



CHINA ORIENTAL GROUP COMPANY LIMITED

中國東方集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(在百慕達註冊成立的有限公司)

(Stock Code : 581)

(股份代號 : 581)



Annual Report 2008 年報

* For identification purposes only
僅供識別

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Financial Highlights 財務摘要

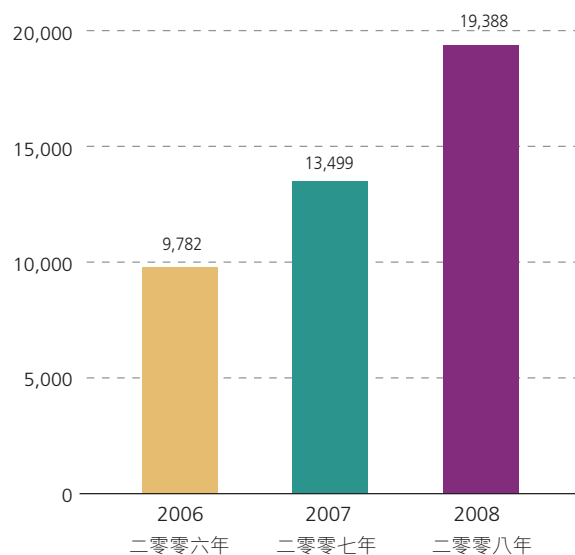
FINANCIAL SUMMARY

財務摘要

		2006 二零零六年 (RMB million) (人民幣百萬元)	2007 二零零七年 (RMB million) (人民幣百萬元)	2008 二零零八年 (RMB million) (人民幣百萬元)
Revenue	收入	9,782	13,499	19,388
Gross Profit	毛利	1,424	1,917	517
Profit Attributable to Equity Holders of the Company	本公司權益持有人應佔溢利	1,033	1,160	44
Basic Earnings per Share (RMB)	每股基本溢利(人民幣元)	0.36	0.40	0.02
Net Assets	淨資產值	5,601	6,696	6,490
Total Assets	總資產	8,221	10,162	14,136

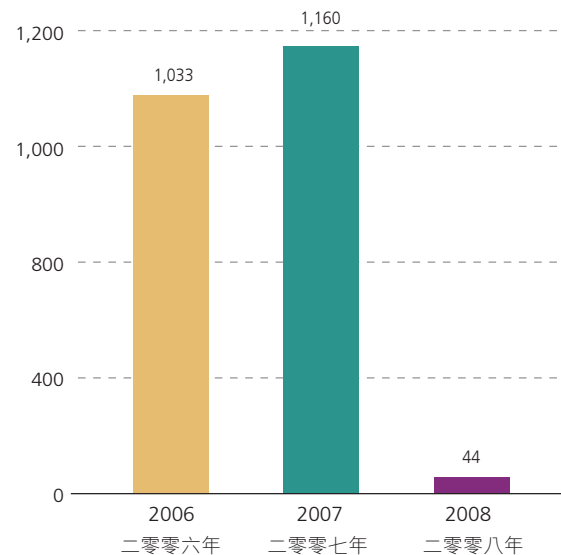
Revenue
收入

RMB million
人民幣百萬元



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

RMB million
人民幣百萬元

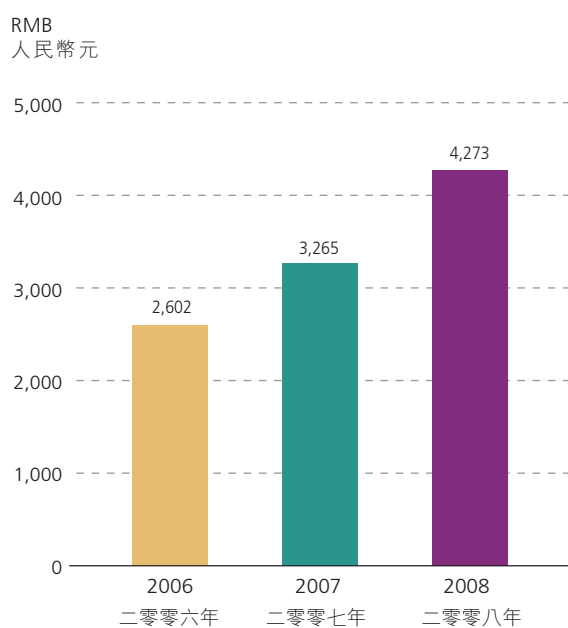


SELLING PRICE AND GROSS PROFIT/(LOSS) PER TONNE

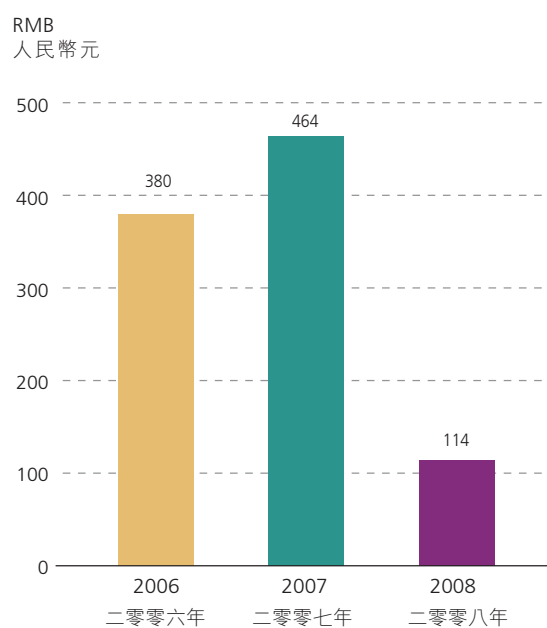
每噸銷售價與毛利／(毛虧)

		2006 二零零六年 (RMB) (人民幣元)	2007 二零零七年 (RMB) (人民幣元)	2008 二零零八年 (RMB) (人民幣元)
Selling Price per Tonne	每噸銷售價	2,602	3,265	4,273
Gross Profit/(Loss) per Tonne	每噸毛利／(毛虧)			
Billets	鋼坯	384	281	(10)
Strips and strip products	帶鋼及帶鋼類產品	445	404	99
H-section steel	H型鋼	288	668	252
Cold rolled sheets and galvanised sheets	冷軋板及鍍鋅板	(680)	198	49
Combined	綜合	380	464	114

Selling Price per Tonne
每噸銷售價



Gross Profit per Tonne
每噸毛利



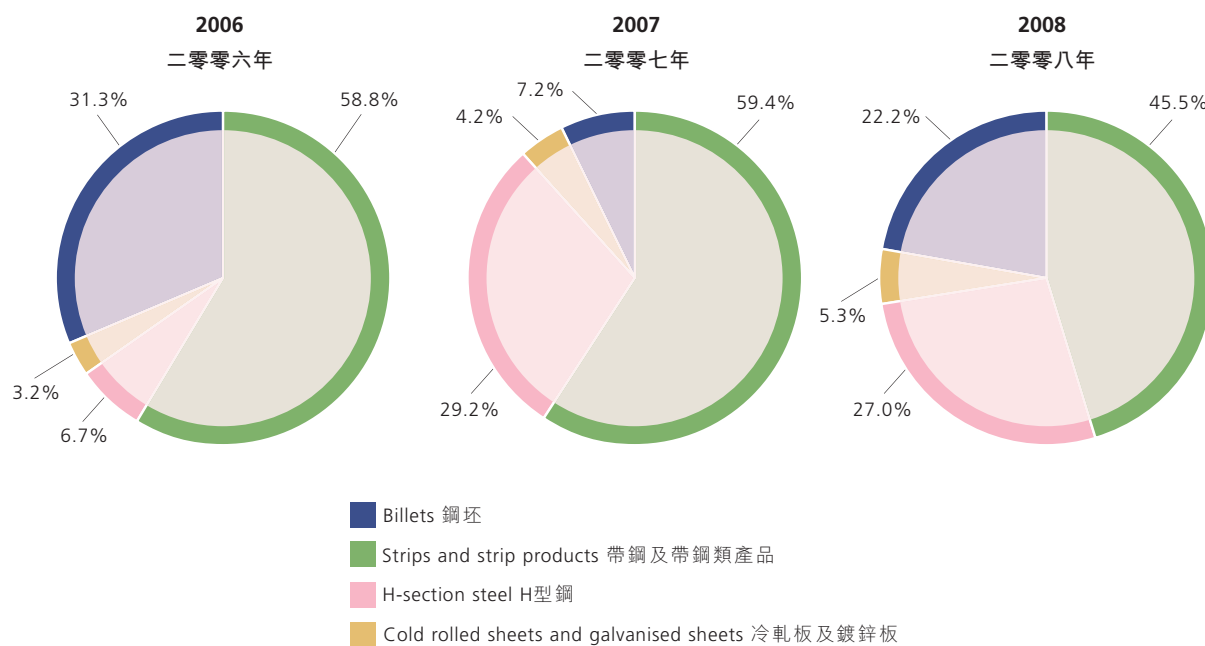
Financial Highlights 財務摘要

SALES VOLUME BY PRODUCTS

按產品種類劃分之銷量

		2006 二零零六年 ('000 tonnes) (千噸)	2007 二零零七年 ('000 tonnes) (千噸)	2008 二零零八年 ('000 tonnes) (千噸)
Billets	鋼坯	1,173	299	1,007
Strips and strip products	帶鋼及帶鋼類產品	2,202	2,451	2,061
H-section steel	H型鋼	250	1,205	1,225
Cold rolled sheets and galvanised sheets	冷軋板及鍍鋅板	121	173	241
Combined	綜合	3,746	4,128	4,534

Sales Volume by Products 按產品種類劃分之銷量



BOARD OF DIRECTORS

Executive Directors

Mr. Han Jingyuan

(Chairman and Chief Executive Officer)

Mr. Zhu Jun

(Executive Deputy General Manager and Chief Operating Officer)

Mr. Liu Lei *(Deputy General Manager)*

Mr. Shen Xiaoling

Mr. Zhu Hao

Mr. Muktesh Mukherjee

Non-Executive Directors

Mr. Jean-Paul Georges Schuler

Mr. Ondra Otradovec

Independent Non-executive Directors

Mr. Gao Qingju

Mr. Yu Tung Ho

Mr. Wong Man Chung, Francis

Composition of Board Committee

AUDIT COMMITTEE

Mr. Wong Man Chung, Francis *(Chairman)*

Mr. Gao Qingju

Mr. Yu Tung Ho

REMUNERATION COMMITTEE

Mr. Han Jingyuan *(Chairman)*

Mr. Gao Qingju

Mr. Yu Tung Ho

Mr. Wong Man Chung, Francis

AUTHORISED REPRESENTATIVES

Mr. Liu Lei

Ms. Ma Oi Ming

FINANCIAL CONTROLLER

Mr. Chan Siu Kay

COMPANY SECRETARY

Ms. Ma Oi Ming

董事局

執行董事

韓敬遠先生

(董事局主席兼首席執行官)

朱軍先生

(常務副總經理兼首席運營官)

劉磊先生 *(副總經理)*

沈曉玲先生

朱浩先生

Muktesh Mukherjee 先生

非執行董事

Jean-Paul Georges Schuler 先生

Ondra Otradovec 先生

獨立非執行董事

高清舉先生

余統浩先生

黃文宗先生

董事委員會

審核委員會

黃文宗先生 *(主席)*

高清舉先生

余統浩先生

薪酬委員會

韓敬遠先生 *(主席)*

高清舉先生

余統浩先生

黃文宗先生

授權代表

劉磊先生

馬愛明女士

財務總監

陳紹基先生

公司秘書

馬愛明女士

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 Fulcrum Group (Bermuda) Limited
(formerly known as Butterfield Fund Services (Bermuda) Limited)

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

AUDITOR

PricewaterhouseCoopers

COMPANY'S WEBSITE

www.chinaorientalgroup.com

PRINCIPAL BANKERS

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

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 Fulcrum Group (Bermuda) Limited
(前稱為 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
星展銀行
中國工商銀行(亞洲)



2008 China Oriental Group's entering new era of its corporate development. The Group recorded continuing favorable growth in capacity, sales volume and revenues.

二零零八年是中國東方集團控股有限公司成功邁進新紀元的一年。產能、銷售量及營業額持續錄得全面增長。

2008 is a year that marks tremendous changes in the global economy. The economic downturn caused by the financial crisis has affected a wide spectrum of industries, including the steel industry, of various degrees.

The Group's operations still maintained relatively satisfactory growth in the first half of the year. However, in the second half of the year, especially in the fourth quarter, demand for various types of commodities slackened as the economy got worse. The sluggish demand led to a decline in the prices of a number of commodities, including metals. This, together with the Group's purchase of excessive raw materials before the Olympic Games at a higher cost and the consumption of these expensive raw materials for production and sales in the second half of the year, further dragged down tremendously the profit margin of the Group for the year of 2008.

In the face of a severe operating environment, China Oriental Group Company Limited ("China Oriental" or the "Company", together with its subsidiaries, the "Group") achieved proactive response. The Group had made timely adjustment to its production schedule and expansion plan according to market changes and adopted a variety of cost-reduction measures. However, it takes time for the results of the various measures to be fully reflected. As such, the operating results of 2008 experienced significant decline as compared with the year of 2007.

二零零八年是全球經濟形勢急劇變化的一年。在金融風暴引發的經濟下滑衝擊下，包括鋼鐵行業在內的各行各業都受到了不同程度的影響。

集團上半年度的業績仍維持較理想的增長，但踏入下半年，特別是第四季度，在環球經濟情況逆轉下各類商品需求呆滯，導致包括多種金屬在內的商品價格下滑。連同本集團在奧林匹克運動會前以高價購入大量原材料且該等原材料用於下半年生產和銷售，進一步大幅拉低本集團二零零八年度毛利率。

面對嚴峻的經營環境，中國東方集團控股有限公司（「中國東方」或「本公司」，連同其附屬公司合稱「本集團」）積極應對，根據市場變化適時調整生產進度和擴展計劃，並採取多項節省成本措施。但由於各項措施產生的效應需要時間完全地體現，二零零八年的業績比上年度有較大跌幅。

Chairman's Statement 主席報告

The effect of the series of cost-reduction measures taken by the Group in the second half of 2008 is expected to fully realise in 2009, which will help the Group to maintain its competitive advantage and to continue to consolidate its market position amid a relatively volatile market environment.

ArcelorMittal, the world's largest steel corporation, has become the Group's second largest shareholder during the year under review. Both parties have since maintained a close cooperative relationship. During the year under review, ArcelorMittal actively participated in the operations of the Company, and appointed senior management executives to the Board of the Company, which bring the Company's corporate governance more in line with international standards. The two parties also stepped up collaboration on procurement of raw material, enhancement of technology, expansion of overseas markets, etc.

本集團在二零零八年下半年開始實施的一系列成本控制措施預計將於二零零九年逐漸完全地產生其全部效益，令本集團可維持其競爭優勢，在較動蕩的市場環境下，繼續鞏固其市場地位。

全球最大的鋼鐵企業安賽樂米塔爾於年度內成為本集團第二大股東，雙方維持緊密的合作關係。在回顧年度，安賽樂米塔爾積極參與本公司業務，並派出高級管理人員加入本公司董事局使公司的管治水平進一步與國際接軌；另一方面雙方亦進一步深化在原材料採購、技術提升，以至開拓海外市場等方面的合作。



BUSINESS REVIEW

During the year under review, the revenue of the Group was RMB19,388 million (2007: RMB13,499 million), representing an increase of 44% as compared with that of 2007. The growth in revenue was mainly due to the relative large increase in total sales volume from approximately 4.1 million tonnes in the year of 2007 to 4.5 million tonnes in the year of 2008. Besides, the increase in average selling price by 31% from RMB3,265 per tonne in 2007 to RMB4,273 per tonne in 2008 also attributed to the growth in revenue.

During the year under review, the production costs had been pushed up by raw materials and coke purchased at higher prices during the previous periods. Moreover, the sales volume of strips and strip-related products, which offered a higher gross profit, had been decreased by 16% when compared with that of the previous year, while the sales volume of billets, with a relatively lower margin, was 2.4 times higher than that of 2007. As a result, the Group's gross profit for the year decreased to RMB517 million from RMB1,917 million in 2007. The gross profit of the Group's steel products for 2008 was RMB114 per tonne, representing an downward adjustment of RMB350 per tonne or 75% from RMB464 in 2007.

The audited profit before tax and profit attributable to equity holders of the Company for 2008 were RMB114 million and RMB44 million respectively, representing decreases of 93% and 96% respectively compared with that of previous year.

During the year under review, the Group had a net cash inflow generated from operating activities of RMB148 million (2007: RMB1,074 million) for its consolidated cash flows.

Due to a significant slowdown in the market demand in the second half of the year, the average utilisation rate of the Group's production lines was approximately 90% for the full year. To maintain the Company's profitability, the Group took aggressive responsive measures during the second half of the year. With respect to production costs, the Group strove to minimise consumption during the manufacturing process and strictly control the cost incurred in every aspect of the production process. To effectively lower fixed costs, the Group implemented streamlined management measures in the fourth quarter by cutting about 1,000 non-technology-based low-level positions.

業務回顧

於回顧年度內，本集團之銷售額為人民幣193.88億元(二零零七年：人民幣134.99億元)，較上年有44%的上升。銷售額上升主要是由於銷量由二零零七年度的約410萬噸上升至二零零八年度的450萬噸。同時，平均銷售價格上升幅度為31%，由二零零七年度的每噸人民幣3,265元上升至二零零八年度的每噸人民幣4,273元，也為銷售額的上升做出貢獻。

於回顧年度內，由於前期購入的原材料和焦炭價格處於較高水準，導致本集團生產成本高企。另外，由於毛利率較高的帶鋼及帶鋼類產品的銷量較上年下跌16%；而毛利率相對較低的鋼坯銷量則較二零零七年增長2.4倍。因此，本集團的毛利由二零零七年的人民幣19.17億元下跌至二零零八年的人民幣5.17億元。二零零八年本集團每噸鋼鐵產品銷售毛利為人民幣114元，較二零零七年的人民幣464元，每噸下調達人民幣350元或75%。

二零零八年經審核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1.14億元及人民幣0.44億元，較去年分別減少了93%及96%。

於回顧年度內，本集團經營活動產生的綜合淨現金流入為人民幣1.48億元(二零零七年：人民幣10.74億元)。

由於下半年市場需求的顯著放緩，本集團生產線全年的平均利用率約為90%。本集團在下半年採取了積極的應對措施以維持公司盈利能力。在生產成本方面，本集團致力減少生產過程中的損耗，並嚴格控制每一生產環節的費用。在第四季度，本集團為了有效降低固定成本，實行精簡機構政策，裁減約一千個非技術型基層崗位。

BUSINESS REVIEW (continued)

The Group's overall annual production capacity of crude steel reached 6,000,000 tonnes during the year. With the full commencement of the operation of the new H-section steel production facilities, the production capacity of H-section steel reached 2,200,000 tonnes, further consolidating the Group as one of the largest H-section steel production centres in China. In addition, the Group successfully increased its shareholding in Foshan Jinxi Jinlan Cold Rolled Sheet Co., Ltd ("Jinxi Jinlan") to 81.5% at the beginning of 2008 and made a further capital injection to Jinxi Jinlan, which provided sufficient financial resources to Jinxi Jinlan for its business development, while strengthening the Group's management control over Jinxi Jinlan.

In response to market changes, Jinxi Jinlan adjusted its production facilities during the year, modifying one of the production lines to produce extremely thin steel strip, which is supplied to high-end electronic consumer products manufacturers and thus has a higher competitive edge in the market.

During the year, in order to further control costs and raw material supply, the Group announced several plans for extending its operations to upstream activities during the first half of the year. The plans included investment in the construction of a coking plant with an annual production capacity of 2.2 million tonnes of coke; in August 2008, the Group announced the acquisition of a 71% equity interest and a 71% shareholders' loan in Tangshan Baotai Iron and Steel Group Xinyi Iron and Steel Company Limited (now known as Tangshan Fengrun Hengfeng Iron and Steel Company Limited) ("Xinyi Iron and Steel" or "Hengfeng Iron and Steel") for a total cash consideration of RMB532 million. Xinyi Iron and Steel is a sizable domestic steel mill. It has integrated production equipment with steel production capacity of 1,000,000 tonnes per annum.

業務回顧(續)

本集團整體粗鋼年產能於年度內已達到600萬噸。隨著新的H型鋼配套設施投產，H型鋼的產能達到220萬噸，進一步鞏固本集團作為中國其中一個最大的H型鋼生產基地的地位。此外，本集團於年初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%，並對該企業進一步注資，使津西金蘭獲得充裕資金發展業務的同時，也加強了本集團在津西金蘭的管理控制能力。

因應市場的變化，津西金蘭在年度內調整了其生產設施，將其中一條生產線改為生產更具市場競爭力的超薄鋼板，供應較高端電子消費產品廠商。

在年度內，本集團為進一步控制成本和原材料的供應，在上半年公布了多項將產業鏈向上游延伸的計劃。其中包括：投資興建每年產能為220萬噸的焦化廠；本集團又於二零零八年八月，公布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（現稱為唐山市豐潤區恒豐鋼鐵有限公司）（「鑫益鋼鐵」或「恒豐鋼鐵」）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。

BUSINESS REVIEW (continued)

In the second half of 2008, the global financial crisis deepened. Pursuant to prudent financial management and strengthened risk management, the Group had postponed the plan for the development of the coking plant. Moreover, the Group had also terminated the acquisition of the 71% equity interest and 71% shareholders' loan in Xinyi Iron and Steel. The vendors of the Xinyi Iron and Steel's equity interests had refunded RMB200 million of the part of consideration paid up front by the Group before 31 March 2009, and the remaining balance of RMB200 million will be refunded to the Group before 31 December 2009.

On 24 March 2009, the Group acquired the assets relating to the iron and steel production from Hengfeng Iron and Steel at an aggregate amount of approximately RMB396 million. Following the acquisition of assets, the Group's annual production capacity of steel products will be approximately 7 million tonnes.

Hebei Jinxi Iron and Steel Company Limited ("Jinxi Limited"), the principal subsidiary of the Group, collaborated with The College of Metallurgy and Energy of Hebei Polytechnic University to establish Jinxi Iron and Steel Research Institute, for product development, technology upgrade and staff training.

STABLE STRATEGIC COOPERATION WITH ARCELORMITTAL

During the year, ArcelorMittal became the Company's second largest shareholder and began collaboration with the Group. ArcelorMittal, as the world's largest steel company, will support the Group through providing raw material and technology. Moreover, it will also appoint staff to participate in the Group's management and decision making, in order to help the Group to move closer towards reaching the international levels of production efficiency and management quality.

ArcelorMittal is a global leader in technology producing H-section steel and the Company is one of the largest producers of H-section steel in mainland, China. The cooperation between the two companies will be advantageous for the Group to consolidate its leadership in China's H-section steel market, while providing a solid foundation for the Group's future expansion in overseas markets.

業務回顧(續)

踏入二零零八年下半年，全球金融危機惡化，本集團基於審慎理財及加強風險管理考慮，已推遲焦化廠的發展計劃。此外，本集團亦終止了收購鑫益鋼鐵71%股本權益(包括71%股東貸款)的交易。鑫益鋼鐵股權出售方在二零零九年三月三十一日前已歸還本集團前期支付的代價中的人民幣2億元，而餘額人民幣2億元出售方將在二零零九年十二月三十一日前歸還本集團。

本集團於二零零九年三月二十四日，收購恒豐鋼鐵主要從事生產鋼鐵的資產，收購資產對價約為人民幣3.96億元。完成收購資產後，本集團的鋼鐵產能可達至每年約700萬噸的產能。

本集團主要附屬公司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，進行產品研發、技術提升及人材培育。

鞏固與安賽樂米塔爾策略合作

在年度內，安賽樂米塔爾成為中國東方第二大股東後，逐步落實與本集團的合作。作為全球最大的鋼鐵企業，安賽樂米塔爾一方面在原材料供應及引進技術方面為本集團提供支持；同時亦派員參與本集團的管理和決策，使本集團可以在生產效益及管治水平方面都可以進一步與國際接軌。

安賽樂米塔爾為目前世界H型鋼生產技術領導者而本公司是中國H型鋼主要生產商；兩者的合作有利於本集團鞏固其在國內H型鋼的領導地位，同時為其未來擴展海外市場奠定基礎。

STABLE STRATEGIC COOPERATION WITH ARCELORMITTAL *(continued)*

Under the iron ore and coke long-term supply agreement, the Group can ensure reliable supply of raw material for production, and effectively lower the risk of fluctuations in the price of raw material.

On 30 December 2008, the Group appointed Mr Muktesh Mukherjee, who is the senior management of ArcelorMittal, as the Company's executive director, and two other senior management staff of ArcelorMittal as the Company's non-executive directors. Their presence on the Board marks further cooperation between the Company and ArcelorMittal, and their experience in the global steel and financial markets will benefit the Company's business development. ArcelorMittal's worldwide business exposure will help the Company to broaden its international perspectives, and enhance its corporate development capability. The three newly appointed directors possess expertise and extensive experience in the development of steel business worldwide, which will facilitate cultivation and development of the Company's steel business at home and abroad. All this will further strengthen the ties between ArcelorMittal and the Company.

FUTURE PROSPECTS

The global economic recession, triggered by the financial crisis, has now spread to Asia. In China, the government's austerity measures implemented at the beginning of last year have affected the property market, and given an uncertain outlook, the construction projects in the private sector will also slow down. All this will affect the demand for H-section steel, which is the principal construction material.

The Group expected that in the first half of 2009, the demand for steel will remain weak and steel prices will be at low levels. However, coke and coal prices dropped in the first quarter, which will ease the pressure on production cost. The positive effects will gradually be realised in 2009.

鞏固與安賽樂米塔爾策略合作^(續)

在鐵礦石及焦炭長期供應協議下，本集團可確保生產所需之原材料的穩定供應，可有效減低原材料價格波動的風險。

於二零零八年十二月三十日，本集團任命在安賽樂米塔爾擔任高級管理職位的 Muktesh Mukherjee 先生為中國東方的執行董事，並且任命另外兩位安賽樂米塔爾的高級管理人員出任中國東方的非執行董事。他們加入董事局，標志著中國東方與安賽樂米塔爾進一步加強合作；而他們在環球鋼鐵和金融市場的經驗將有利中國東方的業務發展。透過安賽樂米塔爾的環球業務經驗，有助擴大本集團的國際視野，提升企業發展能力。而新委任的三位董事均於國際鋼鐵業務發展方面擁有專業知識及豐富經驗，有助中國東方於國內外鋼鐵業務的培養及發展，將會進一步加強安賽樂米塔爾與本集團的聯繫。

未來展望

國際金融危機引發的全球經濟不景氣已蔓延至亞洲地區。在中國，政府去年初實施的深化宏觀調控政策對地產市場造成一定的影響，而在經濟前景不明朗的情況下，私營機構的設施建設計劃大都放緩，因而影響到主要作為建築材料的H型鋼的需求。

本集團預計在二零零九年上半年，鋼鐵市場需求仍然疲弱，而鋼材價格仍會在低位徘徊。然而，焦炭和煤價在今年首季滑落，有助舒緩成本壓力，有關的利好因素將逐步於二零零九年反映出來。

FUTURE PROSPECTS (continued)

In addition, the results of the cost reduction measures taken by the Group in the second half of 2008 will be reflected in the current year. This will help improve the Group's competitiveness amid a severe operating environment.

The PRC government has already announced its RMB4 trillion stimulus plan to boost internal demand. Most of the fund will be used in infrastructure construction and improvement of rural areas. It is expected that the gradual implementation of these construction plans will stimulate the demand for construction materials, including steel products. As it takes time for the implementation of large-scale construction projects, the positive impact will not be felt until late this year or early next year.

The Central Government has issued a detailed policy paper to direct the development of the iron and steel industry in China by late March 2009. The Board of Directors are mindful of the short-term and long-term impacts of the said policy paper on the Company; and have already instructed the senior management team to formulate the appropriate work plans both at the high level and the working level so as to take advantage of the same.

In the face of market challenges, the Group will prudently carry out its operations, lower costs and control capital expenditure, while maintaining sufficient cash flow.

At the same time, the Group will continue to enhance its competitiveness. By seizing the opportunities arising from market consolidation, the Group will consolidate its market leadership.

The Group will continue deepen cooperation with ArcelorMittal on the aspects of corporate management, production technology, raw material supply, and overseas sales, in an attempt to improve the Group's operation efficiency and management.

未來展望(續)

此外，本集團在去年下半年開始實施的各項節約成本措施的效益亦會在今年顯現。這將有助本集團在嚴峻的經營環境下提升競爭力。

中國政府已公布投入四萬億元人民幣推動內需的計劃，其中很大部分用於基礎建設，改善農村環境等方面，預期這些建築的逐步啟動將有利於刺激包括鋼材在內的建材需求。惟有關大型基建項目落實需時，預計有關的正面影響要在今年底或明年初逐步顯現。

中國政府於二零零九年三月末發表了一份有關中國鋼鐵業未來發展詳細政策書。董事局注意到該政策書對本公司短期和長期影響，並為此商機，已要求管理層制定適當的宏觀性工作計劃和執行計劃書。

面對市場的挑戰，本集團將審慎經營，降低成本和控制資本性支出，維持充裕的現金流。

同時，本集團將繼續致力提升自身的競爭優勢，利用市場整合的機遇，鞏固其市場領先地位。

本集團亦將繼續深化與安賽樂米塔爾在企業管治、生產技術、原材料供應以至海外銷售方面的合作，以爭取全方位提升本集團的經營效益和管理水平。

Chairman's Statement 主席報告

BUSINESS OPERATION

Sales Volume

In 2008, the Group's total sales volume was 4,534,000 tonnes (2007: 4,128,000 tonnes), representing an increase of approximately 10% as compared with that of previous year.

The Group's sales volume breakdown was as follows:

		2008 二零零八年 Sales volume 銷量 Percentage ('000 tonnes) 比例 (千噸)		2007 二零零七年 Sales volume 銷量 Percentage ('000 tonnes) 比例 (千噸)		Changes in Sales volume 銷量變化
Billets	鋼坯	1,007	22.2	299	7.2	
Strips and strip products	帶鋼及帶鋼類產品	2,061	45.5	2,451	59.4	(16%)
H-section steel	H型鋼	1,225	27.0	1,205	29.2	2%
Cold rolled sheets and galvanised sheets	冷軋板及 鍍鋅板	241	5.3	173	4.2	39%
Total	合計	4,534	100.0	4,128	100.0	10%

During the year, the Group experienced substantial drop in the gross profit. This was mainly attributable to the decrease in sales volume of strips and strip products, which offered a higher gross profit, by 16% compared with the previous year. Besides, sales volume of billet products, which generated very slim gross profit, was 2.4 times higher than that of 2007.

業績回顧

銷售量

二零零八年本集團總銷售量為4,534,000噸(二零零七年：4,128,000噸)，較去年上升約10%。

本集團於有關年度銷售量如下：

本年度內，本集團毛利有較大跌幅，主要原因是毛利較高的帶鋼及帶鋼類產品銷量，較上年度減少16%，毛利較低的鋼坯產品，其銷量卻較上年度大幅增加約2.4倍。

BUSINESS OPERATION (continued)

Revenue

Revenue of the Group in 2008 was RMB19,388 million (2007: RMB13,499 million), representing an increase of 44% as compared with that of previous year.

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

		2008 二零零八年		2007 二零零七年		Changes in 變化	
		Revenue (RMB million)	Average selling price (RMB/tonne)	Revenue (RMB million)	Average selling price (RMB/tonne)	Revenue	Average selling price
RMB 人民幣		銷售額 (百萬元)	平均 銷售單價 (元/噸)	銷售額 (百萬元)	平均 銷售單價 (元/噸)	銷售額	平均 銷售單價
Billets	鋼坯	3,919	3,891	897	2,999	337%	30%
Strips and strip products	帶鋼及帶鋼類產品	8,574	4,159	7,441	3,036	15%	37%
H-section steel	H型鋼	5,562	4,538	4,298	3,566	29%	27%
Cold rolled sheets and galvanised sheets	冷軋板及 鍍鋅板	1,319	5,489	840	4,870	57%	13%
Others	其他	14	-	23	-	(39%)	-
Total	合計	19,388	4,273	13,499	3,265	44%	31%

業績回顧(續)

銷售額

二零零八年本集團總銷售額為人民幣193.88億元(二零零七年：人民幣134.99億元)，較去年增長約44%。

本集團於有關年度銷售額及不含增值稅之平均產品銷售單價如下：

Chairman's Statement 主席報告

BUSINESS OPERATION (continued)

Cost of Sales and Gross Profit/(Loss)

The audited consolidated gross profit of the Group in 2008 was RMB517 million (2007: RMB1,917 million), representing a decrease of 73% as compared with that of previous year. Gross profit margin was 2.7% (2007: 14.2%).

Average cost per tonne and gross profit/(loss) per tonne during the year were as follows:

		2008			2007		
		二零零八年			二零零七年		
		Average unit cost	Gross profit/(loss) per tonne	Gross profit/(loss) margin	Average unit cost	Gross profit per tonne	Gross profit margin
		(RMB/tonne)	(RMB)		(RMB/tonne)	(RMB)	
		平均	每噸毛利/	毛利/	平均	每噸毛利	毛利率
RMB		成本單價	(毛虧)	毛利/	成本單價	每噸毛利	毛利率
人民幣		(元/噸)	(元)	(毛虧)率	(元/噸)	(元)	
Billets	鋼坯	3,901	(10)	(0.3%)	2,718	281	9.4%
Strips and strip products	帶鋼及帶鋼類產品	4,060	99	2.4%	2,632	404	13.3%
H-section steel	H型鋼	4,286	252	5.6%	2,898	668	18.7%
Cold rolled sheets and galvanised sheets	冷軋板及鍍鋅板	5,440	49	0.9%	4,672	198	4.1%
Total	合計	4,159	114	2.7%	2,801	464	14.2%

Accreditation for the Company and its Management

The Group's H-section steel product brandname, Jinxi Pai, was accredited "Consumers Satisfactory Products in Hebei Province" by China Quality and Assurance Committee. Besides, Jinxi Limited, a major subsidiary of the Company was accredited the award of "The Best Corporate Culture in 2008" by China Entrepreneur Committee.

Mr. Han Jingyuan, the Chairman and Chief Executive Officer of the Company, had been named the "Outstanding entrepreneur in Science Development in Tangshan City" by Tangshan local government. Besides, he was granted a golden award for his charity donation from the year 2006 to 2007 by the Hebei charity organisation.

業績回顧(續)

成本及毛利/(毛虧)

二零零八年的本集團經審核綜合毛利為人民幣5.17億元(二零零七年：人民幣19.17億元)，較去年下降73%。毛利率約為2.7%(二零零七年：14.2%)。

本集團於有關年度平均每噸成本及每噸毛利/(毛虧)如下：

公司及管理層取得的榮譽

本集團之熱軋H型鋼產品品牌「津西牌」被中國質量協會和省用戶委員會評為「河北省用戶滿意產品」。而本公司的主要附屬公司津西鋼鐵被中國企業聯合會及中國企業家協會評為2008年全國企業文化優秀成果獎。

韓敬遠先生(本公司的董事局主席兼首席執行官)被唐山市委市政府評為「唐山市科學發展優秀企業家」及於河北慈善評選中獲2006-2007年度河北省慈善家金質獎。

FINANCIAL REVIEW

Capital Structure

The cash and cash equivalents of the Group as at 31 December 2008 was RMB729 million (2007: RMB690 million). After deducting the cash and cash equivalents and the relevant restricted bank balances, net borrowings was RMB1,257 million (2007: RMB535 million), accounting for 20% (2007: 8%) of the Group's consolidated net assets after deducting minority interests of RMB6,265 million (2007: RMB 6,549 million).

The current ratio (current assets divided by current liabilities) was 0.88 as at 31 December 2008 (2007: 1.4). As at 31 December 2008, the ratio between total liabilities and total assets of the Group was 54% (2007: 34%).

The net asset value per share of the Group as at 31 December 2008 was RMB2.14 (2007: RMB2.24), representing a decrease of 4% as compared with that of previous year.

The consolidated interest expenses and capitalised interest in 2008 amounted to RMB155 million (2007: RMB69 million). The interest coverage (divide earnings before interests and taxes by total interest expenses) was 1.3 times (2007: 22.1 times).

財務回顧

資本結構

本集團於二零零八年十二月三十一日的現金及現金等價物結存為人民幣7.29億元(二零零七年:人民幣6.90億元)。扣除現金及現金等價物和相關受限制銀行結存後,本集團的借款淨額為人民幣12.57億元(二零零七年: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值62.65億元(二零零七年:人民幣65.49億元)的20%(二零零七年:8%)。

於二零零八年十二月三十一日,本集團的流動比率(流動資產除以流動負債)為0.88倍(二零零七年:1.4倍)。於二零零八年十二月三十一日,本集團的總負債與總資產比率為54%(二零零七年:34%)。

本集團於二零零八年十二月三十一日的每股淨資產值為人民幣2.14元(二零零七年:人民幣2.24元),較去年下跌4%。

二零零八年綜合利息支出(含資本化利息支出)共人民幣1.55億元(二零零七年:人民幣6,900萬元)。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1.3倍(二零零七年:22.1倍)。

FINANCIAL REVIEW (continued)

Capital Commitments

As at 31 December 2008, the Group had capital commitments of RMB3,300 million (2007: RMB1,161 million), which mainly consisted of the capital commitments to the construction of coking coal project and rolled sheets project and other ancillary projects. It is estimated the capital commitments will be financed by the Group's internal resources and bank borrowings.

Guarantees and Contingent Liabilities

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

Pledge of Assets

As at 31 December 2008, the net book value of the Group's property, plant and equipment amounting to approximately RMB1,406 million (2007: approximately RMB1,396 million), land use rights amounting to approximately RMB62 million (2007: approximately RMB24 million), inventories amounting to approximately RMB390 million (2007: approximately RMB57 million), notes receivable amounting to approximately RMB251 million (2007: approximately RMB158 million) and restricted bank balances amounting to approximately RMB362 million (2007: approximately RMB172 million) had been pledged as security for the Group's bank facilities.

Exchange Risks

As at 31 December 2008, Renminbi, US dollar, HK dollar and Euro accounted for 93.8%, 5.7%, 0.2% and 0.3% of the Group's total bank balances (including restricted bank balances) respectively (2007: 82.2%, 15.4%, 2.4% and 0.001% respectively). As the majority of the sales, purchases of raw materials and bank borrowings committed by the Group were in Renminbi in 2008 and 2007, the Group's exposure to foreign exchange risk remained relatively low.

財務回顧(續)

資本性承擔

於二零零八年十二月三十一日，本集團的資本性承擔為人民幣33.00億元(二零零七年：人民幣11.61億元)，主要為中厚板軋及焦化工程和其它配套工程項目的資本性承擔。預計將由本集團自有資金及銀行借款所融資。

擔保及或然負債

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

資產抵押

於二零零八年十二月三十一日，本集團賬面淨值約人民幣14.06億元(二零零七年：約人民幣13.96億元)的物業、廠房及設備、約人民幣0.62億元(二零零七年：約人民幣0.24億元)的土地使用權、約人民幣3.90億元(二零零七年：約人民幣0.57億元)的存貨、約人民幣2.51億元(二零零七年：約人民幣1.58億元)的應收票據及約人民幣3.62億元(二零零七年：約人民幣1.72億元)的受限制銀行結餘，已作為本集團獲授銀行融資的抵押品。

匯率風險

本集團於二零零八年十二月三十一日的銀行存款結餘(包括受限制銀行結餘)中，人民幣、美元、港元及歐元分別佔93.8%、5.7%、0.2%及0.3%(二零零七年：分別佔82.2%、15.4%、2.4%及0.001%)。由於本集團於二零零八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。

FINANCIAL REVIEW (continued)

Interest Rates Risk

The interest rates of the Group's certain borrowings are subject to variation. 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 of the Group, there are no events to cause material impact on the Group from the balance sheet date to the date of this report.

