



深圳中航集團股份有限公司  
CATIC SHENZHEN HOLDINGS LIMITED

(Stock Code 股份代號：0161)

08

Annual Report

2008

年度報告

# 公司基本信息 Corporate Information

上市交易所：香港聯合交易所有限公司

股票簡稱：深圳中航集團

股份代碼：0161.HK

## 執行董事

吳光權先生 董事長

賴偉宣先生

隋湧先生

程保忠先生

劉瑞林先生

徐東升先生

由鐸先生

王寶瑛先生

## 獨立非執行董事

潘昭國先生

廖於勤先生(於二零零八年三月十七日辭任)

黃慧玲女士(於二零零八年三月十九日獲委任)

劉憲法先生

## 非執行董事

王濱濱先生

李承寧先生

## 監事

黃高健先生

盛帆先生

陳鋼先生

## 公司秘書

曾軍先生

## 審核委員會

潘昭國先生

廖於勤先生(於二零零八年三月十七日辭任)

黃慧玲女士(於二零零八年三月十九日獲委任)

劉憲法先生

## 合資格會計師

陳振偉先生(於二零零八年十一月十日辭任)

林梅女士(於二零零八年十一月十四日獲委任)

## 薪酬委員會

吳光權先生

隋湧先生

潘昭國先生

廖於勤先生(於二零零八年三月十七日辭任)

黃慧玲女士(於二零零八年三月十九日獲委任)

劉憲法先生

## 公司註冊地址：

中國深圳市福田區

深南中路中航苑航都大廈25層

## 香港辦事處：

香港中環康樂廣場一號怡和大廈

22樓2201-2203室

## H股股份過戶登記處(以作股票轉讓)

香港證券登記公司

香港灣仔皇后大道東183號

合和中心17樓1712-1716室

## 核數師

羅兵咸永道會計師事務所

## 法律顧問

龍炳坤、楊永安律師行

## 投資者與傳媒關係顧問

皓天公關財經顧問有限公司

## 主要往來銀行

中國銀行

中國建設銀行

深圳發展銀行

中國民生銀行

興業銀行

Listing stock exchange: The Stock Exchange of Hong Kong Limited

Stock short name: CATIC SHENZHEN

Stock code: 0161.HK

## EXECUTIVE DIRECTORS

Mr. Wu Guang Quan *Chairman*

Mr. Lai Wei Xuan

Mr. Sui Yong

Mr. Cheng Bao Zhong

Mr. Liu Rui Lin

Mr. Xu Dong Sheng

Mr. You Lei

Mr. Wang Bao Ying

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Poon Chiu Kwok

Mr. Eugene Liu (resigned on 17th March 2008)

Ms. Wong Wai Ling (appointed on 19th March 2008)

Mr. Liu Xian Fa

## NON-EXECUTIVE DIRECTORS

Mr. Wang Bin Bin

Mr. Li Cheng Ning

## SUPERVISORS

Mr. Huang Gao Jian

Mr. Sheng Fan

Mr. Chen Gang

## COMPANY SECRETARY

Mr. Zeng Jun

## AUDIT COMMITTEE

Mr. Poon Chiu Kwok

Mr. Eugene Liu (resigned on 17th March 2008)

Ms. Wong Wai Ling (appointed on 19th March 2008)

Mr. Liu Xian Fa

## QUALIFIED ACCOUNTANT

Mr. Chan Chun Wai (resigned on 10th November 2008)

Ms. Lin Mei (appointed on 14th November 2008)

## REMUNERATION COMMITTEE

Mr. Wu Guang Quan

Mr. Sui Yong

Mr. Poon Chiu Kwok

Mr. Eugene Liu (resigned on 17th March 2008)

Ms. Wong Wai Ling (appointed on 19th March 2008)

Mr. Liu Xian Fa

## REGISTERED ADDRESS

Level 25

Hangdu Building, CATIC Zone

Shennan Road Central

Futian District, Shenzhen, PRC

## PLACE OF BUSINESS IN HONG KONG

Suites 2201-2203, 22nd Floor

Jardine House

1 Connaught Place

Central, Hong Kong

## H SHARE REGISTRAR AND TRANSFER OFFICE (FOR SHARES TRANSFER)

Hong Kong Registrars Limited

Rooms 1712-1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

## AUDITORS

PricewaterhouseCoopers

*Certified Public Accountants*

## LEGAL ADVISER

Loong & Yeung

## INVESTOR AND MEDIA RELATIONS ADVISOR

Wonderful Sky Public Relations and Financial Consultant

Company Limited

## PRINCIPAL BANKERS

Bank of China

China Construction Bank

Shenzhen Development Bank Co., Ltd.

China Minsheng Banking Corp., Ltd.

Industrial Bank Co., Ltd.

## 目錄 Contents

財務摘要	02	Financial Highlights	65
董事長致辭	04	Chairman's Statement	67
管理層討論與分析	05	Management Discussion and Analysis	68
• 公司權益結構表	05	• Corporate Organization Chart	68
• 業務回顧	06	• Business Review	69
• 財務回顧	20	• Financial Review	83
• 業務展望	21	• Business Prospects	84
• 社會責任	25	• Social Responsibilities	88
公司治理	30	Corporate Governance	93
• 董事、監事及 高級管理層簡介	30	• Profiles of Directors, Supervisors and Senior Management	93
• 企業管治報告	33	• Corporate Governance Report	96
• 董事會報告	43	• Report of the Directors	106
• 董事會屬下委員會報告	60	• Reports of the Board's Subcommittees	123
• 監事會報告	63	• Report of the Supervisory Committee	126
核數師報告	128	Independent Auditor's Report	128
財務報表	130	Financial Statements	130
財務報表附註	137	Notes to the Financial Statements	137

## RESULTS SUMMARY

As at 31 December 2008

(RMB'000)	2008	2007 Restated	2006	2005	2004
<b>Revenue and Profit:</b>					
Revenue	<b>4,077,074</b>	3,357,210	2,629,794	1,971,489	1,724,739
Profit before taxation	<b>5,574</b>	294,020	211,367	66,119	22,212
(Loss)/profit after taxation	<b>(41,237)</b>	262,915	180,362	44,719	11,282
<b>Attributable to:</b>					
Profit/(loss) attributable to equity holders of the Company	<b>3,984</b>	189,159	123,095	16,951	(20,609)
Minority interest	<b>(45,221)</b>	73,756	57,267	27,768	31,891
Earnings per share for profit attributable to equity holders of the Company (RMB)	<b>0.0059</b>	0.2974	0.1924	0.0322	0.0304
Dividends per share attributable to equity holders of the Company (RMB)	<b>0</b>	0.06	0.06	0.006	0.013

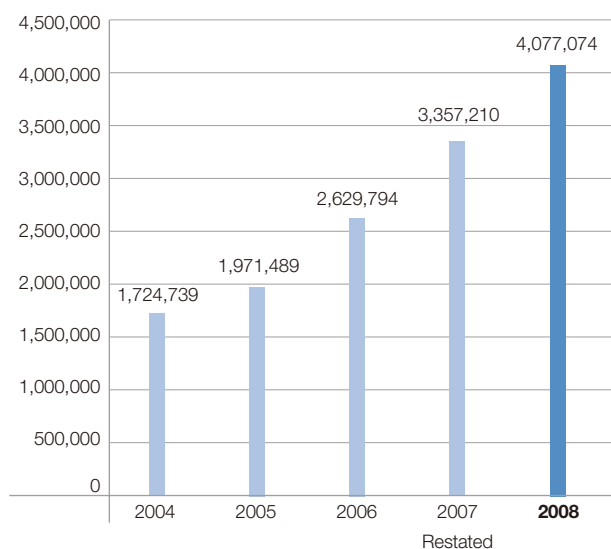
## ASSETS SUMMARY

As at 31st December 2008

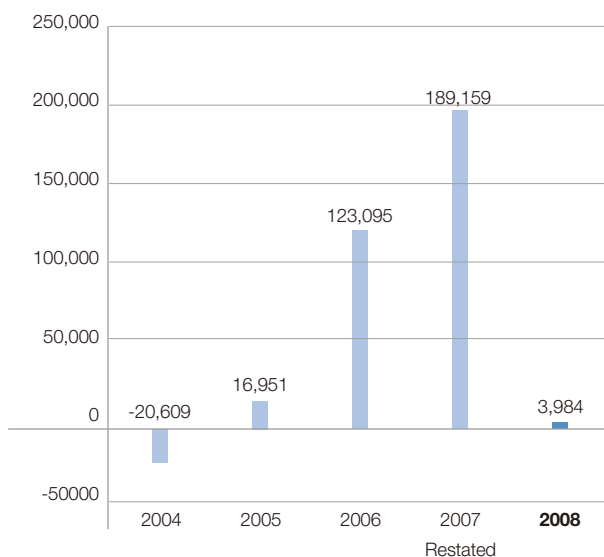
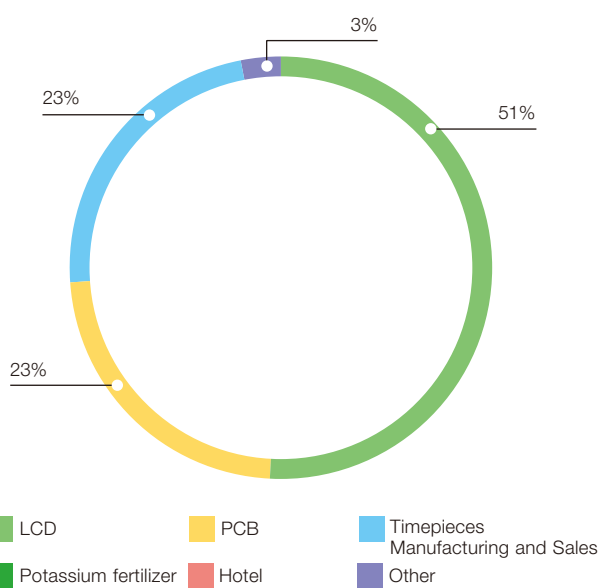
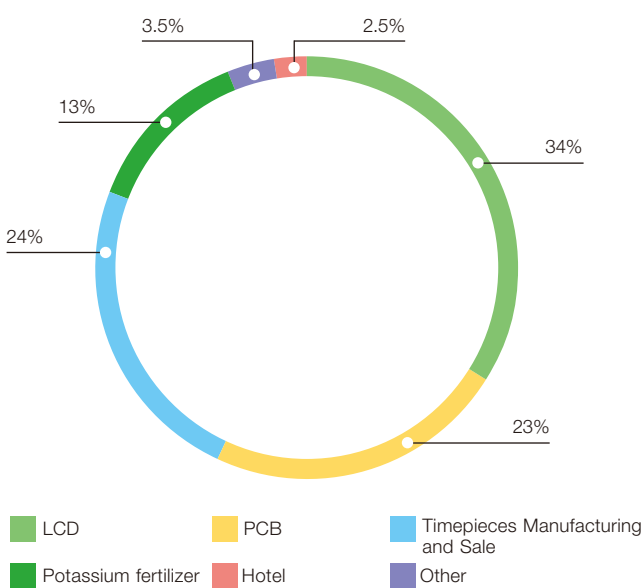
(RMB'000)	2008	2007 Restated	2006	2005	2004
Total assets	<b>11,515,520</b>	9,101,472	4,056,131	2,695,387	2,860,246
Total liabilities	<b>8,044,326</b>	5,201,420	1,760,834	921,880	1,113,995
Total equity	<b>3,471,194</b>	3,900,052	2,295,297	1,773,507	1,746,251
Equity attributable to equity holders of the Company	<b>1,732,082</b>	1,961,753	1,297,354	1,165,614	1,157,009
Minority interests	<b>1,739,112</b>	1,938,299	997,943	607,893	589,242
Net assets per share attributable to equity holders of the Company (RMB)	<b>2.57</b>	2.89	2.03	1.82	1.80

**REVENUE**

RMB Thousand

**PROFIT ATTRIBUTABLE TO SHAREHOLDERS**

RMB Thousand

**2007 TURNOVER BY BUSINESS SEGMENTS****2008 TURNOVER BY BUSINESS SEGMENTS**

It is my honor to present the 2008 Annual Report of CATIC Shenzhen Holdings Limited (the "Company") and its subsidiaries (together the "Group") on behalf of the Board of Directors to the shareholders, business partners and our supporters.

During the year, the Group recorded a consolidated revenue from continuing operations of approximately RMB4,077,074,000 (2007: RMB3,357,210,000), representing an increase of approximately 21.44% over the previous year. The overall gross profit was approximately RMB1,063,517,000 (2007: RMB774,564,000), representing an increase of approximately 37.31% over the previous year. The Group's consolidated profit attributable to shareholders (after minority interests) amounted to approximately RMB3,984,000 (2007: RMB189,159,000), representing a decrease of approximately 97.89% over the previous year.

In 2008, various business segments of the Group were affected by the ripple effect of the global financial crisis and economic turmoil triggered by the subprime crisis in the US. In particular, the gross profit of our electronic components segment has declined substantially as compared with the corresponding period last year, while the performance of the business segment of manufacture and chain sale of timepieces remained relatively stable. During the year, Guangdong International Building Industrial Co., Ltd. recorded significant loss as a result of the operating loss of its hotel operation and assets retirement arising from the proposed decoration and renovation. Benefiting from the preliminary success of the mergers and acquisition of resources business, the potassium fertilizer business has made obvious contribution to the business development of the Group. To conclude, the scale of operation of the Group has, on the whole, continued to expand in 2008.

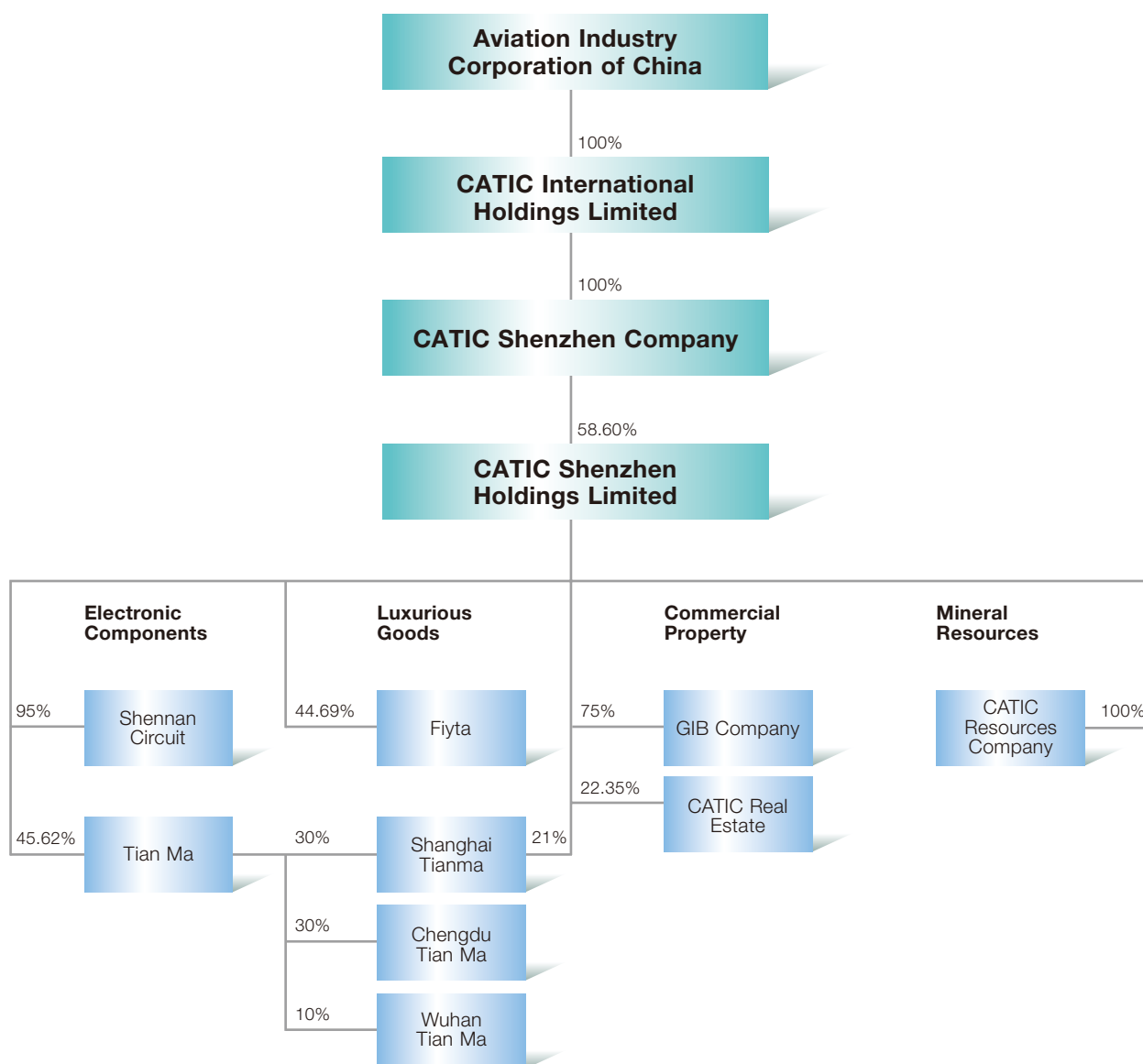
However, as the Company recorded a loss of approximately RMB51,000,000 from the disposal of all of its shares in Amoi Electronics Co., Ltd., together with the drop in valuation of the properties of Shenzhen CATIC Real Estate Co., Ltd. due to the poor performance of the property market, the profit attributable to the Company has endured loss of approximately RMB24,120,000 and this made the Group record a result below target in 2008.

The Group has made encouraging progress during the year in terms of the implementation of major investment projects and the internal management. During the year, the Group's first 4.5 G TFT-LCD production line in the PRC, which is located in Shanghai, has commenced full scale trial operation. Besides, the Group has also entered into agreements to construct the second and third 4.5 G TFT production lines in Chengdu and Wuhan. The high-end PCB project has proceeded smoothly and the PCB production line, which features the most advanced integrated technical standard in the PRC, has commenced operation. With respect to the timepieces business, our astronomical watch was proven a success with the smooth completion of the outer space stroll of the astronaut of Shenzhou 7 with the watch on his wrist. The mergers and acquisition of the resources business has achieved preliminary success, while the acquisition of the entire shareholding in Haixi CATIC Sanjiaguaye Company Limited has helped us to enter the market of agriculture-related resources. As a result, the Group has effectively mitigated the effect of the business cycle fluctuations under our present portfolio and attained sustainable competitive strengths.

Looking ahead into 2009, further adjustment and turbulence in the global economy is expected, while the domestic economy will be shrouded in uncertainties and China will experience the most serious economic adjustment during its reform undertaken over the last three decades. In the face of such economic crisis, the Group will inevitably encounter unprecedented challenges, however, we consider the prevailing economic hardship as a valuable chance for us to improve and enhance our competence. The Group will commit itself to innovation for maintaining its presence and achieve breakthrough under adverse conditions and build up its strength. We will also adhere to the strategic goal of realizing "excellent operation, stringent risks control, products upgrade and expeditious action", and strive to improve and enhance the performances of our major business segments. Besides, we will endeavor to explore different channels of financing through innovative means and identify opportunities of mergers and acquisition in a cautious manner in order to cope with the possible external adversities.

Lastly, I would like to take this opportunity to thank all shareholders, business partners and people from all walks of life for their trust and support. I would also like to extend my most sincere gratitude to all the staff for their valuable contribution. We will continue to dedicate ourselves to creating better returns for our shareholders, customers and staff.

## CORPORATE ORGANIZATION CHART



### Notes:

- 1: Aviation Industry Corporation of China is the name of the company newly formed by merging China Aviation Industry Corporation I and China Aviation Industry Corporation II.
- 2: CATIC International Holdings Limited was formerly called China National Aero-Technology Import and Export Corporation.
- 3: CATIC Shenzhen Company was formerly called China National Aero-Technology Import and Export Shenzhen Company.
- 4: As at 31st December 2008, the Company has repurchased a total of 3,644,000 H shares, upon which CATIC Shenzhen Company holds 58.60% equity interest in the Company.



## BUSINESS REVIEW

The consolidated revenue and profit of the Company for 2008 were primarily derived from the following subsidiaries:

Name of subsidiary	Percentage of equity held by the Company	Principal activities
Shenzhen CATIC Resources Co., Ltd. ("CATIC Resources")	100%	Resources business
Shenzhen Shennan Circuit Co., Ltd. ("Shennan Circuit")	95.00%	Manufacture and sale of printed circuit boards
Tianma Microelectronics Co., Ltd. ("Tian Ma")	45.62%	Manufacture and sale of liquid crystal displays
Shenzhen Fiyta Holdings Limited ("Fiyta")	44.69%	Manufacture and sale of watches and clocks
Guangdong International Building Industrial Co., Ltd. ("GIB Company")	75%	Hotel and property operations

During the year, the Group recorded a consolidated revenue from continuing operations of approximately RMB4,077,074,000 (2007: RMB3,357,210,000), representing an increase of approximately 21.44% over the previous year. The overall gross profit was approximately RMB1,063,517,000 (2007: RMB774,564,000), representing an increase of approximately 37.31% over the previous year. The Group's consolidated profit attributable to shareholders (after minority interests) amounted to approximately RMB3,984,000 (2007: RMB189,159,000), representing a decrease of approximately 97.89% over the previous year.

In 2008, the business segments of the Group were affected by the downturn of the PRC's macro-economy from overheating which was in turn impacted by the ripple effect of the global financial crisis and economic turmoil triggered by the subprime crisis in the US. In particular, the skyrocketing of raw material costs in the first half of the year and the sluggish market demand in the second half year have adversely affected our electronic components segment, resulting in a substantial decline in gross profit as compared with the corresponding period last year, while the performance of the business segment of manufacture and chain sale of timepieces remained relatively stable. During the year, GIB Company recorded significant loss as a result of the operating loss of its hotel operation and assets retirement arising from the proposed decoration and renovation, which therefore delivered adverse effects to the operation of the Group. Benefiting from the preliminary success of the mergers and acquisition of the resources business, the potassium fertilizer business has made obvious contribution to the business development of the Group. To conclude, the scale of operation of the Group has, on the whole, continued to expand in 2008.



**BUSINESS REVIEW** *(continued)*

However, as the Company recorded a loss of approximately RMB51,039,000 from the disposal of all of its shares in Amoi Electronics Co., Ltd. (a company listed on the Shanghai Stock Exchange), together with the drop in valuation of the properties of Shenzhen CATIC Real Estate Co., Ltd. ("CATIC Real Estate") due to the poor performance of the property market, the profit attributable to the Company has endured loss of approximately RMB24,118,000. Besides, GIB Company, with its results consolidated for the first time, has brought about losses of approximately RMB76,810,000 to the Company, resulting in a substantial decrease in the gross profit of the Group.

The Group has made encouraging progress during the year in terms of the implementation of major investment projects and the internal management, and the mergers and acquisition of CATIC Sanjia was completed successfully during the year, which rendered us a total production capacity of approximately 250,000 tonnes of potassium chloride and marked the formal entry of the Group into the resources market. The Group's 4.5 G TFT-LCD production line project of Shanghai Tianma has proceeded smoothly and trial production was commenced during the year. Besides, the 4.5 G TFT-LCD production line of Chengdu Tian Ma and the 4.5 G TFT-LCD and CF production lines of Wuhan Tian Ma were established with the aim of making the Group's presence felt and consolidating its leading position in the small and medium size LCD market. The high-end PCB project of the Group was carried out smoothly and mass production was commenced during the year. The stable rise in production values has cemented the leading position of the PCB electronic component manufacturing business of the Group in the relevant business segments in the PRC. At the same time, the Group has also introduced measures aiming at enhancing the standard of management and control of the Group, which included the introduction of balance scorecard and the system of lean six sigma, along with the programs on leadership, professional dedication, brand awareness and information technology. Our relentless efforts have gained widespread recognition and we were awarded various prizes, which included the "Model Enterprise of Strategies Implementation in the PRC", "Leadership Award in the 3rd International Lean Six Sigma Conference", "2008 Top 100 Enterprises of Human Resources Management in the PRC" and "2008 Special Award of Best Employer". In addition, the Group also won the "2008 Charity Enterprise in the PRC" award for its concern over social responsibilities, its care for the general staff and its active participation in social activities.

**BUSINESS REVIEW** (continued)

The analysis of the Group's revenue (continuing and discontinued operations) and profit contributions by principal activities for 2008 together with the comparative figures for 2007 are as follows:

<b>Revenue by activities</b> (RMB'000)	<b>2008</b>	<b>2007</b> Restated
Mineral resources	<b>550,419</b>	–
LCD	<b>1,374,254</b>	1,721,220
PCB	<b>944,413</b>	786,844
Luxurious timepieces	<b>968,768</b>	761,321
Hotel	<b>103,249</b>	–
Other businesses	<b>135,971</b>	87,825
<b>Total</b>	<b>4,077,074</b>	3,357,210

<b>Profit/(loss) after taxation</b> (RMB'000)	<b>2008</b>	<b>2007</b> Restated
Mineral resources	<b>205,408</b>	(16,956)
LCD	<b>(69,777)</b>	82,300
PCB	<b>85,272</b>	119,135
Luxurious timepieces	<b>33,824</b>	34,788
Hotel	<b>(75,066)</b>	–
Other businesses	<b>(220,898)</b>	43,648
<b>Total</b>	<b>(41,237)</b>	262,915



## BUSINESS REVIEW *(continued)*

### Resources

The Group entered the mining resources industry, which was dominated by few market players and which is delivering sustainable development, through its subsidiary CATIC Resources. In 2008, the turnover of the resources business of the Group amounted to approximately RMB550,419,000, while profit after taxation was approximately RMB205,408,000.

CATIC Resources, a subsidiary of the Group which serves as the management and development platform of its agriculture-related resources business, recorded an increase in registered capital to RMB500 million during the year and has also achieved outstanding performance in its businesses. During the year, CATIC Resources completed the acquisition of the entire shareholding in CATIC Sanjia and at the same time actively proceeded with the integration of mines. The annual production volume of potassium chloride has in total reached 250,270 tonnes, while the maximum daily production volume was 1,322.68 tonnes. Under the influence of the economic crisis, the price of potassium fertilizer was volatile during the year, but the overall fluctuation was smaller in comparison with other industries and the price of potassium fertilizer has remained at a relatively high level. CATIC Sanjia has benefited from the above development and attained outstanding performance during the year, with its turnover and profit after taxation as at 31st December 2008 amounting to approximately RMB547,046,000 and approximately RMB229,241,000 respectively.

**BUSINESS REVIEW** *(continued)***Resources** *(continued)*

CATIC Sanjia has put great emphasis on the construction of infrastructures of mines in order to guarantee its long term and sustainable development. During the year, CATIC Sanjia completed the construction of the 35 KV electric power transmission line with a length of 78 km and the related facilities and has also commenced various projects such as the deepening of the brine transportation system, the construction of new mining ditches, the heightening of dyke and the cleaning of the magnesium chloride pool. Besides, CATIC Sanjia has also engaged in the construction works of communication optical cables and the facilities for staff quarters and continued to improve the infrastructures of the mining areas so as to lay a solid foundation for maintaining its existing capacity and enhancing its capacity in the future.

In order to further its business development in the resources industry, build up the competitive strength of the Group and give new impetus to business growth, CATIC Resources has accelerated its pace of resources consolidation and implementation of plans of mergers and acquisition and continued to explore business opportunities of other types of resources. During the year, CATIC Resources acquired 70% equity interest in Kunming Dongchuan Heqi Phosphorus Chemical Industry Co., Ltd. ("He Qi Company") and entered the phosphate industry, which has long term investment value, through such transaction. In November 2008, He Qi Company obtained an upgraded mining permit with an annual limit of 400,000 tonnes and this, as a result, has further enhanced the reserves and production volume of resources of the Group.

In addition, CATIC Resources gave great weight to the interchange and integration of corporate culture, which is essential to the smooth proceeding of various tasks after mergers and acquisition. It has also focused on grasping business opportunities arising from the market and achieving breakthrough in key technologies on the basis of its principal of self-innovation. Besides, the enormous resources put into the economic development of resources, research and development of technologies of sustainable and integrated utilization of resources have also brought about huge progress in terms of technical innovation.

**BUSINESS REVIEW** *(continued)***Resources** *(continued)***Gross Profit Margin**

	<b>2008</b> (RMB'000)
Sales revenue	<b>550,419</b>
Cost of sales	<b>248,676</b>
Gross profit	<b>301,743</b>
Gross profit margin	<b>54.82%</b>

**Market Structure**

<b>Sales regions</b>	<b>2008</b>
Jiangsu region	8%
Hebei region	84%
Xinjiang region	1%
Shandong region	6%
Sichuan region	1%
Total	100%

**Product Structure**

<b>Product structure</b>	<b>2008</b>
85# product	93%
90# product	7%
Total	100%

85# product represents products with a potassium chloride content of 54% in the market.

90# product represents products with a potassium oxide content of 57% in the market.

**BUSINESS REVIEW** (continued)**LCD**

The Group carries out the research and development, design, production, sale and servicing of LCD and LCM products through Tian Ma. The revenue of the LCD business of the Group for 2008 was approximately RMB1,374,254,000 (2007: RMB1,721,220,000), representing a decrease of approximately 20.16% over the previous year. The loss after taxation for the year was approximately RMB69,777,000 (2007: profit after taxation for the year was approximately RMB82,300,000), representing a decrease of approximately 184.78% over the previous year.

The unfavourable marco-economic factors such as the subprime crisis in the US and the appreciation of RMB, as well as the global recession cycle of panel monitor industry, the substantial drop in demand and product prices, have seriously impacted the LCD business of the Group and the relatively huge decline in profit has failed our profit target. In order to mitigate the adverse effect of the external environment, Tian Ma has adhered to the strategy of “technology-first, speed driven and personalized services” and continued to customize its product and optimize its customer structure. Tian Ma has also focused on the development of new products and the abandonment of certain low-end products and has built up a product mix which comprises mobile phones, MP3, GPS, wireless phones, automobiles, digital photo frames and medical equipment. Besides, it has taken proactive initiatives in the implementation of various marketing strategies, resulting in a 30% growth of sales of CSTN products as compared with last year, while the increase in sales to major customers is most obvious. Other measures introduced to overcome the prevailing economic challenges included better cost control, improvement in inventory turnover, enhancement of our efforts in loan recovery and the establishment of strategic relations with suppliers in order to attain better credit terms.

The construction work of the production line of 4.5 generation tube size thin film transistor liquid-crystal display (“TFT-LCD”) of Shanghai Tianma Microelectronic Company Limited (“Shanghai Tianma”), a joint venture, has completed at the end of March 2008 and such project has made significant progress after the trial production undertaken throughout the year. During the year, Shanghai Tianma has basically completed its plan for the product lines of mobile phones and GPS products. It has also formulated plans for other product lines and has successfully acquired 8 large clients.

In order to further improve the industry chain and to form a conglomerate, the Group made investment in establishing the 4.5G TFT-LCD production line of Chengdu Tian Ma and the 4.5G TFT-LCD and CF production lines of Wuhan Tian Ma in October and November 2008 respectively. The establishment of these three TFT production lines will have significant positive impact on maintaining rapid growth and enhancing competitiveness of the Group's LCD business.

During the year of 2008, Tian Ma obtained totally 14 patent application numbers and was awarded “Leading Enterprise of Proprietary and Innovation Industry” by the People's Government of Shenzhen, “Renowned Brand of Shenzhen” by Shenzhen Top Brand Nomination Council (深圳知名品牌評價委員會), and “Energy Saving Beacon Scheme Model Unit” (節能燈塔計劃示範單位) by Shenzhen Science and Technology Association. The Shanghai Tian Ma TFT-LCD Project has completed the design of 13 types of boards and around some 100 types of module products. Shanghai Tian Ma has applied for 26 technological invention patents. It also engaged in the TFT-LCD Engineering Laboratory Project of the National Development and Reform Commission and technological projects of ministry committees such as the “863” Project Committee of the Ministry of Science and Technology of the PRC (國家科技部[863]).







**BUSINESS REVIEW** (continued)**Gross Profit margin**

	<b>2008</b> <b>RMB'000</b>	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Sales revenue	<b>1,374,254</b>	1,721,220	1,518,021
Cost of sales	<b>1,215,184</b>	1,448,550	1,255,681
Gross profit	<b>159,070</b>	272,670	260,819
Gross profit margin	<b>11.57%</b>	15.84%	17.20%

**Market Structure**

	<b>2008</b>	2007	2006
PRC	<b>29.19%</b>	39%	40%
Hong Kong	<b>51.61%</b>	35%	30%
Europe and America	<b>12.34%</b>	14%	9%
Southeast Asia and others	<b>6.86%</b>	12%	21%
Total	<b>100%</b>	100%	100%

**Product Structure**

	<b>2008</b>	2007	2006
Mobile phones	<b>49.63%</b>	43%	41%
Wireless phones	<b>9.37%</b>	11%	14%
Automobile appliances	<b>8.30%</b>	7%	8%
MP3	<b>10.90%</b>	15%	12%
Others	<b>21.80%</b>	24%	25%
Total	<b>100%</b>	100%	100%



**BUSINESS REVIEW** *(continued)***PCB**

The Group carries out the production and sale of mid and high-end PCB products through Shennan Circuit, which is mainly engaged in the high technology field such as telecommunication, medical services, automobile and industrial control. The revenue of the PCB business of the Group for 2008 was approximately RMB944,413,000 (2007: RMB786,844,000), representing an increase of approximately 20.03% over the previous year. The profit after taxation for the year was approximately RMB85,272,000 (2007: RMB119,135,000), representing a decrease of approximately 28.42% over the previous year.

Despite the drastic increase in commodity prices and persistent rise in cost during the first half of the year, as well as the gloomy market during the second half of the year, the Group endeavoured to extend its customer base and committed itself for market development under its unswerving philosophy of “Customer Satisfaction”. The Group has acquired a total of 25 new clients during the year, which helped laying a solid foundation for meeting the challenges and operating in an adverse environment. The Group has also adjusted its product structure with a tilt toward high-end products. The sales revenue of the high-end products with over 10 layers grew by 18% in 2008, representing 64% of the total sales revenue. The Group successfully minimised the adverse effect resulting from a decrease in product prices and an increase in fixed cost. Meanwhile, it has also strengthened its product research and development, perfected its skills and techniques, further improved the product quality, enhanced its flexibility in production and expanded its production capacity.

The Group’s high-end PCB project has been capable of delivering stable mass production since June 2008, and has passed the ISO/TS16949 accreditation for the first time. During the year, the output value of the project increased steadily. Various production and operation indicators had shown that the Group has had excellent performance, and this represented a successful and smooth completion of the trial period of the project.

Shennan Circuit successfully filed 3 patents in 2008 and has a total of 17 patents as at the date hereof. Shennan Circuit was named “Top 100 Shenzhen Enterprises 2007” and “First Group of Leading Enterprises of Proprietary and Innovation Industry in Shenzhen”. The black-belt items of Shennan Circuit won the Outstanding Project Award in the 3rd International Lean Six Sigma Conference. As a result of its due performance of its obligations on environmental protection, Shennan Circuit was awarded “Pengcheng’s Leading Enterprise in Reduction of Waste for the Year 2007” (2007年度「鵬城減廢行動」先進企業), “Shenzhen’s Advanced Unit in Energy Conservation” (深圳市節能降耗先進單位) and “Shenzhen’s First Group of Energy Saving Model Enterprises” (深圳市首批節能示範企業).

**BUSINESS REVIEW** (continued)**Gross Profit Margin**

	<b>2008</b>	2007	2006
	<b>RMB'000</b>	RMB'000	RMB'000
Sales revenue	<b>944,413</b>	786,844	572,236
Cost of sales	<b>724,336</b>	572,273	418,483
Gross profit	<b>219,551</b>	214,571	153,753
Gross profit margin	<b>23.3%</b>	26.87%	26.87%

**Market Structure**

	<b>2008</b>	2007	2006
PRC	<b>76.63%</b>	79%	75%
Europe and America	<b>13.35%</b>	17%	14%
Southeast Asia and others	<b>10.02%</b>	4%	11%
Total	<b>100%</b>	100%	100%

**Product Structure**

	<b>2008</b>	2007	2006
Telecommunications equipment	<b>65.03%</b>	63%	64%
Consumer electronic devices	<b>2.61%</b>	3%	5%
Others	<b>32.36%</b>	34%	31%
Total	<b>100%</b>	100%	100%





**BUSINESS REVIEW** *(continued)***Luxurious Timepieces**

The Group carries out the manufacture of middle and high-end luxurious timepieces and chain sale of luxurious timepieces through Fiyta, including R&D, design, production and sale of timepieces under its owned brand name and operation of chain sale network for prestigious timepiece brands. In 2008, the revenue of the timepieces business of the Group was approximately RMB968,768,000, representing an increase of approximately 27.25% over RMB761,321,000 for the previous year. The profit after taxation for the year was approximately RMB33,824,000, representing a decrease of approximately 2.77% over RMB34,788,000 for the previous year.

Fiyta has adhered to its brand strategy and leveraging on the publicity that an astronaut of Shenzhou 7 has successfully completed his mission of outer space stroll with an astronomical watch on his wrist, Fiyta has enhanced its brand promotion, increased the brand value as well as accelerated its pace in the serialization and standardization of products. Fiyta also successfully launched high-end Tourbillon watches, “Straight Life” series, “The Heart of City” series and Shenzhou 7 watches. In 2008, the revenue, profit and gross profit margin of Fiyta watch business increased as compared with last year. Meanwhile, in order to promote its brand image, Fiyta has dedicated itself to rapidly and steadily expanding its proprietary brand sales network as well as adjusting its adopted strategy to enhance risk control. During the year, Fiyta has established 9 additional sales branches and the total number of brand stores have reached 12. It also successfully entered into overseas markets such as Singapore, Malaysia, Canada, the US and Vietnam.

Harmony World Watch Center has been putting its “three-level sales and marketing strategy” into practice and has perfected its customer management system. Such an initiative has greatly facilitated the operation of the Center and extended its influence on the industry while gaining customers’ recognition. With the rapid expansion of its sales network, brand promotion and strengthened ties with international timepiece groups and brands, Harmony has recorded a substantial growth of sales revenue and profit. Currently, Harmony enjoys greatly improved position and influence in the watch industry and solid cooperation relationship with various world-famous brands. In 2008, it opened 12 new shops. As at the end of 2008, the total number of chain stores reached 79.

As at the end of 2008, Fiyta has completed and announced the amendments to 4 national standards and 17 industry standards. It has also participated in 4 working committees on the relevant international standards. In 2008, the “Chinese Manned Space Programmes – extra-vehicular activity spacesuit watches of Shenzhou 7” of Fiyta had passed the scientific ratification. Fiyta had applied for 2 invention patents, 7 practical new design patents (2 of which had been approved) and 1 design patent. Fiyta also won 3 CIDF awards (Gold Prize for its Folding Tourbillon, Honorable Mention award for its Square Tourbillon and Best Design Team award for its Innovative Design Department) and the Shenzhen City Technological Innovation Award.

**BUSINESS REVIEW** (continued)**Gross Profit Margin**

	<b>2008</b>	2007	2006
	<b>RMB'000</b>	RMB'000	RMB'000
Sales revenue	<b>968,768</b>	761,321	453,338
Cost of sales	<b>675,422</b>	523,714	306,412
Gross profit	<b>380,004</b>	237,607	146,926
Gross profit margin	<b>36%</b>	31.21%	32.41%

	<b>2008</b>	2007	2006
The gross profit margin of Fiyta timepieces	<b>65.06%</b>	61.89%	51.52%
The gross profit margin of Harmony timepieces	<b>24.78%</b>	23.38%	21.95%

**FINANCIAL REVIEW****Capital Structure**

	<b>2008</b>	2007
	<b>RMB'000</b>	RMB'000 Restated
Total borrowings	<b>5,965,713</b>	3,725,844
Total liabilities	<b>8,044,326</b>	5,201,420
Minority interest	<b>1,739,112</b>	1,938,299
Shareholders' equity	<b>3,471,194</b>	3,900,052
Total assets	<b>11,515,520</b>	9,101,472
Loan-to-equity ratio	<b>344.42%</b>	189.92%
Debt-to-equity ratio	<b>464.43%</b>	265.14%

Loan-to-equity ratio = total loans at the year end over shareholders' equity at the year end

Debt-to-equity ratio = total liabilities at the year end over shareholders' equity at the year end





## FINANCIAL REVIEW *(continued)*

### Capital Structure *(continued)*

As at 31st December 2008, the Group had cash and cash equivalents totaling approximately RMB874,373,000 (2007: RMB1,306,698,000), which was mainly derived from the following sources:

- Cash and bank deposits at the beginning of the year; and
- Revenue from operations.

As at 31st December 2008, the Group had current borrowings totaling approximately RMB3,044,734,000 (2007: RMB1,780,208,000), which carried interest rates ranging from 3.78% to 8.96% (2007: 2.5% to 8.75%) per annum, and non-current borrowings totaling approximately RMB2,920,979,000 (2007: RMB1,945,636,000) with interest rate of 7.05% (2007: 7.08%) per annum.

Capital expenditure of the Group in 2008 amounted to approximately RMB2,132,301,000, of which approximately RMB1,254,586,000 was applied to the purchase of production equipment for the TFT-LCD and LCD operations and the construction of staff dormitory, approximately RMB206,883,000 was applied to the purchase of production equipment for the PCB operations, approximately RMB39,754,000 was applied to the purchase of production equipment for the timepieces business and opening new Harmony chain stores, approximately RMB215,781,000 was applied to the hotel and lease operations, approximately RMB414,563,000 was applied to the acquisition of production equipment and mining rights for the resources business and the construction works relating to office and living facilities and mining areas and approximately RMB734,000 was applied to other projects.

### Liquidity and Capital Resources

The Group's capital expenditure for 2009 is estimated to be approximately RMB709,806,000, of which approximately RMB28,066,000 will be used for the purchase of production equipment and the construction of staff dormitory for the LCD business, approximately RMB514,000,000 will be applied to Wuhan Tian Ma and Chengdu Tian Ma, approximately RMB28,202,000 will be used for the purchase of production equipment and land used for production and the construction of new production plant for the PCB business, approximately RMB6,455,000 will be used for the renovation of parking lot and guest rooms of Guangdong International Building, approximately RMB47,752,000 will be used for the construction of office and living facilities of CATIC Sanjia and as land premium of Xiaojiawan, and approximately RMB85,331,000 will be used for other projects. The proposed capital expenditure is expected to be financed by bank borrowings, bank deposits and the cash generated from the Group's operations.

## BUSINESS PROSPECTS

As the impact of the global financial crisis triggered by the US sub-prime mortgage crisis has been affecting the world economy, it is expected that the global economy in 2009 will be full of uncertainties and extensive pressure will be exerted on the development of PRC's economy. The domestic manufacturing industry has been greatly affected by the financial crisis, and substantial adjustment in the short run is expected. However, as the PRC government has proactively implemented different measures to boost the economy, and the persistent migration of international high-end technology manufacturing industry to the PRC, the flat panel display, PCB and high-end consumer products industries, in which the Group engages, still enjoy the potential for further development. Being less vulnerable to the cyclical effect, the resources segment of the Group will continue to contribute a significant growth to the Group. In 2009, the renovation of Guangdong International Building has commenced with the aim of increasing the value of the property and increasing the operating profit, but such project has an adverse effect on the overall profitability of the Group in the short term.

