

# CRE

ANNUAL REPORT 年報

2007

Rare Earth

Greater Energy Efficiency

Refractory Materials

Higher Performance



中國稀土控股有限公司  
China Rare Earth Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock code 股份代號: 00769



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## 公司資料

### CORPORATE INFORMATION

#### 董事

##### 執行董事

蔣泉龍先生(主席)  
錢元英女士(副主席)  
許盤鳳女士  
蔣才南先生

##### 獨立非執行董事

劉余九先生  
黃春華先生  
金重先生

##### 審計委員會

劉余九先生  
黃春華先生  
金重先生

##### 薪酬委員會

蔣泉龍先生  
劉余九先生  
黃春華先生  
金重先生

##### 公司秘書

羅納德先生

##### 註冊辦事處

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

##### 總辦事處及主要營業地點

中國江蘇省  
宜興市大浦鎮

##### 香港營業地點

香港  
中環雪廠街16號  
西洋會所大廈15樓

#### DIRECTORS

##### Executive Directors

Mr Jiang Quanlong (Chairman)  
Ms Qian Yuanying (Deputy Chairman)  
Ms Xu Panfeng  
Mr Jiang Cainan

##### Independent Non-executive Directors

Mr Liu Yujiu  
Mr Huang Chunhua  
Mr Jin Zhong

##### AUDIT COMMITTEE

Mr Liu Yujiu  
Mr Huang Chunhua  
Mr Jin Zhong

##### REMUNERATION COMMITTEE

Mr Jiang Quanlong  
Mr Liu Yujiu  
Mr Huang Chunhua  
Mr Jin Zhong

##### COMPANY SECRETARY

Mr Law Lap Tak

##### REGISTERED OFFICE

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

##### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Dapu, Yixing  
Jiangsu Province, PRC

##### PLACE OF BUSINESS IN HONG KONG

15/F, Club Lusitano  
16 Ice House Street, Central  
Hong Kong

**香港法律顧問**

趙不渝 馬國強律師事務所

**HONG KONG LEGAL ADVISERS**

Chiu & Partners

**核數師**

信永中和(香港)會計師事務所有限公司

**AUDITORS**

SHINEWING (HK) CPA Limited

**主要往來銀行**

**中國**

中國銀行  
中國工商銀行  
中國建設銀行  
中國招商銀行

**PRINCIPAL BANKERS**

**PRC**

Bank of China  
Industrial & Commercial Bank of China  
China Construction Bank  
China Merchants Bank

**香港**

渣打銀行  
中國銀行  
南洋商業銀行

**Hong Kong**

Standard Chartered Bank  
Bank of China  
Nanyang Commercial Bank, Limited

**主要股份過戶登記處**

Butterfield Fund Services (Cayman) Limited  
Butterfield House, 68 Fort Street  
P.O. Box 705, George Town  
Grand Cayman  
Cayman Islands

**PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Butterfield Fund Services (Cayman) Limited  
Butterfield House, 68 Fort Street  
P.O. Box 705, George Town  
Grand Cayman  
Cayman Islands

**香港股份過戶登記分處**

香港中央證券登記有限公司  
香港  
皇后大道東183號  
合和中心17樓

**HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Computershare Hong Kong Investor Services Limited  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Hong Kong

**互聯網址**

[www.creh.com.hk](http://www.creh.com.hk)

**INTERNET WEBSITE**

[www.creh.com.hk](http://www.creh.com.hk)

**香港聯合交易所有限公司股份代號**

769

**STOCK CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED**

769

**公關顧問**

縱橫財經公關顧問有限公司

**PUBLIC RELATIONS CONSULTANT**

Strategic Financial Relations Limited

# 財務摘要

## FINANCIAL HIGHLIGHTS

### 營業額 TURNOVER

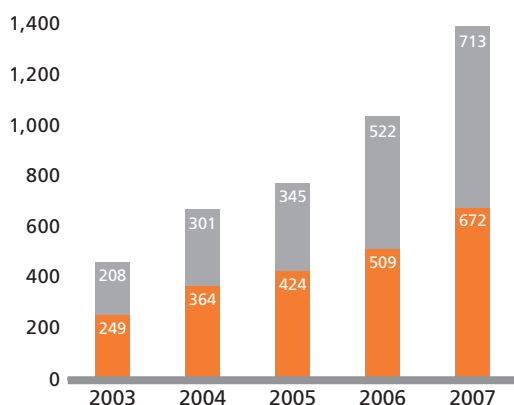
截至十二月三十一日止年度 For the year ended 31 December	百萬港元 HK\$'M	變動 Change
2003	457	2% ↓
2004	665	46% ↑
2005	769	16% ↑
2006	1,031	34% ↑
2007	1,385	34% ↑

### 股東應佔溢利淨額 NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS

截至十二月三十一日止年度 For the year ended 31 December	百萬港元 HK\$'M	變動 Change
2003	67	63% ↑
2004	120	80% ↑
2005	130	9% ↑
2006	209	61% ↑
2007	295	41% ↑

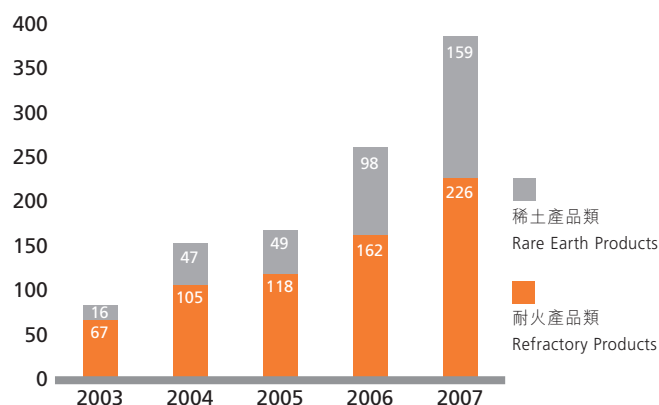
### 營業額 TURNOVER

百萬港元  
HK\$'M



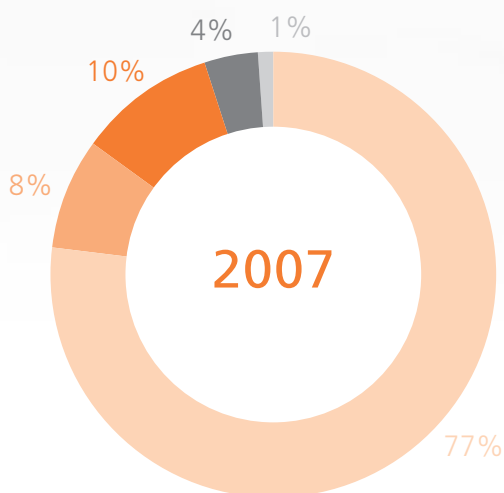
### 分類業績 SEGMENT RESULTS

百萬港元  
HK\$'M



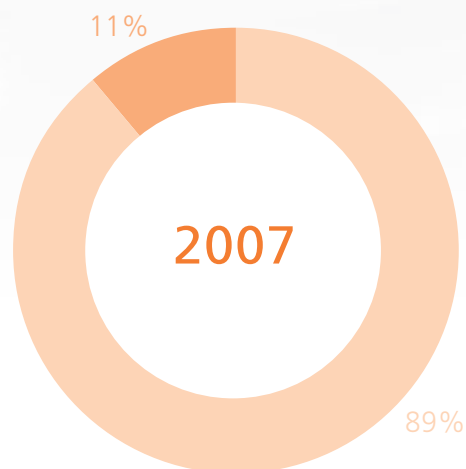
	2007		2006		2005		2004		2003	
	百萬港元 HK\$'M	%	百萬港元 HK\$'M	%	百萬港元 HK\$'M	%	百萬港元 HK\$'M	%	百萬港元 HK\$'M	%

<b>營業額 Turnover</b>										
稀土產品類 Rare Earth Products	713	52%	522	51%	345	45%	301	45%	208	46%
耐火產品類 Refractory Products	672	48%	509	49%	424	55%	364	55%	249	54%
總額 Total	1,385	100%	1,031	100%	769	100%	665	100%	457	100%
<b>分類業績 Segment results</b>										
稀土產品類 Rare Earth Products	159	41%	98	38%	49	29%	47	31%	16	20%
耐火產品類 Refractory Products	226	59%	162	62%	118	71%	105	69%	67	80%
總額 Total	385	100%	260	100%	167	100%	152	100%	83	100%



稀土產品類  
RARE EARTH PRODUCTS

- 中國 The PRC
- 日本 Japan
- 歐洲 Europe
- 美國 The United States of America
- 其他 Others



耐火產品類  
REFRACTORY PRODUCTS

- 中國 The PRC
- 日本 Japan

		稀土產品類 Rare Earth Products		耐火產品類 Refractory Products	
		2007 %	2006 %	2007 %	2006 %
<b>營業額</b>	<b>Turnover</b>				
中國	The PRC	<b>77%</b>	78%	<b>89%</b>	80%
日本	Japan	<b>8%</b>	5%	<b>11%</b>	18%
歐洲	Europe	<b>10%</b>	11%	–	2%
美國	The United States of America	<b>4%</b>	5%	–	–
其他	Others	<b>1%</b>	1%	–	–
<b>總額</b>	<b>Total</b>	<b>100%</b>	100%	<b>100%</b>	100%

# 主席報告書

## CHAIRMAN'S STATEMENT

### 致各位股東：

本人謹代表董事會向各位股東提呈中國稀土控股有限公司（「本公司」）及其附屬公司（合稱「本集團」）截至二零零七年十二月三十一日止之全年業績報告。

於二零零七年中國政府國土資源部把國內稀土礦產開採由指導性計劃改為指令性計劃，進一步整頓和規範礦產資源的開採，並再次收緊稀土產品的出口配額，保護資源的措施已取得相當成果，行業整合初見成效，加上各種消費電子產品的迅速發展，使稀土產品的需求和價格在回顧年內繼續上升，帶動本集團稀土業務的營業額和盈利滿意增長；而本集團在擴展深加工業務方面也進展理想，尤其隨著中國以至全球均正在大力推廣節能燈，使熒光材料業務快速成長。

回顧年內本集團的耐火材料業務發展平穩，而本集團近年為了邁向上游產業，在中國遼寧省增加了電熔鎂砂業務，該業務在二零零七年度亦發展理想。本集團更將利用現有生產設施靠近鎂砂資源的優勢，發展高純鎂砂業務。該計劃的新廠房第一期將在二零零八年的上半年投產，年產能達5萬噸高純鎂砂，這將能為本集團的耐火材料業務提供穩定的原材料供應，並為未來的業務帶來新的增長點。

### To Shareholders:

On behalf of the Board of Directors, I present to you the annual results of China Rare Earth Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2007.