Human Resources and Remuneration Policies

As at 31 December 2008, the Group had a workforce of 9,400 and temporary staff of 640. 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. Effective from July 2008, the Group implemented a workers' injury insurance scheme and contributed approximately RMB4 million to the Social Insurance Bureau. The amount of contribution was calculated at 1.5% based on the workers' wages. According to the Group's remuneration policy, employees' package is based on productivity and/or sales performance, and is consistent with the Company's quality control and cost control targets.

The Group has been emphasizing the importance of providing continuing education and training programmes to both the management staff and factory workers in order to improve the Group's productivity and further enhance the quality of its workforce. For example, Jinxi Limited received the "2008 Award for Excellent Achievement in Enterprise Culture in China" from China Enterprise Confederation and China Enterprise Directors Association in December 2008.

財務回顧(續)

利率風險

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

結算日後事項

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

人力資源和薪酬政策

於二零零八年十二月三十一日，本集團僱用員工約9,400人及臨時工人約640人。職工成本包括基本薪金及福利、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。自二零零八年七月份起，本集團推行工傷保險，按員工發工資的1.5%上繳社保部門，繳納總額約人民幣400萬元。根據本集團的薪酬政策，僱員的整套福利與生產力及／或銷售業績掛鉤，與本集團質量控制及成本控制目標的一致。

我們向來重視對管理層人員及生產工人提供持續教育及培訓課程，以改善本集團的生產力及進一步提高員工的質素，例如津西鋼鐵於二零零八年十二月獲中國企業聯合會、中國企業家協會聯合頒發的2008年度全國企業文化優秀成果獎。

APPRECIATION

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

On behalf of the Board

China Oriental Group Company Limited

Han Jingyuan

Chairman and Chief Executive Officer

Hong Kong, 3 April 2009

感謝

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

謹代表董事局

中國東方集團控股有限公司

韓敬遠

董事局主席兼首席執行官

香港，二零零九年四月三日

EXECUTIVE DIRECTORS

Han Jingyuan, aged 52, is the Chairman and Chief Executive Officer of the Company, and also serves as chairman of the board of Hebei Jinxi Iron and Steel Company Limited ("Jinxi Limited"), Foshan Jinxi Jin Lan Cold Rolled Sheet Company Limited ("Jinxi Jinlan"), Tangshan Fengnun Qu Zhengda Iron and Steel Company Limited and Oriental Fullhero Leasing Co., Ltd. Mr. Han graduated from the People's University in 1994 with a degree in management. Mr. Han began his career in Metallurgy in 1984 when he was employed as a deputy mine manager of Han'erzhuang Iron Mine. Mr. Han has in-depth industry knowledge and 24 years of extensive operational and managerial experience in the iron and steel industry. Mr. Han was awarded the honorary title of "Hebei Metallurgy Top Ten Man", "Outstanding Entrepreneur of Hebei Province", "Excellent Privately-owned Enterprises Entrepreneur in Hebei Province", "Chinese Brands Top Ten Outstanding Meritorious Man", "The Most Attention-grabbing Chinese Entrepreneur", "Best Founding Entrepreneurs in China", "Top Ten Celebrities for China Reform Programme in the New Century", "Economic Top Ten Men of Honesty and Credibility in China", etc. Mr. Han is the Vice Chairman of the Metallurgy Chamber of All-China Federation of Industry and Commerce. Mr. Han is the director and the controlling shareholder of Wellbeing Holdings Limited, the controlling shareholder of the Group.

Zhu Jun, aged 45, an Executive Director, Executive Deputy General Manager of the Company, also serves as an Chief Operating Officer of the board and the executive director and general manager of Jinxi Limited. Mr. Zhu graduated in 2001 from a graduate programme of the Communist Party School in Hebei Province with a diploma in management. Prior to working in the steel industry, Mr. Zhu worked for 10 years as deputy director of Qianxi County Chemical Fertilizer Factory which was based in Qianxi County. Mr. Zhu joined Jinxi Iron Factory in 1992 and later served as deputy director. Mr. Zhu has had 15 years of working experience in the iron and steel industry.

執行董事

韓敬遠，五十二歲，為本公司的董事局主席兼首席執行官，亦為河北津西鋼鐵股份有限公司（「津西鋼鐵」）、佛山津西金蘭冷軋板有限公司（「津西金蘭」）、唐山市豐潤區正達鋼鐵有限公司和東方英豐租賃有限公司的董事局主席。彼於一九九四年在人民大學畢業，取得管理學位。韓先生於一九八四年在漢兒莊鐵礦出任副礦長，開始冶金事業。韓先生為資深業內人士，在鋼鐵業累積二十四年的運作及管理經驗。韓先生曾獲「河北冶金十大年度人物」、「河北省傑出企業家」、「河北省優秀民營企業家」、「中國品牌建設十大傑出功勳人物」、「中國最受關注企業家」、「全國優秀創業企業家」、「新世紀中國改革十大新聞人物」及「中國經濟十大誠信人物」等殊榮。韓先生為中華全國工商業聯合會冶金業商會副會長。韓先生為本集團的控股股東、Wellbeing Holdings Limited的董事及控股股東。

朱軍，四十五歲，本公司執行董事、常務副總經理兼首席運營官、同時兼任津西鋼鐵執行董事兼總經理。彼於二零零一年在中共河北省委黨校畢業，持有管理文憑。在從事鋼鐵業前，朱先生在遷西縣化肥廠擔任副廠長達十年之久。彼於一九九二年加盟津西鐵廠，其後出任副廠長之職。朱先生在鋼鐵業累積了十五年經驗。

EXECUTIVE DIRECTORS (continued)

Liu Lei, aged 53, is an Executive Director and deputy general manager of the Company and director of Jinxi Jinlan. Mr. Liu has over 21 years of experience in management and industrial fields. Mr. Liu graduated in the area of Industrial Electrical Automation of Electrical Engineering Faculty of 河北工學院 (Hebei Industrial Academy) in July 1978. Mr. Liu was awarded the title of 河北省有突出貢獻的中青年專業技術人才 (Professional Technological Talent With Outstanding Contribution in Hebei Province) by Government of Hebei Province in April 1987. Mr. Liu was also granted the qualification of research fellow by 河北省自然研究高級評委會 (Senior Appraisal Committee of Zi Ran Yan Jiu of Hebei Province) in December 2000. Before joining the Group in June 2004, Mr. Liu was the Vice Chancellor of 河北省科學院 (Science Bureau of Hebei Province) from October 1999 to June 2004.

Shen Xiaoling, aged 48, is an Executive Director of the Company and also serves as an executive director and deputy general manager of Jinxi Limited. He obtained a diploma in management from the Hebei Province Communist Party School in 2001. Before joining the Group, Mr. Shen was head of China Construction Bank Luanxian Sub-branch. Mr. Shen also had 5 years experience acting as head of China Construction Bank Qianxi Sub-branch and more than 6 years of experience as the deputy head of Bank of China Qianxi Sub-branch. Mr. Shen has been deputy general manager of Jinxi Limited since January 2002.

Zhu Hao, aged 42, is an Executive Director of the Company and graduated at Tianjin Nankai University and obtained his master degree in accounting from the University of New South Wales in Australia. Mr. Zhu is a senior economist in China. Mr. Zhu was a Non-executive Director of Jinxi Limited from December 2002 to early 2004.

執行董事(續)

劉磊，五十三歲，本公司執行董事兼副總經理及津西金蘭的董事。劉先生於管理及工業方面有超過二十一年的經驗。劉先生於一九七八年七月畢業於河北工學院電機工程系工業電氣自動化專業。彼於一九八七年四月獲河北省政府頒發「河北省有突出貢獻的中青年專業技術人才」的稱號，亦於二零零零年十二月獲河北省自然研究高級評委會評為研究員的資格。於二零零四年六月加入本集團前，劉先生於一九九九年十月至二零零四年六月期間出任河北省科學院的副院長。

沈曉玲，四十八歲，本公司執行董事兼任津西鋼鐵的執行董事兼副總經理。彼於二零零一年在中共河北省委黨校取得管理文憑。在加盟本集團之前，沈先生為中國建設銀行灤縣支行行長，亦曾擔任中國建設銀行遷西支行行長逾五年及中國銀行遷西支行副行長逾六年。沈先生由二零零二年一月起擔任津西鋼鐵的副總經理。

朱浩，四十二歲，本公司執行董事，天津南開大學畢業並取得澳洲新南威爾斯大學會計學碩士學位。朱先生為中國高級經濟師。在二零零二年十二月至二零零四年初期間，朱先生為津西鋼鐵非執行董事。

EXECUTIVE DIRECTORS (continued)

Muktesh Mukherjee, aged 36, is an Executive Director of the Company and graduated from McGill University in Montreal, Quebec, Canada in 1998 with a Master degree in Business Administration.

In 1998, Mr. Mukherjee joined Ispat Sidbec, Montreal, Canada as a financial analyst. In 2001, Mr. Mukherjee joined Mittal Canada as Marketing Manager and subsequently moved on to be the Director, Sales and Marketing, Long Products and Plate for ArcelorMittal International in Chicago, USA. Currently, Mr. Mukherjee is General Manager, ArcelorMittal China with responsibility for overseeing the relationship with the Company on behalf of ArcelorMittal. He is also a member of the Board of Directors of Hunan Valin Steel Tube & Wire Co. Ltd. ("Hunan Valin Steel").

NON-EXECUTIVE DIRECTORS

Ondra Otradovec, aged 40, graduated from Stony Brook State University of New York with Bachelor of Finance. Previously, he worked at HSBC, responsible for financing, IPO, privatization in Central and Eastern European markets. During this period, he provided advisory service for the acquisition of Nova Hut in Czech Republic and other steel companies. Since 2003, Mr. Otradovec is responsible for mergers and acquisitions activities at ArcelorMittal. He is now Vice President of Global Merger & Acquisition at ArcelorMittal. Mr. Otradovec is also a Director of Hunan Valin Steel, a company listed on Shenzhen Stock Exchange, since 18 November 2005.

執行董事(續)

Muktesh Mukherjee，三十六歲，本公司執行董事，於一九九八年在加拿大魁北克省蒙特婁麥吉爾大學(McGill University)工商管理碩士畢業。

於一九九八年，Mukherjee先生加入加拿大蒙特婁Ispat Sidec為金融分析師。於二零零一年，彼加入加拿大Mittal為市場經理及其後調任位於美國芝加哥ArcelorMittal國際長形鋼材產品和鋼板的市場銷售董事。現時，Mukherjee先生為中國ArcelorMittal總經理，專責處理ArcelorMittal與本公司之關係。Mukherjee先生亦為湖南華菱管線股份有限公司(「湖南華菱」)的董事。

非執行董事

Ondra Otradovec，四十歲，紐約州斯托尼布魯克的紐約州立大學金融學士學位畢業。過去，曾任職滙豐銀行投資銀行，負責中歐和東歐市場融資、首次公開發股和私有化。在滙豐銀行工作期間，彼為收購捷克共和國的新華(Huta)和其他鋼鐵公司提供諮詢。自二零零三年起，Otradovec先生負責米塔爾合併和收購工作。Otradovec先生現時為ArcelorMittal環球收購和合併副總裁。由二零零五年十一月十八日起，Otradovec先生亦為湖南華菱，一間深圳交易所上市公司的董事。

NON-EXECUTIVE DIRECTORS (continued)

Jean-Paul Georges Schuler, aged 52, graduated from University of Karlsruhe, Germany and holds a Master of Science in Mechanical Engineering. He was assistant at University of Karlsruhe – Metallurgical Institute. Mr. Schuler started his professional career at ArcelorMittal Dudelange (formerly known as Galvalange-Luxembourg) where he held different positions during the period from 1983 to 1988 and as Chief Operating Officer from 1989 to 1996. At the end of 1996, Mr. Schuler joined TradeARBED and was appointed General Manager of Flat Products Sales in Export Markets, responsible for the development of Eastern European and African Markets.

From 2000 to 2005, Mr. Schuler was Managing Director of the Arcelor Regional Sales Organization in Istanbul, Turkey. Mr. Schuler was appointed Senior Vice President, Arcelor Long Carbon Sector in 2006 and participated in the Laigang/Arcelor project in Laiwu, China.

In 2007 Mr. Schuler was nominated Vice President ArcelorMittal and Head of Operational Excellence Department – AAMS, a position he occupied until May 31, 2008.

Starting from June 1, 2008, Mr. Schuler is the Chief Representative Officer of ArcelorMittal at Hunan Valin Steel. Mr. Schuler was also appointed Deputy General Manager and Director of Hunan Valin Steel in July 2008.

非執行董事(續)

Jean-Paul Georges Schuler，五十二歲，畢業於德國卡爾斯魯厄大學 (University of Karlsruhe) 並取得機械工程學碩士學位，曾在卡爾斯魯厄大學冶金學院擔任助理。Schuler 先生的職業生涯始於 ArcelorMittal Dudelange 公司 (前稱為 Galvalange 盧森堡公司)。於一九八三年至一九八八年期間，Schuler 先生在該公司曾擔任多個職位而在一九八九年至一九九六年期間擔任該公司首席運營官。於一九九六年底，Schuler 先生加入 TradeARBED 公司，擔任出口市場部平材銷售業務總經理，主要負責東歐和非洲市場的發展。

於二零零零年至二零零五年期間，Schuler 先生擔任 Arcelor 土耳其伊斯坦布爾區域銷售組織董事總經理。於二零零六年，Schuler 先生擔任 Arcelor 長材業務高級副總裁，並參與了在中國萊蕪市的萊鋼/Arcelor 項目。

於二零零七年，Schuler 先生擔任 ArcelorMittal 公司副總裁兼運營卓越部 (AAMS) 負責人，直至二零零八年五月三十一日止。

由二零零八年六月一日起，Schuler 先生擔任 ArcelorMittal 公司駐湖南華菱之首席代表。於二零零八年七月份，Schuler 先生被任命為湖南華菱的副總經理兼董事。

INDEPENDENT NON-EXECUTIVE DIRECTORS

Gao Qingju, aged 72, is a senior engineer. Mr. Gao is the Managing Director and General Manager of 北京聯興發鋼鐵科貿有限公司 (Beijing Lianxingfa Industrial & Technical Co., Ltd) since 2000. Mr. Gao graduated from metallurgical machinery and equipment at 北京鋼鐵工業學校 (The Beijing College of Iron & Steel) in 1958 and joined 北京鋼鐵研究院 (The Beijing Iron and Steel Research Institute) in the same year. In 1965, Mr. Gao was seconded to the Ministry of Metallurgical Industry and dealt with research work until he retired. During employment with the Ministry of Metallurgical Industry, Mr. Gao was the officer of Small and Medium Manufacture Enterprises. Mr. Gao completed a professional economics management training course at the Communist Party School in 1988. Mr. Gao is Vice President and Permanent Secretary of 地方鋼鐵企業協會 (The Regional Iron and Steel Enterprises Association) during employment and some time after retirement.

Yu Tung Ho, aged 62, currently serves as Senior Vice President of Phoenix Satellite Television Company Limited and the Director of Asia Television Limited. Mr. Yu is a senior influential media professional in Hong Kong and China and has been in broadcasting for more than 37 years. Mr. Yu was Chief Operation Officer of Asia Television Limited, Executive Vice President of Phoenix Satellite Television Company Limited in Hong Kong and served as Chairman of the 12th and 13th Hong Kong Advertising Industry Association. Mr. Yu has also served as the Deputy General Manager of China Radio & TV Corporation for International Techno-Economic Cooperation and the chief of Radio Guangdong. Mr. Yu also acts as Independent Non-Executive Director of Gome Electrical Appliances Holdings Limited.

獨立非執行董事

高清舉，七十二歲，高級工程師，自二零零零年起任職於北京聯興發鋼鐵科貿有限公司董事長兼總經理至今。高先生生於一九五八年完成北京鋼鐵工業學校冶金工廠裝備專業後，同年被分配到北京鋼鐵研究院從事有關科研工作。一九六五年調至冶金部工作至退休。在冶金部工作期間曾任生產司中小辦主任，並於一九八八年完成了黨校經濟管理專業進修並獲畢業證書。在職期間及退休後一段時間曾任地方鋼鐵企業協會副理事長和秘書長等工作。

余統浩，六十二歲，現任香港鳳凰衛視有限公司資深副總裁、香港亞洲電視有限公司董事，是中港兩地有影響力的資深傳媒人。彼從事傳媒事業三十七年，曾出任香港亞洲電視有限公司營運總裁、香港鳳凰衛視有限公司執行副總裁，以及第十二及第十三屆香港廣告業聯會主席。彼亦曾任中國廣電部直屬的中國廣播電視國際經濟技術合作總公司副總經理、廣東省廣播電台台長等。彼亦為國美電器控股有限公司獨立非執行董事。

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

Wong Man Chung, Francis, aged 44, is a Certified Public Accountant (Practising) and has over 20 years of experience in auditing, taxation, management and financial advisory. Mr. Wong is currently an independent non-executive director of Digital China Holdings Limited and Wai Kee Holdings Limited whose shares are listed on the Main Board of the Stock Exchange. Mr. Wong has tendered his resignation as an independent non-executive director of Lightscape Technologies Inc., a company with its shares listed and traded in the OTC Bulletin Board of the United States of America. He was once the independent non-executive director of Sys Solutions Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange and the independent non-executive director of Yardway Group Limited, a company listed on the Main Board of the Stock Exchange. Mr. Wong is a director of Union Alpha C.P.A. Limited, a professional accounting firm, and a founding director and member of Francis M.C. Wong Charitable Foundation Limited, a charitable institution. Previously, Mr. Wong worked for an international accounting firm for 6 years and the Hong Kong Securities Clearing Company Limited for 2 years. Mr. Wong is a fellow member of Hong Kong Institute of Certified Public Accountants, Taxation Institute of Hong Kong and Association of Chartered Certified Accountant of the United Kingdom. Mr. Wong is also an associate member of Institute of Chartered Accountants in England and Wales and a member of the Society of Chinese Accountants & Auditors, Hong Kong. Mr. Wong holds a Master Degree in Management conferred by Guangzhou Jinan University.

獨立非執行董事(續)

黃文宗，四十四歲，為一名執業會計師，於審計、稅務、管理及財務策劃方面有超過二十年經驗。黃先生現為神州數碼控股有限公司及惠記集團有限公司的獨立非執行董事，該等公司的股份均於交易所主板上市。黃先生已辭去一間在美國OTC Bulletin Board上市公司的獨立非執行董事職務。黃先生並曾為軟迅科技控股有限公司(其股份於交易所創業板上市)及啟帆集團有限公司(其股份於交易所主板上市)的獨立非執行董事。黃先生現為才匯會計師事務所有限公司的董事及黃文宗慈善基金有限公司的創辦董事及發起人。在此之前，黃先生曾於一間國際會計師事務所工作六年，並於香港中央結算有限公司工作兩年。黃先生為香港會計師公會、香港稅務學會及英國特許公認會計師公會資深會員，亦為英格蘭及韋爾斯特許會計師公會會員及香港華人會計師公會會員。黃先生持有廣州暨南大學管理學碩士學位。

SENIOR MANAGEMENT

Yu Jianshui, aged 41, is a Deputy General Manager of Jinxi Limited. Mr. Yu was a metallurgy graduate at Hebei Polytechnic University. He joined the Group after graduation until May 2005 and had over 17 years management experience. During the period, he received the awards of County Technological Selected Talent (縣科技拔尖人才), Ten Outstanding Youths in the County (縣十大傑出青年), Outstanding Youth in Post of Tangshan City (唐山市青年崗位能手), Workers' Model in Hebei Province (河北省勞動模範), The First Class Honour of Technological Improvement in Tangshan City, The Third Class Honour of Technological Improvement in Hebei Province. He was employed as the deputy general executive manager of Shanxi Province Xiaoyi City Chengcai Iron and Steel Company in May 2005 and then joined Jinxi Jinlan in April 2006.

Chan Siu Kay, aged 49, is the Financial Controller of the Group. Mr. Chan holds a master's degree in Business Administration from The University of Strathclyde, Britain and a master's degree in Corporate Finance from The Hong Kong Polytechnic University. He is a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant of The Hong Kong Institute of Certified Public Accountants. He is also an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He joined the Group in January 2009 and has over 25 years in audit, accounting, taxation, corporate financing and IPO in an international audit firm and listed companies.

高級管理人員

于建水，四十一歲，津西鋼鐵副總經理。于先生畢業於河北理工大學鋼鐵冶金專業，自參加工作以來至二零零五年五月一直在本集團工作，擁有超過十七年管理經驗。期間，曾獲得「縣科技拔尖人才」、「縣十大傑出青年」、「唐山市青年崗位能手」、「河北省勞動模範」等榮譽稱號，榮獲「唐山市科技進步一等獎」、「河北省科技進步三等獎」等科技成果。于先生於二零零五年五月任山西省孝義市城財鋼鐵公司常務副總經理，及後於二零零六年四月加盟津西金蘭。

陳紹基，四十九歲，為本集團財務總監。陳先生持有英國斯特拉斯克萊德大學工商管理碩士學位，及香港理工大學企業融資財務碩士學位。彼為英國特許公認會計師公會資深會員，及香港會計師公會會計師，彼並為香港特許秘書公會會員及英國特許秘書及行政人員公會會員。彼於二零零九年一月加入本集團，曾在一家國際會計師事務所及多家上市公司於審計、會計、稅務、企業融資及安排公司上市集資累積超過二十五年經驗。

The Company is committed to sound corporate governance practices designed to promote greater transparency, investor confidence and the ongoing development of the Company and its subsidiaries (the “Group”), having always as its ultimate objective, the best long term interest of the Group and the enhancement of value for all shareholders. The Company also believes that sound corporate governance practices benefit the Group’s employees and the community in which the Group operates.

CODE ON CORPORATE GOVERNANCE PRACTICES (“CG CODE”)

In the opinion of the Directors, the Company has complied with the CG Code set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) throughout the year ended 31 December 2008, except for the deviation with explanation disclosed below.

BOARD OF DIRECTORS (THE “BOARD”)

The Board currently comprises eleven Directors and the composition is set out as follows:

Executive Directors

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

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

Mr. Liu Lei (*Deputy General Manager*)

Mr. Shen Xiaoling

Mr. Zhu Hao

Mr. Muktesh Mukherjee

(*appointed on 2 January 2009*)

Non-Executive Directors

Mr. Jean-Paul Georges Schuler
(*appointed on 2 January 2009*)

Mr. Ondra Otradovec
(*appointed on 2 January 2009*)

Independent Non-Executive Directors

Mr. Gao Qingju

Mr. Yu Tung Ho

Mr. Wong Man Chung, Francis

The composition of the Board is reviewed regularly to ensure that it has a good balance of expertise, skills and experience, which can meet the requirements of the business of the Group. The Directors’ biographical information is set out on pages 21 to 26.

本公司貫徹執行良好之公司管治實務，以提升透明度、投資者信心及促進本公司及其附屬公司(「本集團」)之持續發展，並一直以本集團之最佳長遠利益及提高全體股東利益為其最終目標。本公司亦相信，良好之公司管治對本集團僱員及經營所在社區均屬有利。

企業管治常規守則(「企業管治守則」)

除下文所述的偏差和說明外，於截至二零零八年十二月三十一日止整個年度，董事局認為本公司已應用並遵守香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)附錄十四所載之企業管治守則之原則及守則條文。

董事局(「董事局」)

目前，董事局包括十一名董事，其組成載列如下：

執行董事

韓敬遠先生(董事局主席兼首席執行官)

朱軍先生(常務副總經理兼首席運營官)

劉磊先生(副總經理)

沈曉玲先生

朱浩先生

Muktesh Mukherjee 先生

(於二零零九年一月二日獲委任)

非執行董事

Jean-Paul Georges Schuler 先生
(於二零零九年一月二日獲委任)

Ondra Otradovec 先生
(於二零零九年一月二日獲委任)

獨立非執行董事

高淸舉先生

余統浩先生

黃文宗先生

董事局定期檢討其成員架構、人數及成員組合，務求平衡各方的專業知識、技術及資歷，以符合本集團的業務要求。董事履歷資料載列於第21至26頁。

BOARD OF DIRECTORS (THE “BOARD”) (continued)

There is a clear division of responsibilities between the Board and the management. The Board is responsible for providing high-level guidance and effective oversight of the management while day-to-day management of the Group is delegated to the management team of each respective subsidiary. Generally speaking, the Board is responsible for:

- Formulating the Group’s long-term strategy and monitoring the implementation thereof;
- Approval of dividends;
- Reviewing and approving the interim and annual reports;
- Ensuring good corporate governance and compliance;
- Monitoring the performance of the management;
- Reviewing and approving any material acquisition and disposal of assets and other material transactions.

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

The Board authorises the management to carry out the strategy that have been approved. During the year, nine board meetings were held and the principal business transacted included approving interim and annual results and reports and assessing business development, business performance and implementation. The attendance record of each Director during the year ended 31 December 2008 is set out as follows:

Board of Directors

董事局

Mr. Han Jingyuan	韓敬遠先生
Mr. Zhu Jun	朱軍先生
Mr. Liu Lei	劉磊先生
Mr. Shen Xiaoling	沈曉玲先生
Mr. Yu Jianshui	于建水先生
Mr. Zhu Hao	朱浩先生
Mr. Muktesh Mukherjee	Muktesh Mukherjee 先生
Mr. Jean-Paul Georges Schuler	Jean-Paul Georges Schuler 先生
Mr. Ondra Otradovec	Ondra Otradovec 先生
Mr. Gao Qingju	高淸舉先生
Mr. Yu Tung Ho	余統浩先生
Mr. Wong Man Chung, Francis	黃文宗先生

董事局(「董事局」)(續)

董事局與管理層職責具清晰劃分。董事局負責提供高層次指引及有效監督管理層，而本集團日常管理則轉授予各附屬公司管理層。一般而言，董事局負責：

- 制訂本集團長遠策略及監督有關策略之實施；
- 批准股息；
- 審閱及批准中期報告及年報；
- 確保良好公司管治及遵守法規；
- 監督管理層之表現；
- 審閱及批准任何重大收購及資產出售及其他重大交易。

據董事所知悉，董事之間概無任何財務、業務和親屬關係。董事均可自由作出獨立判斷。

董事局授權管理層履行已批准的策略。年內，董事局共召開九次會議，已處理之主要事項包括批准中期及末期業績和報告、評估業務發展表現及落實細節。各董事於截至二零零八年十二月三十一日止年度之出席情況如下：

Notes	Number of Board meeting
備註	Attended
	董事局會議出席次數

	9/9
	9/9
	9/9
	9/9
1	9/9
	9/9
2	0/9
2	0/9
2	0/9
	9/9
	8/9
	9/9

BOARD OF DIRECTORS (THE “BOARD”) (continued)

Notes

1. resigned on 2 January 2009
2. appointed on 2 January 2009

A. Chairman and Chief Executive Officer

Pursuant to the Code Provision A.2.1 of the CG Code, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. The Board has Chairman to provide leadership to the Board in terms of establishing policies and business directions and monitor the daily operation of the Group.

Mr. Han Jingyuan currently serves as the Chairman of the Board and the Chief Executive Officer of the Company. The Board believes that there is no immediate need to separate 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.

The Board will consider the segregation of the roles of the Chairman and the Chief Executive Officer of the Company in the future.

B. Independent Non-Executive Directors

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

The Company has received, from each of the Independent Non-Executive Directors, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-Executive Directors to be independent.

董事局(「董事局」)(續)

備註：

1. 於二零零九年一月二日辭任
2. 於二零零九年一月二日獲委任

A. 董事局主席和首席執行官

根據企業管治守則第A.2.1條守則條文，主席和首席執行官應有區分，並不應由一人同時兼任。董事局設主席為制定本集團政策、業務方向及領導董事局，並監控本集團日常業務。

目前，韓敬遠先生擔任董事局主席兼首席執行官。董事局認為現時沒有即時需要區分董事局主席和首席執行官因為本公司主要及實際營運的附屬公司的首席執行官/總經理已由其他人士擔任。

未來，董事局將會考慮區分主席和首席執行官。

B. 獨立非執行董事

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

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

BOARD OF DIRECTORS (THE “BOARD”) (continued)

C. Appointment, Re-election and Removal of Directors

The Board as a whole is responsible for the selection and approval of candidates for appointment to the Board and does not therefore establish a nomination committee.

According to the Bye-laws of the Company, any Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. 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 and the Director appointed to fill a casual vacancy or as an addition to the Board shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

Taking the Code Provision A.4.2 of the CG Code into consideration, Mr. Han Jingyuan, the Chairman of the Company, is willing to retire at the forthcoming annual general meeting and being eligible, offer himself for re-election. The Company will consider amending the Bye-laws to comply with the Code Provision A.4.2 of the CG Code in the future.

During the year under review, all the Directors of the Company are appointed for a specific term and subject to re-election. Currently, Mr. Liu Lei, Mr. Zhu Hao, Mr. Muktesh Mukherjee, Mr. Jean-Paul Georges Schuler and Mr. Ondra Otradovec are appointed for a fixed term of two years. All Independent Non-Executive Directors, Mr. Gao Qingju, Mr. Yu Tung Ho and Mr. Wong Man Chung, Francis are appointed for a fixed term of one year. Additionally, the Chairman, Mr. Han Jingyuan, the Chief Operating Officer, Mr. Zhu Jun and Mr. Shen Xiaoling are appointed for a fixed term of three years.

During the year under review, no Director was appointed to fill any causal vacancy or otherwise.

董事局(「董事局」)(續)

C. 委任、重選和撤換董事

董事局全體成員負責挑選及核准董事局候選成員之委任，因此並沒有成立提名委員會。

根據本公司之章程細則，任何獲委任以填補臨時空缺或新加入之董事僅可留任至本公司下一屆股東週年大會，並符合資格重選連任。於每屆股東週年大會上，當時在任之三分之一之董事(或如董事人數並非三或三之倍數時，最接近但不少於三分之一之董事)須輪值告退但符合資格重選連任，而每位董事須至少每三年退任一次。每年告退之董事(包括以特定任期委任之董事)須為自上一次當選後任期最長之董事，僅擔任主席及／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。同時，填補空缺或新加入的董事人數，於釐定須輪值退任之董事人數時，均無須計算在內。

考慮到企業管治守則第A.4.2條守則條文，韓敬遠先生，本公司主席，願意在應屆股東週年大會退任，並符合資格重選連任。將來，本公司將考慮修改章程細則以符合企業管治守則第A.4.2條守則條文。

於回顧年度內，本公司所有董事之委任均有指定任期，並須根據本公司細則接受重選。目前，劉磊先生、朱浩先生、Muktesh Mukherjee先生、Jean-Paul Georges Schuler先生和Ondra Otradovec先生、以指定任期獲委任，為期兩年。所有獨立非執行董事高清舉先生、余統浩先生和黃文宗先生以指定任期一年之任期獲委任。此外，主席韓敬遠先生、首席運營官朱軍先生和沈曉玲先生以指定任期三年獲委任。

於回顧期間，董事局之架構並無變動。

BOARD OF DIRECTORS (THE “BOARD”) (continued)

D. Responsibilities of Directors

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

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

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

E. Directors’ Securities Transactions

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

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

董事局(「董事局」)(續)

D. 董事責任

所有董事均充分了解彼等作為本公司董事之角色及職責。

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

公司秘書負責向全體董事發放上市規則及其他相關監管要求之最新資料。

E. 董事之證券交易

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

經向所有董事作出具體查詢後，所有董事確認於年內已遵守標準守則和董事證券交易的操守準則規定之條款。

BOARD OF DIRECTORS (THE “BOARD”) (continued)

F. Board Committees

As an integral part of sound corporate governance, the Board has established the following committees whose authorities and functions, compositions and duties are set out below:

(1) Audit Committee

The Audit Committee has been established since 2005. It comprises three independent non-executive directors during the year under review in compliance with Rules 3.21 of the Listing Rules. The Audit Committee’s term of reference includes those specific duties as set out in the code provision C.3.3 of the CG Code. Pursuant to its term of reference, the Audit Committee is required, amongst other things, to consider and recommend to the Board the appointment, re-appointment and removal of the external auditors and to approve their remuneration, to review the interim and annual financial statements, to review the Group’s financial controls, internal controls and risk management system and to consider any findings of major investigation of internal control matters as delegated by the Board or on its own initiative and management’s response. The Audit Committee should meet at least twice each year and when the need arises.

董事局(「董事局」)(續)

F. 董事委員會

作為良好企業管治不可分割之部分，董事局已設立下列委員會，其權限、職能、組成及職責載列如下：

(1) 審核委員會

審核委員會自二零零五年起成立。於回顧年內，審核委員會由三名獨立非執行董事組成，以遵守上市規則第3.21條之規定。審核委員會之職權範圍包括企業管治守則第C.3.3條守則條文所載之特定職責。根據其職權範圍，審核委員會須(其中包括)審議並向董事局建議委任、重新委任及解聘外聘核數師並批准其薪酬、審核中期及年度財務報表、審核本集團財務監控、內部監控與風險管理系統，以及審議由董事局或其自行發起對內部監控事宜進行重大調查之結果以及管理層作出之反應。審核委員會應每年最少召開兩次會議以及於有需要時舉行會議。

BOARD OF DIRECTORS (THE “BOARD”) (continued)

F. Board Committees (continued)

(1) Audit Committee (continued)

During the year ended 31 December 2008, four committee meetings were held, one to consider the annual results of the Group for the financial year ended 31 December 2007 including the discussion of internal control report and one to consider the interim results of the Group for the six months ended 30 June 2008.

The attendance record for each member of the Audit Committee during the year is set out as follows:

Committee members

委員會會員

Gao Qingju	高清舉
Yu Tung Ho	余統浩
Wong Man Chung, Francis	黃文宗

(2) Remuneration Committee

Pursuant to Code Provision B.1.1 of the CG Code, a majority of the members of the Remuneration Committee should be Independent Non-Executive Directors. Currently, the Remuneration Committee consists of the Chairman of the Company and three Independent Non-Executive Directors.

董事局(「董事局」)(續)

F. 董事委員會(續)

(1) 審核委員會(續)

於截至二零零八年十二月三十一日止年度，審核委員會共舉行四次會議，一次為審議本集團截至二零零七年十二月三十一日止財政年度之全年業績包括內部監控報告討論和一次為審議本集團截至二零零八年六月三十日止六個月之中期業績。

本年度審核委員會各會員出席記錄如下：

Number of Board meeting Attended

委員會會議出席次數

4/4
3/4
4/4

(2) 薪酬委員會

根據企業管治守則第B.1.1條守則條文，薪酬委員會大部分成員須為獨立非執行董事。現時，薪酬委員會由董事局主席及三名獨立非執行董事所組成。

BOARD OF DIRECTORS (THE “BOARD”) (continued)

F. Board Committees (continued)

(2) Remuneration Committee (continued)

The Remuneration Committee's term of reference includes those specific duties as set out in the Code Provision B.1.3 of the CG Code. Pursuant to its term of reference, the Remuneration Committee is required, amongst other things, to review and recommend to the Board the compensation packages of the Executive Directors, Non-Executive Directors and senior management, to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; to review and approve the compensation payable to Executive Directors, Non-Executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company; and to ensure that no Director is involved in deciding his/her own remuneration. The Remuneration Committee should meet at least once a year and when the need arises.

During the year ended 31 December 2008, a meeting of Remuneration Committee was held. The attendance record of each member during the year is set out as follow:

Committee members

委員會會員

Han Jingyuan	韓敬遠
Gao Qingju	高淸舉
Yu Tung Ho	余統浩
Wong Man Chung, Francis	黃文宗

董事局(「董事局」)(續)

F. 董事委員會(續)

(2) 薪酬委員會(續)

薪酬委員會之職權範圍包括企業管治守則第B.1.3條守則條文所載列之特定職責。根據其職權範圍，薪酬委員會須(其中包括)審議並向董事局建議執行董事、非執行董事及高級管理層之薪酬福利、參考不時由董事局議決之企業方針及目標審議和批准按表現發放之酬金、審議和批准應付執行董事、非執行董事及高級管理層有關彼等喪失或終止職位或委任之賠償以確保該等賠償乃根據相關合約條款而釐定且對本公司而言屬公平而非過度，以及確保並無董事參與釐定本身之薪酬。薪酬委員會應每年最少召開一次會議以及於有需要時召開會議。

於截至二零零八年十二月三十一日止年度，薪酬委員會舉行一次會議。各委員會成員之出席記錄如下：

Number of Board meeting

Attended

委員會會議出席次數

Han Jingyuan	韓敬遠	1/1
Gao Qingju	高淸舉	1/1
Yu Tung Ho	余統浩	1/1
Wong Man Chung, Francis	黃文宗	1/1

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges that it is its responsibility to prepare financial statements of the Company for each financial period which give a true and fair view of the state of affairs of the Company and ensure that financial statements are prepared in accordance with statutory and regulatory requirements and applicable accounting standards. The Board also ensures the timely publication of the financial statements of the Company.

The Board confirms that, to the best of its knowledge and, having made appropriate enquires, it considers that the Company has adequate resources to continue in operational existence for the foreseeable future and has prepared the financial statements on a going concern basis accordingly.

Internal Controls

The Board recognizes that constant changes taking place in the business environment call for periodical reviews of the system of internal controls. Well-managed internal controls enable effective and efficient operations, ensure the reliability of internal and external reporting and assist in the compliance with applicable laws and regulations.

The Board recognizes that it has overall responsibility for the Group's system of internal controls and for reviewing its effectiveness. Pursuant to the Group's framework, senior management is primarily responsible for designing and implementing the policies and procedures of the internal controls, which the Board and the Audit Committee oversee the actions of senior management and monitor the effectiveness of the controls previously established.

The Company's internal audit function is performed by Internal Audit Department which reports to the Chief Operating Officer and has direct access to the Chairman of the Audit Committee. The Chief Operating Officer report directly to Chief Executive Officer. The internal audit functions include (i) review and report on internal and operational controls, (ii) follow-up on the suggestion made by external auditors, (iii) ongoing monitoring and reviews on different operating cycles; and (iv) special review of areas of concern identified by senior management.

問責和核數

財務匯報

董事局確認，其有責任就每一財務期間編製真實及公平地反映本公司財務狀況之財務報表，以及確保該等財務報表乃按法定與規管要求及適用會計準則編制。董事局亦須確保適時刊發本公司財務報表。

於作出適當查詢後，董事局確認，就其所知本公司具有充分資源於可見將來繼續維持營運，並已按持續經營準則編制財務報表。

內部監控

董事局明白商業環境不斷轉變，需要定期檢討內部監控制度。完善之內部監控有助業務有效運作，並確保內部及外部呈報之可靠，以及協助遵守適用法律與法規。

董事局明白其對於本集團之內部監控制度及審核其有效性具有整體責任。根據本集團之架構，高級管理層主要負責設計和實施內部監控政策及程序，而董事局及審核委員會則監督高級管理層之行動和監督過去所制定監控之有效性。

本公司之內部審核職能由內審部所執行，向首席運營官匯報，並直接向審核委員會主席通報。首席運營官再向首席執行官匯報。內審職能之工作包括(i)對內部及營運監控作出審議及報告；(ii)跟進外聘核數師提供之建議；(iii)對不同營運週期進行持續監控及檢討；及(iv)對高級管理層所識別之關注範圍進行專項審核。

ACCOUNTABILITY AND AUDIT (continued)

Internal Controls (continued)

In 2007, the Directors had engaged a professional firm to conduct a review on the system of internal control. The internal control review report had been approved by Audit Committee and the Board on 19 March 2008. By the end of the year 2008, the Chairman of the Audit Committee organised a full scope of review on the connected transactions and continuing connected transaction of the Company and noted that due to incorrect interpretation of the Listing Rules by a senior management (“Responsible Senior Management”) whom has been designated by the Board to be responsible for overlooking and monitoring compliance of the Listing Rules, a transaction was incorrectly classified inducing a non-compliance of the Listing Rules. After a meeting between the Board and the Responsible Senior Management, the Board had taken immediately actions to change the reporting channel and re-write the internal control system on reporting transactions.

