



森源鈦礦控股有限公司*
XIAN YUEN TITANIUM RESOURCES HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability 於開曼群島註冊成立之有限公司)

(Stock code 股份代號 : 353)

Annual Report 年報 2009

CONTENTS

目錄

		<i>Pages</i>
		<i>頁次</i>
Corporate Information	公司資料	2
Chief Executive Officer's Statement	行政總裁報告	4
Management Discussion and Analysis	管理層討論及分析	8
Biographical Details of Directors	董事履歷詳情	11
Corporate Governance Report	企業管治報告	14
Report of the Directors	董事會報告書	25
Independent Auditors' Report	獨立核數師報告書	38
Consolidated Income Statement	綜合損益表	41
Consolidated Statement of Comprehensive Income	綜合全面收入表	42
Consolidated Statement of Financial Position	綜合財務狀況表	43
Statement of Financial Position	財務狀況表	44
Consolidated Statement of Changes in Equity	綜合權益變動表	45
Consolidated Statement of Cash Flows	綜合現金流量表	46
Notes to the Financial Statements	財務報表附註	48

CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Law Fei Shing (*Chief Executive Officer*)

Mr. Chan Sung Wai

Mr. Chan Kwok Wing

Mr. Wang Donghai

Mr. Zhao Guoqiang

Non-Executive Director

Mr. Zhang Zhenming

Independent Non-Executive Directors

Mr. Lum Pak Sum

Mr. Sun Tak Keung

Mr. Chow Pui Fung

AUDIT COMMITTEE

Mr. Lum Pak Sum (*Chairman*)

Mr. Sun Tak Keung

Mr. Chow Pui Fung

REMUNERATION COMMITTEE

Mr. Lum Pak Sum

Mr. Sun Tak Keung

Mr. Chow Pui Fung

NOMINATION COMMITTEE

Mr. Lum Pak Sum

Mr. Sun Tak Keung

Mr. Chow Pui Fung

COMPANY SECRETARY

Mr. Law Fei Shing, *AICPA, HKICPA (Practising)*

AUTHORISED REPRESENTATIVES

Mr. Law Fei Shing

Mr. Chan Sung Wai

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

董事會

執行董事

羅輝城先生 (*行政總裁*)

陳崇煒先生

陳國榮先生

王東海先生

趙國強先生

非執行董事

張振明先生

獨立非執行董事

林柏森先生

辛德強先生

周培豐先生

審核委員會

林柏森先生 (*主席*)

辛德強先生

周培豐先生

薪酬委員會

林柏森先生

辛德強先生

周培豐先生

提名委員會

林柏森先生

辛德強先生

周培豐先生

公司秘書

羅輝城先生 · *AICPA, HKICPA (執業)*

授權代表

羅輝城先生

陳崇煒先生

註冊辦事處

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

CORPORATE INFORMATION

公司資料

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1102B, 11th Floor
Tower I, Admiralty Centre
18 Harcourt Road
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Trustee (Cayman) Limited
PO Box 484, HSBC House
68 West Bay Road
Grand Cayman, KY1-1106
Cayman Islands

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong Law:
Stevenson, Wong & Co.
4th & 5th Floor, Central Tower
No. 28 Queen's Road
Central, Hong Kong

As to Cayman Islands Law:
Conyers Dills & Pearman
2901 One Exchange Square
8 Connaught Place
Central, Hong Kong

AUDITORS

Grant Thornton
Certified Public Accountants
6th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

香港總辦事處及主要營業地點

香港
夏慤道18號
海富中心第一座
11樓1102B室

香港股份過戶登記分處

卓佳登捷時有限公司
香港
皇后大道東28號
金鐘匯中心26樓

主要股份過戶登記處

HSBC Trustee (Cayman) Limited
PO Box 484, HSBC House
68 West Bay Road
Grand Cayman, KY1-1106
Cayman Islands

本公司法律顧問

香港法例:
史蒂文生黃律師事務所
香港中環
皇后大道中28號
中匯大廈4樓及5樓

開曼群島法律:
Conyers Dills & Pearman
香港中環
康樂廣場8號
交易廣場一座2901室

核數師

均富會計師行
執業會計師
香港
中環干諾道中41號
盈置大廈6樓

CHIEF EXECUTIVE OFFICER'S STATEMENT

行政總裁報告

On behalf of the board of directors (the “**Board**”) of Xian Yuen Titanium Resources Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”), I am pleased to present herewith the annual report of the Company and the Group for the year ended 31 December 2009.

BUSINESS REVIEW

For the year ended 31 December 2009, the Group recorded revenue from its continuing operations of approximately HK\$10.3 million (2008: HK\$12.8 million) and net loss from its continuing operations was approximately HK\$441 million (2008: HK\$319 million). The loss before income tax of the Group from its continuing operations was substantially increased by approximately HK\$122 million as compared to last year which included the impairment of goodwill of HK\$368 million and impairment of other receivable of HK\$31 million. Moreover, the discontinued operations recorded gain of HK\$8.3 million (2008: loss of HK\$30 million). The details are set out in the note 11 to the financial statements.

CARPET TRADING

Turnover of the carpet trading operation decreased by 19.6%, or HK\$ 2.5 million, to HK\$10.3 million in 2009, which was attributable to the global economic downturn and intense market competition and incurred a loss HK\$1.6 million in carpets trading business. The Group will take more effort to source more orders from both new and existing customers to improve the results.

EXPLORATION AND MINING BUSINESS

Regarding the Xiao Hong Shan project, the Group is still in the process of preparing for the application for the mining license of the mineral resources of the titanium mine. The Group is currently preparing the feasibility report and the integrated utilisation plan, and the application for the approval of the delineation of the mining zone. Upon receipt of the approval of the delineation of the mining plan, and subject to review of the status reports and other relevant information on the titanium mine to be provided by Qinghai Forest Source Mining Industry Developing Company Limited with reference to the expected amount of return on investment and economic benefit of the project, the Company will consider whether the application of the mining license of the mineral resources in the titanium mine should be. It is expected that certain amount of work will still need to be completed before the mining license will be issued.

本人謹代表森源鈦礦控股有限公司（「本公司」）董事會（「董事會」）及其附屬公司（統稱為「本集團」），欣然呈列本公司及本集團截至二零零九年十二月三十一日止年度之年報。

業務回顧

截至二零零九年十二月三十一日止年度，本集團持續經營業務錄得收益約10,300,000港元（二零零八年：12,800,000港元），錄得虧損淨額約441,000,000港元（二零零八年：319,000,000港元）。本集團持續經營業務除所得稅前虧損較去年大幅增加約122,000,000港元，包括商譽減值368,000,000港元及其他應收款項減值31,000,000港元。此外，已終止經營業務錄得收益8,300,000港元（二零零八年：虧損30,000,000港元）。詳情載於財務報表附註11。

地毯買賣

二零零九年，由於全球經濟下滑及市場競爭激烈，地毯買賣業務之營業額下降19.6%，或2,500,000港元至10,300,000港元，地毯買賣業務錄得虧損1,600,000港元。本集團將加大力度向新客戶及現有客戶獲取更多訂單，從而改善業績。

勘探及開採業務

就小紅山項目而言，本集團仍在籌備申請鈦礦的礦產資源開採牌照。本集團現時正在編製可行性報告及綜合利用計劃，以及申請劃定採礦區的批文。待收到劃定礦區計劃的批文，及審閱將由青海森源礦業開發有限公司提供的關於鈦礦的狀況報告及其他相關資料後，以及參考該項目預計可帶來的投資回報金額及經濟效益後，本公司將考慮本公司應否就鈦礦的礦產資源申請開採牌照。本公司預期，在發出開採牌照之前，仍有一定數量工作需要完成。

CHIEF EXECUTIVE OFFICER'S STATEMENT

行政總裁報告

FUTURE PLAN AND PROSPECTS

Proposed acquisitions of new businesses

(i) Oil and gas business

On 25 September 2009, Cheerful Dragon Limited, a wholly owned subsidiary of the Company, entered into a conditional agreement with Greater Finance Limited ("**Greater Finance**"), pursuant to which Cheerful Dragon Limited has agreed to purchase and Greater Finance has agreed to sell the entire issued share capital of China International Energy Investments (Hong Kong) Limited ("**China International Energy**") at an aggregate consideration of HK\$1,500 million (subject to the adjustment). The principal asset in China International Energy and its subsidiaries is its participating interest in Target Oil Field pursuant to the Cooperation Contract with China National Petroleum Corporation ("**CNPC**"). The details of the proposed acquisition are set out in the Company's announcement dated 22 October 2009. As at the date of this annual report, the proposed acquisition is still not yet completed and the Company is still finalising the information to be included in the circular.

The Company takes initiative in identifying investment opportunities that will broaden its revenue sources. The acquisition represents a good opportunity for the Company to diversify its business into the Petroleum Businesses in cooperation with CNPC, one of the leading state-owned petroleum enterprise in the People's Republic of China (the "**PRC**"). With the anticipated continued growth of the PRC economy which will fuel the demand for oil as basis of the acquisition cost, the Board believes that the oil business under the proposed acquisition is beneficial to the Group's profile.

未來規劃及展望

建議收購新業務

(i) 油氣業務

於二零零九年九月二十五日，本公司全資附屬公司怡龍有限公司與Greater Finance Limited (「**Greater Finance**」)訂立一份有條件協議，據此怡龍有限公司同意購買而Greater Finance同意出售China International Energy Investments (Hong Kong) Limited (「**China International Energy**」)之全部已發行股本，總代價為1,500,000,000港元(可予調整)。China International Energy及其附屬公司之主要資產為根據與中國石油天然氣集團公司(「**中國石油天然氣集團公司**」)訂立之合作合約於目標油田擁有之參與權益。有關建議收購事項之詳情載於本公司日期為二零零九年十月二十二日之公佈。於本年報日期，建議收購仍未完成，本公司仍在落實擬載入通函之資料。

本公司致力物色投資商機，以擴闊其收益來源。收購事項乃本公司與中華人民共和國(「**中國**」)主要國有石油企業之一中國石油天然氣集團公司合作，將業務拓展至石油業務之良機。鑒於中國經濟預期將持續增長，推動石油需求(為收購成本之基準)，董事會認為建議收購事項所涉及之石油業務將有利於本集團之前景。

CHIEF EXECUTIVE OFFICER'S STATEMENT

行政總裁報告

(ii) Electricity and heat business

On 5 November 2009, Precious New Limited, a wholly owned subsidiary of the Company, entered into a conditional agreement with Maycrown Capital Limited (“**Maycrown Capital**”), pursuant to which Precious New Limited has agreed to purchase and Maycrown Capital has agreed to sell the entire issued share capital of Sunlight Rise Limited (“**Sunlight Rise**”) at an aggregate consideration of HK\$350.86 million (subject to the adjustment) and assume the obligation to contribute to and pay up the remaining balance of the registered capital of Shanxi Zhong Kai Group Lingshi Heat & Power Company Limited (山西中凱集團靈石熱電有限公司) (“**Shanxi Zhong Kai**”) in the sum of approximately RMB69.55 million. The principal asset in Sunlight Rise and its subsidiaries is owned 60% equity interest in Shanxi Zhong Kai. The details of the proposed acquisition are set out in the Company’s announcement dated 23 November 2009. As at the date of this annual report, the proposed acquisition is still not yet completed and the Company is still finalising the information to be included in the circular.

The Company intends to expand its existing business to generating and supplying electricity and heat by using coke oven gas in the PRC, which, the Directors believed has ample growth opportunities due to the increased demand for electricity caused by the continued growth of the PRC economy. The use of coke oven gas to create electricity and heat can not only help to reduce this hazardous gas, but it also benefits the environment. In addition, coke oven gas is of lower cost when compared with other fuel such as natural gas or heavy oil. The Board considered that the acquisition represents an opportunity for the Group to enter into the power generation industry, and believed that the Group could broaden its source of income by vertically diversifying into such industry.

(ii) 發電及供熱業務

於二零零九年十一月五日，本公司全資附屬公司Precious New Limited與宏達融資有限公司(「宏達融資」)訂立一份有條件協議，據此Precious New Limited同意購買而宏達融資同意出售傲財有限公司(「傲財」)全部已發行股本，總代價為350,860,000港元(可予調整)，並承擔出資及繳足山西中凱集團靈石熱電有限公司(「山西中凱」)餘下註冊資本之責任，合共約為人民幣69,550,000元。傲財及其附屬公司之主要資產為於山西中凱擁有之60%股本權益。有關建議收購事項之詳情載於本公司日期為二零零九年十一月二十三日之公佈。於本年報日期，建議收購事項仍未完成，本公司仍在落實擬載入通函之資料。

本公司擬擴展其現有業務至於中國使用焦爐煤氣從事發電、供電及供熱業務，而董事認為，由於中國經濟持續增長導致電力需求增加，這項業務具有大量增長機會。使用焦爐煤氣發電及產熱不僅有助減少有害氣體含量，亦有利環境。此外，與天然氣或重油等其他燃料相比，焦爐煤氣之成本較低。董事會認為收購事項為本集團進入發電行業提供良機，並相信透過垂直拓展業務至該行業可拓闊本集團之收入來源。

CHIEF EXECUTIVE OFFICER'S STATEMENT

行政總裁報告

FUTURE PLAN AND PROSPECTS

The year of 2010 will still be a year with great challenges. However, the Board believes that whenever there is a crisis, there is an opportunity. In the future, the Group will strive to combat the adverse impact arising from the financial crisis, and will adjust its business strategies to meet the changes of economic environment. It will also seek to capture any favorable opportunities for prudent investment in order to ensure a continuous, stable and healthy growth, and generate greater value for the shareholders.

APPRECIATION

On behalf of the Board, I would take this opportunity to express my sincere thanks to all Shareholders for their continuing support, and all the Directors and staffs of the Group for their loyalty, commitment and diligence in the past year.

By order of the Board

Law Fei Shing

Chief Executive Officer & Executive Director

Hong Kong, 14 May 2010

未來規劃及展望

二零一零年仍將是極具挑戰的一年。然而，董事會相信有危方有機。未來，本集團將致力克服金融危機所帶來的不利影響，並將調整其業務策略以應對經濟環境的變化。本集團亦將抓住任何審慎投資的有利機會，以確保能夠持續、穩定及健康地成長，為股東帶來更大價值。

致謝

本人謹此代表董事會向所有股東致以由衷感謝，多謝各位對本集團從不間斷的支持。同時，本人亦向本集團所有董事及員工致以深切謝意，感謝各位於過去一年所作出的努力，及對本集團的無比忠誠及無私奉獻。

承董事會命

行政總裁兼執行董事

羅輝城

香港，二零一零年五月十四日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL SUMMARY

The Group's turnover for the year ended 31 December 2009 was approximately HK\$10.3 million. The administrative expenses for the year ended 31 December 2009 were approximately HK\$25 million, which represented a decrease of 37.3% compared to the administrative expenses incurred last year.

The loss attributable to the owners of the Company for the year ended 31 December 2009 was increased to approximately HK\$432 million, as compared to HK\$341 million in the previous corresponding year. The loss was mainly resulted from the recognition of (i) non-cash imputed interest of approximately HK\$6.4 million; (ii) impairment loss of other receivable of approximately HK\$31 million and (iii) impairment loss of goodwill of approximately HK\$368 million.

As a significant portion of the Group's sales and purchases were denominated in Hong Kong dollars and Renminbi, the Directors considered the Group has no significant exposure to foreign exchange fluctuations in view of the stability of the exchange rates of Hong Kong dollars and Renminbi. During the year under review, the Group did not use any hedging instrument.

STRENGTHENING THE WORKING CAPITAL

(i) Placement of Shares

A placement agreement dated 6 August 2009 and supplemental agreement dated 10 August 2009 made between the Company and Mayfair Securities Limited ("Mayfair Securities") as placing agent, pursuant to which an aggregate of 809,280,000 new ordinary shares were placed by Mayfair Securities on behalf of the Company, at the price of HK\$0.137 per placing share with the independent investors. After the completion of the placing, the Company issued 809,280,000 new ordinary shares at HK\$0.137 per share on 20 August 2009. Net proceeds from the placing was approximately of HK\$108.1 million.

(ii) Open Offer of Shares

A conditional underwriting agreement dated 25 August 2009 entered into between Kingston Securities Limited ("Kingston Securities") as the underwriter and the Company, in relation to the open offer of 2,452,500,000 offer shares at the subscription price of HK\$0.08 per offer share on the basis of one offer share for every two shares held on 15 September 2009. The subscription was completed on 5 October 2009 and the net proceeds from the open offer was approximately of HK\$191.9 million.

財務摘要

截至二零零九年十二月三十一日止年度，本集團之營業額約為10,300,000港元。截至二零零九年十二月三十一日止年度之行政開支約為25,000,000港元，較上年度行政開支減少37.3%。

截至二零零九年十二月三十一日止年度，本公司擁有人應佔虧損增加至約432,000,000港元，上年同期則為341,000,000港元。虧損主要由於確認(i)非現金估算利息約6,400,000港元；(ii)其他應收款項減值虧損約31,000,000港元及(iii)商譽減值虧損約368,000,000港元所致。

由於本集團買賣大部分以港元及人民幣進行，加上港元與人民幣之間匯率穩定，董事認為本集團之外匯波動風險不大。於回顧年度內，本集團沒有採納任何對沖工具。

加強營運資金

(i) 配售股份

本公司與美輝證券有限公司（「美輝證券」）（作為配售代理）於二零零九年八月六日訂立配售協議及於二零零九年八月十日訂立補充協議。據此美輝證券代表本公司向獨立投資者按每股配售股份0.137港元之價格配售合共809,280,000股新普通股。緊隨此次配售事項完成後，本公司於二零零九年八月二十日按每股股份0.137港元發行809,280,000股新普通股。配售事項所得款項淨額約為108,100,000港元。

(ii) 公開發售股份

金利豐證券有限公司（「金利豐證券」）（作為包銷商）與本公司於二零零九年八月二十五日就按於二零零九年九月十五日每持有兩股股份獲發一股發售股份之基準，以每股發售股份0.08港元之認購價公開發售2,452,500,000股發售股份訂立一份有條件包銷協議。認購事項已於二零零九年十月五日完成，公開發售所得款項淨額約為191,900,000港元。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

DEPOSITS FOR THE PROPOSED ACQUISITIONS

On 25 September 2009, the Group entered into a conditional agreement with the vendor, Greater Finance Limited (“**Greater Finance**”) to acquire the entire equity interests in China International Energy Investments (Hong Kong) Limited (together with its subsidiaries collectively referred to as the “**China International Group**”) for a consideration of HK\$1,500 million (subject to adjustments). The China International Group is principally investing in oil and gas business. As at 31 December 2009, a refundable deposit of HK\$150 million was paid to the vendor by the Company. Details of the acquisition of the China International Group are set out in the Company’s announcement dated on 22 October 2009.

On 5 November 2009, the Group entered into a conditional agreement with the vendor, Maycrown Capital Limited (“**Maycrown Capital**”) to acquire the entire equity interests in Sunlight Rise Limited (together with its subsidiaries collectively referred to as the “**Sunlight Group**”) for a consideration of HK\$350.86 million. The Sunlight Group is engaged in the business of generating and supplying electricity and heat by using coke oven gas in the PRC. As at 31 December 2009, a refundable deposit of HK\$35 million was paid to the vendor by the Company. Details of the acquisition of the Sunlight Group are set out in the Company’s announcement dated on 23 November 2009.

CURRENT AND GEARING RATIOS

As at 31 December 2009, the Group had total assets of approximately HK\$670 million (2008: HK\$841 million), total liabilities of HK\$42 million (2008: HK\$257 million), indicating a gearing ratio 0.06 (2008: 0.31) on the basis of total liabilities over total assets. The current ratio of the Group for the year was 5.09 (2008: 1.46).

CHARGES ON ASSETS

As at 31 December 2009, the Group had no interest-bearing bank borrowings and assets pledged (2008: Nil).

建議收購之按金

於二零零九年九月二十五日，本集團與賣方 Greater Finance Limited (“**Greater Finance**”) 訂立有條件協議以收購於 China International Energy Investments (Hong Kong) Limited (連同其附屬公司統稱為「**China International Group**») 之全部股本權益，代價為1,500,000,000港元(可予調整)。China International Group 主要投資油氣業務。於二零零九年十二月三十一日，本公司已向賣方支付150,000,000港元之可退還按金。有關收購 China International Group 之詳情載於本公司日期為二零零九年十月二十二日之公佈。

於二零零九年十一月五日，本集團與賣方宏達融資有限公司(「**宏達融資**») 訂立有條件協議以收購於傲財有限公司(連同其附屬公司統稱為「**傲財集團**») 之全部股本權益，代價為350,860,000港元。傲財集團於中國從事使用焦爐煤氣發電、供電及供熱業務。於二零零九年十二月三十一日，本公司已向賣方支付35,000,000港元之可退還按金。有關收購傲財集團之詳情載於本公司日期為二零零九年十一月二十三日之公佈。

流動比率及資本負債比率

於二零零九年十二月三十一日，本集團之資產總值約為670,000,000港元(二零零八年：841,000,000港元)，負債總額為42,000,000港元(二零零八年：257,000,000港元)，按負債總額除資產總值計算，資本負債比率為0.06(二零零八年：0.31)。本年度本集團之流動比率為5.09(二零零八年：1.46)。

資產抵押

於二零零九年十二月三十一日，本集團並無計息銀行借款，亦無抵押之資產(二零零八年：無)。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

CONTINGENT LIABILITIES

As at 31 December 2009, the Group did not have any significant contingent liabilities (2008: Nil).

EMPLOYEE INFORMATION

As at 31 December 2009, the Group employed approximately 31 full-time employees (2008: 165). The substantial drop in number of employees is mainly due to the discontinued operations which were disposed in 2009. The details are set out in note 11 to the financial statements. The Group's emolument policies are formulated on the performance of individual employees and are reviewed annually in line with industry practice. The Group also provides provident fund schemes (as the case may be) to its employees depending on the location of such employees.

DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2009 (2008: Nil).

或然負債

於二零零九年十二月三十一日，本集團概無任何重大或然負債（二零零八年：無）。

僱員資料

於二零零九年十二月三十一日，本集團僱用約31名全職僱員（二零零八年：165名），僱員人數大幅減少主要因為已終止經營業務已於二零零九年出售。有關詳情載於財務報表附註11。本集團之薪酬政策按個別僱員表現而釐定，並每年檢討以便與業界慣例相符。此外，本集團亦按該等僱員之工作地點向僱員提供公積金計劃（按情況而定）。

股息

董事不建議派付截至二零零九年十二月三十一日止年度之任何股息（二零零八年：無）。

BIOGRAPHICAL DETAILS OF DIRECTORS

董事履歷詳情

EXECUTIVE DIRECTORS

Mr. Law Fei Shing, aged 50, was appointed as executive Director and company secretary of the Company in August 2004 and as chief executive officer of the Company in November 2007. Mr. Law is a Practising Certified Public Accountant in Hong Kong. He is also a member of American Institute of Certified Public Accountants (AICPA), USA and associate member of the Hong Kong Institute of Certified Public Accountants (HKICPA). Mr. Law has over 20 years of experience in the audit and accounting services. He was an executive director and a company secretary of Heng Xin China Holdings Limited (stock code: 8046), a company listed on the GEM board of The Stock Exchange of Hong Kong Limited (“**the Stock Exchange**”), for a period from June 2007 to October 2007. Currently, Mr. Law is an executive director and a company secretary of Bestway International Holdings Limited (stock code: 718) and an executive director of China Boon Holdings Limited (stock code: 922). Both companies are listed on the Main board of the Stock Exchange.

Mr. Chan Sung Wai, aged 62, was appointed as executive Director of the Company in November 2008. He has extensive experience in trading, real property and shipping industries. He also has extensive experience in financial and media business. He was an executive director of Grand Field Group Holdings Limited (stock code: 115), a company listed on the Main board of the Stock Exchange, for a period from November 2007 to June 2008. Currently, he is an executive director of Asia Resources Holdings Limited (stock code: 899) and Karce International Holdings Company Limited (stock code: 1159). Both companies are listed on the Main board of the Stock Exchange.

Mr. Chan Kwok Wing, aged 52, was appointed as executive Director of the Company in July 2009. He has been working in securities brokerage and funds management professions. Wholly devoted to petroleum and natural gas upstream development arena since 2006, Mr. Chan participated in discussions on various petroleum and natural gas projects in China and internationally, including Africa, central Asia and America, accumulating rich and extensive experience in exploration, exploitation and production. He was an executive director and chief executive officer of China Energy Development Holdings Limited (stock code: 228), a company listed on the Main board of the Stock Exchange, for a period from October 2009 to December 2009.

執行董事

羅輝城先生，50歲，於二零零四年八月獲委任為本公司執行董事及公司秘書，並於二零零七年十一月獲委任為本公司行政總裁。羅先生為香港執業會計師，亦為美國執業會計師公會會員及香港會計師公會會員。羅先生於核數及會計服務方面積逾20年經驗。羅先生曾於二零零七年六月至二零零七年十月期間出任為於香港聯合交易所有限公司（「**聯交所**」）創業板上市之恒芯中國控股有限公司（股份代號：8046）之執行董事兼公司秘書。目前，羅先生出任為於聯交所主板上市之百威國際控股有限公司（股份代號：718）之執行董事兼公司秘書及中福控股發展有限公司（股份代號：922）之執行董事。

陳崇煒先生，62歲，於二零零八年十一月獲委任為本公司執行董事。彼具有豐富的貿易、地產及航運從業經驗。彼亦為金融及傳媒業資深工作者。彼曾於二零零七年十一月至二零零八年六月期間出任於聯交所主板上市之公司鈞濠集團有限公司（股份代號：115）之執行董事。現時，陳先生擔任為於聯交所主板上市之公司亞洲資源控股有限公司（股份代號：899）及泰盛實業集團有限公司（股份代號：1159）之執行董事。

陳國榮先生，52歲，於二零零九年七月獲委任為本公司執行董事。彼曾從事證券經紀與基金管理業務。陳先生自二零零六年起全身投入石油及天然氣之上游開發領域，參與了中國以及國際間，包括非洲、中亞和美洲之石油及天然氣項目談判，並積累了豐富的勘探、開發與生產經驗。於二零零九年十月至二零零九年十二月期間，陳先生擔任為於聯交所主板上市之公司中國能源開發控股有限公司（股份代號：228）之執行董事兼行政總裁。

BIOGRAPHICAL DETAILS OF DIRECTORS

董事履歷詳情

Mr. Wang Donghai, aged 57, was appointed as executive Director of the Company in September 2009. Mr. Wang has extensive experience in all oil-related areas, including oil production, exploration, development and investment economics, investment and financial management, infrastructure and overall operations of oilfields. He has been acted as the Head of the Gudong Oil Production Centre (one of the largest oil production centres of the Shengli Oilfield) since 2000; He also has been a visiting professor at the Nanjing University since 2001, teaching post-graduate and graduate students on subjects including oil field exploration and development, oil economics and state security.

Mr. Zhao Guoqiang, aged 52, was appointed as executive Director of the Company in December 2009. He has near 30 years of working experience in exploration and exploitation of Petroleum industry. Currently, Mr. Zhao is an executive director and chief executive officer of China Energy Development Holdings Limited (stock code: 228), a company listed on the Main board of the Stock Exchange.

NON-EXECUTIVE DIRECTOR

Mr. Zhang Zhenming, aged 64, was appointed as non-executive Director of the Company in July 2009. He has led as the President of the Energy Commission of the National Development and Reform Commission in the People's Republic in China since 2006. Mr. Zhang also had led as the deputy chairman of China National Petroleum Corporation Research Institute of Economics and Technology and had conduct energy research for more than ten years.

王東海先生，57歲，於二零零九年九月獲委任為本公司執行董事。王先生在所有石油相關領域均有豐富經驗，包括石油生產、油田勘探、開發投資經濟、投資和財務管理、油田基本建設工作及採油廠全面工作。自二零零零年開始，彼擔任孤東採油廠（勝利油田最大採油廠之一）第一把手。並於二零零一年起被南京大學聘為客座教授，曾多次在南京大學給本科生和研究生授課，主講油田勘探與開發、石油經濟與國家安全。

趙國強先生，52歲，於二零零九年十二月獲委任為本公司執行董事。彼在石油行業有近30年勘探及開採經驗。現時，趙先生為於聯交所主板上市之公司中國能源開發控股有限公司（股份代號：228）之執行董事及行政總裁。

非執行董事

張振明先生，64歲，於二零零九年七月獲委任為本公司非執行董事。彼自二零零六年起擔任中華人民共和國國家發展和改革委員會能源分會會長。張先生亦曾在中國石油集團經濟技術研究院擔任副院長及從事能源研究達十多年之久。

BIOGRAPHICAL DETAILS OF DIRECTORS

董事履歷詳情

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lum Pak Sum, aged 49, was appointed as independent non-executive Director of the Company in September 2005. He holds a master degree in business administration from the University of Warwick, UK and a LLB (Honor) degree from the University of Wolverhampton, UK. He is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, UK. Mr. Lum was an independent non-executive director of Grand Field Group Holdings Limited (stock code: 115) for a period from July 2004 to May 2008, China Star Film Group Limited (stock code: 8172) for a period from September 2005 to December 2008 and Heng Xin China Holdings Limited (stock code: 8046) for a period from June 2007 to November 2008. Currently, he is an independent non-executive director of Waytung Global Group Limited. (stock code: 21), Bestway International Holdings Limited (stock code: 718) and Karce International Holdings Company Limited (stock code: 1159). These companies are listed on the Main board of the Stock Exchange. He is also a chairman of the audit committee and a member of the remuneration committee and nomination committee of the Company.

Mr. Sun Tak Keung, aged 45, was appointed as independent non-executive Director of the Company in April 2007. He is currently a director of a Hong Kong private limited company which is principally engaged in marketing and trading of daily consumable goods in Hong Kong and overseas. Mr. Sun was an executive director of Polyard Petroleum International Group Limited (stock code: 8011) for a period from March 2002 to November 2007 and he was an independent non-executive director of Huscoke Resources Holdings Limited (stock code: 704) for a period from April 2008 to January 2010 and Yueshou Environmental Holdings Limited (stock code: 1191) for a period from July 2007 to October 2008. These companies are listed on the Main board of the Stock Exchange. He is also a member of the audit committee, remuneration committee and nomination committee of the Company.

Mr. Chow Pui Fung, aged 69, was appointed as independent non-executive Director of the Company in November 2008. He is a merchant and has been in the business of securities investments, shipping and import & export for years. He was an independent non-executive director of Neptune Group Limited (stock code: 70), a company listed on the Main board of the Stock Exchange, for a period from March 2003 to June 2007. He is also a member of the audit committee, remuneration committee and nomination committee of the Company.

獨立非執行董事

林柏森先生，49歲，於二零零五年九月獲委任為本公司獨立非執行董事。彼持有英國華威大學頒授之工商管理碩士學位，以及英國Wolverhampton大學頒授之榮譽法律學士學位。彼目前為香港會計師公會及英國特許公認會計師公會資深會員。林先生於二零零四年七月至二零零八年五月期間擔任鈞濠集團有限公司（股份代號：115）、於二零零五年九月至二零零八年十二月期間擔任中國星電影集團有限公司（股份代號：8172）及於二零零七年六月至二零零八年十一月期間擔任恒芯中國控股有限公司（股份代號：8046）之獨立非執行董事。現時，林先生擔任為滙通天下集團有限公司（股份代號：21）、百威國際控股有限公司（股份代號：718）及泰盛實業集團有限公司（股份代號：1159）之獨立非執行董事。該等公司均在聯交所主板上市。林先生同時出任為本公司審核委員會之主席及薪酬委員會及提名委員會成員。

辛德強先生，45歲，於二零零七年四月獲委任為本公司獨立非執行董事。現時，彼擔任為一間主要於香港及海外從事日常消費用品之市場推廣及貿易業務之香港私人有限公司的董事。辛先生曾於二零零二年三月至二零零七年十一月期間出任百田石油國際集團有限公司（股份代號：8011）之執行董事。他並於二零零八年四月至二零一零年一月期間擔任和嘉資源控股有限公司（股份代號：704）及於二零零七年七月至二零零八年十月期間擔任粵首環保控股有限公司（股份代號：1191）之獨立非執行董事。該等公司均在聯交所主板上市。辛先生同時出任為本公司審核委員會、薪酬委員會及提名委員會成員。

周培豐先生，69歲，於二零零八年十一月獲委任為本公司獨立非執行董事。彼為一名商人，多年來一直從事證券投資、航運及進出口業務。彼曾於二零零三年三月至二零零七年六月期間出任於聯交所主板上市之公司海王國際集團有限公司（股份代號：70）之獨立非執行董事。周先生同時出任為本公司審核委員會、薪酬委員會及提名委員會成員。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Company is committed to maintain a high standard of corporate governance, holding the beliefs of transparency, honesty and accountability. The Board of directors of the Company considers that sound corporate management and governance practices are essential to the Company's healthy growth under all business environments. Therefore, we continuously review and improve our corporate governance standards to ensure maximum compliance with the relevant laws and codes.

CORPORATE GOVERNANCE PRACTICES

During the year under review, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), save for the deviations from Code Provision A.2.1 (chairman and chief executive officer) and Code Provision A.4.1 (tenure of non-executive directors) of the Code as explained in the relevant paragraphs below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Following specific enquiries made, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year.

BOARD OF DIRECTORS

The Board determines and keeps under review the objectives of the Group. It makes decisions on overall strategies and actions necessary for achieving these objectives, monitors and controls financial and operating performance, formulates appropriate policies, and identifies and ensures best practices of corporate governance. The Board members are fully committed to their roles and have acted in good faith to maximise the Shareholders' value in the long run, and have aligned the Group's goals and directions with the prevailing economic and market conditions. Daily operations and administration are delegated to the management.

本公司致力維持高水平之企業管治，以維持其透明度、誠信及問責性。本公司董事會認為，穩健之企業管理及管治常規對本公司在所有業務環境下有穩健增長是不可或缺。因此，本公司持續檢討及改善本集團之企業管治標準，以確保在最大程度下遵循相關法例及守則。

企業管治常規

於回顧年度，本公司已遵循香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四所載之企業管治常規守則（「守則」）之所有守則條文。惟偏離下文相關段落所說明守則之守則條文A.2.1（主席及行政總裁）及守則條文A.4.1（非執行董事之任期）。

董事之證券交易活動

本公司已採納上市規則附錄十所載之上市發行人董事進行證券交易的標準守則（「標準守則」）。經作出具體查詢後，全體董事均確認彼等全年均已遵守標準守則所載之規定標準。

董事會

董事會釐定本集團之目標，並持續作出檢討。其就達到有關目標之所須整體策略及措施作出決策，監察、控制財務及營運表現，制定合適政策，並指出及確保執行最佳企業管治常規。董事會成員均盡忠職守，並善意地盡量為股東提高長遠價值行事，並把本集團之目標和發展方向與目前經濟及市場環境配合。而日常運作及管理則交託管理層負責。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Board comprises a balanced number of executive Directors and non-executive Directors (including independent non-executive Directors) that can ensure there is adequate independent judgment for the running of the Company's business. The members of the Board comprise experts from various professions with extensive experience. One of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise. In all corporate communications, the Company had disclosed the composition of the Board according to the categories and responsibilities of the directors.

As at the date of this annual report, the Board comprises nine members, including five executive Directors, one non-executive Director and three independent non-executive Directors. The Board members during the year and up to the date of this annual report were:

Executive Directors

Mr. Law Fei Shing (*Chief Executive Officer*)
Mr. Chan Sung Wai
Mr. Chan Kwok Wing (*appointed on 3 July 2009*)
Mr. Wang Donghai (*appointed on 10 September 2009*)
Mr. Zhao Guoqiang (*appointed on 23 December 2009*)

Mr. Fok Po Tin (*resigned on 16 April 2009*)
Mr. Tam Owen (*Chairman, retired on 2 June 2009*)

Non-executive Directors

Mr. Zhang Zhenming (*appointed on 17 July 2009*)
Mr. Lam Shing Tsun, Edmond (*removed on 8 December 2009*)

Independent Non-executive Directors

Mr. Lum Pak Sum
Mr. Sun Tak Keung
Mr. Chow Pui Fung

董事會由人數均等的執行董事及非執行董事(包括獨立非執行董事)所組成,能確保執行本公司業務時作出足夠之獨立判斷。董事會成員為擁有不同專業知識之專家,且擁有豐富經驗。其中一名獨立非執行董事擁有合適專業資格或會計或相關財務管理之專業知識。於所有企業溝通中,本公司已根據董事類別及責任披露董事會之組成。

於本年報日期,董事會由九名成員組成,包括五名執行董事、一名非執行董事及三名獨立非執行董事。年內及直至本年報日期,董事會成員為:

執行董事

羅輝城先生 (*行政總裁*)
陳崇煒先生
陳國榮先生 (*於二零零九年七月三日獲委任*)
王東海先生 (*於二零零九年九月十日獲委任*)
趙國強先生
(*於二零零九年十二月二十三日獲委任*)
霍寶田先生 (*於二零零九年四月十六日辭任*)
譚浩榮先生 (*主席,於二零零九年六月二日退任*)

非執行董事

張振明先生 (*於二零零九年七月十七日獲委任*)
林成俊先生 (*於二零零九年十二月八日遭罷免*)

獨立非執行董事

林柏森先生
辛德強先生
周培豐先生

CORPORATE GOVERNANCE REPORT

企業管治報告

Biographical details of the Directors of the Company as at the date of this annual report are set out in the “**Biographical Details of Directors**” section on pages 11 to 13 of this annual report. None of the Directors has any financial, business, family or other material or relevant relationships among members of the Board.

The Company has received an annual confirmation of independence from each of its independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. Based on the contents of such confirmation, the Company considers that the three independent non-executive Directors are independent and that they have met the specific independence guidelines as set out in Rule 3.13 of the Listing Rules.