In 2007, the Ministry of Land and Resources of the Chinese Government changed the plan for rare earth mining from guiding in nature to instructive to step up regulation of mining of mineral resources. It also tightened rare earth export quotas again. Such resources conservation measures have brought results and seen the industry starting to consolidate. In addition, driven by rapid development of various consumer electronics, the demand and price of rare earth products kept rising during the year under review. Consequently, the Group's rare earth business achieved satisfactory growth in both turnover and profit. Furthermore, the Group made good progress expanding its downstream product business. Fluorescent materials business grew rapidly benefiting in particular from the call on consumers to use energy-saving lightings in China and worldwide.

During the year under review, the Group's refractory materials business remained stable. To facilitate upstream business development, the Group expanded its operation in Liaoning Province to include fused magnesium grains business in recent years. This business segment recorded satisfactory growth in 2007. The Group plans to exploit the advantage of the proximity of its production facility to magnesium resources to development high purity magnesium grains business. Phase one of the new plant will commence operation in the first half of 2008, at an annual production capacity of 50,000 tonnes of high purity magnesium grains. By then, the Group will be able to enjoy a stable supply of raw material for its refractory materials business and have a new future growth driver.



### 財務業績

由於業務發展理想，截至二零零七年十二月三十一日止財政年度，本集團錄得營業額約為1,385,345,000港元，較二零零六年之1,031,082,000港元增長約34%，當中稀土產品（包括熒光材料）的營業額約為713,630,000港元，佔總營業額的52%，較去年同期之522,110,000港元增長約37%。耐火材料產品（包括高溫陶瓷及鎂砂）的營業額約為671,715,000港元，佔總營業額的48%，較去年同期的508,972,000港元增長約32%。整體毛利率由去年的約29%進一步增加至33%。

回顧年內，本集團的除稅前溢利為396,134,000港元，比去年同期的274,075,000港元增長了約45%。其中由於在回顧年內人民幣升值迅速，使本年度錄得的匯兌收益達40,947,000港元。另一方面，息率的增長及銀行存款的上升亦使淨利息收入由去年的約7,071,000港元增加至本年度的約11,917,000港元。由於本集團旗下無錫新威熒光材料有限公司及無錫新威高溫陶瓷有限公司的稅務優惠期結束，該兩公司於本年度開始按應課稅溢利的27%計提全額企業所得稅，使本集團的有效稅率有所提升，再加上利潤的增長，本年度的稅項開支由去年的62,384,000港元上升56%至97,054,000港元。減除稅項後，本集團之淨溢利為299,080,000港元，較去年同期之211,691,000港元上升了41%，淨溢利率上升至約22%。雖然本集團於二零零六年兩度配發新股，使已發行股份數目由986,953,059股上升至1,421,143,059股，對每股盈利有攤薄效應，但由於淨溢利的大幅上升，使本年度的每股盈利仍由去年的18港仙增加至20.8港仙。

### FINANCIAL RESULTS

With its businesses reporting good progress, for the year ended 31 December 2007, the Group recorded a total turnover of HK\$1,385,345,000, about 34% more than the HK\$1,031,082,000 in 2006. The turnover from rare earth products (including fluorescent materials) was HK\$713,630,000, about 37% more than last year's HK\$522,110,000 and accounting for 52% of the Group's total turnover. Refractory materials (including high temperature ceramics and magnesium grains) brought in approximately HK\$671,715,000 in turnover, approximately 32% more than the HK\$508,972,000 recorded in the previous year and accounting for 48% of the Group's total turnover. Overall gross profit margin was boosted to 33% from about 29% last year.

During the year under review, the Group made profit before taxation of HK\$396,134,000, about 45% increase when compared to HK\$274,075,000 last year. Fast appreciation of the Renminbi during the year under review gave the Group an exchange gain of HK\$40,947,000. As a result of interest rate hike and increased bank balance, net interest income of the Group also increased to about HK\$11,917,000 from about HK\$7,071,000 last year. After the tax exemption periods expired for Wuxi Xinwei Fluorescent Materials Company Limited and Wuxi Xinwei High Temperature Ceramics Company Limited, they were required to start paying full Enterprise Income Tax at the rate of 27% during the year, and accordingly the overall effective tax rate for the Group increased. That plus the bigger profit made by the Group for the year caused taxation expense to increase by 56% from HK\$62,384,000 last year to HK\$97,054,000. Excluding taxation, the Group's net profit amounted to HK\$299,080,000, a 41% rise from HK\$211,691,000 last year. Net profit margin rose to about 22%. As the Group undertook two share placements in 2006, the total number of issued shares increased from 986,953,059 to 1,421,143,059, which diluted earnings per share. However, with net profit up substantially, earnings per share for the year increased to HK20.8 cents against HK18 cents last year.

隨著中國政府自二零零八年一月一日推行兩稅合一的新制度，國內外企業需繳交的企業所得稅率，已統一為25%。本集團的企業所得稅率，也將因而調減，使本集團二零零八年度的有效稅率有所下降，對提升未來的淨利率有正面影響。

#### 股息

董事會建議派發二零零七年度之末期股息每股4港仙，連同中期股息每股1港仙，累計全年共派息每股5港仙。倘若股東在二零零八年五月三十日所舉行的股東週年大會中通過有關動議，末期股息將會在二零零八年六月十八日或以前派發予二零零八年五月三十日在股東登記冊上之股東。

本公司將於二零零八年五月二十七日至二零零八年五月三十日，包括首尾兩天，暫停辦理股份過戶手續，期間將不會進行任何股份之過戶登記。如欲獲得建議之末期股息及出席本公司股東大會，所有股份的過戶文件連同有關的股票須於二零零八年五月二十六日下午四時前送抵本公司股份過戶處香港分處「中央證券登記有限公司」。

#### 業務回顧

##### 稀土業務

回顧年內，受惠於各種日新月異的科技產品迅速發展和世界消費電子產品需求上升，加上世界各國致力增加節能燈的使用，市場對稀土特別是磁性材料及熒光材料的需求持續上升。本集團於回顧年內共出售約4,800噸稀土氧化物及深加工產品，比去年同期上升了約9%；營業額更比去年上升37%至713,630,000港元。

The Chinese Government started implementing the new taxation system applicable to both domestic and foreign enterprises on 1 January 2008, charging 25% Enterprise Income Tax for domestic and foreign enterprises alike. As a result, the Group's Enterprise Income Tax will be reduced and its effective tax rate will also be lower in 2008, which will be conducive to the lifting of net profit margin in the future.

#### DIVIDENDS

The Board has recommended payment of a final dividend of HK4 cents per share for 2007. Together with the interim dividend of HK1 cent already paid, total dividend for the year was HK5 cents per share. Subject to the approval of shareholders at the forthcoming Annual General Meeting to be held on 30 May 2008, the final dividend will be paid on or before 18 June 2008 to registered shareholders as at 30 May 2008.

The Register of Members will be closed from 27 May to 30 May 2008, both days inclusive. During this period, no transfer of shares will be registered. To qualify for entitlement of the proposed final dividend and to attend the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, for registration not later than 4:00 p.m. on 26 May 2008.

#### BUSINESS REVIEW

##### Rare Earth Business

During the year under review, new innovative high-tech products hitting the market and rising demand for consumer electronics worldwide as well as energy-saving lightings gaining support in different countries have kept market demand for rare earth, especially magnetic and fluorescent materials, on the rise. During the year, the Group sold approximately 4,800 tonnes of rare earth oxides and downstream products, about 9% more than last year. Turnover increased by 37% to HK\$713,630,000.

稀土氧化物方面，主要應用於磁性材料的鐠、釹、銩、鐳的價格繼續上升。如氧化鐠及氧化釹在二零零七年度的平均價格較上年度上升了約六成，而單價較高的氧化銩及氧化鐳的平均價格亦較上年度上升了約一成。另外，主要應用於發光材料的鈮鎳共沉在二零零七年度的平均價格較上年度上升了約15%。而在玻璃行業上廣泛應用的氧化釷的平均售價也比去年同期上升了約三成。

在下游深加工產品方面，由於中國近年對環保節能項目高度關注，並為二零零八年北京舉辦奧運會而全力推廣使用節能燈具；加上北美、澳洲、歐洲、日本及韓國各國亦正逐步淘汰傳統白熾燈泡而改用節能燈，令熒光材料的需求不斷提升。為迎合需求的增長，本集團於回顧年內已投資逾3,000萬港元擴充新設備以提升產品質素及加大產能。本集團於回顧年內的熒光材料銷售量增加了約五成，其銷售額則較去年上升約55%，於整體稀土業務營業額的比重上升至約23%，熒光材料的毛利率則增長至約35%。

在成本方面，由於中國政府進一步對國內稀土礦產資源的開採進行整頓和規範，以及江西、包頭等產礦地地方政府的控制，使各類稀土原材料的供應更加緊張，價格也繼續上漲，例如碳酸稀土、氧化稀土及氯化稀土的平均價較去年上升了約一成至六成不等。然而由於本集團持續有效的成本和價格管理，新增的成本已逐漸轉嫁予客戶，再加上透過改進工藝流程，使生產成本減少及提高效率，致使於回顧年內，稀土業務的整體毛利率上升至約27%。

Among rare earth oxides, the prices of praseodymium, neodymium, terbium and dysprosium used mainly in magnetic materials continued to increase. For instance, as compared with the previous year, the average price of praseodymium oxide and neodymium oxide in 2007 rose around 60% while the average price of terbium oxide and dysprosium oxide, which have higher unit price, also increased by about 10%. In addition, the average price of mixture of yttrium and europium, which is mainly used in fluorescent materials, made a year-on-year growth of approximately 15% in 2007. The average price of lanthanum oxide, which is commonly used in glass industry, was about 30% higher than last year's.

