



深圳中航集團股份有限公司

CATIC SHENZHEN HOLDINGS LIMITED

(Stock Code 股份代號 : 0161)

CATIC SHENZHEN HOLDINGS LIMITED

Annual Report 年度報告 2010

公司基本信息 Basic Information of the Company

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
由鐳先生
賴偉宣先生
隋湧先生
劉瑞林先生
徐東升先生

獨立非執行董事

黃慧玲女士
鄔煒先生
劉憲法先生

非執行董事

程保忠先生
仇慎謙先生
王濱濱先生
李承寧先生

監事

王心闊先生 主席
王昕女士
鄧柏松先生

公司秘書

曾軍先生

審核委員會

黃慧玲女士 主席
鄔煒先生
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 主席
隋湧先生
黃慧玲女士
鄔煒先生
劉憲法先生

公司註冊地址：

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獨立核數師

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

Stock exchange: The Stock Exchange of Hong Kong Limited
Stock abbreviation: CATIC Shenzhen
Stock code: 0161
Website: www.avic161.com

EXECUTIVE DIRECTORS

Mr. Wu Guang Quan, board 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. Wang Bin Bin
Mr. Li Cheng Ning

SUPERVISORS

Mr. Wang Xin Kuo, chairman
Ms. Wang Xin
Mr. Day Bo Song

COMPANY SECRETARY

Mr. Zeng Jun

REVIEW COMMITTEE

Ms. Wong Wai Ling, chairman
Mr. Wu Wei
Mr. Liu Xian Fa

QUALIFIED ACCOUNTANT

Ms. Lin Mei

REMUNERATION COMMITTEE

Mr. Wu Guang Quan, chairman
Mr. Sui Yong
Ms. Wong Wai Ling
Mr. Wu Wei
Mr. Liu Xian Fa

REGISTERED ADDRESS OF THE COMPANY

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HONG KONG OFFICE:

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STOCK-H SHARE TRANSFER REGISTRY (FOR STOCK TRANSFER)

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INDEPENDENT AUDITOR

PricewaterhouseCoopers

LEGAL ADVISER

LOONG & YEUNG

MAIN CORRESPONDENT BANKS

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

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Financial Highlights

RESULTS SUMMARY

(For the year ended 31 December 2010)

| (RMB'000) | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|------------------|-----------|-----------|-----------|-----------|
| Revenue and profit: | | | | | |
| Revenue | 6,964,551 | 5,092,883 | 4,077,074 | 3,357,210 | 2,629,794 |
| Profit/(loss) before taxation | 454,888 | (288,849) | 5,919 | 398,607 | 211,367 |
| Profit/(loss) after taxation | 342,590 | (288,780) | (41,665) | 338,084 | 180,362 |
| Attributable to: | | | | | |
| Profit attributable to equity holders of the Company | 193,561 | (165,566) | 1,282 | 231,654 | 123,095 |
| Non-controlling interests | 149,029 | (123,214) | (42,947) | 106,430 | 57,267 |
| Basic earnings per share attributable to equity holders of the Company (RMB) | 0.2874 | (0.2458) | 0.0019 | 0.3642 | 0.1924 |
| Dividends per share attributable to equity holders of the Company (RMB) | 0 | 0 | 0 | 0.06 | 0.06 |

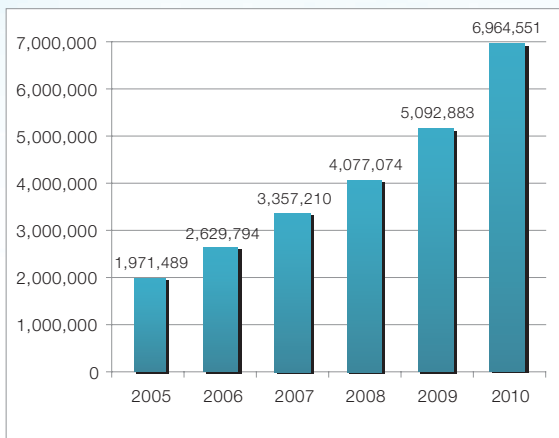
ASSETS SUMMARY

(As at 31 December 2010)

| (RMB'000) | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|-------------------|------------|------------|-----------|-----------|
| Total assets | 17,267,413 | 13,626,354 | 11,795,652 | 9,381,259 | 4,056,131 |
| Total liabilities | 12,318,964 | 9,802,017 | 8,100,414 | 5,256,735 | 2,295,297 |
| Total equity | 4,948,449 | 3,824,337 | 3,695,238 | 4,124,524 | 1,760,834 |
| Equity attributable to equity holders of the Company | 1,977,482 | 1,698,513 | 1,872,783 | 2,105,156 | 1,297,354 |
| Non-controlling interests | 2,970,967 | 2,125,824 | 1,822,455 | 2,019,368 | 997,943 |
| Net assets per share attributable to equity holders of the Company (RMB) | 2.94 | 2.52 | 2.76 | 3.10 | 2.03 |

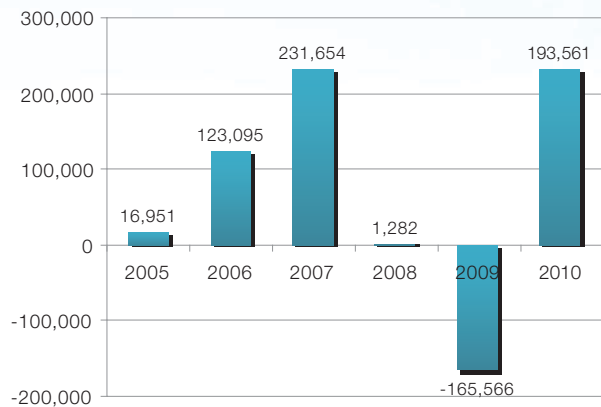
TURNOVER

RMB Thousand

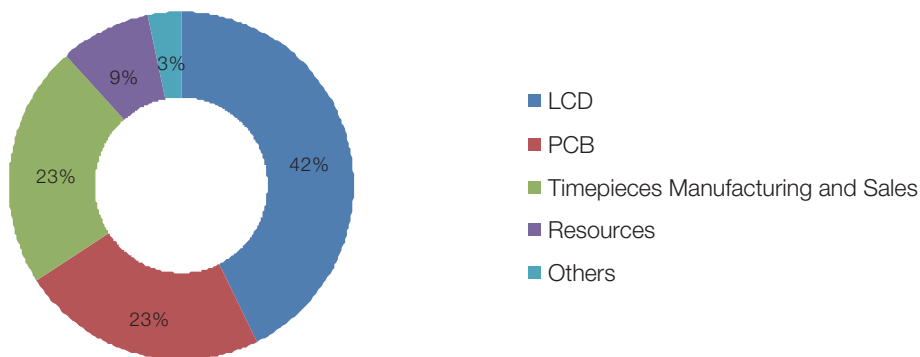


PROFIT ATTRIBUTABLE TO SHAREHOLDERS

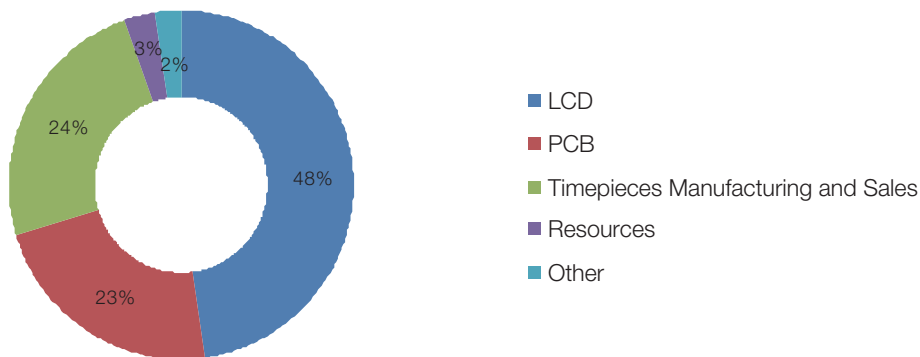
RMB Thousand



2009 TURNOVER BY PRODUCT SERIES



2009 TURNOVER BY PRODUCT SERIES



Chairman's Statement

It is my honor to present the 2010 Annual Report of CATIC Shenzhen Holdings Limited (the "Company") on behalf of the Board of Directors to the shareholders, business partners and supporters of the Company and its subsidiaries (together the "Group").

During the year, the Group recorded a consolidated revenue from continuing operations of approximately RMB6,964,551,000, representing an increase of approximately 36.75% over the previous year of RMB5,092,883,000. The overall gross profit was approximately RMB1,505,409,000, representing an increase of approximately 81.11% over the previous year of RMB831,212,000. The Group's profit attributable to the shareholders (excluding minority shareholders' interests) amounted to approximately RMB193,561,000.

In the year 2010, facing the complex and volatile market, economic and policy environment and opportunities from industry recovery after the financial crisis, the Group implemented the strategic plan of "operational excellence, profit management, perfection of corporate governance, promotion of merger and acquisition, and improvement of leadership". The principal activities recorded a good performance, of which, the LCD business responded quickly to market demand, actively promoted the product mix adjustment and development of key clients, obtained substantial increase in annual operation revenue and earnings and turned losses into gains; "aggressive marketing" strategy adopted in PCB business achieved notable success; the packaging substrate and electronics assembly businesses were progressing smoothly and achieving sustained and rapid growth in profitability; the luxurious wrist watches business continued to grow rapidly, the "VIOLA TRICOLOR" multi-brand system had achieved initial success and the sales channel of luxurious watches was expanded quickly; in resource business, the production technical innovation of potassium fertilizers was completed on schedule and the project was pushed forward steadily; the modernization and renovation of Guangdong International Building were basically completed at the end of the year and it is expected that its trial operation will start in mid-March 2011.

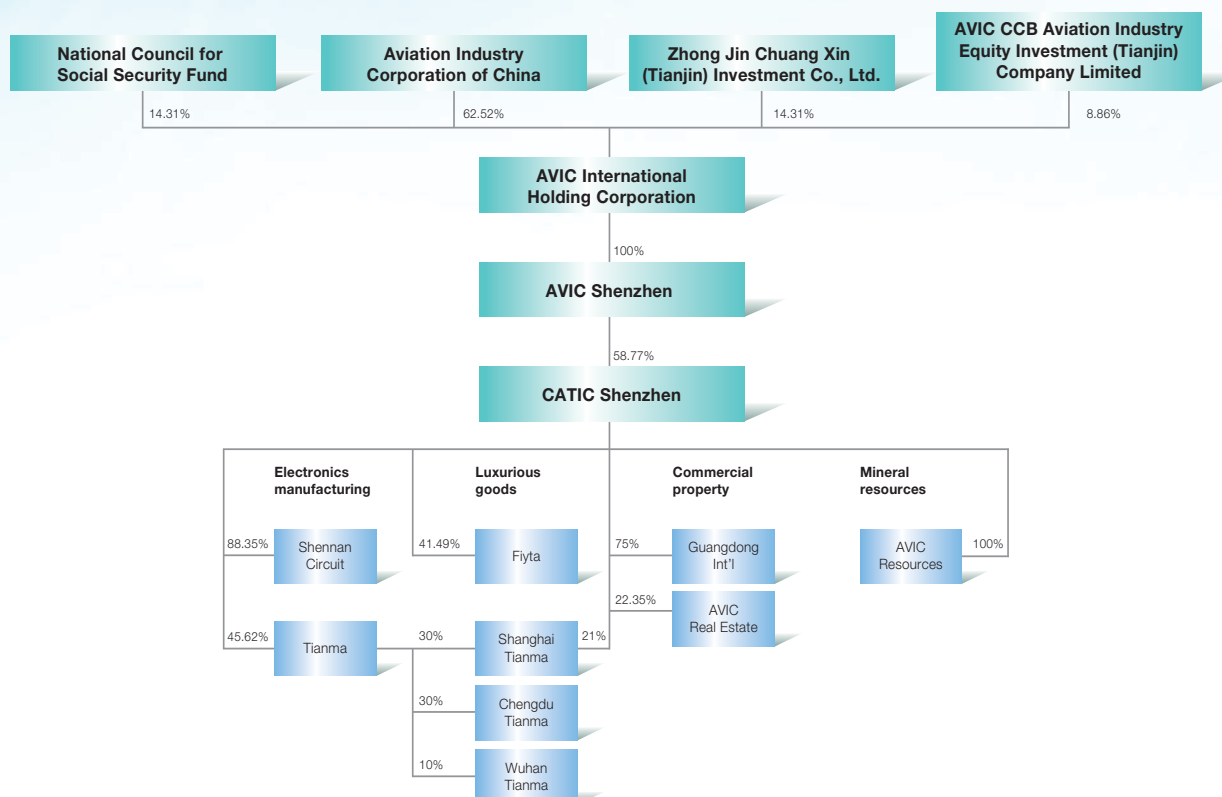
While developing business rapidly and promoting major projects steadily, the Group endeavored to improve the management level and business profitability continuously and achieved prominent achievements in corporate governance, management innovation, capital financing and other aspects. During the reporting period, the Group continued to promote operational excellence, actively implemented cost control and endeavored to increase the efficiency of assets. The Group optimized business operation management system, effectively improved the corporate governance; actively promoted capital market financing, completed the placing of Fiyta shares and promoted integrated LCD business reorganisation of Tianma. The Group also implemented ongoing leadership enhancement program, built a high-quality, passionate and aggressive talent team, and actively practiced social responsibilities.

In 2011, the Group will continue to take rapid growth as the main line of development and actively seize opportunities for development. With "transcendence, efficiency and synergy" being determined as the annual strategic topics, the Group will promote the implementation of various strategic measures, endeavor to improve efficiency of operation management, assets, performance of staff and organisation and realize efficient and rapid growth of business. The Group will continue to promote operational excellence, deepen management innovation; establish innovative business model and profit model; build medium and high level talent development system on an ongoing basis, while establishing key personnel introduction platform; improve organizational efficiency, to actively adapt to cross-regional and multi-business development needs; and continue to promote changes in thinking model and reform of corporate culture system, to support healthy and sustainable development of all the business lines.

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



Note: In March 2011, China Aviation made a capital contribution to AVIC International through China Aviation Industry Supply and Marketing Corporation and China Aviation Wealth Industry and Trade Development Limited, which are its subsidiaries. Meanwhile, AVIC CCB Aviation Industry Equity Investment (Tianjin) Company Limited ("AVIC CCB") made a capital contribution to AVIC International in cash. Upon completion of the capital increase, the registered capital of AVIC International reached RMB8,459,000,000, which was owned as to 62.52%, 14.31%, 14.31% and 8.86% respectively by China Aviation, Zhong Jin Chuang Xin, the Social Security Fund and AVIC CCB.

BUSINESS REVIEW

The consolidated revenue and profit contributions of the Company in its consolidated results for the year 2010 were primarily derived from the following subsidiaries:

| Name of subsidiary | Percentage of equity held by the Company | Principal activities |
|---|--|---|
| Tianma Microelectronics Co., Ltd. ("Tianma") | 45.62% | Manufacture and sales of liquid crystal displays ("LCD") and modules |
| Shennan Circuit Co., Ltd. ("Shennan Circuit") | 88.35% | Manufacture and sales of printed circuit boards ("PCB") |
| Fiyta Holdings Limited ("Fiyta") | 41.49% | Manufacture of middle to high-end wrist watches and chain sale of luxurious wrist watches |
| Shenzhen CATIC Resources Co., Ltd. ("CATIC Resources") | 100% | Agriculture-related resources business |
| Guangdong International Building Industrial Co., Ltd. ("GIB Company") | 75% | Hotel and property operations |

Summary of Performance

During the year, the Group recorded a consolidated revenue from continuing operations of approximately RMB6,964,551,000, representing an increase of approximately 36.75% over the previous year of RMB5,092,883,000. The overall gross profit was approximately RMB1,505,409,000, representing an increase of approximately 81.11% over the previous year of RMB831,212,000. The Group's profit attributable to the shareholders (excluding minority shareholders' interests) amounted to approximately RMB193,561,000.

In the year 2010, facing the complex and volatile market, economic and policy environment and opportunities from industry recovery after the financial crisis, the Group implemented the strategic plan of "operational excellence, profit management, perfection of corporate governance, promotion of merger and acquisition, and improvement of leadership". The principal activities recorded a good performance, of which, the LCD business responded quickly to market demand, actively promoted the product mix adjustment and development of key clients, obtained substantial increase in annual operation revenue and earnings and turned losses into gains; "aggressive marketing" strategy adopted in PCB business achieved notable success; the packaging substrate and electronics assembly businesses were progressing smoothly and achieving sustained and rapid growth in profitability; the luxurious wrist watches business continued to grow rapidly, the "VIOLA TRICOLOR" multi-brand system had achieved initial success and the sales channel of luxurious watches was expanded quickly; in resource business, the production technical innovation of potassium fertilizers was completed on schedule and the project was pushed forward steadily; the modernization and renovation of Guangdong International Building were basically completed at the end of the year and it is expected that its trial operation will start in April 2011.

BUSINESS REVIEW *(continued)***Summary of Performance** *(continued)*

While developing business rapidly and promoting major projects steadily, the Group endeavored to improve the management level and business profitability continuously and achieved prominent achievements in corporate governance, management innovation, capital financing and other aspects. During the reporting period, the Group continued to promote operational excellence, actively implemented cost control and endeavored to increase the efficiency of assets. The Group optimized business operation management system, effectively improved the corporate governance; actively promoted capital market financing, completed the placing of Fiyta shares and promoted integrated LCD business reorganisation of Tianma. The Group also implemented ongoing leadership enhancement program, built a high-quality, passionate and aggressive talent team, and actively practiced social responsibilities.

The turnover and profit/(loss) of the Group for 2010 with comparative figures for 2009 are as follow:

| Turnover (RMB'000) | 2010 | 2009 |
|------------------------------------|------------------|-------------|
| LCD | 3,321,736 | 2,181,111 |
| PCB | 1,578,891 | 1,167,939 |
| Timepieces manufacturing and sales | 1,700,608 | 1,153,803 |
| Resources | 189,529 | 433,682 |
| Investment properties | 126,042 | 115,929 |
| Cable TV equipment | 47,745 | 32,040 |
| Hotel | - | 8,379 |
| Total | 6,964,551 | 5,092,883 |

| Profit/(loss) after taxation (RMB'000) | 2010 | 2009 |
|---|-----------------|-------------|
| LCD | 150,028 | (290,779) |
| PCB | 148,710 | 101,761 |
| Timepieces manufacturing and sales | 53,538 | 43,772 |
| Resources | (7,363) | (80,795) |
| Investment properties | 88,467 | 69,857 |
| Cable TV equipment | 1,123 | (183) |
| Hotel | (42,197) | (43,432) |
| Others | (49,716) | (88,981) |
| Total | 342,590 | (288,780) |

BUSINESS REVIEW *(continued)*

LCD

The Group is engaged in the research and development, design, production, sales and servicing of liquid crystal displays (LCD) and liquid crystal modules (LCM) products through its subsidiary, Tianma. In 2010, the Group's turnover from LCD business surged by approximately 52.30% over the previous year corresponding figure of RMB2,181,111,000 to approximately RMB3,321,736,000. The profit after taxation was approximately RMB150,028,000, while the loss of the previous year was RMB290,779,000.

The global financial crisis in 2008 brought severe impact on TFT-LCD industry. Production lines of all generations could not be expanded to appropriate application areas. Thus, there was still an over-production in the supply of panel products. In 2010, with the global economic recovery, the market of TFT-LCD gradually recovered. Comparing with the continuous downslide of the price of large size panels, demand of small and middle size panels this year was relatively strong. The active demand of smart phones and tablet PCs was one of the major growth drivers.

Facing new market environment, Tianma reacted rapidly and achieved a good sales performance through accurate grasp of market opportunities, product mix adjustment and rational allocation of production capacity. Meanwhile, Tianma played a role of uniform deployment and reasonable arrangement in the marketing platform, supply chain platform, R&D platform, human resources platform and enterprise culture system, which enable the subsidiaries, associates and managed companies to reach economy of scale, achieve a full range of integrated management and achieve synergies that promote our business. During the reporting period, Tianma realized consolidated gross profit of 14%, with an increase of 11 percentage points as compared with previous year. This marked a success in achieving a turnaround in profitability.



BUSINESS REVIEW *(continued)*

LCD *(continued)*

Shanghai Tianma fully explored the market of overseas key customers, maintained close contacts with customers to fully meet customer demand, improved product quality and thereby achieved breakthrough results. During the reporting period, the Company achieved a turnover of RMB2,048,870,000, representing an increase of 56.68% over the previous year; a net profit of RMB162,550,000, representing an increase of 211.46% over the previous year. AM-OLED assembly line project has achieved a major breakthrough and progress. The performance indicators of the first LTPS LCD product have reached the standards and passed validation test, and may enter the phase of mass production and application. Construction of plant and supporting facilities and introduction and installment of production equipment of the 4.5G TFT-LCD production line in Chengdu Tianma have been completed and the production line has formally entered the period of gradual output release; the 4.5G TFT-LCD production line and CF production line in associate Wuhan Tianma have started trial production; meanwhile, the construction of other supporting facilities, equipment commissioning, staff recruitment and other work are proceeding in an orderly way. Shanghai CATIC Opto-electronics Limited, entrusted to the management by Tianma, has resumed production and further established advantage of production capacity. Moreover, its market standing has also been significantly raised.

Gross Profit Margin

| | 2010 (RMB'000) | 2009 (RMB'000) |
|---------------------|-------------------|-------------------|
| Sales revenue | 3,321,736 | 2,181,111 |
| Cost of sales | 2,863,603 | 2,109,394 |
| Gross profit | 458,133 | 71,717 |
| Gross profit margin | 14% | 3% |



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

Market Structure

| Sales regions | 2010 | 2009 |
|---------------------------|---------------|--------|
| PRC | 44.06% | 20.68% |
| Hong Kong | 24.63% | 60.62% |
| Europe and America | 12.75% | 11.52% |
| Southeast Asia and others | 18.56% | 7.18% |
| Total | 100% | 100% |

Product Structure

| | 2010 | 2009 |
|-------------------|---------------|--------|
| LCD-CSTN | 0.51% | 0.87% |
| LCD-MONO | 19.81% | 5.48% |
| LCD sub-total | 20.32% | 6.35% |
| CSTN modules | 13.19% | 18.64% |
| TFT modules | 53.57% | 66.53% |
| MONO modules | 12.92% | 8.48% |
| Modules sub-total | 79.68% | 93.65% |
| Total | 100% | 100% |

PCB

The Group, through the subsidiary, Shennan Circuit, engages in the production and sales of mid to high end multi-layer PCB products, which are widely used in high technology fields such as telecommunication, aerospace, medical services and industrial control. The turnover of the PCB business of the Group in 2010 rose by about 35.19% to approximately RMB1,578,891,000 when compared with the figure of the previous year of RMB1,167,939,000. The profit after taxation amounted to approximately RMB148,710,000 which represented an increase of approximately 46.14% when compared to that of the previous year of RMB101,761,000.

In 2010, the global semiconductor and electronics industries have experienced a significant booming upward cycle. Due to the effect of downstream terminal demand, the PCB industry showed a strong growth momentum. As economic recovery of European and American countries from the second half of the year was slower than expected and developing countries and emerging economies presented rational drop after rapid growth, the growth trend of PCB was slowed and the overall growth of semiconductor and electronics industries of the year was stable.

BUSINESS REVIEW *(continued)*

PCB *(continued)*

Facing market opportunities and challenges, Shennan Circuit proposed the strategy of “making further effort in developing target market and promoting market coverage”, grasped business opportunities arising and actively explored the market. The business of HDI board grew rapidly due to the domestic investment in 3G business and active demand of smart phones and tablet PCs. Order taking work of Shennan Circuit this year achieved a speedy breakthrough. In terms of internal operation management, the Company greatly increased production capacity through expanding the production capacity and improving the production efficiency, on the other hand, the Company took management and technical innovation, lean manufacture and other measures to enhance the production operation capacity of the Company and reduce the negative impact of constant rise of price of raw materials and labor costs on corporate profits. In addition, through a series of brand promotion activities, Shennan Circuit has further promoted its corporate image and brand influence at home and abroad.

In 2010, Shennan Circuit has made great breakthrough in electronics assembly business, which has currently formed capacity of 10 SMT production lines and possessed the complete process manufacturing capabilities of mobile phones and radio frequency amplifiers and other products. In terms of packaging substrate business, debugging of all connecting facilities has been completed so far, the production lines have already entered trial-production stage and the delivery rate of products in mass production and processing of important samples has been substantially increased and customer development has achieved initial success. We have started to provide lot-size products to a number of internationally renowned clients.

Gross Profit Margin

| | 2010 (RMB'000) | 2009 (RMB'000) |
|---------------------|-------------------|-------------------|
| Sales revenue | 1,578,891 | 1,167,939 |
| Cost of sales | 1,206,970 | 912,250 |
| Gross profit | 371,921 | 255,689 |
| Gross profit margin | 24% | 22% |



BUSINESS REVIEW *(continued)*

PCB *(continued)*

Market Structure

| Sales regions | 2010 | 2009 |
|---------------------------|------|------|
| PRC | 76% | 84% |
| Europe and America | 14% | 10% |
| Southeast Asia and others | 10% | 6% |
| Total | 100% | 100% |

Product Structure

| Sales regions | 2010 | 2009 |
|------------------------------|------|------|
| Telecommunications equipment | 69% | 77% |
| Consumer electronic devices | 2% | 2% |
| Others | 29% | 21% |
| Total | 100% | 100% |



BUSINESS REVIEW *(continued)*

Luxurious wrist watches

The Group engages in the manufacture of middle and high-end luxurious watches and chain sales of imported watches through its subsidiary, Fiyta, including R&D, design, manufacture and sales of watches under its owned brand name and chain sales network operation of prestigious watches. In 2010, the revenue of the watch business of the Group amounted to approximately RMB1,700,608,000, representing a growth of approximately 47.39% when compared with RMB1,153,803,000 of the previous year. The profit after taxation amounted to approximately RMB53,538,000, representing an increase of approximately 22.31% when compared with the previous year of RMB43,772,000.

In 2010, given strongly recovering economy and increasing consumption sentiment, China became the world's second largest consumer of luxury goods and the most dynamic market, and was the world's major growth area of luxury goods industry. Accordingly, the watch industry entered into a period of rapid growth. In this context, for watch business, the Group adhered to two master lines for business, namely, building the world prestigious watch sales channel of Harmony and "VIOLA TRICOLOR" multi-brand system, continuously optimized the integration of internal resources, endeavored to expand markets and improved the overall enterprise profitability and market competitiveness.

During the year, Fiyta's owned-brand watch business adhered to the "VIOLA TRICOLOR" multi-brand strategy, i.e., the common development of Fiyta brand, high-end brand "Emile Chouriet" and fashion brands. Fiyta watches continue to strengthen investment and operational management of exclusive shops, promote the channel quality improvement, show to more middle and high end customers the excellent products and brand image of Fiyta, exploit overseas channels, strengthen product marketing and promotion, promote the brand image of Fiyta and accelerate product serialization and standardization through new arrivals, spokesperson advertising and regional promotion; during the reporting period, 56 new sales outlets were opened for high-end brand "Emile Chouriet" wristwatches (120 in total). Both the sales quantity and amount have achieved 100% growth over the previous year; and, fashion brands COSMO and JEEP mainly focus on channel laying and the initial channel laying in Southeast Asian markets has been completed, while 70 watch counters have also been established in the PRC. Moreover, network, credit cards and other sales channels have also been developed.



BUSINESS REVIEW *(continued)*

Luxurious wrist watches *(continued)*

The Group's Shenzhen Harmony World Watch Center ("Harmony") was in sound operation while continuing to actively develop strategic channel partners and seize the opportunity to rapidly extend network. During the reporting period, a total of 57 new chain stores were opened. At the end of the reporting period, the sales network of Harmony watches had reached 187 outlets (38 of which were Harmony shops). Harmony also persistently enhanced the management of its chain stores and completed storefront renovation of 15 chain stores. Harmony brand was proactively promoted and had been widely recognized and listed as one of the Top 500 Brands in Asia. Communication and cooperation with international watch groups and independent watch brands was continuously fortified and reinforced. "Three-tier marketing" theory was actively fostered and deepened, whereas terminal implementation was strengthened. The improved customer satisfaction and loyalty ultimately boosted the steady growth of sales.

In 2010, Fiyta completed placing of A shares, successfully issued 31,230,480 new shares and raised funds of RMB499,999,985. Main purposes of the raised funds are network expansion and improvement of Harmony chain store operation and new product and brand marketing and promotion of Fiyta, which will effectively contribute to the development of the watch business and improve the core competitiveness and sustainable development capacity of Fiyta.

Gross Profit Margin

| | 2010 (RMB'000) | 2009 (RMB'000) |
|---|-------------------|-------------------|
| Sales revenue | 1,700,608 | 1,153,803 |
| Cost of sales | 1,203,259 | 801,266 |
| Gross profit | 497,349 | 352,537 |
| Gross profit margin | 30% | 31% |
| Gross profit margin of Fiyta timepieces | 67% | 65% |
| Gross profit margin of Harmony timepieces | 25% | 24% |

Market Structure

| Sales regions | 2010 | 2009 |
|--------------------|--------|------|
| Northeast region | 10.34% | 9% |
| North China region | 14.31% | 13% |
| Northwest region | 24.59% | 19% |
| Southwest region | 11.34% | 3% |
| East China region | 12.01% | 11% |
| South China region | 27.41% | 45% |
| Total | 100% | 100% |

BUSINESS REVIEW *(continued)*

Resources

The Group has taken a proactive stance to develop its resources business with CATIC Resources as its business platform and mainly focused on agriculture-related resources business. In 2010, the resources business of the Group recorded turnover of approximately RMB189,529,000, representing a decrease of approximately 56.29% as compared with RMB433,682,000 last year. The loss after taxation was approximately RMB7,363,000.

In terms of potassium fertilizer business, as prices of resources in international resource market remained a decline stage in 2009, price of potassium fertilizers in 2010 has been in a bottom level and presented slight recovery in the fourth quarter. Meanwhile, hindered by nationwide natural disasters, the market demand for potassium fertilizers continued to stay at low levels. In the fourth quarter, due to the stimulus of stock of agrochemicals during slack seasons (winter) and fertilizer preparation for spring plowing, the demand grew slightly; in addition, as a result of CATIC Resources' technical reform and rationalization for workshops during the reporting period, the annual production volume of the potassium fertilizers was limited to 113,000 tons and the sales volume was 113,000 tons. Due to the influence of above mentioned factors, profits of potassium fertilizer business of the Group did not meet our expectation. By the end of year 2010, the Company has completed technological transformation project of the second workshop, construction of desliming plant, reconstruction project of inlet channel from the Iqe River to the mine section and solution mining industrial test and thereby laid the foundation for solution mining of low-grade earth surface mine in the coming year.

In terms of phosphate fertilizer business, the Group has completed mining preparation of Kunming Heqi Phosphorus Chemical Industry Co., Ltd. (later renamed Kunming CATIC Phosphorus Chemical Industry Co., Ltd.), including changes of mining warrants, renewal and change of work safety license, sewage discharge permission application and process modification of the washing plant, construction of related supporting facilities for mining. In 2010, production has not started and it is expected to start normal production next year. Meanwhile, in order to increase resource reserves, allocate necessary back-end phosphorus chemical engineering equipment, integrate resources and realize synergetic effect of the area, CATIC Resources acquired Yunnan Hongfu Phosphoric Orefield in September of 2010.

During the reporting period, to further define and implement the development strategy of focusing on agricultural resources, CATIC Resources sold the equity interests in Guizhou Xiao Jia Wan and An Jia Zhai two coal mines in May 2010 and obtained a gain on disposal of approximately RMB72,030,000.



BUSINESS REVIEW (continued)

Resources (continued)

Gross Profit Margin

| | 2010 (RMB'000) | 2009 (RMB'000) |
|---------------------|-------------------|-------------------|
| Sales revenue | 189,529 | 433,682 |
| Cost of sales | 125,164 | 319,683 |
| Gross profit | 64,365 | 113,999 |
| Gross profit margin | 34% | 26% |

Market Structure

| Sales regions | 2010 | 2009 |
|-----------------|------|------|
| Sales regions | 2% | 6% |
| Jiangsu region | 1% | - |
| Hubei region | 3% | - |
| Qinghai region | 71% | 26% |
| Shandong region | 13% | 17% |
| Sichuan region | - | 3% |
| Guizhou region | 3% | 13% |
| Yunnan region | - | 12% |
| Beijing region | 1% | 4% |
| Zhejiang region | 4% | 8% |
| Shanxi region | 2% | 11% |
| Total | 100% | 100% |

Product structure

| Product structure | 2010 | 2009 |
|----------------------|------|------|
| 85# products | 100% | 84% |
| 90# products | - | 12% |
| phosphate fertilizer | - | 4% |
| Total | 100% | 100% |

FINANCIAL REVIEW

Capital Structure

| | 2010 (RMB'000) | 2009 (RMB'000) Restated |
|---------------------------|-------------------|-------------------------------|
| Total borrowings | 8,021,658 | 7,102,801 |
| Total liabilities | 12,318,964 | 9,802,017 |
| Non-controlling interests | 2,970,967 | 2,125,824 |
| Total equity | 4,948,449 | 3,824,337 |
| Total assets | 17,267,413 | 13,626,354 |
| Loan-to-equity ratio | 162.10% | 185.73% |
| Debt-to-equity ratio | 248.95% | 256.31% |

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 31 December 2010, the cash and cash equivalents of the Group amounted to approximately RMB1,728,245,000 (2009: RMB1,056,811,000), mainly derived from the following sources:

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

As of 31 December 2010, the current borrowings of the Group amounted to approximately RMB2,350,486,000 (2009: RMB2,310,325,000) with an annual interest rate of 4.66% (2009: 4.22%), and non-current borrowings totaling approximately RMB5,671,172,000 (2009: RMB4,792,476,000) with weighted average interest rate of 4.95% on 31 December 2010 (31 December 2009: 4.88%).

Capital expenditure of the Group in 2010 amounted to approximately RMB2,353,874,000, of which approximately RMB1,263,398,000 was applied to the purchase of production equipments for the TFT-LCD and LCD operations and the construction of staff dormitories; approximately RMB299,886,000 was applied to the purchase of production equipments for the PCB operations; approximately RMB67,285,000 was applied to the purchase of production equipments for the watch operations and setting up new chain stores of Harmony; approximately RMB316,292,000 was applied to the hotel and lease operations; approximately RMB406,398,000 was applied to the acquisition of production equipments and mining rights for resources business and the construction works relating to office, living facilities and mining areas; and approximately RMB615,000 was applied to other projects.

FINANCIAL REVIEW *(continued)*

Capital Structure *(continued)*

The Group's capital expenditure for 2011 is estimated to be approximately RMB3,501,100,000, of which approximately RMB803,000,000 will be used for the purchase of production equipment and the construction of staff dormitories for the LCD operations; approximately RMB482,600,000 will be applied to the purchase of production equipment for Wuhan Tianma and Chengdu Tianma; approximately RMB874,000,000 will be applied to the purchase of production equipment and land used for production and the construction of new production plant for the PCB operations; approximately RMB60,000,000 will be used for the renovation of guest rooms and facilities of GIB Company; approximately RMB748,500,000 will be used as the investment in construction of Qinghai Resources Silicon Metal Mine and Yunnan Hongfu Mine; approximately RMB533,000,000 will be used for purchase of production equipment and land used for production and also the construction of new production plants and sales network of Fiyta. The proposed capital expenditure is expected to be financed by bank borrowings, bank deposits and the cash generated from the Group's operations.

