



CHINA ORIENTAL GROUP COMPANY LIMITED
中國東方集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(在百慕達註冊成立的有限公司)

(Stock Code : 581)

(股份代號 : 581)

Annual Report 2007 年報

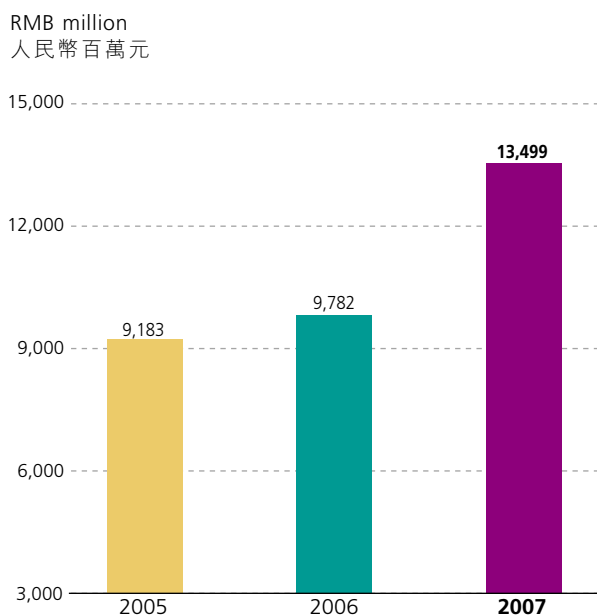
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FINANCIAL SUMMARY

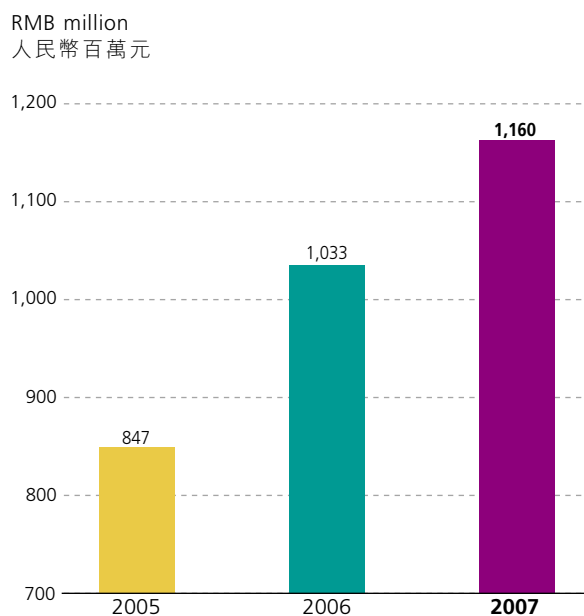
財務摘要

		2005 二零零五年 (RMB million) (人民幣百萬元)	2006 二零零六年 (RMB million) (人民幣百萬元)	2007 二零零七年 (RMB million) (人民幣百萬元)
Revenue	收入	9,183	9,782	13,499
Gross Profit	毛利	1,224	1,424	1,917
Profit Attributable to Equity Holders of the Company	本公司權益持有人應佔溢利	847	1,033	1,160
Basic Earnings per Share (RMB)	每股基本溢利(人民幣)	0.29	0.36	0.40
Net Assets	淨資產值	4,732	5,601	6,696
Total Assets	總資產	8,153	8,221	10,162

Revenue
收入



Profit Attributable to Equity Holders of the Company
本公司權益持有人應佔溢利

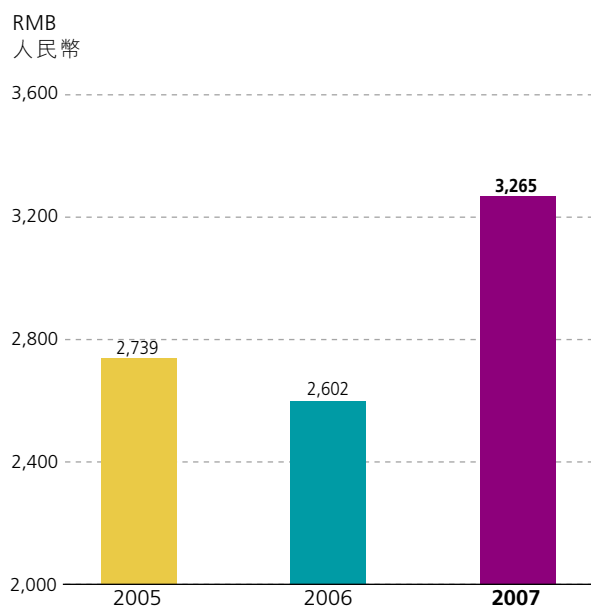


SELLING PRICE AND GROSS PROFIT PER TONNE

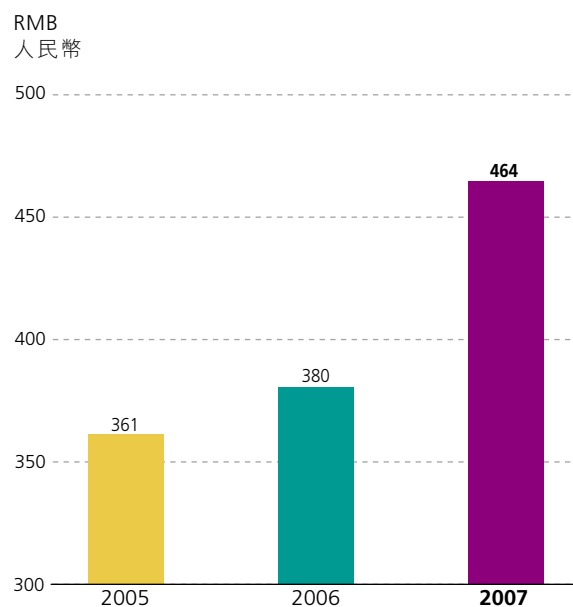
每噸售價與毛利

		2005 二零零五年 (RMB) (人民幣)	2006 二零零六年 (RMB) (人民幣)	2007 二零零七年 (RMB) (人民幣)
Selling Price per Tonne	每噸售價	2,739	2,602	3,265
Gross Profit per Tonne	每噸毛利			
Billets	鋼坯	227	384	281
Strips and strip products	帶鋼及帶鋼類產品	481	445	404
H-section steel	H型鋼	-	288	668
Cold rolled sheets and galvanised sheets	冷軋板及鍍鋅板	(576)	(680)	198
Combined	綜合	361	380	464

Selling Price per Tonne
每噸售價



Gross Profit per Tonne
每噸毛利

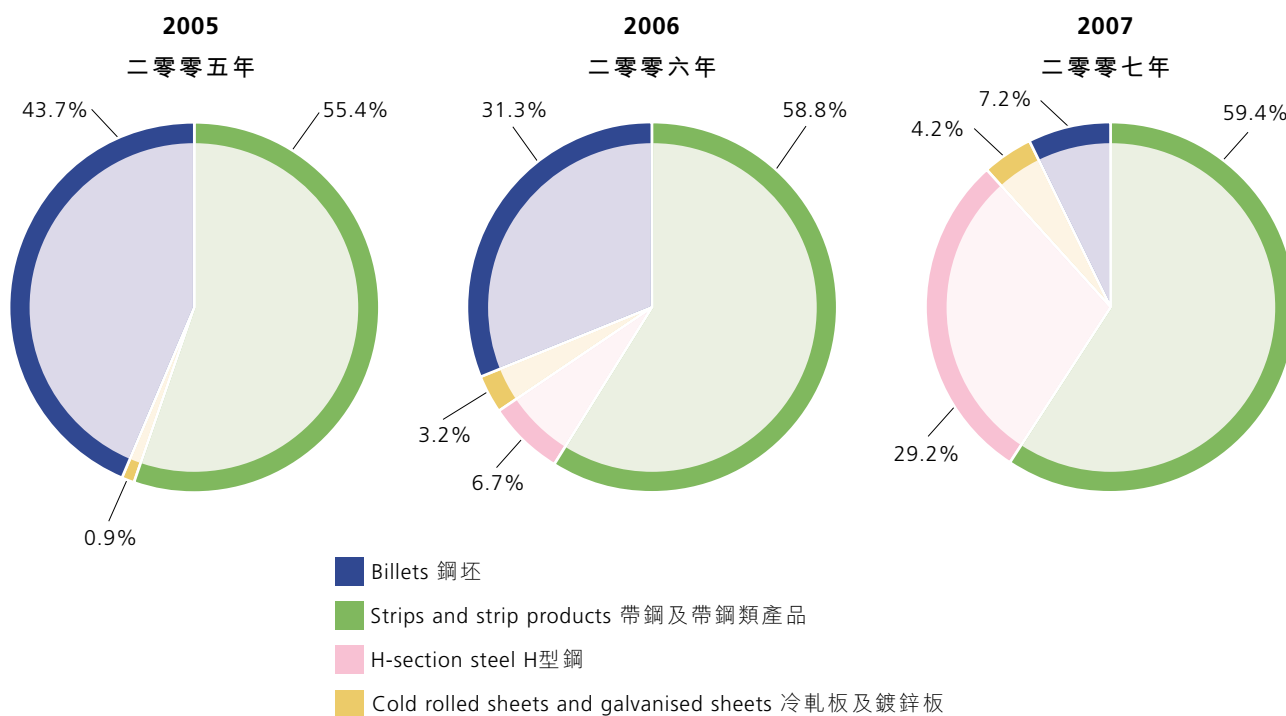


SALES VOLUME BY PRODUCTS

按產品種類劃分之銷量

		2005 二零零五年 (thousand tonnes) (千噸)	2006 二零零六年 (thousand tonnes) (千噸)	2007 二零零七年 (thousand tonnes) (千噸)
Billets	鋼坯	1,458	1,173	299
Strips and strip products	帶鋼及帶鋼類產品	1,848	2,202	2,451
H-section steel	H型鋼	-	250	1,205
Cold rolled sheets and galvanised sheets	冷軋板及鍍鋅板	31	121	173
		<u>3,337</u>	<u>3,746</u>	<u>4,128</u>

Sales Volume by Products
按產品種類劃分之銷量



BOARD OF DIRECTORS

Executive Directors

Mr. Han Jingyuan (*Chairman and Chief Executive Officer*)

Mr. Zhu Jun (*Executive Deputy General Manager and Chief Operating Officer*)

Mr. Liu Lei (*Deputy General Manager*)

Mr. Shen Xiaoling

Mr. Yu Jianshui

Mr. Zhu Hao

Independent Non-executive Directors

Mr. Gao Qingju

Mr. Yu Tung Ho

Mr. Wong Man Chung, Francis

QUALIFIED ACCOUNTANT

Mr. Chiu Ngam, Chris (*CPA*) (*Financial Controller*)

COMPANY SECRETARY

Ms. Ma Oi Ming

REGISTERED OFFICE

Clarendon House,
2 Church Street,
Hamilton HM11,
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 901-2&10,
9th Floor, Great Eagle Centre,
23 Harbour Road,
Wanchai, Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

AUDITORS

PricewaterhouseCoopers

PRINCIPAL BANKERS

China Construction Bank
Agricultural Bank of China
Bank of China
China Minsheng Bank

COMPANY'S WEBSITE

www.chinaorientalgroup.com

董事局

執行董事

韓敬遠先生 (*董事局主席兼首席執行官*)

朱 軍先生 (*常務副總經理兼首席運營官*)

劉 磊先生 (*副總經理*)

沈曉玲先生

于建水先生

朱 浩先生

獨立非執行董事

高清舉先生

余統浩先生

黃文宗先生

合資格會計師

趙岩先生 (*會計師*) (*財務總監*)

公司秘書

馬愛明女士

註冊辦事處

Clarendon House,
2 Church Street,
Hamilton HM11,
Bermuda

香港主要營業地點

香港灣仔
港灣道23號
鷹君中心9字樓
901-2及10室

百慕達主要股份過戶登記處

Butterfield Fund Services (Bermuda) Limited

香港股份過戶登記分處

卓佳證券登記有限公司

核數師

羅兵咸永道會計師事務所

主要往來銀行

中國建設銀行
中國農業銀行
中國銀行
中國民生銀行

公司網址

www.chinaorientalgroup.com



Chairman's Statement 主席報告

2007 China Oriental Group's entering new era of its corporate development. The Group recorded continuing favorable growth in capacity, sales volume, revenues and profits.

二零零七年是中國東方集團控股有限公司成功邁進新紀元的一年。產能、銷售量、營業額及溢利持續錄得全面增長。



2007 China Oriental Group Company Limited (“China Oriental”, or the “Company”, together with its subsidiaries the “Group”)’s entering new era of its corporate development. The Group recorded continuing favorable growth in capacity, sales volume, revenue and profit attributable to equity holders of the Company. In addition, during the year, we successfully brought in the world’s largest steel conglomerate ArcelorMittal S.A. (“ArcelorMittal”) as our strategic partner and substantial shareholder.

The Group’s stable development had been recognised by, and supported by the markets at home and abroad. The Group stood out from over 600 privately-owned listed enterprises and ranked 10th of the “100 privately-owned listed companies in 2007” and ranked 34th in “Forbes 2007 Top Chinese enterprises”.

For the shareholders, 2007 was a fruitful year. The Company offered its shareholders approximately 2.6 times capital return, being the sum of increase in share price and the dividends payout during the year. The Group distributed a total dividend of 11.7 HK cents (2006: 5.6 HK cents) per share for 2007, which was 1.1 times more than that of the previous year.

RESULTS

During the year under review, revenue of the Group recorded a strong growth and had exceeded RMB10 billion. Apart from the overall surge of market prices in the iron and steel industry, the Company’s increased sales volume resulted from enhanced capacity also contributed to a higher revenue. The audited consolidated revenue of the Group for the year 2007 was appropriately RMB13,499 million (2006: RMB9,782 million), representing an increase of 38% as compared to that of 2006.

二零零七年是中國東方集團控股有限公司（「中國東方」或「本公司」及其附屬公司「本集團」）成功邁進新紀元的一年。產能、銷售量、營業額及本公司權益持有人應佔溢利持續錄得全面增長，我們更成功引入世界最大鋼鐵綜合企業安賽樂米塔爾（ArcelorMittal S.A.）（「安賽樂米塔爾」）成為本集團策略合作夥伴兼主要股東。

本集團穩步發展於國際及國內均獲得認同。我們從超過600家上市民企中脫穎而出，於「二零零七年民營企業上市公司百強」評選中位列第10名，亦於「福布斯二零零七年中國頂尖企業榜」中名列第34位。

對股東而言，二零零七年也是豐收的一年。年內我們為股東帶來近2.6倍的資本回報（即本公司年內股份價格的上升連同年內分派股息的總和）。本公司全年共分派股息每股11.7港仙（二零零六年：5.6港仙），較去年上升1.1倍。

業績

於回顧年度內，本集團之銷售額錄得強勁增長，並突破百億大關。除整體鋼鐵市場價格上揚之因素外，產品銷量也隨著產能的增加而上升。二零零七年的經審核綜合銷售額為人民幣134.99億元（二零零六年：人民幣97.82億元），較二零零六年增加38%。

RESULTS (Continued)

Despite a significant surge in raw material cost, higher margin through continuation of our operation strategy of fine-tuning its product mix, increasing the proportion of H-section steel sales volume, we successfully transferred the majority of the cost pressure to consumers. The Group still maintained a high gross profit margin, the same level as 2006. Total gross profit for the year under review increased 35% to RMB1,917 million (2006: RMB1,424 million).

The audited profit attributable to equity holders of the Company for the year 2007 was RMB1,160 million (2006: RMB1,033 million) representing an increase of 12% from that of 2006. Growth of the Group's profit for the year was lower than that of the revenue percentage increase. This was mainly due to the 89,700,000 share options granted to qualified staff in 2007 in recognition of their contribution to the Group's development. The granting of share options incurred a non-cash expense of RMB160 million. Without the impact of the non-cash expense, profit attributable to the equity holders of the Company would be RMB1,313 million, representing an increase of 25%.

The audited basic and diluted earnings per share for the year 2007 was RMB0.40, representing an increase of 11% (2006: RMB0.36).

During the year under review, the Group was financially strong in terms of consolidated cash flows. The net cash inflows generated from operating activities for 2007 was RMB1,074 million (2006: RMB240 million), 3.5 times higher than that of 2006.

業績 (續)

雖然，年內原材料價格明顯上漲，透過持續優化產品結構的經營策略，令毛利率較高的H型鋼銷量佔總銷量比例持續上升，我們成功將主要成本上漲壓力轉嫁給消費者，本集團的全年毛利率仍然維持在與二零零六年相若的高水平。回顧年度的毛利總額較二零零六年增加35%至人民幣19.17億元（二零零六年：人民幣14.24億元）。

二零零七年的經審核本集團權益持有人應佔溢利為人民幣11.60億元（二零零六年：人民幣10.33億元），較二零零六年上升12%。年度溢利增幅較銷售額增幅為低，主要是因為於二零零七年，公司為肯定員工對集團發展做出的貢獻，向合資格的僱員發放了共89,700,000股購股權，涉及非現金成本約人民幣1.60億元。倘若剔除該等非現金成本，本公司權益持有人應佔溢利為人民幣13.13億元，較去年增長25%。

二零零七年的經審核每股基本及攤薄溢利均為人民幣0.40元（二零零六年：人民幣0.36元），較去年上升11%。

於回顧年度內，本集團的綜合現金流量亦非常強勁。二零零七年，營運產生的淨現金流入為人民幣10.74億元（二零零六年：人民幣2.40億元），較二零零六年上升3.5倍。

INCREASE SHAREHOLDING OF FOSHAN JINXI JINLAN COLD ROLLED SHEET CO., LTD. ("JINXI JINLAN")

The Group increases its equity interest in Jinxi Jinlan from 60% to 81.5% in February 2008. Jinxi Jinlan is engaged in purchase of billets for processing of cold rolled sheets or galvanised sheets.

Following the completion of the acquisition, the registered capital of Jinxi Jinlan has been increased from USD29,800,000 (equivalent to approximately RMB246,446,000) to USD55,152,400 (equivalent to approximately RMB428,983,000). Shareholders of Jinxi Jinlan agreed to increase their investment according to the proportion of their shareholding. The acquisition and the subsequent capital injection which have been completed in February 2008, have provided Jinxi Jinlan with sufficient financial support to continue its development and expand its production scale and to increase the management control of the Group in Jinxi Jinlan.

THE WORLD'S LARGEST STEEL CONGLOMERATE BECOMING A STRATEGIC SHAREHOLDER

ArcelorMittal, acquired approximately 28% equity interest in the Company from Smart Triumph Corporation and Ms. Chen Ningning in November 2007, and became China Oriental's second largest shareholder. Later on, ArcelorMittal then entered into a Shareholders' Agreement (the "Shareholders' Agreement") with the Controlling Shareholders (the "Controlling Shareholders") of the Company. The Shareholders' Agreement will enable ArcelorMittal to become the majority shareholder of the Company by purchasing the Controlling Shareholders' existing 45% stake in the Company within an agreed period of time.

In addition, the Group has entered into a Business Cooperation Agreement (the "Business Cooperation Agreement") with ArcelorMittal. According to the Business Cooperation Agreement, ArcelorMittal will share its technology, technical expertise and know-how with the aim of transforming the Group into a leading producer of heavy sections in China. ArcelorMittal will also assist the Group in sourcing of iron ore and coking coal.

增持佛山津西金蘭冷軋板有限公司（「津西金蘭」）股權

本集團於二零零八年二月增持津西金蘭60%的股權至81.5%。津西金蘭之業務為購入帶鋼再加工成冷軋鋼板或鍍鋅鋼板。

收購完成後，津西金蘭註冊資本將由29,800,000美元（約等於人民幣246,446,000元）增加至55,152,400美元（約等於人民幣428,983,000元），由津西金蘭各合資股東按持股比例投入資金。此項收購及隨後增資已於二零零八年二月內完成，令津西金蘭獲得充裕資金發展業務、增加產能和加強本集團在津西金蘭管理控制。

世界最大鋼鐵企業成策略股東

安賽樂米塔爾於二零零七年十一月向Smart Triumph Corporation及陳寧寧女士收購彼等持有本公司約28%股權，成為本公司的第二大股東。隨後，安賽樂米塔爾與本公司的控股股東（「控股股東」）訂立一項股東協議（「股東協議」）。根據股東協議，安賽樂米塔爾將在雙方同意的時期內，通過收購控股股東持有45%的股權，成為中國東方的大股東。

此外本集團與安賽樂米塔爾訂立了業務合作協議（「業務合作協議」）。根據業務合作協議，安賽樂米塔爾將與本集團分享科技、技術專長及知識以幫助本集團成為中國主要重型鋼材生產商。安賽樂米塔爾還將在鐵礦石和焦炭採購方面為本集團提供協助。

THE WORLD'S LARGEST STEEL CONGLOMERATE BECOMING A STRATEGIC SHAREHOLDER *(Continued)*

ArcelorMittal's becoming the Company's second largest shareholder and the signing of the Business Cooperation Agreement well reflect its confidence in the potentiality of China Oriental's operations, as well as in the iron and steel market of Mainland China. We are delighted to have the world's leading steel giant as our strategic partner and substantial shareholder. We believe with ArcelorMittal's support in steel production technology as well as its network of worldwide raw materials sourcing and management expertise, China Oriental can expedite its development and the realisation of its plan to become a world-class leading H-section steel production base in the PRC.

ACCREDITATION FOR THE COMPANY AND ITS MANAGEMENT

The Group ranked the 10th position of the "Top 100 privately-owned listed companies in 2007" in the forth privately-owned enterprises development forum and the selection of the top 100 privately-owned listed companies, and ranked 34th in "Forbes 2007 Top Chinese Enterprises".

The ranking of Hebei Jinxi Iron and Steel Company Limited ("Jinxi Limited"), a major subsidiary of the Group, had been risen to 69th in terms of crude steel processing capacity, among steel enterprises of the world in 2006, prepared by the Metal Bulletin of the UK. According to the first 11 months of 2007 financial and operating index of medium to large-sized steel enterprises in the PRC, Jinxi Limited ranked the 15th in terms of profit before tax and ranked 3rd in terms of revenue ratio.

世界最大鋼鐵企業成策略股東 (續)

安賽樂米塔爾成為本公司的第二大股東及簽署股東協議和業務合作協議，充分反映這家跨國企業巨人對中國東方業務前景和國內鋼鐵市場的信心。我們非常高興可以引入世界最大的鋼鐵企業作為我們的策略合作夥伴兼主要股東。相信中國東方在安賽樂米塔爾的鋼鐵生產技術、環球原材料採購網路，以及管理專長的支持下可加快發展步伐，並加速實現成為中國最大的H型鋼生產基地的計劃。

公司及管理層取得的榮譽

本集團於第四屆民營企業發展論壇暨民企上市公司百強評選中位列「二零零七年民營企業上市公司百強」第10名，亦於「福布斯二零零七年中國頂尖企業榜」中名列第34位。

本集團的主要附屬公司河北津西鋼鐵股份有限公司（「津西鋼鐵」）在英國金屬通報的二零零六年全球鋼鐵企業粗鋼產量排名進一步上升至第69位。根據二零零七年中國大中型鋼鐵企業的財務及經營指標，津西鋼鐵於一月至十一月份的稅前利潤排名為第15位，銷售比率排名則為第3位。

ACCREDITATION FOR THE COMPANY AND ITS MANAGEMENT *(Continued)*

The Group's brandname, Jinxi Pai, was accredited "China's Well-Known Trademark" by China Trademark Certification Centre and Evaluation Committee of China's Household Brands. The Group's core product, "Jinxi Pai H-section steel", was also awarded by Market Daily of People's Daily and China International Brand Society and etc as "Top brand in user satisfaction in China H-section steel industry" and "Top ten outstanding brands in China's iron and steel industry". It was also accredited by the China Marketing Research and Development Centre as "5-star brand in user satisfaction and quality" as "Top ten iron and steel industry well known brands" and "Top ten user satisfaction products in iron and steel market in China".

Mr. Han Jingyuan, the Chairman and Chief Executive Officer of the Company, had been named the "Top ten outstanding people in Hebei Province metallurgy industry in 2006" by Metallurgy Policy Research Committee of Hebei Province. He was also named the "Top ten outstanding people in brand building" by Market Daily of People's Daily, the China International Brand Society and etc.

PROSPECTS

It is estimated that the demand of steel market in 2008 will remain stable, with a slowdown in its growth rate. Prices will fluctuate at a high level. Differentiation among enterprises will become obvious as enterprise with reliable resources, advanced facilities and rational product structure are expected to enhance their profitability.

The supply iron ore and coking coal is expected to remain tight and prices of these raw materials will continue to stay at a relatively high level. With the support of ArcelorMittal, the Group will be able to secure the supply of its key raw materials, thus ensuring its smooth production and future capacity expansion.

公司及管理層取得的榮譽 (續)

本集團之鋼鐵產品品牌「津西牌」被中國商標認證中心及中國著名商標評審委員會確認為「中國著名商標」。而本集團的重點發展產品「津西牌H型鋼」被人民日報社市場報及中國國際品牌學會等機構評為「中國H型鋼市場用戶滿意首選品牌」和「中國鋼鐵行業十大暢銷品牌」。亦被中國市場調查研究中心授予「品質性價比、用戶滿意度五星級品牌」、「中國鋼鐵產業十大著名品牌」和「全國鋼鐵市場十大用戶滿意產品」。

韓敬遠先生(本公司的董事局主席兼首席執行官)被河北省冶金政研會評為「二零零六年河北省冶金十大年度人物」及被人民日報社市場報及中國國際品牌學會等機構評為「中國品牌建設十大傑出功勳人物」。

前景展望

二零零八年鋼材市場預計將總體需求平穩，增幅降低，價格在高位波動。企業間差異化將更加明顯，利潤將向有資源保障、裝備先進、產品結構合理的企業轉移。

原材料方面，預期環球鐵礦石及焦炭供應仍然緊張，價格亦將繼續於高位運行。在安賽樂米塔爾的協助下，本集團主要原材料供應將得到保障，這對我們穩定現有生產和未來產能的提升十分有利。

PROSPECTS (Continued)

With the development in recent years, in particular the optimisation of its product mix, the Group has significantly improved its competitiveness and profitability. The Group will emphasise on strengthening Jinxi Limited's fundamentals to actively participate in the consolidation of iron and steel industry, enabling it to substantially increase steel processing capacity, through its organic growth and merger and acquisition.

The Group will also focus on fine-tuning its product mix, with an aim to increasing H-section steel capacity, and to enhancing its product average added-value. The Group's plan to construct two additional H-section steel production lines with a total annual production capacity of 1,200,000 tonnes in Jinxi has obtained approval from the regulatory authority. Initial preparation works for the project has commenced. Upon completion and inauguration of the production lines, which is expected to be in the second half of year 2008, the Group's total production capacity of H-section steel will reach 2,500,000 tonnes. It is expected, by 2009, the Group's mainstream product H-section steel will account for over 50% of its revenue.

With the completion of capital injection into Jinxi Jinlan, the plant can expand its capacity and further enjoy economies of scale. We expect the operating results of Jinxi Jinlan will turnaround in the coming year, and will achieve favorable business expansion.

The State has placed substantial emphasis on the development of the steel industry. Being one of the major iron and steel enterprises in Hebei, the Group's business development has long been supported and encouraged by the relevant government authorities. With ArcelorMittal, becoming its strategic partner and a substantial shareholder, the Group will be able to expedite its expansion in scale of operation and acceleration of its production technology.

前景展望 (續)

本集團通過近年的策略發展，特別是產品結構的改善，使企業的競爭力和盈利都有了大幅度提高。本集團將立足於優化津西鋼鐵的基礎，透過參與鋼鐵業整合，使集團通過內部擴張、外部併購的方式大幅增加鋼鐵產能。

同時企業將重點進行以提高H型鋼產能，提高單位附加值為目標的產品調整。本集團早前部署於在津西廠房擴建兩條年產共120萬噸中小H型鋼生產線的計劃已獲得當局的批准。有關項目的前期籌建工作已經展開。預期該新生產線於二零零八年下半年完成投產時，本集團的H型鋼總產能將達到250萬噸。預計於二零零九年，集團以H型鋼為主體的產品將佔整體產品銷售收入的一半以上。

隨著津西金蘭增資擴股已完成，注入新的發展資金，原有產能可以得到充份發揮及進一步取得規模效益。我們預計津西金蘭的營運狀況將於年內轉虧為盈，並可錄得可觀業務增長。

國家把鋼鐵工業視為重點發展的行業，作為河北省的重要鋼鐵企業，本集團的業務發展一直得到有關當局的支持和鼓勵。安賽樂米塔爾成為我們的策略合作夥伴兼主要股東肯定加速集團規模的拓展和生產技術的躍升。

APPRECIATION

The Board would like to extend its gratitude to the staff for their dedication and contribution to the Group, and to thank our shareholders for their support and trust in the Company. We will continue to join hands with our shareholders and staff to realise shareholders' value and enable everyone of us to share our growth prospects.

On behalf of the Board

China Oriental Group Company Limited

Han Jingyuan

Chairman and Chief Executive Officer

Hong Kong, 27 March 2008

感謝

董事局藉此感謝本集團全體員工的努力和貢獻。此外，亦謹此對股東們的支持和信任，致以衷心感謝，並將繼續與股東們、員工們並肩攜手，掌握現有價值，共享發展成果。

謹代表董事局

中國東方集團控股有限公司

韓敬遠

董事局主席兼首席執行官

香港，二零零八年三月二十七日

Director and Senior Management's Biographies 董事及高級管理人員的履歷

EXECUTIVE DIRECTOR

Han Jingyuan, 51, is the Chairman and Chief Executive Officer of the Company, and also serves as chairman of the board of Jinxi Limited and Jinxi Jinlan. Mr. Han graduated from the People's University in 1994 with a degree in management. His experience in the steel industry began in 1984 when he was employed as a sub-division head of Han'erzhuang Iron Mine. Mr. Han has in-depth industry knowledge and 23 years of extensive operational and managerial experience in the iron and steel industry. Mr. Han was awarded the honorary title of "Top Ten Celebrities for China Reform Programme in the New Century", "Economic Top Ten Men of Honesty and Credibility in China", "Outstanding Entrepreneur of Hebei Province", "The Most Attention-grabbing Chinese Entrepreneur", "Best Founding Entrepreneurs in China", "Excellent Privately-owned Enterprises Entrepreneur in Hebei Province", etc.. Mr. Han is the Vice Chairman of the Metallurgy Chamber of All-China Federation of Industry and Commerce. Mr. Han is the director and the controlling shareholder of Wellbeing Holdings Limited, the controlling shareholder of the Group.

Zhu Jun, 44, an Executive Director, Executive Deputy General Manager of the Company, also serves as an Chief Operating Officer of the board and the executive director and general manager of Jinxi Limited. Mr. Zhu graduated in 2001 from a graduate programme of the Communist Party School in Hebei Province with a diploma in management. Prior to working in the steel industry, Mr. Zhu worked for 10 years as deputy director of Qianxi County Chemical Fertilizer Factory which was based in Qianxi County. Mr. Zhu joined Jinxi Iron Factory in 1992 and later served as deputy director. Mr. Zhu has had 14 years of working experience in the iron and steel industry.

執行董事

韓敬遠，五十一歲，為本公司的董事局主席兼首席執行官，亦為津西鋼鐵及津西金蘭的董事會主席。彼於一九九四年在人民大學畢業，取得管理學位。韓先生於一九八四年在漢兒莊鐵礦出任副科長，開始從事鋼鐵業。韓先生為資深業內人士，在鋼鐵業累積二十三年的運作及管理經驗。韓先生曾獲「新世紀中國改革十大新聞人物」、「中國經濟十大誠信人物」、「河北省傑出企業家」、「中國最受關注企業家」、「全國優秀創業企業家」及「河北省優秀民營企業家」等殊榮。韓先生為中華全國工商業聯合會冶金業商會副會長。韓先生為本集團的控股股東、Wellbeing Holdings Limited的董事及控股股東。

朱軍，四十四歲，本公司執行董事、常務副總經理兼首席運營官，同時兼任津西鋼鐵執行董事兼總經理。彼於二零零一年在中共河北省委黨校畢業，持有管理文憑。在從事鋼鐵業前，朱先生在遷西縣化肥廠擔任副廠長達十年之久。彼於一九九二年加盟津西鐵廠，其後出任副廠長之職。朱先生在鋼鐵業累積了十四年經驗。

EXECUTIVE DIRECTOR (Continued)

Liu Lei, 52, is an Executive Director and deputy general manager of the Company and director of Jinxi Jinlan. Mr. Liu has over 20 years of experience in management and industrial fields. Mr. Liu graduated in the area of Industrial Electrical Automation of Electrical Engineering Faculty of 河北工學院 (Hebei Industrial Academy) in July 1978. Mr. Liu was awarded the title of 河北省有突出貢獻的中青年專業技術人才 (Professional Technological Talent With Outstanding Contribution in Hebei Province) by Government of Hebei Province in April 1987. Mr. Liu was also granted the qualification of research fellow by 河北省自然研究高級評委會 (Senior Appraisal Committee of Zi Ran Yan Jiu of Hebei Province) in December 2000. Before joining the Group in June 2004, Mr. Liu was the Vice Chancellor of 河北省科學院 (Science Bureau of Hebei Province) from October 1999 to June 2004.

Shen Xiaoling, 47, is an executive Director of the Company and also serves as an executive director and deputy general manager of Jinxi Limited. He obtained a diploma in management from the Hebei Province Communist Party School in 2001. Before joining the Group, Mr. Shen was head of China Construction Bank Luanxian Sub-branch. Mr. Shen also had 5 years experience acting as head of China Construction Bank Qianxi Sub-branch and more than 6 years of experience as the deputy head of Bank of China Qianxi Sub-branch. Mr. Shen has been deputy general manager of Jinxi Limited since January 2002.

執行董事 (續)

劉磊，五十二歲，本公司執行董事兼副總經理及津西金蘭的董事。劉先生於管理及工業方面有超過二十年的經驗。劉先生於一九七八年七月畢業於河北工學院電機工程系工業電氣自動化專業。彼於一九八七年四月獲河北省政府頒發「河北省有突出貢獻的中青年專業技術人才」的稱號，亦於二零零零年十二月獲河北省自然研究高級評委會評為研究員的資格。於二零零四年六月加入本集團前，劉先生於一九九九年十月至二零零四年六月期間出任河北省科學院的副院長。

沈曉玲，四十七歲，本公司執行董事兼任津西鋼鐵的執行董事兼副總經理。彼於二零零一年在中共河北省委黨校取得管理文憑。在加盟本集團之前，沈先生為中國建設銀行灤縣支行行長，亦曾擔任中國建設銀行遷西支行行長逾五年及中國銀行遷西支行副行長逾六年。沈先生由二零零二年一月起擔任津西鋼鐵的副總經理。

Director and Senior Management's Biographies 董事及高級管理人員的履歷

EXECUTIVE DIRECTOR *(Continued)*

Yu Jianshui, 40, is an Executive Director of the Company and the general manager of Jinxi Jinlan. Mr. Yu was a metallurgy graduate at Hebei Polytechnic University. He joined the Group after graduation until May 2005 and had over 16 years management experience. During the period, he received the awards of County Technological Selected Talent (縣科技拔尖人才), Ten Outstanding Youths in the County (縣十大傑出青年), Outstanding Youth in Post of Tangshan City (唐山市青年崗位能手), Workers' Model in Hebei Province (河北省勞動模範), The First Class Honour of Technological Improvement in Tangshan City, The Third Class Honour of Technological Improvement in Hebei Province. He was employed as the deputy general executive manager of Shanxi Province Xiaoyi City Chengcai Iron and Steel Company in May 2005 and then joined Jinxi Jinlan in April 2006.

Zhu Hao, 41, is an Executive Director of the Company and graduated at Tianjin's Nankai University and obtained his master degree in accounting from the University of New South Wales in Australia. Mr. Zhu is a senior economist in China. Mr. Zhu was a Non-executive Director of Jinxi Limited from December 2002 to early 2004. Mr. Zhu was appointed as an Executive Director of the Company in November 2007.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Gao Qingju, 71, is a senior engineer, has been employed by Beijing Lianxingfa Industrial & Technical Co., Ltd. Since 2000 and currently serves as both its general manager and director of the board. After completing his study in metallurgical machinery and equipment at the Beijing College of Iron & Steel (北京鋼鐵工業學校) in 1958, Mr. Gao joined the Ministry of Metallurgical Industry and worked there for nearly 40 years, during which he was once appointed as the head of a sub-division of the ministry's production department. During his tenure with this ministry, Mr. Gao worked as a researcher on high-temperature alloys at a research institution in Beijing and completed an economics training programme at the Beijing Communist Party School in 1988. Before taking his current position with Beijing Lianxingfa Industrial & Technical Co., Ltd., Mr. Gao became the secretary-general of the Association of National Local Steel Enterprises, and continues to hold this position.

執行董事 (續)

于建水，四十歲，本公司執行董事亦為津西金蘭總經理。于先生畢業於河北理工大學鋼鐵冶金專業，自參加工作以來至二零零五年五月一直在本集團工作，擁有超過十六年管理經驗。期間，曾獲得「縣科技拔尖人才」、「縣十大傑出青年」、「唐山市青年崗位能手」、「河北省勞動模範」等榮譽稱號，榮獲「唐山市科技進步一等獎」、「河北省科技進步三等獎」等科技成果。于先生於二零零五年五月任山西省孝義市城財鋼鐵公司常務副總經理，及後於二零零六年四月加盟津西金蘭。

朱浩，四十一歲，本公司執行董事，天津南開大學畢業並取得澳洲新南威爾斯大學會計學碩士學位。朱先生為中國高級經濟師。在二零零二年十二月至二零零四年初期間，朱先生為津西鋼鐵非執行董事。朱先生於二零零七年十一月獲委任為本公司執行董事。

獨立非執行董事

高青舉，七十一歲，高級工程師，自二零零零年起任職於北京聯興發鋼鐵科貿有限公司，現任該公司的總經理兼董事。高先生於一九五八年完成北京鋼鐵工業學校冶金工廠裝備專業的課程後，加入冶金工業部並於該部工作了近四十年，曾任職該部生產司某部門負責人。在該部工作期間，高先生曾在北京一家科研機構任職高溫合金研究員，並於一九八八年完成了北京黨校經濟培訓課。在任職北京聯興發鋼鐵科貿有限公司之前，高先生為冶金企協地方鋼鐵企業分會總書記，並任職至今。

INDEPENDENT NON-EXECUTIVE DIRECTORS

(Continued)

Yu Tung Ho, 61, currently serves as Chief Advisor to the Director of Asia Television Co., Ltd. and has been in broadcasting for more than 36 years. His experience includes acting as chief operation officer of Asia Television Limited, Executive vice president of Phoenix Satellite Television in Hong Kong and serving as chairman of the 12th and 13th Hong Kong Advertising Industry Association. Mr. Yu has also served as the deputy general manager of China Broadcasting Television International Economic and Technological Company. In his 36 years of experience, Mr. Yu has also served as chief of the Guangdong Province Broadcasting Station. Mr. Yu also act as independent non-executive director of Gome Electrical Appliances Holdings Limited.