As for downstream products, with China focusing on environmental protection and energy conservation in recent years and promoting the use of energy-saving lightings in the advent of the 2008 Beijing Olympics, and regions and countries including North America, Australia, Europe, Japan and Korea gradually replacing traditional light bulbs with energy-saving ones, demand for fluorescent materials has also climbed consistently. To meet increasing demand, the Group invested over HK\$30,000,000 in new facilities during the year under review to enhance product quality and production capacity. During the year, the Group sold around 50% more fluorescent materials in volume and around 55% more in value. The proportion of fluorescent materials sales in the total turnover of rare earth business also increased to 23%. Fluorescent materials' gross profit margin rose to approximately 35%.

Regarding production cost, supply of rare earth raw materials has been tight and correspondingly their prices have kept surging as a result of the Central Government as well as local governments of Jiangxi and Baotou, etc., areas with rich rare earth resources, stepping up regulation and control on rare earth resources mining. The average price of rare earth carbonate, rare earth oxide and rare earth chloride, for example, increased by 10% to 60% when compared with 2006. However, implementing effective cost control and price management, we managed to gradually transfer the increase on to customers. Furthermore, we also improved production workflow, which resulted in reduced production cost and higher efficiency. These endeavors allowed the Group to raise its overall gross profit margin for the rare earth segment to approximately 27% for the year.

在市場分佈方面，中國依然是稀土應用大國。其市場所佔本集團稀土業務的營業額約為77%，歐洲及日本市場則分別約佔10%和8%。

#### 耐火材料業務

回顧年內本集團的耐火材料業務維持穩定發展。營業額由去年的508,972,000港元增長約32%至本年的671,715,000港元。由於大部份產品的售價在回顧年內的變化不大，一般在10%之內，故營業額的增長主要在於產品結構的改變與銷售量的上升。回顧年內，本集團共售出約68,500噸一般耐火材料、約35,000噸高溫陶瓷及約39,500噸電熔鎂砂，總數量比去年增加約三成。產品方面，工序較簡單但技術含量較高致使毛利較高的澆注料，其銷售額在回顧年內已達1億港元。成本方面，各原材料的價格表現參差，如棕剛玉及灰剛玉之價格較去年上升一至三成，然而鎢英砂的價格卻下跌了一至三成。由於本集團控制成本得宜，故整體耐火材料業務的毛利率仍能維持於去年相若水平，約39%。設備方面，為回應市場對優質耐火材料及高溫陶瓷需求的增長，本集團已於回顧年內投資了逾6,000萬港元以擴建新生產設備及將部份舊有設備拆除以重新改造，為業務拓展打下堅實的基礎。

市場方面，由於本集團近年大力發展的高溫陶瓷及電熔鎂砂均以內銷為主，且中國政府從今年起取消出口退稅的政策亦減慢了海外市場的發展，故於回顧年內本集團耐火材料業務中，中國市場佔整體業務的比重增加至約九成。

As for business performance by market, China continues to be a major consumer of rare earth products. It accounts for around 77% of our total turnover, followed by Europe accounting for 10% and Japan 8%.

#### Refractory Materials Business

During the year under review, the Group's refractory materials business continued to develop steadily. Turnover increased by approximately 32% from last year's HK\$508,972,000 to HK\$671,715,000. As the prices of most products during the year were much the same as in the previous year, moving no more than 10%, the increase in turnover was mainly attributable to improved product mix and sales volume. During the year under review, the Group sold around 68,500 tonnes of ordinary refractory materials, 35,000 tonnes of high temperature ceramics and 39,500 tonnes of fused magnesium grains. In all, the Group sold around 30% more refractory materials this year than the previous year. In terms of products, casting materials, which are relatively easy to produce but have high technology content hence command a higher gross profit, boasted sales value reaching HK\$100,000,000. Regarding production costs, material prices varied during this year. The price of brown fused corundum and gray fused corundum was up 10% to 30% while that of zircon grains was down 10% to 30% this year. However, at the Group's effective cost control, the overall gross profit margin of refractory materials business stood at approximately 39%, similar to the previous year. As for investment in equipment, to meet increasing market demand for quality refractory materials and high temperature ceramics, the Group invested over HK\$60,000,000 this year to expand new production facilities and refurbish some of the existing facilities and lay a solid foundation for the business to expand further.

As for business performance by market, since most of the high temperature ceramics and fused magnesium grains produced by the Group were sold to the domestic market and overseas market growth slowed down with export tax rebate abolished by the Chinese Government, the China market accounted for approximately 90% of the total sales of the Group's refractory materials business.

## 展望

中央政府嚴格控制稀土礦源的開採，並進一步收緊稀土產品的出口措施，且經國務院關稅稅則委員會會議通過，自二零零八年一月一日起各類稀土產品的出口關稅進一步提升至15%或25%。在多重政策的推動下，預期中國的稀土產品價格於未來數年將持續攀升。而由於全球電子工業已經往中國轉移，在二零零七年，全球85%的液晶顯示器、90%的筆記本電腦和40%的液晶電視都是在中國生產，這些生產活動將繼續提高中國市場對稀土產品的需求，並有利本集團在國內擴展稀土業務。故本集團將提升高附加值深加工稀土產品的生產力度，以抓緊當前的機遇。目標在未來數年內，將深加工稀土產品的營業額比例逐漸增至稀土產品營業額的五成。

現時中國生產的節能燈約佔世界市場九成的產量，而世界各國正加緊以節能燈取代白熾燈，預計生產節能燈具所需的熒光材料的需求將會日益龐大。加上近期，中國國家發展及改革委員會和財政部也頒佈了「高效照明產品推廣財政補貼資金暫行管理辦法」，對以間接財政補貼方式推動節能燈的應用作出了明確規定。現時國內只有不到兩成的室內有使用節能燈，節能燈具產品在當局的補貼下將會長足發展，本集團深信生產節能燈具所需的熒光材料的需求將會非常殷切。故此，本集團正積極研究增加熒光材料的產能，以抓緊國內龐大的商機。

## PROSPECTS

The Chinese Government has tightened control over rare earth mining and export on rare earth products. Approved by the Customs Tariff Commission of the State Council, export tariff rates of various rare earth products were increased to 15% or 25% on 1 January 2008. All these policies will see the prices of rare earth product in China on continuous surge in the next few years. Also, as manufacturers of electronics from around the world have been moving production to China, 85% of global output of LCD displays, 90% of that of notebook computers and 40% of that of LCD TVs in 2007 were from China. These production activities will continue to boost demand for rare earth products from the China market, a trend favourable to the expansion of the Group's rare earth business. The Group will step up effort in enhancing production of value-added downstream rare earth products so as to capture surfacing market opportunities. It targets to increase in phases the proportion of turnover contribution from downstream rare earth products to 50% of the total turnover from rare earth products within the next few years.

Currently, China produces about 90% of the energy-saving lightings in the world and countries around the world are pushing forward the replacement of traditional lightings with energy-saving ones. This means demand for fluorescent materials used to produce energy-saving lightings will continue to mushroom. Furthermore, the National Development and Reform Commission and the Ministry of Finance had implemented the "Provisional Administrative Measures for Financial Subsidy on Promotion of Highly Effective Lighting Products" recently, setting clear guidelines for promoting application of energy-saving lightings using indirect financial subsidy. Considering that less than 20% of the indoor lightings used are energy-saving lightings at present, the government subsidy will brace long-term growth of energy-saving lighting products. Anticipating keen demand for fluorescent materials used to produce energy-saving lightings, the Group is actively considering expansion of production capacity for the materials so as to capture the huge opportunities in the market.

耐火材料業務方面，本集團發展高純鎂砂業務的新項目已投入逾2億港元，第一期生產線已接近完成，將於二零零八年上半年正式投產，屆時將能年產5萬噸高純鎂砂，這將能為本集團的耐火材料業務提供穩定的原料供應，有助控制成本，並為本集團增添可觀的收入來源。第一期工程完成後，將按情況展開餘下工程。當整項投資計劃相繼落成後，高純鎂砂的總年產量將能達到15萬噸。

另一方面，本集團繼續積極與各重要客戶協商，尋求進一步合作機會，組織策略聯盟，以提升市場競爭力和擴大業務範疇。本集團亦將繼續研究礦山資源的投資機會，務求早日形成縱向產業鏈，同時與供應商更緊密合作，以穩定原料供應，締造更佳的規模優勢和成本效益。

#### 流動資金及財務資源

回顧年內，雖然本集團於各新增設備的投資，特別是高純鎂砂的新建項目，已陸續投入資金，然而由於本集團在經營活動上的資金安排有所進步，故於二零零七年十二月三十一日，本集團持有現金及銀行存款金額（其中包括已抵押作為業務擔保及銀行信貸額的約值1億港元存款）維持於約776,996,000港元。透過抵押存款，本集團仍滾存著人民幣95,000,000元的短期銀行貸款。本集團於年末的流動資產淨額約為1,287,804,000港元。總負債對總資產的比率維持於約9%。

除上述之抵押存款外，本集團並無其他資產已被抵押，亦無重大或然負債。

For the refractory materials segment, the Group invested over HK\$200,000,000 in developing the high purity magnesium grains business. Construction of phase one of the high purity magnesium grains production line was due to completion and will commence operation in the first half of 2008 with annual production capacity reaching 50,000 tonnes. This will enable the Group to secure stable raw materials supply for its refractory materials business, facilitating effective cost control. It will also become a new income stream of the Group. After construction of phase one is completed, the Group will start work on the rest of the project. When the entire investment project is completed, the Group will be able to produce up to 150,000 tonnes of high purity magnesium grains.

