



CHINA ORIENTAL GROUP COMPANY LIMITED 中國東方集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(在百慕達註冊成立的有限公司)

(Stock Code: 581)

(股份代號: 581)



Annual Report

2011 年報

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Financial Highlights 財務摘要

FINANCIAL SUMMARY

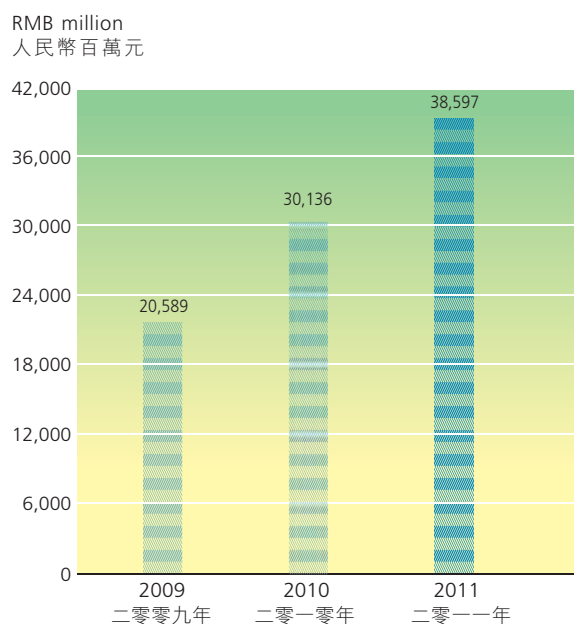
財務摘要

		2009 二零零九年 (RMB million) (人民幣百萬元)	2010 二零一零年 (RMB million) (人民幣百萬元)	2011 二零一一年 (RMB million) (人民幣百萬元)
Revenue	收入	20,589	30,136	38,597
Gross Profit	毛利	2,006	2,055	2,602
EBITDA ¹	扣除所得稅、財務淨成本、 折舊及攤銷前溢利 ¹	2,263	2,714	3,294
Profit before income tax	除所得稅前溢利	1,314	1,613	1,932
Profit for the year	年度溢利	972	1,185	1,418
Profit attributable to owners of the Company	本公司權益持有者 應佔溢利	884	1,063	1,242
Basic earnings per Share (RMB)	每股基本收益(人民幣元)	0.30	0.36	0.42
Net Assets	淨資產值	7,461	8,520	9,511
Total Assets	總資產	15,189	20,742	22,930
Net Assets value per Share (excluding non-controlling interests)	每股淨資產值(豁除非控 制性權益)	2.45	2.75	3.03

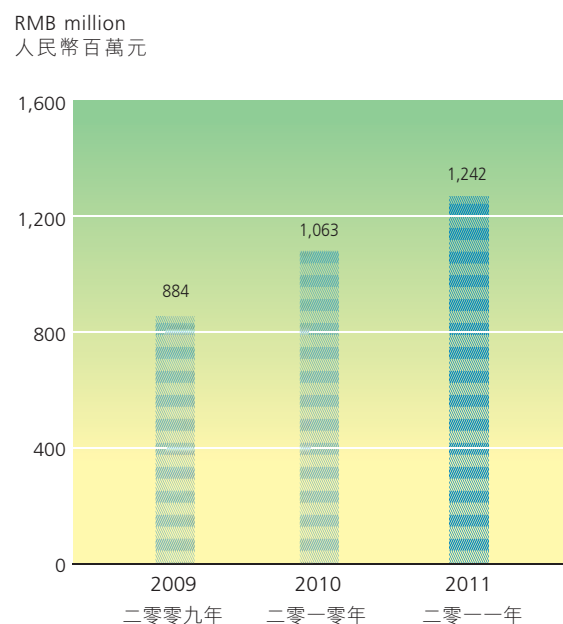
1 The Company defines EBITDA as profit for the year before finance costs-net, amortisation of intangible assets, amortisation of leasehold land and land use rights, income tax expense, depreciation, non-recurring items and share-based payments. Non-recurring items for the year ended 31 December 2011 included RMB 108.4 million as write-down of inventories to net realisable value, RMB 161.3 million as impairment provision for property, plant and equipment and RMB 49.1 million as loss on receivables for operating lease.

1 本公司對EBITDA的定義為扣除財務淨成本、無形資產攤銷、租賃土地及土地使用權攤銷、所得稅費用、折舊、非經常發生的項目及購股權支出前之年度溢利。於截至二零一一年十二月三十一日止年度內，非經常發生的項目包括人民幣1.084億元作為存貨價值減值至可變現淨值、人民幣1.613億元作為物業、廠房及設備減值撥備以及人民幣0.491億元作為經營租賃的應收款項的損失。

Revenue
收入



**Profit Attributable to
Equity Holders of the Company**
本公司權益持有者應佔溢利



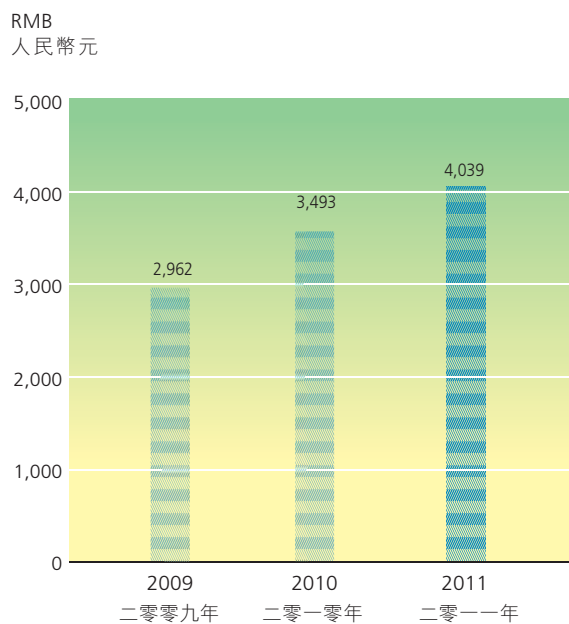
Financial Highlights 財務摘要

SELLING PRICE AND GROSS PROFIT PER TONNE

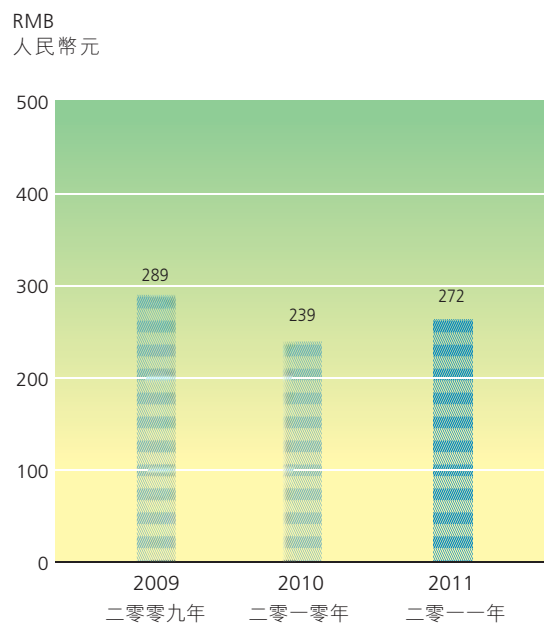
每噸銷售價與毛利

		2009	2010	2011
		二零零九年	二零一零年	二零一一年
		(RMB)	(RMB)	(RMB)
		(人民幣元)	(人民幣元)	(人民幣元)
Selling Price per Tonne	每噸銷售價	2,962	3,493	4,039
Gross Profit per Tonne	每噸毛利			
H-section steel products	H型鋼產品	285	265	385
Strips and strip products	帶鋼及帶鋼類產品	342	255	233
Billets	鋼坯	242	182	114
Cold rolled sheets and galvanised sheets	冷軋板及鍍鋅板	2	195	179
Rebar	螺紋鋼	—	—	209
Combined	綜合	289	239	272

Selling Price per Tonne
每噸銷售價



Gross Profit per Tonne
每噸毛利



Financial Highlights 財務摘要

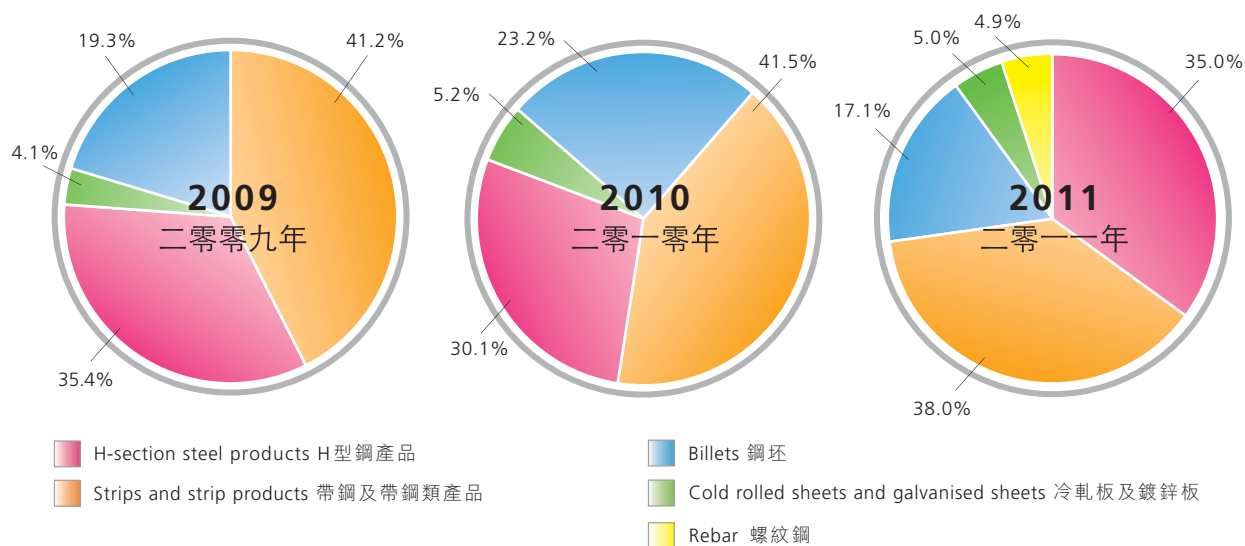
SALES VOLUME BY PRODUCTS

按產品種類劃分之銷量

		2009 二零零九年 (‘000 tonnes) (千噸)	2010 二零一零年 (‘000 tonnes) (千噸)	2011 二零一一年 (‘000 tonnes) (千噸)
H-section steel products	H型鋼產品	2,460	2,595	3,347
Strips and strip products	帶鋼及帶鋼類產品	2,861	3,580	3,627
Billets	鋼坯	1,341	2,001	1,633
Cold rolled sheets and galvanised sheets	冷軋板及鍍鋅板	286	452	477
Rebar	螺紋鋼	—	—	471
Combined	綜合	6,948	8,628	9,555

Sales Volume by Products

按產品種類劃分之銷量



BOARD OF DIRECTORS

Executive Directors

Mr. Han Jingyuan (*Chairman and Chief Executive Officer*)

Mr. Zhu Jun

(*Executive Deputy General Manager and Chief Operating Officer*)

Mr. Shen Xiaoling

(*Deputy General Manager and Chief Financial Officer*)

Mr. Zhu Hao

Mr. Muktesh Mukherjee (*Deputy General Manager*)

Mr. Han Li (*appointed on 7 February 2012*)

Non-Executive Directors

Mr. Ondra Otradovec

Mr. Vijay Kumar Bhatnagar

Mr. Liu Lei (*re-designated on 7 February 2012*)

Independent Non-Executive Directors

Mr. Gao Qingju

(*resigned on 7 February 2012*)

Mr. Yu Tung Ho

Mr. Wong Man Chung, Francis

Mr. Wang Tianyi

(*appointed on 7 February 2012*)

COMPOSITION OF BOARD COMMITTEE

NOMINATION COMMITTEE

Mr. Han Jingyuan (*Chairman*)

Mr. Yu Tung Ho

Mr. Wong Man Chung, Francis

Mr. Wang Tianyi

AUDIT COMMITTEE

Mr. Wong Man Chung, Francis (*Chairman*)

Mr. Yu Tung Ho

Mr. Wang Tianyi

REMUNERATION COMMITTEE

Mr. Wong Man Chung, Francis (*Chairman*)

Mr. Yu Tung Ho

Mr. Wang Tianyi

Mr. Han Jingyuan

AUTHORISED REPRESENTATIVE

Mr. Zhu Hao

Mr. Lee Hang Tat

董事局

執行董事

韓敬遠先生 (*董事局主席兼首席執行官*)

朱軍先生

(*常務副總經理兼首席運營官*)

沈曉玲先生

(*副總經理兼首席財務官*)

朱浩先生

Muktesh Mukherjee 先生 (*副總經理*)

韓力先生 (*於二零一二年二月七日委任*)

非執行董事

Ondra Otradovec 先生

Vijay Kumar Bhatnagar 先生

劉磊先生 (*於二零一二年二月七日調任*)

獨立非執行董事

高清舉先生

(*於二零一二年二月七日辭任*)

余統浩先生

黃文宗先生

王天義先生

(*於二零一二年二月七日委任*)

董事委員會

提名委員會

韓敬遠先生 (*主席*)

余統浩先生

黃文宗先生

王天義先生

審核委員會

黃文宗先生 (*主席*)

余統浩先生

王天義先生

薪酬委員會

黃文宗先生 (*主席*)

余統浩先生

王天義先生

韓敬遠先生

授權代表

朱浩先生

李行達先生

Corporate Information 公司資料

COMPANY SECRETARY

Mr. Lee Hang Tat

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 901-2 & 10, 9th floor, Great Eagle Centre
23 Harbour Road
Wanchai, Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

AUDITOR

PricewaterhouseCoopers

COMPANY'S WEBSITE

www.chinaorientalgroup.com

LIST OF BANKERS (IN ALPHABETICAL ORDERS)

Agricultural Bank of China
Bank of Communications
China Citic Bank
China Construction Bank
China Merchants Bank
China Minsheng Bank
DBS
Industrial and Commercial Bank of China (Asia) Limited
Nanyang Commercial Bank
Natixis
Rabobank
Raiffeisen Bank International AG
Shenzhen Development Bank
The Hongkong and Shanghai Banking Corporation Limited

公司秘書

李行達先生

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

香港主要營業地點

香港灣仔
港灣道23號
鷹君中心9樓901-2及10室

百慕達主要股份過戶登記處

Butterfield Fulcrum Group (Bermuda) Limited

股份過戶登記處香港分處

卓佳證券登記有限公司

核數師

羅兵咸永道會計師事務所

公司網址

www.chinaorientalgroup.com

往來銀行 (按英文次序排列)

中國農業銀行
交通銀行
中信銀行
中國建設銀行
中國招商銀行
中國民生銀行
星展銀行
中國工商銀行(亞洲)
南洋商業銀行
法國外貿銀行
荷蘭合作銀行
奧地利奧和國際銀行
深圳發展銀行
香港上海滙豐銀行有限公司



The Group reported a satisfactory growth in its sales and results for 2011 as compared with that of 2010.

本集團於二零一一年的銷售及業績比二零一零年有較理想的增長。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

REVIEW OF YEAR 2011

二零一一年回顧

OPERATING ENVIRONMENT

經營環境

During the Year 2011, conditions in the steel industry remained volatile and led to an obvious difference in the performance in the first half and second half of the year under review. Strong economic growth in China helped steel prices move up and this trend continued through most of first half of Year 2011 with a brief softening happening in March 2011. Entering into the second half of the Year, steel demand was significantly affected by the slowdown in the PRC economy and the Euro zone crisis which in turn adversely affected sales prices.

於二零一一年全年，鋼鐵行業環境持續波動，上半年及下半年表現差距明顯。強勁的中國經濟增長令鋼材價格持續上升，雖然在三月份時輕微回軟，這趨勢在二零一一年上半年也能大致維持，步入下半年，鋼鐵需求明顯受到中國經濟放緩及歐元區危機影響，銷售價格因此也受到負面影響。

During the year ended 31 December 2011, the iron ore and coking coal markets continued to be volatile. Iron ore prices remained at a high level all year having peaked in the third quarter. However iron ore prices trend turned down and dropped in November 2011 on account of weakening demand globally. The management of China Oriental Group Company Limited (the "Company") and its subsidiaries (the "Group") will closely monitor the market situation, strictly control the Group's inventory level and adjust the purchasing strategy as and when needed.

於截至二零一一年十二月三十一日止年度內，鐵礦石及焦煤市場也是持續波動，鐵礦石價格全年處於高位，特別是於第三季度時，鐵礦石價格達到最高點，但於十一月時因受全球鋼材需求放緩所影響，其價格開始掉頭下跌。中國東方集團控股有限公司（「本公司」）及其附屬公司（「本集團」）管理層會密切留意市場變化，嚴格監控本集團的存貨量及在有需要時適時調整採購策略。

Chairman's Statement 主席報告

OPERATING ENVIRONMENT *(continued)*

The Group continues to make investments which can improve production efficiencies, eliminate inefficient production capacity and improve energy efficiency. The Group has also implemented different policies to control costs and improve employee motivation.

The Group continued to be a market leader in the PRC for H-section steels. During the year ended 31 December 2011, the Group sold 3.35 million tonnes of H-section steels.

The Group sold of 3,347,000 tonnes H-section steel products in the year ended 31 December 2011. The Group also focused on developing high-end products through improved research and development efforts, focused on H-section steel.

經營環境(續)

本集團亦持續投資以改善生產效率、淘汰低效率生產設備及改善能源效益。同時亦繼續實施多項措施以控制成本及改善僱員的積極性。

本集團繼續領導中國的H型鋼市場。截至二零一一年十二月三十一日止的全年，本集團共售出335萬噸H型鋼產品。

本集團於截至二零一一年十二月三十一日止年度內銷售3,347,000噸H型鋼產品，本集團亦透過在研發的努力，銳意發展高附加值產品，主力集中於H型鋼。



OPERATING ENVIRONMENT (continued)

The property development project, namely Donghu Bay, located in Tangshan City, Hebei Province, the PRC fulfilled the pre-sale condition in April 2011. The construction on the main parts of phase one was completed during the year and pre-sales of some of the units built also commenced.

The Group continues to finetune the strategies related to receiving bank acceptance notes from customers for increasing gross profit and minimizing cash outflow. The settlement of the notes receivables were guaranteed by banks with maturity dates within six months and the credit risks in respect of the notes receivables are considered to be low. The Group also uses foreign trade payable finance as a means to reduce the finance costs and gain from the potential Renminbi appreciation against USD.

For the year ended 31 December 2011, the Group recorded revenues of RMB 38,597 million, representing an increase of 28.2% as compared with that of the corresponding period in prior year. Given the increase in revenues and its effective cost control measures, the Group sustained growth in its operating profit in Year 2011 when compared with prior year. During the year under review, the operating profit and profit for the year attributable to owners of the Company has increased by 15.5% and 16.8%, respectively, as compared with last year.

Since the Group introduced the world's largest steel corporation ArcelorMittal as its strategic shareholder in Year 2008, collaboration between the Group and ArcelorMittal has grown considerably. ArcelorMittal appointed experienced executives to the Board of Directors of the Company (the "Board") to participate in decision making for the Group's business development. Technic and management staff from ArcelorMittal were sent to our production sites on a regular basis to inspect their operations and provide professional advice. Close collaboration is maintained for improving product quality.

經營環境(續)

本集團於河北省唐山市的「東湖灣」項目於二零一一年四月份符合預售條件，第一期的主體項目建設已在二零一一年年內完成及部份建成單位開始預售。

本集團持續調整關於向客戶收取承兌匯票的策略以增加銷售毛利及減低現金支出，應收票據到期日為六個月內，其結算由銀行擔保，應收票據的信貸風險被視為較低，本集團也利用外幣應付帳貿易融資來降低財務成本及賺取人民幣兌美元潛在升值利潤。

截至二零一一年十二月三十一日止的十二個月，本集團錄得收入為人民幣385.97億元，較去年同期增加28.2%。在收入增加及成本控制得宜的情況下，本集團於二零一一年度的經營溢利較去年同期錄得持續增長。於回顧期內，經營溢利及期內本公司權益持有者應佔溢利分別較去年同期增加15.5%及16.8%。

本集團自二零零八年引入全球最大的鋼鐵企業安賽樂米塔爾為策略股東後，雙方的緊密合作不斷深化。安賽樂米塔爾除委派資深行政人員加入本集團董事局（「董事局」），參與本集團業務發展決策外，並定期派遣技術及管理人員到我們的生產基地視察營運狀況和提供專業意見，在產品品質提升方面作緊密交流。

Chairman's Statement 主席報告

BUSINESS REVIEW

During the year of 2011, the sales volume of H-section steel products, strips and strip products, billets, cold rolled sheets and galvanized sheets and rebar reached 3,347,000 tonnes, 3,627,000 tonnes, 1,633,000 tonnes, 477,000 tonnes and 471,000 tonnes respectively.

During the year of 2011, in response to the rising costs of raw material, the Group took proactive measures to control and reduce costs, and also enhanced operational efficiency. This enabled the Group to maintain a gross profit margin of 6.7%.

The audited profit before tax and profit attributable to owners of the Company for 2011 were RMB1,932 million and RMB1,242 million respectively, representing increase of 19.8% and 16.8% respectively when compared with those of the previous year.

Located in Qianxi, Tangshan City, Hebei Province, the PRC, Hebei Jinxi Iron and Steel Group Company Limited ("Jinxi Limited") is the Group's main production base. Jinxi Limited continued to make investments for improving the production efficiencies and products' qualities. During the year of 2011, the sales volume of H-section steel products of Jinxi Limited was 1,440,000 tonnes.

During the year of 2011, Hebei Jinxi Iron and Steel Group Zhengda Iron and Steel Company Limited ("Zhengda Iron and Steel") worked on upgrading its production facilities with the target to reduce energy consumption and emissions. The project started in second half of 2011 and will increase the operating efficiencies of Zhengda Iron and Steel in 2012.

During the year of 2011, Foshan Jin Xi Jin Lan Cold Rolled Sheet Company Limited ("Jinxi Jinlan") proactively controlled its costs, broadened its product variety, strengthened the communication with customers, and obtained more timely information of its competitors. The annual sales volume of Jinxi Jinlan was 477,000 tonnes.

The construction on the main parts of phase one of the property development project, named Donghu Bay, was completed in the year of 2011.

業務回顧

於二零一一年度內，本集團銷售的H型鋼產品、帶鋼及帶鋼類產品、鋼坯、冷軋板及鍍鋅板和螺紋鋼銷售量分別達334.7萬噸、362.7萬噸、163.3萬噸、47.7萬噸及47.1萬噸。

面對原材料成本上漲，本集團在二零一一年度內透過有效控制、壓縮成本及提升營運效率，使本集團的毛利率維持於6.7%的水平。

二零一一年經審核除所得稅前溢利及本公司權益持有者應佔溢利分別為人民幣19.32億元及人民幣12.42億元，較去年同期分別增長19.8%及16.8%。

位於中國河北省唐山市遷西縣的河北津西鋼鐵集團股份有限公司（「津西鋼鐵」）為本集團的主要生產基地，津西鋼鐵於二零一一年內持續投資提升生產效率及改善產品質素的工程，於二零一一年共銷售H型鋼1,440,000噸。

河北津西鋼鐵集團正達鋼鐵有限公司（「正達鋼鐵」）於二零一一年度內針對節能消耗及減排目標致力對生產設施進行提升。各專案於二零一一年下半年開始，這將有利正達鋼鐵於二零一二年提升營運效益。

佛山津西金蘭冷軋板有限公司（「津西金蘭」）於二零一一年度內積極控制成本，增加高附加值產品比例，加強與客戶溝通和及時掌握競爭對手的動態。津西金蘭全年整體銷售量達477,000噸。

「東湖灣」的專案於二零一一年度內已完成第一期主體項目工程建設。

Chairman's Statement 主席報告

BUSINESS REVIEW (continued)

During the year of 2011, the Group actively explored new businesses to broaden its sources of revenue, including the development of a scrap recycling business and this new business has obtained preliminary government approval. Moreover, Hebei Jinxi Iron and Steel Group Dafang Heavy Industry Science and Technology Company Limited also developed several new projects during the year focusing on supplying equipment to the steel industry.

BUSINESS OPERATION

Sales Volume

In 2011, the Group's total sales volume was 9,555,000 tonnes (2010: 8,628,000 tonnes), representing an increase of approximately 10.8%.

The Group's sales volume breakdown during the year was as follows:

		2011 二零一一年		2010 二零一零年		Changes in Sales volume 銷售量變化
		Sales volume 銷售量 ('000 tonnes) (千噸)		Sales volume 銷售量 ('000 tonnes) (千噸)		
H-section steel products	H型鋼產品	3,347	35.0%	2,595	30.1%	29.0%
Strips and strip products	帶鋼及帶鋼類產品	3,627	38.0%	3,580	41.5%	1.31%
Billets	鋼坯	1,633	17.1%	2,001	23.2%	(18.4%)
Cold rolled sheets and galvanised sheets	冷軋板及鍍鋅板	477	5.0%	452	5.2%	5.5%
Rebar	螺紋鋼	471	4.9%	-	-	-
Total	合計	9,555	100%	8,628	100%	10.8%

During the year of 2011, the Group's production capacity is 11 million tonnes per annum.

業務回顧(續)

於二零一一年年度內，本集團積極開發新的業務板塊以拓闊收益來源，包括發展廢鐵回收業務，該新業務前期的政府批准手續大致上完成。另外，河北津西鋼鐵集團大方重工科技有限公司也於本年度內開發數項新專案而該新專案是專注供應用於鋼鐵行業的設備。

業績回顧

銷售量

二零一一年本集團總銷售量為9,555,000噸(二零一零年：8,628,000噸)，上升約10.8%。

本集團於有關年度銷售量如下：

於二零一一年年度內，本集團的產能是1,100萬噸。

Chairman's Statement 主席報告

BUSINESS OPERATION (continued)

Revenue

Revenue of the Group in 2011 was RMB 38,597 million (2010: RMB 30,136 million), representing an increase of approximately 28.2%.

The Group's sales breakdown and average selling price by product (excluding value-added tax) during the year were as follows:

		2011 二零一一年		2010 二零一零年		Changes 變化	
		Average selling Revenue	price average 銷售單價	Average selling Revenue	price average 銷售單價	Revenue	Average selling price
		(RMB million) (人民幣百萬元)	(RMB/tonne) (人民幣元/噸)	(RMB million) (人民幣百萬元)	(RMB/tonne) (人民幣元/噸)	銷售額	銷售單價
H-section steel products	H型鋼產品	13,733	4,103	9,100	3,507	50.9%	17.0%
Strips and strip products	帶鋼及帶鋼類產品	14,210	3,917	12,385	3,459	14.7%	13.2%
Billets	鋼坯	6,176	3,783	6,604	3,301	(6.5%)	14.6%
Cold rolled sheets and galvanised sheets	冷軋板及鍍鋅板	2,305	4,838	2,047	4,521	12.6%	7.0%
Rebar	螺紋鋼	1,960	4,161	-	-	-	-
Others	其他	213	-	-	-	-	-
Total/combined	合計/綜合	38,597	4,039	30,136	3,493	28.2%	15.6%

The increase in revenue was primarily due to an increase in the sales volume of the Group's products and an increase in its average selling price by 15.6% to RMB 4,039 per tonne in 2011 from RMB 3,493 per tonne in 2010. Increase in the sales volume and average selling price of the Group's products was mainly attributable to rising demand driven by the continued improvement in economic conditions in the PRC in 2011 as compared to 2010.

業績回顧(續)

銷售額

二零一一年本集團總銷售額為人民幣385.97億元(二零一零年：人民幣301.36億元)，增長約28.2%。

本集團於有關年度銷售額及平均產品銷售單價(不含增值稅)如下：

銷售額上升主要由於本集團產品的銷售量上升及平均銷售單價較二零一零年的每噸人民幣3,493元上升15.6%至每噸人民幣4,039元。本集團產品的銷售量及平均售價上升主因是二零一一年中國整體經濟狀況較二零一零年持續好轉，而帶動需求量上升所致。

Chairman's Statement 主席報告

BUSINESS OPERATION (continued)

Cost of Sales and Gross Profit

The audited consolidated gross profit of the Group in 2011 was RMB 2,602 million (2010: RMB 2,055 million), representing an increase of 26.6%. Gross profit margin was approximately 6.7% (2010: 6.8%).

Average cost per tonne, gross profit per tonne and gross profit margin of the Group during the year were as follows:

		2011 二零一一年			2010 二零一零年		
		Average unit cost 平均 成本單價 (RMB/tonne) (人民幣元/噸)	Gross profit per tonne 每噸毛利 (RMB/tonne) (人民幣元/噸)	Gross profit margin 毛利率	Average unit cost 平均 成本單價 (RMB/tonne) (人民幣元/噸)	Gross profit per tonne 每噸毛利 (RMB/tonne) (人民幣元/噸)	Gross profit margin 毛利率
H-section steel products	H型鋼產品	3,718	385	9.4%	3,242	265	7.5%
Strips and strip products	帶鋼及帶鋼類產品	3,684	233	5.9%	3,204	255	7.4%
Billets	鋼坯	3,669	114	3.0%	3,119	182	5.4%
Cold rolled sheets and galvanised sheets	冷軋板及鍍鋅板	4,659	179	3.7%	4,326	195	4.3%
Rebar	螺紋鋼	3,952	209	5.0%	-	-	-
Total	合計	3,767	272	6.7%	3,254	239	6.8%

The gross profit per tonne of the Group's products in 2011 was RMB 272, representing an increase of approximately 13.8% compared to the gross profit per tonne in 2010. Gross profit margin decreased to 6.7% in 2011 from 6.8% in 2010. Decrease in gross profit margin was primarily due to the increment in raw material price increases in proportionate more than the increment in selling prices on account of weaker market demand in the second half of 2011.

業績回顧(續)

銷售成本及毛利

二零一一年本集團的經審核綜合毛利為人民幣26.02億元(二零一零年:人民幣20.55億元),上升26.6%。毛利率約為6.7%(二零一零年:6.8%)。

本集團於有關年度每噸平均成本,每噸毛利及毛利率如下:

二零一一年本集團產品每噸毛利為人民幣272元,比二零一零年的每噸毛利上升約13.8%。毛利率由二零一零年的6.8%下跌至二零一一年的6.7%。毛利率下跌原因是二零一一年下半年售價受需求疲弱所影響,導致原材料價格上升幅度大於售價的上升幅度。

Chairman's Statement 主席報告

FINANCIAL REVIEW

Liquidity and Financial Resources

In order to sustain a stable financial status, the Group closely monitors its liquidity and financial resources.

As at 31 December 2011, the Group had unutilised banking facilities of approximately RMB 4.6 billion (2010: RMB 4.8 billion).

As at 31 December 2011, the current ratio of the Group, representing current assets divided by current liabilities, was 1.7 (2010: 2.0) and the gearing ratio, representing total liabilities divided by total assets, was 58.5% (2010: 58.9%).

As at 31 December 2011, the cash and cash equivalents of the Group amounted to RMB 965 million (2010: RMB 2,223 million).

After considering its cash and cash equivalents as well as the banking facilities currently available to the Group, it is believed that the Group has sufficient capital to fund its future operations and for general business expansion and development.

Capital Structure

As at 31 December 2011, most of the borrowings of the Group bore fixed interest rates and the Group's exposure to changes in market interest rates was limited. The Group did not use any derivatives to hedge its exposure to interest rate risk for the years ended 31 December 2011 and 2010.

Moreover, most of the borrowings of the Group as at 31 December 2011 were non-current with maturity over three years.

財務回顧

資金流動性及財務資源

本集團密切監察流動資金及財政資源，以保持穩健的財政狀況。

於二零一一年十二月三十一日，本集團的可用銀行授信額度為人民幣46億元(二零一零年：人民幣48億元)。

於二零一一年十二月三十一日，本集團的流動比率(流動資產除以流動負債)為1.7倍(二零一零年：2.0倍)及資產負債比率(總負債除以總資產)分別為58.5%(二零一零年：58.9%)。

於二零一一年十二月三十一日，本集團的現金及現金等價物為人民幣9.65億元(二零一零年：人民幣22.23億元)。

考慮目前本集團所持有之現金及現金等價物及可用銀行授信額度後，相信本集團擁有充足的資金應付未來之業務運作及一般業務擴充和發展之資金需要。

資本結構

於二零一一年十二月三十一日，本集團的大部份借款為固定利率且本集團對市場利率變化的風險為有限的。本集團截至二零一一年及二零一零年十二月三十一日止年度並無使用衍生工具對沖其利率風險。

此外，於二零一一年十二月三十一日，本集團大部分的借款的還款期為非流動且超過三年。

FINANCIAL REVIEW (continued)

Capital Structure (continued)

The Group monitors its capital on the basis of the debt-to-capital ratio. This ratio is calculated as total debt divided by total capital. Total debt includes current and non-current borrowings, finance lease obligations and borrowings from related parties. The Group regards its non-current borrowings, non-current portion of its finance lease obligations and borrowings from related parties and its equity attributable to owners of the parent as its total capital. As at 31 December 2011, the debt-to-capital ratio of the Group was 55.8% (2010: 51.2%).

The consolidated interest expenses and capitalised interest in 2011 amounted to RMB 546 million (2010: RMB 308 million). The interest coverage (divide earnings before interest and taxes by total interest expenses) was 3.7 times (2010: 5.7 times).

Capital Commitments

As at 31 December 2011, the Group had capital commitments of RMB 505 million (2010: RMB 1.98 billion). It is estimated the capital commitments will be financed by the Group's internal resources, senior notes and unutilised banking facilities.

Guarantees and Contingent Liabilities

As at 31 December 2011, the Group's contingent liabilities amounted to RMB 30 million (2010: RMB 30 million), which was the provision of guarantee for bank borrowings in favour of a third party.

財務回顧(續)

資本結構(續)

本集團根據債項與權益比率監察資本狀況。債項與資本比率為債項總額除以總資本、而債項總額包括流動及非流動借款、融資租賃負債及關聯公司借款。本集團將其非流動借款、融資租賃負債及關聯公司借款的非流動部份及歸屬於本公司權益持有者的權益視為本集團的總資本。於二零一一年十二月三十一日，本集團的債項與資本比率為55.8%（二零一零年：51.2%）。

二零一一年綜合利息支出（含資本化利息支出）共人民幣5.46億元（二零一零年：人民幣3.08億元）。利息盈利倍數（扣除利息支出前之稅前溢利除以利息支出）為3.7倍（二零一零年：5.7倍）。

資本性承擔

於二零一一年十二月三十一日，本集團的資本性承擔為人民幣5.05億元（二零一零年：人民幣19.8億元）。預計將由本集團自有資金、發債資金所融資及可用銀行授信額度作為融資。

擔保及或然負債

於二零一一年十二月三十一日，本集團的或然負債為人民幣3,000萬元（二零一零年：人民幣3,000萬元），為替第三方作銀行借貸擔保。

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FINANCIAL REVIEW (continued)

Pledge of Assets

As at 31 December 2011, the net book value of the Group's property, plant and equipment amounted to approximately RMB 41 million (2010: approximately RMB 175 million), land use rights amounted to nil (2010: approximately RMB 23 million), inventories amounted to approximately RMB 61 million (2010: approximately RMB 89 million), notes receivable amounted to approximately RMB 161 million (2010: approximately RMB 55 million) and restricted bank balances amounted to approximately RMB 891 million (2010: approximately RMB 160 million) had been pledged as security for issuing notes payable of the Group and the Group's banking facilities.

Exchange Risks

Foreign exchange risk is the risk to the Group's financial conditions and results of operations arising from movements of foreign exchange rates. The Group mainly operates in the Mainland China with most of the transactions denominated and settled in RMB. The Group's foreign exchange risk primarily arises from the procurement of iron ores and the relevant products from overseas suppliers and the Group's Senior Notes, which is denominated and settled in USD. Foreign exchange rates fluctuates in reaction to the macro-economic performance of different countries and fund flows between countries arising from trade or capital commitments. The Group has not used any derivatives to hedge its exposure to foreign exchange risk for the years ended 31 December 2011 and 2010.

Final Dividend

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

財務回顧(續)

資產抵押

於二零一一年十二月三十一日，本集團賬面淨值人民幣0.41億元(二零一零年：人民幣1.75億元)的物業、廠房及設備、沒有抵押土地使用權(二零一零年：人民幣0.23億元)、約人民幣0.61億元(二零一零年：人民幣0.89億元)的存貨、約人民幣1.61億元(二零一零年：約人民幣0.55億元)的應收票據及約人民幣8.91億元(二零一零年：約人民幣1.60億元)的受限制銀行結餘，已作為本集團發行銀行承兌匯票及獲授銀行融資的抵押品。

匯率風險

外匯風險指匯率變動對本集團財務狀況及營運業績構成之風險。本集團主要在中國境內經營，大多數交易均以人民幣計值及結算。本集團之外匯風險主要由於向海外供應商購入鐵礦石和相關產品及本集團的優先票據均以美元計值及結算。匯率波動受不同國家宏觀經濟表現以及貿易或資本動向帶來國家之間資金流動所影響。本集團於截至二零一一年及二零一零年十二月三十一日止年度並無利用任何衍生工具對沖外匯風險。

末期股息

董事局不建議就截至二零一一年十二月三十一日止年度派付任何末期股息。

FINANCIAL REVIEW (continued)

Post Balance Sheet Events

As announced by the Company on 7 March 2012, Jinxi Limited entered into an equity transfer agreement with Qianxi County Hui Yin Trading Company Limited ("Hui Yin") pursuant to which, Jinxi Limited has conditionally agreed to acquire 20% equity interest in the Hebei Jinxi Section Steel Company Limited ("Jinxi Section Steel") from Hui Yin. Upon completion of the acquisition, Jinxi Limited will increase its equity interests in Jinxi Section Steel from 80% to 100% and Jinxi Section Steel will become a wholly owned subsidiary of Jinxi Limited.

ACCREDITATION FOR THE COMPANY AND ITS MANAGEMENT

The Group was awarded the "Top 100 Outstanding Entrepreneur of Hebei Province" in 2011 and "AA Trustworthy Enterprise" by China Enterprise Confederation in April 2011. Mr. Han Jingyuan, the Chairman of the Company, had been named "Outstanding Entrepreneur of Hebei Province" and "2010 The Best Trustworthy Entrepreneur of China" by China Cooperative Trade Enterprises Association.

DIVIDEND POLICY

The Company plans to distribute not less than 20% of the Group's distributable profit as dividend after its listing. However, the actual amount of dividend and as a percentage to profit will be at the discretion of the Board and will depend upon the Company's future operation and earnings, capital requirement and surplus, general financial condition, contractual restrictions, and other factors that the Board considers relevant. In addition, pursuant to the relevant PRC laws, the distributable profit of the PRC respective subsidiaries of the Company should not be higher than its net profit, after appropriation to the statutory reserve as determined by the generally accepted accounting principles in the PRC.

財務回顧(續)

結算日後事項

本公司於二零一二年三月七日公佈，津西鋼鐵與遷西縣匯銀工貿有限公司(「匯銀」)達成股權轉讓協議。就此，津西鋼鐵同意有條件向匯銀收購其持有的河北津西型鋼有限公司(「津西型鋼」)20%股權權益。於收購完成後，津西鋼鐵在津西型鋼的股權權益由80%增加至100%及津西型鋼成為津西鋼鐵全資擁有的附屬公司。

公司及管理層取得的榮譽

本集團於二零一一年榮獲「河北省百強民營企業」，並在二零一一年四月獲中國企業聯合會頒發「企業信用等級AA級信用企業度」殊榮。本公司董事長韓敬遠先生獲授「河北省優秀民營企業家」榮譽稱號及獲中國合作貿易企業協會頒發「2010年度全國優秀誠信企業家」。

股息政策

本公司於上市後計劃分派不少於本集團20%的可分派溢利作為股息，惟派息的實際金額及佔溢利的百分比，董事局將按公司日後的實際營運及盈利、資本需求及盈餘、一般財務狀況、合約限制及董事局認為有關的其它因素而酌情釐定。此外，根據相關的中國法律，本公司在中國境內的相關子公司的可分配溢利不得高於經分配法定公積金後按照中國公認會計準則釐定的純利。

Chairman's Statement 主席報告

INVESTOR RELATIONS

The Company maintained close contact with its investors during the year of 2011. The Company not only made timely disclosures of the Company's information through the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for increasing the transparency of the Company, but also held regular meetings with investors, updating them on the Group's business development and industrial trend. In addition, members of the senior management of ArcelorMittal who were appointed as Directors of the Company actively participated in investor relations activities and, together with other members of the Group's management, attended investors' seminars, as well as one-to-one analyst meeting.

In 2011, the Group actively participated in large-scale investment promotion seminars organized by major investment banks, enhancing investors' understanding and confidence in the Company.

All such activities helped to promote investors' understanding of the Group while allowing us to understand more about the opinions and expectations of investors. In future, the Group will further its effort to maintain close contact and effective interactive communication with investors.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2011, the Group had a workforce of approximately 13,000 and temporary staff of approximately 2,000. The staff cost included basic salaries and benefits. Staff benefits included discretionary bonus, medical insurance plans, pension scheme, unemployment insurance plan, maternity insurance plan and the fair value of the share options, etc.. Effective from July 2008, the Group implemented a workers' injury insurance scheme and contributed 1.5% of the workers' wages to the Social Insurance Bureau. According to the Group's remuneration policy, employees' package is based on productivity and/or sales performance, and is consistent with the Group's quality control and cost control targets.

投資者關係

本公司在二零一一年度內與投資者維持緊密的溝通，本公司除適時透過香港聯合交易所有限公司(「聯交所」)網站，發放本公司信息，以增強本公司的透明度，同時定期接觸投資者，介紹本集團業務發展和更新行業趨勢。此外，於本公司出任董事的安賽樂米塔爾的高級管理人員亦積極參與投資者關係活動，並與其他本集團管理層成員出席投資者研討會以及單對單分析員會議等。

於二零一一年，集團積極參與了由各大投行安排的大型投資推介會議，增進投資者對公司的瞭解和信心。

以上活動有助促進投資者對本集團瞭解的同時，亦有幫助我們更有效掌握投資者的意見和期望。在未來本集團會繼續維持與投資者的密切溝通和良性互動。

人力資源及薪酬政策

於二零一一年十二月三十一日，本集團僱用僱員約13,000人及臨時工人約2,000人。職工成本包括基本薪金及福利，僱員福利包括酌情發放的花紅、醫療保險計劃、養老金計劃、失業保險計劃、生育保險計劃及購股權的公允價值等。自二零零八年七月份起，本集團推行工傷保險並按僱員發放工資的1.5%上繳社保部門。根據本集團的薪酬政策，僱員的整套福利與生產力及／或銷售業績掛鉤，與本集團質量控制及成本控制目標一致。

FUTURE PROSPECTS

Steel demand is expected to be fueled by the commencement of the Twelfth Five-year Plan of the PRC government, the development of Northwest China and the revitalization of Northeast China's traditional industrial base. In addition, the escalated development of alternative sources of energy, cutting-edge industrial machinery/equipment, low cost housing projects, Euro3 standard compliant automobiles as well as a renewed focus on environmental protection and energy saving measures by the State will increase steel consumption.

The economic environment in 2012 will remain complicated and volatile. Driven by a comparative shortage of resources supply, the prices of various raw materials including iron ore, coke and coal are expected to remain high. The management of the Group will closely control the inventory level and adjust purchasing strategy for raw materials when needed.

In addition, various projects on harnessing power generated and emission reductions internally from the equipments (Blast Furnace, Sinter Plant etc) in the production bases of the Group will be gradually started or completed on or after 2012. The completion of these facilities will significantly reduce energy consumption and mitigate the upward pressure on raw materials and energy costs. Apart from effective energy cost control, these facilities can substantially reduce pollutant emission during the production process, leading to an improved community environment in proximity of the plants.

The State has imposed strict regulations on the expansion of steel production capacities and implemented measures to speed up the elimination of backward production capacities, with a goal of accelerating consolidation in the steel industry.

The Group will continue to explore opportunities to expand its business portfolio and broaden its source of revenue generation through enlarging its scope of business.

未來展望

我們預期隨著中國政府的「第十二個五年計劃」的開展，開發中國的大西北和東北老工業基地的各項工程將有利拉動鋼材需求。另一方面，國家逐步發展新能源、高端工業機械裝備、低成本住房項目、符合歐盟三期標準的汽車、節能環保等行業將大大提升對鋼材的消耗。

二零一二年的經濟環境仍然複雜多變。在資源供應相對短缺情況下，各類原材料如鐵礦石、焦炭，以及煤炭價格，預計仍維持高位。本集團管理層會嚴緊監控庫存量及在適當時調整原材料採購策略。

此外，本集團生產基地利用多項發電以減低能源排放的內部設備(如高爐及燒結廠等)將陸續在二零一二年相繼展開工程及落成。這些設備的投產將有助顯著減低能耗，部份舒緩原材料及能源價格上升的壓力。除了有效控制能源成本外，這些設施可大幅減少生產過程中的污染物排放，有利改善廠區所在的鄰近社區環境。

國家為加快鋼鐵產業的整合，實施嚴格規管鋼鐵產能擴張及加快淘汰落後產能政策。

本集團將繼續尋求透過業務領域擴張的機遇，擴大業務平臺，和擴闊營業收入來源。

Chairman's Statement 主席報告

FUTURE PROSPECTS *(continued)*

Since its listing in 2004, the Group has continued to expand its business, diversify its product categories and business portfolio. During the last seven years (since being listed), the Group's overall crude steel production capacity has reached 11.0 million tonnes per annum from 3.1 million tonnes per annum at the time of the listing. Its product portfolio has grown from billets to a variety of steel product series – each in a comprehensive range of products and is available in different specifications. These product series include H-section steel products, strips and strip products, billets and cold rolled sheets and galvanized sheets. Moreover, the H-section steel of the Group commands a leading position in China. The Group has been gradually diversifying its business. In addition to expanding its supply chain through upstream and downstream integration, the Group has also expanded horizontally by tapping into other business sectors. The Group will strive to take full advantage of the current solid financial condition and efficient management to intensify the continuous development of the Group and to maximize the shareholders' value.

APPRECIATION

The Group's encouraging results in 2011 were attributable to support from its staff and shareholders. The Board would like to take this opportunity to extend its deepest gratitude to its staff and shareholders. The Group will continue to pursue steady and sustainable growth in year 2012, with the support of its staff, and share fruitful return with its shareholders.

On behalf of the Board

China Oriental Group Company Limited

Han Jingyuan

Chairman and Chief Executive Officer

Hong Kong, 23 March 2012

未來展望 *(續)*

本集團自二零零四年上市以來，不斷壯大業務規模和擴闊產品種類和業務組合。在過去七年間(自上市以來)，本集團的整體鋼材產能已由上市時的310萬噸提升至現時的1,100萬噸。產品種類由以生產鋼坯為主，延伸至全規格完整系列的鋼材產品包括：H型鋼產品、帶鋼及帶鋼類產品、鋼坯和冷軋板及鍍鋅板；其中由本集團生產的H型鋼更是處於全國領先地位。本集團的業務亦逐步邁向多元化，除了在本行業的產業鏈實行上、下游伸延外，亦開始向其他業務領域進行多元化擴展。本集團致力充份有效運用集團現有的穩健財政和高效的管理模式，推動本集團的持續發展，實現股東價值最大化。

感謝

有賴本集團僱員和廣大股東對本集團的支持，本集團於二零一一年取得了良好的表現，藉此機會董事局衷心感謝本集團全體僱員以及股東。在二零一二年，本集團將繼續保持穩健發展，與僱員共同進步，與股東共享豐盛回報。

謹代表董事局

中國東方集團控股有限公司*

韓敬遠

董事局主席兼首席執行官

香港，二零一二年三月二十三日

EXECUTIVE DIRECTORS

Mr. Han Jingyuan, aged 55, is the Chairman and Chief Executive Officer of the Company, and also serves as chairman of the board of Hebei Jinxi Iron and Steel Group Company Limited ("Jinxi Limited"), Foshan Jinxi Jin Lan Cold Rolled Sheet Company Limited ("Jinxi Jinlan"), Hebei Jinxi Iron and Steel Group Zhengda Iron and Steel Company Limited ("Jinxi Zhengda") and Oriental Fullhero Leasing Company Limited ("Oriental Fullhero"). Mr. Han graduated from the People's University in 1994 with a degree in management. Mr. Han began his career in Metallurgy in 1984 when he was employed as a deputy mine manager and mine manager of Han'erzhuang Iron Mine. Mr. Han has in-depth industry knowledge and 27 years of extensive operational and managerial experience in the iron and steel industry. Mr. Han was awarded the honorary title of "Hebei Metallurgy Top Ten Man", "Outstanding Entrepreneur of Hebei Province", "Excellent Privately-owned Enterprises Entrepreneur in Hebei Province", and "Economic Top Ten Men of Honesty and Credibility in China", etc.. Mr. Han is the Vice Chairman of the Metallurgy Chamber of All-China Federation of Industry and Commerce, the Chairman of Hebei Hong Kong Chamber of Commerce and the Vice Chairman of Tangshan Charity Federation. Mr. Han was also the 9th and 11th representative of the People's Congress of Hebei Province, PRC. Mr. Han is the director and the controlling shareholder of Wellbeing Holdings Limited, the controlling shareholder of the Group.

Mr. Zhu Jun, aged 48, is an Executive Director, Executive Deputy General Manager of the Company, and also serves as the Chief Operating Officer of the Company and the executive director of Jinxi Limited. Mr. Zhu graduated in 2001 from a graduate programme of the Communist Party School in Hebei Province with a diploma in management. Prior to working in the steel industry, Mr. Zhu worked for 10 years as deputy director of Qianxi County Chemical Fertilizer Factory which was based in Qianxi County, Hebei Province. Mr. Zhu joined Jinxi Iron Factory in 1992 and later served as deputy director. Mr. Zhu has had 18 years of working experience in the iron and steel industry.

執行董事

韓敬遠先生，五十五歲，為本公司的董事局主席兼首席執行官，亦為河北津西鋼鐵集團股份有限公司（「津西鋼鐵」）、佛山津西金蘭冷軋板有限公司（「津西金蘭」）、河北津西鋼鐵集團正達鋼鐵有限公司（「津西正達」）及東方英豐租賃有限公司（「東方英豐」）的董事會主席。彼於一九九四年在人民大學畢業，取得管理學位。韓先生於一九八四年在漢兒莊鐵礦出任副礦長及礦長等職務，開始冶金事業。韓先生為資深業內人士，在鋼鐵業累積二十七年的營運及管理經驗。韓先生曾獲「河北冶金十大年度人物」、「河北省傑出企業家」、「河北省優秀民營企業家」及「中國經濟十大誠信人物」等殊榮。韓先生為中華全國工商業聯合會冶金業商會副會長、香港唐山商會會長及唐山市慈善總會副會長。韓先生亦為第九屆及第十一屆中國河北省人民代表大會代表。韓先生為本集團的控股股東 Wellbeing Holdings Limited 的董事及控股股東。

朱軍先生，四十八歲，本公司的執行董事、常務副總經理兼首席運營官，同時兼任津西鋼鐵執行董事。彼於二零零一年在中共河北省委黨校畢業，持有管理文憑。在從事鋼鐵業前，朱先生在河北省遷西縣的遷西縣化肥廠擔任副廠長達十年之久。彼於一九九二年加盟津西鐵廠，其後出任副廠長之職。朱先生在鋼鐵業累積了十八年經驗。

EXECUTIVE DIRECTORS (continued)

Mr. Shen Xiaoling, aged 51, is an Executive Director, Deputy General Manager and Chief Financial Officer of the Company and also serves as an executive director of Jinxi Limited. He obtained a diploma in management from the Hebei Province Communist Party School in 2001. Before joining the Group, Mr. Shen was the head of China Construction Bank Luanxian Sub-branch. Mr. Shen also had 5 years experience acting as the Head of China Construction Bank Qianxi Sub-branch and more than 6 years of experience as the deputy head of Bank of China Qianxi Sub-branch. Mr. Shen has been the deputy general manager of Jinxi Limited since January 2002.

Mr. Zhu Hao, aged 45, is an Executive Director of the Company. Mr. Zhu graduated at Tianjin Nankai University and obtained his Master degree in accounting from the University of New South Wales in Australia. Mr. Zhu is a senior economist in China. Mr. Zhu was a non-executive director of Jinxi Limited from December 2002 to early 2004.

Mr. Muktesh Mukherjee, aged 39, is an Executive Director and Deputy General Manager of the Company. Mr. Mukherjee was appointed as an Executive Director of the Company on 2 January 2009. Mr. Mukherjee graduated from McGill University in Montreal, Quebec, Canada in 1998 with a Master's degree in Business Administration.

In 1998, Mr. Mukherjee joined Ispat Sidbec, Montreal, Canada as a financial analyst. In 2001, Mr. Mukherjee joined Mittal Canada as Marketing Manager and subsequently moved on to be the director, sales & marketing, long products & plate for ArcelorMittal International in Chicago, USA. Currently, Mr. Mukherjee is the general manager of ArcelorMittal China with responsibility for overseeing the relationship with the Company on behalf of ArcelorMittal. Mr. Mukherjee was once a Director on Hunan Valin Iron and Steel Company Limited ("Hunan Valin"), a company listed on the Shenzhen Stock Exchange.

