

## Notes to the Financial Statements

(Amounts expressed in Hong Kong dollars)

### 1. 集團重組及呈報基準

本公司於一九九九年七月二十七日根據開曼群島公司法（一九九八年修訂版）在開曼群島註冊成立為一間受豁免公司。為籌備本公司股份在香港聯合交易所（「香港聯交所」）上市而在一九九九年進行的集團重組（「重組」），以整頓本公司及其附屬公司（合稱為「本集團」）的架構，本公司成為本集團的最終控股公司。本公司的股份由一九九九年十月十五日起已在香港聯交所上市。股東在二零零零年五月十九日通過一項特別決議案，將本公司的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。

重組涉及將董事錢元英女士（「蔣太太」，其乃本公司董事兼主席蔣泉龍先生的妻室）擁有及控制的公司名下的資產及負債轉讓予本公司的附屬公司。蔣太太亦為一項信託的實益擁有人，該信託的資產包括本公司的股份。

根據重組，本公司成為其直接及間接持有的附屬公司的控股公司。該項重組乃作為將本集團改成一持續實體的重組，因此，財務報表是採用會計合併方式編製，猶如現行集團架構在本財務報表所涵蓋的年度內一直存在。

本集團從事精煉、製造及銷售稀土產品及耐火材料。

### 1. GROUP REORGANISATION AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands on 27 July 1999 as an exempted company under the Companies Law (1998 Revision) of the Cayman Islands. Pursuant to a group reorganisation (the “Reorganisation”) undertaken in 1999 to rationalise the structure of the Company and its subsidiaries (collectively known as the “Group”) in preparation for the listing of the Company’s shares on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), the Company became the ultimate holding company of the Group. The Company’s shares have been listed on the Hong Kong Stock Exchange with effect from 15 October 1999. By a special resolution of the shareholders passed on 19 May 2000, the Company changed its name from Yixing Xinwei Holdings Limited to China Rare Earth Holdings Limited.

The Reorganisation involved the transfer of assets and liabilities of companies owned and controlled by a director, Ms. Qian Yuanying (“Mrs. Jiang”), wife of Mr. Jiang Quanlong (“Mr. Jiang”, a director and chairman of the Company), to the subsidiaries of the Company. Mrs. Jiang is also the beneficial owner of a trust, the trust assets of which include the shares of the Company.

Pursuant to the Reorganisation, the Company became the holding company of its directly and indirectly owned subsidiaries. The Reorganisation was accounted for as a reorganisation of the Group as a continuing entity and accordingly, the financial statements have been prepared using the merger basis of accounting as if the current group structure had been in existence throughout the years covered by the financial statements being presented.

The Group is engaged in extraction, manufacturing and selling of rare earth products and refractory products.

## 2. 主要會計政策

本公司及本集團的財務報表乃按照香港會計師公會頒發的會計實務準則、根據香港普遍採納的會計原則、香港公司條例的披露規定及香港聯交所證券上市規則編製而成。編製財務報表時所採用的計算基準為歷史成本。主要的會計政策現概述如下：

### a. 綜合賬目基準

綜合財務報表包括本公司及各附屬公司截至二零零零年十二月三十一日止年度按附註1所述的基準呈報而編製。所有集團內公司間的重大交易及結餘，已於綜合賬目時抵銷。

### b. 附屬公司

附屬公司是指本公司長期直接或間接地控制其逾半數已發行有投票權股本的公司。本公司的財務報表所呈列的於附屬公司的投資，是以成本值扣除董事認為必要的任何減值撥備入賬。附屬公司的業績按附屬公司所宣佈派發的股息列入本公司的損益表。

### c. 營業額

營業額為出售貨物扣減退貨、折扣及適用銷售佣金後的發票淨值。

## 2. PRINCIPAL ACCOUNTING POLICIES

The financial statements of the Company and the Group are prepared in accordance with Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. The measurement basis used in the preparation of the financial statements is historical cost. Principal accounting policies are summarised below:

### a. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2000, prepared on the basis of presentation as described in Note 1. All significant intra-group transactions and balances within the Group have been eliminated on consolidation.

### b. Subsidiaries

A company is a subsidiary company if more than 50% of the issued voting capital is held long-term, directly or indirectly. Investment in subsidiaries presented in the financial statements of the Company is carried at cost less provision for impairment in value where considered necessary by the directors. The results of the subsidiaries are included in the income statement of the Company to the extent of dividends declared by the subsidiaries.

### c. Turnover

Turnover represents the net invoiced value of goods sold after allowances for returns, discounts and applicable sales commissions.

## Notes to the Financial Statements

(Amounts expressed in Hong Kong dollars)

### 2. 主要會計政策 (續)

#### d. 收益確認

倘若本公司於某項交易中可能獲得其附帶之經濟利益，而其收益及成本(倘適用)可以可靠地作為計算依據時，則營業額及其他收益將按以下基準確認入賬：

##### (i) 出售貨物

出售貨物的收益在擁有權的重大風險及回報轉移至客戶身上後確認。銷售金額不包括增值稅或其他有關銷售稅。於貨物所有權轉移前從客戶收取的按金或墊支則視作欠負客戶的債項。

##### (ii) 利息收入

銀行存款的利息收入以尚餘本金款項及適用利率，按時間比例基準確認入賬。

#### e. 固定資產及折舊

固定資產按成本減累計折舊列賬。資產成本包括其購入價及將該項資產放置於以現時運作狀況及運往擬定用途之地點的直接成本。固定資產投入運作後的支出，如維修保養及運作成本，一般於支出產生期間在損益表中扣除。

### 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### d. Revenue recognition

Provided it is probable that the economic benefits associated with a transaction will flow to the Group and the revenue and costs, if applicable, can be measured reliably, turnover and other revenue are recognised on the following bases:

##### (i) Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have been transferred. Sales amounts exclude value-added tax or other relevant sales taxes. Deposits or advances received from customers prior to the passage of title of the goods are recorded as a liability due to the customers.

##### (ii) Interest income

Interest income from bank deposits is recognised on a time proportion basis on the principal outstanding and at the rate applicable.

#### e. Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred.

## 2. 主要會計政策 (續)

### e. 固定資產及折舊 (續)

折舊乃以直線法按估計年率並於其估計可使用年內扣除每項資產的成本。租約土地是按個別租約的剩餘年期折舊。有關使用的年率如下：

租約土地	按租約的剩餘年期
樓宇	5%
機器及設備	10%
辦公室設備及裝置	20%
汽車	20%

當資產出售或報廢時，其成本及累計折舊及攤銷將從賬目中扣除，而出售所得之任何損益均列入損益表內。

倘固定資產的可收回金額低於賬面值，則會進行撇銷。撇銷額會記入損益表作為支出。於釐定可收回金額時，預期未來現金流量將折扣至它們的現值。

倘導致需要作出撇銷的情況不再存在，則該資產可收回金額的增加額將撥回於已提折舊的成本內。撥回的金額將按若該資產並無作出撇銷而計提之折舊而減少。

### f. 在建工程

在建工程指施工中的工廠、辦公室樓宇及職員宿舍，以及有待安裝的機器及設備。成本包括建造成本、機器及設備成本，以及於建造或安裝期內為購置這些資產而動用的借貸所引致的利息開支。尚未落成及準備就緒作預定用途前之在建工程概無折舊撥備。在建工程落成後將撥入固定資產內。

## 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

### e. Fixed assets and depreciation (Cont'd)

Depreciation is calculated on the straight-line basis at annual rates estimated to write off the cost of each asset over its expected useful life. Leasehold land is depreciated over the remaining period of the respective lease. The annual rates are as follows:

Leasehold land	Over the remaining period of the lease
Buildings	5%
Machinery and equipment	10%
Office equipment and fixtures	20%
Motor vehicles	20%

When assets are sold or retired, their cost and accumulated depreciation and amortisation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

A write down will be made if the recoverable amount of fixed assets is below the carrying amount. The write down will be charged to the income statement as an expense. In determining the recoverable amount, expected future cash flows are discounted to their present values.

A subsequent increase in the recoverable amount of an asset carried at depreciated cost is written back when the circumstances that led to the write down cease to exist. The amount written back is reduced by the amount that would have been recognised as depreciation had the write down not occurred.

### f. Construction-in-progress

Construction-in-progress represents factories, office buildings and staff quarters under construction and machinery and equipment pending installation. Cost includes the costs of construction, the costs of machinery and equipment, and interest charges arising from borrowings utilised to finance these assets during the period of construction or installation. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for its intended use. Construction-in-progress is transferred to fixed assets when it is completed.

Notes to the Financial Statements  
(Amounts expressed in Hong Kong dollars)

2. 主要會計政策 (續)

g. 存貨

存貨按成本值或可變現淨值的較低者入賬。

成本值按加權平均成本計算，並包括所有採購成本、加工成本及將存貨運往現址及達致現狀的其他成本。

可變現淨值乃根據日常業務情況下估計售價減估計完成生產之成本及估計市場銷售引致的成本計算。

存貨出售時，該等存貨的賬面值於有關收入確認時期確認為開支。存貨的可變現淨值的任何撇銷額及存貨的一切虧損於該撇銷或虧損產生時期確認為開支。可變現淨值增加令存貨出現任何的撇銷額撥回將作為於發生期間時已確認的存貨開支額的減少。

h. 外幣換算

本集團的申報貨幣為港元。本集團屬下各公司的賬目及記錄以港元或人民幣為單位。以其他貨幣計算的外幣交易皆以交易時適用匯率換算為港元或人民幣。以其他貨幣計算的貨幣性資產及負債按結算日的適用匯率再換算為港元或人民幣。以其他貨幣計算的非貨幣性資產及負債則按歷史匯率換算。因上述匯兌政策而產生的匯兌損益撥入損益表中處理。

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

g. Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is based on the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

h. Foreign currency translation

The reporting currency of the Group is Hong Kong dollars. Companies within the Group maintain their books and records in Hong Kong dollars or Renminbi. Foreign currency transactions denominated in other currencies are translated into Hong Kong dollars or Renminbi at exchange rates in effect at the time of the transactions. Monetary assets and liabilities denominated in other currencies at the balance sheet date are translated into Hong Kong dollars or Renminbi at rates of exchange in effect at the balance sheet date. Non-monetary assets and liabilities denominated in other currencies are translated at historical rates. Exchange differences arising from the above translation policy are dealt with in the income statement.

