and measurement

The Group's financial assets are classified as loans and receivables.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

3. 重大會計政策概述 (續)

(q) 財務資產

確認及計量

本集團之財務資產分為貸款及應收款項。

管理層於首次確認時依據收購財務資產之目的將其歸類，並在許可及適當之情況下，於各報告日期重新評估財務資產之分類。

惟當本集團成為訂立有關工具合約條文之一方時，所有財務資產方予以確認。以正常方式購買及出售之財務資產於交易日確認。財務資產首次予以確認時乃按公平值加應佔直接交易成本計量。

當收取投資現金流量之權利屆滿或轉移及擁有權之絕大部分風險與回報已轉移時解除確認財務資產。於各報告日期會對財務資產進行審閱，以評估是否有任何客觀減值證據。如有出現任何上述證據，則根據財務資產分類釐定及確認減值虧損。

貸款及應收款項為附帶固定或可釐定付款之非衍生財務資產，且並無在活躍市場計算報價。其後採用實際利率法以攤銷成本減任何減值虧損列賬。攤銷成本經計及任何收購折讓或溢價後計算，並包括屬於實際利率及交易成本之組成部分之各項費用。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Financial assets (Continued)

Impairment of financial assets

At each reporting date, financial assets are reviewed to determine whether there is any objective evidence of impairment. Objective evidence of impairment of individual financial assets 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;
- 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; or
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

3. 重大會計政策概述 (續)

(q) 財務資產 (續)

財務資產減值

於各報告日期會對財務資產進行審閱，以釐定是否有任何客觀減值證據。個別財務資產減值之客觀證據包括本集團得悉之有關下列一項或多項虧損事項之可觀察資料：

- 債務人遭遇重大財務困難；
- 違約，譬如拖欠或無法如期償還本息；
- 債務人可能會破產或進行其他財務重組；
- 科技、市場、經濟或法律環境之重大變化對債務人造成不利影響；或
- 投資股本工具之公平值大幅或持續下降至低於其成本。

有關一組財務資產之虧損事項包括可觀察資料顯示該組財務資產之估計未來現金流量出現可計量之減少。有關可觀察資料包括但不限於本集團債務人之付款狀況出現不利變動，及與拖欠本集團資產有關之國內或本地經濟狀況。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Financial assets (Continued)

Impairment of financial assets (Continued)

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

3. 重大會計政策概述 (續)

(q) 財務資產 (續)

財務資產減值 (續)

倘有客觀證據顯示貸款及應收款項出現減值虧損，則虧損金額按資產賬面值與估計未來現金流量（不包括未產生之未來信貸虧損）按財務資產之原實際利率（即首次確認時計算之實際利率）折現之現值兩者之差額計量。虧損金額於減值出現期間在損益表中確認。

倘其後減值虧損金額減少，而有關減幅可客觀地與確認減值後發生之事件相關，則撥回過往確認之減值虧損，惟於撥回減值當日不得導致財務資產賬面值超過如無確認減值之原有攤銷成本。撥回金額於撥回發生期間在損益表中確認。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Accounting for income taxes

Income tax comprises current and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

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

3. 重大會計政策概述 (續)

(r) 所得稅之會計處理

所得稅包括當期稅項及遞延稅項。

當期所得稅資產及／或負債，包括於報告日期未付之當前或過往報告期結欠稅務當局之負債或稅務當局提出之申索。當期所得稅資產及／或負債以年內應課稅溢利為基礎，按有關財務期間適用之稅率及稅法計算。當期稅務資產或負債之一切變動，將作為稅務開支於損益表中確認。

遞延稅項乃按負債法，基於報告日期財務報表內資產及負債之賬面值與其稅基間之暫時性差異計算。遞延稅項負債一般就所有應課稅暫時性差異予以確認。遞延稅項資產就所有可扣除暫時性差異、可供結轉之稅務虧損及其他未被動用之稅務優惠確認，惟須有應課稅溢利（包括現有應課稅暫時性差異）讓可扣除暫時性差異、未被動用之稅務虧損及未被動用之稅務優惠可被利用。

倘暫時性差異因商譽或不影響應課稅或會計溢利或虧損之交易中之資產及負債首次確認（業務合併除外）而起，遞延稅項資產及負債則不被確認。

遞延稅項負債於投資於附屬公司所導致之應課稅暫時性差異中確認，惟本集團能控制暫時性差異之撥回，而暫時性差異亦可能不會於可預見之將來撥回，則屬例外。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Accounting for income taxes (Continued)

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3. 重大會計政策概述 (續)

(r) 所得稅之會計處理 (續)

遞延稅項乃於無折現之情況下，按預期於清償負債或實現資產期間應用之稅率計算，惟其須於報告日期頒佈或實質上頒佈。

遞延稅項資產或負債之變動於損益表確認，或倘其與於其他全面收入或直接從權益扣除或計入之項目有關，則於其他全面收入或直接於權益確認。

當期稅務資產與當期稅務負債僅會於以下情況以淨額呈列：

- (a) 本集團依法有強制執行權可以將已確認金額對銷；及
- (b) 本集團計劃以淨額基準結算或同時實現資產及結清負債。

本集團僅會於以下情況以淨額呈列遞延稅項資產與遞延稅項負債：

- (a) 該實體依法有強制執行權可以將當期稅務資產與當期稅務負債對銷；及
- (b) 遞延稅項資產及遞延稅項負債與同一稅務機關就以下其中一項徵收的所得稅有關：
 - (i) 同一個應稅實體；或
 - (ii) 不同的應稅實體。這些實體計劃在預期有大額遞延稅項負債需要清償或遞延稅項資產可以收回的每個未來期間按淨額清償當期稅務負債及實現當期稅務資產或在實現資產的同時清償負債。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(t) Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issue of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

(u) Financial liabilities

The Group's financial liabilities include trade and other payables and accruals, amount due to non-controlling shareholder, bank and other borrowings, promissory notes and convertible bonds.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see note 3(g)).

3. 重大會計政策概述 (續)

(s) 現金及現金等值項目

現金及現金等值項目包括銀行及手頭現金、銀行活期存款及原定到期日為三個月或以下且可隨時兌換為已知現金數額及價值變動風險不大之高流動性短期投資。就呈列現金流量表而言，現金及現金等值項目包括應要求償還且構成本集團現金管理組成部分之銀行透支。

(t) 股本

普通股股份被歸類為權益。股本按已發行股份之面值釐定。與股份發行有關之任何交易成本均從股份溢價（扣除任何有關所得稅利益）扣除，惟其須為直接因權益交易而產生之增量成本。

(u) 財務負債

本集團之財務負債包括應付貿易賬項及其他應付款項及應計款項、應付非控股股東款項、銀行及其他借款、本票及可換股債券。

財務負債在本集團成為有關工具合約條文訂約方時確認。所有相關利息開支根據本集團借款成本之會計政策確認（請參閱附註3(g)）。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Financial liabilities (Continued)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Trade and other payables and accruals, amount due to non-controlling shareholder and promissory notes

These are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Convertible bonds that contain an equity component

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability and an equity component.

Convertible bonds issued by the Company that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate for similar non-convertible debts. The difference between the proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the call option for conversion of the bonds into equity, is included in equity as convertible bond equity reserve.

3. 重大會計政策概述 (續)

(u) 財務負債 (續)

當負債之責任解除、取消或到期，則會取消確認財務負債。

倘現有財務負債由同一貸款人按非常不同之條款以另一項財務負債取代，或現有負債條款經大幅修改，則有關交換或修改視作解除確認原有負債及確認新負債，而有關賬面值間之差額則於損益表中確認。

應付貿易賬項及其他應付款項及應計款項、應付非控股股東款項及本票

該等款項首次按公平值確認，其後按實際利率法以攤銷成本計量。

包含權益部分之可換股債券

可按持有人選擇兌換為股本之可換股債券，倘於換股時將予發行之股份數目及屆時將可收取之代價價值不變，則作為同時含有負債及權益部分之複合金融工具入賬。

本公司發行之可換股債券包含財務負債及權益部分，乃於首次確認時獨立分類為負債及權益部分。於首次確認時，負債部分之公平值乃按類似非可換股債務之現行市場利率釐定。發行可換股債券之所得款項與轉撥負債部分之公平值之差額，即可將債券兌換為權益之認購選擇權，計入權益作為可換股債券權益儲備。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Financial liabilities (Continued)

Convertible bonds that contain an equity component (Continued)

The liability component is subsequently carried at amortised cost using the effective interest method. The equity component will remain in equity until conversion or redemption of the bonds.

When the bonds are converted, the convertible bond equity reserve and the carrying value of the liability component at the time of conversion are transferred to share capital and share premium as the consideration for the shares issued. If the bonds are redeemed, the convertible bond equity reserve is released directly to accumulated losses.

Borrowings

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

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

3. 重大會計政策概述 (續)

(u) 財務負債 (續)

包含權益部分之可換股債券 (續)

負債部分其後採用實際利率法按攤銷成本列賬。權益部分在兌換或贖回債券前仍保留於權益內。

倘債券獲兌換，可換股債券權益儲備及負債部分之賬面值於兌換時轉入股本及股份溢價，作為已發行股份之代價。倘債券獲贖回，可換股債券權益儲備將直接釋放至累計虧損。

借款

借款乃按公平值扣除交易成本初步確認。借款隨後以攤銷成本列賬；所收款項（扣除交易成本）與贖回價值間之任何差異，按實際利率法於借款期間之損益表內確認。

除非本集團擁有無條件權利延遲清償負債至報告日期後至少12個月，否則借款被歸類為流動負債。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and 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.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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 uncertain future events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(w) Retirement benefits costs and short-term employee benefits

Retirement benefits to employees are provided through defined contribution plans.

3. 重大會計政策概述 (續)

(v) 撥備及或然負債

撥備於本集團因過往事件而現在負有債務(法定或推定),及有可能需要經濟利益支出以清償債務,且能得出可靠估計時予以確認。倘貨幣之時間價值重大時,撥備將按預期清償債務之支出之現值列賬。

所有撥備均於每個報告日期經過審查,並經調整以反映當期之最佳估計。

倘有可能不需要經濟利益支出,或者金額無法可靠估計,則除非經濟利益支出之機會極微,否則債務將作為或然負債予以披露。如果本集團之潛在責任須視乎某宗或多宗本集團並不能完全控制之未來事件是否發生才能確定是否存在,亦會披露為或然負債,但經濟利益支出之可能性極低則除外。

(w) 退休福利成本及短期僱員福利

僱員退休福利乃透過定額供款計劃而提供。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Retirement benefits costs and short-term employee benefits (Continued)

Defined contribution plans

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

According to the relevant regulations in the PRC, the subsidiaries of the Group operating in the PRC are required to participate in central pension schemes operated by the respective local municipal governments, whereby the PRC subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the scheme to fund their retirement benefits. The scheme is responsible for the entire pension obligations payable to the retired employees and the Group has no further obligations for the actual pension payments or other post-retirement benefits beyond the employer contributions. Contributions under the scheme are charged to profit or loss as they become payable in accordance with the rules and regulations in the PRC.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they are accrued to employees. A provision is made for the estimated liability for unused annual leave as a result of services rendered by employees up to the reporting date. Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

3. 重大會計政策概述 (續)

(w) 退休福利成本及短期僱員福利 (續)

定額供款計劃

根據強制性公積金計劃條例，本集團為所有香港僱員設立定額供款強制性公積金退休福利計劃（「強積金計劃」）。供款乃按僱員基本薪金之百分比計算，並於根據強積金計劃之規定須作出供款時自損益表扣除。強積金計劃之資產以獨立管理基金形式持有，與本集團之資產分開。本集團就強積金計劃支付之僱主供款全部歸僱員所有。

根據中國相關規定，本集團於中國經營之附屬公司須參與由個別地方市政府管理之中央退休金計劃，據此，中國附屬公司須將其僱員基本薪金之若干百分比撥歸有關計劃，作為退休福利所需之款項。有關計劃須承擔向退休僱員支付所有退休金之責任，除僱主供款外，本集團就實際退休金款項或其他退休後福利概不承擔更多責任。根據有關計劃作出之供款乃於其根據中國法律及法規而應付時在損益表內扣除。

短期僱員福利

當僱員成為正式僱員時，即可享有年假。本集團會就僱員至報告日期所提供之服務而未動用之年假所產生之估計負債作出撥備。如病假及產假等非累計計薪休假於提取假期時方予確認。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate. Government grants relating to the purchase of assets are included in liabilities as deferred government grants in the statement of financial position and are recognised in profit or loss on straight-line method over the expected lives of the related assets.

Government grants relating to income is presented in gross under "Other income" in the income statement.

(y) Share-based compensation

The Group operates equity-settled share-based compensation plans for remuneration of its employees and directors.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

For other goods or services received by the Group in exchange for the grant of any share-based compensation, they are directly measured at the fair value of the goods or services received.

3. 重大會計政策概述 (續)

(x) 政府補助

倘可合理保證將獲得政府補助及本集團符合所有附帶條件，則會按公平值確認政府之補助。政府補助按照將其與擬定補償之費用進行配對所需之期間於損益表遞延確認。與購置資產有關之政府補助於財務狀況表作為遞延政府補助計為負債，並以直線法按有關資產之預期年期於損益表確認。

與收入有關之政府補助於損益表內整體呈列為「其他收入」。

(y) 以股份為基礎之補償

本集團就僱員及董事薪酬設立以股本結算之以股份為基礎之補償計劃。

本集團就交換僱員服務而授出之任何以股份為基礎之補償均按公平值計算價值，以所授出購股權之價值間接釐定。計價以授出日期為準，須扣除非市場歸屬條件影響之價值（如盈利能力及銷售增長目標）。

本集團為其他貨品或服務而授出之任何以股份為基礎之補償，乃直接按所接獲之貨品或服務之公平值計量。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Share-based compensation (Continued)

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the share option reserve in equity. If vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally vested.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. After vesting date, when the vested share options are later forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

(z) Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

3. 重大會計政策概述 (續)

(y) 以股份為基礎之補償 (續)

所有以股份為基礎之補償除非合資格確認為資產，否則於歸屬期於損益表確認為開支（倘歸屬條件適用），或於授出當日所授出股本工具即時歸屬時全數確認為開支，並相應增加權益內之購股權儲備。倘歸屬條件適用，則根據對預期將會歸屬之股本工具數目作出之最佳估計於歸屬期內確認開支。對預期將歸屬之股本工具數目之假設包括非市場歸屬條件。倘其後有跡象顯示預期歸屬之股本工具數目有別於之前所估計數目，則其後對估計作出修訂。倘最終行使之購股權少於原先估計，則不會對以往期間確認之開支作出調整。

購股權獲行使時，先前於購股權儲備中確認之金額會轉撥至股份溢價。於歸屬日後，倘已歸屬之購股權被沒收或於屆滿日期尚未行使，則先前已於購股權儲備內確認之金額將轉撥至累計虧損。

(z) 分類報告

本集團根據定期向執行董事匯報以供決定分配資源至本集團業務分部及檢討該等分部表現之內部財務資料，確立營運分類及編製分類資料。向執行董事報告之內部財務資料之業務分部乃按照本集團主要產品及服務種類釐定。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Segment reporting (Continued)

The Group has identified the following reportable segments:

- Trading of carpets;
- Supply of electricity and heat; and
- Oil production.

Each of these operating segments is managed separately as each of the product and service line requires different resources as well as marketing approaches. All inter-segment transfers are priced with reference to prices charged to external parties for similar orders.

The measurement policies the Group used for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that finance costs, income tax and corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

Segment assets include all assets but corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

No asymmetrical allocations have been applied to reportable segments.

3. 重大會計政策概述 (續)

(z) 分類報告 (續)

本集團已確立以下報告分類：

- 買賣地毯；
- 熱電供應；及
- 產油。

由於各產品及服務種類需要不同資源及不同推銷方式，上述各營運分類單獨分開管理。所有分類間轉讓乃參考同類訂單向外間人士收取之價格定價。

本集團根據香港財務報告準則第8號報告分類業績所用之計量政策與根據香港財務報告準則編製之財務報表所採用者相同，惟並非任何營運分類業務活動直接產生之財務成本、所得稅及公司收入及開支不計入營運分類之營運業績。

分類資產包括所有資產，但並非直接與任何營運分類業務活動有關之公司資產不會分配至任何分類，而主要歸入本集團總部。

分類負債不包括並非任何營運分類業務活動直接產生之公司負債，該公司負債亦不會分配至任何分類。

非對稱分配不應用於報告分類。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(aa) 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 is a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (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.

3. 重大會計政策概述 (續)

(aa) 關連人士

就該等財務報表而言，在下列情況下，有關人士被視為本集團之關連人士：

- (i) 該人士有能力直接或透過一個或多個中介間接控制本集團，對本集團財務及經營政策決策有重大影響力或與其他人士共同擁有本集團之控制權；
- (ii) 本集團與該人士受共同控制；
- (iii) 該人士為本集團之聯營公司或為一間合營企業，本集團為其合營方之一；
- (iv) 該人士為本集團之主要管理層成員，或該人士之直系親屬，或該等個人控制、共同控制或可行使重大影響力之實體；
- (v) 該人士為(i)所述之人士之直系親屬，或該等個人控制、共同控制或可行使重大影響力之實體；或
- (vi) 該人士為就本集團或任何實體（為本集團之關連人士）僱員之利益而設立之離職後福利計劃。

某人士之直系親屬為預期可能於與實體進行交易時影響該人士或受該人士影響之家族成員。

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Depreciation

The Group depreciates its property, plant and equipment using straight-line method over their estimated useful lives of 3 to 50 years. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

Impairment of receivables

The Group's management reviews receivables on a regular basis to determine if any provision for impairment is necessary. The impairment loss on receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Allowances for impairment of receivables are determined by management of the Group based on the repayment history of its debtors and the current market conditions. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. Management reassesses the impairment of receivables, if any, at the reporting date.

4. 重大會計估計及判斷

估計及判斷會持續進行評估，並根據過往經驗及其他因素進行評價，包括在有關情況下相信為合理之對未來事件之預測。

本集團對未來作出估計及假設。所得之會計估計因其性質使然，很少會與實際結果一致。下述估計及假設存在可能導致須於下個財政年度對資產及負債之賬面值作出重大調整之重大風險：

折舊

本集團之物業、廠房及設備乃採用直線法按其估計可使用年期3至50年折舊。估計可使用年期反映董事對本集團擬透過使用本集團之物業、廠房及設備取得未來經濟效益之年期之估計。

應收款項減值

本集團管理層會定期審閱應收款項，以釐定是否需要計提減值撥備。當有客觀憑證顯示本集團將無法根據應收款項之原有條款收回所有到期金額時，確定應收款項之減值虧損。應收款項減值撥備乃由本集團管理層根據其債務人之還款記錄及當前市況而釐定。債務人面臨重大財務困難、債務人可能破產或進行財務重組以及拖欠或欠付款額均被視為應收款項減值之跡象。管理層會於報告日期重估應收款項之減值（如有）。

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Estimated impairment of goodwill

The Group tests on annual basis whether goodwill is impaired in accordance with the accounting policy stated in note 3(m). The recoverable amounts of CGUs are determined based on value-in-use calculations. These calculations require the use of judgement and estimates of the future cash flows expected to arise from the CGUs, the timeframe for the cash flows forecast and the suitable discount rates in order to calculate the present value. Details in impairment assessment are set out in note 19 to the financial statements.

Valuation of convertible bonds

The directors of the Company use their judgement in selecting an appropriate valuation technique for the Group's convertible bonds which are not quoted in the active market. Valuation techniques commonly used by market practitioners are applied. The fair value of the liability and equity components inside the convertible bonds are estimated by an independent professional valuer. The fair value of these components varies with different variables of certain subjective assumptions. Any change in these variables so adopted may materially affect the estimation of the fair value of these components.

4. 重大會計估計及判斷 (續)

商譽之估計減值

根據附註3(m)所載之會計政策，本集團會每年測試商譽是否出現減值。現金產生單位之可收回金額乃根據使用價值之計算結果而釐定。有關計算需要使用對預期將自現金產生單位產生之未來現金流量之判斷及估計，亦需選定現金流量預測之時間範圍及合適之貼現率以計算其現值。減值評估之詳情載於財務報表附註19。

可換股債券之估值

本公司董事憑藉彼等之判斷為本集團並無於活躍市場報價之可換股債券選取合適之估值方法。所應用之估值方法為市場參與者通常使用之方法。可換股債券之負債及權益部分之公平值由獨立專業估值師進行估計。該等部分之公平值因涉及若干主觀假設之變數而不同。一旦所採用之變數出現改變，可能對該等部分之公平值估計造成重大影響。

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Control on QHFSMI and IMFSMI

As described in notes 3(a)(i) and 3(a)(ii) to the financial statements, as soon as the Company had discovered the loss of QHFSMI's exploration licence, without the Company's knowledge, consent or approval, the Company sought advice from its legal advisers. Given the discovery of the loss of significant assets of QHFSMI, the board of directors is no longer in the position of maintaining the Group's controls over QHFSMI and IMFSMI. As a consequence, the directors of the Company consider that the Group no longer has the power to exercise its rights as the shareholder and thus has lost its controls over the assets and operations and is unable to exercise the control over the financial and operating policy decisions of QHFSMI and IMFSMI. Accordingly, the directors of the Company consider that it is inappropriate to consolidate the financial statements of QHFSMI and IMFSMI into the Group and these two-wholly owned subsidiaries are de-consolidated and classified as discontinued operations during the year.

Estimated fair value of the acquired intangible assets

Fair value of customers' contracts is determined based on excess earnings method. These calculations require the use of estimates about future cash flows, discount rate and duration of customers' contracts. In the process of estimation, management makes assumptions about future cash flow, costs and duration of customers' contracts.

Fair value of interests in oil production sharing contract is determined based on the income approach. These calculations require the use of estimates about future cash flows, discount rate and oil reserves. In the process of estimation, management makes assumptions about future cash flow, costs and oil reserves.

4. 重大會計估計及判斷(續)

青海森源及內蒙古森源之控制權

如財務報表附註3(a)(i)及3(a)(ii)所述，本公司發現在本公司不知情及未經本公司同意或批准下失去青海森源之勘探牌照後，已立即尋求其法律顧問之意見。鑒於青海森源出現重大資產損失，董事會已無法再維持本集團對青海森源及內蒙古森源之控制權。基於上述原因，本公司董事認為，本集團不再有權行使其作為股東之權利，並因此失去其對青海森源及內蒙古森源之資產及經營之控制權及無法對青海森源及內蒙古森源之財務及經營決策行使控制權。因此，本公司董事認為，不宜將青海森源及內蒙古森源之財務報表綜合計入本集團之賬目內，故該兩間全資附屬公司不再綜合計入本年度之賬目內，並分類為已終止經營業務。

所收購無形資產之估計公平值

客戶合約之公平值按超額盈利法釐定。該等計算方法要求估計日後現金流量、貼現率及客戶合約期限。在進行估計時，管理層對日後現金流量、成本及客戶合約期限作出假設。

產油業務分成合約之權益之公平值按收入法釐定。該等計算方法要求估計日後現金流量、貼現率及石油儲量。在進行估計時，管理層對日後現金流量、成本及石油儲量作出假設。

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Provision for legal claim

Provision for legal claim has been assessed by the directors of the Company with reference to the advice from its legal advisers, details of which are set out in note 31.

Estimation of oil reserves

Oil reserves are key elements in the Company's investment decision-making process. They are also an important element in testing for impairment. Changes in oil reserves will affect unit of production depreciation, depletion and amortisation recorded in the financial statements for property, plant and equipment and intangible assets related to oil production activities. A reduction in oil reserves will increase depreciation, depletion and amortisation (assuming constant production) and reduce net profit. Oil reserve estimates are subject to revision, either upward or downward, based on new information, such as from developing drilling and production activities or from changes in economic factors, including product prices or development plans. In general, changes in the technical maturity of oil reserves resulting from new information becoming available from development and production activities have tended to be the most significant cause of annual revisions.