In addition, the Group will continue to negotiate with major customers to explore opportunities for tightening cooperation and forming strategic alliances. Such endeavors will enhance the Group's market competitiveness and allow it to diversify and expand its business scope. The Group will continue to look for opportunities to invest in mining so as to speed up creation of a vertical industrial chain. It will also work closely with suppliers to secure reliable raw material supply and strive to maximize economies of scale and cost effectiveness.

#### LIQUIDITY AND FINANCIAL RESOURCES

During the year under review, although the Group started to invest in new equipment, especially for the new high purity magnesium grains project, it was also able to improve capital arrangement for operating activities, hence maintained cash and bank deposits at approximately HK\$776,996,000 (including deposit of approximately HK\$100,000,000 pledged as guarantee for business and banking facilities) as at 31 December 2007. With the deposit as pledge, the Group rolled over a short term bank loan amounted to RMB95,000,000. The Group's balance of net current assets amounted to approximately HK\$1,287,804,000 at the end of the year. Total liabilities to total assets ratio was maintained at around 9%.

Except for the stated deposit pledged, the Group had no other charge on assets. There was no material contingent liability.

本集團並無面臨重大的息率風險。匯率方面，本集團大部份之資產、負債及交易均以人民幣結算，另部份以美元及港元列值。於回顧期內人民幣的升值並未為本集團帶來重大的匯率風險，相反在財務報表上折合為港元時更出現大額匯兌收益。出口銷售的比重減少更降低了匯率風險，且美元及港元的匯率相對穩定。

#### 僱員及薪酬

於二零零七年十二月三十一日，本集團僱用各級員工共約1,600人，包括多名大學畢業生及經驗豐富的專業翹楚。本集團為員工提供完善的薪酬及福利制度，包括購股權計劃以鼓勵員工對本集團的貢獻。回顧年內，僱員成本包括董事酬金合計約為36,204,000港元。另外，本集團亦經常安排入職培訓予員工以保持其職業水平。

#### 致謝

本集團能不斷成長發展，實有賴各股東、投資者、客戶、供應商及業務夥伴一直以來對本集團的信賴與支持，以及為全體員工多年來努力的成果。本人謹代表董事會及管理層向彼等致以最衷心的謝意。

主席

蔣泉龍

香港，二零零八年四月二十六日

The Group was not exposed to material interest rate risk. Regarding foreign exchange, most of the Group's assets, liabilities and transactions are denominated in Renminbi, and the rest are in US dollar or Hong Kong dollar. During the period under review, the Group was not exposed to material foreign exchange risk because of appreciation of the Renminbi. On the contrary, the phenomenon brought an exchange gain upon to the Group in translation of the financial statements into HK dollars. The decrease in proportion of export sales and the relatively stable exchange rate of the US dollar and Hong Kong dollar also reduced exchange risk.

#### STAFF AND REMUNERATION

As at 31 December 2007, the Group had a workforce of approximately 1,600 including new recruits among university graduates as well as experienced professionals. The Group adopts a comprehensive staff remuneration and welfare system, including a share option scheme, to motivate staff contribution to the Group. During the year, the Group spent approximately HK\$36,204,000 on staff costs including directors' emoluments. The Group also provided regularly on the job training to employees to maintain their professional standards.

#### APPRECIATION

The Group is able to report continuous growth because of the unwavering support and trust of shareholders, investors, customers, suppliers and business partners over the years. On behalf of the Board and the management, I give my heartfelt thanks to them all.

Jiang Quanlong

Chairman

Hong Kong, 26 April 2008

## 董事及高級管理人員簡介

### DIRECTORS AND SENIOR MANAGEMENT PROFILE

#### 執行董事

**蔣泉龍先生**，55歲，本集團創辦人及主席。蔣先生負責制訂本集團整體業務發展政策。蔣先生獲江蘇省人事廳評定具高級經濟師資格。蔣先生在稀土及耐火材料行業擁有逾二十年經驗。於創辦本集團之前，蔣先生曾擔任某耐火材料製造廠的經理及某玻璃陶瓷製造公司的營業經理。蔣先生為本集團副主席錢元英女士之丈夫。

**錢元英女士**，48歲，本集團創辦人及副主席，兼為本集團行政總裁。錢女士負責本集團整體管理工作及專責本集團業務的市場推廣工作。錢女士獲江蘇省人事廳評定具高級經濟師資格，另外亦獲得中國職業經理人資格。錢女士在稀土及耐火材料行業方面擁有逾十五年經驗。於創辦本集團之前，錢女士曾任職學校教師。錢女士為本集團主席蔣泉龍先生之妻子。

**許盤鳳女士**，43歲，於一九八七年加入本集團，至二零零五年獲委任為執行董事，主管稀土業務之銷售。許女士在稀土產品的生產和營銷上擁有豐富的工作經驗。

**蔣才南先生**，49歲，於一九八六年加入本集團，至二零零五年獲委任為執行董事，主管耐火材料業務之銷售。蔣先生在耐火材料行業擁有逾二十年的豐富經驗。

#### EXECUTIVE DIRECTORS

**Mr Jiang Quanlong**, aged 55, is a founding member and the chairman of the Group. Mr Jiang is responsible for the formulation of the Group's overall business development policies. Mr Jiang is recognized as a senior economist by Jiangsu Provincial Personnel Department. Mr Jiang has over 20 years of experience in the rare earth and refractory materials industries. Prior to the founding of the Group, Mr Jiang had been a factory manager of a refractory materials production plant and a sales manager of a glass and ceramics manufacturing company. Mr Jiang is the husband of Ms Qian Yuanying, the deputy chairman of the Group.

**Ms Qian Yuanying**, aged 48, is a founding member and the deputy chairman of the Group. Ms Qian is also the chief executive officer of the Group. Ms Qian is responsible for the overall management of the Group and has particular responsibility for the marketing aspect of the Group's business. Ms Qian is recognized as a senior economist by Jiangsu Provincial Personnel Department, and she is also qualified as a Chinese Career Manager. Ms Qian has over 15 years of experience in the rare earth and refractory materials industries. Prior to the founding of the Group, Ms Qian was a high school teacher. Ms Qian is the wife of Mr Jiang Quanlong, the chairman of the Group.

**Ms Xu Panfeng**, aged 43, joined the Group in 1987 and was appointed as an executive director in 2005. Ms Xu is responsible for the sales of rare earth business. Ms Xu has extensive experience in production and marketing of rare earth products.

**Mr Jiang Cainan**, aged 49, joined the Group in 1986 and was appointed as an executive director in 2005. Mr Jiang is responsible for the sales of refractory materials business. Mr Jiang has over 20 years of experience in the refractory materials industry.



#### 獨立非執行董事

**劉余九先生**，74歲，於一九九九年加入本集團，為本公司獨立非執行董事。劉先生為原國家計委稀土專家組應用開發組組長及中國稀土學會常務理事。劉先生亦為中國稀土學報副主編。劉先生生於一九九二年十二月至一九九七年十二月期間擔任為中國稀土開發公司總工程師。

**黃春華先生**，43歲，於二零零一年加入本集團，為本公司獨立非執行董事。黃先生擁有英國斯特克萊大學工商管理學碩士和市場學博士學位。黃先生是法國巴黎證券(亞洲)有限公司證券分析董事。黃先生此前曾在本港一家上市公司任副主席及財務總監。

**金重先生**，56歲，於二零零四年加入本集團，為本公司獨立非執行董事。金先生在武漢鋼鐵學院材料工程學系耐火專業專科畢業，曾在貴陽市耐火材料廠總廠出任副總工程師。

#### 公司秘書

**羅納德先生**，38歲，於一九九九年加入本集團，為本公司財務總監及公司秘書。羅先生畢業於香港並取得工商管理學士學位，為香港會計師公會及英國特許公認會計師公會會員。加入本集團前，羅先生曾於某國際會計師行任職逾七年。

#### 高級管理層

**樓吉翔先生**，56歲，於二零零零年加入本集團，現為本集團副總經理，主管稀土及熒光材料的新產品開發和新課題研究。樓先生原是一家著名稀土廠的副總經理，在稀土和金屬行業擁有逾二十年的經驗。

**俞正明先生**，72歲，自一九九九年加入本集團，擔任宜興新威利成稀土有限公司的總工程師兼技術顧問。俞先生原是一家著名稀土廠的廠長及總工程師，是稀土及有色金屬行業的資深專家。

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr Liu Yujiu**, aged 74, joined the Group in 1999 as an independent non-executive director of the Company. Mr Liu was the head of the Rare-Earth Experts Group, Applications and Development Section under the State Planning Commission. Mr Liu is also the executive of China Rare Earth Science Society and deputy editor-in-chief of China Rare Earth Journal. Mr Liu was appointed as chief engineer of China Rare Earth Development Corporation for the period from December 1992 to December 1997.

**Mr Huang Chunhua**, aged 43, joined the Group in 2001 as an independent non-executive director of the Company. Mr Huang obtained a Ph.D degree in Marketing and an MBA degree from University of Strathclyde. Mr Huang is a director of China Research of BNP Paribas Securities (Asia) Limited. Prior to that he was the deputy chairman and chief financial officer of a listed company in Hong Kong.

**Mr Jin Zhong**, aged 56, joined the Group in 2004 as an independent non-executive director of the Company. Mr Jin graduated from the Faculty of Material Engineering of Wuhan Steel College, specializing in refractory studies. Mr Jin was previously the deputy chief engineer of the head factory of Guiyang City Refractory Materials Factory.

#### COMPANY SECRETARY

**Mr Law Lap Tak**, aged 38, joined the Group in 1999. Mr Law is the financial controller and company secretary of the Company. Mr Law graduated in Hong Kong with a degree of bachelor of business administration. Mr Law is a member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. Prior to joining the Group, Mr Law was with an international accounting firm in Hong Kong for over 7 years.

#### SENIOR MANAGEMENT

**Mr Lou Jixiang**, aged 56, joined the Group in 2000. Mr Lou is the deputy general manager of the Group. Mr Lou is responsible for the research and development of rare earth and fluorescent materials business. Prior to joining the Group, Mr Lou was the deputy general manager of a renowned rare earth factory. Mr Lou has over 20 years of experience in the rare earth and non-ferrous metals industries.

