



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)

2008

Interim Report

中期報告



*For identification purposes only
僅供識別



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Financial Highlights

財務摘要

FINANCIAL SUMMARY

財務摘要

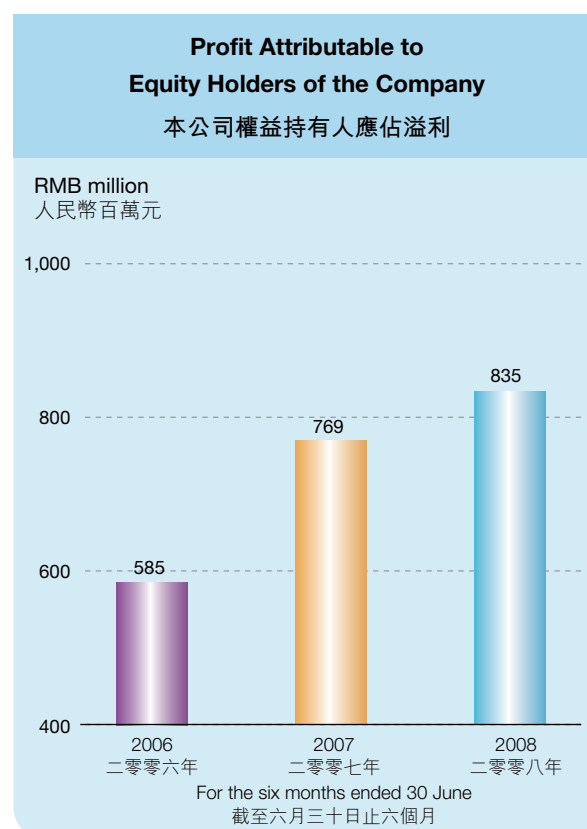
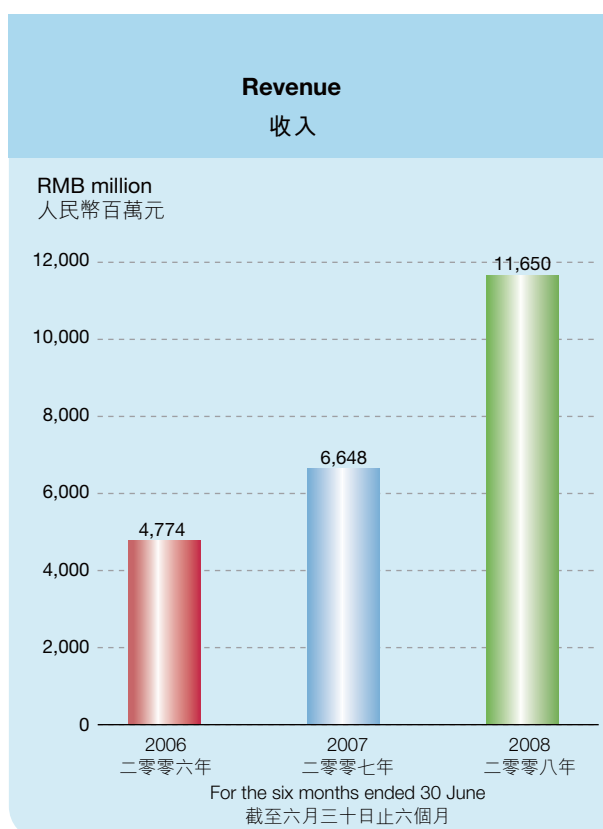
For the six months ended 30 June

Unaudited Consolidated

截至六月三十日止六個月

未經審核綜合

		2006	2007	2008
		二零零六年	二零零七年	二零零八年
		(RMB million)	(RMB million)	(RMB million)
		(人民幣百萬元)	(人民幣百萬元)	(人民幣百萬元)
Revenue	收入	4,774	6,648	11,650
Gross Profit	毛利	797	1,089	1,351
Profit Attributable to Equity Holders of the Company	本公司權益持有人應佔溢利	585	769	835
Basic Earnings per Share (RMB)	每股基本溢利(人民幣元)	0.20	0.26	0.29
Net Assets	淨資產	5,199	6,259	7,473
Total Assets	總資產	7,791	9,306	13,693



SELLING PRICE AND GROSS PROFIT PER TONNE

每噸銷售價及毛利

For the six months ended 30 June

Unaudited Consolidated

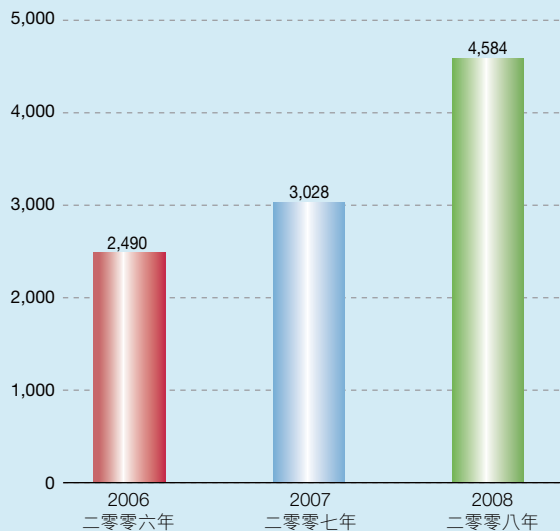
截至六月三十日止六個月

未經審核綜合

		2006	2007	2008
		二零零六年	二零零七年	二零零八年
		(RMB)	(RMB)	(RMB)
		(人民幣元)	(人民幣元)	(人民幣元)
Selling Price per Tonne	每噸銷售價	2,490	3,028	4,584
Gross Profit per Tonne	每噸毛利			
Billets	鋼坯	374	300	449
Strips and strip products	帶鋼及帶鋼類產品	484	430	454
H-section steel	H型鋼	N/A 不適用	724	765
Cold rolled sheets and galvanised sheets	冷軋板及鍍鋅板	(212)	82	391
Combined	合併	417	496	532

Selling price per Tonne
每噸銷售價

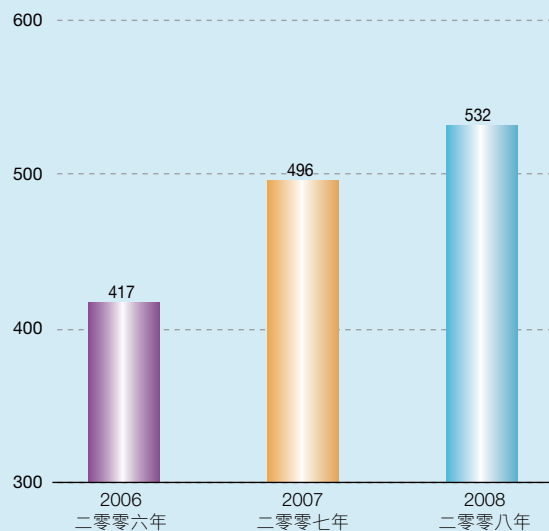
RMB
人民幣元



For the six months ended 30 June
截至六月三十日止六個月

Gross Profit per Tonne
每噸毛利

RMB
人民幣元



For the six months ended 30 June
截至六月三十日止六個月

Financial Highlights

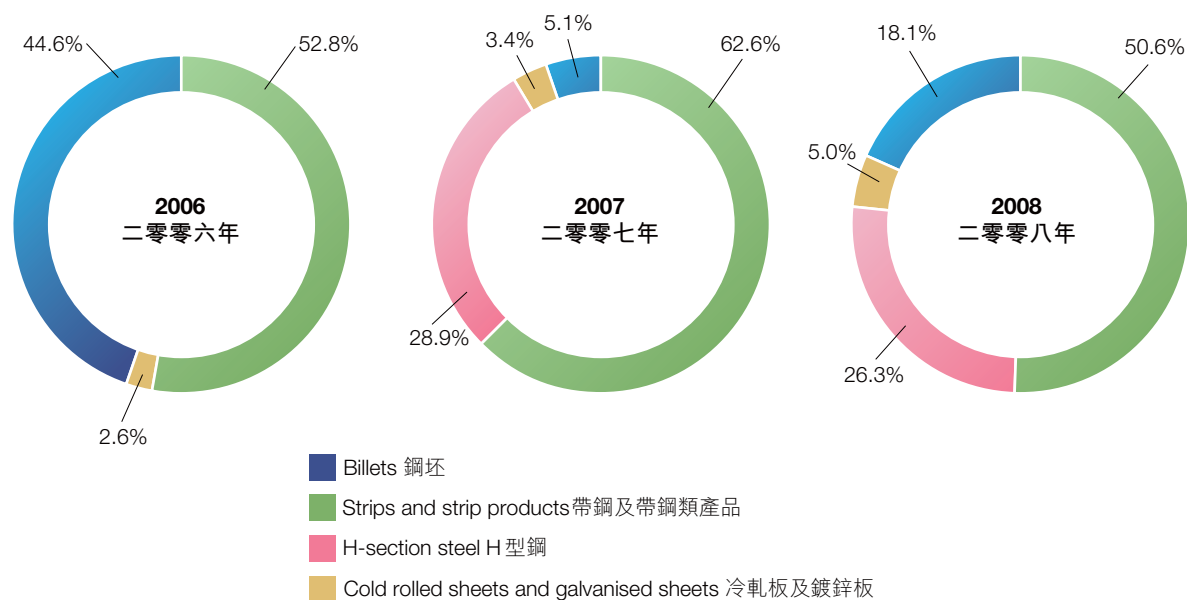
財務摘要

SALES VOLUME BY PRODUCTS

按產品種類劃分之銷量

		For the six months ended 30 June		
		Unaudited Consolidated		
		截至六月三十日止六個月		
		未經審核綜合		
		2006	2007	2008
		二零零六年	二零零七年	二零零八年
		('000 tonnes)	('000 tonnes)	('000 tonnes)
		(千噸)	(千噸)	(千噸)
Billets	鋼坯	853	113	460
Strips and strip products	帶鋼及帶鋼類產品	1,010	1,373	1,285
H-section steel	H型鋼	N/A 不適用	633	668
Cold rolled sheets and galvanised sheets	冷軋板及鍍鋅板	49	73	126
		1,912	2,192	2,539

Sales Volume by Products
按產品種類劃分之銷量
For the six months ended 30 June
截至六月三十日止六個月



BOARD OF DIRECTORS

Executive Directors

Mr. Han Jingyuan
(Chairman and Chief Executive Officer)
Mr. Zhu Jun
Mr. Liu Lei
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)

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

COMPANY'S WEBSITE

www.chinaorientalgroup.com

PRINCIPAL BANKERS

China Construction Bank
Agricultural Bank of China
Bank of China
China Minsheng Bank
ICBC (Asia)
HSBC
DBS Bank
OCBC Bank

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
劉磊先生
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)

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

公司網址

www.chinaorientalgroup.com

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
中國工商銀行(亞洲)
滙豐銀行
星展銀行
華僑銀行



Chairman's
Statement
主席報告



During the first half of 2008, China Oriental Group Company Limited ("China Oriental", or the "Company", together with its subsidiaries, the "Group") continued to report satisfactory results. During the period under review, the revenue of the Group was approximately RMB11.65 billion, representing an increase of 75% from that of the same period last year. The Group's gross profit amounted to RMB1.35 billion, which was 24% higher than that of the same period last year. Despite a significant increase in raw material cost during the period, the Group successfully passed on part of the cost pressure to the consumers. The gross profit per tonne of steel sales was RMB532 per tonne, representing an increase of 7% or RMB36 per tonne as compared with RMB496 per tonne in the same period last year. The Group's profit before tax and the profit attributable to equity holders of the Company during the first half of the year were RMB1.17 billion and RMB835 million respectively, representing increases of 25% and 9% respectively, when compared with those of the same period last year.

The Company continued to maintain a stable and healthy growth in its overall development during the first half of 2008. With the completion of its medium and small sized H-section steel facilities, the Company's overall annual production capacity of crude steel had reached 6,000,000 tonnes. The Group successfully increased its equity interest in Foshan Jinxi Jinlan Cold Rolled Sheet Co., Ltd ("Jinxi Jinlan") to 81.5% and made a capital injection to Jinxi Jinlan in February 2008, through a capital injection of RMB116 million and a conversion of debt into capital of RMB64 million. It has provided sufficient financial support to Jinxi Jinlan, which was then faced with a shortage of funds and inability to achieve its expected production scale. The additional capital from the Group also enabled Jinxi Jinlan to continue its development and to expand its production capacities, and strengthened the Group's management control over Jinxi Jinlan. Partly due to such support from the Group, Jinxi Jinlan successfully regained its profitability and generated a profit before tax of approximately RMB40 million.

In May 2008, the Group has set up Hebei Jinxi Section Steel Company Limited ("Jinxi Section Steel") to operate two newly constructed H-Section steel production lines. China Oriental holds 80% equity interest in Jinxi Section Steel, with the remaining 20% interests held by more than 3,700 staffs of the Group. The arrangement of staff equity investment will not only provide the Group with additional operating capital of RMB240 million, it also strengthens the employees' sense of belonging to the Group. The medium and small sized H-section steel production lines commenced production in August 2008.

於二零零八年上半年度，中國東方集團控股有限公司（「中國東方」或「本公司」，連同其附屬公司「本集團」）持續錄得驕人的理想業績。於回顧期內，本集團的銷售金額達到人民幣116.5億元，較去年同期增長75%，毛利為人民幣13.5億元，較去年同期增長24%。儘管期內原材料價格大幅上漲，本集團仍然成功將部份成本上漲壓力轉嫁給消費者，每噸鋼材銷售毛利為人民幣532元，較二零零七年同期的人民幣496元，每噸增長達人民幣36元或7%。於今年上半年本集團除所得稅前溢利及本公司權益持有人應佔溢利分別為人民幣11.7億元及人民幣8.35億元，較去年同期分別增長了25%及9%。

在整體發展方面，本公司在二零零八年上半年繼續穩健的成長。隨著新的中小型H型鋼配套設施的落成，本集團整體粗鋼年產能已達到600萬噸。於二零零八年二月，本集團成功完成增持佛山津西金蘭冷軋板有限公司（「津西金蘭」）股權至81.5%，並對其進行增資，合共注入人民幣1.16億元的新資金，並將人民幣6,400萬元的借款轉為資本。使原本因資金不足，未能達到設計生產規模的津西金蘭在獲得充裕資金發展業務和增加生產能力的同時，也加強了本集團在津西金蘭的管理控制能力。部份得益於本集團的支持，令津西金蘭成功轉虧為盈，並錄得人民幣約4,000萬元的稅前盈利。

於二零零八年五月，本集團正式成立河北津西型鋼有限公司（「津西型鋼」），用以運營新興建的兩條H型鋼生產線。中國東方佔津西型鋼的80%股權，其餘20%股權由本集團的逾3,700名員工投資及持股。有關由員工投資入股的安排，不僅將為本集團帶來合共額外人民幣2.4億元之營運資金，也提升了本集團員工的歸屬感。有關的中小型H型鋼生產線已於二零零八年八月開始生產。

In May 2008, the Group announced an investment in the construction of a coking plant with an annual production capacity of 2.2 million tonnes of coke, one of the major raw materials for the production of steel. The project will serve to further lower the Group's production cost and to ensure the quality and sufficient supply of coke, so as to maintain a stable steel production schedule. The coking plant is currently under construction, and its first phase with a production capacity of 1.1 million tonnes is expected to be completed and commenced operation in mid 2009.