Taxation

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

4. 重大會計估計及判斷 (續)

法律申索撥備

本公司董事經參考其法律顧問之意見後對法律申索撥備作出評估。有關詳情載於附註31。

石油儲量之估計

石油儲量對本公司之投資決策過程至關重要，亦為進行減值測試之重要因素。石油儲量之變動將影響財務報表就與石油生產活動相關之物業、廠房、設備及無形資產所記錄之單位產量折舊、損耗及攤銷。石油儲量之減少將增加折舊、損耗及攤銷金額（假設持續生產），並令純利減少。石油儲量估計乃按照開採鑽探及生產活動之新資訊或產品價格或開發方案等經濟因素變化而上下調整。整體而言，開發及生產活動所帶來之新資訊會導致石油儲量之技術純熟度出現變動，將成為年度調整之最主要因素。

稅項

本集團須繳納香港及中國所得稅。於日常業務過程中，若干交易及計算難以釐定最終稅項。本集團根據估計是否存在到期額外稅項而確認預期稅項之負債。倘該等事宜之最終稅務結果與初始入賬金額不同，該等差額將會影響釐定有關最終稅項負債期間之所得稅撥備。

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

5. REVENUE AND OTHER INCOME

The Group's principal activities are disclosed in note 1 to the financial statements. Turnover of the Group is the revenue from these activities on continuing and discontinued operations.

Revenue from the Group's principal activities and other income recognised are as follows:

		2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 (Re-presented) 二零零九年 千港元 (經重列)
Revenue on continuing operations	持續經營業務之收益		
Sale of goods	銷售貨品	1,207	10,332
Sale of electricity and heat	銷售電力及熱能	44,413	-
		45,620	10,332
Other income on continuing operations	持續經營業務之其他收入		
Bank interest income	銀行利息收入	121	50
Interest income from loan receivables	貸款應收款項之利息收入	-	1,736
Government grants (note)	政府補助(附註)	5,561	-
Gain on disposals of subsidiaries (notes)	出售附屬公司之收益(附註)	-	703
Sundry income	各項收入	3,353	20
		9,035	2,509

Turnover of the Group for the year is HK\$45,620,000 (2009: HK\$10,332,000).

5. 收益及其他收入

本集團之主要業務於財務報表附註1披露。本集團營業額為來自該等持續及已終止經營業務之收益。

本集團主要業務之收益及已確認其他收入載列如下：

		2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 (Re-presented) 二零零九年 千港元 (經重列)
Revenue on continuing operations	持續經營業務之收益		
Sale of goods	銷售貨品	1,207	10,332
Sale of electricity and heat	銷售電力及熱能	44,413	-
		45,620	10,332
Other income on continuing operations	持續經營業務之其他收入		
Bank interest income	銀行利息收入	121	50
Interest income from loan receivables	貸款應收款項之利息收入	-	1,736
Government grants (note)	政府補助(附註)	5,561	-
Gain on disposals of subsidiaries (notes)	出售附屬公司之收益(附註)	-	703
Sundry income	各項收入	3,353	20
		9,035	2,509

本集團於本年度之營業額為45,620,000港元(二零零九年: 10,332,000港元)。

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

5. REVENUE AND OTHER INCOME (Continued)

Notes:

Government grants

During the year, the government in the PRC compensated an unconditional grant to the Group for its low selling price of heat energy.

Gain on disposals of subsidiaries

On 16 January 2009, the Group completed the disposal of the entire equity interests in a subsidiary, namely Beijing Forest Source Mining Industry Development Company Limited ("BJFSMI"), for a consideration of HK\$10,000,000. As at the date of disposal, BJFSMI had net assets of HK\$9,332,000. Accordingly, a gain of HK\$668,000 was recognised in profit or loss for the year ended 31 December 2009. Details of this disposal transaction are fully described in note 41(a).

On 30 April 2009, the Group completed the disposal of the entire equity interests in its subsidiaries, namely Jackley China Limited ("Jackley China") and its subsidiaries, for a consideration of HK\$1. As at the date of disposal, Jackley China and its subsidiaries had net liabilities of HK\$2,000. Accordingly, a gain of HK\$2,000 was recognised in profit or loss for the year ended 31 December 2009. Details of this disposal transaction are fully described in note 41(d).

On 4 May 2009, the Group completed the disposal of the entire equity interests in its subsidiaries, namely 626 Limited and its subsidiary, Hong Kong Forest Source Mining Industry Development Company Limited, ("HKFSMID") for a consideration of HK\$1. As at the date of disposal, 626 Limited and its subsidiary had net liabilities of HK\$33,000. Accordingly, a gain of HK\$33,000 was recognised in profit or loss for the year ended 31 December 2009. Details of this disposal transaction are fully described in note 41(e).

5. 收益及其他收入 (續)

附註：

政府補助

年內，中國政府因本集團熱能售價較低而對本集團授予無條件補助以作為補償。

出售附屬公司之收益

於二零零九年一月十六日，本集團完成出售其於附屬公司北京森源礦產品技術開發有限公司（「北京森源」）之全部股本權益，代價為10,000,000港元。於出售日期，北京森源擁有資產淨值9,332,000港元。因此，本集團已於截至二零零九年十二月三十一日止年度之損益表確認收益668,000港元。該出售交易之詳情全部載於附註41(a)。

於二零零九年四月三十日，本集團完成出售其於Jackley China Limited（「Jackley China」）及其附屬公司（均為本集團附屬公司）之全部股本權益，代價為1港元。於出售日期，Jackley China及其附屬公司擁有負債淨額2,000港元。因此，本集團已於截至二零零九年十二月三十一日止年度之損益表確認收益2,000港元。該出售交易之詳情全部載於附註41(d)。

於二零零九年五月四日，本集團完成出售其於626有限公司及其附屬公司香港森源礦業開發有限公司（「香港森源礦業開發」）（均為本集團附屬公司）之全部股本權益，代價為1港元。於出售日期，626有限公司及其附屬公司擁有負債淨額33,000港元。因此，本集團已於截至二零零九年十二月三十一日止年度之損益表確認收益33,000港元。該出售交易之詳情全部載於附註41(e)。

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

6. SEGMENT INFORMATION

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to management of the Group for their decisions about resources allocation to the Group's business components and review of these components' performance. The business components in the internal reporting to management of the Group are determined following the Group's major product and service lines. The Group has identified the following reportable segments.

- (a) the Trading of Carpets segment represents the trading of carpets of other renowned brand names;
- (b) the Supply of Electricity and Heat segment represents the business of generation and supplying of electricity and heat (newly acquired during the year); and
- (c) the Oil Production segment represents the business of oil production (newly acquired during the year).

There was no inter-segment sale and transfer during the year (2009: Nil).

6. 分類資料

本集團已根據定期向本集團管理層匯報以供決定分配資源至本集團業務分部及檢討該等分部表現之內部財務資料，確立其營運分類及編製分類資料。向本集團管理層進行內部報告之業務分部乃按照本集團主要產品及服務種類釐定。本集團已確立以下報告分類。

- (a) 買賣地毯分類，指買賣其他馳名品牌之地毯；
- (b) 熱電供應分類，指熱電生產及供應業務（於本年度新收購）；及
- (c) 產油分類，指產油業務（於本年度新收購）。

於年內並無分類間之出售及轉讓（二零零九年：無）。

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

6. SEGMENT INFORMATION (Continued)

6. 分類資料 (續)

	Trading of Carpets 買賣地毯		Supply of Electricity and Heat 熱電供應		Oil Production 產油		Total 總計		
	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 (Re-presented) 二零零九年 千港元 (經重列)	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 (Re-presented) 二零零九年 千港元 (經重列)	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 (Re-presented) 二零零九年 千港元 (經重列)	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 (Re-presented) 二零零九年 千港元 (經重列)	
Reportable segment revenue: From external customers	報告分類收益： 來自外間客戶之收益	1,207	10,332	44,413	-	-	-	45,620	10,332
Reportable segment profit/(loss)	報告分類溢利/(虧損)	(2,022)	(1,571)	(46,082)	-	606,270	-	558,166	(1,571)
Bank interest income	銀行利息收入	-	-	47	-	-	-	47	-
Depreciation	折舊	3	-	9,723	-	-	-	9,726	-
Amortisation of prepaid land lease payments	預付土地租賃款項攤銷	-	-	269	-	-	-	269	-
Amortisation of intangible assets	無形資產攤銷	-	-	6,406	-	-	-	6,406	-
Impairment loss on goodwill	商譽減值虧損	-	-	49,064	-	-	-	49,064	-
Gain on disposals of subsidiaries	出售附屬公司之收益	-	33	-	-	-	-	-	33
Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	收購方應佔被收購方之 可辨認資產、負債及 或然負債之公平淨值 之權益超過出成本之 數額	-	-	-	-	606,270	-	606,270	-
Reportable segment assets	報告分類資產	685	958	787,534	-	2,369,306	-	3,157,525	958
Additions to non-current segment assets during the year	本年度非流動分類資產 增加	32	-	757,690	-	2,239,616	-	2,997,338	-
Reportable segment liabilities	報告分類負債	109	51	157,404	-	622,372	-	779,885	51

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

6. SEGMENT INFORMATION (Continued)

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

6. 分類資料 (續)

就本集團營運分類所呈列之總金額與財務報表中呈列之本集團主要財務數字的對賬如下：

Group	本集團	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 (Re-presented) 二零零九年 千港元 (經重列)
Reportable segment revenue	報告分類收益	45,620	10,332
Consolidated revenue	綜合收益	45,620	10,332
Reportable segment profit/(loss)	報告分類溢利／(虧損)	558,166	(1,571)
Finance costs	財務成本	(5,229)	(6,455)
Other unallocated income	其他未分配收入	73	2,509
Other unallocated expenses	其他未分配開支	(22,461)	(57,029)
Profit/(Loss) before income tax and discontinued operations	除所得稅及已終止經營業務前溢利／(虧損)	530,549	(62,546)
Reportable segment assets	報告分類資產	3,157,525	958
Property, plant and equipment	物業、廠房及設備	418	3,605
Deposits for acquisitions of subsidiaries	收購附屬公司之按金	—	185,000
Exploration and evaluation assets	勘探及評估資產	—	38,562
Goodwill	商譽	—	327,632
Cash at banks and in hand	銀行結存及手頭現金	16,366	112,757
Other corporate assets	其他公司資產	1,273	1,060
Group assets	集團資產	3,175,582	669,574
Reportable segment liabilities	報告分類負債	779,885	51
Convertible bonds	可換股債券	20,292	19,279
Promissory notes	本票	43,865	—
Other corporate liabilities	其他公司負債	39,273	22,508
Group liabilities	集團負債	883,315	41,838

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

6. SEGMENT INFORMATION (Continued)

The Group's revenues from external customers are divided into the following geographical areas:

	Hong Kong (Domicile) 香港(居籍)		PRC 中國		Total 總計		
	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 (Re-presented) 二零零九年 千港元 (經重列)	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 (Re-presented) 二零零九年 千港元 (經重列)	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 (Re-presented) 二零零九年 千港元 (經重列)	
Reportable segment revenue: From external customers	報告分類收益: 來自外間客戶之收益	1,207	10,332	44,413	-	45,620	10,332
Non-current assets	非流動資產	448	185,027	2,941,845	369,772	2,942,293	554,799

The geographical location of customers is based on the location at which the goods delivered. The geographical location of non-current assets is based on the physical location of the asset.

Revenue from the major customers is as follows:

		2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 (Re-presented) 二零零九年 千港元 (經重列)
Customer A (note a)	客戶A (附註a)	1,207	10,332
Customer B (note b)	客戶B (附註b)	10,380	-
Customer C (note b)	客戶C (附註b)	10,050	-
Customer D (note b)	客戶D (附註b)	7,863	-
Customer E (note b)	客戶E (附註b)	5,611	-
		35,111	10,332

Notes:

- (a) Revenue from this customer was derived from the Trading of Carpets segment.
- (b) Revenue from these customers was derived from the Supply of Electricity and Heat segment.

6. 分類資料(續)

本集團來自外間客戶之收益按以下地區劃分：

客戶所在地區乃根據所交付貨品之地區劃分。非流動資產所在地區乃根據資產所在地劃分。

來自主要客戶之收益載列如下：

附註：

- (a) 來自該名客戶之收益來源於買賣地毯分類。
- (b) 來自該等客戶之收益來源於熱電供應分類。

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

7. FINANCE COSTS

7. 財務成本

		2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 (Re-presented) 二零零九年 千港元 (經重列)
Continuing operations	持續經營業務		
Interest on bank and other borrowings due within one year	一年內到期之銀行及其他借款利息	3,065	53
Finance leases	融資租約	-	5
Imputed interest on promissory notes (note 34)	本票之推算利息(附註34)	11	-
Imputed interest on convertible bonds (note 35)	可換股債券之推算利息(附註35)	2,153	6,397
		5,229	6,455

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

8. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(Loss) before income tax is arrived at after charging the following:

		2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 (Re-presented) 二零零九年 千港元 (經重列)
Continuing operations	持續經營業務		
Cost of inventories recognised as expense	確認為開支之存貨成本	20,500	10,020
Depreciation (note a below)	折舊(下文附註a)	9,841	147
– owned assets	– 自置資產	–	63
– leased assets	– 租賃資產		
		9,841	210
Amortisation of prepaid land lease payments (note 17)	預付土地租賃款項攤銷(附註17)	269	–
Amortisation of intangible assets (note 22)**	無形資產攤銷(附註22)**	6,406	–
Auditor's remuneration	核數師酬金	700	480
Exchange loss, net	匯兌虧損淨額	381	–
Impairment loss of goodwill (note 19)	商譽減值虧損(附註19)	49,064	–
Loss on disposals of subsidiaries (note b below)**	出售附屬公司之虧損(下文附註b)**	–	10,534
Loss on disposals of property, plant and equipment**	出售物業、廠房及設備之虧損**	269	10
Operating lease charges on land and buildings	土地及樓宇之經營租約費用	1,430	1,098
Outgoings in respect of leasing properties	有關租賃物業之支出	–	220
Provision for impairment loss of other receivables**	其他應收款項減值虧損撥備**	39	30,965
Staff costs, including directors' emoluments (note 14)	員工成本, 包括董事酬金(附註14)	8,885	3,344

** Included in "Other operating expenses" on the face of the consolidated income statement.

Notes:

- (a) Depreciation expenses of HK\$9,337,000 (2009: Nil) and HK\$504,000 (2009: HK\$210,000 (re-presented)) were included in cost of sales and administrative expenses respectively.
- (b) On 21 August 2009, the Group completed the disposal of the entire equity interests in its subsidiaries, namely Aurora International Enterprises Limited ("AIEL") and its subsidiaries, for a consideration of HK\$2,000,000. As at the date of disposal, AIEL and its subsidiaries had net assets of HK\$12,534,000. Accordingly, a loss of HK\$10,534,000 was recognised in profit or loss for the year ended 31 December 2009. Details of this disposal transaction are fully described in note 41(f).

8. 除所得稅前溢利／(虧損)

除所得稅前溢利／(虧損)已扣除以下各項:

		2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 (Re-presented) 二零零九年 千港元 (經重列)
		20,500	10,020
		9,841	147
		–	63
		9,841	210
		269	–
		6,406	–
		700	480
		381	–
		49,064	–
		–	10,534
		269	10
		1,430	1,098
		–	220
		39	30,965
		8,885	3,344

** 已計入綜合損益表之「其他經營開支」。

附註:

- (a) 折舊開支9,337,000港元(二零零九年:無)及504,000港元(二零零九年:210,000港元(經重列))分別計入銷售成本及行政開支。
- (b) 於二零零九年八月二十一日,本集團以代價2,000,000港元出售其於Aurora International Enterprises Limited (「AIEL」)及其附屬公司(均為本集團附屬公司)之全部股本權益。於出售日期, AIEL及其附屬公司擁有資產淨值12,534,000港元。因此,本集團已於截至二零零九年十二月三十一日止年度之損益表確認虧損10,534,000港元。該出售交易之詳情全部載於附註41(f)。

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

9. INCOME TAX CREDIT

No Hong Kong profits tax has been provided as the Group had no estimated assessable profits arising in or derived from Hong Kong for both years.

9. 所得稅計入

由於本集團於兩個年度均無在香港產生任何估計應課稅溢利，故並無就香港利得稅作出撥備。

		2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 (Re-presented) 二零零九年 千港元 (經重列)
Current tax – the PRC – Current year	當期稅項－中國 －本年度	145	–
Deferred tax – the PRC – Current year (note 36)	遞延稅項－中國 －本年度(附註36)	(1,602)	–
Income tax credit	所得稅計入	(1,457)	–

Reconciliation between income tax credit and the accounting profit/(loss) at applicable tax rates:

按適用稅率計算之所得稅計入與會計溢利／(虧損)之對賬如下：

		2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 (Re-presented) 二零零九年 千港元 (經重列)
Profit/(Loss) before income tax	除所得稅前溢利／(虧損)	181,583	(432,187)
Tax at the applicable rates to profit/(loss) in the tax jurisdictions concerned	對於所涉稅務司法權區之溢利／(虧損)按適用稅率計算之稅項	80,985	(72,125)
Tax effect of non-taxable income	非課稅收入之稅務影響	(267,589)	(474)
Tax effect of non-deductible expenses	不可扣稅開支之稅務影響	186,603	71,877
Tax effect of prior year's unrecognised tax losses utilised this year	本年度動用上年度之未確認稅項虧損之稅務影響	(1,792)	(83)
Tax effect of tax losses not recognised	未確認稅項虧損之稅務影響	336	805
Income tax credit	所得稅計入	(1,457)	–

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

9. INCOME TAX CREDIT (Continued)

Shanxi Zhong Kai Group Lingshi Heat and Power Company Limited (“Shanxi Zhong Kai Lingshi”) (newly acquired during the year) is subject to PRC enterprise income tax at the tax rate of 25% for the year.

China Era Energy Power Investment Limited’s branches in Beijing and Jilin, the PRC (newly acquired during the year) are subject to PRC enterprise income tax at the tax rate of 25% for the year.

10. DIVIDENDS

The board of directors did not recommend any payment of dividends during the year (2009: Nil).

11. DISCONTINUED OPERATIONS

As mentioned in notes 3(a)(i) and 3(a)(ii), exploration of mine business is presented as discontinued operations in accordance with HKFRS 5 during the year.

On 20 March 2009, the Group completed the disposal of the entire equity interests in its subsidiaries, namely Orient Carpet Manufacturing (HK) Limited (“Orient Carpet”) and its subsidiary, namely Hui Zhou Orient Carpet Manufacturing Co., Limited (“HZOCM”), for a consideration of HK\$19.3 million of which (a) HK\$12.2 million was used to set off against the net current liabilities of HZOCM and (b) HK\$7.1 million was paid in cash on completion date. Accordingly, a gain of HK\$8,341,000 was recognised in profit or loss for the year ended 31 December 2009. Details of this disposal transaction are fully described in note 41(c).

9. 所得稅計入 (續)

山西中凱集團靈石熱電有限公司(「山西中凱靈石」)(於本年度新收購)本年度須按25%之稅率繳納中國企業所得稅。

中國年代能源投資有限公司於中國北京及吉林之分公司(於本年度新收購)本年度須按25%之稅率繳納中國企業所得稅。

10. 股息

年內，董事會建議不派付任何股息(二零零九年：無)。

11. 已終止經營業務

如附註3(a)(i)和3(a)(ii)所述，本集團於年內根據香港財務報告準則第5號將礦區勘探業務呈列為已終止經營業務。

於二零零九年三月二十日，本集團完成出售其於東方地毯生產(香港)有限公司(「東方地毯」)及其附屬公司惠州市東方地毯生產有限公司(「惠州東方地毯」)(均為本集團附屬公司)之全部股本權益，代價為19,300,000港元，其中(a) 12,200,000港元已用於抵銷惠州東方地毯之流動負債淨額及(b) 7,100,000港元已於完成日期以現金償付。因此，本集團已於截至二零零九年十二月三十一日止年度之損益表確認收益8,341,000港元。該出售交易之詳情全部載於附註41(c)。

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

11. DISCONTINUED OPERATIONS (Continued)

An analysis of the results and cash flows of Discontinued Operations included in the consolidated income statement and the consolidated statement of cash flows was as follows:

11. 已終止經營業務 (續)

載列於綜合損益表及綜合現金流量表之已終止經營業務之業績及現金流量分析如下：

		2010 二零一零年	2009 二零零九年		
		The Exploration of Mine Business HK\$'000 礦區勘探業務 千港元	The Carpet Manufacturing Business HK\$'000 地毯製造業務 千港元	The Exploration of Mine Business HK\$'000 (Re-presented) 礦區勘探業務 千港元 (經重列)	Total HK\$'000 (Re-presented) 總計 千港元 (經重列)
Revenue	收益	-	-	-	-
Other income	其他收入	-	-	6	6
Expenses	開支	-	-	(9,587)	(9,587)
Impairment loss recognised in respect of goodwill (note 19)	已確認商譽減值虧損 (附註19)	-	-	(368,401)	(368,401)
Income tax expense	所得稅開支	-	-	(377,982)	(377,982)
Gain on disposals of subsidiaries (note 41(c))	出售附屬公司之收益 (附註41(c))	-	8,341	-	8,341
Loss on de-consolidating subsidiaries (note 42)	附屬公司不再綜合入賬之虧損(附註42)	(348,966)	-	-	-
(Loss)/Profit for the year from discontinued operations and attributable to the owners of the Company	本年度已終止經營業務及本公司擁有人應佔(虧損)/溢利	(348,966)	8,341	(377,982)	(369,641)
Operating cash inflows	經營現金流入	-	-	3,297	3,297
Investing cash outflows	投資現金流出	-	-	(2,907)	(2,907)
Financing cash outflows	融資現金流出	-	-	(320)	(320)
Net cash inflows	現金流入淨額	-	-	70	70

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

12. PROFIT/(LOSS) ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

Of the consolidated profit attributable to the owners of the Company of HK\$184,887,000 (2009: a loss of HK\$432,187,000), a loss of HK\$370,008,000 (2009: HK\$669,839,000) has been dealt with in the financial statements of the Company.

13. EARNINGS/(LOSS) PER SHARE

The calculations of basic and diluted earnings/(losses) per share attributable to the owners of the Company are based on the following data:

12. 本公司擁有人應佔溢利／（虧損）

於本公司擁有人應佔綜合溢利184,887,000港元（二零零九年：虧損432,187,000港元）中，為數370,008,000港元（二零零九年：669,839,000港元）之虧損已於本公司財務報表處理。

13. 每股盈利／（虧損）

本公司擁有人應佔每股基本及攤薄盈利／（虧損）乃根據以下數據計算：

		2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 (Re-presented) 二零零九年 千港元 (經重列)
Profit/(Loss) for the year attributable to the owners of the Company for the purpose of basic earnings/(loss) per share	用以計算每股基本盈利／（虧損）之本公司擁有人應佔本年度溢利／（虧損）	184,887	(432,187)
Loss for the year attributable to the owners of the Company from discontinued operations	本年度本公司擁有人應佔已終止經營業務虧損	(348,966)	(369,641)
Profit/(Loss) for the year attributable to the owners of the Company for the purpose of basic earnings/(loss) per share from continuing operations	用以計算每股基本盈利／（虧損）之本年度本公司擁有人應佔持續經營業務溢利／（虧損）	533,853	(62,546)
Effect of dilutive potential ordinary shares:	潛在攤薄普通股之影響：		
– Imputed interest on convertible bonds	– 可換股債券之推算利息	2,153	–
Profit/(Loss) for the year attributable to the owners of the Company for the purpose of diluted earnings/(loss) per share from continuing operations	用以計算每股攤薄盈利／（虧損）之本年度本公司擁有人應佔持續經營業務溢利／（虧損）	536,006	(62,546)

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

13. EARNINGS/(LOSS) PER SHARE (Continued)

13. 每股盈利／（虧損）（續）

		2010 '000 二零一零年 千股	2009 '000 (Re-presented) 二零零九年 千股 (經重列)
Number of shares	股份數目		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	用以計算每股基本盈利／（虧損）之普通股加權平均數	8,139,726	5,281,679
Effect of dilutive potential ordinary shares:	潛在攤薄普通股之影響：		
– Convertible bonds	– 可換股債券	519,097	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	用以計算每股攤薄盈利／（虧損）之普通股加權平均數	8,658,823	5,281,679

No diluted loss per share attributable to the owners of the Company is presented for the year ended 31 December 2009 as there were no dilutive potential shares.