During the year ended 31 December 2009, 18 full Board meetings were held and details of attendance is set out as follows:

於本年報日期，本公司董事履歷詳情載於本年報第11頁至第13頁「**董事履歷詳情**」一節。董事會成員之間並無財務、業務、家庭或其他重大或相關關係。

根據上市規則第3.13條，本公司已收到各獨立非執行董事一份年度獨立確認書。根據有關確認書內容，本公司認為三名獨立非執行董事均獨立於本公司，且符合上市規則第3.13條所載之特定獨立指引。

截至二零零九年十二月三十一日止年度，本公司召開十八次全體董事會會議，各董事之出席率詳述如下：

		Number of Board meetings attended/eligible to attend Board meetings 出席／合資格出席 董事會會議次數
Executive Directors		
執行董事		
Mr. Law Fei Shing	羅輝城先生	18/18
Mr. Chan Sung Wai	陳崇煒先生	18/18
Mr. Chan Kwok Wing (Note 1)	陳國榮先生 (附註1)	12/12
Mr. Wang Donghai (Note 2)	王東海先生 (附註2)	0/6
Mr. Zhao Guoqiang (Note 3)	趙國強先生 (附註3)	0/0
Mr. Fok Po Tin (Note 4)	霍寶田先生 (附註4)	0/3
Mr. Tam Owen (Note 5)	譚浩榮先生 (附註5)	5/5
Non-Executive Directors		
非執行董事		
Mr. Zhang Zhenming (Note 6)	張振明先生 (附註6)	9/10
Mr. Lam Shing Tsun, Edmond (Note 7)	林成俊先生 (附註7)	7/17
Independent Non-Executive Directors		
獨立非執行董事		
Mr. Lum Pak Sum	林柏森先生	18/18
Mr. Sun Tak Keung	辛德強先生	18/18
Mr. Chow Pui Fung	周培豐先生	16/18

CORPORATE GOVERNANCE REPORT

企業管治報告

Notes:

- 1: Appointed on 3 July 2009
- 2: Appointed on 10 September 2009
- 3: Appointed on 23 December 2009
- 4: Resigned on 16 April 2009
- 5: Retired on 2 June 2009
- 6: Appointed on 17 July 2009
- 7: Removed on 8 December 2009

Every Board member have full and timely access to Board papers and related materials and has unrestricted access to the advice and services of the company secretary, and has the liberty to seek external professional advice if so required. The company secretary continuously updates all Directors on the latest development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practice.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code A.2.1 of CG Code provides, inter alia, that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Following the retirement of Mr. Tam Owen at the 2009 annual general meeting of the Company, Mr. Tam Owen ceased to act as chairman, executive Director, chairman of remuneration committee and nomination committee and authorised representative of the Company with effect from 2 June 2009. The Company is still looking for a suitable candidate to fill the vacancy of chairman and further announcement will be made by the Company upon fulfillment of this requirement under the Listing Rules.

The Board will review the management structure of the Group from time to time and will adopt appropriate measures as may be desirable for future development of the operating activities or business of the Group.

附註:

- 1: 於二零零九年七月三日獲委任
- 2: 於二零零九年九月十日獲委任
- 3: 於二零零九年十二月二十三日獲委任
- 4: 於二零零九年四月十六日辭任
- 5: 於二零零九年六月二日退任
- 6: 於二零零九年七月十七日獲委任
- 7: 於二零零九年十二月八日遭罷免

每位董事會成員均可全面並適時查閱董事會文件及相關資料，並可隨時取得公司秘書之意見和享用其所提供之服務，及有自由在需要時尋求外部專業意見。公司秘書會不斷向所有董事提供上市規則及其他適用監管規定之最新發展，以確保本公司遵守及維持良好企業管治常規。

主席及行政總裁

企業管治守則之守則A.2.1規定（其中包括），主席及行政總裁之角色須分開，不應由同一人擔任。主席及行政總裁之職責須明確區分，並以書面形式訂明。

自譚浩榮先生於本公司二零零九年股東週年大會上退任後，由二零零九年六月二日起，譚浩榮先生不再擔任本公司之主席、執行董事、薪酬委員會及提名委員會主席以及授權代表。本公司仍在物色合適人選填補主席之空缺，並將於符合上市規則此項規定後作進一步公佈。

董事會將不時檢討本集團之管理架構，並會為本集團經營活動或業務之未來發展採取所需之適當措施。

CORPORATE GOVERNANCE REPORT

企業管治報告

NON-EXECUTIVE DIRECTORS

The Company has deviated from the requirements of Code Provision A.4.1 of the Code, which stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. Some existing non-executive Directors (including independent non-executive Directors) of the Company do not have a specific term of appointment.

As the appointment of non-executive Directors are subject to the retirement by rotation provisions in the Articles of Association of the Company, the Board considers that it is not necessary to appoint the non-executive Directors for a specific term and it is sufficient measures have been taken to ensure that the Company's corporate governance practices are on terms no less exacting than the required standard set out in the Code. At every annual general meeting, one-third of the Directors for the time being (or if their number is not three or in a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. All Directors, including those appointed for a fixed term, are subject to the retirement by rotation provision in the Articles of Association of the Company.

REMUNERATION COMMITTEE

The remuneration committee, established in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, comprises the three independent non-executive Directors of the Company and the chairman of the Company, is responsible for reviewing and evaluating the remuneration packages of the executive Directors and senior management of the Company and making recommendations to the Board of directors from time to time.

Following the retirement of Mr. Tam Owen at the 2009 annual general meeting of the Company, the remuneration committee currently comprises the three independent non-executive Directors of the Company.

非執行董事

本公司偏離守則之守則條文A.4.1條之規定，該條文規定非執行董事須委任指定任期，惟可膺選連任。本公司之部分現任非執行董事（包括獨立非執行董事）並無指定任期。

由於非執行董事之委任須遵循本公司之章程細則之輪值告退規定，因此董事會認為毋須向非執行董事委任指定任期，並已採取足夠措施以確保本公司之企業管治常規之條款與守則所規定之標準相近。於每屆股東週年大會上，當時三分之一之董事（倘人數並非三或三之倍數，則為最接近但不少於三分之一之人數）應輪席告退，惟每名董事應最少每三年於股東週年大會上退任一次。全體董事（包括已委任指定任期者）須遵循本公司之章程細則之輪值告退規定。

薪酬委員會

本公司遵照上市規則附錄十四所載企業管治常規守則成立薪酬委員會，成員包括本公司三名獨立非執行董事及本公司主席，負責審閱及評估本公司執行董事及高級管理層之薪酬待遇，並不時向董事會提供推薦建議。

自譚浩榮先生於本公司二零零九年股東週年大會上退任後，薪酬委員會現時由本公司三名獨立非執行董事組成。

CORPORATE GOVERNANCE REPORT

企業管治報告

The remuneration committee has adopted written terms of reference prepared by reference to the suggested terms of reference stated under the Code Provision B.1.3 of the Code. The primary duties of the remuneration committee include (but without limitation):

1. To make recommendations to the Directors on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration.
2. To determine the terms of the specific remuneration package of the Directors and senior management.
3. To review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time.

During the year ended 31 December 2009, the remuneration committee held four meetings to review the remuneration package of the Board members and the senior management. Composition of the remuneration committee and details of members' attendance to the committee are as follows:

薪酬委員會已採用根據守則之守則條文B.1.3條所述之建議職權範圍而編製之職權範圍明文。薪酬委員會之主要職責包括(但不限於):

1. 向董事就本集團之全體董事及高級管理層之薪酬政策及架構及就發展該等薪酬政策設立正式而具透明度之程序作出建議。
2. 釐定董事及高級管理層之特定薪酬待遇之條款。
3. 參考董事不時制訂之公司目標, 檢討及批准按表現釐定之薪酬。

截至二零零九年十二月三十一日止年度, 薪酬委員會舉行了四次會議, 以檢討董事會成員及高級管理層之薪酬待遇。薪酬委員會之組成及委員會成員之出席率詳述如下:

		Number of meetings attended/ eligible to attend meetings 出席/合資格 出席會議次數
Mr. Lum Pak Sum	林柏森先生	4/4
Mr. Sun Tak Keung	辛德強先生	4/4
Mr. Chow Pui Fung	周培豐先生	4/4
Mr. Tam Owen (<i>Note</i>)	譚浩榮先生 (<i>附註</i>)	0/0

Note:

Retired on 2 June 2009.

附註:

於二零零九年六月二日退任。

CORPORATE GOVERNANCE REPORT

企業管治報告

NOMINATION COMMITTEE

The nomination committee, established in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, comprises the three independent non-executive Directors of the Company and the chairman of the Company, is responsible for making recommendations to the Board on the appointment of Directors and management of the Board succession.

Following the retirement of Mr. Tam Owen at the 2009 annual general meeting of the Company, the nomination committee currently comprises the three independent non-executive Directors of the Company.

The nomination committee has adopted written terms of reference prepared by reference to the suggested terms of reference stated under the Code Provision A.4.5 of the Code.

During the year ended 31 December 2009, the nomination committee held six meetings. Composition of the nomination committee and details of members' attendance to the committee are as follows:

Mr. Lum Pak Sum	林柏森先生
Mr. Sun Tak Keung	辛德強先生
Mr. Chow Pui Fung	周培豐先生
Mr. Tam Owen (Note)	譚浩榮先生 (附註)

Note:

Retired on 2 June 2009.

提名委員會

本公司遵照上市規則附錄十四所載企業管治常規守則成立提名委員會，成員包括本公司三名獨立非執行董事及本公司主席，負責就委任董事及董事會管理層之繼任事宜向董事會提供推薦建議。

自譚浩榮先生於本公司二零零九年股東週年大會上退任後，提名委員會現時由本公司三名獨立非執行董事組成。

提名委員會已採用根據守則條文A.4.5條所述之建議職權範圍而編製之職權範圍明文。

截至二零零九年十二月三十一日止年度，提名委員會舉行了六次會議。提名委員會之組成及委員會成員之出席率詳述如下：

**Number of
meetings attended/
eligible to
attend meetings**
出席／合資格
出席會議次數

6/6
6/6
6/6
2/2

附註：

於二零零九年六月二日退任。

CORPORATE GOVERNANCE REPORT

企業管治報告

AUDIT COMMITTEE

The audit committee of the Company was established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the suggested terms of reference stated under the Code Provision C.3 of the Code. The audit committee comprises all three independent non-executive Directors and is chaired by Mr. Lum Pak Sum. The audit committee is responsible for review of the Group's accounting principles, practices internal control procedures and financial reporting matters including the review of the interim and final results of the Group prior to recommending to the Board for approval. The major roles and functions of the Group's audit committee are as follows:

1. To consider the appointment of the external auditors, the audit fees, and any questions of resignation or dismissal of the external auditors of the Group.
2. To discuss with the external auditors the nature and scope of the audit.
3. To review the interim and annual financial statements before submission to the Board.
4. To discuss problems and reservations arising from the interim review and final audit, and any matters the auditors may wish to discuss.
5. To review the external auditors' management letters and management's response.
6. To review the Group's internal control systems.
7. To consider the major findings of internal investigations and management's response.

審核委員會

本公司之審核委員會已根據上市規則第3.21條及守則條文C.3條所述之建議職權範圍而編製之職權範圍所成立。審核委員會由全體三名獨立非執行董事組成，主席為林柏森先生。審核委員會負責審核本集團之會計原則、常規內部控制程序及財務匯報事項，包括於建議董事會批准前，審核本集團之中期及年度業績。本集團審核委員會之主要職責及功能如下：

1. 考慮本集團外聘核數師之委任、核數費用、外聘核數師之辭職或辭退之任何問題。
2. 與外聘核數師商討核數之性質及範疇。
3. 於呈交予董事會前，審閱中期及年度財務報表。
4. 就中期審核及年度審核工作產生之問題和保留意見，及核數師欲商談之任何事項作出商討。
5. 審閱外聘核數師之管理層函件及管理層之回應。
6. 檢討本集團之內部監控制度。
7. 考慮內部調查之主要發現及管理層之回應。

CORPORATE GOVERNANCE REPORT

企業管治報告

During the year ended 31 December 2009, the audit committee held two meetings to review the annual and interim results. Composition of the audit committee and details of members' attendance to the committee are as follows:

截至二零零九年十二月三十一日止年度，審核委員會舉行了兩次會議，以審閱年度及中期業績。審核委員會之組成及委員會成員之出席率詳述如下：

		Number of meetings attended/ eligible to attend meetings 出席／合資格 出席會議次數
Mr. Lum Pak Sum	林柏森先生	2/2
Mr. Sun Tak Keung	辛德強先生	2/2
Mr. Chow Pui Fung	周培豐先生	2/2

AUDITORS' REMUNERATION

During the year, Grant Thornton, Certified Public Accountants, was appointed as the auditors of the Company and to hold office until the conclusion of the next annual general meeting of the Company.

The following table sets forth the type of, and fees for, the principal audit services and non-audit services provided by Grant Thornton to the Group for the year ended 31 December 2009:

核數師酬金

年內，執業會計師均富會計師行獲委任為本公司之核數師，並留任至本公司下一屆股東週年大會完結為止。

下表載列截至二零零九年十二月三十一日止年度由均富會計師行提供予本集團之主要核數服務及非核數服務之種類及收費：

		Services rendered Fees paid/payable HK\$'000 所提供服務 已付／應付費用 千港元
Audit services	核數服務	480
Non-audit services (i.e. consultancy services)	非核數服務（即顧問諮詢服務）	200
Total	共計	680

CORPORATE GOVERNANCE REPORT

企業管治報告

INTERNAL CONTROL

The Company endeavors to implement a sound risk management and internal control system. The Board is responsible for maintaining an adequate internal control system to safeguard Shareholder investments and Company's assets, and reviewing the effectiveness of such system on an annual basis, as well as through the audit committee. The audit committee reports to the Board on any material issues and makes recommendations to the Board.

SHAREHOLDER RIGHT AND INVESTOR RELATIONS

The rights of Shareholders and the procedures for them to demand a poll on resolutions at Shareholders' meetings are contained in the Company's Articles of Association. Details of such rights to demand a poll and the poll procedures are included in all circulars to Shareholders prior to 31 December 2009 and will be explained during the proceedings of meetings. Poll results, if any, will be posted on both the websites of the Stock Exchange and the Company no later than 30 minutes before the earlier of the morning session or any pre-opening session on the next business day of the Shareholders' meeting.

The general meetings of the Company provide a platform for communication between the Shareholders and the Board. Our Directors are available at the Shareholders' meetings of the Company to answer questions and provide information which Shareholders may enquire. The Company continues to enhance communications and relationships with its investors. Enquiries from investors are dealt with in an informative and timely manner.

內部監控

本公司致力執行穩健風險管理及內部監控制度。董事會負責維持足以保障股東投資及本公司資產之內部監控制度，及每年檢討其有效性，並透過審核委員會推行上述工作。審核委員會就任何重大事宜向董事會匯報及對其作出建議。

股東權利及投資者關係

股東要求在股東大會就決議案以投票方式表決之權利及程序載於本公司組織章程細則。以投票方式表決之有關權利及投票程序詳情載於於二零零九年十二月三十一日前寄發予股東之所有通函，並將於會議上予以說明。投票結果（如有）將不遲於股東大會後第二個營業日之早市或開市前時段（以較早者為準）前30分鐘刊登於聯交所及本公司網站。

本公司之股東大會為股東及董事會提供了一個溝通平台。本公司董事將於本公司股東大會上回答問題，並提供股東可能問詢之資料。本公司繼續加強與投資者之溝通及關係。投資者查詢乃以充分數據及時作出處理。

CORPORATE GOVERNANCE REPORT

企業管治報告

Taking advantages of various resources, the Company keeps communicating with its Shareholders regularly and properly to ensure that Shareholders are adequately aware of any important issues during the course of the Company's operation, and then exercise their rights as Shareholders with sufficient knowledge. Investors are welcome to write directly to the Company at its Hong Kong registered office for any inquiries.

DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Board acknowledges that it is responsible for the preparation of financial statements of the Group and for ensuring that financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of financial statements of the Group. The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the external auditors of the Company, Grant Thornton, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on page 38 of this annual report.

本公司利用各種資源，與股東保持定期及適時之溝通，以確保股東充分獲悉本公司業務過程中之任何重要事項，並在知情情況下行使其當時作為股東之權利。如有任何查詢，投資者可直接致函本公司之香港註冊辦事處。

董事就編製財務報表所承擔之責任

董事會明白其負責編製本集團之財務報表，以確保本集團之財務報表之編製符合所有有關法規及適用會計準則之規定。董事會亦須確保本集團財務報表適時刊發。董事經作出一切合理查詢後確認，就彼等所知，所悉及所信，彼等並不知悉存在任何重大不確定因素而可能引致對本公司之持續經營能力造成重大疑慮之事件或情況。

本公司之外部核數師均富會計師行就彼等對本集團財務報表之申報責任作出之聲明載於本年報第38頁之獨立核數師報告書。

REPORT OF THE DIRECTORS

董事會報告書

The Directors present their report and the audited financial statements of Xian Yuen Titanium Resources Holdings Limited and its subsidiaries for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the Group include trading of carpets and exploration of mine.

RESULTS AND DIVIDEND

The Group's loss for the year ended 31 December 2009 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 41 to 164. The Directors do not recommend the payment of any dividend in respect of the year.

董事會謹提呈森源鈦礦控股有限公司及其附屬公司截至二零零九年十二月三十一日止年度之董事會報告書及經審核財務報表。

主要業務

本公司之主要業務為投資控股。本集團之主要業務包括買賣地毯及礦區勘探。

業績及股息

本集團截至二零零九年十二月三十一日止年度之虧損，以及本公司與本集團於該日之財務狀況載於第41至第164頁之財務報表。董事會不建議派付本年度之任何股息。

REPORT OF THE DIRECTORS

董事會報告書

SUMMARY FINANCIAL INFORMATION

The following is a summary of the published consolidated results of the Group for the years ended 31 December 2005, 2006, 2007, 2008 and 2009, and the assets, liabilities and non-controlling interests of the Group as at each of the reporting date, prepared on the basis set out in the notes below.

RESULTS

財務資料概要

下文載有本集團截至二零零五年、二零零六年、二零零七年、二零零八年及二零零九年十二月三十一日止各年度之已刊登綜合業績以及本集團於各報告日期之資產、負債及非控股股東權益之概要，編製基準載於下文之附註。

業績

		Year ended 31 December 截至十二月三十一日止年度				
		2009 HK\$'000	2008 HK\$'000	2007 HK\$'000 (Restated)	2006 HK\$'000 (Restated)	2005 HK\$'000 (Restated)
		二零零九年 千港元	二零零八年 千港元	二零零七年 千港元 (經重列)	二零零六年 千港元 (經重列)	二零零五年 千港元 (經重列)
Revenue	收益					
– Continuing operations*	– 持續經營業務*	10,332	12,846	28,851	17,698	32,803
– Discontinued operations**	– 已終止經營業務**	–	6,418	26,796	8,825	8,179
Operating loss from continuing operations	持續經營業務經營虧損	(432,608)	(296,296)	(38,194)	(28,390)	(34,450)
Finance costs	財務成本	(7,920)	(22,521)	(3,235)	(149)	(1,686)
Loss before income tax from continuing operations	持續經營業務除所得稅前虧損	(440,528)	(318,817)	(41,429)	(28,539)	(36,136)
Income tax	所得稅	–	–	–	–	–
Profit/(loss) for the year from discontinued operations	本年度已終止經營業務溢利/(虧損)	8,341	(29,665)	(37,132)	(17,618)	(54,994)
Loss for the year	本年度虧損	(432,187)	(348,482)	(78,561)	(46,157)	(91,130)
Loss attributable to:	應佔虧損:					
Owners of the company	本公司擁有人	(432,187)	(341,321)	(79,129)	(46,167)	(91,136)
Non-controlling interests	非控股股東權益	–	(7,161)	568	10	6
		(432,187)	(348,482)	(78,561)	(46,157)	(91,130)

* Continuing operations for the years ended 31 December 2005, 2006, 2007, 2008 and 2009 represent trading of carpets.

** Discontinued operations for the years ended 31 December 2005, 2006, 2007, 2008 and 2009 represent manufacturing of carpets and trading of goods.

* 截至二零零五年、二零零六年、二零零七年、二零零八年及二零零九年十二月三十一日止年度之持續經營業務指買賣地毯。

** 截至二零零五年、二零零六年、二零零七年、二零零八年及二零零九年十二月三十一日止年度之已終止經營業務指製造地毯及買賣貨品。

REPORT OF THE DIRECTORS

董事會報告書

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

資產、負債及非控股股東權益

		At 31 December 於十二月三十一日				
		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元	2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Non-current assets	非流動資產	554,799	747,086	702,176	82,614	83,403
Current assets	流動資產	114,775	93,511	168,012	17,903	27,199
Total assets	資產總值	669,574	840,597	870,188	100,517	110,602
Current liabilities	流動負債	22,559	64,123	68,157	36,558	22,050
Non-current liabilities	非流動負債	19,279	192,695	177,403	1,158	2,660
Total liabilities	負債總額	41,838	256,818	245,560	37,716	24,710
Net assets	資產淨值	627,736	583,779	624,628	62,801	85,892
Non-controlling interests	非控股股東權益	-	1,288	33,581	(217)	(227)

PROPERTY, PLANT AND EQUIPMENT

物業、廠房及設備

Details of the movements in the property, plant and equipment of the Company and the Group during the year are set out in note 16 to the financial statements.

本公司及本集團物業、廠房及設備於年內之變動詳情載於財務報表附註16。

REPORT OF THE DIRECTORS

董事會報告書

SHARE CAPITAL

Details of the movements in the Share capital during the year together with the reasons therefore, are set out in note 32 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 33 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

Under the Companies Law (Revised) of the Cayman Islands, the Share premium account of the Company of approximately HK\$1,451 million as at 31 December 2009, is distributable to the Shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The Share premium account may also be distributed in the form of fully paid bonus Shares.

股本

年內，股本之變動詳情連同變動之理由載於財務報表附註32。

優先購買權

本公司之章程細則或本公司註冊成立之司法管轄權區開曼群島法例並無關於優先購買權之條文，使本公司須按比例向現有股東提呈發售新股。

購買、贖回或出售本公司之上市證券

本公司或其任何附屬公司於本年度並無購買、贖回或出售本公司任何上市證券。

儲備

年內，本公司及本集團之儲備變動詳情分別載於財務報表附註33及綜合權益變動表。

可供分派儲備

根據開曼群島公司法（經修訂），本公司於二零零九年十二月三十一日之股份溢價賬約為1,451,000,000港元，乃可供分派予本公司股東，條件為於緊隨建議分派股息日期後，本公司將有能力償付日常業務過程中到期應付之債務。股份溢價賬亦可以繳足紅股方式分派。

REPORT OF THE DIRECTORS

董事會報告書

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the sales to the Group's five largest customers accounted for approximately 100% of the Group's total sales for the year and sales to the largest customer included therein amounted to approximately 100%.

Purchases from the Group's five largest suppliers accounted for approximately 100% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 44%.

None of the Directors of the Company, any of their associates or Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued Share capital), had any beneficial interests in the Group's five largest customers and/or suppliers.

DIRECTORS

The Board members during the year and up to the date of this annual report were:

Executive Directors

Mr. Law Fei Shing (*Chief Executive Officer*)
Mr. Chan Sung Wai
Mr. Chan Kwok Wing (*appointed on 3 July 2009*)
Mr. Wang Donghai (*appointed on 10 September 2009*)
Mr. Zhao Guoqiang (*appointed on 23 December 2009*)
Mr. Fok Po Tin (*resigned on 16 April 2009*)
Mr. Tam Owen (*Chairman, retired on 2 June 2009*)

Non-executive Directors

Mr. Zhang Zhenming (*appointed on 17 July 2009*)
Mr. Lam Shing Tsun, Edmond (*removed on 8 December 2009*)

Independent Non-executive Directors

Mr. Lum Pak Sum
Mr. Sun Tak Keung
Mr. Chow Pui Fung

主要客戶及供應商

年內，銷售予本集團五大客戶之數額佔本集團本年度總銷售額約100%，當中銷售予最大客戶之數額約佔100%。

本集團向五大供應商採購之數額佔本集團於年度內總採購額約100%，而當中向最大供應商採購之數額則約佔44%。

本公司之董事、其各自之任何聯繫人或股東（據董事所知擁有本公司已發行股本逾5%者），概無於本集團五大客戶及／或供應商中擁有任何實質權益。

董事

年內及截至本年報日期，董事會成員如下：

執行董事

羅輝城先生（*行政總裁*）
陳崇煒先生
陳國榮先生（*於二零零九年七月三日獲委任*）
王東海先生（*於二零零九年九月十日獲委任*）
趙國強先生（*於二零零九年十二月二十三日獲委任*）
霍寶田先生（*於二零零九年四月十六日辭任*）
譚浩榮先生（*主席，於二零零九年六月二日退任*）

非執行董事

張振明先生（*於二零零九年七月十七日獲委任*）
林成俊先生（*於二零零九年十二月八日遭罷免*）

獨立非執行董事

林柏森先生
辛德強先生
周培豐先生

REPORT OF THE DIRECTORS

董事會報告書

In accordance with Article 108(A) of the Company's Articles of Association, Mr. Law Fei Shing and Mr. Lum Pak Sum will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In accordance with Article 112 of the Company's Articles of Association, Mr. Chan Kwok Wing, Mr. Wang Donghai, Mr. Zhao Guoqiang and Mr. Zhang Zhenming who were newly appointed as Directors of the Company on 3 July 2009, 10 September 2009, 23 December 2009 and 17 July 2009 respectively, shall hold office until the forthcoming annual general meeting of the Company following their appointments and, being eligible, offer themselves for re-election.

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Company considers all the independent non-executive Directors are independent as defined in the Listing Rules.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the Directors of the Company are set out on pages 11 to 13 of the annual report.

DIRECTORS' SERVICE CONTRACTS

On 5 November 2007, Mr. Law Fei Shing entered into a service contract with the Company, under which the Company appointed Mr. Law Fei Shing and he agreed to act as the chief executive officer, an executive Director, the company secretary, the authorised representative and the qualified accountant of the Company for a term of 3 years.

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

根據本公司章程細則第108(A)條，羅輝城先生及林柏森先生將於即將舉行之股東週年大會上輪值告退，並符合資格膺選連任。

根據本公司章程細則第112條，分別於二零零九年七月三日、二零零九年九月十日、二零零九年十二月二十三日及二零零九年七月十七日新獲委任為本公司董事之陳國榮先生、王東海先生、趙國強先生及張振明先生，將出任至本公司即將舉行且自其獲委任後之股東週年大會為止，並符合資格膺選連任。

根據香港聯合交易所有限公司證券上市規則（「上市規則」）第3.13條，本公司已收到各獨立非執行董事一份年度獨立確認書，並視所有獨立非執行董事（定義見上市規則）獨立於本公司。

董事履歷詳情

本公司董事履歷詳情載於本年報第11頁至第13頁。

董事之服務合約

羅輝城先生於二零零七年十一月五日與本公司訂立服務合約，據此本公司委任羅輝城先生（彼亦同意）擔任本公司行政總裁、執行董事、公司秘書、法定代表及合資格會計師，為期三年。

除上文所披露者外，被提名於即將舉行之股東週年大會上重選之董事，概無與本公司訂立任何本公司不能於一年內免付賠償（法定賠償除外）而予以終止之服務合約。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed elsewhere in this annual report, no Director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or were in existence during the year.

PENSION SCHEME ARRANGEMENT

Particulars of the pension scheme arrangements are set out in note 3(t) to the financial statements.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE

As at 31 December 2009, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), which had been notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required to be entered in the register referred to therein pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Companies (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules.

董事之合約權益

除本年報其他部分所披露者外，董事概無於本公司或其任何附屬公司於年內訂立而與本集團業務有重大關係之任何合約中直接或間接擁有重大實質權益。

管理合約

年內並無訂立或存在有關本公司整體或任何重大部分業務之管理及行政合約。

退休金計劃安排

退休金計劃安排之詳情載於財務報表附註3(t)中。

董事於股份、相關股份及債券之權益及淡倉

於二零零九年十二月三十一日，本公司董事及主要行政人員概無於本公司或其任何相聯法團（定義見證券及期貨條例（「**證券及期貨條例**」）第XV部）之股份、相關股份或債券中擁有任何已根據證券及期貨條例第XV部第7及8分部通知本公司及香港聯合交易所有限公司（「**聯交所**」），或須根據證券及期貨條例第352條規定於該規定所指之登記冊記錄，或須根據上市規則附錄十所載之上市公司董事進行證券交易的標準守則（「**標準守則**」）通知本公司及聯交所之權益或淡倉。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December, 2009, so far as is known to the Directors or chief executives of the Company, the following person other than a Director or chief executive of the Company had an interest or a short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder 股東姓名	Interest in Shares 股份權益	Interests in underlying Shares 於相關股份之權益	Aggregate interest 總權益	Approximate percentage [#] 概約百分比 [#]	Notes 附註
Ms. Leung Lai Ching Margaret 梁儷瀨女士	–	2,212,617,599	2,212,617,599	30.06%	1 and 2

[#] Percentage which the aggregate long position in the Shares or underlying Shares represents to the issued Share capital of the Company of 7,361,043,307 Shares as at 31 December 2009.

董事購入股份或債券之權利

於年內任何時間，任何董事或其配偶或未滿18歲之子女概無獲授可藉購入本公司之股份或債券而獲益之權利，或無行使有關權利；或本公司或其任何附屬公司亦無訂立任何安排，致使董事可收購任何其他法人團體之上述權利。

主要股東於本公司股份及相關股份之權益及淡倉

於二零零九年十二月三十一日，就本公司董事或主要行政人員所知，除本公司董事或主要行政人員外，以下人士於本公司股份及相關股份中擁有本公司根據證券及期貨條例第336條須予備存之登記冊中記錄之權益或淡倉：

[#] 於股份或相關股份之好倉總額（指本公司於二零零九年十二月三十一日之已發行股本7,361,043,307股股份）之百分比。

REPORT OF THE DIRECTORS

董事會報告書

Notes:

1. 2,212,617,599 underlying Shares consist of shares to be issued upon the conversion of (i) the outstanding Tranche 1 Bonds (as defined in the circular of the Company dated 15 October 2007) (which, based on the conversion price of HK\$0.508 per Share (as adjusted), can be converted into 20,472,441 Shares); (ii) the Tranche 2 Bonds (as defined in the circular of the Company dated 15 October 2007) (which, based on the conversion price of HK\$0.60 per Share, can be converted into 666,666,667 Shares); (iii) the outstanding Tranche 3 Bonds (as defined in the circular of the Company dated 6 June 2008) (which, based on the conversion price of HK\$0.212 per Share (as adjusted), can be converted into 2,358,491 Shares); and (iv) the Tranche 4 Bonds (as defined in the circular of the Company dated 6 June 2008) (which, based on the conversion price of HK\$0.25 per Share, can be converted into 1,523,120,000 Shares).
2. The Tranche 2 Bonds and Tranche 4 Bonds have not been issued. Please refer to the Company's circulars dated 15 October 2007 and 6 June 2008 for details of the principal terms of the Tranche 2 Bonds and Tranche 4 Bonds respectively.

All the interests stated above represent long positions in the ordinary Shares of the Company. As at 31 December 2009, no short positions were recorded in the register maintained by the Company under section 336 of the SFO.

Save as disclosed above, as far as the Directors are aware, no other person had an interest or short position in the Company's shares or underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

附註:

1. 該2,212,617,599股相關股份包括於轉換下列債券時發行之股份：(i)尚未行使之第一批債券（定義見本公司日期為二零零七年十月十五日之通函）（按轉換價每股0.508港元（經調整）計算，可兌換為20,472,441股股份）；(ii)第二批債券（定義見本公司日期為二零零七年十月十五日之通函）（按轉換價每股0.60港元計算，可兌換為666,666,667股股份）；(iii)尚未行使之第三批債券（定義見本公司日期為二零零八年六月六日之通函）（按轉換價每股0.212港元（經調整）計算，可兌換為2,358,491股股份）；及(iv)第四批債券（定義見本公司日期為二零零八年六月六日之通函）（按轉換價每股0.25港元計算，可兌換為1,523,120,000股股份）。
2. 第二批債券及第四批債券尚未發行。有關第二批債券及第四批債券之主要條款，請參閱本公司日期分別為二零零七年十月十五日及二零零八年六月六日之通函。

上述所有權益代表於本公司普通股之好倉。於二零零九年十二月三十一日，於本公司根據證券及期貨條例第336條存置之登記冊中並無淡倉之記錄。

除以上所披露者外，就董事所知，概無其他人士於本公司之股份或相關股份中擁有須根據證券及期貨條例第XV部第2及3分部之條文向本公司披露或須記錄於本公司根據證券及期貨條例第336條存置之登記冊中之權益或淡倉。

REPORT OF THE DIRECTORS

董事會報告書

SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include the Company’s Directors, independent non-executive Directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, any person or entity that provides research, development or other technological support to the Group and any minority Shareholder in the Company’s subsidiaries. The Scheme was adopted on 6 June 2002 and, unless otherwise cancelled or amended, will remain in force for 9 years from that date.

The maximum number of unexercised Share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the Shares of the Company in issue at any time.

Pursuant to the extraordinary general meeting passed on 8 December 2009, the general scheme limit of the Company’s Share option scheme has been reset to 736,104,330 Shares, representing 10% of the Company’s issued Share capital on the date of meeting, with the passing of ordinary resolution, which allowing the Company to grant further options carrying the rights to subscribe for a maximum of 736,104,330 Shares. As at the date of this report, no option has been granted pursuant to the Scheme.

The maximum number of Shares issuable under Share options to each eligible participant in the Scheme within any 12-month period, is limited to 1%, of the Shares of the Company in issue at any time. Any further grant of Share options in excess of this limit is subject to Shareholders’ approval in a general meeting.

購股權計劃

本公司設有購股權計劃（「該計劃」）藉此獎勵及回饋對本集團營運業績有寶貴貢獻之合資格參與者。該計劃之合資格參與者包括本公司之董事、獨立非執行董事、本集團之其他僱員、本集團之貨品或服務供應商、本集團之顧客、向本集團提供研究、發展或其他技術支援服務之任何人士或實體及本公司附屬公司之任何少數股東。該計劃於二零零二年六月六日採納，除非另行取消或修訂，否則由該日期起計九年將一直有效。

目前根據該計劃容許授出之尚未行使購股權之最高數目，為相等於購股權行使後本公司任何時間之已發行股份之10%。

根據於二零零九年十二月八日舉行之股東特別大會，本公司購股權計劃之一般計劃限額已重新設定為736,104,330股股份（佔大會舉行日期本公司已發行股本之10%），隨著普通決議案獲通過，本公司可進一步授出附有最多可認購736,104,330股股份權利之購股權。於本報告日期，概無根據該計劃授出購股權。

於任何12個月期間內，根據該計劃授予各合資格參與者購股權之可發行最高股數，僅限於任何時間本公司已發行股份之1%。任何進一步授出購股權超出此限制者須取得股東於股東大會上批准。

REPORT OF THE DIRECTORS

董事會報告書

Share options granted to a Director, chief executive or substantial Shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors, in addition, any Share options granted to a substantial Shareholder or an independent non-executive Director of the Company, or to any of their associates, in excess of 0.1% of the Shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's Shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to Shareholders' approval in advance in a general meeting.

The offer of a grant of Share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the Share options granted is determinable by the Directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the Share options or the expiry date of the Scheme, if earlier.

The exercise price of the Share options is determinable by the Directors, but may not be less than the higher of:

- (i) the Stock Exchange closing price of the Company's Shares on the date of the offer of the Share options;
- (ii) the average Stock Exchange closing price of the Company's Shares for the five trading days immediately preceding the date of the offer; and
- (iii) the nominal value of the Shares.

Share options do not confer rights on the holders to dividends or to vote at Shareholders' meetings.

授予本公司之董事、主要行政人員或主要股東或彼等之任何聯繫人之購股權，須事先取得獨立非執行董事之批准，此外，於任何12個月期間內，授予本公司之主要股東或獨立非執行董事或彼等任何聯繫人之任何購股權超逾本公司於任何時間已發行股份之0.1%或總價值（根據授出日期本公司之股份價格計算）超過5,000,000港元，亦須事先於股東大會上取得股東的批准。

授出購股權之建議可於授出購股權建議之日起計28日內獲接納，承授人須就此繳付合共1港元之名義代價。所授出之購股權之行使期由董事釐定，並於相關歸屬期後開始及由購股權建議之日期起不遲於10年內之日期或該計劃之屆滿日期（以較早者為準）結束。

購股權之行使價由董事釐定，惟不得低於以下之較高者：

- (i) 於建議授出購股權之日期本公司股份於聯交所之收市價；
- (ii) 緊接建議日期前五個交易日本公司股份於聯交所之平均收市價；及
- (iii) 股份之面值。

購股權並無賦予持有人收取股息或於股東大會上投票之權利。

REPORT OF THE DIRECTORS

董事會報告書

CONNECTED TRANSACTIONS

Details of the connected transactions that are required to be disclosed for the year are set out in note 40 to the financial statements. Save as disclosed therein, there were no transactions required to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

The independent non-executive Directors of the Company are of the opinion that the terms of the above transactions are fair and reasonable so far as the Shareholders of the Company are concerned; and that the transactions have been entered into by the Group in its ordinary and usual course of business and were carried out in accordance with the terms of the agreements governing such transactions.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year and up to date of this report, no Directors are considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, as defined by the Listing Rules, other than those businesses of which the Directors have been appointed as Directors to represent the interests of the Company and/or the Group.

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 14 to 24 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the Listing Rules during the year ended 31 December 2009.

關連交易

年度內須予披露之關連交易詳情載列於財務報表附註40。除該附註所披露者外，概無交易須根據上市規則之規定披露作關連交易。

本公司獨立非執行董事認為，上述交易之條款對本公司股東而言屬公平合理；而本集團乃在其一般及日常業務過程中訂立該等交易，並根據監管該等交易之協議條款進行該等交易。

董事於競爭業務之權益

年內及直至本報告日期，概無董事被視為於與本集團業務直接或間接構成競爭或可能構成競爭之業務內擁有權益（有關競爭之定義見上市規則），惟董事獲委任出任董事以代表本公司及／或本集團之權益之業務則除外。

企業管治

本公司之企業管治常規詳情載於本年報第14頁至第24頁之企業管治報告中。

足夠公眾持股量

根據本公司可取得之公開資料及就董事所知，董事確認截至二零零九年十二月三十一日止年度，本公司維持上市規則所規定之足夠公眾持股量。

REPORT OF THE DIRECTORS

董事會報告書

LITIGATION

Details of the litigation of the Group are set out in note 43 to the financial statements.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters including a review of the audited financial statements of the Company for the year ended 31 December 2009. The audit committee comprises the three independent non-executive Directors of the Company. During the year, two regular meetings of the audit committee have been held.