Wong Man Chung, Francis, 43, is a Certified Public Accountant (Practising) and has over 19 years of experience in auditing, taxation, management and financial advisory. Mr. Wong is currently an independent non-executive director of Digital China Holdings Limited and Wai Kee Holdings Limited whose shares are listed on the Main Board of the Stock Exchange and is an independent non-executive director of Lightscape Technologies Inc., a company with its shares listed and traded in the OTC Bulletin Board of the United States of America. He was once the independent non-executive director of Sys Solutions Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange and the independent non-executive director of Yardway Group Limited, a company listed on the Main Board of the Stock Exchange. Mr. Wong is a director of Union Alpha C.P.A. Limited, a professional accounting firm, and a founding director and member of Francis M.C. Wong Charitable Foundation Limited, a charitable institution. Previously, Mr. Wong worked for an international accounting firm for 6 years and the Hong Kong Securities Clearing Company Limited for 2 years. Mr. Wong is a fellow member of Hong Kong Institute of Certified Public Accountants, Taxation Institute of Hong Kong and Association of Chartered Certified Accountant of the United Kingdom. Mr. Wong is also an associate member of Institute of Chartered Accountants in England and Wales and a member of the Society of Chinese Accountants & Auditors, Hong Kong. Mr. Wong holds a Master Degree in Management conferred by Guangzhou Jinan University.

獨立非執行董事 (續)

余統浩，六十一歲，現任亞洲電視有限公司董事首席顧問，在廣播事務方面擁有逾三十六年經驗。他曾出任香港亞洲電視營運總裁、香港鳳凰衛視執行副總裁，以及第十二及第十三任香港廣告業聯會主席。余先生亦為中國廣播電視國際經濟技術合作總公司副總經理。彼在三十六年廣播事業中，曾任廣東省廣播電台台長。彼亦為國美電器控股有限公司獨立非執行董事。

黃文宗，四十三歲，為一名執業會計師，於審計、稅務、管理及財務策劃方面有超過十九年經驗。黃先生現為神州數碼控股有限公司及惠記集團有限公司的獨立非執行董事，該等公司的股份均於交易所主板上市，和一間在美國OTC Bulletin Board上市公司的獨立非執行董事。黃先生並曾為軟迅科技控股有限公司（其股份於交易所創業板上市）及啟帆集團有限公司（其股份於交易所主板上市）的獨立非執行董事。黃先生現為才匯會計師事務所有限公司的董事及黃文宗慈善基金有限公司的創辦董事及發起人。在此之前，黃先生曾於一間國際會計師事務所工作六年，並於香港中央結算有限公司工作兩年。黃先生為香港會計師公會、香港稅務學會及英國特許公認會計師公會資深會員，亦為英格蘭及韋爾斯特許會計師公會會員及香港華人會計師公會會員。黃先生持有廣州暨南大學管理學碩士學位。

Director and Senior Management's Biographies 董事及高級管理人員的履歷

SENIOR MANAGEMENT

Chiu Ngam, Chris (CPA), 34, is the Financial Controller and in charge of the investor relations of the Company. Mr. Chiu graduated from the Hong Kong University of Science and Technology with a Bachelor's Degree in business administration. He is a CPA of The Hong Kong Institute of Certified Public Accountants and The American Institute of Certified Public Accountants. Mr. Chiu has over 14 years of experience in auditing, accounting, corporate finance, merger and acquisition and investor relations. Mr. Chiu has been the Group Financial Controller of a Hong Kong Main Board listed company, the Chief Financial Officer of a State-owned conglomerate and worked in an international accounting firm before joining the Company.

高級管理人員

趙岩 (會計師)，三十四歲，為本公司財務總監兼主管投資關係。趙先生畢業於香港科技大學，持有工商管理學學士學位。彼為香港會計師公會及美國註冊會計師協會之會計師。他在審計、會計、企業財務、併購和投資關係方面積累逾十四年經驗。趙先生在加入本公司之前，曾於香港主板上市公司出任集團財務總監、國營企業出任首席財務總監，並於國際會計師事務所任職。

The board of directors (the "Board" or the "Directors") of the Company is committed to promote good corporate governance to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value.

In the opinion of the Directors, the Company has complied with the Code Provision on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31 December 2007, except for the deviation with explanation disclosed below.

BOARD OF DIRECTORS

A. Board Composition

The Board currently comprises six Executive Directors and three Independent Non-Executive Directors, serving the important function of guiding the management.

The board members for the year ended 31 December 2007 were:

Executive Directors

Mr. Han Jingyuan (*Chairman and Chief Executive Officer*)
Ms. Chen Ningning (i)
Mr. Zhu Jun (*Executive Deputy General Manager and Chief Operating Officer*)
Mr. Tang Chi Fai (ii)
Mr. Liu Lei (*Deputy General Manager*)
Mr. Shen Xiaoling
Mr. Yu Jianshui (iii)
Mr. Zhu Hao (iv)

Independent Non-Executive Directors

Mr. Gao Qingju
Mr. Yu Tung Ho
Mr. Wong Man Chung, Francis

Notes:

- (i) resigned on 29 October 2007
- (ii) resigned on 13 April 2007
- (iii) appointed on 14 April 2007
- (iv) appointed on 21 November 2007

本公司董事局（「董事局」或「董事」）致力維持良好之企業管治標準及程序，以確保資料披露之完整性、透明度及質素，藉以提高股東價值。

除了下列偏離及說明外，董事局認為本公司於二零零七年十二月三十一日止年度內，已遵守香港聯合交易所有限公司（「聯交所」）上市規則附錄十四所載之公司管治常規守則（「守則條文」）。

董事局

A. 董事局組成

董事局目前由六名執行董事和三名獨立非執行董事組成，負起引導管理層之重要職能。

截至二零零七年十二月三十一日止年度之董事局成員為：

執行董事

韓敬遠先生（*董事局主席兼首席執行官*）
陳寧寧女士 (i)
朱軍先生（*常務副總經理兼首席運營官*）
鄧志輝先生 (ii)
劉磊先生（*副總經理*）
沈曉玲先生
于建水先生 (iii)
朱浩先生 (iv)

獨立非執行董事

高清舉先生
余統浩先生
黃文宗先生

附註：

- (i) 於二零零七年十月二十九日辭任
- (ii) 於二零零七年四月十三日辭任
- (iii) 於二零零七年四月十四日獲委任
- (iv) 於二零零七年十一月二十一日獲委任

BOARD OF DIRECTORS (Continued)

A. Board Composition (Continued)

The Board is to consider and approve the strategies, financial objectives, annual budget, investment proposals, and assume the responsibilities of corporate governance of the Company. The day-to-day operations of the Group are delegated to the management of the Group. In addition, the Board has also specifically resolved that all transactions/contracts/other matters of the Group that are subject to the disclosure requirement in accordance with the Listing Rules should be approved by the Board in advance.

The composition of the Board, by category of Directors, including name of Chairman, Executive Director, Independent Non-Executive Director, is disclosed in all corporate communications.

For details of the Directors' biographical information, please refer to the section headed "Directors and Senior Management's Biographies" on pages 14 to 18.

To the best knowledge of the Directors, there is no financial, business, family relationship among our Directors. All of them are free to exercise their independence judgment.

B. Chairman and Chief Executive Officer

Under Code Provision A.2.1 of the CG Code, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. The Board has Chairman to provide leadership to the Board in terms of establishing policies and business directions and monitor the daily operation of the Group. Currently, Mr. Han Jingyuan serves as the Chairman of the Board and the Chief Executive Officer of the Company. The Board believes that there is no need to segregate the roles of Chairman and the Chief Executive Officer of the Company because the role of chief executive officer/general manager of the Company's major operating subsidiaries are performed by other persons and apart from acting as the listing vehicle of the Group, the Company has no real operating activities or business.

董事局 (續)

A. 董事局組成 (續)

董事局考慮及批准本公司之策略、財務目標、年度預算、投資建議及履行公司管治責任。本集團之管理層負責管理本集團之日常運作。此外，董事局亦已特別議決，決定所有根據上市規則須受披露規定所限的本集團交易／合約／其它事宜須先經由董事局批准。

在所有公司通訊中已按董事類別(包括主席、執行董事、獨立非執行董事之姓名)披露董事局的架構。

董事履歷資料，請參閱載於第14至18頁題為「董事及高級管理人員履歷」部分。

就董事所知悉，本公司各董事之間概無任何財務、業務及親屬關係。彼等均可自由作出獨立判斷。

B. 董事局主席和首席執行官

根據守則條文第A.2.1條，董事局主席與首席執行官的角色應有區分，並不應由一人同時兼任。本公司董事局設主席就制定政策及業務方向領導董事局，及監控本集團之日常運作。目前，韓敬遠先生擔任董事局主席和本公司首席執行官。董事局相信無需區分本公司董事局主席及首席執行官職務，因本公司主要及實際營運的附屬公司的首席執行官／總經理職務已由其他人士擔任，而本公司僅作為上市集團的載體且並無實質性營運及業務。

BOARD OF DIRECTORS (Continued)

B. Chairman and Chief Executive Officer (Continued)

Depending on the future development of the operating activities or business of the Company, eventually the Board will actively consider the issue of replacing Mr. Han Jingyuan by an appropriate candidate as the Chief Executive Officer of the Company.

C. Independent Non-Executive Directors

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed three Independent Non-Executive Directors of whom Mr. Wong Man Chung, Francis has appropriate professional qualifications and experience in financial matters.

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

D. Appointment, Re-election and Removal of Directors

The Company did not have a nomination committee. The candidates for directorship during the year were selected by the senior management of the Company subject to the review and approval of the Board in accordance with the Bye-laws of the Company. The criteria adopted by the Board in selecting and approving candidates for directorship are based on whether the candidates are appropriate in term of experience and the potential contribution to the Group associated with the candidates' appointment.

董事局 (續)

B. 主席和行政總裁 (續)

根據本公司將來的營運及業務拓展情況，董事局最終將積極考慮物色合適人選替代韓敬遠先生擔任首席執行官職務。

C. 獨立非執行董事

根據上市規則第3.10(1)條及第3.10(2)條，本公司已委任三名獨立非執行董事當中黃文宗先生在財務事宜方面擁有合適之專業資格及經驗。

本公司已接獲各獨立非執行董事根據上市規則第3.13條發出之年度獨立性確認書。本公司認為全體獨立非執行董事均具備獨立性。

D. 委任、重選和撤換董事

本公司沒有設提名委員會。年內，董事人選乃由本公司高級管理人員挑選，並經董事局根據本公司公司章程審閱及批准。董事局就挑選及批准董事人選而採納的準則乃以候任人選的經驗是否適當及委任該名人選對本集團的潛在貢獻為基準。

BOARD OF DIRECTORS (Continued)

D. Appointment, Re-election and Removal of Directors (Continued)

Pursuant to current Bye-law 87(1), at each annual general meeting one-third of the Directors for the time (or if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation provided that notwithstanding anything therein, the chairman of the Board and/or the managing director of the Company shall not, whilst holding such office, be subject to the retirement by rotation or be taken into account in determining the number of the Directors to retire in each year. However, the Company has entered into service contracts with definite term of services from one year to three years. When the services contract expires, the Chairman, being eligible, is willing to re-elected at the general meeting to be held in that year.

The Board will consider amending the Bye-laws in the future in order to comply with the Code Provision.

E. Responsibilities of Directors

The Directors fully appreciate their role and duties as Directors of the Company.

New Director will be given an introduction to the Group's major business activities, induction into their responsibilities and duties, and other regulatory requirements.

The Company Secretary is responsible for keeping all Directors updated on the Listing Rules and other relevant regulatory requirements.

董事局 (續)

D. 委任、重選和撤換董事 (續)

根據本公司現行公司章程第87(1)條，於每屆股東週年大會上三分之一應屆董事須輪值告退（倘董事人數並非三分倍數則以最接近但不超過三分之一人數為準）惟擔任主席及／或董事總經理之董事毋須輪值告退，計算須告退董事人數時亦不予計算在內。但是，本公司已與所有董事訂定服務合同，年期由一年至三年不等。當服務合同屆滿時，董事局主席，符合資格，願意在應屆股東大會上重選連任。

董事局考慮在未來修訂公司章程以符合守則條文要求。

E. 董事之責任

所有董事均充分了解彼等作為本公司董事之角色及職責。

新任董事於入職時，將獲簡介本集團之主要業務、彼等之責任及職責以及其它監管要求。

公司秘書負責向全體董事發放上市規則及其它相關監管要求之最新資料。

BOARD OF DIRECTORS (Continued)

F. Directors' Securities Transactions

The Company has adopted a code of conduct regarding Directors of the Company's securities transactions on terms no less exacting than the required standard set out in the Model Code of Appendix 10 of the Listing Rules (the "Model Code").

The Company has made specific enquiry of all Directors and all Directors have confirmed with the Company that they have complied with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions during the year.

G. Board Meeting

The Board met 30 times in 2007. Before each Board meeting, the Directors have to declare for their interests in the subject matter to be considered in the relevant Board meeting. Any director who or whose associates have any material interest in any proposed Board resolutions will not be counted as a quorum in the relevant Board meeting or vote for the Board resolutions.

Under Code Provision A.1.3, notice of at least 14 days should be given of a regular board meeting. During 2007, not less than 4 days notice is given. The Board will ensure at least 14 days notice to be given for the forthcoming Board meeting.

The Company Secretary is responsible for taking minutes of the Board meetings. The minutes would be sent to all Directors within a reasonable time after each meeting and generally be made available for inspection by Directors. The minutes record the matters discussed and decisions resolved at Board meetings.

Should a potential conflict of interest involving a substantial shareholder or director arise, the matter is discussed in an actual Board meeting, as opposed to being dealt with by written resolution. Independent Non-Executive Directors are present at the Board meeting dealings with conflict issues.

董事局 (續)

F. 董事之證券交易

本公司已採納有關本公司董事進行證券交易的操守準則，該操守準則的條款不低於上市規則附錄十的標準守則（「標準守則」）所載的規定標準。

本公司已向全體董事作出個別查詢，而全體董事已向本公司確認，彼等於年內已遵守標準守則及本公司有關董事進行證券交易的操守準則。

G. 董事局會議

董事局於二零零七年召開三十次會議。在每次董事局會議前，各董事就相關董事局議程申報其利益。各董事及其聯繫人如在所建議董事局決議案中存在重大利益，該董事之出席或投票均不計入法定人數或表決率內。

根據上市規則第A.1.3條，召開董事局定期會議應發出至少十四天通知。於二零零七年，不少於四天通知已發出。董事局確保在未來召開的會議發出不少於十四天通知。

公司秘書負責記錄董事局之會議記錄。該等會議記錄須在每次會議後之合理時間內送交全體董事，並隨時可供董事查閱。會議記錄應對董事會會議上所討論事項及決議所記錄。

倘若主要股東或董事潛在利益衝突，有關事宜會在實際董事會會議討論，而並不會以書面決議方式處理。獨立非執行董事出席處理涉及利益衝突事宜之董事會會議。

BOARD OF DIRECTORS (Continued)

G. Board Meeting (Continued)

Details of individuals attendance of Directors is shown below:

		Notes 附註	Number of Attendance 出席次數
Mr. Han Jingyuan	韓敬遠先生		29/30
Ms. Chen Ningning	陳寧寧女士	(i)	9/25
Mr. Zhu Jun	朱軍先生		30/30
Mr. Tang Chi Fai	鄧志輝先生	(ii)	8/8
Mr. Liu Lei	劉磊先生		30/30
Mr. Shen Xiaoling	沈曉玲先生		30/30
Mr. Yu Jianshui	于建水先生	(iii)	20/20
Mr. Zhu Hao	朱浩先生	(iv)	2/2
Mr. Gao Qingju	高青舉先生		30/30
Mr. Yu Tung Ho	余統浩先生		29/30
Mr. Wong Man Chung, Francis	黃文宗先生		28/30

Notes:

- (i) resigned on 29 October 2007
- (ii) resigned on 13 April 2007
- (iii) appointed on 14 April 2007
- (iv) appointed on 21 November 2007

附註:

- (i) 於二零零七年十月二十九日辭任
- (ii) 於二零零七年四月十三日辭任
- (iii) 於二零零七年四月十四日獲委任
- (iv) 於二零零七年十一月二十一日獲委任

董事局 (續)

G. 董事局會議 (續)

各董事的個別出席紀錄如下:

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company established Remuneration Committee in 2005. The existing Remuneration Committee comprises the Chairman of the Company, Mr. Han Jingyuan with three Independent Non-executive Directors, Namely, Mr. Gao Qingju, Mr. Yu Tung Ho and Mr. Wong Man Chung, Francis. The terms of reference of the Remuneration Committee are available on the Company's website.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all remunerations of Directors and senior management and reviewing the special remuneration packages of all Directors by reference to corporate goals and objectives resolved by the Board from time to time. No Director is involved in deciding his own remuneration.

During 2007, the Remuneration Committee met five times with attendance of individual Committee Members shown below:

董事和高級管理層薪酬

本公司於二零零五年設立薪酬委員會。現行薪酬委員會由本公司主席韓敬遠先生和三名獨立非執行董事組成，即高清舉先生、余統浩先生和黃文宗先生。其職責範疇載列於本公司網頁。

薪酬委員會之主要職責包括就本公司為全體董事及高級管理層而設立之薪酬政策及架構向董事局提出建議參考董事局不時釐定企業計劃及目標而審議所有董事和高級管理職之特別薪津組合。概無董事參與釐定其本身之薪酬。

於二零零七年，薪酬委員會召開五次會議而各成員的個別出席紀錄如下：

Number of Attendance

出席次數

Mr. Han Jingyuan	韓敬遠先生	5/5
Mr. Gao Qingju	高清舉先生	5/5
Mr. Yu Tung Ho	余統浩先生	5/5
Mr. Wong Man Chung, Francis	黃文宗先生	4/5

ACCOUNTABILITY AND AUDIT

A. Financial Reporting

The Board is responsible for presenting a balanced, clear and comprehensive, assessment of the Group' performance, position and prospects in all corporate communication.

The Directors shall have full access Management for enquiries and to obtain information on the Group when necessary. The Directors are able to obtain independent professional advice at the Company's expenses whenever deemed necessary by the Directors.

The Directors acknowledge their responsibility for preparing the financial statements of the Group. The statement of the Auditors of the Company about their responsibilities on the financial statement of the Group is set out in the Independent Auditors' Report on pages 54 to 56.

The Directors confirms 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.

B. Audit Committee

The Company has set up an audit committee in 2005 with the terms of reference adopted complied with the requirement of the Listing Rules which is available on the Company's website.

The existing Audit Committee of the Company comprises three Independent Non-Executive Directors, namely Mr. Gao Qingju, Mr. Yu Tung Ho and Mr. Wong Man Chung, Francis as Chairman of the Committee.

None of three Audit Committee members is a former partner of the external auditors one year before joining the Company.

問責和核數

A. 財務匯報

董事局負責在所有企業通訊內，就本集團之表現、狀況及前景作出平衡、清晰及全面之評估。

董事可向管理層作出全面查詢且可於必要時獲取本集團之數據，董事可於其認為有需要時尋求獨立專業意見並由本公司支付費用。

董事瞭解其在編製本集團財務報表之責任。本公司核數師就其對本集團財務報表之責任之聲明載於第54至56頁之獨立核數師報告。

董事確認經作出一切合理查詢後就彼等所知所瞭解及所信彼等並不知悉任何重大不明朗之事件或情況可能會對本公司持續經營能力造成重大疑慮。

B. 審核委員會

本公司於二零零五年設立審核委員會，其職責範疇符合上市規則要求並載列於本公司網頁。

現行審核委員會由三名獨立非執行董事組成，即高淸舉先生、余統浩先生和黃文宗先生並由黃文宗先生為委員會主席。

三名審核委員會成員在加入本公司之前一年，概無出任外聘核數師之合夥人。

ACCOUNTABILITY AND AUDIT (Continued)

B. Audit Committee (Continued)

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information, and oversight of the relationship with the Auditors of the Company.

The Audit Committee is provided with sufficient resources to discharge its duties and can take independent professional advice at the Company's expenses if considered necessary.

During 2007, the Audit Committee met three times with attendance of individual Committee members shown below:

		Number of Attendance 出席次數
Mr. Yu Tung Ho	余統浩先生	3/3
Mr. Gao Qingju	高清舉先生	3/3
Mr. Wong Man Chung, Francis	黃文宗先生	3/3

C. Auditors' Remuneration

For the year ended 31 December 2007, the Group's external auditors provided the following services to the Group:

		RMB'000 人民幣千元
Audit Services	審計	4,100
Non-audit services	非審計	
Internal Audit Review & others	內控評估和其它	2,100
		6,200

問責和核數 (續)

B. 審核委員會 (續)

審核委員會之主要職責包括檢討及監控本集團之財務匯報系統及內部監控程序，審閱本集團之財務資料及監察與本公司核數師之關係。

審核委員會獲提供充足資源以履行職務，在有需要時尋求獨立專業意見，並由本公司支付費用。

於二零零七年，審核委員會召開三次會議而各成員的個別出席紀錄如下：

C. 核數師酬金

截至二零零七年十二月三十一日止年度，本集團外聘核數師為本集團提供如下服務：

ACCOUNTABILITY AND AUDIT (Continued)

D. Internal Control

The Board has overall responsibilities for maintaining a sound and effective internal control system to safeguard the shareholders' investment and the Company's asset as well the compliance of all statutory requirements. Each of the Directors is aware and understands that in exercising each of their power and duties as a director, each of them would comply to the best of his ability with Listing Rules.

During 2006, Hebei Jinxi Iron and Steel Company Limited signed a guarantee as security to its fellow subsidiary, Foshan Jinxi Jinlan Cold Rolled Sheet Company Limited, which was a connected party to the Company at that time. The provision of the guarantee was not reported to the Stock Exchange in time and constituted a breach to the Listing Rules.

The Directors have engaged a professional conducted a review of the effectiveness of the system of internal control of the Group including suggestion to enhance the Group's overall internal control system as soon as practicable. The internal control review report has been approved by Audit Committee and the Board of Directors on 19 March 2008.

The Directors undertake to monitor the Group's progress on the implementation of the report. Periodic meetings will be held and circular, guidance notes and training will be issued and provided to senior management where appropriate, to ensure the presence of efficient and effective internal control system in place.

問責和核數 (續)

D. 內部監控

董事局全權負責維持健全有效之內部監控系統以保障股東之投資及本公司之資產，同時遵守法律法規要求。各董事在行使各自身為董事的權力及職責時彼等各自將盡力遵守上市規則。

於二零零六年，河北津西鋼鐵股份有限公司為佛山津西金蘭冷軋板有限公司，同集團附屬公司，提供擔保；當時，其為本公司之聯繫人。提供擔保沒有及時向聯交所申報和構成違反上市規則。

董事局已聘請具適當經驗的專業公司就本集團內部監控系統進行調查包括盡快向本集團提供如何提升整體內部監控系統之建議。該內部監控評估報告於二零零八年三月十九日經審核委員會和董事局批准。

董事局承諾對內部監控調查報告之實踐進行監控。召開定期會議及向高級管理層發出通告指引和提供訓練以確保現行的內部監控系統是有效和適當的。

COMMUNICATIONS WITH SHAREHOLDERS

A. Effective Communication

In order to develop and maintain continuing relationships with the shareholders of the Company, the Company establishes various communications channels to facilitate and enhance communication:

- (i) interim and annual reports are sent to shareholders of the Company;
- (ii) the annual general meeting provides a forum for shareholders of the Company to raise comments and exchange views with the Board;
- (iii) updated and key information of the Group is available on the Company's website; and
- (iv) the Company's website offers a communication channel between the Company and its shareholders.

The Chairman and the Directors are available at annual general meeting to answer questions raised by shareholders of the Company. To facilitate enforcement of shareholders' rights, separate resolutions are proposed at general meetings on each substantially separate issue, including the election of individual Directors.

B. Voting by Poll

The procedures for demanding and conducting a poll is disclosed in all the Company's circulars to shareholders accompanying the notice of general meetings. These procedures are also explained by the Chairman of general meeting at the commencement of the meetings.

Votes cast for each resolutions dealt in general meetings are properly counted and recorded.

與股東之溝通

A. 有效溝通

為了發展及維繫與本公司股東之持續關係本公司已設立各種溝通渠道以促進及加強溝通：

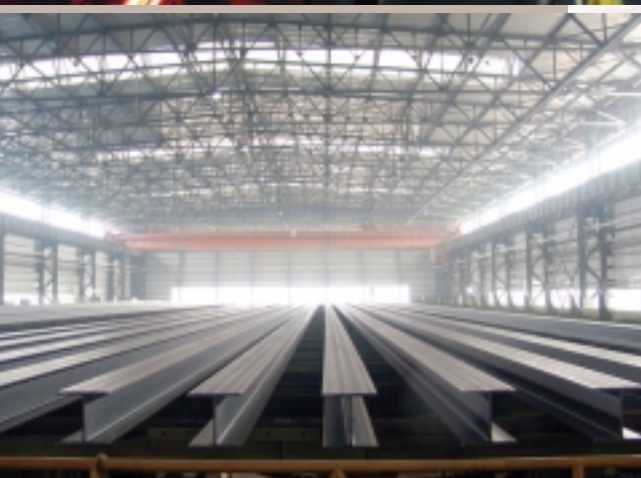
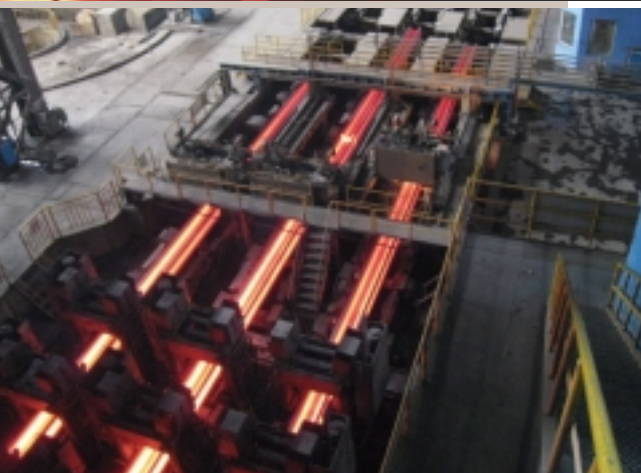
- (i) 寄發本公司中期及年度報告予本公司股東；
- (ii) 股東週年大會為本公司股東提供一個場合讓彼等提出意見及與董事局交換意見；
- (iii) 本集團之最新重要資料載於本公司網頁；及
- (iv) 本公司之網頁為本公司與其股東提供溝通渠道。

主席和董事於股東大會上樂意回答本公司股東提出之問題。於股東大會上，具體上不同之議題（包括個別董事之選任）將以個別決議案處理，以確保股東之權利。

B. 以投票方式表決

要求以投票方式進行表決之程序於所有寄發予本公司股東通函（附隨股東大會通告）中披露有關程序由股東大會主席於會議時間開始時作解釋。

股東大會上每項決議案之投票票數均作正確計算及記錄。



Business and Financial Review

業務及財務回顧

Despite a significant surge in raw material cost, higher margin through continuation of our operation strategy of fine-tuning its product mix, we successfully transferred the majority of the cost pressure to consumers. The Group still maintained a high gross profit margin, the same level as previous years.

雖然年內原材料價格明顯上漲，透過持續優化產品結構的經營策略，我們成功將主要成本上漲壓力轉嫁給消費者，本集團的全年毛利率仍然維持在與往年相若的高水平。

BUSINESS REVIEW

Results

During the year under review, revenue of the Group recorded a strong growth and had exceeded RMB10 billion. Apart from the overall surge of market prices in the iron and steel industry, the Company's increased sales volume resulted from enhanced capacity also contributed to a higher revenue. The audited consolidated revenue of the Group for the year 2007 was appropriately RMB13,499 million (2006: RMB9,782 million), representing an increase of 38% as compared to that of 2006.

Despite a significant surge in raw material cost, higher margin through continuation of our operation strategy of fine-tuning its product mix, increasing the proportion of H-section steel sales volume, we successfully transferred the majority of the cost pressure to consumers. The Group still maintained a high gross profit margin, the same level as 2006. Total gross profit for the year under review increased 35% to RMB1,917 million (2006: RMB1,424 million).

The audited profit attributable to equity holders of the Company for the year 2007 was RMB1,160 million (2006: RMB1,033 million) representing an increase of 12% from that of 2006. Growth of the Group's profit for the year was lower than that of the revenue percentage increase. This was mainly due to the 89,700,000 share options granted to qualified staff in 2007 in recognition of their contribution to the Group's development. The granting of share options incurred a non-cash expense of RMB160 million. Without the impact of the non-cash expense, profit attributable to the equity holders of the Company would be RMB1,313 million, representing an increase of 25%.

The audited basic and diluted earnings per share for the year 2007 was RMB0.40, representing an increase of 11% (2006: RMB0.36).

During the year under review, the Group was financially strong in terms of consolidated cash flows. The net cash inflows generated from operating activities for 2007 was RMB1,074 million (2006: RMB240 million), 3.5 times higher than that of 2006.

業務回顧

業績

於回顧年度內，本集團之銷售額錄得強勁增長，並突破百億大關。除整體鋼鐵市場價格上揚之因素外，產品銷量也隨著產能的增加而上升。二零零七年的經審核綜合銷售額為人民幣134.99億元（二零零六年：人民幣97.82億元），較二零零六年增加38%。

雖然，年內原材料價格明顯上漲，透過持續優化產品結構的經營策略，令毛利率較高的H型鋼銷量佔總銷量比例持續上升，我們成功將主要成本上漲壓力轉嫁給消費者，本集團的全年毛利率仍然維持在與二零零六年相若的高水平。回顧年度的毛利總額較二零零六年增加35%至人民幣19.17億元（二零零六年：人民幣14.24億元）。

二零零七年的經審核本集團權益持有人應佔溢利為人民幣11.60億元（二零零六年：人民幣10.33億元），較二零零六年上升12%。年度溢利增幅較銷售額增幅為低，主要是因為於二零零七年，公司為肯定員工對集團發展做出的貢獻，向合資格的僱員發放了共89,700,000股購股權，涉及非現金成本約人民幣1.60億元。倘若剔除該等非現金成本，本公司權益持有人應佔溢利為人民幣13.13億元，較去年增長25%。

二零零七年的經審核每股基本及攤薄溢利均為人民幣0.40元（二零零六年：人民幣0.36元），較去年上升11%。

於回顧年度內，本集團的綜合現金流量亦非常強勁。二零零七年，營運產生的淨現金流入為人民幣10.74億元（二零零六年：人民幣2.40億元），較二零零六年上升3.5倍。

BUSINESS REVIEW (Continued)

Sales Volume

In 2007, the Group's total sales volume was 4,128,000 tonnes (2006: 3,746,000 tonnes), representing an increase of 10%.

The Group's sales volume breakdown was as follows:

		2007 二零零七年		2006 二零零六年		Changes in sales volume 銷量變化
		Sales volume 銷量 (‘000 tonnes) (千噸)		Sales volume 銷量 (‘000 tonnes) (千噸)		
Billets	鋼坯	299	7.2%	1,173	31.3%	(75%)
Strips and strip products	帶鋼及帶鋼類產品	2,451	59.4%	2,202	58.8%	11%
H-section steel	H型鋼	1,205	29.2%	250	6.7%	382%
Cold rolled sheets and galvanised sheets	冷軋板及鍍鋅板	173	4.2%	121	3.2%	43%
Total	合計	4,128	100.0%	3,746	100.0%	10%

During the year, the Group further optimize the product mix, with sales volume of H-section steel and strip products, which offered a higher gross profit, represented 88.6% (2006: 65.5%) of the Group's total sales volume. Sales volume of H-section steel amounted to 1,205,000 tonnes, significantly increased by 3.8 times when compared to that of last year. Other than production of H-section steel which only commenced operation in the second half of 2006, the massive infrastructure development and urbanization in North China had led to surge in demand for the new steel products. In addition, the Group exported 182,000 tonnes of H-section steel to overseas market, accounted for 15% of the Group's H-section steel sales volume.

Sales volume of billets declined, since the product had been used as raw material to produce the Group's H-section steel and strip products, which offered a higher gross profit.

業務回顧 (續)

銷售量

二零零七年本集團總銷售量為4,128,000噸(二零零六年:3,746,000噸)·上升10%。

本集團於有關年度銷售量如下:

年度內,本集團的銷售產品結構獲更進一步優化。毛利較高的H型鋼及帶鋼類產品銷量佔集團總銷量的88.6%(二零零六年:65.5%)。H型鋼銷量達1,205,000噸,較上年度大幅增加3.8倍。除了因H型鋼生產線於二零零六年下半年才正式投產外,華北地區的大型基建發展和城市擴張,亦導致對有關新型鋼材產品需求上升。同時,本集團有18.2萬噸H型鋼出口至海外市場,約佔該類型產品銷量的15%。

鋼坯銷售量下降是因為我們將自產的鋼坯作為原材料用於生產毛利較高的H型鋼及帶鋼類產品。

BUSINESS REVIEW (Continued)

Revenue

Revenue of the Group in 2007 was RMB13,499 million (2006: RMB9,782 million), representing an increase of 38%.

The Group's sales breakdown and average selling price by product (excluding value added tax) were as follows:

業務回顧 (續)

銷售金額

二零零七年本集團總銷售額為人民幣134.99億元(二零零六年:人民幣97.82億元),較二零零六年增長38%。

本集團於有關年度銷售額及不含增值稅之平均產品銷售單價如下:

		2007		2006		Changes	
		二零零七年		二零零六年		變化	
RMB		Revenue	Average selling price	Revenue	Average selling price	Revenue	Average selling price
人民幣		銷售額	平均銷售單價	銷售額	平均銷售單價	銷售額	平均銷售單價
		(million) (百萬元)	(RMB/tonne) (元/噸)	(million) (百萬元)	(RMB/tonne) (元/噸)		
Billets	鋼坯	897	2,999	2,753	2,347	(67%)	28%
Strips and strip products	帶鋼及帶鋼類產品	7,441	3,036	5,723	2,600	30%	17%
H-section steel	H型鋼	4,298	3,566	729	2,917	490%	22%
Cold rolled sheets and galvanised sheets	冷軋板及鍍鋅板	840	4,870	542	4,450	55%	9%
Others	其他	23	-	35	-	(34%)	-
Total	合計	13,499	3,265	9,782	2,602	38%	25%

During the year under review, in the international market, the growth in infrastructure development and GDP, particularly in emerging market had led to market demand, while the domestic iron and steel market maintained its healthy growth momentum. The imbalance in demand and supply along with surge in raw material prices resulted in significant fluctuation in iron and steel market prices.

Excluding the price impact, the growth in sales volume accounted for more than one quarter of the Group's revenue of the year.

於回顧年內,國際範圍內尤其是新興市場的基礎建設以及國內消費的增長,帶來旺盛的市場需求,國內的鋼鐵市場仍保持蓬勃的增長勢頭。供求關係的影響,加上原材料價格上漲,也帶來鋼鐵市場價格大幅度波動。

除價格上揚之因素外,產品銷量增加所帶來的營業額貢獻佔年內銷售總額增長幅度多於四分之一。

BUSINESS REVIEW (Continued)

Cost of Sales and Gross Profit

The audited consolidated gross profit of the Company in 2007 was RMB1,917 million (2006: RMB1,424 million), representing an increase of 35%. Gross profit margin was 14.2% (2006: 14.6%).

Average cost per tonne and gross profit of the Group during the year were as follows:

業務回顧 (續)

成本及毛利

二零零七年的經審核綜合毛利為人民幣19.17億元(二零零六年:人民幣14.24億元),較二零零六年增加35%。毛利率為14.2%(二零零六年:14.6%)。

本集團於有關年度每噸平均成本及毛利如下:

		2007			2006		
		二零零七年			二零零六年		
		Average unit cost	Gross profit per tonne	Gross profit margin	Average unit cost	Gross profit per tonne	Gross profit margin
		平均成本	每噸毛利	毛利率	平均成本	每噸毛利	毛利率
		單價	單價	單價	單價	單價	單價
		(RMB/tonne)	(RMB)	(RMB/tonne)	(RMB/tonne)	(RMB)	(RMB/tonne)
		(元/噸)	(元)	(元/噸)	(元/噸)	(元)	(元/噸)
Billets	鋼坯	2,718	281	9.4%	1,963	384	16.4%
Strips and strip products	帶鋼及帶鋼類產品	2,632	404	13.3%	2,155	445	17.1%
H-section steel	H型鋼	2,898	668	18.7%	2,629	288	9.9%
Cold rolled sheets and galvanised sheets	冷軋板及鍍鋅板	4,672	198	4.1%	5,130	(680)	(15.3%)
Total	合計	2,801	464	14.2%	2,222	380	14.6%

Although there was a significant surge in raw material cost, the Group continued its operation strategy of fine-tuning its product mix, maintaining an increasing proportion of sales volume in higher gross margin H-section steel, which have relatively higher gross profit. The Group successfully transferred the majority of costs pressure to the consumers. The Group's gross profit margin maintained in the same level as that of the previous year. Gross profit per tonne increased by 22%, from last year's RMB380 to current year's RMB464.

雖然,年內原材料價格明顯上漲,透過持續優化產品結構的經營策略,令毛利率較高的H型鋼銷量佔總銷量比例持續上升,我們成功將主要成本上漲壓力轉嫁給消費者,本集團的全年毛利率仍然維持在與往年相若的水平。每噸平均毛利則上升22%,由去年人民幣380元升至今年的人民幣464元。

BUSINESS REVIEW (Continued)

Cost of Sales and Gross Profit (Continued)

The main reason for the increase in unit cost was mainly due to upsurge in costs of global resources which led to increase in prices of major raw materials, such as iron ore and coking coal. The cost increase also led to decline in gross margin of certain steel products such as billets and strip products.

Newly advanced technological steel products such as H-section steel and cold rolled sheets and galvanised sheets produced by Foshan Jinxi Jinlan Cold Rolled Sheet Co., Ltd. (“Jinxi Jinlan”) began to enjoy economies of scale with lowered share of fixed costs per tonne. This enabled the Group to enhance overall profit and gross margin. The Group exported a small proportion of steel products to overseas market. Profit margin of export was similar to that of domestic sales.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2007, the Group had a workforce of 7,200 and temporary staff of 2,600. The staff cost included basic salaries and benefits. Staff cost included discretionary bonus, medical insurance plans, pension scheme, unemployment insurance plan, maternity insurance plan and the fair value of the share options, etc. According to the Group’s remuneration policy, employees’ package is based on productivity and/or sales performance, and is consistent to the Company’s quality control and cost control targets.

The Group has been emphasizing on the importance of providing continuing education and training programmes to both the management staff and factory workers in order to improve the Group’s productivity and further enhance the quality of its workforce. Jinxi Limited was awarded as “2006 continuing education and training programme leading unit” by Tangshan City government departments in April 2007.

業務回顧 (續)

成本及毛利 (續)

單位成本上升的主要原因是由於二零零七年內各主要原材料如鐵礦石及焦炭等價格隨環球資源成本上漲所致，也導致部份鋼材產品如鋼坯及帶鋼類產品毛利率下降。

但是，同時包括H型鋼等新型高技術鋼材產品及佛山津西金蘭冷軋板有限公司（「津西金蘭」）的冷軋板及鍍鋅板產品已逐漸取得規模效益，令每噸產品所分攤的固定成本降低，提升了本集團整體利潤及維持較高的毛利水平。本集團有小部份鋼材產品出口至海外市場，其利潤水平與內銷產品相若。

人力資源及薪酬政策

於二零零七年十二月三十一日，本集團僱用員工約7,200人及臨時工人約2,600人。職工成本包括基本薪金及福利，僱員福利包括酌情發放的花紅、醫療保險計劃、養老金計劃、失業保險計劃、生育保險計劃及購股權的公平值等。根據本集團的薪酬政策，僱員的整套福利與生產力及／或銷量掛鉤，與集團品質控制及成本控制目標的程度一致。

我們向來重視對管理層人員及生產工人提供持續教育及培訓課程，以改善本集團的生產力及進一步提高員工的質素，例如津西鋼鐵於二零零七年四月被唐山市政府有關部門評為「二零零六年度企業職工培訓先進單位」。

DIVIDEND POLICY

The Company plans to distribute not less than 20% of the Group's distributable profit as dividend after its listing. However the actual amount of dividend and its percentage to the profit will be at the discretion of the Board and will depend upon the Company's future operation and earnings, capital requirement and surplus, general financial condition, contractual restrictions, and other factors that the Board find relevant. In addition, pursuant to the relevant PRC law, Jinxi Limited's distributable profit should not be higher than its net profit, after appropriation to the statutory reserve as determined by the generally accepted accounting principles in the PRC.