In order to further extend its control over upstream activities and to stabilize raw material supply, the Group decided to expedite the consolidation of iron ore resources. In June 2008, the Group granted the operating and managing rights in its existing iron ore resources to Tangshan Jinxi Mining Company Limited, a former subsidiary of the Group formed by Mr. Shen Xiaoling, an executive director of the Company. The arrangement serves to facilitate the effective control of its existing iron ore resources and to ensure reliable supply of iron ore.

In August 2008, the Group has acquired a 71% equity interest and 71% shareholders' loan in Tangshan Baotai Iron and Steel Group Xinyi Iron and Steel Company Limited ("Xinyi Iron and Steel") from Tangshan Baotai Iron and Steel Group Company Limited and a few individuals at a total cash consideration of RMB532 million. Xinyi Iron and Steel is a sizable domestic steel mill which is located close to Hebei Jinxi Iron and Steel Company Limited ("Jinxi Iron and Steel"). It has integrated production equipment with steel production capacity of 1,000,000 tonnes per annum. Following the acquisition, the Group's total production capacity of steel products has increased to 7,000,000 tonnes per annum, in line with the Group's plan to increase its steel production capacity.

Xinyi Iron and Steel currently has annual crude steel production capacity of 1,000,000 tonnes and a 650mm hot strip rolling line with annual capacity of 1,000,000 tonnes. It also has an option to purchase a 1,000,000 tonnes medium and small sized H-section steel production line, which is under construction and is expected to commence operation in the fourth quarter of 2008. When the acquisition of this H-section steel production line materialized, the Group's production capacity will be further increased and hence further enhancing its leadership in terms of production capacity in the H-section steel market in the PRC.

於二零零八年五月，本集團宣佈投資興建每年產能為220萬噸的焦化廠，焦炭為生產鋼鐵的其中一種主要原材料。此項目除將可進一步降低生產成本外，並亦可保證焦炭的品質及供應，穩定鋼鐵生產計劃。該焦化項目現時正在興建之中，預計將於二零零九年中完成其首期110萬噸產能的建設並開始投產。

本集團為了進一步延伸上游控制能力、穩定原材料供應，決定加速整合現有鐵礦資源。於二零零八年六月，將持有的鐵礦資源經營管理權授予本公司執行董事沈曉玲先生合組的前附屬公司唐山津西礦業有限公司，從而對現有的鐵礦資源進行有效的控制及確保鐵礦石的供應。

於二零零八年八月，本集團向唐山寶泰鋼鐵集團有限公司及一些個人以現金總代價人民幣5.32億元收購唐山寶泰鋼鐵集團鑫益鋼鐵有限公司（「鑫益鋼鐵」）之71%股本權益和71%的股東貸款。鑫益鋼鐵是一間當地有規模的鋼鐵生產商，擁有年產100萬噸鋼鐵產品的綜合生產設施，位置鄰近河北津西鋼鐵股份有限公司（「津西鋼鐵」）。本集團致力擴大鋼鐵產能，於收購後，本集團每年鋼鐵總產能將會達700萬噸。

鑫益鋼鐵現時粗鋼年產能為100萬噸，另有一條年產100萬噸的650毫米熱軋帶鋼生產線，並擁有收購一條年產100萬噸的當地中小型H型鋼生產線的選擇權，此生產線正在建設中，預期於二零零八年第四季度投產。如本集團收購該H型鋼生產線一旦落實，這將進一步增加本集團的產能及鞏固在國內H型鋼市場的領導地位。

In research and development, the Group has engaged in the development of new steel product series meeting European, Japanese and U.S. standards. Mass production of these products has commenced and they further increase the Group's market share in the developed regions. In June 2008, Hebei Jinxi Iron and Steel Company Limited ("Jinxi Iron and Steel" or "Jinxi Limited"), the principal subsidiary of the Group, joined hands with The College of Metallurgy and Energy of Hebei Polytechnic University to establish Jinxi Iron and Steel Research Institute, to develop the Group's products, upgrade its technology and train its personnel. Meanwhile, the support in advanced iron and steel products and technology from ArcelorMittal ("ArcelorMittal") further enhances the competitive edges of the Group in the Asian region.

STRATEGIC COOPERATION WITH ARCELORMITTAL

In February 2008, ArcelorMittal, the world's largest steel conglomerate, completed its unconditional mandatory cash offer for shares in the Company and became the Company's second largest shareholder. This development further cemented the strategic cooperation in the industry between the two parties.

In April 2008, China Oriental entered into a technology transfer agreement with ArcelorMittal regarding the introduction of advanced steel manufacturing technologies including steel sheet pile production technology and the continued upgrading of H-section steel technology. In addition, China Oriental entered into an iron ore and coke long term supply agreement with ArcelorMittal in the same month. The agreement had been approved at the Company's Special General Meeting, and is currently being implemented. Other cooperations under discussion include support in the provision of production technology for optimizing utilization of resources, global sales network support, funds and professional management support.

在研發方面，中國東方陸續開發出新的歐標、日標及美標鋼材產品系列，且達到批量生產，進一步拓展了發達地區的市場份額。於二零零八年六月，本集團主要附屬公司河北津西鋼鐵股份有限公司（「津西鋼鐵」）與河北理工大學冶金與能源學院合作成立津西鋼鐵研究院，並將致力於產品研發、技術提升及人材培育三個主要範疇。同時，ArcelorMittal（「安賽樂米塔爾」）在先進鋼鐵產品生產及技術方面的支援勢將令中國東方在亞洲地區的競爭優勢更加明顯。

與安賽樂米塔爾的策略合作

於二零零八年二月，全球最大的鋼鐵綜合企業安賽樂米塔爾完成了無條件強制性現金收購，成為了本公司第二大股東，更加奠定了雙方的戰略合作關係。

於二零零八年四月，中國東方與安賽樂米塔爾簽署了關於引進鋼板樁生產技術及持續提升H型鋼技術等世界一流先進鋼鐵生產科技的技術轉讓協議。同月，中國東方再與安賽樂米塔爾簽訂了鐵礦石及焦炭的長期供應協議，並已於股東特別大會得到批准，有關協議已在執行當中。其他正在商討的合作還包括提供有效利用資源的生產技術、全球銷售網路支持、資金及專業管理方面的支援。

ACCREDITATION FOR THE COMPANY

In July 2008, the Ministry of Commerce awarded Jinxi Iron and Steel "Grade AAA^① class Credible Enterprise", the assessment was based on comprehensive evaluation of an enterprise's financial position, contract performance situation, credit and debt situation.

In July 2008, Jinxi Iron and Steel has been named "Sichuan Earthquake Relief Advanced Entity" by the people's municipal government of Tangshan, in recognition of the Company and its staff's fulfillment of their social responsibilities in contributing to the quake-affected area.

PROSPECTS

Steel selling prices and raw material costs began to stabilize in the second half of 2008. With the two medium and small sized H-section steel production lines becoming operational, the Group's overall annual capacity of H-section steel is expected to reach 3.5 million tonnes. The Group expects that its diverse product series of large, medium and small sizes H-section steel could address the varying demands of end-user customers by offering them one-stop shopping. This can further strengthen the Jinxi Brand H-section steel's image in the steel market, and consolidate the Group's leading position in China's H-section steel market.

The series of catastrophes which occurred in China during the first half of the year had aroused the public concern about the safety of infrastructure and building structures. The broad market recognition of steel structure has fueled the rise in demand for steel. The Group expects that the demand for the Group's steel products will have certain growth in the second half of the year and the coming year.

公司取得的榮譽

於二零零八年七月，國家商務部授予津西鋼鐵AAA^①企業誠信綜合等級，有關評審是根據企業財務狀況、合同履行及債權債務狀況綜合評定。

於二零零八年七月，唐山市人民政府授予津西鋼鐵「唐山市支援四川抗震救災先進集體」榮譽稱號，以表彰公司及廣大員工履行社會責任，為地震災區貢獻一份力量。

前景展望

二零零八年下半年鋼材銷售價格及原材料成本已趨向穩定。隨著兩條中小型H型鋼生產線正式投產，本集團整體H型鋼年產能預期將達到350萬噸。本集團預期有關的大、中及小型H型鋼的多元化產品系列將更便於不同需求的終端客戶一站式採購，更加強化了「津西牌」H型鋼在市場的領先形象，以及鞏固本集團在中國H型鋼市場領導者的地位。

基於今年上半年國內天災頻生，引起了各界對基建設施與建築構造安全性的高度關注，鋼鐵需求隨著鋼結構建築廣泛認受而持續增長，本集團預計今年下半年及明年對本集團的鋼材產品需求仍有一定的增長。

With China being the biggest and one of the fastest growing steel markets in the world, China Oriental and ArcelorMittal's strategic alliance, on the other hand, enables ArcelorMittal to further entrench its leading position in the world's H-section steel market. With the cooperation with ArcelorMittal, and its internal fundamentals and niches, the Group believes it can achieve further vertical integration by incorporating raw material supply chain in the upstream and expanding its diversified value-added product range in the downstream. China Oriental is well-poised to develop into sustainable market leader with the strongest profitability in the China market.

APPRECIATION

The board would like to extend its gratitude to the staff for their dedication and contribution to the Group, and to thank its shareholders for their support and trust in the Company. The Group will continue to join hands with its shareholders and staff to realize shareholders' value and share the Group's growth prospects.

The board would also like to express its appreciation for the staff's enthusiastic donation which raised over RMB3 million for the Sichuan earthquake affected area.



Representative of China Oriental participate in 2008 Beijing Olympic Torch Relay in Tangshan City of Hebei Province
中國東方代表參與於河北省唐山市 2008北京奧運聖火傳遞

中國作為全球最大及發展最快的鋼鐵市場之一，中國東方與安賽樂米塔爾的結盟，不但可以使安賽樂米塔爾進一步擴展其在H型鋼的國際領先地位，本公司相信通過與安賽樂米塔爾的合作，以及本集團自身的良好基礎與優勢，採取縱向延伸的策略，整合上游原材料供應鏈，拓展下游多元化增值產品，中國東方絕對有能力發展成為中國市場上一間盈利能力最強及可持續發展的市場領導者。

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。

董事局亦在此對於廣大員工的慷慨解囊，踴躍捐款逾人民幣三百萬元救助四川地震災區的行為表示深度贊許。

Business and Financial Review

業務和財務概覽

SALES VOLUME

During the first half of 2008, the Group's total sales volume was 2,539,000 tonnes (2007 corresponding period: 2,192,000 tonnes), representing an increase of 16%. The Group's sales volume breakdown was as follows:

銷售量

二零零八年上半年本集團總銷售量為 2,539,000 噸(二零零七年同期: 2,192,000 噸), 上升 16%。本集團於有關期間銷售量如下:

		For the 6 months ended 30 June				
		2008		2007		Changes in Sales volume
		截至六月三十日止六個月				
		二零零八年		二零零七年		
		Sales volume (' 000 tonnes)	Percentage	Sales volume (' 000 tonnes)	Percentage	
		銷量 (千噸)	比例	銷量 (千噸)	比例	變化銷量
Billets	鋼坯	460	18.1%	113	5.1%	307.1%
Strips and strip products	帶鋼及帶鋼類產品	1,285	50.6%	1,373	62.6%	(6.4%)
H-section steel	H型鋼	668	26.3%	633	28.9%	5.5%
Cold rolled sheets and galvanised sheets	冷軋板及 鍍鋅板	126	5.0%	73	3.4%	72.6%
Total	合計	2,539	100.0%	2,192	100.0%	15.8%

Increase in production capacity and increase in market demand during the period under review had led to an increase in the Group's sales volume. Among the Group's various products, billets experienced the most significant growth in sales volume. This was mainly due to the completion of the construction of billet production facilities for the Group's medium and small sized H-section steel production ahead of schedule. With the full commencement of the operation of medium and small sized H-section steel production lines, the additional billet production capacity is expected to be substantially for the production of H-section steel which offers a higher profit margin.

於回顧期內，由於鋼鐵產能的提升以及受惠於整體鋼材市場需求殷切，本集團的產品銷售量上升。在本集團多種產品中，鋼坯銷售量增幅最為顯著。這是由於本年初中小型H型鋼配套的鋼坯生產設施提前完成。預期於中小型H型鋼生產線全面投產後，有關新增鋼坯產能將絕大部分用於生產毛利較高的H型鋼產品。

REVENUE

Revenue of the Group in the first half of 2008 was RMB11.65 billion (2007 corresponding period: RMB6.65 billion), representing an increase of 75%. The Group's sales breakdown and average selling price by product (excluding value-added tax) were as follows:

銷售額

二零零八年上半年本集團總銷售額為人民幣116.50億元(二零零七年同期：人民幣66.50億元)，較二零零七年同期增長75%。本集團於有關期間銷售額及不含增值稅之產品平均銷售單價如下：

		For the 6 months ended 30 June					
		2008		2007		Changes in	
		截至六月三十日止六個月					
		二零零八年		二零零七年			
		Revenue	Average selling price	Revenue	Average selling price	Revenue	Average selling price
		(RMB million)	(RMB/tonne)	(RMB million)	(RMB/tonne)	Revenue	price
		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
		(人民幣百萬元)	(人民幣元/噸)	(人民幣百萬元)	(人民幣元/噸)	變化	變化
Billets	鋼坯	2,011	4,369	284	2,519	608%	73%
Strips and strip products	帶鋼及帶鋼類產品	5,663	4,407	3,878	2,825	46%	56%
H-section steel	H型鋼	3,242	4,856	2,103	3,325	54%	46%
Cold rolled sheets and galvanised sheets	冷軋板及鍍鋅板	723	5,735	371	5,066	95%	13%
Others	其他	11	N/A	12	N/A	(8%)	N/A
			不適用		不適用		不適用
Total	合計	11,650	4,584	6,648	3,028	75%	51%

During the period under review, the domestic and global demand of the iron and steel market remained strong. This along with the substantial increase in raw material prices had resulted in a significant increase in steel product price by 51%. On the other hand, the Group's enhanced capacity had led to a 24% growth in sales.

