



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

(Stock Code 股份代號: 0161)



2011

Annual Report 年度報告

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

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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
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公司秘書

曾軍先生

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鄔煒先生
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合資格會計師

林梅女士(已於2011年8月2日離任)

薪酬委員會

吳光權先生 主席
隋湧先生
黃慧玲女士
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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 (resigned on 2 August in 2011)

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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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 2011)

(RMB'000)	2011	2010	2009	2008	2007
Revenue and profit:					
Revenue	10,435,966	6,964,551	5,092,883	4,077,074	3,357,210
Profit/(loss) before taxation	545,550	454,888	(288,849)	5,919	398,607
Profit/(loss) after taxation	486,377	342,590	(288,780)	(41,665)	338,084
Attributable to:					
Profit/(loss) attributable to equity holders of the Company	212,469	193,561	(165,566)	1,282	231,654
Non-controlling interests	273,908	149,029	(123,214)	(42,947)	106,430
Basic earnings per share attributable to equity holders of the Company (RMB)	0.3155	0.2874	0.2458	0.0019	0.3642
Dividends per share attributable to equity holders of the Company (RMB)	0.03	0	0	0	0.06

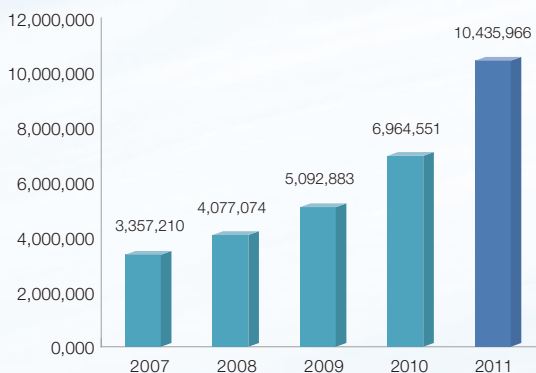
ASSETS SUMMARY

(As at 31 December 2011)

(RMB'000)	2011	2010	2009	2008	2007
Total assets	18,796,153	17,267,413	13,626,354	11,795,652	9,381,259
Total liabilities	13,180,188	12,318,964	9,802,017	8,100,414	5,256,735
Total equity	5,615,965	4,948,449	3,824,337	3,695,238	4,124,524
Equity attributable to equity holders of the Company	2,268,293	1,977,482	1,698,513	1,872,783	2,105,156
Non-controlling interests	3,347,672	2,970,967	2,125,824	1,822,455	2,019,368
Net assets per share attributable to equity holders of the Company (RMB)	3.37	2.94	2.52	2.76	3.10

TURNOVER

RMB Thousand



PROFIT ATTRIBUTABLE TO SHAREHOLDERS

RMB Thousand



2010 TURNOVER BY PRODUCT SERIES



2011 TURNOVER BY PRODUCT SERIES



Chairman's Statement

It is my honor to present the 2011 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 RMB10,435,966,000, representing an increase of approximately 49.84% over the previous year of RMB6,964,551,000. The overall gross profit was approximately RMB2,042,635,000, representing an increase of approximately 35.69% over the previous year of RMB1,505,409,000. The Group's profit attributable to the shareholders (excluding minority shareholders' interests) amounted to approximately RMB212,469,000, representing an increase of approximately 9.77% over the previous year of RMB193,561,000.

Despite various external factors such as the worsening European debt crisis, global economic depression and increasing inflation pressure on the domestic economy in 2011, the Group's annual strategy on the theme of "Supremacy, Efficiency and Synergy" continued to drive businesses to new heights and enhance transformations, increase efficiency, as well as promote organizational synergy. Our main businesses continued to perform well. The large-enterprise business strategy adopted by the LCD businesses proved effective, with both technological development and product structure modification progressing well. As such, the capacity of Chengdu Tianma and Wuhan Tianma expanded. The electronics assembly and closed substrate business of PCB achieved breakthrough last year, the national key technological project progressed well and the construction of the production base in Wuxi has begun. Meanwhile, the brand building exercise of the Tricolor brand of the Fiyta Watch proved successful. We were among the first domestic brands to exhibit in the International Hall of the Basel International Watch Fair, and the annual profit and turnover of the Harmony World Watch Centre chain expansion managed to achieve outstanding growth. The Resource Business was actively implementing product research and development, as well as process reengineering of its potassium fertilizer business. Meanwhile trial production of phosphate fertilizer has commenced, with focus on the development of agricultural service in order to turn a profit. Meanwhile, renovation of the GIB Company Building was completed and its Grand Opening was held with success. Furthermore, on the occasion of the 14th anniversary of the Group's public listing in September 2011, a press conference was held to announce to the public and investors, the basic completion of acquisition of the shares of 12 enterprises by our parent company, CATIC International Holdings Limited, further strengthening the operation and influence of our Group.

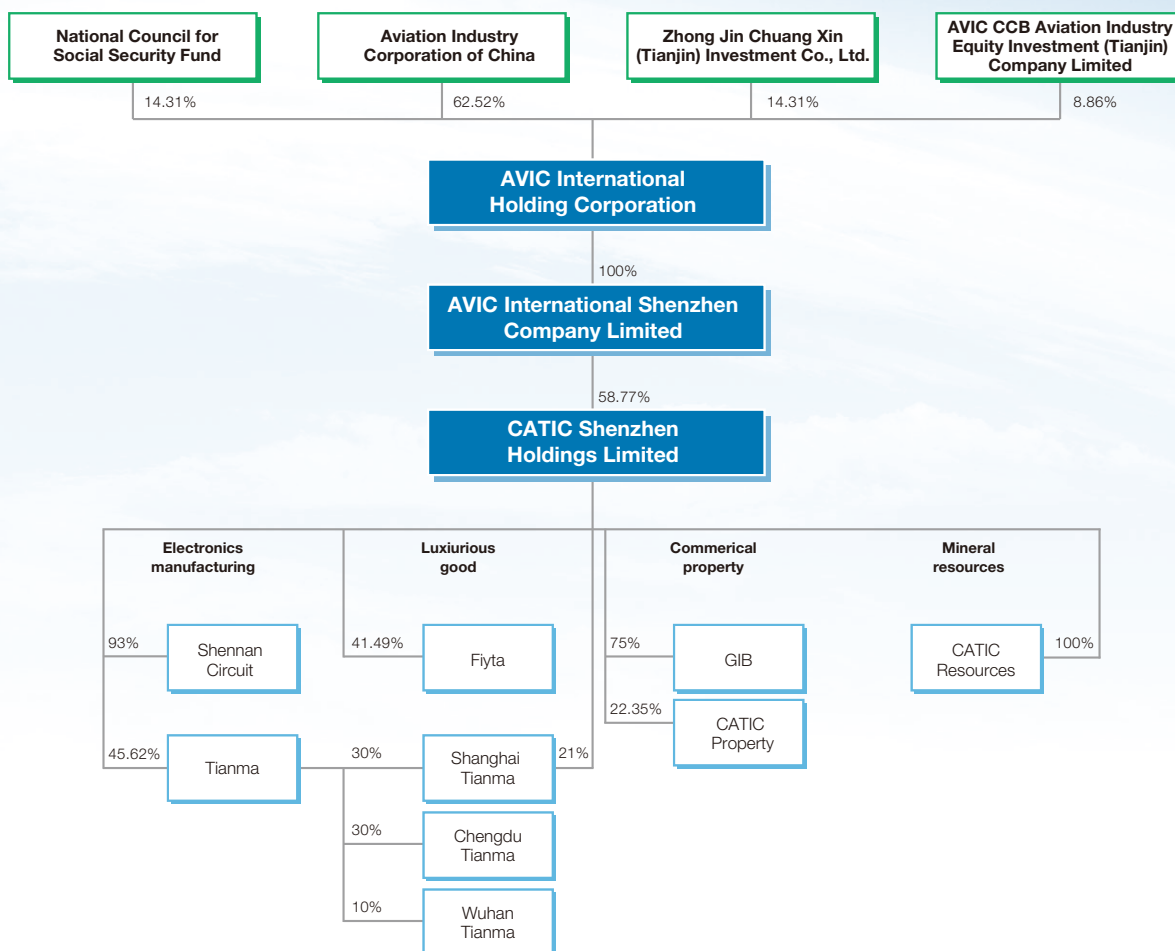
The Group is constantly driving for sustained rapid business development, as well as efficiency and management practices improvement, and achieved outstanding results in strategic management, innovative management, capital financing and personnel development. The Group completed its first annual "5+1+5" strategy update in 2011, establishing a dynamic strategic management system. Actively developed an innovative business profit model, continually optimized the business management system and actively reengineered the operating structure and process in order to promote production excellence, as well as improve operational and personnel efficiency. Asset management efficiency was also improved by innovative management practices, cost control and disposal of low-efficiency assets. Continual improvement of the Company's value creation capabilities, enhanced organizational and decision-making efficiency, actively promote innovative capital financing to create multi-channel financing, so to effectively improve capital co-ordination and distribution capabilities. Actively introduce enhancement training for workers with potential and leadership development for top executives, systematic talent development and compensation packages for top executives, as well as establishing a platform for key-personnel referral and development. Furthermore, reinforcement of corporate culture change, commitment to social responsibilities, as well as active promotion of message building and risk control measures was also carried out.

Looking ahead to 2012, faced with the uncertain external environment, the Group will concentrate on the effectiveness and efficiency of the business, continuing to pursue its strategy on industry supremacy. With its annual strategy of "improved efficiency, restructure, and empower", to accelerate the enhancement of its core business, further promoting its management innovations, and continue to improve its operational efficiency so to enhance its overall operational performance. Restructuring of the core business market, customers and products with respect to the competitiveness of the core business will be accelerated by means of enhancing the Group's internal capacity such as innovative business model, market development, technological research and development, supply chain management. Control of low-efficiency assets ratio to facilitate the effective turnover of business assets, as well as continual strategic cost control and operational risk control. At the same time, we will continue to improve corporate governance, enhance decision making, budget planning and investment management process to further boost the Company's creative value. Restructuring of the Company and its subsidiaries' corporate structure to improve the Group's overall efficiency. Continue to enhance leadership of the core top executives, as well as introduce personnel development system for the middle- to top-management to reinforce corporate culture change so to maximize the promotion of a sustained and rapid business growth.

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



BUSINESS REVIEW

The consolidated revenue and profit contributions of the Company in its consolidated results for the year 2011 were primarily derived from the following subsidiaries:

Name of subsidiary	Percentage of equity held by the Company as at 31 December 2011	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")	93%	Manufacture and sales of printed circuit boards ("PCB")
Fiyta Holdings Limited ("Fiyta")	41.49%	Manufacture of middle to high-end wrist watches and chain store sales of luxury 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

In 2011, the Group recorded a consolidated revenue from continuing operations of approximately RMB10,435,966,000, representing an increase of approximately 49.84% over the previous year of approximately RMB6,964,551,000. The overall gross profit was approximately RMB2,042,635,000, representing an increase of approximately 35.69% over the previous year of approximately RMB1,505,409,000. The Group's profit attributable to the shareholders (excluding minority shareholders' interests) amounted to approximately RMB212,469,000, representing an increase of approximately 9.77% over the previous year of approximately RMB193,561,000.

In 2011, by closely adhering to the yearly strategic theme of "Supremacy", "Efficiency" and "Synergy", the Group capitalized on the development opportunities and continued to adopt rapid growth as its core strategy. The pace of innovation and breakthrough in its business model was accelerated, which resulted in the upgrade and transformation of the businesses. The performance of principal businesses had been remarkable. With the production capacities of Chengdu Tianma Microelectronics Co., Ltd ("Chengdu Tianma") being released, which contributed to a significant enhancement in the overall performance of LCD business, there was a steady growth in the revenue and earnings for the year. Through innovation in management and enhancement of technological capabilities, rejuvenating the supply chain management, as well as improving quality management and control, the revenue of the principal operations for the PCB business reached new heights. Benefited from the steady growth in the overall consumption market, the result of the luxurious wrist watches business was improved significantly upon affirming the branding operations, actively developing the sales channels, and further improving the supply chain. As a result of the production and sales in potassium fertilizers, the rise in price and the sound operation of the chemical fertilizer segment, the resources business reaped gain and enjoyed a turnaround in performance with significant improvement in the revenue for the year. The renovation project of the hotel was completed and operation was duly commenced on 25 June 2011. As such, the revenue of the hotel business maintained its upward moving trend. However, the increase in finance costs and management fees from the renovation project brought negative impact to the earnings and loss was recorded.

BUSINESS REVIEW *(continued)*

Summary of Performance *(continued)*

The turnover and profit/(loss) of the Group for 2011 with comparative figures for 2010 are as follow:

Turnover by Segment (RMB'000)	2011	2010
LCD	4,528,752	3,321,736
PCB	2,058,749	1,578,891
Manufacture and sales of watches	2,470,674	1,700,608
Resources	1,096,776	189,529
Cable TV Equipment	49,081	47,745
Investment Properties	135,139	126,042
Hotel	96,795	–
Total	10,435,966	6,964,551

Profit (Loss) after income Tax (RMB'000)	2011	2010
LCD	252,244	150,028
PCB	140,516	148,710
Manufacture and sales of watches	139,159	53,538
Resources	10,321	(7,363)
Cable TV Equipment	2,415	1,123
Investment Properties	44,069	88,467
Hotel	(87,254)	(42,197)
Other items	(15,093)	(49,716)
Total	486,377	342,590

LCD

The Group engages in the Research and Development (R&D), design, production, sales and servicing of liquid crystal displays (LCD) and liquid crystal modules (LCM) products through its subsidiary, Tianma. In 2011, the Group's turnover from LCD business was approximately RMB4,528,752,000, surged by approximately 36.34% over RMB3,321,736,000 for the previous year. The profit after taxation was approximately RMB252,244,000, representing an increase of approximately 68.13% over the profit after taxation of approximately RMB150,028,000 for the previous year.

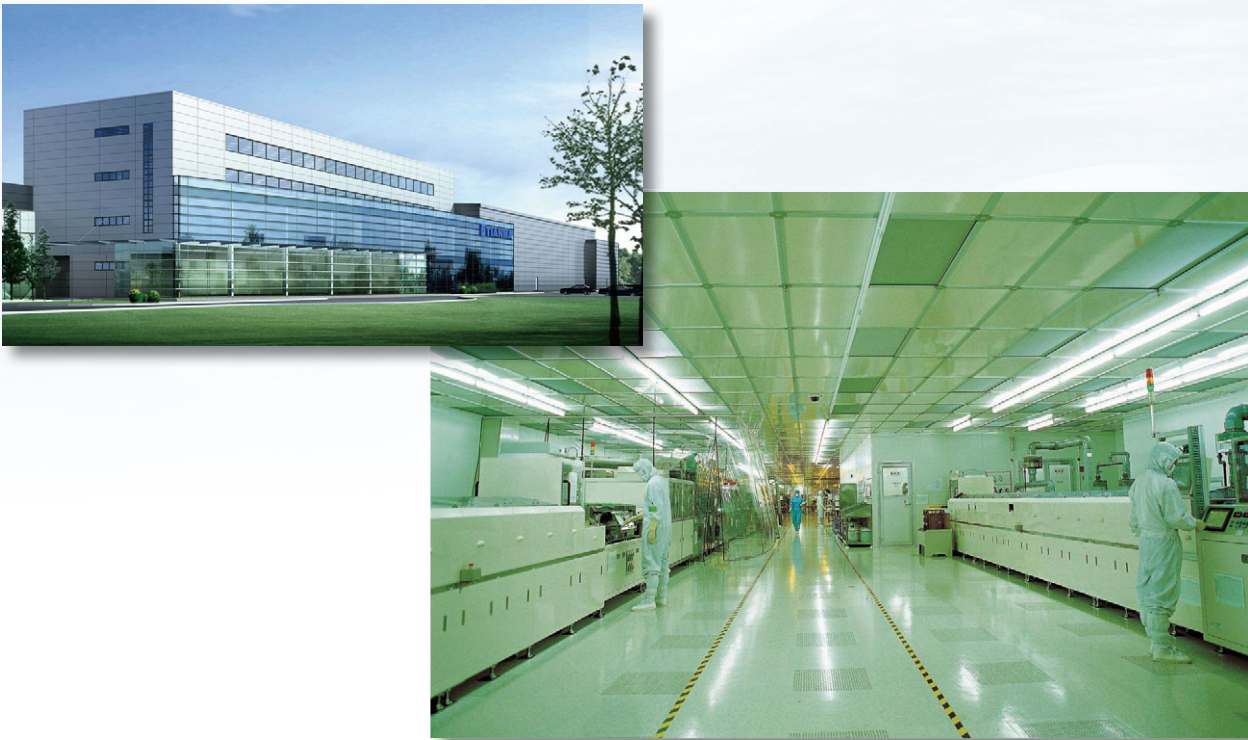
Global economy was still sluggish in 2011. The impact brought by the debt crisis in Europe to the countries around continued to extend. The unemployment rate in Europe and the United States lingered at a relatively high level. The expenditure by consumers in electronics products was relatively low, and brought certain shock to the electronics products market. Most of the large-size panel manufacturers in the world suffered from the losses, whilst the small-to-middle size panel industry sustained its momentum in the growth under the trend of smartphones and tablet computers.

Faced with a complicated and variable situation in the market, Tianma further defined its corporate strategies and reformed its organization structure. Different job functions were integrated and the operation matrix model was implemented in its management. The strategy of major customers was executed and long-term cooperation relationship was built up with reputable telecommunication equipment providers within and outside China. The product mix was realigned proactively and significant improvement was achieved from acceleration in technology development. Upon the revamp of recognition by major customers within and outside China and the competitiveness in the domestic market, the capacity of the newly built production line was gradually released. The share of market by Tianma was further lifted, with revenue growing over the same period last year. However, as the level of salaries and wages in the market rose, Tianma's operating profit was subject to adverse impact to a certain extent.

BUSINESS REVIEW *(continued)*

LCD *(continued)*

During the reporting period, Shanghai Tianma Microelectronics Co., Ltd. ("Shanghai Tianma") completed the test at the assembly line of its OLED project with the automated processing in the streaming chip commenced. The first coloured-AMOLED sample was lighted up successfully on 20 February 2012. The sample of 12-inch AMOLED product was lighted up successfully in December 2011. The full year performance of Chengdu Tianma was satisfactory. The installation of equipment for expansion in production and the trial operation were completed as scheduled. Such expansion project significantly increased the monthly capacity of Chengdu Tianma.



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

During the reporting period, Tianma have been entrusted with the management of Shenzhen CATIC Opto-electronics Limited ("Shenzhen CATIC Optoelectronics"). Shanghai Tianma, after being entrusted with the management at Shanghai CATIC Opto-electronics Limited ("Shanghai CATIC Optoelectronics"), have been entrusted with the management of Xiamen Tianma. These tasks did not only enable Tianma to share its successful management experience to achieve operation synergy, but also bring Tianma a new business model and income source.

Gross Profit Margin

	2011 (RMB'000)	2010 (RMB'000)
Sales revenue	4,528,752	3,321,736
Cost of sales	4,001,637	2,863,603
Gross profit	527,115	458,133
Gross profit margin	12%	14%

Market Structure

Sales region	2011	2010
PRC	41.30%	44.06%
Hong Kong	20.63%	24.63%
Europe and America	9.00%	12.75%
Southeast Asia and others	29.07%	18.56%
Total	100.00%	100%

Product Structure

	2011	2010
LCD	28.2%	20.3%
LCM	71.8%	79.7%
Total	100%	100%

BUSINESS REVIEW *(continued)*

PCB

The Group, through its subsidiary, Shennan Circuit, engages in the production and sales of middle to high-end multi-layer PCB products, which are mainly used in high technology fields such as telecommunication, aeronautics and astronautics, medical services, automobile and industrial control. In 2011, the turnover from the PCB business of the Group was approximately RMB2,058,749,000, rose by approximately 30.39% over approximately RMB1,578,891,000 for the previous year. The profit after taxation amounted to approximately RMB140,516,000, representing a decrease of approximately 5.51% over approximately RMB148,710,000 for the previous year.

In 2011, different segments of the electronics supply chain in the world was hit by the curtailing of orders. Together with the unforeseen events frequently occurred during the year, such as the earthquake in Japan, the crisis in Syria and the flooding in Thailand, the global electronics and information technology industries lacked the driving force for growth. However, with the trend of smartphones and tablet computers still lasting since 2010, the PCB industry in the world recorded a growth of 7.4% to US\$56.37 billion in 2011, according to the latest report of prismatic, a research institute authoritative in the PCB industry. As the “hub” for the global PCB industry, China recorded a growth of 14.8% to US\$22.93 billion, with the proportion to the global market increasing from 38% in 2010 to 40.7%.

Subject to the unfavourable factors such as the considerably complex industry environment, as well as ongoing surge in labour costs and raw materials price, Shennan Circuit actively pursued for innovation in management and enhancement of technological capabilities, rejuvenating the supply chain management, and improving quality management and control. As a result, the profitability of the PCB business continued to strengthen. The shock on profitability from systematic risks was thus mitigated. Shennan Circuit accelerated its pace in the development of the market through the committed cooperation by different departments ranging from marketing, research and development to operations. The principle of customer-orientation was adhered. Whilst expansion was achieved in the scope of the core markets, more endeavours were devoted to other markets and the technical marketing was reinforced with its application being enhanced, which provided cohesive technical support to the research and development as well as application of new products and new technologies for customers in a highly efficient manner in all respects with prompt response. The performance in quality and product delivery was improved to a material extent. In 2011, the sales income of Shennan Circuit made breakthrough and reached new heights. The development of a new businesses, packaging substrate business and electronics assembly business were still in their early phase of development, that brought certain adverse effect on the overall profitability.



BUSINESS REVIEW *(continued)*

PCB *(continued)*

Gross Profit Margin

	2011 (RMB'000)	2010 (RMB'000)
Sales revenue	2,058,749	1,578,891
Cost of sales	1,650,520	1,206,970
Gross profit	408,229	371,921
Gross profit margin	20%	24%

Market Structure

Sales regions	2011	2010
PRC	76.81%	76%
Europe and America	10.14%	14%
Southeast Asia and others	13.05%	10%
Total	100.00%	100%

Product Structure

	2011	2010
Telecommunication Equipment	63%	69%
Consumer electronics	8%	2%
Others	29%	29%
Total	100%	100%

BUSINESS REVIEW *(continued)*

Luxurious Wrist Watches

The Group engages in the brand operation of middle and high-end watches and chain sales of prestigious watches around the world 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 2011, the turnover of the watch business of the Group amounted to approximately RMB2,470,674,000, representing a growth of approximately 45.28% when compared with RMB1,700,608,000 of the previous year. The profit after taxation amounted to approximately RMB139,159,000, representing an increase of approximately 159.93% when compared with the previous year of RMB53,538,000.

During the year of 2011, the consumption of luxury goods in China continue to increase upon the rapid development of the economy in China. As at the end of December 2011, the annual consumption of luxury goods (excluding private jets, leisure boats and luxury limousines) in China amounted to US\$12.6 billion in aggregate and accounted for 28% of share in the global market. China had become the luxury goods consumption country with the largest share in the world and luxury watches was one of the segments with the highest growth in luxury consumption for the year. Under such premises, through the building of the product brands with the “VIOLA TRICLOR” strategy and the world prestigious watch sales channel of Harmony, the watch business of the Group adopted positive measures and devoted to creation under these two main lines of operation. New projects were kicked off and under administration. With the reasonable control in costs, the supply chain was improved and the critical processes were rationalized. Sales and marketing activities of the brands was uplifted and a reputable branding image was rooted. With the expansion in market share, the recognition and reputation in the enterprise was enhanced and excellent results were achieved.

During the reporting period, Fiyta adhered to the “VIOLA TRICLOR” multi-brand strategy, i.e., the “FIYTA” brand, the high-end brand “Emile Chouriet” and the fashion brand series, continued to improve the “4P+C” brand building pattern, through which all brands recorded rapid growth. The “FIYTA” brand first participated in the Baselworld Watch and Jewellery Show in March 2011, and was first housed under the International Brands Gallery. The brand image was fully demonstrated and communicated on the international arena, where a brand from China showcasing together with the world’s first class watch brands. Marketing and promotion activities were conducted by fully leveraging on the effect of an image spokesman and the brand image was enhanced swiftly. The product categories were enriched upon the demand from consumers and complemented with the popular series such as the “Photographer” and “Elegance”. High-end products such as the enamel wristwatch under the Art Collection were launched into the market. The channels in the second and third tier cities were expanded rapidly. The establishment of outlets was proceeded steadily and the creation of an e-commerce platform was actively explored. Through augmenting customer experiences and facilitating communications, the satisfaction from consumers improved steadily. There was rapid growth in revenue and profit. The business of “Emile Chouriet”, the high-end wrist watch brand, grew rapidly. During the year, 56 new sales points were added to a total of 176. The channels for the fashion brands, namely JEEP, MINI, COSMOPOLITAN, were created with priority. Distributors for developing in the first tier cities were engaged and consignment counters were opened. As for the market in Southeast Asia, the deployment of channels was completed. In 2011, the number of sales points reached 274, including 127 sales points in 7 countries and regions overseas. At the same time, sales channels such as network and credit were also evolved.

BUSINESS REVIEW *(continued)*

Luxurious Wrist Watches *(continued)*

During the reporting period, the chain sales operation of Harmony World Watch Center capitalized on the opportunities arising in the market and commenced professional sales with remarkable results under the stated strategic objective in the changing environment. Sales points in the channels were actively expanded. In 2011, 39 new sales outlets of Harmony, 23 fashion brands watch stores were opened and 21 Henglianda world watch stores were added. The total number of stores as of the end of the year reached 251 (of which 174 under Harmony, 28 under fashion brands and 49 under Henglianda). As a result of consolidation in internal management, new services were launched successfully in accordance with the customers' experience and the effect was ample. With respect to the enrichment in branding, expansion of channel, customer services, operation management and team building, the Company accomplished tremendous progresses through which the operation capacity was boosted significantly. Sales and profit grew steadily and market share continued to expand. The influence over the industry and the recognition by the consumers were elevated considerably. After obtaining the award of "Asia Top 500 Brands" last year, Harmony was also selected as the "Chinese brand value Champions" and it was the only watch retailer selected in China.



BUSINESS REVIEW *(continued)*
Luxurious Wrist Watches *(continued)*

Gross Profit Margin

	2011 (RMB'000)	2010 (RMB'000)
Sales revenue	2,470,674	1,700,608
Cost of sales	1,633,312	1,203,259
Gross profit	837,362	497,349
Gross profit margin	34%	30%
Gross profit margin of Fiyta timepieces	77%	67%
Gross profit margin of Harmony timepieces	26%	25%

Market Structure

Sales region	2011	2010
Northeastern China region	9.47%	10.34%
Northern China region	15.41%	14.31%
Northwestern China region	27.02%	24.59%
Southwestern China region	9.79%	11.34%
Eastern China region	12.11%	12.01%
Southern China region	26.20%	27.41%
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 businesses that can be dominant in the industry and gaining sustainable development. In 2011, the resources business of the Group recorded turnover of approximately RMB1,096,776,000, representing an increase of approximately 478.69% as compared with RMB189,529,000 in the previous year. The profit after taxation was approximately RMB10,321,000, with a turnaround in its results as compared with the previous year.

As to the potassium fertilizer business, the costs of mining surged upon the complicated macro-economic situations and the further exploration of underground resources at Mahai Mining Area. Qinghai CATIC Resources Company Limited ("Qinghai Company") used its best endeavours to reduce the consumption of production units so as to lower the production costs and enhance the profitability through innovation of relevant technologies and segmented management of the production progress. In particular with technology innovation, the secondary grinding overflow equipment together with submarine solution containment researched and developed by Qinghai Company on its own allowed the revamp of production technologies into a new era and made breakthrough. Through the integrated application of low grade ores and reform on the flotation process, recovery rate was improved. 135,000 tonnes of potassium fertilizer were produced during the year, an increase of 18.43% over the previous year. The average selling price rose by 36% over the previous year. The steady increase in both sales volume and pricing strongly facilitated the growth in revenue and profit of CATIC Resources for the year.