However, internal control can only provide reasonable but not absolute assurance against errors or deliberate attempt to defraud the Company. The Board and the Audit Committee confirms to closely monitor the efficiency and effectiveness of the system of internal control of the Group. Periodical meetings will be held and guidance notes and training will be issued and provided to the senior management where appropriate, to ensure an efficient and effective system of internal control is in place.

External Auditor

During the financial year ended and up to the date of this report, the external auditor of the Group is PricewaterhouseCoopers. Fees of auditing services and non-auditing services (including interim review and others) for the year ended 31 December 2008 are RMB3.30 million and RMB2.50 million respectively.

問責和核數(續)

內部監控(續)

於二零零七年，董事聘請專業人士為內部監控系統進行審議。有關內部監控審查報告經審核委員會和董事局於二零零八年三月十九日批准採納。於二零零八年末時，審核委員會主席為本公司關連交易和持續關連交易籌劃全面審查，由於一名經董事局委派監管上市規則之執行的高級管理人員（「該名需負責的高級管理人員」）對上市規則理解有誤，導致一項交易分類錯誤引致沒有遵守上市規則。該名需負責的高級管理人員與董事局會議後，董事局即時採取行動改變匯報渠道和為申報交易重寫內部監控制度。

然而，內部監控僅可提供合理而非絕對之保障以防止錯誤或蓄意詐騙公司之行為。董事局和審核委員會承諾對本集團內部監控制度之有效性進行密切地監察。召開定期會議及向高級管理層發出通告指引和提供訓練以確保現有的內部監控系統是有效和適當的。

外聘核數師

於本財政年度及截至本報告日期，外聘核數師為羅兵咸永道會計師事務所。截至二零零八年十二月三十一日止年度，外聘核數師提供審核與非審核服務之費用（包括中期審閱及其他事項）分別為人民幣330萬元和人民幣250萬元。

ACCOUNTABILITY AND AUDIT (continued)

Risk Management

The Group's business, financial conditions and results of operation may be affected by risk and uncertainties pertaining to the Group's business. The factors set out below are those that the Company believes could result in the Group's financial condition or results of operations differing materially from expected or historical results. There may be other risks in addition to those mentioned below which are unknown to the Group or which may not be material now but could turn out to be material in the future.

Operation Risk

The Group's results are affected by trends in the industry in which it operates. Income from the operations is dependent upon the conditions in global iron and steel market and therefore there can be no assurance that changes in these conditions will not adversely affect the Group's financial conditions and results of operations.

Market Risk

Over 90% of the Group's consolidated sales and contribution to results are derived from the Mainland, China. The Group operates in highly competitive and rapidly changeable market. The intensification of price competition by existing competitors, product innovation or technical advancement could adversely affect the Group's financial conditions and results operations.

Credit Risk and Interest Rate

Credit risk arises from a number of areas. These include the possibility that a counter-party in a transaction may default during the settlement process. It also arises from lending, settlement, treasury, transaction and other activities undertaken by the Group. During the year under view, the Group has not undertaken any activities in any hedging or derivative instruments.

The Group has not established any risk management committee. The day to day credit management is performed by the Operation Department of Jinxi Limited and Jinxi Jinlan with reference to the creditworthiness, the type and value of collateral available and the length of business relationship with the counter-parties.

問責和核數(續)

風險管理

本集團之業務、財務狀況及經營業績可能受到與本集團業務相關之風險及不明朗因素所影響。以下載列因素為本公司認為可導致本集團之財務狀況或經營業績與預期或過去業績截然不同。除下文所述因素外，亦可能有本集團未知之其他風險或現時可能不屬重大惟日後成為重大之風險。

經營風險

本集團業績可能受到所經營行業之趨勢所影響。來自此等業務之收入受到全球鋼鐵市場之影響，因此概無法保證此等條件之變動不會對本集團財務狀況及營運業績產生不利影響。

市場風險

本集團的綜合銷售及業績貢獻有超過90%源自中國。本集團經營所在市場競爭非常激烈及變動極快。市場現有競爭對手之價格競爭加劇、產品革新或技術進步均可能對本集團財務狀況及營運業績產生不利影響。

信貸風險和利率風險

信貸風險來自若干範疇，包括交易對手可能於交收過程中不履責。風險亦可能來自借貸、交收、庫務、作價買賣、及本集團進行之其他活動。於回顧期間，本集團並沒有參與對沖或衍生工具活動。

本集團沒有設立風險管理委員會。日常信貸管理由津西鋼鐵和津西金蘭營運部處理，參考對方信貸評級、抵押品類別和價值和與業務往來年期。

ACCOUNTABILITY AND AUDIT (continued)

Foreign Exchange Risk

Foreign exchange risk is the risk to the Group's financial conditions and results of operations arising from movements of foreign exchange rates. The Group's foreign exchange risk primarily arises from the procurement of iron ores and the relevant products from overseas suppliers. Foreign exchange rates fluctuate in reaction to the macro-economic performance of different countries and fund flows between countries arising from trade or capital movements.

IMPACT ON NEW LEGISLATION, POLICY AND PROCEDURES

As mentioned before, over 90% of the operations of the Group are carried in the Mainland, China. Any change in the policy and procedure may have adverse effects on the Group's operation and results.

Also, the introduction of new legislation of rules by the Stock Exchange, Securities and Futures Commission and other regulatory bodies in Hong Kong and overseas may induce changes in market conditions that in turn adversely affect the operating results of the Company.

COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of good communication with shareholders. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circular.

The general meeting of the Company provides a forum for exchange of views between the shareholders and the Board. The Chairman of the Board, the Directors and Senior Management of the Group and where applicable, the Directors (including Independent Non-Executive Directors) are available to answer questions at the Shareholders' Meeting.

問責和核數(續)

匯率風險

外匯風險指匯率變動對本集團財務狀況及營運業績構成之風險。本集團之外匯風險主要向海外供應商購入購鐵礦石和相關產品。匯率波動受不同國家宏觀經濟表現以及貿易或資本動向帶來國家之間資金流動所影響。

新法例、政策及程序之影響

正如上文所述，本集團運作超過90%在中國境內進行。任何政策和程序變動均可能對本集團財務狀況及營運和業績產生不利影響。

此外，聯交所、證監會和香港及海外其他監管機構引入之新法例及規則可能導致市場狀況變動，並可能對本公司經營業績帶來不利影響。

與股東之溝通

董事局深明與股東保持良好溝通之重要性。有關本集團之資料透過多種正式渠道(包括中期及年度報告、公告及通函)適時發放予各股東。

本公司股東大會為股東與董事局提供交流意見之機會。董事局主席、本集團董事及高級管理層及(如適用)，本公司董事(包括獨立非執行董事)可於股東大會上回應問題。

COMMUNICATION WITH SHAREHOLDERS *(continued)*

The rights of shareholders and the procedures for demanding a poll on resolution at Shareholders' Meeting are contained in the Company's Bye-laws. Details of such right to demand a poll and the poll procedure are included in all circulars to Shareholders which will call for a general meeting and will be explained during the proceedings of the meeting.

Separate resolutions are proposed at Shareholders' Meeting on each substantial issue, including the election of individual directors.

The Company continues to enhance communication and relationship with its shareholders. Enquiries from Shareholders are dealt with in a formative and timely manner.

To promote effective communications, the Company also maintain a website at www.chinaorientalgroup.com, where information are updated on the Company's business developments and operations and other information are posted, including all the regulatory announcements relating to the Company and the poll results on the business day following the Shareholders' Meeting (if any).

Upon the implementation of the amendments of the Listing Rules with effect from 1 January 2009, all resolutions proposed at shareholders' meetings will be voted by poll. The poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinaorientalgroup.com) immediately after the relevant general meetings.

與股東之溝通^(續)

股東之權利及在股東大會上要求就決議案投票表決之程序載於本公司章程細則。要求投票表決權利之詳情及投票表決程序載於所有召開股東大會之股東通函，並會於大會議事程序內解釋。

重大事宜(包括個別董事之選舉)將在股東大會上以獨立決議案方式提呈。

本公司將繼續改善與股東之溝通及關係。股東之查詢將會適時並詳盡處理。

為促進有效溝通，本公司亦已設立網站，網址為www.chinaorientalgroup.com，載有本公司業務進展及經營最新資訊以及其他資料，其中包括有關本公司之所有監管公告及於股東會議後之營業日刊登之投票結果(如有)。

上市規則修訂於二零零九年一月一日生效後，所有在股東大會提呈的決議案均以投票方式表決。投票表決結果將於有關股東大會召開後馬上於聯交所網站(www.hkexnews.hk)及本公司網站(www.chinaorientalgroup.com)刊登。

The Board of Directors (the "Board" or "Directors") of China Oriental Group Company Limited (the "Company") presents their annual report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008.

INCORPORATION AND LISTING OF THE COMPANY

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

PRINCIPAL ACTIVITIES

As at 31 December 2008, the Company's principal activity is investment holding. The principal activity of the Group is the manufacture and sales of iron and steel products. The nature of the principal activity has not changed during the year.

SEGMENT INFORMATION

Over 90% of the Group's consolidated sales and contribution to results are derived from the PRC and mainly from the production and sales of iron and steel products for the year ended 31 December 2008 and are set out in Note 5 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's consolidated income statement for the year ended 31 December 2008 and its consolidated balance sheet as at that date, together with the balance sheet of the Company as at 31 December 2008, are set out in the financial statements on pages 58 to 61.

At a Board meeting held on 3 April 2009, the Directors confirmed that no dividend have been declared for the financial year ended 31 December 2008 and the book will be closed from 29 April 2009 to 30 April 2009 (both date inclusive) for the purpose of establishing entitlement of shareholders to vote at the forthcoming annual general meeting.

中國東方集團控股有限公司(「本公司」)董事局(「董事局」或「董事」)謹此提呈其年度報告及本公司及其附屬公司(「本集團」)截至二零零八年十二月三十一日止年度的經審核財務報表。

本公司之成立和上市

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

主要業務

於二零零八年十二月三十一日，本公司的主要業務為投資控股。本集團的主要業務為生產及銷售鋼材產品。年內，主要業務性質並無變動。

分部資料

截至二零零八年十二月三十一日止年度，本集團的綜合銷售額及業績貢獻有超過90%源自中國，且主要來自生產及銷售鋼材產品，並載於綜合財務報表附註5。

業績及股息

本集團截至二零零八年十二月三十一日止年度的綜合損益表及其於該日的綜合資產負債表，連同本公司於二零零八年十二月三十一日的資產負債表載於第58至第61頁的財務報表。

於二零零九年四月三日舉行之董事局會議上，董事確認不為截至二零零八年十二月三十一日止財政年度派發股息。而股東名冊將於二零零九年四月二十九日至二零零九年四月三十日(首尾兩天包括在內)暫停登記，以釐訂符合於應屆股東週年大會上投票之股東資格。

SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated financial results and assets, liabilities and minority interests of the Group for the last five financial years, is set out on page 220.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the movements in the Company's issued share capital during the year are set out in Note 21 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group during the year are set out in Note 22 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

At 31 December 2008, the Company's accumulated losses amounted to RMB73.1 million (2007: RMB113.3 million).

At 31 December 2008, the Group's retained earnings amounted to RMB2,618.9 million (2007: RMB2,907.1 million).

PRE-EMPTIVE RIGHTS

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

財務資料概要

本集團截至前五個財政年度的綜合財務業績及資產、負債與少數股東權益概要載於第220頁。

物業、廠房及設備

本集團及本公司於年內的物業、廠房及設備變動詳情載於綜合財務報表附註7。

股本

本公司已發行股本於年內的變動詳情載於綜合財務報表附註21。

儲備

本集團於年內的儲備變動載於綜合財務報表附註22。

可分派儲備

於二零零八年十二月三十一日，本公司的累計虧損達人民幣7,310萬元(二零零七年：人民幣1.13億元)。

於二零零八年十二月三十一日，本集團的累計盈利達人民幣26.19億元(二零零七年：人民幣29.07億元)。

優先認購權

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

MAJOR CUSTOMERS AND SUPPLIERS

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

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

DIRECTORS

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

Executive Directors

Mr. Han Jingyuan

Mr. Zhu Jun

Mr. Liu Lei

Mr. Shen Xiaoling

Mr. Yu Jianshui

(resigned on 2 January 2009)

Mr. Zhu Hao

Mr. Muktesh Mukherjee

(appointed on 2 January 2009)

Non-Executive Directors

Mr. Jean-Paul Georges Schuler

(appointed on 2 January 2009)

Mr. Ondra Otradovec

(appointed on 2 January 2009)

Independent non-executive Directors

Mr. Gao Qingju

Mr. Yu Tung Ho

Mr. Wong Man Chung, Francis

In accordance with Bye-laws 86(2) and 87 of the Company, Mr. Han Jingyuan, Mr. Shen Xiaoling, Mr. Muktesh Mukherjee, Mr. Jean-Paul Georges Schuler, Mr. Ondra Otradovec and Mr. Yu Tung Ho will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

主要客戶及供應商

本集團年內五大客戶所佔銷售額佔本集團的本年度綜合總銷售額不足30%。

本集團年內五大供應商所佔採購額佔本集團的本年度綜合採購總額少於30%。

董事

於年內及直至本報告日期止的董事如下：

執行董事

韓敬遠先生

朱軍先生

劉磊先生

沈曉玲先生

于建水先生

(於二零零九年一月二日辭任)

朱浩先生

Muktesh Mukherjee 先生

(於二零零九年一月二日獲委任)

非執行董事

Jean-Paul Georges Schuler 先生

(於二零零九年一月二日獲委任)

Ondra Otradovec 先生

(於二零零九年一月二日獲委任)

獨立非執行董事

高清舉先生

余統浩先生

黃文宗先生

根據本公司的公司章程第86(2)條和第87條，韓敬遠先生、沈曉玲先生、Muktesh Mukherjee先生、Jean-Paul Georges Schuler先生、Ondra Otradovec先生和余統浩先生將於應屆股東週年大會上退任，並符合資格和願意於應屆股東週年大會重選連任。

DIRECTORS (continued)

Pursuant to Rule 13.51(2) of the Listing Rules, the annual fee specified in each of Mr. Han Jingyuan, Mr. Shen Xiaoling, Mr. Muktesh Mukherjee, Mr. Jean-Paul Georges Schuler, Mr. Ondra Otradovec and Mr. Yu Tung Ho's existing service contracts are HK\$400,000, HK\$300,000, HK\$300,000, HK\$300,000, HK\$300,000 and HK\$350,000 respectively. The basis of determining the Directors' fee was based on the mutual negotiation between the Directors with reference to the range of prevailing directors' fee for directors of listed companies in Hong Kong. Save as disclosed in this annual report, other than Mr. Han Jingyuan and Mr. Shen Xiaoling, Mr. Muktesh Mukherjee, Mr. Jean-Paul Georges Schuler, Mr. Ondra Otradovec and Mr. Yu Tung Ho do not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company.

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

DIRECTORS' INTERESTS IN CONTRACTS

Save as the transactions as disclosed in Notes 10 and 42 to the consolidated financial statements, no director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHICAL INFORMATION

Biographical details of the Directors and senior management of the Company are set out on pages 21 to 27 of the annual report.

董事(續)

根據上市規則第13.51(2)條，韓敬遠先生、沈曉玲先生、Muktesh Mukherjee先生、Jean-Paul Georges Schuler先生、Ondra Otradovec先生和余統浩先生各自的現有服務合約所指的全年費用分別為400,000港元、300,000港元、300,000港元、300,000港元、300,000港元及350,000港元。董事費用乃董事間按共同磋商的基準並且參考香港上市公司董事目前之董事袍金水平而釐定。除本年報所披露者外，除韓敬遠先生和沈曉玲先生外，Muktesh Mukherjee先生、Jean-Paul Georges Schuler先生、Ondra Otradovec先生和余統浩先生概無與本公司之任何董事、高級管理人員或主要或控權股東有任何關係。

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

董事的合約權益

除綜合財務報表附註10和42所披露的交易外，董事於年內概無與本公司或其任何附屬公司訂立而對本集團業務屬重大的任何合約中擁有重大權益。

董事及高級管理人員的履歷資料

本公司董事及高級管理人員的履歷詳情載於年報第21至27頁。

DIRECTORS' SERVICE CONTRACTS

Three Executive Directors have service contracts with the Company for a fixed term of three years while the remaining three Executive Directors and all Non-Executive Directors have service contracts with the Company for a fixed term of two years which may be terminated by either party giving not less than three months' notice in writing.

All the Independent Non-Executive Directors have service contracts for a fixed term of one year.

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

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

董事的服務合約

三位執行董事與本公司訂立服務合約，固定任期為期三年而餘下三位執行董事和所有非執行董事與本公司訂立的服務合約均有固定任期為期兩年。該等合約各可由任何一方發出不少於三個月的書面通知予以終止。

所有獨立非執行董事之服務合約均有固定年期為期一年。

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

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

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

At 31 December 2008, the long and short positions of the Directors, chief executives and their associates of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

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

董事於證券的權益及淡倉

於二零零八年十二月三十一日，根據證券及期貨條例(「證券及期貨條例」)第352條所存置的股東名冊所記錄，或根據上市公司董事進行證券交易的標準守則本公司及聯交所獲知會，本公司董事、主要行政人員及其聯繫人士於本公司或任何相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份及債券擁有以下權益及淡倉：

持有本公司股份數目及於本公司的權益性質：

			Percentage of the Company's issued share capital	
	Corporate Interest 公司權益	Personal Interest 個人權益	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(附註1)	1,317,502,849	–	44.98%	Long (好)
	–	2,800,000	0.10%	Long (好)
Mr. Zhu Jun 朱軍先生	–	2,400,000	0.08%	Long (好)
Mr. Liu Lei 劉磊先生	–	2,400,000	0.08%	Long (好)
Mr. Shen Xiaoling 沈曉玲先生	–	2,400,000	0.08%	Long (好)
Mr. Gao Qingju 高清舉先生	–	1,686,000	0.06%	Long (好)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES (continued)

Note:

1. At 31 December 2008, Mr. Han Jingyuan beneficially owned 63.15% of the issued share capital of Wellbeing Holdings Limited ("Wellbeing") and held 16.09% of the issued share capital of Wellbeing in trust for the benefit of certain employees of the subsidiary of the Company. Wellbeing beneficially owned 1,255,849,124 shares of the Company representing approximately 42.88% of the issued share capital of the Company. Mr. Han is also the beneficial owner of 100% of the issued share capital of Chingford Holdings Limited which beneficially owned 61,653,725 shares of the Company representing approximately 2.10% of the issued share capital of the Company at 31 December 2008.

At 31 December 2008, Mr. Han Jingyuan personally holds 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 31 December 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 of Listed Companies.

EQUITY-SETTLED SHARE OPTION SCHEME

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

At the date of this report, pursuant to the unconditional mandatory cash offer – the option offer by Mittal Steel Holdings AG on 14 January 2008, all the grantees with share options granted on 27 October 2007 have accepted the option offer and all the outstanding share options have been redeemed and cancelled accordingly.

董事於證券的權益及淡倉 (續)

附註：

1. 於二零零八年十二月三十一日，韓敬遠先生實益擁有 Wellbeing Holdings Limited (「Wellbeing」) 已發行股本 63.15% 的權益，並以信託方式為本公司附屬公司若干僱員的利益持有 Wellbeing 已發行股本 16.09% 的權益。Wellbeing 實益擁有本公司 1,255,849,124 股股份，約佔本公司已發行股本 42.88%。Chingford Holdings Limited 擁有本公司 61,653,725 股股份，約佔本公司於二零零八年十二月三十一日已發行股本約 2.10%，而韓先生實益擁直接公司已發行股本全部權益。

於二零零八年十二月三十一日，韓敬遠先生私人實益擁有本公司 2,800,000 股股份，約佔本公司已發行股本 0.10%。

除上文所披露者和下述「以股權結算的購股權計劃」部份外，於二零零八年十二月三十一日，根據證券及期貨條例第 352 條所存置的股東名冊所記錄，或根據上市公司董事進行證券交易的標準守則本公司及聯交所獲知會，本公司董事、主要行政人員及其聯繫人士概無於本公司或任何相聯法團(定義見證券及期貨條例)的股份、相關股份及債券擁有任何權益及淡倉。

以股權結算的購股權計劃

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

於本報告日，根據 Mittal Steel Holdings AG 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，於二零零七年十月二十七日授出的購股權所有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。

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EQUITY-SETTLED SHARE OPTION SCHEME (continued)

On 24 February 2009, 21,200,000 options are granted to Directors and Senior Management as follows:

以股權結算的購股權計劃(續)

於二零零九年二月二十四日，21,200,000份購股權已授予董事和高級管理人員，詳情如下：

	No. of options		No. of options		No. of options		
	exercised/ cancelled/ lapsed during the year	exercised/ cancelled/ lapsed during the year	exercised/ cancelled/ lapsed during the year	exercised/ cancelled/ lapsed during the year	exercised/ cancelled/ lapsed during the year	exercised/ cancelled/ lapsed during the year	
	No. of options outstanding at 1 Jan 2008	No. of options granted during the year	No. of options outstanding at 31 December 2008	No. of options outstanding at 31 December 2008	Exercise price per share (HK\$) (港元)	No. of options granted on 24 February 2009	Exercise price per share (HK\$) (港元)
	於二零零八年 一月一日 未行使的 購股權數目	於本年內 授予的 購股權數目	於二零零八年 十二月三十一日 未行使的 購股權數目	於二零零八年 十二月三十一日 未行使的 購股權數目	每股行使價 每股份行使價 (HK\$) (港元)	於二零零九年 二月二十四日 授予的 購股權數目	每股行使價 每股份行使價 (HK\$) (港元)
Mr. Han Jingyuan 韓敬遠先生	-	-	-	-	-	2,900,000	1.39
Mr. Zhu Jun 朱軍先生	-	-	-	-	-	2,600,000	1.39
Mr. Liu Lei 劉磊先生	-	-	-	-	-	2,600,000	1.39
Mr. Shen Xiaoling 沈曉玲先生	-	-	-	-	-	2,600,000	1.39
Mr. Yu Jianshui 于建水先生	2,400,000*	-	2,400,000*	-	5.24*	-	-
Mr. Zhu Hao 朱浩先生	-	-	-	-	-	2,600,000	1.39
Mr. Gao Qingju 高清舉先生	-	-	-	-	-	2,000,000	1.39
Mr. Yu Tung Ho 余統浩先生	-	-	-	-	-	2,000,000	1.39
Mr. Wong Man Chung, Francis 黃文宗先生	-	-	-	-	-	2,000,000	1.39

* granted on 27 October 2007

* 於二零零七年十月二十七日授予

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

以股權結算的購股權的會計準則於綜合財務報表附註2.20中列出。

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

CONTRACTS OF SIGNIFICANCE

Save as disclosed above and the transactions as disclosed in Note 42 to the consolidated financial statements, no controlling shareholder or any of its subsidiaries have any contract of significance with the Company or its subsidiaries during the year.

SUBSTANTIAL SHAREHOLDERS

At 31 December 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		Long/Short Position 好/淡倉
		佔本公司已發行 股本百分比		
Wellbeing Holdings Limited	1,225,849,124	42.88%		Long (好)
Mittal Steel Holdings AG	867,711,151	29.62%		Long (好)
("Mittal Steel")(Note 1) (備註一)	509,780,740	17.40%		Long (好)
ING Bank N.V. (Note 2) (備註二)	289,990,800	9.90%		Long (好)
	289,990,800	9.90%		Short (淡)
Deutsche Bank Aktiengesellschaft (Note 3) (備註三)	220,934,306	7.54%		Long (好)
	219,801,940	7.50%		Short (淡)

董事認購股份或債券的權利

除上文所披露者外，於年內任何時間，概無任何董事或彼等各自的配偶或未滿十八歲的子女獲授可透過購買本公司或任何其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他法人團體購入該等權利。

重大合約

除上文所披露者外及綜合財務報表附註42所披露的交易外，控股股東或其任何附屬公司於年內並無與本公司或其附屬公司訂立任何重大合約。

主要股東

於二零零八年十二月三十一日，根據本公司按照證券及期貨條例第336條所存置的股東名冊所記錄，每名人士(本公司董事或主要行政人員除外)於本公司股份及相關股份擁有的權益或淡倉如下：

SUBSTANTIAL SHAREHOLDERS (continued)

Notes:

1. As at the date of this report, 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 Steel that beneficially owns 867,711,151 shares of the Company representing approximately 29.62% of the issued share capital of the Company.

On 30 April 2008, Mittal Steel 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 Steel granted an option to ING Bank N.V. and Deutsche Bank Aktiengesellschaft respectively for an aggregate amount of 509,780,740 shares of the Company, representing 17.40% of the issued share capital of the Company.

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

Save as disclosed above and in Directors' Interests and Short Positions in Securities section, at 31 December 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 as recorded in the register required to be kept by the Company under Section 336 of the SFO.

主要股東(續)

備註:

1. 於本報告日，Lakshmi Niwas Mittal 先生和 Usha Mittal 太太直接擁有 ArcelorMittal 已發行股份 36.24% 權益和間接擁有 ArcelorMittal 已發行股份 36.24% 權益而 ArcelorMittal 間接擁有 Mittal Steel 75% 權益，彼直接擁有本公司 867,711,151 股股份，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 Steel 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 Steel 分別授予 ING Bank N.V. 和 Deutsche Bank Aktiengesellschaft 一個認沽期權，合共 509,780,740 股股份，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 Steel 與 ING Bank N.V. 簽訂了一份認沽期權協議和根據有關條款，Mittal Steel 授予 ING Bank N.V. 一個認沽期權可出售本公司 289,990,800 股股份，於本報告日 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 Steel 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本公司 219,789,940 股股份，於本報告日，Deutsche Bank AG 持有 220,934,306 股股份，約佔本公司已發行股本 7.54% 權益。

除上文所披露者以及董事於證券的權益和淡倉部份外，於二零零八年十二月三十一日，根據本公司按照證券及期貨條例第 336 條所存置的股東名冊，概無人士(本公司董事或主要行政人員除外)於本公司股份及相關股份擁有權益或淡倉。

CONNECTED TRANSACTIONS

Details of significant connected parties and connected transactions of the Group under the Listing Rules are set out as below.

On 9 October 2007, Foshan Jin Xi Jin Lan Cold Rolled Sheet Co., Ltd. ("Jinxi Jinlan"), an indirect non-wholly owned subsidiary of the Company entered into a continuing connected transaction with Foshan Jin Lan Imports & Exports Co., Ltd. ("Jin Lan I&E"), a company controlled by the daughter of Mr. Zhou Weijie, a substantial shareholder of Jinxi Jinlan for the sale of iron and steel products at a selling price not lower than the prevailing market price for the period from 7 October 2007 to 31 December 2009.

On 3 December 2008, the Company announced that the annual cap for the continuing connected transaction between Jinxi Jinlan and Jin Lan I&E was exceeded due to incorrect interpretation of Listing Rules by a senior management of the Company. The revised cap for the above continuing connected transaction for the financial years ended 31 December 2008 and 31 December 2009 was ratified, approved and confirmed by shareholders of the Company in a special general meeting held on 11 February 2009.

On 28 April 2008, the Company entered into a master supply agreement with ArcelorMittal Sourcing S.A. for the supply of iron ore and relevant products for the period from 28 April 2008 to 31 December 2010 which constituted a continuing connected transaction to the Company.

On 3 December 2008, Hebei Jinxi Iron and Steel Company Limited ("Jinxi Limited") entered to master supply agreement with 遷西縣龍霸爐料有限責任公司 (Qianxi County Longba Charging Company Limited) ("Longba Charging") and 遷西縣金信礦業有限公司 (Qianxi County Jinxin Mining Company Limited*) ("Jinxin Mining") for the supply of lime products and iron power and relevant products for the period from 3 December 2008 to 31 December 2010 respectively which constituted continuing connected transactions to the Company.

關連交易

本集團根據上市規則的重大關連人士及關連交易詳情載於下方。

於二零零七年十月九日，佛山津西金蘭冷軋板有限公司(「津西金蘭」)本公司間接非全資擁有的附屬公司，與佛山金蘭進口有限公司(「金蘭進出口」)，一間為津西金蘭主要股東周偉傑先生女兒所控制的公司，為以不低於市場價值供應鋼鐵產品進行持續關連交易，由二零零七年十月七日至二零零九年十二月三十一日止。

於二零零八年十二月三日，本公司公佈由於本公司一名高級管理人員對上市規則理解有誤導致津西金蘭與金蘭進出口之持續關連交易超出每年上限金額。該持續關連交易之截至二零零八年十二月三十一日和二零零九年十二月三十一日之已修訂的每年上限金額經由股東於二零零九年二月十一日股東特別大會追認、批准和確認。

於二零零八年四月二十八日，本公司與 ArcelorMittal Sourcing S.A. 為鐵礦石和相關產品訂立一份總供應協議並構成持續關連交易，由二零零八年四月二十八日至二零一零年十二月三十一日止。

於二零零八年十二月三日，河北津西鋼鐵股份有限公司(「津西鋼鐵」)與遷西縣龍霸爐料有限責任公司(「龍霸爐料」)和遷西縣金信礦業有限公司(「金信礦業」)為石灰產品和鐵粉和相關產品訂立一份總供應協議並構成持續關連交易，由二零零八年十二月三日至二零一零年十二月三十一日止。

CONNECTED TRANSACTIONS (continued)

As at 31 December 2008, Jinxi Limited and Jinxin Mining, have entered into certain agreements and an authority mandatory agreement under which Jinxin Limited granted the management and operation right of 遷西縣津金礦業有限公司 (Qianxi County Jinjin Mine Company Limited) ("Jinjin Mine"), for a certain period. Jinxi Limited and Jinxin Mining holds 51% and 49% equity interest in Jinjin Mine respectively.

In the opinion of the Independent Non-Executive Directors of the Company, these continuing connected transactions were entered into:

- 1.1 in the ordinary and usual course of business of the Group;
 - 1.2 fair and reasonable so far as the shareholders of the Company are concerned;
 - 1.3 on normal commercial terms;
 - 1.4 in accordance with the relevant agreement governing such transactions on terms that are fair and reasonable;
 - 1.5 in the interest of the Company and its shareholders as a whole.
- 2.1 the aggregate amount of the continuing connected transaction between Jinxi Jinlan and Jin Lan I&E for the year ended 31 December 2008 amounted to approximately RMB76.0 million (excluding value added tax);
 - 2.2 the aggregate amount of the continuing connected transaction between the Company and ArcelorMittal Sourcing S.A. for the year ended 31 December 2008 amounted to approximately RMB49.9 million (excluding value added tax);
 - 2.3 the aggregate amount of the continuing connected transaction between Jinxi Limited and Longba Charging for the year ended 31 December 2008 amounted to approximately RMB17.6 million (excluding value added tax);

關連交易 (續)

截至二零零八年十二月三十一日，津西鋼鐵與金信礦業為在一特定期間內承包經營遷西縣津金礦業有限公司(「津金礦業」)簽署若干承包經營協議和委託管理協議。津西鋼鐵和金信礦業分別持有津金礦業51%股本權益和49%股本權益。

本公司獨立非執行董事認為這些持續關連交易仍：

- 1.1 屬本集團正常及日常業務；
 - 1.2 就本公司股東而言屬公平和合理；
 - 1.3 按一般商務條款訂定；
 - 1.4 按照有關規管該交易的有關協議及條款，其條款是公平及合理；及
 - 1.5 符合本公司及股東整體利益。
- 2.1 截至二零零八年十二月三十一日止年度，津西金蘭與金蘭進出口之持續關連交易累計金額約為人民幣7,603.9萬元(不含增值稅)；
 - 2.2 截至二零零八年十二月三十一日止年度，本公司與ArcelorMittal Sourcing S.A.之持續關連交易累計金額約為人民幣4,986.6萬元(不含增值稅)；
 - 2.3 截至二零零八年十二月三十一日止年度，津西鋼鐵與龍霸爐料之持續關連交易累計金額約為人民幣1,757.6萬元(不含增值稅)；

CONNECTED TRANSACTIONS (continued)

2.4 the aggregate amount of the continuing connected transaction between Jinxi Limited and Jinxin Mining for the year ended 31 December 2008 amounted to approximately RMB15.5 million (excluding value added tax).

In accordance with rule 14A.38 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Board engaged the auditor of the Company to perform certain agreed-upon procedures on the above continuing connected transaction on a sample basis in accordance with Hong Kong Standard on Related Service 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute Certified Public Accountants. The auditor reported their factual findings on the selected samples based on the agreed procedures as follow:

- (1) have been approved by the Board of the Company;
- (2) for transactions involving provisions of goods and services by the Group, are in accordance with the pricing policies of the Company;
- (3) have been entered into in accordance with the relevant agreements governing the transactions;
- (4) have not exceeded the relevant caps disclosed in the Company's announcement dated 6 May 2008 and 16 December 2008 respectively.

Save as disclosed above and in Note 42 to the consolidated financial statements, there were no other transactions required to be disclosed as non-exempt connected transactions in accordance with the Listing Rules.

關連交易(續)

2.4 截至二零零八年十二月三十一日止年度，津西鋼鐵與金信礦業之持續關連交易累計金額約為人民幣1,550.5萬元（不含增值稅）。

根據香港聯合交易所有限公司證券上市規則第14A.38條，董事局已委聘本公司核數師按照香港會計師公會發出的香港相關服務準則4400「就財務資料執行協定程序的聘用」對上述持續關連交易進行若干協定程序。核數師已根據協定程序就所選樣本所得之事實結論報告如下：

- (1) 該等交易已經本公司董事局批准；
- (2) 對於涉及由本集團提供貨物和服務的該等交易，其定價是按照本公司的定價政策進行的；
- (3) 該等交易是按照規管該等交易的相關協議進行的；
- (4) 該等交易的金額並無超越本公司於二零零八年五月六日和二零零八年十二月十六日公告之有關上限。

除上述所披露以及綜合財務報表附註42所披露的交易外，概無其他交易需根據上市規則作不獲豁免關連交易披露。

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, the percentage of the Company's shares which are in the hands of the public exceeds 25% of the Company's total number of issued shares as at the date of this report, the latest practicable date to ascertain such information prior to the issue of this annual report.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the years ended 31 December 2007 and 2008.

SUBSEQUENT EVENTS

Details of the significant post balance sheet events are set out in Note 43 to the consolidated financial statements.

AUDITOR

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

On behalf of the Board

China Oriental Group Company Limited

Han Jingyuan

Chairman and Chief Executive Officer

Hong Kong, 3 April 2009

足夠公眾持股量

根據本公司獲得之公開資料及據董事局所知，於本報告日期（即本年報刊發前確認該等資料之最後可行日期），公眾人士所持有本公司股份超過本公司已發行股份總數25%。

購買、出售或贖回本公司上市證券

截至二零零七年十二月三十一日及二零零八年十二月三十一日止年度內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

結算日後事項

重大結算日後事項詳情載於綜合財務報表附註43。

核數師

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

謹代表董事局

中國東方集團控股有限公司

韓敬遠

董事局主席兼首席執行官

香港，二零零九年四月三日



羅兵咸永道會計師事務所

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

To the shareholders of China Oriental Group Company Limited
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Oriental Group Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 58 to 219, which comprise the consolidated and company balance sheets as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

致中國東方集團控股有限公司股東
(於百慕達註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審核列載於第58頁至219頁中國東方集團控股有限公司(「貴公司」)及其附屬公司(以下合稱「貴集團」)的綜合財務報表，此綜合財務報表包括於二零零八年十二月三十一日的綜合及公司資產負債表與截至該日止年度的綜合損益表、綜合權益變動表和綜合現金流量表，以及重要會計政策摘要及其他附註解釋。

董事就財務報表須承擔的責任

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

Independent Auditor's Report 獨立核數師報告

Auditor's responsibility

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

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

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

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

核數師的責任

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

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

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

我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 3 April 2009

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映貴公司及貴集團於二零零八年十二月三十一日的事務狀況及貴集團截至該日止年度的利潤及現金流量，並已按照香港《公司條例》的披露規定妥為編製。

羅兵咸永道會計師事務所
執業會計師

香港，二零零九年四月三日

Consolidated Balance Sheet

綜合資產負債表

(All amounts in Renminbi ("RMB") thousands unless otherwise stated) As at 31 December 2008
(除另有指明外，所有金額均以人民幣(「人民幣」)千元為單位) 於二零零八年十二月三十一日

		As at 31 December	
		於十二月三十一日	
		2008	2007
		二零零八年	二零零七年
	Note 附註		
ASSETS	資產		
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	7 8,286,788	6,405,538
Leasehold land and land use rights	租賃土地及土地使用權	6 74,790	76,441
Investment properties	投資物業	8 18,400	19,328
Intangible assets	無形資產	9 7,667	-
Investment in an associate	聯營公司投資	11 10,120	8,122
Loan receivable	應收貸款	14 130,000	-
Available-for-sale financial assets	可供出售財務資產	15 188,100	-
Deferred income tax assets	遞延所得稅資產	28 7,461	3,194
		8,723,326	6,512,623
Current assets	流動資產		
Inventories	存貨	16 1,567,437	1,836,997
Trade receivables	應收貿易賬款	17 1,733,991	488,825
Other current assets	其他流動資產	9,894	4,037
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款	19 731,570	447,156
Financial assets at fair value through profit or loss	按公平值透過損益記賬的財務資產	18 140	146
Amounts due from related parties	應收關聯方款項	42(c) 14,620	11,055
Prepaid current income tax	當期預繳所得稅	264,555	-
Restricted bank balances	受限制銀行結餘	20 361,698	171,690
Cash and cash equivalents	現金及現金等價物	20 728,826	689,591
		5,412,731	3,649,497
Total assets	總資產	14,136,057	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	21 311,669	311,444
Share premium	股份溢價	21 2,189,695	2,185,964
Other reserves	其他儲備	22 1,144,963	1,144,182
Retained earnings	留存收益	2,618,902	2,907,100
		6,265,229	6,548,690
Minority interest in equity	少數股東權益	224,711	147,414
Total equity	權益合計	6,489,940	6,696,104

Consolidated Balance Sheet (Continued)

綜合資產負債表(續)

(All amounts in RMB thousands unless otherwise stated) As at 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 於二零零八年十二月三十一日

		As at 31 December	
		於十二月三十一日	
		2008	2007
		二零零八年	二零零七年
	Note 附註		
LIABILITIES	負債		
Non-current liabilities	非流動負債		
Borrowings	借款	25	489,230
			765,000
Other long term payables	其他長期應付款	26	847,934
			-
Deferred revenue	遞延收入	27	62,756
			-
Amounts due to related parties	應付關聯方款項	42(c)	65,055
			55,733
			1,464,975
			820,733
Current liabilities	流動負債		
Trade payables	應付貿易賬款	23	2,219,395
			715,535
Accruals, advances from customers and other current liabilities	預提費用、預收客戶款項及 其他流動負債	24	2,034,745
			1,371,328
Amounts due to related parties	應付關聯方款項	42(c)	207,013
			8,571
Other long term payables - current portion	其他長期應付款 - 流動部分	26	19,888
			-
Current income tax liabilities	當期所得稅負債		-
			88,382
Borrowings	借款	25	1,697,230
			460,000
Dividends payable	應付股息		2,871
			1,467
			6,181,142
			2,645,283
Total liabilities	負債合計		7,646,117
			3,466,016
Total equity and liabilities	權益及負債合計		14,136,057
			10,162,120
Net current (liabilities)/assets	流動(負債)/資產淨額		(768,411)
			1,004,214
Total assets less current liabilities	總資產減流動負債		7,954,915
			7,516,837

Han Jingyuan

韓敬遠

Chairman and Director

主席及董事

Liu Lei

劉磊

Director

董事

The notes on pages 64 to 219 are an integral part of these financial statements.