FINANCIAL REVIEW

Capital Structure

The free cash and bank balances of the Group as at 31 December 2007 was RMB690 million (2006: RMB435 million). After taking out the free cash and bank balances, net borrowings was RMB535 million (2006: RMB499 million), accounting for 8% (2006: 9%) of the Group's consolidated net assets after deducting minority interest, of RMB6,549 million (2006: RMB5,479 million).

The current ratio (current assets divided by current liabilities) was 1.4 as at 31 December 2007 (2006: 1.6). As at 31 December 2007, the ratio between total liabilities and total assets of the Group was 34% (2006: 32%).

The audited net asset value per share of the Group as at 31 December 2007 was RMB2.24 (2006: RMB1.89), representing an increase of 19%.

The consolidated interest expenses in 2007 amounted to RMB68,810,000 (2006: RMB50,387,000). The interest coverage (divide earnings before interests and taxes by total interest expenses) was 22.1 times (2006: 25.5 times).

The financial position of the Group was in very healthy condition.

股息政策

本公司於上市後計劃分派不少於本集團20%的可分派溢利作為股息，惟派息的實際金額及佔溢利的百分比，董事局將按公司日後的實際營運及盈利、資本需求及盈餘、一般財務狀況、合約限制及董事局認為有關的其他因素而酌情釐定。此外，根據相關的中國法律，津西鋼鐵的可分配溢利不得高於經分配法定公積金後按照中國公認會計準則厘定的純利。

財務回顧

資本結構

本集團於二零零七年十二月三十一日的自由現金及銀行結存為人民幣6.90億元（二零零六年：人民幣4.35億元）。扣除自由現金及銀行結存後，本集團的銀行借貸淨額為人民幣5.35億元（二零零六年：人民幣4.99億元），佔本集團扣除少數股東權益後綜合資產淨值人民幣65.49億元（二零零六年：人民幣54.79億元）的8%（二零零六年：9%）。

於二零零七年十二月三十一日，本集團的流動比率（流動資產除以流動負債）為1.4（二零零六年：1.6）。本集團的總負債與總資產比率為34%（二零零六年：32%）。

本集團於二零零七年十二月三十一日的經審核每股淨資產值為人民幣2.24元（二零零六年：人民幣1.89元），較去年上升19%。

二零零七年綜合利息支出共人民幣6,881.0萬元（二零零六年：人民幣5,038.7萬元）。利息盈利倍數（扣除利息支出前之稅前溢利除以利息支出）為22.1倍（二零零六年：25.5倍）。

本集團的財務狀況處於非常穩健的水準。

FINANCIAL REVIEW (Continued)

Capital Commitments

As at 31 December 2007, the Group had capital commitments amounted to RMB1,161 million (2006: RMB2,070 million), which mainly consisted of the capital commitments to the construction of the H-section steel rolling line with annual productivity capacity of 1,200,000 tonnes and other ancillary projects. It is estimated the capital commitments will be financed by the Group's internal resources and bank borrowings.

Guarantees and Contingent Liabilities

As at 31 December 2007, the Group's contingent liabilities amounted to RMB31 million (2006: RMB19 million) which was the provision of guarantee for certain bank borrowings in favor of third parties. As at 31 December 2007, the Group did not provide guarantees for the letter of credit issued by agent appointed by the Group to import machinery and equipment on behalf of the Group (2006: RMB50 million).

Pledge of Assets

As at 31 December 2007, the net book value of the Group's property, plant and equipment amounting to approximately RMB1,396 million (2006: RMB1,088 million), land use right amounting to approximately RMB24 million (2006: RMB65 million), inventories amounting to approximately RMB57 million (2006: RMB69 million), notes receivable amounting to approximately RMB158 million (2006: RMB174 million) and restricted bank balances amounting to approximately RMB172 million (2006: RMB95 million) had been pledged as security for the Group's banking facilities.

As at 31 December 2006, Jinxi Limited pledged approximately RMB51 million of its notes receivable as security for providing guarantees so as to facilitate the issuing of letter of credit by a third party acting as its agent to import plant and equipment for Jinxi Limited.

財務回顧 (續)

資本性承擔

於二零零七年十二月三十一日，本集團的資本性承擔為人民幣11.61億元（二零零六年：人民幣20.70億元），主要為年產量120萬噸的H型鋼生產線和其他配套工程項目的資本性承擔。預計將由集團自有資金及銀行貸款所融資。

擔保及或然負債

於二零零七年十二月三十一日，本集團的或然負債為人民幣0.31億元（二零零六年：人民幣0.19億元），為替第三方作銀行借貸擔保。於二零零七年十二月三十一日，本集團沒有為替本集團所委任的進口機器設備的代理人所開出的信用証作擔保（二零零六年：人民幣0.50億元）。

資產抵押

於二零零七年十二月三十一日，本集團帳面淨值人民幣13.96億元（二零零六年：人民幣10.88億元）的物業、廠房及設備，人民幣0.24億元（二零零六年：人民幣0.65億元）的土地使用權，人民幣0.57億元（二零零六年：人民幣0.69億元）的存貨，約人民幣1.58億元（二零零六年：人民幣1.74億元）的應收票據及約人民幣1.72億元（二零零六年：人民幣0.95億元）的受限制銀行結餘，已作為本集團獲授銀行融資的抵押品。

於二零零六年十二月三十一日，津西鋼鐵以約面值人民幣0.51億元應收票據作為抵押品進行擔保以使第三方為代理人出具信用証為津西鋼鐵進口設備和儀器。

FINANCIAL REVIEW (Continued)

Exchange Risks

As at 31 December 2007, Renminbi, US dollar, HK dollar and Euro accounted for 82.2%, 15.4%, 2.4% and 0.001% of the Group's total bank balances (including restricted bank balances) respectively (2006: 75.9%, 23.7%, 0.4% and 0.001% respectively). As most of the sales, raw material procurement and bank loans during 2007 and 2006 are denominated in RMB, hence the exchange risk sustained to the Group is comparatively low.

Interest Rate Risk

The interest rates of the Group's certain borrowings are subject to the variations. The risk of increasing interest rate will increase the interest costs of both new borrowings and existing borrowings. At present, the Group does not use any derivations to hedge its interest rate risk exposure.

Post Balance Sheet Events

Saved as disclosed in this report of the Group, there are no events to cause material impact on the Group from the balance sheet date to the date of this report.

財務回顧 (續)

匯率風險

本集團於二零零七年十二月三十一日的銀行存款結餘(包括受限制銀行結餘)中,人民幣、美元、港元和歐元分別佔82.2%、15.4%、2.4%及0.001%(二零零六年:分別佔75.9%、23.7%、0.4%及0.001%)由於本集團於二零零七年及二零零六年的大部份銷售、原材料採購及銀行借貸均以人民幣為主,因此本集團所承受的外匯風險相對較低。

利率風險

本集團部份借款的利率為可變動的。利率向上的風險將增加新借款及現有借款的利息成本。本集團目前並無使用衍生工具,以對沖其利率風險。

結算日後事項

除已於本集團的本報告披露者外,自結算日後至本報告日期止期間,並無發生重大影響本集團的事情。

The Directors of the Company herein present their annual report and the audited financial statements of the Company and its subsidiaries for the year ended 31 December 2007.

INCORPORATION AND LISTING OF THE COMPANY

The Company was incorporated as an exempted company with limited liability on 3 November 2003 under the Companies Act 1981 of Bermuda and the shares of the Company were listed on the Stock Exchange on 2 March 2004.

PRINCIPAL ACTIVITIES

As at 31 December 2007, the Company's principal activity is investment holding. The principal activity of the Group is the manufacture and sales of iron and steel products. The nature of the principal activity has not changed during the year.

SEGMENT INFORMATION

Over 90% of the Group's consolidated sales and contribution to results are derived from the PRC and mainly from the production and sales of iron and steel products for the year ended 31 December 2007 and are set out in Note 5 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's consolidated income statement for the year ended 31 December 2007 and its consolidated balance sheet as at that date, together with the balance sheet of the Company as at 31 December 2007, are set out in the financial statements on pages 57 to 60.

本公司董事謹此提呈其年度報告及本公司及其附屬公司截至二零零七年十二月三十一日止年度的經審核財務報表。

本公司之成立和上市

本公司於二零零三年十一月三日根據百慕達一九八一年公司法在百慕達註冊成立為獲豁免有限責任公司。於二零零四年三月二日，本公司股份在聯交所上市。

主要業務

於二零零七年十二月三十一日，本公司的主要業務為投資控股。本集團的主要業務為生產及銷售鋼材產品。年內，主要業務性質並無變動。

分部資料

截至二零零七年十二月三十一日止年度，本集團的綜合銷售額及業績貢獻有超過90%源自中國，且主要來自生產及銷售鋼材產品，並載於綜合財務報表附註5。

業績及股息

本集團截至二零零七年十二月三十一日止年度的綜合損益表及其於該日的綜合資產負債表，連同本公司於二零零七年十二月三十一日的資產負債表載於第57至第60頁的財務報表。

RESULTS AND DIVIDENDS *(Continued)*

At a meeting held on 27 March 2008, the Directors proposed a final dividend of HK\$181.61 million (approximately RMB164.36 million), representing HK6.2 cents per ordinary share to the shareholders of the Company whose names appear on the register of members of the Company on 15 May 2008. Subject to the approval of the Company's shareholders at the Company's forthcoming annual general meeting to be held on 15 May 2008, the final dividend will be paid on 12 June 2008.

SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated financial results and assets, liabilities and minority interests of the Group for the last five financial years, is set out on page 184.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group and the Company during the year are set out in Note 7 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the Company's issued share capital during the year are set out in Note 19 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group during the year are set out in Note 20 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

At 31 December 2007, the Company's accumulated losses amounted to RMB113.3 million (2006: RMB39.6 million).

業績及股息 (續)

於二零零八年三月二十七日舉行之會議上，董事建議向於二零零八年五月十五日名列本公司股東名冊之本公司股東派付1.8161億港元（約人民幣1.6436億元）之末期股息，即每股普通股6.2港仙。待本公司股東於本公司訂於二零零八年五月十五日舉行之應屆股東週年大會上批准後，末期股息將於二零零八年六月十二日派付。

財務資料概要

本集團截至前五個財政年度的綜合財務業績及資產、負債與少數股東權益概要載於第184頁。

物業、廠房及設備

本集團及本公司於年內的物業、廠房及設備變動詳情載於綜合財務報表附註7。

股本

本公司已發行股本於年內的變動詳情載於綜合財務報表附註19。

儲備

本集團於年內的儲備變動載於綜合財務報表附註20。

可分派儲備

於二零零七年十二月三十一日，本公司的累計虧損達人民幣1.133億元（二零零六年：人民幣0.396億元）。

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the Companies Act 1981 of Bermuda, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

The sales attributable to the five largest customers of the Group accounted for less than 30% of the total Group's consolidated revenue for the year.

The purchases attributable to the five largest suppliers of the Group accounted for less than 30% of the total Group's consolidated purchases for the year.

DIRECTORS

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

Executive Directors

Mr. Han Jingyuan

Ms. Chen Ningning (resigned on 29 October 2007)

Mr. Zhu Jun

Mr. Tang Chi Fai (resigned on 13 April 2007)

Mr. Liu Lei

Mr. Shen Xiaoling

Mr. Yu Jianshui (appointed on 14 April 2007)

Mr. Zhu Hao (appointed on 21 November 2007)

Independent non-executive Directors

Mr. Gao Qingju

Mr. Yu Tung Ho

Mr. Wong Man Chung, Francis

優先認購權

本公司的公司章程或百慕達一九八一年公司法均無有關優先購買權的規定，致使本公司須向現有股東按比例發售新股份。

主要客戶及供貨商

本集團年內五大客戶所佔銷售額佔本集團的本年度綜合總銷售額不足30%。

本集團年內五大供貨商所佔採購額佔本集團的本年度綜合採購總額少於30%。

董事

於年內及直至本報告日期止的董事如下：

執行董事

韓敬遠先生

陳寧寧女士

(於二零零七年十月二十九日辭任)

朱軍先生

鄧志輝先生

(於二零零七年四月十三日辭任)

劉磊先生

沈曉玲先生

于建水先生

(於二零零七年四月十四日獲委任)

朱浩先生

(於二零零七年十一月二十一日獲委任)

獨立非執行董事

高清舉先生

余統浩先生

黃文宗先生

DIRECTORS (Continued)

In accordance with Bye-laws 86(2) and 87(1) of the Company, Messrs. Zhu Hao, Liu Lei and Mr. Gao Qingju will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Pursuant to 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the annual fee specified in each of Messrs Zhu Hao, Liu Lei and Gao Qingju's existing service contracts are HK\$300,000, HK\$300,000 and HK\$300,000 respectively. The basis of determining the Director's fee was based on the mutual negotiation between the Directors with reference to the range of prevailing directors' fee for directors of listed companies in Hong Kong. Save as disclosed in this annual report, Messrs Zhu Hao, Liu Lei and Qao Qingju do not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

DIRECTORS' INTERESTS IN CONTRACTS

Save as the transactions as disclosed in Note 37 to the consolidated financial statements, no director had a material interest 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.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

The Directors and Senior Management's biographies are set out on pages 14 to 18 of the annual report.

董事 (續)

根據本公司的公司章程第86(2)條和第87(1)條，朱浩先生、劉磊先生和高清舉先生將於應屆股東週年大會上輪席退任，彼等合資格且願意重選連任。

根據上市規則第13.51(2)條，朱浩先生、劉磊先生和高清舉先生各自的現有服務合約所指的全年費用分別為300,000港元、300,000港元及300,000港元。董事費用乃董事間按共同磋商的基準並且參考香港上市公司董事目前之董事袍金水平而釐定。除本年報所披露者外，朱浩先生、劉磊先生和高清舉先生概無與本公司之任何董事、高級管理人員或主要或控股股東有任何關係。

根據上市規則第3.13條，本公司已接獲每位獨立非執行董事的年度確認函確認其獨立性。本公司認為所有獨立非執行董事均為獨立。

董事的合約權益

除綜合財務報表附註37所披露的交易外，董事於年內概無與本公司或其任何附屬公司訂立而對本集團業務屬重大的任何合約中擁有重大權益。

董事及高級管理人員的履歷

董事及高級管理人員的履歷載於年報第14至18頁。

DIRECTORS' SERVICE CONTRACTS

Two executive directors have service contracts with the Company for a fixed term of three years while the remaining four executive directors have service contracts with the Company for a fixed term of two years which may be terminated by either party giving not less than three months' notice in writing.

All the independent non-executive Directors have service contracts for a fixed term of one year.

Mr. Han Jingyuan, Mr. Zhu Jun and Mr. Shen Xiaoling (executive directors of the Company and its subsidiary) have service contracts with the Company's subsidiary on 9 June 2003 for a fixed term of five years commencing from 9 June 2003 which are exempted under the Listing Rules. Actual amount of salary was not specified in the service contracts other than the clause which stated that after probation, the employees will be paid according to the salary of the post. The service contracts may be terminated by the Company's subsidiary by paying compensation equivalent to the unfulfilled contract's salary and one month's salary for each year of service completed.

Save as disclosed above, 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.

董事的服務合約

兩位執行董事與本公司訂立服務合約，固定任期為期三年而餘下四位執行董事與本公司訂立的服務合約均有固定任期為期兩年。該等合約各可由任何一方發出不少於三個月的書面通知予以終止。

所有獨立非執行董事之服務合約均有固定年期為期一年。

韓敬遠先生、朱軍先生及沈曉玲先生（本公司及其附屬公司的執行董事）於二零零三年六月九日與本公司附屬公司訂立服務合約，固定任期自二零零三年六月九日起為期五年，此等服務合約已根據上市規則獲豁免。除列明僱員將於試用期後根據崗位獲支付薪金的條文外，服務合約並無指明薪金的實際金額。該等服務合約可由本公司附屬公司透過支付補償（相等於合約未滿年期的薪金及就每完成一年服務期支付一個月薪金）予以終止。

除上文所披露者外，擬於應屆股東週年大會上重選連任的董事概無與本公司訂立於一年內不可免付賠償（法定賠償除外）而終止的服務合約。

DIRECTOR'S INTERESTS AND SHORT POSITIONS IN SECURITIES

At 31 December 2007, the long and short positions of the Directors, chief executives and their associates of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Number of shares held and nature of interest in the Company:

董事於證券的權益及淡倉

於二零零七年十二月三十一日，根據證券及期貨條例（「證券及期貨條例」）第352條所存置的股東名冊所記錄，或根據上市公司董事進行證券交易的標準守則本公司及聯交所獲知會，本公司董事、主要行政人員及其聯繫人士於本公司或任何相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份及債券擁有以下權益及淡倉：

所持股份數目及於本公司的權益性質：

	Corporate Interest	Personal Interest	Percentage of the Company's issued share capital 佔本公司已發行股本的百分比	Long/Short Position 好／淡倉
	公司權益	個人權益		
Mr. Han Jingyuan (Note 1) 韓敬遠先生(附註1)	1,317,502,849	–	45.02%	Long 好
	–	2,800,000	0.10%	Long 好
Mr. Zhu Jun 朱 軍先生	–	2,400,000	0.08%	Long 好
Mr. Liu Lei 劉 磊先生	–	2,400,000	0.08%	Long 好
Mr. Shen Xiaoling 沈曉玲先生	–	2,400,000	0.08%	Long 好
Mr. Gao Qingju 高 清 舉 先生	–	2,400,000	0.08%	Long 好
Mr. Wong Man Chung, Francis 黃文宗先生	–	2,400,000	0.08%	Long 好

DIRECTOR'S INTERESTS AND SHORT POSITIONS IN SECURITIES (Continued)

Note:

1. At 31 December 2007, Mr. Han Jingyuan beneficially owned 63.15% of the issued share capital of Wellbeing Holdings Limited ("Wellbeing Holdings") and held 16.09% of the issued share capital of Wellbeing Holdings on trust for the benefit of certain employees of the subsidiary of the Company. Wellbeing Holdings beneficially owned 1,255,849,124 shares or 42.91% of the issued shares of the Company. He is also the beneficial owner of 100% of the issued share capital of Chingford Holdings Limited which beneficially owned 61,653,725 shares or 2.11% of the issued shares of the Company at 31 December 2007.

At 31 December 2007, Mr. Han Jingyuan personally holds 2,800,000 shares or 0.10% of the issued shares of the Company.

Save as disclosed above and in the section of "Equity-settled share option scheme" below at 31 December 2007, none of the directors and chief executives and their associates had any interest and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

董事於證券的權益及淡倉 (續)

附註:

1. 於二零零七年十二月三十一日，韓敬遠先生實益擁有 Wellbeing Holdings Limited (「Wellbeing Holdings」) 已發行股本 63.15% 的權益，並以信託方式就本公司附屬公司若干僱員的利益持有 Wellbeing Holdings 已發行股本 16.09% 的權益。Wellbeing Holdings 實益擁有本公司已發行股份 1,255,849,124 股或 42.91% 權益。彼於二零零七年十二月三十一日亦為實益擁有本公司已發行股份 61,653,725 股或 2.11% 權益的 Chingford Holdings Limited 全部已發行股本的實益擁有人。

於二零零七年十二月三十一日，韓敬遠先生私人實益擁有 2,800,000 股或 0.10% 權益。

除上文所披露者和下述「以股權結算的購股權計劃」部分外，於二零零七年十二月三十一日，根據證券及期貨條例第 352 條所存置的股東名冊所記錄，或根據上市公司董事進行證券交易的標準守則本公司及聯交所獲知會，本公司董事、主要行政人員及其聯繫人士概無於本公司或任何相聯法團（定義見證券及期貨條例）的股份、相關股份及債券擁有任何權益及淡倉。

EQUITY-SETTLED SHARE OPTION SCHEME

The Company has a share option scheme for all directors and any employees of any company in the Group or any entity in which any member of the Group holds an equity interest.

At the date of this report, pursuant to the unconditional mandatory cash offer – the option offer by ArcelorMittal on 14 January 2008, all the grantees have accepted the option offer and all the outstanding share options have been redeemed and cancelled accordingly. Details of the shares option outstanding during the year and at the date of this report were as follows:

以股權結算的購股權計劃

本公司為本集團內任何公司或任何本集團成員所投資實體的所有董事及任何僱員提供購股權計劃。

於本報告日期，根據安賽樂米塔爾於二零零八年一月十四日發出之無條件強制現金收購建議一購股權收購建議，所有購股權持有人已接受購股權收購建議而所有已發出的購股權已贖回和註銷。於本報告日期和本年度內尚未行使的購股權詳情如下：

	No. of options outstanding at 31 Jan 2007 於二零零七年 一月一日 未行使的 購股權數目	No. of options granted during the year 於本年內 授予的 購股權數目	No. of options exercised/ cancelled/ lapsed during the year 於本年內 已行使/ 註銷/失效的 購股權數目	No. of options outstanding at 31 December 2007 於二零零七年 十二月三十一日 未行使的 購股權數目	No. of options exercised/ cancelled/ lapsed at the date of this report 於本報告日期 已行使/ 註銷/失效的 購股權數目	No. of option outstanding at the date of this report 於 本報告日期 尚未行使的 購股權數目	Exercise price per share 每股行使價 (HK\$) 港元	Closing price per share immediately before the date of grant 緊接購股權 授予日前的 每股收市價 (HK\$) 港元
Mr. Han Jingyuan 韓敬遠先生	2,800,000*	-	2,800,000	-	-	-	1.76	1.74
Mr. Zhu Jun 朱軍先生	2,400,000*	-	2,400,000	-	-	-	1.76	1.74
Mr. Liu Lei 劉磊先生	2,400,000*	-	2,400,000	-	-	-	1.76	1.74

EQUITY-SETTLED SHARE OPTION SCHEME

以股權結算的購股權計劃 (續)

(Continued)

	No. of options outstanding at 31 Jan 2007 於二零零七年 一月一日 未行使的 購股權數目	No. of options granted during the year 於本年內 授予的 購股權數目	No. of options exercised/ cancelled/ lapsed during the year 於本年內 已行使/ 註銷/失效的 購股權數目	No. of options outstanding at 31 December 2007 於二零零七年 十二月三十一日 未行使的 購股權數目	No. of options exercised/ cancelled/ lapsed at the date of this period 本報告日期 已行使/ 註銷/失效的 購股權數目	No. of option outstanding at the date of this report 於 本報告日期 尚未行使的 購股權數目	Exercise price per share 每股行使價 (HK\$) 港元	Closing price per share immediately before the date of grant 緊接購股權 授予日前的 每股收市價 (HK\$) 港元
Mr. Shen Xiaoling 沈曉玲先生	2,400,000*	-	2,400,000	-	-	-	1.76	1.74
Mr. Yu Jianshiu 于建水先生	-	2,400,000**	-	2,400,000	2,400,000	-	5.24	5.24
Mr. Gao Qingju 高淸舉先生	2,400,000*	-	2,400,000	-	-	-	1.76	1.74
Mr. Yu Tung Ho 余統浩先生	2,400,000*	-	2,400,000	-	-	-	1.76	1.74
Mr. Wong Man Chung, Francis 黃文宗先生	2,400,000*	-	2,400,000	-	-	-	1.76	1.74

* granted on 30 June 2006

* 於二零零六年六月三十日授予

** granted on 27 October 2007

** 於二零零七年十月二十七日授予

The accounting policy for equity-settled share option is stated in the note 2.20 to the consolidated financial statements.

以股權結算的購股權的會計準則於綜合財務報表附註2.20中列出。

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any Director or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or were the Company or any of its holdings companies, fellow subsidiaries and subsidiaries a party to any arrangement to enable the Company's Directors, their respective spouses or children under 18 years of age to acquire such rights in any other body corporate.

CONTRACTS OF SIGNIFICANCE

Save as disclosed above and the transactions as disclosed in Note 37 to the consolidated financial statements, no controlling shareholder or any of its subsidiaries have any contract of significance with the Company or its subsidiary during the year.

SUBSTANTIAL SHAREHOLDERS

At 31 December 2007, the interests or short positions of every person, other than a Director or chief executive of the Company, 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 are as follows:

董事認購股份或債券的權利

除上文所披露者外，於年內任何時間，概無任何董事或彼等各自的配偶或未滿十八歲的子女獲授可透過購買本公司或任何其它法人團體股份或債券而獲益的權利，或行使任何該等權利；而本公司或其任何控股公司、同系附屬公司及附屬公司概無訂立任何安排，致使本公司董事、彼等各自的配偶或未滿十八歲的子女可自任何其它法人團體購入該等權利。

重大合約

除上文所披露者外及綜合財務報表附註37所披露的交易外，控股股東或其任何附屬公司於年內並無與本公司或其附屬公司訂立任何重大合約。

主要股東

於二零零七年十二月三十一日，根據本公司按照證券及期貨條例第336條所存置的股東名冊所記錄，每名人士（本公司董事或主要行政人員除外）於本公司股份及相關股份擁有的權益或淡倉如下：

Name	Number of shares held	Percentage of	Long/Short Position
		the Company's issued share capital	
名稱	所持股份數目	佔本公司已發行股本百分比	好／淡倉
Wellbeing Holdings Limited	1,225,849,124	42.91%	Long 好
Mittal Steel Holdings AG (Note 1) Mittal Steel Holdings AG (附註1)	820,119,151	28.02%	Long 好

SUBSTANTIAL SHAREHOLDERS (Continued)

Note:

1. At 31 December 2007, Mr. Lakshmi Niwas Mittal and Mrs. Usha Mittal directly owns 37.04% and indirectly owns 37.04% of the issued share capital of ArcelorMittal SA which indirectly hold 75% interest in Mittal Steel Holdings AG that owned 820,119,151 shares or 28.02% of the issued shares of the company.

Save as disclosed above and in Director's Interests and Short Positions in Securities section, at 31 December 2007, no person, other than a Director or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company required to be kept in the register by the Company under Section 336 of the SFO.

RELATED PARTY AND CONNECTED TRANSACTIONS

Details of significant related party and connected transactions of the Group under the Listing Rules are set out as below and in note 37 to the consolidated financial statements.

The purchases of raw material (the "Purchase of Raw Materials") by Jinxi Jinlan, an indirect non-wholly owned subsidiary of the Company from Jinxi Limited, an indirect non-wholly owned subsidiary of the Company have constituted continuing connected transactions under the Listing Rules. The shareholders of the Company have approved the above continuing connected transactions and the related annual cap for a period of three years ending 31 December 2007 on 4 February 2005. During the year ended 31 December 2007, the purchase of raw material (excluding value added tax) by Jinxi Jinlan from Jinxi Limited amounted to approximately RMB152.493 million.

主要股東 (續)

附註:

1. 於二零零七年十二月三十一日，Lakshmi Niwas Mittal先生和Usha Mittal太太直接擁有ArcelorMittal SA已發行股份37.04%和間接擁有ArcelorMittal SA已發行股份37.04%而ArcelorMittal SA間接擁有Mittal Steel Holdings AG 75%權益，彼直接擁有本公司已發行股本820,119,151股或28.02%權益。

除上文所披露者外，於二零零七年十二月三十一日，根據本公司按照證券及期貨條例第336條所存置的股東名冊，概無人士（本公司董事或主要行政人員除外）於本公司股份及相關股份擁有權益或淡倉。

關連人士及關連交易

本集團根據上市規則的重大關連人士及關連交易詳情載於下方及綜合財務報表附註37。

由本公司間接非全資擁有的附屬公司津西金蘭向本公司間接非全資擁有的附屬公司津西鋼鐵採購原材料而言，根據上市規則，已構成持續關連交易。本公司股東已於二零零五年二月四日批准截至二零零七年十二月三十一日止之三個年度有關上述持續關連交易及每年交易上限金額。於截至二零零七年十二月三十一日止年度內，由津西金蘭向津西鋼鐵採購原材料的金額（不含增值稅）約為人民幣1.52493億元。

RELATED PARTY AND CONNECTED TRANSACTIONS *(Continued)*

In the opinion of the independent non-executive Directors of the Company, the purchases of raw material by Jinxi Jinlan from Jinxi Limited for the year ended 31 December 2007 were entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms;
- (iii) in accordance with the relevant agreement governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and
- (iv) within the relevant annual cap amounts as approved by the shareholders of the Company on 4 February 2005.

The board of Directors confirms that the auditors of the Company have confirmed the matters stated in Rule 14A.38 of the Listing Rules in connection with the above continuing connected transactions.

On 12 December 2005, the Company announces that it and Foshan Jin Lan will issue guarantees to a PRC financial institution to secure the loan obligation of Jinxi Jinlan on a several basis and in proportion to their equity interest. The guarantee will expire when the loan obligation and other relevant interest and expenses under the loan contract are repaid fully. The loan facility granted by the PRC financial institution is RMB150 million with a period of 3 years. The maximum liability under the guarantee of the Company will be RMB90 million and the related outstanding interest and expenses (if any). The guarantee was approved by the shareholders of the Company and was issued on 19 January 2006.

關連人士及關連交易 (續)

本公司獨立非執行董事認為截至二零零七年十二月三十一日止年度，津西金蘭向津西鋼鐵採購原材料乃：

- (i) 屬本集團正常及日常業務；
- (ii) 按一般商務條款訂定；
- (iii) 按照有關規管該交易的有關協議條款。其條款是公平及合理，而且合乎本公司股東的全體利益；及
- (iv) 在本公司股東於二零零五年二月四日批准相關的每年交易上限金額的範圍。

董事局確認上述持續關連交易已經本公司核數師確認合乎上市規則第14A.38條的規定。

於二零零五年十二月十二日，本公司宣佈本公司及佛山金蘭將向一間中國金融機構，按其於津西金蘭的權益投資比例，提供借款擔保，當借款合同項下的債務責任及其它有關的利息及費用完全償還後，該擔保將隨之終止。由中國金融機構給予的人民幣1.5億元貸款額度期限為3年，故本公司在該擔保項下的最高責任將為人民幣9,000萬元及相關的未付利息及費用（如有）。該擔保已獲本公司股東批准並於二零零六年一月十九日提供。

RELATED PARTY AND CONNECTED TRANSACTIONS *(Continued)*

On 12 December 2005, the Company announces that Accordpower Investments Limited (“Accordpower”), a wholly-owned subsidiary of the Company, will provide shareholder’s advances of US\$18.5 million to Jinxi Jinlan. The non-interest bearing advances are US\$11.3 million while the interest bearing advances are US\$7.2 million. The interest rate of the interest bearing advances are based on 90% of the standard RMB loan interest rate of five years issued by the People’s Bank of China. The duration of the advances will be 5 years. The shareholder’s advances agreements were approved by the shareholders of the Company and signed on 19 January 2006.

Jinxi Limited has issued a guarantee dated April 2006 to a PRC bank to secure the master bank facility of RMB150 million granted to Jinxi Jinlan by a PRC bank. The master bank facility’s period is from 30 May 2006 to 30 May 2007. The maximum liability under the guarantee of Jinxi Limited will be RMB150 million plus the related outstanding interest and expenses (if any). The obligations of Jinxi Limited under the guarantee in respect of each individual facility granted under the master bank facility will expire two years after the expiry date of each individual facility being granted under the master bank facility. Jinxi Jinlan will pay a guarantee fee of RMB900,000 for the year end 30 May 2007 (plus any accrued interest), which is equivalent to 0.6% of the amount under the guarantee. Due to oversight and inadvertent misunderstanding of the Listing Rules by some of the management of the Group involved in the issuance of the guarantee, Jinxi Limited’s entry into the guarantee and the provision of the guarantee was not reported to the Company. As a result, the failures by the Company to notify the Stock Exchange and announce Jinxi Limited’s entry into the guarantee and the provisions of the guarantee and to seek shareholders of the Company’s approval as required under Chapter 14A of the Listing Rules constitutes a breach of Rule 14A.63 of the Listing Rules.

關連人士及關連交易 (續)

於二零零五年十二月十二日，本公司宣佈致威投資有限公司，本公司之全資附屬公司，將向津西金蘭提供1,850萬美元的股東借款，1,130萬美元的股東借款為免息的，而720萬美元則為帶息借款，借款的息率將按中國人民銀行五年期標準貸款息率的90%計算，此借款將為期五年。該股東借款合同已獲本公司股東批准並於二零零六年一月十九日簽署。

津西鋼鐵於二零零六年四月已向一間中國銀行發出擔保，以保證津西金蘭的總銀行授信額度人民幣1.5億元。該銀行的總銀行授信額度有效期由二零零六年五月三十日至二零零七年五月三十日止。津西鋼鐵在該擔保項下的最高責任將為人民幣1.5億元及相關的未付利息及費用（如有）。津西鋼鐵在保證函項下有關於綜合銀行授信額度提出的每筆個別授信額度的責任將於根據綜合銀行授信額度授出的每筆個別授信額度的屆滿日期後兩年屆滿。津西金蘭將於截至二零零七年五月三十日止年度支付保證費人民幣900,000元（加累計利息），相等於保證函金額0.6%。由於本集團部份參與發出保證函的管理層疏忽及無心誤解上市規則，故津西鋼鐵訂立保證函及提供保證函並無向本公司申報。因此，本公司未能根據上市規則第14A章的規定通知聯交所及公告津西鋼鐵訂立保證函及提供保證函及尋求本公司股東批准，構成違反上市規則第14A.63條。

RELATED PARTY AND CONNECTED TRANSACTIONS *(Continued)*

During 2007, Jinxi Jinlan has sold goods and utilities to Foshan Jin Lan Import and Export Co., Ltd. ("Jin Lan Import and Export") and Foshan Jin Lan Nonferrous Metals Products Co., Ltd. ("Jin Lan Nonferrous Metals") in the amount of RMB20.803 million and RMB3.509 million respectively. Jin Lan Import and Export and Jin Lan Nonferrous Metals are the companies controlled by Mr. Zhou Weijie who was a substantial shareholder of Jinxi Jinlan.

Mr. Zhou Weijie, is a director of Jinxi Jinlan and Foshan Jin Lan Aluminum Co., Ltd. (a company which is controlled by Mr. Zhou Weijie) has transferred his 21.5% of the equity interest in Jinxi Jinlan to Jinxi Limited in February 2008 and thereafter all shareholders agreed to increase their investments in proportion to their shareholdings in Jinxi Jinlan. After the completion of the share transfer and the increase in registered capital, Mr. Zhou Weijie holds 18.5% of Jinxi Jinlan. Jinxi Jinlan is no longer a connected person of Mr. Zhou Weijie or to the Company in accordance with the Listing Rules.

Save as disclosed above and in Note 37 to the consolidated financial statements, there were no other transactions required to be disclosed as non-exempt connected transactions in accordance with the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, the minimum public float requirement under Rule 8.08 is not maintained and the Company has been suspended for trading.

Pursuant to the joint announcement between ArcelorMittal and the Company dated 4 February 2008, ArcelorMittal has undertaken to the Stock Exchange to take appropriate step following the closing of the offer to restore the minimum public float requirement under Rule 8.08 of the Listing Rules.

關連人士及關連交易 (續)

於二零零七年，津西金蘭銷售約值人民幣2,080.3萬元貨品和約值人民幣350.9萬元能源分別給佛山金蘭進出口有限公司和佛山金蘭有色金屬製品有限公司，該等公司均為周偉傑先生控制的公司而周偉傑先生曾是津西金蘭主要股東。

周偉傑先生為津西金蘭和佛山金蘭鋁廠有限公司(由周偉傑先生控制的公司)的董事，已於二零零八年二月將其持有津西金蘭21.5%的權益轉讓給津西鋼鐵。股權轉讓和增資完成後，周先生實益擁有津西金蘭18.50%權益。據此，根據上市規則，津西金蘭不再為本公司或周偉傑先生的關連人士。

除上述所披露以及綜合財務報表附註37所披露的交易外，概無其它交易須根據上市規則作不獲豁免關連交易披露。

足夠公眾持股量

於本報告日期，根據上市規則第8.08條，本公司未能維持最低公眾持股量而本公司已暫停股份賣買。

根據於二零零八年二月四日本公司與安賽樂米塔爾聯合公告，安賽樂米塔爾已向聯交所承諾在收購建議結束後採取適當的步驟維持恢復上市規則第8.08條最低公眾持股量要求。

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the years ended 31 December 2007 and 2006.

SUBSEQUENT EVENTS

Details of the significant post balance sheet events are set out in Note 38 to the consolidated financial statements.