**BUSINESS PROSPECTS** *(continued)*

With the rapid growth in recent years, the Group has already established a diversified open structure with its well-established business scale and strong asset basis to meet the challenges from the volatility of the economic cycle. In 2009, in response to the external environment and internal development, the Group will continue to maintain the stability and growth of its core businesses and adopt the strategy of “excellent operation, risks control, products upgrade and expeditious action”. The Group will continue to promote the unparalleled operation, enhance product competitiveness, strengthen cash flow management and risks control, accelerate its pace of products modification and upgrade, and build up its core competitiveness with its leading technology, brand and sales channel. Meanwhile, the Group is also prepared to establish its research and development platform and to achieve technology upgrade and breakthrough, so as to make itself a supplier of high technology products.

In 2009, the Group will adopt a brand-new and open mindset to achieve the followings for attaining a steady overall development: enhancing the quality of various operational and management tasks, improving the management and control over investee enterprises, promoting the functionality and efficiency of the board of directors and professional committees, continuing to promote social responsibilities, promoting scientific and management innovation, and strengthening the foundation work with respect to strategic management, IT infrastructure, financial management, risk control, strategic human resources management, brand building and corporate culture and system development.

**Resources**

The resources business is characterised by low cyclicity, and is therefore less exposed to economic volatility and capable of mitigating the adverse effect of cyclicity. On one hand, in view of the support of the Chinese government's policies to agricultural development and the development of the chemical fertilizers industry, together with the structural change in planting, it is expected that the demand for chemical fertilizer from the agricultural industry will maintain a steady growth during 2009. On the other hand, in order to strengthen its control over the prices of chemical fertilizers, the Chinese government has implemented certain policies such as ex-factory price caps and ad valorem duty imposed on exports and has opened the Chinese chemical fertilizers market to foreign investment pursuant to its undertaking made to WTO. The opening of the market has made China's chemical fertilizers enterprises face the competition from international peers.

Suffering from the global financial crisis, the consumption of potassium fertilizers in the PRC has reduced in 2008 and the prices of potassium fertilizers fluctuated accordingly. However, the recent international oil price rise has led to an increase in demand for the planting of biofuel. This helps revitalize and support the prices of potassium fertilizers. Meanwhile, as the international supply of potassium fertilizers has been dominated by a few suppliers and such suppliers has promptly reduced their production to maintain the price, it is not very probable that the prices of potassium fertilizers will drop significantly and the prices are expected to maintain at a relatively high level. Phosphorus business enjoys long-term investment value and is currently at the stage of business integration and the value of phosphorus will be reflected in its price. With the rise in the demand for phosphorus fertilizers in 2009, the profitability of the industry will improve significantly and it is also expected that the price of phosphorus minerals will increase drastically with the privileges under the favourable policies offered to the phosphorus chemical enterprises.

The Group's CATIC Sanjia is the second largest producer of potassium chloride in China. CATIC Sanjia will rely on Mahai Salt Lake to become an enterprise which enjoys strong resources. In 2009, CATIC Sanjia intends to have an annual output of 250,000 tonnes of potassium chloride and complete the plan for the new production line so as to fully accelerate the progress of the capacity expansion project. The Group will speed up the implementation of various technology improvement projects and continuously enhance the quality and quantity of potassium fertilizer products in order to maximise the use of the resources of Mahai Salt Lake. In addition, it will continue to optimize the management and strengthen its cost control. On the basis of its effective analysis of the changes in supply and demand relations in the potassium fertilizer market and the market-oriented approach on operating costs, the Group will apply management tools such as Balance Scorecard and Lean Six Sigma to adjust and control costs incurred in each process. The Group will also strengthen its financial management and will be committed to diversifying the sources of income and reducing expenditure in order to raise the capital utilisation efficiency. In the meantime, the Group will continue to adhere to its people-oriented approach in management in building up its corporate culture. It is expected that the potassium fertilizer business will make a positive contribution to the Group's 2009 annual results.

In 2009, the Group's resources business will fully utilise the prevailing favourable opportunities to maximise its output within its limited capacity. The Group, on the basis of CATIC Sanjia, will expand steadily, further integrate resources of potassium mines, seek expansion opportunities of other types of resources and reserve quality resources in the future, so as to establish the Group's competitive edge in the agriculture-related resources industry and create new growth points for its business.



## BUSINESS PROSPECTS *(continued)*

### LCD

It is expected that the growth rate of the global LCD market in 2009 will drop to 7.4% from 8.2% in 2008, amounting to USD110 billion, of which small and medium size products will account for approximately 21% of the market. TFT-LCD products will still be the mainstream in the LCD market, accounting for over 95% of the market. The market share of CSTN will gradually shrink while that of TN/STN will maintain its existing level. The Group will keep a close eye on the falling demand in the international market and the intense competition in product prices.

In 2009, the Group's LCD monitor business will still focus on small and medium size display products and will procure the transformation of clientele and product portfolio with the aim of becoming a leading supplier for major international clients, increasing the share of industrial products and uplifting the added values of the products. Meanwhile, the Group will maintain the stability of the production lines as well as our edges in quality, enhance the efficiency and quality of product development, reduce the time lag for product delivery and enhance the profit margin with an effort to become one of the top suppliers for the targeted market segment.

The Group will launch its tailor-made products and introduce model supermarket for the 4.5G TFT-LCD product line in Shanghai to find itself a share in the major clients' market and extend the share of sales from strategic clients through focused approaches including Design-In-House and ODM. The Group targets to lower the operation cost via internal design, procurement and manufacture, as well as to further increase the yield rates of our products and extend our market share.

The Group will take advantage of its advanced technology and the support from the local governments to facilitate the development of Chengdu and Wuhan TFT projects, and build up Tian Ma's leading role and domination in the global and small and medium size TFT industry, as well as to ensure continuous and stable profitability.

### PCB

Under the economic crisis, it is expected that a decline in global demand for PCB will be witnessed in 2009, and some manufacturers have been merged or have failed. However, this has provided more opportunities for the remaining stronger manufacturers. Since upstream raw material prices has decreased by approximately 18% from its peak in 2008, and further decrease is expected in 2009, it is likely that material costs for PCB will be effectively reduced. With the drive propelled by the launch of 3G communications in China, market order for downstream communications equipment has increased substantially. Furthermore, the market demand for aviation, military, medical and industrial products and motor electronics is relatively stable, boosting the Group's PCB business.

The Group's PCB business has received substantial volume of orders relating to 3G communications equipment. In addition, adjustment and enlargement of client portfolio have seen encouraging progress. On the bases of the large number of high-end premium clients acquired last year, the Group will continue to extend its share of sales to strategic clients and maintain a stable and quality operation. In 2009, the Group will take the initiative in pursuing excellence in operation and perfecting management with a view to reducing costs, enhancing product quality and improving resource utility rate via rationalizing inter-departmental procedures. The Group will strengthen its capacity in the research and development of new products and promote the establishment of new business in addition to its market expansion, as well as to provide suitable services for related products in order to add values for our clients. Meanwhile, the Group will also pay attention to environmental protection, perform its obligation on social responsibilities, and maintain its position in the high-end product market.

**BUSINESS PROSPECTS** *(continued)***Luxurious Timepieces**

The global economic recession has brought certain impacts to the luxurious timepiece industry, yet the function of value preservation and enhancement of such products stands out during bleak times. Asia currently accounts for over 60% of the global consumer market for timepieces and China and Japan are the largest markets. The Group holds a prudent and optimistic view over the prospects of the luxurious timepieces market based on its judgment on China's long-term economic development and the characteristics of the luxurious timepieces industry. In recent years both the volume and value of the timepieces imported to China have grown. While the low-end market is shrinking, the high-end market continues to expand, turning the general consumption pattern from price-oriented to value-oriented, which coincide with the Group's development of its timepieces business.

In 2009, Fiyta will uphold its priority over liquidity, efficiency and scales of economies to allocate its resources rationally which is in conformity with its branding strategy so as to further enhance the brand value and added value of Fiyta, as well as to promote the product serialization and standardization. It will pursue excellence in operation and maintain stringent cost control to facilitate liquidity. Fiyta will also adjust its development and operation strategies as and when appropriate, consolidate and optimize the existing network, and reduce financial exposure in order to enhance overall profitability.

With regard to the renowned timepieces chain sales business, the Group aims to establish the largest and most valuable renowned timepieces chain network and to achieve rapid breakthrough of the business. With such aims, the Group will further foster the promotion and marketing of the Harmony commercial and retail brand, optimise the chain stores network, adhere to the capital and efficiency-oriented principles in the process of network expansion in order to effectively minimise the operating risks. The Group will also further implement its three-level sales and marketing strategy, maintain and expand its VIP customer base, protect and develop the resources of timepieces with renowned brands and carry out professional and healthy operation. Further, the Group will standardise its financial and treasury management to achieve quality and efficient operation.



## SOCIAL RESPONSIBILITIES

### Go beyond business

*Bring social responsibilities into line with corporate interests*

The Group is well aware of its role as a corporate citizen. We believe that the value of an enterprise should not merely hinge on the delivery of sound economic rewards to shareholders, but should also be reflected in the provision of quality products and services to the customers in the daily operation. Being a corporate citizen, an enterprise should procure the success of its staff with their interests protected while growing together with the customers and endeavour to promote the development of the society to attain not only a well coordinated but also a sustainable corporate, social and environmental growth through its efforts in conserving and protecting resources. An enterprise could only achieve perfection from excellence and become a strong household enterprise respected by the society and its staff with its obligations to different interested parties fulfilled.

In early 2008, the Group approved the “CATIC Shenzhen’s Guidelines of the Comprehensive Implementation of Humanized Management” and the “CATIC Shenzhen’s Guidelines of Taking Up Social Responsibilities”, which clearly provides that it is the crucial and strategic goal for the Group to take the initiative in assuming the social responsibilities and to implement a humanized approach in management.

### Our mission

Our all-out effort is targeted to ensure the rapid and sustainable development of the enterprise, while dedicated ourselves to fulfill our corporate social responsibilities in a pragmatic approach by creating value for our customers, providing a platform to our staff for them to unlock their potential, and making contribution to the aviation industry and the society.



Our philosophy: out of the ordinary and to pursue excellence

Our vision: to make CATIC Shenzhen a top and strong household enterprise respected by the society and its staff with concerted effort.

Our core values: people-oriented, aggressiveness and harmony

Our code of operation: integrity, professionalism, cooperation and innovation

### Our responsibility

#### Staff relations

As the asset to the Group, human resources are second to none as the assets of. With such a philosophy in mind, we will fully respect the interests and needs of our staff and create an ideal environment where our management team and staff could interact and communicate effectively and where staff can fully reveal their talents and enjoy the huge room of development. Besides, the Group has formulated and introduced the training program to nurture successor and established a talent pool for senior positions, while at the same time focused on the training and development of managers of different levels of the Group for the purpose of establishing a training and qualification recognition system for staff from senior, middle and junior management. This will create the necessary conditions for our staff to develop and enhance the value of the enterprise and our staff concurrently.

#### Customers relations

Integrity, honesty and the fair business development are the basic philosophy for our operations while fairness, impartiality and equality are underlying principles for purchase. We insist on providing quality products and services to customers, and are committed to grow with our customers with our interests in common. Our practices fully demonstrate our belief that a responsible enterprise is always the most reliable partner in any commercial environment.



## **SOCIAL RESPONSIBILITIES** *(continued)*

### **Our responsibility** *(continued)*

#### *Shareholders relations*

Only through the persistent enhancement of profitability could we bring about regular rewards to our shareholders and better fulfill various social responsibilities. Catic Shenzhen will timely disclose critical information on operation such as financial, operation approaches and strategies to shareholders and corporate investors on legal and fair basis in order to enhance its communication with shareholders and improve its transparency of its operations.

#### *Corporate governance*

Abiding by laws, regulations and commercial ethics and applying stringent management over operation risks have always been our focus of concern. We spare no effort to establish and improve the structure of governance of the Company and improve the transparency of operation with the aim of facilitating, and enhancing the efficiency of, the decision making process.

#### *Government relations*

Besides fulfilling various social responsibilities, it is also vital for an enterprise to strengthen its communication and cooperation with the government and set up a smooth communication mechanism with the government with respect to social responsibility, as the support and assistance of the government are essential for the better fulfillment of different social responsibilities.

#### *Resources and environment*

To better protect the environment, establish a resources-conserving and environmental friendly enterprise and realize the target of harmonious co-existence of enterprise and the nature, the Group will continue to strictly comply with the laws and regulations on environmental protection, endeavor to minimize the environmental impact from the use of energy and resources and avoid any pollution caused by its business activities. In addition, we will undertake all-round cooperation with stakeholders for developing a scientific and efficient approach in environmental management for combating complicated and thorny environmental problems.

#### *Social development and us*

Technical innovation is the impetus for the sustainable and rapid development of an enterprise and it is also where our core competitiveness lies. The Group will continue to allocate huge resources on technical innovation and achieve business development through organic growth and actively promote the development and progress of the society.

We believe that the ultimate value of an enterprise lies on its position for rewarding the society and as an integral part of the society, an enterprise should contribute itself to the community welfare and care and support the minority through charity, while sharing the economic achievements with the society.





## SOCIAL RESPONSIBILITIES *(continued)*

### Social responsibilities assumed in 2008

#### *Cultivating a team of elites*

- The Group launched 3 training programs for middle-rank managers and 4 for junior managers, entertaining 235 employees in total in 2008.
- The Group organized internal seminars including the “seminar series on CATIC Shenzhen’s pursuit of excellence in management” (走進深圳中航卓越運營系列講座), and large scale functions with speeches delivered by guest speakers including Dr. Zhang Yuyan (張宇燕) of Chinese Academy of Social Science, Mr. Zhou Haihong (周海宏), Dean of China Conservatory, Mr. Wu Jianmin (吳建民), a renowned diplomat, and Mr. Peter Yam (任錦漢), the former president of Greater China, Emerson Electric Co.
- The Group worked with the Euro-China International Business College to offer advanced courses which are helpful to the middle and senior officers of the Company for operations and the topics cover “Implementation of strategies”(戰略實施), “Strategies for developing leadership” (領導力發展戰略) and “corporate governance and programs on board of directors” (公司治理和董事會課程).
- In October 2008, we were awarded the “2008 Top 100 Enterprise in Human Resources Management in the PRC” (2008中國最佳100人力資源典範企業).
- In October 2008, in addition to the “2008 Top Enterprise of Human Resources Management in the PRC”, the Group was also awarded two major individual awards namely “Best Human Resources Strategy” (最佳人力資源戰略典範) and “Best Corporate Training” (最佳企業培訓典範).
- The Group was awarded the “2008 Special Merit for the Best Employer in China” (中國最佳僱主特別表彰獎).
- The Group was awarded the “2008 Outstanding Corporate in the Prevention of Industrial Injury” (二零零八工傷預防先進企業).

#### *Technology innovation to propel the evolution of the society*

- In 2008, a total of 14 patent products of Tian Ma were issued patent application numbers, of which three were invention patents and eleven were practical new design patents. Two papers on technologies were published on national publications, 33 items of Tian Ma received awards in technology products awards, and 175 technology reports were issued.
- In August 2008, Tian Ma was awarded as the outstanding corporation in self-innovation industry (自主創新行業龍頭企業) by Shenzhen Municipal Government.
- Tian Ma developed technology samples of the integrated wide view-angle semi reflexive non-crystalline silicon IC and the active matrix display. It also undertook the responsibilities for technical innovation with respect to the national TFT-LCD Engineering Laboratory Project of the National Development and Reform Commission, and the “863” project commissioned by Ministry of Science and Technology of the PRC.
- In December 2008, Shanghai Tianma was recognized as a high-tech enterprise in Shanghai.



**SOCIAL RESPONSIBILITIES** *(continued)***Social responsibilities assumed in 2008** *(continued)**Technology innovation to propel the evolution of the society (continued)*

- FIYTA had won 3 major CIDF awards, including a gold prize of innovative product designs for the Reversal Tourbillon Watches, an Honorable Mention award for Square Tourbillon Watches, and the Design Teamwork Award to the Innovative Design Department.
- FIYTA FZK-601 clock controlled system received the “Shenzhen Innovation in Science and Technology award” (深圳市科技創新獎) with a prize of RMB200,000.
- In October 2008, FIYTA's “Chinese Manned Space Programmes – extra-vehicular activity spacesuit watches of Shenzhou 7” was ratified for scientific achievement, and applications for 2 invention patents, 7 practical new design patents and 1 appearance patent have been filed with respect to its technology, structure and design and 2 practical new design patents have already been granted.
- In December 2008, Shennan Circuit received the recognition of “National High-tech Enterprise”(國家級高新技術企業).
- During 2008, 3 patent applications filed by Shennan Circuit were approved. As at the date hereof, the Company owns 17 patents.

*Becoming a pioneer in environmental protection*

- In May 2008, Shennan Circuit was awarded the “Pengcheng's Leading Enterprise in Reduction of Waste for the Year 2007” (2007年度「鵬城減廢行動」先進企業) by Shenzhen Environment Protection Bureau.
- In June 2008, Shennan Circuit was awarded the outstanding unit in energy conservation.
- In September 2008, Shennan Circuit entered into a “Green sourcing cooperation agreement for enterprises in Shenzhen” (深圳市企業綠色採購合作協定) with Shenzhen Environment Protection Bureau.
- In September 2008, Shennan Circuit was among the other 19 enterprises to be listed in the “Shenzhen's First Group of Energy Saving Model Enterprises”(深圳市首批節能示範企業) issued by Shenzhen Bureau of Trade and Industry.
- In October 2008, Tian Ma was awarded the model unit of the “Energy Saving Beacon Scheme” (節能燈塔計劃).



## **SOCIAL RESPONSIBILITIES** *(continued)*

### **Social responsibilities assumed in 2008** *(continued)*

#### *Care and responsibility for the community*

- Faced the pressure from deepening global financial crisis and the sluggish domestic economy, CATIC helped stabilize employment by avoiding layoffs or wages reduction for existing employees. Meanwhile, the Group hired a total of 700 fresh university graduates during 2008, and planned to hire another 600 during 2009.
- In March 2008, Catic Shenzhen established the “Caring Fund” (愛心基金會) for providing relief to the Group’s employees and others in need. The caring fund has helped a total of 24 staff members of the Group who are in particular financial difficulties with a total amount of RMB499,000 donated by the end of 2008. Furthermore, the fund sponsored a total of RMB1,000,000 for the construction of the Binjiang primary school in Yilong county, Sichuan Province (四川儀隴濱江小學).
- In early 2008 when Southern China was hit by snowstorms, Catic Shenzhen promptly made arrangements on the Chinese New Year for staff members who stayed in Shenzhen and at the same time offered support to the affected areas.
- All the leaders and the staff members of Catic Shenzhen took the initiative in making donations in money and in materials to the areas affected by the 5.12 Wenchuan Earthquake. Catic Shenzhen donated millions of RMB (including considerations for the goods purchased) in the rescue.
- In August 2008, Catic Shenzhen’s caring fund recruited 80 volunteers to support teaching in remote areas such as Longnan, Gansu province for a term of one year.
- In October 2008, Catic Shenzhen’s caring fund contributed funds to rebuild Wenxian Second Middle School (文縣二中) in Gansu province.
- At the end of 2008, Catic Shenzhen was awarded the “Social donation award for Shenzhen capitalists 2007” (2007年深圳資本圈社會捐贈獎) and “Charity donation award for the 5.12 Wenchuan Earthquake” (5.12汶川大地震慈善捐助獎) by Shenzhen Association of Listed Companies in acknowledgement of the Company’s efforts and outstanding performance in uplifting the fortune-ethical standard in 2006 and 2007.
- In December 2008, China’s Charity Award, the most respected award in China’s philanthropy, was revealed in the Great Hall of the People in Beijing, and Catic Shenzhen was awarded as the “Most Caring Domestic Corporation” (最具愛心內資企業) by the Ministry of Civil Affairs in the PRC. The laurel in the China’s Charity Award reflects that Catic Shenzhen’s commitment to its social responsibilities and its devotion to social benevolence is fully recognized.

## EXECUTIVE DIRECTORS

**Mr. Wu Guang Quan**, aged 47, is a senior accountant and has an MBA of Tongji University. Mr. Wu is currently the general manager of CATIC Shenzhen Company ("Shenzhen CATIC"), the chairman of the Company, the chairman of the board of directors of Tian Ma and Fiyta, both of which are subsidiaries of the Company and are listed on the Shenzhen Stock Exchange, as well as Shennan Circuit, certain subsidiaries of Shenzhen CATIC and Shenzhen Rainbow Department Store Holdings Co. Ltd. ("Rainbow Department Store"). Mr. Wu joined Shenzhen CATIC in 1982 and the Group in 2003. Mr. Wu has extensive experience in finance, administration and operation management. Mr. Wu has been appointed as an executive Director since 2003.

**Mr. Lai Wei Xuan**, aged 45, a senior accountant with a master level postgraduate degree, is currently the secretary of Shenzhen CATIC, the general manager of Rainbow Department Store and a director of Tian Ma, Fiyta, Shennan Circuit and CATIC Real Estate (a listed Company in the Stock Exchange of Shenzhen and an associate of Shenzhen Catic). Mr. Lai joined Shenzhen CATIC in 1983 and the Group in 2004. Mr. Lai has extensive experience in finance and operation management. Mr. Lai has been appointed as an executive Director since 2004.

**Mr. Sui Yong**, aged 51, a senior accountant, is a graduate of engineering administration of the Beijing University of Aeronautics and Astronautics. Mr. Sui is currently the chief accountant of Shenzhen CATIC, a director of Tian Ma, Fiyta, Guangdong International Building and CATIC Real Estate. He joined Shenzhen CATIC in 1992 and the Group in 1997. Mr. Sui has long been engaged in corporate finance with extensive experience in financial management. Mr. Sui has been appointed as an executive Director since 2000. He has been appointed as the general manager of CATIC Resources Company since 2007.

**Mr. Cheng Bao Zhong**, aged 46, is a senior economist and has a doctor's degree of Tongji University of the PRC. Mr. Cheng is currently the vice president of Shenzhen CATIC and a director of CATIC Resources Company and Shenzhen Maiwei Cable TV Equipment Co. Ltd. ("Maiwei"). He joined Shenzhen CATIC in 1993 and the Group in 2004. Mr. Cheng has extensive experience in business and administration management. Mr. Cheng has been appointed as an executive Director since 2006.

**Mr. Liu Rui Lin**, aged 41, is a senior engineer. He has a master's degree of engineering of Huazhong University of Science and Technology. Mr. Liu is currently a vice president of Shenzhen CATIC and a director and the general manager of Tian Ma. He joined Shenzhen CATIC in 1992 and the Group in 1997. Mr. Liu has extensive experience in technology and business administration. Mr. Liu has been appointed as an executive Director since 2003.

**Mr. Xu Dong Sheng**, aged 43, is a senior engineer. He has an MBA of Tongji University. Mr. Xu is currently a vice president of Shenzhen CATIC and a director and the general manager of Fiyta. He joined Shenzhen CATIC in 1992 and the Group in 1997. Mr. Xu has extensive experience in business and administration management. Mr. Xu has been appointed as an executive Director since 2003.

**Mr. You Lei**, aged 40, is a senior engineer. He has an MBA of Tongji University. Mr. You is currently a vice president of Shenzhen CATIC, an authorized representative of the Company, the managing director of Shennan Circuit and a director of Tian Ma. He joined Shenzhen CATIC in 1991 and the Group in 1997. Mr. You has extensive experience in business and administration management. Mr. You has been appointed as an executive Director since 2003.

**Mr. Wang Bao Ying**, aged 45, is a senior engineer. He has an MBA of Southern California University for Professional Studies (SCUPS). Mr. Wang is currently the deputy general manager of CATIC Resources Company and a director of CATIC Resources Company and Fiyta. He joined Shenzhen CATIC in 1997 and the Group in 2004. He had been the vice general manager of CATIC Real Estate and the manager of the corporate strategy and management department of Shenzhen CATIC. Mr. Wang has extensive experience in enterprise management. Mr. Wang has been appointed as an executive Director since 2005.



## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Poon Chiu Kwok**, aged 47, has a master degree in international accounting, a postgraduate certificate in laws, a bachelor degree in laws and a bachelor degree in business studies. Mr. Poon is currently an executive director of Huabao International Holdings Limited, a company listed on the Stock Exchange of Hong Kong. He is a member of the Hong Kong Securities Institute ("HKSI") and Professional Education Committee of HKSI, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. Mr. Poon has extensive experience in finance and securities regulations has been working in the regulatory field and commercial and investment banking. Mr. Poon served as an independent non-executive director of 中國礦資源集團有限公司, a company listed on the Stock Exchange of Hong Kong, from February to August 2006. Mr. Poon currently serves as an independent non-executive director of Tsingtao Brewery Company Limited. He has been appointed as an independent non-executive Director since 2004.

**Ms. Wong Wai Ling**, aged 48, received a bachelor degree of arts from The University of Hong Kong and a postgraduate diploma in accounting and finance from the London School of Economics and political science, University of London in the United Kingdom. Ms. Wong is a fellow member of Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. She has 20 years of extensive experience in accounting, taxation and auditing. She had worked for more than seven years in major international accounting firms and major local accounting firms before she set up her own accounting firm in Hong Kong in 1994. Since then, she has been practicing as a certified public accountant. Ms. Wong is also an independent non-executive director of two Hong Kong listed companies – Galaxy Semi-Conductor Holdings Limited and Overseas Chinese Town (Asia) Holdings Limited. She has been appointed as an independent non-executive Director since 19th March 2008.

**Mr. Liu Xian Fa**, aged 55, is a senior engineer and a part time professor of Nan Kai University of the PRC. He is the head of the Macroeconomic Research Centre of China Development Institute of Shenzhen, the PRC and the guest researcher of China Society for Research on Economic System Reform. His major fields of studies are marco-economics, finance and capital market. Mr. Liu studied at the economics department of Nan Kai University of the PRC and graduated in 1982. Mr. Liu has been appointed as an independent non-executive Director since 2004.

**Mr. Eugene Liu**, aged 44, holds an MBA of the University of Oregon, the US and obtained a bachelor's degree in commerce from the University of Manitoba, Canada. Mr. Liu is a member of American Institute of Certified Public Accountants and Hong Kong Institute of Certified Public Accountants. He is qualified to practice as a Certified Value Consultant under the by-laws of The International Association of Consultants, Valuers and Analysts. Mr. Liu joined RSM Nelson Wheeler in 2000. He has more than ten years of experience in assisting companies to list their shares on both the Main Board and Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. Mr. Liu has been appointed as an independent non-executive Director since 2003. On 17th March 2008, Mr. Eugene Liu resigned as an independent non-executive Director as well as members of the audit committee and remuneration committee of the Company due to a potential conflict of interests.

## NON-EXECUTIVE DIRECTORS

**Mr. Wang Bin Bin**, aged 58, graduated from Beijing University of Aeronautics and Astronautics. He is currently the vice director of the Assets & Enterprises Administration Department of Aviation Industry Corporation of China. Mr. Wang has extensive experience in the management of securities. Mr. Wang has been appointed as a non-executive Director since 1997.

**Mr. Li Cheng Ning**, aged 44, engineer, graduated from the University of Electronic Science and Technology of China. He is currently the manager of the Department of Corporate Management of CATIC International Holdings Limited. Mr. Li has substantial experience in corporate management, investment management and investment analysis. Mr. Li has been appointed as a non-executive Director since 2005.

## SUPERVISORS

**Mr. Huang Gao Jian**, aged 53, is a senior engineer of administration and a graduate from Huazhong Normal University (華中師範大學). Mr. Huang is currently a vice president of Shenzhen CATIC. He joined Shenzhen CATIC in 1991 and the Group in 2004. He served as the vice general manager of a subsidiary of Shenzhen CATIC. Mr. Huang has extensive experience in administrative management. He has been appointed as a supervisor of the Company since 2006.

**Mr. Chen Gang**, aged 53, a graduate of Wuhan University with a master's, degree in law, is currently a practising lawyer in the PRC and a senior partner in Guangdong J.TONGUE Law Office (廣東金唐律師事務所). He has been appointed as a supervisor of the Company since 2000.

**Mr. Sheng Fan**, aged 52, is an accountant served as and a graduate in finance and economics of Zhengzhou Institute of Aeronautical Industry Management (鄭州航空工業管理學院). He is currently the manager of the Audit and Supervision Department of Shenzhen CATIC. He joined Shenzhen CATIC in 1989 and the Group in 2005. He served as the general manager of a subsidiary of Shenzhen CATIC. Mr. Sheng has extensive experience in financial management. He has been appointed as a supervisor of the Company since 2006.

## COMPANY SECRETARY

**Mr. Zeng Jun**, aged 41, holds an MBA of Peking University. He joined Shenzhen CATIC in 1993. He served as the managing director of a subsidiary of Shenzhen CATIC. Mr. Zeng has extensive experience in capital operation and administration management and was one of the joint secretaries of the 1st board of directors of the Company. In 2004, Mr. Zeng rejoined the Company and has been reappointed as a joint secretary of the Company.

## QUALIFIED ACCOUNTANT

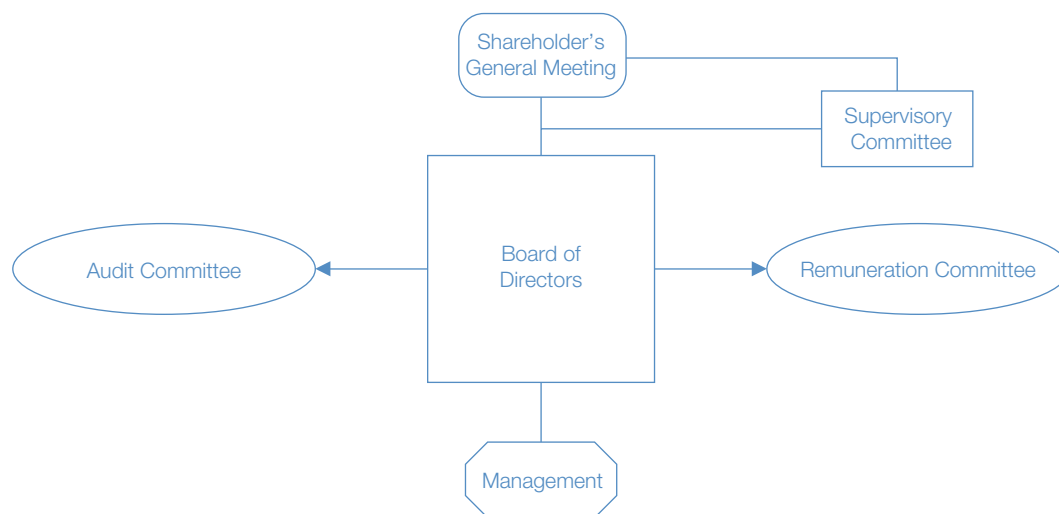
**Ms. Lin Mei**, aged 35, holds a bachelor's degree from Shenzhen University. She is a certified public accountant in the PRC, a chartered certified accountants in the United Kingdom and a chartered accountants in Canada and has around 12 years of experience in the fields of accounting and audit. She is familiar with the accounting standards and systems in places such as the PRC, Hong Kong, Canada and the US and had served in PricewaterhouseCoopers in the PRC and KPMG in Canada in the fields of accounting, audit and management. She has been appointed as the qualified accountant of the Company since 14th November 2008.

**Mr. Chan Chun Wai**, aged 37, holds an MBA of Manchester Business School of Britain. He is a certified public accountant and a member of CPA Australia and Hong Kong Institute of Certified Public Accountants. He has extensive experience in audit and commercial finance. Mr. Chan has been appointed as the qualified accountant of the Company since 2005. He has resigned as the qualified accountant of the Company on 10th November 2008 due to his personal development.

## (I) CORPORATE GOVERNANCE

Throughout the financial year ended 31st December 2008, the Company has complied with all the code provisions of the Code on Corporate Governance Practices (the “Code”) set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company has also directed its daily activities in strict compliance with various established corporate governance systems and reviewed from time to time its operations and management behaviors, enhanced its corporate governance standards on a continuous basis, ensured a stable development of the Company and strived for the enhancement of shareholder value.

## (II) CORPORATE GOVERNANCE STRUCTURE



### 1. Shareholders and General meetings

The Company treats all shareholders equally and ensures that all shareholders have the rights to be informed of and to make decisions on material matters relating to the Company. The Company ensures that all shareholders, in particular the medium and small shareholders, are treated equally and may fully exercise their rights. Any shareholders of the Company are prohibited from any insider dealings with any insiders of the Company or any act that may jeopardize the interests of the Company and the shareholders.

- *Shareholders' General Meeting*  
Details of convening, holding and procedures of the shareholders' general meeting are set out in section “(III) Compliance with the Code on Corporate Governance Practices and Other Information”. Details of the important matters considered in the general meetings are set out in the “Report of the Directors”.
- *Substantial Shareholders*  
Being the substantial shareholder of the Company, Shenzhen CATIC holds 58.60% of the Company's shares as at 31st December 2008. Shenzhen CATIC is CATIC International Holdings Limited's wholly-owned subsidiary in Shenzhen. CATIC International Holdings Limited is Aviation Industry Corporation of China's wholly-owned subsidiary.





## (II) CORPORATE GOVERNANCE STRUCTURE *(continued)*

### 1. Shareholders and General meetings *(continued)*

#### – Substantial Shareholders *(continued)*

The Company's businesses, assets, staff, organization and finance are separated from those of the controlling shareholder, allowing the Company to have integral independence of its business as well as autonomy over its operations. The controlling shareholder exercises its right as a capital contributor strictly in accordance with the laws. There has been no circumstance in which the controlling shareholder makes use of its special position to pursue benefits that are beyond the entitlement of its legal rights.

### 2. Directors and the Board

The board is responsible for guiding the development of the Group, determining strategic goals of the Group and monitoring the performance of the management. The major duty of the board is to exercise its management and decision-making powers granted under the articles of association or in general meetings in terms of the Company's development strategies, management structure, investment and financing, planning, financial control, human resources, etc. Details of the responsibilities and powers of the board in terms of the Company's development strategies and management as well as its responsibilities and powers to supervise and monitor the Company's development and operation are set out in the articles of association of the Company.

The board of the Company comprises a total of 13 Directors, including 8 executive Directors, 2 non-executive Directors and 3 independent non-executive Directors. In the 2005 annual general meeting held on 13th June 2006, the election of all members of the new session of the board of the Company was held and the fourth session of the board was formed. The term of the Directors is 3 years that commenced from 13th June 2006 and will end at the 2008 annual general meeting of the Company in 2009.

Details of the composition, members and operational procedures of the board are set out in section "(III) Compliance with the Code on Corporate Governance Practices and Other Information".



**(II) CORPORATE GOVERNANCE STRUCTURE** (continued)**2. Directors and the Board** (continued)

In 2008, the Company convened 21 board meetings. Details of the important matters discussed in these meetings were set out in the “Report of the Directors”. The rate of attendance of the Board meetings in 2008 was 95.2%. Details of attendance of board meetings and meetings of each special committee were set out in the following table.

Directors	Attendance/number of meetings		
	Board	Audit Committee	Remuneration Committee
Executive Directors:			
Wu Guang Quan (Chairman)	21/21		2/2
Lai Wei Xuan	21/21		
Sui Yong	21/21		2/2
Cheng Bao Zhong	21/21		
Liu Rui Lin	21/21		
Xu Dong Sheng	21/21		
You Lei	19/21		
Wang Bao Ying	19/21		
Non-executive Directors:			
Wang Bin Bin	18/21		
Li Cheng Ning	18/21		
Independent Non-executive Directors:			
Poon Chiu Kwok	21/21	3/3	2/2
Wong Wai Ling	17/17	3/3	2/2
Liu Xian Fa	18/21	3/3	2/2
Eugene Liu	4/4	0/0	0/0

\* Independent non-executive Directors

— *Independent Non-executive Directors*

During the fiscal year ended 31st December 2008, the Company had 3 independent non-executive Directors, namely Mr. Poon Chiu Kwok, Ms. Wong Wai Ling and Mr. Liu Xian Fa, of which Ms. Wong Wai Ling is a qualified accountant with substantial experience in accounting and financial matters. The Company has received the annual confirmation letters in respect of their independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Company considers that the independent non-executive Directors are independent parties.

The independent non-executive Directors have been able to perform their obligations faithfully and diligently in compliance with the relevant laws, regulations and the Listing Rules. The independent non-executive Directors convened the Company's audit committee meetings and have participated in the board and its remuneration committee, and have given their opinions on the decision-making of significant matters by making use of their professional knowledge and experience. They have expressed their views on the standardized operation of the Company and have conscientiously examined the connected transactions and capital dealings with connected parties to ensure fairness and impartiality, expressing their independent opinions and performing their duties independently. They have ensured that their acts are not influenced by any substantial shareholders and de facto controllers of the Company or any other units or individuals that have interests in the Company. The independent directors have made active contribution to the protection of the interests of the Company as a whole and the legitimate rights and interests of all shareholders, as well as the promotion of the healthy development of the Company.



## (II) CORPORATE GOVERNANCE STRUCTURE *(continued)*

### 2. Directors and the Board *(continued)*

#### – Independent Non-executive Directors *(continued)*

During the reporting period, the independent non-executive Directors expressed no disagreement on all matters regarding the Company.

### 3. External Auditor

The external auditor of the Company is PricewaterhouseCoopers. The amount of audit fee paid to the external auditor for their audit services in 2008 amounted to RMB6,800,000.

### 4. Supervisors and the Supervisory Committee

The supervisory committee is accountable to all shareholders and exercises supervisory duty independently in accordance with the laws. Financial monitoring is its core responsibility among all of its specific duties. Besides, it is also responsible for supervising the due diligence of the Directors, managers and other members of the senior management of the Company. They also safeguard the Company's assets, mitigate the Company's financial and operational risks and protect the legitimate interests of the Company and the shareholders.

In the 2005 annual general meeting held on 13th June 2006, the election for all members of the supervisory committee of the Company was held and the fourth session of the supervisory committee was formed, the term of which commenced from 13th June 2006 and will end at the 2008 annual general meeting in 2009. The supervisory committee of the Company comprises of 3 supervisors. During the reporting period the supervisory committee met twice to discuss the annual results for 2007 and interim results for 2008.

### 5. The Management

The operational procedures of the management are set out in section "(III) Compliance with the Code on Corporate Governance Practices and Other Information".

### 6. Audit Committee

The board has established the audit committee to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. During the reporting period, the committee comprises all the independent non-executive Directors, namely Mr. Poon Chiu Kwok (as Chairman), Ms. Wong Wai Ling and Mr. Liu Xian Fa. The independent non-executive Director Ms. Wong Wai Ling is a qualified accountant with extensive experience in accounting and financial matters.

During 2008, the audit committee met three times (all members were present) to discuss the annual results for 2007, the interim results for 2008 and certain other businesses. The effectiveness of the Company's internal control was also discussed in these meetings.



## (II) CORPORATE GOVERNANCE STRUCTURE *(continued)*

### 6. Audit Committee *(continued)*

Details of the documents reviewed by the audit committee while performing its duties to review the interim and annual results as well as the internal control system and other duties stipulated in the Code were set out in the “Report of the Supervisory Committee”.

The duties and operational procedures of the audit committee are set out in section “(III) Compliance with the Code on Corporate Governance Practices and Other Information”.

Please refer to the table of attendance records of board meetings and meetings of each special committee in the “Corporate Governance Report” for the attendance records of the meetings held by the audit committee.

### 7. Remuneration Committee

The board of the Company has established the remuneration committee. The committee members comprise Mr. Wu Guang Quan (as Chairman), Mr. Sui Yong, Mr. Poon Chiu Kwok, Ms. Wong Wai Ling and Mr. Liu Xian Fa, 3 of which are independent non-executive Directors.

The duties and operational procedures of the remuneration committee are set out in section “(III) Compliance with the Code on Corporate Governance Practices and Other Information”, resolutions considered during the reporting period by the remuneration committee are set out in Remuneration Committee Report.

Please refer to the table of attendance records of board meetings and meetings of each special committee in the “Corporate Governance Report” for the attendance records of the meetings held by the remuneration committee to discuss matters concerning remuneration.

### 8. Qualified Accountant

The qualified accountant provides recommendation and assistance to the board in respect of the formulation and implementation of financial reporting, internal control and other procedures as a reasonable basis for the board to make appropriate assessment in respect of the Group’s financial position and prospect. The qualified accountant has to communication with the audit committee to assist the committee in monitoring the formulation and implementation of such procedures. Besides, the qualified accountant of the Company also provides assistance in financial aspect in respect of the other aspects of corporate governance and material mergers and acquisitions. Ms. Lin Mei, the qualified accountant of the Company, has obtain the qualifications as certified public accountant in the PRC and chartered certified accountant in the United Kingdom, and has extensive experience in the fields of accounting and finance.

### (III) COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

The following table set forth the Company's status of compliance with the Code on Corporate Governance Practices.