由於並無具潛在攤薄影響之股份，故截至二零零九年十二月三十一日止年度並無呈列本公司擁有人應佔每股攤薄虧損。

From continuing and discontinued operations:

來自持續及已終止經營業務：

The calculation of basic earnings per share from continuing and discontinued operations is based on the profit attributable to the owners of the Company of HK\$184,887,000 and the weighted average number of ordinary shares of 8,139,726,000 in issue during the year.

持續及已終止經營業務每股基本盈利乃根據本公司擁有人應佔溢利184,887,000港元及年內已發行普通股加權平均數8,139,726,000股計算。

The calculation of diluted earnings per share is based on the adjusted profit attributable to the owners of the Company of HK\$187,040,000 and the weighted average number of ordinary shares of 8,658,823,000 outstanding during the year, after adjusting for the effects of all dilutive potential ordinary shares. The adjusted profit attributable to the owners of the Company is calculated based on the profit attributable to the owners of the Company for the year ended 31 December 2010 of HK\$184,887,000 as used in the calculation of basic earnings per share plus interest of HK\$2,153,000 on the convertible bonds.

每股攤薄盈利乃根據本公司擁有人應佔溢利187,040,000港元及年內已發行普通股加權平均數8,658,823,000股計算（經調整所有具潛在攤薄影響之普通股之影響後）。本公司擁有人應佔經調整溢利乃根據用以計算每股基本盈利之截至二零一零年十二月三十一日止年度本公司擁有人應佔溢利184,887,000港元，加上可換股債券之利息2,153,000港元計算。

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

13. EARNINGS/(LOSS) PER SHARE (Continued)

From continuing and discontinued operations: (Continued)

The weighted average number of ordinary shares used in the calculation of diluted earnings per share is calculated based on the weighted average of 8,139,726,000 ordinary shares in issue during the year as used in the calculation of basic earnings per share plus the weighted average of 519,097,000 ordinary shares deemed to be issued at no consideration as if all the Company's convertible bonds had been converted.

The denominators and numerators used are the same as those details above for both basic and diluted earnings/(loss) per share.

No diluted loss per share from continuing and discontinued operations attributable to the owners of the Company is presented for the year ended 31 December 2009 as there were no dilutive potential shares.

From continuing operations:

The calculation of basic earnings per share from continuing operations is based on the profit attributable to the owners of the Company of HK\$533,853,000 and the weighted average number of ordinary shares of 8,139,726,000 in issue during the year.

The calculation of diluted earnings per share is based on the adjusted profit attributable to the owners of the Company of HK\$536,006,000 and the weighted average number of ordinary shares of 8,658,823,000 outstanding during the year, after adjusting for the effects of all dilutive potential ordinary shares. The adjusted profit attributable to the owners of the Company is calculated based on the profit attributable to the owners of the Company for the year ended 31 December 2010 of HK\$533,853,000 as used in the calculation of basic earnings per share plus interest of HK\$2,153,000 on the convertible bonds.

13. 每股盈利／（虧損）（續）

來自持續及已終止經營業務： （續）

用以計算每股攤薄盈利之普通股加權平均數乃根據用以計算每股基本盈利之年內已發行普通股加權平均數8,139,726,000股，加上猶如本公司可換股債券已悉數轉換而被視為無代價發行之普通股加權平均數519,097,000股計算。

所用的分母及分子均與上述計算每股基本及攤薄盈利／（虧損）所用者相同。

由於並無具潛在攤薄影響之股份，故截至二零零九年十二月三十一日止年度並無呈列本公司擁有人應佔持續及已終止經營業務每股攤薄虧損。

來自持續經營業務：

持續經營業務每股基本盈利乃根據本公司擁有人應佔溢利533,853,000港元及年內已發行普通股加權平均數8,139,726,000股計算。

每股攤薄盈利乃根據本公司擁有人應佔經調整溢利536,006,000港元及年內已發行普通股加權平均數8,658,823,000股計算（經調整所有具潛在攤薄影響之普通股之影響後）。本公司擁有人應佔經調整溢利乃根據用以計算每股基本盈利之截至二零一零年十二月三十一日止年度本公司擁有人應佔溢利533,853,000港元，加上可換股債券之利息2,153,000港元計算。

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

13. EARNINGS/(LOSS) PER SHARE (Continued)

From continuing operations: (Continued)

The weighted average number of ordinary shares used in the calculation of diluted earnings per share is calculated based on the weighted average of 8,139,726,000 ordinary shares in issue during the year as used in the calculation of basic earnings per share plus the weighted average of 519,097,000 ordinary shares deemed to be issued at no consideration as if all the Company's convertible bonds had been converted.

The denominators and numerators used are the same as those details above for both basic and diluted earnings/(loss) per share.

No diluted loss per share from continuing operations attributable to the owners of the Company is presented for the year ended 31 December 2009 as there were no dilutive potential shares.

From discontinued operations:

The calculation of basic loss per share from discontinued operations is based on the loss attributable to the owners of the Company of HK\$348,966,000 and the weighted average number of ordinary shares of 8,139,726,000 in issue during the year.

The calculation of diluted loss per share is based on the loss attributable to the owners of the Company of HK\$348,966,000 and the weighted average number of ordinary shares of 8,658,823,000 outstanding during the year, after adjusting for the effects of all dilutive potential ordinary shares. The loss attributable to the owners of the Company is calculated based on the loss attributable to the owners of the Company for the year ended 31 December 2010 of HK\$348,966,000 as used in the calculation of basic loss per share.

13. 每股盈利／（虧損）（續）

來自持續經營業務：（續）

用以計算每股攤薄盈利之普通股加權平均數乃根據用以計算每股基本盈利之年內已發行普通股加權平均數8,139,726,000股，加上猶如本公司可換股債券已悉數轉換而被視為無代價發行之普通股加權平均數519,097,000股計算。

所用的分母及分子均與上述計算每股基本及攤薄盈利／（虧損）所用者相同。

由於並無具潛在攤薄影響之股份，故截至二零零九年十二月三十一日止年度並無呈列本公司擁有人應佔持續經營業務每股攤薄虧損。

來自已終止經營業務：

已終止經營業務每股基本虧損乃根據本公司擁有人應佔虧損348,966,000港元及年內已發行普通股加權平均數8,139,726,000股計算。

每股攤薄虧損乃根據本公司擁有人應佔虧損348,966,000港元及年內已發行普通股加權平均數8,658,823,000股計算（經調整所有具潛在攤薄影響之普通股之影響後）。本公司擁有人應佔虧損乃根據用以計算每股基本虧損之截至二零一零年十二月三十一日止年度本公司擁有人應佔虧損348,966,000港元計算。

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

13. EARNINGS/(LOSS) PER SHARE (Continued)

From discontinued operations: (Continued)

The weighted average number of ordinary shares used in the calculation of diluted loss per share is calculated based on the weighted average of 8,139,726,000 ordinary shares in issue during the year as used in the calculation of basic loss per share plus the weighted average of 519,097,000 ordinary shares deemed to be issued at no consideration as if all the Company's convertible bonds had been converted.

The denominators and numerators used are the same as those details above for both basic and diluted loss per share.

No diluted loss per share from discontinued operations attributable to the owners of the Company is presented for the year ended 31 December 2009 as there were no dilutive potential shares.

14. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

13. 每股盈利／（虧損）（續）

來自已終止經營業務：（續）

用以計算每股攤薄虧損之普通股加權平均數乃根據用以計算每股基本虧損之年內已發行普通股加權平均數8,139,726,000股，加上猶如本公司可換股債券已悉數轉換而被視為無代價發行之普通股加權平均數519,097,000股計算。

所用的分母及分子均與上述計算每股基本及攤薄虧損所用者相同。

由於並無具潛在攤薄影響之股份，故截至二零零九年十二月三十一日止年度並無呈列本公司擁有人應佔已終止經營業務每股攤薄虧損。

14. 僱員福利開支（包括董事酬金）

		2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 (Re-presented) 二零零九年 千港元 (經重列)
Continuing operations	持續經營業務		
Wages, salaries and allowances	工資、薪金及津貼	8,656	3,281
Pension costs – defined contribution plans	退休金成本—定額供款計劃	229	63
		8,885	3,344

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

15. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

	Note	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Contribution to retirement benefit scheme HK\$'000	Total HK\$'000
	附註	袍金 千港元	薪金、津貼及 實物福利 千港元	退休福利 計劃供款 千港元	總計 千港元
2010					
Executive directors	執行董事				
Mr. Law Fei Shing	羅輝城先生	-	1,800	12	1,812
Mr. Chan Sung Wai	陳崇煒先生	-	-	-	-
Mr. Chan Kwok Wing	陳國榮先生	-	-	-	-
Mr. Wang Donghai	王東海先生	-	-	-	-
Mr. Zhao Guoqiang	趙國強先生 (i)	-	-	-	-
Non-executive director	非執行董事				
Mr. Zhang Zhenming	張振明先生 (i)	-	-	-	-
Independent non-executive directors	獨立非執行董事				
Mr. Lum Pak Sum	林柏森先生	60	-	-	60
Mr. Sun Tak Keung	辛德強先生	30	-	-	30
Mr. Chow Pui Fung	周培豐先生	-	-	-	-
		90	1,800	12	1,902

Note:

(i) Resigned on 10 November 2010.

(a) 董事酬金

附註：

(i) 於二零一零年十一月十日辭任。

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

15. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' emoluments (Continued)

	Notes	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Contribution to retirement benefit scheme HK\$'000	Total HK\$'000
	附註	袍金 千港元	薪金、津貼及 實物福利 千港元	退休福利 計劃供款 千港元	總計 千港元
2009					
Executive directors	二零零九年 執行董事				
Mr. Law Fei Shing	羅輝城先生	-	1,800	12	1,812
Mr. Chan Sung Wai	陳崇煒先生	-	-	-	-
Mr. Chan Kwok Wing	陳國榮先生 (i)	-	-	-	-
Mr. Wang Donghai	王東海先生 (ii)	-	-	-	-
Mr. Zhao Guoqiang	趙國強先生 (iii)	-	-	-	-
Mr. Fok Po Tin	霍寶田先生 (iv)	-	-	-	-
Mr. Tam Owen	譚浩榮先生 (v)	-	-	-	-
Non-executive directors	非執行董事				
Mr. Lam Shing Tsun, Edmond	林成俊先生 (vi)	8	-	-	8
Mr. Zhang Zhenming	張振明先生 (vii)	-	-	-	-
Independent non-executive directors	獨立非執行董事				
Mr. Lum Pak Sum	林柏森先生	60	-	-	60
Mr. Sun Tak Keung	辛德強先生	30	-	-	30
Mr. Chow Pui Fung	周培豐先生	-	-	-	-
		98	1,800	12	1,910

Notes:

- (i) Appointed on 3 July 2009.
- (ii) Appointed on 10 September 2009.
- (iii) Appointed on 23 December 2009.
- (iv) Resigned on 16 April 2009.
- (v) Retired on 2 June 2009.
- (vi) Removed on 8 December 2009.
- (vii) Appointed on 17 July 2009.

附註:

- (i) 於二零零九年七月三日獲委任。
- (ii) 於二零零九年九月十日獲委任。
- (iii) 於二零零九年十二月二十三日獲委任。
- (iv) 於二零零九年四月十六日辭任。
- (v) 於二零零九年六月二日退任。
- (vi) 於二零零九年十二月八日被罷免。
- (vii) 於二零零九年七月十七日獲委任。

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

15. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' emoluments (Continued)

During the year, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office (2009: Nil).

There were no arrangements under which a director of the Company waived or agreed to waive any remuneration during the year (2009: Nil).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year included 1 director (2009: 1) and his emoluments are reflected in the above analysis. Details of the emoluments of the remaining 4 individuals (2009: 4) during the year are as follows:

		2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
Basic salaries, housing benefits, other allowances and benefits in kind	基本薪金、房屋津貼、其他津貼及實物利益	1,649	1,032
Contribution to retirement benefit scheme	退休福利計劃之供款	47	40
		1,696	1,072

15. 董事及五位最高薪酬人士酬金 (續)

(a) 董事酬金 (續)

年內，本集團並無向本公司董事支付任何酬金，作為加入本集團或於加盟時之獎金或作為離職補償（二零零九年：無）。

年內，並無任何本公司董事放棄或同意放棄任何酬金之安排（二零零九年：無）。

(b) 五位最高薪酬人士

年內，本集團五位最高薪酬人士包括一位董事（二零零九年：一位），彼之酬金詳情參考上文分析。年內，餘下四位人士（二零零九年：四位）之酬金詳情如下：

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

15. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) Five highest paid individuals (Continued)

The number of the remaining highest paid individuals whose emoluments fell within the following band is as follows:

Nil to HK\$1,000,000 零至1,000,000港元

During the year, no emoluments were paid by the Group to the above highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2009: Nil).

15. 董事及五位最高薪酬人士酬金 (續)

(b) 五位最高薪酬人士 (續)

酬金介乎以下範圍之餘下最高薪酬人士數目如下：

	2010 二零一零年	2009 二零零九年
Nil to HK\$1,000,000 零至1,000,000港元	4	4

年內，本集團並無向上述最高薪酬人士支付任何酬金，作為加入本集團或於加盟時之獎金或作為離職補償（二零零九年：無）。

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

16. PROPERTY, PLANT AND EQUIPMENT

(a) Group

		Buildings at the mining site HK\$'000	Buildings HK\$'000	Oil properties HK\$'000	Plant and machinery HK\$'000	Leasehold improvements, furniture, office equipment and motor vehicles HK\$'000	CIP HK\$'000	Total HK\$'000
		採礦地點 之樓宇 千港元	樓宇 千港元	石油財產 千港元	廠房及機器 千港元	租賃物業 裝修、傢俬、 辦公設備及汽車 千港元	在建工程 千港元	總計 千港元
At 1 January 2009	於二零零九年一月一日							
Cost	成本	2,892	-	-	-	5,354	-	8,246
Accumulated depreciation	累計折舊	-	-	-	-	(3,537)	-	(3,537)
Net book amount	賬面淨值	2,892	-	-	-	1,817	-	4,709
Year ended 31 December 2009	截至二零零九年十二月 三十一日止年度							
Opening net book amount	年初賬面淨值	2,892	-	-	-	1,817	-	4,709
Additions	添置	-	-	-	-	32	-	32
Disposals	出售	-	-	-	-	(10)	-	(10)
Disposals of subsidiaries (note 41(f))	出售附屬公司 (附註41(f))	-	-	-	-	(85)	-	(85)
Exchange differences	匯兌差額	(13)	-	-	-	(7)	-	(20)
Depreciation	折舊	(222)	-	-	-	(799)	-	(1,021)
Closing net book amount	年終賬面淨值	2,657	-	-	-	948	-	3,605
At 31 December 2009	於二零零九年 十二月三十一日							
Cost	成本	2,879	-	-	-	4,734	-	7,613
Accumulated depreciation	累計折舊	(222)	-	-	-	(3,786)	-	(4,008)
Net book amount	賬面淨值	2,657	-	-	-	948	-	3,605
Year ended 31 December 2010	截至二零一零年十二月 三十一日止年度							
Opening net book amount	年初賬面淨值	2,657	-	-	-	948	-	3,605
Additions	添置	-	58	-	72,409	801	1,594	74,862
Acquisitions of subsidiaries (notes 40(a) and (b))	收購附屬公司 (附註40(a)及(b))	-	118,120	99,981	183,419	20,199	14,608	436,327
Disposals	出售	-	-	-	(266)	(215)	-	(481)
Disposals due to de-consolidating subsidiaries (note 42)	因附屬公司不再綜合入賬 而出售(附註42)	(2,657)	-	-	-	(921)	-	(3,578)
Exchange differences	匯兌差額	-	3,733	-	5,702	82	49	9,566
Depreciation	折舊	-	(1,715)	-	(7,647)	(479)	-	(9,841)
Closing net book amount	年終賬面淨值	-	120,196	99,981	253,617	20,415	16,251	510,460
At 31 December 2010	於二零一零年 十二月三十一日							
Cost	成本	-	121,944	99,981	261,409	21,492	16,251	521,077
Accumulated depreciation	累計折舊	-	(1,748)	-	(7,792)	(1,077)	-	(10,617)
Net book amount	賬面淨值	-	120,196	99,981	253,617	20,415	16,251	510,460

Buildings are located on the prepaid land lease payments in the PRC (note 17).

樓宇位於中國之預付土地租賃款項(附註17)。

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

16. PROPERTY, PLANT AND EQUIPMENT

(Continued)

(b) Company

16. 物業、廠房及設備 (續)

(b) 本公司

		Leasehold improvements, furniture, office equipment and motor vehicles HK\$'000 租賃物業 裝修、傢俬、 辦公設備及汽車 千港元
At 1 January 2009	於二零零九年一月一日	
Cost	成本	451
Accumulated depreciation	累計折舊	(368)
Net book amount	賬面淨值	<u>83</u>
Year ended 31 December 2009	截至二零零九年十二月三十一日止年度	
Opening net book amount	年初賬面淨值	83
Depreciation	折舊	(73)
Closing net book amount	年終賬面淨值	<u>10</u>
At 31 December 2009	於二零零九年十二月三十一日	
Cost	成本	451
Accumulated depreciation	累計折舊	(441)
Net book amount	賬面淨值	<u>10</u>
Year ended 31 December 2010	截至二零一零年十二月三十一日止年度	
Opening net book amount	年初賬面淨值	10
Depreciation	折舊	(3)
Closing net book amount	年終賬面淨值	<u>7</u>
At 31 December 2010	於二零一零年十二月三十一日	
Cost	成本	451
Accumulated depreciation	累計折舊	(444)
Net book amount	賬面淨值	<u>7</u>

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

17. PREPAID LAND LEASE PAYMENTS – GROUP

These represented the Group's interests in leasehold land and land use rights in the PRC, held without a specific term. Changes to the carrying amounts presented in the consolidated statement of financial position are summarised as follows:

		2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
Opening net carrying amount	年初賬面淨值	–	–
Acquisitions of subsidiaries (note 40(a))	收購附屬公司(附註40(a))	28,921	–
Exchange differences	匯兌差額	917	–
Amortisation of prepaid land lease payments (note 8)	預付土地租賃款項攤銷(附註8)	(269)	–
Closing net carrying amount	年終賬面淨值	29,569	–

17. 預付土地租賃款項—本集團

該等款項代表本集團於中國持有之無指定租期之租賃土地及土地使用權之權益。於綜合財務狀況表呈列之賬面值變動概述如下：

18. INTERESTS IN SUBSIDIARIES – COMPANY

		Notes 附註	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
Investments	投資			
– Unlisted shares, at cost	– 非上市股份，按成本值	(a)	–	–
Due from subsidiaries	應收附屬公司款項		2,632,604	1,031,360
Loans to a subsidiary	給予一間附屬公司之貸款		–	2,423
		(b)	2,632,604	1,033,783
Provision for impairment loss	減值虧損撥備		(1,047,365)	(694,443)
			1,585,239	339,340

18. 於附屬公司之權益—本公司

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. INTERESTS IN SUBSIDIARIES – COMPANY (Continued)

Movement in the provision for impairment of interests in subsidiaries is as follows:

		2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
At 1 January	於一月一日	(694,443)	(316,929)
Additional impairment during the year	年內額外減值	(352,922)	(652,116)
Reversal of impairment as a result of disposals of subsidiaries	因出售附屬公司撥回減值	–	274,602
At 31 December	於十二月三十一日	(1,047,365)	(694,443)

Notes:

(a) Particulars of the principal subsidiaries are as follows:

(i) Particulars of the principal subsidiaries as at 31 December 2010 are as follows:

Name 公司名稱	Place of incorporation/ establishment 註冊成立/成立地點	Paid-up share/ registered capital 實繳股本/註冊資本	Percentage of equity attributable to the Company 本公司應佔股本百分比	Principal activities and place of operation 主要業務及經營地點
Directly held 直接持有				
Smooth Way International Limited	British Virgin Islands ("BVI")	Ordinary United States dollars ("US\$") 1	100%	Investment holding, Hong Kong
順威國際有限公司	英屬處女群島	普通股1美元	100%	投資控股, 香港
Cheerful Dragon Limited	BVI	Ordinary US\$1	100%	Investment holding, Hong Kong
怡龍有限公司	英屬處女群島	普通股1美元	100%	投資控股, 香港
Precious New Limited	BVI	Ordinary US\$1	100%	Investment holding, Hong Kong
寶穎有限公司	英屬處女群島	普通股1美元	100%	投資控股, 香港

18. 於附屬公司之權益—本公司 (續)

於附屬公司之權益之減值撥備變動如下:

	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
At 1 January	(694,443)	(316,929)
Additional impairment during the year	(352,922)	(652,116)
Reversal of impairment as a result of disposals of subsidiaries	–	274,602
At 31 December	(1,047,365)	(694,443)

附註:

(a) 主要附屬公司詳情如下:

(i) 於二零一零年十二月三十一日之主要附屬公司之詳情如下:

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. INTERESTS IN SUBSIDIARIES – COMPANY

(Continued)

Notes: (Continued)

(a) Particulars of the principal subsidiaries are as follows:
(Continued)

(i) Particulars of the principal subsidiaries as at 31 December 2010 are as follows: (Continued)

Name 公司名稱	Place of incorporation/ establishment 註冊成立/成立地點	Paid-up share/ registered capital 實繳股本/註冊資本	Percentage of equity attributable to the Company 本公司應佔股本百分比	Principal activities and place of operation 主要業務及經營地點
Indirectly held 間接持有				
Energy Investments (Hong Kong) Limited (formerly known as Energy International Investments Holdings Limited) 能源投資(香港)有限公司 (前稱能源國際投資控股有限公司)	Hong Kong 香港	Ordinary HK\$1 普通股1港元	100%	Investment holding, Hong Kong 投資控股·香港
Treasure Tone Limited 富裕通有限公司	Hong Kong 香港	Ordinary HK\$1 普通股1港元	100%	Investment holding, Hong Kong 投資控股·香港
Ho Fai Carpet Trading Limited* 皓暉地毯貿易有限公司*	Hong Kong 香港	Ordinary HK\$1 普通股1港元	100%	Trading of carpets, Hong Kong 買賣地毯·香港
Kanson Development Limited Kanson Development Limited	BVI 英屬處女群島	Ordinary US\$200 普通股200美元	100%	Investment holding, Hong Kong 投資控股·香港
Hong Kong Forest Source Mining Industry Holding Company Limited* 香港森源礦業控股有限公司*	Hong Kong 香港	Ordinary HK\$70,000,000 普通股70,000,000 港元	100%	Investment holding, Hong Kong 投資控股·香港

18. 於附屬公司之權益—本公司

(續)

附註:(續)

(a) 主要附屬公司詳情如下:(續)

(i) 於二零一零年十二月三十一日
之主要附屬公司之詳情如下:
(續)

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. INTERESTS IN SUBSIDIARIES – COMPANY (Continued)

Notes: (Continued)

(a) Particulars of the principal subsidiaries are as follows:
(Continued)

(i) Particulars of the principal subsidiaries as at 31 December 2010 are as follows: (Continued)

Name 公司名稱	Place of incorporation/ establishment 註冊成立/成立地點	Paid-up share/ registered capital 實繳股本/註冊資本	Percentage of equity attributable to the Company 本公司應佔股本百分比	Principal activities and place of operation 主要業務及經營地點
Indirectly held (Continued) 間接持有 (續)				
Sunlight Rise Limited**	BVI	Ordinary US\$2	100%	Investment holding, Hong Kong
昇暉有限公司**	英屬處女群島	普通股2美元	100%	投資控股·香港
Pride Treasure Limited**	Hong Kong	Ordinary HK\$10,000	100%	Investment holding, Hong Kong
傲財有限公司**	香港	普通股10,000港元	100%	投資控股·香港
Ontop Finance Limited**	Hong Kong	Ordinary HK\$1	100%	Investment holding, Hong Kong
宏達融資有限公司**	香港	普通股1港元	100%	投資控股·香港
Shanxi Zhong Kai Group Lingshi Heat and Power Company Limited**	PRC	Renminbi ("RMB") 185,000,000	60%	Supply of electricity and heat, the PRC
山西中凱集團靈石熱電 有限公司**	中國	人民幣 185,000,000元	60%	熱電供應·中國
China International Energy Investments (Hong Kong) Limited***	BVI	Ordinary US\$2	100%	Investment holding, Hong Kong
中國國際能源投資(香港) 有限公司***	英屬處女群島	普通股2美元	100%	投資控股·香港

18. 於附屬公司之權益—本公司 (續)

附註：(續)

(a) 主要附屬公司詳情如下：(續)

(i) 於二零一零年十二月三十一日
之主要附屬公司之詳情如下：
(續)

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. INTERESTS IN SUBSIDIARIES – COMPANY (Continued)

Notes: (Continued)

(a) Particulars of the principal subsidiaries are as follows:
(Continued)

(i) Particulars of the principal subsidiaries as at 31 December 2010 are as follows: (Continued)

Name 公司名稱	Place of incorporation/ establishment 註冊成立/成立地點	Paid-up share/ registered capital 實繳股本/註冊資本	Percentage of equity attributable to the Company 本公司應佔股本百分比	Principal activities and place of operation 主要業務及經營地點
Indirectly held (Continued) 間接持有 (續)				
China International Energy Investments (Hong Kong) Limited***	Hong Kong	Ordinary HK\$1	100%	Investment holding, Hong Kong
中國國際能源投資(香港) 有限公司***	香港	普通股1港元	100%	投資控股, 香港
China Era Energy Power Investment Limited ("China Era") ***	Hong Kong	Ordinary HK\$10	100%	Oil production, the PRC
中國年代能源投資有限 公司(「中國年代」)***	香港	普通股10港元	100%	石油生產, 中國

* Subsidiaries audited by BDO Limited.

