

員工

要令業務不斷改進、革新及提升競爭能力，本集團深明專業人才的重要性。本集團於期內聘請了一批優秀的科研、生產和管理人才，充實員工隊伍，現時，本集團員工總數約1,000人，已建立員工定期培訓制度，不斷學習新技術，亦制訂了崗位責任和一系列質量管理制度，將原材料質量管理、生產工序、設備管理、產品質量管理、銷售管理、運輸管理、客戶管理、財務管理等質量管理環節互相協調，令產品生產和管理質素維持一級水準。憑藉各位專家以及優秀員工在業內的豐富經驗及卓越的技術水平，不斷提升本集團的技術開發及生產管理水平，有效控制並逐步降低生產及銷售成本，提高市場競爭能力。

環境保護

本集團一直投放不少資源於環境保護上，本集團的排污系統能有效過濾生產過程中產生的污染物，完全符合國家標準。為進一步加強環保工作，本集團已於二零零零年下半年推行環保ISO14000國際認證計劃，爭取於二零零一年通過測檢驗證。

公司名稱更改

隨著本集團業務的擴展，本集團相信「中國稀土」這名字能更有效反映集團的核心業務及為更多人仕所認識，遂於二零零零年五月十九日舉行的股東特別大會上提出改名建議，獲得股東一致通過，其後獲開曼群島註冊處發出更改名稱註冊證書。公司名稱正式更改為「中國稀土控股有限公司」。新名稱既提升了本集團的知名度，也引起國內外稀土界的關注。

Staff

With a view to enhance the competitiveness, the Group now comprises of a team of R&D specialists, experienced operators and veteran management and a workforce of 1,000 employees. Regular training is provided to manufacturing personnel to upgrade their technical skills. The Group has also enforced the accountability of individuals and a strict quality control system. It embraces assurance of material quality controls, production processes, equipment management, product quality, sales management, transportation, customer relations and financial management. It enables the Group to maintain an excellent quality standard. This batch of experienced staff has strengthened the Group's management skill and production technology, reduced production and distribution costs and increased its competitiveness.

Environmental Protection

A great deal of effort is placed on environmental protection. Pollutants discharged during the production process are filtered by the Group's waste treatment facilities, which are in full compliance with the state's environmental legislation. To further fulfill the Group's commitment towards environmental protection, the Group will apply for ISO14000 certification in 2001.

Change of Company Name

Believing that the name "China Rare Earth Holdings Limited" can better reflect its core business and attract worldwide customer attention, a company name change was proposed and approved in an extraordinary general meeting held on 19 May 2000. With the receipt of the Certificate of Incorporation on Change of Name issued by the Registrar of Companies in the Cayman Islands, the new company name became effective. The new company name helps to improve the Group's recognition in the industry.



STAFF

財政狀況

本集團於一九九九年十月上市時籌集的淨額約120,000,000港元，已於二零零零年全數用罄於五月份及六月份分別竣工的氯化稀土分離線及特種耐火材料生產線。

另一方面，本集團於二零零零年進行了另外兩項資金籌集活動。於二零零零年六月，本集團發行了年息三厘，價值5,000,000美元之三年期可換股債券予一獨立投資機構。集資所得全數撥作一般性營運資金。於二零零零年年末時部份債券已轉換為新股約5,294,000股。

同年十一月，本集團以每股售價1.05港元發行了105,000,000股予數位獨立專業及機構投資者。該項交易以先舊後新方式由主要控股股東先配售出105,000,000股現有股份後再認購70,000,000股新增股份。交易完成後，本集團已發行股票的公眾流通量由原來的25%增至38%，扣除費用後本集團共籌集了約72,000,000港元。該款項於年末時仍存放於持牌銀行，將會被應用於二零零一年擴建之離子稀土礦分離線上。

於二零零零年十二月三十一日，本集團持有流動資金約150,000,000港元，而銀行貸款則只有約40,000,000港元。總負債對總資產比率低至23%。銀行存款利息收入更因集資所得而大幅提升，抵銷了大部份財務融資成本。

Financial Status

Net proceeds from initial public offer in October 1999 at about HK\$120,000,000 were fully utilized in the expansion of the rare earth and refractory production facilities, which were completed in May and June 2000 respectively.