As to the phosphate fertilizers business, Kunming CATIC Phosphorus Chemical Industry Co., Ltd. ("Kunming Company") completed the pre-operation overhaul for bulk mining. Issues such as adding equipment at mining sites, and applying for mining resources report were resolved. During the Reporting Period, Bailongtan commenced normal operation successfully and obtained a total of 30,000 phosphorous ore from mining contracts. Moreover, phosphorous tail ore of the year before previous year was disposed, thereby pushing the income from its principal operations significantly higher than the same period last year, and was the primary factor attributable to the growth in profit for the year by CATIC Resources. Yunnan Hongfu Chemical Fertilizers Co., Ltd. ("Yunnan Hongfu") obtained the mining permit at Daaози phosphorous mine during the year. The design and appraisal for items of its mining projects were completed and passed the review by experts at relevant authorities. The equipment of monoammonium phosphate under construction was ready for trial production, and thus the construction of sulfuric acid, phosphoric acid concentration and flotation equipment were commenced to support the operation of the whole project. The construction of various auxiliary facilities were basically completed. As Yunnan Hongfu was still in the phase of construction in 2011, production was not yet officially commenced.



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

As to the chemical fertilizers business, the chemical fertilizer department achieved independent corporate operation as a separate entity. A high quality research and development team was established during a relatively short term of time. Through the enhancement of technology composition in its products, tailor-made products were provided to customers in accordance with their needs. The competitiveness of the product in the market was effectively enhanced. After nearly one year of penetrating into the market, a group of core customers were developed through the bulk sales of chemical fertilizer products. During the Reporting Period, 31,000 tonnes of chemical fertilizers were sold which was one of the factors attributable to the significant increase in CATIC Resources. However, as the gross margin was relatively lower for the chemical fertilizer segment, the growth in profit was not material.

Resources Segment*Gross Profit Margin*

	2011 (RMB'000)	2010 (RMB'000)
Sales Revenue	1,096,776	189,529
Cost of Sales	928,571	125,164
Gross Profit	168,205	64,365
Gross Profit Margin	15%	34%

Market Structure

Sales Regions	2011	2010
Jiangsu region	1%	2%
Hubei region	2%	1%
Qinghai region	5%	3%
Shandong region	26%	71%
Sichuan region	1%	13%
Guizhou region	—	—
Yunnan region	—	3%
Beijing region	20%	—
Zhejiang region	—	1%
Shaanxi region	—	4%
Jilin region	5%	2%
Beijing region	—	—
Hebei region	1%	—
Henan region	1%	—
Heilongjiang region	17%	—
Liaoning region	1%	—
Shanghai region	20%	—
Total	100%	100%

BUSINESS REVIEW *(continued)*

Resources *(continued)*

Product Structure

Product Structure	2011	2010
85# products	28%	100%
Phosphate fertilizer	72%	–
Total	100%	100%

Hotel business

The Group is committed to hotel operations through its subsidiary, GIB Company. In 2011, the turnover from the hotel operations business of the Group was approximately RMB96,795,000, and the loss after taxation was approximately RMB87,254,000.

Since 2011, there was a slowdown in the growth of major developed and emerging economies in the world. However, the momentum on the growth of economy in China maintained its upward trend. The rapid development of economy in China and the increase in the living standard of its people promoted the development of tourism market within China. The hotel industry in China grew in a speedily manner under the efforts of participants both within and outside of China.

BUSINESS REVIEW *(continued)*

Hotel business *(continued)*

On 25 June 2011, Guangdong International Crowne Plaza under GIB Company duly commenced operation after two years of renovation and upgrade work. Crowne Plaza, a hospitality management company, was engaged by GIB Company and included Guangdong International Crowne Plaza into its worldwide booking system. The new hotel was featured as targeting business travel and conferencing. Sales and marketing activities as well as promotion services were actively introduced. Faced with a business environment with a number of hotels in the locality and competition becoming keen, the revenue of the hotel maintained its upward moving trend with performance indicators reaching or even overriding hotels in the locality of the same class. With the hotel commencing operation, the tenants at the office buildings were also provided with an admirable environment and auxiliary facilities. The leasing profile of the building as a whole upgraded hastily. The increase in finance costs and management fees from the renovation project of the hotel taken up by GIB Company brought negative impact to the earnings and loss was recorded during the reporting period.



FINANCIAL REVIEW

Capital Structure

	2011 (RMB'000)	2010 (RMB'000) Restated
Total borrowings	9,065,995	8,021,658
Total liabilities	13,180,188	12,318,964
Non-controlling interests	3,347,672	2,970,967
Shareholders' equity	5,615,965	4,948,449
Total assets	18,796,153	17,267,413
Loan-to-equity ratio	161.43%	162.10%
Debt-to-equity ratio	234.69%	248.95%

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

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2011, the cash and cash equivalents of the Group amounted to approximately RMB1,040,078,000 (2010: approximately RMB1,728,245,000), mainly derived from the following sources:

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

As at 31 December 2011, the current borrowings of the Group amounted to approximately RMB4,926,004,000 (2010: approximately RMB2,350,486,000) with an annual interest rate of approximately 3.29% to 7.30% (2010: approximately 2.98% to 5.23%), and non-current borrowings totaling approximately RMB4,139,991,000 (2010: approximately RMB5,671,172,000) with an annual interest rate of approximately 5.41% (2010: 5.13%).

Capital expenditure of the Group in 2011 amounted to approximately RMB1,604,396,000, of which approximately RMB534,214,000 was applied to the purchase of production equipment for the TFT-LCD and LCD operations and the construction of staff dormitories; approximately RMB615,874,000 was applied to the purchase of production equipment for the PCB business; approximately RMB148,180,000 was applied to the purchase of production equipment for the watch operations and setting up new chain stores of Harmony and Fiyta; approximately RMB138,813,000 was applied to the hotel and lease operations; approximately RMB166,987,000 was applied to the acquisition of production equipment and mining rights for resources business and the construction works relating to office, living facilities and mining areas; and approximately RMB328,000 was applied to other projects.

The Group's capital expenditure for 2012 is estimated to be approximately RMB2,038,040,000, of which approximately RMB190,000,000 will be used for the purchase of production equipment and the construction of staff dormitories for the LCD business; approximately RMB362,900,000 will be applied to the purchase of production equipment for Shanghai Tianma and Chengdu Tianma; approximately RMB421,000,000 will be applied to the purchase of production equipment and land used for production and the construction of new production plant for the PCB business; approximately RMB100,000,000 will be used for the renovation of guest rooms and facilities of GIB Company; approximately RMB650,140,000 will be used as the investment in construction of Qinghai Resources Silicon Metal Mine and Yunnan Hongfu Mine; approximately RMB269,000,000 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; approximately RMB45,000,000 million will be used in the acquisition of 4.65% equity interests in Shennan Circuit held by AVIC International Shenzhen Company Limited ("Shenzhen Company"). 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 2012

In 2012, despite the substantial uncertainties in external landscape, there will be ample opportunities. The Group will continue to work on performance and efficiency for promoting advancement in the industry and will work around the yearly strategic theme of “Enhancing Performance”, “Reorganising Structure” and “Bolstering Capacity” for boosting the continuous rapid growth of each business segment. It will accelerate adjustment of market, customer and product structures of its core business, promote industrial upgrade and enhance the overall operating results in a comprehensive manner; deepen management innovation and continue to improve operating efficiency; continue to complete strategic cost management tasks and monitor external operating risks; work on core competitiveness of businesses and enhance internal capacity including business model innovation, market exploration, technology research and development and supply chain management; continue to enhance corporate governance and increase efficiency; promote people-first management and intensify reform of corporate culture system and support the healthy and sustainable development of each business.

In addition, pursuant to the strategy of continuous injection of high-quality assets by the controlling shareholders of the Company into the Company, the Company has entered into equity interest acquisition agreements with its controlling shareholders and their connected persons on 30 November 2010 and 16 November 2011, respectively, to acquire equity interests in 19 of their subsidiaries in total. Upon completion of all of the transactions, the Group's businesses would be further expanded and the foundation of the trade and logistics, real estate, electronic information and retail industries would be enhanced and consolidated, thereby establishing more diversified business portfolio and strengthening the capacity to withstand risk. By continuing to consolidate the existing competitive edge and developing the existing businesses according to established strategies, the Group will achieve synergistic effect of existing businesses and newly acquired businesses and create new comparative edge to ensure the continuous steady and healthy development of the Group as a whole.

LCD

In 2012, the global economy will remain sluggish. Unemployment rate in the European and US and other economies will be relatively higher and consumer spending on electronic products will remain at a lower level. According to the statistics of Citibank, it is estimated that global economic growth rate in 2012 will be 2.5%, lower than the 3.3% as in 2011.

In 2012, in terms of the segmented markets of the LCD industry, the smart phone market will grow rapidly, with an estimation of more than 600,000,000 smart phones globally, a year-on-year increase of 34%. Demand for tablet PCs will rise rapidly, with an estimation of more than 90,000,000 tablet PCs in the year, a growth rate of over 40%. Meanwhile, the automotive display market and professional display markets such as the industrial and medical display markets also tend to grow. The functional phone market will, however, grow in a slow pace, and markets like the portable GPS market will decline. In terms of technology development, new technologies including AMOLED and oxide TFT technologies will be put into bulk production or begin to grow in a multiplying manner, which will also intensify competition of the existing a-Si products. In terms of competitors, as the slump in the large-size panel market remains, the production lines of the industry in the new era will be shifted to the small-to-middle size panel market where the Company is positioned, which will intensify competition in the small-to-middle size panel market. As Tianma focuses on the small-to-middle size panel segment with distinct strategies, extensive experience and advanced hardware basis, and has laid out frontier technology in advance, following the continuous enhancement in competitiveness in the market and the further increase in degree of acceptance by domestic and overseas major clients, it is expected that Tianma will achieve further development in 2012.

In addition, the Group will continue to promote the integration of the LCD business, enter into strategic partnership with core suppliers and try to participate in the research and development and the manufacturing of upstream materials in various forms. It will strengthen its core competitiveness continuously and enhance its public popularity by formulating medium and long term plans for strategic resources deployment, and building a steady, speedy and competitive supply chain management system.

PROSPECTS FOR 2012 *(continued)*

PCB

Looking into 2012, the rise of construction investment in communication networks represented by TD-LTE on a global scale, the on-going active demand for smart phones and tablet PCs, and the successive approval and implementation of plans for strategic emerging industries in the state will provide more growth drivers to the development of the industry. It is forecasted by prismark, an authoritative institution, that the output growth of the global PCB industry will further decline and the output growth of the domestic PCB industry will also tend to slow down. The growth rate of the PCB industry in 2012 is expected to be 4.7%. Components with high added value used in smart phones and tablet PCs including HDI boards, soft boards, packaging substrates and LTE remain the growth opportunities. There will be keen competition in the high-added-value product market.

In 2012, Shennan Circuit will undergo transformation. Shennan Circuit will continue to implement its “3-IN-ONE” strategy, which emphasises interaction. It will put more focus on efficiency and profits in operation, and work on the theme of “Grasping Opportunities”, “Saving Costs”, “Enhancing Efficiency”, “Bolstering Capacity” and “Promoting Transformation”. In respect of the PCB business, in-depth development will be continuously launched in the communication equipment market, the traditionally advantaged core market, to seize the opportunities arising from the rise of the domestic TD-LTE of the communications market in the world and from the upgrade and reform of domestic optical network communication. Market shares in new markets including the server market and the rigid-flex board market as well as the aerospace market, which demonstrates strong growth with resistance to cyclic effect, must also be explored. In terms of new business development plans, the electronics assembly business will put key focus on the areas of radio frequency amplifiers and high-end consumer products and enhance profitability of businesses through strengthening manufacturing and operation and supply chain management capacity; the packaging substrate business will put key focus on the tremendous market opportunities of high-end CSP/BGA products, improve internal manufacturing and operation systems, further enhance processing techniques and increase timely delivery rate and passing rate of products.

In 2012, both opportunities and challenges exist. Shennan Circuit will strengthen risk management and control and enhance organisational efficiency while adhering to established strategies. The marketing and sales system will be further improved with the commissioning of technological and marketing capacities in place. Share of market in core segments will be consolidated, whilst more efforts will be devoted to the development of other sectors (such as aerospace, industrial control and healthcare). The product mix will be reorganized and operating cost will be reduced so that operational excellence will be pushed ahead through innovative thinking and profitability will be enhance as a whole.

Luxurious wrist watches

Notwithstanding the gloomy outlook in the position of the global economy, the economy in China maintained a comparatively rapid growth trend, with overall performance better than other countries. As China's per capita income continues to increase, demand for luxurious products by citizens also keeps increasing. In particular, there is still tremendous development potential in 2nd and 3rd Tiers Cities. As revealed by China's Luxury Goods Market Research Report 2011, domestic luxury goods spending in China in 2011 increased by 25% to 30%, with a market scale exceeding RMB100 billion for the first time, making China the most active luxury goods market with the greatest purchasing power in the world. As a new favourite in the luxury goods industry, demand for luxurious watches will continue to be on the rise. The consumer market for watches and clocks in China will also become more well developed.

PROSPECTS FOR 2012 *(continued)*

Luxurious wrist watches *(continued)*

2012 is a year of opportunities and challenges to the entire watch and clock industry. In face of the significant turning point for its own breakthrough and the severe landscape in the competition with outstanding international enterprises, Fiyta will continue to understand its customers in thorough manner in 2012. Corporate values will be enriched and operation management standards will be enhanced from the experiences of outstanding enterprises and brands. Product categories will be expanded and more innovative service will be offered, which will in turn foster the core competencies of the company. Cooperation will be initiated with partnerships in the different industries so that market share will be expanded. The development of core segments will continue to accelerate so as to improve the overall operating results in a comprehensive manner. The corporate management will further pursue for breakthrough in its mean and to upgrade the leadership capabilities of the management team whilst elevating talent development system for middle-to-senior management. Furthermore, the talent pool will build up its reserve from selecting, recruiting and nurturing talents from the international market.

Meanwhile, Fiyta will enhance the management standard of the head office's strategies and perfect its corporate governance structure. Strategic cost management will be improved and emphasis will be placed to monitor external operating risk. Operating plans will be realigned in a flexible manner revolving on effectiveness and efficiency in its work. Attention will be given to minor grade and front-line staff so as to promote people-oriented management. The corporate culture system will be further ameliorated with an aim to remain focusing on the watch and clock industry and delivering customers with high-quality of living standards. Fiyta will become an arena for its staff to create return for shareholders and to realize growth jointly with customers, shareholders, corporate body and staff.

Resources

In 2012, outlook for the macroeconomic situation as a whole will not be very optimistic. Given that the European sovereign debt crisis is yet to be settled, coupled with weak recovery of major economies including the Euro and US economies and weak domestic demand, it is expected that price of bulk commodities in the international market will drop, which will correspondingly affect the key operations of potassium, phosphorus and coal of the resources business. In the potassium fertilizer industry, possibility for significant increase in domestic and foreign supply is not seen. Amid the relatively rigid domestic demand and the relatively big gap in demand and supply, it is expected that the price will remain stable. Given the mass consumption of premium phosphate ores in Yunnan Province, the price of phosphate ores will, overall speaking, remain stable. In the phosphate and compound fertilizer industry, due to the rise in the price of downstream phosphate ores, the accelerated pace of integration of upstream resources and scaled production factories by downstream chemical operations as well as the constant tolerance on the rise in food price by the state, the future price will continue to increase steadily. In the entire agricultural industry, the mode is turning from the one-village-one-family practice to the collective farming practice. Large-scale planting will gradually dominate the industry. With the demand for agricultural product demand becoming more customized, the quantity of bulk orders from customers will increase. Demand for high-end fertilizers and one-stop technical service will be getting stronger.

In terms of the potassium fertilizer business, adjustment plan on the production rhythm of Mahai mining area will be implemented to achieve sustainable development. During the production adjustment period, on the basis of the breakthrough obtained from the water diversion and solution mining industrialised test last year, and coupled with previous experience and principles deduced, industrialised mining will be further implemented on a larger scale. Factors including water sources, resource distribution in the mining area, salt field and workshop production will be taken into consideration in a comprehensive manner and coordination and planning will be managed at the same time so as to achieve long-term and stable production.

PROSPECTS FOR 2012 *(continued)*

Resources *(continued)*

In terms of the phosphorous chemical business, Kunming Company will focus on maintaining and ensuring sound operating environment of the company and conducting its usual course of production. Yunnan Hongfu will carry out the MAP production line trial production. At the same time, it will launch setup of levelling and gap filling project where appropriate according to the fund condition, and problems exist in production and operation will be summarised and assessed in a timely manner in order to have sound cost control and preparation for management for the joint trial run in later stage.

In terms of the agricultural products business, the Group will develop and produce products needed by suitable soil and the growth of crops through enhancing its own technology in research and development so as to fulfill the customers' needs ultimately. Efforts will be placed in lifting the sales volume and added value to profits of bulk agricultural products. The completion of the two key R&D projects, namely new sustained-release agents and new phosphate fertilizers, allowed the products to move ahead into the stage of commercialization, achieving a key profit centre for its growth upon the commencement of sales. Traditional modes of operation and sales will be changed and customer-oriented tailored solutions will be adopted. Products and technical services deriving from good quality agricultural practice will be commercialised and will satisfy the future trend of development. Supply chain and OEM management will be strengthened. Funding will be applied in a coordinated manner and the cost as a whole will be reduced.

Hotel business

Looking forward, the number of all sorts of commercial activities and conventions and exhibitions will continue to increase upon the relevant policies on stimulating domestic demand as actively promoted by the Chinese government. The domestic tourism market will maintain its steady growth and the interests of foreign tourists towards China are on the rise. These favourable factors sustain the upward moving trend of hotel business in China.

In 2012, Guangdong International Crowne Plaza will launch all sorts of hotel sales and promotional activities with an aim to enhance its popularity and level of customer satisfaction as well as to assure a high standard of hotel operation. At the same time, GIB Company will upgrade the overall quality of the building through modernisation projects on the common areas of the office tower and the underground car park, transforming the building a high-grade office building matching the five-star hotel. In respect of acquiring tenants for the commercial podium, GIB Company will carry out meticulous planning on the lease area and tenant composition in a reasonable manner. The hotel operation will thus be integrated effectively with property leasing and build up an inter-complementary and win-win situation between hotel operation and property leasing. The company will also focus on cost control in daily operation. Through the increase in source of income and the reduction in expenditure, the overall value of GIB Company would be enhanced. The debt ratio of the company will be lowered so as to mitigate the negative effect on the profitability of the company with a decrease in substantial finance costs.

SOCIAL RESPONSIBILITY

Year 2012 is the first year of “Twelfth Five-Year” Plan, it is also the year for CATIC Shenzhen to poise for a rapid development. It is our mission to ensure the rapid and sustainable development of the enterprise, and create value for our customers, provide a platform to our staff for them to unlock their potential, and make contribution to the aviation industry and the society. While in the operation of our business, we keep thinking of what we can do for the society, and dedicated ourselves to fulfill our corporate social responsibilities to put words into action. We emphasize “human-oriented” approach to implement humanized management for a harmonious working environment to improve the happiness and sense of belonging of employees, so that the employees’ personal interest and the corporate interest are integrated, and employees develop alongside with the enterprise. In the meantime, our staffs volunteer to organize various activities and charity projects to enhance employees’ sense of commitment and pride to the enterprise and establish a resources-conserving and environmental friendly society.

Business Operation – To Surpass Ourselves

We believe that operation and management are inseparable. Externally, we abide by laws, regulations and commercial ethics, put great emphasis on the market and our customers, as well as provide targeted products and services to our target customers. Internally, we strive to strengthen our management innovations. CATIC Shenzhen continued to promote management innovation for the seventh year in 2011. During the year, we laid a solid foundation on management for a better team building and excellence, and were committed to unceasing pursuit of enterprise management innovation with consistent dedication and passion of the management innovators of CATIC Shenzhen.

- In January 2011, Fiyta was granted “2010 Key National Enterprises for Cultural in Shenzhen”.
- In March 2011, Fiyta successfully occupied Hall one of the Basel International Watch and Clock Fair.



- In May 2011, the “project of shortening the delivery cycle of PCB products by integrated application of Six Sigma” and the “project of application of multi-stage FME in quality management system” of Shennan Circuit received “2010 Quality Technology Second Honor Award” from China Quality Association.

SOCIAL RESPONSIBILITY *(continued)*

Business Operation – To Surpass Ourselves *(continued)*

- In September 2011, Harmony was named the “Best Brand Value in China” and the only famous watch retail enterprise in China in the list.
- In December 2011, CATIC Shenzhen received six “China Aviation Management Innovation Award”.
- CATIC Shenzhen, and Tianma, Fiyta and Shenzhen Circuit (which are affiliated to CATIC Shenzhen) were once again in the 2011 List of Shenzhen Top 100 Enterprises.
- The “project of creating high-end chain business brand based on the BSC theory” of Harmony was awarded the “Second prize of Outstanding Achievements” in the 3rd Innovative and Outstanding Achievement Appraisal of China Aviation for the year of 2011.
- GIB Company was granted the “2011 Top Ten Landmark Hotel” in the Foreign Hospitality Platinum Award for the year of 2011.

Care for Employees – To Build a Bright Future Together

CATIC Shenzhen aims to build an image of “new state-owned enterprise” in the new era. We care for our employees, concern their physical and mental health and increase their happiness. We actively promote the build-up of the people-first approach and took the initiative to fulfil social responsibility. Corporations are set up in Shenzhen City to help and take part in social management work for building a harmonious society.

- In March 2011, Tianma raised funds for NLT employees in Japan who were affected by the disaster. The RMB95,000 collected were delivered to the NLT colleagues timely.
- In October 2011, CATIC Shenzhen and FIYTA were named “Best Employer in China 2011”. FIYTA was in the list of “Most Profitable Employer in China” and “Employer of Brand with the Greatest Investment Potential”.
- In November 2011, CATIC Shenzhen’s “Heart Building Campaign” for caring employees was officially launched.

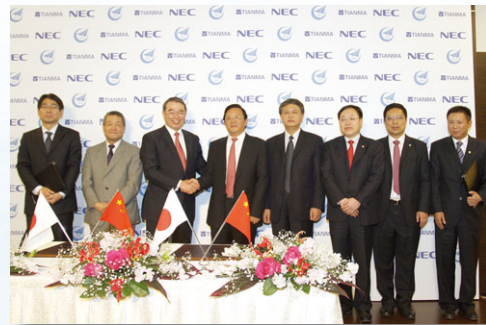


SOCIAL RESPONSIBILITY *(continued)*

Achieving Win-Win Situation Hand-in-hand – Explore a Leading Path

We always aim to pay special focus on our interested parties including our shareholders, customers and suppliers. We seek to perfect management, provide professional services, cooperate with each other and pursue excellence. We strive to provide high-quality products and value-added service to shareholders and customers and share mutual benefits with suppliers so as to achieve brilliant results.

- In February 2011, AVIC International entered into a partnership with NEC Group in Japan jointly with Tianma, forming a strong alliance to build an LCD enterprise worth over 10 billion dollars.
- In March 2011, Shennan Circuit was granted the “Best Quality and Delivery Award 2010” by General Electric Company in the US.
- In December 2011, Shennan Circuit was granted the title “Mindray Strategic Partner 2011”.



Environmental Protection – Promote Sustainable Development

As an enterprise with a strong sense of social responsibility, CATIC Shenzhen works towards strengthening reduction in consumption of energy and resources and protection of the ecological environment to enhance its sustainable development capacity. It initiated projects relating to reduction in energy consumption and waste emission, organised staff to carry out environmental protection campaigns, improved the working environment of staff and put “green purchase” into practice.

- In April 2011, Volunteer Union of CATIC Shenzhen participated in a tree planting activity.
- Shennan Circuit set up a water reduction special unit, saving water consumption of 1,800 tons on a daily basis.

SOCIAL RESPONSIBILITY *(continued)*

Technological Innovation – Technology Guides the Future

Technological innovation is our root. Only with innovation can we obtain self-breakthrough and surpass others. In 2011, while promoting management innovation, the company also made an effort in strengthening technological innovation. It deems technological advancement as the backbone of brand building and actively conducts research and development in frontier technologies to strengthen the core competitiveness of the enterprise.

- In January 2011, FIYTA's "High-precision Multi-functional Mechanical Watch Calibre" project was granted the "China Industry-Academia-Research Cooperative Innovation Achievement Award".
- In March 2011, the high-capacity motherboard project of Shennan Circuit passed technological outcome appraisal certification. So far, Shennan Circuit already has six projects passing the technological outcome appraisal certification.
- In April 2011, Shennan Circuit was awarded "Shenzhen Intellectual Property Advantaged Enterprise" for 2010 by Market Supervision of Administration of Shenzhen Municipality.
- In April 2011, FIYTA's "Manufacturing Technology and Application of Special Watches for Chinese Astronauts" was granted the Class 1 Technological Award of Guangdong Province.
- In July 2011, Shanghai Tianma's "Medium to Small Size New-typed TFT-LCD Product Technology Development" task successfully passed the examination and approval by the state.
- In September 2011, Shennan Circuit passed the NADCAP annual certification and assessment with full score.
- In November 2011, FIYTA's "Triumph (凱旋) Limited Edition" was granted the "Red Star Award" of Chinese Innovative Design; its "Photographer (攝影師)" was granted The 13th External Appearance Design Excellence Award.
- Tianma and Shennan Circuit were recognised as the key high-tech enterprise in National Torch Programme 2011.
- In December 2011, Tianma's 12-inch AMOLED module successfully passed testing, which symbolised that Tianma has already mastered the technology for large-size new-typed flat panel displays.



SOCIAL RESPONSIBILITY *(continued)*

Devotion to Charity – Love Gives Hope

We have always been devoted to taking part in community and charitable causes. We give in return to the community with grateful thanks. We arouse the sense of social responsibility among each of our employees within the enterprise while spreading our love. Our key donation objectives are education and poverty alleviation, whereby we launched rural voluntary teaching and provided subsidies to children in the mountain area so as to spread love to every corner.

- In March 2011, the 10th Teaching Aid Program sponsored by CATIC Shenzhen kicked off. Fifty-six university volunteers from all over the nation set off from Shenzhen to more than 20 rural schools located in Jiangxi, Sichuan, Guizhou, Hunan and Guangdong respectively for a one-term voluntary teaching programme.
- In May 2011, volunteer representatives of Shennan Circuit brought with them blessings and gifts from Shennan staff to students in the mountain area in Guizhou. During the two-day visit, volunteers spread love and care to the children, and brought with them all kinds of stationery and books as well as a donation of RMB40,340 from Shennan's employees.
- In July 2011, CATIC Shenzhen launched the rural teacher training charitable program "Blue Chalk", in which more than 20 volunteers went to Jiangxi to provide training for nearly 2,000 local teachers.
- In August 2011, with the subsidies from CATIC Shenzhen, three teachers and four students from Xinjiang Kashgar came to Shenzhen for their first time to get to know the outside world and fulfil their dreams for education.
- In November 2011, the National Model Airplanes Open "Shennan Cup 2011" funded and organised by Shennan Circuit was successfully held in Houhai F1 Race Field.



Profile of Directors, Supervisors and Senior Management

EXECUTIVE DIRECTORS

Mr. Wu Guang Quan, 50 years old, senior accountant, MBA of Tongji University, is now holding Chief Executive Officer of AVIC International Holding Corporation ("AVIC International") and 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, 43 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 of Shennan Circuits and vice board chairman of Tianma, vice board chairman of Fiyta, director of Rainbow. 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, 48 years old, EMBA of Guanghua School Of Management Peking University, senior accountant, master's degree, is now holding the positions of director, chief executive officer and general manager of Rainbow Stores, vice board chairman of Shennan Circuits and director of Shanghai Tianma. 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, 54 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, board chairman of Shenzhen CATIC Resources Co., Ltd and director of Guangdong International Building Industrial Co., Ltd. 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, 44 years old, senior engineer, Master of Engineering of HUST. 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, 46 years old, senior engineer, MBA of Tongji University, doctor of Beijing University of Aeronautics & Astronautics is now holding director and general manager of Fiyta, vice director general of Horology Association of China and chairman of Shenzhen Watch & Clock Association. 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, 51 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 – Galaxy Semi-Conductor Holdings Limited and Overseas Chinese Town (Asia) Holdings Limited. She has been appointed the independent non-executive director of Our Company since March 19, 2008.

