



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

(Stock Code 股份代號：0161)



ANNUAL REPORT

2009 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
股份代碼：0161
網址：www.avic161.com

執行董事

吳光權先生 董事長
由鐸先生
賴偉宣先生
隋湧先生
程保忠先生(於二零零九年六月十五日辭任)
劉瑞林先生
徐東升先生
王寶瑛先生(於二零零九年六月十五日辭任)

獨立非執行董事

潘昭國先生(於二零零九年六月十五日辭任)
黃慧玲女士
鄺煒先生(於二零零九年六月十五日獲委任)
劉憲法先生

非執行董事

程保忠先生(於二零零九年六月十五日獲委任)
仇慎謙先生(於二零零九年六月十五日獲委任)
王濱濱先生
李承寧先生

監事

黃高健先生(於二零零九年六月十五日辭任)
盛帆先生(於二零零九年六月十五日辭任)
陳鋼先生(於二零零九年六月十五日辭任)
王心闊先生(於二零零九年六月十五日獲委任)
王昕女士(於二零零九年六月十五日獲委任)
鄧柏松先生(於二零零九年六月十五日獲委任)

公司秘書

曾軍先生

審核委員會

黃慧玲女士主席
潘昭國先生(於二零零九年六月十五日辭任)
鄺煒先生(於二零零九年六月十五日獲委任)
劉憲法先生

合資格會計師

林梅女士

薪酬委員會

吳光權先生
隋湧先生
潘昭國先生(於二零零九年六月十五日辭任)
黃慧玲女士
鄺煒先生(於二零零九年六月十五日獲委任)
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

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
Website: www.avic161.com

EXECUTIVE DIRECTORS

Mr. Wu Guang Quan *Chairman*
Mr. You Lei
Mr. Lai Wei Xuan
Mr. Sui Yong
Mr. Cheng Bao Zhong (resigned on 15th June 2009)
Mr. Liu Rui Lin
Mr. Xu Dong Sheng
Mr. Wang Bao Ying (resigned on 15th June 2009)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Poon Chiu Kwok (resigned on 15th June 2009)
Ms. Wong Wai Ling
Mr. Wu Wei (appointed on 15th June 2009)
Mr. Liu Xian Fa

NON-EXECUTIVE DIRECTORS

Mr. Cheng Bao Zhong (appointed on 15th June 2009)
Mr. Qiu Shen Qian (appointed on 15th June 2009)
Mr. Wang Bin Bin
Mr. Li Cheng Ning

SUPERVISORS

Mr. Huang Gao Jian (resigned on 15th June 2009)
Mr. Sheng Fan (resigned on 15th June 2009)
Mr. Chen Gang (resigned on 15th June 2009)
Mr. Wang Xin Kuo (appointed on 15th June 2009)
Ms. Wang Xin (appointed on 15th June 2009)
Mr. Day Bo Song (appointed on 15th June 2009)

COMPANY SECRETARY

Mr. Zeng Jun

AUDIT COMMITTEE

Ms. Wong Wai Ling *Chairperson*
Mr. Poon Chiu Kwok (resigned on 15th June 2009)
Mr. Wu Wei (appointed on 15th June 2009)
Mr. Liu Xian Fa

QUALIFIED ACCOUNTANT

Ms. Lin Mei

REMUNERATION COMMITTEE

Mr. Wu Guang Quan
Mr. Sui Yong
Mr. Poon Chiu Kwok (resigned on 15th June 2009)
Ms. Wong Wai Ling
Mr. Wu Wei (appointed on 15th June 2009)
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

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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

PRINCIPAL BANKERS

Bank of China
China Construction Bank
Shenzhen Development Bank Co., Ltd.
China Minsheng Banking Corp., Ltd.
Industrial Bank Co., Ltd.

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Financial Highlights

RESULTS SUMMARY

As at 31 December 2009

| (RMB'000) | 2009 | 2008 Restated | 2007 Restated | 2006 | 2005 |
|---|------------------|------------------|------------------|-----------|-----------|
| Revenue and Profit: | | | | | |
| Revenue | 5,092,883 | 4,077,074 | 3,357,210 | 2,629,794 | 1,971,489 |
| (Loss)/profit before taxation | (288,849) | 5,919 | 398,607 | 211,367 | 66,119 |
| (Loss)/profit after taxation | (288,780) | (41,665) | 338,084 | 180,362 | 44,719 |
| Attributable to: | | | | | |
| Profit attributable to equity holders of the Company | (165,566) | 1,282 | 231,654 | 123,095 | 16,951 |
| Minority interest | (123,214) | (42,947) | 106,430 | 57,267 | 27,768 |
| Basic earnings per share for profit attributable to equity holders of the Company (RMB) | (0.2458) | 0.0019 | 0.3642 | 0.1924 | 0.0322 |
| Dividends per share attributable to equity holders of the Company (RMB) | 0 | 0 | 0.06 | 0.06 | 0.006 |

ASSETS SUMMARY

As at 31st December 2009

| (RMB'000) | 2009 | 2008 Restated | 2007 Restated | 2006 | 2005 |
|--|-------------------|------------------|------------------|-----------|-----------|
| Total assets | 13,626,354 | 11,795,652 | 9,381,259 | 4,056,131 | 2,695,387 |
| Total liabilities | 9,802,017 | 8,100,414 | 5,256,735 | 2,295,297 | 1,773,507 |
| Total equity | 3,824,337 | 3,695,238 | 4,124,524 | 1,760,834 | 921,880 |
| Equity attributable to equity holders of the Company | 1,698,513 | 1,872,783 | 2,105,156 | 1,297,354 | 1,165,614 |
| Minority interests | 2,125,824 | 1,822,455 | 2,019,368 | 997,943 | 607,893 |
| Net assets per share attributable to equity holders of the Company (RMB) | 2.52 | 2.76 | 3.10 | 2.03 | 1.82 |

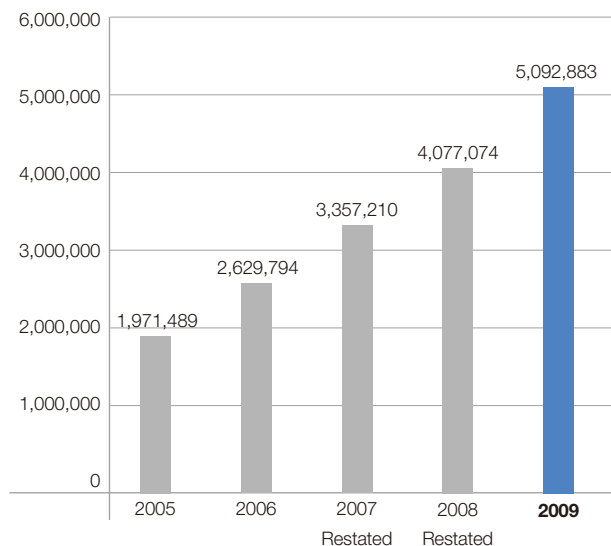
Note: The Group adopted the cost model in subsequent measurement under IAS 40, 'Investment property', to account for its investment properties. On 1st January 2009, the Group changed to adopt fair value model. Figures as at and for the year ended 31st December 2007 and 31st December 2008 have been restated as required. Figures as at and for the year ended 31st December 2005 and 31st December 2006 have not been adjusted and it is not practicable to restate earlier years for comparison purposes.



Financial Highlights

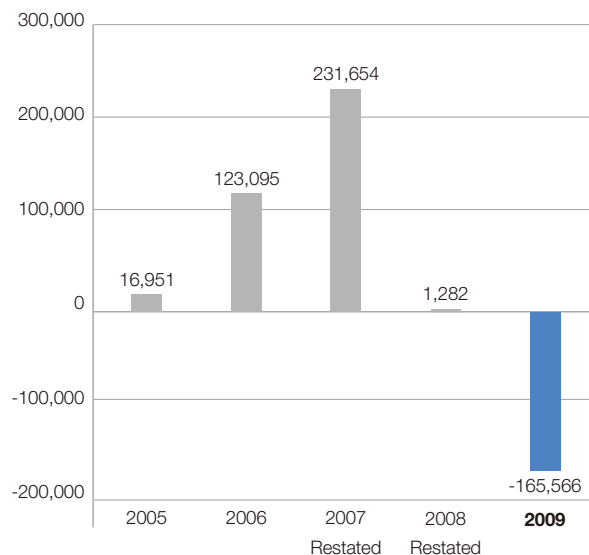
REVENUE

RMB Thousand

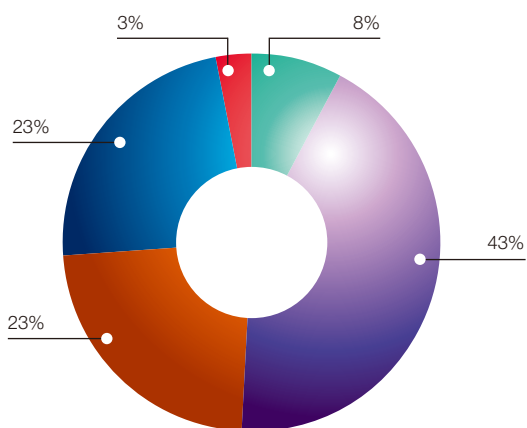


PROFIT ATTRIBUTABLE TO SHAREHOLDERS

RMB Thousand

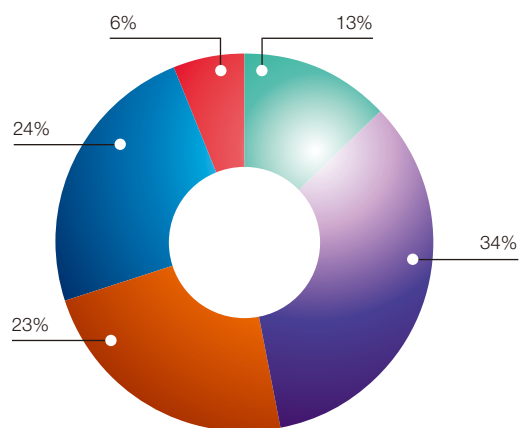


2009 TURNOVER BY BUSINESS SEGMENTS



- Resources
- LCD
- PCB
- Timepieces Manufacturing and Sales
- Other

2008 TURNOVER BY BUSINESS SEGMENTS



- Resources
- LCD
- PCB
- Timepieces Manufacturing and Sales
- Other



Chairman's Statement

It is my honor to present the 2009 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 of approximately RMB5,092,883,000 (2008: RMB4,077,074,000), representing an increase of approximately 24.92% over the previous year. The overall gross profit was approximately RMB831,212,000 (2008: RMB1,081,615,000), representing a decrease of approximately 23.15% over the previous year. The Group's loss attributable to shareholders (after minority interests) amounted to approximately RMB165,566,000.

In 2009, the lasting global financial crisis and the complexity and variability of economic situation greatly affected the overall operation performance of the Group. To meet the challenge of the decline of the overseas demand and prices, the Group aggressively promoted excellent operation, costs and expenses control, and actively exploited domestic and overseas market and persistently optimized our customers mix. The total revenue and profit of our PCB business increased despite the market adversity and the manufacture and sale of timepieces kept a steady growth with the exception that the profit of the LCD and resources businesses decreased significantly over the previous year. Besides, it is regretful that the renovation projects of GIB Company incurred a loss that affected the consolidated profit in 2009.

The Group has made encouraging progress during the year in terms of the implementation of major investment projects and the internal management. The production capacity of the high-end PCB project was swiftly improved. The construction of the electronic assembly (電子裝聯) production line went smoothly and is capable of bulk production while the package substrate (封裝基板) project developed on schedule. The operation of the 4.5 G TFT-LCD production line project of Shanghai Tianma Micro-Electronics Co., Ltd. improved steadily and the yield rates of which is comparable to the world-leading standard. The 4.5 G TFT-LCD production line project of Chengdu Tianma Micro-Electronics Co., Ltd. and the 4.5 G TFT-LCD and CF production line of Wuhan Tianma Micro-Electronics Co., Ltd. were all progressing well. Such development has consolidated the Group's leading position in the small and medium size LCD market. During the year, the manufacture and chain-stores sale of timepieces business has further its effort in building the brand name of "VIOLA TRICOLOR", establishing the sales network of renowned timepieces and in market promotion. The development strategy of the resources business was further concentrated on the continual development of potassium, phosphorus and other relevant resources and chemical and other industries.

In 2009, the Group spared no effort to promote the management standard of all businesses, to pursue for excellence in the operation, to exercise strategic cost control, to increase asset efficiency and to lower our costs without prejudicing the development of the Group. All these efforts have attained substantial achievement. Each business segment promoted the change of operation management structure and process and has gradually established operation management systems in line with its own characteristics. The Group continued to promote the leadership development of the senior management for cultivating its competence. The Group also extended its effort in nurturing and retaining talents in order to satisfy the demand of our rapid business expansion.

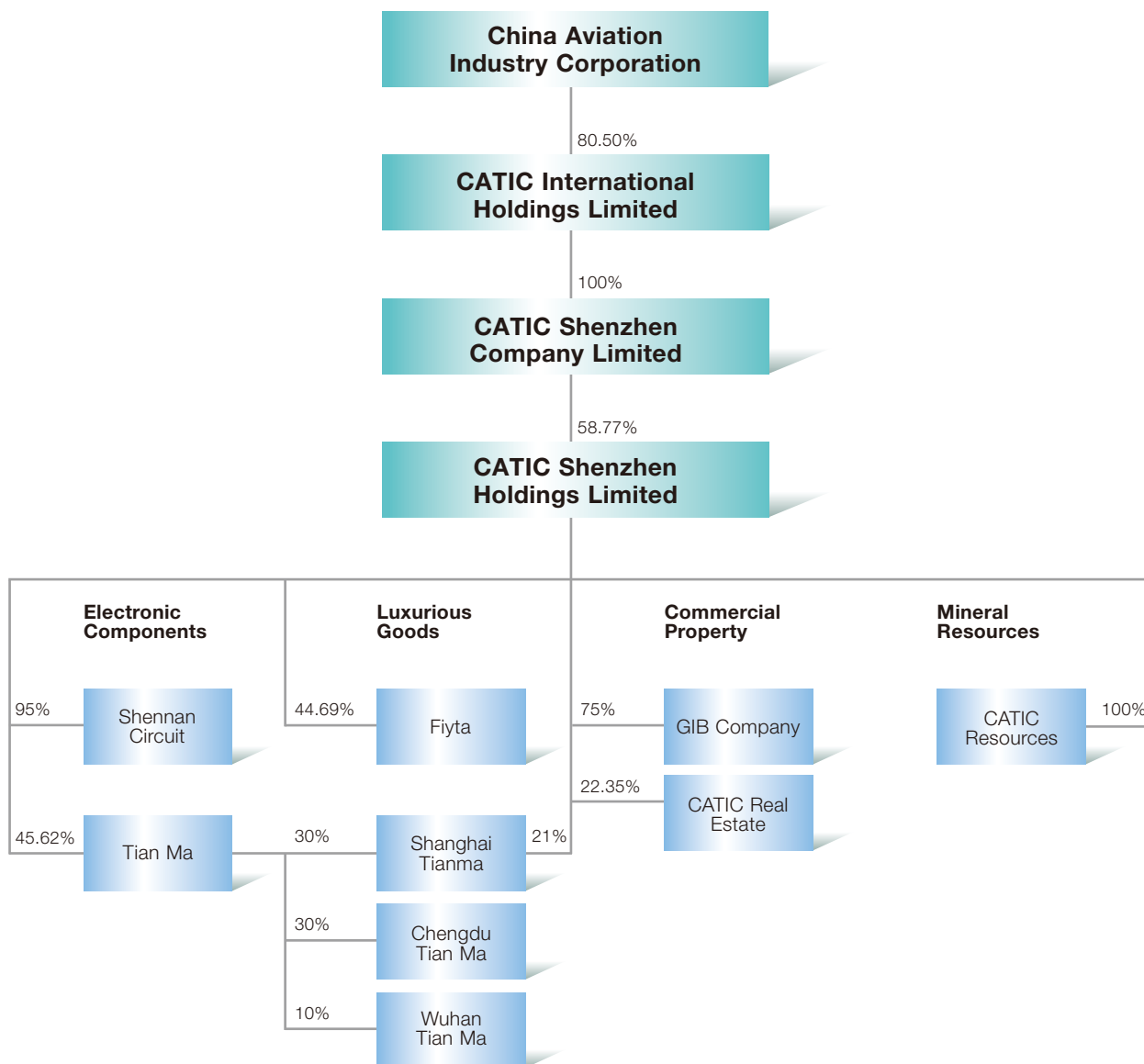
Looking ahead into 2010, the recovery of the global economy is slow with twists and turns, and the national economy will continue to recover in spite of great pressure ahead. The Group will cope with changes of the economic situations and strive to create new prospects. The Group has formulated the annual strategic theme of "managing the profit, optimizing corporate governance, promoting mergers and acquisition, setting up talents system and reshaping our mindset" to, on top of increasing profit for the year while maintaining the sustainable profit for future, improve the effectiveness and optimize the regulatory framework for the Company's corporate governance. We will strive to perfect our management by undertaking innovative activities, identify opportunities of mergers and acquisition in a cautious manner and achieve major breakthrough in our core businesses so as to lay a solid foundation for future long-term, sustainable and rapid development.

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



Management Discussion and Analysis

CORPORATE ORGANIZATION CHART



Notes:

- 1: CATIC International Holdings Limited introduced 中津創新(天津)投資有限公司 as its strategic investors holding 19.5% of its equity interest. Upon the completion of the change, it was held as to 80.50% equity interest by China Aviation Industry Corporation.
- 2: As at 31st December 2009, the Company has repurchased a total of 5,542,000 H shares, upon which CATIC Shenzhen Company holds 58.77% equity interest in the Company.



BUSINESS REVIEW

The consolidated revenue and profit of the Company for 2009 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% | Agricultural resources business |
| Shennan Circuit Co., Ltd. ("Shennan Circuit") | 95.00% | Manufacture and sales of printed circuit boards ("PCB") |
| Tianma Microelectronics Co., Ltd. ("Tianma") | 45.62% | Manufacture and sales of liquid crystal displays ("LCD") and modules |
| Shenzhen Fiyta Holdings Limited ("Fiyta") | 44.69% | Manufacture of middle to high-end wrist watches and chain sale of luxurious timepieces |
| Guangdong International Building Industrial Co., Ltd. ("GIB Company") | 75% | Hotel and property operations |

During the year, the Group recorded a consolidated revenue of approximately RMB5,092,883,000 (2008: RMB4,077,074,000), representing an increase of approximately 24.92% over the previous year. The overall gross profit was approximately RMB831,212,000 (2008: RMB1,081,615,000), representing a decrease of approximately 23.15% over the previous year. The Group's loss attributable to the shareholders (excluding minority shareholders' interests) amounted to approximately RMB165,566,000.

In 2009, under the influence of the global financial crisis and economic turbulence, enterprises in the People's Republic of China ("PRC") faced the headwinds of a challenging operating environment. The electronic, resources, timepieces manufacturing and sales industries, which the Group is engaged in, were inevitably affected. Of which, the gross profit of the LCD business and resource businesses of the Group plummeted as compared to the corresponding period last year as a result of the shrink in market demand and the drop in prices. However, it is encouraging to note that notwithstanding the decrease in overseas market demand and fall in prices, the PCB business has managed to buck against market decline and recorded growth in income and gross profit through continuously optimizing customers' structure and perking up production capacity. Timepieces manufacturing and chain sale businesses remained on the track of steady growth and its brand value and market position has been substantially enhanced. The renovation works of Guangdong International Building has formally commenced in 2009 with a view to increasing the property's value; but such project will have a negative effect on the overall profitability of the Group in the short term.



BUSINESS REVIEW *(continued)*

The Group has made encouraging progress during the year in terms of the implementation of major investment projects and internal management, etc. During 2009, the Group has endeavored to enhance the management level of various business segments, optimize its operation, implement its cost control strategies and perk up its assets return efficiency. Without interfering our corporate development, we have remarkably reduced our cost. Our business segments have also attached great importance to the restructuring of operation structures and procedures and have gradually established business management systems, which most suit their unique business characteristics. Besides, high priority was accorded to the continual development of senior staffs management capability, the building up of their competency and the retaining and nurturing of talents in order to meet the requirements arising from the rapid business expansion.

The turnover and profits/(losses) of the Group for the year 2009 together with the comparative figures of 2008 were as follows:

| Turnover (RMB'000) | 2009 | 2008 |
|------------------------------------|------------------|-------------|
| Resources | 433,682 | 550,419 |
| LCD | 2,181,111 | 1,374,254 |
| PCB | 1,167,939 | 944,413 |
| Timepieces manufacturing and sales | 1,153,803 | 968,768 |
| Investment properties | 115,929 | 107,804 |
| Cable TV equipment | 32,040 | 28,167 |
| Hotel | 8,379 | 103,249 |
| Total | 5,092,883 | 4,077,074 |

| Profit/(losses) after taxation (RMB'000) | 2009 | 2008 Restated |
|--|------------------|-------------------------|
| Resources | (80,795) | 205,408 |
| LCD | (290,779) | (69,777) |
| PCB | 101,761 | 85,272 |
| Timepieces manufacturing and sales | 43,772 | 33,824 |
| Investment properties | 69,857 | 4,734 |
| Cable TV equipment | (183) | 528 |
| Hotel | (43,432) | (75,066) |
| Others | (88,981) | (226,588) |
| Total | (288,780) | (41,665) |



BUSINESS REVIEW *(continued)*

Resources

The Group has taken a proactive stance to develop its resources business with CATIC Resources serving as its business platform and mainly focused on agriculture-related resources business, which we enjoy dominate position and sustainable development can be achieved. Under the impact of the financial crisis, the international resources market witnessed huge fluctuation in price in 2009 and domestic resources prices remained at low levels under the then prevailing economic hardship. Under such an environment, the performance of the resources business of the Group did not meet our expectation with profit recording a relatively huge drop. In 2009, the resources business of the Group recorded turnover of approximately RMB433,682,000, representing a decrease of approximately 21.21% as compared with RMB550,419,000 last year. Loss after taxation was approximately RMB80,795,000 (profit after taxation last year approximately RMB205,408,000).

With respect to the potassium fertilizer business, the annual volume of potassium chloride produced during the year was 207,000 tonnes and the aggregate volume of potassium chloride sold was 269,000 tonnes with inventory being completely absorbed. The domestic potassium fertilizer prices continued to linger at low levels in 2009 as market demand dropped. Prices of potassium chloride products ceased to decline in the fourth quarter after sliding down for the first three quarters. As the stimulus measures introduced by the Chinese government gradually deliver positive effects, the demand arising from spring plowing and the replenishment by distributors have started to increase, which provides a larger room for the rebound of the price of potassium fertilizer. In terms of cost, costs of sales for the year increased as the product delivery mode of potassium fertilizer products had switched from customer pick-up prices that prevailed in 2008 to a FOB national railway station pricing method (國鐵第一到站價). Therefore the Company has to bear extra transportation and miscellaneous expenses. Meanwhile, the combined effect of a substantial rise in the national resources tax from RMB50/ton to RMB150/ton and the high-cost potassium fertilizer inventory purchased in prior periods has raised our costs for the year and has therefore resulted in a loss for this year for our potassium fertilizer business. On the other hand, our phosphorous mining business of CATIC Resources maintained a watchful stance because the business was still in its preliminary set-up stage while the prices of phosphorous fertilizer and yellow phosphorus were at a trough in 2009.





BUSINESS REVIEW *(continued)*

Resources *(continued)*

CATIC Resources has stepped up the construction of infrastructures and production facilities in the Mahaihu mines in order to guarantee its long term and sustainable development. In 2009, CATIC Resources has obtained the permission from the Development and Reform Commission of Qinghai Province for the 450,000-ton production capacity expansion project and completed its initial approval procedures such as the environmental impact assessment. Furthermore, CATIC Resources allocated a special fund for the expansion project and has commenced several key projects such as the low-grade ore and mud desliming project, the water drainage and solution mining project, the brine laminating project (層壓鹵水項目) and the technical upgrade project for workshop no. 2 and has thus paved that way for us to expand our production capacity, improve product quality, reduce mineral waste and enhance production technology in the future.

In addition, CATIC Resources gave great weight to the interchange and integration of corporate culture. 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 exploitation 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. QINGHAI CATIC Resources has been given the title of “Model Enterprise in Qinghai Province (青海省模範集體)” by the provincial party committee and the provincial government of Qinghai Province, and was awarded as a “Successful Enterprise in the Experimental Sustainable Economy in Qaidam Basin (柴達木循環經濟試驗平安企業)”.

Gross Profit Margin

| | 2009 RMB'000 | 2008 RMB'000 |
|---------------------|-----------------|-----------------|
| Sales revenue | 433,682 | 550,419 |
| Cost of sales | 364,103 | 248,676 |
| Gross profit | 69,579 | 301,743 |
| Gross profit margin | 16.04% | 54.82% |

**BUSINESS REVIEW** *(continued)***Resources** *(continued)***Market Structure**

| Sales regions | 2009 | 2008 |
|-----------------|------|------|
| Jiangsu region | 6% | 8% |
| Hebei region | – | 84% |
| Xinjiang region | – | 1% |
| Shandong region | 16% | 6% |
| Sichuan region | 17% | 1% |
| Guizhou region | 3% | – |
| Yunnan region | 13% | – |
| Beijing region | 12% | – |
| Zhejiang region | 4% | – |
| Shanxi region | 8% | – |
| Jilin region | 11% | – |
| Total | 100% | 100% |

Product structure

| Product structure | 2009 | 2008 |
|-------------------|------|------|
| 85# products | 84% | 93% |
| 90# products | 12% | 7% |
| Coal products | 4% | – |
| Total | 100% | 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.

LCD

The Group carries on the research and development, design, production, sales and service of LCD and Liquid Crystal Module (“LCM”) products through Tianma. The revenue of the LCD business of the Group for 2009 was approximately RMB2,181,111,000 (2008: RMB1,374,254,000), representing an increase of approximately 58.71% over the previous year. The loss after taxation for the year was approximately RMB290,779,000 (2008: approximately RMB69,777,000).

The overall market demand for and prices of LCD panels plummeted as the industry was affected in 2009 by the ripple effect of the financial crisis. In particular, export was impacted by a plunge in the number of orders from foreign customers, which mainly comprises European and US customers. Although the market condition showed signs of rebound in the second half of the year, the market is still characterized by instability as the overall demand has yet to resume while there was an over-production in the market.



BUSINESS REVIEW *(continued)*

LCD *(continued)*

Notwithstanding such difficulties, Tianma adhered to its strategy of concentrating on “big accounts and differentiated and selected markets” and maintaining close contacts with large customers, while concentrating on the provision of tailor-made products and the marketing efforts in selected markets, market share has also been increased rapidly. As a result of all our efforts, Tianma has improved its account management in respect of the large customers and established its operation model and management system for the selected markets. However, due to the facts that the market demand and prices have fallen substantially thanked to the financial crisis, while the production capacity of the 4.5 generation tube size thin film transistor liquid-crystal display (“TFT-LCD”) production line project of our joint venture, Shanghai Tianma Microelectronic Company Limited (“Shanghai Tianma”), has not yet been fully utilized in the first half year, the gross profit margin of the Group’s LCD business dropped to 3.04%. Meanwhile, Tianma made provision for 48.23% of the trade receivable from Amoi Electronics Co., Ltd. in the fourth quarter (an accumulated provision for bad debt of 78.23% has been provided with respect to such trade receivable), the result of which was an unexpected operating results for the LCD business of the Group which was greatly different from what we have expected, and has produced a relatively large impact on our profit after tax.

Shanghai Tianma, a subsidiary of Tianma, put enormous effort in market expansion, reducing defect rate and the consistency of its products in order to fight against the adverse external environment. In 2009, it realized from principal business an income of RMB1,280,294,000, representing an increase of 1,283% from the prior year. As time is needed for us the step up our production capacity, our current sales volume cannot fully cover our relatively higher fixed costs. Therefore, the consolidated gross profit margin for the year was 2.9% and the accumulated net loss amounted to RMB146,176,000. The construction of 4.5 G TFT-LCD production line of Chengdu Tianma Microelectronics Company Limited (“Chengdu Tianma”, a subsidiary of Tianma) and the 4.5 G TFT-LCD and CF production lines of Wuhan Tianma Microelectronics Company Limited (“Wuhan Tianma”, a financial asset available for sales of Tianma and is held as to 10% by Tianma), which were invested by the Group in October and November 2008, respectively, were progressing smoothly, while the structure of the main plant of Chengdu Tianma has been completed in July and the installation of equipment therein has been finished. On the other hand, Wuhan Tianma has finished the tendering process for its equipment and has also completed the structure of the TFT and CF production lines.





BUSINESS REVIEW *(continued)*

LCD *(continued)*

During the year of 2009, Tianma obtained totally 48 patent application numbers and the “Tianma” trademark was named a “Renowned Brand of Guangdong Province” and Tianma was awarded the title of “Top 100 Shenzhen Enterprises 2009” by Shenzhen Enterprise Confederation and Shenzhen Economic Daily. Shanghai Tianma has completed the design of 45 models of panel and about 200 models of module products and has made a total of 135 technical invention patent applications, in which 3 were overseas applications, while 4 have been approved. Tianma and Shanghai Tianma were successively certified as a municipal-level “National Hi-tech Enterprise” and Shanghai Tianma also engaged in the LTPS technology commercialization project and the National 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」).

Gross Profit Margin

| | 2009 <i>RMB'000</i> | 2008 <i>RMB'000</i> | 2007 <i>RMB'000</i> |
|---------------------|------------------------|------------------------|------------------------|
| Sales revenue | 2,181,111 | 1,374,254 | 1,721,220 |
| Cost of sales | 2,114,698 | 1,215,184 | 1,448,550 |
| Gross profit | 66,413 | 159,070 | 272,670 |
| Gross profit margin | 3.04% | 11.57% | 15.84% |

Market Structure

| Sales regions | 2009 | 2008 | 2007 |
|---------------------------|---------------|--------|------|
| PRC | 20.68% | 29.19% | 39% |
| Hong Kong | 60.62% | 51.61% | 35% |
| Europe and America | 11.52% | 12.34% | 14% |
| Southeast Asia and others | 7.18% | 6.86% | 12% |
| Total | 100% | 100% | 100% |

Product

| | 2009 | 2008 | 2007 |
|-------------------|----------------|---------|---------|
| LCD-CSTN | 0.87% | 2.95% | 1.55% |
| LCD-MONO | 5.48% | 10.74% | 11.00% |
| LCD sub-total | 6.35% | 13.69% | 12.55% |
| CSTN modules | 18.64% | 43.47% | 31.24% |
| TFT modules | 66.53% | 27.05% | 39.74% |
| MONO modules | 8.48% | 15.79% | 16.47% |
| Modules sub-total | 93.65% | 86.31% | 87.45% |
| Total | 100.00% | 100.00% | 100.00% |



BUSINESS REVIEW *(continued)*

PCB

The Group carries on the production and sales 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 2009 was approximately RMB1,167,939,000 (2008: RMB944,413,000), representing an increase of approximately 23.67% over the previous year. The profit after taxation for the year was approximately RMB101,761,000 (2008: RMB85,272,000), representing an increase of approximately 19.34% over the previous year.



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

Due to the financial crisis, demand in the global PCB industry contracted significantly in 2009, while the production value of the industry dropped by approximately 14.2% from 2008, resulting in a substantial decrease in prices and severe market competition. Under such pressure, the sales gross profit margin of Shennan Circuit for the year dropped 2.23% to 21.64% from the corresponding period last year. In face of the adverse external environment, Shennan Circuit adopted a customer-oriented external strategy that endeavor to exploit large customers, expand its share in the key products procurement market and explore new customers. Internally, it has perpetually increased its production capacity, improved its product quality and striven to provide quick delivery. Although the demand from overseas market shrank and the weight of export in Shennan Circuit's sales diminished in 2009, the proportion attributable to PCB for the telecommunication industry swelled due to the domestic investment in 3G business, and hence the revenue of Shennan Circuit for 2009 jumped by 23.67% against all odds. To tackle the financial crisis, Shennan Circuit actively launched various campaigns to reduce expenses and strengthen the management of the supply chain and quality as well as costs control, which helped it to secure a relatively high profit margin. Attributable to the combined effect of an increase in operating income and the reduction in costs and expenses, the profit after taxation of Shennan Circuit for 2009 bounded significantly.

In 2009, the production capacity of the Shennan Circuit's plant in Longgang increased rapidly with production volume and production value both doubled as compared with 2008. It has also achieved satisfactory quality and delivery capability. Such developments have laid a sound foundation for us to sustain the blow from the financial crisis and achieve growth in time of adversity.

Through the thorough implementation of management and innovation projects, Shennan Circuit has further improved its product quality, advanced its expertise, enhanced the speed of delivery and promoted the research and development of new techniques and products. In terms of product mix, sales of high-end products with over 10 layers have increased by 24% and our product profile has been persistently shifting to the high end.

Shennan Circuit achieved a breakthrough in terms of patent applications by successfully filing 66 patents in 2009 and has a total of 84 approved patents as at the date hereof. Shennan Circuit was approved as a "National Hi-tech Enterprise". It was listed as a "Top 100 Shenzhen Enterprises" for the third consecutive year and its ranking overtook 19 competitors within three years. It was included as one of the "Top 100 Efficient Shenzhen Industrial Enterprises" and was certified as a "Innovative Experimental Enterprise in Guangdong Province". The innovative product of Shennan Circuit, namely the "Improved Customer Management System for Hi-tech Enterprises to Improve Their Competitiveness in the International Market (高科技企業提升國際市場競爭力的精益客戶管理)", was award the "First Prize in the Sixteenth National Awards for Innovative and Modern Corporate Management (第十六屆國家級企業管理現代化創新成果一等獎)". Last but not least, the successful pass of the NADCAP certification in the space and aviation industry marked the well established processing management capability of Shennan Circuit in processing core products in the space and aviation field.

Gross Profit Margin

| | 2009 RMB'000 | 2008 RMB'000 | 2007 RMB'000 |
|---------------------|-------------------------------|-----------------|-----------------|
| Sales revenue | 1,167,939 | 944,413 | 786,844 |
| Cost of sales | 915,234 | 724,336 | 572,273 |
| Gross profit | 252,705 | 219,551 | 214,571 |
| Gross profit margin | 21.64% | 26.87% | 23.3% |

**BUSINESS REVIEW** *(continued)***Market Structure**

| Sales regions | 2009 | 2008 | 2007 |
|---------------------------|-------------|------|------|
| PRC | 84% | 77% | 79% |
| Europe and America | 10% | 13% | 17% |
| Southeast Asia and others | 6% | 10% | 4% |
| Total | 100% | 100% | 100% |

Product Structure

| | 2009 | 2008 | 2007 |
|------------------------------|-------------|------|------|
| Telecommunications equipment | 77% | 65% | 63% |
| Consumer electronic devices | 2% | 3% | 3% |
| Others | 21% | 32% | 34% |
| Total | 100% | 100% | 100% |

Luxurious Timepieces

The Group carries on the manufacture of middle and high-end luxurious timepieces and chain sales of imported timepieces through its subsidiary Fiyta, including research and development, design, manufacture and sales of timepieces under its owned brand name and chain sales network operation of prestigious timepiece brands. Impacted by the economic crisis in 2009, the international markets for most luxuries suffered significant contraction, except for the PRC market which exhibited stronger resistance to risk as compared with other overseas markets. In 2009, the revenue of the timepiece business of the Group was approximately RMB1,153,803,000, representing an increase of approximately 19.10% over RMB968,768,000 for the previous year. The profit after taxation for the year was approximately RMB43,722,000, an increase of approximately 29.26% from RMB33,824,000 for the previous year.

The timepieces business of Fiyta maintained a stable growth in 2009. Leverage on the theme of watches for space and aviation uses, Fiyta continued to upgrade the brand connotation and enrich the product series of its proprietary brand watches by introducing the “Photographer” series, the “The Heart of City” female series and the 60th National Anniversary Limited Edition of hollowed tourbillion gold watch in 2009, which were well received by the market. Through unremittingly promoting and enhancing the terminal brand image, the satisfaction of customers buying Fiyta watches has been consistently improving. With strengthened channel development, the number of points of sales of Fiyta timepiece reached 560 as of the end of 2009.





BUSINESS REVIEW *(continued)*

Luxurious Timepieces *(continued)*

In 2009, Harmony World Watch Center overcame the blow of the economic crisis on consumers' sentiment in the luxuries market and persistently enhanced the operating capacity of its chain stores. It has also stringently controlled operating costs, increased investment in setting up point of sales on the basis of reduced operating risks, expanded the network of chain premium watch stores steadily, optimized the network and thus achieved continuous growth in operation results, with the sales income of Harmony (including Henglianda) for 2009 rose approximately 19.62% over the corresponding period last year. In 2009, the number of newly open Harmony shops was 28 (consisted of 27 Harmony shops and 1 Henglianda shops) and the total number of our chain stores reached 130 (consisted of 101 Harmony and 29 Henglianda shops) as of the end of 2009.

By carrying out capital operation and investment business, Fiyta established a fashionable brand operation company - 68 Station Limited in Hong Kong and Shenzhen Xiangji Commercial & Trade Co., Ltd. and determined to acquire Switzerland based Montres Chouriet SA and the Emile Chouriet high-end wrist watch brand and constructed a VIOLA TRICOLOR brand development strategy.

In 2009, Fiyta was awarded 3 awards in the field of science and technology. SHENZHOU VII Space Watch was awarded the special award of progress of science and technology – the highest award in respect of progress of science and technology, while the A-Tic Technology was awarded the second prize of technical invention and the FZK-601 clock control system was awarded the honorable mention of technical innovation. At the prize awarding ceremony of China Innovation Design Awards (CIDF) held in Guangdong Province, all the three products submitted by Fiyta were awarded 2009 CIDF awards. Harmony was awarded various titles such as the “Asia Renowned and Quality Brand Award (亞洲名優品牌獎)” and “60 Excellent Enterprises in the 60 Years of New China (新中國60年60家卓越企業)”. At the Sixth PRC HRM Annual Ceremony (第六屆中國人力資源管理年度盛典), Following the years of 2006, 2007 and 2008, Fiyta was the forth time awarded with the “Best Employer Enterprise in China (中國最佳僱主企業獎)”.