第64至219頁的附註為財務報表的整體部分。

Company Balance Sheet

公司資產負債表

(All amounts in RMB thousands unless otherwise stated) As at 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 於二零零八年十二月三十一日

		As at 31 December 於十二月三十一日	
		2008 二零零八年	2007 二零零七年
	Note 附註		
ASSETS			
			2,711,675
Non-current assets			
Property, plant and equipment	7	1,037	12,359
Investment properties	8	-	19,328
Investments in subsidiaries	10(a)	382,121	382,121
Loans to subsidiaries	10(b)	2,328,517	2,003,039
		2,711,675	2,416,847
Current assets			
Prepayments, deposits and other receivables	19	1,403	1,486
Financial assets at fair value through profit or loss	18	140	146
Amounts due from related parties		6,513	10,883
Restricted bank balances	20	-	47,305
Cash and cash equivalents	20	62,238	95,723
		70,294	155,543
Total assets		2,781,969	2,572,390
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	21	311,669	311,444
Share premium	21	2,189,695	2,185,964
Other reserves		176,631	176,631
Accumulated losses		(73,111)	(113,285)
Total equity		2,604,884	2,560,754
LIABILITIES			
Current liabilities			
Trade payables		4,295	5,269
Accruals and other current liabilities		12,527	6,205
Borrowings	25	160,160	-
Amounts due to related parties		-	84
Dividends payable		103	78
Total liabilities		177,085	11,636
Total equity and liabilities		2,781,969	2,572,390
Net current (liabilities)/assets		(106,791)	143,907
Total assets less current liabilities		2,604,884	2,560,754

Han Jingyuan
韓敬遠
Chairman and Director
主席及董事

Liu Lei
劉磊
Director
董事

The notes on pages 64 to 219 are an integral part of these financial statements.

第64至219頁的附註為財務報表的整體部分。

Consolidated Income Statement

綜合損益表

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

		Year ended 31 December		
		截至十二月三十一日止年度		
		2008	2007	
		二零零八年	二零零七年	
	Note 附註			
Revenue	收入	5	19,388,183	13,498,555
Cost of sales	銷售成本	31	(18,870,988)	(11,581,115)
Gross profit	毛利		517,195	1,917,440
Other income	其他收入	30	35,639	2,116
Distribution costs	分銷成本	31	(80,319)	(46,689)
Administrative expenses	行政費用	31	(281,942)	(373,452)
Other expenses	其他費用	31	(10,228)	(5,324)
Other (losses)/gains - net	其他(虧損)/收益-淨額	29	(1,364)	12,730
Operating profit	經營溢利		178,981	1,506,821
Finance income	財務收入	33	24,249	12,118
Finance costs	財務成本	33	(91,627)	(68,810)
Finance costs - net	財務成本-淨額		(67,378)	(56,692)
Share of profit of an associate	應佔聯營公司溢利	11	1,998	225
Profit before income tax	除所得稅前溢利		113,601	1,450,354
Income tax expense	所得稅費用	34	(70,643)	(256,617)
Profit for the year	年度溢利		42,958	1,193,737
Attributable to:	應佔：			
Equity holders of the Company	本公司權益持有人		44,032	1,159,657
Minority interest	少數股東權益		(1,074)	34,080
			42,958	1,193,737
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)	年內本公司權益持有人應佔溢利的每股溢利 (每股人民幣元)		RMB	RMB
- basic	- 基本	37	人民幣 0.02 元	人民幣 0.40 元
- diluted	- 攤薄	37	人民幣 0.02 元	人民幣 0.40 元
Dividends	股息	38	167,088	319,225

The notes on pages 64 to 219 are an integral part of these financial statements.

第64至219頁的附註為財務報表的整體部分。

Consolidated Statement of Changes in Equity

綜合權益變動表

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

		Attributable to equity holders of the Company 本公司權益持有人應佔					Minority interest	Total equity
	Note 附註	Share capital 股本	Share premium 股份溢價	Other reserves 其他儲備	Retained earnings 留存收益	Total 總計	少數 股東權益	權益合計
Balance at 1 January 2007	於二零零七年 一月一日的結餘	309,340	2,151,035	984,296	2,034,456	5,479,127	122,322	5,601,449
Profit for the year	年度溢利	-	-	-	1,159,657	1,159,657	34,080	1,193,737
Employee share options scheme:	僱員購股權計劃：							
- Value of employee services	一僱員服務的價值	22	-	159,886	-	159,886	-	159,886
- Proceeds from exercising share options	一行使購股權 所得款項	21	2,104	34,929	-	37,033	-	37,033
Dividends relating to 2006	二零零六年股息		-	-	(132,149)	(132,149)	(4,322)	(136,471)
Dividends relating to 2007	二零零七年股息	38(a)	-	-	(154,864)	(154,864)	(5,370)	(160,234)
Acquisition from a minority shareholder	收購少數股東權益		-	-	-	-	704	704
		2,104	34,929	159,886	872,644	1,069,563	25,092	1,094,655
Balance at 31 December 2007	於二零零七年 十二月三十一日的結餘	311,444	2,185,964	1,144,182	2,907,100	6,548,690	147,414	6,696,104
Balance at 1 January 2008	於二零零八年 一月一日的結餘	311,444	2,185,964	1,144,182	2,907,100	6,548,690	147,414	6,696,104
Profit for the year	年度溢利	-	-	-	44,032	44,032	(1,074)	42,958
Employee share options scheme:	僱員購股權計劃：							
- Proceeds from exercising share options	一行使購股權 所得款項	21	225	3,731	-	3,956	-	3,956
Profit appropriation to statutory reserves	向法定儲備作出的 溢利分配	22	-	-	781	(781)	-	-
Dividends relating to 2007	二零零七年股息	38(c)	-	-	(164,361)	(164,361)	(7,042)	(171,403)
Dividends relating to 2008	二零零八年股息	38(b)	-	-	(167,088)	(167,088)	(7,546)	(174,634)
Acquisition from a minority shareholder	收購少數股東權益		-	-	-	-	(25,655)	(25,655)
Minority shareholder's injection	少數股東注資		-	-	-	-	118,614	118,614
		225	3,731	781	(288,198)	(283,461)	77,297	(206,164)
Balance at 31 December 2008	於二零零八年 十二月三十一日的結餘	311,669	2,189,695	1,144,963	2,618,902	6,265,229	224,711	6,489,940

The notes on pages 64 to 219 are an integral part of these financial statements.

第64至219頁的附註為財務報表的整體部分。

Consolidated Cash Flow Statement

綜合現金流量表

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

		Year ended 31 December 截至十二月三十一日止年度	
		2008 二零零八年	2007 二零零七年
Cash flows from operating activities	來自經營活動的現金流量		
Cash generated from operations	經營產生的現金	39	626,172
Interest received	已收利息		1,363,930
Dividends received from financial assets at fair value through profit or loss	從按公平值透過損益記賬的財務資產中收取的股息		15,519
Interest paid	已付利息		10,976
Income tax refund	所得稅退還		11
Income tax paid	已付所得稅		2
			(65,941)
			5,854
			(433,701)
Net cash generated from operating activities	經營活動產生的現金淨額		(229,944)
			147,914
			1,074,242
Cash flows from investing activities	來自投資活動的現金流量		
Purchase of property, plant and equipment	購買物業、廠房及設備	39	(953,649)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	39	(833,047)
Proceeds from disposal of intangible assets	出售無形資產所得款項		-
Investment income on loan receivable	應收貸款投資收益		336
Increase in loan receivable	應收貸款增加		4,408
Increase in available-for-sale financial assets	可供出售財務資產增加		8,308
Cash received relating to other investing activities	就其他投資活動收取的現金		(130,000)
Cash paid relating to other investing activities	就其他投資活動已支付的現金		(188,100)
Net cash used in investing activities	投資活動所耗的現金淨額		-
			153,000
			(400,000)
			(1,510,441)
			(828,303)
Net cash (used in)/generated from before financing activities	融資活動前(所耗)/產生的現金淨額		(1,362,527)
			245,939
Cash flows from financing activities	來自融資活動的現金流量		
Proceeds from issuance of ordinary shares	發行普通股股份所得款項		3,956
Proceeds from current borrowings	流動借款所得款項		37,033
Repayment of current borrowings	償還流動借款		1,608,836
Repayment of borrowings from related parties	償還關聯方借款		(626,617)
Proceeds from non-current borrowings	非流動借款所得款項		(534,000)
Repayment of non-current borrowings	償還非流動借款		-
Dividends paid	已付股息		(7,000)
Capital injection by minority shareholders	少數股東注資		-
Proceeds from borrowings from a minority shareholder	少數股東借款所得款項		424,230
Proceeds from sales and leaseback transaction	出售及回租交易所得款項	26	-
Cash paid relating to sales and leaseback transaction	就出售及回租交易已支付的現金		(149,230)
Increase in restricted bank balances pledged as security for current bank borrowings	作為流動銀行借款的抵押的受限制銀行結餘增加		(331,450)
			(293,099)
			85,300
			170,000
			800,000
			(100,280)
			(200,000)
Net cash generated from financing activities	融資活動產生的現金淨額		1,409,745
			27,934
Net increase in cash and cash equivalents	現金及現金等價物增加淨額		47,218
Effect of foreign exchange rate changes	外幣匯率變動的影響		(7,983)
Cash and cash equivalents, beginning of the year	年初現金及現金等價物		(19,187)
			689,591
			434,905
Cash and cash equivalents, end of the year	年終現金及現金等價物	20	728,826
			689,591

The notes on pages 64 to 219 are an integral part of these financial statements.

第64至219頁的附註為財務報表的整體部分。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

1. GENERAL INFORMATION

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

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

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

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

These consolidated financial statements are presented in thousands of units of RMB, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors (the “Board”) on 3 April 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. 一般資料

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

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

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

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

除另有指明外，本綜合財務報表以人民幣千元呈列。本綜合財務報表已經由董事局(「董事局」)於二零零九年四月三日批准刊發。

2. 重要會計政策摘要

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

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation

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

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

As at 31 December 2008, the Group’s current liabilities exceeded its current assets by approximately RMB 768 million. In the opinion of the directors, considering the impact of the macro-economics stimulation plan adopted by the PRC government on iron and steel industry, the operating cash flows of the Group in the year 2009 will be better than that of year 2008. As at 31 December 2008, the Group had undrawn bank facilities of approximately RMB 812 million and the Group is currently negotiating with certain major banks to obtain additional bank facility or renew short-term bank borrowings. As at the date of these financial statements were approved, the Group obtained a letter of intention from a major bank who would additionally grant bank facilities to the Group amounting to RMB 750 million. Short-term bank borrowings of approximately RMB 180 million were renewed and will fall due after 31 December 2009. Based on the aforementioned considerations, in the opinion of the directors, these consolidated financial statements are prepared on a going concern basis.

2. 重要會計政策摘要(續)

2.1 編製基準

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

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

於二零零八年十二月三十一日，本集團的流動負債超出其流動資產多約人民幣7.68億元。董事認為，考慮到中國政府對鋼鐵行業採取的宏觀經濟刺激計劃的影響，本集團於二零零九年的營運現金流將比二零零八年的營運現金流為佳。於二零零八年十二月三十一日，本集團有未動用的銀行信貸額度約人民幣8.12億元，且本集團現時正與若干主要往來銀行協商以取得額外銀行信貸額度或續期短期銀行借貸。截至該等財務報表獲批准日期，本集團已收到一家主要往來銀行之意向函，其將額外授予本集團銀行信貸額度達人民幣7.5億元。短期銀行借貸約人民幣1.8億元已獲續期並將於二零零九年十二月三十一日後期滿。基於上述考慮，董事認為，該等綜合財務報表乃按持續經營基準編製。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) Amendments and interpretation to standards effective in 2008

- The HKAS 39, 'Financial instruments: Recognition and measurement', amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met. The related amendment to HKFRS 7, 'Financial instruments: Disclosures', introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 1 July 2008. This amendment does not have any impact on the Group's financial statements, as the Group has not reclassified any financial assets.

2. 重要會計政策摘要 (續)

2.1 編製基準 (續)

(a) 於二零零八年生效的對準則的修訂及詮釋

- 香港會計準則第39號「金融工具：確認及計量」，重新分類財務資產之修訂容許在符合特定條件之情況下，將若干財務資產從持有作買賣用途及可供出售類別中重新分類出來。對香港財務報告準則第7號「金融工具：披露」之相關修訂，引入有關從持作買賣用途及可供出售類別中重新分類財務資產的披露規定。有關修訂於二零零八年七月一日起生效。由於本集團並無對任何財務資產進行重新分類，故此項修訂對本集團財務報表並無任何影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) Amendments and interpretation to standards effective in 2008 (continued)

- HK (IFRIC)-Int 11, 'HKFRS 2 – Group and treasury share transactions', provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have any significant impact on the Group's financial statements as the Group has already adopted the principles that are consistent with HK(IFRIC)-Int 11.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(a) 於二零零八年生效的對準則的修訂及詮釋(續)

- 香港(國際財務報告詮釋委員會)－詮釋第11號「香港財務報告準則第2號－集團及庫存股份交易」，就涉及庫存股份或涉及集團各實體之以股份為基礎交易的支付(如涉及母公司股份之購股權)應否在母公司及集團各公司獨立賬目內入賬列作按權益結算還是應按現金結算以股份為基礎付款的交易提供指引。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，故此詮釋不會對本集團的綜合財務報表產生任何重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(b) Interpretations to standards effective in 2008 but not relevant

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

- 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'.

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

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods, but the Group has not early adopted them:

2. 重要會計政策摘要 (續)

2.1 編製基準 (續)

(b) 於二零零八年生效但與本集團營運無關的準則詮釋

以下對已公佈準則的詮釋須於二零零八年一月一日或之後開始的會計期間採用，但與本集團的營運無關：

- 香港(國際財務報告詮釋委員會)－詮釋第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－界定福利資產限額、最低資金要求及其相互關係」。

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋

以下為已公佈的準則及對現有準則的修訂，而本集團須於二零零九年一月一日或之後開始的會計期間或較後期間採納，但本集團並無提早採納：

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HKAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the consolidated income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Group will apply HKAS 1 (Revised) from 1 January 2009. Management is assessing the impact under the revised disclosure requirements of this standard.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋(續)

- 香港會計準則第1號(經修訂)「財務報表之呈列」(由二零零九年一月一日起生效)。該經修訂準則將禁止於權益變動表內呈列收入及開支項目(指「非所有者權益變動」)，規定「非所有者權益變動」須與所有者權益變動分開呈列。所有非所有者權益變動將須於表現報表中呈列，但實體可選擇在一份表現報表(全面收入報表)中，或在兩份報表(綜合損益表及全面收入報表)中呈列。如實體重列或重新分類比較數字，除按現時規定呈列當期和比較期間期終之資產負債表外，還須呈列比較期間期初時之經重列資產負債表。本集團將自二零零九年一月一日起採用香港會計準則第1號(經修訂)。管理層正在評估該準則之經修訂披露規定項下之影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HKAS 23 (Revised), 'Borrowing costs' (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Revised) from 1 January 2009. It 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.

2. 重要會計政策摘要 (續)

2.1 編製基準 (續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋 (續)

- 香港會計準則第23號(經修訂)「借貸成本」(由二零零九年一月一日起生效)。該修訂規定企業將收購、建造或生產合格資產(需要相當長時間才能達到預計可使用或可銷售狀態的資產)直接應佔借貸成本資本化，作為該項資產成本的一部分。借貸成本可即時確認為費用的選項將被取消。本集團將由二零零九年一月一日起應用香港會計準則第23號(經修訂)。預期不會對本集團賬目產生任何重大影響，因本集團已採納與現行香港會計準則第23號相符的合格資產借貸成本資本化準則。

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綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HKAS 27 (Revised), 'Consolidated and separate financial statements' (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The Group will apply HKAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 January 2010.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋(續)

- 香港會計準則第27號(經修訂)「綜合及獨立財務報表」(由二零零九年七月一日起生效)。此經修訂準則規定，如控制權並無變動，則附有非控制性權益之所有交易之影響必須在權益中呈列，而此等交易將不再導致商譽或盈虧。該準則亦闡明失去控制權時之會計處理方式。於該實體之任何保留權益按公平值重新計量，並在損益表中確認盈虧。本集團將自二零一零年一月一日起就非控制性權益相關之交易應用香港會計準則第27號(經修訂)。

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綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HKFRS 2 (Amendment), 'Share-based payment' (effective from 1 January 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply HKFRS 2 (Amendment) from 1 January 2009, but it is not expected to have a material impact on the Group's financial statements.

2. 重要會計政策摘要 (續)

2.1 編製基準 (續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋 (續)

- 香港財務報告準則第2號(修訂本)，「以股份為基礎之付款」(由二零零九年一月一日起生效)。該經修訂準則涉及歸屬條件及註銷。該準則澄清歸屬條件僅為服務條件及表現條件。以股份為基礎之付款之其他特徵並非歸屬條件。因此，該等特徵須計入與僱員及其他提供類似服務之人士訂立之交易於授出當日之公平值內，亦即該等特徵不會對授出日期後預期歸屬之獎勵數目或其估值構成影響。所有註銷(不論由實體或其他人士作出)須按相同之會計處理方法。本集團將自二零零九年一月一日起應用香港財務報告準則第2號(修訂本)，但預期其對本集團之財務報表並無重大影響。

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綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HKFRS 3 (Revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated income statement. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (Revised) prospectively to all business combinations from 1 January 2010.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋(續)

- 香港財務報告準則第3號(經修訂)，「企業合併」(由二零零九年七月一日起生效)。該經修訂準則繼續對企業合併應用收購法，但有些重大更改。例如，購買業務之所有付款必須按收購日期之公平值入賬，而分類為債務之或然付款其後須於綜合損益表重新計量。對於被收購方中之非控制性權益，可按逐項收購基準以公平值或非控制性權益應佔被收購方淨資產之比例計量。所有收購相關成本必須計入開支。本集團預期將對由二零一零年一月一日起之所有業務合併應用香港財務報告準則第3號(經修訂)。

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綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HKFRS 7 (Amendment), 'Financial instruments: Disclosure' (effective from 1 January 2009). The amended standard introduces a three-level hierarchy for fair value measurement disclosure and requires some specific quantitative disclosures for financial instruments in the lowest level in the hierarchy. In addition, the amendment clarifies and enhances existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. The Group will apply the HKFRS 7 (Amendment) from 1 January 2009, but it is not expected to have impact on the Group's consolidated financial statements.

2. 重要會計政策摘要 (續)

2.1 編製基準 (續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋 (續)

- 香港財務報告準則第7號(修訂本)，「金融工具：披露」(由二零零九年一月一日起生效)。該經修訂準則引入一個三層層級結構用於公平值計量披露，並要求對位於該層級結構的最低水平之金融工具作出若干特定量化披露。此外，該修訂澄清並增強對流動資金風險的披露的現行規定，主要要求對衍生及非衍生金融負債單獨作流動資金風險分析。本集團將自二零零九年一月一日起應用香港財務報告準則第7號(修訂本)，但預期其不會對本集團的綜合財務報表產生影響。

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綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HKFRS 8, 'Operating segments' (effective from 1 January 2009). HKFRS 8 replaces HKAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 from 1 January 2009. Management believes that this standard will result in an increase in number of reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋(續)

- 香港財務報告準則第8號「營運分部」(由二零零九年一月一日起生效)。香港財務報告準則第8號取代香港會計準則第14號「分部呈報」，並將分部報告與美國財務會計準則(US standard SFAS)第131號「企業分部和相關資料的披露」之規定統一。新準則規定遵從「管理方法」，即分部資料須按與內部報告所採用的相同基準呈報。本集團將由二零零九年一月一日起採納香港財務報告準則第8號。管理層相信，此準則將導致所呈列之可呈報分部數目增加。此外，分部資料乃以與主要經營決策者提供之內部報告更為一致之方式呈報。

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綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HKICPA's improvements to HKFRS published in October 2008

△ HKAS 1 (Amendment), 'Presentation of financial statements' (effective from 1 January 2009). The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with HKAS 39, 'Financial instruments: Recognition and measurement' are examples of current assets and liabilities respectively. The Group will apply the HKAS 1 (Amendment) from 1 January 2009. It is not expected to have an impact on the Group's financial statements.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋(續)

- 香港會計師公會於二零零八年十月公佈對香港財務報告準則的改進

△ 香港會計準則第1號(修訂本)「財務報表的呈報」(由二零零九年一月一日起生效)。此修訂本澄清若干而非所有根據香港會計準則第39號「金融工具：確認及計量」被分類為持作買賣的財務資產和負債，分別為流動資產和負債的例子。本集團將由二零零九年一月一日起採用香港會計準則第1號(修訂本)，但預期不會對本集團的財務報表產生影響。

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綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HKICPA's improvements to HKFRS published in October 2008 (continued)
- △ HKAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to HKAS 7, 'Statement of cash flows') (effective from 1 January 2009). Entities whose ordinary activities comprise renting and subsequently selling assets present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to HKAS 7 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities. The Group will apply the HKAS 16 (Amendment) from 1 January 2009. It is not expected to have an impact on the Group's financial statements.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋(續)

- 香港會計師公會於二零零八年十月公佈對香港財務報告準則的改進(續)
- △ 香港會計準則第16號(修訂本)「物業、廠房及設備」(及因而對香港會計準則第7號「現金流量表」作出的修訂)(由二零零九年一月一日起生效)。日常活動包括租賃和其後出售資產之實體將出售該等資產的所得款呈列為收益，則應於該資產成為持作出售時將資產的賬面值轉撥為存貨。對香港會計準則第7號的相應修訂說明產生自購買、租賃和出售該等資產的現金流量分類為營運活動的現金流量。本集團將由二零零九年一月一日起採用香港會計準則第16號(修訂本)，但預期不會對本集團的財務報表產生影響。

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綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HKICPA's improvements to HKFRS published in October 2008 (continued)

△ HKAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance' (effective from 1 January 2009). The benefit of a below-market rate government loan is measured as the difference between the carrying amount in accordance with HKAS 39, 'Financial instruments: Recognition and measurement' and the proceeds received with the benefit accounted for in accordance with HKAS 20. The Group will apply the HKAS 20 (Amendment) prospectively to government loans received in periods beginning on or after 1 January 2009.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋(續)

- 香港會計師公會於二零零八年十月公佈對香港財務報告準則的改進(續)

△ 香港會計準則第20號(修訂本)「政府補貼的會計處理和政府援助的披露」(由二零零九年一月一日起生效)。低於市場價格的政府貸款的得益，乃按香港會計準則第39號「金融工具：確認及計量」確認的賬面值與所收取的所得款的差額計量，而有關的得益則按香港會計準則第20號記賬。本集團將對於二零零九年一月一日或其後開始的期間獲得的政府貸款採用香港會計準則第20號(修訂本)。

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綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HKICPA's improvements to HKFRS published in October 2008 (continued)
 - △ HKAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in HKAS 39 'Financial instruments: Recognition and measurement'. This eliminates the inconsistency of terms between HKAS 39 and HKAS 23. The Group will apply HKAS 23 (Amendment) prospectively to the capitalisation of borrowing costs on qualifying assets from 1 January 2009.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋(續)

- 香港會計師公會於二零零八年十月公佈對香港財務報告準則的改進(續)
 - △ 香港會計準則第23號(修訂本)「借貸成本」(由二零零九年一月一日起生效)。借貸成本的定義經已修訂，利息支出乃利用實際利息法(定義見香港會計準則第39號「金融工具：確認及計量」)計算。這消除了香港會計準則第39號與香港會計準則第23號之間的分歧。本集團將由二零零九年一月一日起就合資格資產的借貸成本資本化採用香港會計準則第23號(修訂本)。

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綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HKICPA's improvements to HKFRS published in October 2008 (continued)

△ HKAS 28 (Amendment), 'Investments in associates' (and consequential amendments to HKAS 32, 'Financial Instruments: Presentation' and HKFRS 7, 'Financial instruments: Disclosures') (effective from 1 January 2009).

– An investment in associate is treated as a single asset for the purposes of impairment testing and any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The Group will apply the HKAS 28 (Amendment) to impairment tests related to investment in associates and any related impairment losses from 1 January 2009.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋(續)

- 香港會計師公會於二零零八年十月公佈對香港財務報告準則的改進(續)

△ 香港會計準則第28號(修訂本)、「聯營公司投資」(及對香港會計準則第32號「金融工具：呈報」及香港財務報告準則第7號「金融工具：披露」的相應修訂)(由二零零九年一月一日起生效)。

— 就減值測試而言，聯營公司投資被視為單一資產，而任何減值虧損將不會分配至投資內所包含的特定資產，例如商譽。減值撥回記錄為投資結餘的調整，數額以聯營公司可收回金額的增加為限。本集團將會由二零零九年一月一日起對聯營公司投資有關的減值測試以及任何相關的減值虧損採用香港會計準則第28號(修訂本)。

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綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HKICPA's improvements to HKFRS published in October 2008 (continued)

– Where an investment in associate is accounted for in accordance with HKAS 39 Financial instruments: recognition and measurement' only certain rather than all disclosure requirements in HKAS 28 need to be made in addition to disclosures required by HKAS 32, 'Financial Instruments: Presentation' and HKFRS 7 'Financial Instruments: Disclosures'. The Group will apply HKAS 28 (Amendment) from 1 January 2009. The amendment will not have an impact on the Group's operations because it is the Group's policy for an investment in an associate to be equity accounted in the consolidated financial statements.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋(續)

- 香港會計師公會於二零零八年十月公佈對香港財務報告準則的改進(續)

– 如一項於聯營公司的投資根據香港會計準則第39號「金融工具：確認及計量」記賬，則除了根據香港會計準則第32號「金融工具：呈報」及香港財務報告準則第7號「金融工具：披露」的披露外，只必須作出若干而非所有香港會計準則第28號的披露規定。本集團將由二零零九年一月一日起採用香港會計準則第28號(修訂本)。由於本集團對聯營公司投資的政策為在綜合財務報表中按權益法記賬，此修訂本將不會對本集團的營運產生影響。

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HKICPA's improvements to HKFRS published in October 2008 (continued)

△ HKAS 36 (Amendment), 'Impairment of assets' (effective from 1 January 2009). Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Group will apply the HKAS 36 (Amendment) and provide the required disclosure where applicable for impairment tests from 1 January 2009.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋(續)

- 香港會計師公會於二零零八年十月公佈對香港財務報告準則的改進(續)

△ 香港會計準則第36號(修訂本)「資產減值」(由二零零九年一月一日起生效)。如公平值減銷售成本是按照折現現金流量計算，則必須作出相當於使用價值計算的披露。本集團將由二零零九年一月一日起採用香港會計準則第36號(修訂本)，並提供由二零零九年一月一日起減值測試所適用的規定披露。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HKICPA's improvements to HKFRS published in October 2008 (continued)

△ HKAS 38 (Amendment), 'Intangible assets' (effective from 1 January 2009).

– A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. The Group will apply the HKAS 38 (Amendment) from 1 January 2009. It is not expected to have any significant impact on the Group's financial statements.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋(續)

- 香港會計師公會於二零零八年十月公佈對香港財務報告準則的改進(續)

△ 香港會計準則第38號(修訂本)「無形資產」(由二零零九年一月一日起生效)。

– 預付款項僅可於獲取貨品或接受服務的權利之前已作出付款時確認。本集團將由二零零九年一月一日起採用香港會計準則第38號(修訂本)。預期不會對本集團的財務報表產生任何重大影響。

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HKICPA's improvements to HKFRS published in October 2008 (continued)

– The amendment deletes the wording that states that there is 'rarely, if ever' support for use of a method that results in a lower rate of amortisation than the straight line method. The Group will apply HKAS 38 (Amendment) from 1 January 2009. The amendment will not currently have an impact on the Group's operations as all intangible assets are amortised using the straight line method.

- △ HKAS 39 (Amendment), 'Financial instruments: Recognition and measurement' (effective from 1 January 2009).

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋(續)

- 香港會計師公會於二零零八年十月公佈對香港財務報告準則的改進(續)

– 該項修訂亦刪除了表述「極少」有因素支持採用某種方法致使攤銷率低於直線法之字眼。本集團將由二零零九年一月一日起採用香港會計準則第38號(修訂本)。由於本集團所有無形資產均使用直線法攤銷，此修訂本目前將不會對本集團的營運產生影響。

- △ 香港會計準則第39號(修訂本)「金融工具：確認及計量」(由二零零九年一月一日起生效)。

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HKICPA's improvements to HKFRS published in October 2008 (continued)

– This amendment clarifies that it is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge.

– The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit-taking is included in such a portfolio on initial recognition.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋(續)

- 香港會計師公會於二零零八年十月公佈對香港財務報告準則的改進(續)

– 此修訂本澄清了當一項衍生工具開始或不再合資格作為現金流量或淨投資對沖的對沖工具時，則可以歸入或剔出以公平值計入損益的類別。

– 為買賣之用途而持有的以公平值計量且變動計入損益的財務資產或財務負債，其定義亦已修訂。該修訂澄清財務資產或負債如作為金融工具組合的一部分共同管理，並有證據顯示最近確實為短期盈利模式，則在初步確認時包括在該組合中。

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HKICPA's improvements to HKFRS published in October 2008 (continued)

– The current guidance on designating and documenting hedges states that a hedging instrument needs to involve a party external to the reporting entity and cites a segment as an example of a reporting entity. This means that in order for hedge accounting to be applied at segment level, the requirements for hedge accounting are currently required to be met by the applicable segment. The amendment removes this requirement so that HKAS 39 is consistent with HKFRS 8, 'Operating segments' which requires disclosure for segments to be based on information reported to the chief operating decision maker.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋(續)

- 香港會計師公會於二零零八年十月公佈對香港財務報告準則的改進(續)

– 現時有關劃分及記錄對沖項目之指引闡明對沖工具須有呈報實體以外之一方參與，並舉引一個分部作為呈報實體之例子，意即為在分部層面採用對沖會計法，有關的分部目前必須符合對沖會計法之規定。該修訂刪除此項規定，使香港會計準則第39號與香港財務報告準則第8號「營運分部」(後者規定分部披露須基於呈報予主要經營決策者之資料)一致。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HKICPA's improvements to HKFRS published in October 2008 (continued)

– When remeasuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) are used.

The Group will apply the HKAS 39 (Amendment) from 1 January 2009. It is not expected to have an impact on the Group's consolidated income statement.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋(續)

- 香港會計師公會於二零零八年十月公佈對香港財務報告準則的改進(續)

– 該修訂列明，終止使用公平值對沖會計法而重新計量債務工具賬面值時，須採用經修訂之實際利率(於終止採用公平值對沖會計處理的日期計算)。

本集團將由二零零九年一月一日起採用香港會計準則第39號(修訂本)。預計該修訂本不會對本集團的綜合損益表產生影響。

Notes to the Consolidated Financial Statements

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HKICPA's improvements to HKFRS published in October 2008 (continued)

△ HKAS 40 (Amendment), 'Investment property' (and consequential amendments to HKAS 16) (effective from 1 January 2009). Property that is under construction or development for future use as investment property is within the scope of HKAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. The Group will apply the HKAS 40 (Amendment) from 1 January 2009. The amendment will not have an impact on the Group's operations, as investment properties held by the Group are measured by cost model.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋(續)

- 香港會計師公會於二零零八年十月公佈對香港財務報告準則的改進(續)

△ 香港會計準則第40號(修訂本)「投資物業」(及對香港會計準則第16號的相應修訂)(由二零零九年一月一日起生效)。在興建中或發展中以供日後作投資物業使用的物業，屬於香港會計準則第40號的範圍。如採用公平值模式，該項物業按公平值計量。但如在建築中的投資物業的公平值未能可靠計量，物業將按成本計量，直至建築完成與公平值能可靠計量兩者的較早者發生為止。本集團將由二零零九年一月一日起採用香港會計準則第40號(修訂本)。由於本集團持有投資物業按成本列賬，此修訂本將不會對本集團的營運產生影響。

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HKICPA's improvements to HKFRS published in October 2008 (continued)

△ There are a number of minor amendments to HKFRS 7, 'Financial instruments: Disclosures', HKAS 8, 'Accounting policies, changes in accounting estimates and errors', HKAS 10, 'Events after the balance sheet date', HKAS 18, 'Revenue', HKAS 20, 'Accounting for government grants and disclosure of government assistance', HKAS 34, 'Interim financial reporting' and HKAS 40, 'Investment property' which are not addressed above. These amendments are unlikely to have an impact on the Group's financial statements and have therefore not been analysed in detail.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(c) 仍未生效而本集團亦無須提早採納的準則、修訂及現有準則的詮釋(續)

- 香港會計師公會於二零零八年十月公佈對香港財務報告準則的改進(續)

△ 關於香港財務報告準則第7號「金融工具：披露」、香港會計準則第8號「會計政策、會計估計的變動和錯誤」、香港會計準則第10號「結算日後事項」、香港會計準則第18號「收益」、香港會計準則第20號「政府補貼的會計處理和政府援助的披露」、香港會計準則第34號「中期財務報告」及香港會計準則第40號「投資物業」，有多項輕微修訂而未有在上文提及。此等修訂不會對本集團的財務報表產生影響，故未有作詳細分析。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

The following interpretations and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods but are not relevant for the Group's operations:

- HKAS 32 (Amendment), 'Financial instruments: Presentation', and HKAS 1 (Amendment), 'Presentation of financial statements'-'Puttable financial instruments and obligations arising on liquidation' (effective from 1 January 2009).
- HKAS 39 (amendment) 'Financial Instruments: Recognition and Measurement' – 'Eligible hedged items' (effective from 1 July 2009).
- HKFRS 1 (Amendment), 'First time adoption of HKFRS' and HKAS 27 'Consolidated and separate financial statements' (effective from 1 July 2009).
- HK(IFRIC)-Int 13, 'Customer loyalty programmes' (effective from 1 July 2008).

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(d) 尚未生效且與本集團營運無關的對現有準則的詮釋

以下為已公佈對現有準則的詮釋及修訂，本集團必須於二零零九年一月一日或之後開始的會計期間或較後期間採用，但與本集團的營運無關：

- 香港會計準則第32號(修訂本)「金融工具：呈列」及香港會計準則第1號(修訂本)「財務報表的呈報」—「可認沽金融工具及清盤時產生的責任」(由二零零九年一月一日起生效)。
- 香港會計準則第39號(修訂本)「金融工具：確認及計量」—「合資格對沖項目」(由二零零九年七月一日起生效)。
- 香港財務報告準則第1號(修訂本)「首次採納香港財務報告準則」及香港會計準則第27號「綜合及獨立財務報表」(由二零零九年七月一日起生效)。
- 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起生效)。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HK(IFRIC)-Int 15, 'Agreements for construction of real estates' (effective from 1 January 2009).
- HK(IFRIC)-Int 16, 'Hedges of a net investment in a foreign operation' (effective from 1 October 2008).
- HK(IFRIC)-Int 17, 'Distributions of non-cash assets to owners' (effective from 1 July 2009).
- HK(IFRIC)-Int 18, 'Transfers of Assets from Customers' (effective for transfers on or after 1 July 2009).
- HKICPA's improvements to HKFRS published in October 2008
- △ HKAS 19 (Amendment), 'Employee benefits' (effective from 1 January 2009).
- △ HKAS 27 (Amendment), 'Consolidated and separate financial statements' (effective from 1 January 2009).
- △ HKAS 29 (Amendment), 'Financial reporting in hyperinflationary economies' (effective from 1 January 2009).

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(d) 尚未生效且與本集團營運無關的對現有準則的詮釋(續)

- 香港(國際財務報告詮釋委員會)－詮釋第15號「房地產建築協議」(由二零零九年一月一日起生效)。
- 香港(國際財務報告詮釋委員會)－詮釋第16號「對沖海外業務淨投資」(由二零零八年十月一日起生效)。
- 香港(國際財務報告詮釋委員會)－詮釋第17號「向擁有人分派非現金資產」(由二零零九年七月一日起生效)。
- 香港(國際財務報告詮釋委員會)－詮釋第18號「從顧客處轉移資產」(由二零零九年七月一日或之後起生效)。
- 香港會計師公會於二零零八年十月公佈對香港財務報告準則的改進
- △ 香港會計準則第19號(修訂本)「僱員福利」(由二零零九年一月一日起生效)。
- △ 香港會計準則第27號(修訂本)「綜合及獨立財務報表」(由二零零九年一月一日起生效)。
- △ 香港會計準則第29號(修訂本)「嚴重通脹經濟下的財務報告」(由二零零九年一月一日起生效)。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HKICPA's improvements to HKFRS published in October 2008 (continued)
- △ HKAS 31 (Amendment), 'Interests in joint ventures (and consequential amendments to HKAS 32 and HKFRS 7) (effective from 1 January 2009).
- △ HKAS 41 (Amendment), 'Agriculture' (effective from 1 January 2009).
- △ HKFRS 5 (Amendment), 'Non-current assets held for sale and discontinued operations' (and consequential amendment to HKFRS 1, 'First-time adoption') (effective from 1 July 2009).
- The minor amendments to HKAS 29, 'Financial reporting in hyperinflationary economies' and HKAS 41, 'Agriculture', which are not addressed above. These amendments will not have an impact on the Group's operations as described above.

2. 重要會計政策摘要 (續)

2.1 編製基準 (續)

(d) 尚未生效且與本集團營運無關的對現有準則的詮釋 (續)

- 香港會計師公會於二零零八年十月公佈對香港財務報告準則的改進 (續)
- △ 香港會計準則第31號(修訂本)「合營企業權益」(及對香港會計準則第32號及香港財務報告準則第7號的相應修訂)(由二零零九年一月一日起生效)。
- △ 香港會計準則第41號(修訂本)「農業」(由二零零九年一月一日起生效)。
- △ 香港財務報告準則第5號(修訂本)「持作出售的非流動資產及已終止經營業務」(及對香港財務報告準則第1號「首次採納」的相應修訂)(由二零零九年七月一日起生效)。
- 關於香港會計準則第29號「嚴重通脹經濟下的財務報告」及香港會計準則第41號「農業」的輕微修訂未有在上文提及。如上文所述，此等修訂將不會對本集團的營運產生影響。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation

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

(a) Subsidiaries

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

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

2. 重要會計政策摘要(續)

2.2 綜合賬目

綜合財務報表乃包括本公司及其所有附屬公司截至十二月三十一日止的財務報表。

(a) 附屬公司

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

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

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(a) Subsidiaries (continued)

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

2. 重要會計政策摘要 (續)

2.2 綜合賬目 (續)

(a) 附屬公司 (續)

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

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(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(a) Subsidiaries (continued)

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

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

(b) Transactions with minority interest

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

2. 重要會計政策摘要(續)

2.2 綜合賬目(續)

(a) 附屬公司(續)

集團內公司間的交易、集團公司交易的結餘及未變現收益予以對銷。未變現虧損亦予以對銷。附屬公司的會計政策已按需要於綜合財務報表作出改變，以確保與本集團採納的政策一致。

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

(b) 與少數股東權益進行的交易

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. See Note 2.9 for the impairment of non-financial assets including goodwill.