Mr. Wu Wei, 38 years old, is now the executive 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 14-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, 58 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, 49 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, 54 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, 61 years old, graduated from Beijing University of Aeronautics & Astronautics, 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, 47 years old, graduated from UESTC, is the managing director of AVIC International and the deputy general manager of AVIC International (Hong Kong) Group Limited. 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, 62 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. 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, 53 years old, senior economist, a graduate of Jiangxi University of Finance and Economics, is now the party secretary and GM of Tianma and the director of Shanghai Tianma Microelectronics 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 of Tianma, and since April 25, 2011, GM of Tianma. 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, 59 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, 44 years old, MBA of Beijing University, joined in AVIC Shenzhen in 1993, and is now 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, 38 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 November 14, 2008. Due to personal reasons, Ms. Lin Mei resigned from the position of qualified accountant on August 2, 2011.

Corporate Governance Report

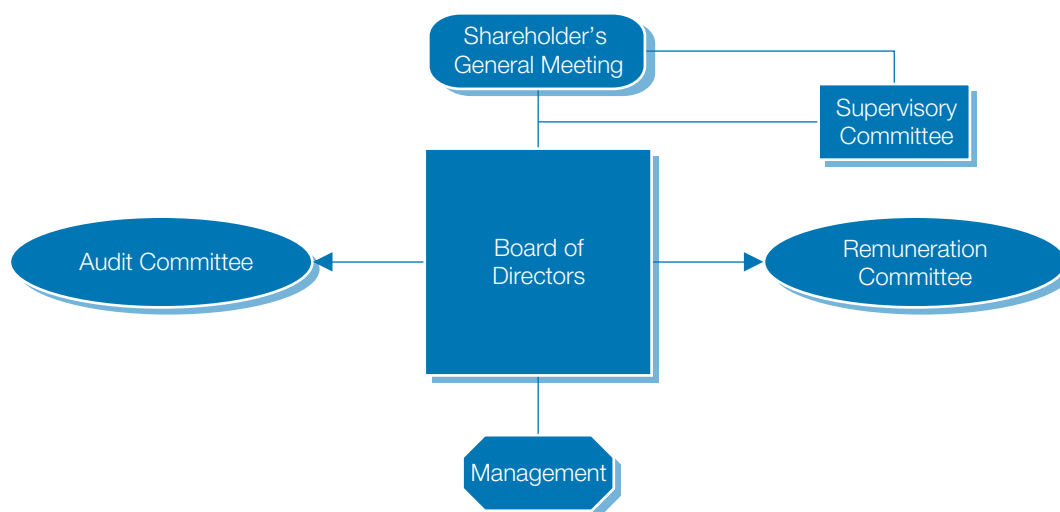
The Company has always attached great importance to maintaining high-standard commercial ethics and corporate governance level. The Company firmly believes that running business in a practical and responsible way and implementing effective corporate governance can result in maximum return and realization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

I. GENERAL STATUS OF CORPORATE GOVERNANCE

Throughout the financial year ended on 31st December 2011, 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 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 2011. AVIC Shenzhen is a wholly-owned subsidiary of AVIC International in Shenzhen. AVIC International 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 of the Company 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 (including non-executive 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 2011, the board has held 22 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 2011 are as follows:

Director	Board	Attendance/number of meetings	
		Audit Committee	Remuneration Committee
Executive director			
Wu Guang Quan (Chairman)	20	2	1
Lai Wei Xuan	20	2	0
Sui Yong	20	2	1
Liu Rui Lin	18	2	0
Xu Dong Sheng	18	2	0
You Lei	20	2	0
Non-executive director			
Cheng Bao Zhong	15	1	0
Qiu Shen Qian	16	1	0
Li Cheng Ning	16	1	0
Wang Bin Bin	15	1	0
Independent non-executive director			
Wong Wai Ling	22	2	1
Wu Wei	22	2	1
Liu Xian Fa	18	2	1

– *Independent non-executive director*

During the fiscal year ended 31st December 2011, 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 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 2010 and interim results for 2011.

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 2010 annual general meeting held on 18th May 2011, 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 2011 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 2011, the audit committee met two times to discuss the annual results for 2010, the interim results for 2011 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 Audit 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 resigned from the position on August, 2011 due to personal reasons. The Company will appoint a new qualified accountant when suitable candidates are available.

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.	✓	
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.	✓	

Code	Provisions	Complied	Deviation
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.	✓	
A.2.7	The chairman should at least annually hold meetings with the non-executive 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 non-executive 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.	✓	

Code	Provisions	Complied	Deviation
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.	✓	
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.	✓	
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.	✓	

Code Provisions		Complied	Deviation
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.	✓	
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.	✓	
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).	✓	

Code	Provisions	Complied	Deviation
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.	✓	
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 2011.

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 at present principally engaged in the design, manufacture and sales of LCD, PCB, chain sales of luxury and prestigious watches, development of mining resources, operation of hotel and properties.

Details of the contribution from each of the businesses to the profit attributable to shareholders of the Group for the year ended 31 December 2011 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 14 and 15 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 2011 are set out in the consolidated income statement of the financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2011, the distributable reserves of the Group were approximately RMB723,051,000 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 2011, the statutory general reserve fund of the Company is as follows:

	2011		2010	
	%	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 25 to the financial statements.

DIVIDENDS

The Board did not recommend the payment of any final dividend for the year ended 31 December 2011.

FIVE YEARS FINANCIAL SUMMARY

A summary of the Group's operating results, assets and liabilities for the past five years ended 31 December 2011 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 RMB1,033,824,000, accounting for approximately 9.73% of the Group's total purchases for the year ended 31 December 2011. The largest supplier accounted for approximately 5.14% (2010: approximately 9.57%) of the Group's total purchases for the year ended 31 December 2011.

The Group's sales to the five largest customers accounted for approximately 17.88% (2010: approximately 18.87%) of the Group's turnover for the year ended 31 December 2011. The largest customer accounted for approximately 4.58% (2010: approximately 5.69%) of the Group's turnover for the year ended 31 December 2011.

As at 31 December 2011, 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 12 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 11 to the financial statements.

PLEDGED ASSETS

As at 31 December 2011, GIB Company, a subsidiary of the Group, raised bank borrowings in the aggregate amount of RMB1,020,000,000 (2010: RMB1,020,000,000) with a net book value of RMB1,040,135,000 (original costs of RMB1,118,371,000) in properties, plant and equipment, Construction-in-progress, land use rights and fair value of RMB826,880,000 investment property of GIB Company being pledged.

Shanghai Tianma, a subsidiary of the Group, raised bank borrowings in an amount of RMB1,185,953,000 (2010: RMB1,572,548,000) with a net book value of RMB761,124,000 (original costs of RMB842,596,000) in properties, plant and equipment and land use rights of Shanghai Tianma being pledged. Fiyta, a subsidiary of the Group, raised bank borrowings of RMB1,198,000 (2010: Nil) with a net book value of RMB3,217,000 (original costs of RMB3,307,000) in properties and plant being pledged.

Information on the pledged assets of the Group for the year is set out in note 7, note 11, note 12 and note 22 to the financial statements.

DEBT RATIO

During the year, the Group's borrowings to equity ratio (the ratio of total borrowings to shareholders' equity) was approximately 161.43% (2010: approximately 162.10%), whilst the loan to equity ratio (the ratio of total liabilities loans to shareholders' equity) was approximately 234.69% (2010: approximately 248.93%).

BANK LOANS

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

ENTRUSTED DEPOSITS AND OVERDUE TERM DEPOSIT

During the year ended 31 December 2011, the Company did not have any entrusted deposit and overdue term deposit in any form.

ISSUE, PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

TAXATION

Details of the Group's taxation for the year are set out in note 36 to the financial statements.

TAXATION POLICY

Pursuant to the relevant income tax laws of the PRC, the companies and associated companies of the Group established in the Shenzhen Special Economic Zone 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 2011, 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 the same class of securities	Approximate percentage of securities	Approximately 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	395,709,091股 內資法人股	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	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 the same class of securities	Approximate percentage of securities	Approximately percentage of total registered share capital
<i>Other Shareholders</i>				
Li Ka-Shing	Interest of controlled corporation and founder of discretionary trusts	29,644,000 H shares <i>(Note)</i>	10.68%	4.40%
Cheung Kong (Holdings) Limited	Interest of controlled corporation	29,644,000 H shares <i>(Note)</i>	10.68%	4.40%
Li Ka-Shing Unity Trustee Corporation Limited	Trustee and beneficiary of a trust	29,644,000 H shares <i>(Note)</i>	10.68%	4.40%
Li Ka-Shing Unity Trustcorp Limited	Trustee and beneficiary of a trust	29,644,000 H shares <i>(Note)</i>	10.68%	4.40%
Li Ka-Shing Unity Trustee Company Limited	Trustee and beneficiary of a trust	29,644,000 H shares <i>(Note)</i>	10.68%	4.40%
Huayin Group Investment Development Co., Ltd. (華銀集團投資發展有限公司)	Beneficial owner	18,766,000 H shares	6.76%	2.79%
Jiang Jian Jun <i>(Note 5)</i>	Interest of controlled corporation	18,766,000 H shares	6.76%	2.79%

SUBSTANTIAL SHAREHOLDER *(continued)*

Notes:

- (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 100% of 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 29,644,000 H shares in the Company which comprises:
 - (A) Empire Grand Limited ("Empire Grand") is 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) Hutchison International Limited ("HIL") 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 29,644,000 H shares of the Company held by Empire Grand and HIL.

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

SHARE CAPITAL

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

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
Mr. Wu Wei
Mr. Liu Xian Fa

Non-executive Directors

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

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

- (i) Each of the service agreements 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 RMB5,395,000 (details set out in note 33 to the financial statements); and
- (iii) Each of the executive Directors is entitled to a discretionary annual bonus determined by the Board based on the Group's remuneration policy.

The total emolument payable to the aforesaid independent non-executive Directors was approximately RMB298,000 per year (the details of which were set out in note 33 to the financial statements).

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS *(continued)*

The service agreements of each independent non-executive Directors will expire at the conclusion of the 2011 annual general meeting to be held in 2012.

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 2011, 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.

CONTRACT OF SIGNIFICANCE

No contract of significance in which a Director is or was materially interested, either directly or indirectly was subsisting during or at the end of 2011.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

For the twelve months ended 31 December 2011, there were no changes to the Directors, Supervisors and Senior Management of the Company.

EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the emoluments of the Directors and supervisors are set out in note 33 to the financial statements.

CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

For the twelve months ended 31 December 2011, there were no changes to the Directors, Supervisors and Senior Management of the Company.

EMPLOYEES AND REMUNERATION

As at 31 December 2011, the Group had approximately 19,686 employees (2010: 17,267) with employee related costs of approximately RMB1,169,972,000 (2010: RMB792,112,000). The Group formulated its competitive remuneration policy based on market condition and individual employee's performance.

SOCIAL INSURANCE SCHEMES

The Group has participated in the retirement insurance scheme and health insurance scheme managed by Shenzhen Social Security Administration Bureau (深圳市社會保險局). Pursuant to the relevant provisions, the Group is required to make monthly contributions in respect of retirement insurance fund and health insurance fund to Shenzhen Social Security Administration Bureau, representing 19% and 9%, respectively, of the monthly salaries of its employees, of which the Group bears 14% and 7% respectively, and the employees bear the rest.

Pursuant to the above social insurance schemes, Shenzhen Social Security Administration Bureau is responsible for pension payments to the retired employees of the Group and general medical expenses of the employees of the Group.

Social insurance expense of the Group for the year amounted to approximately RMB106,882,000 (2010: RMB51,832,000).

Details of the retirement fund scheme and health insurance scheme maintained by the Group are set out in note 35 to the financial statements.

SIGNIFICANT RELATED PARTY TRANSACTIONS

1. Lease and Letting

Details of the leases entered into between the Group and CATIC Shenzhen's related parties as at 31 December 2011 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 2011 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 2011 are set out in note 26 to the financial statements.

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

Save as disclosed in the section of "CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS" below, all other related party transactions mentioned above did not fall under the definition of "connected transaction" or "continuing connected transaction" (as the case may be) under Chapter 14A of the Listing Rules.

INDEPENDENT DIRECTORS' CONFIRMATION ON CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Independent Non-executive Directors of the Company has reviewed the connected transactions and continuing connected transactions set out above, 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 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 Optoelectronics, pursuant to which Shanghai Tianma agreed to purchase slides from CATIC Optoelectronics 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. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules.

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

Continuing Connected Transaction – Sales of TFT Modules

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.

Connected Transactions – Technology Development Contract

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. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules.

3. Continuing Connected Transaction – Entrusted Management Agreement

1. *Shenzhen CATIC Optoelectronics Entrusted Management Agreement*

On 25 February 2011, Tianma and Shenzhen CATIC Opto-electronics Limited (“Shenzhen CATIC Optoelectronics”) entered into an entrusted management agreement, pursuant to which Shenzhen CATIC Optoelectronics 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. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS *(continued)*

3. Continuing Connected Transaction – Entrusted Management Agreement *(continued)*

2. Xiamen Tianma Entrusted Management Agreement

On 17 May 2011, Shanghai Tianma and Xiamen Tianma entered into the Xiamen Tianma Entrusted Management Agreement, pursuant to which Shanghai Tianma will provide management services to Xiamen Tianma for a term from 17 May 2011 to 28 February 2014. Pursuant to such agreement, Shanghai Tianma is entitled to receive a management fee of not more than RMB30,000,000 in total during the term.

Shanghai Tianma is a non-wholly owned subsidiary of the Company. Xiamen Tianma is owned as to 15.3% by CATIC Shenzhen, 14.7% by CATIC International, 6% by Xiamen CATIC and 64% by Xiamen Jincai. CATIC Shenzhen is the promoter and the controlling shareholder of the Company, and held approximately 58.77% of the issued capital in the Company during the Reporting Period. CATIC International owns 100% interest in each of CATIC Shenzhen and Xiamen CATIC respectively. Pursuant to Chapter 14A of the Listing Rules, the entrusted management agreement constituted a continuing connected transaction. For details, please refer to the announcement of the Company dated 17 May 2011. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules.

4. 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 2011 will not exceed RMB10,000,000. As sales of Fiyta in Shenzhen Rainbow increased, and the scale of the luxury goods consumption market in China continued to expand, 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.

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

7. Continuing connected transactions – lease

In 2011, Fiyta, a non-wholly owned subsidiary of the Company entered into several lease agreements with CATIC Property, the subsidiary of AVIC Shenzhen and its subsidiaries, the details of which were set out below:

Date of Announcement	Lease	Lessee	Lessor	Term	Annual cap
1 April 2011	Lease XII	Fiyta	CATIC Changtai	1 April 2011 to 31 December 2011	RMB1,244,160
	Lease XIII	Fiyta	CATIC Real Estate	1 April 2011 to 31 December 2011	RMB21,600
	Lease XIV	Fiyta	CATIC RE Development	1 April 2011 to 31 December 2011	RMB21,600
29 April 2011	Shops-Lease	Liaoning Hengdarui	Harmony	1 May 2011 to 30 April 2013	2011: not exceeding RMB3,750,000 2012: not exceeding RMB3,900,000
19 July 2011	Lease XV	Fiyta	CATIC Property	1 April 2011 to 30 June 2013	2011: RMB164,223 2012: RMB378,066 2013: RMB196,248

Fiyta is a subsidiary of the Company. Harmony, the lessor, is the wholly-owned subsidiary of Fiyta. Liaoning Hengdarui is the wholly owned subsidiary of AVIC Trust. AVIC Trust is directly and indirectly owned 51% and 21.47% by Aviation Industry and AVIC Shenzhen respectively. CATIC Changtai, CATIC Real Estate, CATIC RE Development and CATIC Property, the lessors, are the subsidiaries of CATIC Shenzhen. CATIC Shenzhen is the promoter and the controlling shareholder of the Company. Pursuant to Chapter 14A of the Listing Rules, the above lease agreements constituted the continuing connected transactions of the Company. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS *(continued)*

8. Continuing Connected Transactions and Connected Transactions – Sales of Watches

1. Continuing Connected Transactions – Sales of Watches

On 31 May 2011, Fiyta, a non-wholly owned subsidiary of the Company and CATIC International entered into watch sales framework agreement for a term from the date the contract was signed to 31 December 2011. Fiyta will sell watches to CATIC International and its subsidiaries at an amount of not exceeding RMB30,000,000.

Fiyta is a non-wholly owned subsidiary of the Company. CATIC Shenzhen is the promoter and the controlling shareholder of the Company. CATIC International owns 100% interests in CATIC Shenzhen. Pursuant to Chapter 14A of the Listing Rules, the watch sales agreement constituted a continuing connected transaction of the Company. For further details, please refer to the announcement of the Company dated 31 May 2011. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules.

2. Connected Transaction – Sales of Watches

On 19 July 2011, Fiyta Manufacturing, the wholly owned subsidiary of Fiyta, and Shenfei Group entered into a series of watch sales agreement. Fiyta Manufacturing will sell watches to Shenfei Group at a total amount of RMB3,003,152. Fiyta Manufacturing is expected to deliver the watches to Shenfei Group before 31 July 2011.

Fiyta Manufacturing is a wholly owned subsidiary of Fiyta. Shenfei Group is a wholly owned subsidiary of Aviation Industry. Pursuant to Chapter 14A of the Listing Rules, the watch sales agreement constituted a connected transaction of the Company. For further details, please refer to the announcement of the Company dated 19 July 2011. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules.

9. Continuing Connected Transaction – Agreement for the Purchase of LC Glass and Etching

On 9 August 2011, Chengdu Tianma, an indirect non-wholly owned subsidiary of the Company, entered into the Framework Agreement for the Purchase of LC Glass with Chengdu Optoelectronics, pursuant to which Chengdu Tianma has agreed to purchase and Chengdu Optoelectronics has agreed to sell the LC Glass for an aggregate amount not exceeding RMB10,000,000 for the year ending 31 December 2011.

Chengdu Tianma is owned as to 30% by Tianma, 42.8% by Chengdu Industrial Group and 27.2% Chengdu Gaoxin Investment. As Chengdu Opto-electronics is an associate of Chengdu Gaoxin Investment by virtue of its 30% shareholding in Chengdu Opto-electronics, pursuant to Chapter 14A of the Listing Rules, the Framework Agreement for the Purchase of LC Glass constituted a continuing connected transaction of the Company.

Chengdu Tianma entered into the Processing Commissioning Agreement with Chengdu Industrial Technology, pursuant to which Chengdu Tianma agreed to engage Chengdu Industrial Technology to carry out thinning process to TFT-LCD Panels. The price for the Commissioned Processing will not exceed an annual limit in the amount of RMB8,400,000 for the year ending 31 December 2011.

For further details, please refer to the announcement of the Company dated 9 August 2011. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS*(continued)***10. Continuing Connected Transactions – Framework Agreement for the Continuing Connected Transactions with 12 companies recently injected to the Group in the coming three years**

On 30 November 2010, the Company entered into equity interests acquisition agreements with AVIC International, AVIC International Shenzhen and Beijing Raise Science Company Limited (“Beijing Raise”). The Company acquired certain equity interests in 12 companies from AVIC International, AVIC International Shenzhen and Beijing Raise Science Company Limited (“Beijing Raise”) by way of issuing the domestic shares and perpetual subordinated convertible securities of the Company. Upon the completion of the acquisitions, Aviation Industry, AVIC International, Vanke Enterprise, Taizhou Shipyard, Jiangsu Baochuan, Beijing AVIC and their respective associates are the connected parties of the Company. The continuing connected transactions subsisting with the above mentioned companies would constitute the continuing connected transactions of the Company. Therefore, the Company revised or renewed the framework agreement contemplating the continuing connected transactions on 28 September 2011, with the term commencing from 1 January 2011 to the end of 2012 according to the annual cap as provided in the respective framework agreement. The Company proposed the resolutions for approving the transactions above by the extraordinary general meeting in a circular dated 4 November 2011 and such resolutions were approved in the meeting held on 22 December 2011.

Types of agreement	Enlarged Group	Parties	2011 Unit: RMB	2012 Unit: RMB	2013 Unit: RMB
Sales	Enlarged Group	Aviation Industry	525,000,000	525,000,000	525,000,000
Purchases	Enlarged Group	Aviation Industry	165,000,000	240,000,000	315,000,000
Sales	Enlarged Group	Aviation International	295,500,000	423,000,000	558,000,000
Purchases	Enlarged Group	Aviation International	18,600,000	22,500,000	30,000,000
Agency/import and export services	Enlarged Group	Aviation Industry	15,150,000	16,050,000	22,950,000
Agency/import and export services	Enlarged Group	Aviation International	46,500,000	52,500,000	67,500,000
Project management fees	Enlarged Group	Aviation Vanke	184,565,120	476,004,780	402,650,120
Property management	Enlarged Group	Vanke	20,216,500	33,840,000	15,900,000
Provision of loans/guarantees	Enlarged Group	Aviation Industry	2,745,000,000	3,555,000,000	4,020,000,000
Provision of loans/guarantees	Enlarged Group	Aviation Industry	300,000,000	–	–
Receiving interests/guarantee fees	Enlarged Group	Aviation Industry	652,517,000	688,041,000	561,717,000
Provision of interest/guarantee fees	Enlarged Group	Aviation Industry	3,186,000	3,336,000	–
Provision of loans/guarantees	Enlarged Group	Aviation International	9,298,981,000	11,682,068,000	15,032,304,000
Provision of loans/guarantees	Enlarged Group	Aviation International	–	–	–
Receiving interests/guarantee fees	Enlarged Group	Aviation International	188,407,000	357,112,000	418,579,000
Provision of interest/guarantee fees	Enlarged Group	Aviation International	–	–	–
Provision of loans/guarantees	Enlarged Group	Vanke	1,455,333,950	727,428,750	503,079,750
Provision of loans/guarantees	Enlarged Group	Vanke	468,700,000	–	–
Receiving interests/guarantee fees	Enlarged Group	Vanke	69,255,170	89,577,050	72,435,050
Provision of interest/guarantee fees	Enlarged Group	Vanke	–	–	–

For further details, please refer to the announcement of the Company dated 28 September 2011, the circular dated 4 November 2011 and the notice of general meeting dated 23 December 2011.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (continued)**11. Continuing Connected Transactions – Framework Agreement for the Renewal of the Continuing Connected Transactions with 12 companies before injecting to the Group as its subsidiaries**

In December 2011, the Company together with its directly and indirectly owned subsidiaries, namely Fiyta, Harmony, Tianma, Chengdu Tianma and Guangdong International and AVIC Shenzhen with its subsidiaries entered into a number of framework agreements for a term contemplating from 1 January 2012 to 31 December 2014. The framework agreements entered into with the above related companies included leases, property management, entrusted management, concessionaire, purchasing and processing. For details, please refer to the table below:

Date of announcement	Framework Agreement	161 and its subsidiaries	Parties	2012	2013	2014
19 December 2011	Leases	Fiyta	Shenzhen Company and its subsidiaries	14,000,000	18,000,000	22,000,000
		Guangdong International	Lutong Company	3,450,000	2,750,000	2,750,000
21 December 2011	Property Services	Shenzhen Tianma	CATIC Property Management	7,000,000	7,000,000	7,000,000
		Shanghai Tianma	CATIC Property Management	5,000,000	5,000,000	5,000,000
		Chengdu Tianma	CATIC Property Management	5,000,000	5,000,000	5,000,000
		Fiyta	CATIC Property Management	3,500,000	4,000,000	4,500,000
		Guangdong International	CATIC Property Management	9,000,000	9,000,000	9,000,000
23 December 2011	Purchase of LC Glass Processing Commissioning	Chengdu Tianma	Chengdu Optoelectronics	50,000,000	–	–
		Chengdu Tianma	Chengdu Industrial Technology	18,000,000	–	–
28 December 2011	Entrusted Management	Shanghai Tianma	Shanghai CATIC Opto-electronics	20,000,000	20,000,000	20,000,000
		Shenzhen Tianma	Shenzhen CATIC Opto-electronics	840,000	1,000,000	10,000,000
29 December 2011	Concessionaire	Fiyta	Rainbow	35,000,000	45,000,000	60,000,000
		Harmony	CATIC Property	1,500,000	3,000,000	4,000,000

The above continuing connected transactions constituted the disclosable and connected transactions of the Company. For further details please refer to the announcements of the Company published on the website of SEHK.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS *(continued)*

12. Connected Transaction – Acquisition of Equity Interests in Liaoning Hengdarui

On 14 December 2011, Harmony, an indirect non-wholly owned subsidiary of the Company, CATIC Shenzhen and AVIC Trust have entered into the Share Transfer Agreement, pursuant to which Harmony, as the nominee of CATIC Shenzhen, acquired the entire equity interest in Liaoning Hengdarui from AVIC Trust for a total consideration of RMB56,100,000. Upon the completion of the acquisition, Harmony owns 100% equity interests in Liaoning Hengdarui.

AVIC Trust is directly and indirectly owned by Aviation Industry as to 51% and AVIC Shenzhen as to 21.47% respectively. Aviation Industry is the indirect holding company of AVIC Shenzhen. AVIC Shenzhen is the controlling Shareholder. Hence, the above share transfer agreement constituted a disclosable and connected transaction of the Company. For further details, please refer to the announcement of the Company dated 14 December 2011. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules.

13. Connected Transaction – Acquisition of 25% Equity Interests in Shanghai Watch

On 14 December 2011, Fiyta, a non wholly-owned subsidiary of the Company, won a bid as the only bidder in a public tender at the Beijing Equity Exchange and entered in an equity transfer agreement with AVIC Investment on the same day to acquire 25% equity interest in Shanghai Watch at a consideration of RMB40250000.

Fiyta is a non wholly-owned subsidiary of the Company. AVIC Investment is a subsidiary of CATIC Shenzhen. CATIC Shenzhen is the controlling shareholder of the Company. The above transaction constituted the connected transaction of the Company. For further details, please refer to the announcement of the Company dated 14 December 2011. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules.

14. Connected Transaction – Disposal of Equity Interest in Shenzhen Maiwei

On 25 August 2011, the Company entered into the Share Transfer Agreement, pursuant to which the Company disposed 60% equity interest in Shenzhen Maiwei to CATIC Shenzhen for a consideration of RMB1,520,000. Upon the completion of the equity transfer, the Company ceased to hold any equity interests in Shenzhen Maiwei.

CATIC Shenzhen is the controlling shareholder of the Company. The Share Transfer Agreement constituted a disclosable and connected transaction of the Company. For further details, please refer to the announcement of the Company dated 25 August 2011. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules.

15. Connected Transaction – Acquisition of Equity Interests in Shennan Circuit

On 28 December 2011, the Company and its controlling shareholder CATIC Shenzhen entered into a share transfer agreement, pursuant to which the Company acquired 4.65% equity interests in Shennan Circuit from CATIC Shenzhen at a total consideration of RMB53000000. Upon the completion of the acquisition, the Company owns 93% equity interests in Shennan Circuit.

CATIC Shenzhen is the controlling shareholder of the Company. Pursuant to Chapter 14A of the Listing Rules, the above share transfer agreement constituted a connected transaction of the Company. For further details, please refer to the announcement of the Company dated 28 December 2011. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules.

SUBSEQUENT CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

1. Connected Transaction – Finance Lease Arrangement

On 9 January 2012, Yunnan Hongfu, an indirect non-wholly owned subsidiary of the Company, entered into, among other things, the Finance Lease Agreement with AVIC International Leasing, pursuant to which Yunnan Hongfu shall pay the consideration for the leasing of the assets not more than RMB80 million (including the principal amount, interests and management fees etc.).

AVIC International Leasing is the indirect non wholly owned subsidiary of Aviation Industry. Aviation Industry is a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the Finance Lease Arrangement constituted a connected transaction of the Company. For further details, please refer to the announcement of the Company dated 9 January 2012. The Company has complied with the relevant reporting and announcement requirements of the Listing Rules.