Gross Profit Margin

| | 2009 RMB'000 | 2008 RMB'000 | 2007 RMB'000 |
|---------------------|-----------------|-----------------|-----------------|
| Sales revenue | 1,153,803 | 968,768 | 761,321 |
| Cost of sales | 803,770 | 655,600 | 523,714 |
| Gross profit | 350,033 | 313,168 | 237,607 |
| Gross profit margin | 30.34% | 32.32% | 31.21% |

| | 2009 | 2008 | 2007 |
|---|--------|--------|--------|
| The gross profit margin of Fiyta timepieces | 64.64% | 60.46% | 61.89% |
| The gross profit margin of Harmony timepieces | 23.63% | 26.68% | 23.38% |

Market Structure

| Sales regions | 2009 | 2008 | 2007 |
|--------------------|------|------|------|
| Northeast region | 9% | 8% | 9% |
| North China region | 13% | 15% | 10% |
| Northwest region | 19% | 19% | 24% |
| Southwest region | 3% | 11% | 13% |
| East China region | 11% | 10% | 11% |
| South China region | 45% | 37% | 33% |
| Total | 100% | 100% | 100% |



FINANCIAL REVIEW

Capital Structure

| | 2009 RMB'000 | 2008 RMB'000 Restated | 2007 RMB'000 Restated |
|----------------------|-------------------------------|-----------------------------|-----------------------------|
| Total borrowings | 7,102,801 | 5,965,713 | 3,725,844 |
| Total liabilities | 9,802,017 | 8,100,414 | 5,256,735 |
| Minority interest | 2,125,824 | 1,822,455 | 2,019,368 |
| Shareholders' equity | 3,824,337 | 3,695,238 | 4,124,524 |
| Total assets | 13,626,354 | 11,795,652 | 9,381,259 |
| Loan-to-equity ratio | 418.18% | 318.55% | 176.99% |
| Debt-to-equity ratio | 577.09% | 432.53% | 249.71% |

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

As at 31st December 2009, the Group had cash and cash equivalents totaling approximately RMB1,056,811,000 (2008: RMB874,373,000), 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 2009, the Group had current borrowings totaling approximately RMB2,310,325,000 (2008: RMB3,044,734,000), which carried weighted average annual interest rates of 5.41% (2008: 6.96%), and non-current borrowings totaling RMB4,792,476,000 (2008: RMB2,920,979,000) with weighted average annual interest rate of 6.24% (2008: 7.05%).

Capital expenditure of the Group in 2009 amounted to approximately RMB1,227,342,000, of which approximately RMB901,609,000 was applied for the purchase of production equipment for the TFT-LCD and LCD operations; approximately RMB125,890,000 was applied for the purchase of production equipment for the PCB operations; approximately RMB54,893,000 was applied for the purchase of production equipment for the timepieces operations and the set up of new chain stores of Harmony; approximately RMB58,880,000 was applied for the hotel and lease operations; approximately RMB84,964,000 was applied for the acquisition of production equipment and mining rights for resources business and the construction works relating to office and living facilities and mining areas and approximately RMB1,106,000 was applied for other projects.

The Group's capital commitment for 2010 is estimated to be approximately RMB1,010,579,000, of which approximately RMB580,268,000 will be used for the purchase of production equipment for the LCD operations; approximately RMB128,000,000 will be applied as the capital investment in Wuhan Tianma; approximately RMB180,000,000 will be applied as the capital investment in Chengdu Tianma; approximately RMB13,247,000 will be used for the purchase of production equipment and land used for production and the construction of new production plant for the PCB operations; approximately RMB29,139,000 will be used for the renovation of parking lots and guest room of GIB Company; approximately RMB38,225,000 will be used for the purchase of mining and production equipment for the resources business and approximately RMB41,700,000 will be used as the investment in Xiaojiawan coal mine. 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

In 2010, with the gradual recovery of China's economy, the Group is geared to have substantial development in all aspect of businesses. In light of the external environment and internal requirements on development, the Group has re-affirmed its strategic theme of "profit management, perfection of corporate governance, promotion of merger and acquisition, optimization of human resources management and reformulation of ideology". The Group is determined to, on the basis of promoting profit for the year and maintaining the profitability, promote the effectiveness and standardization of corporate governance through managing innovative activities with a view to optimizing the operation management and laying a strong foundation for the long-term persistent and rapid development.

The Group has spared no effort to complete the management structure adjustment to its LCD business and to promote synergy for achieving higher operating results. The Group continues to extend the industrial chain for its PCB business for achieving technical breakthrough. With respect to its luxurious timepieces business, the Group will continue to promote the brand recognition of Fiyta, expand the scale of operation of Harmony World Watch Center and establish the product line of VIOLA TRICOLOR. In terms of its resources business, the Group continues its work on merge and acquisition of Potassium and Phosphorus-related resources and of chemical industry.

In terms of internal management, the Group will further optimize its management and control its costs, expedite its pace of responding to customers' demand and market development, promote its capacity in technological innovation and industrial upgrade. Meanwhile, the Group will also promote the regulation and effectiveness of corporate governance, strengthen its risk management, promote the leadership of the senior management, make effort on the development of talents in management, undertake full evaluation of core personnel, implement plans on staff training, continue to promote the change and reformulation of ideology for building up and optimizing the Group's corporate culture for allowing its various businesses to pursue for perfection from excellence.

In 2010, the Group will promote its operation management with its innovative and open ideas and further its effort in promoting optimized management and make every effort to grasp the favourable opportunities arising from the recovery of economy and make achievement in every core business for realizing development in all aspects.

Resources

In 2010, the confidence of the downstream industry restored with the rebound of the global economy and this served strong support to the stability of the market price for global resources market. It is expected that the domestic demand of chemical fertilizers will be increased under the national policy for raising the minimum purchase price for food. For potassium fertilizers, the negotiated price for bulk import of potassium fertilizers in China in 2010 is US\$350/tonne and this provides room for price increase of domestic potassium fertilizers. Besides, due to the near full consumption of the inventory of high-cost potassium fertilizers built up in the previous period, it is expected that higher profit will be acquired by potassium fertilizers business in 2010.

Against the backdrop that the gradual perfection of the production technology of potassium fertilizers, CATIC Resources has fully improved the product quality of potassium. In terms of production quantity, CATIC Resources, for achieving the production volume of 450,000 tonnes of potassium while maintaining sustainable development, has arranged transitional period, after having fully considered the situation of Mahai mines, to maintain the production volume of approximately 200,000 tonnes in 2010 for ensuring the rehabilitation of the salt lake and facilitating the scientific exploration of the mines. In addition, CATIC Resources will further its effort on the acquiring the approval of the 450,000 tonnes potassium project and will commence the construction of production lines in due course in 2010.



BUSINESS PROSPECTS *(continued)*

Resources *(continued)*

With the effort on merger and acquisition undertaken in the past two years, CATIC Resources has established a long-term mechanism on scientific management. In 2010, the Group will further its effort on innovation to develop benchmarks on operating costs under market approach. 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 for the full implementation of budget management and on-site cost audit in order to raise the capital utilization efficiency. In the meantime, the Group will continue to adhere to its people-oriented approach in management in building up its corporate culture.

In future, the Group will continue to raise the production volume and quality as well as to enhance the production technology. The Group will expand steadily, acquire enterprises on potassium and phosphorus resources and relevant businesses in the industrial chain, acquire further upstream quality resources to establish the Group's competitive edge in the resources industry. The Group will also accelerate its pace for expansion of its production capacity with a target to bring stable and fruitful return to the Group.

LCD

In 2010, with the recovery of global economy and the market, the demand for electronic products resumed to growth. LCD industry is expected to grow and order for board and module products resumed. It is expected that the global consumption of board products in 2010 will increase 51% while small and medium size products will also grow by approximately 10%. However, the Group will keep a close eye on various unfavorable factors such as the falling market demand and product prices, the fluctuation of raw material prices, intensive competition and movement of exchange rates caused by the instable market.

In 2010, the Group's LCD monitor business will still focus on small and medium size display products and will persist its established strategy on product development, develop significant customer base in segment market and increase the revenue of high value-added products. The Group is determined to develop the market through technical innovation and market of its new products will be shifted from low-to-medium end to medium-to-high end market with the aim of becoming a leading supplier for major international clients. Meanwhile, the Group will try to adopt new materials and technology, reduce operating costs and promote profitability.

The Group will adopt Lean Six Sigma to the 4.5G TFT-LCD product line in Shanghai Tianma to optimize production technology, enhance production efficiency, strengthen its quality management and promote innovation. The Group has expanded the production capacity of the latter section of the production line of TFT-LCD (namely the latter box production procedure and module section) and reformed the workflow of module production in response of the demand for major customers, such as Samsung and MOTO. With the initial application of AM-OLED technology, the Group is capable of mastering the bulk production of AM-OLED in a short time. Such self-developed intellectual property has allowed Shanghai Tianma to compete with peers in Japan, Korea and Taiwan in technology arena and enhance its technology strength and international competitiveness in this technology aspect.

The Group will grasp the opportunities arising from the national policy in supporting LCD industry and will expand the production capacity of TFT. Meanwhile, the Group will promote the trial production of the TFT production lines in Chengdu and Wuhan. Shanghai CATIC Odtor Electronics Limited, engaged by the Group for operation management, will take over the management of the fifth generation production line of TFT-LCD, introduce new mode of operation and bring new source of revenue. The Group will also follow closely the development of AM-OLED display technology and promote the market share and its position in the market for acquiring the leading position of the small and medium size display products in the world.



BUSINESS PROSPECTS *(continued)*

PCB

In 2010, along with the recovery of the general global economy, there also saw a recovery in the electronic information industry. The demand in emerging market over electronic products increased and coupled with the persistent growth of domestic communication industry driven by the rolling out of 3G network and general improvement in the economy, the production value of PCB industry increased and it is expected the global PCB production value in 2010 will be 7% higher than 2009 while the growth rate of PCB in China will surpass the world with a growth rate of 8% in production value as compared with previous year is achieved.

In 2010, Shennan Circuit will make further effort in developing its target market and promote market coverage. In addition to expanding the external sales network, optimizing market development, enlarging purchase orders from strategic and focused client, the Group will enlarge client portfolio and upgrade service level. The Group will encourage the cooperation across departments in response to the clients' requirements and promote management innovation. Meanwhile, the Group will continue maintain stable operation, reduce wastage, last maintain cost-control, rationalize the operation and optimize the technology for maintaining flexibility in rendering services. The Group will also consolidate resources on the research and development and extend its effort in product development for major customers. While maintaining the sustainable economic development, the Group will also pay attention to environmental protection and perform its obligation on social responsibilities for becoming an outstanding corporate citizen.

LUXURIOUS TIMEPIECES

Studies show that the sales of luxurious products maintained a growth momentum in China, notwithstanding the under-performance of the luxurious product market in the world in 2009. It is expected that China will become the world's largest market for luxurious products in five to seven years' time and the long-term favourable momentum of development for luxurious products market will remain. The Company holds a optimistic view over the market prospects of Fiyta in 2010 based on its judgment of China's economic development and the growth track of China's luxurious timepiece industry.

In 2010, Fiyta will focus on the consolidation and rebuilding the core value of the brand and promote its brand image. Besides innovation advertisement and product packaging and promotion, the Group will establish a customers oriented system where the information on market studies and customers survey will be timely deliver to departments of product development, production and sales. The Group will improve customers information database to establish and perfect an evaluation system over "brand name profile" and "brand name recognition". The Group is determined to establish and acquire high-end sales channel by making use the existing Harmony network to promote the image of Fiyta and establishing high-end sales outlets. In 2010, it is expected that the retail stores for Fiyta timepieces will increase to 600. The number of outlets around the globe will be increase to 40 and the high-end retail outlets will reach 15.

In 2010, Harmony will publicize its brand name through advertisement, promotion sales, public relations activities, shop promotion and direct sales to raise the profile and prestige of the brand name. The Group will optimize the communication with its partners to enhance their satisfaction. While consolidating the strategic cooperation with partners, we will also improve the relationship with chain stores with Van's, MIXC, Grandocean, Baillian and Rainbow and continue to expand its VIP resources. It is expected that a 20% growth will be achieved in 2010 as compared to 2009. While emphasizing on cash flow and operating efficiency, the Group will continue to expand the network and 25 stores will be newly established in 2010.



SOCIAL RESPONSIBILITY

Corporate social responsibility is an important element of the long-term development strategy of CATIC Shenzhen and it involves excellent corporate management, the implementation of personalized management concept, the pursuance of balanced interests of all interested parties, the promotion of social development through continuous innovation and active participation in social welfare and environmental protection activities. We consider the shouldering of social responsibility and the implementation of personalized management concept as our ultimate targets and our own responsibilities and only through the above means could an enterprise attain long-term and sustainable growth.

In 2009, the financial crisis has brought about sustained impact and the external business environment has become more turbulent. In the face of the aforesaid challenges, we believe that an enterprise should take a more proactive stance to fulfill its corporate social responsibility. During the year, we have accomplished various tasks under the two guidelines of bearing social responsibility and implementing personalized management concept and achieved fruitful results on the aspect of social responsibility and created a win-win situation.

Corporate operation

We have adhered to commercial ethics, complied with laws and perfected our corporate governance structure. We have also endeavored to strengthen our risk management and established a sound management system on risk control. The core social responsibility of CATIC Shenzhen is to create corporate value and enhance shareholders' interests through innovative and well-established mode of commercial operation.

- In March 2009, Tianma and Shennan Circuit were named as “2008 Top 100 Efficient Shenzhen Industrial Enterprises (2008深圳市效益百強工業企業)”, which was jointly published by Shenzhen Municipal Government, Shenzhen Trade and Industry Bureau and Shenzhen Statistical Bureau.
- In September 2009, Harmony World Watch Center was awarded the recognition of “Asia Renowned and Quality Brand Award (亞洲名優品牌獎)” at the 4th Asian Brand Fair (第4屆亞洲品牌盛曲), which was held at the Beijing Asia Hotel and jointly organized by Supervision & Management Center for Asia International Reputed Brand and relevant domestic research institutions and media.
- In December 2009, Fiyta was granted the “Corporate Contribution Award (企業貢獻獎)”, while the extra-vehicular activity spacesuit watches of “Shenzhou 7” was awarded the honor of “Outstanding Products” at the “Conference summarizing a series of celebrating activities for the 60th Anniversary of the Founding of the New China (紀念中國成立60周年系列活動總結大會)” organized by China National Light Industry Council.
- During the reporting period of 2009, Harmony was awarded various recognitions, which included “National Female Courtesy Award (全國巾幗文明崗)”, “Asia Renowned and Quality Brand Award” and “60 Excellent Enterprises in the 60 Years of New China (新中國60年60家卓越企業)”.
- In 2009, Qinghai CATIC Resources was named as the “Qinghai Province Model Enterprise” by Qinghai Provincial Party Committee and the provincial government.



SOCIAL RESPONSIBILITY *(continued)*

The implementation of a personalized management approach

CATIC Shenzhen adheres to the “people-oriented” ideology and integrates the people-oriented value into our corporate management measures. We consider our employees as an indispensable resource of an enterprise and attach great importance in caring and respecting our staff, while sparing no effort in nurturing key talents in order to share the fruitful results of the enterprise with all staff and facilitate the implementation of corporate strategy.

- On 15th March 2009, Fudan University and Shanghai Tianma entered into an agreement, pursuant to which, Fudan held courses of material engineering in 2009 with the aim of nurturing talents of panel monitor industry for Tianma and for the country.
- On 26th March 2009, the “2009 Hewitt China’s Best Employer Ranking (二零零九中國最佳僱主榜單)” was published. CATIC Shenzhen stood out among about 200 companies and clinched the title of the “2009 Hewitt China’s Best Employer (翰威特2009中國最佳僱主)” in recognition of the professionalism of our staff, people-oriented corporate culture and efficient operating mechanism. In our view, the “best employer” is not merely an honor, but more of a commitment, as it is vital for an enterprise to pursue to perfection. We have always adhered to our people-oriented corporate culture and will focus on exploring the way to sustainable development.
- In June 2009, Shennan Circuit was named as an “Enterprise Having Harmonious Staff Relationship in Shenzhen 2008 (2008年度深圳市勞動關係和諧企業)” by the Shenzhen Labour and Social Security Administration Bureau, Shenzhen Federation of Labor Unions and Shenzhen Enterprises Association/Entrepreneur Union (深圳市企業聯合會／企業家協會).
- On 16th July 2009, the Manager College of CATIC Shenzhen (深圳中航集團經理學院) won the title of “The Fifth China Top 100 Advanced Education Units (第五屆中國企業教育百強先進單位)”. Its training on managers of different levels and qualification system were recognized as “The Fifth Outstanding Achievement of China’s Corporate Education and Training (第五屆中國企業教育培訓優秀成果)” and our achievement was recorded in the The Blue Book of China Corporation Training (中國企業培訓藍皮書).
- On 3rd December 2009, Shennan Circuit was awarded the honor of “Model Staff Training Center of the First Batch of Shenzhen Labor Union College (首批深圳工會大學校職工培訓示範基地)” by Shenzhen Federation of Labor Unions in recognition of the importance it placed on staff training and its systematic and professional training approach.
- In 2009, Fiyta was awarded the “Best Employer Enterprise in China (中國最佳僱主企業獎)” for the fourth time in a row at the Sixth PRC HRM Annual Ceremony (第六屆中國人力資源管理年度盛典).



SOCIAL RESPONSIBILITY *(continued)*

Achieving mutual benefits with our stakeholders

Our stakeholders included shareholders, customers, suppliers and the community. We strive our best to guarantee the rights to know, participate and receive dividends of our shareholders when engaging with stakeholders. The Company believe that rewarding our shareholders and the society is an important role we should assume when developing our business and we insist on providing quality products and services to our customers. We have also shared our interests with our customers and suppliers and attained growth targets with them with a view to implementing our ideology with respect to corporate social responsibility throughout the whole supply chain of CATIC Shenzhen and achieving the best performance.

- In March 2009, 華為公司 granted the “2008 Best Technical Support Award” to Shennan Circuit , which is a full recognition of the performances of Shennan Circuit in carrying out joint projects with 華為公司 during the past years. In 2008, Shennan Circuit participated in approximately 20 projects (tasks) of 華為公司 and gained the second spot among all the suppliers of 華為公司.
- On 5th November 2009, 華為公司 held the global core suppliers conference and Shennan Circuit is the only PCB supplier, which was awarded the prize of “Golden Core Supplier (金牌核心供應商)”.
- In 2009, the management standard of Fiyta’s supply chain was further improved and a mechanism of “Quality Month Activities” was established by its manufacturing subsidiaries and suppliers to improve the “efficiency of delivery” and the “pass rate of one-time delivery”. It has also enhanced its efficient production capacity and further shortened the delivery cycle, while improving its ability to secure orders from external customers and optimizing the production control system of the precision finishing department. This resulted in a significant improvement in its abilities in securing external orders and delivering products, as well as providing high-quality services that are timely, effective and even beyond the expectation of the customers.
- Harmony has established good relationship with international watch groups, luxurious and leading brands, and has commanded wide support from SWATCH Group, ROLEX Group, RICHMONT Group, SOWIND Group, as well as brands like Audemars Piguet, Ulysse Nardin, Chopard, Raymond Weil and Titoni.



SOCIAL RESPONSIBILITY *(continued)*

Contributions to the sustainable development of the society

Along with the further implementation of the national strategy of sustainable development, the pursuit of green GDP and the promotion of low-carbon economy with low energy consumption, low pollution and low emission have become the key elements of the future development strategy of China. In the face of the gradually deteriorating environment, we actively participate in the education of environmental protection and energy conservation and encourage our employees to participate in social community work, so as to help the enterprise and its employees to better understand and comply with the rules of nature, to appreciate the concept of cyclic development and to take the responsibility of protecting the environment of the earth upon which we rely to survive.

- In February 2009, due to the excellent performances in the clean production in the aspect of energy conservation, consumption reduction, pollution reduction and efficiency enhancement, Shennan Circuit successfully passed the inspection of clean production projects in Shenzhen city, and was highly praised by the municipal government and the Industry and Commerce Commission of Shenzhen City. As a model enterprise of clean production in the industry, Shennan Circuit continuously promotes the development of cyclic economy, furthers its efforts on the implementation of clean production, and consistently carries out environmental protection work and has gained recognition from government authorities at different levels and the industry associations. Over the past years, we were granted various titles, which included the “Clean Production Enterprise of Guangdong Province”, “Clean Production Enterprise of Shenzhen City”, “Leading Enterprise in Waste Reduction of Shenzhen City”, and achieved excellent social and economic results. Such prizes and awards serve as another recognition to the clean production of Shennan Circuit, as well as a strong motivation for Shennan Circuit to be a model in clean production.
- On 15th June 2009, Shennan Circuit officially issued the “2008-2009 Corporate Social Responsibility Report of Shennan Circuit”, which is the second corporate social responsibility report of Shennan Circuit. On the basis of the style used in its report in the last year, it summarized the social responsibility undertaken by Shennan Circuit during the period from June 2008 to April 2009 which covered aspects like clean production, occupational health and safety, innovation and transformation, innovation and reform, construction of ideal homelands and recognition, and provided an overview on social responsibilities to be taken and put into practice.
- In June 2009, after the comprehensive evaluation of the Steering Committee of Constructing Green Homelands of Shenzhen City (深圳市建設綠色家園指導委員會), Shennan Circuit was honored to be the “Green Enterprise of Shenzhen”, and the “2008 Advanced Enterprise of Waste Reduction of Shenzhen” at the same time.
- In June 2009, in the Award Presentation of the Waste Reduction Activity of Pengcheng, Shenzhen City, Tianma was honored to be the “Leading Enterprise of Waste Reduction”. Up to the present, among all the subsidiaries of CATIC Shenzhen, two enterprises, namely Shennan Circuit and Tian Ma, have acquired the honour of “Leading Enterprise of Waste Reduction”
- Fiyta takes the initiative to incorporate the Corporate Social Responsibility Report in its 2009 Annual Report to allow its shareholders and the public to better understand the social responsibilities it has undertaken, and such report is the third corporate social responsibility report of Fiyta.
- In 2009, Qinghai CATIC Resources was awarded as a “Successful Enterprise in the Experimental Sustainable Economy in Qaidam Basin” by the Lenghu District Haixi Prefecture.



SOCIAL RESPONSIBILITY *(continued)*

Technical Innovation

CATIC Shenzhen insisted on technical innovation to overcome the economy hardship and to strive our best to become an outstanding enterprise. In 2009, the Company continuously enhanced the awareness of technical innovation, and strongly promoted management innovation at the same time. The management of innovation projects has not only brought generous cash inflow, but also fostered the spirit of persistent pursuit for innovation in the Company. In the future, the Company will persistently put more efforts in innovation, research and development and devote itself to the progress of human civilization and technology, the development of social economy and the sustainable development of the environment.

- On 20th February 2009, in the “Award Presentation Ceremony of 2008 Top Ten Enterprises in the Broadcasting and Television Industry” jointly held by HC360 and China City Television Technology Association (中國城市電視台技術協會), Maiwei Cable TV Equipment Co. Ltd. (“Maiwei”) was successfully awarded as one of the “2008 Top Ten Innovation Brands in the Broadcasting and Television Industry”, which was a strong evidence of its leading position in the broadcasting and television industry.
- In February 2009, Shanghai Tianma was responsible for the setting up the “National Engineering Laboratory for TFT-LCD” under the National Development and Reform Commission.
- In March 2009, the evaluation results of the first national hi-tech enterprises were announced. Shennan Circuit was approved as a “National Hi-tech Enterprise”.
- In April 2009, The “Chinese Manned Space Programmes – extra-vehicular activity spacesuit watches of Shenzhou VII” of Fiyta won the “Special Award of Technological Improvement” at the 4th Meeting of the 2nd Session of China Association of Light Industry & the National Light Industry Science and Technology Awards held in Beijing, which is the highest award in the science and technology advancement of the national light industry. The ATiC titanium carbide cermets watch (ATiC碳化鈦基金屬陶瓷材料手錶) was merited “First runner up Prize of Technological Invention” by China Association of Light Industry. “FZK-601 special watch control system” (FZK-601特種鐘控制系統) received the “Outstanding Award of Technological Innovation” from China Association of Light Industry.
- In August 2009, Shanghai Tianma was awarded the “Award of Technology Contribution (科技引領貢獻獎) Zhang Jiang Hi-Tech Park”.
- In September 2009, Tianma was recognized as “Research and Development Center of Technology of Outstanding Projects” (優秀工程技術研發中心) of Shenzhen.
- On 5th September 2009, at the prize presentation ceremony of China Innovation Design Awards (CIDF) held in Guangdong Province, all the three products submitted by Fiyta were awarded 2009 CIDF awards, of which, Shenzhou VII Space Watch Souvenir Version was awarded “Gold Medal of Innovative Design”, Shenzhou VII Space Watch was awarded “Prize of Best Material Design” and Photographer Conception Watch GA8260 was awarded the “Prize of Best Fashionable Design”.



SOCIAL RESPONSIBILITY *(continued)*

Technical Innovation *(continued)*

- On 20th October 2009, Fiyta Manufacturing Company (飛亞達製造公司) passed the inspection of relevant authorities and was honored with the title of “National Hi-tech Enterprise”.
- In November 2009, the results with respect to the Recognition of Innovative Experimental Enterprises in Guangdong Province (廣東省創新型試點企業認定工作) jointly organized by Guangdong Provincial Science and Technology Department, Development and Reform Commission, Economic and Trade Commission, the State-owned Asset Regulatory Commission, Intellectual Property Office and Federation of Trade of Unions was announced. With its own innovative results in market, technology, corporate governance and other aspects, Shennan Circuit was certified as an “Innovative Experimental Enterprise in Guangdong Province”.
- The innovative achievement of Shennan Circuit, namely the “Improved Customer Management System for Hi-tech Enterprises to Improve Their Competitiveness in the International Market (高科技企業提升國際市場競爭力的精益客戶管理)”, was awarded the “First Prize in the Sixteenth National Awards for Innovative and Modern Corporate Management (第十六屆國家級企業管理現代化創新成果一等獎)”.

Interpreting Social Responsibility with Caring

An enterprise should be grateful for society. What it gives are responsibility, obligation and love, while what it takes are respect, support and opportunities.

- In the “2009 Moving Shenzhen-the 6th Shenzhen Care Action Award Presentation Ceremony” (2009感動深圳—第六屆深圳關愛行動表彰晚會) held on 29th April 2009, CATIC Shenzhen was honored “Most Caring Enterprise”, being one of the ten caring enterprises honored.
- On 16 July 2009, the 15th Anniversary of China Charity Federation & “Outstanding Contributions to Chinese Charities Award Presentation Ceremony” was held at Great Hall of the People. CATIC Shenzhen was honored “Outstanding Contributions to Chinese Charities (Corporate)” (中華突出貢獻(企業)獎), the only enterprise in Shenzhen won the title. This is another charitable award of state level after the “Most Caring Enterprise” rewarded by the Ministry of Civil Affairs, showing that the attentive, striving and continuous input in public charity has been recognized by the society as well as demonstrating the recognition of the Group’s continuous promotion of “Corporate Performance of Social Responsibilities” by China Charity Federation.
- In August 2009, CATIC Shenzhen contributed a million of dollars to recruit 80 volunteers for Gansu, Jiangxi, Guangxi and other provinces to carry out supportive teaching activities for one school term.

The past glories serve as the recognition of our performance of social responsibility as well as the motivation of our further advancement. In the future, we will stick to the values of people-orientation, ambition and harmony, honour our creditability and achieve the sustainable development of the Group with innovative and mature business structure. Meanwhile we will strive for excellence and innovation, create value for our customers and shareholders, care our staff at heart, reward society with sincerity and carry out social responsibility to become an outstanding corporate citizen respected by both the society and our staff.



Profiles of Directors, Supervisors and Senior Management

EXECUTIVE DIRECTORS

Mr. Wu Guang Quan, aged 48, is a senior accountant and has an MBA of Tongji University. Mr. Wu is currently a director and the general manager of CATIC Shenzhen Company ("Shenzhen CATIC"), the chairman of the Company, the chairman of the board of directors of Tian Ma, Fiyta and Shennan Circuit, as well as Shenzhen Rainbow Department Store Holdings Co. Ltd. ("Rainbow Department Store"), a subsidiary of Shenzhen CATIC. 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 of the Company since 2003.

Mr. You Lei, aged 41, is a senior engineer. He has an MBA of Tongji University. Mr. You is currently an authorized representative of the Company, a vice president of Shenzhen CATIC, 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. Lai Wei Xuan, aged 46, a senior accountant with a master level postgraduate degree, is currently the general manager of Rainbow Department Store and vice chairman of Tian Ma and Fiyta as well as a director of Shennan Circuit and Shenzhen CATIC Real Estate Co., Ltd. ("CATIC Real Estate"). 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 52, a senior accountant, is a graduate of engineering administration of the Beijing University of Aeronautics and Astronautics. Mr. Sui is currently the authorized representative of the company, the chief accountant of Shenzhen CATIC and a director of Guangdong International. 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. Liu Rui Lin, aged 42, is a senior engineer. He has a master's degree of engineering of Huazhong University of Science and Technology. Mr. Liu is currently 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 44, is a senior engineer. He has an MBA of Tongji University. Mr. Xu is currently 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. Wang Bao Ying, aged 46, is a senior engineer. He has an MBA of Southern California University for Professional Studies (SCUPS). Mr. Wang is currently a director and the deputy general manager of CATIC Resources. 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. He retired at the 2008 annual general meeting held on 15th June 2009.



INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Wong Wai Ling, aged 49, 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. Wu Wei, aged 36, is a director of the private equity department of CITIC Securities (HK) Limited. Mr. Wu holds a bachelor degree in arts from Columbia University of the USA, majoring in economics and industrial engineering. Mr. Wu has over 11 years of experience in corporate investment and investment banking. He served in Deutsche Bank Asia, UK Henderson Global Investors Asia Fund and Lehman Brothers Asia. He has been appointed as an independent non-executive Director of the Company since the 2008 annual general meeting held on 15th June 2009.

Mr. Liu Xian Fa, aged 56, 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. Poon Chiu Kwok, aged 48, 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 November 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. He retired at the 2008 annual general meeting held on 15th June 2009.



NON-EXECUTIVE DIRECTORS

Mr. Cheng Bao Zhong, aged 47, is a senior economist and has a doctor's degree of Tongji University of the PRC. Mr. Cheng is currently a director of CATIC Resources and 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. He retired at the 2008 annual general meeting held on 15th June 2009 and was reappointed as a non-executive Director of the Company.

Mr. Qiu Shen Qian, aged 52, researcher senior engineer, is a graduate of industrial administration engineering at the faculty of management of the Tongji University of the PRC. He joined CATIC Shenzhen Company in 1994. He is currently the deputy general manager of the CATIC Shenzhen Company and the chairman of CATIC Real Estate. Mr. Qiu has extensive experiences in property, real estate and corporate management. He was appointed as a non-executive Director of the Company at the 2008 annual general meeting held on 15th June 2009.

Mr. Wang Bin Bin, aged 59, 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 45, 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. Wang Xin Kuo, aged 60, is a graduate of the Northwestern Polytechnic University. Mr. Wang holds a postgraduate diploma in economic management, a degree in engineering and is a senior economist. He worked in Xian Aircraft Manufacturing Company, China National Aero-Technology Import and Export Guangzhou Company, Shenzhen CATIC and AVIC International Holdings Limited. Mr. Wang is currently a senior class of China Aviation Industry Corporation, and the chairman of the supervisory committees of the CATIC International Holdings Limited, China Aviation Investment Holdings Co., Ltd., AVIC Technology Foundation Establishment and China National Aviation Industrial Construction Engineering Company. He has 35 years of extensive experiences in technology, operations and management. He was appointed as a supervisor of the Company at the 2008 annual general meeting held on 15th June 2009.

Mr. Deng Bo Song, aged 50, a senior economist, is a graduate of Jiangxi University of Finance and Economics. He is currently the party secretary and deputy general manager of Tian Ma, and a director of Shanghai Tianma. He was the deputy general manager of the Shenzhen Kai Shi Industrial Co., Ltd. He has been the deputy party secretary, manager of the management department, secretary of the board of directors, a director of Tianma and the party secretary and deputy general manager of the Company since May 2003. He was appointed as a supervisor of the Company at the 2008 annual general meeting held on 15th June 2009.



SUPERVISORS *(continued)*

Ms. Wang Xin, aged 57, holds a master degree and postgraduate qualification. She is currently the senior partner of Shenzhen Branch of the Beijing Horizon Law Firm and an arbitrator of the Shenzhen Arbitration Commission. She was a senior judge of the economic court of the Changsha Intermediate People's Court and Shenzhen Intermediate People's Court. Ms. Wang has accumulated extensive experiences in trials of economic and civil cases. She has undertaken a number of complex economic and civil cases, some of which were regarded as guidance precedents in Shenzhen. She was appointed as a supervisor of the Company at the 2008 annual general meeting held on 15th June 2009.

Mr. Huang Gao Jian, aged 54, 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. He retired at the 2008 annual general meeting held on 15th June 2009.

Mr. Chen Gang, aged 54, 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. He retired at the 2008 annual general meeting held on 15th June 2009.

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. He retired at the 2008 annual general meeting held on 15th June 2009.

Save as disclosed above, the Directors or supervisors of the Company has not held the positions of directors, supervisors and employees in companies which has any interests 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 SFO or otherwise have to be notified to the Company.

Save as disclosed above, there is no other relationship between the Directors and the Supervisors.

COMPANY SECRETARY

Mr. Zeng Jun, aged 42, 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 the secretary of the Company.

QUALIFIED ACCOUNTANT

Ms. Lin Mei, aged 36, 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.



Corporate Governance

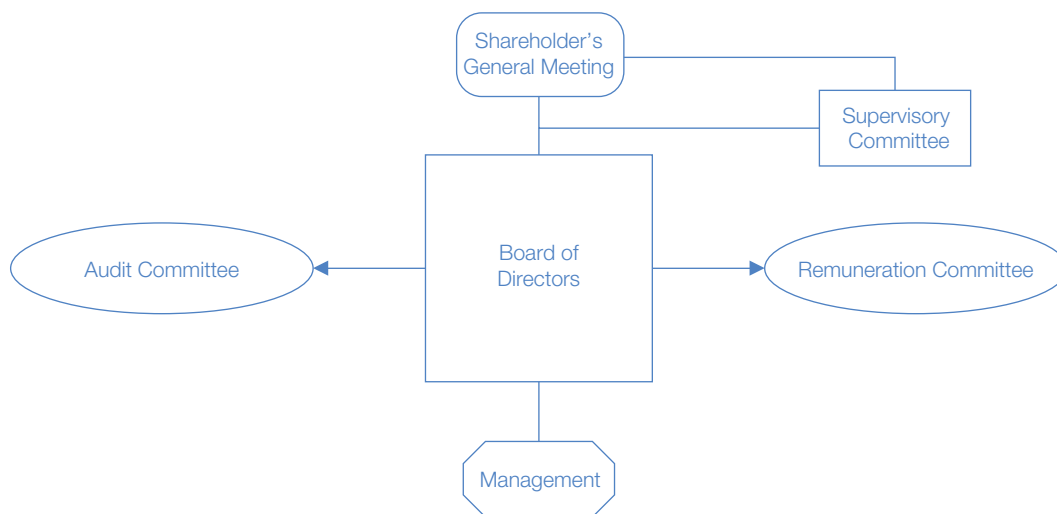
The Company has always put great emphasis on maintaining high business ethics and corporate governance standard. The Company is of the view that by conducting business and implementing good corporate governance with a prudent and dutiful approach, returns can be maximize and long-term benefit can be obtained and enhanced for the Company and the shareholders.

I. CORPORATE GOVERNANCE PRACTICES

During the financial year ended 31st December 2009, the Company has complied with the requirements of the Company Law and the Listing Rules of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). It has duly performed its obligations under the code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules of the Hong Kong 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, adhered to the best principles of corporate governance, improved the transparency and independence of its operations enhanced its corporate governance standards on a continuous basis, ensured a stable development of the Company and strived for the enhancement of shareholder value.

During the reporting period, there is no deviation between the actual governance situation of the Company and the requirements provided in the relevant laws and regulations of China Securities Regulatory Commission. None of the Company, its Board or the Directors has been subject to any administrative punishment, notice of warning or public condemnation by the regulatory authorities.

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”.



– *Substantial Shareholders*

Being the substantial shareholder of the Company, CATIC Shenzhen Company holds 58.77% of the Company's shares as at 31st December 2009. CATIC Shenzhen Company is a wholly owned subsidiary of CATIC International Holdings Limited ("CATIC International") in Shenzhen. CATIC International is an 80.5%-owned subsidiary of Aviation Industry Corporation of China ("Aviation Industry").

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 determines the overall goals and strategies of the Group and internal control and risk management systems and evaluates and supervises the performance of the senior management. In addition, the Board also monitors all matters that specifically affect the interests of the shareholders, such as our financial performance, deployment of human resources, investment and financing, transactions disclosable under the Listing Rules as well as management decisions made pursuant to the Articles of Association or the authorization of the general meetings, including capital restructuring. 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.

On 15th June 2009, the Company held its annual general meeting at which the election of all members of the new session of the board of the Company was held and the fifth session of the board was formed. The term of the Directors is 3 years that will end at the 2011 annual general meeting of the Company in 2012.