Code Provisions	Complied	With deviation
Regular board meetings to be held at least 4 times a year, approximately once every quarter. A regular board meeting does not include the practice of obtaining board approval through circulation of written resolutions.	✓ <sup>①</sup>	
All directors are given an opportunity to include matters in the agenda for regular board meetings.	✓	
Notice of at least 14 days shall be given of a regular board meeting.	✓	
All directors shall have access to the advice and services of the secretary of the board.	✓	
Minutes of meetings shall be kept by the secretary of the board and open for inspection by any Director at any reasonable time.	✓	
Minutes of meetings shall record in sufficient detail the matters considered by the Directors and decisions reached at meetings.	✓	
Directors could seek independent advice under an agreed procedure at the Company's expense.	✓	
If a substantial shareholder or a Director has a conflict of interest in respect of a material matter, the connected Director must abstain from voting.	✓	
Roles of the chairman and the chief executive officer should be separate and clearly established and set out in writing.	✓ <sup>②</sup>	
The chairman should ensure all Directors be briefed on issues arising at board meetings.	✓	
The chairman should ensure that Directors receive adequate information in a timely manner.	✓	
Identify the independent non-executive Directors in all corporate communications.	✓	
Non-executive Directors should be appointed for specific terms, subject to re-election.	✓	
Directors appointed to fill casual vacancies should be subject to election by shareholders at the first general meeting after their appointment. Each Director should be subject to retirement by rotation at least once every 3 years.	✓	



### (III) COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION *(continued)*

Code Provisions	Complied	With deviation
Each new Director should receive an induction on the first occasion of his/her appointment to ensure he/she has a proper understanding of the business and operation of the issuer and of his/her responsibilities under legal requirements and the regulatory policy.	✓	
Responsibilities of the non-executive Directors (as set out in Rule A.5.2 in Appendix 14 of the Rules Governing the Listing of Shares on The Stock Exchange of Hong Kong Limited).	✓	
Each Director should ensure that he/she can give sufficient time to deal with the affairs of the issuer.	✓	
Directors must comply with the Model Code as set out in Appendix 10.	✓	
Meeting documents should be sent to the Directors at least 3 days before the date of a board/committee meeting.	✓	
The management has the responsibility to provide sufficient information to the board and its committees in a timely manner so that the board can make informed decisions. Each Director could have separate and independent access to the Company's senior management for making further enquiries.	✓	
All Directors are entitled to have access to board papers and related materials. Steps must be taken by the issuer to respond as promptly and fully as possible to queries raised by the Directors.	✓	
The issuer should establish the remuneration committee with a majority of members of the committee being independent non-executive Directors.	✓	
The remuneration committee should consult the chairman or the chief executive officer about their proposals relating to the remuneration of other executive Directors.	✓	
Responsibilities of the remuneration committee (as set out in Rule B.1.3 in Appendix 14 of the Rules Governing the Listing of Shares on The Stock Exchange of Hong Kong Limited).	✓	
The remuneration committee should make available its terms of reference and be provided with sufficient resources to discharge its duties.	✓	
The management will provide sufficient explanation and information to enable the board to make assessment of relevant matters.	✓	

### (III) COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION *(continued)*

Code Provisions	Complied	With deviation
Directors should acknowledge their responsibilities for preparing the accounts; there should be a statement by the auditors about their responsibilities in their report.	✓	
The board should present a balanced, clear and comprehensible assessment of the Company's performance in regular reports, announcements on share price-sensitive information and other financial information required to be disclosed.	✓	
Directors should conduct at least once a year a review of the effectiveness of the internal control system (including financial control, operating control, compliance control and risk management functions).	✓	
Full minutes of the audit committee meetings should be kept by a duly appointed secretary of the meeting and should be confirmed by all members of the committee.	✓	
A former partner of the existing auditors should not sit on the audit committee.	✓	
The terms of reference of the audit committee should be made available.	✓	
The Board should obtain opinions from the audit committee on the selection or removal of external auditors.	✓	
The audit committee should be provided with sufficient resources to discharge its duties.	✓	
When the board delegates aspects of its management and administration functions to the management, it must at the same time give clear directions as to the authorities of the management.	✓	
The issuer should separately identify functions reserved to the board and those delegated to the management and conduct reviews on a regular basis.	✓	
The board should specify clearly the terms of reference of the committees so that the committees can perform their duties properly.	✓	
The terms of reference of the committees should require them to report to the board their decisions and recommendations.	✓	
In respect of each substantially separate issue, a separate resolution should be proposed at a general meeting by the chairman of that meeting.	✓	





### (III) COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION *(continued)*

Code Provisions	Complied	With deviation
The chairman of the board should attend the annual general meeting and arrange for the chairmen or members of the committees to be available to answer questions at the meeting.	✓	
The procedures for voting by poll and the right of shareholders to demand voting by poll should be disclosed in the circular of the shareholders' general meeting. The chairman of a meeting and/or the Directors who individually or collectively hold proxies should disclose the votes represented by all proxies held by the Directors at the meeting.	✓	
Ensure all votes casted are properly counted and recorded.	✓	
The chairman of a meeting should explain the procedures for voting by poll and for raising questions by shareholders before the commencement of the meeting.	✓	

- ① Please refer to the table of attendance records of board meetings and meetings of each special committee in the "Corporate Governance Report" for details of board meetings and the attendance records the Directors.
- ② As the Company is an investment holding company without any daily operating business, the position of general manager is vacant. This does not have any adverse impact on the Company.

### (IV) INVESTOR RELATIONS MANAGEMENT

#### – Goals:

The Company's work of investor relations management aims at helping the investors to have acquaintance with the basic information of the Company and understand the Company's operating strategies in order to make their own rational investment decisions by comprehensively reporting the Company's operating results to the investors through various communication and interaction channels. Meanwhile, the Company also identifies its own deficiencies with the help of the recommendations and comments from investors and analysts in order to improve the operation of the Company.

**(IV) INVESTOR RELATIONS MANAGEMENT** *(continued)***– Communication Channels:**

During the year, the Company has endeavored to present the operating position and major events of the Company as well as its improvement in terms of corporate governance to the investors through various channels such as a press conference on results announcements, participation in different investment seminars, telephone conferences, ordinary meetings with investors and visits by the investors. The information disclosure hotline of the Company provided timely response to investors' enquiries and requests by maintaining a high answering rate. For details of the Company's assets and operating status, investors may also visit the Company's website (<http://www.sch161.com/>). The Company also places great emphasis on annual and extraordinary general meetings, which serve as important corporate activities for the board and the shareholders to communicate with each other. Relevant members of the senior management and corporate governance personnel of the Company have attended such meetings to answer direct enquiries from the shareholders.

**– Prospect**

In the coming year, the Company will further strengthen its communication with the investors, the communication channels and its information disclosure with a view to improving the investors' understanding of our operating and management status. In addition, we aim at unremittingly improving our operating and management efficiency by raising support and awareness from investors. We would like to express our heartfelt appreciation to the investors who have given recommendations to the Company through any channel.



The board of directors (“the Board”) of the Company presents their report together with the audited financial statements of the Company and its subsidiaries (together “the Group”) for the year ended 31st December 2008.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the current principal activities of its subsidiaries are set out in note 6 to the financial statements.

The Group is principally engaged in resources operations relating to agriculture, design, manufacture and sale of certain industry and consumer electronic products and hotel and property operations. The major products and services of the Group include potassium fertilizers, LCD, PCB, medium and high-end timepieces and hotel and property operations.

Details of the contribution from each of the businesses to the profit attributable to shareholders of the Group for the year ended 31st December 2008 are set out in the business review under the section “Management Discussion and Analysis”.

## SUBSIDIARIES

Information on the principal subsidiaries and associated companies of the Company is set out in note 13 and 14 to the financial statements respectively.

## GEOGRAPHICAL LOCATION OF MARKETS

Information on major markets of the Group is set out in note 6(b) to the financial statements.

## RESULTS

Details of the Group’s results for the year ended 31st December 2008 are set out in the consolidated income statement of the financial statements.

## DISTRIBUTABLE RESERVES

As at 31st December 2008, the distributable reserves of the Group were approximately RMB341,886,000 as reported in the statutory accounts prepared in accordance with generally accepted accounting principles in the PRC.

## RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the statement of changes in equity and note 26 to the financial statements.

## DIVIDENDS

The Board did not recommend the payment of any final dividend for the year ended 31st December 2008 (final dividend in 2007: nil).



## FIVE YEARS FINANCIAL SUMMARY

A summary of the Group's operating results, assets and liabilities for the past five years ended 31st December 2008 is set out in the Financial Highlights in this annual report.

## MANAGEMENT CONTRACTS

During the year, the Company has not entered into or maintained any contracts in respect of the management or administration of its overall business or any major business.

## MAJOR CUSTOMERS AND SUPPLIERS

The Group's purchases from the five largest suppliers accounted for approximately 11% of the Group's total purchases for the year ended 31st December 2008. The largest supplier accounted for approximately 8.53% (2007: approximately 9.92%) of the Group's total purchases.

The Group's five largest customers accounted for approximately 22% (2007: approximately 26.82%) of the Group's revenue for the year ended 31st December 2008. The largest customer accounted for approximately 11.07% (2007: approximately 11.91%) of the Group's revenue. As at 31st December 2008, the Company did not have any equity interests in the Group's five largest customers. None of the directors, connected person or shareholders who to the knowledge of the directors, which have 5% or more equity of the Company, have any interests in the five largest customers and suppliers of the Group.

## INVESTMENT PROPERTIES

Details of major properties held for investment of the Group are set out in note 11 to the financial statements.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in fixed assets of the Group during the year are set out in note 10 to the financial statements.

## PLEDGED ASSETS

Information on the pledged assets of the Group for the year is set out in note 7, note 10 and note 11 to the financial statements.

## BANK LOANS

Information on the bank loans of the Group for the year is set out in note 27 to the financial statements.

## ENTRUSTED DEPOSITS AND OVERDUE TERM DEPOSITS

During the year ended 31st December 2008, the Company did not have any entrusted deposits or overdue term deposits in any form.

## TAXATION

Details of the Group's taxation for the year are set out in note 37 to the financial statements.

## TAXATION POLICY

Pursuant to the relevant income tax laws of the PRC, the Group and its associates established in the Shenzhen Special Economic Zone are subject to income tax at a rate of 18%, while companies established in other areas are subject to income tax at a rate of 25%.

## SUBSTANTIAL SHAREHOLDER

As at 31st December 2008, to the knowledge of the Directors or the chief executive of the Company, the following parties (other than the Directors, supervisors or chief executive of the Company) had interests, or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO") or had otherwise notified to the Company:

Long positions in the shares:

Name of shareholder	Capacity	Number and class of securities	Approximate percentage of the same class of securities	Approximate percentage of total registered share capital
<b>Substantial Shareholders</b>				
China Aviation Industry Corporation (中國航空工業集團公司) (Note 1)	Interest of controlled corporation	395,709,091 domestic legal person shares	100%	58.60%
CATIC International Holdings Limited (中國航空技術國際控股有限公司) (Note 2)	Interest of controlled corporation	395,709,091 domestic legal person shares	100%	58.60%
CATIC Shenzhen Company (中國航空技術深圳有限公司) (Note 3)	Beneficial owner	395,709,091 domestic legal person shares	100%	58.60%

**SUBSTANTIAL SHAREHOLDER** *(continued)*Long positions in the shares: *(continued)*

Name of shareholder	Capacity	Number and class of securities	Approximate percentage of the same class of securities	Approximate percentage of total registered share capital
<b>Other Shareholders</b>				
Li Ka-Shing	Interest of controlled corporation and founder of discretionary trusts	15,156,000 H shares (Note 4)	5.42%	2.24%
Cheung Kong (Holdings) Limited	Interest of controlled corporation	15,156,000 H shares (Note)	5.42%	2.24%
Li Ka-Shing Unity Trustee Corporation Limited	Trustee and beneficiary of a trust	15,156,000 H shares (Note)	5.42%	2.24%
Li Ka-Shing Unity Trustcorp Limited	Trustee and beneficiary of a trust	15,156,000 H shares (Note)	5.42%	2.24%
Li Ka-Shing Unity Trustee Company Limited	Trustee and beneficiary of a trust	15,156,000 H shares (Note)	5.42%	2.24%
華銀集團投資發展有限公司	Beneficial owner	17,632,000 H shares	6.31%	2.61%
Jiang Jian Jun (Note 5)	Interest of controlled corporation	17,632,000 H shares	6.31%	2.61%
Jiang Jian Jun	Beneficial owner	6,810,000 H shares	2.44%	1.01%
Jiang Jian Jun 陳永森	Joint account	596,000 H shares	0.21%	0.09%





## SUBSTANTIAL SHAREHOLDER *(continued)*

Long positions in the shares: *(continued)*

*Note:*

- (1) China Aviation Industry Corporation (中國航空工業集團公司) owns 100% interest in CATIC International Holdings Limited (中國航空技術國際控股有限公司) which in turn owns 100% interest in Shenzhen CATIC. Hence it is deemed to be interested in the shares held by Shenzhen CATIC.
- (2) CATIC International Holdings Limited owns 100% interest in Shenzhen CATIC. Hence it is deemed to be interested in the shares held by Shenzhen CATIC.
- (3) Mr. Wu Guang Quan, Mr. Lai Wei Xuan, Mr. Sui Yong, Mr. Cheng Bao Zhong, Mr. Liu Rui Lin, Mr. Xu Dong Sheng, Mr. You Lei and Mr. Wang Bao Ying, executive Directors of the Company, did not hold any shares of the Company nor any equity interest in Shenzhen CATIC.
- (4) The above five references refer to the same equity interest of 15,156,000 H shares in the Company which comprises:
  - (A) 7,578,000 H shares held by Empire Grand Limited ("Empire Grand"), a wholly-owned subsidiary of Cheung Kong Investment Company Limited, which in turn is a wholly-owned subsidiary of Cheung Kong (Holdings) Limited ("CKH"); and
  - (B) 7,578,000 H shares held by Hutchison International Limited ("HIL") which is a wholly-owned subsidiary of Hutchison Whampoa Limited ("HWL").

Li Ka-Shing Unity Holdings Limited, of which each of Mr. Li Ka-Shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital, owns the entire issued share capital of Li Ka-Shing Unity Trustee Company Limited ("TUT1"). TUT1 as trustee of The Li Ka-Shing Unity Trust, together with certain companies which TUT1 as trustee of The Li Ka-Shing Unity Trust is entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, hold more than one-third of the issued share capital of CKH. Certain subsidiaries of CKH are entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of HWL.

In addition, Li Ka-Shing Unity Holdings Limited also owns the entire issued share capital of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") (as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1")) and Li Ka-Shing Unity Trustcorp Limited ("TDT2") (as trustee of another discretionary trust ("DT2")). Each of TDT1 and TDT2 holds units in The Li Ka-Shing Unity Trust.

By virtue of the SFO, each of Mr. Li Ka-shing, being the settler and maybe regarded as the founder of each of DT1 and DT2 for the purpose of the SFO, TUT1, TDT1, TDT2 and CKH is deemed to be interested in the aggregate 15,156,000 H shares of the Company held by Empire Grand and HIL.

- (5) Jiang Jian Jun was interested by virtue of his 100% beneficial interest in 華銀集團投資發展有限公司.

## SHARE CAPITAL

Details of the share capital of the Company are set out in note 24 to the financial statements.

## ISSUE, PURCHASE, SALE OR REDEMPTION OF SHARES

Pursuant to the special mandate granted in the 2007 annual general meeting and class meetings, the Board of the Company repurchased H shares. In November 2008, the Company repurchased an aggregate of 3,644,000 H shares in the Stock Exchange. As a result, the Company had a total share capital of 675,265,090 shares, in which 395,709,091 and 279,555,999 shares were domestic legal person shares and H shares respectively, representing 58.60% and 41.4% of the total share capital respectively as at 31 December 2008.

Month of repurchase in 2008	Number of shares repurchased	Price per share		Aggregate price paid
		Highest	Lowest	
November	3,644,000	\$1.76	\$1.74	\$6,415,320

Between January and February 2009, the Company repurchased 1,780,000 H shares in the Stock Exchange. By then, the Company has repurchased a total of 5,424,000 H shares. As a result, the Company had a total share capital of 673,485,090 shares, in which 395,709,091 and 277,775,999 shares were domestic legal person shares and H shares respectively, representing 58.76% and 41.24% of the total share capital respectively.

Month of repurchase in 2009	Number of shares repurchased	Price per share		Aggregate price paid
		Highest	Lowest	
January	330,000	\$1.72	\$1.71	\$568,900
February	1,450,000	\$1.68	\$1.63	\$2,409,620

Upon the completion of the repurchase of the above shares, the Company has completed the cancellation procedures for the repurchased shares by 6 March 2009, while the application for amendments to the industry and commerce registration is in progress. The Board made the share repurchase due to the current depressed prices of the H shares and the fact that the overall market capitalization of the Company is lower than its intrinsic value and in order to optimize capital structure, enhance financial performances and investors' confidence and reflect the market value and value of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries had issued, purchased or sold any of the Company's shares.

## PRE-EMPTIVE RIGHTS

There is no provisions for pre-emptive rights under the Company's articles of association and the laws of the People's Republic of China, which require the Company to firstly offer new shares to the existing shareholders to purchase according to their respective proportions of shareholding.



## DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

### Executive Directors

Mr. Wu Guang Quan      *Chairman*  
Mr. Lai Wei Xuan  
Mr. Sui Yong  
Mr. Cheng Bao Zhong  
Mr. Liu Rui Lin  
Mr. Xu Dong Sheng  
Mr. You Lei  
Mr. Wang Bao Ying

### Independent Non-executive Directors

Mr. Poon Chiu Kwok  
Ms. Wong Wai Ling  
Mr. Liu Xian Fa

### Non-executive Directors

Mr. Li Cheng Ning  
Mr. Wang Bin Bin

Each of the executive Directors has entered into a service contract with the Company. Unless otherwise specified, terms of such contracts, which are identical in all material respects, are as follows:

- (i) Each of the service contracts will expire at the conclusion of the 2008 annual general meeting to be held in 2009;
- (ii) The total annual basic salaries and allowances payable to the executive Directors is RMB7,873,000 (details set out in note 34 to the financial statements); and
- (iii) Each of the executive Directors is entitled to a discretionary annual bonus determined by the Board based on the Group's remuneration policy.

The service contracts of the independent non-executive Directors Mr. Poon Chiu Kwok and Mr. Liu Xian Fa will expire at the conclusion of the 2008 annual general meeting to be held in 2009.

Mr. Eugene Liu resigned as an independent non-executive Director and a member of the audit committee and the remuneration committee of the Company with effect from 17th March 2008 due to a potential conflict of interest. Ms. Wong Wai Ling has been appointed as an independent non-executive director and a member of the audit committee and the remuneration committee of the Company by the Board on 19th March 2008. Her term of appointment was effective from 19th March 2008 to the conclusion of the 2007 annual general meeting of the Company. The appointment of Ms. Wong Wai Ling was ratified in the 2007 annual general meeting and the term of office of Ms. Wong Wai Ling was extended to the conclusion of the 2008 annual general meeting to be held in 2009.

**DIRECTORS AND DIRECTORS' SERVICE CONTRACTS** *(continued)*

The total emolument payable to the aforesaid independent non-executive Directors is approximately RMB346,000 per annum (including: HKD300,000, equivalent to approximately RMB264,000) (details set out in note 34 to the financial statements).

Each service contract of the non-executive Directors will expire at the conclusion of the 2008 annual general meeting to be held in 2009. The total emolument payable to the non-executive Directors is RMB100,000 per annum (details set out in note 34 to the financial statements).

No Director or Supervisor of the Company 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.

**PROFILE OF DIRECTORS AND SENIOR MANAGEMENT**

Profiles of the Directors and senior management are set out in the section of directors, supervisors and senior management in this annual report.

**DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES**

As at 31st December 2008, to the best knowledge of the Directors and the chief executive of the Company, none of the Directors or supervisors or chief executive of the Company is interested in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or supervisors or chief executives were taken or deemed to have under such provisions of the SFO) or which are required to be entered into the register maintained by the Company under section 352 of the SFO or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

**DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

During the year ended 31st December 2008, none of the Company or any of its subsidiaries or its holding company was a party to any arrangement to enable any of the Company's Directors, supervisors or members of its management to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

**DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS**

No contracts or arrangements of significance in relation to the Company's business in which the Directors and supervisors of the Company had material interests, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

**EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

Details of the emoluments of the Directors and supervisors are set out in note 34 to the financial statements.



## CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Eugene Liu resigned as an independent non-executive Director and a member of the audit committee and the remuneration committee of the Company with effect from 17th March 2008 due to a potential conflict of interest. Ms. Wong Wai Ling has been appointed by the Board as an independent non-executive director and a member of the audit committee and the remuneration committee of the Company on 19th March 2008. Ms. Wong Wai Ling's term of appointment was effective from 19th March 2008 to the conclusion of the 2007 annual general meeting of the Company. Ms. Wong Wai Ling's appointment was ratified in the 2007 annual general meeting of the Company, and it was confirmed that her term of office was extended until the conclusion of the 2008 annual general meeting to be held in 2009.

Mr. Chan Chun Wai, the qualified accountant of the Company, resigned as the qualified accountant on 10th November 2008 for dedicating himself to other personal development. Pursuant to the requirements of the Listing Rules of the Stock Exchange of Hong Kong, the Board has appointed Ms. Lin Mei as the qualified accountant of the Company on 14th November 2008.

## EMPLOYEES AND REMUNERATION

As at 31st December 2008, the Group had approximately 11,084 employees (2007: 10,325 employees) with employee related costs of approximately RMB564,612,000 (2007: RMB398,743,000). The Group formulated its competitive remuneration policy based on market condition and individual employee's performance.

## SOCIAL INSURANCE SCHEMES

Details of the retirement fund scheme and health insurance scheme maintained by the Group are set out in note 36 to the financial statements.

## SIGNIFICANT RELATED PARTY TRANSACTIONS

Up to 31st December 2008, particulars of significant contracts entered into between the Group and its controlling shareholders or any of its subsidiaries are as follows:

### 1. Lease and Letting

Details of the leases entered into between the Group and Shenzhen CATIC's related parties as at 31st December 2008 are set out in note 45 to the financial statements.

### 2. Loans from Shenzhen CATIC to the Group's subsidiaries

Details of the loans from Shenzhen CATIC to the Group's subsidiaries as at 31st December 2008 are set out in note 45 to the financial statements.

### 3. Guarantees provided by Shenzhen CATIC for the Group's subsidiaries

Details of the guarantees provided by Shenzhen CATIC for the Group's subsidiaries as at 31st December 2008 are set out in note 44 to the financial statements.

### 4. Details of other significant connected transactions of the Group during the year are set out under the section of "OTHER SIGNIFICANT EVENTS".

## INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION IN RESPECT OF THE CONNECTED TRANSACTIONS

The independent non-executive Directors of the Company have reviewed the above connected transactions and confirm that the transactions have been entered into in the ordinary and usual course of business of the Company on normal commercial terms and in accordance with the relevant agreement governing them, and such transactions are fair and reasonable and in the interests of the shareholders as a whole.

## CONTINUING CONNECTED TRANSACTION

### 1. Continuing connected transaction – the service agreement entered into between Tian Ma and CATIC Property

On 26th February 2008, Tian Ma, a subsidiary of the Company, entered into the first service agreement with Shenzhen CATIC Property Management Company Limited ("CATIC Property"), pursuant to which CATIC Property agreed to provide property management services to Tian Ma in accordance with the first service agreement during the period of seven months from 1st March 2008 till 30th September 2008. Since the first service agreement has expired on 30th September 2008, Tian Ma has entered into the second service agreement with CATIC Property on 19th September 2008, pursuant to which CATIC Property agreed to provide property management services to Tian Ma in accordance with the second service agreement during the period of five months from 1st October 2008 till 29th February 2009. The aggregate service charges under the first and second service agreements were RMB6,941,666 and RMB4,958,333 respectively and the total amount was RMB11,899,999.

Tian Ma is a subsidiary of the Company, while CATIC Property is a wholly-owned subsidiary of CATIC Real Estate, which is an associate of Shenzhen CATIC. Shenzhen CATIC is the promoter and controlling shareholder of the Company and according to Chapter 14A of the Listing Rules, CATIC Property is a connected person of the Company, therefore, the service agreements entered into between Tian Ma and CATIC Property constitute continuing connected transactions of the Company. The Company has complied with the relevant reporting and announcement requirements under the Listing Rules.

### 2. Continuing Connected Transaction

The Directors entered into five separate agreements on 23rd October 2008, which included (1) Concessionaire Framework Agreement entered into between Fiyta and Rainbow Department Store; (2) Hotel Management Agreement entered into between Fiyta and Shenzhen CATIC Hotel Management Company Limited ("CATIC Hotel"); (3) Property Management Agreement I entered into between Fiyta and CATIC Property; (4) Property Management Agreement II entered into between GIB Company and CATIC Property; and (5) Property Management Agreement III entered into between Tian Ma and CATIC Property.

Fiyta entered into Lease II, Lease III and Lease IV with CATIC RE Development on 28th May 2008, 28th May 2008 and 10th June 2008 respectively. Fiyta also entered into Lease I with CATIC Property on 1st September 2007.

Fiyta, Tian Ma and GIB Company are subsidiaries of the Company. Rainbow Department Store is an entity controlled by Shenzhen CATIC. CATIC Property, CATIC Hotel and CATIC RE Development are subsidiaries of CATIC Real Estate, which is a connected person of Shenzhen CATIC. Accordingly, Rainbow Department Store, CATIC Property Management, CATIC Hotel Management and CATIC RE Development are connected persons of the Company.





## CONTINUING CONNECTED TRANSACTION *(continued)*

### 2. Continuing Connected Transaction *(continued)*

The Concessionaire Framework Agreement, Hotel Management Agreement, Property Management Agreement I, Property Management Agreement II, Property Management Agreement III and Lease II, Lease III and Lease IV all constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. In particular, the Company has complied with the relevant reporting and announcement requirements under the Listing Rules with respect to the Concessionaire Framework Agreement and Lease II, Lease III and Lease IV. The Company has also complied with the relevant reporting and announcement requirements under the Listing Rules with respect to the Hotel Management Agreement, Property Management Agreement I, Property Management Agreement II and Property Management Agreement III and obtained the approval of independent shareholders at the extraordinary general meeting held on 9th January 2009.

### 3. Continuing connected transaction – the property management service agreement entered into between Guangdong Industrial Company and CATIC Property

On 31st October 2008, GIB Company, a non-wholly owned subsidiary of the Company, entered into the property management agreement with CATIC Property, pursuant to which CATIC Property agreed to provide property management services in Guangdong International Building to Guangdong International Company for a period from 1st October 2008 to 31st December 2008. The total management fees under the Guangdong International Service Agreement are RMB9,253,660.26.

CATIC Real Estate is a connected person of CATIC Shenzhen Company. CATIC Property is a connected person of the Company under Chapter 14A of the Listing Rules, as such, the property management agreement entered into between Guangdong International Company and CATIC Property constitutes a continuing connected transaction of the Company. The Company has complied with the relevant reporting and announcement requirements under the Listing Rules.

### 4. Subsequent connected transactions and continuing connected transactions

#### 1. Shanghai Tianma Property Service Contract

Pursuant to the property service contract entered into between Shanghai Tianma and CATIC Property Management (Shanghai Branch) on 23rd January 2009, CATIC Property Management agreed to provide property management services to Shanghai Tianma. The aggregate fees under this contract will not exceed RMB45,878,072.

Shanghai Tianma is a subsidiary of the Company. CATIC Property Management (Shanghai Branch) is a branch of CATIC Property Management, which is a wholly-owned subsidiary of CATIC Real Estate. CATIC Real Estate is an associate of Shenzhen CATIC, a promoter and the controlling shareholder of the Company. The aforementioned contract constitutes a continuing connected transaction under the Listing Rules. The Company has complied with the relevant reporting and announcement requirements under the Listing Rules. For further details, please refer to the announcement of the Company dated 23rd January 2009.

#### 2. Renovation Contract in relation to GIB Company

On 13th February 2009, GIB Company entered into the renovation contract with 深圳市中航樓宇設備有限公司 (“CATIC Building”) in relation to the modernization and renovation projects of GIB Company. Pursuant to this contract, CATIC Building carried out demolition work for certain properties of GIB Company. The aggregate fees under this contract will not exceed RMB3,700,000.

## CONTINUING CONNECTED TRANSACTION *(continued)*

### 4. Subsequent connected transaction and continuing connected transaction *(continued)*

#### 2. *Renovation Contract in relation to GIB Company (continued)*

GIB Company is a non-wholly owned subsidiary of the Company. CATIC Building is a non-wholly owned subsidiary of CATIC Property Management, which is a wholly owned subsidiary of CATIC Real Estate. CATIC Real Estate is a non-wholly owned subsidiary of Shenzhen CATIC, which is a promoter and the controlling shareholder of the Company. The aforementioned contract constitutes a continuing connected transaction under the Listing Rules. The Company has complied with the relevant reporting and announcement requirements under the Listing Rules. For further details, please refer to the announcement of the Company dated 16th February 2009.

#### 3. *Second Renovation Contract in relation to GIB Company*

On 7th April 2009, GIB Company entered into the second renovation contract with CATIC Building in relation to the modernization and renovation projects of GIB Company. Pursuant to this contract, CATIC Building Facilities carried out demolition work for certain properties of GIB Company. The aggregate fees under this contract will not exceed RMB2,600,000.

The second renovation contract also constitutes a continuing connected transaction under the Listing Rules. The Company has complied with the relevant reporting and announcement requirements under the Listing Rules. For further details, please refer to the announcement of the Company dated 7th April 2009.

## FOREIGN CURRENCY RISK

The Group has no significant foreign currency risk as the Group's products are mainly distributed in the PRC and overseas sales are mainly settled in US Dollar or HK Dollar.

## CONTINGENT LIABILITIES

The Company provided a one-year guarantee for a loan of RMB575,000,000 and a long-term guarantee for a loan of RMB70,000,000 in favour of Fiyta, a subsidiary of the Company, a one-year guarantee for a loan of RMB40,000,000 in favour of CATIC Sanjia, a subsidiary of the Company, and a long-term guarantee for a syndicated loan of RMB433,326,600 in favour of Shanghai Tianma, a subsidiary of the Company.

Tian Ma, a subsidiary of the Company, provided a long-term guarantee for a syndicated loan of RMB619,038,000 in favour of Shanghai Tianma.

## MATERIAL LITIGATION

During the year, the Company did not have any material litigation or arbitration.



## OTHER SIGNIFICANT EVENTS

### 1. Acquisition of shares of CATIC Real Estate and termination of the acquisition

On 21st January 2008, the Company entered into a share transfer agreement with CATIC Shenzhen Company and Shenzhen CATIC City Development Limited ("CATIC City"), pursuant to which the Company planned to acquire 45,835,127 and 15,942,619 A shares in CATIC Real Estate from CATIC Shenzhen Company and CATIC City, respectively, representing approximately 20.62% and 7.17% of the issued share capital of CATIC Real Estate, respectively, at the price of RMB20 per share. The total consideration of the proposed share transfer was RMB1,235,554,920. The above consideration would be satisfied by the allotment and issue of 146,620,034 and 50,998,164 domestic legal person shares (an aggregate of 197,618,198 domestic legal person shares) by the Company to CATIC Shenzhen Company and CATIC City, respectively, at a price of HKD6.725 per share.

The proposed share transfer constitutes a major and connected transaction of the Company according to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). For further details, please refer to the announcement and the circular of the Company dated 22nd January 2008 and 9th April 2008 respectively. The resolutions to approve the proposed share transfer have been passed in the extraordinary general meeting and the class meetings held on 27th May 2008.

Due to the dramatic global financial unrest at the time in which the China Securities Regulatory Commission (the "CSRC") was reviewing the proposal, the original conditions for the share exchanges contemplated in the share transfer agreement have significantly changed. The parties to the share transfer agreement considered that, in the current situation, it was not in the interest of the parties to proceed with this transaction, and as the share transfer agreement has not taken effect and has not been executed yet, all the parties agreed to terminate the share transfer agreement in writing after negotiation. On 11th November 2008, the Company entered into a termination agreement with CATIC Shenzhen Company and CATIC City, pursuant to which none of the parties was required to pay any penalty or compensation to any other party in respect of the termination of the share transfer agreement. Accordingly, the parties thereto have agreed that the share transfer agreement was terminated with immediate effect.

For further details, please refer to the announcement of the Company dated 11th November 2008.

### 2. Acquisition of equity interest in CATIC Sanjia

On 21st January 2008, CATIC Resources entered into acquisition agreements with CATIC Investment Company, Mr. Yang Yong Gang and Qinghai Province Leng Hu Tiantian Potash Company Limited ("Tiantian Potash Company"), respectively, pursuant to which CATIC Resources acquired 60%, 30% and 5% equity interest in CATIC Sanjia from CATIC Investment Company, Mr. Yang Yong Gang and Tiantian Potash Company at a consideration of RMB330,000,000, RMB165,000,000 and RMB27,500,000 respectively, being RMB522,500,000 in aggregate (the "Acquisition of 95% Equity Interest in CATIC Sanjia").

The Acquisition of 95% Equity Interest in CATIC Sanjia constitutes discloseable and connected transactions of the Company according to the Listing Rules. For further details, please refer to the announcement and the circular of the Company dated 21st January 2008 and 3rd April 2008 respectively. The resolution approving the Acquisition of 95% Equity Interest in CATIC Sanjia was duly passed in the extraordinary general meeting held on 19th May 2008 and the Acquisition of 95% Equity Interest in CATIC Sanjia was completed on 23rd May 2008.

**OTHER SIGNIFICANT EVENTS** *(continued)***2. Acquisition of equity interest in CATIC Sanjia** *(continued)*

On 20th June 2008, CATIC Resources entered into an acquisition agreement with Tiantian Potash Company, pursuant to which CATIC Resources has conditionally agreed to acquire 5% equity interest in CATIC Sanjia from Tiantian Potash Company at a consideration of RMB125,000,000 (the "Acquisition of 5% Equity Interest in CATIC Sanjia"). The Acquisition of 5% Equity Interest in CATIC Sanjia constitutes a discloseable transaction under the Listing Rules. For further details, please refer to the announcement and the circular of the Company dated 24th June 2008 and 15th July 2008 respectively. The resolution approving the Acquisition of 5% Equity Interest in CATIC Sanjia was duly passed in the extraordinary general meeting held on 1st September 2008.

Upon the completion of the above acquisitions, the Company held 100% equity interest in CATIC Sanjia. Further details please refer to the announcement and the circular of Company dated 24th June 2008 and 15th July 2008 respectively. The resolution of the acquisition of 5% equity interest in CATIC Sanjia was duly passed in the extraordinary general meeting held on 1st September 2008.

**3. Issuance of new shares by Fiyta**

On 2nd June 2008, the board of directors of Fiyta, a non-wholly owned subsidiary of the Company, proposed to issue not less than 30,000,000 and not more than 50,000,000 Fiyta new shares to a limited number (not more than 10) of institutional or individual investors (the "Fiyta Issue Proposal"). The Fiyta Issue Proposal constitutes a material dilution in the percentage of the Company's equity interest in Fiyta and a deemed disposal as well as a discloseable transaction of the Company.

For further details, please refer to the announcement and the circular of the Company dated 3rd June 2008 and 10th June 2008 respectively. The Company has passed the special resolutions in respect of the Fiyta Issue Proposal in the extraordinary general meeting, H shares class meeting and domestic shares class meeting held on 25th July 2008 to approve the Fiyta Issue Proposal. The proposal is still subject to the approval by the CSRC.

**4. Extension of mandate and withdrawal of application for the issuance**

The Company has passed resolutions to grant to the Board the specific mandate to issue not more than 200,000,000 H shares (the "New H Shares") and not more than 150,000,000 domestic shares in the extraordinary general meeting and the class meetings held on 10th September 2007. The term of the specific mandate expired on 9th September 2008. On 8th July 2008, the Board resolved to convene the extraordinary general meeting and the class meetings to extend the term of the mandate granted to the Board to issue the New H Shares, which represented not more than 29.46% of the total issued share capital of the Company as at 9th July 2008.

For further details, please refer to the announcement and the circular of the Company dated 9th July 2008 and 24th July 2008 respectively. The resolutions approving the extension of the mandate for the issuance of the New H shares were duly passed in the extraordinary general meeting and the class meetings held on 9th September 2008.

**OTHER SIGNIFICANT EVENTS** *(continued)***4. Extension of mandate and withdrawal of application for the issuance** *(continued)*

The outbreak and spread of the global financial crisis has resulted in the financial turbulence and economic recession around the world. Although the Company has obtained the approvals from the State-owned Assets Supervision and Administration Commission of the State Council and the National Council for Social Security Fund the People's Republic of China for the new issuance and has also made an application to the CSRC for approval, the current bleak market condition is unfavourable for the issuance of additional shares. The Company has applied to withdraw the application in respect of the issue of foreign-listed H shares and their listing on the Hong Kong Stock Exchange for the interests of all shareholders as a whole.

For further details, please refer to the announcement of the Company dated 27th March 2009.

**5. Formation of a joint venture by Tian Ma – Chengdu Tian Ma**

On 22nd July 2008, Tian Ma, a non-wholly owned subsidiary of the Company, entered into a joint venture agreement (the "Joint Venture Agreement") with Chengdu Hi-Tech Investment Group Co., Ltd. and Chengdu Industrial Investment Group Co., Ltd., pursuant to which the parties conditionally agreed to establish a joint venture company to engage in the investment, construction and operation of production lines of 4.5 generation tube size thin film crystal liquid-crystal display ("TFT-LCD") in Chengdu Hi-Tech Industries Development Zone. The registered capital of the joint venture company is RMB1.2 billion. Tian Ma will contribute RMB360,000,000 and will hold 30% equity interest of the joint venture company. After duly incorporated pursuant to the Joint Venture Agreement, the joint venture company will be considered as a subsidiary of the Company. On the same day, Tian Ma entered into a supplemental agreement, pursuant to which Tian Ma will enter into share transfer agreement(s) to acquire in aggregate 70% equity interest in the joint venture company from Chengdu Industrial Investment Group Co., Ltd. and Chengdu Hi-Tech Investment Group Co., Ltd. within 5 years from the date of incorporation of the joint venture company on certain conditions.

The Joint Venture Agreement and the supplemental agreement constitute a very substantial acquisition of the Company. For further details, please refer to the announcement and the circular of the Company dated 25th July 2008 and 9th October 2008 respectively. The resolution approving the formation of the joint venture company by Tian Ma was duly passed in the extraordinary general meeting held on 26th November 2008.

**6. Formation of a joint venture by Tian Ma – Wuhan Tian Ma**

On 11th October 2008, Tian Ma, a non-wholly owned subsidiary of the Company, entered into a joint venture agreement (the "Joint Venture Agreement") with Hubei Science & Technology Investment Company, pursuant to which the parties conditionally agreed to establish a joint venture company. The joint venture company is principally engaged in the investment, construction and operation of production lines of tube size thin film crystal liquid-crystal display and the ancillary color filter (the "TFT-LCD Business"). The registered capital of the joint venture company is RMB1,600,000,000. Tian Ma will contribute RMB160,000,000 and will hold 10% equity interest in the joint venture company, while Hubei Science & Technology Investment Company will contribute RMB1.44 billion and will hold 90% equity interest.

The Joint Venture Agreement constitutes a discloseable transaction of the Company under the Listing Rules. For further details, please refer to the announcement and the circular of the Company dated 13th October 2008 and 31st October 2008 respectively.

**OTHER SIGNIFICANT EVENTS** (continued)**7. Application for extension of mining rights**

He Qi Company, a domestic company incorporated in the PRC with limited liability, legally holds the mining rights to A Wang Bai Long Tan (阿旺白龍潭) phosphorite mine (the "Mine") in Dong Chuan District, Kun Ming City, Yunnan Province. On 31st July 2008, CATIC Resources entered into an agreement of cooperation with Mr. Yang Qi, Mr. Li Zhi Jian and Mr. Li Yi Lin to acquire an aggregate of 70% equity interest in He Qi Company. He Qi Company became a non-wholly owned subsidiary of the Company upon the completion of the acquisition.

He Qi Company made an application to the Department of Land and Resources of Yunnan Province for an extension of mining rights of phosphorite in the Mine on 28th April 2006. The application has been approved by the Department of Land and Resources of Yunnan Province on 24th October 2008. The Department of Land and Resources of Yunnan Province will proceed with the issuance of a new mining operation permit to He Qi Company upon its payment of the mining fees in the aggregate sum of RMB57,172,335, and the Board approved the payment of the above mining fees on 25th November 2008.

The application for the extension of mining rights constitutes a discloseable transaction of the Company under the Listing Rules. For further details, please refer to the announcement and the circular of the Company dated 25th November 2008 and 12th December 2008 respectively.

**8. Repurchases of H shares**

Pursuant to the special mandate granted in the 2007 annual general meeting and class meetings, the Board of the Company has repurchased H shares. In November 2008, the Company repurchased a total of 3,644,000 H shares. From January to February 2009, the Company repurchased 1,780,000 H shares. As at the date hereof, the Company has repurchased a total of 5,424,000 shares H shares. The Company has completed the cancellation procedures for all the above repurchased shares on 6th March 2009, while the procedures for altering its registration at the State Administration of Industry and Commerce is still in progress.

For further details, please refer to the circular dated 29th April 2008.

**SUBSEQUENT EVENTS****1. Modernization and Renovation of Guangdong International Building**

On 21st January 2009, the Board of the Company resolved to modernize and renovate the properties of a subsidiary, GIB Company. The Board considers that the current condition of Guangdong International Building is outmoded and has incurred substantial maintenance costs. The modernization and renovation project will increase occupancy, income and business value, reduce the operation costs and maintain the competitiveness of Guangdong International Building. Based on the budget, it is estimated that the total costs for the project will not exceed RMB250,000,000 and the project is expected to be completed in March 2010.

The modernization and renovation project constitutes a discloseable transaction under the Listing Rules. For further details, please refer to the announcement of the Company dated 21st January 2009.





## COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the financial year ended 31st December 2008. During the period, the Company has introduced remedial measures and systems pinpointing existing drawbacks in order to further improve its internal control.

## DEALINGS OF SHARE

The Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules has been adopted as a code for securities transactions for directors and supervisors of the Company. The Company, having made specific enquiries to its directors and supervisors, confirmed that, throughout the financial year ended 31st December 2008, all directors and supervisors have complied with the criteria laid down in the said code for securities transactions by directors.

## AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Board of the Company has established an audit committee in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. Members of the audit committee currently consist of all the independent non-executive Directors, namely Mr. Poon Chiu Kwok, Ms. Wong Wai Ling and Mr. Liu Xian Fa. The audit committee of the Company has reviewed and confirmed the Company's results announcement and financial statements for the twelve months ended 31st December 2008.

## INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board of the Company has obtained written confirmations from all independent non-executive Directors concerning their independence in accordance with Rule 3.13 of the Listing Rules of the Stock Exchange of Hong Kong. The Directors believe that the incumbent independent non-executive Directors are independent based on the guidelines set out in rule 3.13 of the Listing Rules of the Stock Exchange of Hong Kong.

## PUBLIC FLOAT

Based on the publicly available information and to the best knowledge of the Board of the Company, the Company has maintained sufficient public float as at the date of this annual report.

## AUDITORS

On 10th May 2007, PricewaterhouseCoopers ("PwC") has been appointed as the auditors of the Company to fill the vacancy left by the termination of Deloitte Touche Tohmatsu ("Deloitte") (For further details, please refer to the 2006 annual report of the Company). A resolution will be submitted to the forthcoming annual general meeting to re-appoint PwC as auditors of the Company.

By Order of the Board

**Wu Guang Quan**

*Chairman*

Shenzhen, 17th April 2009

## REPORT OF THE AUDIT COMMITTEE

The audit committee of the Company comprises Mr. Poon Chiu Kwok, Ms. Wong Wai Ling and Mr. Liu Xian Fa and is chaired by Mr. Poon Chiu Kwok.

During the year 2008, the audit committee, a subcommittee of the Board of the Company, performed its duties in strict compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules under leadership of the Board of the Company and has effectively monitored the Company's financial incomes and expenses and its operating activities for the year 2008. It has reviewed the Company's financial statements and interim and annual reports, as well as supervised the internal control and information disclosure of the Company, and enhanced its communication with the auditor to ensure that they have imposed effective supervision on the Company's operation management.