In 2000, the Group completed two additional capital raising activities. In June 2000, it issued US\$5,000,000 3% unsecured convertible bonds due in 2003 to an independent investment institution. Net proceeds were used for general working capital purposes. A portion of the bonds was converted into about 5,294,000 new shares issued by the Company up to the end of 2000.

The Group also made a placement offer of 105,000,000 shares at HK\$1.05 each to several leading institutional and professional investors in November 2000. The placement took the conventional form of a placing of the controlling shareholder's 105,000,000 shares and that such controlling shareholder subscribes for 70,000,000 new shares. Subsequent to this share placement, the free float of the Group's share increased from 25% to 38%. After deduction of expenses, the Group raised approximately HK\$72,000,000. The proceed is deposited with license banks and it will be used to expand the Group's rare earth separating business in 2001.

As at 31 December 2000, the Group had approximately HK\$150,000,000 liquid fund but the bank loan balances was just around HK\$40,000,000. Total liabilities to total assets ratio was around 23%. Funds raised by the Company increased bank deposit interest income substantially and which has offset against most of the finance costs.





大事記要

本集團於二零零零年發生的重要大事回顧：

- 二零零零年五月 經股東大會同意，本公司名稱由「宜興新威控股有限公司」更改為「中國稀土控股有限公司」
- 二零零零年五月 新建成之氯化稀土分離線竣工並正式投產
- 二零零零年六月 新建成之高級功能耐火材料生產線竣工並正式投產
- 二零零零年六月 發行年息三厘價值5,000,000美元之三年期可換股債券
- 二零零零年十一月 以每股售價1.05港元配售105,000,000股(含新增股份70,000,000股)

展望未來

本集團的稀土及耐火材料產品擁有極大的市場發展潛力。隨著中國即將加入世貿組織，國內市場發展及中國西部開發進程的加快，高科技資訊行業的迅速發展，依賴耐火材料產品的各種高溫熱工產品的產量和質量都在提升，加上中國稀土礦產資源的合理有序的開採管理，稀土市場將繼續保持高速增長及價格上升。本集團將利用這一良好契機，擴大業務範疇，提高市場佔有率；稀土方面，進一步鞏固在日本、美國和歐洲市場已有的業績，增加對韓國及其他亞洲市場的業務發展；耐火材料方面，逐步增加生產高附加值產品和出口數量，尋求新的增長點。

Corporate Calendar

Major corporate events in 2000:

- May 2000 With the approval of shareholders, the company name was changed from "Yixing Xinwei Holdings Limited" to "China Rare Earth Holdings Limited"
- May 2000 The inauguration of the new rare earth production facilities
- June 2000 The inauguration of the new refractory materials production facilities
- June 2000 Issuance of US\$5,000,000 3% unsecured convertible bonds due in 2003
- November 2000 Placement offer of 105,000,000 shares (including 70,000,000 new shares) at HK\$1.05 each

FUTURE PLANS

The Group's rare earth and refractory products enjoy a profound market development potential. The PRC will soon join the World Trade Organization, resulting in an explosive growth of various industries in the PRC market. Along with the acceleration of the opening up of the Western part of the PRC, the high technology and information technology businesses are growing rapidly and the demand for quality materials for every type of heat-treatment product is increasing accordingly. Additionally, rare earth mining resources are properly managed by the PRC government. With these promising factors, the rare earth market is developing swiftly with continuously rising prices. The Group will seize this opportunity to expand its scope and enlarge its market share. For rare earth products, proven progress has been made with market consolidation in Japan, the United States and Europe, while the Group is also stepping up to explore the Korean and other Asian markets. For refractory materials, the Group is seeking to improve profit margins with the increasing production of value-added products and by extending the export rate.