PROSPECTS FOR 2011

In 2011, the Group will continue to take rapid growth as the main line of development and actively seize opportunities for development. With "transcendence, efficiency and synergy" being determined as the annual strategic topics, the Group will promote the implementation of various strategic measures, endeavor to improve efficiency of operation management, assets, performance of staff and organisation and realize efficient and rapid growth of business. The Group will endeavor to improve business operation and management efficiency through continued efforts to promote operational excellence, deepen management innovation and optimize operational processes; improve asset efficiency by establishing innovative business model and profit model; build medium and high level talent development system on an ongoing basis, while establishing key personnel introduction platform; improve organizational efficiency, to actively adapt to cross-regional and multi-business development needs; and continue to promote changes in thinking model and reform of corporate culture system, to support healthy and sustainable development of all the business lines.

LCD

Authoritative market research organisation DisplaySearch has predicated that in 2011, market size of LCD is expected to reach \$28.5 billion, with an annual average growth rate of approximately 19%. Although facing relatively severe macro environment, driven by smart phones, tablet computers, e-book readers, automotive displays and other products, the market will still maintain growth momentum with generally stable prices. In terms of technology, driven by the strong demand for smart phones and tablet PCs, LEDs, AM-OLEDs and touch panels will become key development items of the panel industry. It is expected that the shipments and production capacity of touch panels will maintain robust growth in the next two years. Meanwhile, the market development space of AM-OLEDs will expand as the difference in price between 3.5-inch AM-OLED panels and TFT-LCD panels decreases year by year. In 2011, there is expected to be an annual growth rate of 29.4% in the global shipment of touch panels due to the simultaneous driving force from general application of tablet PCs and touch screen mobile phones. In terms of application, mobile phones continue to dominate the applications of small-and-medium-size liquid crystal display screens and display devices, and other new applications such as personal navigation devices, digital photo frames and MP3/portable media players are boosting the sales of small and medium-size LCDs.

PROSPECTS FOR 2011 *(continued)*

LCD *(continued)*

In 2011, various production lines of liquid crystal display business built by the Group will start mass production in succession and therefore the scale effect will become increasingly apparent. Adhering to the strategic thinking of “from good to great”, Tianma will continue to implement the “key customer strategy”, leverage on overall management, coordination and service advantages, further improve the marketing platform, supply chain platform, R&D platform, human resources platform and enterprise culture system. Tianma will optimize the internal processes, integrate the supply chain management platform, build a sound cost management system, resource planning system and supply chain operation model to strengthen supply chain risk management capabilities while improving quick delivery capabilities and thereby maximize the efficiency of assets. Tianma will also continue to increase input in research and development, increase the success rate of new project development and pay close attention to the development of new display technology and supplement the technical platform. We will particularly in terms of AM-OLEDs, gradually master the key design techniques and processing techniques of AM-OLED mass production, expand the product lines and layout of production lines and further strengthen our international leading position.

In addition, the Group will continue to push forward the integrated LCD business reorganisation of Tianma, endeavor to excel in Chengdu Tianma and Wuhan Tianma during their period of gradual output release, improve standardization and efficiency of corporate governance, strengthen risk management and corporate social responsibility and improve business capability and social awareness.

PCB

The global semiconductor industry restores steady growth in 2011. The global PCB industry has entered a new round of growth cycle with predictable growth in the next few years. The economic recovery of European and American countries from the second half of 2010 was slower than expectation. Moreover, considering the rational drop in the domestic market and slowdown of demand growth in terminal electronic equipment market, the growth of global PCB industry in 2011 is expected to be lower than that of 2010. However, as China is an important country for global PCB industry, the PCB industry in China will maintain sustainable growth under the policies continuously promulgated by the State Council in recent years for supporting the electronic information industry, the growing domestic market demand and continuous transfer of global production capacity. Semiconductor sales in emerging markets represented by China have accounted for more than 50% of the global sales and its growth rate will be higher than the global industry average. The enterprises that possess design and independent research and development capacities in the semiconductor industry and meet related environmental protection standards might usher in rapid development in the future.

Looking into 2011, Shennan Circuit will continue to adhere to the low cost and differentiation strategies and customer-oriented principle, enhance influence in the core competitive field of communications market, further increase market share in industries such as optical network construction, 3G network follow-up construction and integration of telecom, radio and TV, and Internet networks. We will also constantly raise market coverage in other key industry sectors, such as aerospace, industrial control and healthcare. In 2011, two growth businesses of Shennan Circuit— electronics assembly and packaging substrate will develop rapidly. As the global electronic information industry continues to shift to China, top international electronic manufacturing services (EMS) companies gradually increase investments in China and recovery of downstream markets causes rapid expansion in capacity of EMS market, development of Shennan Circuit electronics assembly business will be further accelerated. The electronics assembly business and packaging substrate business will possess production capabilities of certain scale and market competitiveness and bring new performance growth opportunities to the Company in the future.

PROSPECTS FOR 2011 *(continued)*

PCB *(continued)*

In 2011, Shennan Circuit will focus on interaction among the three principal activities of PCB, electronics assembly and packaging substrate, give full play to industrial synergy and steadily push forward the formation progress of a multi-service and multi-regional pattern. On the basis of the successful transformation of the first branch plant, capacity upgrade of the second branch plant and rapid development of electronics assembly and packaging substrate businesses, Shennan Circuit will promote the plants' full-process lean production, improve the standardization and automation level of production system and enhance the plants' overall operation efficiency. We will strengthen coordination of cross-department lean processes, intensify construction of human resources management system, promote the implementation of compensation and performance reform project, consolidate efficient operation process, establish replicable efficient operation models and thereby provide effective support to multi-service and multi-regional operation. In the future, the Company will adhere to the principle of customer orientation, take efficient implementation as the driving force and leapfrog development as a goal and thus finally achieve joint growth of customers, suppliers, enterprises and employees.

Luxurious wrist watches

With the rapid development of the global economy, luxurious goods industry has become one of the fastest growing industries in the world, of which, watches play a very important role. The current rapid development of China's macro economy, consumption upgrade caused by increase in China's per capita income and rapid increase and intersection of consumer discretionary items after the economic crisis provide high-end retail and luxurious retail enterprises with more opportunities in domestic first-tier cities. In recent years, both volume of imported watches and the prices have increased and consumers have significantly more demand for imported watches. Benefiting from China's economic trends and the long-term favorable momentum of luxurious goods industry, Fiyta keeps optimistic about the market prospect in 2011.

In 2011, Fiyta will adhere to the "VIOLA TRICOLOR" multi-brand strategy on the basis of sound operation, seize market opportunities, improve design capabilities and supply chain management, expand sales channels, strengthen the talent team building and brand marketing and management and rapidly increase the market share; and Harmony will strengthen communications with brand owners, retail dealers and real estate developers to enter into broad strategic alliances, rapidly expand and stabilize the sales network through more pragmatic approaches and means; endeavor to develop and maintain VIP customers and offer related support for steady growth of sales.

In addition, the Company will continue to strengthen internal communication and cooperation among brands, give full play to synergies, achieve synchronous growth of scale and benefits and extend the industrial value chain by stock acquisition and other means. We will take full advantage of the platform as a listed company, smooth the financing channels of capital market, strengthen employer brand construction, increase the reserve of talents, stabilize the backbone workforce and build a dedicated, professional and efficient team.

PROSPECTS FOR 2011 *(continued)*

Resources

After market downturn in 2009 and adjustment in 2010, the international and domestic potash fertilizer prices have bottomed out and rebounded. Recently, due to the continued quantitative easing (QE) policy of the US and regional political volatility, price of bulk commodities in the international market rises continuously. Moreover, as a result of the inherent concentrated supply and monopoly characteristics of international potash fertilizer industry, the price of potash fertilizer in the international market has been in a rising trend. Meanwhile, impacted by rising inflation, domestic prices of agricultural products rose rapidly in 2010, above 10% over the same period of the previous year. Price rise of agricultural products will greatly stimulate the enthusiasm of farmers. Additionally, for the purpose of assuring national food security, several agricultural new policies have been implemented in China, including adjustment of agricultural structure, promotion of agricultural technology, expansion of agricultural acreage, maintaining soil fertility through balanced fertilization and liberalized land use right transfer. All these measures will further promote large-scale and intensive agricultural planting and thereby expand the demand for fertilizer industry and make the industry flourishing.

In terms of potash fertilizer business, CATIC Resources will continue to intensify technology R&D, complete the salt field expansion project, expand production capacity as far as possible within a workable range, endeavor to make major breakthroughs in water diversion and solution mining in 2011 so as to increase potash fertilizer yield and quality and enhance its profitability. Meanwhile, the Company will choose good opportunities to expand and merge other high-quality potash fertilizer resources in Qinghai and expand the market share in the field of potash fertilizer. In terms of phosphate fertilizer, Kunming CATIC Phosphorus Chemical Industry Co., Ltd. will start normal operations and Yunnan Hongfu Phosphoric Orefield will strive to complete the first phase project construction and the trial run.

The Company will continue to promote operational lean management, focus on strengthening cost control, strengthen management and control of each business sections, focus on relevant agricultural resources, strengthen business development and integration, actively increase reserves of high quality resources and try to bring stable good returns to the shareholders.

SOCIAL RESPONSIBILITY

CATIC Shenzhen has profoundly realized from its 30-year development experience that in order to achieve sustainable development and growth, it has to rely on social stability and regard social responsibility as a corporate imperative, actively assume social responsibility, and build a favorable public image, and that the assumption of social responsibility will be paid back in the long term. Based on such realization, it has fostered the operation philosophy of “surpassing mediocrity and being first-class”, and set the goal of “becoming an enterprise well-known around the world, respected by the whole society and beloved by its employees”.

In 2010, China’s macro economy began to recover after experiencing a recession and reaching the bottom, making China one of the earliest countries in the world to walk out of the recession. Under the national policy guideline of “adjusting structure, expanding domestic demand, and promoting consumption”, and in accordance with the government’s regional development strategy planning and industrial adjustment policy, CATIC Shenzhen aggressively pushed technological innovation and management innovation, actively participated in the development of western resources, complied with the government’s call for saving energy and reducing carbon emission, adhered to people-first management, and grew together with employees, building a solid foundation for its long-term development.

SOCIAL RESPONSIBILITY *(continued)*

Management Innovation and Brand Building

Under the board of directors' strategic theme of "excellence, synergy and high efficiency", and in light of the actual conditions of the company, we aggressively promote innovation in management philosophy and approach, improve the quality of management, strengthen competitiveness and pursue high efficiency, in order to realize better corporate governance and higher executive efficiency and build an evergreen brand.

- On January 30, 2010, CATIC Shenzhen was granted the title of "Enterprise with Highest Growth Potential in 2009", and Mr. Wu Guangquan, our chairman, received the honorary title of "Most Notable Entrepreneur in 2009".
- Shennan Circuit Co., Ltd. was awarded the 1st prize in "The 16th State-level Enterprise Management Innovation Achievement".
- Fiyta was granted the 2010 China "Star Organization in Strategic Implementation" Award.
- Harmony, the sole famous watch retail enterprise in Asia, was listed for the first time in the "2010 Top 500 Asia Brands" at the 5th Asia Brand Ceremony, and its general manager & director was granted the honor of "Top 10 Figures in Asia Brand Innovation".
- CATIC Shenzhen, and Tianma, Fiyta and Shenzhen Circuit (which are affiliated to CATIC Shenzhen) were once again in the 2010 List of Shenzhen Top 100 Enterprises, ranked 11th, 51st, 70th, and 71st respectively, higher than previous years.

People-First Management, Mutual Growth

We always advocate people-first management, which focuses on respect, care, understanding, motivation and individual growth for employees. We foster a people-first core value and philosophy, respect and care about employees, create a harmonious atmosphere, enhance their sense of dedication and attachment, unleash their potential, encourage their passion, and promote the mutual growth of employees and the company as a whole.

- On October 24, 2010, Fiyta received the honor of "Best Employer in China" for five consecutive years, along with the title of "Top 20 Employers with Most Profitable Brands in China 2010".

Win-Win Strategic Cooperation

Our various interested parties include shareholders, customers, suppliers and communities. As for our interested parties, we make the best efforts to ensure the fulfillment of their rights to be informed, to participate and to receive dividends. To repay shareholders and the society is a key responsibility for the company. We are committed to providing quality products and services to customers, and promoting interest sharing and common growth with customers and suppliers; we weave the idea of corporate social responsibility into every supply chain of CATIC Shenzhen, and strive to make the best performance.

- On January 6, 2010, Shenzhen Branch of Shenzhen Development Bank granted CATIC Shenzhen the title of "2009 Strategic Cooperation Customer".
- On August 19, 2010, CATIC Shenzhen and Shenzhen Branch of China Construction Bank signed a strategic cooperation agreement, according to which China Construction Bank will provide a credit line of 5 billion yuan to CATIC Shenzhen over the following 3 years to support its business development.

SOCIAL RESPONSIBILITY *(continued)*

Win-Win Strategic Cooperation *(continued)*

- Kowloon Watch Co., a marketing channel of Fiyta in Hong Kong, made brand promotion advertisement for Fiyta's Tourbillon Watch in Oriental Daily News, a popular Hong Kong newspaper, which reflects its confidence in the brand of Fiyta.

Sustainable Development through Energy Saving and Emission Reduction

We realize that to be responsible for the natural environment, an enterprise should view the negative impact of its production on the natural environment from the perspective of organic symbiotic relationship, actively take appropriate measures to reduce the consumption of natural resources and excessive emission to the environment, make the best efforts to transform the impact of its production on the natural environment from negative to harmless, better integrate itself into the natural environment, forge a harmonious and interdependent relation between itself and the natural environment, promote benign interaction between itself and the nature, and meanwhile expand positive impact to the maximal extent.

- In March 3, Shenzhen Business Division of Tianma was granted the title of "Top 10 Economical, Energy-Saving and Emission-Reducing Enterprises in Longgang District, Shenzhen".
- In March 22, Shennan Circuit received the title of "Shenzhen Water-Saving Enterprise (Organization)".

A Leading Enterprise with Independent Innovation and Technology

CATIC Shenzhen adheres to the path of technological innovation, and strives to put its business onto a steady, sustainable development orbit by combining technological innovation and delicacy management with industrial policies and market needs. In 2010, the company continued to carry out the strategy of "creating a leading enterprise with independent innovation and technology", made new breakthroughs in core technology, key technology and fundamental technology, and strived to facilitate product upgrade and improve corporate management.

- Tianma was designated a national high-tech enterprise in 2009; since then, the corporate income tax rate for Tianma was reduced to 15%.
- The AM-OLED pilot line R&D project, the first of its kind in China, was commenced in Shanghai Tianma; the launch of the state-of-the-art pilot line filled a vacuum in domestic technology and industry.
- Fiyta's spacewalk watch (Spacemaster, limited edition) for "Shenzhou VII Spaceship" was granted the Germany Red Dot Design Award, which, commenced since 1955, was dubbed the "Oscar Award of the Global Industrial Design Community" and one of the top 3 global industrial design awards.
- Fiyta's patented technology "metallic ceramic material and its molding process" was granted the 10th China Patent Excellent Award, which was the first state-level technology award for Fiyta since its establishment, and the first award of its kind for a domestic watch brand.
- Fiyta's "Spacewalk watch checking and testing technology" was granted the "2009 Quality & Technology Award" by Shenzhen Association for Quality.
- Fiyta was designated "enterprise with advantageous IPR in Shenzhen" in 2009.

SOCIAL RESPONSIBILITY *(continued)*

A Leading Enterprise with Independent Innovation and Technology *(continued)*

- Tianma increasingly strengthened its R&D efforts in new technologies including stereo display and capacitive touch technology, reinforced IPR protection, and as of October 2010,
- On November 16, 2010, Shennan Circuit was qualified as one of the “State-level enterprise technology centers” (the 17th group).

Social Services and Charitable Efforts

We are more forward-looking with long-term view in terms of social services. We tend to make social-service and charitable efforts from the perspective of sustainability, and plant the seeds for a better future of the society. Therefore, in addition to donations to poor areas and disaster-affected areas, we are also committed to the educational cause of poor areas, and strive to improve the educational quality and facilities of poor areas by taking effective actions. As for mutual development with local society, we advocate to cooperate with local public utilities organizations and make use of corporate influence to integrate the company into local communities, build favorable relationship with local governments, residents and public organizations, and facilitate local development.

- On January 7, 2010, CATIC Shenzhen was appointed by Shenzhen Care Office as a social-service partner.
- In April 17, CATIC Shenzhen participated in a the grand charity performance “Love in Shenzhen”, a donation event dedicated to the earthquake-affected Yushu County in Qinghai Province and initiated by Shenzhen Charity Federation, Shenzhen Media Group, Shenzhen Care Office, and Hongfa Temple, and joined forces with Tianma, Fiyta, and CATIC Resources to make a donation of 3 million yuan to the earthquake-affected areas. Such donation to the earthquake-affected areas in Qinghai was another charity effort by CATIC Shenzhen following a previous donation to the drought-affected areas in Southwestern China not long ago.
- In March and September 2010, CATIC Shenzhen sponsored the 8th and the 9th Shenzhen Teaching Aid Program, supporting the nationwide enlistment of volunteers to provide teaching services to rural schools in poor areas.
- On June 24, 2010, Shennan Circuit was granted the title of “2009 Shenzhen Outstanding Enterprises with Safe Production Practice”.
- On July 20, 2010, CATIC Shenzhen launched the first “Rural Teacher Training Program”.
- On November 1, 2010, CATIC Shenzhen formally set up its own team of love – the Volunteer Union of CATIC Shenzhen, with over 600 members.

Profile of Directors, Supervisors and Senior Management

EXECUTIVE DIRECTORS

Mr. Wu Guang Quan, 49 years old, senior accountant, MBA of Tongji University, is now holding board chairman of the Company and AVIC International Shenzhen Company Limited ("AVIC Shenzhen"). He also acts as the board chairmen of Tianma, Fiyta and Rainbow Department Store Co., Ltd. ("Rainbow Stores") affiliated with AVIC Shenzhen. Mr. Wu joined in AVIC Shenzhen in 1982 and the Group in 2003. He has rich experience in finance, administration and operation management, and has been appointed the executive director of the Company since 2003.

Mr. You Lei, 42 years old, senior engineer, MBA of Tongji University, is now holding the positions of authorized delegate of the Company, general manager of AVIC Shenzhen, board chairman & general manager of Shennan Circuits and director of Tianma. Mr. You joined in AVIC Shenzhen in 1991 and the Group in 1997. He has rich experience in enterprise operation and administration, and has been appointed the executive director of the Company since 2003.

Mr. Lai Wei Xuan, 47 years old, senior accountant, master's degree, is now holding the positions of director and general manager of Rainbow Stores, vice board chairman of Tianma and Fiyta, and director of Shennan Circuits and AVIC Real Estate. Mr. Lai joined in AVIC Shenzhen in 1983 and the Group in 2004. He has rich experience in finance and operation management, and has been appointed the executive director of the Company since 2004.

Mr. Sui Yong, 53 years old, senior accountant, graduated from the engineering management courses of Beihang University, is now holding the positions of authorized delegate of the Company, deputy general manager of AVIC Shenzhen and director of Guangdong International Building. Mr. Sui joined in AVIC Shenzhen in 1992 and the Group in 1997. He has been engaged in the work related to corporate finance and has rich experience in finance management. He has been appointed the executive director of the Company since 2000 and the general manager of Shenzhen AVIC Resources since 2007.

Mr. Liu Rui Lin, 43 years old, senior engineer, Master of Engineering of HUST, is now holding the general manager and director of Tianma. Mr. Liu joined in AVIC Shenzhen in 1992 and the Group in 1997. He has rich experience in technology and operation management, and has been appointed the executive director of the Company since 2003.

Mr. Xu Dong Sheng, 45 years old, senior engineer, MBA of Tongji University, is now holding director and general manager of Fiyta. Mr. Xu joined in AVIC Shenzhen in 1992 and the Group in 1997. He has rich experience in operation management and administration, and has been appointed the executive director of the Company since 2003.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Wong Wai Ling, 50 years old, holds the Bachelor of Arts of The University of Hong Kong and has attended the courses of accounting and finance in LSE. Ms. Wong is the senior member of Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accounts, with 20-year's experience in accounting, tax and auditing. She has been working in international and local large accounting firms for more than 7 years, until she founded an accounting firm in Hong Kong in 1994, and has been a CPA till now. She is also the independent non-executive director of two companies listed in Hong Kong – China Ruifeng Galaxy Renewable Energy Holding Limited (formerly known as Galaxy Semi-Conductor Holdings Limited) and Overseas Chinese Town (Asia) Holdings Limited. She has been appointed the independent non-executive director of the Company since March 19, 2008.

Mr. Wu Wei, 37 years old, is now the director of Private Equity Fund Division of CITIC Securities (HK) Limited. He holds the Bachelor of Arts of Columbia University, majoring in economy and industrial engineering. He has over 11-year's experience of enterprise investment and investment bank, and has worked in Deutsche Bank Asia, Henderson Global Investors Asian Fund and Lehman Brothers Asia Limited. He was appointed the independent non-executive director of this Company at the annual general meeting for year of 2008 held on June 15, 2009.

Mr. Liu Xian Fa, 57 years old, senior engineer, part-time professor of Nankai University, is now the director of Macroeconomic Analysis Center of China Development Institute (Shenzhen, China) and the specially invited research of CHINA SOCIETY OF ECONOMIC REFORM. His main fields of research include macroeconomics, finance and capital market. Mr. Liu graduated from Department of Economics, Nankai University in 1982, and has been appointed the independent non-executive director of the Company since 2004.

NON-EXECUTIVE DIRECTORS

Mr. Cheng Bao Zhong, 48 years old, senior economist, doctor of Tongji University, is now the director of MaiWei and Shenzhen AVIC Resources. Mr. Cheng joined in AVIC Shenzhen in 1993 and this Group in 2004. He has rich experience in operation management and administration, and has been appointed the executive director of the Company since 2006. He left his office when his tenure expired at the annual general meeting for year of 2008 held on June 15, 2009, and was appointed the non-executive director of the Company.

Mr. Qiu Shen Qian, 53 years old, researcher-level senior engineer, graduated from School of Management, Tongji University, majoring in Industrial Management Engineering. He joined in AVIC in 1994 and now is the deputy GM of AVIC Shenzhen and board chairman of AVIC Real Estate. Mr. Qiu has rich experience in property, estate management and enterprise management, and was appointed the non-executive director of the Company at the annual general meeting for year of 2008 held on June 15, 2009.

Mr. Wang Bin Bin, 60 years old, graduated from Beihang University, is now the deputy director of Asset & Enterprise Management Division of Aviation Industry Corporation of China. Mr. Wang has rich experience in securities management, and has been appointed the non-executive director of the Company since 1997.

Mr. Li Cheng Ning, 46 years old, graduated from UESTC, is now the manager of Operation and Management Department of AVIC International Holding Corporation. Mr. Li has rich experience in enterprise management, investment management and analysis, and has been appointed the non-executive director of the Company since 2005.

SUPERVISORS

Mr. Wang Xin Kuo, 61 years old, senior economist, a graduate of Northwestern Polytechnical University, holds the bachelor of engineering and master of economic management. He has held important positions in Xi'an Aircraft Industry Company, AVIC Guangzhou, AVIC Shenzhen, AVIC and AVIC International Holding Corporation. Mr. Wang is now the special commissioner of AVIC, and holds the positions of chairman of supervisor's committee of AVIC International Holding Corporation, AVIC Capital Co., Ltd., AVIC Technology Foundation Establishment and AVIC Construction Engineering Company. He has over 35 years of extensive experiences in technology, operations and management. He was appointed the supervisor of the Company at the annual general meeting for year of 2008 held on June 15, 2009.

Mr. Day Bo Song, male, 51 years old, senior economist, a graduate of Jiangxi University of Finance and Economics, is now the party secretary and deputy GM of Tianma and the director of Shanghai Tianma Micro-electronics Co., Ltd. He had been the deputy GM of Shenzhen Kaishi Industry Co., Ltd.; since May 2003, he has successively held the positions of deputy party secretary, manager of Manager Department, secretary of board of directors, director, party secretary and deputy GM. He was appointed the supervisor of the Company at the annual general meeting for year of 2008 held on June 15, 2009.

Ms. Wang Xin, 58 years old, holds master's degree and is now the senior partner of Beijing Horizon Law Firm, Shenzhen Office and the arbitrator of Shenzhen Arbitration Committee. She had acted as the senior judge in Changsha Intermediate People's Court and Economic Tribunal of Shenzhen Intermediate People's Court. Ms. Wang has accumulated rich experience in economic and civil judgment; some difficult economic and civil cases under the charge of Ms. Wang have been taken as the judicial guidance in Shenzhen. She was appointed the supervisor of the Company at the annual general meeting for year of 2008 held on June 15, 2009.

COMPANY SECRETARY

Mr. Zeng Jun, 43 years old, MBA of Beijing University, joined in AVIC Shenzhen in 1993. He had been the director and GM of a company affiliated with AVIC Shenzhen, with rich experience in capital management and operation. Mr. Zeng has acted as the joint secretary of the first session of board of directors of the Company. In 2004, Mr. Zeng entered the Company again and held the position of secretary.

QUALIFIED ACCOUNTANT

Ms. Lin Mei, 37 years old, holds bachelor degree of Shenzhen University, and the titles of China CPA, ACCA and CGA. She has nearly 12-year's experience in accounting and auditing, and is familiar with the accounting rules and systems of mainland China, Hong Kong, Canada and the USA. She had been engaged in accounting, auditing and management in PricewaterhouseCoopers China and KPMG Canada. She was appointed the qualified accountant of the Company since Nov. 14, 2008.

Corporate Governance

The Company has always attached great importance to maintaining high-standard commercial ethics and corporate governance level. The Company firmly believes that running business in a practical and responsible way and implementing effective corporate governance can result in maximum return and realization of long-term benefits of the Company and shareholders.

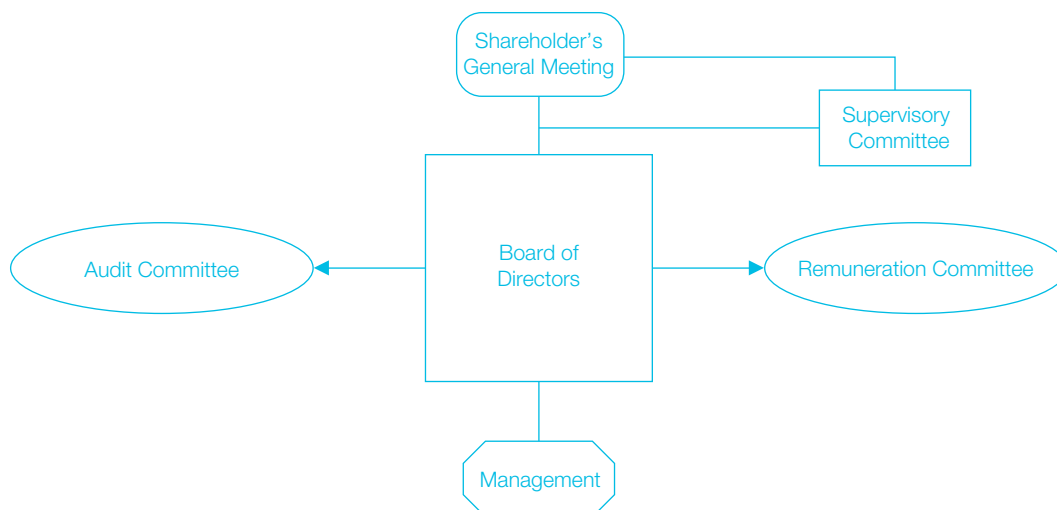
I. GENERAL STATUS OF CORPORATE GOVERNANCE

Throughout the financial year ended on 31st December 2010, the Company has complied with Company Law and “Listing Rules” on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), faithfully performed the obligations required by the Code on Corporate Governance Practices set out in Appendix 14 of the “Listing Rules”. 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 good principles of corporate governance, improved the transparency and independence of company operation, enhanced its corporate governance standards on a continuous basis, ensured a stable development of the Company and strived for the enhancement of shareholder value.

In addition, according to the on-site inspection and correction requirements raised by China’s Securities Regulatory Commission Shenzhen Office for Tianma and Fiyta, the subsidiaries of this Company, in 2008, the two subsidiaries raised a series of improvement measures, which have been carried out. Therefore, this Company launched special investigation on company management at the mid-term of 2010, aiming at deeply investigating and analyzing the company management status of this Company and subsidiaries, and raising further correction measures, so as to improve the company management system of the Group, and enhance the company management level.

In accordance with The Basic Standard for Enterprise Internal Control and detailed rules for implementation jointly launched by Ministry of Finance (MOF), the National Audit Office, the China Securities Regulatory Commission (CSRC), the China Banking Regulatory Commission (CBRC), and the China Insurance Regulatory Commission (CIRC), this Company issued the Notice on Implementation of The Basic Standard for Enterprise Internal Control, specifying the further improvement measures for the company’s internal control in terms of internal environment, risk evaluation, control activities, information & communication and internal supervision, so as to constantly enhance the company’s level of internal control and fully standardize the corporate governance system.

II. COMPANY’S 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, AVIC Shenzhen holds 58.77% of the Company's shares as at 31 December 2010. AVIC Shenzhen is AVIC International Holding Corporation's wholly-owned subsidiary in Shenzhen. AVIC International Holding Corporation is Aviation Industry Corporation of China (AVIC)'s subsidiary, in which AVIC holds 62.52% of its shares.

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

2. Directors and the Board

The Board is responsible for instituting the overall target, policies, internal control and risk management system of the Group, and evaluating and monitoring the performance of the management. In addition, the Board also supervises the detailed matters which may affect the equities of all shareholders, such as financial status, human resources, investment and financing, the transaction activities required to be publicized by the Listing Rules, and exercises its management and decision-making powers granted under the articles of association or in general meetings in terms of capital reconstructing. Details of the responsibilities and powers of the Board in terms of the Company's development strategies and management as well as its responsibilities and powers to supervise and monitor the Company's development and operation are set out in the articles of association of the Company.

The Board comprises a total of 13 Directors, including 6 executive directors, 4 non-executive directors and 3 independent non-executive directors. In the 2008 annual general meeting held on 15th June 2009, the fifth session of the board was formed through end-of-term election in accordance with articles of association of the Company and details for implementation. The term of the directors is 3 years that will end at the 2011 annual general meeting of the Company to be held in 2012.

Each Director of the Board has diversified skills and rich experience, which will contribute to the discussion and decision-making of the board through independent judgment. All six executive Directors are responsible for implementing the business strategy and managing the Group's business in accordance with all applicable rules and laws (including but not limited to the Listing Rules). All major and important issues of the Group will consult the opinions from all the Directors (including non-executive Directors and independent non-executive Directors). Throughout the financial year ended on 31st December 2010, the board has held 13 board meetings according to the requirements of the operation and business development of the Company.

The composition of the Board and details of attendance of Board meetings and meetings of other committees held throughout the financial year ended on 31st December 2010 are as follows:

| Director | Attendance/number of meetings | | |
|---|-------------------------------|-----------------|------------------------|
| | Board | Audit Committee | Remuneration Committee |
| Executive director | | | |
| Wu Guang Quan (Chairman) | 12 | 2 | 1 |
| You Lei | 11 | 2 | – |
| Lai Wei Xuan | 10 | – | – |
| Sui Yong | 11 | 2 | 1 |
| Liu Rui Lin | 10 | – | – |
| Xu Dong Sheng | 10 | – | – |
| Non-executive director | | | |
| Cheng Bao Zhong | 11 | – | – |
| Qiu Shen Qian | 9 | – | – |
| Wang Bin Bin | 10 | – | – |
| Li Cheng Ning | 9 | – | – |
| Independent non-executive director | | | |
| Wong Wai Ling | 13 | 2 | 1 |
| Wu Wei | 13 | 2 | 1 |
| Liu Xian Fa | 10 | 2 | 1 |

– *Independent non-executive director*

During the fiscal year ended 31st December 2010, the Company had 3 independent non-executive Directors, namely Ms. Wong Wai Ling, Mr. Wu Wei and Mr. Liu Xian Fa, of which Ms. Wong Wai Ling is a qualified accountant with substantial experience in accounting and financial matters. The number of the independent non-executive Directors accords with the provision of the Listing Rules. The Company has received the confirmation letters in respect of their independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors comply with the provision on independent parties stated 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 and its remuneration committee, and have given their opinions on the decision-making of significant matters by making use of their professional knowledge and experience. They have expressed their views on the standardized operation of the Company and have conscientiously examined the connected transactions and capital dealings with connected parties to ensure fairness and impartiality, expressing their independent opinions and performing their duties independently. They have ensured that their acts are not influenced by any substantial shareholders and de facto controllers of the Company or any other units or individuals that have interests in the Company. The independent non-executive 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.

The supervisory committee of the Company comprises a total of 3 supervisors. In the 2008 annual general meeting held on 15th June 2009, the fifth session of the supervisory committee was formed through end-of-term election in accordance with articles of association of the Company and details for implementation. The term of the supervisor is 3 years that will end at the 2011 annual general meeting of the Company to be held in 2012.

During the reporting period the supervisory committee met twice to discuss the annual results for 2009 and interim results for 2010.

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

In the 2009 annual general meeting held on 15th June 2010, this Company passed the resolution which approved the re-engagement of PricewaterhouseCoopers as the auditor of this Company, and authorized the board of this Company to determine its remuneration; the amount of audit fee paid to the external auditor for their audit services in 2009 amounted to RMB5.8 million.

6. Audit committee

The Board has established the audit committee to fulfill the functions of reviewing the financial reporting and monitoring the effectiveness and objectiveness of the internal control system, risk management and auditing procedure of the Company.

Elected by the fifth session of the Board meeting held on 17 June 2009, the audit committee comprises 3 independent non-executive Directors, namely Ms. Wong Wai Ling, Mr. Wu Wei and Mr. Liu Xian Fa, of which Ms. Wong Wai Ling acts as the chairman. She is a qualified accountant with substantial experience in accounting and financial matters.

During 2010, the audit committee met two times to discuss the annual results for 2009, the interim results for 2010 and certain other businesses. The effectiveness of the Company's internal control was also discussed in these meetings.

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

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

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

7. Remuneration committee

The Board of the Company has established the remuneration committee to fulfill the functions of suggesting the board in the aspects of the performance, engagement, remuneration and award of each executive Director and the management, drawing up the overall remuneration policy and reviewing the remuneration of the management.

Elected by the fifth session of the Board meeting held on 17 June 2009, the remuneration committee comprises the directors Mr. Wu Guang Quan, Mr. Sui Yong, Ms. Wong Wai Ling, Mr. Wu Wei and Mr. Liu Xian Fa, and three of them are independent non-executive Directors. The chairman of the remuneration committee is held by Mr. Wu Guang Quan.