於回顧期內，國內外鋼鐵市場仍保持強勁的需求，加上原材料價格大幅上漲，帶來本集團鋼鐵產品價格大幅上升約51%。同時本集團的產能提升帶動銷售增加，也帶來約24%的銷售金額增長。

Overseas sales accounted for 6.7% of the total sales (2007 corresponding period: 7.6%). Overseas sales of H-section steel accounted for approximately 72.6% of the total overseas sales (2007 corresponding period: 85.1%).

海外銷售金額佔整體銷售金額的6.7%(二零零七年同期：7.6%)，其中，H型鋼的海外銷售佔整體海外銷售金額約72.6%(二零零七年同期：85.1%)。

Business and Financial Review

業務和財務概覽

COST OF SALES AND GROSS PROFIT

The consolidated gross profit of the Company for the first half of 2008 amounted to RMB1,351 million (2007 corresponding period: RMB1,089 million), representing an increase of 24%. Gross profit margin was 11.6% (2007 corresponding period: 16.4%).

Gross profit per tonne increased from the corresponding period of last year's RMB496 to RMB532 during the period under review, representing an increase of RMB36 or 7% per tonne showing a larger increase in dollar amount in average unit selling price than in average unit cost. The decrease in gross profit margin was due to the increase in the cost of sales in terms of percentage at a greater pace than the increase in revenue, which in turn was due to the significant increase in the prices of raw materials such as iron ore and coke.

Average cost and gross profit per tonne during the period were as follows:

成本及毛利

二零零八年上半年的綜合毛利為人民幣13.51億元(二零零七年同期：人民幣10.89億元)，較二零零七年同期增加24%。毛利率為11.6%(二零零七年同期：16.4%)。

在期內每噸鋼材銷售毛利為人民幣532元，較二零零七年同期的人民幣496元，每噸增長達人民幣36元或7%反映出平均售價金額增幅高於平均成本金額的增幅。毛利率的下降則是因為鐵礦石及焦炭等原材料價格大幅上漲，導致銷售成本百分比的上調幅度高於收入的上調幅度。

本集團於有關期間每噸平均成本及毛利如下：

		For the 6 months ended 30 June					
		2008			2007		
		截至六月三十日止六個月					
		二零零八年			二零零七年		
		Average cost	Gross profit	Gross profit margin	Average cost	Gross profit	Gross profit margin
		per tonne	per tonne		per tonne	per tonne	
		(RMB)	(RMB)		(RMB)	(RMB)	
		每噸平均	每噸	毛利率	每噸平均	每噸	毛利率
		成本	毛利		成本	毛利	
		(人民幣元)	(人民幣元)		(人民幣元)	(人民幣元)	
Billets	鋼坯	3,920	449	10.3%	2,219	300	11.9%
Strips and strip products	帶鋼及帶鋼類產品	3,953	454	10.3%	2,395	430	15.2%
H-section steel	H型鋼	4,091	765	15.8%	2,601	724	21.8%
Cold rolled sheets and galvanised sheets	冷軋板及鍍鋅板	5,344	391	6.8%	4,984	82	1.6%
Total	合計	4,052	532	11.6%	2,532	496	16.4%

COST OF SALES AND GROSS PROFIT *(continued)*

The gross profit margin for the first half of 2008 decreased due to the substantial increase in raw material price. The Group's overall profitability was not affected. Gross profit of the Group increased by 24% to RMB1,351 million. Meanwhile, the operation of Jinxi Jinlan had been further enhanced and the gross profit and gross profit margin of its cold rolled sheets and galvanised sheets has continued to improve.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 June 2008, the Group had a workforce of 8,000 and temporary staff of 2,700. 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. The Group's remuneration policies are to tie its employees' income to their productivity and/or sales volume, as well as to the extent that they meet the Company's quality control and cost control targets.

DIVIDEND POLICY

The Company plans to distribute not less than 20% of the Group's distributable profit as dividend. However the actual amount of dividend and its percentage to 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 Iron and Steel'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.

成本及毛利 *(續)*

二零零八年上半年的毛利率受到原材料價格大幅上升的影響而下降，但本集團整體盈利並未受到影響，毛利金額更上升24%至人民幣13.51億元。同時，津西金蘭的營運管理進一步提升，其生產的冷軋板及鍍鋅板毛利及毛利率皆錄得持續改善。

人力資源及薪酬政策

於二零零八年六月三十日，本集團僱用員工約8,000人及臨時工人約2,700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。本集團的薪酬政策是將僱員的收入與生產力及／或銷量掛鉤，並視乎彼等符合集團品質控制及成本控制目標的程度而定。

股息政策

本公司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它因素而酌情釐定。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釐定的純利。

FINANCIAL REVIEW

Capital Structure

The cash and cash equivalents of the Group as at 30 June 2008 was RMB645 million (31 December 2007: RMB690 million). After taking out the cash and cash equivalents and the relevant restricted bank balances, net borrowings was RMB879 million (31 December 2007: RMB535 million), accounting for 12% (31 December 2007: 8%) of the Group's consolidated net assets after deducting minority interest of RMB7,224 million (31 December 2007: RMB6,549 million).

The net current assets was RMB983 million as at 30 June 2008 (31 December 2007: RMB1,004 million). The current ratio (current assets divided by current liabilities) was 1.2 as at 30 June 2008 (31 December 2007: 1.4). As at 30 June 2008, the ratio between total liabilities and total assets of the Group was 45% (31 December 2007: 34%).

The net asset value per share of the Group as at 30 June 2008 was RMB2.47 (31 December 2007: RMB2.24), representing an increase of 10%.

The consolidated interest expenses on borrowings in the first half of 2008 amounted to RMB48,885,000 (2007 corresponding period: RMB30,664,000). The interest coverage (divide earnings before interests and taxes by total interest expenses) was 25.0 times (2007 corresponding period: 31.5 times).

Subsequent to the period end, the Group has been granted a total of RMB1,249 million banking facilities and borrowings, which comprise RMB449 million trade line and RMB800 million borrowings under an assets sale and leaseback arrangement.

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

財務回顧

資本結構

本集團於二零零八年六月三十日的現金及現金等價物為人民幣6.45億元(二零零七年十二月三十一日: 人民幣6.90億元)。扣除現金及現金等價物及相關的受限制銀行結餘後, 本集團的銀行借貸淨額為人民幣8.79億元(二零零七年十二月三十一日: 人民幣5.35億元), 佔本集團扣除少數股東權益後綜合淨資產72.24億元(二零零七年十二月三十一日: 人民幣65.49億元)的12%(二零零七年十二月三十一日: 8%)。

於二零零八年六月三十日, 淨流動資產為人民幣9.83億元(二零零七年十二月三十一日: 人民幣10.04億元)。本集團於二零零八年六月三十日的流動比率(流動資產除以流動負債)為1.2(二零零七年十二月三十一日: 1.4)。本集團於二零零八年六月三十日的總負債與總資產比率為45%(二零零七年十二月三十一日: 34%)。

本集團於二零零八年六月三十日的每股淨資產值為人民幣2.47元(二零零七年十二月三十一日: 人民幣2.24元), 較去年上升10%。

二零零八年上半年綜合借款利息支出共人民幣4,888.5萬元(二零零七年同期: 人民幣3,066.4萬元)。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25.0倍(二零零七年同期: 31.5倍)。

於結算日後, 本集團被授予一項總額為人民幣12.49億元的銀行授信額度及借款, 其中包括貿易授信人民幣4.49億元以及售後回租交易安排下的借款人民幣8億元。

本集團的財務狀況處於非常穩健的水平。

FINANCIAL REVIEW (continued)

Capital Commitments

As at 30 June 2008, the Group had capital commitments amounted to RMB2,083 million (31 December 2007: RMB1,161 million), which mainly consisted of the capital commitments to the construction of a coking plant with annual production capacity of 2.2 million tonnes and medium and small sized H-section steel production lines with annual production capacity of 2 million tonnes and other ancillary projects. It is estimated the capital commitments will be financed by the Group's internal resources and borrowings.

Guarantees and Contingent Liabilities

As at 30 June 2008, the Group's contingent liabilities amounted to RMB61 million (31 December 2007: RMB31 million) which was the provision of guarantee for bank borrowings in favor of third parties.

Pledge of Assets

As at 30 June 2008, the net book value of the Group's property, plant and equipment amounting to RMB1,394 million (31 December 2007: RMB1,396 million), land use rights amounting to RMB63 million (31 December 2007: RMB24 million), inventories amounting to RMB489 million (31 December 2007: RMB57 million), notes receivable amounting to RMB480 million (31 December 2007: RMB158 million) and restricted bank balances amounting to RMB476 million (31 December 2007: RMB172 million) had been pledged as security for the Group's banking facilities.

財務回顧(續)

資本性承擔

於二零零八年六月三十日，本集團的資本性承擔為人民幣20.83億元(二零零七年十二月三十一日：人民幣11.61億元)，主要為年產量220萬噸的焦化項目及年產量200萬噸的中小型H型鋼生產線和其它配套工程項目的資本性承擔。預計將由集團自有資金及貸款所融資。

擔保及或然負債

於二零零八年六月三十日，本集團的或然負債為人民幣0.61億元(二零零七年十二月三十一日：人民幣0.31億元)，為替第三方作銀行借貸擔保。

資產抵押

於二零零八年六月三十日，本集團帳面淨值人民幣13.94億元(二零零七年十二月三十一日：人民幣13.96億元)的物業、廠房及設備、人民幣0.63億元(二零零七年十二月三十一日：人民幣0.24億元)的土地使用權、人民幣4.89億元的存貨(二零零七年十二月三十一日：人民幣0.57億元)、人民幣4.80億元的應收票據(二零零七年十二月三十一日：人民幣1.58億元)及人民幣4.76億元的受限制銀行結餘(二零零七年十二月三十一日：人民幣1.72億元)，已作為本集團獲授銀行融資的抵押品。

FINANCIAL REVIEW (continued)

Exchange Risks

As at 30 June 2008, Renminbi, US dollar, HK dollar and Euro accounted for 87.14%, 12.64%, 0.22% and 0.0005% of the Group's total bank balances (including restricted bank balances) respectively (31 December 2007: 82.17%, 15.42%, 2.41% and 0.001% respectively). As most of the sales, raw materials procurement and bank loans during the first half of 2008 and 2007 were denominated in RMB, hence the exchange risk sustained to the Group is relatively low.

Interest Rates 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 derivatives to hedge its interest rate risk exposure.

Post Balance Sheet Events

Saved as disclosed in this report, 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

本集團於二零零八年六月三十日的銀行存款結餘(包括受限制銀行結餘)中，人民幣、美元、港元及歐元分別佔87.14%、12.64%、0.22%及0.0005%(二零零七年十二月三十一日：分別佔82.17%、15.42%、2.41%及0.001%)。由於本集團於二零零八年上半年及二零零七年的大部份銷售、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。

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

At 30 June 2008, the long and short positions of the directors of the Company (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 required to be kept by the Company; or were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO); or were required pursuant to the Model Code for Securities Transactions adopted by the Company, were as follows:

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

	Corporate Interest 公司權益	Personal Interest 個人權益	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
Mr. Han Jingyuan (Note 1) 韓敬遠先生(備註一)	1,317,502,849	–	44.98%	Long 好倉
	–	2,800,000	0.10%	Long 好倉
Mr. Zhu Jun 朱軍先生	–	2,400,000	0.08%	Long 好倉
Mr. Liu Lei 劉磊先生	–	2,400,000	0.08%	Long 好倉
Mr. Shen Xiaoling 沈曉玲先生	–	2,400,000	0.08%	Long 好倉
Mr. Gao Qingju 高清舉先生	–	1,686,000	0.06%	Long 好倉

董事於證券的權益及淡倉

於二零零八年六月三十日，董事及行政成員於本公司及其相關法團(定義見香港法例第571章證券及期貨例「證券及期貨條例」第十五部)股份、相關股份及債權證中，擁有根據證券及期貨條例第352條紀錄於本公司須予存置之登記冊內之權益或淡倉；或根據證券及期貨條例第十五部第7及第8部分，須通知本公司及香港聯合交易所有限公司(「聯交所」)之權益或淡倉(包括根據證券及期貨條例的該等條文、彼被當作或視作擁有的權益或淡倉)；及根據本公司已採納的董事進行證券交易的標準守則規定，須通知本公司及聯交所之權益及淡倉如下：

所持股份數目及於本公司的權益性質：

Notes:

1. At 30 June 2008, 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 a subsidiary of the Company. Wellbeing Holdings beneficially owned 1,255,849,124 shares representing approximately 42.88% of the issued share capital of the Company. Mr. Han also beneficial owner of 100% of the issued share capital of Chingford Holdings Limited ("Chingford Holdings") which beneficially owned 61,653,725 shares representing approximately 2.1% of the issued shares of the Company.

At 30 June 2008, Mr. Han Jingyuan beneficially owns 2,800,000 shares representing approximately 0.10% of the issued share capital of the Company.

Save as disclosed above and in the section of "Equity-settled share option scheme" below at 30 June 2008, 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 adopted by the Company.

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.

備註：

1. 於二零零八年六月三十日，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一間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 實益持有 1,255,849,124 股，約佔本公司已發行股本 42.88% 權益。彼於二零零八年六月三十日亦實益持有 Chingford Holdings Limited (「Chingford Holdings」) 全部已發行股本，而 Chingford Holdings 持有本公司 61,653,725 股，約佔本公司已發行股本 2.1% 權益。

於二零零八年六月三十日，韓敬遠先生私人實益持有 2,800,000 股，約佔本公司已發行股本 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」部份外，於二零零八年六月三十日，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。

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。

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 period and at the date of this report were as follows:

於本報告日，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—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。於本報告日期和本期內尚未行使的購股權詳情如下：

	No. of options outstanding at 1 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 last year 於上年內 授予的 購股權數目	No. of options exercised/ cancelled/lapsed during last year 於上年內 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 during the period under review 於本期內 已行使/ 註銷/失效的 購股權數目	No. of options 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 HKD 港元	Closing price per share immediately before the date of grant 緊接授出日期前 每股收市價 HKD 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
Mr. Shen Xiaoling 沈曉玲先生	2,400,000*	-	2,400,000	-	-	-	1.76	1.74
Mr. Yu Jianshui 于建水先生	-	2,400,000**	-	2,400,000	2,400,000	-	5.24	5.24
Mr. Gao Qingju 高清舉先生	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

** granted on 27 October 2007

* 於二零零六年六月三十日授予

** 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 2.2 of the consolidated condensed interim financial information.