AUDITORS

The financial statements for the year ended 31 December 2009 have been audited by Grant Thornton, Certified Public Accountants, who retire and being eligible offer themselves for re-appointment.

On behalf of the Board

LAW FEI SHING

Chief Executive Officer and Executive Director

Hong Kong, 14 May 2010

訴訟

本集團之訴訟之詳情載於財務報表附註43。

審核委員會

本公司之審核委員會已與管理層審閱本集團所採納之會計原則及慣例，並就內部監控及財務報告事宜進行討論，包括審閱本公司截至二零零九年十二月三十一日止年度之經審核財務報表。審核委員會成員包括本公司三位獨立非執行董事。於本年度，審核委員會舉行兩次定期會議。

核數師

截至二零零九年十二月三十一日止年度之財務報表已由均富會計師行（執業會計師）審核。均富會計師行將行退任，惟符合資格並願膺選連任。

代表董事會

行政總裁兼執行董事

羅輝城

香港，二零一零年五月十四日

INDEPENDENT AUDITORS' REPORT

獨立核數師報告書



Member of Grant Thornton International Ltd

To the members of Xian Yuen Titanium Resources Holdings Limited

森源鈦礦控股有限公司

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Xian Yuen Titanium Resources Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 41 to 164, which comprise the consolidated and Company statements of financial position as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

致Xian Yuen Titanium Resources Holdings Limited

森源鈦礦控股有限公司

(於開曼群島註冊成立之有限公司)

全體股東

本核數師行(「本行」)已審核列載於第41頁至164頁森源鈦礦控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表。該等報表已包括於二零零九年十二月三十一日之綜合及公司財務狀況表與截至該日止年度之綜合損益表、綜合全面收入表、綜合權益變動表及綜合現金流量表,以及重大會計政策概述及其他附註解釋。

董事就財務報表須承擔之責任

貴公司董事須負責根據香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定編製及真實而公平地列報該等財務報表。此責任包括設計、實施及維護與編製及真實而公平地列報財務報表相關之內部控制,以使財務報表不存在由於欺詐或錯誤而導致之重大錯誤陳述;選擇和應用適當之會計政策;及按情況作出合理之會計估計。

INDEPENDENT AUDITORS' REPORT

獨立核數師報告書

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to 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.

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

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

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

核數師之責任

本行之責任為根據本行之審核對該等財務報表作出意見，並僅向作為整體之股東報告，除此之外，本報告不可用作其他用途。本行不會就本報告之內容對任何其他人士負責或承擔任何責任。

本行已根據香港會計師公會頒佈之香港審計準則進行審核。該等準則要求本行遵守道德規範，並規劃及執行審核，以合理確定該等財務報表是否不存有任何重大錯誤陳述。

審核涉及執程序以獲取有關財務報表所載金額及披露資料之審核憑證。所選定之程序取決於核數師之判斷，包括評估由於欺詐或錯誤而導致財務報表存有重大錯誤陳述之風險。在評估該等風險時，核數師考慮與該公司編製及真實而公平地列報財務報表相關之內部控制，以按情況設計適當之審核程序，但並非對公司之內部控制效能發表意見。審核亦包括評價董事所採用之會計政策之合適性及所作出之會計估計之合理性，以及評價財務報表之整體列報方式。

本行相信，本行所獲得之審核憑證乃充足及適當地為本行之審核意見提供基礎。

INDEPENDENT AUDITORS' REPORT

獨立核數師報告書

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 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Grant Thornton

Certified Public Accountants
6th Floor, Nexus Building
41 Connaught Road Central
Hong Kong

14 May 2010

意見

本行認為，綜合財務報表已根據香港財務報告準則真實而公平地反映 貴公司及 貴集團於二零零九年十二月三十一日之財務狀況以及 貴集團截至該日止年度之虧損及現金流量，並已按照香港公司條例之披露規定妥為編製。

均富會計師行

執業會計師
香港
中環干諾道中41號
盈置大廈6樓

二零一零年五月十四日

CONSOLIDATED INCOME STATEMENT

綜合損益表

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

		Notes 附註	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Continuing operations:	持續經營業務：			
Revenue	收益	5	10,332	12,846
Cost of sales	銷售成本		(10,020)	(10,883)
Gross profit	毛利		312	1,963
Other income	其他收入	5	2,515	10,752
Selling and distribution expenses	銷售及分銷開支		–	(734)
Administrative expenses	行政開支		(25,327)	(40,397)
Other operating expenses	其他經營開支		(41,707)	(14,850)
Impairment loss recognised in respect of goodwill	已確認商譽減值虧損	19	(368,401)	(253,030)
Operating loss	經營虧損		(432,608)	(296,296)
Finance costs	財務成本	7	(7,920)	(22,521)
Loss before income tax	除所得稅前虧損	8	(440,528)	(318,817)
Income tax expense	所得稅開支	9	–	–
Loss after income tax from continuing operations	持續經營業務除所得稅後虧損		(440,528)	(318,817)
Discontinued operations:	已終止經營業務：			
Profit/(Loss) for the year from discontinued operations	本年度已終止經營業務溢利／(虧損)	8 and 11	8,341	(29,665)
Loss for the year	本年度虧損		(432,187)	(348,482)
Loss for the year attributable to:	應佔本年度虧損：			
Owners of the Company	本公司擁有人	12	(432,187)	(341,321)
Non-controlling interests	非控股股東權益		–	(7,161)
Loss for the year	本年度虧損		(432,187)	(348,482)
Loss per share for loss attributable to the owners of the Company during the year	年內本公司擁有人應佔虧損之每股虧損			
– Basic	– 基本	13		
From continuing and discontinued operations	持續經營業務及已終止經營業務		(HK8.2 cents 港仙)	(HK13.4 cents 港仙)
From continuing operations	持續經營業務		(HK8.3 cents 港仙)	(HK12.4 cents 港仙)
– Diluted	– 攤薄			
From continuing and discontinued operations	持續經營業務及已終止經營業務		N/A 不適用	N/A 不適用
From continuing operations	持續經營業務		N/A 不適用	N/A 不適用

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收入表

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

		Notes	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
		附註		
Loss for the year	本年度虧損		(432,187)	(348,482)
Other comprehensive income	其他全面收入			
Exchange (loss)/gain on translation of financial statements of foreign operations	換算海外業務財務報表之匯兌(虧損)/收益		(146)	8,941
Release of exchange reserve upon disposals of subsidiaries	出售附屬公司時匯兌儲備撥回	36(a) and 及(c)	(9,272)	–
Release of exchange reserve on deemed disposal of subsidiaries	視作出售附屬公司時匯兌儲備撥回	37	–	(6,848)
Other comprehensive income for the year	本年度其他全面收入		(9,418)	2,093
Total comprehensive loss for the year	本年度全面虧損總額		(441,605)	(346,389)
Total comprehensive loss attributable to:	應佔全面虧損總額：			
Owners of the Company	本公司擁有人		(441,605)	(340,955)
Non-controlling interests	非控股股東權益		–	(5,434)
			(441,605)	(346,389)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31 December 2009 於二零零九年十二月三十一日

	Notes	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
	附註		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16(a)	3,605	4,709
Goodwill	19	327,632	696,033
Available-for-sale financial assets	20	–	12,091
Deposits for acquisitions of subsidiaries	21	185,000	–
Exploration and evaluation assets	22	38,562	34,253
		554,799	747,086
Current assets			
Trade receivables	23	–	43
Prepayments, deposits and other receivables	24	1,393	30,998
Cash at banks and in hand	25	113,382	881
		114,775	31,922
Assets in disposal group classified as held for sale	26	–	61,589
		114,775	93,511
Current liabilities			
Deposits received, other payables and accruals	28	22,559	13,755
Finance lease payables	29	–	97
		22,559	13,852
Liabilities in disposal group classified as held for sale	26	–	50,271
		22,559	64,123
Net current assets		92,216	29,388
Total assets less current liabilities		647,015	776,474
Non-current liabilities			
Finance lease payables	29	–	33
Convertible bonds	30	19,279	192,662
		19,279	192,695
Net assets		627,736	583,779
EQUITY			
Equity attributable to the owners of the Company			
Share capital	32	73,610	30,247
Reserves	33(a)	554,126	552,244
		627,736	582,491
Non-controlling interests		–	1,288
Total equity		627,736	583,779

Law Fei Shing
羅輝城
Director
董事

Chan Kwok Wing
陳國榮
Director
董事

STATEMENT OF FINANCIAL POSITION

財務狀況表

As at 31 December 2009 於二零零九年十二月三十一日

		Notes	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
		附註		
ASSETS AND LIABILITIES	資產及負債			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	16(b)	10	83
Interests in subsidiaries	於附屬公司之權益	18	339,340	998,601
Deposits for acquisitions of subsidiaries	收購附屬公司之按金	21	185,000	–
			524,350	998,684
Current assets	流動資產			
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	24	629	14
Cash at banks and in hand	銀行結存及手頭現金	25	112,631	496
			113,260	510
Current liabilities	流動負債			
Deposits received, other payables and accruals	已收按金、其他應付款項及應計款項	28	2,567	7,779
Net current assets/(liabilities)	流動資產／(負債)淨值		110,693	(7,269)
Total assets less current liabilities	資產總值減流動負債		635,043	991,415
Non-current liabilities	非流動負債			
Convertible bonds	可換股債券	30	19,279	192,662
Net assets	資產淨值		615,764	798,753
EQUITY	權益			
Share capital	股本	32	73,610	30,247
Reserves	儲備	33(b)	542,154	768,506
Total equity	總權益		615,764	798,753

Law Fei Shing
羅輝城
Director
董事

Chan Kwok Wing
陳國榮
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

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

		Equity attributable to the owners of the Company 本公司擁有人應佔權益								
		Share capital	Share premium	Capital reserve	Exchange reserve	Convertible bond equity reserve	Accumulated losses	Total	Non-controlling interests	Total equity
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		股本	股份溢價	資本儲備	匯兌儲備	可換股債券權益儲備	累積虧損	總計	非控股股東權益	總權益
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2008	於二零零八年一月一日	13,587	560,420	137,610	10,024	147,261	(277,855)	591,047	33,581	624,628
Acquisition of additional interests in a subsidiary (note 35)	收購附屬公司之額外權益 (附註35)	-	-	-	-	-	-	-	(25,928)	(25,928)
Disposals of subsidiaries (note 36(h))	出售附屬公司 (附註36(h))	-	-	-	-	-	-	-	217	217
Deemed disposal of subsidiaries (note 37)	視作出售附屬公司 (附註37)	-	-	-	-	-	-	-	(1,148)	(1,148)
Issue of convertible bonds (note 30)	發行可換股債券 (附註30)	-	-	-	-	103,438	-	103,438	-	103,438
Issue of shares on conversion of convertible bonds (notes 32(a) and (b))	於兌換可換股債券時發行股份 (附註32(a)及(b))	16,660	342,628	-	-	(130,327)	-	228,961	-	228,961
Transactions with owners	與擁有人之交易	16,660	342,628	-	-	(26,889)	-	332,399	(26,859)	305,540
Net loss for the year	本年度虧損淨額	-	-	-	-	-	(341,321)	(341,321)	(7,161)	(348,482)
Other comprehensive income	其他全面收入									
Exchange gain on translation of financial statements of foreign operations	換算海外業務財務報表之匯兌收益	-	-	-	7,214	-	-	7,214	1,727	8,941
Deemed disposal of subsidiaries (note 37)	視作出售附屬公司 (附註37)	-	-	-	(6,848)	-	-	(6,848)	-	(6,848)
Total comprehensive loss for the year	本年度全面虧損總額	-	-	-	366	-	(341,321)	(340,955)	(5,434)	(346,389)
At 31 December 2008	於二零零八年十二月三十一日	30,247	903,048	137,610	10,390	120,372	(619,176)	582,491	1,288	583,779
At 1 January 2009	於二零零九年一月一日	30,247	903,048	137,610	10,390	120,372	(619,176)	582,491	1,288	583,779
Disposals of subsidiaries (note 36(b))	出售附屬公司 (附註36(b))	-	-	-	-	-	-	-	(1,288)	(1,288)
Issue of shares upon placing and open offer (notes 32(c) and (d))	於配售及公開發售時發行股份 (附註32(c)及(d))	32,618	274,454	-	-	-	-	307,072	-	307,072
Issue of shares on conversion of convertible bonds (notes 32(a) and (b))	於兌換可換股債券時發行股份 (附註32(a)及(b))	10,745	273,501	-	-	(104,468)	-	179,778	-	179,778
Transactions with owners	與擁有人之交易	43,363	547,955	-	-	(104,468)	-	486,850	(1,288)	485,562
Net loss for the year	本年度虧損淨額	-	-	-	-	-	(432,187)	(432,187)	-	(432,187)
Other comprehensive income	其他全面收入									
Exchange loss on translation of financial statements of foreign operations	換算海外業務財務報表之匯兌虧損	-	-	-	(146)	-	-	(146)	-	(146)
Disposals of subsidiaries (notes 36(a) and (c))	出售附屬公司 (附註36(a)及(c))	-	-	-	(9,272)	-	-	(9,272)	-	(9,272)
Total comprehensive loss for the year	本年度全面虧損總額	-	-	-	(9,418)	-	(432,187)	(441,605)	-	(441,605)
At 31 December 2009	於二零零九年十二月三十一日	73,610	1,451,003	137,610	972	15,904	(1,051,363)	627,736	-	627,736

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

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

	Notes 附註	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Cash flows from operating activities of continuing and discontinued operations	持續經營業務及已終止經營業務之經營業務現金流量		
Loss before income tax	除所得稅前虧損		
Continuing operations	持續經營業務	(440,528)	(318,817)
Discontinued operations	已終止經營業務	8,341	(29,665)
		(432,187)	(348,482)
Adjustments for:	就下列項目作出調整：		
Depreciation	折舊	1,021	3,449
Amortisation of prepaid lease payments	預付租賃款項攤銷	–	244
Bad debts written off	撇銷壞賬	–	11,720
Impairment loss of goodwill	商譽減值虧損	368,401	253,030
Provision for impairment loss of other receivables	其他應收款項減值虧損撥備	30,965	–
Loss on disposals of property, plant and equipment	出售物業、廠房及設備虧損	10	2,090
Gain on disposals of subsidiaries	出售附屬公司之收益	(9,044)	(6,280)
Loss on disposals of subsidiaries	出售附屬公司之虧損	10,534	–
Loss on deemed disposal of subsidiaries	視作出售附屬公司之虧損	–	11,027
Assets in disposal group classified as held for sale – loss on re-measurement to fair value less costs to sell	出售集團分類為持作出售之資產 – 重新計量公平值減銷售成本之虧損	–	15,410
Interest income	利息收入	(1,787)	(3,921)
Interest expenses	利息開支	7,920	22,521
Operating loss before working capital changes	營運資金變動前之經營虧損	(24,167)	(39,192)
Increase in inventories	存貨之增加	–	(3,141)
Decrease/(Increase) in trade receivables	應收貿易賬項之減少/(增加)	43	(1,651)
Increase in prepayments, deposits and other receivables	預付款項、按金及其他應收款項之增加	(1,847)	(5,132)
Decrease in trade payables	應付貿易賬項之減少	–	(143)
Increase in deposits received, other payables and accruals	已收按金、其他應付款項及應計款項增加	6,463	12,134
Increase in amounts due to non-controlling shareholders	應付非控股股東款項增加	–	2,589
<i>Cash used in operations</i>	<i>用於營運之現金</i>	(19,508)	(34,536)
Interest paid	已付利息	(1,523)	(13)
<i>Net cash used in operating activities</i>	<i>經營業務所用之現金淨額</i>	(21,031)	(34,549)

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

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

	Notes 附註	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Cash flow from investing activities of continuing and discontinued operations	持續經營業務及已終止經營業務之投資業務現金流量		
Purchases of property, plant and equipment	16(a)	(32)	(1,329)
Purchases of exploration and evaluation assets	22	(4,465)	(6,566)
Payments for the deposits for acquisitions of subsidiaries	21	(185,000)	–
Net cash inflow/(outflow) arising from disposals of subsidiaries	36(i)	18,664	(563)
Net cash outflow arising from deemed disposal of subsidiaries	37	–	(9,221)
Proceeds from disposals of property, plant and equipment		–	36
Interest received		1,787	3,921
<i>Net cash used in investing activities</i>		(169,046)	(13,722)
Cash flow from financing activities of continuing and discontinued operations	持續經營業務及已終止經營業務之融資活動現金流量		
Proceeds from issue of shares upon placement	32(c)	110,872	–
Proceeds from issue of shares upon open offer	32(d)	196,200	–
Repayments of other borrowings	26	(5,964)	–
Capital element of finance lease payments		(64)	(91)
<i>Net cash generated from/(used in) financing activities</i>		301,044	(91)
Net increase/(decrease) in cash and cash equivalents		110,967	(48,362)
Cash and cash equivalents at 1 January		2,387	50,725
Effect on foreign exchange rate changes		28	24
Cash and cash equivalents at 31 December		113,382	2,387
Analysis of balances of cash and cash equivalents			
Cash and bank balances of continuing operations	25	113,382	881
Cash and bank balances included in assets held for sale	26	–	1,506
		113,382	2,387

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

1. GENERAL INFORMATION

Xian Yuen Titanium Resources Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in the Cayman Islands. Registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Room 1102B, 11th Floor, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the year, the principal activities of the Company and its subsidiaries (together referred to as the "Group") include:

- the exploration of mine in the People's Republic of China (the "PRC") (Commercial operations has not yet been commenced during the year); and
- the trading of carpets representing the trading of carpets of other renowned brand names.

In 2009, the Group disposed of the following subsidiaries:

- In 2008, the business of carpet manufacturing was carried out by its disposed subsidiaries, namely Hui Zhou Orient Carpet Manufacturing Co., Ltd ("HZOCM") and Tang Shan Win Alliance Wealthy Unit Carpet Limited ("Tang Shan Win Alliance") (collectively referred to as the "Carpet Manufacturing Group") whilst the business of goods trading was carried out by the Group's other disposed subsidiaries, namely Wise Mount Management Limited ("Wise Mount") and Win Alliance Development Limited ("Win Alliance") (collectively referred to as the "Goods Trading Business Group"). As these two businesses had been suffering persistent losses, on 4 December 2008, the Group entered into two separate sale and purchase agreements to dispose of the Carpet Manufacturing Group and the Goods Trading Business Group. The disposals of the Carpet Manufacturing Group and the Goods Trading Business Group were completed in March and February 2009 respectively.

1. 一般資料

森源鈦礦控股有限公司(「本公司」)為一間於開曼群島註冊成立並以開曼群島為居籍之有限責任公司。本公司之註冊辦事處位於Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, 而主要營業地點則為香港夏慤道18號海富中心第一座11樓1102B室。本公司之股份於香港聯合交易所有限公司(「聯交所」)上市。

於本年度,本公司及其附屬公司(統稱「本集團」)之主要業務包括:

- 中華人民共和國(「中國」)礦區勘探(年內尚未開始商業經營);及
- 買賣地毯,指買賣其他馳名品牌之地毯。

於二零零九年,本集團出售以下附屬公司:

- 於二零零八年,地毯製造業務乃由本集團已出售之附屬公司惠州市東方地毯生產有限公司(「惠州東方地毯」)及唐山勝盟豐盛工藝製毯有限公司(「唐山勝盟」)(統稱「地毯製造集團」)進行,而貨品買賣業務則由本集團其他已出售之附屬公司智峰管理有限公司(「智峰」)及勝盟發展有限公司(「勝盟」)(統稱「貨品買賣業務集團」)進行。由於上述兩項業務一直蒙受虧損,故本集團於二零零八年十二月四日訂立兩份獨立買賣協議,以出售地毯製造集團及貨品買賣業務集團。地毯製造集團及貨品買賣業務集團出售事項分別於二零零九年三月及二月完成。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

1. GENERAL INFORMATION (Continued)

- Orient Carpet Manufacturing (HK) Limited (“Orient Carpet”), 626 Limited and Hong Kong Forest Source Mining Industry Development Company Limited (“HKFSMID”). HKFSMID was an investment holding company. Orient Carpet and 626 Limited were principally engaged in the trading of carpets. This business is now carried out by the Group’s subsidiary, Ho Fai Carpet Trading Limited (“Ho Fai”).
- Beijing Forest Source Mining Industry Development Company Limited (“BJFSMI”). This Company was principally engaged in the mineral dressing and trading of mineral resources and established in Beijing, the PRC and had net assets of HK\$9,332,000.
- The Group also disposed of some subsidiaries which were either principally engaged in investment holding or dormant. Two separate sale and purchase agreements were entered into to dispose of Jackley China Limited (“Jackley China”) and its subsidiaries on 30 April 2009 and Aurora International Enterprises Limited (“AIEL”) and its subsidiaries on 21 August 2009.

Details of the disposals of the subsidiaries are set out in note 36 to the financial statements.

Other than the disposals as described above, there were no significant changes in the Group’s operations during the year. The Group’s principal places of the business are in Hong Kong and the PRC. The principal activities and other particulars of its subsidiaries are set out in note 18 to the financial statements.

The financial statements on pages 41 to 164 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKAS”) and Interpretations (“Int”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

1. 一般資料 (續)

- 東方地毯生產(香港)有限公司(「東方地毯」)、626有限公司及香港森源礦業開發有限公司(「香港森源礦業開發」)。香港森源礦業開發為一間投資控股公司。東方地毯及626有限公司主要從事買賣地毯業務，而該業務目前由本集團之附屬公司皓暉地毯貿易有限公司(「皓暉」)進行。
- 北京森源礦產品技術開發有限公司(「北京森源」)。該公司主要從事選礦及買賣礦物資源業務，於中國北京成立，擁有資產淨值9,332,000港元。
- 本集團亦出售若干主要從事投資控股或暫無業務之附屬公司。其中訂立兩份獨立買賣協議，於二零零九年四月三十日出售Jackley China Limited(「Jackley China」)及其附屬公司，及於二零零九年八月二十一日出售Aurora International Enterprises Limited(「AIEL」)及其附屬公司。

出售附屬公司之詳情載於財務報表附註36。

除上文所述之出售事項外，本集團業務於年內並無重大變動。本集團之主要營業地點位於香港及中國。其附屬公司之主要業務及其他詳情載於財務報表附註18。

載於第41至164頁之財務報表乃根據香港會計師公會(「香港會計師公會」)所頒佈之香港財務報告準則(「香港財務報告準則」，該統稱涵蓋所有適用之個別香港財務報告準則(「香港財務報告準則」、香港會計準則(「香港會計準則」)及詮釋(「詮釋」))編製。財務報表亦包括香港公司條例及聯交所證券上市規則(「上市規則」)之適用披露規定。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

1. GENERAL INFORMATION (Continued)

The financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand ("HK\$'000") unless otherwise stated.

The financial statements for the year ended 31 December 2009 were approved for issue by the board of directors on 14 May 2010.

2. ADOPTION OF NEW AND AMENDED HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2009:

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or an associate
HKFRS 2 (Amendments)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
Various	Annual Improvements to HKFRSs 2008

Other than as noted below, the adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

1. 一般資料 (續)

財務報表以本公司之功能貨幣港元(「港元」)呈列，除非另有指明外，所有金額均概約至最接近之千位數字(「千港元」)。

截至二零零九年十二月三十一日止年度之財務報表已於二零一零年五月十四日經董事會核准發佈。

2. 採納新訂及經修訂香港財務報告準則

於本年度，本集團首次應用下列由香港會計師公會頒佈之新準則、修訂及詮釋，該等準則與本集團於二零零九年一月一日起開始之年度期間之財務報表有關，並對該等財務報表有效：

香港會計準則第1號 (二零零七年經修訂)	呈列財務報表
香港會計準則第23號 (二零零七年經修訂)	借貸成本
香港會計準則第27號 (修訂本)	投資於附屬公司、共同控制實體或聯營公司之成本
香港財務報告準則第2號 (修訂本)	以股份為基礎之付款 – 歸屬條件及註銷
香港財務報告準則第7號 (修訂本)	改善金融工具之披露
香港財務報告準則第8號	營運分類
各項	二零零八年香港財務報告準則之年度改進項目

除下文所述者外，採納該等新香港財務報告準則對當前及過往期間之業績及財務狀況之編製及呈列方式並無重大影響。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

HKAS 1 (Revised 2007) Presentation of financial statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income, for example exchange difference on translation of financial statements of foreign operations. HKAS 1 affects the presentation of owner changes in equity and introduces a "Statement of comprehensive income". Comparatives have been restated to conform with the revised standard. The Group has applied changes to its accounting policies on presentation of financial statements and segment reporting retrospectively. However, the changes to the comparatives have not affected the consolidated or parent company statement of financial position at 1 January 2008 and accordingly this statement is not presented.

HKAS 27 (Amendments) Cost of an investment in a subsidiary, jointly controlled entity or an associate

The amendment requires the investor to recognise dividends from a subsidiary, jointly controlled entity or an associate in profit or loss irrespective the distributions are out of the investee's pre-acquisition or post-acquisition reserves. In prior years, the Company recognised dividends out of pre-acquisition reserves as a recovery of its investment in the subsidiaries, jointly controlled entities or associates (i.e. a reduction of the cost of investment). Only dividends out of post-acquisition reserves were recognised as income in profit or loss.

2. 採納新訂及經修訂香港財務報告準則 (續)

香港會計準則第1號 (二零零七年經修訂) 呈列財務報表

採納香港會計準則第1號 (二零零七年經修訂) 對主要財務報表之格式及項目標題及該等財務報表內部分項目之呈列作出若干更改，並要求作出額外披露。本集團資產、負債及收支的計量及確認並無發生變動，但直接於權益確認之部分項目現時於其他全面收入項目下確認，如換算海外業務財務報表之匯兌差額。香港會計準則第1號影響擁有人權益變動之呈列，並引入「全面收入表」。比較數字已經重列以符合該項經修訂準則之規定。本集團已就財務報表之呈列及分類報告追溯修改其會計政策。然而，比較數字變動並無對二零零八年一月一日之綜合或母公司財務狀況報表造成影響，因此並無呈列該表。

香港會計準則第27號 (修訂本) 投資於附屬公司、共同控制實體或聯營公司之成本

此修訂本規定，不論分派乃源自所投資公司之收購前或收購後儲備，投資者須於損益表確認來自附屬公司、共同控制實體或聯營公司之股息。於過往年度，本公司確認來自收購前儲備之股息為收回於附屬公司、共同控制實體或聯營公司之投資 (減低投資成本)。只有來自收購後儲備之股息於損益表確認為收入。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

HKAS 27 (Amendments) Cost of an investment in a subsidiary, jointly controlled entity or an associate (Continued)

Under the new accounting policy, if the dividend distribution is excessive, the investment would be tested for impairment according to the Company's accounting policy on impairment of non-financial assets.

The new accounting policy has been applied prospectively as required by these amendments to HKAS 27 and therefore no comparatives have been restated.

HKFRS 8 Operating segments

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. As the Group's operating segments reported to chief operating decision maker as required by HKFRS 8 are the same as the business segments reported in accordance with the predecessor standard (HKAS 14 "Segment Reporting"), the adoption of HKFRS 8 has not resulted in a re-designation of the Group's reportable segments.

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

2. 採納新訂及經修訂香港財務報告準則 (續)

香港會計準則第27號 (修訂本) 投資於附屬公司、共同控制實體或聯營公司之成本 (續)

根據新會計政策，倘股息分派過多，投資將按本公司有關非財務資產減值之會計政策進行減值測試。

此項新訂會計政策已按香港會計準則第27號修訂本規定提前應用，故並無重列比較數字。

香港財務報告準則第8號營運分類

採納香港財務報告準則第8號並無影響本集團之所識別及可呈報營運分類。然而，所呈報分類資料現時以主要營運決策者定期檢討之內部管理呈報資料為基礎。由於香港財務報告準則第8號規定向主要營運決策者報告之本集團營運分類與按照先前之準則 (香港會計準則第14號「分類報告」) 報告之業務分類相同，故採納香港財務報告準則第8號並無導致本集團須重訂報告分類。

於授權刊發該等財務報表當日，本集團並無提早採納若干已頒佈但尚未生效之新訂及經修訂香港財務報告準則。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

HKFRS 3 Business combinations (Revised 2008)

The standard is applicable in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard still requires the use of the purchase method (now renamed as the acquisition method) but introduces material changes to the recognition and measurement of consideration transferred and the acquiree's identifiable assets and liabilities, and the measurement of non-controlling interests (previously known as minority interests) in the acquiree. The new standard is expected to have a significant effect on business combinations occurring in reporting periods beginning on or after 1 July 2009.

2. 採納新訂及經修訂香港財務報告準則 (續)

董事預期，所有該等準則及詮釋將於頒佈生效日期後起首個期間納入本集團之會計政策內。預期對本集團會計政策有影響之新訂及經修訂香港財務報告準則之資料提供如下。若干其他新訂及經修訂香港財務報告準則已頒佈，但預期不會對本集團財務報表有重大影響。

香港財務報告準則第3號業務合併 (二零零八年經修訂)

該準則適用於二零零九年七月一日或其後開始之報告期間及將會提前應用。新準則仍然要求使用購買法 (現改稱收購法)，惟對於所轉讓之代價及被收購方之可識別資產及負債之確認及計量以及被收購方之非控股股東權益 (前稱少數股東權益) 之計量引入重要轉變。預期新準則對於二零零九年七月一日或其後開始之報告期間產生之業務合併有重大影響。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

HKAS 27 Consolidated and separate financial statements (Revised 2008)

The revised standard is effective for accounting periods beginning on or after 1 July 2009 and introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interest in subsidiaries. Total comprehensive income must be attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The directors do not expect the standard to have a material effect on the Group's financial statements.

Annual improvements 2009

The HKICPA has issued *Improvements to Hong Kong Financial Reporting Standards 2009*. Most of the amendments become effective for annual periods beginning on or after 1 January 2010. The Group expects the amendment to HKAS 17 *Leases* to be relevant to the Group's accounting policies. Prior to the amendment, HKAS 17 generally required a lease of land to be classified as an operating lease. The amendment requires a lease of land to be classified as an operating or finance lease in accordance with the general principles in HKAS 17. The Group will need to reassess the classification of its unexpired leases of land at 1 January 2010 on the basis of information existing at the inception of those leases in accordance with the transitional provisions for the amendment. The amendment will apply retrospectively except where the necessary information is not available. In that situation, the leases will be assessed on the date when the amendment is adopted. The directors are currently assessing the possible impact of the amendment on the Group's results and financial position in the first year of application.

2. 採納新訂及經修訂香港財務報告準則(續)

香港會計準則第27號綜合及獨立財務報表(二零零八年經修訂)

經修訂準則於二零零九年七月一日或其後開始之會計期間生效，及對有關失去附屬公司控制權及本集團於附屬公司權益變動之會計規定引入變更。即使非控股股東權益之業績為虧絀結餘，全面收入總額仍須歸屬於非控股股東權益。董事預期該準則不會對本集團財務報表有重大影響。

二零零九年之年度改進

香港會計師公會頒佈二零零九年香港財務報告準則之改進。大部分修訂於二零一零年一月一日或其後開始之年度期間生效。本集團預期香港會計準則第17號租約之修訂與本集團之會計政策有關。於修訂前，香港會計準則第17號一般要求土地租約分類為經營租約。此項修訂要求土地租約按照香港會計準則第17號載列之一般原則分類為經營或融資租約。本集團將需要根據此項修訂之過渡條文，以該等租約開始當時已存在之資料為基準，重新評估本集團於二零一零年一月一日之未屆滿土地租約之分類。此項修訂將會追溯應用，惟倘欠缺所需資料，則租約將會於採納修訂當日進行評估。董事現正評估此項修訂對本集團於首次應用年度之業績及財務狀況可能產生之影響。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 2.

The financial statements have been prepared under historical cost convention except for the revaluation of property, plant and equipment which are stated at fair values. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in the preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3. 重大會計政策概述

(a) 編製基準

編製該等財務報表所應用之重大會計政策於下文概述。除另有訂明者外，該等政策一直貫徹應用於各個呈報年度。有關採納新訂或經修訂香港財務報告準則及其對本集團財務報表之影響（如有）於附註2披露。

除按公平值列賬之物業、廠房及設備之重新估值外，該等財務報表乃以歷史成本法編製。計算方式於下列會計政策中細述。

應注意於財務報表編製時曾運用會計估計及假設。儘管該等估計乃根據管理層對目前事項及行動之所知及判斷而作出，但最終實際結果或會與該等估計有所差異。涉及更高判斷或複雜程度之範圍，或假設及估計對財務報表而言屬重大之範圍於附註4披露。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Group and are not the Group's financial liabilities.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Profit or loss attributable to the non-controlling interests is presented separately in the consolidated statement of comprehensive income as an allocation of the Group's result. Where losses applicable to the non-controlling exceed the non-controlling interests in the subsidiary's equity, the excess and further losses applicable to the non-controlling are allocated against the non-controlling interests to the extent that the non-controlling has a binding obligation and is able to make an additional investment to cover the losses. Otherwise, the losses are charged against the Group's interests. If the subsidiary subsequently reports profits, such profits are allocated to the non-controlling interests only after the non-controlling's share of losses previously absorbed by the Group has been recovered.

3. 重大會計政策概述 (續)

(b) 綜合基準

綜合財務報表包括截至每年度十二月三十一日止本公司及其附屬公司之財務報表。

控制權轉移至本集團當日起，附屬公司已納入綜合計算。該等公司控制權失效當日起，將不計入綜合計算。

集團內部交易、結餘，以及集團內公司間之未實現之交易收益及虧損於編製綜合財務報表時會對銷。倘集團內公司間資產銷售之未實現虧損於綜合賬目時撥回，相關資產亦會自本集團之角度考量作減值測試。附屬公司財務報表所呈報之款項已作調整（如需要），以確保與本集團採納之會計政策一致。

非控股股東權益為非本集團擁有及不屬本集團財務負債之附屬公司股東權益之應佔溢利或虧損及資產淨值之一部分。

非控股股東權益在綜合財務狀況表中於權益內，與本公司擁有人應佔權益分開呈列。非控股股東權益應佔溢利或虧損於綜合全面收入表分開呈列為本集團之業績分配。倘非控股股東應佔虧損超過其所佔附屬公司股權中之非控股股東權益，超額部分及非控股股東應佔之其他虧損則分配予非控股股東權益，惟以非控股股東須承擔具約束力之責任及其有能力為彌補虧損而作額外投資為限。否則，該等虧損均會從本集團之權益扣除。倘該附屬公司其後錄得溢利，該等溢利則待收回本集團過往承擔之非控股股東應佔虧損後，方分配予非控股股東權益。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In consolidated financial statements, acquisition of subsidiaries (other than those under common control) is accounted for by applying the purchase method. This involves the estimation of fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

3. 重大會計政策概述 (續)

(c) 附屬公司

附屬公司乃本集團有權控制其財務及營運政策以從其業務活動取得利益之所有實體(包括特別目的實體)。評估本集團是否控制另一實體時,可考慮現可行使或轉換之潛在投票權之存在及影響。

於綜合財務報表內,收購附屬公司(不包括受共同控制之附屬公司)採用收購法入賬。這涉及按公平值估計於收購當日有關附屬公司之所有可辨認資產及負債(包括或然負債),而不論該等資產及負債於收購前是否記錄於有關附屬公司之財務報表。於首次確認時,有關附屬公司之資產及負債會按公平值計入綜合財務狀況表,而根據本集團之會計政策,公平值亦用作其後計量之基準。

於本公司財務狀況表內,附屬公司以成本減減值虧損列賬,惟該附屬公司乃持作出售或列入出售集團則除外。附屬公司業績會由本公司按報告日期已收及應收股息計算。不論所收取股息是以獲投資公司收購前或收購後溢利作出,全部股息乃於本公司損益表中確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK\$. Assets and liabilities have been translated into HK\$ at the closing rates at the reporting date. Income and expenses have been converted into HK\$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign operation have been treated as assets and liabilities of the foreign operation and translated into HK\$ at the closing rates.

When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale.

3. 重大會計政策概述 (續)

(d) 外幣兌換

在綜合實體之個別財務報表內，外幣交易以交易日期當時之匯率兌換至個別實體之功能貨幣。於報告日期，以外幣計值之貨幣資產及負債乃按報告日期通用之匯率兌換。該等交易結算及於報告日期重新兌換貨幣資產及負債而產生之外匯收益及虧損均在損益表內確認。

以外幣計值及以公平值列賬之非貨幣項目，會在決定公平值當日以當時匯率重新兌換，並列賬為公平值收益或虧損之一部分。以外幣之歷史成本計算之非貨幣項目不會重新兌換。

於綜合財務報表，原來按與本集團呈列貨幣不同之貨幣呈報之海外業務所有個別財務報表，已轉換至港元。資產及負債亦在報告日期以收市匯率兌換至港元。收入及開支則以交易日期通用之匯率或報告期間之平均匯率兌換至港元，惟有關匯率須並無大幅波動。任何由此程序產生之差異已在其他全面收入中確認，並分別在權益匯兌儲備內累計。因收購海外業務而產生之商譽及公平值調整作為有關海外業務之資產及負債處理，並以收市匯率兌換至港元。

當出售海外業務時，有關匯兌差額由權益重新分類，在損益表確認為出售收益或虧損之一部分。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services and the use by others of the Group's assets yielding interest, and dividends, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

- (i) sale of goods are recognised upon transfer of significant risks and rewards of ownership to the buyers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold. This is usually taken as the time when the goods are delivered and the customer has accepted the goods;
- (ii) interest income is recognised on a time proportion basis using the effective interest method; and
- (iii) sub-leasing rental income are recognised on a time proportion basis over the lease terms.