FUTURE PLANS



目前，稀土的應用領域仍在進一步開拓。踏進二十一世紀，不少稀土新型材料正在進行深入的研究開發。如稀土納米材料的發展，既能令產品微小化，還能改變物質的基本結構。這不但為現代高新科技帶來新突破，同時亦為稀土市場帶來極大的發展空間。

緊接去年稀土及耐火材料生產線擴建工程的完成，本集團另一重點發展項目為投資150,000,000港元的3,000噸離子礦分離生產線技改擴能工程，此將於二零零一年六月份竣工投產。目前快將完成土建工程，主要生產設備及萃取劑已陸續到貨及準備安裝。該新生產線工程將配備嶄新工藝、最先進的技術及控制系統，為全國最大規模的同類型生產線。該項目佔地13,500平方米，主要生產各種高純單一稀土化合物，產品市場廣闊，預期將於二至三年內收回投

The application of rare earth products are constantly expanding. Stepping into the 21st century, numerous new rare earth applied materials are being comprehensively researched and explored. For example, the application of rare earth in nano technology can minimize product size and also change the basic structure of materials. This has led to breakthroughs in the modern technology as well as intensive market development in rare earth products.

Following the completion of the new rare earth and refractory production lines in 2000, the Group is now investing HK\$150,000,000 in the construction of another rare earth separating production line for Ionic Ore with an annual production capacity of 3,000 tonnes. It is expected to be completed in June 2001. Basic construction is almost completed, major equipment and ethylhexyl phosphonic acid have been delivered and they will soon be installed. It will be the largest facility in the country with a gross floor area of approximately 13,500 sq.m. and equipped with innovative technological skills, the cutting edge technology and the latest

資成本。稀土金屬也將於二零零一年末開展技術改造和擴充產量工程，屆時稀土金屬的生產能力將達1,000噸規模，為本集團帶來營業額和利潤的大幅增長。



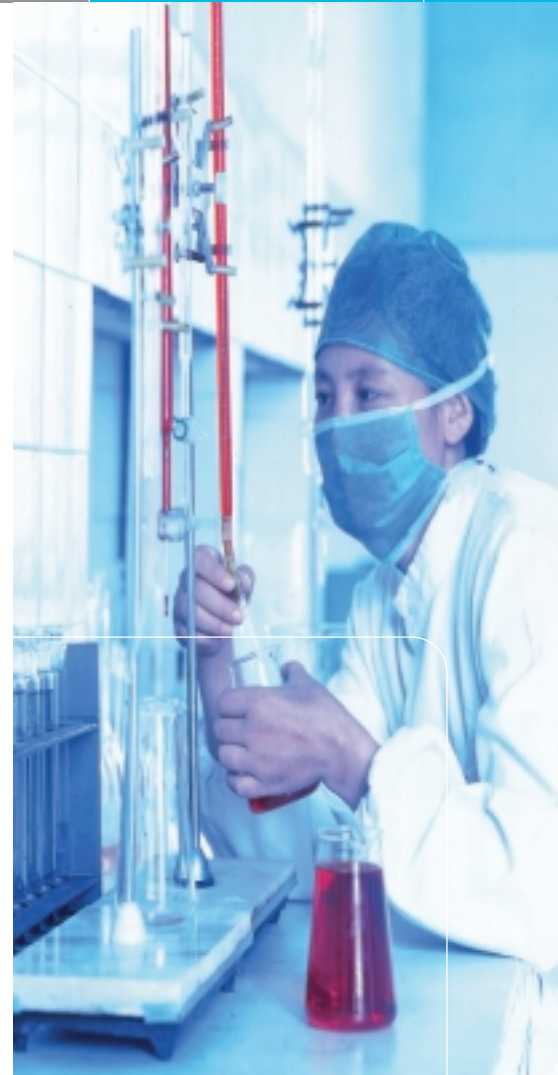
耐火材料方面，本集團在滿足現時客戶要求的同時，亦盡力提高產品質素，增加高附加值產品的生產，尤其重視鋼鐵業RH精煉爐用電熔再結合鎂鉻磚及浮法玻璃業用蓄熱室格子筒形磚的發展。現時國內六大鋼廠的RH精煉爐，每年要消耗電熔再結合鎂鉻磚14,400噸，而國內十七條大型浮法玻璃生產線的改造需要蓄熱室用筒形磚18,700噸。本集團生產的高檔耐火材料產品有著強大的市場需求。本集團產品將進一步奪取進口耐火材料產品的中國國內市場。本集團亦致力拓展海外市場，增加出口比例，踏足美加市場。