Report on the performance of duties by the audit committee:

- The audit committee had a timely understanding to the operations of the Company, its controlling companies and its subsidiaries.
- The committee has oversaw the quality of internal auditing and the disclosure of financial information pursuant to the requirements of the Listing Rules for the issuers. It has also reviewed the interim and annual financial statements prior to the submission to the Board, and communicated closely with the auditor to reach a consensus in all material aspects of the audit report.
- The committee has examined the completeness of the Company's financial statements and interim and annual reports' and reviewed the major opinions in respect of financial reporting of financial information set out in the financial statements.
- The committee has acted as the major representative for the communications between the issuer and external auditor pursuant to the best practice of the Code on Corporate Governance Practices and was responsible for monitoring their relationship. It has also reviewed and examined the independence of the external auditor and the effectiveness of the audit procedures in accordance with the applicable standards.
- The committee has reviewed the implementation of the Internal Reporting System for Major Events and Connected Transactions issued by the Company in October 2008.
- The committee has assisted the Company in performing a self-inspection on the compliance and effectiveness of the Company's internal control procedures in respect of the questions listed in the Directors' Compliance Checklist issued by the Stock Exchange of Hong Kong, and provided relevant recommendations on the internal improvements to be made by the Company in regard to the compliance matters.
- The committee has undertaken the responsibilities for providing guidance in respect of internal control, and considered and approved the working plan for internal auditing for the year 2008.



## AUDIT COMMITTEE REPORT *(continued)*

The audit committee conducted three meetings during the year of 2008, at which the audit committee had reviewed the audited financial statements of the Group for 2008. The details of the audit committee meetings are as follows:

<b>Subcommittee</b>	<b>Audit Committee</b>
<b>Members</b>	Poon Chiu Kwok, Wong Wai Ling, Liu Xian Fa
<b>Number of meetings held</b>	3
<b>Date of meetings held</b>	10th April 2008 25th August 2008 16th December 2008
<b>Proposals considered</b>	<ol style="list-style-type: none"> <li>1. The Proposal to Review the Interim Financial Report and the Interim Report on Consolidated Results of the Company for 2008</li> <li>2. The Proposal to Review the Corporate Governance and the Internal Control of the Company for the First Half of the Year</li> <li>3. The Proposal to Review the Auditor's Report, Results Announcement and Report of Directors of the Company for 2008</li> <li>4. The Proposal to Review the Profits Appropriation Proposal of the Company for 2008</li> <li>5. The Proposal to Review the Compliance of the Connected Transactions of the Company</li> <li>6. The Proposal to Review the Enhancement of Corporate Governance and Internal Control of the Company</li> </ol>

## REPORT OF THE REMUNERATION COMMITTEE

The remuneration committee of the Company comprises Mr. Wu Guang Quan, Mr. Sui Yong, Mr. Poon Chiu Kwok, Ms. Wong Wai Ling and Mr. Liu Xian Fa and is chaired by Mr Wu Guang Quan.

During 2008, the remuneration committee of the Company has reviewed the remuneration policy and the payment method for the Directors and senior management. It has also made an assessment on the disclosure of the remuneration of the Directors, supervisors and senior management in the Company's annual report and was of the opinion that the remuneration standard set for the directors, supervisors and senior management by the Company was in compliance with the relevant requirements of the Stock Exchange and the Company's remuneration policy and the remuneration disclosures were true and accurate.

Report on the performance of duties by the remuneration committee:

- The remuneration committee has formulated the remuneration policy or scheme for all the Directors, supervisors, chief executive and other senior management, and made recommendations to the Board on the remuneration of non-executive Directors to ensure that none of the Director was involved in the determination of his remuneration. It was delegated the responsibility by the Board to determine the amount of benefits in kind, pension and compensation payments, including any compensation payable for loss or termination of their office or appointment.
- The committee has reviewed the performance of duties by the Directors, supervisors, chief executive and other senior management, and assessed their annual performance. It has also monitored the implementation of the Company's remuneration policies.
- The committee has also recommended and assisted the Board of the Company on the establishment of a formal and transparent procedure to formulate the remuneration policy and structure of the Directors and senior management of the Company.

The audit committee held two meetings during the year of 2008, the details of which are as follows:

<b>Subcommittee</b>	Remuneration Committee
<b>Members</b>	Wu Guang Quan, Sui Yong, Poon Chiu Kwok, Wong Wai Ling, Liu Xian Fa
<b>Number of meetings held</b>	2
<b>Date of meetings held</b>	10th April 2008 10th November 2008
<b>Proposals considered</b>	<ol style="list-style-type: none"> <li>1. The Proposal to Review the Remuneration Policy of the Directors and Senior Management of the Company for 2008</li> <li>2. The Proposal to Review the Payment Method of the Remuneration of the Directors and Senior Management of the Company for 2008</li> <li>3. The Proposal to Review the Remuneration and Benefit Package for Ms. Lin Mei, the Qualified Accountant of the Company</li> </ol>



The supervisory committee of the Company comprises Mr. Huang Gao Jian, Mr. Sheng Fan and Mr. Chen Gang and is chaired by Mr. Huang Gao Jian.

During the reporting period in 2008, the supervisory committee has made full use of the business expertise of each member of the supervisory committee and was able to carry out various works smoothly. The members of the supervisory committee exercise effective supervision and made reasonable and practical recommendations, by presenting in board meetings and convening supervisory committee meetings, on major policies and decisions of the Company's management to determine their consistency with the laws and regulations of the State, the articles of association of the Company and the interests of the shareholders. The supervisory committee has brought forward opinions on the long-term development strategy of the Group for reference. The committee has performed its supervisory responsibility prescribed by the Company's articles of association with fidelity and diligence in addition to adhering to the principle of faith. The committee is also dedicated to its duties in a prudent manner so as to maximize the interests of the shareholders and the Company. During the reporting period, the Company has complied with the laws and regulations in its decision making procedures in the ordinary operation and the Directors and senior management has duly executed the resolutions arrived at in general meetings and their duties duly performed. In addition, no cases of violation of the laws or regulations or abuse to the authorities detrimental to the Company's interests were witnessed.

The supervisory committee has expressed the following opinions in respect of the affairs of the Company in 2008:

- **Supervisory committee's independent opinion on the compliance of the Company:** During the reporting period, the Company has been in compliance with laws and regulations including the Company Law, the Securities Law, the Company's articles of association and the Listing Rules of the Stock Exchange of Hong Kong to achieve regulated operation and lawful decision making procedures. While exercising their authorities, the directors and senior management of the Company have been in good faith and diligent in protecting the Company's interest in the absence of any violation of the laws, regulations and the Company's articles of association or any behavior detrimental to the Company's interests. The supervisory committee was of the opinion that there were no major defects in respect of the formulation and implementation of the Company's internal control from 1st January of the year to the end of the reporting period such that a comprehensive internal control system has been established and all exposures in corporate operation were effectively minimized.

**Supervisory committee's independent opinion on the financial position of the Company:** The supervisory committee has reviewed the relevant information such as the 2008 interim report, 2008 annual report and 2008 auditor's report presented by PricewaterhouseCoopers, the auditor of the Company, with unqualified opinion. The committee was of the opinion that the audit report was fair and objective and the financial reports of the Company has truly reflected the financial status and operating results of the Company and considered that the financial statements gave a true and fair view of the state of affairs and the operating results of the Company in all material aspects and the presentation is true and reliable, and agreed to the auditor's report issued by the auditor.

- **Supervisory committee's independent opinion on the use of proceeds from the last capital-raising activity:** Throughout the reporting period, the Company has applied the proceeds in strict compliance with the plan for use of proceeds. The committee was not aware of any case of appropriation of funds which was in violation of laws and regulations or was detrimental to the interests of the shareholders and the Company.

- **Supervisory committee's independent opinion on the acquisition and disposal of assets by the Company:** During the reporting period, the acquisition and disposal of assets by the Company were in compliance with the requirements of laws and regulations including the Company Law, the Securities Law, and the Listing Rules as well as the Company's articles of association and the required review procedures have been performed to ensure that there was no damage to the interests of the listed company nor any impairment to the Company's assets.
- **Supervisory committee's independent opinion on the connected transactions of the Company:** The supervisory committee has reviewed the connected transactions of the Company during the reporting period and considered that the connected transactions between the Company and its controlling shareholder were in strict compliance with the requirements of the Listing Rules of the Stock Exchange of Hong Kong, the Company's articles of association and the Internal Reporting System for Major Events and Connected Transactions. The Company has applied the review and disclosure procedures on the connected transactions which had been undertaken in a fair and reasonable manner such that the interests of the shareholders and the Company were not prejudiced.

Members of the Supervisory Committee will continue to perform their supervisory duties faithfully and work diligently to safeguard the interests of all of the Company's investors in accordance with the requirements of the Company Law, the Securities Law, the articles of association of the Company and the Listing Rules of the Stock Exchange of Hong Kong.

By Order of the supervisory committee

**Huang Gao Jian**

*Chairman of the Supervisory Committee*

Shenzhen, the PRC

17th April 2009



# 核數師報告 Independent Auditor's Report

Annual Report 2008 年度報告

PRICEWATERHOUSECOOPERS 

羅兵咸永道會計師事務所

PricewaterhouseCoopers

22/F, Prince's Building  
Central, Hong Kong  
Telephone (852) 2289 8888  
Facsimile (852) 2810 9888  
www.pwchk.com

## 獨立核數師報告

致深圳中航集團股份有限公司

全體股東：

(於中華人民共和國成立之股份有限公司)

本核數師(以下簡稱「我們」)已審核列載於第128至244頁深圳中航集團股份有限公司(「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收益表、綜合權益變動表和綜合現金流量表，以及主要會計政策概要及其他附註解釋。

## 董事就財務報表須承擔的責任

貴公司董事須負責根據國際財務報告準則及香港《公司條例》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。

## 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。我們已根據國際審計準則進行審核。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。

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CATIC SHENZHEN HOLDINGS LIMITED

(Established in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of CATIC Shenzhen Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 128 to 244, which comprise the consolidated and Company balance sheets as of 31st 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 International Financial Reporting Standards 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.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. 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.

審核涉及執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。

### 意見

我們認為，該等綜合財務報表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財務狀況及貴集團截至該日止年度的財務業績及現金流量，並已按照香港《公司條例》妥為編製。

### 其他事項

本報告載有我們之意見，並僅向整體股東作出報告，除此以外本報告並無其他用途。我們不會就本報告的內容向任何其他人士承擔或負上任何責任。

羅兵咸永道會計師事務所  
香港執業會計師

香港，二零零九年四月二十一日

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.

### OPINION

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

### OTHER MATTERS

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers  
Certified Public Accountants

Hong Kong, 21st April 2009

# 資產負債表

## Balance Sheets

Annual Report 2008 年度報告

於二零零八年十二月三十一日 As at 31st December 2008

		本集團 Group		本公司 Company	
		二零零八年 2008	二零零七年 2007 經重列 Restated	二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
		附註 Note			
<b>資產</b>	<b>ASSETS</b>				
<b>非流動資產</b>	<b>Non-current assets</b>				
土地使用權	Land use rights	7	687,277	190,007	—
採礦權	Mining rights	8	569,488	306,828	—
商譽	Goodwill	9	5,240	5,240	—
物業、廠房及設備	Property, plant and equipment	10	5,215,046	956,465	10,530
投資物業	Investment properties	11	768,487	193,873	—
在建工程	Construction-in-progress	12	160,038	2,654,651	—
於附屬公司之投資	Investments in subsidiaries	13	—	—	1,554,011
於聯營公司之投資	Investments in associates	14	509,532	576,852	298,198
可供出售金融資產	Available-for-sale financial assets	16	11,091	231,282	1,400
遞延所得稅資產	Deferred income tax assets	17	120,384	117,617	—
其他非流動資產	Other non-current assets	18	41,927	545,681	—
			8,088,510	5,778,496	1,864,139
<b>流動資產</b>	<b>Current assets</b>				
存貨	Inventories	19	1,185,491	829,829	—
貿易及其他應收款項	Trade and other receivables	20	1,271,308	1,112,441	449,211
按公允值透過損益列帳之金融資產	Financial assets at fair value through profit or loss	21	—	74,008	—
抵押銀行存款	Pledged bank deposits	22	95,838	—	30,000
現金及現金等價物	Cash and cash equivalents	23	874,373	1,306,698	353,124
			3,427,010	3,322,976	832,335
<b>總資產</b>	<b>Total assets</b>		11,515,520	9,101,472	2,696,474
<b>權益</b>	<b>EQUITY</b>				
<b>本公司權益持有人應佔資本與儲備</b>	<b>Capital and reserves attributable to the Company's equity holders</b>				
股本	Share capital	24	678,909	678,909	678,909
股份溢價	Share premium	24	357,849	357,849	357,849
庫存股份	Treasury shares	25	(6,026)	—	(6,026)
其他儲備	Other reserves	26	359,464	587,093	70,001
保留盈利／(累計虧損)	Retained earnings/(accumulated losses)		341,886	337,902	(338,625)
			1,732,082	1,961,753	762,108
權益之少數股東權益	Minority interest in equity		1,739,112	1,938,299	—
<b>總權益</b>	<b>Total equity</b>		3,471,194	3,900,052	762,108

隨附的附註為本綜合財務報表的組成部份。

The accompanying notes are an integral part of these consolidated financial statements.

		本集團		本公司	
		Group		Company	
		二零零八年	二零零七年	二零零八年	二零零七年
		2008	2007	2008	2007
			經重列		
			Restated		
	附註	人民幣千元	人民幣千元	人民幣千元	人民幣千元
	Note	RMB'000	RMB'000	RMB'000	RMB'000
負債	LIABILITIES				
非流動負債	Non-current liabilities				
貸款	Borrowings	27	2,920,979	1,945,636	—
遞延所得稅負債	Deferred income tax liabilities	17	260,163	102,882	—
政府補貼之遞延收入	Deferred income on government grants	28	70,523	19,407	—
其他非流動負債	Other non-current liability	29	42,703	—	—
			3,294,368	2,067,925	—
流動負債	Current liabilities				
貿易及其他應付款	Trade and other payables	30	1,654,914	1,338,094	95,266
貸款	Borrowings	27	3,044,734	1,780,208	1,839,100
流動所得稅負債	Current income tax liabilities		50,310	15,193	—
			4,749,958	3,133,495	1,934,366
總負債	Total liabilities		8,044,326	5,201,420	1,934,366
總權益和負債	Total equity and liabilities		11,515,520	9,101,472	2,696,474
流動淨(負債)／資產	Net current (liabilities)/assets		(1,322,948)	189,481	(1,102,031)
總資產減流動負債	Total assets less current liabilities		6,765,562	5,967,977	762,108

已於二零零九年四月二十一日經董事會批准  
Approved by the Board of Directors on 21st April 2009

董事長：吳光權  
Chairman: Wu Guang Quan

董事：隋湧  
Director: Sui Yong

隨附的附註為本綜合財務報表的組成部份。  
The accompanying notes are an integral part of these consolidated financial statements.

# 綜合損益表

## Consolidated Income Statement

Annual Report 2008 年度報告

截至二零零八年十二月三十一日止年度 For the year ended 31st December 2008

		附註 Note	二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 經重列 Restated 人民幣千元 RMB'000
收入	Revenue	6	4,077,074	3,357,210
銷售成本	Cost of sales	33	(3,013,557)	(2,582,646)
<b>毛利</b>	<b>Gross profit</b>		<b>1,063,517</b>	774,564
銷售費用	Distribution costs	33	(274,007)	(166,085)
行政費用	Administrative expenses	33	(562,748)	(340,544)
其他收入	Other income	31	56,515	24,440
其他收益－淨額	Other gains-net	32	33,935	43,183
<b>經營溢利</b>	<b>Operating profit</b>		<b>317,212</b>	335,558
本集團所佔聯營公司 可辨認資產、負債及 或然負債淨公允值 超出投資成本之差額	Excess of the Group's share of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment	14	—	60,065
本集團所佔附屬公司 可辨認資產、負債及或 然負債淨公允值 超出投資成本之差額	Excess of the Group's share of the net fair value of a subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of the investment	41(b)	104	—
融資收入	Finance income	35	13,564	7,606
融資成本	Finance costs	35	(301,595)	(102,036)
融資成本－淨額	Finance costs – net		(288,031)	(94,430)
應佔聯營公司虧損	Share of loss of associates		(23,711)	(7,173)
<b>除所得稅前溢利</b>	<b>Profit before income tax</b>		<b>5,574</b>	294,020
所得稅開支	Income tax expense	37	(46,811)	(31,105)
<b>本年度(虧損)/溢利</b>	<b>(Loss)/profit for the year</b>		<b>(41,237)</b>	262,915
<b>應佔溢利/(虧損)：</b> 本公司權益持有人 少數股東權益	<b>Profit/(loss) attributable to:</b> Equity holders of the Company Minority interest		<b>3,984</b> <b>(45,221)</b>	189,159 73,756
			<b>(41,237)</b>	262,915
年內本公司權益持有人 應佔溢利之每股盈利， 每股以人民幣列示	Earnings per share for profit attributable to the equity holders of the Company during the year (RMB per share)			
— 基本	– basic	39	0.0059	0.2974
— 攤薄	– diluted	39	0.0059	0.2974
股息	Dividends	40	—	38,160

隨附的附註為本綜合財務報表的組成部份。

The accompanying notes are an integral part of these consolidated financial statements.

# 權益變動表

## Statements of Changes in Equity

截至二零零八年十二月三十一日止年度 For the year ended 31st December 2008

Annual Report 2008 年度報告

		股本 Share capital	股份溢價 Share premium	庫存股份 Treasury shares	其他儲備 Other reserves (附註26) (Note 26)	未分配利潤 Retained earnings	少數股東權益 Minority interest	總計 Total
	附註 Note	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
<b>本集團</b>	<b>GROUP</b>							
於二零零七年一月一日結餘	Balance at 1st January 2007	636,000	161,105	-	313,346	186,903	997,943	2,295,297
沖回可供出售金融資產 公允價值變動至於聯營公司 之投資(未扣除稅款)	Reversal of fair value change of an available-for-sale financial assets to investments in associates, gross of tax	16	-	-	(93,729)	-	-	(93,729)
沖回可供出售金融資產 公允價值收益之稅款	Reversal of tax on fair value gains from available-for-sale financial assets	17	-	-	14,059	-	-	14,059
可供出售金融資產之 公允價值收益 (未扣除稅款)	Fair value gains from available-for-sale financial assets, gross of tax	16	-	-	69,281	-	66,044	135,325
可供出售金融資產之 公允價值收益之稅款	Tax on fair value gains from available-for-sale financial assets	17	-	-	(9,202)	-	(11,516)	(20,718)
直接於權益確認之 淨收入/(虧損)	Net income/(loss) recognised directly in equity	-	-	-	(19,591)	-	54,528	34,937
本年度溢利(經重列)	Profit for the year (Restated)	-	-	-	-	189,159	73,756	262,915
二零零七年度已確認收入 及開支總額	Total recognised income and expense for 2007	-	-	-	(19,591)	189,159	128,284	297,852
發行股本	Issue of share capital	24	42,909	196,744	-	-	-	239,653
少數股東注資	Capital contributed by minority interest	-	-	-	151,000	-	801,733	952,733
一附屬公司股權改革後 股權權益撥入	Transfer of equity interest to minority interest following a subsidiary's share segregation reform	-	-	-	(49,055)	-	49,055	-
二零零六年度股息	Dividends for 2006	40	-	-	-	(38,160)	(32,455)	(70,615)
收購少數股東權益	Acquisition of minority interest	-	-	-	364	-	(4,863)	(4,499)
增持股權而變成聯營企業 所帶來的淨資產公允價值 的公允價值增加	Step-up of fair value of the acquired share of net assets of an associate in fair value	-	-	-	191,029	-	-	191,029
視作出售附屬公司	Deemed disposal of subsidiaries	-	-	-	-	-	(1,398)	(1,398)
於二零零七年十二月 三十一日結餘(經重列)	Balance at 31st December 2007 (Restated)	678,909	357,849	-	587,093	337,902	1,938,299	3,900,052

隨附的附註為本綜合財務報表的組成部份。

The accompanying notes are an integral part of these consolidated financial statements.



截至二零零八年十二月三十一日止年度 For the year ended 31st December 2008

			股本 Share capital	股份溢價 Share premium	庫存股份 Treasury shares (附註26) (Note 26)	其他儲備 Other reserves	未分配利潤 Retained earnings	少數股東權益 Minority interest	總計 Total
		附註 Note	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
於二零零八年一月一日結餘 (經重列)	Balance at 1st January 2008 (Restated)		678,909	357,849	-	587,093	337,902	1,938,299	3,900,052
可供出售金融資產公允價值 虧損－毛額	Fair value losses from available-for-sale financial assets – gross amount	16	-	-	-	(60,881)	-	(72,826)	(133,707)
可供出售金融資產公允價值 虧損－稅款	Fair value losses from available-for-sale financial assets – tax	17	-	-	-	9,285	-	11,113	20,398
出售可供出售金融資產 公允價值調整－毛額	Fair value adjustment on disposal of available-for-sale financial assets – gross amount	16	-	-	-	(38,765)	-	(46,209)	(84,974)
出售可供出售金融資產 公允價值調整－稅款	Fair value adjustment on disposal of available-for-sale financial assets – tax	17	-	-	-	5,815	-	6,931	12,746
直接於權益確認之淨虧損	Net loss recognised directly in equity		-	-	-	(84,546)	-	(100,991)	(185,537)
本年度(虧損)/溢利	(Loss)/profit for the year		-	-	-	-	3,984	(45,221)	(41,237)
二零零八年度已確認收入 及開支總額	Total recognised income and expense for 2008		-	-	-	(84,546)	3,984	(146,212)	(226,774)
少數股東注資	Capital contributed by minority interest		-	-	-	-	-	192,686	192,686
出售聯營公司資產之重估 盈餘沖回	Reversal of revaluation surplus on the disposal of assets of the associate	14	-	-	-	(26,603)	-	-	(26,603)
收購少數股東權益	Acquisition of minority interest	13(a)	-	-	-	(111,899)	-	(209,653)	(321,552)
所佔聯營公司可供出售 金融資產之公允價值虧損	Share of fair value losses from available-for-sale financial assets of the associate	14	-	-	-	(4,581)	-	-	(4,581)
購回H股	Repurchase of H shares	25	-	-	(6,026)	-	-	-	(6,026)
二零零七年度股息	Dividends for 2007		-	-	-	-	-	(36,008)	(36,008)
於二零零八年 十二月三十一日結餘	Balance at 31st December 2008		678,909	357,849	(6,026)	359,464	341,886	1,739,112	3,471,194

隨附的附註為本綜合財務報表的組成部份。

The accompanying notes are an integral part of these consolidated financial statements.

		股本 Share capital	股份溢價 Share premium	庫存股份 Treasury shares	其他儲備 Other reserves (附註25) (Note 25)	累計虧損 Accumulated losses	總計 Total
	附註 Note	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
<b>本公司</b>	<b>COMPANY</b>						
於二零零七年 一月一日結餘	Balance as at 1st January 2007	636,000	161,105	-	149,671	(242,689)	704,087
沖回可供出售金融資產 公允價值變動至 於聯營公司之投資 未扣除稅款	Reversal of fair value change of an available-for-sale financial assets to investments in associates, gross of tax	16	-	-	(93,729)	-	(93,729)
沖回可供出售金融資產 公允價值收益之稅款	Reversal of tax on fair value gains from available-for-sale financial assets	17	-	-	14,059	-	14,059
直接於權益確認之淨虧損	Net loss recognised directly in equity	-	-	-	(79,670)	-	(79,670)
本年度虧損	Loss for the year	-	-	-	-	(25,939)	(25,939)
二零零七年度已確認收入 及開支總額	Total recognised income and expense for 2007	-	-	-	(79,670)	(25,939)	(105,609)
發行股本	Issue of share capital	24	42,909	-	-	-	239,653
二零零六年度股息	Dividends for 2006	40	-	-	-	(38,160)	(38,160)
於二零零七年 十二月三十一日結餘	Balance as at 31st December 2007	678,909	357,849	-	70,001	(306,788)	799,971
於二零零八年一月一日結餘	Balance as at 1st January 2008	678,909	357,849	-	70,001	(306,788)	799,971
本年度虧損	Loss for the year	-	-	-	-	(31,837)	(31,837)
二零零八年度已確認收入 及開支總額	Total recognised income and expense for 2008	-	-	-	-	(31,837)	(31,837)
購回H股	Repurchase of H shares	25	-	(6,026)	-	-	(6,026)
於二零零八年 十二月三十一日結餘	Balance as at 31st December 2008	678,909	357,849	(6,026)	70,001	(338,625)	762,108

隨附的附註為本綜合財務報表的組成部份。

The accompanying notes are an integral part of these consolidated financial statements.

# 綜合現金流量表

## Consolidated Cash Flow Statement

Annual Report 2008 年度報告

截至二零零八年十二月三十一日止年度 For the year ended 31st December 2008

			二零零八年 2008	二零零七年 2007 經重列 Restated
		附註 Note	人民幣千元 RMB'000	人民幣千元 RMB'000
<b>營運活動產生之現金流量</b>	<b>Cash flows from operating activities</b>			
經營業務產生/(所用)之現金	Cash generated from/(used in) operations	42	179,154	(110,063)
已付利息	Interest paid		(365,288)	(89,072)
已付所得稅	Income tax paid		(45,033)	(42,340)
營運活動所用之淨現金	Net cash used in operating activities		(231,167)	(241,475)
<b>投資活動產生之現金流量</b>	<b>Cash flows from investing activities</b>			
於聯營公司之添置	Addition to associates	14	-	(261,668)
購買物業、廠房及設備	Purchase of property, plant and equipment		(369,859)	(362,461)
購買探礦權	Purchase of mining rights	8	(193,366)	(29,459)
購買土地使用權	Purchase of land use rights		-	(142,175)
在建工程增加	Additions to construction-in-progress		(823,284)	(2,100,671)
收購少數股東權益	Acquisition of minority interest	13	(317,500)	(4,499)
收購附屬公司，收購所得淨現金	Acquisition of subsidiaries, net of cash acquired	41	(306,289)	210,878
出售物業、廠房及設備所得款項	Proceeds from disposal of property, plant and equipment		1,138	855
視作出售附屬公司	Deemed disposal of subsidiaries		-	(2,739)
出售按公允值透過損益列賬 之金融資產之所得款項	Proceeds from disposal of financial assets at fair value through profit or loss		-	31,336
出售可供出售金融資產所得款項	Proceeds from disposal of available-for-sale financial assets		88,885	-
購買可供出售之金融資產	Purchase of available-for-sale financial assets		(2,400)	-
已收政府補助	Government grants received		67,575	12,211
已收利息	Interest received		14,834	7,602
已收股息	Dividend received		13,579	-
其他非流動資產增加	Addition to other non-current assets		(31,192)	(234,507)
抵押銀行存款增加	Additions to pledged bank deposits	22	(65,838)	-
投資活動所用之淨現金	Net cash used in investing activities		(1,923,717)	(2,875,297)
<b>融資活動之現金流量</b>	<b>Cash flows from financing activities</b>			
購回H股	Repurchase of H shares	25	(6,026)	-
發行股本之所得款項	Proceeds from issuance of share capital	24	-	239,653
貸款之所得款項	Proceeds from borrowings		4,626,423	4,024,625
償還借貸	Repayments of borrowings		(2,871,554)	(1,247,329)
已付股息	Dividends paid		-	(38,160)
少數股東向附屬公司注資	Capital contribution to subsidiaries from minority shareholders		8,400	736,224
派付予附屬公司少數股東之股息	Dividends paid to minority shareholders of subsidiaries		(35,618)	(32,455)
已收政府補助金	Government subsidy received		30,934	-
抵押銀行存款增加	Additions to pledged bank deposits	22	(30,000)	-
融資活動產生之淨現金	Net cash generated from financing activities		1,722,559	3,682,558
<b>現金及現金等價物之 (減少)/增加淨額</b>	<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(432,325)</b>	<b>565,786</b>
年初之現金及現金等價物	Cash and cash equivalents at beginning of year		1,306,698	740,912
年終之現金及現金等價物	Cash and cash equivalents at end of year		874,373	1,306,698

隨附的附註為本綜合財務報表的組成部份。

The accompanying notes are an integral part of these consolidated financial statements.

# 財務報表附註

## Notes to the Financial Statements

Annual Report 2008 年度報告

### 1 一般資料

深圳中航集團股份有限公司(「本公司」)為在中華人民共和國(「中國」)成立之股份有限公司。本公司的股份已在香港聯合交易所有限公司主板上市。本公司及其附屬公司(以下統稱「本集團」)主要在中國從事生產和銷售手錶及鐘錶、液晶體顯示器、印製電路板、有線電視系統器材及房地產開發業務。年內，本集團已於中國將業務擴展至礦業資源及酒店營運。

本公司之辦公地址為中國深圳市福田區深南中路中航苑航都大廈25樓。

綜合財務報表已於二零零九年四月二十一日獲批准刊發。

### 2 編製基準

本集團的綜合財務報表是根據國際財務報告準則(「國際財務準則」)編制。綜合財務報表按照歷史成本法編制，並就可供出售金融資產及按公允值透過損益記賬的金融資產的重估而作出修訂。編製該綜合財務報表所採用之會計政策及基準與本集團編制法定賬目時採用的中國公認的會計準則及有關財務規例有所不同。誠如附註2(e)所載，二零零七年綜合資產負債表、損益表、權益變動表及現金流量表已重列。

### 1 GENERAL INFORMATION

CATIC Shenzhen Holdings Limited (the "Company") was established as a joint stock limited company in the People's Republic of China (the "PRC") and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited. The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in the manufacture and sales of watches and clocks, liquid crystal displays, printed circuit boards, cable television equipment and property development in the PRC. During the year, the Group expanded into mining resources and hotel operation business in the PRC.

The office address of the Company is 25/F, Hangdu Building, CATIC Zone, Shennan Road Central, Futian District, Shenzhen, the PRC.

The consolidated financial statements have been approved for issue on 21st April 2009.

### 2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss. The accounting policies and bases adopted in the preparation of these financial statements differ from those used in the statutory accounts of the Group which are prepared in accordance with generally accepted accounting principles and relevant financial regulations in the PRC. The consolidated balance sheet, income statement, statement of changes in equity and cash flow statement for 2007 have been restated as detailed in Note 2(e).



## 2 編製基準(續)

編製符合國際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的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判斷和估計的範疇，在附註5中披露。

截至二零零八年十二月三十一日止年度，本集團之營運活動產生的現金流出淨額約為人民幣231,167,000元。於同日，本集團之流動負債超過流動資產約人民幣1,322,948,000元，而未來十二個月需支付的未償還短期銀行借款總額約為人民幣3,039,734,000元。本集團之持續經營及償還到期負債之能力將依賴管理層在改善本集團之盈利能力和營運現金流方面的持續努力及貸款銀行的持續融資支持。

本集團一直遵照借款合同約定的條款與還款計劃償付借款本金與利息，維持了良好的信貸記錄。因此，對於於二零零九年度到期需償還的未償還銀行借款，本公司董事有信心取得持續融資支持。年終後，本集團已經成功取得短期銀行借款人民幣674,000,000元以及到期日至二零一二年的長期借款人民幣200,000,000元；董事將繼續努力獲取更多的銀行融資，以滿足本集團的資金需求。

此外，董事將繼續採取措施改進本集團的營運資金和現金流量，這些措施包括緊密監控日常營運費用的產生，以及只有在取得相關銀行融資的情況下才作出資本開支。董事亦會與相關銀行進行磋商，盡可能的將短期借款轉換為長期借款。

## 2 BASIS OF PREPARATION (continued)

The preparation of financial statements in conformity with IFRS 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 5.

For the year ended 31st December 2008, the Group had a net operating cash outflow of approximately RMB231,167,000. As at the same date, the Group's current liabilities exceeded its current assets by approximately RMB1,322,948,000, and it had outstanding short term bank loans of approximately RMB3,039,734,000 which are due for repayment within the next twelve months. The Group's ability to continue as a going concern and to fulfil its financial obligations depends on the continuous effort of management to improve the Group's profitability and operating cash flow and the continuing supports of its lending banks to provide financing.

The Group has been servicing its debt and interest payment obligations according to the terms and schedules of the respective loan agreements and it has maintained good credit history. As a result, the directors of the Company are confident that the Company will be able to roll over its outstanding bank loans when they are due for repayment in 2009. Subsequent to year end, the Group has successfully borrowed short-term bank loans of RMB674,000,000, and long-term loans of RMB200,000,000 which are repayable in 2012. The directors are continuing their efforts to arrange additional bank financing to meet the funding requirements of the Group.

Furthermore, the directors will continue to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring daily operating expenses and controlling capital expenditures to be incurred only when specific bank financing could be arranged. They will also arrange with bankers to convert certain short term loans into long term loans whenever possible.



**2 編製基準(續)**

綜上，董事認為本集團擁有充足的營運資金支付到期負債，以確保本集團在資產負債表日後十二個月內保持現有經營規模。因此，董事認為以持續經營為基礎編制本財務報表是適當的。

**(a) 在二零零八年已生效的準則修訂及詮釋**

- 國際會計準則39「金融工具：確認及計量」，對金融資產重新分類的修訂容許若干金融資產如符合注明的條件，從「持有作買賣用途」及「可供出售」類別中重新分類。國際財務報告準則7「金融工具：披露」的相關修訂引入了有關從「持有作買賣用途」及「可供出售」類別中重新分類金融資產的披露規定。此項修訂自二零零八年七月一日起生效。此項修訂對本集團財務報表並無任何影響，因為本集團並無重新分類任何金融資產。

**(b) 在二零零八年已生效但不相關的詮釋**

以下對已公佈準則的詮釋必須在二零零八年一月一日或之後開始的會計期間採納，但與本集團的營運無關：

- 國際財務報告詮釋委員會－詮釋11，「國際財務報告準則2－集團及庫存股份交易」
- 國際財務報告詮釋委員會－詮釋12，「服務特許權安排」
- 國際財務報告詮釋委員會－詮釋14，「國際會計準則19－界定福利資產限額、最低資金要求及兩者相互關係」

**2 BASIS OF PREPARATION (continued)**

Based on the above, the directors are confident that the Group will have sufficient working capital to meet its obligations as and when they fall due and maintain its present operating scale in the next twelve months from the balance sheet date. Accordingly, the directors are of the opinion that it is appropriate to prepare these financial statements on a going concern basis.

**(a) Standards amendment and interpretations effective in 2008**

- The IAS 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 IFRS 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.

**(b) Interpretations effective in 2008 but not relevant**

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

- IFRIC – Int 11, 'IFRS 2 – Group and treasury share transactions'
- IFRIC – Int 12, 'Service Concession arrangements'
- IFRIC – Int 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'





## 2 編製基準(續)

- (c) 仍未生效而本集團亦無提早採納的準則、修訂及對現有準則的詮釋

以下為已公佈的準則及對現有準則的修訂，而本集團必須在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：

- 國際會計準則1(經修訂)「財務報表的呈報」(由二零零九年一月一日起生效)。此項經修訂準則禁止在權益變動表中呈列收入及支出項目(即「非擁有人的權益變動」)，並規定「非擁有人的權益變動」必須與擁有人的權益變動分開呈列。所有非擁有人的權益變動將需要在業績報表中呈列，但實體可選擇在一份業績報表(全面收入報表)中，或在兩份報表(綜合收益表和全面收入報表)中呈列。如實體重列或重新分類比較數字，除了按現時規定呈列當期和前期期終的資產負債表外，還須呈列前期期初的經重列資產負債表。管理層正考慮經修訂準則的影響。

## 2 BASIS OF PREPARATION (continued)

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

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

- IAS 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 management is considering the impact of the revised standard.

## 2 編製基準(續)

## (c) 仍未生效而本集團亦無提早採納的準則、修訂及對現有準則的詮釋(續)

- 國際財務報告準則3(經修訂)「企業合併」(由二零零九年七月一日起生效)。此項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，收購業務的所有款項必須按收購日期的公允值記錄，而分類為債務的或然付款其後須在綜合收益表重新計量。在按收購法收購時，可選擇按公允值或非控制性權益應佔被收購方淨資產的比例計量於被收購方的非控制權益。所有收購相關成本必須記入費用。管理層正考慮經修訂準則的影響。
- 國際財務報告準則8「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8取代了國際會計準則14「分部報告」，並將分部報告與美國準則SFAS 131「有關企業分部和相關資料的披露」的規定統一起來。此項新準則要求採用「管理方法」，即分部數據須按照與內部報告所採用的相同基準呈報。本集團將會由二零零九年一月一日起應用國際財務報告準則8「營運分部」。
- 國際會計準則20(修訂本)「政府補貼的會計處理及政府援助的披露」(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按國際會計準則39「金融工具：確認與計量」的賬面值與根據國際會計準則20入賬的優惠所得款項之間的差額計量。管理層正考慮經修訂準則的影響。

## 2 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)

- IFRS 3 (Revised), 'Business combinations' (effective from 1st 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 management is considering the impact of the revised standard.
- IFRS 8, 'Operating segments' (effective from 1st January 2009). IFRS 8 replaces IAS 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 IFRS 8, 'Operating segments' from 1st January 2009.
- IAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance' (effective from 1st January 2009). The benefit of a below-market rate government loan is measured as the difference between the carrying amount in accordance with IAS 39, 'Financial instruments: Recognition and measurement' and the proceeds received with the benefit accounted for in accordance with IAS 20. The management is considering the impact of the revised standard.



## 2 編製基準(續)

### (c) 仍未生效而本集團亦無提早採納的準則、修訂及對現有準則的詮釋(續)

- 國際會計準則23(經修訂)及國際會計準則23(修訂本)「借貸成本」(由二零零九年一月一日起生效)。此項修訂本預期不會對本集團造成影響，原因是本集團現正就資本化借貸成本所採用之政策，與修訂本之規定相若。
- 國際會計準則27(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)。倘於附屬公司的投資根據國際會計準則39「金融工具：確認與計量」入賬，而根據國際財務報告準則5「持有作出售用途的非流動資產及中止營運」列為持有作出售用途，則繼續應用國際會計準則39。修訂不會對本集團的營運產生任何影響，因為對於附屬公司的投資，本集團的政策是按成本於每實體獨立入賬。
- 國際會計準則27(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)。此項經修訂準則規定，如控制權沒有改變，則附有非控制性權益的所有交易的影響必須在權益中呈列，而此等交易將不再產生商譽或盈虧。此項準則亦列明失去控制權時的會計處理方法，任何在實體內的剩餘權益按公允值重新計量，並在收益表中確認盈利或損失。管理層正評估經修訂準則帶來的影響。

## 2 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)

- IAS 23 (Revised) and IAS 23 (Amendment), 'Borrowing costs' (effective from 1st January 2009). This amendment is not expected to have an impact on the Group, as the Group currently applies a policy of capitalising borrowing cost which is similar to the requirement under the amendment.
- IAS 27 (Amendment), 'Consolidated and separate financial statements' (effective from 1st January 2009). Where an investment in a subsidiary that is accounted for under IAS 39, Financial instruments: recognition and measurement, is classified as held for sale under IFRS 5, 'Non-current assets held for sale and discontinued operations', IAS 39 would continue to be applied. The amendment will not have an impact on the Group's operations because it is the Group's policy for an investment in subsidiary to be recorded at cost in the standalone accounts of each entity.
- IAS 27 (Revised), 'Consolidated and separate financial statements' (effective from 1st 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 management is considering the impact of the revised standard.

## 2 編製基準(續)

## (c) 仍未生效而本集團亦無提早採納的準則、修訂及對現有準則的詮釋(續)

- 國際會計準則委員會於二零零八年五月公佈的年度修訂項目
  - 國際會計準則1(修訂本)「財務報告的呈列」(由二零零九年一月一日起生效)。此修訂本澄清了若干而非所有根據國際會計準則39「金融工具：確認及計量」被分類為持作買賣的金融資產和負債，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應用國際會計準則1(修訂本)。
  - 國際會計準則28(修訂本)「聯營企業的投資」(及對國際會計準則32「金融工具：呈列」及國際財務報告準則7「金融工具：披露」的其後修訂)(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，而任何減值虧損不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，數額最多為聯營公司可收回金額的增加。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，應用國際會計準則28(修訂本)。

## 2 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)

- IASB's annual improvements project published in May 2008
  - IAS 1 (Amendment), 'Presentation of financial statements' (effective from 1st January 2009). The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, 'Financial instruments: Recognition and measurement' are examples of current assets and liabilities respectively. The Group will apply the IAS 1 (Amendment) from 1st January 2009.
  - IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation' and IFRS 7, 'Financial instruments: Disclosures') (effective from 1st 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 IAS 28 (Amendment) to impairment tests related to investment in associates and any related impairment losses from 1st January 2009.



## 2 編製基準(續)

### (c) 仍未生效而本集團亦無提早採納的準則、修訂及對現有準則的詮釋(續)

- 國際會計準則36(修訂本)「資產減值」(由二零零九年一月一日起生效)。如公允值減出售成本是按照貼現的現金流量計算，則必須作出相當於使用價值計算的披露。本集團將會由二零零九年一月一日起應用國際會計準則36(修訂本)，並對減值測試提供所需的披露(如適用)。

- 國際會計準則39(修訂本)「金融工具：確認和計量」(由二零零九年一月一日起生效)。

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，可重分類入或出按公允值透過損益記賬類別。

為買賣之目的而持有的按公允值透過損益記賬的金融資產或金融負債，其定義亦已修訂。這澄清了一項金融資產或負債如作為金融工具組合的一部分共同管理，並有證據顯示最近有實際的短期獲利模式，則在初步確認時包括在該組合中。

## 2 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)

- IAS 36 (Amendment), 'Impairment of assets' (effective from 1st 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 IAS 36 (Amendment) and provide the required disclosure where applicable for impairment tests from 1st January 2009.

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

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 編製基準(續)

## (c) 仍未生效而本集團亦無提早採納的準則、修訂及對現有準則的詮釋(續)

目前有關指定和記錄對沖的指引要求對沖工具必須涉及獨立於報告實體的一方，並將分部作為報告實體的一種。這意味著為了在分部應用對沖會計法，對沖會計目前的規定必須符合。此修訂刪去了此項規定，以致國際會計準則39與國際財務報告準則8「營運分部」貫徹一致，即按照分部向主要經營決策者報告的資料進行披露。現時，就分部報告而言，每家附屬公司指定並記錄（包括有效性測試）與集團司庫訂立的合同作為公允值或現金流量對沖，以便該種對沖反映在被對沖項目相關的分部。這與主要經營決策人審閱的資料貫徹一致。詳情載於附註4。當修訂生效後，對沖將繼續反映在被對沖項目相關的分部（及向主要經營決策人提供的資料），但本集團將不會正式記錄及測試這種對沖關係。

當終止公允值對沖會計處理而重新計量一項債務工具的賬面值時，此修訂本澄清了須使用經修訂的實際利率（按終止公允值對沖會計處理的日期計算）。

## 2 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)

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 IAS 39 is consistent with IFRS 8, 'Operating segments' which requires disclosure for segments to be based on information reported to the chief operating decision maker. Currently, for segment reporting purposes, each subsidiary designates and documents (including effectiveness testing) contracts with group treasury as fair value or cash flow hedges so that the hedges are reflected in the segment to which the hedged items relate. This is consistent with the information viewed by the chief operating decision maker. See Note 4 for further details. After the amendment is effective, the hedge will continue to be reflected in the segment to which the hedged items relate (and information provided to the chief operating decision maker) but the Group will not formally document and test this hedging relationship.

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.