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

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

8. Qualified accountant

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

III. COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

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

| Code Provisions | Complied | Deviation |
|--|----------|-----------|
| A.1.1 Regular board meetings to be held at least 4 times a year, approximately once every quarter. A regular board meeting does not include the practice of obtaining board approval through circulation of written resolutions. | ✓ | |
| A.1.2 Arrangements should be in place to ensure that all directors are given an opportunity to include matters in the agenda for regular board meetings. | ✓ | |
| A.1.3 Notice of at least 14 days shall be given of a regular board meeting to provide chances to all directors to find time for their attendance. | ✓ | |
| A.1.4 All directors shall have access to the advice and services of the secretary of the board. | ✓ | |
| A.1.5 Minutes of meetings of the board and its subcommittees shall be kept by a duly appointed secretary of the board and open for inspection by any Director at any reasonable time after giving a reasonable notice. | ✓ | |
| A.1.6 Minutes of meetings of the board and its subcommittees shall record in sufficient detail the matters considered by the Directors and decisions reached at meetings. | ✓ | |

| Code | Provisions | Complied | Deviation |
|--------|---|----------|-----------|
| A.1.7 | Directors could seek independent advice under an agreed procedure in appropriate circumstances at the issuer's expense. | ✓ | |
| A.1.8 | 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. | ✓ | |
| A.1.9 | An issuer should arrange appropriate insurance cover in respect of legal action against its directors. | ✓ | |
| A.1.10 | Board committees should adopt, so far as practicable, the principles, procedures and arrangements set out in A.1.1 to A.1.8. | ✓ | |
| A.2.1 | Roles of the chairman and the chief executive officer should be separate and clearly established and set out in writing. | ✓ | |
| A.2.2 | The chairman should ensure all Directors be briefed on issues arising at board meetings. | ✓ | |
| A.2.3 | The chairman should ensure that at a board meeting, Directors receive adequate and reliable information in a timely manner. | ✓ | |
| A.2.4 | 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. | ✓ | |
| A.2.5 | The chairman should take responsibility for ensuring that good corporate governance practices and procedures are established. | ✓ | |
| A.2.6 | 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. | ✓ | |

| Code Provisions | Complied | Deviation |
|--|----------|-----------|
| A.2.7 The chairman should at least annually hold meetings with the nonexecutive directors (including independent non-executive directors) without the executive directors present. | ✓ | |
| A.2.8 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. | ✓ | |
| A.2.9 The chairman should facilitate the effective contribution of nonexecutive directors in particular and ensure constructive relations between executive and non-executive directors. | ✓ | |
| A.3.1 The independent non-executive directors should be expressly identified as such in all corporate communications that disclose the names of directors of the issuer. | ✓ | |
| A.3.2 An issuer should appoint independent non-executive directors representing at least one-third of the board. | ✓ | |
| A.3.3 An issuer should maintain on its website an updated list of its directors identifying their role and function and whether they are independent non-executive directors. | ✓ | |
| A.4.1 Non-executive directors should be appointed for a specific term, subject to re-election. | ✓ | |
| A.4.2 All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. | ✓ | |
| A.4.3 Serving more than nine years could be relevant to the determination of a non-executive director's independence. | ✓ | |
| A.4.8 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. | ✓ | |

| Code Provisions | Complied | Deviation |
|---|----------|-----------|
| A.5.1 Every newly appointed director of an issuer should receive a comprehensive, formal and tailored induction on the first occasion of his appointment, and subsequently such briefing and professional development as is necessary, to ensure that he has a proper understanding of the operations and business of the issuer. | ✓ | |
| A.5.3 Every director should ensure that he can give sufficient time and attention to the affairs of the issuer and should not accept the appointment if he cannot do so. | ✓ | |
| A.5.4 Directors must comply with their obligations under the Model Code set out in Appendix 10. | ✓ | |
| A.5.5 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. The issuer should be responsible for arranging and funding a suitable development programme. | ✓ | |
| A.5.6 Each director should disclose to the issuer at the time of his appointment, and on a periodic basis, the number and nature of offices held in public companies or organizations and other significant commitments. | ✓ | |
| A.5.7 Non-executive directors, as equal board members, should be present in the board meeting regularly. | ✓ | |
| A.5.8 Non-executive directors should make a positive contribution to the development of the issuer's strategy and policies through independent, constructive and informed comments. | ✓ | |
| A.6.1 In respect of regular board meetings, and so far as practicable in all other cases, 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. | ✓ | |

| Code Provisions | Complied | Deviation |
|--|----------|-----------|
| A.6.2 Management has an obligation to supply the board and its committees with adequate information in a timely manner to enable it to make informed decisions. The information supplied must be complete and reliable. | ✓ | |
| A.6.3 All directors are entitled to have access to board papers and related materials. | ✓ | |
| B. 1.1 Issuers 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. | ✓ | |
| B.1.2 The remuneration committee should consult the chairman and/or chief executive officer about their proposals relating to the remuneration of other executive directors | ✓ | |
| B.1.3 The terms of reference of the remuneration committee | ✓ | |
| B.1.4 The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board. | ✓ | |
| B.1.5 The remuneration committee should be provided with sufficient resources to discharge its duties. | ✓ | |
| B.1.6 A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance. | ✓ | |
| B.1.7 Issuers should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in their annual reports and accounts. | ✓ | |
| C.1.1 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. | ✓ | |

| Code | Provisions | Complied | Deviation |
|-------|--|----------|-----------|
| C.1.2 | 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. | ✓ | |
| C.1.3 | The board's responsibility to present a balanced, clear and understandable assessment extends to annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements. | ✓ | |
| C.1.4 | An issuer should announce and publish quarterly financial results within 45 days after the end of the relevant quarter, disclosing such information as would enable shareholders to assess the performance, financial position and prospects of the issuer. Any such quarterly financial reports should be prepared using the accounting policies applied to the issuer's half-year and annual accounts. | ✓ | |
| C.1.5 | Once an issuer decides to announce and publish its quarterly financial results, it should continue to adopt quarterly reporting for each of the first 3 and 9 months periods of subsequent financial years. Where the issuer decides not to announce and publish its financial results for a particular quarter, it should publish an announcement to disclose the reason(s) for such decision. | ✓ | |
| C.2.1 | The directors should at least annually conduct a review of the effectiveness of the system of internal control of the issuer and its 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. | ✓ | |
| C.2.2 | The board reviews the ongoing monitoring of risks and of the system of internal control. | ✓ | |

| Code Provisions | Complied | Deviation |
|--|----------|-----------|
| C.2.3 Issuers 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. | ✓ | |
| C.2.4 Issuers should ensure that their disclosures provide meaningful information and do not give a misleading impression. | ✓ | |
| C.3.1 Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting (who should normally be the company secretary). | ✓ | |
| C.3.3 The terms of reference of the audit committee (Refer to Section 6 – Audit Committee of II. “Company’s governance structure” | ✓ | |
| C.3.4 The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board. | ✓ | |
| C.3.5 Where the board disagrees with the audit committee’s view on the selection, appointment, resignation or dismissal of the external auditors, the issuer should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view. | ✓ | |
| D.1.1 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. | ✓ | |
| D.1.2 An issuer 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 issuer. | ✓ | |
| D.1.3 An issuer should disclose the division of responsibility between the board and management. | ✓ | |
| D.2.2 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 | Deviation |
|-------|---|----------|-----------|
| E.1.1 | In respect of each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. | ✓ | |
| E.1.2 | The chairman of the board should attend the annual general meeting and arrange for the chairmen or members of the committees to be available to answer questions at the meeting. | ✓ | |
| E.2.1 | The chairman of a meeting should ensure disclosure in the issuer's circulars to shareholders of the procedures for and the rights of shareholders to demand a poll. | ✓ | |
| E.2.2 | The issuer should count all proxy votes and, except where a poll is required, the chairman of a meeting should indicate to the meeting the level of proxies lodged on each resolution, and the balance for and against the resolution, after it has been dealt with on a show of hands. The issuer should ensure that votes cast are properly counted and recorded. | ✓ | |
| E.2.3 | The chairman of a meeting should explain the procedures for voting by poll and for raising questions by shareholders before the commencement of the meeting. | ✓ | |

IV. INVESTOR RELATIONS MANAGEMENT

– Goals

Investor relations management is a kind of active behavior of the listed company for purpose of seeking maximized value. The management of the Company always pays attention to active investment relations. The Company has formulated corresponding internal working system, specifying the methods, contents, scope and working procedure of implementing the investor relations management.

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

– **Communication channels**

During the reporting period, the Company strictly and fully disclose relevant information to investors in accordance with relevant regulations, and timely disclose important information and relevant progress which may influence the benefits of the investors through regular or temporary bulletin, striving for improvement of the quality of information disclosure; the website of the Company will regularly publicize the data concerned with investors, such as business status and other information, so that the investors can timely and clearly know the latest development of the Company, and improve the transparency of the Company.

The core of the investor relations management is effective communication. A win-win situation is guaranteed through the interactive communication between the Company and investors. During this year, the Company kept close relationship with media and investors both in China and other countries through diversified forms, such as accepting the visits of investors and analyzers, and telephone conference. In addition, investor can obtain latest information about the Company by visiting its website, where the Company discloses its interim and annual reports, bulletins, circular letters and updated development status.

– **Prospect**

Through active activities related to investor relations, the Company aims at improving transparency, strengthening communication, making investors better understand the business of the Company and feel confident toward its future development, having the Company recognized and supported by the market, and making the development potential and actual value of the Company fully reflected in the market.

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 31 December 2010.

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, commercial property development, design, manufacture and sales of certain industry and consumer electronic products which mainly include potassium fertilizers, commercial properties, LCDs, PCBs 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 31 December 2010 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 31 December 2010 are set out in the consolidated income statement of the financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2010, the distributable reserves of the Group were approximately RMB361,680,000 as reported in the statutory accounts prepared in accordance with generally accepted accounting principles in the PRC.

ALLOCATION OF PROFITS

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), and no longer need to set aside a common welfare fund of 5% to 10%. This reserve cannot be used for purposes other than those for which they are created and are not distributable as cash dividends. For the year ended 31 December 2010, the statutory general reserve fund of the Company is as follows:

| | 2010 | | 2009 | |
|--------------------------------|------|---------|------|---------|
| | % | RMB'000 | % | RMB'000 |
| statutory general reserve fund | 0% | 70,001 | 0% | 70,001 |

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the statements of changes in equity and note 24 to the financial statements.

DIVIDENDS

The Board did not recommend the payment of any final dividend for the year ended 31 December 2010.

FIVE YEARS FINANCIAL SUMMARY

A summary of the Group's operating results, assets and liabilities for the past five years ended 31 December 2010 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 were RMB1,245,049,000, accounting for approximately 25.2% of the Group's total purchases for the year ended 31 December 2010. The largest supplier accounted for approximately 9.57% of the Group's total purchases for the year ended 31 December 2010.

The Group's sales to the five largest customers accounted for approximately 18.87% (2009: approximately 22%) of the Group's turnover for the year ended 31 December 2010. The largest customer accounted for approximately 5.69% (2009: approximately 7.05%) of the Group's turnover for the year ended 31 December 2010.

As at 31 December 2010, none of the directors, connected person or shareholders who, to the knowledge of the directors, 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.

PLEGDED 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 25 to the financial statements.

ENTRUSTED DEPOSITS AND OVERDUE TERM DEPOSITS

During the year ended 31 December 2010, 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 35 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 are subject to income tax at a rate of 22%. Those established in other areas are subject to income tax at a rate of 25%.

SUBSTANTIAL SHAREHOLDER

As at 31 December 2010, 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 |
|---|--|--|--|--|
| <i>Substantial Shareholders</i> | | | | |
| China Aviation Industry Corporation(中國航空工業集團公司)(Note 1) | Interest of controlled corporation and founder of discretionary trusts | 395,709,091 domestic legal person shares | 62.52% | 58.77% |
| CATIC International Holdings Limited (中國航空技術國際控股有限公司)(Note 1) | Interest of controlled corporation and founder of discretionary trusts | 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 1) | Beneficial owner | 395,709,091 domestic legal person shares | 100% | 58.77% |

SUBSTANTIAL SHAREHOLDER (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 |
|---|--|-------------------------------------|--|--|
| <i>Other Shareholders</i> | | | | |
| Li Ka-Shing | Interest of controlled corporation and founder of discretionary trusts and founder of discretionary trusts | 15,156,000 H shares (Note 4) | 5.46% | 2.25% |
| Cheung Kong (Holdings) Limited | Interest of controlled corporation and founder of discretionary trusts | 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 and beneficiary of a trust | 15,156,000 shares H shares (Note 4) | 5.46% | 2.25% |
| 華銀集團投資發展有限公司 | Beneficial owner | 11,200,000 H shares | 4% | 1.66% |
| Jiang Jian Jun (Note 6) | Interest of controlled corporation | 11,200,000 H shares | 4% | 1.66% |
| Jiang Jian Jun | Beneficial owner | 4,284,000 H shares | 1.54% | 0.64% |

SUBSTANTIAL SHAREHOLDER *(continued)*

Note:

- (1) China Aviation Industry Corporation (中國航空工業集團公司) ("China Aviation Industry") owns 62.52% interest in CATIC International Holdings Limited (中國航空技術國際控股有限公司) ("CATIC International") which in turn owns 100% interest in CATIC Shenzhen Company Limited (中國航空技術深圳有限公司) ("CATIC Shenzhen"). Hence China Aviation Industry is deemed to be interested in the shares held by CATIC Shenzhen.
- (2) CATIC International owns 100% interest in CATIC Shenzhen. Hence it is deemed to be interested in the shares held by CATIC Shenzhen.
- (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 CATIC Shenzhen.
- (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, TUT 1, 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.

- (6) 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

Neither the Company nor any of its subsidiaries had issued, purchased, sold or redeemed any of the Company's shares.

PRE-EMPTIVE RIGHTS

There are 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, Chairman
Mr. Wu Wei
Mr. Liu Xian Fa

Non-executive Directors

Mr. Cheng Bao Zhong
Mr. Qiu Shen Qian
Mr. Wang Bin Bin
Mr. Li Cheng Ning

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 RMB8,438,000 (details set out in note 32 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.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS *(continued)*

The total emolument payable to the aforesaid independent non-executive Directors is approximately RMB314,000 per year (details set out in note 32 to the financial statements).

The service contracts of each independent non-executive Directors will expire at the conclusion of the 2011 annual general meeting to be held in 2012. Emolument of RMB1,339,000 was paid to the non-executive Directors every year (details set out in note 32 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 31 December 2010, to the best knowledge of the Directors and the chief executive of the Company, none of the Directors, 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, 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 31 December 2010, 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 32 to the financial statements.

CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the reporting period, there were no changes to the Directors, supervisors and chief executive of the Company.

EMPLOYEES AND REMUNERATION

As at 31 December 2010, the Group had approximately 17,267 employees (2009: 12,435) with employee related costs of approximately RMB792,112,000 (2009: RMB628,756,000). 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 34 to the financial statements.

SIGNIFICANT RELATED PARTY TRANSACTIONS

1. Lease and Letting

Details of the leases entered into between the Group and CATIC Shenzhen's related parties as at 31 December 2010 are set out in note 42 to the financial statements.

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

Details of the loans from CATIC Shenzhen to the Group's subsidiaries as at 31 December 2010 are set out in note 42 to the financial statements.

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

Details of the guarantees provided by CATIC Shenzhen for the Group's subsidiaries as at 31 December 2010 are set out in note 25 to the financial statements.

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

INDEPENDENT DIRECTORS' CONFIRMATION ON CONNECTED TRANSACTION

Independent Non-executive Directors of the Company has reviewed the connected transactions set out below, and confirmed that these transactions have been entered into, in accordance with the governing agreements, by the Group in the ordinary and usual course of business and on normal commercial terms which are fair and reasonable and in the interest of the shareholders.

CONNECTED TRANSACTIONS

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

The Board 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 Guangdong International Building and CATIC Property Management; and (5) Property Management Agreement III entered into between Tian Ma and CATIC Property Management.

Fiyta, Tianma and GIB Company are subsidiaries of the Company. Shenzhen Rainbow is a subsidiary of CATIC Shenzhen. CATIC Property and Shenzhen CATIC Hotel Management Company are both subsidiaries of CATIC Real Estate and CATIC Real Estate is a subsidiary of CATIC Shenzhen. 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 constituted 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 constituted 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 | 1 October 2007 to 30 September 2012 | 5 November 2008 | |
| Lease II | Fiyta | CATIC RE Development | 1 November 2008 to 31 December 2011 | 5 November 2008 | Terminated on 15 May 2009 |
| Lease III | Fiyta | CATIC RE Development | 16 August 2008 to 31 December 2011 | 5 November 2008 | Terminated on 15 May 2009 |
| Lease IV | Fiyta | CATIC RE Development | 1 April 2008 to 31 December 2011 | 5 November 2008 | Terminated on 30 September 2009 |
| Lease V | Fiyta | CATIC Real Estate | 16 May 2009 to 15 May 2012 | 15 May 2009 | Superseded Lease II and III |
| Lease VI | Fiyta | CATIC Real Estate | 16 May 2009 to 15 September 2009 | 15 May 2009 | Newly signed agreement |
| Lease VII | Fiyta | Shenzhen CATIC Hotel Management Company | 1 August 2009 to 31 July 2012 | 31 July 2009 | Superseded entrusted management contract on connected transaction announced on 5 November 2008 |
| Lease VIII | Fiyta | 深圳中航置地公司 | 1 October 2009 to 31 December 2011 | 1 October 2009 | |
| Lease IX | Fiyta | 深圳觀瀾地產公司 | 1 October 2009 to 31 December 2011 | 1 October 2009 | entered into on 30 September 2009, superseded Lease IV |
| Lease X | Fiyta | 深圳中航長泰公司 | 1 October 2009 to 31 December 2011 | 1 October 2009 | |
| Lease XI | Fiyta | CATIC RE Development | 1 October 2009 to 31 December 2011 | 1 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 CATIC Shenzhen. CATIC Shenzhen is the promoter and controlling shareholder of the Company. In accordance with Chapter 14A of the Listing Rules, the above leases all constituted 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 Entrusted Management Agreement between Shanghai Tianma and Shanghai CATIC Opto-electronics

On 5 February 2010, Shanghai Tianma and Shanghai CATIC Opto-electronics Limited (“Shanghai CATIC Opto-electronics”) entered into the entrusted management agreement, pursuant to which Shanghai Tianma agreed to provide management services to Shanghai CATIC Opto-electronics with respect to its fifth generation production line of TFT-LCD for a term commencing from 1 February 2010 to 31 December 2011. Under the entrusted management agreement, the management fees will be calculated at 0.5% of the sales revenue of Shanghai CATIC Opto-electronics during the period. It is expected that the basic management fees will not exceed RMB15,000,000 and RMB25,000,000 respectively for the year 2010 and 2011, respectively.

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

4. Continuing Connected Transaction – the Property Management Service Agreement between Shanghai Tianma and CATIC Property

On 31 December 2010, Shanghai Tianma, a non-wholly owned subsidiary of the Company, entered into a 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 a period from 1 January 2010 to 31 December 2010. The total management fees under the Shanghai Tianma Industrial Park property management service agreement shall not exceed RMB5,369,904.

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 CATIC Shenzhen. CATIC Shenzhen 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 between Shanghai Tianma and CATIC Property constituted a continuing connected transaction of the Company. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules.

5. Continuing Connected Transaction – Concessionaire Framework Agreement between Fiyta and Shenzhen Rainbow

On 23 October 2008, Fiyta, a non-wholly owned subsidiary of the Company, entered into a concessionaire framework agreement with Shenzhen Rainbow. It was agreed that the annual cap of the turnover commission payable in 2010 will not exceed RMB9,000,000. As sales of Fiyta in Shenzhen Rainbow increased, on 31 December 2010, the Board has revised the turnover commission for the year ended 31 December 2010 from RMB9,000,000 to RMB15,000,000.

Fiyta is a subsidiary of the Company, Shenzhen Rainbow is a subsidiary of CATIC Shenzhen, and CATIC Shenzhen is the promoter and controlling shareholder of the Company. In accordance with Chapter 14A of the Listing Rules, the above concessionaire framework agreement constituted a continuing connected transaction of the Company. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules.

CONNECTED TRANSACTIONS *(continued)*

6. Continuing Connected Transaction – Purchase of Slides

On 3 January 2011, Shanghai Tianma entered into a sales and purchases agreement with CATIC Opto-electronics, pursuant to which Shanghai Tianma agreed to purchase slides from CATIC Opto-electronics until 31 December 2011, for an annual purchase amount of not more than RMB56,280,000.

Shanghai Tianma is a non-wholly owned subsidiary of the Company, CATIC Opto-electronics is owned as to 51% by CATIC Shenzhen and as to 49% by CATIC International. CATIC Shenzhen is the promoter and the controlling shareholder of the Company. CATIC International owns 100% interest in CATIC Shenzhen. Pursuant to Chapter 14A of the Listing Rules, the slides purchase agreement constituted a continuing connected transaction of the Company. For further details, please refer to the announcement of the Company dated 3 January 2011.

7. Connected Transaction – Renovation Contract in Relation to the Guangdong International Building

1. For the purpose of implementing the renovation project of the Guangdong International Building, Guangdong International and CATIC Building Facilities Company (“CATIC Building Facilities”) entered into the seventh renovation contract on 25 February 2010, pursuant to which CATIC Building Facilities agreed to carry out reconstruction works on the heating system, intelligent sub-cable system and its operation room equipment, and drainage system of the Guangdong International Building, for a contract amount of not more than RMB30,000,000.

Pursuant to the Listing Rules, The seventh renovation Contract constituted a connected transaction. As the applicable percentage ratios of the seventh renovation contract aggregating 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 are more than 2.5%, the seventh renovation contract is subject to the reporting, announcement and the independent shareholders’ approval requirements under the Listing Rules as before revision on 3 June 2010. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules, and circular was dispatched on 17 March 2010 and approval was obtained at the extraordinary general meeting held on 5 May 2010.

2. For the purpose of implementing the renovation project of the Guangdong International Building, Guangdong International and CATIC Nanguang Elevator Engineering Company (“Nanguang Elevator”) entered into the eighth elevator renovation contract on 10 August 2010, pursuant to which Nanguang Elevator agreed to carry out sophisticated improvement work, for a contract amount of not more than RMB5,400,000. For further details, please refer to the announcement of the Company dated 10 August 2010.
3. For the purpose of implementing the renovation project of the Guangdong International Building, Guangdong International and CATIC Building Facilities entered into the ninth and the tenth renovation contracts on 25 October 2010, pursuant to which CATIC Building Facilities agreed to carry out reconstruction works on the air-conditioning system, main water supply and drainage pipes in the podium as well as the weak-electricity system, audio/video system, and intelligent lighting control system of the Guangdong International Building, for a contract amount of not more than RMB21,000,000 and RMB37,000,000, respectively. For further details, please refer to the announcement of the Company dated 25 October 2010.

CONNECTED TRANSACTIONS *(continued)*

7. Connected Transaction – Renovation Contract in Relation to the Guangdong International Building *(continued)*

Guangdong International is a non-wholly owned subsidiary of the Company, CATIC Building Facilities and Nanguang Elevator are non-wholly owned subsidiaries of CATIC Property, which in turn is a wholly owned subsidiary of CATIC Real Estate. CATIC Real Estate is a non-wholly owned subsidiary of CATIC Shenzhen, which is the promoter and the controlling shareholder of the Company. Pursuant to the Listing Rules, the above contracts constituted connected transactions. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules.

8. Connected Transaction – Disposal of An Jia Zhai and Xiao Jia Wan coal mines in Guizhou by CATIC Resources

On 8 April 2010, CATIC Resources, a wholly-owned subsidiary of the Company, put its 67% interests respectively in Guizhou An Jia Zhai and Xiao Jia Wan coal mines to open tender on the Shanghai United Assets and Equity Exchange. On 26 May 2010, after the tender process was concluded, CATIC Resources entered into the Share Transfer Agreements with Guodian Guizhou Electric Company (“Guizhou Guodian”), the successful bidder, for simultaneously selling the equity interests in the two companies, Guizhou An Jia Zhai and Xiao Jia Wan, for the considerations of RMB124,504,600 and RMB50,095,200 respectively.

Under the Listing Rules, the equity transfers constituted a discloseable and connected transaction of the Company. On 31 May 2010, a written approval was obtained from the controlling shareholder of the Company, CATIC Shenzhen, and an approval was granted by the Stock Exchange according to the Listing Rules for accepting the written approval in lieu of holding an extraordinary general meeting to approve the equity transfers. On 12 July 2010, the transaction was approved by the Independent Directors. For further details, please refer to the announcement of the Company dated 27 May 2010 and circular of the Company dated 12 July 2010.

9. Connected Transaction – Transfer of 30% Equity Interest in Shenrong Company to CATIC Shenzhen by the Company

On 2 August 2010, the Company, as vendor, entered into a share transfer agreement with CATIC Shenzhen, the controlling shareholder of the Company, pursuant to which the Company agreed to sell to CATIC Shenzhen 30% equity interest in Shenrong Company for a consideration of RMB6,909,150. Upon completion of the share transfer, the Company no longer held any equity interest in Shenrong Company.

In accordance with Chapter 14A of the Listing Rules, the disposal of equity interest under the share transfer agreement constituted a connected transaction of the Company. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules. For further details, please refer to the announcement of the Company dated 2 August 2010.

CONNECTED TRANSACTIONS *(continued)*

10. **Connected Transaction – Acquisition of Equity Interest in Harmony Company by Fiyta**

On 16 August 2010, CATIC Shenzhen (the controlling shareholder of the Company) and Fiyta (a non-wholly owned subsidiary of the Company) entered into a share transfer agreement, pursuant to which CATIC Shenzhen agreed to sell to Fiyta 0.5% equity interest in Harmony Company for a consideration of RMB2,807,200. Upon completion of the share transfer, Fiyta held 100% equity interest in Harmony.

In accordance with Chapter 14A of the Listing Rules, the transfer of equity interest under the share transfer agreement constituted a connected transaction of the Company. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules. For further details, please refer to the announcement of the Company dated 16 August 2010.

11. **Connected Transaction – Capital Increase in Guizhou CATIC Resources by CATIC International**

On 4 November 2010, CATIC Resources, a wholly-owned subsidiary of the Company, entered into a capital increase agreement with CATIC International Holdings Limited (“CATIC International”), the holding company of CATIC Shenzhen, the controlling Shareholder, pursuant to which CATIC International agreed to make a capital contribution in the amount of RMB90,000,000 in cash to the registered capital of Guizhou CATIC Resources Company Limited (“Guizhou CATIC Resources”), a wholly-owned subsidiary of CATIC Resources. Upon completion of the capital increase, CATIC International will own 90% of the interest in Guizhou CATIC Resources, and the equity interest held by CATIC Resources in Guizhou CATIC Resources will be diluted from 100% to 10%. Guizhou CATIC Resources will cease to be a subsidiary of the Company.

Under the Listing Rules, the capital increase constituted a connected transaction, and the dilution of 90% of the enlarged registered capital of Guizhou CATIC Resources constituted a deemed disposal. For further details, please refer to the announcement of the Company dated 4 November 2010.

12. **Connected Transaction – Sales Contract for Watches between Fiyta and China Aviation**

On 29 December 2010, Fiyta entered into the Sale and Purchase Agreement with China Aviation Industry Corporation (“China Aviation”), the holding company of Shenzhen CATIC, the controlling shareholder of the Company, pursuant to which Fiyta agreed to sell Fiyta Watches to China Aviation for an amount not exceeding RMB18,000,000.

In accordance with Chapter 14A of the Listing Rules, the Sales Contract for Watches constituted a connected transaction of the Company. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules.

SUBSEQUENT CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

1. Continuing Connected Transaction – Purchase of Slides

On 20 January 2011, Shanghai Tianma entered into a sales and purchases agreement with CATIC Opto-electronics, pursuant to which Shanghai Tianma agreed to purchase slides from CATIC Opto-electronics until 31 December 2011, for an annual purchase amount of not more than RMB90,000,000.

Shanghai Tianma is a non-wholly owned subsidiary of the Company, CATIC Opto-electronics is owned as to 51% by CATIC Shenzhen and as to 49% by CATIC International. CATIC Shenzhen is the promoter and the controlling shareholder of the Company. CATIC International owns 100% interest in CATIC Shenzhen. Pursuant to Chapter 14A of the Listing Rules, the slides purchase agreement constituted a continuing connected transaction of the Company. For further details, please refer to the announcement of the Company dated 20 January 2011.

2. Continuing Connected Transaction – Sales of TFT Modules and Connected Transaction – Technology Development Contract

On 28 January 2011, Tianma entered into a sale and purchase agreement with CATIC Huadong, pursuant to which Tianma agreed to sell TFT Modules to CATIC Huadong in the aggregate amount not exceeding RMB25,000,000 for the year ending 31 December 2011. On the same day, Tianma also entered into a technology development contract with CATIC Huadong, pursuant to which CATIC Huadong entrusted Tianma for the technology development of 5 types of the Special Purpose TFT-LCD Display Panels. Pursuant to the technology development contract, CATIC Huadong shall pay Tianma entrustment fee in a total amount of RMB11,000,000.

Tianma is a non-wholly owned subsidiary of the Company. CATIC Huadong is a wholly owned subsidiary of Anhui Huaxia Electronic Limited (“Anhui Huaxia”). CATIC Shenzhen was entrusted by Anhui Huaxia to control 51% of the voting power in CATIC Huadong. Therefore, CATIC Huadong a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the sales of TFT Modules constituted a continuing connected transaction of the Company, and the technology development contract also constituted a connected transaction of the Company. For further details, please refer to the announcement of the Company dated 28 January 2011.

3. Continuing Connected Transaction – Entrusted Management Agreement

On 25 February 2011, Tianma and Shenzhen CATIC Opto-electronics Limited (“Shenzhen CATIC Opto-electronics”) entered into an entrusted management agreement, pursuant to which Shenzhen CATIC Opto-electronics has entrusted Tianma to manage shareholder’s rights during the transitional period of the share acquisition of NLT. From 15 February 2011 to 14 February 2012, the service charge under the entrusted management agreement payable by Shenzhen CATIC Opto-electronics to Tianma is RMB1,000,000.

Tianma is a non-wholly owned subsidiary of the Company. Shenzhen CATIC Opto-electronics is owned as to 51% by CATIC Shenzhen and as to 49% by CATIC International. CATIC Shenzhen is the promoter and the controlling shareholder of the Company. CATIC International owns 100% interest in CATIC Shenzhen. Pursuant to Chapter 14A of the Listing Rules, the entrusted management agreement constituted a continuing connected transaction.

SUBSEQUENT CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS *(continued)*

4. Concessionaire Framework Agreement between Fiyta and Shenzhen Rainbow

On 23 October 2008, Fiyta, a non-wholly owned subsidiary of the Company, entered into a concessionaire framework agreement with Shenzhen Rainbow. It was agreed that the annual cap of the turnover commission payable in 2011 will not exceed RMB10,000,000. As sales of Fiyta in Shenzhen Rainbow increased, on 28 February 2011, the Board has revised the turnover commission for the year ended 31 December 2011 from RMB10,000,000 to RMB25,000,000.

Fiyta is a subsidiary of the Company, Shenzhen Rainbow is a subsidiary of CATIC Shenzhen, and CATIC Shenzhen is the promoter and controlling shareholder of the Company. In accordance with Chapter 14A of the Listing Rules, the above concessionaire framework agreement constituted a continuing connected transaction of the Company. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules.

5. Continuing Connected Transaction – Import and Export Agency Agreement

On 1 March 2011, Shanghai Tianma (a non-wholly owned subsidiary of the Company) and CATIC Shenzhen (the promoter and controlling shareholder of the Company) entered into an import and export agency agreement, pursuant to which Shanghai Tianma conditionally agreed to engage CATIC Shenzhen as agent for the import of the equipment from overseas suppliers. For the import agency service to be provided by CATIC Shenzhen, Shanghai Tianma shall pay agency fee equivalent to 7.06% of the invoiced price (based on the exact applied currency rate on import) of the imported equipment, which in any event shall not exceed RMB7,000,000 for the period commencing from the date of execution to 31 December 2011.

In accordance with Chapter 14A of the Listing Rules, the import agency agreement constituted a continuing connected transaction of the Company. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules.

6. Continuing Connected Transaction – Property Service Contract of Chengdu Tianma

On 1 March 2011, Chengdu Tianma entered into a property service contract with CATIC Property Management (Chengdu Branch), pursuant to which CATIC Property agreed to provide management services to Chengdu Tianma, for a contract amount of not more than RMB2,000,000.

Chengdu Tianma is a subsidiary of the Company. CATIC Property is a subsidiary of CATIC Real Estate. CATIC Real Estate is also a subsidiary of CATIC Shenzhen. CATIC Shenzhen 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 service agreement between Chengdu Tianma and CATIC Property constituted a continuing connected transaction of the Company. The Company has complied with the relevant reporting and announcement requirements of 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 an one-year guarantee for a loan of RMB600,000,000 and a long-term guarantee for a loan of RMB180,000,000 in favour of Fiyta, a subsidiary of the Company, an one-year guarantee for a loan of RMB185,000,000 and a long-term guarantee for a loan of RMB535,000,000 in favour of CATIC Resources, a subsidiary of the Company, a long-term guarantee for a loan of RMB110,000,000 in favour of GIB Company, an one-year guarantee of a loan of RMB41,000,000 in favour of Shanghai Tianma and an one-year guarantee for a loan of RMB162,000,000 in favour of Tianma, a subsidiary of the Company.

Tianma, a subsidiary of the Company, provided an one-year guarantee for a loan of RMB59,000,000 in favour of Shanghai Tianma.

MATERIAL LITIGATION

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

OTHER SIGNIFICANT EVENTS

1. Proposed Amendment to the Renovation Project for the Modernization and Renovation of Guangdong International Building

On 21 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. According to the feasibility study report released at that time, the total expected cost of the approved renovation project would not exceed RMB250,000,000. In December 2009, the Company reevaluated the project budget after the implementation of the design plan. According to the latest audit, the total budget for the project has been revised to not exceeding RMB451,000,000.

Under the Listing Rules, the modernization and renovation project of Guangdong International Building constituted a discloseable transaction. For further details, please refer to the announcement of the Company dated 5 August 2010.

OTHER SIGNIFICANT EVENTS *(continued)*

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

On 30 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 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 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.

The resolution approving the capital increase was duly passed at the extraordinary general meeting held on 19 March 2010, and new business licence was obtained on 1 November 2010.

3. Issuance of Shares and Acquisition of Assets by Tianma

On 18 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 18 January 2010. According to the agreements, Tianma conditionally agreed to acquire 21%, 20%, 19% and 10% of the total equity interests 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 (149,030,036 new A shares in total) at the price of RMB5.34 per A Share (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.

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

Tianma approved the above transaction at the general meeting held on 14 May 2010 and then submitted a full set of application materials to China Securities Regulatory Commission (CSRC) for review. On 30 December, the transaction was not approved at the year 2010 forty-second session review meeting of the Review Committee of Merger, Acquisition and Reorganisation of Listed Companies of CSRC. Tianma held a board meeting on 28 January 2011 and decided to continue to proceed with this substantial asset restructuring, and re-submit the application materials to CSRC for review after resolving related problems and supplementing, amending and perfecting the application materials in accordance with the requirements of CSRC and the opinions of the Review Committee of Merger, Acquisition and Reorganisation of Listed Companies.

OTHER SIGNIFICANT EVENTS *(continued)*

4. **Non-public offering of shares by Fiyta**

On 12 April 2010, the board of directors of Fiyta, a non-wholly owned subsidiary of the Company, proposed to raise not more than RMB500,000,000 by issuing not more than 50,000,000 A Shares to not more than 10 institutional investors or other qualified investors and the Company with the help of an institutional placing agent. Meanwhile, the Company signed the Subscription Agreement with Fiyta on the same day to subscribe for new shares with a total subscription amount of RMB80,000,000. The subscription price was not less than RMB12.45 per Fiyta share, with a discount of approximately 10% compared with the average closing price RMB13.83 per share of the last 20 trading days as of 12 April 2010 (including the day).

Under the Listing Rules, the transaction constituted a discloseable transaction of the Company. For further details, please refer to the announcement of the Company dated 12 April 2010.