The following changes in the composition of the Board and board committees occurred during the financial year ended 31st December 2009:

- (i) Mr. Wang Bao Ying resigned as executive Director on 15th June 2009; and
- (ii) Mr. Cheng Bao Zhong resigned as executive Director on 15th June 2009 and was re-designated as non-executive Director on 17th June 2009; and
- (iii) Mr. Qiu Shen Qian was appointed as non-executive Director on 17th June 2009; and
- (iv) Mr. Poon Chiu Kwok resigned as independent non-executive Director as well as members of the Audit Committee and the Remuneration Committee on 15th June 2009; and
- (v) Mr. Wu Wei was appointed as independent non-executive Director as well as members of the Audit Committee and the Remuneration Committee on 17th June 2009;



The current Board comprises a total of 13 Directors, including 6 executive Directors, 4 non-executive Directors and 3 independent non-executive Directors, all of whom possess wide array of abilities and experience and provide independent judgment and valuable experience to the discussion and decision-making process of the Board. All 6 executive Directors are responsible for implementing business strategies and managing the operations of the Group in accordance with all applicable rules and regulations (including but not limited to the Listing Rules). The advices of all Directors (including non-executive and independent non-executive Directors) are sought in respect of all major and substantial matters of the Group. During the financial year ended 31st December 2009, the Board held 25 Board meetings according to the operational and business development needs of the Company.

The composition and the attendance of board and other board committee meetings held in the financial year ended 31st December 2009 were set out in the following table:

| Directors | Attendance/number of meetings | | |
|--|-------------------------------|-----------------|------------------------|
| | Board | Audit Committee | Remuneration Committee |
| Executive Directors: | | | |
| Wu Guang Quan (Chairman) | 25/25 | | 1/1 |
| You Lei | 25/25 | | |
| Lai Wei Xuan | 25/25 | | |
| Sui Yong | 25/25 | | 1/1 |
| Liu Rui Lin | 25/25 | | |
| Xu Dong Sheng | 25/25 | | |
| Non-executive Directors | | | |
| Cheng Bao Zhong | 15/15 | | |
| Qiu Shen Qian | 9/10 | | |
| Li Cheng Ning | 20/25 | | |
| Wang Bin Bin | 20/25 | | |
| Independent non-executive Directors | | | |
| Poon Chiu Kwok | 15/15 | 1/1 | 1/1 |
| Wong Wai Ling | 15/15 | 2/2 | 1/1 |
| Wu Wei | 10/10 | 1/1 | 0/0 |
| Liu Xian Fa | 15/15 | 2/2 | 1/1 |

– *Independent Non-executive Directors*

During the financial year ended 31st December 2009, the Company had 3 independent non-executive Directors. Mr. Poon Chiu Kwok has ceased to be an independent non-executive Director since 15th June 2009. The independent non-executive Directors of the Company are Ms. Wong Wai Ling, Mr. Wu Wei and Mr. Liu Xian Fa, the number of which was in compliance with the Listing Rules. Among the independent non-executive Directors, Ms. Wong Wai Ling is a qualified accountant with substantial experience in accounting and financial matters. The Company has received the annual confirmation letters from all of the independent non-executive Directors in respect of their independence pursuant to the requirements of Rule 3.13 of the Listing Rules. The Company considers that the independent non-executive Directors satisfy the requirements under the independence guidelines set out in Rule 3.13 of the Listing Rules.



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 meetings of the Company, 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.

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

3. 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.

On 15th June 2009, the Company held its annual general meeting at which the election of all members of the new session of the supervisory committee of the Company was held and the fifth session of the supervisory committee was formed. The term of the Supervisors is 3 years that will end at the 2011 annual general meeting of the Company in 2012.

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 2008 and interim results for 2009.

4. 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".

5. External Auditor

At the 2008 annual general meeting held on 15th June 2009, the Company passed a resolution to re-appoint PricewaterhouseCoopers as the external auditor of the Company and to authorize the Board of the Company to fix their remuneration. The amount of audit fee paid to the external auditor for their audit services in 2009 amounted to RMB630,000,000.



6. Audit Committee

The Board of the Company has established the audit committee, which is mainly responsible for reviewing the financial statements and evaluating the effectiveness and objectiveness of the internal control system, risk management and auditing processes.

As nominated at a meeting of the fifth session of the Board held on 17th June 2009, the committee comprises the independent non-executive Directors, namely Ms. Wong Wai Ling, Mr. Wu Wei and Mr. Liu Xian Fa. On 15th June 2009, Mr. Poon Chiu Kwok ceased to be a member of the audit committee. The chairperson of the audit committee was Ms. Wong Wai Ling, who possesses extensive experience in accounting and finance.

During 2009, the audit committee met twice to discuss the annual results for 2008, the interim results for 2009 and certain other businesses. The status of the Company's internal control was also discussed in these meetings.

Details of the resolutions reviewed by the audit committee while performing its duties to review the annual and interim results as well as the internal control system and other duties stipulated in the Code were set out in the "Report of the Audit Committee" in this annual report.

The duties and operational procedures of the audit committee are set out in the section headed "(III) Compliance with the Code on Corporate Governance Practices and Other Information" below and "Report of the Audit Committee" in this annual report.

Please refer to the table of attendance records of board meetings and meetings of each special committee in this Corporate Governance Report for the attendance records of the meetings held by the audit committee during the reporting period.

7. Remuneration Committee

The Board of the Company has established the remuneration committee, which is mainly responsible for providing recommendations to the Board as to the performance, appointment, remunerations and rewards of each executive Directors and the senior management, setting overall remuneration policies and approving the remuneration of the senior management.

As nominated at a meeting of the fifth session of the Board held on 17th June 2009, the committee comprises several Directors, namely Mr. Wu Guang Quan, Mr. Sui Yong, Ms. Wong Wai Ling, Mr. Wu Wei and Mr. Liu Xian Fa, 3 of which were independent non-executive Directors. On 15th June 2009, Mr. Poon Chiu Kwok ceased to be a member of the remuneration committee. The chairman of the remuneration committee was Mr. Wu Guang Quan.

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

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



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, she has also provided assistance in financial aspect to the Company 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 |
|---|----------|----------------|
| The board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. A regular meeting does not include the practice of obtaining board consent through the circulation of written resolutions. | ✓① | |
| Arrangements should be in place to ensure that all Directors are given an opportunity to include matters in the agenda for regular board meetings. | ✓ | |
| Notice of at least 14 days should be given of a regular board meeting. | ✓ | |
| All Directors should have access to the advice and services of the company secretary. | ✓ | |
| Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting and such minutes should be open for inspection at any reasonable time on reasonable notice by any Director. | ✓ | |



| Code Provisions | Complied | With deviation |
|---|----------|----------------|
| Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered by the board and decisions reached | ✓ | |
| There should be a procedure agreed by the board to enable Directors to seek independent professional advice in appropriate circumstances, 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. | ✓ | |
| Board committees should adopt, so far as practicable, the principles, procedures and arrangements set out in code provisions A.1.1 to A.1.8. of the Code. | ✓ | |
| The roles of chairman and chief executive officer should be separate. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. | ✓② | |
| The chairman should ensure that all Directors are properly briefed on issues arising at board meetings. | ✓ | |
| The chairman should be responsible for ensuring that at a board meeting, Directors receive adequate information, which must be complete and reliable, in a timely manner. | ✓ | |
| The chairman should ensure that the board works effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the board in a timely manner. The chairman should be primarily responsible for drawing up and approving the agenda for each board meeting taking into account, where appropriate, any matters proposed by the other Directors for inclusion in the agenda. The chairman may delegate such responsibility to a designated Director or the company secretary. | ✓ | |
| The chairman should take responsibility for ensuring that good corporate governance practices and procedures are established by the Company. | ✓ | |



| Code Provisions | Complied | With deviation |
|--|----------|----------------|
| The chairman should encourage all Directors to make a full and active contribution to the board's affairs and take the lead to ensure that the board acts in the best interests of the Company. | ✓ | |
| The chairman should at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. | ✓ | |
| The chairman should ensure that appropriate steps are taken to provide effective communication with shareholders and that views of shareholders are communicated to the board as a whole. | ✓ | |
| The chairman should facilitate the effective contribution of non-executive Directors in particular and ensure constructive relations between executive and non-executive Directors. | ✓ | |
| The independent non-executive Directors should be expressly identified as such in all corporate communications that disclose the names of Directors of the Company. | ✓ | |
| The Company should appoint independent non-executive Directors representing at least one-third of the board. | ✓ | |
| Non-executive Directors should be appointed for a specific term, subject to reelection. | ✓ | |
| All Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. | ✓ | |
| Where the board proposes a resolution to elect an individual as an independent non-executive Director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe the individual should be elected and the reasons why they consider the individual to be independent. | ✓ | |
| Every newly appointed Director of the Company should receive a comprehensive induction on the first occasion of his appointment, and subsequently such briefing and professional development as is necessary, ensure that he has a proper understanding of the operations and business of the Company. | ✓ | |



| Code Provisions | Complied | With deviation |
|---|----------|----------------|
| Every Director should ensure that he can give sufficient time and attention to the affairs of the Company and should not accept the appointment if he cannot do so. | ✓ | |
| Directors must comply with the Model Code as set out in Appendix 10. | ✓ | |
| All Directors should participate in a programme of continuous professional development to develop and refresh their knowledge and skills to help ensure that their contribution to the board remains informed and relevant. | ✓ | |
| Each Director should disclose to the Company at the time of his/her appointment, and on a periodic basis, the number and nature of offices held in public companies or organisations and other significant commitments. | ✓ | |
| Non-executive Directors, as equal board members with other Directors, should attend board meetings on a regular basis. | ✓ | |
| Non-executive Directors should make a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments. | ✓ | |
| In respect of regular board meetings, an agenda and accompanying board papers should be sent in full to all Directors in a timely manner and at least 3 days before the intended date of a board or board committee meeting. | ✓ | |
| The management has the responsibility to provide sufficient, complete and reliable information to the board and its committees in a timely manner so that the board can make informed decisions. | ✓ | |
| All Directors are entitled to have access to board papers and related information. | ✓ | |
| The Company should establish a remuneration committee with specific written terms of reference which deal clearly with its authority and duties. A majority of the members of the remuneration committee should be independent non-executive Directors. | ✓ | |



| Code Provisions | Complied | With deviation |
|---|----------|----------------|
| The remuneration committee should consult the chairman about their proposals relating to the remuneration of other executive Directors. | ✓ | |
| Responsibilities of the remuneration committee (see the section headed “7. Remuneration Committee” in “Corporate Governance Structure”). | ✓ | |
| The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board. | ✓ | |
| The remuneration committee should be provided with sufficient resources to discharge its duties. | ✓ | |
| A significant proportion of executive Directors’ remuneration should be structured so as to link rewards to the performances of the Company and the relevant individual. | ✓ | |
| The Company should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in their annual reports and accounts. | ✓ | |
| Management should provide such explanation and information to the board as will enable the board to make an informed assessment of the financial and other information put before the board for approval. | ✓ | |
| The Directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts, and there should be a statement by the auditors about their reporting responsibilities in the auditors’ report on the financial statements. | ✓ | |
| The board’s responsibility to present a balanced, clear and understandable assessment of the Company extends to annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Exchange Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements. | ✓ | |



| Code Provisions | Complied | With deviation |
|---|----------|----------------|
| The Directors should at least annually conduct a review of the effectiveness of the system of internal control of the Company and the subsidiaries and report to shareholders that they have done so in their Corporate Governance Report. The review should cover all material controls, including financial, operational and compliance controls and risk management functions. | ✓ | |
| The board's annual review ongoing monitoring of risks and of the system of internal control. | ✓ | |
| The Company should disclose as part of the Corporate Governance Report a narrative statement how they have complied with the code provisions on internal control during the reporting period. | ✓ | |
| Full minutes of audit committee meetings should normally be kept by the company secretary. | ✓ | |
| Responsibilities of the audit committee (see the section headed "6. Audit Committee" in "Corporate Governance Structure"). | ✓ | |
| The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board. | ✓ | |
| When the board delegates aspects of its management and administration functions to management, it must at the same time give clear directions as to the powers of management | ✓ | |
| The Company should formalize the functions reserved to the board and those delegated to management. It should review those arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Company. | ✓ | |
| The Company should disclose the division of responsibility between the board and management. | ✓ | |
| The terms of reference of board committees should require such committees to report back to the board on their decisions or recommendations. | ✓ | |



| Code Provisions | Complied | With deviation |
|---|----------|----------------|
| In respect of each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. | ✓ | |
| The chairman of the board should attend the annual general meeting and arrange for the chairmen of the audit and remuneration committees to be available to answer questions at the annual general meeting. | ✓ | |
| The chairman of a general meeting should at the commencement of the meeting ensure that an explanation is provided of the detailed procedures for conducting a poll and answering any questions from shareholders after the vote. | ✓ | |

- ① Please refer to the table of attendance of board and other board committee meetings in the “Corporate Governance” section for particulars of board meetings of the Company and the attendance of directors during the year.
- ② As the Company is a holding company with no daily business operation, the position of chief executive officer being held vacant would not have any adverse effect on the Company.



IV. INVESTOR RELATIONS MANAGEMENT

– **Goals:**

As investor relation serves as a proactive mean for listed companies to maximize their values, the management of the Company has always attached importance thereon. The Company has established its internal operation system in respect to investor relations that determine the methods, contents, scope and procedures for conducting investor relation management.

Through prudent and discreet investor relation management, the Company aims at presenting a full picture of the performance of the Company in order to allow the investors to make rational judgment based on a thorough understanding of the operating activities and investment strategies of the Company. Meanwhile, the Company also improves its operation with the help of the kind recommendations from investors and analysts.

– **Communication Channels:**

During the reporting period, the Company has strictly complied with the relevant requirements in respect of the comprehensive disclosure of all relevant information. It has endeavored to improve the standard of its disclosure by announcing major information and updates that may affect the investors in a timely manner by publishing regulars and ad hoc announcements. To enhance the transparency of the Company, it has fully utilized the corporate website to regularly announce data that is of significant interest to the investors, such as the development in its operation and the relevant information, so that the investors may acquaint themselves quickly and thoroughly with the latest development of the Company.

The key to successful investor relation activities is effective communication. The Company wishes to achieve win-win relationship with its investors through mutual interactions. During the year, the Company has maintained close contact with overseas and domestic media and investors through a wide variety of channels, such as regular visits by investors and analysts and teleconferences. In addition, investors can obtain the latest information about the Company in a timely manner from our website which contains information about us, such as interim and annual reports, announcements and circulars issued by the Company as well as newest updates.

– **Prospect**

The Company persistently improves its transparency and pursues better communication with the investors through active investor relation activities with a view to enhancing the investors' understanding of and trusts in the business of the Company as well as their confidence in our future development and winning market recognition of and support to the Company such that the market can fully appreciate the growth potential and real value of the business of the Company.



Report of the Directors

The board of directors (“the Board”) of the Company presents their report together with the audited financial statements of CATIC Shenzhen Holdings Limited (the “Company”) and its subsidiaries (together “the Group”) for the year ended 31st December 2009.

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, hotel and properties operation, design, manufacture and sale of certain industry and consumer electronic products which mainly include potassium fertilizers, LCD, PCB as well as machinery and quartz timepieces.

Details of the contribution from each of the businesses to the profit attributable to shareholders of the Group for the year ended 31st December 2009 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 to the financial statements.

RESULTS

Details of the Group’s results for the year ended 31st December 2009 are set out in the consolidated income statement of the financial statements.

DISTRIBUTABLE RESERVES

As at 31st December 2009, the distributable reserves of the Group were approximately RMB168,119,000 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 25 to the financial statements.

DIVIDENDS

The Board did not recommend the payment of any final dividend for the year ended 31st December 2009.



FIVE YEARS FINANCIAL SUMMARY

A summary of the Group's operating results, assets and liabilities for the past five years ended 31st December 2009 is set out in the Consolidated Results Summary 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 10.59% of the Group's total purchases for the year ended 31st December 2009. The largest supplier accounted for approximately 7.43% (2008: approximately 8.53%) of the Group's total purchases.

The Group's sales to the five largest customers accounted for approximately 23.07% (2008: approximately 22%) of the Group's total turnover for the year ended 31st December 2009. The largest customer accounted for approximately 7.05% (2008: approximately 11.07%) of the Group's total turnover.

For the year ended 31st December 2009, the Company did not hold any of the equity interests in the largest customer of the Group. Besides, as at 31st December 2009, 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, note 11 and note 21 to the financial statements.

BANK LOANS

Information on the bank loans of the Group for the year is set out in note 26 to the financial statements.

ENTRUSTED DEPOSITS AND OVERDUE TERM DEPOSITS

During the year ended 31st December 2009, 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 36 to the financial statements.

TAXATION POLICY

Pursuant to the relevant income tax laws of the PRC, the companies and associated companies of the Group established in the Shenzhen Special Economic Zone were subject to income tax at a rate of 20% for the year 2009. Qinghai CATIC Resource was eligible for preferential tax policies applicable for the development of western regions in the PRC, and entitled to a preferential rate of 15% in 2009. Shanghai Tianma and Shennan Circuit were qualified as High Technology Enterprises and entitled to a preferential rate of 15% in 2009. Those established in other areas are subject to income tax at a rate of 25%.

SUBSTANTIAL SHAREHOLDER

As at 31st December 2009, 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 |
|--|--|--|---|---|
| Substantial Shareholders | | | | |
| 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 | 80.5% | 58.77% |
| 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% | 58.77% |
| CATIC Shenzhen Company Limited (中國航空技術深圳有限公司) (Note 3) | Beneficial owner | 395,709,091 domestic legal person shares | 100% | 58.77% |



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 |
|---|--|---------------------------------|--|--|
| Other Shareholders | | | | |
| Li Ka-Shing | Interest of controlled corporation and founder of discretionary trusts | 15,156,000 H shares (Note 4) | 5.46% | 2.25% |
| Cheung Kong (Holdings) Limited | Interest of controlled corporation | 15,156,000 H shares (Note 4) | 5.46% | 2.25% |
| Li Ka-Shing Unity Trustee Corporation Limited | Trustee and beneficiary of a trust | 15,156,000 H shares (Note 4) | 5.46% | 2.25% |
| Li Ka-Shing Unity Trustcorp Limited | Trustee and beneficiary of a trust | 15,156,000 H shares (Note 4) | 5.46% | 2.25% |
| Li Ka-Shing Unity Trustee Company Limited | Trustee | 15,156,000 H shares (Note 4) | 5.46% | 2.25% |
| 華銀集團投資發展有限公司 | Beneficial owner | 17,950,000 H shares | 6.46% | 2.67% |
| Jiang Jian Jun (Note 5) | Interest of controlled corporation | 17,950,000 H shares | 6.46% | 2.67% |
| Jiang Jian Jun | Beneficial owner | 6,900,000 H shares | 2.49% | 1.02% |



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) ("China Aviation Industry") owns 80.5% interest in CATIC International Holdings Limited (中國航空技術國際控股有限公司) ("CATIC International Holdings") which in turn owns 100% interest in CATIC Shenzhen Company Limited (中國航空技術深圳有限公司) ("Shenzhen CATIC"). Hence China Aviation Industry is deemed to be interested in the shares held by Shenzhen CATIC.
- (2) CATIC International Holdings 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. You Lei, Mr. Lai Wei Xuan, Mr. Sui Yong, Mr. Liu Rui Lin and Mr. Xu Dong Sheng, the 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 23 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. From November 2008 to 31 December 2008, an aggregate of 3,644,000 H shares was repurchased. 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.

Between January and April 2009, the Company repurchased 1,898,000 H shares. By then, the Company has repurchased a total of 5,542,000 H shares pursuant to the about mandate. As a result, the Company had a total share capital of 673,367,090 shares, in which 395,709,091 and 277,657,999 shares were domestic legal person shares and H shares respectively, representing 58.77% and 41.23% of the total share capital respectively.

Upon the completion of the repurchase of the above shares, the Company has completed the cancellation procedures for the repurchased shares by on 16 June 2009, while the application for amendments to the industry and commerce registration was completed on 3 July.

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. You Lei

Mr. Lai Wei Xuan

Mr. Sui Yong

Mr. Liu Rui Lin

Mr. Xu Dong Sheng

Independent Non-executive Directors

Ms. Wong Wai Ling

Mr. Wu Wei

Mr. Liu Xian Fa

Non-executive Directors

Mr. Cheng Bao Zhong

Mr. Qiu Shen Qian

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 2011 annual general meeting to be held in 2012;
- (ii) The total annual basic salaries and allowances payable to the executive Directors is RMB7,782,000 (details set out in note 33 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.

The total emolument payable to the aforesaid independent non-executive Directors is approximately RMB314,000 during the year (details set out in note 33 to the financial statements).

No emolument was paid to the non-executive Directors during the year (details set out in note 33 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 2009, 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 2009, 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 33 to the financial statements.

CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The term of the fourth session Board and supervisory committee of the Company has expired at the close date of the 2008 annual general meeting of the Company held on 15th June 2009. Pursuant to the requirement of the Articles of Association of the Company, the shareholders of the Company has re-elected / elected the new directors and supervisors at the 2008 annual general meeting. Mr. Wu Guang Quan, Mr. You Lei, Mr. Lai Wei Xuan, Mr. Sui Yong, Mr. Liu Rui Lin and Mr. Xu Dong Sheng were elected as executive directors of the fifth session Board of the Company. Mr. Cheng Bao Zhong, Mr. Qiu Shen Qian, Mr. Wang Bin Bin and Mr. Li Cheng Ning were elected as non-executive directors of the fifth session Board of the Company. Ms. Wong Wai Ling, Mr. Wu Wei and Mr. Liu Xian Fa were elected as independent non-executive directors of the fifth session Board of the Company. Mr. Wang Xin Kuo, Ms. Wang Xin and Mr. Deng Bo Song were elected supervisors of the fifth session supervisory committee of the Company.

The terms of the above directors and supervisors were 3 years from the date of the 2008 annual general meeting to the date of the 2011 annual general meeting of the Company to be held in 2012.



EMPLOYEES AND REMUNERATION

As at 31st December 2009, the Group had approximately 12,399 employees (2008: 11,084 employees) with employee related costs of approximately RMB655,687,000 (2008: RMB564,612,000). 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 35 to the financial statements.

SIGNIFICANT RELATED PARTY TRANSACTIONS

1. Lease and Letting

Details of the leases entered into between the Group and Shenzhen CATIC's related parties as at 31st December 2009 are set out in note 42 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 2009 are set out in note 42 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 2009 are set out in note 26 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".

CONNECTED TRANSACTIONS

1. Continuing connected transactions – framework agreements disclosed and approved at the general meetings

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

Fiyta, Tian Ma and GIB Company are subsidiaries of the Company. Shenzhen Rainbow is a subsidiary of Shenzhen CATIC. CATIC Property and Shenzhen CATIC Hotel Management Company are both subsidiaries of CATIC Real Estate and CATIC Real Estate is a subsidiary of Shenzhen CATIC. Therefore, Shenzhen Rainbow, CATIC Property and Shenzhen CATIC Hotel Management Company are connected persons of the Company.

In accordance with the requirements of Chapter 14A of the Listing Rules, the above agreements all constitute a continuing connected transaction of the Company respectively and the Company has complied with the relevant reporting and announcement requirements under the Listing Rules. Of which, the Hotel Management Agreement, Property Management Agreement I, Property Management Agreement II and Property Management Agreement III constitute continuing connected transactions and were approved by independent shareholders at the extraordinary general meeting held on 9th January 2009.



CONNECTED TRANSACTIONS *(continued)*

2. Continuing connected transactions – lease

| Serial Number of Agreement | Lessor | Lessee | Term | Announcement Date | Notes |
|----------------------------|--------|---|---|-------------------|--|
| Lease I | Fiyta | CATIC Property | 1st October 2007 to 30th September 2012 | 5th November 2008 | |
| Lease II | Fiyta | CATIC RE Development | 1st November 2008 to 31st December 2011 | 5th November 2008 | Terminated on 15th May 2009 |
| Lease III | Fiyta | CATIC RE Development | 16th August 2008 to 31st December 2011 | 5th November 2008 | Terminated on 15th May 2009 |
| Lease IV | Fiyta | CATIC RE Development | 1st April 2008 to 31st December 2011 | 5th November 2008 | Terminated on 30th September 2009 |
| Lease V | Fiyta | CATIC Real Estate | 16th May 2009 to 15th May 2012 | 15th May 2009 | Superseded Lease II and III |
| Lease VI | Fiyta | CATIC Real Estate | 16th May 2009 to 15th September 2009 | 15th May 2009 | Newly signed agreement |
| Lease VII | Fiyta | Shenzhen CATIC Hotel Management Company | 1st August 2009 to 31st July 2012 | 31st July 2009 | Superseded hotel management agreement announced on 5th November 2008 |
| Lease VIII | Fiyta | 深圳中航置地公司 | 1st October 2009 to 31st December 2011 | 1st October 2009 | |
| Lease IX | Fiyta | 深圳觀瀾地產公司 | 1st October 2009 to 31st December 2011 | 1st October 2009 | Lease VIII, lease IX, lease X and lease XI entered into on 30th September 2009 superseded Lease IV |
| Lease X | Fiyta | 深圳中航長泰公司 | 1st October 2009 to 31st December 2011 | 1st October 2009 | |
| Lease XI | Fiyta | CATIC RE Development | 1st October 2009 to 31st December 2011 | 1st October 2009 | |

Fiyta is a subsidiary of the Company. CATIC Property, CATIC Hotel Management, 深圳中航觀瀾地產 and CATIC RE Development are subsidiaries of CATIC Real Estate. 深圳中航置地 and 深圳中航長泰 are wholly owned subsidiaries of Shenzhen CATIC City Development Limited. CATIC City and CATIC Real Estate are also subsidiaries of Shenzhen CATIC. Shenzhen CATIC is the promoter and controlling shareholders of the Company. In accordance with Chapter 14A of the Listing Rules, the above leases all constitute continuing connected transactions of the Company. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules.



CONNECTED TRANSACTIONS *(continued)*

3. Continuing connected transaction – the property management service agreement entered into between Shanghai Tianma and CATIC Property

1. On 23rd January 2009, Shanghai Tianma, 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 to Shanghai Tianma with respect to Shanghai Tianma Industrial Park for the period from 1st January 2009 to 31st December 2009. The total management fees under the Shanghai Tianma Industrial Park Property Management Service Agreement shall not exceed RMB 1,500,000.
2. On 30th December 2009, Shanghai Tianma, 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 to Shanghai Tianma with respect to Shanghai Tianma Industrial Park for the period from 1st January 2010 to 31st December 2010. The total management fees under the Shanghai Tianma Industrial Park Property Management Service Agreement shall not exceed RMB 1,500,000.

Shanghai Tianma is a subsidiary of the Company. CATIC Property is a subsidiary of CATIC Real Estate. CATIC Real Estate is also a subsidiary of Shenzhen CATIC. Shenzhen CATIC is the promoter and controlling shareholder of the Company. In accordance with Chapter 14A of the Listing Rules, CATIC Property is a connected person of the Company. Therefore, the above property management service agreement entered into between Shanghai Tianma and CATIC Property constitutes a continuing connected transaction of the Company. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules.

4. Connected transactions – Renovation Contract in relation to GIB Company

1. On 13th February 2009, GIB Company entered into the first 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. For details, please refer to the announcement of the Company dated 13th February 2009.
2. 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 carried out demolition work for certain properties of GIB Company. The aggregate fees under this contract will not exceed RMB2,600,000. For details, please refer to the announcement of the Company dated 7th April 2009.
3. On 13th May 2009, GIB Company entered into the third renovation contract with CATIC Building in relation to the modernization and renovation projects of GIB Company. Pursuant to this contract, CATIC Building carried out comprehensive maintenance and repairing on equipment including cooling towers and air-conditioners of Guangdong International Building. The aggregate fees under this contract will not exceed RMB2,400,000. For details, please refer to the announcement of the Company dated 13th May 2009.
4. On 14th July 2009, GIB Company entered into the fourth renovation contract with 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 RMB2,700,000. For details, please refer to the announcement of the Company dated 14th July 2009.



CONNECTED TRANSACTIONS *(continued)*

4. **Connected transactions – Renovation Contract in relation to GIB Company** *(continued)*

5. On 2nd September 2009, GIB Company entered into the fifth renovation contract with CATIC Building in relation to the modernization and renovation projects of GIB Company. Pursuant to this contract, CATIC Building carried out re-construction work for cool and hot water pipelines and residential water systems of certain floors of Guangdong International Building. The aggregate fees under this contract will not exceed RMB15,000,000. For details, please refer to the announcement of the Company dated 2nd September 2009.
6. On 15th December 2009, GIB Company entered into the sixth renovation contract with CATIC Building in relation to the modernization and renovation projects of GIB Company. Pursuant to this contract, CATIC Building carried out replacement and re-construction works of cooling pipelines and other re-construction works which included the re-construction works of valves and air blower core pipes. The aggregate fees under this contract will not exceed RMB10,000,000. For details, please refer to the announcement of the Company dated 15th December 2009.

GIB Company is a non-wholly owned subsidiary of the Company. CATIC Building is a non-wholly owned subsidiary of CATIC Property. CATIC Property is a wholly owned subsidiary of CATIC Real Estate. CATIC Real Estate is a non-wholly owned subsidiary of Shenzhen CATIC, the promoter and controlling shareholder of the Company. In accordance with the Listing Rules, the above agreements constitute connected transactions. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules.

5. **Connected Transactions – Issuance of Shares and Acquisition of Assets by Tianma**

On 18th November 2009, Tianma, a non-wholly owned subsidiary of the Company, entered into various framework agreements with the Company, Shanghai Zhang Jiang (Group) Co., Ltd. ("Shanghai Zhang Jiang Group"), Shanghai State-owned Assets Operation Co., Ltd. ("Shanghai State Assets Company") and Shanghai Industrial Investment (Group) Co., Ltd. ("Industrial Investment Group"), and accordingly entered into formal agreements on 18th January 2010. According to the agreements, Tianma has conditionally agreed to acquire 21%, 20%, 19% and 10% of the total equity interest in Shanghai Tianma from the Company, Shanghai Zhang Jiang Group, Shanghai State Assets Company and Industrial Investment Group, respectively, in consideration of Tianma issuing not exceeding 44,709,007, 42,580,018, 40,451,011 and 21,290,000 new A shares (i.e. a total of 149,030,036 new A shares) at the price of RMB5.34 per A Share (i.e. at an aggregate consideration not exceeding RMB795,820,400) to the Company, Shanghai Zhang Jiang Group, Shanghai State Assets Company and Industrial Investment Group, respectively. Upon the completion of the acquisitions and the issuance of A shares, Shanghai Tianma will be wholly owned by Tianma, while the aggregate shareholding of Tianma held by the Company will be diluted from approximately 45.62% to approximately 42.40% of the enlarged issued share capital of Tianma.

Pursuant to the Listing Rules, the acquisitions and the issuance of A shares constitute a very substantial acquisition, connected transaction and very substantial disposal. For further details, please refer to the announcement of the Company dated 27th November 2009, the supplemental announcement dated 18th January 2010 and the circular dated 1st February 2010. The resolution approving the acquisitions and the issuance of A shares was duly passed at the extraordinary general meeting held on 19th March 2010.



CONNECTED TRANSACTIONS *(continued)*

6. Increase of Share Capital and Issuance of Shares by Shennan Circuit

On 30th November 2009, the Company, CATIC Shenzhen and 41 management members and staff of Shennan Circuit entered into a capital increase agreement, pursuant to which the management members and staff of Shennan Circuit had conditionally agreed to make a capital contribution in total of RMB48,314,000 in cash to the registered capital and the capital reserve of Shennan Circuit. Upon the completion of the capital increase, the shareholding of the Company in Shennan Circuit will be diluted from 95% to approximately 88.35% of the enlarged registered capital of Shennan Circuit, while 4.65% and 7% of the shareholding will be held by CATIC Shenzhen and the management members and staff respectively.

Pursuant to the Listing Rules, the capital increase constitutes a very substantial disposal and connected transaction. For further details, please refer to the announcement of the Company dated 4th December 2009 and the circular dated 1st February 2010. The resolution approving the capital increase was duly passed at the extraordinary general meeting held on 19th March 2010.

7. Subsequent Connected Transactions and Continuing Connected Transactions

1. Continuing Connected Transactions- The Entrusted Management Agreement entered into between Shanghai Tian Ma and CATIC Opto-electronics

On 5th February 2010, Shanghai Tianma and Shanghai CATIC Opto-electronics Limited ("CATIC Opto-electronics") entered into an entrusted management agreement, pursuant to which Shanghai Tianma agreed to provide management services of the relevant assets under the fifth generation TFT-LCD production lines to CATIC Opto-electronics for a term commencing from 1 February 2010 to 31st December 2011. The service charge under the entrusted management agreement will be calculated at 0.5% of the sales revenue of CATIC Opto-electronics for the period of service and it is expected that the basic management fees payable for each of 2010 and 2011 will not exceed RMB1,500,000 and RMB2,500,000, respectively.

Shanghai Tianma is a non-wholly owned subsidiary of the Company. CATIC Optoelectronics is a non-wholly owned subsidiary of CATIC Shenzhen. CATIC Shenzhen is the promoter and the controlling shareholder of the Company. Pursuant to Chapter 14A of the Listing Rules, this transaction constitutes a continuing connected transaction. The Company has complied with the reporting and announcement requirements under the Listing Rules. For further details, please refer to the announcement of the Company dated 5th February 2010.

2. Connected Transactions- Renovation and Modernization Projects of Guangdong International Building

GIB Company entered into the seventh renovation contract with CATIC Building on 25th February 2010, pursuant to which CATIC Building Facilities Company will conduct reconstruction works on the heating system, intelligentized sub-cable system and its operation room equipment, and drainage system of the hotel rooms of Guangdong International Building for a total contract price of not exceeding RMB30,000,000.

Pursuant to the Listing Rules, the seventh renovation contract constitutes a connected transaction, and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules as the applicable percentage ratios of the seventh renovation contract when aggregated with the applicable percentage ratios of the first renovation contract, the second renovation contract, the third renovation contract, the fourth renovation contract, the fifth renovation contract and the sixth renovation contract have exceeded 2.5%. The Company has complied with the reporting and announcement requirements under the Listing Rules and dispatch a circular on 17th March 2010 and will consider the transaction at the extraordinary general meeting to be held on 5th May 2010. For further details, please refer to the announcement of the Company dated 25th February 2010.



DIRECTORS' CONFIRMATION IN RESPECT OF THE CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The independent non-executive Directors of the Company have reviewed the above connected transactions and continuing 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.

Save as the transactions disclosed above, the Directors of the Company consider that those material related party transactions disclosed in note 42 to the financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules.

FOREIGN EXCHANGE RISK

The Group does not have any material foreign exchange 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 RMB555,000,000 and a long-term guarantee for a loan of RMB90,000,000 in favour of Fiyta, a subsidiary of the Company, a one-year guarantee for a loan of RMB145,000,000 and a long-term guarantee for a loan of RMB505,000,000 in favour of CATIC Resources, a subsidiary of the Company, a one-year guarantee for a loan of RMB200,000,000 and a long-term guarantee for a loan of RMB120,000,000 in favour of GIB Company and a one-year guarantee for a syndicated loan of RMB564,051,000 and a long-term guarantee for a syndicated loan of RMB1,588,371,000 in favour of Shanghai Tianma, a subsidiary of the Company, a one-year guarantee for a loan of RMB5,000,000 in favour of MaiWei.

Tianma, a subsidiary of the Company, provided a one-year guarantee for a syndicated loan of RMB118,000,000 in favour of Shanghai Tianma.

MATERIAL LITIGATION

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

OTHER SIGNIFICANT EVENTS

1. Modernization and Renovation of Guangdong International Building

On 21st January 2009, the Board of the Company resolved to conduct a modernization and renovation project of the properties of a subsidiary, Guangdong International Building Industrial Co., Ltd. The Board believes that Guangdong International Building is old and incurs high maintenance costs, and the modernization and renovation project will enhance the competitiveness of Guangdong International Building by improving its occupancy, income and commercial value while reducing the operation costs. According to budget, the expected cost of such project will not exceed RMB250,000,000.

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

During the year of 2009, six renovation contracts have been entered into for the renovation of Guangdong International Building. For details, please refer to the Company's announcements dated 13th February 2009, 7th April 2009, 13th May 2009, 14th July 2009, 2nd September 2009, and 15th December 2009.



OTHER SIGNIFICANT EVENTS *(continued)*

2. 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 December 2008, the Company repurchased 3,644,000 H shares. From January to April 2009, the Company repurchased 1,898,000 H shares. As at the date hereof, the Company has repurchased a total of 5,542,000 H shares. The Company completed the cancellation procedures for all the above repurchased shares on 16th June 2009, while the procedures for altering its registration at the State Administration of Industry and Commerce were completed on 3rd July 2009.

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

3. Issuance of Shares and Acquisition of Assets by Tianma

On 18th November 2009, Tianma, a non-wholly owned subsidiary of the Company, entered into various framework agreements with the Company, Shanghai Zhang Jiang (Group) Co., Ltd. ("Shanghai Zhang Jiang Group"), Shanghai State-owned Assets Operation Co., Ltd. ("Shanghai State Assets Company") and Shanghai Industrial Investment (Group) Co., Ltd. ("Industrial Investment Group"), and accordingly entered into formal agreements on 18th January 2010. According to the agreements, Tianma has conditionally agreed to acquire 21%, 20%, 19% and 10% of the total equity interest in Shanghai Tianma from the Company, Shanghai Zhang Jiang Group, Shanghai State Assets Company and Industrial Investment Group, respectively, in consideration of Tianma issuing not exceeding 44,709,007, 42,580,018, 40,451,011 and 21,290,000 new A shares (i.e. a total of 149,030,036 new A shares) at the price of RMB5.34 per A Share (i.e. at an aggregate consideration not exceeding RMB795,820,400) to the Company, Shanghai Zhang Jiang Group, Shanghai State Assets Company and Industrial Investment Group, respectively. Upon the completion of the acquisitions and the issuance of A shares, Shanghai Tianma will be wholly owned by Tianma, while the aggregate shareholding of Tianma held by the Company will be diluted from approximately 45.62% to approximately 42.40% of the enlarged issued share capital of Tianma.