## 2 編製基準(續)

- (c) 仍未生效而本集團亦無提早採納的準則、修訂及對現有準則的詮釋(續)

本集團將會由二零零九年一月一日起應用國際會計準則39(修訂本)。管理層正考慮經修訂準則的影響。

- 國際財務報告準則5(修訂本)「持作出售的非流動資產及已終止經營業務」(及對國際財務報告準則1「首次採納」的其後修訂)(由二零零九年七月一日起生效)。此修訂本澄清了如部份出售計劃導致失去控制權，則附屬公司的所有資產和負債必須分類為持作出售，而假若符合已終止經營業務的定義，必須就該附屬公司作出相關披露。對國際財務報告準則1的其後修訂說明此等修訂本自過渡至國際財務報告準則的日期起應用。本集團將由二零一零年一月一日起對所有部份出售附屬公司前瞻應用國際會計準則5(修訂本)。

## 2 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)

The Group will apply the IAS 39 (Amendment) from 1st January 2009. The management is considering the impact of the revised standard.

- IFRS 5 (Amendment), 'Non-current assets held for sale and discontinued operations' (and consequential amendment to IFRS 1, 'First-time adoption') (effective from 1st July 2009). The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control, and relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRSs. The Group will apply the IFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1st January 2010.



## 2 編製基準(續)

### (c) 仍未生效而本集團亦無提早採納的準則、修訂及對現有準則的詮釋(續)

- 關於國際財務報告準則7「金融工具：披露」、國際會計準則8「會計政策、會計估計的變動和錯誤更正」、國際會計準則10「結算日後事項」、國際會計準則18「收入」及國際會計準則34「中期財務報告」有多項輕微修訂未有在上文提及。此等修訂不大可能會對本集團的財務報表有影響，故此未有作詳細分析。

### (d) 仍未生效且與本集團營運無關的對現有準則的詮釋及修訂

以下為已公佈對現有準則的詮釋及修訂，本集團必須在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，但與本集團的營運無關：

- 國際財務報告準則1(修訂本)「首次採納國際財務報告準則」，以及國際會計準則27「綜合及獨立財務報表」(由二零零九年一月一日起生效)。
- 國際財務報告準則2(修訂本)「以股份為基礎的支付」(由二零零九年一月一日起生效)。

## 2 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)

- There are a number of minor amendments to IFRS 7, 'Financial instruments: Disclosures', IAS 8, 'Accounting policies, changes in accounting estimates and errors', IAS 10, 'Events after the balance sheet date', IAS 18, 'Revenue' and IAS 34, 'Interim financial reporting' 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.

### (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 1st January 2009 or later periods but are not relevant for the Group's operations:

- IFRS 1 (Amendment), 'First time adoption of IFRS' and IAS 27 'Consolidated and separate financial statements' (effective from 1st January 2009).
- IFRS 2 (Amendment), 'Share-based payment' (effective from 1st January 2009).



## 2 編製基準(續)

### (d) 仍未生效且與本集團營運無關的對現有準則的詮釋及修訂(續)

- 國際財務報告詮釋委員會－詮釋13「顧客忠誠度計劃」(由二零零八年七月一日起生效)。
- 國際財務報告詮釋委員會－詮釋15「房地產建築協議」(由二零零九年一月一日起生效)。
- 國際財務報告詮釋委員會－詮釋16「對海外業務投資淨額對沖」(由二零零八年十月一日起生效)。
- 國際會計準則1(經修訂)「財務報表的呈報」(由二零零九年一月一日起生效)。
- 國際會計準則16(修訂本)「物業、機器及設備」(及對國際會計準則7「現金流量表」的其後修訂)(由二零零九年一月一日起生效)。
- 詮釋17「向擁有人分派非現金資產」(由二零零九年七月一日起生效)。
- 詮釋18「自客戶轉讓資產」(適用於二零零九年七月一日或之後的轉讓)。
- 國際會計準則32(修訂本)「金融工具：呈列」及國際會計準則1(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)。

## 2 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)

- IFRIC – Int 13, 'Customer loyalty programmes' (effective from 1st July 2008).
- IFRIC – Int 15, 'Agreements for construction of real estates' (effective from 1st January 2009).
- IFRIC – Int 16, 'Hedges of a net investment in a foreign operation' (effective from 1st October 2008).
- IAS 1 (Revised), 'Presentation of financial statements' (effective from 1st January 2009).
- IAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows') (effective from 1st January 2009).
- Int 17, 'Distributions of non-cash assets to owners' (effective from 1st July 2009).
- Int 18, 'Transfers of assets from customers' (effective for transfers on or after 1st July 2009).
- IAS 32 (Amendment), 'Financial instruments: Presentation', and IAS 1 (Amendment), 'Presentation of financial statements' – 'Puttable financial instruments and obligations arising on liquidation' (effective from 1st January 2009).



## 2 編製基準(續)

### (d) 仍未生效且與本集團營運無關的對現有準則的詮釋(續)

- 國際會計準則委員會於二零零八年五月公佈的年度修訂項目。
  - 國際會計準則19(修訂本)「僱員福利」(由二零零九年一月一日起生效)。
  - 國際會計準則29(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)。
  - 國際會計準則31(修訂本)「於共同控制實體的權益」(及其對國際會計準則32及國際財務報告準則7作出的修訂)(由二零零九年一月一日起生效)。
  - 國際會計準則38(修訂本)「無形資產」(由二零零九年一月一日起生效)。
  - 國際會計準則40(修訂本)「投資物業」(及對國際會計準則16的其後修訂)(由二零零九年一月一日起生效)。
  - 國際會計準則41(修訂本)「農業」(由二零零九年一月一日起生效)。
  - 上文未處理而對國際會計準則29「嚴重通脹經濟下的財務報告」、國際會計準則40「投資物業」及國際會計準則41「農業」之輕微修訂。該等修訂將不會如上述對本集團之業務有影響。

## 2 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)

- IASB's annual improvements project published in May 2008.
  - IAS 19 (Amendment), 'Employee benefits' (effective from 1st January 2009).
  - IAS 29 (Amendment), 'Financial reporting in hyperinflationary economies' (effective from 1st January 2009).
  - IAS 31 (Amendment), 'Interests in joint ventures (and consequential amendments to IAS 32 and IFRS 7) (effective from 1st January 2009).
  - IAS 38 (Amendment), 'Intangible assets' (effective from 1st January 2009).
  - IAS 40 (Amendment), 'Investment property' (and consequential amendments to IAS 16) (effective from 1st January 2009).
  - IAS 41 (Amendment), 'Agriculture' (effective from 1st January 2009).
  - The minor amendments to IAS 29, 'Financial reporting in hyperinflationary economies', IAS 40 'Investment property' and IAS 41, 'Agriculture', which are not addressed above. These amendments will not have an impact on the Group's operations as described above.



## 2 編製基準(續)

### (e) 合併會計應用

二零零八年一月二十一日，本公司之全資附屬公司深圳中航資源有限公司(「中航資源」)與本公司控股股東中國航空技術深圳有限公司(「中航技深圳公司」)之全資附屬公司深圳市中航投資管理有限公司(「中航投資」)訂立收購協議，據此，中航資源以代價人民幣330,000,000元收購海西中航三鉀硅業有限公司(「中航三鉀」)60%股權。該項收購已於二零零八年五月二十三日完成，中航資源已取得中航三鉀之控制權。中航三鉀之前於二零零七年由中航投資從無關連關係公司購入。由此項收購而產生之商譽為人民幣5,240,000元(附註9)。

中航資源於年內從兩名無關連方楊咏罡先生及青海省冷湖天田鉀肥有限公司(「天田鉀肥公司」)進一步購入中航三鉀餘下40%股權，詳情載於附註13(a)。

鑒於合併實體或已合併實體於合併前後均受中航技深圳公司之最終控制，該合併被視為涉及同一控制下主體的企業合併。本集團於已採用香港會計師公會(「香港會計師公會」)頒佈的香港會計指引5—同一控制下合併的合併會計法所載的合併會計法原則將該項收購列賬。

根據該合併會計原則，本綜合財務報表須包括中航三鉀之財務狀況、業績及現金流量，並已如同本集團於中航技深圳公司控制中航三鉀日起已擁有。

## 2 BASIS OF PREPARATION (continued)

### (e) Application of merger accounting

On 21st January 2008, Shenzhen CATIC Resources Company Limited (the "CATIC Resources"), a wholly-owned subsidiary of the Company, entered into an acquisition agreement with Shenzhen CATIC Investment Management Company Limited (the "CATIC Investment Company") which is wholly owned by China National Aero-Technology Shenzhen Company Limited (the "CATIC Shenzhen Company"), the controlling shareholder of the Company, to acquire its 60% equity interest in Haixi CATIC Sanjiaguaye Company Limited (the "CATIC Sanjia") at a consideration of RMB330,000,000. The acquisition was completed on 23rd May 2008, and consequently CATIC Resources obtained control over the CATIC Sanjia. CATIC Sanjia was previously acquired by CATIC Investment Company from an unrelated company in 2007. Goodwill amounting to RMB5,240,000 was arisen from that acquisition (Note 9).

The remaining 40% equity interest in CATIC Sanjia was further acquired by CATIC Resources from two unrelated parties, Mr. Yang Yong Gang and Qinghai Province Leng Hu Tian Tian Potash Company Limited ("Tiantian Potash Company"), during the year as detailed in Note 13(a).

As both the combining entity or the combined entity are ultimately controlled by the CATIC Shenzhen Company, both before and after the combination, this transaction is a business combination involving entities under common control. The Group accounted for this acquisition using the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5, 'Merger Accounting for Common Control Combinations', issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

According to the principle of merger accounting, this consolidated financial statement should include the information about the financial position, results and cash flows of CATIC Sanjia as if it had been owned by the Group since it first came under the control of the CATIC Shenzhen Company.

## 2 編製基準(續)

## (e) 合併會計應用(續)

因此，呈列於本綜合財務資料之比較期間財務資料已被重列。共同控制下合併產生之影響與比較數字對賬如下：

## 2 BASIS OF PREPARATION (continued)

## (e) Application of merger accounting (continued)

Accordingly, the financial information of the comparative period presented in this consolidated financial information has been restated. The following is a reconciliation of the effect arising from the combination under common control on the comparative figures:

於二零零七年十二月三十一日  
As at 31st December 2007

本集團二零零七年 年度財務 報表原列 Original stated in 2007 annual financial statements of the Group 經審核 Audited 人民幣千元 RMB'000		中航三鉀 CATIC Sanjia 經審核 Audited 人民幣千元 RMB'000		調整 Adjustments 人民幣千元 RMB'000	附註 Notes	經重列 Restated 人民幣千元 RMB'000
總資產(附註(iii))	Total assets (Note (iii))	8,449,550	646,682	5,240	(i)	9,101,472
淨資產	Net assets	3,699,641	525,171	(324,760)	(ii)	3,900,052

(i) 指原本由中航投資從第三方收購產生之商譽。

(ii) 指就上述收購中航三鉀60%股權而應付予中航投資之代價。

(iii) 總資產包括採礦權於中航投資收購時之公允價值人民幣322,000,000元以及中航投資最初收購中航三鉀時產生之商譽人民幣5,240,000元。

(iv) 就收購中航三鉀40%權益之已付代價與中航三鉀資產賬面值之差額合共人民幣111,899,000元已在儲備賬中入賬，詳情載於附註13(a)。

(i) It represented the goodwill arisen on the original acquisition from third parties by CATIC Investment Company.

(ii) It represented consideration payable to CATIC Investment Company for the aforesaid acquisition of 60% equity interest in CATIC Sanjia.

(iii) Total assets include mining rights with a fair value at the time of acquisition by CATIC Investment Company of RMB322,000,000 and goodwill of RMB5,240,000 arising from initial acquisition of CATIC Sanjia by CATIC Investment Company.

(iv) The difference between the consideration paid and the carrying value of assets in CATIC Sanjia totalling RMB111,899,000 for the acquisition of 40% interest in CATIC Sanjia has been accounted for in the reserve account as detailed in Note 13(a).





**2 編製基準(續)**  
**(e) 合併會計應用(續)**

**2 BASIS OF PREPARATION (continued)**  
**(e) Application of merger accounting (continued)**

截至二零零七年十二月三十一日止年度

For the year ended 31st December 2007

本集團二零零七年 年度財務 報表原列 Originally stated in 2007 annual financial statements of the Group 經審核 Audited 人民幣千元 RMB'000		中航三鉀 CATIC Sanjia 經審核 Audited 人民幣千元 RMB'000		調整 Adjustments 人民幣千元 RMB'000	經重列 Restated 人民幣千元 RMB'000
收入	Revenue	3,357,210	–	–	3,357,210
年度溢利/(虧損)	Profit/(loss) for the year	279,013	(16,098)	–	262,915
經營活動現金 流出淨額	Net cash outflow from operating activities	(220,033)	(21,442)	–	(241,475)
投資活動現金(流出)/ 流入淨額	Net cash (outflow)/inflow from investing activities	(2,916,809)	41,512	–	(2,875,297)
融資活動現金流入 淨額	Net cash inflow from financing activities	3,682,558	–	–	3,682,558

並無其他因共同控制合併以貫徹會計政策而須對任何實體或業務之淨資產及淨溢利或虧損作出重大調整。

No other significant adjustments were made to the net assets and net profit or loss of any entities or businesses as a result of the common control combination to achieve consistency of accounting policies.



### 3 主要會計政策

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

#### (a) 綜合及合併

綜合財務報表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。

##### (i) 合併會計法

就受共同控制之企業合併而言，綜合財務報表包括發生共同控制合併之合併實體或業務之財務報表項目，猶如該等項目自合併實體或業務首次受控制方控制當日起已合併計算。

合併各實體或業務的淨資產已按控制方預期之現有賬面值綜合入賬。在控制方之權益持續之情況下，並無就商譽或共同控制合併時收購方於被收購方之可識別資產、負債及或然負債公平淨值之權益超逾成本之差額確認任何金額。

綜合收益表包括各合併實體或業務由所呈列之最早日期或合併實體或業務首次受共同控制以來(以較短期間為準)之業績，而不論共同控制合併之日期。

### 3 PRINCIPAL 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.

#### (a) Consolidation and combination

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

##### (i) Merger accounting

For business combination under common control, the consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.



### 3 主要會計政策(續)

#### (a) 綜合及合併(續)

##### (i) 合併會計法(續)

呈列綜合財務報表之比較金額時乃假設該等實體或業務於上一個結算日或其首次受共同控制以來(以較短者為準)已合併計算。

該等實體採納一套統一的會計政策。合併實體或業務之間所有集團間交易、結餘及未變現收益於合併時抵銷。

##### (ii) 附屬公司

附屬公司指本集團有權管控其財政及營運政策之所有實體(包括特定目的實體)，一般附帶超過半數投票權的股權。在評定本集團是否控制另一實體時，目前可行使或可兌換的潛在投票權的存在及影響均予考慮。

除業務合併應用上文附註(i)所載之合併會計法外，附屬公司在控制權轉移至本集團之日起全面綜合入賬，並在控制權終止之日起不予合併。

### 3 PRINCIPAL ACCOUNTING POLICIES

(continued)

#### (a) Consolidation and combination (continued)

##### (i) Merger accounting (continued)

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated on consolidation.

##### (ii) 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 business combinations applying merger accounting as detailed in Note (i) above, subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

### 3 主要會計政策(續)

#### (a) 綜合及合併(續)

##### (ii) 附屬公司(續)

會計收購法乃用作本集團收購附屬公司的入賬方法。收購的成本根據於交易日期所給予資產、所發行的股本工具及所產生或承擔的負債的公允值計算，另加該收購直接應佔的成本。在企業合併中所收購可識別的資產以及所承擔的負債及或有負債，首先以其於收購日期的公允值計量，而不論任何少數股東權益的數額。收購成本超過本集團應佔所收購可識別淨資產公允值的數額列為商譽。若收購成本低於所購入附屬公司淨資產的公允值，該差額直接在損益表確認。

集團內公司之間的交易、交易的結餘及未實現收益予以抵銷。除非交易能提供所轉讓資產已減值之憑證，否則未實現虧損亦予以抵銷。附屬公司的會計政策已按需要作出改變，以確保與本集團採用的政策符合一致。

在本公司的資產負債表內，於附屬公司的投資按成本值扣除減值虧損準備列示。附屬公司之業績由本公司按已收股息及應收款入賬。

### 3 PRINCIPAL ACCOUNTING POLICIES

(continued)

#### (a) Consolidation and combination (continued)

##### (ii) Subsidiaries (continued)

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

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

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



### 3 主要會計政策(續)

#### (a) 綜合及合併(續)

##### (iii) 聯營公司

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

本集團應佔收購後聯營公司的溢利或虧損於損益表內確認，而應佔收購後儲備的變動則於儲備賬內確認。投資賬面值會根據累計之收購後儲備變動而作出調整。如本集團應佔一家聯營公司之虧損等於或超過其在該聯營公司之權益，包括任何其他無抵押應收款，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。

本集團與其聯營公司之間交易的未實現收益按集團在聯營公司權益的數額抵銷。除非交易提供所轉讓資產減值之憑證，否則未實現虧損亦予以抵銷。聯營公司的會計政策已按需要作出改變，以確保與本集團採用的政策符合一致。

於聯營公司的攤薄盈利虧損於綜合損益表確認。

### 3 PRINCIPAL ACCOUNTING POLICIES

(continued)

#### (a) Consolidation and combination (continued)

##### (iii) Associates

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

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

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.

Dilution gains and losses in associates are recognised in the consolidated income statement.

**3 主要會計政策(續)****(a) 綜合及合併(續)****(iii) 聯營公司(續)**

在本公司之資產負債表內，於聯營公司之投資按成本值扣除減值虧損撥備列賬(附註3(j))。聯營公司之業績由本公司按已收股息及應收款入賬。

**(b) 分部報告**

業務分部指從事提供產品或服務的一組資產及業務，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，該經濟環境的風險和回報與其他經濟環境中營運的分部的不同。

**(c) 外幣匯兌****(i) 功能和列賬貨幣**

本集團每個實體的財務報表所列項目均以該實體營運所在的主要經濟環境的貨幣(「功能貨幣」)計量。綜合財務報表以人民幣(「人民幣」)呈報，人民幣為本公司的功能及列賬貨幣。

**(ii) 交易及結餘**

外幣交易採用交易日的匯率換算為功能貨幣。除了符合在權益中遞延入賬的現金流量對沖和淨投資對沖外，結算此等交易產生的匯兌盈虧以及將外幣計值的貨幣資產和負債以年終匯率換算產生的匯兌盈虧在損益表確認。

**3 PRINCIPAL ACCOUNTING POLICIES***(continued)***(a) Consolidation and combination (continued)****(iii) Associates (continued)**

In the Company's balance sheet the investments in associated companies are stated at cost less provision for impairment losses (Note 3(j)). The results of associated companies are accounted for by the Company on the basis of dividend received and receivable.

**(b) 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 return that are different from those of segments operating in other economic environments.

**(c) Foreign currency translation****(i) 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 ("RMB"), which is the Company's functional and presentation currency.

**(ii) Transactions and balances**

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





### 3 主要會計政策(續)

#### (c) 外幣匯兌(續)

##### (ii) 交易及結餘(續)

以外幣為單位被分類為可供出售的貨幣性證券的公允價值變動，按照證券的攤銷成本變動與該證券賬面值的其他變動所產生的匯兌差額進行分析。與攤銷成本變動有關的匯兌差額於損益表確認，賬面值的其他變動則於權益中確認。

非貨幣性金融資產及負債的換算差額呈報為公允價值盈虧的一部份。非貨幣性金融資產及負債(例如按公允價值持有透過損益記賬的權益工具)的換算差額在損益表中呈報確認為公允價值盈虧的一部份。非貨幣性金融資產(例如分類為可供出售的股權)的換算差額包括在權益中其他儲備內。

##### (iii) 集團公司

功能貨幣與列賬貨幣不同的所有集團實體(當中沒有嚴重通脹貨幣)的業績及財務狀況，按如下方式換算為列賬貨幣：

- 每份呈報的資產負債表內的資產及負債按該資產負債表日期的收市匯率換算；

### 3 PRINCIPAL ACCOUNTING POLICIES

(continued)

#### (c) Foreign currency translation (continued)

##### (ii) Transactions and balances (continued)

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

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation difference on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the other reserves in equity.

##### (iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

### 3 主要會計政策(續)

#### (c) 外幣匯兌(續)

##### (iii) 集團公司(續)

- 每份損益表內的收入和費用按平均匯率換算(除非此匯率並不代表交易日期匯率的累計影響的合理約數;在此情況下,收支則按交易日期的匯率換算);及
- 所有由此而產生的匯兌差額確認為權益的獨立組成項目。

在綜合賬目時,換算海外業務的淨投資以及換算借貸及其他指定作為該等投資對沖的貨幣工具所產生的匯兌差額列入股東權益。當處理或售出部分海外業務時,該等匯兌差額在損益表確認為出售盈虧的一部分。

因收購海外實體產生的商譽及公允價值調整視為海外實體資產和負債,並按收市匯率換算。

#### (d) 物業、廠房及設備

物業、廠房及設備按歷史成本減累計折舊列賬。歷史成本包括收購該項目直接應佔的開支,其後成本只有在與該項目有關的未來經濟利益有可能流入本集團,而該項目的成本能可靠計量時,才包括在資產賬面值。已更換零件的賬面值已被剔除入賬。所有其他維修及保養在產生的財政期間內於損益表支銷。

### 3 PRINCIPAL ACCOUNTING POLICIES

(continued)

#### (c) Foreign currency translation (continued)

##### (iii) Group companies (continued)

- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

#### (d) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.



### 3 主要會計政策(續)

#### (d) 物業、廠房及設備(續)

物業、廠房及設備折舊在扣除其估計剩餘價值後按其估計可使用年限以直線法計提。估計可使用年限如下：

樓宇	20至35年
設備及機器	5至10年
運輸工具	5至6年
採礦構築物*	13.5至20年

\* 採礦構築物包括主要及輔助礦井以及地下隧道。

資產剩餘價值及可使用年期在每個結算日進行檢討，及在適當時調整。

若資產賬面值高於其預計可收回金額時，其賬面值實時撇減至可收回金額(附註3(j))。

出售盈虧按所得款與賬面值的差額釐定，並在損益賬表的其他收益－淨額中確認。

#### (e) 商譽

商譽指收購成本超出收購日本集團所佔收購聯營公司的可辨認資產淨額公允值之數額。獨立確認的商譽每年進行減值測試，並按成本減累計減值虧損列賬。商譽減值虧損不予撥回。計算出售企業之盈虧應包括與該企業相關之商譽之賬面值。

為進行減值評估，商譽被撥入現金產生單位。商譽乃分配至預期受惠於產生商譽之業務合併之現金產生單位或現金產生單位組別。

### 3 PRINCIPAL ACCOUNTING POLICIES

(continued)

#### (d) Property, plant and equipment (continued)

Depreciation of property, plant and equipment is provided using the straight-line method over their estimated useful lives, after deducting the estimated residual value. The estimated useful lives are as follows:

Buildings	20 to 35 years
Equipment and machinery	5 to 10 years
Motor vehicles	5 to 6 years
Mining structures*	13.5 to 20 years

\* Mining structures comprise the main and auxiliary mine shafts and underground tunnels.

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 3(j)).

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

#### (e) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. 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.

## 3 主要會計政策(續)

## (f) 採礦權

採礦權按成本減累計攤銷及任何減值虧損入賬。採礦權以直線法在以生產單位法根據礦場的探明及推定儲量估計礦場的估計可用年限或可供使用起計之合約期間(以較短者為準)攤銷。

## (g) 投資物業

投資物業主要是指為獲得長期租金收入而持有且非本集團佔用之辦公物業。投資物業作為長期投資，以成本減累計折舊及累計減值損失(如有)列賬。

折舊按投資物業的成本及其估計可使用年限20至35年以直線法計提。當投資物業的賬面值高於其預計可收回金額時，將立即調整至其可收回金額。

其保養、維修以及細小設備的費用支出於發生時計入當期損益表；若為本集團帶來之日後經濟利益可能超過現有資產表現之原評估水平，重大的裝修及翻新的支出將被資本化。出售投資物業的損益為銷售收益淨額與該投資物業之賬面值的差額，並於損益表內確認。

## (h) 土地使用權

土地使用權是指為獲得長期使用土地之權利而支付的款項，以成本入賬，並按土地剩餘租賃期限以直線法攤銷。

## 3 PRINCIPAL ACCOUNTING POLICIES

(continued)

## (f) Mining rights

Mining rights are stated at cost less accumulated amortization and accumulated impairment losses. Amortization of mining right is calculated on a straight-line basis over the shorter of their estimated useful lives based on the total proven and probable reserves of the mines on the unit of production method or contractual period from the date of available for use.

## (g) Investment properties

Investment properties, principally comprising office buildings, are held for long-term rental yields and are not occupied by the Group. Investment properties are treated as long-term investments and are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided using the straight-line method to write off the cost of the investment properties over their estimated useful lives of 20-35 years. Where the carrying amount of an investment property is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The cost of maintenance, repairs and minor equipment is charged to the income statement as incurred; the cost of major renovations and improvements is capitalised when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. The profit or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the investment property and is recognised in the income statement.

## (h) Land use rights

Land use rights are up-front payments to acquire long-term interests in land. These payments are stated at cost and amortised over the remaining period of the leases on a straight-line basis.



### 3 主要會計政策(續)

#### (i) 在建工程

在建工程包括興建中之廠房、員工宿舍及其他物業、機械及設備，按成本列賬。成本包括建築成本、廠房及機械成本，以及於興建、安裝及測試期間之有關工程借款的利息支出。所有其他借款費用均列作支銷。在建工程達致可使用狀態，其成本轉入物業、廠房及設備，並按上述有關的政策提取折舊。

#### (j) 附屬公司投資、聯營公司投資及非金融資產的減值

沒有確定使用年期之資產無需攤銷，但每年須就減值進行測試。各項資產當有事件出現或情況改變顯示賬面值可能無法收回時就減值進行檢討。減值虧損按資產之賬面值超出其可收回金額之差額確認。可收回金額以資產之公允值扣除銷售成本或使用價值兩者之較高者為準。於評估減值時，資產按可分開識別現金流量（現金產生單位）的最低層次組合。除商譽外，已蒙受減值的非金融資產在每個報告日期均就減值是否可以撥回進行檢討。

### 3 PRINCIPAL ACCOUNTING POLICIES

(continued)

#### (i) Construction-in-progress

Construction-in-progress represents plant, staff quarters and other property, machinery and equipment under construction and is stated at cost. This includes the costs of construction, the costs of plant and machinery, and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing. All other borrowing costs are expensed. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policies as stated above.

#### (j) Impairment of investments in subsidiaries, associates and non-financial assets

Assets that have an indefinite useful life 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 impairment are reviewed for possible reversal of the impairment at each reporting date.



## 3 主要會計政策(續)

## (k) 金融資產

本集團把金融資產分為以下幾類：按公允值透過損益記賬的金融資產、貸款和應收款及可供出售的金融資產。分類視乎購入金融資產之目的。管理層在初始確認時釐定金融資產的分類。

## (i) 按公允值透過損益記賬的金融資產

按公允值透過損益記賬的金融資產指持有作買賣用途的金融資產。金融資產若在購入時主要用作在短期內出售，則分類為此類別。衍生工具除非被指定為對沖，否則亦分類為持作買賣用途。在此類別之資產分類為流動資產。

## (ii) 貸款和應收款

貸款及應收款為有固定或可釐定付款且沒有在活躍市場上報價的非衍生金融資產。此等項目包括在流動資產內，但若到期日由結算日起計超過12個月者，則分類為非流動資產。貸款及應收款列在資產負債表中「貿易及其他應收款項」及「現金及現金等價物」內(附註3(m)及3(p))。

## (iii) 可供出售的金融資產

可供出售金融資產為被指定作為此類別或並無分類為任何其他類別之非衍生工具。除非管理層有意在結算日後12個月內出售該項投資，否則此等資產列在非流動資產內。

## 3 PRINCIPAL ACCOUNTING POLICIES

(continued)

## (k) Financial assets

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

## (i) 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 classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

## (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet (Notes 3(m) and 3(p)).

## (iii) 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.





### 3 主要會計政策(續)

#### (k) 金融資產(續)

- (iii) 可供出售的金融資產(續)  
管理層取得投資時會決定適當的分類，並定期重新評估該分類的適當性。

定期購入及出售的金融資產在交易日確認－交易日指本集團承諾購入或出售該資產之日。對於並非按公允值透過損益記賬的所有金融資產，其投資初步按公允值加交易成本確認。按公允值透過損益記賬的金融資產，初步按公允值確認，而交易成本則在損益表支銷。當從投資收取現金流量的權利經已到期或經已轉讓，而本集團已將擁有權的所有風險和回報實際轉讓時，金融資產即終止確認。可供出售金融資產及按公允值透過損益記賬的金融資產其後按公允值列賬。貸款及應收款項利用實際利息法按攤銷成本列賬。

來自按公允值透過損益記賬的金融資產類別的公允值變動而產生的盈虧，列入產生期間損益表的其他收益－淨額中。來自按公允值透過損益記賬的金融資產的股息，當本集團收取有關款項的權利確定時，在損益表內確認為部份其他收入。

### 3 PRINCIPAL ACCOUNTING POLICIES

(continued)

#### (k) Financial assets (continued)

- (iii) Available-for-sale financial assets (continued)  
Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

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

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

## 3 主要會計政策(續)

## (k) 金融資產(續)

- (iii) 可供出售的金融資產(續)  
當分類為可供出售的證券售出或減值時，在權益中確認的累計公允值調整列入損益表「其他收益－淨額」內。

有報價之投資的公允值根據當時的買盤價計算。若某項金融資產的市場並不活躍（及就非上市證券而言），本集團利用估值技術設定公允值。這些技術包括利用近期公允原則交易、參考大致相同的其他工具、貼現現金流量分析法和期權定價模式，充份利用市場數據而儘量少依賴實體特有的數據。

本集團在每個結算日評估是否有客觀證據證明某項金融資產或某類金融資產經已減值。對於分類為可供出售股權證券，證券公允值若大幅度或長期跌至低於其成本值，會被視為證券已經顯示減值。若可供出售金融資產存在此等證據，累計虧損按收購成本與當時公允值的差額減該金融資產之前在損益確認的任何減值虧損計算，自權益剔除並在損益表內記賬。在損益表確認的權益工具減值虧損不會透過損益表撥回。貿易應收款項之減值測試在附註3(m)中說明。

## 3 PRINCIPAL ACCOUNTING POLICIES

(continued)

## (k) Financial assets (continued)

- (iii) Available-for-sale financial assets (continued)  
When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'other gains-net'.

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. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in Note 3(m).



### 3 主要會計政策(續)

#### (l) 存貨

存貨按成本及可變現淨值兩者的較低者列賬。成本利用加權平均法釐定。製成品及在製品的成本包括設計成本、原材料、直接勞工、其他直接成本和相關的生產經常開支(依據正常營運能力)。這不包括貸款成本。可變現淨值為在通常業務過程中的估計銷售價，減適用的變動銷售費用。

#### (m) 貿易及其他應收款

貿易及其他應收款項初始以公允價值確認，其後利用實際利息法按攤銷成本扣除減值撥備計量。當有客觀證據證明本集團無法按應收款的原有條款收回所有款項時，即就貿易及其他應收款項設定減值撥備。債務人之重大財政困難、債務人可能破產或進行財務重組，以及拖欠或逾期付款，均被視為其貿易應收款項已減值的跡象。撥備金額為資產之賬面值與按原實際利率貼現之估計未來現金流量之現值之差額。資產的賬面值透過使用備付賬戶削減，而有關的虧損數額則在損益表內的「行政費用」中確認。如一項貿易應收款項無法收回，其會與貿易應收款項內的備付賬戶撇銷。之前已撇銷的款項如其後收回，將撥回損益表中的「行政費用」內。

### 3 PRINCIPAL ACCOUNTING POLICIES

(continued)

#### (l) 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.

#### (m) 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 receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within "administrative expenses". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "administrative expenses" in the income statement.

### 3 主要會計政策(續)

#### (n) 當期及遞延所得稅

當期所得稅支出根據本公司之附屬公司及聯營公司營運及產生應課稅收入的國家於結算日已頒布或實質頒布的稅務法例計算。管理層就適用稅務法例詮釋所規限的情況定期評估報稅表的狀況，並在適用情況下根據預期須向稅務機關支付的稅款設定撥備。

遞延所得稅乃按負債法就各項資產或負債計稅基數與其於綜合財務報表中所載之賬面金額之間的暫時性差異作出全數撥備。然而，若遞延所得稅來自在交易(不包括企業合併)中對資產或負債的初步確認，而在交易時不影響會計損益或應課稅盈虧，則不作記賬。遞延所得稅採用在結算日前已實行或大致實行，並在有關之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之稅率(及法例)而釐定。

遞延所得稅資產是就可能有未來應課稅盈利而就此可使用暫時差異而確認。

遞延所得稅就於附屬公司及聯營公司投資產生之暫時差異提取撥備，但假若本集團可以控制暫時差異之撥回時間，而暫時差異在可預見將來有可能不會撥回則除外。

### 3 PRINCIPAL ACCOUNTING POLICIES

(continued)

#### (n) Current and deferred income tax

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

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

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and 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.



### 3 主要會計政策(續)

#### (o) 退休福利成本

本集團已參與由中國人力資源和社會保障部(「社會保障部」)管理的退休及醫療保險計劃。根據有關規定，本集團須每月按職工月薪向社會保障部作出關於上述保險計劃之供款。本集團應負責的供款部份於發生時計入損益表。除上述每月供款外，本集團並無其他重大員工福利承擔。

根據上述社會保險計劃，社會保障部承諾將承擔本集團現有和未來退休員工的退休福利責任。

#### (p) 現金及現金等價物

現金及現金等價物包括手頭現金、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、銀行透支。

#### (q) 股本

普通股列為權益。

直接歸屬於發行新股或購股權的新增成本在權益中列為所得款的減少(扣除稅款)。

如任何本集團公司購入本公司的權益股本，所支付的代價，包括任何直接所佔的新增成本(扣除所得稅後)，由本公司權益持有人的應佔權益中扣除，直至股份被註銷或重新發行為止。如股份其後被重新發行，任何已收取的代價(扣除任何直接所佔的新增交易成本及相關的所得稅影響)計入本公司權益持有人的應佔權益內。

### 3 PRINCIPAL ACCOUNTING POLICIES

(continued)

#### (o) Retirement benefit costs

The Group participates in a retirement and medical insurance scheme organised by Ministry of Human Resources and Social Security of PRC ("MOHRSS"). Pursuant to the relevant provisions, the Group is required to make monthly contributions in respect of the above insurance scheme to MOHRSS based on the monthly salaries of its employees. The Group's contributions under the scheme are charged to the income statement as incurred. Apart from the above monthly contributions, the Group does not have other significant commitments to benefits of its employees.

Pursuant to the above social insurance scheme, MOHRSS undertakes to assume the retirement benefit obligations of existing and future retired employees of the Group.

#### (p) Cash and cash equivalents

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

#### (q) 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.

Where any group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the Company's equity holders.





### 3 主要會計政策(續)

#### (r) 貿易應付款項

貿易應付款項初始以公允值確認，其後利用實際利息法按攤銷成本計量。

#### (s) 借貸

借貸初始按公允值扣除產生的交易成本確認。借貸其後按攤銷成本列賬；所得款（扣除交易成本）與贖回價值的任何差額利用實際利息法於借貸期間內在損益表確認。

除非本集團有無條件權利將負債的結算遞延至結算日後最少12個月，否則借貸分類為流動負債。

#### (t) 研究及開發

研究開支在發生時作為費用支銷。當一個開發項目在考慮其商業和技術可行性時認為有可能會成功，而成本能夠可靠計量，則將開發項目（涉及新產品或改良產品的設計和測試）產生的成本確認為無形資產。其他不符合該等標準的開發成本在發生時作為費用支銷。已入賬為費用之開發成本不會在往後期間確認為資產。已資本化的開發成本列為無形資產，由資產可以使用時起按其可用年期（不超過五年）以直線法攤銷。

#### (u) 經營租賃

如租賃資產擁有權的重大部分風險和回報由出租人保留，相關租賃則分類為經營租賃。根據經營租賃支付的款項（扣除自出租人收取之任何獎勵金後），於租賃期內以直線法在損益表支銷。

### 3 PRINCIPAL ACCOUNTING POLICIES

(continued)

#### (r) Trade payables

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

#### (s) Borrowings

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

Borrowings 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.

#### (t) Research and development

Research expenditure is recognised as an expense as incurred. Cost incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and its cost can be measured reliably. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years.

#### (u) Operating leases

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





### 3 主要會計政策(續)

#### (v) 收入確認

收入包括本集團正常經營過程中銷售貨品已收或應收代價的公允值，並扣除增值稅、退貨、回扣和折扣，以及對銷集團內部銷售。

當收入的數額能夠可靠計量、未來經濟利益有可能流入有關實體，而本集團每項業務均符合具體條件時(如下文所述)，本集團便會將收入確認。除非與銷售有關的所有或然事項均已解決，否則收入的數額不被視為能夠可靠計量。本集團會根據其往績並考慮客戶類別、交易種類和每項安排的特點作出估計。

##### (i) 銷售貨品

銷售貨品在集團實體已將貨品交付予顧客，顧客已接收產品，以及有關應收款的收回可合理確保時確認。

##### (ii) 租金收入

按經營租約出租的投資物業所得的租金收入以直線法按租賃期於損益表內確認。

##### (iii) 酒店業務

酒店業務之收入在提供服務之會計期間確認。

### 3 PRINCIPAL ACCOUNTING POLICIES

(continued)

#### (v) Revenue recognition

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

##### (i) Sales of goods

Sales of goods are recognised when a group entity has delivered products to the customer. The customer has accepted the products and collectability of the related receivables is reasonably assured.

##### (ii) Rental income

Rental income from investment properties leased out under an operating lease is recognised in the income statement on a straight-line basis over the term of the lease.

##### (iii) Hotel operation

Revenue from hotel operation is recognised in the accounting period in which the services are rendered.



### 3 主要會計政策(續)

#### (v) 收入確認(續)

##### (iv) 利息收入

利息收入採用實際利息法按時間比例基準確認。倘應收款項出現減值時，本集團會將賬面值撇減至可收回款額，即估計的未來現金流量按該工具之原實際利率貼現之現值，並繼續將貼現計算並確認為利息收入。已減值貸款之利息收入利用原實際利率確認。

##### (v) 股息收入

股息收入在收取款項的權利確定時確認。

#### (w) 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列為負債。

#### (x) 政府補貼

當能夠合理地保證政府補貼將可收取，而本集團將會符合所有附帶條件時，政府提供的補貼將按其公允值確認入賬。

與成本有關之政府補貼遞延入賬，並按擬補償之成本配合所需期間在損益表中確認。

與物業、廠房及設備有關之政府補貼列入非流動負債作為政府補貼之遞延收入，並按有關資產之預計使用年期以直線法在損益表內列賬。

### 3 PRINCIPAL ACCOUNTING POLICIES

(continued)

#### (v) Revenue recognition (continued)

##### (iv) 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 the 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.

##### (v) Dividend income

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

#### (w) Dividend distribution

Dividend 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.

#### (x) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

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

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred income on government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.



#### 4 財務風險管理

本集團的業務承受著多種財務風險：市場風險（包括貨幣風險、價格風險、公允價值利率風險及現金流量利率風險）、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) 外匯風險

本集團之業務主要以人民幣進行。本集團之大部份資產及負債均以人民幣列值。本集團須承擔並非以人民幣列值之未來商業交易和已確認資產及負債所帶來的外匯風險。本集團的大部份外幣交易和結餘均以美元和港元列值。本集團現時並無外幣對沖政策。此外，將人民幣兌換為外幣須受中國政府頒佈之外匯管制規則及規例所限。

#### 4 FINANCIAL RISK MANAGEMENT

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

##### (a) Market risk

###### (i) Foreign exchange risk

The Group's businesses are principally conducted in RMB. The majority of the Group's assets and liabilities were denominated in RMB. The Group is subject to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities which are denominated in non-RMB. The majority of the Group's foreign currency transactions and balances are denominated in US dollars and HK dollars. The Group currently does not have a foreign currency hedging policy. In addition, the conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange controls promulgated by the PRC government.

## 4 財務風險管理(續)

## (a) 市場風險(續)

## (i) 外匯風險(續)

本集團以外幣列值之貨幣資產及貨幣負債於各個結算日之賬面值如下：

		二零零八年 十二月三十一日 31st December 2008 人民幣千元 RMB'000	二零零七年 十二月三十一日 31st December 2007 人民幣千元 RMB'000
<b>流動資產</b>	<b>Current Assets</b>		
美元	USD	216,969	310,437
港元	HKD	32,281	304,845
歐元	EUR	9,055	9,162
日圓	JPY	6,031	34,275
韓圓	KRW	3,321	9,691
總計	Total	267,657	668,410
<b>流動負債</b>	<b>Current Liabilities</b>		
美元	USD	150,841	410,230
港元	HKD	5,826	34,614
歐元	EUR	5,957	2,988
日圓	JPY	18,091	10,024
韓圓	KRW	1,215	36
總計	Total	181,930	457,892

若人民幣兌其他外幣升值5%，本年度虧損將增加約人民幣4,300,000元。

If RMB had appreciated 5% against all other foreign currencies, the effect in the loss for the year would have been an increase in loss of approximately RMB4,300,000.

## (ii) 價格風險

由於本集團持有的投資在綜合資產負債表中分類為可供出售金融資產或按公允值透過損益列賬的金融資產，故此本集團承受股權證券的價格風險。本集團不承受商品價格風險。

## 4 FINANCIAL RISK MANAGEMENT (continued)

## (a) Market risk (continued)

## (i) Foreign exchange risk (continued)

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective balance sheet dates are as follows:

## (ii) Price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified on the consolidated balance sheet either as available-for-sale financial assets or as financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk.



#### 4 財務風險管理(續)

##### (a) 市場風險(續)

##### (iii) 現金流量及公允值利率風險

由於本集團並無重大計息資產，故本集團之收入及經營現金流量大致上不受市場利率變動影響。

本集團的利率風險主要來自貸款。按浮動利率發行的貸款令本集團承受現金流量利率風險，按固定利率發行的貸款令本集團承受公允值利率風險。本集團目前並無使用任何利率掉期安排。然而，本集團會於有需要時考慮對沖利率風險。

下表概述在其他變數維持不變下，利率於二零零八年十二月三十一日之變動對本集團年度虧損之影響。

浮動利率借貸 Borrowings at variable rates

於融資成本扣除  
／(計入)(扣除  
資本化於在建  
工程之款項)

Charged/(credited) to finance costs  
(net of amounts to be capitalised  
as construction in progress)

11,534

(11,534)

本集團借貸之利率及還款期於附註27披露。

#### 4 FINANCIAL RISK MANAGEMENT (continued)

##### (a) Market risk (continued)

##### (iii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

The table below summaries the impact of changes in interest rate at 31st December 2008 with all other variables held at constant on the Group's loss for the year.

Interest Rate 利率	
10% higher 10% 上升	10% lower 10% 下跌
Increase/(decrease) in loss for the year 年度虧損增加／(減少)	
RMB'000 人民幣千元	RMB'000 人民幣千元

The interest rates and terms of repayment of borrowings of the Group are disclosed in Note 27.