執行董事(續)

沈曉玲先生，五十一歲，本公司的執行董事、副總經理兼首席財務官及津西鋼鐵的執行董事。彼於二零零一年在中共河北省委黨校取得管理文憑。在加盟本集團之前，沈先生為中國建設銀行灤縣支行行長，亦曾擔任中國建設銀行遷西支行行長逾五年及中國銀行遷西支行副行長逾六年。沈先生由二零零二年一月起擔任津西鋼鐵的副總經理。

朱浩先生，四十五歲，本公司的執行董事，朱先生於天津南開大學畢業並取得澳洲新南威爾斯大學會計學碩士學位。朱先生為中國高級經濟師。在二零零二年十二月至二零零四年初期間，朱先生為津西鋼鐵的非執行董事。

Muktesh Mukherjee先生，三十九歲，本公司的執行董事兼副總經理，Mukherjee先生於二零零九年一月二日獲委任為本公司的執行董事。Mukherjee先生於一九九八年在加拿大魁北克省蒙特婁麥吉爾大學(McGill University)工商管理碩士畢業。

於一九九八年，Mukherjee先生加入加拿大蒙特婁Ispat Sidec為金融分析師。於二零零一年，彼加入加拿大米塔爾為市場經理及其後調任位於美國芝加哥的安賽樂米塔爾國際的長形鋼材產品和鋼板的市場銷售董事。現時，Mukherjee先生為安賽樂米塔爾中國的總經理，專責處理安賽樂米塔爾與本公司之關係。Mukherjee先生曾任湖南華菱鋼鐵股份有限公司(「湖南華菱」)的董事，一間於深圳交易所上市的公司。

Directors' and Senior Management's Biographical Information 董事及高級管理人員的履歷資料

EXECUTIVE DIRECTORS (continued)

Mr. Han Li, aged 24, is an Executive Director of the Company. Mr. Han Li joined the Group in 2009 as the assistant to the Financial Controller of the Company. He is currently the executive assistant to Chief Executive Officer of the Company, the director and legal representative of Jinxi Limited. He is also the directors and legal representatives of certain subsidiaries of Jinxi Limited. He assists the Chief Executive Officer and Chief Operating Officer of the Company managing the daily operations of the Group. Mr. Han Li was appointed as the representative of the People's Congress of Qianxi County, Tangshan City, the PRC in June 2011. Mr. Han Li is the son of Mr. Han Jingyuan, the Chairman and Chief Executive Officer and the substantial shareholders (within the meaning of the Part XV of the SFO) (holding 45.70% of the shareholding of the Company) of the Company.

NON-EXECUTIVE DIRECTORS

Mr. Ondra Otradovec, aged 43, is a Non-executive Director of the Company. Mr. Otradovec graduated from Stony Brook State University of New York with Bachelor degree of Finance. Previously, he worked at HSBC, responsible for financing, IPO, privatization in Central and Eastern European markets. During that period, he provided advisory service for the acquisition of Nova Hut in Czech Republic and other steel companies. Since 2003, Mr. Otradovec is responsible for mergers and acquisitions activities at ArcelorMittal. He is now the vice president of Global Merger & Acquisition at ArcelorMittal.

Mr. Vijay Kumar Bhatnagar, aged 64, is a Non-executive Director of the Company. Mr. Bhatnagar holds a Bachelor's degree in Metallurgical Engineering and is an alumnus of AMP of Harvard Business School. He is currently the executive vice president and member of management committee of ArcelorMittal and the chief executive officer of ArcelorMittal in India and China. Prior to his current assignment, he was the chief executive officer of ArcelorMittal Eastern Europe (Poland, Czech Republic and Romania). Previously, he served as the chief executive officer of Mittal Steel Poland and the chief operating officer of Mittal Steel Temirtau, Kazakhstan and the managing director of Mittal Steel Lazaro Cardenas, Mexico. Mr. Bhatnagar has over 35 years of experience in line and staff functions in aluminum and electronics industries in India. Mr. Bhatnagar was also appointed as a director of Hunan Valin since January 2011.

執行董事(續)

韓力先生，二十四歲，本公司的執行董事。韓力先生於二零零九年加入本集團並於當時任職本公司的財務總監助理，現為本公司的首席執行官的行政助理、津西鋼鐵的董事兼法定代表人，彼亦是津西鋼鐵若干附屬公司的董事及法定代表人，彼現協助本公司的首席執行官及首席運營官管理本集團的日常工作。韓力先生於二零一一年六月獲委任為中國唐山市遷西縣人民代表大會代表。韓力先生為本公司董事局主席兼首席執行官及根據證券及期貨條例第XV部屬本公司主要股東韓敬遠先生(其持有本公司股本權益約45.70%)的兒子。

非執行董事

Ondra Otradovec先生，四十三歲，本公司的非執行董事。Otradovec先生於紐約州斯托尼布魯克的紐約州立大學金融學士學位畢業。過去，彼曾任職匯豐銀行投資銀行，負責中歐和東歐市場融資、首次公開發股和私有化。在匯豐銀行工作期間，Otradovec先生為收購捷克共和國的新華(路瓦哈特)和其他鋼鐵公司提供諮詢。自二零零三年起，Otradovec先生負責安賽樂米塔爾的合併和收購工作。Otradovec先生現時為安賽樂米塔爾環球收購和合併的副總裁。

Vijay Kumar Bhatnagar先生，六十四歲，本公司的非執行董事。Bhatnagar先生持有冶金工程學士學位，及曾在哈佛商學院高級管理課程學習。彼現任職安賽樂米塔爾的行政副總裁及管理委員會的成員，與及印度和中國地區的安賽樂米塔爾的首席執行官。在擔任現時職位之前，彼曾是安賽樂米塔爾東歐區(包括波蘭、捷克共和國及羅馬尼亞)的首席執行官。過去，彼也曾擔任米塔爾鋼鐵哈薩克斯坦鐵米爾套的首席運營官及米塔爾鋼鐵墨西哥拉薩羅卡德納斯的董事總經理。Bhatnagar先生在印度的鋁行業和電子行業的生產和人力資源領域有超過三十五年的經驗。自二零一一年一月起，Bhatnagar先生亦出任為湖南華菱的董事。

NON-EXECUTIVE DIRECTORS (continued)

Mr. Liu Lei, aged 56, is a Non-executive Director of the Company and director of Jinxi Jinlan. Mr. Liu was the Executive Director and Deputy General Manager of the Company from June 2004 to February 2012. Mr. Liu has over 24 years of experience in management and industrial fields. Mr. Liu graduated in the area of Industrial Electrical Automation of Electrical Engineering Faculty of Hebei University of Science and Technology (Hebei Industrial Academy) in July 1978. Mr. Liu was awarded the title of 河北省有突出貢獻的中青年專業技術人才 (Professional Technological Talent with Outstanding Contribution in Hebei Province) by Government of Hebei Province in April 1987. Mr. Liu was also granted the qualification of research fellow by 河北省自然研究高級評委會 (Senior Appraisal Committee of Zi Ran Yan Jiu of Hebei Province) in December 2000. Before joining the Group in June 2004, Mr. Liu was the vice chancellor of 河北省科學院 (Hebei Academy of Sciences) from October 1999 to June 2004.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yu Tung Ho, aged 65, is an Independent Non-executive Director of the Company. He currently serves as senior vice president of Phoenix Satellite Television Company Limited. Mr. Yu is a senior influential media professional in Hong Kong and China and has been in broadcasting for more than 40 years. Mr. Yu was a director and the chief operation officer of Asia Television Limited, the executive vice president of Phoenix Satellite Television Company Limited and served as chairman of the 12th and 13th Hong Kong Advertising Industry Association. Mr. Yu has also served as the deputy general manager of China Radio & TV Corporation for International Techno-Economic Cooperation and the chief of Radio Guangdong and an Independent non-executive director of Gome Electrical Appliance Holdings Limited.

非執行董事 (續)

劉磊先生，五十六歲，現為本公司的非執行董事及津西金蘭的董事，劉先生於二零零四年六月至二零一二年二月期間為本公司的執行董事兼副總經理。劉先生於管理及工業方面有超過二十四年的經驗。劉先生於一九七八年七月畢業於河北工學院電機工程系工業電氣自動化專業。彼於一九八七年四月獲河北省政府頒發「河北省有突出貢獻的中青年專業技術人才」的稱號，亦於二零零零年十二月獲河北省自然研究高級評委會評為研究員的資格。於二零零四年六月加入本集團前，劉先生於一九九九年十月至二零零四年六月期間出任河北省科學院的副院長。

獨立非執行董事

余統浩先生，六十五歲，本公司獨立非執行董事，現任香港鳳凰衛視有限公司資深副總裁，是中港兩地有影響力的資深傳媒人。彼從事傳媒事業超過四十年，曾出任香港亞洲電視有限公司的董事及營運總裁、鳳凰衛視有限公司的執行副總裁，以及第十二及第十三屆香港廣告業聯會主席。彼亦曾任中國廣電部直屬的中國廣播電視國際經濟技術合作總公司的副總經理、廣東省廣播電台台長及國美電器控股有限公司的獨立非執行董事。

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

Mr. Wong Man Chung, Francis, aged 47, is an Independent Non-executive Director of the Company. He is a Certified Public Accountant (Practising) and has over 23 years of experience in auditing, taxation, management and financial advisory. Mr. Wong is currently an independent non-executive director of Digital China Holdings Limited, eForce Holdings Limited and Wai Kee Holdings Limited whose shares are listed on the Main Board of the Stock Exchange. He was once the independent non-executive director of Sys Solutions Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange, the independent non-executive director of Yardway Group Limited, a company listed on the Main Board of the Stock Exchange and the independent non-executive director of Lightscape Technologies Inc., a company with its shares listed and traded in the OTC Bulletin Board of the United States of America. Mr. Wong is a director of both Union Alpha C.P.A. Limited and Union Alpha CAAP Certified Public Accountants Limited, both are professional accounting firms. He is also a founding director and member of Francis M.C. Wong Charitable Foundation Limited, a charitable institution. Previously, Mr. Wong worked for KPMG, an international accounting firm for 6 years and the Hong Kong Securities Clearing Company Limited for 2 years. Mr. Wong is a fellow member of Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants of the United Kingdom, a Certified Tax Advisor of Taxation Institute of Hong Kong. Mr. Wong is also an associate member of Institute of Chartered Accountants in England and Wales and a member of the Society of Chinese Accountants & Auditors, Hong Kong. Mr. Wong holds a Master Degree in Management conferred by Guangzhou Jinan University.

獨立非執行董事(續)

黃文宗，四十七歲，本公司的獨立非執行董事。彼為一名執業會計師，於審計、稅務、管理及財務策劃方面有超過二十三年經驗。黃先生現為神州數碼控股有限公司、意科控股有限公司及惠記集團有限公司的獨立非執行董事，該等公司的股份均於聯交所主板上市。黃先生並曾出任軟迅科技控股有限公司(其股份於聯交所創業板上市)、啓帆集團有限公司(其股份於聯交所主板上市)的獨立非執行董事及Lightscape Technologies Inc.一間在美國OTC Bulletin Board上市公司的獨立非執行董事。黃先生現為才匯會計師事務所有限公司及中審亞太才匯(香港)會計師事務所有限公司的董事。彼亦為黃文宗慈善基金有限公司的創辦董事及發起人。在此之前，黃先生曾於畢馬威國際會計師事務所審計部工作六年，並於香港中央結算有限公司監察科工作兩年。黃先生為香港會計師公會及英國特許公認會計師公會資深會員、香港稅務學會之註冊稅務師，亦為英格蘭及威爾斯特許會計師公會會員及香港華人會計師公會會員。黃先生持有廣州暨南大學管理學碩士學位。

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

Mr. Wang Tianyi, aged 65, is an Independent Non-executive Director of the Company. He is currently the executive vice president of The Chinese Society For Metals. Mr. Wang has over 40 years of extensive experience in the steel industry. Mr. Wang studied metallurgical machinery in 北京鋼鐵學院 (Beijing Institute of Iron and Steel Engineering) (now known as 北京科技大學 University of Science and Technology of Beijing) from 1965 and graduated in 1970. He then worked at 邯鄲鋼鐵集團有限責任公司 (Handan Iron and Steel Group Company Limited) (「邯鋼集團」 or “Handan IS Group”) from 1970 to 1995 and held various management and professional positions, included the position of a technician, deputy factory manager and executive deputy general manager. From 1995 to 2008, Mr. Wang re-designated and worked at 唐山鋼鐵集團有限責任公司 (Tangshan Iron and Steel Group Company Limited) (「唐鋼集團」 or “Tangshan IS Group”) as the chairman and managing director. From 2005 to 2011, he was also the deputy chairman and managing director of 首鋼京唐鋼鐵聯合有限責任公司 (Shougang Jingtang Iron and Steel Company Limited). From July 2008 to August 2011, he acted as the vice chairman of 河北鋼鐵集團有限責任公司 (Hebei Iron and Steel Group Company Limited) (「河北鋼鐵集團」 or “HBIS Group”). HBIS Group was established after the merger of Tangshan IS Group and Handan IS Group on 30 June 2008.

獨立非執行董事(續)

王天義先生，65歲，本公司的獨立非執行董事，彼現任中國金屬學會常務副理事長。王先生在鋼鐵行業擁有超過40年豐富經驗。王先生於一九六五年開始就讀於北京鋼鐵學院(現稱北京科技大學)修讀冶金機械專業及於一九七零年畢業。彼於一九七零年至一九九五年在邯鄲鋼鐵集團有限責任公司(「邯鋼集團」)工作並曾出任多個管理及專業職位，包括技術人員、副廠長及常務副總經理，於一九九五年至二零零八年期間，王先生調任至唐山鋼鐵集團有限責任公司(「唐鋼集團」)，分別擔任過董事長及總經理，在二零零五年至二零一一年期間，彼亦曾擔任首鋼京唐鋼鐵聯合有限責任公司的副董事長兼總經理，並於二零零八年七月至二零一一年八月期間出任河北鋼鐵集團有限責任公司(「河北鋼鐵集團」)的副董事長，河北鋼鐵集團於二零零八年六月三十日由唐鋼集團及邯鋼集團合併而成。

SENIOR MANAGEMENT

Mr. Yu Jianshui, aged 44, is a general manager of Jinxi Limited. Mr. Yu was metallurgy graduate at Hebei Polytechnic University and obtained a MBA from University of Northern Virginia in June 2009. He joined the Group after graduation until May 2005 and had over 20 years management experience. During the period, he received the awards of County Technological Selected Talent (縣科技拔尖人才), Ten Outstanding Youths in the County (縣十大傑出青年), Outstanding Youth in Post of Tangshan City (唐山市青年崗位能手), Workers' Model in Hebei Province (河北省勞動模範), The First Class Honour of Technological Improvement in Tangshan City (唐山市科技進步一等獎), The Third Class Honour of Technological Improvement in Hebei Province (河北省科技進步三等獎). He was employed as the deputy general executive manager of Shanxi Province Xiaoyi City Chengcai Iron and Steel Company in May 2005 and then joined Jinxi Jinlan in April 2006 and was also appointed as a general manager in September 2006. In 2008, Mr. Yu transferred to Jinxi Zhengda as a general manager. Mr. Yu has been a general manager of Jinxi Limited since October 2009.

Mr. Lee Hang Tat, aged 37, is the Financial Controller and Company Secretary of the Company. Mr. Lee holds a Bachelor's degree in business administration (Accounting and Finance) from the University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants and fellow member of the Association of Chartered Certified Accountants. He has over 13 years of experience in auditing, accounting and financial management in Hong Kong and the PRC.

高級管理人員

于建水先生，四十四歲，現任津西鋼鐵總經理。于先生畢業於河北理工大學鋼鐵冶金專業，二零零九年六月取得北弗吉尼亞大學的工商管理碩士學位。自參加工作以來至二零零五年五月，一直在本集團工作，擁有超過二十年管理經驗。期間，曾獲得「縣科技拔尖人才」、「縣十大傑出青年」、「唐山市青年崗位能手」、「河北省勞動模範」、「唐山市科技進步一等獎」、「河北省科技進步三等獎」等科技成果。于先生於二零零五年五月任職山西省孝義市城財鋼鐵公司常務副總經理，及後於二零零六年四月加盟津西金蘭，二零零六年九月起任職總經理。二零零八年調任到津西正達任職總經理。于先生自二零零九年十月任職津西鋼鐵的總經理。

李行達先生，37歲，本公司的財務總監兼公司秘書。李先生持有香港大學工商管理(會計與金融學)學士學位。彼為香港會計師公會成員及特許公認會計師公會會員。李先生於香港及中國積累逾13年有關審計、會計及財務管理經驗。

Corporate Governance Report 企業管治報告

The Company is committed to sound corporate governance practices designed to promote greater transparency, investor confidence and the continued development of the Company and its subsidiaries (the “Group”) with the best long term interest of the Group and value enhancement for all shareholders as our ultimate goal. The Company also believes that sound corporate governance practices benefit the Group’s employees and the community in which the Group operates.

CODE ON CORPORATE GOVERNANCE PRACTICES (“CG CODE”)

In the opinion of the Directors, the Company has complied with the CG Code set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) of the Stock Exchange throughout the year ended 31 December 2011, except for the deviation with explanation disclosed below.

BOARD OF DIRECTORS (THE “BOARD”)

The Board currently comprises twelve Directors and the composition is set out as follows:

Executive Directors

Mr. Han Jingyuan (*Chairman and Chief Executive Officer*)

Mr. Zhu Jun (*Executive Deputy General Manager and Chief Operating Officer*)

Mr. Shen Xiaoling
(*Deputy General Manager and Chief Financial Officer*)

Mr. Zhu Hao

Mr. Muktesh Mukherjee (*Deputy General Manager*)

Mr. Han Li (*Appointed on 7 February 2012*)

Non-executive Directors

Mr. Ondra Otradovec

Mr. Vijay Kumar Bhatnagar

Mr. Liu Lei
(*re-designated on 7 February 2012*)

本公司貫徹執行良好之公司管治實務，以提升透明度、投資者信心及促進本公司及其附屬公司(「本集團」)之持續發展，並一直以本集團之最佳長遠利益及提高全體股東的價值為其最終目標。本公司亦相信，良好之公司管治對本集團僱員及經營所在社區均屬有利。

企業管治常規守則(「企業管治守則」)

除下文所述的偏差和說明外，於截至二零一一年十二月三十一日止整個年度，董事局認為本公司已遵守聯交所證券上市規則(「上市規則」)附錄十四所載之企業管治守則之原則及守則條文。

董事局(「董事局」)

目前，董事局包括十二名董事，其組成載列如下：

執行董事

韓敬遠先生(*董事局主席兼首席執行官*)

朱軍先生(*常務副總經理兼首席運營官*)

沈曉玲先生(*副總經理兼首席財務官*)

朱浩先生

Muktesh Mukherjee 先生(*副總經理*)

韓力先生(*於二零一二年二月七日獲委任*)

非執行董事

Ondra Otradovec 先生

Vijay Kumar Bhatnagar 先生

劉磊先生
(*於二零一二年二月七日調任*)

Corporate Governance Report 企業管治報告

BOARD OF DIRECTORS (THE “BOARD”) (continued)

Independent Non-executive Directors

Mr. Gao Qingju (resigned on 7 February 2012)

Mr. Yu Tung Ho

Mr. Wong Man Chung, Francis

Mr. Wang Tianyi (appointed on 7 February 2012)

The composition of the Board is reviewed regularly to ensure that it has a good balance of expertise, skills and experience, which can meet the requirements of the business of the Group. The Directors' biographical information is set out on pages 21 to 26.

There is a clear division of responsibilities between the Board and the management. The Board is responsible for providing high-level guidance and effective oversight of the management while day-to-day management of the Group is delegated to the management team of each respective subsidiary. Generally speaking, the Board is responsible for:

- Formulating the Group's long-term strategy and monitoring the implementation thereof;
- Approval of dividends;
- Reviewing and approving the interim and annual reports;
- Ensuring good corporate governance and compliance;
- Monitoring the performance of the management;
- Reviewing and approving any material acquisition and disposal of assets and other material transactions.

Except Mr. Han Li, who is the son of Mr. Han Jingyuan, to the best knowledge of the Directors, there is no financial, business, family relationship among the other Directors. All of them are free to exercise their independent judgment.

董事局(「董事局」)(續)

獨立非執行董事

高清舉先生

(於二零一二年二月七日辭任)

余統浩先生

黃文宗先生

王天義先生

(於二零一二年二月七日獲委任)

董事局定期檢討其成員架構、人數及成員組合，務求平衡各方的專業知識、技術及資歷，以符合本集團的業務要求。董事履歷資料載列於第21至26頁。

董事局與管理層職責具清晰劃分。董事局負責提供高層次指引及有效監督管理層，而本集團日常管理則轉授予各附屬公司管理層。一般而言，董事局負責：

- 制訂本集團長遠策略及監督有關策略之實施；
- 批准股息；
- 審閱及批准中期報告及年報；
- 確保良好公司管治及遵守法規；
- 監督管理層之表現；
- 審閱及批准任何重大收購及資產出售及其他重大交易。

除韓力先生為韓敬遠先生的兒子外，據董事所知悉，其他董事之間概無任何財務、業務和親屬關係。董事均可自由作出獨立判斷。

Corporate Governance Report 企業管治報告

BOARD OF DIRECTORS (THE “BOARD”) (continued)

The Board authorises the management to carry out the strategy that have been approved. During the year under review, twenty-five board meetings were held and the principal business transacted included approving interim and annual results and reports, assessing business development and business performance and implementation. The attendance record of each Director for the year ended 31 December 2011 is set out as follows:

Board of Directors 董事局

		Number of Board meeting Attended 董事局會議出席次數
Mr. Han Jingyuan	韓敬遠先生	25/25
Mr. Zhu Jun	朱軍先生	25/25
Mr. Liu Lei	劉磊先生	25/25
Mr. Shen Xiaoling	沈曉玲先生	25/25
Mr. Zhu Hao	朱浩先生	25/25
Mr. Muktesh Mukherjee	Muktesh Mukherjee 先生	25/25
Mr. Jean-Paul Georges Schuler (resigned on 24 February 2011)	Jean-Paul Georges Schuler 先生 (於二零一一年二月二十四日辭任)	5/25
Mr. Ondra Otradovec	Ondra Otradovec 先生	25/25
Mr. Vijay Kumar Bhatnagar (appointed on 24 February 2011)	Vijay Kumar Bhatnagar 先生 (於二零一一年二月二十四日獲委任)	20/25
Mr. Gao Qingju	高淸舉先生	25/25
Mr. Yu Tung Ho	余統浩先生	25/25
Mr. Wong Man Chung, Francis	黃文宗先生	25/25

* Mr. Han Li and Mr. Wang Tianyi were appointed as the Executive Director and Independent Non-executive Director respectively on 7 February 2012. Mr. Liu Lei was re-designated as Non-executive Director on 7 February 2012. Mr. Gao Qingju resigned as Independent Non-executive Director on 7 February 2012.

A. Chairman and Chief Executive Officer

Pursuant to the Code Provision A.2.1 of the CG Code, the role of the Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The Board has Chairman to provide leadership to the Board in terms of establishing policies and business directions and monitor the daily operation of the Group.

董事局(「董事局」)(續)

董事局授權管理層履行已批准的策略。於回顧年度內，董事局共召開二十五次會議，已處理之主要事項包括批准中期及末期業績和報告、評估業務發展和表現及落實細節。各董事於截至二零一一年十二月三十一日止年度之出席情況如下：

Number of Board meeting Attended 董事局會議出席次數

* 韓力先生及王天義先生於二零一二年二月七日分別獲委任為執行董事及獨立非執行董事。劉磊先生於二零一二年二月七日調任為非執行董事。高淸舉先生於二零一二年二月七日辭任獨立非執行董事。

A. 董事局主席和首席執行官

根據企業管治守則第A.2.1條守則條文，主席和首席執行官的角色應有區分，並不應由一人同時兼任。董事局設主席為制定本集團政策、業務方向及領導董事局，並監控本集團日常業務。

Corporate Governance Report 企業管治報告

BOARD OF DIRECTORS (THE “BOARD”) (continued)

A. Chairman and Chief Executive Officer (continued)

Mr. Han Jingyuan currently serves as the Chairman of the Board and the Chief Executive Officer of the Company. The Board believes that there is no immediate need to separate the roles of Chairman and the Chief Executive Officer of the Company because the role of chief executive officer/general manager of the Company’s major operating subsidiaries are performed by other persons.

The Board will consider the segregation of the roles of the Chairman and the Chief Executive Officer of the Company in light of the future development of the operating activities or businesses of the Group.

B. Independent Non-executive Directors

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed three Independent Non-executive Directors of whom Mr. Wong Man Chung, Francis has appropriate professional qualifications and experience in financial matters.

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the Independent Non-executive Directors to be independent.

C. Appointment, Re-election and Removal of Directors

During the year under review, the Board as a whole is responsible for the selection and approval of candidates for appointment to the Board and did not therefore establish a nomination committee.

In Compliance with the forthcoming amendments to the Listing Rules which will be effective on 1 April 2012, a nomination committee of the Company comprising Mr. Han Jingyuan (“Mr. Han”) as chairman and Mr. Yu Tung Ho (“Mr. Yu”), Mr. Wong Man Chung, Francis (“Mr. Wong”) and Mr. Wang Tianyi (“Mr. Wang”) as members has been established by the Board with written terms of reference effective from 23 March 2012. Mr. Han is the Chairman and Chief Executive Officer of the Company and Mr. Yu, Mr. Wong and Mr. Wang are Independent Non-executive Directors of the Company.

董事局(「董事局」)(續)

A. 董事局主席和首席執行官(續)

目前，韓敬遠先生擔任董事局主席兼首席執行官。董事局認為現時沒有即時需要區分董事局主席和首席執行官的角色，因為本公司主要及實際營運的附屬公司的首席執行官／總經理已由其他人士擔任。

未來，董事局將考慮分離本公司的董事局主席及首席執行官的角色以應付本集團未來的經營活動或業務發展。

B. 獨立非執行董事

根據上市規則第3.10(1)條及第3.10(2)條，本公司已委任三名獨立非執行董事，當中黃文宗先生在財務事宜方面擁有合適之專業資格及經驗。

本公司已接獲各獨立非執行董事根據上市規則第3.13條發出之年度獨立性確認書。本公司認為全體獨立非執行董事均具備獨立性。

C. 委任、重選和撤換董事

於回顧年度內，董事局全體成員負責挑選及核準董事局候選成員之委任，因此並沒有成立提名委員會。

為了遵守即將於二零一二年四月一日起生效之上市規則之修訂，董事局已成立提名委員會並以書面訂明職權範圍，由二零一二年三月二十三日起生效。提名委員會由韓敬遠先生(「韓先生」)擔任主席，而余統浩先生(「余先生」)、黃文宗先生(「黃先生」)及王天義先生(「王先生」)為成員。韓先生為本公司的董事局主席兼首席執行官，余先生、黃先生及王先生均為本公司的獨立非執行董事。

BOARD OF DIRECTORS (THE “BOARD”) (continued)

C. Appointment, Re-election and Removal of Directors (continued)

According to the Bye-laws of the Company, any Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. At each annual general meeting, one-third of the Directors for the time (or if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation provided that notwithstanding anything therein, the Chairman of the Board and/or the Managing Director of the Company shall not, whilst holding such office, be subject to the retirement by rotation or be taken into account in determining the number of the Directors to retire in each year and the Director appointed to fill a casual vacancy or as an addition to the Board shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation. The Company will consider amending the Bye-laws to comply with the Code Provision A.4.2 of the CG Code in the future.

Taking the Code Provision A.4.2 of the CG Code into consideration, Mr. Han Jingyuan, the Chairman of the Company, is willing to retire at the forthcoming annual general meeting and being eligible, offer himself for re-election.

All the Directors of the Company are appointed for a specific term and subject to re-election. Currently, Mr. Han Jingyuan, Mr. Zhu Jun, Mr. Shen Xiaoling, Mr. Zhu Hao and Mr. Han Li (appointed as an Executive Director of the Company with effect from 7 February 2012) are appointed for a fixed term of three years. Mr. Muktesh Mukherjee, Mr. Jean-Paul Georges Schuler (resigned as a Non-executive Director of the Company with effect from 24 February 2011), Mr. Vijay Kumar Bhatnagar (appointed as a Non-executive Director of the Company with effect from 24 February 2011) and Mr. Ondra Otradovec are appointed a fixed term of two years. Mr. Liu Lei (re-designated as a Non-executive Director of the Company with effect from 7 February 2012) is appointed from 7 February 2012 till 31 December 2012. All Independent Non-executive Directors, including Mr. Gao Qingju (resigned as an Independent Non-executive Director of the Company with effect from 7 February 2012), Mr. Yu Tung Ho, Mr. Wong Man Chung, Francis and Mr. Wang Tianyi (appointed as an Independent Non-executive Director of the Company with effect from 7 February 2012) are appointed for a fixed term of one year.

董事局(「董事局」)(續)

C. 委任、重選和撤換董事(續)

根據本公司之章程細則，任何獲委任以填補臨時空缺或新加入之董事僅可留任至本公司下一屆股東週年大會，並符合資格重選連任。於每屆股東週年大會上，當時在任之三分之一之董事(或如董事人數並非三或三之倍數時，最接近但不多於三分之一之董事)須輪值告退但符合資格重選連任。每年告退之董事(包括以特定任期委任之董事)須為自上一次當選後任期最長之董事，僅擔任主席及/或董事總經理之董事毋須輪值告退，計算須告退董事人數時亦不予計算在內。同時，填補空缺或新加入的董事人數，於釐定須輪值退任之董事人數時，均無須計算在內。本公司將考慮修改章程細則以符合企業管治守則第A.4.2條守則條文。

考慮到企業管治守則第A.4.2條守則條文，本公司主席韓敬遠先生願意在應屆股東週年大會退任，並符合資格重選連任。

本公司所有董事之委任均有指定任期及須接受重選。目前，韓敬遠先生、朱軍先生、沈曉玲先生、朱浩先生及韓力先生(自二零一二年二月七日起生效獲委任本公司的執行董事)均以指定任期獲委任，為期三年，Muktesh Mukherjee先生、Jean-Paul Georges Schuler先生(自二零一一年二月二十四日起生效辭任本公司的非執行董事)、Vijay Kumar Bhatnagar先生(自二零一一年二月二十四日起生效獲委任為本公司的非執行董事)和Ondra Otradovec先生以指定任期獲委任，為期兩年，劉磊先生(自二零一二年二月七日起獲調任為本公司的非執行董事)的任期由二零一二年二月七日至二零一二年十二月三十一日。所有獨立非執行董事包括高濤先生(自二零一二年二月七日起生效辭任本公司的獨立非執行董事)、余統浩先生、黃文宗先生和王天義先生(自二零一二年二月七日起生效獲委任本公司的獨立非執行董事)以指定任期一年之任期獲委任。

BOARD OF DIRECTORS (THE “BOARD”) (continued)

C. Appointment, Re-election and Removal of Directors

Except for the change in the Board as mentioned above, during the year under review, no Director was appointed to fill any causal vacancy or otherwise.

D. Responsibilities of Directors

The Directors fully appreciate their role and duties as Directors of the Company.

New Director will be given an introduction to the Group’s major business activities, induction into their responsibilities and duties, and other regulatory requirements.

The Company Secretary is responsible for keeping all Directors updated on the Listing Rules and other relevant regulatory requirements.

E. Directors’ Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the “Model Code”).

The Company has made specific enquiry of all Directors and all Directors have confirmed with the Company that they have complied with the required standard set out in the Model Code and its code of conduct regarding Directors’ securities transactions during the year under review.

董事局(「董事局」)(續)

C. 委任、重選和撤換董事

除上述的董事局變動以外，於回顧年度內，董事局之架構並無變動。

D. 董事責任

所有董事均充分了解彼等作為本公司董事之角色及職責。

新任董事於入職時，將獲簡介本集團之主要業務、彼等之責任及職責以及其他監管要求。

公司秘書負責向全體董事發放上市規則及其他相關監管要求之最新資料。

E. 董事之證券交易

本公司已採納有關本公司董事證券交易的操守準則，該操守準則的條款不低於上市規則附錄十上市發行人董事進行證券交易的標準守則(「標準守則」)所載的規定標準。

經向所有董事作出具體查詢後，所有董事確認於回顧年度內已遵守標準守則和董事證券交易的操守準則規定之條款。

BOARD OF DIRECTORS (THE “BOARD”) (continued)

F. Board Committees

As an integral part of sound corporate governance, the Board has established the following committees whose authorities and functions, compositions and duties are set out below:

(1) Audit Committee

The Audit Committee has been established since 2005. It comprises three Independent Non-executive Directors during the year under review in compliance with Rules 3.21 of the Listing Rules. The Audit Committee's term of reference includes those specific duties as set out in the code provision C.3.3 of the CG Code. Pursuant to its term of reference, the Audit Committee is required, amongst other things, to consider and recommend to the Board the appointment, re-appointment and removal of the external auditors and to approve their remuneration, to review the interim and annual financial statements, to review the Group's financial controls, internal controls and risk management system including the adequacy of resources, qualification and experience of staff of the accounting and financial reporting function and their training programmes and budget, and to consider any findings of major investigation of internal control matters as delegated by the Board or on its own initiative and management's response. The Audit Committee should meet at least twice each year and when the need arises.

For the year ended 31 December 2011, two committee meetings were held, one to consider the annual results of the Group for the financial year ended 31 December 2010 including the discussion of internal control report submitted by the Group's internal audit department and one to consider the interim results of the Group for the six months ended 30 June 2011 including the discussion of internal control report submitted by the Group's internal audit department.

董事局(「董事局」)(續)

F. 董事委員會

作為良好企業管治不可分割之部分，董事局已設立下列委員會，其權限、職能、組成及職責載列如下：

(1) 審核委員會

審核委員會自二零零五年起成立。於回顧年內，審核委員會由三名獨立非執行董事組成，以遵守上市規則第3.21條之規定。審核委員會之職權範圍包括企業管治守則第C.3.3條守則條文所載之特定職責。根據其職權範圍，審核委員會須(其中包括)審議並向董事局建議委任、重新委任及解聘外聘核數師並批准其薪酬、審核中期及年度財務報表、審核本集團財務監控、內部監控與風險管理系統包括在會計及財務匯報職能方面的資源、僱員資歷及經驗是否足夠，以及僱員所接受的培訓課程及有關預算又是否充足，以及審議由董事局或其自行發起對內部監控事宜進行重大調查之結果以及管理層作出之反應。審核委員會應每年最少召開兩次會議以及於有需要時舉行會議。

於截至二零一一年十二月三十一日止年度，審核委員會共舉行二次會議，一次為審議本集團截至二零一零年十二月三十一日止財政年度之全年業績包括討論由本集團內部監控部門提交的內部監控報告和一次為審議本集團截至二零一一年六月三十日止六個月之中期業績包括討論由本集團內部監控部門提交的內部監控報告。

Corporate Governance Report 企業管治報告

BOARD OF DIRECTORS (THE “BOARD”) (continued)

董事局(「董事局」)(續)

F. Board Committees (continued)

F. 董事委員會(續)

(1) Audit Committee (continued)

(1) 審核委員會(續)

The attendance record for each member of the Audit Committee for the year ended 31 December 2011 is set out as follows:

於截至二零一一年十二月三十一日止年度審核委員會各會員出席記錄如下：

Audit Committee members 審核委員會會員		Number of Audit Committee meeting Attended 審核委員會會議出席次數
Mr. Gao Qingju (resigned on 7 February 2012)	高清舉先生 (於二零一二年二月七日辭任)	2/2
Mr. Yu Tung Ho	余統浩先生	2/2
Mr. Wong Man Chung, Francis	黃文宗先生	2/2

* Mr. Wang Tianyi was appointed as Independent Non-executive Director of the Company and member of the Audit Committee on 7 February 2012.

* 王天義先生於二零一二年二月七日獲委任為本公司獨立非執行董事及審核委員會會員。

In compliance with the amendments to the Listing Rules which will be effective on 1 April 2012, the terms of reference of the Audit Committee was revised and approved by the Board on 23 March 2012.

為了遵守即將於二零一二年四月一日起生效之上市規則之修訂，審核委員會之職權範圍已修訂並於二零一二年三月二十三日獲董事局批准。

(2) Remuneration Committee

(2) 薪酬委員會

Pursuant to Code Provision B.1.1 of the CG Code, a majority of the members of the Remuneration Committee should be Independent Non-executive Directors. Currently, the Remuneration Committee consists of the Chairman and three Independent Non-executive Directors of the Company.

根據企業管治守則第B.1.1條守則條文，薪酬委員會大部分成員須為獨立非執行董事。現時，薪酬委員會由本公司董事局主席及三名獨立非執行董事所組成。

Corporate Governance Report 企業管治報告

BOARD OF DIRECTORS (THE “BOARD”) (continued)

F. Board Committees (continued)

(2) Remuneration Committee (continued)

The Remuneration Committee's term of reference includes those specific duties as set out in the Code Provision B.1.3 of the CG Code. Pursuant to its term of reference, the Remuneration Committee is required, amongst other things, to review and recommend to the Board the remuneration packages of the Executive Directors, Non-executive Directors and senior management, to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; to review and approve the compensation payable to the Executive Directors, Non-executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company; and to ensure that no Director is involved in deciding his/her own remuneration. The Remuneration Committee should meet at least once a year and when the need arises.

For the year ended 31 December 2011, four meetings of Remuneration Committee was held. The attendance record of each member is set out as follow:

Remuneration Committee members 薪酬委員會成員

Mr. Han Jingyuan	韓敬遠先生
Mr. Gao Qingju (resigned on 7 February 2012)	高清舉先生 (於二零一二年二月七日辭任)
Mr. Yu Tung Ho	余統浩先生
Mr. Wong Man Chung, Francis	黃文宗先生

* Mr. Wang Tianyi was appointed as Independent Non-executive Director of the Company and member of the Remuneration Committee on 7 February 2012.

董事局(「董事局」)(續)

F. 董事委員會(續)

(2) 薪酬委員會(續)

薪酬委員會之職權範圍包括企業管治守則第B.1.3條守則條文所載列之特定職責。根據其職權範圍，薪酬委員會須(其中包括)審議並向董事局建議執行董事、非執行董事及高級管理層之薪酬福利、參考不時由董事局議決之企業方針及目標審議和批准按表現發放之酬金、審議和批准應付執行董事、非執行董事及高級管理層有關彼等喪失或終止職位或委任之賠償以確保該等賠償乃根據相關合約條款而釐定且對本公司而言屬公平而非過度，以及確保並無董事參與釐定本身之薪酬。薪酬委員會應每年最少召開一次會議以及於有需要時召開會議。

於截至二零一一年十二月三十一日止年度，薪酬委員會舉行四次會議。各委員會成員之出席記錄如下：

Number of Remuneration Committee meeting Attended 薪酬委員會會議出席次數

4/4
4/4
4/4
4/4

* 王天義先生於2012年2月7日獲委任為本公司獨立非執行董事及薪酬委員會成員。

Corporate Governance Report 企業管治報告

BOARD OF DIRECTORS (THE “BOARD”) (continued)

F. Board Committees (continued)

(2) Remuneration Committee (continued)

In Compliance with the amendments to the Listing Rules which will be effective on 1 April 2012, Mr. Han Jingyuan will cease to be the Chairman of the Remuneration Committee of the Company and Mr. Wong Man Chung, Francis has been appointed as the chairman of the Remuneration Committee with effect from 23 March 2012. The terms of reference of the Remuneration Committee was revised and approved by the Board on 23 March 2012.

(3) Nomination Committee

The Board announces that a nomination committee (the “Nomination Committee”) of the Company comprising Mr. Han Jingyuan (“Mr. Han”) as Chairman and Mr. Yu Tung Ho (“Mr. Yu”), Mr. Wong Man Chung, Francis (“Mr. Wong”) and Mr. Wang Tianyi (“Mr. Wang”) as members has been established by the Board with written terms of reference effective from 23 March 2012. Mr. Han is the Chairman and Chief Executive Officer of the Company and Mr. Yu, Mr. Wong and Mr. Wang are Independent Non-executive Directors of the Company. The terms of reference of the Nomination Committee was approved by the Board on 23 March 2012.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges that it is its responsibility to prepare financial statements of the Company for each financial period which give a true and fair view of the state of affairs of the Company and ensure that financial statements are prepared in accordance with statutory and regulatory requirements and applicable accounting standards. The Board also ensures the timely publication of the financial statements of the Company.

董事局(「董事局」)(續)

F. 董事委員會(續)

(2) 薪酬委員會(續)

為了遵守於二零一二年四月一日起生效之上市規則之修訂，韓敬遠先生將不再擔任本公司之薪酬委員會主席而黃文宗先生已獲委任為薪酬委員會主席，由二零一二年三月二十三日起生效。薪酬委員會之職權範圍已修訂並於二零一二年三月二十三日獲董事局批准。

(3) 提名委員會

董事局已成立提名委員會並以書面訂明職權範圍，由二零一二年三月二十三日起生效。提名委員會由韓敬遠先生(「韓先生」)擔任主席，而余統浩先生(「余先生」)、黃文宗先生(「黃先生」)及王天義先生(「王先生」)為成員。韓先生為本公司的董事局主席兼首席執行官，余先生、黃先生及王先生均為本公司的獨立非執行董事。提名委員會之職權範圍於二零一二年三月二十三日獲董事局批准。

問責和核數

財務匯報

董事局確認，其有責任就每一財務期間編製真實及公平地反映本公司財務狀況之財務報表，以及確保該等財務報表乃按法定與規管要求及適用會計準則編製。董事局亦須確保適時刊發本公司財務報表。

Corporate Governance Report 企業管治報告

ACCOUNTABILITY AND AUDIT (continued)

Financial Reporting (continued)

The Board confirms that, to the best of its knowledge and, having made appropriate enquires, it considers that the Company has adequate resources to continue in operational existence for the foreseeable future and has prepared the financial statements on a going concern basis accordingly.

Internal Controls

The Board recognises that constant changes taking place in the business environment call for periodical reviews of the system of internal controls. Well-managed internal controls enable effective and efficient operations, ensure the reliability of internal and external reporting and assist in the compliance with applicable laws and regulations.

The Board recognises that it has overall responsibility for the Group's system of internal controls and for reviewing its effectiveness. Pursuant to the Group's framework, senior management is primarily responsible for designing and implementing the policies and procedures of the internal controls, which the Board and the Audit Committee oversee the actions of senior management and monitor the effectiveness of the controls previously established.

The Company's internal audit function is performed by the Internal Audit Department which reports to the Chief Operating Officer and the Chief Financial Officer and has direct access to the Chairman of the Audit Committee. The Chief Operating Officer and the Chief Financial Officer report directly to the Chief Executive Officer. The internal audit functions include (i) review and report on internal and operational controls, (ii) follow-up on the suggestions made by external auditors, (iii) ongoing monitoring and reviews on different operating cycles; and (iv) special review of areas of concern identified by senior management.

However, internal control can only provide reasonable but not absolute assurance against errors or deliberate attempt to defraud the Company. The Board and the Audit Committee devote to closely monitor the efficiency and effectiveness of the system of internal control of the Group. Periodical meetings will be held and guidance notes and training will be issued and provided to the senior management where appropriate, to ensure an efficient and effective system of internal control is in place.

問責和核數(續)

財務匯報(續)

於作出適當查詢後，董事局確認，就其所知本公司具有充分資源於可見將來繼續維持營運，並已按持續經營準則編製財務報表。

內部監控

董事局明白商業環境不斷轉變，需要定期檢討內部監控制度。完善之內部監控有助業務有效運作，並確保內部及外部呈報之可靠，以及協助遵守適用法律與法規。

董事局明白其對於本集團之內部監控制度及審核其有效性具有整體責任。根據本集團之架構，高級管理層主要負責設計和實施內部監控政策及程序，而董事局及審核委員會則監督高級管理層之行動和監督過去所制定監控之有效性。

本公司之內部審核職能由內審部所執行，向首席運營官及首席財務官匯報，並直接向審核委員會主席通報。首席運營官及首席財務官再向首席執行官匯報。內審職能之工作包括(i)對內部及營運監控作出審議及報告；(ii)跟進外聘核數師提供之建議；(iii)對不同營運週期進行持續監控及檢討；及(iv)對高級管理層所識別之關注範圍進行專項審核。

然而，內部監控僅可提供合理而非絕對之保障以防止錯誤或蓄意詐騙公司之行為。董事局和審核委員會專注對本集團內部監控制度之有效性進行密切地監察。召開定期會議及向高級管理層發出通告指引和提供訓練以確保現有的內部監控系統是有效和適當的。

Corporate Governance Report 企業管治報告

ACCOUNTABILITY AND AUDIT (continued)

External Auditor

For the year ended 31 December 2011 and up to the date of this report, the external auditor of the Group is PricewaterhouseCoopers. Fees of auditing services and non-auditing services (including interim review and taxation services) provided by PricewaterhouseCoopers and its member firms of the same international network for the year ended 31 December 2011 were RMB 4.8 million and RMB 0.9 million respectively.

For the year ended 31 December 2011 and up to the date of this report, PricewaterhouseCoopers and its member firms of the same international network provided non-audit services mainly on interim review and taxation services. These non-audit services are engaged only as they are more effective or economical than those available from other service providers and will not constitute adverse impact on the independence of the external auditor. The nature and ratio of annual fees to external auditor for non-audit services and for audit services in 2011 have been scrutinized by the Audit Committee. Please refer to Note 31 to the consolidated financial statements for details of the fees to auditor.

Risk Management

The Group's business, financial conditions and results of operation may be affected by risk and uncertainties pertaining to the Group's business. The factors set out below are those that the Company believes could result in the Group's financial conditions or results of operations differing materially from expected or historical results. There may be other risks in addition to those mentioned below which are unknown to the Group or which may not be material now but could turn out to be material in the future.

問責和核數(續)

外聘核數師

於截至二零一一年十二月三十一日及截至本報告日期，本集團外聘核數師為羅兵咸永道會計師事務所。截至二零一一年十二月三十一日止年度，羅兵咸永道會計師事務所及其同一國際網絡下的成員機構提供審核與非審核服務之費用(包括中期審閱及稅務服務)分別為人民幣480萬元及人民幣90萬元。

於截至二零一一年十二月三十一日及截至本報告日期，羅兵咸永道會計師事務所及其同一國際網絡下的成員機構提供非審核服務主要為涉及中期審閱及稅務服務。該等非審核服務只可在較其他服務供應商所提供的服務更為有效或更合乎經濟原則，且不會對獨立核數師的獨立性構成不利影響的情況下，方可使用。外聘核數師於二零一一年全年就非審核服務及審核服務所收費用的性質及比率已由審核委員會詳細審閱。有關核數師酬金的詳情請參閱本賬目報表之附註31。

風險管理

本集團之業務、財務狀況及經營業績可能受到與本集團業務相關之風險及不明朗因素所影響。以下載列因素為本公司認為可導致本集團之財務狀況或經營業績與預期或過去業績截然不同。除下文所述因素外，亦可能有本集團未知之其他風險或現時可能不屬重大惟日後成為重大之風險。

Corporate Governance Report 企業管治報告

ACCOUNTABILITY AND AUDIT (continued)

Operation Risk

The Group's results are affected by trends in the industry in which it operates. Income from the operations is dependent upon the conditions in global iron and steel market and therefore there can be no assurance that changes in these conditions will not adversely affect the Group's financial conditions and results of operations.

Market Risk

Over 90% of the Group's consolidated sales and contribution to results are derived from the Mainland China. The Group operates in highly competitive and rapidly changing market. The intensification of price competition by existing competitors, product innovation or technical advancement could adversely affect the Group's financial conditions and results operations.

Credit Risk and Interest Rate

Credit risk arises from a number of areas. These include the possibility that a counter-party in a transaction may default during the settlement process. It also arises from lending, settlement, treasury, transaction and other activities undertaken by the Group. During the year under review, the Group has not undertaken any activities in any hedging or derivative instruments. The Group has not established any risk management committee. The day-to-day credit management is performed by the Operation Department of the respective subsidiaries with reference to the creditworthiness, the type and value of collateral available, the length of business relationship with the counter-parties and the receipt of bank acceptance notes from customers.

問責和核數(續)

經營風險

本集團業績可能受到所經營行業之趨勢所影響。來自此等業務之收入受到全球鋼鐵市場之影響，因此概無法保證此等條件之變動不會對本集團財務狀況及營運業績產生不利影響。

市場風險

本集團的綜合銷售及業績貢獻有超過90%源自中國。本集團經營所在市場競爭非常激烈及變動極快。市場現有競爭對手之價格競爭加劇、產品革新或技術進步均可能對本集團財務狀況及營運業績產生不利影響。

信貸風險和利率風險

信貸風險來自若干範疇，包括交易對手可能於交收過程中不履責。風險亦可能來自借貸、交收、庫務、作價買賣、及本集團進行之其他活動。於回顧年度內，本集團並沒有參與對沖或衍生工具活動。本集團沒有設立風險管理委員會。日常信貸管理由相應子公司的營運部處理，參考對方信貸評級、抵押品類別和價值、業務往來年期及向客戶收取銀行承兌匯票。

ACCOUNTABILITY AND AUDIT (continued)

Foreign Exchange Risk

Foreign exchange risk is the risk to the Group's financial conditions and results of operations arising from movements of foreign exchange rates. The Group mainly operates in the Mainland China with most of the transactions denominated and settled in RMB. The Group's foreign exchange risk primarily arises from the procurement of iron ores and the relevant products from overseas suppliers and the Group's Senior Notes, which is denominated and settled in USD. Foreign exchange rates fluctuate in reaction to the macro-economic performance of different countries and fund flows between countries arising from trade or capital commitments. The Group has not used any derivatives to hedge its exposure to foreign exchange risk for the years ended 31 December 2011 and 2010.

IMPACT ON NEW LEGISLATION, POLICY AND PROCEDURES

As mentioned before, over 90% of the operations of the Group are carried in the Mainland China. Any change in the policy and procedure in the Mainland China may have adverse effects on the Group's operation and results.

Also, the introduction of new legislation and rules by the Stock Exchange, Securities and Futures Commission and other regulatory bodies in Hong Kong and overseas may induce changes in market conditions that in turn adversely affect the operating results of the Company.

NEW REQUIREMENTS

According to the consultation conclusions published by the Stock Exchange on review of the Corporate Governance Code and associated Listing Rules on October 2011 (the "Consultation Conclusions"), the Board has restructured corporate governance practice, including but not limited to the change in composition and terms of reference for the existing Audit Committee and Remuneration Committee, the set-up of the Nomination Committee and its terms of reference. The Board has published the information in accordance with the implementation date set in the Consultation Conclusions.

問責和核數(續)

滙率風險

外滙風險指滙率變動對本集團財務狀況及營運業績構成之風險。本集團主要在中國境內經營，大多數交易均以人民幣計值及結算。本集團之外滙風險主要由於向海外供應商購入鐵礦石和相關產品及本集團的優先票據均以美元計值及結算。滙率波動受不同國家宏觀經濟表現以及貿易或資本動向帶來國家之間資金流動所影響。本集團於截至二零一一年及二零一零年十二月三十一日止年度並無用任何衍生工具對沖外滙風險。

新法例、政策及程序之影響

正如上文所述，本集團運作超過90%在中國境內進行。任何於中國境內的政策和程序變動均可能對本集團財務狀況及營運和業績產生不利影響。

此外，聯交所、證監會和香港及海外其他監管機構引入之新法例及規則可能導致市場狀況變動，並可能對本公司經營業績帶來不利影響。

新規定

根據聯交所於二零一一年十月份刊發有關檢討企業管治守則及相關上市規則的諮詢總結(「諮詢總結」)，董事局已重組本身的企業管治守則，包括但不限於更改現有的審核委員會及薪酬委員會的架構及職權範圍、設立提名委員會及其職權範圍，董事局已根據諮詢總結指定的實施日期刊發有關的訊息。

Corporate Governance Report 企業管治報告

COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of good communication with the shareholders of the Company. Information in relation to the Group is disseminated to shareholders of the Company in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars.

The general meeting of the Company provides a forum for exchange of views between the shareholders of the Company and the Board. The Chairman of the Board, the Directors and senior management of the Group and where applicable, the Directors (including Independent Non-executive Directors) are available to answer questions at the general meeting of the Company.

The rights of the shareholders of the Company and the procedures for demanding a poll on resolution at general meeting are contained in the Company's Bye-laws. Details of such right to demand a poll and the poll procedure are included in all circulars to the shareholders of the Company which will call for a general meeting and will be explained during the proceedings of the meeting.

Separate resolutions are proposed at general meeting on each substantial issue, including the election of individual Director.

The Company continues to enhance communication and relationship with its shareholders. Enquiries from the shareholders of the Company are dealt with in a informative and timely manner.

To promote effective communications, the Company also maintains a website at www.chinaorientalgroup.com, where updated information on the Company's business developments and operations and other information are posted, including all the regulatory announcements relating to the Company and the poll results on the business day following the general meeting (if any). The Company has established its Shareholder Communication Policy and is available on its website.

Upon the implementation of the amendments of the Listing Rules with effect from 1 January 2009, all resolutions proposed at general meeting will be voted by poll. The poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinaorientalgroup.com) immediately after the relevant general meetings.

與股東之溝通

董事局深明與本公司股東保持良好溝通之重要性。有關本集團之資料透過多種正式渠道(包括中期及年度報告、公告及通函)適時發放予本公司各股東。

本公司股東大會為本公司股東與董事局提供交流意見之機會。董事局主席、本集團董事及高級管理層及(如適用)，本公司董事(包括獨立非執行董事)可於本公司股東大會上回應問題。

本公司股東之權利及在股東大會上要求就決議案投票表決之程序載於本公司章程細則。要求投票表決權利之詳情及投票表決程序載於所有召開股東大會之本公司股東通函，並會於大會議事程序內解釋。

重大事宜(包括個別董事之選舉)將在股東大會上以獨立決議案方式提呈。

本公司將繼續改善與股東之溝通及關係。本公司股東之查詢將會適時並詳盡處理。

為促進有效溝通，本公司亦已設立網站，網址為www.chinaorientalgroup.com，載有本公司業務進展及經營最新資訊以及其他資料，其中包括有關本公司之所有監管公告及於股東大會後之營業日刊登之投票結果(如有)。本公司已制定股東交流政策，並可於其網站查閱。

上市規則修訂於二零零九年一月一日生效後，所有在股東大會提呈的決議案均以投票方式表決。投票表決結果將於有關股東大會召開後馬上於聯交所網站(www.hkexnews.hk)及本公司網站(www.chinaorientalgroup.com)刊登。

The Board presents their annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2011.

INCORPORATION AND LISTING OF THE COMPANY

The Company was incorporated as an exempted company with limited liability on 3 November 2003 under the Companies Act 1981 of Bermuda and the shares of the Company (the "Shares") were listed on the Stock Exchange on 2 March 2004.

PRINCIPAL ACTIVITIES

As at 31 December 2011, the Company's principal activities are investment holding and trading of iron and steel products. The principal activities of the Group are the manufacture and sales of iron and steel products.

SEGMENT INFORMATION

Over 90% of the Group's consolidated sales and contribution to results are derived from the PRC and mainly from the production and sales of iron and steel products for the year ended 31 December 2011 and are set out in Note 5 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's consolidated income statement for the year ended 31 December 2011 and its consolidated balance sheet as at that date, together with the balance sheet of the Company as at 31 December 2011, are set out in the financial statements on pages 72 to 76.

At a Board meeting held on 23 March 2012, the Board did not recommend the payment of any final dividend in respect of the year ended 31 December 2011.