## 2. 主要會計政策 (續)

### h. 外幣換算 (續)

為編製合併賬目，本集團各附屬公司以人民幣記賬的財務報表乃採用結算滙率方法兌換成港元。根據結算滙率方法，這些附屬公司的資產及負債乃按結算日適用滙率換算，損益表乃按各有關年度當時的平均滙率換算。而註冊資本及儲備則按歷史滙率換算。在換算財務報表時產生的滙兌差額直接計入外滙兌換儲備。

### i. 稅項

#### (i) 所得稅

本集團屬下公司的所得稅是依據彼等作為財務申報用途的利潤就毋須課稅或不可作所得稅扣減的收支項目作出調整後作出預提。

#### (ii) 增值稅 (「增值稅」)

根據中華人民共和國 (「中國」) 頒佈的有關稅法，本集團屬下所有在中國成立的公司必須繳納增值稅。此項主要間接稅在出售貨物及提供若干具體服務時徵收 (稱為「銷項增值稅」)。銷項增值稅隨同銷售所得款項向客戶收取及按銷售價之17%計算。本集團在中國成立的附屬公司應付的增值稅相當於銷項增值稅減去購買貨物及某些指定服務時支付的增值稅 (稱為「進項增值稅」)。

## 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

### h. Foreign currency translation (Cont'd)

For consolidation purposes, the financial statements of companies within the Group that maintain their books and records in Renminbi are translated into Hong Kong dollars using the closing rate method. Under the closing rate method, assets and liabilities of the subsidiaries are translated at rates of exchange ruling at the balance sheet date, the income statement is translated at the average rates of exchange prevailing in each relevant year and registered capital and reserves are translated at historical rates. Exchange differences arising from translation of the financial statements are taken directly to the exchange translation reserve.

### i. Taxation

#### (i) Income taxes

Companies within the Group provide for income taxes on the basis of their profit for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes.

#### (ii) Value-added tax ("VAT")

In accordance with the relevant tax laws enacted in the People's Republic of China ("the PRC"), all the companies of the Group established in the PRC are subject to VAT. This principal indirect tax is levied on the sales of goods and provision of certain specified services (known as "Output VAT"). Output VAT is recovered from customers with sales proceeds and is calculated at 17% of the selling price. The VAT payable by the subsidiaries of the Group established in the PRC represents Output VAT minus the VAT paid on its purchases of goods and certain specified services (known as "Input VAT").

Notes to the Financial Statements  
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2. 主要會計政策 (續)

i. 稅項 (續)

(iii) 遞延稅項

遞延稅項乃按負債法就為稅務用途而計算的溢利與財務報表所述溢利之間出現的重大時差提撥準備，如認為在可預見將來不會出現負債則除外。除非有關利益預期在可預見將來實現，否則遞延稅項資產不會確認入賬。

j. 經營租賃

由出租公司承受資產擁有權絕大部份回報和風險之租賃均作為經營租賃入賬。根據經營租賃而支付的租金在有關租賃期內按直線法在損益表內扣除。

k. 借貸成本

除非利息可直接歸屬於需要頗長時間去做好準備作預定用途的建造或購置的發展中物業及機器與設備，將資本化作為該等物業及機器與設備的部份成本，否則該利息在發生時均列作開支。利息的資本化按有關借貸的加權平均成本計算，直至物業建造完成或機器與設備達到可供使用狀況止。

其他借貸成本包括有關借貸的折扣或溢價的攤銷、涉及安排借貸所產生的附帶成本及外幣借貸所產生的滙兌差額，惟只限於它們被視作對利息成本作出重大的調整時確認為年內產生的支出。

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

i. Taxation (Cont'd)

(iii) Deferred taxation

Deferred taxation is provided under the liability method in respect of significant timing differences between profit as computed for taxation purposes and profit as stated in the financial statements, except where it is considered that no liability will arise in the foreseeable future. Deferred tax assets are not recognised unless the related benefits are expected to crystallise in the foreseeable future.

j. Operating leases

Leases where substantially all the rewards and risks of ownership remain with the leasing company are accounted for as operating leases. Rental payments under operating leases are charged to the income statement on a straight-line basis over the period of the relevant leases.

k. Borrowing costs

Interest is expensed as incurred, except for interest directly attributable to the construction or acquisition of property under development and machinery and equipment that necessarily take a substantial period of time to get ready for their intended use which is capitalised as part of the cost of that property and machinery and equipment. Interest is capitalised at the weighted average cost of the related borrowings up to the date of completion of the property or when the machinery and equipment are put into an usable condition.

Other borrowing costs, including amortisation of discount or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arranging borrowings and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs are considered immaterial and are recognised as an expense in the year incurred.

## 2. 主要會計政策 (續)

### I. 退休福利

本集團為香港及中國國內僱員設立定額供款退休金計劃。供款均以合資格僱員之薪金按某一百分比而作出及列支在損益表中。

## 3. 劃分資料

按業務活動及地域劃分的本集團營業額及毛利分析如下：

### a. 按業務活動

		本集團 GROUP			
		營業額 TURNOVER		毛利 GROSS PROFIT	
		二零零零年 2000	一九九九年 1999	二零零零年 2000	一九九九年 1999
		HK\$ million 港幣百萬元	HK\$ million 港幣百萬元	HK\$ million 港幣百萬元	HK\$ million 港幣百萬元
稀土產品銷售	Sales of rare earth products	371	304	121	99
耐火材料產品銷售	Sales of refractory products	187	144	70	62
總額	Total	558	448	191	161

### b. 按地域劃分

		本集團 GROUP			
		營業額 TURNOVER		毛利 GROSS PROFIT	
		二零零零年 2000	一九九九年 1999	二零零零年 2000	一九九九年 1999
		HK\$ million 港幣百萬元	HK\$ million 港幣百萬元	HK\$ million 港幣百萬元	HK\$ million 港幣百萬元
中國	The PRC	293	255	100	92
日本	Japan	143	126	49	45
美國	The United States	93	58	32	21
其他	Others	29	9	10	3
總額	Total	558	448	191	161

## 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

### I. Retirement benefits

The Group operates defined contribution pension schemes for certain of its employees in Hong Kong and the PRC. Contributions are made based on a percentage of the eligible employees' salaries and are charged to the income statement as incurred.

## 3. SEGMENTAL INFORMATION

An analysis of the Group's turnover and gross profits by operating activity and geographical segment is as follows:

### a. By operating activity

		本集團 GROUP			
		營業額 TURNOVER		毛利 GROSS PROFIT	
		二零零零年 2000	一九九九年 1999	二零零零年 2000	一九九九年 1999
		HK\$ million 港幣百萬元	HK\$ million 港幣百萬元	HK\$ million 港幣百萬元	HK\$ million 港幣百萬元
稀土產品銷售	Sales of rare earth products	371	304	121	99
耐火材料產品銷售	Sales of refractory products	187	144	70	62
總額	Total	558	448	191	161

### b. By geographical segment

		本集團 GROUP			
		營業額 TURNOVER		毛利 GROSS PROFIT	
		二零零零年 2000	一九九九年 1999	二零零零年 2000	一九九九年 1999
		HK\$ million 港幣百萬元	HK\$ million 港幣百萬元	HK\$ million 港幣百萬元	HK\$ million 港幣百萬元
中國	The PRC	293	255	100	92
日本	Japan	143	126	49	45
美國	The United States	93	58	32	21
其他	Others	29	9	10	3
總額	Total	558	448	191	161

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4. 除稅前溢利

除稅前溢利乃於扣除及計入下列各項後列賬：

4. PROFIT BEFORE TAXATION

Profit before taxation was stated after charging and crediting the following:

		本集團 GROUP	
		二零零零年 2000 港幣千元 HK\$'000	一九九九年 1999 港幣千元 HK\$'000
已扣除－	After charging－		
存貨成本（不包括存貨過時及可變現淨值一般撥備）	Cost of inventories (excluding general provision for inventory obsolescence and net realisable value)	365,169	286,923
存貨過時及可變現淨值一般撥備	General provision for inventory obsolescence and net realisable value	2,286	165
呆壞賬撥備	Provision for bad and doubtful debts	7,617	370
員工開支（包括董事酬金，見附註8）	Staff costs (including directors' emoluments, see Note 8)	17,360	10,588
減：列入存貨成本的金額	Less: amount included in cost of inventories	(11,083)	(3,951)
須於五年內全部償還的銀行貸款的利息支出	Interest expenses on bank borrowings wholly repayable within five years	3,451	4,772
減：在建工程資本化金額	Less: amount capitalised in construction-in-progress	－	(127)
可換股債券利息支出及其發行成本	Interest expenses on convertible bonds and ancillary costs of the issuance	2,319	－
外匯匯兌淨虧損	Exchange loss, net	98	－
固定資產折舊	Depreciation of fixed assets	14,311	9,263
減：列入存貨成本的金額	Less: amount included in cost of inventories	(13,164)	(8,565)
清理固定資產虧損	Loss on disposal of fixed assets	7,967	163
支付予地方政府的捐款	Donations paid to local government	－	5,953
土地及樓宇的經營性租賃合約租金付予	Operating lease rentals in respect of land and buildings paid to		
－ 第三方	－ third parties	1,028	354
－ 關連人士（附註7(c)）	－ a related party (Note 7(c))	203	67
退休福利	Retirement benefits	2,043	577
核數師酬金	Auditors' remuneration	1,200	1,000
已計入－	After crediting－		
外匯匯兌淨收益	Exchange gain, net	－	5
銀行存款的利息收入	Interest income from bank deposits	4,648	633

## 5. 稅項

### a. 應付稅項包括：

		本集團 GROUP	
		二零零零年 2000 港幣千元 HK\$'000	一九九九年 1999 港幣千元 HK\$'000
應付中國企業所得稅	PRC enterprise income tax payable	–	7,785
應付中國增值稅	PRC VAT payable	4,302	4,148
		<b>4,302</b>	11,933

### b. 稅項支出包括：

		本集團 GROUP	
		二零零零年 2000 港幣千元 HK\$'000	一九九九年 1999 港幣千元 HK\$'000
本期稅項－	Current taxation –		
中國企業所得稅	PRC enterprise income tax	–	37,798
減：財政返還（附註(iii)）	Less: Financial refunds (Note (iii))	–	(5,053)
		<b>–</b>	32,745