AUDITORS

PricewaterhouseCoopers retired and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On Behalf of the Board

China Oriental Group Company Limited

Han Jingyuan

Chairman and Chief Executive Officer

Hong Kong, 27 March 2008

購買、贖回或出售本公司上市證券

截至二零零七年十二月三十一日及二零零六年十二月三十一日止年度內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

結算日後事項

重大結算日後事項詳情載於綜合財務報表附註38。

核數師

羅兵咸永道會計師事務所退任，而應屆股東週年大會上將提呈決議案，續聘彼等為本公司的核數師。

謹代表董事局

中國東方集團控股有限公司

韓敬遠

董事局主席兼首席執行官

香港，二零零八年三月二十七日

Independent Auditor's Report

獨立核數師報告



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

To the shareholders of China Oriental Group Company Limited

(incorporated in Bermuda with limited liability)

致中國東方集團控股有限公司股東

(於百慕達註冊成立的有限公司)

We have audited the consolidated financial statements of China Oriental Group Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 57 to 183, which comprise the consolidated and company balance sheets as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

本核數師(以下簡稱「我們」)已審核列載於第57頁至183頁中國東方集團控股有限公司(「貴公司」)及其附屬公司(以下合稱「貴集團」)的綜合財務報表,此綜合財務報表包括於二零零七年十二月三十一日的綜合及公司資產負債表與截至該日止年度的綜合收益表、綜合權益變動表和綜合現金流量表,以及主要會計政策概要及其他附註解釋。

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

董事就財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及按照香港《公司條例》的披露規定編製及真實而公平地列報該等綜合財務報表。這責任包括設計、實施及維護與編製及真實而公平地列報財務報表相關的內部控制,以使財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述;選擇和應用適當的會計政策;及按情況下作出合理的會計估計。

Independent Auditor's Report

獨立核數師報告

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

核數師的責任

我們的責任是根據我們的審核對該等綜合財務報表作出意見，並按照百慕達一九八一年公司法第90條僅向整體股東報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定此等財務報表是否不存有任何重大錯誤陳述。

審核涉及執行程序以獲取有關財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製及真實而公平地列報財務報表相關的內部控制，以設計適當的審核程序，但並非為對公司的內部控制的效能發表意見。審核亦包括評價董事所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價財務報表的整體列報方式。

我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

Independent Auditor's Report

獨立核數師報告

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 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 27 March 2008

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映 貴公司及 貴集團於二零零七年十二月三十一日的事務狀況及 貴集團截至該日止年度的利潤及現金流量，並已按照香港《公司條例》的披露規定妥為編製。

羅兵咸永道會計師事務所

執業會計師

香港，二零零八年三月二十七日

Consolidated Balance Sheet

綜合資產負債表

(All amounts in Renminbi (“RMB”) thousands unless otherwise stated) As at 31 December 2007
(除另有指明外，所有金額均以人民幣(「人民幣」)千元為單位) 於二零零七年十二月三十一日

		As at 31 December		
		於十二月三十一日		
		Note	2007	2006
		附註	二零零七年	二零零六年
ASSETS	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	7	6,405,538	4,675,308
Leasehold land and land use rights	租賃土地及土地使用權	6	76,441	78,092
Investment properties	投資物業	8	19,328	20,428
Intangible assets	無形資產	9	–	18,289
Investments in an associate	聯營公司投資	11	8,122	7,897
Deferred income tax assets	遞延所得稅資產	24	3,194	–
			6,512,623	4,800,014
Current assets	流動資產			
Inventories	存貨	14	1,836,997	1,407,898
Trade receivables	應收貿易賬款	15	488,825	998,828
Other current assets	其他流動資產		4,037	2,591
Prepayments, deposits and other receivables	預付款項、按金及 其他應收賬款	17	447,156	481,734
Financial assets at fair value through profit or loss	按公平值透過損益 記賬的財務資產	16	146	135
Amounts due from related parties	應收關聯方款項	37(c)	11,055	–
Restricted bank balances	受限制銀行結餘	18	171,690	95,262
Cash and cash equivalents	現金及現金等價物	18	689,591	434,905
			3,649,497	3,421,353
Total assets	總資產		10,162,120	8,221,367
EQUITY	權益			
Capital and reserves attributable to the Company’s equity holders	本公司權益持有人應佔 股本及儲備			
Ordinary shares	普通股	19	311,444	309,340
Share premium	股份溢價	19	2,185,964	2,151,035
Other reserves	其他儲備	20	1,144,182	984,296
Retained earnings	留存收益		2,907,100	2,034,456
			6,548,690	5,479,127
Minority interest in equity	少數股東權益		147,414	122,322
Total equity	權益合計		6,696,104	5,601,449

Consolidated Balance Sheet (Continued)

綜合資產負債表 (續)

As at 31 December 2007 (All amounts in Renminbi ("RMB") thousands unless otherwise stated)
於二零零七年十二月三十一日 (除另有指明外，所有金額均以人民幣(「人民幣」)千元為單位)

		As at 31 December	
		於十二月三十一日	
		Note	
		附註	
			2007
			2006
			二零零七年
			二零零六年
LIABILITIES	負債		
Non-current liabilities	非流動負債		
Borrowings	借款	23	765,000
Deferred income tax liabilities	遞延所得稅負債	24	-
Amount due to a related party	應付關聯方款項	37(c)	55,733
			<u>820,733</u>
Current liabilities	流動負債		
Trade payables	應付貿易賬款	21	715,535
Accruals, advances from customers and other current liabilities	預提費用、預收客戶款項及其他流動負債	22	1,371,328
Amounts due to related parties	應付關聯方款項	37(c)	8,571
Current income tax liabilities	當期所得稅負債		88,382
Borrowings	借款	23	460,000
Dividends payable	應付股息		1,467
			<u>2,645,283</u>
Total liabilities	負債合計		<u>3,466,016</u>
Total equity and liabilities	權益及負債合計		<u>10,162,120</u>
Net current assets	流動資產淨額		<u>1,004,214</u>
Total assets less current liabilities	總資產減流動負債		<u>7,516,837</u>
			<u>6,018,038</u>

Han Jingyuan

韓敬遠

Chairman and Director

主席及董事

Liu Lei

劉磊

Director

董事

The notes on pages 63 to 183 are an integral part of these consolidated financial statements.

第63至183頁的附註為本綜合財務報表的整體部份。

Company Balance Sheet

公司資產負債表

(All amounts in RMB thousands unless otherwise stated) As at 31 December 2007
(除另有指明外，所有金額均以人民幣千元為單位) 於二零零七年十二月三十一日

		As at 31 December	
		於十二月三十一日	
		2007	2006
		二零零七年	二零零六年
	Note 附註		
ASSETS	資產		
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	7	12,359
Investment properties	投資物業	8	19,328
Investments in subsidiaries	附屬公司投資	10(a)	382,121
Loans to subsidiaries	附屬公司貸款	10(b)	2,003,039
			<u>2,416,847</u>
Current assets	流動資產		
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款	17	1,486
Financial assets at fair value through profit or loss	按公平值透過損益記賬的財務資產	16	146
Amounts due from related parties	應收關聯方款項		10,883
Restricted bank balances	受限制銀行結餘	18	47,305
Cash and cash equivalents	現金及現金等價物	18	95,723
			<u>155,543</u>
Total assets	總資產		<u>2,572,390</u>
			<u>2,439,684</u>
EQUITY	權益		
Capital and reserves attributable to the Company's equity holders	本公司權益持有人應佔股本及儲備		
Share capital	股本	19	2,497,408
Other reserves	其他儲備		176,631
Accumulated losses	累計虧損		(113,285)
Total equity	權益合計		<u>2,560,754</u>
			<u>2,437,477</u>
LIABILITIES	負債		
Current liabilities	流動負債		
Trade payables	應付貿易賬款		5,269
Accruals and other current liabilities	預提費用及其他流動負債		6,205
Amounts due to related parties	應付關聯方款項		84
Dividends payable	應付股息		78
Total liabilities	負債合計		<u>11,636</u>
			<u>2,207</u>
Total equity and liabilities	權益及負債合計		<u>2,572,390</u>
			<u>2,439,684</u>
Net current assets	流動資產淨額		<u>143,907</u>
			<u>129,002</u>
Total assets less current liabilities	總資產減流動負債		<u>2,560,754</u>
			<u>2,437,477</u>

Han Jingyuan
韓敬遠
Chairman and Director
主席及董事

Liu Lei
劉磊
Director
董事

The notes on pages 63 to 183 are an integral part of these consolidated financial statements.

第63至183頁的附註為本綜合財務報表的整體部份。

Consolidated Income Statement

綜合損益表

For the year ended 31 December 2007 (All amounts in RMB thousands unless otherwise stated)
截至二零零七年十二月三十一日 (除另有指明外，所有金額均以人民幣千元為單位)

		Year ended 31 December	
		於十二月三十一日	
		Note	
		附註	
			2007 二零零七年
			2006 二零零六年
Revenue	收入	5	13,498,555
Cost of sales	銷售成本	27	(11,581,115)
Gross profit	毛利		1,917,440
Other income	其他收入	26	2,116
Distribution costs	分銷成本	27	(46,689)
Administrative expenses	行政費用	27	(373,452)
Other expenses	其他費用	27	(5,324)
Other gains – net	其他收益－淨額	25	12,730
Operating profit	經營溢利		1,506,821
Finance income	財務收入	29	12,118
Finance costs	財務成本	29	(68,810)
Finance costs – net	財務成本－淨額		(56,692)
Share of profit/(loss) of an associate	應佔聯營公司溢利／(虧損)	11	225
Profit before income tax	除所得稅前溢利		1,450,354
Income tax expense	所得稅費用	30	(256,617)
Profit for the year	年度溢利		1,193,737
Attributable to:	應佔：		
Equity holders of the Company	本公司權益持有人		1,159,657
Minority interest	少數股東權益		34,080
			1,193,737
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)	年內本公司權益持有人應佔溢利的每股溢利 (以每股人民幣元為單位)		
– basic	– 基本	32	0.40元
– diluted	– 攤薄	32	0.40元
Dividends	股息	33	319,225

The notes on pages 63 to 183 are an integral part of these consolidated financial statements.

第63至183頁的附註為本綜合財務報表的整體部份。

Consolidated Statement of Changes in Equity

綜合權益變動表

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2007
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零七年十二月三十一日

		Attributable to equity holders of the Company 本公司權益持有人應佔						
	Note	Share capital	Other reserves	Retained earnings	Total	Minority interest	Total equity	
	附註	股本	其他儲備	留存收益	總計	少數 股東權益	權益合計	
Balance at 1 January 2006								
		於二零零六年 一月一日的結餘						
		2,460,375	735,325	1,397,752	4,593,452	138,643	4,732,095	
Profit for the year		-	-	1,032,754	1,032,754	(10,404)	1,022,350	
Profit appropriation to statutory reserves	20	-	230,276	(230,276)	-	-	-	
Employee share options scheme:								
– Value of employee services	20	-	16,745	-	16,745	-	16,745	
Dividends relating to 2005		-	-	(136,044)	(136,044)	(3,581)	(139,625)	
Dividends relating to 2006		-	-	(29,730)	(29,730)	(2,353)	(32,083)	
Acquisition from a minority shareholder		-	-	-	-	(40)	(40)	
Others	20	-	1,950	-	1,950	57	2,007	
		-	248,971	636,704	885,675	(16,321)	869,354	
Balance at 31 December 2006								
		於二零零六年 十二月三十一日的結餘						
		2,460,375	984,296	2,034,456	5,479,127	122,322	5,601,449	
Balance at 1 January 2007								
		於二零零七年 一月一日的結餘						
		2,460,375	984,296	2,034,456	5,479,127	122,322	5,601,449	
Profit for the year		-	-	1,159,657	1,159,657	34,080	1,193,737	
Employee share options scheme:								
– Value of employee services	20	-	159,886	-	159,886	-	159,886	
– Proceeds from exercising share options	19	37,033	-	-	37,033	-	37,033	
Dividends relating to 2006		-	-	(132,149)	(132,149)	(4,322)	(136,471)	
Dividends relating to 2007		-	-	(154,864)	(154,864)	(5,370)	(160,234)	
Acquisition from a minority shareholder		-	-	-	-	704	704	
		37,033	159,886	872,644	1,069,563	25,092	1,094,655	
Balance at 31 December 2007								
		於二零零七年 十二月三十一日的結餘						
		2,497,408	1,144,182	2,907,100	6,548,690	147,414	6,696,104	

The notes on pages 63 to 183 are an integral part of these consolidated financial statements.

第63至183頁的附註為本綜合財務報表的整體部份。

Consolidated Cash Flow Statement

綜合現金流量表

For the year ended 31 December 2007 (All amounts in RMB thousands unless otherwise stated)
截至二零零七年十二月三十一日 (除另有指明外，所有金額均以人民幣千元為單位)

		Year ended 31 December 於十二月三十一日	
		2007 二零零七年	2006 二零零六年
	Note 附註		
Cash flows from operating activities	來自經營活動的現金流量		
Cash generated from operations	經營產生的現金	34	1,363,930
Interest received	已收利息		480,570
Dividends received from financial assets at fair value through profit or loss	從按公平值透過損益記賬的財務資產中收取的股息		10,976
Interest paid	已付利息		2
Income tax paid	已付所得稅		1,061
			(70,722)
			(229,944)
Net cash generated from operating activities	經營活動產生的現金淨額		1,074,242
			239,655
Cash flows from investing activities	來自投資活動的現金流量		
Purchase of property, plant and equipment	購買物業、廠房及設備	34	(833,047)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	34	336
Proceeds from disposal of intangible assets	出售無形資產所得款項		8,069
Acquisition of a minority interest	收購少數股東權益		4,408
			-
Net cash used in investing activities	投資活動所耗的現金淨額		-
			(828,303)
Net cash generated from/(used) before financing activities	融資活動前產生/(所耗)的現金淨額		(578,482)
			245,939
			(338,827)
Cash flows from financing activities	來自融資活動的現金流量		
Proceeds from issuance of ordinary shares	發行普通股股份所得款項		37,033
Proceeds from current borrowings	流動借款所得款項		550,000
Proceeds from borrowings from related parties	關聯方借款所得款項		779,090
Repayment of current borrowings	償還流動借款		-
Repayment of borrowings from related parties	償還關聯方借款		31,000
			(534,000)
			(7,000)
Proceeds from non-current borrowings	非流動借款所得款項		424,230
Repayment of non-current borrowings	償還非流動借款		215,770
Dividends paid	已付股息		(149,230)
Decrease in restricted bank balances pledged as security for current bank borrowings	作為流動銀行借款的抵押的受限制銀行結餘減少		(293,099)
			(165,000)
			(165,751)
Net cash generated from financing activities	融資活動產生的現金淨額		-
			887,722
			27,934
			66,841
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加/(減少)淨額		273,873
Effect of foreign exchange rate changes	外幣匯率變動的影響		(271,986)
			(19,187)
Cash and cash equivalents, beginning of the year	年初現金及現金等價物		(2,979)
			434,905
Cash and cash equivalents, end of the year	年終現金及現金等價物	18	709,870
			689,591
			434,905

The notes on pages 63 to 183 are an integral part of these consolidated financial statements.

第63至183頁的附註為本綜合財務報表的整體部份。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2007
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零七年十二月三十一日止年度

1. GENERAL INFORMATION

China Oriental Group Company Limited (the “Company”) was incorporated in Bermuda on 3 November 2003 as an exempted company with limited liability under the Companies Act 1981 of Bermuda as a result of a group reorganisation (the “Reorganisation”).

The address of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

Following the completion of the global offering, the Company’s shares were listed on The Stock Exchange of Hong Kong Limited on 2 March 2004.

The Company together with its subsidiaries are hereinafter collectively referred to as the Group. The Group is mainly engaged in the manufacture and sales of iron and steel products. The Group has manufacturing plants in Hebei Province and Guangdong Province of the People’s Republic of China (the “PRC”) and sells mainly to customers located in the PRC.

These consolidated financial statements are presented in thousands of units of RMB, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors (the “Board”) on 27 March 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. 一般資料

中國東方集團控股有限公司(「本公司」)於二零零三年十一月三日根據百慕達一九八一年公司法在百慕達註冊成立為獲豁免有限責任公司，並因而完成一項集團重組(「重組」)。

本公司的註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda。

於全球售股完成後，本公司股份於二零零四年三月二日在香港聯合交易所有限公司上市。

本公司及其附屬公司於下文中合稱本集團。本集團主要從事生產及銷售鋼鐵產品。本集團在中華人民共和國(「中國」)河北省及廣東省設有生產廠房，並主要針對位於中國的客戶進行銷售。

除另有指明外，本綜合財務報表以人民幣千元呈列。本綜合財務報表已經由董事局(「董事局」)於二零零八年三月二十七日批准刊發。

2. 重要會計政策摘要

編製本綜合財務報表採用的主要會計政策載於下文。除另有指明外，此等政策在所呈列的所有年度內貫徹應用。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2007 (All amounts in RMB thousands unless otherwise stated)

截至二零零七年十二月三十一日止年度 (除另有指明外，所有金額均以人民幣千元為單位)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRS”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(a) Standards, amendments and interpretations to standards effective in 2007

- HKFRS 7, “Financial instruments: Disclosure”, and the complementary amendments to HKAS 1 “Presentation to financial statement – Capital disclosures”, introduce new disclosures relating to financial instruments. This standard does not have any impact and valuation of the Group’s financial instruments, but require additional disclosures in relation to the Group’s financial instruments. The main additional disclosures include certain quantitative information of the Group’s exposure to credit risk, liquidity risk and market risk, as well as qualitative information of the Group’s capital risk management.

2. 重要會計政策摘要 (續)

2.1 編製基準

本集團的綜合財務報表乃按照香港財務報告準則(「香港財務報告準則」)編製。綜合財務報表已依據歷史成本法編製，並就按公平值透過損益記賬的財務資產(包括衍生工具)的重估作出修訂。

編製符合香港財務報告準則的財務報表需要使用若干關鍵會計估計。這亦需要管理層在應用本集團會計政策過程中行使其判斷。涉及高度的判斷或高度複雜性的範疇，或涉及對綜合財務報表作出重大假設和估算的範疇，在附註4中披露。

(a) 於二零零七年生效的準則、對準則的修訂及詮釋

- 香港財務報告準則第7號「金融工具：披露」及香港會計準則第1號「財務報表的呈列－資本披露」的補充修訂引入與金融工具有關的新披露規定。本準則對本集團的金融工具並無任何影響及估值，但要求就本集團的金融工具作出額外披露。主要額外披露包括有關本集團信貸風險、流動性風險、市場風險以及資本風險管理的定性信息。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2007
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(a) Standards, amendments and interpretations to standards effective in 2007 (Continued)

- HK(IFRIC)-Int 8, "Scope of HKFRS 2, Share-base payment", requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of HKFRS 2. This interpretation does not have any impact on the Group's consolidated financial statement.
- HK(IFRIC)-Int 9, "Reassessment of embedded derivatives", requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. This interpretation does not have any significant impact on the reassessment of embedded derivatives as the Group has already assessed whether embedded derivative should be separated using the principles that are consistent with HK(IFRIC)-Int 9; and

2. 重要會計政策摘要 (續)

2.1 編製基準 (續)

(a) 於二零零七年生效的準則、對準則的修訂及詮釋 (續)

- 香港（國際財務報告詮釋委員會）－詮釋第8號「香港財務報告準則第2號（基於股份的支付）的範圍」規定，凡涉及發行權益工具的交易－當中所收取的可識別代價低於所發行權益工具的公允價值－必須確定其是否屬於香港財務報告準則第2號的範圍內。此詮釋對本集團的綜合財務報表無任何影響。
- 香港（國際財務報告詮釋委員會）－詮釋第9號「重新評估勘入式衍生工具」規定，實體須於首次成為合約一方時，評估是否需要將勘入式衍生工具從主要合約分開並入賬列作衍生工具。除非合約的條款出現變動，導致須對合約原本所需的現金流量作出重大修訂而需要進行重估，否則不得於其後的時間進行重估。由於本集團已按照香港（國際財務報告詮釋委員會）－詮釋第9號貫徹的原則對勘入式衍生工具是否應分開進行評估，故此項詮釋對重新評估勘入式衍生工具無重大影響；及

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(a) Standards, amendments and interpretations to standards effective in 2007 (Continued)

- HK(IFRIC)-Int 10, "Interim financial reporting and impairment", prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation does not have any significant impact on the Group's consolidated financial statements.

(b) Interpretations to standards effective in 2007 but not relevant

The following interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the Group's operations:

HK(IFRIC)-Int 7, "Applying the restatement approach under HKAS 29, Financial reporting in hyper-inflationary economies".

2. 重要會計政策摘要 (續)

2.1 編製基準 (續)

(a) 於二零零七年生效的準則、對準則的修訂及詮釋 (續)

- 香港(國際財務報告詮釋委員會)－詮釋第10號「中期財務報告及減值」規定，於中期期間就有關商譽、股本工具投資及按成本列賬的財務資產投資而確認的減值虧損不得於其後的結算日撥回。此詮釋不會對本集團的綜合財務報表產生任何重大影響。

(b) 於二零零七年生效但與本集團營運無關的準則詮釋

以下對已公佈準則的詮釋須於二零零七年一月一日或之後開始的會計期間採用，但與本集團的營運無關：

香港(國際財務報告詮釋委員會)－詮釋第7號「應用香港會計準則29『嚴重通脹經濟中的財務報告』下的重列法」

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

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

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods, but the Group has not early adopted them:

- HKAS 23 (Amendment), "Borrowing costs" (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Amendment) from 1 January 2009. Management is currently assessing the impact of HKAS 23 (Amendment), but does not anticipate any material impact on the Group's accounts as the Group has already followed the principles of capitalise borrowing costs for qualify assets in accordance with existing HKAS 23.

2. 重要會計政策摘要 (續)

2.1 編製基準 (續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋

以下為已公佈的準則、修訂及現有準則的詮釋，而本集團須於二零零八年一月一日或之後開始的會計期間或較後期間採納但本集團並無提早採納：

- 香港會計準則第23號(修訂本)「借貸成本」(於二零零九年一月一日起生效)。該修訂本規定企業將收購、建造或生產合格資產(需要相當長時間才能達到預計可使用或可銷售狀態的資產)直接應佔借貸成本資本化，作為該項資產成本的一部分。借貸成本可即時確認為費用的選項將被刪除。本集團將於二零零九年一月一日起應用香港會計準則第23號(修訂本)。管理層現時正評估香港會計準則第23號(修訂本)的影響，惟未預期對本集團賬目產生任何重大影響，因本集團已採納與現行香港會計準則第23號相符的合格資產借貸成本資本化準則。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

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

(Continued)

- HKFRS 8, "Operating segments" (effective from 1 January 2009). HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 from 1 January 2009. The expected impacts is still being assessed in detail by management.

2. 重要會計政策摘要 (續)

2.1 編製基準 (續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋 (續)

- 香港財務報告準則第8號「營運分部」(於二零零九年一月一日起生效)。香港財務報告準則第8號取代香港會計準則第14號，並將分部報告與美國財務會計準則 (US standard SFAS) 第131號「有關企業分部和相關資料的披露」之規定統一起來。新準則規定遵從「管理方法」，即分部資料須按與內部報告所採用的相同基準呈報。本集團將於二零零九年一月一日採納香港財務報告準則第8號。預期影響尚於管理層詳細評估中。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

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

(Continued)

- HK(IFRIC) – Int 11, “HKFRS 2 – Group and treasury share transactions” (effective for annual period beginning on or after 1 March 2007). HK(IFRIC) – Int 11 provides guidance on whether share-based transactions involving treasury shares or involving Group entities (for example options over a parent’s shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. The Group will apply HK(IFRIC) – Int 11 from 1 January 2008. Management believes that this interpretation should not have a significant impact on the consolidated financial statements as the Group has already assessed whether options over a parent’s shares have been properly recorded in the stand-alone accounts of the parent and group companies using the principles that are consistent with HK(IFRIC) – Int 11.

2. 重要會計政策摘要 (續)

2.1 編製基準 (續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋 (續)

- 香港（國際財務報告詮釋委員會）－詮釋第11號「香港財務報告準則第2號－集團及庫存股份交易」（自二零零七年三月一日或之後開始的年度期間生效）。詮釋第11號就涉及庫存股份或涉及本集團各實體之以股份為基礎交易的支付（如涉及母公司股份之購股權）應否在母公司及本集團各公司獨立賬目內應入賬列作按權益結算或按現金結算的以股份為基礎的支付提供指引。本集團將從二零零八年一月一日起應用香港（國際財務報告詮釋委員會）－詮釋第11號。由於本集團已評估母公司股份之購股權是否已採用與香港（國際財務報告詮釋委員會）－詮釋第11號一致的原則，妥為記入母公司及集團公司的獨立賬目，故管理層相信此詮釋不會對綜合財務報表產生任何重大影響。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(d) Interpretations to existing standards that are not yet effective and not relevant for the Group's operations

The following interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods but are not relevant for the Group's operations:

- HK(IFRIC) – Int 12, “Service concession arrangements” (effective from 1 January 2008). HK(IFRIC) – Int 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. HK(IFRIC) – Int 12 is not relevant to the Group's operations because none of the Group's companies provide for public sector services.
- HK(IFRIC) – Int 13, “Customer loyalty programmes” (effective from 1 July 2008). HK(IFRIC) – Int 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. HK(IFRIC) – Int 13 is not relevant to the Group's operations because none of the Group's companies operate any loyalty programmes.

2. 重要會計政策摘要 (續)

2.1 編製基準 (續)

(d) 尚未生效且與本集團營運無關的對現有準則的詮釋

以下為已公佈對現有準則的詮釋，本集團必須於二零零八年一月一日或之後開始的會計期間或較後期間採用，但與本集團的營運無關：

- 香港（國際財務報告詮釋委員會）－詮釋第12號－「服務特許權安排」（於二零零八年一月一日起生效）。該準則適用於私人營運商參與公營服務基礎建設之開發、融資、營運及維護之合約安排。香港（國際財務報告詮釋委員會）－詮釋第12號與本集團的營運無關，因本集團旗下公司概無參與公營服務。
- 香港（國際財務報告詮釋委員會）－詮釋第13號－「客戶忠誠度計劃」（於二零零八年七月一日起生效）。該準則闡明，倘貨品或服務是跟隨一項客戶忠誠度獎勵計劃（如忠誠度分數或贈品）而售出，有關安排屬多重銷售組合安排，而應收客戶代價按公平值在多重銷售組合安排部份中分攤。香港（國際財務報告詮釋委員會）－詮釋第13號與本集團的營運無關，因本集團旗下公司概無設立客戶忠誠度計劃。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(d) Interpretations to existing standards that are not yet effective and not relevant for the Group's operations

(Continued)

- HK(IFRIC) – Int 14, “HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction” (effective from 1 January 2008). HK(IFRIC) – Int 14 provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. HK(IFRIC) – Int 14 is not relevant to the Group's operation as the Group do not have any defined benefit plan.

2. 重要會計政策摘要 (續)

2.1 編製基準 (續)

(d) 尚未生效且與本集團營運無關的對現有準則的詮釋 (續)

- 香港（國際財務報告詮釋委員會）－詮釋第14號－「香港會計準則第19號界定福利資產限額、最低資金要求及兩者之互動關係」（於二零零八年一月一日起生效）。香港（國際財務報告詮釋委員會）－詮釋第14號對香港會計準則第19號有關評估可確認為資產之盈餘金額的限額提供指引，另解釋退休金資產或負債如何受法定或合約最低資金需求影響。香港（國際財務報告詮釋委員會）－詮釋第14號與本集團的營運無關，因為本集團並無任何界定福利計劃。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December.

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Except for those companies composing the Group upon the Reorganisation, which have been accounted for on the merger basis, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

2. 重要會計政策摘要 (續)

2.2 綜合賬目

綜合財務報表乃包括本公司及其所有附屬公司截至十二月三十一日止的財務報表。

(a) 附屬公司

附屬公司指所有本集團有權控制財政及營運決策的實體 (包括特殊目的實體)，通常附帶有過半數投票權的股權。評估本集團是否控制另一實體時會考慮目前可行使或可轉換的潛在投票權是否存在及其影響。

除因重組而組成本集團的公司 (按合並會計法入賬) 外，在年內購入或出售的附屬公司的業績由收購生效日起計或計至出售生效日止 (選適用者) 列入綜合損益表內。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation (Continued)

(a) Subsidiaries (Continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group except for those subsidiaries composing the Group upon the Reorganisation. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.9). The results of subsidiaries are accounted by the Company on the basis of dividends received and receivable.

2. 重要會計政策摘要 (續)

2.2 綜合賬目 (續)

(a) 附屬公司 (續)

本集團採用購買會計法將本集團收購附屬公司入賬，惟因重組而組成本集團的附屬公司除外。收購成本按所提供資產公平值、已發行股本工具及於交易日產生或承擔的負債加上收購直接應佔的成本計量。於業務合並承擔的所收購可識別資產與負債及或然負債初始按於收購日的公平值計算，與任何少數股東權益無關。收購成本超出本集團應佔所收購可識別資產淨值的公平值的數額列作商譽。倘收購成本低於所收購附屬公司資產淨值的公平值，則差額直接於損益表確認。

集團內公司間的交易、集團公司交易的結餘及未變現收益予以對銷。除非交易提供所轉讓資產減值的憑證，否則未變現虧損亦予以對銷。附屬公司的會計政策已按需要作出改變，以確保與本集團採納的政策一致。

在本公司的資產負債表內，附屬公司投資乃按成本減累計減值虧損撥備列賬（附註2.9）。本公司將附屬公司的業績按已收及應收股息為基準入賬。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation (Continued)

(b) Transactions with minority interest

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

(c) Associates

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

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

2. 重要會計政策摘要 (續)

2.2 綜合賬目 (續)

(b) 與少數股東權益進行的交易

本集團應用將與少數股東權益進行的交易視作與本集團外界人士進行的交易處理的政策。向少數股東權益出售會導致本集團產生盈虧，並計入綜合損益表。自少數股東權益購買會導致商譽，即所支付的任何代價與所收購附屬公司資產淨值賬面值有關部份的差額。

(c) 聯營公司

聯營公司指所有本集團對其有重大影響力但無控制權的實體，通常附帶有20%至50%投票權的股權。聯營公司投資採用權益會計法入賬，初始按成本確認。本集團的聯營公司投資包括收購時已識別的商譽(扣除任何累計減值虧損)。

本集團應佔收購後聯營公司的溢利或虧損於損益表中確認，而應佔收購後儲備的變動則於儲備內確認。投資賬面值會根據累計的收購後儲備變動而作出調整。當本集團應佔聯營公司的虧損等於或超過其聯營公司權益，包括任何其他無抵押應收款項，本集團不會確認進一步虧損，除非本集團已代聯營公司承擔責任或作出付款。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation (Continued)

(c) Associates (Continued)

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

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi, which is the functional and presentation currency of the Company and its subsidiaries.

2. 重要會計政策摘要 (續)

2.2 綜合賬目 (續)

(c) 聯營公司 (續)

本集團與其聯營公司之間交易的未變現收益按本集團在聯營公司權益的數額對銷。除非交易提供所轉讓資產減值的憑證，否則未變現虧損亦予以對銷。聯營公司的會計政策已按需要作出改變，以確保與本集團採納的政策符合一致。

2.3 分部呈報

業務分部指從事提供產品或服務的一組資產和業務，而產品或服務的風險和回報與其他業務分部的不同。地區分部指在某個特定經濟環境中從事提供產品或服務，而產品或服務的風險和回報與在其他經濟環境中營運的分部的不同。

2.4 外幣換算

(a) 功能及呈列貨幣

本集團各實體計入財務報表的項目乃採用實體營運所在的主要經濟環境的貨幣（「功能貨幣」）計算。綜合財務報表則以人民幣（本公司及其附屬公司的功能及呈列貨幣）呈列。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Foreign currency translation (Continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

(c) Net investment in foreign operation

The Company and some subsidiaries have certain monetary items that are receivable from or payable to a foreign operation within the Group. An item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the entity's net investment in that foreign operation. Such monetary items include long-term receivables or loans, which do not include trade receivables and trade payables.

2. 重要會計政策摘要 (續)

2.4 外幣換算 (續)

(b) 交易及結餘

外幣交易按交易日的匯率折算為功能貨幣。除於權益內遞延作為合資格現金流量套期保值或合資格淨投資套期保值外, 結算此等交易結算而產生以及將以外幣為單位的貨幣性資產與負債按年終的匯率換算而產生的外匯收益及虧損於損益表中確認。

(c) 境外業務的投資淨額

本公司及若干附屬公司擁有應收或應付予本集團內一項境外業務的若干貨幣項目。於見將來既無計劃作出結算亦無可能發生的項目實際上為該實體於該項境外業務投資淨額的一部份。該等貨幣項目包括長期應收賬款或貸款, 但不包括應收貿易賬款及應付貿易賬款。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Foreign currency translation (Continued)

(c) Net investment in foreign operation

(Continued)

Exchange differences arising on a monetary item that forms a part of the Group's net investment in a foreign operation is recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (consolidated financial statements when the foreign operation is a subsidiary), such exchange differences, if appropriate, is recognised initially in a separate component of equity and recognised in profit or loss on disposal of the net investment.

2.5 Property, plant and equipment

Property plant and equipment, comprising buildings, machinery, furniture and fixtures, leasehold improvements and vehicles are stated at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

2. 重要會計政策摘要 (續)

2.4 外幣換算 (續)

(c) 境外業務的投資淨額 (續)

因貨幣項目(構成本集團於境外業務投資淨額的一部份)而產生的匯兌差額於報告實體的獨立財務報表及境外業務的單獨財務報表(如適用)的損益表中確認。於包括境外業務及報告實體的財務報表(當該項境外業務為一間附屬公司時，則為綜合財務報表)中，該等匯兌差額(如適用)最初於權益的一個單獨項下確認，並在出售投資淨額時於損益表中確認。

2.5 物業、廠房及設備

包括樓宇、機器設備、辦公設備、租賃物業裝修和汽車等物業、廠房及設備乃按成本減累計折舊及累計減值虧損列賬。歷史成本包括收購該項目直接應佔的開支。成本亦可包括轉撥自權益中任何以外幣購買物業、機器及設備的合資格現金流量套期保值的收益／虧損。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs or revalued amounts to their residual values over their estimated useful lives (Note 4.1), as follows:

	Estimated useful life
Buildings	10-20 years
Machinery	5-10 years
Furniture and fixtures	5-10 years
Vehicles	5-10 years
Leasehold improvements	2-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

2. 重要會計政策摘要 (續)

2.5 物業、廠房及設備 (續)

其後成本僅於當與該項目有關的未來經濟利益很有可能流入本集團，而項目的成本能夠可靠地計量，方會包括在資產的賬面值或確認為獨立資產（如適用）。終止確認被替換部份的賬面值。所有其他維修及保養於產生的財政期間自損益表扣除。

物業、廠房及設備的折舊乃採用以下估計可使用年期將成本或重估值按直線法分攤至剩餘價值計算（附註4.1）：

	估計可使用年期
樓宇	10-20年
機器設備	5-10年
辦公設備	5-10年
汽車	5-10年
租賃物業裝修	2-5年

資產的剩餘價值及可使用年期於每個結算日獲審閱及調整（如適用）。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Property, plant and equipment (Continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other gains/(losses) – net, in the income statement.

Construction-in-progress (“CIP”) represents buildings, plant and machinery under construction or pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction and acquisition. No provision for depreciation is made on CIP until such time as the relevant assets are completed and available for intended use. When the assets concerned are ready for their intended use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

2. 重要會計政策摘要 (續)

2.5 物業、廠房及設備 (續)

倘資產的賬面值高於其估計可收回金額，則其賬面值即時撇減至可收回金額 (附註2.9)。

出售盈虧乃對比所得款項與賬面值後釐定，並於損益表中在其他收益／(虧損)－淨額內確認。

在建工程指正在興建或安裝的樓宇、廠房及機器設備，並按成本減累計減值虧損 (如有) 列賬。成本包括興建及收購成本。概無就在建工程的折舊計提撥備，直至有關資產竣工及可用作擬定用途為止。當有關資產準備按其既定用途使用，成本會轉撥至物業、廠房及設備，並根據上述政策予以折舊。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Leasehold land and land use rights

All land in the PRC is state-owned or collectively-owned and no individual land ownership right exists. The Group acquired the right to use certain land. The premiums paid for such right are treated as prepayment for operating lease and recorded as leasehold land and land use rights, which are amortised over the lease periods using the straight-line method.

2.7 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at depreciated cost less accumulated impairment.

Fair value is determined and disclosed based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the directors. Changes in fair values are not recognised in the income statement.

2. 重要會計政策摘要 (續)

2.6 租賃土地及土地使用權

中國的土地均為國有或集體擁有，個人並無獨立的土地所有權。本集團取得使用若干土地的權利。就該權利支付的價款視作預付經營租賃款項處理，並列作租賃土地及土地使用權，按租期以直線法攤銷。

2.7 投資物業

持作長期租金收益或資本增值或此兩種用途，而並非由本集團的各實體佔用的物業分類為投資物業。

投資物業按成本（包括相關交易成本）初始計量。

初始確認後，投資物業按已折舊成本減累計減值列賬。

公平值乃按交投活躍市場的價格計算，並於必要時就特定資產的性質、位置或狀況作出調整。倘並無有關資料，則本集團會使用交投較淡靜市場的最新價格或貼現現金流量預測等其他估值法。此等估值每年由董事審閱。公平值變動並無於損益表中確認。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Investment properties (Continued)

Depreciation of investment properties is calculated using the straight-line method to allocate cost to their residual value over their estimated useful lives of 20 years.

Subsequent expenditure is charged to the asset's carrying amount 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 repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its carrying amount at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

If an item of property, plant and equipment becomes an investment property because its use has changed, the transfer does not change the carrying amount of the property transferred, nor does it change the cost of that property for measurement or disclosure purposes.

2. 重要會計政策摘要 (續)

2.7 投資物業 (續)

投資物業的折舊乃採用其估計可使用年期(20年)將成本按直線法分攤至其剩餘價值計算。

其後開支僅於當與項目有關的未來經濟利益很有可能會流入本集團，而項目的成本能夠可靠地計量，方會增加資產的賬面值。所有其他維修及保養成本於產生的財政期間自損益表扣除。

倘投資物業成為業主自用，則重新分類為物業、廠房及設備，而就會計而言，其於重新分類當日的賬面值成為其成本。在建或發展作未來投資物業用途的物業分類為物業、廠房及設備，並按成本入賬，直至興建或發展竣工為止，有關物業將於當時重新分類並其後入賬列作投資物業。

倘物業、廠房及設備的某個項目因其用途改變而成為投資物業，則該轉撥並無改變所轉撥物業的賬面值，亦無改變該物業的成本作計量或披露用途。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Intangible assets

Intangible assets mainly comprised iron ore mining licenses purchased, which are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives (5 years).

Intangible assets should be derecognised on disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset should be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It should be recognised in profit or loss when the asset is derecognised.

2.9 Impairment of investments in subsidiaries, associates and non-financial assets

Assets that have an indefinite useful life or have not yet available for use are not subject to amortisation, and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. 重要會計政策摘要 (續)

2.8 無形資產

無形資產主要包括購買的鐵礦采礦許可證，乃按成本減累計攤銷列賬。許可證的攤銷乃採用其估計可使用年期（5年）將成本按直線法分攤計算。

無形資產會在處置或預期繼續使用或處置該資產不會帶來未來經濟利益時終止確認。

終止確認無形資產產生的收益或虧損乃按無形資產的出售所得款項淨額（如有）的賬面值兩者的差額計算，並在該資產終止確認時於損益表確認。

2.9 於附屬公司、聯營公司的投資減值及非財務資產減值

沒有確定可使用年期或尚未可供使用的資產毋須攤銷，惟會每年進行減值測試。無論在任何情況下當有事件或變動顯示賬面值可能無法收回時，則會檢討資產的減值。減值虧損乃按資產賬面值高出其可收回金額的數額確認。可收回金額為資產公平值減銷售成本及使用價值兩者的較高者。就評估減值而言，資產乃按可獨立識別現金流量（現金產生單位）的最低層次組合。出現減值的非財務資產（商譽除外）會於每個報告日期作出可能撥回減值的檢討。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determine the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as "trade and other receivables" and "cash and cash equivalents" in the balance sheet (Note 2.13 and 2.14).

2. 重要會計政策摘要 (續)

2.10 財務資產

本集團將其財務資產分為以下類別：按公平值透過損益記賬的財務資產、貸款及應收賬款、持有至到期的投資及可供出售的財務資產。分類視乎所收購的投資的目的而定。管理層會於初始確認時決定其財務資產分類。

(a) 按公平值透過損益記賬的財務資產

按公平值透過損益記賬的為持作買賣的財務資產。倘收購的主要目的為在短期內出售則財務資產會撥歸此類別。衍生工具亦分類為持作買賣，除非彼等已被指定用作套期保值用途。此類別的資產分類為流動資產。

(b) 貸款及應收賬款

貸款及應收賬款為非衍生工具財務資產，具有固定或可決定金額，惟並無在交投活躍的市場上報價。彼等包括於流動資產內，惟不包括到期日為結算日起計逾12個月者（此等貸款及應收賬款列作非流動資產）。貸款及應收款項列入資產負債表的「貿易及其他應收款項」和「現金及現金等價物」（附註2.13及2.14）。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets (Continued)

(c) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held to maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the balance sheet date; these are classified as current assets.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

For the years ended 31 December 2007 and 2006, the Group has no financial assets categorised as held-to-maturity or available-for-sale financial assets.

2. 重要會計政策摘要 (續)

2.10 財務資產 (續)

(c) 持有至到期的投資

持有至到期的投資為非衍生工具財務資產，具有固定或可決定金額及固定到期日，本集團管理層持明確意向並具能力持有至到期日。除本集團擬出售持有至到期的財務資產的不重大部份外，整個類別將被滲雜及重新分類為可供出售。持有至到期的財務資產包括於非流動資產內，惟不包括到期日為結算日起計少於12個月者（此等持有至到期的財務資產列作流動資產）。

(d) 可供出售的財務資產

可供出售的財務資產為非衍生工具財務資產，指定為此類別或並無分類歸入任何其他類別。彼等包括於非流動資產內，惟不包括管理層有意於結算日起計12個月內出售的投資。

於截至二零零七年及二零零六年十二月三十一日止年度，本集團並無任何資產獲歸類為持有至到期或可供出售的財務資產。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets (Continued)

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within other (losses)/gains – net, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payment is established.