On 29 November 2010, Fiyta has obtained the Permission about Non-public Offering of Shares by Shenzhen FIYTA Holdings Ltd. (ZJXK [2010] No. 1703) from CSRC for approving the non-public offering of no more than 50,000,000 new shares. According to subscription situation of investors, the share issuance price was finally determined to be RMB16.01 per share for a total issue of 31,230,480 new shares. The total amount of raised funds from this share offering is RMB499,999,984.80. Deducting the issuing expenses of RMB17,234,852.57, the net amount raised is RMB482,765,132.23. On 30 December 2010, new shares of Fiyta were successfully listed in Shenzhen Stock Exchange.

5. **Set up of AM-OLED assembly line by Shanghai Tianma**

On 13 August 2010, the Board of the Company resolved that the construction of an AM-OLED assembly line was to be carried out by Shanghai Tianma, an indirect non-wholly owned subsidiary of the Company. According to an internal feasibility study, the total investment for the construction of the assembly line will be no more than RMB491,600,000, of which, RMB210,000,000 will be borne and contributed by Shanghai Tianma, while the balance in the amount of RMB281,600,000 will be funded by government subsidies.

Under the Listing Rules, the above construction of the assembly line constituted a discloseable transaction of the Company. For further details, please refer to the announcement of the Company dated 13 August 2010.

6. **Acquisition of Yunnan Hongfu Phosphoric Ore by CATIC Resources**

On 14 September 2010, CATIC Resources, a wholly-owned subsidiary of the Company, entered into a capital increase agreement with Yunnan Hongzhou Investment Co., Ltd. ("Yunnan Hongzhou") and Yunnan Hongfu Fertilizer Co., Ltd. ("Yunnan Hongfu"), pursuant to which CATIC Resources agreed to contribute RMB114,489,795.90 in cash to the capital of Yunnan Hongfu. After the capital increase, CATIC Resources will hold 51% of the equity interest in Yunnan Hongfu and Yunnan Hongzhou will hold 49% of the equity interest in Yunnan Hongfu.

Under the Listing Rules, this capital increase constituted a discloseable transaction of the Company. For further details, please refer to the announcement of the Company dated 14 September 2010.

OTHER SIGNIFICANT EVENTS *(continued)*

7. **Very Substantial acquisition and connected transaction – Issuance of domestic legal person shares and perpetual subordinated convertible securities for acquiring related assets of the parent company and related parties**

On 30 November 2010, the Company entered various asset acquisition agreements with CATIC International, CATIC Shenzhen and Beijing Raise. According to the agreements, the Company has conditionally agreed to acquire certain equity interests for sale from CATIC International, CATIC Shenzhen and Beijing Raise respectively. According to the Company's initial valuation data available at the announcement date, the initial value of the target group as at 30 June 2010 was approximately RMB4,151,136,588 (equivalent to approximately HK\$4,826,903,009). The total consideration is adjustable after the assessment of the valuation of the target group by the State-owned Assets Supervision and Administration Commission of the State Council. However, the total consideration in any event shall not exceed RMB4,566,250,247 (equivalent to approximately HK\$5,309,593,310).

Pursuant to the agreements, the consideration shall, upon completion of the acquisition, be respectively satisfied by the Company by (1) allotting and issuing 437,264,906 consideration shares at the issue price of RMB3.15 (equivalent to approximately HK\$3.66) per domestic share and (2) issuing perpetual subordinated convertible securities convertible to not more than 918,981,497 conversion shares at the initial conversion price of RMB3.47 (equivalent to approximately HK\$4.03) per share to CATIC International, CATIC Shenzhen and Beijing Raise.

Under the Listing Rules, the acquisitions constituted a very substantial acquisition and connected transaction. For further details, please refer to the announcement of the Company dated 6 December 2010 and the circular dated 30 December 2010. The resolutions approving the acquisitions and the issuance of shares were duly passed at the extraordinary general meeting held on 16 February 2011. Currently, the Company is preparing the proposal to be submitted to the State-owned Assets Supervision and Administration Commission of the State Council for consideration in accordance with the relevant procedures.

SUBSEQUENT EVENTS

1. **Issuance of Shares and Acquisition of Assets by Tianma**

The relevant details of the transaction have been disclosed in the previous section. The Company is currently resolving the related problems and adding, amending and perfecting the application materials in accordance with the requirements of CSRC and opinions of the Review Committee of Merger, Acquisition and Reorganisation of Listed Companies, and the application materials will then be resubmitted to CSRC for review.

2. **Issuance of domestic legal person shares and perpetual subordinated convertible securities for acquiring related assets of the parent company and related parties**

The relevant details of the transaction have been disclosed in the previous section. Currently, the Company is preparing the proposal to be submitted to the State-owned Assets Supervision and Administration Commission of the State Council for consideration in accordance with the relevant procedures.

SUBSEQUENT EVENTS *(continued)*

3. Shenzhen CATIC Opto-electronics under management by Tianma

On 25 February 2011, Tianma and Shenzhen CATIC Opto-electronics Limited ("Shenzhen CATIC Opto-electronics") entered into an entrusted management agreement, pursuant to which Shenzhen CATIC Opto-electronics has entrusted Tianma to manage shareholder's rights during the transitional period of the share acquisition of NLT. From 15 February 2011 to 14 February 2012, the service charge under the entrusted management agreement payable by Shenzhen CATIC Opto-electronics to Tianma is RMB1,000,000.

Tianma is a non-wholly owned subsidiary of the Company. Shenzhen CATIC Opto-electronics is owned as to 51% by CATIC Shenzhen and as to 49% by CATIC International. CATIC Shenzhen is the promoter and the controlling shareholder of the Company. CATIC International owns 100% interest in CATIC Shenzhen. Pursuant to Chapter 14A of the Listing Rules, the entrusted management agreement constituted a continuing connected transaction. For further details, please refer to the announcement of the Company dated 25 February 2011.

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 31 December 2010. During the period, the Company has introduced remedial measures and systems pinpointing existing drawbacks in order to further improve its internal control.

SHARE TRADING

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 of securities transactions for directors and supervisors of the Company. The Company, having made specific enquiries with its directors and supervisors, confirms that, during the fiscal year ended 31 December 2010, all the directors and supervisors of the Company have complied with the trading standards of dealing in securities specified in the above mentioned regulations.

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. The Audit Committee members currently comprise all the independent non-executive Directors, namely Ms. Wong Wai Ling, Mr. Wu Wei and Mr. Liu Xian Fa. The Audit Committee has reviewed and confirmed the Company's results announcement and financial statements for the twelve months ended 31 December 2010.

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. 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.

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.

AUDITORS

The accompany financial report has been audited by PricewaterhouseCoopers.

By Order of the Board

Wu Guang Quan

Chairman

Shenzhen, 15 March 2011

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. Huang Huiling. During the year 2010, 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 2010. 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 auditors to ensure that they have imposed effective supervision on the Company's operation and management. The performance of duties by the audit committee in 2010 is summarized as follows:

- I) The committee has got to know the actual operations and the progress of major events of the Company, its controlling companies and its subsidiaries, and reviewed the financial statements compiled by the Company.
- II) The committee has overseen the quality of internal auditing and the disclosure of financial information pursuant to the disclosure requirements of the Listing Rules for the issuers. It has also reviewed the interim and annual financial statements prior to the submission to the Board, and communicated closely with the auditors to reach a consensus in all material aspects of the audit report.
- III) 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 accordance with the professional ethics of independence, objectiveness and fairness.
- IV) The committee has acted as the major representative for the communications between the issuer and the external auditor pursuant to the best practice of the Code on Corporate Governance Practices and been 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.
- V) The committee has reviewed the implementation of Connected Transactions of the Company in 2010.
- VI) The committee has undertaken the responsibilities for providing guidance in respect of internal control, and considered and approved the working plan for internal auditing for the year 2010.

I. **REPORT OF THE AUDIT COMMITTEE** *(continued)*

The audit committee conducted two meetings during the year of 2010, at which the audit committee had reviewed the audited financial statements of the Group for 2010. The details of the audit committee meetings are as follows:

| | |
|--------------------------------|--|
| Subcommittee | Audit Committee |
| Members | Wong Wai Ling, Wu Wei and Liu Xian Fa |
| Number of meetings held | 2 |
| Date of meetings held | March 24, 2010 August 16, 2010 |
| 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 2010 2. The Proposal to Review the Corporate Governance and the Internal Control of the Company for the First Half of the Year 3. The Proposal to Review the Auditor's Report, Results Announcement and Report of Directors of the Company for 2010 4. The Proposal to Review the Profits Appropriation Proposal of the Company for 2010 5. The Proposal to Review the Compliance of the Connected Transactions of the Company 6. The Proposal to Review the Enhancement of Corporate Governance and Internal Control of the Company |

II. 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 2010, 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 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. The performance of duties by the remuneration committee in this year is summarized as follows:

- I) During the reporting period, the remuneration committee has reviewed the remuneration policy or scheme for all executive directors, supervisors and other senior management in accordance with laws, statutes and Articles of Associations, and made recommendations to the Board on the remuneration of non-executive directors to ensure that none of the directors 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.
- II) The committee has supervised the establishment of a formal and transparent procedure to formulate the remuneration policy and structure of the directors, supervisors and senior management of the Company.
- III) The committee has reviewed the remunerations for the year 2010 of the Company's directors, supervisors and external qualified accountants, and deemed that the remuneration decision-making procedure and distribution standard comply with the provisions of the remuneration system.
- IV) The committee has reviewed the performance of duties by the directors, supervisors, and other senior management, and assessed their annual performance. It has also monitored the implementation of the Company's remuneration policies.

The remuneration committee held one meeting totally during the year of 2010, the details of which are as follows:

| | |
|--------------------------------|---|
| Subcommittee | Remuneration Committee |
| Members | Wu Guang Quan, Sui Yong, Huang Hui Ling, Wu Wei and Liu Xian Fa |
| Number of meetings held | 1 |
| Date of meetings held | March 24, 2010 |
| 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 2010 2. The Proposal to Review the Payment Method of the Remuneration of the Directors and Senior Management of the Company for 2010 |

Report of the Supervisory Committee

The Supervisory Committee of this Company is composed of Mr. Wang Xin Kuo, Ms. Wang Xin and Mr. Day Bo Song, and Mr. Wang Xin Kuo acts as the chairman.

During the year of this report, all members of the Supervisory Committee earnestly performed the function of supervision and completed each task of the Supervisory Committee based on the principles of “Equity, Fairness and Openness” in accordance with Company Law, Articles of Associations and the procedure rules of the Supervisory Committee. By means of attending the meetings of board of directors as a non-voting member and convening the meeting of the Supervisory Committee, the members of the Supervisory Committee effectively supervised the law compliance of the resolutions of board of directors and the major decisions of the company management, so as to ensure that the company is operated legally and the board of directors and the management are making scientific decisions with a view to safeguarding the benefits of the company, shareholders and employees. Responsible for all shareholders, the members of the Supervisory Committee scrupulously fulfilled their duties of supervision, abided by the principle of good faith, and actively carried out the work, so as to safeguard the benefits of the shareholders and the company.

The Supervisory Committee deems that during the period of this report, the company’s behaviors in the aspects of corporate governance, financial auditing & result and daily operation decision-making comply with relevant provisions of the Articles of Associations; the board of directors and senior managerial staff are scrupulous about their duties, without breach of laws or rules or damaging the company’s benefits by utilizing their powers.

The Supervisory Committee expresses the following opinions for the operation of the company in 2010:

The Supervisory Committee’s independent opinions on the legal operation of the company

During the period of report, the company strictly abided by the laws and statutes such as Company Law, Securities Law, Articles of Associations and Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, established sound internal control system, run normally and executed legal decision-making procedure. When fulfilling duties, the directors and senior managerial staff can consciously safeguard the benefits of the company and shareholders, adhere to the principles of good faith and diligence, and do not violate any laws or statutes, or damage the company’s benefits.

The Supervisory Committee’s independent opinions on review of Company’s financial status

The supervisory committee has reviewed the relevant information such as the 2010 interim report, 2010 annual report and 2010 auditor’s report presented by PricewaterhouseCoopers, the auditor of the Company, with unqualified opinion. The committee was of the opinion that the audit report has truly, objectively and fairly reflected the financial status and operating results of the company for the year of 2010, and considered that the company’s finance system and internal control system are sound, the financial operation is normal and financial status is good, and agreed to the auditor’s report issued by the auditor.

The 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.

The Supervisory Committee's independent opinion on the connected transactions of the company:

The supervisory committee has reviewed the connected transactions of the company during the reporting period and considered that the connected transactions of company were in line with the Company's needs for business development and long-term growth, and in strict compliance with the requirements of the Listing Rules of the Stock Exchange of Hong Kong, the company's articles of association and the Internal Reporting System for Major Events and Connected Transactions. The company has applied the review and disclosure procedures on the connected transactions which had been undertaken in a fair and reasonable manner such that the interests of the shareholders and the company were not prejudiced.

By Order of the Supervisory Committee

Wang Xin Kuo

Chairman of the Supervisory Committee

Shenzhen, China

15 March 2011

獨立核數師報告 Independent Auditor's Report



羅兵咸永道會計師事務所

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

獨立核數師報告
致深圳中航集團股份有限公司
全體股東
(於中華人民共和國註冊成立之的股份有限公司)

本核數師(以下簡稱「我們」)已審計列載於第139至260頁深圳中航集團股份有限公司(以下簡稱「貴公司」)及其附屬公司(統稱「貴集團」)的合併財務報表,此合併財務報表包括於二零一零年十二月三十一日的合併和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、合併權益變動表及合併現金流量表,以及主要會計政策概要及其他附註解釋資料。

董事就合併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》的披露規定編製合併財務報表,以令合併財務報表作出真實而公平的反映,及落實其認為編製合併財務報表所必要的內部控制,以使合併財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

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計。這些準則要求我們遵守道德規範,並規劃及執行審計,以合理確定合併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 139 to 260, which comprise the consolidated and company balance sheets as at 31 December 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 about whether the consolidated financial statements are free from material misstatement.

審核涉及執程序以獲取有關合併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合併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合併財務報表以作出真實而公平的反映相關的內部控制，以設計適當的審計程序，但目的並非對公司內部控制的有效性發表意見。審計亦包括評價董事所採用會計政策的合適性及作出會計估計的合理性，以及評價合併財務報表的整體列報方式。

我們相信，我們所獲得的審計憑證能充足和適當地為我們的審計意見提供基礎。

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二零一零年十二月三十一日的事務狀況，及貴集團截至該日止年度的利潤及現金流量，並已按照香港《公司條例》的披露規定妥為編製。

其他事項

本報告(包括意見)乃為股東而編製並僅向整體股東報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

羅兵咸永道會計師事務所
執業會計師

香港，二零一一年三月十五日

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated 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 state of affairs of the Company and of the Group as at 31 December 2010, and of the Group's profit 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, 15 March 2011

合併資產負債表

Consolidated Balance Sheet

於二零一零年十二月三十一日 As at 31 December 2010

| | | 於十二月三十一日 | |
|-----------------|---|-------------------|------------|
| | | As at 31 December | |
| | | 二零一零年 | 二零零九年 |
| | | 2010 | 2009 |
| | | 人民幣千元 | 人民幣千元 |
| | | RMB'000 | RMB'000 |
| 附註 | | | |
| Note | | | |
| 資產 | ASSETS | | |
| 非流動資產 | Non-current assets | | |
| 土地使用權 | Land use rights | 7 719,271 | 700,246 |
| 採礦權 | Mining rights | 8 534,029 | 541,154 |
| 商譽 | Goodwill | 9 5,240 | 5,240 |
| 物業、廠房及設備 | Property, plant and equipment | 10 6,697,911 | 5,014,841 |
| 投資性房地產 | Investment properties | 11 1,129,129 | 1,022,221 |
| 在建工程 | Construction-in-progress | 12 893,546 | 1,005,292 |
| 於聯營公司之投資 | Investments in associates | 14 794,349 | 568,917 |
| 可供出售金融資產 | Available-for-sale financial assets | 16 27,579 | 35,998 |
| 遞延所得稅資產 | Deferred income tax assets | 17 105,751 | 177,551 |
| 其他非流動資產 | Other non-current assets | 18 82,458 | 197,008 |
| | | 10,989,263 | 9,268,468 |
| 流動資產 | Current assets | | |
| 存貨 | Inventories | 19 1,976,667 | 1,173,143 |
| 貿易及其他應收款項 | Trade and other receivables | 20 2,414,513 | 1,552,101 |
| 抵押銀行存款 | Pledged bank deposits | 21 158,725 | 575,831 |
| 現金及現金等價物 | Cash and cash equivalents | 22 1,728,245 | 1,056,811 |
| | | 6,278,150 | 4,357,886 |
| 總資產 | Total assets | 17,267,413 | 13,626,354 |
| 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 | 673,367 |
| 股份溢價 | Share premium | 23 354,513 | 354,513 |
| 其他儲備 | Other reserves | 24 439,020 | 353,612 |
| 保留盈利 | Retained earnings | 510,582 | 317,021 |
| | | 1,977,482 | 1,698,513 |
| 非控制權益 | Non-controlling interests | 2,970,967 | 2,125,824 |
| 總權益 | Total equity | 4,948,449 | 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.

合併資產負債表 Consolidated Balance Sheet

於二零一零年十二月三十一日 As at 31 December 2010

| | | 於十二月三十一日 | | |
|-----------|---------------------------------------|-------------------|------------|------------|
| | | As at 31 December | | |
| | | 二零一零年 | 二零零九年 | |
| | | 2010 | 2009 | |
| | | 人民幣千元 | 人民幣千元 | |
| | | RMB'000 | RMB'000 | |
| | 附註 | | | |
| | Note | | | |
| 負債 | | | | |
| 非流動負債 | | | | |
| 貸款 | Borrowings | 25 | 5,671,172 | 4,792,476 |
| 遞延所得稅負債 | Deferred income tax liabilities | 17 | 346,143 | 335,839 |
| 政府補貼之遞延收入 | Deferred income on government grants | 26 | 535,359 | 241,037 |
| 其他非流動負債 | Other non-current liabilities | 27 | 114,327 | 135,164 |
| | | | 6,667,001 | 5,504,516 |
| 流動負債 | | | | |
| 貿易及其他應付款項 | Trade and other payables | 28 | 3,267,087 | 1,940,799 |
| 貸款 | Borrowings | 25 | 2,350,486 | 2,310,325 |
| 流動所得稅負債 | Current income tax liabilities | | 34,390 | 46,377 |
| | | | 5,651,963 | 4,297,501 |
| 總負債 | Total liabilities | | 12,318,964 | 9,802,017 |
| 總權益及負債 | Total equity and liabilities | | 17,267,413 | 13,626,354 |
| 流動淨資產 | Net current assets | | 626,187 | 60,385 |
| 總資產減流動負債 | Total assets less current liabilities | | 11,615,450 | 9,328,853 |

已於二零一一年三月十五日經董事會批准

Approved by the Board of Directors on 15 March 2011

董事長：吳光權

Chairman: Wu Guang Quan

董事：汪名川

Director: Wang Ming Chuan

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

於二零一零年十二月三十一日 As at 31 December 2010

| | | 於十二月三十一日 | |
|--------------|---|-------------------|-----------|
| | | As at 31 December | |
| | | 二零一零年 | 二零零九年 |
| | | 2010 | 2009 |
| | | 人民幣千元 | 人民幣千元 |
| | | RMB'000 | 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 | 9,308 |
| 於附屬公司之投資 | Investments in subsidiaries | 13 | 1,634,011 |
| 於聯營公司之投資 | Investments in associates | 14 | 298,198 |
| 可供出售金融資產 | Available-for-sale financial assets | 16 | 1,400 |
| | | 1,942,917 | 1,864,072 |
| 流動資產 | Current assets | | |
| 貿易及其他應收款項 | Trade and other receivables | 20 | 156,127 |
| 現金及現金等價物 | Cash and cash equivalents | 22 | 20,203 |
| | | 176,330 | 207,704 |
| 總資產 | Total assets | 2,119,247 | 2,071,776 |
| 權益 | EQUITY | | |
| 本公司權益持有人應佔 | Capital and reserves attributable to the | | |
| 資本與儲備 | Company's equity holders | | |
| 股本 | Share capital | 23 | 673,367 |
| 股份溢價 | Share premium | 23 | 354,513 |
| 其他儲備 | Other reserves | 24 | 70,001 |
| 累計虧損 | Accumulated losses | | (514,241) |
| 總權益 | Total equity | 583,640 | 651,663 |

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

於二零一零年十二月三十一日 As at 31 December 2010

| | | 於十二月三十一日 As at 31 December | |
|-----------------|------------|-------------------------------|------------------|
| | | 二零一零年 2010 | 二零零九年 2009 |
| | | 人民幣千元 RMB'000 | 人民幣千元 RMB'000 |
| | 附註 Note | | |
| 負債 | | | |
| 非流動負債 | | | |
| 貸款 | 25 | 1,100,000 | 914,000 |
| 流動負債 | | | |
| 貿易及其他應付款 | 28 | 235,607 | 426,113 |
| 貸款 | 25 | 200,000 | 80,000 |
| | | 435,607 | 506,113 |
| 總負債 | | 1,535,607 | 1,420,113 |
| 總權益和負債 | | 2,119,247 | 2,071,776 |
| 流動淨負債 | | (259,277) | (298,409) |
| 總資產減流動負債 | | 1,683,640 | 1,565,663 |

已於二零一一年三月十五日經董事會批准

Approved by the Board of Directors on 15 March 2011

董事長：吳光權

Chairman: Wu Guang Quan

董事：汪名川

Director: Wang Ming Chuan

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

截至二零一零年十二月三十一日止年度 For the year ended 31 December 2010

| | | 截至十二月三十一日止年度 Year ended 31 December | |
|------------------------------------|--|--|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| | 附註 Note | | |
| 收入 | Revenue | 6 | 6,964,551 |
| 銷售成本 | Cost of sales | 31 | (5,459,142) |
| 毛利 | Gross profit | | 1,505,409 |
| 銷售費用 | Distribution costs | 31 | (429,871) |
| 行政費用 | Administrative expenses | 31 | (725,739) |
| 投資性房地產公允價值收益 | Fair value gain on investment properties | 11 | 74,406 |
| 其他收入 | Other income | 29 | 220,721 |
| 其他收益－淨額 | Other gains-net | 30 | 72,074 |
| 經營溢利 | Operating profit | | 717,000 |
| 融資收入 | Finance income | 33 | 20,773 |
| 融資成本 | Finance costs | 33 | (344,113) |
| 融資成本－淨額 | Finance costs – net | | (323,340) |
| 應佔聯營公司溢利 | Share of profit of associates | 14 | 61,228 |
| 除所得稅前溢利／(虧損) | Profit/(loss) before income tax | | 454,888 |
| 所得稅(開支)／收入 | Income tax (charge)/credit | 35 | (112,298) |
| 本年度溢利 | Profit for the year | | 342,590 |
| 應佔溢利／(虧損)： | Profit/(loss) attributable to: | | |
| 本公司權益持有人 | Equity holders of the Company | | 193,561 |
| 非控制權益 | Non-controlling interests | | 149,029 |
| | | | 342,590 |
| 當年本公司權益持有人 應佔每股盈利(每股以 人民幣列示) | Earnings per share attributable to the equity holders of the Company during the year (RMB per share) | | |
| －基本 | – basic | 37 | 0.2874 |
| －攤薄 | – diluted | 37 | 0.2874 |
| 股息 | Dividends | 38 | – |

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

於二零一零年十二月三十一日 As at 31 December 2010

| | | 截至十二月三十一日止年度 Year ended 31 December | |
|------------|-------------------------------------|---|--------------------|
| | | 二零一零年 2010 | 二零零九年 2009 |
| | | 人民幣千元 RMB'000 | 人民幣千元 RMB'000 |
| 附註 Note | | | |
| | 本年度溢利／(虧損) | Profit/(loss) for the year | 342,590 (288,780) |
| | 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－未扣除 稅款 | Fair value gains on available-for-sale financial assets-gross of tax | 16 - 6,620 |
| | 可供出售金融資產之 公允價值收益－稅款 | Fair value gains on available-for-sale financial assets-tax | 17 - (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 - (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 - 1,632 |
| | 自住房轉為投資房 | Transfer of owner-occupied property to investment property | 11 17,403 - |
| | 外幣折算差額 | Currency translation differences | (3,769) - |
| | 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 tax | 14 (1,796) (2,347) |
| | 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 tax | 14 - (2,956) |
| | 年內其他綜合 收益／(損失) (扣除稅款) | Other comprehensive income/(loss) for the year, net of tax | 11,838 (6,534) |
| | 年內綜合總收益／(損失) (扣除稅款) | Total comprehensive income/(loss) for the year, net of tax | 354,428 (295,314) |
| | 應佔： | Attributable to: | |
| | －本公司權益持有人 | － Equity holders of the Company | 193,261 (171,418) |
| | －非控制權益 | － Non-controlling interests | 161,167 (123,896) |
| | 年內綜合總收益／(損失) | Total comprehensive income/(loss) for the year | 354,428 (295,314) |

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.

合併權益變動表

Consolidated Statement of Changes in Equity

截至二零一零年十二月三十一日止年度 For the year ended 31 December 2010

| | | 股本 Share capital | 股份溢價 Share premium | 庫存股份 Treasury shares | 其他儲備 Other reserves (附註24) (Note 24) | 未分配利潤 Retained earnings | 非控制權益 Non- controlling interests | 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 | | | | | | | |
| 於二零零九年一月一日結餘 | Balance at 1 January 2009 | 678,909 | 357,849 | (6,026) | 359,464 | 482,587 | 1,822,455 | 3,695,238 |
| 綜合收益 | Comprehensive income | | | | | | | |
| 當年虧損 | Loss for the year | - | - | - | - | (165,566) | (123,214) | (288,780) |
| 其他綜合收入／(虧損) | Other comprehensive income/(loss) | | | | | | | |
| 可供出售金融資產之 公允價值收益－ 未扣除稅款 | Fair value gain from available-for-sale financial assets-gross of tax | 16 | - | - | 2,959 | - | 3,661 | 6,620 |
| 可供出售金融資產之 公允價值收益－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 公允價值損失 | 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) |
| 其他綜合總損失 | Total other comprehensive loss | - | - | - | (5,852) | - | (682) | (6,534) |
| 綜合總損失 | Total comprehensive loss | - | - | - | (5,852) | (165,566) | (123,896) | (295,314) |
| 與權益持有者的交易 | Transactions with owners | | | | | | | |
| 非控制權益注資 | Capital contributed by non-controlling interests | - | - | - | - | - | 441,639 | 441,639 |
| 購回H股 | Repurchase of H shares | - | - | (2,852) | - | - | - | (2,852) |
| 註銷H股 | Cancellation of H shares | (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 31 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.

合併權益變動表Consolidated Statement of Changes in Equity

截至二零一零年十二月三十一日止年度 For the year ended 31 December 2010

| | | 股本 Share capital | 股份溢價 Share premium | 庫存股份 Treasury shares | 其他儲備 Other reserves (附註24) (Note 24) | 未分配利潤 Retained earnings | 非控制權益 Non- controlling interests | 總計 Total |
|-------------------------------|--|------------------------|--------------------------|----------------------------|--|-------------------------------|---|------------------|
| | 附註 Note | 人民幣千元 RMB'000 | 人民幣千元 RMB'000 | 人民幣千元 RMB'000 | 人民幣千元 RMB'000 | 人民幣千元 RMB'000 | 人民幣千元 RMB'000 | 人民幣千元 RMB'000 |
| 於二零一零年一月一日結餘 | Balance at 1 January 2010 | 673,367 | 354,513 | – | 353,612 | 317,021 | 2,125,824 | 3,824,337 |
| 綜合收益 | Comprehensive income | | | | | | | |
| 當年溢利 | Profit for the year | – | – | – | – | 193,561 | 149,029 | 342,590 |
| 其他綜合收入／(虧損) | Other comprehensive income/(loss) | | | | | | | |
| 自住房轉為投資房時 獲得的收益 | Gain on transfer of owner-occupied property to investment property | 11 | – | – | 5,265 | – | 12,138 | 17,403 |
| 所佔聯營公司可供出售 金融資產之 公允價值損失 | Share of fair value losses from available-for-sale financial assets of the associate | 14 | – | – | (1,796) | – | – | (1,796) |
| 外幣折算差額 | Currency translation differences | | – | – | (3,769) | – | – | (3,769) |
| 其他綜合總收入／(虧損) | Total other comprehensive income/(loss) | | – | – | (300) | – | 12,138 | 11,838 |
| 綜合總收入／(虧損) | Total comprehensive income/(loss) | | – | – | (300) | 193,561 | 161,167 | 354,428 |
| 全部與權益持有者的交易 與非控制權益之交易 | Transactions with owners | | | | | | | |
| 因事業合併而產生的 非控制權益 | Transactions with non-controlling interests | 24 | – | – | 85,708 | – | 365,371 | 451,079 |
| 出售附屬公司 非控制權益注資 | Non-controlling interest arising on business combinations | 41 | – | – | – | – | 110,000 | 110,000 |
| 二零零九年股息 | Disposal of subsidiaries | | – | – | – | – | (25,733) | (25,733) |
| | Capital contributed by non-controlling interests | 39 | – | – | – | – | 252,000 | 252,000 |
| | Dividends for 2009 | | – | – | – | – | (17,662) | (17,662) |
| 全部與權益持有者的交易 | Total transactions with owners | | – | – | 85,708 | – | 683,976 | 769,684 |
| 於二零一零年 十二月三十一日結餘 | Balance at 31 December 2010 | 673,367 | 354,513 | – | 439,020 | 510,582 | 2,970,967 | 4,948,449 |

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.

合併權益變動表Consolidated Statement of Changes in Equity

截至二零一零年十二月三十一日止年度 For the year ended 31 December 2010

| | | 股本 Share capital | 股本溢價 Share premium | 庫存股份 Treasury shares | 其他儲備 Other reserves (附註24) (Note 24) | 累計損失 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 | |
| 公司 | COMPANY | | | | | | | |
| 於二零零九年一月一日結餘 | Balance as at 1 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 | 23 | - | - | (2,852) | - | - | (2,852) |
| 註銷股票 | Cancellation of shares | 23 | (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 31 December 2009 | | 673,367 | 354,513 | - | 70,001 | (446,218) | 651,663 |
| 於二零一零年一月一日結餘 | Balance as at 1 January 2010 | | 673,367 | 354,513 | - | 70,001 | (446,218) | 651,663 |
| 綜合收益 | Comprehensive income | | | | | | | |
| 當年損失 | Loss for the year | | - | - | - | - | (68,023) | (68,023) |
| 於二零一零年 十二月三十一日結餘 | Balance as at 31 December 2010 | | 673,367 | 354,513 | - | 70,001 | (514,241) | 583,640 |

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.

合併現金流量表

Consolidated Statement of Cash Flow

截至二零一零年十二月三十一日止年度 For the year ended 31 December 2010

| | | 截至十二月三十一日止年度 Year ended 31 December | |
|----------------------|---|--|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 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 | 39 | 588,688 |
| 已付利息 | Interest paid | | (346,906) |
| 已付所得稅 | Income tax paid | | (65,764) |
| 營運活動產生之淨現金 | Net cash generated from operating activities | | 176,018 |
| 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 | | (486,168) |
| 購買採礦權 | Purchase of mining rights | | (14,945) |
| 購買土地使用權 | Purchase of land use rights | | (25,635) |
| 在建工程增加 | Additions to construction-in-progress | | (1,650,010) |
| 出售物業、廠房及設備所得款項 | Proceeds from disposal of property, plant and equipment | | 11,966 |
| 出售在建工程所得款項 | Proceeds from disposal of construction-in-progress | | 1,255 |
| 出售其他非流動資產所得款項 | Proceeds from disposal of other non-current assets | | 1,487 |
| 出售投資性房地產所得款項 | Proceeds from disposal of investment properties | | — |
| 出售可供出售金融資產所得款項 | Proceeds from disposal of available-for-sale financial assets | | — |
| 聯營公司增加 | Additions to associates | | 11,930 |
| 出售附屬公司淨收益 | Net proceeds from disposal of subsidiaries | 39 | (134,000) |
| 購買可供出售之金融資產 | Purchase of available-for-sale financial assets | | 132,795 |
| 已收政府補助 | Government grants received | 26 | (10,501) |
| 已收利息 | Interest received | | 399,004 |
| 已收股息 | Dividend received | | 20,773 |
| 其他非流動資產增加 | Additions to other non-current assets | | — |
| 抵押銀行存款變動淨額 | Net change of pledged bank deposits | | 100,477 |
| 投資活動所用之淨現金 | Net cash used in investing activities | | 310,516 |
| 融資活動之現金流量 | Cash flows from financing activities | | |
| 購回H股 | Repurchase of H shares | 23 | — |
| 借款之所得款項 | Proceeds from borrowings | | (2,852) |
| 償還借貸 | Repayments of borrowings | | 3,966,771 |
| 非控制權益向附屬公司注資 | Capital contribution to subsidiaries from non-controlling interests | 39 | (2,937,771) |
| 派付予附屬公司非控制權益之股息 | Dividends paid to non-controlling interests of subsidiaries | | 703,079 |
| 已收政府補助金 | Government subsidy received | | 441,639 |
| 抵押銀行存款變動淨額 | Net change of pledged bank deposits | | (17,662) |
| 融資活動產生之淨現金 | Net cash generated from financing activities | | 21,164 |
| 現金及現金等價物之增加淨額 | Net increase in cash and cash equivalents | | 106,590 |
| 年初之現金及現金等價物 | Cash and cash equivalents at beginning of year | | 1,842,171 |
| 外幣折算差額 | Currency translation differences | | 1,832,135 |
| 年末之現金及現金等價物 | Cash and cash equivalents at end of year | | 675,203 |

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」)主要從事生產和銷售液晶顯示器、印製電路板、手錶及鐘錶和礦業資源，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。

合併財務報表已於二零一一年三月十五日獲批准刊發。

2 編制基準

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。編製該等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。

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 the manufacture and sales of liquid crystal displays, printed circuit boards, watches and clocks, 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 15 March 2011.

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 preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment 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 編制基準(續)

會計政策及披露變動：

- (a) 在2010年未生效但已被本集團提早採納的準則之修訂
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有關與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：(1)政府名稱與他們關係的性質；(2)任何個別重大交易的性質和數額；及(3)整體而言在意義上或數額上任何屬重大的交易。此修改同時闡述並簡化了關於對「關聯方」的定義。本集團已提早採納政府相關主體豁免，並溯及既往。
- (b) 本集團採納的新訂及經修訂準則及解釋
以下新訂準則及關於準則的修訂與解釋自2010年1月1日開始的財政年度起首次強制實施。

2 BASIS OF PREPARATION (continued)

Changes in accounting policy and disclosures:

- (a) Amendment to standard that is not effective in 2010 but has been early adopted by the Group
IAS 24 (Revised) "Related party disclosures" (effective from 1 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: (i) the name of the government and the nature of their relationship; (ii) the nature and amount of any individually-significant transactions; and (iii) the extent of any collectively-significant transactions qualitatively or quantitatively. It also clarifies and simplifies the definition of a related party. The Group has early adopted the government-related entity exemption retrospectively.
- (b) New and amended standards and interpretations adopted by the Group
The following new standards and amendments and interpretations to standards are mandatory for the first time for the financial year beginning 1 January 2010.