#### 附註：

- (i) 基於本集團截至二零零零年及一九九九年十二月三十一日止兩年度內在香港並無任何應課稅利潤，故並無作出任何香港利得稅的撥備。
- (ii) 本集團屬下在中國註冊成立的各公司須就應課稅利潤繳納介乎24%至33%的中國企業所得稅（「企業所得稅」）。一九九九年重組後，本集團的大部份業務乃透過本集團的兩家於中國屬於外商投資企業的附屬公司進行。根據中國有關稅法，該兩家附屬公司在經抵銷所有以前年度虧損後的首個盈利年度起兩年內獲享豁免繳付企業所得稅，並在其後三個年度獲減稅50%（「減稅期」）。本集團已將其享有的減稅期遞延至二零零零年。因此，本集團已就截至一九九九年十二月三十一日止年度全數作出中國企業所得稅的預提，而截至二零零零年十二月三十一日止年度被視為乃其首個盈利年度的兩間附屬公司，已得享免繳該年度的企業所得稅。

## 5. TAXATION

### a. Taxation payable comprised:

		本集團 GROUP	
		二零零零年 2000 港幣千元 HK\$'000	一九九九年 1999 港幣千元 HK\$'000
應付中國企業所得稅	PRC enterprise income tax payable	–	7,785
應付中國增值稅	PRC VAT payable	4,302	4,148
		<b>4,302</b>	11,933

### b. Taxation charges comprised:

		本集團 GROUP	
		二零零零年 2000 港幣千元 HK\$'000	一九九九年 1999 港幣千元 HK\$'000
本期稅項－	Current taxation –		
中國企業所得稅	PRC enterprise income tax	–	37,798
減：財政返還（附註(iii)）	Less: Financial refunds (Note (iii))	–	(5,053)
		<b>–</b>	32,745

#### Notes:

- (i) No provision for Hong Kong profits tax has been made as the Group had no assessable profits in Hong Kong during the two years ended 31 December 2000 and 1999.
- (ii) Companies within the Group incorporated in the PRC were subject to enterprise income tax (“EIT”) in the PRC at rates ranging from 24% to 33% on assessable profits. After the Reorganisation in 1999, a substantial portion of the operations of the Group are conducted through two subsidiaries of the Group which are enterprises with foreign investments in the PRC. Pursuant to the relevant tax laws in the PRC, these two subsidiaries are entitled to full exemption from EIT for two years starting from their first profit-making year, after offsetting all losses brought forward, followed by a 50% reduction for the next three years thereafter (the “Tax Holiday”). The Group deferred its entitlement to the Tax Holiday to 2000. As a result, full provision for EIT was made by the Group for the year ended 31 December 1999 while a full exemption from EIT was enjoyed by the two subsidiaries for the year ended 31 December 2000 which is deemed to be their first profit-making year.

Notes to the Financial Statements  
(Amounts expressed in Hong Kong dollars)

5. 稅項 (續)

- (iii) 根據中國江蘇省宜興市財政局及市稅務局發出的有關文件，本集團於一九九九年獲數額相當於本集團所支付的企業所得稅的一部份的財政返還。然而，本集團於一九九九年進行重組後並不能繼續享受該項優惠。
- (iv) 於二零零零年十二月三十一日，並無任何重大未預提撥備的遞延稅項。

5. TAXATION (Cont'd)

- (iii) Pursuant to relevant documents issued by the municipal branch of the Ministry of Finance and the municipal Tax Bureau of Yixing City of Jiangsu Province, the PRC, the Group was granted financial refunds equal to a portion of the EIT paid by the Group in 1999. However, the Group no longer enjoys such refunds after the Reorganisation in 1999.
- (iv) There was no material unprovided deferred taxation as of 31 December 2000.

6. 股息

6. DIVIDENDS

		本集團 GROUP	
		二零零零年 2000 港幣千元 HK\$'000	一九九九年 1999 港幣千元 HK\$'000
本公司上市前所宣佈派發的股息 (附註 a)	Dividends declared prior to the listing of the Company (Note a)	-	6,401
已付的中期股息每股普通股 0.01 港元 (一九九九年：無)	Interim, paid of HK\$0.01 (1999 - \$Nil) per ordinary share	<b>6,018</b>	-
建議派發的末期股息 每股普通股 0.03 港元 (一九九九年 - 0.02 港元)	Final, proposed of HK\$0.03 (1999 - HK\$0.02) per ordinary share	<b>20,259</b>	12,000
		<b>26,277</b>	18,401

附註：

- a. 本公司的股份在一九九九年十月十五日在香港聯交所上市前，本集團當時的股東獲宣佈派發的股息約 6,401,000 港元。

Note:

- a. Dividends of approximately HK\$6,401,000 were declared to the then shareholders of the Group prior to the listing of the Company's shares on the Hong Kong Stock Exchange on 15 October 1999.

## 7. 有關連人士交易

- a. 倘一間公司有能力直接或間接控制另一間公司，或在另一間公司作出財務及營運決定時發揮重大影響力，即屬關連公司。倘公司與其他公司均受共同控制或共同發揮重大影響力，亦屬關連公司。
- b. 年內，本集團毋須支付任何代價而使用新威集團公司的出口配額以安排其產品出口至中國以外地方。新威集團公司為一間中國國內企業，由蔣太太之弟擁有95%，而另5%由蔣先生擁有，彼亦是該企業的法定代表。於截至二零零零年十二月三十一日止年度，透過上述安排而處理的出口銷售額約為42,403,000港元（一九九九年：10,000,000港元）。新威集團公司亦持有本集團附屬公司宜興新威利成稀土有限公司（「新威利成稀土」）（見附註10）5%股權。
- c. 於一九九九年九月一日，本集團與蔣先生訂立兩項租約協議，租用辦公室單位以作為銷售及市場推廣總部。租約由一九九九年九月一日起各為期三年，月租總額為人民幣18,000元（16,900港元）。於截至二零零零年十二月三十一日止年度內，就該租約所支付的經營租賃租金合共約203,000港元（一九九九年：67,000港元）。有關的經營性租賃合約承諾詳情載於附註22(b)。

## 7. RELATED PARTY TRANSACTIONS

- a. Companies are considered to be related if one company has the ability, directly or indirectly, to control the other company or exercise significant influence over the other company in making financial and operating decisions. Companies are also considered to be related if they are subject to common control or common significant influence.
- b. During the year, the Group arranged export sales of its products outside the PRC using the export quota of Xinwei Group Limited at no consideration. Xinwei Group Limited is a PRC domestic enterprise 95% owned by the brother of Mrs. Jiang and 5% owned by Mr. Jiang, who is also the legal representative of the enterprise. Export sales handled through this arrangement amounted to approximately HK\$42,403,000 for the year ended 31 December 2000 (1999 - HK\$10,000,000). Xinwei Group Limited also holds 5% equity interests in Yixing Xinwei Leeshing Rare Earth Co. Ltd. ("Xinwei Leeshing Rare Earth") (see Note 10), a subsidiary of the Group.
- c. On 1 September 1999, the Group entered into two lease arrangements with Mr. Jiang to lease office premises for use as its sales and marketing headquarters, each for a term of three years commencing from 1 September 1999 at an aggregate monthly rent of RMB18,000 (HK\$16,900). During the year ended 31 December 2000, the total operating lease rentals paid in respect of these leases amounted to approximately HK\$203,000 (1999 - HK\$67,000). Details of the operating lease commitments are set out in Note 22(b).

Notes to the Financial Statements  
(Amounts expressed in Hong Kong dollars)

7. 有關連人士交易(續)

- d. 本集團與關連公司於截至二零零零年及一九九九年十二月三十一日止年度內進行的重大交易詳情概述如下：

7. RELATED PARTY TRANSACTIONS (Cont'd)

- d. Particulars of significant transactions between the Group and related companies during the years ended 31 December 2000 and 1999 are summarised below:

有關連人士名稱 Name of related party	交易性質 Nature of transactions	本集團 GROUP	
		二零零零年 2000 港幣千元 HK\$'000	一九九九年 1999 港幣千元 HK\$'000
鎂質耐火材料廠 (「鎂質」)	* Mei Zhi Refractory Factory 向本集團採購 予本集團銷售	Purchases from the Group Sales to the Group	471 283
宜興高溫耐火 材料廠	* Yixing Gao Wen Refractory Factory 向本集團採購 予本集團銷售	Purchases from the Group Sales to the Group	436 141
潘家垠大理石 裝飾廠	* Pan Jia Ba Marble Stone Factory 向本集團採購 予本集團銷售	Purchases from the Group Sales to the Group	75 995

\* 公司中文名稱直譯為英文

上述公司因蔣先生或蔣太太的近親擁有該等公司的實際權益，故屬有關連人士。

\* Direct translation of the name of the companies in Chinese.

The above-named companies are related parties by virtue of the fact that close relatives of Mr. Jiang or Mrs. Jiang have beneficial interests in these companies.

## 7. 有關連人士交易(續)

e. 應收(應付)有關連公司的金額詳情如下：

有關連公司名稱 Name of related company	本集團 GROUP			
	二零零零年 2000		一九九九年 1999	
	應收 Due from 港幣千元 HK\$'000	應收 Due to 港幣千元 HK\$'000	應收 Due from 港幣千元 HK\$'000	應收 Due to 港幣千元 HK\$'000
* 鎂質 (附註(i)) * Mei Zhi (Note (i))	-	(185)	-	(564)
* 上海新成稀土新材料有限公司 ("上海新成") (前稱上海新威 稀土有限公司 (附註(ii)) * Shanghai Xincheng Rare Earth New Materials Company Limited ("Shanghai Xincheng") (formerly known as Shanghai Xinwei Rare Earth Company Limited) (Note (ii))	-	(1,759)	-	(986)
潘家埧大理石裝飾廠 * Pan Jia Ba Marble (附註(i)) Stone Factory (Note (i))	342	-	408	-
宜興高溫耐火材料廠 * Yixing Gao Wen Refractory (附註(i)) Factory (Note (i))	455	-	-	-
	<b>797</b>	<b>(1,944)</b>	408	(1,550)

\* 公司中文名稱直譯為英文。

與有關連公司的未清餘額均為無抵押、不計利息及無固定還款期。

附註：

(i) 蔣先生或蔣太太的近親在上述有關連公司中有實際權益。

(ii) 上海新成分別由蔣先生及蔣太太擁有90%及8.91%的權益。

f. 於二零零零年十二月三十一日止年度，本集團已開始建造一間新稀土精煉生產廠，廠址位於於鎂質所在的一幅土地上。鎂質已同意於截至二零零零年十二月三十一日止年度，不會對本集團使用該土地而徵收任何費用或收取任何形式的補償。迄今，本集團仍未就二零零一年以後使用該土地與鎂質訂立任何正式協議。

## 7. RELATED PARTY TRANSACTIONS (Cont'd)

e. Particulars of the amounts due from (to) related companies are as follows:

	本集團 GROUP			
	二零零零年 2000		一九九九年 1999	
	應收 Due from 港幣千元 HK\$'000	應收 Due to 港幣千元 HK\$'000	應收 Due from 港幣千元 HK\$'000	應收 Due to 港幣千元 HK\$'000
* Mei Zhi (Note (i))	-	(185)	-	(564)
* Shanghai Xincheng Rare Earth New Materials Company Limited ("Shanghai Xincheng") (formerly known as Shanghai Xinwei Rare Earth Company Limited) (Note (ii))	-	(1,759)	-	(986)
* Pan Jia Ba Marble Stone Factory (Note (i))	342	-	408	-
* Yixing Gao Wen Refractory Factory (Note (i))	455	-	-	-
	<b>797</b>	<b>(1,944)</b>	408	(1,550)

\* Direct translation of the name of the companies in Chinese.