以股權結算的購股權的會計準則於綜合簡明中期財務資料附註2.2中列出。

Other Information 其他資料

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the period 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.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2008, 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:

Name 名稱	Number of Shares held 所持股份數目	Percentage of the Company's issued share capital 佔本公司已發行 股本百分比	Long/ Short Position 好/淡倉
Wellbeing Holdings Limited Wellbeing Holdings Limited	1,255,849,124	42.88%	Long 好倉
Mittal Steel Holdings AG ("Mittal AG") (Note 1) Mittal Steel Holdings AG (備註一)	867,711,151 509,780,740	29.62% 17.40%	Long 好倉 Long 好倉
ING Bank N.V. (Note 2) ING Bank N.V. (備註二)	289,990,800 289,990,800	9.90% 9.90%	Long 好倉 Short 淡倉
Deutsche Bank Aktiengesellschaft (Note 3) Deutsche Bank Aktiengesellschaft (備註三)	220,934,306 219,801,940	7.54% 7.50%	Long 好倉 Short 淡倉

董事認購股份或債券的權利

除上文所披露者外，於期內任何時間，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他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。

主要股東

於二零零八年六月三十日，本公司根據證券及期貨條例第336條所存置的股東名冊所記錄，下列人士(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：

Notes:

1. As at 30 June 2008, Mr. Lakshmi Niwas Mittal and Mrs. Usha Mittal directly own 36.24% and indirectly own 36.24% of the issued share capital of ArcelorMittal, which indirectly holds 75% interest in Mittal AG that beneficially owns 867,711,151 shares representing approximately 29.62% of the issued share capital of the Company.

On 30 April 2008, Mittal AG entered into a put option agreement with ING Bank N.V. and Deutsche Bank Aktiengesellschaft and pursuant to the terms and conditions as contained therein, Mittal AG granted an option to ING Bank N.V. and Deutsche Bank Aktiengesellschaft respectively for an aggregate amount of 509,780,740 Shares representing approximately 17.40% of the issued share capital of the Company.

2. On 30 April 2008, Mittal AG and ING Bank N.V. entered into a put option agreement whereas Mittal AG granted an option to ING Bank NV to sell 289,990,800 Shares in accordance with the terms and conditions contained therein. As at 30 June 2008, ING Bank NV owns 289,990,800 Shares representing approximately 9.90% of the issued shares capital of the Company.
3. On 30 April 2008, Mittal AG and Deutsche Bank Aktiengesellschaft entered into a put option agreement whereas Mittal AG granted an option to Deutsche Bank Aktiengesellschaft to sell 219,789,940 Shares in accordance with the terms and conditions contained therein. As at 30 June 2008, Deutsche Bank Aktiengesellschaft owns 220,934,306 Shares representing approximately 7.54% of the issued shares capital of the Company.

Saved as disclosed above, at 30 June 2008, 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.

備註：

1. 於二零零八年六月三十日，Lakshmi Niwas Mittal先生和Usha Mittal太太直接擁有安賽樂米塔爾已發行股份36.24%權益和間接擁有安賽樂米塔爾已發行股份36.24%權益而安賽樂米塔爾間接擁有Mittal AG 75%權益，彼直接持有867,711,151股，約佔本公司已發行股本29.62%權益。

於二零零八年四月三十日，Mittal AG分別與ING Bank N.V.和Deutsche Bank Aktiengesellschaft簽訂了一份認沽期權協議並根據有關條款，Mittal AG分別授予ING Bank N.V.和Deutsche Bank Aktiengesellschaft一個認沽期權，合共509,780,740股，約佔本公司已發行股本17.40%權益。

2. 於二零零八年四月三十日，Mittal AG與ING Bank N.V.簽訂了一份認沽期權協議和根據有關條款，Mittal AG授予ING Bank N.V.一個認沽期權可出售289,990,800股。於二零零八年六月三十日，ING Bank N.V.持有289,990,800股，約佔本公司已發行股本9.90%權益。
3. 於二零零八年四月三十日，Mittal AG與Deutsche Bank Aktiengesellschaft簽訂了一份認沽期權協議並根據有關條款，Mittal Steel授予Deutsche Bank Aktiengesellschaft一個認沽期權可出售219,789,940股。於二零零八年六月三十日，Deutsche Bank Aktiengesellschaft持有220,934,306股，約佔本公司已發行股本7.54%權益。

除上文所披露者外，於二零零八年六月三十日，本公司根據證券及期貨條例第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。

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a code of conduct regarding directors of the Company's securities transactions on terms no less than exacting 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 throughout the period and its code of conduct regarding directors' securities transactions.

AUDIT COMMITTEE AND INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has established an Audit Committee comprised all three Independent Non-Executive Directors namely Mr. Gao Qingju, Mr. Yu Tung Ho and Mr. Wong Man Chung, Francis with written term of reference in compliance with the requirement of Listing Rules.

The Audit Committee has reviewed the unaudited consolidated condensed interim financial information and the auditors of the Company have conducted their review in accordance with Hong Kong Standard on Review Engagements 2410 issued by the HKICPA. On 18 August 2008, the Committee met with the management to review the unaudited consolidated condensed interim financial information and consider the significant accounting policies.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2008.

上市公司董事進行證券交易的標準守則

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」）所載的規定的標準。

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，彼等於該期間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。

審核委員會和獨立非執行董事

本公司設有審核委員會，由全部三位獨立非執行董事：高清舉先生、余統浩先生和黃文宗先生組成，其職責範疇是符合上市規則的要求。

審核委員會已審閱未經審核綜合簡明中期財務資料。本公司核數師之審閱工作是按照香港會計師公會頒佈之香港審閱準則第2410號進行的。委員會已於二零零八年八月十八日與管理層會面，共同審閱未經審核之綜合簡明中期財務資料及評核重大會計政策之選用。

購買、出售或贖回本公司上市證券

於截至二零零八年六月三十日止六個月內，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。

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company complied with the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Listing Rules, throughout the period except the following:

Under Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Currently, Mr. Han Jingyuan serves as the Chairman of the Board and the Chief Executive Officer of the Group. 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.

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.

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. Mr Han Jingyuan, the Chairman of the Board is willing subject to re-election when the services contracts expire at the general meeting held in that year. The Board will consider amending the By-laws in the future in order to comply with the Code Provision in the future.

遵守企業管治常規守則

董事認為，除下文所披露外，於該期間內本公司一直遵守上市規則附錄十四所載的企業管治常規守則。

根據守則條文第A.2.1條，主席與行政總裁的角色應有區分，並不應由一人同時兼任。目前，韓敬遠先生擔任董事局主席和本集團行政總裁。董事局相信無需區分本公司的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／總經理職務已由其它人士擔任，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。

根據本公司將來的營運或業務拓展情況，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。

根據本公司章程第87(1)條，於每屆股東周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。當服務合同年期屆滿時，董事局主席韓敬遠先生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條款要求。

CLOSURE OF REGISTER OF MEMBERS AND PAYMENT OF INTERIM DIVIDEND

The register of members of the Company will be closed from Thursday, 16 October 2008 to Monday, 20 October 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars Hong Kong Branch, Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Wednesday, 15 October 2008. 2008 interim dividend will be paid on Wednesday, 12 November 2008.

LIST OF DIRECTORS

At the date of this report, the Executive Directors of the Board are Mr. Han Jingyuan, Mr. Zhu Jun, Mr. Liu Lei, Mr. Shen Xiaoling, Mr. Yu Jianshui and Mr. Zhu Hao. The Independent Non-Executive Directors are Mr. Gao Qingju, Mr. Yu Tung Ho and Mr. Wong Man Chung, Francis.

By order of the Board

China Oriental Group Company Limited

Han Jingyuan

Chairman and Chief Executive Officer

Hong Kong, 18 August 2008

暫停辦理股份登記和派付中期股息

本公司將於二零零八年十月十六日(星期四)至二零零八年十月二十日(星期一)(包括首尾兩天)暫停辦理股份過戶登記。為符合獲派中期股息的資格,所有過戶文件連同有關股票必須於二零零八年十月十五日(星期三)下午四時正前,送達本公司股份過戶登記處香港分處卓佳證券登記有限公司,地址為香港皇后大道東二十八號金鐘匯中心二十六樓。二零零八年中期息將於二零零八年十一月十二日(星期三)派發。

董事名單

於本報告日,本董事局的執行董事為韓敬遠先生、朱軍先生、劉磊先生、沈曉玲先生、于建水先生及朱浩先生;獨立非執行董事為高清舉先生、余統浩先生、及黃文宗先生。

承董事局命

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, 二零零八年八月十八日

Report on Review of Interim Financial Information

中期財務資料的審閱報告

TO THE BOARD OF DIRECTORS OF CHINA ORIENTAL GROUP COMPANY LIMITED

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 29 to 68, which comprises the consolidated condensed balance sheet of China Oriental Group Company Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2008 and the related consolidated condensed income statement, the consolidated condensed statement of changes in equity and the consolidated condensed cash flow statement for the six-months period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

致中國東方集團控股有限公司董事局
(於百慕達註冊成立的有限公司)

引言

本核數師(以下簡稱「我們」)已審閱列載於第29至68頁的中期財務資料，此中期財務資料包括中國東方集團控股有限公司(「貴公司」)及其子公司(合稱「貴集團」)於二零零八年六月三十日的綜合簡明資產負債表與截至該日止六個月期間的相關綜合簡明收益表、綜合簡明權益變動表和綜合簡明現金流量表，以及主要會計政策概要和其他附註解釋。香港聯合交易所有限公司主板證券上市規則規定，就中期財務資料編制的報告必須符合以上規則的有關條文以及香港會計師公會頒佈的香港會計準則第34號「中期財務報告」。貴公司董事須負責根據香港會計準則第34號「中期財務報告」編制及列報該等中期財務資料。我們的責任是根據我們的審閱對該等中期財務資料作出結論，並按照委聘之條款僅向整體董事局報告，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。

審閱範圍

我們已根據香港會計師公會頒佈的香港審閱準則第2410號「由實體的獨立核數師執行中期財務資料審閱」進行審閱。審閱中期財務資料包括主要向負責財務和會計事務的人員作出查詢，及應用分析性和其他審閱程序。審閱的範圍遠較根據香港審計準則進行審核的範圍為小，故不能令我們可保證我們將知悉在審核中可能被發現的所有重大事項。因此，我們不會發表審核意見。

Report on Review of Interim Financial Information

中期財務資料的審閱報告

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 18 August 2008

結論

按照我們的審閱，我們並無發現任何事項，令我們相信中期財務資料在各重大方面未有根據香港會計準則第34號「中期財務報告」編制。

羅兵咸永道會計師事務所

執業會計師

香港，二零零八年八月十八日

Consolidated Condensed Interim Balance Sheet

綜合簡明中期資產負債表

(All amounts in Renminbi ("RMB") thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

		As at	
		30 June 2008	31 December 2007
		於	
		二零零八年 六月三十日	二零零七年 十二月三十一日
		Unaudited 未經審核	Audited 經審核
ASSETS	資產		
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	5 7,255,977	6,405,538
Leasehold land and land use rights	租賃土地及土地使用權	5 75,615	76,441
Investment properties	投資物業	5 18,804	19,328
Intangible assets	無形資產	5 7,667	-
Investments in an associate	聯營公司投資	8,940	8,122
Loan receivable	應收貸款	6 130,000	-
Deferred income tax assets	遞延所得稅資產	13,035	3,194
Total non-current assets	非流動資產合計	7,510,038	6,512,623
Current assets	流動資產		
Inventories	存貨	3,335,189	1,836,997
Trade receivables	應收貿易賬款	7 1,133,508	488,825
Other current assets	其他流動資產	8,089	4,037
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款	8 562,529	447,156
Financial assets at fair value through profit or loss	按公平值計量且其變動計入損益的金融資產	154	146
Amounts due from related parties	應收關聯方款項	22(c) 22,141	11,055
Restricted bank balances	受限制銀行結餘	476,141	171,690
Cash and cash equivalents	現金及現金等價物	645,205	689,591
Total current assets	流動資產合計	6,182,956	3,649,497
Total assets	總資產	13,692,994	10,162,120
EQUITY	權益		
Capital and reserves attributable to equity holders of the Company	本公司權益持有人應佔股本及儲備		
Ordinary shares	普通股	9 311,669	311,444
Share premium	股份溢價	9 2,189,695	2,185,964
Other reserves	其他儲備	10 1,144,182	1,144,182
Retained earnings	留存收益	3,578,183	2,907,100
		7,223,729	6,548,690
Minority interest	少數股東權益	248,846	147,414
Total equity	權益合計	7,472,575	6,696,104

Consolidated Condensed Interim Balance Sheet (continued)

綜合簡明中期資產負債表(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

		As at	
		30 June 2008	31 December 2007
		於	
		二零零八年 六月三十日	二零零七年 十二月三十一日
		Unaudited 未經審核	Audited 經審核
	Note 附註		
LIABILITIES			
Non-current liabilities			
Borrowings	13	745,000	765,000
Deferred revenues	3	80,000	-
Amounts due to related parties	22(c)	65,055	55,733
Other long-term payable	14	130,000	-
Total non-current liabilities		1,020,055	820,733
Current liabilities			
Trade payables	11	2,231,292	715,535
Accruals, advances from customers and other current liabilities	12	1,697,930	1,371,328
Amounts due to related parties	22(c)	42,224	8,571
Current income tax liabilities		267,062	88,382
Borrowings	13	959,666	460,000
Dividends payable		2,190	1,467
Total current liabilities		5,200,364	2,645,283
Total liabilities		6,220,419	3,466,016
Total equity and liabilities		13,692,994	10,162,120
Net current assets		982,592	1,004,214
Total assets less current liabilities		8,492,630	7,516,837

The notes on page 34 to 68 form an integral part of this consolidated condensed interim financial information.