Pursuant to the Listing Rules, the acquisitions and the issuance of A shares constitute a very substantial acquisition, connected transaction and very substantial disposal. For further details, please refer to the announcement of the Company dated 27th November 2009, the supplemental announcement dated 18th January 2010 and the circular dated 1st February 2010. The resolution approving the acquisitions and the issuance of A shares was duly passed at the extraordinary general meeting held on 19th March 2010.

4. Increase of Share Capital and Issuance of Shares by Shennan Circuit

On 30th November 2009, the Company, CATIC Shenzhen and 41 management members and staff of Shennan Circuit entered into a capital increase agreement, pursuant to which the management members and staff of Shennan Circuit had conditionally agreed to make a capital contribution in total of RMB48,314,000 in cash to the registered capital and the capital reserve of Shennan Circuit. Upon the completion of the capital increase, the shareholding of the Company in Shennan Circuit will be diluted from 95% to approximately 88.35% of the enlarged registered capital of Shennan Circuit, while 4.65% and 7% of the shareholding will be held by CATIC Shenzhen and the management members and staff respectively.

Pursuant to the Listing Rules, the capital increase constitutes a very substantial disposal and connected transaction. For further details, please refer to the announcement of the Company dated 4th December 2009 and the circular dated 1st February 2010. The resolution approving the capital increase was duly passed at the extraordinary general meeting held on 19th March 2010.



SUBSEQUENT EVENTS

1. The Seventh Renovation Contract for the Modernization and Renovation of Guangdong International Building

In accordance with the modernization and renovation project of Guangdong International Building, GIB Company entered into the seventh renovation contract with CATIC Building Facilities Company ("CATIC Building") on 25th February 2010, pursuant to which CATIC Building Facilities Company will conduct reconstruction works on the heating system, intelligentized sub-cable system and its operation room equipment, and drainage system of the hotel rooms of Guangdong International Building for a total contract price of not exceeding RMB30,000,000.

Pursuant to the Listing Rules, the seventh renovation contract constitutes a continuing connected transaction, and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules as the applicable percentage ratios of the seventh renovation contract when aggregated with the applicable percentage ratios of the renovation contract, the second renovation contract, the third renovation contract, the fourth renovation contract, the fifth renovation contract and the sixth renovation contract have exceeded 2.5%.

The Company has complied with the reporting and announcement requirements under the Listing Rules and will consider the transaction at the extraordinary general meeting to be held on 5th May 2010. For further details, please refer to the announcement of the Company dated 16th December 2009 and the circular dated 17th March 2010.

2. The entrusted management agreement entered into by Shanghai Tianma and CATIC Opto-electronics

On 5th February 2010, Shanghai Tianma and Shanghai CATIC Opto-electronics Limited ("CATIC Opto-electronics") entered into an entrusted management agreement, pursuant to which Shanghai Tianma agreed to provide management services of the relevant assets under the fifth generation TFT-LCD production lines to CATIC Opto-electronics for a term commencing from 1 February 2010 to 31st December 2011. The service charge under the entrusted management agreement will be calculated at 0.5% of the sales revenue of CATIC Opto-electronics for the period of service and it is expected that the basic management fees payable for each of 2010 and 2011 will not exceed RMB15,000,000 and RMB25,000,000, respectively.

Shanghai Tianma is a non-wholly owned subsidiary of the Company. CATIC Optoelectronics is a non-wholly owned subsidiary of CATIC Shenzhen. CATIC Shenzhen is the promoter and the controlling shareholder of the Company. Pursuant to Chapter 14A of the Listing Rules, this transaction constitutes a connected transaction. The Company has complied with the reporting and announcement requirements under the Listing Rules. For further details, please refer to the announcement of the Company dated 5th February 2010.

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 2009. 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 2009, all directors and supervisors have complied with the criteria laid down in the said code for securities transactions by directors.



AUDIT COMMITTEE

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 Ms. Wong Wai Ling, Mr. Wu Wei and Mr. Liu Xian Fa. The audit committee of the Company has reviewed and confirmed that the Company's results announcement and financial statements for the twelve months ended 31st December 2009 complied with all applicable laws, regulations and the Listing Rules.

The figures in respect of the announcement of the Group's results for the year have been agreed by the Company's auditor, PricewaterhouseCoopers, to the Group's preliminary financial statements for the year.

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 as at the latest practicable date with respect to the publication of this Annual Report, the Company has maintained sufficient public float as at the date of this annual report.

CLOSURE OF REGISTER OF SHAREHOLDERS OF THE COMPANY

The register of holders of H shares of the Company will be closed from 4 May 2010 to 3 June 2010 (both days inclusive), during which no transfer of H shares of the Company will be effected.

Shareholders of the Company whose names appear on the registers of shareholders of the Company at the close of business on 3 May 2010 shall have the right to attend the forthcoming annual general meeting after complying with the necessary registration procedures. Holders of H shares of the Company whose names appear on the registers of the shareholders of the Company on the same date shall have the right to attend the H Shareholders' Class Meeting while the holders of the domestic shares of the Company whose name appear on the registers of the shareholders of the Company on the same date shall have the right to attend the Domestic Shareholders' Class Meeting. Holders of H shares of the Company who intend to attend the forthcoming annual general meeting and the H Shareholders' Class Meeting must deliver all instruments of transfer, accompanied by the relevant share certificates, to the H Share Registrar of the Company, Hong Kong Registrars Limited, whose address is at Shop 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before 4:00 p.m. on 3 May 2010.

AUDITORS

The accompany financial report has been audited by PricewaterhouseCoopers.

By Order of the Board

Wu Guang Quan

Chairman

Shenzhen, 31st March 2010



Reports of the Board's Subcommittees

I. REPORT OF THE AUDIT COMMITTEE

The audit committee of the Company comprises Ms. Wong Wai Ling, Mr. Wu Wei and Mr. Liu Xian Fa and is chaired by Ms. Wong Wai Ling. During the year 2009, 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 and has effectively monitored the Company's financial incomes and expenses and its operating activities for the year 2009. 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. A summary of the performance of duties by the audit committee of the Company in 2009 is as follows:

- (1) The audit committee has studied the actual operations of the Company and its subsidiaries and major developments during the reporting period, and has reviewed the financial statements prepared by the Company;
- (2) The committee has oversaw the quality of internal auditing and the disclosure of financial information of the Company pursuant to the requirements of the Listing Rules for the issuers. It has also supervised the audit of and 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;
- (3) 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 in an independent, objective, impartial and professional manner;
- (4) 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;
- (5) The committee has reviewed the effectuation of the connected transactions of the Company in 2009;
- (6) The committee has duly undertook the responsibilities for providing guidance in respect of internal control, and considered and approved the working plan for internal auditing for the year 2009.



REPORT OF THE AUDIT COMMITTEE *(continued)*

The Company held two audit committee meetings during the year of 2009, at which the audit committee had reviewed the audited financial statements of the Group for 2009. The details of the audit committee meetings are as follows:

| | |
|--------------------------------|---|
| Subcommittee | Audit Committee |
| Members | Wong Wai Ling, Wu Wei, Liu Xian Fa |
| Number of meetings held | 2 |
| Date of meetings held | 14th April, 2009 28th August, 2009 |
| Proposals considered | <ol style="list-style-type: none">1. The Proposal to Review the Interim Financial Report and the Interim Report on Consolidated Results of the Company for 20092. The Proposal to Review the Corporate Governance and the Internal Control of the Company for the First Half of the Year3. The Proposal to Review the Auditor's Report, Results Announcement and Report of Directors of the Company for 20094. The Proposal to Review the Profits Appropriation Proposal of the Company for 20095. The Proposal to Review the Compliance of the Connected Transactions of the Company6. The Proposal to Review the Enhancement of Corporate Governance and Internal Control of the Company |



REPORT OF THE REMUNERATION COMMITTEE

The remuneration committee of the Company comprises Mr. Wu Guang Quan, Mr. Sui Yong, Ms. Wong Wai Ling, Mr. Wu Wei and Mr. Liu Xian Fa and is chaired by Mr Wu Guang Quan. During 2009, 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. A summary of the performance of duties by the remuneration committee of the Company during the year is as follows:

- (1) During the reporting period, the remuneration committee has performed its duties strictly in compliance with the relevant laws, regulations and the Company's articles of association, reviewed the remuneration policy or scheme for all the executive Directors, supervisors and other senior management, and made recommendations to the Board of the Company 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;
- (2) The committee has monitored the establishment of a formal and transparent remuneration system to formulate the remuneration policy and structure of the Directors, supervisors and senior management;
- (3) The committee has reviewed the remuneration of the Directors, supervisors and external qualified accountant of the Company for the year 2009 and is of the opinion that the remuneration determination and payment standard were in compliance with the required remuneration system;
- (4) The committee has reviewed the performance of duties by the Directors, supervisors and other senior management of the Company, and assessed their annual performance. It has also monitored the implementation of the Company's remuneration policies;

The Company held one remuneration committee meeting during the year of 2009, the details of which are as follows:

| | |
|--------------------------------|--|
| Subcommittee | Remuneration Committee |
| Members | Wu Guang Quan, Sui Yong, Wong Wai Ling, Wu Wei, Liu Xian Fa |
| Number of meetings held | 1 |
| Date of meetings held | 14th April 2009 |
| Proposals considered | <ol style="list-style-type: none">1. The Proposal to Review the Remuneration Policy of the Directors and Senior Management of the Company for 20092. The Proposal to Review the Payment Method of the Remuneration of the Directors and Senior Management of the Company for 2009 |



Report of the Supervisory Committee

The supervisory committee of the Company comprises Mr. Wang Xin Kuo, Ms. Wang Xin and Mr. Deng Bo Song and is chaired by Mr. Wang Xin Kuo.

During the year under review, the members of supervisory committee of the Company have actively performed their duties in accordance with the requirements of the relevant national laws and regulations and the Company's articles of association and carried out various works of the supervisory committee. The members of the supervisory committee have exercised effective supervision by presenting in board meetings and convening supervisory committee meetings, on the resolution of the Board and the major decisions of the Company's management to determine their consistency with the laws and regulations of the State and the interests of the Company and its shareholder in order to safeguard the interest of the shareholders and secure the long-term development of the Company. During the year, the members of the supervisory committee of the Company 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 safeguard the interests of the shareholders and the Company.

The supervisory committee was of the view that 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 for the Company 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 2009:

- **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 performing their duties, the directors and senior management of the Company have been in good faith and diligent in protecting the Company's and its shareholders' 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 the Company has put great emphasis on corporate governance and faithful operation and have strengthened the construction of its internal control systems, reinforced the implementation of internal controls and further improved the internal control and management standard in strict compliance with the relevant laws and regulations and has thus laid a sound foundation for the healthy growth of the Company;
- **Supervisory committee's independent opinion on the financial position of the Company:** The supervisory committee has reviewed the relevant information such as the 2009 interim report, 2009 annual report and 2009 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 of the Company prepared on consistent principles and gave a true and fair view of the state of affairs and the operating results of the Company, and agreed to the auditor's report issued by the auditor.



- **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 conducted in the year 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 of the Company. 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.

In the coming year, members of the Supervisory Committee will continue to perform their supervisory duties 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, adhere to the principle of good faith, duly carry out their supervisory duties, implement their works and strengthen the supervision in order to safeguard and protect the interest of the Company and its shareholders from prejudice.

By Order of the supervisory committee

Wang Xin Kuo

Chairman of the Supervisory Committee

Shenzhen, the PRC

31st March 2010



核數師報告

Independent Auditor's Report



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134至256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」)的合併財務報表，此合併財務報表包括於二零零九年十二月三十一日的合併及公司資產負債表與截至該日止年度的合併利潤表、合併綜合收益表、合併及公司權益變動表和合併現金流量表，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》的披露規定編製及真實而公平地列報該等合併財務報表。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合併財務報表作出意見。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 134 to 256, which comprise the consolidated and Company balance sheets as of 31st December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and Company statements of changes in equity and the consolidated statement of cash flow 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，該等合併財務報表已根據國際財務報告準則真實而公平地反映貴公司及貴集團於二零零九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經營成果及現金流量，並已按照香港《公司條例》的披露規定妥為編製。

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
執業會計師

香港，二零一零年三月三十一日

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 the Group as of 31st December 2009, 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, 31st March 2010

合併資產負債表

Consolidated Balance Sheet

於二零零九年十二月三十一日 As at 31st December 2009

| | | 於十二月三十一日 As at 31st December | | 於一月一日 As at |
|-----------------------------|--|---------------------------------|-------------------|------------------|
| | | 二零零九年 2009 | 二零零八年 2008 | 二零零八年 2008 |
| | | 經重列 Restated | 經重列 Restated | 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 |
| | | 附註 Note | | |
| 資產 | ASSETS | | | |
| 非流動資產 | Non-current assets | | | |
| 土地使用權 | Land use rights | 7 | 700,246 | 687,277 |
| 採礦權 | Mining rights | 8 | 541,154 | 569,488 |
| 商譽 | Goodwill | 9 | 5,240 | 5,240 |
| 物業、廠房及設備 | Property, plant and equipment | 10 | 5,014,841 | 5,215,046 |
| 投資性房地產 | Investment properties | 11 | 1,022,221 | 992,838 |
| 在建工程 | Construction-in-progress | 12 | 1,005,292 | 160,038 |
| 於聯營公司之投資 | Investments in associates | 14 | 568,917 | 565,313 |
| 可供出售金融資產 | Available-for-sale financial assets | 16 | 35,998 | 11,091 |
| 遞延所得稅資產 | Deferred income tax assets | 17 | 177,551 | 120,384 |
| 其他非流動資產 | Other non-current assets | 18 | 197,008 | 41,927 |
| | | | 9,268,468 | 8,368,642 |
| | | | | 6,058,283 |
| 流動資產 | Current assets | | | |
| 存貨 | Inventories | 19 | 1,173,143 | 1,185,491 |
| 貿易及其他應收款項 | Trade and other receivables | 20 | 1,552,101 | 1,271,308 |
| 按公允價值透過損益 列賬之金融資產 | Financial assets at fair value through profit or loss | | – | – |
| 抵押銀行存款 | Pledged bank deposits | 21 | 575,831 | 95,838 |
| 現金及現金等價物 | Cash and cash equivalents | 22 | 1,056,811 | 874,373 |
| | | | 4,357,886 | 3,427,010 |
| | | | | 3,322,976 |
| 總資產 | Total assets | | 13,626,354 | 11,795,652 |
| | | | | 9,381,259 |
| 權益 | EQUITY | | | |
| 本公司權益持有人 應佔資本與儲備 | Capital and reserves attributable to the Company's equity holders | | | |
| 股本 | Share capital | 23 | 673,367 | 678,909 |
| 股份溢價 | Share premium | 23 | 354,513 | 357,849 |
| 庫存股份 | Treasury shares | 24 | – | (6,026) |
| 其他儲備 | Other reserves | 25 | 353,612 | 359,464 |
| 保留盈利 | Retained earnings | | 317,021 | 482,587 |
| | | | 1,698,513 | 1,872,783 |
| | | | | 2,105,156 |
| 少數股東權益 | Minority interest in equity | | 2,125,824 | 1,822,455 |
| | | | | 2,019,368 |
| 總權益 | Total equity | | 3,824,337 | 3,695,238 |
| | | | | 4,124,524 |

隨附的附註為本合併財務報表的組成部份。

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

合併資產負債表 Consolidated Balance Sheet

於二零零九年十二月三十一日 As at 31st December 2009

| | | 於十二月三十一日 As at 31st December | | 於一月一日 As at 1st January | |
|-------------------|--|---------------------------------|------------------|----------------------------|------------------|
| | | 二零零九年 2009 | 二零零八年 2008 | 二零零八年 2008 | 二零零八年 2008 |
| | | | 經重列 Restated | 經重列 Restated | 經重列 Restated |
| | | 附註 Note | 人民幣千元 RMB'000 | 人民幣千元 RMB'000 | 人民幣千元 RMB'000 |
| 負債 | LIABILITIES | | | | |
| 非流動負債 | Non-current liabilities | | | | |
| 貸款 | Borrowings | 26 | 4,792,476 | 2,920,979 | 1,945,636 |
| 遞延所得稅負債 | Deferred income tax liabilities | 17 | 335,839 | 316,251 | 158,197 |
| 政府補貼之遞延收入 | Deferred income on government grants | 27 | 241,037 | 70,523 | 19,407 |
| 其他非流動負債 | Other non-current liabilities | 28 | 135,164 | 42,703 | – |
| | | | 5,504,516 | 3,350,456 | 2,123,240 |
| 流動負債 | Current liabilities | | | | |
| 貿易及其他應付款項 | Trade and other payables | 29 | 1,940,799 | 1,654,914 | 1,338,094 |
| 貸款 | Borrowings | 26 | 2,310,325 | 3,044,734 | 1,780,208 |
| 流動所得稅負債 | Current income tax liabilities | | 46,377 | 50,310 | 15,193 |
| | | | 4,297,501 | 4,749,958 | 3,133,495 |
| 總負債 | Total liabilities | | 9,802,017 | 8,100,414 | 5,256,735 |
| 總權益和負債 | Total equity and liabilities | | 13,626,354 | 11,795,652 | 9,381,259 |
| 流動淨資產／(負債) | Net current assets/(liabilities) | | 60,385 | (1,322,948) | 189,481 |
| 總資產減流動負債 | Total assets less current liabilities | | 9,328,853 | 7,045,694 | 6,247,764 |

已於二零一零年三月三十一日經董事會批准

Approved by the Board of Directors on 31st March 2010

董事長：吳光權

Chairman: Wu Guang Quan

董事：隋湧

Director: Sui Yong

隨附的附註為本合併財務報表的組成部份。

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



公司資產負債表

Company Balance Sheet

於二零零九年十二月三十一日 As at 31st December 2009

| | | 於十二月三十一日 As at 31st December | | 於一月一日 As at 1st January |
|-----------------------------|--|---------------------------------|------------------|----------------------------|
| | | 二零零九年 2009 | 二零零八年 2008 | 二零零八年 2008 |
| | | 經重列 Restated | 經重列 Restated | 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 |
| | | 附註 Note | | |
| 資產 | ASSETS | | | |
| 非流動資產 | Non-current assets | | | |
| 物業、廠房及設備 | Property, plant and equipment | 10 | 10,463 | 10,530 |
| 於附屬公司之投資 | Investments in subsidiaries | 13 | 1,554,011 | 1,554,011 |
| 於聯營公司之投資 | Investments in associates | 14 | 298,198 | 298,198 |
| 可供出售金融資產 | Available-for-sale financial assets | 16 | 1,400 | 1,400 |
| 其他非流動資產 | Other non-current assets | | – | – |
| | | | 1,864,072 | 1,864,139 |
| | | | | 1,574,612 |
| 流動資產 | Current assets | | | |
| 貿易及其他應收款項 | Trade and other receivables | 20 | 163,089 | 449,211 |
| 按公允價值透過損益 列賬之金融資產 | Financial assets at fair value through profit or loss | | – | – |
| 抵押銀行存款 | Pledged bank deposits | | – | 30,000 |
| 現金及現金等價物 | Cash and cash equivalents | 22 | 44,615 | 353,124 |
| | | | 207,704 | 832,335 |
| | | | | 384,368 |
| 總資產 | Total assets | | 2,071,776 | 2,696,474 |
| | | | | 1,958,980 |
| 權益 | EQUITY | | | |
| 本公司權益持有人 應佔資本與儲備 | Capital and reserves attributable to the Company's equity holders | | | |
| 股本 | Share capital | 23 | 673,367 | 678,909 |
| 股份溢價 | Share premium | 23 | 354,513 | 357,849 |
| 庫存股份 | Treasury shares | 24 | – | (6,026) |
| 其他儲備 | Other reserves | 25 | 70,001 | 70,001 |
| 累計虧損 | Accumulated losses | | (446,218) | (338,625) |
| | | | 651,663 | 762,108 |
| | | | | 799,971 |
| 總權益 | Total equity | | 651,663 | 762,108 |
| | | | | 799,971 |

隨附的附註為本合併財務報表的組成部份。

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

公司資產負債表 Company Balance Sheet

於二零零九年十二月三十一日 As at 31st December 2009

| | | 於十二月三十一日 As at 31st December | | 於一月一日 As at 1st January | |
|-----------------|--|---------------------------------|------------------|----------------------------|------------------|
| | | 二零零九年 2009 | 二零零八年 2008 | 二零零八年 2008 | 二零零八年 2008 |
| | | | 經重列 Restated | 經重列 Restated | 經重列 Restated |
| | | 附註 Note | 人民幣千元 RMB'000 | 人民幣千元 RMB'000 | 人民幣千元 RMB'000 |
| 負債 | LIABILITIES | | | | |
| 非流動負債 | Non-current liabilities | | | | |
| 貸款 | Borrowings | 26 | 914,000 | — | — |
| 流動負債 | Current liabilities | | | | |
| 貿易及其他應付款 | Trade and other payables | 29 | 426,113 | 95,266 | 54,963 |
| 貸款 | Borrowings | 26 | 80,000 | 1,839,100 | 1,104,000 |
| 流動所得稅負債 | Current income tax liabilities | | — | — | 46 |
| | | | 506,113 | 1,934,366 | 1,159,009 |
| 總負債 | Total liabilities | | 1,420,113 | 1,934,366 | 1,159,009 |
| 總權益和負債 | Total equity and liabilities | | 2,071,776 | 2,696,474 | 1,958,980 |
| 流動淨負債 | Net current liabilities | | (298,409) | (1,102,031) | (774,641) |
| 總資產減流動負債 | Total assets less current liabilities | | 1,565,663 | 762,108 | 799,971 |

已於二零一零年三月三十一日經董事會批准

Approved by the Board of Directors on 31st March 2010

董事長：吳光權

Chairman: Wu Guang Quan

董事：隋湧

Director: Sui Yong

隨附的附註為本合併財務報表的組成部份。

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

合併利潤表

Consolidated Income Statement

截至二零零九年十二月三十一日止年度 For the year ended 31st December 2009

| | | 截至十二月三十一日止年度 Year ended 31st December | |
|--|--|--|-------------------------------------|
| | | 二零零九年 2009 | 二零零八年 2008 |
| | | 人民幣千元 RMB'000 | 經重列 Restated 人民幣千元 RMB'000 |
| | 附註 Note | | |
| 收入 | Revenue | 6 | |
| 銷售成本 | Cost of sales | 32 | |
| | | 5,092,883 | 4,077,074 |
| | | (4,261,671) | (2,995,459) |
| 毛利 | Gross profit | 831,212 | 1,081,615 |
| 銷售費用 | Distribution costs | 32 | (274,007) |
| 行政費用 | Administrative expenses | 32 | (562,748) |
| 投資性房地產公允價值 收益／(損失) | Fair value gain/(loss) on investment property | 2(c) | (15,005) |
| 其他收入 | Other income | 30 | 56,515 |
| 其他收益－淨額 | Other gains-net | 31 | 33,935 |
| 經營溢利 | Operating profit | 58,244 | 320,305 |
| 本集團所佔附屬公司 可辨認資產、負債及 或然負債淨公允價值 超出轉讓代價 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 consideration transferred | — | 104 |
| 融資收入 | Finance income | 34 | 13,564 |
| 融資成本 | Finance costs | 34 | (301,595) |
| 融資成本－淨額 | Finance costs – net | (358,484) | (288,031) |
| 應佔聯營公司溢利／ (虧損) | Share of profit/(loss) of associates | 11,391 | (26,459) |
| 除所得稅前(虧損)／ 溢利 | (Loss)/profit before income tax | (288,849) | 5,919 |
| 所得稅收入／(開支) | Income tax credit/(charge) | 36 | (47,584) |
| 本年度虧損 | Loss for the year | (288,780) | (41,665) |
| 應佔(虧損)／溢利： | (Loss)/profit attributable to: | | |
| 本公司權益持有人 | Equity holders of the Company | (165,566) | 1,282 |
| 少數股東權益 | Minority interest | (123,214) | (42,947) |
| | | (288,780) | (41,665) |
| 當年本公司權益持有人 應佔每股(虧損)／ 盈利，每股以人民幣 列示 | (Losses)/earnings per share attributable to the equity holders of the Company during the year (RMB per share) | | |
| －基本 | – basic | 38 | 0.0019 |
| －攤薄 | – diluted | 38 | 0.0019 |
| 股息 | Dividends | 39 | — |

隨附的附註為本合併財務報表的組成部份。

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

合併綜合收益表

Consolidated Statement of Comprehensive Income

截至二零零九年十二月三十一日止年度 For the year ended 31st December 2009

| | | 截至十二月三十一日止年度 Year ended 31st December | |
|---|---|--|-------------------------------------|
| | | 二零零九年 2009 | 二零零八年 2008 |
| | | 人民幣千元 RMB'000 | 經重列 Restated 人民幣千元 RMB'000 |
| | 附註 Note | | |
| 本年度虧損 | Loss for the year | (288,780) | (41,665) |
| 其他綜合收益(損失)： | Other comprehensive income/(loss): | | |
| 可供出售金融資產之 公允價值收益／損失 －未扣除稅款 | Fair value gains/(losses) on available-for-sale financial assets – gross of tax16 | 6,620 | (133,707) |
| 可供出售金融資產之 公允收益／損失－稅款 | Fair value gains/(losses) on available-for-sale financial assets – tax17 | (1,323) | 20,398 |
| 出售可供出售金融資產 公允價值調整 －未扣除稅款 | Fair value adjustment on disposal of available-for-sale financial assets – gross of tax16 | (8,160) | (84,974) |
| 出售可供出售金融資產 公允價值變動 －稅款 | Fair value adjustment on disposal of available-for-sale financial assets – tax17 | 1,632 | 12,746 |
| 所佔聯營公司 可供出售金融資產之 公允價值損失 (扣除稅款) | Share of fair value losses from available-for-sale financial assets of the associate, net of tax14 | (2,347) | (4,581) |
| 出售聯營公司資產之 重估盈餘沖回 (扣除稅款) | Reversal of revaluation surplus on the disposal of assets of the associate, net of tax14 | (2,956) | (26,603) |
| 年內其他綜合損失 (扣除稅款) | Other comprehensive loss for the year, net of tax | (6,534) | (216,721) |
| 年內綜合總損失 (扣除稅款) | Total comprehensive loss for the year, net of tax | (295,314) | (258,386) |
| 應佔虧損： | Loss attributable to: | | |
| 本公司權益持有人 | Equity holders of the Company | (171,418) | (114,448) |
| 少數股東權益 | Minority interest | (123,896) | (143,938) |
| 年內綜合總虧損 | Total comprehensive loss for the year | (295,314) | (258,386) |

隨附的附註為本合併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

截至二零零九年十二月三十一日止年度 For the year ended 31st December 2009

| | | | 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) | 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 |
| 本集團 | Group | | | | | | | | |
| 於二零零七年 十二月三十一日結餘 (如前呈列) | Balance at 31st December 2007 previously reported | | 678,909 | 357,849 | - | 587,093 | 337,902 | 1,938,299 | 3,900,052 |
| 投資性房地產會計 政策變更的影響 | Impact of change of accounting policy for investment properties | 2(c) | - | - | - | - | 143,403 | 81,069 | 224,472 |
| 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 | 481,305 | 2,019,368 | 4,124,524 |
| 綜合收益 | Comprehensive income | | | | | | | | |
| 當年溢利 | Profit for the year | | - | - | - | - | 1,282 | (42,947) | (41,665) |
| 其他綜合收入／ (虧損) | Other comprehensive income/(loss) | | | | | | | | |
| 可供出售金融資產公允 價值虧損 — 未扣除稅款 | Fair value losses from available-for- sale financial assets-gross of tax | 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 — 未扣除稅款 | Fair value adjustment on disposal of available-for-sale financial assets-gross of tax | 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 |
| 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) |
| 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) |
| 其他綜合總損失 | Total other comprehensive loss | | - | - | - | (115,730) | - | (100,991) | (216,721) |
| 綜合總損失 | Total comprehensive loss | | - | - | - | (115,730) | 1,282 | (143,938) | (258,386) |
| 與權益持有者的交易 | Transactions with owners | | | | | | | | |
| 少數股東注資 | Capital contributed by minority interest | | - | - | - | - | - | 192,686 | 192,686 |
| 收購少數股東權益 | Acquisition of minority interest | | - | - | - | (111,899) | - | (209,653) | (321,552) |
| 購回H股 | Repurchase of H shares | | - | - | (6,026) | - | - | - | (6,026) |
| 二零零七年度股息 | Dividends for 2007 | | - | - | - | - | - | (36,008) | (36,008) |
| 全部與權益持有者的交易 | Total transactions with owners | | - | - | (6,026) | (111,899) | - | (52,975) | (170,900) |
| 於二零零八年 十二月三十一日結餘 (經重列) | Balance at 31st December 2008 (Restated) | | 678,909 | 357,849 | (6,026) | 359,464 | 482,587 | 1,822,455 | 3,695,238 |

隨附的附註為本合併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

截至二零零九年十二月三十一日止年度 For the year ended 31st December 2009

| | | 附註 Note | 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) | 未分配利潤 Retained earnings | 少數 股東權益 Minority interest | 總計 Total |
|---------------------------------|---|------------|------------------------|--------------------------|----------------------------|--|-------------------------------|------------------------------------|------------------|
| | | | 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 |
| 本集團 於二零零九年一月一日 結餘(經重列) | Group Balance at 1st January 2009 (Restated) | | 678,909 | 357,849 | (6,026) | 359,464 | 482,587 | 1,822,455 | 3,695,238 |
| 綜合收益 | Comprehensive income | | | | | | | | |
| 當年損失 | Loss for the year | | - | - | - | - | (165,566) | (123,214) | (288,780) |
| 其他綜合收益/ (虧損) | Other comprehensive income/(loss) | | | | | | | | |
| 可供出售金融資產公允 價值利得 — 未扣除稅款 | Fair value gain from available-for-sale financial assets-gross of tax | 16 | - | - | - | 2,959 | - | 3,661 | 6,620 |
| 可供出售金融資產公允 價值利得 — 稅款 | Fair value gain from available-for-sale financial assets-tax | 17 | - | - | - | (591) | - | (732) | (1,323) |
| 出售可供出售金融資產 公允價值調整 — 未扣除稅款 | Fair value adjustment on disposal of available-for-sale financial assets-gross of tax | 16 | - | - | - | (3,646) | - | (4,514) | (8,160) |
| 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 | - | - | - | 729 | - | 903 | 1,632 |
| 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 | - | - | - | (2,347) | - | - | (2,347) |
| 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 | - | - | - | (2,956) | - | - | (2,956) |
| 其他綜合總收益 | Total other comprehensive income | | - | - | - | (5,852) | - | (682) | (6,534) |
| 綜合總收益 | Total comprehensive income | | - | - | - | (5,852) | (165,566) | (123,896) | (295,314) |
| 與權益持有者的交易 | Transactions with owners | | | | | | | | |
| 少數股東注資 | Capital contributed by minority interest | | - | - | - | - | - | 441,639 | 441,639 |
| 購回H股 | Repurchase of H shares | 24 | - | - | (2,852) | - | - | - | (2,852) |
| 注銷股份 | Cancellation of shares | 24 | (5,542) | (3,336) | 8,878 | - | - | - | - |
| 二零零八年股息 | Dividends for 2008 | | - | - | - | - | - | (14,374) | (14,374) |
| 全部與權益持有者的交易 | Total transactions with owners | | (5,542) | (3,336) | 6,026 | - | - | 427,265 | 424,413 |
| 於二零零九年 十二月三十一日結餘 | Balance at 31st December 2009 | | 673,367 | 354,513 | - | 353,612 | 317,021 | 2,125,824 | 3,824,337 |

隨附的附註為本合併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

截至二零零九年十二月三十一日止年度 For the year ended 31st December 2009

| | | 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 |
| 本公司 於二零零八年一月一日結餘 | COMPANY Balance as at 1st January 2008 | 678,909 | 357,849 | - | 70,001 | (306,788) | 799,971 |
| 綜合收益 | Comprehensive income | | | | | | |
| 當年損失 | Loss for the year | - | - | - | - | (31,837) | (31,837) |
| 與權益持有者的交易 | Transactions with owners | | | | | | |
| 購回H股 | Repurchase of H shares | - | - | (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 |
| 於二零零九年一月一日結餘 | Balance as at 1st January 2009 | 678,909 | 357,849 | (6,026) | 70,001 | (338,625) | 762,108 |
| 綜合收益 | Comprehensive income | | | | | | |
| 當年損失 | Loss for the year | - | - | - | - | (107,593) | (107,593) |
| 與權益持有者的交易 | Transactions with owners | | | | | | |
| 購回H股 | Repurchase of H shares | 24 | - | (2,852) | - | - | (2,852) |
| 註銷股份 | Cancellation of shares | 24 | (5,542) | (3,336) | 8,878 | - | - |
| 全部與權益持有者的交易 | Total transactions with owners | | (5,542) | (3,336) | 6,026 | - | (2,852) |
| 於二零零九年十二月三十一日結餘 | Balance as at 31st December 2009 | 673,367 | 354,513 | - | 70,001 | (446,218) | 651,663 |

合併現金流量表

Consolidated Statement of Cash Flow

截至二零零九年十二月三十一日止年度 For the year ended 31st December 2009

| | | 截至十二月三十一日止年度 Year ended 31st December | |
|--------------------------------|--|--|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| | 附註 Note | | |
| 營運活動產生之現金流量 | Cash flows from operating activities | | |
| 經營業務產生之現金 | Cash generated from operations | 570,949 | 179,154 |
| 已付利息 | Interest paid | (344,143) | (365,288) |
| 已付所得稅 | Income tax paid | (41,752) | (45,033) |
| 營運活動產生／(所用) 之淨現金 | Net cash generated from/(used in) operating activities | 185,054 | (231,167) |
| 投資活動產生之現金流量 | Cash flows from investing activities | | |
| 購買物業、廠房及設備 | Purchase of property, plant and equipment | (349,876) | (369,859) |
| 購買探礦權 | Purchase of mining rights | (14,988) | (193,366) |
| 購買土地使用權 | Purchase of land use rights | (30,763) | — |
| 在建工程增加 | Additions to construction-in-progress | (1,040,128) | (823,284) |
| 收購少數股東權益 | Acquisition of minority interest | — | (317,500) |
| 收購附屬公司， 收購所得淨現金 | Acquisition of subsidiaries, net of cash acquired | — | (306,289) |
| 出售物業、廠房及 設備所得款項 | Proceeds from disposal of property, plant and equipment | 6,846 | 1,138 |
| 出售投資性房地產 之所得款項 | Proceeds from disposal of investment properties | 9,641 | — |
| 出售可供出售金融資產 所得款項 | Proceeds from disposal of available-for-sale financial assets | 11,930 | 88,885 |
| 購買可供出售之金融資產 | Purchase of available-for-sale financial assets | (29,600) | (2,400) |
| 已收政府補助 | Government grants received | 116,630 | 67,575 |
| 已收利息 | Interest received | 8,661 | 14,834 |
| 已收股息 | Dividend received | 2,486 | 13,579 |
| 其他非流動資產增加 | Addition to other non-current assets | (15,597) | (31,192) |
| 抵押銀行存款變動淨額 | Net change of pledged bank deposits | (509,993) | (65,838) |
| 投資活動所用之淨現金 | Net cash used in investing activities | (1,834,751) | (1,923,717) |
| 融資活動之現金流量 | Cash flows from financing activities | | |
| 購回H股 | Repurchase of H shares | (2,852) | (6,026) |
| 貸款之所得款項 | Proceeds from borrowings | 7,834,192 | 4,626,423 |
| 償還借貸 | Repayments of borrowings | (6,498,104) | (2,871,554) |
| 少數股東向附屬公司注資 | Capital contribution to subsidiaries from minority shareholders | 441,639 | 8,400 |
| 派付予附屬公司少數股東 之股息 | Dividends paid to minority shareholders of subsidiaries | (14,374) | (35,618) |
| 已收政府補助金 | Government subsidy received | 41,634 | 30,934 |
| 抵押銀行存款變動淨額 | Net change of pledged bank deposits | 30,000 | (30,000) |
| 融資活動產生之淨現金 | Net cash generated from financing activities | 1,832,135 | 1,722,559 |
| 現金及現金等價物之 增加／(減少)淨額 | Net increase/(decrease) in cash and cash equivalents | 182,438 | (432,325) |
| 年初之現金及現金等價物 | Cash and cash equivalents at beginning of year | 874,373 | 1,306,698 |
| 年終之現金及現金等價物 | Cash and cash equivalents at end of year | 1,056,811 | 874,373 |

隨附的附註為本合併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

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」)成立的股份有限公司。本公司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奢侈品、液晶顯示器、印製電路板和礦業資源，以及物業開發和酒店營運業務。

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。

合併財務報表已於二零一零年三月三十一日獲批准刊發。

2 編製基準

本集團的合併財務報表是根據國際財務報告準則(「國際財務準則」)編制。合併財務報表按照歷史成本法編制，並就投資性房地產的重估而作出修訂。編製該綜合性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華人民共和國企業會計準則(2006)(「企業會計準則2006」)有所不同。誠如附註2(c)所載，二零零八年合併資產負債表、合併利潤表、合併綜合收益表、權益變動表及現金流量表已重列。

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，或涉及對合併財務報表作出重大判斷和估計的範疇，在附註5中披露。

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 sales of luxurious time pieces, liquid crystal displays, printed circuit boards and mining resources, and also engaged in property development and hotel operation business.

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 31st March 2010.

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 investment properties. 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 the Accounting Standards for Business Enterprises (2006) of the People's Republic of China ("CAS2006"). The consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flow for 2008 have been restated as detailed in Note 2(c).

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.