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

2. 重要會計政策摘要 (續)

2.2 綜合賬目 (續)

(c) 聯營公司

聯營公司指所有本集團對其有重大影響力但無控制權的實體，通常附帶有20%至50%投票權的股權。聯營公司投資採用權益會計法入賬，初始按成本確認。本集團的聯營公司投資包括收購時已識別的商譽，扣除任何累計減值虧損。請參閱附註2.9有關非財務資產(包括商譽)之減值。

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(c) Associates (continued)

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

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) Functional and presentation currency

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

2. 重要會計政策摘要(續)

2.2 綜合賬目(續)

(c) 聯營公司(續)

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

2.3 分部呈報

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

2.4 外幣換算

(a) 功能及呈列貨幣

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation (continued)

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the consolidated income statement within 'other (losses)/gains - net'.

2. 重要會計政策摘要 (續)

2.4 外幣換算 (續)

(b) 交易及結餘

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

與借款以及現金及現金等價物相關之匯兌收益及虧損於綜合損益表「財務收入或成本」中列賬。所有其他匯兌收益及虧損均於綜合損益表「其他(虧損)/收益－淨額」內列賬。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation (continued)

(c) Net investment in foreign operation

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

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

2. 重要會計政策摘要(續)

2.4 外幣換算(續)

(c) 境外業務的投資淨額

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

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Property, plant and equipment

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

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

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

	Estimated useful life
Buildings	10-20 years
Machinery	5-10 years
Furniture and fixtures	3-10 years
Vehicles	4-10 years
Leasehold improvements	2-5 years

2. 重要會計政策摘要(續)

2.5 物業、廠房及設備

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

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

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

	估計可使用年期
樓宇	10-20年
機器設備	5-10年
辦公設備	3-10年
汽車	4-10年
租賃物業裝修	2-5年

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Property, plant and equipment (continued)

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

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

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

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

2.6 Leasehold land and land use rights

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

2. 重要會計政策摘要(續)

2.5 物業、廠房及設備(續)

資產的剩餘價值及可使用年期於每個結算日獲審閱及調整(如適用)。

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

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

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

2.6 租賃土地及土地使用權

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Investment properties

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

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

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

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

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

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

2. 重要會計政策摘要(續)

2.7 投資物業

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

投資物業按成本(包括相關交易成本)初始計量。

初始確認後，投資物業按已折舊成本減累計減值列賬。

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

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

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Investment properties (continued)

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

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

2.8 Intangible assets

(a) 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 business combination in which the goodwill arose identified according to operating segment.

2. 重要會計政策摘要(續)

2.7 投資物業(續)

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

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

2.8 無形資產

(a) 商譽

收購附屬公司或與少數股東交易的商譽列入無形資產內。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及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根據業務分部可辨識產生的商譽的業務合併中得益的現金產生單位或現金產生單位的組別而作出。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Intangible assets (continued)

(b) Iron ore mining licenses

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

Iron ore mining licenses should be derecognised on disposal or when no future economic benefits are expected from its use or disposal.

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

2. 重要會計政策摘要(續)

2.8 無形資產(續)

(b) 鐵礦採礦許可證

購買的鐵礦採礦許可證乃按成本減累計攤銷列賬。許可證的攤銷乃採用其估計可使用年期(5年)將成本按直線法分攤計算。

鐵礦採礦許可證會在處置或預期繼續使用或處置該資產不會帶來未來經濟利益時終止確認。

終止確認鐵礦採礦許可證產生的收益或虧損乃按無形資產的出售所得款項淨額(如有)與該項資產的賬面值兩者的差額計算，並在該資產終止確認時於損益表確認。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

2.10 Financial assets

2.10.1 Classification

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

2. 重要會計政策摘要(續)

2.9 於附屬公司、聯營公司的投資減值及非財務資產減值

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

2.10 財務資產

2.10.1 分類

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets (continued)

2.10.1 Classification (continued)

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

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

- (b) Loans and receivables

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

2. 重要會計政策摘要 (續)

2.10 財務資產 (續)

2.10.1 分類 (續)

- (a) 按公平值透過損益記賬的財務資產

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

- (b) 貸款及應收賬款

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets (continued)

2.10.1 Classification (continued)

(c) Held-to-maturity financial assets

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

(d) Available-for-sale financial assets

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

For the years ended 31 December 2008 and 2007, the Group has no financial assets categorised as held-to-maturity.

2. 重要會計政策摘要(續)

2.10 財務資產(續)

2.10.1 分類(續)

(c) 持有至到期的財務資產

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

(d) 可供出售的財務資產

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

於截至二零零八年及二零零七年十二月三十一日止年度，本集團並無任何財務資產獲歸類為持有至到期的財務資產。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets (continued)

2.10.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Available-for-sale assets of the Group are investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost less provision for impairment, if any.

2. 重要會計政策摘要 (續)

2.10 財務資產 (續)

2.10.2 確認及計量

財務資產之一般買賣於交易日(即本集團承諾購買或出售資產當日)確認。對於並非按公平值透過損益記賬的財務資產投資初始按公平值加交易成本確認。按公平值透過損益記賬的財務資產初始按公平值確認，而交易成本賬自損益表扣除。財務資產乃從收取現金流量的權利屆滿或轉讓，而本集團實質上轉移所有權的一切風險及回報時，投資即終止確認。按公平值透過損益記賬的財務資產其後按公平值入賬。貸款及應收賬款以實際利率法按已攤銷成本入賬。本集團之可供出售資產為於活躍市場並無市場報價及其公平值無法可靠計量的於股本工具的投資，其按成本減減值撥備(如有)列賬。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets (continued)

2.10.2 Recognition and measurement (continued)

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

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

2. 重要會計政策摘要(續)

2.10 財務資產(續)

2.10.2 確認及計量(續)

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

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets (continued)

2.10.2 Recognition and measurement (continued)

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

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

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade and other receivables is described in Note 2.13.

2. 重要會計政策摘要 (續)

2.10 財務資產 (續)

2.10.2 確認及計量 (續)

可供出售類證券的利息按實際利率法計算，作為其他收益一部分於綜合損益表確認。可供出售類權益工具的股息，在本集團收取付款的權利確立時作為其他收益一部分於綜合損益表確認。

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

本集團於每個結算日評估是否有客觀憑證顯示一項或一組財務資產已經出現減值。就權益工具於損益表確認的減值虧損不會透過損益表撥回。應收貿易賬款的減值測試於附註 2.13 內描述。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Derivative financial instruments and hedging activities

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

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

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

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

2. 重要會計政策摘要(續)

2.11 衍生金融工具及套期保值活動

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

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

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

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Derivative financial instruments and hedging activities (continued)

(a) Cash flow hedge

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

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

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

2. 重要會計政策摘要 (續)

2.11 衍生金融工具及套期保值活動 (續)

(a) 現金流量套期保值

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

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

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Derivative financial instruments and hedging activities (continued)

(a) Cash flow hedge (continued)

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

(b) Derivatives that do not qualify for hedge accounting

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

2. 重要會計政策摘要(續)

2.11 衍生金融工具及套期保值活動(續)

(a) 現金流量套期保值(續)

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

(b) 不符合套期保值會計處理的衍生工具

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Inventories

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

2.13 Trade and other receivables

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

2. 重要會計政策摘要(續)

2.12 存貨

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

2.13 貿易及其他應收賬款

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Cash and cash equivalents

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

2.15 Share capital

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

2.16 Trade and other payables

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

2.17 Borrowings

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

2. 重要會計政策摘要(續)

2.14 現金及現金等價物

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

2.15 股本

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

2.16 貿易及其他應付賬款

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

2.17 借款

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Borrowings (continued)

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

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

2.18 Borrowing costs

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

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

2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

2. 重要會計政策摘要(續)

2.17 借款(續)

為建立貸款融資所支付的費用，當可提取部分或所有融資時確認為貸款的交易成本。在這種情況下，該費用在實際提取貸款融資前將作為遞延支出。如果沒有任何證據表明部分或所有融資很可能會被提取時，該費用將作為流動性服務的預付款項資本化，並在融資相關的期間內攤銷。

政府的免息或低息借款被視作政府資助，並初始按已收取代價成本確認。

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

2.18 借貸成本

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

所有其他借貸成本則於其產生期間自綜合損益表扣除。

2.19 當期及遞延所得稅

期內稅項開支指當期及遞延稅項。稅項於綜合損益表確認，惟倘與該等直接在權益確認的項目有關者除外。在該情況下，稅項亦會於權益確認。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Current and deferred income tax (continued)

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

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

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

2. 重要會計政策摘要(續)

2.19 當期及遞延所得稅(續)

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

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

遞延所得稅資產乃就有可能在未來應課稅溢利而就此可動用暫時性差異而確認。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Current and deferred income tax (continued)

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

2.20 Employee benefits

(a) Pension obligations

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

In accordance with the rules and regulations in the PRC, the Group has arranged for its PRC employees to join a defined contribution retirement benefit plan organised by PRC government. The PRC government undertakes to assume the retirement benefit obligations of all existing and future retired employees payable under the plan as set out in Note 32. The assets of this plan are held separately from those of the Group in an independent fund managed by the PRC government.

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

2. 重要會計政策摘要(續)

2.19 當期及遞延所得稅(續)

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

2.20 僱員福利

(a) 退休金的責任

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

根據中國的規定及條例，本集團已安排於中國的員工參與中國政府組織的定額供款統籌退休金計劃。中國政府承諾負擔按附註32所述的計劃向所有現時及未來退休的員工支付退休金的責任。本計劃的資產撥入獨立於本集團，並由中國政府管理的獨立基金。

本集團向定額供款統籌退休金計劃繳交的供款於產生時在綜合損益表列賬。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Employee benefits (continued)

(b) Share-based compensation

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

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

2. 重要會計政策摘要(續)

2.20 僱員福利(續)

(b) 以股份支付的酬金

本集團設有多項以股權結算以股份支付的薪酬計劃。據此實體以本集團的權益工具(購股權)作為代價取得僱員的服務。就僱員提供服務而授予的購股權的公平值確認為支出。將列作支出的總金額乃參考所授購股權的公平值釐定(不包括任何非市場服務及授予條件所產生的影響，如盈利能力及銷售額增長目標及於特定時期內仍為該實體的僱員)。在假定預期將授予的購股權數目時，非市場性質的授予條件亦加入一併考慮。支出的總金額於授予期間內確認，該期間為所有特定授予條件將獲達成的期間。於每個結算日，實體根據非市場性質的授予條件調整對預期將授予的購股權數目所作出的估計，並在綜合損益表確認調整原來估計(如有)對其所產生的影響，並對權益作出相應調整。

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Employee benefits (continued)

(b) Share-based compensation (continued)

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

2.21 Provisions

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

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

2. 重要會計政策摘要 (續)

2.20 僱員福利 (續)

(b) 以股份支付的酬金 (續)

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

2.21 撥備

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

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Provisions (continued)

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

2.22 Government grants

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

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

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

2. 重要會計政策摘要(續)

2.21 撥備(續)

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

2.22 政府補貼

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

有關收入的補貼遞延入賬，並按擬補償的成本配合所需期間於綜合損益表中確認。

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Revenue recognition

(a) Sales of goods produced

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

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

(b) Interest income

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

2. 重要會計政策摘要 (續)

2.23 收入確認

(a) 製成品的銷售額

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

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

(b) 利息收入

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Revenue recognition (continued)

(c) Dividend income

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

(d) Lease income

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

2.24 Lease

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

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

2. 重要會計政策摘要(續)

2.23 收入確認(續)

(c) 股息收入

股息收入在收取股息的權利確立時確認。

(d) 租賃收入

經營租賃的租賃收入，在租賃期內按直線法確認為收入。

2.24 租賃

擁有權的絕大部分風險及回報由出租人保留的租賃乃分類為經營租賃。根據經營租賃所支付的款項(扣除出租人所給予的任何優惠後)，包括就租賃土地及土地使用權作出的首期付款，乃於租賃期內以直線法自綜合損益表扣除。

本集團租賃若干物業、廠房及設備。本集團實質上擁有所有權之全部風險及回報之物業、廠房及設備的租賃歸類為融資租賃。融資租賃於租賃開始時按已租賃物業的公平值與最低租賃付款的現值中之較低者予以資本化。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Lease (continued)

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Contingent rents is charged as expenses in the periods in which they are incurred. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

If there is reasonable certainty that the Group will obtain ownership by the end of the lease term, the property, plant and equipment acquired under finance leases is depreciated over the useful life of the asset.

If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount is deferred and amortised over the lease term.

2. 重要會計政策摘要(續)

2.24 租賃(續)

每項租賃付款於負債及財務費用之間分配，以使未償還財務餘額達致一個固定的比率。或然租金於產生的期間列作支出。對應的租賃承擔減去財務費用，於長期應付款中列賬。財務費用的利息部分在租賃期內計入綜合損益表，以使各個期間就負債之餘額達致一個固定週期的利率。

倘合理確定本集團將於租賃期結束時獲得所有權，則根據融資租賃收購的物業、廠房及設備按照資產的使用期限予以折舊。

倘一項出售及回租交易導致產生一項融資租賃，則出售所得款項超出賬面值的任何金額按租賃期予以遞延及攤銷。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

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

2.26 Dividends distribution

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

2. 重要會計政策摘要(續)

2.25 或然負債及或然資產

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

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

2.26 股息分派

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 Financial guarantee contracts

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

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

2. 重要會計政策摘要(續)

2.27 財務擔保合約

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

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.28 Earnings per share

(a) Basic earnings per share

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

(b) Diluted earnings per share

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

2. 重要會計政策摘要(續)

2.28 每股溢利

(a) 每股基本溢利

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

(b) 每股攤薄溢利

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

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3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Market risk

(i) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. The Group's exposure to changes in interest rates is mainly attributable to its non-current borrowings. All non-current borrowings bear variable rates and expose the Group to cash flow interest-rate risk. The maximum exposures to the interest rate risk have been disclosed in Note 25.

The Group has not used any derivatives to hedge its exposure to interest rate risk for the year ended 31 December 2008.

3. 財務風險管理

3.1 財務風險因素

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

(a) 市場風險

(i) 現金流量及公平值利率風險

由於本集團並無任何重大的計息資產，故本集團的收入及經營現金流量基本上不受市場利率變動所影響。本集團的利率變動風險主要是來自其非流動借款。所有非流動借款均為浮息借款，本集團須承受現金流量利率風險。最大利率風險於附註25中披露。

截至二零零八年十二月三十一日止年度，本集團並無使用任何衍生工具對利率風險進行套期保值。

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk

The directors do not consider the exposure to foreign exchange risk is significant to the Group's operation as the Group mainly operates in the PRC with most of the transactions denominated and settled in RMB. Therefore, the Group has not used any derivatives to hedge its exposure to foreign exchange risk for the year ended 31 December 2008.

The major foreign exchange risk exposure arises from its exporting activities and the related trade receivables, which are mostly denominated in United States Dollars (the "US\$"). The Group also has certain bank deposits, financial assets and financial liabilities that are denominated in foreign currencies, mainly US\$, Euros and Hong Kong Dollars (the "HK\$"), which are exposed to foreign currency translation risk. The maximum exposures to the foreign exchange risks are disclosed in Note 17, 20 and 25 respectively.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(ii) 外匯風險

董事並不認為本集團在經營上面臨重大的外匯風險，因為本集團主要在中國經營，大多數交易均以人民幣計值及結算。因此，截至二零零八年十二月三十一日止年度，本集團並無利用任何衍生工具對沖外匯風險。

外匯風險主要來自出口業務及相關的應收貿易賬款，其中大部分均以美元計值。本集團有若干以外幣計值的銀行存款、財務資產及財務負債，主要計值貨幣是美元、歐元及港元，其面臨外幣匯兌風險。外匯風險的最高金額分別於附註17、20及25披露。

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Summarised sensitivity analysis

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

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

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

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(iii) 敏感度分析摘要

下表概述本集團財務資產及財務負債在利率風險及外匯風險方面的敏感度。

利率風險及外匯風險的敏感度分析是基於以下假設：

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

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Summarised sensitivity analysis (continued)

		Interest rate risk 利率風險				
		-15%		+15%		
	Carrying amount 賬面值	Profit 溢利	Equity 權益	Profit 溢利	Equity 權益	
31 December 2008	二零零八年十二月三十一日					
Financial assets	財務資產					
Cash and cash equivalents	現金及現金等價物	728,826	(315)	(315)	315	
Restricted bank balance	受限制銀行結餘	361,698	(155)	(155)	155	
Loan receivable	應收貸款	130,000	(873)	(873)	873	
Financial liabilities	財務負債					
Borrowings	借款	(2,186,460)	11,077	11,077	(11,077)	
Other long term payables	其他長期應付款	(867,822)	3,386	4,259	(3,386)	
Total increase/(decrease)	合共增加/(減少)	13,120	13,993	(13,120)	(13,993)	
		Foreign exchange risk 外匯風險				
		-10%		+10%		
	Carrying amount 賬面值	Profit 溢利	Equity 權益	Profit 溢利	Equity 權益	
31 December 2008	二零零八年十二月三十一日					
Financial assets	財務資產					
Cash and cash equivalents	現金及現金等價物	728,826	6,640	6,640	(6,640)	
Restricted bank balance	受限制銀行結餘	361,698	18	18	(18)	
Trade receivables	應收貿易賬款	1,733,991	28	28	(28)	
Deposits and other receivables (Note 19)	按金及其他應收賬款(附註19)	497,116	117	117	(117)	
Financial liabilities	財務負債					
Trade payables	應付貿易賬款	(2,219,395)	(5,081)	(5,081)	5,081	
Other payables (I)	其他應付款項(I)	(678,399)	(574)	(574)	574	
Borrowings	借款	(2,186,460)	(16,016)	(16,016)	16,016	
Total increase/(decrease)	合共增加/(減少)	(14,868)	(14,868)	14,868	14,868	

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Summarised sensitivity analysis (continued)

31 December 2007

Financial assets

Cash and cash equivalents
Restricted bank balance

財務資產

現金及現金等價物
受限制銀行結餘

Financial liabilities

Borrowings

財務負債

借款

Total increase/(decrease)

合共增加/(減少)

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(iii) 敏感度分析概述(續)

Interest rate risk

利率風險

-15% +15%

Carrying

amount

賬面值

Profit

溢利

Equity

權益

Profit

溢利

Equity

權益

二零零七年十二月三十一日

689,591	(667)	(667)	667	667
171,690	(171)	(171)	171	171
(1,225,000)	7,005	7,005	(7,005)	(7,005)
	6,167	6,167	(6,167)	(6,167)

Foreign exchange risk

外匯風險

-10% +10%

Carrying

amount

賬面值

Profit

溢利

Equity

權益

Profit

溢利

Equity

權益

31 December 2007

Financial assets

Cash and cash equivalents
Restricted bank balance
Trade receivables

財務資產

現金及現金等價物
受限制銀行結餘
應收貿易賬款

Financial liabilities

Trade payables

財務負債

應付貿易賬款

Total increase/(decrease)

合共增加/(減少)

689,591	10,625	10,625	(10,625)	(10,625)
171,690	4,731	4,731	(4,731)	(4,731)
488,825	7,694	7,694	(7,694)	(7,694)
(715,535)	(629)	(629)	629	629
	22,421	22,421	(22,421)	(22,421)

(i) Other payables include payables for purchase of property, plant and equipment, customer deposits, employee deposits and other borrowings of overdue as stated in Note 24.

(i) 其他應付款項包括購買物業、廠房及設備、客戶按金、員工按金及其他逾期借款等方面的應付款項。(見附註24)

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents, trade receivables, deposits and other receivables, amounts due from related parties represent the Group's maximum exposure to credit risk in relation to financial assets. The Group does not have significant credit risks arising from off-balance sheet items. The Group's credit policy for the sales of products is mainly delivery either on cash or upon receipt of bank acceptance notes with maturity dates within six months. For bank and financial institutions, the Group has policies that deposits are put in reputable banks. Credit quality of financial assets are further disclosed in Note 13, 14, 19 and 42(c) respectively.

(c) Liquidity risk

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

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

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險

本集團並無重大集中的信貸風險。現金及現金等價物、應收貿易賬款、按金及其他應收賬款及應收關聯方款項的賬面值為本集團的財務資產在信貸風險方面的最高風險水平。本集團並無由資產負債表外項目產生的重大信貸風險。本集團產品銷售的信貸政策主要為於收取現金或到期日在六個月內的銀行承兌匯票時方會發貨。對於銀行及金融機構，本集團的政策是將存款存放於有信譽的銀行。財務資產的信貸質量分別在附註13, 14, 19和42(c)內進一步披露。

(c) 流動資金風險

本集團的流動資金風險透過維持充足現金及現金等價物，以及足夠銀行信貸額度控制。

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

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

		Less than 1 year 1年內	Between 1 and 2 years 1至2年	Between 2 and 5 years 2至5年	Over 5 years 5年以上
At 31 December 2008	於二零零八年十二月三十一日				
Borrowings	借款	1,697,230	404,230	60,000	25,000
Interests payments on borrowings (i)	支付借款利息 (i)	78,038	14,359	5,589	208
Trade payables	應付貿易賬款	2,219,395	-	-	-
Other payables	其他應付款項	678,399	-	-	-
Amounts due to related parties	應付關聯方款項	207,013	10,000	55,055	-
Other long-term payables	其他長期應付款	19,888	142,639	705,295	-
At 31 December 2007	於二零零七年十二月三十一日				
Borrowings	借款	460,000	275,770	444,230	45,000
Interests payments on borrowings (i)	支付借款利息 (i)	61,559	41,716	17,331	756
Trade payables	應付貿易賬款	715,535	-	-	-
Other payables	其他應付款項	474,743	-	-	-
Amounts due to related parties	應付關聯方款項	8,571	-	55,733	-

(i) The interest on borrowings is calculated based on borrowings held as at 31 December 2007 and 2008 without taking into account of future issues. Floating-rate interest is estimated using current interest rate as at 31 December 2007 and 2008 respectively.

(i) 借款利息按二零零七年及二零零八年十二月三十一日持有的借款計算，不考慮任何未來事項。浮動利率分別按二零零七年及二零零八年十二月三十一日的當時利率估算。

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(c) 流動資金風險 (續)

Notes to the Consolidated Financial Statements

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3. FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital risk management

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

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

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

3. 財務風險管理(續)

3.2 資金風險管理

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

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

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

		2008 二零零八年	2007 二零零七年
Total borrowings	借款總額	2,186,460	1,225,000
Equity attributable to the Company's equity holders	本公司權益 持有人應佔權益	6,265,229	6,548,690
Debt-to-equity ratio	債項與權益比率	34.90%	18.71%

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3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation

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

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

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

3. 財務風險管理(續)

3.3 公平值估計

在交投活躍市場買賣的金融工具的公平值根據結算日的市場報價列賬。

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

貿易及其他應收賬款和應付賬款的面值減去減值撥備接近其公平值。

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

4. 關鍵會計估計及判斷

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

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.1 Critical accounting estimates and assumptions

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

(a) Net realisable value of inventories

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

(b) Impairment of property, plant and equipment

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

4. 關鍵會計估計及判斷(續)

4.1 關鍵會計估計及假設

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

(a) 存貨的可變現淨值

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

(b) 物業、廠房及設備減值

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

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.1 Critical accounting estimates and assumptions (continued)

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

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

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

As at 31 December 2008, the value in use and fair value less costs to sell approximated RMB 210.8 million and RMB 205.3 million respectively. The Group considered that the recoverable amount was the higher of value in use and fair value less costs to sell. The recoverable amount of the production line approximated its carrying amount (Note 7).

4. 關鍵會計估計及判斷(續)

4.1 關鍵會計估計及假設(續)

(b) 物業、廠房及設備減值(續)

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

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

於二零零八年十二月三十一日，使用價值及公平值減銷售成本分別約為人民幣2.108億元及人民幣2.053億元。本集團認為，可收回金額乃使用價值與公平值減銷售成本兩者中的較高者。生產線的可收回金額與其賬面值相若(附註7)。

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.1 Critical accounting estimates and assumptions (continued)

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

If the estimated gross margin in all forecast years had been 10% lower or higher than the management's estimates at 31 December 2008 (for example, 18% or 22% instead of 20%), the Group would have recognised the impairment as follows:

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

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

Impairment of property, plant and equipment	物業、廠房及設備減值
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4. 關鍵會計估計及判斷(續)

4.1 關鍵會計估計及假設(續)

(b) 物業、廠房及設備減值(續)

倘於所有預測年度的估計毛利率較管理層於二零零八年十二月三十一日作出的估計偏低或偏高10% (例如為18%或22%，而不是20%)，則本集團將確認減值如下：

2008	
二零零八年	
10% Lower	10% Higher
低 10%	高 10%

30,567	-
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倘用於已折現現金流量的估計除稅前折現率較管理層作出的估計偏低或偏高10% (例如為9%或11%，而不是10%)，則本集團將確認減值如下：

2008	
二零零八年	
10% Lower	10% Higher
低 10%	高 10%

-	14,282
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Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.1 Critical accounting estimates and assumptions (continued)

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

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

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

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

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

4. 關鍵會計估計及判斷(續)

4.1 關鍵會計估計及假設(續)

(c) 物業、廠房及設備的可使用年期

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

在釐定資產的可使用年期時，須考慮以下因素：

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

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

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.2 Critical judgements in applying the entity's accounting policies

(a) Borrowing costs eligible for capitalisation

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

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

4. 關鍵會計估計及判斷 (續)

4.2 應用實體會計政策的關鍵判斷

(a) 符合資格作資本化的借貸成本

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

資本化成為物業、廠房及設備的借貸成本於附註7中列示。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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

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

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

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

4. 關鍵會計估計及判斷(續)

4.2 應用實體會計政策的關鍵判斷(續)

(b) 投資物業與業主自用物業的分別

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

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

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

5. SALES AND SEGMENT INFORMATION – GROUP

(a) Sales

The Group is principally engaged in the manufacture and sales of iron and steel products. Sales recognised for the years ended 31 December 2008 and 2007 are as follows:

Sales:		2008	2007
Sales:		二零零八年	二零零七年
	銷售額：		
Gross sales, less discounts and returns	銷售總額減折扣及退貨		
– billets	– 鋼坯	3,990,747	896,776
– strips and strip products	– 帶鋼及帶鋼類產品	8,574,492	7,441,792
– H section steel products	– H型鋼產品	5,672,508	4,330,279
– galvanised sheets	– 鍍鋅板	708,746	682,118
– cold rolled sheets	– 冷軋板	612,100	158,044
– others	– 其他	14,633	22,844
		19,573,226	13,531,853
Less: Sales taxes	減：銷售稅項	(185,043)	(33,298)
		19,388,183	13,498,555

(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.

5. 銷售額及分部資料—本集團

(a) 銷售額

本集團主要從事生產及銷售鋼鐵產品。截至二零零八年及二零零七年十二月三十一日止年度入賬的銷售額如下：

Sales:		2008	2007
Sales:		二零零八年	二零零七年
	銷售額：		
Gross sales, less discounts and returns	銷售總額減折扣及退貨		
– billets	– 鋼坯	3,990,747	896,776
– strips and strip products	– 帶鋼及帶鋼類產品	8,574,492	7,441,792
– H section steel products	– H型鋼產品	5,672,508	4,330,279
– galvanised sheets	– 鍍鋅板	708,746	682,118
– cold rolled sheets	– 冷軋板	612,100	158,044
– others	– 其他	14,633	22,844
		19,573,226	13,531,853
Less: Sales taxes	減：銷售稅項	(185,043)	(33,298)
		19,388,183	13,498,555

(b) 分部資料

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

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

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綜合財務報表附註

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

6. LEASEHOLD LAND AND LAND USE RIGHTS – GROUP

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

Opening	期初
Amortisation of prepaid operating lease payment (Note 31, 39)	預付經營租賃款項攤銷 (附註31、39)

As at 31 December 2008, the net book value of leasehold land and land use rights pledged as security for the Group's borrowings amounted to approximately RMB 62 million (2007: RMB 24 million) (Note 25).

The Group's leasehold land and land use rights are located in the PRC and the remaining lease period is between 44 years to 47 years.

6. 租賃土地及土地使用權—本集團

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

2008 二零零八年	2007 二零零七年
76,441	78,092
(1,651)	(1,651)
74,790	76,441

於二零零八年十二月三十一日，已為本集團借款而抵押的租賃土地及土地使用權的賬面淨值約為人民幣6,200萬元(二零零七年：人民幣2,400萬元)(附註25)。

本集團的租賃土地及土地使用權位於中國，餘下租期介乎44年至47年。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

7. PROPERTY, PLANT AND EQUIPMENT

7. 物業、廠房及設備

The Group

本集團

		Buildings	Machinery	Furniture and fixtures	Vehicles	Leasehold improvements	CIP	Finance leased assets	Total
		樓宇	機器設備	辦公設備	汽車	租賃物業裝修	在建工程	融資租賃資產	總計
At 1 January 2007	於二零零七年一月一日								
Cost	成本	1,346,713	3,924,966	28,063	50,121	1,337	234,277	-	5,585,477
Accumulated depreciation and impairment	累計折舊及減值	(173,877)	(705,156)	(8,212)	(22,141)	(783)	-	-	(910,169)
Net book amount	賬面淨值	1,172,836	3,219,810	19,851	27,980	554	234,277	-	4,675,308
Year ended 31 December 2007	截至二零零七年十二月三十一日止年度								
Opening net book amount	年初賬面淨值	1,172,836	3,219,810	19,851	27,980	554	234,277	-	4,675,308
Additions	添置	8,252	19,257	5,064	9,878	-	2,115,897	-	2,158,348
Transfers	轉撥	99,514	155,486	1,997	-	-	(256,997)	-	-
Reclassification	重新分類	182,670	(182,670)	-	-	-	-	-	-
Disposals (Note 39)	處置(附註39)	(2,541)	(2,859)	(426)	(706)	-	-	-	(6,532)
Depreciation (Note 31, 39)	折舊(附註31、39)	(76,980)	(347,496)	(4,878)	(9,140)	(72)	-	-	(438,566)
Reversal of impairment (Note 31, 39)	減值撥回(附註31、39)	5,344	11,296	227	113	-	-	-	16,980
Closing net book amount	年末賬面淨值	1,389,095	2,872,824	21,835	28,125	482	2,093,177	-	6,405,538
At 31 December 2007	於二零零七年十二月三十一日								
Cost	成本	1,630,971	3,907,895	32,584	57,139	1,337	2,093,177	-	7,723,103
Accumulated depreciation and impairment	累計折舊及減值	(241,876)	(1,035,071)	(10,749)	(29,014)	(855)	-	-	(1,317,565)
Net book amount	賬面淨值	1,389,095	2,872,824	21,835	28,125	482	2,093,177	-	6,405,538
Year ended 31 December 2008	截至二零零八年十二月三十一日止年度								
Opening net book amount	年初賬面淨值	1,389,095	2,872,824	21,835	28,125	482	2,093,177	-	6,405,538
Additions	添置	13,337	22,393	5,059	35,370	-	2,376,303	-	2,452,462
Transfers	轉撥	752,816	3,035,320	26,759	22	-	(3,814,917)	-	-
Sale and finance lease back (Note 26)	銷售及融資租賃回購(附註26)	-	(800,000)	-	-	-	-	800,000	-
Disposals (Note 39)	處置(附註39)	-	(15)	(14)	(247)	-	-	-	(276)
Depreciation (Note 31, 39)	折舊(附註31、39)	(95,381)	(418,208)	(5,885)	(13,850)	(55)	-	(37,557)	(570,936)
Closing net book amount	年末賬面淨值	2,059,867	4,712,314	47,754	49,420	427	654,563	762,443	8,286,788
At 31 December 2008	於二零零八年十二月三十一日								
Cost	成本	2,397,124	6,008,373	64,343	88,078	1,337	654,563	800,000	10,013,818
Accumulated depreciation and impairment	累計折舊及減值	(337,257)	(1,296,059)	(16,589)	(38,658)	(910)	-	(37,557)	(1,727,030)
Net book amount	賬面淨值	2,059,867	4,712,314	47,754	49,420	427	654,563	762,443	8,286,788

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7. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

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

Cost of sales	銷售成本
Administrative expenses	行政費用

(a) As at 31 December 2008, the net book value of buildings and machinery pledged as security for the Group's current and non-current borrowings amounted to approximately RMB 1,406 million (2007: RMB 1,396 million) (Note 25).

For the year ended 31 December 2008, borrowing costs amounting to approximately RMB 63 million were capitalised into the cost of property, plant and equipment (2007: nil) at an average capitalisation rate of 6.59% approximately.

(b) As at 31 December 2008 and 2007, the directors of the Company considered that certain production line in relation to production of galvanised and cold rolled sheets belonging to a subsidiary was carried at more than its recoverable amount (Note 4.1).

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

7. 物業、廠房及設備(續)

本集團(續)

已於綜合損益表中扣除的折舊開支如下：

	2008 二零零八年	2007 二零零七年
Cost of sales	539,515	428,958
Administrative expenses	31,421	9,608
	570,936	438,566

(a) 於二零零八年十二月三十一日，已為本集團流動及非流動借款而抵押的樓宇及機器設備的賬面淨值約為人民幣14.06億元(二零零七年：人民幣13.96億元)(附註25)。

截至二零零八年十二月三十一日止年度，借貸成本約人民幣6,300萬元(二零零七年：無)已按平均資本化比率約6.59%資本化為物業、廠房及設備的成本。

(b) 於二零零八年及二零零七年十二月三十一日，本公司董事認為，與隸屬於一間附屬公司生產鍍鋅板及冷軋板有關的若干條生產線乃按超過其可收回金額列賬(附註4.1)。

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

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7. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

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

Gross margin	毛利率
Growth rate	增長率
Discount rate	折現率

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

The impairment charge arose from the fact that the production line has not been fully utilised during the market development stage. The Group reassessed the impairment and no additional provision for/reversal of impairment was made for the year ended 31 December 2008.

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

Cost of sales (Note 31, 39)	銷售成本(附註31、39)
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7. 物業、廠房及設備(續)

本集團(續)

計算使用價值時，運用了以下的主要假設：

	2008 二零零八年	2007 二零零七年
Gross margin	6.13%	6.38%
Growth rate	2.00%	2.00%
Discount rate	13.69%	14.42%

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

因為生產線在市場開發階段未被充分利用，故產生減值費用。本集團重新進行減值評估，於截至二零零八年十二月三十一日止年度並無額外撥備/撥回減值。

如下所示，本集團的物業、廠房及設備的減值，已記入綜合損益表貸項：

	2008 二零零八年	2007 二零零七年
Cost of sales (Note 31, 39)	-	(16,980)

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(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

7. PROPERTY, PLANT AND EQUIPMENT (continued)

7. 物業、廠房及設備(續)

The Company

本公司

		Buildings	Furniture and fixtures	Vehicles	Leasehold improve- ments 租賃物業 裝修	Total
		樓宇	辦公設備	汽車		總計
At 1 January 2007	於二零零七年一月一日					
Cost	成本	12,764	679	1,513	1,337	16,293
Accumulated depreciation	累計折舊	(904)	(286)	(819)	(783)	(2,792)
Net book amount	賬面淨值	11,860	393	694	554	13,501
Year ended 31 December 2007	截至二零零七年十二月三十一日止年度					
Opening net book amount	年初賬面淨值	11,860	393	694	554	13,501
Additions	添置	-	39	-	-	39
Depreciation	折舊	(708)	(128)	(273)	(72)	(1,181)
Closing net book amount	年末賬面淨值	11,152	304	421	482	12,359
At 31 December 2007	於二零零七年十二月三十一日					
Cost	成本	12,764	718	1,513	1,337	16,332
Accumulated depreciation	累計折舊	(1,612)	(414)	(1,092)	(855)	(3,973)
Net book amount	賬面淨值	11,152	304	421	482	12,359
Year ended 31 December 2008	截至二零零八年十二月三十一日止年度					
Opening net book amount	年初賬面淨值	11,152	304	421	482	12,359
Additions	添置	-	138	690	-	828
Disposal	處置	(10,925)	(11)	(18)	(427)	(11,381)
Depreciation	折舊	(227)	(137)	(350)	(55)	(769)
Closing net book amount	年末賬面淨值	-	294	743	-	1,037
At 31 December 2008	於二零零八年十二月三十一日					
Cost	成本	-	801	2,179	-	2,980
Accumulated depreciation	累計折舊	-	(507)	(1,436)	-	(1,943)
Net book amount	賬面淨值	-	294	743	-	1,037

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8. INVESTMENT PROPERTIES

The Group

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

At 1 January 2007	於二零零七年一月一日	
Cost	成本	21,985
Accumulated depreciation	累計折舊	(1,557)
Net book amount	賬面淨值	20,428
Year ended 31 December 2007	截至二零零七年十二月三十一日止年度	
Opening net book amount	年初賬面淨值	20,428
Depreciation (Note 31, 39)	折舊(附註31、39)	(1,100)
Closing net book amount	年末賬面淨值	19,328
At 31 December 2007	於二零零七年十二月三十一日	
Cost	成本	21,985
Accumulated depreciation	累計折舊	(2,657)
Net book amount	賬面淨值	19,328
Year ended 31 December 2008	截至二零零八年十二月三十一日止年度	
Opening net book amount	年初賬面淨值	19,328
Depreciation (Note 31, 39)	折舊(附註31、39)	(928)
Closing net book amount	年末賬面淨值	18,400
At 31 December 2008	於二零零八年十二月三十一日	
Cost	成本	21,985
Accumulated depreciation	累計折舊	(3,585)
Net book amount	賬面淨值	18,400

For the year ended 31 December 2008, the rental income arising from investment properties amounted to RMB 1.78 million (2007: RMB 1.92 million) (Note 30).

As at 31 December 2008, the directors of the Company assessed the fair value of the investment properties to be approximately RMB 32.9 million based on prices in an active market (2007: RMB 32.1 million).