(f) Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

3. 重大會計政策概述 (續)

(e) 收益確認

收益包括銷售貨品及提供服務以及他人使用本集團資產之已收或應收代價之公平值而產生之利益及股息，扣除回扣及折扣。倘可能為本集團帶來經濟利益及能可靠計量收益與成本（如適用）時，則按以下方式確認收益：

- (i) 銷售貨品於擁有權之重大風險及回報轉移至買家時確認，惟本集團對所售貨品已無涉及一般與擁有權有關之管理權及實際控制權。這通常為貨品運送至客戶及客戶收取貨物之時；
- (ii) 利息收入使用實際利率法按時間比例確認；及
- (iii) 分租租金收入根據租期按時間比例確認。

(f) 借貸成本

收購、建設或製造任何合資格資產所產生之借貸成本，於完成建設及將資產達致擬定用途所需時間期限內資本化。合資格資產為需要長時間達到擬定用途或銷售狀況之資產。其他借貸成本於產生時計為開支。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Borrowing costs (Continued)

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

(g) Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The cost of the business combination is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group, plus any costs directly attributable to the business combination.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units ("CGUs") and is tested annually for impairment (see note 3(j)).

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in profit or loss.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

3. 重大會計政策概述 (續)

(f) 借貸成本 (續)

借貸成本於資產產生開支、借貸成本及使資產投入擬定用途或銷售所須之準備工作進行期間資本化，作為合資格資產成本之一部分。在使合資格資產投入擬定用途或銷售所須之絕大部分準備工作完成時，不再將借貸成本資本化。

(g) 商譽

商譽指業務合併成本超過本集團所佔被收購方之可辨認資產、負債及或然負債之公平淨值之數額。業務合併成本按所獲資產、產生或承擔之負債以及本集團發行之股本工具於交易當日之公平值總額，加業務合併直接應佔之任何成本計量。

商譽按成本減累計減值虧損列賬。商譽分配予現金產生單位（「現金產生單位」），並每年進行減值測試（見附註3(j)）。

本集團應佔被收購方之可辨認資產、負債及或然負債之公平淨值之權益超過業務合併成本之任何數額，即時於損益表確認。

其後出售附屬公司時，釐定出售收益或虧損數額應包括已資本化商譽之應佔金額。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Goodwill (Continued)

If the initial accounting for a business combination can be determined only provisionally by the end of the year in which the combination is effected because either the fair values to be assigned to the identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the Group accounts for the combination using those provisional values. The Group recognises any adjustments to those provisional values within twelve months of the acquisition date. The carrying amount of an identifiable asset, liability or contingent liability that is recognised or adjusted as a result of completing the initial accounting is calculated as if its fair value at the acquisition date had been recognised from that date. Goodwill shall be adjusted from the acquisition date by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognised or adjusted. Comparative information presented for the periods before the initial accounting for the combination is complete is presented as if the initial accounting had been completed from the acquisition date. This includes any additional depreciation, amortisation or other profit or loss effect recognised as a result of completing the initial accounting.

Where there is additional acquisition of interests in a subsidiary by the Group that do not result in gaining or losing control in that subsidiary, the non-controlling interest component of equity is adjusted to reflect the non-controlling's revised share of the net carrying value of the subsidiary's net assets. The difference between the consideration paid by the Group and the proportionate increase in the Group's interest in the carrying values of the subsidiary's net assets is recorded as additional goodwill and no fair value adjustment is made to the carrying values of the subsidiary's net assets as recorded in the consolidated financial statements.

3. 重大會計政策概述 (續)

(g) 商譽 (續)

倘業務合併之首次會計處理，僅可於合併因分配予可辨認資產、負債或或然負債之公平值或合併成本僅可暫時釐定而生效之年度終結前暫時釐定，本集團使用該等暫時價值合併入賬。本集團於收購日起十二個月內確認任何該等暫時價值之任何調整。因完成首次會計處理而確認或調整之可辨認資產、負債或或然負債之賬面值之計算，乃假設其於收購日之公平值已自該日起確認。商譽應自收購日起，將相等於獲確認或調整之可辨認資產、負債或或然負債於收購日之公平值調整之款額予以調整。就完成合併之首次會計處理前期間所呈列之比較資料乃猶如於收購日起已完成首次會計處理般呈列，這包括因完成首次會計處理而確認之任何額外折舊、攤銷或其他損益影響。

倘本集團額外收購附屬公司權益但並無獲得或失去該附屬公司之控制權，則調整非控股股東權益部分，以反映經修訂之非控股股東應佔附屬公司資產淨值之賬面淨值。本集團支付之代價及本集團於附屬公司資產淨值之賬面值之權益之增加部分之間之差額列為額外商譽，及不會就公平值調整列於綜合財務報表之附屬公司資產淨值之賬面值。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Goodwill (Continued)

When a business combination agreement provides for an adjustment to the cost of the combination on future events, the Group includes the amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. When a business combination agreement provides for such an adjustment, that adjustment is not included in the cost of the combination at the time of initial accounting for the combination if it either is not probable or cannot be measured reliably. If that adjustment subsequently becomes probable and can be measured reliably, the additional consideration is treated as an adjustment to the cost of the combination.

(h) Exploration and evaluation assets

These are stated at cost less impairment loss. Exploration and evaluation assets include topographical and geological survey drilling, exploratory drilling, sampling and trenching and expenditure incurred for the technical feasibility studies and incurred to secure further mineralisation in the mine ore. Expenditure incurred prior to obtaining the exploration and evaluation rights to explore an area are written off as expense as incurred. Once the technical feasibility and commercial viability of extracting the mineral resource had been determined and that the project reaches development phase, exploration and evaluation costs capitalised are amortised. If exploration property is abandoned during the evaluation stage, the total expenditure thereon will be written off.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount.

3. 重大會計政策概述 (續)

(g) 商譽 (續)

倘業務合併協議規定須視乎未來出現之事項調整合併成本，而調整很可能進行且調整金額能可靠計量，則本集團將此調整金額計入於收購日期之合併成本。倘業務合併協議訂有該項調整，而調整不大可能進行或不能可靠計量，則該調整於首次將合併入賬時不計入合併成本。倘該調整其後成為可能及能可靠計量時，則額外代價視為對合併成本之調整。

(h) 勘探及評估資產

勘探及評估資產按成本減減值虧損列賬。勘探及評估資產包括地形及地質勘察鑽井、勘探鑽井、取樣、槽探及就技術可行性研究產生之開支，以及為取得礦體之其他礦化物而產生之開支。於取得勘探及評估權勘探某區域前產生之開支作為已產生開支撇銷。開採礦產資源之技術及商業可行性一經釐定及項目進入其發展階段，已資本化之勘探及評估成本予以攤銷。倘勘探物業於評估階段被廢除，則有關開支總額將被撇銷。

勘探及評估資產於出現勘探及評估資產賬面值可能超出其可收回金額之事實及情況時評估減值。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Property, plant and equipment

Property, plant and equipment other than construction in progress ("CIP") are recognised at revalued amount, based on their fair value at the date of valuation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date. Any accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset revaluation equals its revalued amount.

Any revaluation surplus arising on revaluation of property, plant and equipment is credited to the "assets revaluation reserve" in equity, unless the carrying amount of that asset has previously suffered a revaluation decrease or impairment loss as described in note 3(j). To the extent that any decrease has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase dealt with in the assets revaluation reserve. A decrease in the net carrying amount of property, plant and equipment arising from revaluation or impairment testing is charged against the assets revaluation reserve relating to the asset and any remaining decrease recognised in profit or loss.

3. 重大會計政策概述 (續)

(i) 物業、廠房及設備

物業、廠房及設備(在建工程(「在建工程」)除外)根據估值當日之公平值減任何其後累計折舊及減值虧損按重估金額確認。重估乃定期進行,以使賬面值與按於報告日期之公平值釐定之賬面值並無重大差額。任何於重估日累計之折舊會按資產總賬面值變動按比例重列,使資產重估之賬面值相等於其經重估款額。

物業、廠房及設備重估產生之任何重估盈餘會撥入權益之「資產重估儲備」,除非該資產賬面值如附註3(j)所述之前曾錄得重估下降或減值虧損。倘先前已於損益表確認任何跌幅,則重估增加會撥入損益表,餘下升幅會在資產重估儲備處理。重估或減值測試產生之物業、廠房及設備之賬面淨值下降,會自與資產有關之資產重估儲備內扣除,任何餘下之跌幅於損益表內確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Property, plant and equipment (Continued)

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

Buildings at mining site and buildings	The shorter of the lease terms and 50 years
Plant and machinery	15 years
Leasehold improvements, furniture, office equipment and motor vehicles	4 to 10 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the terms of the relevant lease.

The assets' estimated residual values, depreciation methods and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Any revaluation surplus remaining in equity is transferred to accumulated losses on disposals of the revalued assets.

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

3. 重大會計政策概述 (續)

(i) 物業、廠房及設備 (續)

下列資產按物業、廠房及設備之估計可使用年期將其重估金額分配至其估計殘值，以直線法計算折舊：

位於礦址之樓宇及樓宇	按租期及50年 (以較短者為準)
廠房及機器	15年
租賃物業裝修、傢俬、辦公設備及汽車	4至10年

根據融資租約持有之資產乃於其估計可使用年期或相關租賃年期(以較短者為準)按與自置資產相同之基準折舊。

資產之估計殘值、折舊方法及估計可使用年期會在每個報告日期檢討及在有需要時調整。

報廢或出售所產生之收益或虧損乃指資產出售所得款項淨額與其賬面值之差額，並於損益表確認。權益餘下之任何重估盈餘會轉撥至出售重估資產之累計虧損。

其後之成本在適當情況下計入資產賬面值或作為一項獨立資產確認，惟與該項目有關之將來經濟利益有可能會流入本集團且該項目成本又能可靠計量。所有其他成本(如維修及保養)會在其產生之財政期間自損益表扣除。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Property, plant and equipment (Continued)

CIP, which mainly represents leasehold improvements on buildings, is stated at cost less any impairment losses and is not depreciated. Cost comprises direct costs incurred during the periods of construction, installation and testing. CIP is reclassified to the appropriate category of property, plant and equipment and depreciation commences when the construction work is completed and the asset is ready for use.

(j) Impairment of non-financial assets

Goodwill, property, plant and equipment, prepaid lease payments, exploration and evaluation assets and interests in subsidiaries are subject to impairment testing.

Goodwill is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

3. 重大會計政策概述 (續)

(i) 物業、廠房及設備 (續)

在建工程主要指樓宇之租賃物業裝修，乃按成本減任何減值虧損列賬，且毋須作出折舊。成本包括建設、安裝及測試期間產生之直接成本。在建工程於完工及資產可供使用時重新分類為物業、廠房及設備之適當類別並開始作出折舊。

(j) 非財務資產減值

商譽、物業、廠房及設備、預付租賃款項、勘探及評估資產及於附屬公司之權益會進行減值測試。

商譽不論有否出現任何減值跡象，均至少每年進行減值測試。所有其他資產在出現跡象顯示資產賬面值或不可收回時進行減值測試。

減值虧損按資產之賬面值高於其可收回金額之數額即時確認為開支。該可收回金額為反映市況之公平值減銷售成本與使用價值兩者之較高者。評估使用價值時，估計未來現金流量採用稅前折現率折現至其現值，而有關折現率反映現時市場對金錢時間值及有關資產特有風險之評估。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment of non-financial assets (Continued)

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflow independently (i.e. a CGU). As a result, some assets are tested individually for impairment and some are tested as CGU level. Goodwill in particular is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

Impairment losses recognised for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods including impairment losses recognised in an interim period. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. 重大會計政策概述 (續)

(j) 非財務資產減值 (續)

為評估減值，倘資產並無大致上獨立於其他資產產生現金流入，可收回金額則按該資產可獨立產生現金流入之最小資產組合（即現金產生單位）釐定。因此，部分資產個別進行減值測試，另有部分按現金產生單位測試。商譽乃特別分配至該等現金產生單位，而該等現金產生單位預料會因有關業務合併之協同作用而受惠，並代表本集團為內部管理而監控商譽之最低水平。

就已分配商譽之現金產生單位確認之減值虧損，首次計入商譽之賬面值。除資產賬面值將不會調減至低於其個別公平值減銷售成本或使用價值（如可釐定）外，任何剩餘減值虧損按比例自該現金產生單位之其他資產扣除。

商譽減值虧損（包括於中期期間確認之減值虧損）不會於其後之期間撥回。至於其他資產，若用以決定資產可收回金額之估計出現有利變動時，撥回減值虧損，惟資產之賬面值不得高於倘無確認減值虧損而原應釐定之賬面值（已扣除折舊或攤銷）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment of non-financial assets (Continued)

Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34 – Interim Financial Reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition and reversal criteria as it would at the end of the financial year.

Impairment loss recognised in an interim period in respect of goodwill is not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(k) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Assets acquired under a finance lease

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as finance lease payables.

3. 重大會計政策概述 (續)

(j) 非財務資產減值 (續)

中期財務報告及減值

根據上市規則，本集團必須遵照香港會計準則第34號—中期財務報告之規定就本財政年度首六個月編製中期財務報告。於中期期間結束時，本集團應用其於本財政年度結束時將會採用之同一減值測試、確認及撥回標準。

於中期期間就商譽已確認之減值虧損不會於其後期間撥回。即使倘減值只於中期期間有關之財政年度結束時作出評估，而原應並無確認虧損或確認較小虧損，情況亦相同。

(k) 租賃

倘本集團確定一項安排賦予於經議定期間內使用指定資產之權利，而使用者須付款或作出一系列付款作為回報，則該安排（包括一項交易或一系列交易）為一項或包含一項租賃。本集團評估該項安排之實際內容後，作出上述確定，並不會考慮該項安排是否擁有租約之法定形式。

根據融資租約收購之資產

倘本集團以融資租約收購資產使用權，租賃資產之公平值數額或最低租金之現值（倘較低）將列入物業、廠房及設備及相關負債，扣除融資費用後，列作應付融資租約。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leases (Continued)

Assets acquired under a finance lease (Continued)

Subsequent accounting for assets held under finance lease agreement corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges, which are expensed to finance costs. Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Operating lease charges as the lessee

- (1) Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating lease. Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss using the straight-line method over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period which they are incurred.

3. 重大會計政策概述 (續)

(k) 租賃 (續)

根據融資租約收購之資產 (續)

根據融資租賃協議持有之資產其後之會計，與應用於可比較被收購資產之會計相對應。相應融資租賃負債扣除租賃付款減融資費用，並於財務成本支銷。租賃付款所包含之融資費用將於租賃期間計入損益表，使各會計期間對承擔結餘以大概相同之比率扣減。或然租金將於所產生之會計期間自損益表扣除。

經營租約費用 (作為承租人)

- (1) 如租賃不會使所有權之絕大部分風險及回報轉移至本集團，則劃歸為經營租約。倘本集團有權使用根據經營租約持有之資產，則除非有較租賃資產之產生利益時間模式更具代表性之另一基準，否則根據租賃作出之付款，會在租期內採用直線法於損益表中扣除。所收之租賃獎勵措施，作為已繳付租賃付款淨值總額之整體部分於損益表中確認。或然租金於其發生之會計期間從損益表中扣除。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leases (Continued)

Operating lease charges as the lessee (Continued)

- (2) Prepaid lease payments are up-front payments to acquire the long term interests in usage of land. These payments are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method over the lease term.

Assets leased out under operating leases as the lessor

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

Rental income receivable from operating leases is recognised in profit or loss using the straight-line method over the periods covered by the lease term, except where an alternative basis is more representative of the time pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using first-in, first-out method, and in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is the estimated selling prices in the ordinary course of business less any applicable selling expenses.

3. 重大會計政策概述 (續)

(k) 租賃 (續)

經營租約費用 (作為承租人) (續)

- (2) 預付租賃款項為收購長期土地使用權益之預付款。該等款項以成本減累計攤銷及累計減值虧損列賬。攤銷於租賃期內採用直線法計算。

根據經營租約租賃之資產 (作為出租人)

根據經營租約租賃之資產根據資產性質計算及呈列。因商議及安排經營租約而產生之初始直接費用計入租賃資產之賬面值，並按租金收入之同一基準於租約期限內確認為開支。

經營租約所得租金收入按於租賃期間內所屬之期間採用直線法於損益表中確認，除非另有更能代表使用有關租賃資產所產生利益之時間模式之基準，則作別論。所授予之租賃獎勵措施，作為已收取租賃付款淨值總額之整體部分於損益表中確認。或然租金於其發生之會計期間確認為收入。

(l) 存貨

存貨按成本及可變現淨值兩者中之較低者列賬。成本按先進先出法計算，在製品及製成品之成本包括直接材料、直接工資及按適當比例計算之間接費用。可變現淨值為日常業務過程中之估計售價減任何適用銷售開支。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Financial assets

Recognition and measurement

The Group's financial assets are classified as loans and receivables and available-for-sale financial assets.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

3. 重大會計政策概述 (續)

(m) 財務資產

確認及計量

本集團之財務資產分為貸款及應收款項及可供出售財務資產。

管理層於首次確認時依據收購財務資產之目的將其歸類，並在許可及適當之情況下，於各報告日期重新評估財務資產之分類。

惟當本集團成為訂立有關工具合約條文之一方時，所有財務資產方予以確認。以正常方式購買及出售之財務資產於交易日確認。財務資產首次予以確認時乃按公平值加應佔直接交易成本計量。

當收取投資現金流量之權利屆滿或轉移或擁有權之絕大部分風險與回報已轉讓時解除確認財務資產。於各報告日期會對財務資產進行審閱，以評估是否有任何客觀減值證據。如有出現任何上述證據，則根據財務資產分類釐定及確認減值虧損。

貸款及應收款項

貸款及應收款項為附帶固定或可釐定付款之非衍生財務資產，且並無在活躍市場計算報價。其後採用實際利率法以攤銷成本減任何減值虧損列賬。攤銷成本經計及任何收購折讓或溢價後計算，並包括屬於實際利率及交易成本之組成部分之各項費用。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Financial assets (Continued)

Available-for-sale financial assets

These include non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets.

All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in the fair value excluding any dividend and interest income is recognised directly in other comprehensive income and accumulated separately in the available-for-sale financial assets revaluation reserve in equity, except for impairment losses (see the policy below) until the financial assets is derecognised, at which time the cumulative gain or loss is reclassified from equity to profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition.

3. 重大會計政策概述 (續)

(m) 財務資產 (續)

可供出售財務資產

可供出售財務資產包括不符合資格列入任何其他財務資產類別之非衍生財務資產。

所有該類別財務資產其後按公平值計量。除減值虧損(見下文所載之政策)外,扣除任何股息及利息收入之公平值變動產生之損益直接於其他全面收入確認,並於權益中之可供出售財務資產重估儲備內分開累計,惟直至終止確認財務資產時,累計損益從權益重新分類至損益表。按實際利率法計算之利息於損益表中確認。

於股本證券之可供出售投資(指未於交投活躍市場上報價及其公平值亦不能可靠計量者)及衍生工具(指與該未報價股本工具掛鈎並須透過交付該股本工具進行結算者),於首次確認後各報告日期按成本減任何已辨認減值虧損計量。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Financial assets (Continued)

Impairment of financial assets

At each reporting date, financial assets are reviewed to determine whether there is any objective evidence of impairment. Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

3. 重大會計政策概述 (續)

(m) 財務資產 (續)

財務資產減值

於各報告日期會對財務資產進行審閱，以釐定是否有任何客觀減值證據。個別財務資產減值之客觀證據包括本集團得悉之有關下列一項或多項虧損事項之可觀察資料：

- 債務人遭遇重大財務困難；
- 違約，譬如拖欠或無法如期償還本息；
- 債務人可能會破產或進行其他財務重組；
- 科技、市場、經濟或法律環境之重大變化對債務人造成不利影響；或
- 投資股本工具之公平值大幅或持續下降至低於其成本。

有關一組財務資產之虧損事項包括可觀察資料顯示該組財務資產之估計未來現金流量出現可計量之減少。有關可觀察資料包括但不限於本集團債務人之付款狀況出現不利變動，及與拖欠本集團資產有關之國內或本地經濟狀況。

倘若任何該等證據出現，則減值虧損按以下方式計量及確認：

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Financial assets (Continued)

(i) *Loans and receivables carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables has been incurred, 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 (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in 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, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

3. 重大會計政策概述 (續)

(m) 財務資產 (續)

(i) 以攤銷成本列賬之貸款及應收款項

倘有客觀證據顯示貸款及應收款項出現減值虧損，則虧損金額按資產賬面值與估計未來現金流量（不包括未產生之未來信貸虧損）按財務資產之原實際利率（即首次確認時計算之實際利率）折現之現值兩者之差額計量。虧損金額於減值出現期間在損益表中確認。

倘其後減值虧損金額減少，而有關減幅可客觀地與確認減值後發生之事件相關，則撥回過往確認之減值虧損，惟於撥回減值當日不得導致財務資產賬面值超過如無確認減值之原有攤銷成本。撥回金額於撥回發生期間在損益表中確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Financial assets (Continued)

(ii) Available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and accumulated in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in profit or loss as an impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Reversals in respect of investment in equity instruments classified as available-for-sale are not recognised in profit or loss. The subsequent increase in fair value is recognised in other comprehensive income.

(iii) Financial assets carried at cost

The amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

3. 重大會計政策概述 (續)

(m) 財務資產 (續)

(ii) 可供出售財務資產

當已於其他全面收入確認並於權益內累計可供出售財務資產公平值之減少及有客觀證據表明資產出現減值時，則金額自權益移除，並於損益表中確認為減值虧損。該金額按該資產之收購成本（扣除任何本金償還及攤銷）與現有公平值之差額，減該資產先前已於損益表中確認之任何減值虧損計算。

歸類為可供出售之股本工具投資之撥回並不在損益表中確認。其後之公平值增加直接在其他全面收入中確認。

(iii) 以成本列賬之財務資產

減值虧損金額按財務資產賬面值與估計未來現金流量按類似財務資產之現行市場回報率折現之現值兩者之差額計量。該項減值虧損不會於其後期間內撥回。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Assets held for sale

Assets held for sale and assets in disposal groups are classified as held for sale if their carrying amount is recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. These assets (and disposal groups), other than financial assets, classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Impairment losses on assets held for sale and assets in disposal groups are recognised in profit or loss.

(o) Accounting for income taxes

Income tax comprises current and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

3. 重大會計政策概述 (續)

(n) 持作出售之資產

倘持作出售之資產及出售集團之資產之賬面值主要透過銷售交易而非透過持續使用收回，則歸類為持作出售。該條件被視為僅於銷售很可能進行及資產（或出售集團）可於其現況下立即出售時，方可達成。歸類為持作出售之該等資產（及出售集團）（財務資產除外）乃按賬面值與公平值之較低者減銷售成本計量。持作出售之資產及出售集團之資產之減值虧損於損益表中確認。

(o) 所得稅之會計處理

所得稅包括當期稅項及遞延稅項。

當期所得稅資產及／或負債，包括於報告日期未付之當前或過往報告期結欠稅務當局之負債。當期所得稅資產及／或負債以年內應課稅溢利為基礎，按有關財務期間適用之稅率及稅法計算。當期稅務資產或負債之一切變動，將作為稅務開支於損益表中確認。

遞延稅項乃按負債法，基於報告日期財務報表內資產及負債之賬面值與其稅基間之暫時性差異計算。遞延稅項負債一般就所有應課稅暫時性差異予以確認。遞延稅項資產就所有可扣除暫時性差異、可供結轉之稅務虧損及其他未被動用之稅務優惠確認，惟須有應課稅溢利（包括現有應課稅暫時性差異）讓可扣除暫時性差異、未被動用之稅務虧損及未被動用之稅務優惠利用。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Accounting for income taxes (Continued)

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3. 重大會計政策概述 (續)

(o) 所得稅之會計處理 (續)

倘暫時性差異因商譽或不影響可課稅或會計溢利或虧損之交易中之資產及負債首次確認(業務合併除外)而起,遞延稅項資產及負債則不被確認。

遞延稅項負債於投資於附屬公司所導致之應課稅暫時性差異中確認,惟本集團能控制暫時性差異之撥回,而暫時性差異亦可能不會於可預見之將來撥回,則屬例外。

遞延稅項乃於無折現之情況下,按預期於清償負債或變現資產期間應用之稅率計算,惟其須於報告日期頒佈或實質上頒佈。

遞延稅項資產或負債之變動於損益表或其他全面收入內確認,或倘其與其他全面收入或直接從權益扣除或計入之項目有關,則直接於權益確認。

當期稅務資產與當期稅務負債僅會於以下情況以淨額呈列:

- (a) 本集團依法有強制執行權可以將已確認金額對銷;及
- (b) 本集團計劃以淨額基準結算或同時實現資產及結清負債。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Accounting for income taxes (Continued)

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(p) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

3. 重大會計政策概述 (續)

(o) 所得稅之會計處理 (續)

本集團僅會於以下情況以淨額呈列遞延稅項資產與遞延稅項負債：

- (a) 該實體依法有強制執行權可以將當期稅務資產與當期稅務負債對銷；及
- (b) 遞延稅項資產及遞延稅項負債與同一稅務機關就以下其中一項徵收的所得稅有關：
 - (i) 同一個應稅實體；或
 - (ii) 不同的應稅實體。這些實體計劃在預期有大額遞延稅項負債需要清償或遞延稅項資產可以收回的每個未來期間按淨額清償當期稅務負債及實現當期稅務資產或在實現資產的同時清償負債。

(p) 現金及現金等值項目

現金及現金等值項目包括銀行及手頭現金、銀行活期存款及原定到期日為三個月或以下且可兌換為已知現金數額及價值變動風險不大之高流動性短期投資。就呈列現金流量表而言，現金及現金等值項目包括應要求償還且構成本集團現金管理組成部分之銀行透支。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issue of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

(r) Financial liabilities

The Group's financial liabilities include other payables and accruals, finance lease payables and convertible bonds.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see note 3(f)).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Other payables and accruals

These are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

3. 重大會計政策概述 (續)

(q) 股本

普通股股份被歸類為權益。股本按已發行股份之面值釐定。與股份發行有關之任何交易成本均從股份溢價(扣除任何有關所得稅利益)扣除,惟其須為直接因權益交易而起之增量成本。

(r) 財務負債

本集團之財務負債包括其他應付款項及應計款項、應付融資租約及可換股債券。

財務負債在本集團成為工具合約條文訂約方時確認。所有相關利息開支根據本集團借款成本之會計政策確認(請參閱附註3(f))。

當負債之責任解除、取消或到期,則會取消確認財務負債。

倘現有財務負債由同一貸款人按非常不同之條款以另一項財務負債取代,或現有負債條款經大幅修改,則有關交換或修訂視作解除確認原有負債及確認新負債,而有關賬面值間之差額則於損益表中確認。

其他應付款項及應計款項

其他應付款項及應計款項首次按公平值確認,其後按實際利率法以攤銷成本計量。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Financial liabilities (Continued)

Convertible bonds that contain an equity component

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability and an equity component.

Convertible bonds issued by the Company that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate for similar non-convertible debts. The difference between the proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the call option for conversion of the bonds into equity, is included in equity as convertible bond equity reserve.

The liability component is subsequently carried at amortised cost using the effective interest method. The equity component will remain in equity until conversion or redemption of the bonds.

When the bonds are converted, the convertible bond equity reserve and the carrying value of the liability component at the time of conversion are transferred to share capital and share premium as the consideration for the shares issued. If the bonds are redeemed, the convertible bond equity reserve is released directly to accumulated losses.

Finance lease liabilities

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see note 3(k)).

3. 重大會計政策概述 (續)

(r) 財務負債 (續)

包含權益部分之可換股債券

可按持有人選擇兌換為股本之可換股債券，倘於換股時將予發行之股份數目及屆時將可收取之代價值不變，則作為同時含有負債及權益部分之複合金融工具入賬。

本公司發行之可換股債券包含財務負債及權益部分，乃於首次確認時獨立分類為負債及權益部分。於首次確認時，負債部分之公平值乃按類似非可換股債務之現行市場利率釐定。發行可換股債券之所得款項與轉撥負債部分之公平值之差額，即代表可供兌換債券為權益之認購選擇權，計入權益作為可換股債券權益儲備。

負債部分其後採用實際利率法按攤銷成本列賬。權益部分在兌換或贖回債券前仍保留於權益內。

倘債券獲兌換，可換股債券權益儲備及負債部分之賬面值於兌換時轉入股本及股份溢價，作為已發行股份之代價。倘債券獲贖回，可換股債券權益儲備將直接釋放至累計虧損。

融資租約負債

融資租約負債按初始值減租賃還款之資本部分計量（見附註3(k)）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Retirement benefits costs and short-term employee benefits

Retirement benefits to employees are provided through defined contribution plans.

3. 重大會計政策概述(續)

(s) 撥備及或然負債

撥備於本集團因過往事件而現在負有債務(法定或推定)時予以確認,有可能需要經濟利益支出以清償債務,亦有可能得出可靠估計。倘貨幣之時間價值重大時,撥備將按預期支出之現值清償債務。

所有撥備均於每個報告日期經過審查,並經調整以反映當期之最佳估計。

倘有可能不需要經濟利益支出,或者金額無法可靠估計,除非經濟利益支出之機會極微,否則債務將作為或然負債予以披露。如果本集團之責任須視乎某宗或多宗本集團並不能完全控制未來事件是否發生才能確定是否存在,亦會披露為或然負債,但經濟利益外流之可能性極低則除外。

(t) 退休福利成本及短期僱員福利

僱員退休福利乃透過定額供款計劃而提供。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Retirement benefits costs and short-term employee benefits (Continued)

Defined contribution plans

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

According to the relevant regulations in the PRC, the subsidiaries of the Group operating in the PRC are required to participate in central pension schemes operated by the respective local municipal governments, whereby the PRC subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the scheme to fund their retirement benefits. The scheme is responsible for the entire pension obligations payable to the retired employees and the Group has no further obligations for the actual pension payments or other post-retirement benefits beyond the employer contributions. Contributions under the scheme are charged to profit or loss as they become payable in accordance with the rules and regulations in the PRC.

3. 重大會計政策概述 (續)

(t) 退休福利成本及短期僱員福利 (續)

定額供款計劃

根據強制性公積金計劃條例，本集團為所有香港僱員設立定額供款強制性公積金退休福利計劃（「強積金計劃」）。供款乃按僱員基本薪金之百分比計算，並於根據強積金計劃之規定須作出供款時自損益表扣除。強積金計劃之資產以獨立管理基金形式持有，與本集團之資產分開。本集團就強積金計劃支付之僱主供款全部歸僱員所有。

根據中國相關規定，本集團於中國經營之附屬公司須參與由個別地方市政府管理之中央退休金計劃，據此，中國附屬公司須將其僱員基本工資之若干百分比撥歸有關計劃，作為退休福利所需之款項。有關計劃須承擔向退休僱員支付所有退休金之責任，除僱員供款外，本集團就實際退休金款項或其他退休後福利概不承擔更多責任。根據有關計劃作出之供款乃於其根據中國法律及法規而應付時在損益表內扣除。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Retirement benefits costs and short-term employee benefits (Continued)

Short-term employee benefits

Employee entitlements to annual leave are recognised when they are accrued to employees. A provision is made for the estimated liability for unused annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

(u) Share-based compensation

The Group operates equity-settled share-based compensation plans for remuneration of its employees and directors.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

For other goods or services received by the Group in exchange for the grant of any share-based compensation, they are directly measured at the fair value of the goods or services received.

3. 重大會計政策概述 (續)

(t) 退休福利成本及短期僱員福利 (續)

短期僱員福利

當僱員成為正式僱員時，即可享有年假。本集團會就僱員至報告日期所提供之服務而未享有之年假所產生之估計負債作出撥備。

如病假及產假等非累計薪休假於提取假期時方予確認。

(u) 以股份為基礎之補償

本集團就僱員及董事薪酬設立以股本結算之以股份為基礎之補償計劃。

本集團就交換僱員服務而授出之以股份為基礎之補償均按公平值計算價值，以所授出購股權之價值間接釐定。計價以授出日期為準，須扣除與市場無關之歸屬條件影響之價值（如盈利能力及銷售增長目標）。

就本集團為其他貨品或服務而授出任何以股份為基礎之補償而言，乃直接按所接獲之貨品或服務之公平值計量。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Share-based compensation (Continued)

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the share option reserve in equity. If vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally vested.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. After vesting date, when the vested share options are later forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

3. 重大會計政策概述 (續)

(u) 以股份為基礎之補償 (續)

所有以股份為基礎之補償除非合資格確認為資產，否則於歸屬期於損益表確認為開支（倘歸屬條件適用），或於授出當日所授出股本工具即時歸屬時全數確認為開支，並相應增加權益內之購股權儲備。倘歸屬期條件適用，則根據對預期將會歸屬之股本工具數目作出之最佳估計於歸屬期內確認開支。對預期將歸屬股本工具數目之假設包括非市場歸屬條件。倘其後有跡象顯示預期歸屬之股本工具數目有別於之前所估計數目，則其後對估計作出修訂。倘最終行使之購股權少於原先估計，則不會對以往期間確認之開支作出調整。

購股權獲行使時，先前於購股權儲備中確認之金額會轉撥至股份溢價。於歸屬日後，倘已歸屬之購股權被沒收或於屆滿日期尚未行使，則先前已於購股權儲備內確認之金額將轉撥至累計虧損。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The Group has identified the following reportable segments:

- Exploration of mine; and
- Trading of carpets

Each of these operating segments is managed separately as each of the product and service line requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arms length prices.

The measurement policies the Group used for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except finance costs, income tax and corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

Segment assets include all assets but corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

No asymmetrical allocations have been applied to reportable segments.

3. 重大會計政策概述 (續)

(v) 分類報告

本集團根據定期向本集團執行董事匯報以供決定分配資源至本集團業務分部及檢討該等分部表現之內部財務資料，確立營運分類及編製分類資料。向本集團執行董事報告之內部財務資料乃按照本集團主要產品及服務種類釐定。

本集團已確立以下報告分類：

- 礦區勘探；及
- 買賣地毯

由於各產品及服務種類需要不同資源及不同推銷方式，上述各營運分類單獨分開管理。所有分類間轉讓乃按公平磋商之價格進行。

本集團根據香港財務報告準則第8號報告分類業績之計量政策與根據香港財務報告準則編製之財務報表所採用者相同，惟並非任何營運分類業務活動直接產生之財務成本、所得稅及公司收入及開支不計入營運分類之營運業績。

分類資產包括所有資產，但並非直接與任何營運分類業務活動有關之公司資產不會分配至任何分類，而主要歸入本集團總部。

分類負債不包括並非與任何營運分類業務活動直接有關之公司負債，該公司負債亦不會分配至任何分類。

非對稱分配不應用於報告分類。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (ii) the Group and the party are subject to common control;
- (iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;
- (iv) the party is a member of key management personnel of the Group or is a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3. 重大會計政策概述 (續)

(w) 關連人士

就該等財務報表而言，在下列情況下，有關人士被視為本集團之關連人士：

- (i) 該人士有能力直接或透過一個或多個中介間接控制本集團，對本集團財務及經營政策決策有重大影響力或與其他人士共同擁有本集團之控制權；
- (ii) 本集團與該人士受共同控制；
- (iii) 該人士為本集團之聯營公司或為一間合營企業，本集團為其合營方之一；
- (iv) 該人士為本集團之主要管理層成員，或該人士之直系親屬，或該等個人控制、共同控制或可行使重大影響力之實體；
- (v) 該人士為(i)所述之人士之直系親屬，或該等個人控制、共同控制或可行使重大影響力之實體；或
- (vi) 該人士為就本集團或任何實體（為本集團之關連人士）僱員之利益而設立之離職後福利計劃。

某人士之直系親屬為預期可能於與實體進行交易時影響該人士或受該人士影響之家族成員。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Discontinued operations

A discontinued operation is a clearly distinguishable component of the Group's business that has been disposed of or is classified as held for sale, which represents a separate major line of business or geographical area of operations of the Group.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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, rarely 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:

Depreciation

The Group depreciates its property, plant and equipment using the straight-line method over their estimated useful lives of 4 to 50 years. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

3. 重大會計政策概述 (續)

(x) 已終止經營業務

已終止經營業務為清楚劃分為已出售或分類為持作出售之本集團業務部分，指本集團之獨立主要業務線或經營地區分類。

4. 重大會計估計及判斷

估計及判斷會持續進行評估，並根據過往經驗及其他因素進行評價，包括在有關情況下相信為合理之對未來事件之預測。

本集團對未來作出估計及假設。所得之會計估計因其性質使然，很少會與實際結果一致。下述估計及假設存在可能導致須於下個財政年度對資產及負債之賬面值作出重大調整之重大風險：

折舊

本集團之物業、廠房及設備乃採用直線法按其估計可使用年期4至50年折舊。估計可使用年期反映董事對本集團透過使用本集團之物業、廠房及設備取得未來經濟效益之年期之估計。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Fair value of property, plant and equipment

Property, plant and equipment, other than CIP, are stated at fair value based on the directors' estimate. In determining the fair value, the directors have used a method of valuation which involves certain estimates. The directors have exercised their judgement as to the estimates used, the appropriateness of method of valuation used and that the assumptions used therein are reflective of current market conditions.

Impairment of receivables

The Group's management reviews receivables on a regular basis to determine if any provision for impairment is necessary. The impairment loss on receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Allowances for impairment of receivables are determined by management of the Group based on the repayment history of its debtors and the current market conditions. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. Management reassesses the impairment of receivables, if any, at the reporting date.

Impairment of exploration and evaluation assets

The carrying value of exploration and evaluation assets is reviewed for impairment when events and changes in the estimated commercially viable quantities of mineral resources of the underlying mine indicate that the carrying value of the exploration and evaluation assets may not be recoverable. The Group considers no fact and circumstance occurred which would suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount.

4. 重大會計估計及判斷(續)

物業、廠房及設備之公平值

物業、廠房及設備(在建工程除外)乃根據董事之估計按公平值列賬。董事採用估值法以釐定有關公平值,而有關估值法涉及若干估計。董事已就該等估計及採用之估值方法是否適合而作出判斷,而當中所採用之假設乃反映當前市況。

應收款項減值

本集團管理層會定期審閱應收款項,以釐定是否需要計提減值撥備。當有客觀憑證顯示本集團將無法根據應收款項之原有條款收回所有到期金額時,確定應收款項之減值虧損。應收款項減值撥備乃由本集團管理層根據其債務人之還款記錄及當前市況而釐定。債務人面臨重大財務困難、債務人可能破產或進行財務重組以及拖欠或欠付款額均被視為應收款項減值之跡象。管理層會於報告日期重估應收款項之減值(如有)。

勘探及評估資產之減值

倘相關礦區估計商業上有利之礦產資源數量之事件及變化顯示勘探及評估資產之賬面值可能無法收回,則就勘探及評估資產之賬面值作出減值檢討。本集團認為並無事實及情況可證明勘探及評估資產之賬面值可能高於其可收回金額。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Estimated impairment of goodwill

The Group tests on annual basis whether goodwill is impaired in accordance with the accounting policy stated in note 3(j) and as set out in note 19. The recoverable amounts of CGUs are determined based on value-in-use calculations. These calculations require the use of judgement and estimates of the future cash flows expected to arise from the CGUs, the timeframe for the cash flows forecast and the suitable discount rates in order to calculate the present value. Details in impairment assessment are set out in note 19 to the financial statements.