第34至68頁的附註為本綜合簡明中期財務資料的整體部份。

Consolidated Condensed Interim Income Statement

綜合簡明中期收益表

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

		Six months ended 30 June	
		2008	2007
		截至六月三十日止六個月	
		二零零八年	二零零七年
		Unaudited	Unaudited
		未經審核	未經審核
	Note 附註		
Revenue	4	11,649,520	6,648,045
Cost of goods sold		(10,298,601)	(5,558,614)
Gross profit		1,350,919	1,089,431
Other income		6,553	1,040
Distribution costs		(44,231)	(27,890)
Administrative expenses		(120,980)	(85,727)
Other expenses		(5,391)	(3,401)
Other losses – net		(6,431)	(10,773)
Operating profit	15	1,180,439	962,680
Finance income		7,594	5,293
Finance costs		(17,588)	(30,664)
Share of profit/(loss) of an associate		818	(625)
Profit before income tax		1,171,263	936,684
Income tax expense	16	(305,008)	(148,472)
Profit for the period		866,255	788,212
Attributable to:			
– equity holders of the Company		835,440	768,881
– minority interest		30,815	19,331
		866,255	788,212
Earnings per share for profit attributable to equity holders of the Company during the period (express in RMB per share)			
– basic	17	0.29	0.26
		Not applicable	
– diluted	17	不適用	0.26
Dividends	18	167,088	154,864

The notes on page 34 to 68 form an integral part of this consolidated condensed interim financial information.

第34至68頁的附註為本綜合簡明中期財務資料的整體部份。

Consolidated Condensed Interim Statement of Changes in Equity

綜合簡明中期權益變動表

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

		Note 附註	Attributable to equity holders of the Company 本公司權益持有人應佔					Minority interest 少數股東權益	Total equity 權益合計
			Share capital 股本	Other reserves 其他儲備	Retained earnings 留存收益	Total 總計			
Balance at	於二零零七年								
1 January 2007	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 period	期內溢利		-	-	768,881	768,881	19,331	788,212	
Employee share options scheme:	僱員購股權計劃：								
- Proceeds from exercising share options	一行使購股權款項	10	5,114	-	-	5,114	-	5,114	
Acquisition from a minority shareholder	收購少數股東權益		-	-	-	-	704	704	
Dividends relating to 2006	二零零六年股息	18	-	-	(132,149)	(132,149)	(4,322)	(136,471)	
			5,114	-	636,732	641,846	15,713	657,559	
Balance at 30 June 2007 (unaudited)	於二零零七年六月三十日 的結餘(未經審核)		2,465,489	984,296	2,671,188	6,120,973	138,035	6,259,008	
Balance at	於二零零八年								
1 January 2008	一月一日的結餘		2,497,408	1,144,182	2,907,100	6,548,690	147,414	6,696,104	
Profit for the period	期內溢利		-	-	835,440	835,440	30,815	866,255	
Employee share options scheme:	僱員購股權計劃：								
- Proceeds from exercising share options	一行使購股權款項	10	3,956	-	-	3,956	-	3,956	
Acquisition from a minority shareholder	收購少數股東權益	3	-	-	-	-	(25,655)	(25,655)	
Minority shareholder's injection	少數股東注資	3	-	-	-	-	103,314	103,314	
Dividends relating to 2007	二零零七年股息	18	-	-	(164,357)	(164,357)	(7,042)	(171,399)	
			3,956	-	671,083	675,039	101,432	776,471	
Balance at 30 June 2008 (unaudited)	於二零零八年六月三十日 的結餘(未經審核)		2,501,364	1,144,182	3,578,183	7,223,729	248,846	7,472,575	

The notes on page 34 to 68 form an integral part of this consolidated condensed interim financial information.

第34至68頁的附註為本綜合簡明中期財務資料的整體部份。

Consolidated Condensed Interim Cash Flow Statement

綜合簡明中期現金流量表

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

		Six months ended 30 June		
		2008	2007	
		截至六月三十日止六個月	截至六月三十日止六個月	
		二零零八年	二零零七年	
		Unaudited	Unaudited	
		未經審核	未經審核	
	Note 附註			
Net cash generated from/(used in) operating activities	經營活動產生/(所耗)的現金淨額	19	304,663	(4,001)
Net cash used in investing activities	投資活動所耗的現金淨額		(550,207)	(217,698)
Net cash generated from financing activities	融資活動產生的現金淨額		210,526	164,023
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額		(35,018)	(57,676)
Cash and cash equivalents at 1 January	於一月一日的現金及現金等價物		689,591	434,905
Effect of foreign exchange rate changes	外幣匯率變動的影響		(9,368)	(7,408)
Cash and cash equivalents at 30 June	於六月三十日的現金及現金等價物		645,205	369,821

The notes on page 34 to 68 form an integral part of this consolidated condensed interim financial information.

第34至68頁的附註為本綜合簡明中期財務資料的整體部份。

Notes to the Consolidated Condensed Interim Financial Information

綜合簡明中期財務資料附註

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

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.

This consolidated condensed interim financial information was approved for issue on 18 August 2008.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

This consolidated condensed interim financial information for the six months ended 30 June 2008 has been prepared in accordance with HKAS 34, ‘Interim financial reporting’. This consolidated condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with HKFRSs.

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，並主要向位於中國的客戶進行銷售。

本綜合簡明中期財務資料於二零零八年八月十八日獲准刊發。

2. 編制基準及會計政策

2.1 編制基準

此截至二零零八年六月三十日止六個月的綜合簡明中期財務資料乃按照香港會計準則第34號「中期財務報告」編製。此綜合簡明中期財務資料應與截至二零零七年十二月三十一日止年度的年度財務報表(乃按照香港財務報告準則編製)一併閱覽。

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2007, as described in the annual financial statements for the year ended 31 December 2007, which has been approved by the Board of Directors (the "Board") on 27 March 2008.

- Operating leases as a lessor

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset.

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

- Goodwill

Goodwill either on acquisition of subsidiaries or on transaction with minority interest is included in intangible assets. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the acquisition in which the goodwill arose.

2. 編制基準及會計政策(續)

2.2 會計政策

除下述者外，編製本綜合簡明中期財務資料所採納的會計政策乃與截至二零零七年十二月三十一日止年度的年度財務報表所採納者一致，此等會計政策載述於截至二零零七年十二月三十一日止年度的年度財務報表，已由董事局於二零零八年三月二十七日批准。

- 作為出租人之經營租賃

當資產根據經營租賃出租，資產根據其性質包括在資產負債表內。

經營租賃之租賃收入用直線法在租賃期內確認。

- 商譽

收購附屬公司或與少數股東交易的商譽包括在無形資產內。單獨確認的商譽每年進行減值測試，並以成本減累計減值虧損列賬。商譽的減值虧損不可被轉回。出售一間實體所獲收益或虧損亦包括與被出售實體有關的商譽賬面值。

就減值測試而言，商譽會分配至現金產生單位。此項分配是對預期可從產生商譽的收購中得益的現金產生單位或現金產生單位的組別而作出。

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 ACCOUNTING POLICIES (continued)

The following new interpretation is mandatory for the first time for the financial year beginning 1 January 2008:

- HK(IFRIC)-Int 11, 'HKFRS 2 – Group and treasury share transactions' (effective for annual period beginning on or after 1 March 2007). This interpretation does not have any significant impact on the consolidated condensed interim financial information as the Group has already adopted the principles that are consistent with HK(IFRIC)-Int 11.

The following new interpretations are mandatory for the first time for the financial year beginning 1 January 2008 but are not currently relevant for the Group:

- HK(IFRIC)-Int 12, 'Service concession arrangements'
- HK(IFRIC)-Int 14, 'HKAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction'

2. 編制基準及會計政策(續)

2.2 會計政策(續)

下列新訂詮釋必須於二零零八年一月一日開始的財政年度首次採用：

- 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」(於二零零七年三月一日或之後開始的年度期間生效)。由於本集團已採用與香港(國際財務報告詮釋委員會)－詮釋第11號一致的原則，故此項詮釋對綜合簡明中期財務資料並無重大影響。

下列新訂詮釋必須於二零零八年一月一日開始的財政年度首次採用，但目前與本集團無關：

- 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」
- 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－界定福利資產之限制、最低資金要求及兩者之互動關係」

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 ACCOUNTING POLICIES (continued)

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

- HKFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009. HKFRS 8 replaces HKAS 14, 'Segment reporting', and 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 impact is still being assessed in detail, but it appears likely that the number of reported segments may increase.
- HKAS 23 (amendment), 'Borrowing costs', effective for annual periods beginning on or after 1 January 2009. 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 capitalising borrowing costs for qualify assets in accordance with existing HKAS 23.
- HKFRS 2 (amendment), 'Share-based payment', effective for annual periods beginning on or after 1 January 2009. The Group will apply HKFRS 2 amendment from 1 January 2009, but it is not expected to have any impact on the Group's accounts.

2. 編制基準及會計政策(續)

2.2 會計政策(續)

下列新訂準則、對準則的修訂及詮釋已頒佈，但仍未於二零零八年一月一日開始的財政年度生效及並無提早採納：

- 香港財務報告準則第8號「營運分部」，自二零零九年一月一日或之後開始的年度期間生效。香港財務報告準則第8號取代了香港會計準則第14號「分部報告」，並要求採用「管理方法」，即分部資料須按照與內部報告所採用的相同基準呈報。本集團將自二零零九年一月一日起採用香港財務報告準則第8號。預期影響正待詳細評估，惟或會增加報告分部的數量。
- 香港會計準則第23號(修訂本)「借貸成本」，自二零零九年一月一日或之後開始的年度期間生效。本集團將自二零零九年一月一日起採用香港會計準則第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，由於本集團已採用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，故其預期對本集團賬目並無重大影響。
- 香港財務報告準則第2號(修訂本)「基於股份的支付」，自二零零九年一月一日或之後開始的年度期間生效。本集團將自二零零九年一月一日起採用香港財務報告準則第2號(修訂本)，但預期將不會對本集團賬目產生影響。

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 ACCOUNTING POLICIES (continued)

- HKFRS 3 (amendment), 'Business combinations' and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates' and HKAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The Group will apply those standards from 1 January 2010. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the Group.
- HKAS 1 (amendment), 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. Management is assessing the impact under the revised disclosure requirements of this standard.
- HKAS 32 (amendment), 'Financial instruments: presentation', and consequential amendments to HKAS 1, 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. The amendment requires some puttable financial instruments and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity. This is not relevant to the Group as the Group does not have any puttable instruments.

2. 編制基準及會計政策(續)

2.2 會計政策(續)

- 香港財務報告準則第3號(修訂本)「業務合併」，及連帶對香港會計準則第27號「綜合及獨立財務報表」、香港會計準則第28號「聯營公司投資」及香港會計準則第31號「合營企業權益」的修訂本，以未來適用法於收購日期為二零零九年七月一日或其後開始的首個年度報告期或其後期間的業務合併生效。本集團將自二零一零年一月一日起採用該等準則。管理層正評估有關收購會計、合併及聯營公司的新規定對本集團的影響。
- 香港會計準則第1號(修訂本)「財務報表之呈報」，自二零零九年一月一日或其後開始的年度期間生效。管理層正評估因該準則規定而引起的所需修訂的披露的影響。
- 香港會計準則第32號(修訂本)「金融工具：呈報」，及連帶對香港會計準則第1號「財務報表之呈報」的修訂本，自二零零九年一月一日或其後開始的年度期間生效。此項修訂規定倘若干可沽售金融工具及若干金融工具形成實體之義務，使其僅在清盤時按比例向另一方交付其享有部分淨資產，則要分類為權益。由於本集團並無任何可沽售工具，該等準則與本集團無關。

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 ACCOUNTING POLICIES (continued)

- HK(IFRIC) – Int 13, ‘Customer loyalty programmes’, effective for annual periods beginning on or after 1 July 2008. This interpretation is not relevant to the Group’s operations because none of the Group’s companies operate any loyalty programmes.

3. PRINCIPAL SUBSIDIARIES OF THE GROUP

The significant subsidiaries at 30 June 2008 and 31 December 2007 are as follows:

Name	Place and date of incorporation	Legal status	Percentage of equity interest attributable to the Group	Issued and fully paid capital	Authorised capital	Principal activities
名稱	註冊成立地點及日期	法定實體類別	本集團應佔權益百分比	已發行及繳足股本	法定股本	主要業務
Gold Genesis Development Limited (“Gold Genesis”)	British Virgin Islands (“BVI”) 英屬維爾京群島 (「英屬維爾京群島」) 21 February 2003 二零零三年 二月二十一日	Limited liability company 有限責任公司	100% (Directly held) (直接持有)	US\$1 1美元	US\$50,000 50,000美元	Investment holding 投資控股
Good Lucky Enterprises Limited (“Good Lucky”)	BVI 英屬維爾京群島 21 February 2003 二零零三年 二月二十一日	Limited liability company 有限責任公司	100% (Directly held) (直接持有)	US\$1 1美元	US\$50,000 50,000美元	Investment holding 投資控股

2. 編制基準及會計政策(續)

2.2 會計政策(續)

- 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」，由二零零八年七月一日或其後開始的年度期間生效。由於本集團旗下公司並無經營任何客戶忠誠度計劃，香港(國際財務報告詮釋委員會)–詮釋第13號與本集團的經營無關。

3. 本集團的主要附屬公司

於二零零八年六月三十日及二零零七年十二月三十一日的主要附屬公司如下：

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

3. PRINCIPAL SUBSIDIARIES OF THE GROUP (continued)

3. 本集團的主要附屬公司(續)

Name	Place and date of incorporation	Legal status	Percentage of equity interest attributable to the Group	Issued and fully paid capital	Authorised capital	Principal activities
名稱	註冊成立地點及日期	法定實體類別	本集團應佔權益百分比	已發行及繳足股本	法定股本	主要業務
First Glory Services Limited ("First Glory")	BVI 英屬維爾京群島 16 October 2003 二零零三年十月十六日	Limited liability company 有限責任公司	100% (Directly held) (直接持有)	US\$2 2美元	US\$50,000 50,000美元	Investment holding 投資控股
Accordpower Investments Limited ("Accordpower")	BVI 英屬維爾京群島 30 November 2004 二零零四年十一月三十日	Limited liability company 有限責任公司	100% (Directly held) (直接持有)	US\$2 2美元	US\$50,000 50,000美元	Investment holding 投資控股
Fullhero Investments Limited ("Fullhero")	BVI 英屬維爾京群島 3 May 2005 二零零五年五月三日	Limited liability company 有限責任公司	100% (Directly held) (直接持有)	US\$2 2美元	US\$50,000 50,000美元	Investment holding 投資控股
Hebei Jinxi Iron and Steel Company Limited ("Jinxi Limited")	PRC 中國 24 December 1999 一九九九年十二月二十四日	Joint stock company with limited liability 股份有限責任公司	97.6% (Indirectly held) (間接持有)	RMB 228,635,573 人民幣	RMB 228,635,573 人民幣	Manufacture and sales of iron and steel products 生產及銷售鋼鐵產品
河北津西鋼鐵股份有限公司 (「津西鋼鐵」)				228,635,573元	228,635,573元	
Foshan Jin Xi Jin Lan Cold Rolled Sheet Company Limited ("Jinxi Jinlan") (i)	PRC 中國 26 December 2003 二零零三年十二月二十六日	Limited liability company 有限責任公司	81.5% (Indirectly held) (間接持有)	US\$55,152,400 55,152,400美元	US\$55,152,400 55,152,400美元	Manufacture and sales of steel products 生產及銷售鋼鐵產品
佛山津西金蘭冷軋板有限公司 (「津西金蘭」)(i)						