The outstanding balances with related companies were unsecured, non-interest bearing and without fixed repayment terms.

Notes:

(i) Close relatives of Mr. Jiang or Mrs. Jiang have beneficial interests in these related companies.

(ii) Shanghai Xincheng is 90% and 8.91% owned by Mr. Jiang and Mrs. Jiang, respectively.

f. During the year ended 31 December 2000, the Group started to construct a new rare earth extraction production plant on a piece of land where Mei Zhi was located. Mei Zhi agreed not to levy any charges nor receive any form of compensation from the Group for the use of the land for the year ended 31 December 2000. To date, the Group has not yet executed any formal agreements with Mei Zhi with respect to the use of the land from 2001 onwards.

Notes to the Financial Statements  
(Amounts expressed in Hong Kong dollars)

7. 有關連人士交易(續)

- g. 應付董事的金額

		本集團 GROUP	
		於二零零零年 一月一日 未清餘額 Outstanding balance at 1 January 2000 港幣千元 HK\$'000	於二零零零年 十二月三十一日 未清餘額 Outstanding balance at 31 December 2000 港幣千元 HK\$'000
蔣先生	Mr. Jiang	-	479
蔣太太	Mrs. Jiang	-	696
范亞軍先生	Mr. Fan Yajun	-	115
		-	1,290

與董事的未清餘額均為無抵押、不計利息及無固定還款期。

The outstanding balances with directors are unsecured, non-interest bearing and without fixed repayment terms.

8. 董事及高級行政人員酬金

- a. 根據香港公司條例第161條及上市規則的規定而披露董事的酬金如下：

		本集團 GROUP	
		二零零零年 2000 港幣千元 HK\$'000	一九九九年 1999 港幣千元 HK\$'000
袍金	Fees	140	-
其他酬金	Other emoluments		
— 基本薪金及津貼	— Basic salaries and allowances	2,550	2,175
		2,690	2,175

於截至二零零零年十二月三十一日止年度，本集團已付獨立非執行董事袍金約140,000港元。

During the year ended 31 December 2000, the Group has paid approximately HK\$140,000 as directors' fees to the independent non-executive directors.

## 8. 董事及高級行政人員酬金 (續)

(a) 屬於下列酬金範圍的董事人數如下：

		本集團 GROUP	
		二零零零年 2000 港幣千元 HK\$'000	一九九九年 1999 港幣千元 HK\$'000
零 - 1,000,000 港元	Nil - HK\$1,000,000	6	6
1,000,001 港元 - 1,500,000 港元	HK\$1,000,001 - HK\$1,500,000	1	1

一名(一九九九年：兩名)董事於截至二零零零年十二月三十一日止年度放棄其部分酬金，合計為67,000港元(一九九九年 - 153,000港元)。

b. 五位最高薪人士包括四位(一九九九年：三位)董事，彼等的酬金詳情載於上文附註(a)。彼等的酬金總額連同其餘人士(一九九九年：兩位人士)的酬金如下：

## 8. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (Cont'd)

(a) Emoluments of the directors fall within the following bands:

One (1999 - Two) of the directors waived part of the emoluments during the year ended 31 December 2000 in an aggregate amount of HK\$67,000 (1999 - HK\$153,000).

b. The five highest paid individuals included four (1999 - three) directors, details of whose emoluments are set out in Note (a) above. Their total emoluments together with the emoluments of the remaining individual (1999 - two individuals) are as follows:

		本集團 GROUP	
		二零零零年 2000 港幣千元 HK\$'000	一九九九年 1999 港幣千元 HK\$'000
薪金及其他酬金	Salaries and other emoluments	3,037	2,325

彼等的酬金介乎：

Their emoluments fall within the following bands:

		二零零零年 2000	一九九九年 1999
零 - 1,000,000 港元	Nil - HK\$1,000,000	4	4
1,000,001 港元 - 1,500,000 港元	HK\$1,000,001 - HK\$1,500,000	1	1

於截至二零零零年及一九九九年十二月三十一日止兩個年度內，本集團並無向五名最高薪人士(包括董事及其他僱員)支付任何酬金，作為鼓勵其加入或於加入本集團時的報酬或離職的賠償。

During the two years ended 31 December 2000 and 1999, no emoluments were paid to the five highest paid individuals (including directors and other employees) as inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Financial Statements  
(Amounts expressed in Hong Kong dollars)

9. 固定資產及在建工程

9. FIXED ASSETS AND CONSTRUCTION-IN-PROGRESS

a. 本集團

a. Group

		二零零零年					一九九九年	
		2000					1999	
		土地及樓宇	機器及設備	辦公室設備 及裝置	汽車	在建工程	合共	合共
		Land and buildings	Machinery and equipment	Office equipment and fixtures	Motor vehicles	Construction- in-progress	Total	Total
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
成本	Cost							
年初	Beginning of year	70,901	51,117	1,941	4,118	49,224	177,301	142,099
添置	Additions	401	13,734	155	608	89,745	104,643	35,439
清理	Disposal	(10,200)	(1,325)	-	-	-	(11,525)	(731)
轉撥自在建工程	Transfer from construction- in-progress	25,355	75,210	-	353	(100,918)	-	-
匯兌調整	Translation adjustments	334	406	10	20	185	955	494
年終	End of year	86,791	139,142	2,106	5,099	38,236	271,374	177,301
累計折舊	Accumulated depreciation							
年初	Beginning of year	14,956	24,783	1,348	2,755	-	43,842	34,867
本年度撥備	Provision for the year	4,201	8,963	393	754	-	14,311	9,263
清理撥回	Written back on disposal	(2,609)	(949)	-	-	-	(3,558)	(409)
匯兌調整	Translation adjustments	31	14	58	107	-	210	121
年終	End of year	16,579	32,811	1,799	3,616	-	54,805	43,842
賬面淨值	Net book value							
年終	End of year	70,212	106,331	307	1,483	38,236	216,569	133,459
年初	Beginning of year	55,945	26,334	593	1,363	49,224	133,459	107,232

一九九九年在建工程增添資產包括資本化利息開支127,000港元。二零零零年並無資本化利息開支。

Additions to construction-in-progress in 1999 included interest expenses capitalised of HK\$127,000. There was no capitalisation of interest expense in 2000.

## 9. 固定資產及在建工程(續)

### a. 本集團(續)

於截至二零零零年十二月三十一日止年度，本集團開始建造數幢職員宿舍。本集團已就使用這些職員宿舍所在的土地向當地政府作出約1,964,000港元的補償。這筆款項已列入作為年內在建工程增添資產一部份。然而，本集團正在向有關政府部門申請撥發土地使用權或就有關土地的使用訂立租約。

此外，本集團亦正就已於二零零零年十二月三十一日止年度完成的兩間新生產廠的有關樓宇及結構物申請有關房產證。

## 9. FIXED ASSETS AND CONSTRUCTION-IN-PROGRESS (Cont'd)

### a. Group (Cont'd)

During the year ended 31 December 2000, the Group started the construction of several blocks of staff quarters. The Group paid approximately HK\$1,964,000 as a compensation to the local government for the use of the land where these staff quarters are located. This amount has been included as a part of the additions to construction-in-progress during the year. However, the Group is in the process of applying to the relevant government authorities for a grant of the land use right or the execution of a lease agreement in relation to the use of the land.

In addition, the Group is in the process of applying for the relevant title deeds associated with the buildings and related structures of two new production plants which had been completed during the year ended 31 December 2000.

Notes to the Financial Statements  
(Amounts expressed in Hong Kong dollars)

9. 固定資產及在建工程(續)

9. FIXED ASSETS AND CONSTRUCTION-IN-PROGRESS (Cont'd)

b. 本公司

b. Company

二零零零年

一九九九年

2000

1999

		辦公室設備 及裝置					合共	
		土地及樓宇	機器及設備	及裝置	汽車	在建工程	合共	合共
		Land and buildings	Machinery and equipment	Office equipment and fixtures	Motor vehicles	Construction- in-progress	Total	Total
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
成本	Cost							
年初	Beginning of year	-	-	110	-	-	110	-
添置	Additions	-	-	65	-	-	65	110
清理	Disposal	-	-	-	-	-	-	-
年終	End of year	-	-	175	-	-	175	110
累計折舊	Accumulated depreciation							
年初	Beginning of year	-	-	6	-	-	6	-
本年度撥備	Provision for the year	-	-	32	-	-	32	6
清理撥回	Written back on disposal	-	-	-	-	-	-	-
年終	End of year	-	-	38	-	-	38	6
賬面淨值	Net book value							
年終	End of year	-	-	137	-	-	137	104
年初	Beginning of year	-	-	104	-	-	104	-

## 10. 投資於附屬公司

於本公司的資產負債表內，投資於附屬公司包括：

## 10. INVESTMENTS IN SUBSIDIARIES

In the balance sheet of the Company, investments in subsidiaries comprised:

		本公司 COMPANY	
		二零零零年 2000 港幣千元 HK\$'000	一九九九年 1999 港幣千元 HK\$'000
非上市股份，按成本	Unlisted shares, at cost	151,707	150,150
應收附屬公司款項	Due from subsidiaries	183,283	104,557
		<b>334,990</b>	254,707

本集團的中國附屬公司宜興新威利成耐火材料有限公司（「新威利成耐火材料」）已獲有關當局批准在二零零零年將註冊資本由4,000,000美元（30,992,000港元）增加至7,000,000美元（54,460,000港元）。增額將以資本化其欠負本公司的一部份款項支付。

A PRC subsidiary of the Group, Yixing Xinwei Leeshing Refractory Materials Co. Ltd. ("Xinwei Leeshing Refractory Materials") obtained approval from the relevant authorities to increase its registered capital from US\$4,000,000 (HK\$30,992,000) to US\$7,000,000 (HK\$54,460,000) in 2000. The increment will be fulfilled by capitalizing a portion of the amount due from it to the Company.