**Effective for
accounting periods
beginning on or after
於下列日期或
以後開始的
會計期間生效**

| | | |
|------------------|--|-------------|
| IFRS 3 (Revised) | Business Combinations | 1 July 2009 |
| 國際財務報告準則3(經修訂) | 業務合併 | 2009年7月1日 |
| IAS 27 (Revised) | Consolidated and separate financial statements | 1 July 2009 |
| 國際會計準則27(經修訂) | 綜合財務報表及單獨財務報表 | 2009年7月1日 |

- (c) 已於自2010年1月1日開始的財政年度首次強制實施的，但目前與本集團無關的，新訂及經修訂的準則及解釋(儘管它們可能影響未來交易及事件的記帳)
- (c) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

2 編制基準(續)

會計政策及披露變動：(續)

(c) (續)

2 BASIS OF PREPARATION (continued)

Changes in accounting policy and disclosures: (continued)

(c) (continued)

| | | Effective for accounting periods beginning on or after 於下列日期或 以後開始的 會計期間生效 |
|--|--|---|
| IAS 1 (Amendment) 國際會計準則1(修訂) | Presentation of financial statements 財務報表的呈報 | 29 November 2010 2010年11月29日 |
| IAS 17 (Amendment) 國際會計準則17(修訂) | Lease 租賃 | 1 July 2009 2009年7月1日 |
| IFRIC 17 國際財務報告詮釋委員會 —解釋公告17 | Distribution of non-cash assets to owners 向所有者分配非現金資產 | 1 July 2009 2009年7月1日 |
| IFRIC 18 國際財務報告詮釋委員會 —解釋公告18 | Transfers of assets from customers 客戶轉讓的資產 | 1 July 2009 2009年7月1日 |
| IFRIC 9 (Amendment) 國際財務報告詮釋委員會 —解釋公告9(修訂) | Reassessment of embedded derivatives and IAS 39, Financial instruments: Recognition and measurement 嵌入衍生工具的重估及國際會計 準則39「金融工具：確認及計量」 | 1 July 2009 2009年7月1日 |
| IFRIC 16 國際財務報告詮釋委員會 —解釋公告16 | Hedges of a net investment in a foreign operation 境外經營的淨投資套期 | 1 July 2009 2009年7月1日 |
| IAS 36 (Amendment) 國際會計準則36(修訂) | Impairment of assets 資產減值 | 1 January 2010 2010年1月1日 |
| IFRS 2 (Amendment) 國際財務報告準則2(修訂) | Group cash-settled share-based payment transactions 集團以現金結算以股份為基礎 支付的交易 | 1 January 2010 2010年1月1日 |
| IFRS 5 (Amendment) 國際財務報告準則5(修訂) | Non-current assets held for sale and discontinued operation 持有待售非流動資產及終止 經營業務 | 1 January 2010 2010年1月1日 |

2 編制基準(續)

會計政策及披露變動：(續)

- (d) 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

2 BASIS OF PREPARATION (continued)

Changes in accounting policy and disclosures: (continued)

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

| | | Effective for accounting periods beginning on or after 於下列日期或 以後開始的 會計期間生效 |
|-----------------------------|--|---|
| IFRS 9 | Financial instruments | 1 January 2013 |
| 國際財務報告準則9 | 金融工具 | 2013年1月1日 |
| IAS 32 (Amendment) | Classification of rights issues | 1 February 2010 |
| 國際會計準則32(修訂) | 配股的分類 | 2010年2月1日 |
| IFRSs (Amendment) | Third improvements to IFRSs (2010) | 1 January 2011 |
| 國際財務報告準則(修訂) | 國際財務報告準則(2010)的 三項改進 | 2011年1月1日 |
| IFRIC - Int 19 | Extinguishing financial liabilities with equity instruments | 1 July 2010 |
| 國際財務報告詮釋委員會 — 解釋公告19 | 以權益工具消除金融負債 | 2010年7月1日 |
| IFRIC - Int 14 (Amendment) | Prepayments of a minimum funding requirement | 1 January 2011 |
| 國際財務報告詮釋委員會 — 解釋公告14(修訂) | 最低資金規定的預付款 | 2011年1月1日 |
| IAS 12 (Amendment) | Income taxes | 1 January 2012 |
| 國際會計準則12(修訂) | 所得稅 | 2012年1月1日 |
| IFRS 7 (Amendment) | Financial instruments: Disclosures | 1 July 2011 |
| 國際財務報告準則7(修訂) | 金融工具：披露 | 2011年7月1日 |

3 主要會計政策

編制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) 合併帳目

合併財務報表包括本公司及其所有附屬公司截至2010年12月31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帳面值綜合入帳。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 31 December 2010.

(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) 合併帳目(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) 合併帳目(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帳，並在控制權終止之日起不予合併。本集團採用購買法作為業務合併的入帳方法。用於購買一間附屬公司的轉讓代價等於所轉讓的資產的公允價值、所發生的負債以及集團所發行的股權權益之和。轉讓代價包括因或有代價協議而產生的任何資產或負債的公允價值。與購買相關的成本按實際發生費用支銷。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。在計算被收購方的非控制性權益時，可以每項收購為準，選擇按公平價值或非控制性權益應佔被收購方淨資產的比例計算。

對附屬公司的投資按成本值扣除減值入帳。對成本進行調整以反映因或然代價修訂而產生的代價的變化。成本亦包括投資直接應佔成本。本公司根據已收及應收的股息為基準，計算附屬公司的業績。

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 group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any 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.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend and receivable.

3 主要會計政策(續)

(a) 合併帳目(續)

(ii) 附屬公司(續)

所轉撥之代價、與被收購方之任何非控股權益及先前所持有被收購方股權於收購日期之公允價值合計，倘超出所收購之可識別資產的公允價值，所超出之部分乃確認為商譽。若少於通過廉價收購而獲得的附屬公司的淨資產之公允價值，差額將被立即在綜合收益表中確認。

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。在必要的時候，附屬公司的會計政策已被改變，以確保與集團所採納的政策保持一致。

(iii) 與非控制權益的交易

本集團將與非控制權益之交易視為與集團權益持有者之交易。就收購非控制權益而言，所支付的任何代價與在附屬公司淨資產之帳面價值中所佔的股份之間的差額以權益入帳。與出售非控制權益相關的損益亦以權益入帳。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(a) Consolidation (continued)

(ii) Subsidiaries (continued)

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

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

(iii) Transactions with non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3 主要會計政策(續)

(a) 合併帳目(續)

(iii) 與非控制權益的交易(續)

當集團不再擁有控制力或重大影響，在企業中的任何保留權益之公允價值將被重新測量，而帳面價值的變化將被視為利潤或虧損。公允價值即最初的帳面價值，以便在之後將保留權益作聯營公司、合資公司或財務資產處理。此外，在對之前在與公司有關的其他綜合收益中被確認的任何金額進行處理時，將視本集團已直接出售相關資產或負債。這可能意味著之前在其他綜合收益中被確認的金額將被重新歸類為利潤或虧損。

若一個聯營公司中的所有者權益被減少，而實質影響被保留，則僅一部分之前在其他綜合收益中被確認的金額將被重新歸類為利潤或虧損。

(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帳，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)。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(a) Consolidation (continued)

(iii) Transactions with non-controlling interests (continued)

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(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 identified on acquisition, net of any accumulated impairment loss.

3 主要會計政策(續)

(a) 合併帳目(續)

(iv) 聯營公司(續)

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，而應佔收購後其他綜合收益的變動則於其他綜合收益賬內確認。投資帳面值會根據累計之收購後儲備變動而作出調整。如本集團應佔一家聯營公司之虧損等於或超過其在該聯營公司之權益，包括任何其他無抵押應收款，本集團不會確認進一步虧損，除非本集團已代聯營公司承擔責任或作出付款。

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

因投資聯營公司而產生的攤薄盈利及虧損於利潤表中確認。

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(k))。聯營公司之業績由本公司按已收股息及應收款入帳。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(a) Consolidation (continued)

(iv) Associates (continued)

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

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

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

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

3 主要會計政策(續)

(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。

(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貨幣及本集團的列賬貨幣。

(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。

與借款、現金及現金等價物相關的外匯損益在利潤表中的「財務收入或成本」範圍內呈列。而其他的外匯收益在利潤表中的「其他收益-淨額」範圍內呈列。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(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.

(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 functional currency for the Company and presentation currency for the Group, respectively.

(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.

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

3 主要會計政策(續)

(c) 外幣匯兌(續)

(ii) 交易及結餘(續)

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

(iii) 集團公司

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

- 每份呈報的資產負債表內的資產及負債按該資產負債表日期的收市匯率換算；

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(c) Foreign currency translation (continued)

(ii) Transactions and balances (continued)

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

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

(iii) Group companies

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

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

3 主要會計政策(續)

(c) 外幣匯兌(續)

- 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在其他綜合收益中確認。

在綜合帳目時,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。

(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。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(c) Foreign currency translation (continued)

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

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

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

(d) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

3 主要會計政策(續)

(d) 物業、廠房及設備(續)

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

| | |
|--------|--------|
| 樓宇 | 20至35年 |
| 設備及機器 | 5至10年 |
| 運輸工具 | 5至6年 |
| 採礦構築物* | 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報告期進行檢討，及在適當時調整。

若資產帳面值高於其預計可收回金額時，其帳面值即時撇減至可收回金額(附註3(k))。

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。

(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。附屬公司併購之商譽被納入「無形資產」。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帳面值。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(d) Property, plant and equipment (continued)

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

| | |
|-------------------------|----------------|
| Buildings | 20 to 35 years |
| Equipment and machinery | 5 to 10 years |
| Motor vehicles | 5 to 6 years |
| Mining structures* | 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 reporting period.

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(k)).

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

(e) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. 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.

3 主要會計政策(續)

(e) 商譽(續)

為進行減值測試，商譽乃分配至賺取現金單位。有關商譽乃分配至預期會因根據營運分部已識別為產生商譽之業務合併而受惠之現金產出單元或現金產出單元組別中。

(f) 採礦權

採礦權按成本減累計攤銷及累計減值虧損入帳。採礦權以工作量法攤銷。

(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，以成本入帳，並按土地剩餘租賃期限以直線法攤銷。

(i) 電腦軟件

所購電腦軟件程序乃按收購特定軟件及投入使用所產生的成本進行資本化。有關成本按其預計可使用年限5至10年以直線法攤銷。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(e) Goodwill (continued)

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

(f) Mining rights

Mining rights are stated at cost less accumulated amortization and accumulated impairment losses. Amortisation of mining rights is calculated on unit of production method basis.

(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.

(i) Computer software

Acquired computer software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful lives of 5 to 10 years on a straight-line basis.

3 主要會計政策(續)

(i) 電腦軟件(續)

與開發或維護不會產生經濟利益之電腦軟件程序相關的成本於發生時確認為開支。

(j) 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。

(k) 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帳面值可能無法收回時就減值進行評估。減值虧損按資產之帳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（現金產出單元）的最低層次組合。除商譽外，已蒙受減值的非金融資產在每個報告日期均就減值是否可以撥回進行檢討。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(i) Computer software (continued)

Cost associated with developing or maintaining computer software programmes which do not generate economic benefits are recognised as expense as incurred.

(j) 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.

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

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

3 主要會計政策(續)

(I) 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帳的金融資產、貸款和應收款及可供出售的金融資產。分類視乎購入金融資產之目的。管理層在初始確認時釐定金融資產的分類。

(i) 按公允價值透過損益記帳的金融資產

按公允價值透過損益記帳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(n)及附註3(o))。

(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)

(I) 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 determines the classification of its financial assets at initial recognition.

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

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

(ii) Loans and receivables

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

(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)

(I) 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。

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。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(I) 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.

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'.

3 主要會計政策(續)

(l) 金融資產(續)

(iii) 可供出售的金融資產(續)

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。

(m) 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。

(n) 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。

(o) 現金及現金等價物

現金及現金等值項目包括手頭現金、銀行定期存款、透支，及由投資當日起計到期日為三個月或以下的其他短期高流動投資。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(l) Financial assets (continued)

(iii) Available-for-sale financial assets (continued)

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.

(m) 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.

(n) 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.

(o) 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.

3 主要會計政策(續)

(p) 股本

普通股分類為權益。

發行新股份或購股權直接應佔的增量成本，列入權益作為所得款項的減值(扣除稅項)。

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。

(q) 貿易應付款項

貿易應付款項是於日常業務過程中向供應商購買商品或服務而應付的債務。應付賬目如在一年或以內(或如較長則為業務正常經營週期內)到期，則分類為流動負債。否則，將作為非流動負債呈列。

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。

(r) 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。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(p) 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.

(q) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

(r) 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.

3 主要會計政策(續)

(s) 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佈或實質頒佈的稅務法例計算。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帳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，則不作記帳。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)

(s) 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)

(s) 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。

(t) 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)

(s) 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.

(t) 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)

(u) 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。已入帳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。

(v) 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。

(w) 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。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(u) 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.

(v) 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.

(w) Provisions

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

3 主要會計政策(續)

(w) 撥備(續)

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。

(x) 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。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(w) Provisions (continued)

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.

(x) 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.

3 主要會計政策(續)

(y) 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。

- (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。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(y) Revenue recognition

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

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

- (i) **Sales of goods**
Sales of goods are recognised when a group entity has delivered products to the customer. The customer has accepted the products and collectability of the related receivables is reasonably assured.
- (ii) **Rental income**
Rental income from investment properties leased out under an operating lease is recognised in the income statement on a straight-line basis over the term of the lease.
- (iii) **Hotel operations**
Revenue from hotel operations is recognised in the accounting period in which the services are rendered.

3 主要會計政策(續)

(y) 收入確認(續)

- (iv) 利息收入
利息收入採用實際利息法按時間比例基準確認。

- (v) 股息收入
股息收入在收取款項的權利確定時確認。

(z) 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。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(y) Revenue recognition (continued)

- (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.

(z) 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 capitalisation 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. Capitalisation 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.

3 主要會計政策(續)

(z) 借款成本(續)

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。

(aa) 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。

(bb) 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帳。

與成本有關之政府補貼遞延入帳，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。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(z) Borrowing costs (continued)

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.

(aa) 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.

(bb) 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.

3 主要會計政策(續)

(cc) 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。

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

本集團的業務主要以人民幣為單位。雖然本集團的大部分資產及負債以人民幣結算但仍然面臨來自於未來的商業交易以及所確認以非人民幣(包括美元、日元、歐元及港元)結算之資產及負債的外匯風險。本集團並無外幣對沖政策。此外，人民幣與外幣的兌換應符合中國政府頒佈的外匯管理條例的規定。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(cc) 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 recognised less, when appropriate, cumulative amortisation calculated to recognise the fee income earned on a straight line basis over the life of the guarantee contract.

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 activities are principally conducted in RMB. Although majority of the Group's assets and liabilities are denominated in RMB, the Group is still subject to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities which are denominated in non-RMB, including US dollars, Japanese Yen, Euro 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帳面值如下：

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:

| | | 二零一零年 十二月三十一日 31 December 2010 人民幣千元 RMB'000 | 二零零九年 十二月三十一日 31 December 2009 人民幣千元 RMB'000 |
|-----------|--------------------|---|---|
| 資產 | Assets | | |
| 美元 | USD | 800,214 | 527,585 |
| 港元 | HKD | 26,795 | 39,465 |
| 歐元 | EUR | 43,519 | 2,508 |
| 日元 | JPY | 9,034 | 8,209 |
| 韓元 | KRW | 5,559 | 5,087 |
| 總計 | Total | 885,121 | 582,854 |
| 負債 | Liabilities | | |
| 美元 | USD | 1,648,791 | 571,490 |
| 港元 | HKD | 16,034 | 14,794 |
| 歐元 | EUR | 6,893 | 10,132 |
| 日元 | JPY | 176,587 | 90,492 |
| 韓元 | KRW | 1,481 | 1,050 |
| 總計 | Total | 1,849,786 | 687,958 |

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%的敏感度分析。本敏感度分析僅包括以外幣結算的貨幣項目，並在年底就各自的匯率變動作出換算調整。

| | |
|-------------|---|
| 兌美元匯率升值1% | 1% appreciation in exchange rate against US Dollar |
| 年度收益增加 | Increase in the profit for the year |
| 兌港元匯率升值1% | 1% appreciation in exchange rate against Hong Kong Dollar |
| 年度收益減少 | Decrease in the profit for the year |
| 兌歐元匯率升值1% | 1% appreciation in exchange rate against Euro |
| 年度收益(減少)/增加 | (Decrease)/increase in the profit for the year |
| 兌日元匯率升值1% | 1% appreciation in exchange rate against Japanese Yen |
| 年度收益增加 | Increase in the profit for the year |

(ii) 價格風險
本集團不承受證券及商品價格風險。

4 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The following table shows the sensitivity analysis of a 1% increase in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year end for the respective changes in rate.

| | |
|-----------------------------------|-----------------------------------|
| 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|-----------------------------------|-----------------------------------|

| | |
|---------|-----|
| 8,486 | 439 |
| 156 | 247 |
| (1,831) | 381 |
| 1,816 | 823 |

(ii) Price risk
The Group is not exposed to equity securities and commodity price risks.

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

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，利率於二零一零年十二月三十一日之變動對本集團年度收益之影響。

浮動利率借貸

於融資成本扣除／
(計入)(扣除資本化
於在建工程之款項)

Borrowings at variable rates

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

利率
Interest rate
10%上升 10%下跌
10% higher 10% lower
年度收益(減少)／增加
(Decrease)/increase
in profit for the year
人民幣千元 人民幣千元
RMB'000 RMB'000

(21,428) 21,428

本集團借貸之利率及還款
期於附註25披露。

The interest rates and terms of repayment of borrowings of the Group are disclosed in Note 25.

4 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(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 as at 31 December 2010 with all other variables held at constant on the Group's profit for the year.

4 財務風險管理(續)

(a) 市場風險(續)

(iv) 信貸風險

本集團因貿易及其他應收款項承受信貸風險。

貿易及其他應收款項之帳面值，乃本集團就金融資產所面對的最大信貸風險。於二零一零年十二月三十一日，前五大客戶佔貿易及其他應收款項結餘的逾32%(二零零九年：36%)。

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。

(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。

4 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iv) Credit risk

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

The carrying amounts of trade and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. The top 5 customers accounted for more than 32% of the balance of trade and other receivables as at 31 December 2010 (2009: 36%).

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.

(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.

4 財務風險管理(續)

(a) 市場風險(續)

(v) 流動資金風險(續)

下表根據結算日餘下期間至合約到期日的分析，將本集團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帳面結餘。

| 本集團 於2010年12月31日 | Group At 31 December 2010 | 少於1年 Less than 1 year 人民幣千元 RMB'000 | 1-2年 Between 1 and 2 years 人民幣千元 RMB'000 | 2-5年 Between 2 and 5 years 人民幣千元 RMB'000 | 5年以上 Over 5 years 人民幣千元 RMB'000 | 總計 Total 人民幣千元 RMB'000 |
|---------------------|-------------------------------|---|--|--|---|---------------------------------|
| 借貸 | Borrowings | 2,641,545 | 2,535,430 | 3,201,733 | 705,087 | 9,083,795 |
| 貿易及其他應付款 | Trade and other payables | 3,267,087 | - | - | - | 3,267,087 |
| 其他非流動負債 | Other non-current liabilities | 3,525 | 5,427 | 84,738 | 34,169 | 127,859 |
| 總計 | Total | 5,912,157 | 2,540,857 | 3,286,471 | 739,256 | 12,478,741 |

| 於2009年12月31日 | At 31 December 2009 | 少於1年 Less than 1 year 人民幣千元 RMB'000 | 1-2年 Between 1 and 2 years 人民幣千元 RMB'000 | 2-5年 Between 2 and 5 years 人民幣千元 RMB'000 | 5年以上 Over 5 years 人民幣千元 RMB'000 | 總計 Total 人民幣千元 RMB'000 |
|--------------|-------------------------------|---|--|--|---|---------------------------------|
| 借貸 | Borrowings | 2,700,979 | 799,894 | 4,529,039 | 500,248 | 8,530,160 |
| 貿易及其他應付款 | Trade and other payables | 1,940,799 | - | - | - | 1,940,799 |
| 其他非流動負債 | Other non-current liabilities | - | 8,560 | 91,267 | 35,337 | 135,164 |
| 總計 | Total | 4,641,778 | 808,454 | 4,620,306 | 535,585 | 10,606,123 |

4 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(v) Liquidity risk (continued)

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.

4 財務風險管理(續)

(a) 市場風險(續)

(v) 流動資金風險(續)

| | | 少於1年 | 1-2年 | 2-5年 | 5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 |
| 本公司 | Company | | | | | |
| 於2010年12月31日 | At 31 December 2010 | | | | | |
| 借貸 | Borrowings | 253,460 | 958,257 | 187,629 | - | 1,399,346 |
| 貿易及其他應付款 | Trade and other payables | 235,607 | - | - | - | 235,607 |
| 總計 | Total | 489,067 | 958,257 | 187,629 | - | 1,634,953 |
| | | | | | | |
| | | 少於1年 | 1-2年 | 2-5年 | 5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2009年12月31日 | At 31 December 2009 | | | | | |
| 借貸 | Borrowings | 134,670 | 50,270 | 1,064,810 | - | 1,249,750 |
| 貿易及其他應付款 | Trade and other payables | 426,113 | - | - | - | 426,113 |
| 總計 | Total | 560,783 | 50,270 | 1,064,810 | - | 1,675,863 |

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貸)帳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。

4 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(v) Liquidity risk (continued)

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。

於二零一零年及二零零九年十二月三十一日之資本負債比率如下：

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|----------------------|--|-----------------------------------|-----------------------------------|
| 借貸總額(附註25) | Total borrowings (Note 25) | 8,021,658 | 7,102,801 |
| 減：現金及現金等價物 (附註22) | Less: cash and cash equivalents (Note 22) | (1,728,245) | (1,056,811) |
| 負債淨額 | Net debt | 6,293,413 | 6,045,990 |
| 總權益 | Total equity | 4,948,449 | 3,824,337 |
| 總資本 | Total capital | 11,242,862 | 9,870,327 |
| 資本負債比率 | Gearing ratio | 56% | 60% |

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 31 December 2010 and 2009 are as follows:

4 財務風險管理(續)

(b) 資本風險管理(續)

2010年資本負債比率的降低主要是因為深圳市深南電路有限公司(以下簡稱「深南電路」)的非控制權益額外出資人民幣48,314,000元，以及飛亞達私人配售集資人民幣402,765,000元(附註24(a))。

於二零一零年十二月三十一日，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帳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帳面值以及呆壞賬開支。

4 FINANCIAL RISK MANAGEMENT (continued)

(b) Capital risk management (continued)

The decrease in the gearing ratio in 2010 is mainly due to the additional contribution of non-controlling interests of Shenzhen Shennan Circuit Company Limited ("Shennan Circuit"), amounting to RMB48,314,000 and private placement of Fiyta of RMB402,765,000 (Note 24(a)).

The Group has no financial instrument stated at fair value as at 31 December 2010.

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) 礦產資源儲量評估

礦產資源儲量及攤銷方法是計算採礦權攤銷時的關鍵因素，而礦產資源儲量也是減值測試中的一個重要元素。礦產資源儲量的變動將影響在財務報告裡所記錄的採礦權攤銷。探明的可開採儲量的減少將增加攤銷費用。對探明儲量的估計將基於新的資訊而上下浮動，比如經濟因素的變動，包括產品價格、合同條款、技術革新或開採計劃。

(c) 採礦權及物業、廠房及設備帳面值

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帳面值，則就減值而檢討帳面值。所確認之減值虧損為資產之帳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。管理層認為二零一零年十二月三十一日採礦權及物業、廠房及設備的帳面值無須計提減值。

5 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

(b) Estimation of mineral resources reserves

Mineral resources reserves and the amortisation method are key factors in the calculation of amortisation of mining rights. Mineral resources reserves are also an important element in testing for impairment. Changes in mineral resources reserves will affect amortisation recorded in the financial statements for mining rights. A reduction in proven developed reserves will increase amortisation charges. Proven reserve estimates are subject to revision, either upward or downward, based on new information, such as from changes in economic factors, including product prices, contract terms, evolution of technology or development plans.

(c) 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 31 December 2010.

5 關鍵會計估算及假設(續)

(d) 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，再加上向飛亞達的特定投資者非公開發行股份(附註24(a))，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。

(e) 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帳面值以及投資性房地產公允價值變動損益。

(f) 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) 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 and the non-public offering to particular investors of Fiyta (Note 24(a)), 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.

(e) 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.

(f) 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

首席經營決策者被認定為本公司董事會。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表
- 鐘錶銷售－銷售名牌石英表
- 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二零一零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

The chief operating decision-makers have been identified as the board of directors of the Company. 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 31 December 2010 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 | | 鐘錶銷售 | | 液晶顯示器 | | 印刷電路板 | | 有限電視設備 | | 投資性房地產 | | 酒店 | | 礦產資源 | | 未分配企業項目 | | 總計 | |
|--------------------|---|--------------------|---------|--------------------|----------|------------------|-----------|----------------|-----------|------------------|---------|-----------------------|-----------|-----------|----------|------------------|-----------|-----------------|-----------|------------|------------|
| | | Clocks and watches | | Clocks and watches | | Liquid | | Printed | | Cable television | | Investment properties | | Hotel | | Mining resources | | Unallocated | | Total | |
| | | Manufacturing | | Retailing | | crystal displays | | circuit boards | | equipment | | properties | | | | resources | | corporate items | | | |
| | | 二零一零年 | 二零零九年 | 二零一零年 | 二零零九年 | 二零一零年 | 二零零九年 | 二零一零年 | 二零零九年 | 二零一零年 | 二零零九年 | 二零一零年 | 二零零九年 | 二零一零年 | 二零零九年 | 二零一零年 | 二零零九年 | 二零一零年 | 二零零九年 | 二零一零年 | 二零零九年 |
| | | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| | | 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 | |
| 收入 | Revenue | 249,770 | 188,665 | 1,450,838 | 965,138 | 3,321,736 | 2,161,111 | 1,578,891 | 1,167,399 | 47,745 | 32,040 | 126,042 | 115,929 | - | 8,379 | 189,529 | 433,682 | - | - | 6,964,551 | 5,092,883 |
| 業績 | Results | | | | | | | | | | | | | | | | | | | | |
| 分部業績 | Segment results | 36,026 | 24,044 | 73,185 | 48,307 | 138,355 | (232,490) | 150,809 | 105,795 | 1,040 | 1,291 | 44,825 | 54,562 | (226) | (1,356) | (43,086) | (83,399) | (51,129) | (37,809) | 349,799 | (121,055) |
| 其他收入(附註29) | Other income (Note 29) | 486 | 1,298 | 1,020 | 5,734 | 166,668 | 30,959 | 36,102 | 30,667 | 874 | 1,681 | 7,132 | 7,461 | (1,198) | (2,310) | 2,451 | 30,761 | 7,186 | (870) | 220,721 | 105,381 |
| 其他淨收益(附註30) | Other gains-net (Note 30) | - | - | - | - | 44 | - | - | - | - | - | - | - | - | - | 72,030 | - | - | 8,301 | 72,074 | 8,301 |
| 投資性房地產公允價值收益(附註11) | Fair value gain on investment properties (Note 11) | - | - | - | - | - | - | - | - | - | - | 74,406 | 65,617 | - | - | - | - | - | - | 74,406 | 65,617 |
| 經營溢利/(虧損) | Operating profit/(loss) | 36,512 | 25,342 | 74,205 | 54,041 | 305,067 | (201,531) | 186,911 | 136,462 | 1,914 | 2,972 | 126,363 | 127,640 | (1,424) | (3,666) | 31,395 | (52,638) | (43,943) | (30,378) | 717,000 | 58,244 |
| 融資成本淨額(附註33) | Finance costs, net (Note 33) | (1,108) | (52) | (32,432) | (21,443) | (116,472) | (141,633) | (16,335) | (13,702) | (880) | (2,540) | (12,318) | (34,085) | (40,773) | (39,782) | (34,199) | (35,253) | (68,823) | (69,994) | (323,340) | (358,484) |
| 應佔聯營公司之業績(附註14) | Share of results of associates (Note 14) | - | - | - | - | (1,822) | - | - | - | - | - | - | - | - | - | - | - | 63,050 | 11,391 | 61,228 | 11,391 |
| 所得稅(開支)/收入(附註35) | Income tax (charge)/credit (Note 35) | (5,825) | (2,792) | (17,814) | (11,324) | (36,745) | 52,385 | (21,866) | (20,999) | 89 | (615) | (25,578) | (23,698) | - | 16 | (4,559) | 7,096 | - | - | (112,298) | 69 |
| 年內溢利/(虧損) | Profit / (loss) for the year | 29,579 | 22,498 | 23,959 | 21,274 | 150,028 | (290,779) | 148,710 | 101,761 | 1,123 | (183) | 68,467 | 69,857 | (42,197) | (43,432) | (7,363) | (80,795) | (49,716) | (88,981) | 342,590 | (288,780) |
| 其他資料 | Other information | | | | | | | | | | | | | | | | | | | | |
| 分部資產 | Segment assets | 731,233 | 293,751 | 1,275,882 | 896,947 | 7,973,091 | 6,619,922 | 2,161,610 | 1,525,035 | 47,037 | 38,896 | 1,011,781 | 1,052,748 | 1,063,066 | 951,305 | 1,648,878 | 1,621,588 | 760,486 | 57,245 | 16,473,064 | 13,057,437 |
| 在聯營公司之投資(附註14) | Investments in associates (Note 14) | - | - | 1,000 | - | 177,809 | - | - | - | - | - | 350 | - | - | - | 10,500 | - | 604,690 | 568,917 | 794,349 | 568,917 |
| 總資產 | Total assets | 731,233 | 293,751 | 1,276,882 | 896,947 | 7,950,900 | 6,619,922 | 2,161,610 | 1,525,035 | 47,037 | 38,896 | 1,012,131 | 1,052,748 | 1,063,066 | 951,305 | 1,659,378 | 1,621,588 | 1,365,176 | 626,162 | 17,267,413 | 13,626,354 |
| 總負債 | Total liabilities | 77,788 | 33,950 | 269,140 | 160,899 | 5,480,835 | 4,542,497 | 1,344,585 | 871,798 | 44,073 | 36,919 | 2,116,962 | 1,245,855 | 99,159 | 812,162 | 1,126,784 | 997,351 | 1,759,638 | 1,100,586 | 12,318,964 | 9,802,017 |
| 資本性支出 | Capital expenditure | 25,900 | 19,681 | 41,385 | 35,212 | 1,263,398 | 901,609 | 299,886 | 125,890 | 602 | 129 | 11,586 | 13,009 | 304,706 | 45,671 | 406,398 | 84,964 | 13 | 977 | 2,353,874 | 1,227,342 |
| 非現金開支 | Non-cash expenses | | | | | | | | | | | | | | | | | | | | |
| -物業、廠房及設備折舊(附註31) | - Depreciation of property, plant and equipment (Note 31) | 16,226 | 16,334 | 25,239 | 16,764 | 313,573 | 305,907 | 104,055 | 83,043 | 375 | 339 | 13,799 | 519 | - | 6,479 | 44,366 | 34,416 | 1,169 | 1,041 | 518,802 | 464,842 |
| -土地使用權攤銷(附註31) | - Amortisation of land use rights (Note 31) | - | 461 | - | - | 6,956 | 3,738 | 450 | 337 | - | - | 494 | - | - | - | 348 | 177 | - | - | 8,248 | 4,713 |
| -壞賬撥備/(撥回)(附註31) | - Provision for/(reversal of) bad debts (Note 31) | 595 | 321 | 1,926 | - | 3,108 | 46,244 | 9,850 | 797 | 162 | 225 | 397 | 1,011 | - | - | (4,547) | 11,993 | - | - | 11,491 | 60,591 |
| -陳舊存貨(撥回)/撥備(附註31) | - (Reversal of) /provision for inventory obsolescence (Note 31) | 5,857 | (923) | 412 | - | (18,532) | 9,372 | (2,669) | 1,486 | (46) | (144) | - | - | - | - | - | - | - | - | (14,978) | 9,791 |

6 分部資料(續)

報告分部的資產與總資產對賬如下：

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|----------|-------------------------------------|-----------------------------------|-----------------------------------|
| 分部資產 | Segment assets | 16,415,974 | 13,000,192 |
| 未分配： | Unallocated: | | |
| 於聯營公司之投資 | Investments in associates | 794,349 | 568,917 |
| 可供出售金融資產 | Available-for-sale financial assets | 27,579 | 2,098 |
| 現金及現金等價物 | Cash and cash equivalents | 20,203 | 44,615 |
| 物業、廠房及設備 | Property, plant and equipment | 9,308 | 10,463 |
| 其他流動資產 | Other current assets | — | 69 |
| 資產負債表總資產 | Total assets per balance sheet | 17,267,413 | 13,626,354 |

報告分部的負債與總負債對賬如下：

6 SEGMENTAL INFORMATION (continued)

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

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

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|----------|-------------------------------------|-----------------------------------|-----------------------------------|
| 分部負債 | Segment liabilities | 10,848,194 | 8,701,431 |
| 未分配： | Unallocated: | | |
| 借貸 | Borrowings | 1,300,000 | 994,000 |
| 其他應付款項 | Other payables | 170,770 | 106,586 |
| 資產負債表總負債 | Total liabilities per balance sheet | 12,318,964 | 9,802,017 |

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：

6 SEGMENTAL INFORMATION (continued)

The Group entities are principally domiciled in the PRC. The result of its revenue from external customers in PRC and other countries and districts are disclosed below:

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|---------|------------------------------------|-----------------------------------|-----------------------------------|
| 收入 | Revenue | | |
| 中國內地 | Mainland China | 4,653,966 | 3,136,651 |
| 香港 | Hong Kong | 880,287 | 1,352,916 |
| 歐美 | Europe and America | 660,038 | 364,668 |
| 東亞及東南亞 | East and Southeast Asia | 770,260 | 235,650 |
| 其他國家 | Other countries | — | 2,998 |
| 利潤表營業收入 | Total revenue per income statement | 6,964,551 | 5,092,883 |

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.

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|----------|--------------------------------|-----------------------------------|-----------------------------------|
| 總資產 | Total assets | | |
| 中國內地 | Mainland China | 16,057,688 | 12,979,684 |
| 香港 | Hong Kong | 361,838 | 55,339 |
| 歐美 | Europe and America | 45,912 | 15,553 |
| 東亞及東南亞 | East and Southeast Asia | 7,626 | 6,861 |
| 於聯營公司之投資 | Investments in associates | 16,473,064 794,349 | 13,057,437 568,917 |
| 資產負債表總負債 | Total assets per balance sheet | 17,267,413 | 13,626,354 |

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)

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|-------|---------------------|-----------------------------------|-----------------------------------|
| 資本性支出 | Capital expenditure | | |
| 中國內地 | Mainland China | 2,346,076 | 1,226,333 |
| 香港 | Hong Kong | 7,763 | 980 |
| 歐美 | Europe and America | 35 | 29 |
| | | 2,353,874 | 1,227,342 |

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.