Valuation of convertible bonds

The directors use their judgement in selecting an appropriate valuation technique for the Group's convertible bonds which are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The fair value of the liability and equity components of the convertible bonds are estimated by an independent professional valuer based on their techniques. The fair value of these components varies with different variables of certain subjective assumptions. Any change in these variables so adopted may materially affect the estimation of the fair value of these components.

Control of Qinghai Forest Source Mining Industry Developing Company Limited ("QHFSMI")

As described in note 18(d) to the financial statements, the directors of the Company are now in the process of changing the directorship and management of one of the subsidiaries of the Group, namely QHFSMI, but the process has not yet been completed up to the date of the approval of the Group's consolidated financial statements. As the Group is the sole shareholders of QHFSMI and after obtaining the legal opinion on the control on QHFSMI, the directors of the Company are of the opinion that the Group has the power to govern the financial and operating policies of QHFSMI under a statute.

4. 重大會計估計及判斷(續)

商譽之估計減值

根據附註3(j)及附註19所載之會計政策，本集團會每年測試商譽是否出現減值。現金產生單位之可收回金額乃根據使用價值之計算結果而釐定。有關計算需要使用對預期將自現金產生單位產生之未來現金流量之判斷及估計，亦需選定現金流量預測之時間範圍及合適之折現率以計算其現值。減值評估之詳情載於財務報表附註19。

可換股債券之估值

董事憑藉彼等之判斷為本集團並無於活躍市場報價之可換股債券選取合適之估值方法。所應用之估值方法為市場參與者通常使用之方法。可換股債券之負債及權益部分之公平值由獨立專業估值師按照彼等之方法進行估計。該等部分之公平值因涉及若干主管假設之變數而不同。一旦所採用之變數出現改變，可能對該等部分之公平值估計造成重大影響。

青海森源礦業開發有限公司(「青海森源」)之控制權

如財務報表附註18(d)所述，本公司董事現正更換本集團附屬公司青海森源之董事及管理層，惟直至本集團綜合財務報表批准日期此事尚未完結。由於本集團為青海森源之唯一股東，及就青海森源之控制權獲得法律意見後，本公司董事認為，根據法規，本集團有權規管青海森源之財務及經營政策。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

5. REVENUE AND OTHER INCOME

The Group's principal activities are disclosed in note 1 to the financial statements. Turnover of the Group is the revenue from these activities. Revenue from the Group's principal activities and other income recognised is as follows:

		Continuing operations 持續經營業務		Discontinued operations 已終止經營業務		Consolidated 綜合	
		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Revenue	收益						
Sale of goods	銷售貨品	10,332	12,846	-	6,418	10,332	19,264
Other income	其他收入						
Bank interest income	銀行利息收入	51	182	-	1	51	183
Interest income from loan receivables	貸款應收款項之 利息收入	1,736	3,738	-	-	1,736	3,738
Gain on disposals of subsidiaries (note)	出售附屬公司之收益 (附註)	703	6,280	8,341	-	9,044	6,280
Sub-leasing rental income	分租租金收入	-	20	-	-	-	20
Sundry income	各項收入	25	532	-	20	25	552
		2,515	10,752	8,341	21	10,856	10,773

Note:

Gain on disposals of subsidiaries

On 16 January 2009, the Group completed the disposal of the entire equity interests in a subsidiary, namely BJFSMI for a consideration of HK\$10,000,000. As at the date of disposal, BJFSMI had net assets of HK\$9,332,000. Accordingly, a gain of HK\$668,000 was recognised in profit or loss during the year. Details of this disposal transaction are fully described in note 36(a).

On 20 March 2009, the Group completed the disposal of the entire equity interests in its subsidiaries, namely Orient Carpet and its subsidiary, namely HZOCCM, for a consideration of HK\$19.3 million of which (a) HK\$12.2 million was used to set off against the net current liabilities of HZOCCM and (b) HK\$7.1 million was paid in cash on completion date. Accordingly, a gain of HK\$8,341,000 was recognised in profit or loss during the year. Details of this disposal transaction are fully described in note 36(c).

5. 收益及其他收入

本集團之主要業務於財務報表附註1披露。本集團營業額為來自該等業務之收益。本集團已確認之主要業務之收益及其他收入載列如下：

		Continuing operations 持續經營業務		Discontinued operations 已終止經營業務		Consolidated 綜合	
		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Revenue	收益						
Sale of goods	銷售貨品	10,332	12,846	-	6,418	10,332	19,264
Other income	其他收入						
Bank interest income	銀行利息收入	51	182	-	1	51	183
Interest income from loan receivables	貸款應收款項之 利息收入	1,736	3,738	-	-	1,736	3,738
Gain on disposals of subsidiaries (note)	出售附屬公司之收益 (附註)	703	6,280	8,341	-	9,044	6,280
Sub-leasing rental income	分租租金收入	-	20	-	-	-	20
Sundry income	各項收入	25	532	-	20	25	552
		2,515	10,752	8,341	21	10,856	10,773

附註：

出售附屬公司之收益

於二零零九年一月十六日，本集團完成出售其於附屬公司北京森源之全部股本權益，代價為10,000,000港元。於出售日期，北京森源擁有資產淨值9,332,000港元。因此，本年度已於損益表確認收益668,000港元。該出售交易之詳情載於附註36(a)。

於二零零九年三月二十日，本集團完成出售其於東方地毯及其附屬公司（惠州東方地毯）（均為本集團附屬公司）之全部股本權益，代價為19,300,000港元，其中(a)12,200,000港元已用於抵銷惠州東方地毯之流動負債淨額及(b)7,100,000港元已於完成日期以現金償付。因此，本年度已於損益表確認收益8,341,000港元。該出售交易之詳情載於附註36(c)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

5. REVENUE AND OTHER INCOME (Continued)

Note: (Continued)

Gain on disposals of subsidiaries (Continued)

On 30 April 2009, the Group completed the disposal of the entire equity interests in its subsidiaries, namely Jackley China and its subsidiaries, for a consideration of HK\$1. As at the date of disposal, Jackley China and its subsidiaries had net liabilities of HK\$2,000. Accordingly, a gain of HK\$2,000 was recognised in profit or loss during the year. Details of this disposal transaction are fully described in note 36(d).

On 4 May 2009, the Group completed the disposal of the entire equity interests in its subsidiaries, namely 626 Limited and its subsidiary, HKFSMID, for a consideration of HK\$1. As at the date of disposal, 626 Limited and its subsidiary had net liabilities of HK\$33,000. Accordingly, a gain of HK\$33,000 was recognised in profit or loss during the year. Details of this disposal transaction are fully described in note 36(e).

On 6 March 2008, the Group disposed of all 75.5% equity interests in a subsidiary, namely Kaicheng (Hong Kong) Company Limited ("Kaicheng"), for a consideration of HK\$1. As at the date of disposal, Kaicheng had net liabilities of HK\$842,000. Accordingly, a gain of HK\$842,000 was recognised in profit or loss during 2008. Details of this disposal transaction are fully described in note 36(g).

On 30 May 2008, the Group disposed of all 51% equity interests in a subsidiary, namely International Carpet Company Limited ("ICC"), for a consideration of HK\$200,000. As at the date of disposal, ICC had net liabilities of HK\$5,238,000. Accordingly, a gain of HK\$5,438,000 was recognised in profit or loss during 2008. Details of this disposal transaction are fully described in note 36(h).

5. 收益及其他收入 (續)

附註：(續)

出售附屬公司之收益 (續)

於二零零九年四月三十日，本集團完成出售其於Jackley China及其附屬公司（均為本集團附屬公司）之全部股本權益，代價為1港元。於出售日期，Jackley China及其附屬公司擁有負債淨額2,000港元。因此，本年度已於損益表確認收益2,000港元。該出售交易之詳情載於附註36(d)。

於二零零九年五月四日，本集團完成出售其於626有限公司及其附屬公司香港森源礦業開發（均為本集團附屬公司）之全部股本權益，代價為1港元。於出售日期，626有限公司及其附屬公司擁有負債淨額33,000港元。因此，本年度已於損益表確認收益33,000港元。該出售交易之詳情載於附註36(e)。

於二零零八年三月六日，本集團以代價1港元出售其於附屬公司凱晟（香港）有限公司（「凱晟」）全部75.5%股本權益。於出售日期，凱晟擁有負債淨額842,000港元。因此，二零零八年已於損益表確認收益842,000港元。該出售交易之詳情載於附註36(g)。

於二零零八年五月三十日，本集團以代價200,000港元出售其於國際地毯有限公司（「國際地毯」）全部51%股本權益。於出售日期，國際地毯擁有負債淨額5,238,000港元。因此，二零零八年已於損益表確認收益5,438,000港元。該出售交易之詳情載於附註36(h)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

6. SEGMENT INFORMATION

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to management of the Group for their decisions about resources allocation to the Group's business components and review of these components' performance. The business components in the internal reporting to management of the Group are determined following the Group's major product and service lines. The Group has identified the following reportable segments.

- (a) the exploration of mine in the PRC (Commercial operations has not yet been commenced during the year); and
- (b) the trading of carpets segment represents the trading of carpets of renowned brand names.

There was no intersegment sale and transfer during the year (2008: Nil).

6. 分類資料

本集團已根據定期向本集團管理層匯報以供決定分配資源至本集團業務分部及檢討該等分部表現之內部財務資料，確立其營運分類及編製分類資料。向本集團管理層進行內部報告之業務分部乃按照本集團主要產品及服務種類釐定。本集團已確立以下報告分類。

- (a) 中國礦區勘探（年內尚未開始商業經營）；及
- (b) 買賣地毯分類指買賣馳名品牌之地毯。

於年內並無分類間之出售及轉讓（二零零八年：無）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

6. SEGMENT INFORMATION (Continued)

6. 分類資料 (續)

		Exploration of mine 礦區勘探		Trading of carpets 買賣地毯		Consolidated 綜合	
		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Reportable segment revenue:	報告分類收益：						
From external customers	來自外間客戶之收益	-	-	10,332	12,846	10,332	12,846
Reportable segment loss	報告分類虧損	(406,344)	(266,235)	(1,571)	(9,896)	(407,915)	(276,131)
Bank interest income	銀行利息收入	1	48	-	93	1	141
Depreciation	折舊	811	937	-	50	811	987
Assets in disposal group classified as held for sale – loss on re-measurement to fair value less costs to sell	出售集團分類為持作出售之資產—重新計量公平值減銷售成本之虧損	-	1,730	-	-	-	1,730
Impairment loss on goodwill	商譽減值虧損	368,401	253,030	-	-	368,401	253,030
Provision for impairment loss of other receivables	其他應收款項減值虧損撥備	30,965	-	-	-	30,965	-
Gain on disposals of subsidiaries	出售附屬公司之收益	668	-	33	5,438	701	5,438
Reportable segment assets	報告分類資產	369,990	774,902	958	1,275	370,948	776,177
Additions to non-current segment assets during the year	本年度非流動分類資產增加	4,497	1,030	-	61	4,497	1,091
Reportable segment liabilities	報告分類負債	39,220	199,442	51	52	39,271	199,494

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

6. SEGMENT INFORMATION (Continued)

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

Group	本集團	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Reportable segment revenue	報告分類收益	10,332	12,846
Revenue from discontinued operations	已終止經營業務之收益	–	6,418
Consolidated revenue	綜合收益	10,332	19,264
Reportable segment loss	報告分類虧損	(407,915)	(276,131)
Finance costs	財務成本	(7,920)	(22,521)
Other unallocated income	其他未分配收入	764	8,209
Other unallocated expenses	其他未分配開支	(25,457)	(28,374)
Loss before income tax and discontinued operations	除所得稅及已終止經營業務前虧損	(440,528)	(318,817)
Reportable segment assets	報告分類資產	370,948	776,177
Other corporate assets	其他公司資產	298,626	2,831
Assets in disposal group classified as held for sale	分類為持作出售之出售集團之資產	–	61,589
Group assets	集團資產	669,574	840,597
Reportable segment liabilities	報告分類負債	39,271	199,494
Other corporate liabilities	其他公司負債	2,567	7,053
Liabilities in disposal group classified as held for sale	分類為持作出售之出售集團之負債	–	50,271
Group liabilities	集團負債	41,838	256,818

6. 分類資料 (續)

就本集團營運分類所呈列之總金額與財務報表中呈列之本集團主要財務數字的對賬如下：

Group	本集團	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Reportable segment revenue	報告分類收益	10,332	12,846
Revenue from discontinued operations	已終止經營業務之收益	–	6,418
Consolidated revenue	綜合收益	10,332	19,264
Reportable segment loss	報告分類虧損	(407,915)	(276,131)
Finance costs	財務成本	(7,920)	(22,521)
Other unallocated income	其他未分配收入	764	8,209
Other unallocated expenses	其他未分配開支	(25,457)	(28,374)
Loss before income tax and discontinued operations	除所得稅及已終止經營業務前虧損	(440,528)	(318,817)
Reportable segment assets	報告分類資產	370,948	776,177
Other corporate assets	其他公司資產	298,626	2,831
Assets in disposal group classified as held for sale	分類為持作出售之出售集團之資產	–	61,589
Group assets	集團資產	669,574	840,597
Reportable segment liabilities	報告分類負債	39,271	199,494
Other corporate liabilities	其他公司負債	2,567	7,053
Liabilities in disposal group classified as held for sale	分類為持作出售之出售集團之負債	–	50,271
Group liabilities	集團負債	41,838	256,818

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

6. SEGMENT INFORMATION (Continued)

The Group's revenues from external customers are divided into the following geographical areas:

		Hong Kong (Domicile) 香港 (居籍)		Macau 澳門		PRC 中國		United States of America 美國		Consolidated 綜合	
		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元								
Reportable segment revenue:	報告分類收益：										
From external customers	來自外間客戶	10,332	7,810	-	135	-	3,117	-	1,784	10,332	12,846
Non-current assets	非流動資產	185,027	332	-	-	369,772	734,663	-	-	554,799	734,995

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of non-current assets is based on the physical location of the asset.

For the year ended 31 December 2009, HK\$10,332,000 or 100% of the Group's revenues were derived from a single customer in its trading of carpets segment (2008: HK\$2,024,000 or 16%). As at 31 December 2009, no trade receivables were due from this customer (2008: HK\$43,000).

6. 分類資料 (續)

本集團來自外間客戶之收益按以下地區劃分：

客戶所在地區乃根據所提供服務或交付貨品之地區劃分。非流動資產所在地區乃根據資產所在地劃分。

截至二零零九年十二月三十一日止年度，本集團之收益10,332,000港元或100%（二零零八年：2,024,000港元或16%）乃來自買賣地毯分類之一名單一客戶。於二零零九年十二月三十一日，並無來自該客戶之應收貿易賬項（二零零八年：43,000港元）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

7. FINANCE COSTS

7. 財務成本

		Continuing operations 持續經營業務	
		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Interest on bank and other borrowings due within one year	一年內到期之銀行及其他借款利息	1,518	624
Finance leases	融資租約	5	13
Imputed interest on convertible bonds (note 30)	可換股債券之推算利息(附註30)	6,397	21,884
		7,920	22,521

8. LOSS BEFORE INCOME TAX

8. 除所得稅前虧損

Loss before income tax is arrived at after charging/(crediting) the following:

除所得稅前虧損已扣除/(計入)以下各項:

		Continuing operations 持續經營業務		Discontinued operations 已終止經營業務		Consolidated 綜合	
		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Cost of inventories recognised as expense	確認為開支之存貨成本	10,020	10,506	-	6,513	10,020	17,019
Depreciation (note a below)	折舊(下文附註a)						
- owned assets	- 自置資產	958	2,170	-	1,185	958	3,355
- leased assets	- 租賃資產	63	94	-	-	63	94
		1,021	2,264	-	1,185	1,021	3,449
Amortisation of prepaid lease payments	預付租賃款項攤銷	-	-	-	244	-	244
Auditors' remuneration	核數師酬金	510	494	-	-	510	494
Assets in disposal group classified as held for sale - loss on re-measurement to fair value less costs to sell	出售集團分類為持作出售之資產-重新計量公平值減銷售成本之虧損	-	1,730	-	13,680	-	15,410
Bad debts written off	撇銷壞賬	-	-	-	11,720	-	11,720
Exchange loss, net	匯兌虧損淨額	-	400	-	-	-	400
Gain on disposals of subsidiaries	出售附屬公司之收益	(703)	(6,280)	(8,341)	-	(9,044)	(6,280)
Impairment loss of goodwill (note 19)	商譽減值虧損(附註19)	368,401	253,030	-	-	368,401	253,030
Loss on deemed disposal of subsidiaries (note 37) **	視作出售附屬公司之虧損(附註37)**	-	11,027	-	-	-	11,027
Loss on disposal of subsidiaries (note b below) **	出售附屬公司之虧損(下文附註b)**	10,534	-	-	-	10,534	-
Loss on disposals of property, plant and equipment **	出售物業、廠房及設備之虧損**	10	2,090	-	-	10	2,090
Operating lease charges on land and buildings	土地及樓宇之經營租約費用	1,449	6,936	-	154	1,449	7,090
Outgoings in respect of leasing properties	有關租賃物業之支出	220	1,545	-	-	220	1,545
Provision for impairment loss of other receivables (note 24)**	其他應收款項減值虧損撥備(附註24)**	30,965	-	-	-	30,965	-
Staff costs, including directors' emoluments (note 14)	員工成本,包括董事酬金(附註14)	4,426	20,807	-	1,500	4,426	22,307

** Included in "Other operating expenses" on the face of the consolidated income statement.

** 已計入綜合損益表之「其他經營開支」。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

8. LOSS BEFORE INCOME TAX (Continued)

Notes:

- (a) No depreciation expenses (2008: HK\$810,000) were included in cost of sales and depreciation expenses of HK\$1,021,000 (2008: HK\$2,639,000) were included in administrative expenses.
- (b) On 21 August 2009, the Group completed the disposal of the entire equity interests in its subsidiaries, namely AIEL and its subsidiaries, for a consideration of HK\$2,000,000. As at the date of disposal, AIEL and its subsidiaries had net assets of HK\$12,534,000. Accordingly, a loss of HK\$10,534,000 was recognised in profit or loss during the year. Details of this disposal transaction are fully described in note 36(f).

9. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided as the Group had no estimated assessable profits arising in or derived from Hong Kong for both years. PRC foreign enterprise income tax has not been provided as the PRC subsidiaries incurred assessable losses for both years.

Reconciliation between income tax expense and the accounting loss at applicable tax rates:

8. 除所得稅前虧損 (續)

附註：

- (a) 並無折舊開支（二零零八年：810,000港元）計入銷售成本，折舊開支1,021,000港元（二零零八年：2,639,000港元）計入行政開支。
- (b) 於二零零九年八月二十一日，本集團以代價2,000,000港元出售其於AIEL及其附屬公司（為本集團附屬公司）之全部股本權益。於出售日期，AIEL及其附屬公司擁有資產淨值12,534,000港元。因此，本年度已於損益表確認虧損10,534,000港元。該出售交易之詳情載於附註36(f)。

9. 所得稅開支

由於本集團於兩個年度均無在香港產生任何估計應課稅溢利，故並無就香港利得稅作出撥備。由於中國附屬公司於兩個年度均錄得應課稅虧損，故並無就中國外資企業所得稅作出撥備。

按適用稅率計算之所得稅開支與會計虧損之對賬如下：

		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Loss before income tax	除所得稅前虧損	(432,187)	(348,482)
Tax at the applicable rates to profit in the tax jurisdictions concerned	對於所涉稅務司法權區之溢利按適用稅率計算之稅項	(72,125)	(79,279)
Tax effect of non-taxable income	非課稅收入之稅務影響	(474)	(2,030)
Tax effect of non-deductible expenses	不可扣稅開支之稅務影響	71,877	76,132
Tax effect of unrecognised temporary differences	未確認暫時性差異之稅務影響	-	57
Tax effect of prior year's unrecognised tax losses utilised this year	本年度動用上年度之未確認稅務虧損之稅務影響	(83)	-
Tax effect of tax losses not recognised	未確認稅項虧損之稅務影響	805	5,120
Income tax expense	所得稅開支	-	-

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

10. DIVIDEND

The board of directors did not recommend any payment of dividend during the year (2008: Nil).

11. DISCONTINUED OPERATIONS

As mentioned in note 1, during the year ended 31 December 2008, the business of carpet manufacturing was carried out by its disposed subsidiaries, namely HZOCM and Tang Shan Win Alliance (collectively referred to as the "Carpet Manufacturing Group") whilst the business of goods trading was carried out by the Group's other disposed subsidiaries, namely Wise Mount and Win Alliance (collectively referred to as the "Goods Trading Business Group"). As these two businesses had been suffering persistent losses, on 4 December 2008, the Group entered into two separate sale and purchase agreements to dispose of the Carpet Manufacturing Group and the Goods Trading Business Group. The Carpet Manufacturing Group and the Goods Trading Business Group are collectively referred to as Discontinued Operations (note 26). The disposals of the Carpet Manufacturing Group and the Goods Trading Business Group were completed in March and February 2009 respectively. The comparative figures for the year ended 31 December 2008 present these two businesses as discontinued operations in accordance with HKFRS 5.

10. 股息

年內，董事會建議不派付任何股息（二零零八年：無）

11. 已終止經營業務

如附註1所述，於截至二零零八年十二月三十一日止年度，地毯製造業務乃由本集團已出售之附屬公司惠州東方地毯及唐山勝盟（統稱為「地毯製造集團」）進行，而貨品買賣業務則由本集團已出售之其他附屬公司智峰及勝盟（統稱為「貨品買賣業務集團」）進行。由於上述兩項業務一直蒙受虧損，故本集團於二零零八年十二月四日訂立兩份獨立買賣協議，以出售地毯製造集團及貨品買賣業務集團。地毯製造集團及貨品買賣業務集團統稱為已終止經營業務（附註26）。地毯製造集團及貨品買賣業務集團出售事項分別於二零零九年三月及二月完成。截至二零零八年十二月三十一日止年度之比較數字根據香港財務報告準則第5號將上述兩項業務呈列為已終止經營業務。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

11. DISCONTINUED OPERATIONS (Continued)

An analysis of the results and cash flows of Discontinued Operations included in the consolidated income statement and the consolidated statement of cash flows was as follows:

		2009 二零零九年			2008 二零零八年		
		The Carpet Manufacturing Business HK\$'000 地毯製造業務 千港元	The Goods Trading Business HK\$'000 貨品買賣業務 千港元	Total HK\$'000 總計 千港元	The Carpet Manufacturing Business HK\$'000 地毯製造業務 千港元	The Goods Trading Business HK\$'000 貨品買賣業務 千港元	Total HK\$'000 總計 千港元
Revenue	收益	-	-	-	6,418	-	6,418
Other income	其他收入	-	-	-	21	-	21
Expenses	開支	-	-	-	(10,364)	(12,060)	(22,424)
		-	-	-	(3,925)	(12,060)	(15,985)
Income tax expense	所得稅開支	-	-	-	-	-	-
		-	-	-	(3,925)	(12,060)	(15,985)
Loss on re-measurement to fair value less costs to sell	重新計量公平值減銷售成本之虧損	-	-	-	(11,540)	(2,140)	(13,680)
Gain on disposals of subsidiaries (note 36(c))	出售附屬公司之收益 (附註36(c))	8,341	-	8,341	-	-	-
Gain/(Loss) for the year from discontinued operations	已終止經營業務之本年度收益/(虧損)	8,341	-	8,341	(15,465)	(14,200)	(29,665)
Operating cash flows	經營現金流	-	-	-	2	(1)	1
Investing cash flows	投資現金流	-	-	-	(153)	-	(153)
Total cash flows	總現金流	-	-	-	(151)	(1)	(152)

Depreciation of property, plant and equipment and amortisation of prepaid lease payments of Discontinued Operations are set out in note 8.

Employee benefit expense of Discontinued Operations is set out in note 14.

There were no assets and liabilities of Discontinued Operations as at 31 December 2009. Assets and liabilities of Discontinued Operations as at 31 December 2008 are set out in note 26 in details.

11. 已終止經營業務 (續)

載列於綜合損益表及綜合現金流量表之已終止經營業務之業績及現金流量分析如下：

已終止經營業務之物業、廠房及設備折舊及預付租賃款項攤銷載於附註8。

已終止經營業務之僱員福利開支載於附註14。

於二零零九年十二月三十一日，已終止經營業務已無任何資產及負債。已終止經營業務於二零零八年十二月三十一日之資產及負債詳情載於附註26。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

12. LOSS ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

Of the consolidated loss attributable to the owners of the Company of HK\$432,187,000 (2008: HK\$341,321,000), a loss of HK\$669,839,000 (2008: HK\$54,670,000) has been dealt with in the financial statements of the Company.

13. LOSS PER SHARE

The calculations of basic and diluted losses per share attributable to the owners of the Company are based on the following data:

		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Loss	虧損		
Loss for the year attributable to the owners of the Company for the purpose of basic loss per share	用以計算每股基本虧損本年度本公司擁有人應佔虧損	(432,187)	(341,321)
Number of shares	股份數目		
Weighted average number of ordinary shares for the purpose of basic loss per share, after adjusting for the open offer in 2009	用以計算每股基本虧損普通股之加權平均數 (經調整於二零零九年進行公開發售之影響)	5,281,679,494	2,543,011,265

No diluted loss per share attributable to the owners of the Company is presented for the years ended 31 December 2009 and 2008 as there were no dilutive potential shares.

12. 本公司擁有人應佔虧損

於本公司擁有人應佔綜合虧損432,187,000港元(二零零八年:341,321,000港元)中,為數669,839,000港元(二零零八年:54,670,000港元)之虧損已於本公司財務報表處理。

13. 每股虧損

本公司擁有人應佔每股基本及攤薄虧損乃根據以下數據計算:

由於並無具潛在攤薄影響之股份,故截至二零零九年及二零零八年十二月三十一日止年度並無呈列本公司擁有人應佔每股攤薄虧損。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

13. LOSS PER SHARE (Continued)

From continuing operations:

The calculations of basic and diluted losses per share from continuing operations attributable to the owners of the Company are based on the following data:

		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Loss for the year attributable to the owners of the Company for the purpose of basic loss per share	用以計算每股基本虧損本年度本公司擁有人應佔虧損	(432,187)	(341,321)
Profit/(Loss) for the year from Discontinued Operations	本年度已終止經營業務之溢利/(虧損)	8,341	(29,665)
Less: Loss for the year attributable to non-controlling interests from Discontinued Operations	減：本年度非控股股東權益應佔已終止經營業務虧損	-	(3,617)
Profit/(Loss) for the year attributable to the owners of the Company from Discontinued Operations	本年度本公司擁有人應佔已終止經營業務溢利/(虧損)	8,341	(26,048)
Loss for the year attributable to the owners of the Company for the purpose of basic loss per share from continuing operations	用以計算每股基本虧損本年度本公司擁有人應佔持續經營業務虧損	(440,528)	(315,273)

No diluted loss per share from continuing operations attributable to the owners of the Company is presented for the years ended 31 December 2009 and 2008 as there were no dilutive potential shares.

13. 每股虧損 (續)

來自持續經營業務：

本公司擁有人應佔持續經營業務每股基本及攤薄虧損乃根據以下數據計算：

由於並無具潛在攤薄影響之股份，故截至二零零九年及二零零八年十二月三十一日止年度並無呈列本公司擁有人應佔持續經營業務之每股攤薄虧損。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

13. LOSS PER SHARE (Continued)

From discontinued operations:

Basic earnings per share attributable to the owners of the Company from Discontinued Operations was HK0.1 cent (2008: basic loss of HK1.0 cent per share), based on the earnings for the year attributable to the owners of the Company from Discontinued Operations of approximately HK\$8,341,000 (2008: loss of approximately HK\$26,048,000) and the weighted average number of ordinary shares in issue as set out above.

The loss per share for the year ended 31 December 2008 is restated due to the issuance of new shares upon the open offer in 2009.

14. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

13. 每股虧損 (續)

來自己終止經營業務：

本公司擁有人應佔已終止經營業務每股基本盈利為每股0.1港仙(二零零八年：每股基本虧損為1.0港仙)，乃根據該年度本公司擁有人應佔已終止經營業務盈利約8,341,000港元(二零零八年：虧損約26,048,000港元)及上文所述之已發行普通股加權平均數計算。

截至二零零八年十二月三十一日止年度之每股虧損因二零零九年公開發售時發行新股而予以重列。

14. 僱員福利開支(包括董事酬金)

	Continuing operations 持續經營業務		Discontinued operations 已終止經營業務		Consolidated 綜合	
	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Wages, salaries and allowances 工資、薪金及津貼	4,363	20,434	-	1,410	4,363	21,844
Pension costs – defined contribution plans 退休金成本 一定額供款計劃	63	373	-	90	63	463
	4,426	20,807	-	1,500	4,426	22,307

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

15. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

	Notes	
	附註	
2009		二零零九年
Executive directors		執行董事
Mr. Law Fei Shing		羅輝城先生
Mr. Chan Sung Wai		陳崇煒先生
Mr. Chan Kwok Wing	(i)	陳國榮先生
Mr. Wang Donghai	(ii)	王東海先生
Mr. Zhao Guoqiang	(iii)	趙國強先生
Mr. Fok Po Tin	(iv)	霍寶田先生
Mr. Tam Owen	(v)	譚浩榮先生
Non-executive directors		非執行董事
Mr. Lam Shing Tsun, Edmond	(vi)	林成俊先生
Mr. Zhang Zhenming	(vii)	張振明先生
Independent non-executive directors		獨立非執行董事
Mr. Lum Pak Sum		林柏森先生
Mr. Sun Tak Keung		辛德強先生
Mr. Chow Pui Fung		周培豐先生

Notes:

- (i) Appointed on 3 July 2009.
- (ii) Appointed on 10 September 2009.
- (iii) Appointed on 23 December 2009.
- (iv) Resigned on 16 April 2009.
- (v) Retired on 2 June 2009.
- (vi) Removed on 8 December 2009.
- (vii) Appointed on 17 July 2009.

15. 董事及高級管理人員酬金

(a) 董事酬金

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Contribution to retirement benefit scheme HK\$'000	Total HK\$'000
	袍金 千港元	薪金、津貼及 實物福利 千港元	退休福利 計劃供款 千港元	總計 千港元
2009				
Executive directors				
Mr. Law Fei Shing	-	1,800	12	1,812
Mr. Chan Sung Wai	-	-	-	-
Mr. Chan Kwok Wing	-	-	-	-
Mr. Wang Donghai	-	-	-	-
Mr. Zhao Guoqiang	-	-	-	-
Mr. Fok Po Tin	-	-	-	-
Mr. Tam Owen	-	-	-	-
Non-executive directors				
Mr. Lam Shing Tsun, Edmond	8	-	-	8
Mr. Zhang Zhenming	-	-	-	-
Independent non-executive directors				
Mr. Lum Pak Sum	60	-	-	60
Mr. Sun Tak Keung	30	-	-	30
Mr. Chow Pui Fung	-	-	-	-
	98	1,800	12	1,910

附註：

- (i) 於二零零九年七月三日獲委任。
- (ii) 於二零零九年九月十日獲委任。
- (iii) 於二零零九年十二月二十三日獲委任。
- (iv) 於二零零九年四月十六日辭任。
- (v) 於二零零九年六月二日退任。
- (vi) 於二零零九年十二月八日被罷免。
- (vii) 於二零零九年七月十七日獲委任。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

15. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

	Notes	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Contribution to retirement benefit scheme HK\$'000	Total HK\$'000
	附註	袍金 千港元	薪金、津貼及 實物福利 千港元	退休福利 計劃供款 千港元	總計 千港元
2008	二零零八年				
Executive directors	執行董事				
Mr. Law Fei Shing	羅輝城先生	—	1,800	12	1,812
Mr. So Chi Keung	蘇志強先生 (i)	—	100	5	105
Mr. Fok Po Tin	霍寶田先生 (ii)	—	—	—	—
Mr. Leung Kai Hung	梁啟洪先生 (iii)	—	50	2	52
Mr. Sun Tak Yan, Desmond	孫德仁先生 (iv)	—	71	4	75
Mr. Yeung Delon	楊狄龍先生 (v)	—	220	11	231
Mr. Tam Owen	譚浩榮先生	—	1,600	10	1,610
Dr. Yuen Ming Kai, Clement	袁銘佳博士 (vi)	—	2,850	12	2,862
Mr. Chan Sung Wai	陳崇煒先生 (vii)	—	—	—	—
Non-executive director	非執行董事				
Mr. Lam Shing Tsun, Edmond	林成俊先生	80	—	—	80
Independent non-executive directors	獨立非執行董事				
Mr. Lum Pak Sum	林柏森先生	60	—	—	60
Mr. Sun Tak Keung	辛德強先生	30	—	—	30
Mr. Wan Hon Keung	溫漢強先生 (viii)	28	—	—	28
Mr. Chow Pui Fung	周培豐先生 (ix)	—	—	—	—
		198	6,691	56	6,945

Notes:

- (i) Resigned on 12 November 2008.
- (ii) Resigned on 16 April 2009.
- (iii) Resigned on 29 October 2008.
- (iv) Appointed on 14 July 2008 and resigned on 12 November 2008.
- (v) Resigned on 18 November 2008.
- (vi) Resigned on 1 November 2008.
- (vii) Appointed on 1 November 2008.
- (viii) Resigned on 30 November 2008.
- (ix) Appointed on 30 November 2008.

附註:

- (i) 於二零零八年十一月十二日辭任。
- (ii) 於二零零九年四月十六日辭任。
- (iii) 於二零零八年十月二十九日辭任。
- (iv) 於二零零八年七月十四日獲委任並於二零零八年十一月十二日辭任。
- (v) 於二零零八年十一月十八日辭任。
- (vi) 於二零零八年十一月一日辭任。
- (vii) 於二零零八年十一月一日獲委任。
- (viii) 於二零零八年十一月三十日辭任。
- (ix) 於二零零八年十一月三十日獲委任。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

15. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

During the year, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office (2008: Nil).

There were no arrangements under which a director waived or agreed to waive any remuneration during the year. In 2008, the Group received written consents from certain directors of the Company to waive remuneration of an aggregate amount of HK\$336,000 payable to them.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year included one director (2008: three) and their emoluments are reflected in the above analysis. Details of the emoluments of the remaining four individuals (2008: two) during the year are as follows:

	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Basic salaries, housing benefits, other allowances and benefits in kind	1,032	2,740
Contribution to retirement benefit scheme	40	10
	1,072	2,750

15. 董事及高級管理人員酬金 (續)

(a) 董事酬金 (續)

年內，本集團並無向本公司董事支付任何酬金，作為加入本集團或於加盟時之獎金或作為離職補償（二零零八年：無）。

年內，並無任何董事放棄或同意放棄任何酬金之安排。於二零零八年，本集團收到本公司若干董事放棄本集團應付該等時任董事酬金336,000港元之書面同意。

(b) 五位最高薪酬人士

年內，本集團五位最高薪酬人士包括一位董事（二零零八年：三位），彼等之酬金詳情參考上文分析。年內，餘下四位人士（二零零八年：兩位）之酬金詳情如下：

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

15. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(b) Five highest paid individuals (Continued)

The number of the remaining highest paid individuals whose emoluments fell within the following band is as follows:

	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Nil to HK\$1,000,000 零至1,000,000港元	4	—
HK\$1,000,001 to HK\$1,500,000 1,000,001港元至1,500,000港元	—	1
HK\$1,500,001 to HK\$2,000,000 1,500,001港元至2,000,000港元	—	1
	4	2

During the year, no emoluments were paid by the Group to the above highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2008: Nil).

15. 董事及高級管理人員酬金 (續)

(b) 五位最高薪酬人士 (續)

酬金介乎以下範圍之餘下最高薪酬人士數目如下：

	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Nil to HK\$1,000,000 零至1,000,000港元	4	—
HK\$1,000,001 to HK\$1,500,000 1,000,001港元至1,500,000港元	—	1
HK\$1,500,001 to HK\$2,000,000 1,500,001港元至2,000,000港元	—	1
	4	2

年內，本集團並無向上述最高薪酬人士支付任何酬金，作為加入本集團或於加盟時之獎金或作為離職補償（二零零八年：無）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

16. PROPERTY, PLANT AND EQUIPMENT

(a) Group

		Buildings at the mining site HK\$'000	Buildings HK\$'000	Plant and machinery HK\$'000	Leasehold improvements, furniture, office equipment and motor vehicles HK\$'000	CIP HK\$'000	Total HK\$'000
		採礦地點 之樓宇 千港元	樓宇 千港元	廠房及機器 千港元	租賃物業 裝修、傢俬、 辦公設備及汽車 千港元	在建工程 千港元	總計 千港元
At 1 January 2008	於二零零八年一月一日						
Valuation	估值	-	20,607	29,454	15,922	-	65,983
Cost	成本	-	-	-	-	6,784	6,784
Accumulated depreciation	累計折舊	-	(1,797)	(16,845)	(4,996)	-	(23,638)
Net book amount	賬面淨值	-	18,810	12,609	10,926	6,784	49,129
Year ended 31 December 2008	截至二零零八年 十二月三十一日 止年度						
Opening net book amount	年初賬面淨值	-	18,810	12,609	10,926	6,784	49,129
Transferred from exploration and evaluation assets (note 22)	轉撥自勘探 及評估資產 (附註22)	-	-	-	-	2,002	2,002
Additions	添置	-	-	-	439	890	1,329
Transfer from CIP	轉撥自在建工程	2,892	-	-	-	(2,892)	-
Disposals	出售	-	-	-	(2,126)	-	(2,126)
Disposals of subsidiaries (note 36(h))	出售附屬公司 (附註36(h))	-	-	-	(30)	-	(30)
Reclassified as assets held for sale (note 26)	重新分類為持作出售 資產(附註26)	-	(19,960)	(12,496)	(1,268)	(6,784)	(40,508)
Deemed disposal of subsidiaries (note 37)	視作出售附屬公司 (附註37)	-	-	-	(4,057)	-	(4,057)
Exchange differences	匯兌差額	-	1,397	806	216	-	2,419
Depreciation	折舊	-	(247)	(919)	(2,283)	-	(3,449)
Closing net book amount	年終賬面淨值	2,892	-	-	1,817	-	4,709
At 31 December 2008	於二零零八年 十二月三十一日						
Valuation	估值	2,892	-	-	5,354	-	8,246
Accumulated depreciation	累計折舊	-	-	-	(3,537)	-	(3,537)
Net book amount	賬面淨值	2,892	-	-	1,817	-	4,709
Year ended 31 December 2009	截至二零零九年 十二月三十一日 止年度						
Opening net book amount	年初賬面淨值	2,892	-	-	1,817	-	4,709
Additions	添置	-	-	-	32	-	32
Disposals	出售	-	-	-	(10)	-	(10)
Disposals of subsidiaries (note 36(f))	出售附屬公司 (附註36(f))	-	-	-	(85)	-	(85)
Exchange differences	匯兌差額	(13)	-	-	(7)	-	(20)
Depreciation	折舊	(222)	-	-	(799)	-	(1,021)
Closing net book amount	年終賬面淨值	2,657	-	-	948	-	3,605
At 31 December 2009	於二零零九年 十二月三十一日						
Valuation	估值	2,879	-	-	4,734	-	7,613
Accumulated depreciation	累計折舊	(222)	-	-	(3,786)	-	(4,008)
Net book amount	賬面淨值	2,657	-	-	948	-	3,605

16. 物業、廠房及設備

(a) 本集團

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Group (Continued)

As at 31 December 2009, the directors carried out a valuation to determine the fair value of the Group's property, plant and equipment. The fair values estimated by the directors using a depreciated replacement cost approach do not differ significantly from their carrying amounts and no revaluation adjustment has been recognised in the current year. The effective date of the revaluation was on 31 December 2009.