2. Connected Transaction – Renovation Contract of Guangdong International Building

On 12 January 2012, Guangdong International, a non-wholly owned subsidiary of the Company, entered into the 2012 First Renovation Contract with CATIC Building Facilities. CATIC Building Facilities envisaged to conduct an overhaul on the fire prevention facilities for certain floors of Guangdong International Building. The total amount under the contract is not more than RMB3,133,000.

Guangdong International is a non wholly owned subsidiary of the Company. CATIC Building Facilities is a non wholly owned subsidiary of CATIC Property. CATIC Property is a wholly owned subsidiary of CATIC Real Estate. CATIC Real Estate is a non wholly owned subsidiary of CATIC Shenzhen, the controlling shareholder of the Company. The above contract constituted a connected transaction of the Company. The Company has complied with the reporting and announcement requirements in accordance with the Listing Rules.

The auditors have reviewed the aforesaid continuing connected transactions of the Group and confirmed that the continuing connected transactions:

1. have received the approval of the Board;
2. are in accordance with the pricing policies of the Group;
3. have been entered into in accordance with the relevant agreements governing the transactions; and
4. the aggregate amounts of the continuing connected transactions for the year ended 31 December 2011 did not exceed the annual cap amounts as disclosed in the relevant announcements disclosing the relevant transactions.

FOREIGN EXCHANGE RISK

The Group has no material foreign exchange risk as the Group's products are mainly distributed in domestic market and its export business is mainly settled in US dollar or HK dollar.

CONTINGENT LIABILITIES

The Company provided guarantees for a one-year loan of RMB842,000,000 and a long-term loan of RMB149,600,000 in favour of Fiyta, a subsidiary; provided guarantees for a one-year loan of RMB436,000,000 and a long-term loan of RMB432,600,000 in favour of CATIC Resources; provided a guarantee for a long-term loan of RMB80,000,000 in favour of GIB Company; provided a guarantee for a one-year loan of RMB202,000,000 in favour of Tianma; and provided a guarantee for a one-year loan of RMB75,981,000 and a long-term loan of RMB173,069,000 in favour of Shanghai Tianma.

Tianma, a subsidiary of the Company, provided guarantees for a one-year loan of RMB108,545,000 and a long-term loan of RMB247,241,000 in favour of Shanghai Tianma.

MATERIAL LITIGATION

The Company did not have any material litigation or arbitration in 2011.

OTHER SIGNIFICANT EVENTS

1. **Very substantial acquisition and connected transaction – Issuance of domestic shares and perpetual subordinated convertible securities for acquiring equity interests in 12 companies from the parent company and connected persons**

On 30 November 2010, the Company entered into equity interests acquisition agreements with AVIC International Holding Corporation ("AVIC International"), Shenzhen Company and Beijing Raise Science Co., Ltd ("Beijing Raise"), respectively. Pursuant to the said agreements, the Company has conditionally agreed to acquire certain equity interests in 12 companies for an aggregate consideration of not more than approximately RMB4,566,250,000, which shall be satisfied by issuance of domestic shares of the Company and perpetual subordinated convertible securities. The resolutions approving the acquisitions were duly passed at the extraordinary general meeting held on 16 February 2011 and the class meeting for holders of H Shares held on the same date. For further details, please refer to the announcement of the Company dated 3 December 2010 and the circular dated 31 December 2010.

The Company has received written approval from the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC") stating its consent in principle to the said acquisition in July 2011. As at the date of this announcement, the Company had completed the procedures for the amendment of business registration with eleven subject companies. As of the date of this announcement, there were still one company pending the completion of the same.

OTHER SIGNIFICANT EVENTS *(continued)*

2. Issuance of Shares and Acquisition of Assets by Tianma

On 18 January 2010, Tianma, a non-wholly owned subsidiary of the Company, entered into formal agreements with the Company, Shanghai Zhang Jiang (Group) Co., Ltd., Shanghai State-owned Assets Operation Co., Ltd. ("Shanghai State Assets Company") and Shanghai Industrial Investment (Group) Co., Ltd. ("Industrial Investment Group"). According to the agreements, Tianma has conditionally agreed to acquire 21%, 20%, 19% and 10% of the total equity interest in Shanghai Tianma from the Company, Shanghai Zhang Jiang Group, Shanghai State Assets Company and Industrial Investment Group, respectively. The resolutions approving the acquisitions and the issuance of A shares were duly passed at the extraordinary general meeting held on 19 March 2010. For further details, please refer to the circular of the Company dated 1 February 2010.

The transaction was not approved by the Review Committee of Merger, Acquisition and Reorganisation of Listed Companies of China Securities Regulatory Commission ("CSRC") on 30 December 2010. Thereafter, the board of Tianma decided to continue to proceed with this substantial asset restructuring at a board meeting, and therefore re-submitted the amended and perfected application materials to CSRC for review. On 9 January 2012, Tianma received a notice "The Decision of Disapproving Tianma Microelectronics Co., Ltd. of Acquiring Assets from Catic Shenzhen Holdings Limited Through Issuance of Shares" from CSRC, and held a meeting by the board to discuss the decision of terminating such transactions on 17 January 2012. Please refer to the announcements issued by the Company dated 9 January 2012 and 17 January 2012 for details.

3. Very Substantial Acquisitions and Connected Transactions – Issuance of Perpetual Subordinated Convertible Securities for acquiring equity interests in 7 companies from the parent company and connected persons

On 16 November 2011, the Company entered into the equity interests acquisition agreements with AVIC International and Shenzhen Company, respectively. Pursuant to the agreements, the Company has conditionally agreed to acquire certain equity interests in 7 companies for an aggregate consideration not more than approximately RMB8,277,333,000, which shall be satisfied by issuance of perpetual subordinated convertible securities. The resolutions approving the acquisitions were duly passed at the extraordinary general meeting held on 8 February 2012 and the class meeting for holders of H Shares held on the same date. For further details, please refer to the announcement of the Company dated 21 November 2011 and the circular dated 23 December 2011.

SUBSEQUENT EVENTS

1. Very substantial acquisition and connected transaction – Issuance of domestic shares and perpetual subordinated convertible securities for acquiring equity interests in 12 companies from the parent company and connected persons

With respect to the above mentioned transactions, as at the date of this announcement, the Company is conducting the procedures for the alteration of business registration about the last one subject company. Upon the completion of procedures for the alteration of all business registrations, the Company would proceed to the issue and registration of relevant domestic shares and perpetual subordinated convertible securities, whereupon the very substantial acquisition and connected transaction would all be completed.

2. Very substantial acquisition and connected transaction – Issuance of perpetual subordinated convertible securities for acquiring equity interests in 7 companies from the parent company and connected persons

With respect to the above mentioned transactions, as at the date of this announcement, the proposal has been submitted to SASAC and CSRC for review according to the relevant procedures.

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 fiscal year ended 31 December 2011. During the period, the Company has introduced remedial measures and systems for 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 the Directors and Supervisors. The Company, having made specific enquiries with all Directors and Supervisors, confirmed that, during the fiscal year ended 31 December 2011, all Directors and Supervisors had complied with the required standards of dealing in securities specified in the above mentioned code.

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 2011.

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 preliminary draft of the Group's financial statement 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 accompanying financial statements have been audited by PricewaterhouseCoopers. There is no change in its auditors in any of the preceding three years.

By Order of the Board
Wu Guang Quan
Chairman

Shenzhen, 19 March 2012

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 2011, 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 2011 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 2011.
- 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 2011.

The audit committee conducted two meetings during the year of 2011, at which the audit committee had reviewed the audited financial statements of the Group for 2011. 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 8, 2011 August 16, 2011
Proposals considered	<ol style="list-style-type: none">1. The Proposal to Review the Auditor's Report, Results Announcement and Report of Directors of the Company for 20112. The Proposal to Review the Interim Financial Report and the Interim Report on Consolidated Results of the Company for 20113. The Proposal to Review the Corporate Governance and the Internal Control of the Company for the First Half of the Year4. The Proposal to Review the Profits Appropriation Proposal of the Company for 20115. The Proposal to Review the Compliance of the Connected Transactions of the Company6. The Proposal to Review the Enhancement of Corporate Governance and Internal Control of the Company

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 2011, 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 2011 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 2011, 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 8, 2011
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 20112. The Proposal to Review the Payment Method of the Remuneration of the Directors and Senior Management of the Company for 2011

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 2011, all members of the Supervisory Committee of this Company earnestly performed the function of supervision in accordance with the regulations and requirements of Company Law, Articles of Associations and the procedure rules of the Supervisory Committee. By means of exercising their functions independently pursuant to the laws through 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 supervised and examined the operations of the this Company in accordance with the laws, the financial position of this Company, the implementation of resolutions passed in the shareholders' general meetings, the process of making major decisions by the Board of Directors, the legality and compliance for the operation and management activities of this Company as well as the performance of duties by the Directors and the senior management. It was thus procured that this Company is operated legally with a view to safeguard the benefits of this Company, its shareholders and employees.

The Supervisory Committee deems that during the reporting period, this Company's behaviors in the aspects of legal operation, financial auditing & result and daily operation and management comply with relevant provisions of the rules governing the listing of securities on the Stock Exchange and 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 this Company's benefits by utilizing their powers.

The Supervisory Committee expresses the following opinions for the performance of its operation during the reporting period:

The Supervisory Committee's independent opinions on the legal operation of this Company

During the reporting period, this Company strictly abided to 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. The shareholders' general meetings and the Board meetings were convened in accordance with the procedures as provided in the relevant laws, regulations and the Articles of Association, where the contents of the relevant resolutions were legal and valid. When fulfilling duties, the directors and senior managerial staff can consciously safeguard the benefits of this Company and shareholders, adhere to the principles of good faith and diligence, and do not violate any laws or statutes, or damage this 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 2011 interim report, 2011 annual report and 2011 auditor's report presented by PricewaterhouseCoopers, the auditor of this Company, with unqualified opinion. The supervisor committee considered that this Company's finance system and internal control system are sound, the financial operation is normal and financial status is good, and that the auditor' report can truly, objectively and fairly reflect the financial position and operating results of this Company in 2011.

The Supervisory Committee's independent opinion on the acquisition and disposal of assets by this Company

During the reporting period, the acquisition and disposal of assets by this Company were in compliance with the requirements of laws and regulations including this Company Law, the Securities Law, and the Listing Rules as well as this 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 this Company's assets.

The Supervisory Committee's independent opinion on the connected transactions of this Company

The supervisory committee has reviewed the connected transactions and continuing connected transactions of this Company during the reporting period and considered that the connected transactions of company were in line with this 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, this Company's articles of association and the Internal Reporting System for Major Events and Connected Transactions. This Company has conducted the review and disclosure procedures such that the interests of the shareholders and this Company were not prejudiced.

By Order of the Supervisory Committee

Wang Xin Kuo

Chairman of the Supervisory Committee

Shenzhen, China

19 March 2012

獨立核數師報告

Independent Auditor's Report



羅兵咸永道

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股份有限公司)

本核數師(以下簡稱「我們」)已審計列載於第137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二零一一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 137 to 260, which comprise the consolidated and company balance sheets as at 31 December 2011, 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.

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審核涉及執执行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二零一一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，二零一二年三月十九日

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 2011, 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, 19 March 2012

綜合資產負債表

Consolidated Balance Sheet

於二零一一年十二月三十一日 As at 31 December 2011

		截至十二月三十一日止	
		As at 31 December	
		二零一一年	二零一零年
		2011	2010
		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	7 682,264	719,271
採礦權	Mining rights	8 519,906	534,029
商譽	Goodwill	9 5,240	5,240
已資本化的開發成本	Capitalised development costs	10 57,973	—
物業、廠房及設備	Property, plant and equipment	11 7,072,770	6,697,911
投資物業	Investment properties	12 1,426,399	1,129,129
在建工程	Construction-in-progress	13 944,689	893,546
於聯營公司之投資	Investments in associates	15 916,944	794,349
可供出售金融資產	Available-for-sale financial assets	17 35,158	27,579
遞延所得稅資產	Deferred income tax assets	18 152,885	105,751
其他非流動資產	Other non-current assets	19 183,418	82,458
		11,997,646	10,989,263
流動資產	Current assets		
存貨	Inventories	20 2,527,417	1,976,667
貿易及其他應收款項	Trade and other receivables	21 3,116,081	2,414,513
抵押銀行存款	Pledged bank deposits	22 114,931	158,725
現金及現金等價物	Cash and cash equivalents	23 1,040,078	1,728,245
		6,798,507	6,278,150
總資產	Total assets	18,796,153	17,267,413
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	24 673,367	673,367
股份溢價	Share premium	24 354,513	354,513
其他儲備	Other reserves	25 537,563	439,020
未分配利潤	Retained earnings	702,850	510,582
		2,268,293	1,977,482
非控股股東權益	Non-controlling interests	3,347,672	2,970,967
總權益	Total equity	5,615,965	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.

綜合資產負債表(續)

Consolidated Balance Sheet (continued)

於二零一一年十二月三十一日 As at 31 December 2011

		截至十二月三十一日止	
		As at 31 December	
		二零一一年	二零一零年
		2011	2010
		人民幣千元	人民幣千元
		RMB'000	RMB'000
附註			
Note			
負債	LIABILITIES		
非流動負債	Non-current liabilities		
貸款	Borrowings	26 4,139,991	5,671,172
遞延所得稅負債	Deferred income tax liabilities	18 379,505	346,143
政府補貼之遞延收入	Deferred income on government grants	27 569,609	535,359
其他非流動負債	Other non-current liabilities	28 113,632	114,327
		5,202,737	6,667,001
流動負債	Current liabilities		
貿易及其他應付款項	Trade and other payables	29 2,975,283	3,267,087
貸款	Borrowings	26 4,926,004	2,350,486
流動所得稅負債	Current income tax liabilities	76,164	34,390
		7,977,451	5,651,963
總負債	Total liabilities	13,180,188	12,318,964
總權益和負債	Total equity and liabilities	18,796,153	17,267,413
流動淨(負債)/資產	Net current (liabilities)/assets	(1,178,944)	626,187
總資產減流動負債	Total assets less current liabilities	10,818,702	11,615,450

已於二零一二年三月十九日經董事會批准

Approved by the Board of Directors on 19 March 2012

董事長：吳光權
Chairman: Wu Guang Quan

董事：隋湧
Director: Sui Yong

隨附的附註為本合併財務報表的組成部份。

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

公司資產負債表

Company Balance Sheet

於二零一一年十二月三十一日 As at 31 December 2011

			截至十二月三十一日止	
			As at 31 December	
			二零一一年	二零一零年
			2011	2010
			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	11	Property, plant and equipment	8,337	9,308
於附屬公司之投資	14	Investments in subsidiaries	1,687,011	1,634,011
於聯營公司之投資	15	Investments in associates	298,198	298,198
可供出售金融資產	17	Available-for-sale financial assets	1,400	1,400
			1,994,946	1,942,917
流動資產		Current assets		
貿易及其他應收款項	21	Trade and other receivables	300,763	156,127
現金及現金等價物	23	Cash and cash equivalents	26,579	20,203
			327,342	176,330
總資產		Total assets	2,322,288	2,119,247
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	24	Share capital	673,367	673,367
股份溢價	24	Share premium	354,513	354,513
其他儲備	25	Other reserves	70,001	70,001
累計虧損		Accumulated losses	(591,858)	(514,241)
總權益		Total equity	506,023	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.

公司資產負債表(續)

Company Balance Sheet (continued)

於二零一一年十二月三十一日 As at 31 December 2011

		截至十二月三十一日止	
		As at 31 December	
		二零一一年	二零一零年
		2011	2010
		人民幣千元	人民幣千元
		RMB'000	RMB'000
附註			
Note			
	負債		
	LIABILITIES		
	非流動負債		
	Non-current liabilities		
	貸款		
	Borrowings		
26		186,000	1,100,000
	流動負債		
	Current liabilities		
	貿易及其他應付款		
	Trade and other payables		
29		316,265	235,607
	貸款		
	Borrowings		
26		1,314,000	200,000
		1,630,265	435,607
	總負債		
	Total liabilities		
		1,816,265	1,535,607
	總權益和負債		
	Total equity and liabilities		
		2,322,288	2,119,247
	流動淨負債		
	Net current liabilities		
		(1,302,923)	(259,277)
	總資產減流動負債		
	Total assets less current liabilities		
		692,023	1,683,640

已於二零一二年三月十九日經董事會批准

Approved by the Board of Directors on 19 March 2012

董事長：吳光權

Chairman: Wu Guang Quan

董事：隋湧

Director: Sui Yong

隨附的附註為本合併財務報表的組成部份。

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

綜合收益表

Consolidated Income Statement

截至二零一一年十二月三十一日止年度 For the year ended 31 December 2011

		截至十二月三十一日止 Year ended 31 December	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
	附註 Note		
收入	Revenue	6	10,435,966
銷售成本	Cost of sales	32	(8,393,331)
毛利	Gross profit		2,042,635
銷售費用	Distribution costs	32	(649,518)
行政費用	Administrative expenses	32	(1,066,391)
投資性房地產公允價值收益	Fair value gain on investment properties	12	9,617
其他收入	Other income	30	517,381
其他(虧損)/收益－淨額	Other (losses)/gains – net	31	(841)
經營溢利	Operating profit		852,883
融資收入	Finance income	34	27,066
融資成本	Finance costs	34	(435,209)
融資成本－淨額	Finance costs – net		(408,143)
應佔聯營公司溢利	Share of profit of associates	15	100,810
除所得稅前溢利	Profit before income tax		545,550
所得稅開支	Income tax charge	36	(59,173)
本年度溢利	Profit for the year		486,377
應佔溢利： 本公司權益持有人 非控股股東權益	Profit attributable to: Equity holders of the Company Non-controlling interests		212,469 273,908
			486,377
本公司權益持有人年內 應佔每股盈利，每股以 人民幣列示 －基本	Earnings per share attributable to the equity holders of the Company during the year (RMB per share) － basic	38	0.3155
－攤薄	－ diluted	38	0.3155
股息	Dividends	39	20,201

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.

綜合全面收入報表

Consolidated Statement of Comprehensive Income

截至二零一一年十二月三十一日止年度 For the year ended 31 December 2011

		截至十二月三十一日止			
		Year ended 31 December			
		二零一一年	二零一零年		
		2011	2010		
		人民幣千元	人民幣千元		
		RMB'000	RMB'000		
附註					
Note					
	本年度溢利	Profit for the year	486,377	342,590	
	其他綜合收益：	Other comprehensive income:			
	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	17	4,759	－
	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	18	(714)	－
	自住房轉為投資房時 獲得的收益(扣除稅款)	Gain on transfer of owner-occupied property to investment property, net of tax	12	103,752	17,403
	外幣折算差額	Currency translation differences		(8,606)	(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	15	(338)	(1,796)
	所佔聯營公司自住房轉 為投資房時獲得的收益 (扣除稅款)	Share of gain on the transfer of owner- occupied property to investment property of the associate – net of tax	15	30,224	－
	年內其他綜合收益 (扣除稅款)	Other comprehensive income for the year, net of tax	129,077	11,838	
	年內綜合總收益 (扣除稅款)	Total comprehensive income for the year, net of tax	615,454	354,428	
	應佔：	Attributable to:			
	－本公司權益持有人	－ Equity holders of the Company	320,186	193,261	
	－非控制權益	－ Non-controlling interests	295,268	161,167	
	年內綜合總收益	Total comprehensive income for the year	615,454	354,428	

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

截至二零一一年十二月三十一日止年度 For the year ended 31 December 2011

		股本 Share capital	股份溢價 Share premium	庫存股份 Treasury shares	其他儲備 Other reserves (附註25) (Note 25)	未分配利潤 Retained earnings	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							
當年虧損	Profit for the year	-	-	-	-	193,561	149,029	342,590
其他綜合收入	Other comprehensive income							
自住房轉為投資房時 獲得的收益	Gain on transfer of owner-occupied property to investment property	12	-	-	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	15	-	-	(1,796)	-	-	(1,796)
外幣折算差額	Currency translation differences	-	-	-	(3,769)	-	-	(3,769)
其他綜合總收入	Total other comprehensive income	-	-	-	(300)	-	12,138	11,838
綜合總收入	Total comprehensive income	-	-	-	(300)	193,561	161,167	354,428
直接於權益確認的 本公司擁有人 總注資及 向其分派	Total contributions by and distributions to owners of the Company recognised directly in equity							
與非控制權益 之交易	Transactions with non-controlling interests	-	-	-	85,708	-	365,371	451,079
因企業合併而產生的 非控制權益	Non-controlling interest arising on business combinations	-	-	-	-	-	110,000	110,000
出售附屬公司 非控制權益	Disposal of subsidiaries	-	-	-	-	-	(25,733)	(25,733)
注資	Capital contributed by non- controlling interests	-	-	-	-	-	252,000	252,000
二零零九年股息	Dividends for 2009	-	-	-	-	-	(17,662)	(17,662)
本公司擁有人 總注資及 向其分派	Total contributions by and distributions to owners of the Company	-	-	-	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(續)

Consolidated Statement of Changes in Equity (continued)

截至二零一一年十二月三十一日止年度 For the year ended 31 December 2011

		股本 Share capital	股份溢價 Share premium	庫存股份 Treasury shares	其他儲備 Other reserves (附註25) (Note 25)	未分配利潤 Retained earnings	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
於二零一一年一月一日結餘	Balance at 1 January 2011	673,367	354,513	-	439,020	510,582	2,970,967	4,948,449
綜合收益	Comprehensive income							
當年溢利	Profit for the year	-	-	-	-	212,469	273,908	486,377
其他綜合收入	Other comprehensive income							
自住房轉為投資房時 獲得的收益	Gain on transfer of owner-occupied property to investment property	12	-	-	77,559	-	26,193	103,752
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	15	-	-	(338)	-	-	(338)
可供出售金融資產之 公允價值收益	Fair value gains on available-for- sale financial assets		-	-	1,845	-	2,200	4,045
所佔聯營公司自住房 轉為投資房時 獲得的收益	Share of gain on the transfer of owner-occupied property to investment property of the associate	15	-	-	30,224	-	-	30,224
外幣折算差額	Currency translation differences		-	-	(1,573)	-	(7,033)	(8,606)
其他綜合總收入	Total other comprehensive income	-	-	-	107,717	-	21,360	129,077
綜合總收入	Total comprehensive income	-	-	-	107,717	212,469	295,268	615,454
直接於權益確認的 本公司擁有人 總注資及 向其分派 與非控制權益之交易	Total contributions by and distributions to owners of the Company recognised directly in equity							
出售附屬公司 非控制權益注資	Transactions with non-controlling interests	25	-	-	(9,174)	-	(62,851)	(72,025)
二零一零年股息	Disposal of a subsidiary		-	-	-	-	(1,597)	(1,597)
本公司擁有人 總注資及 向其分派	Capital contributed by non-controlling interests	40	-	-	-	-	168,000	168,000
本公司擁有人 總注資及 向其分派	Dividends for 2010		-	-	-	(20,201)	(22,115)	(42,316)
本公司擁有人 總注資及 向其分派	Total contributions by and distributions to owners of the Company	-	-	-	(9,174)	(20,201)	81,437	52,062
於二零一一年 十二月三十一日結餘	Balance at 31 December 2011	673,367	354,513	-	537,563	702,850	3,347,672	5,615,965

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.

公司權益變動表

Statement of Changes in Equity

截至二零一一年十二月三十一日止年度 For the year ended 31 December 2011

		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	人民幣千元 RMB'000
公司	COMPANY						
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
於二零一一年一月一日結餘	Balance as at 1 January 2011	673,367	354,513	–	70,001	(514,241)	583,640
綜合收益	Comprehensive income						
當年損失	Loss for the year	–	–	–	–	(77,617)	(77,617)
於二零一一年 十二月三十一日結餘	Balance as at 31 December 2011	673,367	354,513	–	70,001	(591,858)	506,023

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

截至二零一一年十二月三十一日止年度 For the year ended 31 December 2011

		截至十二月三十一日止 Year ended 31 December	
		二零一一年 2011	二零一零年 2010
		人民幣千元 RMB'000	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	40	24,480
已付利息	Interest paid	(496,934)	588,688
已付所得稅	Income tax paid	(32,915)	(346,906)
			(65,764)
營運活動(所用)/產生之淨現金	Net cash (used in)/generated from operating activities	(505,369)	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	(580,879)	(486,168)
購買採礦權	Purchase of mining rights	8	(10)
購買土地使用權	Purchase of land use rights	7	(20,372)
在建工程增加	Additions to construction-in-progress	(887,948)	(25,635)
出售物業、廠房及設備所得款項	Proceeds from disposal of property, plant and equipment	16,824	(1,650,010)
出售在建工程所得款項	Proceeds from disposal of construction-in-progress	-	11,966
出售其他非流動資產所得款項	Proceeds from disposal of other non-current assets	1,014	1,255
收購一間聯營公司的預付款項	Prepayment for the acquisition of an associate	19	(40,300)
聯營公司增加	Additions to associates	-	-
收購一間附屬公司的預付款項	Prepayment for the acquisition of a subsidiary	(28,050)	(134,000)
收購非控制權益	Acquisition of non-controlling interests	25	-
出售附屬公司淨(已支付現金)/收益	Net (cash paid)/proceeds from disposal of subsidiaries	40	(635)
購買可供出售之金融資產	Purchase of available-for-sale financial assets	(2,820)	132,795
已收政府補助	Government grants received	76,635	(10,501)
已收利息	Interest received	27,066	399,004
已收股息	Dividends received	8,136	20,773
其他非流動資產變動淨額	Net change of other non-current assets	(6,657)	-
抵押銀行存款變動淨額	Net change of pledged bank deposits	29,146	100,477
			310,516
投資活動所用之淨現金	Net cash used in investing activities	(1,423,067)	(1,342,986)

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(續)

Consolidated Statement of Cash Flow (continued)

截至二零一一年十二月三十一日止年度 For the year ended 31 December 2011

		截至十二月三十一日止 Year ended 31 December	
		二零一一年 2011	二零一零年 2010
		人民幣千元 RMB'000	人民幣千元 RMB'000
	附註 Note		
融資活動之現金流量	Cash flows from financing activities		
借款之所得款項	Proceeds from borrowings	4,801,376	3,966,771
償還借貸	Repayments of borrowings	(3,708,565)	(2,937,771)
非控制權益向附屬公司 注資	Capital contribution to subsidiaries from non-controlling interests	168,000	703,079
派付予附屬公司非控制 權益之股息	Dividends paid to non-controlling interests of subsidiaries	(22,115)	(17,662)
派付予股東之股息	Dividends paid to the shareholders	(8,643)	—
已收政府補助金	Government subsidy received	—	21,164
抵押銀行存款變動淨額	Net change of pledged bank deposits	14,648	106,590
融資活動產生之淨現金	Net cash generated from financing activities	1,244,701	1,842,171
現金及現金等價物之 (減少)/增加淨額	Net (decrease)/increase in cash and cash equivalents	(683,735)	675,203
年初之現金及現金等 價物	Cash and cash equivalents at beginning of year	1,728,245	1,056,811
外幣折算差額	Currency translation differences	(4,432)	(3,769)
年末之現金及現金等價物	Cash and cash equivalents at end of year	1,040,078	1,728,245

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、手錶及世界名錶連鎖銷售、開發礦業資源、物業經營及經營酒店業務。

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。

綜合財務報表已於二零一二年三月十九日獲批准刊發。

2 編製基準

本集團的綜合財務報表是根據國際財務報告準則(「國際財務報告準則」)編製。綜合財務報表按照歷史成本法編製，並就投資性房地產及可供出售金融資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製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。涉及高度判斷或複雜性或涉及對綜合財務報表而言屬重大的假設及估計已於財務報表附註5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, 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 19 March 2012.