收入細分如下：

Revenue consists of the followings:

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 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 | 6,841,227 | 4,968,575 |
| 租金收入 | Rental income | 123,324 | 115,929 |
| 酒店經營收入 | Hotel operating income | — | 8,379 |
| 利潤表營業收入 | Total revenue per income statement | 6,964,551 | 5,092,883 |

7 土地使用權

7 LAND USE RIGHTS

| | | 本集團 Group | |
|---------------|-------------------------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 於一月一日之帳面淨值 | Net book value at 1 January | 700,246 | 687,277 |
| 添置 | Additions | 25,635 | 30,763 |
| 收購附屬公司(附註41) | Acquisition of subsidiary (Note 41) | 34,591 | — |
| 攤銷 | Amortisation | (21,447) | (17,794) |
| 出售附屬公司(附註39) | Disposal of subsidiaries (Note 39) | (19,754) | — |
| 於十二月三十一日之帳面淨值 | Net book value at 31 December | 719,271 | 700,246 |
| 按性質代表： | Representing by nature: | | |
| 投資性房地產 | Investment properties | 13,208 | 13,702 |
| 其他物業 | Other properties | 706,063 | 686,544 |
| | | 719,271 | 700,246 |

行政費用及資本化在建工程分別計入攤銷金額人民幣8,248,000元(二零零九年：人民幣4,713,000元)及人民幣13,199,000元(二零零九年：人民幣13,081,000元)。

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

於二零一零年十二月三十一日，若干銀行借貸由廣東國際大廈實業有限公司(「廣東國際」)賬面淨值約人民幣470,140,000元(二零零九年：人民幣482,724,000元)的土地使用權以及上海天馬微電子股份有限公司(「上海天馬」)賬面淨值約人民幣119,715,000元(二零零九年：人民幣122,336,000元)的土地使用權作抵押。有關已抵押借貸之詳情載於附註25。

Amortisation charges of RMB8,248,000 (2009: RMB4,713,000) and RMB13,199,000 (2009: RMB13,081,000) were included in the administrative expenses and capitalized in construction in process for the year respectively.

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.

As at 31 December 2010, certain bank borrowings were secured by the land use rights of Guangdong International Building Industrial Co., Ltd. ("GIB Company") at the net book value of approximately RMB 470,140,000 (2009: RMB482,724,000) and the land use rights of Shanghai Tianma Microelectronics Co., Ltd. ("Shanghai Tianma") at the net book value of approximately RMB119,715,000 (2009: RMB122,336,000). Details of the secured borrowings are in Note 25.

8 採礦權

8 MINING RIGHTS

| | | 本集團 Group | |
|---------------|-------------------------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 於一月一日之賬面淨值 | Net book value at 1 January | 541,153 | 569,488 |
| 添置 | Additions | 14,945 | — |
| 收購附屬公司(附註41) | Acquisition of subsidiary (Note 41) | 65,256 | — |
| 出售附屬公司(附註39) | Disposal of subsidiaries (Note 39) | (75,529) | — |
| 攤銷 | Amortisation | (11,796) | (28,334) |
| 於十二月三十一日之賬面淨值 | Net book value at 31 December | 534,029 | 541,154 |

會計估計變更：

自2010年1月1日起，本集團將採礦權的攤銷法由直線法變更為工作量法。管理層預期未來的礦產資源生產量將會隨著資源開採方式及市場條件的變動而大幅波動。本集團董事會認為工作量法能更公允地反映未來經濟活動的消費模式。由於會計估計的變更，當年的攤銷費用減少了人民幣16,850,000元。

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10,027,000元（二零零九年：人民幣24,183,000元）及人民幣1,769,000元（二零零九年：人民幣4,151,000元）。

於二零一零年十二月三十一日，本集團採礦權由以下組成：

- 帳面淨值為人民幣219,776,000元（二零零九年：人民幣215,930,000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。

Change of accounting estimate:

From 1 January 2010, the Group changed the amortisation method of mining rights from straight line method to unit of production method. Management expected that the future production volume of mineral resources will fluctuate largely with the change of the way of resources exploitation and the market condition. The board of directors of the Group believe that the unit of production method will reflect more fairly of the patterns of consumption of the future economic benefits. As a result of the change of accounting estimate, the amortisation charge in current year decreased by RMB16,850,000.

Amortisation charges of RMB10,027,000 (2009: RMB24,183,000) and RMB1,769,000 (2009: RMB4,151,000) were included in the cost of goods sold and administrative expenses in the consolidated income statement for the year respectively.

As of 31 December 2010, the mining rights of the Group mainly comprise the following:

- The mining rights of the phosphorus mine of a net book value of RMB219,776,000 (2009: RMB215,930,000) has a site area of approximately 2.4553 sq. km. It is located in Dongchuan District, Kunming Prefecture of Yunnan Province, the PRC.

8 採礦權(續)

- 帳面淨值人民幣247,466,000元(二零零九年:人民幣258,395,000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。
- 帳面淨值為人民幣66,787,000元(二零零九年:零)之磷礦之採礦權涉及面積約6.85平方公里,位於中國雲南省昆明市東川區。

8 MINING RIGHTS (continued)

- The mining rights of a potassium mine of a net book value of RMB247,466,000 (2009: RMB258,395,000) has a site area of approximately 284,526sq. km. It is located in Lenghu District, Haixi Prefecture of Qinghai Province, the PRC.
- The mining rights of a phosphorus mine of a net book value of RMB66,787,000 (2009: Nil) has a site area of approximately 6.85 sq. km. It is located in Dongchuan District, Kunming Prefecture of Yunnan Province, the PRC.

9 商譽

9 GOODWILL

本集團
Group
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 31 December 2009

| | | |
|-----------|-------------------------------------|-------|
| 年初及年終帳面淨值 | Opening and closing net book amount | 5,240 |
|-----------|-------------------------------------|-------|

截至二零一零年十二月三十一日止年度 Year ended 31 December 2010

| | | |
|-----------|-------------------------------------|-------|
| 年初及年終帳面淨值 | Opening and closing net book amount | 5,240 |
|-----------|-------------------------------------|-------|

商譽是由於2008年收購青海中航資源有限公司(「青海中航資源」)導致的。青海中航資源之可收回金額按使用價值而厘訂,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。

The goodwill was arisen from the acquisition of Qinghai CATIC Resources Company Limited ("Qinghai CATIC Resources") 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.

管理層根據過往經驗以及其對市場發展之預期而厘訂估計邊際利潤。所採用之加權平均增長率15%(二零零九年:17%)與業界報告所載之預測一致。所採用之貼現率12%(二零零九年: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。

Management determined the estimated gross margin based on past performance and its expectations for the market development. The weighted average growth rate of 15% (2009: 17%), which is consistent with the forecasts included in the industry reports. The discount rate of 12% (2009: 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

| | | 二零一零年 2010 | | | | |
|-------------------------|--|-------------------------------------|--|---|---|---------------------------------|
| | | 樓宇 Buildings 人民幣千元 RMB'000 | 機器及設備 Machinery and equipment 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2010年12月31日止年度 | Year ended 31 December 2010 | | | | | |
| 成本 | Cost | | | | | |
| 年初 | At beginning of year | 2,360,468 | 3,845,643 | 65,817 | 134,573 | 6,406,501 |
| 在建工程轉入(附註12) | Transfer from construction-in-progress (Note 12) | 641,394 | 1,363,771 | 2,761 | 9,432 | 2,017,358 |
| 收購附屬公司(附註41) | Acquisition of subsidiary (Note 41) | - | 8,541 | 194 | - | 8,735 |
| 添置 | Additions | 92,383 | 278,938 | 10,854 | 71,244 | 453,419 |
| 轉撥至投資性房地產(附註11) | Transfer to investment properties (Note 11) | (17,658) | - | - | - | (17,658) |
| 轉撥至在建工程(附註12) | Transfer to construction-in-progress (Note 12) | (232,324) | (6,945) | - | - | (239,269) |
| 出售附屬公司(附註39) | Disposal of subsidiaries (Note 39) | (1,325) | (4,462) | (1,784) | (14,160) | (21,731) |
| 其他出售 | Other disposals | (44,111) | (44,269) | (4,120) | (1,244) | (93,744) |
| 年末 | At end of year | 2,798,827 | 5,441,217 | 73,722 | 199,845 | 8,513,611 |
| 累計折舊 | Accumulated depreciation | | | | | |
| 年初 | At beginning of year | 307,551 | 1,039,796 | 37,701 | 6,612 | 1,391,660 |
| 本年度計提 | Charge for the year | 116,196 | 390,500 | 6,495 | 5,611 | 518,802 |
| 轉撥至在建工程(附註12) | Transfer to construction in progress (Note 12) | (7,349) | (2,016) | - | - | (9,365) |
| 轉撥至投資性房地產(附註11) | Transfer to investment property (Note 11) | (7,477) | - | - | - | (7,477) |
| 出售附屬公司(附註39) | Disposal of subsidiaries (Note 39) | (87) | (784) | (489) | (926) | (2,286) |
| 其他出售 | Other disposals | (42,548) | (28,248) | (3,926) | (912) | (75,634) |
| 年末 | At end of year | 366,286 | 1,399,248 | 39,781 | 10,385 | 1,815,700 |
| 帳面淨值 | Net book amount | | | | | |
| 年末 | At end of year | 2,432,541 | 4,041,969 | 33,941 | 189,460 | 6,697,911 |
| 年初 | At beginning of year | 2,052,917 | 2,805,847 | 28,116 | 127,961 | 5,014,841 |

10 物業、廠房及設備(續)

本集團(續)

10 PROPERTY, PLANT AND EQUIPMENT

(continued)

Group (continued)

| | | 二零零九年 2009 | | | | |
|-------------------------|--|------------------|--|-------------------------|-------------------------------|------------------|
| | | 樓宇 Buildings | 機器及設備 Machinery and equipment | 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2009年12月31日止年度 | Year ended 31 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(附註40) | Additions (Note 40) | 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 |
| 帳面淨值 | 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)

本公司

10 PROPERTY, PLANT AND EQUIPMENT

(continued)

The Company

| | | 二零一零年 2010 | | | |
|------------------|-----------------------------|-------------------------------------|--|---|---------------------------------|
| | | 樓宇 Buildings 人民幣千元 RMB'000 | 機器及設備 Machinery and equipment 人民幣千元 RMB'000 | 汽車 Motor vehicles 人民幣千元 RMB'000 | 總計 Total 人民幣千元 RMB'000 |
| 截至2010年12月31日止年度 | Year ended 31 December 2010 | | | | |
| 成本 | Cost | | | | |
| 年初 | At beginning of year | 21,925 | 1,634 | 4,107 | 27,666 |
| 添置 | Additions | – | 12 | – | 12 |
| 出售 | Disposal | (2,925) | – | – | (2,925) |
| 年末 | At end of year | 19,000 | 1,646 | 4,107 | 24,753 |
| 累計折舊 | Accumulated depreciation | | | | |
| 年初 | At beginning of year | 13,161 | 244 | 3,798 | 17,203 |
| 本年度計提 | Charge for the year | 855 | 42 | 270 | 1,167 |
| 出售 | Disposal | (2,925) | – | – | (2,925) |
| 年末 | At end of year | 11,091 | 286 | 4,068 | 15,445 |
| 帳面淨值 | Net book amount | | | | |
| 年末 | At end of year | 7,909 | 1,360 | 39 | 9,308 |
| 年初 | At beginning of year | 8,764 | 1,390 | 309 | 10,463 |

10 物業、廠房及設備(續)

本公司

10 PROPERTY, PLANT AND EQUIPMENT

(continued)

The Company

| | | 二零零九年 2009 | | | |
|-------------------------|----------------------|-------------------------------------|--|---|---------------------------------|
| | | 樓宇 Buildings 人民幣千元 RMB'000 | 機器及設備 Machinery and equipment 人民幣千元 RMB'000 | 汽車 Motor vehicles 人民幣千元 RMB'000 | 總計 Total 人民幣千元 RMB'000 |
| 截至2009年12月31日止年度 | | Year ended 31 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 |
| 帳面淨值 | | 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 |

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。

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

10 物業、廠房及設備(續)

本集團

折舊費在以下分類中資本化或記入費用賬：

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|------|--------------------------|-----------------------------------|-----------------------------------|
| 銷貨成本 | Cost of goods sold | 427,696 | 383,074 |
| 行政費用 | Administrative expenses | 71,244 | 68,374 |
| 銷售費用 | Distribution costs | 19,315 | 13,394 |
| 在建工程 | Construction in progress | 547 | 276 |
| | | 518,802 | 465,118 |

本集團之所有樓宇均位於中國境內。

於二零一零年十二月三十一日，若干銀行借貸由天馬微電子股份有限公司(「天馬」)賬面淨值約人民幣141,847,000元(二零零九年：人民幣146,682,000元)的樓宇，上海天馬賬面淨值約人民幣678,245,000元(二零零九年：人民幣680,902,000元)的樓宇、設備及機器，以及廣東國際賬面淨值約人民幣578,196,000元(二零零九年：人民幣223,850,000元)的樓宇作抵押。有關已抵押借貸之詳情載於附註25。

截至2010年12月31日，帳面淨值為人民幣980,339,000元(2009年：人民幣535,357,000元)的樓宇的產權證仍在辦理當中。

10 PROPERTY, PLANT AND EQUIPMENT

(continued)

The Group

Depreciation charge was capitalised or expensed in the following categories:

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|--|--|-----------------------------------|-----------------------------------|
| | | 427,696 | 383,074 |
| | | 71,244 | 68,374 |
| | | 19,315 | 13,394 |
| | | 547 | 276 |
| | | 518,802 | 465,118 |

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

As at 31 December 2010, certain bank borrowings were secured by the buildings of Tianma Microelectronics Co., Ltd. ("Tianma") at the net book value of approximately RMB141,847,000 (2009: RMB146,682,000), the buildings, equipment and machinery of Shanghai Tianma at the net book value of approximately RMB678,245,000 (2009: RMB680,902,000), and the buildings of GIB Company at the net book value of approximately RMB578,196,000 (2009: RMB223,850,000). Details of the secured borrowings are in Note 25.

As at 31 December 2010, title certificates of buildings with net book value of RMB980,339,000 (2009: RMB535,357,000) were still in the progress of being obtained.

11 投資性房地產

11 INVESTMENT PROPERTIES

| | | 本集團 Group | |
|-----------------------|--|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 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 | 1,022,221 | 992,838 |
| 物業、廠房及設備轉入 | Transfer from property, plant and equipment | 27,584 | 2,243 |
| 添置 | Additions | 4,918 | 8,265 |
| 公允價值變動淨收益 | Net gain from fair value adjustment | 74,406 | 65,617 |
| 轉撥至物業、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 31 December | 1,129,129 | 1,022,221 |

(a) 投資性房地產之確認損益量列示如下：

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

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|-------------------------|--|-----------------------------------|-----------------------------------|
| 租賃收入 | Rental income | 126,042 | 115,929 |
| 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 | (41,222) | (19,449) |
| 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 | (36,879) | (28,439) |
| | | 47,941 | 68,041 |

(b) 估價基礎

二零一零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。

(b) Valuation basis

The 2010 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 property market for similar properties in the same location and condition and subject to similar leases.

11 投資性房地產(續)

(c) 非流動抵押資產

於二零一零年十二月三十一日，若干銀行借貸由本集團附屬公司廣東國際公允價值約人民幣626,759,000元(二零零九年：人民幣576,749,000元)的投資性房地產作抵押。有關已抵押借貸之詳情載於附註25。

(d) 租賃協定

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。

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：

| | |
|----------|---|
| 一年以內 | Not later than one year |
| 一年以上五年以內 | Later than one year and not later than five years |

| | |
|----------|--|
| 應收租賃款之現值 | Present value of the lease receivables |
| 融資收入 | Financial income |

本集團的投資性房地產均位於中國境內。

11 INVESTMENT PROPERTIES (continued)

(c) Non-current assets pledged as security

As at 31 December 2010, certain bank borrowings were secured by the investment properties of the GIB Company at the fair value of approximately RMB626,759,000 (2009: RMB576,749,000) for the GIB Company, a subsidiary of the Group. Details of the secured borrowings are in Note 25.

(d) Leasing arrangements

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

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

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|----------|---|-----------------------------------|-----------------------------------|
| 一年以內 | Not later than one year | 67,659 | 56,801 |
| 一年以上五年以內 | Later than one year and not later than five years | 58,175 | 79,867 |
| | | 125,834 | 136,668 |
| 應收租賃款之現值 | Present value of the lease receivables | 111,833 | 117,447 |
| 融資收入 | Financial income | 14,001 | 19,221 |
| | | 125,834 | 136,668 |

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

11 投資性房地產(續)

- (e) 2010年，帳面淨值為人民幣10,181,000元的自住房被轉為投資性房地產。截至轉讓之日，房產的公允價值為人民幣27,583,000元。在轉讓之日的公允價值與帳面淨值之差額(人民幣17,403,000元)在其他綜合收益中入帳。

11 INVESTMENT PROPERTIES (continued)

- (e) In 2010, owner-occupied property with net book value of RMB10,181,000 was transferred to investment properties. As at the date of transfer, the fair value of the property amounted to RMB27,583,000. The difference between the fair value and net book value at the transfer date of RMB17,403,000 was recorded in other comprehensive income.

12 在建工程

12 CONSTRUCTION-IN-PROGRESS

| | | 本集團 Group | |
|-------------------|---|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 年初 | At beginning of year | 1,005,292 | 160,038 |
| 物業、廠房及設備轉入(附註10) | Transfer from property, plant and equipment (Note 10) | 229,904 | — |
| 收購附屬公司(附註41) | Acquisition from subsidiary (Note 41) | 68,382 | — |
| 添置(附註(a)) | Additions (Note (a)) | 1,640,996 | 979,209 |
| 轉撥至物業、廠房及設備(附註10) | Transfer to property, plant and equipment (Note 10) | (2,017,358) | (131,227) |
| 出售附屬公司(附註39) | Disposal of subsidiaries (Note 39) | (32,414) | — |
| 出售 | Disposals | (1,256) | (2,728) |
| 年末 | At end of year | 893,546 | 1,005,292 |

- (a) 添置主要包括建造廠房、裝修改造及翻新工程發生的成本。

- (a) Included in the additions are mainly costs incurred for the construction of production plants, modernisation and renovation projects.

- (b) 於二零一零年，計入在建工程的資本化銀行貸款利息為人民幣62,724,000元(二零零九年：人民幣8,364,000元)，資本化利率為4.13%(二零零九年：5.11%)。

- (b) Bank loan interest capitalised in the construction in progress in 2010 amounted to RMB62,724,000 (2009: RMB8,364,000) and the capitalised interest rate was 4.13% (2009: 5.11%).

13 於附屬公司之投資

13 INVESTMENTS IN SUBSIDIARIES

| | | 本公司 Company | |
|---------|------------------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 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 | 432,838 | 352,838 |
| －非上市股份 | － unlisted equity interests | 1,212,223 | 1,212,223 |
| －減值 | － impairment | (11,050) | (11,050) |
| | | 1,634,011 | 1,554,011 |

於二零一零年十二月三十一日，上市公司股份之市值約為人民幣5,978,508,000元（二零零九年：人民幣3,198,346,000元）。

As at 31 December 2010, the market value of shares in listed companies approximated RMB5,978,508,000 (2009: RMB3,198,346,000).

於二零一零年十二月三十一日，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）：

As at 31 December 2010, 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):

| | 註冊／成立日期 | | | | | | | |
|--|-------------------------------|------------------------------|----------|--------------------|----------|-----------------------------------|---|-------------------------------------|
| 附屬公司名稱 | Date of incorporation/ | 所佔股權權益 | | | | 註冊資本 | 企業類別 | 主要業務 |
| Name of subsidiary | establishment | Attributable equity interest | | Registered capital | | Type of legal entity | Principal activities | |
| | | 二零一零年 | | 二零零九年 | | | | |
| | | 2010 | | 2009 | | | | |
| | | 直接 | 間接 | 直接 | 間接 | | | |
| | | Direct | Indirect | Direct | Indirect | | | |
| 天馬微電子股份有限公司 （「天馬」）附註(a) | 1983年11月8日 8 November 1983 | 45.62% | – | 45.62% | – | 人民幣574,237,500元 RMB574,237,500 | 股份有限公司 （深圳證交所上市公司） | 製造及銷售液晶顯示器 Manufacture and sales |
| Tianma Microelectronics Co., Ltd. ("Tianma") Note(a) | | | | | | | Joint stock company (listed on the Shenzhen Stock Exchange) | of liquid crystal displays |
| 深圳市深南電路有限公司 （「深南電路」） | 1984年7月3日 3 July 1984 | 88.35% | – | 95% | – | 人民幣139,800,000元 RMB139,800,000 | 有限責任公司 Limited liability company | 製造及銷售印製電路板 Manufacture and sales |
| Shenzhen Shennan Circuit Co., Ltd. ("Shennan Circuit") | | | | | | | | of printed circuit boards |

13 於附屬公司之投資 (續)

13 INVESTMENTS IN SUBSIDIARIES (continued)

| | 註冊／成立日期 | | | | | | | |
|---|---------------------------------|------------------------------|----------|--------|----------|-----------------------------------|--|---|
| 附屬公司名稱 | Date of incorporation/ | 所佔股權權益 | | | | 註冊資本 | 企業類別 | 主要業務 |
| Name of subsidiary | establishment | Attributable equity interest | | | | Registered capital | Type of legal entity | Principal activities |
| | | 二零一零年 | | 二零零九年 | | | | |
| | | 2010 | | 2009 | | | | |
| | | 直接 | 間接 | 直接 | 間接 | | | |
| | | Direct | Indirect | Direct | Indirect | | | |
| 深圳市飛亞達(集團)股份有限公司(「飛亞達」) <i>附註(a)</i> | 1990年3月30日 30 March 1990 | 41.49% | — | 44.69% | — | 人民幣280,548,479元 RMB280,548,479 | 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 |
| Shenzhen Fiyta Holdings Limited ("Fiyta") <i>Note(a)</i> | | | | | | | | |
| 深圳邁威有線電視器材有限公司(「邁威」) Shenzhen Maiwei Cable TV Equipments Co., Ltd. ("Maiwei") | 1991年8月3日 3 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元件 Manufacture and sales of electronic components of cable television appliances |
| 深圳中航資源有限公司(「中航資源」) Shenzhen CATIC Resources Co., Ltd ("CATIC Resources") | 2007年9月17日 17 September 2007 | 100% | — | 100% | — | 人民幣500,000,000元 RMB500,000,000 | 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") | 2009年1月31日 31 January 2009 | 75% | — | 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 |
| 上海天馬微電子股份有限公司(「上海天馬」) Shanghai Tianma Microelectronics Co., Ltd. ("Shanghai Tianma") | 2007年4月7日 7 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 於附屬公司之投資(續)

13 INVESTMENTS IN SUBSIDIARIES (continued)

| | 註冊／成立日期 | | | | | | | |
|--|---------------------------------|------------------------------|----------|--------|----------|---------------------------------------|-----------------------------------|--|
| 附屬公司名稱 | Date of | 所佔股權權益 | | | | 註冊資本 | 企業類別 | 主要業務 |
| Name of subsidiary | incorporation/ establishment | Attributable equity interest | | | | Registered capital | Type of legal entity | Principal activities |
| | | 二零一零年 | | 二零零九年 | | | | |
| | | 2010 | | 2009 | | | | |
| | | 直接 | 間接 | 直接 | 間接 | | | |
| | | Direct | Indirect | Direct | Indirect | | | |
| 青海中航資源有限公司 （「青海中航資源」） Qinghai CATIC Resources Co., Ltd. ("Qinghai CATIC Resource" | 2007年5月16日 16 May 2007 | - | 100% | - | 100% | 人民幣550,000,000元 RMB550,000,000 | 獨資企業 Wholly owned company | 鉀資源業務 Potassium Resource business |
| 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) | 2008年9月11日 11 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 |
| 雲南紅富化肥有限公司 （「雲南紅富」） Yunnan Hongfu Fertilizer Company Limited ("Yunnan Hongfu") | 2010年9月15日 15 September 2010 | - | 51% | - | - | 人民幣108,793,654元 RMB108,793,654 | 合資企業 Contractual joint venture | 磷資源業務 Phosphorus Resource business |

附錄：

- (a) 本集團於該等附屬公司之股權低於50%。然而，本集團可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擁有該等附屬公司之實際控制權，並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 are below 50%. However, the Group controls the key operational and financial decisions of these subsidiaries. As such, the directors of the Company consider that the Group have de facto control over these subsidiaries and 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 | |
|--------------------------------|---|------------------|------------------|------------------|------------------|
| | | 二零一零年 2010 | 二零零九年 2009 | 二零一零年 2010 | 二零零九年 2009 |
| | | 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 | 568,917 | 565,313 | 298,198 | 298,198 |
| 注資 (a) | Capital injection (a) | 134,000 | — | — | — |
| 可供銷售的金融資產轉入 (附註16)(a) | Transfer from available for sale financial assets (Note 16)(a) | 32,000 | — | — | — |
| 已收股息 | Dividends received | — | (2,484) | — | — |
| 出售於聯營公司資產時 撥回重估盈餘(附註24) | Reversal of revaluation surplus on disposal of assets of the associate (Note 24) | — | (2,956) | — | — |
| 分佔聯營公司可供出售財務 資產公允價值虧損(附註24) | Share of fair value loss from available-for-sale financial assets of the associate (Note 24) | (1,796) | (2,347) | — | — |
| 應佔聯營公司溢利 | Share of profits of associates | 61,228 | 11,391 | — | — |
| 年末 | At end of year | 794,349 | 568,917 | 298,198 | 298,198 |

(a) 年內，本集團附屬公司天馬已注資人民幣134,000,000元，作為其聯營公司武漢天馬微電子股份有限公司之繳足股本。

(a) Tianma, a subsidiary of the Group, had contributed RMB134,000,000, as paid up capital of its associate, Wuhan Tianma Microelectronics Company Limited during the year.

14 於聯營公司之投資(續)

於二零一零年十二月三十一日，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 31 December 2010, 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 | 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 |
|---|---|---|---------------|---------------------------------|-----------------------------------|---|
| | | 二零一零年 2010 | 二零零九年 2009 | | | |
| | | | | | | |
| 深圳中施機械設備有限公司 CASTIC-SMP Machinery Corporation Limited | 1986年11月15日 15 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. | 1989年1月17日 17 January 1989 | 30% | 30% | 人民幣3,404,000元 RMB3,404,000 | 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 |
| 深圳中航數碼顯示科技有限公司(「中航數碼」) Shenzhen CAERO Digital Display Inc. ("CAERO") | 2005年2月26日 26 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 |

14 於聯營公司之投資(續)

14 INVESTMENTS IN ASSOCIATES (continued)

| 聯營公司名稱 Name of associate | 註冊／成立日期 Date of incorporation/ establishment | 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 |
|--|---|---|---------------|-----------------------------------|---|---|
| | | 二零一零年 2010 | 二零零九年 2009 | | | |
| | | | | | | |
| 武漢天馬微電子股份有限公司(「武漢天馬」)(a) Wuhan Tianma Microelectronics Co. Ltd. (“Wuhan Tianma”) (a) | 2008年11月17日 17 November 2008 | 10% | 10% | 人民幣400,000,000元 RMB400,000,000 | 合資企業 Contractual joint venture | 液晶顯示器的製造、 研究及銷售 Manufacture, research and sales of liquid crystal displays, |
| 深圳中航地產股份有限公司 Shenzhen CATIC Real Estate Co., Ltd | 1985年5月29日 29 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、 零售及酒店營運，中國 Property developing and construction, investment, retailing and hotel operation, PRC |
| 黃石瑞視光電技術股份有限公司 Huangshi Raece Technology Co., Ltd | 2010年6月29日 29 June 2010 | 20% | 20% | 人民幣30,000,000元 RMB30,000,000 | 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 |

(a) 由於本集團之附屬公司天馬可委任武漢天馬董事會五名董事其中一名董事，故本集團對武漢天馬擁有重大影響。

(a) The Group has significant influence in Wuhan Tianma as Tianma, a subsidiary of the Group, could appoint 1 out of a total number of 5 directors in the board of directors of Wuhan Tianma.

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：

| 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 | 2010年 2010 | | | | 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 Revenue 人民幣千元 RMB'000 | 溢利/ (虧損) Profit/ (Loss) 人民幣千元 RMB'000 | |
| 深圳中施機械設備有限公司 CASTIC-SMP Machinery Corporation Limited | 中國，有限責任公司 The PRC, Limited Liability company | 人民幣7,861,000元 RMB7,861,000 | 人民幣7,861,000元 RMB7,861,000 | 42,660 | 18,108 | 46,835 | 2,174 | 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 | 9,709 | 3,062 | 14,219 | 692 | 30% |
| 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 | 3,370 | 478 | 498 | - | 39.51% |
| 武漢天馬微電子股份有限公司 Wuhan Tianma Microelectronics Co. Ltd. | 中國，有限責任公司 The PRC, Limited Liability company | 人民幣160,000,000元 RMB160,000,000 | 人民幣160,000,000元 RMB160,000,000 | 356,703 | 198,678 | - | (1,568) | 10% |
| 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 上市公司) The PRC, 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 | 1,775,732 | 1,247,556 | 875,974 | 60,184 | 22.35% |
| 黃石瑞視光電技術股份有限公司 Huangshi Raee Technology Co., Ltd | 中國，合資企業 The PRC, Joint Venture | 人民幣30,000,000元 RMB30,000,000 | 人民幣30,000,000元 RMB30,000,000 | 6,414 | 668 | 59 | (254) | 20% |
| | | | | 2,194,588 | 1,468,550 | 937,585 | (61,228) | |

於二零一零年十二月三十一日，持有深圳中航地產股份有限公司股份之市值約人民幣743,920,000元(二零零九年：人民幣613,248,000元)。

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:

As at 31 December 2010, the market value of shares of Shenzhen CATIC Real Estate Co., Ltd. approximated to RMB743,920,000 (2009: RMB613,248,000).

財務報表附註

Notes to the Financial Statements

15 按類別分類的金融工具

本集團：

於二零一零年十二月三十一日

資產，如綜合資產負債表所載

15 FINANCIAL INSTRUMENTS BY CATEGORY

The Group:

At 31 December 2010

Assets as per consolidated balance sheet

| | | 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 |
|-----------------------|--|---|---|---------------------------------|
| 可供出售金融資產 (附註16) | Available-for-sale financial assets (Note 16) | – | 27,579 | 27,579 |
| 貿易應收款(附註20) | Trade receivables (Note 20) | 1,470,678 | – | 1,470,678 |
| 應收票據(附註20) | Notes receivables (Note 20) | 185,820 | – | 185,820 |
| 現金及現金等價物 (附註21及22) | Cash and cash equivalents (Note 21 and 22) | 1,886,970 | – | 1,886,970 |
| 總計 | Total | 3,543,468 | 27,579 | 3,571,047 |

負債，如綜合資產負債表所載

Liabilities as per consolidated balance sheet

| | | | 其他金融 負債之 攤銷成本 Other financial liabilities at amortised cost 人民幣千元 RMB'000 |
|-----------------------------------|--|--|--|
| 銀行借款(附註25) | Bank borrowings (Note 25) | | 8,021,658 |
| 貿易及其他應付款(不包括應付的 薪水及員工福利)(附註28) | Trade and other payables (excluding salary and staff welfare payable) (Note 28) | | 3,149,236 |
| 其他非流動負債(附註27) | Other non-current liabilities (Note 27) | | 114,327 |
| 總計 | Total | | 11,285,221 |

15 按類別分類的金融工具(續)

本集團：(續)

二零零九年十二月三十一日

資產，如綜合資產負債表所載

15 FINANCIAL INSTRUMENTS BY CATEGORY

(continued)

The Group: (continued)

31 December 2009

Assets as per consolidated balance sheet

| | | 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 |
|-----------------------|--|---|---|---------------------------------|
| 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 |
| 現金及現金等價物 (附註21及22) | Cash and cash equivalents (Note 21 and 22) | 1,632,642 | — | 1,632,642 |
| 總計 | Total | 2,810,979 | 35,998 | 2,846,977 |

負債，如綜合資產負債表所載

Liabilities as per consolidated balance sheet

| | | 其他金融 負債之 攤銷成本 Other financial liabilities at amortised cost 人民幣千元 RMB'000 |
|-----------------------------------|--|--|
| 銀行借款(附註25) | Bank borrowings (Note 25) | 7,102,801 |
| 貿易及其他應付款(不包括應付的 薪水及員工福利)(附註28) | Trade and other payables (excluding salary and staff welfare payable) (Note 28) | 1,828,711 |
| 其他非流動負債(附註27) | Other non-current liabilities (Note 27) | 135,164 |
| 總計 | Total | 9,066,676 |

15 按類別分類的金融工具(續)

本公司：

二零一零年十二月三十一日

資產，如資產負債表所載

15 FINANCIAL INSTRUMENTS BY CATEGORY

(continued)

The Company:

At 31 December 2010

Assets as per balance sheet

| | | 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 |
|--------------------|--|---|---|---------------------------------|
| 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(附註20) | Other receivables (Note 20) | 156,127 | — | 156,127 |
| 現金及現金等價物 (附註22) | Cash and cash equivalents (Note 22) | 20,203 | — | 20,203 |
| 總計 | Total | 176,330 | 1,400 | 177,730 |

負債，如資產負債表所載

Liabilities as per balance sheet

| | | 其他金融 負債之 攤銷成本 Other financial liabilities at amortised cost 人民幣千元 RMB'000 |
|-----------------------------------|--|--|
| 銀行借款(附註25) | Bank borrowings (Note 25) | 1,300,000 |
| 貿易及其他應付款(不包括應付的 薪水及員工福利)(附註28) | Trade and other payables (excluding salary and staff warfare payable) (Note 28) | 233,119 |
| 總計 | Total | 1,533,119 |

15 按類別分類的金融工具(續)

本公司：(續)

二零零九年十二月三十一日

資產，如資產負債表所載

15 FINANCIAL INSTRUMENTS BY CATEGORY

(continued)

The Company: (continued)

At 31 December 2009

Assets as per balance sheet

| | | 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 |
|--------------------|--|---|---|---------------------------------|
| 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(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 |

負債，如資產負債表所載

Liabilities as per balance sheet

| | | 其他金融 負債之 攤銷成本 Other financial liabilities at amortised cost 人民幣千元 RMB'000 |
|-----------------------------------|--|--|
| 銀行借款(附註25) | Bank borrowings (Note 25) | 994,000 |
| 貿易及其他應付款(不包括應付的 薪水及員工福利)(附註28) | Trade and other payables (excluding salary and staff welfare payable) (Note 28) | 423,124 |
| 總計 | Total | 1,417,124 |

16 可供出售金融資產

16 AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | | 本集團 Group | | 本公司 Company | |
|-------------|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 於非上市公司股份之投資 | Investments in shares of unlisted companies | 30,659 | 39,078 | 1,400 | 1,400 |
| 減：減值虧損準備 | Less: provision for impairment losses | (3,080) | (3,080) | — | — |
| | | 27,579 | 35,998 | 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.