** Subsidiaries acquired on 10 August 2010.

*** Subsidiaries acquired on 31 December 2010.

The above tables list the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

18. 於附屬公司之權益—本公司 (續)

附註：(續)

(a) 主要附屬公司詳情如下：(續)

(i) 於二零一零年十二月三十一日
之主要附屬公司之詳情如下：
(續)

上表載列本公司董事認為於本年度對本集團之業績有重大影響或佔本集團絕大部分資產淨值之本公司之附屬公司。本公司董事認為，提供其他附屬公司之詳情將過於冗長。

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. INTERESTS IN SUBSIDIARIES – COMPANY (Continued)

Notes: (Continued)

(a) Particulars of the principal subsidiaries are as follows:
(Continued)

(ii) Particulars of the principal subsidiaries de-consolidated during the year (note 42) are as follows:

Name 公司名稱	Place of incorporation/ establishment 註冊成立/成立地點	Paid-up share/ registered capital 實繳股本/註冊資本	Percentage of equity attributable to the Company 本公司應佔股本百分比	Principal activities and place of operation 主要業務及經營地點
Indirectly held 間接持有				
QHFMSI (notes 3(a)(i) and (ii)) 青海森源 (附註3(a)(i)及(ii))	PRC 中國	HK\$40,000,000 40,000,000港元	100%	Exploration of mine, the PRC 礦區勘探·中國
IMFMSI (notes 3(a)(i) and (ii)) 內蒙古森源 (附註3(a)(i) 及(ii))	PRC 中國	Not yet paid up 尚未繳足	100%	Not yet commenced business 尚未開始經營業務

(b) These amounts are unsecured, interest-free and are not expected to be repaid within the next twelve months. These balances are classified as non-current assets accordingly.

18. 於附屬公司之權益—本公司 (續)

附註：(續)

(a) 主要附屬公司詳情如下：(續)

(ii) 年內不再綜合入賬之主要附屬公司(附註42)詳情如下：

(b) 該等款項為無抵押、免息及預期毋須於未來十二個月內償還。因此，該等結餘分類為非流動資產。

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

19. GOODWILL – GROUP

19. 商譽－本集團

		2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
At 1 January	於一月一日		
Gross carrying amount	賬面總值	1,021,644	1,021,644
Accumulated impairment	累計減值	(694,012)	(325,611)
Net carrying amount	賬面淨值	327,632	696,033
Opening net carrying amount	年初賬面淨值	327,632	696,033
Acquisition of subsidiaries (note 40(a))	收購附屬公司(附註40(a))	323,366	–
Disposals due to de-consolidating subsidiaries (note 42)	因附屬公司不再綜合入賬之出售(附註42)	(327,632)	–
Impairment losses (notes 8 and 11)	減值虧損(附註8及11)	(49,064)	(368,401)
Closing net carrying amount	年終賬面淨值	274,302	327,632
At 31 December	於十二月三十一日		
Gross carrying amount	賬面總值	323,366	1,021,644
Accumulated impairment	累計減值	(49,064)	(694,012)
Net carrying amount	賬面淨值	274,302	327,632

For the purpose of impairment testing, goodwill is allocated to the following CGUs:

就減值測試而言，商譽分配至以下現金產生單位：

		Notes 附註	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
Supply of electricity and heat business	熱電供應業務	(a)	323,366	–
Exploration of mine business	礦區勘探業務	(b)	–	696,033
			323,366	696,033

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

19. GOODWILL – GROUP (Continued)

(a) Supply of electricity and heat business

Goodwill as at 31 December 2010 arose from the acquisition of the Sunlight Group in 2010, details of which are set out in note 40(a). The recoverable amount for this CGU was determined based on value-in-use calculations, performed by an independent firm of professional valuers, LCH (Asia-Pacific) Surveyors Limited, covering a detailed 5-year budget plan followed by an extrapolation of expected cash flows at the growth rate stated below. The growth rate reflects the long-term average growth rate for the product line of the CGU.

The key assumptions used for value-in-use calculations were as follows:

Discount rate	折現率
Growth rate	增長率

The key assumptions also include stable profit margins, which have been determined based on past performance, and management's expectations for market share, after taking into consideration published market forecast and research. The weighted average growth rate used is consistent with the forecasts included in industry reports. The discount rate used is pre-tax and reflect specific risks relating to this CGU.

As at 31 December 2010, provision for impairment loss of HK\$49,064,000 (2009: Nil) was recognised in profit or loss to write down to its recoverable amounts.

19. 商譽－本集團(續)

(a) 熱電供應業務

於二零一零年十二月三十一日之商譽產生自二零一零年收購昇暉集團，有關詳情載於附註40(a)。該現金產生單位之可收回金額由獨立專業估值師利駿行測量師有限公司按照使用價值計算，包括詳細之五年預算計劃，隨後按下文所述增長率推算預期現金流量。增長率反映現金產生單位之生產線長期平均增長率。

用於計算使用價值之主要假設如下：

	2010 二零一零年
	17.04%
	3.11%

主要假設亦包括穩定的利潤率，而利潤率乃根據過往表現及管理層經計及已公佈市場預測及研究後對市場份額作出之預期釐定。所使用加權平均增長率與行業報告內所載預測一致。所使用折現率乃除稅前，及反映與此現金產生單位有關之特定風險。

於二零一零年十二月三十一日，就減值虧損作出之撥備49,064,000港元（二零零九年：無）已於損益表確認，以撇減至其可收回金額。

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

19. GOODWILL – GROUP (Continued)

(b) Exploration of mine business

Goodwill as at 31 December 2009 arose from the acquisitions of Kanson Development Limited (“Kanson”) and represented the future economic benefits from a mining project. As at 31 December 2009, QHFSMI, a wholly-owned subsidiary of Kanson, held an exploration licence for a mine located in Inner Mongolia, the PRC.

The carrying amount of goodwill as at 31 December 2009 represented the aggregate of goodwill arising from the excess of the cost of investment in Kanson over the Group’s interest over the net fair value of Kanson’s identifiable assets, liabilities and contingent liabilities for the acquisition of 51% equity interest in Kanson made in 2007 and goodwill arising from the excess of the additional cost of investment in Kanson over the Group’s interest over the related net carrying value of Kanson’s identifiable assets, liabilities and contingent liabilities for the acquisition of the remaining 49% equity interest in Kanson made in 2008.

The carrying amount of goodwill was tested for impairment and its recoverable amount was determined based on value-in-use calculations, performed by an independent firm of professional valuers, LCH (Asia-Pacific) Surveyors Limited, covering a detailed thirteen-year forecast, as approved and considered suitable for the mining industry by the directors of the Company. The key assumptions adopted include the mine reserve based on a technical assessment report by consulting geologists and engineers and the expectations for the market development and that the Group is able to obtain the mining rights of the underlying mine from the relevant authorities in the PRC in future and is able to raise fund to finance and develop the mining project. The discount rate on which management has based is determined with reference to specific risks relating to the mining industry and the mining project.

19. 商譽－本集團 (續)

(b) 礦區勘探業務

於二零零九年十二月三十一日之商譽產生自收購 Kanson Development Limited (「Kanson」)，指來自一個採礦項目之日後經濟利益。於二零零九年十二月三十一日，Kanson之全資附屬公司青海森源持有位於中國內蒙古一個礦區之勘探牌照。

於二零零九年十二月三十一日之商譽之賬面值指於Kanson之投資成本超出於二零零七年內收購Kanson 51%股本權益完成時本集團於Kanson之可辨認資產、負債及或然負債之公平淨值之權益而產生之商譽及於Kanson之額外投資成本超出於二零零八年內收購Kanson餘下49%股本權益完成時本集團於Kanson之可辨認資產、負債及或然負債之有關賬面淨值之權益而產生之商譽之和。

商譽之賬面值已作減值測試，其可收回金額由獨立專業估值師利駿行測量師有限公司按照使用價值計算，並按長達十三年之詳細預測。本公司董事已批准上述計算方法，並認為該等方法適合採礦業。採納之主要假設包括按顧問地質師及工程師之技術評估報告得出之礦產儲量及對市場發展之期望以及本集團能夠於將來取得中國有關機構批出之有關礦區之開採權及籌資為採礦項目融資及發展採礦項目。管理層依據之折現率乃經參考採礦業及採礦項目之特定風險釐定。

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

19. GOODWILL – GROUP (Continued)

(b) Exploration of mine business (Continued)

For the year ended 31 December 2009, the discount rates and parameters used in determining the discount rate are shown as below:

		2009 二零零九年
Discount rate	折現率	30.5%
Inflation rate	通脹率	3%
Initial life of the project	項目之初步年期	13 years 13年

For the year ended 31 December 2009, provision for impairment loss of HK\$368,401,000 was recognised in profit or loss to write down the carrying amounts of goodwill to their recoverable amounts.

During the year, due to the loss of controls over QHFSMI's and IMFSMI's assets (notes 3(a)(i) and 3(a)(ii)), all carrying amounts of goodwill allocated to this business was de-consolidated accordingly.

Management of the Company is not aware of any other probable changes that would necessitate changes in its key estimates which will result in the carrying amount of goodwill exceeding its recoverable amount.

20. DEPOSITS FOR ACQUISITIONS OF SUBSIDIARIES – GROUP AND COMPANY

On 25 September 2009, the Group entered into an agreement with the vendor, Greater Finance Limited (“Greater Finance”) to acquire the entire equity interests in China International for a consideration of HK\$1,500,000,000 (subject to adjustments). The China International Group is principally investing in oil business. As at 31 December 2009, the refundable deposit of HK\$150,000,000 was paid to the vendor by the Company.

19. 商譽－本集團 (續)

(b) 礦區勘探業務 (續)

截至二零零九年十二月三十一日止年度，釐定折現率使用之折現率及參數呈列如下：

		2009 二零零九年
Discount rate	折現率	30.5%
Inflation rate	通脹率	3%
Initial life of the project	項目之初步年期	13 years 13年

截至二零零九年十二月三十一日止年度，就減值虧損作出之撥備368,401,000港元已於損益表確認，以撇減商譽之賬面值至其可收回金額。

年內，由於失去對青海森源及內蒙古森源資產之控制權（附註3(a)(i)及3(a)(ii)），分配至該業務之商譽之全部賬面值因此不再綜合入賬。

本公司管理層並不知悉任何會導致其主要估計出現變動之任何其他可能變動，致使商譽之賬面值高於其可收回金額。

20. 收購附屬公司之按金－本集團及本公司

於二零零九年九月二十五日，本集團與賣方Greater Finance Limited（「Greater Finance」）訂立協議以收購於中國國際之全部股本權益，代價為1,500,000,000港元（可予調整）。中國國際集團主要投資石油業務。於二零零九年十二月三十一日，本公司已向賣方支付150,000,000港元之可退還按金。

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

20. DEPOSITS FOR ACQUISITIONS OF SUBSIDIARIES – GROUP AND COMPANY (Continued)

On 5 November 2009, the Group entered into an agreement with the vendor, Maycrown Capital Limited (“Maycrown Capital”) to acquire the entire equity interests in Sunlight Rise for a consideration of HK\$350,860,000. The Sunlight Group is engaged in the business of generating and supplying electricity and heat in the PRC. As at 31 December 2009, the refundable deposit of HK\$35,000,000 was paid to the vendor by the Company.

As at 31 December 2010, acquisitions of the China International Group and the Sunlight Group have been completed, details of which are set out in note 40. The balances are thus transferred to interests in subsidiaries.

21. EXPLORATION AND EVALUATION ASSETS – GROUP

20. 收購附屬公司之按金－本集團及本公司 (續)

於二零零九年十一月五日，本集團與賣方美冠資本有限公司（「美冠資本」）訂立協議以收購於昇暉之全部股本權益，代價為350,860,000港元。昇暉集團於中國從事發電、供電及供熱業務。於二零零九年十二月三十一日，本公司已向賣方支付35,000,000港元之可退還按金。

於二零一零年十二月三十一日，收購中國國際集團及昇暉集團均已完成，有關詳情載於附註40。因此結餘已轉至於附屬公司之權益。

21. 勘探及評估資產－本集團

		2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
At 1 January	於一月一日	38,562	34,253
Additions during the year	年內添置	–	4,465
Disposals due to de-consolidating subsidiaries (note 42)	因附屬公司不再綜合入賬之出售 (附註42)	(38,562)	–
Exchange differences	匯兌差額	–	(156)
At 31 December	於十二月三十一日	–	38,562

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

22. INTANGIBLE ASSETS – GROUP

22. 無形資產 – 本集團

		Exploration and evaluation assets HK\$'000 (note i) 勘探及 評估資產 千港元 (附註i)	Customers' contracts HK\$'000 (note ii) 客戶合約 千港元 (附註ii)	Interests in oil production sharing contract HK\$'000 (note iii) 產油業務分成 合約之權益 千港元 (附註iii)	Total HK\$'000 總計 千港元
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	-	-	-	-
Acquisition of subsidiaries (notes 40(a) and 40(b))	收購附屬公司 (附註40(a)及40(b))	5,133	25,235	2,104,000	2,134,368
Amortisation for the year (note 8)	本年度攤銷(附註8)	-	(6,406)	-	(6,406)
At 31 December 2010	於二零一零年 十二月三十一日	5,133	18,829	2,104,000	2,127,962

Notes:

- (i) These are mainly classified from exploration and evaluation assets arising from the Oil Production segment when the technical feasibility and commercial viability of extracting the oil resource had been determined and that the commercial production commences are recognised initially at cost.
- (ii) Customers' contracts acquired from the business combination are recognised at fair value on business combination and are charged to profit or loss when customers' contracts complete.
- (iii) Interests in oil production sharing contract acquired from the business combination are recognised at fair value on business combination and are charged to profit or loss on unit of production method. Details of the oil production sharing contract are set out in note 43.

附註:

- (i) 該等資產於釐定開採石油資源之技術及商業可行性及開始商業生產時，主要從來自產油分類之勘探及評估資產進行分類，初步按成本確認。
- (ii) 自業務合併取得之客戶合約按業務合併之公平值確認，並於客戶合約完成時自損益表扣除。
- (iii) 自業務合併取得之產油業務分成合約之權益按業務合併之公平值確認，並以生產單位法自損益表扣除。產油業務分成合約之詳情載於附註43。

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

23. INDEMNIFICATION ASSETS – GROUP

This is the undertaking of the indemnification of the litigation by the Greater Finance (i.e. vendor of the China International Group). Details of the litigation are set out in note 49(c).

24. INVENTORIES – GROUP

As at 31 December 2010, all inventories are raw materials.

25. TRADE RECEIVABLES – GROUP

The Group normally allows trading credit terms ranging from 30 to 120 days to its established customers. Each customer has a maximum credit limit. Trade debtors with balances aged over 120 days are required to settle all outstanding balances before any further credit is granted. In view of this, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

Ageing analysis of trade receivables, based on the invoice date, is as follows:

1 – 90 days	1 – 90日
121 – 365 days	121 – 365日

At 31 December 2009 and 2010, there were no trade receivables that were individually determined to be impaired. The Group did not hold any collateral over these balances.

23. 彌償資產 – 本集團

此乃Greater Finance (中國國際集團之賣方)就訴訟賠償之承擔。有關訴訟詳情載於附註49(c)。

24. 存貨 – 本集團

於二零一零年十二月三十一日，所有存貨均為原材料。

25. 應收貿易賬項 – 本集團

本集團一般給予已建立關係之客戶30至120日之貿易信貸期。每個客戶設有信貸上限。賬齡為120日以上之應收貿易賬項結餘，須於獲授任何進一步信貸前清還所有未償還結餘。因此並無重大信貸集中風險。應收貿易賬項並不計息。

應收貿易賬項根據發票日期之賬齡分析如下：

	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
1 – 90 days	16,158	–
121 – 365 days	459	–
	16,617	–

於二零零九年及二零一零年十二月三十一日，並無應收貿易賬項個別釐定減值。本集團並無就該等結餘持有任何抵押品。

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

25. TRADE RECEIVABLES – GROUP (Continued)

Ageing analysis of trade receivables that are not impaired are as follows:

	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
210 – 240 days past due but not impaired	逾期210至240日但並未減值	
	459	–

As at 31 December 2010, trade receivables of HK\$16,158,000 (2009: Nil) were neither past due nor impaired. These related to different customers for whom there was no recent history of default.

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES – GROUP AND COMPANY

		Group 本集團		Company 本公司	
		2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
Prepayments	預付款項	2,608	700	983	629
Deposits	按金	474	622	–	–
Other receivables (note)	其他應收款項 (附註)	37,532	71	–	–
		40,614	1,393	983	629

Note:

Included in other receivables of the Group as at 31 December 2010 were loan receivables of HK\$37,095,000 due from the independent third parties. The loan receivables of HK\$2,952,000 were unsecured, interest-bearing at 12% per annum and repayable in April 2011. The remaining loan receivables of HK\$34,143,000 were unsecured, interest-free and repayable on demand.

25. 應收貿易賬項 – 本集團 (續)

並未減值之應收貿易賬項之賬齡分析如下:

	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
210 – 240 days past due but not impaired	逾期210至240日但並未減值	
	459	–

於二零一零年十二月三十一日，16,158,000港元應收貿易賬項 (二零零九年：無) 並無逾期及減值。該等賬項乃與近期無違約記錄之多名客戶有關。

26. 預付款項、按金及其他應收款項 – 本集團及本公司

附註:

於二零一零年十二月三十一日，本集團其他應收款項包括應收獨立第三方之應收貸款 37,095,000 港元。2,952,000 港元之應收貸款為無抵押貸款，按年利率 12% 計息，並須於二零一一年四月償還。餘下 34,143,000 港元之應收貸款為無抵押、免息及按要求償還。

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

27. AMOUNTS DUE FROM/(TO) NON-CONTROLLING SHAREHOLDERS – GROUP

Amount due from non-controlling shareholder 應收非控股股東款項

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

28. PLEDGED BANK DEPOSITS AND CASH AT BANKS AND IN HAND – GROUP AND COMPANY

Pledged bank deposits earn interest of 0.326% per annum. Cash at bank earns interest at the floating rates based on the daily bank deposits rates.

As at 31 December 2010 and 2009, included in the cash and bank balances of the Group were HK\$71,972,000 and HK\$1,000 respectively of bank balances denominated in RMB placed with the banks in the PRC.

RMB is not freely convertible into foreign currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

27. 應收／（應付）非控股股東款項－本集團

	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元	Maximum amount outstanding during the year HK\$'000 年內最高 未償還金額 千港元
Amount due from non-controlling shareholder	6,080	-	6,080

到期款項為無抵押、免息及按要求償還。

28. 已抵押銀行存款以及銀行結存及手頭現金－本集團及本公司

已抵押銀行存款按年利率0.326%計息。銀行結存根據每日銀行存款利率按浮動利率計息。

於二零一零年及二零零九年十二月三十一日，本集團現金及銀行結餘分別包括71,972,000港元及1,000港元，其中銀行結餘以人民幣計值，存放在位於中國之銀行。

人民幣不能自由兌換為外幣。根據中國的《外匯管理條例》及《結匯、售匯及付匯管理規定》，本集團可透過獲授權進行外匯業務之銀行將人民幣兌換為外幣。

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

29. TRADE PAYABLES – GROUP

Trade payables related to the subsidiaries acquired during the year and are non-interest-bearing and are normally settled on 60-day terms.

Ageing analysis of trade payables, based on the invoice date, is as follows:

	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
1 – 90 days	1 – 90日	12,679
91 – 120 days	91 – 120日	3,324
121 – 365 days	121 – 365日	626
Over 1 year	1年以上	2,222
		18,851

29. 應付貿易賬項 – 本集團

應付貿易賬項與於本年度收購之附屬公司有關，為免息及通常於60日內結算。

應付貿易賬項根據發票日期之賬齡分析如下：

	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
1 – 90 days	1 – 90日	12,679
91 – 120 days	91 – 120日	3,324
121 – 365 days	121 – 365日	626
Over 1 year	1年以上	2,222
		18,851

30. OTHER PAYABLES AND ACCRUALS – GROUP AND COMPANY

		Group 本集團		Company 本公司	
		2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
Other payables	其他應付款項	109,140	13,887	70	70
Accruals	應計款項	15,547	8,672	3,723	2,497
		124,687	22,559	3,793	2,567

30. 其他應付款項及應計款項 – 本集團及本公司

Other payables as at 31 December 2010 are mainly construction cost payables of HK\$50,055,000, staff accruals and other levies.

Included in other payables and accruals as at 31 December 2009 were the advances from staff of HK\$14,931,000, of which amounts of HK\$1,014,000 and HK\$560,000 bore interests at the fixed rates of 10% and 7% per month respectively and the remaining advances were interest free. These advances were de-consolidated due to the de-consolidation of the subsidiaries (note 42).

於二零一零年十二月三十一日之其他應付款項主要為應付建築成本50,055,000港元、員工應計費用及其他費用。

於二零零九年十二月三十一日，其他應付款項及應計款項包括來自員工之墊款14,931,000港元，其中1,014,000港元及560,000港元分別按每月固定利率10%及7%計息，餘下墊款為免息。由於附屬公司不再綜合入賬，故該等墊款亦不再綜合入賬（附註42）。

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

31. PROVISION FOR LEGAL CLAIM – GROUP

The balance as at 31 December 2010 represented the provision for legal claims, details of which are set out in note 49(c).

32. BANK BORROWINGS – GROUP

The bank borrowings are repayable as follows:

Within one year	一年內
In the second year	第二年

The carrying amounts of all bank borrowings are denominated in RMB. Short-term and long-term bank borrowings are charged at floating interest rates ranged from 6.48% to 19.5% (2009: Nil) per annum and are secured by a related company of one of the non-controlling shareholders.