## 4 財務風險管理(續)

## (a) 市場風險(續)

## (iv) 信貸風險

本集團因貿易及其他應收款項以及銀行現金存款承受信貸風險。

貿易及其他應收款項以及現金及現金等價物之賬面值，乃本集團就金融資產所面對的最大信貸風險。於二零零八年十二月三十一日，前五大客戶佔貿易及其他應收款項結餘的逾36%（二零零七年：30%）。

為管理此風險，銀行存款主要存於國有銀行，該等銀行均為擁有較高信用等級的金融機構。本集團大部份貿易及其他應收款項結餘為提供服務或銷售產品所產生之第三方客戶應付款項。本集團對其客戶之貿易及其他應收款項財務狀況進行持續的信用評估，本集團對客戶之貿易及其他應收款項未收回結餘一般不要求提供擔保。本集團根據未收回餘款的收回可能及時間確認呆賬撥備，所產生的實際虧損均無超出管理層預期。

## (v) 流動資金風險

本集團及本公司透過維持充足現金以應付日常營運承擔以及透過銀行信貸（包括短期及長期銀行貸款）取得充足資金來管理流動資金風險。

## 4 FINANCIAL RISK MANAGEMENT (continued)

## (a) Market risk (continued)

## (iv) Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, and cash deposits with banks.

The carrying amounts of trade and other receivables and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets. The top 5 customers accounted for more than 36% of the balance of trade and other receivables as at 31st December 2008 (2007: 30%).

To manage this risk, deposits are mainly placed with state-controlled banks which are all high-credit-quality financial institutions. The majority of the Group's trade and other receivable balances are due from third party customers as a result of rendering services or sales of products. The Group performs ongoing credit evaluations of its customer's trade and other receivables financial condition and generally does not require collateral from the customer's trade and other receivables account on the outstanding balances. Based on the expected realizability and timing for collection of the outstanding balances, the Group maintains a provision for doubtful accounts and actual losses incurred have been within management's expectation.

## (v) Liquidity risk

The Group and the Company manage the liquidity risk by maintaining sufficient cash to meet the normal operating commitments and sourcing adequate funding through banking credit facilities, including short-term and long-term bank loans.



## 4 財務風險管理(續)

## (a) 市場風險(續)

## (v) 流動資金風險(續)

下表根據結算日餘下期間至合約到期日的分析，將本集團的非衍生財務負債分為有關到期日組別。該表所披露的金額為合約未貼現現金流。由於折現的影響不大，故於十二個月內到期的結餘相等於其賬面結餘。

於二零零八年十二月三十一日 At 31st December 2008  
 借貸 Borrowings  
 貿易及其他應付款 Trade and other payables

總計 Total

少於一年 Less than 1 year 人民幣千元 RMB'000	一年至二年 Between 1 and 2 years 人民幣千元 RMB'000	二年至五年 Between 2 and 5 years 人民幣千元 RMB'000	五年以上 Over 5 years 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
---	---	---	---	---------------------------------

3,044,734	132,519	45,000	2,743,460	5,965,713
1,654,914	-	-	-	1,654,914

4,699,648	132,519	45,000	2,743,460	7,620,627
-----------	---------	--------	-----------	-----------

少於一年 Less than 1 year 人民幣千元 RMB'000	一年至二年 Between 1 and 2 years 人民幣千元 RMB'000	二年至五年 Between 2 and 5 years 人民幣千元 RMB'000	五年以上 Over 5 years 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
---	---	---	---	---------------------------------

1,780,208	141,490	109,569	1,694,577	3,725,844
1,338,094	-	-	-	1,338,094

3,118,302	141,490	109,569	1,694,577	5,063,938
-----------	---------	---------	-----------	-----------

持續經營流動資金風險請參閱附註2編製基準。

For the going concern liquidity risk, please refer to the basis of preparation section in Note 2.

## 4 財務風險管理(續)

## (b) 資本風險管理

本集團管理資本的目的為保障本集團繼續以持續經營方式為股東提供回報以及為其他利益相關者帶來利益，並且維持最佳資本結構以減少資金成本。

為維持或調整資本結構，本集團可調整向股東支付股息的金額、發行新股份或出售資產以減少債項。

與業內其他公司一樣，本集團根據資本負債比率監控資本。資本負債比率乃按負債淨額除以資本總額計算。負債淨額乃按借貸總額(包括「流動及非流動借貸」，如綜合資產負債表中所示)減現金及現金等價物計算。資本總額乃按「權益」(如綜合資產負債表所示)加負債淨額計算。

於二零零八年及二零零七年十二月三十一日之資本負債比率如下：

## 4 FINANCIAL RISK MANAGEMENT (continued)

## (b) 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, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The gearing ratios at 31st December 2008 and 2007 are as follows:

		二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	經重列 Restated 人民幣千元 RMB'000
借貸總額(附註27)	Total borrowings (note 27)	5,965,713	3,725,844
減：現金及現金等價物 (附註23)	Less: cash and cash equivalents (note 23)	(874,373)	(1,306,698)
負債淨額	Net debt	5,091,340	2,419,146
總權益	Total equity	3,471,194	3,900,052
總資本	Total capital	8,562,534	6,319,198
資本負債比率	Gearing ratio	59%	38%



#### 4 財務風險管理(續)

##### (b) 資本風險管理(續)

二零零八年度資本負債比例大幅上升，主要是由於新增商業銀行貸款，以為上海天馬微電子股份有限公司(「上海天馬」)之新工廠建設(附註12)以及中航三鉀的股本投資(附註13)提供資金所致。

##### (c) 公允值估計

並無在活躍市場買賣之金融工具之公允值根據估值方法列賬。本集團根據各結算日當時之市場情況使用多種方法並作出假設。

貿易應收款項和應付款項的賬面值減減值撥備，被假定接近其公允值。作為披露目的，金融負債公允值的估計按未來合約現金流量以本集團類似金融工具可得的現有市場利率貼現計算。

#### 5 關鍵會計估算及假設

估算及判斷會持續予以評估，並以過往經驗及其他因素(包括在某些情況下對未來事件的合理預計)為依據。

本集團對未來作估算及假設。根據定義，所得的會計估算極少與相關的實際結果相同。所作的推算及假設可能存在重大風險，並導致下一財政年度的資產及負債賬面值有重大調整的項目在下文論述。

#### 4 FINANCIAL RISK MANAGEMENT (continued)

##### (b) Capital risk management (continued)

The significant increase in the gearing ratio during 2008 resulted primarily from the new borrowings extended from commercial banks in order to finance the investment made in the construction of a new production plant of Shanghai Tianma Microelectronics Company ("Shanghai Tianma") Limited (Note 12) and the equity investment made in CATIC Sanjia (Note 13).

##### (c) Fair value estimation

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 carrying value less impairment provision of trade receivables and payables are assumed to approximate 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 that is available to the Group for similar financial instruments.

#### 5 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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



## 5 關鍵會計估算及判斷(續)

### (a) 應收款項估計減值

本集團參考將予收回之金額之數額及時間，根據貿易及其他應收款項之可收回程度之評估，從而作出減值撥備。倘發生事件或變動顯示結欠可能不能收回，則對貿易及其他應收款項作出撥備。識別潛在減值需要運用判斷及估計。倘預期與原本估計不同，有關差異將影響有關估計變動期間貿易及其他應收款項之賬面值以及呆壞賬開支。

於二零零八年十二月三十一日，本集團就一名債務人（為一間中國的A股上市公司）欠負本集團一間附屬公司之款項，根據倘該名客戶被清盤而預期收回之債項而作特別撥備。倘撥備增加／減少10%，有關呆壞賬之減值開支將增加／減少約人民幣8,600,000元。

## 5 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

### (a) Estimated impairment of receivables

The Group makes provision for impairment of receivables based on an assessment of the recoverability of trade and other receivables with reference to the extent and duration that the amount will be recovered. Provisions are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of potential impairment requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimate has been changed.

At 31st December 2008, the Group had made specific impairment provision for debts owing by a debtor, which is an A share listed company in the PRC, to a subsidiary of the Group based on the expected recovery of debt amounts if that customer were to be put into liquidation. If there had been an increase/decrease in the provision by 10%, the impairment charges relating to bad and doubtful debts would be increased/decreased by approximately RMB8,600,000.



## 5 關鍵會計估算及判斷(續)

### (b) 採礦權賬面值

採礦權按成本減累計攤銷列賬。倘發生事件或變動顯示可能不能收回賬面值，則就減值而檢討賬面值。所確認之減值虧損為資產之賬面值超過其可收回金額之數額。可收回金額為資產之公允值減出售成本或使用價值之較高者。於估計資產之可收回價值時，將作出多項假設，包括與採礦權有關之未來現金流量以及貼現率。倘未來事件並未與有關假設相對，將須修訂可收回金額，而此舉可能對本集團之經營業績或財務狀況有影響。管理層認為無須對採礦權於二零零八年十二月三十一日之賬面值作減值。

### (c) 若干附屬公司實際控制權

由於本集團之附屬公司天馬微电子股份有限公司(「天馬公司」)發行新股份以及另一間附屬公司深圳市飛亞達(集團)股份有限公司(「飛亞達」)實施股權分置改革計劃，本集團於該兩間附屬公司之股權下跌至低於50%。然而，本集團可繼續控制該兩間公司之主要營運及財務決定。因此，本公司之董事認為縱使本集團於該兩間附屬公司之股權低於50%，本集團仍能維持於該等附屬公司之實際控制權，而本集團將繼續就會計目的而將其以本集團附屬公司作呈報。

## 5 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

### (b) Carrying value of mining rights

Mining rights are carried at cost less accumulated amortisation. These carrying amounts are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts 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. In estimating the recoverable amounts of assets, various assumptions, including future cash flows to be associated with the mining rights and discount rates, are made. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position. Management considered that there was no impairment charge required to be made the carrying value of the mining rights as at 31st December 2008.

### (c) De facto control in certain subsidiaries

Because of a new share issue of Tianma Microelectronics Co. Ltd. (the "Tianma"), a subsidiary of the Group, and as a result of the implementation of a share segregation reform scheme of Shenzhen Fiyta Holdings Limited (the "Fiyta"), another subsidiary, the Group's equity interests held in these two subsidiaries fell below 50%. However, the Group could continue to control the key operational and financial decisions of these two companies. As such, the directors of the Company consider that the Group has maintained de facto control in these subsidiaries even its equity interests in these two subsidiaries are below 50% and the Group continues to report them as subsidiaries of the Group for accounting purposes.



## 6 收入及分部資料

本集團的主要業務包括以下主要業務分部：

- 資源－開採及銷售礦物
- 鐘錶－生產和銷售機械及石英錶
- 鐘錶－銷售名牌石英錶
- 電子產品－生產和銷售液晶體顯示器、印制電路板及有線電視系統器材
- 投資物業－提供經營租約服務
- 酒店管理－經營酒店並提供相關服務

營業額包括鐘錶及電子產品銷售收入、投資物業之租金收入、酒店管理，以及勘探及銷售礦業資源。

各業務分部之間並無任何銷售及其他交易往來。分部資產主要包括物業、廠房及設備、在建工程、採礦權、其他非流動資產、投資物業、土地使用權、存貨、應收款項和營運現金，但不包含聯營公司投資。分部負債包括營運負債，不包括少數股東權益。資本支出主要包含土地使用權(附註7)、採礦權(附註8)、物業、廠房及設備(附註10)、投資物業(附註11)、在建工程(附註12)的支出。

## 6 REVENUE AND SEGMENTAL INFORMATION

The Group's principal activities comprise the following major business segments:

- Resources – Mining and sales of minerals
- Clocks and watches – manufacture and sales of mechanical and quartz timepieces
- Clocks and watches – retailing sales of branded quartz timepieces
- Electronic products – manufacture and sale of liquid crystal displays, printed circuit boards and cable television equipment
- Investment properties – rental services under operating leases
- Hotel management – operating hotels and provide related services

Turnover includes sales of clock and watches and electronic products, rental income derived from investment properties and hotel management, and the exploration and sales of mining resources.

There were no sales or other transactions between the business segments. Segment assets consist primarily of property, plant and equipment, construction-in-progress, mining rights, other non-current assets, investment properties, land use rights, inventories, receivables and operating cash, and exclude investments in associates. Segment liabilities comprise operating liabilities and exclude minority interest. Capital expenditure mainly comprises additions to land use rights (Note 7), mining rights (Note 8), property, plant and equipment (Note 10), investment properties (Note 11) and construction-in-progress (Note 12).



## 6 收入及分部資料(續)

本集團的分部資料分析如下：

## (a) 主要分部報告形式－業務分部

		鐘錶生產業務 Clocks and watches Manufacturing		鐘錶銷售業務 Clocks and watches Retailing		液晶顯示器業務 Liquid crystal displays		印制電路板業務 Printed circuit boards		有線電視系統器材業務 Cable television equipment		投資物業 Investment properties		酒店 Hotel		礦業資源 Mining resources		未分配企業項目 Unallocated corporate items		總計 Total	
		二零零八年 2008	二零零七年 2007	二零零八年 2008	二零零七年 2007	二零零八年 2008	二零零七年 2007	二零零八年 2008	二零零七年 2007	二零零八年 2008	二零零七年 2007	二零零八年 2008	二零零七年 2007	二零零八年 2008	二零零七年 2007	二零零八年 2008	二零零七年 2007	二零零八年 2008	二零零七年 2007	二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	經重列 Restated 人民幣千元 RMB'000	經重列 Restated 人民幣千元 RMB'000	經重列 Restated 人民幣千元 RMB'000	經重列 Restated 人民幣千元 RMB'000	
收入	Revenue	161,898	154,803	806,870	606,518	1,374,254	1,721,220	944,413	786,844	28,167	25,069	107,804	62,756	103,249	-	550,419	-	-	-	4,077,074	3,357,210
業績	Results	2,636	14,964	60,297	37,846	(95,783)	113,663	75,369	122,150	(1,076)	(7,028)	34,959	48,090	(17,282)	-	210,593	(21,640)	(42,971)	(40,110)	226,762	267,935
分部業績	Segment results	6,404	1,051	3,536	4,335	4,389	514	23,026	16,399	999	2,291	629	-	(32,703)	-	51,594	(150)	(1,349)	-	56,515	24,440
其他收益/(虧損)	Other gain/(loss) (附註32)	-	1,276	-	-	84,975	(864)	-	-	-	(376)	-	-	-	-	-	-	(51,040)	43,147	33,935	43,183
經營溢利/(虧損)	Operating profit/(loss)	9,040	17,291	63,833	42,181	(6,419)	113,313	98,395	138,549	(87)	(5,113)	35,588	48,090	(49,965)	-	262,187	(21,790)	(95,360)	3,037	317,212	335,558
本集團所佔聯營公司 可辨別資產、負債 及或然負債淨公允 價值超出投資成本 之差額(附註14)	Excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of an associate (Note 14)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60,065	-	60,065
本集團所佔附屬公司 可辨別資產、負債 及或然負債淨公允 價值超出投資成本 之差額(附註41)	Excess of the Group's share of the net fair value of a subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of a subsidiary (Note 41)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	104	-	104	-
融資(成本)/收入 淨額(附註35)	Finance (costs)/income, net (Note 35)	1	(957)	(27,434)	(17,838)	(82,278)	(23,354)	2,932	1,034	(671)	(1,006)	(36,370)	-	(25,004)	-	(14,123)	(306)	(105,084)	(52,003)	(288,031)	(94,430)
應佔聯營公司之 業績(附註14)	Share of results of associates (Note 14)	-	-	-	-	(211)	(244)	-	-	-	-	-	-	-	-	-	-	(23,500)	(6,929)	(23,711)	(7,173)
所得稅(支出)/免稅 (附註37)	Income tax (charge)/credit (Note 37)	(1,371)	(1,588)	(10,245)	(4,301)	19,131	(7,415)	(16,055)	(20,448)	1,286	-	3,196	(2,493)	(97)	-	(42,656)	5,140	-	-	(46,811)	(31,105)
年內溢利/(虧損)	Profit/(loss) for the year	7,670	14,746	26,154	20,042	(68,777)	82,300	65,272	119,135	528	(6,119)	2,414	45,597	(75,066)	-	205,408	(16,956)	(223,840)	4,170	(41,237)	262,915
其他資料	Other information																				
分部資產 在聯營公司之投資 (附註14)	Segment assets Investments in associates (Note 14)	286,227	362,330	780,989	549,447	5,029,967	4,717,313	1,310,497	1,100,220	38,858	32,306	790,348	208,958	916,478	-	1,456,251	697,043	396,373	657,003	11,005,988	8,524,620
總資產	Total assets	286,227	362,330	780,989	549,447	5,029,967	4,717,524	1,310,497	1,100,220	38,858	32,306	790,348	208,958	916,478	-	1,456,251	697,043	905,905	1,433,644	11,515,520	9,101,472
總負債	Total liabilities	294,513	155,047	422,033	288,041	3,073,162	2,481,695	764,717	643,052	31,833	32,076	609,721	-	505,004	-	486,832	452,731	1,856,511	1,148,778	8,044,326	5,201,420
資本性支出	Capital expenditure	14,533	16,153	25,221	10,198	1,254,586	1,955,370	206,883	470,857	147	17	46,208	-	169,573	-	414,563	18,993	587	57	2,132,301	2,471,645
非現金開支 -物業、廠房及 設備及投資 物業折舊 (附註10及 附註11)	Non-cash expenses - Depreciation of property, plant and equipment, and investment properties (Note 10 and Note 11)	15,009	10,249	12,282	8,031	125,649	58,561	69,088	39,904	305	450	19,496	7,397	25,889	-	17,615	2,168	878	864	286,211	127,624
-土地使用權 攤銷(附註7)	-Amortisation of land use rights (Note 7)	461	461	-	-	3,398	3,975	365	309	-	-	-	-	11,535	-	233	73	-	-	15,992	4,818
-應收款項減值 虧損撥備/ (撥回)(附註33)	-Provision for/(reversal of) impairment loss of receivables (Note 33)	700	513	(886)	-	26,497	115	549	2,228	94	789	-	-	-	-	-	-	-	-	26,942	3,645
-陳舊存貨撥備/ (撥回)(附註33)	-Provision for/(reversal of) inventory obsolescence (Note 33)	1,897	1,670	-	-	15,335	4,359	12,570	528	(10)	3,969	-	-	-	-	627	-	-	-	30,419	10,726

6 REVENUE AND SEGMENTAL INFORMATION  
(continued)

An analysis of the Group's segmental information is as follows:

## (a) Primary reporting format – business segments

## 6 收入及分部資料(續)

(a) 主要分部報告形式 – 業務分部  
(續)

分部資產及負債與實體之資產及  
負債對賬如下：

## 6 REVENUE AND SEGMENTAL INFORMATION

(continued)

(a) Primary reporting format – business segments  
(continued)

Segment assets and liabilities are reconciled to  
entity assets and liabilities as follows:

		資產 Assets	
		二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	經重列 Restated 人民幣千元 RMB'000
分部資產	Segment assets	10,609,615	7,667,828
未分配：	Unallocated:		
於聯營公司之投資	Investments in associates	509,532	576,641
可供出售金融資產	Available-for-sale financial assets	2,098	2,098
其他非流動資產	Other non-current assets	–	459,944
已抵押銀行存款	Pledged bank deposits	30,000	–
現金及現金等價物	Cash and cash equivalents	353,124	310,161
固定資產	Fixed assets	10,530	10,593
其他流動資產	Other current assets	621	199
按公允值透過損益 列賬的金融資產	Financial assets at fair value through profit or loss	–	74,008
		11,515,520	9,101,472
		負債 Liabilities	
		二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	經重列 Restated 人民幣千元 RMB'000
分部負債	Segment liabilities	6,187,815	4,052,642
未分配：	Unallocated:		
當期所得稅負債	Current income tax liabilities	–	46
借貸	Borrowings	1,839,100	854,000
其他應付款項	Other payables	17,411	294,732
		8,044,326	5,201,420



## 6 收入及分部資料(續)

## (b) 次要分部報告形式－地區分部

收入	Revenue
中國內地	Mainland China
香港	Hong Kong
歐美	Europe and America
東亞及東南亞	East and Southeast Asia
其他國家	Other countries

收入乃按客戶所在國家進行分配。

總資產	Total assets
中國內地	Mainland China
香港	Hong Kong
歐美	Europe and America
東亞及東南亞	East and Southeast Asia

總資產按資產所在地進行分配。

## 6 REVENUE AND SEGMENTAL INFORMATION

(continued)

## (b) Secondary reporting format – geographical segments

二零零八年 2008	二零零七年 2007 經重列 Restated
人民幣千元 RMB'000	人民幣千元 RMB'000
3,036,708	2,145,119
652,674	602,236
258,138	393,337
80,862	93,513
48,692	123,005
4,077,074	3,357,210

Revenue is allocated based on the country in which customers are located.

二零零八年 2008	二零零七年 2007 經重列 Restated
人民幣千元 RMB'000	人民幣千元 RMB'000
10,963,952	8,469,754
6,278	9,458
30,306	35,454
5,452	9,954
11,005,988	8,524,620
509,532	576,852
11,515,520	9,101,472

Total assets are allocated based on where the assets are located.

## 6 收入及分部資料(續)

(b) 次要分部報告形式－地區分部  
(續)

資本性支出	Capital expenditure
中國內地	Mainland China
香港	Hong Kong
歐美	Europe and America
東亞及東南亞	East and Southeast Asia

## 6 REVENUE AND SEGMENTAL INFORMATION

(continued)

## (b) Secondary reporting format – geographical segments (continued)

二零零八年 2008	二零零七年 2007 經重列 Restated
人民幣千元 RMB'000	人民幣千元 RMB'000

2,132,170	2,467,829
29	3,051
102	765
—	—

2,132,301	2,471,645
-----------	-----------

資本性支出按資產所在地進行分配。

Capital expenditure is allocated based on where the assets are located.

二零零八年 2008	二零零七年 2007 經重列 Restated
人民幣千元 RMB'000	人民幣千元 RMB'000

分類收入分析	Analysis of revenue by category
貨品銷售	Sales of goods
租金收入	Rental income
酒店經營收入	Hotel operating income

3,866,021	3,294,454
107,804	62,756
103,249	—

4,077,074	3,357,210
-----------	-----------



## 7 土地使用權

## 7 LAND USE RIGHTS

		本集團 Group	
		二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	經重列 Restated 人民幣千元 RMB'000
於一月一日之賬面淨值	Net book value at 1st January	190,007	50,706
添置	Additions	6,419	144,119
收購附屬公司(附註41(b))	Acquisition of subsidiaries (Note 41(b))	506,843	—
攤銷	Amortisation	(15,992)	(4,818)
於十二月三十一日之賬面淨值	Net book value at 31st December	687,277	190,007
按性質代表：	Representing by nature:		
投資物業	Investment properties	14,161	14,623
其他物業	Other properties	673,116	175,384
		687,277	190,007

綜合損益表之營業成本及行政費用分別計入攤銷金額人民幣11,535,000元(二零零七年：無)及人民幣4,457,000元(二零零七年：人民幣4,818,000元)。

本集團之土地使用權均位於中國境內，並由城市規劃及土地管理局授予30至50年使用期，該期間自授出之日起計。

於二零零八年十二月三十一日，非即期抵押銀行借貸人民幣680,000,000元(二零零七年：無)及人民幣2,063,460,000元(二零零七年：人民幣1,802,577,000元)，分別以廣東國際大廈及上海天馬賬面淨值分別約人民幣495,308,000元(二零零七年：無)及人民幣124,958,000元(二零零七年：人民幣127,579,000元)之土地使用權作抵押(附註27)。

Amortisation of RMB11,535,000 (2007: nil) and RMB4,457,000 (2007: 4,818,000) are included in the cost of goods sold and administrative expenses in the consolidated income statement respectively.

The Group's land use rights are situated in the mainland China and the respective land use right was granted by the Town Planning and Land Administration Bureau for periods of 30-50 years from the date of grant.

As at 31st December 2008, non-current secured bank borrowings of RMB680,000,000 (2007: nil) and RMB2,063,460,000 (2007: RMB1,802,577,000) were secured by the land use rights of Guangdong International Building and Shanghai Tianma at the net book value of approximately RMB495,308,000 (2007: nil) and RMB124,958,000 (2007: RMB127,579,000) respectively (Note 27).

**7 土地使用權(續)**

於二零零八年十二月三十一日，本集團尚未就幾幅總賬面值約人民幣124,958,000元（二零零七年：127,579,000元）之土地取得土地使用權證。經向本公司法律顧問諮詢後，董事認為本集團在申請及獲取土地使用權證方面並無法律限制。

**7 LAND USE RIGHTS (continued)**

As at 31st December 2008, land use rights certificates of certain parcels of land of the Group with an aggregate carrying amounts of approximately RMB124,958,000 (2007: RMB127,579,000) had not yet been obtained by the Group. After consultation made with the legal counsel of the Company, the directors consider that there is no legal restriction for the Group to apply for and obtain the land use rights certificates.

**8 採礦權****8 MINING RIGHTS**

		本集團 Group	
		二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	經重列 Restated 人民幣千元 RMB'000
於一月一日之賬面淨值	Net book value at 1st January	306,828	—
添置	Additions	291,067	—
收購附屬公司（附註2(e)）	Acquisition of subsidiaries (Note 2(e))	—	322,000
攤銷	Amortization	(28,407)	(15,172)
於十二月三十一日之賬面淨值	Net book value at 31st December	569,488	306,828

綜合損益表之營業成本及行政費用分別計入攤銷金額人民幣18,220,000元（二零零七年：無）及人民幣10,187,000元（二零零七年：人民幣15,172,000元）。

本集團於年內購入煤礦和磷礦之採礦權。煤礦之採礦權之賬面值於二零零八年十二月三十一日為人民幣70,968,000元，該煤礦面積約8.9189平方公里，位於中國貴州省六枝特區。磷礦之採礦權賬面值人民幣220,099,000元，該磷礦面積約2.4553平方公里，位於中國雲南省昆明市東川區。年內本集團已支付相關代價人民幣193,366,000元。

Amortization of RMB18,220,000 (2007: nil) and RMB10,187,000 (2007: RMB15,172,000) have been included in the cost of goods sold and administrative expenses in the consolidated income statement for the year respectively.

The Group had acquired the mining rights of coal and phosphorus mine during the year. The mining rights of the coal mine of a carrying amount of RMB70,968,000 as at 31st December 2008 has a site area of approximately 8.9189 sq. km. and it is located in Liuzhi Prefecture of Guizhou Province, the PRC. The mining rights of the phosphorus mine of a carrying amount of RMB220,099,000 has a site area of approximately 2.4553 sq. km. and is located in Dongchuan District, Kunming Prefecture of Yunnan Province, the PRC. RMB193,366,000 of the related consideration was paid by the Group during the year.





## 8 採礦權(續)

如附註2(e)所述，本集團透過購入中航三鉀而購入鉀礦之採礦權。該採礦權涉及面積約284,526平方公里，位於中國青海省海西市冷湖區。

## 8 MINING RIGHTS (continued)

As detailed in Note 2(e), the Group had acquired the mining right of a potassium mine through the acquisition of CATIC Sanjia. The mining right has a site area of approximately 284,526 sq. km. and is located in Lenghu District, Haixi Prefecture of Qinghai Province, the PRC.

## 9 商譽

## 9 GOODWILL

人民幣千元  
RMB'000

截至二零零七年十二月 三十一日止年度(經重列)	Year ended 31st December 2007 (Restated)	
添置及年終賬面淨值 (附註2(e))	Additions and closing net book amount (Note 2(e))	5,240
截至二零零八年十二月 三十一日止年度	Year ended 31st December 2008	
年初及年終賬面淨值	Opening and closing net book amount	5,240

商譽來自中航投資於二零零七年從無關連公司初步收購中航三鉀(以獨立現金產生單位處理)(附註2(e))。中航三鉀之可收回金額按使用價值而釐訂，其使用以管理層所批准涵蓋五年之財務預測為本之現金流預測。

管理層根據過往經驗以及其對市場發展之預期而釐訂估計邊際利潤。所採用之加權平均增長率與業界報告所載之預測一致。所採用之貼現率為稅前貼現率，並反映中航三鉀所營運業務相關之特別風險。本公司董事認為於二零零八年十二月三十一日，無須對收購中航三鉀產生之商譽計提減值撥備。

The goodwill was arisen from the initial acquisition of CATIC Sanjia by Catic Investment Company from an unrelated company in 2007 (Note 2(e)), which was treated as a separate cash generating unit. The recoverable amount of CATIC Sanjia has been determined based on a value-in-use calculation, which uses cash flow projection based on a financial forecast approved by management covering five-year period.

Management determined estimated gross margin based on past performance and its expectations for the market development. The weighted average growth rate used is consistent with the forecasts included in industry reports. The discount rate used is pre-tax and reflects specific risks relating to business operated by CATIC Sanjia. The directors of the Company considered that there was no impairment charge needed to be made against the goodwill balance arising from acquisition of CATIC Sanjia as at 31st December 2008.

# 10 物業、廠房及設備 本集團

# 10 PROPERTY, PLANT AND EQUIPMENT Group

		二零零八年 2008				
		樓宇 Buildings 人民幣千元 RMB'000	設備及機器 Equipment and machinery 人民幣千元 RMB'000	汽車 Motor vehicles 人民幣千元 RMB'000	採礦構築物 Mining structures 人民幣千元 RMB'000	總額 Total 人民幣千元 RMB'000
<b>成本</b>	<b>Cost</b>					
<b>截至二零零八年十二月三十一日止年度</b>	<b>Year ended 31st December 2008</b>					
年初(經重列)	At beginning of year (Restated)	545,094	1,102,158	44,915	11,453	1,703,620
在建工程轉入 (附註12)	Transfer from construction-in-progress (Note 12)	1,395,564	2,404,137	6,722	90,347	3,896,770
收購附屬公司 (附註41(b))	Acquisition of subsidiaries (Note 41(b))	228,623	65,233	3,221	-	297,077
添置	Additions	192,928	145,887	10,401	23,869	373,085
出售	Disposals	(7,325)	(69,415)	(2,788)	-	(79,528)
轉撥至投資物業 (附註11)	Transfer to investment properties (Note 11)	(7,676)	-	-	-	(7,676)
年末	At end of year	2,347,208	3,648,000	62,471	125,669	6,183,348
<b>代表：</b>	<b>Representing:</b>					
按成本	At cost	2,347,208	3,648,000	62,471	125,669	6,183,348
<b>累計折舊</b>	<b>Accumulated depreciation</b>					
年初(經重列)	At beginning of year (Restated)	182,417	539,684	24,737	317	747,155
本年度計提	Charge for the year	59,319	193,749	9,423	5,622	268,113
出售	Disposals	(7,077)	(35,671)	(1,726)	-	(44,474)
轉撥至投資物業 (附註11)	Transfer to investment properties (Note 11)	(2,492)	-	-	-	(2,492)
年末	At end of year	232,167	697,762	32,434	5,939	968,302
<b>賬面淨值</b>	<b>Net book amount</b>					
年末	At end of year	2,115,041	2,950,238	30,037	119,730	5,215,046
年初(經重列)	At beginning of year (Restated)	362,677	562,474	20,178	11,136	956,465

## 10 物業、廠房及設備 (續)

本集團 (續)

## 10 PROPERTY, PLANT AND EQUIPMENT

(continued)

Group (continued)

		二零零七年(經重列) 2007 (Restated)				
		樓宇 Buildings 人民幣千元 RMB'000	設備及機器 Equipment and machinery 人民幣千元 RMB'000	汽車 Motor vehicles 人民幣千元 RMB'000	採礦構築物 Mining structures 人民幣千元 RMB'000	總額 Total 人民幣千元 RMB'000
<b>成本</b> <b>截至二零零七年十二月</b> <b>三十一日止年度</b>	<b>Cost</b> <b>Year ended 31st December 2007</b>					
年初	At beginning of year	494,491	876,273	38,255	-	1,409,019
在建工程轉入 (附註12)	Transfer from construction-in- progress (Note 12)	1,462	29,278	-	-	30,740
收購附屬公司	Acquisition of subsidiaries	21,284	27,901	2,833	11,453	63,471
添置	Additions	20,419	192,081	5,708	-	218,208
出售	Disposals	(4,381)	(18,882)	(1,663)	-	(24,926)
投資物業轉入 (附註11)	Transfer from investment properties (Note 11)	12,539	-	-	-	12,539
出售附屬公司	Disposal of subsidiaries	(720)	(4,493)	(218)	-	(5,431)
年末(經重列)	At end of year (Restated)	545,094	1,102,158	44,915	11,453	1,703,620
<b>代表：</b>	<b>Representing:</b>					
按成本	At cost	545,094	1,102,158	44,915	11,453	1,703,620
<b>累計折舊</b>	<b>Accumulated depreciation</b>					
年初	At beginning of year	154,007	473,389	21,860	-	649,256
本年度計提	Charge for the year	28,602	85,929	5,378	317	120,226
出售	Disposals	(3,996)	(17,180)	(2,298)	-	(23,474)
投資物業轉入 (附註11)	Transfer from investment properties (Note 11)	4,524	-	-	-	4,524
出售附屬公司	Disposal of subsidiaries	(720)	(2,454)	(203)	-	(3,377)
年末(經重列)	At end of year (Restated)	182,417	539,684	24,737	317	747,155
<b>賬面淨值</b>	<b>Net book amount</b>					
年末(經重列)	At end of year (Restated)	362,677	562,474	20,178	11,136	956,465
年初	At beginning of year	340,484	402,884	16,395	-	759,763

## 10 物業、廠房及設備 (續)

本公司

## 10 PROPERTY, PLANT AND EQUIPMENT

(continued)

Company

		二零零八年 2008			
		樓宇 Buildings 人民幣千元 RMB'000	設備及機器 Equipment and machinery 人民幣千元 RMB'000	汽車 Motor vehicles 人民幣千元 RMB'000	總額 Total 人民幣千元 RMB'000
成本	Cost				
截至二零零八年十二月三十一日止年度	Year ended 31st December 2008				
年初	At beginning of year	21,925	140	4,107	26,172
添置	Additions	-	588	-	588
出售	Disposals	-	(71)	-	(71)
年末	At end of year	21,925	657	4,107	26,689
代表：	Representing:				
按成本	At cost	21,925	657	4,107	26,689
累計折舊	Accumulated depreciation				
年初	At beginning of year	11,452	97	3,798	15,347
本年度計提	Charge for the year	851	26	-	877
出售	Disposal	-	(65)	-	(65)
年末	At end of year	12,303	58	3,798	16,159
賬面淨值	Net book amount				
年末	At end of year	9,622	599	309	10,530
年初	At beginning of year	10,473	43	309	10,825



## 10 物業、廠房及設備 (續)

本公司 (續)

## 10 PROPERTY, PLANT AND EQUIPMENT

(continued)

Company (continued)

		二零零七年 2007			
		樓宇 Buildings 人民幣千元 RMB'000	設備及機器 Equipment and machinery 人民幣千元 RMB'000	汽車 Motor vehicles 人民幣千元 RMB'000	總額 Total 人民幣千元 RMB'000
<b>成本</b>	<b>Cost</b>				
截至二零零七年十二月三十一日止年度	Year ended 31st December 2007				
年初	At beginning of year	21,925	127	4,070	26,122
添置	Additions	–	20	37	57
出售	Disposals	–	(7)	–	(7)
年末	At end of year	21,925	140	4,107	26,172
<b>代表：</b>	<b>Representing:</b>				
按成本	At cost	21,925	140	4,107	26,172
<b>累計折舊</b>	<b>Accumulated depreciation</b>				
年初	At beginning of year	10,594	96	3,798	14,488
本年度計提	Charge for the year	858	7	–	865
出售	Disposal	–	(6)	–	(6)
年末	At end of year	11,452	97	3,798	15,347
<b>賬面淨值</b>	<b>Net book amount</b>				
年末	At end of year	10,473	43	309	10,825
年初	At beginning of year	11,331	31	272	11,634



## 10 物業、廠房及設備(續)

年內，已完成建設及安裝上海天馬生產設備及機器，涉及金額人民幣2,985,298,000元，並已轉撥至「設備及機器」(附註12)。

本集團之樓宇及其他物業、廠房及設備乃按照歷史成本列賬。

折舊費用之人民幣268,113,000元(二零零七年：人民幣120,225,000元)，在營業成本人民幣197,572,000元(二零零七年：人民幣88,545,000元)、分銷成本人民幣8,386,000元(二零零七年：人民幣7,119,000元)、行政費用人民幣45,768,000元(二零零七年：人民幣24,561,000元)及在建工程人民幣16,387,000元(二零零七年：無)中支銷。

本集團之所有樓宇均位於中國境內。

於二零零八年十二月三十一日，非即期有抵押銀行借貸人民幣680,000,000元(二零零七年：無)及人民幣2,063,460,000元(二零零七年：人民幣1,802,577,000元)分別由廣東國際大廈賬面淨值約人民幣224,432,000元(二零零七年：無)之樓宇以及上海天馬賬面淨值約人民幣2,953,003,000元(二零零七年：無)之樓宇以及設備及機器作抵押(附註27)。

## 10 PROPERTY, PLANT AND EQUIPMENT (continued)

During the year, the construction and installation of production machinery of Shanghai Tianma, amounting to RMB2,985,298,000, was completed and transferred to "Equipment and machinery" (Note 12).

The buildings and other property, plant and equipment of the Group were stated at historical cost.

Depreciation expense of RMB268,113,000 (2007: RMB120,225,000) had been charged to cost of goods sold of RMB197,572,000 (2007: RMB88,545,000), distribution costs of RMB8,386,000 (2007: RMB7,119,000), administrative expenses of RMB45,768,000 (2007: RMB24,561,000) and construction in progress of RMB16,387,000 (2007: nil).

The Group's buildings are all situated in the mainland China.

As at 31st December 2008, non-current secured bank borrowings of RMB680,000,000 (2007: nil) and RMB2,063,460,000 (2007: RMB1,802,577,000) were secured by the buildings of the Guangdong International Building at the net book value of approximately RMB224,432,000 (2007: nil), and the buildings and equipment and machinery of Shanghai Tianma at the net book value of approximately RMB2,953,003,000 (2007: nil) respectively (Note 27).





## 11 投資物業

## 11 INVESTMENT PROPERTIES

		本集團 Group	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 經重列 Restated 人民幣千元 RMB'000
<b>賬面值</b>	<b>Carrying amount</b>		
年初	At beginning of year	281,316	293,855
收購附屬公司 (附註41(b))	Acquisition of subsidiaries (Note 41(b))	542,190	—
添置	Additions	45,338	—
物業、廠房及設備轉入 (附註10)	Transfer from property, plant and equipment (Note 10)	7,676	—
轉撥至物業、廠房及設備 (附註10)	Transfer to property, plant and equipment (Note 10)	—	(12,539)
年末	At end of year	876,520	281,316
<b>累計折舊</b>	<b>Accumulated depreciation</b>		
年初	At beginning of year	87,443	84,569
本年度計提	Charge for the year	18,098	7,398
物業、廠房及設備轉入 (附註10)	Transfer from property, plant and equipment (Note 10)	2,492	—
轉撥至物業、廠房及設備 (附註10)	Transfer to property, plant and equipment (Note 10)	—	(4,524)
年末	At end of year	108,033	87,443
<b>賬面淨值</b>	<b>Net book value</b>		
年末	At end of year	768,487	193,873
年初	At beginning of year	193,873	209,286
<b>董事估值</b>	<b>Directors' valuation</b>		
— 包括相關土地使用權 款項估值	— including the valuation of the relevant land use right payments	903,210	361,210

**11 投資物業(續)**

於二零零八年一月三十一日，本集團購入廣東國際大廈75%股權（附註41(b)）。廣東國際大廈擁有持作長期租金收益之廣東國際大廈部份，已計入投資物業，金額為人民幣542,190,000元。

本集團的投資物業均位於中國境內。

此等投資物業於二零零八年及二零零七年十二月三十一日之估值乃由董事按公開市場價格釐定。

於二零零八年十二月三十一日，本集團一間附屬公司廣東國際大廈所獲得之非流動抵押銀行借貸人民幣680,000,000元（二零零七年：無）由廣東國際大廈賬面淨值約人民幣532,250,000元（二零零七年：無）之投資物業作抵押（附註27）。

**11 INVESTMENT PROPERTIES (continued)**

On 31st January 2008, the Group acquired 75% equity interest in GIB Company (Note 41(b)). The portion of Guangdong International Building owned by GIB Company held for long-term rental yields had then been included in the investment property, amounting to RMB542,190,000.

The investment properties of the Group are situated in the PRC.

The valuation for the investment properties at 31st December 2008 and 2007 were determined by the directors based on the open market value basis.

As at 31st December 2008, non-current secured bank borrowings of RMB680,000,000 (2007: nil) were secured by the investment properties of the Guangdong International Building at the net book value of approximately RMB532,250,000 (2007: nil) made available to GIB Company, a subsidiary of the Group (Note 27).

**12 在建工程****12 CONSTRUCTION-IN-PROGRESS**

		本集團 Group	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
年初	At beginning of year	2,654,651	446,349
收購附屬公司（附註41(b)）	Acquisition from subsidiaries (Note 41(b))	417	133,046
添置	Additions	1,401,740	2,105,996
轉撥至物業、廠房及設備 （附註10）	Transfer to property, plant and equipment (Note 10)	(3,896,770)	(30,740)
年末	At end of year	160,038	2,654,651

**12 在建工程(續)**

年內，就興建一間附屬公司上海天馬生產廠房而產生之額外成本合共人民幣960,568,000元（二零零七年：人民幣2,024,730,000元），有關工程已完成，並已於二零零八年九月三十日轉撥至本集團物業、廠房及設備項下之固定資產內設備及機器類別。所轉撥之建築成本包括機器及設備之成本、已資本化利息、折舊、攤銷以及試生產期所產生之其他虧損。

其餘已轉撥建築成本人民幣911,472,000元（二零零七年：人民幣30,741,000元）乃由其他附屬公司之生產廠房產生。

**12 CONSTRUCTION-IN-PROGRESS (continued)**

During the year, further costs totalling RMB960,568,000 (2007: RMB2,024,730,000) had been incurred for the construction of the production plant of a subsidiary, Shanghai Tian Ma, which was completed and transferred to fixed assets under the equipment and machinery category of property, plant and equipment of the Group on 30th September 2008. The construction costs transferred include costs of the machinery and equipment, capitalised interest, depreciation, amortisation and other losses incurred during the trial run period.

The remaining transferred construction costs of RMB911,472,000 (2007: RMB30,741,000) had been incurred for production plants of other subsidiary companies.

**13 於附屬公司之投資****13 INVESTMENTS IN SUBSIDIARIES**

		本公司 Company	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
投資，按成本：	Investments at cost:		
— 上市公司股份	— shares in listed companies	352,838	352,838
— 非上市股份	— unlisted equity interests	1,212,223	445,276
— 減值	— impairment	(11,050)	(11,050)
		<b>1,554,011</b>	787,064

於二零零八年十二月三十一日，上市公司股份之市值約為人民幣1,076,544,000元（二零零七年：人民幣9,385,584,000元）。

As at 31st December 2008, the market value of shares in listed companies approximated RMB1,076,544,000 (2007: RMB9,385,584,000).