董事局謹此提呈其年度報告及本集團截至二零一一年十二月三十一日止年度的經審核的合併財務報表。

本公司之成立和上市

本公司於二零零三年十一月三日根據百慕達一九八一年公司法在百慕達註冊成立為獲豁免有限責任公司。於二零零四年三月二日，本公司的股份（「本公司股份」）在聯交所主板上市。

主要業務

於二零一一年十二月三十一日，本公司的主要業務為投資控股及銷售鋼鐵產品。本集團的主要業務為生產及銷售鋼鐵產品。

分部資料

截至二零一一年十二月三十一日止年度，本集團的合併銷售額及業績貢獻有超過90%源自中國，且主要來自生產及銷售鋼鐵產品，並載於合併財務報表附註5。

業績及股息

本集團截至二零一一年十二月三十一日止年度的合併利潤表及其於該日的合併資產負債表，連同本公司於二零一一年十二月三十一日的資產負債表載於第72至第76頁的財務報表。

於二零一二年三月二十三日舉行的董事局會議上，董事局不建議就截止二零一一年十二月三十一日止年度派付任何末期股息。

Directors' Report 董事局報告

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 22 May 2012 to Thursday, 24 May 2012 (both dates inclusive), during which period no transfer of Shares of the Company may be registered, for the purposes of ascertaining shareholders' entitlement to attend and vote at the annual general meeting. The record date for the annual general meeting shall be 24 May 2012. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 21 May 2012.

SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated financial results and assets, liabilities and non-controlling interests of the Group for the last five financial years, is set out on page 236.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group and the Company during the year are set out in Notes 7 and 8 to the consolidated financial statements respectively.

SHARE CAPITAL

Details of the movements in the Company's issued share capital during the year are set out in Note 21 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group during the year are set out in Note 22 to the consolidated financial statements.

暫停辦理股份過戶登記

本公司將由二零一二年五月二十二日(星期二)至二零一二年五月二十四日(星期四)止期間(首尾兩天包括在內)暫停辦理股份過戶登記手續,於該期間不會辦理股份過戶登記手續,以釐定有權出席股東週年大會之股東身份。股東週年大會之記錄日期為二零一二年五月二十四日。為確保符合資格出席本公司即將舉行的股東週年大會並於會上投票,所有股份過戶文件連同有關股票須於二零一二年五月二十一日(星期一)下午四時三十分前送達本公司的股份過戶登記分處卓佳證券登記有限公司(位於香港灣仔皇后大道東二十八號金鐘匯中心二十六樓)辦理過戶登記手續。

財務資料概要

本集團截至前五個財政年度的合併財務業績及資產、負債與非控制性權益概要載於第236頁。

物業、廠房及設備以及投資物業

本集團及本公司於年內的物業、廠房及設備以及投資物業的變動詳情分別載於合併財務報表附註7及8。

股本

本公司已發行股本於年內的變動詳情載於合併財務報表附註21。

儲備

本集團於年內的儲備變動載於合併財務報表附註22。

DISTRIBUTABLE RESERVES

At 31 December 2011, the Company's accumulated losses amounted to RMB 430 million (2010: RMB 158 million).

At 31 December 2011, the Group's retained earnings amounted to RMB 4,991 million (2010: RMB 4,289 million).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the Companies Act 1981 of Bermuda, which would oblige the Company to offer new Shares on a pro rata basis to existing shareholders of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

The sales attributable to the five largest customers of the Group accounted for less than 30% of the Group's consolidated total revenue for the year.

The purchases attributable to the five largest suppliers of the Group accounted for less than 30% of the Group's consolidated total purchases for the year.

DIRECTORS

The Directors during the year ended 31 December 2011 and up to the date of this report were as follows:

Executive Directors

Mr. Han Jingyuan
Mr. Zhu Jun
Mr. Shen Xiaoling
Mr. Zhu Hao
Mr. Muktesh Mukherjee
Mr. Han Li (appointed on 7 February 2012)

可分派儲備

於二零一一年十二月三十一日，本公司的累計虧損為人民幣4.3億元(二零一零年：人民幣1.58億元)。

於二零一一年十二月三十一日，本集團的留存收益為人民幣49.91億元(二零一零年：人民幣42.89億元)。

優先認購權

本公司的公司章程或百慕達一九八一年公司法均無有關優先購買權的規定，致使本公司須向本公司現有股東按比例發售新股份。

主要客戶及供應商

本集團年內五大客戶所佔銷售額佔本集團的本年度合併總銷售額少於30%。

本集團年內五大供應商所佔採購額佔本集團的本年度合併採購總額少於30%。

董事

截至二零一一年十二月三十一日止及直至本報告日期止的董事如下：

執行董事

韓敬遠先生
朱軍先生
沈曉玲先生
朱浩先生
Muktesh Mukherjee 先生
韓力先生
(於二零一二年二月七日獲委任)

Directors' Report 董事局報告

DIRECTORS (continued)

Non-Executive Directors

Mr. Ondra Otradovec

Mr. Vijay Kumar Bhatnagar

Mr. Liu Lei (re-designated on 7 February 2012)

Independent Non-executive Directors

Mr. Gao Qingju

(resigned on 7 February 2012)

Mr. Yu Tung Ho

Mr. Wong Man Chung, Francis

Mr. Wang Tianyi

(appointed on 7 February 2012)

In accordance to the Bye-laws 87 of the Company, Mr. Han Jingyuan, Mr. Ondra Otradovec and Mr. Yu Tung Ho will retire from office by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting. Mr. Han Jingyuan is the father of Mr. Han Li, the Executive Director of the Company.

In accordance to the Bye-laws 86(2) of the Company, Mr. Han Li, Mr. Liu Lei and Mr. Wang Tianyi being eligible, will offer themselves for re-election at the forthcoming annual general meeting. Mr. Han Li is the son of Mr. Han Jingyuan, the Chairman, Chief Executive Officer and controlling shareholder of the Company.

The annual fee specified in each of existing service contracts of Mr. Han Jingyuan, Mr. Han Li, Mr. Ondra Otradovec, Mr. Liu Lei, Mr. Yu Tung Ho and Mr. Wang Tianyi are HK\$600,000, HK\$400,000, HK\$400,000, HK\$400,000, HK\$400,000 and HK\$400,000 respectively. The basis of determining the Directors' fee was based on the mutual negotiation between the Directors with reference to the range of prevailing directors' fee for directors of listed companies in Hong Kong. Save as disclosed in this annual report, and except Mr. Han Li is the son of Mr. Han Jingyuan, Mr. Han Jingyuan, Mr. Han Li, Mr. Ondra Otradovec, Mr. Liu Lei, Mr. Yu Tung Ho and Mr. Wang Tianyi do not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company.

董事(續)

非執行董事

Ondra Otradovec 先生

Vijay Kumar Bhatnagar 先生

劉磊先生

(於二零一二年二月七日調任)

獨立非執行董事

高青舉先生

(於二零一二年二月七日辭任)

余統浩先生

黃文宗先生

王天義先生

(於二零一二年二月七日獲委任)

根據本公司的公司章程第87條，韓敬遠先生、Ondra Otradovec先生及余統浩先生將於應屆股東周年大會上輪席退任，彼等並符合資格和願意於應屆股東周年大會重選連任。韓敬遠先生是韓力先生(本公司的執行董事)的父親。

根據本公司的公司章程第86(2)條，韓力先生、劉磊先生及王天義先生符合資格及彼願意於應屆股東周年大會重選。韓力先生是韓敬遠先生(本公司董事局主席、首席執行官及控股股東)的兒子。

韓敬遠先生、韓力先生、Ondra Otradovec先生、劉磊先生、余統浩先生及王天義先生各自的現有服務合約所指的全年費用分別為600,000港元、400,000港元、400,000港元、400,000港元及400,000港元。董事費用乃董事間按共同磋商的基準並且參考香港上市公司董事目前之董事袍金水準而釐定。除本年報所披露者外及除了韓力先生是韓敬遠先生的兒子外，韓敬遠先生、韓力先生、Ondra Otradovec先生、劉磊先生、余統浩先生及王天義先生概無與本公司其他董事、高級管理人員、主要股東或控股股東有任何關係。

DIRECTORS (continued)

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-Executive Directors are independent.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was party during the year.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHICAL INFORMATION

Biographical details of the Directors and senior management of the Company are set out on pages 21 to 27 of the annual report.

DIRECTORS' SERVICE CONTRACTS

Five Executive Directors have service contracts with the Company for a fixed term of three years, one Executive Director and two Non-executive Director have service contracts with the Company for a fixed term of two years, while the remaining one Non-executive Directors has service contract with the Company till 31 December 2012, which may be terminated by either party giving not less than three months' notice in writing.

All the Independent Non-executive Directors have service contracts for a fixed term of one year.

董事(續)

根據上市規則第3.13條，本公司已接獲每位獨立非執行董事的年度確認函確認其獨立性。本公司認為所有獨立非執行董事均為獨立。

董事的合約權益

董事於年內概無與本公司或其任何附屬公司訂立而對本集團業務屬重大的任何合約中擁有重大權益。

董事及高級管理人員的履歷

本公司董事及高級管理人員的履歷詳情載於年報第21至27頁。

董事的服務合約

五位執行董事與本公司訂立服務合約固定任期為期三年，一位執行董事和兩位非執行董事與本公司訂立服務合約固定任期為期兩年，而餘下的一位非執行董事與本公司訂立的服務合約為至二零一二年十二月三十一日止。該等合約各可由任何一方發出不少於三個月的書面通知予以終止。

所有獨立非執行董事之服務合約均有固定年期為期一年。

Directors' Report 董事局報告

DIRECTORS' SERVICE CONTRACTS (continued)

Mr. Han Jingyuan, Mr. Zhu Jun and Mr. Shen Xiaoling (Executive Directors of the Company and its subsidiary) have service contracts with the Company's subsidiary on 9 June 2003 for a fixed term of five years commencing from 9 June 2003 which are exempted under the Listing Rules. Actual amount of salary was not specified in the service contracts other than the clause which stated that after probation, the employees will be paid according to the salary of the post. The service contracts may be terminated by the Company's subsidiary by paying compensation equivalent to the unfulfilled contract's salary and one month's salary for each year of service completed. The aforesaid services contracts with the subsidiaries are expired.

Save as disclosed above, no Director 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.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 December 2011, the interest and short positions of the Directors, chief executives and their associates of the Company 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 (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 of the Listing Rules and adopted by the Company were as follows:

董事的服務合約(續)

韓敬遠先生、朱軍先生及沈曉玲先生(本公司及其附屬公司的執行董事)於二零零三年六月九日與本公司附屬公司訂立服務合約，固定任期自二零零三年六月九日起為期五年，此等服務合約已根據上市規則獲豁免。除列明僱員將於試用期後根據崗位獲支付薪金的條文外，服務合約並無指明薪金的實際金額。該等服務合約可由本公司附屬公司透過支付補償(相等於合約未滿年期的薪金及就每完成一年服務期支付一個月薪金)予以終止。上述與附屬公司之服務合同已屆滿。

除上文所披露者外，概無董事與本公司訂立於一年內不可免付賠償(法定賠償除外)而終止的服務合約。

董事於證券的權益及淡倉

於二零一一年十二月三十一日，各董事、本公司主要行政人員及其聯繫人於本公司或其相聯法團(定義見證券及期貨條例「證券及期貨條例」第XV部)的股份、相關股份或債券中擁有(i)根據證券及期貨條例第7及第8分部須知會本公司及聯交所(包括根據證券及期貨條例彼等被當作或視為擁有之權益或淡倉)；或(ii)根據證券及期貨條例第352條須列入該條所指登記冊內；或(iii)根據本公司已採納的上市規則附錄十所載的標準守則知會本公司及聯交所的權益及淡倉載列如下：

Directors' Report 董事局報告

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES (continued)

董事於證券的權益及淡倉(續)

(i) Interest in the Shares and underlying Shares of the Company:

(i) 於本公司股份和相關股份的權益：

	Interests in Shares 股份權益		Interests in underlying shares pursuant to share options 根據購股權 在相關股份 的權益	Percentage of the Company's issued share capital 佔本公司 已發行股本 的百分比	Long/Short position 好/淡倉
	Corporate Interest 公司權益	Personal Interest 個人權益			
Mr. Han Jingyuan (Note 1) 韓敬遠先生(備註1)	1,317,502,849	-	-	44.97%	Long(好)
	-	2,800,000	18,700,000	0.73%	Long(好)
Mr. Zhu Jun 朱軍先生	-	2,400,000	5,200,000	0.26%	Long(好)
Mr. Shen Xiaoling 沈曉玲先生	-	2,400,000	5,200,000	0.26%	Long(好)
Mr. Zhu Hao 朱浩先生	-	-	5,200,000	0.18%	Long(好)
Mr. Muktesh Mukherjee Muktesh Mukherjee 先生	-	-	5,200,000	0.18%	Long(好)
Mr. Han Li (appointed on 7 February 2012) 韓力先生(於二零一二年二月七日獲委任)	-	-	2,800,000	0.10%	Long(好)
Mr. Jean-Paul Georges Schuler (resigned on 24 February 2011) Jean-Paul Georges Schuler 先生 (於二零一一年二月二十四日辭任)	-	-	1,500,000	0.05%	Long(好)
Mr. Ondra Otradovec Ondra Otradovec 先生	-	-	4,000,000	0.14%	Long(好)
Mr. Liu Lei (re-designated on 7 February 2012) 劉磊先生(於二零一二年二月七日調任)	-	2,400,000	5,200,000	0.26%	Long(好)
Mr. Gao Qingju (resigned on 7 February 2012) 高清舉先生(於二零一二年二月七日辭任)	-	1,686,000	4,000,000	0.19%	Long(好)
Mr. Yu Tung Ho 余統浩先生	-	-	4,000,000	0.14%	Long(好)
Mr. Wong Man Chung, Francis 黃文宗先生	-	-	4,300,000	0.15%	Long(好)
Mr. Wang Tianyi (appointed on 7 February 2012) 王天義先生(於二零一二年二月七日獲委任)	-	-	-	0%	Long(好)

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DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES (continued)

(i) Interest in the Shares and underlying Shares of the Company: (continued)

Note:

1. At 31 December 2011, Mr. Han Jingyuan beneficially owned 63.15% of the issued share capital of Wellbeing Holdings Limited ("Wellbeing Holdings") and held 16.09% of the issued share capital of Wellbeing Holdings on trust for the benefit of certain employees of the subsidiary of the Company. Wellbeing Holdings beneficially owned 1,255,849,124 Shares, representing approximately 42.87% of the issued share capital of the Company. Mr. Han also beneficially owns 100% of the issued share capital of Chingford Holdings Limited ("Chingford Holdings") which beneficially owned 61,653,725 Shares, representing approximately 2.10% of the issued Shares.

At 31 December 2011, Mr. Han Jingyuan beneficially owns 2,800,000 Shares, representing approximately 0.1% of the issued share capital of the Company.

董事於證券的權益及淡倉(續)

(i) 於本公司股份和相關股份的權益：(續)

附註：

1. 於二零一一年十二月三十一日，韓敬遠先生實益擁有 Wellbeing Holdings Limited (「Wellbeing Holdings」) 已發行股本 63.15% 的權益，並以信託方式就本公司附屬公司若干僱員的利益持有 Wellbeing Holdings 已發行股份的 16.09% 權益。Wellbeing Holdings 實益擁有 1,255,849,124 股的本公司股份，約佔本公司已發行股份的 42.87% 權益。韓先生亦實益擁有 Chingford Holdings Limited (「Chingford Holdings」) 的全部已發行股本，而 Chingford Holdings 實益擁有 61,653,725 股的本公司股份，約佔本公司已發行股份的 2.10%。

於二零一一年十二月三十一日，韓敬遠先生私人實益擁有 2,800,000 股的本公司股份，約佔本公司已發行股份的 0.1% 權益。

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES (continued)

董事於證券的權益及淡倉(續)

(ii) Interests in the ordinary shares of the Company's associated corporations:

(ii) 於本公司的聯營企業普通股份的權益：

	Name of associated corporation 聯營企業名稱	Nature of Interest 權益性質	Paid-in capital 繳足股本 (RMB' 000) (人民幣千元)	Approximate percentage of shareholding 概約持股百分比
Mr. Han Jingyuan 韓敬遠先生	Hebei Jinxi Section Steel Company Limited 河北津西型鋼有限公司	Interests in Hebei Jinxi Section Steel Company Limited through Qianxi County Hui Yin Trading Company Limited (Notes 1) 透過遷西縣匯銀工貿有限公司擁有河北津西型鋼有限公司的權益(備註1)	350,000	1.64%
Mr. Zhu Jun 朱軍先生	Hebei Jinxi Section Steel Company Limited 河北津西型鋼有限公司	Interests in Hebei Jinxi Section Steel Company Limited through Qianxi County Hui Yin Trading Company Limited (Notes 1) 透過遷西縣匯銀工貿有限公司擁有河北津西型鋼有限公司的權益(備註1)	350,000	0.92%
Mr. Shen Xiaoling 沈曉玲先生	Hebei Jinxi Section Steel Company Limited 河北津西型鋼有限公司	Interests in Hebei Jinxi Section Steel Company Limited through Qianxi County Hui Yin Trading Company Limited (Notes 1) 透過遷西縣匯銀工貿有限公司擁有河北津西型鋼有限公司的權益(備註1)	350,000	0.88%

Notes:

- (1) Mr. Han Jingyuan, Mr. Zhu Jun and Mr. Shen Xiaoling beneficially owns 8.22%, 4.58% and 4.42% equity interests respectively in Qianxi County Hui Yin Trading Company Limited which holds 20% equity interests in Hebei Jinxi Section Steel Company Limited.
- (2) As announced by the Company on 7 March 2012, Hebei Jinxi Iron and Steel Group Company Limited ("Jinxi Limited") entered into an equity transfer agreement with Qianxi County Hui Yin Trading Company Limited ("Hui Yin") pursuant to which Jinxi Limited has conditionally agreed to acquire 20% equity interest in the Hebei Jinxi Section Steel Company Limited ("Jinxi Section Steel") from Hui Yin. Upon completion of the acquisition, Jinxi Limited will increase its equity interests in Jinxi Section Steel from 80% to 100% and Jinxi Section Steel will become a wholly owned subsidiary of Jinxi Limited.

備註：

- (1) 韓敬遠先生、朱軍先生及沈曉玲先生分別實益擁有遷西縣匯銀工貿有限公司的8.22%、4.58%及4.42%的股份權益而持有河北津西型鋼有限公司的20%股份權益。
- (2) 本公司於二零一二年三月七日公佈，河北津西鋼鐵集團股份有限公司(「津西鋼鐵」)與遷西縣匯銀工貿有限公司(「匯銀」)達成股權轉讓協議。就此，津西鋼鐵有條件同意向匯銀收購其持有的河北津西型鋼有限公司(「津西型鋼」)20%股權權益。於收購完成後，津西鋼鐵在津西型鋼的股權權益由80%增加至100%及津西型鋼成為津西鋼鐵全資擁有的附屬公司。

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DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES (continued)

(iii) Interest in the debentures of the Company

	Corporate Interest 企業權益
Mr. Han Jingyuan (Note 2) 韓敬遠先生(備註2)	US\$19,000,000(Note 1) 19,000,000美元(備註1)

Notes:

- (1) US\$550 million 8% senior notes due 2015 of the Company was issued at 11 August 2010. ("2015 Senior Notes").
- (2) At 31 December 2011, Mr. Han Jingyuan beneficially owned 100% of the issued share capital of Eastland International Trading Limited, which beneficially owned US\$4,500,000 of the debenture of the Company.

Mr. Han Jingyuan beneficially owned 63.15% of the issued share capital of Wellbeing Holdings and held 16.09% of the issued share capital of Wellbeing Holdings on trust for the benefit of certain employees of the subsidiary of the Company. Wellbeing Holdings beneficially owned US\$14,500,000 of the debenture of the Company.

Save as disclosed above and in the section of "Equity-settled Share Option Scheme" below, at 31 December 2011, none of the Directors, chief executives and their associates had any interest and short positions in the Shares, underlying shares and Senior Notes of the Company or any of its associated corporations (within the meaning of SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

董事於證券的權益及淡倉(續)

(iii) 於本公司債券的權益

	Personal Interest 個人權益	Amount of debenture 債券金額
	US\$7,000,000(Note 1) 7,000,000美元(備註1)	US\$26,000,000(Note 1) 26,000,000美元(備註1)

備註：

- (1) 本公司於二零一零年八月十一日發行的二零一五年到期5.5億美元8%優先票據(「2015優先票據」)。
- (2) 於二零一一年十二月三十一日，韓敬遠先生實益擁有東嶺國際貿易有限公司已發行股本100%的權益而持有本公司450萬美元的債券。

韓敬遠先生實益擁有 Wellbeing Holdings Limited 已發行股本 63.15% 的權益，並以信託方式就本公司附屬公司若干僱員的利益持有 Wellbeing Holdings 已發行股份的 16.09% 權益。Wellbeing Holdings 實益擁有本公司 1,450 萬美元的債券。

除上文所披露者和下述的「以股權結算的購股權計劃」部份外，於二零一一年十二月三十一日，概無本公司的董事、主要行政人員及其連繫人於本公司或其任何相聯法團(定義見證券及期貨條例)的股份、相關股份及優先票據中擁有需根據證券及期貨條例第352條所存置的股東名冊所記錄，或根據標準守則須知會本公司及聯交所的任何權益及淡倉。

EQUITY-SETTLED SHARE OPTION SCHEME

Share options were granted to eligible participants under a share option scheme approved and adopted by the shareholders of the Company at the annual general meeting held on 17 May 2006 ("2006 Share Option Scheme") and a share option scheme approved and adopted by the shareholders of the Company at the special general meeting held on 20 December 2010 ("2010 Share Option Scheme") (together with the 2006 Share Option Scheme, collectively referred to as "Share Option Schemes") for the purpose of providing incentives and rewards to eligible participants who are regarded as valuable human resources of the Group or who have contributed to the growth and success of the Group with their performance and other factors (e.g. their years of service with the Company and/or work experience and/or knowledge in the industry etc.) to contribute further to the Company.

The Share Option Schemes do not specify any minimum holding period and/or performance targets as a condition for the exercise of an option but subject to the rules of the Share Options Scheme the Board is empowered with the authority to determine granting of an option on a case by case basis taking into account of the relevant factors as the Board in its sole discretion considers appropriate.

The maximum number of shares issuable under the Share Option Schemes to each eligible participant 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.

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Schemes shall be valid and effective for a period of ten years from their respective dates of adoption.

The subscription price shall be such price determined by the Directors at its absolute discretion and shall be no less than the highest of: (a) the closing price of shares of the Company as stated in the daily quotations sheet of the Stock Exchange on the date of grant; (b) the average closing price of the share of the Company as stated in the daily quotations sheet of the Stock Exchange for the 5 business days immediately preceding the date of grant; and (c) the nominal value of a share of the Company on the date of grant.

The consideration payable on acceptance of all of the options under the Share Option Schemes are HK\$1.00.

以股權結算的購股權計劃

根據在二零零六年五月十七日舉行的股東周年大會上由本公司股東批准及採納的購股權計劃(「2006購股權計劃」)及在二零一零年十二月二十日舉行的股東特別大會上由本公司股東批准及採納的購股權計劃(「2010購股權計劃」)(連同2006購股權計劃統稱為「購股權計劃」)已向合資格參與者授予購股權，目的旨在激勵及獎勵合資格參與者彼等被視為本集團的寶貴人力資源或以待等之表現及其他因素對本集團的發展和成功作出貢獻(例如彼等在本公司的服務年期及/或行內的工作經驗及/或知識)，並對本公司作出更多貢獻。

購股權計劃並沒有特定須持有的最短期間及/或行使購股權須達致的表現目標，惟根據購股權計劃的條款，授予董事局有權利釐定每個個別情況的授出購股權條款作出其認為適當的有關因素。

根據購股權計劃下向每名合資格參與者授予的最高可發行的股份數目在該授出日期止十二個月期間內上限為本公司當時發行股份的1%，任何超出限制的進一步授予購股權需於股東大會上由股東批准。

在不抵觸本公司於股東大會上或透過董事局提早終止下，購股權計劃將自其採納日期起計為期十年有效及生效。

行使價乃由本公司董事局全權酌情釐定，並不會低於以下三者中最高者：(a)本公司股份於授予日期在聯交所每日報價表所報的收市價；(b)股份於緊接授予日期前五個營業日在聯交所每日報價表所報的平均收市價；及(c)本公司股份於授予日期的面值。

接納購股權須支付的款項為港幣1.00元。

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EQUITY-SETTLED SHARE OPTION SCHEME (continued)

The total number of Shares available for issue under the Share Option Schemes upon exercising of all outstanding share options granted and yet to be exercised is 229,470,000 Shares, representing approximately 7.83% of the issued share capital of the Company as at the date of this annual report.

On 14 January 2011, share options to subscribe for 800,000 Shares were granted to the grantees at an exercise price of HK\$3.20 per share under the 2010 Share Option Scheme which represents the highest of (i) the closing price of HK\$3.20 per Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant of the share options, i.e. 14 January 2011 (the "Date of Grant"); (ii) the average closing price of HK\$3.118 per Share as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of Share, which is HK\$0.10. The share options are exercisable by the grantees in the following manners: (1) up to 33% of the share options granted to each grantee on or after 14 January 2011; (2) up to further 66% of the share options granted to each grantee on or after 14 January 2012; (3) all the remaining share options granted to each grantee on or after 14 January 2013, and in each case, not later than 13 January 2021.

On 28 March 2011, share options to subscribe for 9,800,000 Shares were conditionally granted to Mr. Han Jingyuan subject to the approval by the independent shareholders of the Company at the special general meeting at an exercise price of HK\$3.08 per Share under the 2010 Share Option Scheme which represents the highest of (i) the closing price of HK\$3.08 per Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant of the share options, i.e. 28 March 2011 (the "Date of Grant"); (ii) the average closing price of HK\$2.814 per Share as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of Share, which is HK\$0.10. The share options are exercisable by Mr. Han Jingyuan in the following manners: (1) up to 40% of the share options granted to Mr. Han Jingyuan on or after the date of the approval of the grant of options by the independent shareholders of the Company at the special general meeting held on 27 April 2011 (the "Date of Approval"); (2) up to 70% of the share options granted to Mr. Han Jingyuan on or after one year from the Date of Approval; (3) all the remaining share options granted to Mr. Han Jingyuan on or after two years from the Date of Approval, and in each case, not later than 27 March 2021.

以股權結算的購股權計劃(續)

根據購股權計劃，已批出及尚未行使的購股權有229,470,000股，代表截至本報告日期時已發行股本的約7.83%。

於二零一一年一月十四日，根據2010購股權計劃，按行使價每股3.20港元向承授人授予可認購800,000股本公司股份的購股權，行使價乃為(i)股份於購股權授出日期(即二零一一年一月十四日)(「授出日期」)在聯交所的每日報價表所報的收市價每股3.20港元；(ii)股份於緊接建議授出日期前五個營業日在聯交所的每日報價表所報的平均收市價每股3.118港元；及(iii)本公司股份的面值0.10港元三者中的最高值。該等購股權可由承受人按下列方式行使：(i)授予各承受人的購股權最多達33%可於二零一一年一月十四日或之後行使；(2)授予各承受人的購股權最多達進一步66%可於二零一二年一月十四日或之後行使；(3)授予各承受人的所有餘下購股權可於二零一三年一月十四日或之後行使，惟於各情況下不得遲於二零一一年一月十三日。

於二零一一年三月二十八日，根據2010購股權計劃，按行使價每股3.08港元向韓敬遠先生有條件授予可認購9,800,000股本公司股份的購股權，須待本公司獨立股東於股東特別大會上批准後，方可作實，行使價乃為(i)股份於購股權授出日期(即二零一一年三月二十八日)(「授出日期」)在聯交所的每日報價表所報的收市價每股3.08港元；(ii)股份於緊接建議授出日期前五個營業日在聯交所的每日報價表所報的平均收市價每股2.814港元；及(iii)本公司股份的面值0.10港元三者中的最高值。該等購股權可由韓敬遠按下列方式行使：(i)授予韓敬遠先生的購股權最多達40%可於本公司的獨立股東於二零一一年四月二十七日舉行的股東特別大會上批准授出購股權日期(「批准日期」)或之後行使；(2)授予韓敬遠先生的購股權最多達70%可於自批准日期起一年或之後行使；(3)授予韓敬遠先生的所有餘下購股權可於自批准日期起兩年或之後行使，惟於各情況下不得遲於二零一一年三月二十七日。

EQUITY-SETTLED SHARE OPTION SCHEME (continued)

Pursuant to the 2006 Share Option Scheme, the Company can issue options so that the total number of Shares that may be issued upon exercise of all options to be granted under the 2006 Share Option Scheme are 290,500,000 Shares, representing 9.9% of the issued share capital of the Company as at 31 December 2011. Eligible participants of the 2006 Share Option Scheme includes all Directors (whether Executive or Non-executive and whether independent or not) and any employees (whether full-time or part-time) of any company in the Group or any entity in which any member of the Group holds an equity interest (whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid). Details of the share options outstanding under 2006 Share Option Scheme were as follows:

以股權結算的購股權計劃(續)

根據2006購股權計劃，本公司可授出購股權，以使根據2006購股權計劃授出的所有購股權獲行使時可發行的股份總數為290,500,000股股份，佔本公司於二零一一年十二月三十一日的已發行股本9.9%。2006購股權計劃的合資格參與者包括本公司全體董事（無論執行董事或非執行董事及無論是否獨立）及本集團任何成員公司或本集團任何成員公司持有股本權益的任何實體的任何僱員（無論全職或兼職）（不論其基於聘用、合約或榮譽或其他性質及是否受薪）。2006購股權計劃下尚未行使的購股權詳情如下：

	Date of grant	Exercisable Period	Exercise price	Closing price per share immediately before the date of grant	No. of options outstanding at 1 Jan 2011	No. of options granted during the year	No. of options exercised/ cancelled/ lapsed during the year	No. of options outstanding at 31 December 2011	Approximate shareholding percentage of the underlying shares for the options in the share capital of the Company
	授予日	可行使期間	行使價 HK\$ 港元	緊接購股權 授予日前的 每股收市價 HK\$ 港元	於二零一一年 一月一日 未行使的 購股權數目	於本年內 授予的 購股權數目	於本年內 已行使/註銷/ 失效的 購股權數目	於二零一一年 十二月三十一日 未行使的 購股權數目	購股權相關 股份佔本公司 股本的股權 概約百分比
Mr. Han Jingyuan 韓敬遠先生	2009/2/24	2009/2/24 to 2019/2/23	1.39	1.24	2,900,000	-	-	2,900,000	0.10%
	2010/11/26	2010/12/20 to 2016/5/16	3.00	3.00	6,000,000	-	-	6,000,000	0.20%
Mr. Zhu Jun 朱軍先生	2009/2/24	2009/2/24 to 2019/2/23	1.39	1.24	2,600,000	-	-	2,600,000	0.09%
Mr. Shen Xiaoling 沈曉玲先生	2009/2/24	2009/2/24 to 2019/2/23	1.39	1.24	2,600,000	-	-	2,600,000	0.09%

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EQUITY-SETTLED SHARE OPTION SCHEME (continued)

以股權結算的購股權計劃(續)

	Date of grant	Exercisable Period	Exercise price	Closing price	No. of options outstanding at 1 Jan 2011	No. of options granted during the year	No. of options exercised/cancelled/lapsed during the year	No. of options outstanding at 31 December 2011	Approximate shareholding percentage of the underlying shares for the options in the share capital of the Company
				per share immediately before the date of grant					
	授予日	可行使期間	行使價 HK\$ 港元	緊接購股權 授予日前的 每股收市價 HK\$ 港元	於二零一一年 一月一日 未行使的 購股權數目	於本年內 授予的 購股權數目	於本年內 已行使/註銷/ 失效的 購股權數目	於二零一一年 十二月三十一日 未行使的 購股權數目	購股權相關 股份佔本公司 股本的股權 概約百分比
Mr. Zhu Hao 朱浩先生	2009/2/24	2009/2/24 to 至 2019/2/23	1.39	1.24	2,600,000	-	-	2,600,000	0.09%
Mr. Muktesh Mukherjee Muktesh Mukherjee 先生	2009/5/11	2009/5/11 to 至 2019/5/10	1.50	1.49	2,600,000	-	-	2,600,000	0.09%
Mr. Han Li (appointed on 7 February 2012) 韓力先生 (於二零一二年二月七日獲委任)	2009/12/29	2010/3/29 to 至 2019/12/28	2.84	2.77	1,600,000	-	-	1,600,000	0.05%
Mr. Jean-Paul Georges Schuler (resigned on 24 Feb 2011) Jean-Paul Georges Schuler 先生 (於二零一一年二月二十四日辭任)	2009/5/11	2009/5/11 to 至 2019/5/10	1.50	1.49	2,000,000	-	500,000 (Note 1) (註1)	1,500,000	0.05%
Mr. Ondra Otradovec Ondra Otradovec 先生	2009/5/11	2009/5/11 to 至 2019/5/10	1.50	1.49	2,000,000	-	-	2,000,000	0.07%
Mr. Liu Lei (re-designated on 7 Feb 2012) 劉磊先生 (於二零一二年二月七日獲調任)	2009/2/24	2009/2/24 to 至 2019/2/23	1.39	1.24	2,600,000	-	-	2,600,000	0.09%
Mr. Gao Qingju (resigned on 7 Feb 2012) 高清舉先生 (於二零一二年二月七日辭任)	2009/2/24	2009/2/24 to 至 2019/2/23	1.39	1.24	2,000,000	-	-	2,000,000	0.07%

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EQUITY-SETTLED SHARE OPTION SCHEME (continued)

以股權結算的購股權計劃(續)

Date of grant	Exercisable Period	Exercise price	Closing price per share immediately before the date of grant	No. of options outstanding at 1 Jan 2011	No. of options granted during the year	No. of options exercised/ cancelled/ lapsed during the year	No. of options outstanding at 31 December 2011	Approximate shareholding percentage of the underlying shares for the options in the share capital of the Company	
									緊接購股權授予日前的每股收市價
授予日	可行使期間	行使價 HK\$ 港元	行使價 HK\$ 港元	購股權數目	購股權數目	購股權數目	購股權數目	購股權相關股份佔本公司股本的股權概約百分比	
Mr. Yu Tung Ho 余統浩先生	2009/2/24 to 2019/2/23	2009/2/24	1.39	1.24	2,000,000	-	-	2,000,000	0.07%
Mr. Wong Man Chung, Francis 黃文宗先生	2009/2/24 to 2019/2/23	2009/2/24	1.39	1.24	2,000,000	-	-	2,000,000	0.07%
Employees 僱員	2009/2/24 to 2019/2/23	2009/2/24	1.39	1.24	1,200,000	-	-	1,200,000	0.04%
Employees 僱員	2009/12/29 to 2019/12/28	2010/3/29	2.84	2.77	140,450,000	-	400,000 (Note 1) (註1)	140,050,000	4.78%
Total 合計					175,150,000	-	900,000	174,250,000	5.95%

Note:

1. 900,000 options were lapsed during the year.

* Mr. Wang Tianyi was appointed as an Independent Non-Executive Director on 7 February 2012 and was not granted any options under the 2006 Share Option Scheme as at 31 December 2011.

註：

1. 於年內，900,000股購股權已失效

* 王天義先生於二零一二年二月七日獲委任為獨立非執行董事。截至二零一一年十二月三十一日止，其沒有根據二零零六年購股權計劃獲授與任何購股權。

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EQUITY-SETTLED SHARE OPTION SCHEME (continued)

Pursuant to the 2010 Share Option Scheme, the Company can issue options so that the total number of Shares that may be issued upon exercise of all options to be granted under the 2010 Share Option Scheme are 146,486,250 Shares, representing 5% of the issued share capital of the Company as at 31 December 2011. Eligible participants of the 2010 Share Option Scheme includes all Directors (whether Executive or Non-executive and whether independent or not), any employees (whether full-time or part-time) of any company in the Group or any entity in which any member of the Group holds an equity interest (whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid) and any person considered by the Directors to have contributions to any company in the Group or any entity in which any member of the Group holds an equity interest. Details of the share options outstanding under 2010 Share Option Scheme were as follows:

以股權結算的購股權計劃(續)

根據2010購股權計劃，本公司可授出購股權，以使根據2010購股權計劃授出的所有購股權獲行使時可發行的股份總數為146,486,250股股份，佔本公司於二零一一年十二月三十一日的已發行股本5%。2010購股權計劃的合資格參與者包括本公司全體董事(無論執行董事或非執行董事及無論是否獨立)、本集團任何成員公司或本集團任何成員公司持有股本權益的任何實體的任何僱員(無論全職或兼職)(不論其基於聘用、合約或榮譽或其他性質及是否受薪)及董事認為對本集團任何成員公司或本集團任何成員公司持有股本權益的任何實體作出貢獻的任何人士。2010購股權計劃下尚未行使的購股權詳情如下：

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EQUITY-SETTLED SHARE OPTION SCHEME (continued)

以股權結算的購股權計劃(續)

	Date of grant 授予日	Exercisable Period 可行使期間	Exercise price 行使價 HK\$ 港元	Closing price	No. of options outstanding at 1 Jan 2011 於二零一一年 一月一日 未行使的 購股權數目	No. of options granted during the year 於本年內 授予的 購股權數目	No. of options exercised/ cancelled/ lapsed during the year 於本年內 已行使/註銷/ 失效的 購股權數目	No. of options outstanding at 31 December 2011 於二零一一年 十二月三十一日 未行使的 購股權數目	Approximate shareholding percentage of the underlying shares for the options in the share capital of the Company 購股權相關 股份佔本公司 股本的股權 概約百分比
				per share immediately before the date of grant 緊接購股權 授予日前的 每股收市價 HK\$ 港元					
Mr. Han Jingyuan 韓敬遠先生	2011/03/28	2011/04/27 to 至 2021/03/27	3.08	3.08	-	9,800,000	-	9,800,000	0.33%
Mr. Zhu Jun 朱軍先生	2010/12/24	2010/12/24 to 至 2020/12/19	3.182	3.17	2,600,000	-	-	2,600,000	0.09%
Mr. Shen Xiaoling 沈曉玲先生	2010/12/24	2010/12/24 to 至 2020/12/19	3.182	3.17	2,600,000	-	-	2,600,000	0.09%
Mr. Zhu Hao 朱浩先生	2010/12/24	2010/12/24 to 至 2020/12/19	3.182	3.17	2,600,000	-	-	2,600,000	0.09%
Mr. Muktesh Mukherjee Muktesh Mukherjee 先生	2010/12/24	2010/12/24 to 至 2020/12/19	3.182	3.17	2,600,000	-	-	2,600,000	0.09%
Mr. Han Li (appointed on 7 February 2012) 韓力先生 (於二零一二年二月七日獲委任)	2010/12/24	2010/12/24 to 至 2020/12/19	3.182	3.17	1,200,000	-	-	1,200,000	0.04%
Mr. Ondra Otradovec Ondra Otradovec 先生	2010/12/24	2010/12/24 to 至 2020/12/19	3.182	3.17	2,000,000	-	-	2,000,000	0.07%
Mr. Liu Lei (re-designated on 7 Feb 2012) 劉磊先生 (於二零一二年二月七日獲調任)	2010/12/24	2010/12/24 to 至 2020/12/19	3.182	3.17	2,600,000	-	-	2,600,000	0.09%

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EQUITY-SETTLED SHARE OPTION SCHEME (continued)

以股權結算的購股權計劃(續)

	Date of grant	Exercisable Period	Exercise price	Closing price per share immediately before the date of grant	No. of options outstanding at 1 Jan 2011	No. of options granted during the year	No. of options exercised/cancelled/lapsed during the year	No. of options outstanding at 31 December 2011	Approximate shareholding percentage of the underlying shares for the options in the share capital of the Company
	授予日	可行使期間	行使價 HK\$ 港元	緊接購股權 授予日前的 每股收市價 HK\$ 港元	於二零一一年 一月一日 未行使的 購股權數目	於本年內 授予的 購股權數目	於本年內 已行使/註銷/ 失效的 購股權數目	於二零一一年 十二月三十一日 未行使的 購股權數目	購股權相關 股份佔本公司 股本的股權 概約百分比
Mr. Gao Qingju (resigned on 7 Feb 2012) 高清舉先生 (於二零一二年二月七日辭任)	2010/12/24	2010/12/24 to 2020/12/19	3.182	3.17	2,000,000	-	-	2,000,000	0.07%
Mr. Yu Tung Ho 余統浩先生	2010/12/24	2010/12/24 to 2020/12/19	3.182	3.17	2,000,000	-	-	2,000,000	0.07%
Mr. Wong Man Chung, Francis 黃文宗先生	2010/12/24	2010/12/24 to 2020/12/19	3.182	3.17	2,300,000	-	-	2,300,000	0.08%
Employees 僱員	2010/12/24	2010/12/24 to 2020/12/19	3.182	3.17	23,200,000	-	1,000,000 (Note 2) (註2)	22,200,000	0.75%
Employee 僱員	2011/1/14	2011/1/14 to 2021/1/13	3.20	3.15	-	800,000	-	800,000	0.03%
Other Participants 其他參與者	2010/12/24	2010/12/24 to 2020/12/19	3.182	3.17	1,400,000	-	800,000 (Note 2) (註2)	600,000	0.02%
Total 合計					47,100,000	10,600,000	1,800,000	55,900,000	1.91%

Note:

2. 1,800,000 options were lapsed during the year.

* Mr. Wang Tianyi was appointed as an Independent Non-executive Director on 7 February 2012 and was not granted any options under the 2010 Share Option Scheme as at 31 December 2011.

註：

2. 於年內，1,800,000股購股權已失效

* 王天義先生於二零一二年二月七日獲委任為獨立非執行董事。截至二零一一年十二月三十一日止，其沒有根據二零一零年購股權計劃獲授與任何購股權。

EQUITY-SETTLED SHARE OPTION SCHEME (continued)

The value of the options granted during the year is RMB 12.24 million, based on the Black-Scholes valuation model. Please refer to Note 22 to the consolidated financial statements for the details of the significant inputs into the model. The Black-Scholes model is developed to estimate the fair value of European share options. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.

The accounting policy for equity – settled share option is stated in the Note 2.22 to the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year were rights to acquire benefits by means of the acquisition of Shares or debentures of the Company or any other body corporate granted to any Director or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or were the Company or any of its holding companies, fellow subsidiaries and subsidiaries a party to any arrangement to enable the Company's Directors, their respective spouses or children under 18 years of age to acquire such rights in any other body corporate.

CONTRACTS OF SIGNIFICANCE

Save as disclosed above and the transactions as disclosed in Note 43 to the consolidated financial statements, no controlling shareholder or any of its subsidiaries have any contract of significance with the Company or its subsidiaries during the year.

以股權結算的購股權計劃(續)

根據柏力克－舒爾斯估值模型計算，於年內授出的購股權價值為人民幣1,224萬元。有關此模型的主要輸入項目詳情，請參閱綜合財務報表附註22。柏力克－舒爾斯估值模型旨在估算歐洲購股權的公允價值。基於所作假設及所用模型的限制，所計算的公允價值帶有主觀及不確定因素。購股權價值因應若干主觀假設的不同變量而變動，所採用變量的任何變動可能對購股權公允價值估算產生重大影響。

以股權結算的購股權的會計政策於合併財務報表附註2.22中呈列。

董事認購股份或債券的權利

除上文所披露者外，於年內任何時間，概無任何董事或彼等各自的配偶或未滿十八歲的子女獲授可透過購買本公司或任何其他法人團體股份或債券而獲益的權利，或行使任何該等權利；而本公司或其任何控股公司、同系附屬公司及附屬公司概無訂立任何安排，致使本公司董事、彼等各自的配偶或未滿十八歲的子女可自任何其他法人團體購入該等權利。

重大合約

除上文所披露者外及合併財務報表附註43所披露的交易外，控股股東或其任何附屬公司於年內並無與本公司或其附屬公司訂立任何重大合約。

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SUBSTANTIAL SHAREHOLDERS

At 31 December 2011, the interests or short positions of every person, other than a Director or Chief Executive of the Company, in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO are as follows:

主要股東

於二零一一年十二月三十一日，根據本公司按照證券及期貨條例第336條所存置的股東名冊所記錄，每名人士(本公司董事或主要行政人員除外)於本公司股份及相關股份擁有的權益或淡倉如下：

Name 名稱	Number of shares held 所持股份數目	Percentage of the Company's issued share capital 佔本公司已 發行股本百分比	Long/Short Position 好/淡倉
Wellbeing Holdings	1,255,849,124	42.87%	Long (好)
ArcelorMittal Holdings AG (formerly known as Mittal Steel Holdings AG) ("AM Holdings AG") (Note 1)	867,711,151	29.62%	Long (好)
ArcelorMittal Holdings AG (前稱為 Mittal Steel Holdings AG) ("AM Holdings AG") (備註 1)	509,780,740	17.40%	Long (好)
ING Bank N.V. (Note 2) (備註 2)	289,990,800	9.90%	Long (好)
	289,990,800	9.90%	Short (淡)
Deutsche Bank Aktiengesellschaft (Note 3) (備註 3)	220,934,306	7.54%	Long (好)
	219,801,940	7.50%	Short (淡)

SUBSTANTIAL SHAREHOLDERS (continued)

Notes:

- (1) At 31 December 2011, Mr. Lakshmi Niwas Mittal and Mrs. Usha Mittal directly own 40.84% and indirectly own 40.84% of the issued share capital of ArcelorMittal which indirectly holds the entire equity interest in AM Holdings AG. AM Holdings AG beneficially owns 867,711,151 Shares, representing approximately 29.62% of the issued share capital of the Company.

On 30 April 2008, AM Holdings AG entered into a put option agreement with ING Bank N.V. and Deutsche Bank Aktiengesellschaft, pursuant to which AM Holdings AG granted an option to ING Bank N.V. and Deutsche Bank Aktiengesellschaft over an aggregate of 509,780,740 Shares, representing 17.40% of the issued share capital of the Company.

On 25 March 2011, AM Holdings AG entered into the extended put option agreements with each of ING Bank N.V. and Deutsche Bank Aktiengesellschaft by extending the aforesaid put option agreements for a further term of 36 months from 30 April 2011.

- (2) On 30 April 2008, AM Holdings AG and ING Bank N.V. entered into a put option agreement, pursuant to which AM Holdings AG granted an option to ING Bank N.V. to sell 289,990,800 Shares. As at 31 December 2011, ING Bank N.V. owned 289,990,800 Shares, representing 9.90% of the issued shares capital of the Company.

On 25 March 2011, AM Holdings AG entered into an extended put option agreement with ING Bank N.V. by extending the aforesaid put option agreement for a further term of 36 months from 30 April 2011.

主要股東(續)

備註：

- (1) 於二零一一年十二月三十一日，Lakshmi Niwas Mittal 先生和 Usha Mittal 太太直接擁有 ArcelorMittal 已發行股份 40.84% 和間接擁有 ArcelorMittal 已發行股份 40.84%，而 ArcelorMittal 間接擁有 AM Holdings AG 全部股本權益，AM Holdings AG 實益擁有 867,711,151 股的本公司股份，約佔本公司已發行股份的 29.62% 權益。

於二零零八年四月三十日，AM Holdings AG 分別與 ING Bank N.V. 和 Deutsche Bank Aktiengesellschaft 簽訂了一份認沽期權協議，據此 AM Holdings AG 分別授予 ING Bank N.V. 和 Deutsche Bank Aktiengesellschaft 一個認沽期權，合共 509,780,740 股的本公司股份，約佔本公司已發行股份的 17.40% 權益。

於二零一一年三月二十五日，AM Holdings AG 分別與 ING Bank N.V. 和 Deutsche Bank Aktiengesellschaft 簽訂了一份延長認沽期權協議，將上述之認沽期權協議的年期由二零一一年四月三十日進一步延長三十六個月。

- (2) 於二零零八年四月三十日，AM Holdings AG 與 ING Bank N.V. 簽訂了一份認沽期權協議，據此 AM Holdings AG 授予 ING Bank N.V. 一個認沽期權可出售 289,990,800 股的本公司股份。於二零一一年十二月三十一日，ING Bank N.V. 持有 289,990,800 股的本公司股份，約佔本公司已發行股份的 9.90% 權益。

於二零一一年三月二十五日，AM Holdings AG 與 ING Bank N.V. 簽訂了一份延長認沽期權協議，將上述之認沽期權協議的年期由二零一一年四月三十日進一步延長三十六個月。

Directors' Report 董事局報告

SUBSTANTIAL SHAREHOLDERS (continued)

Notes (continued)

- (3) On 30 April 2008, AM Holdings AG and Deutsche Bank Aktiengesellschaft entered into a put option agreement in which AM Holdings AG granted an option to Deutsche Bank Aktiengesellschaft to sell 219,789,940 Shares. As at 31 December 2011, Deutsche Bank Aktiengesellschaft owned 220,934,306 Shares, representing 7.54% of the issued shares capital of the Company.

On 25 March 2011, AM Holdings AG entered into an extended put option agreement with Deutsche Bank Aktiengesellschaft by extending the aforesaid put option agreement for a further term of 36 months from 30 April 2011.

Saved as disclosed above and in Directors' Interests and Short Positions in Securities sections, at 31 December 2011, no person, other than a Director or Chief Executive of the Company, had interests or short positions 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.

CONNECTED TRANSACTIONS

During the year, the following transactions between certain connected parties (as defined in the Listing Rules) and the Group have been entered into and/or are ongoing for which relevant announcements and independent shareholders' approval, if necessary, had been made and obtained by the Company in accordance with Chapter 14A of the Listing Rules.

(1) Connected transaction

During the period between March to December 2011, Hebei Jinxi Iron and Steel Group Company Limited ("Jinxi Limited"), an indirect non-wholly owned subsidiary of the Company purchased from Pingquan County Jinyin Charging Company Limited ("Pingquan County Jinyin"), an associate of a substantial shareholder of a subsidiary of the Company, certain quantities of lime products on normal commercial terms for an aggregate consideration of approximately RMB 11.4 million.

主要股東(續)

備註(續)

- (3) 於二零零八年四月三十日，AM Holdings AG與Deutsche Bank Aktiengesellschaft簽訂了一份認沽期權協議，據此AM Holdings AG授予Deutsche Bank Aktiengesellschaft一個認沽期權可出售219,789,940股的本公司股份。於二零一一年十二月三十一日，Deutsche Bank AG持有220,934,306股的本公司股份，約佔本公司已發行股份的7.54%權益。

於二零一一年三月二十五日，AM Holdings AG與Deutsche Bank Aktiengesellschaft簽訂了一份延長認沽期權協議，將上述之認沽期權協議的年期由二零一一年四月三十日進一步延長三十六個月。

除上文所披露者外與及董事於證券的權益和淡倉部份外，於二零一一年十二月三十一日，根據本公司按照證券及期貨條例第336條所存置的股東名冊，概無人士(本公司董事或主要行政人員除外)於本公司股份及相關股份擁有權益或淡倉。

關連交易

於年內，按上市規則第14A章的規定，若干關連人士(按上市規則定義)與本集團進行的下列交易經已訂立及／或持續進行，而本公司已根據上市規則的規定作出相關公佈及獲得獨立股東批准(如需要)。

(1) 關連交易

於二零一一年三月至十二月期間，本公司間接非全資附屬公司河北津西鋼鐵集團股份有限公司(「津西鋼鐵」)根據一般商業條款向平泉縣津銀銀爐料有限公司(「平泉縣津銀」)(本公司附屬公司主要股東的聯連人士)採購若干數量的石灰產品，總代價為約人民幣1,140萬元。

CONNECTED TRANSACTIONS (continued)

(2) Continuing connected transactions

On 3 December 2008, Jinxi Limited entered into a framework agreement with Qianxi County Longba Charging Company Limited ("Longba Charging"), an associate of a substantial shareholder of a subsidiary of the Company, for the purchase of lime products and related products from Longba Charging by Jinxi Limited for the period from 3 December 2008 to 31 December 2010. The annual cap for this transaction for the year ended 31 December 2011 was set at RMB 140,000,000 as set out in the announcement dated 25 October 2010. The annual cap for this transaction for the year ended 31 December 2011 was revised from RMB 140,000,000 to RMB 213,840,000 as set out in the announcement dated 14 October 2011. The total amount of the aforesaid transaction for the year ended 31 December 2011 was RMB 161.3 million (excluding VAT).

On 3 December 2008, Jinxi Limited entered into a framework agreement with Qianxi County Jinxin Mining Company Limited ("Jinxin Mining"), an associate of a substantial shareholder of a subsidiary of the Company, for the purchase of iron powder and related products from Jinxin Mining by Jinxi Limited for the period from 3 December 2008 to 31 December 2010. On 17 November 2010, Jinxi Limited entered into the Renewal Master agreement with Jinxin Mining pursuant to which Jinxi Limited or its subsidiaries can purchase iron powder and related products from Jinxin Mining for a further term of three years commencing from 1 January 2011 and expiring on 31 December 2013. The annual cap for this transaction for the year ended 31 December 2011 was RMB 1,177 million. The total amount of the aforesaid transaction incurred by Jinxi Limited and its subsidiaries for the year ended 31 December 2011 was RMB 332.6 million (excluding VAT).

關連交易(續)

(2) 持續關連交易

於二零零八年十二月三日，津西鋼鐵與遷西縣龍霸爐料有限責任公司(「龍霸爐料」)，本公司附屬公司主要股東的聯連人士，就津西鋼鐵自龍霸爐料購買石灰產品和相關產品訂立一份框架協議，由二零零八年十二月三日至二零一零年十二月三十一日止。如日期為二零一零年十月二十五日的公告所載，該交易的截至二零一一年十二月三十一日止年度上限為人民幣140,000,000元。如日期為二零一一年十月十四日的公告所載，該交易的截至二零一一年十二月三十一日止年度上限由人民幣140,000,000元修訂為人民幣213,840,000元。上述交易於截至二零一一年十二月三十一日止年度的總額(不含增值稅)為人民幣1.613億元。

於二零零八年十二月三日，津西鋼鐵與遷西縣金信礦業有限公司(「金信礦業」)，本公司附屬公司主要股東的聯連人士，就津西鋼鐵自金信礦業購買鐵粉和相關產品訂立一份框架協議，由二零零八年十二月三日至二零一零年十二月三十一日止。於二零一零年十一月十七日，津西鋼鐵與金信礦業訂立延續總協議，續期三年，並容許津西鋼鐵或其附屬公司可向金信礦業購買鐵粉和相關產品。由二零一一年一月一日開始至二零一三年十二月三十一日到期，為期三年。該交易截至二零一一年十二月三十一日止年度的上限為人民幣11.77億元。由津西鋼鐵及其附屬公司產生的上述交易於截至二零一一年十二月三十一日止年度的總額(不含增值稅)為人民幣3.326億元。

Directors' Report 董事局報告

CONNECTED TRANSACTIONS (continued)

(2) Continuing connected transactions (continued)

On 31 December 2008, Jinxi Limited, Jinxin Mining and Qianxi County Jinjin Mine Company Limited ("Jinjin Mine") entered into certain agreements and an authority mandatory agreement in relation to granting of the management and operation right of Jinjin Mine by Jinxi Limited to Jinxin Mining for a period from 1 February 2009 to 31 January 2011. Jinxi Limited and Jinxin Mining holds 51% and 49% equity interest in Jinjin Mine respectively. The total amount of the aforesaid transaction for the year ended 31 December 2011 was RMB 6.5 million.