2. 重要會計政策摘要 (續)

2.10 財務資產 (續)

財務資產之一般買賣於交易日(即本集團承諾購買或出售資產當日)確認。對於並非按公平值透過損益記賬的財務資產投資初始按公平值加交易成本確認。按公平值透過損益記賬的財務資產初始按公平值確認，而交易成本賬自損益表扣除。財務資產乃從收取現金流量的權利屆滿或轉讓，而本集團實質上轉移所有權的一切風險及回報時，投資即終止確認。可供出售的財務資產及按公平值透過損益記賬的財務資產其後按公平值入賬。貸款及應收賬款及持有至到期的投資以實際利率法按已攤銷成本入賬。

因「按公平值透過損益記賬的財務資產」類別的公平值變動而產生的盈虧，列入產生期間的損益表「其他(虧損)／收益－淨額」內。當本集團收取股息的權利確定時，來自按公平值透過損益記賬的財務資產的股息收入乃作為其他收入的一部份在損益表中確認。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets (Continued)

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in equity.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

2. 重要會計政策摘要 (續)

2.10 財務資產 (續)

以外幣計值並被劃分為可供出售類別的貨幣證券的公平值變動, 在該證券的攤銷成本變動引起的折算差額, 與該證券的賬面值的其他變動引起的折算差額之間, 進行分析。貨幣證券的折算差額在損益中確認; 非貨幣證券的折算差額在權益中確認。可供出售類貨幣及非貨幣證券的公平值變動, 在權益中確認。

當可供出售類證券被出售或發生減值時, 在權益中確認的累計公平值調整將作為投資證券損益列入損益表。

可供出售類證券的利息按實際利率法計算, 作為其他收益確認於損益表。可供出售類權益工具的股息, 在本集團收取付款的權利確立時作為其他收益確認於損益表。

報價投資的公平值按現行買入價釐定。倘財務資產市場交投不活躍 (並為非上市證券), 則本集團採用估值方法確定公平值。估值方法包括使用最近按公允基準進行的交易、參考其他大致相同的工具、現金流量貼現分析及期權定價模式、充分使用市場輸入項目及盡可能減少倚賴特定實體的輸入項目。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets (Continued)

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in Note 2.13.

2.11 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designed as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- (2) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedges); or
- (3) hedges of net investments in foreign operations (net investment hedge).

2. 重要會計政策摘要 (續)

2.10 財務資產 (續)

本集團於每個結算日評估是否有客觀憑證顯示一項或一組財務資產已經出現減值。應收貿易賬款的減值測試於附註2.13內描述。

2.11 衍生金融工具及套期保值活動

衍生工具初始於訂立衍生工具合約當日按公平值確認，其後於每個結算日按公平值重新計量。確認所得盈虧的方法，取決於衍生工具是否指定為套期保值工具及（倘如此）取決於被套期保值項目的性質。本集團將若干衍生工具指定為：

- (1) 對已確認資產或負債或確定承諾的公平值所作的套期保值（公平值套期保值）；
- (2) 對個別與已確認資產或負債或可能性甚高的預測交易相關的風險所作的套期保值（現金流量套期保值）；或
- (3) 對境外業務的投資淨額所作的套期保值（投資淨額套期保值）。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Derivative financial instruments and hedging activities (Continued)

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedge item is more than 12 months, and as a current asset or liability, if the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(a) Cash flow hedge

The Group accounts for a hedge of foreign currency risk of a firm commitment as a cash flow hedge on the following basis:

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other gains/(losses) – net.

2. 重要會計政策摘要 (續)

2.11 衍生金融工具及套期保值活動 (續)

本集團在交易開始時以文件記錄套期保值工具及被套期保值項目的關係, 以及進行各項套期保值交易的風險管理的目的與策略。本集團亦就套期保值交易使用的衍生工具 (在開始及持續進行時) 是否能高度有效地抵銷被套期保值項目的公平值或現金流量變動進行評估, 並作記錄。

當被套期保值項目的餘下到期日逾12個月時, 套期保值衍生工具的全部公平值分類為非流動資產或負債, 而倘被套期保值項目的餘下到期日少於12個月, 則分類為流動資產或負債。買賣衍生工具分類為流動資產或負債。

(a) 現金流量套期保值

本集團按以下基準將某一確定承諾的外匯風險的套期保值, 確認為現金流量套期保值:

被指定及符合資格為現金流量套期保值的衍生工具的公平值變動的有效部份於權益內確認, 有關無效部份的盈虧則於損益表「其他(收益)/虧損—淨額」內確認。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Derivative financial instruments and hedging activities (Continued)

(a) Cash flow hedge (Continued)

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in the income statement within sales. The gain or loss relating to the ineffective portion is recognised in the income statement within other gains/(losses) – net. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in case of inventory, or in depreciation in case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within other gains/(losses) – net.

2. 重要會計政策摘要 (續)

2.11 衍生金融工具及套期保值活動 (續)

(a) 現金流量套期保值 (續)

於權益累積的數額會在被套期保值項目將對盈虧造成影響的期間(如進行被套期保值的預測銷售時)重新計入到損益表中。有關遠期外匯合約套期保值出口銷售的有效部份的盈虧則於損益表「銷售額」內確認。有關無效部份的盈虧則於損益表「其他(收益)/虧損－淨額」內確認。然而，倘被套期保值的預測交易導致確認非財務資產(如存貨或固定資產)，則以往於權益內遞延的盈虧由權益轉撥，並計入資產成本的初始計量中。存貨的遞延金額最終在「銷售成本」內確認，而固定資產的遞延金額則最終在「折舊」內確認。

當套期保值工具期滿或出售，或當套期保值不再符合套期保值會計處理的準則，則當時於權益存在的累積盈虧保留於權益，並在預測交易最終於損益表中確認時確認。當預測交易不再預期會進行，則於權益呈報的累積盈虧即時轉撥至損益表的其他收益/(虧損)－淨額內。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Derivative financial instruments and hedging activities (Continued)

(b) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement within other gains/(losses) – net.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2. 重要會計政策摘要 (續)

2.11 衍生金融工具及套期保值活動 (續)

(b) 不符合套期保值會計處理的衍生工具

若干衍生工具不符合套期保值會計處理並按公平值透過損益記賬的方式入賬。任何不符合套期保值會計處理的衍生工具的公平值變動，會即時於損益表「其他(收益)/虧損－淨額」內確認。

2.12 存貨

存貨按成本及可變現淨值兩者的較低者入賬。成本乃按加權平均法釐定。製成品及在製品的成本包括設計成本、原材料、直接人工、其他直接成本及相關生產間接開支(依據正常營運能力)，不包括借貸成本。可變現淨值為日常業務過程中的估計售價，減適用的可變銷售支出。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within selling and marketing costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs in the income statement.

2.14 Cash and cash equivalents

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

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. 重要會計政策摘要 (續)

2.13 貿易及其他應收賬款

貿易及其他應收賬款初始按公平值確認，而其後則採用實際利率法按已攤銷成本減減值撥備計量。倘有客觀憑證顯示本集團將不能按應收賬款的原有條款收回所有到期款項時，則會對貿易及其他應收賬款作出減值撥備。債務人出現嚴重財政困難、債務人可能會破產或進行財務重組及欠繳款項，均被視為應收貿易賬款已減值的憑證。撥備的數額為資產賬面值與按實際利率貼現的估計未來現金流量的現值兩者的差額。資產的賬面值透過使用撥備賬項而減少，虧損的數額於損益表銷售及市場推廣成本內確認。當一項貿易應收賬款無法收回時，其會與貿易應收賬款的撥備賬項相互撇銷。之前已撇銷的款項如其後收回，則計入損益表銷售及市場推廣成本中。

2.14 現金及現金等價物

現金及現金等價物包括現金、銀行通知存款、原到期日為三個月或以下的其他短期高流動性投資，以及銀行透支。

2.15 股本

普通股分類為權益。與發行新股或購股權直接相關的新增成本於權益中列為所得款項的減少（扣除稅項）。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Trade and other payables

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

2.17 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 the income statement over the period of the borrowings using the effective interest method.

Borrowings at nil or low interest rates from government are treated as government assistance and recognised initially at the cost of consideration received.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.18 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2. 重要會計政策摘要 (續)

2.16 貿易及其他應付賬款

貿易及其他應付賬款初始按公平值確認，而其後則採用實際利率法按已攤銷成本計量。

2.17 借款

借款初步按公平值(扣除已產生的交易成本)確認。借款其後按已攤銷成本列賬；所得款項(扣除交易成本)與贖回價值之間的任何差額於借款期使用實際利率法於損益表中確認。

政府的免息或低息借款被視作政府資助，並初始按已收取代價成本確認。

除非本集團有無條件權利延遲償還負債直至結算日後最少12個月，否則借款分類為流動負債。

2.18 當期及遞延所得稅

當期所得稅費用按本公司的附屬公司及聯營公司從事業務經營並產生應課稅收入的所在國家在結算日已頒佈或實質上已頒佈的稅務法律計算。在適用的稅務法規有待解釋的情況下，管理層會定期評估申報的稅務狀況，必要時按預期向稅務機關繳納的稅額計提撥備。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Current and deferred income tax (Continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

2.19 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of any qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sales are capitalised as part of the cost of that asset.

All other borrowing costs are charged to the income statement in the period in which they are incurred.

2. 重要會計政策摘要 (續)

2.18 當期及遞延所得稅 (續)

遞延所得稅採用負債法就資產和負債的稅基與其在綜合財務報表的賬面值兩者產生的暫時性差異全數撥備。然而，倘遞延所得稅來自在交易（不包括業務合併）中對資產或負債的初始確認，而在交易時不影響會計損益或應課稅盈虧，則不作記賬。遞延所得稅採用在結算日前生效或實質生效，並在有關遞延所得稅資產變現或遞延所得稅負債結算時預期將會適用的稅率（及法例）而釐定。

遞延所得稅資產乃就有可能有未來應課稅溢利而就此可動用暫時性差異而確認。

遞延所得稅就附屬公司及聯營公司投資所產生的暫時性差異作出撥備，惟倘本集團可以控制暫時性差異的撥回時間，而暫時性差異在可見將來有可能不會撥回則除外。

2.19 借貸成本

任何直接用於收購、建設或生產一項需較長時間方可用於其擬定用途或出售的合資格資產的借貸成本，將資本化成為該項資產的部份成本。

所有其他借貸成本則於其產生期間自綜合損益表扣除。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Employee benefits

(a) Pension obligations

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"). Under the MPF Scheme, the Group and its Hong Kong employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation, subject to a cap of Hong Kong dollar 1,000 per person per month and any excess contributions are voluntary.

In accordance with the rules and regulations in the PRC, the Group has arranged for its PRC employees to join a defined contribution retirement benefit plan organised by PRC government. The PRC government undertakes to assume the retirement benefit obligations of all existing and future retired employees payable under the plan as set out in Note 28. The assets of this plan are held separately from those of the Group in an independent fund managed by the PRC government.

The Group's contributions to the defined contribution retirement benefit plan are charged to the income statement as incurred.

2. 重要會計政策摘要 (續)

2.20 僱員福利

(a) 退休金的責任

本集團已為其香港僱員安排參與強制性公積金計劃(「強積金計劃」)。根據強積金計劃，本集團及其香港僱員須各自根據強制性公積金條例按僱員收入5%每月向該計劃供款，供款上限為每人每月1,000港元，亦可以自願作出額外供款。

根據中國的規定及條例，本集團已安排於中國的員工參與中國政府組織的定額供款統籌退休金計劃。中國政府承諾負擔按附註28所述的計劃向所有現時及未來退休的員工支付退休金的責任。本計劃的資產撥入獨立於本集團，並由中國政府管理的獨立基金。

本集團向定額供款統籌退休金計劃繳交的供款於產生時計入損益表。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Employee benefits (Continued)

(b) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Where options are granted to employees of subsidiaries within the Group, in the consolidated financial statements, such share-based arrangement is accounted for as equity-settled. The fair value are accounted for as contributions and recognised as part of the cost of investment in the Company's standalone financial statements.

2. 重要會計政策摘要 (續)

2.20 僱員福利 (續)

(b) 以股份支付的酬金

本集團設有多項以股權結算，以股份支付的薪酬計劃。就僱員提供服務而授予的購股權的公平值確認為支出。將於授予期間內列作支出的總金額乃參考所授購股權的公平值釐定（不包括任何非市場性質的授予條件所產生的影響，如盈利能力及銷售額增長目標）。在假定預期將授予的購股權數目時，非市場性質的授予條件亦加入一併考慮。於每個結算日，實體調整對預期將授予的購股權數目所作出的估計，並在損益表確認調整原來估計（如有）對其所產生的影響，並對股本作出相應調整。

已收所得款項（扣除任何直接應佔的交易成本）在行使購股權時會撥入股本（面值）及股份溢價內。

若購股權是授予本集團的附屬公司僱員，在綜合財務報表中，這種基於股份的安排被處理為權益結算。公平值按捐贈列賬，作為投資成本的一部分確認於本公司單獨的財務報表。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2. 重要會計政策摘要 (續)

2.21 撥備

環境修復、重建成本及法律索償的撥備乃於：本集團因已發生的事件而承擔法定或推定責任，可能須以資源流出清償該項責任且責任的金額能可靠估計時須予以確認。重建撥備包括租賃終止罰款和僱員離職付款。概不就未來經營虧損確認撥備。

如有多項類似責任，則履行該等責任時將需要流出資源的可能性乃在整體考慮有關責任的類別後予以釐定。即使有關同一類別責任內任何一項責任出現流出的可能性很低，惟仍須確認撥備。

撥備採用稅前折現率以預期清償該項責任的所需開支的現值計量，並反映市場目前對金錢的時間價值及責任特定的風險的評估。撥備因時間流逝的增加乃確認為利息費用。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Government grants

A government grant in the form of subsidy or financial refund is recognised when there is a reasonable assurance that the Group will comply with the conditions attached to the grant and that the grant will be received.

Grants relating to income are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Grants relating to the purchase of property, plant and equipment are included in non-current liabilities and recognised in the income statement over the life of a depreciable asset by way of a reduced depreciation charge.

2.23 Revenue recognition

(a) Sales of goods produced

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

2. 重要會計政策摘要 (續)

2.22 政府補貼

當能夠合理地保證本集團將會符合所有補貼的附帶條件，而政府補貼將可收取時，確認以資助或財務退款形式提供的政府補貼。

有關收入的補貼遞延入賬，並按擬補償的成本配合所需期間於損益表中確認。

有關購買物業、廠房及設備的補貼列入非流動負債，並按可予折舊資產的年期以減少折舊費用的方式於損益表中確認。

2.23 收入確認

(a) 製成品的銷售額

收入包括在本集團的日常業務過程中銷售貨品及服務的已收或應收代價的公平值。收入在扣除增值稅、退貨、回扣和折扣，以及對銷本集團內銷售額後列示。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Revenue recognition (Continued)

(a) Sales of goods produced (Continued)

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Lease income

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

2. 重要會計政策摘要 (續)

2.23 收入確認 (續)

(a) 製成品的銷售額 (續)

就以下所述的本集團各項活動而言, 在收入金額能可靠計量, 而未來經濟利益將有可能流入實體以及符合特殊標準時, 本集團將會確認收入。在所有與銷售有關的或有事件獲解決前, 收入金額概不會被視作可予可靠計量。本集團所基於對過往業績的估計乃已考慮到客戶的類別、交易的類型以及各項安排的特殊情況。

(b) 利息收益

利息收入採用實際利率法按時間比例確認。倘應收賬款出現減值, 則本集團會將賬面值減至其按該等款項的原定實際利率的估計未來貼現現金流量而設定的可收回金額, 並繼續解除貼現作為利息收入。減值貸款的利息收入採用原定實際利率確認。

(c) 股息收入

股息收入在收取股息的權利確定時確認。

(d) 租金收入

經營租賃的租賃收入, 在租賃期內按直線法確認為收入。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Operating leases as a lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.25 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and 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. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognised but are disclosed in the notes to the consolidated accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.26 Dividends distribution

Dividends distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2. 重要會計政策摘要 (續)

2.24 作為承租人的經營租賃

擁有權的絕大部份風險及回報由出租公司保留的租賃乃分類為經營租賃。根據經營租賃所支付的款項(扣除出租公司所給予的任何獎賞後)按租期以直線法自損益表扣除。

2.25 或然負債及或然資產

或然負債指因已發生的事件而可能引起的責任，此等責任需就某一宗或多宗本集團不能完全控制會否實現的事件會否發生才能確認。或然負債亦可能是因已發生的事件引致的現有責任，但由於可能不需要消耗經濟資源，或責任金額未能可靠地計量而未有入賬。或然負債不會被入賬，但會在綜合財務報表附註中披露。假若消耗資源的可能性改變導致可能出現資源消耗，則其將被列作撥備入賬。

或然資產指因已發生的事件而可能產生的資產，此等資產需就某一宗或多宗本集團不能完全控制會否實現的事件會否發生才能確認。或然資產不會被入賬，但會於可能收到經濟效益時在綜合賬目附註中披露。若實質確認有收到經濟效益時，此等效益才被列為資產入賬。

2.26 股息分派

向本公司股東分派的股息在股息獲本公司股東批准的期間內於本集團的財務報表內確認為負債。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Financial guarantee contracts

Financial guarantee contracts are recognised in respect of the financial guarantee contracts issued by the Group to the contract holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee contract. The fair value of financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instruments and the payments that would be required without the guarantee or the estimated amount that would be payable to a third party for assuming the obligation. Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment. After initial recognition, such contracts are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

2.28 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

2. 重要會計政策摘要 (續)

2.27 財務擔保合約

就本集團向合約持有人發出的財務擔保合約而言，若指定的債務人在付款到期時未能按照債務票據的原始條款或修訂條款作出付款，就要確認財務擔保合約產生的損失。

財務擔保合約按公平值加直接歸屬於發出該財務擔保合約的交易成本，進行初始確認。財務擔保合約的公平值按以下二者之間的淨現金流量差額的現值確定：(1)債務票據約定的付款；及(2)在無擔保情況下所需的付款，或應向承擔債務的第三方支付的估計金額。在就附屬公司或聯營公司的貸款或其他應付款項提供無償擔保情況下，公平值按捐贈加以處理，確認為投資成本的一部分。在初始確認後，該等合約按用於結算現有債務所需開支的最佳估計的現值，與初始確認金額（減累計攤銷）之間孰高者，進行計量。

2.28 每股溢利

(a) 每股基本溢利

每股基本溢利按本公司權益持有人應佔利潤（扣除普通股以外的任何權益費用）除以該財政年度發行在外的普通股加權平均數計算，並根據當年發行的普通股的股利加以調整。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 Earnings per share (Continued)

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial market and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. The Group's exposure to changes in interest rates is mainly attributable to its non-current borrowings. All non-current borrowings bear variable rates and expose the Group to cash flow interest-rate risk. The maximum exposures to the interest rate risk have been disclosed in Note 23.

2. 重要會計政策摘要 (續)

2.28 每股溢利 (續)

(b) 每股攤薄溢利

每股攤薄溢利調整了用於計算每股基本溢利的數字，當中慮及利息所得稅的稅後效應及其他與具攤薄性潛在普通股有關的融資成本，以及假設就具攤薄性潛在普通股作無代價發行的股份的加權平均數。

3. 財務風險管理

3.1 財務風險因素

本集團的活動承受多種財務風險：市場風險（包括公平值利率風險、現金流利率風險及外匯風險）、信貸風險及流動資金風險。本集團的整體風險管理計劃專注於財務市場的難預測性，並尋求儘量減低對本集團財務表現的潛在不利影響。

(a) 市場風險

(i) 現金流量及公平值利率風險

由於本集團並無任何重大的計息資產，故本集團的收入及經營現金流量基本上不受市場利率變動所影響。本集團的利率變動風險主要是來自其非流動借款。所有非流動借款均為浮息借款，本集團須承受現金流利率風險。最大利率風險於附註23中披露。

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3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Cash flow and fair value interest rate risk (Continued)

The Group has not used any derivatives to hedge its exposure to interest rate risk for the year ended 31 December 2007.

(ii) Foreign exchange risk

The directors do not consider the exposure to foreign exchange risk is significant to the Group's operation as the Group mainly operates in the PRC with most of the transactions denominated and settled in RMB. Therefore, the Group has not used any derivatives to hedge its exposure to foreign exchange risk for the year ended 31 December 2007.

The major foreign exchange risk exposure arises from its exporting activities and the related trade receivables, which are mostly denominated in United States Dollars (the "US\$"). The Group also has certain bank deposits and financial assets that are denominated in foreign currencies, mainly US\$, Euros and Hong Kong Dollars (the "HK\$"), which are exposed to foreign currency translation risk. The maximum exposures to the foreign exchange risks are disclosed in Note 15 and 18 respectively.

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(a) 市場風險 (續)

(i) 現金流量及公平值利率風險 (續)

截至二零零七年十二月三十一日止年度, 本集團並無使用任何衍生工具對利率風險進行套期保值。

(ii) 外匯風險

董事並不認為本集團在經營上面臨重大的外匯風險, 因為本集團主要在中國經營, 大多數交易均以人民幣計值結算。因此, 截至二零零七年十二月三十一日止年度, 本集團並無利用任何衍生工具對沖外匯風險。

外匯風險主要來自出口業務及相關的貿易應收款項, 其中大部分均以美元計值。本集團有若干以外幣計值的銀行存款及金融資產, 主要計值貨幣是美元、歐元及港元, 其面臨匯兌風險。外匯風險的最高金額分別於附註15及附註18披露。

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3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Summarized sensitivity analysis

The following table summarized the sensitivity of the Group of financial assets and financial liabilities to interest rate risk and foreign exchange risk.

The sensitivity analysis for interest rate risk and foreign exchange is based on the assumption that:

- (a) Interest rate had been 15% lower/higher from the year end rates with all other variables held constant (for example, 8.05% or 5.95% instead of 7%);
- (b) RMB had weakened/strengthened by 10% against US\$ with all other variables held constant.

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(a) 市場風險 (續)

(iii) 敏感度分析概述

下表概述本集團財務資產及金融負債在利率風險及外匯風險方面的敏感度。

利率風險及外匯風險的敏感度分析是基於以下假設：

- (a) 利率較年末下降／上升15%，而所有其他變量均保持不變（例如：8.05釐或5.95釐，而非7釐）；
- (b) 人民幣兌美元貶值／升值10%，而所有其他變量均保持不變。

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3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Summarized sensitivity analysis (Continued)

The following table summarizes the sensitivity of the Group's financial assets and financial liabilities to interest rate risk and foreign exchange risk.

	Carrying amount 賬面值	Interest rate risk 利率風險				Foreign exchange risk 外匯風險				
		-15%		+15%		-10%		+10%		
		Profit 溢利	Equity 權益	Profit 溢利	Equity 權益	Profit 溢利	Equity 權益	Profit 溢利	Equity 權益	
31 December 2007										
Financial assets	財務資產									
Cash and cash equivalents	現金及現金等價物	689,591	(667)	(667)	667	667	8,548	8,548	(8,548)	(8,548)
Restricted bank balance	受限制銀行結餘	171,690	(171)	(171)	171	171	4,731	4,731	(4,731)	(4,731)
Trade receivables	應收貿易賬款	488,825	-	-	-	-	7,694	7,694	(7,694)	(7,694)
Deposits and other receivables (Note 17)	按金及其他應收款項(附註17)	47,013	-	-	-	-	-	-	-	-
Amounts due from related parties	應收關聯方款項	11,055	-	-	-	-	-	-	-	-
Financial liabilities	金融負債									
Trade payables	應付貿易賬款	(715,535)	-	-	-	-	(629)	(629)	629	629
Other payables (I)	其他應付款項(I)	(474,743)	-	-	-	-	-	-	-	-
Borrowings	借款	(1,225,000)	7,005	7,005	(7,005)	(7,005)	-	-	-	-
Amounts due to related parties	應付關聯方款項	(64,304)	-	-	-	-	-	-	-	-
Total increase/ (decrease)	合共增加/ (減少)		6,167	6,167	(6,167)	(6,167)	20,344	20,344	(20,344)	(20,344)

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(a) 市場風險 (續)

(iii) 敏感度分析概述 (續)

下表概述本集團財務資產及金融負債在利率風險及外匯風險方面的敏感度。

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3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Summarized sensitivity analysis (Continued)

	Carrying amount 賬面值	Interest rate risk 利率風險				Foreign exchange risk 外匯風險				
		-15%		+15%		-10%		+10%		
		Profit 溢利	Equity 權益	Profit 溢利	Equity 權益	Profit 溢利	Equity 權益	Profit 溢利	Equity 權益	
31 December 2006										
Financial assets										
Cash and cash equivalents	現金及現金等價物	434,905	(423)	(423)	423	423	7,782	7,782	(7,782)	(7,782)
Restricted bank balance	受限制銀行結餘	95,262	(100)	(100)	100	100	4,796	4,796	(4,796)	(4,796)
Trade receivables	應收貿易賬款	998,828	-	-	-	-	2,379	2,379	(2,379)	(2,379)
Deposits and other receivables (Note 17)	按金及其他應收款項(附註17)	40,690	-	-	-	-	-	-	-	-
Financial liabilities										
Trade payables	應付貿易賬款	(516,368)	-	-	-	-	(298)	(298)	298	298
Other payables (I)	其他應付款項(I)	(385,936)	-	-	-	-	-	-	-	-
Borrowings	借款	(934,000)	4,070	4,070	(4,070)	(4,070)	-	-	-	-
Amounts due to related parties	應付關聯方款項	(112,203)	-	-	-	-	-	-	-	-
Total increase/ (decrease)	合共增加/ (減少)		3,547	3,547	(3,547)	(3,547)	14,659	14,659	(14,659)	(14,659)

(I) Other payables include payables for purchase of property, plant and equipment, customer deposits and employee deposits as stated in Note 22.

(I) 其他應付款項包括購買物業、廠房及設備、客戶按金和員工按金(見附註22)方面的應付款項。

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3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents, trade receivables, and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. The Group's credit policy for the sales of products is mainly delivery either on cash or upon receipt of bank acceptance notes with maturity dates within six months. For bank and financial institutions, the Group has policies that deposits are put in reputable banks.

(c) Liquidity risk

The liquidity risk of the Group is controlled by maintaining sufficient cash and cash equivalents, together with adequate banking facilities.

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信貸風險

本集團並無重大集中的信貸風險。現金及現金等價物、應收貿易賬款及其他應收賬款的賬面值為本集團的財務資產在信貸風險方面的最高風險水平。本集團產品銷售的信貸政策主要為於收取現金或到期日在六個月內的銀行承兌匯票時方會發貨。對於銀行及金融機構，本集團的政策是將存款存放於有信譽的銀行。

(c) 流動資金風險

本集團的流動資金風險透過維持充足現金及現金等價物，以及足夠銀行信貸控制。

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3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(c) 流動資金風險 (續)

下表是本集團金融負債的分析。按結算日至約定到期日的剩餘期限，將金融負債分到相關的期限組別。表中披露的金額是約定的未折現現金流量。對於12個月內到期的餘額，因折現影響不大，該等餘額等於其賬面餘額。

		Less than 1 year 1年內	Between 1 and 2 years 1至2年	Between 2 and 5 years 2至5年	Over 5 years 5年以上
At 31 December 2007	二零零七年 十二月三十一日				
Borrowings	借款	460,000	275,770	444,230	45,000
Interests payments on borrowings (i)	支付借款利息(i)	61,559	41,716	17,331	756
Trade payables	應付貿易賬款	715,535	-	-	-
Other payables	其他應付款項	474,743	-	-	-
Amounts due to related parties	應付關聯方款項	8,571	-	55,733	-
At 31 December 2006	二零零六年 十二月三十一日				
Borrowings	借款	573,230	20,000	275,770	65,000
Interests payments on borrowings (i)	支付借款利息(i)	34,222	16,264	13,862	1,890
Trade payables	應付貿易賬款	516,368	-	-	-
Other payables	其他應付款項	385,936	-	-	-
Amounts due to related parties	應付關聯方款項	56,674	-	55,529	-

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3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

- (i) The interest on borrowings is calculated based on borrowings held as at 31 December 2006 and 2007 without taking into account of future issues. Floating-rate interest is estimated using current interest rate as at 31 December 2006 and 2007 respectively.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(c) 流動資金風險 (續)

- (i) 借款利息按二零零六年及二零零七年十二月三十一日持有的借款計算, 不考慮任何未來事項。浮動利率分別按二零零六年及二零零七年十二月三十一日的當時利率估算。

3.2 資金風險管理

本集團的資金管理政策, 是保障本集團按持續經營基準繼續營運之能力, 以為股東帶來回報, 同時兼顧其他權益持有人的利益, 並維持最佳的資本結構以減低資金成本。

為維持或調整資本結構, 本集團可能會調整支付予股東的股息金額、向股東發還資金、發行新股或出售資產以減低債務。

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3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management (Continued)

Consistent with others in the industry, the Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as total borrowings divided by equity attributable to the Company's equity holders. Total borrowings include current and non-current borrowings as shown in the consolidated balance sheet. The Group regards its borrowings and equity attributable to the Company's equity holders as its capital.

		2007 二零零七年	2006 二零零六年
Total borrowings	借款總額	1,225,000	934,000
Equity attributable to the Company's equity holders	本公司權益持有人應佔權益	6,548,690	5,479,127
Debt-to-equity ratio	債項與權益比率	18.71%	17.05%

3.3 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The nominal value less impairment provision of trade and other receivables and payables approximates their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

3. 財務風險管理 (續)

3.2 資金風險管理 (續)

與業內其他公司一樣，本集團亦是根據債項與權益比率監查資本狀況。借款總額除以本公司權益持有人應佔權益，即為債項與權益比率。借款總額包括綜合資產負債表所示的即期及非即期借款。本集團將其借款及本公司權益持有人應佔權益視為本集團的資本。

3.3 公平值估計

在交投活躍市場買賣的金融工具的公平值根據結算日的市場報價列賬。

在沒有交投活躍市場買賣的金融工具的公平值利用估值方法釐定。本集團利用多種方法，並根據每個結算日當時的市況作出假設。

貿易及其他應收賬款和應付賬款的面值減去減值撥備以接近其公平值。

就披露而言，金融負債公平值的估計按未來合約現金流量以本集團類似金融工具可得的現有市場利率貼現計算。

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to 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.

(a) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition as at the balance sheet date and the historical experience of manufacturing and selling products of similar nature.

4 關鍵會計估計及判斷

估計及判斷會被持續評估, 並根據過往經驗和其他因素進行評估, 包括在有關情況下相信為合理的對未來事件的預期。

4.1 關鍵會計估計及假設

本集團對未來作出估計及假設。所得的會計估計如其定義, 很少會與其實際結果相同。很大機會導致下個財政年度的資產與負債的賬面值作出重大調整的估計及假設討論如下。

(a) 存貨的可變現淨值

存貨的可變現淨值為日常業務過程中的估計售價, 減估計完成成本及銷售支出。該等估計根據於結算日的現行市況及生產及銷售性質類似的產品的過往經驗計算。

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.1 Critical accounting estimates and assumptions *(Continued)*

(b) Impairment of property, plant and equipment

The Group reviews property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, in accordance with the accounting policy stated in Note 2.9. The recoverable amount of cash-generating unit has been determined based on higher of value-in-use and fair value less costs to sell.

The Group determined that there was an impairment indication relating to a production line of a subsidiary which manufactures galvanised and cold rolled sheets. This production line was identified as a cash-generating unit.

The Group measured the value in use and fair value less costs to sell by discounting the future estimated cash flow deriving from the production line. These calculations required the Group to estimate the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to calculate the present value of those cash flows.

4 關鍵會計估計及判斷 (續)

4.1 關鍵會計估計及假設 (續)

(b) 物業、廠房及設備減值

當在任何情況下有事件或變動顯示賬面值可能不會予以收回時，本集團則會根據附註 2.9 所述的會計政策檢討物業、廠房及設備的減值。現金產生單位的可收回金額已根據使用價值與公平值減銷售成本兩者的較高者釐定。

本集團確定有一間生產鍍鋅板及冷軋板的附屬公司的生產線出現減值跡象。該生產線乃確認為現金產生單位。

本集團透過將源自生產線的未來估計現金流量折現的方式來計量使用價值及公平值減銷售成本。該等計算方法要求本集團須對來自現金產生單位的預期未來現金流量進行估計，亦會要求本集團採用適當的貼現率，以計算該等現金流量的現值。

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

(b) Impairment of property, plant and equipment (Continued)

As at 31 December 2007, the value in use and fair value less costs to sell approximated RMB243.6 million and RMB240.4 million respectively. The Group considered that the recoverable amount was the higher of value in use and fair value less costs to sell. The recoverable amount of the production line was lower than its carrying amount by RMB24.9 million approximately (Note 7).

If the estimated gross margin in all forecast years had been 10% lower or higher than the management's estimates at 31 December 2007 (for example, 18% or 22% instead of 20%), the Group would have recognised the impairment as follows:

Impairment of property,
plant and equipment

物業、廠房及設備減值

2007	
二零零七年	
10% Lower	10% Higher
低 10%	高 10%
62,570	-

4 關鍵會計估計及判斷 (續)

4.1 關鍵會計估計及假設 (續)

(b) 物業、廠房及設備減值 (續)

於二零零七年十二月三十一日，使用價值及公平值減銷售成本分別約為人民幣2.436億元及人民幣2.404億元。本集團認為，可收回金額乃使用價值與公平值減銷售成本兩者中的較高者。生產線的可收回金額低於其賬面值約人民幣2,490萬元（附註7）。

倘於所有預測年度的估計毛利率較管理層於二零零七年十二月三十一日作出的估計偏低或偏高10%（例如為18%或22%，而不是20%），則本集團將確認減值如下：

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

(b) Impairment of property, plant and equipment (Continued)

If the estimated pre-tax discount rate applied to the discounted cash flows had been 10% (for example, 9% or 11% instead of 10%) lower or higher than management's estimates, the Group would have recognised the impairment as follows:

Impairment of property, plant and equipment	物業、廠房及設備減值
--	------------

(c) Useful life of the property, plant and equipment

Useful life is the period over which an asset is expected to be available for use by an entity. The depreciable amount of an asset is allocated on a systematic basis over its useful life (Note 2.5).

4 關鍵會計估計及判斷 (續)

4.1 關鍵會計估計及假設 (續)

(b) 物業、廠房及設備減值 (續)

倘用於已貼現現金流量的估計除稅前貼現率較管理層作出的估計偏低或偏高10% (例如為9%或11%，而不是10%)，則本集團將確認減值如下：

2007	
二零零七年	
10% Lower	10% Higher
低 10%	高 10%
-	43,706

(c) 物業、廠房及設備的可使用年期

可使用年期為資產預期可供實體使用的期限。資產的可折舊金額於其可使用年內按系統基準進行分配 (附註2.5)。

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

(c) Useful life of the property, plant and equipment (Continued)

The following factors are considered in determining the useful life of an asset:

- (i) Expected usage of the asset
- (ii) Expected physical wear and tear
- (iii) Technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset
- (iv) Legal or similar limits on the use of the asset

The useful life of an asset is reviewed at each financial year-end and, if expectations differ from previous estimates, the change will be accounted for as a change in an accounting estimate in accordance with HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

4 關鍵會計估計及判斷 (續)

4.1 關鍵會計估計及假設 (續)

(c) 物業、廠房及設備的可使用年期 (續)

在釐定資產的可使用年期時，須考慮以下因素：

- (i) 該項資產的預期用途
- (ii) 預期物質損耗
- (iii) 因生產變動或改良或市場對該項資產的產品或服務輸出的需求變動而造成技術或商業上過時
- (iv) 使用該項資產時的法律或類似限制

資產的可使用年期於各財政年度末進行檢討，倘預期可使用年期與以往作出的估計有所不同，則有關變動將會根據香港會計準則第8號「會計政策、會計估計的變動及誤差」作為會計估計的一項變動入賬。

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.2 Critical judgements in applying the entity's accounting policies

(a) Borrowing costs eligible for capitalisation

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are those borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made. It may be difficult to identify a direct relationship between particular borrowings and a qualifying asset and to determine the borrowings that could otherwise have been avoided. Such a difficulty occurs, for example, when the financing activity of an entity is co-ordinated centrally. As a result, the determination of the amount of borrowing costs that are directly attributable to the acquisition of a qualifying asset is difficult and the exercise of judgement is required.

Borrowing costs capitalised into property, plant and equipment are shown in Note 7.

4 關鍵會計估計及判斷 (續)

4.2 應用實體會計政策的關鍵判斷

(a) 符合資格作資本化的借貸成本

收購、建設或生產合資格資產直接應佔的借貸成本，指倘並無就合資格資產作出開支則可避免的借貸成本。識別特定借款與合資格資產的直接關係，以及釐定可避免的借款均可能會出現困難。例如，當實體的融資活動是由中央統籌，就會出現困難。因此，難以釐定收購合資格資產直接應佔的借貸成本金額，並須行使判斷。

資本化為物業、廠房及設備的借貸成本於附註7中列示。

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.2 Critical judgements in applying the entity's accounting policies (Continued)

(b) Distinction between investment properties and owner-occupied properties

The Group determines whether a property qualifies as investment property. In making its judgement, the Group considers whether the property generates cash flows largely independently of the other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for administrative purposes. If these portions can be sold separately, the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for administrative purposes. Judgement is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgement.

4 關鍵會計估計及判斷 (續)

4.2 應用實體會計政策的關鍵判斷 (續)

(b) 投資物業與業主自用物業的分別

本集團釐定一項物業是否符合資格為投資物業。在作出判斷時，本集團會考慮該物業所產生的現金流量是否基本不受本集團持有的其他資產所影響。業主自用物業所產生的現金流量，不單僅來自該物業，亦來自用於生產或供應流程的其他資產。

某些物業其中的一部份是用以賺取租金或作為資本增值用途而持有的，而另一部份則持有作行政用途。倘該等部份可獨立出售，本集團會對該等部份獨立記賬。倘該等部份不可以獨立出售，則該物業僅會在其不重大部份用作行政用途而持有時記賬為投資物業。在釐定附屬服務是否那樣重大以致某項物業不符合資格為投資物業時，須作出判斷。本集團在作出判斷時會獨立考慮每項物業。

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5. SALES AND SEGMENT INFORMATION – GROUP

(a) Sales

The Group is principally engaged in the manufacture and sales of iron and steel products. Sales recognised for the years ended 31 December 2007 and 2006 are as follows:

5. 銷售額及分部資料 – 本集團

(a) 銷售額

本集團主要從事生產及銷售鋼鐵產品。截至二零零七年及二零零六年十二月三十一日止年度入賬的銷售額如下：

		2007 二零零七年	2006 二零零六年
Sales:	銷售額：		
Gross sales, less discounts and returns	銷售總額減折扣及退貨		
– billets	– 鋼坯	896,776	2,752,589
– strips and strip products	– 帶鋼及帶鋼類產品	7,441,792	5,723,391
– H-section steel	– H型鋼	4,330,279	728,933
– galvanised sheets	– 鍍鋅板	682,118	381,209
– cold rolled sheets	– 冷軋板	158,044	160,332
– others	– 其他	22,844	35,662
		13,531,853	9,782,116
Less: Taxes	減：稅項	(33,298)	–
		13,498,555	9,782,116

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截至二零零七年十二月三十一日止年度 (除另有指明外, 所有金額均以人民幣千元為單位)

5. SALES AND SEGMENT INFORMATION – GROUP (Continued)

(b) Segment information

No business segment information is presented as over 90% of the Group's sales and operating profits are derived from the sales of iron and steel products, which is considered as one business segment with similar risks and returns.