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 and available-for-sale financial assets. 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 (“CAS 2006”).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

2 編製基準(續)

截至二零一一年十二月三十一日止年度，本集團的經營現金淨流出約為人民幣505,369,000元。於同日，本集團的流動負債超出其流動資產約人民幣1,178,944,000元，而其尚未償還短期銀行貸款約人民幣4,926,004,000元於未來十二個月到期償還。本集團作為持續經營實體持續經營及履行其財務責任的能力，視乎管理層持續改善本集團的盈利能力及經營現金流量，以及借款銀行持續支持提供融資。

本集團一直根據各項貸款協議的還款時間表償還其債項及利息付款責任，並維持良好信貸記錄。因此，本公司董事充滿信心，本公司將於其尚未償還貸款於二零一二年到期償還時續期。董事繼續致力安排額外銀行融資應付本集團的融資需要。

此外，董事將繼續實行措施，旨在改善本集團營運資金及現金流量，包括密切監控日常營運開支，並僅於可安排指定銀行融資，才產生資本開支，並盡可能安排銀行轉換若干短期貸款為長期貸款。董事會認為根據持續經營基準編製財務報表為合適。

2. BASIS OF PREPARATION (continued)

For the year ended 31 December 2011, the Group had a net operating cash outflow of approximately RMB505,369,000. As at the same date, the Group's current liabilities exceeded its current assets by approximately RMB1,178,944,000, and it had outstanding short term bank loans of approximately RMB4,926,004,000 which are due for repayment within the next twelve months. The Group's ability to continue as a going concern and to fulfil its financial obligations depends on the continuous effort of management to improve the Group's profitability and operating cash flow and the continuing supports of its lending banks to provide financing.

The Group has been servicing its debt and interest payment obligations according to the terms and schedules of the respective loan agreements and it has maintained good credit history. As a result, the directors of the Company are confident that the Company will be able to roll over its outstanding bank loans when they are due for repayment in 2012. The directors are continuing their efforts to arrange additional bank financing to meet the funding requirements of the Group.

Furthermore, the directors will continue to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring daily operating expenses and controlling capital expenditures to be incurred only when specific bank financing could be arranged. They will also arrange with bankers to convert certain short term loans into long term loans whenever possible. The board of directors consider that it is appropriate to prepare the financial statements under the going concern basis.

2 編製基準(續)

會計政策及披露變動：

(a) 本集團採納的新訂及經修訂準則

以下新訂關於準則的修訂與解釋自二零一一年一月一日起開始或以後的會計期間強制實施。採納此等準則的修定並無對本集團的業績及財政狀況造成任何重大影響，亦並未與本集團的業務相關：

國際會計準則24	關聯方披露
(經修訂)	
國際財務報告	最低資金規定
詮釋委員會	的預付款
— 解釋公告14	

(b) 已發表但於自2011年1月1日開始的財政年度仍未生效亦無提早採納的新訂準則

國際財務報告準則9	金融工具
IFRS 9	Financial instruments
國際財務報告準則10	綜合財務報表
IFRS 10	Consolidated financial statements
國際財務報告準則12	其他實體的權益披露
IFRS 12	Disclosures of interests in other entities
國際財務報告準則13	公允價值計量
IFRS 13	Fair value measurement

2. BASIS OF PREPARATION (continued)

Changes in accounting policy and disclosures:

(a) New and amended standards adopted by the group

The following new amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 January 2011. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group or not relevant to the Group's operations:

IAS 24 (Revised)	Related party disclosures
Amendment to IFRIC Int-14	Prepayments of a minimum funding requirement

(b) New and amended standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted

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

國際財務報告準則9	金融工具	二零一五年一月一日
IFRS 9	Financial instruments	1 January 2015
國際財務報告準則10	綜合財務報表	二零一三年一月一日
IFRS 10	Consolidated financial statements	1 January 2013
國際財務報告準則12	其他實體的權益披露	二零一三年一月一日
IFRS 12	Disclosures of interests in other entities	1 January 2013
國際財務報告準則13	公允價值計量	二零一三年一月一日
IFRS 13	Fair value measurement	1 January 2013

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二零一一年十二月三十一止的財務報表。

(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 2011.

(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 received and receivable.

3 主要會計政策(續)

(a) 合併帳目(續)

(ii) 附屬公司(續)

於附屬公司之投資的減值評估須於自該等投資收取股息時作出，倘若派發股息期內股息超出附屬公司之全面收入總額或倘若於個別財務報表內投資之賬面值超出綜合財務報表內受投資公司資產淨值(包括商譽)之賬面值。

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。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(a) Consolidation (continued)

(ii) Subsidiaries (continued)

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividends is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of investee' net assets including goodwill.

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.

3 主要會計政策(續)

(a) 合併帳目(續)

(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。

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。

若在一个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。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(a) Consolidation (continued)

(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.

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.

3 主要會計政策(續)

(a) 合併帳目(續)

(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)。

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，投資帳面值會作出相應調整。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法律或推定責任或作出付款。

本集團於各報告日期釐定是否有任何客觀證據顯示於聯營公司之投資出現減值；如有，則本集團計算減值金額，即聯營公司可收回金額與其賬面值間之差額，並於收益表內之「應佔聯營公司溢利／(虧損)」確認該金額。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(a) Consolidation (continued)

(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.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to 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 legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in the income statement.

3 主要會計政策(續)

(a) 合併帳目(續)

(iv) 聯營公司(續)

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

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。

(b) 分部報告

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

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(a) Consolidation (continued)

(iv) Associates (continued)

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

Dilution gains and losses 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.

(b) Segment reporting

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

3 主要會計政策(續)

(c) 外幣匯兌

(i) 功能和列賬貨幣

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

(ii) 交易及結餘

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

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。

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。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(c) Foreign currency translation

(i) Functional and presentation currency

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

(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'.

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.

3 主要會計政策(續)

(c) 外幣匯兌(續)

(ii) 交易及結餘(續)

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；
- 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。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(c) Foreign currency translation (continued)

(ii) Transactions and balances (continued)

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;
- 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.

3 主要會計政策(續)

(c) 外幣匯兌(續)

(iii) 集團公司(續)

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)

(iii) Group companies (continued)

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。

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
Machinery and Equipment	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.

3 主要會計政策(續)

(d) 物業、廠房及設備(續)

倘業主佔用物業轉變為投資物業：

- (a) 因此導致物業賬面值之任何減少，在損益中確認。
- (b) 因此產生之任何賬面值增加按以下方式處理：
 - (i) 若增加僅限於撥回先前就該物業確認之減值虧損，增加在損益中確認。若並無確認減值虧損，於損益中確認的金額並不超出需要回復至所釐定賬面值(扣除折舊後)之金額。
 - (ii) 餘下賬面值增額則於其他全面收益確認，及於權益項下增加重估盈餘。於其後出售該物業時，計入權益之重估盈餘相關部份將轉撥至保留溢利。由重估盈餘轉撥至保留溢利毋須經損益作出。

(e) 商譽

來自收購附屬公司及聯營公司之商譽，乃指所轉移代價超出本集團於被收購方可識別資產、負債及或然負債淨額之公允淨值所佔權益及於被收購方非控股股東權益之公允值之差額。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(d) Property, plant and equipment (continued)

When an owner-occupied property becomes an investment property:

- (a) any resulting decrease in the carrying amount of the property is recognised in profit or loss.
- (b) any resulting increase in the carrying amount is treated as follows:
 - (i) to the extent that the increase reverses a previous impairment loss for that property, the increase is recognised in profit or loss. The amount recognised in profit or loss does not exceed the amount needed to restore the carrying amount to the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised.
 - (ii) any remaining part of the increase is recognised in other comprehensive income and increases the revaluation surplus within equity. On subsequent disposal of the investment property, the revaluation surplus included in equity may be transferred to retained earnings. The transfer from revaluation surplus to retained earnings is not made through profit or loss.

(e) Goodwill

Goodwill arises on the acquisition of subsidiaries and associates and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

3 主要會計政策(續)

(e) 商譽(續)

就減值測試而言，業務合併所取得之商譽分配給預期可從合併之協同效應中獲益之各現金產生單位或現金產生單位組別。獲分配商譽之各單位或單位組別，乃指該公司就內部管理目的而監察商譽之最低層面。商譽按經營分部層面監察。

商譽減值檢討每年進行，或倘發出顯示潛在減值之事件或事態變化，則更頻密地進行。商譽之賬面值與可收回金額作對比，而可收回金額為使用價值與扣除銷售成本後之公允價值間之較高者。任何減值均即時確認為開支，且於其後不予撥回。

(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地產市場價格計算，如有需要就個別資產的性質、地點或狀況的任何差異做出調整。如沒有此項資料，本集團利用其他估值方法，例如比較不活躍市場的近期價格或折現現金流量預測法。公允價值變動在利潤表內記錄為其他收入的部分估值收益或虧損。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(e) Goodwill (continued)

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(f) Mining rights

Mining rights are stated at cost less accumulated amortisation 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.

3 主要會計政策(續)

(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。

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。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(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.

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.

3 主要會計政策(續)

(k) 非金融資產的減值

沒有確定使用年期之資產(例如商譽或未可以動用的無形資產)無需攤銷,但每年須就減值進行測試。各項需要攤銷的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。

(l) 金融資產

(i) 分類

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

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

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(k) Impairment of non-financial assets

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

(l) Financial assets

(i) Classification

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.

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

3 主要會計政策(續)

(I) 金融資產(續)

(i) 分類(續)

(b) 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(p)及附註3(q))。

(c) 可供出售的金融資產

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

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(I) Financial assets (continued)

(i) Classification (continued)

(b) Loans and receivables

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

(c) Available-for-sale financial assets

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

3 主要會計政策(續)

(I) 金融資產(續)

(ii) 確認及計量

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。貸款及應收款項其後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(虧損)/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。

分類為可供出售之貨幣及非貨幣性證券之公允價值變動，於其他全面收益內確認。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(I) Financial assets (continued)

(ii) Recognition and measurement

Regular way purchase 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 profits or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profits or loss are subsequently carried at fair value. Loans and receivables are subsequently 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 (losses)/gains-net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified for sale are recognised in other comprehensive income.

3 主要會計政策(續)

(i) 金融資產(續)

(ii) 確認及計量(續)

當分類為可供出售的證券售出或減值時，在權益中確認的累計公允價值調整列入利潤表「投資證券產生之收益及虧損」內。

採用實際利息法計算之可供出售證券之利息，於收益表確認為其他收入之一部份。當本集團收取款項之權利確立時，可供出售股本工具之股息於收益表內確認為其他收入之一部份。

(m) 金融工具抵銷

倘若存在合法可強制執行之權利以抵銷所確認金額及擬按淨額基準結算或變現資產及同時結算負債，則金融資產與負債相互抵銷，而淨額於資產負債表內呈報。

(n) 金融資產減值

(i) 按攤銷成本計算之資產

本集團於每個報告期末評估是否存在客觀證據證明某一金融資產或某組金融資產出現減值。只有當存在客觀證據證明於因為首次確認資產後發生一宗或多宗事件導致出現減值(「損失事項」)，而該宗(或該等)損失事項對該項或該組金融資產的估計未來現金流量構成的影響可以合理估計，有關金融資產或金融資產組才算出現減值及產生減值虧損。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(i) Financial assets (continued)

(ii) Recognition and measurement (continued)

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'.

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

(m) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(n) Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

3 主要會計政策(續)

(n) 金融資產減值(續)

(i) 按攤銷成本計算之資產(續)

減值證據可包括債務人或一組債務人正面臨重大財務困難、違約或未能償還利息或本金、彼等有可能破產或進行其他財務重組，以及有可觀察得到的數據顯示估計未來現金流量出現可計量之減少，例如欠款數目變動或出現與違約相關之經濟狀況。

就貸款及應收賬款類別而言，損失金額乃根據資產賬面值與按金融資產原實際利率貼現而估計未來現金流量(不包括仍未產生的未來信用損失)的現值兩者的差額計量。資產賬面值予以削減，而損失金額則在綜合收益表確認。如貸款或持有至到期投資有浮動利率，計量任何減值損失的貼現率為按合同釐定的當前實際利率。在實際應用中，本集團可利用可觀察的市場價格，按工具的公平值計量減值。

如在隨後期間，減值虧損的數額減少，而此減少可客觀地聯繫至減值在確認後才發生的事件(例如債務人的信用評級有所改善)，則之前已確認的減值虧損可在綜合收益表轉回。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(n) Impairment of financial assets (continued)

(i) Assets carried at amortised cost (continued)

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

3 主要會計政策(續)

(o) 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。

(p) 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。

(q) 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。

(r) 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)。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(o) 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.

(p) 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.

(q) 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.

(r) 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.

3 主要會計政策(續)

(r) 股本(續)

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。

(s) 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。

(t) 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)

(r) Share capital (continued)

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.

(s) 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.

(t) 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)

(u) 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)

(u) 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)

(u) 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。

(v) 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)

(u) 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.

(v) 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)

(w) 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。

(x) 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。

(y) 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)

(w) 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.

(x) 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.

(y) 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)

(y) 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。

(z) 收入確認

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

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

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(y) 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.

(z) Revenue recognition

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

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

3 主要會計政策(續)

(z) 收入確認(續)

- (i) 銷售貨品
銷售貨品在集團實體已將貨品交付予顧客，顧客已接收產品，以及有關應收款的收回可合理確保時確認。
- (ii) 租金收入
按經營租約出租的投資性房地產所得的租金收入以直線法按租賃期於利潤表內確認。
- (iii) 酒店業務
酒店業務之收入在提供服務之會計期間確認。
- (iv) 利息收入
利息收入採用實際利息法按時間比例基準確認。
- (v) 股息收入
股息收入在收取款項的權利確定時確認。

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(z) Revenue recognition (continued)

- (i) Sales of goods
Sales of goods are recognised when a group entity has delivered products to the customer. The customer has accepted the products and collectability of the related receivables is reasonably assured.
- (ii) Rental income
Rental income from investment properties leased out under an operating lease is recognised in the income statement on a straight-line basis over the term of the lease.
- (iii) Hotel operations
Revenue from hotel operations is recognised in the accounting period in which the services are rendered.
- (iv) Interest income
Interest income is recognised on a time-proportion basis using the effective interest method.
- (v) Dividend income
Dividend income is recognised when the right to receive payment is established.

3 主要會計政策(續)

(aa) 借款成本

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

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

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

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(aa) Borrowing costs

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

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

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

3 主要會計政策(續)

(bb) 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。

(cc) 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。

(dd) 財務擔保

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

3 PRINCIPAL ACCOUNTING POLICIES

(continued)

(bb) 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.

(cc) 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.

(dd) Financial guarantee

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

4 財務風險管理

本集團的業務承受著多種財務風險：市場風險（包括貨幣風險、價格風險、公允價值利率風險及現金流量利率風險）、信貸風險及流動資金風險。本集團的整體風險管理計劃專注於金融市場的難預測性，並尋求盡量減低對本集團財務表現的潛在不利影響。

(a) 市場風險

(i) 外匯風險

本集團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、港元、英磅及韓元）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。

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, HK dollars, Great Britain pounds and Korean won. 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:

		二零一一年 十二月三十一日 31 December 2011 人民幣千元 RMB'000	二零一零年 十二月三十一日 31 December 2010 人民幣千元 RMB'000
資產	Assets		
美元	USD	926,352	800,214
港元	HKD	79,558	26,795
歐元	EUR	22,811	43,519
日元	JPY	3,291	9,034
韓元	KRW	6,330	5,559
英鎊	GBP	725	—
總計	Total	1,039,067	885,121
負債	Liabilities		
美元	USD	2,482,064	1,648,791
港元	HKD	94,777	16,034
歐元	EUR	157,184	6,893
日元	JPY	130,934	176,587
韓元	KRW	1,841	1,481
總計	Total	2,866,800	1,849,786

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。

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.

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
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	15,557	8,486
兌港元匯率升值1%	1% appreciation in exchange rate against Hong Kong Dollar		
年度收益增加／(減少)	Increase/(decrease) in the profit for the year	152	(156)
兌歐元匯率升值1%	1% appreciation in exchange rate against Euro		
年度收益增加／(減少)	Increase/(decrease) in the profit for the year	1,344	(1,831)
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	1,276	1,816

4 財務風險管理(續)

(a) 市場風險(續)

(ii) 價格風險

由於本集團持有上海聯交所的A股投資在綜合資產負債表列為可供出售金融資產，本集團面臨股本證券價格風險(附註17)。本集團所面臨的可供出售金融資產的價格風險並不重大。

(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，利率於二零一一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

於融資成本計入／
(扣除)(扣除資本化
於在建工程之款項)

本集團借貸之利率及還款
期於附註26披露。

4 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Price risk

The Group is exposed to equity securities price risk of its A share investments in the Shanghai Stock Exchange which are classified on the consolidated balance sheet as available-for-sale financial assets (Note 17). The exposure of the price risk of available-for-sale financial assets is not material to the Group.

(iii) Cash flow and fair value interest rate risk

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

The table below summaries the impact of changes in interest rate at 31 December 2011 with all other variables held at constant on the Group's profit for the year.

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

Borrowings at variable rates

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

(30,324)

30,324

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

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。於二零一一年十二月三十一日，前五大客戶佔貿易及其他應收款項結餘的逾24%(二零一零年：32%)。

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21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。本集團董事會進一步評估及管理本集團的流動資金及持續經營事宜。詳情請參閱附註1。

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 24% of the balance of trade and other receivables as at 31 December 2011 (2010: 32%).

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 21. 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. The board of directors of the Group have further assessed and managed the liquidity and going concern issue of the Group. Please refer to Note 1 for detail.

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	Group
於二零一一年十二月三十一日	At 31 December 2011
借貸	Borrowings
貿易及其他應付款	Trade and other payables
其他非流動負債	Other non-current liabilities

總計 Total

4 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(v) Liquidity risk (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.

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
4,950,916	928,962	3,406,788	786,417	10,073,083
2,975,283	-	-	-	2,975,283
3,794	5,469	106,468	7,909	123,640
7,929,993	934,431	3,513,256	794,326	13,172,006

於二零一零年十二月三十一日	At 31 December 2010
借貸	Borrowings
貿易及其他應付款	Trade and other payables
其他非流動負債	Other non-current liabilities

總計 Total

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
2,641,545	2,535,430	3,201,733	705,087	9,083,795
3,267,087	-	-	-	3,267,087
3,525	5,427	84,738	34,169	127,859
5,912,157	2,540,857	3,286,471	739,256	12,478,741

(V) 流動資金風險(續)

於二零一零年十二月三十一日	At 31 December 2010
借貸	Borrowings
貿易及其他應付款	Trade and other payables
總計	Total

(v) *Liquidity risk (continued)*

少於1年	1-2年	2-5年	5年以上	總計
Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	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
253,460	958,257	187,629	—	1,399,346
235,607	—	—	—	235,607
489,067	958,257	187,629	—	1,634,953

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4 財務風險管理(續)

(a) 市場風險(續)

(v) 流動資金風險(續)

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。

(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。

4 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(v) Liquidity risk (continued)

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.

(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.

4 財務風險管理(續)

(b) 資本風險管理(續)

於二零一一年及二零一零年十二月三十一日之資本負債比率如下：

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
借貸總額(附註26)	Total borrowings (Note 26)	9,065,995	8,021,658
減：現金及現金等價物 (附註23)	Less: cash and cash equivalents (Note 23)	(1,040,078)	(1,728,245)
負債淨額	Net debt	8,025,917	6,293,413
總權益	Total equity	5,615,965	4,948,449
總資本	Total capital	13,641,882	11,241,862
資本負債比率	Gearing ratio	59%	56%

二零一一年資本負債比率的上升主要是因為年內添置銀行借貸。

4 FINANCIAL RISK MANAGEMENT (continued)

(b) Capital risk management (continued)

The gearing ratios at 31 December 2011 and 2010 are as follows:

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
		9,065,995	8,021,658
		(1,040,078)	(1,728,245)
		8,025,917	6,293,413
		5,615,965	4,948,449
		13,641,882	11,241,862
		59%	56%

The increase in the gearing ratio in 2011 was mainly due to the addition of bank borrowings during the year.

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。

(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。

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.

(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.

5 關鍵會計估算及假設(續)

(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。管理層認為二零一一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。

(d) 若干附屬公司實際控制權

本集團於天馬微電子股份有限公司(「天馬公司」)及深圳市飛亞達(集團)股份有限公司(「飛亞達」)兩間附屬公司之股權下跌至低於50%。然而，本集團可控制該兩間公司之主要營運及財務決定。因此，本公司之董事認為縱使本集團於該兩間附屬公司之股權低於50%，本集團仍能維持於該等附屬公司之實際控制權，而本集團將繼續將其以附屬公司作呈報。

5 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

(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 2011.

(d) De facto control in certain subsidiaries

The Group's equity interests held in two subsidiaries, Tianma Microelectronics Co. Ltd. (the "Tianma") and Shenzhen Fiyta Holdings Limited (the "Fiyta"), were 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 considered that the Group has maintained de facto control in these subsidiaries despite its equity interests in these two subsidiaries are below 50% and the Group continues to report them as subsidiaries.

5 關鍵會計估算及假設(續)

(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)

(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

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－經營酒店並提供相關服務
- 礦產資源－開採及銷售礦產

向董事會提供的截至二零一一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 SEGMENT INFORMATION

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

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

- Clocks and watches manufacture – manufacture and sales of mechanical and quartz timepieces
- Clocks and watches retailing – retailing sales of branded quartz timepieces
- Liquid crystal displays – manufacture and sales of 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 – operating hotels and provide related services
- Mining 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 2011 is as follows:

6 分部資料(續)

本集團的分部資料分析如下：

6 SEGMENT INFORMATION (continued)

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

		鐘錶生產		鐘錶銷售		液晶顯示器		印刷電路板		有線電視設備		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 crystal		Printed		Cable television		Investment properties		Hotel		Mining resources		Unallocated		Total	
		Manufacturing		Retailing		displays		circuit boards		equipment								corporate items			
		二零一一年	二零一零年	二零一一年	二零一零年	二零一一年	二零一零年	二零一一年	二零一零年	二零一一年	二零一零年	二零一一年	二零一零年	二零一一年	二零一零年	二零一一年	二零一零年	二零一一年	二零一零年	二零一一年	二零一零年
		2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
		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	397,899	249,770	2,072,775	1,450,838	4,528,752	3,321,736	2,058,749	1,578,891	49,081	47,745	135,139	126,042	96,795	-	1,096,776	189,529	-	-	10,435,966	6,964,551
業績	Results																				
分部業績	Segment results	68,104	36,026	107,436	73,185	56,034	138,355	81,844	150,809	2,783	1,040	62,248	44,825	(21,703)	(226)	11,419	(43,086)	(41,439)	(51,129)	326,726	349,799
其他收入/(附註30)	Other income (Note 30)	4,982	486	13,799	1,020	348,595	166,668	106,922	36,102	10	874	(271)	7,132	2	(1,198)	44,126	2,451	(784)	7,186	517,381	220,721
其他淨(虧損)/收益	Other (losses)/gains – net	-	-	-	-	-	44	-	-	-	-	-	-	-	-	-	72,030	(841)	-	(841)	72,074
(附註31)	(Note 31)																				
投資性房地產公允	Fair value gain on																				
價值收益	investment properties																				
(附註12)	(Note 12)	-	-	-	-	-	-	-	-	-	-	9,617	74,406	-	-	-	-	-	-	9,617	74,406
經營溢利/(虧損)	Operating profit/(loss)	73,086	36,512	121,235	74,205	404,629	305,067	188,766	186,911	2,793	1,914	71,594	126,363	(21,701)	(1,424)	55,545	31,395	(43,064)	(43,943)	852,883	717,000
融資成本淨額	Finance costs,																				
net (附註34)	net (Note 34)	(1,410)	(1,108)	(21,939)	(32,432)	(115,722)	(116,472)	(36,187)	(16,335)	(455)	(880)	(24,237)	(12,318)	(69,431)	(40,773)	(50,334)	(34,199)	(68,428)	(68,823)	(408,143)	(323,340)
應佔聯營公司之	Share of profit of																				
溢利/(附註15)	associates (Note 15)	-	-	-	-	(15,589)	(1,822)	-	-	-	-	-	-	-	-	-	-	116,399	63,050	100,810	61,228
所得稅(開支)/	Income tax (charge)/credit																				
收入/(附註36)	(Note 36)	(6,208)	(5,825)	(25,605)	(17,814)	(21,074)	(36,745)	(12,063)	(21,866)	77	89	(3,288)	(25,578)	3,878	-	5,110	(4,559)	-	-	(59,173)	(112,298)
年內溢利/(虧損)	Profit/(loss) for the year	65,468	29,579	73,691	23,959	252,244	150,028	140,516	148,710	2,415	1,123	44,069	88,467	(87,254)	(42,197)	10,321	(7,363)	(15,093)	(49,716)	486,377	342,590
其他資料	Other information																				
分部資產	Segment assets	526,947	731,233	1,815,876	1,275,882	8,150,301	7,773,091	2,595,924	2,161,610	-	47,037	1,097,807	1,011,781	1,100,921	1,063,066	1,945,903	1,648,878	645,530	760,486	17,879,209	16,473,064
在聯營公司之投資	Investments in associates	25,635	-	-	1,000	148,589	177,809	-	-	-	-	-	350	-	-	-	10,500	742,720	604,690	916,944	794,349
(附註15)	(Note 15)																				
總資產	Total assets	552,582	731,233	1,815,876	1,276,882	8,298,890	7,950,900	2,595,924	2,161,610	-	47,037	1,097,807	1,012,131	1,100,921	1,063,066	1,945,903	1,659,378	1,388,250	1,365,176	18,796,153	17,267,413
總負債	Total liabilities	123,275	77,788	357,654	269,140	5,399,653	5,480,835	1,683,046	1,344,585	-	44,073	2,477,830	2,116,962	82,913	99,159	1,404,850	1,126,784	1,650,967	1,759,638	13,180,188	12,318,964
資本性支出	Capital expenditure	79,939	25,900	68,241	41,385	534,214	1,263,398	615,874	299,886	108	602	-	11,586	138,813	304,706	166,987	406,398	220	13	1,604,396	2,353,874
非現金開支	Non-cash expenses																				
-物業、廠房及	- Depreciation of property,																				
設備折舊	plant and equipment	25,329	16,226	35,356	25,239	453,538	313,573	257,660	104,055	457	375	31,361	13,799	15,995	-	54,175	44,366	1,191	1,169	875,062	518,802
(附註32)	(Note 32)																				
-土地使用權攤銷	- Amortisation of land use																				
(附註32)	rights (Note 32)	-	-	-	-	3,710	6,956	459	450	-	-	344	494	9,438	-	453	348	-	-	14,404	8,248
-壞賬撥備/(撥回)	- Provision for/(reversal of)																				
(附註32)	bad debts (Note 32)	1,915	585	955	1,926	2,194	3,108	(1,277)	9,850	230	162	-	397	468	-	(304)	(4,547)	-	-	4,181	11,491
-陳舊存貨(撥回)/	- (Reversal of) provision for																				
撥備/(附註32)	inventory obsolescence	2,692	5,857	116	412	12,083	(18,532)	1,227	(2,669)	(48)	(46)	-	-	-	-	-	-	-	-	16,070	(14,978)

6 分部資料(續)

報告分部的資產與總資產對賬如下：

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
分部資產	Segment assets	17,809,135	16,415,974
未分配：	Unallocated:		
於聯營公司之投資	Investments in associates	916,944	794,349
可供出售金融資產	Available-for-sale financial assets	35,158	27,579
現金及現金等價物	Cash and cash equivalents	26,579	20,203
物業、廠房及設備	Property, plant and equipment	8,337	9,308
資產負債表總資產	Total assets per balance sheet	18,796,153	17,267,413

報告分部的負債與總負債對賬如下：

6 SEGMENT INFORMATION (continued)

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

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

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
分部負債	Segment liabilities	11,549,923	10,848,194
未分配：	Unallocated:		
借貸	Borrowings	1,314,000	1,300,000
其他應付款項	Other payables	316,265	170,770
資產負債表總負債	Total liabilities per balance sheet	13,180,188	12,318,964

6 分部資料(續)

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

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
收入	Revenue		
中國內地	Mainland China	7,280,560	4,653,966
香港	Hong Kong	1,003,649	880,287
歐美	Europe and America	1,084,954	660,038
東亞及東南亞	East and Southeast Asia	1,066,803	770,260
利潤表營業收入	Total revenue per income statement	10,435,966	6,964,551

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.