Had the Group's property, plant and equipment been measured on historical cost basis, their carrying amounts would have been as follows:

		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Buildings at the mining site	採礦地點之樓宇	2,657	2,892
Leasehold improvements, furniture, office equipment and motor vehicles	租賃物業裝修、傢俬、辦公設備 及汽車	948	1,817

As at 31 December 2008, included in the property, plant and equipment were the costs of approximately HK\$474,000 held under a finance lease and the related accumulated depreciation was HK\$355,000. The balances were de-consolidated as a result of disposals of subsidiaries during the year.

Buildings at the mining site are located in the PRC under short-term lease.

16. 物業、廠房及設備 (續)

(a) 本集團 (續)

於二零零九年十二月三十一日，董事就釐定本集團之物業、廠房及設備之公平值進行估值。董事使用折舊重置成本法估計之公平值與其賬面值並無重大差異，且並無於本年度確認重估調整。重估之生效日期為二零零九年十二月三十一日。

倘本集團之物業、廠房及設備按歷史成本基準列賬，其賬面值如下：

		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Buildings at the mining site	採礦地點之樓宇	2,657	2,892
Leasehold improvements, furniture, office equipment and motor vehicles	租賃物業裝修、傢俬、辦公設備 及汽車	948	1,817

於二零零八年十二月三十一日，物業、廠房及設備包括根據一份融資租約持有之成本約474,000港元，以及有關累計折舊355,000港元。由於年內已出售附屬公司，餘額不計入綜合計算。

採礦地點之樓宇位於中國，為短期租賃。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

16. PROPERTY, PLANT AND EQUIPMENT

(Continued)

(b) Company

16. 物業、廠房及設備 (續)

(b) 本公司

		Leasehold improvements, furniture, office equipment and motor vehicles HK\$'000 租賃物業 裝修、傢俬、 辦公設備及汽車 千港元
At 1 January 2008	於二零零八年一月一日	
Valuation	估值	435
Accumulated depreciation	累計折舊	(278)
Net book amount	賬面淨值	<u>157</u>
Year ended 31 December 2008	截至二零零八年十二月三十一日止年度	
Opening net book amount	年初賬面淨值	157
Additions	添置	16
Depreciation	折舊	(90)
Closing net book amount	年終賬面淨值	<u>83</u>
At 31 December 2008	於二零零八年十二月三十一日	
Valuation	估值	451
Accumulated depreciation	累計折舊	(368)
Net book amount	賬面淨值	<u>83</u>
Year ended 31 December 2009	截至二零零九年十二月三十一日止年度	
Opening net book amount	年初賬面淨值	83
Depreciation	折舊	(73)
Closing net book amount	年終賬面淨值	<u>10</u>
At 31 December 2009	於二零零九年十二月三十一日	
Valuation	估值	451
Accumulated depreciation	累計折舊	(441)
Net book amount	賬面淨值	<u>10</u>

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

17. PREPAID LEASE PAYMENTS – GROUP

These represented the Group's interests in leasehold land and land use rights in the PRC, held on leases between 10 and 50 years. Changes to the carrying amounts presented in the statement of financial position are summarised as follows:

		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Opening net carrying amount	年初賬面淨值	–	13,926
Exchange differences	匯兌差額	–	380
Amortisation of prepaid lease payments	預付租賃款項攤銷	–	(244)
Reclassified as assets in disposals group classified as held for sale (note 26)	重新分類為出售集團分類為持作出售之資產(附註26)	–	(14,062)
Closing net carrying amount	年終賬面淨值	–	–

As at 31 December 2008, the Group had not yet obtained the relevant land use rights certificate for prepaid lease payments with the carrying amount of approximately HK\$8,640,000 which was reclassified as assets held for sale (note 26).

These prepaid lease payments are no longer held by the Group as a result of disposals of subsidiaries during the year.

18. INTERESTS IN SUBSIDIARIES – COMPANY

		Notes 附註	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Investments	投資			
– Unlisted shares, at cost	– 非上市股份，按成本值	(a)	–	76,432
Due from subsidiaries	應收附屬公司款項	(b)	1,031,360	1,227,147
Due to a subsidiary	應付一間附屬公司款項	(b)	–	(5)
Loans to a subsidiary	給予一間附屬公司之貸款	(c)	2,423	11,956
			1,033,783	1,315,530
Provision for impairment loss	減值虧損撥備		(694,443)	(316,929)
			339,340	998,601

17. 預付租賃款項 – 本集團

該等款項代表本集團按租期介乎10至50年於中國持有之租賃土地及土地使用權之權益。於財務狀況表呈列之賬面值變動概述如下：

於二零零八年十二月三十一日，本集團尚未取得賬面值約8,640,000港元之預付租賃款項之相關土地使用權證，該賬面值被重新分類為持作出售資產（附註26）。

由於年內已出售附屬公司，故本集團不再持有該等預付租賃款項。

18. 於附屬公司之權益 – 本公司

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

18. INTERESTS IN SUBSIDIARIES – COMPANY (Continued)

Movement in the provision for impairment of interests in subsidiaries is as follows:

		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
At 1 January	於一月一日	(316,929)	(295,279)
Additional impairment during the year	年內額外減值	(652,116)	(21,650)
Reversal of impairment as a result of disposals of subsidiaries	因出售附屬公司撥回減值	274,602	-
At 31 December	於十二月三十一日	(694,443)	(316,929)

Notes:

- (a) Particulars of the principal subsidiaries are as follows:
- (i) Particulars of the principal subsidiaries as at 31 December 2009 are follows:

Name 公司名稱	Place of incorporation/ establishment 註冊成立/成立地點	Paid-up share/ registered capital 實繳股本/註冊資本	Percentage of equity attributable to the Company 本公司應佔股本百分比	Principal activities and place of operation 主要業務及經營地點
Directly held 直接持有				
Smooth Way International Limited 順威國際有限公司	British Virgin Islands 英屬處女群島	Ordinary US\$1 普通股1美元	100%	Investment holding, Hong Kong 投資控股·香港
Cheerful Dragon Limited 怡龍有限公司	British Virgin Islands 英屬處女群島	Ordinary US\$1 普通股1美元	100%	Investment holding, Hong Kong 投資控股·香港
Precious New Limited 寶穎有限公司	British Virgin Islands 英屬處女群島	Ordinary US\$1 普通股1美元	100%	Investment holding, Hong Kong 投資控股·香港

18. 於附屬公司之權益—本公司 (續)

於附屬公司之權益之減值撥備變動如下：

	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
At 1 January	(316,929)	(295,279)
Additional impairment during the year	(652,116)	(21,650)
Reversal of impairment as a result of disposals of subsidiaries	274,602	-
At 31 December	(694,443)	(316,929)

附註：

- (a) 主要附屬公司詳情如下：
- (i) 於二零零九年十二月三十一日之主要附屬公司之詳情如下：

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

18. INTERESTS IN SUBSIDIARIES – COMPANY

(Continued)

Notes: (Continued)

(a) Particulars of the principal subsidiaries are as follows:
(Continued)

(i) Particulars of the principal subsidiaries as at 31 December 2009 are follows: (Continued)

Name 公司名稱	Place of incorporation/ establishment 註冊成立/成立地點	Paid-up share/ registered capital 實繳股本/註冊資本	Percentage of equity attributable to the Company 本公司應佔股本百分比	Principal activities and place of operation 主要業務及經營地點
Indirectly held 間接持有				
Energy International Investments Holdings Limited 能源國際投資控股有限公司	Hong Kong 香港	Ordinary HK\$1 普通股1港元	100%	Investment holding, Hong Kong 投資控股·香港
Treasure Tone Limited 富裕通有限公司	Hong Kong 香港	Ordinary HK\$1 普通股1港元	100%	Investment holding, Hong Kong 投資控股·香港
Ho Fai** 皓暉**	Hong Kong 香港	Ordinary HK\$1 普通股1港元	100%	Trading of carpets, Hong Kong 買賣地毯·香港
Kanson Development Limited ("Kanson") Kanson Development Limited (「Kanson」)	British Virgin Islands 英屬處女群島	Ordinary US\$200 普通股200美元	100%	Investment holding, Hong Kong 投資控股·香港

18. 於附屬公司之權益—本公司

(續)

附註：(續)

(a) 主要附屬公司詳情如下：(續)

(i) 於二零零九年十二月三十一日
之主要附屬公司之詳情如下：
(續)

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

18. INTERESTS IN SUBSIDIARIES – COMPANY (Continued)

Notes: (Continued)

(a) Particulars of the principal subsidiaries are as follows:
(Continued)

(i) Particulars of the principal subsidiaries as at 31 December 2009 are follows: (Continued)

Name 公司名稱	Place of incorporation/ establishment 註冊成立/成立地點	Paid-up share/ registered capital 實繳股本/註冊資本	Percentage of equity attributable to the Company 本公司應佔股本百分比	Principal activities and place of operation 主要業務及經營地點
Indirectly held (Continued) 間接持有 (續)				
QHFSMI (note 4 and note (d) below) 青海森源 (附註4及下文附註(d))	PRC 中國	HK\$40,000,000 40,000,000港元	100% 100%	Exploration of mine, PRC 礦區勘探·中國
Inner Mongolia Forest Source Mining Industry Developing Company Limited ("IMFSMI") (note 43(a) and note (d) below) 內蒙古森源礦業開發有限公司 (「內蒙古森源」) (附註43(a)及下文附註(d))	PRC 中國	Not yet paid up 尚未繳足	100% 100%	Not yet commenced business 尚未開始經營業務
Hong Kong Forest Source Mining Industry Holding Company Limited ("HKFSMIH")** 香港森源礦業控股有限公司 (「香港森源」)**	Hong Kong 香港	Ordinary HK\$70,000,000 普通股 70,000,000港元	100% 100%	Investment holding, Hong Kong 投資控股·香港

** Subsidiaries audited by Grant Thornton Hong Kong.

** 該等附屬公司經均富香港審核。

18. 於附屬公司之權益—本公司 (續)

附註：(續)

(a) 主要附屬公司詳情如下：(續)

(i) 於二零零九年十二月三十一日之主要附屬公司之詳情如下：
(續)

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

18. INTERESTS IN SUBSIDIARIES – COMPANY (Continued)

Notes: (Continued)

(a) Particulars of the principal subsidiaries are as follows:
(Continued)

(ii) Particulars of the principal subsidiaries disposed of during the year (note 36) are as follows:

Name 公司名稱	Place of incorporation/ establishment 註冊成立/成立地點	Paid-up share/ registered capital 實繳股本/註冊資本	Percentage of equity attributable to the Company 本公司應佔股本百分比	Principal activities and place of operation 主要業務及經營地點
Directly held 直接持有				
Jackley China	British Virgin Islands	Ordinary US\$100	100%	Investment holding, Hong Kong
Jackley China	英屬處女群島	普通股100美元	100%	投資控股·香港
AIEL	British Virgin Islands	Ordinary US\$2	100%	Investment holding, Hong Kong
AIEL	英屬處女群島	普通股2美元	100%	投資控股·香港
Indirectly held 間接持有				
BJFSMI	PRC	RMB15,000,000	100%	Mineral dressing and trading of mineral resources, PRC
北京森源	中國	人民幣15,000,000元	100%	選礦及買賣礦物資源· 中國
Wise Mount	Hong Kong	Ordinary HK\$1	100%	Investment holding, Hong Kong
智峰	香港	普通股1港元	100%	投資控股·香港
Win Alliance	Hong Kong	Ordinary HK\$1,000,000	70%	Trading of goods, Hong Kong
勝盟	香港	普通股 1,000,000港元	70%	買賣貨品·香港
Tang Shan Win Alliance	PRC	US\$61,800	70%	Manufacture of carpets, PRC
唐山勝盟	中國	61,800美元	70%	製造地毯·中國
Orient Carpet	Hong Kong	Ordinary HK\$10,000	100%	Investment holding and trading of carpets, Hong Kong
東方地毯	香港	普通股10,000港元	100%	投資控股及買賣地毯· 香港

18. 於附屬公司之權益—本公司 (續)

附註：(續)

(a) 主要附屬公司詳情如下：(續)

(ii) 年內出售之主要附屬公司(附註36)之詳情如下：

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

18. INTERESTS IN SUBSIDIARIES – COMPANY

(Continued)

Notes: (Continued)

(a) Particulars of the principal subsidiaries are as follows:
(Continued)

(ii) Particulars of the principal subsidiaries disposed of during the year (note 36) are as follows: (Continued)

Name 公司名稱	Place of incorporation/ establishment 註冊成立/成立地點	Paid-up share/ registered capital 實繳股本/註冊資本	Percentage of equity attributable to the Company 本公司應佔股本百分比	Principal activities and place of operation 主要業務及經營地點
Indirectly held (Continued) 間接持有 (續)				
HZOCM	PRC	US\$4,940,000	100%	Manufacture and sale of carpets, PRC
惠州東方地毯	中國	4,940,000美元	100%	製造及銷售地毯·中國
Orient Finance (Hong Kong) Limited ("Orient Finance HK")	Hong Kong	Ordinary HK\$10,000	100%	Provision of finance, Hong Kong
東方財務(香港)有限公司 (「香港東方財務」)	香港	普通股10,000港元	100%	提供融資·香港
626 Limited	Hong Kong	Ordinary HK\$1	100%	Trading of carpets, Hong Kong
626有限公司	香港	普通股1港元	100%	買賣地毯·香港
HKFSMID	Hong Kong	Ordinary HK\$1	100%	Dormant, Hong Kong
香港森源礦業開發	香港	普通股1港元	100%	暫無業務·香港
Go On Foundate Company Limited ("Go On")	Hong Kong	Ordinary HK\$2	100%	Dormant, Hong Kong
高安創建有限公司 (「高安」)	香港	普通股2港元	100%	暫無業務·香港
Wellspark Holdings Limited	Hong Kong	Ordinary HK\$1	100%	Investment holding, Hong Kong
曜輝集團有限公司	香港	普通股1港元	100%	投資控股·香港

The above tables list the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

上表載列董事認為於本年度對本集團之業績有重大影響或佔本集團絕大部分資產淨值之本公司之附屬公司。董事認為，提供其他附屬公司之詳情將過於冗長。

18. 於附屬公司之權益—本公司

(續)

附註：(續)

(a) 主要附屬公司詳情如下：(續)

(ii) 年內出售之主要附屬公司(附註36)之詳情如下：(續)

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

18. INTERESTS IN SUBSIDIARIES – COMPANY

(Continued)

Notes: (Continued)

- (b) These amounts are unsecured, interest-free and are not expected to be repaid within the next twelve months. These balances are classified as non-current assets accordingly.
- (c) These are unsecured loans provided to its subsidiary, Kanson and are not repayable within 12 months from the reporting date. Interest is charged on the outstanding balance at the rate of HIBOR plus 1% per annum.
- (d) In September 2009, HKFSMIH, as the immediate holding company of both QHFSMI and IMFSMI, passed the resolutions to remove the legal representative and all the directors of both QHFSMI and IMFSMI. As the legal procedures have not been completed, the legal representative and the directors of QHFSMI have not yet been formally removed and the new legal representative and the director have not yet been formally appointed up to the date of approval of the financial statements.

18. 於附屬公司之權益—本公司

(續)

附註：(續)

- (b) 該等款項為無抵押、免息及預期毋須於未來十二個月內償還。因此，該等結餘分類為非流動資產。
- (c) 提供予其附屬公司Kanson之貸款為無抵押貸款，毋須自報告日期起十二個月內償還未償還結餘之利息按香港銀行同業拆息加年息1厘計算。
- (d) 香港森源（為青海森源及內蒙古森源之直接控股公司）於二零零九年九月通過決議案，罷免青海森源及內蒙古森源之法人代表及全體董事。由於法律程序尚未完結，因此直至財務報表批准日期，青海森源之法人代表及董事尚未正式遭罷免，而新法人代表及董事亦未正式獲委任。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

19. GOODWILL – GROUP

19. 商譽 – 本集團

		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
At 1 January	於一月一日		
Gross carrying amount	賬面總值	1,021,644	684,066
Accumulated impairment	累計減值	(325,611)	(72,581)
Net carrying amount	賬面淨值	696,033	611,485
Opening net carrying amount	年初賬面淨值	696,033	611,485
Acquisition of additional interests in a subsidiary (note 35)	收購一間附屬公司額外權益 (附註35)	–	337,578
Impairment loss	減值虧損	(368,401)	(253,030)
Closing net carrying amount	年終賬面淨值	327,632	696,033
At 31 December	於十二月三十一日		
Gross carrying amount	賬面總值	1,021,644	1,021,644
Accumulated impairment	累計減值	(694,012)	(325,611)
Net carrying amount	賬面淨值	327,632	696,033

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

19. GOODWILL – GROUP (Continued)

Goodwill as at 31 December 2008 and 2009 arose from the acquisitions of Kanson and represented the future economic benefits from a mining project. As at 31 December 2008 and 2009, QHFSMI, a wholly owned subsidiary of Kanson, held an exploration license for a mine located in Inner Mongolia, the PRC.

The carrying amount of goodwill as at 31 December 2008 and 2009 represents the aggregate of goodwill arising from the excess of the cost of investment in Kanson over the Group's interest over the net fair value of Kanson's identifiable assets, liabilities and contingent liabilities for the acquisition of 51% equity interest in Kanson made in 2007 and the goodwill arising from the excess of the additional cost of investment in Kanson over the Group's interest over the related net carrying value of Kanson's identifiable assets, liabilities and contingent liabilities for the acquisition of the remaining 49% equity interest in Kanson made during in 2008 (note 35).

The carrying amount of goodwill has been tested for impairment and its recoverable amount was determined based on value-in-use calculations, performed by an independent firm of professional valuers, LCH (Asia-Pacific) Surveyors Limited, covering a detailed thirteen-year forecast, as approved and considered suitable for the mining industry by the directors. The key assumptions adopted include the mine reserve based on a technical assessment report by consulting geologists and engineers and the expectations for the market development and that the Group is able to obtain the mining rights of the underlying mine from the relevant authorities in the PRC in future and is able to raise fund to finance and develop the mining project. The discount rate on which management has based is determined with reference to specific risks relating to the mining industry and the mining project.

19. 商譽—本集團(續)

於二零零八年及二零零九年十二月三十一日之商譽均產生自收購Kanson，指來自一個採礦項目之日後經濟利益。於二零零八年及二零零九年十二月三十一日，Kanson之全資附屬公司青海森源持有位於中國內蒙古一個礦區之勘探牌照。

於二零零八年及二零零九年十二月三十一日之商譽之賬面值指於Kanson之投資成本超出於二零零七年內收購Kanson 51%股本權益完成時本集團於Kanson之可辨認資產、負債及或然負債之公平淨值之權益而產生之商譽及指於Kanson之額外投資成本超出於二零零八年內收購Kanson餘下49%股本權益完成時本集團於Kanson之可辨認資產、負債及或然負債之有關賬面淨值之權益而產生之商譽之和(附註35)。

商譽之賬面值已作減值測試，其可收回金額由獨立專業估值師利駿行測量師有限公司按照使用價值計算，並按長達十三年之詳細預測。董事已批准上述計算方法，並認為該等方法適合採礦業。採納之主要假設包括按顧問地質師及工程師之技術評估報告得出之煤炭儲量及對市場發展之期望以及本集團能夠於將來取得中國有關機構批出之有關礦區之開採權及籌資為採礦項目融資及發展採礦項目。管理層依據之折現率乃經參考採礦業及採礦項目之特定風險釐定。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

19. GOODWILL – GROUP (Continued)

Given the global financial turmoil which limits the ways of fund raising to meet the future funding requirement of the mining project and the possible deregistration of the vehicle for obtaining the mining license (note 43(a)), the Group intended to slow down the license application for the mining project until (1) further funding can be secured; (2) the change of the local management of both QHFSMI and IMFSMI is completed; (3) the set up of a new vehicle for obtaining the mining license is completed if the current vehicle for obtaining the mining license is deregistered (note 43(a)); and (4) certain amount of work is completed (note 22). As a result of these considerations, which the directors have factored into their value-in-use calculations and forecast, the directors considered that there had been an impairment in goodwill of HK\$368,401,000 (2008: HK\$253,030,000) during the year. Should the discount rate increase and decrease by 1%, with all other variables held constant, the impairment loss would increase and decrease by HK\$27.3 million and HK\$29.6 million respectively for the year ended 31 December 2009.

The discount rates and parameters used in determining the discount rate are shown as below:

		2009 二零零九年	2008 二零零八年
Discount rate	折現率	30.5%	20.0%
Inflation rate	通脹率	3%	2%
Initial life of the project	項目之初步年期	13 years年	13 years年

Management of the Company is not aware of any other probable changes that would necessitate changes in its key estimates which will result in the carrying amount of goodwill exceeding its recoverable amount.

At the time the Group acquired its interest in Kanson, the mining license had not been obtained. As such, the purchase consideration by the Group over the fair value of net assets of Kanson acquired (not including the mining license) was recognised as goodwill accordingly. Any value attributable to the mining potential in Kanson was subsumed into the goodwill arising from the acquisition of Kanson. Effectively substantial amount of the goodwill balance represents the value of mining license. If and when the Group obtains the mining license, the directors intend to write down/amortise the goodwill as the Group extracts and depletes the mining reserves.

19. 商譽－本集團(續)

鑒於全球金融海嘯限制了滿足採礦項目未來資金需求之籌資渠道及取得開採牌照之公司可能被註銷(附註43(a))，本集團擬放緩採礦項目申請牌照之進程直至(1)可獲得進一步資金；(2)青海森源及內蒙古森源當地管理層之變動已告完成；(3)取得開採牌照之新公司完成設立(倘現有為取得開採牌照之公司被註銷(附註43(a)))；及(4)完成工程之若干部分(附註22)。因該等代價(董事已計及使用價值之計算方法及預測)之關係，董事認為年內之商譽減值為368,401,000港元(二零零八年：253,030,000港元)。倘折現率提高及降低1%，並假設所有其他變量維持不變，則截至二零零九年十二月三十一日止年度之減值虧損將分別增加及減少27,300,000港元及29,600,000港元。

釐定折現率使用之折現率及參數呈列如下：

	2009 二零零九年	2008 二零零八年
Discount rate	30.5%	20.0%
Inflation rate	3%	2%
Initial life of the project	13 years年	13 years年

本公司管理層並不知悉任何會導致其主要估計出現變動之任何其他可能變動，致使商譽之賬面值高於其可收回金額。

本集團在收購Kanson之權益時尚未取得開採牌照。因此，本集團就收購之代價較Kanson所收購資產淨值(不包括開採牌照)之公平值高出之部分乃確認為商譽。Kanson開採潛力應佔之任何價值已計入收購Kanson所產生之商譽。實際上，商譽結餘金額之重大部分相當於開採牌照之價值。如本集團取得開採牌照，董事擬因應本集團提取及耗用礦產資源將商譽撇減/攤銷。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS – GROUP

20. 可供出售財務資產—本集團

	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Unlisted equity securities, at cost 非上市證券，按成本	–	12,091

In March 2008, the Company and certain of its subsidiaries, Capital Gain Assets Management Limited (“Capital Gain”), a company in which Mr. Pang Man Kin Nixon (“Mr. Pang”) had beneficial interests, and Mr. Pang entered into an agreement such that, to assume the Group’s obligations to contribute approximately US\$4,070,000 (HK\$31,725,000 equivalent) to the registered capital of Hebei Da Sheng Warranty Company Limited (“Hebei Da Sheng”), 51% previously owned by the Group, the Group agreed to allot and issue 804 ordinary shares of Aurora Logistic Finance Group Inc. (“Aurora Logistic Finance”), previously a 100% subsidiary of the Company, of US\$1.00 each to Capital Gain. As a result, the Group’s interest in the Aurora Logistic Finance and its subsidiaries (the “Deemed Disposal Group”) was diluted from 100% to 19.6%. The balance of available-for-sale financial assets as at 31 December 2008 represented the cost of 19.6% equity interest in the Deemed Disposal Group. Details of the calculation are set out in note 37 to the financial statements.

On 21 August 2009, the Group disposed of AIEL and its subsidiaries, together with the available-for-sale financial assets. Details of the disposals are set out in note 36(f) to the financial statements.

As at 31 December 2008, these assets were stated at cost less impairment as the range of reasonable fair value estimates was so significant that the directors of the Company were of the opinion that their fair value could not be measured reliably.

於二零零八年三月，本公司及其若干附屬公司與Capital Gain Assets Management Limited (「Capital Gain」)(彭文堅先生(「彭先生」)擁有實益權益之公司)及彭先生訂立協議，據此，Capital Gain同意承擔本集團對河北大盛行擔保有限公司(「河北大盛」)(本集團之前擁有51%權益之公司)之註冊資本出資約4,070,000美元(相等於31,725,000港元)之責任，而本集團同意向Capital Gain配發及發行804股Aurora Logistic Finance Group Inc. (「Aurora Logistic Finance」)(本公司之前擁有100%權益之公司)每股面值1.00美元之普通股。因此，本集團於Aurora Logistic Finance及其附屬公司(「視作出售集團」)之權益由100%攤薄至19.6%。於二零零八年十二月三十一日之可供出售財務資產結餘乃於視作出售集團之19.6%股本權益之成本。有關計算詳情載於財務報表附註37。

於二零零九年八月二十一日，本集團已出售AIEL及其附屬公司，連同可供出售財務資產。出售詳情載於財務報表附註36(f)。

於二零零八年十二月三十一日，由於公平合理之估計範圍十分廣泛，本公司董事認為未能可靠計量其公平值，因此該等資產以成本減減值列賬。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

21. DEPOSITS FOR ACQUISITIONS OF SUBSIDIARIES – GROUP AND COMPANY

On 25 September 2009, the Group entered into an agreement with the vendor, Greater Finance Limited (“Greater Finance”) to acquire the entire equity interests in China International Energy Investments (Hong Kong) Limited (together with its subsidiaries collectively referred to as the “China International Group”) for a consideration of HK\$1,500,000,000 (subject to adjustments). The China International Group is principally investing in oil and gas business. As at 31 December 2009, a refundable deposit of HK\$150,000,000 was paid to the vendor by the Company. Details of the acquisition of the China International Group are set out in the Company’s announcement dated on 22 October 2009.

On 5 November 2009, the Group entered into an agreement with the vendor, Maycrown Capital Limited (“Maycrown Capital”) to acquire the entire equity interests in Sunlight Rise Limited (together with its subsidiaries collectively referred to as the “Sunlight Group”) for a consideration of HK\$350,860,000. The Sunlight Group is engaged in the business of generating and supplying electricity and heat by using coke oven gas in the PRC. As at 31 December 2009, a refundable deposit of HK\$35,000,000 was paid to the vendor by the Company. Details of the acquisition of the Sunlight Group are set out in the Company’s announcement dated on 23 November 2009.

As at 31 December 2009, acquisitions of the China International Group and the Sunlight Group have not yet been completed.

22. EXPLORATION AND EVALUATION ASSETS – GROUP

21. 收購附屬公司之按金－本集團及本公司

於二零零九年九月二十五日，本集團與賣方 Greater Finance Limited (「Greater Finance」) 訂立協議以收購於 China International Energy Investments (Hong Kong) Limited (連同其附屬公司統稱為「China International Group」) 之全部股本權益，代價為 1,500,000,000 港元 (可予調整)。China International Group 主要投資於石油及燃氣業務。於二零零九年十二月三十一日，本公司已向賣方支付 150,000,000 港元之可退還按金。有關收購 China International Group 之詳情載於本公司日期為二零零九年十月二十二日之公佈。

於二零零九年十一月五日，本集團與賣方宏達融資有限公司 (「宏達融資」) 訂立協議以收購於傲財有限公司 (連同其附屬公司統稱為「傲財集團」) 之全部股本權益，代價為 350,860,000 港元。傲財集團於中國從事使用焦爐煤氣發電、供電及供熱業務。於二零零九年十二月三十一日，本公司已向賣方支付 35,000,000 港元之可退還按金。有關收購傲財集團之詳情載於本公司日期為二零零九年十一月二十三日之公佈。

於二零零九年十二月三十一日，對 China International Group 及傲財集團之收購尚未完成。

22. 勘探及評估資產－本集團

		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
At 1 January	於一月一日	34,253	27,636
Additions during the year	年內添置	4,465	6,566
Transferred to property, plant and equipment (note 16(a))	轉撥至物業、廠房及設備 (附註16(a))	-	(2,002)
Exchange differences	匯兌差額	(156)	2,053
At 31 December	於十二月三十一日	38,562	34,253

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

22. EXPLORATION AND EVALUATION ASSETS – GROUP (Continued)

The breakdown of exploration and evaluation assets is as follows:

Exploration license	勘探牌照
Technical feasibility studies	技術可行性研究
Exploratory drilling	鑽探
Sampling	採樣
Closing net carrying amount	年終賬面淨值

Regarding the mining project, the Group is still in the process of preparing for the application for the mining license of the mineral resources of the titanium mine. The Group is currently preparing the feasibility report and the integrated utilisation plan, and the application for the approval of the delineation of the mining zone. Upon receipt of the approval of the delineation of the mining plan, and subject to review of the status reports and other relevant information on the titanium mine to be provided by QHFSMI with reference to the expected amount of return on investment and economic benefit of the project, the directors of the Company will consider whether the application of the mining license of the mineral resources in the titanium mine should be. It is expected that certain amount of work will still need to be completed before the mining license will be issued.

22. 勘探及評估資產－本集團 (續)

勘探及評估資產之明細如下：

2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
1,365	1,371
11,064	6,884
20,424	20,263
5,709	5,735
38,562	34,253

就採礦項目而言，本集團仍在籌備申請鈦礦的礦產資源開採牌照。本集團現時正在編製可行性報告及綜合利用計劃，以及申請劃定採礦區的批文。待收到劃定礦區計劃的批文，及審閱將由青海森源提供的關於鈦礦的狀況報告及其他相關資料後，以及參考該項目預計可帶來的投資回報金額及經濟效益後，本公司董事將考慮本公司應否就鈦礦的礦產資源申請開採牌照。本公司預期，在發出開採牌照之前，仍有一定數量工作需要完成。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

23. TRADE RECEIVABLES – GROUP

The Group normally allows trading credit terms ranging from 30 to 120 days to its established customers. Each customer has a maximum credit limit. Trade debtors with balances aged over 120 days are required to settle all outstanding balances before any further credit is granted. Trade receivables are non-interest-bearing. Ageing analysis of trade receivables, net of provision, as at the reporting date, based on the date of recognition of the sale, is as follows:

		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
1 – 90 days	1 – 90日	–	43

Movements in the provision for impairment of trade receivables were as follows:

		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
At 1 January	於一月一日	–	(2,677)
Disposals of subsidiaries (note 36(h))	出售附屬公司(附註36(h))	–	2,357
Reclassified as assets in disposal group classified as held for sale (note 26(a))	重新分類為出售集團分類持作出售之資產(附註26(a))	–	320
At 31 December	於十二月三十一日	–	–

At 31 December 2008 and 2009, there were no trade receivables that were individually determined to be impaired. The Group did not hold any collateral over these balances.

No trade receivables were past due but not impaired as at 31 December 2009. Ageing analysis of trade receivables that are not impaired are as follows:

		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Past due of less than 120 days but not impaired	逾期120日以下但並未減值	–	43

23. 應收貿易賬項 – 本集團

本集團一般給予已建立關係之客戶30至120日之貿易信貸期。每個客戶設有信貸上限。賬齡為120日以上之應收貿易賬項結餘，須於獲授任何進一步信貸前清還所有未償還結餘。應收貿易賬項並不計息。根據銷售確認日期而劃分之於報告日期應收貿易賬項(扣除撥備)之賬齡分析如下：

應收貿易賬項之減值撥備之變動如下：

於二零零八年及二零零九年十二月三十一日，並無應收貿易賬項將個別釐定減值。本集團並無就該等結餘持有任何抵押品。

於二零零九年十二月三十一日，並無已逾期但未減值之應收貿易賬項。並未減值之應收貿易賬項之賬齡分析如下：

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Prepayments	預付款項	700	97
Deposits	按金	622	563
Other receivables (note)	其他應收款項(附註)	71	30,338
		1,393	30,998

Note:

Included in other receivables of the Group as at 31 December 2008 were loan receivables of HK\$28,931,000 due from an independent third party. These loan receivables were unsecured, interest-bearing at prime rate plus 1% per annum and due within one month when the repayment notice was sent. These loan receivables of HK\$28,931,000 and its related interest receivables of HK\$2,034,000 were fully impaired during this year (note 8).

25. CASH AT BANKS AND IN HAND – GROUP AND COMPANY

Cash at bank earns interest at the floating rates based on the daily bank deposits rates.

As at 31 December 2009 and 2008, included in the cash and bank balances of the Group were HK\$45,000 and HK\$1,000 respectively of bank balances denominated in RMB placed with the banks in the PRC.

24. 預付款項、按金及其他應收款項

		Group 本集團	Company 本公司
		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Prepayments	預付款項	700	97
Deposits	按金	622	–
Other receivables (note)	其他應收款項(附註)	71	–
		1,393	629

附註：

於二零零八年十二月三十一日，本集團其他應收款項包括一筆應收一名獨立第三方之應收貸款28,931,000港元。該等應收貸款為無抵押貸款，按最優惠利率加年息1厘計息，並須於還款通知發出後一個月內償還。該等28,931,000港元之應收貸款及其相關之2,034,000港元應收利息已於年內全部減值(附註8)。

25. 銀行結存及手頭現金 – 本集團及本公司

銀行現金以每日銀行存款利率按浮動利率計息。

於二零零九年及二零零八年十二月三十一日，本集團之現金及銀行結餘包括存放於中國之銀行以人民幣為單位之銀行結餘分別為45,000港元及1,000港元。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

26. ASSETS AND LIABILITIES IN DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE – GROUP

As described in notes 1 and 11 to the financial statements, on 4 December 2008, the Group entered into a sale and purchase agreement such that the entire issued share capital of Wise Mount was sold to an independent third party for a consideration of HK\$30,000. The disposal of Wise Mount and its subsidiaries was subsequently completed in February 2009.

On 4 December 2008, the Group entered into a separate sale and purchase agreement such that the entire issued share capital of Orient Carpet was sold to an independent third party for a total amount of HK\$19.3 million of which (a) HK\$12.2 million was used to set off against the net current liabilities of HZOCM being a subsidiary of Orient Carpet and assumed by the independent third party and (b) HK\$7.1 million was paid in cash on completion date. The disposal of Orient Carpet and its subsidiaries was subsequently completed in March 2009.

On 29 October 2008, another sale and purchase agreement was entered into between the Group and another independent third party such that the entire equity interests held by the Group in one of its subsidiaries in the PRC, namely BJFSMI, was disposed of for a consideration of HK\$10 million. BJFSMI is principally engaged in mineral dressing and trading of mineral resources in the PRC. The disposal of BJFSMI was subsequently completed in January 2009. As the Group continues to be engaged in exploration of mines, this disposal is not included in Discontinued Operations.

The directors assessed the carrying amount of the relevant assets and liabilities of Wise Mount and its subsidiaries, Orient Carpet and its subsidiaries, and BJFSMI (collectively referred to as the "Disposal Group") with reference to the sale and purchase agreements dated on 4 December 2008 and 29 October 2008 and the net total consideration was approximately HK\$10 million.

26. 出售集團分類為持作出售之資產及負債 – 本集團

如財務報表附註1及11所述，本集團於二零零八年十二月四日訂立一份買賣協議，據此，智峰之全部已發行股本已出售予一名獨立第三方，代價為30,000港元。出售智峰及其附屬公司其後已於二零零九年二月完成。

於二零零八年十二月四日，本集團訂立獨立一份買賣協議，據此，東方地毯之全部已發行股本已出售予一名獨立第三方，總代價為19,300,000港元，其中(a) 12,200,000港元已用於抵銷惠州東方地毯（為東方地毯之附屬公司）之流動負債淨額（該獨立第三方將承擔該筆款項），及(b) 7,100,000港元已於完成日期以現金支付。出售東方地毯及其附屬公司其後已於二零零九年三月完成。

於二零零八年十月二十九日，本集團與另一名獨立第三方訂立一份買賣協議，據此，本集團於北京森源（一間中國附屬公司）持有之全部股本權益已以10,000,000港元之代價出售。北京森源在中國主要從事選礦及買賣礦物資源業務。出售北京森源其後已於二零零九年一月完成。由於本集團繼續從事礦區勘探業務，故此項出售並未計入已終止經營業務。

本公司董事已參考日期為二零零八年十二月四日及二零零八年十月二十九日之買賣協議，評估智峰及其附屬公司、東方地毯及其附屬公司及北京森源（統稱為「出售集團」）之相關資產及負債之賬面值，得出總代價淨額約10,000,000港元。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

26. ASSETS AND LIABILITIES IN DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE – GROUP (Continued)

As at 31 December 2008, net assets of the Disposal Group attributable to the Group amounted to approximately HK\$25.4 million, which represented the total net assets of approximately HK\$26.7 million less net assets attributable to non-controlling interests of approximately HK\$1.3 million, and resulted in a loss on re-measurement to fair value less costs to sell amounting to approximately HK\$15.4 million (note 11). Included in the HK\$15.4 million was the loss of HK\$1.7 million attributable to BJFSMI and Orient Carpet which were not discontinued operations. Therefore, the amount was included in the results of continuing operations.