No geographical segment information is presented as over 90% of the Group's sales and operating profits are derived within the PRC and over 90% operating assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

6. LEASEHOLD LAND AND LAND USE RIGHTS – GROUP

The Group's interests in leasehold land and land use rights represent the prepaid operating lease payments and their net book value are analysed as follows:

Opening	期初
Amortisation of prepaid operating lease payment (Note 27, 34)	預付經營租賃款項攤銷 (附註27、34)

As at 31 December 2007, the net book value of leasehold land and land use rights pledged as security for the Group's borrowings amounted to approximately RMB24 million (2006: RMB65 million) (Note 23).

The Group's leasehold land and land use rights are located in the PRC and the remaining lease period is between 45 years to 48 years.

5. 銷售額及分部資料 – 本集團 (續)

(b) 分部資料

由於本集團的銷售額及經營溢利超過90%來自銷售鋼鐵產品(被視為具有類似風險及回報的同一個業務分部), 故並無呈報業務分部資料。

由於本集團的銷售額及經營溢利超過90%源於中國, 而本集團超過90%經營資產亦在中國(被視為具有類似風險及回報的同一個地區), 故並無呈報地區分部資料。

6. 租賃土地及土地使用權 – 本集團

本集團在租賃土地及土地使用權的權益指預付經營租賃款項, 按其賬面淨值分析如下:

	2007 二零零七年	2006 二零零六年
Opening	78,092	79,569
Amortisation of prepaid operating lease payment (Note 27, 34)	(1,651)	(1,477)
	76,441	78,092

於二零零七年十二月三十一日, 已為本集團借款而抵押的租賃土地及土地使用權的賬面淨值約為人民幣2,400萬元(二零零六年: 人民幣6,500萬元)(附註23)。

本集團的租賃土地及土地使用權位於中國, 餘下租期介乎45年至48年。

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7. PROPERTY, PLANT AND EQUIPMENT

7. 物業、廠房及設備

The Group

本集團

		Buildings	Machinery	Furniture and fixtures	Vehicles	Leasehold improve- ments	CIP	Total
		樓宇	機器設備	辦公設備	汽車	租賃物業 裝修	在建工程	總計
At 1 January 2006	於二零零六年 一月一日							
Cost	成本	929,675	2,194,045	22,945	43,460	1,337	1,593,621	4,785,083
Accumulated depreciation	累計折舊	(115,887)	(413,010)	(4,643)	(14,860)	(612)	-	(549,012)
Net book amount	賬面淨值	813,788	1,781,035	18,302	28,600	725	1,593,621	4,236,071
Year ended 31 December 2006	截至二零零六年 十二月三十一日 止年度							
Opening net book amount	年初賬面淨值	813,788	1,781,035	18,302	28,600	725	1,593,621	4,236,071
Additions	添置	9,543	15,995	2,952	7,308	-	787,387	823,185
Transfers	轉撥	411,025	1,733,268	2,413	25	-	(2,146,731)	-
Disposals (Note 34)	處置(附註34)	(2,688)	(12,415)	(209)	(86)	-	-	(15,398)
Depreciation (Note 27, 34)	折舊(附註27、34)	(49,772)	(265,923)	(3,157)	(7,668)	(171)	-	(326,691)
Impairment (Note 27, 34)	減值(附註27、34)	(9,060)	(32,150)	(450)	(199)	-	-	(41,859)
Closing net book amount	年末賬面淨值	1,172,836	3,219,810	19,851	27,980	554	234,277	4,675,308
At 31 December 2006	於二零零六年 十二月三十一日							
Cost	成本	1,346,713	3,924,966	28,063	50,121	1,337	234,277	5,585,477
Accumulated depreciation and impairment	累計折舊及減值	(173,877)	(705,156)	(8,212)	(22,141)	(783)	-	(910,169)
Net book amount	賬面淨值	1,172,836	3,219,810	19,851	27,980	554	234,277	4,675,308
Year ended 31 December 2007	截至二零零七年 十二月三十一日 止年度							
Opening net book amount	年初賬面淨值	1,172,836	3,219,810	19,851	27,980	554	234,277	4,675,308
Additions	添置	8,252	19,257	5,064	9,878	-	2,115,897	2,158,348
Transfers	轉撥	99,514	155,486	1,997	-	-	(256,997)	-
Reclassification	重新分類	182,670	(182,670)	-	-	-	-	-
Disposals (Note 34)	處置(附註34)	(2,541)	(2,859)	(426)	(706)	-	-	(6,532)
Depreciation (Note 27, 34)	折舊(附註27、34)	(76,980)	(347,496)	(4,878)	(9,140)	(72)	-	(438,566)
Reversal of impairment (Note 27, 34)	減值撥回 (附註27、34)	5,344	11,296	227	113	-	-	16,980
Closing net book amount	年末賬面淨值	1,389,095	2,872,824	21,835	28,125	482	2,093,177	6,405,538
At 31 December 2007	於二零零七年 十二月三十一日							
Cost	成本	1,630,971	3,907,895	32,584	57,139	1,337	2,093,177	7,723,103
Accumulated depreciation and impairment	累計折舊及減值	(241,876)	(1,035,071)	(10,749)	(29,014)	(855)	-	(1,317,565)
Net book amount	賬面淨值	1,389,095	2,872,824	21,835	28,125	482	2,093,177	6,405,538

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截至二零零七年十二月三十一日止年度 (除另有指明外, 所有金額均以人民幣千元為單位)

7. PROPERTY, PLANT AND EQUIPMENT

(Continued)

The Group (Continued)

Depreciation expenses have been charged to the consolidated income statements as follows:

		2007 二零零七年	2006 二零零六年
Cost of sales	銷售成本	428,958	318,204
Administrative expenses	行政費用	9,608	8,487
		438,566	326,691

(a) As at 31 December 2007, the net book value of buildings and machinery pledged as security for the Group's current and non-current borrowings amounted to approximately RMB1,396 million (2006: RMB1,088 million) (Note 23).

For the year ended 31 December 2007, no borrowing costs were capitalised into the cost of property, plant and equipment.

For the year ended 31 December 2006, borrowing costs amounting to approximately RMB6 million were capitalised into the cost of property, plant and equipment at an average capitalisation rate of 5% approximately.

7. 物業、廠房及設備 (續)

本集團 (續)

已於綜合損益表中扣除的折舊開支如下:

	2007 二零零七年	2006 二零零六年
	428,958	318,204
	9,608	8,487
	438,566	326,691

(a) 於二零零七年十二月三十一日, 已為本集團流動及非流動借款而抵押的樓宇及機器設備的賬面淨值約為人民幣13.96億元 (二零零六年: 人民幣10.88億元) (附註23)。

於截至二零零七年十二月三十一日止年度, 概無任何借貸成本資本化為物業、廠房及設備的成本。

於截至二零零六年十二月三十一日止年度, 借貸成本約人民幣600萬元已按平均資本化率約5%資本化為物業、廠房及設備的成本。

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7. PROPERTY, PLANT AND EQUIPMENT

(Continued)

The Group (Continued)

- (b) As at 31 December 2007 and 2006, the directors of the Company considered that certain production line in relation to production of galvanised and cold rolled sheets belonging to a subsidiary was carried at more than its recoverable amount (Note 4.1).

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the galvanised and cold rolled sheets business with which the CGU operates.

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

7. 物業、廠房及設備 (續)

本集團 (續)

- (b) 於二零零七年及二零零六年十二月三十一日，董事認為，與隸屬於一間附屬公司生產鍍鋅板及冷軋板有關的若干條生產線乃按超過其可收回金額列賬（附註4.1）。

現金產生單位的可收回金額按使用價值計算。該等計算運用了稅前現金流量預測，其依據是管理層批准的五年期財務預算。超過五年期的現金流量按下述的增長率推算。增長率不會超過具有現金流量產生單位的鍍鋅板及冷軋板業務的長期平均增長率。

計算使用價值時，運用了以下的主要假設：

		2007 二零零七年	2006 二零零六年
Gross margin	毛利率	6.38%	7.01%
Growth rate	增長率	2.00%	2.00%
Discount rate	貼現率	14.42%	12.42%

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截至二零零七年十二月三十一日止年度 (除另有指明外, 所有金額均以人民幣千元為單位)

7. PROPERTY, PLANT AND EQUIPMENT

(Continued)

The Group (Continued)

Management determined budgeted gross margin based on past performance and its expectations for the market development. The weighted average growth rates used are consistent with the forecasts included in industry report. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

The impairment charge arose from the fact that the production line has not been fully utilised during the market development stage. In line with the achievement made in market development in year 2007, the production of galvanised and cold rolled sheet has been increased with an improved performance compared with previous years. The Group reassessed the impairment and a reversal of impairment loss of RMB17 million was made for the year ended 31 December 2007.

Impairment of the Group's property, plant and equipment has been (credited)/charged to the consolidated income statement as follow:

7. 物業、廠房及設備 (續)

本集團 (續)

管理層根據過往表現及其對市場發展的預期, 確定預算毛利率。所用的加權平均增長率, 與行業報告所載的預測一致。所用的貼現率為稅前貼現率, 反映了與相關分部有關的具體風險。

因為生產線在市場開發階段未被充分利用, 故而產生減值費用。隨著二零零七年市場開發取得成效, 鍍鋅板及冷軋板產量上升, 經營表現較往年為佳。本集團重新進行減值評估, 於截至二零零七年十二月三十一日止年度撥回減值損失人民幣1,700萬元。

如下所示, 本集團物業、廠房及設備的減值, 已記入綜合收益表的(貸項)/借項:

		2007	2006
		二零零七年	二零零六年
Cost of sales	銷售成本	<u>(16,980)</u>	<u>41,859</u>

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7. PROPERTY, PLANT AND EQUIPMENT

7. 物業、廠房及設備 (續)

(Continued)

The Company

		本公司				
		Buildings	Furniture and fixtures	Vehicles	Leasehold improvements	Total
		樓宇	辦公設備	汽車	租賃物業裝修	總計
At 1 January 2006	於二零零六年一月一日					
Cost	成本	12,399	677	2,657	1,337	17,070
Accumulated depreciation	累計折舊	(258)	(156)	(586)	(612)	(1,612)
Net book amount	賬面淨值	<u>12,141</u>	<u>521</u>	<u>2,071</u>	<u>725</u>	<u>15,458</u>
Year ended 31 December 2006	截至二零零六年十二月三十一日止年度					
Opening net book amount	年初賬面淨值	12,141	521	2,071	725	15,458
Additions	添置	365	2	46	-	413
Disposals	處置	-	-	(1,082)	-	(1,082)
Depreciation	折舊	(646)	(130)	(341)	(171)	(1,288)
Closing net book amount	年末賬面淨值	<u>11,860</u>	<u>393</u>	<u>694</u>	<u>554</u>	<u>13,501</u>
At 31 December 2006	於二零零六年十二月三十一日					
Cost	成本	12,764	679	1,513	1,337	16,293
Accumulated depreciation	累計折舊	(904)	(286)	(819)	(783)	(2,792)
Net book amount	賬面淨值	<u>11,860</u>	<u>393</u>	<u>694</u>	<u>554</u>	<u>13,501</u>
Year ended 31 December 2007	截至二零零七年十二月三十一日止年度					
Opening net book amount	年初賬面淨值	11,860	393	694	554	13,501
Additions	添置	-	39	-	-	39
Depreciation	折舊	(708)	(128)	(273)	(72)	(1,181)
Closing net book amount	年末賬面淨值	<u>11,152</u>	<u>304</u>	<u>421</u>	<u>482</u>	<u>12,359</u>
At 31 December 2007	於二零零七年十二月三十一日					
Cost	成本	12,764	718	1,513	1,337	16,332
Accumulated depreciation	累計折舊	(1,612)	(414)	(1,092)	(855)	(3,973)
Net book amount	賬面淨值	<u>11,152</u>	<u>304</u>	<u>421</u>	<u>482</u>	<u>12,359</u>

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8. INVESTMENT PROPERTIES – GROUP AND COMPANY

The investment properties are located in the PRC and their net book value are analysed as follows:

8. 投資物業 – 本集團及本公司

投資物業位於中國, 按其賬面淨值分析如下:

At 1 January 2006	於二零零六年一月一日	
Cost	成本	21,356
Accumulated depreciation	累計折舊	(445)
Net book amount	賬面淨值	<u>20,911</u>
Year ended 31 December 2006	截至二零零六年十二月三十一日止年度	
Opening net book amount	年初賬面淨值	20,911
Additions	添置	629
Depreciation (Note 27, 34)	折舊(附註27、34)	(1,112)
Closing net book amount	年末賬面淨值	<u>20,428</u>
At 31 December 2006	於二零零六年十二月三十一日	
Cost	成本	21,985
Accumulated depreciation	累計折舊	(1,557)
Net book amount	賬面淨值	<u>20,428</u>
Year ended 31 December 2007	截至二零零七年十二月三十一日止年度	
Opening net book amount	年初賬面淨值	20,428
Depreciation (Note 27, 34)	折舊(附註27、34)	(1,100)
Closing net book amount	年末賬面淨值	<u>19,328</u>
At 31 December 2007	於二零零七年十二月三十一日	
Cost	成本	21,985
Accumulated depreciation	累計折舊	(2,657)
Net book amount	賬面淨值	<u>19,328</u>

For the year ended 31 December 2007, the rental income arising from investment properties approximately amounted to RMB1.92 million (2006: RMB1.26 million) (Note 26).

於截至二零零七年十二月三十一日止年度, 因投資物業所產生的租金收入約為人民幣192萬元(二零零六年: 人民幣126萬元)(附註26)。

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8. INVESTMENT PROPERTIES – GROUP AND COMPANY (Continued)

As at 31 December 2007, the directors of the Company assessed the fair value of the investment properties to be approximately RMB32.1 million based on prices in an active market (2006: RMB25.8 million).

8. 投資物業 – 本集團及本公司 (續)

於二零零七年十二月三十一日，本公司董事根據在交投活躍市場的價格估值投資物業的公平值約為人民幣3,210萬元（二零零六年：人民幣2,580萬元）。

9. INTANGIBLE ASSETS – GROUP

9. 無形資產 – 本集團

		Iron ore mining licenses 鐵礦採礦許可證
At 1 January 2006	於二零零六年一月一日	
Cost	成本	10,229
Accumulated amortisation	累計折舊	(682)
Net book amount	賬面淨值	<u>9,547</u>
Year ended 31 December 2006	截至二零零六年十二月三十一日止年度	
Opening net book amount	年初賬面淨值	9,547
Additions	添置	36,822
Deduction	處置	(24,498)
Amortisation charge (Note 27, 34)	攤銷(附註27、34)	(3,582)
Closing net book amount	年末賬面淨值	<u>18,289</u>
At 31 December 2006	於二零零六年十二月三十一日	
Cost	成本	22,418
Accumulated amortisation	累計折舊	(4,129)
Net book amount	賬面淨值	<u>18,289</u>
Year ended 31 December 2007	截至二零零七年十二月三十一日止年度	
Opening net book amount	年初賬面淨值	18,289
Deduction	處置	(14,483)
Amortisation charge (Note 27, 34)	攤銷(附註27、34)	(3,806)
Closing net book amount	年末賬面淨值	<u>–</u>
At 31 December 2007	於二零零七年十二月三十一日	
Cost	成本	–
Accumulated amortisation	累計攤銷	–
Net book amount	賬面淨值	<u>–</u>

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10. INVESTMENTS IN AND LOANS TO SUBSIDIARIES – COMPANY

(a) Investments in subsidiaries

10. 附屬公司投資及貸款 – 本公司

(a) 附屬公司投資

		2007 二零零七年	2006 二零零六年
Unlisted investments, at cost	非上市投資, 按成本	382,121	224,017

The particulars of subsidiaries at 31 December 2007 and 2006 were as follows:

於二零零七年及二零零六年十二月三十一日附屬公司的詳情如下:

Name	Place and date of incorporation	Legal status	Percentage of equity interest attributable to the Group 本集團應佔權益 百分比	Issued and fully paid capital 已發行及繳足股本	Authorised capital 法定股本	Principal activities 主要業務
Gold Genesis Development Limited ("Gold Genesis")	British Virgin Islands ("BVI") 21 February 2003	Limited liability company	100% (Directly held)	US\$1	US\$50,000	Investment holding
Gold Genesis Development Limited (「Gold Genesis」)	英屬維京群島 (「英屬維京群島」) 二零零三年 二月二十一日	有限責任公司	100% (直接持有)	1美元	50,000美元	投資控股
Good Lucky Enterprises Limited ("Good Lucky")	BVI 21 February 2003	Limited liability company	100% (Directly held)	US\$1	US\$50,000	Investment holding
Good Lucky Enterprises Limited (「Good Lucky」)	英屬維京群島 二零零三年 二月二十一日	有限責任公司	100% (直接持有)	1美元	50,000美元	投資控股
First Glory Services Limited ("First Glory")	BVI 16 October 2003	Limited liability company	100% (Directly held)	US\$2	US\$50,000	Investment holding
First Glory Services Limited (「First Glory」)	英屬維京群島 二零零三年 十月十六日	有限責任公司	100% (直接持有)	2美元	50,000美元	投資控股
Accordpower Investments Limited ("Accordpower")	BVI 30 November 2004	Limited liability company	100% (Directly held)	US\$2	US\$50,000	Investment holding
Accordpower Investments Limited (「Accordpower」)	英屬維京群島 二零零四年 十一月三十日	有限責任公司	100% (直接持有)	2美元	50,000美元	投資控股
Fullhero Investments Limited	BVI 3 May 2005	Limited liability company	100% (Directly held)	US\$2	US\$50,000	Investment holding
Fullhero Investments Limited	英屬維京群島 二零零五年 五月三日	有限責任公司	100% (直接持有)	2美元	50,000美元	投資控股

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10. INVESTMENTS IN AND LOANS TO SUBSIDIARIES – COMPANY (Continued)

(a) Investments in subsidiaries (Continued)

10. 附屬公司投資及貸款－本公司 (續)

(a) 附屬公司投資 (續)

Name	Place and date of incorporation	Legal status	Percentage of equity interest attributable to the Group 本集團應佔權益 百分比	Issued and fully paid capital 已發行及繳足股本	Authorised capital 法定股本	Principal activities 主要業務
Hebei Jinxi Iron and Steel Company Limited ("Jinxi Limited")	PRC 24 December 1999	Joint stock company with limited liability	97.6% (Indirectly held)	RMB228,635,573	RMB228,635,573	Manufacture and sales of iron and steel products
河北津西鋼鐵股份有限公司 ("津西鋼鐵")	中國 一九九九年 十二月二十四日	股份有限公司	97.6% (間接持有)	人民幣 228,635,573元	人民幣 228,635,573元	生產及銷售鋼鐵產品
Foshan Jin Xi Jin Lan Cold Rolled Sheet Company Limited ("Jinxi Jinlan")	PRC 26 December 2003	Limited liability company	60% (Indirectly held)	US\$29,800,000	US\$29,800,000	Manufacture and sales of steel products
佛山津西金蘭冷軋板有限公司 ("津西金蘭")	中國 二零零三年 十二月二十六日	有限責任公司	60% (間接持有)	29,800,000美元	29,800,000美元	生產及銷售鋼鐵產品
Jinxing Charging Company Limited ("Jinxing Charging") (i)	PRC 2 August 2005	Limited liability company	100% (Indirectly held)	RMB5,000,000	RMB5,000,000	Manufacture and sales of lime products
唐山津興爐料有限公司 ("津興爐料") (i)	中國 二零零五年 八月二日	有限責任公司	100% (間接持有)	人民幣 5,000,000元	人民幣 5,000,000元	生產及銷售石灰產品
Oriental Fullhero Leasing Co., Ltd ("Shenzhen Leasing")	PRC 23 September 2005	Limited liability company	100% (Indirectly held)	US\$65,000,000	US\$65,000,000	Leasing and financial leasing
東方英豐租賃有限公司 ("深圳租賃")	中國 二零零五年 九月二十三日	有限責任公司	100% (間接持有)	65,000,000美元	65,000,000美元	租賃及融資租賃
Tangshan Jinxi Mining Company Limited ("Jinxi Mining") (ii)	PRC 20 December 2004	Limited liability company	100% (Indirectly held)	RMB2,000,000	RMB2,000,000	Management service for mining rights
唐山津西礦業有限公司 ("津西礦業") (ii)	中國 二零零四年 十二月二十日	有限責任公司	100% (間接持有)	人民幣 2,000,000元	人民幣 2,000,000元	管理採礦權

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10. INVESTMENTS IN AND LOANS TO SUBSIDIARIES – COMPANY (Continued)

(a) Investments in subsidiaries (Continued)

- (i) Jinxi Limited entered into an agreement with Ms. Fu Ruiyun on 23 December 2006 to acquire 38% equity interests of Jinxing Charging held by Ms. Fu Ruiyun. The total consideration was RMB8.9 million. With the completion of the transaction in January 2007, Jinxing Charging became a wholly owned subsidiary of Jinxi Limited. In June 2007, Jinxing Charging was deregistered and ceased to be the Group's subsidiary thereafter. The assets, liabilities and operations were taken up by Jinxi Limited.
- (ii) Jinxi Limited entered into an equity acquisition agreement with Mr. Wang Shujun on 5 September 2006 to acquire 2% equity interests of Jinxi Mining held by Mr. Wang Shujun. The total consideration was RMB0.04 million in the form of cash. Thereafter, Jinxi Mining became a wholly owned subsidiary of Jinxi Limited.

(b) Loans to subsidiaries

Loans to subsidiaries forms a part of the Company's net investment in foreign subsidiaries.

The loans to Jinxi Limited amounting to approximately US\$106.7 million (RMB779.4 million equivalent), are unsecured, interest-free and with a repayment term of 20 years. The directors have resolved that these loans will not be settled upon maturity and regarded these loans as part of the Company's net investment in Jinxi Limited.

Other loans to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

10. 附屬公司投資及貸款－本公司 (續)

(a) 附屬公司投資 (續)

- (i) 津西鋼鐵與付瑞雲女士於二零零六年十二月二十三日訂立一份協議，以收購付瑞雲女士所持有津興爐料的38%權益。總代價為人民幣890萬元。二零零七年一月交易完成後，津興爐料成為津西鋼鐵的全資附屬公司。二零零七年六月，津興爐料撤銷登記，此後不再是本集團的附屬公司。相關資產、負債及業務由津西鋼鐵接管。
- (ii) 津西鋼鐵與王樹軍先生於二零零六年九月五日訂立一份股權收購協議，以收購王樹軍先生所持有津西礦業的2%權益。總代價為人民幣4萬元，以現金方式支付。此後津西礦業成為津西鋼鐵的全資附屬公司。

(b) 附屬公司貸款

附屬公司貸款構成本公司於海外附屬公司投資淨額的一部份。

對津西鋼鐵的貸款約為1.067億美元(相等於人民幣7.794億元)，為無抵押、免息，還款期為20年。經董事決議，該等貸款無須在到期時償付，而作為本公司對津西鋼鐵所作投資淨額的一部份。

對附屬公司的其他貸款均為無抵押、免息及無固定還款期。

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11. INVESTMENTS IN AN ASSOCIATE – GROUP 11. 聯營公司投資 – 本集團

		2007 二零零七年	2006 二零零六年
Beginning of the year	年初	7,897	8,881
Share of profit/(loss) (Note 34)	應佔溢利／(虧損) (附註34)	225	(984)
End of the year	年終	8,122	7,897

The information of the unlisted associated company is as follows:

非上市聯營公司的資料如下：

Name	Place and date of incorporation	Percentage of equity interest attributable to the Group	Assets	Liabilities	Revenues	Net profit
名稱	註冊成立地點及日期	本集團應佔權益百分比	資產	負債	收益	淨溢利
Qianxi County Zhongxing Iron Mine Co., Ltd. ("Zhongxing Iron Mine")	PRC 21 May 2002	35% (indirectly held)	74,128	51,287	47,362	642
遷西縣中興礦業有限公司 ("中興礦業")	中國 二零零二年 五月二十一日	35% (間接持有)	74,128	51,287	47,362	642

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12. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the items below:

12. 金融工具(按類別)

下列項目適用金融工具的會計政策:

The Group

本集團

		Loans and receivables 貸款及 應收賬款	Assets at fair value through the profit and loss 按公平值 透過損益 記賬的資產	Financial assets held to maturity 持有至到期的 投資	Available-for-sale 可供出售 的資產	Total 總計
Assets as per consolidated balance sheet	綜合資產負債表 所示的資產					
31 December 2007	二零零七年 十二月三十一日					
Trade receivables (Note 15)	應收貿易賬款 (附註15)	488,825	-	-	-	488,825
Deposits and other receivables (Note 17)	按金及其他應收賬款 (附註17)	47,013	-	-	-	47,013
Financial assets at fair value through profit or loss (Note 16)	按公平值透過損益 記賬的財務資產 (附註16)	-	146	-	-	146
Amounts due from related parties (Note 37(c))	應收關聯方款項 (附註37(c))	11,055	-	-	-	11,055
Restricted bank balances (Note 18)	受限制銀行結餘 (附註18)	171,690	-	-	-	171,690
Cash and cash equivalents (Note 18)	現金及現金等價物 (附註18)	689,591	-	-	-	689,591
Total	總計	1,408,174	146	-	-	1,408,320
31 December 2006	二零零六年 十二月三十一日					
Trade receivables (Note 15)	應收貿易賬款 (附註15)	998,828	-	-	-	998,828
Deposits and other receivables (Note 17)	按金及其他應收賬款 (附註17)	40,690	-	-	-	40,690
Financial assets at fair value through profit or loss (Note 16)	按公平值透過損益 記賬的財務資產 (附註16)	-	135	-	-	135
Restricted bank balances (Note 18)	受限制銀行結餘 (附註18)	95,262	-	-	-	95,262
Cash and cash equivalents (Note 18)	現金及現金等價物 (附註18)	434,905	-	-	-	434,905
Total	總計	1,569,685	135	-	-	1,569,820

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綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2007
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零七年十二月三十一日止年度

12. FINANCIAL INSTRUMENTS BY CATEGORY

(Continued)

The Group (Continued)

12. 金融工具 (按類別) (續)

本集團 (續)

Liabilities as per consolidated balance sheet	綜合資產負債表 所示的負債	Liabilities at fair value			Total
		through the profit and loss	Derivatives used for hedging	Other financial liabilities	
		按公平值 透過損益記賬 的負債	用於 套期保值的 衍生工具	其他 金融負債	總計
31 December 2007	二零零七年 十二月三十一日				
Trade payables (Note 21)	應付貿易賬款 (附註21)	–	–	715,535	715,535
Other payables (Note 22)	其他應付賬款 (附註22)	–	–	474,743	474,743
Borrowings (Note 23)	借款 (附註23)	–	–	1,225,000	1,225,000
Amounts due to related parties (Note 37(c))	應付關聯方款項 (附註37(c))	–	–	64,304	64,304
Total	總計	–	–	2,479,582	2,479,582
31 December 2006	二零零六年 十二月三十一日				
Trade payables (Note 21)	應付貿易賬款 (附註21)	–	–	516,368	516,368
Other payables (Note 22)	其他應付賬款 (附註22)	–	–	385,936	385,936
Borrowings (Note 23)	借款 (附註23)	–	–	934,000	934,000
Amounts due to related parties (Note 37(c))	應付關聯方款項 (附註37(c))	–	–	112,203	112,203
Total	總計	–	–	1,948,507	1,948,507

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綜合財務報表附註

For the year ended 31 December 2007 (All amounts in RMB thousands unless otherwise stated)

截至二零零七年十二月三十一日止年度 (除另有指明外, 所有金額均以人民幣千元為單位)

12. FINANCIAL INSTRUMENTS BY CATEGORY

12. 金融工具 (按類別) (續)

(Continued)

The Company

本公司

		Loans and receivables	Assets at fair value through the profit and loss	Financial assets held to maturity	Available-for-sale	Total
		貸款及應收賬款	按公平價值透過損益記賬的資產	持有至到期的投資	可供出售的資產	總計
Assets as per company balance sheet	公司資產負債表所示資產					
31 December 2007	二零零七年十二月三十一日					
Deposits and other receivables (Note 17)	按金及其他應收賬款 (附註17)	1,293	-	-	-	1,293
Financial assets at fair value through profit or loss (Note 16)	按公平價值透過損益記賬的財務資產 (附註16)	-	146	-	-	146
Amounts due from related parties	應收關聯方款項	10,883	-	-	-	10,883
Restricted bank balances (Note 18)	受限制銀行結餘 (附註18)	47,305	-	-	-	47,305
Cash and cash equivalents (Note 18)	現金及現金等價物 (附註18)	95,723	-	-	-	95,723
Total	總計	155,204	146	-	-	155,350
31 December 2006	二零零六年十二月三十一日					
Deposits and other receivables (Note 17)	按金及其他應收賬款 (附註17)	1,327	-	-	-	1,327
Financial assets at fair value through profit or loss (Note 16)	按公平價值透過損益記賬的財務資產 (附註16)	-	135	-	-	135
Amounts due from related parties	應收關聯方款項	7,809	-	-	-	7,809
Restricted bank balances (Note 18)	受限制銀行結餘 (附註18)	47,962	-	-	-	47,962
Cash and cash equivalents (Note 18)	現金及現金等價物 (附註18)	73,666	-	-	-	73,666
Total	總計	130,764	135	-	-	130,899

Notes to the Consolidated Financial Statements

綜合財務報表附註

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零七年十二月三十一日止年度

12. FINANCIAL INSTRUMENTS BY CATEGORY

(Continued)

The Company (Continued)

12. 金融工具的分類 (續)

本公司 (續)

		Liabilities at fair value			Total
		through the profit and loss	Derivatives used for hedging	Other financial liabilities	
		按公平值 透過損益記賬 的負債	用於 套期保值的 衍生工具	其他 金融負債	總計
Liabilities as per company balance sheet	公司資產負債表 所示負債				
31 December 2007	二零零七年 十二月三十一日				
Trade payables	應付貿易賬款	–	–	5,269	5,269
Amounts due to related parties	應付關聯方款項	–	–	84	84
Total	總計	–	–	5,353	5,353
31 December 2006	二零零六年 十二月三十一日				
Amounts due to related parties	應付關聯方款項	–	–	345	345

13. CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by types of the financial assets and by reference to historical information about counterparty default rates. The group categorise its trade receivables into the following:

- Group 1 – Bank acceptance notes for which the repayment are guaranteed by large state-owned banks.

13. 財務資產的信貨狀況

尚未到期亦沒有減值的財務資產的信貨狀況可根據財務資產類別，並參考有關對方拖欠比率的歷史資料進行評估。本集團將應收貿易賬款分為如下三類：

- 第一類—由大型國有銀行保付的銀行承兌匯票。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2007 (All amounts in RMB thousands unless otherwise stated)

截至二零零七年十二月三十一日止年度 (除另有指明外，所有金額均以人民幣千元為單位)

13. CREDIT QUALITY OF FINANCIAL ASSETS

(Continued)

- Group 2 – Trade receivables due from customers with no defaults in the past.
- Group 3 – Trade receivables due from customers with some defaults in the past. All defaults were fully recovered.

Trade receivables

Group 1	第一類
Group 2	第二類
Group 3	第三類

Credit quality of “Amounts due from related parties” of the Group is disclosed in Note 37 (c).

The Group categorise its cash in banks into the following:

- Group 1 – Major International bank (Hangseng Bank, Standard Chartered Bank and Goldman Sachs)
- Group 2 – Top 4 banks in mainland PRC (China Construction Bank, Bank of China, Agricultural Bank of China and Industrial and Commercial Bank of China)
- Group 3 – Other state-owned banks in mainland PRC

13. 財務資產的信貨狀況 (續)

- 第二類－過往無拖欠的應收客戶貿易賬款。
- 第三類－過往有拖欠的應收客戶貿易賬款。所有欠款均已收回。

應收貿易賬款

	2007	2006
	二零零七年	二零零六年
Group 1	371,447	964,033
Group 2	117,378	34,795
Group 3	-	-
	488,825	998,828

本集團「應收關聯方款項」的信貨狀況於附註37(c)披露。

本集團將其銀行現金分類如下：

- 第一類－主要國際銀行（恒生銀行、渣打銀行及高盛）
- 第二類－中國內地四大銀行（中國建設銀行、中國銀行、中國農業銀行及中國工商銀行）
- 第三類－中國內地其他國有銀行

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2007
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零七年十二月三十一日止年度

13. CREDIT QUALITY OF FINANCIAL ASSETS

(Continued)

The management considered the credit risks in respect of cash and bank deposits with financial institution are relatively minimum as each counter party either bears a high credit rating or is large state-owned PRC bank. The management believes the state is able to support the large state-owned PRC banks in the event of a crisis.

Cash and bank and bank deposits

		Group		Company	
		本集團		本公司	
		2007	2006	2007	2006
		二零零七年	二零零六年	二零零七年	二零零六年
Group 1	第一類	119,452	120,776	119,410	120,504
Group 2	第二類	597,537	321,865	1,235	697
Group 3	第三類	144,101	87,373	22,375	424
		861,090	530,014	143,020	121,625

None of the financial assets that are fully performing has been renegotiated in the last year.

13. 財務資產的信貸狀況 (續)

由於各對手方信貸評級極高或為中國大型國有銀行，故管理層認為存于金融機構的現金及銀行存款信貸風險極低。管理層認為，若發生危機，中國政府有能力支持大型國有銀行。

現金與銀行及銀行存款

已全數履約的財務資產沒有在上年度重新商討。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2007 (All amounts in RMB thousands unless otherwise stated)

截至二零零七年十二月三十一日止年度 (除另有指明外, 所有金額均以人民幣千元為單位)

14. INVENTORIES – GROUP

14. 存貨 – 本集團

		2007	2006
		二零零七年	二零零六年
Raw materials and materials in-transit	原材料及在途材料	1,463,598	1,048,220
Work-in-progress	在製品	287,613	193,053
Finished goods	製成品	85,786	166,625
		1,836,997	1,407,898

As at 31 December 2007, the net book value of inventories pledged as security for the Group's notes payable amounted to approximately RMB57 million (Note 21).

於二零零七年十二月三十一日, 已為本集團應付票據而抵押的存貨的賬面淨值約為人民幣5,700萬元(附註21)。

As at 31 December 2006, the net book value of inventories pledged as security for the Group's notes payable and current borrowings amounted to approximately RMB69 million (Note 21 and 23).

於二零零六年十二月三十一日, 已為本集團應付票據及流動借款而抵押的存貨的賬面淨值約為人民幣6,900萬元(附註21及23)。

The cost of inventories recognised as expense and included in cost of sales and administrative expenses amounted to RMB10,337 million and 5 million respectively (2006: RMB7,312 million and 6 million respectively) (Note 27).

已確認為開支並計入銷售成本及行政費用的存貨成本分別為人民幣103.37億元及人民幣500萬元(二零零六年: 分別為人民幣73.12億元及600萬元)(附註27)。

For the year ended 31 December 2007, the Group reversed RMB1.9 million of a previous inventory write-down (Note 27, 34). The Group has sold all the goods that were written down to independent customers. The amount reversed has been included in "cost of sales" in the income statement.

截至二零零七年十二月三十一日止年度, 本集團從前期存貨減記中撥回人民幣190萬元(附註27、34)。本集團已將減記的所有貨品出售予獨立客戶。撥回金額列入損益表的「銷售成本」。

Notes to the Consolidated Financial Statements

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15. TRADE RECEIVABLES – GROUP

15. 應收貿易賬款 – 本集團

		2007	2006
		二零零七年	二零零六年
Accounts receivable	應收賬款	117,378	34,795
Notes receivable (a)	應收票據(a)	371,447	964,033
		488,825	998,828

(a) As at 31 December 2007 and 2006, notes receivable were all bank acceptance notes, approximately of which:

(i) RMB92 million was pledged as security for issuing notes payable (2006: RMB10 million) (Note 21).

(ii) RMB66 million was pledged as security for issuing letters of credit (2006: RMB135 million).

As at 31 December 2006, RMB51 million was pledged as security in favour of a third party for issuing letters of credit (Note 35).

As at 31 December 2006, RMB29 million was pledged as security for the Group's current borrowings (Note 23).

As at 31 December 2007 and 2006, the carrying amount of the Group's trade receivables approximated their fair value.

The credit policy usually adopted by the Group for the sales of products to customers is to deliver goods either upon receipt in cash or upon receipt of bank acceptance notes with maturity dates within six months.

(a) 於二零零七年及二零零六年十二月三十一日，應收票據均為銀行承兌匯票，其中約：

(i) 人民幣9,200萬元已為開具應付票據而抵押（二零零六年：人民幣1,000萬元）（附註21）。

(ii) 人民幣6,600萬元已為開具信用證而抵押（二零零六年：人民幣1.35億元）。

於二零零六年十二月三十一日，人民幣5,100萬元已為第三方開具信用證而抵押（附註35）。

於二零零六年十二月三十一日，人民幣2,900萬元已為本集團流動借款而抵押（附註23）。

於二零零七年及二零零六年十二月三十一日，本集團應收貿易賬款的賬面值近似於其公平值。

本集團執行的產品銷售信貸政策，通常為於收取現金或到期日在六個月以內的銀行承兌匯票時方會發貨予客戶。

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綜合財務報表附註

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截至二零零七年十二月三十一日止年度 (除另有指明外, 所有金額均以人民幣千元為單位)

15. TRADE RECEIVABLES – GROUP (Continued)

As at 31 December 2007 and 2006, the ageing analysis of trade receivables was as follows:

		2007	2006
		二零零七年	二零零六年
Within 3 months	3個月內	431,248	998,828
4-6 months	4至6個月	57,577	-
		488,825	998,828

As at 31 December 2007, accounts receivable pledged by letter of credit issued by the third parties amounted to approximately RMB90 million (2006: approximately RMB28 million).

As at 31 December 2007, trade receivables of RMB27 million (2006: RMB7 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The directors considered that trade receivables that are less than three months pass due are not impaired. The ageing analysis of these trade receivables was as follows:

		2007	2006
		二零零七年	二零零六年
Within 3 months	3個月內	26,855	6,812

15. 應收貿易賬款 – 本集團 (續)

於二零零七年及二零零六年十二月三十一日, 應收貿易賬款的賬齡分析如下:

	2007	2006
	二零零七年	二零零六年
Within 3 months	431,248	998,828
4-6 months	57,577	-
	488,825	998,828

於二零零七年十二月三十一日, 應收賬款約人民幣9,000萬元有第三方開具的信用證作抵押 (二零零六年: 約人民幣2,800萬元)。

於二零零七年十二月三十一日, 已逾期但無減值的應收貿易賬款為人民幣2,700萬元 (二零零六年: 人民幣700萬元)。該等款項涉及多個最近沒有拖欠還款記錄的獨立客戶。董事認為逾期不超過三個月的應收貿易賬款並無減值。該等應收貿易賬款的賬齡分析如下:

	2007	2006
	二零零七年	二零零六年
Within 3 months	26,855	6,812

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2007
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零七年十二月三十一日止年度

15. TRADE RECEIVABLES – GROUP (Continued)

The carrying amounts of the Group's trade receivables are dominated in the following currencies:

		2007 二零零七年	2006 二零零六年
RMB	人民幣	398,302	970,845
US dollar	美元	90,523	27,983
		488,825	998,828

15. 應收貿易賬款－本集團(續)

本集團應收貿易賬款的賬面值乃以下列貨幣為單位：

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – GROUP AND COMPANY

		2007 二零零七年	2006 二零零六年
Liquid Reserve Fund – Euro, quoted	流動儲備基金－歐元， 有市場報價	141	130
Liquid Reserve Fund – US dollars, quoted	流動儲備基金－美元， 有市場報價	5	5
		146	135

16. 按公平值透過損益記賬的財務資產－本集團及本公司

The above financial assets were acquired principally for the purpose of selling in the short term.