## 13 於附屬公司之投資(續)

於二零零八年十二月三十一日，本公司於下列主要附屬公司中擁有股權權益(本公司董事認為該等附屬公司(均於中國註冊/成立)在本集團淨收益或本集團資產及負債中佔有重大比例)：

附屬公司名稱 Name of subsidiary	註冊／成立日期 Date of incorporation/ establishment	所佔	
		Attributable	
		二零零八年 2008	
		直接 Direct	間接 Indirect
天馬微電子股份有限公司 (「天馬公司」)(附註(c)) Tianma Microelectronics Co., Ltd. ("Tianma") (Note (c))	一九八三年 十一月八日 8th November 1983	45.62%	—
深圳市深南電路有限公司 (「深南電路」) Shenzhen Shennan Circuit Co., Ltd. ("Shennan Circuit")	一九八四年 七月三日 3rd July 1984	95%	—
深圳市飛亞達(集團) 股份有限公司 (「飛亞達」)(附註(c)) Shenzhen Fiyta Holdings Limited ("Fiyta") (Note (c))	一九九零年 三月三十日 30th March 1990	44.69%	—
深圳邁威有線電視器材 有限公司 (「邁威」) Shenzhen Maiwei Cable TV Equipments Co., Ltd. ("Maiwei")	一九九一年 八月三日 3rd August 1991	60%	—
上海天馬微電子股份 有限公司(「上海天馬」) Shanghai Tianma Microelectronics Co., Ltd. ("Shanghai Tianma")	二零零七年 四月七日 7th April 2007	21%	30%
深圳中航資源有限公司 (「中航資源」) Shenzhen CATIC Resources Co., Ltd ("CATIC Resources")	二零零七年 九月十七日 17th September 2007	100%	—
海西中航三錳硅業 有限公司(「中航三錳」) (附註(a)) Haixi CATIC Sanjiaguie Co., Ltd. ("CATIC Sanjia") (Note (a))	二零零七年 五月十六日 16th May 2007	—	100%
廣東國際大廈實業有限公司 (「廣東國際大廈」) (附註(b)) Guangdong International Building Industrial Co., Ltd. ("GIB Company") (Note (b))	二零零八年 一月三十一日 31st January 2008	75%	—

## 13 INVESTMENTS IN SUBSIDIARIES (continued)

As at 31st December 2008, the Company had equity interests in the following major subsidiaries which, in the opinion of the directors, materially contribute to the net results of the Group or held a material portion of the assets or liabilities of the Group (all incorporated/established and operated in the PRC):

**13 於附屬公司之投資 (續)**

附註：

- (a) 中航投資於二零零七年五月十六日以代價人民幣330,000,000元從兩名獨立第三方楊咏罡先生及天田鉀肥公司購入中航三鉀60%股權。如附註2(e)所述，於二零零八年一月二十一日，中航資源與中航投資訂立一項收購協議，以現金代價人民幣330,000,000元購入中航三鉀60%股權。收購已於二零零八年五月二十三日完成。隨後，中航資源獲取中航三鉀之控制權。

同日，於二零零八年一月二十一日，中航資源與中航三鉀當時之少數股東楊咏罡先生及天田鉀肥公司訂立多項協議，分別購入餘下之中航三鉀30%及5%股權。現金代價分別為人民幣165,000,000元及人民幣27,500,000元。收購已於二零零八年四月七日完成。已付代價與楊咏罡先生及天田鉀肥公司於收購時擁有中航三鉀淨資產賬面值之差額分別為人民幣10,484,000元及人民幣1,747,000元，已計入本集團綜合財務報表之其他儲備中。隨後，中航資源於中航三鉀之股權由60%增加至95%。

於二零零八年六月二十日，中航資源與中航三鉀少數股東天田鉀肥公司訂立另一項協議，以現金代價人民幣125,000,000元購入中航三鉀餘下5%股權。收購已於二零零八年六月二十四日完成。已付代價與天田鉀肥公司於收購時擁有中航三鉀淨資產賬面值人民幣99,668,000元之差額，已計入綜合財務報表之其他儲備中。隨後，中航資源於中航三鉀之股權由95%增加至100%。

- (b) 根據已於本公司在二零零七年五月十四日舉行之股東特別大會批准之各項協議，本集團以現金代價人民幣300,000,000元購入廣東國際大廈75%股權，並同意承擔其所有債項(附註41(b))。廣東國際大廈之主要業務包括租賃及管理廣東國際大廈，以及管理及營運廣東國際酒店。

**13 INVESTMENTS IN SUBSIDIARIES (continued)**

Notes:

- (a) CATIC Investment Company acquired 60% equity interest in CATIC Sanjia from Mr. Yang Yong Gang and Tiantian Potash Company, two independent third parties, at a consideration of RMB330,000,000 on 16th May 2007. As detailed in Note 2(e), on 21st January 2008, CATIC Resources entered into an acquisition agreement with CATIC Investment Company to acquire its 60% equity interest in CATIC Sanjia at a cash consideration of RMB330,000,000. The acquisition was completed on 23rd May 2008. Thereafter, CATIC Resources obtained control over CATIC Sanjia.

On the same date, 21st January 2008, CATIC Resources entered into various agreements with the then minority shareholders of CATIC Sanjia, Mr. Yang Yong Gang and Tiantian Potash Company, for acquiring their remaining shareholdings in CATIC Sanjia 30% and 5% respectively. The consideration was satisfied by cash consideration of RMB165,000,000 and RMB27,500,000 respectively. The acquisitions were completed on 7th April 2008. The differences between the consideration paid and the carrying value of net assets owned by Mr. Yang Yong Gang and Tiantian Potash Company in CATIC Sanjia at the time of acquisition, amounting to RMB10,484,000 and RMB1,747,000 respectively, had been recorded as a debit to other reserves in the consolidated financial statements of the Group. Thereafter, CATIC Resources' equity interest in CATIC Sanjia was increased from 60% to 95%.

On 20th June 2008, CATIC Resources entered into another agreement with the minority shareholder of CATIC Sanjia, Tiantian Potash Company to acquire the remaining 5% interest in CATIC Sanjia at a cash consideration of RMB125,000,000. The acquisition was completed on 24th June 2008. The difference between the consideration paid and the carrying value of net assets owned by Tiantian Potash Company in CATIC Sanjia at the time of acquisition, amounting to RMB99,668,000, was also recorded as a debit to other reserves in the consolidated financial statements. Therefore, CATIC Resources' equity interest in CATIC Sanjia was increased from 95% to 100%.

- (b) Pursuant to various agreements which were approved at the extraordinary general meeting of the Company on 14th May 2007, the Group acquired 75% equity interest in GIB Company at a cash consideration of RMB300,000,000 and had agreed to assume all its debts (Note 41(b)). Principal business activities of GIB Company comprise leasing and management of the Guangdong International Building and the management and operations of the Guangdong International Hotel.

## 13 於附屬公司之投資(續)

附註：(續)

- (c) 本集團於該等附屬公司之股權下跌至低於50%。然而，本集團可繼續控制該等附屬公司之主要營運及財務決定。因此，本公司之董事認為本集團仍能維持於該等附屬公司之實際控制權，而本集團將繼續就會計目的而以本集團附屬公司作呈報。

## 13 INVESTMENTS IN SUBSIDIARIES (continued)

Notes: (continued)

- (c) The Group's equity interests held in these subsidiaries fell below 50%. However, the Group could continue to control the key operational and financial decisions of these subsidiaries. As such, the directors of the Company consider that the Group had maintained de facto control in these subsidiaries and the Group continues to report them as subsidiaries of the Group for accounting purposes.

## 14 於聯營公司之投資

## 14 INVESTMENTS IN ASSOCIATES

		本集團 Group		本公司 Company	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000	二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
年初	At beginning of year	576,852	27,319	310,623	5,011
收購深圳中航地產	Acquisition of CATIC Real Estate	-	261,668	-	261,668
可供出售金融資產轉入	Transfer from available-for-sale financial assets	-	43,944	-	43,944
本集團所佔聯營公司可辨認資產、負債及或然負債淨公允值超出聯營公司成本之差額	Excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of an associate	-	60,065	-	-
購入分佔以公允值計算聯營公司淨資產之公允值逐步增加	Step-up of fair value of the acquired share of net assets of an associate in fair value	-	191,029	-	-
於附屬公司之投資轉換為於聯營公司之投資	Conversion from investment in subsidiary to investment in associates	-	1,455	-	5,100
減值	Impairment	-	(1,455)	-	(5,100)
已收股息	Dividends received	(12,425)	-	(12,425)	-
出售於聯營公司資產時撥回重估盈餘(附註26)	Reversal of revaluation surplus on the disposal of assets of the associate (Note 26)	(26,603)	-	-	-
分佔聯營公司可供出售財務資產公允值虧損(附註26)	Share of fair value loss from available-for-sale financial assets of the associate (Note 26)	(4,581)	-	-	-
應佔聯營公司虧損	Share of losses of associates	(23,711)	(7,173)	-	-
年末	At end of year	509,532	576,852	298,198	310,623





## 14 於聯營公司之投資 (續)

於二零零八年十二月三十一日，本公司擁有直接權益之主要聯營公司如下：

## 14 INVESTMENTS IN ASSOCIATES (continued)

As at 31st December 2008, the Group had direct interests in the following major associates:

聯營公司名稱 Name of associate	註冊／成立日期 Date of incorporation/ establishment	本公司應佔權益 Attributable equity interest		註冊資本 Registered capital	企業類別 Type of legal entity	主要業務／ 註冊及營業地 Principal activities/ place of incorporation and operation
		二零零八年 2008	二零零七年 2007			
深圳中施機械設備有限公司 CASTIC-SMP Machinery Corporation Limited	一九八六年十一月十五日 15th November 1986	50%	50%	1,595,000美元 USD1,595,000	合資企業 Contractual joint venture	製造及銷售乾洗洗衣機，中國 Manufacture and sale of dry cleaning machines, PRC
深圳深蓉工程塑料有限公司 Shenzhen Shenrong Engineering Plastics Co., Ltd.	一九八九年一月十七日 17th January 1989	30%	30%	人民幣3,600,000元 RMB3,600,000	合資企業 Contractual joint venture	製造及銷售注塑製品，中國 Manufacture and sale of plastic casings, PRC
漢維克斯公司 HYVIX Co., Ltd.	二零零四年三月五日 5th March 2004	25%	25%	1,500,000美元 USD1,500,000	合資企業 Contractual joint venture	生產、研發及銷售液晶顯示器相關產品，韓國 Manufacture, research and sale of liquid crystal displays, Korea
深圳中航數碼顯示科技有限公司(「中航數碼」) Shenzhen CAERO Digital Display Inc. ("CAERO")	二零零五年二月二十六日 26th February 2005	39.51%	39.51%	人民幣10,000,000元 RMB10,000,000	合資企業 Contractual joint venture	數字顯示器的研究、開發及銷售 Research and development and sale of digital displays
深圳中航地產股份有限公司(附註a) Shenzhen CATIC Real Estate Co., Ltd (note a)	一九八五年五月二十九日 29th May 1985	22.35%	22.35%	人民幣222,320,472元 RMB222,320,472	股份有限公司(深圳證券交易所上市公司) Joint Stock Company (Listed on the Shenzhen Stock Exchange)	物業開發及建築、投資、零售及酒店 Property developing and construction, investment, retailing and hoteling

## 14 於聯營公司之投資 (續)

本集團應佔主要聯營公司之業績及應佔資產(包括負債)如下：

## 14 INVESTMENTS IN ASSOCIATES (continued)

The Group's share of the results of its principal associates and its share of the assets (including liabilities) are as follows:

名稱 Name	註冊地及企業類別 Place of incorporation and kind of legal entity	授權/註冊資本 Authorised/ Registered capital	已繳足股本 Paid up capital	二零零八年 2008				持有權益 百分比 % Interest held
				資產 Assets 人民幣千元 RMB'000	負債 Liabilities 人民幣千元 RMB'000	收入 Revenues 人民幣千元 RMB'000	溢利/(虧損) Profit/(loss) 人民幣千元 RMB'000	
深圳中施機械設備有限公司 CASTIC-SMP Machinery Corporation Limited	中國·有限責任公司 The PRC, Limited Liability company	人民幣 7,861,000元 RMB7,861,000	人民幣 7,861,000元 RMB7,861,000	30,217	9,024	28,926	518	50.00%
深圳深蓉工程塑料有限公司 Shenzhen Shenrong Engineering Plastics Co., Ltd.	中國·有限責任公司 The PRC, Limited Liability company	人民幣 3,600,000元 RMB3,600,000	人民幣 3,600,000元 RMB3,600,000	5,863	1,158	6,383	100	30.00%
漢維克斯公司 HYVIX Co., Ltd.	韓國·有限責任公司 Republic of Korea, Limited Liability company	1,500,000美元 USD1,500,000	1,500,000美元 USD1,500,000	1,170	1,150	-	(211)	25.00%
深圳中航數碼顯示科技 有限公司 Shenzhen CAERO Digital Display Inc.	中國·有限責任公司 The PRC, Limited Liability company	人民幣 12,910,000元 RMB12,910,000	人民幣 12,910,000元 RMB12,910,000	2,789	1,742	-	-	39.51%
深圳中航地產股份有限公司 Shenzhen CATIC Real Estate Co., Ltd	股份有限公司 (深圳證交所上市公司) Joint Stock Company (Listed on the Shenzhen Stock Exchange)	人民幣 222,320,472元 RMB222,320,472	人民幣 222,320,472元 RMB222,320,472	1,330,621	797,085	441,027	(24,118)	22.35%
				1,370,660	810,159	476,336	(23,711)	

## 14 於聯營公司之投資 (續)

## 14 INVESTMENTS IN ASSOCIATES (continued)

名稱 Name	註冊地及企業類別 Place of incorporation and kind of legal entity	授權/註冊資本 Authorised/ Registered capital	已繳足股本 Paid up capital	二零零七年 2007				持有權益 百分比 % Interest held
				資產	負債	收入	溢利/(虧損)	
				Assets	Liabilities	Revenues	Profit/(loss)	
				人民幣千元	人民幣千元	人民幣千元	人民幣千元	
				RMB'000	RMB'000	RMB'000	RMB'000	
深圳中施機械設備 有限公司 CASTIC-SMP Machinery Corporation Limited	中國，有限責任公司 The PRC, Limited Liability company	人民幣 7,861,000元 RMB7,861,000	人民幣 7,861,000元 RMB7,861,000	28,880	8,205	28,306	576	50%
深圳深蓉工程塑料 有限公司 Shenzhen Shenrong Engineering Plastics Co., Ltd.	中國，有限責任公司 The PRC, Limited Liability company	人民幣 3,600,000元 RMB3,600,000	人民幣 3,600,000元 RMB3,600,000	6,023	1,418	8,236	495	30%
漢維克斯公司 HYVIX Co., Ltd.	韓國，有限責任公司 Republic of Korea	1,500,000美元 USD1,500,000	1,500,000美元 USD1,500,000	2,025	1,778	778	(243)	25%
深圳中航數碼顯示科技 有限公司 Shenzhen CAERO Digital Display Inc.	中國，有限責任公司 The PRC, Limited Liability company	人民幣 12,910,000元 RMB12,910,000	人民幣 12,910,000元 RMB12,910,000	2,966	1,741	517	(1,454)	39.51%
深圳中航地產股份有限公司 Shenzhen CATIC Real Estate Co., Ltd	股份有限公司 (深圳證交所上市公司) Joint Stock Company (Listed on the Shenzhen Stock Exchange)	人民幣 222,320,472元 RMB222,320,472	人民幣 222,320,472元 RMB222,320,472	1,199,712	680,383	24,092	(8,000)	22.35%
				1,239,606	693,525	61,929	(8,626)	

**15 按類別分類的金融工具**  
本集團：

**15 FINANCIAL INSTRUMENTS BY CATEGORY**  
The Group:

		按公允價值透過 損益列賬之 金融資產 Financial assets at fair value through the profit and loss	可供出售 金融資產 Available- for-sale financial assets	總計 Total
	貸款及 應收款項 Loans and receivables	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
資產，如綜合資產負債表 所載	Assets as per consolidated balance sheet			
二零零八年十二月三十一日	31st December 2008			
可供出售金融資產 (附註16)	Available-for-sale financial assets (Note 16)	—	11,091	11,091
貿易應收款(附註20)	Trade receivables (Note 20)	832,366	—	832,366
應收票據(附註20)	Notes receivables (Note 20)	174,542	—	174,542
尚未抵扣之增值稅及 其他應收款(附註20)	Excess of input over output value added tax and other receivables (Note 20)	146,043	—	146,043
現金及現金等價物(附註23)	Cash and cash equivalents (Note 23)	874,373	—	874,373
總計	Total	2,027,324	11,091	2,038,415
二零零七年十二月三十一日 (經重列)	31st December 2007 (Restated)			
可供出售金融資產(附註16)	Available-for-sale financial assets (Note 16)	—	231,282	231,282
貿易應收款(附註20)	Trade receivables (Note 20)	668,561	—	668,561
應收票據(附註20)	Notes receivables (Note 20)	282,854	—	282,854
尚未抵扣之增值稅及 其他應收款(附註20)	Excess of input over output value added tax and other receivables (Note 20)	99,881	—	99,881
按公允價值透過損益列賬 之金融資產(附註21)	Financial assets at fair value through profit or loss (Note 21)	—	74,008	74,008
現金及現金等價物(附註23)	Cash and cash equivalents (Note 23)	1,306,698	—	1,306,698
總計	Total	2,357,994	231,282	2,663,284

## 15 按類別分類的金融工具 (續)

本公司：

## 15 FINANCIAL INSTRUMENTS BY CATEGORY

(continued)

The Company:

		按公允價值透過 損益列賬之 金融資產 Financial assets at fair value through the profit and loss		可供出售 金融資產 Available- for-sale financial assets	總計 Total
		貸款及 應收款項 Loans and receivables			
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
<b>資產，如資產負債表所載</b>					
<b>Assets as per balance sheet</b>					
二零零八年十二月三十一日	31st December 2008				
可供出售金融資產(附註16)	Available-for-sale financial assets (Note 16)	–	–	1,400	1,400
其他應收款項(附註20)	Other receivables (Note 20)	449,211	–	–	449,211
現金及現金等價物(附註23)	Cash and cash equivalents (Note 23)	353,124	–	–	353,124
總計	Total	802,335	–	1,400	803,735
<b>二零零七年十二月三十一日</b>					
<b>31st December 2007</b>					
可供出售金融資產(附註16)	Available-for-sale financial assets (Note 16)	–	–	1,400	1,400
其他應收款項(附註20)	Other receivables (Note 20)	199	–	–	199
按公允價值透過損益列賬 之金融資產(附註21)	Financial assets at fair value through profit or loss (Note 21)	–	74,008	–	74,008
現金及現金等價物(附註23)	Cash and cash equivalents (Note 23)	310,161	–	–	310,161
總計	Total	310,360	74,008	1,400	385,768

## 16 可供出售金融資產

## 16 AVAILABLE-FOR-SALE FINANCIAL ASSETS

		本集團 Group		本公司 Company	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000	二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
於一間公司法人股 (於中國上市)之 投資，按市值	Investments in promoters' shares of a company listed in China, at market value	4,543	227,134	-	-
於非上市公司股份之 投資	Investments in shares of unlisted companies	9,628	7,228	1,400	1,400
減：減值虧損準備	Less: provision for impairment losses	(3,080)	(3,080)	-	-
		11,091	231,282	1,400	1,400

所有可供出售金融資產均以人民幣列值。

於報告日期，信貸風險之最高風險為列作可供出售之債券之公允值。

All available-for-sale financial assets are all denominated in RMB.

The maximum exposure to credit risk at the reporting date is the fair value of the debt securities classified as available-for-sale.



## 16 可供出售金融資產(續)

年內可供出售金融資產之變動如下：

		本集團 Group	本公司 Company
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
年初	At beginning of year	231,282	139,073
添置	Additions	2,400	-
可供出售金融資產之公允值變動	Reversal of fair value change of an available-for-sale financial assets to investments in associates, gross of tax	-	(93,729)
撥回於聯營公司之投資(未扣除稅款)	Transfer to investments in associates (Note 14)	-	(43,944)
轉撥至於聯營公司之投資(附註14)	Net (losses)/gains transferred to equity, gross of tax (Note (a))	(133,707)	-
淨(虧損)/收益撥入權益(未扣除稅款)(附註(a))	Disposal of an available-for-sale financial asset-cost (Note 32 and Note (a))	(3,910)	-
出售可供出售金融資產之成本	Fair value adjustment on disposal of available-for-sale financial assets, gross amount (Note 32 and Note (a))	(84,974)	-
可供出售金融資產之公允值調整(總額)(附註32及附註(a))	Impairment provision	-	(2,260)
減值撥備	At end of year	11,091	1,400

(a) 於二零零七年十二月三十一日，本集團於上市股份之投資之成本及公允值分別為人民幣3,910,000元及人民幣206,230,000元。年內，本集團錄得公允值虧損調整人民幣121,256,000元，以反映股市之不利影響。此項調整已計入儲備賬。隨後，本集團以代價人民幣88,884,000元出售所有股份，錄得收益人民幣84,974,000元(附註32)。此外，年內本集團就持有其他股份作出公允值調整人民幣12,451,000元。

## 16 AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

The movements of available-for-sale financial assets during the year are as follows:

		本集團 Group	本公司 Company
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
年初	At beginning of year	231,282	139,073
添置	Additions	2,400	-
可供出售金融資產之公允值變動	Reversal of fair value change of an available-for-sale financial assets to investments in associates, gross of tax	-	(93,729)
撥回於聯營公司之投資(未扣除稅款)	Transfer to investments in associates (Note 14)	-	(43,944)
轉撥至於聯營公司之投資(附註14)	Net (losses)/gains transferred to equity, gross of tax (Note (a))	(133,707)	-
淨(虧損)/收益撥入權益(未扣除稅款)(附註(a))	Disposal of an available-for-sale financial asset-cost (Note 32 and Note (a))	(3,910)	-
出售可供出售金融資產之成本	Fair value adjustment on disposal of available-for-sale financial assets, gross amount (Note 32 and Note (a))	(84,974)	-
可供出售金融資產之公允值調整(總額)(附註32及附註(a))	Impairment provision	-	(2,260)
減值撥備	At end of year	11,091	1,400

(a) As at 31st December 2007, the Group had an investment in listed shares with a cost and fair value of RMB3,910,000 and RMB206,230,000 respectively. During the year, the Group had made a fair value loss adjustment of RMB121,256,000 to reflect the adverse impact of the share market. This adjustment had been accounted for in the reserve account. Thereafter, the Group disposed of all these shares at a consideration of RMB88,884,000 resulting at a gain of RMB84,974,000 (Note 32). In addition, the Group had made fair value adjustments on the holding of other shares amounting to RMB12,451,000 during the year.

## 17 遞延所得稅

當有法定可執行權力將現有稅項資產與現有稅項負債抵銷，且遞延所得稅涉及同一財政機構，則將遞延所得稅資產與負債互相抵銷。抵銷的金額如下：

## 17 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

		本集團 Group		本公司 Company	
		二零零八年 2008	二零零七年 2007	二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	經重列 Restated 人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
遞延稅項資產：	Deferred tax assets:				
— 超過十二個月後撥回	– to be recovered after more than 12 months	113,211	107,179	–	–
— 十二個月內撥回	– to be recovered within 12 months	7,173	10,438	–	–
		120,384	117,617	–	–
遞延稅項負債：	Deferred tax liabilities:				
— 超過十二個月後撥回支銷	– to be settled after more than 12 months	(260,163)	(102,882)	–	–
遞延稅項(負債)/資產—淨額	Deferred tax (liabilities)/assets – net	(139,779)	14,735	–	–

**17 遞延所得稅(續)**

遞延所得稅款項之總變動如下：

**17 DEFERRED INCOME TAX (continued)**

The gross movements on the deferred income tax account are as follows:

		本集團 Group		本公司 Company	
		二零零八年 2008	二零零七年 2007	二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	經重列 Restated 人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
年初	Beginning of the year	14,735	7,296	-	(14,059)
於損益表中計入 (附註37)	Credited to income statement (Note 37)	33,958	7,733	-	-
稅率變動之影響 (附註37)	Effect of changes in tax rates (Note 37)	2,806	3,366	-	-
撥回可供出售金融 資產公允值收益 確認之遞延稅項 負債	Reversal of deferred tax liabilities recognised on fair value gains from available-for-sale financial assets	12,746	14,059	-	14,059
直接於權益中扣除/ (計入)之稅項	Tax charged/(credited) directly to equity	20,398	(20,718)	-	-
收購附屬公司 (附註41(b))	Acquisition of subsidiary (Note 41(b))	(224,422)	2,999	-	-
年末	End of year	(139,779)	14,735	-	-

## 17 遞延所得稅(續)

年內遞延稅項資產及負債之變動(未考慮在同一徵稅區內之抵銷結餘)如下:

## 遞延稅項資產:

		貿易及其他 應收款之減值 虧損撥備 Provision for impairment losses on trade and other receivables 人民幣千元 RMB'000	陳舊 存貨撥備 Provision for inventory obsolescence 人民幣千元 RMB'000	交易投資之 公允價值虧損 Fair value loss on trading investments 人民幣千元 RMB'000	本集團 Group 業務收購 之資產公允價值 虧損 Fair value loss on assets acquired from business acquisition 人民幣千元 RMB'000	稅項虧損 Tax losses 人民幣千元 RMB'000	其他 Others 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000	本公司 Company 總計 Total 人民幣千元 RMB'000
於二零零七年一月一日	At 1st January 2007	17,215	13,900	1,073	-	-	1,901	34,089	-
於損益表中 計入/(扣除)	Credited/(charged) to the income statement								
(經重列)	(Restated)	2,245	(4,428)	(654)	(11)	1,770	8,471	7,393	-
收購附屬公司(經重列)	Acquisition of subsidiary (Restated)	-	-	-	76,135	-	-	76,135	-
於二零零七年 十二月三十一日(經重列)	At 31st December 2007 (Restated)	19,460	9,472	419	76,124	1,770	10,372	117,617	-
於損益表中 計入/(扣除)	Credited/(charged) to the income statement	11,659	4,713	(419)	(32,944)	14,487	5,271	2,767	-
於二零零八年 十二月三十一日	At 31st December 2008	31,119	14,185	-	43,180	16,257	15,643	120,384	-

## 17 DEFERRED INCOME TAX (continued)

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

## Deferred tax assets:

## 17 遞延所得稅(續)

遞延稅項負債：

## 17 DEFERRED INCOME TAX (continued)

Deferred tax liabilities:

		本集團			本公司
		Group			Company
		可供出售 金融資產之 公允價值 虧損／(收益)	業務收購 之資產公允 價值 收益		可供出售 金融資產之 公允價值收益
		Fair value losses/(gains) of available- for-sale financial assets	Fair value gain on assets acquired from business acquisition	總計	Fair value gains of available- for-sale financial assets
	加速稅項折舊	of available- for-sale financial assets	acquired from business acquisition	Total	
	Accelerated tax depreciation	for-sale financial assets	acquired from business acquisition	Total	
	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
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
於二零零七年一月一日	At 1st January 2007	—	(26,794)	—	(26,794)
於損益賬扣除／（計入） （經重列）	Charged/ (credited) to income statement (Restated)	(87)	—	3,794	3,707
撥回可供出售投資公允價值 收益確認之遞延稅項 負債	Reversal of deferred tax liabilities recognised on fair value gains from available-for-sale investment	—	14,059	—	14,059
直接計入權益之稅項（經重列）	Tax credited directly to equity (Restated)	—	(20,718)	—	(20,718)
收購附屬公司	Acquisition of subsidiary	—	—	(73,136)	(73,136)
於二零零七年十二月三十一日 （經重列）	At 31st December 2007 (Restated)	(87)	(33,453)	(69,342)	(102,882)
於損益表中扣除／（計入）	Charged/ (credited) to income statement	(30)	—	34,027	33,997
撥回可供出售投資公允價值 收益確認之遞延稅項 負債	Reversal of deferred tax liabilities recognised on fair value gains from available-for-sale investment	—	12,746	—	12,746
直接計入權益之稅項	Tax credited directly to equity	—	20,398	—	20,398
收購附屬公司（附註41(b)）	Acquisition of subsidiary (Note 41(b))	—	—	(224,422)	(224,422)
於二零零八年十二月三十一日	At 31st December 2008	(117)	(309)	(259,737)	(260,163)

**17 遞延所得稅(續)**

未列賬之潛在遞延稅項資產如下：

結轉稅項虧損	Tax losses carried forward
按公允值透過損益列賬的 金融資產之公允值虧損	Fair value losses of financial assets at fair value through profit or loss

**17 DEFERRED INCOME TAX (continued)**

The potential deferred tax assets not recognised in the accounts were related to:

	二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
結轉稅項虧損	69,924	14,937
按公允值透過損益列賬的 金融資產之公允值虧損	—	11,889
	69,924	26,826

由於可預見將來內不可能有應課稅溢利而就此可動用上述可扣稅虧損及暫時差異，故並無確認遞延所得稅資產。

Deferred income tax assets had not been provided for because it is not probable that taxable profit will be available against which above deductible tax losses and temporary difference can be utilised within a foreseeable future.

根據中國企業所得稅暫行條例第十一條，中國公司稅項虧損可結轉用以抵銷於未來五年內之應課稅溢利。

According to the provisional regulations on PRC Enterprise Income Tax No.11, tax losses of the PRC companies can be carried forward to offset future assessable profit for a period of 5 years.



## 18 其他非流動資產

## 18 OTHER NON-CURRENT ASSETS

		本集團 Group		本公司 Company	
		二零零八年 2008	二零零七年 2007 經重列 Restated	二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
於廣東國際大廈實業有限公司投資的預付款 (附註a)	Prepayment for investment in Guangdong International Building Industrial Co., Ltd. (Note (a))	-	464,700	-	464,700
其他 (附註b)	Others (Note (b))	41,927	80,981	-	-
		41,927	545,681	-	464,700

(a) 誠如附註41(b)所載，於二零零八年一月三十一日本集團收購廣東國際大廈為其附屬公司。本集團已於二零零七年十二月三十一日就該交易支付預付款。

(b) 其他主要指於中國成立的採礦公司的投資以及購買生產管理軟件的預付款項。

(a) As detailed in Note 41(b), the Group had acquired GIB Company as its subsidiary on 31st January 2008. Prepayments were made by the Group for the transaction as at 31st December 2007.

(b) Others mainly represent prepayments for investment in mining companies established in the PRC and purchase of a production management software.

## 19 存貨

## 19 INVENTORIES

		本集團 Group	
		二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	人民幣千元 RMB'000
成本	Cost		
原材料	Raw materials	248,016	205,946
在製品	Work-in-progress	135,947	56,396
製成品	Finished goods	954,239	653,094
減：存貨撇減撥備	Less: provision for write-down of inventories	(152,711)	(85,607)
		1,185,491	829,829

確認為開支並列入銷售成本的存貨成本為人民幣2,095,419,000元(二零零七年：人民幣2,291,371,000元)(附註33)。

The cost of inventories recognized as expense and included in cost of sales amounted to RMB2,095,419,000 (2007: RMB2,291,371,000) (Note 33).

## 20 貿易及其他應收款

## 20 TRADE AND OTHER RECEIVABLES

		本集團 Group		本公司 Company	
		二零零八年 2008	二零零七年 2007	二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
貿易應收款	Trade receivables	927,280	736,606	-	-
減：應收款減值撥備	Less: provision for impairment of receivables	(94,914)	(68,045)	-	-
貿易應收款－淨額	Trade receivables – net	832,366	668,561	-	-
應收票據	Notes receivables	174,542	282,854	-	-
預付款	Prepayments	47,921	31,531	-	-
預付增值稅款	Prepayments of value added tax	70,436	29,614	-	-
尚未抵扣之增值稅款	Excess of input over output value added tax	69,772	30,899	-	-
其他	Others	76,271	68,982	449,211	199
		1,271,308	1,112,441	449,211	199

本集團貨物銷售之信用期限介乎於30至90日不等。貿易應收款之賬齡分析如下：

The Group's credit terms on sale of goods ranged from 30 to 90 days. The aging analysis of trade receivables is as follows:

		本集團 Group	
		二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	人民幣千元 RMB'000
即期	Current	500,204	267,126
30至60日	30-60 days	125,771	178,199
60至90日	60-90 days	62,711	128,024
90日以上	over 90 days	238,594	163,257
減：減值虧損撥備	Less: provision for impairment losses	927,280 (94,914)	736,606 (68,045)
		832,366	668,561

即期貿易及其他應收款之賬面值與其公允值相若。

The carrying amount of current trade receivables and other receivables approximated their fair values.

**20 貿易及其他應收款(續)**

本集團貿易應收款之賬面值以下列貨幣計值：

人民幣	RMB
美元	USD
港元	HKD
其他貨幣	Other currencies

**20 TRADE AND OTHER RECEIVABLES**  
(continued)

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

		本集團 Group	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
人民幣	RMB	707,575	559,102
美元	USD	186,809	137,378
港元	HKD	20,938	32,699
其他貨幣	Other currencies	11,958	7,427
		927,280	736,606

貿易應收款減值撥備之變動如下：

Movements on the provision for impairment of trade receivables are as follows:

		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
於一月一日	At 1st January	68,045	70,215
應收款減值撥備	Provision for receivable impairment	26,942	3,645
年內作為不可回收款進行 撇銷之應收款	Receivables written off during the year as uncollectible	(73)	(5,815)
於十二月三十一日	At 31st December	94,914	68,045

逾期少於三個月的貿易應收款不計提減值。

Trade receivables that are less than three months past due are not considered impairment.

於二零零八年十二月三十一日，逾期超過三個月的貿易應收款並無計提減值。該等貿易應收款涉及多個近期並無拖欠記錄的獨立客戶。

As at 31st December 2008, trade receivables over three months were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

減值應收款撥備的增設及撥回已計入損益表。計入撥備賬目的金額一般於預期不可收回額外現金時撇銷。

The creation and release of provision for impaired receivables have been included in the income statement. Amount charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

於報告日期，信貸風險的上限為上述各類應收款的公允值。本集團並無持有任何抵押品作為擔保。

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

## 21 按公允值透過損益列賬之金融資產

於中國上市之  
投資市值  
— 權益股份

Market value of investments  
listed in China  
— Equity shares

## 21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

本集團 Group		本公司 Company	
二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000	二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
-	74,008	-	74,008

按公允值透過損益列賬之金融資產呈列於現金流量表「經營活動」項下，作為營運資本變動之一部份。

Financial assets at fair value through profit or loss are presented within 'operating activities' as part of changes in working capital in the cash flow statement.

所有按公允值透過損益列賬之金融資產已於年內出售，導致產生虧損人民幣51,039,000元(附註32)。

All of the financial assets at fair value through profit or loss were disposed of during the year, resulting in a loss of RMB51,039,000 (Note 32).

## 22 抵押銀行存款

若干銀行結餘已就銀行發出以作收購廠房及機器用途之信用證金額為人民幣65,838,000元，以及金額為人民幣30,000,000元之銀行貸款而被抵押(附註23及27)。該等存款將於清償廠房及機器收購代價及償付銀行貸款後解除抵押。該等已抵押銀行存款之年利率為介乎0.36%至1.17%(二零零七年：零)。

## 22 PLEDGED BANK DEPOSITS

Certain bank balances were pledged for letters of credit issued by banks for the purchase of plant and machineries, amounting to RMB65,838,000; and for bank loans amounting to RMB30,000,000 (Notes 23 and 27). These deposits will be released upon the settlement of the purchase consideration of the plant and machinery and the repayment of the bank loan. These pledged bank deposits bear interest at bank saving rate ranging from 0.36% to 1.17% per annum (2007: nil).

本集團 Group		本公司 Company	
二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000	二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
已抵押銀行存款總額 減：於三個月內到期	Total pledged bank deposits Less: maturity period within 3 months	108,452 (12,614) 95,838	- - -
		30,000 - 30,000	- - -

**23 現金及現金等價物**

本集團現金及現金等價物之結餘列示如下：

**23 CASH AND CASH EQUIVALENTS**

The balance of the Group's cash and cash equivalents are denominated as follows:

		本集團 Group		本公司 Company	
		二零零八年 2008	二零零七年 2007	二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	經重列 Restated 人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
銀行存款及現金	Cash at bank and on hand	861,759	1,306,698	353,124	310,161
已抵押銀行存款	Pledged bank deposits	108,452	—	30,000	—
減：已抵押於三個月後 到期之銀行存款	Less: Pledged bank deposits with maturity period over 3 months	(95,838)	—	(30,000)	—
		874,373	1,306,698	353,124	310,161

**24 股本及股份溢價****24 SHARE CAPITAL AND SHARE PREMIUM**

		內資股 Domestic Shares (千股) (附註b) (thousands) Note (b)	H股 H Shares (千股) (附註c) (thousands) Note (c)	股份數 Number of shares (千股) (附註a) (thousands) Note (a)	普通股 Ordinary shares (人民幣千元) (RMB'000) Note (d)	股份溢價 Share premium (人民幣千元) (RMB'000) Note (d)	總計 Total (人民幣千元) (RMB'000)
於二零零七年一月一日	At 1st January 2007	400,000	236,000	636,000	636,000	161,105	797,105
轉撥	Transfer	(4,291)	4,291	—	—	—	—
發行新股	New issue	—	42,909	42,909	42,909	196,744	239,653
於二零零七年及二零零八年 十二月三十一日	At 31st December 2007 and 2008	395,709	283,200	678,909	678,909	357,849	1,036,758

**24 股本及股份溢價(續)**

附註：

- (a) 於二零零八年十二月三十一日，普通股之已發行註冊總數為678,909,000股（二零零七年：678,909,000股），每股面值人民幣1元（二零零七年：每股面值人民幣1元）。所有已發行股份均已繳足。
- (b) 於一九九七年六月二十日，本公司透過向深圳中航（其最終控股公司）發行400,000,000股每股面值人民幣1元之普通內資股（「內資股」）而成立，以交換其旗下若干附屬公司、聯營公司及物業之權益。該等內資股為不流通股股份。
- (c) 於一九九七年九月二十二日，本公司以每股1.73港元之價格透過配售及公開招股，發行每股面值人民幣1元之242,000,000股額外H股。該等H股於一九九七年九月二十九日於香港聯合交易所有限公司上市。
- 於二零零六年八月，本公司購回於香港聯合交易所有限公司上市的6,000,000股H股。購買該等H股之代價總額（已從股東權益中扣除）為9,702,000港元（相當於人民幣10,093,000元）。
- (d) 於二零零七年十二月二十七日，本公司以每股6.00港元之價格，透過配售發行每股面值人民幣1元之42,909,090股H股。新發行H股代價淨值超出該等股份面值的部份已於股份溢價確認，總金額為人民幣196,744,000元。根據國務院國有資產監督管理委員會（「國資委」）於二零零七年五月十日之批核，國資委已批准，作為上述發行股份的一部份，中航技深圳公司將其持有的4,290,909股內資股轉讓予全國社會保障基金理事會並兌換為H股。

**25 庫存股份**

本公司已於二零零八年十一月在香港聯合交易所有限公司購回其3,644,000股H股，就收購H股已付之總金額為6,415,410港元（相等於人民幣6,026,000元）。

**24 SHARE CAPITAL AND SHARE PREMIUM**  
(continued)

Notes:

- (a) As at 31st December 2008, the total issued and registered number of ordinary shares is 678,909,000 shares (2007: 678,909,000 shares) with a par value of RMB1 per share (2007: RMB1 per share). All issued shares are fully paid.
- (b) On 20th June 1997, the Company was established by the issuance of 400,000,000 ordinary domestic shares ("Domestic Shares") of RMB1 each to Shenzhen CATIC, its ultimate holding company, in exchange for its interests in certain subsidiaries, associates and properties. These Domestic Shares are non-circulated shares.
- (c) On 22nd September 1997, the Company issued additional 242,000,000 H Shares of RMB1 each by way of placement and public offer at a price of HKD1.73 each. These H Shares have been listed on The Stock Exchange of Hong Kong Limited since 29th September 1997.
- The company repurchased 6,000,000 shares of its H Shares on the Stock Exchange of Hong Kong Limited in August 2006. The total amount paid to acquire the H Shares was HKD9,702,000 (an equivalent of RMB10,093,000) which was deducted from shareholders' equity.
- (d) On 27th December 2007, the Company issued 42,909,090 H shares of par value RMB1 each by way of placement at a price of HKD6.00 each. The excess of net consideration for newly issued H Shares over the par value of the shares had been recognized in share premium amounting to RMB196,744,000. Pursuant to the approval of the State-owned Assets Supervision and Administration Commission of the State Council ("State Assets Commission") dated 10th May 2007, the State Assets Commission has approved, as part of the above share issue, the transfer of the 4,290,909 of Domestic Shares held by CATIC Shenzhen Company to the National Social Security Fund Council of the PRC as H Shares.

**25 TREASURY SHARES**

The Company repurchased 3,644,000 shares of its H Shares on the Stock Exchange of Hong Kong Limited in November 2008. The total amount paid to acquire the H Shares was HKD6,415,410 (an equivalent of RMB6,026,000).