2 編製基準(續)

會計政策及披露變動

(a) 本集團採納的新訂及經修訂準則

本集團於二零零九年一月一日採納的新訂及經修訂國際財務報告準則：

- 國際財務報告準則7「金融工具－披露」(修改)－自二零零九年一月一日起生效。該項修訂對本集團財務報表以及整體財務狀況並無重大影響。
- 國際會計準則1 (修訂)「財務報表的列報」－自二零零九年一月一日起生效。本集團在合併權益變動表中列報全部所有者的權益變動，而非權益持有者的權益變動則在合併綜合收益表中。比較數字已重新列報，以符合修訂準則。由於會計政策的改變只影響列報方面，故此對每股收益並無影響。
- 有關符合資本化條件的資產的借款費用於二零零九年一月一日或之後，本集團會將直接與購買、興建或生產有關的借款費用資本化作為該資產的部份成本。此修改不對本集團及本公司的財務報表有重大影響，這是由於本集團目前所採用的借款費用資本化政策與該修訂的要求基本一致。
- 國際財務報告準則8「經營分部」－自二零零九年一月一日起生效。此項新準則要求採用「管理層方法」，即分部數據須按照與內部報告所採用的相同基準列報。本集團的報告分部數量並沒有因此而改變，並且與呈遞內部經營決策者的內部報告保持一致。

2 BASIS OF PREPARATION (continued)

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The Group has adopted the following new and amended IFRSs as of 1st January 2009:

- IFRS 7 'Financial Instruments – Disclosures' (amendment) – effective 1st January 2009. The amendment does not have a material impact to the financial statements and the overall financial position of the Group.
- IAS 1 (revised). 'Presentation of financial statements' – effective 1st January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.
- In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1st January 2009, the Group capitalises those directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. This amendment is not expected to have an impact on the Group, as the Group currently applies a policy of capitalising borrowing costs which is similar to the requirement under the amendment.
- IFRS 8, 'Operating segments' – effective 1st January 2009. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. There is no change in the number of reportable segments presented which are consistent with the internal reporting provided to the chief operating decision-maker.

2 編製基準(續) 會計政策及披露變動(續)

- (b) 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，而本集團必須在二零一零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：

- 國際財務報告詮釋委員會解釋公告17「向所有者分配非現金資產」(由二零零九年七月一日或之後日期起生效)。此項詮釋為國際會計準則理事會在二零零九年四月公佈的年度改進項目的一部分。此項詮釋就主體向股東分配非現金資產作為儲備分派或股利的安排的會計處理提供指引。國際財務報告準則5亦已被修改，規定資產只能夠在其現有狀況下及可能分配時才可分類為持作分配。本集團將由二零一零年一月一日起應用國際財務報告詮釋委員會解釋公告17。管理層正審視其對本集團的財務報表造成的影響。
- 國際會計準則27(經修訂)「合併財務報表和單獨財務報表」(由二零零九年七月一日起生效)。此項修訂準則規定，如控制權沒有改變，則與少數股東權益進行的所有交易的影響必須在權益中列報，而此等交易將不再導致商譽或利得和損失。此項準則亦列明失去控制權時的會計處理方法。在主體內的任何剩餘權益按公平價值重新計量，並在利潤表中確認利得或損失。本集團將會由二零一零年一月一日起對與少數股東權益進行的交易應用國際會計準則27(經修訂)。

2 BASIS OF PREPARATION (continued) Changes in accounting policy and disclosures (continued)

- (b) 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 2010 or later periods, but the Group has not early adopted them:

- IFRIC 17 'Distribution of non-cash assets to owners' (effective on or after 1st July 2009). The interpretation is part of the IASB's annual improvements project published in April 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Group will apply IFRIC 17 from 1st January 2010. Management is in the process of reviewing the impact on the Group's financial statements.
- IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1st July 2009). The revised standard requires the effects of all transactions with minority interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (revised) prospectively to transactions with minority interest from 1st January 2010.

2 編製基準(續)

會計政策及披露變動(續)

(b) 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)「業務合併」(自二零零九年七月一日起生效)。此經修訂準則繼續對業務合併應用收購法，但有重大變更。例如，購買業務之所有付款須按收購日期的公允價值入賬，分類為債務的或然付款其後於收益表重新計量。對於被收購方的非控制性權益，可按逐項收購基準以公允價值或非控制性權益應佔被收購方淨資產的比例計量。所有收購相關成本必須計入開支。本集團將自二零一零年一月一日起對所有業務合併應用國際財務報告準則3(經修訂)。
- 國際會計準則38(修訂本)「無形資產」(由二零零九年七月一日起生效)。此修改為國際會計準則理事會在二零零九年四月公佈的年度改進項目的一部分，而本集團將由國際財務報告準則3(經修訂)採納日期起應用國際會計準則38(修訂本)。此修改澄清了在業務合併中購買的無形資產的公平價值的計量指引，並容許假若每項資產的可使用年期相近，可將無形資產組合為單一資產。

2 BASIS OF PREPARATION (continued)

Changes in accounting policy and disclosures (continued)

(b) 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 income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1st January 2010.
- IAS 38 (amendment), 'Intangible Assets' (effective from 1st July 2009). The amendment is part of the IASB's annual improvements project published in April 2009 and the Group will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

2 編製基準(續)

會計政策及披露變動(續)

(b) 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5(修訂本)「持有待售非流動資產(或處置組)的計量」。此修改為國際會計準則理事會在二零零九年四月公佈的年度改進項目的一部分。此修改澄清了國際財務報告準則5說明分類為持有待售非流動資產(或處置組)或終止經營規定的有關披露。此修改亦澄清了國際會計準則1的一般規定仍然適用，尤其是第15節(達致公平表達)和第125節(估計來源的不確定性)。本集團將會由二零一零年一月一日起應用國際財務報告準則5(修訂本)，預期不會對本集團的財務報表造成重大影響。
- 國際會計準則1(修訂本)「財務報表的列報」。此修改為國際會計準則理事會在二零零九年四月公佈的年度改進項目的一部分。此修改澄清了意圖透過發行權益而結算一項負債，與該項負債被分類為流動或非流動是沒有關係的。透過修改流動負債的定義，此修改容許一項負債被分類為非流動(假若主體可無條件，透過轉讓現金或其他資產，將其負債結算遞延至會計期後最少12個月)，則不論交易對方是否可能要求主體隨時以股份結算。本集團將會由二零一零年一月一日起應用國際會計準則1(修訂本)，預期不會對本集團的財務報表造成重大影響。

2 BASIS OF PREPARATION (continued)

Changes in accounting policy and disclosures (continued)

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

- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held for sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The Group will apply IFRS 5 (amendment) from 1st January 2010. It is not expected to have a material impact on the Group's financial statements.
- IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group will apply IAS 1 (amendment) from 1st January 2010. It is not expected to have a material impact on the Group's financial statements.

2 編製基準(續)

會計政策及披露變動(續)

(b) 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2(修訂本)「集團以現金結算的以股份為基礎的支付交易」(由二零一零年一月一日起生效)。除了納入國際財務報告詮釋委員會解釋公告8「國際財務報告準則2的範圍」和國際財務報告詮釋委員會解釋公告11「國際財務報告準則2 – 集團和庫存股交易」外，此修改亦擴闊了國際財務報告詮釋委員會解釋公告11的指引，針對未為該解釋所涵蓋有關集團安排的分類。此項新指引預期不會對本集團的財務報表造成重大影響。
- 國際財務報告詮釋委員會解釋公告19「以股本工具抵銷財務負債」(自二零一零年七月一日起生效)。該詮釋闡明了公司在重新磋商其債務條款後達成以債務人向債權人發行股本工具的方式抵銷債務時適用的會計方法。在損益中確認的盈虧或損益為所發行權益工具的公允價值與財務負債賬面值之間的差額。此解釋適用於訂立以股換債交易來結算全部或部份財務負債的債務人。該新指引預期不會對本集團的財務狀況造成重大影響。

2 BASIS OF PREPARATION (continued)

Changes in accounting policy and disclosures (continued)

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

- IFRS 2 (amendments), 'Group cash-settled share-based payment transactions' (effective from 1st January 2010). In addition to incorporating IFRIC-Int 8, 'Scope of IFRS 2', and IFRIC-Int 11, 'IFRS 2 – group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by the interpretation. The new guidance is not expected to have a material impact on the Group's or the Company's financial statements.
- IFRIC 19 'Extinguishing financial liabilities with equity instruments' (effective from 1st July 2010). This interpretation clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (referred to as a "debt for equity swap"). A gain or loss recognised in profit or loss is the difference between the fair value of the equity instruments issued and the carrying amount of the financial liability. This interpretation applies to all debtors that enter into debt for equity swap transactions in full or partial settlement of a financial liability. The new guidance is not expected to have a material impact on the Group's financial statements.

2 編製基準(續) 會計政策及披露變動(續)

(b) 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9「金融工具」(自二零一三年一月一日起生效)。此為對財務資產進行分類及計量的新標準的首部分並將取代國際財務報告準則39。國際財務報告準則9有兩個計量分類：攤銷成本及公允價值。全部股本工具均以公允價值計量。倘實體持有其收取合約現金流量及現金流量指本金及利息，則債務工具僅按攤銷成本計量。另外，其按公允價值計入收益表。管理層正評估其對本集團的財務報表造成的影響。
- 國際會計準則24號(經修訂)「關聯方披露」自二零一一年一月一日起生效。此修改介紹國際會計準則24有關政府相關主體之間和與政府進行交易的所有披露規定的豁免。此等披露由一項如下披露規定所取代：
 - 政府名稱與他們關係的性質；及
 - 任何個別重大交易的性質和數額；及
 - 整體而言在意義上或數額上任何屬重大的交易。

本集團將自二零一零年一月一日開始應用國際會計準則24(經修訂)。

2 BASIS OF PREPARATION (continued) Changes in accounting policy and disclosures (continued)

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

- IFRS 9, 'Financial instruments' (effective from 1st January 2013). This is the first part of a new standard on classification and measurement of financial assets that will replace IFRS 39. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. Management is in the process of assessing the impact on the Group's financial statements of the Group.
- IAS 24 (Revised), "Related party disclosures" (effective beginning on or after 1st January 2011) The amendment introduces an exemption from all of the disclosure requirements of IAS 24 for transactions among government-related entities and the government. Those disclosures are replaced with a requirement to disclose:
 - the name of the government and the nature of their relationship; and
 - the nature and amount of any individually-significant transactions; and
 - the extent of any collectively-significant transactions qualitatively or quantitatively.

The Group will apply IAS 24 (Revised) from 1st January 2010.

2 編製基準(續)

會計政策及披露變動(續)

(c) 會計政策的變更

於以前年度，本集團按照國際會計準則40「投資性房地產」的要求運用成本模式來對其投資性房地產進行後續計量。自二零零九年一月一日以後，本集團將採用公允價值模式來計量，原因如下：

- 公允價值模式已被廣泛應用於投資性房地產的後續計量，它能夠更加客觀地反映企業經營成果，並且使得投資者能夠更加全面地了解企業的財務狀況及業績。
- 本集團的投資性房地產主要位於深圳和廣州的市區，該地具有活躍的房地產市場，使得集團能夠比較可靠地取得公允價值。
- 本公司的董事認為關於投資性房地產會計政策的變更使得本公司能夠提供有關其財務狀況和財務業績的更加可靠、相關和可比的信息。

2 BASIS OF PREPARATION (continued)

Changes in accounting policy and disclosures (continued)

(c) Change in accounting policy

In previous years, the Group adopted the cost model in the subsequent measurement of its investment properties under IAS 40, 'Investment property', to account for its investment properties. On 1st January 2009, the Group changed to adopt fair value model for the reasons stated below:

- The fair value model is a widely adopted method to account for investment properties. It can reflect the value of the business more objectively and enable the investors understand the financial conditions and results more comprehensively;
- The investment properties of the Group mainly located in the downtown of Shenzhen and Guangzhou, which have active property market. Accordingly, the Group can obtain the fair value reliably.
- The directors of the Company are of the view that the change in accounting method for investment properties can provide reliable and more relevant, comparable information of its investment properties on the Group's financial position and financial performance.

2 編製基準(續)**會計政策及披露變動(續)****(c) 會計政策的變更(續)**

下表詳細描述了二零零九年變更的影響：

2 BASIS OF PREPARATION (continued)**Changes in accounting policy and disclosures (continued)****(c) Change in accounting policy (continued)**

The table below details the effect of the change for 2009:

| 集團 | Group | 附註 Note | 變更前 二零零九年 十二月三十一日 Before the change 31st December 2009 人民幣千元 RMB'000 | 增加／(減少) Increase/ (decrease) 人民幣千元 RMB'000 | 變更後 二零零九年 十二月三十一日 After the change 31st December 2009 人民幣千元 RMB'000 |
|------------------|---------------------------------|------------|--|--|---|
| 資產負債表(摘錄) | Balance sheet (extracts) | | | | |
| 投資性房地產 | Investment properties | 11 | 716,355 | 305,866 | 1,022,221 |
| 於聯營公司之投資 | Investments in associates | 14 | 508,390 | 60,527 | 568,917 |
| 遞延所得稅負債 | Deferred income tax liabilities | 17 | (259,372) | (76,467) | (335,839) |
| 淨資產 | Net assets | | 965,373 | 289,926 | 1,255,299 |
| 保留盈利 | Retained earnings | | 130,150 | 186,871 | 317,021 |
| 少數股東權益 | Minority interest | | 2,022,769 | 103,055 | 2,125,824 |
| 總權益 | Total equity | | 2,152,919 | 289,926 | 2,442,845 |

2 編製基準(續)

會計政策及披露變動(續)

(c) 會計政策的變更(續)

二零零九年由於變更對當年虧損所產生的影響列示如下：

2 BASIS OF PREPARATION (continued)

Changes in accounting policy and disclosures (continued)

(c) Change in accounting policy (continued)

Loss for 2009 was changed as follows:

| 集團 | Group | 附註 Note | 變更前 截至二零零九年 十二月三十一日 止年度 Before the change Year ended 31st December 2009 人民幣千元 RMB'000 | 增加／(減少) Increase/ (decrease) 人民幣千元 RMB'000 | 變更後 截至二零零九年 十二月三十一日 止年度 After the change Year ended 31st December 2009 人民幣千元 RMB'000 |
|-------------------------------------|---|------------|---|--|--|
| 利潤表(摘錄) | Income statement (extracts) | | | | |
| 銷售成本 | Cost of sales | | (4,280,190) | 18,519 | (4,261,671) |
| 投資性房地產公允 價值變動收益 | Fair value gain on investment properties | 11 | — | 65,617 | 65,617 |
| 應佔聯營公司溢利 | Share of profit of associates | | 6,646 | 4,745 | 11,391 |
| 其他收入 | Other income | | 108,001 | (2,620) | 105,381 |
| 除所得稅前虧損 | Loss before income tax | | (375,110) | 86,261 | (288,849) |
| 所得稅收入 | Income tax credit | 36 | 20,448 | (20,379) | 69 |
| 虧損 | Loss | | (354,662) | 65,882 | (288,780) |
| 應佔虧損： | Loss attributable to: | | | | |
| — 本公司權益 持有人 | — Equity holders of the Company | | (211,736) | 46,170 | (165,566) |
| — 少數股東權益 | — Minority interest | | (142,926) | 19,712 | (123,214) |
| | | | (354,662) | 65,882 | (288,780) |
| 當年本公司權益 持有人應佔每股 虧損，每股 以人民幣 | Losses per share attributable to the equity holders of the Company during the year (RMB per share) | | | | |
| — 基本 | — basic | | (0.5351) | 0.2893 | (0.2458) |
| — 攤薄 | — diluted | | (0.5351) | 0.2893 | (0.2458) |

2 編製基準(續)**會計政策及披露變動(續)****(c) 會計政策的變更(續)**

下表詳細描述了二零零八年變更的影響：

2 BASIS OF PREPARATION (continued)**Changes in accounting policy and disclosures (continued)****(c) Change in accounting policy (continued)**

The table below details the effect of the change for 2008:

| 集團 | Group | 附註 Note | 變更前 二零零八年 十二月三十一日 Before the change 31st December 2008 | 增加／(減少) Increase/ (decrease) | 變更後 二零零八年 十二月三十一日 After the change 31st December 2008 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 | 人民幣千元 RMB'000 |
| 資產負債表 (摘錄) | Balance sheet (extracts) | | | | |
| 投資性房地產 | Investment properties | 11 | 768,487 | 224,351 | 992,838 |
| 於聯營公司之投資 | Investments in associates | 14 | 509,532 | 55,781 | 565,313 |
| 遞延所得稅負債 | Deferred income tax liabilities | 17 | (260,163) | (56,088) | (316,251) |
| 淨資產 | Net assets | | 1,017,856 | 224,044 | 1,241,900 |
| 保留盈利 | Retained earnings | | 341,886 | 140,701 | 482,587 |
| 少數股東權益 | Minority interest | | 1,739,112 | 83,343 | 1,822,455 |
| 總權益 | Total equity | | 2,080,998 | 224,044 | 2,305,042 |

2 編製基準(續)

會計政策及披露變動(續)

(c) 會計政策的變更(續)

下表詳細描述了二零零八年變更的影響：(續)

二零零八年由於該變更對當年溢利所產生的影響列示如下：

2

BASIS OF PREPARATION (continued)

Changes in accounting policy and disclosures (continued)

(c) Change in accounting policy (continued)

The table below details the effect of the change for 2008 (continued):

Profit for 2008 was changed as follows:

| 集團 | Group | 附註 Note | 變更前 截至二零零八年 十二月三十一日 止年度 Before the change Year ended 31st December 2008 | 增加／(減少) Increase/ (decrease) | 變更後 截至二零零八年 十二月三十一日 止年度 After the change Year ended 31st December 2008 經重列 Restated 人民幣千元 RMB'000 |
|--------------------------------------|---|------------|---|------------------------------------|---|
| 利潤表(摘錄) | Income statement (extracts) | | | | |
| 銷售成本 | Cost of sales | | (3,013,557) | 18,098 | (2,995,459) |
| 投資性房地產公允 價值變動損失 | Fair value loss on investment properties | 11 | – | (15,005) | (15,005) |
| 應佔聯營公司虧損 | Share of loss of associates | | (23,711) | (2,748) | (26,459) |
| 除所得稅前溢利 | Profit before income tax | | 5,574 | 345 | 5,919 |
| 所得稅開支 | Income tax charge | 36 | (46,811) | (773) | (47,584) |
| 虧損 | Loss | | (41,237) | (428) | (41,665) |
| 應佔溢利／ (虧損)： | Profit/(loss) attributable to: | | | | |
| — 本公司權益 持有人 | – Equity holders of the Company | | 3,984 | (2,702) | 1,282 |
| — 少數股東權益 | – Minority interest | | (45,221) | 2,274 | (42,947) |
| | | | (41,237) | (428) | (41,665) |
| 當年本公司權益 持有人應佔每股 盈利，每股以 人民幣： | Earnings per share attributable to the equity holders of the Company during the year (RMB per share) | | | | |
| — 基本 | – basic | | 0.0059 | (0.0040) | 0.0019 |
| — 攤薄 | – diluted | | 0.0059 | (0.0040) | 0.0019 |

2 編製基準(續)**會計政策及披露變動(續)****(c) 會計政策的變更(續)**

下表詳細描述了二零零七年變更的影響：

2 BASIS OF PREPARATION (continued)**Changes in accounting policy and disclosures (continued)****(c) Change in accounting policy (continued)**

The table below details the effect of the change for 2007:

| 集團 | Group | 附註 Note | 變更前 二零零七年 十二月三十一日 Before the change 31st December 2007 | 增加／(減少) Increase/ (decrease) | 變更後 二零零七年 十二月三十一日 After the change 31st December 2007 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 | 人民幣千元 RMB'000 |
| 資產負債表(摘錄) | Balance sheet (extracts) | | | | |
| 投資性房地產 | Investment properties | 11 | 193,873 | 221,258 | 415,131 |
| 於聯營公司之投資 | Investments in associates | 14 | 576,852 | 58,529 | 635,381 |
| 遞延所得稅負債 | Deferred income tax liabilities | 17 | (102,882) | (55,315) | (158,197) |
| 淨資產 | Net assets | | 667,843 | 224,472 | 892,315 |
| 保留盈利 | Retained earnings | | 337,902 | 143,403 | 481,305 |
| 少數股東權益 | Minority interest | | 1,938,299 | 81,069 | 2,019,368 |
| 總權益 | Total equity | | 2,276,201 | 224,472 | 2,500,673 |

3 主要會計政策

編製本合併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) 合併賬目

合併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) 同一控制下企業合併

就受共同控制之企業合併而言，合併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。

合併利潤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

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

(i) Business combination involving entities under common control

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) 合併賬目(續)

- (i) 同一控制下企業合併(續)
呈列合併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，一般附帶超過半數投票權的股權或有實際控制權。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。當本集團持有一間實體少於50%之投票權股份之情況下，本集團擁有其實際控制權，但被視為因除潛在投票權、合約或其他法定手段外之原因而擁有其控制權。例如，倘其他控股權之結餘分散，且其他股東尚未以其較本集團行使更多投票權之方式組織彼等之權益時，可取得控制權。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(a) Consolidation (continued)

- (i) Business combination involving entities under common control (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 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 or has de facto control. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. De facto control exists where the Group owns less than 50% of the voting shares in an entity, but is deemed to have control for reasons other than potential voting rights, contract or other statutory means. For example, control is achievable if the balance of other shareholdings is dispersed and the other shareholders have not organised their interests in such a way that they exercise more votes than the Group.

3 主要會計政策(續)

(a) 合併賬目(續)

(ii) 附屬公司(續)

除業務合併應用上文附註(i)所載的同一控制下企業合併外，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。

購買法乃用作本集團購買子公司的入賬方法。購買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價值計算，另加直接歸屬於該購買的成本。在業務合併中所購買可辨認的資產以及所承擔的負債及或有負債，首先以彼等於購買日期的公允價值計量，而不論任何少數股東權益的數額。購買成本超過本集團應佔所購買可辨認資產淨值公允價值的數額記錄為商譽。若購買成本低於所購入子公司資產淨值的公允價值，該差額直接在利潤表確認。

集團內公司之間的交易、交易的結餘及未實現利得予以對銷。未實現損失亦予以對銷。

子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。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(a) Consolidation (continued)

(ii) Subsidiaries (continued)

Except for business combinations applying business combination involving entities under common control 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.

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.

3 主要會計政策(續)

(a) 合併賬目(續)

(ii) 附屬公司(續)

在本公司的資產負債表內，對子公司的投資按成本值扣除減值虧損準備列賬。子公司的業績由本公司按已收及應收股利入賬。

(iii) 收購附屬公司少數股東權益

本集團採用將與少數股東權益之交易視作與本集團權益持有者之交易處理之政策。就收購少數股東權益而言，代表所支付任何代價與應佔所收購附屬公司資產淨額賬面值之間的差額以權益入賬。就出售少數股東權益而言，代價與相關應佔少數股東權益之間之差額亦以權益入賬。

(iv) 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利潤表內確認，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。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(a) Consolidation (continued)

(ii) Subsidiaries (continued)

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.

(iii) Purchase of minority interests from minority shareholders of the subsidiaries

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. For purchases from minority interests, the difference between the consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is recorded in equity. Gains or losses on disposals to minority interests are also recorded in equity. For disposals to minority interests, differences between the consideration and the relevant share of minority interests are also recorded in equity.

(iv) 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.

3 主要會計政策(續)

(a) 合併賬目(續)

(iv) 聯營公司(續)

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合併利潤表確認。

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

經營分部按照向首席經營決策者提供的內部報告貫徹一致的方式報告。首席經營決策者被認為董事會，由他們負責分配資源和評估經營分部的表現。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(a) Consolidation and combination (continued)

(iv) Associates (continued)

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

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

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

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

3 主要會計政策(續)

(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。合併財務報表以人民幣(「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利潤表確認。

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利潤表確認，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)的換算差額在利潤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。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(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.

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.

3 主要會計政策(續)

(c) 外幣匯兌(續)

(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；
- 每份利潤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，該等匯兌差額在利潤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。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(c) Foreign currency translation (continued)

(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;
- 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.

3 主要會計政策(續)

(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利潤表支銷。

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* | 10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，並在損益表的其他收益－淨額中確認。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(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.

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* | 10 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.

3 主要會計政策(續)

(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價值之數額。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。

(f) 採礦權

採礦權按成本減累計攤銷及累計減值虧損入賬。採礦權以直線法在可供使用起計之合約期間攤銷。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(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.

(f) Mining rights

Mining rights are stated at cost less accumulated amortization and accumulated impairment losses. Amortization of mining rights is calculated on a straight-line basis over the contractual period from the date of available for use.

3 主要會計政策(續)

(g) 投資性房地產

投資性房地產，主要由辦公室樓宇所組成，持有為獲得長期租金收益且並非由本集團佔用。投資性房地產初始按照成本列賬，包括相關的交易成本。在按成本初始確認後，投資性房地產按公允價值列賬，公允價值指由外部估值師於每個報告日期釐定的公開市值。公允價值根據活躍房地產市場價格計算，如有需要就個別資產的性質、地點或狀況的任何差異做出調整。如沒有此項資料，本集團利用其他估值方法，例如比較不活躍市場的近期價格或折現現金流量預測法。公允價值變動在利潤表內記錄為其他收入的部分估值收益或虧損。

(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)

(g) Investment properties

Investment property, principally comprising office buildings, is held for long-term rental yields and is not occupied by the Group. Investment property is initially measured at cost, including related transaction costs. After initial recognition at cost investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active property market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the income statement as part of a valuation gain or loss in other income.

(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評估。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價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。

(k) 金融資產

本集團把金融資產分為以下幾類：按公允價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。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(i) Construction-in-progress

Construction-in-progress represents plant 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.

(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.

3 主要會計政策(續)

(k) 金融資產(續)

(i) 按公允價值透過損益記賬的金融資產

按公允價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。本集團的貸款及應收款包括資產負債表中「貿易及其他應收款項」及「現金及現金等價物」(附註3(m)及附註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。

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。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(k) Financial assets (continued)

(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. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet (Note 3(m) and Note 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.

Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

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)

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。對於並非按公允價值透過損益記賬的所有金融資產，其投資初步按公允價值加交易成本確認。按公允價值透過損益列賬的金融資產，初步按公允價值確認，而交易成本則在利潤表支銷。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價值透過損益記賬的金融資產其後按公允價值列賬。貸款及應收款項利用實際利息法按攤銷成本列賬。

來自按公允價值透過損益記賬的金融資產類別的公允價值變動而產生的盈虧，列入產生期間利潤表的其他收益－淨額中。來自按公允價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，在利潤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)

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss 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價值調整列入利潤表「其他收益－淨額」內。

由於非上市證券可供出售金融資產公允價值不能可靠估計，公允價值估計範圍較廣泛且各種估計的概率未能合理地評估，因此本集團將公允價值不能可靠估計的非上市證券可供出售金融資產按成本入賬。

(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

應收賬項是於日常業務過程中向客戶銷售商品或提供服務而應收之款項。倘應收賬項及其他應收賬款計將在一年或一年以內收回(若更長則在業務正常經營週期內)，則歸類為流動資產。否則，在非流動資產中列報。

應收賬項及其他應收賬款最初按公平值確認，其後則以實際利率法按攤銷成本減減值撥備計算。

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'.

As the range of reasonable fair value estimates of available-for-sale financial assets for unlisted securities, which cannot be measured reliably, is significantly wide and the probabilities of the various estimates cannot be reasonably assessed, the Group account for all its available-for-sale financial assets for unlisted securities, which cannot be measured reliably, at cost.

(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 receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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.

3 主要會計政策(續)

(n) 當期及遞延所得稅

期內稅項開支包括即期及遞延稅項。稅項於利潤表確認，惟與其他綜合收益表確認或直接於權益確認的項目除外。在此情況下，亦分別於其他綜合收益表或直接於權益確認稅項。

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合併財務報表中所載之賬面金額之間的暫時性差異作出確認。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。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(n) Current and deferred income tax

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

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

3 主要會計政策(續)

(n) 當期及遞延所得稅(續)

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。

遞延所得稅資產及負債在有合法行使的權利將即期稅項資產與負債互相抵銷，且有關所得稅由同一稅務機關向同一應課稅實體或不同應課稅實體徵收但擬按淨額基準處理結餘方可互相抵銷。

(o) 退休福利成本

本集團已參與各地社會保險局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險局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利潤表。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，社會保險局承諾將承擔本集團現有和未來退休員工的退休福利責任。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(n) Current and deferred income tax (continued)

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.

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 assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(o) Retirement benefit costs

The Group participates in a retirement and medical insurance scheme organised by Municipal Social Security Administration Bureau ("MSSAB"). Pursuant to the relevant provisions, the Group is required to make monthly contributions in respect of the above insurance scheme to MSSAB 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, MSSAB undertakes to assume the retirement benefit obligations of existing and future retired employees of the Group.

3 主要會計政策(續)

(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。

(r) 貿易應付款項

貿易應付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計量。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(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.

(r) Trade payables

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

3 主要會計政策(續)

(s) 借貸

借貸初始按公允價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利潤表確認。

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利潤表支銷。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(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) 撥備

當本集團因已發生的事件而產生現有的法律或推定義務；很可能需要資源的流出以結算義務；及金額已被可靠估計時，當就環境復原、重組費用和法律索償作出準備。重組準備包括租賃終止罰款和職工辭退付款。但不會就未來經營虧損確認準備。

如有多項類似義務，其需要在結算中有資源流出的可能性，則可根據義務的類別整體考慮。即使在同一義務類別所包含的任何一個項目相關的資源流出的可能性極低，仍須確認準備。

準備採用稅前利率按照預期需結算有關義務的支出現值計量，該利率反映當時市場對金錢時間值和有關義務固有風險的評估。隨著時間過去而增加的準備確認為利息費用。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(v) Provision

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

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

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

3 主要會計政策(續)

(w) 或然負債

或有負債，系指由過去的交易或事項而形成的潛在義務，其存在須通過未來不確定事項的發生或不發生予以證實；或過去的交易或事項形成出的現實義務，履行該義務不是很可能導致經濟利益流出或該等義務的金額不能可靠計量。或有負債不在資產負債表中確認，但會予以披露，除非導致經濟利益流出的可能性很低。

(x) 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價值，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。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(w) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. A contingent liability is not recognised in financial statement, but to be disclosed by the Group, unless the possibility of an outflow of resources embodying economic benefits is remote.

(x) 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.

3 主要會計政策(續)

(X) 收入確認(續)

- (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性房地產所得的租金收入以直線法按租賃期於利潤表內確認。
- (iii) 酒店業務
酒店業務之收入在提供服務之會計期間確認。
- (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。
- (v) 股息收入
股息收入在收取款項的權利確定時確認。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(x) Revenue recognition (continued)

- (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 operations
Revenue from hotel operations is recognised in the accounting period in which the services are rendered.
- (iv) Interest income
Interest income is recognised on a time-proportion basis using the effective interest method.
- (v) Dividend income
Dividend income is recognised when the right to receive payment is established.

3 主要會計政策(續)

(y) 借款成本

發生的可直接歸屬於需經較長時間的購建活動方能達至預定可使用狀態之物業、廠房及設備的購建的借款成本，在資產支出及借款成本已經發生、為使資產達至預定可使用狀態所必要的購建活動已開始時，開始資本化並計入該資產的成本。當購建的資產達至預定可使用狀態時停止資本化，其後發生的借款成本於收益表確認。如果物業、廠房及設備的購建活動發生非正常中斷，並且中斷時間連續超過3個月，暫停借款成本的資本化，直至資產的購建活動重新開始。

就取得合資格資產之特定用途借款而言，合資格資本化的借貸成本的金額為於該期間借款產生的實際借貸成本減以該借款進行臨時性投資而獲得的任何投資收益。

就其他有關合資格資產的收購及構建的借款而言，合資格資本化的借貸成本金額應為產生的實際借貸成本或並非由特定借款提供資金之合資格資產乘資本化率的較低者。資本化率為該等借款的加權平均利率。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(y) Borrowing costs

The borrowing costs that are directly attributable to the acquisition and construction of a property, plant and equipment that needs a substantially long period of time of acquisition and construction for its intended use commence to be capitalized and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalization of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use, the borrowing costs incurred thereafter are recognized in income statement. Capitalization of borrowing costs is suspended when the acquisition or construction of a property, plant and equipment is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For a borrowing that is specifically for the purpose of obtaining a qualifying asset, the amounts of borrowing costs eligible for capitalisation are the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of these borrowings.

For the other borrowings related to acquisition, construction and production of a qualifying asset, the amount of borrowing costs eligible for capitalisation shall be the lower of the actual borrowing costs incurred and the amount of qualifying asset not financed by specific borrowings multiplying capitalisation rate. The capitalisation rate is the weighted average interest rate of these borrowings.

3 主要會計政策(續)

(z) 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。

(aa) 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價值確認入賬。

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利潤表中確認。

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利潤表內列賬。

(ab) 財務擔保

財務擔保合約乃要求發出人就償付持有人因指定債務人未能根據債務工具之原有或經修訂條款支付到期款項所蒙受損失之合約。於初步確認後，財務擔保合約由發出人須按對債務的最佳估計及初步確認款項之較高者減(如適用)就確認所賺取費用收入於擔保合約年內按直線法計算所得累計攤銷計量。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(z) 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.

(aa) 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.

(ab) Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. After initial recognition, an issuer of such a contract shall measure it at the higher of the best estimate of the obligation and the amount initially recognized less, when appropriate, cumulative amortization calculated to recognize the fee income earned on a straight line basis over the life of the guarantee contract.

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金融市場的難預測性，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。本集團因日後進行商業交易及確認並非以人民幣計算的資產及負債而承擔外匯風險。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、日圓和港元列值。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 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 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, Japanese Yen 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：

| | | 二零零九年 十二月三十一日 31st December 2009 人民幣千元 RMB'000 | 二零零八年 十二月三十一日 31st December 2008 人民幣千元 RMB'000 |
|------|----------------------------|---|---|
| 流動資產 | Current Assets | | |
| 美元 | USD | 527,585 | 216,969 |
| 港元 | HKD | 39,465 | 32,281 |
| 歐元 | EUR | 2,508 | 9,055 |
| 日圓 | JPY | 8,209 | 6,031 |
| 韓圓 | KRW | 5,087 | 3,321 |
| 總計 | Total | 582,854 | 267,657 |
| 流動負債 | Current Liabilities | | |
| 美元 | USD | 571,490 | 150,841 |
| 港元 | HKD | 14,794 | 5,826 |
| 歐元 | EUR | 10,132 | 5,957 |
| 日圓 | JPY | 90,492 | 18,091 |
| 韓圓 | KRW | 1,050 | 1,215 |
| 總計 | Total | 687,958 | 181,930 |

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:

4 財務風險管理(續)

(a) 市場風險(續)

(i) 外匯風險(續)

下表顯示人民幣兌有關外幣升值1%或5%的敏感度分析：

| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
|----------------------------------|---|-----------------------------------|-----------------------------------|
| 兌美元匯率 升值1% 年度虧損 (減少)/增加 | 1% appreciation in exchange rate against US Dollar (Decrease)/increase in the loss for the year | (439) | 661 |
| 兌港元匯率 升值1% 年度虧損增加 | 1% appreciation in exchange rate against Hong Kong Dollar Increase in the loss for the year | 247 | 265 |
| 兌日圓匯率 升值5% 年度虧損減少 | 5% appreciation in exchange rate against Japanese Yen Decrease in the loss for the year | (4,114) | (603) |

4 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The following table shows the sensitivity analysis of a 1% or 5% appreciation in RMB against the relevant foreign currencies:

4 財務風險管理(續)

(a) 市場風險(續)

(ii) 價格風險(續)

本集團不承受證券價格風險。本集團承受鉀肥產品的價格風險。在金融危機的影響下，二零零九年鉀肥產品價格維持在較低水平。如果鉀肥價格上漲或下降10%，集團營業收入將會增加或下降約人民幣41,494,000元。

(iii) 現金流量及公允價值利率風險

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價值利率風險。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，利率於二零零九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 Charged/(credited) to finance costs
扣除／(計入) (net of amounts to be capitalised
(扣除資本化 as construction in progress)
於在建工程
之款項)

4,356

(4,356)

4 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Price risk

The Group is not exposed to equity securities price risk. The Group is exposed to commodity price risk of potassium fertilizer. Under the impact of the financial crisis, the potassium fertilizer prices remained at low level in 2009. If there had been an increase/decrease in the price of potassium fertilizer by 10%, the revenue of the Group would increase/decrease by approximately RMB41,494,000.

(iii) Cash flow and fair value interest rate risk

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 2009 with all other variables held at constant on the Group's loss for the year.

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

4 財務風險管理(續)

(a) 市場風險(續)

(iii) 現金流量及公允價值利率風險(續)

本集團借貸之利率及還款期於附註26披露。

(iv) 信貸風險

本集團因貿易及其他應收款項承受信貸風險。

貿易及其他應收款項之賬面值，乃本集團就金融資產所面對的最大信貸風險。於二零零九年十二月三十一日，前五大客戶佔貿易及其他應收款項結餘的逾36%（二零零八年：30%）。

本集團一般向現有客戶授出不超過30至90日的信用期限，且不需抵押品。本集團貿易應收款之賬齡分析於附註20披露。管理層定期對貿易及其他應收款之可收回性進行集中及個別評估，基準為過往付款記錄、逾期時間長短、債務人財政狀況及與相關債務人是否有任何爭議。本集團於收取貿易及其他應收款之經驗屬已列賬撥備範圍內，董事認為已就不可收回應收款計提足夠撥備。

4 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

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

The interest rates and terms of repayment of borrowings of the Group are disclosed in Note 26.

(iv) Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables.

The carrying amounts of trade and other receivables and 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 2009 (2008: 30%).

The Group normally grants credit terms of not more than 30 to 90 days to existing customers without collaterals. Aging analysis of the Group's trade receivables is disclosed in Note 20. Management makes periodic collective assessment as well as individual assessment on the recoverability of trade and other receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the relevant debtors. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances and the Directors are of the opinion that adequate provision for uncollectible receivables has been made.