上述財務資產主要用作短期出售。

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綜合財務報表附註

For the year ended 31 December 2007 (All amounts in RMB thousands unless otherwise stated)

截至二零零七年十二月三十一日止年度 (除另有指明外, 所有金額均以人民幣千元為單位)

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

Prepayments for purchase of inventories	購買存貨的預付款項
Deposits and other receivables	按金及其他應收賬款

2007	2006
二零零七年	二零零六年
400,143	441,044
47,013	40,690
447,156	481,734

The Company

Prepayments	預付款項
Deposits and other receivables	按金及其他應收賬款

17. 預付款項、按金及其他應收賬款

本集團

本公司

2007	2006
二零零七年	二零零六年
193	310
1,293	1,327
1,486	1,637

18. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES

The Group

Cash and cash equivalents	現金及現金等價物
Restricted bank balances	受限制銀行結餘

2007	2006
二零零七年	二零零六年
689,591	434,905
171,690	95,262
861,281	530,167

18. 現金及現金等價物以及受限制銀行結餘

本集團

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2007
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零七年十二月三十一日止年度

18. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES (Continued)

The Group (Continued)

As at 31 December 2007, the restricted bank balances were composed of the following items:

- (a) Restricted bank balances amounting to approximately RMB33 million were pledged as security for issuing notes payable of the Group (2006: RMB41 million) (Note 21).
- (b) Restricted bank balances amounting to approximately RMB92 million and US\$6 million (RMB47 million equivalent) were pledged as security for issuing letters of credit (2006: US\$6 million (RMB48 million equivalent)).

As at 31 December 2006, restricted bank balances of a subsidiary amounting to approximately RMB6 million were pledged as security for issuing notes payable to a fellow subsidiary.

The carrying amounts of the cash and cash equivalents and restricted bank balances are denominated in the following currencies:

		2007 二零零七年	2006 二零零六年
RMB	人民幣	707,698	402,482
US dollar	美元	132,784	125,778
Hong Kong dollar	港元	20,790	1,900
Euro	歐元	9	7
		861,281	530,167

18. 現金及現金等價物以及受限制銀行結餘 (續)

本集團 (續)

於二零零七年十二月三十一日，受限制銀行結餘包括下列各項：

- (a) 已為開具本集團應付票據而抵押的受限制銀行結餘約為人民幣3,300萬元(二零零六年：人民幣4,100萬元)(附註21)。
- (b) 已為開具信用證而抵押的受限制銀行結餘約為人民幣9,200萬元及600萬美元(相等於人民幣4,700萬元)(二零零六年：600萬美元(相等於人民幣4,800萬元))。

於二零零六年十二月三十一日，已為開具應付予一間同系附屬公司票據而抵押的一間附屬公司的受限制銀行結餘約為人民幣600萬元。

現金及現金等價物以及受限制銀行結餘的賬面值乃以下列貨幣為單位：

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18. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES (Continued)

The Company

Cash and cash equivalents 現金及現金等價物
Restricted bank balances 受限制銀行結餘

18. 現金及現金等價物以及受限制銀行結餘 (續)

本公司

	2007 二零零七年	2006 二零零六年
	95,723	73,666
	47,305	47,962
	143,028	121,628

As at 31 December 2007, restricted bank balances amounting to approximately US\$6 million (RMB47 million equivalent) (2006: US\$6 million (RMB48 million equivalent)) were pledged as security for issuing letters of credit.

於二零零七年十二月三十一日, 已為開具信用證而抵押的受限制銀行結餘約為600萬美元(相等於人民幣4,700萬元)(二零零六年: 600萬美元(相等於人民幣4,800萬元))。

The carrying amounts of the cash and cash equivalents and restricted bank balances are denominated in the following currencies:

現金及現金等價物以及受限制銀行結餘的賬面值均以下列貨幣為單位:

		2007 二零零七年	2006 二零零六年
US dollar	美元	120,967	118,975
Hong Kong dollar	港元	20,771	1,881
RMB	人民幣	1,286	768
Euro	歐元	4	4
		143,028	121,628

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19. SHARE CAPITAL – COMPANY

19. 股本 – 本公司

		Amount 金額			
		Number of shares (thousands) 股份數目 (千股)	Ordinary shares 普通股	Share premium 股份溢價	Total 總計
At 1 January 2006	於二零零六年 一月一日	2,905,000	309,340	2,151,035	2,460,375
At 31 December 2006	於二零零六年 十二月三十一日	2,905,000	309,340	2,151,035	2,460,375
Employee share option scheme: – issuance of shares (Note 20(c))	僱員購股權計劃： – 股份發行 (附註20(c))	21,800	2,104	34,929	37,033
At 31 December 2007	於二零零七年 十二月三十一日	2,926,800	311,444	2,185,964	2,497,408

As at 31 December 2007 and 2006, the total number of authorised ordinary shares is 5,000,000,000 shares with a par value of HK\$0.1 per share.

於二零零七年及二零零六年十二月三十一日，法定普通股總數為5,000,000,000股每股面值0.1港元的股份。

As at 31 December 2007, the number of issued and fully paid ordinary shares is 2,926,800,000 shares (2006: 2,905,000,000 shares).

於二零零七年十二月三十一日，已發行及繳足普通股的股份數目為2,926,800,000股（二零零六年：2,905,000,000股）

On 9 November 2007 and 12 December 2007, Wellbeing Holdings Limited (“Wellbeing Holdings”), Chingford Holdings Limited (“Chingford”) and Mr. Han Jingyuan (hereafter collectively referred to as the “Controlling Shareholders”) entered into an agreement and its supplemental agreement with ArcelorMittal. Pursuant to the agreement, Wellbeing Holdings, Chingford and Mr. Han Jingyuan agreed to grant to ArcelorMittal a call option to acquire shares which the Controlling Shareholders are currently own within a specific period of time, and ArcelorMittal agreed to grant to the Controlling Shareholders a put option to sell such shares to ArcelorMittal within a specific period of time. The key terms of this agreement are conditional upon satisfaction of certain conditions. Details of the shareholders’ agreement were set out in the Company’s announcement dated 13 December 2007 and circular dated 14 January 2008, respectively.

於二零零七年十一月九日及二零零七年十二月十二日，Wellbeing Holdings Limited（「Wellbeing Holdings」）、Chingford Holdings Limited（「Chingford」）及韓敬遠先生（以下統稱「控股股東」），與安賽樂米塔爾訂立一份協議及其補充協議。根據協議，Wellbeing Holdings、Chingford及韓敬遠先生同意授予安賽樂米塔爾一項認購期權，以在特定時期內收購控股股東現時擁有的股份，而安賽樂米塔爾同意授予控股股東一項認沽期權，以在特定時期內將該等股份出售予安賽樂米塔爾。該協議的主要條款須滿足若干條件後方可作實。股東協議的詳情分別載於本公司二零零七年十二月十三日之公告及二零零八年一月十四日之通函。

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20. OTHER RESERVES – GROUP

20. 其他儲備 – 本集團

		Merger reserve 合併儲備 (a)	Capital surplus 資本公積	Statutory reserve 法定儲備 (b)	Options 購股權 (c)	Total 總計
Balance at	於二零零六年					
1 January 2006	一月一日的結餘	(599)	17,194	718,730	–	735,325
Employee share options scheme:	僱員購股權計劃:					
– Value of employee services (Note 28, 34)	– 僱員服務的價值 (附註 28、34)	–	–	–	16,745	16,745
Profit appropriation	溢利分配	–	–	230,276	–	230,276
Others	其他	–	1,950	–	–	1,950
Balance at	於二零零六年					
31 December 2006	十二月三十一日 的結餘	(599)	19,144	949,006	16,745	984,296
Employee share options scheme:	僱員購股權計劃:					
– Value of employee services (Note 28, 34)	– 僱員服務的價值 (附註 28、34)	–	–	–	159,886	159,886
Balance at	於二零零七年					
31 December 2007	十二月三十一日 的結餘	(599)	19,144	949,006	176,631	1,144,182

(a) Merger reserve

The merger reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries that had been acquired and the nominal value of the Company's shares issued in exchange therefore pursuant to the Reorganisation.

(a) 合併儲備

本集團的合併儲備指已收購附屬公司股份的面值與根據重組為有關收購而發行的本公司股份面值的差額。

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20. OTHER RESERVES – GROUP (Continued)

(b) Statutory reserve

(i) Statutory surplus reserves

In accordance with the PRC regulations and the Articles of the Association of the subsidiaries registered in PRC ("PRC subsidiaries"), before distributing the net profit of each year, the PRC subsidiaries are required to set aside 10% of their statutory net profit for the year after offsetting any prior year's losses as determined under the PRC accounting regulations to the statutory surplus reserve fund. When the balance of such reserve reaches 50% of the share capital, any further appropriation is optional. The statutory surplus reserve fund can be utilised to offset prior years' losses or to issue bonus shares. However, such statutory surplus reserve fund must be maintained at a minimum of 25% of the entity's share capital after such issuance.

(ii) Discretionary reserves

The appropriation of discretionary reserve fund is proposed by Board of the PRC subsidiaries, and approved by the shareholder's meeting. The discretionary reserve fund can be utilised to offset prior years' losses or increase share capital.

(c) Employee share option scheme

As approved by the Board and Shareholders' meeting, the share options were granted to the directors and employees on 30 June 2006 and 26 October 2007 ("Date of Grant"), in an aggregate to 24,200,000 shares and 89,700,000 shares respectively. The options are exercisable at any time during the period no later than ten years from the Date of Grant at the exercise price of HK\$1.76 and HK\$5.24 per share respectively. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

20. 其他儲備 – 本集團 (續)

(b) 法定儲備

(i) 法定盈餘公積金

根據中國法規及本集團內在中國註冊的附屬公司(「中國附屬公司」)的組織章程，每年分派淨溢利前，中國附屬公司根據中國會計準則規定抵銷去年的虧損後，須撥其年度法定淨溢利的10%至法定盈餘公積金，直至該儲備達至其股本的50%為止，可選擇繼續或者停止該等撥備。法定盈餘公積金可用作抵銷往年的虧損或發行紅股。然而，該法定盈餘公積金必須於發行後維持該公司股本的最少25%。

(ii) 任意盈餘公積金

任意公積金的分配乃由中國附屬公司的董事會建議，並須獲股東大會的批准。任意公積金可用作抵銷過往年度的虧損或用作增加股本。

(c) 僱員購股權計劃

經董事會及股東會議批准後，董事及僱員已於二零零六年六月三十日及二零零七年十月二十六日(「授出日期」)獲授予購股權，分別涉及合共24,200,000股及89,700,000股股份。購股權可於授出日期起計不遲於十年期間內隨時予以行使，行使價分別為每股股份1.76港元及5.24港元。本集團並無以現金購回或結算購股權的法定或推定責任。

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20. OTHER RESERVES – GROUP (Continued)

(c) Employee share option scheme (Continued)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

		2007		2006	
		二零零七年		二零零六年	
		Average	Number of	Average	Number of
		exercise	options	exercise	options
		price per	(thousands)	price per	(thousands)
		share in HK\$		share in HK\$	
		每股股份	購股權	每股股份	購股權
		平均行使價	(千份)	平均行使價	(千份)
		(港元)		(港元)	
At 1 January	於一月一日	1.76	24,200	–	–
Granted	已授出	5.24	89,700	1.76	24,200
Exercised	已行使	1.76	(21,800)	–	–
At 31 December	於十二月三十一日	5.15	92,100	1.76	24,200

All the outstanding options at 31 December 2007 and 2006 were exercisable. Options exercised for the year ended 31 December 2007 resulted in 21,800,000 shares being issued at HK\$1.76 each. The related weighted average share price at the time of exercise was HK\$4.75 per share.

20. 其他儲備 – 本集團 (續)

(c) 僱員購股權計劃 (續)

尚未行使的購股權數目及其相關加權平均行使價的變動如下:

		2007		2006	
		二零零七年		二零零六年	
		Average	Number of	Average	Number of
		exercise	options	exercise	options
		price per	(thousands)	price per	(thousands)
		share in HK\$		share in HK\$	
		每股股份	購股權	每股股份	購股權
		平均行使價	(千份)	平均行使價	(千份)
		(港元)		(港元)	
At 1 January	於一月一日	1.76	24,200	–	–
Granted	已授出	5.24	89,700	1.76	24,200
Exercised	已行使	1.76	(21,800)	–	–
At 31 December	於十二月三十一日	5.15	92,100	1.76	24,200

截至二零零六年及二零零七年十二月三十一日所有尚未行使的購股權均可行使。因截至二零零七年十二月三十一日止年度行使的購股權而發行股份21,800,000股, 每股價格1.76港元。行權時的相關加權平均股價為每股4.75港元。

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20. OTHER RESERVES – GROUP (Continued)

(c) Employee share option scheme (Continued)

Share options outstanding at 31 December 2007 and 2006 have the following expiry date and exercise prices:

Expiry date 屆滿日期	Exercise price 行使價	Number of options (thousands) 購股權(千份)	
		2007 二零零七年	2006 二零零六年
30 June 2016	二零一六年六月三十日	1.76	24,200
26 October 2017	二零一七年十月二十六日	5.24	–
		92,100	24,200

The fair value of options granted for the year ended 31 December 2007, determined by using the Binomial valuation model, was HK\$165.900 million (approximately RMB159.886 million). The significant inputs into the model were share price of HK\$5.24, at the grant date, exercise price shown above, volatility of 45.62%, expected dividends paid out rate of 3.11% and annual risk-free interest rate of 3.884%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of the Company and other comparable companies over the last five years. See Note 28 for the total expense recognised in the income statement for share options granted to the directors and employees.

20. 其他儲備 – 本集團 (續)

(c) 僱員購股權計劃 (續)

於二零零七年及二零零六年十二月三十一日尚未行使的購股權的屆滿日期及行使價如下：

採用二項式估值模式所釐定的截至二零零七年十二月三十一日止年度已授出購股權的公平值為1.659億港元(約人民幣1.59886億元)。輸入該模式的主要參數為於授出日期的股價5.24港元、上述行使價、波幅45.62%、預計派息率3.11%及年度無風險利率3.884%。按照預計股價回報的標準偏差所計算的波幅，乃根據本公司及其他可比較公司於過去五年的每日股價的統計數字分析計算而得。有關董事及僱員獲授的購股權於損益表確認的總開支，請參閱附註28。

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21. TRADE PAYABLES – GROUP

Accounts payable	應付賬款
Notes payable (a)	應付票據(a)

(a) As at 31 December 2007, the notes payable represented bank acceptance notes, RMB91 million of which were secured by certain notes receivable (Note 15), and RMB79.2 million of which were secured by certain inventories (Noted 14) and certain restricted bank balances (Note 18).

As at 31 December 2006, the notes payable represented bank acceptance notes, RMB32.1 million of which were secured by certain notes receivable (Note 15), certain restricted bank balances (Note 18), and bank acceptance notes issued by a subsidiary amounting to RMB8 million approximately, and RMB59 million of which were secured by certain inventories (Note 14), certain restricted bank balances (Note 18) and guaranteed by Jinxi Limited.

As at 31 December 2007 and 2006, the ageing analysis of the trade payables was as follows:

21. 應付貿易賬款 – 本集團

	2007	2006
	二零零七年	二零零六年
Accounts payable	545,335	425,268
Notes payable (a)	170,200	91,100
	715,535	516,368

(a) 於二零零七年十二月三十一日, 應付票據為銀行承兌匯票, 其中包括以若干應收票據(附註15)為抵押為數人民幣9,100萬元的銀行承兌匯票, 以及以若干存貨(附註14)、若干受限制銀行結餘(附註18)為抵押為數人民幣7,920萬元的銀行承兌匯票。

於二零零六年十二月三十一日, 應付票據為銀行承兌匯票, 其中包括以若干應收票據(附註15)、若干受限制銀行結餘(附註18)及由一間附屬公司開具之面值約為人民幣800萬元的銀行承兌匯票為抵押為數人民幣3,210萬元的銀行承兌匯票以及以若干存貨(附註14)、若干受限制銀行結餘(附註18)為抵押並由津西鋼鐵出具擔保面值約為人民幣5,900萬元的銀行承兌匯票。

於二零零七年及二零零六年十二月三十一日, 應付貿易賬款的賬齡分析如下:

		2007	2006
		二零零七年	二零零六年
Within 3 months	3個月內	655,308	478,916
4-6 months	4至6個月	49,100	30,703
7-9 months	7至9個月	3,690	2,795
10-12 months	10至12個月	2,226	219
Above 1 year	1年以上	5,211	3,735
		715,535	516,368

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22. ACCRUALS, ADVANCES FROM CUSTOMERS AND OTHER CURRENT LIABILITIES – GROUP

22. 預提費用、預收客戶款項及其他流動負債 – 本集團

		2007 二零零七年	2006 二零零六年
Accruals	預提費用	19,996	9,356
Advances from customers	預收客戶款項	661,116	387,518
Value-added tax payable	應付增值稅	42,883	58,431
Other taxes payables	其他應付稅項	9,058	2,553
Other payables (a)	其他應付賬款(a)	638,275	540,378
		1,371,328	998,236

(a) The breakdown of other payables as at 31 December 2007 and 2006 were as follows:

(a) 於二零零七年及二零零六年十二月三十一日的其他應付賬款分類如下:

		2007 二零零七年	2006 二零零六年
Pension payables and other social welfare payables	應付退休金及其他應付社會福利	91,116	104,424
Payables for purchase of property, plant and equipment	購買物業、廠房及設備應付賬款	349,984	278,549
Customer deposits	客戶按金	102,310	91,671
Employee deposits	員工按金	22,449	15,716
Salary payables	應付薪金	21,323	19,972
Others	其他	51,093	30,046
		638,275	540,378

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23. BORROWINGS – GROUP

23. 借款 – 本集團

		2007 二零零七年	2006 二零零六年
Non-current	非流動		
Bank borrowings, secured (i)	銀行借款 – 已抵押(i)	640,000	215,770
Other borrowings, unsecured (ii)	其他借款 – 無抵押(ii)	125,000	145,000
		765,000	360,770
Current	流動		
Bank borrowings –	銀行借款 –		
Secured (i)	已抵押(i)	340,000	573,230
Unsecured	無抵押	100,000	–
		440,000	573,230
Other borrowings, unsecured (ii)	其他借款 – 無抵押(ii)	20,000	–
		460,000	573,230
Total borrowings	總借款	1,225,000	934,000

(i) As at 31 December 2007, secured borrowings amounting to RMB830 million, out of the total secured borrowings of RMB980 million, were secured by certain property, plant and equipment (Note 7) of the Group.

As at 31 December 2006, secured borrowings amounting to RMB630 million, out of total secured borrowings amounting to RMB789 million, were secured by certain bank acceptance notes issued by third parties (Note 15), certain property, plant and equipment (Note 7), certain leasehold land and land use rights (Note 6) of the Group and certain bank acceptance notes issued by a subsidiary, amounting to approximately RMB7 million.

(i) 於二零零七年十二月三十一日, 已抵押借款總額為人民幣9.80億元, 其中為數人民幣8.30億元的已抵押借款以本集團的若干物業、廠房及設備(附註7)為抵押。

於二零零六年十二月三十一日, 已抵押借款總額為人民幣7.89億元, 其中為數人民幣6.3億元的已抵押借款以由第三方發行的若干銀行承兌匯票(附註15)、本集團的若干物業、廠房及設備(附註7)、若干租賃土地及土地使用權(附註6)以及由一間附屬公司發行的面值約為人民幣700萬元的銀行承兌匯票為抵押。

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23. BORROWINGS – GROUP (Continued)

- (i) As at 31 December 2007, secured borrowings amounting to RMB830 million, out of the total secured borrowings of RMB980 million, were secured by certain property, plant and equipment (Note 7) of the Group. (Continued)

As at 31 December 2006, secured borrowings amounting to RMB9 million were secured by certain inventories (Note 14) and guaranteed by Jinxi Limited.

As at 31 December 2007 and 2006, except for the secured borrowings described above, current secured borrowings amounting to RMB150 million were secured by certain property, plant and equipment (Note 7), certain leasehold land and land use rights (Note 6) and guaranteed by the Company and Foshan Jin Lan Aluminum Company Limited (“Foshan Jin Lan”) (a shareholder of Jinxi Jinlan) collectively pursuant to the below agreement.

In January 2006, the Company and Foshan Jin Lan granted a guarantee in favour of Jinxi Jinlan for bank borrowing facilities amounting to RMB150 million. In accordance with the guarantee contract, the Company and Foshan Jin Lan shall bear 60% and 40% of the guarantee obligation respectively.

- (ii) Other unsecured borrowing represented a borrowing from the local county government amounting to RMB145 million which will be repaid from 1 January 2008 onwards at an amount of RMB20 million per annum. Interest is charged at the RMB bank deposit rate for 1 year fixed deposit.

23. 借款 – 本集團 (續)

- (i) 於二零零七年十二月三十一日，已抵押借款總額為人民幣9.80億元，其中為數人民幣8.30億元的已抵押借款以本集團的若干物業、廠房及設備(附註7)為抵押。(續)

於二零零六年十二月三十一日，已抵押借款為數人民幣900萬元以若干存貨(附註14)為抵押，並由津西鋼鐵擔保。

於二零零七年及二零零六年十二月三十一日，根據下文所述的協定，除上文所披露的已抵押借款外，已抵押流動借款為數人民幣1.5億元以若干物業、廠房及設備(附註7)、若干租賃土地及土地使用權(附註6)為抵押，並由本公司及佛山金蘭鋁廠有限公司(「佛山金蘭」)(津西金蘭的股東)共同出具擔保。

於二零零六年一月，本公司與佛山金蘭就人民幣1.5億元的銀行借款額度向津西金蘭出具擔保。根據擔保合約，本公司與佛山金蘭須分別承擔60%及40%的擔保責任。

- (ii) 其他無抵押借款指當地縣政府的借款人民幣1.45億元，該筆借款將自二零零八年一月一日起每年償還人民幣2,000萬元。利息按銀行人民幣一年期定期存款利率計算。

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23. BORROWINGS – GROUP (Continued)

As at 31 December 2007 and 2006, the Group's borrowings were repayable as follows:

		Bank borrowings		Other borrowings	
		銀行借款		其他借款	
		2007	2006	2007	2006
		二零零七年	二零零六年	二零零七年	二零零六年
Within 1 year	1年內	440,000	573,230	20,000	–
Between 1 and 2 years	1至2年	255,770	–	20,000	20,000
Between 2 and 5 years	2至5年	384,230	215,770	60,000	60,000
Over 5 years	5年以上	–	–	45,000	65,000
		1,080,000	789,000	145,000	145,000

The effective interest rates at the balance sheet date were as follows:

		2007	2006
		二零零七年	二零零六年
Bank borrowings	銀行借款	6.57%-7.56%	5.58%-7.15%
Other borrowings	其他借款	2.52%	2.52%

The carrying amounts and fair value of the non-current bank borrowings and other borrowings are as follows:

		Carrying amounts		Fair value	
		賬面值		公平值	
		2007	2006	2007	2006
		二零零七年	二零零六年	二零零七年	二零零六年
Bank borrowings	銀行借款	640,000	215,770	640,000	215,770
Other borrowings	其他借款	145,000	145,000	124,947	123,476
		785,000	360,770	764,947	339,246

23. 借款 – 本集團 (續)

於二零零七年及二零零六年十二月三十一日, 本集團的借款到期期限如下:

於結算日的實際利率如下:

非流動銀行借款及其他借款的賬面值及公平值如下:

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23. BORROWINGS – GROUP (Continued)

The fair values of current borrowings approximated their carrying amount, as the impact of discounting is not significant. The fair values of other borrowings are based on cash flows discounted using a rate based on the borrowings rate of 7.06% per annum (2006: 6.37% per annum).

The carrying amounts of the borrowings are all denominated in RMB.

Interest rates of the bank borrowings denominated in RMB are reset periodically according to the primary rate announced by the People's Bank of China. The exposure of the Group's bank borrowings to interest-rate changes and the contractual repricing dates are as follows:

23. 借款－本集團 (續)

因為折現影響不大，流動借款的公平值約等於其賬面值。其他借款的公平值按折現現金流量計算，折現率以借款年利率7.06釐（二零零六年：年利率6.37釐）為基準。

借款的賬面值均以人民幣為單位。

以人民幣為單位的銀行借款利率取決於中國人民銀行定期發佈的基準利率。本集團的貸款在利率變動及合約重新定價日期所承擔的風險如下：

		2007 二零零七年	2006 二零零六年
6 months or less	6個月或少於6個月	635,000	393,230
6-12 months	6至12個月	445,000	395,770
		1,080,000	789,000

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24. DEFERRED INCOME TAX – GROUP

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

		2007 二零零七年	2006 二零零六年
Deferred tax assets:	遞延稅項資產:		
– Deferred tax asset to be recovered within 12 months	– 將於12個月內收回的遞延稅項資產	3,623	–
Deferred tax liabilities:	遞延稅項負債:		
– Deferred tax liabilities to be settled within 12 months	– 將於12個月內支銷的遞延稅項負債	(429)	(290)
Deferred tax assets/(liabilities) – net	遞延稅項資產/(負債) – 淨額	<u>3,194</u>	<u>(290)</u>

The gross movement on the deferred income tax account is as follows:

		2007 二零零七年	2006 二零零六年
Beginning balance of the year	年初結餘	(290)	2,327
Credited/(charged) to the consolidated income statement (Note 30 (a))	計入/(扣除)綜合損益表(附註30(a))	3,484	(2,617)
Ending balance of the year	年終結餘	<u>3,194</u>	<u>(290)</u>

Deferred taxation is calculated on temporary differences under the liability method using the tax rate and the tax base that are consistent with the expected manner of recovery or settlement for the year ended 31 December 2007.

24. 遞延所得稅 – 本集團

當有法定可執行權力將現有稅項資產與現有稅項負債抵銷且當遞延所得稅涉及同一財政機關時, 則可將遞延所得稅資產與遞延所得稅負債相互抵銷。抵銷金額如下:

遞延所得稅賬目的總變動如下:

遞延稅項採用負債法就暫時性差異按與截至二零零七年十二月三十一日止年度預期收回或結算方式一致的稅率及稅基計算。

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24. DEFERRED INCOME TAX – GROUP

(Continued)

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Deferred tax liabilities:

		Unrealised losses on inventories 尚未變現 存貨虧損
At 1 January 2006	於二零零六年一月一日	–
Charged to the consolidated income statement	從綜合損益表扣除	(290)
At 31 December 2006	於二零零六年十二月三十一日	(290)
Charged to the consolidated income statement	從綜合損益表扣除	(139)
At 31 December 2007	於二零零七年十二月三十一日	(429)

Deferred tax assets:

遞延稅項資產：

		Losses on disposal of property, plant and equipment 出售物業、廠房及 設備的虧損	Timing difference in expense recognition 費用確認的 時間差異	Total 總計
At 1 January 2006	於二零零六年一月一日	1,877	450	2,327
Charged to the consolidated income statement	從綜合損益表扣除	(1,877)	(450)	(2,327)
At 31 December 2006	於二零零六年 十二月三十一日	–	–	–
Credited to the consolidated income statement	在綜合損益表記賬	–	3,623	3,623
At 31 December 2007	於二零零七年 十二月三十一日	–	3,623	3,623

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24. DEFERRED INCOME TAX – GROUP

(Continued)

The Group expected that the unused tax losses for subsidiaries amounting to RMB129 million (2006: RMB151 million) will be utilised during the two-year full exemption period in accordance with the relevant tax laws and regulations in the PRC. No deferred tax assets was calculated.

24. 遞延所得稅 – 本集團 (續)

本集團預期附屬公司未動用稅項虧損人民幣1.29億元(二零零六年:人民幣1.51億元)將在兩年稅務豁免期間內根據中國有關稅法和法規使用。並無計算任何遞延稅項資產。

25. OTHER GAINS – NET – GROUP

25. 其他收益 – 淨額 – 本集團

		2007 二零零七年	2006 二零零六年
Other gains – net:	其他收益 – 淨額:		
Sales of raw materials and by-products	出售原材料及副產品	32,639	37,423
Gain on disposal of intangible assets (Note 34)	處置無形資產的收入(附註34)	6,325	85
Loss on disposal of property, plant and equipment (Note 34)	出售物業、廠房及設備的損失 (附註34)	(6,196)	(7,329)
Foreign exchange loss, net (Note 34)	匯兌損失·淨額(附註34)	(19,187)	(2,979)
Loss on liquidation of a subsidiary (Note 34)	一間附屬公司清盤的損失 (附註34)	(9,605)	–
Others	其他	8,754	4,239
Total	總計	<u>12,730</u>	<u>31,439</u>

26. OTHER INCOME – GROUP

26. 其他收入 – 本集團

		2007 二零零七年	2006 二零零六年
Dividend income on financial assets at fair value through profit or loss (Note 34)	按公平值透過損益記賬的 財務資產的股息收入 (附註34)	2	1,061
Rental income arising from investment properties (Note 8)	因投資物業所產生的租金收入 (附註8)	1,924	1,261
Others	其他	190	1,827
Total	總計	<u>2,116</u>	<u>4,149</u>

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27. EXPENSES BY NATURE – GROUP

27. 按性質呈列的開支 – 本集團

		2007	2006
		二零零七年	二零零六年
Employee benefit expense (Note 28)	員工福利開支(附註28)	433,720	243,483
Costs of inventories (Note 14)	存貨成本(附註14)	10,342,384	7,318,352
Amortisation of leasehold land and land use rights (Note 6, 34)	租賃土地及土地使用權攤銷(附註6、34)	1,651	1,477
Depreciation of property, plant and equipment (Note 7, 34)	物業、廠房及設備折舊(附註7、34)	438,566	326,691
Amortisation of intangible assets (Note 9, 34)	無形資產攤銷(附註9、34)	3,806	3,582
(Reversal of)/impairment of property, plant and equipment (Note 7, 34)	物業、廠房及設備(撥回)/減值(附註7、34)	(16,980)	41,859
Depreciation of investment properties (Note 8, 34)	投資物業折舊(附註8、34)	1,100	1,112
Operating lease expenses in respect of land use rights	有關土地使用權的經營租賃租金	3,631	4,503
Reversal of impairment provision for receivables (Note 34)	撥回應收賬款減值撥備(附註34)	–	(600)
Reversal of provision for write-down of inventories (Note 14, 34)	存貨減值撥備的撥回(附註14、34)	(1,879)	(10,754)
Auditors' remuneration	核數師酬金	6,200	3,300

28. EMPLOYEE BENEFIT EXPENSE – GROUP

28. 員工福利開支 – 本集團

		2007	2006
		二零零七年	二零零六年
Staff costs (including directors' emoluments)	員工成本(包括董事酬金)		
– Salaries and welfare	– 薪金及福利	244,551	203,184
– Pension costs – defined contribution plans (a)	– 統籌退休金供款計劃(a)	29,283	23,554
– Share options granted to directors and employees (Note 20(c))	– 授予董事及僱員購股權(附註20(c))	159,886	16,745
		433,720	243,483

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28. EMPLOYEE BENEFIT EXPENSE – GROUP

(Continued)

(a) Pensions – defined contribution plans

The employees of the subsidiaries of the Group that are incorporated in the PRC participate in a defined contribution retirement benefit plan organised by the relevant provincial government. For the years ended 31 December 2007 and 2006, the Group is required to make monthly defined contributions to these plans at rates from 10% to 20%, with the base of their total salary subject to a certain ceiling.

The Group has no other obligations for the payment of retirement and other post-retirement benefits of employees or retirees other than the payments disclosed in the above note.

28. 員工福利開支 – 本集團 (續)

(a) 統籌退休金供款計劃

本集團於中國註冊成立的附屬公司的員工參與有關省政府組織的統籌退休金供款福利計劃。截至二零零七年及二零零六年十二月三十一日止年度，本集團按員工薪金總額10%至20%每月向該等計劃作出定額供款，惟受若干上限所限。

除以上附註所披露的款項外，本集團並無向員工或退休人士支付退休金及給予其他退休後福利的其他責任。

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28. EMPLOYEE BENEFIT EXPENSE – GROUP

(Continued)

(b) Directors' and senior management's emoluments

The emoluments of every director for the years ended 31 December 2007 and 2006, on a named basis, are set out as below:

28. 員工福利開支 – 本集團 (續)

(b) 董事及高級管理層酬金

截至二零零七年及二零零六年十二月三十一日止年度，各董事的酬金（以姓名為準）截列如下：

Name of Director	Fees	Salaries and allowances	Bonus	Fair value of	Pension	Total
				employee share options granted	costs-defined contribution plans	
董事姓名	袍金	薪金及津貼	花紅	已授出僱員購股權的公平值	統籌退休金 – 供款計劃	總計
2007		二零零七年				
Mr. Han Jingyuan	668	5,357	-	-	12	6,037
Mr. Yu Jianshui (a)	218	500	-	4,278	8	5,004
Mr. Zhu Jun	826	714	480	-	22	2,042
Mr. Liu Lei	411	1,310	-	-	12	1,733
Mr. Shen Xiaoling	632	322	278	-	22	1,254
Mr. Yu Tung Ho	340	-	-	-	-	340
Mr. Wong Man Chung, Francis	291	-	-	-	-	291
Mr. Gao Qingju	291	-	-	-	-	291
Ms. Chen Ningning (b)	242	-	-	-	10	252
Mr. Tang Chi Fai (c)	73	-	-	-	-	73
Mr. Zhu Hao (d)	32	-	-	-	1	33
	<u>4,024</u>	<u>8,203</u>	<u>758</u>	<u>4,278</u>	<u>87</u>	<u>17,350</u>
2006		二零零六年				
Mr. Han Jingyuan	638	3,948	-	1,936	12	6,534
Mr. Zhu Jun	306	520	480	1,661	20	2,987
Mr. Liu Lei	376	596	-	1,661	12	2,645
Mr. Shen Xiaoling	306	322	278	1,661	20	2,587
Ms. Chen Ningning	256	-	-	1,799	12	2,067
Mr. Yu Tung Ho	307	-	-	1,661	-	1,968
Mr. Tang Chi Fai	256	-	-	1,661	12	1,929
Mr. Wong Man Chung, Francis	256	-	-	1,661	-	1,917
Mr. Gao Qingju	256	-	-	1,661	-	1,917
	<u>2,957</u>	<u>5,386</u>	<u>758</u>	<u>15,362</u>	<u>88</u>	<u>24,551</u>

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28. EMPLOYEE BENEFIT EXPENSE – GROUP

(Continued)

(b) Directors' and senior management's emoluments (Continued)

- (a) Appointed on 14 April 2007.
- (b) Resigned on 29 October 2007.
- (c) Resigned on 13 April 2007.
- (d) Appointed on 21 November 2007.

None of the directors waived or agreed to waive any remuneration during the years 2007 and 2006. The emoluments of the independent non-executive directors during the year are RMB0.9 million approximately (2006: RMB5.8 million).

(c) Five highest paid individuals

The five highest paid individuals consisted of:

28. 員工福利開支 – 本集團 (續)

(b) 董事及高級管理層酬金 (續)

- (a) 二零零七年四月十四日委任。
- (b) 二零零七年十月二十九日辭職。
- (c) 二零零七年四月十三日辭職。
- (d) 二零零七年十一月二十一日委任。

於二零零七年及二零零六年內，概無董事豁免或同意豁免任何酬金。年內，支付予獨立非執行董事的酬金約為人民幣90萬元(二零零六年：人民幣580萬元)。

(c) 五名最高薪酬人士

五名最高薪酬人士包括：

		2007 二零零七年	2006 二零零六年
Number of directors	董事人數	2	4
Number of employees	員工人數	3	1
		<u>5</u>	<u>5</u>

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28. EMPLOYEE BENEFIT EXPENSE – GROUP

(Continued)

(c) Five highest paid individuals (Continued)

The five individuals whose emoluments were the highest in the Group for the year include two (2006: four) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2006: one) individuals during the year are as follows:

		2007 二零零七年	2006 二零零六年
Salaries and allowances	薪金及津貼	999	716
Bonuses	花紅	868	–
Fair value of employee share options granted	已授出僱員購股權的公平值	9,269	1,383
Pension costs-defined contribution plans	統籌退休金供款計劃	30	12
		11,166	2,111

For the years ended 31 December 2007 and 2006, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as inducement to join or upon joining the Company or as compensation for loss of office.

28. 員工福利開支 – 本集團 (續)

(c) 五名最高薪酬人士 (續)

本年度本集團五位最高薪酬人士包括兩位(二零零六年:四位)董事，其酬金已於上文的分析中呈列。應付餘下三位(二零零六年:一位)人士的酬金如下:

於截至二零零七年及二零零六年十二月三十一日止年度內，本集團概無向任何董事或五位最高薪酬人士支付任何酬金作為加入本公司或於加入本公司時的獎勵或作為離職補償。

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28. EMPLOYEE BENEFIT EXPENSE – GROUP

(Continued)

(c) Five highest paid individuals (Continued)

The remuneration of the five highest paid individuals for the years ended 31 December 2007 and 2006 fell within the following bands:

28. 員工福利開支 – 本集團 (續)

(c) 五名最高薪酬人士 (續)

於截至二零零七年及二零零六年十二月三十一日止年度內, 五位最高薪酬人士的酬金介乎以下範圍:

		Number of individuals 人數	
		2007 二零零七年	2006 二零零六年
RMB2,000,001 to RMB3,000,000 (approximately HK\$2,060,001 to HK\$3,090,000)	人民幣2,000,001元至 人民幣3,000,000元 (約2,060,001港元至 3,090,000港元)	-	4
RMB3,000,001 to RMB4,000,000 (approximately HK\$3,090,001 to HK\$4,120,000)	人民幣3,000,001元至 人民幣4,000,000元 (約3,090,001港元至 4,120,000港元)	2	-
RMB4,000,001 to RMB5,000,000 (approximately HK\$4,120,001 to HK\$5,150,000)	人民幣4,000,001元至 人民幣5,000,000元 (約4,120,001港元至 5,150,000港元)	1	-
RMB5,000,001 to RMB6,000,000 (approximately HK\$5,150,001 to HK\$6,180,000)	人民幣5,000,001元至 人民幣6,000,000元 (約5,150,001港元至 6,180,000港元)	1	-
RMB6,000,001 to RMB7,000,000 (approximately HK\$6,180,001 to HK\$7,210,000)	人民幣6,000,001元至 人民幣7,000,000元 (約6,180,001港元至 7,210,000港元)	1	1

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29. FINANCE INCOME AND COSTS – GROUP

29. 財務收入及成本 – 本集團

		2007 二零零七年	2006 二零零六年
Interest expenses	利息費用		
– borrowings	– 借款	(68,287)	(48,615)
– amounts due to related parties (Note 37(b)(ii))	– 應付關聯方款項 (附註37(b)(ii))	(523)	(1,633)
– discount of notes receivable	– 應收票據貼現	–	(139)
Finance costs (Note 34)	財務成本(附註34)	(68,810)	(50,387)
Finance income	財務收入		
– interest income on bank deposits (Note 34)	– 銀行存款的利息收入 (附註34)	12,118	18,930
Finance costs, net	財務成本·淨額	(56,692)	(31,457)

30. INCOME TAX EXPENSE – GROUP

30. 所得稅費用 – 本集團

(a) Income tax expense represents:

(a) 所得稅費用包括:

		2007 二零零七年	2006 二零零六年
Current income tax	當期所得稅		
– PRC enterprise income tax (the “EIT”)	– 中國企業所得稅 (「中國企業所得稅」)	260,101	208,269
Deferred income tax (Note 24)	遞延所得稅(附註24)	(3,484)	2,617
		256,617	210,886

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda and, accordingly, is exempted from payment of Bermuda income tax.