**Mr Yu Zhengming**, aged 72, joined the Group in 1999. Mr Yu is the chief engineer and technical consultant of Yixing Xinwei Leeshing Rare Earth Company Limited. Prior to joining the Group, Mr Yu was the factory general manager and chief engineer of a renowned rare earth factory. Mr Yu is an expert in rare earth and non-ferrous metals industries.

## 董事及高級管理人員簡介

### DIRECTORS AND SENIOR MANAGEMENT PROFILE

徐建文先生，39歲，於一九八八年加入本集團，現任宜興新威利成稀土有限公司總經理，主管稀土業務之運作。徐先生在稀土行業擁有逾十五年的生產管理經驗。

**Mr Xu Jianwen**, aged 39, joined the Group in 1998. Mr Xu is the general manager of Yixing Xinwei Leeshing Rare Earth Company Limited and is responsible for the operation of rare earth business. Mr Xu has over 15 years of experience in production management in the rare earth industry.

姚崇先生，50歲，於二零零六年加入本集團，現任宜興新威利成耐火材料有限公司總經理，主管耐火材料業務之運作。姚先生在耐火材料行業擁有逾三十年經驗。

**Mr Yao Chong**, aged 50, joined the Group in 2006. Mr Yao is the general manager of Yixing Xinwei Leeshing Refractory Materials Company Limited and is responsible for the operation of refractory materials business. Mr Yao has over 30 years of experience in the refractory materials industry.

吳朝新先生，31歲，於一九九七年加入本集團，現任無錫新威熒光材料有限公司總經理，主管熒光材料業務之運作。吳先生在稀土及熒光材料的營銷及行政管理上擁有多多年經驗。

**Mr Wu Chaoxin**, aged 31, joined the Group in 1997. Mr Wu is the general manager of Wuxi Xinwei Fluorescent Materials Company Limited and is responsible for the operation of the fluorescent materials business. Mr Wu has years of experience in sales and administrative management of rare earth and fluorescent materials industries.

王建平先生，46歲，於二零零四年加入本集團，現任無錫新威高溫陶瓷有限公司總經理，主管高溫陶瓷業務之運作。王先生在行政管理及營銷方面擁有逾十五年的經驗。

**Mr Wang Jianping**, aged 46, joined the Group in 2004. Mr Wang is the general manager of Wuxi Xinwei High Temperature Ceramics Company Limited and is responsible for the operation of the high temperature ceramics business. Mr Wang has over 15 years of experience in administrative management and sales.

蔣介平先生，51歲，於二零零五年加入本集團，現任海城市蘇海鎂礦有限公司總經理，主管鎂砂業務之運作。蔣先生擁有豐富的生產管理及財務管理的經驗。

**Mr Jiang Jieping**, aged 51, joined the Group in 2005. Mr Jiang is the general manager of Haicheng City Suhai Magnesium Ore Company Limited and is responsible for the operation of magnesium grains business. Mr Jiang has extensive experience in production management and financial management.

趙建文先生，41歲，於一九八七年加入本集團，現任宜興新威利成稀土有限公司技術部主管。趙先生在稀土行業擁有逾十五年的經驗。

**Mr Zhao Jianwen**, aged 41, joined the Group in 1987. Mr Zhao is the head of technology department of Yixing Xinwei Leeshing Rare Earth Company Limited. Mr Zhao has over 15 years of experience in the rare earth industry.

陳良平先生，60歲，於一九九五年加入本集團，現任宜興新威利成耐火材料有限公司副總經理。陳先生在耐火材料行業擁有多多年經驗。

**Mr Chen Liangping**, aged 60, joined the Group in 1995. Mr Chen is the deputy general manager of Yixing Xinwei Leeshing Refractory Materials Company Limited. Mr Chen has years of experience in the refractory materials industry.

### 企業管治常規

本公司致力於設立良好之企業管治常規及程序。本公司已根據香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四所載之企業管治常規守則（「企業管治常規守則」）所載列之原則及守則條文採納其本身之企業管治守則。於截至二零零七年十二月三十一日止年度內，本公司一直遵守上市規則附錄十四所載之守則條文。

### 董事進行證券交易

本公司已就董事進行證券交易採納一套條款嚴格程度不遜於上市規則附錄十所載規定準則之守則。本公司於作出特定查詢後確認所有董事於截至二零零七年十二月三十一日止年度內一直遵守守則所述之規定準則。

### 董事會組成

本公司由董事會規管，董事會負責指導及監察本公司之事務，並監督本集團之業務、決策及表現。董事會委派管理人員執行其決策及日常運作。董事會包括四位執行董事及三位獨立非執行董事如下：

執行董事：蔣泉龍先生（主席）、錢元英女士（副主席兼行政總裁）、許盤鳳女士及蔣才南先生。

獨立非執行董事：劉余九先生、黃春華先生及金重先生。

### CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures. The Company has adopted its own code of corporate governance based on the principles and code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). During the year ended 31 December 2007, the Company has complied with the code provisions set out in Appendix 14 of the Listing Rules.

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 of the Listing Rules. Having made specific enquiry, the Company confirms that all directors have complied with the required standards as stated in the code throughout the year ended 31 December 2007.

### BOARD COMPOSITION

The Company is governed by a Board of directors which is responsible for directing and supervising its affairs and overseeing the Group's businesses, strategic decision and performance. Execution of the Board's decisions and daily operations are delegated to the management. The Board comprises four executive directors and three independent non-executive directors as follows:

Executive directors: Mr Jiang Quanlong (Chairman), Ms Qian Yuanying (Deputy Chairman and Chief Executive Officer), Ms Xu Panfeng and Mr Jiang Cainan.

Independent non-executive directors: Mr Liu Yujie, Mr Huang Chunhua and Mr Jin Zhong.

### 董事會組成(續)

董事會於年內舉行了四次會議。出席會議之詳情如下：

董事	出席會議
蔣泉龍	4/4
錢元英	4/4
許盤鳳	4/4
蔣才南	4/4
劉余九	4/4
黃春華	4/4
金重	4/4

### 董事培訓

每名新獲委任董事於其任期開始時接受綜合、正規及特定之開導，以確保其適當瞭解本公司之業務及營運，並完全知悉根據上市規則及有關法規規定其須履行之責任及義務。

倘有需要，本公司亦有適當安排向董事提供持續指導及專業發展培訓。

### 會議常規及操守

董事會定期會議之通告至少於會議舉行日期前14天送呈全體董事。就其他董事會及委員會會議而言，一般亦發出合理之通告。

董事會文件連同所有合適、完整及可靠之資料均至少於每次董事會會議或委員會會議舉行日期前3天送呈全體董事，以讓董事評估本公司最近之發展及財務狀況，並讓彼等能夠作出知情決定。董事會及各位董事亦於必要時可分別及獨立接觸高級管理人員。

### BOARD COMPOSITION (Continued)

The Board held four meetings during the year. Details of the attendance were as follows:

Director	Attendance
Jiang Quanlong	4/4
Qian Yuanying	4/4
Xu Panfeng	4/4
Jiang Cainan	4/4
Liu Yujiu	4/4
Huang Chunhua	4/4
Jin Zhong	4/4

### TRAINING FOR DIRECTORS

Each newly appointed director receives comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

There are also arrangements in place for providing continuing briefing and professional development training to directors whenever necessary.

### PRACTICES AND CONDUCT OF MEETINGS

Notices of regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting or committee meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

### 會議常規及操守(續)

公司秘書負責編撰及保管所有董事會會議及委員會會議記錄。草擬的記錄一般於每次會議後在合理時間內給董事傳閱以發表意見，而最後之版本公開供董事查閱。

根據現時之董事會常規，涉及主要股東或董事利益衝突之任何重大交易將由董事會於正式召開之董事會會議上考慮及處理。

### 主席及行政總裁

儘管董事會主席蔣泉龍先生乃行政總裁錢元英女士之丈夫，惟彼等之角色及職責乃分開。主席負責制定本集團之整體業務發展政策，而行政總裁負責本集團業務之整體管理。

### 獨立非執行董事

本公司之獨立非執行董事乃才能超卓之專業人士，具有財務管理及本集團相關業務方面之專業技術及經驗。彼等就策略發展向本公司提供建議，並使董事會能夠於遵守財務及其他強制性申報規定方面維持高水準，並提供足夠之檢查及平衡，以保護股東及本公司之整體利益。每位獨立非執行董事已與本公司訂立服務合約，為期兩年。本公司已接獲全體獨立非執行董事就其獨立性作出之書面確認。董事會認為彼等均獨立。

### PRACTICES AND CONDUCT OF MEETINGS (Continued)

The Company Secretary is responsible to take and keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and the final version is open for directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting.

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Although Mr Jiang Quanlong, the Chairman of the Board, is the husband of Ms Qian Yuanying, the Chief Executive Officer, their roles and responsibilities are separated. The Chairman is responsible for the formulation of the Group's overall business development policies while the Chief Executive Officer is responsible for the overall management of the Group's business.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive directors of the Company are highly skilled professionals with expertise and experience in the field of financial management and businesses related to the Group. They advise the Company on strategy development and enable the Board to maintain high standards of compliance of financial and other mandatory reporting requirements and provide adequate checks and balances to safeguard the interests of shareholders and the Company as a whole. Each of the independent non-executive directors has entered into a service contract with the Company for a term of two years. The Company has received written confirmations from all independent non-executive directors concerning their independence. The Board considers that all of them are independent.