Major classes of assets and liabilities of the Disposal Group as at 31 December 2008 which were classified as assets held for sale were as follows:

26. 出售集團分類為持作出售之資產及負債 – 本集團 (續)

於二零零八年十二月三十一日，本集團應佔出售集團之資產淨值約為25,400,000港元，即約26,700,000港元之總資產淨值減非控股股東權益應佔資產淨值約1,300,000港元，導致重新計量公平值減銷售成本之虧損約15,400,000港元（附註11）。15,400,000港元包括北京森源及東方地毯（並非為已終止經營業務）應佔虧損1,700,000港元。因此，該款項計入持續經營業務之業績。

出售集團於二零零八年十二月三十一日分類為持作出售資產之主要資產及負債類別如下：

		Carrying amount as at 31 December 2008 HK\$'000 於二零零八年十二月三十一日之賬面值 千港元	Carrying amount upon being classified as held for sale HK\$'000 於分類為持作出售時之賬面值 千港元
Assets	資產		
Property, plant and equipment (note 16(a))	物業、廠房及設備（附註16(a)）	26,736	40,508
Prepaid lease payments (note 17)	預付租賃款項（附註17）	14,062	14,062
Inventories	存貨	7,321	7,321
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	10,113	11,751
Trade receivables (note a)	應收貿易賬項（附註a）	1,851	1,851
Cash and bank balances	現金及銀行結存	1,506	1,506
Assets in Disposal Group classified as held for sale	出售集團分類為持作出售之資產	61,589	76,999
Liabilities	負債		
Trade payables (note b)	應付貿易賬項（附註b）	(17,582)	(17,582)
Other payables and accruals	其他應付款項及應計款項	(26,725)	(26,725)
Other borrowings (note c)	其他借款（附註c）	(5,964)	(5,964)
Liabilities in Disposal Group classified as held for sale	出售集團分類為持作出售之負債	(50,271)	(50,271)
Net assets classified as held for sale	分類為持作出售之資產淨值	11,318	26,728

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

26. ASSETS AND LIABILITIES IN DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE – GROUP (Continued)

Notes:

(a) Trade receivables

These were denominated in RMB and generally had credit terms ranging from 30 to 120 days to established customers. Ageing analysis of the Disposal Group's trade receivables, net of provision, as at 31 December 2008, based on the date of recognition of the sale, was as follows:

		2008 HK\$'000 二零零八年 千港元
1 – 90 days	1 – 90日	1,276
91 – 120 days	91 – 120日	55
121 – 365 days	121 – 365日	520
Over 1 year	一年以上	320
		<u>2,171</u>
Less: Provision for impairment of trade receivables	減：應收貿易賬項減值撥備	(320)
		<u>1,851</u>

Ageing analysis of the trade receivables that are not impaired was as follows:

		2008 HK\$'000 二零零八年 千港元
Neither past due nor impaired	未逾期亦未減值	161
Past due of less than 120 days but not impaired	逾期120日以下但並未減值	1,170
Past due of 120 to 365 days but not impaired	逾期120日至365日但並未減值	520
		<u>1,851</u>

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

26. 出售集團分類為持作出售之資產及負債－本集團 (續)

附註：

(a) 應收貿易賬項

應收貿易賬項以人民幣計值，一般給予關係良好之客戶30至120日之貿易信貸期。根據銷售確認日期而劃分之出售集團於二零零八年十二月三十一日之應收貿易賬項（扣除撥備）之賬齡分析如下：

		2008 HK\$'000 二零零八年 千港元
1 – 90 days	1 – 90日	1,276
91 – 120 days	91 – 120日	55
121 – 365 days	121 – 365日	520
Over 1 year	一年以上	320
		<u>2,171</u>
Less: Provision for impairment of trade receivables	減：應收貿易賬項減值撥備	(320)
		<u>1,851</u>

並無減值之應收貿易賬項之賬齡分析如下：

		2008 HK\$'000 二零零八年 千港元
Neither past due nor impaired	未逾期亦未減值	161
Past due of less than 120 days but not impaired	逾期120日以下但並未減值	1,170
Past due of 120 to 365 days but not impaired	逾期120日至365日但並未減值	520
		<u>1,851</u>

未逾期亦未減值之應收款項與多名客戶有關，該等客戶最近並無拖欠記錄。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

26. ASSETS AND LIABILITIES IN DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE – GROUP (Continued)

Notes: (Continued)

(a) Trade receivables (Continued)

Receivables that were past due but not impaired related to a number of customers that had a good track record with the Group. Based on past experience, management believed that no impairment allowance was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable. The Group did not hold any collateral over these balances.

(b) Trade payables

Ageing analysis of the trade payables of the Disposal Group as at 31 December 2008, based on the receipts of goods purchased, was as follows:

		2008 HK\$'000 二零零八年 千港元
1 – 90 days	1 – 90日	1,307
91 – 120 days	91 – 120日	79
121 – 365 days	121 – 365日	14,317
Over 1 year	一年以上	1,879
		17,582

Included in trade payables were the followings amounts denominated in a currency other than functional currency of the entity to which it relates:

		2008 HK\$'000 二零零八年 千港元
United States Dollars ("USD")	美元(「美元」)	11,521
RMB	人民幣	6,061

Trade payables were non-interest-bearing and were normally settled on 60-day terms.

26. 出售集團分類為持作出售之資產及負債 – 本集團 (續)

附註：(續)

(a) 應收貿易賬項 (續)

已逾期但並未減值之應收款項與若干於本集團擁有良好付款記錄之客戶有關。根據過往經驗，管理層相信，由於信貸質素並無重大變化，加上有關結餘仍被視為可悉數收回，故毋須就該等結餘作出減值撥備。本集團並無就該等結餘持有任何抵押品。

(b) 應付貿易賬項

根據所購買之貨物收訖日期而劃分之出售集團於二零零八年十二月三十一日應付貿易賬項之賬齡分析如下：

		2008 HK\$'000 二零零八年 千港元
1 – 90 days	1 – 90日	1,307
91 – 120 days	91 – 120日	79
121 – 365 days	121 – 365日	14,317
Over 1 year	一年以上	1,879
		17,582

應付貿易賬項包括下列以有關實體之功能貨幣以外之貨幣計值之款項：

		2008 HK\$'000 二零零八年 千港元
United States Dollars ("USD")	美元(「美元」)	11,521
RMB	人民幣	6,061

應付貿易賬項為免息及通常於60日內結算。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

26. ASSETS AND LIABILITIES IN DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE – GROUP (Continued)

Notes: (Continued)

(c) Other borrowings

These were unsecured and bore interest at the fixed rate of 12% per annum and were repayable with one-month notice by the lender.

As at 31 December 2009, there were no assets and liabilities classified as held for sale.

27. TRADE PAYABLES – GROUP

Trade payables were non-interest-bearing and were normally settled on 60-day terms.

28. DEPOSITS RECEIVED, OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals as at 31 December 2009 are the advances from staff of HK\$14,931,000 (2008: Nil) of which amounts of HK\$1,014,000 and HK\$560,000 bear interests at the fixed rates of 10% and 7% per month respectively and the remaining advances are interest free. These advances are unsecured and have no fixed repayment date.

26. 出售集團分類為持作出售之資產及負債 – 本集團 (續)

附註：(續)

(c) 其他借款

其他借款為無抵押，按固定年利率12%計息，須於放款人發出一個月通知後償還。

於二零零九年十二月三十一日，並無歸類為持作出售之資產及負債。

27. 應付貿易賬項 – 本集團

應付貿易賬項為免息及通常於60日內結算。

28. 已收按金、其他應付款項及應計款項

		Group 本集團		Company 本公司	
		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Deposits received	已收按金	-	5,000	-	5,000
Other payables and accruals	其他應付款項及應計款項	22,559	8,755	2,567	2,779
		22,559	13,755	2,567	7,779

於二零零九年十二月三十一日，其他應付款項及應計款項及應計款項包括來自員工之墊款14,931,000港元（二零零八年：無），其中1,014,000港元及560,000港元分別按每月固定利率10%及7%計息，餘下墊款為免息。該等墊款為無抵押及無固定還款期。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

29. FINANCE LEASE PAYABLES – GROUP

An analysis of the total future minimum lease payments under a finance lease and their present values is as follows:

	Minimum lease payments 最低租金付款		Present value of minimum lease payments 最低租金付款現值	
	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Payable within one year	–	102	–	97
Payable in the second year	–	34	–	33
Total minimum finance lease payments	–	136	–	130
Future finance charges on finance lease payments	–	(6)		
Total net finance lease payables	–	130		
Less: Amounts classified as current liabilities	–	(97)		
Amounts included under non-current liabilities	–	33		

The Group entered into a finance lease on a motor vehicle for a lease period of 5 years. The lease did not have an option to renew or any contingent rental provisions. The balance was de-consolidated as a result of disposal of subsidiaries during the year.

29. 應付融資租約—本集團

根據融資租約之未來最低租金付款總額及其現值分析如下：

本集團就一輛汽車訂立一份為期5年之融資租約。該租約並無賦予續約選擇權，亦無任何或然租金條文。結餘因於年內出售附屬公司而不計入綜合計算。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

30. CONVERTIBLE BONDS – GROUP AND COMPANY

In November 2007, the Company issued zero coupon convertible bonds (the “CB1”) in the principal amount of HK\$365,000,000 as a part of the consideration for the acquisition of 51% equity interests in Kanson. The CB1 bear no interest with a maturity date on 4 November 2012 and are convertible into shares of the Company at the conversion price of HK\$0.60 per share (subject to the standard adjustment clauses relating to share sub-division, share consolidation, capitalisation issues and rights issues) at any time after the issue date. Details of the CB1 are set out in the Company’s circular dated on 15 October 2007.

In July 2008, the Company issued zero coupon convertible bonds (the “CB3”) in the principal amount of HK\$580,000,000 as the consideration for the acquisition of the remaining 49% equity interests in Kanson. The CB3 bear no interest with maturity date on 2 July 2013 and are convertible into shares of the Company at the conversion price of HK\$0.25 per share (subject to the standard adjustment clauses relating to share sub-division, share consolidation, capitalisation issues and rights issues) at any time after the issue date. Details of the CB3 are set out in the Company’s circular dated on 6 June 2008.

The fair value of the liability components, included in the CB1 and CB3, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in the convertible bond equity reserve in the owners’ equity.

30. 可換股債券—本集團及本公司

於二零零七年十一月，本公司發行本金額365,000,000港元之零票息可換股債券（「可換股債券第一批債券」），作為收購Kanson 51%股本權益之部分代價。可換股債券第一批債券為免息，於二零一二年十一月四日到期及可於發行日期後任何時間按兌換價每股0.60港元兌換為本公司股份（須遵從股份分拆、股份合併、資本化發行及配股相關之標準調整條款）。可換股債券第一批債券之詳情載於本公司日期為二零零七年十月十五日之通函。

於二零零八年七月，本公司發行本金額580,000,000港元之零票息可換股債券（「可換股債券第三批債券」），作為收購Kanson餘下49%股本權益之代價。可換股債券第三批債券為免息，於二零一三年七月二日到期及可於發行日期後任何時間按兌換價每股0.25港元兌換為本公司股份（須遵從股份分拆、股份合併、資本化發行及配股相關之標準調整條款）。可換股債券第三批債券之詳情載於本公司日期為二零零八年六月六日之通函。

可換股債券第一批債券及可換股債券第三批債券負債部分之公平值乃按同等不可換股債券之市場利率計算。餘下金額即為權益轉換部分之價值，並計入擁有人權益之可換股債券權益儲備。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

30. CONVERTIBLE BONDS – GROUP AND COMPANY (Continued)

The CB1 and CB3 recognised in the statement of financial position are calculated as follows:

		CB1 HK\$'000 可換股債券 第一批債券 千港元	CB3 HK\$'000 可換股債券 第三批債券 千港元	Total HK\$'000 總計 千港元
Face value of convertible bonds issued	已發行可換股債券之面值	365,000	580,000	945,000
Proceeds of issue (fair value on initial recognition)	發行收益 (首次確認之公平值)	365,467	363,506	728,973
Equity component	權益部分	(189,421)	(103,438)	(292,859)
Liability component	負債部分	176,046	260,068	436,114

Movement of liability component

Movement of liability component for the years ended 31 December 2009 and 2008 is as follows:

		2009 二零零九年		
		CB1 HK\$'000 可換股債券 第一批債券 千港元	CB3 HK\$'000 可換股債券 第三批債券 千港元	Total HK\$'000 總計 千港元
At 1 January 2009	於二零零九年一月一日	88,414	104,248	192,662
Exercise of the convertible bonds	行使可換股債券	(73,243)	(106,537)	(179,780)
Imputed interest expenses (note 7)	推算利息費用(附註7)	3,830	2,567	6,397
At 31 December 2009	於二零零九年 十二月三十一日	19,001	278	19,279

30. 可換股債券—本集團及本公司(續)

於財務狀況表內確認之可換股債券第一批債券及可換股債券第三批債券計算如下：

		CB1 HK\$'000 可換股債券 第一批債券 千港元	CB3 HK\$'000 可換股債券 第三批債券 千港元	Total HK\$'000 總計 千港元
Face value of convertible bonds issued	已發行可換股債券之面值	365,000	580,000	945,000
Proceeds of issue (fair value on initial recognition)	發行收益 (首次確認之公平值)	365,467	363,506	728,973
Equity component	權益部分	(189,421)	(103,438)	(292,859)
Liability component	負債部分	176,046	260,068	436,114

負債部分變動

於截至二零零九年及二零零八年十二月三十一日止年度之負債部分變動如下：

		2009 二零零九年		
		CB1 HK\$'000 可換股債券 第一批債券 千港元	CB3 HK\$'000 可換股債券 第三批債券 千港元	Total HK\$'000 總計 千港元
At 1 January 2009	於二零零九年一月一日	88,414	104,248	192,662
Exercise of the convertible bonds	行使可換股債券	(73,243)	(106,537)	(179,780)
Imputed interest expenses (note 7)	推算利息費用(附註7)	3,830	2,567	6,397
At 31 December 2009	於二零零九年 十二月三十一日	19,001	278	19,279

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

30. CONVERTIBLE BONDS – GROUP AND COMPANY (Continued)

Movement of liability component (Continued)

		2008 二零零八年		Total HK\$'000
		CB1 HK\$'000 可換股債券 第一批債券 千港元	CB3 HK\$'000 可換股債券 第三批債券 千港元	Total HK\$'000 總計 千港元
At 1 January 2008	於二零零八年一月一日	139,671	–	139,671
Liability component on initial recognition	首次確認之負債部分	–	260,068	260,068
Exercise of the convertible bonds	行使可換股債券	(64,276)	(164,685)	(228,961)
Imputed interest expenses (note 7)	推算利息費用(附註7)	13,019	8,865	21,884
At 31 December 2008	於二零零八年十二月三十一日	88,414	104,248	192,662

Movement of equity component

Movement of equity component for the years ended 31 December 2009 and 2008 is as follows:

30. 可換股債券—本集團及本公司(續)

負債部分變動(續)

		2008 二零零八年		Total HK\$'000
		CB1 HK\$'000 可換股債券 第一批債券 千港元	CB3 HK\$'000 可換股債券 第三批債券 千港元	Total HK\$'000 總計 千港元
At 1 January 2008	於二零零八年一月一日	139,671	–	139,671
Liability component on initial recognition	首次確認之負債部分	–	260,068	260,068
Exercise of the convertible bonds	行使可換股債券	(64,276)	(164,685)	(228,961)
Imputed interest expenses (note 7)	推算利息費用(附註7)	13,019	8,865	21,884
At 31 December 2008	於二零零八年十二月三十一日	88,414	104,248	192,662

權益部分變動

於截至二零零九年及二零零八年十二月三十一日止年度之權益部分變動如下:

		2009 二零零九年		Total HK\$'000
		CB1 HK\$'000 可換股債券 第一批債券 千港元	CB3 HK\$'000 可換股債券 第三批債券 千港元	Total HK\$'000 總計 千港元
At 1 January 2009	於二零零九年一月一日	81,872	38,500	120,372
Issue of shares on conversion	於兌換時發行股份	(66,023)	(38,445)	(104,468)
At 31 December 2009	於二零零九年十二月三十一日	15,849	55	15,904

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

30. CONVERTIBLE BONDS – GROUP AND COMPANY (Continued)

Movement of equity component (Continued)

		2008 二零零八年		
		CB1 HK\$'000 可換股債券 第一批債券 千港元	CB3 HK\$'000 可換股債券 第三批債券 千港元	Total HK\$'000 總計 千港元
At 1 January 2008	於二零零八年一月一日	147,261	–	147,261
Equity component on initial recognition	首次確認之權益部分	–	103,438	103,438
Issue of shares on conversion	於兌換時發行股份	(65,389)	(64,938)	(130,327)
At 31 December 2008	於二零零八年十二月三十一日	81,872	38,500	120,372

The fair value of the liability components of CB1 and CB3 at the dates of issue amounted to approximately HK\$176 million and HK\$260 million respectively.

Interest expense on the bonds is calculated using the effective interest method by applying interest rate of 15.7% and 17.4% per annum to the liability components of CB1 and CB3 respectively.

30. 可換股債券—本集團及本公司 (續)

權益部分變動 (續)

		2008 二零零八年		
		CB1 HK\$'000 可換股債券 第一批債券 千港元	CB3 HK\$'000 可換股債券 第三批債券 千港元	Total HK\$'000 總計 千港元
At 1 January 2008	於二零零八年一月一日	147,261	–	147,261
Equity component on initial recognition	首次確認之權益部分	–	103,438	103,438
Issue of shares on conversion	於兌換時發行股份	(65,389)	(64,938)	(130,327)
At 31 December 2008	於二零零八年十二月三十一日	81,872	38,500	120,372

於發行日，可換股債券第一批債券及可換股債券第三批債券內負債部分之公平值分別約為176,000,000港元及260,000,000港元。

債券之利息費用乃按實際利率法以年利率15.7%及17.4%分別就可換股債券第一批債券及可換股債券第三批債券負債部分計算。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

30. CONVERTIBLE BONDS – GROUP AND COMPANY (Continued)

During the year, 209,000,000 (2008: 210,000,000) and 3,543,000 (2008: Nil) new ordinary shares in aggregate were issued, at the conversion price of HK\$0.60 and HK\$0.508 (as adjusted) per share respectively, to the bond holders upon the conversion of the CB1. The conversion price was adjusted to HK\$0.508 as a result of the open offer. Details of the result of open offer and the adjustment to the conversion price of the convertible bonds are set out in the Company's announcement dated on 7 October 2009. As a result, there was an increase in share capital and share premium of HK\$2,125,000 (2008: HK\$2,100,000) (note 32(a)) and HK\$137,140,000 (2008: HK\$127,565,000) respectively.

During the year, 862,000,000 (2008: 1,456,000,000) new ordinary shares in aggregate were issued, at the conversion price of HK\$0.25 per share, to the bond holders upon the conversion of the CB3. As a result, there was an increase in share capital and share premium of HK\$8,620,000 (2008: HK\$14,560,000) (note 32(b)) and HK\$136,361,000 (2008: HK\$215,063,000) respectively. As a result of the open offer, the conversion price was adjusted to HK\$0.212.

Subsequent to the reporting date, another 3,543,000 new ordinary shares were issued to the bond holders upon the conversion of CB1. As a result, there was a further increase in share capital and share premium of HK\$35,000 and HK\$2,049,000 respectively. Accordingly, the liability component and the equity component of CB1 were decreased by HK\$1,140,000 and HK\$944,000 respectively. These conversions have not yet been reflected in the financial statements for the year ended 31 December 2009.

30. 可換股債券—本集團及本公司 (續)

年內，本公司於可換股債券第一批債券進行兌換時分別按每股兌換價0.60港元及0.508港元（經調整）向債券持有人發行合共209,000,000股（二零零八年：210,000,000股）及3,543,000股（二零零八年：無）新普通股。兌換價因公開發售而調整為0.508港元。公開發售之結果及可換股債券之兌換價調整之詳情載於本公司日期為二零零九年十月七日之公佈。因此，其股本及股份溢價分別增加2,125,000港元（二零零八年：2,100,000港元）（附註32(a)）及137,140,000港元（二零零八年：127,565,000港元）。

年內，本公司於可換股債券第三批債券進行兌換時按每股兌換價0.25港元向債券持有人發行合共862,000,000股（二零零八年：1,456,000,000股）新普通股。因此，其股本及股份溢價分別增加8,620,000港元（二零零八年：14,560,000港元）（附註32(b)）及136,361,000港元（二零零八年：215,063,000港元）。由於公開發售，兌換價被調整為0.212港元。

於報告日期後，本公司於可換股債券第一批債券進行兌換時向債券持有人額外發行3,543,000股新普通股，致使其股本及股份溢價分別額外增加35,000港元及2,049,000港元。因此，可換股債券第一批債券之負債部分及權益部分分別減少1,140,000港元及944,000港元。該等兌換並無計入截至二零零九年十二月三十一日止年度之財務報表。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

31. DEFERRED TAX LIABILITIES – GROUP AND COMPANY

At the reporting date, unrecognised deferred tax assets are follows:

		Group 本集團		Company 本公司	
		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Tax losses	稅項虧損	776	65,546	-	-

Deferred tax assets have not been recognised in respect of the above tax losses as these were incurred by the companies that have been loss-making for some time.

As at 31 December 2008, an unrecognised tax loss arising from HZOCM of HK\$38,598,000 would expire as follows. There was no such tax loss during the year as the balance was de-consolidated as a result of disposals of subsidiaries during the year. All other unrecognised tax losses may be carried forward indefinitely.

		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
2009	二零零九年	-	9,667
2010	二零一零年	-	6,117
2011	二零一一年	-	12,348
2012	二零一二年	-	6,723
2013	二零一三年	-	3,743
		-	38,598

At 31 December 2009, there is no significant unrecognised deferred tax liability (2008: Nil).

31. 遞延稅項負債－本集團及本公司

於報告日期，未確認遞延稅項資產如下：

並無就上述稅項虧損確認遞延稅項資產，因為有關虧損乃由已虧損一段時間之公司所產生。

於二零零八年十二月三十一日，產生自惠州東方地毯之38,598,000港元之未確認稅項虧損將於下列時間到期。年內並無此等稅項虧損，結餘因於年內出售附屬公司而不計入綜合計算。所有其他未確認稅項虧損可無限期結轉。

於二零零九年十二月三十一日，並無重大未確認遞延稅項負債（二零零八年：無）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

32. SHARE CAPITAL

32. 股本

	Notes 附註	2009 二零零九年		2008 二零零八年	
		Number of share '000 股份數目 千股	HK\$'000 千港元	Number of share '000 股份數目 千股	HK\$'000 千港元
Authorised: Ordinary shares of HK\$0.01 each	法定股本： 每股面值0.01港元之 普通股	20,000,000	200,000	20,000,000	200,000
Issued and fully paid: At 1 January, ordinary shares of HK\$0.01 each	已發行及繳足股本： 於一月一日，每股面值 0.01港元之普通股	3,024,720	30,247	1,358,720	13,587
Exercise of convertible bonds and issue of shares	行使可換股債券及 發行股份	1,074,543	10,745	1,666,000	16,660
Shares issued in August 2009	於二零零九年八月 發行之股份	809,280	8,093	-	-
Shares issued in October 2009	於二零零九年十月 發行之股份	2,452,500	24,525	-	-
At 31 December, ordinary shares of HK\$0.01 each	於十二月三十一日， 每股面值0.01港元之 普通股	7,361,043	73,610	3,024,720	30,247

Notes:

- (a) During the year, 209,000,000 (2008: 210,000,000) and 3,543,000 (2008: Nil) new ordinary shares in aggregate were issued, at the conversion price of HK\$0.60 and HK\$0.508 (as adjusted) per share respectively, to the bond holders upon the conversion of the CB1 (note 30). As a result, there was an increase in share capital and share premium of HK\$2,125,000 (2008: HK\$2,100,000) and HK\$137,140,000 (2008: HK\$127,565,000) respectively.
- (b) During the year, 862,000,000 (2008: 1,456,000,000) new ordinary shares in aggregate were issued, at the conversion price of HK\$0.25 per share, to the bond holders upon the conversion of the CB3 (note 30). As a result, there was an increase in share capital and share premium of HK\$8,620,000 (2008: HK\$14,560,000) and HK\$136,361,000 (2008: HK\$215,063,000) respectively.

附註：

- (a) 年內，本公司於可換股債券第一批債券進行兌換時分別按每股兌換價0.60港元及0.508港元（經調整）向債券持有人發行合共209,000,000股（二零零八年：210,000,000股）及3,543,000股（二零零八年：無）新普通股（附註30）。因此，其股本及股份溢價分別增加2,125,000港元（二零零八年：2,100,000港元）及137,140,000港元（二零零八年：127,565,000港元）。
- (b) 年內，本公司於可換股債券第三批債券進行兌換時按每股兌換價0.25港元向債券持有人發行合共862,000,000股（二零零八年：1,456,000,000股）新普通股（附註30）。因此，其股本及股份溢價分別增加8,620,000港元（二零零八年：14,560,000港元）及136,361,000港元（二零零八年：215,063,000港元）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

32. SHARE CAPITAL (Continued)

Notes: (Continued)

- (c) On 6 August 2009 and 10 August 2009, the Company entered into a placement agreement and a supplemental agreement respectively with Mayfair Securities Limited ("Mayfair Securities") as placing agent, pursuant to which an aggregate of 809,280,000 new ordinary shares were placed by Mayfair Securities on behalf of the Company, at the price of HK\$0.137 per placing share with the independent investors. As a result, the Company issued 809,280,000 new ordinary shares at HK\$0.137 per share on 20 August 2009. As a result, there was an increase in share capital and share premium of HK\$8,093,000 and HK\$102,779,000 respectively. Details of the placing are set out in the Company's announcements dated on 7 August, 10 August and 20 August 2009.
- (d) On 25 August 2009, the Company entered into an underwriting agreement with Kingston Securities Limited relating to the open offer at the subscription price of HK\$0.08 per offer share to its shareholders on the basis of one offer share for every two shares of the Company recorded on the register of members of the Company on 15 September 2009. As a result, the Company issued 2,452,500,000 new ordinary shares at HK\$0.08 per share in October 2009. As a result, there was an increase in share capital and share premium of HK\$24,525,000 and HK\$171,675,000 respectively. Details of the open offer are set out in the Company's announcements dated on 26 August 2009 and 7 October 2009 and the prospectus dated on 16 September 2009.

All issued new ordinary shares in 2008 and 2009 rank pari passu with other shares in issue in all respect.

32. 股本 (續)

附註：(續)

- (c) 於二零零九年八月六日及二零零九年八月十日，本公司與配售代理美輝證券有限公司（「美輝證券」）分別訂立一份配售協議及一份補充協議。據此，美輝證券代表本公司以每股配售股份0.137港元之價格向獨立投資者配售合共809,280,000股新普通股。因此，於二零零九年八月二十日，本公司以每股0.137港元之價格發行809,280,000股新普通股。因此，其股本及股份溢價分別增加8,093,000港元及102,779,000港元。配售詳情載於本公司日期為二零零九年八月七日、八月十日及八月二十日之公佈。
- (d) 於二零零九年八月二十五日，本公司與金利豐證券有限公司就按於二零零九年九月十五日本公司股東名冊之記錄每持有兩股本公司股份獲發一股發售股份之基準，按認購價每股發售股份0.08港元向其股東公開發售股份訂立一份包銷協議。因此，本公司於二零零九年十月以每股0.08港元之價格發行2,452,500,000股新普通股。因此，其股本及股份溢價分別增加24,525,000港元及171,675,000港元。公開發售之詳情載於本公司日期為二零零九年八月二十六日及二零零九年十月七日之公佈以及日期為二零零九年九月十六日之售股章程。

所有於二零零八年及二零零九年發行之新普通股在各方面與其他已發行股份享有同等權益。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

33. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein during the year are presented in the consolidated statement of changes in equity.

The share premium account includes

- (i) the difference between the combined net asset value of the subsidiaries acquired pursuant to the Group reorganisation in 2001, over the nominal value of the share capital of the Company issued in exchange therefore;
- (ii) the premium arising from the capitalisation issue in the previous years;
- (iii) issue of shares of the Company at a premium net of the transaction costs associated with the issue of shares; and
- (iv) amount transferred from other equity reserves upon exercise of share option and conversion of convertible bond.

33. 儲備

(a) 本集團

本集團於年內之儲備金額及儲備變動情況載於綜合權益變動表。

股份溢價賬包括

- (i) 根據本集團於二零零一年之重組收購之附屬公司之合併資產淨值超出本公司就交換而發行之股本面值之差額；
- (ii) 過往年度資本化發行產生之溢價；
- (iii) 本公司以溢價（已扣除發行股份相關交易成本）發行股份；及
- (iv) 於行使購股權及兌換可換股債券時從其他權益儲備轉撥之款項。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

33. RESERVES (Continued)

(b) Company

		Share premium HK\$'000 股份溢價 千港元	Capital reserve HK\$'000 股本儲備 千港元	Convertible bond equity reserve HK\$'000 可換股債券 權益儲備 千港元	Accumulated losses HK\$'000 累計虧損 千港元	Total HK\$'000 總計 千港元
At 1 January 2008	於二零零八年一月一日	560,420	140,667	147,261	(340,911)	507,437
Issue of convertible bonds (note 30)	發行可換股債券 (附註30)	-	-	103,438	-	103,438
Issue of shares on conversion of convertible bonds (notes 32(a) and (b))	於兌換可換股債券時 發行股份(附註32(a) 及(b))	342,628	-	(130,327)	-	212,301
Net loss for the year	本年度虧損淨額	-	-	-	(54,670)	(54,670)
At 31 December 2008 and 1 January 2009	於二零零八年 十二月三十一日及 二零零九年一月一日	903,048	140,667	120,372	(395,581)	768,506
Issue of shares (notes 32(c) and (d))	發行股份(附註32(c) 及(d))	274,454	-	-	-	274,454
Issue of shares on conversion of convertible bonds (notes 32(a) and (b))	於兌換可換股債券時 發行股份 (附註32(a)及(b))	273,501	-	(104,468)	-	169,033
Net loss for the year	本年度虧損淨額	-	-	-	(669,839)	(669,839)
At 31 December 2009	於二零零九年 十二月三十一日	1,451,003	140,667	15,904	(1,065,420)	542,154

Details of the share premium account of the Company are set out in note 33(a) above.

本公司股份溢價賬詳情載於上述附註33(a)。

33. 儲備(續)

(b) 本公司

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

34. SHARE-BASED COMPENSATION

The Company has a share option scheme, which was adopted on 6 June 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date (the "Scheme"), for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, any person or entity that provides research, development or other technological support to the Group and any non-controlling shareholder in the Company's subsidiaries.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is equivalent to 10% of the shares of the Company in issue at any time.

Pursuant to the extraordinary general meeting passed on 8 December 2009, the general scheme limit of the Company's share option scheme has been reset to 736,104,330 shares, representing 10% of the Company's issued share capital on the date of meeting, with the passing of ordinary resolution, which allowing the Company to grant further options carrying the rights to subscribe for a maximum of 736,104,330 shares. As at the date of the approval of these financial statements, no option has been granted pursuant to the Scheme.

The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1%, of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors, in addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

34. 以股份為基礎之補償

本公司設有購股權計劃（「計劃」），藉此獎勵及回饋對本集團營運成功有貢獻之合資格參與者。於二零零二年六月六日採納之計劃除非另行取消或修訂，否則由該日期起計10年內將一直有效。計劃之合資格參與者包括本公司之董事、獨立非執行董事、本集團之其他僱員、本集團之貨品或服務供應商、本集團之顧客、向本集團提供研究、發展或其他技術支援之任何人士或實體及本公司附屬公司之任何非控股股東。

目前根據計劃容許授出之尚未行使購股權之最高數目為相等於本公司於任何時間已發行股份之10%。

根據於二零零九年十二月八日舉行之股東特別大會，本公司購股權計劃之一般計劃限額已重新設定為736,104,330股股份（佔大會舉行日期本公司已發行股本之10%），隨著普通決議案獲通過，本公司可進一步授出附有最多可認購736,104,330股股份權利之購股權。於該等財務報表批准日期，概無根據計劃授出任何購股權。

在任何十二個月期間內，根據購股權可向計劃內之每名合資格參與者發行之最高股份數目不得超逾本公司於任何時間已發行股份之1%。倘進一步授出超逾此限額之購股權，則須在股東大會上取得股東批准。

授予本公司董事、主要行政人員或主要股東或彼等之任何聯繫人之購股權，須事先取得獨立非執行董事之批准。此外，在任何十二個月期間內授予本公司之主要股東或獨立非執行董事或彼等之任何聯繫人之任何購股權，倘超逾本公司於任何時間已發行股份之0.1%或總值超逾5,000,000港元（根據於授出日期本公司之股價而釐定）者，則須事先在股東大會上取得股東批准。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

34. SHARE-BASED COMPENSATION (Continued)

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of:

- (a) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options;
- (b) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and
- (c) the nominal value of the shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

There was no share option granted or exercised in 2009 and 2008. As at 31 December 2009 and 2008, the Group has no outstanding share option.

Subsequent to the reporting date and up to the date of the approval of these financial statements, no additional share options were granted.

35. BUSINESS COMBINATIONS

Acquisition of additional interests in Kanson

As described in notes 19 and 30 to the financial statements, on 8 April 2008, the Group entered into a sale and purchase agreement for the acquisition of the remaining 49% equity interests in Kanson from Ms. Leung Lai Ching Margaret.

34. 以股份為基礎之補償 (續)

授出購股權之建議須於授出購股權建議之日起計28日內獲接納，承授人亦須就此繳交合共1港元之名義代價。所授出之購股權之行使期由董事決定，期限在購股權歸屬承授人後開始，而屆滿日期不得遲於建議授出購股權日期起計10年或計劃屆滿之日（以較早發生者為準）。

購股權之行使價由董事決定，惟不得低於以下之較高者：

- (a) 於建議授出購股權之日期本公司股份於聯交所之收市價；
- (b) 本公司股份於緊接授出購股權建議日期前五個交易日在聯交所之平均收市價；及
- (c) 股份之面值。

購股權並無賦予持有人收取股息或於股東大會上投票之權利。

於二零零九年及二零零八年並無授出或行使購股權。於二零零九年及二零零八年十二月三十一日，本集團並無尚未行使之購股權。

於報告日期後及截至該等財務報表批准日期，概無授出任何額外購股權。

35. 業務合併

收購Kanson之額外權益

如財務報表附註19及30所述，於二零零八年四月八日，本集團訂立一份買賣協議，以向梁麗靜女士收購Kanson餘下之49%股本權益。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

35. BUSINESS COMBINATIONS (Continued)

Acquisition of additional interests in Kanson (Continued)

Details of net assets acquired and goodwill are as follows:

		2008 HK\$'000 二零零八年 千港元
Purchase consideration:	購買代價：	
– Fair value of CB3 issued (note 30)	– 已發行可換股債券第三批債券之公平值 (附註30)	363,506
Total purchase consideration	購買總代價	363,506
Carrying value of net assets acquired	收購之資產淨值之賬面值	(25,928)
Goodwill (note 19)	商譽(附註19)	337,578

According to the sale and purchase agreements dated on 8 July 2007 and 8 April 2008, another zero-coupon convertible bonds with face value of HK\$400,000,000 (the "CB2") and HK\$380,780,000 (the "CB4") will be issued on the fifth business day following the date of receipt of mining license in respect of the underlying mine. The CB2 and CB4 are convertible into shares of the Company at the conversion price of HK\$0.60 and HK\$0.25 per share respectively. As at 31 December 2008 and 2009, Kanson and its subsidiaries were still in the progress of obtaining the mining license. Thus the CB2 and CB4 have not been issued and have not been included in the purchase consideration above.

There was no business combination occurred during the year.