On 10 March 2010, Foshan Jin Xi Jin Lan Cold Rolled Sheet Company Limited ("Jinxi Jinlan"), an indirect non-wholly owned subsidiary of the Company, entered into a framework agreement with Foshan Jin Lan Import and Exports Company Limited ("Jin Lan I&E"), a company controlled by the daughter of Mr. Zhou Weijie who is a substantial shareholder of Jinxi Jinlan for the sale of iron and steel products by Jinxi Jinlan to Jin Lan I&E at a selling price not lower than the prevailing market price for the period from 10 March 2010 to 31 December 2012. The annual cap for this transaction for the year ended 31 December 2011 was RMB 110 million. The total amount of the aforesaid transaction for the year ended 31 December 2011 was RMB 2.5 million (excluding VAT).

On 18 June 2010, Jinxi Limited entered into a framework agreement with Foshan Jin Lan Group Company Limited ("Jin Lan Group"), a connected person of the Group, for the sale of steel products by Jinxi Limited to Jin Lan Group for a period of approximately two years and seven months from 18 June 2010 to 31 December 2012. The annual cap for this transaction for the year ended 31 December 2011 was RMB 70 million. The total amount of the aforesaid transaction for the year ended 31 December 2011 was nil.

關連交易 (續)

(2) 持續關連交易 (續)

於二零零八年十二月三十一日，津西鋼鐵、金信礦業及遷西縣津金礦業有限公司(「津金礦業」)為於二零零九年二月一日至二零一一年一月三十一日期間內就津西鋼鐵授予金信礦業承包經營津金礦業簽署若干承包經營協議和委託管理協議。津西鋼鐵和金信礦業分別持有津金礦業51%股本權益和49%股本權益。上述交易於截至二零一一年十二月三十一日止年度的總額為人民幣650萬元。

於二零一零年三月十日，佛山津西金蘭冷軋板有限公司(「津西金蘭」)，本公司間接非全資附屬公司，與佛山金蘭進口有限公司(「金蘭進出口」)，為津西金蘭主要股東周偉傑先生女兒所控制的一間公司，為津西金蘭以不低於現行市價向金蘭進出口出售鋼鐵產品訂立一份框架協議，由二零一零年三月十日至二零一二年十二月三十一日止。該交易截至二零一一年十二月三十一日止年度的上限為人民幣1.1億元。上述交易於截至二零一一年十二月三十一日止年度的總額(不含增值稅)為人民幣250萬元。

於二零一零年六月十八日，津西鋼鐵與佛山金蘭集團有限公司(「金蘭集團」)，本集團的關連人士，簽訂有關津西鋼鐵向金蘭集團銷售鋼鐵產品的框架協議，協議期由二零一零年六月十八日至二零一二年十二月三十一日的大約兩年零七個月。該交易截至二零一一年十二月三十一日止年度的上限為人民幣7,000萬元。上述交易於截至二零一一年十二月三十一日止年度的總額為人民幣零元。

CONNECTED TRANSACTIONS (continued)

(2) Continuing connected transactions (continued)

On 18 June 2010, Hebei Jinxi Section Steel Company Limited ("Jinxi Section Steel"), an indirect non-wholly owned subsidiary of the Company, entered into a framework agreement with Jin Lan Group, a connected person of the Group, for the sale of steel products by Jinxi Section Steel to Jin Lan Group for a period of approximately two years and seven months from 18 June 2010 to 31 December 2012. The annual cap for this transaction for the year ended 31 December 2011 was RMB 100 million. The total amount of the aforesaid transaction for the year ended 31 December 2011 was RMB 20.8 million (excluding VAT).

On 18 June 2010, Jinxi Limited entered into a framework agreement with Qianxi County Han'erzhuang Village Wang Zhihong Iron Ore Mill ("Qianxi Iron Ore Mill"), a connected person of the Group, in which Jinxi Limited would purchase iron powder from Qianxi Iron Ore Mill at prevailing market prices for a period of approximately two years and seven months from 18 June 2010 to 31 December 2012. The annual cap for this transaction for the year ended 31 December 2011 was RMB 140 million. The total amount of the aforesaid transaction for the year ended 31 December 2011 was RMB 75.8 million (excluding VAT).

On 22 January 2011, Jinxi Limited entered into the iron and steel framework agreement with Luxembourg Steel (Sichuan) Company Limited, an indirect wholly owned subsidiary of ArcelorMittal, a substantial shareholder of the Company ("Lu Steel"), in which Jinxi Limited would sell steel products to Lu Steel at prevailing market prices for a period of approximately three years from 22 January 2011 to 31 December 2013. The annual cap for this transaction for the year ended 31 December 2011 was RMB 80 million. The total amount of the aforesaid transaction for the year ended 31 December 2011 was RMB 2.4 million (excluding VAT).

關連交易(續)

(2) 持續關連交易(續)

於二零一零年六月十八日，河北津西型鋼有限公司(「津西型鋼」)，本公司的間接非全資附屬公司，與金蘭集團(本集團的關連人士)簽訂有關津西型鋼向金蘭集團銷售鋼鐵產品的框架協議，協議期由二零一零年六月十八日至二零一二年十二月三十一日的大約兩年零七個月。該交易截至二零一一年十二月三十一日止年度的上限為人民幣1億元。上述交易於截至二零一一年十二月三十一日止年度的總額(不含增值稅)為人民幣2,080萬元。

於二零一零年六月十八日，津西鋼鐵與遷西縣漢兒庄鄉王志紅鐵選廠(「遷西鐵選廠」)，本集團的關連人士，訂立一份框架協議，協議期由二零一零年六月十八日至二零一二年十二月三十一日的大約兩年零七個月，津西鋼鐵按一般市場價向遷西鐵選廠購買鐵粉。該交易截至二零一一年十二月三十一日止年度的上限為人民幣1.4億元。上述交易於截至二零一一年十二月三十一日止年度的總額(不含增值稅)為人民幣7,580萬元。

於二零一一年一月二十二日，津西鋼鐵與盧鋼(四川)鋼鐵產品有限公司，本集團主要股東ArcelorMittal的間接全資擁有的附屬公司(「盧鋼」)簽訂有關津西鋼鐵向盧鋼銷售鋼鐵產品的鋼鐵框架協議，協議期由二零一一年一月二十二日至二零一三年十二月三十一日，為期大約三年。該交易截至二零一一年十二月三十一日止年度上限為人民幣8,000萬元。上述交易於截至二零一一年十二月三十一日止年度的總額(不含增值稅)為人民幣240萬元。

CONNECTED TRANSACTIONS (continued)

(2) Continuing connected transactions (continued)

On 22 January 2011, Jinxi Section Steel entered into the Iron and Steel Framework Agreement with Lu Steel, in which Jinxi Section Steel would sell steel products to Lu Steel at prevailing market prices for a period of approximately three years from 22 January 2011 to 31 December 2013. The annual cap for this transaction for the year ended 31 December 2011 was RMB 80 million. The total amount of the aforesaid transaction for the year ended 31 December 2011 was RMB 4.5 million (excluding VAT).

The aforesaid continuing connected transactions have been reviewed by Independent Non-executive Directors of the Company. The Independent Non-executive Directors confirmed that the aforesaid continuing connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its letter containing his findings and unqualified conclusions in respect of the continuing connected transactions disclosed by the Group on pages 65 to 68 of the Annual Report in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

關連交易 (續)

(2) 持續關連交易 (續)

於二零一一年一月二十二日，津西型鋼與盧鋼簽訂有關津西型鋼向盧鋼銷售鋼鐵產品的鋼鐵框架協議，協議期由二零一一年一月二十二日至二零一三年十二月三十一日，為期大約三年。該交易截至二零一一年十二月三十一日止年度的上限為人民幣8,000萬元。上述交易於截至二零一一年十二月三十一日止年度的總額(不含增值稅)為人民幣450萬元。

上述持續關連交易已由本公司獨立非執行董事審閱。獨立非執行董事確認上述持續關連交易是(a)在本集團的一般及通常業務過程中訂立的；(b)以正常商業條款或以不遜於本集團從獨立第三方可得或獲取的條款訂立；(c)根據管制有關協議且為公平和合理並符合本公司股東整體利益的條款訂立。

根據香港會計師公會發佈的香港核證業務準則第3000號「歷史財務資料審核或審閱以外的鑒証工作」並參考實務說明第740號「香港上市規則規定的持續關連交易的核數師函件」，本公司核數師已受聘對本集團持續關連交易作出報告。根據上市規則第14A.38條，核數師已就年報第65至68頁所載本集團披露的持續關連交易，發出函件，並載有其發現和無保留結論。本公司已將核數師函件副本向聯交所提供。

SUFFICIENCY OF PUBLIC FLOAT

As per the information that is available to the Company and to the best knowledge of the Board (as of 23 March 2012), the public floats exceeds 25% of the Company's total number of issued shares.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

AUDITOR

PricewaterhouseCoopers retired and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

China Oriental Group Company Limited

Han Jingyuan

Chairman and Chief Executive Officer

Hong Kong, 23 March 2012

足夠公眾持股量

根據本公司獲得之資料及據董事局所知於二零一二年三月二十三日，公眾持股量超過本公司已發行股份總數25%。

購買、贖回或出售本公司上市證券

年內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

核數師

羅兵咸永道會計師事務所退任，而應屆股東周年大會上將提呈決議案，續聘彼等為本公司的核數師。

謹代表董事局

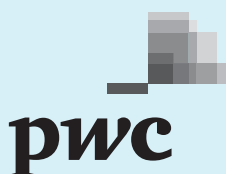
中國東方集團控股有限公司*

韓敬遠

董事局主席兼首席執行官

香港，二零一二年三月二十三日

* 僅供識別



羅兵咸永道

To the Shareholders of China Oriental Group Company Limited
(incorporated in Bermuda with limited liability)

致中國東方集團控股有限公司股東
(於百慕達註冊成立的有限公司)

We have audited the consolidated financial statements of China Oriental Group Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 72 to 235, which comprise the consolidated and company balance sheets as at 31 December 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

本核數師(以下簡稱「我們」)已審計列載於第72至235頁中國東方集團控股有限公司(以下簡稱「貴公司」)及其附屬公司(統稱「貴集團」)的合併財務報表。此合併財務報表包括於二零一一年十二月三十一日的合併和公司資產負債表與截至該日止年度的合併利潤表、合併綜合收益表、合併權益變動表及合併現金流量表，以及主要會計政策概要及其附註解釋資料。

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

董事就合併財務報表須承擔的責任

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

貴公司董事須負責根據香港會計師公會頒布的香港財務報告準則及香港《公司條例》的披露規定編製合併財務報表，以令合併財務報表作出真實而公平的反映，及落實其認為編製合併財務報表所必要的內部控制，以使合併財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
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Independent Auditor's Report 獨立核數師報告

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda 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 about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Pricewaterhouse Coopers
Certified Public Accountants

Hong Kong, 23 March 2012

核數師的責任

我們的責任是根據我們的審計對該等合併財務報表作出意見，並按照百慕達《一九八一年公司法》第90條僅向整體股東報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

我們已根據香港會計師公會頒布的香港審計準則進行審計。該等準則要求我們遵守道德規範，並規劃及執行審計，以合理確定合併財務報表是否不存在任何重大錯誤陳述。

審計涉及執行情序以獲取有關合併財務報表所載金額及披露資料的審計憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致合併財務報表存在重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製合併財務報表以作出真實而公平的反映相關的內部控制，以設計適當的審計程序，但目的並非對公司內部控制的有效性發表意見。審計亦包括評價董事所採用會計政策的合適性及作出會計估計的合理性，以及評價合併財務報表的整體列報方式。

我們相信，我們所獲得的審計憑證能充足和適當地為我們的審計意見提供基礎。

意見

我們認為，該等合併財務報表已根據香港財務報告準則真實而公平地反映貴公司及貴集團於二零一一年十二月三十一日的事務狀況，及貴集團截至該日止年度的利潤及現金流量，並已按照香港《公司條例》的披露規定妥為編製。

羅兵咸永道會計師事務所
執業會計師

香港，二零一二年三月二十三日

Consolidated Balance Sheet 合併資產負債表

(All amounts in Renminbi ("RMB") thousands unless otherwise stated) As at 31 December 2011
(除另有指明外，所有金額均以人民幣(「人民幣」)千元為單位) 於二零一一年十二月三十一日止年度

		As at 31 December		
		於十二月三十一日		
		2011	2010	
		二零一一年	二零一零年	
	Note 附註			
ASSETS	資產			
Non-current assets	非流動資產			
Leasehold land and land use rights	租賃土地及土地使用權	6	137,128	116,949
Property, plant and equipment	物業、廠房及設備	7	8,395,398	7,946,548
Investment properties	投資物業	8	15,984	16,789
Intangible assets	無形資產	9	8,530	36
Investment in an associate	聯營公司投資	11	12,697	10,557
Available-for-sale financial assets	可供出售金融資產	15	167,976	116,172
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款	18	539,647	264,663
Loan receivable	應收貸款	19	300,000	-
Deferred income tax assets	遞延所得稅資產	28	192,694	102,018
			9,770,054	8,573,732
Current assets	流動資產			
Properties under development	發展中物業	14	368,857	246,700
Inventories	存貨	16	4,615,903	4,085,745
Trade receivables	應收貿易賬款	17	396,181	76,882
Other current assets	其他流動資產		10,378	10,594
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款	18	1,995,653	897,972
Financial assets at fair value through profit or loss	按公允價值計量且其變動計入損益表的金融資產		-	131
Amounts due from related parties	應收關聯方款項	43(c)	65,831	999,590
Loan receivable	應收貸款	19	20,000	20,000
Notes receivable – bank acceptance notes	應收票據 – 銀行承兌匯票	17	3,830,658	3,447,559
Restricted bank balances	受限制銀行結餘	20	891,396	159,945
Cash and cash equivalents	現金及現金等價物	20	965,082	2,223,245
			13,159,939	12,168,363
Total assets	總資產		22,929,993	20,742,095
EQUITY	權益			
Equity attributable to owners of the Company	歸屬於本公司權益持有者			
Ordinary shares	普通股	21	311,715	311,715
Share premium	股份溢價	21	2,190,291	2,190,291
Other reserves	其他儲備	22	1,370,287	1,278,429
Retained earnings	留存收益		4,991,327	4,289,327
			8,863,620	8,069,762
Non-controlling interests	非控制性權益		647,730	450,012
Total equity	權益合計		9,511,350	8,519,774

Consolidated Balance Sheet (continued) 合併資產負債表 (續)

(All amounts in Renminbi ("RMB") thousands unless otherwise stated) As at 31 December 2011
(除另有指明外，所有金額均以人民幣(「人民幣」)千元為單位) 於二零一一年十二月三十一日止年度

		As at 31 December 於十二月三十一日	
		2011 二零一一年	2010 二零一零年
	Note 附註		
LIABILITIES			
Non-current liabilities			
Borrowings	25	5,360,962	5,791,030
Other long-term payables	26	133,517	344,836
Deferred revenue	27	38,020	27,010
Amounts due to related parties	43(c)	17,304	–
		5,549,803	6,162,876
Current liabilities			
Trade payables	23	2,106,100	1,682,730
Accruals, advances from customers and other current liabilities	24	3,087,962	3,037,452
Amounts due to related parties	43(c)	101,147	267,436
Current income tax liabilities		193,072	179,033
Other long-term payables – current portion	26	223,546	209,150
Borrowings	25	2,152,422	680,249
Dividends payable		4,591	3,395
		7,868,840	6,059,445
Total liabilities		13,418,643	12,222,321
Total equity and liabilities		22,929,993	20,742,095
Net current assets		5,291,099	6,108,918
Total assets less current liabilities		15,061,153	14,682,650

Han Jingyuan

韓敬遠

Chairman

主席

Shen Xiaoling

沈曉玲

Director

董事

The notes on pages 81 to 235 are an integral part of these financial statements.

第81至235頁的附註為財務報表的整體一部分。

Company Balance Sheet 公司資產負債表

(All amounts in RMB thousands unless otherwise stated) As at 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 於二零一一年十二月三十一日

		As at 31 December	
		於十二月三十一日	
		2011	2010
		二零一一年	二零一零年
	Note 附註		
ASSETS			
			資產
Non-current assets			非流動資產
Property, plant and equipment	7	840	1,100
Investments in subsidiaries	10(a)	550,046	433,100
Loans to subsidiaries	10(b)	4,630,942	4,135,633
Available-for-sale financial assets	15	58,371	51,567
		5,240,199	4,621,400
Current assets			流動資產
Trade receivables	17	3,310,668	2,411,390
Prepayments, deposits and other receivables	18	85,778	47,347
Financial assets at fair value through profit or loss		-	131
Restricted bank balances	20	113,296	26,830
Cash and cash equivalents	20	172,641	1,339,605
		3,682,383	3,825,303
Total assets		8,922,582	8,446,703
			總資產
EQUITY			權益
Equity attributable to owners of the Company			歸屬於本公司權益持有者
Share capital	21	311,715	311,715
Share premium	21	2,190,291	2,190,291
Other reserves		315,001	254,936
Accumulated losses		(429,500)	(158,229)
Total equity		2,387,507	2,598,713
			權益合計

Company Balance Sheet (continued) 公司資產負債表(續)

(All amounts in RMB thousands unless otherwise stated) As at 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 於二零一一年十二月三十一日

		As at 31 December 於十二月三十一日		
		Note 附註	2011 二零一一年	2010 二零一零年
LIABILITIES	負債			
Non-current liabilities	非流動負債			
Borrowings	借款	25	5,295,962	5,544,030
Current liabilities	流動負債			
Trade payables	應付貿易賬款	23	58,854	164,862
Accruals and other current liabilities	預提費用及其他流動負債		137,524	138,995
Borrowings	借款	25	1,042,587	-
Dividends payable	應付股息		148	103
			1,239,113	303,960
Total liabilities	總負債		6,535,075	5,847,990
Total equity and liabilities	權益及負債合計		8,922,582	8,446,703
Net current assets	流動資產淨額		2,443,270	3,521,343
Total assets less current liabilities	總資產減流動負債		7,683,469	8,142,743

Han Jingyuan

韓敬遠

Chairman

主席

Shen Xiaoling

沈曉玲

Director

董事

The notes on pages 81 to 235 are an integral part of these financial statements.

第81至235頁的附註為財務報表的整體一部分。

Consolidated Income Statement 合併利潤表

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

		Year ended 31 December 截至十二月三十一日止年度		
		2011 二零一一年	2010 二零一零年	
	Note 附註			
Revenue	收入	5	38,596,633	30,135,718
Cost of sales	銷售成本	31	(35,995,031)	(28,080,858)
Gross profit	毛利		2,601,602	2,054,860
Other income	其他收入	30	26,718	63,783
Distribution costs	分銷成本	31	(98,338)	(65,673)
Administrative expenses	行政費用	31	(390,321)	(301,407)
Other expenses	其他費用	31	(35,643)	(25,076)
Other (losses)/gains – net	其他(虧損)/收益—淨額	29	(80,444)	25,409
Operating profit	經營溢利		2,023,574	1,751,896
Finance income	財務收入	33	96,898	57,049
Finance costs	財務成本	33	(190,800)	(195,655)
Finance costs – net	財務成本—淨額		(93,902)	(138,606)
Share of profit of an associate	應佔一間聯營公司溢利	11	2,140	191
Profit before income tax	除所得稅前溢利		1,931,812	1,613,481
Income tax expense	所得稅費用	34	(514,023)	(428,030)
Profit for the year	年度溢利		1,417,789	1,185,451
Profit attributable to:	溢利歸屬於：			
Owners of the Company	本公司權益持有者		1,241,893	1,062,838
Non-controlling interests	非控制性權益		175,896	122,613
			1,417,789	1,185,451
Earnings per share for profit attributable to owners of the Company during the year (expressed in RMB per share)	年內本公司權益持有者應佔溢利的每股收益 (每股人民幣元)			
– Basic earnings per share	– 每股基本收益	37	人民幣0.42元	人民幣0.36元
– Diluted earnings per share	– 每股稀釋收益	37	人民幣0.42元	人民幣0.36元
The notes on pages 81 to 235 are an integral part of these financial statements.				第81至235頁的附註為財務報表的整體一部分。
Dividends	股息	38	241,351	266,750

Consolidated Statement of Comprehensive Income 合併綜合收益表

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

		Year ended 31 December	
		截至十二月三十一日止年度	
		2011	2010
		二零一一年	二零一零年
Profit for the year	年度溢利	1,417,789	1,185,451
Other comprehensive income:	其他綜合收益：		
Fair value gains/(losses) on available-for-sale financial assets	可供出售金融資產的公允價值收益／(虧損)	15 6,804	(8,453)
Total comprehensive income for the year	年度綜合收益合計	1,424,593	1,176,998
Attributable to:	歸屬於：		
Owners of the Company	本公司權益持有者	1,248,697	1,054,385
Non-controlling interests	非控制性權益	175,896	122,613
		1,424,593	1,176,998

The notes on pages 81 to 235 are an integral part of these financial statements.

第81至235頁的附註為財務報表的整體一部分。

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

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

		Attributable to owners of the Company						
		本公司權益持有者應佔						
		Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Note						非控制性		
	附註	股本	股份溢價	其他儲備	留存收益	總計	權益	權益合計
Balance at 1 January 2010	於二零一零年一月一日的結餘	311,669	2,189,695	1,192,190	3,475,204	7,168,758	291,992	7,460,750
Comprehensive income	綜合收益							
Profit for the year	年度溢利	-	-	-	1,062,838	1,062,838	122,613	1,185,451
Other comprehensive income	其他綜合收益							
Fair value losses on available-for-sale financial assets	可供出售金融資產的公允價值虧損	-	-	(8,453)	-	(8,453)	-	(8,453)
Total comprehensive income	綜合收益合計	-	-	(8,453)	1,062,838	1,054,385	122,613	1,176,998
Transactions with owners	與權益持有者的交易							
Employee share options scheme:	僱員購股權計劃：							
- Proceeds from shares issued	- 發行股份所得款項	21	46	596	-	642	-	642
- Value of employee services	- 僱員服務的價值		-	-	67,552	67,552	-	67,552
Profit appropriation to statutory reserves	向法定儲備作出的溢利分配	22	-	-	27,140	(27,140)	-	-
Final dividends of the Company relating to year 2009	本公司二零零九年末期股息		-	-	(221,575)	(221,575)	(5,730)	(227,305)
Transaction with non-controlling interests	與非控制性權益的交易		-	-	-	-	40,000	40,000
Deconsolidation of a subsidiary	一間附屬公司終止合併入賬		-	-	-	-	1,137	1,137
Total transactions with owners	與權益持有者的交易合計		46	596	94,692	(248,715)	35,407	(117,974)
Balance at 31 December 2010	於二零一零年十二月三十一日的結餘	311,715	2,190,291	1,278,429	4,289,327	8,069,762	450,012	8,519,774

Consolidated Statement of Changes in Equity (continued) 合併權益變動表(續)

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

		Attributable to owners of the Company 本公司權益持有者應佔					Non-	Total
	Note	Share capital	Share premium	Other reserves	Retained earnings	Total	controlling interests	equity
	附註	股本	股份溢價	其他儲備	留存收益	總計	非控制性權益	權益合計
Balance at 1 January 2011	於二零一一年一月一日的結餘	311,715	2,190,291	1,278,429	4,289,327	8,069,762	450,012	8,519,774
Comprehensive income	綜合收益							
Profit for the year	年度溢利	-	-	-	1,241,893	1,241,893	175,896	1,417,789
Other comprehensive income	其他綜合收益							
Fair value gains on available-for-sale financial assets	可供出售金融資產的公允價值收益	-	-	6,804	-	6,804	-	6,804
Total comprehensive income	綜合收益合計	-	-	6,804	1,241,893	1,248,697	175,896	1,424,593
Transactions with owners	與權益持有者的交易							
Employee share options scheme:	僱員購股權計劃：							
- Value of employee services	- 僱員服務的價值	-	-	53,262	-	53,262	-	53,262
Profit appropriation to statutory reserves	向法定儲備作出的溢利分配	22	-	-	31,792	(31,792)	-	-
Establishment of a subsidiary	設立一間附屬公司	10(a)	-	-	-	-	49,000	49,000
Disposal of a subsidiary	出售一間附屬公司	10(a)	-	-	-	-	(48,574)	(48,574)
Acquisition of a subsidiary	收購一間附屬公司	10(a)	-	-	-	-	53,053	53,053
Capital injection	資本注資	10(a)	-	-	-	-	13,882	13,882
Final dividends of the Company relating to year 2010	本公司二零一零年末期股息	38	-	-	-	(266,750)	(266,750)	(266,750)
Interim dividends of the Company relating to six months ended 30 June 2011	本公司截至二零一一年六月三十日止六個月中期股息	38	-	-	-	(241,351)	(241,351)	(241,351)
Dividends to non-controlling interests	給予非控制性權益的股息		-	-	-	-	(45,539)	(45,539)
Total transactions with owners	與權益持有者的交易合計		-	-	85,054	(539,893)	(454,839)	(433,017)
Balance at 31 December 2011	於二零一一年十二月三十一日的結餘	311,715	2,190,291	1,370,287	4,991,327	8,863,620	647,730	9,511,350

The notes on pages 81 to 235 are an integral part of these financial statements.

第81至235頁的附註為財務報表的整體一部分。

Consolidated Cash Flow Statement 合併現金流量表

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

		Year ended 31 December 截至十二月三十一日止年度	
		2011 二零一一年	2010 二零一零年
	Note 附註		
Cash flows from operating activities	來自經營活動的現金流量		
Cash generated from/(used in) operations	產生自/(用於)經營的現金	40	908,224 (1,243,105)
Interest received	已收利息		96,784 50,345
Interest paid	已付利息		(469,737) (118,922)
Refund of prior year pre-paid income tax	上年度預繳所得稅退還		- 75,500
Income tax paid	已付所得稅		(597,818) (482,040)
Net cash used in operating activities	用於經營活動的現金淨額		(62,547) (1,718,222)
Cash flows from investing activities	來自投資活動的現金流量		
Acquisition of a subsidiary, net of cash acquired	收購附屬公司，扣除所得現金	39	22,294 -
Purchase of property, plant and equipment	購置物業、廠房及設備		(984,655) (194,285)
Disposal of financial assets at fair value through profit	出售按公允價值計量且其變動計入損益表的金融資產		131 -
Proceeds from sales of property, plant and equipment	銷售物業、廠房及設備的所得款項	40	777 1,792
Investment income from loan receivable	來自應收貸款的投資收益		20,638 4,508
Increase in loan receivables	應收貸款增加		(300,000) (80,000)
Increase in available-for-sale financial assets	可供出售金融資產增加		(45,000) (64,674)
Decrease/(increase) in amount due from related parties	關聯方應付款項減少/(增加)		110,000 (122,582)
Net cash used in investing activities	投資活動所耗的現金淨額		(1,175,815) (455,241)
Cash flows from financing activities	來自融資活動的現金流量		
Proceeds from borrowings	借款所得款項		7,643,220 2,672,344
Repayment of borrowings	償還借款		(6,301,335) (4,202,807)
Proceeds from Senior Notes	優先票據所得款項		- 5,651,767
Proceeds of borrowings from related parties	關聯方借款所得款項		- 44,540
Repayment of borrowings from related parties	償還關聯方借款		- (29,937)
Dividends paid	已付股息		(552,444) (268,271)
Capital injection by non-controlling interests	非控制性權益注資		62,882 40,000
Proceeds from issuance of ordinary shares	發行普通股所得款項		- 642
Cash paid relating to sales and leaseback transaction	就出售及回租交易已支付的現金		(251,280) (202,690)
(Increase)/decrease in restricted bank balances pledged as security for current bank borrowings	作為流動銀行借款的抵押的受限制銀行結餘(增加)/減少		(585,925) 174,500
Net cash generated from financing activities	融資活動產生的現金淨額		15,118 3,880,088
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物(減少)/增加淨額		(1,223,244) 1,706,625
Effect of foreign exchange rate changes	外幣匯率變動的影響		(34,919) (127,410)
Cash and cash equivalents, beginning of year	年初現金及現金等價物		2,223,245 644,030
Cash and cash equivalents, end of year	年終現金及現金等價物	20	965,082 2,223,245

The notes on pages 81 to 235 are an integral part of these financial statements.

第81至235頁的附註為財務報表的整體一部分。

Notes to the Consolidated Financial Statements 合併財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

1. GENERAL INFORMATION

China Oriental Group Company Limited (the “Company”) was incorporated in Bermuda on 3 November 2003 as an exempted company with limited liability under the Companies Act 1981 of Bermuda as a result of a group reorganisation (the “Reorganisation”).

The address of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

Following the completion of the global offering, the Company’s shares were listed on The Stock Exchange of Hong Kong Limited on 2 March 2004.

The Company together with its subsidiaries are hereinafter collectively referred to as the Group. The Group is principally engaged in the manufacture and sales of iron and steel products. The Group has manufacturing plants in Hebei Province and Guangdong Province of the People’s Republic of China (the “PRC”) and sells mainly to customers located in the PRC.

These consolidated financial statements are presented in thousands of units of RMB, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors (the “Board”) on 23 March 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. 一般資料

中國東方集團控股有限公司(「本公司」)於二零零三年十一月三日根據百慕達一九八一年公司法在百慕達註冊成立為獲豁免有限責任公司，並因而完成一項集團重組(「重組」)。

本公司的註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda。

於全球發售完成後，本公司股份於二零零四年三月二日在香港聯合交易所有限公司上市。

本公司及其附屬公司於下文統稱為本集團。本集團主要從事生產及銷售鋼鐵產品。本集團在中華人民共和國(「中國」)河北省及廣東省設有生產廠房，並主要針對位於中國的客戶進行銷售。

除另有指明外，本合併財務報表以人民幣千元呈列。本合併財務報表已經由董事局(「董事局」)於二零一二年三月二十三日批准刊發。

2. 重要會計政策摘要

編製本合併財務報表採用的主要會計政策載於下文。除另有指明外，此等政策在所呈列的所有年度內貫徹應用。

Notes to the Consolidated Financial Statements 合併財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2. 重要會計政策摘要(續)

2.1 編製基準

本集團的合併財務報表乃按照香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)編製。合併財務報表已依據歷史成本法編製，並就若干可供出售金融資產及按公允價值計量且其變動計入損益表的金融資產和金融負債作出修訂。

編製符合香港財務報告準則的合併財務報表需要使用若干關鍵會計估計。這亦需要管理層在應用本集團會計政策過程中行使其判斷。涉及高度的判斷或高度複雜性的範疇，或涉及對合併財務報表作出重大假設和估算的範疇，在附註4中披露。

Notes to the Consolidated Financial Statements 合併財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures

(a) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2011 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

- HKAS 32 (Amendment), 'Classification of rights issues'.
- HK(IFRIC) – Int 19 'Extinguishing financial liabilities with equity instruments'.
- Amendment to HKFRS 1, 'Limited exemption from comparative HKFRS 7 disclosures for first-time adopters'.
- HKAS 24 (Revised), 'Related Party Disclosures'.
- Amendment to HK(IFRIC) Int – 14, 'Prepayments of a minimum funding requirement'.
- Third annual improvements project (2010) published in May 2010 by the HKICPA.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

會計政策及披露的變化

(a) 已於自二零一一年一月一日開始的財政年度首次強制實施的新訂及經修訂的準則及解釋，但目前與本集團無關(雖然其可能會影響未來的交易和事項的會計記賬)

- 香港會計準則第32號(修改)「配股的分類」。
- 香港(國際財務報告詮釋委員會)一解釋公告第19號「以權益工具取代金融負債」。
- 香港財務報告準則第1號的修訂，「香港財務報告準則第7號比較披露，對首次採用者有某些豁免」。
- 香港會計準則第24號(修訂)「關聯方披露」。
- 香港(國際財務報告詮釋委員會)一解釋公告第14號的修訂「最低資金規定的預付款」。
- 香港會計師公會於二零一零年五月頒佈的第三年度改進項目(二零一零年)。

Notes to the Consolidated Financial Statements 合併財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

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

The Group's assessment of the impact of these new and amended standards is set out below.

- HKFRS 9, 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess HKFRS 9's full impact and intends to adopt HKFRS 9 upon its effective date, which is for the accounting period beginning on or after 1 January 2015.

2. 重要會計政策摘要 (續)

2.1 編製基準 (續)

會計政策及披露的變化 (續)

(b) 已頒佈但於二零一一年一月一日開始的財政年度尚未生效且並無提前採納的新訂及經修訂準則

本集團對有關新訂及經修訂準則影響的評估如下。

- 香港財務報告準則第9號「金融工具」提出有關金融資產及金融負債的分類、計量及確認。香港財務報告準則第9號於二零零九年十一月及二零一零年十月頒佈。此取代香港會計準則第39號有關金融工具分類及計量之部份。香港財務報告準則第9號規定將金融資產分為兩個計量類別：按公允價值計量的金融資產以及按攤銷成本計量的金融資產。何種類別於初始確認時決定。分類視乎實體管理其金融工具的業務模式以及有關工具的合約現金流特性而定。就金融負債而言，準則保留香港會計準則第39號的大部份規定。主要改動為倘若金融負債以公允價值期權入賬，因實體本身信貸風險導致的公允價值變動會列賬於其他綜合收益表（並非利潤表），惟此構成會計配比不當則除外。本集團尚未評估香港財務報告準則第9號的全面影響，並擬於生效日期（即二零一五年一月一日或之後開始的會計期間）採納香港財務報告準則第9號。

Notes to the Consolidated Financial Statements 合併財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

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

- HKFRS 10 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess HKFRS 10's full impact and intends to adopt HKFRS 10 no later than the accounting period beginning on or after 1 January 2013.
- HKFRS 12 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess HKFRS 12's full impact and intends to adopt HKFRS 12 no later than the accounting period beginning on or after 1 January 2013.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

會計政策及披露的變化(續)

(b) 已頒佈但於二零一一年一月一日開始的財政年度尚未生效且並無提前採納的新訂及經修訂準則(續)

- 香港財務報告準則第10號「合併財務報表」以現有原則為基礎，確定將控制權之概念作為釐定實體是否應計入母公司之合併財務報表之因素。該準則提供在難以評估之情況下可協助釐定控制權之額外指引。本集團尚未評估香港財務報告準則第10號的全面影響，並計劃不遲於二零一三年一月一日或之後開始的會計期間採納香港財務報告準則第10號。
- 香港財務報告準則第12號「於其他實體權益之披露」包含於所有於其他實體(包括合營安排、聯營公司、特殊目的機構及其他資產負債表外機構)權益形式之披露規定。本集團尚未評估香港財務報告準則第12號的全面影響，並計劃不遲於二零一三年一月一日或之後開始的會計期間採納香港財務報告準則第12號。

Notes to the Consolidated Financial Statements 合併財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

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

- HKFRS 13 'Fair value measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. The Group is yet to assess HKFRS 13's full impact and intends to adopt HKFRS 13 no later than the accounting period beginning on or after 1 January 2013.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

會計政策及披露的變化(續)

(b) 已頒佈但於二零一一年一月一日開始的財政年度尚未生效且並無提前採納的新訂及經修訂準則(續)

- 香港財務報告準則第13號「公允價值計量」旨在通過提供公允價值之精確定義及公允價值計量之單一來源及於香港財務報告準則使用之披露規定而提升一致性及減少複雜性。該等規定並不擴大公允價值會計之使用，惟提供於其使用已由香港財務報告準則內之其他準則規定或准許之情況下應如何運用之指引。本集團尚未評估香港財務報告準則第13號的全面影響，並計劃不遲於二零一三年一月一日或之後開始的會計期間採納香港財務報告準則第13號。

並無其他尚未生效但預期將對本集團造成重大影響的香港財務報告準則或香港(國際財務報告詮釋委員會)詮釋。

Notes to the Consolidated Financial Statements 合併財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise from circumstances such as enhanced minority rights or contractual terms between shareholders, etc.

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

2. 重要會計政策摘要(續)

2.2 附屬公司

2.2.1 綜合賬目

附屬公司指所有本集團有權控制財政及經營政策的主體(包括特殊目的主體)，通常附帶超過半數投票權的股權。在評定本集團是否控制另一主體時會考慮目前可行使或可轉換的潛在投票權是否存在及其影響。當本集團持有少於50%之投票權，但因實際控制權而可管控其財政及營運政策時，其亦會評估是否存在控制權。實際控制權可在加強股東之間少數權力或合約條款等情況下產生。

附屬公司在控制權轉移至本集團之日全面合併入賬。附屬公司在控制權終止之日起停止合併入賬。

Notes to the Consolidated Financial Statements 合併財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

2. 重要會計政策摘要(續)

2.2 附屬公司(續)

2.2.1 綜合賬目(續)

集團內公司間的交易、集團公司交易的結餘、收益及支出予以對銷。於資產確認之公司間交易所產生溢利及虧損亦予以對銷。附屬公司的會計政策已按需要作出改變，以確保與本集團採納的政策一致。

(a) 業務合併

本集團採用收購法就業務合併入賬。收購附屬公司的轉讓代價為所轉讓資產、對被收購方前權益持有者所產生負債及本集團所發行股權的公允價值。轉讓代價包括或然代價安排產生的任何資產或負債的公允價值。於業務合併時所收購的可識別資產及所承擔的負債及或然負債，初步按收購日的公允價值計量。本集團按逐項收購基準，以公允價值或按非控制性權益所佔被收購方可辨認資產淨值的比例確認於被收購方之任何非控制性權益。

Notes to the Consolidated Financial Statements 合併財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations (continued)

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2. 重要會計政策摘要(續)

2.2 附屬公司(續)

2.2.1 綜合賬目(續)

(a) 業務合併(續)

收購相關成本於產生時列為開支。

倘業務合併分階段進行，收購方先前持有的被收購方股權乃透過損益重新計量為於收購當日的公允價值。

本集團所轉讓的任何或然代價將在收購當日按公允價值確認。被視為一項資產或負債的或然代價公允價值後續變動，將按照香港會計準則第39號的規定，確認為損益或其他綜合收益變動。分類為權益之或然代價毋須重新計量，而其後結算於權益入賬。

商譽初步按所轉撥總代價超出所收購非控制性權益可辨認資產淨值及所承擔負債之公允價值之數額。倘此代價低於所收購附屬公司資產淨值之公允價值，則差額於損益中確認。

Notes to the Consolidated Financial Statements 合併財務報表附註

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

- (b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

- (c) Disposal of subsidiaries

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

2. 重要會計政策摘要 (續)

2.2 附屬公司 (續)

2.2.1 綜合賬目 (續)

- (b) 不導致失去控制權之附屬公司擁有權益變動

不導致失去控制權之非控制性權益交易入賬列作權益交易—即以彼等為權益持有者之身份與權益持有者進行交易。任何已付代價公允價值與所收購相關應佔附屬公司資產淨值賬面值之差額列作權益。向非控制性權益出售之盈虧亦列作權益。

- (c) 出售附屬公司

本集團失去控制權時，於實體之任何保留權益按失去控制權當日之公允價值重新計量，有關賬面值變動在損益確認。就其後入賬列作聯營公司、合資企業或金融資產之保留權益，其公允價值為初始賬面值。此外，先前於其他綜合收益確認與該實體有關之任何金額按猶如本集團已直接出售有關資產或負債之方式入賬。此可能意味先前在其他綜合收益確認之金額重新分類至損益。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Subsidiaries (continued)

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

2. 重要會計政策摘要(續)

2.2 附屬公司(續)

2.2.2 獨立財務報表

於附屬公司之投資按成本扣除減值入賬。成本亦包括投資直接應佔成本。本公司根據已收及應收的股息為基準，計算附屬公司的業績。

如附屬公司的投資所得股息高於期內附屬公司的綜合收益總額，或者在獨立財務報表中的賬面值高於合併財務報表中的被投資方淨資產(包括商譽)之賬面值時，則須對附屬公司的投資進行減值測試。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill, if any, identified on acquisition.

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

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

2. 重要會計政策摘要(續)

2.3 聯營公司

聯營公司指所有本集團對其有重大影響力但無控制權的實體，通常附帶有20%至50%投票權的股權。聯營公司投資採用權益會計法入賬，初始按成本確認。根據該權益會計法，有關投資最初按成本確認，並會增減賬面值以確認收購日後投資者於被投資方的損益份額。本集團的聯營公司投資包括於收購時識別的商譽(如有)。

如於聯營公司的擁有權減少，但保留着重大影響力，則僅之前已於其他綜合收益內被確認的按比例分佔金額始會於適當情況下在損益表內重新分類。

本集團應佔收購後的溢利或虧損於收益表中確認，而應佔收購後其他綜合收益的變動(連同對投資賬面值作出的相應調整)則於其他綜合收益內確認。如本集團應佔聯營公司的虧損等於或超過其在該聯營公司的權益，包括任何其他無抵押應收賬款，本集團不會確認進一步虧損，除非本集團對聯營公司已產生法律或推定債務或已代聯營公司作出付款。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Associates (continued)

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

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management committee (Note 5(b)) that makes strategic decisions.

2. 重要會計政策摘要(續)

2.3 聯營公司(續)

本集團於各申報日期釐定是否有客觀證據顯示於聯營公司之投資出現減值。如屬此情況，本集團會將減值金額作為聯營公司之可收回款額與其賬面值之差額計算，並將該金額在合併利潤表「應佔聯營公司溢利」確認。

本集團與其聯營公司之間的上游及下游交易產生的利潤及虧損，只會限於無相關投資者佔聯營公司權益範圍在本集團的合併財務報表內確認。除非交易提供所轉讓資產減值的憑證，否則未變現虧損會予以對銷。聯營公司的會計政策已按需要作出改變，以確保與本集團採納的政策符合一致。

於聯營公司投資所產生的攤薄收益及虧損於合併利潤表內確認。

2.4 分部報告

營運分部之報告方式須與主要營運決策者獲提供的內部報告之方式一致。作出決策的管理委員會(附註5(b))是主要營運決策者，其負責分配資源並且評核營運分部的表現。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement within 'finance cost'. All other foreign exchange gains and losses are presented in the consolidated income statement within 'other (losses)/gains – net'.

2. 重要會計政策摘要(續)

2.5 外幣換算

(a) 功能及呈列貨幣

本集團各主體計入財務報表的項目乃採用主體營運所在的主要經濟環境的貨幣(「功能貨幣」)計算。合併財務報表則以人民幣(「人民幣」)(本公司的功能貨幣及本集團的呈列貨幣)呈列。

(b) 交易及結餘

外幣交易按交易日的匯率或重新計量該等項目時之價值折算為功能貨幣。除於權益內遞延作為合資格現金流量套期保值或合資格淨投資套期保值外，結算此等交易結算而產生以及將以外幣為單位的貨幣性資產與負債按年終的匯率換算而產生的外匯收益及虧損於合併利潤表中確認。

與借款以及現金及現金等價物相關之匯兌收益及虧損於合併利潤表「財務收入或成本」中列賬。所有其他匯兌收益及虧損均於合併利潤表「其他(虧損)/收益—淨額」內列賬。

Notes to the Consolidated Financial Statements 合併財務報表附註

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Foreign currency translation (continued)

(b) Transactions and balances (continued)

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

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

(c) Group companies

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

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

2. 重要會計政策摘要(續)

2.5 外幣換算(續)

(b) 交易及結餘(續)

以外幣為單位及被分類為可供出售證券之貨幣證券之公允價值轉變將在其證券攤銷成本轉變衍生之匯兌差額及其他證券賬面值轉變之間予以分析。有關攤銷成本變動之匯兌差額會在損益表內確認，而其他賬面值之轉變則在其他綜合收益中確認。

非貨幣金融資產及負債(例如按公允價值計量且其變動計入損益表之權益)之匯兌差額在損益表內確認為公允價值盈虧的一部分。非貨幣金融資產(例如分類為可供出售的權益)之匯兌差額於其他綜合收益內列賬。

(c) 集團公司

集團旗下所有公司(當中沒有高通脹經濟體系之貨幣)之功能貨幣倘有別於呈列貨幣，其業績及財務狀況須按如下方式兌換為呈列貨幣：

- (i) 每份呈報的資產負債表所列資產及負債按其結算日之收市匯率換算；

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Foreign currency translation (continued)

(c) Group companies (continued)

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

2.6 Property, plant and equipment

Property, plant and equipment, comprising buildings, machinery, furniture and fixtures, vehicles, leasehold improvements and finance leased machinery are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

2. 重要會計政策摘要(續)

2.5 外幣換算(續)

(c) 集團公司(續)

- (ii) 每份利潤表所列收入及開支按平均匯率換算，但若此平均匯率未能合理地反映各交易日之匯率所帶來的累積影響，則按照交易日之匯率折算此等收入和支出；及
- (iii) 所有由此而產生之匯兌差額均於其他綜合收益中確認。

2.6 物業、廠房及設備

包括樓宇、機器設備、辦公設備、汽車、租賃物業裝修及融資租賃機器設備等物業、廠房及設備乃按歷史成本減折舊及減值列賬。歷史成本包括收購該項目直接應佔的開支。

其後成本僅於當與該項目有關的未來經濟利益很有可能會流入本集團，而項目的成本能夠可靠地計量，方會包括在資產的賬面值或確認為獨立資產(如適用)。終止確認被替換部分的賬面值。所有其他維修及保養於產生的財務期間自合併利潤表扣除。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Property, plant and equipment (continued)

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

	Estimated useful life
Buildings	10-20 years
Machinery	5-10 years
Furniture and fixtures	3-10 years
Vehicles	4-10 years
Leasehold improvements	2-5 years
Finance leased machinery	5-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in the consolidated income statement.

Construction-in-progress ("CIP") represents buildings, plant and machinery under construction or pending installation and is stated at historical cost less accumulated impairment losses, if any. Historical cost includes the costs of construction and acquisition. No provision for depreciation is made on CIP until such time as the relevant assets are completed and available for intended use. When the assets concerned are ready for their intended use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

2. 重要會計政策摘要(續)

2.6 物業、廠房及設備(續)

物業、廠房及設備的折舊乃採用以下估計可使用年期將其成本按直線法分攤至剩餘價值計算，如下：

	估計可使用年期
樓宇	10-20年
機器設備	5-10年
辦公設備	3-10年
汽車	4-10年
租賃物業裝修	2-5年
融資租賃機器	5-10年

資產的剩餘價值及可使用年期於每個報告期末獲審閱及調整(如適用)。

倘資產的賬面值高於其估計可收回金額，則其賬面值即時撇減至可收回金額(附註2.10)。

出售盈虧乃對比所得款項與賬面值後釐定，並於合併利潤表中在「其他(虧損)/收益－淨額」內確認。

在建工程(「在建工程」)指正在興建或迫近的安裝的樓宇、廠房及機器設備，並按歷史成本減累計減值虧損(如有)列賬。歷史成本包括興建及收購成本。概無就在建工程的折舊計提撥備，直至有關資產竣工及可用作擬定用途為止。當有關資產準備按其既定用途使用，成本會轉撥至物業、廠房及設備，並根據上述政策予以折舊。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Leasehold land and land use rights

All land in the PRC is state-owned or collectively-owned and no individual land ownership right exists. The Group acquired the right to use certain land. The premiums paid for such right and the improvements related to the land are treated as prepayment for operating lease and recorded as leasehold land and land use rights, which are amortised over the lease periods using the straight-line method.

2.8 Investment property

The property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the entities in the Group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at depreciated cost less accumulated impairment.

Fair value is determined based on active market prices, if necessary, adjusted for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group used alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the Directors. Changes in fair values are not recognised in the consolidated income statement.

Depreciation of investment properties is calculated using the straight-line method to allocate cost to their residual value over their estimated useful lives of 20 years.

2. 重要會計政策摘要(續)

2.7 租賃土地及土地使用權

中國的土地均為國有或集體擁有，個人並無獨立的土地所有權。本集團取得使用若干土地的權利。就該權利支付的價款及有關該土地的裝修視作預付經營租賃並以租賃土地及土地使用權列賬，按租期以直線法攤銷。

2.8 投資物業

持作長期租金收益或資本增值或此兩種用途，而並非由本集團的各主體佔用的物業分類為投資物業。

投資物業按成本(包括相關交易成本)初始計量。

初始確認後，投資物業按已折舊成本減累計減值列賬。

公允價值乃按交投活躍市場的價格計算，並於必要時就特定資產的性質、位置或狀況作出調整。倘並無有關資料，則本集團會使用交投較淡靜市場的最新價格或折現現金流量預測等其他估值法。此等估值每年由董事審閱。公允價值變動並無於合併利潤表中確認。

投資物業的折舊乃採用其估計可使用年期(20年)將成本按直線法分攤至其剩餘價值計算。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Investment property (continued)

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its carrying amount at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, the transfer does not change the carrying amount of the property transferred, nor does it change the cost of that property for measurement or disclosure purposes.

2.9 Intangible assets

(a) Goodwill

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

2. 重要會計政策摘要(續)

2.8 投資物業(續)

其後開支僅於當與項目有關的未來經濟利益很有可能流入本集團，而項目的成本能夠可靠地計量，方會包括在資產的賬面值。所有其他維修及保養成本於產生的財務期間自合併利潤表扣除。

倘投資物業成為業主自用，則重新分類為物業、廠房及設備，而就會計目的而言，於重新分類當日的賬面值為其成本。

倘物業、廠房及設備的某個項目因其用途改變而成為投資物業，則該轉撥並無改變所轉撥物業的賬面值，亦無改變該物業的成本作計量或披露用途。

2.9 無形資產

(a) 商譽

商譽會於收購附屬公司、聯營公司及合資企業時產生，指已轉撥代價超出本集團於被收購方可辨認資產淨值、負債及或然負債公允價值之權益及被收購方非控制性權益公允價值之數額。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Intangible assets (continued)

(a) Goodwill (continued)

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

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

(b) Computer software

Computer software costs recognised as assets are amortised over their estimated useful lives of 3 years.

2. 重要會計政策摘要 (續)

2.9 無形資產 (續)

(a) 商譽 (續)

為進行減值測試，於業務合併中收購之商譽乃分配至預期自合併協同效應受惠之各現金產生單位（「現金產生單位」）或現金產生單位組別。各獲分配商譽之單位或單位組別指就內部管理而言實體監察商譽之最低層面。商譽於經營分部層面監察。

商譽每年進行減值檢討，或當有事件出現或情況改變顯示可能出現減值時，作出更頻密檢討。商譽賬面值與可收回金額作比較，可收回金額為使用值與公允價值減出售成本之較高者。任何減值即時確認為開支，且其後不會撥回。

(b) 計算機軟件

計算機軟件費用確認為資產，於三年估計使用年期作出攤銷。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Impairment of non-financial assets

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

2.11 Financial assets

2.11.1 Classification

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

2. 重要會計政策摘要(續)

2.10 非金融資產減值

沒有確定可使用年期的資產(例如商譽)毋須攤銷，惟會每年進行減值測試。無論在任何情況下當有事件或變動顯示賬面值可能無法收回時，則會檢討資產的減值。減值虧損乃按資產賬面值高出其可收回金額的數額確認。可收回金額為資產公允價值減銷售成本及使用價值兩者的較高者。就評估減值而言，資產乃按可獨立識別現金流量(現金產生單位)的最低層次組合。出現減值的非金融資產(商譽除外)會於每個報告日期作出可能撥回減值的檢討。

2.11 金融資產

2.11.1 分類

本集團將其金融資產分為以下類別：按公允價值計量且其變動計入損益表的金融資產、貸款及應收賬款及可供出售的金融資產。分類視乎所收購的投資的目的而定。管理層會於初始確認時決定其金融資產分類。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

2.11.1 Classification (continued)

- (a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

2. 重要會計政策摘要(續)

2.11 金融資產(續)

2.11.1 分類(續)

- (a) 按公允價值計量且其變動計入損益表的金融資產

按公允價值計量且其變動計入損益表的金融資產為持作買賣的金融資產。倘收購的主要目的為在短期內出售，則金融資產會撥歸此類別。衍生工具亦分類為持作買賣，除非彼等已被指定用作套期保值用途。倘預期於12個月內結算，則此類別的資產分類為流動資產；否則彼等分類為非流動資產。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

2.11.1 Classification (continued)

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'loan receivables', 'trade receivables', 'notes receivable – bank acceptance notes', 'other receivables' and 'cash and cash equivalents' in the balance sheet (Notes 2.15 and 2.16 respectively).

(c) Available-for-sale financial assets

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

2. 重要會計政策摘要(續)

2.11 金融資產(續)

2.11.1 分類(續)

(b) 貸款及應收賬款

貸款及應收賬款為非衍生工具金融資產，具有固定或可決定金額，惟並無在交投活躍的市場上報價。彼等包括於流動資產內，惟不包括於或預期於報告期末起計逾12個月者結算的款項（此等貸款及應收賬款列作非流動資產）。本集團的貸款及應收賬款包括列入資產負債表的「應收貸款」、「應收貿易賬款」、「應收票據－銀行承兌匯票」、「其他應收賬款」和「現金及現金等價物」（附註2.15及2.16）。

(c) 可供出售的金融資產

可供出售的金融資產為非衍生工具，指定為此類別或並無分類歸入任何其他類別。彼等包括於非流動資產內，惟不包括到期投資或管理層有意於報告期末起計12個月內出售的投資。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

2.11.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Available-for-sale assets of the Group include investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost less provision for impairment, if any.