Notes to the Financial Statements  
(Amounts expressed in Hong Kong dollars)

10. 投資於附屬公司(續)

於二零零零年十二月三十一日的附屬公司詳情如下：

10. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries as of 31 December 2000 are as follows:

名稱 Name	註冊成立／營運之 地點及日期 Place and date of incorporation/operations	註冊資本／ 已發行及 繳足股本 Registered capital/ Issued and fully paid capital	本公司應佔權益／ 有投票權股本百分比 Percentage of equity interest/ voting rights held by the Company		主要業務 Principal activities
			直接 directly	間接 indirectly	
新威稀土集團(香港) 有限公司(「新威香港」)	香港 一九九八年 十月二十三日	(i) 10,000,000 港元 無投票權 遞延股份(附註 a) (ii) 2 港元普通股股份	-	100%	貿易
Xinwei Rare Earth Group (Hong Kong) Limited ("Xinwei HK")	Hong Kong 23 October 1998	(i) HK\$10,000,000 non-voting deferred shares (Note a) (ii) HK\$2 ordinary shares	-	100%	Trading
Lee Shing Holdings Limited (「Lee Shing Holdings」) (附註 b)	英屬處女群島 一九九八年 十二月三日	20 美元	100%	-	投資控股
Lee Shing Holdings Limited ("Lee Shing Holdings") (Note b)	British Virgin Islands 3 December 1998	US\$20	100%	-	Investment holding
新威利成稀土(附註 c)	中國 一九九三年 七月十七日	15,660,000 美元	-	95%	精煉及銷售稀土產品
Xinwei Leeshing Rare Earth (Note c)	The PRC 17 July 1993	US\$15,660,000	-	95%	Extraction and selling of rare earth products
新威利成耐火材料 (附註 d)	中國 一九九九年 七月三十日	4,000,000 美元	-	100%	製造及銷售 耐火材料
Xinwei Leeshing Refractory Materials (Note d)	The PRC 30 July 1999	US\$4,000,000	-	100%	Manufacturing and selling of refractory products
龍科國際貿易(上海)有限公司 (「龍科」)(附註 e)	中國 二零零零年 二月二十四日	200,000 美元	100%	-	沒有經營活動
Wellfire (Shanghai) Co. Ltd. ("Wellfire") (Note e)	The PRC 24 February 2000	US\$200,000	100%	-	Dormant

## 10. 投資於附屬公司(續)

附註：

- a. 無投票權的遞延股份並未繳足。除非已向普通股持有人分派每股普通股1,000,000,000港元，否則該等股份並無投票權，且無權於清盤時享有股息及任何分派。
- b. Lee Shing Holdings是新威利成稀土及新威利成耐火材料的中間控股公司。
- c. 新威利成稀土為一間中外合資合營企業，原本由新威集團公司(見附註7)成立及由一九九三年七月十七日起開始為期三十年的經營期。新威利成稀土自成立起至重組一直無經營任何業務。根據重組，蔣太太所擁有的新威利成稀土的95%的權益轉讓予Lee Shing Holdings，而新威集團公司當時則保留其餘5%權益。新威利成稀土其後開展擁有本集團稀土產品的業務。
- d. 新威利成耐火材料為一間全外資企業，經營年期由一九九九年七月三十日起計為期三十年。其成立目的為擁有本集團的耐火材料業務。
- e. 龍科為一間全外資企業，經營期由二零零零年二月二十四日起計為期50年。其於註冊成立後並無經營活動。

## 10. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Notes:

- a. The non-voting deferred shares have not been paid up. These shares had no voting rights, were not entitled to dividends, and were not entitled to any distributions upon winding up unless a sum of HK\$1,000 million per ordinary share had been distributed to the holders of the ordinary shares.
- b. Lee Shing Holdings is the intermediate holding company of Xinwei Leeshing Rare Earth and Xinwei Leeshing Refractory Materials.
- c. Xinwei Leeshing Rare Earth is a Sino-foreign equity joint venture originally established by Xinwei Group Limited (see Note 7) with an operating period of 30 years commencing from 17 July 1993. Xinwei Leeshing Rare Earth had been dormant since incorporation until the Reorganisation. Pursuant to the Reorganisation, 95% of the equity interests in Xinwei Leeshing Rare Earth owned by Mrs. Jiang were transferred to Lee Shing Holdings with Xinwei Group Limited retaining the remaining 5% interest. Xinwei Leeshing Rare Earth was then activated to own the rare earth products operations of the Group.
- d. Xinwei Leeshing Refractory Materials is a wholly foreign-owned enterprise with an operating period of 30 years commencing from 30 July 1999. It was established to own the refractory products operations of the Group.
- e. Wellfire is a wholly foreign-owned enterprise with an operating period of 50 years commencing from 24 February 2000. It has been dormant since incorporation.

Notes to the Financial Statements  
(Amounts expressed in Hong Kong dollars)

11. 存貨

11. INVENTORIES

		本集團 GROUP	
		二零零零年 2000 港幣千元 HK\$'000	一九九九年 1999 港幣千元 HK\$'000
原材料	Raw materials	43,901	23,056
半成品	Work in progress	31,514	9,486
製成品	Finished goods	40,767	25,388
減：存貨過時及可變現 淨值一般撥備	Less: General provision for inventory obsolescence and net realisable value	(5,182)	(2,896)
		<b>111,000</b>	55,034

12. 應收賬款及其他應收款

12. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

信貸額是經過評估客戶的財政實力及衡量其過往的支付記錄後而向客戶提供。所有客戶均設定信貸限額，而只有在得到本集團高級職員核准後才可以超過限額。與認為有信貸風險的客戶進行交易會以現金進行。專業職員監察逾期應收賬款，並負責跟進。

Credit is offered to customers following an assessment of their financial ability and based on an established payment track record. Credit limits are set for all customers and these are exceeded only with the approval of senior officers of the Group. Business with customers considered to have credit risk is conducted on the cash basis. Professional staff monitor overdue accounts receivable and follow up collections.

本集團向合資格貿易客戶提供30至90天的平均信貸期。

The Group offers an average credit term of 30 to 90 days to eligible trade customers.

於二零零零年十二月三十一日，應收賬款及其他應收款包括：

As at 31 December 2000, accounts receivable and other receivables comprised:

		本集團 GROUP	
		二零零零年 2000 港幣千元 HK\$'000	一九九九年 1999 港幣千元 HK\$'000
應收賬款	Accounts receivable	98,271	104,060
其他應收款	Other receivables	10,165	5,537
減：呆壞賬撥備	Less: Provision for bad and doubtful debts	(17,095)	(9,478)
		<b>91,341</b>	100,119

## 12. 應收賬款及其他應收款(續)

應收賬款賬齡分析如下：

本期至 6 個月	Current to 6 months
6 個月至 1 年	6 months to 1 year
1 至 2 年	1 to 2 years
超過 2 年	Over 2 years

## 12. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES (Cont'd)

The aging analysis of accounts receivable is as follows:

		本集團 GROUP	
		二零零零年 2000 港幣千元 HK\$'000	一九九九年 1999 港幣千元 HK\$'000
本期至 6 個月	Current to 6 months	74,228	87,581
6 個月至 1 年	6 months to 1 year	4,889	8,083
1 至 2 年	1 to 2 years	10,763	6,529
超過 2 年	Over 2 years	8,391	1,867
		<b>98,271</b>	104,060

## 13. 預付款、按金及其他流動資產

根據本集團一附屬公司於截至二零零零年十二月三十一日止年度與三位賣方(「賣方」)所訂的三份原材料供應合約，該附屬公司向賣方支付約47,143,000港元(一九九九年一無)的預付款(「預付款」)。根據該等合約，賣方同意按購買成本提供折扣，作為預付款利息。該附屬公司有意於二零零一年向賣方之採購逐步扣減預付款。董事認為預付款並無變現問題。

## 13. PREPAYMENTS, DEPOSITS AND OTHER CURRENT ASSETS

Pursuant to three raw materials supply contracts entered into by a subsidiary of the Group with three vendors ("the Vendors") during the year ended 31 December 2000, the subsidiary made prepayments ("the Prepayments") of approximately HK\$47,143,000 (1999 - Nil) to the Vendors. According to the contracts, the Vendors have agreed to offer a discount on the costs of purchases as deemed interest on the Prepayments. The subsidiary intends to gradually deduct the Prepayments against subsequent purchases made from the Vendors in 2001. The directors consider that there is no realisability problem associated with the Prepayments.

Notes to the Financial Statements  
(Amounts expressed in Hong Kong dollars)

14. 應付賬款

於二零零零年十二月三十一日應付賬款賬齡分析如下：

		本集團 GROUP	
		二零零零年 2000 港幣千元 HK\$'000	一九九九年 1999 港幣千元 HK\$'000
本期至 6 個月	Current to 6 months	19,606	20,656
6 個月至 1 年	6 months to 1 year	2,450	13,296
1 至 2 年	1 to 2 years	1,975	3,051
		<b>24,031</b>	37,003

14. ACCOUNTS PAYABLE

The aging analysis of accounts payable as at 31 December 2000 is as follows:

15. 長期銀行貸款

		本集團 GROUP	
		二零零零年 2000 港幣千元 HK\$'000	一九九九年 1999 港幣千元 HK\$'000
無抵押長期銀行貸款 及還款期：	Long-term bank loans were unsecured and repayable within a period of:		
— 不超過一年	— not exceeding one year	39,506	—
— 一年以上但不超過兩年	— more than one year, but not exceeding two years	—	39,339
		<b>39,506</b>	39,339
減：列入流動負債內 的一年內償還款項	Less: Amount repayable within a year included in current liabilities	<b>(39,506)</b>	—
		<b>—</b>	39,339

15. LONG-TERM BANK LOANS

## 16. 可換股債券

於二零零零年六月十三日（「截止日」），本集團與一位第三者（「買方」）訂立一項認購協議（「認購協議」），其所載條款及權利如下：

- a. 本公司發行及售予買方總本金額為5,000,000美元（39,000,000港元）的可換股債券（「債券」）。債券將於二零零三年到期。債券可按換股價（「換股價」）兌換本公司所發行的新發行普通股，換股價相等於(i)緊接截止日前30個營業日本公司股份每股平均收市價的130%；或(ii)緊接買方所選擇兌換股份前30個營業日股份每股任何五個收市價平均數之90%（以較低者為準），並規定換股價不得低於股份之面值0.1港元。