年內可供出售金融資產之變動如下：

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

| | | 本集團 Group | | 本公司 Company | |
|----------------|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 年初 | At beginning of year | 35,998 | 11,091 | 1,400 | 1,400 |
| 添置 | Additions | 23,581 | 29,447 | — | — |
| 轉讓(附註14) | Transfer (Note 14) | (32,000) | — | — | — |
| 淨收益撥入權益(未扣除稅款) | Net gains transferred to equity, gross of tax | — | 6,620 | — | — |
| 出售可供出售金融資產之成本 | Disposal of an available-for-sale financial asset-cost | — | (3,000) | — | — |
| 出售可供出售金融資產之收益 | Gain on disposal of available-for-sale financial assets | — | (8,160) | — | — |
| 年末 | At end of year | 27,579 | 35,998 | 1,400 | 1,400 |

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。對遞延稅資產及負債進行如下分析：

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 analysis of deferred tax assets and liabilities is as follows:

| | | 本集團 Group | | 本公司 Company | |
|---------------|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 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 | 45,791 | 109,727 | — | — |
| — 十二個月內撥回 | – to be recovered within 12 months | 59,960 | 67,824 | — | — |
| | | 105,751 | 177,551 | — | — |
| 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 | (346,143) | (335,839) | — | — |
| 遞延稅項負債—淨額 | Deferred tax liabilities – net | (240,392) | (158,288) | — | — |

17 遞延所得稅(續)

遞延所得稅款項之淨變動如下：

17 DEFERRED INCOME TAX (continued)

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

| | | 本集團 Group | | 本公司 Company | |
|-----------------------------------|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 年初 | Beginning of the year | (158,288) | (195,867) | — | — |
| 於收益表中(扣除)/計入 (附註35) | (Charged) / credited to the income statement (Note 35) | (63,254) | 30,062 | — | — |
| 稅率變動之影響(附註35) | Effect of changes in tax rates (Note 35) | 4,733 | 7,208 | — | — |
| 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 | — | — |
| 直接於綜合收益中計入 之稅項 | Tax credited directly to comprehensive income | — | (1,323) | — | — |
| 出售附屬公司(附註39) | Disposal of subsidiaries (Note 39) | (929) | — | — | — |
| 收購附屬公司(附註41) | Acquisition of subsidiaries (Note 41) | (22,654) | — | — | — |
| 年末 | End of year | (240,392) | (158,288) | — | — |

所得稅開支/(收入)於附註35詳述。

The income tax charge/(credit) are detailed in Note 35.

17 遞延所得稅(續)

遞延稅項資產：

17 DEFERRED INCOME TAX (continued)

Deferred tax assets:

| | | 本集團 Group | | | | | 本公司 Company | |
|---------------|---|--|--|--|--|----------------------------------|---------------------------------|---------------------------------|
| | | 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 | 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 | 總計 Total 人民幣千元 RMB'000 |
| 於二零零九年一月一日 | At 1 January 2009 | 31,119 | 14,185 | 43,180 | 16,257 | 15,643 | 120,384 | - |
| 於收益表中(扣除)/計入 | (Charged)/credited 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 31 December 2009 | 29,351 | 11,022 | 40,174 | 51,040 | 45,964 | 177,551 | - |
| 於收益表中(扣除)/計入 | (Charged)/credited to the income statement | (4,485) | 680 | (40,174) | (27,648) | 756 | (70,871) | - |
| 出售附屬公司(附註39) | Disposal of subsidiaries (Note 39) | - | - | - | - | (929) | (929) | - |
| 於二零一零年十二月三十一日 | At 31 December 2010 | 24,866 | 11,702 | - | 23,392 | 45,791 | 105,751 | - |

17 遞延所得稅(續)

遞延稅項負債:

17 DEFERRED INCOME TAX (continued)

Deferred tax liabilities:

| | | 本集團 Group | | | |
|----------------|--|--|---|--|------------------|
| | | 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 | 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 |
| | | 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 |
| 於二零零九年一月一日 | At 1 January 2009 | (117) | (309) | (259,737) | (316,251) |
| 於損益賬(扣除)/計入 | (Charged)/credited to income statement | 85 | - | 397 | (19,897) |
| 撥回可供出售投資公允價值 | Reversal of deferred tax liabilities | | | | |
| 收益確認之遞延稅項 | recognised on fair value gains from | | | | |
| 負債 | 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 31 December 2009 | (32) | - | (259,340) | (335,839) |
| 於損益賬(扣除)/計入 | (Charged)/credited to income statement | (99) | - | 33,776 | 12,350 |
| 收購附屬公司(附註(41)) | Acquisition of subsidiary (Note (41)) | - | - | (22,654) | (22,654) |
| 於二零一零年十二月三十一日 | At 31 December 2010 | (131) | - | (248,218) | (346,143) |

未列賬之潛在遞延稅項資產如下：

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

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|--------|----------------------------|-----------------------------------|-----------------------------------|
| 結轉稅項虧損 | Tax losses carried forward | 213,891 | 166,392 |

17 遞延所得稅(續)

遞延稅項負債：(續)

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)

Deferred tax liabilities: (continued)

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:

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|---------|-----------------------|-----------------------------------|-----------------------------------|
| 一年內到期 | Expire within 1 year | 1,705 | 3,246 |
| 一至二年內到期 | Expire in 1 – 2 years | 18,170 | 1,705 |
| 二至三年內到期 | Expire in 2 – 3 years | 84,436 | 18,170 |
| 三至四年內到期 | Expire in 3 – 4 years | 55,435 | 87,836 |
| 四至五年內到期 | Expire in 4 – 5 years | 54,145 | 55,435 |
| | | 213,891 | 166,392 |

18 其他非流動資產

18 OTHER NON-CURRENT ASSETS

| | | 本集團 Group | | 本公司 Company | |
|-------|---------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 設備預付款 | Prepayments for equipment | – | 148,103 | – | – |
| 電腦軟體 | Computer software | 55,519 | 22,682 | – | – |
| 其他 | Others | 26,939 | 26,223 | – | – |
| | | 82,458 | 197,008 | – | – |

19 存貨

19 INVENTORIES

| | | 本集團 Group | |
|----------|---|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 存貨－成本 | Inventories – cost | | |
| 原材料 | Raw materials | 431,797 | 233,779 |
| 在製品 | Work-in-progress | 264,254 | 97,883 |
| 製成品 | Finished goods | 1,366,075 | 937,810 |
| | | 2,062,126 | 1,269,472 |
| 減：存貨撇減撥備 | Less: provision for write-down of inventories | | |
| 原材料 | Raw materials | (42,308) | (43,926) |
| 在製品 | Work-in-progress | (4,901) | (5,898) |
| 製成品 | Finished goods | (38,250) | (46,505) |
| | | (85,459) | (96,329) |
| 存貨－淨值 | Inventories – net | 1,976,667 | 1,173,143 |

確認為開支並列入銷售成本的存貨成本為人民幣4,361,266,000元（二零零九年：人民幣3,232,131,000元）（附註31）。

The cost of inventories recognized as expense and included in cost of sales amounted to RMB4,361,266,000 (2009: RMB3,232,131,000) (Note 31).

20 貿易及其他應收款

20 TRADE AND OTHER RECEIVABLES

| | | 本集團 Group | | 本公司 Company | |
|-----------|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 貿易應收款 | Trade receivables | 1,638,015 | 1,014,270 | — | — |
| 減：應收款減值撥備 | Less: provision for impairment of receivables | (167,337) | (160,447) | — | — |
| 貿易應收款—淨額 | Trade receivables – net | 1,470,678 | 853,823 | — | — |
| 應收票據 | Notes receivables | 185,820 | 324,514 | — | — |
| 預付款 | Prepayments | 290,981 | 46,157 | — | — |
| 尚未抵扣之增值稅款 | Excess of input over output value added tax | 273,238 | 156,937 | — | — |
| 其他 | Others | 193,796 | 170,670 | 156,127 | 163,089 |
| | | 2,414,513 | 1,552,101 | 156,127 | 163,089 |

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 | |
|----------|---------------------------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 即期 | Current | 659,756 | 338,266 |
| 30-60天 | 30-60 days | 357,255 | 145,102 |
| 60-90天 | 60-90 days | 148,332 | 58,456 |
| 90天以上 | over 90 days | 472,672 | 472,446 |
| 減：減值虧損撥備 | Less: provision for impairment losses | 1,638,015 (167,337) | 1,014,270 (160,447) |
| | | 1,470,678 | 853,823 |

20 貿易及其他應收款(續)

本集團貿易應收款之帳面值以下列貨幣計值：

| | | 本集團 Group | |
|------|------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 人民幣 | RMB | 1,062,143 | 790,922 |
| 美元 | USD | 512,437 | 199,990 |
| 港元 | HKD | 14,228 | 17,517 |
| 歐元 | EUR | 38,553 | 4,337 |
| 日元 | JPY | 7,588 | — |
| 其他貨幣 | Other currencies | 3,066 | 1,504 |
| | | 1,638,015 | 1,014,270 |

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:

| | | 本集團 Group | |
|-----------------------|---|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 於一月一日 | At 1 January | 160,447 | 94,914 |
| 應收款減值撥備 | Provision for receivable impairment | 14,519 | 69,140 |
| 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 | (1,090) | — |
| 年內撥回之應收款 | Receivables reversed during the year | (6,539) | (3,607) |
| 於十二月三十一日 | At 31 December | 167,337 | 160,447 |

20 貿易及其他應收款(續)

於二零一零年十二月三十一日，人民幣188,950,000元（二零零九年：人民幣60,275,000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 |

於二零一零年十二月三十一日，人民幣283,722,000元（二零零九年：人民幣412,171,000元）貿易應收款已減值並已計提撥備。於二零一零年十二月三十一日，撥備金額為人民幣167,337,000元（二零零九年：人民幣160,447,000元）。

減值應收款撥備的增加及撥回已計入行政費用。計入撥備帳目的金額一般於預期不可收回額外現金時撇銷。

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

20 TRADE AND OTHER RECEIVABLES

(continued)

As at 31 December 2010, trade receivables of RMB188,950,000 (2009: RMB60,275,000) 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 follows:

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|----------|-----------------|-----------------------------------|-----------------------------------|
| 180日以下 | Up to 180 days | 132,066 | 21,780 |
| 181至360日 | 181 to 360 days | 42,221 | 32,669 |
| 360日以上 | Over 360 days | 14,663 | 5,826 |
| | | 188,950 | 60,275 |

As at 31 December 2010, trade receivables of RMB283,722,000 (2009: RMB412,171,000) were impaired and provided for. The amount of the provision was RMB167,337,000 as at 31 December 2010 (2009: RMB160,447,000).

The additions and reversal 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.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

20 貿易及其他應收款(續)

應收票據賬齡分析如下：

| | | 本集團 Group | |
|--------|-------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 30天以下 | Less than 30 days | 51,114 | 81,727 |
| 30-60天 | 30-60 days | 38,423 | 94,263 |
| 60-90天 | 60-90 days | 39,988 | 77,373 |
| 90天以上 | over 90 days | 56,295 | 71,151 |
| | | 185,820 | 324,514 |

流動貿易及其他應收款之帳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

若干銀行結餘已就如下原因被抵押，且該等存款將於償付銀行貸款及使用信用證金額後解除抵押。

21 PLEDGED BANK DEPOSITS

Certain bank balances had been pledged for the following reasons and these deposits will be released upon the settlement of the repayment of the bank loan and the use of credit amount.

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|------------|--|-----------------------------------|-----------------------------------|
| 銀行借款抵押 | Collateral for bank borrowings | 23,736 | 549,159 |
| 信用證簽發之擔保存款 | Guarantee deposits for issuance of credit letter | 134,509 | 26,672 |
| 其他 | Others | 480 | — |
| | | 158,725 | 575,831 |

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：

| | | 本集團 Group | | 本公司 Company | |
|---------|--------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 銀行存款及現金 | Cash at bank and on hand | 1,728,245 | 1,056,811 | 20,203 | 44,615 |

22 CASH AND CASH EQUIVALENTS

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

23 股本及股份溢價

| | | 股份數目 Number of share | | | 股本 Capital | | |
|-------------------------|---------------------------------|---|--|--|--|---|-------------------------------------|
| | | 內資股 Domestic Shares (千股) (thousands) 附註(b) Note (b) | H股 H Shares (千股) (thousands) 附註(c) Note (c) | 股份總數 Total Number of shares (千股) (thousands) 附註(a) Note (a) | 普通股 Ordinary shares (人民幣千元) (RMB'000) 附註(a) Note (a) | 股份溢價 Share premium (人民幣千元) (RMB'000) 附註(d) Note (d) | 總計 Total (人民幣千元) (RMB'000) |
| 於二零零九年一月一日 | As at 1 January 2009 | 395,709 | 283,200 | 678,909 | 678,909 | 357,849 | 1,036,758 |
| 註銷股本 | Cancellation of shares | - | (5,542) | (5,542) | (5,542) | (3,336) | (8,878) |
| 於二零零九年及二零一零年 十二月三十一日 | As at 31 December 2009 and 2010 | 395,709 | 277,658 | 673,367 | 673,367 | 354,513 | 1,027,880 |

附註：

- (a) 於二零一零年十二月三十一日，普通股之已發行註冊總數為673,367,000股（二零零九年：673,367,000股），每股面值人民幣1元（二零零九年：每股面值人民幣1元）。所有已發行股份均已繳足。

Notes:

- (a) As at 31 December 2010, the total issued and registered number of ordinary shares is 673,367,000 shares (2009: 673,367,000 shares) with a par value of RMB1 per share (2009: RMB1 per share). All issued shares are fully paid.

23 股本及股份溢價(續)

附註：(續)

- (b) 於一九九七年六月二十日，本公司透過向中國航空技術深圳有限公司發行400,000,000股每股面值人民幣1元之普通內資股(「內資股」)而成立，以交換其旗下若干附屬公司、聯營公司及物業之權益。該等內資股為不流通股股份。

- (c) 於一九九七年九月二十二日，本公司以每股1.73港元之價格透過配售及公開招股，發行每股面值人民幣1元之242,000,000股額外H股。該等H股於一九九七年九月二十九日於香港聯合交易所有限公司上市。

於二零零六年八月，本公司購回於香港聯合交易所有限公司上市的6,000,000股H股。購買該等H股之代價總額(已從股東權益中扣除)為9,702,000港元(相當於人民幣10,093,000元)。

- (d) 於二零零七年十二月二十七日，本公司以每股6.00港元之價格，透過配售發行每股面值人民幣1元之42,909,090股H股。新發行H股代價淨值超出該等股份面值的部份已於股份溢價確認，總金額為人民幣196,744,000元。根據國務院國有資產監督管理委員會(「國資委」)於二零零七年五月十日之批核，國資委已批准，作為上述發行股份的一部份，中國航空技術深圳有限公司將其持有的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) 2009年，本公司購回其H股1,898,000股，共計人民幣2,852,000元。截至2009年12月31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: (continued)

- (b) On 20 June 1997, the Company was established by the issuance of 400,000,000 ordinary domestic shares ("Domestic Shares") of RMB1 each to China National Aero-Technology Shenzhen Company Limited, in exchange for its interests in certain subsidiaries, associates and properties. These Domestic Shares are non-circulated shares.

- (c) On 22 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 29 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 27 December 2007, the Company issued 42,909,090 H shares of par value RMB1 each by way of placement at a price of HKD 6.00 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 10 May 2007, the State Assets Commission has approved, as part of the above share issue, the transfer of the 4,290,909 of Domestic Shares held by 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) In 2009, the Company repurchased 1,898,000 shares of its H share amounting to RMB2,852,000. All these shares had been cancelled as of 31 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 其他儲備

24 OTHER RESERVES

| | | 資本儲備 Capital reserve | 法定盈餘 公積金 Statutory general reserve fund | 可供出售 金融資產 重估儲備 Available- for-sale financial assets revaluation reserve | 自住房轉 投資房 Transfer of owner- occupied property to investment property | 外幣兌換 差額 Currency translation differences | 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 | 人民幣千元 RMB'000 |
| 本集團 | Group | | | | | | |
| 於二零零九年一月一日之結餘 | Balance as at 1 January 2009 | 273,491 | 70,001 | 15,972 | - | - | 359,464 |
| 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 | - | - | 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 31 December 2009 | 268,188 | 70,001 | 15,423 | - | - | 353,612 |
| 於二零一零年一月一日之結餘，如上述 | Balance as at 1 January 2010 as per above | 268,188 | 70,001 | 15,423 | - | - | 353,612 |
| 自住房轉投資房之收益 | Gain on transfer of owner-occupied property to investment property | - | - | - | 5,265 | - | 5,265 |
| 於附屬公司之所有者權益之改變，且不喪失控制力(附註(a)) | Changes in ownership interests in subsidiaries without loss of control (Note(a)) | 85,708 | - | - | - | - | 85,708 |
| 外幣折算差額 | Currency translation difference | - | - | - | - | (3,769) | (3,769) |
| 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) | (1,796) | - | - | - | - | (1,796) |
| 於二零一零年十二月三十一日之結餘 | Balance as at 31 December 2010 | 352,100 | 70,001 | 15,423 | 5,265 | (3,769) | 439,020 |

24 其他儲備(續)

24 OTHER RESERVES (continued)

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

| | | |
|------------------|--|--------|
| 本公司 | Company | |
| 於二零零九年一月一日、二零零九年 | Balance as at 1 January 2009, 31 December 2009 | |
| 及二零一零年十二月三十一日 | and 2010 | 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帳目所載淨溢利的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.

於截至二零一零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(二零零九年：無)，因為本公司於截至二零一零年及二零零九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 31 December 2010 (2009: nil) as the Company incurred losses for the years ended 31 December 2010 and 2009 respectively.

24 其他儲備(續)**法定盈餘公積金(續)****(a) 與非控制權益之交易**

2010年12月30日，飛亞達通過私人配售發行31,230,480股，募集資金達人民幣482,765,000元。本公司以對價人民幣80,000,000元認購4,996,876股。在完成交易後，本公司在飛亞達的權益從44.69%降至41.49%，但未喪失對飛亞達的控制力。本年度，飛亞達所有者權益之變動對本公司所有者應佔權益的影響被歸納如下：

| | | |
|------------------|---|---------------|
| 從非控制權益獲得的對價 | Consideration received from non-controlling interests | 402,765,000 |
| 減：視同出售非控制權益的帳面價值 | Less: Carrying amount of non-controlling interests disposed of from deemed disposal | (309,020,000) |
| 於權益計入之出售收益 | Gain on disposal recorded within equity | 93,745,000 |

2010年6月8日，深南電路的非控股股東以對價人民幣48,314,000元認購了深南電路6.65%的股份；本年度，深南電路所有者權益之變動對本公司所有者應佔權益的影響如下：

| | | |
|------------------|---|--------------|
| 從非控制權益獲得的對價 | Consideration received from non-controlling interests | 48,314,000 |
| 減：視同出售非控制權益的帳面價值 | Less: Carrying amount of non-controlling interests disposed of from deemed disposal | (56,350,000) |
| 於權益扣除之出售虧損 | Loss on disposal charged against within equity | (8,036,000) |

通過與非控制權益的交易，於權益計入之非控制權益交易產生的出售淨收益總額為人民幣85,708,000元。

Total net gain on disposal arising from transactions with non-controlling interests recorded within equity through transaction with non-controlling interests is RMB85,708,000.

24 OTHER RESERVES (continued)**Statutory general reserve fund (continued)****(a) Transaction with non-controlling interests**

On 30 December 2010, Fiyta issued 31,230,480 shares to raise the total funds of RMB482,765,000 by the private placement. The Company subscribed 4,996,876 shares at consideration of RMB80,000,000. After the completion of the transaction, the Company's equity interest in Fiyta decreased from 44.69% to 41.49%, without losing the control over Fiyta. The effect of changes in the ownership interest of Fiyta on the equity attributable to owners of the Company during the year is summarized as follows:

| | |
|---|---------------|
| Consideration received from non-controlling interests | 402,765,000 |
| Less: Carrying amount of non-controlling interests disposed of from deemed disposal | (309,020,000) |
| Gain on disposal recorded within equity | 93,745,000 |

On 8 June 2010, the non-controlling shareholders of Shennan Circuit subscribed 6.65% shares in Shennan Circuit at consideration of RMB48,314,000; the effect of changes in the ownership interests of Shennan Circuit on the equity attributable to owners of the Company during the year is as follows:

| | |
|---|--------------|
| Consideration received from non-controlling interests | 48,314,000 |
| Less: Carrying amount of non-controlling interests disposed of from deemed disposal | (56,350,000) |
| Loss on disposal charged against within equity | (8,036,000) |

25 借貸

借貸包括銀行借貸及其他借貸，分析如下：

25 BORROWINGS

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

| | | 本集團 Group | | 本公司 Company | |
|--------------|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 非流動 | Non-current | | | | |
| 銀行借貸 | Bank borrowings | | | | |
| 抵押(a) | – pledged (a) | 2,592,548 | 2,598,422 | – | – |
| 有擔保(b) | – guaranteed (b) | 3,143,793 | 2,524,105 | 914,000 | 914,000 |
| 無抵押 | – unsecured | 457,440 | – | 186,000 | – |
| 減：非流動借貸之即期部分 | Less: current portion of non-current borrowings | (522,609) | (330,051) | – | – |
| | | 5,671,172 | 4,792,476 | 1,100,000 | 914,000 |
| 流動 | Current | | | | |
| 銀行借貸 | Bank borrowings | | | | |
| 抵押(c) | – pledged (c) | 71,537 | 212,626 | – | – |
| 有擔保(d) | – guaranteed (d) | 1,247,000 | 1,337,000 | 200,000 | 80,000 |
| 無抵押 | – unsecured | 509,340 | 430,648 | – | – |
| 非流動銀行借貸之即期部分 | Current portion of non-current bank borrowings | 522,609 | 330,051 | – | – |
| | | 2,350,486 | 2,310,325 | 200,000 | 80,000 |
| 借貸總額 | Total borrowings | 8,021,658 | 7,102,801 | 1,300,000 | 994,000 |

- (a) 本集團授予廣東國際之非流動銀行借貸及非流動銀行借貸之即期部分人民幣1,020,000,000元（二零零九年：人民幣680,000,000元）由廣東國際之土地使用權（附註7）、樓宇（附註10）、在建工程（附註11）及投資性房地產（附註11）作為抵押。

本集團授予上海天馬之非流動銀行借貸及非流動銀行借貸之即期部分人民幣1,572,548,000元（二零零九年：人民幣1,918,422,000元）由上海天馬之廠房樓宇及設備（附註10）及土地使用權（附註7）作為抵押，且由所有股東按持股比例共同擔保。

- (a) The Group's non-current bank borrowings and current portion of non-current bank borrowings of RMB1,020,000,000 (2009: RMB680,000,000) made to GIB Company are secured by the land use rights (Note 7), buildings (Note 10), construction in progress (Note 11) and investment properties of GIB Company (Note 11).

The Group's non-current bank borrowings and current portion of non-current bank borrowings of RMB1,572,548,000 (2009: RMB1,918,422,000) made to Shanghai Tianma are secured by the plant buildings and equipment (Note 10) and land use rights (Note 7) of Shanghai Tianma and are co-guaranteed by all the shareholders on pro rata basis of shareholding percentage.

25 借貸(續)

- (b) 本集團授予成都天馬之非流動銀行借貸人民幣1,404,793,000元(二零零九年:人民幣895,105,000元)由成都天馬之股東成都工業集團有限公司與成都高科技投資集團有限公司擔保。

本集團之非流動銀行借貸人民幣914,000,000元(二零零九年:人民幣914,000,000元)由本公司直接控股公司中航技深圳公司擔保。

本公司為飛亞達提供長期之人民幣180,000,000(二零零九年:人民幣90,000,000元)元貸款之擔保,為中航資源提供長期之人民幣535,000,000元(二零零九年:人民幣505,000,000元)貸款之擔保,並為廣東國際提供長期之人民幣110,000,000元(二零零九年:人民幣120,000,000元)貸款之擔保。

- (c) 本集團授予天馬之流動銀行借貸人民幣48,000,000元(二零零九年:人民幣43,100,000元)由天馬樓宇及設備及機械作抵押(附註10)。

於二零一零年十二月三十一日,銀行存款人民幣23,736,000元(二零零九年:人民幣549,159,000元)已抵押作為流動銀行借貸人民幣23,537,000元(二零零九年:人民幣169,526,000元)之擔保(附註21)。

- (d) 本公司為飛亞達提供一年期之人民幣600,000,000元(二零零九年:人民幣555,000,000元)貸款之擔保,為中航資源提供一年期之人民幣185,000,000元(二零零九年:人民幣145,000,000元)貸款之擔保,為天馬提供一年期之人民幣162,000,000元貸款之擔保,為上海天馬提供一年期之人民幣41,000,000元(二零零九年:人民幣234,000,000元)貸款之擔保。本年度,本公司並無為廣東國際提供貸款擔保(二零零九年:人民幣200,000,000元),亦無為邁威提供貸款擔保(二零零九年:人民幣5,000,000元)。天馬為上海天馬提供一年期之人民幣59,000,000元(二零零九年:人民幣118,000,000元)貸款之擔保。流動銀行借貸人民幣200,000,000元(二零零九年:人民幣80,000,000元)由本公司直接控股公司中航技術深圳公司擔保。

25 BORROWINGS (continued)

- (b) The Group's non-current bank borrowings of RMB1,404,793,000 (2009: RMB895,105,000) made to Chendu Tianma are guaranteed by Chengdu Tianma's shareholders of Chengdu Industrial Group Co., Ltd. and Chengdu Hi-Tech Investment Group Co., Ltd.

The Company's non-current bank borrowing of RMB914,000,000 (2009: RMB914,000,000) are guaranteed by CATIC Shenzhen Company, immediate holding company of the Company.

The Company provided a long-term guarantee for a loan of RMB180,000,000 (2009: RMB90,000,000) in favour of Fiyta, a long-term guarantee for a loan of RMB535,000,000 (2009: RMB505,000,000) in favour of CATIC Resources, a long-term guarantee for a loan of RMB110,000,000 (2009: RMB120,000,000) in favour of GIB Company.

- (c) The Group's current bank borrowing of RMB48,000,000 (2009: RMB43,100,000) made to Tianma are secured by the buildings and equipment and machinery of Tianma (Note 10).

As at 31 December 2010, bank deposits of RMB23,736,000 (2009: RMB549,159,000) were pledged for the current bank borrowing of RMB23,537,000 (2009: RMB169,526,000) (Note 21).

- (d) The Company provided an one-year guarantee for a loan of RMB600,000,000 (2009: RMB555,000,000) in favour of Fiyta, an one year guarantee for a loan of RMB185,000,000 (2009: RMB145,000,000) in favour of CATIC Resources, an one-year guarantee for a loan of RMB162,000,000 in favour of Tianma, an one-year guarantee for a loan of RMB41,000,000 (2009: RMB234,000,000) in favour of Shanghai Tianma. The Company did not provide loan guarantee for GIB Company (2009: RMB200,000,000) and Maiwei (2009: RMB5,000,000) in the current year. Tianma provided an one-year guarantee for a loan of RMB59,000,000 (2009: RMB118,000,000) in favour of Shanghai Tianma. A current bank loan of RMB200,000,000 (2009: RMB80,000,000) of the Company is guaranteed by CATIC Shenzhen Company, an immediate holding company of the Company.

25 借貸(續)

借貸之帳面值以下列貨幣計值：

| | | 本集團 Group | | 本公司 Company | |
|-----|-----|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 人民幣 | RMB | 6,498,400 | 5,570,760 | 1,300,000 | 994,000 |
| 美元 | USD | 1,513,564 | 1,519,644 | — | — |
| 歐元 | EUR | — | 3,072 | — | — |
| 港元 | HKD | 9,694 | 9,325 | — | — |
| | | 8,021,658 | 7,102,801 | 1,300,000 | 994,000 |

於結算日，借貸面臨之利率變動及合約重新定價日期風險如下：

The exposure of the borrowings to interest-rate changes and the contractual repricing dates at the balance sheet dates are as follows:

| | | 本集團 Group | | 本公司 Company | |
|-----------|---------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 一年內 | Within 1 year | 2,350,486 | 2,310,325 | 200,000 | 80,000 |
| 1-2年 | Between 1 and 2 years | 1,956,065 | 536,308 | 914,000 | — |
| 2-5年 | Between 2 and 5 years | 3,076,600 | 3,826,771 | 186,000 | 914,000 |
| 須於五年內全數償還 | Wholly repayable within 5 years | 7,383,151 | 6,673,404 | 1,300,000 | 994,000 |
| 5年以上 | Over 5 years | 638,507 | 429,397 | — | — |
| | | 8,021,658 | 7,102,801 | 1,300,000 | 994,000 |

25 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 | |
|-----------|---------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 1-2年 | Between 1 and 2 years | 1,956,065 | 536,308 | 914,000 | — |
| 2-5年 | Between 2 and 5 years | 3,076,600 | 3,826,771 | 186,000 | 914,000 |
| 須於五年內全數償還 | Wholly repayable within 5 years | 5,032,665 | 4,363,079 | 1,100,000 | 914,000 |
| 5年以上 | Over 5 years | 638,507 | 429,397 | — | — |
| 總計 | Total | 5,671,172 | 4,792,476 | 1,100,000 | 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 | | | | | | | |
|------|-----------------|---------------|-----------|-----------|-----------|---------------|-----------|-----------|-----------|
| | | 二零一零年 2010 | | | | 二零零九年 2009 | | | |
| | | 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 | 5.26% | 3.27% | — | 2.98% | 5.97% | 3.33% | 1.56% | 1.08% |

| | | 本公司 Company | |
|------|-----------------|-----------------------------|-----------------------------|
| | | 二零一零年 2010 人民幣 RMB | 二零零九年 2009 人民幣 RMB |
| 銀行借貸 | Bank borrowings | 5.13% | 5.68% |

25 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 | |
|------|------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 浮息借貸 | Borrowings at floating rates | 5,432,232 | 3,718,147 | — | — |
| 定息借貸 | Borrowings at fixed rates | 2,589,426 | 3,384,654 | 1,300,000 | 994,000 |
| 總計 | Total | 8,021,658 | 7,102,801 | 1,300,000 | 994,000 |

25 BORROWINGS (continued)

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

26 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 | |
|----------|--|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 於一月一日 | At 1 January | 241,037 | 70,523 |
| 已收津貼 | Receipt of grants (a) | 399,004 | 185,390 |
| 年內計入利潤表 | Credit to income statement during the year | (104,682) | (14,876) |
| 於十二月三十一日 | At 31 December | 535,359 | 241,037 |

- (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317,197,000元(二零零九年：人民幣174,154,000元)。

於二零一零年十二月三十一日，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291,389,000元(二零零九年：人民幣141,756,000元)及人民幣243,970,000元(二零零九年：人民幣99,281,000元)。

26 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 RMB317,197,000 (2009: RMB174,154,000).

As at 31 December 2010, 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 research and development of new product amounted to RMB291,389,000 (2009: RMB141,756,000) and RMB243,970,000 (2009: RMB99,281,000) respectively.

27 其他非流動負債

27 OTHER NON-CURRENT LIABILITIES

| | | 本集團 Group | |
|---------------|--|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 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 |
| 應付直接控股公司款項(a) | Payable to the immediate holding company (a) | 100,000 | 100,000 |
| 其他 | Others | 14,327 | 15,304 |
| | | 114,327 | 135,164 |

(a) 本集團附屬公司深南電路於2009年10月向中航技術深圳公司直接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, a subsidiary of the Group, borrowed RMB75,000,000 and RMB25,000,000 from CATIC Shenzhen Company the immediate holding company in October 2009. The amounts are unsecured, interest bearing at rate 3.48% and 4.70% and repayable in October 2014 and October 2016 respectively (Note 42(c)).

28 貿易及其他應付款

28 TRADE AND OTHER PAYABLES

| | | 本集團 Group | | 本公司 Company | |
|--------------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 貿易應付款 | Trade payables | 1,500,742 | 763,746 | - | - |
| 應付薪金及員工福利 | Salary and staff welfare payable | 117,851 | 112,088 | 2,488 | 2,989 |
| 應計費用及 其他應付款項(a) | Accruals and other payables (a) | 1,648,494 | 1,064,965 | 233,119 | 423,124 |
| | | 3,267,087 | 1,940,799 | 235,607 | 426,113 |

(a) 該數額包括應付中航技深圳公司(本集團之直接控股公司)之人民幣196,500,000元。該數額無抵押，應於2011年12月償還，包括人民幣60,000,000元(利率5.56%)、人民幣120,000,000元(利率5.56%)及人民幣16,500,000元(利率5.81%)。

(a) The amount include RMB196,500,000 payable to CATIC Shenzhen Company, the immediate holding company of the Group. The amount is unsecured, repayable in December 2011 and the interest rate are 5.56%, 5.56% and 5.81% for RMB60,000,000, RMB120,000,000 and RMB16,500,000 respectively.

28 貿易及其他應付款(續)

於二零一零年十二月三十一日，貿易應付款之賬齡分析如下：

| | | 本集團 Group | | 本公司 Company | |
|--------|--------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 即期 | Current | 903,608 | 456,462 | — | — |
| 30-60天 | 30-60 days | 267,785 | 189,375 | — | — |
| 60-90天 | 60-90 days | 143,637 | 75,049 | — | — |
| 90天以上 | Over 90 days | 185,712 | 42,860 | — | — |
| | | 1,500,742 | 763,746 | — | — |

本集團貿易應付款之帳面值以下列貨幣計值：

28 TRADE AND OTHER PAYABLES (continued)

At 31 December 2010, the ageing analysis of the trade payables is as follows:

| | | 本集團 Group | | 本公司 Company | |
|--------|--------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 即期 | Current | 903,608 | 456,462 | — | — |
| 30-60天 | 30-60 days | 267,785 | 189,375 | — | — |
| 60-90天 | 60-90 days | 143,637 | 75,049 | — | — |
| 90天以上 | Over 90 days | 185,712 | 42,860 | — | — |
| | | 1,500,742 | 763,746 | — | — |

The carrying amounts of the Group's trade payables are denominated in the following currencies:

| | | 本集團 Group | | 本公司 Company | |
|------|------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 人民幣 | RMB | 1,303,760 | 581,951 | — | — |
| 美元 | USD | 36,693 | 93,406 | — | — |
| 日元 | JPY | 150,710 | — | — | — |
| 港元 | HKD | 1,399 | 4,859 | — | — |
| 其他貨幣 | Other currencies | 8,180 | 83,530 | — | — |
| | | 1,500,742 | 763,746 | — | — |

29 其他收入

29 OTHER INCOME

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|----------------|--|-----------------------------------|-----------------------------------|
| 財政津貼(a) | Financial subsidy (a) | 7,529 | 36,885 |
| 副產品銷售收入 | Sales of by-products | 35,959 | 48,537 |
| 政府補貼 | Government grants | 104,682 | 14,876 |
| 託管費收入淨額 | Management fee, net | 7,072 | — |
| 來自聯營公司的技術服務費 | Technical service fee from an associate, net | | |
| 收入淨額 | | 59,887 | — |
| 手錶維修收入 | Income from maintenance of timepieces | 4,509 | 4,273 |
| 出售物業、廠房及設備以及投資 | (Loss)/profit from disposal of property, | | |
| 性房地產之(虧損)/溢利 | plant and equipment and investment | | |
| (附註39) | properties (Note 39) | (3,545) | 882 |
| 其他 | Others | 4,628 | (72) |
| | | 220,721 | 105,381 |

(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.