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
總資產	Total assets		
中國內地	Mainland China	17,572,461	16,057,688
香港	Hong Kong	252,183	361,838
歐美	Europe and America	—	45,912
東亞及東南亞	East and Southeast Asia	54,565	7,626
於聯營公司之投資	Investments in associates	17,879,209 916,944	16,473,064 794,349
資產負債表總負債	Total assets per balance sheet	18,796,153	17,267,413

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 SEGMENT INFORMATION (continued)

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
資本性支出	Capital expenditure		
中國內地	Mainland China	1,580,703	2,346,076
香港	Hong Kong	1,263	7,763
歐美	Europe and America	22,430	35
		1,604,396	2,353,874

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 following:

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 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	10,199,488	6,841,227
租金收入	Rental income	140,554	123,324
酒店經營收入	Hotel operating income	95,924	—
利潤表營業收入	Total revenue per income statement	10,435,966	6,964,551

7 土地使用權

7 LAND USE RIGHTS

		本集團 Group	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
於一月一日之帳面淨值	Net book value at 1 January	719,271	700,246
添置	Additions	20,372	25,635
收購附屬公司	Acquisition of subsidiary	–	34,591
攤銷	Amortisation	(17,549)	(21,447)
轉撥至投資性房地產 (附註12(e))	Transfer to investment properties (Note 12(e))	(39,830)	–
出售附屬公司	Disposal of subsidiaries	–	(19,754)
於十二月三十一日之帳面淨值		682,264	719,271
按性質代表：			
Investment properties		28,776	13,208
Other properties		653,488	706,063
		682,264	719,271

行政費用及資本化在建工程分別計入攤銷金額人民幣14,404,000元(二零一零年：人民幣8,248,000元)(附註32)及人民幣3,145,000元(二零一零年：人民幣13,199,000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。

於二零一一年十二月三十一日，若干銀行借貸由本集團賬面淨值合共人民幣535,249,000元(二零一零年：人民幣470,140,000元)的土地使用權作抵押。有關已抵押借貸之詳情載於附註26。

Amortisation charges of RMB14,404,000 (2010: RMB8,248,000) (Note 32) and RMB3,145,000 (2010: RMB13,199,000) were included in the administrative expenses and capitalised 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 2011, certain bank borrowings were secured by the land use rights of the Group with net book value totalling RMB535,249,000 (2010: RMB470,140,000). Details of the secured borrowings are in Note 26.

8 採礦權

8 MINING RIGHTS

		本集團 Group	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
於一月一日之賬面淨值	Net book value at 1 January	534,029	541,153
添置	Additions	10	14,945
收購附屬公司	Acquisition of subsidiary	—	65,256
出售附屬公司	Disposal of subsidiaries	—	(75,529)
攤銷	Amortisation	(14,133)	(11,796)
於十二月三十一日之賬面淨值	Net book value at 31 December	519,906	534,029

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13,569,000元（二零一零年：人民幣10,027,000元）及人民幣564,000元（二零一零年：人民幣1,769,000元）（附註32）。

Amortisation charges of RMB13,569,000 (2010: RMB10,027,000) and RMB564,000 (2010: RMB1,769,000) (Note 32) were included in the cost of goods sold and administrative expenses respectively in the consolidated income statement for the year.

於二零一一年十二月三十一日，本集團採礦權由以下組成：

As of 31 December 2011, the mining rights of the Group mainly comprise the following:

- 帳面淨值為人民幣219,212,000元（二零一零年：人民幣219,776,000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。
- 帳面淨值人民幣233,897,000元（二零一零年：人民幣247,466,000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66,797,000元（二零一零年：人民幣66,787,000元）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。
- The mining rights of the phosphorus mine of a net book value of RMB219,212,000 (2010: RMB219,776,000) has a site area of approximately 2.4553 sq. Km. It is located in Dongchuan District, Kunming Prefecture of Yunnan Province, the PRC.
- The mining rights of a potassium mine of a net book value of RMB233,897,000 (2010: RMB247,466,000) has a site area of approximately 284,526 sq. 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 RMB66,797,000 (2010: RMB66,787,000) 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
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截至二零一一年十二月三十一日止年度 Year ended 31 December 2011

年初及年終帳面淨值	Opening and closing net book amount	5,240
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商譽是由於二零零八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17%(二零一零年：15%)與業界報告所載之預測一致。所採用之貼現率13%(二零一零年：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 17% (2010: 15%), which is consistent with the forecasts included in the industry reports. The discount rate of 13% (2010:12%) 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 已資本化的開發成本

該金額指深南電路就印製電路板技術，符合國際會計準則38號規定的已資本化開發成本。

10 CAPITALISED DEVELOPMENT COSTS

The amount represented capitalised development costs of Shennan Circuit in respect of the printed circuit board technology which met the capitalised requirement of IAS 38.

11 物業、廠房及設備
本集團

11 PROPERTY, PLANT AND EQUIPMENT
Group

		二零一一年 2011				
		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
截至二零一一年 十二月三十一日止年度	Year ended 31 December 2011					
成本	Cost					
年初	At beginning of year	2,798,827	5,441,217	73,722	199,845	8,513,611
在建工程轉入(附註13)	Transfer from construction-in-progress (Note 13)	650,115	120,885	-	49,245	820,245
投資性房地產轉入(附註12)	Transfer from investment properties (Note 12)	32,434	-	-	-	32,434
添置	Additions	92,232	454,886	16,891	16	564,025
轉撥至投資性房地產(附註12)	Transfer to investment properties (Note 12)	(157,364)	-	-	-	(157,364)
出售附屬公司	Disposal of a subsidiary	(6,566)	(6,102)	(538)	-	(13,206)
其他出售	Other disposals	(37,411)	(208,601)	(8,752)	-	(254,764)
年末	At end of year	3,372,267	5,802,285	81,323	249,106	9,504,981
累計折舊	Accumulated depreciation					
年初	At beginning of year	366,286	1,399,248	39,781	10,385	1,815,700
本年度計提	Charge for the year	171,615	677,980	10,926	17,461	877,982
轉撥至投資性房地產(附註12)	Transfer to investment properties (Note 12)	(15,443)	-	-	-	(15,443)
出售附屬公司	Disposal of a subsidiary	(3,608)	(5,214)	(254)	-	(9,076)
其他出售	Other disposals	(36,241)	(194,272)	(6,439)	-	(236,952)
年末	At end of year	482,609	1,877,742	44,014	27,846	2,432,211
帳面淨值	Net book amount					
年末	At end of year	2,889,658	3,924,543	37,309	221,260	7,072,770
年初	At beginning of year	2,432,541	4,041,969	33,941	189,460	6,697,911

11 物業、廠房及設備(續)

本集團(續)

11 PROPERTY, PLANT AND EQUIPMENT

(continued)

Group (continued)

		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
截至二零一零年 十二月三十一日止年度	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13)	Transfer from construction-in-progress (Note 13)	641,394	1,363,771	2,761	9,432	2,017,358
收購附屬公司	Acquisition of subsidiary	–	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12)	Transfer to investment properties (Note 12)	(17,658)	–	–	–	(17,658)
轉撥至在建工程 (附註13)	Transfer to construction-in-progress (Note 13)	(232,324)	(6,945)	–	–	(239,269)
出售附屬公司	Disposal of subsidiaries	(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13)	Transfer to construction in progress (Note 13)	(7,349)	(2,016)	–	–	(9,365)
轉撥至投資性房地產 (附註12)	Transfer to investment properties (Note 12)	(7,477)	–	–	–	(7,477)
出售附屬公司	Disposal of subsidiaries	(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

11 物業、廠房及設備(續)

本公司

11 PROPERTY, PLANT AND EQUIPMENT

(continued)

Company

		二零一一年 2011			
		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
截至二零一一年 十二月三十一日止年度	Year ended 31 December 2011				
成本	Cost				
年初	At beginning of year	19,000	1,646	4,107	24,753
添置	Additions	-	-	220	220
年末	At end of year	19,000	1,646	4,327	24,973
累計折舊	Accumulated depreciation				
年初	At beginning of year	11,091	286	4,068	15,445
本年度計提	Charge for the year	855	312	24	1,191
年末	At end of year	11,946	598	4,092	16,636
帳面淨值	Net book amount				
年末	At end of year	7,054	1,048	235	8,337
年初	At beginning of year	7,909	1,360	39	9,308

11 物業、廠房及設備(續)

本公司(續)

11 PROPERTY, PLANT AND EQUIPMENT

(continued)

Company (continued)

		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
截至二零一零年 十二月三十一日止年度	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

本集團之物業、廠房及設備乃按照歷史成本列賬。

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

11 物業、廠房及設備(續)

折舊費在以下分類中資本化或記入費用賬：

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
銷貨成本	Cost of goods sold	694,386	427,696
行政費用	Administrative expenses	128,051	71,244
銷售費用	Distribution costs	52,625	19,315
在建工程	Construction in progress	2,920	547
		877,982	518,802

本集團之所有樓宇均位於中國境內。

於二零一一年十二月三十一日，若干銀行借貸由上海天馬賬面淨值約人民幣644,031,000元(二零一零年：人民幣678,245,000元)的樓宇設備及機器、廣東國際賬面淨值約人民幣635,205,000元(二零一零年：人民幣578,196,000元)的樓宇以及飛亞達賬面淨值約人民幣3,217,000元(二零一零年：人民幣3,471,000元)的樓宇作抵押。有關已抵押借貸之詳情載於附註26。

截至二零一一年十二月三十一日，帳面淨值為人民幣1,141,582,000元(2010年：人民幣980,339,000元)的樓宇的產權證仍在辦理當中。

11 PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation charge was capitalised or expensed in the following categories:

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
		694,386	427,696
		128,051	71,244
		52,625	19,315
		2,920	547
		877,982	518,802

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

As at 31 December 2011, certain bank borrowings were secured by the buildings, equipment and machinery of Shanghai Tianma at the net book value of approximately RMB644,031,000 (2010: RMB678,245,000), the buildings of GIB Company at the net book value of approximately RMB635,205,000 (2010: RMB578,196,000) and the buildings of Fiyta at the net book value of approximately RMB3,217,000 (2010: RMB3,471,000). Details of the secured borrowings are in Note 26.

As at 31 December 2011, title certificates of buildings with a net book value of RMB1,141,582,000 (2010: RMB980,339,000) were still in the progress of being obtained.

12 投資性房地產

12 INVESTMENT PROPERTIES

		本集團 Group	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 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	1,129,129	1,022,221
物業、廠房及設備及 土地使用權轉入	Transfer from property, plant and equipment and land use rights	320,087	27,584
添置	Additions	–	4,918
公允價值變動淨收益	Net gain from fair value adjustment	9,617	74,406
轉撥至物業、廠房及設備 (附註11)	Transfer to property, plant and equipment (Note 11)	(32,434)	–
十二月三十一日期末結餘	Closing balance at 31 December	1,426,399	1,129,129

(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:

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
租賃收入	Rental income	136,525	126,042
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	(45,961)	(41,222)
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	(26,930)	(36,879)
		63,634	47,941

(b) 估價基礎

二零一一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、同條件以受租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 2011 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.

12 投資性房地產(續)

(c) 投資性房地產抵押資產

於二零一一年十二月三十一日，若干銀行借貸由本集團附屬公司廣東國際大廈實業有限公司(「廣東國際」)公允價值約人民幣826,880,000元(二零一零年：人民幣626,759,000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26。

(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：

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
一年以內	Not later than one year	62,938	67,659
一年以上五年以內	Later than one year and not later than five years	30,316	58,175
		93,254	125,834
應收租賃款之現值	Present value of the lease receivables	85,958	111,833
融資收入	Financial income	7,296	14,001
		93,254	125,834

本集團的投資性房地產均位於中國境內。

12 INVESTMENT PROPERTIES (continued)

(c) Investment properties pledged as security

As at 31 December 2011, certain bank borrowings were secured by the investment properties of the Guangdong International Building Industrial Co., Ltd. ("GIB Company") at the fair value of approximately RMB826,880,000 (2010: RMB626,759,000). GIB Company is a subsidiary of the Group. Details of the secured borrowings are in Note 26.

(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:

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

12 投資性房地產(續)

- (e) 二零一一年，帳面淨值為人民幣141,921,000元(二零一零年：人民幣10,181,000元)及人民幣39,830,000元(二零一零年：零)的自住房的樓宇及土地使用權被轉為投資性房地產。截至轉讓之日，該等房產的公允價值為人民幣320,087,000元(二零一零年：人民幣27,584,000元)。在轉讓之日的公允價值與帳面淨值之差額人民幣103,752,000元(二零一零年：人民幣17,403,000元)在其他綜合收益中入帳。

12 INVESTMENT PROPERTIES (continued)

- (e) In 2011, owner-occupied property of buildings and land use rights with net book values of RMB141,921,000 (2010: RMB10,181,000) and RMB39,830,000 (2010: Nil), respectively, were transferred to investment properties. As at the date of transfer, the fair value of these investment properties amounted to RMB320,087,000 (2010: RMB27,584,000). The difference between the fair value and net book value at the transfer date of RMB103,752,000 (2010: RMB17,403,000) was recorded in other comprehensive income.

13 在建工程

13 CONSTRUCTION-IN-PROGRESS

		本集團 Group	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
年初	At beginning of year	893,546	1,005,292
物業、廠房及設備轉入 (附註11)	Transfer from property, plant and equipment (Note 11)	—	229,904
收購附屬公司	Acquisition from subsidiary	—	68,382
添置(附註(a))	Additions (Note (a))	887,948	1,640,996
轉撥至物業、廠房及設備 (附註11)	Transfer to property, plant and equipment (Note 11)	(820,245)	(2,017,358)
出售附屬公司	Disposal of subsidiaries	—	(32,414)
出售	Disposals	(16,560)	(1,256)
年末	At end of year	944,689	893,546

- (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) 於二零一一年，計入在建工程的資本化銀行貸款利息為人民幣804,000元(二零一零年：人民幣62,724,000元)，資本化利率為4.65%(二零一零年：4.13%)。

- (b) Bank loan interest capitalised in the construction in progress in 2011 amounted to RMB804,000 (2010: RMB62,724,000) and the capitalised interest rate was 4.65% (2010: 4.13%).

14 於附屬公司之投資

14 INVESTMENTS IN SUBSIDIARIES

		本公司 Company	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 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	432,838
－ 非上市股份	－ unlisted equity interests	1,254,173	1,212,223
－ 減值	－ impairment	—	(11,050)
		1,687,011	1,634,011

於二零一一年十二月三十一日，上市公司股份之市值約為人民幣3,154,498,000元（二零一零年：人民幣5,978,508,000元）。

As at 31 December 2011, the market value of shares in listed companies approximated RMB3,154,498,000 (2010: RMB5,978,508,000).

於二零一一年十二月三十一日，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／成立及經營）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 2011, 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):

附屬公司名稱 Name of subsidiary	註冊／成立日期 Date of incorporation/ establishment	所佔股權權益 Attributable equity interest				註冊資本 Registered capital	企業類別 Type of legal entity	主要業務 Principal activities
		二零一一年 2011		二零一零年 2010				
		直接 Direct	間接 Indirect	直接 Direct	間接 Indirect			
天馬微電子股份有限公司 (「天馬」)附註(a)	一九八三年 十一月八日	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 of liquid crystal displays
Tianma Microelectronics Co., Ltd. ("Tianma") Note(a)	8 November 1983						Joint stock company (listed on the Shenzhen Stock Exchange)	
深圳市深南電路有限公司 (「深南電路」)附註25	一九八四年七月三日 3 July 1984	93%	—	88.35%	—	人民幣139,800,000元 RMB139,800,000	有限責任公司 Limited liability company	製造及銷售印刷電路板 Manufacture and sales of printed circuit boards
Shenzhen Shennan Circuit Co., Ltd. ("Shennan Circuit") Note 25								

14 於附屬公司之投資 (續)

14 INVESTMENTS IN SUBSIDIARIES (continued)

	註冊／成立日期	所佔股權權益				註冊資本	企業類別	主要業務
附屬公司名稱	Date of incorporation/	Attributable equity interest				Registered capital	Type of legal entity	Principal activities
Name of subsidiary	establishment	二零一一年		二零一零年				
		2011		2010				
		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>	一九九零年三月三十日 30 March 1990	41.49%	—	41.49%	—	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>								
深圳中航資源有限公司(「中航資源」) <i>附註(a)</i>	二零零七年九月十七日 17 September 2007	100%	—	100%	—	人民幣500,000,000元 RMB500,000,000	獨資企業 Wholly owned company	投資控股 Investment holding
Shenzhen CATIC Resources Co., Ltd ("CATIC Resources")								
廣東國際大廈實業有限公司(「廣東國際」) <i>附註(a)</i>	二零零九年一月三十一日 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
Guangdong International Building Industrial Co., Ltd. ("GIB Company")								
上海天馬微電子股份有限公司(「上海天馬」) <i>附註(a)</i>	二零零七年四月七日 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
Shanghai Tianma Microelectronics Co., Ltd. ("Shanghai Tianma")								
青海中航資源有限公司(「青海中航資源」) <i>附註(a)</i>	二零零七年五月十六日 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 resources business
Qinghai CATIC Resources Co., Ltd. ("Qinghai CATIC Resource")								

14 於附屬公司之投資(續)

14 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			
		二零一一年		二零一零年							
		2011		2010							
		直接	間接	直接	間接						
		Direct	Indirect	Direct	Indirect						
成都天馬微電子股份 有限公司(「成都天馬」) 附註(a)	二零零八年 九月十一日 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			
Chengdu Tianma Microelectronics Co., Ltd ("Chengdu Tianma") Note(a)											
雲南紅富化肥有限公司 (「雲南紅富」)	二零一零年 九月十五日	-	51%	-	51%	人民幣108,793,654元 RMB108,793,654	合資企業 Contractual joint venture	磷資源業務 Phosphorus resources business			
Yunnan Hongfu Fertilizer Company Limited ("Yunnan Hongfu")	15 September 2010										

附錄(a)：本集團於該等附屬公司之股權低於50%。然而，本集團繼續控制該等附屬公司之主要營運及財務決定。因此，本公司之董事認為本集團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。

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

15 於聯營公司之投資

15 INVESTMENTS IN ASSOCIATES

		本集團 Group		本公司 Company	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
年初	At beginning of year	794,349	568,917	298,198	298,198
注資	Capital injection	—	134,000	—	—
可供銷售的金融資產轉入	Transfer from available for sale financial assets	—	32,000	—	—
已收股息	Dividends received	(8,101)	—	—	—
分佔聯營公司可供出售 財務資產公允值虧損 (附註25)	Share of fair value losses from available-for-sale financial assets of the associate (Note 25)	(338)	(1,796)	—	—
分佔聯營公司自住房 轉為投資房時獲得的收益 (附註25)	Share of gain on the transfer of owner – occupied property to investment property of the associate (Note 25)	30,224	—	—	—
應佔聯營公司溢利	Share of profit of associates	100,810	61,228	—	—
年末	At end of year	916,944	794,349	298,198	298,198

15 於聯營公司之投資(續)

於二零一一年十二月三十一日，本公司擁有直接權益之主要聯營公司如下：

15 INVESTMENTS IN ASSOCIATES (continued)

As at 31 December 2011, 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
		二零一一年 2011	二零一零年 2010		
深圳中施機械設備有限公司 CASTIC-SMP Machinery Corporation Limited	一九八六年十一月十五日 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.	一九八九年一月十七日 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")	二零零五年二月二十六日 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
武漢天馬微電子有限公司 Wuhan Tianma Microelectronics Co. Ltd.	二零零八年十一月十七日 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, PRC
深圳中航地產股份有限公司 Shenzhen CATIC Real Estate Co., Ltd	一九八五年五月二十九日 29 May 1985	22.35%	22.35% 人民幣222,320,472元 RMB222,320,472	股份有限公司(深圳證券交易所上市公司) Joint Stock Company (Listed on the Shenzhen Stock Exchange)	物業開發及建築、投資、零售及酒店營運，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 Raeece Technology Co., Ltd	二零一零年六月二十九日 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

15 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:

15 INVESTMENTS IN ASSOCIATES (continued)

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

名稱 Name	註冊地及企業類別 Place of incorporation and kind of legal entity	授權/註冊資本 Authorised/ Registered capital	已繳足股本 Paid up capital	二零一零年 2010				溢利/ (虧損) Profit/ (Loss)	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	-	39.15%	
武漢天馬微電子有限公司 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 Raeece 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		

15 於聯營公司之投資(續)

15 INVESTMENTS IN ASSOCIATES (continued)

名稱 Name	註冊地及企業類別 Place of incorporation and kind of legal entity	授權／註冊資本 Authorised/ Registered capital	已繳足股本 Paid up capital	二零一一年 2011				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	44,222	19,841	60,491	558	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	10,033	3,170	10,639	217	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	-	-	39.15%
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	505,989	363,686	92,674	(15,722)	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	2,475,440	1,715,581	828,274	115,624	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	14,940	9,054	15,505	133	20%
				3,053,994	2,111,810	1,007,582	100,810	

於二零一一年十二月三十一日，持有深圳中航地產股份有限公司股份之市值約人民幣469,627,000元(二零一零年：人民幣743,920,000元)。

As at 31 December 2011, the market value of shares of Shenzhen CATIC Real Estate Co., Ltd approximated to RMB469,627,000 (2010: RMB743,920,000).

16 按類別分類的金融工具

本集團：

於二零一一年十二月三十一日

資產，如綜合資產負債表所載

16 FINANCIAL INSTRUMENTS BY CATEGORY

The Group:

At 31 December 2011

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17)	Available-for-sale financial assets (Note 17)	–	35,158	35,158
貿易應收款(附註21)	Trade receivables (Note 21)	1,892,860	–	1,892,860
應收票據(附註21)	Notes receivables (Note 21)	422,570	–	422,570
現金及現金等價物 (附註22及23)	Cash and cash equivalents (Note 22 and 23)	1,155,009	–	1,155,009
總計	Total	3,470,439	35,158	3,505,597

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26)	Bank borrowings (Note 26)	9,065,995
貿易及其他應付款(不包括應付的 薪水及員工福利)(附註29)	Trade and other payables (excluding salary and staff welfare payable) (Note 29)	2,807,730
其他非流動負債(附註28)	Other non-current liabilities (Note 28)	113,632
總計	Total	11,987,357

16 按類別分類的金融工具(續)

本集團：(續)

二零一零年十二月三十一日

資產，如綜合資產負債表所載

16 FINANCIAL INSTRUMENTS BY CATEGORY

(continued)

The Group: (continued)

31 December 2010

Assets as per consolidated balance sheet

		貸款及 應收款項 Loans and receivables	可供出售 金融資產 Available- for-sale financial assets	總計 Total
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
可供出售金融資產 (附註17)	Available-for-sale financial assets (Note 17)	—	27,579	27,579
貿易應收款(附註21)	Trade receivables (Note 21)	1,470,678	—	1,470,678
應收票據(附註21)	Notes receivables (Note 21)	185,820	—	185,820
現金及現金等價物 (附註22及23)	Cash and cash equivalents (Note 22 and 23)	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26)	Bank borrowings (Note 26)	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29)	Trade and other payables (excluding salary and staff welfare payable) (Note 29)	3,149,236
其他非流動負債(附註28)	Other non-current liabilities (Note 28)	114,327
總計	Total	11,285,221

16 按類別分類的金融工具(續)

本公司：
二零一一年十二月三十一日
資產，如資產負債表所載

16 FINANCIAL INSTRUMENTS BY CATEGORY

(continued)

The Company:
At 31 December 2011
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17)	Available-for-sale financial assets (Note 17)	—	1,400	1,400
其他應收款(附註21)	Other receivables (Note 21)	300,763	—	300,763
現金及現金等價物 (附註23)	Cash and cash equivalents (Note 23)	26,579	—	26,579
總計	Total	327,342	1,400	328,742

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26)	Bank borrowings (Note 26)	1,500,000
貿易及其他應付款(不包括應付的 薪水及員工福利)(附註29)	Trade and other payables (excluding salary and staff warfare payable) (Note 29)	313,889
總計	Total	1,813,889

16 按類別分類的金融工具(續)

本公司：(續)

二零一零年十二月三十一日

資產，如資產負債表所載

16 FINANCIAL INSTRUMENTS BY CATEGORY

(continued)

The Company: (continued)

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17)	Available-for-sale financial assets (Note 17)	—	1,400	1,400
其他應收款(附註21)	Other receivables (Note 21)	156,127	—	156,127
現金及現金等價物 (附註23)	Cash and cash equivalents (Note 23)	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26)	Bank borrowings (Note 26)	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29)	Trade and other payables (excluding salary and staff welfare payable) (Note 29)	233,119
總計	Total	1,533,119

17 可供出售金融資產

17 AVAILABLE-FOR-SALE FINANCIAL ASSETS

		本集團 Group		本公司 Company	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
於上海聯交所上市的 A股公司 之投資	Investments in A shares of company listed in the Shanghai Stock Exchange	17,840	—	—	—
於非上市公司股份之 投資	Investments in shares of unlisted companies	19,878	30,659	1,400	1,400
減：減值虧損準備	Less: provision for impairment losses	(2,560)	(3,080)	—	—
		35,158	27,579	1,400	1,400
上市A股投資 之市值	Market value of investments in listed A shares	17,840	—	—	—

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	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
年初	At beginning of year	27,579	35,998	1,400	1,400
添置	Additions	2,820	23,581	—	—
轉讓	Transfer	—	(32,000)	—	—
淨收益撥入權益(未扣除稅款)	Net gains transferred to equity, gross of tax	4,759	—	—	—
年末	At end of year	35,158	27,579	1,400	1,400

18 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：

		本集團 Group		本公司 Company	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 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	53,553	45,791	–	–
– 十二個月內撥回	– to be recovered within 12 months	100,046	59,960	–	–
		153,599	105,751	–	–
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	(380,219)	(346,143)	–	–
遞延稅項負債－淨額	Deferred tax liabilities – net	(226,620)	(240,392)	–	–

遞延所得稅款項之淨變動如下：

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

		本集團 Group		本公司 Company	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
年初	Beginning of the year	(240,392)	(158,288)	–	–
於收益表中計入／(扣除) (附註36)	Credited/(charged) to income statement (Note 36)	52,941	(63,254)	–	–
稅率變動之影響(附註36)	Effect of changes in tax rates (Note 36)	(3,035)	4,733	–	–
直接於其他綜合收益中計入之稅項	Tax credited directly to other comprehensive income	(35,298)	–	–	–
出售附屬公司	Disposal of subsidiaries	(836)	(929)	–	–
收購附屬公司	Acquisition of subsidiaries	–	(22,654)	–	–
年末	End of year	(226,620)	(240,392)	–	–

所得稅開支於附註36詳述。

The income tax charge is detailed in Note 36.