2. 重要會計政策摘要(續)

2.11 金融資產(續)

2.11.2 確認及計量

金融資產之一般買賣於交易日(即本集團承諾購買或出售資產當日)確認。對於並非按公允價值計量且其變動計入損益表的金融資產投資初始按公允價值加交易成本確認。按公允價值計量且其變動計入損益表的金融資產初始按公允價值確認，而交易成本賬自合併利潤表扣除。金融資產乃從收取現金流量的權利屆滿或轉讓，而本集團實質上轉移所有權的一切風險及回報時，投資即終止確認。按公允價值計量且其變動計入損益表的金融資產及可供出售金融資產其後按公允價值入賬。貸款及應收賬款其後以實際利率法按已攤銷成本入賬。本集團之可供出售資產包括沒有於活躍市場的市場報價及其公允價值無法可靠計量的股本工具的投資，其按成本減減值撥備(如有)列賬。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

2.11.2 Recognition and measurement (continued)

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

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

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

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

2. 重要會計政策摘要(續)

2.11 金融資產(續)

2.11.2 確認及計量(續)

因「按公允價值計量且其變動計入損益表的金融資產」類別的公允價值變動而產生的收益及虧損，列入產生期間的合併利潤表「其他(虧損)/收益－淨值」內。當本集團收取股息的權利確定時，來自按公允價值計量且其變動計入損益表的金融資產的股息收入乃作為其他收益的一部分在合併利潤表中確認。

可供出售貨幣及非貨幣證券的公允價值變動，在其他綜合收益中確認。

倘可供出售證券出售或減值，則於權益確認的累計公允價值調整計入合併利潤表「投資證券收益及虧損」。

可供出售證券的利息按實際利率法計算，作為其他收益一部分於合併利潤表確認。可供出售權益工具的股息，在本集團收取付款的權利確立時作為其他收益一部分於合併利潤表確認。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Impairment of financial assets

(a) Assets carried at amortised cost

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

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

2. 重要會計政策摘要(續)

2.12 金融資產減值

(a) 按攤銷成本列賬之資產

本集團在每個報告期末評估是否有客觀證據證明某項金融資產或某組金融資產經已減值。惟當有客觀證據證明於首次確認資產後發生一宗或多宗事件導致減值情況出現(「虧損事件」)，而該宗或該等虧損事件對該項或該組金融資產之估計未來現金流構成可合理估計的影響，有關金融資產或一組金融資產才算出現減值及產生減值虧損。

減值的證據可能包括以下指標：債務人或一組債務人正處於重大財政困難，逾期或拖欠利息或本金付款，有可能彼等將進入破產程序或進行其他財務重組，以及當有可觀察數據顯示，估計未來現金流量有可計量的減少，例如欠款變動或與逾期還款相關連的經濟狀況。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Impairment of financial assets (continued)

(a) Assets carried at amortised cost (continued)

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

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

2. 重要會計政策摘要(續)

2.12 金融資產減值(續)

(a) 按攤銷成本列賬之資產(續)

就貸款及應收賬款類別而言，虧損金額乃按資產賬面值與按金融資產原實際利率貼現之估計未來現金流現值(不包括尚未產生之未來信貸虧損)間的差額計量。資產賬面值會予以削減，而虧損金額會於合併利潤表確認。倘貸款按浮動利率計息，則計量任何減值虧損之貼現率乃根據合約釐定之現行實際利率。在實際運作上，本集團於計量減值時可能採用可觀察之市場價格來釐定工具的公允價值。

若在較後期間，減值虧損的金額減少，而該減少是可客觀地與確認減值虧損後發生的事件有關連(例如債務人信貸評級改善)，則以往確認的減值虧損的撥回會於合併利潤表中確認。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Impairment of financial assets (continued)

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

Impairment testing of trade and other receivables is described in note 2.15.

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

2. 重要會計政策摘要(續)

2.12 金融資產減值(續)

(b) 分類為可供出售資產

本集團在每個報告期末評估是否有客觀證據證明某項金融資產或某組金融資產經已減值。倘股本投資被分類為可供出售，其公允價值出現重大或持續地低於取得成本亦為一種表明其發生減值的證據。若可供出售金融資產存在此等證據，累計虧損按收購成本與當時公允價值的差額，減該金融資產之前在損益確認的任何減值虧損計算，自權益中剔除並在損益中記賬。在合併利潤表確認的權益工具減值虧損不會透過合併利潤表撥回。

貿易及其他應收賬款減值測試載於附註2.15。

當從附屬公司或聯營公司投資收到股息而股息超過該附屬公司或聯營在股息宣派期間的總綜合收益時，或單獨財務報表投資的賬面值超過被投資方淨資產(包括商譽)的合併財務報表內的賬面值時，則必須對有關投資進行減值測試。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Inventories

Inventories are stated at the lower of cost and the net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.14 Properties under development

Properties under development are stated at the lower of cost and net realisable value.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Development cost of properties comprises cost of land use rights, construction costs and borrowing costs incurred during the construction period. Upon completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

Land use rights which are held for development for sale are classified as inventories and measured at the lower of cost and net realisable value.

2. 重要會計政策摘要(續)

2.13 存貨

存貨按成本及可變現淨值兩者的較低者入賬。成本乃按加權平均法釐定。製成品及在製品的成本包括原材料、直接人工、其他直接成本及相關生產間接開支(依據正常營運能力)，不包括借貸成本。可變現淨值為日常業務過程中的估計售價，減適用的可變銷售支出。

2.14 發展中物業

發展中物業以成本及可變現淨值兩者的較低者入賬。

可變現淨值考慮最終預計可變現價格，減去適用可變動銷售支出及預期竣工成本。

發展中物業發展成本包括土地使用權費用、建築成本及在建期間產生的借貸成本。竣工後，物業轉為持作銷售用途的已竣工物業。

發展中物業歸屬於流動資產，惟相關物業發展項目的建築工期預計超出正常經營周期者除外。

為開發銷售而持有的土地使用權分類為存貨，並按成本及可變現淨值較低者入賬。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Trade, notes and other receivables

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

Trade, notes and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.16 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks.

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. 重要會計政策摘要(續)

2.15 應收貿易賬款及票據

應收貿易賬款及票據為在日常業務過程中就已售商品應收客戶的款項。倘應收貿易賬款、票據及其他應收賬款預期可於一年或之內收款(或時間更長，則在業務的正常營運週期)，則分類為流動資產。如未能於一年或之內收款，則分類為非流動資產。

應收貿易賬款及票據以及其他應收賬款初始按公允價值確認，而其後則採用實際利率法按已攤銷成本減減值撥備計量。

2.16 現金及現金等價物

合併現金流量表中，現金及現金等價物包括現金及銀行活期存款。

2.17 股本

普通股分類為權益。與發行新股或購股權直接相關的新增成本於權益中列為所得款項的減少(扣除稅項)。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Trade payables

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

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

2.19 Borrowings and borrowing costs

(a) Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2. 重要會計政策摘要(續)

2.18 應付貿易賬款

應付貿易賬款為在日常業務過程中就自供應商收購商品或服務的付款責任。倘貿易應付賬項預期可於一年或之內到期(或時間更長，則在業務的正常營運週期)，則分類為流動負債。如並非於一年或之內到期，則分類為非流動負債。

應付貿易賬款初始按公允價值確認，而其後則採用實際利率法按已攤銷成本計量。

2.19 借款及借款成本

(a) 借款

借款按最初公允價值(扣除已產生的交易成本)確認。借款其後按已攤銷成本列賬；所得款項(扣除交易成本)與贖回價值之間的任何差額於借款期使用實際利率法於合併利潤表中確認。

為建立貸款融資所支付的費用，當可提取部分或所有融資時確認為貸款的交易成本。在這種情況下，該費用在實際提取貸款融資前將作為遞延支出。如果沒有任何證據表明部分或所有融資很可能會被提取時，該費用將作為流動性服務的預付款項資本化，並在融資相關的期間內攤銷。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Borrowings and borrowing costs (continued)

(a) Borrowings (continued)

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(b) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.20 Current and deferred income tax

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

2. 重要會計政策摘要 (續)

2.19 借款及借款成本 (續)

(a) 借款 (續)

除非本集團有無條件的權利延遲償還負債直至結算日後最少12個月，否則借款分類為流動負債。

(b) 借款成本

任何直接用於收購、建設或生產需較長時間方可用於其擬定用途或出售的合資格資產的一般及特定借款成本，乃加入該等資產的成本當中，直至資產已大致可作其擬定用途或銷售時為止。

所有其他借款成本則於其產生期間於損益確認。

2.20 當期及遞延所得稅

期內稅項開支指當期及遞延稅項。稅項於合併利潤表確認，惟倘與該等在其他綜合收益確認或直接在權益確認的項目有關者除外。在該情況下，稅項亦會分別於其他綜合收益確認或直接於權益確認。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Current and deferred income tax (continued)

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

2. 重要會計政策摘要(續)

2.20 當期及遞延所得稅(續)

(a) 當期所得稅

當期所得稅費用按本公司及其附屬公司及聯營公司從事業務經營並產生應課稅收入的所在國家在結算日已頒佈或實質上已頒佈的稅務法律計算。在適用的稅務法規有待解釋的情況下，管理層會定期評估申報的稅務狀況，必要時按預期向稅務機關繳納的稅額計提撥備。

(b) 遞延所得稅

內在基本差異

遞延所得稅採用負債法按資產和負債的稅基與其在合併財務報表的賬面值兩者產生的暫時差額確認。然而，倘遞延所得稅從於首次確認商譽產生時並無確認，遞延所得稅來自在交易(不包括業務合併)中對資產或負債的初始確認，而在交易時不影響會計或應課稅盈虧，則不作記賬。遞延所得稅採用在結算日前生效或實質生效，並在有關遞延所得稅資產變現或遞延所得稅負債結算時預期將會適用的稅率(及法例)而釐定。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Current and deferred income tax (continued)

(b) Deferred income tax (continued)

Inside basis differences (continued)

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

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. 重要會計政策摘要 (續)

2.20 當期及遞延所得稅 (續)

(b) 遞延所得稅 (續)

內在基本差異 (續)

遞延所得稅資產乃就有可能在未來應課稅溢利而就此可動用暫時差額而確認。

外在基本差異

遞延所得稅就附屬公司及聯營公司投資所產生的暫時差額作出撥備，惟遞延所得稅負債(本集團可以控制暫時差額的撥回時間，而暫時差額在可見將來有可能不會撥回)則除外。

(c) 對銷

當有法定可執行權力將當期稅項資產與當期稅務負債抵銷，且遞延所得稅資產和負債涉及由同一稅務機關對應課稅主體或不同應課稅主體但有意向以淨額基準結算所得稅結餘時，則可將遞延所得稅資產與負債互相抵銷。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Employee benefits

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"). Under the MPF Scheme, the Group and its Hong Kong employees make monthly contributions to the MPF Scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation, subject to a cap of Hong Kong dollar ("HK\$")1,000 per person per month and any excess contributions are voluntary.

In accordance with the rules and regulations in the PRC, the Group has arranged for its PRC employees to join a defined contribution retirement benefit plan organised by PRC government. The PRC government undertakes to assume the retirement benefit obligations of all existing and future retired employees payable under the plan as set out in Note 32. The assets of this plan are held separately from those of the Group in an independent fund managed by the PRC government.

The Group's contributions to the defined contribution retirement benefit plan are charged to the consolidated income statement as incurred.

2. 重要會計政策摘要(續)

2.21 僱員福利

本集團已為其香港僱員安排參與強制性公積金計劃(「強積金計劃」)。根據強積金計劃，本集團及其香港僱員須各自根據強制性公積金條例按僱員收入5%每月向強積金計劃供款，供款上限為每人每月1,000港元(「港元」)，亦可以自願作出額外供款。

根據中國的規定及條例，本集團已安排於中國的僱員參與中國政府組織的定額供款統籌退休金計劃。中國政府承諾負擔按附註32所述的計劃向所有現時及未來退休的僱員支付退休金的責任。本計劃的資產撥入獨立於本集團，並由中國政府管理的獨立基金。

本集團向定額供款統籌退休金計劃繳交的供款於產生時在合併利潤表列賬。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Share-based payments

(a) Equity-settled share-based payment transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- including the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

2. 重要會計政策摘要(續)

2.22 以股份為基礎之付款

(a) 以股權結算及股份支付的交易

本集團設有多項以股權結算及以股份支付的薪酬計劃。據此主體以本集團的權益工具(購股權)作為代價取得僱員的服務。就僱員提供服務而授予的購股權的公允價值確認為支出。將列作支出的總金額乃參考所授購股權的公允價值釐定：

- 包括任何市場表現狀況(例如，主體的股份價格)；
- 包括任何服務及非市場表現可行權條件(例如，盈利能力、銷售增長目標和該主體僱員在指定時期留任)之影響；及
- 包括任何非可行權條件(例如，僱員留任之要求)之影響。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Share-based payments (continued)

(a) Equity-settled share-based payment transactions (continued)

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(b) Share-based payment transactions among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

2. 重要會計政策摘要(續)

2.22 以股份為基礎之付款(續)

(a) 以股權結算及股份支付的交易(續)

在假定預期將授予的購股權數目時，非市場性質的可行權條件亦加入一併考慮。支出的開支總額於可行權期間內確認，該期間為所有特定可行權條件將獲達成的期間。於各個報告期末，主體根據非市場性質的可行權條件調整對預期將授予的購股權數目所作出的估計，並在合併利潤表確認調整原來估計（如有）對其所產生的影響，並對權益作出相應調整。

在期權行使時，本公司發行新股。收取的所得款扣除任何直接歸屬交易成本在期權行使時撥入股本(面值)和股份溢價。

(b) 集團實體間以股份支付的交易

本公司授出之購股權超過本集團附屬公司業務僱員的權益工具，作為注資處理。已收取僱員服務的公允價值乃參考授出當日公允價值計量，於歸屬期確認為於附屬公司業務投資的增加，並計入相關母實體賬目之權益內。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Provisions

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

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

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

2.24 Government grants

A government grant in the form of subsidy or financial refund is recognised when there is a reasonable assurance that the Group will comply with the conditions attached to the grant and that the grant will be received.

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

2. 重要會計政策摘要(續)

2.23 撥備

環境整修、重建成本及法律索償的撥備乃於：本集團因已發生的事件而承擔法定或推定責任，可能須以資源流出清償該項責任且責任的金額能可靠估計時須予以確認。概不就未來經營虧損確認撥備。

如有多項類似責任，則履行該等責任時將需要流出資源的可能性乃在整體考慮有關責任的類別後予以釐定。即使有關同一類別責任內任何一項責任出現流出的可能性很低，惟仍須確認撥備。

撥備採用稅前以預期清償該項責任的所需開支的現值計量，並反映市場目前對金錢的時間價值及責任特定的風險的評估。撥備因時間流逝的增加乃確認為利息費用。

2.24 政府補貼

當能夠合理地保證本集團將會符合所有補貼的附帶條件，而政府補貼將可收取時，確認以資助或財務退款形式提供的政府補貼。

有關收入的補貼遞延入賬，並按擬補償的成本配合所需期間於合併利潤表中確認。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Government grants (continued)

Grants relating to the purchase of property, plant and equipment are included in non-current liabilities and recognised in the consolidated income statement over the life of a depreciable asset by way of a reduced depreciation charge.

2.25 Revenue recognition

(a) Sales of goods produced

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

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

2. 重要會計政策摘要(續)

2.24 政府補貼(續)

有關購買物業、廠房及設備的補貼列入非流動負債，並按可予折舊資產的年期以減少折舊費用的方式於合併利潤表中確認。

2.25 收入確認

(a) 製成品的銷售額

收入包括在本集團的日常業務過程中銷售貨品的已收或應收代價的公允價值。收入在扣除增值稅、退貨、回扣和折扣，以及對銷本集團內銷售額後列示。

就以下所述的本集團各項活動而言，在收入金額能可靠計量，而未來經濟利益將有可能流入主體以及符合特殊標準時，本集團將會確認收入。在所有與銷售有關的或然事件獲解決前，收入金額概不會被視作可予可靠計量。本集團對過往業績的估計的基礎乃已考慮到客戶的類別、交易的類型以及各項安排的特殊情況。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Revenue recognition (continued)

(b) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

(c) Dividend income

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

(d) Lease income

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

2.26 Leases

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

2. 重要會計政策摘要(續)

2.25 收入確認(續)

(b) 利息收入

利息收入採用實際利率法確認。倘貸款及應收賬款出現減值，則本集團會將賬面值減至其按該等款項的原定實際利率的估計未來折現現金流量而設定的可收回金額，並繼續解除折現作為利息收入。已減值貸款的利息收入及應收款項採用原定實際利率確認。

(c) 股息收入

股息收入在收取股息的權利確立時確認。

(d) 租賃收入

經營租賃的租賃收入，在租賃期內按直線法確認為收入。

2.26 租賃

擁有權的絕大部分風險及回報由出租人保留的租賃乃分類為經營租賃。根據經營租賃所支付的款項(扣除出租人所給予的任何優惠後)，乃於租賃期內以直線法自合併利潤表扣除。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Leases (continued)

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount is deferred and amortised over the lease term.

2. 重要會計政策摘要(續)

2.26 租賃(續)

本集團租賃若干物業、廠房及設備。本集團實質上擁有所有權之全部風險及回報之物業、廠房及設備的租賃歸類為融資租賃。融資租賃於租賃開始時按已租賃物業的公允價值與最低租賃付款的現值中之較低者予以資本化。

每項租賃付款於負債及財務費用之間分配，以使未償還財務餘額達致一個固定的比率。對應的租賃承擔減去財務費用，於長期應付款中列賬。財務費用的利息部分在租賃期內計入合併利潤表，以使各個期間就負債之餘額達致一個固定週期的利率。根據融資租賃收購的物業、廠房及設備按照資產的使用期限及租賃本期的較早者予以折舊。

倘一項出售及回租交易導致產生一項融資租賃，則出售所得款項超過賬面值的任何金額按租賃期予以遞延及攤銷。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and 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. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.28 Dividends distribution

Dividends distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

2.29 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, by weighted average number of ordinary shares outstanding during the financial year.

2. 重要會計政策摘要 (續)

2.27 或然負債

或然負債指因已發生的事件而可能引起的責任，此等責任需就某一宗或多宗本集團不能完全控制會否實現的事件會否發生才能確認。或然負債亦可能是因已發生的事件引致的現有責任，但由於可能不需要消耗經濟資源，或責任金額未能可靠地計量而未有入賬。或然負債不會被入賬，但會在合併財務報表附註中披露。假若消耗資源的可能性改變導致可能出現資源消耗，則其將被列作撥備入賬。

2.28 股息分派

向本公司股東分派的股息在股息獲本公司股東批准的期間內於本集團的合併財務報表內確認為負債。

2.29 每股收益

(a) 每股基本收益

每股基本收益按本公司權益持有者應佔溢利除以該財政年度發行在外的普通股加權平均數計算。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 Earnings per share (continued)

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

2.30 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries or associates to secure loans, overdrafts and other banking facilities.

2. 重要會計政策摘要(續)

2.29 每股收益(續)

(b) 每股稀釋收益

每股稀釋收益調整了用於計算基本每股收益的數字，當中慮及利息所得稅的稅後效應及其他與具攤薄性潛在普通股有關的財務成本，以及假設就具攤薄性潛在普通股作無代價發行的股份的加權平均數。

2.30 財務擔保合同

財務擔保合約是指發行人須就某指定債務人未能根據債務合約的條款支付到期債務時須向合約持有人支付指定款項以償付其損失的合約。該等財務擔保乃代表附屬公司或聯營公司授予銀行、金融機構及其他團體以擔保其貸款、透支及其他銀行信貸。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.30 Financial guarantee contracts (continued)

Financial guarantees are initially recognised in the consolidated financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with HKAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated statement of comprehensive income within other operating expenses.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the financial statements of the Company.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

2. 重要會計政策摘要(續)

2.30 財務擔保合同(續)

財務擔保在合併財務報表中初步按提供擔保日期的公允價值確認。於初步確認後，本集團於該等擔保的負債按初步數額減根據香港會計準則第18號確認的費用攤銷，與需要結算該擔保數額的最佳估計兩者的較高者計量。此等估計根據類似交易及過往損失的經驗釐定，並附以管理層的判斷。賺取的費用收入以直線法按擔保年期確認。與擔保有關的負債的任何增加於合併收益表其他經營開支內呈報。

如與附屬公司或聯營公司的貸款或其他應收款有關的擔保以免償方式提供，公允價值入賬為出資並確認為本公司財務報表的投資成本部份。

3. 財務風險管理

3.1 財務風險因素

本集團的活動承受多種財務風險：市場風險(包括公允價值利率風險、現金流量利率風險及外匯風險)、信貸風險及流動資金風險。本集團的整體風險管理計劃專注於財務市場的難預測性，並尋求盡量減低對本集團財務表現的潛在不利影響。

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk

(i) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant float interest-bearing assets. The Group's interest rate risk mainly arises from Senior Notes and bank borrowings. Borrowings issued at variable rates expose the Group to cash flow interest risk which is partially offset by cash held at variable rates. Senior Notes and loan receivables issued at fixed rates exposed the Group to fair value interest rate risk. The maximum exposures to the interest rate risk have been disclosed in Notes 19 and 25 respectively.

The Group has not used any derivatives to hedge its exposure to interest rate risk for the years ended 31 December 2011 and 2010.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險

(i) 現金流量及公允價值利率風險

由於本集團並無任何重大浮動計息資產，故本集團的收入及經營現金流量基本上不受市場利率變動所影響。本集團的利率風險主要來自優先票據及銀行借貸。按浮動利率發行的借款令本集團面臨現金流量利率風險，而該風險由按浮動利率持有的現金部分抵消。按固定利率發行的優先票據及應收貸款令本集團面臨公允價值利率風險。最大利率風險分別於附註19及25中披露。

截至二零一一年及二零一零年十二月三十一日止年度，本集團並無使用任何衍生工具對利率風險進行套期保值。

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk

The Directors do not consider the exposure to foreign exchange risk is significant to the Group's operation as the Group mainly operates in the PRC with most of the transactions denominated and settled in RMB. Therefore, the Group has not used any derivatives to hedge its exposure to foreign exchange risk for the years ended 31 December 2011 and 2010.

The major foreign exchange risk exposure arises from the Group's importing and exporting activities and the Group's borrowings, which are mostly denominated in United States Dollars (the "US\$"). The Group also has certain bank deposits, financial assets and financial liabilities that are denominated in foreign currencies, mainly US\$ and HK\$, which are exposed to foreign currency translation risk. The foreign exchange risk is reduced where the Group is in a position of receiving and paying the same currency. The Directors believe that the Group does not expose to significant foreign exchange risks. The maximum exposures to the foreign exchange risks are disclosed in Notes 17, 20, 23 and 25 respectively.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(ii) 外匯風險

董事認為本集團在經營上不會面臨重大的外匯風險，因為本集團主要在中國經營，大多數交易均以人民幣計值及結算。因此，截至二零一一年及二零一零年十二月三十一日止年度，本集團並無利用任何衍生工具對外匯風險進行套期保值。

外匯風險主要來自本集團進口及出口業務及本集團的借款，其中大部分均以美元(「美元」)計值。本集團有若干以外幣計值的銀行存款、金融資產及金融負債，主要計值貨幣是美元及港元，其面臨外幣匯兌風險。外匯風險降低因本集團收取及支付相同貨幣。董事相信，本集團並未面臨重大外匯風險。外匯風險的最高金額分別於附註17、20、23及25披露。

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Summarised sensitivity analysis

The following table summarised the impact of increases/decreases of the cash flow interest rate and the foreign exchange rate on the Group's consolidated financial statements.

The sensitivity analysis for the cash flow interest rate risk and foreign exchange risk is based on the assumption that:

- (a) Interest rate had been 15% lower/higher from the year end rates with all other variables held constant (for example, 11.5% or 8.5% instead of 10%);
- (b) RMB had weakened/strengthened by 10% against US\$ and HK\$ (pegged with US\$) with all other variables held constant.

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(a) 市場風險 (續)

(iii) 敏感度分析摘要

下表概述現金流量利率及外匯上升／下跌對本集團合併財務報表的影響。

現金流量利率風險及外匯風險的敏感度分析是基於以下假設：

- (a) 利率較年末下降／上升15%，而所有其他變量均保持不變（如：11.5%或8.5%，而非10%）；
- (b) 人民幣兌美元及港元（與美元掛鈎）貶值／升值10%，而所有其他變量均保持不變。

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Summarised sensitivity analysis (continued)

		Cash flow interest rate risk 現金流量利率風險				
		-15%		+15%		
		Carrying amount 賬面值	Profit 溢利	Equity 權益	Profit 溢利	Equity 權益
31 December 2010	二零一零年十二月三十一日					
Financial assets at floating interest rates	按浮動利率計息的 金融資產					
Cash and cash equivalents	現金及現金等價物	2,223,245	(1,371)	(1,371)	1,371	1,371
Restricted bank balances	受限制銀行結餘	159,945	(99)	(99)	99	99
Amounts due from related parties	應收關聯方款項	999,590	(609)	(609)	609	609
Loan receivable	應收貸款	20,000	(67)	(67)	67	67
Financial liabilities at floating interest rates	按浮動利率計息的 金融負債					
Bank borrowings	銀行借款	(862,249)	20,726	20,726	(20,726)	(20,726)
Amounts due to related parties	應付關聯方款項	(267,436)	51	51	(51)	(51)
Other long-term payables	其他長期應付款	(553,986)	7,932	7,932	(7,932)	(7,932)
Total increase/(decrease)	合共增加/(減少)		26,563	26,563	(26,563)	(26,563)

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(a) 市場風險 (續)

(iii) 敏感度分析摘要 (續)

		Cash flow interest rate risk 現金流量利率風險				
		-15%		+15%		
		Carrying amount 賬面值	Profit 溢利	Equity 權益	Profit 溢利	Equity 權益
31 December 2010	二零一零年十二月三十一日					
Financial assets at floating interest rates	按浮動利率計息的 金融資產					
Cash and cash equivalents	現金及現金等價物	2,223,245	(1,371)	(1,371)	1,371	1,371
Restricted bank balances	受限制銀行結餘	159,945	(99)	(99)	99	99
Amounts due from related parties	應收關聯方款項	999,590	(609)	(609)	609	609
Loan receivable	應收貸款	20,000	(67)	(67)	67	67
Financial liabilities at floating interest rates	按浮動利率計息的 金融負債					
Bank borrowings	銀行借款	(862,249)	20,726	20,726	(20,726)	(20,726)
Amounts due to related parties	應付關聯方款項	(267,436)	51	51	(51)	(51)
Other long-term payables	其他長期應付款	(553,986)	7,932	7,932	(7,932)	(7,932)
Total increase/(decrease)	合共增加/(減少)		26,563	26,563	(26,563)	(26,563)

Notes to the Consolidated Financial Statements 合併財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Summarised sensitivity analysis (continued)

		Foreign exchange risk 外匯風險				
		-10%		+10%		
	Carrying amount 賬面值	Profit 溢利	Equity 權益	Profit 溢利	Equity 權益	
31 December 2010	二零一零年十二月三十一日					
Monetary assets	貨幣資產					
Cash and cash equivalents	現金及現金等價物	2,223,245	102,023	102,023	(102,023) (102,023)	
Restricted bank balances	受限制銀行結餘	159,945	2,683	2,683	(2,683) (2,683)	
Trade receivables	應收貿易賬款	76,882	103	103	(103) (103)	
Deposits and other receivables	按金及其他應收賬款	253,862	1,555	1,555	(1,555) (1,555)	
Other current assets	其他流動資產	10,594	19	19	(19) (19)	
Monetary liabilities	貨幣負債					
Trade payables	應付貿易賬款	(1,682,730)	(19,517)	(19,517)	19,517 19,517	
Other payables (i)	其他應付賬款(i)	(472,751)	(14,323)	(14,323)	14,323 14,323	
Borrowings	借款	(6,471,279)	(583,272)	(583,272)	583,272 583,272	
Total (decrease)/increase	合共(減少)/增加		(510,729)	(510,729)	510,729 510,729	

Note: Profit represents consolidated profit before tax; equity represents total equity, including non-controlling interests.

(i) Other payables include payables for purchase of property, plant and equipment, customer deposits and employee deposits as stated in Note 24.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(iii) 敏感度分析摘要(續)

附註：溢利指除稅前合併溢利；權益指權益合計，包括非控制性權益。

(i) 其他應付款項包括購買物業、廠房及設備之應付款項、客戶按金及僱員按金(載於附註24)。

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents, trade and notes receivables, deposits and other receivables, amounts due from related parties represent the Group's maximum exposure to credit risk in relation to financial assets. The Group does not have significant credit risks arising from off-balance sheet items. The Group's credit policy for the sales of products is mainly delivery either on cash or upon receipt of bank acceptance notes with maturity dates within six months. For bank and financial institutions, the Group has policies that deposits are placed with reputable banks. Credit quality of financial assets is further disclosed in Notes 12, 13, 19 and 43(c) respectively.

(c) Liquidity risk

The liquidity risk of the Group is controlled by maintaining sufficient cash and cash equivalents, together with adequate banking facilities.

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

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信貸風險

本集團並無重大集中的信貸風險。現金及現金等價物、應收貿易賬款及票據、按金及其他應收賬款及應收關聯方款項的賬面值為本集團的金融資產在信貸風險方面的最高風險水平。本集團並無由資產負債表外項目產生的重大信貸風險。本集團產品銷售的信貸政策主要為於收取現金或到期日在六個月內的銀行承兌匯票時方會發貨。對於銀行及金融機構，本集團的政策是將存款存放於有信譽的銀行。金融資產的信貸質素分別在附註12、13、19和43(c)內進一步披露。

(c) 流動資金風險

本集團的流動資金風險透過維持充足現金及現金等價物，以及足夠銀行信貸額度控制。

下表是本集團金融負債的分析。按結算日至合約到期日的剩餘期限，將金融負債分到相關的期限組別。表中披露的金額是約定的未折現現金流量。對於12個月內到期的餘額，因折現影響不大，該等餘額等於其賬面餘額。

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

		Between				Total 合計
		Less than	1 and	2 and	Over	
		1 year 1年內	2 years 1至2年	5 years 2至5年	5 years 5年以上	
At 31 December 2011	於二零一一年 十二月三十一日					
Borrowings	借款	2,152,422	65,000	3,421,795	1,874,167	7,513,384
Interests payments on borrowings (i)	借款利息支出 (i)	427,394	409,118	839,815	115,377	1,791,704
Trade payables	應付貿易賬款	2,106,100	-	-	-	2,106,100
Other payables	其他應付賬款	457,430	-	-	18,510	475,940
Amounts due to related parties	應付關聯方款項	101,147	-	-	17,304	118,451
Finance lease liability	融資租賃負債	223,546	115,007	-	-	338,553
Interest payments on finance lease liability (ii)	就融資負債支付的利息 (ii)	37,697	7,327	-	-	45,024
Guarantee for bank borrowings of a third party	為第三方的銀行借款 出具擔保	-	-	30,000	-	30,000
At 31 December 2010	於二零一零年 十二月三十一日					
Borrowings	借款	680,249	202,000	3,623,745	1,965,285	6,471,279
Interests payments on borrowings (i)	借款利息支出 (i)	448,447	428,671	1,166,392	258,556	2,302,066
Trade payables	應付貿易賬款	1,682,730	-	-	-	1,682,730
Other payables	其他應付賬款	532,069	-	-	-	532,069
Amounts due to related parties	應付關聯方款項	267,436	-	-	-	267,436
Finance lease liability	融資租賃負債	209,150	232,066	112,770	-	553,986
Interest payments on finance lease liability (ii)	就融資負債支付的利息 (ii)	49,166	26,250	5,455	-	80,871
Guarantee for bank borrowings of a third party	為第三方的銀行借款 出具擔保	-	-	-	30,000	30,000

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(c) 流動資金風險 (續)

Notes to the Consolidated Financial Statements 合併財務報表附註

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

- (i) The interest on borrowings is calculated based on borrowings held as at 31 December 2011 and 2010 without taking into account of future issues. Floating-rate interest is estimated using current interest rate as at 31 December 2011 and 2010 respectively.
- (ii) The interest on finance lease is calculated based on remaining balance of finance lease liability and the interest rate implicit in the lease as at 31 December 2011 and 2010.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(c) 流動資金風險(續)

- (i) 借款利息按二零一一年及二零一零年十二月三十一日持有的借款計算，不考慮任何未來事項。浮動利率分別按二零一一年及二零一零年十二月三十一日的當時利率估算。
- (ii) 於二零一一年及二零一零年十二月三十一日，融資租賃的利息乃根據融資租賃負債的餘額及利率計算。

3.2 資金風險管理

本集團的資金管理目標，是保障本集團按持續經營基準繼續營運之能力，以為股東帶來回報，同時兼顧其他權益持有者的利益，並維持最佳的資本結構以減低資金成本。

為維持或調整資本結構，本集團可能會調整支付予股東的股息金額、向股東發還資金、發行新股或出售資產以減低債務。

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3. FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital risk management (continued)

The Group monitors capital on the basis of the debt-to-capital ratio. This ratio is calculated as total debt divided by the total capitalisation. Total debt includes current and non-current borrowings, finance lease obligations and borrowings from related parties. Total capitalisation includes non-current borrowings, non-current portion of finance lease obligations and borrowings from related parties and equity attributable to owners of the parent.

Total debt	債項總額
Total capitalisation	總資本
Debt-to-capital ratio	債項與權益比率

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3. 財務風險管理(續)

3.2 資金風險管理(續)

本集團是根據債項與資本比率監察資本狀況。債項與資本比率為債項總額除以總資本。債項總額包括流動及非流動借款、融資租賃承擔及關聯公司借款。總資本包括非流動借款、融資租賃承擔及關聯公司借款的非流動部份及歸屬於本公司權益持有者的權益。

2011 二零一一年	2010 二零一零年
8,011,737	7,279,223
14,358,099	14,205,628
55.8%	51.2%

3.3 公允價值估計

下表透過估值法分析按公允價值計量的金融工具。不同級別界定如下：

- 特定資產或負債的活躍市場報價(未經調整)(第一級)。
- 除包含於第一級的報價外，資產或負債的可觀察直接(即價格)或間接(即源自價格者)輸入資料(第二級)。
- 並非根據可觀察市場資料而釐定的資產或負債的輸入資料(即不可觀察的輸入資料)(第三級)。

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3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2011 and 31 December 2010.

3. 財務風險管理 (續)

3.3 公允價值估計 (續)

下表呈列本集團於二零一一年及二零一零年十二月三十一日按公允價值計量的資產及負債。

		Level 1 第一級	Level 2 第二級	Level 3 第三級	Total 總計
At 31 December 2011	於二零一一年 十二月三十一日				
Assets	資產				
Available-for-sale financial assets	可供出售金融資產				
– Equity securities (Note 15)	– 股本證券 (附註 15)	58,371	–	–	58,371
		Level 1 第一級	Level 2 第二級	Level 3 第三級	Total 總計
At 31 December 2010	於二零一零年 十二月三十一日				
Assets	資產				
Financial assets at fair value through profit or loss	按公允價值計量且其變動計入損益表的金融資產				
– Trading funds	– 買賣資金	131	–	–	131
Available-for-sale financial assets	可供出售金融資產				
– Equity securities (Note 15)	– 股本證券 (附註 15)	51,567	–	–	51,567
Total assets	總資產	51,698	–	–	51,698

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3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise liquid reserves fund classified as financial assets at fair value through profit or loss and equity securities classified as available-for-sale financial assets.

The fair value of financial instruments that are not traded in an active market is measured at cost less accumulated impairment are disclosed in Note 15. The Group has no level 2 or level 3 financial instruments as at 31 December 2011.

3. 財務風險管理(續)

3.3 公允價值估計(續)

在交投活躍市場買賣的金融工具的公允價值根據結算日的市場報價列賬。如果該報價可以容易地或規律地從交易市場、經銷商、經紀人、產業集團、股價服務機構或管理機構中獲得，並且這些報價是在真實、公平交易的基礎上呈現，該市場則視為活躍的。本集團持有的金融資產使用的市場報價是現行出價。該類工具屬於第一級。列入第一級的工具包括歸類為按公允價值計量且其變動計入損益表的金融資產的流動儲備資金及歸類為可供出售金融資產的股本證券。

沒有在交投活躍市場買賣的金融工具的公允價值按成本減累計減值計量，披露於附註15。於二零一一年十二月三十一日，本集團並無第二級或第三級金融工具。

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition as at the balance sheet date and the historical experience of manufacturing and selling products of similar nature.

(b) Impairment of property, plant and equipment

The Group reviews property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, in accordance with the accounting policy stated in Note 2.10. The recoverable amount of a CGU has been determined based on higher of value-in-use and fair value less costs to sell.

4. 關鍵會計估計及判斷

估計及判斷會被持續評估，並根據過往經驗和其他因素進行持續評估，包括在有關情況下相信為合理的對未來事件的預期。

本集團對未來作出判斷、估計及假設。所得的會計判斷及估計如其定義，很少會與其實際結果相同。很大風險導致下個財政年度的資產與負債的賬面值作出重大調整的判斷、估計及假設討論如下。

(a) 存貨的可變現淨值

存貨的可變現淨值為日常業務過程中的估計售價，減估計完成成本及銷售支出。該等估計根據於結算日的現行市況及生產及銷售性質類似的產品的過往經驗計算。

(b) 物業、廠房及設備減值

當在任何情況下有事件或變動顯示賬面值可能不會予以收回時，本集團則會根據附註2.10所述的會計政策檢討物業、廠房及設備的減值。現金產生單位的可收回金額已根據使用價值與公允價值減銷售成本兩者的較高者釐定。

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(b) Impairment of property, plant and equipment (continued)

As at 31 December 2011, the construction of certain CIP stopped for a long period and it is not expected that the CIP would be put into use in future. The Group considered these assets had impairment indicators as the changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which these assets carrying amounts exceed recoverable amounts determined in accordance with the Group's accounting policies (Note 2.10). The estimation of the recoverable amounts is based on current market conditions and the Group's plan.

The Group also determined that there was an impairment indication relating to two production lines of a subsidiary which manufactures galvanised sheets and cold rolled sheets. These production lines were identified as CGUs separately.

The Group measured the value-in-use and fair value less costs to sell by discounting the future estimated cash flow deriving from the property, plant and equipment. These calculations required the Group to estimate the expected future cash flows from the CGU and also to apply a suitable discount rate in order to calculate the present value of those cash flows.

4. 關鍵會計估計及判斷(續)

(b) 物業、廠房及設備減值(續)

於二零一一年十二月三十一日，若干在建工程長期暫停施工，且預期未來在建工程將不再投入使用。本集團認為，由於情況變動顯示賬面值可能不可收回，則該等資產出現減值跡象。該等資產賬面值超出根據本集團會計政策(附註2.10)釐定的可收回金額時，確認減值虧損。可收回金額的估計根據現行市況及本集團的計劃作出。

本集團亦確定有一間附屬公司的兩條從事生產鍍鋅板及冷軋板的生產線出現減值跡象。該等生產線乃單獨確認為現金產生單位。

本集團透過將源自物業、廠房及設備的未來估計現金流量折現的方式來計量使用價值及公允價值減銷售成本。該等計算方法要求本集團須對來自現金產生單位的預期未來現金流量進行估計，亦會要求本集團採用適當的折現率，以計算該等現金流量的現值。

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(c) Useful life of the property, plant and equipment

Useful life is the period over which an asset is expected to be available for use by an entity. The depreciable amount of an asset is allocated on a systematic basis over its useful life (Note 2.6).

The following factors are considered in determining the useful life of an asset:

- (i) Expected usage of the asset
- (ii) Expected physical wear and tear
- (iii) Technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset
- (v) Legal or similar limits on the use of the asset

The useful life of an asset is reviewed at each financial year-end and, if expectations differ from previous estimates, the change will be accounted for as a change in an accounting estimate in accordance with 'HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors'.

4. 關鍵會計估計及判斷(續)

(c) 物業、廠房及設備的可使用年期

可使用年期為資產預期可供主體使用的期限。資產的可折舊金額於其可使用年內按系統基準進行分配(附註2.6)。

在釐定資產的可使用年期時，須考慮以下因素：

- (i) 該項資產的預期用途
- (ii) 預期物質損耗
- (iii) 因生產變動或改良或市場對該項資產的產品或服務輸出的需求變動而造成技術或商業上過時
- (iv) 使用該項資產時的法律或類似限制

資產的可使用年期於各財政年度末進行檢討，倘預期可使用年期與以往作出的估計有所不同，則有關變動將會根據香港會計準則第8號「會計政策、會計估計的變動及誤差」作為會計估計的一項變動入賬。

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(d) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(e) Impairment of available-for-sale financial assets

The Group follows the guidance of HKAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

4. 關鍵會計估計及判斷(續)

(d) 所得稅

本集團須繳納眾多司法權區的所得稅。於釐定所得稅準備時需作出重要判斷。有許多交易及計算均難以確定最終稅項的釐定。本集團須估計未來會否繳納額外稅項，從而確認對預期稅務審核事宜的責任。倘該等事宜的最終稅務結果與最初記錄的金額不同，有關差異會影響到有關釐定期間的當期及遞延所得稅資產及負債。

(e) 可供出售金融資產減值

本集團根據香港會計準則第39號之指引釐定可供出售金融資產減值。該釐定要求作出重要判斷。於作出該等判斷時，本集團評估(其中包括)金融資產之公允價值低於其成本之時間及程度；投資對象之財務健康狀況及短期業務前景，包括行業及分部表現、技術及營運之變動以及融資現金流等因素。

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(f) Impairment of the Group's assets

The Group follows the guidance of HKAS 36 to determine whether the Group's assets are impaired. As stated in HKAS 36, the net asset value of an entity that exceeds its market capitalisation is an impairment indicator which would require an estimate of the recoverable amount to be performed. As at 31 December 2011, the Group's market capitalisation amounted to RMB 6,592 million approximately, which is lower than the Group's net assets value which is RMB 9,551 million. Thus the Group needs to assess whether its assets are impaired. This assessment requires significant judgments and estimations. In making these judgments and estimations, the Group evaluates and considers both qualitative and quantitative factors that will affect the value-in-use of an asset or a CGU such as the extent of difference between the net assets value and market capitalisation, composition of the Group's assets, results and timing of previous impairment tests.

The Group has performed the impairment test according to HKAS 36 and determines that except for the goodwill and property, plant and equipment, no other asset or CGU has been impaired. The impairment assessments of goodwill and property, plant and equipment are analysed in Note 9 and Note 7 respectively.

4. 關鍵會計估計及判斷(續)

(f) 本集團資產減值

本集團按照香港會計準則第36號的指引釐定本集團的資產是否減值。如香港會計準則第36號所述，實體資產淨值超過其市場資本化，則為將需要對可收回金額作出估計的減值跡象。於二零一一年十二月三十一日，本集團的市場資本化金額約為人民幣65.92億元，低於本集團的資產淨值人民幣95.51億元。因此，本集團須評估其資產是否減值。該評估須作出重大判斷及估計。在作出該判斷及估計時，本集團評估及考慮將影響一項資產或現金產生單位之使用價值的定性和定量因素，如資產淨值與市場資本化之間的差異程度、本集團的資產組合以及之前減值測試的結果及時間。

本集團根據香港會計準則第36號進行減值測試，並釐定除商譽以及物業、廠房及設備外，並無其他資產或現金產生單位已減值。商譽以及物業、廠房及設備的減值評估分別於附註9及7分析。

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5. SALES AND SEGMENT INFORMATION – GROUP

(a) Sales

The Group is principally engaged in the manufacture and sales of iron and steel products. Sales recognised for the years ended 31 December 2011 and 2010 are as follows:

Sales:

Gross sales, less discounts and returns
– Strips and strip products
– H-section steel products
– Billets
– Cold rolled sheets and galvanised sheets
– Rebar
– Others

Less: Sales taxes

銷售額：

銷售總額減折扣及退貨
– 帶鋼及帶鋼類產品
– H型鋼產品
– 鋼坯
– 冷軋板及鍍鋅板
– 螺紋鋼
– 其他

減：銷售稅項

5. 銷售額及分部資料—本集團

(a) 銷售額

本集團主要從事生產及銷售鋼鐵產品。截至二零一一年及二零一零年十二月三十一日止各年度的銷售額如下：

	2011 二零一一年	2010 二零一零年
	14,246,276	12,392,818
	13,768,307	9,105,151
	6,191,858	6,607,863
	2,311,437	2,047,781
	1,964,813	–
	213,279	–
	38,695,970	30,153,613
	(99,337)	(17,895)
	38,596,633	30,135,718

Notes to the Consolidated Financial Statements 合併財務報表附註

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5. SALES AND SEGMENT INFORMATION – GROUP

(continued)

(b) Segment information

The chief decision-maker has been identified as the management committee, which comprises all executive directors and top management. The decision-maker reviews the Group's internal reporting in order to assess performance and allocate resources.

Based on these reports, the decision-maker considers the business from a business perspective. From a business perspective, the decision maker assesses the performance of the iron and steel and the real estate segments.

- (i) Iron and steel – Manufacture and sale of iron and steel products; and
- (ii) Real estate – Development and sale of properties.

The decision-maker assesses the performance of the operating segments based on a measure of revenue and operating profit. This measurement is consistent with that in the annual financial statements.

For the years ended 31 December 2011 and 2010, the properties of the real estate segment were still under development, and no sales revenue was recognised. All the revenue and most of the operating profit of the Group are from the iron and steel segment. For the year ended 31 December 2011, the segment operating profit of the iron and steel segment was RMB 2,041 million (2010: RMB 1,752 million) and the segment operating loss of the real estate segment was RMB 17 million (2010: nil).

5. 銷售額及分部資料—本集團(續)

(b) 分部資料

本公司首席決策人已獲確認為包括所有執行董事及最高管理層的執行委員會，決策人審閱本集團的內部報告以作評估業績表現及分配資源。

根據該等報告，決策人從業務角度考慮業務。從業務角度，決策人評估鋼鐵及房地產分部表現。

- (i) 鋼鐵—製造及銷售鋼鐵產品；及
- (ii) 房地產—開發及銷售物業。

決策人根據計量收入及經營溢利評估經營分部表現。該計量與年度財務報表一致。

截至二零一一年及二零一零年十二月三十一日止年度，房地產分部物業仍處於發展中及無銷售確認。本集團所有收入及主要經營利潤均來自鋼鐵分部。截至二零一一年十二月三十一日止年度，鋼鐵分部的分部經營利潤為人民幣20.41億元(二零一零年：人民幣17.52億元)及房地產分部的分部經營虧損為人民幣1,700萬元(二零一零年：零)。

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5. SALES AND SEGMENT INFORMATION – GROUP

(continued)

(b) Segment information (continued)

Segment assets are those operating assets that are employed by a segment in its operating activities. Segment assets are determined after deducting related allowance that is reported as direct offsets in the balance sheet. Segment assets consist primarily of leasehold land and land use rights, property, plant and equipment, investment properties, intangible assets, investment in an associate, inventories, trade receivables, notes receivable, prepayments, deposits and other receivables, other current assets, amounts due from related parties, restricted bank balances and cash and cash equivalents.

Segment liabilities are those operating liabilities that result from the operating activities of a segment.

The segment assets and liabilities as at 31 December 2011 are as follows:

		Iron and steel 鋼鐵	Real estate 房地產	Total 總計
Total assets	總資產	21,720,916	528,407	22,249,323
Total assets include:	總資產包括：			
Investment in an associate	聯營公司投資	12,697	-	12,697
Segment assets for reportable segments	報告分部的分部資產			22,249,323
Unallocated:	未分配：			
Deferred income tax assets	遞延所得稅資產			192,694
Available-for-sale financial assets	可供出售金融資產			167,976
Loan receivables	應收貸款			320,000
Total assets per balance sheet	資產負債表內的總資產			22,929,993

5. 銷售額及分部資料—本集團(續)

(b) 分部資料(續)

分部資產乃分部用於其經營活動的經營資產。分部資產扣除以資產負債表中直接抵銷呈報的相關津貼後釐定。分部資產主要包括租賃土地及土地使用權、物業、廠房及設備、投資物業、無形資產、聯營公司投資、存貨、應收貿易賬款、應收票據、預付款項、按金及其他應收賬款、其他流動資產、應收關聯方款項、受限制銀行結餘及現金及現金等價物。

分部負債乃分部的經營活動所導致的經營負債。

於二零一一年十二月三十一日的分部資產及負債如下：

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5. SALES AND SEGMENT INFORMATION – GROUP (continued)

5. 銷售額及分部資料—本集團(續)

(b) Segment information (continued)

(b) 分部資料(續)

		Iron and steel 鋼鐵	Real estate 房地產	Total 總計
Total liabilities	總負債	5,395,652	311,944	5,707,596
Segment liabilities for reportable segments	報告分部的分部負債			5,707,596
Unallocated:	未分配：			
Current income tax liabilities	當期所得稅負債			193,072
Current borrowings	流動借款			2,152,422
Non-current borrowings	非流動借款			5,360,962
Dividends payable	應付股息			4,591
Total liabilities per balance sheet	資產負債表內的總負債			13,418,643

The segment assets and liabilities as at 31 December 2010 are as follows:

於二零一零年十二月三十一日的分部資產及負債如下：

		Iron and steel 鋼鐵	Real estate 房地產	Total 總計
Total assets	總資產	20,239,503	264,271	20,503,774
Total assets include:	總資產包括：			
Investment in an associate	聯營公司投資	10,557	–	10,557
Segment assets for reportable segments	報告分部的分部資產			20,503,774
Unallocated:	未分配：			
Deferred income tax assets	遞延所得稅資產			102,018
Available-for-sale financial assets	可供出售金融資產			116,172
Financial assets at fair value through the profit and loss	以公允價值計量且其變動計入損益表的金融資產			131
Loan receivable	應收貸款			20,000
Total assets per balance sheet	資產負債表內的總資產			20,742,095

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5. SALES AND SEGMENT INFORMATION – GROUP (continued)

(b) Segment information (continued)

		Iron and steel 鋼鐵	Real estate 房地產	Total 總計
Total liabilities	總負債	5,474,963	93,651	5,568,614
Segment liabilities for reportable segments	報告分部的分部負債			5,568,614
Unallocated:	未分配：			
Current income tax liabilities	當期所得稅負債			179,033
Current borrowings	流動借款			680,249
Non-current borrowings	非流動借款			5,791,030
Dividends payable	應付股息			3,395
Total liabilities per balance sheet	資產負債表內的總負債			12,222,321

5. 銷售額及分部資料—本集團(續)

(b) 分部資料(續)

		Iron and steel 鋼鐵	Real estate 房地產	Total 總計
Total liabilities	總負債	5,474,963	93,651	5,568,614
Segment liabilities for reportable segments	報告分部的分部負債			5,568,614
Unallocated:	未分配：			
Current income tax liabilities	當期所得稅負債			179,033
Current borrowings	流動借款			680,249
Non-current borrowings	非流動借款			5,791,030
Dividends payable	應付股息			3,395
Total liabilities per balance sheet	資產負債表內的總負債			12,222,321

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6. LEASEHOLD LAND AND LAND USE RIGHTS – GROUP

The Group's interests in leasehold land and land use rights represent the prepayment for the operating lease, the net book value of which is analysed as follows:

At 1 January	於一月一日
Additions	添置
Amortisation of leasehold land and land use rights (Note 31)	租賃土地及土地使用權攤銷(附註31)
At 31 December	於十二月三十一日

As at 31 December 2011, the net book value of leasehold land and land use rights pledged as security for the Group's borrowings is nil. (2010: RMB 23 million) (Note 25).

The Group's leasehold land and land use rights are located in the PRC and the remaining lease period is between 30 years to 45 years.

6. 租賃土地及土地使用權—本集團

本集團在租賃土地及土地使用權的權益指經營租賃預付款項，按其賬面淨值分析如下：

	2011 二零一一年	2010 二零一零年
At 1 January	116,949	73,139
Additions	23,584	45,607
Amortisation of leasehold land and land use rights (Note 31)	(3,405)	(1,797)
At 31 December	137,128	116,949

於二零一一年十二月三十一日，已為本集團借款而抵押的租賃土地及土地使用權的賬面淨值為零(二零一零年：人民幣2,300萬元)(附註25)。

本集團的租賃土地及土地使用權位於中國，餘下租期介乎30年至45年。

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7. PROPERTY, PLANT AND EQUIPMENT

7. 物業、廠房及設備

The Group

本集團

		Buildings	Machinery	Furniture and fixtures	Vehicles	Leasehold improvements	CIP	Finance leased machinery	Total
		樓宇	機器設備	辦公設備	汽車	租賃物業裝修	在建工程	融資租賃機器	總計
At 1 January 2010	於二零一零年一月一日								
Cost	成本	2,691,122	7,040,908	83,754	110,323	1,337	503,000	800,000	11,230,444
Accumulated depreciation	累計折舊	(434,844)	(1,869,679)	(29,164)	(52,708)	(965)	-	(127,832)	(2,515,192)
Impairment	減值	(20,545)	(68,146)	(891)	(85)	-	-	-	(89,667)
Net book amount	賬面淨值	2,235,733	5,103,083	53,699	57,530	372	503,000	672,168	8,625,585
Year ended 31 December 2010	截至二零一零年十二月三十一日止年度								
Opening net book amount	年初賬面淨值	2,235,733	5,103,083	53,699	57,530	372	503,000	672,168	8,625,585
Additions	添置	99	7,468	2,807	10,055	-	330,041	-	350,470
Transfer from CIP	在建工程轉入	53,089	203,150	9,170	11,073	-	(276,482)	-	-
Disposals (Note 40)	出售(附註40)	(536)	(27,881)	(217)	(3,417)	-	(113,300)	-	(145,351)
Transfer to CIP	轉出至在建工程	(7,325)	-	-	-	-	7,325	-	-
Depreciation (Note 31)	折舊(附註31)	(125,580)	(644,067)	(13,441)	(18,616)	(55)	-	(90,276)	(892,035)
Impairment	減值	-	7,879	-	-	-	-	-	7,879
Closing net book amount	年末賬面淨值	2,155,480	4,649,632	52,018	56,625	317	450,584	581,892	7,946,548
At 31 December 2010	於二零一零年十二月三十一日								
Cost	成本	2,736,110	7,201,385	95,301	123,840	1,337	450,584	800,000	11,408,557
Accumulated depreciation	累計折舊	(560,085)	(2,491,486)	(42,392)	(67,130)	(1,020)	-	(218,108)	(3,380,221)
Impairment	減值	(20,545)	(60,267)	(891)	(85)	-	-	-	(81,788)
Net book amount	賬面淨值	2,155,480	4,649,632	52,018	56,625	317	450,584	581,892	7,946,548
Year ended 31 December 2011	截至二零一一年十二月三十一日止年度								
Opening net book amount	年初賬面淨值	2,155,480	4,649,632	52,018	56,625	317	450,584	581,892	7,946,548
Acquisition of subsidiary	收購附屬公司	32,339	41,160	1,057	1,914	-	257	-	76,727
Additions	添置	2,369	33,277	3,244	10,869	-	1,411,704	-	1,461,463
Transfer from CIP	在建工程轉入	62,192	252,741	1,123	7,845	-	(323,901)	-	-
Disposals (Note 40)	出售(附註40)	(1,089)	(5,690)	(90)	(5,524)	-	-	-	(12,393)
Transfer to leasehold land and land use rights (Note 6)	轉出至租賃土地及土地使用權(附註6)	-	-	-	-	-	(23,584)	-	(23,584)
Depreciation (Note 31)	折舊(附註31)	(127,597)	(646,387)	(13,046)	(18,470)	(55)	-	(86,538)	(892,093)
Impairment (Notes 29&40)	減值(附註29&40)	-	-	-	-	-	(161,270)	-	(161,270)
Closing net book amount	年末賬面淨值	2,123,694	4,324,733	44,306	53,259	262	1,353,790	495,354	8,395,398

Notes to the Consolidated Financial Statements 合併財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

7. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

		Buildings	Machinery	Furniture and fixtures	Vehicles	Leasehold improvements	CIP	Finance leased machinery	Total
		樓宇	機器設備	辦公設備	汽車	租賃物業裝修	在建工程	融資租賃機器	總計
At 31 December 2011	於二零一一年十二月三十一日								
Cost	成本	2,834,624	7,527,023	101,048	120,788	1,337	1,515,060	800,000	12,899,880
Accumulated depreciation	累計折舊	(690,385)	(3,142,023)	(55,851)	(67,444)	(1,075)	-	(304,646)	(4,261,424)
Impairment	減值	(20,545)	(60,267)	(891)	(85)	-	(161,270)	-	(243,058)
Net book amount	賬面淨值	2,123,694	4,324,733	44,306	53,259	262	1,353,790	495,354	8,395,398

Depreciation expenses have been charged to the consolidated income statements as follows:

		2011	2010
		二零一一年	二零一零年
Cost of sales	銷售成本	865,237	867,791
Administrative expenses	行政費用	26,856	24,244
		892,093	892,035

As at 31 December 2011, the net book value of buildings and machinery of approximately RMB 41 million (2010: RMB 175 million) is pledged as security for the Group's borrowings (Note 25).