33. OTHER BORROWINGS – GROUP

As at 31 December 2010, all borrowings were obtained from the independent third parties and are analysed as follows:

Repayable on demand or within one year	按要求償還或一年內償還
Loan A, unsecured	貸款A·無抵押
Loan B, unsecured	貸款B·無抵押
Loan C, unsecured	貸款C·無抵押
Repayable after 1 year but within 5 years	一年後但五年內償還
Loan D, unsecured	貸款D·無抵押
Loan E, unsecured	貸款E·無抵押
Loans F and G, unsecured	貸款F及G·無抵押
Loan H, unsecured	貸款H·無抵押
Loan I, unsecured	貸款I·無抵押

31. 法律申索撥備 – 本集團

於二零一零年十二月三十一日之結餘為法律申索撥備，有關詳情載於附註49(c)。

32. 銀行借款 – 本集團

銀行借款須於以下期限償還：

2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
21,133	–
11,806	–
32,939	–

所有銀行借款之賬面值均以人民幣計值。短期及長期銀行借款按浮動年利率6.48%至19.5%（二零零九年：無）計息，並以其其中一名非控股股東之關連公司作抵押。

33. 其他借款 – 本集團

於二零一零年十二月三十一日，所有借款均來自獨立第三方，分析如下：

2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
5,903	–
2,125	–
366	–
8,394	–
35,414	–
23,613	–
22,778	–
4,024	–
1,181	–
87,010	–

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

33. OTHER BORROWINGS – GROUP (Continued)

Loan A bears the interest at the rate of 9.72% per annum and repayable in February 2011.

Loan B bears the interest at the rate of 24% per annum and repayable in January 2011.

Loan C is interest-free and repayable on demand.

Loan D bears the interest at the rate of 3% per annum and repayable in January 2012.

Loan E bears the interest at the rate of 5.31% per annum and repayable in December 2012.

Loans F and G are interest-free and repayable in April 2012.

Loan H is interest-free and repayable by instalment of RMB200,000 per month from March 2012.

Loan I is interest-free and repayable in July 2013.

34. PROMISSORY NOTES – GROUP

As described in note 40(b), as a part of the consideration of the acquisition of the China International Group, the Group issued promissory notes with a principal amount of HK\$50,000,000. The promissory notes are unsecured, interest bearing at 2% per annum and are repayable on 31 December 2012. The fair value at the date of issue amounting to HK\$43,854,000 was calculated at the discounted borrowing rate of 8.99% per annum.

Movement of promissory notes is as follows:

At the beginning of the year	於年初	–
Issue of promissory notes (note 40(b))	發行本票(附註40(b))	43,854
Imputed interest expenses (note 7)	推算利息費用(附註7)	11
At the end of the year	於年末	43,865

33. 其他借款－本集團(續)

貸款A按年利率9.72%計息及須於二零一一年二月償還。

貸款B按年利率24%計息及須於二零一一年一月償還。

貸款C為免息及按要求償還。

貸款D按年利率3%計息及須於二零一二年一月償還。

貸款E按年利率5.31%計息及須於二零一二年十二月償還。

貸款F及G為免息及須於二零一二年四月償還。

貸款H為免息及須自二零一二年三月起按每月人民幣200,000元分期償還。

貸款I為免息及須於二零一三年七月償還。

34. 本票－本集團

如附註40(b)所述，本集團發行本金額50,000,000港元之本票作為收購中國國際集團之部分代價。本票為無抵押、以年利率2%計息及須於二零一二年十二月三十一日償還。於發行日期之公平值43,854,000港元乃按貼現借款年利率8.99%計算。

本票之變動如下：

	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
At the beginning of the year	–	–
Issue of promissory notes (note 40(b))	43,854	–
Imputed interest expenses (note 7)	11	–
At the end of the year	43,865	–

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

35. CONVERTIBLE BONDS – GROUP AND COMPANY

In November 2007, the Company issued zero coupon convertible bonds (“CB1”) in the principal amount of HK\$365,000,000 as a part of the consideration for the acquisition of 51% equity interests in Kanson. CB1 bear no interest with a maturity date on 4 November 2012 and are convertible into shares of the Company at the conversion price of HK\$0.60 per share (subject to the standard adjustment clauses relating to share sub-division, share consolidation, capitalisation issues and rights issues) at any time after the issue date. Details of CB1 are set out in the Company’s circular dated 15 October 2007.

In July 2008, the Company issued zero coupon convertible bonds (“CB3”) in the principal amount of HK\$580,000,000 as the consideration for the acquisition of the remaining 49% equity interests in Kanson. CB3 bear no interest with maturity date on 2 July 2013 and are convertible into shares of the Company at the conversion price of HK\$0.25 per share (subject to the standard adjustment clauses relating to share sub-division, share consolidation, capitalisation issues and rights issues) at any time after the issue date. Details of CB3 are set out in the Company’s circular dated 6 June 2008.

According to the sale and purchase agreements dated 5 November 2007 and 8 April 2008, another zero-coupon convertible bonds with face value of HK\$400,000,000 (“CB2”) and HK\$380,780,000 (“CB4”) will be issued on the fifth business day following the date of receipt of mining licence in respect of the underlying mine. CB2 and CB4 are convertible into shares of the Company at the conversion price of HK\$0.60 and HK\$0.25 per share respectively. As the mining licence has not been obtained, CB2 and CB4 have not been issued and have not been recognised in the financial statements. As mentioned in notes 3(a)(i) and 3(a)(ii), the exploration licence was transferred without the Company’s knowledge, consent or approval. The Company is now seeking for the legal opinion on this.

35. 可換股債券－本集團及本公司

於二零零七年十一月，本公司發行本金額365,000,000港元之零票息可換股債券（「可換股債券第一批債券」），作為收購Kanson 51%股本權益之部分代價。可換股債券第一批債券為免息，於二零一二年十一月四日到期及可於發行日期後任何時間按兌換價每股0.60港元兌換為本公司股份（須遵從股份拆細、股份合併、資本化發行及配股相關之標準調整條款）。可換股債券第一批債券之詳情載於日期為二零零七年十月十五日之本公司通函。

於二零零八年七月，本公司發行本金額580,000,000港元之零票息可換股債券（「可換股債券第三批債券」），作為收購Kanson餘下49%股本權益之代價。可換股債券第三批債券為免息，於二零一三年七月二日到期及可於發行日期後任何時間按兌換價每股0.25港元兌換為本公司股份（須遵從股份拆細、股份合併、資本化發行及配股相關之標準調整條款）。可換股債券第三批債券之詳情載於日期為二零零八年六月六日之本公司通函。

根據日期為二零零七年十一月五日及二零零八年四月八日之買賣協議，另一批面值分別為400,000,000港元（「可換股債券第二批債券」）及380,780,000港元（「可換股債券第四批債券」）之零票息可換股債券將於取得有關礦區之開採牌照當日後之第五個營業日發行。可換股債券第二批債券及可換股債券第四批債券分別可按兌換價每股0.60港元及0.25港元兌換為本公司股份。由於尚未取得開採牌照，可換股債券第二批債券及可換股債券第四批債券尚未發行，且並無於財務報表內確認。如附註3(a)(i)及3(a)(ii)所述，勘探牌照在本公司不知情及未經本公司同意或批准之情況下被轉讓。本公司現正就此尋求法律意見。

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

35. CONVERTIBLE BONDS – GROUP AND COMPANY (Continued)

The fair value of the liability components, included in CB1 and CB3, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in the convertible bond equity reserve in the owners' equity.

In August 2010, the Company issued zero coupon convertible bonds ("CB5") in the principal amount of HK\$140,430,000 as a part of the consideration for the acquisition of the Sunlight Group. CB5 bear no interest with maturity date on 9 August 2020 and are convertible into shares of the Company at the conversion price of HK\$0.093 per share (subject to the standard adjustment clauses relating to share sub-division, share consolidation, capitalisation issues and rights issues) at any time after the issue date. Any CB5 which remains outstanding on the maturity date shall be converted automatically into the shares of the Company. Details of CB5 are set out in the Company's circular dated 28 June 2010.

In December 2010, the Company issued zero coupon convertible bonds ("CB6") in the principal amount of HK\$526,880,000 as a part of the consideration for the acquisition of the China International Group. CB6 bear no interest with maturity date on 31 December 2015 and are convertible into shares of the Company at the conversion price of HK\$0.08 per share (subject to the standard adjustment clauses relating to share sub-division, share consolidation, capitalisation issues and rights issues) at any time after the issue date. Any CB6 which remains outstanding on the maturity date shall be converted automatically into the shares of the Company. Details of CB6 are set out in the Company's circular dated 11 October 2010.

35. 可換股債券—本集團及本公司 (續)

可換股債券第一批債券及可換股債券第三批債券負債部分之公平值乃按同等不可換股債券之市場利率計算。餘下金額即為權益轉換部分之價值，並計入擁有人權益之可換股債券權益儲備。

於二零一零年八月，本公司發行本金額140,430,000港元之零票息可換股債券（「可換股債券第五批債券」），作為收購昇暉集團之部分代價。可換股債券第五批債券為免息，於二零二零年八月九日到期及可於發行日期後任何時間按兌換價每股0.093港元兌換為本公司股份（須遵從股份拆細、股份合併、資本化發行及配股相關之標準調整條款）。任何於到期日仍未獲兌換之可換股債券第五批債券將自動兌換為本公司股份。可換股債券第五批債券之詳情載於日期為二零一零年六月二十八日之本公司通函。

於二零一零年十二月，本公司發行本金額526,880,000港元之零票息可換股債券（「可換股債券第六批債券」），作為收購中國國際集團之部分代價。可換股債券第六批債券為免息，於二零一五年十二月三十一日到期及可於發行日期後任何時間按兌換價每股0.08港元兌換為本公司股份（須遵從股份拆細、股份合併、資本化發行及配股相關之標準調整條款）。任何於到期日仍未獲兌換之可換股債券第六批債券將自動兌換為本公司股份。可換股債券第六批債券之詳情載於日期為二零一零年十月十一日之本公司通函。

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

35. CONVERTIBLE BONDS – GROUP AND COMPANY (Continued)

As a part of the consideration for the acquisition of the China International Group, a zero coupon convertible bonds (“CB7”) in the principal amount of HK\$526,880,000 shall be issued upon the final and absolute dismissal, striking-out, withdrawal, discharge, release, settlement or discontinuance of the litigation mentioned in note 49(c), details of which are set out in note 40(b). CB7 bear no interest with maturity date on 31 December 2015 and are convertible into shares of the Company at the conversion price of HK\$0.08 per share (subject to the standard adjustment clauses relating to share sub-division, share consolidation, capitalisation issues and rights issues) at any time after the issue date. Any CB7 which remains outstanding on the maturity date shall be converted automatically into the shares of the Company.

The fair values of CB5, CB6 and CB7 were calculated using the income approach and are included in the convertible bond equity reserve in the owners’ equity.

CB1, CB3, CB5, CB6 and CB7 recognised in the statement of financial position are calculated as follows:

		CB1 HK\$'000 可換股債券 第一批債券 千港元	CB3 HK\$'000 可換股債券 第三批債券 千港元	CB5 HK\$'000 可換股債券 第五批債券 千港元	CB6 HK\$'000 可換股債券 第六批債券 千港元	CB7 HK\$'000 可換股債券 第七批債券 千港元	Total HK\$'000 總計 千港元
Face value of convertible bonds issued	已發行可換股債券之 面值	365,000	580,000	140,430	526,880	526,880	2,139,190
Proceeds of issue (fair value on initial recognition)	發行收益(首次確認之 公平值)	365,467	363,506	174,178	342,557	342,557	1,588,265
Equity component	權益部分	(189,421)	(103,438)	(174,178)	(342,557)	(342,557)	(1,152,151)
Liability component	負債部分	176,046	260,068	-	-	-	436,114

35. 可換股債券—本集團及本公司 (續)

本公司將於附註49(c)所述之訴訟(詳情載於附註40(b))最終及完全撤除、消除、撤銷、履行、解除、解決或終止後發行本金額526,880,000港元之零票息可換股債券(「可換股債券第七批債券」),作為收購中國國際集團之部分代價。可換股債券第七批債券為免息,於二零一五年十二月三十一日到期及可於發行日期後任何時間按兌換價每股0.08港元兌換為本公司股份(須遵從股份拆細、股份合併、資本化發行及配股相關之標準調整條款)。任何於到期日仍未獲兌換之可換股債券第七批債券將自動兌換為本公司股份。

可換股債券第五批債券、可換股債券第六批債券及可換股債券第七批債券乃按收入法計算,並計入擁有人權益之可換股債券權益儲備。

於財務狀況表內確認之可換股債券第一批債券、可換股債券第三批債券、可換股債券第五批債券、可換股債券第六批債券及可換股債券第七批債券計算如下:

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

35. CONVERTIBLE BONDS – GROUP AND COMPANY (Continued)

Movement of liability component

Movement of liability component for the years ended 31 December 2010 and 2009 is as follows:

		2010 二零一零年			2009 二零零九年		
		CB1 HK\$'000 可換股債券 第一批債券 千港元	CB3 HK\$'000 可換股債券 第三批債券 千港元	Total HK\$'000 總計 千港元	CB1 HK\$'000 可換股債券 第一批債券 千港元	CB3 HK\$'000 可換股債券 第三批債券 千港元	Total HK\$'000 總計 千港元
At the beginning of the year	於年初	19,001	278	19,279	88,414	104,248	192,662
Exercise of convertible bonds	行使可換股債券	(1,140)	-	(1,140)	(73,243)	(106,537)	(179,780)
Imputed interest expenses (note 7)	推算利息費用(附註7)	2,114	39	2,153	3,830	2,567	6,397
At the end of the year	於年末	19,975	317	20,292	19,001	278	19,279

Movement of equity component

Movement of equity component for the years ended 31 December 2010 and 2009 is as follows:

		CB1 HK\$'000 可換股債券 第一批債券 千港元	CB3 HK\$'000 可換股債券 第三批債券 千港元	CB5 HK\$'000 可換股債券 第五批債券 千港元	CB6 HK\$'000 可換股債券 第六批債券 千港元	CB7 HK\$'000 可換股債券 第七批債券 千港元	Total HK\$'000 總計 千港元
At 1 January 2009	於二零零九年一月一日	81,872	38,500	-	-	-	120,372
Issue of shares upon conversion	於兌換時發行股份	(66,023)	(38,445)	-	-	-	(104,468)
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	15,849	55	-	-	-	15,904
Equity component upon initial recognition (notes 40(a) and (b))	首次確認時權益部分 (附註40(a)及(b))	-	-	174,178	342,557	342,557	859,292
Issue of shares upon conversion	於兌換時發行股份	(944)	-	(174,178)	-	-	(175,122)
At 31 December 2010	於二零一零年十二月 三十一日	14,905	55	-	342,557	342,557	700,074

The fair value of the liability components of CB1 and CB3 at the dates of issue amounted to approximately HK\$176 million and HK\$260 million respectively.

35. 可換股債券—本集團及本公司 (續)

負債部分變動

於截至二零一零年及二零零九年十二月三十一日止年度之負債部分變動如下：

權益部分變動

於截至二零一零年及二零零九年十二月三十一日止年度之權益部分變動如下：

於發行日，可換股債券第一批債券及可換股債券第三批債券負債部分之公平值分別約為176,000,000港元及260,000,000港元。

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

35. CONVERTIBLE BONDS – GROUP AND COMPANY (Continued)

Interest expense on the bonds is calculated using effective interest method by applying interest rate of 15.7% and 17.4% per annum to the liability components of CB1 and CB3 respectively.

During the year, none (2009: 209,000,000) and 3,543,000 (2009: 3,543,000) new ordinary shares in aggregate were issued, at the conversion price of HK\$0.60 and HK\$0.508 (as adjusted) per share respectively, to the bond holders upon the conversion of CB1. The conversion price was adjusted to HK\$0.508 as a result of the open offer in 2009. As a result, there was an increase in share capital and share premium of HK\$36,000 (2009: HK\$2,125,000) (note 37(a)) and HK\$2,048,000 (2009: HK\$137,140,000) respectively.

For the year ended 31 December 2009, 862,000,000 new ordinary shares in aggregate were issued, at the conversion price of HK\$0.25 per share, to the bond holders upon the conversion of CB3. As a result, there was an increase in share capital and share premium of HK\$8,620,000 (note 37(b)) and HK\$136,361,000 respectively for the year ended 31 December 2009. As a result of the open offer in 2009, the conversion price was adjusted to HK\$0.212 subsequently.

During the year, 1,510,000,000 new ordinary shares in aggregate were issued, at the conversion price of HK\$0.093 per share, to the bond holders upon the conversion of CB5 (note 37(c)). As a result, there was an increase in share capital and share premium of HK\$15,100,000 and HK\$159,078,000 respectively.

35. 可換股債券—本集團及本公司 (續)

債券之利息費用乃按實際利率法以年利率15.7%及17.4%分別就可換股債券第一批債券及可換股債券第三批債券負債部分計算。

於本年度內，本公司於可換股債券第一批債券進行兌換時按每股兌換價0.60港元及0.508港元（經調整）向債券持有人分別發行合共零股（二零零九年：209,000,000股）及3,543,000股（二零零九年：3,543,000股）新普通股。兌換價因二零零九年進行公開發售而調整為0.508港元。因此，其股本及股份溢價分別增加36,000港元（二零零九年：2,125,000港元）（附註37(a)）及2,048,000港元（二零零九年：137,140,000港元）。

截至二零零九年十二月三十一日止年度，本公司於可換股債券第三批債券進行兌換時按每股兌換價0.25港元向債券持有人發行合共862,000,000股新普通股。因此，截至二零零九年十二月三十一日止年度，其股本及股份溢價分別增加8,620,000港元（附註37(b)）及136,361,000港元。兌換價因二零零九年進行公開發售而調整為0.212港元。

於本年度內，本公司於可換股債券第五批債券進行兌換時按每股兌換價0.093港元向債券持有人發行合共1,510,000,000股新普通股（附註37(c)）。因此，其股本及股份溢價分別增加15,100,000港元及159,078,000港元。

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

36. DEFERRED TAX – GROUP

Movement in deferred tax assets and liabilities during the year is as follows:

Deferred tax liabilities	遞延稅項負債	Fair value adjustment on business combination HK\$'000 就業務合併作出之公平值調整 千港元
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	-
Acquisition of subsidiaries (notes 40(a) and (b))	收購附屬公司(附註40(a)及(b))	532,309
Credited to profit or loss (note 9)	計入損益表(附註9)	(1,602)
		<hr/>
At 31 December 2010	於二零一零年十二月三十一日	530,707
		<hr/>
Deferred tax assets	遞延稅項資產	Accelerated capital allowances HK\$'000 加速資本免稅額 千港元
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	-
Acquisition of a subsidiary (note 40(b))	收購一間附屬公司(附註40(b))	13,064
		<hr/>
At 31 December 2010	於二零一零年十二月三十一日	13,064
		<hr/>

The Group has unrecognised tax losses of HK\$3,017,000 (2009: HK\$776,000) to carry forward against future taxable income. Deferred tax assets have not been recognised in respect of the tax losses as these were incurred by the companies that have been loss-making for some time. These tax losses do not expire under current legislation.

36. 遞延稅項－本集團

年內遞延稅項資產及負債之變動如下：

Deferred tax assets	遞延稅項資產	Accelerated capital allowances HK\$'000 加速資本免稅額 千港元
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	-
Acquisition of a subsidiary (note 40(b))	收購一間附屬公司(附註40(b))	13,064
		<hr/>
At 31 December 2010	於二零一零年十二月三十一日	13,064
		<hr/>

本集團擁有3,017,000港元未確認稅項虧損(二零零九年：776,000港元)可結轉用以抵銷未來應課稅收入。並無就稅項虧損確認遞延稅項資產，因為有關虧損乃由已虧損一段時間之公司所產生。根據目前法律，該等稅項虧損並未到期。

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

37. SHARE CAPITAL

37. 股本

	Notes 附註	2010 二零一零年		2009 二零零九年	
		Number of shares '000 股份數目 千股	HK\$'000 千港元	Number of shares '000 股份數目 千股	HK\$'000 千港元
Authorised: Ordinary shares of HK\$0.01 each					
At 1 January		20,000,000	200,000	20,000,000	200,000
Increase in authorised ordinary shares	(h)	30,000,000	300,000	-	-
At 31 December		50,000,000	500,000	20,000,000	200,000
Issued and fully paid: At 1 January, ordinary shares of HK\$0.01 each		7,361,043	73,610	3,024,720	30,247
Exercise of convertible bonds and issue of shares	(a)、(b) 及(c)	1,513,543	15,136	1,074,543	10,745
Shares issued in August 2009	(d)	-	-	809,280	8,093
Shares issued in October 2009	(e)	-	-	2,452,500	24,525
Shares issued in August 2010	(f)	1,510,000	15,100	-	-
Shares issued in December 2010	(g)	3,078,000	30,780	-	-
At 31 December, ordinary shares of HK\$0.01 each		13,462,586	134,626	7,361,043	73,610

Notes:

- (a) During the year, none (2009: 209,000,000) and 3,543,000 (2009: 3,543,000) new ordinary shares in aggregate were issued, at the conversion price of HK\$0.60 and HK\$0.508 (as adjusted) per share respectively, to the bond holders upon the conversion of CB1 (note 35). As a result, there was an increase in share capital and share premium of HK\$36,000 (2009: HK\$2,125,000) and HK\$2,048,000 (2009: HK\$137,140,000) respectively.

附註:

- (a) 年內，本公司於可換股債券第一批債券進行兌換時分別按每股兌換價0.60港元及0.508港元（經調整）向債券持有人發行合共零股（二零零九年：209,000,000股）及3,543,000股（二零零九年：3,543,000股）新普通股（附註35）。因此，其股本及股份溢價分別增加36,000港元（二零零九年：2,125,000港元）及2,048,000港元（二零零九年：137,140,000港元）。

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

37. SHARE CAPITAL (Continued)

- (b) For the year ended 31 December 2009, 862,000,000 new ordinary shares in aggregate were issued, at the conversion price of HK\$0.25 per share, to the bond holders upon the conversion of CB3 (note 35). As a result, there was an increase in share capital and share premium of HK\$8,620,000 and HK\$136,361,000 respectively for the year ended 31 December 2009. During the year, no such share was issued.
- (c) For the year ended 31 December 2010, 1,510,000,000 new ordinary shares in aggregate were issued, at the conversion price of HK\$0.093 per share, to the bond holders upon the conversion of CB5 (note 35). As a result, there was an increase in share capital and share premium of HK\$15,100,000 and HK\$159,078,000 respectively.
- (d) On 6 August 2009 and 10 August 2009, the Company entered into a placement agreement and a supplemental agreement respectively with Mayfair Securities Limited ("Mayfair Securities") as placing agent, pursuant to which an aggregate of 809,280,000 new ordinary shares were placed by Mayfair Securities on behalf of the Company, at the price of HK\$0.137 per placing share with the independent investors. As a result, the Company issued 809,280,000 new ordinary shares at HK\$0.137 per share on 20 August 2009. As a result, there was an increase in share capital and share premium of HK\$8,093,000 and HK\$102,779,000 respectively. Details of the placing are set out in the Company's announcements dated 7 August, 10 August and 20 August 2009.