4 財務風險管理(續)

(a) 市場風險(續)

(v) 流動資金風險

本集團董事會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。

下表根據結算日餘下期間至合約到期日的分析，將本集團及本公司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。

| 本集團 於二零零九年十二月三十一日 | Group At 31st December 2009 |
|----------------------|--------------------------------|
| 借貸 | Borrowings |
| 貿易及其他應付款 | Trade and other payables |
| 其他非流動負債 | Other non-current liabilities |
| 總計 | Total |
| 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 |
| 其他非流動負債 | Other non-current liabilities |
| 總計 | Total |

4 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(v) Liquidity risk

The board of directors of the Group 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.

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

| 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 |
|---|---|---|---|---------------------------------|
| 2,700,979 | 799,894 | 4,529,039 | 500,248 | 8,530,160 |
| 1,940,799 | - | - | - | 1,940,799 |
| - | 8,560 | 91,267 | 35,337 | 135,164 |
| 4,641,778 | 808,454 | 4,620,306 | 535,585 | 10,606,123 |

| 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 |
| - | 1,714 | 29,387 | 11,602 | 42,703 |
| 4,699,648 | 134,233 | 74,387 | 2,755,062 | 7,663,330 |

4 財務風險管理(續)

(a) 市場風險(續)

(v) 流動資金風險(續)

本公司
於二零零九年十二月三十一日

借貨
貿易及其他應付款

總計

Company
At 31st December 2009

Borrowings
Trade and other payables

Total

| 少於一年 | 一年至二年 | 二年至五年 | 五年以上 | 總計 |
|-----------|---------------|---------------|---------|---------|
| Less than | Between | Between | Over | Total |
| 1 year | 1 and 2 years | 2 and 5 years | 5 years | |
| 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 |

| | | | | |
|---------|--------|-----------|---|-----------|
| 134,670 | 50,270 | 1,064,810 | - | 1,249,750 |
| 426,113 | - | - | - | 426,113 |
| 560,783 | 50,270 | 1,064,810 | - | 1,675,863 |

| 少於一年 | 一年至二年 | 二年至五年 | 五年以上 | 總計 |
|-----------|---------------|---------------|---------|---------|
| Less than | Between | Between | Over | Total |
| 1 year | 1 and 2 years | 2 and 5 years | 5 years | |
| 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 |

於二零零八年十二月三十一日

借貨
貿易及其他應付款

總計

At 31st December 2008

Borrowings
Trade and other payables

Total

| | | | | |
|-----------|---|---|---|-----------|
| 1,839,100 | - | - | - | 1,839,100 |
| 95,256 | - | - | - | 95,266 |
| 1,934,366 | - | - | - | 1,934,366 |

由於到期期限短，本集團流動金融資產(包括現金及現金等價物、貿易及其他應收款)以及本集團流動金融負債(包括貿易及其他應付款及流動借貨)賬面值與其公允價值相若。

到期期限少於一年的金融資產及負債面值減任何估計信用調整假定與其公允價值相若。就披露而言的金融負債公允價值乃根據本集團就類似金融工具可取得的現行市場利率將未來合約現金流量貼現而估算。

The carrying amounts of the Group's current financial assets, including cash and cash equivalents, trade and other receivables and the Group's current financial liabilities including trade and other payables and current borrowings approximate their fair values due to their short maturities.

The nominal values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year 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 available to the Group for similar financial instruments.

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」(如合併資產負債表所示)加負債淨額計算。

於二零零九年及二零零八年十二月三十一日之資本負債比率如下：

| | | 二零零九年 2009 | 二零零八年 2008 |
|----------------------|--|------------------|-------------------------------------|
| | | 人民幣千元 RMB'000 | 經重列 Restated 人民幣千元 RMB'000 |
| 借貸總額 (附註26) | Total borrowings (Note 26) | 7,102,801 | 5,965,713 |
| 減：現金及現金等價物 (附註22) | Less: cash and cash equivalents (Note 22) | (1,056,811) | (874,373) |
| 負債淨額 | Net debt | 6,045,990 | 5,091,340 |
| 總權益 | Total equity | 3,824,337 | 3,695,238 |
| 總資本 | Total capital | 9,870,327 | 8,786,578 |
| 資本負債比率 | Gearing ratio | 60% | 58% |

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 2009 and 2008 are as follows:

4 財務風險管理(續)

(b) 資本風險管理(續)

二零零九年度資本負債比例上升，主要是由於新增商業銀行貸款，為成都天馬微電子股份有限公司(「成都天馬」)的新廠房建設提供資金所致。

於二零零九年十二月三十一日，本集團沒有按公允價值列示的金融工具。

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。

(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。

4 FINANCIAL RISK MANAGEMENT (continued)

(b) Capital risk management (continued)

The increase in the gearing ratio during 2009 resulted primarily from new borrowings extended from commercial banks in order to finance the investment made in the construction of a new production plant of Chengdu Tianma Microelectronics Company Limited ("Chengdu Tianma").

The group has no financial instrument stated at fair value as at 31st December 2009.

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.

(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.

5 關鍵會計估算及假設(續)

(b) 採礦權及物業、廠房及設備賬面值

採礦權及物業、廠房及設備按成本減累計攤銷及折舊列賬。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價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，包括與採礦權及物業、廠房及設備有關之未來現金流量，折舊以及貼現率。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。管理層認為二零零九年十二月三十一日採礦權及物業、廠房及設備的賬面值無須計提減值。

(c) 若干附屬公司實際控制權

由於以前年度本集團之附屬公司天馬微電子股份有限公司(「天馬公司」)發行新股份以及本集團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之後，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，而本集團將繼續將其以附屬公司作呈報。

5 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

(b) Carrying value of mining rights and property, plant and equipment

Mining rights and property, plant and equipment are carried at cost less accumulated amortisation and depreciation. 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 depreciation 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 to the carrying value of the mining rights and property, plant and equipment as at 31st December 2009.

(c) De facto control in certain subsidiaries

Following a new share issue of Tianma Microelectronics Co. Ltd. (the "Tianma"), a subsidiary of the Group, and the implementation of a share segregation reform scheme of Shenzhen Fiyta Holdings Limited (the "Fiyta"), another subsidiary of the Group, in prior years, the Group's equity interests held in these two subsidiaries fell below 50%. However, the Group is able 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 despite its equity interests in these two subsidiaries are below 50% and the Group continues to report them as subsidiaries.

5 關鍵會計估算及判斷(續)

(d) 投資性房地產估值

本集團的若干投資性房地產位於無活躍房地產市場的區域，於此情況下，公允價值使用現金流量貼現法估算，其中包括若干主要假設，如市場租金、佔用率及貼現率。假設需運用判斷及估計。倘預期與最初估算不同，該等差異將於該估計改變的期間影響投資性房地產的賬面值以及投資性房地產公允價值變動損益。

(e) 確認遞延所得稅資產

於釐定所得稅撥備時需作出重大判斷。在正常業務過程中，許多交易及計算的最終釐定是不確定的。倘該等事項的最終稅務結果與最初所錄金額不同，該差異將影響作出釐定期間的所得稅及遞延稅項撥備。

當管理層認為將來很有可能應課稅利潤以抵銷暫時性差異或可使用稅務虧損時，有關若干暫時性差異或稅務虧損的遞延稅項資產予以確認。實際使用的結果可能不同。

5 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

(d) Investment property valuation

The Group's certain investment properties are located in areas where there are no active property market, in such cases, the fair value is estimated by discounted cash flow method, which involves a number of key assumptions, including market rents, occupancy rates, discounts rates. The assumptions require the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of investment and fair value gain/loss on investment property in the period in which such estimate has been changed.

(e) Recognition of deferred income tax assets

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

6 分部資料

管理層已根據由曾經負責作出戰略決策的董事會提供的報告釐定經營分部。

董事會從產品前景方面考慮業務。本集團分成8個業務分部：

- 鐘錶生產－生產和銷售機械及石英錶
- 鐘錶銷售－銷售名牌石英錶
- 液晶顯示器－製造及銷售液晶顯示器
- 印製電路板－製造及銷售印製電路板
- 有線電視設備－製造及銷售有線電視設備
- 投資性房地產－提供經營租約服務
- 酒店管理－經營酒店並提供相關服務
- 資源－開採及銷售礦產

向董事會提供的截至二零零九年十二月三十一日止年度的可報告分部的分部資料如下：

6 SEGMENTAL INFORMATION

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions.

The board considers the business from a product perspective. The Group is organised into eight business segments:

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

The segment information provided to the board of directors for the reportable segments for the year ended 31st December 2009 is as follows:

6 分部資料(續)

本集團的分部資料分析如下：

6 SEGMENTAL INFORMATION (continued)

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

| | | 鐘錶生產業務 | | 鐘錶銷售業務 | | 液晶顯示器業務 | | 印刷電路板業務 | | 有線電視系統器材業務 | | 投資性房地產 | | 酒店 | | 礦業資源 | | 未分配企業項目 | | 總計 | |
|--|--|---------|---------|----------|----------|-----------|-----------|-----------|-----------|------------|---------|-----------|-----------|----------|----------|-----------|-----------|-----------|-----------|------------|------------|
| | | 二零零九年 | 二零零八年 | 二零零九年 | 二零零八年 | 二零零九年 | 二零零八年 | 二零零九年 | 二零零八年 | 二零零九年 | 二零零八年 | 二零零九年 | 二零零八年 | 二零零九年 | 二零零八年 | 二零零九年 | 二零零八年 | 二零零九年 | 二零零八年 | 二零零九年 | 二零零八年 |
| | | 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 | 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 | 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 | 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 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| 收入 | Revenue | 188,665 | 161,898 | 965,138 | 906,670 | 2,181,111 | 1,374,254 | 1,167,839 | 944,413 | 32,040 | 28,167 | 115,929 | 107,804 | 8,379 | 103,249 | 433,682 | 550,419 | - | - | 5,092,883 | 4,077,074 |
| 業績 | Results | | | | | | | | | | | | | | | | | | | | |
| 分部業績 | Segment results | 24,044 | 2,636 | 48,307 | 60,297 | (232,490) | (95,783) | 105,795 | 75,369 | 1,291 | (1,076) | 54,562 | 53,057 | (1,356) | (17,262) | (63,399) | 210,593 | (37,809) | (42,971) | (121,055) | 244,860 |
| 其他收入/(附註30) | Other income (Note 30) | 1,298 | 6,404 | 5,734 | 3,536 | 30,959 | 4,389 | 30,667 | 23,026 | 1,681 | 989 | 7,461 | 629 | (2,310) | (32,703) | 30,761 | 51,594 | | (1,349) | 105,381 | 56,515 |
| 其他收益/(虧損) | Other gains/(losses) | | | | | | | | | | | | | | | | | | | | |
| (附註31) | (Note 31) | - | - | - | - | - | 84,975 | - | - | - | - | - | - | - | - | - | - | 8,301 | (51,040) | 8,301 | 33,935 |
| 投資性房地產公允價值收益/(虧損)/(附註11) | Fair value gain/(loss) on investment properties (Note 11) | - | - | - | - | - | - | - | - | - | - | 65,617 | (15,005) | - | - | - | - | - | - | 65,617 | (15,005) |
| 經營溢利/(虧損) | Operating profit/(loss) | 25,342 | 9,040 | 54,041 | 63,833 | (201,531) | (6,419) | 136,462 | 98,395 | 2,972 | (87) | 127,640 | 38,681 | (3,666) | (49,965) | (52,638) | 282,187 | (30,378) | (95,380) | 58,244 | 320,305 |
| 本集團所佔一間附屬公司可辨認資產、負債及或然負債淨公允價值超出轉讓代價之差額 | Excess of the Group's share of the net fair value of a subsidiary's identifiable assets, liabilities and contingent liabilities over the consideration transferred | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 104 | - | 104 |
| 聯營(成本)/收入淨額/(附註34) | France (costs)/income, net (Note 34) | (52) | 1 | (21,443) | (27,434) | (141,633) | (82,278) | (13,702) | 2,932 | (2,540) | (671) | (34,065) | (36,370) | (38,782) | (25,004) | (35,253) | (14,123) | (69,994) | (105,084) | (358,494) | (288,031) |
| 應佔聯營公司之業績/(附註14) | Share of results of associates (Note 14) | - | - | - | - | - | (211) | - | - | - | - | - | - | - | - | - | - | 11,391 | (26,248) | 11,391 | (26,458) |
| 所得稅/收入(開支)/(附註36) | Income tax credit/(charge) (Note 36) | (2,792) | (1,371) | (11,324) | (10,245) | 52,385 | 19,131 | (20,999) | (16,055) | (615) | 1,286 | (23,698) | 2,423 | 16 | (97) | 7,096 | (42,656) | - | - | 69 | (47,584) |
| 年內溢利/(虧損) | Profit/(loss) for the year | 22,498 | 7,670 | 21,274 | 26,154 | (290,779) | (69,777) | 101,761 | 85,272 | (183) | 528 | 69,657 | 4,734 | (43,432) | (75,066) | (80,795) | 205,408 | (88,961) | (226,588) | (288,780) | (41,665) |
| 其他資料 | Other information | | | | | | | | | | | | | | | | | | | | |
| 分部資產 | Segment assets | 293,751 | 286,227 | 896,947 | 780,989 | 6,619,922 | 5,029,967 | 1,525,035 | 1,310,497 | 38,896 | 38,858 | 1,052,748 | 1,014,699 | 951,305 | 916,478 | 1,621,588 | 1,456,251 | 57,245 | 396,373 | 13,057,437 | 11,230,339 |
| 在聯營公司之投資(附註14) | Investments in associates (Note 14) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 568,917 | 565,313 | 568,917 | 565,313 |
| 總資產 | Total assets | 293,751 | 286,227 | 896,947 | 780,989 | 6,619,922 | 5,029,967 | 1,525,035 | 1,310,497 | 38,896 | 38,858 | 1,052,748 | 1,014,699 | 951,305 | 916,478 | 1,621,588 | 1,456,251 | 628,162 | 961,686 | 13,626,354 | 11,795,652 |
| 總負債 | Total liabilities | 33,950 | 294,513 | 160,899 | 422,033 | 4,542,497 | 3,073,162 | 871,798 | 764,717 | 36,919 | 31,833 | 1,245,655 | 665,809 | 812,162 | 505,004 | 997,351 | 496,832 | 1,100,586 | 1,856,511 | 9,802,017 | 8,100,414 |
| 資本性支出 | Capital expenditure | 19,681 | 14,533 | 35,212 | 25,221 | 901,609 | 1,254,586 | 125,890 | 208,883 | 129 | 147 | 13,009 | 46,208 | 45,871 | 169,573 | 84,964 | 414,563 | 977 | 587 | 1,227,342 | 2,132,301 |
| 非現金開支 - 物業、廠房及設備折舊(附註32) | Non-cash expenses - Depreciation of property, plant and equipment (Note 32) | 16,334 | 15,009 | 16,764 | 12,282 | 305,907 | 125,649 | 83,043 | 69,088 | 339 | 305 | 519 | 1,398 | 6,479 | 25,889 | 34,416 | 17,615 | 1,041 | 878 | 464,842 | 251,726 |
| - 土地使用權攤銷(附註32) | - Amortisation of land use rights (Note 32) | 461 | 461 | - | - | 3,738 | 3,398 | 337 | 365 | - | - | - | - | - | 11,535 | 177 | 233 | - | - | 4,713 | 15,992 |
| - 壞賬撥備/(撥回)(附註32) | - Provision for/(reversal of) bad debt (Note 32) | 321 | 700 | - | (698) | 46,244 | 26,497 | 797 | 549 | 225 | 94 | 1,011 | - | - | - | 11,993 | - | - | - | 60,591 | 26,942 |
| - 陳舊存貨撥備/(撥回)(附註32) | - Provision for/(reversal of) inventory obsolescence (Note 32) | (923) | 1,897 | - | - | 9,372 | 15,335 | 1,486 | 12,570 | (144) | (10) | - | - | - | - | - | 627 | - | - | 9,791 | 30,419 |

6 分部資料(續)

報告分部的資產與總資產對賬如下：

| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 經重列 Restated 人民幣千元 RMB'000 |
|----------|-------------------------------------|-----------------------------------|--|
| 分部資產 | Segment assets | 13,000,192 | 10,833,966 |
| 未分配： | Unallocated: | | |
| 於聯營公司之投資 | Investments in associates | 568,917 | 565,313 |
| 可供出售金融資產 | Available-for-sale financial assets | 2,098 | 2,098 |
| 現金及現金等價物 | Cash and cash equivalents | 44,615 | 383,124 |
| 物業、廠房及設備 | Property, plant and equipment | 10,463 | 10,530 |
| 其他流動資產 | Other current assets | 69 | 621 |
| 資產負債表總資產 | Total assets per balance sheet | 13,626,354 | 11,795,652 |

報告分部的負債與總負債對賬如下：

Reportable segments' liabilities are reconciled to total liabilities as follows:

| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 經重列 Restated 人民幣千元 RMB'000 |
|----------|-------------------------------------|-----------------------------------|--|
| 分部負債 | Segment liabilities | 8,701,431 | 6,243,903 |
| 未分配： | Unallocated: | | |
| 借貸 | Borrowings | 994,000 | 1,839,100 |
| 其他應付款項 | Other payables | 106,586 | 17,411 |
| 資產負債表總負債 | Total liabilities per balance sheet | 9,802,017 | 8,100,414 |

6 分部資料(續)

本集團各實體主要位於中國。其來自中國以及其他國家及地區的外部客戶的營業收入列示如下：

| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
|---------|------------------------------------|-----------------------------------|-----------------------------------|
| 收入 | Revenue | | |
| 中國內地 | Mainland China | 3,136,651 | 3,036,708 |
| 香港 | Hong Kong | 1,352,916 | 652,674 |
| 歐美 | Europe and America | 364,668 | 258,138 |
| 東亞及東南亞 | East and Southeast Asia | 235,650 | 80,862 |
| 其他國家 | Other countries | 2,998 | 48,692 |
| 利潤表營業收入 | Total revenue per income statement | 5,092,883 | 4,077,074 |

收入乃按客戶所在國家進行分配。

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

| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 經重列 Restated 人民幣千元 RMB'000 |
|----------|--------------------------------|-----------------------------------|--|
| 總資產 | Total assets | | |
| 中國內地 | Mainland China | 12,979,684 | 11,188,303 |
| 香港 | Hong Kong | 55,339 | 6,278 |
| 歐美 | Europe and America | 15,553 | 30,306 |
| 東亞及東南亞 | East and Southeast Asia | 6,861 | 5,452 |
| 聯營公司 | Investments in associates | 13,057,437 568,917 | 11,230,339 565,313 |
| 資產負債表總資產 | Total assets per balance sheet | 13,626,354 | 11,795,652 |

總資產按資產所在地進行分配。

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

6 分部資料(續)

6 SEGMENTAL INFORMATION (continued)

| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
|--------------|----------------------------|-----------------------------------|-----------------------------------|
| 資本性支出 | Capital expenditure | | |
| 中國內地 | Mainland China | 1,226,333 | 2,132,170 |
| 香港 | Hong Kong | 980 | 29 |
| 歐美 | Europe and America | 29 | 102 |
| | | 1,227,342 | 2,132,301 |

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.

來自所有服務的收入細分如下：

Breakdown of the revenue from all services is as follows:

| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 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 | 4,968,575 | 3,866,021 |
| 租金收入 | Rental income | 115,929 | 107,804 |
| 酒店經營收入 | Hotel operating income | 8,379 | 103,249 |
| 利潤表營業收入 | Total revenue per income statement | 5,092,883 | 4,077,074 |

7 土地使用權

7 LAND USE RIGHTS

| | | 本集團 Group | |
|---------------|--|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 於一月一日之賬面淨值 | Net book value at 1st January | 687,277 | 190,007 |
| 添置 | Additions | 30,763 | 6,419 |
| 收購附屬公司(附註(a)) | Acquisition of subsidiaries (Note (a)) | — | 506,843 |
| 攤銷 | Amortisation | (17,794) | (15,992) |
| 於十二月三十一日之賬面淨值 | Net book value at 31st December | 700,246 | 687,277 |
| 按性質代表： | Representing by nature: | | |
| 投資性房地產 | Investment properties | 13,702 | 14,161 |
| 其他物業 | Other properties | 686,544 | 673,116 |
| | | 700,246 | 687,277 |

(a) 於二零零八年，收購附屬公司廣東國際大廈實業有限公司（「廣東國際大廈」）獲得人民幣506,843,000元的土地使用權。

(a) In 2008, land use right amounting to RMB506,843,000 was obtained from the acquisition of a subsidiary, Guangdong International Building Industrial Co., Ltd ("GIB Company").

行政費用及資本化在建工程分別計入攤銷金額人民幣4,713,000元（二零零八年：人民幣15,992,000元）及人民幣13,081,000元（二零零八年：無）。

Amortization charges of RMB4,713,000 (2008: RMB15,992,000) and RMB13,081,000 (2008: nil) were included in the administrative expenses and capitalized in construction in process for the year respectively.

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。

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

7 土地使用權(續)

於二零零九年十二月三十一日，非即期抵押銀行借貸人民幣680,000,000元(二零零八年：人民幣680,000,000元)以廣東國際大廈賬面淨值約人民幣482,724,000元(二零零八年：人民幣495,308,000元)之土地使用權作抵押。(附註26)。

8 採礦權

合併利潤表之營業成本及行政費用分別計入攤銷支出金額人民幣24,183,000元(二零零八年：人民幣18,220,000元)及人民幣4,151,000元(二零零八年：人民幣10,187,000元)。

於二零零九年十二月三十一日，本集團採礦權由以下組成：

- 一 賬面淨值為人民幣66,829,000元(二零零八年：人民幣70,968,000元)之煤礦之採礦權涉及面積約8.9189平方公里，位於中國貴州省六枝特區。
- 一 賬面淨值為人民幣215,930,000元(二零零八年：人民幣215,941,000元)之磷礦之採礦權涉及面積約2.4553平方公里，位於中國雲南省昆明市東川區。

7 LAND USE RIGHTS (continued)

As at 31st December 2009, non-current secured bank borrowings of RMB680,000,000 (2008: RMB680,000,000) were secured by the land use rights of GIB Company at the net book value of approximately RMB482,724,000 (2008: RMB495,308,000) (Note 26).

8 MINING RIGHTS

| | | 本集團 Group | |
|---------------|---------------------------------|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 於一月一日之賬面淨值 | Net book value at 1st January | 569,488 | 306,828 |
| 添置 | Additions | — | 291,067 |
| 攤銷 | Amortization | (28,334) | (28,407) |
| 於十二月三十一日之賬面淨值 | Net book value at 31st December | 541,154 | 569,488 |

Amortization charges of RMB24,183,000 (2008: RMB18,220,000) and RMB4,151,000 (2008: RMB10,187,000) were included in the cost of goods sold and administrative expenses in the consolidated income statement for the year respectively.

As of 31st December 2009, the mining rights of the Group mainly comprise the following:

- The mining rights of the coal mine of a net book value of RMB66,829,000 (2008: RMB70,968,000) has a site area of approximately 8.9189sq. km. It is located in Liuzhi Prefecture of Guizhou Province, the PRC.
- The mining rights of the phosphorus mine of a net book value of RMB215,930,000 (2008: RMB215,941,000) has a site area of approximately 2.4553sq. km. It is located in Dongchuan District, Kunming Prefecture of Yunnan Province, the PRC.

8 採礦權(續)

- 賬面淨值人民幣258,395,000元(二零零八年:人民幣282,579,000元)之鉀礦之採礦權涉及面積約284,526平方公里,位於中國青海省海西市冷湖區。

8 MINING RIGHTS (continued)

- The mining rights of a potassium mine of a net book value of RMB258,395,000 (2008: RMB282,579,000) has a site area of approximately 284,526sq. km. It is located in Lenghu District, Haixi Prefecture of Qinghai Province, the PRC.

9 商譽**9 GOODWILL**

本集團
Group
人民幣千元
RMB'000

| 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 |
| 截至二零零九年十二月三十一日止年度 | Year ended 31st December 2009 | |
| 年初及年終賬面淨值 | Opening and closing net book amount | 5,240 |

商譽來自中航投資以往於二零零八年從無關連公司收購青海中航資源有限公司(「青海中航資源」)。青海中航資源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17%(二零零八年:17%)與業界報告所載之預測一致。所採用之貼現率12%(二零零八年:12%)為稅前貼現率,並反映青海中航資源所營運業務相關之特別風險。經減值測試後,本公司董事認為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 prior acquisition of Qinghai CATIC Resources Company Limited ("Qinghai CATIC Resources") from an unrelated Company in 2008. The recoverable amount of Qinghai CATIC Resources 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 the estimated gross margin based on past performance and its expectations for the market development. The weighted average growth rate of 17% (2008: 17%), which is consistent with the forecasts included in the industry reports. The discount rate of 12% (2008: 12%) is pre-tax and reflects specific risks relating to business operated by Qinghai CATIC Resources. The directors of the Company consider that no impairment charge was required after performing the impairment assessment.

10 物業、廠房及設備
本集團

10 PROPERTY, PLANT AND EQUIPMENT
Group

| | | 二零零九年 2009 | | | | |
|-----------------------|--|-------------------------------------|--|---|---|---------------------------------|
| | | 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 |
| 截至二零零九年十二月 三十一日止年度 | Year ended 31st December 2009 | | | | | |
| 成本 | Cost | | | | | |
| 年初 | At beginning of year | 2,347,208 | 3,648,000 | 62,471 | 125,669 | 6,183,348 |
| 在建工程轉入 (附註12) | Transfer from construction- in-progress (Note 12) | 80,070 | 51,057 | - | 100 | 131,227 |
| 重新分類 | Reclassification | (64,659) | 64,659 | - | - | - |
| 成本調整 | Cost adjustment | (88,716) | - | - | - | (88,716) |
| 投資性房地產轉入 (附註11) | Transfer from investment properties (Note 11) | 44,107 | - | - | - | 44,107 |
| 添置 | Additions | 51,428 | 127,071 | 6,205 | 8,804 | 193,508 |
| 轉撥至投資性房地產 (附註11) | Transfer to investment properties (Note 11) | (3,964) | - | - | - | (3,964) |
| 出售 | Disposals | (5,006) | (45,144) | (2,859) | - | (53,009) |
| 年末 | At end of year | 2,360,468 | 3,845,643 | 65,817 | 134,573 | 6,406,501 |
| 累計折舊 | Accumulated depreciation | | | | | |
| 年初 | At beginning of year | 232,167 | 697,762 | 32,434 | 5,939 | 968,302 |
| 重新分類 | Reclassification | (4,015) | 4,015 | - | - | - |
| 本年度計提 | Charge for the year | 86,105 | 370,821 | 7,519 | 673 | 465,118 |
| 轉撥至投資性房地產 (附註11) | Transfer to investment properties (Note 11) | (1,721) | - | - | - | (1,721) |
| 出售 | Disposals | (4,985) | (32,802) | (2,252) | - | (40,039) |
| 年末 | At end of year | 307,551 | 1,039,796 | 37,701 | 6,612 | 1,391,660 |
| 賬面淨值 | Net book amount | | | | | |
| 年末 | At end of year | 2,052,917 | 2,805,847 | 28,116 | 127,961 | 5,014,841 |
| 年初 | At beginning of year | 2,115,041 | 2,950,238 | 30,037 | 119,730 | 5,215,046 |

10 物業、廠房及設備(續)

本集團(續)

10 PROPERTY, PLANT AND EQUIPMENT

(continued)

Group (continued)

| | | 二零零八年 2008 | | | | |
|-------------------------------|--|------------------|--|-------------------------|-------------------------------|------------------|
| | | 樓宇 Buildings | 設備及機器 Equipment and machinery | 汽車 Motor vehicles | 採礦構築物 Mining structures | 總額 Total |
| | | 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 |
| 截至二零零八年十二月 三十一日止年度 | Year ended 31st December 2008 | | | | | |
| 成本 | Cost | | | | | |
| 年初 | At beginning of year | 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(a)) | Acquisition of subsidiaries (Note (a)) | 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) |
| 轉撥至投資性房地產 (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 |
| 累計折舊 | Accumulated depreciation | | | | | |
| 年初 | At beginning of year | 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) |
| 轉撥至投資性房地產 (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 |
| 賬面淨值 | Net book amount | | | | | |
| 年末 | At end of year | 2,115,041 | 2,950,238 | 30,037 | 119,730 | 5,215,046 |
| 年初 | At beginning of year | 362,677 | 562,474 | 20,178 | 11,136 | 956,465 |

10 物業、廠房及設備(續)

本公司

10 PROPERTY, PLANT AND EQUIPMENT

(continued)

Company

| | | 二零零九年 2009 | | | |
|-----------------------|-------------------------------|-------------------------------------|--|---|---------------------------------|
| | | 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 |
| 截至二零零九年十二月 三十一日止年度 | Year ended 31st December 2009 | | | | |
| 成本 | Cost | | | | |
| 年初 | At beginning of year | 21,925 | 657 | 4,107 | 26,689 |
| 添置 | Additions | - | 977 | - | 977 |
| 年末 | At end of year | 21,925 | 1,634 | 4,107 | 27,666 |
| 累計折舊 | Accumulated depreciation | | | | |
| 年初 | At beginning of year | 12,303 | 58 | 3,798 | 16,159 |
| 本年度計提 | Charge for the year | 858 | 186 | - | 1,044 |
| 年末 | At end of year | 13,161 | 244 | 3,798 | 17,203 |
| 賬面淨值 | Net book amount | | | | |
| 年末 | At end of year | 8,764 | 1,390 | 309 | 10,463 |
| 年初 | At beginning of year | 9,622 | 599 | 309 | 10,530 |

10 物業、廠房及設備(續)

本公司(續)

10 PROPERTY, PLANT AND EQUIPMENT

(continued)

Company (continued)

| | | 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 |
| 截至二零零八年十二月 三十一日止年度 | Year ended 31st December 2008 | | | | |
| 成本 | Cost | | | | |
| 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 |
| 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 |

(a) 於二零零八年自收購附屬公司廣東國際大廈取得價值人民幣297,077,000元之物業、廠房及設備。

(a) In 2008, property, plant and equipments amounting to RMB297,077,000 was obtained from the acquisition of a subsidiary, GIB Company.

10 物業、廠房及設備(續)

本集團之樓宇、廠房及設備及其他物業乃按照歷史成本列賬。

折舊費用之人民幣465,118,000元(二零零八年：人民幣268,113,000元)，在營銷成本人民幣383,074,000元(二零零八年：人民幣197,572,000元)、銷售費用人民幣13,394,000元(二零零八年：人民幣8,386,000元)、行政費用人民幣68,374,000元(二零零八年：人民幣45,768,000元)及在建工程人民幣276,000元(二零零八年：人民幣16,387,000元)中支銷。

本集團之所有樓宇均位於中國境內。

於二零零九年十二月三十一日，非即期有抵押銀行借貸人民幣680,000,000元(二零零八年：人民幣680,000,000元)及人民幣1,918,423,000元(二零零八年：人民幣2,063,460,000元)分別由廣東國際大廈賬面淨值約人民幣223,850,000元(二零零八年：人民幣224,432,000元)之樓宇以及上海天馬微電子有限公司(上海天馬)賬面淨值約人民幣2,694,133,000元(二零零八年：人民幣2,953,003,000元)之樓宇以及設備做抵押(附註26)。

10 PROPERTY, PLANT AND EQUIPMENT (continued)

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

Depreciation expense of RMB465,118,000 (2008: RMB268,113,000) were charged to cost of goods sold of RMB383,074,000 (2008: RMB197,572,000), distribution costs of RMB13,394,000 (2008: RMB8,386,000), administrative expenses of RMB68,374,000 (2008: RMB45,768,000) and construction in progress of RMB276,000 (2008: RMB16,387,000).

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

As at 31st December 2009, non-current secured bank borrowings of RMB680,000,000 (2008: RMB680,000,000) and RMB1,918,423,000 (2008: RMB2,063,460,000) were secured by the buildings of the GIB Company at the net book value of approximately RMB223,850,000 (2008: RMB224,432,000), and the buildings and equipment and machinery of Shanghai Tianma Microelectronics Co., Ltd. ("Shanghai Tianma") at the net book value of approximately RMB2,694,133,000 (2008: RMB2,953,003,000) respectively (Note 26).

11 投資性房地產

11 INVESTMENT PROPERTIES

| | | 本集團 Group | |
|----------------------|--|------------------|-------------------------------------|
| | | 二零零九年 2009 | 二零零八年 2008 |
| | | 人民幣千元 RMB'000 | 經重列 Restated 人民幣千元 RMB'000 |
| 公允價值 | At fair value | | |
| 一月一日期初結餘 | Opening balance at 1 January | 992,838 | 415,131 |
| 物業、廠房及設備轉入 (附註10) | Transfer from property, plant and equipment (Note 10) | 2,243 | 5,184 |
| 收購附屬公司(附註(a)) | Acquisition of subsidiaries (Note (a)) | – | 542,190 |
| 添置 | Additions | 8,265 | 45,338 |
| 公允價值變動淨收益/(虧損) | Net gain/(loss) from fair value adjustment | 65,617 | (15,005) |
| 轉至物業、廠房及設備 (附註10) | Transfer to property, plant and equipment (Note 10) | (44,107) | – |
| 出售 | Disposals | (2,635) | – |
| 十二月三十一日期末結餘 | Closing balance at 31st December | 1,022,221 | 992,838 |

(a) 在二零零八年內，自收購附屬公司廣東國際大廈取得價值人民幣542,190,000元之投資性房地產。

(a) In 2008, investment properties amounting to RMB542,190,000 was obtained from the acquisition of subsidiary, GIB Company.

11 投資性房地產(續)

(b) 投資性房地產之確認損益量列示如下：

| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
|-------------------------|--|-----------------------------------|-----------------------------------|
| 租賃收入 | Rental income | 115,929 | 107,804 |
| 產生租賃收入之出租 物業之直接運營費用 | Direct operating expenses from property that generated rental income | (19,449) | (16,277) |
| 不產生租賃收入之出租 物業之直接運營費用 | Direct operating expenses from property that did not generate rental income | (28,439) | (25,161) |
| | | 68,041 | 66,366 |

(c) 估價基礎

二零零九年之重估乃基於中國聯合資產評估有限公司的獨立評估。評估值代表的公允價值是該物業可以在各方之間自願公平交易，基於同一地點、同條件以受阻於同類租賃的同類物業在活躍市場中的目前價格。

(d) 非流動抵押資產

於二零零九年十二月三十一日，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（二零零八年：人民幣680,000,000元）由廣東國際大廈公允價值約人民幣576,749,000元（二零零八年：人民幣530,941,000元）之投資性房地產作抵押（附註26）。

(e) 租賃協議

投資性房地產通過長期經營租賃出租予承租人，承租人每月支付租金。

11 INVESTMENT PROPERTIES (continued)

(b) Amounts recognised in profit and loss for investment properties are as follows:

(c) Valuation basis

The 2009 revaluations were based on independent assessments made by China United Assets Appraisal Co., Ltd. The valuations represented the fair value amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

(d) Non-current assets pledged as security

As at 31st December 2009, non-current secured bank borrowings of RMB680,000,000 (2008: RMB680,000,000) were secured by the investment properties of the Guangdong International Building at the fair value of approximately RMB576,749,000 (2008: RMB530,941,000) for the GIB Company, a subsidiary of the Group (Note 26).

(e) Leasing arrangements

Certain investment properties have been leased to tenants under long-term operating leases with rentals payable monthly.

11 投資性房地產(續)

(e) 租賃協議(續)

基於未在財務報告中確認之投資性房地產之不可撤銷經營租賃下的最低應收租賃款額如下：

| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
|----------|---|-----------------------------------|-----------------------------------|
| 一年以內 | Not later than one year | 56,801 | 71,721 |
| 一年以上五年以內 | Later than one year and not later than five years | 79,867 | 57,750 |
| | | 136,668 | 129,471 |
| 應收租賃款之現值 | Present value of the lease receivables | 117,447 | 115,573 |
| 融資收入 | Financial income | 19,221 | 13,898 |
| | | 136,668 | 129,471 |

本集團的投資性房地產均位於中國境內。

11 INVESTMENT PROPERTIES (continued)

(e) Leasing arrangements (continued)

Minimum lease receivables under noncancellable operating leases of investment properties not recognised in the financial statements are as follows:

| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
|----------|---|-----------------------------------|-----------------------------------|
| 一年以內 | Not later than one year | 56,801 | 71,721 |
| 一年以上五年以內 | Later than one year and not later than five years | 79,867 | 57,750 |
| | | 136,668 | 129,471 |
| 應收租賃款之現值 | Present value of the lease receivables | 117,447 | 115,573 |
| 融資收入 | Financial income | 19,221 | 13,898 |
| | | 136,668 | 129,471 |

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

12 在建工程

12 CONSTRUCTION-IN-PROGRESS

| | | 本集團 Group | |
|-------------------|---|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 年初 | At beginning of year | 160,038 | 2,654,651 |
| 收購附屬公司(附註(a)) | Acquisition from subsidiaries (Note (a)) | — | 417 |
| 添置(附註(b)) | Additions (Note (b)) | 979,209 | 1,401,740 |
| 轉撥至物業、廠房及設備(附註10) | Transfer to property, plant and equipment (Note 10) | (131,227) | (3,896,770) |
| 出售 | Disposals | (2,728) | — |
| 年末 | At end of year | 1,005,292 | 160,038 |

12 在建工程(續)

- (a) 於二零零八年內，自收購附屬公司廣東國際大廈取得賓館裝修在建工程計人民幣417,000元。
- (b) 添置主要包括建造廠房、裝修改造及翻新工程發生的成本。
- (c) 於二零零九年，計入在建工程的資本化銀行貸款利息為人民幣8,364,000元(二零零八年：人民幣47,564,000元)，資本化利率為5.11%(二零零八年：6.99%)。

12 CONSTRUCTION-IN-PROGRESS (continued)

- (a) In 2008, construction in progress for hotel decoration amounting to RMB417,000 was obtained from the acquisition of subsidiary, GIB Company.
- (b) Included in the additions are mainly costs incurred for the construction of production plants, modernization and renovation projects.
- (c) Bank loan interest capitalized in the construction in progress in 2009 amounted to RMB8,364,000 (2008: RMB47,564,000) and the capitalized interest rate was 5.11% (2008: 6.99%).