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

3. PRINCIPAL SUBSIDIARIES OF THE GROUP (continued)

3. 本集團的主要附屬公司(續)

Name 名稱	Place and date of incorporation 註冊成立 地點及日期	Legal status 法定實體類別	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
Oriental Fullhero Leasing Co., Ltd ("Shenzhen Leasing") 東方英豐租賃 有限公司 (「深圳租賃」)	PRC 中國 23 September 2005 二零零五年 九月二十三日	Limited liability company 有限責任公司	100% (Indirectly held) (間接持有)	US\$65,000,000 65,000,000 美元	US\$65,000,000 65,000,000 美元	Leasing and financial leasing 租賃及融資 租賃
Tangshan Jinxi Mining Company Limited ("Jinxi Mining") (iii) 唐山津西礦業 有限公司 (「津西礦業」)(iii)	PRC 中國 20 December 2004 二零零四年 十二月二十日	Limited liability company 有限責任公司	51% (Indirectly held) (間接持有)	RMB2,000,000 人民幣 2,000,000 元	RMB2,000,000 人民幣 2,000,000 元	Management service for mining rights 管理採礦權
Hebei Jinxi Section Steel Company Limited ("Jinxi Section Steel") (ii) 河北津西型鋼有限公司 (「津西型鋼」)(ii)	PRC 中國 30 May 2008 二零零八年 五月三十日	Limited liability company 有限責任公司	80% (Indirectly held) (間接持有)	RMB 350,000,000 人民幣 350,000,000 元	RMB 350,000,000 人民幣 350,000,000 元	Manufacture and sales of steel products 生產及銷售 鋼鐵產品

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

3. PRINCIPAL SUBSIDIARIES OF THE GROUP

(continued)

- (i) On 18 February 2008, Jinxi Limited entered into an agreement with Foshan Jin Lan Aluminum Company Limited (“Foshan Jin Lan”) (the minority shareholder of Jinxi Jinlan) and Accordpower to acquire 21.50% and 13.21% equity interests of Jinxi Jinlan held by these two parties respectively with cash consideration of US\$4.69 million (approximately RMB33.31 million equivalent) and US\$2.88 million (approximately RMB20.75 million equivalent).

On 20 February 2008, Accordpower, Jinxi Limited and Foshan Jin Lan entered into a capital injection agreement to increase the paid-in capital of Jinxi Jinlan by US\$25.35 million.

On 29 April 2008, Jinxi Limited entered into an agreement with Accordpower to acquire 16.29% equity interests of Jinxi Jinlan held by Accordpower with cash consideration of US\$8.98 million (approximately RMB62.86 million equivalent).

The share purchase agreements and capital injection agreement were effective upon approved by the relevant state government authorities and thereafter, Jinxi Limited, Accordpower, Foshan Jin Lan’s share holding in Jinxi Jinlan was 51%, 30.5% and 18.5% respectively.

- (ii) Jinxi Section Steel was incorporated on 30 May 2008 by Jinxi Limited and Qianxi County Hui Yin Trading Company Limited (“Hui Yin”). The paid in capital of Jinxi Section Steel is RMB350 million and Jinxi Limited held 80% equity interests.

Jinxi Section Steel was still in pre-operating period and has not contributed to the Group’s revenue and profit.

3. 本集團的主要附屬公司(續)

- (i) 於二零零八年二月十八日，津西鋼鐵與佛山金蘭鋁廠有限公司(「佛山金蘭」)(津西金蘭的少數股東)及Accordpower訂立協議，內容有關津西鋼鐵分別以現金代價469萬美元(約合人民幣3,331萬元)及288萬美元(約合人民幣2,075萬元)收購由上述兩方分別持有的津西金蘭21.50%及13.21%股權。

於二零零八年二月二十日，Accordpower、津西鋼鐵與佛山金蘭訂立增資協議，使津西金蘭實收資本增加2,535萬美元。

於二零零八年四月二十九日，津西鋼鐵與Accordpower訂立協議，以現金代價898萬美元(約合人民幣6,286萬元)收購由Accordpower持有的津西金蘭16.29%的股權。

股權轉讓協議與增資協議經有關國家政府機構批准後生效。此後，津西鋼鐵、Accordpower及佛山金蘭分別持有津西金蘭51%、30.5%及18.5%股權。

- (ii) 津西型鋼由津西鋼鐵與遷西縣滙銀工貿有限公司(「滙銀」)於二零零八年五月三十日註冊成立。津西型鋼的實收資本為人民幣3.5億元，津西鋼鐵持有其80%股權。

津西型鋼仍處於開辦期，並未為本集團帶來收入及溢利。

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

3. PRINCIPAL SUBSIDIARIES OF THE GROUP (continued)

- (iii) On 5 June 2008, Jinxi Limited has entered into a cooperation agreement (the “Agreement”) with Mr. Shen Xiaoling, the director of the Company. Pursuant to the Agreement, from the date of the Agreement to 31 December 2010 (the “Grant Period”). Jinxi Limited conveys to Jinxi Mining, the management and operating rights to use the iron mine assets which comprise mining licenses of 18 iron mines, leasing interests of Gao Jia Dian Mine and associated mines and equity interests of Tangshan Fei Cheng Kuang Ye Limited, Qianxi County Xin Ye Machinery Casting Limited, Qianxi County Hong Yuan Trading Limited, Qianxi County Fu Cheng Trading Limited and Qianxi County Xin Cheng Trading Limited.

In addition, Jinxi Limited transferred 49% equity interests of Jinxi Mining to Mr. Shen and conveyed to Mr. Shen the voting rights on the financial and operating policies of Jinxi Mining during the Grant Period. Mr. Shen is exclusively entitled to the profit and net assets accumulated by Jinxi Mining during the Grant Period. As a return, Mr. Shen paid a total cash consideration of RMB80 million and a deposit of RMB10 million refundable after 31 December 2010.

The Company accounted for the above arrangement as an operating lease. Therefore, the RMB80 million consideration is recorded as deferred revenue and recognised in income on a straight-line basis over the Grant Period. Jinxi Mining’s accounts will not be included in the consolidated financial statements of the Group during the Grant Period.

3. 本集團的主要附屬公司(續)

- (iii) 於二零零八年六月五日，津西鋼鐵與本公司董事沈曉玲先生訂立合資經營協議(「協議」)。根據協議，自協議日期起至二零一零年十二月三十一日止(「授予期間」)，津西鋼鐵將鐵礦資產經營管理權授予津西礦業，包括十八個鐵礦的採礦權、高家店鐵礦及配套礦山的租賃權以及唐山飛成礦業有限公司、遷西縣昕冶機械鑄造有限公司、遷西縣宏遠貿易有限公司、遷西縣富成貿易有限公司和遷西縣鑫成貿易有限公司的股權。

此外，津西鋼鐵將津西礦業49%的權益轉讓予沈先生，並授予沈先生於授予期間表決津西礦業財務及經營決策的權利。沈先生有獨家權利獲得津西礦業於授予期間的累積溢利及資產淨值。作為交換，沈先生已支付現金代價總計人民幣8,000萬元及可於二零一零年十二月三十一日後退回的按金人民幣1,000萬元。

本公司將上述安排列入經營租賃。因此，代價人民幣8,000萬元列為遞延收入並於授予期間內以直線法確認為收入。津西礦業在授予期間內將不會被包括於本公司的綜合財務報表內。

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

4. SALES AND SEGMENT INFORMATION

(a) Sales

The Group is principally engaged in the manufacture and sales of iron and steel products. Sales recognised for the six months ended 30 June 2008 and 2007 were as follows:

Sales:	銷售額：
Gross sales, less discounts and returns	銷售總額減折扣及退貨
– billets	– 鋼坯
– strips and strip products	– 帶鋼及帶鋼類產品
– H-section steel	– H型鋼
– galvanised sheets	– 鍍鋅板
– cold rolled sheets	– 冷軋板
– others	– 其他
Less: Taxes	減：稅項

(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.

4. 銷售額和分部資料

(a) 銷售額

本集團主要從事生產及銷售鋼鐵產品。截至二零零八年及二零零七年六月三十日止六個月確認的銷售額如下：

For the six months ended 30 June	
2008	2007
截至六月三十日止六個月	截至六月三十日止六個月
二零零八年	二零零七年
Unaudited	Unaudited
未經審核	未經審核
2,025,270	284,141
5,663,820	3,878,161
3,308,699	2,103,336
365,535	341,708
357,789	28,650
11,156	12,049
11,732,269	6,648,045
(82,749)	–
11,649,520	6,648,045

(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(被認為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(被認為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。

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

5. CAPITAL EXPENDITURE

5. 資本開支

		Property, plant and equipment 物業、廠房 及設備	Leasehold land and land use rights 租賃土地及 土地使用權	Investment properties 投資物業	Intangible assets 無形資產
		Unaudited 未經審核			
Six months ended 30 June 2008	截至二零零八年六月三十日止六個月				
Opening carrying amount as at 1 January 2008	於二零零八年 一月一日的期初賬面值	6,405,538	76,441	19,328	-
Additions	添置	1,111,897	-	-	7,667
Disposals	處置	(273)	-	-	-
Depreciation and amortisation (Note 15)	折舊及攤銷(附註15)	(261,185)	(826)	(524)	-
Closing carrying amount as at 30 June 2008	於二零零八年六月三十日 的期終賬面值	7,255,977	75,615	18,804	7,667
Six months ended 30 June 2007	截至二零零七年六月三十日止六個月				
Opening carrying amount as at 1 January 2007	於二零零七年 一月一日的期初賬面值	4,675,308	78,092	20,428	18,289
Additions	添置	656,955	-	-	-
Disposals	處置	(4,343)	-	-	-
Depreciation and amortisation (Note 15)	折舊及攤銷(附註15)	(216,428)	(826)	(550)	(2,242)
Closing carrying amount as at 30 June 2007	於二零零七年六月三十日 的期終賬面值	5,111,492	77,266	19,878	16,047

6. LOAN RECEIVABLE

6. 應收貸款

The loan was unsecured, bore interest at a rate of 10% per annum and repayable within three years.

該等貸款無抵押，以10釐的年利率計息，須於三年內償還。

As at 30 June 2008, the fair value of the loan receivable approximates RMB141 million.

於二零零八年六月三十日，應收貸款的公平值約為人民幣1.41億元。

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

7. TRADE RECEIVABLES

Accounts receivable 應收賬款
Notes receivable (a) 應收票據(a)

(a) As at 30 June 2008, bank acceptance and commercial acceptance notes amounted to approximately RMB738 million and RMB57 million respectively (31 December 2007: RMB371 million and nil respectively).

As at 30 June 2008, notes receivable amounting to approximately RMB90 million and RMB390 million were pledged as security for issuing notes payable and letters of credit respectively (31 December 2007: RMB92 million and RMB66 million respectively) (Note 11).

As at 30 June 2008 and 31 December 2007, 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.

7. 應收貿易賬款

As at	
30 June 2008	31 December 2007
於	
二零零八年 六月三十日	二零零七年 十二月三十一日
Unaudited 未經審核	Audited 經審核
338,276	117,378
795,232	371,447
1,133,508	488,825

(a) 於二零零八年六月三十日，銀行承兌匯票與商業承兌匯票分別約為人民幣7.38億元及人民幣5,700萬元(二零零七年十二月三十一日：分別為人民幣3.71億元及零元)。

於二零零八年六月三十日，為開具應付票據及信用證而抵押的應收票據分別約為人民幣9,000萬元及人民幣3.90億元。(二零零七年十二月三十一日：分別為人民幣9,200萬元及人民幣6,600萬元)(附註11)。

於二零零八年六月三十日及二零零七年十二月三十一日，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。

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

7. TRADE RECEIVABLES (continued)

As at 30 June 2008 and 31 December 2007, the ageing analysis of trade receivables was as follows:

Within 3 months	3個月內
4-6 months	4至6個月

As at 30 June 2008, accounts receivable covered by customers' letters of credit issued amounted to approximately RMB306 million (31 December 2007: approximately RMB90 million).

8. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Prepayments for purchase of inventories	購買存貨預付款項
Deposits and other receivables	按金及其他應收賬款

7. 應收貿易賬款(續)

於二零零八年六月三十日及二零零七年十二月三十一日，應收貿易賬款的賬齡分析如下：

		As at	
		30 June 2008	31 December 2007
		於	
		二零零八年 六月三十日	二零零七年 十二月三十一日
		Unaudited 未經審核	Audited 經審核
		714,085	431,248
		419,423	57,577
		1,133,508	488,825

於二零零八年六月三十日，應收賬款約為人民幣3.06億元由客戶開具的信用證作抵押(二零零七年十二月三十一日：約為人民幣9,000萬元)。

8. 預付款項、按金及其他應收賬款

		As at	
		30 June 2008	31 December 2007
		於	
		二零零八年 六月三十日	二零零七年 十二月三十一日
		Unaudited 未經審核	Audited 經審核
		295,960	400,143
		266,569	47,013
		562,529	447,156

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

9. SHARE CAPITAL

9. 股本

		Number of shares (thousands) 股份數目 (千股)	Amount 金額		Total 總計
			Ordinary shares 普通股	Share premium 股份溢價	
Opening balance at 1 January 2008	於二零零八年一月一日期初結餘	2,926,800	311,444	2,185,964	2,497,408
Employee share option scheme: – issuance of shares (Note 10(b))	僱員購股權計劃： – 股份發行(附註10(b))	2,400	225	3,731	3,956
At 30 June 2008 (unaudited)	於二零零八年六月三十日(未經審核)	2,929,200	311,669	2,189,695	2,501,364
Opening balance at 1 January 2007	於二零零七年一月一日期初結餘	2,905,000	309,340	2,151,035	2,460,375
Employee share option scheme: – issuance of shares (Note 10(b))	僱員購股權計劃： – 股份發行(附註10(b))	2,982	290	4,824	5,114
At 30 June 2007 (unaudited)	於二零零七年六月三十日(未經審核)	2,907,982	309,630	2,155,859	2,465,489

As at 30 June 2008 and 31 December 2007, the total number of authorised ordinary shares is 5,000,000,000 shares with a par value of HK\$0.1 per share.