## 26 其他儲備

## 26 OTHER RESERVES

		資本儲備 Capital reserve 人民幣千元 RMB'000	法定盈餘 公積金 Statutory general reserve fund 人民幣千元 RMB'000	可供出售金融 資產重估儲備 Available-for- sale financial assets revaluation reserve 人民幣千元 RMB'000	總額 Total 人民幣千元 RMB'000
<b>本集團</b>	<b>GROUP</b>				
於二零零七年一月一日 之結餘，如上文所述	Balance as at 1st January 2007 as per above	123,236	70,001	120,109	313,346
一附屬公司股權改革後 股權權益撥入 少數股東權益	Transfer of equity interest to minority interest following a subsidiary's share segregation reform	(49,055)	—	—	(49,055)
可供出售金融資產之 公允價值收益 (已扣除稅款)	Fair value gains from available-for-sale financial assets, net of tax	—	—	60,079	60,079
少數股東注資	Capital contributed by minority interest	151,000	—	—	151,000
沖回可供出售金融 資產之公允價值變動 至於聯營公司之投資， 未扣除稅項(附註16)	Reversal of fair value change of an available-for-sale financial assets to investments in associates, gross of tax (Note 16)	—	—	(93,729)	(93,729)
沖回可供出售金融 資產之公允價值收益 之稅項(附註17)	Reversal of tax on fair value gains from available-for-sale financial assets (Note 17)	—	—	14,059	14,059
增持股權而變成聯營 企業所帶來的淨資產 公允價值的公允價值 增加(附註14)	Step-up of fair value of the acquired share of net assets of an associate in fair value (Note 14)	191,029	—	—	191,029
收購少數股東權益	Acquisition of minority interest	364	—	—	364
於二零零七年 十二月三十一日之結餘	Balance as at 31st December 2007	416,574	70,001	100,518	587,093
於二零零八年 一月一日結餘， 如上文所述	Balance as at 1st January 2008 as per above	416,574	70,001	100,518	587,093
可供出售金融資產之 公允價值虧損(已扣除 稅款)	Fair value losses from available-for-sale financial assets, net of tax	—	—	(51,596)	(51,596)
出售可供出售金融 資產之公允價值 調整，總額	Fair value adjustment on disposal of available-for-sale financial assets, gross amount	—	—	(38,765)	(38,765)
出售可供出售金融資產之 公允價值調整，稅項	Fair value adjustment on disposal of available-for-sale financial assets, tax	—	—	5,815	5,815
沖回出售於聯營公司 之資產之重估盈餘 (附註14)	Reversal of revaluation surplus on the disposal of assets of the associate (Note 14)	(26,603)	—	—	(26,603)
收購少數股東權益 (附註13)	Acquisition of minority interest (Note 13)	(111,899)	—	—	(111,899)
所佔聯營公司可供出售 金融資產之公允價值 虧損(附註14)	Share of fair value losses from available-for-sale financial assets of the associate (Note 14)	(4,581)	—	—	(4,581)
於二零零八年 十二月三十一日之結餘	Balance as at 31st December 2008	273,491	70,001	15,972	359,464

## 26 其他儲備(續)

## 26 OTHER RESERVES (continued)

		可供出售金融 資產重估儲備 Available-for-sale financial assets		總額 Total
		法定盈餘公積金 Statutory general reserve fund	revaluation reserve	
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
本公司	COMPANY			
於二零零七年一月一日之 結餘，如上文所述	Balance as at 1st January 2007 as per above	70,001	79,670	149,671
於聯營公司之投資之可供 出售金融資產之公允值減少 (未扣除稅款)(附註16)	Decrease in fair value of available-for-sale financial assets of an investment in associates, gross of tax (Note 16)	–	(93,729)	(93,729)
沖回可供出售金融資產公允值 收益之稅款(附註17)	Reversal of tax on fair value gains from available-for-sale financial assets (Note 17)	–	14,059	14,059
於二零零七年及二零零八年 十二月三十一日之結餘	Balance as at 31st December 2007 and 2008	70,001	–	70,001

根據中國公司法及本公司之組織章程細則，於每年分派淨溢利時，本公司須分別將中國法定賬目所載淨溢利的10%撥作法定盈餘公積金(除非該公積金已達本公司註冊股本金額的50%)。除儲備設立之目的外，該儲備不得用作其他用途及不得用作現金股息進行分派。

## 法定盈餘公積金

經股東大會決議後，法定盈餘公積金可轉為股本，但以留存的該項公積金不得少於註冊股本金額的25%為限。

於截至二零零八年十二月三十一日止年度，本公司董事建議不提取法定盈餘公積金(二零零七年：無)。

According to the Company Law of the PRC and the Articles of Association of the Company, when distributing net profit each year, the Company shall set aside 10% of its net profit as reported in the PRC statutory accounts for the statutory general reserve fund (except where the fund has reached 50% of the Company's registered share capital). This reserve cannot be used for purposes other than those for which they are created and are not distributable as cash dividends.

## Statutory General Reserve Fund

The statutory general reserve fund may be converted into share capital provided it is approved by a resolution at a shareholders' general meeting and the balance of the statutory general reserve fund does not fall below 25% of the registered share capital.

The directors of the Company did not propose the appropriation to the statutory general reserve fund for the year ended 31st December 2008 (2007: nil).



## 27 借貸

借貸包括銀行借貸及其他借貸，分析如下：

## 27 BORROWINGS

Borrowings include bank borrowings and other borrowings which are analysed as follows:

		本集團 Group		本公司 Company	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000	二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
<b>非流動</b>	<b>Non-current</b>				
銀行借貸	Bank borrowings	2,915,979	1,945,636	-	-
其他借貸	Other borrowings	5,000	-	-	-
		2,920,979	1,945,636	-	-
<b>流動</b>	<b>Current</b>				
流動銀行借貸	Current bank borrowings	2,973,541	1,380,950	1,839,100	1,104,000
非流動銀行借貸之 即期部分	Current portion of non-current bank borrowings	66,193	150,000	-	-
其他借貸	Other borrowings	5,000	-	-	-
關連方提供之其他 借貸(附註45(c))	Other borrowings from a related party (Note 45(c))	-	249,258	-	-
		3,044,734	1,780,208	1,839,100	1,104,000
<b>借貸總額</b>	<b>Total borrowings</b>	<b>5,965,713</b>	<b>3,725,844</b>	<b>1,839,100</b>	<b>1,104,000</b>

借貸總額包括授予廣東國際大廈及上海天馬之已抵押非流動銀行借貸人民幣680,000,000元(二零零七年：無)以及人民幣2,063,460,000元(二零零七年：人民幣1,802,577,000元)，以本集團土地使用權、工廠樓宇及投資物業為抵押(附註7、附註10及附註11)。於二零零八年十二月三十一日，流動銀行借貸人民幣1,768,000,000元(二零零七年：非流動銀行借貸人民幣1,327,000,000元)由中航技深圳公司提供擔保。

於二零零八年十二月三十一日，人民幣30,000,000元之銀行存款已作為人民幣29,100,000元之流動銀行借貸之抵押。

來自關聯方之其他非流動借貸為無抵押、年利息為6.5%(二零零七年：無)及須於二零一一年償還。

Total borrowings include non-current secured bank borrowings of RMB680,000,000 (2007: nil) and RMB2,063,460,000 (2007: 1,802,577,000) made to GIB Company and Shanghai Tianma, which are secured by the land use rights, plant buildings and investment properties of the Group (Note 7, Note 10 and Note 11). As at 31st December 2008, current bank borrowings of RMB1,768,000,000 (2007: non-current bank borrowings of RMB1,327,000,000) are guaranteed by CATIC Shenzhen Company.

As at 31st December 2008, bank deposits of RMB30,000,000 had been pledged for the current bank borrowings of RMB29,100,000.

Non-current other borrowings from related party were unsecured, interest bearing at the rate of 6.5% per annum (2007: nil) and it is repayable in 2011.

**27 借貸(續)**

關連方提供之其他借貸之流動部份為無擔保、以年利率6%(二零零七年：無)計息及須於要求時償還。

於各結算日，借貸之賬面值與其公允值相若。該公允值乃根據類似條款及到期日之借貸的普遍適用利率計算。

借貸之賬面值以下列貨幣計值：

		本集團 Group		本公司 Company	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000	二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
人民幣	RMB	5,094,646	2,875,808	1,839,100	1,104,000
美元	USD	871,067	850,036	-	-
		5,965,713	3,725,844	1,839,100	1,104,000

於結算日，借貸面臨之利率變動及合約重新定價日期風險如下：

		本集團 Group		本公司 Company	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000	二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
一年內	Within 1 year	839,895	383,061	-	-
一至兩年	Between 1 and 2 years	2,818,460	1,694,577	-	-
		3,658,355	2,077,638	-	-

**27 BORROWINGS (continued)**

Current portion of other borrowings from related party were unsecured, interest bearing at the rate of 6% per annum (2007: nil) and repayable on demand.

The carrying amount of the borrowings at the respective balance sheet dates approximate their fair values based on the prevailing borrowing rates available for borrowings with similar terms and maturities.

The carrying amounts of the borrowings are denominated in the following currencies:

The exposure of the borrowings to interest-rate changes and the contractual repricing dates at the balance sheet dates are as follows:

**27 借貸(續)**

非流動銀行借貸之到期日如下：

**27 BORROWINGS (continued)**

The maturity of non-current bank borrowings is as follows:

		本集團 Group		本公司 Company	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000	二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
一至兩年	Between 1 and 2 years	132,519	141,490	-	-
兩至五年	Between 2 and 5 years	45,000	109,569	-	-
須於五年內全數償還	Wholly repayable within 5 years	177,519	251,059	-	-
五年以上	Over 5 years	2,743,460	1,694,577	-	-
總計	Total	2,920,979	1,945,636	-	-

(a) 於結算日之實際利率如下：

(a) The effective interest rates at the balance sheet dates are as follows:

		本集團 Group		本公司 Company	
		二零零八年 2008 人民幣 RMB	二零零七年 2007 人民幣 RMB	二零零八年 2008 人民幣 RMB	二零零七年 2007 人民幣 RMB
銀行借貸	Bank borrowings	7.2%	6.9%	7.2%	6.4%
其他借貸	Other borrowings	6.3%	6.0%	-	-

**27 借貸 (續)**

(b) 本集團及本公司之借貸面臨的利率風險如下：

		本集團 Group		本公司 Company	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000	二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
浮息借貸	Borrowings at floating rates	3,658,355	2,077,638	-	50,000
定息借貸	Borrowings at fixed rates	2,307,358	1,648,206	1,839,100	1,054,000
總計	Total	5,965,713	3,725,844	1,839,100	1,104,000

**27 BORROWINGS (continued)**

(b) The interest rate exposure of the borrowings of the Group and the Company are as follows:

**28 政府補貼之遞延收入**

此金額代表由中國當地政府機關授出及自中國當地政府機關收取之各項津貼，資助本集團進行研發項目，其變動如下：

		本集團 Group	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
於一月一日	At 1st January	19,407	13,197
已收津貼	Receipt of grants	58,812	6,250
年內動用	Utilisation during the year	(7,696)	(40)
於十二月三十一日	At 31st December	70,523	19,407

**28 DEFERRED INCOME ON GOVERNMENT GRANTS**

The amount represented various subsidies granted by and received from local government authorities in the PRC for subsidising the research and development projects conducted by the Group. The movements are as follows:





## 29 其他非流動負債

## 29 OTHER NON-CURRENT LIABILITY

		本集團 Group	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
收購採礦權之應付款項 (附註(a))	Payable for purchase of mining rights (Note (a))	26,480	—
其他	Others	16,223	—
		42,703	—

(a) 該金額代表就附註8所述收購採礦權而應付國土資源局之款項，有關款項須於五年內償付。

(a) The amount represents amount payable to the national land bureau for the purchase of mining rights mentioned in Note 8. The amount is repayable in five years.

## 30 貿易及其他應付款

## 30 TRADE AND OTHER PAYABLES

		本集團 Group		本公司 Company	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 經重列 Restated 人民幣千元 RMB'000	二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
貿易應付款	Trade payables	736,904	617,587	—	—
應付薪金及員工福利	Salary and staff welfare payable	90,904	78,466	6,625	3,000
應計費用及其他應付款項	Accruals and other payables	827,106	642,041	88,641	51,963
		1,654,914	1,338,094	95,266	54,963

**30 貿易及其他應付款(續)**

於二零零八年十二月三十一日，貿易應付款之賬齡分析如下：

		本集團 Group		本公司 Company	
		二零零八年 2008	二零零七年 2007 經重列 Restated	二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
即期	Current	311,305	489,925	-	-
30至60日	30-60 days	165,548	44,310	-	-
60至90日	60-90 days	65,693	51,731	-	-
90日以上	Over 90 days	194,358	31,621	-	-
		736,904	617,587	-	-

本集團貿易應付款之賬面值以下列貨幣計值：

The carrying amounts of the Group's trade payables are denominated in the following currencies:

		本集團 Group		本公司 Company	
		二零零八年 2008	二零零七年 2007 經重列 Restated	二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
人民幣	RMB	570,222	514,555	-	-
美元	USD	131,945	77,151	-	-
港元	HKD	12,586	10,598	-	-
其他貨幣	Other currencies	22,151	15,283	-	-
		736,904	617,587	-	-



## 31 其他收入

## 31 OTHER INCOME

		二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	經重列 Restated 人民幣千元 RMB'000
財政津貼(附註(a))	Financial subsidy (Note (a))	53,650	5,701
副產品銷售收入	Sales of by-products	19,532	11,031
政府補貼	Government grants	12,778	1,738
手錶維修收入	Income from maintenance of timepieces	4,349	2,658
可供出售金融資產之 股息收入	Dividend income on available-for-sale financial assets	1,155	—
出售固定資產之虧損	Losses from disposal of fixed assets	(33,559)	(599)
其他	Others	(1,390)	3,911
		56,515	24,440

(a) 此金額代表應收青海省地方財政部門就中航資源於年內繳付之若干增值稅而發放之財政津貼。

(a) The amount represents financial subsidy receivable from the local financial bureau of Qinghai Province for certain value-added-tax paid by CATIC Resources for the year.

## 32 其他收益—淨額

## 32 OTHER GAINS-NET

		二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	經重列 Restated 人民幣千元 RMB'000
出售按公允價值透過損益 列賬之金融資產之虧損 (附註21)	Loss on disposal of financial assets at fair value through profit or loss (Note 21)	(51,039)	—
按公允價值透過損益列賬之 金融資產之公允價值收益	Fair value gain from financial assets at fair value through profit or loss	—	42,379
出售可供出售金融資產收益	Gain on disposal of available-for-sale financial assets	84,974	—
於聯營公司投資減值 (附註14)	Impairment of investments in associates (Note 14)	—	(1,455)
可供出售金融資產減值 (附註16)	Impairment of available-for-sale financial assets (Note 16)	—	(2,260)
其他	Others	—	4,519
		33,935	43,183

## 33 按性質分類的費用

## 33 EXPENSES BY NATURE

		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 經重列 Restated 人民幣千元 RMB'000
製成品及在製品的存貨變動 (附註19)	Changes in inventories of finished goods and work in progress (Note 19)	419,205	545,017
使用的原材料及消耗品 (附註19)	Raw materials and consumables used (Note 19)	1,676,214	1,746,354
員工福利成本(附註36)	Employee benefits expenses (Note 36)	564,612	398,743
維修保養支出	Repairs and maintenance expenditure	105,421	29,454
研究及開發支出	Research and development expenditure	123,410	65,981
陳舊存貨撥備	Provisions for inventory obsolescence	30,419	10,726
應收款項撥備(附註20)	Provisions for receivables (Note 20)	26,942	3,645
固定資產折舊(附註10)	Depreciation of fixed assets (Note 10)	251,726	120,226
投資物業折舊(附註11)	Depreciation of investment property (Note 11)	18,098	7,398
土地使用權攤銷(附註7)	Amortisation of land use rights (Note 7)	15,992	4,818
採礦權攤銷(附註8)	Amortisation of mining rights (Note 8)	28,407	15,172
其他非流動資產攤銷	Amortisation of other non-current assets	4,196	7,162
有關寫字樓物業之 經營租賃支出	Operating lease rentals in respect of office buildings	92,359	14,023
營業稅及其他徵費	Business tax and other levies	31,365	8,427
核數師酬金	Auditors' remuneration	11,809	7,605
水電費	Utility expenses	130,973	52,530
運輸費	Transportation	176,117	3,193
差旅費	Travelling expenses	27,327	9,841
業務招待費	Entertainment	21,649	12,245
辦公費	Office expenses	21,477	10,943
法律及專業諮詢費， 開辦費以及其他費用	Legal and professional, pre-operating and other expenses	72,594	15,772
營業成本，銷售費用及 一般及行政費用總額	Total cost of sales, distribution expenses and general and administrative expenses	3,850,312	3,089,275



## 34 董事及高級行政人員之酬金

## (a) 董事之酬金

截至二零零八年十二月三十一日止年度，各名董事薪酬如下：

## 34 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

## (a) Directors' emoluments

The remunerations of the directors for the year ended 31st December 2008 are set out below:

董事姓名：	Name of directors:	袍金 Fee 人民幣千元 RMB'000	薪金 Salary 人民幣千元 RMB'000	酌情花紅 Discretionary bonuses 人民幣千元 RMB'000	員工 退休福利供款 Employer's contribution to pension schemes 人民幣千元 RMB'000	合計 Total 人民幣千元 RMB'000
吳光權先生	Mr. Wu Guang Quan	-	324	465	103	892
賴偉宣先生	Mr. Lai Wei Xuan	-	324	465	115	904
隋湧先生	Mr. Sui Yong	-	265	578	75	918
程保忠先生	Mr. Cheng Bao Zhong	-	265	631	73	969
劉瑞林先生	Mr. Liu Rui Lin	-	300	600	-	900
徐東升先生	Mr. Xu Dong Sheng	-	300	900	-	1,200
由鐳先生	Mr. You Lei	-	300	988	-	1,288
王寶瑛先生	Mr. Wang Bao Ying	-	230	493	79	802
潘昭國先生	Mr. Poon Chiu Kwok	132	-	-	-	132
廖於勤先生	Mr. Eugene Liu	32	-	-	-	32
劉憲法先生	Mr. Liu Xian Fa	50	-	-	-	50
王濱濱先生	Mr. Wang Bin Bin	50	-	-	-	50
李承寧先生	Mr. Li Cheng Ning	50	-	-	-	50
黃慧玲女士	Ms. Huang Hui Ling	132	-	-	-	132
		446	2,308	5,120	445	8,319

## 34 董事及高級行政人員之酬金(續)

## (a) 董事之酬金(續)

截至二零零七年十二月三十一日止年度，各董事薪酬如下：

## 董事姓名：

## Name of directors:

吳光權先生	Mr. Wu Guang Quan
賴偉宣先生	Mr. Lai Wei Xuan
隋湧先生	Mr. Sui Yong
程保忠先生	Mr. Cheng Bao Zhong
劉瑞林先生	Mr. Liu Rui Lin
徐東升先生	Mr. Xu Dong Sheng
由鐳先生	Mr. You Lei
王寶瑛先生	Mr. Wang Bao Ying
潘昭國先生	Mr. Poon Chiu Kwok
廖於勤先生	Mr. Eugene Liu
劉憲法先生	Mr. Liu Xian Fa
王濱濱先生	Mr. Wang Bin Bin
李承寧先生	Mr. Li Cheng Ning

## 34 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (continued)

## (a) Directors' emoluments (continued)

The remunerations of the directors for the year ended 31st December 2007 are set out below:

袍金 Fee 人民幣千元 RMB'000	薪金 Salary 人民幣千元 RMB'000	酌情花紅 Discretionary bonuses 人民幣千元 RMB'000	員工 退休福利供款 Employer's contribution to pension schemes 人民幣千元 RMB'000	合計 Total 人民幣千元 RMB'000
-	324	900	98	1,322
-	324	900	98	1,322
-	496	653	71	1,220
-	265	795	70	1,130
-	307	993	-	1,300
-	307	893	-	1,200
-	307	1,523	-	1,830
-	230	531	56	817
135	-	-	-	135
135	-	-	-	135
50	-	-	-	50
50	-	-	-	50
50	-	-	-	50
420	2,560	7,188	393	10,561

上述董事袍金包括支付予獨立非執行董事之袍金人民幣346,000元(二零零七年：人民幣320,000元)。

Directors' fees disclosed above include RMB346,000 (2007: RMB320,000) paid to independent non-executive directors.

本年度並無董事放棄任何酬金(二零零七年：無)。

None of the directors waived any emoluments during the year (2007: Nil).





## 34 董事及高級行政人員之酬金(續)

## (b) 五位最高薪酬人士

二零零八年及二零零七年度本集團之五位最高薪酬人員皆為本公司董事，其薪酬詳情已於上文分析中披露。酬金落入以下範圍：

## 酬金範圍

1,000,000港元內  
1,000,001港元至  
1,500,000港元

## Emolument bands

Within HKD1,000,000  
HKD1,000,001–HKD1,500,000

## 34 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (continued)

## (b) Five highest paid individuals

All of the five highest paid individuals in the Group for the years of 2008 and 2007 are directors of the Company whose emoluments are reflected in the analysis presented above. The emoluments fell within the following bands:

二零零八年  
2008

二零零七年  
2007

3

–

2

5

## 35 融資成本－淨額

## 35 FINANCE COSTS – NET

## 利息支出

－須於五年內全數償還

之銀行借貸

－須應要求償還予關連方

之借貸

－貼現票據

融資活動之匯兌虧損／

(收益)淨額

其他

## Interest expenses

– bank borrowings wholly

repayable within 5 years

– borrowings from related party

repayable on demand

– discounted bills

Net foreign exchange loss/(gain) on

financing activities

Others

二零零八年  
2008

人民幣千元  
RMB'000

二零零七年  
2007

經重列

Restated

人民幣千元

RMB'000

270,534

88,587

578

5,710

3,802

–

17,037

(417)

9,644

8,156

## 融資成本

## Finance costs

301,595

102,036

## 利息收入

## Interest income

－銀行存款

– bank deposits

(13,564)

(7,606)

## 融資成本淨額

## Net finance costs

288,031

94,430

## 36 僱員福利費用

## 36 EMPLOYEE BENEFIT EXPENSES

		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
工資、薪金及獎金	Wages, salaries and bonuses	457,444	340,433
福利、醫療及其他費用	Welfare, medical and other expenses	69,377	35,347
社會保險成本	Social security costs	37,791	22,963
		564,612	398,743

本集團已參與由政府機關組織及管理，並於中國實行的僱員社會保險計劃，包括退休金、醫療及其他社會福利。根據有關規定，本集團每月須向政府機構繳納養老保險基金及醫療保險基金，供款額分別為僱員月薪的19%及9%。本集團分別承擔其中的14%及7%，其餘的款項由僱員本身承擔。

The Group has participated in employee social security plans enacted in the PRC, which cover pension, medical and other welfare benefits. The plans are organised and administered by the governmental authorities. Pursuant to the relevant provisions, the Group is required to make monthly contributions in respect of retirement insurance and health insurance to governmental authorities, equivalent to 19% and 9% respectively based on the monthly salaries of its employees, of which, the Group bears 14% and 7% respectively, and the employees bear the rest.

## 37 所得稅開支

根據中國有關所得稅法，本集團及其於深圳經濟特區內成立的聯營公司，適用所得稅率為18%，而於其他地區成立的公司，適用所得稅率為25%。此外，集團內某些公司為中外合資企業，因而於抵銷過往年度結轉稅務虧損後首個獲利年度起，首兩年獲豁免全部中國企業所得稅，而隨後三年則享受減半的稅率優惠。

## 37 INCOME TAX EXPENSE

Pursuant to the relevant income tax laws of the PRC, the Group and its associates established in the Shenzhen Special Economic Zone are subject to income tax at a rate of 18% while those established in other areas are subject to income tax at a rate of 25%. Further, certain Group companies are Sino-foreign joint ventures which are entitled to full exemption from PRC income tax for two years and a 50% reduction in the next three years starting from the first profit-making year after offsetting available tax losses carried forward from prior years.

**37 所得稅開支(續)**

本年度所得稅開支如下：

**37 INCOME TAX EXPENSE (continued)**

Income tax charged for the year represents:

		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
本年度企業所得稅	Current enterprise income tax	83,575	42,204
有關來自及撥回暫時性 差異之遞延所得稅 (附註17)	Deferred income taxes related to the origination and reversal of temporary differences (Note 17)	(33,958)	(7,733)
因稅率變動而產生之 遞延所得稅 (附註17)	Deferred income taxes resulting from change in the tax rates (Note 17)	(2,806)	(3,366)
		<b>46,811</b>	31,105

本集團除稅前溢利產生之稅項與根據本公司及其附屬公司所在國稅率計算之理論稅項差額如下：

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the tax rates of the home country of the Company and its subsidiaries as follows:

		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
除所得稅前溢利	Profit before income tax	5,574	294,020
按本公司及其附屬公司 各自適用之稅率（15%至 25%）計算之稅項 （二零零七年：15%至33%）	Tax calculated at the tax rates applicable to the Company and its subsidiaries ranging from 15% to 25% (2007: 15% to 33%)	10,469	42,401
因稅率變動而產生之遞延 所得稅 (附註17)	Deferred income taxes resulting from change in the tax rates (Note 17)	(2,806)	(3,366)
未確認稅項虧損之稅務影響	Tax effect on unrecognised tax losses	60,655	9,042
獲豁免或減免所得稅之 附屬公司之稅務影響	Tax effect of subsidiaries which were entitled to exemption or reduction of income tax	1,758	(6,425)
不得作稅項抵扣用途之費用	Expenses not deductible for tax purpose	1,206	978
毋須繳稅之收入	Income not subject to tax	(24,471)	(11,525)
稅項支出	Tax charge	<b>46,811</b>	31,105

**37 所得稅開支(續)**

本集團之四間附屬公司天馬公司、飛亞達、深南電路及邁威於二零零七年三月十六日前於深圳經濟特區成立，於二零零八年可享有18%之優惠企業所得稅稅率。

中航三鉀於青海省海西州成立，可享有發展中國西部適用之優惠稅率，並於二零零八年可享有15%之優惠稅率。

**37 INCOME TAX EXPENSE (continued)**

Four subsidiaries of the Group, Tianma, Fiyta, Shennan Circuit and Maiwei, established in Shenzhen Special Economic Zone before 16th March 2007, are entitled to a preferential rate of 18% in 2008.

CATIC Sanjia, established in Haixi Prefecture of Qinghai Province, is eligible for preferential tax policies applicable for the development of western regions in the PRC, and was entitled to a preferential rate of 15% in 2008.

**38 本公司權益持有人應佔溢利**

本公司權益持有人應佔虧損已計入本公司財務報表，並以人民幣31,867,000元（二零零七年：溢利人民幣25,939,000元）為限。

**38 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY**

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of RMB31,867,000 (2007: profit RMB25,939,000).

**39 每股盈利**

每股基本及攤薄盈利乃按本公司權益持有人應佔溢利除以年內已發行普通股之加權平均股數計算。

**39 EARNINGS PER SHARE**

Basic and diluted earnings per share are 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.

		二零零八年 2008	二零零七年 2007 經重列 Restated
本公司權益持有人應佔溢利 (人民幣千元)	Profit attributable to equity holders of the Company (RMB'000)	3,984	189,159
已發行普通股之加權平均股數 (千股)	Weighted average number of ordinary shares in issue (thousands)	678,566	636,000
每股基本及攤薄盈利 (人民幣／每股)	Basic and diluted earnings per share (RMB per share)	0.0059	0.2974

於二零零八年及二零零七年十二月三十一日，並無任何潛在攤薄股份。

There are no potential dilutive shares as at 31st December 2008 and 2007.



## 40 股息

## 40 DIVIDENDS

		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
年終前宣派之中期股息，每股零元 (二零零七年：人民幣0.06元)	Dividends declared before year end Interim-nil (2007: RMB0.06) per share	—	38,160

於二零零九年四月十七日召開之董事會會議上，董事建議不派發截至二零零八年十二月三十一日止年度末期股息。

At the Board of directors' meeting held on 17th April 2009, the directors did not propose a final dividend for the year ended 31st December 2008.

## 41 業務合併

## 41 BUSINESS COMBINATIONS

## (a) 受共同控制之業務合併

如附註2(e)所詳述，收購中航三鉀之股本權益已使用企業合併會計原則入賬。於年內就收購已付之現金為人民幣330,000,000元。

## (a) Business combination under common control

As detailed in Note 2(e), the acquisition of the equity interest in CATIC Sanjia has been accounted for using the principle of merger accounting. The cash paid for the acquisition during the year amounted to RMB330,000,000.

## (b) 收購廣東國際大廈

於二零零八年一月三十一日，本集團以人民幣300,000,000之代價收購廣東國際大廈之75%股本權益，有關代價已於二零零七年預付。廣東國際大廈之主要業務活動包括租賃及管理廣東國際大廈以及管理及營運廣東國際酒店。

## (b) Acquisition of GIB Company

On 31st January 2008, the Group acquired 75% equity interest in GIB Company at a consideration of RMB300,000,000, which was prepaid in 2007. The principal business activities of GIB Company comprise leasing and management of the Guangdong International Building and the management and operation of the Guangdong International Hotel.

## 41 業務合併(續)

## (b) 收購廣東國際大廈(續)

自收購日期至二零零八年十二月三十一日，收購業務為本集團帶來人民幣124,476,000元之收益及人民幣102,414,000元之虧損淨額。已收購資產淨值及商譽詳情如下：

## 於二零零七年預付之收購代價

- 已付現金
- 有關收購之直接成本

## 總收購代價

- 已收購之可識別資產及負債公允價值淨額(見下文)

應佔已收購資產淨值超出收購代價之金額

收購產生之資產及負債如下：

## 41 BUSINESS COMBINATIONS (continued)

## (b) Acquisition of GIB Company (continued)

The acquired business contributed revenues of RMB124,476,000 and net loss of RMB102,414,000 to the Group for the period from the date of acquisition to 31st December 2008. Details of net assets acquired and goodwill are as follows:

人民幣千元  
RMB'000

## Purchase consideration prepaid in 2007

- cash paid
- direct costs relating to the acquisition

## Total purchase consideration

- Fair value of net identifiable assets and liabilities acquired (see below)

Excess of share of net assets acquired over purchase considerations

The assets and liabilities arising from the acquisition are as follows:

公允價值  
Fair value  
人民幣千元  
RMB'000

現金及現金等價物	Cash and cash equivalents	23,711
存貨	Inventories	1,965
應收款項	Receivables	100,511
土地使用權(附註7)	Land use rights (Note 7)	506,843
物業、廠房及設備(附註10)	Property, plant and equipment (Note 10)	297,077
在建工程(附註12)	Construction-in-progress (Note 12)	417
投資物業(附註11)	Investment properties (Note 11)	542,190
應付款項	Payables	(345,553)
遞延稅項負債(附註17)	Deferred tax liabilities (Note 17)	(224,422)
借貸	Borrowings	(480,000)
資產淨值	Net assets	422,739
少數股東權益(25%)	Minority interests (25%)	(105,685)
已收購可識別資產淨值	Net identifiable assets acquired	317,054
年內收購附屬公司之現金及現金等價物	Cash and cash equivalents in subsidiary acquired during the year	23,711

## 非現金交易

主要非現金交易指有關收購廣東國際大廈而於二零零七年預付之收購代價人民幣316,950,000元，該款項於收購完成時轉撥至附屬公司投資。

## Non-cash transactions

The principal non-cash transaction represented the purchase consideration relating to the acquisition of GIB Company of RMB316,950,000 prepaid in 2007 which was transferred to investment in subsidiary upon completion of the acquisition.



## 42 營運產生之現金

年度溢利因營運產生之現金的調節：

## 42 CASH GENERATED FROM OPERATIONS

Reconciliation of profit for the year to cash generated from operations:

		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 經重列 Restated 人民幣千元 RMB'000
除所得稅前溢利	Profit before income tax	5,574	294,020
調整項目：	Adjustments for		
折舊	Depreciation		
— 物業、廠房及設備	— property, plant and equipment	251,726	120,226
— 投資物業	— investment properties	18,098	7,398
採礦權攤銷	Amortisation of mining rights	28,407	15,172
土地使用權攤銷	Amortisation of land use rights	15,992	4,818
其他非流動資產攤銷	Amortisation of other non-current assets	4,196	7,162
可供出售金融資產減值	Impairment of available-for-sale financial assets	—	2,260
於聯營公司投資減值	Impairment of investment in associate	—	1,455
按公允值透過損益列賬之金融資產的公允值收益	Fair value gain on financial assets at fair value through profit or loss	—	(42,379)
可供出售金融資產之股息收入	Dividend income on available-for-sale financial assets	(1,155)	—
出售可供出售金融資產之收益	Gain on disposal of available-for-sale financial assets	(84,974)	—
出售物業、廠房及設備之虧損	Loss on disposal of property, plant and equipment	33,559	599
利息收入	Interest income	(13,564)	(7,606)
利息支出	Interest expenses	274,914	94,297
應佔聯營公司之虧損	Share of loss of associates	23,711	7,173
本集團所佔聯營公司可辨認資產、負債及或然負債淨公允值超出投資成本之差額	Excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment	—	(60,065)
本集團所佔附屬公司可辨認資產、負債及或然負債淨公允值超出投資成本之差額	Excess of the Group's share of the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of the investment	(104)	—
增值稅及所得稅退稅	Value-added tax and income tax refund	(66,632)	(5,701)
營運資金變動	Changes in working capital	489,748	438,829
存貨增加	Increase in inventories	(428,296)	(219,225)
貿易及其他應收款減少／(增加)	Decrease/(increase) in trade and other receivables	17,937	(483,806)
按公允值透過損益列賬之金融資產減少	Decrease in financial assets at fair value through profit or loss	74,008	—
貿易及其他應付款增加	Increase in trade and other payables	25,757	154,139
營運產生／(動用)之現金	Cash generated from/(used in) operations	179,154	(110,063)

## 43 承擔

## (a) 資本承擔

於結算日已訂約但仍未產生的資本開支如下：

		本集團 Group		本公司 Company	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 經重列 Restated 人民幣千元 RMB'000	二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
已訂約但未撥備	Contracted but not provided for				
購買物業、廠房及設備	Purchase of property, plant and equipment	108,600	837,143	-	-
收購土地使用權	Purchase of land use right	1,875	-	-	-
於附屬公司之投資：	Investment in subsidiaries:				
— 成都天馬微電子有限公司	— Chengdu Tianma Microelectronics Company Limited	356,400	-	-	-
— 武漢天馬微電子有限公司	— Wuhan Tianma Microelectronics Company Limited	157,600	-	-	-
— 貴州普定肖家灣煤業有限公司	— Guizhou Puding Xiaojiawan Coal Industry Co., Ltd	41,700	-	-	-
— 昆明市東川禾祁磷化工有限責任公司	— Kunming Dongchuan Heqi Phosphorus Chemical Industry Co., Ltd	43,631	-	-	-
— 上海天馬	— Shanghai Tianma	-	381,855	-	381,855
— 廣東國際大廈	— GIB Company	-	480,000	-	480,000
		709,806	1,698,988	-	861,855

		本集團 Group		本公司 Company	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000	二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
已授權但未訂約	Authorised but not contracted for				
物業、廠房及設備	Property, plant and equipment	-	74,160	-	-
		-	74,160	-	-



## 43 承擔(續)

## (b) 經營租約承擔

本集團根據職工宿舍及辦公樓宇之不可撤銷經營租約承擔如下：

		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
不超過一年	Not later than one year	18,853	16,859
超過一年但不超過五年	Later than one year and not later than five years	457,154	6,536
		<b>476,007</b>	23,395

樓宇不可撤銷經營租約之未來最低應收租金如下：

## 43 COMMITMENTS (continued)

## (b) Operating lease commitments

The Group has commitments under non-cancellable operating leases in respect of staff quarters and office premises as follows:

The future minimum lease receipts under non-cancellable operating leases in respect of buildings are as follows:

		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
不超過一年	Not later than one year	71,721	55,539
超過一年但不超過五年	Later than one year and not later than five years	57,750	48,386
		<b>129,471</b>	103,925

## 44 或然負債

## 44 CONTINGENT LIABILITIES

本集團 Group		本公司 Company	
	二零零八年 2008 人民幣千元 RMB'000		二零零七年 2007 人民幣千元 RMB'000
有關附屬公司獲授予 銀行融資之銀行 擔保	Guarantees to banks in respect of banking facilities granted to subsidiaries	-	-
		<b>1,118,327</b>	715,860

**45 重大關連方交易**

本集團由中航技深圳公司(於中國註冊成立之國有公司)控制，該公司持有本公司58.29%股份。其餘41.71%股份被公眾持有。董事認為中航技深圳公司為最終控股公司。

關連方包括本公司之最終控股公司中航技深圳公司及其附屬公司、其他由中國政府直接或間接控制之國有企業及其附屬公司、本公司可控制或施以重大影響之公司、本公司及中航技深圳公司之主要管理層人員及其關係密切的家庭成員。

本集團部份業務是與其他國有企業進行。本集團認為此類交易是依據正常商業條款進行，與適用於所有客戶的條款一致。就關連方交易披露而言，本集團在可行程度內根據直接所有權結構辨別屬於國有企業的客戶與供應商。但是值得注意的是，本集團的主要商業活動均在中國進行並且中國政府對中國經濟具有普遍及深入的影響。故此，中國政府間接擁有眾多公司的權益。受股權轉讓及私有化之影響，許多國有企業股權架構層次複雜並歷經多次所有權變更。這些權益本身或者和上述其他間接權益一起構成了控制權益。但是，本集團難以得知這些權益關係並反映在以下披露中。此外，本集團的服務中有相當部份為與最終用戶直接交易的服務，該模式等同於零售性質的服務，而在此類服務中包括與國有企業所屬員工(企業業務方面)、其主要管理人員以及其關係密切的家庭成員之交易。此類交易是依據正常商業條款進行，與適用於所有客戶的條款一致。鑒於此類交易的數量龐大以及廣泛性及普遍性，本集團無法披露此類交易的總金額。因此，以下披露的提供服務產生的收入金額並不包括此類與關連方發生的零售交易，然而，本集團相信關於關連方披露的有用資料已得到充分披露。

**45 SIGNIFICANT RELATED PARTY TRANSACTIONS**

The Group is controlled by CATIC Shenzhen Company, a state-controlled company established in the PRC which owns 58.29 % of the Company's shares. The remaining 41.71% of the shares are widely held. The directors regard CATIC Shenzhen Company being the ultimate holding company.

Related parties include the Company's ultimate holding company, CATIC Shenzhen Company, and its subsidiaries, other state-controlled enterprises and their subsidiaries directly or indirectly controlled by the PRC government, corporations in which the Company is able to control or exercise significant influence, key management personnel of the Company and CATIC Shenzhen Company and their close family members.

A portion of the Group's business activities are conducted with other state-controlled enterprises. The Group believes that these transactions are carried out on normal commercial terms that are consistently applied to all customers. For the purpose of related party transactions disclosure, the Group has identified, to the extent practicable, those corporate customers and suppliers which are state-controlled enterprises based on their immediate ownership structure. It should be noted, however, that substantially all of the Group's business activities are conducted in the PRC and the influence of the PRC government in the Chinese economy is pervasive. In this regard, the PRC government indirectly holds interests in many companies. Many state-controlled enterprises have multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatisation programs. Some of these interests may, in themselves or when combined with other indirect interests, be controlling interests. Such interests, however, would not be known to the Group and are not reflected in the disclosures below. In addition, a portion of the Group's services provided are of a retail nature to end users, which include transactions with the employees of state-controlled enterprises on corporate business, their key management personnel and close family members. These transactions are carried out on normal commercial terms that are consistently applied to all customers. Due to the vast volume and the pervasiveness of these transactions, the Group is unable to determine the aggregate amount of these transactions for disclosure. Therefore, the revenue from provision of services disclosed below does not include retail transactions with these related parties. However, the Group believes that meaningful information relating to related party disclosures has been adequately disclosed.



#### 45 重大關連方交易 (續)

除本財務報表其他部份所披露的關連方信息外，本集團在日常經營過程中與其關連方進行的重大關連方交易及由關連方交易產生的結餘概述如下：

##### (a) 與關連方的交易

#### 45 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

In addition to the related party information shown elsewhere in the financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties and the balances arising from related party transactions:

##### (a) Transactions with related parties

		本集團 Group	
		二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	經重列 Restated 人民幣千元 RMB'000
與最終控股公司及同系附屬公司的交易	Transactions with the ultimate holding company and a fellow subsidiary		
收入：	Income:		
租賃收入	Rental income	4,095	2,137
開支：	Expenses:		
物業管理費用開支	Expenses for property management fee	31,520	6,523

## 45 重大關連方交易(續)

## (a) 與關連方的交易(續)

於二零零八年十二月三十一日，本集團人民幣1,768,000,000元(二零零七年：人民幣1,327,000,000元)之銀行借貸乃由最終控股公司提供擔保。

## 45 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

## (a) Transactions with related parties (continued)

As at 31st December 2008, the Group's bank borrowings of RMB1,768,000,000 (2007: RMB1,327,000,000) were guaranteed by the ultimate holding company.

		本集團 Group	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
<b>與其他國有企業的交易 Transactions with other state-controlled enterprises</b>			
(1) 收入：	(1) Revenue:		
銷售貨物的收入	Revenue from sales of goods	752,835	516,516
投資物業的租賃收入	Rental income in respect of investment properties	11,273	6,022
銀行存款所獲利息收入	Interest income from bank deposits	13,039	6,283
(2) 開支：	(2) Expenses:		
購買貨品	Purchase of goods	80,224	86,438
(3) 主要管理層人員之薪酬於附註34(董事之酬金)中披露。	(3) Key management compensation is disclosed under Note 34 (Directors' emoluments).		





## 45 重大關連方交易 (續)

## (b) 與關連方的結餘

應收／(應付)關連公司之款項均為免息及須應要求償還。

## 45 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

## (b) Balances with related parties

The amounts due from/(to) related parties companies are non-interest bearing and repayable on demand.

		本集團 Group	
		二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	經重列 Restated 人民幣千元 RMB'000
與同系附屬公司之結餘	<b>Balances with a fellow subsidiary</b>		
預提費用及其他應付款	Accrual and other payables	1,854	338
其他應收款	Other receivables	155	10,956
與其他國有銀行／企業之結餘	<b>Balances with other state-controlled banks/enterprises</b>		
已抵押銀行存款	Pledged bank deposits	95,838	—
現金及現金等價物	Cash and cash equivalents	701,940	1,094,993
貿易應收款	Trade receivables	391,490	531,503
貿易應付款	Trade payables	10,006	—

## 45 重大關連方交易(續)

## (c) 借貸

## 45 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

## (c) Borrowings

		本集團 Group	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
來自最終控股公司之借貸	<b>Borrowings from the ultimate holding company</b>		
於年初	At beginning of the year	249,258	9,858
收到借貸	Proceeds from borrowings	20,000	244,600
償還借貸	Repayment of borrowings	(269,258)	(5,200)
於年末	At end of the year	—	249,258
來自國有銀行之借貸	<b>Borrowings from state-controlled banks</b>		
於年初	At beginning of the year	2,987,036	766,961
收到借貸	Proceeds from borrowings	4,793,671	3,358,967
償還借貸	Repayment of borrowings	(2,114,094)	(1,138,892)
於年末	At end of the year	5,666,613	2,987,036
計提利息	Interest charged	373,748	73,579

於二零零八年十二月三十一日，貸款的加權平均實際利率為7.0%(二零零七年：6.8%)。

The weighted average effective interest rate of the loans was 7.0% (2007: 6.8%) as at 31st December 2008.

**46 結算日後事項**

二零零九年一月二十一日，本公司董事會決議對附屬公司廣東國際大廈項下之廣東國際大廈進行裝修改造及翻新工程。董事會認為，裝修改造及翻新工程將提高其日後出租率、收入及提升其商業價值，並降低經營成本，加強樓宇之市場開拓能力。樓宇之酒店部分將於翻新工程進行期間暫停營運。工程預期於二零一零年三月竣工。

**46 SUBSEQUENT EVENT**

On 21st January 2009, the Board of the Company resolved to modernize and renovate the Guangdong International Building of a subsidiary, GIB Company. The Board considered that the modernization and renovation project would increase its future occupancy rate, income and business value; and would reduce the operation costs and enhance the marketability of the building. The hotel portion of the building would temporarily cease its operations during the renovation period. The project is expected to be completed in March 2010.



**深圳中航集團股份有限公司**  
**CATIC SHENZHEN HOLDINGS LIMITED**

Level 25, Hangdu Building, Shennan Road, Central,  
CATIC Zone, Futian District, Shenzhen, PRC  
中國深圳市福田區深南中路中航苑航都大廈25層  
Tel 電話：86-755-8368 8956 Fax 傳真：86-755-8368 8209  
P.O. Box 郵箱：3-023 Shenzhen Postcode 郵政編號：518031