13 於附屬公司之投資

13 INVESTMENTS IN SUBSIDIARIES

| | | 本公司 Company | |
|---------|------------------------------|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 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 | 1,212,223 |
| －減值 | － impairment | (11,050) | (11,050) |
| | | 1,554,011 | 1,554,011 |

於二零零九年十二月三十一日，上市公司股份之市值約為人民幣3,198,346,000元(二零零八年：人民幣1,076,544,000元)。

As at 31st December 2009, the market value of shares in listed companies approximated RMB3,198,346,000 (2008: RMB1,076,544,000).

13 於附屬公司之投資(續)

於二零零九年十二月三十一日，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 | 所佔股權權益 | | | | 註冊資本 Registered capital | 企業類別 Type of legal entity | 主要業務 Principal activities |
|--|---|------------------------------|----------------|---------------|----------------|-----------------------------------|--|---|
| | | Attributable equity interest | | | | | | |
| | | 二零零九年 2009 | | 二零零八年 2008 | | | | |
| | | 直接 Direct | 間接 Indirect | 直接 Direct | 間接 Indirect | | | |
| 天馬微電子股份有限公司 (「天馬公司」)(附註(a)) Tianma Microelectronics Co., Ltd. ("Tianma") Note (a) | 一九八三年 十一月八日 8th November 1983 | 45.62% | — | 45.62% | — | 人民幣265,540,000元 RMB265,540,000 | 股份有限公司(深圳 證交所上市公司) Joint stock company (listed on the Shenzhen Stock Exchange) | 製造及銷售液晶 顯示器 Manufacture and sales of liquid crystal displays |
| 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% | — | 95% | — | 人民幣130,000,000元 RMB130,000,000 | 有限責任公司 Limited liability company | 製造及銷售印製 電路板 Manufacture and sales of printed circuit boards |
| 深圳市飛亞達(集團) 股份有限公司 (「飛亞達」)(附註(a)) Shenzhen Fiyta Holdings Limited ("Fiyta") Note (a) | 一九九零年 三月三十日 30th March 1990 | 44.69% | — | 44.69% | — | 人民幣249,318,000元 RMB249,318,000 | 股份有限公司(深圳 證交所上市公司) Joint stock company (listed on the Shenzhen Stock Exchange) | 製造及銷售鐘錶 Manufacture and sales of watches and clocks |
| 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% | — | 60% | — | 人民幣20,000,000元 RMB20,000,000 | 合資企業 Contractual joint venture | 製造及銷售有線電視 系統器材之 電子組件 Manufacture and sales of electronic components of cable television appliances |
| 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% | 21% | 30% | 人民幣515,000,000元 RMB515,000,000 | 合資企業 Contractual joint venture | 製造及銷售液晶 顯示器 Manufacture and sales of liquid crystal displays |

13 INVESTMENTS IN SUBSIDIARIES (continued)

As at 31st December 2009, 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 constitute 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)

13 INVESTMENTS IN SUBSIDIARIES (continued)

| 附屬公司名稱 Name of subsidiary | 註冊／成立日期 Date of incorporation/ establishment | 所佔股權權益 | | | | 註冊資本 Registered capital | 企業類別 Type of legal entity | 主要業務 Principal activities |
|---|---|------------------------------|----------------|---------------|----------------|---------------------------------------|-----------------------------------|---|
| | | Attributable equity interest | | | | | | |
| | | 二零零九年 2009 | | 二零零八年 2008 | | | | |
| | | 直接 Direct | 間接 Indirect | 直接 Direct | 間接 Indirect | | | |
| 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% | - | 100% | - | 人民幣500,000,000元 RMB500,000,000 | 獨資企業 Wholly owned company | 製資源業務 Resources business |
| 青海中航資源有限公司 (「青海中航資源」) Qinghai CATIC Resources Co., Ltd. (“Qinghai CATIC Resource”) | 二零零七年 五月十六日 16th May 2007 | - | 100% | - | 100% | 人民幣550,000,000元 RMB550,000,000 | 獨資企業 Wholly owned company | 資源業務 Resources business |
| 廣東國際大廈實業有限公司 (「廣東國際大廈」) Guangdong International Building Industrial Co., Ltd. (“GIB Company”) | 二零零八年 一月三十一日 31st January 2008 | 75% | - | - | - | 人民幣416,459,417元 RMB416,459,417 | 合資企業 Contractual joint venture | 酒店及物業經營 Hotel and property operations |
| 成都天馬微電子股份 有限公司(「成都天馬」) (附註(a)) Chengdu Tianma Microelectronics Co., Ltd (“Chengdu Tianma”) Note (a) | 二零零八年 九月十一日 11th September 2008 | | 30% | 30% | | 人民幣1,200,000,000元 RMB1,200,000,000 | 合資企業 Contractual joint venture | 製造及銷售液晶 顯示器 Manufacture and sales of liquid crystal displays. |

附錄：

- (a) 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，而本集團將繼續將其作為本集團附屬公司作呈報。

Notes:

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

14 於聯營公司之投資

14 INVESTMENTS IN ASSOCIATES

| | | 本集團 Group | | 本公司 Company | |
|------------------------------------|--|------------------|------------------|------------------|------------------|
| | | 二零零九年 2009 | 二零零八年 2008 | 二零零九年 2009 | 二零零八年 2008 |
| | | 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 |
| 年初 | At beginning of year | 565,313 | 635,381 | 298,198 | 310,623 |
| 已收股息 | Dividends received | (2,484) | (12,425) | — | (12,425) |
| 出售於聯營公司資產時 撥回重估盈餘 (附註25) | Reversal of revaluation surplus on disposal of assets of the associate (Note 25) | (2,956) | (26,603) | — | — |
| 分佔聯營公司可供 出售財務資產公允 值虧損 (附註25) | Share of fair value loss from available-for-sale financial assets of the associate (Note 25) | (2,347) | (4,581) | — | — |
| 應佔聯營公司溢利/ (虧損) | Share of profit/(loss) of associates | 11,391 | (26,459) | — | — |
| 年末 | At end of year | 568,917 | 565,313 | 298,198 | 298,198 |

14 於聯營公司之投資(續)

於二零零九年十二月三十一日，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 2009, 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 |
|---|--|---|---------------|-----------------------------------|--|---|
| | | 二零零九年 2009 | 二零零八年 2008 | | | |
| 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 sales 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 sales 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 sales 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，中國 Research and development and sales of digital displays, PRC |
| 深圳中航地產股份有限公司 Shenzhen CATIC Real Estate Co., Ltd | 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(深圳證交所上市公司) Joint Stock Company (Listed on the Shenzhen Stock Exchange) | 物業開發及建築、投資、零售及酒店，中國 Property developing and construction, investment, retailing and hotel operation, PRC |

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 | 二零零九年 2009 | | | | 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 Profit 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 | 34,062 | 11,411 | 32,732 | 1,458 | 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 | 8,186 | 2,231 | 7,395 | 1,250 | 30% |
| 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 | 1,252 | 1,392 | - | - | 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 | 2,789 | 1,742 | - | - | 39.51% |
| 深圳中航地產股份有限公司 Shenzhen CATIC Real Estate Co., Ltd | 中國，股份有限公司 (深圳證交所上市) 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 | 1,648,165 | 1,057,251 | 451,156 | 8,683 | 22.35% |
| | | | | 1,694,454 | 1,074,027 | 491,283 | 11,391 | |

於二零零九年十二月三十一日，持有深圳中航地產股份有限公司股份之市值約人民幣743,940,000元(二零零八年：人民幣242,627,000元)。

As at 31st December 2009, the market value of shares of Shenzhen CATIC Real Estate Co., Ltd approximated to RMB743,940,000 (2008: RMB242,627,000).

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 | 二零零八年 2008 | | | | 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 RMB'000 | 人民幣千元 RMB'000 | 人民幣千元 RMB'000 | 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% |
| 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% |
| 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% |
| 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 | (26,866) | 22.35% |
| | | | | 1,370,660 | 810,159 | 476,336 | (26,459) | |

15 按類別分類的金融工具

本集團：

15 FINANCIAL INSTRUMENTS BY CATEGORY

The Group:

| | | 貸款及 應收款項 Loans and receivables 人民幣千元 RMB'000 | 可供出售 金融資產 Available- for-sale financial assets 人民幣千元 RMB'000 | 總計 Total 人民幣千元 RMB'000 |
|---------------------------|--|---|---|---------------------------------|
| 資產，如綜合資產負債表 所載 | | | | |
| 二零零九年十二月三十一日 | 31st December 2009 | | | |
| 可供出售金融資產 (附註16) | Available-for-sale financial assets (Note 16) | – | 35,998 | 35,998 |
| 貿易應收款 (附註20) | Trade receivables (Note 20) | 853,823 | – | 853,823 |
| 應收票據 (附註20) | Notes receivables (Note 20) | 324,514 | – | 324,514 |
| 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) | 300,946 | – | 300,946 |
| 現金及現金等價物 (附註22) | Cash and cash equivalents (Note 22) | 1,056,811 | – | 1,056,811 |
| 總計 | Total | 2,536,094 | 35,998 | 2,572,092 |
| 二零零八年十二月三十一日 | | | | |
| 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22) | Cash and cash equivalents (Note 22) | 874,373 | – | 874,373 |
| 總計 | Total | 2,027,324 | 11,091 | 2,038,415 |

15 按類別分類的金融工具(續)

本公司：

15 FINANCIAL INSTRUMENTS BY CATEGORY

(continued)

The Company:

| | | 貸款及 應收款項 Loans and receivables 人民幣千元 RMB'000 | 可供出售 金融資產 Available- for-sale financial assets 人民幣千元 RMB'000 | 總計 Total 人民幣千元 RMB'000 |
|----------------|---|---|---|---------------------------------|
| 資產，如資產負債表所載 | Assets as per balance sheet | | | |
| 二零零九年十二月三十一日 | 31st December 2009 | | | |
| 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) | 163,089 | – | 163,089 |
| 現金及現金等價物(附註22) | Cash and cash equivalents (Note 22) | 44,615 | – | 44,615 |
| 總計 | Total | 207,704 | 1,400 | 209,104 |
| 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22) | Cash and cash equivalents (Note 22) | 353,124 | – | 353,124 |
| 總計 | Total | 802,335 | 1,400 | 803,735 |

16 可供出售金融資產

16 AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | | 本集團 Group | | 本公司 Company | |
|--------------------------------|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 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 | - | - |
| 於非上市公司股份之 投資 | Investments in shares of unlisted companies | 39,078 | 9,628 | 1,400 | 1,400 |
| 減：減值虧損準備 | Less: provision for impairment losses | (3,080) | (3,080) | - | - |
| | | 35,998 | 11,091 | 1,400 | 1,400 |

所有可供出售金融資產均以人民幣列值。

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

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 |
|-----------------------------------|---|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 年初 | At beginning of year | 11,091 | 231,282 |
| 添置 | Additions | 29,447 | 2,400 |
| 淨收益／(虧損)撥入 權益(未扣除稅款) | Net gains/(losses) transferred to equity, gross of tax | 6,620 | (133,707) |
| 出售可供出售金融資產 之成本(附註(a)) | Disposal of an available-for-sale financial asset-cost (Note (a)) | (3,000) | (3,910) |
| 出售可供出售金融 資產之收益 (附註31及附註(a)) | Gain on disposal of available-for- sale financial assets (Note 31 and Note (a)) | (8,160) | (84,974) |
| 年末 | At end of year | 35,998 | 11,091 |

- (a) 於年內，本集團以總代價人民幣11,160,000元出售其計入可供出售金融資產的所有上市公司股份之投資，錄得人民幣8,160,000元收益。

於二零零九年十二月三十一日，可供出售金融資產以成本列示。

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 |
|-----------------------------------|---|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 年初 | At beginning of year | 11,091 | 231,282 |
| 添置 | Additions | 29,447 | 2,400 |
| 淨收益／(虧損)撥入 權益(未扣除稅款) | Net gains/(losses) transferred to equity, gross of tax | 6,620 | (133,707) |
| 出售可供出售金融資產 之成本(附註(a)) | Disposal of an available-for-sale financial asset-cost (Note (a)) | (3,000) | (3,910) |
| 出售可供出售金融 資產之收益 (附註31及附註(a)) | Gain on disposal of available-for- sale financial assets (Note 31 and Note (a)) | (8,160) | (84,974) |
| 年末 | At end of year | 35,998 | 11,091 |

- (a) During the year, the Group disposed of all its investment in listed shares included in available-for-sale financial assets at a total consideration of RMB11,160,000, resulting in a gain of RMB8,160,000.

The available-for-sale financial assets were stated at cost as at 31st December 2009.

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 | |
|---------------|---|------------------|------------------|------------------|------------------|
| | | 二零零九年 2009 | 二零零八年 2008 | 二零零九年 2009 | 二零零八年 2008 |
| | | 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 |
| 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 | 109,727 | 113,211 | — | — |
| — 十二個月內撥回 | — to be recovered within 12 months | 67,824 | 7,173 | — | — |
| | | 177,551 | 120,384 | — | — |
| 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 | (335,839) | (316,251) | — | — |
| 遞延稅項負債—淨額 | Deferred tax liabilities – net | (158,288) | (195,867) | — | — |

17 遞延所得稅(續)

遞延所得稅款項之總變動如下：

| | | 本集團 Group | | 本公司 Company | |
|---------------------------------------|---|------------------|----------------------------------|------------------|------------------|
| | | 二零零九年 2009 | 二零零八年 2008 經重列 Restated | 二零零九年 2009 | 二零零八年 2008 |
| | | 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 |
| 年初 | Beginning of the year | (195,867) | (40,580) | - | - |
| 於收益表中計入 (附註36) | Credited to income statement (Note 36) | 30,062 | 33,185 | - | - |
| 稅率變動之影響 (附註36)(附註(a)) | Effect of changes in tax rates (Note 36 and Note (a)) | 7,208 | 2,806 | - | - |
| 撥回可供出售金融 資產公允價值收益 確認之遞延稅項 負債 | Reversal of deferred tax liabilities recognised on fair value gains from available-for-sale financial assets | 1,632 | 12,746 | - | - |
| 直接於綜合收益中 (計入)/扣除之稅項 | Tax (credited)/charged directly to comprehensive income | (1,323) | 20,398 | - | - |
| 收購附屬公司(附註(b)) | Acquisition of subsidiaries (Note (b)) | - | (224,422) | - | - |
| 年末 | End of year | (158,288) | (195,867) | - | - |

- (a) 根據中國有關之所得稅法，本集團於中國成立之附屬公司除了適用優惠稅率的公司之外，其適用稅率為25%。

對於設立於深圳市經濟特區的本公司及特定附屬公司，其起始適用稅率為15%。依據所得稅法的相關規定，本公司及該特定附屬公司適用的企業所得稅率在二零零八年至二零一二年的5年期間內從15%逐步過渡到25%，二零零九年度適用的稅率為20%。

青海中航設立於青海省海西州，屬於設在西部地區的國家鼓勵類產業，可以享受相應的優惠稅率。據此，青海中航於二零零九年適用的企業所得稅優惠稅率為15%(二零零八年：15%)。

上海天馬和深南電路已經獲取了國家高新技術企業的資格，因此於二零零九年適用的企業所得稅優惠稅率為15%。

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 | |
|---------------------------------------|---|------------------|----------------------------------|------------------|------------------|
| | | 二零零九年 2009 | 二零零八年 2008 經重列 Restated | 二零零九年 2009 | 二零零八年 2008 |
| | | 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 |
| 年初 | Beginning of the year | (195,867) | (40,580) | - | - |
| 於收益表中計入 (附註36) | Credited to income statement (Note 36) | 30,062 | 33,185 | - | - |
| 稅率變動之影響 (附註36)(附註(a)) | Effect of changes in tax rates (Note 36 and Note (a)) | 7,208 | 2,806 | - | - |
| 撥回可供出售金融 資產公允價值收益 確認之遞延稅項 負債 | Reversal of deferred tax liabilities recognised on fair value gains from available-for-sale financial assets | 1,632 | 12,746 | - | - |
| 直接於綜合收益中 (計入)/扣除之稅項 | Tax (credited)/charged directly to comprehensive income | (1,323) | 20,398 | - | - |
| 收購附屬公司(附註(b)) | Acquisition of subsidiaries (Note (b)) | - | (224,422) | - | - |
| 年末 | End of year | (158,288) | (195,867) | - | - |

- (a) Pursuant to the relevant income tax law of PRC, the subsidiaries of the Group established in the PRC were subject to income tax at a rate of 25% unless preferential rates were applicable.

For the Company and certain subsidiaries are established in Shenzhen special economic zone, the original enterprise income tax rate is 15%. Accordance with the relevant provision of the Corporate Income Tax law, the corporate income tax rate of the Company and certain subsidiaries will transit to 25% in five years from 2008 to 2012. The corporate income tax rate was 20% in 2009.

Qinghai CATIC Resource was established in Haixi Prefecture of Qinghai Province, and it is eligible for preferential tax policies applicable for the development of western regions of the PRC. Accordingly, it is entitled to a preferential income tax rate of 15% in 2009 (2008: 15%).

Shanghai Tianma and Shennan Circuit are qualified as High and New Technology Enterprises in the PRC and they are entitled to a preferential income tax rate of 15% in 2009.

17 遞延所得稅(續)

- (b) 於二零零八年內，收購附屬公司廣東國際大廈，獲得遞延所得稅負債人民幣224,422,000元。

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：**17 DEFERRED INCOME TAX (continued)**

- (b) In 2008, deferred income tax liabilities amounting to RMB224,422,000 was obtained from the acquisition of subsidiary, GIB Company.

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:

| | | 本集團 Group | | | | | | |
|-------------------|---|--|--|--|---|--|----------------------------------|---------------------------------|
| | | 貿易及其他 應收款的減值 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 | 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 |
| 於二零零八年一月一日 | At 1st January 2008 | 19,460 | 9,472 | 419 | 76,124 | 1,770 | 10,372 | 117,617 |
| 於收益表中 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 |
| 於收益表中 計入／(扣除) | Credited/(charged) to the income statement | (1,768) | (3,163) | – | (3,006) | 34,783 | 30,321 | 57,167 |
| 於二零零九年 十二月三十一日 | At 31st December 2009 | 29,351 | 11,022 | – | 40,174 | 51,040 | 45,964 | 177,551 |

17 遞延所得稅(續)

遞延稅項負債：

17 DEFERRED INCOME TAX (continued)

Deferred tax liabilities:

| | | | 可供出售 金融資產之 公允價值 虧損/(收益) Fair value losses/(gains) of available- for-sale financial assets | 本集團 Group 業務收購 之資產 公允價值收益 Fair value gain on assets acquired from business acquisition | 投資性房地產 之公允價值 變動 Fair value change on investment properties | 總計 Total |
|---------------------------------|--|--|--|--|--|------------------|
| | | 加速稅項折舊 Accelerated tax depreciation | 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 (經重列) | At 1st January 2008 (Restated) | (87) | (33,453) | (69,342) | (55,315) | (158,197) |
| 於損益賬扣除/(計入) (經重列) | Charged/(credited) to income statement (Restated) | (30) | - | 34,027 | (773) | 33,224 |
| 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 |
| 直接計入綜合收益之稅項 | Tax credited directly to comprehensive income | - | 20,398 | - | - | 20,398 |
| 收購附屬公司 | Acquisition of subsidiaries | - | - | (224,422) | - | (224,422) |
| 於二零零八年十二月三十一日 (經重列) | At 31st December 2008 (Restated) | (117) | (309) | (259,737) | (56,088) | (316,251) |
| 於收益表中扣除/(計入) | Charged/(credited) to income statement | 85 | - | 397 | (20,379) | (19,897) |
| 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 | - | 1,632 | - | - | 1,632 |
| 直接計入綜合收益之稅項 | Tax credited directly to comprehensive income | - | (1,323) | - | - | (1,323) |
| 於二零零九年十二月三十一日 | At 31st December 2009 | (32) | - | (259,340) | (76,467) | (335,839) |

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

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。

根據中國企業所得稅暫行條例第11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。

與結轉之稅項虧損相關的未列賬之遞延稅項資產到期日如下：

| | |
|---------|-----------------------|
| 一年內到期 | Expire within 1 year |
| 一至二年內到期 | Expire in 1 – 2 years |
| 二至三年內到期 | Expire in 2 – 3 years |
| 三至四年內到期 | Expire in 3 – 4 years |
| 四至五年內到期 | Expire in 4 – 5 years |

17 DEFERRED INCOME TAX (continued)

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

Deferred income tax assets had not been recognised as it is not probable that taxable profit will be made available to utilize the deductible tax losses and temporary differences in the foreseeable future.

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.

The expiry date of deferred tax assets not accounted for in respect of tax losses carried forward is as follows:

| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
|---------|-----------------------|-----------------------------------|-----------------------------------|
| 一年內到期 | Expire within 1 year | 3,246 | 2,729 |
| 一至二年內到期 | Expire in 1 – 2 years | 1,705 | 3,246 |
| 二至三年內到期 | Expire in 2 – 3 years | 18,170 | 1,705 |
| 三至四年內到期 | Expire in 3 – 4 years | 87,836 | 18,170 |
| 四至五年內到期 | Expire in 4 – 5 years | 55,435 | 44,074 |
| | | 166,392 | 69,924 |

18 其他非流動資產

18 OTHER NON-CURRENT ASSETS

| | | 本集團 Group | | 本公司 Company | |
|-------|---------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 設備預付款 | Prepayments for equipment | 148,103 | - | - | - |
| 其他 | Others | 48,905 | 41,927 | - | - |
| | | 197,008 | 41,927 | - | - |

其他非流動資產之賬面值與彼等之公平值相若。

The carrying amounts of other non-current assets approximated their fair values.

19 存貨

19 INVENTORIES

| | | 本集團 Group | |
|----------|---|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 成本 | Inventories – cost | | |
| 原材料 | Raw materials | 233,779 | 248,016 |
| 在製品 | Work-in-progress | 97,883 | 135,947 |
| 製成品 | Finished goods | 937,810 | 954,239 |
| | | 1,269,472 | 1,338,202 |
| 減：存貨撇減撥備 | Less: provision for write-down of inventories | | |
| 原材料 | Raw materials | (43,926) | (67,279) |
| 在製品 | Work-in-progress | (5,898) | (10,518) |
| 製成品 | Finished goods | (46,505) | (74,914) |
| | | (96,329) | (152,711) |
| 存貨－淨值 | Inventories – net | 1,173,143 | 1,185,491 |

確認為開支並列入銷售成本的存貨成本為人民幣3,232,131,000元（二零零八年：人民幣2,095,419,000元）（附註32）。

The cost of inventories recognized as expense and included in cost of sales amounted to RMB3,232,131,000 (2008: RMB2,095,419,000) (Note 32).

20 貿易及其他應收款

20 TRADE AND OTHER RECEIVABLES

| | | 本集團 Group | | 本公司 Company | |
|-----------|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 貿易應收款 | Trade receivables | 1,014,270 | 927,280 | - | - |
| 減：應收款減值撥備 | Less: provision for impairment of receivables | (160,447) | (94,914) | - | - |
| 貿易應收款－淨額 | Trade receivables – net | 853,823 | 832,366 | - | - |
| 應收票據 | Notes receivables | 324,514 | 174,542 | - | - |
| 預付款 | Prepayments | 46,157 | 47,921 | - | - |
| 應收增值稅款 | Value added tax receivables | 26,661 | 70,436 | - | - |
| 尚未抵扣之增值稅款 | Excess of input over output value added tax | 156,937 | 69,772 | - | - |
| 其他 | Others | 144,009 | 76,271 | 163,089 | 449,211 |
| | | 1,552,101 | 1,271,308 | 163,089 | 449,211 |

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 sales of goods ranged from 30 to 90 days. The aging analysis of trade receivables is as follows:

| | | 本集團 Group | |
|----------|---------------------------------------|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 即期 | Current | 338,266 | 500,204 |
| 30至60日 | 30-60 days | 145,102 | 125,771 |
| 60至90日 | 60-90 days | 58,456 | 62,711 |
| 90日以上 | over 90 days | 472,446 | 238,594 |
| 減：減值虧損撥備 | Less: provision for impairment losses | 1,014,270 (160,447) | 927,280 (94,914) |
| | | 853,823 | 832,366 |

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：

| | | 本集團 Group | |
|------|------------------|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 人民幣 | RMB | 790,922 | 707,575 |
| 美元 | USD | 199,990 | 186,809 |
| 港元 | HKD | 17,517 | 20,938 |
| 其他貨幣 | Other currencies | 5,841 | 11,958 |
| | | 1,014,270 | 927,280 |

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:

| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
|-----------------------|---|-----------------------------------|-----------------------------------|
| 於一月一日 | At 1st January | 94,914 | 68,045 |
| 應收款減值撥備 | Provision for receivables impairment | 69,140 | 26,942 |
| 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 | (3,607) | (73) |
| 於十二月三十一日 | At 31st December | 160,447 | 94,914 |

20 貿易及其他應收款(續)

於二零零九年十二月三十一日，人民幣60,275,000元(二零零八年：人民幣48,140,000元)之貿易應收款已逾期但未減值。根據過往經驗，由於信用質素並無重大變動，且該等結餘仍被視為可悉數收回，故管理層認為無須就該等結餘計提減值撥備。本集團並無就該等結餘持有任何抵押品。該等貿易應收款之賬齡分析如下：

| | |
|----------|-----------------|
| 180日以下 | Up to 180 days |
| 181至360日 | 181 to 360 days |
| 360日以上 | Over 360 days |

20 TRADE AND OTHER RECEIVABLES*(continued)*

As at 31st December 2009, trade receivables of RMB60,275,000 (2008: RMB48,140,000) were past due but not impaired. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances. The aging analysis of these trade receivables is as follow:

| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
|----------|-----------------|-----------------------------------|-----------------------------------|
| 180日以下 | Up to 180 days | 21,780 | 19,765 |
| 181至360日 | 181 to 360 days | 32,669 | 25,894 |
| 360日以上 | Over 360 days | 5,826 | 2,481 |
| | | 60,275 | 48,140 |

於二零零九年十二月三十一日，人民幣412,171,000元(二零零八年：人民幣190,454,000元)貿易應收款已減值並已計提撥備。於二零零九年十二月三十一日，撥備金額為人民幣160,447,000元(二零零八年：人民幣94,914,000元)。

減值應收款撥備的增加及撥回已計入行政費用。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。

As at 31st December 2009, trade receivables of RMB412,171,000 (2008: RMB190,454,000) were impaired and provided for. The amount of the provision was RMB160,447,000 as of 31st December 2009 (2008: RMB94,914,000).

The addition and release of provision for impaired receivables have been included in administrative expenses. Amount charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

20 貿易及其他應收款(續)

於報告日，信貸風險的上限為上述各類應收款的公允價值。本集團並無持有任何抵押品作為擔保。

應收票據賬齡分析如下：

| | |
|--------|-------------------|
| 30日以下 | Less than 30 days |
| 30至60日 | 30-60 days |
| 60至90日 | 60-90 days |
| 90日以上 | over 90 days |

20 TRADE AND OTHER RECEIVABLES
(continued)

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.

The aging analysis of note receivables is as follows:

| | | 本集團 Group | |
|--------|-------------------|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 30日以下 | Less than 30 days | 81,727 | 76,341 |
| 30至60日 | 30-60 days | 94,263 | 35,311 |
| 60至90日 | 60-90 days | 77,373 | 52,872 |
| 90日以上 | over 90 days | 71,151 | 10,018 |
| | | 324,514 | 174,542 |

流動貿易及其他應收款之賬面值與其公允價值相若。

The carrying amount of current trade receivables and other receivables approximated their fair values.

21 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於二零零九年十二月三十一日金額為人民幣549,159,000元(二零零八年：人民幣65,838,000元)，以及二零零九年十二月三十一日金額為人民幣26,672,000元(二零零八年：人民幣30,000,000元)之銀行貸款而被抵押。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。

21 PLEDGED BANK DEPOSITS

Certain bank balances had been pledged for letters of credit issued by banks for the purchase of plant and machineries, amounting to RMB549,159,000 (2008: RMB65,838,000), and for bank loans amounting to RMB26,672,000 (2008: RMB30,000,000) as at 31st December 2009. These deposits will be released upon the settlement of the purchase consideration of the plant and machinery and the repayment of the bank loan.

22 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：

22 CASH AND CASH EQUIVALENTS

The balance of the Group's cash and cash equivalents are analysed as follows:

| | | 本集團 Group | | 本公司 Company | |
|---------|--------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 銀行存款及現金 | Cash at bank and on hand | 1,056,811 | 874,373 | 44,615 | 353,124 |

23 股本及股份溢價**23 SHARE CAPITAL AND SHARE PREMIUM**

| | | Number of share 股份數目 | | | Capital 股本 | |
|----------------------|---------------------------------|---|--|--|---|--|
| | | 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) | 股份總數 Total 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) (附註d) (RMB'000) Note (d) |
| | | 總計 Total (人民幣千元) (RMB'000) | | | 總計 Total (人民幣千元) (RMB'000) | |
| 於二零零八年及二零零九年 一月一日 | At 1st January 2008 and 2009 | 395,709 | 283,200 | 678,909 | 678,909 | 357,849 |
| 註銷股本 | Cancellation of shares | - | (5,542) | (5,542) | (5,542) | (3,336) |
| 於二零零九年十二月三十一日 | At 31st December 2009 | 395,709 | 277,658 | 673,367 | 673,367 | 354,513 |

23 股本及股份溢價(續)

附註：

(a) 於二零零九年十二月三十一日，普通股之已發行註冊總數為673,367,000股（二零零八年：678,909,000股），每股面值人民幣1元（二零零八年：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」）於二零零八年五月十日之批核，國資委已批准，作為上述發行股份的一部份，中國航空技術深圳有限公司（「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。

(e) 於年內，本公司購回其H股1,898,000股（二零零八年：3,644,000股）共計人民幣2,852,000元（二零零八年：人民幣6,026,000元）。截至二零零九年十二月三十一日，所有回購股份已被註銷。購回及註銷的股份溢價人民幣3,336,000元已經與股本溢價對沖。

23 SHARE CAPITAL AND SHARE PREMIUM

(continued)

Notes:

(a) As at 31st December 2009, the total issued and registered number of ordinary shares is 673,367,000 shares (2008: 678,909,000 shares) with a par value of RMB1 per share (2008: 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 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 2008, 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 China National Aero-Technology Shenzhen Company Limited (the "CATIC Shenzhen Company") to the National Social Security Fund Council of the PRC as H Shares.

(e) During the year, the Company repurchased 1,898,000 (2008: 3,644,000) shares of its H share amounting to RMB 2,852,000 (2008: RMB 6,026,000). All these shares had been cancelled as of 31st December 2009, and the premium associated with shares repurchased and cancelled amounting to RMB3,336,000 had been offset against the share premium account.

24 庫存股份

於年內，本公司購回其H股1,898,000股（二零零八年：3,644,000股）共計人民幣2,852,000元（二零零八年：人民幣6,026,000元）。截至二零零九年十二月三十一日，所有回購股份已被注銷。

24 TREASURY SHARES

During the year, the Company repurchased 1,898,000 (2008: 3,644,000) shares of its H share amounting to RMB2,852,000 (2008: RMB6,026,000). All these shares had been cancelled as of 31st December 2009.

25 其他儲備

25 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 |
|-----------------------------|--|--|---|--|---------------------------------|
| 本集團 | Group | | | | |
| 於二零零八年一月一日之結餘 | Balance as at 1st January 2008 | 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，未扣除稅款 | Fair value adjustment on disposal of available-for-sale financial assets, gross of tax | - | - | (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 | Acquisition of minority interest | (111,899) | - | - | (111,899) |
| 應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 |
| 於二零零九年一月一日結餘如上文所述 | Balance as at 1st January 2009 as per above | 273,491 | 70,001 | 15,972 | 359,464 |
| 可供出售金融資產之公允價值收益，已扣除稅款 | Fair value gain from available-for-sale financial assets, net of tax | - | - | 2,368 | 2,368 |
| 出售可供出售金融資產之公允價值調整，未扣除稅款 | Fair value adjustment on disposal of available-for-sale financial assets, gross of tax | - | - | (3,646) | (3,646) |
| 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 | - | - | 729 | 729 |
| 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) | (2,956) | - | - | (2,956) |
| 應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) | (2,347) | - | - | (2,347) |
| 於二零零九年十二月三十一日之結餘 | Balance as at 31st December 2009 | 268,188 | 70,001 | 15,423 | 353,612 |

25 其他儲備(續)

25 OTHER RESERVES (continued)

法定盈餘公積金
**Statutory general
reserve fund**
人民幣千元
RMB'000

本公司

於二零零八年一月一日、二零零八年
及二零零九年十二月三十一日

Company

Balance as at 1st January 2008,
31st December 2008 and 2009

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。

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.

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。

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.

於截至二零零九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(二零零八年：無)，因為本公司於截至二零零九年及二零零八年十二月三十一日止年度分別錄得虧損。

The directors of the Company did not propose the appropriation to the statutory general reserve fund for the year ended 31st December 2009 (2008: nil) as the Company incurred losses for the years ended 31st December 2009 and 2008 respectively.

26 借貸

借貸包括銀行借貸及其他借貸，分析如下：

| | | 本集團 Group | | 本公司 Company | |
|------------------|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 非流動 | Non-current | | | | |
| 銀行借貸 | Bank borrowings | 4,792,476 | 2,915,979 | 914,000 | — |
| 其他借貸 | Other borrowings | — | 5,000 | — | — |
| | | 4,792,476 | 2,920,979 | 914,000 | — |
| 流動 | Current | | | | |
| 流動銀行借貸 | Current bank borrowings | 1,980,274 | 2,973,541 | 80,000 | 1,839,100 |
| 非流動銀行借貸之 即期部分 | Current portion of non-current bank borrowings | 330,051 | 66,193 | — | — |
| 其他借貸 | Other borrowings | — | 5,000 | — | — |
| | | 2,310,325 | 3,044,734 | 80,000 | 1,839,100 |
| 借貸總額 | Total borrowings | 7,102,801 | 5,965,713 | 994,000 | 1,839,100 |

借貸總額包括授予廣東國際大廈之以其土地使用權、樓宇及投資性房地產為抵押之非流動銀行借款人民幣680,000,000元(二零零八年：人民幣680,000,000元)(附註7，附註10，附註11)及上海天馬之以其工廠樓宇及設備為抵押之非流動銀行貸款人民幣1,918,423,000元(二零零八年：人民幣2,063,460,000元)(附註10)。於二零零九年十二月三十一日，流動銀行借貸人民幣80,000,000元(二零零八年：人民幣1,768,000,000元)及非流動銀行借貸人民幣914,000,000元(二零零八年：無)由中航技深圳公司提供擔保。

本公司飛亞達提供人民幣555,000,000元一年期貸款之擔保以及人民幣90,000,000元長期貸款之擔保、為中航資源提供人民幣145,000,000元一年期貸款之擔保以及人民幣505,000,000元長期貸款之擔保、為廣東國際大廈提供人民幣200,000,000元一年期貸款之擔保以及人民幣120,000,000元長期貸款之擔保、為上海天馬提供人民幣564,051,000元一年期銀團貸款之擔保以及人民幣1,588,371,000元長期銀團貸款之擔保、為邁威提供人民幣5,000,000元一年期貸款之擔保。

26 BORROWINGS

Borrowings include bank borrowings and other borrowings which are analysed as follows:

| | | 本集團 Group | | 本公司 Company | |
|------------------|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 非流動 | Non-current | | | | |
| 銀行借貸 | Bank borrowings | 4,792,476 | 2,915,979 | 914,000 | — |
| 其他借貸 | Other borrowings | — | 5,000 | — | — |
| | | 4,792,476 | 2,920,979 | 914,000 | — |
| 流動 | Current | | | | |
| 流動銀行借貸 | Current bank borrowings | 1,980,274 | 2,973,541 | 80,000 | 1,839,100 |
| 非流動銀行借貸之 即期部分 | Current portion of non-current bank borrowings | 330,051 | 66,193 | — | — |
| 其他借貸 | Other borrowings | — | 5,000 | — | — |
| | | 2,310,325 | 3,044,734 | 80,000 | 1,839,100 |
| 借貸總額 | Total borrowings | 7,102,801 | 5,965,713 | 994,000 | 1,839,100 |

Total borrowings include non-current secured bank borrowings of RMB680,000,000 (2008: RMB680,000,000) made to GIB Company which are secured by the land use rights, buildings and investment properties of GIB Company (Note 7, Note 10, Note 11) and RMB1,918,423,000 (2008: RMB2,063,460,000) made to Shanghai Tianma which are secured by the plant buildings and equipment of Shanghai Tianma (Note 10). As at 31st December 2009, current bank borrowings of RMB80,000,000 (2008: RMB1,768,000,000) and non-current bank borrowing of RMB914,000,000 (2008: nil) are guaranteed by CATIC Shenzhen Company.

The Company provided a one-year guarantee for a loan of RMB555,000,000 and a long-term guarantee for a loan of RMB90,000,000 in favour of Fiya, a one-year guarantee for a loan of RMB145,000,000 and a long-term guarantee for a loan of RMB505,000,000 in favour of CATIC Resources, a one year guarantee for a loan of RMB200,000,000 and a long-term guarantee for a loan of RMB120,000,000 in favour of GIB Company, a one-year guarantee for a syndicated loan of RMB564,051,000 and a long-term guarantee for a syndicated loan of RMB1,588,371,000 in favour of Shanghai Tianma, and a one-year guarantee for a loan of RMB5,000,000 in favour of MaiWei.