37. 股本 (續)

- (b) 截至二零零九年十二月三十一日止年度，本公司於可換股債券第三批債券進行兌換時按每股兌換價0.25港元向債券持有人發行合共862,000,000股新普通股（附註35）。因此，截至二零零九年十二月三十一日止年度，其股本及股份溢價分別增加8,620,000港元及136,361,000港元。於本年度，本公司概無發行有關股份。
- (c) 截至二零一零年十二月三十一日止年度，本公司於可換股債券第五批債券進行兌換時按每股兌換價0.093港元向債券持有人發行合共1,510,000,000股新普通股（附註35）。因此，其股本及股份溢價分別增加15,100,000港元及159,078,000港元。
- (d) 於二零零九年八月六日及二零零九年八月十日，本公司與配售代理美輝證券有限公司（「美輝證券」）分別訂立一份配售協議及一份補充協議，據此，美輝證券代表本公司以每股配售股份0.137港元之價格向獨立投資者配售合共809,280,000股新普通股。因此，於二零零九年八月二十日，本公司以每股0.137港元之價格發行809,280,000股新普通股。因此，其股本及股份溢價分別增加8,093,000港元及102,779,000港元。配售詳情載於日期為二零零九年八月七日、八月十日及八月二十日之本公司公佈。

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

37. SHARE CAPITAL (Continued)

- (e) On 25 August 2009, the Company entered into an underwriting agreement with Kingston Securities Limited relating to the open offer at the subscription price of HK\$0.08 per offer share to its shareholders on the basis of one offer share for every two shares of the Company recorded on the register of members of the Company on 15 September 2009. As a result, the Company issued 2,452,500,000 new ordinary shares at HK\$0.08 per share in October 2009. As a result, there was an increase in share capital and share premium of HK\$24,525,000 and HK\$171,675,000 respectively. Details of the open offer are set out in the Company's announcements dated 26 August 2009 and 7 October 2009 and the Company's prospectus dated 16 September 2009.
- (f) On 10 August 2010, 1,510,000,000 new ordinary shares of HK\$0.01 each were issued as part of the consideration for the acquisition of entire interests of Sunlight Rise, as detailed in note 40(a). As a result, there was an increase in share capital and share premium of HK\$15,100,000 and HK\$194,790,000 respectively.
- (g) On 31 December 2010, 3,078,000,000 new ordinary shares of HK\$0.01 each were issued as part of the consideration for the acquisition of entire interests of China International, as detailed in note 40(b). As a result, there was an increase in share capital and share premium of HK\$30,780,000 and HK\$230,850,000 respectively.
- (h) By a special resolution dated 28 October 2010, the authorised share capital of the Company was increased from HK\$200,000,000 divided into 20,000,000,000 ordinary shares of HK\$0.01 each to HK\$500,000,000 by the creation of a further 30,000,000,000 of HK\$0.01 each ranking pari passu in all respects with the existing shares of the Company.

All issued new ordinary shares in 2009 and 2010 rank pari passu with other shares in issue in all respects.

37. 股本 (續)

- (e) 於二零零九年八月二十五日，本公司與金利豐證券有限公司就按於二零零九年九月十五日本公司股東名冊之記錄每持有兩股本公司股份獲發一股發售股份之基準，按認購價每股發售股份0.08港元向其股東公開發售股份訂立一份包銷協議。因此，本公司於二零零九年十月以每股0.08港元之價格發行2,452,500,000股新普通股。因此，其股本及股份溢價分別增加24,525,000港元及171,675,000港元。公開發售之詳情載於日期為二零零九年八月二十六日及二零零九年十月七日之本公司公佈以及日期為二零零九年九月十六日之本公司售股章程。
- (f) 於二零一零年八月十日，本公司發行1,510,000,000股每股面值0.01港元之新普通股，作為收購昇暉全部權益之部分代價（詳見附註40(a)）。因此，其股本及股份溢價分別增加15,100,000港元及194,790,000港元。
- (g) 於二零一零年十二月三十一日，本公司發行3,078,000,000股每股面值0.01港元之新普通股，作為收購中國國際全部權益之部分代價（詳見附註40(b)）。因此，其股本及股份溢價分別增加30,780,000港元及230,850,000港元。
- (h) 根據日期為二零一零年十月二十八日之特別決議案，本公司藉增設額外30,000,000,000股每股面值0.01港元之股份將法定股本由200,000,000港元（分為20,000,000,000股每股面值0.01港元之普通股）增加至500,000,000港元，並在所有方面與本公司現有股份享有同等權益。

二零零九年及二零一零年之所有已發行新普通股在各方面與其他已發行股份享有同等權益。

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

38. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein during the year are presented in the consolidated statement of changes in equity.

The share premium account includes

- (i) the difference between the combined net asset value of the subsidiaries acquired pursuant to the Group reorganisation in 2001, over the nominal value of the share capital of the Company issued in exchange therefore;
- (ii) the premium arising from the capitalisation issue in the previous years;
- (iii) issue of shares of the Company at a premium net of the transaction costs associated with the issue of shares; and
- (iv) amount transferred from other equity reserves upon exercise of share options and conversion of convertible bonds.

38. 儲備

(a) 本集團

本集團於年內之儲備金額及儲備變動情況載於綜合權益變動表。

股份溢價賬包括

- (i) 根據本集團於二零零一年之重組收購之附屬公司之合併資產淨值超出本公司就交換而發行之股本面值之差額；
- (ii) 過往年度資本化發行產生之溢價；
- (iii) 本公司以溢價（已扣除發行股份相關交易成本）發行股份；及
- (iv) 於行使購股權及兌換可換股債券時從其他權益儲備轉撥之款項。

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

38. RESERVES (Continued)

(b) Company

		Share premium HK\$'000 股份溢價 千港元	Capital reserve HK\$'000 股本儲備 千港元	Convertible bond equity reserve HK\$'000 可換股債券權益儲備 千港元	Accumulated losses HK\$'000 累計虧損 千港元	Total HK\$'000 總計 千港元
At 1 January 2009	於二零零九年一月一日	903,048	140,667	120,372	(395,581)	768,506
Issue of shares upon placing and open offer (notes 37(d) and (e))	於配售及公开发售時發行股份(附註37(d)及(e))	274,454	-	-	-	274,454
Issue of shares upon conversion of convertible bonds (notes 37(a) and (b))	於兌換可換股債券時發行股份(附註37(a)及(b))	273,501	-	(104,468)	-	169,033
Net loss for the year	本年度虧損淨額	-	-	-	(669,839)	(669,839)
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	1,451,003	140,667	15,904	(1,065,420)	542,154
Issue of shares upon acquisition of subsidiaries (notes 37(f) and (g))	於收購附屬公司時發行股份(附註37(f)及(g))	425,640	-	-	-	425,640
Issue of convertible bonds upon acquisition of subsidiaries (note 35)	於收購附屬公司時發行可換股債券(附註35)	-	-	859,292	-	859,292
Issue of shares upon conversion of convertible bonds (notes 37(a) and (c))	於兌換可換股債券時發行股份(附註37(a)及(c))	161,126	-	(175,122)	-	(13,996)
Net loss for the year	本年度虧損淨額	-	-	-	(370,008)	(370,008)
At 31 December 2010	於二零一零年十二月三十一日	2,037,769	140,667	700,074	(1,435,428)	1,443,082

Details of the share premium account of the Company are set out in note 38(a) above.

本公司股份溢價賬詳情載於上述附註38(a)。

38. 儲備 (續)

(b) 本公司

		Share premium HK\$'000 股份溢價 千港元	Capital reserve HK\$'000 股本儲備 千港元	Convertible bond equity reserve HK\$'000 可換股債券權益儲備 千港元	Accumulated losses HK\$'000 累計虧損 千港元	Total HK\$'000 總計 千港元
At 1 January 2009	於二零零九年一月一日	903,048	140,667	120,372	(395,581)	768,506
Issue of shares upon placing and open offer (notes 37(d) and (e))	於配售及公开发售時發行股份(附註37(d)及(e))	274,454	-	-	-	274,454
Issue of shares upon conversion of convertible bonds (notes 37(a) and (b))	於兌換可換股債券時發行股份(附註37(a)及(b))	273,501	-	(104,468)	-	169,033
Net loss for the year	本年度虧損淨額	-	-	-	(669,839)	(669,839)
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	1,451,003	140,667	15,904	(1,065,420)	542,154
Issue of shares upon acquisition of subsidiaries (notes 37(f) and (g))	於收購附屬公司時發行股份(附註37(f)及(g))	425,640	-	-	-	425,640
Issue of convertible bonds upon acquisition of subsidiaries (note 35)	於收購附屬公司時發行可換股債券(附註35)	-	-	859,292	-	859,292
Issue of shares upon conversion of convertible bonds (notes 37(a) and (c))	於兌換可換股債券時發行股份(附註37(a)及(c))	161,126	-	(175,122)	-	(13,996)
Net loss for the year	本年度虧損淨額	-	-	-	(370,008)	(370,008)
At 31 December 2010	於二零一零年十二月三十一日	2,037,769	140,667	700,074	(1,435,428)	1,443,082

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

39. SHARE-BASED COMPENSATION

The Company has a share option scheme, which was adopted on 6 June 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date (the "Scheme"), for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, any person or entity that provides research, development or other technological support to the Group and any non-controlling shareholder in the Company's subsidiaries.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is equivalent to 10% of the shares of the Company in issue at any time.

Pursuant to the extraordinary general meeting passed on 8 December 2009, the general scheme limit of the Company's share option scheme has been reset to 736,104,000 shares, representing 10% of the Company's issued share capital on the date of meeting, with the passing of ordinary resolution, which allows the Company to grant further options carrying the rights to subscribe for a maximum of 736,104,000 shares. As at the date of the approval of these financial statements, no option has been granted pursuant to the Scheme.

The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1%, of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

39. 以股份為基礎之補償

本公司設有購股權計劃（「計劃」），藉此獎勵及回饋對本集團營運成功有貢獻之合資格參與者。於二零零二年六月六日採納之計劃除非另行取消或修訂，否則由該日期起計10年內將一直有效。計劃之合資格參與者包括本公司之董事、獨立非執行董事、本集團之其他僱員、本集團之貨品或服務供應商、本集團之顧客、向本集團提供研究、發展或其他技術支援之任何人士或實體及本公司附屬公司之任何非控股股東。

目前根據計劃容許授出之尚未行使購股權之最高數目為相等於本公司於任何時間已發行股份之10%。

根據於二零零九年十二月八日舉行之股東特別大會，本公司購股權計劃之一般計劃限額已重新設定為736,104,000股股份（佔大會舉行日期本公司已發行股本之10%），隨著普通決議案獲通過，本公司可進一步授出附有最多可認購736,104,000股股份權利之購股權。於該等財務報表批准日期，概無根據計劃授出任何購股權。

在任何十二個月期間內，根據購股權可向計劃內之每名合資格參與者發行之最高股份數目不得超逾本公司於任何時間已發行股份之1%。倘進一步授出超逾此限額之購股權，則須在股東大會上取得股東批准。

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

39. SHARE-BASED COMPENSATION (Continued)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors, in addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors of the Company, but may not be less than the higher of:

- (a) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options;
- (b) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and
- (c) the nominal value of the shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

There was no share option granted or exercised in 2010 and 2009. As at 31 December 2010 and 2009, the Group has no outstanding share option.

Subsequent to the reporting date and up to the date of the approval of these financial statements, no additional share options were granted.

39. 以股份為基礎之補償 (續)

授予本公司董事、主要行政人員或主要股東或彼等之任何聯繫人之購股權，須事先取得獨立非執行董事之批准。此外，在任任何十二個月期間內授予本公司之主要股東或獨立非執行董事或彼等之任何聯繫人之任何購股權，倘超逾本公司於任何時間已發行股份之0.1%或總值超逾5,000,000港元（根據於授出日期本公司之股價而釐定）者，則須事先在股東大會上取得股東批准。

授出購股權之建議須於授出購股權建議之日起計28日內獲接納，承授人亦須就此繳交合共1港元之名義代價。所授出之購股權之行使期由本公司董事決定，期限在購股權歸屬承授人後開始，而屆滿日期不得遲於建議授出購股權日期起計10年或計劃屆滿之日（以較早發生者為準）。

購股權之行使價由本公司董事決定，惟不得低於以下之較高者：

- (a) 於建議授出購股權之日期本公司股份於聯交所之收市價；
- (b) 本公司股份於緊接建議授出購股權日期前五個交易日在聯交所之平均收市價；及
- (c) 股份之面值。

購股權並無賦予持有人收取股息或於股東大會上投票之權利。

於二零一零年及二零零九年並無授出或行使購股權。於二零一零年及二零零九年十二月三十一日，本集團並無尚未行使之購股權。

於報告日期後及截至該等財務報表批准日期，概無授出任何額外購股權。

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

40. BUSINESS COMBINATIONS

(a) The Sunlight Group

As described in note 1 to the financial statements, on 10 August 2010, the Group completed the acquisition of 100% equity interest in Sunlight Rise, in which Sunlight Rise holds 100% equity interest in both Pride Treasure Limited and Ontop Finance Limited and 60% equity interest in Shanxi Zhong Kai Lingshi (i.e. the Sunlight Group) through the wholly-owned subsidiary of the Company, at the consideration comprising of cash of HK\$70,000,000, the consideration shares with fair value of HK\$209,890,000 and the convertible bonds with fair value of HK\$174,178,000 (i.e. CB5 (note 35)). The principal activity of the Sunlight Group is the supply of electricity and heat in the PRC. The acquisition was made as the Group intended to expand its existing business to generating and supplying electricity and heat in the PRC.

Details of net identifiable assets acquired and goodwill are as follows:

40. 業務合併

(a) 昇暉集團

如財務報表附註1所述，於二零一零年八月十日，本集團完成收購於昇暉之全部股本權益，當中，昇暉透過本公司之全資附屬公司持有傲財有限公司及宏達融資有限公司之全部股本權益，以及持有山西中凱靈石（即昇暉集團）之60%股本權益，代價包括現金70,000,000港元、公平值為209,890,000港元之代價股份及公平值為174,178,000港元之可換股債券（即可換股債券第五批債券（附註35））。昇暉集團之主要業務為於中國從事熱電供應。是項收購乃由於本集團有意擴張於中國發電、供電及供熱之現有業務。

收購之可辨認資產淨值及商譽之詳情如下：

		2010 HK\$'000 二零一零年 千港元
Purchase consideration:	購買代價：	
– Cash	– 現金	70,000
– Fair value of shares issued (note 37(f))	– 已發行股份之公平值（附註37(f)）	209,890
– Fair value of convertible bonds issued (note 35)	– 已發行可換股債券之公平值（附註35）	174,178
Total purchase consideration	購買總代價	454,068
Fair value of net identifiable assets acquired	收購之可辨認資產淨值之公平值	(130,702)
Goodwill (note 19)	商譽（附註19）	323,366

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

40. BUSINESS COMBINATIONS (Continued)

(a) The Sunlight Group (Continued)

The fair values of the identifiable assets and liabilities arising from the acquisition as at the date of acquisition and the corresponding carrying amounts immediately prior to the acquisition are as follows:

		Fair value HK\$'000	Acquiree's carrying amount HK\$'000
		公平值 千港元	被收購方之 賬面值 千港元
Property, plant and equipment (note 16(a))	物業、廠房及設備(附註16(a))	305,844	305,844
Prepaid land lease payments (note 17)	預付土地租賃款項(附註17)	28,921	28,921
Intangible assets (note 22)	無形資產(附註22)	25,235	-
Prepayments, deposits, other receivables and other assets	預付款項、按金、其他應收款項及其他資產	40,781	40,781
Inventories	存貨	2,127	2,127
Trade receivables	應收貿易賬項	11,024	11,024
Pledged bank deposits	已抵押銀行存款	915	915
Cash at banks and in hand	銀行結存及手頭現金	116,455	116,455
Trade payables	應付貿易賬項	(15,916)	(15,916)
Bank borrowings	銀行借款	(31,922)	(31,922)
Amounts due to non-controlling shareholder	應付非控股股東款項	(75,448)	(75,448)
Other payables, accruals and other liabilities	其他應付款項、應計款項及其他負債	(131,047)	(131,047)
Deferred tax liabilities (note 36)	遞延稅項負債(附註36)	(6,309)	-
Net assets	資產淨值	270,660	251,734
Non-controlling interests	非控股股東權益	(139,958)	
Net identified assets acquired	收購之已辨認資產淨值	130,702	
Purchase consideration settled in cash in 2009	於二零零九年以現金結算之購買代價		(35,000)
Cash at banks and in hand in the subsidiaries acquired	收購之附屬公司之銀行結存及手頭現金		116,455
Cash inflow on acquisition	收購事項現金流入		81,455

40. 業務合併(續)

(a) 昇暉集團(續)

收購事項所產生之可辨認資產及負債於收購日期之公平值以及緊接收購事項前之相應賬面值如下：

	Fair value HK\$'000	Acquiree's carrying amount HK\$'000
	公平值 千港元	被收購方之 賬面值 千港元
Property, plant and equipment (note 16(a))	305,844	305,844
Prepaid land lease payments (note 17)	28,921	28,921
Intangible assets (note 22)	25,235	-
Prepayments, deposits, other receivables and other assets	40,781	40,781
Inventories	2,127	2,127
Trade receivables	11,024	11,024
Pledged bank deposits	915	915
Cash at banks and in hand	116,455	116,455
Trade payables	(15,916)	(15,916)
Bank borrowings	(31,922)	(31,922)
Amounts due to non-controlling shareholder	(75,448)	(75,448)
Other payables, accruals and other liabilities	(131,047)	(131,047)
Deferred tax liabilities (note 36)	(6,309)	-
Net assets	270,660	251,734
Non-controlling interests	(139,958)	
Net identified assets acquired	130,702	
Purchase consideration settled in cash in 2009		(35,000)
Cash at banks and in hand in the subsidiaries acquired		116,455
Cash inflow on acquisition		81,455

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

40. BUSINESS COMBINATIONS (Continued)

(a) The Sunlight Group (Continued)

The goodwill arose in the acquisition because the cost of the business combination included intangible assets that do not qualify for separate recognition. No goodwill is expected to be deductible for tax purpose.

The fair value and the gross amount of trade and other receivables amount to HK\$21,010,000. None of these receivables have been impaired and it is expected that the full contractual amounts can be collected.

Transaction costs of HK\$3,468,000 have been expensed and are included in administrative expenses.

The fair value of the shares issued was based on the published share price on the acquisition date. The fair value of convertible bonds was determined by the income approach.

The Group has elected to measure the non-controlling interests in this acquisition at proportionate share of the acquiree's identifiable net assets.

Since the acquisition, the Sunlight Group contributed revenue and the loss of HK\$44,413,000 and HK\$55,290,000 respectively to the Group for the year ended 31 December 2010.

Had the acquisition been taken place at 1 January 2010, the revenue and the loss of the Group for the year ended 31 December 2010 would have been approximately HK\$105,006,000 and HK\$3,726,000 respectively. The pro forma information was for illustrative purposes only and was not necessarily indicative of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 January 2010 nor are they intended to be projection of future results.

40. 業務合併 (續)

(a) 昇暉集團 (續)

由於業務合併成本包括不符合獨立確認資格之無形資產，故是項收購產生商譽。預期並無商譽會扣稅。

應收貿易賬項及其他應收款項之公平值及總額為21,010,000港元。該等應收款項並無減值，且預期合約款項可全數收回。

3,468,000港元之交易成本於行政開支內支銷。

已發行股份之公平值乃根據收購日期之已公佈股價釐定。可換股債券之公平值以收入法釐定。

本集團已選擇按應佔被收購方之可辨認資產淨值比例計量是項收購之非控股股東權益。

自收購事項以來，於截至二零一零年十二月三十一日止年度，昇暉集團向本集團貢獻收益及虧損分別為44,413,000港元及55,290,000港元。

倘收購事項於二零一零年一月一日發生，截至二零一零年十二月三十一日止年度，本集團之收益及虧損分別約為105,006,000港元及3,726,000港元。備考資料僅供說明之用，並非說明倘該收購事項已於二零一零年一月一日完成之情況下，本集團可實際錄得之收益及業績，亦不擬作為未來業績之預測。

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

40. BUSINESS COMBINATIONS (Continued)

(b) The China International Group

As described in note 1 to the financial statements, on 31 December 2010, the Group completed the acquisition of 100% equity interest in China International through the wholly-owned subsidiary of the Company, at the consideration comprising of cash of HK\$150,000,000, the promissory notes with fair value of HK\$43,854,000, the consideration shares with fair value of HK\$261,630,000 and the convertible bonds with fair value of HK\$685,114,000 (i.e. CB6 and CB7 (note 35)). The principal activity of the China International Group is oil production in the PRC. Details of the operations are set out in note 43. The acquisition was made as the Group took initiative in identifying investment opportunities that will broaden the Group's revenue sources.

Details of net identifiable assets acquired and excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost are as follows:

		HK\$'000 千港元
Purchase consideration:	購買代價：	
– Cash paid	– 已付現金	150,000
– Fair value of promissory notes issued (note 34)	– 已發行本票之公平值(附註34)	43,854
– Fair value of shares issued (note 37(g))	– 已發行股份之公平值(附註37(g))	261,630
– Fair value of convertible bonds issued (i.e. CB6) (note 35)	– 已發行可換股債券(即可換股債券第六批債券)之公平值(附註35)	342,557
– Fair value of convertible bonds (i.e. CB7) (note 35 and note (i) below)	– 可換股債券(即可換股債券第七批債券)之公平值(附註35及下文附註(i))	342,557
Total purchase consideration	購買總代價	1,140,598
Fair value of net identifiable assets acquired	收購之可辨認資產淨值之公平值	(1,746,868)
Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	收購方應佔被收購方之可辨認資產、負債及或然負債之公平淨值權益超過成本之數額	606,270

40. 業務合併(續)

(b) 中國國際集團

如財務報表附註1所述，於二零一零年十二月三十一日，本集團透過本公司之全資附屬公司完成收購於中國國際之全部股本權益，代價包括現金150,000,000港元、公平值為43,854,000港元之本票、公平值為261,630,000港元之代價股份及公平值為685,114,000港元之可換股債券(即可換股債券第六批債券及可換股債券第七批債券(附註35))。中國國際集團之主要業務為於中國從事產油。有關業務之詳情載於附註43。是項收購乃由於本集團致力物色投資商機，以擴闊其收益來源。

收購之可辨認資產淨值及收購方應佔被收購方之可辨認資產、負債及或然負債之公平淨值權益超過成本之數額之詳情如下：

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

40. BUSINESS COMBINATIONS (Continued)

(b) The China International Group (Continued)

The fair values of the identifiable assets and liabilities arising from the acquisition as at the date of acquisition and the corresponding carrying amounts immediately prior to the acquisition are as follows:

40. 業務合併 (續)

(b) 中國國際集團 (續)

收購事項所產生之可辨認資產及負債於收購日期之公平值以及緊接收購事項前之相應賬面值如下：

		Fair value HK\$'000	Acquiree's carrying amount HK\$'000
		公平值 千港元	被收購方之 賬面值 千港元
Property, plant and equipment (note 16(a))	物業、廠房及設備 (附註16(a))	130,483	130,483
Intangible assets (note 22)	無形資產 (附註22)	2,109,133	5,133
Prepayments, deposits, other receivables and other assets	預付款項、按金、 其他應收款項及其他資產	18,769	18,769
Indemnification assets (note 23)	彌償資產 (附註23)	5,000	-
Trade receivables	應收貿易賬項	12,739	12,739
Cash at banks and in hand	銀行結存及手頭現金	80,117	80,117
Deferred tax assets (note 36)	遞延稅項資產 (附註36)	13,064	13,064
Other payables, accruals and other liabilities	其他應付款項、應計款項及 其他負債	(96,437)	(96,437)
Deferred tax liabilities (note 36)	遞延稅項負債 (附註36)	(526,000)	-
Net identified assets acquired/Net assets	收購之已辨認資產淨值/ 資產淨值	1,746,868	163,868
Purchase consideration settled in cash in 2009	於二零零九年以現金結算之 購買代價		(150,000)
Cash at banks and in hand in the subsidiaries acquired	收購之附屬公司之銀行結存及 手頭現金		80,117
Cash outflow on acquisition	收購事項現金流出		(69,883)

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

40. BUSINESS COMBINATIONS (Continued)

(b) The China International Group (Continued)

Note:

- (i) Pursuant to the sale and purchase agreement, CB7 shall be issued upon the final and absolute dismissal, striking-out, withdrawal, discharge, release, settlement or discontinuance of the litigation mentioned in note 49(c). As there is the undertaking of the indemnification of the litigation by the vendor (note 23), the whole CB7 is expected to be issued upon the final and absolute dismissal, striking-out, withdrawal, discharge, release, settlement or discontinuance of the litigation.

The excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost arose in the acquisition because the Group obtained some intangible assets arising from the business combination.

Indemnification assets of HK\$5,000,000 were recognised as there is the undertaking of the indemnification of the litigation by the vendor. The amount was calculated based on the possible outcome of the litigation (note 49(c)).

The fair value and the gross amount of trade and other receivables amount to HK\$30,233,000. None of these receivables have been impaired and it is expected that the full contractual amounts can be collected.

Transaction costs of HK\$3,517,000 have been expensed and are included in administrative expenses.

The fair value of the shares issued was based on the published share price on the acquisition date. The fair value of convertible bonds was determined by the income approach. The fair value of promissory notes was calculated at the discounted borrowing rate of 8.99% per annum.

40. 業務合併 (續)

(b) 中國國際集團 (續)

附註：

- (i) 根據買賣協議，本公司將於附註49(c)所述之訴訟最終及完全撤除、消除、撤銷、履行、解除、解決或終止後發行可換股債券第七批債券。由於賣方就訴訟作出彌償保證承諾（附註23），可換股債券第七批債券預期將於訴訟最終及完全撤除、消除、撤銷、履行、解除、解決或終止後全部發行。

由於本集團獲得業務合併所產生之若干無形資產，故是項收購導致收購方應佔被收購方之可辨認資產、負債及或然負債之公平淨值權益超過成本。

由於賣方就訴訟作出彌償保證承諾，故已確認5,000,000港元彌償資產。該金額乃根據訴訟之可能結果而釐定（附註49(c)）。

應收貿易賬項及其他應收款項之公平值及總額為30,233,000港元。該等應收款項並無減值，且預期合約款項可全數收回。

3,517,000港元之交易成本於行政開支內支銷。

已發行股份之公平值乃根據收購日期之已公佈股價釐定。可換股債券之公平值以收入法釐定。本票之公平值乃根據借款貼現率每年8.99%釐定。

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

40. BUSINESS COMBINATIONS (Continued)

(b) The China International Group (Continued)

Since the acquisition, no revenue and results was contributed by the China International Group for the year ended 31 December 2010 as the acquisition was completed on 31 December 2010.

Had the acquisition been taken place at 1 January 2010, the revenue and the profit of the Group for the year ended 31 December 2010 would have been approximately HK\$51,717,000 and HK\$4,058,000 respectively. The pro forma information was for illustrative purposes only and was not necessarily indicative of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 January 2010 nor are they intended to be projection of future results.

(c) An analysis of the net inflow of cash and cash equivalents in respect of the acquisitions of the above subsidiaries is as follows:

Total consideration in cash paid in 2010	於二零一零年支付之現金代價總額
Cash at bank and in hand acquired	收購之銀行結存及手頭現金
– The Sunlight Group	– 昇暉集團
– The China International Group	– 中國國際集團
Net cash inflows in respect of the acquisitions of subsidiaries	有關收購附屬公司之現金流入淨額

There was no business combination occurred for the year ended 31 December 2009.

40. 業務合併 (續)

(b) 中國國際集團 (續)

由於收購事項已於二零一零年十二月三十一日完成，故自收購事項以來，於截至二零一零年十二月三十一日止年度，中國國際集團並無向本集團貢獻任何收益及業績。

倘收購事項於二零一零年一月一日發生，截至二零一零年十二月三十一日止年度，本集團之收益及溢利分別約為51,717,000港元及4,058,000港元。備考資料僅供說明之用，並非說明倘該收購事項已於二零一零年一月一日完成之情況下，本集團可實際錄得之收益及業績，亦不擬作為未來業績之預測。

(c) 有關收購上述附屬公司之現金及現金等值項目流入淨額分析如下：

HK\$'000 千港元
–
116,455
80,117
196,572

截至二零零九年十二月三十一日止年度，本公司並無發生任何業務合併。

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

41. DISPOSALS OF SUBSIDIARIES

For the year ended 31 December 2009

(a) BJFSMI

As mentioned in note 5 to the financial statements, on 29 October 2008, the Group entered into a sale and purchase agreement such that the entire issued share capital of BJFSMI was sold to an independent third party for a consideration of HK\$10,000,000. The disposal was subsequently completed on 16 January 2009. Particulars of the disposal transaction are as follows:

		2009 HK\$'000 二零零九年 千港元
Net assets disposed of:	出售之資產淨值：	
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	10,027
Cash and cash equivalents	現金及現金等值項目	160
Deposits received, other payables and accruals	已收按金、其他應付款項及應計款項	(187)
		10,000
Release of exchange reserve upon disposal	出售時匯兌儲備撥回	(668)
		9,332
Gain on disposal of a subsidiary (note 5)	出售附屬公司之收益(附註5)	668
		10,000
Total consideration	總代價	10,000
Satisfied by cash	以現金支付	10,000

41. 出售附屬公司

截至二零零九年十二月三十一日止年度

(a) 北京森源

如財務報表附註5所述，本集團於二零零八年十月二十九日訂立一份買賣協議，據此，北京森源之全部已發行股本已出售予一名獨立第三方，代價為10,000,000港元。出售其後於二零零九年一月十六日完成。出售交易之詳情如下：

		2009 HK\$'000 二零零九年 千港元
Net assets disposed of:	出售之資產淨值：	
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	10,027
Cash and cash equivalents	現金及現金等值項目	160
Deposits received, other payables and accruals	已收按金、其他應付款項及應計款項	(187)
		10,000
Release of exchange reserve upon disposal	出售時匯兌儲備撥回	(668)
		9,332
Gain on disposal of a subsidiary (note 5)	出售附屬公司之收益(附註5)	668
		10,000
Total consideration	總代價	10,000
Satisfied by cash	以現金支付	10,000

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

41. DISPOSALS OF SUBSIDIARIES (Continued)

For the year ended 31 December 2009 (Continued)

(b) *Wise Mount Management Limited ("Wise Mount") and its subsidiaries*

On 4 December 2008, the Group entered into a sale and purchase agreement such that the entire issued share capital of Wise Mount was sold to an independent third party for a consideration of HK\$30,000. The disposal of Wise Mount and its subsidiaries, namely Win Alliance Development Limited and Tang Shan Win Alliance Wealthy Unit Carpet Limited was subsequently completed on 23 February 2009. Particulars of the disposal transaction are as follows:

		2009 HK\$'000 二零零九年 千港元
Net assets disposed of:	出售之資產淨值：	
Property, plant and equipment	物業、廠房及設備	6,281
Prepaid land lease payments	預付土地租賃款項	8,640
Cash and cash equivalents	現金及現金等值項目	6
Trade payables	應付貿易賬項	(11,521)
Amount due to a non-controlling shareholder	應付非控股股東款項	(1,288)
Deposits received, other payables and accruals	已收按金、其他應付款項及應計款項	(2,088)
		30
Loss on disposal of subsidiaries	出售附屬公司之虧損	—
Total consideration	總代價	30
Satisfied by cash	以現金支付	30

41. 出售附屬公司 (續)

截至二零零九年十二月三十一日 止年度 (續)

(b) 智峰管理有限公司 (「智峰」) 及其 附屬公司

本集團於二零零八年十二月四日訂立一份買賣協議，據此，智峰之全部已發行股本已出售予一名獨立第三方，代價為30,000港元。出售智峰及其附屬公司勝盟發展有限公司及唐山勝盟豐盛工藝製毯有限公司已於二零零九年二月二十三日完成。出售交易之詳情如下：

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

41. DISPOSALS OF SUBSIDIARIES (Continued)

For the year ended 31 December 2009
(Continued)

(c) Orient Carpet and its subsidiary

On 4 December 2008, the Group entered into a sale and purchase agreement such that the entire issued share capital of Orient Carpet was sold to an independent third party for a consideration of HK\$19.3 million of which (a) HK\$12.2 million was used to set off against the net current liabilities of HZOCM being a subsidiary of Orient Carpet and assumed by the independent third party and (b) HK\$7.1 million was paid in cash on completion date. The disposal of Orient Carpet and its subsidiary, namely HZOCM was subsequently completed on 20 March 2009. Particulars of the disposal transaction are as follows:

		2009 HK\$'000 二零零九年 千港元
Net assets disposed of:	出售之資產淨值：	
Property, plant and equipment	物業、廠房及設備	20,455
Prepaid land lease payments	預付土地租賃款項	5,422
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	86
Inventories	存貨	7,321
Trade receivables	應收貿易賬項	1,851
Cash and cash equivalents	現金及現金等值項目	294
Trade payables	應付貿易賬項	(6,061)
Deposits received, other payables and accruals	已收按金、其他應付款項及應計款項	(22,005)
		7,363
Release of exchange reserve upon disposal	出售時匯兌儲備撥回	(8,604)
		(1,241)
Gain on disposal of subsidiaries (note 11)	出售附屬公司之收益(附註11)	8,341
Total consideration	總代價	7,100
Satisfied by cash	以現金支付	7,100

41. 出售附屬公司 (續)

截至二零零九年十二月三十一日
止年度 (續)

(c) 東方地毯及其附屬公司

本集團於二零零八年十二月四日訂立一份買賣協議，據此，東方地毯之全部已發行股本已出售予一名獨立第三方，代價為19,300,000港元，其中(a) 12,200,000港元已用於抵銷惠州東方地毯(為東方地毯之附屬公司)之流動負債淨額(該獨立第三方將承擔該筆款項)，及(b) 7,100,000港元已於完成日以現金支付。出售東方地毯及其附屬公司惠州東方地毯其後已於二零零九年三月二十日完成。出售交易之詳情如下：

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

41. DISPOSALS OF SUBSIDIARIES (Continued)

For the year ended 31 December 2009
(Continued)

(d) *Jackley China and its subsidiaries*

As mentioned in note 5 to the financial statements, on 30 April 2009, the Group entered into a sale and purchase agreement such that the entire issued share capital of Jackley China was sold to an independent third party for a cash consideration of HK\$1. The disposal of Jackley China and its subsidiaries, namely Orient Finance (Hong Kong) Limited, Charvix Concrete Company Limited, Jackley Macao Commercial Offshore Limited and Jackley Carpet Limited was completed on the same date. Particulars of the disposal transaction are as follows:

		2009 HK\$'000 二零零九年 千港元
Net liabilities disposed of:	出售之負債淨額：	
Deposits received, other payables and accruals	已收按金、其他應付款項及應計款項	(2)
		(2)
Gain on disposal of subsidiaries (note 5)	出售附屬公司之收益(附註5)	2
Total consideration	總代價	-
Satisfied by cash	以現金支付	-

41. 出售附屬公司 (續)

截至二零零九年十二月三十一日
止年度 (續)

(d) *Jackley China及其附屬公司*

如財務報表附註5所述，本集團於二零零九年四月三十日訂立一份買賣協議，據此，Jackley China之全部已發行股本已出售予一名獨立第三方，現金代價為1港元。出售Jackley China及其附屬公司東方財務(香港)有限公司、超固建材有限公司、美吉利澳門離岸商業服務有限公司及旭晟地氈有限公司於同日完成。出售交易之詳情如下：

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

41. DISPOSALS OF SUBSIDIARIES (Continued)

For the year ended 31 December 2009 (Continued)

(e) 626 Limited and its subsidiary

As mentioned in note 5 to the financial statements, on 30 April 2009, the Group entered into a sale and purchase agreement such that the entire issued share capital of 626 Limited was sold to an independent third party for a consideration of HK\$1. The disposal of 626 Limited and its subsidiary, namely HKFSMID was completed on 4 May 2009. Particulars of the disposal transaction are as follows:

		2009 HK\$'000 二零零九年 千港元
Net liabilities disposed of:	出售之負債淨額：	
Deposits received, other payables and accruals	已收按金、其他應付款項及應計款項	(33)
		(33)
Gain on disposal of subsidiaries (note 5)	出售附屬公司之收益(附註5)	33
Total consideration	總代價	-
Satisfied by cash	以現金支付	-

41. 出售附屬公司(續)

截至二零零九年十二月三十一日 止年度(續)

(e) 626有限公司及其附屬公司

如財務報表附註5所述，本集團於二零零九年四月三十日訂立一份買賣協議，據此，626有限公司之全部已發行股本已出售予一名獨立第三方，代價為1港元。出售626有限公司及其附屬公司香港森源礦業開發已於二零零九年五月四日完成。出售交易之詳情如下：

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

41. DISPOSALS OF SUBSIDIARIES (Continued)

For the year ended 31 December 2009 (Continued)

(f) AIEL and its subsidiaries

On 21 August 2009, the Group entered into a sale and purchase agreement such that the entire issued share capital of AIEL was sold to an independent third party for a consideration of HK\$2,000,000. The disposal of AIEL and its subsidiaries, namely Wellspark Holdings Limited and Go On Foundate Company Limited was completed on the same date. Particulars of the disposal transaction are as follows:

		2009 HK\$'000 二零零九年 千港元
Net assets disposed of:	出售之資產淨值：	
Property, plant and equipment (note 16(a))	物業、廠房及設備(附註16(a))	85
Available-for-sale financial assets	可供出售財務資產	12,091
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	487
Cash and cash equivalents	現金及現金等值項目	6
Finance lease payables	應付融資租約	(66)
Deposits received, other payables and accruals	已收按金、其他應付款項及應計款項	(69)
		12,534
Loss on disposal of subsidiaries (note 8)	出售附屬公司之虧損(附註8)	(10,534)
Total consideration	總代價	2,000
Satisfied by cash	以現金支付	2,000

41. 出售附屬公司(續)

截至二零零九年十二月三十一日 止年度(續)

(f) AIEL及其附屬公司

本集團於二零零九年八月二十一日訂立一份買賣協議，據此，AIEL之全部已發行股本已出售予一名獨立第三方，代價為2,000,000港元。出售AIEL及其附屬公司曜輝集團有限公司及高安創建有限公司於同日完成。出售交易之詳情如下：

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

41. DISPOSALS OF SUBSIDIARIES (Continued)

For the year ended 31 December 2009 (Continued)

(g) An analysis of the net inflow of cash and cash equivalents in respect of the disposals of the above subsidiaries is as follows:

		2009 HK\$'000 二零零九年 千港元
Total consideration in cash	現金代價總額	19,130
Cash at bank and in hand disposed of	出售之銀行結存及手頭現金	(466)
Net cash inflows in respect of the disposals of subsidiaries	有關出售附屬公司之現金流入淨額	<u>18,664</u>

There were no disposals of subsidiaries for the year ended 31 December 2010.

42. DE-CONSOLIDATING SUBSIDIARIES

As described in notes 3(a)(i), 3(a)(ii) and 11, the board of directors of the Company considers that the Group no longer has the power to exercise its rights as the shareholder and thus has lost control over the assets and operations and is unable to exercise control over the financial and operating policy decisions of QHFSMI and IMFSMI. As a consequence, the Group has been unable to obtain the financial information of QHFSMI and IMFSMI for the year ended 31 December 2010. The directors of the Company consider that the Group had lost its control to govern the financial and operating policies of QHFSMI and IMFSMI with effect from 1 January 2010. Accordingly, in the consolidated financial statements for the year ended 31 December 2010, the financial statements of QHFSMI and IMFSMI was de-consolidated with effect from 1 January 2010, and the loss arising from loss of controls over QHFSMI's and IMFSMI's assets amounting to HK\$348,966,000 was recognised based on the latest available financial information of QHFSMI and IMFSMI as at 31 December 2009.

41. 出售附屬公司 (續)

截至二零零九年十二月三十一日 止年度 (續)

(g) 有關出售上述附屬公司之現金及現金等值項目之流入淨額分析如下：

		2009 HK\$'000 二零零九年 千港元
Total consideration in cash	現金代價總額	19,130
Cash at bank and in hand disposed of	出售之銀行結存及手頭現金	(466)
Net cash inflows in respect of the disposals of subsidiaries	有關出售附屬公司之現金流入淨額	<u>18,664</u>

截至二零一零年十二月三十一日止年度，本公司並無出售任何附屬公司。

42. 附屬公司不再綜合入賬

如附註3(a)(i)、3(a)(ii)及11所述，本公司董事會認為，本集團不再有權行使其作為股東之權利，並因此失去對青海森源及內蒙古森源之資產及經營之控制權，並無法對青海森源及內蒙古森源之財務及經營決策行使控制權。因此，本集團已無法取得青海森源及內蒙古森源截至二零一零年十二月三十一日止年度之財務資料。本公司董事認為，二零一零年一月一日起，本集團已失去規管青海森源及內蒙古森源財務及經營決策之控制權。因此，於截至二零一零年十二月三十一日止年度之綜合財務報表內，青海森源及內蒙古森源之財務資料不再綜合入賬，於二零一零年一月一日起生效。失去青海森源及內蒙古森源資產之控制權所產生之虧損348,966,000港元，乃根據於二零零九年十二月三十一日最近期可得之青海森源及內蒙古森源之財務資料進行確認。

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

42. DE-CONSOLIDATING SUBSIDIARIES

(Continued)

Details of net assets attributable to QHFSMI and IMFSMI as at 1 January 2010 are set out below:

		2010 HK\$'000 二零一零年 千港元
Net assets de-consolidated of:	不再綜合入賬之資產淨值：	
Property, plant and equipment (note 16(a))	物業、廠房及設備(附註16(a))	3,578
Exploration and evaluation assets (note 21)	勘探及評估資產(附註21)	38,562
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	71
Cash and cash equivalents	現金及現金等值項目	75
Deposits received, other payables and accruals	已收按金、其他應付款項及應計款項	(19,980)
		22,306
Goodwill (note 19)	商譽(附註19)	327,632
		349,938
Release of exchange reserve on de-consolidating subsidiaries	不再綜合入賬附屬公司之匯兌儲備撥回	(972)
Loss on de-consolidating subsidiaries (note 11)	附屬公司不再綜合入賬之虧損(附註11)	348,966
Cash outflow on de-consolidating subsidiaries	附屬公司不再綜合入賬之現金流出	(75)

42. 附屬公司不再綜合入賬(續)

於二零一零年一月一日青海森源及內蒙古森源應佔資產淨值之詳情載列如下：

43. OIL PRODUCTION SHARING CONTRACT – SONGLIAO CONTRACT

On 13 August 2007, China Era entered into an oil production sharing contract (the "Songliao Contract") with China National Petroleum Corporation ("CNPC") to develop and produce crude oil in Liangjing Block on Songliao Basin in Jilin, the PRC. CNPC is a stated-owned company established in the PRC.

Pursuant to the Songliao Contract signed in August 2007, China Era agrees to provide funds and apply its advanced technology and managerial experience to cooperate with CNPC for the development and production of crude oil in Liangjing Block on Songliao Basin in Jilin, the PRC. The maximum term of the Songliao Contract is 30 years from 1 December 2007, unless extended due to the production period.

43. 產油業務分成合約－松遼合約

於二零零七年八月十三日，中國年代與中國石油天然氣集團公司(「中國石油天然氣集團公司」)訂立一份產油業務分成合約(「松遼合約」)，以於中國吉林松遼盆地兩井區塊開發及生產原油。中國石油天然氣集團公司為於中國成立之國有公司。

根據二零零七年八月簽訂之松遼合約，中國年代同意與中國石油天然氣集團公司合作，提供資金及應用其先進之技術及管理經驗，以在中國吉林松遼盆地兩井區塊開發及生產原油。除非因生產期而延長，否則松遼合約之最長年期為自二零零七年十二月一日起計為期三十年。

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

43. OIL PRODUCTION SHARING CONTRACT – SONGLIAO CONTRACT (Continued)

China Era bears all costs required for the evaluation operations and development operations. The operating costs incurred shall be paid by CNPC and China Era in accordance with 51% and 49% respectively. However, CNPC's portion of operating costs shall be advanced by China Era and recovered from the production of crude oil.

Under the terms of the Songliao Contract, the evaluation costs, development costs and operating costs are to be recovered according to a mechanism of cost recovery oil and investment recovery oil. Remaining oil, after cost recovery, all applicable taxes and royalty that might apply in the PRC, is share oil, which is apportioned between 51% by CNPC and 49% by China Era.

In December 2009, the approval of Overall Development Program from National Development and Reform Commission has been obtained. The technical feasibility and commercial viability of extracting oil are demonstrate. CNPC is the holder of oil exploitation licence.

43. 產油業務分成合約－松遼合約 (續)

中國年代承擔評估營運及開發營運所需之全部成本。產生之營運成本須由中國石油天然氣集團公司與中國年代分別按51%及49%之比例支付。然而，中國石油天然氣集團公司承擔之營運成本部分須由中國年代墊付，並從原油生產中收回。

根據松遼合約之條款，評估成本、開發成本及營運成本將根據收回成本石油及收回投資石油機制收回。在扣除收回成本、所有可能在中國應用之適用稅項及礦區使用費後，餘下的石油即為共享石油，將分別按51%及49%之比例分配予中國石油天然氣集團公司及中國年代。

於二零零九年十二月，國家發展改革委員會批准整體開發計劃。開採石油之技術及商業可行性可以確定。中國石油天然氣集團公司持有石油開採牌照。

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

43. OIL PRODUCTION SHARING CONTRACT – SONGLIAO CONTRACT (Continued)

Set out below is the summary of assets, liabilities and results for the year recognised in the consolidated financial statements in relation to the Group's interest in the Songliao Contract:

(a) Result for the year

As the Group acquired the China International Group on 31 December 2010, there is no result recognised in the consolidated income statement in relation to the Group's interest in the Songliao Contract.

(b) Assets and liabilities

Property, plant and equipment	物業、廠房及設備
Intangible assets	無形資產
Other non-current assets	其他非流動資產
Current assets	流動資產
Current liabilities	流動負債
Non-current liabilities	非流動負債
Net assets	資產淨值

(c) Commitments

Capital commitments:	資本承擔：
Contracted but not provided for in respect of equipment	已訂約但未就設備計提撥備
Other commitments:	其他承擔：
Contracted but not provided for in respect of administrative fee and training fee	已訂約但未就管理費及培訓費計提撥備

43. 產油業務分成合約－松遼合約 (續)

以下載列於綜合財務報表中就本集團於松遼合約之權益確認之本年度之資產、負債及業績之概要：

(a) 年度業績

由於本集團於二零一零年十二月三十一日收購中國國際集團，故並無於綜合損益表中就本集團於松遼合約之權益確認任何業績。

(b) 資產及負債

	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
Property, plant and equipment	127,360	—
Intangible assets	5,133	—
Other non-current assets	13,064	—
Current assets	46,125	—
Current liabilities	(67,830)	—
Non-current liabilities	(22,778)	—
Net assets	101,074	—

(c) 承擔

	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
Capital commitments:		
Contracted but not provided for in respect of equipment	3,395	—
Other commitments:		
Contracted but not provided for in respect of administrative fee and training fee	62,897	—
	66,292	—

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

44. OPERATING LEASE COMMITMENTS

At 31 December 2010, the Group had total future minimum lease payments under non-cancellable operating lease falling due as follows:

		2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
Within one year	一年內	2,006	1,355
In the second to fifth years, inclusive	第二年至第五年(包括首尾兩年)	1,768	1,875
After five years	五年後	1,128	-
		4,902	3,230

The Group leased certain leasehold land and buildings under operating leases. The leases ran for an initial period of two to thirteen years, with an option to renew the lease and renegotiate the terms at expiry date or at dates as mutually agreed between the Group and respective landlords/lessors. None of the leases included contingent rentals.

The Company did not have any significant lease commitments as at 31 December 2009 and 2010.