已於合併利潤表中扣除的折舊開支如下：

於二零一一年十二月三十一日，已為本集團借款而抵押的樓宇及機器設備的賬面淨值為約人民幣4,100萬元(二零一零年：人民幣1.75億元)(附註25)。

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7. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

For the year ended 31 December 2011, borrowing costs amounted to approximately RMB 35 million (2010: RMB 15 million) were capitalised into the cost of property, plant and equipment at an average capitalisation rate of 6.38% (2010: 6.22%) approximately.

As at 31 December 2011 and 2010, the Directors noted indications that certain property, plant and equipment, including CIP were subject to impairment (Note 4(b)). During the year ended 31 December 2011, the Group recognised impairment losses of RMB 161 million for its CIP under the iron and steel segment. These CIP were mainly related to the production of coke and rolled sheets. Due to the change of market environment, the Group decided not to continue the construction and will abandon these CIP.

7. 物業、廠房及設備 (續)

本集團 (續)

截至二零一一年十二月三十一日止年度，借貸成本約人民幣3,500萬元(二零一零年：人民幣1,500萬元)已按平均資本化比率約6.38%(二零一零年：6.22%)資本化為物業、廠房及設備的成本。

於二零一一年及二零一零年十二月三十一日，本公司董事注意到有跡象顯示部份物業、廠房及設備，包括在建工程需計提減值(附註4(b))。於截至二零一一年十二月三十一日止年度，本集團在鋼鐵分部內確認人民幣1.61億元的減值虧損。這些在建工程主要指從事生產焦煤及中板工程，因為市場環境改變，本集團決定不繼續建設及停止這些在建工程。

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(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

8. INVESTMENT PROPERTIES – GROUP

The investment properties are located in the PRC and their net book value are analysed as follows:

At 1 January 2010	於二零一零年一月一日	
Cost	成本	21,985
Accumulated depreciation	累計折舊	(4,390)
Net book amount	賬面淨值	17,595
Year ended 31 December 2010	截至二零一零年十二月三十一日止年度	
Opening net book amount	年初賬面淨值	17,595
Depreciation (Note 31)	折舊(附註31)	(806)
Closing net book amount	年末賬面淨值	16,789
At 31 December 2010	於二零一零年十二月三十一日	
Cost	成本	21,985
Accumulated depreciation	累計折舊	(5,196)
Net book amount	賬面淨值	16,789
Year ended 31 December 2011	截至二零一一年十二月三十一日止年度	
Opening net book amount	年初賬面淨值	16,789
Depreciation (Note 31)	折舊(附註31)	(805)
Closing net book amount	年末賬面淨值	15,984
At 31 December 2011	於二零一一年十二月三十一日	
Cost	成本	21,985
Accumulated depreciation	累計折舊	(6,001)
Net book amount	賬面淨值	15,984

For the year ended 31 December 2011, rental income arising from the investment properties amounted to RMB 1.75 million (2010: RMB 1.31 million) (Note 30).

As at 31 December 2011, the Directors assessed the fair value of the investment properties to be approximately RMB 60.4 million based on the prices in the active market (2010: RMB 49.4 million).

8. 投資物業

投資物業位於中國，按其賬面淨值分析如下：

At 1 January 2010	於二零一零年一月一日	
Cost	成本	21,985
Accumulated depreciation	累計折舊	(4,390)
Net book amount	賬面淨值	17,595
Year ended 31 December 2010	截至二零一零年十二月三十一日止年度	
Opening net book amount	年初賬面淨值	17,595
Depreciation (Note 31)	折舊(附註31)	(806)
Closing net book amount	年末賬面淨值	16,789
At 31 December 2010	於二零一零年十二月三十一日	
Cost	成本	21,985
Accumulated depreciation	累計折舊	(5,196)
Net book amount	賬面淨值	16,789
Year ended 31 December 2011	截至二零一一年十二月三十一日止年度	
Opening net book amount	年初賬面淨值	16,789
Depreciation (Note 31)	折舊(附註31)	(805)
Closing net book amount	年末賬面淨值	15,984
At 31 December 2011	於二零一一年十二月三十一日	
Cost	成本	21,985
Accumulated depreciation	累計折舊	(6,001)
Net book amount	賬面淨值	15,984

截至二零一一年十二月三十一日止年度，投資物業所產生的租金收入為人民幣175萬元(二零一零年：人民幣131萬元)(附註30)。

於二零一一年十二月三十一日，董事根據在交投活躍市場的價格估值投資物業的公允價值約人民幣6,040萬元(二零一零年：人民幣4,940萬元)。

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

9. INTANGIBLE ASSETS – GROUP

9. 無形資產 – 本集團

		Software 軟件	Goodwill 商譽	Total 總計
At 1 January 2010	於二零一零年一月一日			
Cost	成本	–	7,667	7,667
Accumulated amortisation and impairment	累計攤銷及減值	–	(7,667)	(7,667)
Net book amount	賬面淨值	–	–	–
Year ended 31 December 2010	截至二零一零年十二月三十一日止年度			
Opening net book amount	年初賬面淨值	–	–	–
Additions	添置	49	–	49
Amortisation (Note 31)	攤銷(附註31)	(13)	–	(13)
Closing net book amount	年末賬面淨值	36	–	36
At 31 December 2010	於二零一零年十二月三十一日			
Cost	成本	49	7,667	7,716
Accumulated amortisation and impairment	累計攤銷及減值	(13)	(7,667)	(7,680)
Net book amount	賬面淨值	36	–	36
Year ended 31 December 2011	截至二零一一年十二月三十一日止年度			
Opening net book amount	年初賬面淨值	36	–	36
Additions	添置	14	8,498	8,512
Amortisation (Note 31)	攤銷(附註31)	(18)	–	(18)
Closing net book amount	年末賬面淨值	32	8,498	8,530
At 31 December 2011	於二零一一年十二月三十一日			
Cost	成本	63	16,165	16,228
Accumulated amortisation and impairment	累計攤銷及減值	(31)	(7,667)	(7,698)
Net book amount	賬面淨值	32	8,498	8,530

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10. INVESTMENTS IN AND LOANS TO SUBSIDIARIES – COMPANY

10. 附屬公司投資及貸款—本公司

(a) Investments in subsidiaries

(a) 附屬公司投資

	2011 二零一一年	2010 二零一零年
Unlisted investments, at cost	550,046	433,100
非上市投資(按成本)		

The subsidiaries at 31 December 2011 are as follows:

於二零一一年十二月三十一日
附屬公司如下：

Name	Place and date of incorporation	Legal status	Percentage of equity interest attributable to the Group 本集團應佔權益百分比	Issued and fully paid capital	Authorised capital	Principal activities
名稱	註冊成立地點及日期	法定主體類別	百分比	已發行及繳足股本	法定股本	主要業務
Gold Genesis Development Limited ("Gold Genesis")	British Virgin Islands ("BVI") 21 February 2003	Limited liability company	100% (Directly held)	US\$ 1	US\$ 50,000	Investment holding
Gold Genesis Development Limited (「Gold Genesis」)	英屬維爾京群島 (「英屬維爾京群島」) 二零零三年二月二十一日	有限責任公司	100% (直接持有)	1 美元	50,000 美元	投資控股
Good Lucky Enterprises Limited ("Good Lucky")	BVI 21 February 2003	Limited liability company	100% (Directly held)	US\$ 1	US\$ 50,000	Investment holding
Good Lucky Enterprises Limited (「Good Lucky」)	英屬維爾京群島 二零零三年二月二十一日	有限責任公司	100% (直接持有)	1 美元	50,000 美元	投資控股
First Glory Services Limited ("First Glory")	BVI 16 October 2003	Limited liability company	100% (Directly held)	US\$ 2	US\$ 50,000	Investment holding
First Glory Services Limited (「First Glory」)	英屬維爾京群島 二零零三年十月十六日	有限責任公司	100% (直接持有)	2 美元	50,000 美元	投資控股
Accordpower Investments Limited ("Accordpower")	BVI 30 November 2004	Limited liability company	100% (Directly held)	US\$ 2	US\$ 50,000	Investment holding
Accordpower Investments Limited (「Accordpower」)	英屬維爾京群島 二零零四年十一月三十日	有限責任公司	100% (直接持有)	2 美元	50,000 美元	投資控股

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

10. INVESTMENTS IN AND LOANS TO SUBSIDIARIES – COMPANY (continued)

10. 附屬公司投資及貸款—本公司(續)

(a) Investments in subsidiaries (continued)

(a) 附屬公司投資(續)

Name	Place and date of incorporation	Legal status	Percentage of equity interest attributable to the Group 本集團應佔權益百分比	Issued and fully paid capital 已發行及繳足股本	Authorised capital 法定股本	Principal activities 主要業務
Fullhero Investments Limited ("Fullhero")	BVI 3 May 2005	Limited liability company	100% (Directly held)	US\$2	US\$50,000	Investment holding
Fullhero Investments Limited (「Fullhero」)	英屬維爾京群島 二零零五年五月三日	有限責任公司	100% (直接持有)	2美元	50,000美元	投資控股
Hebei Jinxi Iron and Steel Group Company Limited ("Jinxi Limited")	PRC 24 December 1999	Joint stock company with limited liability	97.6% (Indirectly held)	RMB228,640,000	RMB228,640,000	Manufacture and sales of iron and steel products
河北津西鋼鐵集團股份有限公司 (「津西鋼鐵」)	中國 一九九九年十二月二十四日	股份有限責任公司	97.6% (間接持有)	人民幣 228,640,000元	人民幣 228,640,000元	生產及銷售鋼鐵產品
Foshan Jin Xi Jin Lan Cold Rolled Sheet Company Limited ("Jinxi Jinlan")	PRC 26 December 2003	Limited liability company	80.28% (Indirectly held)	US\$55,150,000	US\$55,150,000	Manufacture and sales of steel products
佛山津西金蘭冷軋板有限公司 (「津西金蘭」)	中國 二零零三年十二月二十六日	有限責任公司	80.28% (間接持有)	55,150,000美元	55,150,000美元	生產及銷售鋼鐵產品
Oriental Fullhero Leasing Co., Ltd ("Shenzhen Leasing")	PRC 23 September 2005	Limited liability company	100% (Indirectly held)	US\$65,000,000	US\$65,000,000	Leasing and financial leasing
東方英豐租賃有限公司 (「深圳租賃」)	中國 二零零五年九月二十三日	有限責任公司	100% (間接持有)	65,000,000美元	65,000,000美元	租賃及融資租賃
Hebei Jinxi Section Steel Company Limited ("Jinxi Section Steel")	PRC 30 May 2008	Limited liability company	78.08% (Indirectly held)	RMB350,000,000	RMB350,000,000	Manufacture and sales of steel products
河北津西型鋼有限公司 (「津西型鋼」)	中國 二零零八年五月三十日	有限責任公司	78.08% (間接持有)	人民幣 350,000,000元	人民幣 350,000,000元	生產及銷售鋼鐵產品
Jinxi Hong Kong Trading Company Limited ("HK Trading")	Hong Kong 27 October 2008	Limited liability company	97.6% (Indirectly held)	HK\$38,770,501	HK\$80,000,000	Import and export of goods
津西香港進出口有限公司 (「津西香港」)	香港 二零零八年十月二十七日	有限責任公司	97.6% (間接持有)	38,770,501港元	80,000,000港元	進出口貨物

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10. INVESTMENTS IN AND LOANS TO SUBSIDIARIES – COMPANY (continued)

10. 附屬公司投資及貸款—本公司(續)

(a) Investments in subsidiaries (continued)

(a) 附屬公司投資(續)

Name	Place and date of incorporation	Legal status	Percentage of equity interest attributable to the Group 本集團應佔權益 百分比	Issued and fully paid capital	Authorised capital	Principal activities
名稱	註冊成立地點及日期	法定主體類別		已發行及繳足股本	法定股本	主要業務
Suifenhe City Jinyin Trading Co., Ltd. ("Jinyin Trading") (i)	PRC 24 September 2008	Limited liability company	78.1% (Indirectly held)	RMB10,000,000	RMB10,000,000	Import and export of goods and technology
綏芬河市津銀貿易有限公司 (「津銀貿易」)(i)	中國 二零零八年九月二十四日	有限責任公司	78.1% (間接持有)	人民幣 10,000,000元	人民幣 10,000,000元	進出口貨物及技術
Hebei Jinxi Iron and Steel Group Zhengda Iron and Steel Co., Ltd. (「Zhengda Iron and Steel」)	PRC 19 December 2008	Limited liability company	69.3% (Indirectly held)	RMB50,000,000	RMB50,000,000	Manufacture and sales of steel products
河北津西鋼鐵集團正達鋼鐵有限公司 (「正達鋼鐵」)	中國 二零零八年十二月十九日	有限責任公司	69.3% (間接持有)	人民幣 50,000,000元	人民幣 50,000,000元	生產及銷售 鋼鐵產品
Tangshan Fengrun Qu Tong Yuan Trading Company Limited (「Tong Yuan Trading」)	PRC 22 May 2009	Limited liability company	69.3% (Indirectly held)	RMB100,000	RMB100,000	Purchase and sale of ferrous metal and coke
唐山市豐潤區通遠商貿有限公司 (「通遠商貿」)	中國 二零零九年五月二十二日	有限責任公司	69.3% (間接持有)	人民幣 100,000元	人民幣 100,000元	買賣黑色金屬 及焦炭
Hebei Jinxi Boyuan Real Estate Co., Ltd. (「Boyuan Real Estate」) (ii)	PRC 17 December 2009	Limited liability company	58.56% (Indirectly held)	RMB100,000,000	RMB100,000,000	Development and sales of real estate
河北津西博遠房地產開發有限公司 (「博遠房地產」)(ii)	中國 二零零九年十二月十七日	有限責任公司	58.56% (間接持有)	人民幣 100,000,000元	人民幣 100,000,000元	開發及銷售 房地產
Clear Precision Limited (「Clear Precision」)	BVI 22 July 2010	Limited liability company	100% (Directly held)	US\$2	US\$50,000	Investment holding
Clear Precision Limited (「Clear Precision」)	英屬維爾京群島 二零一零年七月二十二日	有限責任公司	100% (直接持有)	2美元	50,000美元	投資控股

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10. INVESTMENTS IN AND LOANS TO SUBSIDIARIES – COMPANY (continued)

10. 附屬公司投資及貸款—本公司(續)

(a) Investments in subsidiaries (continued)

(a) 附屬公司投資(續)

Name	Place and date of incorporation	Legal status	Percentage of equity interest attributable to the Group 本集團應佔權益 百分比	Issued and fully paid capital	Authorised capital	Principal activities
名稱	註冊成立地點及日期	法定主體類別		已發行及繳足股本	法定股本	主要業務
Beijing Jinxi Investment Holding Co., Ltd. ("Beijing Jinxi Investment")	PRC 26 August 2010	Limited liability company	97.6% (Indirectly held)	RMB100,000,000	RMB100,000,000	Investment holding
北京津西投資控股有限公司 (「北京津西投資」)	中國 二零一零年 八月二十六日	有限責任公司	97.6% (間接持有)	人民幣 100,000,000元	人民幣 100,000,000元	投資控股
Oriental Evertrust Finance Leasing Co. Ltd. ("Oriental Evertrust")	PRC 27 September 2010	Limited liability company	100% (Indirectly held)	US\$200,000,000	US\$200,000,000	Financial leasing and leasing
東方信遠融資租賃有限公司 (「東方信遠」)	中國 二零一零年 九月二十七日	有限責任公司	100% (間接持有)	200,000,000 美元	200,000,000 美元	金融租賃及租賃
Oriental Green Energy-Saving Environmental Protection Engineering Co., Ltd ("Oriental Green")	PRC 20 October 2010	Limited liability company	97.6% (Indirectly held)	RMB50,000,000	RMB50,000,000	Environmental Protection Engineering
東方綠源節能環保工程有限公司 (「東方綠源」)	中國 二零一零年 十月二十日	有限責任公司	97.6% (間接持有)	人民幣 50,000,000元	人民幣 50,000,000元	環境保護工程
Hebei Jinshun Energy-Saving Technology Development Co., Ltd ("Jinshun Energy-Saving")	PRC 17 November 2010	Limited liability company	97.6% (Indirectly held)	RMB100,000,000	RMB100,000,000	Research and development on recycling and energy-saving technology and other recycling business
河北津順節能技術開發有限公司 (「津順節能」)	中國 二零一零年 十一月十七日	有限責任公司	97.6% (間接持有)	人民幣 100,000,000元	人民幣 100,000,000元	研發循環及節能技術及其他循環業務
Beijing Jinxi Boyuan Real Estate Co., Ltd ("Beijing Real Estate")	PRC 18 November 2010	Limited liability company	97.6% (Indirectly held)	RMB100,000,000	RMB100,000,000	Development and sales of real estate
北京津西博遠置業有限公司 (「北京房地產」)	中國 二零一零年 十一月十八日	有限責任公司	97.6% (間接持有)	人民幣 100,000,000元	人民幣 100,000,000元	開發及銷售房地產

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10. INVESTMENTS IN AND LOANS TO SUBSIDIARIES – COMPANY (continued)

(a) Investments in subsidiaries (continued)

Name	Place and date of incorporation	Legal status	Percentage of equity interest attributable to the Group 本集團應佔權益 百分比	Issued and fully paid capital	Authorised capital	Principal activities
名稱	註冊成立地點及日期	法定主體類別		已發行及繳足股本	法定股本	主要業務
China Oriental Singapore Pte. Ltd. ("China Oriental Singapore")	Singapore 29 November 2010	Limited liability company	100% (Indirectly held)	US\$ 10,000,000	Not applicable	Trading of iron ore and related products
China Oriental Singapore Pte. Ltd. (「China Oriental Singapore」)	新加坡 二零一零年十一月二十九日	有限責任公司	100% (間接持有)	10,000,000 美元	不適用	買賣鐵礦石及相關產品
Hebei Jinxi Iron and Steel Group Dafang Heavy Industry Science and Technology Co., Limited ("Jinxi Dafang") (vi)	PRC 27 November 2003	Limited liability company	45.75% (Indirectly held)	RMB 93,098,162	RMB 93,098,162	Manufacture and sales of casting products and equipment maintenance
河北津西鋼鐵集團大方重工科技有限公司 (「津西大方」) (vi)	中國 二零零三年十一月二十七日	有限責任公司	45.75% (間接持有)	人民幣 93,098,162 元	人民幣 93,098,162 元	生產及銷售鑄造產品及設備維護
Jinxi International Trade Co., Ltd. ("Jinxi International Trade") (iii)	PRC 23 March 2011	Limited liability company	93.7% (Indirectly held)	RMB 100,000,000	RMB 100,000,000	International trading
津西國際貿易有限公司 (「津西國際貿易」) (iii)	中國 二零一一年三月二十三日	有限責任公司	93.7% (間接持有)	人民幣 100,000,000 元	人民幣 100,000,000 元	國際貿易
Tangshan Fengnan Qu Yun Da Trading Co., Ltd. ("Yun Da Trading") (iv)	PRC 1 June 2011	Limited liability company	78.08% (Indirectly held)	RMB 5,000,000	RMB 5,000,000	Purchase and sale of steel products
唐山市豐南區運達商貿有限公司 (「運達商貿」) (iv)	中國 二零一一年六月一日	有限責任公司	78.08% (間接持有)	人民幣 5,000,000 元	人民幣 5,000,000 元	鋼產品買賣
Hebei Caofeidian Jinxing Resource Development Co., Ltd. ("Caofeidian Jinxing") (v)	PRC 1 July 2011	Limited liability company	100% (Directly held)	USD 5,100,000	USD 34,000,000	Motor vehicle scrap and crush demolition solution
河北曹妃甸津興資源開發有限公司 (「曹妃甸津興」) (v)	中國 二零一一年七月一日	有限責任公司	100% (直接持有)	5,100,000 美元	34,000,000 美元	機動車輛報廢和壓碎清理方案

10. 附屬公司投資及貸款—本公司 (續)

(a) 附屬公司投資 (續)

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10. INVESTMENTS IN AND LOANS TO SUBSIDIARIES – COMPANY (continued)

(a) Investments in subsidiaries (continued)

Transactions within the Group

- (i) On 1 February 2011, Jinxi Section Steel entered into a share transfer agreement with Jinxi Limited. Pursuant to the share transfer agreement, Jinxi Section Steel acquired 100% equity interest in Jinyin Trading at a consideration of RMB 10 million.
- (ii) On 23 April 2011, Beijing Real Estate entered into a share transfer agreement with Jinxi Limited. Pursuant to the share transfer agreement, Beijing Real Estate acquired 60% equity interest in Boyuan Real Estate at a consideration of RMB 60 million.
- (iii) Jinxi International Trade was incorporated on 23 March 2011 by Jinxi Limited and Jinxi Section Steel. The paid-in capital of Jinxi International Trade is RMB 100 million. Jinxi Limited and Jinxi Section Steel hold 80% and 20% of its equity interest respectively.
- (iv) Yun Da Trading was incorporated on 1 June 2011 by Jinxi Section Steel solely. The paid-in capital of Yun Da Trading is RMB 5 million.
- (v) Caofeidian Jinxing was incorporated on 7 July 2011 by the Company solely. The paid-in capital of Caofeidian Jinxing is USD 5.1 million.

10. 附屬公司投資及貸款—本公司(續)

(a) 附屬公司投資(續)

本集團內交易

- (i) 二零一一年二月一日，津西型鋼與津西鋼鐵簽訂一份股份轉讓協議。根據該股份轉讓協議，津西型鋼以代價人民幣1,000萬元獲得100%津銀貿易權益。
- (ii) 於二零一一年四月二十三日，北京房地產與津西鋼鐵訂立股權轉讓協議。根據股權轉讓協議，北京房地產以代價人民幣6,000萬元獲得60%博遠房地產權益。
- (iii) 津西國際貿易由津西鋼鐵與津西型鋼於二零一一年三月二十三日註冊成立。津西國際貿易的實繳股本為人民幣1.00億元。津西鋼鐵及津西型鋼分別持有其80%及20%股權。
- (iv) 運達商貿由津西型鋼於二零一一年六月一日獨資註冊成立。運達商貿的實繳股本為人民幣500萬元。
- (v) 曹妃甸津興於二零一一年七月七日僅由本公司註冊成立。曹妃甸津興的實繳股本為510萬美元。

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10. INVESTMENTS IN AND LOANS TO SUBSIDIARIES – COMPANY (continued)

(a) Investments in subsidiaries (continued)

Transactions outside the Group

- (vi) On 1 January 2011, the Company and Jinxi Limited together acquired 51% equity interest in Jinxi Dafang, originally named as “Tangshan Dafang Foundry Co., Ltd.”, at a consideration of RMB 64 million (Note 39).

On 1 December 2011, a third party investor acquired 10% equity interest in Jinxi Dafang at a consideration of RMB 14 million in the form of capital injection to Jinxi Dafang.

As at 31 December 2011 and during the year then ended, although the equity holdings of the Group in Jinxi Dafang was below 51%, the Directors are of the review that the Group had control over Jinxi Dafang after considering the fact that majority of the directors of Jinxi Dafang are appointed by the Group by virtue of the article of association of Jinxi Dafang.

10. 附屬公司投資及貸款—本公司(續)

(a) 附屬公司投資(續)

本集團外交易

- (vi) 於二零一一年一月一日，本公司與津西鋼鐵以代價人民幣6,400萬元共同收購津西大方(前稱「唐山大方鑄造有限公司」)的51%股權(附註39)。

於二零一一年十二月一日，第三方投資者，以注資形式以代價人民幣1,400萬元收購津西大方的10%股權。

於二零一一年十二月三十一日及截至該日止年度，儘管本集團於津西大方的股權低於51%，董事認為，考慮到津西大方的大部分董事應由本集團依據津西大方的組織章程細則委任，本集團對津西大方擁有控制權。

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10. INVESTMENTS IN AND LOANS TO SUBSIDIARIES – COMPANY (continued)

(a) Investments in subsidiaries (continued)

Transactions outside the Group (continued)

- (vii) Beijing Zhongye Jinxi Development Co., Ltd (“Zhongye Jinxi”) was incorporated on 16 March 2011 by Beijing Real Estate and Zhongye Times Real Estate Co., Ltd. (“Zhongye Times”). The paid-in capital of Zhongye Jinxi is RMB 100 million. Beijing Real Estate and Zhongye Times hold 51% and 49% of its equity interest respectively.

On 11 November 2011, Beijing Real Estate entered into an agreement with Zhongye Times. Pursuant to the agreement, Zhongye Times agrees to acquire 51% equity interest of Zhongye Jinxi from Beijing Real Estate at a consideration of RMB 61.1 million plus interests of the investments (included loan) made by Beijing Real Estate to Zhongye Jinxi. The considerations should be paid off no later than 31 May 2012. It is agreed that from the date of the agreement of 11 November 2011, Beijing Real Estate conveyed to Zhongye Times all the voting rights on the financial and operating policies of Zhongye Jinxi. Therefore, from 11 November 2011 the Group does not have control over Zhongye Jinxi and de-consolidated Zhongye Jinxi.

10. 附屬公司投資及貸款－本公司(續)

(a) 附屬公司投資(續)

本集團外交易(續)

- (vii) 北京中冶津西發展有限公司(「中冶津西」)由北京房地產及中冶時代置業有限公司(「中冶時代」)於二零一一年三月十六日註冊成立。中冶津西的實繳股本為人民幣1.00億元。北京房地產及中冶時代分別持有51%及49%股權。

於二零一一年十一月十一日，北京房地產與中冶時代訂立一項協議。根據該協議，中冶時代同意以代價人民幣6,110萬元另加北京房地產向中冶津西的投資金額(包括所提供的貸款)的利息收購北京房地產持有中冶津西51%的權益。代價將不遲於二零一二年五月三十一日付清。據商定，自二零一一年十一月十一日協議日期起，北京房地產向中冶時代轉移中冶津西的財務和經營政策的所有投票權。因此，自二零一一年十一月十一日起，本集團對中冶津西不再擁有控制權，並不再將中冶津西合併入賬。

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10. INVESTMENTS IN AND LOANS TO SUBSIDIARIES – COMPANY (continued)

(b) Loans to subsidiaries

Loans to subsidiaries form part of the Company's net investment in the PRC subsidiaries.

The loans to Jinxi Limited amounted to US\$ 106.7 million (RMB 672.3 million equivalent) are unsecured and have a repayment term of 20 years, which bear interest at a rate of 8% per annum from 1 July 2010. The Directors have resolved that these loans will not be settled upon maturity and regarded these loans as part of the Company's net investment in Jinxi Limited.

The loans to Jinxi Jinlan amounted to US\$ 51 million (RMB 321.3 million equivalent) are unsecured and have a repayment term of 7 years, which bear interest at a rate of 7% per annum from 16 November 2010.

The rest of these loans to subsidiaries amounted to RMB 3,637.3 million are unsecured, interest-free and with no fixed terms of repayment.

10. 附屬公司投資及貸款—本公司(續)

(b) 附屬公司貸款

附屬公司貸款構成本公司於中國附屬公司投資淨額的一部分。

對津西鋼鐵的貸款1.067億美元(相等於人民幣6.723億元)為無抵押，還款期為20年，自二零一零年七月一日起按8%的年利率計息。經董事決議，該等貸款無須在到期時償還，而將作為本公司對津西鋼鐵所作投資淨額的一部分。

對津西金蘭提供的貸款為5,100萬美元(相等於人民幣3.213億元)，為無抵押，還款期為7年，自二零一零年十一月十六日起按7%的年利率計息。

該等對附屬公司貸款餘額人民幣36.373億元均為無抵押、免息及無固定還款期。

11. INVESTMENT IN AN ASSOCIATE – GROUP

11. 聯營公司投資—本集團

		2011 二零一一年	2010 二零一零年
At 1 January	於一月一日	10,557	10,297
Acquisition of an associate (i)	收購一間聯營公司(i)	–	14,674
Share of profit of an associate (Note 40)	應佔一間聯營公司溢利(附註40)	2,140	191
Transfer to available-for-sale financial assets (i)	轉撥至可供出售金融資產(i)	–	(14,605)
At 31 December	於十二月三十一日	12,697	10,557

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11. INVESTMENT IN AN ASSOCIATE – GROUP (continued)

The information of the unlisted associated company at 31 December 2011 is as follows:

Name	Place and date of incorporation	Percentage of equity interest attributable to the Group	Assets	Liabilities	Revenues	Net profit
名稱	註冊成立地點及日期	本集團應佔權益百分比	資產	負債	收入	淨溢利
Qianxi County Zhongxing Iron Mine Co., Ltd. (“Zhongxing Iron Mine”)	PRC 21 May 2002	35% (indirectly held)	170,450	129,950	159,131	6,115
遷西縣中興礦業有限公司 (「中興礦業」)	中國 二零零二年五月二十一日	35% (間接持有)	170,450	129,950	159,131	6,115

(i) Pursuant to a capital contribution agreement dated 10 March 2010, Jinxi Limited, Qianxi County Hui Yin Trading Company Limited (“Hui Yin”) and the existing shareholders of Qianxi County Longba Charging Company Limited (“Longba Charging”) agreed to reorganise Longba Charging into a joint venture company by injecting new capital contribution of approximately RMB 14.7 million and approximately RMB 2.9 million from Jinxi Limited and Hui Yin respectively, and further capital contribution of RMB 9 million from Longba Charging’s existing shareholders. After the completion of capital contribution, Jinxi Limited, Hui Yin and Longba Charging’s existing shareholders will own 45%, 9% and 46% of equity interest of Longba Charging respectively.

11. 聯營公司投資—本集團(續)

非上市聯營公司於二零一一年十二月三十一日的資料如下：

(i) 根據於二零一零年三月十日訂立的增資擴股協議，津西鋼鐵、遷西縣滙銀工貿有限公司(「滙銀」)及遷西縣龍霸爐料有限公司(「龍霸爐料」)現任股東同意將龍霸爐料重組成一間合營公司，並分別引入津西鋼鐵及滙銀出資約人民幣1,470萬元及約人民幣290萬元，以及龍霸爐料現任股東進一步出資約人民幣900萬元。增資完成後，津西鋼鐵、滙銀及龍霸爐料現任股東將分別持有龍霸爐料的45%、9%及46%的股權。

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11. INVESTMENT IN AN ASSOCIATE – GROUP (continued)

On 26 September 2010, Jinxi Limited entered into a cooperation agreement for the period of one year with Mr. Du Chun, one of the shareholders of Longba Charging. Pursuant to the cooperation agreement, Jinxi Limited conveyed to Mr. Du Chun all the voting rights on the financial and operating policies of Longba Charging for a consideration of approximately RMB 3.9 million.

In September 2011, Jinxi Limited entered into a supplementary agreement with Mr. Du Chun to extend the Lease Period to September 2012.

In the opinion of the Directors, the Group cannot exercise any significant influence on this company and hence has classified these companies as available-for-sale financial assets of the Group.

From the date of capital contribution to 26 September 2010, the Group has recognised share of loss of Longba Charging amounted to approximately RMB 0.07 million.

11. 聯營公司投資—本集團(續)

於二零一零年九月二十六日，津西鋼鐵與龍霸爐料的股東之一杜春先生訂立一年期合作協議。根據合作協議，津西鋼鐵向杜春先生轉讓龍霸爐料的財務及經營政策的所有投票權，代價為約人民幣390萬元。

於二零一一年九月，津西鋼鐵與杜春先生簽訂一份補充協議，以將租期延長至二零一二年九月。

董事認為，本集團不能對本公司行使任何重大影響，因此已將該等公司分類為本集團可供出售金融資產。

自注資日期起至二零一零年九月二十六日，本集團已確認龍霸爐料應佔虧損約人民幣7萬元。

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12. FINANCIAL INSTRUMENTS BY CATEGORY – GROUP AND COMPANY

12. 金融工具(按類別) – 本集團及本公司

The Group

本集團

		Loans and receivables	Assets at fair value through profit or loss	Available-for-sale financial assets	Total
		貸款及應收賬款	按公允價值計量且其變動計入損益表的資產	可供出售金融資產	總計
Assets as per consolidated balance sheet	合併資產負債表所示的資產				
As at 31 December 2011	於二零一一年十二月三十一日				
Available-for-sale financial assets (Note 15)	可供出售金融資產(附註15)	-	-	167,976	167,976
Trade and notes receivables (Note 17)	應收貿易賬款及票據(附註17)	4,226,839	-	-	4,226,839
Deposits and other receivables (Note 18)	按金及其他應收賬款(附註18)	907,876	-	-	907,876
Amounts due from related parties (Note 43(c))	應收關聯方款項(附註43(c))	65,831	-	-	65,831
Loan receivables (Note 19)	應收貸款(附註19)	320,000	-	-	320,000
Restricted bank balances (Note 20)	受限制銀行結餘(附註20)	891,396	-	-	891,396
Cash and cash equivalents (Note 20)	現金及現金等價物(附註20)	965,082	-	-	965,082
Total	總計	7,377,024	-	167,976	7,545,000
As at 31 December 2010	於二零一零年十二月三十一日				
Available-for-sale financial assets (Note 15)	可供出售金融資產(附註15)	-	-	116,172	116,172
Trade and notes receivables (Note 17)	應收貿易賬款及票據(附註17)	3,524,441	-	-	3,524,441
Deposits and other receivables (Note 18)	按金及其他應收賬款(附註18)	253,862	-	-	253,862
Financial assets at fair value through profit or loss	按公允價值計量且其變動計入損益表的金融資產	-	131	-	131
Amounts due from related parties (Note 43(c))	應收關聯方款項(附註43(c))	999,590	-	-	999,590
Loan receivable (Note 19)	應收貸款(附註19)	20,000	-	-	20,000
Restricted bank balances (Note 20)	受限制銀行結餘(附註20)	159,945	-	-	159,945
Cash and cash equivalents (Note 20)	現金及現金等價物(附註20)	2,223,245	-	-	2,223,245
Total	總計	7,181,083	131	116,172	7,297,386

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12. FINANCIAL INSTRUMENTS BY CATEGORY – GROUP AND COMPANY (continued)

The Group (continued)

12. 金融工具(按類別)－本集團及本公司(續)

本集團(續)

		Financial liabilities measured at amortised cost 按攤銷成本計量之金融負債
Liabilities as per consolidated balance sheet	合併資產負債表所示的負債	
As at 31 December 2011	於二零一一年十二月三十一日	
Trade payables (Note 23)	應付貿易賬款(附註23)	2,106,100
Other payables	其他應付賬款	368,433
Borrowings (Note 25)	借款(附註25)	7,513,384
Other long-term payables (Note 26)	其他長期應付款(附註26)	357,063
Amounts due to related parties (Note 43(c))	應付關聯方款項(附註43(c))	118,451
Total	總計	10,463,431
As at 31 December 2010	於二零一零年十二月三十一日	
Trade payables (Note 23)	應付貿易賬款(附註23)	1,682,730
Other payables	其他應付賬款	472,751
Borrowings (Note 25)	借款(附註25)	6,471,279
Other long-term payables (Note 26)	其他長期應付款(附註26)	553,986
Amounts due to related parties (Note 43(c))	應付關聯方款項(附註43(c))	267,436
Total	總計	9,448,182

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12. FINANCIAL INSTRUMENTS BY CATEGORY – GROUP AND COMPANY (continued)

12. 金融工具(按類別) – 本集團及本公司(續)

The Company

本公司

		Assets at fair value through profit or loss	Available- for-sale financial assets	Total
	Loans and receivables	按公允價值 計量且 其變動計入 損益表的資產	可供出售 金融資產	總計
Assets as per company balance sheet	公司資產負債表所示資產			
As at 31 December 2011	於二零一一年十二月三十一日			
Available-for-sale financial assets (Note 15)	可供出售金融資產(附註15)	-	58,371	58,371
Deposits and other receivables (Note 18)	按金及其他應收賬款 (附註18)	69,196	-	69,196
Restricted bank balances (Note 20)	受限制銀行結餘(附註20)	113,296	-	113,296
Cash and cash equivalents (Note 20)	現金及現金等價物(附註20)	172,641	-	172,641
Total	總計	355,133	58,371	413,504

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12. FINANCIAL INSTRUMENTS BY CATEGORY – GROUP AND COMPANY (continued)

The Company (continued)

		Loans and receivables	Assets at fair value through profit or loss 按公允價值計量且其變動計入損益表的資產	Available-for-sale financial assets 可供出售金融資產	Total 總計
Assets as per company balance sheet As at 31 December 2010	公司資產負債表所示資產 於二零一零年十二月三十一日				
Available-for-sale financial assets (Note 15)	可供出售金融資產(附註15)	-	-	51,567	51,567
Deposits and other receivables (Note 18)	按金及其他應收賬款(附註18)	47,127	-	-	47,127
Financial assets at fair value through profit or loss	按公允價值計量且其變動計入損益表的金融資產	-	131	-	131
Restricted bank balances (Note 20)	受限制銀行結餘(附註20)	26,830	-	-	26,830
Cash and cash equivalents (Note 20)	現金及現金等價物(附註20)	1,339,605	-	-	1,339,605
Total	總計	1,413,562	131	51,567	1,465,260

Financial liabilities measured at amortised cost 按攤銷成本計量之金融負債

Liabilities as per company balance sheet As at 31 December 2011	公司資產負債表所示負債 於二零一一年十二月三十一日				
Trade payables (Note 23)	應付貿易賬款(附註23)				58,854
Borrowings (Note 25)	借款(附註25)				6,338,549
Total	總計				6,397,403
As at 31 December 2010	於二零一零年十二月三十一日				
Trade payables (Note 23)	應付貿易賬款(附註23)				164,862
Borrowings (Note 25)	借款(附註25)				5,544,030
Total	總計				5,708,892

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13. CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by types of the financial assets and by reference to historical information about counterparty default rates. The Group categorised the trade and notes receivables and loan receivable as follows:

- Group 1 – Bank acceptance notes
- Group 2 – Trade receivables and loan receivable due from customers with no defaults in the past
- Group 3 – Trade receivables and loan receivable due from customers with some defaults in the past

Trade and notes receivables and loan receivable

Group 1	第一類
Group 2	第二類
Group 3	第二類

The credit quality of 'Available-for-sale financial assets', 'Deposits and other receivables' and 'Amounts due from related parties' of the Group is disclosed in Notes 15, 18 and 43(c) respectively.

13. 金融資產的信貨狀況

尚未到期亦沒有減值的金融資產的信貨狀況可根據金融資產類別，並參考有關對方拖欠比率的歷史資料進行評估。本集團將應收貿易賬款及票據和應收貸款分類如下：

- 第一類－銀行承兌匯票
- 第二類－應收過往無拖欠記錄的客戶的應收貿易賬款及應收貸款
- 第三類－應收過往部分有拖欠記錄的客戶的應收貿易賬款及應收貸款

應收貿易賬款及票據和應收貸款

2011 二零一一年	2010 二零一零年
3,830,658	3,447,559
716,181	96,882
-	-
4,546,839	3,544,441

本集團「可供出售金融資產」、「按金及其他應收賬款」及「應收關聯方款項」的信貨狀況分別於附註15、18及43(c)披露。

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13. CREDIT QUALITY OF FINANCIAL ASSETS (continued)

The Group categorises cash in banks as follows:

- Group 1 – Major international banks
- Group 2 – Listed banks in PRC
- Group 3 – Subsidiary of listed banks and other banks in PRC

The Directors considered the credit risks in respect of cash in banks and bank deposits with financial institution are relatively minimum as each counter party either bears a high credit rating or is state-owned bank and large local banks in PRC.

Cash in banks and bank deposits

13. 金融資產的信貸狀況(續)

本集團將其銀行存款分類如下：

- 第一類—主要國際銀行
- 第二類—中國上市銀行
- 第三類—中國上市銀行附屬機構及其他銀行

由於各方有高度信貸評級或為中國國有銀行及中國當地大型銀行，故董事認為存放於金融機構的銀行現金及銀行存款信貸風險極低。

銀行現金及銀行存款

		Group 本集團		Company 本公司	
		2011 二零一一年	2010 二零一零年	2011 二零一一年	2010 二零一零年
Group 1	第一類	273,104	512,944	170,898	512,911
Group 2	第二類	1,519,823	1,670,514	115,034	683,514
Group 3	第三類	57,689	198,774	–	170,000
		1,850,616	2,382,232	285,932	1,366,425

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14. PROPERTIES UNDER DEVELOPMENT-GROUP

14. 發展中物業—本集團

		2011 二零一一年	2010 二零一零年
Properties under development comprise:	發展中物業包括：		
– Construction costs	– 建設成本	175,417	111,195
– Land use rights	– 土地使用權	193,440	135,505
		368,857	246,700

The properties under development are all located in the PRC.
The related land use rights are on leases of 40 to 70 years.

發展中物業均位於中國。相關土地使用權租期為 40 至 70 年。

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

15. 可供出售金融資產

The Group

本集團

		2011 二零一一年	2010 二零一零年
Unlisted equity interest (i)	非上市權益(i)	252,705	188,100
Additions (ii)	添置(ii)	45,000	64,605
Less: provision for impairment	減：減值撥備	(188,100)	(188,100)
Net	淨值	109,605	64,605
Listed equity interest (iii)	上市權益(iii)	51,567	96,148
Less: provision for impairment	減：減值撥備	–	(36,128)
Add/(Less): fair value gains/(losses) transfer to/(from) equity (Note 22)	加/(減)：公允價值收益/(虧損)轉撥至/(自)權益(附註22)	6,804	(8,453)
Net	淨值	58,371	51,567
Total	總計	167,976	116,172
Less: non-current portion of available-for-sale financial assets	減：可供出售金融資產的非流動部分	(167,976)	(116,172)
Current portion of available-for-sale financial assets	可供出售金融資產的流動部分	–	–

Notes to the Consolidated Financial Statements 合併財務報表附註

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15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(continued)

The Group (continued)

- (i) The Group's unlisted equity interest represented an investment amounted to RMB 188.1 million in a 51% equity interest in Qianxi County Jinjin Mine Co., Ltd. ("Jinjin Mine"), an unlisted company in the PRC.

In December 2008, Jinxi Limited entered into certain cooperation agreements (the "Cooperation Agreements") with a third-party shareholder of Jinjin Mine. Pursuant to the Cooperation Agreements, from the incorporation date of 5 August 2008 to 31 January 2011 (the "Lease Period"), Jinxi Limited conveyed to the third-party shareholder of Jinjin Mine (the "Lessee") all the voting rights on the financial and operating policies of Jinjin Mine.

In August 2010, Jinxi Limited entered into a supplementary agreement with the aforesaid third-party shareholder of Jinjin Mine to extend the Lease Period to 30 September 2011.

The Lessee is exclusively entitled to the profit or loss and net assets accumulated during the Lease Period in return for paying a lease expense to Jinxi Limited. The Lessee is also responsible for preserving and increasing the value of the net assets of Jinjin Mine at the end of Lease Period. The lease expenses are determined based on the local iron powder market price and are to be adjusted quarterly.

In the opinion of the Directors, the Group is not able to exercise any significant influence on Jinjin Mine during the Lease Period and hence the investment in Jinjin Mine was recognised as available-for-sale financial assets for the years ended 31 December 2011 and 2010.

15. 可供出售金融資產(續)

本集團(續)

- (i) 本集團的非上市權益指投資人民幣1.881億元，以取得一間中國非上市公司遷西縣津金礦業有限公司(「津金礦業」)的51%股權。

於二零零八年十二月，津西鋼鐵與津金礦業的第三方股東訂立若干合作協議(「合作協議」)。根據合作協議，自註冊成立日期(即二零零八年八月五日)起至二零一一年一月三十一日(「租賃期間」)，津西鋼鐵授予津金礦業的第三方股東(「承租人」)有關津金礦業的財務及經營政策的所有投票權。

於二零一零年八月，津西鋼鐵與上述津金礦業的第三方股東訂立補充協議，以延長租賃期間至二零一一年九月三十日。

承租人於租賃期間內獨家享有累計溢利或虧損及資產淨值，作為向津西鋼鐵支付租賃開支的回報。承租人亦負責於租賃期間結束時保持及增加津金礦業的淨資產價值。該等租賃開支乃根據當地鐵粉市場價格釐定並按季度進行調整。

董事認為，本集團並不能在租賃期間對津金礦業行使任何重大影響，因此，截至二零一一年及二零一零年十二月三十一日止年度已確認於津金礦業的投資為可供出售金融資產。

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15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(continued)

The Group (continued)

The unlisted equity interest offers return through the lease income. As the investment does not have any quoted market price in the active market, the range of reasonable fair value estimate is so significant and the probabilities of the various estimates cannot be reasonably assessed, the Directors are of the opinion that its fair values cannot be reliably measured.

As at 31 December 2011 and 2010, the Directors noted that there were impairment indications on the cost of the investment in Jinjin Mine as follows:

- a. Most of the lease income under the Cooperation Agreements was due but not received.
- b. The recoverability of the payment for mining rights, which accounted for a significant part of Jinjin Mine's net assets, became very uncertain as the licence of mining rights is unlikely to be obtained.

The available-for-sale financial assets were fully impaired as the Directors believed that these impairment factors would still exist in foreseeable future.

In September 2011, Jinxi Limited entered into a cooperation agreement with a third-party, Hebei Dong Industry Corporation (Group) Limited. ("Dong Company"). Pursuant to this cooperation agreement, from September 2011 to September 2012, Jinxi Limited conveyed to Dong Company all the voting rights on the financial and operating policies of Jinjin Mine.

15. 可供出售金融資產(續)

本集團(續)

非上市權益，透過租賃收入提供回報。由於該等投資於活躍市場並無任何市場報價，公允價值合理估計的範圍相當廣闊，而對各項估計的可能性無法合理作出評估，故董事認為其公允價值無法可靠計量。

於二零一一年及二零一零年十二月三十一日，董事留意到有跡象顯示津金礦業的投資成本出現減值：

- a. 合作協議項下的大多數租賃收入已到期但仍未收取。
- b. 採礦權付款是否可收回（佔津金礦業淨資產的重大部分）由於不大可能獲得採礦權許可證，而存在不明朗因素。

董事認為該等減值因素可見未來依然存在，故可供出售金融資產獲全數減值。

於二零一一年九月，津西鋼鐵與第三方河北董氏實業集團有限公司（「董氏公司」）簽訂一份合作協議。根據此合作協議，自二零一一年九月起至二零一二年九月，津西鋼鐵授予董氏公司有關津金礦業的財務及經營決策的所有投票權。

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15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(continued)

The Group (continued)

- (ii) The addition of the Group's unlisted equity interest for the year ended 31 December 2011 amounted to RMB 45 million represents further investment in Caofeidian Port Company Limited. As at 31 December 2011, the investment in Caofeidian Port Company Limited amounts to RMB 95 million, representing 10% equity holding.

As the investment does not have any quoted market price in the active market, the range of reasonable fair value estimate is so significant and the probabilities of the various estimates cannot be reasonably assessed, the Directors are of the opinion that its fair values cannot be reliably measured. Therefore, this investment is stated at cost less impairment, if any.

- (iii) The Group's listed equity interest represented an investment in 600,000,000 ordinary shares, representing approximately 4.67% shareholding, of Asia Energy Logistics Group Limited, a company listed on the main board of The Stock Exchange of Hong Kong Limited.

The fair value of the listed equity interest was determined on the basis of its quoted market prices at the balance sheet date.

15. 可供出售金融資產(續)

本集團(續)

- (ii) 截至二零一一年十二月三十一日止年度，本集團新增未上市股權達人民幣4,500萬元，指對唐山市曹妃甸礦石碼頭有限公司的進一步投資。於二零一一年十二月三十一日，於唐山市曹妃甸礦石碼頭有限公司的投資額達人民幣9,500萬元，佔其10%股權。

由於該等投資於活躍市場並無任何市場報價，公允價值合理估計的範圍相當廣闊，而對各項估計的可能性無法合理作出評估，故董事認為其公允價值無法可靠計量。因此，該等投資按成本減減值列賬(如有)。

- (iii) 本集團的上市權益指投資600,000,000股普通股，佔亞洲能源物流集團有限公司(一間在香港聯合交易所有限公司主板上市的公司)約4.67%股權。

上市權益公允價值乃根據其於結算日的市場報價釐定。

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15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(continued)

The Company

15. 可供出售金融資產(續)

本公司

		2011 二零一一年	2010 二零一零年
Listed equity interest	上市權益	51,567	96,148
Less: provision for impairment	減：減值撥備	-	(36,128)
Add/(Less): fair value gains/(losses) transfer to/(from) equity	加/(減)：公允價值收益/(虧損)轉撥至/(自)權益	6,804	(8,453)
Net	淨值	58,371	51,567
Less: non-current portion of available-for-sale financial assets	減：可供出售金融資產的非流動部分	(58,371)	(51,567)
Current portion of available-for-sale financial assets	可供出售金融資產的流動部分	-	-

Notes to the Consolidated Financial Statements 合併財務報表附註

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

16. INVENTORIES – GROUP

Raw materials and materials in-transit 原材料及在途材料
Work-in-progress 在製品
Finished goods 製成品

16. 存貨—本集團

2011 二零一一年	2010 二零一零年
3,690,877	3,383,136
394,369	418,821
530,657	283,788
4,615,903	4,085,745

As at 31 December 2011, inventories with a net book value of RMB 61 million (2010: RMB 89 million) were pledged as security for the Group's notes payable and current borrowings (Notes 23 and 25).

於二零一一年十二月三十一日，已為本集團應付票據及流動借款而抵押的存貨的賬面淨值為人民幣6,100萬元(二零一零年：人民幣8,900萬元)(附註23及25)。

The cost of inventories recognised as expense amounted to RMB 35,995 million (2010: RMB 28,081 million).

已確認為開支的存貨成本為人民幣359.95億元(二零一零年：人民幣280.81億元)。

The Group recognised a loss of RMB 108 million (2010: nil) (Note 31) for the year ended 31 December 2011, in respect of the write-down of inventories to their net realisable values. These amounts have been included in "cost of sales" in the consolidated income statement.

本集團就撇減存貨為可變現淨值於截至二零一一年十二月三十一日止年度確認的虧損為人民幣1.08億元(二零一零年：零)(附註31)。該等金額已於合併利潤表的「銷售成本」內入賬。

17. TRADE AND NOTES RECEIVABLES

The Group

Accounts receivable 應收賬款
Less: impairment provision 減：應收賬款的減值撥備
for accounts receivable (Note 31) (附註31)
Accounts receivable-net 應收賬款—淨額
Notes receivable (a) 應收票據(a)

17. 應收貿易賬款及票據

本集團

2011 二零一一年	2010 二零一零年
399,788	76,882
(3,607)	—
396,181	76,882
3,830,658	3,447,559
4,226,839	3,524,441

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

17. TRADE AND NOTES RECEIVABLES (continued)

The Group (continued)

- (a) As at 31 December 2011, the notes receivable were all bank acceptance notes, of which approximately RMB 147 million (2010: RMB 55 million) were pledged as security for issuing notes payable (Note 23).

As at 31 December 2011, notes receivable of RMB 14 million were pledged as security for the Group's borrowings (2010: nil) (Note 25).

The settlement of the notes receivables were guaranteed by banks with maturity dates within six months and the credit risks in respect of the notes receivables are considered to be low.

As at 31 December 2011 and 2010, the carrying amount of the Group's trade and notes receivables approximated their fair value due to their short maturity.

The credit policy usually adopted by the Group for the sales of products to customers is to deliver goods either upon receipt in cash or upon receipt of bank acceptance notes with the maturity dates within six months.