26 借貸(續)

於二零零九年十二月三十一日，人民幣26,672,000元(二零零八年：人民幣30,000,000元)之銀行存款已作為人民幣26,801,000元(二零零八年：人民幣29,100,000元)(附註21)之流動銀行借貸之抵押。

於二零零八年十二月三十一日，關連方提供之其他借貸之流動部份為無擔保、以年利率6.5%計息。該備款已於二零零九年償還。

於各結算日，借貸之賬面值與其公允價值相若。該公允價值乃根據類似條款及到期日之借貸之普遍適用利率計算。

借貸之賬面值以下列貨幣計值：

| | | 本集團 Group | | 本公司 Company | |
|-----|-----|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 人民幣 | RMB | 5,570,760 | 5,094,646 | 994,000 | 1,839,100 |
| 美元 | USD | 1,519,644 | 871,067 | - | - |
| 歐元 | EUR | 3,072 | - | - | - |
| 港幣 | HKD | 9,325 | - | - | - |
| | | 7,102,801 | 5,965,713 | 994,000 | 1,839,100 |

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 | |
|-----------|---------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 一年內 | Within 1 year | 2,310,325 | 3,044,734 | 80,000 | 1,839,000 |
| 一至兩年 | Between 1 and 2 years | 536,308 | 132,519 | - | - |
| 兩年至五年 | Between 2 and 5 years | 3,826,771 | 45,000 | 914,000 | - |
| 須於五年內全數償還 | Wholly repayable within 5 years | 6,673,404 | 3,222,253 | 994,000 | 1,839,000 |
| 五年以上 | Over 5 years | 429,397 | 2,743,460 | - | - |
| | | 7,102,801 | 5,965,713 | 994,000 | 1,839,000 |

26 BORROWINGS (continued)

As at 31st December 2009, bank deposits of RMB 26,672,000 (2008: RMB30,000,000) were pledged for the current bank borrowing of RMB26,801,000 (2008: RMB29,100,000) (Note 21).

As at 31st December 2008, non-current other borrowings from related party were unsecured, interest bearing at the rate of 6.5% per annum. The amount was repaid in 2009.

The carrying amount of the borrowings at the respective balance sheet dates approximated 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:

26 借貸(續)

非流動銀行借貸及其他借貸之到期日如下：

| | | 本集團 Group | | 本公司 Company | |
|-----------|---------------------------------|---|---|---|---|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 一至兩年 | Between 1 and 2 years | 536,308 | 132,519 | — | — |
| 兩至五年 | Between 2 and 5 years | 3,826,771 | 45,000 | 914,000 | — |
| 須於五年內全數償還 | Wholly repayable within 5 years | 4,363,079 | 177,519 | 914,000 | — |
| 五年以上 | Over 5 years | 429,397 | 2,743,460 | — | — |
| 總計 | Total | 4,792,476 | 2,920,979 | 914,000 | — |

(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 | | | |
|------|------------------|-----------------------------|-------------------------|-------------------------|-------------------------|---|---|-------------------------|-------------------------|
| | | 二零零九年 2009 | | | | 二零零八年 2008 | | | |
| | | 人民幣 RMB | 美元 USD | 歐元 EUR | 港元 HKD | 人民幣 RMB | 美元 USD | 歐元 EUR | 港元 HKD |
| 銀行借貸 | Bank borrowings | 5.97% | 3.33% | 1.56% | 1.08% | 7.20% | 6.00% | — | — |
| 其他借貸 | Other borrowings | — | — | — | — | 6.30% | — | — | — |
| | | | | | | 本公司 Company | | | |
| | | | | | | 二零零九年 2009 人民幣 RMB | 二零零八年 2008 人民幣 RMB | | |
| 銀行借貸 | Bank borrowings | | | | | 5.68% | 7.20% | | |

26 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 | |
|------|------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 浮息借貸 | Borrowings at floating rates | 3,718,147 | 3,658,355 | - | - |
| 定息借貸 | Borrowings at fixed rates | 3,384,654 | 2,307,358 | 994,000 | 1,839,100 |
| 總計 | Total | 7,102,801 | 5,965,713 | 994,000 | 1,839,100 |

26 BORROWINGS (continued)

- (b) The interest rate exposure of the borrowings of the Group and the Company are as follows:

27 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 | |
|----------|--|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 於一月一日 | At 1st January | 70,523 | 19,407 |
| 已收津貼 | Receipt of grants (a) | 185,390 | 58,812 |
| 年內計入利潤表 | Credited to income statement during the year | (14,876) | (7,696) |
| 於十二月三十一日 | At 31st December | 241,037 | 70,523 |

- (a) 該金額主要代表由中國當地政府機構授予天馬之津貼人民幣174,154,000元(二零零八年：人民幣46,562,000元)。

於二零零九年十二月三十一日，政府補貼之遞延收入結餘包括融資及收購物業、廠房及設備，以及補償就新產品研發產生成本之政府補貼分別人民幣141,756,000元(二零零八年：人民幣33,063,000元)及人民幣99,281,000元(二零零八年：人民幣37,460,000元)。

27 DEFERRED INCOME ON GOVERNMENT GRANTS

The amounts represented various subsidies granted by and received from local government authorities in the PRC for subsidising the research and development projects of the Group. The movements are as follows:

- (a) The amount mainly represented subsidies granted by local government authorities in the PRC to Tianma amounting to RMB174,154,000 (2008: RMB46,562,000).

As at 31st December 2009, the balance of deferred income on government grants included government grants for financing and subsidising acquisition of property, plant and equipment; and for compensating costs incurred for new product research and development amounted to RMB141,756,000 (2008: RMB33,063,000) and RMB99,281,000 (2008: RMB37,460,000) respectively.

28 其他非流動負債

28 OTHER NON-CURRENT LIABILITIES

| | | 本集團 Group | |
|-------------|---------------------------------------|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 收購採礦權之應付款項 | Payable for purchase of mining rights | 19,860 | 26,480 |
| 應付控股公司款項(a) | Payable to the holding company (a) | 100,000 | — |
| 其他 | Others | 15,304 | 16,223 |
| | | 135,164 | 42,703 |

- (a) 本集團附屬公司深南電路向控股公司借貸人民幣75,000,000元及人民幣25,000,000元，為無抵押、按3.48%及4.70%息率計息及分別須於二零一四年十月及二零一六年十月償還(附註42(c))。

- (a) Shennan Circuit, the subsidiary of the Group, borrowed RMB75,000,000 and RMB25,000,000 from the holding company. The amounts are unsecured, interest bearing at rate 3.48% and 4.70% and repayable on October 2014 and October 2016 respectively (Note 42(c)).

其他非流動負債之賬面值與其公允價值相若。

The carrying amounts of other non-current liabilities approximated their fair values.

29 貿易及其他應付款

29 TRADE AND OTHER PAYABLES

| | | 本集團 Group | | 本公司 Company | |
|----------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 貿易應付款 | Trade payables | 763,746 | 736,904 | — | — |
| 應付薪金及員工福利 | Salary and staff welfare payable | 112,088 | 90,904 | 2,989 | 6,625 |
| 應計費用及其他應付款項(a) | Accruals and other payables (a) | 1,064,965 | 827,106 | 423,124 | 88,641 |
| | | 1,940,799 | 1,654,914 | 426,113 | 95,266 |

- (a) 該數額包括應付中航技深圳公司(本集團之控股公司)作營運資金之人民幣92,000,000元(附註42(c))。

- (a) The amount included RMB92,000,000 payable to CATIC Shenzhen Company, the holding company of the Group, for the working capital (Note 42(c)).

29 貿易及其他應付款(續)

於二零零九年十二月三十一日，貿易應付款之賬齡分析如下：

| | | 本集團 Group | | 本公司 Company | |
|--------|--------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 即期 | Current | 456,462 | 311,305 | — | — |
| 30至60日 | 30-60 days | 189,375 | 165,548 | — | — |
| 60至90日 | 60-90 days | 75,049 | 65,693 | — | — |
| 90日以上 | Over 90 days | 42,860 | 194,358 | — | — |
| | | 763,746 | 736,904 | — | — |

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 | |
|------|------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 人民幣 | RMB | 581,951 | 570,222 | — | — |
| 美元 | USD | 93,406 | 131,945 | — | — |
| 港元 | HKD | 4,859 | 12,586 | — | — |
| 其他貨幣 | Other currencies | 83,530 | 22,151 | — | — |
| | | 763,746 | 736,904 | — | — |

30 其他收入

30 OTHER INCOME

| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
|--|--|-----------------------------------|-----------------------------------|
| 財政津貼 (a) | Financial subsidy (a) | 36,885 | 53,650 |
| 副產品銷售收入 | Sales of by-products | 48,537 | 19,532 |
| 政府補貼 | Government grants | 14,876 | 12,778 |
| 手錶維修收入 | Income from maintenance of timepieces | 4,273 | 4,349 |
| 可供出售金融資產之 股息收入 | Dividend income on available-for-sale financial assets | — | 1,155 |
| 出售物業、廠房及設備 以及投資性房地產之 溢利／(虧損)(附註40) | Profit/(loss) from disposal of property, plant and equipment and investment properties (Note 40) | 882 | (33,559) |
| 其他 | Others | (72) | (1,390) |
| | | 105,381 | 56,515 |

(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已收／應收財政津貼。

(a) The amount represented financial subsidy received/receivable from the local finance bureau of Qinghai Province for certain value-added-tax paid by CATIC Resources for the year.

31 其他收益—淨額

31 OTHER GAINS-NET

| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 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 | Loss on disposal of financial assets at fair value through profit or loss | — | (51,039) |
| 出售可供出售金融資產收益 | Gain on disposal of available-for-sale financial assets | 8,160 | 84,974 |
| 其他 | Others | 141 | — |
| | | 8,301 | 33,935 |

32 按性質分類的費用

32 EXPENSES BY NATURE

| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 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) | (74,667) | 419,205 |
| 使用的原材料及消耗品 (附註19) | Raw materials and consumables used (Note 19) | 3,306,798 | 1,676,214 |
| 員工福利成本 | Employee benefits expenses | 628,756 | 564,612 |
| 維修保養支出 | Repairs and maintenance expenditure | 77,186 | 105,421 |
| 研究及開發支出 | Research and development expenditure | 81,849 | 123,410 |
| 陳舊存貨撥備 | Provision for inventory obsolescence | 9,791 | 30,419 |
| 壞賬撥備 | Provision for bad debts | 60,591 | 26,942 |
| 物業、廠房及設備之折舊 (附註10) | Depreciation of property, plant and equipment (Note 10) | 464,842 | 251,726 |
| 土地使用權攤銷(附註7) | Amortisation of land use rights (Note 7) | 4,713 | 15,992 |
| 採礦權攤銷(附註8) | Amortisation of mining rights (Note 8) | 28,334 | 28,407 |
| 電腦軟件及其他非流動 資產攤銷 | Amortisation of computer software and other non-current assets | 11,347 | 4,196 |
| 有關寫字樓之 經營租賃支出 | Operating lease rentals in respect of office buildings | 75,595 | 92,359 |
| 營業稅及其他徵費 | Business tax and other levies | 79,394 | 31,365 |
| 核數師酬金 | Auditors' remuneration | 10,752 | 11,809 |
| 水電費 | Utility expenses | 168,418 | 130,973 |
| 運輸費 | Transportation | 116,953 | 176,117 |
| 差旅費 | Travelling expenses | 20,916 | 27,327 |
| 業務招待費 | Entertainment | 16,210 | 21,649 |
| 辦公費 | Office expenses | 24,290 | 21,477 |
| 其他費用 | Other expenses | 101,870 | 72,594 |
| 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 | 5,213,938 | 3,832,214 |

33 董事及高級行政人員之酬金

(a) 董事之酬金

截至二零零九年十二月三十一日止年度，各名董事薪酬如下：

| 董事姓名： | Name of directors: |
|-------|---------------------|
| 吳光權先生 | Mr. Wu Guang Quan |
| 由鐳先生 | Mr. You Lei |
| 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 |
| 王寶瑛先生 | Mr. Wang Bao Ying |
| 潘昭國先生 | Mr. Poon Chiu Kwok |
| 劉憲法先生 | Mr. Liu Xian Fa |
| 黃慧玲女士 | Ms. Huang Hui Ling |
| 鄒煒先生 | Mr. Wu Wei |
| 王昕女士 | Ms. Wang Xin |

33 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

(a) Directors' emoluments

The remunerations of the directors for the year ended 31st December 2009 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 | 740 | 107 | 1,171 |
| - | 300 | 1550 | - | 1,850 |
| - | 324 | 740 | 120 | 1,184 |
| - | 265 | 784 | 78 | 1,127 |
| - | 265 | 784 | 77 | 1,126 |
| - | 300 | 800 | - | 1,100 |
| - | 300 | 1050 | - | 1,350 |
| - | 230 | 570 | 77 | 877 |
| 60 | - | - | - | 60 |
| 50 | - | - | - | 50 |
| 132 | - | - | - | 132 |
| 72 | - | - | - | 72 |
| 27 | - | - | - | 27 |
| 341 | 2,308 | 7,018 | 459 | 10,126 |

33 董事及高級行政人員之酬金(續)

(a) 董事之酬金(續)

截至二零零八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 |
| 由鐳先生 | Mr. You Lei |
| 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 |
| 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 |
| 黃慧玲女士 | Ms. Huang Hui Ling |

33 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (continued)

(a) Directors' emoluments (continued)

The remunerations of the directors for the year ended 31st December 2008 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 | 465 | 103 | 892 |
| - | 300 | 988 | - | 1,288 |
| - | 324 | 465 | 115 | 904 |
| - | 265 | 578 | 75 | 918 |
| - | 265 | 631 | 73 | 969 |
| - | 300 | 600 | - | 900 |
| - | 300 | 900 | - | 1,200 |
| - | 230 | 493 | 79 | 802 |
| 132 | - | - | - | 132 |
| 32 | - | - | - | 32 |
| 50 | - | - | - | 50 |
| 50 | - | - | - | 50 |
| 50 | - | - | - | 50 |
| 132 | - | - | - | 132 |
| 446 | 2,308 | 5,120 | 445 | 8,319 |

上述董事袍金包括支付予獨立非執行董事之袍金人民幣314,000元(二零零八年：人民幣346,000元)。

本年度並無董事放棄任何酬金(二零零八年：無)。

Directors' fees disclosed above include RMB314,000 (2008: RMB346,000) paid to independent non-executive directors.

None of the directors waived any emoluments during the year (2008: Nil).

33 董事及高級行政人員之酬金(續)**(b) 五位最高薪酬人士**

二零零九年及二零零八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 | Emolument bands |
|-----------------------------|---------------------------|
| 1,000,000港元內 | 0 to HKD1,000,000 |
| 1,000,001港元至 1,500,000港元 | HKD1,000,001-HKD1,500,000 |

33 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 2009 and 2008 are directors of the Company whose emoluments are reflected in the analysis presented above. The emoluments fell within the following bands:

| | 二零零九年 2009 | 二零零八年 2008 |
|-----------------------------|---------------|---------------|
| 1,000,000港元內 | – | 3 |
| 1,000,001港元至 1,500,000港元 | 5 | 2 |

34 融資成本－淨額**34 FINANCE COSTS – NET**

| | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
|---------------------|--|-----------------------------------|
| 利息支出 | Interest expenses | |
| －須於五年內全數償還 之銀行借貸 | – bank borrowings wholly repayable within 5 years | 270,534 |
| －須應要求償還予關連方 之借貸 | – borrowings from related party repayable on demand | 578 |
| －貼現票據 | – discounted bills | 3,802 |
| 融資活動之匯兌虧損 | Net foreign exchange loss on financing activities | 17,037 |
| 淨額 | | |
| 其他 | Others | 9,644 |
| 融資成本 | Finance costs | 301,595 |
| 利息收入 | Interest income | |
| －銀行存款 | – bank deposits | (13,564) |
| 融資成本淨額 | Net finance costs | 288,031 |

於二零零九年，在建工程銀行貸款資本化利息為人民幣8,364,000元（二零零八年：人民幣47,564,000元），而資本化利率為5.11%（二零零八年：6.99%）

Bank loan interest capitalized in the construction in progress amounted to RMB8,364,000 (2008: RMB47,564,000) during 2009. The capitalized interest rate was 5.11% (2008: 6.99%).

35 僱員福利費用

工資、薪金及獎金
福利、醫療及其他費用
社會保險成本

Wages, salaries and bonuses
Welfare, medical and other expenses
Social security costs

35 EMPLOYEE BENEFIT EXPENSES

| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
|--|--|-----------------------------------|-----------------------------------|
| | | 539,472 | 457,444 |
| | | 66,818 | 69,377 |
| | | 49,397 | 37,791 |
| | | 655,687 | 564,612 |

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。除以上供款之外，本集團並無其他義務。

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. The Group has no further obligation beyond the contribution.

36 所得稅(收入)／開支

根據中國有關之所得稅法，除非另有適用之優惠稅率，否則本集團於中國成立之附屬公司適用所得稅率為25%。

本公司以及於深圳市經濟特區內成立之若干附屬公司，原適用企業所得稅稅率為15%。根據有關之企業所得稅法條文，本公司及若干附屬公司之企業所得稅稅率將於二零零八年至二零一二年五年間過渡至25%。二零零九年度適用企業所得稅稅率為20%。

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。

36 INCOME TAX (CREDIT)/CHARGE

Pursuant to the relevant income tax law of PRC, the subsidiaries of the Group established in the PRC were subject to income tax at a rate of 25% unless preferential rates were applicable.

For the Company and certain subsidiaries established in Shenzhen special economic zone, the original enterprise income tax rate is 15%. Accordance with the relevant provision of the Corporate Income Tax law, the corporate income tax rate of the company and certain subsidiaries will transit to 25% in five years from 2008 to 2012. The corporate income tax rate was 20% in 2009.

In addition, certain Group's 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.

36 所得稅(收入)/開支(續)

本年度所得稅(收入)/開支如下：

| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 經重列 Restated 人民幣千元 RMB'000 |
|----------------------------------|--|-----------------------------------|--|
| 本年度企業所得稅 | Current enterprise income tax | 37,201 | 83,575 |
| 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) | (30,062) | (33,185) |
| 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) | (7,208) | (2,806) |
| | | (69) | 47,584 |

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:

| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 經重列 Restated 人民幣千元 RMB'000 |
|--|--|-----------------------------------|--|
| 除所得稅前(虧損)/溢利 | (Loss)/profit before income tax | (288,849) | 5,919 |
| 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 (二零零八年：15%至25%) | Tax calculated at the tax rates applicable to the Company and its subsidiaries ranging from 15% to 25% (2008: 15% to 25%) | (46,340) | (18,053) |
| 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) | (7,208) | (2,806) |
| 未確認稅項虧損之稅務影響 | Tax effect on unrecognised tax losses | 42,508 | 64,815 |
| 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 | 9,230 | 1,758 |
| 不得作稅項抵扣用途之費用 | Expenses not deductible for tax purpose | 4,019 | 2,143 |
| 毋須繳稅之收入 | Income not subject to tax | (2,278) | (273) |
| 所得稅(收入)/開支 | Tax (credit)/charge | (69) | 47,584 |

36 所得稅(收入)／開支(續)

本集團之兩間附屬公司飛亞達及邁威於二零零八年三月十六日前於深圳經濟特區成立，於二零零九年可享有20%之優惠企業所得稅稅率(二零零八年：15%)。

青海中航資源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，並於二零零九年可享有15%之優惠所得稅稅率(二零零八年：15%)。

上海天馬和深南電路因被認定為高新技術企業而獲得所得稅優惠稅率，二零零九年為15%(二零零八年：15%)。

36 INCOME TAX (CREDIT)/CHARGE (continued)

Two subsidiaries of the Group, Fiyta and Maiwei were established in Shenzhen Special Economic Zone before 16th March 2008. They were entitled to preferential income tax rate of 20% in 2009 (2008: 15%).

Qinghai CATIC Resource was established in Haixi Prefecture of Qinghai Province. It was eligible for preferential tax policies applicable for the development of western regions in the PRC, and entitled to a preferential income tax rate of 15% in 2009 (2008: 15%).

Shanghai Tianma and Shennan Circuit were qualified as High and New Technology Enterprises in the PRC and were entitled to preferential income tax rate of 15% in 2009 (2008: 15%).

37 本公司權益持有人應佔虧損

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107,593,000元(二零零八年：虧損人民幣31,837,000元)為限。

37 LOSS 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 RMB107,593,000 (2008: Loss amounting to RMB31,837,000).

38 每股(虧損)／盈利

每股基本及攤薄(虧損)／盈利乃按本公司權益持有人應佔(虧損)／溢利除以年內已發行普通股之加權平均股數計算。

38 (LOSSES)/EARNINGS PER SHARE

Basic and diluted (losses)/earnings per share are calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

| | | 二零零九年 2009 | 二零零八年 2008 經重列 Restated |
|--------------------------|---|---------------|----------------------------------|
| 本公司權益持有人應佔(虧損)／溢利(人民幣千元) | (Loss)/profit attributable to equity holders of the Company (RMB'000) | (165,566) | 1,282 |
| 已發行普通股之加權平均股數(千股) | Weighted average number of ordinary shares in issue (thousands) | 673,557 | 678,566 |
| 每股基本及攤薄(虧損)／盈利(人民幣／每股) | Basic and diluted (losses)/earnings per share (RMB per share) | (0.2458) | 0.0019 |

於二零零九年及二零零八年十二月三十一日，並無任何潛在攤薄股份。因此，每股基本及攤薄(虧損)／盈利相同。

There are no potential dilutive shares as at 31st December 2009 and 2008. Therefore the basic and diluted (losses)/earnings per share were the same.

39 股息

於二零一零年三月三十一日召開之董事會會議上，董事會建議不派發截至二零零九年十二月三十一日止年度末期股息(二零零八年：無)。同時，亦無就截至二零零九年十二月三十一日止年度派發中期股息(二零零八年：無)。

39 DIVIDENDS

At the board of directors' meeting held on 31st March 2010, the Board did not propose a final dividend for the year ended 31st December 2009 (2008: Nil). There was no interim dividend for the year ended 31st December 2009 (2008: Nil).

40 營運產生之現金

年度溢利因營運產生之現金的調節：

40 CASH GENERATED FROM OPERATIONS

Reconciliation of (loss)/profit for the year to cash generated from operations:

| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 經重列 Restated 人民幣千元 RMB'000 |
|--------------------------------------|--|-----------------------------------|--|
| 除所得稅前(虧損)/溢利 | (Loss)/profit before income tax | (288,849) | 5,919 |
| 調整項目： | Adjustments for | | |
| 物業、廠房及設備折舊 | Depreciation of property, plant and equipment | 464,842 | 251,726 |
| 採礦權攤銷 | Amortisation of mining rights | 28,334 | 28,407 |
| 土地使用權攤銷 | Amortisation of land use rights | 4,713 | 15,992 |
| 電腦軟件及其他非流動資產攤銷 | Amortisation of computer software and other non-current assets | 11,347 | 4,196 |
| 投資性房地產之公允價值(收益)/虧損 | Fair value (gain)/loss on investment property | (65,617) | 15,005 |
| 政府補貼之遞延收益 | Deferred income on government grants | (14,876) | - |
| 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 | (8,160) | (84,974) |
| 出售物業、廠房及設備之虧損 | Loss on disposal of property, plant and equipment | 6,124 | 33,559 |
| 出售投資性房地產之收益 | Gain on disposal of investment properties | (7,006) | - |
| 利息收入 | Interest income | (8,661) | (13,564) |
| 利息支出 | Interest expenses | 345,025 | 274,914 |
| 應佔聯營公司之(溢利)/虧損(扣除稅款) | Share of (profit)/loss of associates, net of tax | (11,391) | 26,459 |
| 本集團所佔附屬公司可辨認資產、負債及或然負債淨公允價值超出轉讓代價之差額 | Excess of the Group's share of the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities over the consideration transferred | - | (104) |
| 財政補助 | Financial subsidy | (36,885) | (66,632) |
| 營運資金變動 | Changes in working capital | 418,940 | 489,748 |
| 存貨減少/(增加) | Decrease/(Increase) in inventories | 12,348 | (428,296) |
| 貿易及其他應收款(增加)/減少 | (Increase)/decrease in trade and other receivables | (216,782) | 17,937 |
| 按公允價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 | 356,443 | 25,757 |
| 營運產生之現金 | Cash generated from operations | 570,949 | 179,154 |

40 營運產生之現金(續)

於截至十二月三十一日止年度之合併現金流量表，出售物業、廠房及設備以及投資性房地產之所得款項包括：

40 CASH GENERATED FROM OPERATIONS
(continued)

In the combined cash flow statement for the year ended 31st December, proceeds from sales of property, plant and equipment and investment properties comprise:

| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
|----------------------------------|--|-----------------------------------|-----------------------------------|
| 出售物業、廠房及設備之賬面淨值(附註10) | Net book value of Property, plant and equipment disposed (Note 10) | 12,970 | 35,054 |
| 出售投資性房地產之公允價值(附註11) | Fair value of Investment properties disposed (Note 11) | 2,635 | — |
| | | 15,605 | 35,054 |
| 出售物業、廠房及設備以及其他非流動資產之所得款項 | Proceeds from disposal of Property, plant and equipment and other non current assets | 6,846 | 1,495 |
| 出售投資性房地產之所得款項 | Proceeds from disposal of Investment properties | 9,641 | — |
| | | 16,487 | 1,495 |
| 出售物業、廠房及設備以及投資性房地產之溢利／(虧損)(附註30) | Profit/(loss) from disposal of property, plant and equipment and investment properties (Note 30) | 882 | (33,559) |

41 承擔

(a) 資本承擔

於結算日但仍未產生的資本開支如下：

41 COMMITMENTS

(a) Capital commitments

Capital commitments at the balance sheet date but not yet incurred are as follows:

| | | 本集團 Group | | 本公司 Company | |
|--------------------|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 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 | 658,892 | 108,600 | — | — |
| 收購土地使用權 | Purchase of land use right | 1,987 | 1,875 | — | — |
| 可供出售金融資產投資 | Investment in available-for-sale financial assets | 128,000 | 157,600 | — | — |
| 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 | 180,000 | 356,400 | — | — |
| — 貴州普定肖家灣煤業有限公司 | — Guizhou Puding Xiaojiawan Coal Industry Co., Ltd | 41,700 | 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 | — | — |
| | | 1,010,579 | 709,806 | — | — |

| | | 本集團 Group | | 本公司 Company | |
|---------------------|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 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 (附註(a)) | Property, plant and equipment (Note (a)) | 1,692,765 | — | — | — |

41 承擔 (續)

(a) 資本承擔 (續)

- (a) 該金額包括成都天馬生產廠房及設備成本人民幣1,464,159,000元及廣東國際大廈裝修改造及翻新工程成本人民幣228,606,000元。

(b) 經營租約承擔

本集團根據辦公樓宇之不可撤銷經營租約承擔如下：

41 COMMITMENTS (continued)

(a) Capital commitments (continued)

- (a) The amount represents the costs for the construction of the production plants and equipments of Chengdu Tianma amounting to RMB1,464,159,000, and modernization and renovation projects of GIB Company amounting to RMB228,606,000.

(b) Operating lease commitments

The Group has commitments under non-cancellable operating leases in respect of office premises as follows:

| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
|------------|--|-----------------------------------|-----------------------------------|
| 不超過一年 | Not later than one year | 36,517 | 18,853 |
| 超過一年但不超過五年 | Later than one year and not later than five years | 201,665 | 457,154 |
| | | 238,182 | 476,007 |

42 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58.77%股份。其餘41.13%股份被公眾持有。董事認為中航技深圳公司及中國航空工業集團公司分別為控股公司及最終控股公司。

關連方包括本公司之最終控股公司中國航空工業集團公司、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。

42 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group is controlled by CATIC Shenzhen Company, a state-controlled company established in the PRC which owns 58.77% of the Company's shares. The remaining 41.13% of the shares are widely held. The directors regard CATIC Shenzhen Company and Aviation Industry Corporation of China being the holding company and ultimate holding company respectively.

Related parties include the Company's ultimate holding company, Aviation Industry Corporation of China, 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 Aviation Industry Corporation of China 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.

42 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

42 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 | |
|-------------------|---|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 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 holding company and fellow subsidiaries | | |
| 收入： | Revenue: | | |
| 銷售貨物 | Sales of goods | 28,000 | 23,242 |
| 租賃收入 | Rental income | 7,575 | 4,095 |
| | | 35,575 | 27,337 |
| 購買貨品及服務： | Purchase of good and services: | | |
| 購買貨品 | Purchases of goods | 17,611 | — |
| 購買設備 | Purchases of equipments | 108,690 | — |
| 購買物業管理服務 | Purchases of property management service | 37,395 | 31,520 |
| | | 163,696 | 31,520 |

42 重大關連方交易 (續)

(a) 與關連方的交易 (續)

於二零零九年十二月三十一日，本集團人民幣994,000,000元(二零零八年：人民幣1,768,000,000元)之銀行借貸乃由控股公司提供擔保。

42 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties (continued)

As at 31st December 2009, the Group's bank borrowings of RMB994,000,000 (2008: RMB1,768,000,000) were guaranteed by the holding company.

| | | 本集團 Group | |
|--|---|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 與其他國有企業 的交易 | Transactions with other state-controlled enterprises | | |
| (1) 收入： | (1) Revenue: | | |
| 銷售貨物的收入 | Revenue from sales of goods | 392,853 | 752,835 |
| 投資性房地產的 租賃收入 | Rental income in respect of investment properties | 9,477 | 11,273 |
| 於國有銀行存款 所獲利息收入 | Interest income from bank deposits in state-owned banks | 8,357 | 13,039 |
| (2) 購買貨品及服務： | (2) Purchase of goods and services: | | |
| 購買貨品 | Purchase of goods | 281,286 | 80,224 |
| (3) 主要管理層人員之薪酬於 附註33(董事之酬金)中披 露。 | (3) Key management compensation is disclosed under Note 33 (Directors' emoluments). | | |

42 重大關連方交易(續)

(b) 與關連方的結餘

與關連公司之結餘均為免息及須應要求償還。

42 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(b) Balances with related parties

The balances with related parties companies are non-interest bearing and repayable on demand.

| | | 本集團 Group | |
|-------------------|---|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 與同系附屬公司之結餘 | Balances with fellow subsidiaries | | |
| 預提費用及其他應付款 | Accrual and other payables | 24,178 | 1,854 |
| 其他應收款 | Other receivables | 36,729 | 155 |
| 與其他國有銀行／ 企業之結餘 | Balances with other state-controlled banks/enterprises | | |
| 已抵押銀行存款 | Pledged bank deposits | 575,831 | 95,838 |
| 現金及現金等價物 | Cash and cash equivalents | 1,033,772 | 701,940 |
| 貿易應收款 | Trade receivables | 391,551 | 391,490 |
| 貿易應付款 | Trade payables | 22,537 | 10,006 |

42 重大關連方交易 (續)

(c) 借貸

42 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(c) Borrowings

| | | 本集團 Group | |
|-----------|--|-----------------------------------|-----------------------------------|
| | | 二零零九年 2009 人民幣千元 RMB'000 | 二零零八年 2008 人民幣千元 RMB'000 |
| 來自控股公司之借貸 | Borrowings from the holding company | | |
| 於年初 | At beginning of the year | — | 249,258 |
| 收到借貸 | Proceeds from borrowings | 192,000 | 20,000 |
| 償還借貸 | Repayment of borrowings | — | (269,258) |
| 於年末 | At end of the year | 192,000 | — |

於二零零九年十二月三十一日，本公司自控股公司中航技深圳公司借入人民幣92,000,000元。該貸款為無抵押、不計息及按要求償還(附註29)。深南電路(本集團之附屬公司)自控股公司借入人民幣75,000,000元及人民幣25,000,000元。該等貸款為無抵押、按利率3.48%及4.70%計息，並須分別於二零一四年十月及二零一六年十月償還(附註28)。

As at 31st December 2009, the Company borrowed RMB92,000,000 from CATIC Shenzhen Company, the holding company. The amount is unsecured, interest free and repayable on demand (Note 29). Shennan Circuit, the subsidiary of the Group, borrowed RMB75,000,000 and RMB25,000,000 from the holding company. The amounts are unsecured, interest bearing at rate 3.48% and 4.70% and repayable on October 2014 and October 2016 respectively (Note 28).

| | | | |
|-----------|---|-------------|-------------|
| 來自國有銀行之借貸 | Borrowings from state-controlled banks | | |
| 於年初 | At beginning of the year | 5,666,613 | 2,987,036 |
| 收到借貸 | Proceeds from borrowings | 4,631,946 | 4,793,671 |
| 償還借貸 | Repayment of borrowings | (3,328,758) | (2,114,094) |
| 於年末 | At end of the year | 6,969,801 | 5,666,613 |
| 計提利息 | Interest charged | 344,142 | 373,748 |

於二零零九年十二月三十一日，貸款的加權平均實際利率為5.97%(二零零八年：7.0%)。

The effective weighted average interest rate of the loans was 5.97% as at 31st December 2009 (2008: 7.0%).

43 期後事項

- (a) 於二零一零年二月一日，本公司根據香港上市規則之規定公佈其非常重大收購及關連交易：天馬收購上海天馬股本權益以及非常重大出售：視作本公司出售天馬權益。

本公司之非全資附屬公司天馬與本公司及本集團之少數股東包括上海張江集團、上海國資公司及工投集團於二零一零年一月十八日訂立深圳中航框架協議，據此，天馬有條件同意分別自上述五家公司收購上海天馬股本權益總額之21%、20%、19%及10%，代價為天馬按每股A股人民幣5.34元之價格分別發行44,709,007股、42,580,018股、40,451,011股及21,290,000股A股（即合共149,030,036新A股）。該等收購及A股發行完成後，本公司所持天馬之總股權由約45.62%攤薄至天馬經擴大已發行股本約42.40%。

43 SUBSEQUENT EVENTS

- (a) On 1st February 2010, the Company announced its Very Substantial Acquisition and Connected Transactions: Acquisition of Equity Interest in Shanghai Tianma by Tianma; as well as a Very Substantial Disposal: Deemed Disposal of Interest in Tianma by the Company, according to the Hong Kong Listing Rules requirements.

Tianma, a non-wholly owned subsidiary of the Company, entered into the CATIC Shenzhen Framework Agreement dated 18th January 2010 with the Company, and the minority shareholders of the Group, including Shanghai Zhang Jiang Company; Shanghai State Assets Company; and Shanghai Investment Company, pursuant to which Tianma has conditionally agreed to acquire 21%, 20%, 19% and 10% of the total equity interest in Shanghai Tianma from the above five companies, in consideration of Tianma issued 44,709,007, 42,580,018, 40,451,011 and 21,290,000 A Shares, respectively (i.e. a total of 149,030,036 new A Shares) at the subscription price as RMB5.34 per A Share. Upon completion of the Acquisitions and the A Shares Issue, the aggregate shareholding of Tianma held by the Company will be diluted from approximately 45.62% to approximately 42.40% of the enlarged issued share capital of Tianma.

43 期後事項(續)

(b) 於二零一零年二月一日，本公司公佈其另一項根據香港上市規則界定之非常重大事項及關連交易：增資協議及本公司視作出售於深南電路之權益。本公司、中航深圳及深南電路41名管理層及員工(「管理層及員工」)於二零零九年十一月三十日由本公司、中航深圳及管理層及員工訂立增資協議，據此，管理層及員工已有條件同意以現金對深南電路之註冊資本及資本儲備作出合共人民幣48,314,000元之出資。總增資金額人民幣48,314,000元中人民幣9,800,000元將投入深南電路註冊資本，人民幣38,514,000元將投入深南電路資本公積。本公司於深南電路註冊資本持有95%權益，中航深圳持有餘下之5%權益。於建議增資完成後，本公司於深南電路之股權將由95%攤薄至深南電路經擴大註冊資本的約88.35%。

(c) 於二零一零年二月五日，上海天馬與中航光電子有限公司(「中航光電子」)訂立託管協議。根據該等協議，上海天馬同意向中航光電子提供管理服務，年期由二零一零年二月一日至二零一一年十二月三十一日。中航光電子由中航技深圳公司及中國航空技術國際控股有限公司分別擁有51%及49%權益。中國航空技術國際控股有限公司為中航技深圳公司之控股公司。

43 SUBSEQUENT EVENTS (continued)

(b) On 1st February 2010, the Company announced another Very Substantial Disposal and Connected Transaction: Capital Increase Agreement and Deemed Disposal of Interest in Shennan Circuit by the Company, as defined by the Hong Kong Listing Rules. The Company, CATIC Shenzhen Company and the 41 members of the management and staffs of Shennan Circuit. ("Management and Staff") entered into the capital increase agreement dated 30th November 2009 made among the Company, CATIC Shenzhen Company and the Management and Staff, pursuant to which the Management and Staff have conditionally agreed to make a capital contribution in total of RMB48,314,000 in cash to the registered capital and the capital reserve of Shennan Circuit. Among the total capital contribution of RMB48,314,000, RMB9,800,000 will be applied to the registered capital of Shennan Circuit and RMB38,514,000 will be applied to the capital reserve of Shennan Circuit. The Company held 95% interest in the registered capital of Shennan Circuit. The remaining 5% interest is held by CATIC Shenzhen Company. Upon completion of the proposed capital increase, the shareholding of the Company in Shennan Circuit will be diluted from 95% to approximately 88.35% of the enlarged registered capital of Shennan Circuit.

(c) On 5th February 2010, Shanghai Tianma and Shanghai CATIC Opto-electronics Limited ("CATIC Opto-electronics") entered into an Entrusted Management Agreement. Pursuant to the agreement, Shanghai Tianma agreed to provide management services to CATIC Opto-electronics for a term commencing from 1 February 2010 to 31st December 2011. CATIC Opto-electronics is owned by CATIC Shenzhen Company and CATIC International Holdings Limited for the interest of 51% and 49% respectively. CATIC International Holdings Company is the holding company of CATIC Shenzhen Company.



深圳中航集團股份有限公司
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