45. CAPITAL AND OTHER COMMITMENTS

Group	本集團	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
Capital commitments:	資本承擔：		
Contracted but not provided for in respect of	已訂約但未就下列各項計提撥備		
- Equipment	- 設備	4,965	-
- Exploration and evaluation expenditures	- 勘探及評估開支	-	1,048
- Acquisition of subsidiaries	- 收購附屬公司	-	1,665,860
Other commitments:	其他承擔：		
Contracted but not provided for in respect of administrative fee and training fee	已訂約但未就管理費及培訓費計提撥備	62,897	-
		67,862	1,666,908

The Company does not have any significant capital and other commitments.

44. 經營租約承擔

於二零一零年十二月三十一日，本集團於下列年期內屆滿之不可撤銷經營租約之未來最少租賃付款總額如下：

本集團根據經營租約租用若干租賃土地及樓宇。該等租約初步為期兩至十三年，可於到期日或本集團與有關業主／出租人共同商定之日期選擇續租及重訂租約條款。該等租約不包括或然租金。

本公司於二零零九年及二零一零年十二月三十一日並無任何重大租約承擔。

45. 資本及其他承擔

本公司並無任何重大資本及其他承擔。

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

46. RELATED PARTY TRANSACTIONS

Apart from the balances and transactions with related parties disclosed elsewhere in the financial statements, the Group had the following transactions with its related parties during the year:

Compensation of key management personnel

Included in staff costs are key management personnel compensation (including directors' emoluments) and comprises the following categories:

46. 關連人士交易

除財務報表所披露之結餘及與關連人士之交易外，年內，本集團與其關連人士尚有如下交易：

主要管理人員之補償

主要管理人員之補償（包括董事酬金）乃計入員工成本，包括以下類別：

	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
Short-term employee benefits 短期僱員福利	3,539	2,930
Contribution to retirement benefit scheme 退休福利計劃之供款	59	52
	3,598	2,982

47. FINANCIAL RISK MANAGEMENT

The Group does not have written financial risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate strategies to manage the Group's exposure to credit risk, market risk (including foreign currency risk and interest rate risk) and liquidity risk. Generally, the Group employs conservative strategies on its risk management. The Group's exposure to market risk is kept at a minimum level. The Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

47. 財務風險管理

本集團並無制訂書面財務風險管理政策及指引。然而，董事會會定期舉行會議，分析及制訂政策管理本集團所承擔之信貸風險、市場風險（包括外匯風險及利率風險）及流動資金風險。一般而言，本集團會就其風險管理採納一套穩妥之策略，從而將本集團承擔之市場風險維持在最低水平。本集團並無運用任何衍生工具或其他工具進行對沖。本集團並無持有或發行衍生金融工具以作買賣用途。

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

47. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and its investing activities. The Group has no significant concentrations of credit risk.

The carrying amounts of indemnification assets, trade and other receivables and amount due from non-controlling shareholder represent the Group's maximum exposure to credit risk in relation to its financial assets. The carrying amounts of these financial assets presented in the statement of financial position are net of impairment losses, if any. The Group minimises its exposure to the credit risk by rigorously selecting the counterparties, performing ongoing credit evaluation on the financial conditions of its debtors and tightly monitoring the ageing of the receivables. Follow-up actions are taken in case of overdue balances on a ongoing basis. In addition, management monitors and reviews the recoverable amount of the receivables individually or collectively at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts.

The credit risk of the Group's other financial assets, which comprise pledged bank deposits and cash and cash equivalents, is also limited because almost all the Group's cash and cash equivalents are deposited with major banks located in Hong Kong and the PRC.

As the Group trades only with recognised and creditworthy counterparties, there is no requirement for collateral.

The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

47. 財務風險管理 (續)

(a) 信貸風險

信貸風險指金融工具之對手方未能履行其根據金融工具條款之責任而引致本集團蒙受財務損失之風險。本集團之信貸風險主要來自於其日常業務營運過程中授予客戶之信貸及其投資業務。本集團並無重大集中信貸風險。

彌償資產、應收貿易賬項及其他應收款項以及應收非控股股東款項之賬面值為本集團就其財務資產所承擔之最高信貸風險。該等財務資產於財務狀況表呈列之賬面值已扣除減值虧損（如有）。本集團透過審慎挑選對手方、對其債務人之財務狀況進行持續信貸評估，以及緊密監控應收款項之賬齡，最大程度降低其所承擔之信貸風險。本集團採取持續跟進措施收回逾期結餘。此外，管理層會於各報告日期個別或共同監控及檢討應收款項之可收回金額，確保就不可收回金額作出足夠之減值虧損。

本集團之所有現金及現金等值項目幾乎全部存放於香港及中國之主要銀行，故本集團其他財務資產（包括已抵押銀行存款及現金及現金等值項目）之信貸風險亦有限。

由於本集團只與獲認可及信譽良好之對手方進行交易，故毋須抵押。

本集團於過往年度已推行信貸政策，本集團認為信貸政策已有效地將本集團之信貸風險減至理想水平。

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

47. FINANCIAL RISK MANAGEMENT (Continued)

(b) Foreign currency risk

The sales and purchases of the Group are predominantly in US\$, RMB and HK\$. Exposures to currency exchange rates arise from certain of the Group's cash and bank balances, other receivables and other payables which are denominated in US\$ and RMB respectively. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and does not consider its foreign exchange risk to be significant.

The following table details the Group's exposure at the reporting date to foreign currency risk from the above stated items denominated in a currency other than the functional currency of relevant group companies.

Cash and cash equivalents denominated in US\$	按美元列值之現金及現金等值項目
--	-----------------

By assessing foreign currency risk on other receivables and payables, the effect arising from a reasonably possible change in the exchange rates of HK\$ against US\$ and RMB in the next twelve months was not material to the profit for the year and accumulated losses at each of the reporting date, on the basis that all other variables remain constant.

47. 財務風險管理 (續)

(b) 外匯風險

本集團之買賣交易主要以美元、人民幣及港元列值。外匯風險來自本集團分別以美元及人民幣列值之若干現金及銀行結存、其他應收款項及其他應付款項。本集團並未使用衍生金融工具對沖其外匯風險。本集團定期檢討其外匯風險，並認為其外匯風險並不重大。

下表詳列於報告日期本集團上述項目按有關集團公司之功能貨幣以外之貨幣列值之外匯風險。

	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
Cash and cash equivalents denominated in US\$	422	-

經評估其他應收款項及應付款項之外匯風險，並假設所有其他變量保持不變，未來十二個月港元兌美元及人民幣之匯率可能合理變動產生之影響對年內之溢利及各報告日期之累計虧損並不重大。

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

47. FINANCIAL RISK MANAGEMENT (Continued)

(c) Interest rate risk

The Group's exposure to interest rate risk for changes in interest rates relates primarily to the Group's floating interest rate borrowings. The Group has not used any derivative contracts to hedge its exposure to interest rate risk. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The Group is exposed to changes in market interest rates through its cash at banks and bank borrowings, which are subject to variable interest rates.

The following table indicates the approximate change in the Group's profit/(loss) after income tax and accumulated losses in response to reasonably possible changes in the interest rate, to which the Group has significant exposure at the reporting date.

		2010 二零一零年		2009 二零零九年	
		Increase/ decrease/ in interest rate	Effect on profit after income tax and accumulated losses HK\$'000 對除所得稅後 溢利及 累計虧損 之影響 千港元	Increase/ decrease/ in interest rate	Effect on loss after income tax and accumulated losses HK\$'000 對除所得稅後 虧損及 累計虧損 之影響 千港元
		利率上升/ (下降)		利率上升/ (下降)	
Cash at banks	銀行現金	0.1%	89	0.1%	94
Cash at banks	銀行現金	(0.1%)	(89)	(0.1%)	(94)
Bank borrowings	銀行借款	0.1%	(25)	—	—
Bank borrowings	銀行借款	(0.1%)	25	—	—

47. 財務風險管理 (續)

(c) 利率風險

本集團因利率變動所承擔之利率風險主要與本集團之浮息借款有關。本集團並未使用任何衍生合約對沖其利率風險。然而，管理層對利率風險進行監控，並於需要時考慮對沖重大利率風險。

敏感度分析

本集團之銀行現金及銀行借款以不同利率計息，因而面臨市場利率變動的風險。

下表列載本集團之除所得稅後溢利／(虧損)及累計虧損因利率合理可能變動(本集團於報告日期承受重大風險)而產生之概約變動。

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

47. FINANCIAL RISK MANAGEMENT (Continued)

(c) Interest rate risk (Continued)

The sensitivity analysis above has been determined assuming that the change in interest rate had occurred at the reporting date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 0.1% increase/decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for 2009.

(d) Fair values

The fair values of the Group's current financial assets and liabilities are not materially different from their carrying amount because of the immediate or short-term maturity. The fair values of non-current liabilities were not disclosed because their carrying value is not materially different from their fair value.

(e) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of its financial obligations, and also in respect of its cash flow management.

The Group maintains a level of cash and cash equivalents assessed as adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on internally generated funding and borrowings as significant sources of liquidity.

47. 財務風險管理 (續)

(c) 利率風險 (續)

上述敏感度分析乃假設利率於報告日期已發生變動而釐定，並已應用於該日已存在之非衍生金融工具所面臨之利率風險中。上升／下降0.1%乃管理層就直至下一年度報告日期止期間內利率之合理可能變動所作之估計。有關分析乃基於二零零九年相同基準作出。

(d) 公平值

本集團之流動財務資產及負債之公平值與其賬面值並無重大差異，概因該等財務資產及負債屬即時到期或於短期內到期。由於非流動負債之賬面值與其公平值並無重大差異，故並無披露該等負債之公平值。

(e) 流動資金風險

流動資金風險指本集團不能履行其與透過交付現金或其他財務資產清償之財務負債有關之責任之風險。本集團面對之流動資金風險與清償其財務負債以及其現金流量管理有關。

本集團維持管理層認為充足之現金及現金等值項目，以向本集團業務經營提供資金及減輕現金流量波動之影響。本集團以內部產生資金及借款作為流動資金之重要來源。

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

47. FINANCIAL RISK MANAGEMENT (Continued)

(e) Liquidity risk (Continued)

The maturity profile of the Group's and the Company's financial liabilities as at the reporting dates, based on the contractual undiscounted payments, were as follows:

Group	本集團	2010 二零一零年		
		Within 6 months HK\$'000 六個月以內 千港元	6 to 12 months HK\$'000 六至十二個月 千港元	1 to 5 years HK\$'000 一至五年 千港元
Trade payables	應付貿易賬項	18,851	–	–
Other payables and accruals	其他應付款項及 應計款項	124,687	–	–
Amount due to non- controlling shareholder	應付非控股股東款項	11,570	–	–
Bank borrowings	銀行借款	21,243	–	12,910
Other borrowings	其他借款	8,485	–	90,655
Promissory notes	本票	–	–	52,000
Convertible bonds	可換股債券	–	–	24,344
		184,836	–	179,909

Group	本集團	2009 二零零九年		
		Within 6 months HK\$'000 六個月以內 千港元	6 to 12 months HK\$'000 六至十二個月 千港元	1 to 5 years HK\$'000 一至五年 千港元
Other payables and accruals	其他應付款項及應計款項	22,559	–	–
Convertible bonds	可換股債券	–	–	29,295
		22,559	–	29,295

47. 財務風險管理 (續)

(e) 流動資金風險 (續)

本集團及本公司根據合約性無貼現款項於報告日期之財務負債到期日情況如下：

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

47. FINANCIAL RISK MANAGEMENT (Continued)

(e) Liquidity risk (Continued)

Company	本公司
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Other payables and accruals	其他應付款項及應計款項
Convertible bonds	可換股債券

2010 二零一零年		
Within 6 months HK\$'000 六個月以內 千港元	6 to 12 months HK\$'000 六至十二個月 千港元	1 to 5 years HK\$'000 一至五年 千港元
3,793	–	–
–	–	24,344
3,793	–	24,344

Company	本公司
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Other payables and accruals	其他應付款項及應計款項
Convertible bonds	可換股債券

2009 二零零九年		
Within 6 months HK\$'000 六個月以內 千港元	6 to 12 months HK\$'000 六至十二個月 千港元	1 to 5 years HK\$'000 一至五年 千港元
2,567	–	–
–	–	29,295
2,567	–	29,295

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

47. FINANCIAL RISK MANAGEMENT (Continued)

(f) Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised as at 31 December 2010 and 2009 are categorised as follows. See notes 3(q) and 3(u) for explanations about how the categorisation of financial instruments affects their subsequent measurement.

	Group 本集團		Company 本公司	
	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
Financial assets	財務資產			
Loans and receivables	貸款及應收款項			
- Cash at banks and in hand	146,135	113,382	15,564	112,631
- Pledged bank deposits	945	-	-	-
- Trade receivables	16,617	-	-	-
- Amount due from non-controlling shareholder	6,080	-	-	-
- Other receivables	37,532	71	-	-
- Indemnification assets	5,000	-	-	-
- Due from subsidiaries	-	-	1,585,239	339,340
	212,309	113,453	1,600,803	451,971

	Group 本集團		Company 本公司	
	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元	2010 HK\$'000 二零一零年 千港元	2009 HK\$'000 二零零九年 千港元
Financial liabilities	財務負債			
Current	流動			
Trade payables	18,851	-	-	-
Other payables and accruals	124,687	22,559	3,793	2,567
Amount due to non-controlling shareholder	11,570	-	-	-
Bank borrowings	21,133	-	-	-
Other borrowings	8,394	-	-	-
Non-current	非流動			
Bank borrowings	11,806	-	-	-
Other borrowings	87,010	-	-	-
Promissory notes	43,865	-	-	-
Convertible bonds	20,292	19,279	20,292	19,279
	347,608	41,838	24,085	21,846

47. 財務風險管理 (續)

(f) 按分類劃分之財務資產及負債概要

本集團於二零一零年及二零零九年十二月三十一日確認之財務資產及負債賬面值劃分如下。有關財務工具分類如何影響其後計量見附註3(q)及3(u)之解釋。

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

48. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

- (a) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for stakeholders;
- (b) To support the Group's stability and growth; and
- (c) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. The Group currently does not adopt any formal dividend policy. Management regards total equity less equity component of convertible bond as capital, for capital management purpose. The amount of capital as at 31 December 2010 amounted to approximately HK\$1,592,193,000 (2009: HK\$611,832,000), which management considers as optimal having considered the projected capital expenditures and the forecast strategic investment opportunities.

48. 資本管理

本集團之資本管理目標為：

- (a) 保障本集團有能力繼續作為持續經營公司，持續為股東帶來回報及利益；
- (b) 支持本集團穩定營運及增長；及
- (c) 為本集團提供資本以鞏固其風險管理能力。

本集團定期積極檢討及管理其資本結構，確保資本結構及股東回報達致最佳狀態，考慮事項包括本集團未來資本需求。目前，本集團並無採納任何正式股息政策。就資本管理目的而言，管理層將總權益減可換股債券權益部分認作資本。於二零一零年十二月三十一日之資本金額約為1,592,193,000港元（二零零九年：611,832,000港元），經考慮預計資本開支及預測策略投資機會，管理層認為有關金額已達最佳水平。

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

49. LITIGATIONS

There are litigations being undertaken against and for the Group in 2010, details of which are set out as follows:

(a) Capital contribution to IMFSMI

The Group's subsidiary, namely IMFSMI was established since 2007 and its capital had not yet been fully paid up since then. IMFSMI (acted under the legal representative and the director of IMFSMI, Ms Leung) required its immediate holding company, namely HKFSMIH to make capital contribution of HK\$30 million to IMFSMI (the "Capital Contribution"), in accordance with IMFSMI's articles of association. In September 2009, IMFSMI acted as plaintiff and undertook legal action against HKFSMIH for the Capital Contribution. In March 2010, the Company's PRC counsel replied to the court in Inner Mongolia that

- (i) The plaintiff (i.e. IMFSMI) does not possess the litigation capacity as the business license of IMFSMI had already expired on 30 April 2009.
- (ii) The plaintiff does not have any rights to undertake the litigation as there are no laws in the PRC to enable a company to sue its equity holders who have not made their capital contribution.
- (iii) The certificate of approval for IMFSMI was invalid and the 2009 annual statutory examination in the PRC had not been fulfilled.
- (iv) After taking into account the above considerations, the PRC counsel advised that the business license of IMFSMI should be firstly cancelled. As such, the Capital Contribution may not be necessary.

The court in Inner Mongolia had dismissed the litigation in April 2010 and subsequently the plaintiff appealed against the decision. In February 2011, the Group received a letter from the court in Inner Mongolia that IMFSMI has withdrawn the litigation.

49. 訴訟

本集團於二零一零年有訴訟事項，詳情載列如下：

(a) 對內蒙古森源之注資

本集團之附屬公司內蒙古森源自二零零七年成立之後一直未繳足資本。內蒙古森源（由內蒙古森源之法人代表兼董事梁女士代表）要求其直接控股公司香港森源礦業控股根據內蒙古森源之章程細則對內蒙古森源作出30,000,000港元之注資（「注資」）。於二零零九年九月，內蒙古森源作為原告就注資一事對香港森源礦業控股採取法律行動。於二零一零年三月，本公司之中國法律顧問向內蒙古法院作出以下回覆：

- (i) 由於內蒙古森源之營業執照已於二零零九年四月三十日屆滿，原告（即內蒙古森源）並無訴訟主體資格。
- (ii) 由於中國並無任何授權公司控告其股權持有人未作出注資之法律依據，原告並無任何權利提起訴訟。
- (iii) 內蒙古森源之批准證書已失效，亦未能通過二零零九年之中國法定年檢。
- (iv) 經考慮以上因素，中國法律顧問認為內蒙古森源之營業執照不可避免地將被註銷。因此不必作出注資。

儘管內蒙古法院已於二零一零年四月撤銷訴訟，惟原告對該裁決提出上訴。於二零一一年二月，本集團接獲內蒙古法院發出之函件，告知內蒙古森源已撤訴。

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

49. LITIGATIONS (Continued)

(b) Injunction order

HK Yuenxian (formerly known as Forest Source Mining Industry Holding Company Limited) is a private company incorporated in Hong Kong and owned by Ms Leung. This company is not related to the Group. The Group has requested Ms Leung to change the name of this company on the basis that similarity between the name of this company and the Company's subsidiaries might cause confusions to the shareholders and business partners of the Group. On 30 November 2009, HKFSMIH, IMFSMI and QHFSMI successfully requested the High Court of Hong Kong to issue an interim injunction orders against Forest Source Mining Industry Holding Company Limited, Ms Leung and other three independent persons restraining them from carrying on the business in Hong Kong and/or the PRC under the name of "Forest Source Mining Industry Holding Company Limited" or under any style or name comprising the words "Forest Source Mining Industry" in form likely to mislead or deceive the public. On 31 December 2009, the High Court of Hong Kong continued the interim injunction order against Forest Source Mining Industry Holding Company Limited, Ms Leung and other two independent persons and discharged the interim injunction order against other one independent person. On 31 March 2010, upon Ms Leung on oath saying that she was not intending to compete with HKFSMIH at the moment or to pass herself/Forest Source Mining Industry Holding Company Limited off as HKFSMIH, the High Court of Hong Kong discharged the interim injunction order against Forest Source Mining Industry Holding Company Limited, Ms Leung and other two independent persons.

49. 訴訟 (續)

(b) 禁制令

香港源森(前稱森源礦業控股有限公司)乃一間於香港註冊成立並由梁女士擁有之私人公司,與本集團並無關連。本集團以該公司與本公司之附屬公司之名稱極為相似,容易令本集團股東及業務夥伴混淆為理由,要求梁女士更改該公司之名稱。於二零零九年十一月三十日,香港森源礦業控股、內蒙古森源及青海森源已成功要求香港高等法院對森源礦業控股有限公司、梁女士以及其他三名獨立人士發出臨時禁制令,限制彼等以「森源礦業控股有限公司」之名或以任何可能誤導或欺詐公眾之形式以包含「森源礦業」字眼之方式或名稱於香港及/或中國進行業務。於二零零九年十二月三十一日,香港高等法院繼續對森源礦業控股有限公司、梁女士以及其他兩名獨立人士發出臨時禁制令,並撤銷對另外一名獨立人士發出之臨時禁制令。於二零一零年三月三十一日,於梁女士宣誓彼目前並無意與香港森源礦業控股競爭或其本人/森源礦業控股有限公司並無意冒充香港森源礦業控股後,香港高等法院撤銷對森源礦業控股有限公司、梁女士以及其他兩名獨立人士發出之臨時禁制令。

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

49. LITIGATIONS (Continued)

(c) Tarim Basin

In September 2009, an independent party (the "Plaintiff") undertook a legal action against and filed a claim to a group of three parties. These three parties are referred to as the "First Defendant", the "Second Defendant" (i.e. China Era) and the "Third Defendant" (Collectively referred to as the "Defendants"). The First Defendant was an ex-director of China Era and the Third Defendant was a related company of First Defendant as the First Defendant was a director of both China Era and the Third Defendant at that time.

Based on the statement of claims, the Plaintiff alleged that China Era entered into an agreement in May 2007 with the Plaintiff relating to a production sharing agreement for an exploration and exploitation project that related to an oilfield located at the North and South Kashi Blocks on Tarim Basin in Xinjiang, the PRC. The Plaintiff further alleged that a tender was submitted in June 2007 for the North and South Kashi Blocks on Tarim Basin (the "Tender") but was rejected by PetroChina Company Limited for political reason only. The contract for the North Kashi Block on Tarim Basin was subsequently awarded to the Third Defendant in December 2008 (the "Kashi Contract"). The Plaintiff alleged that the Tender contained confidential information beneficially belonging to the Plaintiff which was disclosed by China Era to the Third Defendant to secure the Kashi Contract to the exclusion of the Plaintiff, in breach of its duty of confidence and/or fiduciary duties owed to the Plaintiff.

49. 訴訟 (續)

(c) 塔里木盆地

於二零零九年九月，一名獨立方（「原告」）對三方採取法律行動，並提出申索。有關三方稱為「第一被告」、「第二被告」（即中國年代）及「第三被告」（統稱為「被告」）。第一被告為中國年代之一名前董事，而因第一被告當時為中國年代及第三被告之董事，因此第三被告為第一被告之一間關連公司。

根據申索陳述書，原告指稱中國年代於二零零七年五月與原告訂立一項協議，內容有關就位於中國新疆塔里木盆地之喀什北區塊及南區塊之油田而訂立之一項關於勘探及開採項目之生產分成協議。原告進一步指稱於二零零七年六月就塔里木盆地之喀什北區塊及南區塊呈交標書（「標書」），惟僅因政治理由而被中國石油天然氣股份有限公司拒絕受理。隨後塔里木盆地之喀什北區塊合約於二零零八年十二月贈予第三被告（「喀什合約」）。原告指稱標書載有原告實益擁有之機密資料，而中國年代向第三被告披露該等機密資料，以在排除原告之情況下取得喀什合約，違反對原告之保密責任及／或受信責任。

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

49. LITIGATIONS (Continued)

(c) Tarim Basin (Continued)

The Defendants filed defence on 14 December 2009 where the Defendants denied the claim made by the Plaintiff.

Had the Defendants lost the legal claim, based on the advices of the legal representatives of the Defendants in November 2009, January 2010 and December 2010, the amount to be claimed by the Plaintiff will be determined with reference to the amount that would have been charged by a consultant who can secure the same information in relation to the Kashi Contract. Accordingly, the legal representatives of the Defendants advised China Era that the amount to be claimed is no more than HK\$5,000,000.

As at the date of the approval of the financial statements, the litigation is still in progress.

49. 訴訟 (續)

(c) 塔里木盆地 (續)

被告已於二零零九年十二月十四日提交抗辯書，被告在其中否認原告所作出之申索。

倘被告敗訴，根據被告之法律代表於二零零九年十一月、二零一零年一月及二零一零年十二月之意見，原告之申索金額將參考能取得有關喀什合約之相同資料之顧問原應收取之數額釐定。因此，被告之法律代表向中國年代提供之意見為，申索金額不超過5,000,000港元。

於財務報表獲批准當日，訴訟仍在進行中。