本公司根據百慕達一九八一年公司法在百慕達註冊成立為獲豁免有限責任公司，故獲豁免繳付百慕達所得稅。

The subsidiaries directly held by the Company were incorporated in BVI with limited liability under the International Business Companies Act Chapter 291 and, accordingly, are exempted from payment of BVI income tax.

本公司直接持有的附屬公司根據國際商業公司法第291章在英屬維爾京群島註冊成立為有限責任公司，故獲豁免繳付英屬維爾京群島所得稅。

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30. INCOME TAX EXPENSE – GROUP (Continued)

(a) Income tax expense represents: (Continued)

Hong Kong profits tax has not been provided as there is no estimated assessable profit for the year ended 31 December 2007 (2006: nil).

The PRC EIT is calculated based on the statutory profit of subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations, after adjustments on certain income and expense items, which are not assessable or deductible for income tax purposes.

The PRC state enterprise income tax rate of the indirect subsidiary of the Company, Jinxi Limited, is 30% and the local income tax rate is 3%. Therefore, an aggregate tax rate of 33% was applicable for income tax filing purpose.

Effective from 25 December 2002, Jinxi Limited was approved to be a foreign-invested joint stock company. In accordance with the relevant tax laws and regulations in the PRC and a local tax authority approval dated 20 January 2003, effective from 1 January 2003, Jinxi Limited was entitled to a two-year full exemption followed by a three-year 50% tax deduction from the PRC state EIT.

30. 所得稅費用 – 本集團 (續)

a) 所得稅費用包括: (續)

於截至二零零七年十二月三十一日止年度並無估計應課稅溢利, 故並無就香港利得稅作出撥備 (二零零六年: 零)。

中國企業所得稅乃基於在中國註冊成立的附屬公司的法定溢利, 根據中國稅務法律及條例, 於調整若干不須課稅或不可扣減所得稅的收入及開支項目後計算。

本公司的間接附屬公司津西鋼鐵的中國企業所得稅率為30%, 地方所得稅率為3%。故此, 其適用應課所得稅率合計為33%。

由二零零二年十二月二十五日起, 津西鋼鐵獲批為外商投資股份有限公司。根據中國有關稅務法律及條例及一項由地方稅務局於二零零三年一月二十日發出並由二零零三年一月一日起生效的批文, 津西鋼鐵獲豁免繳納兩年中國企業所得稅後, 可繼續享有三年稅務寬減50%。

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30. INCOME TAX EXPENSE – GROUP (Continued)

(a) Income tax expense represents: (Continued)

Approved by local tax authority on 22 July 2004, Jinxi Limited was entitled to a five-year full exemption followed by a five-year 50% tax deduction from the local income tax started from 1 January 2003. Accordingly, the effective tax rate of Jinxi Limited was 15% for the year ended 31 December 2007 (2006: 15%).

Jinxi Jinlan qualified as a foreign investment production enterprise and was established in a coastal economic development zone. Accordingly, the applicable enterprise income tax rate is 24% and the local tax rate is 3%, resulting in an aggregate tax rate of 27%. As at 31 December 2007, Jinxi Jinlan was in a cumulative tax loss position. Accordingly, the effective tax rate is nil (2006: nil).

Approved by local tax authority on 14 December 2007, Jinxi Jinlan was entitled to a two-year full exemption followed by a three-year 50% tax deduction, commencing from the first cumulative profit-making year net of losses carried forward.

Effective from 1 January 2008, the subsidiaries incorporated in PRC shall determine and pay the EIT in accordance with the Corporate Income Tax Law of the People's Republic of China (the "new EIT Law") as approved by the National People's Congress on 16 March 2007 and the Detailed Implementations Regulations of the Corporate Income Tax Law (the "DIR") as approved by the State Council on 6 December 2007. In accordance with the new EIT Law and DIR, the EIT rate applicable to the subsidiaries incorporated in PRC will be 25% for those with original applicable EIT rates higher than 25%, or gradually increased to 25% in a 5-year period from 2008 to 2012 for those with original applicable EIT rates lower than 25%.

30. 所得稅費用 – 本集團 (續)

a) 所得稅費用包括：(續)

經地方稅務局於二零零四年七月二十二日審批，津西鋼鐵由二零零三年一月一日起獲豁免繳納五年地方所得稅後，可繼續享有五年稅務寬減50%。因此，津西鋼鐵截至二零零七年十二月三十一日止年度的適用稅率為15%（二零零六年：15%）。

津西金蘭符合外商投資生產性企業的資格，並於沿海經濟開發區成立。因此，其適用企業所得稅率為24%，地方稅率為3%，而稅率合計為27%。於二零零七年十二月三十一日，津西金蘭錄得累計稅項虧損，故其適用稅率為零（二零零六年：零）。

經地方稅務局於二零零七年十二月十四日審批，津西金蘭自除結轉虧損後的首個累計盈利年度起，享有兩年稅務豁免及其後三年50%稅務寬減。

自二零零八年一月一日起，凡在中國註冊成立的附屬公司要按照二零零七年三月十六日全國人大批准的中華人民共和國企業所得稅法（「新企業所得稅法」）及二零零七年十二月六日國務院批准的企業所得稅法實施細則（「實施細則」），計算繳納企業所得稅。依照新企業所得稅法及實施細則，在中國註冊成立的附屬公司如原先適用的企業所得稅率高於25%，則下調為25%；如原先適用的企業所得稅率低於25%，則在二零零八年至二零一二年的五年內，逐步上調至25%。

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30. INCOME TAX EXPENSE – GROUP (Continued)

- (b) The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the weight average tax rate of 31.10% (2006: 31.47%) to respective profits of the consolidated entities for the years ended 31 December 2007 and 2006 as follows:

30. 所得稅費用 – 本集團 (續)

- (b) 本集團除稅前溢利的稅項分別與截至二零零七年及二零零六年十二月三十一日止年度合併實體的溢利因採用加權平均稅率31.10% (二零零六年: 31.47%) 計算的理論總額的差異如下:

		2007 二零零七年	2006 二零零六年
Profit before taxation	除稅前溢利	1,450,354	1,233,236
Taxation calculated at statutory tax rate	按法定稅率計算的稅項	483,290	416,863
Effect of tax exemption of Jinxi Limited	津西鋼鐵稅項豁免的影響	(310,835)	(251,861)
Effect of non-deductible net tax loss of the Company	本公司不可扣減稅項虧損淨額的影響	32,858	18,318
Tax losses for which no deferred income tax asset was recognised	沒有確認遞延所得稅資產的稅損	375	25,977
Utilisation of previously unrecognised tax losses	先前未確認稅項虧損的使用	(4,881)	(9)
Effect of change of tax rate upon assessing deferred tax assets	評估遞延稅項資產時稅率變動的影響	1,022	–
Effect of other non-taxable income	其他不須課稅收入的影響	(35)	–
Effect of non-deductible expenses	不可扣減開支的影響	54,823	1,598
		256,617	210,886

31. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of approximately RMB213.37 million (2006: RMB134.45 million).

31. 本公司權益持有人應佔溢利

本公司權益持有人應佔溢利包括計入本公司財務報表的約人民幣2.1337億元 (二零零六年: 人民幣1.3445億元)。

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32. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

		2007	2006
		二零零七年	二零零六年
Profit attributable to equity holders of the Company	本公司權益持有人應佔溢利	1,159,657	1,032,754
Weighted average number of ordinary shares in issue (thousands)	已發行普通股的加權平均數 (千股)	2,910,759	2,905,000
Basic earnings per share (RMB per share)	每股基本溢利 (每股人民幣元)	<u>0.40</u>	<u>0.36</u>

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) during the period based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

32. 每股溢利

基本

每股基本溢利乃根據本公司權益持有人應佔溢利除以年內已發行普通股的加權平均數而計算。

攤薄

每股攤薄溢利乃在假設所有可攤薄的潛在普通股被兌換後，根據已發行普通股的加權平均股數計算。本公司僅有一類可攤薄的潛在普通股：購股權。就購股權而言，根據尚未行使購股權所附的認購權的貨幣價值，釐定期內有關期間按公平值（釐定為本公司股份的平均年度市價）可購入的股份數目。按以上方式計算的股份數目乃與假設購股權行使而應已發行的股份數目作出比較。

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32. EARNINGS PER SHARE (Continued)

Diluted (Continued)

		2007	2006
		二零零七年	二零零六年
Profit attributable to equity holders of the Company	本公司權益持有人應佔溢利	1,159,657	1,032,754
Weighted average number of ordinary shares in issue used in calculating basic earnings per share (thousands)	用於計算每股基本溢利的已發行普通股加權平均數 (千股)	2,910,759	2,905,000
Adjustments for options (thousands)	購股權調整 (千股)	13,051	–
Weighted average number of ordinary shares and potential ordinary shares issued as the denominator in calculating diluted earnings per share (thousands)	計算每股攤薄溢利時作為分母的已發行普通股及潛在普通股加權平均數 (千股)	2,923,810	2,905,000
Diluted earnings per share (RMB per share)	每股攤薄溢利 (每股人民幣元)	0.40	0.36

32. 每股溢利 (續)

攤薄 (續)

33. DIVIDENDS

		2007	2006
		二零零七年	二零零六年
Interim, paid (a, b)	中期·已派付(a、b)	154,864	29,730
Final, proposed (c, d)	末期·擬分派(c、d)	164,361	132,149
		319,225	161,879

33. 股息

(a) At a meeting held on 30 August 2006, the Board proposed an interim dividend of HK\$29.05 million (approximately RMB29.73 million), representing HK\$0.01 per ordinary share.

(a) 於二零零六年八月三十日舉行的會議上, 董事局建議派發中期股息 2,905萬港元 (約人民幣 2,973萬元), 即每股普通股 0.01 港元。

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33. DIVIDENDS (Continued)

- (b) At a meeting held on 30 August 2007, the Board proposed an interim dividend of HK\$159.94 million (approximately RMB154.86 million), representing HK\$0.055 per share, for the year ended 31 December 2007. Such interim dividend was paid for the year ended 31 December 2007.
- (c) At a meeting held on 3 April 2007, the Board proposed a final dividend in respect of the year ended 31 December 2006 of HK\$133.65 million (approximately RMB132.15 million), representing HK\$0.046 per ordinary share. The Annual General Meeting held on 22 May 2007 approved the Board's dividend proposal. Such final dividend was paid for the year ended 31 December 2007.
- (d) At a meeting held on 27 March 2008, the Board proposed a final dividend in respect of the year ended 31 December 2007 of HK\$181.61 million (approximately RMB164.36 million), representing HK\$0.062 per ordinary share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2008.

33. 股息 (續)

- (b) 於二零零七年八月三十日舉行的會議上，董事局建議派發截至二零零七年十二月三十一日止年度中期股息1.5994億港元（約人民幣1.5486億元），即每股0.055港元。前述截至二零零七年十二月三十一日止年度的中期股息已經派付。
- (c) 於二零零七年四月三日舉行的會議上，董事局建議派發截至二零零六年十二月三十一日止年度末期股息1.3365億港元（約人民幣1.3215億元），即每股普通股0.046港元。於二零零七年五月二十二日舉行的股東週年大會已批准董事局的股息建議。前述截至二零零七年十二月三十一日止年度的末期股息已經派付。
- (d) 於二零零八年三月二十七日舉行的會議上，董事局建議派發截至二零零七年十二月三十一日止年度末期股息1.8161億港元（約人民幣1.6436億元），即每股普通股0.062港元。建議的股息並未在財務報表中列為應付股息，但會在截至二零零八年十二月三十一日止年度留存收益中撥賬呈列。

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34. NOTES TO THE CONSOLIDATED CASH

FLOW STATEMENT

(i) Reconciliation of profit before taxation to cash generated from operations is as follows:

34. 綜合現金流量表附註

(i) 除稅前溢利與經營活動的現金流入淨額的調節表如下:

		2007 二零零七年	2006 二零零六年
Profit before income tax	除所得稅前溢利	1,450,354	1,233,236
Reversal of impairment provision for receivables (Note 27)	撥回應收賬款減值撥備 (附註27)	-	(600)
Depreciation of property, plant and equipment (Note 7, 27)	物業、廠房及設備折舊 (附註7、27)	438,566	326,691
Depreciation of investment properties (Note 8, 27)	投資物業折舊 (附註8、27)	1,100	1,112
Amortisation of leasehold land and land use rights (Note 6, 27)	租賃土地及土地使用權攤銷 (附註6、27)	1,651	1,477
Amortisation of intangible assets (Note 9, 27)	無形資產攤銷 (附註9、27)	3,806	3,582
Reversal of write-down inventories to their net realisable value (Note 14, 27)	撥回存貨至其可變現淨值 (附註14、27)	(1,879)	(10,754)
(Reversal of)/impairment provision for property, plant and equipment (Note 7, 27)	物業、廠房及設備減值撥備 / (撥回) (附註7、27)	(16,980)	41,859
Share of (profit)/loss of an associate company (Note 11)	應佔聯營公司 (溢利) / 虧損 (附註11)	(225)	984
Loss on disposal of property, plant and equipment, net (Note 25)	出售物業、廠房及設備淨虧損 (附註25)	6,196	7,329
Gain on disposal of intangible assets, net (Note 25)	出售無形資產收益淨額 (附註25)	(6,325)	(85)
Exchange loss (Note 25)	匯兌虧損 (附註25)	19,187	2,979
Interest income (Note 29)	利息收入 (附註29)	(12,118)	(18,930)
Dividend income on financial assets at fair value through profit or loss (Note 26)	按公平值透過損益記賬的財務資產的股息收入 (附註26)	(2)	(1,061)
Interest expenses (Note 29)	利息費用 (附註29)	68,810	50,387
Loss on liquidation of a subsidiary (Note 25)	一間附屬公司清盤的虧損 (附註25)	9,605	-
Employee share option scheme (Note 20, 28)	僱員購股權計劃 (附註20、28)	159,886	16,745
Operating profit before working capital changes	經營資本變動前經營溢利	2,121,632	1,654,951
(Increase)/decrease in financial assets at fair value through profit or loss	按公平值透過損益記賬財務資產減少 / (增加)	(11)	64,498
Increase in inventories	存貨增加	(454,250)	(293,770)
(Increase)/decrease in restricted bank balances	受限制銀行結餘減少 / (增加)	(76,428)	32,432
Increase in trade receivables, prepayments, deposits and other receivables and other current assets	應收貿易賬款、預付款項、按金及其他應收款項及其他流動資產增加	(588,796)	(940,355)
Increase in amount due from related parties	應收關聯方款項增加	(11,055)	-
Increase/(decrease) in trade payables, current income tax liabilities, accruals, advances from customers and other current liabilities	應付貿易賬款、當期所得稅負債、預提費用、預收客戶款項及其他流動負債 (減少) / 增加	373,986	(11,965)
Decrease in long-term advances from customers	預收客戶長期款項減少	-	(25,000)
Decrease in amount due to related parties	應付關聯方款項減少	(1,148)	(221)
Cash generated from operations	經營產生的現金	1,363,930	480,570

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34. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(ii) Major non-cash transactions:

For the year ended 31 December 2007, the Group endorsed bank acceptance notes to the supplier for purchase of property, plant and equipment amounting to approximately RMB1,121 million (2006: approximately RMB324 million).

(iii) In the cash flow statement, proceeds from sales of property, plant and equipment comprise:

34. 綜合現金流量表附註 (續)

(ii) 主要非現金交易：

於截至二零零七年十二月三十一日止年度，本集團就購買物業、廠房及設備向供應商背書銀行承兌匯票約人民幣11.21億元（二零零六年：約人民幣3.24億元）。

(iii) 於現金流量表內，出售物業、廠房及設備所得款項包括：

		2007 二零零七年	2006 二零零六年
Net book amount (Note 7)	賬面淨值（附註7）	6,532	15,398
Loss on disposals of property, plant and equipment (Note 25)	出售物業、廠房及設備虧損 （附註25）	<u>(6,196)</u>	<u>(7,329)</u>
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	<u>336</u>	<u>8,069</u>

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35. CONTINGENT EVENTS

The Group

Guarantee for third parties

		2007 二零零七年	2006 二零零六年
Guarantee for bank borrowings of third parties (i)	為第三方的銀行借款 出具擔保(i)	30,900	18,900
Guarantee for letter of credit issued by a third party (ii)	為第三方發出的信用證 出具擔保(ii)	-	50,520
		30,900	69,420

(i) As at 31 December 2007, Jinxi Limited provided guarantee for bank borrowings in favour of third parties amounting to approximately RMB30.9 million (2006: approximately RMB18.9 million).

(ii) For the year ended 31 December 2006, a third party acted as an agent and issued letter of credit to import property, plant and equipment for Jinxi Limited. Accordingly, Jinxi Limited pledged notes receivable amounting to RMB51 million (Note 15) as collaterals.

The directors of the Company are of the view that to settle the obligation will not probably cause an outflow of resources embodying economic benefits.

35. 或然事項

本集團

為第三方出具擔保

	2007 二零零七年	2006 二零零六年
(i) 於二零零七年十二月三十一日, 津西鋼鐵為第三方的銀行借款出具擔保, 共約人民幣3,090萬元 (二零零六年: 約人民幣1,890萬元)。	30,900	18,900
(ii) 於截至二零零六年十二月三十一日止年度, 有第三方作為代理人出具信用證, 為津西鋼鐵進口物業、廠房及設備。因此, 津西鋼鐵以應收票據人民幣5,100萬元 (附註15) 作為抵押品進行擔保。	-	50,520
	30,900	69,420

(i) 於二零零七年十二月三十一日, 津西鋼鐵為第三方的銀行借款出具擔保, 共約人民幣3,090萬元 (二零零六年: 約人民幣1,890萬元)。

(ii) 於截至二零零六年十二月三十一日止年度, 有第三方作為代理人出具信用證, 為津西鋼鐵進口物業、廠房及設備。因此, 津西鋼鐵以應收票據人民幣5,100萬元 (附註15) 作為抵押品進行擔保。

本公司董事認為該償還責任將很可能不會造成經濟利益資源流出。

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35. CONTINGENT EVENTS (Continued)

The Company

Guarantee for bank borrowings
of a subsidiary

為一間附屬公司的銀行借款
出具擔保

2007	2006
二零零七年	二零零六年

90,000

90,000

In January 2006, the Company and Foshan Jin Lan collectively granted a guarantee in favour of Jinxi Jinlan for current bank facilities amounting to RMB150 million. In accordance with the guarantee contract, the Company and Foshan Jin Lan shall bear 60% and 40% of the guarantee obligation respectively.

As at 31 December 2007 and 2006, pursuant to the aforementioned agreement, current secured borrowings of Jinxi Jinlan amounting to RMB150 million were guaranteed by the Company and Foshan Jin Lan collectively.

The directors of the Company are of the view that to settle the obligation will not probably cause an outflow of resources embodying economic benefits.

於二零零六年一月，本公司與佛山金蘭就人民幣1.5億元的流動銀行借款額度向津西金蘭共同出具擔保。根據擔保合約，本公司與佛山金蘭須分別承擔60%及40%的擔保責任。

於二零零七年及二零零六年十二月三十一日，根據上述協定，津西金蘭的已抵押流動借款人民幣1.5億元乃由本公司及佛山金蘭共同出具擔保。

本公司董事認為該償還責任將很可能不會造成經濟利益資源流出。

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36. COMMITMENTS – GROUP

(a) Capital commitments

Capital expenditure at the balance sheet date but not yet incurred is as follows:

		2007 二零零七年	2006 二零零六年
To acquire the minority interest in Jinxing Charging	收購津興爐料的少數股東權益	–	8,900
To acquire interests in certain mining enterprises	收購若干採礦企業的權益	–	83,421
		–	92,321
Purchase of property, plant and equipment	購買物業、廠房及設備		
– Contracted but not provided for	– 已訂約但未撥備	884,748	6,599
– Authorised but not contracted for	– 已授權但未訂約	276,472	1,971,348
		1,161,220	1,977,947

(b) Operating lease commitments

The future aggregate minimum lease rental expenses in respect of land use rights and building under non-cancellable operating leases are payable as follows:

		2007 二零零七年	2006 二零零六年
No later than one year	1年內	9,440	5,723
Later than one year and no later than five years	1年以上·5年以內	26,394	17,086
Later than five years	5年以上	121,314	93,571
		157,148	116,380

36. 承擔 – 本集團

(a) 資本承擔

於結算日尚未產生的資本開支如下:

	2007 二零零七年	2006 二零零六年
	–	8,900
	–	83,421
	–	92,321
Purchase of property, plant and equipment		
– Contracted but not provided for	884,748	6,599
– Authorised but not contracted for	276,472	1,971,348
	1,161,220	1,977,947

(b) 經營租賃承擔

有關土地使用權及樓宇不可撤銷經營租賃的應付未來最低租賃租金總支出如下:

	2007 二零零七年	2006 二零零六年
	9,440	5,723
	26,394	17,086
	121,314	93,571
	157,148	116,380

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37. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

(a) For the years 2007 and 2006, the directors are of the view that the following companies and persons are related parties of the Group:

37. 關聯方交易

倘一方有直接或間接能力控制另一方或對另一方在制定財務及營運決策時有重大影響力，則為關聯方。倘彼等受共同控制，亦為關聯方。

(a) 於二零零七年及二零零六年內，董事認為以下公司及人士為本集團的關聯方：

Name 名稱	Relationship with the Group 與本集團的關係
Wellbeing Holdings Wellbeing Holdings	Substantial shareholder of the Company 本公司的主要股東
Smart Triumph Smart Triumph	Former substantial shareholder of the Company 本公司的前任主要股東
Tangshan City Jinxi Iron and Steel Group Co., Ltd. ("Tangshan Jinxi Group") 唐山市津西鋼鐵集團有限公司 ([「唐山津西集團」])	Shareholder of Jinxi Limited and its legal representative is Mr. Han Jingyuan, a director of the Company 津西鋼鐵股東，其法定代表為本公司董事韓敬遠先生
Foshan Jin Lan 佛山金蘭	Substantial shareholder of Jinxi Jinlan 津西金蘭的主要股東

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37. RELATED PARTY TRANSACTIONS (Continued)

- (a) For the years 2007 and 2006, the directors are of the view that the following companies and persons are related parties of the Group: (Continued)

37. 關聯方交易 (續)

- (a) 於二零零七年及二零零六年內, 董事認為以下公司及人士為本集團的關聯方: (續)

Name 名稱	Relationship with the Group 與本集團的關係
Foshan Jin Lan Import and Export Co., Ltd. ("Jin Lan Import and Export") 佛山金蘭進出口有限公司 〔金蘭進出口〕	Controlled by the family members of Mr. Zhou Weijie, a director of Jinxi Jinlan 由津西金蘭的董事周偉傑先生的家屬控制
Foshan Jin Lan Nonferrous Metals Product Co., Ltd. ("Jin Lan Nonferrous Metals") 佛山金蘭有色金屬製品有限公司 〔金蘭有色金屬〕	Foshan Jin Lan's subsidiary 佛山金蘭的附屬公司
Zhongxing Iron Mine 中興礦業	Jinxi Limited's associated company 津西鋼鐵的聯營公司
Mr. Han Jingyuan 韓敬遠先生	Chairman and Chief Executive Officer of the Company 本公司董事局主席兼首席執行官
Mr. Zhou Weijie 周偉傑先生	Director of Jinxi Jinlan 津西金蘭的董事
Ms. Fu Ruiyun 付瑞雲女士	The shareholder of Jinxing Charging 津興爐料的股東

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37. RELATED PARTY TRANSACTIONS (Continued)

- (b) Save as disclosed elsewhere in these consolidated financial statements, during the years 2007 and 2006, the directors were of the view that the following significant related party transactions were carried out in the normal course of business of the Group:

(i) Sales

(I) Sales of goods	(I) 銷售貨物
– Jin Lan Import and Export	– 金蘭進出口
(II) Sales of utilities	(II) 銷售能源
– Jin Lan Nonferrous Metals	– 金蘭有色金屬

(ii) Loan received and repayment of loan

- (i) *Transaction with Tangshan Jinxi Group*
Tangshan Jinxi Group provided a loan to Jinxi Jinlan, amounting to RMB30 million for the year ended 31 December 2006, which was fully repaid to Tangshan Jinxi Group for the year ended 31 December 2007.

The loan are unsecured, bore interest at a rate of 5.85% per annum and repayable within one year. For the year ended 31 December 2007, interest expense of approximately RMB0.5 million was incurred (2006: RMB1.2 million).

37. 關聯方交易 (續)

- (b) 除本綜合財務報表中已披露外，於二零零七年及二零零六年內，董事認為以下的重大關聯方交易乃就本集團日常業務進行：

(i) 銷售

	2007	2006
	二零零七年	二零零六年
(I) Sales of goods		
– Jin Lan Import and Export	20,803	–
(II) Sales of utilities		
– Jin Lan Nonferrous Metals	3,509	–

(ii) 收到貸款及償還貸款

- (i) 與唐山津西集團的交易於截至二零零六年十二月三十一日止年度，唐山津西集團向津西金蘭提供一筆人民幣3,000萬元的貸款。該貸款於截至二零零七年十二月三十一日止年度悉數償還唐山津西集團。

該貸款為無抵押、按年利率5.85釐計息及須於一年內償還。截至二零零七年十二月三十一日止年度，已產生的利息費用約為人民幣50萬元（二零零六年：人民幣120萬元）。

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37. RELATED PARTY TRANSACTIONS (Continued)

- (b) Save as disclosed elsewhere in these consolidated financial statements, during the years 2007 and 2006, the directors were of the view that the following significant related party transactions were carried out in the normal course of business of the Group: (Continued)

(ii) Loan received and repayment of loan

(Continued)

(iii) Transaction with Foshan Jin Lan

Foshan Jin Lan entered into an agreement with Jinxi Jinlan and Accordpower in January 2006. Pursuant to the agreement:

- (1) Foshan Jin Lan provided a loan amounting to RMB11.86 million, which approximated US\$1.5 million, to Jinxi Jinlan in the form of (a) lending of RMB1 million in cash, (b) repayment the borrowings to a third party on behalf of Jinxi Jinlan of RMB10 million, (c) postponement of interest collection by RMB0.86 million approximately, on condition that Accordpower provided a loan to Jinxi Jinlan of US\$2.25 million.
- (2) Foshan Jin Lan designated the existing receivable from Jinxi Jinlan amounting to RMB44.67 million as interest-free, on the condition that Accordpower additionally provided another loan to Jinxi Jinlan of US\$9.03 million. Interest expense of approximately RMB0.44 million was incurred before Accordpower provided the loan to Jinxi Jinlan.

37. 關聯方交易 (續)

- (b) 除本綜合財務報表中已披露外, 於二零零七年及二零零六年內, 董事認為以下的重大關聯方交易乃就本集團日常業務進行: (續)

(ii) 收到貸款及償還貸款 (續)

(iii) 與佛山金蘭的交易

佛山金蘭與津西金蘭及致威投資於二零零六年一月訂立協議。根據協議:

- (1) 佛山金蘭以(a)現金貸款人民幣100萬元;(b)代表津西金蘭向一名第三方償還借款人民幣1,000萬元;(c)延遲收取約人民幣86萬元的利息的方式, 向津西金蘭提供一筆人民幣1,186萬元的貸款(約為150萬美元), 惟以致威投資向津西金蘭提供一筆225萬美元的貸款為條件。
- (2) 佛山金蘭已將現有應收津西金蘭的款項人民幣4,467萬元指定為免息, 惟以致威投資額外向津西金蘭提供另一筆903萬美元的貸款為條件。致威投資向津西金蘭提供貸款前產生約人民幣44萬元的利息費用。

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37. RELATED PARTY TRANSACTIONS (Continued)

- (b) Save as disclosed elsewhere in these consolidated financial statements, during the years 2007 and 2006, the directors were of the view that the following significant related party transactions were carried out in the normal course of business of the Group:
(Continued)

(ii) Loan received and repayment of loan

(Continued)

(II) Transaction with Foshan Jin Lan (Continued)

During the year 2007, Foshan Jin Lan has paid certain expenses on behalf of Jinxi Jinlan amounting to approximately RMB0.2 million.

During the year 2006, Jinxi Jinlan has paid certain expenses on behalf of Foshan Jin Lan amounting to approximately RMB0.99 million, which was deducted from the loans provided by Foshan Jin Lan.

All the above loans granted by Foshan Jin Lan in accordance with the agreement are unsecured, interest-free and repayable only after five years.

(iii) Loan provided

The Group provided a loan to Zhongxing Iron Mine, amounting to RMB9.8 million in November 2007. The loan is unsecured, interest-free and repayable within thirteen months.

37. 關聯方交易 (續)

- (b) 除本綜合財務報表中已披露外，於二零零七年及二零零六年內，董事認為以下的重大關聯方交易乃就本集團日常業務進行：(續)

(ii) 收到貸款及償還貸款 (續)

(II) 與佛山金蘭的交易 (續)

於二零零七年內，佛山金蘭已代表津西金蘭支付約人民幣20萬元的若干費用。

於二零零六年內，津西金蘭已代表佛山金蘭支付約人民幣99萬元的若干費用，該筆費用乃自佛山金蘭所提供的貸款內扣除。

所有上述佛山金蘭根據協議授出的貸款將為無抵押、免息及只會於五年後償還。

(iii) 提供貸款

於二零零七年十一月，本集團向中興礦業提供貸款人民幣980萬元，該貸款為無抵押、免息及於十三個月內償還。

Notes to the Consolidated Financial Statements

綜合財務報表附註

for the year ended 31 December 2007 (All amounts in RMB thousands unless otherwise stated)

截至二零零七年十二月三十一日止年度 (除另有指明外, 所有金額均以人民幣千元為單位)

37. RELATED PARTY TRANSACTIONS (Continued)

- (c) As at 31 December 2007 and 2006, the directors were of the view that the following related party balances were attributed to the aforementioned related party transactions, amounts paid on behalf of the Group, dividends appropriation during the years.

37. 關聯方交易 (續)

- (c) 於二零零七年及二零零六年十二月三十一日, 董事認為以下關聯方結餘乃因上述關聯方交易、代表本集團已支付的款項、有關年度內的股息分配而產生。

		2007 二零零七年	2006 二零零六年
Amounts due from related parties	應收關聯方款項:		
– Zhongxing Iron Mine (Note 37 (b)(iii))	– 中興礦業 (附註37(b)(iii))	9,800	–
– Jin Lan Import and Export	– 金蘭進出口	1,255	–
		11,055	–
Amounts due to related parties	應付關聯方款項		
Non-current	非即期		
Borrowings from a related party:	關聯方提供的借款:		
– Foshan Jin Lan (Note 37 (b)(ii))	– 佛山金蘭 (附註37(b)(ii))	55,733	55,529
Current	即期		
Borrowings from related parties:	關聯方提供的借款:		
– Tangshan Jinxi Group (Note 37 (b)(ii))	– 唐山津西集團 (附註37(b)(ii))	–	31,194
– Ms. Fu Ruiyun	– 付瑞雲女士	–	16,783
		–	47,977
Dividends payable due to	應付予以下實體的股息		
– Tangshan Jinxi Group	– 唐山津西集團	4,947	5,391
– Zhongxing Iron Mine	– 中興礦業	2,535	2,535
		7,482	7,926
Others:	其他		
– Mr. Han Jingyuan	– 韓敬遠先生	706	771
– Foshan Jin Lan	– 佛山金蘭	383	–
		1,089	771
		8,571	56,674

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) for the year ended 31 December 2007
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零七年十二月三十一日止年度

37. RELATED PARTY TRANSACTIONS (Continued)

- (c) As at 31 December 2007 and 2006, the directors were of the view that the following related party balances were attributed to the aforementioned related party transactions, amounts paid on behalf of the Group, dividends appropriation during the years. (Continued)

Except for the loan provided by Foshan Jin Lan and Tangshan Jinxi Group and the loan provided to Zhongxing Iron Mine as disclosed in Note 37 (b)(ii), (iii), the related party balances were all unsecured, interest-free and had no fixed term of repayment.

The carrying amounts and fair value of the non-current amount due to a related party are as follows:

	Carrying amounts		Fair value	
	賬面值		公平值	
	2007	2006	2007	2006
	二零零七年	二零零六年	二零零七年	二零零六年
Amount due to a related party	55,733	55,529	44,013	42,746

The fair values of current amounts due to related parties and amounts due from related parties approximated their carrying amounts, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowings rate of 7.74% per annum (2006: 6.48% per annum).

No provision has been required for the years ended 31 December 2007 and 2006 for the loan made to related parties. The related parties have no default history.

37. 關聯方交易 (續)

- (c) 於二零零七年及二零零六年十二月三十一日，董事認為以下關聯方結餘乃因上述關聯方交易、代表本集團已支付的款項、有關年度內的股息分配而產生。(續)

除附註37(b)(ii)、(iii)所披露由佛山金蘭及唐山津西集團所提供的貸款及向中興礦業提供的貸款外，關聯方結餘均為無抵押、免息及無固定償還期。

應付關聯方的非即期款項的賬面值及公平值如下：

因折現影響不大，應付關聯方的即期款項的公平值及關聯方欠款的公平值約等於其賬面值。公平值按折現現金流量計算，折現率以借款年利率7.74釐（二零零六年：每年6.48釐）為基準。

就提供予關聯方的貸款而言，截至二零零七年及二零零六年十二月三十一日止年度無需計提撥備。關聯方並無拖欠記錄。

Notes to the Consolidated Financial Statements

綜合財務報表附註

for the year ended 31 December 2007 (All amounts in RMB thousands unless otherwise stated)

截至二零零七年十二月三十一日止年度 (除另有指明外, 所有金額均以人民幣千元為單位)

38. SUBSEQUENT EVENTS

Saved as disclosed elsewhere in these consolidated financial statements, the significant subsequent events of the Group were as follows:

(i) On 26 March 2008, the directors of Jinxi Limited proposed a final dividend of RMB295 million in respect of the year ended 31 December 2007.

(ii) On 18 February 2008, Jinxi Limited entered into an agreement with Foshan Jin Lan and Accordpower to acquire 21.50% and 13.21% equity interests of Jinxi Jinlan held by these two parties respectively. The total consideration was US\$4.69 million (approximately RMB33.78 million equivalent) and US\$2.88 million (approximately RMB20.75 million equivalent) in the form of cash respectively.

On 20 February 2008, Accordpower, Jinxi Limited and Foshan Jin Lan had entered into a capital injection agreement to increase the share capital of Jinxi Jinlan by US\$25.35 million.

(iii) On 14 January 2008, Mittal Steel Holdings AG ("Mittal AG") made an unconditional mandatory cash offer to acquire all the disinterested shares. A comparable offer were also made and extended to option holders for the cancellation of all share options which are outstanding.

38. 結算日後事項

除本綜合財務報表中已披露外, 本集團有以下重大結算日後事項:

(i) 於二零零八年三月二十六日, 津西鋼鐵董事局建議派發截至二零零七年十二月三十一日止年度末期股息人民幣2.95億元。

(ii) 津西鋼鐵與佛山金蘭及致威投資於二零零八年二月十八日訂立一份協議, 以分別收購佛山金蘭及致威投資所持津西金蘭的21.50%和13.21%股權。總代價分別為469萬美元(相等於人民幣3,378萬元)和288萬美元(相等於人民幣2,075萬元), 以現金方式支付。

致威投資、津西鋼鐵及佛山金蘭於二零零八年二月二十日訂立一份注資協議, 使津西金蘭的股本增加2,535萬美元。

(iii) 二零零八年一月十四日, Mittal Steel Holdings AG (「Mittal AG」) 提出一項無條件強制性現金要約, 以收購全部無利害關係之股份。另外還向購股權持有人提出一項相若的要約, 以註銷所有尚未行使的購股權。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) for the year ended 31 December 2007
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零七年十二月三十一日止年度

38. SUBSEQUENT EVENTS (Continued)

- (iii) On 14 January 2008, Mittal Steel Holdings AG (“Mittal AG”) made an unconditional mandatory cash offer to acquire all the disinterested shares. A comparable offer were also made and extended to option holders for the cancellation of all share options which are outstanding. (Continued)

The unconditional mandatory offering was closed on 4 February 2008. The offeror has received valid acceptances in respect of (a) 557,372,740 shares under the share offer, representing approximately 19.0% of the total issued share capital of the Company; and (b) 89,700,000 share options under the Option Offer, representing approximately 100% of the total outstanding share options at the commencement of the Offer.

After the completion of unconditional mandatory offering, all the employees who owned the share option granted on 26 October 2007 have accepted Mittal AG’s unconditional mandatory offering with the total consideration of HK\$1.115 per share. All the 89,700,000 outstanding options at 14 January 2008 have been cancelled.

39. APPROVAL OF ACCOUNTS

These consolidated financial statements were approved by the Board on 27 March 2008.

38. 結算日後事項 (續)

- (iii) 二零零八年一月十四日，Mittal Steel Holdings AG (「Mittal AG」) 提出一項無條件強制性現金要約，以收購全部無利害關係之股份。另外還向購股權持有人提出一項相若的要約，以註銷所有尚未行使的購股權。(續)

上述無條件強制性要約期於二零零八年二月四日截止。要約人收到的有效的要約接納書涉及(a)股份要約下的557,372,740股股份，約佔本公司全部已發行股本的19.0%；及(b)購股權要約下的89,700,000份購股權，約佔要約生效時全部未行使購股權的100%。

在完成無條件強制性要約之後，於二零零七年十月二十六日獲授購股權的全體僱員已接受Mittal AG的無條件強制性要約，總代價為每股1.115港元。於二零零八年一月十四日尚未行使的89,700,000份購股權已全部註銷。

39. 批准賬目

董事局於二零零八年三月二十七日批准本綜合財務報表。

Five-year Financial Information

五年財務資料

A summary of the consolidated income statement and of the consolidated assets, liabilities and minority interest of the Group for the last five financial years is as set out below:

本集團截至前五個財政年度的綜合損益表及綜合資產、負債與少數股東權益概要載列如下：

Consolidated Income Statement

綜合損益表

Year ended 31 December

截至十二月三十一日止年度

Audited

經審核

Restated

重列

		2007	2006	2005	2004	2003
		二零零七年	二零零六年	二零零五年	二零零四年	二零零三年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Revenue	收入	13,498,555	9,782,116	9,182,693	9,118,875	5,277,874
Profit before income tax	除所得稅前溢利	1,450,354	1,233,236	1,004,196	1,175,832	1,142,666
Income tax expense	所得稅費用	(256,617)	(210,886)	(157,081)	33,686	(40,018)
Profit for the year	年度溢利	1,193,737	1,022,350	847,115	1,209,518	1,102,648
Attributable to:	應佔：					
Equity holders of the Company	本公司權益持有人	1,159,657	1,032,754	846,585	1,181,006	1,076,290
Minority interest	少數股東權益	34,080	(10,404)	530	28,512	26,358
		1,193,737	1,022,350	847,115	1,209,518	1,102,648

Consolidated Assets, Liabilities and Minority Interest

綜合資產、負債與少數股東權益

Audited

經審核

Restated

重列

		2007	2006	2005	2004	2003
		二零零七年	二零零六年	二零零五年	二零零四年	二零零三年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Total assets	總資產	10,162,120	8,221,367	8,152,862	7,481,892	3,876,614
Total liabilities	總負債	(3,466,016)	(2,619,918)	(3,420,767)	(3,481,028)	(2,907,580)
Minority interest	少數股東權益	(147,414)	(122,322)	(138,643)	(115,524)	(23,168)
		6,548,690	5,479,127	4,593,452	3,885,340	945,866