35. 業務合併(續)

收購Kanson之額外權益(續)

收購之資產淨值及商譽之詳情如下：

根據日期分別為二零零七年七月八日及二零零八年四月八日之買賣協議，面值分別為400,000,000港元(「可換股債券第二批債券」)及380,780,000港元(「可換股債券第四批債券」)之零票息可換股債券將於取得有關礦區之開採牌照當日後之第五個營業日發行。可換股債券第二批債券及可換股債券第四批債券分別可按兌換價每股0.60港元及0.25港元兌換為本公司股份。於二零零八年及二零零九年十二月三十一日，由於Kanson及其附屬公司仍在申請取得開採牌照，因此可換股債券第二批債券及可換股債券第四批債券尚未發行，亦未計入上文所述之購買代價。

年內，本公司並無發生任何業務合併。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

36. DISPOSALS OF SUBSIDIARIES

For the year ended 31 December 2009

(a) **BJFSMI**

As mentioned in note 5 to the financial statements, on 29 October 2008, the Group entered into a sale and purchase agreement such that the entire issued share capital of BJFSMI was sold to an independent third party for a consideration of HK\$10,000,000. The disposal was subsequently completed on 16 January 2009. Particulars of the disposal transaction are as follows:

36. 出售附屬公司

截至二零零九年十二月三十一日止年度

(a) **北京森源**

如財務報表附註5所述，本集團於二零零八年十月二十九日訂立一份買賣協議，據此，北京森源之全部已發行股本已出售予一名獨立第三方，代價為10,000,000港元。出售其後於二零零九年一月十六日完成。出售交易之詳情如下：

		2009 HK\$'000 二零零九年 千港元
Net assets disposed of:	出售之資產淨額：	
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	10,027
Cash and cash equivalents	現金及現金等值項目	160
Deposits received, other payables and accruals	已收按金、其他應付款項及應計款項	(187)
		10,000
Release of exchange reserve upon disposal	出售時匯兌儲備撥回	(668)
		9,332
Gain on disposal of a subsidiary (note 5)	出售附屬公司之收益(附註5)	668
Total consideration	總代價	10,000
Satisfied by cash	以現金支付	10,000

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

36. DISPOSALS OF SUBSIDIARIES (Continued)

For the year ended 31 December 2009
(Continued)

(b) Wise Mount and its subsidiaries

On 4 December 2008, the Group entered into a sale and purchase agreement such that the entire issued share capital of Wise Mount was sold to an independent third party for a consideration of HK\$30,000. The disposal of Wise Mount and its subsidiaries, namely Win Alliance and Tang Shan Win Alliance was subsequently completed on 23 February 2009. Particulars of the disposal transaction are as follows:

36. 出售附屬公司 (續)

截至二零零九年十二月三十一日
止年度 (續)

(b) 智峰及其附屬公司

本集團於二零零八年十二月四日訂立一份買賣協議，據此，智峰之全部已發行股本已出售予一名獨立第三方，代價為30,000港元。出售智峰及其附屬公司勝盟及唐山勝盟已於二零零九年二月二十三日完成。出售交易之詳情如下：

		2009 HK\$'000 二零零九年 千港元
Net assets disposed of:	出售之資產淨額：	
Property, plant and equipment	物業、廠房及設備	6,281
Prepaid lease payments	預付租賃款項	8,640
Cash and cash equivalents	現金及現金等值項目	6
Trade payables	應付貿易賬項	(11,521)
Amount due from a non-controlling shareholder	應收非控股股東款項	(1,288)
Deposits received, other payables and accruals	已收按金、其他應付款項及應計款項	(2,088)
		30
Loss on disposal of subsidiaries	出售附屬公司之虧損	-
Total consideration	總代價	30
Satisfied by cash	以現金支付	30

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

36. DISPOSALS OF SUBSIDIARIES (Continued)

For the year ended 31 December 2009
(Continued)

(c) Orient Carpet and its subsidiary

As mentioned in note 5 to the financial statements, on 4 December 2008, the Group entered into a sale and purchase agreement such that the entire issued share capital of Orient Carpet was sold to an independent third party for a consideration of HK\$19.3 million of which (a) HK\$12.2 million was used to set off against the net current liabilities of HZOCM being a subsidiary of Orient Carpet and assumed by the independent third party and (b) HK\$7.1 million was paid in cash on completion date. The disposal of Orient Carpet and its subsidiary, namely HZOCM was subsequently completed on 20 March 2009. Particulars of the disposal transaction are as follows:

36. 出售附屬公司 (續)

截至二零零九年十二月三十一日
止年度 (續)

(c) 東方地毯及其附屬公司

如財務報表附註5所述，本集團於二零零八年十二月四日訂立一份買賣協議，據此，東方地毯之全部已發行股本已出售予一名獨立第三方，代價為19,300,000港元，其中(a) 12,200,000港元已用於抵銷惠州東方地毯（為東方地毯之附屬公司）之流動負債淨額（該獨立第三方將承擔該筆款項），及(b) 7,100,000港元已於完成日以現金支付。出售東方地毯及其附屬公司惠州東方地毯其後已於二零零九年三月二十日完成。出售交易之詳情如下：

		2009 HK\$'000 二零零九年 千港元
Net assets disposed of:	出售之資產淨額：	
Property, plant and equipment	物業、廠房及設備	20,455
Prepaid lease payments	預付租賃款項	5,422
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	86
Inventories	存貨	7,321
Trade receivables	應收貿易賬項	1,851
Cash and cash equivalents	現金及現金等值項目	294
Trade payables	應付貿易賬項	(6,061)
Deposits received, other payables and accruals	已收按金、其他應付款項及應計款項	(22,005)
		7,363
Release of exchange reserve upon disposal	出售時匯兌儲備撥回	(8,604)
		(1,241)
Gain on disposal of subsidiaries (notes 5 and 11)	出售附屬公司之收益（附註5及11）	8,341
Total consideration	總代價	7,100
Satisfied by cash	以現金支付	7,100

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

36. DISPOSALS OF SUBSIDIARIES (Continued)

For the year ended 31 December 2009
(Continued)

(d) Jackley China and its subsidiaries

As mentioned in note 5 to the financial statements, on 30 April 2009, the Group entered into a sale and purchase agreement such that the entire issued share capital of Jackley China was sold to an independent third party for a cash consideration of HK\$1. The disposal of Jackley China and its subsidiaries, namely Orient Finance HK, Charvix Concrete Company Limited, Jackley Macao Commercial Offshore Limited and Jackley Carpet Limited was completed on the same date. Particulars of the disposal transaction are as follows:

36. 出售附屬公司 (續)

截至二零零九年十二月三十一日
止年度 (續)

(d) Jackley China及其附屬公司

如財務報表附註5所述，本集團於二零零九年四月三十日訂立一份買賣協議，據此，Jackley China之全部已發行股本已出售予一名獨立第三方，現金代價為1港元。出售Jackley China及其附屬公司香港東方財務、超固建材有限公司、美吉利澳門離岸商業服務有限公司及旭晟地氈有限公司於同日完成。出售交易之詳情如下：

		2009 HK\$'000 二零零九年 千港元
Net liabilities disposed of:	出售之負債淨額：	
Deposits received, other payables and accruals	已收按金、其他應付款項及應計款項	(2)
		(2)
Gain on disposal of subsidiaries (note 5)	出售附屬公司之收益 (附註5)	2
Total consideration	總代價	-
Satisfied by cash	以現金支付	-

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

36. DISPOSALS OF SUBSIDIARIES (Continued)

For the year ended 31 December 2009
(Continued)

(e) 626 Limited and its subsidiary

As mentioned in note 5 to the financial statements, on 30 April 2009, the Group entered into a sale and purchase agreement such that the entire issued share capital of 626 Limited was sold to an independent third party for a consideration of HK\$1. The disposal of 626 Limited and its subsidiary, namely HKFSMID was completed on 4 May 2009. Particulars of the disposal transaction are as follows:

36. 出售附屬公司 (續)

截至二零零九年十二月三十一日
止年度 (續)

(e) 626有限公司及其附屬公司

如財務報表附註5所述，本集團於二零零九年四月三十日訂立一份買賣協議，據此，626有限公司之全部已發行股本已出售予一名獨立第三方，代價為1港元。出售626有限公司及其附屬公司香港森源礦業開發已於二零零九年五月四日完成。出售交易之詳情如下：

		2009 HK\$'000 二零零九年 千港元
Net liabilities disposed of:	出售之負債淨額：	
Deposits received, other payables and accruals	已收按金、其他應付款項及應計款項	(33)
		(33)
Gain on disposal of subsidiaries (note 5)	出售附屬公司之收益 (附註5)	33
Total consideration	總代價	—
Satisfied by cash	以現金支付	—

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

36. DISPOSALS OF SUBSIDIARIES (Continued)

For the year ended 31 December 2009
(Continued)

(f) *AIEL and its subsidiaries*

As mentioned in note 8 to the financial statements, on 21 August 2009, the Group entered into a sale and purchase agreement such that the entire issued share capital of AIEL was sold to an independent third party for a consideration of HK\$2,000,000. The disposal of AIEL and its subsidiaries, namely Wellspark Holdings Limited and Go On was completed on the same date. Particulars of the disposal transaction are as follows:

36. 出售附屬公司 (續)

截至二零零九年十二月三十一日
止年度 (續)

(f) *AIEL及其附屬公司*

如財務報表附註8所述，本集團於二零零九年八月二十一日訂立一份買賣協議，據此，AIEL之全部已發行股本已出售予一名獨立第三方，代價為2,000,000港元。出售AIEL及其附屬公司曜輝集團有限公司及高安於同日完成。出售交易之詳情如下：

		2009 HK\$'000 二零零九年 千港元
Net assets disposed of:	出售之資產淨額：	
Property, plant and equipment (note 16(a))	物業、廠房及設備 (附註16(a))	85
Available-for-sale financial assets (note 20)	可供出售財務資產 (附註20)	12,091
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	487
Cash and cash equivalents	現金及現金等值項目	6
Finance lease payables	應付融資租約	(66)
Deposits received, other payables and accruals	已收按金、其他應付款項及應計款項	(69)
		12,534
Loss on disposal of subsidiaries (note 8)	出售附屬公司之虧損 (附註8)	(10,534)
Total consideration	總代價	2,000
Satisfied by cash	以現金支付	2,000

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

36. DISPOSALS OF SUBSIDIARIES (Continued)

For the year ended 31 December 2008

(g) Kaicheng

As mentioned in note 5 to the financial statements, on 6 March 2008, the Group disposed of 75.5% equity interests in Kaicheng for a consideration of HK\$1. Particulars of the disposal transaction were as follows:

Net liabilities disposed of:	出售之負債淨額：	
Amount due to a non-controlling shareholder	應付非控股股東款項	(774)
Deposits received, other payables and accruals	已收按金、其他應付款項及應計款項	(68)
		(842)
Gain on disposal of a subsidiary (note 5)	出售附屬公司之收益(附註5)	842
Total consideration	總代價	—
Satisfied by cash	以現金支付	—

36. 出售附屬公司(續)

截至二零零八年十二月三十一日止年度

(g) 凱晟

如財務報表附註5所述，於二零零八年三月六日，本集團以代價1港元出售其於凱晟75.5%股本權益。出售交易之詳情如下：

2008
HK\$'000
二零零八年
千港元

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

36. DISPOSALS OF SUBSIDIARIES (Continued)

For the year ended 31 December 2008 (Continued)

(h) ICC

As mentioned in note 5 to the financial statements, on 30 May 2008, the Group disposed of 51% equity interests in ICC for a consideration of HK\$200,000. Particulars of the disposal transaction were as follows:

		2008 HK\$'000 二零零八年 千港元
Net liabilities disposed of:	出售之負債淨額：	
Property, plant and equipment (note 16 (a))	物業、廠房及設備(附註16(a))	30
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	4,261
Inventories	存貨	273
Trade receivables	應收貿易賬項	7,663
Provision for impairment of trade receivables (note 23)	應收貿易賬項減值撥備 (附註23)	(2,357)
Cash at banks and in hand	銀行結存及手頭現金	763
Amount due from a non-controlling shareholder	應收非控股股東款項	1,370
Non-controlling interests	非控股股東權益	217
Trade payables	應付貿易賬項	(2,300)
Deposits received, other payables and accruals	已收按金、其他應付款項及應計款項	(15,158)
		(5,238)
Gain on disposal of a subsidiary (note 5)	出售附屬公司之收益(附註5)	5,438
Total consideration	總代價	200
Satisfied by cash	以現金支付	200

36. 出售附屬公司(續)

截至二零零八年十二月三十一日 止年度(續)

(h) 國際地毯

如財務報表附註5所述，於二零零八年五月三十日，本集團以代價200,000港元出售國際地毯51%股本權益。出售交易之詳情如下：

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

36. DISPOSALS OF SUBSIDIARIES (Continued)

For the years ended 31 December 2008 and 2009

(i) An analysis of the net inflow/(outflow) of cash and cash equivalents in respect of the disposals of the above subsidiaries is as follows:

		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Total consideration in cash	現金代價總額	19,130	200
Cash at bank and in hand disposed of	出售之銀行結存及手頭現金	(466)	(763)
Net cash inflows/(outflows) in respect of the disposals of subsidiaries	有關出售附屬公司之現金流入／(流出)淨額	18,664	(563)

37. DEEMED DISPOSAL OF SUBSIDIARIES

As mentioned in note 20, on 10 March 2008, the Company and certain of its subsidiaries, Capital Gain, a company in which Mr. Pang has beneficial interests, and Mr. Pang entered into an agreement such that, to assume the Group's obligation to contribute approximately US\$4,070,000 (HK\$31,725,000 equivalent) to the registered capital of Hebei Da Sheng, 51% previously owned by the Group, the Group agreed to allot and issue 804 ordinary shares of Aurora Logistic Finance, previously a 100% subsidiary of the Company, of US\$1.00 each to Capital Gain. As a result, the Company's interest in Aurora Logistic Finance and its subsidiaries (i.e. the Deemed Disposal Group) was diluted from 100% to 19.6%.

36. 出售附屬公司 (續)

截至二零零八年及二零零九年十二月三十一日止年度

(i) 有關出售上述附屬公司之現金及現金等值項目之流入／(流出)淨額分析如下：

37. 視作出售附屬公司

如附註20所述，於二零零八年三月十日，本公司及其若干附屬公司與彭先生擁有實益權益之公司Capital Gain及彭先生訂立一項協議，據此，Capital Gain同意承擔本集團對河北大盛（本集團之前擁有51%權益之公司）之註冊資本出資約4,070,000美元（相等於31,725,000港元）之責任，而本集團同意向Capital Gain配發及發行804股Aurora Logistic Finance（本公司之前擁有100%權益之附屬公司）每股面值1.00美元之普通股。因此，本公司於Aurora Logistic Finance及其附屬公司（即視作出售集團）之權益由100%攤薄至19.6%。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

37. DEEMED DISPOSAL OF SUBSIDIARIES

(Continued)

37. 視作出售附屬公司 (續)

		2008 二零零八年	
		HK\$'000 千港元	HK\$'000 千港元
Net assets owned by the Group prior to the deemed disposal	視作出售前本集團擁有之資產淨值		
Property, plant and equipment (note 16(a))	物業、廠房及設備 (附註16(a))		4,057
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項		59,344
Cash at banks and in hand	銀行結存及手頭現金		9,221
Deposits received, other payables and accruals	已收按金、其他應付款項及應計款項		(721)
Amounts due to non-controlling shareholders	應付非控股股東款項		(40,787)
Non-controlling interests	非控股股東權益		(1,148)
			29,966
Release of exchange reserve upon deemed disposal	視作出售時匯兌儲備撥回		(6,848)
			23,118
Interests owned by the Group after the deemed disposal	視作出售後本集團擁有之權益		
Property, plant and equipment (note 16(a))	物業、廠房及設備 (附註16(a))	4,057	
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	59,344	
Cash at banks and in hand	銀行結存及手頭現金	9,221	
Deposits received, other payables and accruals	已收按金、其他應付款項及應計款項	(721)	
Amounts due to non-controlling shareholders	應付非控股股東款項	(40,787)	
Non-controlling interests	非控股股東權益	(1,148)	
			29,966
Net assets owned by the Group prior to deemed disposal	視作出售前本集團擁有之資產淨值		29,966
Capital injection for the 804 ordinary shares by Capital Gain	Capital Gain就804股普通股作出之資本注資	31,725	
			61,691
Equity interests held by the Group (19.6%) after the deemed disposal	視作出售後本集團擁有之股本權益(19.6%)		12,091
Loss on deemed disposal of subsidiaries (note 8)	視作出售附屬公司之虧損 (附註8)		11,027

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

37. DEEMED DISPOSAL OF SUBSIDIARIES (Continued)

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of the Deemed Disposal Group was as follows:

		2008 HK\$'000 二零零八年 千港元
Total consideration	總代價	–
Cash at bank and in hand disposed of	出售之銀行結存及手頭現金	(9,221)
Net cash outflows in respect of the deemed disposal of subsidiaries	有關視作出售附屬公司之現金流出淨額	(9,221)

There was no deemed disposal of subsidiaries during the year.

38. OPERATING LEASE COMMITMENTS

At 31 December 2009, the Group had total future minimum lease payments under non-cancellable operating lease falling due as follows:

		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Within one year	一年內	1,355	6,278
In the second to fifth years, inclusive	第二年至第五年(包括首尾兩年)	1,875	4,950
		3,230	11,228

The Group leased certain leasehold land and buildings under operating leases. The leases ran for an initial period of two to three years, with an option to renew the lease and renegotiate the terms at expiry date or at dates as mutually agreed between the Group and respective landlords/lessors. None of the leases included contingent rentals.

The Company did not have any significant lease commitments as at 31 December 2008 and 2009.

37. 視作出售附屬公司(續)

有關出售視作出售集團之現金及現金等值項目之流出淨額分析如下:

		2008 HK\$'000 二零零八年 千港元
Total consideration	總代價	–
Cash at bank and in hand disposed of	出售之銀行結存及手頭現金	(9,221)
Net cash outflows in respect of the deemed disposal of subsidiaries	有關視作出售附屬公司之現金流出淨額	(9,221)

年內並無視作出售附屬公司。

38. 經營租約承擔

於二零零九年十二月三十一日,本集團於下列年期內屆滿之不可撤銷經營租約之未來最少租賃付款總額如下:

		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Within one year	一年內	1,355	6,278
In the second to fifth years, inclusive	第二年至第五年(包括首尾兩年)	1,875	4,950
		3,230	11,228

本集團根據經營租約租用若干租賃土地及樓宇。該等租約初步為期兩至三年,可於到期日或本集團與有關業主/出租人共同商定之日期選擇續租及重訂租約條款。該等租約不包括或然租金。

本公司於二零零八年及二零零九年十二月三十一日並無任何重大租約承擔。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

39. COMMITMENTS

As at 31 December 2009, the Group entered into agreements with various parties in relation to exploration and evaluation expenditures to be capitalised. As at 31 December 2009, the total contracted amount was HK\$1,048,000 (2008: HK\$1,950,000).

As mentioned in note 21 to the financial statements, on 25 September 2009, the Group entered into an agreement with the vendor, Greater Finance, to acquire the entire equity interests in the China International Group for a consideration of HK\$1,500,000,000 (subject to the adjustments). The China International Group is principally investing in oil and gas business. As at 31 December 2009, the refundable deposits of HK\$150,000,000 was paid to the vendor by the Company. As at 31 December 2009, capital commitment arising from the acquisition of the China International Group was approximately HK\$1,350,000,000.

As mentioned in note 21 to the financial statements, on 5 November 2009, the Group entered into an agreement with the vendor, Maycrown Capital to acquire the entire equity interests in the Sunlight Group for a consideration of HK\$350,860,000. The Sunlight Group is engaged in the business of generating and supplying electricity and heat by using coke oven gas in the PRC. As at 31 December 2009, the refundable deposits of HK\$35,000,000 was paid to the vendor by the Company. As at 31 December 2009, capital commitment arising from the acquisition of the Sunlight Group was approximately HK\$315,860,000.

39. 承擔

於二零零九年十二月三十一日，本集團已就資本化之勘探及評估開支與多名訂約方訂立多份協議。於二零零九年十二月三十一日，總計已訂約金額為1,048,000港元（二零零八年：1,950,000港元）。

如財務報表附註21所述，本集團於二零零九年九月二十五日與賣方Greater Finance訂立一份協議，以收購China International Group之全部股本權益。China International Group之收購代價為1,500,000,000港元（可予調整）。China International Group主要投資於石油及燃氣業務。於二零零九年十二月三十一日，本公司已向賣方支付可退還按金150,000,000港元。於二零零九年十二月三十一日，因收購China International Group而產生之資本承擔約為1,350,000,000港元。

如財務報表附註21所述，本集團於二零零九年十一月五日與賣方宏達融資訂立一份協議，以收購傲財集團之全部股本權益，代價為350,860,000港元。傲財集團於中國從事使用焦爐煤氣發電及供熱業務。於二零零九年十二月三十一日，本公司已向賣方支付可退還按金35,000,000港元。於二零零九年十二月三十一日，因收購傲財集團而產生之資本承擔約為315,860,000港元。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

40. RELATED PARTY TRANSACTIONS

Apart from the balances and transactions with related parties disclosed elsewhere in the financial statements, the Group had the following transactions with its related parties during the year:

Compensation of key management personnel

Included in staff costs are key management personnel compensation (including directors' emoluments) and comprises the following categories:

40. 關連人士交易

除財務報表所披露之結餘及與關連人士之交易外，年內，本集團與關連人士尚有如下交易：

主要管理人員之補償

主要管理人員之補償（包括董事酬金）乃計入員工成本，包括以下類別：

	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Short-term employee benefits 短期僱員福利	2,930	9,629
Contribution to retirement benefit scheme 退休福利計劃之供款	52	66
	2,982	9,695

41. FINANCIAL RISK MANAGEMENT

The Group does not have written financial risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate strategies to manage the Group's exposure to credit risk, market risk (including interest rate risk and foreign currency risk) and liquidity risk. Generally, the Group employs conservative strategies on its risk management. The Group's exposure to market risk is kept at a minimum level. The Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

(a) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and its investing activities.

41. 財務風險管理

本集團並無制訂書面財務風險管理政策及指引。然而，董事會會定期舉行會議，分析及制訂政策管理本集團所承擔之信貸風險、市場風險（包括利率風險及外匯風險）及流動資金風險。一般而言，本集團會就其風險管理採納一套穩妥之策略，從而將本集團承擔之市場風險維持在最低水平。本集團並無運用任何衍生工具或其他工具進行對沖。本集團並無持有或發行衍生金融工具以作買賣用途。

(a) 信貸風險

信貸風險指金融工具之對手方未能履行其根據金融工具條款之責任而引致本集團蒙受財務損失之風險。本集團之信貸風險主要來自於其日常業務營運過程中授予客戶之信貸及其投資業務。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

41. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

The carrying amounts of trade and other receivables represent the Group's maximum exposure to credit risk in relation to its financial assets. The carrying amounts of these financial assets presented in the statement of financial position are net of impairment losses, if any. The Group minimises its exposure to the credit risk by rigorously selecting the counterparties, performing ongoing credit evaluation on the financial conditions of its debtors and tightly monitoring the ageing of the receivables. Follow-up actions are taken in case of overdue balances on a ongoing basis. In addition, management monitors and reviews the recoverable amount of the receivables individually or collectively at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, is also limited because almost all the Group's cash and cash equivalents are deposited with major banks located in Hong Kong.

As the Group trades only with recognised and creditworthy counterparties, there is no requirement for collateral.

The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

41. 財務風險管理 (續)

(a) 信貸風險 (續)

應收貿易賬項及其他應收款項之賬面值為本集團就其財務資產所承擔之最高信貸風險。該等財務資產於財務狀況表呈列之賬面值已扣除減值虧損(如有)。本集團透過審慎挑選對手方、對其債務人之財務狀況進行持續信貸評估,以及緊密監控應收款項之賬齡,最大程度降低其所承擔之信貸風險。本集團採取持續跟進措施收回逾期結餘。此外,管理層會於各報告日期個別或共同監控及檢討應收款項之可收回金額,確保就不可收回金額作出足夠之減值虧損。

本集團之所有現金及現金等值項目幾乎全部存放於香港之主要銀行,故本集團其他財務資產之信貸風險(包括現金及現金等值項目)亦有限。

由於本集團只與獲認可及信譽良好之對手方進行交易,故毋須抵押。

本集團於過往年度已推行信貸政策,本集團認為信貸政策已有效地將本集團之信貸風險減至理想水平。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

41. FINANCIAL RISK MANAGEMENT (Continued)

(b) Foreign currency risk

The sales and purchases of the Group are predominantly in USD, RMB and HK\$. Exposures to currency exchange rates arise from certain of the Group's cash and bank balances, other receivables and other payables which are denominated in USD and RMB respectively. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and does not consider its foreign exchange risk to be significant.

The following table details the Group's exposure (including assets held for sale) at the reporting date to foreign currency risk from the above stated items denominated in a currency other than the functional currency of relevant group companies.

		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Cash and cash equivalents denominated in RMB	按人民幣列值之現金及現金等值項目	-	6
Other receivables denominated in RMB	按人民幣列值之其他應收款項	-	50
Other payables denominated in RMB	按人民幣列值之其他應付款項	-	6,774

Apart from the above, all the Group's financial assets and liabilities are denominated in HK\$.

By assessing foreign currency risk on other receivables and payables, the effect arising from a reasonably possible change in the exchange rates of HK\$ against USD and RMB in the next twelve months was not material to the loss for the year and accumulated losses at each of the reporting date, on the basis that all other variables remain constant.

41. 財務風險管理 (續)

(b) 外匯風險

本集團之買賣交易主要以美元、人民幣及港元列值。外匯風險來自本集團分別以美元及人民幣列值之若干現金及銀行結存、其他應收款項及其他應付款項。本集團並未使用衍生金融工具對沖其外匯風險。本集團定期檢討其外匯風險，並認為其外匯風險並不重大。

下表詳列於報告日期本集團上述項目(包括持作出售資產)按有關集團公司之功能貨幣以外之貨幣列值之外匯風險。

	Group 本集團	
	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Cash and cash equivalents denominated in RMB	-	6
Other receivables denominated in RMB	-	50
Other payables denominated in RMB	-	6,774

除以上所述者外，本集團之所有財務資產及負債均以港元列值。

經評估其他應收款項及應付款項之外匯風險，並假設所有其他變量保持不變，未來十二個月港元兌美元及人民幣之匯率可能合理變動產生之影響對年內之虧損及各報告日期之累計虧損並不重大。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

41. FINANCIAL RISK MANAGEMENT (Continued)

(c) Interest rate risk

As the Group has no significant variable interest-bearing financial liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rate. The directors consider the Group's exposures to cash flow interest rate risk on the bank balances and other receivables with variable interest bearing, as follows:

Sensitivity analysis

The Group is exposed to changes in market interest rates through its cash at banks and other receivables, which are subject to variable interest rates.

The following table indicates the approximate change in the Group's loss after income tax and accumulated losses in response to reasonably possible changes in the interest rate, to which the Group has significant exposure at the reporting date.

		2009 二零零九年		2008 二零零八年	
		Increase/ (decrease) in interest rate	Effect on loss after income tax and accumulated losses HK\$'000 對除所得稅後 虧損及 累計虧損 之影響 千港元	Increase/ (decrease) in interest rate	Effect on loss after income tax and accumulated losses HK\$'000 對除所得稅後 虧損及 累計虧損 之影響 千港元
Cash at banks	銀行現金	0.1%	94	1%	-
Cash at banks	銀行現金	(0.1%)	(94)	(1%)	-
Other receivables	其他應收款項	1%	-	1%	244
Other receivables	其他應收款項	(1%)	-	(1%)	(244)

The sensitivity analysis above has been determined assuming that the change in interest rate had occurred at the reporting date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 0.1% increase/decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for 2008.

41. 財務風險管理 (續)

(c) 利率風險

由於本集團並無重大浮息財務負債，本集團之收入及經營現金流基本不受市場利率變動之影響。董事認為，本集團之浮息銀行結存及其他應收款項面臨之現金流利率風險如下：

敏感度分析

本集團之銀行現金及其他應收款項以不同利率計息，因而面臨市場利率變動的風險。

下表列載本集團之除所得稅後虧損及累計虧損因利率合理可能變動（本集團已於報告日期作出重大披露）而產生之概約變動。

上述敏感度分析乃假設利率於報告日期已發生變動而釐定，並已應用於該日已存在之非衍生金融工具所面臨之利率風險中。上升/下降0.1%乃管理層就直至下一年度報告日期止期間內利率之合理可能變動所作之估計。有關分析乃基於二零零八年相同基準作出。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

41. FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair values

The fair values of the Group's current financial assets and liabilities are not materially different from their carrying amount because of the immediate or short-term maturity. The fair values of non-current liabilities were not disclosed because their carrying value is not materially different from their fair value.

(e) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of its financial obligations, and also in respect of its cash flow management.

The Group maintains a level of cash and cash equivalents assessed as adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on internally generated funding and borrowings as significant sources of liquidity.

The maturity profile of the Group's and the Company's financial liabilities as at the reporting dates, based on the contractual undiscounted payments, was as follows:

Group	本集團	2009 二零零九年		
		Within 6 months HK\$'000 六個月以內 千港元	6 to 12 months HK\$'000 六至十二個月 千港元	1 to 5 years HK\$'000 一至五年 千港元
Other payables and accruals	其他應付款項及應計款項	22,559	—	—
Convertible bonds	可換股債券	—	—	29,295
		22,559	—	29,295

41. 財務風險管理 (續)

(d) 公平值

本集團之流動財務資產及負債之公平值與其賬面值並無重大差異，蓋因該等財務資產及負債屬即時到期或於短期內到期。由於非流動負債之賬面值與其公平值並無重大差異，故並無披露該等負債之公平值。

(e) 流動資金風險

流動資金風險指本集團不能履行其與財務負債有關之責任之風險。本集團面對之流動資金風險與清償其財務負債以及其現金流量管理有關。

本集團維持管理層認為充足之現金及現金等值項目，以向本集團業務經營提供資金及減輕現金流量波動之影響。本集團以內部產生資金及借款作為流動資金之重要來源。

本集團及本公司根據合約性無折現款項於報告日期之財務負債到期日情況如下：

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

41. FINANCIAL RISK MANAGEMENT (Continued)

(e) Liquidity risk (Continued)

Group	本集團	2008 二零零八年		
		Within 6 months HK\$'000 六個月以內 千港元	6 to 12 months HK\$'000 六至十二個月 千港元	1 to 5 years HK\$'000 一至五年 千港元
Other payables and accruals	其他應付款項及 應計款項	8,755	–	–
Finance lease payables	應付融資租約款項	48	49	33
Convertible bonds	可換股債券	–	–	370,389
		8,803	49	370,422

Company	本公司	2009 二零零九年		
		Within 6 months HK\$'000 六個月以內 千港元	6 to 12 months HK\$'000 六至十二個月 千港元	1 to 5 years HK\$'000 一至五年 千港元
Other payables and accruals	其他應付款項及 應計款項	2,567	–	–
Convertible bonds	可換股債券	–	–	29,295
		2,567	–	29,295

Company	本公司	2008 二零零八年		
		Within 6 months HK\$'000 六個月以內 千港元	6 to 12 months HK\$'000 六至十二個月 千港元	1 to 5 years HK\$'000 一至五年 千港元
Other payables and accruals	其他應付款項及 應計款項	2,779	–	–
Convertible bonds	可換股債券	–	–	370,389
		2,779	–	370,389

41. 財務風險管理 (續)

(e) 流動資金風險 (續)

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

41. FINANCIAL RISK MANAGEMENT (Continued)

(f) Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised as at 31 December 2009 and 2008 are categorised as follows. See notes 3(m) and 3(r) for explanations about how the categorisation of financial instruments affects their subsequent measurement.

41. 財務風險管理 (續)

(f) 按分類劃分之財務資產及負債概要

本集團於二零零九年及二零零八年十二月三十一日確認之財務資產及負債賬面值劃分如下。有關財務工具分類如何影響其後計量見附註3(m)及3(r)之解釋。

		Group 本集團		Company 本公司	
		2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元	2009 HK\$'000 二零零九年 千港元	2008 HK\$'000 二零零八年 千港元
Financial assets	財務資產				
Non-current	非流動				
Available-for-sale financial assets	可供出售財務資產	-	12,091	-	-
Current	流動				
Loans and receivables	貸款及應收款項				
- Cash at banks and in hand	- 銀行結存及手頭現金	113,382	881	112,631	496
- Trade receivables	- 應收貿易賬項	-	43	-	-
- Other receivables	- 其他應收款項	71	30,338	-	-
- Due from subsidiaries	- 應收附屬公司款項	-	-	339,340	922,169
		113,453	43,353	451,971	922,665
Financial liabilities	財務負債				
Current	流動				
Other payables and accruals	其他應付款項及應計款項	22,559	8,755	2,567	2,779
Finance lease payables	應付融資租約款項	-	97	-	-
Non-current	非流動				
Finance lease payables	應付融資租約款項	-	33	-	-
Convertible bonds	可換股債券	19,279	192,662	19,279	192,662
		41,838	201,547	21,846	195,441

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

42. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

- (a) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for stakeholders;
- (b) To support the Group's stability and growth; and
- (c) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. The Group currently does not adopt any formal dividend policy. Management regards total equity less convertible bond – equity components as capital, for capital management purpose. The amount of capital as at 31 December 2009 amounted to approximately HK\$611,832,000 (2008: HK\$463,407,000), which management considers as optimal having considered the projected capital expenditures and the forecast strategic investment opportunities.

42. 資本管理

本集團之資本管理目標為：

- (a) 保障本集團有能力繼續作為持續經營公司，為股東帶來回報及利益；
- (b) 支持本集團穩定營運及增長；及
- (c) 為本集團提供資本以鞏固其風險管理能力。

本集團定期積極檢討及管理其資本結構，確保資本結構及股東回報達致最佳狀態，考慮事項包括本集團未來資本需求。目前，本集團並無採納任何正式股息政策。就資本管理目的而言，管理層將總權益減可換股債券－權益部分認作資本。於二零零九年十二月三十一日之資本金額約為611,832,000港元（二零零八年：463,407,000港元），經考慮預計資本開支及預測策略投資機會，管理層認為有關金額已達最佳水平。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

43. LITIGATIONS

There are litigations being undertaken against and for the Group in 2009, details of which are set out as follows:

(a) Capital contribution to IMFSMI

The Group's subsidiary, namely IMFSMI was established since 2007 and its capital has not yet been fully paid up since then. IMFSMI (acting under the legal representative and the director of IMFSMI, Ms. Leung Lai Ching Margaret) required its immediate holding company, namely HKFSMIH to make capital contribution of HK\$30 million into IMFSMI (the "Capital Contribution"), pursuant to IMFSMI's articles of the association. In September 2009, IMFSMI acted as plaintiff and undertook legal action against HKFSMIH to make the Capital Contribution. In March 2010, the Company's PRC counsel replied to the court in Inner Mongolia that

- (i) The plaintiff (i.e. IMFSMI) does not possess the litigation qualification as the business license of IMFSMI has already expired on 30 April 2009.
- (ii) The plaintiff does not have any rights to undertake the litigation as there are no laws in the PRC to enable a company to sue its equity holders who have not made their capital contribution.
- (iii) The certificate of approval for IMFSMI is now invalid and the 2009 annual statutory examination in the PRC has not been fulfilled.
- (iv) After taking into account the above considerations, the PRC counsel advised that the business license of IMFSMI should be firstly cancelled. As such, the Capital Contribution may not be necessary.

43. 訴訟

本集團於二零零九年有訴訟事項，詳情載列如下：

(a) 對內蒙古森源之注資

本集團之附屬公司內蒙古森源自二零零七年成立之後一直未繳足資本。內蒙古森源（由內蒙古森源之法人代表兼董事梁儷瀟女士代表）要求其直接控股公司香港森源根據內蒙古森源之章程細則對內蒙古森源作出30,000,000港元之注資（「注資」）。於二零零九年九月，內蒙古森源作為原告就注資一事對香港森源採取法律行動。於二零一零年三月，本公司之中國顧問向內蒙古法院作出以下回覆：

- (i) 由於內蒙古森源之營業執照已於二零零九年四月三十日屆滿，原告（即內蒙古森源）並無訴訟主體資格。
- (ii) 由於中國並無任何授權公司控告股權持有人未作出注資之法律依據，原告並無任何權利提起訴訟。
- (iii) 內蒙古森源之批准證書現已失效，亦未能通過二零零九年之年檢。
- (iv) 經考慮以上因素，中國顧問認為內蒙古森源之營業執照不可避免地將被註銷。因此不必作出注資。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

43. LITIGATIONS (Continued)

(a) Capital contribution to IMFSMI (Continued)

Although the court in Inner Mongolia dismissed the litigation in April 2010, the plaintiff appealed against the decision.

As at the date of the approval of the financial statements, the litigation is still in progress.

(b) Injunction order

Forest Source Mining Industry Holding Company Limited is a private company incorporated in Hong Kong and owned by Ms. Leung Lai Ching Margaret. This company is not related to the Group. The Group has requested Ms. Leung Lai Ching Margaret to change the name of this company on the basis that similarity between the name of this company and the Company's subsidiaries might cause confusion to the shareholders and business partners of the Group. On 30 November 2009, HKFSMIH, IMFSMI and QHFSMI successfully requested the High Court of Hong Kong to issue an interim injunction order against Forest Source Mining Industry Holding Company Limited, Ms. Leung Lai Ching Margaret and other three independent persons restraining them from carrying on business in Hong Kong and/or the PRC under the name of "Forest Source Mining Industry Holding Company Limited" or under any style or name comprising the words "Forest Source Mining Industry" in form likely to mislead or deceive the public. On 31 December 2009, the High Court of Hong Kong continued the interim injunction order against Forest Source Mining Industry Holding Company Limited, Ms. Leung Lai Ching Margaret and other two independent persons and discharged the interim injunction order against other one independent person. On 30 March 2010, upon Ms. Leung Lai Ching Margaret on oath saying that she was not intending to compete with HKFSMIH at the moment or to pass herself/Forest Source Mining Industry Holding Company Limited off as HKFSMIH, the High Court of Hong Kong discharged the interim injunction order against Forest Source Mining Industry Holding Company Limited, Ms. Leung Lai Ching Margaret and other two independent persons.

43. 訴訟 (續)

(a) 對內蒙古森源之注資 (續)

儘管內蒙古法院於二零一零年四月撤銷訴訟，惟原告對該裁決提出上訴。

於財務報表批准日期，訴訟仍在進行中。

(b) 禁制令

森源礦業控股有限公司乃一間於香港註冊成立並由梁儷瀨女士擁有之私人公司，與本集團並無關連。本集團以該公司與本公司之附屬公司之名稱極為相似，容易令本集團股東及業務夥伴混淆為理由，要求梁儷瀨女士更改該公司名稱。於二零零九年十一月三十日，香港森源、內蒙古森源及青海森源已成功要求香港高等法院對森源礦業控股有限公司、梁儷瀨女士以及其他三名獨立人士發出臨時禁制令，限制彼等以「森源礦業控股有限公司」之名或以任何可能誤導或欺詐公眾之形式以包含「森源礦業」字眼之方式或名稱於香港及／或中國進行業務。於二零零九年十二月三十一日，香港高等法院繼續對森源礦業控股有限公司、梁儷瀨女士以及其他兩名獨立人士發出臨時禁制令，並撤銷對另外一名獨立人士發出之臨時禁制令。於二零一零年三月三十日，於梁儷瀨女士宣誓彼目前並無意與香港森源競爭或其本人／森源礦業控股有限公司並無意冒充香港森源後，香港高等法院撤銷對森源礦業控股有限公司、梁儷瀨女士以及其他兩名獨立人士發出之臨時禁制令。