8. 投資物業

本集團

投資物業位於中國，按其賬面淨值分析如下：

截至二零零八年十二月三十一日止年度，投資物業所產生的租金收入為人民幣178萬元(二零零七年：人民幣192萬元)(附註30)。

於二零零八年十二月三十一日，本公司董事根據在交投活躍市場的價格估值投資物業的公平值約為人民幣3,290萬元(二零零七年：人民幣3,210萬元)。

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8. INVESTMENT PROPERTIES (continued)

The Company

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

At 1 January 2007

Cost	於二零零七年一月一日 成本	21,985
Accumulated depreciation	累計折舊	(1,557)
Net book amount	賬面淨值	20,428

Year ended 31 December 2007

Opening net book amount	截至二零零七年十二月三十一日止年度 年初賬面淨值	20,428
Depreciation	折舊	(1,100)
Closing net book amount	年末賬面淨值	19,328

At 31 December 2007

Cost	於二零零七年十二月三十一日 成本	21,985
Accumulated depreciation	累計折舊	(2,657)
Net book amount	賬面淨值	19,328

Year ended 31 December 2008

Opening net book amount	截至二零零八年十二月三十一日止年度 年初賬面淨值	19,328
Depreciation	折舊	(458)
Transfer to a subsidiary	轉至一間附屬公司	(18,870)
Closing net book amount	年末賬面淨值	-

At 31 December 2008

Cost	於二零零八年十二月三十一日 成本	-
Accumulated depreciation	累計折舊	-
Net book amount	賬面淨值	-

8. 投資物業(續)

本公司

投資物業位於中國，及其賬面淨值分析如下：

於二零零七年一月一日

成本	21,985
累計折舊	(1,557)
賬面淨值	20,428

截至二零零七年十二月三十一日止年度

年初賬面淨值	20,428
折舊	(1,100)
年末賬面淨值	19,328

於二零零七年十二月三十一日

成本	21,985
累計折舊	(2,657)
賬面淨值	19,328

截至二零零八年十二月三十一日止年度

年初賬面淨值	19,328
折舊	(458)
轉至一間附屬公司	(18,870)
年末賬面淨值	-

於二零零八年十二月三十一日

成本	-
累計折舊	-
賬面淨值	-

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9. INTANGIBLE ASSETS – GROUP

9. 無形資產 – 本集團

		Iron ore	
		Goodwill	mining licenses
		商譽	鐵礦採礦許可證
At 1 January 2007	於二零零七年一月一日		
Cost	成本	–	22,418
Accumulated amortisation	累計攤銷	–	(4,129)
Net book amount	賬面淨值	–	18,289
Year ended 31 December 2007	截至二零零七年十二月三十一日止年度		
Opening net book amount	年初賬面淨值	–	18,289
Deduction	減少	–	(14,483)
Amortisation charge (Note 31, 39)	攤銷費用 (附註 31、39)	–	(3,806)
Closing net book amount	年末賬面淨值	–	–
At 31 December 2007	於二零零七年十二月三十一日		
Cost	成本	–	–
Accumulated amortisation	累計攤銷	–	–
Net book amount	賬面淨值	–	–
Year ended 31 December 2008	截至二零零八年十二月三十一日止年度		
Opening net book amount	年初賬面淨值	–	–
Acquisition from a minority shareholder (Note 10 (a) (i))	向少數股東收購 (附註 10(a) (i))	7,667	–
Closing net book amount	年末賬面淨值	7,667	–
At 31 December 2008	於二零零八年十二月三十一日		
Cost	成本	7,667	–
Accumulated amortisation and impairment	累計攤銷及減值	–	–
Net book amount	賬面淨值	7,667	–

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9. INTANGIBLE ASSETS – GROUP (continued)

Impairment tests for goodwill

Goodwill is allocated to the subsidiary acquired from a minority shareholder during the year, which was identified as the group of cash-generating unit (CGU Group).

The recoverable amount of a CGU Group is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

The key assumptions other than the financial budgets covering a five-year period, use for value-in-use calculations are gross margin, growth rate and discount rate of 6.40%, 2% and 13.69% respectively.

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

9. 無形資產－本集團(續)

商譽減值測試

年內，商譽產生自從少數股東收購之附屬公司，已按現金產生單位組別識別(「該組現金產生單位」)。

該組現金產生單位的可收回金額乃根據使用價值計算方法釐定。該等計算乃根據經管理層批准五年期的財務預算，以除稅前現金流預計作出。五年期限以外的現金流乃按下文所述的估計增長率推斷。

除五年期的財務預算外，用於使用價值計算的主要假設為毛利率、增長率及折現率，分別為6.40%、2%及13.69%。

管理層根據過往表現及其對市場發展的預期釐定預算毛利率。使用的加權平均增長率與列入行業報告的預測一致。所使用的折現率為除稅前折現率，並反映與相關分部有關的特定風險。

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10. INVESTMENTS IN AND LOANS TO SUBSIDIARIES – COMPANY

10. 附屬公司投資及貸款 – 本公司

(a) Investments in subsidiaries

(a) 附屬公司投資

	2008 二零零八年	2007 二零零七年
Unlisted investments, at cost	382,121	382,121

非上市投資，按成本

The particulars of subsidiaries at 31 December 2008 and 2007 are as follows:

於二零零八年及二零零七年十二月三十一日附屬公司的詳情如下：

Name	Place and date of incorporation	Legal status	Percentage of equity interest attributable to the Group 本集團應佔權益 百分比	Issued and fully paid capital 已發行及繳足股本	Authorised capital 法定股本	Principal activities 主要業務
Gold Genesis Development Limited ("Gold Genesis")	British Virgin Islands ("BVI") 21 February 2003	Limited liability company	100% (Directly held)	US\$ 1	US\$ 50,000	Investment holding
Gold Genesis Development Limited (["Gold Genesis"])	英屬維爾京群島 (["英屬維爾京群島"]) 二零零三年二月二十一日	有限責任公司	100% (直接持有)	1美元	50,000美元	投資控股
Good Lucky Enterprises Limited ("Good Lucky")	BVI 21 February 2003	Limited liability company	100% (Directly held)	US\$ 1	US\$ 50,000	Investment holding
Good Lucky Enterprises Limited (["Good Lucky"])	英屬維爾京群島 二零零三年二月二十一日	有限責任公司	100% (直接持有)	1美元	50,000美元	投資控股
First Glory Services Limited ("First Glory")	BVI 16 October 2003	Limited liability company	100% (Directly held)	US\$ 2	US\$ 50,000	Investment holding
First Glory Services Limited (["First Glory"])	英屬維爾京群島 二零零三年十月十六日	有限責任公司	100% (直接持有)	2美元	50,000美元	投資控股
Accordpower Investments Limited ("Accordpower")	BVI 30 November 2004	Limited liability company	100% (Directly held)	US\$ 2	US\$ 50,000	Investment holding
Accordpower Investments Limited (["Accordpower"])	英屬維爾京群島 二零零四年十一月三十日	有限責任公司	100% (直接持有)	2美元	50,000美元	投資控股

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

10. 附屬公司投資及貸款—本公司(續)

(a) Investments in subsidiaries (continued)

(a) 附屬公司投資(續)

Name	Place and date of incorporation	Legal status	Percentage of equity interest attributable to the Group 本集團應佔權益百分比	Issued and fully paid capital	Authorised capital	Principal activities
名稱	註冊成立地點及日期	法定實體類別	百分比	已發行及繳足股本	法定股本	主要業務
Fullhero Investments Limited ("Fullhero")	BVI 3 May 2005	Limited liability company	100% (Directly held)	US\$ 2	US\$ 50,000	Investment holding
Fullhero Investments Limited (「Fullhero」)	英屬維爾京群島 二零零五年五月三日	有限責任公司	100% (直接持有)	2美元	50,000美元	投資控股
Hebei Jinxi Iron and Steel Company Limited ("Jinxi Limited")	PRC 24 December 1999	Joint stock company with limited liability	97.6% (Indirectly held)	RMB 228,635,573	RMB 228,635,573	Manufacture and sales of iron and steel products
河北津西鋼鐵股份有限公司 (「津西鋼鐵」)	中國 一九九九年十二月二十四日	股份有限責任公司	97.6% (間接持有)	人民幣 228,635,573元	人民幣 228,635,573元	生產及銷售鋼鐵產品
Foshan Jin Xi Jin Lan Cold Rolled Sheet Company Limited ("Jinxi Jinlan") (i)	PRC 26 December 2003	Limited liability company	81.5% (Indirectly held)	US\$ 55,152,400	US\$ 55,152,400	Manufacture and sales of steel products
佛山津西金蘭冷軋板有限公司 (「津西金蘭」)(i)	中國 二零零三年十二月二十六日	有限責任公司	81.5% (間接持有)	55,152,400美元	55,152,400美元	生產及銷售鋼鐵產品
Oriental Fullhero Leasing Co., Ltd ("Shenzhen Leasing")	PRC 23 September 2005	Limited liability company	100% (Indirectly held)	US\$ 65,000,000	US\$ 65,000,000	Leasing and financial leasing
東方英豐租賃有限公司 (「深圳租賃」)	中國 二零零五年九月二十三日	有限責任公司	100% (間接持有)	65,000,000美元	65,000,000美元	租賃及融資租賃

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

(a) Investments in subsidiaries (continued)

Name	Place and date of incorporation	Legal status	Percentage of equity interest attributable to the Group 本集團應佔權益百分比	Issued and fully paid capital 已發行及繳足股本	Authorised capital 法定股本	Principal activities 主要業務
Hebei Jinxi Section Steel Company Limited ("Jinxi Section Steel") (ii)	PRC 30 May 2008	Limited liability company	80% (Indirectly held)	RMB 350,000,000	RMB 350,000,000	Manufacture and sales of steel products
河北津西型鋼有限公司 ("津西型鋼") (ii)	中國 二零零八年五月三十日	有限責任公司	80% (間接持有)	人民幣 350,000,000元	人民幣 350,000,000元	生產及銷售鋼鐵產品
Tangshan Jinxi Mining Company Limited ("Jinxi Mining") (iii)	PRC 20 December 2004	Limited liability company	51% (Indirectly held)	RMB 2,000,000	RMB 2,000,000	Management service for mining rights
唐山津西礦業有限公司 ("津西礦業") (iii)	中國 二零零四年十二月二十日	有限責任公司	51% (間接持有)	人民幣 2,000,000元	人民幣 2,000,000元	管理採礦權
Jinxi Hong Kong Trading Company Limited ("HK Trading")	Hong Kong 27 October 2008	Limited liability company	100% (Directly held)	HK\$ 1	HK\$ 10,000	Import and export of goods
津西香港進出口有限公司 ("津西香港")	香港 二零零八年 十月二十七日	有限責任公司	100% (直接持有)	1港元	10,000港元	進出口貨物
Suifenhe City Jinyin Trading Co., Ltd. ("Jinyin Trading")	PRC 24 September 2008	Limited liability company	100% (Indirectly held)	RMB 10,000,000	RMB 10,000,000	Import and export of goods and technology
綏芬河市津銀貿易有限公司 ("津銀貿易")	中國 二零零八年 九月二十四日	有限責任公司	100% (間接持有)	人民幣 10,000,000元	人民幣 10,000,000元	進出口貨物及技術

10. 附屬公司投資及貸款 – 本公司 (續)

(a) 附屬公司投資 (續)

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

10. 附屬公司投資及貸款—本公司(續)

(a) Investments in subsidiaries (continued)

(a) 附屬公司投資(續)

Name	Place and date of incorporation	Legal status	Percentage of equity interest attributable to the Group 本集團應佔權益 百分比	Issued and fully paid capital 已發行及繳足股本	Authorised capital 法定股本	Principal activities 主要業務
Qianxi County Jinxi Yunda Transportation Co., Ltd. ("Yunda Transportation")	PRC 4 September 2008	Limited liability company	100% (Indirectly held)	RMB 500,000	RMB 500,000	Transportation service for goods
遷西縣津西連達運輸有限公司(「連達運輸」)	中國 二零零八年九月四日	有限責任公司	100% (間接持有)	人民幣 500,000元	人民幣 500,000元	運輸貨物服務
Ping Quan County Jinyin Charging Co., Ltd. ("Jinyin Charging")	PRC 8 July 2008	Limited liability company	60% (Indirectly held)	RMB 2,000,000	RMB 2,000,000	Manufacture and sales of charging products
平泉縣津銀爐料有限公司(「津銀爐料」)	中國 二零零八年七月八日	有限責任公司	60% (間接持有)	人民幣 2,000,000元	人民幣 2,000,000元	生產及銷售爐料產品
Tangshan Fengrun Qu Zhengda Iron and Steel Co., Ltd. ("Zhengda Iron and Steel") (iv)	PRC 19 December 2008	Limited liability company	71% (Indirectly held)	RMB 50,000,000	RMB 50,000,000	Manufacture and sales of steel products
唐山市豐潤區正達鋼鐵有限公司(「正達鋼鐵」)(iv)	中國 二零零八年十二月十九日	有限責任公司	71% (間接持有)	人民幣 50,000,000元	人民幣 50,000,000元	生產及銷售鋼鐵產品

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

(a) Investments in subsidiaries (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 RMB 33.31 million equivalent) and US\$ 2.88 million (approximately RMB 20.75 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 RMB 62.86 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.

10. 附屬公司投資及貸款－本公司(續)

(a) 附屬公司投資(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(相等於約人民幣3,331萬元)及288萬美元(相等於約人民幣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(相等於約人民幣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。

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(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

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

(a) Investments in subsidiaries (continued)

- (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 RMB 350 million and Jinxi Limited held 80% equity interests.

- (iii) On 5 June 2008, Jinxi Limited entered into a cooperation agreement (the “Cooperation Agreement”) with Mr. Shen Xiaoling, the director of the Company. Pursuant to the Cooperation Agreement, from the date of the Cooperation Agreement to 31 December 2010 (the “Grant Period”), Jinxi Limited conveyed 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 RMB 80 million and a deposit of RMB 10 million refundable after 31 December 2010.

10. 附屬公司投資及貸款—本公司(續)

(a) 附屬公司投資(續)

- (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。

- (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作協議(「合作協議」)。根據合作協議，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許可證、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計溢利及資產淨值。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。

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綜合財務報表附註

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

(a) Investments in subsidiaries (continued)

The company accounted for the above arrangement as an operating lease. Therefore, the RMB 80 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.

- (iv) Zhengda Iron and Steel was incorporated on 19 December 2008 by Jinxi Limited and two third-party individuals. The paid-in capital of Zhengda Iron and Steel was RMB 50 million. Jinxi Limited held 71% equity interests.

(b) Loans to subsidiaries

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

The loans to Jinxi Limited amounting to approximately US\$ 106.7 million (RMB 729.3 million equivalent) are unsecured, interest-free and with a repayment term of 20 years. The directors have resolved that these loans will not be settled upon maturity and regarded these loans as part of the Company's net investment in Jinxi Limited.

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

10. 附屬公司投資及貸款－本公司(續)

(a) 附屬公司投資(續)

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。津西礦業的賬目在授予期間內將不會被列入本集團綜合財務報表內。

- (iv) 正達鋼鐵由津西鋼鐵及兩名第三方人士於二零零八年十二月十九日註冊成立。正達鋼鐵的實收資本為人民幣5,000萬元。津西鋼鐵持有其71%的權益。

(b) 附屬公司貸款

附屬公司貸款構成本公司於海外附屬公司投資淨額的一部分。

對津西鋼鐵的貸款約為1.067億美元(相等於人民幣7.293億元)為無抵押、免息，還款期為20年。經董事決議，該等貸款無須在到期時償還，而將作為本公司對津西鋼鐵所作投資淨額的一部分。

對附屬公司的其他貸款均為無抵押、免息及無固定還款期。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

11. INVESTMENT IN AN ASSOCIATE – GROUP

11. 聯營公司投資 – 本集團

		2008 二零零八年	2007 二零零七年
At 1 January	於一月一日	8,122	7,897
Share of profit (Note 39)	應佔溢利(附註39)	1,998	225
At 31 December	於十二月三十一日	10,120	8,122

The information of the unlisted associated company is as follows:

非上市聯營公司的資料如下：

Name	Place and date of incorporation	Percentage of equity interest attributable to the Group	Assets	Liabilities	Revenues	Net profit
名稱	註冊成立地點及日期	本集團應佔權益百分比	資產	負債	收益	淨溢利
Qianxi County Zhongxing Iron Mine Co., Ltd. ("Zhongxing Iron Mine")	PRC 21 May 2002	35% (indirectly held)	84,025	55,475	85,084	5,709
遷西縣中興礦業有限公司 ([中興礦業])	中國 二零零二年 五月二十一日	35% (間接持有)	84,025	55,475	85,084	5,709

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

12. FINANCIAL INSTRUMENTS BY CATEGORY

12. 金融工具(按類別)

The Group

本集團

		Assets at fair value			Total
		Loans and receivables	through profit or loss	Available- for-sale	
		貸款及 應收賬款	按公平值 透過損益 記賬的資產	可供出售 財務資產	總計
Assets as per consolidated balance sheet	綜合資產負債表 所示的資產				
31 December 2008	二零零八年十二月三十一日				
Loan receivable (Note 14)	應收貸款(附註14)	130,000	-	-	130,000
Available-for-sale financial assets (Note 15)	可供出售財務資產(附註15)	-	-	188,100	188,100
Trade receivables (Note 17)	應收貿易賬款(附註17)	1,733,991	-	-	1,733,991
Deposits and other receivables (Note 19)	按金及其他應收賬款(附註19)	497,116	-	-	497,116
Financial assets at fair value through profit or loss (Note 18)	按公平值透過損益記賬 的財務資產(附註18)	-	140	-	140
Amounts due from related parties (Note 42(c))	應收關聯方款項(附註42(c))	14,620	-	-	14,620
Restricted bank balances (Note 20)	受限制銀行結餘(附註20)	361,698	-	-	361,698
Cash and cash equivalents (Note 20)	現金及現金等價物(附註20)	728,826	-	-	728,826
Total	總計	3,466,251	140	188,100	3,654,491
31 December 2007	二零零七年十二月三十一日				
Trade receivables (Note 17)	應收貿易賬款(附註17)	488,825	-	-	488,825
Deposits and other receivables (Note 19)	按金及其他應收賬款(附註19)	47,013	-	-	47,013
Financial assets at fair value through profit or loss (Note 18)	按公平值透過損益記賬 的財務資產(附註18)	-	146	-	146
Amounts due from related parties (Note 42(c))	應收關聯方款項(附註42(c))	11,055	-	-	11,055
Restricted bank balances (Note 20)	受限制銀行結餘(附註20)	171,690	-	-	171,690
Cash and cash equivalents (Note 20)	現金及現金等價物(附註20)	689,591	-	-	689,591
Total	總計	1,408,174	146	-	1,408,320

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

12. FINANCIAL INSTRUMENTS BY CATEGORY

(continued)

The Group (continued)

12. 金融工具(按類別)(續)

本集團(續)

		Financial liabilities measured at amortised cost
		按攤銷成本計量之財務負債
Liabilities as per consolidated balance sheet	綜合資產負債表所示的負債	
31 December 2008	二零零八年十二月三十一日	
Trade payables (Note 23)	應付貿易賬款(附註23)	2,219,395
Other payables (Note 24)	其他應付賬款(附註24)	678,399
Borrowings (Note 25)	借款(附註25)	2,186,460
Other long-term payables (Note 26)	其他長期應付款(附註26)	867,822
Amounts due to related parties (Note 42(c))	應付關聯方款項(附註42(c))	272,068
Total	總計	6,224,144
31 December 2007	二零零七年十二月三十一日	
Trade payables (Note 23)	應付貿易賬款(附註23)	715,535
Other payables (Note 24)	其他應付賬款(附註24)	474,743
Borrowings (Note 25)	借款(附註25)	1,225,000
Amounts due to related parties (Note 42(c))	應付關聯方款項(附註42(c))	64,304
Total	總計	2,479,582

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

12. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The Company

Assets as per company balance sheet

31 December 2008

Deposits and other receivables
(Note 19)

Financial assets at fair value
through profit or loss (Note 18)

Amounts due from related parties

Cash and cash equivalents (Note 20)

Total

31 December 2007

Deposits and other receivables
(Note 19)

Financial assets at fair value
through profit or loss (Note 18)

Amounts due from related parties

Restricted bank balances (Note 20)

Cash and cash equivalents (Note 20)

Total

公司資產負債表 所示資產

二零零八年十二月三十一日

按金及其他應收賬款(附註19)

按公平值透過損益記賬
的財務資產(附註18)

應收關聯方款項

現金及現金等價物(附註20)

總計

二零零七年十二月三十一日

按金及其他應收賬款(附註19)

按公平值透過損益記賬
的財務資產(附註18)

應收關聯方款項

受限制銀行結餘(附註20)

現金及現金等價物(附註20)

總計

12. 金融工具(按類別)(續)

本公司

	Assets at fair value		
	Loans and receivables	through profit or loss	Total
		按公平值 透過損益 記賬的資產	總計
	1,165	-	1,165
	-	140	140
	6,513	-	6,513
	62,238	-	62,238
	69,916	140	70,056
	1,293	-	1,293
	-	146	146
	10,883	-	10,883
	47,305	-	47,305
	95,723	-	95,723
	155,204	146	155,350

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

12. FINANCIAL INSTRUMENTS BY CATEGORY

(continued)

The Company (continued)

Liabilities as per company balance sheet

31 December 2008

Trade payables

Borrowings (Note 25)

Total

31 December 2007

Trade payables

Amounts due to related parties

Total

公司資產負債表

所示負債

二零零八年十二月三十一日

應付貿易賬款

借款(附註25)

總計

二零零七年十二月三十一日

應付貿易賬款

應付關聯方款項

總計

**Financial
liabilities
measured at
amortised cost**

按攤銷成本
計量之財務負債

4,295

160,160

164,455

5,269

84

5,353

13. CREDIT QUALITY OF FINANCIAL ASSETS

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

13. 財務資產的信貨狀況

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

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

13. CREDIT QUALITY OF FINANCIAL ASSETS (continued)

- Group 1 – Bank acceptance notes
- Group 2 – Trade receivables due from customers with no defaults in the past
- Group 3 – Trade receivables due from customers with some defaults in the past

Trade receivables

Group 1	第一類
Group 2	第二類
Group 3	第三類

Credit quality of “Loan receivable”, “Deposit and other receivable” and “Amounts due from related parties” of the Group is disclosed in Note 14, 19 and 42 (c) respectively.

The Group categorise its cash in banks into the following:

- Group 1 – Major International bank (the Development Bank of Singapore Limited, the Hongkong and Shanghai Banking Corporation Limited, Hangseng Bank, Standard Chartered Bank and Goldman Sachs)
- Group 2 – Top 4 banks in mainland PRC (China Construction Bank, Bank of China, Agricultural Bank of China and Industrial and Commercial Bank of China)
- Group 3 – Other large local banks in mainland PRC

13. 財務資產的信貨狀況(續)

- 第一類－銀行承兌匯票
- 第二類－應收過往無拖欠記錄的客戶的貿易賬款
- 第三類－應收過往部分有拖欠記錄的客戶的貿易賬款

應收貿易賬款

	2008 二零零八年	2007 二零零七年
Group 1	1,704,094	371,447
Group 2	29,897	117,378
Group 3	–	–
	1,733,991	488,825

本集團「應收貸款」、「按金及其他應收賬款」及「應收關聯方款項」的信貨狀況分別於附註14、19及42(c)披露。

本集團將其銀行現金分類如下：

- 第一類－主要國際銀行(新加坡發展銀行有限公司、香港上海滙豐銀行有限公司、恆生銀行、渣打銀行及高盛)
- 第二類－中國內地四大銀行(中國建設銀行、中國銀行、中國農業銀行及中國工商銀行)
- 第三類－中國內地其他大型當地銀行

Notes to the Consolidated Financial Statements

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

13. CREDIT QUALITY OF FINANCIAL ASSETS (continued)

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

Cash and bank and bank deposits

Group 1	第一類
Group 2	第二類
Group 3	第三類

		Group 本集團		Company 本公司	
		2008 二零零八年	2007 二零零七年	2008 二零零八年	2007 二零零七年
		61,414	119,452	61,376	119,410
		660,319	597,537	71	1,235
		367,974	144,101	679	22,375
		1,089,707	861,090	62,126	143,020

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

14. LOAN RECEIVABLE-GROUP

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

As at 31 December 2008, the fair value of the loan receivable approximated RMB 146 million.

No provision is required for the year ended 31 December 2008 for the loan receivable. The counter party has no default history.

13. 財務資產的信貸狀況(續)

由於各方有高度信貸評級或為中國國有銀行及大型國內當地銀行，故管理層認為存放於金融機構的現金及銀行存款信貸風險極低。管理層認為，若發生危機，中國政府有能力支持國有銀行及大型國內當地銀行。

現金與銀行及銀行存款

已全數履約的財務資產均沒有在上年度重新磋商。

14. 應收貸款－本集團

該等貸款為無抵押，以10厘的年利率計息，須於三年內償還。

於二零零八年十二月三十一日，應收貸款的公平值約為人民幣1.46億元。

就應收貸款而言，截至二零零八年十二月三十一日止年度並無計提撥備。對方並無拖欠記錄。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS – GROUP

15. 可供出售財務資產—本集團

		2008	2007
		二零零八年	二零零七年
Unlisted equity interest	非上市權益	188,100	—

The available-for-sale financial assets represent an investment in a 51% equity interest in Qianxi County Jinjin Mine Co., Ltd. (“Jinjin Mine”) of RMB 188.1 million (2007: nil). Assets of Jinjin Mine mainly comprise mining rights of iron ore.

In December 2008, Jinxi Limited entered into certain cooperation agreements (the “Cooperation Agreements”) with a third-party shareholder. Pursuant to the Cooperation Agreements, from the incorporation date 5 August 2008 of Jinjin Mine to 31 December 2010 (the “Lease Period”), Jinxi Limited conveyed to the third-party shareholder the voting rights on the financial and operating policies of Jinjin Mine.

Pursuant to the Cooperation Agreements, the operation of Jinjin Mine’s mining rights were leased to the third-party shareholder who is exclusively entitled to the profit or loss and net assets accumulated by Jinjin Mine during the Lease Period, and preserve and increase the value of the assets of Jinjin Mine at the end of Lease Period. The lease payments are determined based on the local iron powder market price and are to be adjusted quarterly. During the year ended 31 December 2008, lease payments of approximately RMB 14 million have been received by the Group and accounted for as rental income (Note 30).

In the opinion of the directors of the Company, the Group cannot exercise any significant influence on Jinjin Mine during the Lease Period and hence has classified the investment in Jinjin Mine as available-for-sale investments for the year ended 31 December 2008.

This asset represents an investment in an unlisted company in the PRC that offer the Group the opportunity for return through operating lease income. As the investment does not have a quoted market price in an active market, the range of reasonable fair value estimate is so significant and the probabilities of the various estimates cannot be reasonably assessed, the directors of the Company are of the opinion that their fair values cannot be reliably measured.

可供出售財務資產指於遷西縣津金礦業有限公司(「津金礦業」)51%權益的投資為人民幣1.881億元(二零零七年：零)。津金礦業的資產主要包括鐵礦的採礦權。

於二零零八年十二月，津西鋼鐵與第三方股東訂立若干合作協議(「合作協議」)。根據合作協議，自津金礦業註冊成立日期(即二零零八年八月五日)起至二零一零年十二月三十一日(「租賃期間」)，津西鋼鐵授予第三方股東有關津金礦業的財務及經營政策的投票權。

根據合作協議，津金礦業的採礦權之運營被租賃予第三方股東，該股東於租賃期間內獨家享有津金礦業累計溢利或虧損及資產淨值，並須於租賃期間結束時保持及增加津金礦業的資產價值。該等租賃付款乃根據當地鐵粉市場價格釐定並按季度進行調整。截至二零零八年十二月三十一日止年度，本集團已收取租賃款項約人民幣1,400萬元，並入賬列作租賃收入(附註30)。

本公司董事認為，本集團並不能在租賃期間對津金礦業行使任何重大影響，因此，截至二零零八年十二月三十一日止年度已將於津金礦業的投資分類為可供出售投資。

該資產指於中國非上市公司的投資，為本集團提供機會透過經營租賃收入取得回報。由於該等投資於活躍市場並無市場報價，公平值合理估計的範圍相當廣闊，而對各項估計的可能性無法合理作出評估，故本公司董事認為其公平值無法可靠計量。

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16. INVENTORIES – GROUP

Raw materials and materials in-transit	原材料及在途材料
Work-in-progress	在製品
Finished goods	製成品

As at 31 December 2008, the net book value of inventories pledged as security for the Group's notes payable and current borrowings amounted to RMB 390 million (Note 23 and 25).

As at 31 December 2007, the net book value of inventories pledged as security for the Group's notes payable amounted to RMB 57 million (Note 23).

The cost of inventories recognised as expense and included in cost of sales and administrative expenses amounted to RMB 17,344 million and RMB 9 million respectively (2007: RMB 10,337 million and RMB 5 million respectively) (Note 31).

17. TRADE RECEIVABLES – GROUP

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

16. 存貨－本集團

2008 二零零八年	2007 二零零七年
1,170,972	1,463,598
223,072	287,613
173,393	85,786
1,567,437	1,836,997

於二零零八年十二月三十一日，已為本集團應付票據及流動借款而抵押的存貨的賬面淨值為人民幣3.90億元(附註23及25)。

於二零零七年十二月三十一日，已為本集團應付票據而抵押的存貨的賬面淨值為人民幣5,700萬元(附註23)。

已確認為開支並計入銷售成本及行政費用的存貨成本分別為人民幣173.44億元及人民幣900萬元(二零零七年：分別為人民幣103.37億元及人民幣500萬元)(附註31)。

17. 應收貿易賬款－本集團

2008 二零零八年	2007 二零零七年
29,897	117,378
1,704,094	371,447
1,733,991	488,825

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17. TRADE RECEIVABLES – GROUP (continued)

(a) As at 31 December 2008 and 2007, notes receivable were all bank acceptance notes, of which approximately:

(i) RMB 10 million was pledged as security for issuing notes payable (2007: RMB 92 million) (Note 23).

(ii) RMB 241 million was pledged as security for the Group's borrowings (2007: nil) (Note 25).

As at 31 December 2007, RMB 66 million was pledged as security for issuing letters of credit.

As at 31 December 2008 and 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.

As at 31 December 2008 and 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 31 December 2008, accounts receivable pledged by letter of credit issued by the third parties amounted to approximately RMB 0.3 million (2007: RMB 90 million).

17. 應收貿易賬款 – 本集團(續)

(a) 於二零零八年及二零零七年十二月三十一日，應收票據均為銀行承兌匯票，其中約：

(i) 人民幣1,000萬元已為開具應付票據而抵押(二零零七年：人民幣9,200萬元)(附註23)。

(ii) 人民幣2.41億元已為本集團借款而抵押(二零零七年：零)(附註25)。

於二零零七年十二月三十一日，人民幣6,600萬元已為開具信用證而抵押。

於二零零八年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。

本集團一般採納的向客戶銷售產品的信貸政策為於收取現金或收取到期日在六個月以內的銀行承兌匯票時向客戶交付貨物。

於二零零八年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：

	2008 二零零八年	2007 二零零七年
	1,517,847	431,248
	216,144	57,577
	1,733,991	488,825

於二零零八年十二月三十一日，應收賬款約人民幣30萬元(二零零七年：人民幣9,000萬元)有第三方開具的信用證作抵押。

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17. TRADE RECEIVABLES – GROUP (continued)

As at 31 December 2008, trade receivables of RMB 30 million (2007: RMB 27 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The directors considered that trade receivables that are less than three months past due are not impaired. The ageing analysis of these trade receivables was as follows:

Within 3 months	3個月內
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The carrying amounts of the Group's trade receivables are denominated in the following currencies:

RMB	人民幣
US\$	美元

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – GROUP AND COMPANY

Liquid Reserve Fund - Euro, quoted	流動儲備基金－歐元， 有市場報價
Liquid Reserve Fund - US\$, quoted	流動儲備基金－美元， 有市場報價

The above financial assets were acquired principally for the purpose of selling in the short term.

17. 應收貿易賬款－本集團(續)

於二零零八年十二月三十一日，應收貿易賬款人民幣3,000萬元(二零零七年：人民幣2,700萬元)已逾期但無減值。該等款項涉及多個最近沒有拖欠還款記錄的獨立客戶。董事認為逾期不超過三個月的應收貿易賬款並無需減值。該等應收貿易賬款的賬齡分析如下：

2008 二零零八年	2007 二零零七年
29,618	26,855

本集團應收貿易賬款的賬面值乃以下列貨幣為單位：

2008 二零零八年	2007 二零零七年
1,733,712	398,302
279	90,523
1,733,991	488,825

18. 按公平值透過損益記賬的財務資產－本集團及本公司

2008 二零零八年	2007 二零零七年
135	141
5	5
140	146

上述財務資產主要用作短期出售。

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19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

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

本集團

2008	2007
二零零八年	二零零七年
234,454	400,143
497,116	47,013
731,570	447,156

As at 31 December 2008 and 2007, the carrying amount of the Group's deposits and other receivables approximated their fair value.

As at 31 December 2008, other receivables of RMB 447 million (2007: nil) were past due but not impaired. These related to a number of independent counter parties for whom there is no recent history of default. Other receivable of RMB 400 million was pledged by certain property, plant and equipment and was renegotiated of its payment schedule in January 2009 (Note 43). The ageing analysis of these deposits and other receivables was as follows:

於二零零八年及二零零七年十二月三十一日，本集團按金及其他應收賬款之賬面值接近其公平值。

於二零零八年十二月三十一日，其他應收賬款人民幣4.47億元（二零零七年：零）已逾期但未減值。該等款項與多名近期並無拖欠記錄的獨立交易對方有關。其他應收賬款人民幣4億元已以若干物業、廠房及設備作抵押，並於二零零九年一月重新協商其付款期限（附註43）。該等按金及其他應收賬款之賬齡分析如下：

Within 3 months 3個月內
6-9 months 6至9個月

2008	2007
二零零八年	二零零七年
400,000	-
47,000	-
447,000	-

The Company

Prepayments 預付款項
Deposits and other receivables 按金及其他應收賬款

本公司

2008	2007
二零零八年	二零零七年
238	193
1,165	1,293
1,403	1,486

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20. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES

The Group

Cash and cash equivalents	現金及現金等價物
Restricted bank balances	受限制銀行結餘

As at 31 December 2008, the restricted bank balances were composed of the following items:

- Restricted bank balances amounting to approximately RMB 127 million were pledged as security for issuing notes payable of the Group (2007: RMB 33 million) (Note 23).
- Restricted bank balances amounting to approximately RMB 35 million and US\$ 0.04 million (RMB 0.24 million equivalent) were pledged as security for issuing letters of credit (2007: RMB 92 million and US\$ 6 million (RMB 47 million equivalent)).
- Restricted bank balances amounting to approximately RMB 200 million were pledged as security for current borrowings of the Group (2007: nil) (Note 25).

20. 現金及現金等價物以及受限制銀行結餘

本集團

2008 二零零八年	2007 二零零七年
728,826	689,591
361,698	171,690
1,090,524	861,281

於二零零八年十二月三十一日，受限制銀行結餘包括下列各項：

- 已為開具本集團應付票據而抵押的受限制銀行結餘約為人民幣1.27億元(二零零七年：人民幣3,300萬元)(附註23)。
- 已為開具信用證而抵押的受限制銀行結餘約為人民幣3,500萬元及4萬美元(相等於人民幣24萬元)(二零零七年：人民幣9,200萬元及600萬美元(相等於人民幣4,700萬元))。
- 已為本集團流動借款而抵押的受限制銀行結餘約人民幣2億元(二零零七年：零)(附註25)。

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20. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES (continued)

The Group (continued)

The carrying amounts of the cash and cash equivalents and restricted bank balances are denominated in the following currencies:

		2008	2007
		二零零八年	二零零七年
RMB	人民幣	1,023,455	707,698
US\$	美元	61,748	132,784
HK\$	港元	2,572	20,790
Euro	歐元	2,749	9
		1,090,524	861,281

The Company

		2008	2007
		二零零八年	二零零七年
Cash and cash equivalents	現金及現金等價物	62,238	95,723
Restricted bank balances	受限制銀行結餘	-	47,305
		62,238	143,028

As at 31 December 2007, restricted bank balances amounting to approximately US\$ 6 million (RMB 47 million equivalent) were pledged as security for issuing letters of credit.

20. 現金及現金等價物以及受限制銀行結餘 (續)

本集團 (續)

現金及現金等價物以及受限制銀行結餘的賬面值乃以下列貨幣為單位：

		2008	2007
		二零零八年	二零零七年
		1,023,455	707,698
		61,748	132,784
		2,572	20,790
		2,749	9
		1,090,524	861,281

本公司

		2008	2007
		二零零八年	二零零七年
		62,238	95,723
		-	47,305
		62,238	143,028

於二零零七年十二月三十一日，已為開具信用證而抵押的受限制銀行結餘約為600萬美元（相等於人民幣4,700萬元）。

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20. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES (continued)

The Company (continued)

The carrying amounts of the cash and cash equivalents and restricted bank balances are denominated in the following currencies:

		2008 二零零八年	2007 二零零七年
US\$	美元	58,832	120,967
HK\$	港元	2,548	20,771
RMB	人民幣	858	1,286
Euro	歐元	-	4
		62,238	143,028

20. 現金及現金等價物以及受限制銀行結餘(續)

本公司(續)

現金及現金等價物以及受限制銀行結餘的賬面值均以下列貨幣為單位：

21. SHARE CAPITAL AND PREMIUM – GROUP AND COMPANY

21. 股本及溢價—本集團及本公司

		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	
At 1 January 2007	於二零零七年一月一日	2,905,000	309,340	2,151,035	2,460,375
Employee share option scheme: – issuance of shares (Note 22(c))	僱員購股權計劃： – 股份發行(附註22(c))	21,800	2,104	34,929	37,033
At 31 December 2007	於二零零七年十二月三十一日	2,926,800	311,444	2,185,964	2,497,408
Employee share option scheme: – issuance of shares (Note 22(c))	僱員購股權計劃： – 股份發行(附註22(c))	2,400	225	3,731	3,956
At 31 December 2008	於二零零八年十二月三十一日	2,929,200	311,669	2,189,695	2,501,364

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21. SHARE CAPITAL AND PREMIUM – GROUP AND COMPANY (continued)

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

As at 31 December 2008, the number of issued and fully paid ordinary shares is 2,929,200,000 shares (2007: 2,926,800,000 shares).

21. 股本及溢價—本集團及本公司(續)

於二零零八年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。

於二零零八年十二月三十一日，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：2,926,800,000股)。

22. OTHER RESERVES-GROUP

22. 其他儲備—本集團

		Merger reserve 合併儲備 (a)	Capital surplus 資本公積	Statutory reserve 法定儲備 (b)	Options 購股權 (c)	Total 總計
Balance at 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
Employee share options scheme: – Value of employee services (Note 32, 39)	僱員購股權計劃： – 僱員服務的價值 (附註32、39)	–	–	–	159,886	159,886
Balance at 31 December 2007	於二零零七年 十二月三十一日的結餘	(599)	19,144	949,006	176,631	1,144,182
Profit appropriation	溢利分配	–	–	781	–	781
Balance at 31 December 2008	於二零零八年 十二月三十一日的結餘	(599)	19,144	949,787	176,631	1,144,963

(a) Merger reserve

The merger reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries that had been acquired and the nominal value of the Company's shares issued in exchange therefore pursuant to the Reorganisation.

(a) 合併儲備

本集團的合併儲備指已收購附屬公司股份的面值與根據重組為有關收購而發行的本公司股份面值的差額。

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22. OTHER RESERVES – GROUP (continued)

(b) Statutory reserve

(i) Statutory surplus reserves

In accordance with the PRC regulations and the Articles of the Association of certain subsidiaries registered in the PRC, before distributing the net profit of each year, these PRC subsidiaries are required to set aside 10% of their statutory net profit for the year after offsetting any prior year's losses as determined under the PRC accounting regulations to the statutory surplus reserve fund. When the balance of such reserve reaches 50% of the share capital, any further appropriation is optional. The statutory surplus reserve fund can be utilised to offset prior years' losses or to issue bonus shares. However, such statutory surplus reserve fund must be maintained at a minimum of 25% of the entity's share capital after such issuance.

(ii) Discretionary reserves

The appropriation of discretionary reserve fund is proposed by Board of the PRC subsidiaries, and approved by the shareholder's meeting. The discretionary reserve fund can be utilised to offset prior years' losses or increase share capital.