於二零零八年六月三十日及二零零七年十二月三十一日，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 30 June 2008, the number of issued and fully paid ordinary shares is 2,929,200,000 shares (31 December 2007: 2,926,800,000 shares).

於二零零八年六月三十日，已發行及繳足普通股的股份數目為2,929,200,000股(二零零七年十二月三十一日：2,926,800,000股)。

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

10. OTHER RESERVES

		Merger reserve 合併儲備 (a)	Capital surplus 資本公積	Statutory reserve 法定儲備	Options 購股權 (b)	Total 總計
Balance at 1 January 2008	於二零零八年一月一日的結餘	(599)	19,144	949,006	176,631	1,144,182
Balance at 30 June 2008 (unaudited)	於二零零八年六月三十日 的結餘(未經審核)	(599)	19,144	949,006	176,631	1,144,182
Balance at 1 January 2007	於二零零七年一月一日的結餘	(599)	19,144	949,006	16,745	984,296
Balance at 30 June 2007 (unaudited)	於二零零七年六月三十日 的結餘(未經審核)	(599)	19,144	949,006	16,745	984,296

10. 其他儲備

(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.

(b) 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.

(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為重組進行有關收購而發行的本公司股份面值的差額。

(b) 僱員購股權計劃

經董事局及股東會議批准後，本公司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。

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

10. OTHER RESERVES (continued)

(b) Employee share option scheme (continued)

Movements in the number of share options outstanding and their related weighted average exercise prices were as follows:

At 1 January	於一月一日
Exercised	已行使
Cancelled	已註銷
At 30 June	於六月三十日

Options exercised for the six months ended 30 June 2008 resulted in 2,400,000 shares being issued at HK\$1.76 each. The related weighted average share price at the time of exercise was HK\$6.42 per share.

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 was also made and extended to option holders for the cancellation of all share options which were outstanding. Following the closing of the offer, all outstanding share options at the commencement for the offer were accepted and cancelled.

10. 其他儲備(續)

(b) 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：

For the six months ended 30 June (unaudited)

2008		2007	
截至六月三十日止六個月(未經審核)			
二零零八年		二零零七年	
Average exercise price per share in HK\$	Number of options (thousands)	Average exercise price per share in HK\$	Number of options (thousands)
平均行使價(港元)	購股權數目(千份)	平均行使價(港元)	購股權數目(千份)
5.15	92,100	1.76	24,200
1.76	(2,400)	1.76	(2,982)
5.24	(89,700)	-	-
-	-	1.76	21,218

截至二零零八年六月三十日止六個月已行使的購股權共2,400,000股，每股發行價為1.76港元。行使時的相關加權平均股價為每股6.42港元。

於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收購要約，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收購要約，以註銷所有尚未行使的購股權。收購要約截止後，所有於收購要約開始時尚未行使的購股權均獲接納及註銷。

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

11. TRADE PAYABLES

11. 應付貿易賬款

		As at	
		30 June 2008	31 December 2007
		於	
		二零零八年 六月三十日	二零零七年 十二月三十一日
		Unaudited 未經審核	Audited 經審核
Accounts payable	應付賬款	1,699,292	545,335
Notes payable (a)	應付票據(a)	532,000	170,200
		2,231,292	715,535

(a) As at 30 June 2008, the notes payable represented bank acceptance notes, RMB90 million of which were secured by certain notes receivable (Note 7), RMB410 million of which were secured by restricted bank balances amounting to approximately RMB163 million, and RMB32 million of which were secured by inventories and restricted bank balances amounting to approximately RMB27 million and RMB10 million respectively.

As at 31 December 2007, the notes payable represented bank acceptance notes, RMB91 million of which were secured by certain notes receivable (Note 7), and RMB79.2 million of which were secured by inventories and restricted bank balances amounting to approximately RMB57 million and RMB33 million respectively.

(a) 於二零零八年六月三十日，應付票據指銀行承兌匯票，其中人民幣9,000萬元以若干應收票據作為抵押(附註7)，人民幣4.1億元以金額約人民幣1.63億元的受限制銀行結餘作為抵押，而人民幣3,200萬元以金額分別約為人民幣2,700萬元及人民幣1,000萬元的存貨及受限制銀行結餘作為抵押。

於二零零七年十二月三十一日，應付票據指銀行承兌匯票，其中人民幣9,100萬元以若干應收票據(附註7)作為抵押，另有人民幣7,920萬元以金額分別為約人民幣5,700萬元及3,300萬元的存貨及受限制銀行結餘作為抵押。

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

11. TRADE PAYABLES (continued)

As at 30 June 2008 and 31 December 2007, the ageing analysis of the trade payables was as follows:

Within 3 months	3個月內
4-6 months	4至6個月
7-9 months	7至9個月
10-12 months	10至12個月
Above 1 year	1年以上

11. 應付貿易賬款(續)

於二零零八年六月三十日及二零零七年十二月三十一日，應付貿易賬款的賬齡分析如下：

As at	
30 June 2008	31 December 2007
於	
二零零八年 六月三十日	二零零七年 十二月三十一日
Unaudited 未經審核	Audited 經審核
2,193,951	655,308
27,696	49,100
4,245	3,690
1,599	2,226
3,801	5,211
2,231,292	715,535

12. ACCRUALS, ADVANCES FROM CUSTOMERS AND OTHER CURRENT LIABILITIES

Accruals	預提費用
Advances from customers	預收客戶款項
Value-added tax payable	應付增值稅
Other taxes payables	其他應付稅項
Other payables (a)	其他應付賬款(a)

12. 預提費用、預收客戶款項及其他流動負債

As at	
30 June 2008	31 December 2007
於	
二零零八年 六月三十日	二零零七年 十二月三十一日
Unaudited 未經審核	Audited 經審核
89,355	19,996
922,389	661,116
50,417	42,883
1,118	9,058
634,651	638,275
1,697,930	1,371,328

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

12. ACCRUALS, ADVANCES FROM CUSTOMERS AND OTHER CURRENT LIABILITIES (continued)

- (a) The breakdowns of other payables as at 30 June 2008 and 31 December 2007 were as follows:

Pension payables and other social welfare payables	應付退休金及其他應付社會福利
Payables for purchase of property, plant and equipment	購買物業、廠房及設備應付賬款
Customer deposits	客戶按金
Salary payables	應付薪金
Employee deposits	員工按金
Others	其他

12. 預提費用、預收客戶款項及其他流動負債(續)

- (a) 於二零零八年六月三十日及二零零七年十二月三十一日的其他應付賬款分類如下：

As at	
30 June 2008	31 December 2007
於	
二零零八年 六月三十日	二零零七年 十二月三十一日
Unaudited 未經審核	Audited 經審核
84,950	91,116
353,156	349,984
96,605	102,310
23,448	21,323
24,011	22,449
52,481	51,093
634,651	638,275

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

13. BORROWINGS

13. 借款

		As at	
		30 June 2008	31 December 2007
		於	
		二零零八年 六月三十日	二零零七年 十二月三十一日
		Unaudited 未經審核	Audited 經審核
Non-current	非流動		
Bank borrowings, secured (i)	銀行借款，已抵押(i)	640,000	640,000
Other borrowings, unsecured (ii)	其他借款，無抵押(ii)	105,000	125,000
		745,000	765,000
Current	流動		
Bank borrowings-	銀行借款		
Secured (i)	已抵押(i)	536,666	340,000
Unsecured	無抵押	383,000	100,000
		919,666	440,000
Other borrowings, unsecured (ii)	其他借款，無抵押(ii)	40,000	20,000
		959,666	460,000
Total borrowings	總借款	1,704,666	1,225,000

(i) As at 30 June 2008, secured borrowings amounting to RMB817 million, out of the total secured borrowings of RMB1,177 million, were secured by property, plant and equipment and leasehold land and land use rights of the Group, carrying at approximately RMB1,230 million and RMB39 million respectively.

As at 31 December 2007, secured borrowings amounting to RMB830 million, out of the total secured borrowings of RMB980 million, were secured by property, plant and equipment of the Group carrying at RMB1,231 million.

(i) 於二零零八年六月三十日，已抵押借款總額為人民幣11.77億元，其中為數人民幣8.17億元的已抵押借款以本集團賬面值分別約人民幣12.3億元的物業、廠房及設備和約人民幣3,900萬元的租賃土地及土地使用權作為抵押。

於二零零七年十二月三十一日，已抵押借款總額為人民幣9.8億元，其中為數人民幣8.3億元的已抵押借款以本集團賬面值為人民幣12.31億元的物業、廠房及設備作為抵押。

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

13. BORROWINGS (continued)

(i) (continued)

As at 30 June 2008, secured borrowings amounting to RMB160 million, out of the total secured borrowings of RMB1,177 million, were secured by restricted bank balances of the Group carrying at RMB180 million.

As at 30 June 2008, secured borrowings amounting to RMB50 million, out of the total secured borrowings of RMB1,177 million, were secured by inventories of the Group carrying at RMB462 million.

As at 30 June 2008 and 31 December 2007, except for the secured borrowings described above, current secured borrowings amounting to RMB150 million were secured by property, plant and equipment, leasehold land and land use rights, whose carrying amount were approximately RMB164 million and RMB24 million respectively (31 December 2007: RMB165 million and RMB24 million respectively), and guaranteed by the Company and Foshan Jin Lan 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.

13. 借款(續)

(i) (續)

於二零零八年六月三十日，已抵押借款總額為人民幣11.77億元，其中為數人民幣1.60億元的已抵押借款以賬面值為人民幣1.80億元的本集團受限制銀行結餘作為抵押。

於二零零八年六月三十日，在總額為人民幣11.77億元的已抵押借款中，其中為數人民幣5,000萬元以賬面值為人民幣4.62億元的存貨作為抵押。

於二零零八年六月三十日及二零零七年十二月三十一日，除上文所述的已抵押借款外，總額為人民幣1.50億元的已抵押流動借款以賬面值分別約人民幣1.64億元和約人民幣2,400萬元的物業、廠房及設備及租賃土地及土地使用權作為抵押(二零零七年十二月三十一日：分別為人民幣1.65億元和人民幣2,400萬元)並由本公司及佛山金蘭根據下文所述的協議共同出具擔保。

於二零零六年一月，本公司與佛山金蘭就人民幣1.50億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。

Notes to the Consolidated Condensed Interim Financial Information (continued) 綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

13. BORROWINGS (continued)

- (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.

Movements in borrowings were analysed as follows:

Six months ended 30 June 2008

Opening amount as at 1 January 2008
Proceeds from borrowings
Repayments of borrowings
Foreign exchange gain

Closing amount as at 30 June 2008 (unaudited)

Six months ended 30 June 2007

Opening amount as at 1 January 2007
Proceeds from borrowings
Repayments of borrowings

Closing amount as at 30 June 2007 (unaudited)

13. 借款(續)

- (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。

借款的變動情況分析如下：

截至二零零八年六月三十日止六個月

二零零八年一月一日期初結餘	1,225,000
借款所得款項	850,919
借款償還款項	(370,000)
滙兌收入	(1,253)

二零零八年六月三十日期末結餘 (未經審核)

1,704,666

截至二零零七年六月三十日止六個月

二零零七年一月一日期初結餘	934,000
借款所得款項	754,230
借款償還款項	(463,230)

二零零七年六月三十日期末結餘 (未經審核)

1,225,000

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

13. BORROWINGS (continued)

As at 30 June 2008 and 31 December 2007, the Group's borrowings were repayable as follows:

13. 借款(續)

於二零零八年六月三十日及二零零七年十二月三十一日，本集團的借款到期時限如下：

		Bank borrowings		Other borrowings	
		銀行借款		其他借款	
		30 June 2008	31 December 2007	30 June 2008	31 December 2007
		二零零八年六月三十日	二零零七年十二月三十一日	二零零八年六月三十日	二零零七年十二月三十一日
		Unaudited	Audited	Unaudited	Audited
		未經審核	經審核	未經審核	經審核
Within 1 year	1年內	919,666	440,000	40,000	20,000
Between 1 and 2 years	1至2年	540,000	255,770	20,000	20,000
Between 2 and 5 years	2至5年	100,000	384,230	60,000	60,000
Over 5 years	5年以上	—	—	25,000	45,000
		1,559,666	1,080,000	145,000	145,000

The effective interest rates at the balance sheet date were as follows:

於結算日的實際利率如下：

		As at			
		30 June 2008		31 December 2007	
		於			
		二零零八年六月三十日		二零零七年十二月三十一日	
		Unaudited		Audited	
		未經審核		經審核	
		RMB	HK\$	RMB	HK\$
		人民幣	港元	人民幣	港元
Bank borrowings	銀行借款	6.75%-8.22%	4.70%	6.57%-7.56%	—
Other borrowings	其他借款	4.14%	—	2.52%	—

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

13. BORROWINGS (continued)

Interest expenses on borrowings for the six months ended 30 June 2008 is RMB48.89 million (30 June 2007: RMB30.66 million), out of which RMB30.04 million (30 June 2007: nil) arising on financing for the construction of plant and equipments were capitalised during the period and were included in “additions” in property, plant and equipment. A capitalisation rate of 6.87% (30 June 2007: nil) was used, representing the borrowing cost of the loan used to finance the project.

The carrying amounts and fair value of the non-current bank borrowings and other borrowings were as follows:

13. 借款(續)

截至二零零八年六月三十日止六個月借款利息開支為人民幣4,889萬元(二零零七年六月三十日：人民幣3,066萬元)，其中與融資廠房及設備建設有關的借款費用為人民幣3,004萬元(二零零七年六月三十日：零)已於期內資本化，並已包括在物業、廠房及設備的「添置」一項內。採用的資本化率為6.87%(二零零七年六月三十日：零)，相當於融資該項目所用貸款的借款成本。

非流動銀行借款及其他借款的賬面值和公平值如下：

		Carrying amounts		Fair value	
		賬面值		公平值	
		30 June	31 December	30 June	31 December
		2008	2007	2008	2007
		二零零八年	二零零七年	二零零八年	二零零七年
		六月	十二月	六月	十二月
		三十日	三十一日	三十日	三十一日
		Unaudited	Audited	Unaudited	Audited
		未經審核	經審核	未經審核	經審核
Bank borrowings	銀行借款	640,000	640,000	640,000	640,000
Other borrowings	其他借款	145,000	145,000	130,507	124,947
		785,000	785,000	770,507	764,947

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 7.48% per annum (31 December 2007: 7.06% per annum).