18 遞延所得稅(續)

年內遞延所得稅資產和負債(沒有考慮結餘可在同一徵稅區內抵銷)的變動如下：

遞延稅項資產：

		本集團 Group						
		貿易及 其他應收款 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	政府補貼 Government grants 人民幣千元 RMB'000	其他 Others 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
於二零一零年一月一日	At 1 January 2010	29,351	11,022	40,174	51,040	–	45,964	177,551
於收益表中計入／(扣除)	Credited/(charged) to the income statement	(4,485)	680	(40,174)	(27,648)	6,850	(6,094)	(70,871)
出售附屬公司	Disposal of subsidiaries	–	–	–	–	–	(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	6,850	38,941	105,751
於收益表中計入／(扣除)	Credited/(charged) to the income statement	(11,246)	1,279	–	3,560	29,412	25,679	48,684
出售附屬公司	Disposal of a subsidiary	–	–	–	–	–	(836)	(836)
於二零一一年十二月三十一日	At 31 December 2011	13,620	12,981	–	26,952	36,262	63,784	153,599

18 DEFERRED INCOME TAX (continued)

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

Deferred tax assets:

18 遞延所得稅(續)

遞延稅項負債：

		加速稅項 折舊 Accelerated tax depreciation 人民幣千元 RMB'000	可供出售 金融資產之 公允價值 收益 Fair value gains of available-for- sale financial 人民幣千元 RMB'000	本集團 Group 業務收購之 資產公允 價值收益 Fair value gain on assets acquired from business acquisition 人民幣千元 RMB'000	投資性 房地產之 公允價值變動 Fair value change on investment properties 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
於二零一零年一月一日	At 1 January 2010	(32)	-	(259,340)	(76,467)	(335,839)
於損益賬扣除/(計入)	Charged/(credited) to income statement	(99)	-	33,776	(21,327)	12,350
收購附屬公司	Acquisition of a subsidiary	-	-	(22,654)	-	(22,654)
於二零一零年十二月三十一日	At 31 December 2010	(131)	-	(248,218)	(97,794)	(346,143)
於損益賬(扣除)/計入	(Charged)/ credited to income statement	3	-	4,001	(2,782)	1,222
直接計入其他綜合收益之稅項	Tax credited directly to other comprehensive income	-	(714)	-	(34,584)	(35,298)
於二零一一年十二月三十一日	At 31 December 2011	(128)	(714)	(244,217)	(135,160)	(380,219)

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:

	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
結轉稅項虧損	260,956	213,891

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

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

18 遞延所得稅(續)

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。

於二零一一年十二月三十一日，遞延稅項資產及遞延稅項負債結餘人民幣714,000元(二零一零年：零)與同一公司有關於與彼此抵銷。

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：

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
一年內到期	Expire within 1 year	3,172	1,705
一至二年內到期	Expire in 1 – 2 years	84,436	18,170
二至三年內到期	Expire in 2 – 3 years	55,435	84,436
三至四年內到期	Expire in 3 – 4 years	54,145	55,435
四至五年內到期	Expire in 4 – 5 years	63,768	54,145
		260,956	213,891

18 DEFERRED INCOME TAX (continued)

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.

As at 31 December 2011, deferred tax assets and deferred tax liabilities balances of RMB714,000 (2010: Nil) were related to the same company and were offset against each other.

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

19 其他非流動資產

19 OTHER NON-CURRENT ASSETS

		本集團 Group		本公司 Company	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
收購一間聯營公司	Prepayment for acquisition of an				
預付款(a)	associate (a)	40,300	–	–	–
電腦軟體	Computer software	59,364	55,519	–	–
其他	Others	83,754	26,939	–	–
		183,418	82,458	–	–

(a) 該金額指飛亞達購買上海錶業有限公司(由本集團最終控股公司中國航空工業集團公司的一間附屬公司深圳市中航投資管理有限公司全資擁有)25%股權的預付款。總購買代價為人民幣40,300,000元。

(a) The amount represented prepayment by Fiyta for the purchase of 25% equity interests in Shanghai Watch Co.,Ltd which is wholly owned by Shenzhen CATIC Investment Management Company Limited, a subsidiary of Aviation Industry Corporation of China, the ultimate holding company of the Group. Total purchase consideration is RMB40,300,000.

20 存貨

20 INVENTORIES

		本集團 Group	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
存貨－成本	Inventories – cost		
原材料	Raw materials	471,539	431,797
在製品	Work-in-progress	215,457	264,254
製成品	Finished goods	1,933,317	1,366,075
		2,620,313	2,062,126
減：存貨撇減撥備	Less: provision for write-down of inventories		
原材料	Raw materials	(49,165)	(42,308)
在製品	Work-in-progress	(3,447)	(4,901)
製成品	Finished goods	(40,284)	(38,250)
		(92,896)	(85,459)
存貨－淨值	Inventories – net	2,527,417	1,976,667

確認為開支並列入銷售成本的存貨成本為人民幣6,972,197,000元(二零一零年：人民幣4,361,266,000元)(附註32)。

The cost of inventories recognised as expense and included in cost of sales amounted to RMB6,972,197,000 (2010: RMB4,361,266,000) (Note 32).

21 貿易及其他應收款

21 TRADE AND OTHER RECEIVABLES

		本集團 Group		本公司 Company	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
貿易應收款	Trade receivables	2,069,562	1,638,015	-	-
減：應收款減值撥備	Less: provision for impairment of receivables	(176,702)	(167,337)	-	-
貿易應收款－淨額	Trade receivables – net	1,892,860	1,470,678	-	-
應收票據(a)	Notes receivables (a)	422,570	185,820	-	-
預付款	Prepayments	277,294	290,981	-	-
增值稅退稅	Value added tax refund	18,280	10,691	-	-
尚未抵扣之增值稅款	Excess of input over output value added tax	333,123	273,238	-	-
其他	Others	171,954	183,105	300,763	156,127
		3,116,081	2,414,513	300,763	156,127

(a) 應收票據人民幣42,450,000元(二零一零年：零)已抵押作為流動銀行借貸人民幣38,549,000元(附註26(c))。

(a) Notes receivables of RMB42,450,000 (2010: Nil) were pledged for the current bank borrowings of RMB38,549,000 (Note 26(c)).

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

		本集團 Group	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
即期	Current	884,823	659,756
30-60天	30-60 days	441,348	357,255
60-90天	60-90 days	234,844	148,332
90天以上	over 90 days	508,547	472,672
		2,069,562	1,638,015
減：減值虧損撥備	Less: provision for impairment losses	(176,702)	(167,337)
		1,892,860	1,470,678

21 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	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
人民幣	RMB	1,630,900	1,062,143
美元	USD	401,342	512,437
港元	HKD	19,248	14,228
歐元	EUR	12,359	38,553
日元	JPY	2,764	7,588
其他貨幣	Other currencies	2,949	3,066
		2,069,562	1,638,015

貿易應收款減值撥備之變動如下：

Movements on the provision for impairment of trade receivables are as follows:

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
於一月一日	At 1 January	167,337	160,447
應收款減值撥備	Provision for receivable impairment	14,308	14,519
	Receivables written off during the year		
年內作為不可回收款進行	as uncollectible	(1,851)	(1,090)
撇銷之應收款	Receivables reversed during the year	(3,092)	(6,539)
於十二月三十一日	At 31 December	176,702	167,337

21 貿易及其他應收款(續)

於二零一一年十二月三十一日，人民幣218,665,000元(二零一零年：人民幣188,950,000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

於二零一一年十二月三十一日，人民幣289,881,000元(二零一零年：人民幣283,722,000元)貿易應收款已減值並已計提撥備。於二零一一年十二月三十一日，撥備金額為人民幣176,702,000元(二零一零年：人民幣167,337,000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。

21 TRADE AND OTHER RECEIVABLES

(continued)

As at 31 December 2011, trade receivables of RMB218,665,000 (2010: RMB188,950,000) 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:

	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
180日以下	53,805	132,066
181至360日	157,962	42,221
360日以上	6,898	14,663
	218,665	188,950

As at 31 December 2011, trade receivables of RMB289,881,000 (2010: RMB283,722,000) were impaired and provided for. The amount of the provision was RMB176,702,000 as of 31 December 2011 (2010: RMB167,337,000).

The additional and reversal of provisions for impaired receivables have been included in administrative expenses. Amounts 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.

21 貿易及其他應收款(續)

應收票據賬齡分析如下：

30天以下	Less than 30 days
30-60天	30-60 days
60-90天	60-90 days
90天以上	over 90 days

		209,977	51,114
		73,952	38,423
		42,220	39,988
		96,421	56,295
		422,570	185,820

應收票據包括銀行承兌匯票及商業承兌匯票，分析如下：

商業承兌匯票	Commercial acceptance bill
銀行承兌匯票	Bank acceptance bill

		85,032	38,810
		337,538	147,010
		422,570	185,820

流動貿易及其他應收款之帳面值與其公允價值相若。

21 TRADE AND OTHER RECEIVABLES (continued)

The aging analysis of note receivables is as follows:

本集團 Group		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
		209,977	51,114
		73,952	38,423
		42,220	39,988
		96,421	56,295
		422,570	185,820

Note receivables include bank acceptance bill and commercial acceptance bill which are analysed as follows:

本集團 Group		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
		85,032	38,810
		337,538	147,010
		422,570	185,820

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

22 抵押銀行存款

若干銀行結餘已被抵押，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。

22 PLEDGED BANK DEPOSITS

Certain bank balances were pledged deposits which will be released upon the settlement of the repayment of the bank loan and the use of credit amount.

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
銀行借款抵押(附註26(c))	Collateral for bank borrowings (Note 26(c))	38,183	23,736
信用證簽發之擔保存款	Guarantee deposits for issuance of letters of credit	70,215	134,509
其他	Others	6,533	480
		114,931	158,725

23 現金及現金等價物

本集團現金及現金等價物之結餘列示如下：

23 CASH AND CASH EQUIVALENTS

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

		本集團 Group		本公司 Company
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000	二零一一年 2011 人民幣千元 RMB'000
銀行存款及現金	Cash at bank and on hand	1,040,078	1,728,245	26,579
				20,203

24 股本及股份溢價

24 SHARE CAPITAL AND SHARE PREMIUM

本集團及本公司 Group and Company					
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)
於二零一零年一月一日、 二零一零年及二零一一年 十二月三十一日	As at 1 January 2010, 31 December 2010 and 2011				
395,709	277,658	673,367	673,367	354,513	1,027,880

附註：

Notes:

(a) 於二零一一年十二月三十一日，普通股之已發行註冊總數為673,367,000股（二零一零年：673,367,000股），每股面值人民幣1元（二零一零年：每股面值人民幣1元）。所有已發行股份均已繳足。

(a) As at 31 December 2011, the total issued and registered number of ordinary shares is 673,367,000 shares (2010: 673,367,000 shares) with a par value of RMB1 per share (2010: RMB1 per share). All issued shares are fully paid.

(b) 於一九九七年六月二十日，本公司透過向其控股公司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份。

(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 AVIC International Shenzhen Company, its holding company, in exchange for its interests in certain subsidiaries, associates and properties. These Domestic Shares are non-circulated shares.

(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。

(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.

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）。

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.

24 股本及股份溢價(續)

附註：(續)

- (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，其控股公司將其持有的4,290,909股內資股轉讓予全國社會保障基金理事會並兌換為H股。
- (e) 於二零零八年及二零零九年，本公司分別購回其H股3,644,000股及1,898,000股分別共計人民幣6,026,000元及人民幣2,852,000元。截至二零零九年十二月三十一日，所有回購股份已被註銷。購回及註銷的股份溢價人民幣3,336,000元已經與股本溢價對沖。

24 SHARE CAPITAL AND SHARE PREMIUM

(continued)

Notes: (continued)

- (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 HKD6.00 each. The excess of net consideration for newly issued H Shares over the par value of the shares had been recognised 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 had approved, as part of the above share issue, the transfer of the 4,290,909 of Domestic Shares held by its holding company to the National Social Security Fund Council of the PRC as H Shares.
- (e) In 2008 and 2009, the Company repurchased 3,644,000 and 1,898,000 shares of its H share amounting to RMB6,026,000 and RMB2,852,000 respectively. 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.

25 其他儲備

25 OTHER RESERVES

		資本儲備 Capital reserve 人民幣千元 RMB'000	法定盈餘 公積金 Statutory general reserve fund 人民幣千元 RMB'000	可供出售 金融資產 重估儲備 Available- for-sale financial assets revaluation reserve 人民幣千元 RMB'000	自住房轉 投資房 Transfer of owner- occupied property to investment property 人民幣千元 RMB'000	外幣兌換 差額 Currency translation differences 人民幣千元 RMB'000	總額 Total 人民幣千元 RMB'000
本集團	Group						
於二零一零年一月一日之結餘	Balance as at 1 January 2010	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	Changes in ownership interests in subsidiaries without loss of control	85,708	—	—	—	—	85,708
外幣折算差額	Currency translation differences	—	—	—	—	(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15)	Share of fair value losses from available-for-sale financial assets of the associate (Note 15)	(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
於二零一一年一月一日之結餘， 如上所述	Balance as at 1 January 2011 as per above	352,100	70,001	15,423	5,265	(3,769)	439,020
自住房轉投資房之收益	Gain on transfer of owner-occupied property to investment property	—	—	—	77,559	—	77,559
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 of interests in subsidiaries without loss of control (Note(a))	(9,174)	—	—	—	—	(9,174)
外幣折算差額	Currency translation differences	—	—	—	—	(1,573)	(1,573)
可供出售金融資產之公允 價值收益	Fair value gain from available-for-sale financial assets	1,845	—	—	—	—	1,845
應佔聯營公司住房 轉為投資房時獲得 的收益(附註15)	Share of gain on the transfer of owner-occupied property to investment property of the associate (Note 15)	—	—	—	30,224	—	30,224
應佔聯營公司可供出售 金融資產之公允價值虧損 (附註15)	Share of fair value losses from available-for-sale financial assets of the associate (Note 15)	—	—	(338)	—	—	(338)
於二零一一年十二月三十一日 之結餘	Balance as at 31 December 2011	344,771	70,001	15,085	113,048	(5,342)	537,563

25 其他儲備(續)

25 OTHER RESERVES (continued)

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

本公司	Company	
於二零一零年一月一日、二零一零年	Balance as at 1 January 2010, 31 December 2010	
及二零一一年十二月三十一日	and 2011	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.

於截至二零一一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(二零一零年：無)，因為本公司於截至二零一一年十二月三十一日止年度錄得虧損。

The directors of the Company did not propose the appropriation to the statutory general reserve fund for the year ended 31 December 2011 (2010: nil) as the Company incurred loss for the year ended 31 December 2011.

25 其他儲備(續)

法定盈餘公積金(續)

(a) 與非控制權益之交易

於二零一一年二月二十八日，飛亞達以代價人民幣2,725,000元購買其附屬公司亨吉利世界名錶中心(「亨吉利」)的0.5%股份。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如下：

從非控制權益獲得的對價	Consideration paid to non-controlling interests	2,725,000
減：帳面價值	Less: Carrying amount	2,008,000

收購權益之虧損	Loss on acquisition of equity	717,000
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於二零一一年二月二十八日，飛亞達以代價人民幣16,300,000元購買其附屬公司Beijing Henglianda Company Limited的50%股份。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如下：

支付非控制權益的對價	Consideration paid to non-controlling interests	16,300,000
減：帳面價值	Less: Carrying amount	16,462,000

收購權益之收益	Gain on acquisition of equity	(162,000)
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於二零一一年五月三十一日，本集團以代價人民幣53,000,000元購買深南電路的4.65%股份。年內本公司擁有人應佔於深南電路之所有者權益之改變如下：

支付予非控制權益之代價	Consideration paid to non-controlling interests	53,000,000
減：帳面價值	Less: Carrying amount	44,381,000

收購權益之虧損	Loss on acquisition of equity	8,619,000
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通過與非控制權益的交易，收購權益之虧損總額為人民幣9,174,000元。於年內已支付人民幣14,217,000元予非控制權益。

25 OTHER RESERVES (continued)

Statutory general reserve fund (continued)

(a) Transaction with non-controlling interests

On 28 February 2011, Fiyta purchased 0.5% shares in its subsidiary, Harmony World Watch Centre ("Harmony"), at a consideration of RMB2,725,000. The effect of changes in the ownership interests of Fiyta on the equity attributable to owners of the Company during the year is as follows:

On 28 February 2011, Fiyta purchased 50% shares in its subsidiary, Beijing Henglianda Company Limited, at a consideration of RMB16,300,000. The effect of changes in the ownership interests of Fiyta on the equity attributable to owners of the Company during the year is as follows:

On 31 May 2011, the Group purchased 4.65% shares in Shennan Circuit at a consideration of RMB53,000,000. 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:

Total loss on acquisition of equity through transaction with non-controlling interests amounted to RMB9,174,000. RMB14,217,000 was paid to the non-controlling interests during the year.

26 借貸

借貸包括銀行借貸及其他借貸，分析如下：

26 BORROWINGS

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

		本集團 Group		本公司 Company	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
非流動	Non-current				
銀行借貸	Bank borrowings				
– 抵押(a)	– pledged (a)	2,207,151	2,592,548	–	–
– 有擔保(b)	– guaranteed (b)	3,310,450	3,143,793	946,000	914,000
– 無抵押	– unsecured	829,833	457,440	–	186,000
減：非流動借貸之 即期部分	Less: current portion of non- current borrowings	(2,207,443)	(522,609)	(760,000)	–
		4,139,991	5,671,172	186,000	1,100,000
流動	Current				
銀行借貸	Bank borrowings				
– 抵押(c)	– pledged (c)	75,517	71,537	–	–
– 有擔保(d)	– guaranteed (d)	2,034,000	1,247,000	554,000	–
– 無抵押	– unsecured	609,044	509,340	–	200,000
非流動銀行借貸之 即期部分	Current portion of non-current bank borrowings	2,207,443	522,609	760,000	–
		4,926,004	2,350,486	1,314,000	200,000
借貸總額	Total borrowings	9,065,995	8,021,658	1,500,000	1,300,000

(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(二零一零年：人民幣1,020,000,000元)由廣東國際之土地使用權(附註7)、樓宇(附註11)、在建工程及投資性房地產(附註12)作為抵押。

(a) The Group's non-current bank borrowings and current portion of non-current bank borrowings of RMB1,020,000,000 (2010: RMB1,020,000,000) made to GIB Company which are secured by the land use rights (Note 7), buildings (Note 11), construction in progress and investment properties (Note 12) of GIB Company.

26 借貸(續)

(a) (續)

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1,185,953,000元(二零一零年：人民幣1,572,548,000元)由上海天馬之樓宇、設備及機器(附註11)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。

本集團授予飛亞達之非流動銀行借貸人民幣1,198,000元由飛亞達之樓宇抵押(附註11)。

(b) 本集團授予成都天馬之非流動銀行借貸及非流動銀行借貸之即期部份人民幣1,702,250,000元(二零一零年：人民幣1,404,793,000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之即期部份人民幣946,000,000元(二零一零年：人民幣914,000,000元)由控股公司擔保。

本公司為廣東國際提供長期之人民幣80,000,000元貸款之擔保(二零一零年：人民幣110,000,000元)、為飛亞達提供長期之人民幣149,600,000元(二零一零年：人民幣180,000,000元)元貸款之擔保，並為中航資源提供長期之人民幣432,600,000元(二零一零年：人民幣535,000,000元)貸款之擔保。

26 BORROWINGS (continued)

(a) (continued)

The Group's non-current bank borrowings and current portion of non-current bank borrowings of RMB1,185,953,000 (2010: RMB1,572,548,000) made to Shanghai Tianma are secured by the building, equipment and machinery (Note 11) and land use rights (Note 7) of Shanghai Tianma and are co-guaranteed by all the shareholders on pro rata basis of share holding percentage.

The Group's non-current bank borrowings of RMB1,198,000 made to Fiyta are secured by the buildings of Fiyta (Note 11).

(b) The Group's non-current bank borrowings and current portion of non-current bank borrowings of RMB1,702,250,000 (2010: RMB1,404,793,000) made to Chengdu Tianma are guaranteed by Chengdu Tianma's shareholders of Chengdu Industrial Group Co., Ltd. and Chengdu Hi-Tech Investment Group Co., Ltd.

The Group's current portion of non-current bank borrowings of RMB946,000,000 (2010: RMB914,000,000) are guaranteed by the holding company.

The Company provided a long-term guarantee for a loan of RMB80,000,000 (2010: RMB110,000,000) in favour of GIB, a long-term guarantee for a loan of RMB149,600,000 (2010: RMB180,000,000) in favour of Fiyta, and a long-term guarantee for a loan of RMB432,600,000 (2010: RMB535,000,000) in favour of CATIC Resources.

26 借貸(續)

(c) 於二零一一年十二月三十一日，銀行存款人民幣38,183,000元(二零一零年：人民幣23,736,000元)已抵押作為流動銀行借貸人民幣36,968,000元(二零一零年：人民幣23,537,000元)之擔保(附註22)。應收票據人民幣42,450,000元(二零一零年：零)已抵押作為流動銀行借貸人民幣38,549,000元(二零一零年：零)之擔保。

(d) 本公司為飛亞達提供一年期之人民幣842,000,000元(二零一零年：人民幣600,000,000元)貸款之擔保，為中航資源提供一年期之人民幣436,000,000元(二零一零年：人民幣185,000,000元)貸款之擔保，為天馬提供一年期之人民幣202,000,000元(二零一零年：人民幣162,000,000元)貸款之擔保。

本集團流動銀行借貸人民幣554,000,000元(二零一零年：零)由控股公司擔保。

借貸之帳面值以下列貨幣計值：

26 BORROWINGS (continued)

(c) As at 31 December 2011, bank deposits of RMB38,183,000 (2010: RMB23,736,000) were pledged for the current bank borrowing of RMB36,968,000 (2010: RMB23,537,000) (Note 22). Notes receivable of RMB42,450,000 (2010: Nil) were pledged for the current bank borrowing of RMB38,549,000 (2010: Nil).

(d) The Company provided a one-year guarantee for a loan of RMB842,000,000 (2010: RMB600,000,000) in favour of Fiyta, a one-year guarantee for a loan of RMB436,000,000 (2010: RMB185,000,000) in favour of CATIC Resources, a one-year guarantee for a loan of RMB202,000,000 (2010: RMB162,000,000) in favour of Tianma.

The Group's current bank borrowings of RMB554,000,000 (2010: Nil) are guaranteed by the holding company.

The carrying amounts of the borrowings are denominated in the following currencies:

		本集團 Group		本公司 Company	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
人民幣	RMB	7,581,391	6,498,400	1,500,000	1,300,000
美元	USD	1,366,099	1,513,564	-	-
歐元	JPY	53,367	-	-	-
港元	HKD	65,138	9,694	-	-
		9,065,995	8,021,658	1,500,000	1,300,000

26 借貸 (續)

(d) (續)

於結算日，借貸面臨之利率變動
及合約重新定價日期風險如下：

		本集團 Group		本公司 Company	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
一年內	Within 1 year	4,926,004	2,350,486	1,314,000	200,000
1-2年	Between 1 and 2 years	954,843	1,956,065	186,000	914,000
2-5年	Between 2 and 5 years	2,393,032	3,076,600	-	186,000
須於五年內全數償還	Wholly repayable within 5 years	8,273,879	7,383,151	1,500,000	1,300,000
5年以上	Over 5 years	792,116	638,507	-	-
		9,065,995	8,021,658	1,500,000	1,300,000

非流動銀行借貸及其他借貸之到
期日如下：

The maturity of non-current bank and other
borrowings is as follows:

		本集團 Group		本公司 Company	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
1-2年	Between 1 and 2 years	954,843	1,956,065	186,000	914,000
2-5年	Between 2 and 5 years	2,393,032	3,076,600	-	186,000
須於五年內全數償還	Wholly repayable within 5 years	3,347,875	5,032,665	186,000	1,100,000
5年以上	Over 5 years	792,116	638,507	-	-
總計	Total	4,139,991	5,671,172	186,000	1,100,000

26 借貸(續)

(e) 於結算日之實際利率如下：

		本集團 Group							
		二零一一年 2011				二零一零年 2010			
		人民幣 RMB	美元 USD	日元 JPY	港元 HKD	人民幣 RMB	美元 USD	日元 JPY	港元 HKD
銀行借貸	Bank borrowings	6.17%	3.59%	3.53%	2.99%	5.26%	3.27%	-	2.98%

		本公司 Company	
		二零一一年 2011 人民幣 RMB	二零一零年 2010 人民幣 RMB
銀行借貸	Bank borrowings	6.28%	5.13%

(f) 本集團及本公司之借貸面臨的利率風險如下：

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

		本集團 Group		本公司 Company	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
浮息借貸	Borrowings at floating rates	5,445,619	5,432,232	554,000	-
定息借貸	Borrowings at fixed rates	3,620,376	2,589,426	946,000	1,300,000
總計	Total	9,065,995	8,021,658	1,500,000	1,300,000

27 政府補貼之遞延收入

此金額代表由中國當地政府機關授出及自中國當地政府機關收取之各項津貼，資助本集團進行研發項目，其變動如下：

		本集團 Group	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
於一月一日	At 1 January	535,359	241,037
已收津貼(a)	Receipt of grants (a)	458,309	399,004
年內計入利潤表	Credited to income statement during the year	(424,059)	(104,682)
於十二月三十一日	At 31 December	569,609	535,359

(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361,730,000元(二零一零年：人民幣317,197,000元)及授予深南電路之津貼人民幣71,199,000元(二零一零年：人民幣75,076,000)。

於二零一一年十二月三十一日，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393,423,000元(二零一零年：人民幣291,389,000元)及人民幣176,186,000元(二零一零年：人民幣243,970,000元)。

27 DEFERRED INCOME ON GOVERNMENT GRANTS

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

		本集團 Group	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
於一月一日	At 1 January	535,359	241,037
已收津貼(a)	Receipt of grants (a)	458,309	399,004
年內計入利潤表	Credited to income statement during the year	(424,059)	(104,682)
於十二月三十一日	At 31 December	569,609	535,359

(a) The amount mainly represented subsidies granted by local government authorities in the PRC to Tianma amounting to RMB361,730,000 (2010: RMB317,197,000) and Shennan Circuit amounting to RMB71,199,000 (2010: RMB75,076,000).

As at 31 December 2011, 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 amounting to RMB393,423,000 (2010: RMB291,389,000) and RMB176,186,000 (2010: RMB243,970,000) respectively.

28 其他非流動負債

28 OTHER NON-CURRENT LIABILITIES

		本集團 Group	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
應付控股公司款項(a)	Payable to the holding company (a)	100,000	100,000
其他	Others	13,632	14,327
		113,632	114,327

(a) 本集團附屬公司深南電路於2009年10月向控股公司借貸人民幣75,000,000元及人民幣25,000,000元，為無抵押、按3.48%及4.70%息率計息及分別須於二零一四年十月及二零一六年十月償還。

(a) Shennan Circuit, a subsidiary of the Group, borrowed RMB75,000,000 and RMB25,000,000 from the holding company, in October 2009. The amounts are unsecured, interest bearing at a rate of 3.48% and 4.70% and repayable in October 2014 and October 2016 respectively.

29 貿易及其他應付款

29 TRADE AND OTHER PAYABLES

		本集團 Group		本公司 Company	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
貿易應付款	Trade payables	1,289,590	1,500,742	-	-
應付薪金及員工福利	Salary and staff welfare payable	167,553	117,851	2,376	2,488
應計費用及其他應付款項(a)	Accruals and other payables (a)	1,518,140	1,648,494	313,889	233,119
		2,975,283	3,267,087	316,265	235,607

(a) 該數額包括應付控股公司之人民幣223,200,000元(二零一零年：人民幣196,500,000元)，該數額無抵押，應於二零一二年內償還，而利率介乎6.06%至7.216%(二零一零年：介乎5.56%至5.81%)；應付控股公司款項人民幣53,000,000元為收購深南電路的4.65%權益(附註25(a))，而應付一名第三方款項人民幣13,000,000元為收購青海資源的100%權益。

(a) The amount included RMB223,200,000 (2010: RMB196,500,000) payable to the holding company, which is unsecured, repayable within 2012 and the interest rates ranging from 6.06% to 7.216% (2010: 5.56% to 5.81%); RMB53,000,000 payable to the holding company for the acquisition of 4.65% in Shennan Circuit (Note 25(a)) and RMB13,000,000 payable to a third party for acquisition of 100% interest in Qinghai Resource.