### 審核委員會

審核委員會包括本公司之所有獨立非執行董事，即劉余九先生、黃春華先生及金重先生。劉余九先生為該委員會之主席。審核委員會於年內已舉行定期會議，並已審閱本公司所採納之會計政策及慣例及討論審核、內部控制及財務申報事宜，包括審閱本公司本年度之中期及全年業績。

本公司任何股東如有要求，可向公司秘書瞭解審核委員會職權範圍(均遵守企業管治常規守則)。

於本年度，審核委員會舉行了兩次會議。董事出席會議之情況如下：

董事	出席會議
劉余九	2/2
黃春華	2/2
金重	2/2

### 董事之薪酬

薪酬委員會包括董事會主席蔣泉龍先生及本公司之所有獨立非執行董事，即劉余九先生、黃春華先生及金重先生。蔣泉龍先生為該委員會之主席。

薪酬委員會之主要職能為向董事會提供本公司董事及高級管理人員薪酬政策及結構方面之推薦意見，並檢討彼等之具體薪酬組合。

本公司任何股東如有要求，可向公司秘書瞭解薪酬委員會之職權範圍(均遵守企業管治常規守則)。

### AUDIT COMMITTEE

The audit committee comprises all independent non-executive directors of the Company, namely, Mr Liu Yujiu, Mr Huang Chunhua and Mr Jin Zhong. The committee is chaired by Mr Liu Yujiu. The audit committee has held regular meetings during the year and it has reviewed the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters, including the review of the interim and annual results of the Company for the year.

The terms of reference of the audit committee, which are in compliance with the CG Code, are available from the Company Secretary upon request from any shareholders of the Company.

During the year, there were two audit committee meetings. Attendance of the directors were as follows:

Director	Attendance
Liu Yujiu	2/2
Huang Chunhua	2/2
Jin Zhong	2/2

### REMUNERATION OF DIRECTORS

The remuneration committee comprises Mr Jiang Quanlong, the Chairman of the Board, and all independent non-executive directors of the Company, namely, Mr Liu Yujiu, Mr Huang Chunhua and Mr Jin Zhong. The committee is chaired by Mr Jiang Quanlong.

The principal function of the remuneration committee is to make recommendations to the Board of directors on the Company's policy and structure for the remuneration of directors and senior management, and to review their specific remuneration package.

The terms of reference of the remuneration committee, which are in compliance with the CG Code, are available from the Company Secretary upon request from any shareholders of the Company.

### 董事之薪酬(續)

於本年度，審核委員會舉行了一次會議。董事出席會議之情況如下：

董事	出席會議	Director	Attendance
蔣泉龍	1/1	Jiang Quanlong	1/1
劉余九	1/1	Liu Yujiu	1/1
黃春華	1/1	Huang Chunhua	1/1
金重	1/1	Jin Zhong	1/1

在該會議上，薪酬委員會檢討了薪酬政策及對董事之薪酬組合作出了建議。

### REMUNERATION OF DIRECTORS (Continued)

During the year, there was one remuneration committee meeting. Attendance of the directors were as follows:

During the meeting, the remuneration committee reviewed the remuneration policy and recommended the remuneration packages of directors.

### 董事提名

本公司現時並無提名委員會。根據本公司之組織章程細則，董事會有權委任任何人士為董事，以填補臨時空缺或作為董事會之新增成員。提名須考慮獲提名人士之資格、能力及對本公司有可能作出之貢獻。董事會認為現時之董事會組成洽當。

### NOMINATION OF DIRECTORS

The Company does not have a nomination committee at present. According to the Articles of Association of the Company, the Board of directors has the power to appoint any person as a director either to fill a causal vacancy or as an addition to the Board. The nomination should be taken into consideration of the nominee's qualifications, ability and potential contributions to the Company. The Board considers that the current Board composition is appropriate.

### 董事輪值退任

本公司之組織章程細則訂明每位董事須至少每三年輪值退任一次。於應屆股東週年大會上，許盤鳳女士、蔣才南先生及金重先生將輪值退任。

### ROTATION OF DIRECTORS

The Company's Articles of Association specify that every director should be subject to retirement by rotation at least once every three years. At the forthcoming annual general meeting, Ms Xu Panfeng, Mr Jiang Cainan and Mr Jin Zhong will retire by rotation.

#### 核數師之酬金

年內，本公司就核數師提供之法定審核服務（包括中期審閱）支付之酬金為1,920,000港元。核數師並無提供任何其他非審核服務。

#### 董事對財務報表所負之責任

編製真實及公平地反映本集團財務狀況及各個財政期間之業績及現金流量之財務報表乃董事之責任。於編製財務報表時，董事須確保採納適當會計政策。財務報表乃按持續經營基準編製。

#### 內部控制

董事會全面負責維持本集團內部控制之適當系統並檢討其效率。董事會已委派管理人員實施及評估內部控制系統。藉由外聘顧問的協助，本集團進行了內部控制系統的檢討，並將主要結果向審核委員會匯報。該檢討涵蓋有關財務、營運、合規及風險管理的主要及重要控制範疇。

#### 股東權利及投資者關係

股東之權利及要求於股東大會上以投票方式表決決議案之程序載於本公司之組織章程細則內。有關權利及程序之詳情已載於致股東以召開股東大會之所有通函內，並於會議進行期間內作出解釋。倘要求以投票方式表決，則會就進行投票之詳細程序作出解釋。

#### AUDITORS' REMUNERATION

During the year, the remuneration in respect of statutory audit services (including interim review) provided by the auditors of the Company was HK\$1,920,000. There was no other non-audit service provided by the auditors.

#### DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

It is the directors' responsibility for the preparation of financial statements which give a true and fair view of the state of affairs of the Group and the results and cash flows for each financial period. In preparing the financial statements, the directors have to ensure that appropriate accounting policies are adopted. The financial statements are prepared on a going concern basis.

#### INTERNAL CONTROLS

The Board has overall responsibility for maintaining an adequate system of internal controls of the Group and for reviewing its effectiveness. The Board has delegated to the management the implementation and evaluation of the system of internal controls. With the assistance of an external advisor, the Group has conducted a review of the effectiveness of the Group's system of internal control and reported the key findings to the audit committee. The review covers major and material controls in areas of financial, operational and compliance controls and risk management functions.

#### SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's Articles of Association. Details of such rights and procedures are included in all circulars to shareholders convening shareholders' meetings and will be explained during the proceedings of meetings. Whenever voting by way of a poll is required, the detailed procedures for conducting a poll will be explained.



### 股東權利及投資者關係(續)

投票結果將登載於本公司及香港聯合交易所有限公司網站上。

本公司股東大會為股東及董事會提供溝通之機會。董事會主席以及薪酬委員會及審核委員會之主席(或於其缺席之情況下,其正式委任之代表)將於股東大會上回答提問。

每項主要事項(包括選舉個別董事)將於股東大會上以單獨決議案提呈。

本公司繼續加強與其投資者之溝通及聯繫。獲指派之高級管理人員維持定期與機構投資者及分析師交談,以讓彼等瞭解本公司之最新發展情況。投資人之查詢以具資訊性及適時方式處理。

為促進有效溝通,本公司亦設有一個網站,於 [www.creh.com.hk](http://www.creh.com.hk), 廣泛登載本公司業務發展及營運之最新訊息、財務訊息及其他訊息。

### SHAREHOLDER RIGHTS AND INVESTOR RELATIONS (Continued)

Poll results will be posted on the websites of the Company and of The Stock Exchange of Hong Kong Limited.

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The Chairman of the Board as well as chairmen of the audit committee and remuneration committee, or in their absence, their duly appointed delegates are available to answer questions at the shareholders' meetings.

Separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

The Company continues to enhance communications and relationships with its investors. Designated senior management maintain regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner.

To promote effective communication, the Company also maintains a website at [www.creh.com.hk](http://www.creh.com.hk), where extensive information and updates on the Company's business developments and operations, financial information and other information are posted.

# 董事會報告

## DIRECTORS' REPORT

董事會同寅欣然呈報中國稀土控股有限公司(「本公司」)及其附屬公司(「本集團」)截至二零零七年十二月三十一日止年度的年報及經審核財務報表。

### 主要業務

本公司的主要業務為投資控股。本集團的主要業務為稀土產品及耐火材料產品之製造及銷售。

附屬公司的主要業務載於綜合財務報表附註31。

### 分類資料

本集團分類資料的詳情載於綜合財務報表附註7。

### 業績及分派

本集團於截至二零零七年十二月三十一日止年度的業績載於本年報第39頁的綜合損益表內。

年內已宣佈及派發中期股息每股1港仙予股東。董事會現建議派發截至二零零七年十二月三十一日止年度的末期股息每股4港仙予於二零零八年五月三十日名列股東名冊的股東。

### 本公司可供分派之儲備

本公司可供派發之儲備包括股份溢價賬及累計溢利。於二零零七年十二月三十一日，本公司可供分派給股東的儲備為1,380,321,000港元。

### 財務概要

本集團於截至二零零七年十二月三十一日止過去五個財政年度的業績概要載於本年報第104頁。

The directors have pleasure in presenting the annual report and the audited financial statements of China Rare Earth Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2007.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group are manufacturing and sales of rare earth products and refractory products.

The principal activities of the subsidiaries are set out in Note 31 to the consolidated financial statements.

### SEGMENTAL INFORMATION

Details of segmental information of the Group are set out in Note 7 to the consolidated financial statements.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2007 are set out in the consolidated income statement on page 39 of the annual report.

An interim dividend of HK 1 cent per share was declared and paid to the shareholders during the year. The directors recommend the payment of a final dividend of HK4 cents per share for the year ended 31 December 2007 to the shareholders on the Register of Members on 30 May 2008.

### DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution comprise the share premium account and accumulated profits. As at 31 December 2007, the reserves of the Company available for distribution to shareholders amounted to HK\$1,380,321,000.

### FINANCIAL SUMMARY

A summary of the results of the Group for the past five financial years ended 31 December 2007 is set out on page 104 of the annual report.

### 物業、廠房及設備以及在建工程

本集團於年內的物業、廠房及設備以及在建工程的變動詳情載於綜合財務報表附註18。

### 股本

本公司於二零零七年十二月三十一日的法定及已發行股本詳情載於綜合財務報表附註27。

### 借貸

本集團於二零零七年十二月三十一日的銀行借貸詳情載於綜合財務報表附註26。

### 退休金計劃

本集團的退休金計劃詳情載於綜合財務報表附註13。

### 董事

年內及直至本報告刊行日期止本公司的董事為：

#### 執行董事

蔣泉龍先生(主席)  
錢元英女士(副主席)  
許盤鳳女士  
蔣才南先生

#### 獨立非執行董事

劉余九先生  
黃春華先生  
金重先生

### PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION-IN-PROGRESS

Details of the movements in the property, plant and equipment and construction-in-progress of the Group during the year are set out in Note 18 to the consolidated financial statements.