22. 其他儲備—本集團(續)

(b) 法定儲備

(i) 法定盈餘儲備

根據中國法規及本集團內在中國註冊的附屬公司的組織章程，每年分派淨溢利前，該等中國附屬公司根據中國會計準則規定抵銷去年的虧損後，須撥其年度法定淨溢利的10%至法定盈餘儲備，直至該儲備達至其股本的50%為止，可選擇繼續或者停止該等撥備。法定盈餘儲備可用作抵銷往年的虧損或發行紅股。然而，該法定盈餘儲備必須於發行後維持該公司股本的最少25%。

(ii) 任意儲備

任意儲備的分配乃由中國附屬公司的董事會建議，並須獲股東大會的批准。任意儲備可用作抵銷過往年度的虧損或用作增加股本。

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22. OTHER RESERVES – GROUP (continued)

(b) Statutory reserve (continued)

(iii) Reserve Fund, Staff and Workers' Bonus and Welfare Fund and Enterprise Expansion Fund

In accordance with the PRC regulations and the Articles of the Association of certain subsidiaries registered in the PRC, appropriations from net profit should be made to the Reserve Fund, the Staff and Workers' Bonus and Welfare Fund and the Enterprise Expansion Fund, after offsetting accumulated losses from prior years, and before profit distributions to the investors. The percentages to be appropriated to the Reserve Fund, the Staff and Workers' Bonus and Welfare Fund and the Enterprise Expansion Fund are determined by the Board of Directors of the PRC subsidiaries. The Staff and Workers' Bonus and Welfare Fund is available to fund payments of special bonuses to staff and for collective welfare benefits. Upon approval from the Board of Directors of the PRC subsidiaries, the Reserve Fund can be used to offset accumulated losses or to increase capital; the Enterprise Expansion Fund can be used to expand production or to increase capital.

22. 其他儲備－本集團(續)

(b) 法定儲備(續)

(iii) 儲備基金、職工獎勵及福利基金以及企業發展基金

根據中國法規及於中國註冊成立的若干附屬公司的組織章程，經抵銷過往年度之累計虧損後及於分派盈利予投資者前，須自淨溢利分配至儲備基金、職工獎勵及福利基金及企業發展基金。分配至儲備基金、職工獎勵及福利基金及企業發展基金的百分比由中國附屬公司的董事會釐定。職工獎勵及福利基金可作為支付予員工的特別花紅及撥作集體福利提供資金。待中國附屬公司董事會批准後，儲備基金可用於抵銷累計虧損或增加資本；企業發展基金可用於擴大生產或增加資本。

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22. OTHER RESERVES – GROUP (continued)

(c) Employee share option scheme

As approved by the Board and Shareholders' meeting, the share options were granted to the directors and employees on 30 June 2006 and 26 October 2007 ("Date of Grant"), in an aggregate to 24,200,000 shares and 89,700,000 shares respectively. The options are exercisable at any time during the period no later than ten years from the Date of Grant at the exercise price of HK\$ 1.76 and HK\$ 5.24 per share respectively. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

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

		2008 二零零八年		2007 二零零七年	
		Average exercise price per share in HK\$ 每股股份的 平均行使價 (港元)	Number of options (thousands) 購股權數目 (千份)	Average exercise price per share in HK\$ 每股股份的 平均行使價 (港元)	Number of options (thousands) 購股權數目 (千份)
At 1 January	於一月一日	5.15	92,100	1.76	24,200
Granted	已授出	–	–	5.24	89,700
Exercised	已行使	1.76	(2,400)	1.76	(21,800)
Cancelled	已註銷	5.24	(89,700)	–	–
At 31 December	於十二月三十一日	–	–	5.15	92,100

22. 其他儲備—本集團(續)

(c) 僱員購股權計劃

經董事局及股東大會批准後，董事及僱員已於二零零六年六月三十日及二零零七年十月二十六日(「授出日期」)獲授予購股權，分別涉及合共24,200,000股及89,700,000股股份。購股權可於授出日期起計不遲於十年期間內隨時予以行使，行使價分別為每股股份1.76港元及5.24港元。本集團並無以現金購回或結算購股權的法定或推定責任。

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：

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22. OTHER RESERVES – GROUP (continued)

(c) Employee share option scheme (continued)

Options exercised for the year ended 31 December 2008 resulted in 2,400,000 shares (2007: 21,800,000 shares) being issued at HK\$ 1.76 each (2007: HK\$ 1.76 each). The related weighted average share price at the time of exercise was HK\$ 6.42 per share (2007: HK\$ 4.75 per share).

Share options outstanding at 31 December 2008 and 2007 have the following expiry date and exercise prices:

Expiry date 屆滿日期	Exercise price 行使價 HK\$ per share 港元/股	Number of options (thousands) 購股權數目(千份)	
		2008 二零零八年	2007 二零零七年
30 June 2016 二零一六年六月三十日	1.76	–	2,400
26 October 2017 二零一七年十月二十六日	5.24	–	89,700
		–	92,100

22. 其他儲備—本集團(續)

(c) 僱員購股權計劃(續)

截至二零零八年十二月三十一日止年度行使購股權導致發行2,400,000股股份(二零零七年: 21,800,000股)，每股發行之價格為1.76港元(二零零七年: 每股1.76港元)。行使時的相關加權平均股價為每股6.42港元(二零零七年: 每股4.75港元)。

於二零零八年及二零零七年十二月三十一日尚未行使的購股權的屆滿日期及行使價如下:

Expiry date 屆滿日期	Exercise price 行使價 HK\$ per share 港元/股	Number of options (thousands) 購股權數目(千份)	
		2008 二零零八年	2007 二零零七年
30 June 2016 二零一六年六月三十日	1.76	–	2,400
26 October 2017 二零一七年十月二十六日	5.24	–	89,700
		–	92,100

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22. OTHER RESERVES – GROUP (continued)

(c) Employee share option scheme (continued)

The fair value of options granted for the year ended 31 December 2007, determined by using the Binomial valuation model, was HK\$ 165.900 million (approximately RMB 159.886 million). The significant inputs into the model were share price of HK\$5.24, at the grant date, exercise price shown above, volatility of 45.62%, expected dividends paid out rate of 3.11% and annual risk-free interest rate of 3.884%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of the Company and other comparable companies over the last five years. See Note 32 for the total expense recognised in the income statement for share options granted to the directors and employees.

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.

On 24 February 2009, 21.2 million share options were granted to directors and employees with an exercise price of HK\$ 1.39 per share (Note 43).

22. 其他儲備—本集團(續)

(c) 僱員購股權計劃(續)

採用二項式估值模式所釐定的截至二零零七年十二月三十一日止年度已授出購股權的公平值為1.659億港元(約人民幣1.59886億元)。輸入該模式的主要參數為於授出日期的股價5.24港元、上述行使價、波幅45.62%、預計派息率3.11%及年度無風險利率3.884%。按照預計股價回報的標準偏差所計算的波幅，乃根據本公司及其他可比較公司於過去五年的每日股價的統計數字分析計算而得。有關董事及僱員獲授的購股權於損益表確認的總開支，請參閱附註32。

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。另外還向購股權權益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。

於二零零九年二月二十四日，2,120萬份購股權已按行使價每股1.39港元授予董事及僱員(附註43)。

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23. TRADE PAYABLES – GROUP

23. 應付貿易賬款 – 本集團

		2008 二零零八年	2007 二零零七年
Accounts payable	應付賬款	1,936,407	545,335
Notes payable (a)	應付票據 (a)	282,988	170,200
		2,219,395	715,535

(a) As at 31 December 2008, the notes payable represented bank acceptance notes, RMB 10 million (2007: RMB 91 million) of which were secured by certain notes receivable (Note 17), and RMB 203 million (2007: nil) of which were secured by certain restricted bank balances (Note 20), and RMB 70 million (2007: RMB 79 million) of which were secured by certain inventories (Noted 16) and certain restricted bank balances (Note 20).

(a) 於二零零八年十二月三十一日，應付票據為銀行承兌匯票，其中包括以若干應收票據（附註17）為抵押為數人民幣1,000萬元（二零零七年：人民幣9,100萬元）的銀行承兌匯票、以若干受限制銀行結餘（附註20）為抵押為數人民幣2.03億元（二零零七年：零）的銀行承兌匯票，以及以若干存貨（附註16）和若干受限制銀行結餘（附註20）為抵押為數人民幣7,000萬元（二零零七年：人民幣7,900萬元）的銀行承兌匯票。

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

於二零零八年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：

		2008 二零零八年	2007 二零零七年
Within 3 months	3個月內	1,596,939	655,308
4-6 months	4至6個月	586,530	49,100
7-9 months	7至9個月	22,951	3,690
10-12 months	10至12個月	2,473	2,226
Above 1 year	1年以上	10,502	5,211
		2,219,395	715,535

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23. TRADE PAYABLES – GROUP (continued)

The carrying amounts of the Group's trade payables are denominated in the following currencies:

RMB	人民幣
US\$	美元

23. 應付貿易賬款－本集團(續)

本集團應付貿易賬款的賬面值乃以下列貨幣為單位：

2008 二零零八年	2007 二零零七年
2,153,086	709,061
66,309	6,474
2,219,395	715,535

24. ACCRUALS, ADVANCES FROM CUSTOMERS AND OTHER CURRENT LIABILITIES-GROUP

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)

24. 預提費用、預收客戶款項及其他流動負債－本集團

2008 二零零八年	2007 二零零七年
73,873	19,996
892,796	661,116
206,307	42,883
15,032	9,058
846,737	638,275
2,034,745	1,371,328

(a) The breakdown of other payables as at 31 December 2008 and 2007 were as follows:

(a) 於二零零八年及二零零七年十二月三十一日的其他應付賬款分類如下：

		2008 二零零八年	2007 二零零七年
Pension payables and other social welfare payables	應付退休金及其他應付社會福利	79,661	91,116
Payables for purchase of property, plant and equipment	購買物業、廠房及設備的應付賬款	541,470	349,984
Customer deposits	客戶按金	86,710	102,310
Employee deposits	員工按金	30,219	22,449
Salary payables	應付薪金	30,875	21,323
Other borrowings of overdue (Note 25 (ii))	其他逾期借款(附註25(ii))	20,000	—
Others	其他	57,802	51,093
		846,737	638,275

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25. BORROWINGS

The Group

Non-current

Bank borrowings, secured (i)
Other borrowings, unsecured (ii)

非流動

銀行借款－已抵押 (i)
其他借款－無抵押 (ii)

Current

Bank borrowings –
Secured (i)
Unsecured

流動

銀行借款－
已抵押 (i)
無抵押

Other borrowings, unsecured (ii)

其他借款－無抵押 (ii)

Total borrowings

總借款

(i) As at 31 December 2008, secured borrowings amounting to RMB 687 million, out of total secured borrowings amounting to RMB 1,575 million, were secured by certain property, plant and equipment (Note 7) of the Group.

As at 31 December 2008, secured borrowings amounting to RMB 130 million, out of total secured borrowings amounting to RMB 1,575 million, were secured by certain leasehold land and land use rights (Note 6) of the Group.

As at 31 December 2008, secured borrowings amounting to RMB 160 million, out of the total secured borrowings of RMB 1,575 million, were secured by certain restricted bank balances (Note 20) of the Group.

25. 借款

本集團

	2008 二零零八年	2007 二零零七年
Non-current		
Bank borrowings, secured (i)	384,230	640,000
Other borrowings, unsecured (ii)	105,000	125,000
	489,230	765,000
Current		
Bank borrowings –		
Secured (i)	1,190,930	340,000
Unsecured	486,300	100,000
	1,677,230	440,000
Other borrowings, unsecured (ii)	20,000	20,000
	1,697,230	460,000
Total borrowings	2,186,460	1,225,000

(i) 於二零零八年十二月三十一日，已抵押借款總額為數人民幣15.75億元中，為數人民幣6.87億元的已抵押借款以本集團的若干物業、廠房及設備(附註7)為抵押。

於二零零八年十二月三十一日，已抵押借款總額為數人民幣15.75億元中，為數人民幣1.3億元的已抵押借款以本集團的若干租賃土地及土地使用權(附註6)為抵押。

於二零零八年十二月三十一日，已抵押借款總額為數人民幣15.75億元中，為數人民幣1.60億元的已抵押借款以本集團的若干受限制銀行結餘(附註20)為抵押。

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25. BORROWINGS (continued)

The Group (continued)

As at 31 December 2008, secured borrowings amounting to RMB 20 million, out of the total secured borrowings of RMB 1,575 million, were secured by certain inventories (Note 16) of the Group.

As at 31 December 2008, secured borrowings amounting to RMB 200 million, out of the total secured borrowing, of RMB 1,575 million, were secured by certain inventories (Note 16) and certain restricted bank balances (Note 20) of the Group.

As at 31 December 2008, secured borrowings amounting to RMB 300 million, out of the total secured borrowings of RMB 1,575 million, were secured by certain inventories (Note 16) and certain notes receivable (Note 17) of the Group.

As at 31 December 2008, except for the secured borrowings described above, current secured borrowings amounting to RMB 78 million were secured by certain property, plant and equipment (Note 7), certain leasehold land and land use rights (Note 6) and guaranteed by Foshan Jin Lan pursuant to the agreement achieved on 12 September 2008. In accordance with the guarantee contract, Foshan Jin Lan granted a guarantee in favour of Jinxi Jinlan for bank borrowing facilities amounting to RMB 150 million.

25. 借款(續)

本集團(續)

於二零零八年十二月三十一日，已抵押借款總額為數人民幣15.75億元中，為數人民幣2,000萬元的已抵押借款以本集團若干存貨(附註16)為抵押。

於二零零八年十二月三十一日，已抵押借款總額為數人民幣15.75億元中，為數人民幣2億元的已抵押借款以本集團若干存貨(附註16)及若干受限制銀行結餘(附註20)為抵押。

於二零零八年十二月三十一日，已抵押借款總額人民幣15.75億元中，為數人民幣3億元的已抵押借款以本集團若干存貨(附註16)及若干應收票據(附註17)為抵押。

於二零零八年十二月三十一日，除上文所披露的已抵押借款外，已抵押流動借款為數人民幣7,800萬元以若干物業、廠房及設備(附註7)、若干租賃土地及土地使用權(附註6)為抵押，並由佛山金蘭根據於二零零八年九月十二日達成之協議出具擔保。根據擔保合約，佛山金蘭就為數人民幣1.5億元的銀行借款額度為津西金蘭出具擔保。

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25. BORROWINGS (continued)

The Group (continued)

As at 31 December 2007, secured borrowings amounting to RMB 830 million, out of the total secured borrowings of RMB 980 million, were secured by certain property, plant and equipment (Note 7) of the Group.

As at 31 December 2007, except for the secured borrowings described above, current secured borrowings amounting to RMB 150 million were secured by certain property, plant and equipment (Note 7), certain leasehold land and land use rights (Note 6) and guaranteed by the Company and Foshan Jin Lan collectively pursuant to the agreement achieved in January 2006. In accordance with the agreement, the Company and Foshan Jin Lan granted a guarantee in favour of Jinxi Jinlan for bank borrowing facilities amounting to RMB 150 million. The Company and Foshan Jin Lan shall bear 60% and 40% of the guarantee obligation respectively.

- (ii) Other unsecured borrowing represented a borrowing from the local county government amounting to RMB 145 million which will be repaid from 1 January 2008 onwards at an amount of RMB 20 million per annum. Interest is charged at the RMB bank deposit rate for 1 year fixed deposit. As at 31 December 2008, other borrowings of RMB 20 million were past due and reclassified to other payables (Note 24).

25. 借款(續)

本集團(續)

於二零零七年十二月三十一日，已抵押借款總額人民幣9.80億元中，為數人民幣8.30億元的已抵押借款以本集團若干物業、廠房及設備(附註7)為抵押。

於二零零七年十二月三十一日，除上文所披露的已抵押借款外，已抵押流動借款為數人民幣1.5億元以若干物業、廠房及設備(附註7)、若干租賃土地及土地使用權(附註6)為抵押，並由本公司及佛山金蘭根據於二零零六年一月達成之協議共同出具擔保。根據該協議，本公司與佛山金蘭就人民幣1.5億元的銀行借款額度為津西金蘭出具擔保。本公司與佛山金蘭須分別承擔60%及40%的擔保責任。

- (ii) 其他無抵押借款指當地縣政府的借款人民幣1.45億元，該筆借款將自二零零八年一月一日起每年償還人民幣2,000萬元。利息開支按銀行人民幣一年期定期存款利率計算。於二零零八年十二月三十一日，其他借款人民幣2,000萬元已逾期並已重新列入其他應付賬款(附註24)。

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25. BORROWINGS (continued)

The Group (continued)

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

		Bank borrowings		Other borrowings	
		銀行借款		其他借款	
		2008	2007	2008	2007
		二零零八年	二零零七年	二零零八年	二零零七年
Within 1 year	1年內	1,677,230	440,000	20,000	20,000
Between 1 and 2 years	1至2年	384,230	255,770	20,000	20,000
Between 2 and 5 years	2至5年	-	384,230	60,000	60,000
Over 5 years	5年以上	-	-	25,000	45,000
		2,061,460	1,080,000	125,000	145,000

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

		2008		2007	
		二零零八年		二零零七年	
		RMB	HK\$	RMB	HK\$
		人民幣	港元	人民幣	港元
Bank borrowings	銀行借款	5.58%-12.00%	3.14%	6.57%-7.56%	-
Other borrowings	其他借款	4.14%	-	2.52%	-

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

		Carrying amounts		Fair value	
		賬面值		公平值	
		2008	2007	2008	2007
		二零零八年	二零零七年	二零零八年	二零零七年
Bank borrowings	銀行借款	384,230	640,000	385,943	640,000
Other borrowings	其他借款	125,000	145,000	120,938	124,947
		509,230	785,000	506,881	764,947

25. 借款(續)

本集團(續)

於二零零八年及二零零七年十二月三十一日，本集團的借款到期期限如下：

		Bank borrowings		Other borrowings	
		銀行借款		其他借款	
		2008	2007	2008	2007
		二零零八年	二零零七年	二零零八年	二零零七年
Within 1 year	1年內	1,677,230	440,000	20,000	20,000
Between 1 and 2 years	1至2年	384,230	255,770	20,000	20,000
Between 2 and 5 years	2至5年	-	384,230	60,000	60,000
Over 5 years	5年以上	-	-	25,000	45,000
		2,061,460	1,080,000	125,000	145,000

於結算日的實際利率如下：

		2008		2007	
		二零零八年		二零零七年	
		RMB	HK\$	RMB	HK\$
		人民幣	港元	人民幣	港元
Bank borrowings	銀行借款	5.58%-12.00%	3.14%	6.57%-7.56%	-
Other borrowings	其他借款	4.14%	-	2.52%	-

非流動銀行借款及其他借款的賬面值及公平值如下：

		Carrying amounts		Fair value	
		賬面值		公平值	
		2008	2007	2008	2007
		二零零八年	二零零七年	二零零八年	二零零七年
Bank borrowings	銀行借款	384,230	640,000	385,943	640,000
Other borrowings	其他借款	125,000	145,000	120,938	124,947
		509,230	785,000	506,881	764,947

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

25. BORROWINGS (continued)

The Group (continued)

The fair values of current borrowings approximated their carrying amount, as the impact of discounting is not significant. The fair values of non-current bank borrowings and other borrowings are based on discounted cash flows approach using the prevailing market rates of interest available to the Group for financial institution with substantially the same terms and characteristics of the respective balance sheet dates.

As at 31 December 2008, the carrying amount of the borrowings amounting to RMB 160 million is denominated in HK\$, the remainings are denominated in RMB.

As at 31 December 2007, the carrying amounts of the borrowings are all denominated in RMB.

The exposure of the Group's bank borrowings to interest-rate changes and the contractual repricing dates are as follows:

6 months or less	6個月或少於6個月
6-12 months	6至12個月

25. 借款(續)

本集團(續)

因為折現影響不大，流動借款的公平值約等於其賬面值。非流動銀行借款及其他借款的公平值使用本集團於各結算日條款及特徵大體相同的金融機構的現行市場利率按現金流量法折現處理。

於二零零八年十二月三十一日，為數人民幣1.6億元借款之賬面值乃以港元計值，剩餘部分乃以人民幣計值。

於二零零七年十二月三十一日，借款之賬面值均以人民幣計值。

本集團銀行借款承擔利率變動風險及合約重新定價日期如下：

	2008 二零零八年	2007 二零零七年
	1,742,390	635,000
	319,070	445,000
	2,061,460	1,080,000

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25. BORROWINGS (continued)

The Company

Current

Bank borrowings, secured

流動

銀行借款，已抵押

As at 31 December 2008, secured bank borrowings amounting to RMB 160 million were secured by restricted bank balances of the Group, carrying at RMB 180 million. The borrowings were denominated in HK\$ and repayable within one year. As at 31 December 2008, the effective interest rate was 3.14%.

The fair values of current borrowings approximated their carrying amount, as the impact of discounting is not significant. The exposure of the Company's bank borrowings to interest-rate changes and the contractual repricing dates are within 6 months.

26. OTHER LONG-TERM PAYABLES-GROUP

Non-current

Finance lease obligations (i)
Performance guarantee deposit (ii)

非流動

融資租賃承擔 (i)
履約擔保按金 (ii)

Current

Finance lease obligations (i)

流動

融資租賃承擔 (i)

Total other long-term payables

其他長期應付款總額

25. 借款(續)

本公司

2008
二零零八年

2007
二零零七年

160,160

—

於二零零八年十二月三十一日，為數人民幣1.6億元已抵押銀行借款以本集團受限制銀行結餘人民幣1.8億元為抵押。該等借款乃以港元計值並須於一年內償還。於二零零八年十二月三十一日，實際利率為3.14厘。

由於折現之影響並不重大，流動借款之公平值與其賬面值相若。本公司銀行借款承擔利率變動的風險及合約重新定價日期為六個月內。

26. 其他長期應付款—本集團

2008
二零零八年

2007
二零零七年

717,934

—

130,000

—

847,934

—

19,888

—

867,822

—

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

26. OTHER LONG-TERM PAYABLES – GROUP (continued)

- (i) In July 2008, Jinxi Limited entered into an asset sale and leaseback agreements (the “Sale and Lease Agreement”) with certain financial institution. The sales proceeds of the property, plant and equipment was RMB 800 million. The lease term was 60 months and the lease payments were adjusted annually and reset according to the primary rate announced by the People’s Bank of China (the “PBOC”). The purchase option at the end of lease period was RMB 100.

In August 2008, Jinxi Limited entered into a guarantee agreement with another financial institution. Pursuant to the agreement, this financial institution granted a guarantee in favour of Jinxi Limited for the above finance lease amounting to RMB 800 million.

As at 31 December 2008, total minimum lease payments under finance lease based on PBOC interest rate as at the balance sheet date and their present values were as follows:

		Present value of minimum lease payments	Interest expenses relating to future periods	Total minimum lease payments
		最低租賃 付款 之現值	有關未來 期間之 利息開支	最低租賃 付款 總額
Within 1 year	1年內	19,888	85,918	105,806
Between 1 and 5 years	1至5年	717,934	155,652	873,586
		737,822	241,570	979,392

26. 其他長期應付款 – 本集團 (續)

- (i) 於二零零八年七月，津西鋼鐵與某金融機構訂立資產售後租回協議（「銷售及租賃協議」）。物業、廠房及設備之銷售所得款項為人民幣8億元。租期為60個月，租賃付款每年會進行調整並根據中國人民銀行（「中國人民銀行」）所公佈之基準利率重新設定。租期結束時購買選擇權為人民幣100元。

於二零零八年八月，津西鋼鐵與另一家金融機構訂立一份擔保協議。根據該協議，該金融機構就上述為數人民幣8億元融資租賃為津西鋼鐵出具擔保。

於二零零八年十二月三十一日，按中國人民銀行於結算日利率計息之融資租賃之最低租賃付款總額及其現值如下：

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26. OTHER LONG-TERM PAYABLES – GROUP (continued)

For the year ended 31 December 2008, no contingent-based rents were recognised as expenses.

The effective interest rate of the finance lease obligations of the Group is 11.40% per annum.

As at 31 December 2008, the fair value of the finance lease obligations approximated RMB 834 million. The fair values were based on discounted cashflow using average borrowing rates of 6.62% per annum.

- (ii) During the year ended 31 December 2008, the Group has received performance and quality guarantee deposit amounting to RMB130 million from a supplier, who provides construction services to the Group.

As at 31 December 2008, performance guarantee deposit was unsecured, bore interest at a rate of 10% per annum and repayable within three years.

As at 31 December 2008, the fair value of performance guarantee deposit approximated RMB 146 million.

26. 其他長期應付款—本集團(續)

截至二零零八年十二月三十一日止年度，概無或然租金確認為開支。

本集團融資租賃承擔之實際年利率為11.40%。

於二零零八年十二月三十一日，融資租賃承擔之公平值約人民幣8.34億元。公平值乃根據按平均借款年利率6.62%折現之現金流量計算。

- (ii) 截至二零零八年十二月三十一日止年度，本集團自一名向本集團提供建築服務之供應商收取履約及質量擔保按金人民幣1.3億元。

於二零零八年十二月三十一日，履約擔保按金為無抵押，按年利率10%計息並須於三年內償還。

於二零零八年十二月三十一日，履約擔保按金之公平值約人民幣1.46億元。

27. DEFERRED REVENUE

27. 遞延收入

		Operating lease income 經營租賃收入
At 1 January 2008	於二零零八年一月一日	—
Addition (Note 10 (a) (iii))	添置(附註10(a)(iii))	80,000
Credited to the consolidated income statement	於綜合損益表內記賬	(17,244)
At 31 December 2008	於二零零八年十二月三十一日	62,756

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28. DEFERRED INCOME TAX – GROUP

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to income taxed levied by the same taxation authority on either the taxable entity or different taxable entities where there is an interaction to settle the balances on a net basis. The offset amounts are as follows:

Deferred tax assets:	遞延稅項資產：
– Deferred tax asset to be recovered within 12 months	– 將於12個月內收回的遞延稅項資產
Deferred tax liabilities:	遞延稅項負債：
– Deferred tax liabilities to be settled within 12 months	– 將於12個月內支銷的遞延稅項負債
Deferred tax assets – net	遞延稅項資產－淨額

The gross movement on the deferred income tax account is as follows:

At 1 January	於一月一日
Credited to the consolidated income statement (Note 34 (a))	計入綜合損益表 (附註34(a))
At 31 December	於十二月三十一日

Deferred taxation is calculated on temporary differences under the liability method using the tax rate and the tax base that are consistent with the expected manner of recovery or settlement for the year ended 31 December 2008.

28. 遞延所得稅－本集團

當有將即期稅項資產與即期稅項負債抵銷之合法強制執行權，以及當遞延所得稅與同一稅務機關就該應課稅實體或不同應課稅實體徵收之所得稅有關，而有關方面擬按淨額基準繳納稅項時，遞延所得稅資產與負債將會抵銷。抵銷金額如下：

	2008 二零零八年	2007 二零零七年
	23,177	3,623
	(15,716)	(429)
	7,461	3,194

遞延所得稅賬目的總變動如下：

	2008 二零零八年	2007 二零零七年
	3,194	(290)
	4,267	3,484
	7,461	3,194

遞延稅項採用負債法就暫時性差異按與截至二零零八年十二月三十一日止年度預期收回或結算方式一致的稅率及稅基計算。

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28. DEFERRED INCOME TAX – GROUP (continued)

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Deferred tax liabilities:

		Capitalised interest	Unrealised losses on inventories	Total
		資本化利息	尚未變現存貨虧損	總計
At 1 January 2007	於二零零七年一月一日	–	(290)	(290)
Charged to the consolidated income statement	從綜合損益表扣除	–	(139)	(139)
At 31 December 2007	於二零零七年十二月三十一日	–	(429)	(429)
(Charged)/credited to the consolidated income statement	於綜合損益表(扣除)/記賬	(15,716)	429	(15,287)
At 31 December 2008	於二零零八年十二月三十一日	(15,716)	–	(15,716)

Deferred tax assets:

		Losses on disposal of property, plant and equipment	Temporary difference arising from expense recognition	Inventory Provision	Total
		處置物業、廠房及設備的虧損	費用確認的暫時差異	存貨撥備	總計
At 1 January 2007	於二零零七年一月一日	–	–	–	–
Credited to the consolidated income statement	於綜合損益表記賬	–	3,623	–	3,623
At 31 December 2007	於二零零七年十二月三十一日	–	3,623	–	3,623
Credited to the consolidated income statement	於綜合損益表記賬	57	8,851	10,646	19,554
At 31 December 2008	於二零零八年十二月三十一日	57	12,474	10,646	23,177

28. 遞延所得稅—本集團(續)

年內遞延稅項資產及負債(沒有計入在同一徵稅區內抵銷的結餘)的變動如下:

遞延稅項負債:

	Capitalised interest	Unrealised losses on inventories	Total
	資本化利息	尚未變現存貨虧損	總計
At 1 January 2007	–	(290)	(290)
Charged to the consolidated income statement	–	(139)	(139)
At 31 December 2007	–	(429)	(429)
(Charged)/credited to the consolidated income statement	(15,716)	429	(15,287)
At 31 December 2008	(15,716)	–	(15,716)

遞延稅項資產:

	Losses on disposal of property, plant and equipment	Temporary difference arising from expense recognition	Inventory Provision	Total
	處置物業、廠房及設備的虧損	費用確認的暫時差異	存貨撥備	總計
At 1 January 2007	–	–	–	–
Credited to the consolidated income statement	–	3,623	–	3,623
At 31 December 2007	–	3,623	–	3,623
Credited to the consolidated income statement	57	8,851	10,646	19,554
At 31 December 2008	57	12,474	10,646	23,177

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

28. DEFERRED INCOME TAX – GROUP (continued)

The Group expected that the unused tax losses for subsidiaries amounting to RMB 151 million (2007: RMB 129 million) will be utilised during the two-year full exemption period in accordance with the relevant tax laws and regulations in the PRC. No deferred tax assets were calculated.

28. 遞延所得稅—本集團(續)

本集團預期附屬公司未動用稅項虧損人民幣1.51億元(二零零七年：人民幣1.29億元)將在兩年稅務豁免期內根據中國有關稅法和法規被動用。並無計算任何遞延稅項資產。

29. OTHER (LOSSES)/GAINS – NET – GROUP

Other (losses)/gains – net:
Sales of raw materials and by-products
Gain on disposal of intangible assets (Note 39)
Loss on disposal of property, plant and equipment (Note 39)
Foreign exchange loss, net (Note 35, 39)
Loss on liquidation of a subsidiary (Note 39)
Charity donation
Others
Total

其他(虧損)/收益—淨額：
出售原材料及副產品
處置無形資產的收入(附註39)
處置物業、廠房及設備的損失(附註39)
匯兌損失，淨額(附註35、39)
一間附屬公司清盤的損失(附註39)
慈善捐款
其他
總計

2008
二零零八年

2007
二零零七年

20,439	32,639
–	6,325
(276)	(6,196)
(17,297)	(19,187)
–	(9,605)
(5,114)	–
884	8,754
(1,364)	12,730

30. OTHER INCOME – GROUP

Dividend income on financial assets at fair value through profit or loss (Note 39)
Rental income arising from investment properties (Note 8)
Income from operating leases (Note 10(a) (iii), 15)
Others
Total

按公平值透過損益記賬的財務資產的股息收入(附註39)
投資物業所產生的租金收入(附註8)
經營租賃之收入(附註10(a) (iii)、15)
其他
總計

2008
二零零八年

2007
二零零七年

11	2
1,775	1,924
31,300	–
2,553	190
35,639	2,116

30. 其他收入—本集團

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31. EXPENSES BY NATURE – GROUP

31. 按性質呈列的開支 – 本集團

		2008 二零零八年	2007 二零零七年
Employee benefit expense (Note 32)	員工福利開支(附註32)	340,299	433,720
Costs of inventories (Note 16)	存貨成本(附註16)	17,353,385	10,342,384
Amortisation of leasehold land and land use rights (Note 6,39)	租賃土地及土地使用權攤銷(附註6、39)	1,651	1,651
Depreciation of property, plant and equipment (Note 7,39)	物業、廠房及設備折舊(附註7、39)	570,936	438,566
Amortisation of intangible assets (Note 9,39)	無形資產攤銷(附註9、39)	–	3,806
Reversal of impairment of property, plant and equipment (Note 7,39)	撥回物業、廠房及設備減值(附註7、39)	–	(16,980)
Depreciation of investment properties (Note 8,39)	投資物業折舊(附註8、39)	928	1,100
Operating lease expenses in respect of land use rights	有關土地使用權的經營租賃費用	9,178	3,631
Provision for/(reversal of) write-down of inventories (Note 39)	存貨減值撥備/(撥回)(附註39)	45,511	(1,879)
Auditors' remuneration	核數師酬金	5,800	6,200

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32. EMPLOYEE BENEFIT EXPENSE – GROUP

32. 員工福利開支 – 本集團

	2008 二零零八年	2007 二零零七年
Staff costs (including directors' emoluments) 員工成本(包括董事酬金)		
– Salaries and welfare 一薪金及福利	303,533	244,551
– Pension costs - defined contribution plans (a) 一退休金成本 – 定額供款統籌退休金計劃(a)	36,766	29,283
– Share options granted to directors and employees (Note 39) 一授予董事及僱員購股權(附註39)	–	159,886
	340,299	433,720

(a) Pensions – defined contribution plans

The employees of the subsidiaries of the Group that are incorporated in the PRC participate in a defined contribution retirement benefit plan organised by the relevant provincial government. For the years ended 31 December 2008 and 2007, the Group is required to make monthly defined contributions to these plans at rates from 10% to 20%, with the base of their total salary subject to a certain ceiling.

The Group has no other obligations for the payment of retirement and other post-retirement benefits of employees or retirees other than the payments disclosed in the above note.

(a) 退休金 – 定額供款統籌退休金計劃

本集團於中國註冊成立的附屬公司的員工參與有關省政府組織的統籌退休金供款福利計劃。截至二零零八年及二零零七年十二月三十一日止年度，本集團按員工薪金總額10%至20%每月向該等計劃作出定額供款，惟受若干上限所限。

除以上附註所披露的款項外，本集團並無向員工或退休人士支付退休金及給予其他退休後福利的其他責任。

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32. EMPLOYEE BENEFIT EXPENSE – GROUP (continued)

(b) Directors' and senior management's emoluments

The emoluments of every director for the years ended 31 December 2008 and 2007, on a named basis, are set out as below:

Name of Director 董事姓名	Fees 袍金	Salaries and allowances 薪金及津貼	Bonus 花紅	Fair value of	Pension	Total
				employee share options granted 已授出僱員 購股權的 公平值	costs – defined contribution plans 退休金成本 – 定額供款統籌 退休金計劃	
2008	二零零八年					
Mr. Han Jingyuan	533	4,868	-	-	11	5,412
Mr. Zhu Jun	365	1,587	-	-	11	1,963
Mr. Liu Lei	385	1,190	-	-	11	1,586
Mr. Yu Jianshui	367	110	-	-	11	488
Mr. Shen Xiaoling	267	71	-	-	11	349
Mr. Yu Tung Ho	309	-	-	-	-	309
Mr. Zhu Hao	294	-	-	-	9	303
Mr. Gao Qingju	265	-	-	-	-	265
Mr. Wong Man Chung, Francis	265	-	-	-	-	265
	3,050	7,826	-	-	64	10,940
2007	二零零七年					
Mr. Han Jingyuan	668	5,357	-	-	12	6,037
Mr. Yu Jianshui (a)	218	500	-	4,278	8	5,004
Mr. Zhu Jun	826	714	480	-	22	2,042
Mr. Liu Lei	411	1,310	-	-	12	1,733
Mr. Shen Xiaoling	632	322	278	-	22	1,254
Mr. Yu Tung Ho	340	-	-	-	-	340
Mr. Wong Man Chung, Francis	291	-	-	-	-	291
Mr. Gao Qingju	291	-	-	-	-	291
Ms. Chen Ningning (b)	242	-	-	-	10	252
Mr. Tang Chi Fai (c)	73	-	-	-	-	73
Mr. Zhu Hao (d)	32	-	-	-	1	33
	4,024	8,203	758	4,278	87	17,350

32. 員工福利開支 – 本集團 (續)

(b) 董事及高級管理層酬金

截至二零零八年及二零零七年十二月三十一日止年度，各董事的酬金（以姓名為準）載列如下：

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32. EMPLOYEE BENEFIT EXPENSE – GROUP (continued)

(b) Directors' and senior management's emoluments (continued)

- (a) Appointed on 14 April 2007.
- (b) Resigned on 29 October 2007.
- (c) Resigned on 13 April 2007.
- (d) Appointed on 21 November 2007.

None of the directors waived or agreed to waive any remuneration during the years 2008 and 2007. The emoluments of the independent non-executive directors during the year are RMB 0.8 million approximately (2007: RMB 0.9 million).

(c) Five highest paid individuals

The five highest paid individuals consisted of:

Number of directors	董事人數
Number of employees	員工人數

32. 員工福利開支 – 本集團(續)

(b) 董事及高級管理層酬金(續)

- (a) 二零零七年四月十四日委任。
- (b) 二零零七年十月二十九日辭職。
- (c) 二零零七年四月十三日辭職。
- (d) 二零零七年十一月二十一日委任。

於二零零八年及二零零七年內，概無董事放棄或同意放棄任何酬金。年內，支付予獨立非執行董事的酬金約為人民幣80萬元(二零零七年：人民幣90萬元)。

(c) 五名最高薪酬人士

五名最高薪酬人士包括：

	2008 二零零八年	2007 二零零七年
	4	2
	1	3
	5	5

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32. EMPLOYEE BENEFIT EXPENSE – GROUP (continued)

(c) Five highest paid individuals (continued)

The five individuals whose emoluments were the highest in the Group for the year include four (2007: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one (2007: three) individuals during the year are as follows:

Salaries and allowances	薪金及津貼
Bonuses	花紅
Fair value of employee share options granted	已授出僱員購股權的公平值
Pension costs - defined contribution plans	退休金成本—定額供款統籌退休金計劃

For the years ended 31 December 2008 and 2007, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as inducement to join or upon joining the Company or as compensation for loss of office.