29 貿易及其他應付款(續)

於二零一一年十二月三十一日，貿易應付款之賬齡分析如下：

		本集團 Group		本公司 Company	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
即期	Current	485,768	903,608	-	-
30-60天	30-60 days	360,001	267,785	-	-
60-90天	60-90 days	82,579	143,637	-	-
90天以上	Over 90 days	361,242	185,712	-	-
		1,289,590	1,500,742	-	-

本集團貿易應付款之帳面值以下列貨幣計值：

29 TRADE AND OTHER PAYABLES (continued)

At 31 December 2011, the ageing analysis of the trade payables is as follows:

		本集團 Group		本公司 Company	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
即期	Current	485,768	903,608	-	-
30-60天	30-60 days	360,001	267,785	-	-
60-90天	60-90 days	82,579	143,637	-	-
90天以上	Over 90 days	361,242	185,712	-	-
		1,289,590	1,500,742	-	-

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

		本集團 Group		本公司 Company	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
人民幣	RMB	806,762	1,303,760	-	-
美元	USD	224,649	36,693	-	-
日元	JPY	72,581	150,710	-	-
港元	HKD	28,097	1,399	-	-
其他貨幣	Other currencies	157,501	8,180	-	-
		1,289,590	1,500,742	-	-

30 其他收入

30 OTHER INCOME

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
財政津貼(a)	Financial subsidy (a)	25,908	7,529
副產品銷售收入	Sales of by-products	42,345	35,959
政府補貼(附註27)	Government grants (Note 27)	424,059	104,682
託管費收入淨額	Management fee, net	1,637	7,072
為聯營公司提供技術服務 收入淨額	Technical service fee from an associate, net	2,777	59,887
手錶維修收入	Income from maintenance of timepieces	6,136	4,509
出售物業、廠房及設備之 虧損(附註40)	Loss on disposal of property, plant and equipment (Note 40)	(988)	(3,545)
其他	Others	15,507	4,628
		517,381	220,721

(a) 此金額代表應收青海省地方財政部門
就一間附屬公司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 a subsidiary
for the year.

31 其他(虧損)／收益－淨額

31 OTHER (LOSSES)/GAINS – NET

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
出售附屬公司所獲取 (虧損)／收益	(Loss)/gain on disposal of subsidiaries	(876)	72,030
其他	Others	35	44
		(841)	72,074

32 按性質分類的費用

32 EXPENSES BY NATURE

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
製成品及在製品的存貨變動 (附註20)	Changes in inventories of finished goods and work in progress (Note 20)	1,229,971	594,636
使用的原材料及消耗品 (附註20)	Raw materials and consumables used (Note 20)	5,742,226	3,766,630
員工福利成本(附註35)	Employee benefits expenses (Note 35)	1,169,972	792,112
維修保養支出	Repairs and maintenance expenditure	83,191	92,752
研發支出	Research and development expenditure	174,212	157,608
陳舊存貨撥備／(撥回)	Provision for/(reversal of) inventory obsolescence	16,070	(14,978)
壞賬撥備	Provision for bad debts	4,181	11,491
物業、廠房及設備之折舊 (附註11)	Depreciation of property, plant and equipment (Note 11)	875,062	518,802
土地使用權攤銷(附註7)	Amortisation of land use rights (Note 7)	14,404	8,248
採礦權攤銷(附註8)	Amortisation of mining rights (Note 8)	14,133	11,796
電腦軟體及其他非流動資產 攤銷	Amortisation of computer software and other non-current assets	75,037	12,766
有關寫字樓之經營租賃支出	Operating lease rentals in respect of office buildings	96,684	84,776
營業稅及其他徵費	Business tax and other levies	62,196	51,760
核數師酬金	Auditors' remuneration	23,612	23,809
水電費	Utility expenses	317,073	202,621
運輸費	Transportation	111,137	97,833
差旅費	Travelling expenses	36,792	28,044
業務招待費	Entertainment	29,999	23,638
其他費用	Other expenses	33,288	150,408
營業成本，銷售費用及 行政費用總額	Total cost of sales, distribution expenses and administrative expenses	10,109,240	6,614,752

33 董事及高級行政人員之酬金

(a) 董事之酬金

截至二零一一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:
隋湧先生	Mr. Sui Yong
劉瑞林先生	Mr. Liu Rui Lin
徐東升先生	Mr. Xu Dong Sheng
劉憲法先生	Mr. Liu Xian Fa
鄒煒先生	Mr. Wu Wei
黃惠玲女士	Ms. Wong Wai Ling
王昕女士	Ms. Wang Xin

33 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

(a) Directors' emoluments

The remunerations of the directors for the year ended 31 December 2011 are set out below:

			員工退休 福利供款 Employer's contribution to		
袍金 Fee	薪金 Salary	酌情花紅 Discretionary bonuses	pension schemes	合計 Total	
人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	
-	326	1,023	137	1,486	
-	610	1,245	25	1,880	
-	610	1,419	-	2,029	
50	-	-	-	50	
124	-	-	-	124	
124	-	-	-	124	
50	-	-	-	50	
348	1,546	3,687	162	5,743	

33 董事及高級行政人員之酬金(續)

(a) 董事之酬金(續)

截至二零一零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:	袍金 Fee 人民幣千元 RMB'000	薪金 Salary 人民幣千元 RMB'000	酌情花紅 Discretionary bonuses 人民幣千元 RMB'000	員工退休 福利供款 Employer's contribution to pension schemes 人民幣千元 RMB'000	合計 Total 人民幣千元 RMB'000
吳光權先生	Mr. Wu Guang Quan	-	324	926	124	1,374
由鐳先生	Mr. You Lei	-	432	968	113	1,513
賴偉宣先生	Mr. Lai Wei Xuan	-	610	557	23	1,190
隋湧先生	Mr. Sui Yong	-	286	964	91	1,341
程保忠先生	Mr. Cheng Bao Zhong	-	286	964	89	1,339
劉瑞林先生	Mr. Liu Rui Lin	-	610	720	25	1,355
徐東升先生	Mr. Xu Dong Sheng	-	610	1,055	-	1,665
王寶瑛先生	Mr. Wang Bao Ying	-	263	637	78	978
劉憲法先生	Mr. Liu Xian Fa	50	-	-	-	50
黃惠玲女士	Ms. Wong Wai Ling	132	-	-	-	132
鄒偉先生	Mr. Wu Wei	132	-	-	-	132
王昕女士	Ms. Wang Xin	50	-	-	-	50
		364	3,421	6,791	543	11,119

上述董事袍金包括支付予獨立非執行董事之袍金人民幣298,000元(二零一零年：人民幣314,000元)。

本年度並無董事放棄任何酬金(二零一零年：無)。

33 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (continued)

(a) Directors' emoluments (continued)

The remunerations of the directors for the year ended 31 December 2010 are set out below:

Director's Name:	Fee	Salary	Discretionary bonuses	Employer's contribution to pension schemes	Total
Mr. Wu Guang Quan	-	324	926	124	1,374
Mr. You Lei	-	432	968	113	1,513
Mr. Lai Wei Xuan	-	610	557	23	1,190
Mr. Sui Yong	-	286	964	91	1,341
Mr. Cheng Bao Zhong	-	286	964	89	1,339
Mr. Liu Rui Lin	-	610	720	25	1,355
Mr. Xu Dong Sheng	-	610	1,055	-	1,665
Mr. Wang Bao Ying	-	263	637	78	978
Mr. Liu Xian Fa	50	-	-	-	50
Ms. Wong Wai Ling	132	-	-	-	132
Mr. Wu Wei	132	-	-	-	132
Ms. Wang Xin	50	-	-	-	50
	364	3,421	6,791	543	11,119

Directors' fees disclosed above include RMB298,000 (2010: RMB314,000) paid to independent non-executive directors.

None of the directors waived any emoluments during the year (2010: Nil).

33 董事及高級行政人員之酬金(續)

(b) 五位最高薪酬人士

二零一一年及二零一零年度本集團之五位最高薪酬人員皆為本公司董事，其薪酬詳情已於上文分析中披露。酬金落入以下範圍：

酬金範圍	Emolument bands	二零一一年 2011	二零一零年 2010
1,500,001港元至2,000,000港元	HKD1,500,001-HKD2,000,000	3	5

33 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (continued)

(b) Five highest paid individuals

All of the five highest paid individuals in the Group for the years of 2011 and 2010 are directors of the Company whose emoluments are reflected in the analysis presented above. The emoluments fell within the following bands:

34 融資成本－淨額

34 FINANCE COSTS – NET

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 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	485,991	382,083
－須應要求償還予關連方之 借貸	－ borrowings from related party repayable on demand	13,126	7,548
－貼現票據	－ discounted bills	868	472
減：資本化利息	Less: interest capitalised	(804)	(62,724)
融資活動之匯兌收益淨額	Net foreign exchange gain on financing activities	499,181	327,379
其他	Others	(66,189) 2,217	(88) 16,822
融資成本	Finance costs	435,209	344,113
利息收入	Interest income		
－銀行存款	－ bank deposits	(27,066)	(20,773)
融資成本淨額	Net finance costs	408,143	323,340

於二零一一年，在建工程銀行貸款資本化利息為人民幣804,000元（二零一零年：人民幣62,724,000元），而資本化利率為4.65%（二零一零年：4.13%）。

Bank loan interest capitalised in the construction in progress amounted to RMB804,000 (2010: RMB62,724,000) during 2011. The capitalised interest rate was 4.65% (2010: 4.13%).

35 僱員福利費用

工資、薪金及獎金	Wages, salaries and bonuses
福利、醫療及其他費用	Welfare, medical and other expenses
社會保險成本	Social security costs

35 EMPLOYEE BENEFIT EXPENSES

	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
	957,684	672,912
	105,406	67,368
	106,882	51,832
	1,169,972	792,112

本集團已參與由政府機關組織及管理，並於中國實行的僱員社會保險計劃，包括退休金、醫療及其他社會福利。根據有關規定，本集團每月須向政府機構繳納養老保險基金及醫療保險基金，供款額分別為僱員月薪的19%及9%。本集團分別承擔其中的14%及7%，其餘的款項由僱員本身承擔。除以上供款之外，本集團並無其他義務。

The Group has participated in employee social security plans enacted in the PRC, which cover pension, medical and other welfare benefits. The plans are organised and administered by the governmental authorities. Pursuant to the relevant provisions, the Group is required to make monthly contributions in respect of retirement insurance and health insurance to governmental authorities, equivalent to 19% and 9% respectively based on the monthly salaries of its employees, of which, the Group bears 14% and 7% respectively, and the employees bear the rest. The Group has no further obligation beyond the contribution.

36 所得稅開支

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

本公司以及於深圳市經濟特區內成立之若干附屬公司，原適用企業所得稅稅率為15%。根據有關之企業所得稅法條文，本公司及若干附屬公司之企業所得稅稅率將於二零零八年至二零一二年五年間過渡至25%。二零一一年度適用企業所得稅稅率為24%（二零一零年：22%）。

36 INCOME TAX CHARGE

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

For the Company and certain subsidiaries established in Shenzhen special economic zone, the original enterprise income tax rate was 15%. In accordance with the relevant provision of the Corporate Income Tax law, the corporate income tax rate of the Company and certain subsidiaries will transit to 25% in five years from 2008 to 2012. The corporate income tax rate was 24% in 2011 (2010: 22%).

36 所得稅開支(續)

此外，本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。

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，並於二零一一年可享有15%之優惠所得稅稅率(二零一零年：15%)。

天馬、上海天馬和深南電路因被認為中國高新技術企業而獲得所得稅優惠稅率，二零一一年為15%(二零一零年：15%)。

本年度所得稅開支如下：

36 INCOME TAX CHARGE (continued)

In addition, certain Group's companies are sino-foreign joint ventures which are entitled to full exemption from PRC income tax for two years and a 50% reduction in the next three years starting from the first profit-making year after offsetting available tax losses carried forward from prior years.

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 2011 (2010: 15%).

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 2011 (2010: 15%).

Income tax charged for the year represents:

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
本年度企業所得稅	Current enterprise income tax	109,079	53,777
有關來自及撥回暫時性差異之 遞延所得稅(附註18)	Deferred income taxes related to the origination and reversal of temporary differences (Note 18)	(52,941)	63,254
因稅率變動而產生之 遞延所得稅(附註18)	Deferred income taxes resulting from change in the tax rates (Note 18)	3,035	(4,733)
		59,173	112,298

36 所得稅開支(續)

本集團除稅前溢利產生之稅項與根據本公司及其附屬公司所在國稅率計算之理論稅項差額如下：

36 INCOME TAX CHARGE (continued)

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the tax rates of the home country of the Company and its subsidiaries as follows:

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
除所得稅前溢利	Profit before income tax	545,550	454,888
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(二零一零年： 15%至25%)	Tax calculated at the tax rates applicable to the Company and its subsidiaries ranging from 15% to 25% (2010: 15% to 25%)	84,312	66,211
因稅率變動而產生之 遞延所得稅(附註18)	Deferred income taxes resulting from change in the tax rates (Note 18)	3,035	(4,733)
未確認稅項虧損之稅務影響	Tax effect on unrecognised tax losses	47,066	47,499
不得作稅項抵扣用途之費用	Expenses not deductible for tax purpose	4,574	3,583
毋須繳稅之收入	Income not subject to tax	(57,330)	(15,147)
可加計扣除的研發費用	Research and development expenses eligible for additional deduction	(5,004)	(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
政府補貼之稅務影響	Tax effect on government grants	(16,386)	—
其他	Others	(1,094)	773
所得稅開支	Tax charge	59,173	112,298

37 本公司權益持有人應佔虧損

本公司權益持有人應佔虧損已計入本公司財務報表，並以人民幣77,617,000元(二零一零年：人民幣68,023,000元)為限。

37 LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of RMB77,617,000 (2010: RMB68,023,000).

38 每股盈利

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

38 EARNINGS PER SHARE

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

		二零一一年 2011	二零一零年 2010
本公司權益持有人應佔溢利 (人民幣千元)	Profit attributable to equity holders of the Company (RMB'000)	212,469	193,561
已發行普通股之加權平均股數 (千股)	Weighted average number of ordinary shares in issue (thousands)	673,367	673,367
每股基本及攤薄盈利 (人民幣／每股)	Basic and diluted earnings per share (RMB per share)	0.3155	0.2874

於二零一一年及二零一零年十二月三十一日，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 2011 and 2010. Therefore the basic and diluted earnings per share were the same.

39 股息

於二零一二年三月十九日召開之董事會會議上，董事會建議不派發截至二零一一年十二月三十一日止年度末期股息（二零一零年：無）。董事會已派發中期股息人民幣20,201,000元（二零一零年：無）。

39 DIVIDENDS

At the board of directors' meeting held on 19 March 2012, the board did not propose a final dividend for the year ended 31 December 2011 (2010: Nil). The board issued an interim dividend of RMB20,201,000 (2010: Nil).

40 營運產生之現金

年度溢利因營運產生之現金的調節：

40 CASH GENERATED FROM OPERATIONS

Reconciliation of profit for the year to cash generated from operations:

		附註 Notes	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
除所得稅前溢利	Profit before income tax		545,550	454,888
調整項目：	Adjustments for:			
物業、廠房及 設備折舊	Depreciation of property, plant and equipment	11	875,062	518,802
採礦權攤銷	Amortisation of mining rights	8	14,133	11,796
土地使用權攤銷	Amortisation of land use rights	7	14,404	8,248
其他攤銷開支	Other amortisation charges		75,037	12,766
投資性房地產之 公允價值收益	Fair value gain on investment property	12	(9,617)	(74,406)
政府補貼之遞延收益	Deferred income on government grants	30	(42,387)	(104,682)
出售物業、廠房及 設備之虧損	Loss on disposal of property, plant and equipment		988	3,545
利息收入	Interest income	34	(27,066)	(20,773)
利息支出	Interest expenses	34	435,209	344,113
應佔聯營公司之溢利， 扣除稅款	Share of profit of associates, net of tax	15	(100,810)	(61,228)
出售附屬公司之 虧損／(收益)	Loss/(gain) on disposal of subsidiaries	31	876	(72,030)
財政補助	Financial subsidy	30	(25,908)	(7,529)
營運資金變動	Changes in working capital		1,755,471	1,013,510
存貨增加	Increase in inventories		(558,187)	(792,654)
貿易及其他應收款增加	Increase in trade and other receivables		(670,654)	(848,936)
貿易及其他應付款增加	Increase in trade and other payables		(502,150)	1,216,768
營運產生之現金	Cash generated from operations		24,480	588,688

40 營運產生之現金 (續)

於截至二零一一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：

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
成都天馬	Chengdu Tianma	168,000	252,000
飛亞達	Fiyta	—	402,765
深南電路	Shennan Circuit	—	48,314
		168,000	703,079

於截至二零一一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：

40 CASH GENERATED FROM OPERATIONS (continued)

In the cash flow statement for the year ended 31 December 2011, capital contribution to subsidiaries from non-controlling interests comprises:

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
成都天馬	Chengdu Tianma	168,000	252,000
飛亞達	Fiyta	—	402,765
深南電路	Shennan Circuit	—	48,314
		168,000	703,079

In the cash flow statement for the year ended 31 December 2011, proceeds from sales of property, plant and equipment and investment properties comprise:

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
出售物業、廠房及設備之 帳面淨值(附註11)	Net book value of property, plant and equipment disposed (Note 11)	17,812	18,110
出售物業、廠房及 設備所得款項	Proceeds from disposal of property, plant and equipment	16,824	14,565
出售物業、廠房及 設備之虧損(附註30)	Loss from disposal of property, plant and equipment (Note 30)	(988)	(3,545)

40 營運產生之現金(續)

於截至二零一一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：

於二零一一年十二月，本集團將所擁有的深圳邁威有線電視器材有限公司(「邁威」)60%的權益出售給中航技術深圳公司。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	1,520
減：邁威持有的現金及現金等價物	Less: Cash and cash equivalents held by Maiwei	(2,155)
因出售而支付的現金淨額	Net cash paid on disposal	(635)

邁威之淨資產如下：

40 CASH GENERATED FROM OPERATIONS (continued)

In the cash flow statement for the year ended 31 December 2011, proceeds from disposal of subsidiaries comprise:

In December 2011, the Group disposed of 60% equity interest in Shenzhen Maiwei Cable TV Equipments Co., Ltd. ("Maiwei") to CATIC Shenzhen Company, the cash flows from the disposal are as follows:

人民幣千元
RMB'000

The net assets of Maiwei are as follows:

		二零一零年 轉讓日 十二月三十一日 On disposal 31 December date 2010	
		人民幣千元 RMB'000	人民幣千元 RMB'000
流動資產	Current assets	43,022	41,799
非流動資產	Non-current assets	4,966	5,238
流動負債	Current liabilities	(37,996)	(44,073)
非流動負債	Non-current liabilities	(6,000)	—
淨資產	Net assets	3,992	2,964

40 營運產生之現金 (續)

從二零一一年一月一日至轉讓之日的收入、費用及淨損失如下：

		人民幣千元 RMB'000
收入	Revenue	47,694
減：銷售成本	Less: Cost of sales	(46,742)
稅前虧損	Loss before tax	952
減：收入稅	Less: Income tax	77
淨損失	Net loss	1,029

因出售附屬公司而支付的淨現金總額為人民幣635,000元。

40 CASH GENERATED FROM OPERATIONS

(continued)

The revenue, expenses and net loss from 1 January 2011 to date of disposal are as follows:

		人民幣千元 RMB'000
Revenue		47,694
Less: Cost of sales		(46,742)
Loss before tax		952
Less: Income tax		77
Net loss		1,029

The total net cash loss on disposal of subsidiaries was RMB635,000.

41 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：

41 COMMITMENTS

(a) Capital commitments

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

		本集團 Group		本公司 Company	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 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	216,715	621,130	-	-
於附屬公司之投資： — 成都天馬	Investment in subsidiaries: — Chengdu Tianma	-	72,000	-	-
		216,715	693,130	-	-

41 承擔 (續)
(a) 資本承擔 (續)

		本集團 Group		本公司 Company	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 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(i)	Property, plant and equipment (i)	1,761,934	1,548,341	-	-
酒店現代化及裝修	Hotel modernisation and renovation	100,000	21,629	-	-
		1,861,934	1,569,970	-	-

(i) 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552,900,000元(二零一零年：人民幣327,780,000元)、人民幣317,944,000元(二零一零年：380,000,000元)、人民幣240,950,000元(二零一零年：503,000,000元)及人民幣650,140,000元(二零一零年：人民幣337,561,000元)。

(i) The amount represents the costs for the construction of the production plants and equipment of Tianma, Shennan Circuit, Fiyta and CATIC Resources amounted to RMB552,900,000 (2010: RMB327,780,000), RMB317,944,000 (2010: RMB380,000,000), RMB240,950,000 (2010: RMB503,000,000) and RMB650,140,000 (2010: RMB337,561,000) respectively.

(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：

(b) Operating lease commitments

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

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
不超過一年	Not later than one year	51,349	42,122
超過一年但不超過五年	Later than one year and not later than five years	106,504	137,140
		157,853	179,262

41 承擔(續)

(c) 投資承擔

於二零一一年十二月十四日，飛亞達分別與控股公司及中航信託股份有限公司(本集團最終控股公司中國航空工業集團公司的附屬公司)訂立收購協議，以現金代價人民幣56,100,000元購買遼寧亨達銳商貿有限公司的50%權益。於二零一一年十二月三十一日，飛亞達已預付代價的50%，即人民幣28,050,000元。

42 重大關連方交易

本集團由中國航空技術深圳有限公司(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。董事認為中國航空技術深圳有限公司及中國航空工業集團公司分別為本公司之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：

41 COMMITMENTS (continued)

(c) Investment commitments

On 14 December 2011, Fiyta entered into an acquisition agreement with the holding company and AVIC Trust Company Limited, a subsidiary of Aviation Industry Corporation of China, the ultimate holding company of the Group, respectively, to purchase 50% equity interest in Liaoning Hengdarui Trading Company Limited at cash consideration of RMB56,100,000. As at 31 December 2011, Fiyta had prepaid 50% of the consideration amounting to RMB28,050,000.

42 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group is controlled by AVIC International 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 AVIC International Shenzhen Company Limited and Aviation Industry Corporation of China as the 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) 與關連方的交易

		本集團 Group	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 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	527,952	253,943
租賃收入	Rental income	13,353	10,485
管理費	Management fee	51,064	10,223
技術服務費	Technical service fee	31,575	87,948
		623,944	362,599
購買貨品及服務：	Purchase of goods and services:		
購買貨品	Purchases of goods	563,974	143,267
購買服務	Purchases of services	3,098	96,878
		567,072	240,145
租賃支出及 物業管理費	Rental expenses and property management fee	44,118	35,892
利息支出	Interest expenses	4,065	4,496

與政府相關實體的交易：

本公司是國有企業，最終由中國政府控制。中國政府控制中國大部份生產資產及實體。本公司與其他中國政府控制實體的交易為關連方交易。此等交易主要包括於若干國有銀行存放現金及取得借款。年內，本公司幾乎全部現金均存放於國有銀行，而所有借款均向國有銀行借入。

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.

42 重大關連方交易 (續)

(b) 與關連方的結餘

與關連公司之結餘均為免息及須應要求償還。

42 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(b) Balances with related parties

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

		本集團 Group	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 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	608,384	443,783
其他應收款	Other receivables	372,521	262,421

(c) 借貸

(c) Borrowings

		本集團 Group	
		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
來自控股公司之 借貸	Borrowings from the holding company		
於年初	At beginning of the year	296,500	192,000
收到借貸(i)	Proceeds from borrowings (i)	380,700	196,500
償還借貸	Repayment of borrowings	(354,000)	(92,000)
於年末	At end of the year	323,200	296,500

(i) 於二零一一年，本公司從控股公司獲得貸款人民幣380,700,000元(二零一零年：人民幣196,500,000元)。該貸款為無抵押，應於二零一二年十二月償還(二零一零年：二零一一年十二月)，且利率介乎6.06%至7.216%(二零一零年：5.56%至5.81%)。

(i) In 2011, the Company obtained a loan amounting to RMB380,700,000 (2010: RMB196,500,000) from the holding company. The amounts are unsecured, repayable in December 2012 (2010: December 2011) with the interest rate ranging from 6.06% to 7.216% (2010: 5.56% to 5.81%).

43 期後事項

- (a) 於二零一二年一月九日，本公司之附屬公司雲南紅富與中航國際租賃有限公司（「中航國際租賃」）（本集團最終控股公司中國航空工業集團公司之附屬公司）訂立融資租賃協議，據此，雲南紅富同意向中航國際租賃租賃由雲南紅富所購買並以代價人民幣44,000,000元轉讓予中航國際租賃之年產能為100,000噸之磷生產設備（「租賃資產」）。雲南紅富應付之租金總額為人民幣53,927,000元（相當於約66,233,000港元），將於60個月按月分期支付，包括利息，但不包括管理費。雲南紅富將予支付中航國際租賃之租賃代價（包括本金人民幣44,000,000元、利息、管理費及獲授雲南紅富租賃資產產權及所有權利之可選擇購買價）不得超過人民幣80,000,000元（相當於約98,000,000港元）。

於二零一二年一月九日，本公司以中航國際租賃為受益人訂立擔保，以擔保雲南紅富將根據上述融資租賃協議妥善履行對中航國際租賃之付款責任。本公司根據擔保之責任最多不得超過人民幣80,000,000元（相當於約98,000,000港元）。

43 SUBSEQUENT EVENTS

- (a) On 9 January 2012, Yunnan Hongfu, a subsidiary of the Company, entered into a finance lease arrangement with AVIC International Leasing Company Limited ("AVIC International Leasing"), a subsidiary of Aviation Industry Corporation of China, the ultimate holding company of the Group, pursuant to which Yunnan Hongfu has agreed to lease from AVIC International Leasing the phosphate production equipment of 100,000 tons/annum production capacity ("Lease Assets"), which were purchased by Yunnan Hongfu and to be transferred to AVIC International Leasing at a consideration of RMB44 million. The total lease amount payable by Yunnan Hongfu is RMB53,927,000 (equivalent to approximately HK\$66,233,000) which shall be paid by 60 monthly installments inclusive of interest. The lease consideration, including the principal amount of RMB44 million, interests, management fees and the optional purchase price for vesting the title and all rights of the Lease Assets in Yunnan Hongfu, to be paid by Yunnan Hongfu to AVIC International Leasing shall be not more than RMB80 million (equivalent to approximately HK\$98 million).

On 9 January 2012, the Company entered into a guarantee agreement in favour of AVIC International Leasing to secure due performance of the payment obligations by Yunnan Hongfu to AVIC International Leasing in accordance with the above finance lease arrangement. The maximum liability of the Company under the guarantee is RMB80 million (equivalent to approximately HK\$98 million).

43 期後事項(續)

- (b) 於二零一二年二月八日，本公司股東批准(1)本公司與中國航空技術國際控股有限公司(本集團最終控股公司中國航空工業集團公司之附屬公司)就本公司建議收購中國航空技術上海有限公司100%股權、中航路通實業有限公司50%股權、貴州中航資源有限公司90%股權及中航國際成套設備有限公司100%股權所訂立日期為二零一一年十一月十六日之有條件收購協議，(2)本公司與控股公司就本公司建議收購成都亞光電子股份有限公司55.91%股權及深圳市中航比特通訊技術有限公司51%股權所訂立日期為二零一一年十一月十六日之有條件收購協議及其項下擬進行之所有交易以及(3)批准、確認及追認本公司與控股公司就本公司建議收購天虹商場股份有限公司316,257,000股股份，相當於天虹商場股份有限公司約39.52%股權所訂立日期為二零一一年十一月十六日之有條件收購協議及其項下擬進行之所有交易。

43 SUBSEQUENT EVENTS (continued)

- (b) On 8 February 2012, the shareholders of the Company approved (1) the conditional acquisition agreement entered into between the Company and AVIC International Holding Corporation, a subsidiary of Aviation Industry Corporation of China, the ultimate holding company of the Group, dated 16 November 2011 in relation to the proposed acquisition by the Company of 100% of the equity interest in China National Aero-Technology Corporation Shanghai Limited Liability Company, 50% of the equity interest in AVIC Lutong Company Limited, 90% of the equity interest in Guizhou CATIC Resources Company Limited and 100% of the equity interest in AVIC-INTL Project Engineering Company, (2) the conditional acquisition agreement entered into between the Company and the holding company dated 16 November 2011 in relation to the proposed acquisition by the Company of 55.91% of the equity interest in Chengdu Ya Guang Electronic Company Limited and 51% of the equity interest in Shenzhen AVIC Bi Te Communication Technology Company Limited and all the transactions contemplated there under and (3) the conditional acquisition agreement entered into between the Company and the holding company dated 16 November 2011 in relation to the proposed acquisition by the Company of 316,257,000 shares of Rainbow Department Store Co., Ltd, representing approximately 39.52% of the equity interest in Rainbow Department Store Co., Ltd and all the transactions contemplated there under.



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