由於折現影響不大，流動借款的公平值與其賬面值相若。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7.48釐(二零零七年十二月三十一日：年利率7.06釐)為基準。

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

14. OTHER LONG-TERM PAYABLE

As at 30 June 2008, other long-term payable is unsecured, bore interest at a rate of 10% per annum and repayable within three years.

As at 30 June 2008, the fair value of other long-term payable approximates RMB141 million.

14. 其他長期應付款項

於二零零八年六月三十日，其他長期應付款項無抵押，以年利率10釐計息，並須於三年內償付。

於二零零八年六月三十日，其他長期應付款項的公平值約為人民幣1.41億元。

15. OPERATING PROFIT

The following items have been charged to the operating profit during the six months ended 30 June 2008 and 2007:

15. 經營溢利

截至二零零八年及二零零七年六月三十日止六個月，下列項目已扣除自經營溢利：

		For the six months ended	
		30 June	30 June
		2008	2007
		截至六月三十日止六個月	二零零七年
		二零零八年	二零零七年
		Unaudited	Unaudited
		未經審核	未經審核
Loss on disposal of property, plant and equipment	處置物業、廠房及設備的虧損	(273)	(4,273)
Amortisation of leasehold land and land use rights (Note 5)	租賃土地及土地使用權攤銷(附註5)	(826)	(826)
Depreciation of property, plant and equipment (Note 5)	物業、廠房及設備折舊(附註5)	(261,185)	(216,428)
Amortisation of intangible assets (Note 5)	無形資產攤銷(附註5)	-	(2,242)
Depreciation of investment properties (Note 5)	投資物業折舊(附註5)	(524)	(550)
Foreign exchange loss, net	匯兌虧損，淨額	(12,923)	(7,408)

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

16. INCOME TAX EXPENSE

Current income tax	當期所得稅
– PRC enterprise income tax	– 中國企業所得稅
Deferred income tax	遞延所得稅

16. 所得稅費用

For the six months ended

30 June 30 June
2008 2007

截至六月三十日止六個月

二零零八年 二零零七年

Unaudited Unaudited

未經審核 未經審核

314,849 149,404

(9,841) (932)

305,008 148,472

17. 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 period.

17. 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期內已發行普通股的加權平均數而計算。

For the six months ended

30 June 30 June
2008 2007

截至六月三十日止六個月

二零零八年 二零零七年

Unaudited Unaudited

未經審核 未經審核

Profit attributable to equity holders of the Company	本公司權益持有人應佔溢利	835,440	768,881
Weighted average number of ordinary shares in issue (thousands)	已發行普通股的加權平均數(千股)	2,929,174	2,905,566
Basic earnings per share (RMB per share)	每股基本溢利(每股人民幣元)	0.29	0.26

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

17. EARNINGS PER SHARE (continued)

Diluted

Diluted earnings per share is not presented as the Company has no dilutive potential ordinary shares as at 30 June 2008 (30 June 2007: RMB0.26 per share).

18. DIVIDENDS

- (a) 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.
- (b) 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. The Annual General Meeting held on 15 May 2008 approved the Board's dividend proposal. Such final dividend was paid for the six months ended 30 June 2008.
- (c) At a meeting held on 18 August 2008, the Board proposed an interim dividend of HK\$190.14 million (approximately RMB167.09 million), representing HK\$0.065 per ordinary share, for the six months ended 30 June 2008. This proposed dividend is not reflected as a dividend payable in this consolidated condensed interim financial information, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2008.

17. 每股溢利(續)

攤薄

由於本公司於二零零八年六月三十日並無可攤薄的潛在普通股，故未呈列每股攤薄溢利(二零零七年六月三十日：每股人民幣0.26元)。

18. 股息

- (a) 於二零零七年八月三十日舉行的會議上，董事局建議分派截至二零零七年十二月三十一日止年度的中期股息共計1.5994億港元(約人民幣1.5486億元)，即每股0.055港元。上述中期股息已於截至二零零七年十二月三十一日止年度派發。
- (b) 於二零零八年三月二十七日舉行的會議上，董事局建議分派截至二零零七年十二月三十一日止年度末期股息共計1.8161億港元(約人民幣1.6436億元)，即每股普通股0.062港元。二零零八年五月十五日舉行的股東週年大會已經批准董事局的股息建議。上述末期股息已於截至二零零八年六月三十日止六個月內派發。
- (c) 於二零零八年八月十八日舉行的會議上，董事局建議分派截至二零零八年六月三十日止六個月中期股息共計1.9014億港元(約人民幣1.6709億元)，即每股普通股0.065港元。上述擬分派股息並未在本綜合簡明中期財務資料中列為應付股息，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。

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

19. NOTES TO THE CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT

Major non-cash transactions:

During the six months ended 30 June 2008, the Group endorsed bank acceptance notes to the suppliers for purchase of property, plant and equipment amounting to approximately RMB452 million (30 June 2007: approximately RMB448 million).

20. CAPITAL COMMITMENTS

Capital expenditure committed at the balance sheet date but not yet incurred was as follows:

Purchase of property, plant and equipment	購買物業、廠房和設備
– Contracted but not provided for	– 已訂約但未撥備
– Authorised but not contracted for	– 已授權但未訂約

21. CONTINGENT EVENTS

As at 30 June 2008, Jinxi Limited provided guarantee for certain bank borrowings in favour of third parties amounting to approximately RMB60.9 million (31 December 2007: approximately RMB30.9 million).

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.

19. 綜合簡明中期現金流量表附註

主要非現金交易：

於截至二零零八年六月三十日止六個月，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4.52億元(二零零七年六月三十日：約人民幣4.48億元)。

20. 資本承擔

於結算日已承諾但尚未產生的資本開支如下：

As at	
30 June 2008	31 December 2007
於	
二零零八年 六月三十日	二零零七年 十二月三十一日
Unaudited 未經審核	Audited 經審核
2,005,662	884,748
77,404	276,472
2,083,066	1,161,220

21. 或然事項

於二零零八年六月三十日，津西鋼鐵為第三方的若干銀行借款出具擔保，共約人民幣6,090萬元(二零零七年十二月三十一日：約人民幣3,090萬元)。

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。

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

22. 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) During the six months ended 30 June 2008 and 2007, the directors are of the view that the following companies and persons are related parties of the Group:

22. 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，也為關聯方。

- (a) 於截至二零零八年和二零零七年六月三十日止六個月，董事認為以下公司和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 Limited	Substantial shareholder of the Company 本公司的主要股東
Smart Triumph Corporation	Former substantial shareholder of the Company 本公司的前主要股東
Mittal AG	Substantial shareholder of the Company 本公司的主要股東
Arcelor Mittal Sourcing SA (“AM Sourcing”)	Controlled by the same ultimate controlling shareholder of Mittal AG 由 Mittal AG 的同一最終控股股東控制
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
Qianxi County Zhongxing Iron Mine Co., Ltd. (“Zhongxing Iron Mine”) 遷西縣中興礦業有限公司(「中興礦業」)	Jinxi Limited’s associated company 津西鋼鐵的聯營公司
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 由津西金蘭一名董事周偉傑先生的家族成員控制
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
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. Shen Xiaoling 沈曉玲先生	Director of the Company 本公司董事

Notes to the Consolidated Condensed Interim Financial Information (continued) 綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

22. RELATED PARTY TRANSACTIONS (continued)

(b) Save as disclosed elsewhere in these consolidated condensed interim financial information, during the six months ended 30 June 2008 and 2007, 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

Jin Lan Import and Export 金蘭進出口

(II) Sales of utilities

Jin Lan Nonferrous Metals 金蘭有色金屬

22. 關聯方交易(續)

(b) 除本綜合簡明中期財務資料中已披露者外，於截至二零零八年及二零零七年六月三十日止六個月董事認為以下重大關聯方交易乃於就本集團日常業務過程中發生：

(i) 銷售

(I) 貨品銷售

For the six months ended

30 June 2008	30 June 2007
截至六月三十日止六個月 二零零八年	截至六月三十日止六個月 二零零七年
Unaudited 未經審核	Unaudited 未經審核

40,993	7,576
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(II) 電力銷售

For the six months ended

30 June 2008	30 June 2007
截至六月三十日止六個月 二零零八年	截至六月三十日止六個月 二零零七年
Unaudited 未經審核	Unaudited 未經審核

1,803	1,562
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Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

22. RELATED PARTY TRANSACTIONS (continued)

(b) (continued)

(ii) Purchase of raw materials

AM Sourcing

22. 關聯方交易 (續)

(b) (續)

(ii) 原材料購買

For the six months ended

30 June 2008	30 June 2007
截至六月三十日止六個月 二零零八年	二零零七年
Unaudited 未經審核	Unaudited 未經審核

76,904	-
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Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

22. RELATED PARTY TRANSACTIONS (continued)

(c) As at 30 June 2008 and 31 December 2007, 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 and dividends appropriation during the period/year and other ordinary business transactions:

Amounts due from related parties	應收關聯方款項
– Jin Lan Import and Export	– 金蘭進出口
– Zhongxing Iron Mine (i)	– 中興礦業(i)
– Mr. Han Jingyuan	– 韓敬遠先生
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 (ii)	– 佛山金蘭(ii)
Deposit from a related party	應付關聯方按金
– Mr. Shen Xiaoling (Note 3(iii))	– 沈曉玲先生 (附註3(iii))
Current	即期
Dividends payable due to	應付予以下實體的股息
– Tangshan Jinxi Group	– 唐山津西集團
– Zhongxing Iron Mine	– 中興礦業
Trade Payables	應付貿易賬款
– AM Sourcing (Note 22(b)(ii))	– AM Sourcing (附註22(b)(ii))
Others	其他
– Mr. Han Jingyuan	– 韓敬遠先生
– Foshan Jin Lan	– 佛山金蘭

22. 關聯方交易(續)

(c) 於二零零八年六月三十日及二零零七年十二月三十一日，董事認為因上述關聯方交易、代本集團支付款項以及期內／年內的股息分配及其他日常業務交易而產生以下的關聯方結餘：

As at	
30 June 2008	31 December 2007
於	
二零零八年 六月三十日	二零零七年 十二月三十一日
Unaudited 未經審核	Audited 經審核
12,265	1,255
9,800	9,800
76	–
22,141	11,055
55,055	55,733
10,000	–
65,055	55,733
11,276	4,947
2,535	2,535
13,811	7,482
28,030	–
–	706
383	383
383	1,089
42,224	8,571

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

22. RELATED PARTY TRANSACTIONS (continued)

(c) (continued)

- (i) Subject to certain agreements entered into in November 2007, the loan provided to Zhongxing Iron Mine amounting to RMB9.8 million is unsecured, interest-free and repayable within thirteen months.
- (ii) Subject to certain agreements entered into in January 2006, the payables owing to Foshan Jin Lan amounting to RMB55 million is unsecured, interest-free and repayable only after 5 years.

Except for the loan provided by Foshan Jin Lan, the loan provided to Zhongxing Iron Mine as disclosed above and deposit from Mr. Shen Xiaoling as disclosed in Note 3 (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 amounts due to related parties are as follows:

22. 關聯方交易 (續)

(c) (續)

- (i) 根據於二零零七年十一月訂立的若干協議，提供給中興礦業的貸款為人民幣980萬元，此貸款為無抵押、免息及須於十三個月內償付。
- (ii) 根據於二零零六年一月訂立的若干協議，應付佛山金蘭的借款為人民幣5,500萬元，此款項為無抵押、免息及須於五年後償付。

除上述由佛山金蘭提供的貸款、提供給中興礦業的貸款及附註3(iii)所述應付沈曉玲先生的按金外，關聯方款項為無抵押、免息且無固定償還期。

非即期應付關聯方款項的賬面值及公平值如下：

	Carrying amounts		Fair value	
	賬面值		公平值	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	二零零八年六月三十日	二零零七年十二月三十一日	二零零八年六月三十日	二零零七年十二月三十一日
	Unaudited	Audited	Unaudited	Audited
	未經審核	經審核	未經審核	經審核
Amounts due to related parties	65,055	55,733	53,665	44,013

Notes to the Consolidated Condensed Interim Financial Information (continued)

綜合簡明中期財務資料附註(續)

(All amounts in RMB thousands unless otherwise stated) (除另有指明外，所有金額均以人民幣千元為單位)

22. RELATED PARTY TRANSACTIONS (continued)

(c) (continued)

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 7.56% per annum (31 December 2007: 7.74% per annum).

23. SUBSEQUENT EVENTS

- Pursuant to a share transfer agreement dated 4 August 2008, Jinxi Limited acquired 71% share capital and shareholders' loan of Tangshan Baotai Iron and Steel Group Xinyi Iron and Steel Co., Ltd. from its original third party shareholders, for a cash consideration of RMB237 million and RMB295 million respectively. The details of the acquisition are set in the announcement published on 12 August 2008.
- Subsequent to the period end, Jinxi Limited has been granted a total of RMB1,249 million banking facilities and borrowings, which comprise RMB449 million trade line and RMB800 million borrowings under an assets sale and leaseback arrangement.

24. APPROVAL ON THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

The consolidated condensed interim financial information was reviewed by the audit committee of the Company and approved by the Board on 18 August 2008.

22. 關聯方交易(續)

(c) (續)

由於折現影響不大，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。其公平值按折現現金流量計算，折現率以借款年利率7.56釐(二零零七年十二月三十一日：年利率7.74釐)為基準。

23. 結算日後事項

- 根據於二零零八年八月四日簽訂之股權轉讓協議，津西鋼鐵向唐山寶泰鋼鐵集團鑫益鋼鐵有限公司之原股東(第三方)分別以現金代價人民幣2.37億元和人民幣2.95億元收購其持有之唐山寶泰鋼鐵集團鑫益鋼鐵有限公司71%股權和股東貸款。該收購資料之詳細信息已刊載於二零零八年八月十二日之公告。
- 於結算日後，津西鋼鐵被授予一項總額為人民幣12.49億元的銀行授信額度及借款，其中包括貿易授信人民幣4.49億元以及售後回租交易安排下的借款人民幣8.00億元。

24. 批准綜合簡明中期財務資料

本公司審核委員會已審閱和董事局已於二零零八年八月十八日批准本綜合簡明中期財務資料。



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