於二零零零年十二月三十一日，買方已按介乎每股0.8352港元至0.9018港元的換股價合共兌換600,000美元（4,680,000港元）債券為本公司普通股5,294,169股（見附註17(d)）。債券不時的未兌換本金餘額按年率3.0%計息。

根據這協議，倘達至認購協議所述的若干條件，本公司亦有選擇權再發行最多達5,000,000美元（39,000,000港元）的第二批債券。迄至本報告刊發日期，本公司並無行使這項選擇權。

- b. 本公司亦已同意授予買方權利去認購合共最多達本公司新發行普通股4,000,000股，認購價相等於緊接截止日前20個營業日本公司股份每股平均收市價之150%。迄至本報告刊發日期，買方並無行使這項權利。

## 16. CONVERTIBLE BONDS

On June 13, 2000 (“the Closing Date”), the Company entered into a subscription agreement (“the Subscription Agreement”) with a third party (“the Purchaser”) with the following terms and rights:

- a. The Company issued and sold to the Purchaser convertible bonds (“the Bonds”) with an aggregate principal amount of US\$5,000,000 (HK\$39,000,000). The Bonds will be due in 2003. The Bonds can be converted into new ordinary shares issued by the Company at a conversion price (“the Conversion Price”) equal to the lesser of (i) 130% of the average of the closing price per share of the Company for the 30 business days immediately prior to the Closing Date; or (ii) 90% of the average of any five closing prices per share during the 30 business days immediately preceding the conversion as selected by the Purchaser, provided that the Conversion Price shall not be less than the par value of the shares of HK\$0.1.

As of 31 December 2000, the Purchaser had converted, in aggregate, US\$600,000 (HK\$4,680,000) of the Bonds into 5,294,169 ordinary shares of the Company at conversion prices ranging from HK\$0.8352 per share to HK\$0.9018 per share (see Note 17(d)). The Bonds bear interest at a rate of 3.0% per annum on the outstanding principal balance from time to time.

Pursuant to this agreement, the Company also has an option to issue a second tranche of the Bonds of up to a further US\$5,000,000 (HK\$39,000,000), upon fulfilling certain conditions as stated in the Subscription Agreement. Up to the date of this report, the option has not been exercised by the Company.

- b. The Company also agreed to grant to the Purchaser rights to subscribe for up to an aggregate of 4,000,000 newly issued ordinary shares of the Company at a subscription price equal to 150% of the average of the closing price per share during the 20 business days immediately preceding the Closing Date. Up to the date of this report, the Purchaser had not exercised such rights.

Notes to the Financial Statements  
(Amounts expressed in Hong Kong dollars)

16. 可換股債券 (續)

可換股債券的餘額變動如下：

		本集團及本公司 GROUP AND COMPANY	
		二零零零年 2000 港幣千元 HK\$'000	一九九九年 1999 港幣千元 HK\$'000
年內發行	Issued during the year	39,000	–
兌換為普通股	Converted to ordinary shares	(4,680)	–
年末	End of year	34,320	–

16. CONVERTIBLE BONDS (Cont'd)

The movement of the balance of the convertible bonds is as follows:

17. 股本

17. SHARE CAPITAL

		本公司 COMPANY	
		二零零零年 2000 港幣千元 HK\$'000	一九九九年 1999 港幣千元 HK\$'000
法定	Authorised		
1,000,000,000 股 (一九九九年 – 1,000,000,000 股) 每股 0.10 港元之普通股	1,000,000,000 (1999 - 1,000,000,000) ordinary shares of HK\$0.10 each	100,000	100,000
已發行及繳足	Issued and fully paid		
675,294,169 股 (一九九九年 – 600,000,000 股) 每股 0.10 港元之普通股	675,294,169 (1999 - 600,000,000) ordinary shares of HK\$0.10 each	67,529	60,000

下列為本公司於一九九九年七月二十七日 (註冊成立日期) 至二零零零年十二月三十一日期間之股本變動：

- a. 於註冊成立之日，法定股本為100,000港元，分為每股面值0.10港元的股份1,000,000股。

The following changes in the Company's share capital took place between 27 July 1999 (date of incorporation) and 31 December 2000:

- a. On incorporation, the authorised share capital was HK\$100,000 divided into 1,000,000 shares of HK\$0.10 each.

## 17. 股本 (續)

- b. 於一九九九年八月十三日，按面值以現金方式配發及發行1股股份予YY Holdings Limited (「YY Holdings」)，並配發及發行999,999股股份予YY Holdings。有關代價乃按下文附註(c)(ii)所述之方式繳付。誠如附註1所述，蔣太太是一項信託的實益擁有人，而該項信託的信託資產包括YY Holdings的股份。
- c. 於一九九九年九月二十九日，根據本公司當時之一唯一股東YY Holdings之決議案：
- (i) 透過額外增設合計共999,000,000股股份，本公司之法定股本由100,000港元增至200,000港元，然後再增加至100,000,000港元。該等股份在各方面均與現有已發行及尚未發行股份享有同等權利。
- (ii) YY Holdings獲配發1,000,000股額外股份。YY Holdings以其持有Lee Shing Holdings的全部已發行股本共20股轉讓予本公司，作為其獲配發共1,999,999股份的總代價。本公司因該股份交換而產生的股份溢價約為149,950,000港元。
- (iii) 於一九九九年十月十三日，按每股股份0.93港元向公眾人士及機構投資者發行150,000,000股股份 (「首次股份發售」)，以取得現金139,500,000港元。

## 17. SHARE CAPITAL (Cont'd)

- b. On 13 August 1999, one share was allotted and issued to YY Holdings Limited (“YY Holdings”) at par for cash and 999,999 shares were allotted and issued to YY Holdings. The consideration was satisfied in the manner described in Note c(ii) below. As described in Note 1, Mrs. Jiang is the beneficial owner of a trust, the trust assets of which include the shares of YY Holdings.
- c. On 29 September 1999, pursuant to resolutions of YY Holdings, the then sole shareholder of the Company:
- (i) the authorised share capital of the Company was increased from HK\$100,000 to HK\$200,000 and then to HK\$100,000,000 by the creation of 999,000,000 additional shares in aggregate. Such shares rank pari passu in all respects with the existing issued and unissued shares.
- (ii) an additional 1,000,000 shares were allotted and issued to YY Holdings. The aggregate consideration for the issue (in total 1,999,999 shares) was satisfied by the transfer of 20 shares, being the entire issued share capital, in Lee Shing Holdings held by YY Holdings, from YY Holdings to the Company. The share premium of the Company arising from such share exchange amounted to approximately HK\$149,950,000.
- (iii) on 13 October 1999, 150,000,000 shares were issued to the public and institutional investors (the “Initial Public Offer”) at a price of HK\$0.93 per share for cash amounting to HK\$139,500,000.

Notes to the Financial Statements  
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17. 股本 (續)

- (iv) 根據首次股份發售而撥入的本公司股份溢價賬，本公司將股份溢價44,800,000港元撥充資本，作為按面值配發及發行448,000,000股股份予YY Holdings的已繳足股款（「資本化發行」）。
- d. 根據上文附註16所載的認購協議，買家已將本金合共600,000美元（4,680,000港元）的債券轉換為本公司發行的新增普通股合共5,294,169股。
- e. 根據本公司與YY Holdings於二零零零年十一月十三日所訂立的一項配售協議，YY Holdings按每股1.05港元之價格配售本公司股份105,000,000股予數位獨立機構投資者，總代價為110,250,000港元。此外，YY Holdings亦按每股1.05港元合共現金代價73,500,000港元認購本公司發行的新增普通股70,000,000股。

17. SHARE CAPITAL (Cont'd)

- (iv) based on the share premium account of the Company being credited as a result of the Initial Public Offer, HK\$44,800,000 of the share premium of the Company was capitalised as amount paid up in full at par for 448,000,000 shares of the Company allotted and issued to YY Holdings (“Capitalisation Issue”).
- d. Pursuant to the Subscription Agreements mentioned in Note 16, the Purchaser converted an aggregate amount of US\$600,000 (HK\$4,680,000) of the principal balance of the Bonds into an aggregate number of 5,294,169 new ordinary shares issued by the Company.
- e. Pursuant to a placement agreement dated 13 November 2000 between the Company and YY Holdings, YY Holdings placed 105,000,000 shares of the Company, at a price of HK\$1.05 per share to several independent institutional investors at an aggregate consideration of HK\$110,250,000. In addition, YY Holdings also subscribed for 70,000,000 new ordinary shares issued by the Company at HK\$1.05 per share with cash consideration amounting to HK\$73,500,000.

## 17. 股本 (續)

本公司法定及已發行股本之變動概要如下：

## 17. SHARE CAPITAL (Cont'd)

A summary of the movements in the Company's authorised and issued share capital is as follows:

		法定股本		已發行股本	
		股份數目	面值	股份數目	面值
		Number of shares	Nominal value 港幣千元 HK\$'000	Number of shares	Nominal value 港幣千元 HK\$'000
法定股本及於註冊成立之日發行之每股面值0.1港元的股份	Authorised share capital and shares of HK\$0.1 each issued on incorporation	1,000,000	100	1,000,000	100
法定普通股本增加999,000,000股每股0.1港元的股份	Increase in authorised share capital 999,000,000 shares of HK\$0.1 each	999,000,000	99,900	-	-
轉讓 Lee Shing Holdings 股份予本公司作為代價而發行的股份	Shares issued in consideration for the transfer of shares in Lee Shing Holdings to the Company	-	-	1,000,000	100
首次公開發售	Initial Public Offer	-	-	150,000,000	15,000
資本化發行	Capitalisation Issue	-	-	448,000,000	44,800
一九九九年十二月三十一日結餘	Balance as of 31 December 1999	1,000,000,000	100,000	600,000,000	60,000
債券兌換而發行股份	Shares issued upon conversion of the Bonds	-	-	5,294,169	529
根據股份配售發行股份	Shares issued pursuant to a share placement	-	-	70,000,000	7,000
二零零零年十二月三十一日結餘	Balance as of 31 December 2000	<b>1,000,000,000</b>	<b>100,000</b>	<b>675,294,169</b>	<b>67,529</b>