### SHARE CAPITAL

Details of the authorized and issued share capital of the Company as at 31 December 2007 are set out in Note 27 to the consolidated financial statements.

### BORROWINGS

Details of the bank borrowings of the Group as at 31 December 2007 are set out in Note 26 to the consolidated financial statements.

### RETIREMENT SCHEMES

Details of the retirement schemes of the Group are set out in Note 13 to the consolidated financial statements.

### DIRECTORS

The directors of the Company during the year and up to the date of this report are:

#### Executive directors

Mr Jiang Quanlong (*Chairman*)  
Ms Qian Yuanying (*Deputy Chairman*)  
Ms Xu Panfeng  
Mr Jiang Cainan

#### Independent non-executive directors

Mr Liu Yujiu  
Mr Huang Chunhua  
Mr Jin Zhong

## 董事會報告

### DIRECTORS' REPORT

根據本公司的公司細則第108(A)及(B)條，許盤鳳女士、蔣才南先生及金重先生將於即將舉行的股東週年大會上輪值退任，惟合資格並願意膺選連任。

於二零零七年十二月三十一日，概無董事與本公司訂立不可由本公司於一年內終止而毋須支付法定賠償以外的賠償的服務合約。

#### 董事權益及淡倉

於二零零七年十二月三十一日，本公司依據「證券及期貨條例」第352條而存置之登記冊內所載，或依據上市公司董事進行證券交易的標準守則而通知本公司及香港聯合交易所有限公司（「聯交所」）的本公司董事及行政總裁及其關聯人士於本公司及其相聯公司之股份、相關股份及債券的權益及淡倉如下：

##### 1. 於本公司股份權益

In accordance with Articles 108(A) and (B) of the Company's Articles of Association, Ms Xu Panfeng, Mr Jiang Cainan and Mr Jin Zhong will retire by rotation from the Board at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

As at 31 December 2007, none of the directors 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

As at 31 December 2007, the interests and short positions of the directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations as recorded in the register kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

##### 1. Interests in shares of the Company

董事	權益性質／身份	股份數目	佔本公司已發行股本的百分比
Director	Nature of interest/Capacity	Number of Shares	% to the issued share capital of the Company
蔣泉龍	配偶之權益／受控公司之權益	595,200,000 (附註)	41.88%
Jiang Quanlong	Interest of spouse/Interest of controlled corporation	595,200,000 (note)	
錢元英	信託之成立人	595,200,000 (附註)	41.88%
Qian Yuanying	Founder of a trust	595,200,000 (note)	
黃春華	實益擁有人	2,268,000	0.16%
Huang Chunhua	Beneficial owner	2,268,000	

## 附註：

該等股份乃透過YY Holdings Limited持有，其全部已發行股本由YY Trust的受託人YYT Limited所持有，而受益人為蔣泉龍先生的配偶錢元英女士及其子女全資擁有的公司。按證券及期貨條例第XV部之定義錢元英女士為YY Trust的成立人。蔣泉龍先生為YY Holdings Limited的唯一董事。

## Note:

These shares are held through YY Holdings Limited, the entire issued share capital of which is held by YYT Limited, the trustee of YY Trust, the discretionary object of which is a company wholly owned by Ms Qian Yuanying, the spouse of Mr Jiang Quanlong, and her children. Ms Qian Yuanying is a founder of YY Trust within the meaning under Part XV of the SFO. Mr Jiang Quanlong is the sole director of YY Holdings Limited.

## 2. 於相聯公司股份、相關股份或股本權益

## 2. Interests in shares, underlying shares or equity interests in associated corporations

## (a) 微科資源有限公司

## (a) Microtech Resources Limited

董事	權益性質／身份	股份類別及數目	佔該公司已發行股本 中該股份類別的百分比 % in the class of shares in the issued share capital of the Company
Director	Nature of interest/ Capacity	Number and class of issued shares	
蔣泉龍	實益擁有人	無投票權遞延股份 7,000,000股	70%
Jiang Quanlong	Beneficial owner	7,000,000 non-voting deferred shares	
錢元英	實益擁有人	無投票權遞延股份 3,000,000股	30%
Qian Yuanying	Beneficial owner	3,000,000 non-voting deferred shares	

董事會報告  
DIRECTORS' REPORT

(b) 宜興新威利成稀土有限公司

(b) Yixing Xinwei Leeshing Rare Earth Company Limited

董事 Director	權益性質／身份 Nature of interest/Capacity	股本權益百分比 % equity interest
蔣泉龍 Jiang Quanlong	受控公司之權益 Interest of controlled corporation	5%

附註：

該等權益乃透過宜興新威集團有限公司持有。該中國企業由蔣泉龍先生擁有90%權益，餘下的10%權益由其子持有。蔣先生亦為該企業的法定代表人。

Note:

The equity interest is held by Yixing Xinwei Group Co., Ltd., a PRC domestic enterprise 90% owned by Mr Jiang Quanlong, with the remaining 10% owned by his son. Mr Jiang is also the legal representative of the enterprise.

(c) YY Holdings Limited

(c) YY Holdings Limited

董事 Director	權益性質／身份 Nature of interest/Capacity	已發行股份數目 Number of issued shares	佔該公司已發行股本 中該股份類別的百分比 % in the class of shares in the issued share capital of the Company
錢元英 Qian Yuanying	信託之成立人 Founder of a trust	普通股份1股 1 ordinary share	100%
錢元英 Qian Yuanying	信託之成立人 Founder of a trust	優先股份25,000股 25,000 preference shares	100%
蔣泉龍 Jiang Quanlong	受控公司之權益 Interest of controlled corporation	普通股份1股 1 ordinary share	100%
蔣泉龍 Jiang Quanlong	受控公司之權益 Interest of controlled corporation	優先股份25,000股 25,000 preference shares	100%

*附註：*

YY Holdings Limited的全部已發行股本由YY Trust的受託人YYT Limited所持有，而其受益人為蔣泉龍先生的配偶錢元英女士及其子女全資擁有的公司。按證券及期貨條例第XV部之定義錢元英女士為YY Trust的成立人。蔣泉龍先生為YYT Limited的唯一董事。

除上述披露外，於二零零七年十二月三十一日，根據「證券及期貨條例」第352條所存置之登記冊內所載，概無本公司董事或行政總裁或其關聯人士於本公司及其相聯公司之股份、相關股份及債券持有或被視為持有任何權益或淡倉。

**購股權計劃**

因應香港聯合交易所有限公司證券上市規則（「上市規則」）第17章之修訂，於二零零四年六月四日，本公司股東批准終止於一九九九年十月十四日採納之購股權計劃（「舊計劃」）及採納新的購股權計劃（「新計劃」）。於舊計劃終止時，本公司將不會根據舊計劃進一步授出購股權，惟舊計劃於所有其他方面將仍然生效以使根據舊計劃已授出而於其終止前尚未行使之購股權仍可行使。根據舊計劃之條文，該等購股權將繼續有效，並可予以行使。

*Note:*

The entire issued share capital of YY Holdings Limited is held by YYT Limited, the trustee of YY Trust, the discretionary object of which is a company wholly owned by Ms Qian Yuanying, the spouse of Mr Jiang Quanlong, and her children. Ms Qian Yuanying is a founder of YY Trust within the meaning under Part XV of the SFO. Mr Jiang Quanlong is the sole director of YYT Limited.

Save as disclosed above, as at 31 December 2007, none of the directors or chief executive of the Company and their associates had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations as recorded in the register kept under Section 352 of the SFO.

**SHARE OPTION SCHEME**

On 4 June 2004, the shareholders of the Company approved the termination of the share option scheme adopted on 14 October 1999 (the "Old Scheme") and the adoption of a new scheme (the "New Scheme") for the purpose of coping with the amendments introduced to Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Upon the termination of the Old Scheme, no further options would be offered pursuant to the Old Scheme but the Old Scheme would in all other respects remain in force to the extent necessary to give effect to the exercise of the outstanding options granted under it prior to its termination, and such outstanding options will continue to be valid and exercisable in accordance with the provisions of the Old Scheme.

新計劃之主要條款如下：

1. 新計劃旨在使本集團能向曾對本集團作出貢獻的合資格參與者授出購股權作為獎勵或回報。
2. 合資格參與者包括本公司或其任何附屬公司或本集團任何成員公司持有任何股權之任何實體之任何僱員（不論全職或兼職，包括執行董事）、任何非執行董事、任何股東、任何供應商及任何客戶，以及對本集團的發展及成長作出貢獻的任何人士。
3. 按新計劃，可予發行的總股份數目為98,695,305股，約佔於新計劃採納日期本公司已發行股本的10%。
4. 各參與者按新計劃在任何十二個月期間內可獲發行之股份數目不可超過本公司在當時已發行股本之1%。
5. 授出購股權之可行使日期可由董事會釐定，但不可於由要約日期十年後結束。
6. 任何授出購股權之要約可由參與者於要約日起二十一日內以付出代價1港元接納。

The major terms of the New Scheme are as follows:

1. The purpose of the New Scheme is to enable the Group to grant options to the eligible participants as incentives or rewards for their contribution to the Group.
2. The eligible participants included any employee (whether full-time or part-time, including any executive director), any non-executive director, any shareholder, any supplier and any customer of the Company or any of its subsidiaries or any entity in which any member of the Group holds any equity interest, and any party having contribution to the development and growth of the Group.
3. Under the New Scheme, the total number of shares available for issue is 98,695,305 which represents approximately 10% of the issued share capital of the Company as at the date of adoption of the New Scheme.
4. The maximum entitlement of each participant under the New Scheme in any 12-month period should not exceed 1% of the issued share capital of the Company for the time being.
5. The exercisable period of an option granted may be determined by the directors and which should not end later than 10 years after the date of offer.
6. Any offer for the grant of an option may be accepted by the participant within 21 days from the date of offer with a consideration of HK\$1 paid.