As at 31 December 2011 and 2010, the ageing analysis of the gross amount of trade and notes receivables was as follows:

Within 3 months	3個月內
4-6 months	4至6個月
7-12 months	7至12個月

17. 應收貿易賬款及票據(續)

本集團(續)

- (a) 於二零一一年十二月三十一日，應收票據均為銀行承兌匯票，其中含有為開具應付票據而抵押的應收票據為約人民幣1.47億元(二零一零年：人民幣5,500萬元)(附註23)。

於二零一一年十二月三十一日，人民幣1,400萬元的應收票據已為本集團的借款而作出抵押(二零一零年：零)(附註25)。

應收票據的到期日在六個月以內，其結算由銀行擔保及信貸風險被視為較低。

於二零一一年及二零一零年十二月三十一日，因到期日短，本集團的應收貿易賬款及票據的賬面值近似其公允價值。

本集團執行的產品銷售信貸政策，通常為於收取現金或到期日在六個月以內的銀行承兌匯票時向客戶交付貨物。

於二零一一年及二零一零年十二月三十一日，應收貿易賬款及票據總額的賬齡分析如下：

	2011 二零一一年	2010 二零一零年
	2,293,212	3,167,223
	1,900,654	357,218
	36,580	-
	4,230,446	3,524,441

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17. TRADE AND NOTES RECEIVABLES (continued)

The Group (continued)

As at 31 December 2011, accounts receivable pledged by letters of credit issued by the third parties was RMB 40 million. (2010: nil).

As at 31 December 2011, trade receivables of RMB 345 million (2010: RMB 77 million) were past due but not impaired. These relate to a number of independent customers with no recent history of default. The Directors considered that trade receivables which are past due within three months are not impaired. The ageing analysis of these trade receivables was as follows:

Within 3 months	3個月內
-----------------	------

The carrying amounts of the Group's trade and notes receivables are denominated in the following currencies:

RMB	人民幣
US\$	美元

The Company

Accounts receivable from third party	應收第三方賬款
Accounts receivable from subsidiaries	應收附屬公司賬款

17. 應收貿易賬款及票據 (續)

本集團 (續)

於二零一一年十二月三十一日，為第三方開具的信用證作抵押的應收貿易賬款為約人民幣4,000萬元(二零一零年：零)。

於二零一一年十二月三十一日，已逾期但無減值的應收貿易賬款為人民幣3.45億元(二零一零年：人民幣7,700萬元)。該等款項涉及多個最近沒有拖欠還款記錄的獨立客戶。董事認為逾期不超過三個月的應收貿易賬款並未減值。該等應收貿易賬款的賬齡分析如下：

2011 二零一一年	2010 二零一零年
344,578	76,882

本集團應收貿易賬款及票據的賬面值乃以下列貨幣為單位：

2011 二零一一年	2010 二零一零年
3,992,912	3,523,412
237,534	1,029
4,230,446	3,524,441

本公司

2011 二零一一年	2010 二零一零年
195,068	—
3,115,600	2,411,390
3,310,668	2,411,390

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18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

Non-current

Prepayments for purchase of property, plant and equipment

Receivables for operating lease (a)

非流動

購買物業、廠房及設備的預付款項

經營租賃的應收款項(a)

Current

Prepayments for purchase of inventories

Deposits and other receivables (b)

Receivables for operating lease, current portion (a)

Less: Impairment provision of deposits and other receivables

流動

購買存貨的預付款項

按金及其他應收賬款(b)

經營租賃的應收款項，流動部分(a)

減：按金及其他應收賬款之減值撥備

18. 預付款項、按金及其他應收賬款

本集團

2011
二零一一年

2010
二零一零年

	436,818	264,663
	102,829	-
	539,647	264,663
	1,076,465	665,415
	907,876	253,862
	32,617	-
	(21,305)	(21,305)
	1,995,653	897,972
	2,535,300	1,162,635

As at 31 December 2011 and 2010, the carrying amount of the Group's deposits and other receivables approximated their fair value.

Impairment provision of deposits and other receivable represented a full provision of RMB 21 million for certain advance payments for mining rights of iron ore. As at 31 December 2011, the Directors concluded that there was significant uncertainty of obtaining the mining rights or recovering the advance payments.

(a) Pursuant to certain agreements entered into in 2011, Jinxi Limited paid the consideration of approximately RMB 228 million to obtain a 51% equity interest in each of Tangshan Fei Cheng Kuang Ye Limited, Qianxi County Xin Ye Machinery Casting Limited, Qianxi County Hong Yuan Trading Limited, Qianxi County Fu Cheng Trading Limited and Qianxi County Xin Cheng Trading Limited (the "Five Companies") and the mining rights of Qianxi Gaojiadian Iron Mine (the "Gao Jia Dian Mine").

於二零一一年及二零一零年十二月三十一日，本集團按金及其他應收賬款之賬面值近似其公允價值。

按金及其他應收賬款之減值撥備指就鐵礦的採礦權的若干預付款全數撥備人民幣2,100萬元。於二零一一年十二月三十一日，董事得出結論是獲取採礦權或收回預付款存在重大不明朗因素。

(a) 根據二零一一年訂立的若干協議，津西鋼鐵支付代價約人民幣2.28億元以取得唐山飛成礦業有限公司、遷西縣新冶機械鑄造有限公司、遷西縣宏遠貿易有限公司、遷西縣富成貿易有限公司和遷西縣鑫成貿易有限公司(「五大公司」)的51%股權及遷西高家店鐵礦(「高家店鐵礦」)的採礦權。

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18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

The Group (continued)

(a) (continued)

In January 2011, Jinxi Limited entered into a cooperation agreement with Mr. Wei, a third-party individual. Pursuant to the cooperation agreement, from 1 March 2011 to 28 February 2017 (the “Grant Period”), Jinxi Limited conveyed to Mr. Wei all the voting rights relating to the financial and operating policies of the Five Companies, Tangshan Jinxi Mining Company Limited (“Jinxi Mining”), a former subsidiary of Jinxi Limited, as well as the mining rights of Gao Jia Dian Mine.

Mr. Wei is exclusively entitled to the profit and net assets accumulated by the Five Companies, Jinxi Mining and the mining rights of Gao Jia Dian Mine during the Grant Period. As a return, Mr. Wei pays cash consideration of RMB 33 million annually during the Grant Period and a deposit of RMB 10 million, which will offset the last payment in 2017.

In the opinion of the Directors, the Group disposes its equity interest of Five Companies and mining rights of Gao Jia Dian Mine in return for a long-term receivable from Mr. Wei, which is recognised at the present value of total cash consideration amounted to approximately RMB 179 million as at 31 December 2011. The difference between the aforementioned payment and the present value of the total cash consideration is recognised as loss in “other (losses)/gains – net” in the consolidated income statement.

18. 預付款項、按金及其他應收賬款 (續)

本集團(續)

(a) (續)

於二零一一年一月，津西鋼鐵與第三方獨立人士魏先生訂立合作協議。根據合作協議，自二零一一年三月一日起至二零一七年二月二十八日止（「授予期間」），津西鋼鐵將五大公司、津西鋼鐵的前附屬公司唐山市津西礦業有限公司（「津西礦業」）的財務及經營決策的所有投票權及高家店鐵礦的採礦權授予魏先生。

於授予期間，魏先生獨家享有對五大公司、津西礦業及高家店鐵礦的採礦權所累積的溢利及淨資產。作為回報，魏先生於授予期間每年支付現金代價人民幣3,300萬元及按金人民幣1,000萬元（將用作於二零一七年抵銷最後付款）。

本公司董事認為，本集團出售其於五大公司的股權及高家店鐵礦的採礦權並交換向魏先生收取長期應收賬款，於二零一一年十二月三十一日按總現金代價現值確認為約人民幣1.79億元。上述付款與總現金代價現值的差額於合併利潤表的「其他(虧損)/收益-淨額」確認。

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18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

The Group (continued)

(a) (continued)

As at 31 December 2011, the Group has received the first payment of RMB 33 million and the deposit of RMB 10 million from Mr. Wei and has offset those against the carrying value of receivable for operating lease.

(b) Pursuant to an agreement entered into in July 2011, Tangshan Jinxi Iron and Steel Group Limited (“Tangshan Jinxi Group”) transferred 100% shares of Qianxi County Jinxi Wan Tong Ductile Iron Pipes Co., Ltd. (“Jinxi Wantong”) to Qianxi County Xin Dingda Commercial Co., Ltd. (“Qianxi Xin Dingda”), owned by a third-party (“Mr. Zhang”). The transfer was completed by 29 July 2011, and since then Jinxi Wantong is no longer the Group’s related party.

As at 31 December 2011, the receivables from Jinxi Wantong totalled RMB 486 million are secured by pledge of the fixed assets of Jinxi Wantong amounted to RMB 1,072 million, bore interest at a rate of 6.56% per annum, and repayable within one year.

The Company

Prepayments for purchase of inventories 購買存貨的預付款項
Deposits and other receivables 按金及其他應收賬款

18. 預付款項、按金及其他應收賬款 (續)

本集團(續)

(a) (續)

於二零一一年十二月三十一日，本集團已收取魏先生的第一筆付款人民幣3,300萬元及按金人民幣1,000萬元，並已抵銷經營租賃應收賬款的賬面值。

(b) 根據二零一一年七月訂立的一項協議，唐山津西鋼鐵集團有限公司(「唐山津西集團」)轉讓遷西縣津西萬通球墨鑄管有限公司(「津西萬通」)的全部股權予遷西縣鑫鼎達商貿有限公司(「鑫鼎達」)(由獨立第三方(「張先生」)擁有)。該轉讓於二零一一年七月二十九日完成，自彼時起津西萬通不再為本集團關聯方。

於二零一一年十二月三十一日應收津西萬通的賬款合共為人民幣4.86億元。該等賬款由津西萬通的固定資產人民幣10.72億元作為抵押。該等賬款按每年6.56%計息及一年內償還。

本公司

	2011 二零一一年	2010 二零一零年
	16,582	220
	69,196	47,127
	85,778	47,347

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19. LOAN RECEIVABLES – GROUP

Non-Current	非流動
Loan receivable (i)	應收貸款 (i)
Current	流動
Loan receivable (ii)	應收貸款 (ii)
Total Loan receivables	應收貸款合計總額

- (i) The loan receivable of RMB 300 million is secured by a pledge of certain property, plant and equipment, with interest at a rate of 12% per annum, and will be fully collected in July 2014.
- (ii) The loan receivable of RMB 20 million is unsecured, with interest at a rate of 12% per annum and will be fully collected within one year.

As at 31 December 2011 and 2010, the carrying amount of loan receivables approximated their fair value.

20. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES

The Group

Cash and cash equivalents	現金及現金等價物
Restricted bank balances	受限制銀行結餘

As at 31 December 2011, restricted bank balances were composed of the following items:

- (a) Restricted bank balances amounted to approximately RMB 164.5 million were pledged as security for issuing notes payable of the Group (2010: RMB 117.4 million) (Note 23).

19. 應收貸款—本集團

	2011 二零一一年	2010 二零一零年
	300,000	—
	20,000	20,000
	320,000	20,000

- (i) 人民幣3億元的應收貸款為由若干物業、廠房及設備作抵押，按年利率12%計息及將於二零一四年七月全數收回。
- (ii) 人民幣2,000萬元的應收貸款為無抵押，按年利率12%計息及將於一年內全數收回。

於二零一一年及二零一零年十二月三十一日，應收貸款的賬面值近似其公允價值。

20. 現金及現金等價物以及受限制銀行結餘

本集團

	2011 二零一一年	2010 二零一零年
	965,082	2,223,245
	891,396	159,945
	1,856,478	2,383,190

於二零一一年十二月三十一日，受限制銀行結餘包括下列各項：

- (a) 已為開具本集團應付票據而抵押的受限制銀行結餘約人民幣1.645億元(二零一零年：人民幣1.174億元)(附註23)。

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20. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES (continued)

The Group (continued)

- (b) Restricted bank balances amounted to approximately US\$ 19.76 million (RMB 124.4 million equivalent) and RMB 1.7 million were pledged as security for issuing letters of credit (2010: US\$ 4.2 million (RMB 27.6 million equivalent)).
- (c) Restricted bank balances amounted to approximately RMB 600.8 million were pledged as security for current borrowings of the Group (2010: RMB 14.9 million) (Note 25).

The carrying amounts of the cash and cash equivalents and restricted bank balances are denominated in the following currencies:

RMB	人民幣
US\$	美元
HK\$	港元

The Company

Cash and cash equivalents	現金及現金等價物
Restricted bank balances	受限制銀行結餘

As at 31 December 2011, restricted bank balances amounted to approximately US\$ 18 million (RMB 113.3 million equivalent) were pledged as security for issuing letters of credit (2010: US\$ 4.1 million (RMB 26.8 million equivalent)).

20. 現金及現金等價物以及受限制銀行結餘(續)

本集團(續)

- (b) 已為開具信用證而抵押的受限制銀行結餘約美元1,976萬元(相等於人民幣1.244億元)及人民幣170萬元(二零一零年:美元420萬元(相等於人民幣2,760萬元))。
- (c) 已為本集團流動借款而抵押的受限制銀行結餘約人民幣6.008億元(二零一零年:人民幣1,490萬元)(附註25)。

現金及現金等價物以及受限制銀行結餘的賬面值乃以下列貨幣為單位:

	2011 二零一一年	2010 二零一零年
RMB	1,420,848	1,336,132
US\$	433,355	1,043,143
HK\$	2,275	3,915
	1,856,478	2,383,190

本公司

	2011 二零一一年	2010 二零一零年
Cash and cash equivalents	172,641	1,339,605
Restricted bank balances	113,296	26,830
	285,937	1,366,435

於二零一一年十二月三十一日，已為開具信用證而抵押的受限制銀行結餘約美元1,800萬元(相等於人民幣1.133億元)(二零一零年:美元410萬元(相等於人民幣2,680萬元))。

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20. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES (continued)

The Company (continued)

The carrying amounts of the cash and cash equivalents and restricted bank balances are denominated in the following currencies:

		2011 二零一一年	2010 二零一零年
US\$	美元	283,045	1,022,350
HK\$	港元	2,265	3,904
RMB	人民幣	627	340,181
		285,937	1,366,435

21. SHARE CAPITAL AND PREMIUM – GROUP AND COMPANY

20. 現金及現金等價物以及受限制銀行結餘(續)

本公司(續)

現金及現金等價物以及受限制銀行結餘的賬面值均以下列貨幣為單位：

21. 股本及溢價—本集團及本公司

		Number of shares (thousands) 股份數目 (千股)	Ordinary shares 普通股	Share premium 股份溢價	Total 總計
At 1 January 2010	於二零一零年一月一日	2,929,200	311,669	2,189,695	2,501,364
Employee share option scheme: – issuance of shares (Note 22(c))	僱員購股權計劃： – 股份發行(附註22(c))	525	46	596	642
At 31 December 2010	於二零一零年十二月三十一日	2,929,725	311,715	2,190,291	2,502,006
At 31 December 2011	於二零一一年十二月三十一日	2,929,725	311,715	2,190,291	2,502,006

As at 31 December 2011 and 2010, the total number of authorised ordinary shares is 5,000,000,000 shares with a par value of HK\$ 0.1 per share.

As at 31 December 2011, the number of issued and fully paid ordinary shares is 2,929,725,000 shares (2010: 2,929,725,000 shares).

於二零一一年及二零一零年十二月三十一日，法定普通股總數為5,000,000,000股每股面值0.1港元的股份。

於二零一一年十二月三十一日，已發行及繳足普通股的股份數目為2,929,725,000股(二零一零年：2,929,725,000股)。

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

22. OTHER RESERVES – GROUP

22. 其他儲備 – 本集團

		Merger reserve	Capital surplus	Statutory reserve	Options	Available- for-sale financial assets	Total
		合併儲備 (a)	資本公積 (a)	法定儲備 (b)	購股權 (c)	可供出售 金融資產	總計
Balance at 1 January 2010	於二零一零年一月一日的結餘	(599)	19,144	977,808	187,384	8,453	1,192,190
Profit appropriation	溢利分配	-	-	27,140	-	-	27,140
Employee share option scheme	僱員購股權計劃						
- Value of employee service (Note 32)	- 僱員服務的價值 (附註 32)	-	-	-	67,552	-	67,552
Fair value losses on available-for-sale financial assets (Note 15)	可供出售金融資產的公允價值虧損 (附註 15)	-	-	-	-	(8,453)	(8,453)
Balance at 31 December 2010	於二零一零年十二月三十一日的結餘	(599)	19,144	1,004,948	254,936	-	1,278,429
Profit appropriation	溢利分配	-	-	31,792	-	-	31,792
Employee share option scheme	僱員購股權計劃						
- Value of employee service (Note 32)	- 僱員服務的價值 (附註 32)	-	-	-	53,262	-	53,262
Fair value gains on available-for-sale financial assets (Note 15)	可供出售金融資產的公允價值收益 (附註 15)	-	-	-	-	6,804	6,804
Balance at 31 December 2011	於二零一一年十二月三十一日的結餘	(599)	19,144	1,036,740	308,198	6,804	1,370,287

(a) Merger reserve

The merger reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries that had been acquired and the nominal value of the Company's shares issued in exchange therefore pursuant to the Reorganisation.

(a) 合併儲備

本集團的合併儲備指已收購附屬公司股份的面值與根據重組為有關收購而發行的本公司股份面值的差額。

Notes to the Consolidated Financial Statements 合併財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

22. OTHER RESERVES – GROUP (continued)

(b) Statutory reserve

(i) Statutory surplus reserves

In accordance with the PRC regulations and the Articles of the Association of certain subsidiaries of the Group registered in the PRC, before distributing the net profit of each year, these PRC subsidiaries are required to set aside 10% of their statutory net profit for the year after offsetting any prior year's losses as determined under the PRC accounting regulations to the statutory surplus reserve fund. When the balance of such reserve reaches 50% of the share capital, any further appropriation is optional. The statutory surplus reserve fund can be utilised to offset prior years' losses or to issue bonus shares. However, such statutory surplus reserve fund must be maintained at a minimum of 25% of the entity's share capital after such issuance.

(ii) Discretionary reserves

The appropriation of discretionary reserve fund is proposed by Board of the PRC subsidiaries, and approved by the shareholder's meeting. The discretionary reserve fund can be utilised to offset prior years' losses or increase share capital.

22. 其他儲備—本集團(續)

(b) 法定儲備

(i) 法定盈餘儲備

根據中國法規及本集團內在中國註冊的若干附屬公司的組織章程，每年分派淨溢利前，該等中國附屬公司根據中國會計準則規定抵銷去年的虧損後，須撥其年度法定淨溢利的10%至法定盈餘儲備，直至該儲備達至其股本的50%為止，可選擇繼續或者停止該等撥備。法定盈餘儲備可用作抵銷往年的虧損或發行紅股。然而，該法定盈餘儲備必須於發行後維持該公司股本的最少25%。

(ii) 任意儲備

任意儲備的分配乃由中國附屬公司的董事局建議，並須獲股東大會的批准。任意儲備可用作抵銷過往年度的虧損或用作增加股本。

Notes to the Consolidated Financial Statements 合併財務報表附註

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

22. OTHER RESERVES – GROUP (continued)

(c) Employee share option scheme

As approved by the Company's Board meeting, certain share options were granted to selected directors and employees on 30 June 2006 and 26 October 2007 ("Date of Grant"), in an aggregate of 24,200,000 shares and 89,700,000 shares respectively. The options are exercisable at any time during the period no later than ten years from the Date of Grant at the exercise prices of HK\$ 1.76 and HK\$ 5.24 per share respectively. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

As approved by the Company's Board meeting, certain share options were granted to selected directors and employees on 24 February 2009, 11 May 2009 and 29 December 2009, in an aggregate of 21,200,000 shares, 6,600,000 shares and 148,780,000 shares at an exercise price of HK\$ 1.39 per share, HK\$ 1.50 per share and HK\$ 2.84 per share respectively. These options are exercisable during several periods. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

As approved by the Company's Board meeting, certain share options were granted to selected directors and employees on 20 December 2010 and 24 December 2010, in an aggregate of 6,000,000 shares, and 47,100,000 shares at an exercise price of HK\$ 3.00 per share and HK\$ 3.182 per share respectively. These options are exercisable during several periods. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

22. 其他儲備－本集團(續)

(c) 僱員購股權計劃

經本公司董事局會議批准後，經挑選董事及僱員已於二零零六年六月三十日及二零零七年十月二十六日(「授出日期」)獲授予若干購股權，分別涉及合共24,200,000股股份及89,700,000股股份。購股權可於授出日期起計不遲於十年期間內隨時予以行使，行使價分別為每股股份1.76港元及5.24港元。本集團並無以現金購回或結算購股權的法定或推定責任。

經本公司董事局會議批准後，經挑選董事及僱員已於二零零九年二月二十四日、二零零九年五月十一日及二零零九年十二月二十九日獲授予若干購股權，涉及合共21,200,000股股份，6,600,000股股份及148,780,000股股份，行使價分別為每股1.39港元，每股1.50港元及每股2.84港元。該等購股權於若干期間均可予以行使。本集團並無以現金購回或結算購股權的法定或推定責任。

經本公司董事局會議批准後，經挑選董事及僱員已於二零一零年十二月二十日及二零一零年十二月二十四日獲授予若干購股權，涉及合共6,000,000股股份及47,100,000股股份，行使價分別為每股3.00港元及每股3.182港元。該等購股權於若干期間均可予以行使。本集團並無以現金購回或結算購股權的法定或推定責任。

Notes to the Consolidated Financial Statements 合併財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

22. OTHER RESERVES – GROUP (continued)

(c) Employee share option scheme (continued)

All relevant directors and employees have accepted the share options above.

As approved by the Company's Board meeting, share options were granted to an employee on 14 January 2011 ("Scheme A"), in an aggregate of 800,000 shares at the exercise prices of HK\$ 3.20 per share. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The options are exercisable during the following periods:

- (i) up to 33% of the options on or after 14 January 2011;
- (ii) up to further 66% of the options on or after 14 January 2012;
- (iii) all the remaining options on or after 14 January 2013;

and in each case, not later than 13 January 2021.

In January 2011, the employee has accepted the share options.

22. 其他儲備－本集團(續)

(c) 僱員購股權計劃(續)

全體相關董事及僱員均接納上述購股權。

經本公司董事局會議批准，於二零一一年一月十四日向一名僱員授出合共800,000股股份的購股權(「計劃A」)，行使價格為每股3.20港元。本集團並無以現金購回或結算購股權的法定或推定責任。購股權可於下列期間內予以行使：

- (i) 於二零一一年一月十四日或之後行使最多33%的購股權；
- (ii) 於二零一二年一月十四日或之後行使最多額外66%的購股權；
- (iii) 於二零一三年一月十四日或之後行使所有餘下購股權；

於任何情況下，不得遲於二零一一年一月十三日。

於二零一一年一月，該僱員已接納購股權。

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

22. OTHER RESERVES – GROUP (continued)

(c) Employee share option scheme (continued)

As approved by the Company's Special General Meeting, share options were granted to a director on 27 April 2011 ("Scheme B"), in an aggregate of 9,800,000 shares at the exercise prices of HK\$ 3.08 per share. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The options are exercisable during the following periods:

- (i) up to 33% of the options on or after 27 April 2011;
- (ii) up to further 66% of the options on or after 27 April 2012;
- (iii) all the remaining options on or after 27 April 2013;

and in each case, not later than 27 March 2021.

In April 2011, the director has accepted the share options.

The fair value of options granted during the year ended 31 December 2011 were determined by using the Binomial valuation model, and the significant inputs into the model were as follows:

Scheme	計劃	A	B
Share price at the grant date (HK\$)	授出日期股份價格(港元)	3.20	3.08
Volatility	波幅	54.968%	55.841%
Expected dividends paid out rate	預計派息率	3.34%	3.47%
Annual risk-free interest rate	年度無風險利率	2.722%	2.730%
Fair value in HK\$ (million)	以(百萬)港元為單位的公允價值	1.140	13.459
RMB equivalent (million)	人民幣等值(百萬)	0.966	11.273

22. 其他儲備－本集團(續)

(c) 僱員購股權計劃(續)

經本公司特別股東大會批准後，一名董事已於二零一一年四月二十七日獲授予若干購股權(「計劃B」)，涉及合共9,800,000股股份，行使價為每股3.08港元。本集團並無以現金購回或結算購股權的法定或推定責任。購股權可於以下期間內予以行使：

- (i) 於二零一一年四月二十七日或之後行使最多33%的購股權；
- (ii) 於二零一二年四月二十七日或之後行使最多額外66%的購股權；
- (iii) 於二零一三年四月二十七日或之後行使所有餘下購股權；

於任何情況下，不得遲於二零一一年三月二十七日。

於二零一一年四月，該董事已接納購股權。

於截至二零一一年十二月三十一日止年度授出購股權的公允價值乃採用二項式估值模式而釐定，及輸入該模式的主要參數如下：

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

22. OTHER RESERVES – GROUP (continued)

(c) Employee share option scheme (continued)

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of the Company and other comparable companies over the last 411 weeks and 425 weeks respectively. See Note 32 for the total expense recognised in the consolidated income statement for share options granted to the directors, employees and eligible persons.

Movements in the number of share options outstanding and their related weighted average exercise prices were as follows:

		2011		2010	
		二零一一年		二零一零年	
		Average exercise price per share in HK\$	Number of options (thousands)	Average exercise price per share in HK\$	Number of options (thousands)
		每股股份的平均行使價 (港元)	購股權數目 (千份)	每股股份的平均行使價 (港元)	購股權數目 (千份)
At 1 January	於一月一日	2.74	222,250	2.62	176,580
Granted	已授出	3.09	10,600	3.16	53,100
Exercised	已行使	–	–	1.39	(525)
Lapsed	已失效	2.82	(2,700)	2.80	(6,905)
At 31 December	於十二月三十一日	2.76	230,150	2.74	222,250

22. 其他儲備—本集團(續)

(c) 僱員購股權計劃(續)

按照預計股價回報的標準偏差所計算的波幅，乃根據本公司及其他可比較公司於過去411個星期及425個星期的每日股價的統計數字分析計算而得。有關董事、僱員及合資格人士獲授的購股權於合併利潤表確認的總開支，請參閱附註32。

尚未行使的購股權數目及其相關加權平均行使價的變動如下：

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

22. OTHER RESERVES – GROUP (continued)

(c) Employee share option scheme (continued)

Share options outstanding at 31 December 2011 and 2010 have the following expiry date and exercise prices as follows:

Expiry date 屆滿日期		Exercise price 行使價 HK\$ per share 每股港元	Number of options (thousands) 購股權數目(千份)	
			2011 二零一一年	2010 二零一零年
23 February 2019	二零一九年二月二十三日	1.39	20,500	20,500
10 May 2019	二零一九年五月十日	1.50	6,100	6,600
28 December 2019	二零一九年十二月二十八日	2.84	141,650	142,050
16 May 2016	二零一六年五月十六日	3.00	6,000	6,000
19 December 2020	二零二零年十二月十九日	3.18	45,300	47,100
13 January 2021	二零二一年一月十三日	3.20	800	–
27 March 2021	二零二一年三月二十七日	3.08	9,800	–
			230,150	222,250

22. 其他儲備－本集團(續)

(c) 僱員購股權計劃(續)

於二零一一年及二零一零年十二月三十一日尚未行使的購股權的屆滿日期及行使價如下：

23. TRADE PAYABLES

The Group

		2011 二零一一年	2010 二零一零年
Accounts payable	應付賬款	1,734,258	1,433,538
Notes payable (a)	應付票據(a)	371,842	249,192
		2,106,100	1,682,730

23. 應付貿易賬款

本集團

		2011 二零一一年	2010 二零一零年
Accounts payable	應付賬款	1,734,258	1,433,538
Notes payable (a)	應付票據(a)	371,842	249,192
		2,106,100	1,682,730

Notes to the Consolidated Financial Statements 合併財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

23. TRADE PAYABLES (continued)

The Group (continued)

- (a) As at 31 December 2011, all notes payable represented bank acceptance notes, of which RMB 147 million (2010: RMB 45 million) were secured by certain notes receivable (Note 17), RMB 195 million (2010: RMB 145 million) were secured by certain restricted bank balances (Note 20), and RMB 30 million (2010: RMB 59 million) were secured by certain inventories (Noted 16) and certain restricted bank balances (Note 20).

As at 31 December 2011 and 2010, the ageing analysis of the trade payables was as follows:

		2011 二零一一年	2010 二零一零年
Within 3 months	3個月內	1,783,488	1,171,324
4-6 months	4至6個月	245,285	447,400
7-9 months	7至9個月	17,620	33,400
10-12 months	10至12個月	10,465	5,893
Over 1 year	1年以上	49,242	24,713
		2,106,100	1,682,730

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

		2011 二零一一年	2010 二零一零年
RMB	人民幣	1,982,992	1,487,562
US\$	美元	123,108	195,168
		2,106,100	1,682,730

23. 應付貿易賬款(續)

本集團(續)

- (a) 於二零一一年十二月三十一日，所有應付票據為銀行承兌匯票，其中包括以若干應收票據(附註17)為抵押的人民幣1.47億元(二零一零年：人民幣4,500萬元)的銀行承兌匯票、以若干受限制銀行結餘(附註20)為抵押的人民幣1.95億元(二零一零年：人民幣1.45億元)的銀行承兌匯票，以及以若干存貨(附註16)和若干受限制銀行結餘(附註20)為抵押的人民幣3,000萬元(二零一零年：人民幣5,900萬元)的銀行承兌匯票。

於二零一一年及二零一零年十二月三十一日，應付貿易賬款的賬齡分析如下：

	2011 二零一一年	2010 二零一零年
3個月內	1,783,488	1,171,324
4至6個月	245,285	447,400
7至9個月	17,620	33,400
10至12個月	10,465	5,893
1年以上	49,242	24,713
	2,106,100	1,682,730

本集團應付貿易賬款的賬面值乃以下列貨幣為單位：

	2011 二零一一年	2010 二零一零年
人民幣	1,982,992	1,487,562
美元	123,108	195,168
	2,106,100	1,682,730

Notes to the Consolidated Financial Statements 合併財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

23. TRADE PAYABLES (continued)

The Company

Accounts payable

As at 31 December 2011 and 2010, the ageing analysis of the trade payables was as follows:

Within 3 months

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

US\$

應付款項

3個月內

美元

23. 應付貿易賬款 (續)

本公司

2011 二零一一年	2010 二零一零年
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58,854	164,862
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於二零一一年及二零一零年十二月三十一日，應付貿易賬款的賬齡分析如下：

2011 二零一一年	2010 二零一零年
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58,854	164,862
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本公司應付貿易賬款的賬面值乃以下列貨幣為單位：

2011 二零一一年	2010 二零一零年
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58,854	164,862
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Notes to the Consolidated Financial Statements 合併財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

24. ACCRUALS, ADVANCES FROM CUSTOMERS AND OTHER CURRENT LIABILITIES – GROUP

Accruals	預提費用
Advances from customers	預收客戶款項
Value-added tax payable	應付增值稅
Other taxes payables	其他應付稅項
Other payables (a)	其他應付賬款(a)

24. 預提費用、預收客戶款項及其他流動負債 – 本集團

2011	2010
二零一一年	二零一零年
377,287	396,961
1,971,855	1,914,673
116,876	84,739
41,725	13,546
580,219	627,533
3,087,962	3,037,452

(a) The breakdown of other payables as at 31 December 2011 and 2010 were as follows:

(a) 於二零一一年及二零一零年十二月三十一日的其他應付賬款分類如下：

Pension payables and other social welfare payables	應付退休金及其他應付社會福利
Payables for purchase of property, plant and equipment	購買物業、廠房及設備的應付賬款
Customer deposits	客戶按金
Employee deposits	僱員按金
Salary payables	應付薪金
Others	其他

2011	2010
二零一一年	二零一零年
55,048	57,785
161,235	268,155
186,677	175,116
20,521	29,480
67,741	37,679
88,997	59,318
580,219	627,533

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

25. BORROWINGS (continued)

The Group (continued)

(i) (continued)

As at 31 December 2011, secured borrowings amounted to RMB 27 million, out of the total secured borrowings of RMB 651 million, were secured by certain restricted bank balances (Note 20) and notes receivable (Note 17) of the Group.

As at 31 December 2010, secured borrowings amounted to RMB 38 million, out of total secured borrowings amounted to RMB 166 million, were secured by certain property, plant and equipment (Note 7) of the Group.

As at 31 December 2010, secured borrowings amounted to RMB 9 million, out of the total secured borrowings of RMB 166 million, were secured by certain restricted bank balances (Note 20) of the Group.

As at 31 December 2010, secured borrowings amounted to RMB 19 million, out of the total secured borrowings of RMB 166 million, were secured by certain inventories (Note 16) of the Group.

As at 31 December 2010, other than the secured borrowings described above, current secured borrowings amounted to RMB 100 million were secured by certain property, plant and equipment (Note 7), certain leasehold land and land use rights (Note 6) and a guarantee by Foshan Jin Lan Aluminum Company Limited ("Foshan Jin Lan") pursuant to an agreement dated 12 September 2008. In accordance with the guarantee contract, Foshan Jin Lan granted a guarantee in favour of Jinxi Jinlan for bank borrowing facilities amounted to RMB 150 million.

25. 借款(續)

本集團(續)

(i) (續)

於二零一一年十二月三十一日，已抵押借款總額人民幣6.51億元中，其中人民幣2,700萬元的已抵押借款以本集團的若干受限制銀行結餘(附註20)及應收票據(附註17)為抵押。

於二零一零年十二月三十一日，已抵押借款總額人民幣1.66億元中，其中人民幣3,800萬元的已抵押借款以本集團的若干物業、廠房及設備(附註7)為抵押。

於二零一零年十二月三十一日，已抵押借款總額人民幣1.66億元中，其中人民幣900萬元的已抵押借款以本集團的若干受限制銀行結餘(附註20)為抵押。

於二零一零年十二月三十一日，已抵押借款總額人民幣1.66億元中，其中人民幣1,900萬元的已抵押借款以本集團若干存貨(附註16)為抵押。

於二零一零年十二月三十一日，除上文所披露的已抵押借款外，已抵押流動借款人民幣1.00億元以若干物業、廠房及設備(附註7)、若干租賃土地及土地使用權(附註6)為抵押，並由佛山金蘭鋁廠有限公司(「佛山金蘭」)根據日期為二零零八年九月十二日之協議出具擔保。根據擔保合約，佛山金蘭就人民幣1.50億元的銀行借款額度為津西金蘭出具擔保。

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

25. BORROWINGS (continued)

The Group (continued)

- (ii) Other unsecured borrowing represented a borrowing from a local county government amounted to RMB 65 million which has no fixed term of repayment. Interest is charged at the RMB bank deposit rate for 1 year fixed deposit.
- (iii) On 18 August 2010, the Group issued US\$ 550 million Senior Notes, which bears interest at 8% per annum and payable semi-annually, to finance its potential acquisitions and investments, capital expenditure projects and working capital requirements. The principal of these Senior Notes is wholly repayable on 18 August 2015.

On 17 November 2010, the Group issued US\$ 300 million Senior Notes, which bears interest at 7% per annum and payable semi-annually, to refinance its outstanding short-term debts. The principal of these Senior Notes is wholly repayable on 17 November 2017.

On 12 August 2010, Eastland International Trading Limited ("Eastland"), a company incorporated in BVI and is wholly owned by Mr. Han Jingyuan, the Chairman and the Chief Executive Officer of the Company, subscribed for US\$ 21 million of the Senior Notes from the Initial Purchases through Credit Suisse Group AG. Subsequently Eastland sold US\$ 10 million of the Senior Notes on 15 October 2010 and on 8 July 2011 transferred US\$ 6.5 million of the Senior Notes to Wellbeing Holdings Limited ("Wellbeing"), which Mr. Han Jingyuan beneficially owned 63.15% of its issued capital. As a result, as at 31 December 2011, Eastland held US\$ 4.5 million of the Senior Notes.

25. 借款(續)

本集團(續)

- (ii) 其他無抵押借款指當地縣政府的借款人民幣6,500萬元，該筆借款無固定償還期。利息開支按銀行人民幣一年期定期存款利率計算。
- (iii) 於二零一零年八月十八日，本集團發行5.50億美元的優先票據，以年利率8%計息及每半年結息償還，以資助其潛在收購及投資、資本支出項目及營運資金需求。該等優先票據的本金須於二零一五年八月十八日全數償還。

於二零一零年十一月十七日，本集團發行3.00億美元的優先票據，以年利率7%計息及每半年結息償還，以資助其償付尚未償還的短期債務。該等優先票據的本金須於二零一七年十一月十七日全數償還。

於二零一零年八月十二日，Eastland International Trading Limited(「Eastland」，於英屬維爾京群島註冊成立並由本公司董事局主席兼首席執行官韓敬遠先生全資擁有的公司)透過Credit Suisse Group AG.在首期購買中認購2,100萬美元優先票據，隨後於二零一零年十月十五日出售1,000萬美元優先票據及於二零一一年七月八日轉讓650萬美元優先票據予Wellbeing Holdings Limited(「Wellbeing」)(韓敬遠先生實益擁有63.15%股權)。因此，於二零一一年十二月三十一日，Eastland持有450萬美元優先票據。

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

25. BORROWINGS (continued)

The Group (continued)

Wellbeing acquired US\$ 6.5 million of the Senior Notes from Eastland on 11 July 2011 and further acquired US\$ 2 million and US\$ 6 million of the Senior Notes on 22 September 2011 and 15 November 2011 respectively. As a result, as at 31 December 2011, Wellbeing held US\$ 14.5 million of the Senior Notes.

On 22 September 2011 and 3 November 2011, Mr. Han Jingyuan personally acquired US\$ 2 million and US\$ 5 million of the Senior Notes respectively. As a result, as at 31 December 2011, Mr. Han Jingyuan personally held US\$ 7 million of the Senior Notes.

As at 31 December 2011 and 2010, the Group's borrowings were repayable as follows:

25. 借款(續)

本集團(續)

於二零一一年七月十一日，Wellbeing從Eastland購入650萬美元優先票據。而於二零一一年九月二十二日及二零一一年十一月十五日，Wellbeing分別再購入200萬美元及600萬美元優先票據。因此，於二零一一年十二月三十一日，Wellbeing持有1,450萬美元優先票據。

於二零一一年九月二十二日及二零一一年十一月三日，韓敬遠先生以其個人名義分別購入200萬美元及500萬美元優先票據。因此，於二零一一年十二月三十一日，韓敬遠先生以其個人名義持有700萬美元優先票據。

於二零一一年及二零一零年十二月三十一日，本集團的借款到期期限如下：

	Bank borrowings 銀行借款		Other borrowings and Senior Notes 其他借款及優先票據	
	2011 二零一一年	2010 二零一零年	2011 二零一一年	2010 二零一零年
Within 1 year 1年內	2,087,422	680,249	65,000	—
Between 1 and 2 years 1至2年	65,000	182,000	—	20,000
Between 2 and 5 years 2至5年	—	—	3,421,795	3,623,745
Over 5 years 5年以上	—	—	1,874,167	1,965,285
	2,152,422	862,249	5,360,962	5,609,030

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25. BORROWINGS (continued)

The Group (continued)

The effective interest rates at the balance sheet date were as follows:

		2011 二零一一年			2010 二零一零年		
		RMB 人民幣	HK\$ 港元	US\$ 美元	RMB 人民幣	HK\$ 港元	US\$ 美元
Bank borrowings	銀行借款	5.99-8.56%	2.18%	1.71-4.85%	4.86-12.00%	-	-
Other borrowings	其他借款	3.50%	-	-	2.25%	-	-
Senior Notes	優先票據	-	-	7.00-8.00%	-	-	7.00-8.00%

The carrying amounts of current borrowings approximate their fair values.

The carrying amounts and fair value of the non-current bank borrowings, other borrowings and Senior Notes are as follows:

		Carrying amounts 賬面值		Fair value 公允價值	
		2011 二零一一年	2010 二零一零年	2011 二零一一年	2010 二零一零年
Bank borrowings	銀行借款	65,000	182,000	57,719	179,568
Other borrowings	其他借款	-	65,000	-	59,721
Senior Notes	優先票據	5,295,962	5,544,030	4,465,161	5,544,030
		5,360,962	5,791,030	4,522,880	5,783,319

The fair values of current borrowings approximated their carrying amount, as the impact of discounting is not significant. The fair values of non-current bank borrowings and other borrowings are based on discounted cash flow approach using the prevailing market rates of interest available to the Group for financial institution with substantially the same terms and characteristics at the respective balance sheet dates. The fair values of Senior Notes are based on quoted market price.

25. 借款(續)

本集團(續)

於結算日的實際利率如下：

		2011 二零一一年			2010 二零一零年		
		RMB 人民幣	HK\$ 港元	US\$ 美元	RMB 人民幣	HK\$ 港元	US\$ 美元
Bank borrowings	銀行借款	5.99-8.56%	2.18%	1.71-4.85%	4.86-12.00%	-	-
Other borrowings	其他借款	3.50%	-	-	2.25%	-	-
Senior Notes	優先票據	-	-	7.00-8.00%	-	-	7.00-8.00%

流動借款的賬面值近似其公允價值。

非流動銀行借款、其他借款及優先票據的賬面值及公允價值如下：

		Carrying amounts 賬面值		Fair value 公允價值	
		2011 二零一一年	2010 二零一零年	2011 二零一一年	2010 二零一零年
Bank borrowings	銀行借款	65,000	182,000	57,719	179,568
Other borrowings	其他借款	-	65,000	-	59,721
Senior Notes	優先票據	5,295,962	5,544,030	4,465,161	5,544,030
		5,360,962	5,791,030	4,522,880	5,783,319

因為折現影響不大，流動借款的公允價值近似於其賬面值。非流動銀行借款及其他借款的公允價值使用本集團於各結算日條款及特徵大體相同的金融機構的現行市場利率按現金流量法折現處理。優先票據的公允價值根據市場報價列賬。

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25. BORROWINGS (continued)

The Group (continued)

As at 31 December 2011, the carrying amount of the borrowings amounted to RMB 6,751 million and RMB 251 million are denominated in US\$ and HK\$ respectively, the remaining are denominated in RMB.

As at 31 December 2010, the carrying amount of the borrowings amounted to RMB 5,544 million is denominated in US\$, the remaining are denominated in RMB.

The exposure of the Group's bank borrowings to interest-rate changes and the contractual repricing dates are as follows:

		2011 二零一一年	2010 二零一零年
6 months or less	6個月內	1,477,082	670,949
6-12 months	6至12個月	675,340	191,300
		2,152,422	862,249

The Company

Non-current

Senior Notes

非流動

優先票據

2011 二零一一年	2010 二零一零年
5,295,962	5,544,030

Current

Bank borrowings –

Secured

Unsecured

流動

銀行借款 –

已抵押

無抵押

422,340	–
620,247	–
1,042,587	–

6,338,549	5,544,030
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Total borrowings

總借款

The carrying amounts of current borrowings approximate their fair values.

流動借款的賬面值近似其公允價值。

25. 借款(續)

本集團(續)

於二零一一年十二月三十一日，其中人民幣67.51億元及2.51億元借款之賬面值乃分別以美元及港元計值，剩餘部分乃以人民幣計值。

於二零一零年十二月三十一日，其中人民幣55.44億元借款之賬面值乃以美元計值，剩餘部分乃以人民幣計值。

本集團銀行借款承擔利率變動風險及合約重新定價日期如下：

		2011 二零一一年	2010 二零一零年
6 months or less	6個月內	1,477,082	670,949
6-12 months	6至12個月	675,340	191,300
		2,152,422	862,249

本公司

2011 二零一一年	2010 二零一零年
5,295,962	5,544,030

422,340	–
620,247	–
1,042,587	–

6,338,549	5,544,030
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1,042,587	–
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6,338,549	5,544,030
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Notes to the Consolidated Financial Statements 合併財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

25. BORROWINGS (continued)

The Company (continued)

The carrying amounts and fair value of the Senior Notes are as follows:

25. 借款(續)

本公司(續)

優先票據的賬面值與公允價值如下：

		Carrying amounts		Fair value	
		賬面值		公允價值	
		2011	2010	2011	2010
		二零一一年	二零一零年	二零一一年	二零一零年
Senior Notes	優先票據	5,295,962	5,544,030	4,465,161	5,544,030

The fair values of Senior Notes are based on quoted market price.

As at 31 December 2011, the Company's Senior Notes are denominated in US\$.

As at 31 December 2011, the carrying amount of the bank borrowings amounted to RMB 251million is denominated in HK\$, the remaining are denominated in US\$.

優先票據的公允價值根據市場報價列賬。

於二零一一年十二月三十一日，本公司的優先票據以美元計值。

於二零一一年十二月三十一日，為數人民幣2.51億元銀行借款之賬面值乃以港幣計值，其餘部分乃以美元計值。

26. OTHER LONG-TERM PAYABLES – GROUP

26. 其他長期應付款 – 本集團

		2011	2010
		二零一一年	二零一零年
Non-current	非流動		
Finance lease obligations (i)	融資租賃承擔 (i)	115,007	344,836
Other payable	其他應付賬款	18,510	–
		133,517	344,836
Current	流動		
Finance lease obligations (i)	融資租賃承擔 (i)	223,546	209,150
Total other long-term payables	其他長期應付款總額	357,063	553,986

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

26. OTHER LONG-TERM PAYABLES – GROUP (continued)

- (i) In July 2008, Jinxi Limited entered into an asset sale and leaseback agreement (the “Sale and Lease Agreement”) with certain financial institutions. The sales proceeds of the relevant property, plant and equipment were RMB 800 million. The lease term was 60 months and the lease payments were adjusted annually and reset according to the benchmark interest rate announced by the People’s Bank of China (the “PBOC”). Jinxi Limited was entitled to purchase the related asset at a cost of RMB 100 at the end of the lease.

In August 2008, Jinxi Limited entered into a guarantee agreement with another financial institution. Pursuant to the agreement, this financial institution granted a guarantee of RMB 800 million in favour of Jinxi Limited for the above finance lease arrangement.

As at 31 December 2011, total minimum lease payments under the finance lease based on the PBOC interest rate as at the balance sheet date and their present values were as follows:

		Present value of minimum lease payments	Interest expenses relating to future periods	Total minimum lease payments
		最低租賃 付款之現值	有關未來期間 之利息開支	最低租賃 付款總額
Within 1 year	1年內	223,546	37,697	261,243
Between 1 and 5 years	1至5年	115,007	7,327	122,334
		338,553	45,024	383,577

26. 其他長期應付款－本集團(續)

- (i) 於二零零八年七月，津西鋼鐵與若干金融機構訂立資產售後租回協議(「銷售及租賃協議」)。相關物業、廠房及設備之銷售所得款項為人民幣8.00億元。租期為六十個月，租賃付款每年會進行調整並根據中國人民銀行(「中國人民銀行」)所公佈之基準利率重新設定。於租期結束時，津西鋼鐵有權以成本人民幣100元購買相關資產。

於二零零八年八月，津西鋼鐵與另一家金融機構訂立一份擔保協議。根據該協議，該金融機構就上述融資租賃安排為津西鋼鐵出具人民幣8.00億元擔保。

於二零一一年十二月三十一日，按中國人民銀行於結算日利率計息之融資租賃之最低租賃付款總額及其現值如下：

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

26. OTHER LONG-TERM PAYABLES – GROUP (continued)

(i) (continued)

As at 31 December 2010, total minimum lease payments under the finance lease based on PBOC interest rate as at the balance sheet date and their present values were as follows:

		Present value of minimum lease payments 最低租賃 付款之現值	Interest expenses relating to future periods 有關未來期間 之利息開支	Total minimum lease payments 最低租賃 付款總額
Within 1 year	1年內	209,150	49,166	258,316
Between 1 and 5 years	1至5年	344,836	31,705	376,541
		553,986	80,871	634,857

The effective interest rate of the finance lease obligations of the Group is 11.84% (2010: 9.12%) per annum.

As at 31 December 2011, the fair value of the finance lease obligations approximated RMB 367 million (2010: RMB 595 million). The fair values were based on discounted cash flow using average borrowing rates of 6.65% per annum (2010: 5.62%).

26. 其他長期應付款－本集團(續)

(i) (續)

於二零一零年十二月三十一日，按中國人民銀行於結算日利率計息之融資租賃之最低租賃付款總額及其現值如下：

本集團融資租賃承擔之實際年利率為11.84%(二零一零年：9.12%)。

於二零一一年十二月三十一日，融資租賃承擔之公允價值約人民幣3.67億元(二零一零年：人民幣5.95億元)。公允價值乃根據按平均借款年利率6.65%折現之現金流量計算(二零一零年：5.62%)。

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

27. DEFERRED REVENUE – GROUP

		Deferred government grant 遞延政府 補貼	Operating lease income 經營租賃 收入	Total 總計
At 1 January 2010	於二零一零年一月一日	10,500	30,756	41,256
Addition	添置	16,510	-	16,510
Credited to the consolidated income statement	於合併利潤表內記賬	-	(30,756)	(30,756)
At 31 December 2010	於二零一零年十二月三十一日	27,010	-	27,010
Addition	添置	11,010	-	11,010
At 31 December 2011	於二零一一年十二月三十一日	38,020	-	38,020

27. 遞延收入—本集團

28. DEFERRED INCOME TAX – GROUP

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to income taxed levied by the same taxation authority on either the taxable entity or different taxable entities where there is an interaction to settle the balances on a net basis. The offset amounts are as follows:

28. 遞延所得稅—本集團

當有將流動稅項資產與流動稅項負債抵銷之合法強制執行權，以及當遞延所得稅與同一稅務機關就該應課稅主體或不同應課稅主體徵收之所得稅有關，而有關方面擬按淨額基準繳納稅項時，遞延所得稅資產與負債將會抵銷。抵銷金額如下：

		2011 二零一一年	2010 二零一零年
Deferred tax assets:	遞延稅項資產：		
- Deferred tax asset to be recovered after more than 12 months	- 將於12個月後收回 的遞延稅項資產	69,112	56,836
- Deferred tax asset to be recovered within 12 months	- 將於12個月內收回 的遞延稅項資產	161,662	75,312
		230,774	132,148
Deferred tax liabilities:	遞延稅項負債：		
- Deferred tax liabilities to be settled within 12 months	- 將於12個月內支 銷的遞延稅項負債	(38,080)	(30,130)
Deferred tax assets-net	遞延稅項資產—淨額	192,694	102,018

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28. DEFERRED INCOME TAX – GROUP (continued)

The gross movement on the deferred income tax account is as follows:

		2011 二零一一年	2010 二零一零年
At 1 January	於一月一日	102,018	81,007
Credited to the consolidated income statement (Note 34 (a))	於合併利潤表記賬 (附註34(a))	97,833	21,011
Acquisition of a subsidiary (Note 39)	收購一間附屬公司(附註39)	(7,157)	-
At 31 December	於十二月三十一日	192,694	102,018

Deferred taxation is calculated on temporary differences under the liability method using the tax rate and the tax base that is consistent with the expected manner of recovery or settlement for the year ended 31 December 2011.

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

Deferred tax assets:

			Temporary difference arising from expense recognition	Impairment provision of assets	Unrealised gains on inventories	Total
		Tax losses	費用確認的 暫時性差異	資產減值 撥備	尚未變現 存貨收益	總計
At 1 January 2010	於二零一零年一月一日	-	45,478	54,268	11,494	111,240
Credited/(Charged) to the consolidated income statement	於合併利潤表記賬/(扣除)	-	26,223	-	(5,315)	20,908
At 31 December 2010	於二零一零年十二月三十一日	-	71,701	54,268	6,179	132,148
Credited to the consolidated income statement	於合併利潤表記賬	7,578	10,406	80,642	-	98,626
At 31 December 2011	於二零一一年十二月三十一日	7,578	82,107	134,910	6,179	230,774

28. 遞延所得稅—本集團(續)

遞延所得稅賬目的總變動如下：

遞延稅項採用負債法就暫時性差異按與截至二零一一年十二月三十一日止年度預期收回或結算方式一致的稅率及稅基計算。

年內遞延稅項資產及負債(沒有計入在同一徵稅區內抵銷的結餘)的變動如下：

遞延稅項資產：

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28. DEFERRED INCOME TAX – GROUP (continued)

The Directors are of opinion that the accumulated tax losses of RMB 113 million (2010: RMB 204 million) of a subsidiary are unlikely to be utilised before the losses expired. No deferred tax assets were recognised.

Deferred tax liabilities:

At 1 January 2010	於二零一零年一月一日
Charged to the consolidated income statement	於合併利潤表扣除
At 31 December 2010	於二零一零年十二月三十一日
Credit/(Charged) to the consolidated income statement	於合併利潤表記賬/(扣除)
Acquisition of a subsidiary (Note 39)	收購一間附屬公司(附註39)
At 31 December 2011	於二零一一年十二月三十一日

The amount of profits on which withholding tax liability has not been recognised at 31 December 2011 is RMB 3,618,639,000 (2010: RMB 2,200,850,000).