controlling systems. The production line will mainly be used for the extraction of high purity single rare earth materials. It is expected that the operation will break even in 2 to 3 years. The Group has also scheduled for an expansion of its rare earth metal production line by the end of 2001. At that time, production volume of rare earth metal will surge to 1,000 tonnes per annum, contributing to high profits and turnover for the Group.

For refractory products, the Group has put in a great deal of effort to upgrade product quality and to produce more value-added products to satisfy customers needs. The Group is concentrating on the production of fused

rebonding magnesia-chrome brick for RH furnaces for the steel industry and checker bricks of specific heat-accumulating room for the large floating glass assembly lines industry.

Nowadays, the 6 large RH furnace factories in the PRC use 14,400 tonnes of fused rebonding magnesia-chrome brick and the 17 large floating glass kiln production lines use 18,700 tonnes of checker bricks of specific heat-accumulating room per annum. The Group's high quality refractory products will gradually take up the market of imported refractory products in the domestic market. The Group will also increase its export percentage and further develop its overseas markets, especially in the United States and Canada.





本集團今後將繼續加強生產管理，控制成本，提升效益；採購部門採用招標競價的方式採購物資；對建設專案進行竣工決算審計，減少財務開支；產品銷售方面，盡量增加自營出口比率。本集團一直尋求合適的投資收購對象，以擴展上、下游業務。本集團正積極投資稀土原料之供應，令原材料的供應更加穩定，保障生產所需。

本集團二零零零年全年業績表現理想，營業額及盈利均再創新高。這實在有賴全體員工的辛勤努力及廣大客戶對本集團的一貫支持。展望未來的業務發展，本集團充滿信心，將繼續改良產品質素、增加生產高附加值產品及研發更多新產品，努力擴展分銷網絡，在全球的稀土及耐火材料市場中取得更大的市場佔有率，力求為股東帶來更佳回報。

最後，本人謹代表董事會，向一直竭誠效力的全體員工、衷誠合作的業務夥伴，以及一直支持本集團的股東及投資者致以衷心謝意。

主席

蔣泉龍

二零零一年三月二十八日

The Group will continue to improve operational management and cost controls in order to maximize the overall benefits. These include an open tender policy for materials purchasing; progress appraisals on specialist projects to minimize finance costs. In the area of product sales, a greater emphasis will be placed on self-export ratio. The Group is also seeking to acquire suitable projects to expand its business vertically in order to secure a stable supply of raw materials for production purposes. The Group is also actively investing in rare earth material supplies.

The Group has achieved satisfactory results for Year 2000 evidenced by the improvements in both turnover and profits. This is due to the committed efforts of all staff and the continuous support of its loyal customers. Looking into the future, the Group is committed to enlarging its market share with product innovation, quality improvements, and production of more value-added products as well as expansion of the distribution network. These measures are all aimed at maximizing the shareholders' returns.

Finally, on behalf of the Board of Directors, I would like to extend my gratitude to all our staff and business partners for their hard work and full co-operation and thank our shareholders and investors for their support.

Jiang Quanlong

Chairman

28 March 2001