30 其他收益－淨額

30 OTHER GAINS-NET

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|--------------|--|-----------------------------------|-----------------------------------|
| 出售附屬公司所獲取收益 | Gain on disposal of subsidiaries (Note 39) | 72,030 | — |
| (附註39) | | | |
| 出售可供出售金融資產收益 | Gain on disposal of available-for-sale | | |
| | financial assets | — | 8,160 |
| 其他 | Others | 44 | 141 |
| | | 72,074 | 8,301 |

31 按性質分類的費用

31 EXPENSES BY NATURE

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 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) | 594,636 | (74,667) |
| 使用的原材料及消耗品 (附註19) | Raw materials and consumables used (Note 19) | 3,766,630 | 3,306,798 |
| 員工福利成本(附註34) | Employee benefits expenses (Note 34) | 792,112 | 628,756 |
| 維修保養支出 | Repairs and maintenance expenditure | 92,752 | 77,186 |
| 研發支出 | Research and development expenditure | 157,608 | 81,849 |
| 陳舊存貨(撥回)/撥備 | (Reversal of)/provision for inventory obsolescence | (14,978) | 9,791 |
| 壞賬撥備 | Provision for bad debts | 11,491 | 60,591 |
| 物業、廠房及設備之折舊 (附註10) | Depreciation of property, plant and equipment (Note 10) | 518,802 | 464,842 |
| 土地使用權攤銷(附註7) | Amortisation of land use rights (Note 7) | 8,248 | 4,713 |
| 採礦權攤銷(附註8) | Amortisation of mining rights (Note 8) | 11,796 | 28,334 |
| 電腦軟體及 其他非流動資產攤銷 | Amortisation of computer software and other non-current assets | 12,766 | 11,347 |
| 有關寫字樓之經營租賃支出 | Operating lease rentals in respect of office buildings | 84,776 | 75,595 |
| 營業稅及其他徵費 | Business tax and other levies | 51,760 | 79,394 |
| 核數師酬金 | Auditors' remuneration | 23,809 | 10,752 |
| 水電費 | Utility expenses | 202,621 | 168,418 |
| 運輸費 | Transportation | 97,833 | 116,953 |
| 差旅費 | Travelling expenses | 28,044 | 20,916 |
| 業務招待費 | Entertainment | 23,638 | 16,210 |
| 辦公費 | Office expenses | 36,091 | 24,290 |
| 其他費用 | Other expenses | 114,317 | 101,870 |
| 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 | 6,614,752 | 5,213,938 |

32 董事及高級行政人員之酬金

(a) 董事之酬金

截至二零一零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 |
| 由鐫先生 | 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 |
| 劉憲法先生 | Mr. Liu Xian Fa |
| 鄔偉先生 | Mr. Wu Wei |
| 黃惠玲女士 | Ms. Wong Wai Ling |
| 王昕女士 | Ms. Wang Xin |

32 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

(a) Directors' emoluments

The remunerations of the directors for the year ended 31 December 2010 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 |
|-------|-------------------------------|----------------------------------|--|---|---------------------------------|
| 吳光權先生 | - | 324 | 926 | 124 | 1,374 |
| 由鐫先生 | - | 432 | 968 | 113 | 1,513 |
| 賴偉宣先生 | - | 610 | 557 | 23 | 1,190 |
| 隋湧先生 | - | 286 | 964 | 91 | 1,341 |
| 程保忠先生 | - | 286 | 964 | 89 | 1,339 |
| 劉瑞林先生 | - | 610 | 720 | 25 | 1,355 |
| 徐東升先生 | - | 610 | 1,055 | - | 1,665 |
| 王寶瑛先生 | - | 263 | 637 | 78 | 978 |
| 劉憲法先生 | 50 | - | - | - | 50 |
| 鄔偉先生 | 132 | - | - | - | 132 |
| 黃惠玲女士 | 132 | - | - | - | 132 |
| 王昕女士 | 50 | - | - | - | 50 |
| | 364 | 3,421 | 6,791 | 543 | 11,119 |

32 董事及高級行政人員之酬金(續)

(a) 董事之酬金(續)

截至二零零九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 |
| 劉憲法先生 | Mr. Liu Xian Fa |
| 黃惠玲女士 | Ms. Wong Wai Ling |
| 鄺煒先生 | Mr. Wu Wei |
| 王昕女士 | Ms. Wang Xin |

32 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (continued)

(a) Directors' emoluments (continued)

The remunerations of the directors for the year ended 31 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 |

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(二零零九年：人民幣314,000元)。

本年度並無董事放棄任何酬金(二零零九年：無)。

Directors' fees disclosed above include RMB314,000 (2009: RMB314,000) paid to independent non-executive directors.

None of the directors waived any emoluments during the year (2009: Nil).

32 董事及高級行政人員之酬金(續)

(b) 五位最高薪酬人士

二零一零年及二零零九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：

| | | 二零一零年 2010 | 二零零九年 2009 |
|-------------------------|---------------------------|---------------|---------------|
| 酬金範圍 | Emolument bands | | |
| 1,000,001港元至1,500,000港元 | HKD1,000,001-HKD1,500,000 | - | 4 |
| 1,500,001港元至2,000,000港元 | HKD1,500,001-HKD2,000,000 | 5 | 1 |

32 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 2010 and 2009 are directors of the Company whose emoluments are reflected in the analysis presented above. The emoluments fell within the following bands:

33 融資成本－淨額

33 FINANCE COSTS – NET

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 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 | 382,083 | 350,382 |
| －須應要求償還予關連方之借貸 | － borrowings from related party repayable on demand | 7,548 | 346 |
| －貼現票據 | － discounted bills | 472 | 2,661 |
| 減：資本化利息 | Less: interest capitalised | (62,724) | (8,364) |
| | | 327,379 | 345,025 |
| 融資活動之匯兌(收益)/虧損淨額 | Net foreign exchange (gain)/loss on financing activities | (88) | 6,970 |
| 其他 | Others | 16,822 | 15,150 |
| 融資成本 | Finance costs | 344,113 | 367,145 |
| 利息收入 | Interest income | | |
| －銀行存款 | － bank deposits | (20,773) | (8,661) |
| 融資成本淨額 | Net finance costs | 323,340 | 358,484 |

於二零一零年，在建工程銀行貸款資本化利息為人民幣62,724,000元(二零零九年：人民幣8,364,000元)，而資本化利率為4.13%(二零零九年：5.11%)

Bank loan interest capitalized in the construction in progress amounted to RMB62,724,000 (2009: RMB8,364,000) during 2010. The capitalized interest rate was 4.13% (2009: 5.11%).

34 僱員福利費用

34 EMPLOYEE BENEFIT EXPENSES

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|------------|-------------------------------------|-----------------------------------|-----------------------------------|
| 工資、薪金及獎金 | Wages, salaries and bonuses | 672,912 | 539,472 |
| 福利、醫療及其他費用 | Welfare, medical and other expenses | 67,368 | 66,818 |
| 社會保險成本 | Social security costs | 51,832 | 49,397 |
| | | 792,112 | 655,687 |

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.

35 所得稅開支／(收入)

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二零零九年至二零一二年五年間過渡至25%。二零一零年度適用企業所得稅稅率為22%。

35 INCOME TAX CHARGE/(CREDIT)

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 2009 to 2012. The corporate income tax rate was 22% in 2010.

35 所得稅開支／(收入)(續)

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。

本集團之兩間附屬公司飛亞達及邁威於二零零九年三月十六日前於深圳經濟特區成立，於二零一零年可享有22%之優惠企業所得稅稅率(二零零九年：20%)。

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，並於二零一零年可享有15%之優惠所得稅稅率(二零零九年：15%)。

深圳天馬、上海天馬和深南電路因被認定為中國高新技術企業而獲得所得稅優惠稅率，二零一零年為15%(二零零九年：15%)。

本年度所得稅開支／(收入)如下：

| | |
|--------------------------|--|
| 本年度企業所得稅 | Current enterprise income tax |
| 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) |
| 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) |

35 INCOME TAX CHARGE/(CREDIT) (continued)

In addition, certain companies of the Group 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.

Two subsidiaries of the Group, Fiyta and Maiwei were established in Shenzhen Special Economic Zone before 16 March 2009. They were entitled to a preferential income tax rate of 22% in 2010 (2009: 20%).

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 2010 (2009: 15%).

Shenzhen Tianma, Shanghai Tianma and Shennan Circuit were qualified as High and New Technology Enterprises in the PRC and were entitled to a preferential income tax rate of 15% in 2010 (2009: 15%).

Income tax charged/(credited) for the year represents:

| | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|--------------------------|-----------------------------------|-----------------------------------|
| 本年度企業所得稅 | 53,777 | 37,201 |
| 有關來自及撥回暫時性差異之遞延所得稅(附註17) | 63,254 | (30,062) |
| 因稅率變動而產生之遞延所得稅(附註17) | (4,733) | (7,208) |
| | 112,298 | (69) |

35 所得稅開支／(收入)(續)

本集團除稅前溢利／(虧損)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：

35 INCOME TAX CHARGE/(CREDIT) (continued)

The tax on the Group's profit/ (loss) 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:

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|--|---|-----------------------------------|-----------------------------------|
| 除所得稅前溢利／(虧損) | Profit/(loss) before income tax | 454,888 | (288,849) |
| 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(二零零九年：15%至25%) | Tax calculated at the tax rates applicable to the Company and its subsidiaries ranging from 15% to 25% (2009: 15% to 25%) | 66,211 | (46,340) |
| 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) | (4,733) | (7,208) |
| 未確認稅項虧損之稅務影響 | Tax effect on unrecognised tax losses | 47,499 | 42,508 |
| 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 |
| 不得作稅項抵扣用途之費用 | Expenses not deductible for tax purpose | 3,583 | 4,019 |
| 毋須繳稅之收入 | Income not subject to tax | (15,147) | (2,278) |
| 可加計扣除的研發費用 | Research and development expenses eligible for additional deduction | (4,544) | — |
| 未確認遞延所得稅項資產的臨時性差額稅務影響 | Tax effect of temporary differences for which no deferred income tax assets was recognised | 18,656 | — |
| 其他 | Others | 773 | — |
| 所得稅開支／(收入) | Tax charge/(credit) | 112,298 | (69) |

36 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68,023,000元(二零零九年：人民幣107,593,000元)為限。

36 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 RMB68,023,000 (2009: RMB107,593,000).

37 每股盈利

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

37 EARNINGS PER SHARE

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

| | | 二零一零年 2010 | 二零零九年 2009 |
|--------------------------|---|---------------|---------------|
| 本公司權益持有人應佔溢利／（虧損）（人民幣千元） | Profit/(loss) attributable to equity holders of the Company (RMB'000) | 193,561 | (165,566) |
| 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 | 673,557 |
| 每股基本及攤薄盈利／（虧損）（人民幣／每股） | Basic and diluted earnings/(losses) per share (RMB per share) | 0.2874 | (0.2458) |

於二零一零年及二零零九年十二月三十一日，並無任何潛在攤薄股份。因此，每股基本及攤薄盈利相同。

There are no potential dilutive shares as at 31 December 2010 and 2009. Therefore the basic and diluted earnings per share were the same.

38 股息

於二零一一年三月十五日召開之董事會會議上，董事會建議不派發截至二零一零年十二月三十一日止年度末期股息（二零零九年：無）。同時，亦無就截至二零一零年十二月三十一日止年度派發中期股息（二零零九年：無）。

38 DIVIDENDS

At the board of directors' meeting held on 15 March 2011, the board did not propose a final dividend for the year ended 31 December 2010 (2009: Nil). There was no interim dividend for the year ended 31 December 2010 (2009: Nil).

39 營運產生之現金

年度溢利／(虧損)因營運產生之現金的調節：

39 CASH GENERATED FROM OPERATIONS

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

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|----------------|---|-----------------------------------|-----------------------------------|
| 除所得稅前溢利／(虧損) | Profit/(loss) before income tax | 454,888 | (288,849) |
| 調整項目： | Adjustments for | | |
| 物業、廠房及設備折舊 | Depreciation of property, plant and equipment | 518,802 | 464,842 |
| 採礦權攤銷 | Amortisation of mining rights | 11,796 | 28,334 |
| 土地使用權攤銷 | Amortisation of land use rights | 8,248 | 4,713 |
| 其他攤銷開支 | Other amortisation charges | 12,766 | 11,347 |
| 投資性房地產之公允價值收益 | Fair value gain on investment property | (74,406) | (65,617) |
| 政府補貼之遞延收益 | Deferred income on government grants | (104,682) | (14,876) |
| 出售可供出售金融資產之收益 | Gain from sale of available-for-sale financial assets | — | (8,160) |
| 出售物業、廠房及設備之虧損 | Loss on disposal of property, plant and equipment | 3,545 | 6,124 |
| 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 | (20,773) | (8,661) |
| 利息支出 | Interest expenses | 344,113 | 345,025 |
| 應佔聯營公司之溢利，扣除稅款 | Share of profit of associates, net of tax | (61,228) | (11,391) |
| 出售附屬公司之收益 | Gain of disposal of subsidiaries | (72,030) | — |
| 財政補助 | Financial subsidy | (7,529) | (36,885) |
| 營運資金變動 | Changes in working capital | 1,013,510 | 418,940 |
| 存貨(增加)／減少 | (Increase)/decrease in inventories | (792,654) | 12,348 |
| 貿易及其他應收款增加 | Increase in trade and other receivables | (848,936) | (216,782) |
| 貿易及其他應付款增加 | Increase in trade and other payables | 1,216,768 | 356,443 |
| 營運產生之現金 | Cash generated from operations | 588,688 | 570,949 |

39 營運產生之現金(續)

於截至二零一零年十二月三十一日止年度之現金流量表，非控制權益向附屬公司之注資包括：

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|------------|---------------------------|-----------------------------------|-----------------------------------|
| 成都天馬 | Chengdu Tianma | 252,000 | 411,600 |
| 飛亞達(附註24) | Fiyta (Note 24) | 402,765 | 11,340 |
| 深南電路(附註24) | Shennan Circuit (Note 24) | 48,314 | 18,699 |
| | | 703,079 | 441,639 |

於截至二零一零年十二月三十一日止年度之現金流量表，出售物業、廠房及設備以及投資性房地產之所得款項包括：

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|----------------------------------|--|-----------------------------------|-----------------------------------|
| 出售物業、廠房及設備之帳面淨值(附註10) | Net book value of property, plant and equipment disposed (Note 10) | 18,110 | 12,970 |
| 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 |
| | | 18,110 | 15,605 |
| 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 | 14,565 | 6,846 |
| 出售投資性房地產之所得款項 | Proceeds from disposal of investment properties | — | 9,641 |
| | | 14,565 | 16,487 |
| 出售物業、廠房及設備以及投資性房地產之(虧損)/溢利(附註29) | (Loss)/profit from disposal of property, plant and equipment and investment properties (Note 29) | (3,545) | 882 |

39 CASH GENERATED FROM OPERATIONS
(continued)

In the cash flow statement for the year ended 31 December 2010, capital contribution to subsidiaries from non-controlling interests comprises:

In the cash flow statement for the year ended 31 December 2010, proceeds from sales of property, plant and equipment and investment properties comprise:

39 營運產生之現金 (續)

於截至二零一零年十二月三十一日止年度之現金流量表，出售附屬公司之所得款項包括：

二零一零年五月二十六日，本集團將所擁有的貴州六枝安家寨煤業有限公司（「安家寨」）67%的權益出售給一名第三方。關於這次出售之現金流如下：

39 CASH GENERATED FROM OPERATIONS

(continued)

In the cash flow statement for the year ended 31 December 2010, proceeds from disposal of subsidiaries comprise:

On 26 May 2010, the Group disposed 67% interest in Guizhou Liu Zhi An Jia Zhai Coal Company Limited ("Anjiazhai") to a third party, the cash flows from the disposal are as follows:

人民幣千元
RMB'000

| | | |
|------------------|---|---------|
| 所獲得的對價 | Consideration received | |
| — 現金對價 | — Cash consideration | 124,505 |
| 減：安家寨持有的現金及現金等價物 | Less: Cash and cash equivalents held by Anjiazhai | (1,656) |
| 因出售而獲得的現金淨額 | Net cash received from disposal | 122,849 |

安家寨之淨資產如下：

The net assets of Anjiazhai are as follows:

| | | 二零零九年 轉讓日 十二月三十一日 On disposal date 31 December 2009 | |
|------------------|---|---|------------------|
| | | 人民幣千元 RMB'000 | 人民幣千元 RMB'000 |
| 流動資產 | Current assets | 5,022 | 25,590 |
| 非流動資產 | Non-current assets | 124,935 | 101,159 |
| — 土地使用權(附註7) | — Land use rights (Note 7) | 14,234 | — |
| — 採礦權(附註8) | — Mining rights (Note 8) | 65,053 | 66,828 |
| — 物業、廠房及設備(附註10) | — Property, plant and equipment (Note 10) | 19,270 | 19,353 |
| — 在建工程(附註12) | — Construction in progress (Note 12) | 25,449 | 14,049 |
| — 遞延所得稅(附註17) | — Deferred income tax (Note 17) | 929 | 929 |
| 流動負債 | Current liabilities | (32,118) | (21,189) |
| 非流動負債 | Non-current liabilities | (19,860) | (19,860) |
| 淨資產 | Net assets | 77,979 | 85,700 |

39 營運產生之現金(續)

從二零一零年一月一日至轉讓之日的收入、費用及淨損失如下：

| | | |
|--------|---------------------|---------|
| 收入 | Revenue | — |
| 減：銷售成本 | Less: Cost of sales | (2,128) |
| 稅前虧損 | Loss before tax | (2,128) |
| 減：收入稅 | Less: Income tax | — |
| 淨損失 | Net loss | (2,128) |

二零一零年五月二十六日，本集團將所擁有的貴州普定肖家灣煤礦煤業有限公司(「肖家灣」)67%的權益出售給一名第三方。關於這次出售之現金流如下：

| | | |
|------------------|---|----------|
| 所獲得的對價 | Consideration received | |
| — 現金對價 | — Cash consideration | 50,095 |
| 減：安家寨持有的現金及現金等價物 | Less: Cash and cash equivalents held by Anjiazhai | (40,149) |
| 因出售而獲得的現金淨額 | Net cash received from disposal | 9,946 |

肖家灣的淨資產如下：

39 CASH GENERATED FROM OPERATIONS
(continued)

The revenue, expenses and net loss from 1 January 2010 to date of disposal are as follows:

人民幣千元
RMB'000

人民幣千元
RMB'000

On 26 May 2010, the Group disposed 67% interest in Guizhou Pu Ding Xiao Jia Wan Coal Company Limited ("Xiaojiawan") to a third party, the cash flows from the disposal are as follows:

The net assets of Xiaojiawan are as follows:

| | | 二零零九年 轉讓日 十二月三十一日 On disposal 31 December date 2009 | |
|------------------|---|--|------------------|
| | | 人民幣千元 RMB'000 | 人民幣千元 RMB'000 |
| 流動資產 | Current assets | 40,357 | 18,450 |
| 非流動資產 | Non-current assets | 23,136 | 5,933 |
| — 土地使用權(附註7) | — Land use rights (Note 7) | 5,520 | — |
| — 採礦權(附註8) | — Mining rights (Note 8) | 10,476 | — |
| — 物業、廠房及設備(附註10) | — Property, plant and equipment (Note 10) | 175 | 147 |
| — 在建工程(附註12) | — Construction in progress (Note 12) | 6,965 | 5,917 |
| 流動負債 | Current liabilities | (38,993) | (14) |
| 淨資產 | Net assets | 24,500 | 44,500 |

39 營運產生之現金 (續)

肖家灣未確認任何位於二零一零年一月一日至轉讓之日期間的收入、費用或利潤。

因出售附屬公司而獲得的淨現金總額為人民幣132,795,000元。

39 CASH GENERATED FROM OPERATIONS

(continued)

Xiaojiawan did not recognise any revenue, expenses or profit from 1 January 2010 to the date of disposal.

The total net cash received from disposal of subsidiaries is RMB132,795,000.

40 承擔

(a) 資本承擔

仍未產生的於資產負債表日之資本承擔如下：

40 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 | |
|-------------------|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 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 | 621,130 | 658,892 | — | — |
| 收購土地使用權 | Purchase of land use right | — | 1,987 | — | — |
| 可供出售金融資產投資 | Investment in available-for-sale financial assets | — | 128,000 | — | — |
| 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 | 72,000 | 180,000 | — | — |
| — 貴州普定肖家灣煤礦煤業有限公司 | — Guizhou Puding Xiaojiawan Coal Industry Co., Ltd | — | 41,700 | — | — |
| | | 693,130 | 1,010,579 | — | — |

40 承擔 (續)

(a) 資本承擔 (續)

| | | 本集團 Group | | 本公司 Company | |
|---------------------|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 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)) | 1,548,341 | 1,464,159 | — | — |
| 酒店現代化及裝修 | Hotel modernisation and renovation | 21,629 | 228,606 | | |
| | | 1,569,970 | 1,692,765 | | |

(a) 該金額包括天馬、深南電路、飛亞達及中航資源之生產廠房及設備成本，分別為人民幣327,780,000元（2009年：人民幣1,464,159,000元）、人民幣380,000,000元（2009年：零）、人民幣503,000,000元（2009年：零）及人民幣337,561,000元（2009年：零）。

(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：

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|------------|---|-----------------------------------|-----------------------------------|
| | | | |
| 不超過一年 | Not later than one year | 42,122 | 36,517 |
| 超過一年但不超過五年 | Later than one year and not later than five years | 137,140 | 201,665 |
| | | 179,262 | 238,182 |

40 COMMITMENTS (continued)

(a) Capital commitments (continued)

| | | 本集團 Group | | 本公司 Company | |
|---------------------|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 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)) | 1,548,341 | 1,464,159 | — | — |
| 酒店現代化及裝修 | Hotel modernisation and renovation | 21,629 | 228,606 | | |
| | | 1,569,970 | 1,692,765 | | |

(a) The amount represents the costs for the construction of the production plants and equipments of Tianma, Shennan Circuit, Fiyta and CATIC Resources amounted to RMB327,780,000 (2009 RMB1,464,159,000), RMB380,000,000 (2009: Nil), RMB503,000,000 (2009: Nil) and RMB337,561,000 (2009: Nil) respectively.

(b) Operating lease commitments

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

| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
|------------|---|-----------------------------------|-----------------------------------|
| | | | |
| 不超過一年 | Not later than one year | 42,122 | 36,517 |
| 超過一年但不超過五年 | Later than one year and not later than five years | 137,140 | 201,665 |
| | | 179,262 | 238,182 |

41 業務合併

二零一零年九月十五日，中航資源已獲得雲南紅富化肥有限公司（「雲南紅富」）51%的股權。該公司主要從事硫礦開採及加工。在併購日，雲南紅富的淨資產的公允價值為人民幣114,490,000元，且該業務合併未產生商譽。基於這次併購，本集團擴展了其在礦產資源領域的生產能力。

41 BUSINESS COMBINATIONS

On 15 September 2010, CATIC Resources acquired 51% of the equity interests in Yunnan Hongfu Fertilizer Company Limited ("Yunnan Hongfu"). Its principal activities are exploring and processing of phosphorous resources. At the acquisition date, the fair value of the net assets of Yunnan Hongfu amounted to RMB114,490,000 and there is no goodwill arising from the business combination. As a result of the acquisition, the Group has expanded its production capacity of the mining resources segment.

人民幣千元
RMB'000

對價：**Consideration:**

—現金

— Cash

114,490

與併購相關的成本（納入於二零一零年十二月三十一結束年度之合併損益表中行政費用）

Acquisition-related cost (included in administrative expenses in the consolidated income statement for the year ended 31 December 2010)

310

41 業務合併(續)

已確認的所獲可識別資產及假定負債之數額

41 BUSINESS COMBINATIONS (continued)

Recognised amounts of identifiable assets acquired, liabilities assumed

| | | 於併購日 At acquisition date 人民幣千元 RMB'000 |
|-------------------------|---|---|
| 現金及現金等價物 | Cash and cash equivalents | 114,793 |
| 預付款 | Prepayment | 6,161 |
| 其他應收款 | Other receivable | 800 |
| 可供銷售之金融資產 | Available-for-sale financial assets | 500 |
| 物業、廠房及設備(附註10) | Property, plant and equipment (Note 10) | 8,735 |
| 在建工程(附註12) | Construction-in-progress (Note 12) | 68,382 |
| 土地使用權(附註7) | Land use rights (Note 7) | 34,591 |
| 採礦權(附註8) | Mining rights (Note 8) | 65,256 |
| 遞延所得稅負債(附註17) | Deferred income tax liabilities (Note 17) | (22,654) |
| 貿易及其他應付款 | Trade and other payable | (52,074) |
| 可識別淨資產總額 | Total identifiable net assets | 224,490 |
| 非控制權益 | Non-controlling interests | (110,000) |
| 商譽 | Goodwill | — |
| 現金流出以獲取業務， 扣除所獲得的現金： | Outflow of cash to acquire business, net of cash acquired: | |
| — 所購附屬公司之現金 | — cash in subsidiary acquired | 114,793 |
| — 現金對價 | — cash consideration | (114,490) |
| 於收購時之現金流入 | Cash inflow on acquisition | 303 |

非控制性權益按其應佔被收購方可識別之淨資產的比例計量。

The non-controlling interest is measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

自二零一零年九月十五日以來，雲南紅富未確認任何收入。從二零一零年九月十五日至二零一零年十二月三十一日，雲南紅富分攤了人民幣1,179,000元的損失。

No revenue was recognized by Yunnan Hongfu since 15 September 2010. Yunnan Hongfu contributed loss of RMB1,179,000 over the period from 15 September 2010 to 31 December 2010.

若雲南紅富自二零一零年一月一日被合併，綜合全面收益表將分攤損失人民幣1,438,000元。

Had Yunnan Hongfu been consolidated from 1 January 2010, the consolidated statement of comprehensive income would share loss of RMB1,438,000.

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41.23%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本公司之直接控股公司及本集團之最終控股公司。

關連方包括本公司之控股公司、最終控股公司、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、控股公司及其最終控股公司之主要管理層人員及其關係密切的家庭成員。

除本財務報表其他部份所披露的關連方資訊外，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：

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 41.23% of the shares are widely held. The directors regard CATIC Shenzhen Company and Aviation Industry Corporation of China as the immediate holding company and ultimate holding company of the Group respectively.

Related parties include the Company's holding company, ultimate holding company, 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, holding company and its ultimate holding company and their close family members.

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:

42 重大關連方交易(續)

(a) 與關聯方的交易

42 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties

| | | 本集團 Group | |
|---------------------|--|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 與控股公司及 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 | 253,943 | 28,000 |
| 租賃收入 | Rental income | 10,485 | 7,575 |
| 管理費 | Management fee | 10,223 | — |
| 技術服務費 | Technical service fee | 87,948 | — |
| | | 362,599 | 35,575 |
| 購買貨品及服務： | Purchase of good and service: | | |
| 購買貨品 | Purchases of goods | 143,267 | 17,611 |
| 購買設備 | Purchases of equipment | — | 108,690 |
| 購買服務 | Purchases of services | 96,878 | 37,395 |
| | | 240,145 | 163,696 |

42 重大關連方交易 (續)**(a) 與關聯方的交易 (續)**

與政府相關實體之交易：

本公司是一間國有企業，最終控股人為中國政府。中國政府控制了於中國境內的相當一部分生產線資產及實體。本公司與其他由中國政府控制的實體之間的交易屬於關聯方交易。這些交易主要包括在某些國有銀行存儲現金及從國有銀行獲得借款。本年度，本公司幾乎所有的現金都被存放在國有銀行，而所有的借款也都來自國有銀行。

(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)**(a) Transactions with related parties (continued)**

Transactions with government related entities:

The Company is a state-owned enterprise ultimately controlled by the PRC government. The PRC government controls a significant portion of the productive assets and entities in the PRC. The transactions between the Company and other PRC government controlled entities are related party transactions. These transactions mainly include depositing cash in and obtaining borrowings from certain state-owned banks. Nearly all of the Company's cash were deposited in and all of the borrowings were borrowed from state-owned banks during the year.

(b) Balances with related parties

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

| | | 本集團 Group | |
|------------|--|-----------------------------------|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 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 | 443,783 | 24,178 |
| 其他應收款 | Other receivables | 262,421 | 36,729 |

42 重大關連方交易(續)

(c) 借貸

42 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(c) Borrowings

| | | 本集團 Group | |
|---|--|---|-----------------------------------|
| | | 二零一零年 2010 人民幣千元 RMB'000 | 二零零九年 2009 人民幣千元 RMB'000 |
| 來自控股公司之借貸 | Borrowings from the holding company | | |
| 於年初(附註i) | At beginning of the year (Note i) | 192,000 | — |
| 收到借貸(附註ii) | Proceeds from borrowings (Note ii) | 196,500 | 192,000 |
| 償還借貸(附註i) | Repayment of borrowings (Note i) | (92,000) | — |
| 於年末 | At end of the year | 296,500 | 192,000 |
| (i) 如附註27所載詳情，本集團一附屬公司自直接控股公司取得年底結餘為人民幣100,000,000元的貸款。 | | (i) As detailed in Note 27, a subsidiary of the Group obtained a loan from the immediate holding company with a year end balance of RMB100,000,000. | |
| (ii) 於二零一零年，本公司自直接控股公司合共借入人民幣196,500,000元(二零零九年：人民幣192,000,000元)。該貸款無抵押，應於二零一一年十二月償還，且利率介乎5.56%至5.81%(二零零九年：介乎5.56%至5.81%)。 | | (ii) In 2010, the Company borrowed a total loan amounts of RMB196,500,000 (2009: RMB192,000,000) from the immediate holding company. The amounts are unsecured, repayable in December 2011 with the interest rate ranging from 5.56% to 5.81% (2009: 5.56% to 5.81%). | |

43 期後事項

- (a) 於二零一零年十一月三十日，本公司分別與中國航空技術國際控股有限公司（「中航國際」）、直接控股公司中航技深圳公司及北京瑞賽科技有限公司（「北京瑞賽」）（統稱「賣方」）簽訂三項收購協議（「銷售權益1」、「銷售權益2」、「銷售權益3」）。中航國際是中航技深圳公司的直接控股公司，而北京瑞賽是中航國際最終控股公司中國航空工業集團公司的附屬公司。

根據與中航國際之收購協議，本公司有條件同意收購而中航國際有條件同意出售銷售權益1，代表中航國際北京公司100%股權、中航國際廈門公司100%股權、中航國際廣州公司100%股權、中航國際經貿有限公司97.5%股權、中航國際工程有限公司100%股權及中航萬科有限公司（「中航萬科」）40%股權；

根據與中航技深圳公司之收購協議，本公司有條件同意收購而中航技深圳公司有條件同意出售中航技深圳公司所持有的銷售權益2，代表深圳航空標準件有限公司100%股權；

43 SUBSEQUENT EVENTS

- (a) On 30 November 2010, the Company entered into three acquisition agreements ("the Sale Interest 1", "the Sale Interest 2", "the Sale Interest 3") with AVIC International Holding Company ("AVIC International"), Catic Shenzhen Company, immediate holding company, and Beijing Raise Technology Company Limited ("Beijing Raise") (collectively "the Vendors"), respectively. AVIC International is the immediate holding company of Catic Shenzhen Company, and Beijing Raise is a subsidiary of Aviation Industry Corporation of China, the ultimate holding company of AVIC International.

Pursuant to acquisition agreement with AVIC International, the Company has conditionally agreed to acquire and AVIC International have conditionally agreed to sell the Sale Interest 1, which represents 100% equity interests in AVIC International Beijing Company Limited, 100% equity interests in AVIC International Xiamen Company Limited, 100% equity interests in AVIC International Guangzhou Company Limited, 97.5% equity interests in AVIC International Trade & Economic Company Limited, 100% equity interests in AVIC International Engineering Company Limited and 40% equity interests in AVIC International Vanke Company Limited ("AVIC Vanke")

Pursuant to acquisition agreement with Catic Shenzhen Company, the Company has conditionally agreed to acquire and Catic Shenzhen Company have conditionally agreed to sell the Sale Interest 2 held by Catic Shenzhen Company, which represents 100% equity interests in Shenzhen Aero Fasteners MFG Company Limited;

43 期後事項(續)

(a) (續)

根據與北京瑞賽之收購協議，本公司有條件同意收購而北京瑞賽有條件同意出售北京瑞賽所持有的銷售權益3，代表中航萬科20%股權、北京中航瑞信投資管理有限責任公司90%股權、成都中航瑞賽房地產有限公司60%股權、無錫中航瑞賽房地產有限公司40%股權、瀋陽中航瑞賽房地產有限公司50%股權及西安中航瑞賽西控置業有限公司51%股權。

依據以上併購協議，為滿足對價，本公司應配發及發行437,264,906股股票，每股價格為人民幣3.15元；且／或在併購完成時分別向中航國際、中航技深圳公司及北京瑞賽發行永久可轉換次級證券，其最多可被轉換為918,981,497股股票，每股最初轉換價為人民幣3.47元。

二零一一年二月十六日，本公司股東大會批准了上述交易，但該等交易仍需獲得中國國務院國有資產監督管理委員會最終批准。

43 SUBSEQUENT EVENTS (continued)

(a) (continued)

Pursuant to acquisition agreement with Beijing Raise, the Company has conditionally agreed to acquire and Beijing Raise have conditionally agreed to sell the Sale Interest 3 held by Beijing Raise, which represents 20% equity interests in AVIC Vanke, 90% equity interests in Beijing Zhonghang Rixin Management and Investment Company Limited, 60% equity interests in Chengdu AVIC Raise Real Estate Company Limited, 40% equity interests in Wuxi AVIC Raise Real Estate Company Limited, 50% equity interests in Shenyang AVIC Raise Real Estate Company Limited and 51% equity interests in Xi'an AVIC Raise Xi Kong Real Estate Company Limited.

Pursuant to the above acquisition agreements, the consideration shall be satisfied by the Company by allotting and issuing 437,264,906 shares at the price of RMB3.15 per share; and/or issuing the permanent subordinated convertible security convertible into not more than 918,981,497 shares at the initial conversion price of RMB3.47 per share, to AVIC International, Catic Shenzhen Company and Beijing Raise, respectively upon the completion of the acquisition.

On 16 February 2011, the Shareholders' General Meeting of the Company approved the transactions mentioned as above, but they are subject to final approval to be obtained from the State-owned Assets Supervision and Administration Commission State Council of the PRC.

43 期後事項(續)

- (b) 根據董事會於二零零九年十一月十八日之決議，天馬建議進行重大資產重組，以通過向包括深圳中航集團股份有限公司在內的其他上海天馬股東發行新股，而收購非控制權益。該項交易於二零一零年十二月未獲中國證券監督管理委員會(「證監會」)上市公司併購重組委員會批准。截至二零一零年十二月三十一日止年度後，天馬董事會決定繼續進行及重新啟動有關重大資產收購項目。天馬將根據中國證監會的要求和併購重組委的意見，對有關申請材料進行補充、修訂和完善後，儘快重新提交中國證監會審核。

- (c) 二零一一年二月二十五日，天馬與中航技深圳公司附屬公司深圳中航光電子訂立託管協議(「該協議」)，據此，深圳中航光電子在一年期間內委託天馬管理其作為 NEC LCD Technologies, Ltd. 股東之權利。深圳中航光電子應付天馬之託管費為人民幣1,000,000元。

43 SUBSEQUENT EVENTS (continued)

- (b) Pursuant to a Board of Directors resolution on 18 November 2009, a substantial assets restructuring plan was proposed by Tianma for acquisition of non-controlling interests by way of issuing of new shares by Tianma to the other shareholders of Shanghai Tianma including CATIC Shenzhen Holdings Limited. The transaction was not approved by the Review Committee of Merger, Acquisition and Reorganization of Listed Companies (上市公司併購重組委員會) of China Securities Regulatory Commission ("CSRC") in December 2010. Subsequent to the year ended 31 December 2010, the board of directors of the Tianma has decided to continue and re-activate this substantial assets restructuring project. Tianma will supplement, amend and improve the substantial assets restructuring application materials in accordance with the requirements of CSRC and the comments of the Review Committee of Merger, Acquisition and Reorganization of CSRC, and will re-submit the amended application materials to CSRC for its review as soon as possible.

- (c) On 25 February 2011, Tianma and Shenzhen CATIC Opto-electronics, a subsidiary of Catic Shenzhen Company, has entered into an entrusted management agreement (the "Agreement"), pursuant to which Shenzhen CATIC Opto-electronics has entrusted Tianma to manage its rights as shareholder of NEC LCD Technologies, Ltd. for a term of one year. The entrustment fee payable by Shenzhen CATIC Opto-electronics to Tianma is RMB1,000,000.



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