32. 員工福利開支—本集團(續)

(c) 五名最高薪酬人士(續)

本年度本集團五位最高薪酬人士包括四位(二零零七年：兩位)董事，其酬金已於上文的分析中呈列。應付餘下一位(二零零七年：三位)人士的酬金如下：

2008 二零零八年	2007 二零零七年
694	999
—	868
—	9,269
9	30
703	11,166

截至二零零八年及二零零七年十二月三十一日止年度內，本集團概無向任何董事或五位最高薪酬人士支付任何酬金，作為加入本公司或於加入本公司時的獎勵或作為離職補償。

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32. EMPLOYEE BENEFIT EXPENSE – GROUP (continued)

32. 員工福利開支 – 本集團(續)

(c) Five highest paid individuals (continued)

(c) 五名最高薪酬人士(續)

The remuneration of the five highest paid individuals for the years ended 31 December 2008 and 2007 fell within the following bands:

於截至二零零八年及二零零七年十二月三十一日止年度內，五位最高薪酬人士的酬金介乎以下範圍：

		Number of individuals 人數	
		2008 二零零八年	2007 二零零七年
RMB 1 to RMB 1,000,000 (approximately HK\$ 1 to HK\$ 1,133,928)	人民幣 1 元至 人民幣 1,000,000 元 (約 1 港元至 1,133,928 港元)	2	–
RMB 1,000,001 to RMB 2,000,000 (approximately HK\$ 1,133,929 to HK\$ 2,267,857)	人民幣 1,000,001 元至 人民幣 2,000,000 元 (約 1,133,929 港元至 2,267,857 港元)	2	–
RMB 3,000,001 to RMB 4,000,000 (approximately HK\$ 3,401,786 to HK\$ 4,535,713)	人民幣 3,000,001 元至 人民幣 4,000,000 元 (約 3,401,786 港元至 4,535,713 港元)	–	2
RMB 4,000,001 to RMB 5,000,000 (approximately HK\$ 4,535,714 to HK\$ 5,669,641)	人民幣 4,000,001 元至 人民幣 5,000,000 元 (約 4,535,714 港元至 5,669,641 港元)	–	1
RMB 5,000,001 to RMB 6,000,000 (approximately HK\$ 5,669,642 to HK\$ 6,803,570)	人民幣 5,000,001 元至 人民幣 6,000,000 元 (約 5,669,642 港元至 6,803,570 港元)	1	1
RMB 6,000,001 to RMB 7,000,000 (approximately HK\$ 6,803,571 to HK\$ 7,937,498)	人民幣 6,000,001 元至 人民幣 7,000,000 元 (約 6,803,571 港元至 7,937,498 港元)	–	1

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33. FINANCE INCOME AND COSTS – GROUP

33. 財務收入及成本—本集團

		2008 二零零八年	2007 二零零七年
Interest expenses	利息費用		
– borrowings	– 借款	(61,822)	(68,287)
– amounts due to related parties	– 應付關聯方款項	–	(523)
– discount of notes receivable	– 應收票據折現	(463)	–
– finance lease liabilities (Note 26)	– 融資租賃負債(附註26)	(30,101)	–
Net foreign exchange gains on borrowings (Note 35)	借款的匯兌收益淨額 (附註35)	759	–
Finance costs (Note 39)	財務成本(附註39)	(91,627)	(68,810)
Interest income on bank deposits	銀行存款的利息收入	15,519	12,118
Income from loan receivable	應收貸款收入	8,730	–
Finance income (Note 39)	財務收入(附註39)	24,249	12,118
Finance costs, net	財務成本·淨額	(67,378)	(56,692)

34. INCOME TAX EXPENSE – GROUP

34. 所得稅費用—本集團

(a) Income tax expense represents:

(a) 所得稅費用包括：

		2008 二零零八年	2007 二零零七年
Current income tax	當期所得稅		
– PRC enterprise income tax (the “EIT”)	– 中國企業所得稅 (「中國企業所得稅」)	74,910	260,101
Deferred income tax (Note 28)	遞延所得稅(附註28)	(4,267)	(3,484)
		70,643	256,617

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda and, accordingly, is exempted from payment of Bermuda income tax.

本公司根據百慕達一九八一年公司法在百慕達註冊成立為獲豁免有限責任公司，故獲豁免繳付百慕達所得稅。

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34. INCOME TAX EXPENSE – GROUP (continued)

(a) Income tax expense represents (continued):

The subsidiaries directly held by the Company except HK Trading were incorporated in BVI with limited liability under the International Business Companies Act Chapter 291 and, accordingly, are exempted from payment of BVI income tax.

Hong Kong profits tax has not been provided as there is no estimated assessable profit for the year ended 31 December 2008 (2007: nil).

The PRC EIT is calculated based on the statutory profit of subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations, after adjustments on certain income and expense items, which are not assessable or deductible for income tax purposes.

Effective from 1 January 2008, the subsidiaries incorporated in the PRC are required to determine and pay the EIT in accordance with the Corporate Income Tax Law of the People's Republic of China (the "new EIT Law") as approved by the National People's Congress on 16 March 2007 and the Detailed Implementation Regulations of the Corporate Income Tax Law (the "DIR") as approved by the State Council on 6 December 2007. In accordance with the new EIT Law and DIR, the EIT rate applicable to the subsidiaries incorporated in the PRC will be 25% for those with original applicable EIT rates higher than 25%, or gradually increased to 25% in a 5-year period from 2008 to 2012 for those with original applicable EIT rates lower than 25%. The preferential policy of exemption or deduction shall be effective from 1 January 2008, even if the subsidiaries were still in a cumulative tax loss position.

34. 所得稅費用—本集團(續)

(a) 所得稅費用包括(續)：

本公司直接持有的附屬公司(除津西香港外)根據國際商業公司法第291章在英屬維爾京群島註冊成立為有限責任公司，故獲豁免繳付英屬維爾京群島所得稅。

截至二零零八年十二月三十一日止年度並無估計應課稅溢利，故並無就香港利得稅作出撥備(二零零七年：零)。

中國企業所得稅乃基於在中國註冊成立的附屬公司的法定溢利，根據中國稅務法律及條例，於調整若干不須課稅或不可扣減所得稅的收入及開支項目後計算。

自二零零八年一月一日起，凡在中國註冊成立的附屬公司須按照二零零七年三月十六日全國人大批准的中華人民共和國企業所得稅法(「新企業所得稅法」)及二零零七年十二月六日國務院批准的企業所得稅法實施細則(「實施細則」)，計算並繳納企業所得稅。依照新企業所得稅法及實施細則，在中國註冊成立的附屬公司如原先適用的企業所得稅稅率高於25%，則下調為25%；如原先適用的企業所得稅稅率低於25%，則在二零零八年至二零一二年的五年內，逐步上調至25%。獲豁免或減免之優惠政策須自二零零八年一月一日起生效，即使該等附屬公司仍處於累積稅項虧損狀況。

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34. INCOME TAX EXPENSE – GROUP (continued)

(a) Income tax expense represents (continued):

Effective from 25 December 2002, Jinxi Limited was approved to be a foreign-invested joint stock company. The effective tax rate is 25% for the year ended 31 December 2008 according to the new EIT law, and 15% for the year ended 31 December 2007 as it was entitled to a two-year full exemption followed by a three-year 50% tax deduction from the PRC state EIT and a five-year full exemption followed by a five-year 50% deduction from the local income tax started from 1 January 2003.

Jinxi Jinlan qualified as a foreign investment production enterprise and was established in a coastal economic development zone. Approved by local tax authority on 14 December 2007, Jinxi Jinlan was entitled to a two-year full exemption followed by a three-year 50% tax deduction, commencing from the first cumulative profit-making year net of losses carried forward. As at 31 December 2008, the effective rate of Jinxi Jinlan was nil (2007: nil).

Shenzhen Leasing qualified as a service industry enterprise and was established in a special economic zone. Approved by local tax authority on 14 September 2008, Shenzhen Leasing was entitled to a one-year full exemption followed by a two-year 50% tax deduction effective from 1 January 2008. Accordingly, the effective tax rate was nil (2007: nil).

34. 所得稅費用—本集團(續)

(a) 所得稅費用包括(續):

由二零零二年十二月二十五日起，津西鋼鐵獲批為外商投資股份有限公司。根據新企業所得稅法，截至二零零八年十二月三十一日止年度之實際稅率為25%，而截至二零零七年十二月三十一日止年度之實際稅率則為15%，因為該公司自二零零三年一月一日起獲豁免繳納兩年中國企業所得稅，可繼續享有三年稅務寬減50%且豁免繳納五年地方所得稅後，可繼續享有五年稅務寬減50%。

津西金蘭符合外商投資生產性企業的資格，在沿海經濟開發區成立。經地方稅務局於二零零七年十二月十四日審批，津西金蘭自扣除結轉虧損後的首個累計盈利年度起，享有兩年稅務豁免及其後三年50%稅務寬減。於二零零八年十二月三十一日，津西金蘭之實際稅率為零(二零零七年：零)。

深圳租賃符合服務行業企業的資格，在經濟特區成立。經地方稅務局於二零零八年九月十四日審批，自二零零八年一月一日起，深圳租賃享有一年稅務豁免，之後享有兩年稅務寬減50%。據此，實際稅率為零(二零零七年：零)。

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34. INCOME TAX EXPENSE – GROUP (continued)

(b) The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the weighted average tax rate of 22.39% (2007: 31.10%) to respective profits of the consolidated entities for the years ended 31 December 2008 and 2007 as follows:

		2008 二零零八年	2007 二零零七年
Profit before taxation	除稅前溢利	113,601	1,450,354
Taxation calculated at statutory tax rate	按法定稅率計算的稅項	23,651	483,290
Effect of tax exemption of subsidiaries	附屬公司稅項豁免的影響	(2,577)	(310,835)
Tax losses for which no deferred income tax asset was recognised	沒有確認遞延所得稅資產的稅項虧損	8,251	375
Utilisation of previously unrecognised tax losses	先前未確認稅項虧損的使用	(1,686)	(4,881)
Effect of change of tax rate upon assessing deferred tax assets	評估遞延稅項資產時稅率變動的影響	–	1,022
Effect of other non-taxable income	其他不須課稅收入的影響	(499)	(35)
Effect of non-deductible expenses	不可扣減開支的影響	43,503	87,681
		70,643	256,617

34. 所得稅費用—本集團(續)

(b) 本集團除稅前溢利的稅項分別與截至二零零八年及二零零七年十二月三十一日止年度合併實體的溢利採用加權平均稅率22.39%(二零零七年: 31.10%)計算的理論總額的差異如下:

35. NET FOREIGN EXCHANGE LOSSES

The exchange differences (charged)/credited in the consolidated income statement are included as follows:

		2008 二零零八年	2007 二零零七年
Other losses – net (Note 29)	其他虧損—淨額(附註29)	(17,297)	(19,187)
Finance costs – net (Note 33)	財務成本—淨額(附註33)	759	–
		(16,538)	(19,187)

35. 匯兌虧損淨額

於綜合損益表內(扣除)/記賬之匯兌差異載列如下:

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36. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of approximately RMB 371.62 million (2007: RMB 213.37 million).

37. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Profit attributable to equity holders of the Company	本公司權益持有人應佔溢利	44,032	1,159,657
Weighted average number of ordinary shares in issue (thousands)	已發行普通股的加權平均數(千股)	2,929,187	2,910,759
Basic earnings per share (RMB per share)	每股基本溢利(每股人民幣元)	0.02	0.40

Diluted

Diluted earnings per share is the same as basic earnings per share, as the Company has no dilutive potential ordinary shares as at 31 December 2008 (2007: RMB 0.40 per share).

36. 本公司權益持有人應佔溢利

本公司權益持有人應佔溢利包括計入本公司財務報表的約人民幣3.72億元(二零零七年：人民幣2.13億元)。

37. 每股溢利

基本

每股基本溢利乃根據本公司權益持有人應佔溢利除以年內已發行普通股的加權平均數而計算。

2008	2007
二零零八年	二零零七年

44,032	1,159,657
2,929,187	2,910,759

0.02	0.40
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攤薄

由於截至二零零八年十二月三十一日本公司並無攤薄潛在普通股，故每股攤薄盈利與每股基本溢利相同(二零零七年：每股人民幣0.40元)。

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

38. DIVIDENDS

38. 股息

		2008 二零零八年	2007 二零零七年
Interim, paid (a, b)	中期，已派付(a、b)	167,088	154,864
Final, proposed (c, d)	末期，擬派(c、d)	-	164,361
		167,088	319,225

(a) At a meeting held on 30 August 2007, the Board proposed an interim dividend of HK\$ 159.94 million (approximately RMB 154.86 million), representing HK\$ 0.055 per ordinary 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 18 August 2008, the Board proposed an interim dividend of HK\$ 190.14 million (approximately RMB 167.09 million), representing HK\$ 0.065 per ordinary share, for the six months ended 30 June 2008. Such interim dividend was paid for the year ended 31 December 2008.

(c) 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 RMB 164.36 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 year ended 31 December 2008.

(d) The Board does not recommend the payment of final dividend for the year ended 31 December 2008.

(a) 於二零零七年八月三十日舉行的會議上，董事局建議派發截至二零零七年十二月三十一日止年度之中期股息1.60億港元(約人民幣1.55億元)，即每股普通股0.055港元。前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付。

(b) 於二零零八年八月十八日舉行的會議上，董事局建議派發截至二零零八年六月三十日止六個月之中期股息1.90億港元(約人民幣1.67億元)，即每股普通股0.065港元。前述中期股息已於截至二零零八年十二月三十一日止年度派付。

(c) 於二零零八年三月二十七日舉行的會議上，董事局建議派發截至二零零七年十二月三十一日止年度末期股息1.82億港元(約人民幣1.64億元)，即每股普通股0.062港元。於二零零八年五月十五日舉行之股東週年大會上已批准有關之董事局派息建議。上述末期股息已於截至二零零八年十二月三十一日止年度派付。

(d) 董事局不建議派付截至二零零八年十二月三十一日止年度之末期股息。

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39. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

39. 綜合現金流量表附註

(i) Reconciliation of profit before taxation to cash generated from operations is as follows:

(i) 除稅前溢利與經營活動的現金流入淨額的調節表如下：

		2008 二零零八年	2007 二零零七年
Profit before income tax	除所得稅前溢利	113,601	1,450,354
Depreciation of property, plant and equipment (Note 7,31)	物業、廠房及設備折舊 (附註7·31)	570,936	438,566
Depreciation of investment properties (Note 8,31)	投資物業折舊 (附註8·31)	928	1,100
Amortisation of leasehold land and land use rights (Note 6,31)	租賃土地及土地使用權攤銷(附註6·31)	1,651	1,651
Amortisation of intangible assets (Note 9,31)	無形資產攤銷 (附註9·31)	-	3,806
Provision for/(reversal of) write-down of inventories (Note 31)	存貨減值撥備/(撥回) (附註31)	45,511	(1,879)
Reversal of impairment provision for property, plant and equipment (Note 7,31)	物業、廠房及設備減值撥回(附註7·31)	-	(16,980)
Share of profit of an associate company (Note 11)	應佔聯營公司溢利 (附註11)	(1,998)	(225)
Loss on disposal of property, plant and equipment, net (Note 29)	處置物業、廠房及設備淨虧損 (附註29)	276	6,196
Gain on disposal of intangible assets, net (Note 29)	處置無形資產收益淨額 (附註29)	-	(6,325)
Exchange loss (Note 29)	匯兌虧損(附註29)	17,297	19,187
Finance income (Note 33)	財務收入(附註33)	(24,249)	(12,118)
Dividend income on financial assets at fair value through profit or loss (Note 30)	按公平值透過損益記賬的財務資產的股息收入(附註30)	(11)	(2)
Finance costs (Note 33)	財務成本(附註33)	91,627	68,810
Loss on liquidation of a subsidiary (Note 29)	一間附屬公司清盤的虧損 (附註29)	-	9,605
Employee share option scheme (Note 32)	僱員購股權計劃(附註32)	-	159,886
Operating profit before working capital changes	經營資本變動前經營溢利	815,569	2,121,632
Decrease/(increase) in financial assets at fair value through profit or loss	按公平值透過損益記賬的財務資產減少/(增加)	6	(11)
Decrease/(increase) in inventories	存貨減少/(增加)	224,049	(454,250)
Decrease/(increase) in restricted bank balances	受限制銀行結餘減少/(增加)	9,992	(76,428)
Increase in trade receivables, prepayments, deposits and other receivables and other current assets	應收貿易賬款、預付款項、按金及其他應收賬款及其他流動資產增加	(2,181,436)	(588,796)
Increase in amount due from related parties	應收關聯方款項增加	(3,565)	(11,055)
Increase in trade payables, current income tax liabilities, accruals, advances from customers and other current liabilities	應付貿易賬款、當期所得稅負債、預提費用、預收客戶款項及其他流動負債增加	1,674,220	373,986
Increase in deferred revenue	遞延收入增加	62,756	-
Increase/(decrease) in amount due to related parties	應付關聯方款項增加/(減少)	24,581	(1,148)
Cash generated from operations	經營產生的現金	626,172	1,363,930

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39. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(ii) Major non-cash transactions:

For the year ended 31 December 2008, the Group endorsed bank acceptance notes to the supplier for purchase of property, plant and equipment amounting to approximately RMB 1,087 million (2007: approximately RMB 1,121 million).

(iii) In the cash flow statement, proceeds from sales of property, plant and equipment comprise:

Net book amount (Note 7)	賬面淨值(附註7)
Loss on disposals of property, plant and equipment (Note 29)	處置物業、廠房及設備虧損(附註29)
Proceeds from disposal of property, plant and equipment	處置物業、廠房及設備所得款項

39. 綜合現金流量表附註(續)

(ii) 主要非現金交易：

截至二零零八年十二月三十一日止年度，本集團就購買物業、廠房及設備向供應商背書銀行承兌匯票約人民幣10.87億元(二零零七年：約人民幣11.21億元)。

(iii) 於現金流量表內，出售物業、廠房及設備所得款項包括：

	2008 二零零八年	2007 二零零七年
	276	6,532
	(276)	(6,196)
	—	336

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40. FINANCIAL GUARANTEE CONTRACTS

The Group

Guarantee for third parties

Guarantee for bank borrowings
of third parties

As at 31 December 2008, Jinxi Limited provided guarantee for bank borrowings in favour of third parties amounting to approximately RMB 60.9 million (2007: approximately RMB 30.9 million). The fair values of these financial guarantee contracts are not significant.

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.

The Company

Guarantee of bank borrowings
of a subsidiary

In January 2006, the Company and Foshan Jin Lan collectively granted a guarantee in favour of Jinxi Jinlan for current bank facilities amounting to RMB 150 million. In accordance with the guarantee contract, the Company and Foshan Jin Lan shall bear 60% and 40% of the guarantee obligation respectively, effective from 14 September 2005 to 13 September 2008.

As at 31 December 2007, pursuant to the aforementioned agreement, current secured borrowings of Jinxi Jinlan amounting to RMB 150 million were guaranteed by the Company and Foshan Jin Lan collectively.

40. 財務擔保合約

本集團

為第三方出具擔保

2008	2007
二零零八年	二零零七年

60,900	30,900
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於二零零八年十二月三十一日，津西鋼鐵為第三方的銀行借款出具擔保，約為人民幣6,090萬元（二零零七年：約人民幣3,090萬元）。該等財務擔保合約的公平值並不重大。

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。

本公司

2008	2007
二零零八年	二零零七年

-	90,000
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於二零零六年一月，本公司與佛山金蘭就人民幣1.5億元的流動銀行借款額度共同為津西金蘭出具擔保。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，自二零零五年九月十四日至二零零八年九月十三日有效。

於二零零七年十二月三十一日，根據上述協議，津西金蘭的已抵押流動借款人民幣1.5億元乃由本公司及佛山金蘭共同出具擔保。

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綜合財務報表附註

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41. COMMITMENTS – GROUP

(a) Capital commitments

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

Purchase of intangible assets	收購無形資產
– Contracted but not provided for	– 已訂約但未撥備
Purchase of property, plant and equipment	購買物業、廠房及設備
– Contracted but not provided for	– 已訂約但未撥備
– Authorised but not contracted for	– 已授權但未訂約

41. 承擔—本集團

(a) 資本承擔

於結算日尚未產生的資本開支如下：

	2008 二零零八年	2007 二零零七年
	2,000	–
	2,088,203	884,748
	1,209,707	276,472
	3,297,910	1,161,220

(b) Operating lease commitments

The future aggregate minimum lease rental expenses in respect of land use rights and building under non-cancellable operating leases are payable as follows:

No later than one year	1年內
Later than one year and no later than five years	1年以上，5年以內
Later than five years	5年以上

(b) 經營租賃承擔

有關不可撤銷經營租賃項下的土地使用權及樓宇的應付未來最低租賃租金總支出如下：

	2008 二零零八年	2007 二零零七年
	77,458	9,440
	28,144	26,394
	142,777	121,314
	248,379	157,148

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42. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

- (a) For the years 2008 and 2007, the directors are of the view that the following companies and persons are related parties of the Group:

Name 名稱	Relationship with the Group 與本集團的關係
Wellbeing Holdings Limited Wellbeing Holdings Limited	Substantial shareholder of the Company 本公司的主要股東
Mittal AG Mittal AG	Substantial shareholder of the Company 本公司的主要股東
Smart Triumph Corporation Smart Triumph Corporation	Former substantial shareholder of the Company 本公司的前任主要股東
Tangshan City Jinxi Iron and Steel Group Co., Ltd. ("Tangshan Jinxi Group") 唐山市津西鋼鐵集團有限公司 (「唐山津西集團」)	Shareholder of Jinxi Limited and its legal representative is Mr. Han Jingyuan, a director of the Company 津西鋼鐵股東，其法定代表為本公司董事韓敬遠先生
Arcelor Mittal Sourcing SA ("AM Sourcing") 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
Foshan Jin Lan 佛山金蘭	Substantial shareholder of Jinxi Jinlan 津西金蘭的主要股東
Foshan Jin Lan Import and Export Co., Ltd. ("Jin Lan Import and Export") 佛山金蘭進出口有限公司 (「金蘭進出口」)	Controlled by the family members of Mr. Zhou Weijie, a director of Jinxi Jinlan 由津西金蘭的董事周偉傑先生的家屬控制
Foshan Jin Lan Nonferrous Metals Product Co., Ltd. ("Jin Lan Nonferrous Metals") 佛山金蘭有色金屬製品有限公司 (「金蘭有色金屬」)	Foshan Jin Lan's subsidiary 佛山金蘭的附屬公司

42. 關聯方交易

倘一方有直接或間接能力控制另一方或對另一方在制定財務及營運決策時有重大影響力，則為關聯方。倘彼等受共同控制，亦被視為關聯方。

- (a) 於二零零八年及二零零七年內，董事認為以下公司及人士為本集團的關聯方：

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42. RELATED PARTY TRANSACTIONS (continued)

- (a) For the years 2008 and 2007, the directors are of the view that the following companies and persons are related parties of the Group: (continued)

Name 名稱	Relationship with the Group 與本集團的關係
Zhongxing Iron Mine 中興礦業	Jinxi Limited's associated company 津西鋼鐵的聯營公司
Qianxi County Hui Yin Trading Company Limited ("Hui Yin") 遷西縣滙銀工貿 有限公司(「滙銀」)	Substantial shareholder of Jinxi Section Steel 津西型鋼之主要股東
Qianxi County Longba Charging Company Limited ("Longba Charging") 遷西縣龍霸爐料 有限公司(「龍霸爐料」)	Controlled by Mr. Du Chun, substantial shareholder of Jinyin Charging 由津銀爐料之主要股東杜春先生控制
Pingquan County Longba Quarrying Company Limited ("Longba Quarrying") 平泉縣龍霸採石廠有限公司 (「龍霸採石」)	Controlled by Mr. Du Chun, substantial shareholder of Jinyin Charging 由津銀爐料之主要股東杜春先生控制
Hebei Province Jing Yuan Education Foundation ("Jing Yuan Foundation") 河北省靜遠教育基金 (「靜遠基金」)	Its legal representative is Mr. Han Jingyuan, a director of the Company 本公司董事韓敬遠先生為其法定代表
Mr. Han Jingyuan 韓敬遠先生	Chairman and Chief Executive Officer of the Company 本公司董事局主席兼首席執行官
Mr. Zhou Weijie 周偉傑先生	Director of Jinxi Jinlan 津西金蘭的董事
Mr. Shen Xiaoling 沈曉玲先生	Director of the Company 本公司董事
Mr. Du Chun 杜春先生	Substantial shareholder of Jinyin Charging 津銀爐料之主要股東

42. 關聯方交易(續)

- (a) 於二零零八年及二零零七年內，董事認為以下公司及人士為本集團的關聯方：(續)

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42. RELATED PARTY TRANSACTIONS (continued)

(b) Save as disclosed elsewhere in these consolidated financial statements, during the years 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	(I)	銷售貨物
	– Jin Lan Import and Export		– 金蘭進出口
(II)	Sales of utilities	(II)	銷售能源
	– Jin Lan Nonferrous Metals		– 金蘭有色金屬

(ii) Purchase

(I)	Purchase of raw materials	(I)	購買原材料
	– AM Sourcing		– AM Sourcing
	– Longba Charging		– 龍霸爐料
	– Zhongxing Iron Mine		– 中興礦業
(II)	Purchase of property, plant and equipment	(II)	購買物業、廠房及設備
	– Longba Quarrying		– 龍霸採石

42. 關聯方交易 (續)

(b) 除本綜合財務報表中已披露外，於二零零八年及二零零七年內，董事認為以下的重大關聯方交易乃就本集團日常業務進行：

(i) 銷售

2008	2007
二零零八年	二零零七年
76,039	20,803
4,061	3,509

(ii) 購買

2008	2007
二零零八年	二零零七年
49,866	–
17,576	–
14,307	–
81,749	–
2,000	–

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42. RELATED PARTY TRANSACTIONS (continued)

(b) Save as disclosed elsewhere in these consolidated financial statements, during the years 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: (continued)

(iii) Financing

(I) Transaction with Hui Yin

Hui Yin provided a loan to Jinxi Section Steel, amounting to RMB 170 million for the year ended 31 December 2008. The loan is unsecured, interest-free and repayable within one year.

(II) Transaction with Jing Yuan Foundation

Jing Yuan Foundation provided an entrustment loan to Jinxi Limited through a financial institution, amounting to RMB 3.3 million. The loan was unsecured, bore interest at a rate of 12% per annum and repayable within one year. For the year ended 31 December 2008, interest expense of approximately RMB 0.2 million was incurred.

(iv) Guarantee

In June 2007, Foshan Jin Lan granted a guarantee in favour of Jinxi Jinlan for entrusted lending from Shenzhen Leasing, amounting to RMB 30 million.

42. 關聯方交易(續)

(b) 除本綜合財務報表中已披露外，於二零零八年及二零零七年內，董事認為以下的重大關聯方交易乃就本集團日常業務進行：(續)

(iii) 融資

(I) 與滙銀的交易

截至二零零八年十二月三十一日止年度，滙銀向津西型鋼提供一筆貸款為數人民幣1.7億元。該貸款為無抵押、免息及須於一年內償還。

(II) 與靜遠基金的交易

靜遠基金透過一家金融機構向津西鋼鐵提供一筆委託貸款為數人民幣330萬元。該貸款為無抵押，以12厘的年利率計息並於一年內償還。截至二零零八年十二月三十一日止年度，已產生利息開支約人民幣20萬元。

(iv) 擔保

於二零零七年六月，佛山金蘭就來自深圳租賃的委託借款向津西金蘭出具一項擔保為數人民幣3,000萬元。

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42. RELATED PARTY TRANSACTIONS (continued)

(c) As at 31 December 2008 and 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, dividends appropriation during the years.

42. 關聯方交易 (續)

(c) 於二零零八年及二零零七年十二月三十一日，董事認為以下關聯方結餘乃因上述關聯方交易、代表本集團已支付的款項、有關年度內的股息分配而產生。

		2008 二零零八年	2007 二零零七年
Amounts due from related parties	應收關聯方款項		
– Zhongxing Iron Mine (i)	– 中興礦業 (i)	9,800	9,800
– Longba Quarrying	– 龍霸採石	3,000	–
– Jin Lan Import and Export	– 金蘭進出口	1,820	1,255
		14,620	11,055
Amounts due to related parties	應付關聯方款項		
Non-current	非流動		
Borrowing from a related party	關聯方提供的借款		
– Foshan Jin Lan (ii)	– 佛山金蘭 (ii)	55,055	55,733
Deposit from a related party	來自關聯方的按金		
– Mr. Shen Xiaoling (Note 10 (a)(iii))	– 沈曉玲先生 (附註 10(a)(iii))	10,000	–
		65,055	55,733
Current	流動		
Borrowing from a related party	關聯方提供的借款		
– Hui Yin (Note 42 (b)(iii))	– 滙銀 (附註 42(b)(iii))	170,000	–
Trade payables	應付貿易賬款		
– Longba Charging (Note 42 (b)(ii))	– 龍霸爐料 (附註 42(b)(ii))	11,605	–
– Zhongxing Iron Mine (Note 42 (b)(ii))	– 中興礦業 (附註 42(b)(ii))	1,555	–
		13,160	–
Dividends payable due to	應付予以下實體的股息		
– Tangshan Jinxi Group	– 唐山津西集團	18,130	4,947
– Zhongxing Iron Mine	– 中興礦業	2,535	2,535
		20,665	7,482
Others	其他		
– Mr. Du Chun	– 杜春先生	2,800	–
– Foshan Jin Lan	– 佛山金蘭	383	383
– Mr. Han Jingyuan	– 韓敬遠先生	5	706
		3,188	1,089
		207,013	8,571

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

42. RELATED PARTY TRANSACTIONS (continued)

(c) As at 31 December 2008 and 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, dividends appropriation during the years. (continued)

(i) Subject to certain agreements entered into in November 2007, the loan provided to Zhongxing Iron Mine amounting to RMB 9.8 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 RMB 55 million is unsecured, interest-free and repayable only after 5 year.

Except for the loan provided by Foshan Jin Lan and Hui Yin and the loan provided to Zhongxing Iron Mine as disclosed above and deposit from Mr. Shen Xiaoling as disclosed in Note 10 (a) (iii), the related party balances were all unsecured, interest-free and had no fixed term of repayment.

42. 關聯方交易(續)

(c) 於二零零八年及二零零七年十二月三十一日，董事認為以下關聯方結餘乃因上述關聯方交易、代表本集團已支付的款項、有關年度內的股息分配而產生。(續)

(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數人民幣980萬元為無抵押、免息及須於十三個月內償還。

(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數人民幣5,500萬元為無抵押、免息及須於五年後償還。

除上述所披露由佛山金蘭及滙銀所提供的貸款及向中興礦業提供的貸款，以及附註10(a)(iii)披露之來自沈曉玲先生之按金外，關聯方結餘均為無抵押、免息及無固定償還期。

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綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

42. RELATED PARTY TRANSACTIONS (continued)

- (c) As at 31 December 2008 and 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, dividends appropriation during the years. (continued)

The carrying amounts and fair value of the non-current amounts due to related parties are as follows:

Amounts due to related parties 應付關聯方的款項

Carrying amounts		Fair value	
賬面值		公平值	
2008	2007	2008	2007
二零零八年	二零零七年	二零零八年	二零零七年
65,055	55,733	58,127	44,013

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 applicable borrowings rate of 5.40% per annum (2007: 7.74% per annum).

No provision has been required for the years ended 31 December 2008 and 2007 for the loan made to related parties. The related parties have no default history.

42. 關聯方交易 (續)

- (c) 於二零零八年及二零零七年十二月三十一日，董事認為以下關聯方結餘乃因上述關聯方交易、代表本集團已支付的款項、有關年度內的股息分配而產生。(續)

應付關聯方的非流動款項的賬面值及公平值如下：

因折現影響不大，應付關聯方的流動款項的公平值及關聯方借款的公平值約等於其賬面值。公平值按折現現金流量計算，並以適用借款年利率5.40厘(二零零七年：每年7.74厘)為基準。

就提供予關聯方的貸款而言，截至二零零八年及二零零七年十二月三十一日止年度毋需計提撥備。關聯方並無拖欠記錄。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

43. SUBSEQUENT EVENTS

Saved as disclosed elsewhere in these consolidated financial statements, the significant subsequent events of the Group were as follows:

- (i) Pursuant to a share transfer agreement dated 4 August 2008, Jinxi Limited acquired 71% share capital and shareholders' loan (the "Acquisition") of Tangshan Fengrun Hengfeng Iron and Steel Company Limited (formerly known as Tangshan Baotai Iron and Steel Group Xinyi Iron and Steel Co., Ltd.) ("Hengfeng Iron and Steel") from its original third party shareholders (the "Vendors"), for a cash consideration of RMB 237 million and RMB 295 million respectively. The details of the acquisition are set in the announcement published on 12 August 2008. Accordingly, Jinxi Limited has paid a substantial portion of the consideration being RMB 400 million (the "Paid Consideration") to the Vendors.

On 30 December 2008, Jinxi Limited entered into a termination agreement (the "Termination Agreement") with Hengfeng Iron and Steel and the Vendors. Pursuant to the Termination Agreement, Jinxi Limited and the Vendors have unconditionally and irrevocably agreed to abort the Acquisition and have entered into the Termination Agreement to terminate the Acquisition. Accordingly, Jinxi Limited and the Vendors will not proceed with the Acquisition. The Vendors unconditionally and irrevocably agreed to refund the Paid Consideration to Jinxi Limited within 10 days from the date of the Termination Agreement which was due on 9 January 2009. The details of the termination are set in the announcement published on 31 December 2008.

43. 結算日後事項

除本綜合財務報表中已披露外，本集團有以下重大結算日後事項：

- (i) 根據於二零零八年八月四日簽訂之股權轉讓協議，津西鋼鐵向唐山市豐潤區恒豐鋼鐵有限公司(前稱唐山寶泰鋼鐵集團鑫益鋼鐵有限公司)(「恒豐鋼鐵」)之原第三方股東(「賣方」)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恒豐鋼鐵71%股權和股東貸款(「收購事項」)。收購事項之詳情已刊載於二零零八年八月十二日之公告內。據此，津西鋼鐵已向賣方支付代價的主要部分人民幣4億元(「已付代價」)。

於二零零八年十二月三十日，津西鋼鐵與恒豐鋼鐵及賣方訂立一份終止協議(「終止協議」)。根據終止協議，津西鋼鐵及賣方已無條件並不可撤銷地同意解除收購事項，並已簽訂終止協議以終止收購事項。因此，津西鋼鐵和賣方不會繼續進行收購事項。賣方無條件地和不可撤銷地同意在終止協議於生效起計十日內，即二零零九年一月九日將已付代價歸還津西鋼鐵。終止之詳情載於二零零八年十二月三十一日刊發之公告。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

43. SUBSEQUENT EVENTS (continued)

Saved as disclosed elsewhere in these consolidated financial statements, the significant subsequent events of the Group were as follows: (continued)

(i) (continued)

Pursuant to a settlement agreement dated 11 January 2009, the Vendors agreed to repay RMB 200 million before 31 March 2009 and the remaining balance of RMB 200 million before 31 December 2009. Besides, both parties entered into an unconditional and irrevocable deed of mortgages on 10 January 2009 to secure that the Vendors have pledged its fixed assets of Hengfeng Iron and Steel as security of settlement of the Paid Consideration. The details of the repayment schedule are set in the announcement published on 20 February 2009.

Pursuant to an assets acquisition agreement dated 24 March 2009, Zhengda Iron and Steel acquired the assets relating to the iron and steel production from Hengfeng Iron and Steel at an aggregate amount of approximately RMB 396 million.

In March 2009, Jinxi Limited, Zhengda Iron and Steel and Hengfeng Iron and Steel entered into a tri-party agreement. Pursuant to the tri-party agreement, Zhengda Iron and Steel was granted a right to remit RMB 200 million directly (a partial payment of the consideration for the acquisition of the assets) to Jinxi Limited as refund of portion of the Paid Consideration. The details of the assets acquisition and repayment of Paid Consideration are set in the announcement published on 25 March 2009.

43. 結算日後事項 (續)

除本綜合財務報表中已披露外，本集團有以下重大結算日後事項：(續)

(i) (續)

根據日期為二零零九年一月十一日之還款協議，賣方同意於二零零九年三月三十一日之前歸還人民幣2億元及在二零零九年十二月三十一日前歸還餘額人民幣2億元。此外，雙方已於二零零九年一月十日簽署一項無條件及不可撤回抵押契約，賣方以恒豐鋼鐵固定資產作為償還已付代價提供擔保。還款安排之詳情載於二零零九年二月二十日刊發之公告。

根據日期為二零零九年三月二十四日之資產收購協議，正達鋼鐵向恒豐鋼鐵收購有關鋼鐵生產之資產總值約人民幣3.96億元。

於二零零九年三月，津西鋼鐵、正達鋼鐵及恒豐鋼鐵簽訂三方協議，根據三方協議，正達鋼鐵可直接匯款約人民幣2億元(收購資產之部分代價付款)予津西鋼鐵，作為已付代價之部分退款。收購資產及償還已付代價之詳情載於二零零九年三月二十五日刊發之公告。

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綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2008
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零零八年十二月三十一日止年度

43. SUBSEQUENT EVENTS (continued)

Saved as disclosed elsewhere in these consolidated financial statements, the significant subsequent events of the Group were as follows: (continued)

(ii) In January 2009, Jinxi Limited granted a guarantee in favour of a third party for bank facility amounting to RMB 80 million.

(iii) As approved by the Board and Shareholders' meeting, the share options were granted to the directors and employees on 24 February 2009, in an aggregate to 21,200,000 shares at an exercise price of HK\$ 1.39 per share. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The options are exercisable during the following periods:

(i) up to 50% of the options on or after 24 February 2009;

(ii) up to further 75% of the options on or after 24 February 2010;

(iii) all the remaining options on or after 24 February 2011.

and in each case, not later than 23 February 2019.

On 27 February 2009, all the directors and employees have accepted the share options.

44. APPROVAL OF ACCOUNTS

These consolidated financial statements were approved by the Board on 3 April 2009.

43. 結算日後事項 (續)

除本綜合財務報表中已披露外，本集團有以下重大結算日後事項：(續)

(ii) 於二零零九年一月，津西鋼鐵就為數人民幣8,000萬元的銀行授信額度為一名第三方出具擔保。

(iii) 經董事局及股東大會審批，購股權已於二零零九年二月二十四日授予董事及僱員，合共21,200,000股股份，每股行使價1.39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。購股權可於下列期間行使：

(i) 於二零零九年二月二十四日或之後最多行使50%的購股權；

(ii) 於二零一零年二月二十四日或之後最多進一步行使75%的購股權；

(iii) 於二零一一年二月二十四日或之後行使剩餘的購股權。

並無論如何不得遲於二零一九年二月二十三日。

於二零零九年二月二十七日，所有董事及僱員已接納購股權。

44. 批准賬目

董事局於二零零九年四月三日批准本綜合財務報表。

Five-year Financial Information 五年財務資料

A summary of the consolidated income statement and of the consolidated assets, liabilities and minority interest of the Group for the last five financial years is as set out below:

Consolidated Income Statement

		Year ended 31 December 截至十二月三十一日止年度				
		Audited 經審核				
		2008	2007	2006	2005	Restated 重列 2004
		二零零八年	二零零七年	二零零六年	二零零五年	二零零四年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Revenue	收入	19,388,183	13,498,555	9,782,116	9,182,693	9,118,875
Profit before income tax	除所得稅前溢利	113,601	1,450,354	1,233,236	1,004,196	1,175,832
Income tax expense	所得稅費用	(70,643)	(256,617)	(210,886)	(157,081)	33,686
Profit for the year	年度溢利	42,958	1,193,737	1,022,350	847,115	1,209,518
Attributable to:	應佔：					
Equity holders of the Company	本公司權益持有人	44,032	1,159,657	1,032,754	846,585	1,181,006
Minority interest	少數股東權益	(1,074)	34,080	(10,404)	530	28,512
		42,958	1,193,737	1,022,350	847,115	1,209,518

Consolidated Assets, Liabilities and Minority Interest

		As at 31 December 於十二月三十一日				
		Audited 經審核				
		2008	2007	2006	2005	Restated 重列 2004
		二零零八年	二零零七年	二零零六年	二零零五年	二零零四年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Total assets	總資產	14,136,057	10,162,120	8,221,367	8,152,862	7,481,892
Total liabilities	總負債	(7,646,117)	(3,466,016)	(2,619,918)	(3,420,767)	(3,481,028)
Minority interest	少數股東權益	(224,711)	(147,414)	(122,322)	(138,643)	(115,524)
		6,265,229	6,548,690	5,479,127	4,593,452	3,885,340



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