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18. 儲備

18. RESERVES

		股份溢價 Share premium 港幣千元 HK\$'000 (附註a) (Note a)	資本儲備 Capital reserve 港幣千元 HK\$'000	法定儲備 Statutory reserves 港幣千元 HK\$'000	外匯兌換儲備		保留溢利 Retained profit 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
					Exchange translation reserve 港幣千元 HK\$'000			
<b>本集團</b>	<b>Group</b>							
於一九九九年一月一日	As of 1 January 1999	-	-	18,214	196	92,774	111,184	
首次公开发售	Initial Public Offer	124,500	-	-	-	-	124,500	
資本化發行 (附註 17(c))	Capitalisation Issue (Note 17(c))	(44,800)	-	-	-	-	(44,800)	
股份發行費用	Share issue expenses	(18,408)	-	-	-	-	(18,408)	
股東應佔溢利	Profit attributable to shareholders	-	-	-	-	81,167	81,167	
購入附屬公司額外 股本權益而產生 的資本儲備	Reserve arising from acquisition of additional equity interests in subsidiaries	-	3,981	-	(249)	-	3,732	
購入淨營業資產而產生 的資本儲備 (附註 21(b))	Reserve arising from acquisition of net operating assets (Note 21(b))	-	6,508	-	-	-	6,508	
向法定儲備撥款 (附註 b)	Appropriation to statutory reserves (Note b)	-	-	9,840	-	(9,840)	-	
自法定儲備轉撥至 資本儲備 (附註 c)	Transfer from statutory reserves to capital reserve (Note c)	-	22,348	(22,348)	-	-	-	
股息 (附註 6)	Dividends (Note 6)	-	-	-	-	(18,401)	(18,401)	
中國附屬公司 財務報表換算	Translation of PRC subsidiaries' financial statements	-	-	-	954	-	954	
於一九九九年 十二月三十一日	As of 31 December 1999	61,292	32,837	5,706	901	145,700	246,436	
債券兌換而發行股份 (附註 17(d))	Shares issued upon conversion of the Bonds (Note 17(d))	4,151	-	-	-	-	4,151	
向 YY Holdings 發行股份 (附註 17(e))	Shares issued to YY Holdings (Note 17(e))	66,500	-	-	-	-	66,500	
股份發行費用	Share issue expenses	(985)	-	-	-	-	(985)	
股東應佔溢利	Profit attributable to shareholders	-	-	-	-	140,923	140,923	
向法定儲備撥款 (附註 b)	Appropriation to statutory reserves (Note b)	-	-	14,529	-	(14,529)	-	
股息 (附註 6)	Dividends (Note 6)	-	-	-	-	(26,277)	(26,277)	
中國附屬公司 財務報表換算	Translation of PRC subsidiaries' financial statements	-	-	-	2,317	-	2,317	
於二零零零年 十二月三十一日	As of 31 December 2000	130,958	32,837	20,235	3,218	245,817	433,065	

## 18. 儲備(續)

## 18. RESERVES (Cont'd)

		外匯兌換儲備					
		股份溢價	資本儲備	法定儲備	Exchange	保留溢利	總額
		Share	Capital	Statutory	translation	Retained	Total
		premium	reserve	reserves	reserve	profit	Total
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(附註a)					
		(Note a)					
<b>本公司</b>	<b>Company</b>						
於一九九九年一月一日	As of 1 January 1999	-	-	-	-	-	-
於重組的股份交換	Share exchange upon the						
(附註 17(c))	Reorganisation (Note 17(c))	149,950	-	-	-	-	149,950
首次公开发售	Initial Public Offer	124,500	-	-	-	-	124,500
資本化發行	Capitalisation Issue						
(附註 17(c))	(Note 17(c))	(44,800)	-	-	-	-	(44,800)
股份發行費用	Share issue expenses	(18,408)	-	-	-	-	(18,408)
股東應佔溢利	Profit attributable to shareholders	-	-	-	-	14,203	14,203
股息 (附註 6)	Dividends (Note 6)	-	-	-	-	(12,000)	(12,000)
於一九九九年 十二月三十一日	As of 31 December 1999	211,242	-	-	-	2,203	213,445
債券兌換而發行股份	Shares issued upon conversion						
(附註 17(d))	of the Bonds (Note 17(d))	4,151	-	-	-	-	4,151
向 YY Holdings 發行股份	Shares issued to YY Holdings						
(附註 17(e))	(Note 17(e))	66,500	-	-	-	-	66,500
股份發行費用	Share issue expenses	(985)	-	-	-	-	(985)
股東應佔溢利	Profit attributable to shareholders	-	-	-	-	28,575	28,575
股息 (附註 6)	Dividends (Note 6)	-	-	-	-	(26,277)	(26,277)
於二零零零年 十二月三十一日	As of 31 December 2000	<b>280,908</b>	-	-	-	<b>4,501</b>	<b>285,409</b>

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18. 儲備 (續)

- a. 由於重組後於一九九九年十二月三十一日所產生的本公司股份溢價指發行以交換Lee Shing Holdings全部已發行股本的本公司股份面值與Lee Shing Holdings所持有之附屬公司於一九九九年九月二十九日被本公司收購時的有關淨資產價值的差額。於截至二零零零年十二月三十一日止年度增加之本公司股份溢價，乃產生自債券兌換而發行股份(見附註16)及根據配發協議向YY Holdings發行股份，並已扣除有關發行費用(見附註17)。

根據開曼群島公司法(一九九八年修訂版)，股份溢價賬可供分派予本公司股東，惟緊隨建議分派股息之日，本公司將可於日常業務過程中償付其到期的債務。

- b. 法定儲備指中國附屬公司之法定溢餘及一般公積金，並構成附屬公司的股東權益之一部份。根據中國有關財務規例及各附屬公司的公司細則，各附屬公司須將法定利潤淨額(經抵銷前年度的任何虧損)的適當部份撥往法定儲備。中國附屬公司的法定儲備轉撥乃按照其根據中國一般接納的會計原則編制的法定財務報表內所申報的溢利為基準，其與根據香港一般採納之會計原則所呈報的溢利並不相同。尤應指出，本公司在中國全資擁有的一間附屬公司，必須將最少淨利潤(經抵銷任何上年度虧損)的10%撥入法定一般儲備，直至儲備結餘達到該附屬公司註冊資本50%。因此，於截至二零零零年十二月三十一日止年度，本集團作出撥款合共約14,529,000港元(一九九九年：9,840,000港元)。

18. RESERVES (Cont'd)

- a. The share premium of the Company as of 31 December 1999 arising from share exchange upon the Reorganisation represents the difference between the nominal value of the shares of the Company issued in exchange for the entire issued share capital of Lee Shing Holdings and the value of the underlying net assets of the subsidiaries at the date they were acquired by the Company on 29 September 1999. The additions to the share premium of the Company during the year ended 31 December 2000 arose from the issuance of shares upon the conversion of the Bonds (see Note 16) and shares issued to YY Holdings pursuant to a placement agreement, net of the relevant issuing expenses (see Note 17).

Under the Companies Law (1998 Revision) of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

- b. Statutory reserves represent the statutory surplus and general reserves of the subsidiaries in the PRC and form part of the shareholders' funds of the subsidiaries. In accordance with relevant financial regulations of the PRC and Articles of Association of the subsidiaries, the subsidiaries are required to appropriate a portion for their statutory net income (after offsetting any prior year losses) to the statutory reserves. Such appropriations are based on the profits as reported in their statutory financial statements prepared in accordance with generally accepted accounting principles in the PRC, which will be different from profits reported under generally accepted accounting principles in Hong Kong. In particular, a 100% owned subsidiary of the Company in the PRC is required to transfer at least 10% of its net income (after offsetting any prior year losses) to a statutory general reserve until the reserve balance reaches 50% of the registered capital of that subsidiary. Accordingly, appropriations in an aggregate amount of approximately HK\$14,529,000 (1999 - HK\$9,840,000) were made by the Group for the year ended 31 December 2000.

## 18. 儲備 (續)

- c. 於一九九九年本集團重組時，本集團直至重組為止向法定儲備作出的撥款總額22,348,000港元已撥充資本，作為本集團的資本儲備。
- d. 於一九九九年本集團重組時，新威集團公司及其附屬公司直至一九九九年四月三十日止的保留溢利約110,320,000港元已撥充資本，作為本集團兩間附屬公司的註冊資本及資本儲備，以及將不會供本公司作分派之用。因此，本集團一筆同一數目的保留溢利亦不會供分派予股東之用。
- e. 中國附屬公司的股息將會按其法定財務報表內所申報的溢利宣派。上述溢利將會與根據香港一般接納的會計原則申報的數額不同。本集團截至二零零零年十二月三十一日可供分派予股東的保留溢利約為139,000,000港元（一九九九年：42,000,000港元），相當於本公司的財務報表及於新威利成稀土及新威利成耐火材料的法定財務報表所錄得的保留溢利總金額。
- f. 本公司之可供分派儲備包括股份溢價賬及可派發保留溢利。於二零零零年十二月三十一日，本公司可供分派給股東的儲備約285,409,000港元（一九九九年：213,445,000港元）。
- g. 股東應佔溢利包括約28,575,000港元（一九九九年：14,203,000港元）溢利，已於本公司賬目內處理。

## 18. RESERVES (Cont'd)

- c. During the Reorganisation of the Group in 1999, the aggregate appropriations to the statutory reserves made by the Group up to the Reorganisation, in the amount of approximately HK\$22,348,000 was capitalised as capital reserve of the Group.
- d. During the Reorganisation of the Group in 1999, retained profits up to 30 April 1999 of Xinwei Group Limited and its then subsidiaries amounting to approximately HK\$110,320,000 was capitalised as registered capital and capital reserves of the two subsidiaries of the Group and will not be available for distribution to the Company. Accordingly, a portion of the Group's retained profits in the same amount is also not available for distribution to shareholders.
- e. Dividends from the PRC subsidiaries will be declared based on profits as reported in their statutory financial statements. Such profits will be different from the amounts reported under generally accepted accounting principles in Hong Kong. The Group's retained profits available for distribution to shareholders as of 31 December 2000 amounted to approximately HK\$139,000,000 (1999 - HK\$42,000,000), representing the aggregate amount of the retained profit as reported in the financial statements of the Company and the PRC statutory financial statements of Xinwei Leeshing Rare Earth and Xinwei Leeshing Refractory Materials.
- f. The Company's reserves available for distribution comprise the share premium account and retained profit. As of 31 December 2000, the reserves of the Company available for distribution to shareholders amounted to approximately HK\$285,409,000 (1999 - HK\$213,445,000).
- g. The profit attributable to shareholders included a profit of approximately HK\$28,575,000 (1999 - HK\$14,203,000) which has been dealt with in the accounts of the Company.