28. 遞延所得稅—本集團(續)

董事認為，一間附屬公司人民幣1.13億元(二零一零年：人民幣2.04億元)的累計稅項虧損於虧損屆滿前將不大可能被使用。並無確認遞延稅項資產。

遞延稅項負債：

Fair value	Capitalised	Total
Gains	interest	合計
公允價值收益	資本化利息	
–	(30,233)	(30,233)
–	103	103
–	(30,130)	(30,130)
358	(1,151)	(793)
(7,157)	–	(7,157)
(6,799)	(31,281)	(38,080)

於二零一一年十二月三十一日未確認預扣稅負債的溢利金額為人民幣3,618,639,000元(二零一零年：人民幣2,200,850,000元)。

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29. OTHER (LOSSES)/GAINS – NET – GROUP

29. 其他(虧損)/收益—淨額—本集團

		2011 二零一一年	2010 二零一零年
Other (losses)/gains – net:	其他(虧損)/收益—淨額：		
Sales of raw materials and by-products	出售原材料及副產品	119,624	82,716
Government grants	政府補貼	20,000	–
Impairment provision for property, plant and equipment (Note 7, 40)	物業、廠房及設備減值撥備(附註7、40)	(161,270)	–
Gain/(Loss) on disposal of property, plant and equipment (Note 40)	出售物業、廠房及設備的收益/(虧損)(附註40)	5,362	(4,358)
Gain on disposal of a subsidiary	出售一間附屬公司的收益	3,780	–
Loss on receivables for operating lease (Note 18(a))	經營租賃應收賬款的虧損(附註18(a))	(49,104)	–
Charitable donation	慈善捐款	(10,200)	(2,025)
Impairment provision for available-for-sale financial asset (Note 15)	可供出售金融資產減值撥備(附註15)	–	(36,128)
Foreign exchange loss (Note 35)	匯兌損失(附註35)	(11,188)	(16,795)
Others	其他	2,552	1,999
Total	合計	(80,444)	25,409

30. OTHER INCOME – GROUP

30. 其他收入—本集團

		2011 二零一一年	2010 二零一零年
Rental income arising from investment properties (Note 8)	投資物業所產生的租金收入(附註8)	1,748	1,309
Income from other operating leases	其他經營租賃之收入	18,790	56,825
Others	其他	6,180	5,649
Total	合計	26,718	63,783

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31. EXPENSES BY NATURE – GROUP

31. 按性質呈列的開支 – 本集團

		2011 二零一一年	2010 二零一零年
Employee benefit expense (Note 32)	僱員福利開支(附註32)	782,087	592,253
Changes in inventories of finished goods and work in progress	製成品及在製品的存貨變動	(229,620)	(2,860)
Raw materials used (Note 16)	所用原材料(附註16)	32,619,567	25,124,376
Utilities	能源	1,763,708	1,550,434
Amortisation of leasehold land and land use rights (Note 6)	租賃土地及土地使用權攤銷(附註6)	3,405	1,797
Depreciation of property, plant and equipment (Note 7)	物業、廠房及設備折舊(附註7)	892,093	892,035
Amortisation of intangible assets (Note 9)	無形資產攤銷(附註9)	18	13
Depreciation of investment properties (Note 8)	投資物業折舊(附註8)	805	806
Operating lease expenses in respect of land use rights	有關土地使用權的經營租賃費用	3,267	9,890
Impairment provision for accounts receivable (Note 17)	應收賬款減值撥備(附註17)	3,607	–
Write-down of inventories to net realisable value (Notes 16, 40)	存貨價值減值至可變現淨值(附註16、40)	108,439	–
Auditor's remuneration	核數師酬金		
Audit services	審核服務	4,800	4,400
Non-audit services	非審核服務		
– Audit services arising from issuance of Senior Notes	– 發行優先票據所引起的審核服務	–	1,000
– Interim review	– 中期審閱	100	200
– Taxation services	– 稅務服務	800	–
Total remuneration	酬金總和	5,700	5,600
Rental fee	租金費用	244,000	65,500
Others	其他	322,257	233,170
Total	合計	36,519,333	28,473,014

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32. EMPLOYEE BENEFIT EXPENSE – GROUP

32. 僱員福利開支—本集團

	2011 二零一一年	2010 二零一零年
Staff costs (including directors' emoluments) 僱員成本(包括董事酬金)		
– Salaries and welfare 一薪金及福利	615,679	444,297
– Pension costs-defined contribution plans (a) 一退休金成本—定額供款統籌退休金計劃(a)	113,146	80,404
– Share options granted to directors, eligible persons and employees (Note 22) 一授予董事、合資格人士及僱員購股權(附註22)	53,262	67,552
	782,087	592,253

(a) Pensions – defined contribution plans

The employees of the subsidiaries of the Group that are incorporated in the PRC participate in a defined contribution retirement benefit plan organised by the relevant provincial government. For the years ended 31 December 2011 and 2010, the Group is required to make monthly defined contributions to these plans at rates from 10% to 20%, with the base of their total salary subject to a certain ceiling.

The Group has no other obligations for the payment of retirement and other post-retirement benefits of employees or retirees other than the payments disclosed in the above note.

(a) 退休金—定額供款統籌退休金計劃

本集團於中國註冊成立的附屬公司的僱員參與有關省政府組織的統籌退休金供款福利計劃。截至二零一一年及二零一零年十二月三十一日止年度，本集團按僱員薪金總額10%至20%每月向該等計劃作出定額供款，惟受若干上限所限。

除以上附註所披露的款項外，本集團並無向僱員或退休人士支付退休金及給予其他退休後福利的其他責任。

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32. EMPLOYEE BENEFIT EXPENSE – GROUP (continued)

(b) Directors' and senior management's emoluments

The emoluments of every director for the years ended 31 December 2011 and 2010, on a named basis, are set out as below:

Name of director 董事姓名	Fees 袍金	Salaries and allowances 薪金及津貼	Bonus 花紅	Fair value of employee share options granted 已授出僱員購股權的公允價值	Pension costs – defined contribution plans 退休金成本 – 定額供款計劃	Total 總計
2011						
二零一一年						
Mr. Han Jingyuan (iii) 韓敬遠先生 (iii)	878	6,524	75	8,767	10	16,254
Mr. Zhu Jun 朱 軍先生	672	1,499	214	1,148	10	3,543
Mr. Liu Lei 劉 磊先生	452	1,196	15	1,148	10	2,821
Mr. Shen Xiaoling 沈曉玲先生	432	1,396	102	1,148	10	3,088
Mr. Zhu Hao 朱 浩先生	332	415	-	1,148	10	1,905
Mr. Muktesh Mukherjee Muktesh Mukherjee 先生	332	249	-	1,197	10	1,788
Mr. Ondra Otradovec Ondra Otradovec 先生	332	-	-	920	-	1,252
Mr. Jean-Paul Georges Schuler (i) Georges Schuler 先生 (i)	50	-	-	51	-	101
Mr. Wong Man Chung, Francis 黃文宗先生	332	-	-	1,013	-	1,345
Mr. Gao Qingju 高清舉先生	332	-	-	883	-	1,215
Mr. Yu Tung Ho 余統浩先生	332	-	-	883	-	1,215
Mr. Vijay Kumar Bhatnagar (ii) Vijay Kumar Bhatnagar 先生 (ii)	282	-	-	-	-	282
	4,758	11,279	406	18,306	60	34,809
2010						
二零一零年						
Mr. Han Jingyuan 韓敬遠先生	546	5,167	1,290	2,074	10	9,087
Mr. Zhu Jun 朱 軍先生	420	1,342	355	941	10	3,068
Mr. Liu Lei 劉 磊先生	260	1,092	293	941	10	2,596
Mr. Shen Xiaoling 沈曉玲先生	360	1,154	334	941	10	2,799
Mr. Zhu Hao 朱 浩先生	260	433	43	941	10	1,687
Mr. Muktesh Mukherjee Muktesh Mukherjee 先生	260	433	87	1,133	10	1,923
Mr. Ondra Otradovec Ondra Otradovec 先生	260	-	-	872	-	1,132
Mr. Jean-Paul Georges Schuler Jean-Paul Georges Schuler 先生	260	-	-	254	-	514
Mr. Wong Man Chung, Francis 黃文宗先生	260	-	43	817	-	1,120
Mr. Gao Qingju 高清舉先生	260	-	-	724	-	984
Mr. Yu Tung Ho 余統浩先生	303	-	-	724	-	1,027
	3,449	9,621	2,445	10,362	60	25,937

32. 僱員福利開支 – 本集團 (續)

(b) 董事及高級管理層酬金

截至二零一一年及二零一零年十二月三十一日止年度，各董事的酬金(以姓名為準)載列如下：

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32. EMPLOYEE BENEFIT EXPENSE – GROUP (continued)

(b) Directors' and senior management's emoluments (continued)

- (i) Resigned on 24 February 2011.
- (ii) Appointed on 24 February 2011.
- (iii) Mr. Han Jingyuan is also the Chief Executive Officer of the Company.

None of the directors waived or agreed to waive any remuneration during the years ended 31 December 2011 and 2010. The emoluments of the independent non-executive directors during the year are approximately RMB 3.8 million (2010: RMB 3.1 million).

(c) Five highest paid individuals

The five highest paid individuals consisted of:

Number of directors	董事人數
Number of employees	僱員人數

The five individuals whose emoluments were the highest in the Group for the year include four (2010: four) directors whose emoluments are reflected in the analysis presented above.

For the years ended 31 December 2011 and 2010, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as inducement to join or upon joining the Company or as compensation for loss of office.

32. 僱員福利開支—本集團(續)

(b) 董事及高級管理層酬金(續)

- (i) 於二零一一年二月二十四日辭任。
- (ii) 於二零一一年二月二十四日獲委任。
- (iii) 韓敬遠先生亦為本公司首席執行官。

截至二零一一年及二零一零年十二月三十一日止年度內，概無董事放棄或同意放棄任何酬金。年內，支付予獨立非執行董事的酬金約為人民幣380萬元(二零一零年：人民幣310萬元)。

(c) 五名最高薪酬人士

五名最高薪酬人士包括：

	2011 二零一一年	2010 二零一零年
Number of directors	4	4
Number of employees	1	1
	5	5

本年度本集團五位最高薪酬人士包括四位(二零一零年：四位)董事，其酬金已於上文的分析中呈列。

截至二零一一年及二零一零年十二月三十一日止年度內，本集團概無向任何董事或五位最高薪酬人士支付任何酬金，作為加入本公司或於加入本公司時的獎勵或作為離職補償。

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32. EMPLOYEE BENEFIT EXPENSE – GROUP (continued)

(c) Five highest paid individuals (continued)

The remuneration of the five highest paid individuals for the years ended 31 December 2011 and 2010 fell within the following bands:

RMB 1 to RMB 1,000,000 (approximately HK\$ 1 to HK\$ 1,233,502)	人民幣 1 元至 人民幣 1,000,000 元 (約 1 港元至 1,233,502 港元)	-	-
RMB 1,000,001 to RMB 2,000,000 (approximately HK\$ 1,233,503 to HK\$ 2,467,004)	人民幣 1,000,001 元至人民幣 2,000,000 元 (約 1,233,503 港元至 2,467,004 港元)	-	-
RMB 2,000,001 to RMB 3,000,000 (approximately HK\$ 2,467,005 to HK\$ 3,700,506)	人民幣 2,000,001 元至人民幣 3,000,000 元 (約 2,467,005 港元至 3,700,506 港元)	2	2
RMB 3,000,001 to RMB 4,000,000 (approximately HK\$ 3,700,507 to HK\$ 4,934,008)	人民幣 3,000,001 元至人民幣 4,000,000 元 (約 3,700,507 港元至 4,934,008 港元)	2	2
RMB 4,000,001 to RMB 5,000,000 (approximately HK\$ 4,934,009 to HK\$ 6,167,510)	人民幣 4,000,001 元至人民幣 5,000,000 元 (約 4,934,009 港元至 6,167,510 港元)	-	-
RMB 5,000,001 to RMB 6,000,000 (approximately HK\$ 6,167,511 to HK\$ 7,401,011)	人民幣 5,000,001 元至人民幣 6,000,000 元 (約 6,167,511 港元至 7,401,011 港元)	-	-
RMB 6,000,001 to RMB 7,000,000 (approximately HK\$ 7,401,012 to HK\$ 8,634,513)	人民幣 6,000,001 元至人民幣 7,000,000 元 (約 7,401,012 港元至 8,634,513 港元)	-	-
RMB 7,000,001 to RMB 8,000,000 (approximately HK\$ 8,634,514 to HK\$ 9,868,015)	人民幣 7,000,001 元至人民幣 8,000,000 元 (約 8,634,514 港元至 9,868,015 港元)	-	-
RMB 8,000,001 to RMB 9,000,000 (approximately HK\$ 9,868,016 to HK\$ 11,101,517)	人民幣 8,000,001 元至人民幣 9,000,000 元 (約 9,868,016 港元至 11,101,517 港元)	-	-
RMB 9,000,001 to RMB 10,000,000 (approximately HK\$ 11,101,518 to HK\$ 12,335,019)	人民幣 9,000,001 元至人民幣 10,000,000 元 (約 11,101,518 港元至 12,335,019 港元)	-	1
RMB 10,000,001 to RMB 15,000,000 (approximately HK\$ 12,335,020 to HK\$ 18,502,529)	人民幣 10,000,001 元至人民幣 15,000,000 元 (約 12,335,020 港元至 18,502,529 港元)	1	-

32. 僱員福利開支 – 本集團 (續)

(c) 五名最高薪酬人士 (續)

截至二零一一年及二零一零年十二月三十一日止年度內，五位最高薪酬人士的酬金介乎以下範圍：

Number of individuals 人數	
2011 二零一一年	2010 二零一零年

-	-
-	-
2	2
2	2
-	-
-	-
-	-
-	-
-	-
-	-
-	1
1	-

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33. FINANCE INCOME AND COSTS – GROUP

33. 財務收入及成本－本集團

		2011 二零一一年	2010 二零一零年
Interest expenses	利息費用		
– borrowings	– 借款	(509,702)	(247,091)
– discount of notes receivable	– 應收票據貼現	(499)	(7,886)
– finance lease liabilities	– 融資租賃負債	(35,847)	(52,881)
Net foreign exchange gains on borrowings (Note 35)	借款的匯兌淨收益 (附註35)	319,780	97,624
Finance costs	財務成本	(226,268)	(210,234)
Less: amounts capitalised on qualifying assets (Note 7)	減：合資格資產資本化 金額(附註7)	35,468	14,579
Total finance costs (Note 40)	財務成本總額(附註40)	(190,800)	(195,655)
Interest income on bank deposits	銀行存款的利息收入	16,505	18,396
Interest from other receivables	其他應收賬款的利息收入	59,755	34,145
Income from loan receivables	應收貸款的收入	20,638	4,508
Finance income (Note 40)	財務收入(附註40)	96,898	57,049
Finance costs – net	財務成本－淨額	(93,902)	(138,606)

34. INCOME TAX EXPENSE – GROUP

34. 所得稅費用－本集團

(a) Income tax expense represents:

(a) 所得稅費用包括：

		2011 二零一一年	2010 二零一零年
Current income tax	當期所得稅		
– PRC enterprise income tax (the “EIT”)	– 中國企業所得稅 (「中國企業所得稅」)	606,950	449,041
– Singapore profit tax	– 新加坡利得稅	4,906	–
		611,856	449,041
Deferred income tax (Note 28)	遞延所得稅(附註28)	(97,833)	(21,011)
		514,023	428,030

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34. INCOME TAX EXPENSE – GROUP (continued)

(a) Income tax expense represents: (continued)

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda and, accordingly, is exempted from payment of Bermuda income tax.

The subsidiaries directly held by the Company were incorporated in BVI with limited liability under the International Business Companies Act Chapter 291 and, accordingly, are exempted from payment of BVI income tax.

Hong Kong profits tax has been provided based on the statutory profit of subsidiaries incorporated or traded in Hong Kong in accordance with the Hong Kong tax laws and regulations, after adjustments on certain income and expense items, which are not assessable or deductible for profit tax purposes (2011 and 2010: nil).

China Oriental Singapore has been awarded the “Global Trader Programme” (“GTP”) status for 2 years 9 months with effect from 1 April 2011. Income from qualifying transactions will be taxed at the concessionary corporate tax rate of 10%, subject to China Oriental Singapore meeting certain terms and conditions as stated in the letter issued by International Enterprise Singapore.

The PRC EIT is calculated based on the statutory profit of subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations, after adjustments on certain income and expense items, which are not assessable or deductible for income tax purposes.

34. 所得稅費用—本集團(續)

(a) 所得稅費用包括：(續)

本公司根據百慕達一九八一年公司法在百慕達註冊成立為獲豁免有限責任公司，故獲豁免繳付百慕達所得稅。

本公司直接持有的附屬公司根據國際商業公司法第291章在英屬維爾京群島註冊成立為有限責任公司，故獲豁免繳付英屬維爾京群島所得稅。

香港利得稅乃基於在香港註冊成立或買賣的附屬公司的法定溢利，根據香港稅務法律及條例，於調整若干不須課稅或不可扣減所得稅的收入及開支項目後作出撥備(二零一一年及二零一零年：零)。

中國東方新加坡已獲得自二零一一年四月一日起生效的兩年九個月的「環球貿易計劃」(「環球貿易計劃」)，根據中國東方新加坡達到新加坡國際企業發展局發出的函件內所列的若干條款及條件，合資格的交易之收入將被列為特許企業稅率10%。

中國企業所得稅乃基於在中國註冊成立的附屬公司的法定溢利，根據中國稅務法律及條例，於調整若干不須課稅或不可扣減所得稅的收入及開支項目後計算。

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34. INCOME TAX EXPENSE – GROUP (continued)

(a) Income tax expense represents: (continued)

Effective from 1 January 2008, the subsidiaries incorporated in the PRC are required to determine and pay the EIT in accordance with the Corporate Income Tax Law of the PRC (the “New EIT Law”) as approved by the National People’s Congress on 16 March 2007 and the Detailed Implementation Regulations of the Corporate Income Tax Law (the “DIR”) as approved by the State Council on 6 December 2007. In accordance with the New EIT Law and DIR, the EIT rate applicable to the subsidiaries incorporated in the PRC will be 25% for those with original applicable EIT rates higher than 25%, or gradually increased to 25% in a 5-year period from 2008 to 2012 for those with original applicable EIT rates lower than 25%. The preferential policy of exemption or deduction shall be effective from 1 January 2008, even if the subsidiaries were still in a cumulative tax loss position.

Jinxi Jinlan was qualified as a foreign investment production enterprise and was established in a coastal economic development zone. Approved by local tax authority on 14 December 2007, Jinxi Jinlan was entitled to a two-year full exemption followed by a three-year 50% tax deduction, commencing from 1 January 2008. The effective tax rate of Jinxi Jinlan for the year ended 31 December 2011 was 12.5% (2010: 12.5%).

Shenzhen Leasing was qualified as a service industry enterprise and was established in a special economic zone. Approved by local tax authority on 14 September 2008, Shenzhen Leasing was entitled to a one-year full exemption followed by a two-year 50% tax deduction effective from 1 January 2008. Accordingly, the effective tax rate for the year ended 31 December 2011 was 24% (2010: 11%).

34. 所得稅費用—本集團(續)

(a) 所得稅費用包括：(續)

由二零零八年一月一日起，凡在中國註冊成立的附屬公司須按照二零零七年三月十六日全國人大會議批准的中國企業所得稅法(「新企業所得稅法」)及二零零七年十二月六日國務院批准的企業所得稅法實施細則(「實施細則」)，計算並繳納企業所得稅。依照新企業所得稅法及實施細則，在中國註冊成立的附屬公司如原先適用的企業所得稅稅率高於25%，則下調為25%；或如原先適用的企業所得稅稅率低於25%，則在二零零八年至二零一二年的五年期間內，逐步上調至25%。獲豁免或減免之優惠政策自二零零八年一月一日起生效，即使該等附屬公司仍處於累計稅項虧損狀況。

津西金蘭符合外商投資生產性企業的資格，並於沿海經濟開發區成立。經地方稅務局於二零零七年十二月十四日審批，津西金蘭自二零零八年一月一日起，享有兩年稅務豁免及其後三年50%稅務寬減。於截至二零一一年十二月三十一日止年度，其有效稅率為12.5%(二零一零：12.5%)。

深圳租賃符合服務性企業的資格，並於特別經濟區成立。經地方稅局於二零零八年九月十四日審批，深圳租賃自二零零八年一月一日起，享有一年稅務全額豁免及其後兩年50%稅務寬減。因此，於截至二零一一年十二月三十一日止年度，其有效稅率為24%(二零一零年：11%)。

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34. INCOME TAX EXPENSE – GROUP (continued)

(a) Income tax expense represents: (continued)

Other than above-mentioned entities, all other subsidiaries of the Group incorporated in PRC are subject to the tax rate of 25% in year 2011 (2010: 25%).

(b) The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the weighted average applicable tax rate of 24.27% (2010: 25.35%) to respective profits of the consolidated entities for the years ended 31 December 2011 and 2010 as follows:

34. 所得稅費用—本集團(續)

(a) 所得稅費用包括：(續)

除上述實體外，本集團所有其他於中國註冊成立的附屬公司於二零一一年及二零一零年的稅率為25%（二零一零年：25%）。

(b) 本集團除稅前溢利的稅項於截至二零一一年及二零一零年十二月三十一日止年度合併實體的溢利因採用所適用的加權平均稅率24.27%（二零一零年：25.35%）計算的理論總額的差異分別如下：

		2011 二零一一年	2010 二零一零年
Profit before taxation	除稅前溢利	1,931,812	1,613,481
Taxation calculated at statutory tax rate	按法定稅率計算的稅項	468,856	408,946
Effect of preferential tax rate of subsidiaries	附屬公司優惠稅率的影響	(203)	(5,507)
Tax losses for which no deferred income tax asset was recognised	沒有確認遞延所得稅資產的稅項虧損	18,294	17,070
Utilisation of previously unrecognised tax losses	使用先前未確認稅項虧損	(4,634)	(8,286)
Effect of non-deductible expenses	不可扣減費用的影響	31,710	15,807
		514,023	428,030

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35. NET FOREIGN EXCHANGE GAINS/(LOSSES)

The exchange differences credited/(charged) in the consolidated income statement are included as follows:

		2011 二零一一年	2010 二零一零年
Other (losses)/gains – net (Note 29)	其他(虧損)/收益－淨額 (附註29)	(11,188)	(16,795)
Finance costs – net (Note 33)	財務成本－淨額(附註33)	319,780	97,624
		308,592	80,829

35. 匯兌收益/(虧損)淨額

於合併利潤表內記賬/(扣除)之匯兌差異載列如下：

36. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of approximately RMB 236.83 million (2010: RMB 60.64 million).

37. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

36. 本公司權益持有者應佔溢利

本公司權益持有者應佔溢利包括計入本公司財務報表的約人民幣2.3683億元(二零一零年：人民幣6,064萬元)。

37. 每股收益

基本

每股基本收益乃根據本公司權益持有者應佔溢利除以年內已發行普通股的加權平均數而計算。

		2011 二零一一年	2010 二零一零年
Profit attributable to owners of the Company	本公司權益持有者應佔溢利	1,241,893	1,062,838
Weighted average number of ordinary shares in issue (thousands)	已發行普通股的加權平均數(千股)	2,929,725	2,929,663
Basic earnings per share (RMB per share)	每股基本收益(每股人民幣元)	0.42	0.36

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37. EARNINGS PER SHARE (continued)

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

37. 每股收益(續)

稀釋

每股稀釋收益乃在假設所有可稀釋的潛在普通股被兌換後，根據調整未發行普通股的加權平均股數計算。本公司僅有一類可稀釋的潛在普通股：購股權。就購股權而言，根據尚未行使購股權所附的認購權的貨幣價值，釐定按公允價值(釐定為本公司股份的平均年度市價)可購入的股份數目。按以上方式計算的股份數目乃與假設購股權行使而應已發行的股份數目作出比較。

		2011 二零一一年	2010 二零一零年
Profit attributable to owners of the Company	本公司權益持有者應佔溢利	1,241,893	1,062,838
Weighted average number of ordinary shares in issue used in calculating basic earnings per share (thousands)	用於計算每股基本收益的已發行普通股加權平均數(千股)	2,929,725	2,929,663
Adjustments for options (thousands)	購股權調整(千股)	25,024	7,052
Weighted average number of ordinary shares and potential ordinary shares issued as the denominator in calculating diluted earnings per share (thousands)	計算每股稀釋收益時作為分母的已發行普通股及潛在普通股加權平均數(千股)	2,954,749	2,936,715
Diluted earnings per share (RMB per share)	每股稀釋收益(每股人民幣元)	0.42	0.36

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38. DIVIDENDS

38. 股息

		2011 二零一一年	2010 二零一零年
Interim, paid (a)	中期，已派付 (a)	241,351	-
Final, proposed (b)	末期，擬分派 (b)	-	266,750

(a) At a meeting held on 9 August 2011, the Board proposed an interim dividend in respect of the period ended 30 June 2011 of HK\$ 292.97 million (approximately RMB 241.35 million), representing HK\$ 0.1 per ordinary share.

(b) At a meeting held on 18 March 2011, the Board proposed a final dividend in respect of the year ended 31 December 2010 of HK\$ 313.48 million (approximately RMB 266.75 million), representing HK\$ 0.107 per ordinary share.

At a meeting held on 23 March 2012, the Board did not recommend the payment of any final dividend in respect of the year ended 31 December 2011.

(a) 於二零一一年八月九日舉行的會議上，董事局建議派發截至二零一一年六月三十日止六個月中期股息2.9297億港元（約人民幣2.4135億元），即每股普通股0.1港元。

(b) 於二零一一年三月十八日舉行的會議上，董事局建議派發截至二零一零年十二月三十一日止年度末期股息3.1348億港元（約人民幣2.6675億元），即每股普通股0.107港元。

於二零一二年三月二十三日舉行的會議上，董事局不建議就截至二零一一年十二月三十一日止年度派付任何末期股息。

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39. BUSINESS COMBINATION

In January 2011, the Group acquired a 51% interest in Jinxi Dafang, a company that manufactures and sells casting products and provides equipment maintenance, by capital injection of approximately RMB 64 million. The acquisition is expected to increase the Group's product diversity and reduce cost through economies of scale.

The goodwill of RMB 8 million arises from a number of factors. Most significant amongst these is the premium attributable to a pre-existing, well-positioned business operating in a competitive market. Other important elements include expected synergies through combining a highly skilled workforce and obtaining economies of scale.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Recognised amounts of identifiable assets acquired and liabilities assumed

Cash and cash equivalents	現金及現金等價物
Property, plant and equipment (Note 7)	物業、廠房及設備(附註7)
Inventories	存貨
Receivables	應收賬款
Payables	應付賬款
Borrowings	借款
Deferred tax liability (Note 28)	遞延稅項負債(附註28)
Total identifiable net assets	可識別資產淨值合計
Non-controlling interest	非控制性權益
Goodwill (Note 9)	商譽(附註9)

39. 業務合併

於二零一一年一月，本集團通過注資約人民幣6,400萬元收購生產及銷售鑄造產品及提供設備維護的公司津西大方的51%股權。該收購事項預計可以增加本集團的產品種類及通過規模經濟減少成本。

人民幣800萬元的商譽因多項因素而產生。其中最重要的因素是於一個競爭市場經營的業已存在及定位良好的業務應佔的溢價。其他重要因素包括透過整合技術熟練的勞動力及獲得規模經濟的預期協同效應。

預計概無已確認商譽需要扣減所得稅。

已收購可識別資產及承擔的負債的確認數額

		Fair value 公允價值
		86,011
		76,727
		81,191
		51,080
		(155,639)
		(23,941)
		(7,157)
		108,272
		(53,053)
		8,498
		63,717

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39. BUSINESS COMBINATION (continued)

No acquisition-related costs were incurred in this acquisition.

Outflow of cash to acquire business,
net of cash acquired
– cash consideration
– cash and cash equivalents
of the subsidiary acquired

收購業務的現金流出
扣除所收購現金淨額
– 現金代價
– 已收購附屬公司的現金
及現金等價物

63,717

(86,011)

Cash inflow on acquisition

收購事項的現金流入

(22,294)

Since the business combination was consummated in January 2011, the acquired business contributed revenues of RMB 457 million and net profit of RMB 37 million to the Group for the period from 1 January 2011 to 31 December 2011.

由於業務合併於二零一一年一月結束，截至二零一一年一月一日至二零一一年十二月三十一日止期間，已收購的業務為本集團貢獻人民幣4.57億元的收入及人民幣3,700萬元的淨溢利。

39. 業務合併 (續)

該收購事項沒有產生任何相關的收購費用。

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40. CASH GENERATED FROM OPERATIONS

(a) Reconciliation of profit before taxation to cash generated from operations is as follows:

Profit before income tax	除所得稅前溢利
Adjustments for:	調整：
Impairment provision for accounts receivable (Notes 17, 31)	應收賬款減值撥備 (附註17、31)
Depreciation (Notes 7, 31)	折舊(附註7、31)
Depreciation of investment properties (Notes 8, 31)	投資物業折舊 (附註8、31)
Amortisation of leasehold land and land use rights (Notes 6, 31)	租賃土地及土地使用權攤銷(附註6、31)
Amortisation of intangible assets (Notes 9, 31)	無形資產攤銷(附註9、31)
Impairment provision for property, plant and equipment (Note 29)	物業、廠房及設備減值撥備(附註29)
Write-down of inventories to net realisable value (Note 31)	存貨價值減值至可變現淨值撥備(附註31)
Share of profit of an associate (Note 11)	應佔一間聯營公司溢利(附註11)
Gain/(loss) on disposal for property, plant and equipment (Note 29)	出售物業、廠房及設備淨收益/(虧損)(附註29)
Exchange loss (Note 29)	匯兌虧損(附註29)
Finance income (Note 33)	財務收入(附註33)
Finance costs (Note 33)	財務成本(附註33)
Share-based payment (Note 32)	以股份為基礎之付款(附註32)
Impairment provision for available-for-sale financial assets (Note 15)	可供出售金融資產減值撥備(附註15)

40. 營運產生的現金

(a) 除稅前溢利與經營活動的現金流入的調節表如下：

	2011 二零一一年	2010 二零一零年
	1,931,812	1,613,481
	3,607	-
	892,093	892,035
	805	806
	3,405	1,797
	18	13
	161,270	-
	108,439	-
	(2,140)	(191)
	(5,362)	4,358
	11,188	16,795
	(96,898)	(57,049)
	190,800	195,655
	53,262	67,552
	-	36,128

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

40. CASH GENERATED FROM OPERATIONS (continued)

- (a) Reconciliation of profit before taxation to cash generated from operations is as follows: (continued)

		2011 二零一一年	2010 二零一零年
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):	營運資金變動(不包括合併收購及匯兌差異的影響):		
Decrease in financial assets at fair value through profit or loss	按公允價值計量且其變動計入損益表的金融資產減少	-	14
Increase in inventories and properties under development	存貨及發展中物業增加	(679,563)	(1,734,424)
(Increase)/decrease in restricted bank balances	受限制銀行結餘(增加)/減少	(145,526)	8,041
Increase in trade and notes receivables, prepayments, deposits and other receivables and other current assets	應收貿易賬款及票據、預付款項、按金及其他應收賬款及其他流動資產增加	(2,086,125)	(3,212,043)
Increase in amount due from related parties	應收關聯方款項增加	-	(7,606)
Increase in trade payables, current income tax liabilities, accruals, advances from customers and other current liabilities	應付貿易賬款、當期所得稅負債、預提費用、預收客戶款項及其他流動負債增加	557,245	954,767
Increase/(decrease) in deferred revenue	遞延收入增加/(減少)	11,010	(14,246)
Decrease in amount due to related parties	應付關聯方款項減少	(1,116)	(8,988)
Cash generated from/ (used in) operation	來自/(用於) 經營的現金	908,224	(1,243,105)

- (b) Major non-cash transactions:

For the year ended 31 December 2011, the Group endorsed bank acceptance notes to suppliers for purchase of property, plant and equipment amounted to approximately RMB 553 million (2010: approximately RMB 352 million).

40. 營運產生的現金(續)

- (a) 除稅前溢利與經營活動的現金流入的調節表如下:(續)

	2011 二零一一年	2010 二零一零年
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
Decrease in financial assets at fair value through profit or loss	-	14
Increase in inventories and properties under development	(679,563)	(1,734,424)
(Increase)/decrease in restricted bank balances	(145,526)	8,041
Increase in trade and notes receivables, prepayments, deposits and other receivables and other current assets	(2,086,125)	(3,212,043)
Increase in amount due from related parties	-	(7,606)
Increase in trade payables, current income tax liabilities, accruals, advances from customers and other current liabilities	557,245	954,767
Increase/(decrease) in deferred revenue	11,010	(14,246)
Decrease in amount due to related parties	(1,116)	(8,988)
Cash generated from/ (used in) operation	908,224	(1,243,105)

- (b) 主要非現金交易:

截至二零一一年十二月三十一日止年度，本集團就購買物業、廠房及設備向供應商背書銀行承兌匯票約人民幣5.53億元(二零一零年：約人民幣3.52億元)。

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40. CASH GENERATED FROM OPERATIONS (continued)

(c) In the cash flow statement, proceeds from sales of property, plant and equipment comprise:

Net book amount from sales and deductions of property, plant and equipment (Note 7)	物業、廠房及設備銷售及減少的賬面淨值(附註7)	12,393	145,351
Impairment provision upon disposal	出售的減值撥備	-	(7,879)
Disposal of a subsidiary	出售一間附屬公司	-	(7,924)
Gain/(Loss) on disposals of property, plant and equipment (Note 29)	出售物業、廠房及設備收益/(虧損)(附註29)	5,362	(4,358)
Non-cash assets received (i)	已收非現金資產(i)	(16,978)	(123,398)
Cash proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得現金	777	1,792

(i) Non-cash assets received mainly represented bank acceptance notes received from deductions of property, plant and equipment.

40. 營運產生的現金(續)

(c) 於現金流量表內，出售物業、廠房及設備所得款項包括：

2011 二零一一年	2010 二零一零年
12,393	145,351
-	(7,879)
-	(7,924)
5,362	(4,358)
(16,978)	(123,398)
777	1,792

(i) 收取的非現金資產主要指就物業、廠房及設備減少收取的銀行承兌匯票。

41. FINANCIAL GUARANTEE CONTRACTS – GROUP

Guarantee for bank borrowings of a third party

為第三方的銀行借款出具擔保

As at 31 December 2011, Jinxi Limited provided guarantee for bank borrowings in favour of a third party amounted to RMB 30 million (2010: RMB 30 million). The fair values of these financial guarantee contracts are not significant.

The Directors are of the view that such obligation will not cause an outflow of resources embodying economic benefits.

41. 財務擔保合約—本集團

2011 二零一一年	2010 二零一零年
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30,000	30,000
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於二零一一年十二月三十一日，津西鋼鐵為第三方的銀行借款出具擔保，共人民幣3,000萬元(二零一零年：人民幣3,000萬元)。該等財務擔保合約的公允價值並不重大。

董事認為該責任將不會造成經濟利益資源流出。

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(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

42. COMMITMENTS – GROUP

(a) Capital commitments

Capital expenditure at the balance sheet date but not yet incurred is as follows:

Purchase of property, plant and equipment	購買物業、廠房及設備
– Contracted but not provided for	– 已訂約但未撥備
– Authorised but not contracted for	– 已授權但未訂約

(b) Operating lease commitments

The future aggregate minimum lease rental expenses in respect of land use rights, property, plant and equipment under non-cancellable operating leases are payable as follows:

No later than one year	1年內
Later than one year and no later than five years	1年以上，5年以內
Later than five years	5年以上

42. 承擔 – 本集團

(a) 資本承擔

於結算日尚未產生的資本開支如下：

2011 二零一一年	2010 二零一零年
486,448	1,846,386
18,998	131,977
505,446	1,978,363

(b) 經營租賃承擔

有關不可撤銷經營租賃項下的土地使用權、物業、廠房及設備的應付未來最低租賃租金總支出如下：

2011 二零一一年	2010 二零一零年
308,360	184,549
33,346	53,176
162,053	170,383
503,759	408,108

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43. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

(a) For the years ended 31 December 2011 and 2010, the Directors are of the view that the following companies and persons are related parties of the Group:

Name 名稱

Relationship with the Group 與本集團的關係

ArcelorMittal Holdings AG (formerly named Mittal Steel Holdings AG) (“AM Holdings AG”)

Substantial shareholder of the Company

ArcelorMittal Holdings AG
(前稱為Mittal Steel Holdings AG)
(「AM Holdings AG」)

本公司的主要股東

Tangshan Jinxi Group

Shareholder of Jinxi Limited and its legal representative is Mr. Guo Feizhi, one of the key executives of Jinxi Limited
津西鋼鐵的股東，其法定代表郭飛芝先生為津西鋼鐵主要行政人員之一

唐山津西集團

Arcelor Mittal Sourcing SA
(“AM Sourcing”)

Controlled by the same ultimate controlling shareholder of AM Holdings AG

Arcelor Mittal Sourcing SA
(「AM Sourcing」)

由AM Holdings AG的同一最終控股股東控制

Foshan Jin Lan
佛山金蘭

Minority shareholder of Jinxi Jinlan
津西金蘭的少數股東

Foshan Jin Lan Group Co., Ltd. (“Jin Lan Group”)

Controlled by Mr. Zhou Weijie, a director of Jinxi Jinlan

佛山金蘭集團有限公司
(「金蘭集團」)

由津西金蘭董事周偉傑先生控制

Foshan Jin Lan Import and Export Co., Ltd. (“Jin Lan Import and Export”)

Controlled by the family members of Mr. Zhou Weijie, a director of Jinxi Jinlan

佛山金蘭進出口有限公司
(「金蘭進出口」)

由津西金蘭的董事周偉傑先生的家屬控制

43. 關聯方交易

倘一方有直接或間接能力控制另一方或對另一方在制定財務及營運決策時有重大影響力，則為關聯方。倘彼等受共同控制，亦被視為關聯方。

(a) 截至二零一一年及二零一零年十二月三十一日止年度內，董事認為以下公司及人士為本集團的關聯方：

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43. RELATED PARTY TRANSACTIONS (continued)

- (a) For the years ended 31 December 2011 and 2010, the directors are of the view that the following companies and persons are related parties of the Group: (continued)

Name 名稱	Relationship with the Group 與本集團的關係
Foshan Jin Lan Nonferrous Metals Product Co., Ltd. ("Jin Lan Nonferrous Metals") 佛山金蘭有色金屬製品有限公司 (「金蘭有色金屬」)	Foshan Jin Lan's subsidiary 佛山金蘭的附屬公司
Zhongxing Iron Mine 中興礦業	Jinxi Limited's associated company 津西鋼鐵的聯營公司
Hui Yin 滙銀	Substantial shareholder of Jinxi Section Steel 津西型鋼的主要股東
Tangshan Fengnan Qu Jinxi Fenggang Iron and Steel Co., Ltd. ("Jinxi Fenggang") 唐山市豐南區津西豐鋼鋼鐵有限公司(「津西豐鋼」)	Its chairman of the board is Mr. Han Li, the legal representative of Jinxi Limited and the son of Mr. Han Jingyuan (before 10 June 2011) 其董事局主席為津西鋼鐵的法定代表及韓敬遠先生的兒子韓力先生(於二零一一年六月十日前) Its chairman of the board is Mr. Shen Xiaoling, the director of the Company (Since 10 June 2011) 其董事局主席為本公司董事沈曉玲先生(自二零一一年六月十日起)
Qianxi County Han'erzhuang Village Wang Zhihong Iron Ore Mill ("Qianxi Iron Ore Mill") 遷西縣漢兒莊鄉王志紅鐵選廠(「遷西鐵選廠」)	Controlled by Mr. Wang Zhihong, a director of Boyuan Real Estate 由博遠房地產的董事王志紅先生控制

43. 關聯方交易(續)

- (a) 截至二零一一年及二零一零年十二月三十一日止年度內，董事認為以下公司及人士為本集團的關聯方：(續)

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43. RELATED PARTY TRANSACTIONS (continued)

- (a) For the years ended 31 December 2011 and 2010, the directors are of the view that the following companies and persons are related parties of the Group: (continued)

Name 名稱	Relationship with the Group 與本集團的關係
Luxembourg Steel (Sichuan) Company Limited ("Lu Steel") 盧鋼(四川)鋼鐵產品有限公司 (「盧鋼」)	Controlled by the same ultimate controlling shareholder of AM Holdings AG 由AM Holdings AG的同一最終控股股東控制
Jinxi Wantong 津西萬通	Its former legal representative is Mr. Shen Xiaoling, the director of the Company (ceased to be Group's related party since 29 July 2011) 其前法定代表為本公司董事沈曉玲先生(自二零一一年七月二十九日起不再為本集團關聯方)
Beijing Jingtang Guangzhi Investment Management Co., Ltd. ("Jingtang Guangzhi Investment") 北京京唐廣志投資管理有限公司 (「京唐廣志投資」)	Controlled by Mr. Wang Zhihong, a director of Boyuan Real Estate 由博遠房地產的董事王志鴻控制
Hebei Province Jing Yuan Education Foundation ("Jing Yuan Foundation") 河北省靜遠教育基金(「靜遠基金」)	Its legal representative is Mr. Han Jingyuan, a director of the Company 本公司董事韓敬遠先生為其法定代表
Mr. Han Jingyuan 韓敬遠先生	Chairman and Chief Executive Officer of the Company 本公司董事局主席兼首席執行官
Mr. Zhou Weijie 周偉傑先生	Director of Jinxi Jinlan 津西金蘭的董事
Mr. Shen Xiaoling 沈曉玲先生	Director, Deputy General Manager and Chief Financial Officer of the Company 本公司董事、副總經理兼首席財務官
Mr. Wang Zhihong 王志紅先生	A director of Boyuan Real Estate 博遠房地產的董事
Mr. Li Hejun 李賀軍先生	Substantial shareholder of Jinxi Dafang 津西大方的主要股東

43. 關聯方交易 (續)

- (a) 截至二零一一年及二零一零年十二月三十一日止年度內，董事認為以下公司及人士為本集團的關聯方：(續)

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43. RELATED PARTY TRANSACTIONS (continued)

(b) Save as disclosed elsewhere in the consolidated financial statements, during the years ended 31 December 2011 and 2010, the Directors were of the view that the following significant related party transactions were carried out in the normal course of business of the Group:

(i) Sales

(I) Sales of goods

– Jinxi Fenggang
– Jin Lan Group
– Lu Steel
– Jinxi Wantong
– Jin Lan Import and Export

(I) 銷售貨物

– 津西豐鋼
– 金蘭集團
– 盧鋼
– 津西萬通
– 金蘭進出口

(II) Sales of utilities

– Jin Lan Nonferrous Metals
– Foshan Jin Lan

(II) 銷售能源

– 金蘭有色金屬
– 佛山金蘭

(ii) Purchase of raw materials

– Zhongxing Iron Mine
– Qianxi Iron Ore Mill
– Jinxi Fenggang

– 中興礦業
– 遷西鐵選廠
– 津西豐鋼

43. 關聯方交易 (續)

(b) 除本合併財務報表中已披露外，截至二零一一年及二零一零年十二月三十一日止年度內，董事認為以下的重大關聯方交易乃於本集團日常業務中進行：

(i) 銷售

	2011 二零一一年	2010 二零一零年
(I) Sales of goods		
– Jinxi Fenggang	116,255	151,532
– Jin Lan Group	20,763	14,849
– Lu Steel	6,954	–
– Jinxi Wantong	6,777	62,629
– Jin Lan Import and Export	2,532	50,527
	153,281	279,537
(II) Sales of utilities		
– Jin Lan Nonferrous Metals	8,848	7,759
– Foshan Jin Lan	–	781
	8,848	8,540

(ii) 購買原材料

	2011 二零一一年	2010 二零一零年
– Zhongxing Iron Mine	84,656	70,015
– Qianxi Iron Ore Mill	75,795	74,546
– Jinxi Fenggang	29,843	1,340
	190,294	145,901

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43. RELATED PARTY TRANSACTIONS (continued)

- (b) Save as disclosed elsewhere in the consolidated financial statements, during the years ended 31 December 2011 and 2010, the Directors were of the view that the following significant related party transactions were carried out in the normal course of business of the Group: (continued)

(iii) Financing

- Transaction with Hui Yin

Hui Yin provided a loan to Jinxi Section Steel, amounted to RMB 170 million for the year ended 31 December 2008. The loan is unsecured and interest-free and was fully paid during 2011.

- Transaction with Jing Yuan Foundation

For the year ended 31 December 2008, Jing Yuan Foundation provided an entrustment loan to Jinxi Limited through a financial institution, amounted to RMB 3.3 million. The loan was unsecured, bore interest at a rate of 12% per annum and repayable within one year. The loan was fully paid during 2011.

43. 關聯方交易 (續)

- (b) 除本合併財務報表中已披露外，截至二零一一年及二零一零年十二月三十一日止年度內，董事認為以下的重大關聯方交易乃於本集團日常業務中進行：(續)

(iii) 融資

- 與滙銀的交易

截至二零零八年十二月三十一日止年度，滙銀向津西型鋼提供一筆貸款為數人民幣1.70億元。該貸款為無抵押及免息及於二零一一年悉數償還。

- 與靜遠基金的交易

截至二零零八年十二月三十一日止年度，靜遠基金透過一家金融機構向津西鋼鐵提供一筆委託貸款為數人民幣330萬元。該貸款為無抵押，以12%的年利率計息並於一年內償還。該筆貸款於二零一一年悉數償還。

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43. RELATED PARTY TRANSACTIONS (continued)

(b) Save as disclosed elsewhere in the consolidated financial statements, during the years ended 31 December 2011 and 2010, the Directors were of the view that the following significant related party transactions were carried out in the normal course of business of the Group: (continued)

(iv) Key management compensation

Key management includes executive and non-executive directors. The compensation paid or payable to key management for employee services is shown below:

Salaries and other short-term employee benefits	薪金及其他短期僱員福利
Post-employment benefits	離職後福利
Share-based payments	以股份為基礎的支付

43. 關聯方交易 (續)

(b) 除本合併財務報表中已披露外，截至二零一一年及二零一零年十二月三十一日止年度內，董事認為以下的重大關聯方交易乃於本集團日常業務中進行：(續)

(iv) 關鍵管理人員酬金

主要管理人員包括執行及非執行董事。就僱員服務而已付或應付關鍵管理人員的酬金如下：

	2011 二零一一年	2010 二零一零年
	17,129	18,674
	60	60
	15,650	11,853
	32,839	30,587

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43. RELATED PARTY TRANSACTIONS (continued)

(c) As at 31 December 2011 and 2010, the Directors were of the view that the following related party balances were attributable to the aforementioned related party transactions, amounts paid on behalf of the Group and dividends appropriation during the years:

Amounts due from related parties	應收關聯方款項
Non-trade balances	非貿易結餘
- Jinxi Fenggang (i)	- 津西豐鋼(i)
- Mr Li Hejun	- 李賀軍先生
- Tangshan Jinxi Group (Note 18)	- 唐山津西集團(附註18)
- Jinxi Wantong	- 津西萬通
Amounts due to related parties	應付關聯方款項
Non-Current	非流動
Non-trade balances	非貿易結餘
Borrowing from related parties	關聯方提供的借款
- Li Hejun (ii)	- 李賀軍先生(ii)
Current	流動
Non-trade balances	非貿易結餘
Borrowing from related parties	關聯方提供的借款
- Jingtang Guangzhi Investment (iii)	- 京唐廣志投資(iii)
- Foshan Jin Lan (iv)	- 佛山金蘭(iv)
- Hui Yin (Note 43(b)(iii))	- 滙銀(附註43(b)(iii))
- Wangzhihong (iii)	- 王志紅先生(iii)
Deposit from a related party	來自關聯方的按金
- Mr. Shen Xiaoling (v)	- 沈曉玲先生(v)
Others	其他
- Foshan Jin Lan	- 佛山金蘭
- Mr. Han Jingyuan	- 韓敬遠先生
Trade balances	貿易結餘
Trade payables	應付貿易賬款
- Zhongxing Iron Mine	- 中興礦業
- Jinxi Fenggang	- 津西豐鋼
- Lu Steel	- 盧鋼
- Qianxi Iron Ore Mill	- 遷西鐵選廠

43. 關聯方交易(續)

(c) 於二零一一年及二零一零年十二月三十一日，董事認為以下關聯方結餘乃因上述關聯方交易、代表本集團已支付的款項及有關年度內的股息分配而產生：

2011	2010
二零一一年	二零一零年
65,114	95,000
717	-
-	893,245
-	11,345
65,831	999,590
17,304	-
49,177	-
37,404	37,404
-	170,000
-	46,554
86,581	253,958
-	10,000
383	383
-	4
383	387
256	1,632
452	1,038
2,208	-
11,267	421
14,183	3,091
118,451	267,436

Notes to the Consolidated Financial Statements 合併財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

43. RELATED PARTY TRANSACTIONS (continued)

(c) As at 31 December 2011 and 2010, the Directors were of the view that the following related party balances were attributable to the aforementioned related party transactions, amounts paid on behalf of the Group and dividends appropriation during the years: (continued)

(i) Pursuant to an agreement entered into in August 2011, Beijing Jinxi Investment provided an entrusted loan to Jinxi Fenggang, amounted to RMB 65 million. The loan was unsecured, bears interest at an 8% per annum and was repayable within one year. As at 31 December 2011, the principal of loans and interests amounted to RMB 0.11 million have not been received.

(ii) In May 2011, Mr. Li Hejun provided a loan to Jinxi Dafang, amounted to approximately RMB 17 million. The loan was unsecured, interest-free and has a repayable term of 30 years.

(iii) Pursuant to certain agreements, Jinxi Limited and Wang Zhihong lent certain loans to Boyuan Real Estate on a proportional basis according to their respective shareholdings percentage in Boyuan Real Estate. These loans are unsecured, bore interest at a rate of 5.31% per annum and are repayable within one year.

Pursuant to certain agreements, Wang Zhihong transferred the rights of the unpaid borrowings to Jingtang Guangzhi Investment. These loans are unsecured, bore interest at a rate of 7.09% per annum and are repayable by 23 April 2012.

43. 關聯方交易(續)

(c) 於二零一一年及二零一零年十二月三十一日，董事認為以下關聯方結餘乃因上述關聯方交易、代表本集團已支付的款項及有關年度內的股息分配而產生：(續)

(i) 根據二零一一年八月訂立的一項協議，北京津西投資向津西豐鋼提供委託貸款，金額為人民幣6,500萬元。該貸款為無抵押，以年利率8%計息及須於一年內償還。於二零一一年十二月三十一日，貸款本金及人民幣11萬元的利息仍未收取。

(ii) 於二零一一年五月，李賀軍先生向津西大方提供約人民幣1,700萬元的貸款。該貸款為無抵押、免息及有三十年的還款期。

(iii) 根據若干協議，津西鋼鐵和王志紅先生按照各自所持有博遠房地產的股份比例借予博遠房地產若干貸款。該等貸款為無抵押、按5.31%年利率計息及須於一年內償還。

根據若干協議，王志紅先生轉讓未付借款的權利予京唐廣志投資。該等貸款為無抵押，按年利率7.09%計息及須於二零一二年四月二十三日前償還。

Notes to the Consolidated Financial Statements 合併財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

43. RELATED PARTY TRANSACTIONS (continued)

- (c) As at 31 December 2011 and 2010, the Directors were of the view that the following related party balances were attributable to the aforementioned related party transactions, amounts paid on behalf of the Group and dividends appropriation during the years: (continued)
- (iv) Pursuant to certain agreements entered into in January 2006, the payables owing to Foshan Jin Lan amounted to RMB 55 million was unsecured, interest-free and had a repayable term of 5 years. Part of the loan amounted to RMB 18 million was repaid during the year ended 31 December 2009. As at 31 December 2011, the rest of the loan has not been repaid.
- (v) Pursuant to a cooperation agreement entered into between Mr. Shen Xiaoling and the Group in June 2008, the payable to Mr. Shen Xiaoling amounted to RMB 10 million represented a deposit for the cooperation agreement, which was unsecured, interest-free and fully repaid during the year ended 31 December 2011.

43. 關聯方交易 (續)

- (c) 於二零一一年及二零一零年十二月三十一日，董事認為以下關聯方結餘乃因上述關聯方交易、代表本集團已支付的款項及有關年度內的股息分配而產生：(續)
- (iv) 根據於二零零六年一月訂立的若干協議，應付佛山金蘭的借款人民幣5,500萬元為無抵押、免息及償還期為5年。截至二零零九年十二月三十一日止年度，人民幣1,800萬元之部分貸款已償還。於二零一一年十二月三十一日，貸款餘額尚未償付。
- (v) 根據沈曉玲先生及本集團於二零零八年六月訂立的合作協議，應付沈曉玲先生的款項為人民幣1,000萬元，作為合作協議的按金，並且是無抵押、免息及於截至二零一二年十二月三十一日止年度內悉數償還。

Notes to the Consolidated Financial Statements 合併財務報表附註

(All amounts in RMB thousands unless otherwise stated) For the year ended 31 December 2011
(除另有指明外，所有金額均以人民幣千元為單位) 截至二零一一年十二月三十一日止年度

44. SUBSEQUENT EVENTS

As announced by the Company on 7 March 2012, Jinxi Limited entered into an equity transfer agreement with Hui Yin. Pursuant to this agreement, Jinxi Limited has conditionally agreed to acquire 20% equity interest in the Jinxi Section Steel from Hui Yin. Upon completion of the acquisition, Jinxi Limited will increase its equity interests in Jinxi Section from 80% to 100% and Jinxi Section will become a wholly owned subsidiary of Jinxi Limited.

45. APPROVAL OF ACCOUNTS

These consolidated financial statements were approved by the Board on 23 March 2012.

44. 結算日後事項

本公司於二零一二年三月七日公佈，津西鋼鐵與匯銀達成股權轉讓協議。就此，津西鋼鐵同意有條件向匯銀收購其持有的津西型鋼20%股權權益。於收購完成後，津西鋼鐵在津西型鋼的股權權益由80%增加至100%及津西型鋼成為津西鋼鐵全資擁有的附屬公司。

45. 批准賬目

董事局於二零一二年三月二十三日批准本合併財務報表。

Five-year Financial Information 五年財務資料

A summary of the consolidated income statement and of the consolidated assets, liabilities and non-controlling interests of the Group for the last five financial years is as set out below:

本集團截至前五個財政年度的合併利潤表及合併資產、負債及非控制性權益概要載列如下：

		2011 二零一一年 (RMB'000) (人民幣千元)	2010 二零一零年 (RMB'000) (人民幣千元)	2009 二零零九年 (RMB'000) (人民幣千元)	2008 二零零八年 (RMB'000) (人民幣千元)	2007 二零零七年 (RMB'000) (人民幣千元)
Revenue	收入	38,596,633	30,135,718	20,589,138	19,388,183	13,498,555
Profit before income tax	除所得稅前溢利	1,931,812	1,613,481	1,313,734	113,601	1,450,354
Income tax expense	所得稅費用	(514,023)	(428,030)	(341,293)	(70,643)	(256,617)
Profit for the year	年度溢利	1,417,789	1,185,451	972,441	42,958	1,193,737
Profit attributable to :	溢利歸屬於：					
Owners of the Company	本公司權益持有者	1,241,893	1,062,838	884,323	44,032	1,159,657
Non-controlling interests	非控制性權益	175,896	122,613	88,118	(1,074)	34,080
		1,417,789	1,185,451	972,441	42,958	1,193,737

Consolidated Assets, Liabilities and Non-controlling Interests

合併資產、負債與非控制性權益

As at 31 December

於十二月三十一日

Audited

經審核

		2011 二零一一年 (RMB'000) (人民幣千元)	2010 二零一零年 (RMB'000) (人民幣千元)	2009 二零零九年 (RMB'000) (人民幣千元)	2008 二零零八年 (RMB'000) (人民幣千元)	2007 二零零七年 (RMB'000) (人民幣千元)
Total assets	總資產	22,929,993	20,742,095	15,189,137	14,136,057	10,162,120
Total liabilities	總負債	(13,418,643)	(12,222,321)	(7,728,387)	(7,646,117)	(3,466,016)
Non-controlling interests	非控制性權益	(647,730)	(450,012)	(291,992)	(224,711)	(147,414)
		8,863,620	8,069,762	7,168,758	6,265,229	6,548,690



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* For identification purposes only
僅供識別