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19. 銀行融資及抵押資產

於二零零零年十二月三十一日，本公司分別有銀行融資約39,000,000港元作為貿易融資及39,506,000港元作為長期貸款用途。迄至該日全部長期貸款已動用。該貿易融資是以一筆不少於該融資金額的銀行定期存款作第一抵押為擔保。

全部融資均按商業利率計息。

20. 每股盈利

每股基本盈利乃根據年內股東應佔綜合溢利約140,923,000港元(一九九九年：81,167,000港元)及於年度內已發行普通股的加權平均數約607,684,000股(一九九九年：482,877,000股)計算。

每股攤薄盈利乃按年內經調整股東應佔綜合溢利約141,486,000港元及已發行普通股的加權平均數約623,944,000股計算，並已計入債券之潛在攤薄影響(見附註16)。一九九九年並無潛在攤薄普通股及並無就一九九九年呈報每股攤薄盈利。

19. BANKING FACILITIES AND PLEDGE OF ASSETS

As of 31 December 2000, the Group had banking facilities of approximately HK\$39,000,000 for trade finance and HK\$39,506,000 for long-term loans, respectively. All of the long-term loans facilities were utilised as of that date. The trade finance facility is secured by a first charge over a time deposit account held with a bank in an amount not less than the facility amount.

All these facilities bear interest at commercial rates.

20. EARNINGS PER SHARE

Basic earnings per share was calculated based on the consolidated profit attributable to shareholders for the year of approximately HK\$140,923,000 (1999 - HK\$81,167,000) and the weighted average number of ordinary shares of approximately 607,684,000 (1999 - 482,877,000) in issue during the year.

Diluted earnings per share was calculated based on the adjusted consolidated profit attributable to shareholders for the year of approximately HK\$141,486,000, and the weighted average number of ordinary shares in issue of approximately 623,944,000 after taking into consideration the potential dilutive effect of the Bonds (see Note 16). There were no dilutive potential ordinary shares in 1999 and no diluted earnings per share is presented in respect of 1999.

## 21. 綜合現金流量表附註

- a. 除稅前溢利與經營業務之現金流入淨額之對賬：

## 21. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

- a. Reconciliation of profit before taxation to net cash inflow from operating activities:

	二零零零年 2000 港幣千元 HK\$'000	一九九九年 1999 港幣千元 HK\$'000 (附註25) (Note 25)
來自正常業務的除稅前經營溢利：	Operating profit from ordinary activities before taxation:	
除稅前溢利	Profit before taxation	116,904
固定資產折舊	Depreciation of fixed assets	9,263
清理固定資產虧損	Loss on disposal of fixed assets	163
存貨過時及可變現淨值一般撥備	General provision for inventory obsolescence and net realisable value	165
呆壞賬撥備	Provision for bad and doubtful debts	370
利息收入	Interest income	(633)
利息開支	Interest expenses	4,645
可換股債券發行費用	Convertible bond issue expenses	-
存貨（增加）減少	(Increase) Decrease in inventories	4,041
應收賬款及其他應收款之減少（增加）	Decrease (Increase) in accounts receivable and other receivables	(25,727)
預付款項、按金及其他流動資產之增加	Increase in prepayments, deposits and other current assets	(23,324)
應收關連公司款之減少（增加）	(Increase) Decrease in due from related companies	682
應付賬款之減少	Decrease in accounts payable	(1,063)
預提費用及其他應付款（包括應付中國增值稅）之增加（減少）	Increase (Decrease) in accruals and other payables, including PRC VAT payable	(18,431)
應付董事款之增加（減少）	Increase (Decrease) in due to directors	(62)
應付關連公司款之增加	Increase in due to related companies	698
經營業務之現金流入淨額	Net cash inflow from operating activities	67,691

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21. 綜合現金流量表附註(續)

- b. 於一九九九年重組時，收購兩間並非由蔣先生及蔣太太全資擁有的公司的經營性資產及負債影響之分析如下：

21. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

- b. Analysis of acquisition of operating assets and liabilities of two companies in 1999 which were not wholly-owned by Mr. Jiang and Mrs. Jiang, upon the Reorganisation as follows:

		本集團 GROUP	
		二零零零年 2000 港幣千元 HK\$'000	一九九九年 1999 港幣千元 HK\$'000
購入的淨營運資產	Net operating assets acquired:		
固定資產	Fixed assets	-	6,644
在建工程	Construction-in-progress	-	304
流動資產	Current assets	-	14,112
流動負債	Current liabilities	-	(14,148)
		-	6,912
原有投資，按成本	Original investment, at cost	-	404
以下列支付	Satisfied by:		
於上市前當時之股東向中國 附屬公司提供的出資額	Capital contribution to a PRC subsidiary by the then shareholders prior to listing	-	6,508
購入的現金及銀行結餘	Cash and bank balances acquired	-	87

## 21. 綜合現金流量表附註(續)

c. 本年度之財務變動分析如下：

		本集團 GROUP				
		二零零零年 2000			一九九九年 1999	
股本 (包括股份溢價) Share capital (including share premium) 港幣千元 HK\$'000		銀行貸款 Bank loans 港幣千元 HK\$'000	可換股債券 Convertible bonds 港幣千元 HK\$'000	合共 Total 港幣千元 HK\$'000	合共 Total 港幣千元 HK\$'000	
年初	Beginning of year	121,292	50,143	-	171,435	55,594
發行股份	Issue of shares	73,500	-	-	73,500	139,700
發行債券	Issue of the Bonds	-	-	39,000	39,000	-
發行股份費用	Share issue expenses	(985)	-	-	(985)	(18,408)
提取銀行貸款	Draw-down of bank loans	-	3,771	-	3,771	5,915
償還銀行貸款	Repayment of bank loans	-	(14,408)	-	(14,408)	(11,366)
債券兌換普通股	Conversion of the Bonds to ordinary shares	4,680	-	(4,680)	-	-
年末	End of year	198,487	39,506	34,320	272,313	171,435

d. 重大非現金交易  
債券兌換本公司發行之普通股詳情見附註17(d)。

c. Analysis of changes in financing during the year is as follows:

d. Major non-cash transactions  
See Note 17(d) for details of conversion of the Bonds into ordinary shares issued by the Company.

Notes to the Financial Statements  
(Amounts expressed in Hong Kong dollars)

22. 承擔

a. 資本承擔

本集團有下列並無於本集團綜合資產負債表撥備之購買設備與機器及樓宇建造之重大承擔：

		本集團 GROUP	
		二零零零年 2000 港幣千元 HK\$'000	一九九九年 1999 港幣千元 HK\$'000
已批准及訂約	Authorised and contracted for	29,172	54,513
已批准但未訂約	Authorised but not contracted for	30,254	21,911
總額	Total	59,426	76,424

b. 經營租約承擔

於二零零零年十二月三十一日，本集團已訂立經營租約，該等租約與香港及中國國內的辦公室，以及與本集團生產及管理設施所在的土地的租賃有關。這些租約續期至二零二九年屆滿，於二零零零年十二月三十一日的承擔總額約為14,136,000港元。須於隨後的十二個月內支付的承擔數額，現分析如下：

		本集團 GROUP	
		二零零零年 2000 港幣千元 HK\$'000	一九九九年 1999 港幣千元 HK\$'000
於下列期間屆滿的租約	Leases expiring within a period		
— 不超過一年	— not exceeding one year	1	—
— 一年以上但不超過五年	— more than one year but not exceeding five years	877	498
— 超過五年	— exceeding five years	553	631
		1,431	1,129

上文所載包括本集團於來年應予予一名有關連人士的經營租約承擔約203,000港元(見附註7(c))。

22. COMMITMENTS

a. Capital commitments

The Group had the following significant commitments for acquisition of equipment and machinery and construction of buildings which were not provided for in the consolidated balance sheet of the Group.

b. Operating lease commitments

As of 31 December 2000, the Group has entered into operating lease agreements in relation to leasing of office premises in Hong Kong and the PRC as well as the land on which the Group's production and administrative facilities are located. These leases extend to year 2029 and the total commitment as of 31 December 2000 was approximately HK\$14,136,000. The total amount of commitment payable within the next twelve months is analysed as follows:

Included in the above are operating lease commitments of approximately HK\$203,000 payable (see Note 7(c)) by the Group to a related party in the coming year.

### 23. 購股權計劃

根據本公司股東於一九九九年十月十四日批准的本公司購股權計劃，各董事可於一九九九年十月十四日起十年內酌情向本集團全職僱員提出認購股權的建議，該等購股權可根據購股權計劃所訂明的條款與條件認購本公司的股份。截至二零零零年十二月三十一日，並未有任何認股權被配發。

### 24. 批准日期

第32至第75頁所載之財務報表已於二零零一年三月二十八日經董事會批准。

### 25. 一九九九年的比較數字

所呈報的綜合資產負債表及損益表已於二零零零年作出以下修訂：

- 預提的採購成本總額列入應付賬款而非預提費用及其他應付款；
- 只有利息收入被披露為其他收益；
- 利息支出及其他借貸成本乃披露為融資成本；及
- 出售固定資產收益或虧損、滙兌收益(虧損)及其他雜項收入及費用乃披露為其他收入(費用)。

董事認為上述分類為本集團的財務狀況及經營業績作出較公平呈報。故此，比較數字已重新分類，以符合本年度的呈報。

### 23. SHARE OPTION SCHEME

Under the Company's share option scheme approved by the shareholder of the Company on 14 October 1999, the directors may at their discretion, within a period of ten years from 14 October 1999 make offers to full time employees of the Group to take up options to subscribe for shares of the Company subject to the terms and conditions stipulated. No options have been granted up to 31 December 2000.

### 24. DATE OF APPROVAL

The financial statements set out on pages 32 to 75 were approved by the Board of Directors on 28 March 2001.

### 25. 1999 COMPARATIVE FIGURES

The presentation of the consolidated balance sheet and income statement has been changed in 2000 as follows:

- the amounts of the accrued costs of purchases are included in accounts payable instead of in accruals and other payables;
- only interest income is disclosed as other revenue;
- interest expenses and other borrowing costs are disclosed as finance costs; and
- gain or loss on disposal of fixed assets, exchange gain (loss) and other miscellaneous income and expenses are disclosed as other income (expenses).

The directors consider the above classifications give a fairer presentation of the financial position and operating results of the Group. Accordingly, comparative figures have been reclassified to conform with the current year's presentation.