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|--|--|
| <p>7. 行使價可由董事會釐定，但不可少於下列各項之最高者：</p> <p>(i) 要約當日本公司股份於聯交所每日報價表所示之收市價；</p> <p>(ii) 緊接要約當日前五個營業日本公司股份於聯交所每日報價表所示之平均收市價；及</p> <p>(iii) 本公司股份面價。</p> <p>8. 新計劃自二零零四年六月十八日，即新計劃被採納日起十年內有效。</p> | <p>7. The exercise price may be determined by the directors provided that it should not be less than the highest of:</p> <p>(i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of offer;</p> <p>(ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of offer; and</p> <p>(iii) the nominal value of a share of the Company.</p> <p>8. The New Scheme is valid and effective for a period of 10 years from 18 June 2004, the date of the New Scheme adopted.</p> |
|--|--|

於本年內，並無購股權按舊計劃或新計劃被授出、行使、取消或失效。

During the year, no option was granted, exercised, cancelled or lapsed under the Old Scheme or the New Scheme.

於二零零七年十二月三十一日，按舊計劃已授出而尚未行使之購股權詳情如下：

Details of options which have been granted under the Old Scheme and remain outstanding as at 31 December 2007 were as follows:

被授人	授出日期	行使價	購股權數目	
			於二零零七年 一月一日持有	於二零零七年 十二月三十一日持有
Grantee	Date of grant	Exercise price	Held at 1 January 2007	Held at 31 December 2007
<i>員工</i>				
<i>Employees</i>				
合計	二零零三年一月二十三日	1.10港元	1,500,000	1,500,000
In aggregate	23 January 2003	HK\$1.10	1,500,000	1,500,000

授出之購股權之可行使期為二零零三年一月二十七日至二零一三年一月二十六日，唯授出之購股權之50%不可於二零零四年一月二十七日前行使。

The options granted are exercisable between 27 January 2003 to 26 January 2013, provided that 50% of the options granted shall not be exercised prior to 27 January 2004.

除上述披露外，年內本公司或其附屬公司概無參與任何能夠使本公司之任何董事或行政總裁或其配偶或未滿十八歲的子女藉購入本公司或任何其他法人團體之股份或債券而獲得利益之任何安排。

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement, which enable any of the directors or chief executive of the Company or their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### 主要股東權益及淡倉

據董事會所知，於二零零七年十二月三十一日，本公司依據「證券及期貨條例」第336條而存置之登記冊內所載，除本公司董事及行政總裁以外的股東持有本公司的股份及相關股份的權益及淡倉如下：

1. 全部已發行股本由YYT Limited所持有的公司YY Holdings Limited以實益擁有人身份持有本公司股份595,200,000股，約佔本公司已發行股份的41.88%。
2. YYT Limited被視為持有其所擁有全部已發行股本的YY Holdings Limited所持有的本公司股份595,200,000的權益。
3. Martin Currie (Holdings) Limited 透過受控公司之權益被視為持有本公司股份107,675,000股，約佔本公司已發行股份的7.58%。

除上述披露外，於二零零七年十二月三十一日，根據「證券及期貨條例」第336條所存置之登記冊內所載，除本公司董事及行政總裁以外，概無其他人仕通知本公司於本公司之股份或相關股份持有任何權益或淡倉。

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

So far as is known to the directors, as at 31 December 2007, the interests and short positions of shareholders, other than the directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register kept by the Company pursuant to Section 336 of the SFO were as follows:

1. YY Holdings Limited, the entire issued share capital of which is held by YYT Limited, was holding 595,200,000 shares of the Company, representing approximately 41.88% of the issued share capital of the Company as beneficial owner.
2. YYT Limited was deemed to be interested in 595,200,000 shares of the Company held by YY Holdings Limited the entire issued share capital of which is held by YYT Limited.
3. Martin Currie (Holdings) Limited was deemed to be holding 107,675,000 shares of the Company, representing approximately 7.58% of the issued share capital of the Company through the interest of corporations controlled by it.

Save as disclosed above, no other party, other than the directors or chief executive of the Company, had notified the Company that he had any interest or short position in the shares or underlying shares of the Company as recorded in the register kept under Section 336 of the SFO as at 31 December 2007.

## 董事會報告

### DIRECTORS' REPORT

#### 董事於合約的權益

年內，本集團向蔣泉龍先生租用兩個辦公室單位作為銷售及市場推廣辦公室。年內，就該等租約所支付的經營性租賃合約租金合共約223,000港元。

年內，本集團向一間由錢元英女士及蔣泉龍先生被視為擁有權益的關連公司無錫泛亞環保科技有限公司支付約55,000港元，作為使用其辦公室的代價。

除上述及於綜合財務報表附註30披露外，於結算日或年內任何時間各董事概無於本公司或其任何附屬公司訂立與其業務有關的任何重大合約中擁有直接或間接的實際權益。

#### 管理合約

年內概無訂立或存在任何對本集團全部或重大部份之業務與管理及行政有關之合約。

#### 購買、出售或贖回本公司的上市證券

本集團於年內概無購買、出售或贖回任何本公司之上市證券。

#### 主要客戶及供應商

本集團主要客戶及供應商於年內所佔的銷售及採購百分比如下：

##### 銷售

— 最大客戶	6%
— 最大五名客戶合計	24%

##### 採購

— 最大供應商	22%
— 最大五名供應商合計	52%

#### DIRECTORS' INTERESTS IN CONTRACTS

During the year, the Group leased two office premises from Mr Jiang Quanlong for use as its sales and marketing office. During the year, the total operating lease rentals paid in respect of these leases amounted to approximately HK\$223,000.

During the year, the Group paid approximately HK\$55,000 as a compensation to Wuxi Pan-Asia Environmental Protection Technologies Limited, a related company in which Ms Qian Yuanying and Mr Jiang Quanlong were deemed to have beneficial interests, for the use of an office premises.

Save as disclosed above and in Note 30 to the consolidated financial statements, no director had a beneficial interest, either direct or indirect, in any contract of significance to which the Company or any of its subsidiaries was a party at the balance sheet date or at any time during the year.

#### MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year.

#### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There has been no purchase, sale or redemption of any of the Company's listed securities by the Group during the year.

#### MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the year attributable to the Group's major customers and suppliers are as follows:

##### Sales

— the largest customer	6%
— five largest customers combined	24%

##### Purchases

— the largest supplier	22%
— five largest suppliers combined	52%

據各董事所知，各董事、彼等的聯繫人及擁有本公司5%以上已發行股本的任何股東概無於本集團最大五名客戶或供應商的股本中擁有任何權益。

#### 優先購股權

根據本公司之公司組織章程及細則及開曼群島之法例，本公司並無對於發行新股設立任何優先購股權之規定。

#### 足夠公眾持股量

根據本公司從公開途徑所得的資料及據董事會所知，本公司於年內一直維持上市規則所規定的足夠公眾持股量。

#### 核數師

由二零零三年始作為本公司核數師的何錫麟會計師行於二零零五年與中國的信永中和會計師事務所合併。信永中和(香港)會計師事務所有限公司因此而成立並於二零零五年十一月十七日起取代何錫麟會計師行出任為本公司核數師。

信永中和(香港)會計師事務所有限公司任滿告退，惟合資格並願意膺選連任。本公司於即將舉行的股東週年大會上將提呈續聘信永中和(香港)會計師事務所有限公司為本公司核數師的決議案。

承董事會命

主席

蔣泉龍

香港，二零零八年四月二十六日

None of the directors, their associates or any shareholders which to the knowledge of the directors, own more than 5% of the Company's issued share capital has any interest in the share capital of any of the five largest customers or suppliers of the Group.

#### PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Memorandum and Articles of Association and the Cayman Islands Companies Law in relation to the issue of new shares by the Company.

#### SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained sufficient public float as required under the Listing Rules during the year.

#### AUDITORS

Messrs. Ho and Ho & Company, who acted as the auditors of the Company since 2003, joined ShineWing Certified Public Accountants in China in 2005. As a result, SHINEWING (HK) CPA Limited was established and it replaces Messrs. Ho and Ho & Company as the auditors of the Company with effect from 17 November 2005.

SHINEWING (HK) CPA Limited retires and, being eligible, offers itself for re-appointment. A resolution to reappoint SHINEWING (HK) CPA Limited as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Jiang Quanlong

Chairman

Hong Kong, 26 April 2008

# 獨立核數師報告

## INDEPENDENT AUDITOR'S REPORT



信永中和(香港)  
會計師事務所有限公司  
香港金鐘道95號  
統一中心16樓

致 中國稀土控股有限公司各股東  
(於開曼群島註冊成立之有限公司)

我們已完成審核中國稀土控股有限公司(「貴公司」)及其附屬公司(以下統稱「貴集團」)刊於第39頁至第103頁的綜合財務報表，包括二零零七年十二月三十一日的綜合資產負債表、截至該日止年度的綜合損益表、綜合權益變動表及綜合現金流量表以及主要會計政策概要及其他說明附註。

### 董事須對綜合財務報表負上的責任

貴公司董事須遵照香港會計師公會頒佈的香港財務報告準則及香港公司條例的披露規定，編製並真實兼公平地呈列此等綜合財務報表。此責任包括設計、實行及維持與編製並真實兼公平地呈列綜合財務報表有關的內部監控，以確保其並無重大錯誤陳述(不論其由欺詐或錯誤引起)；選擇並應用合適的會計政策；及在不同情況作出合理的會計估算。

TO THE SHAREHOLDERS OF  
CHINA RARE EARTH HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Rare Earth Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 103, which comprise the consolidated balance sheet as at 31 December 2007, the consolidated income statement, 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 notes.

### DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

#### 核數師的責任

我們的責任是根據我們審核工作的結果，對該等綜合財務報表作出獨立意見，並僅向全體股東報告，而本報告不得用於其他用途。我們不會就本報告的內容向其他人士負責或承擔任何責任。我們按照香港會計師公會頒佈的香港審計準則進行審核。該等準則要求我們遵守操守規定以及計劃及進行審核以合理確定此等綜合財務報表是否不存在重大的錯誤陳述。

審核範圍包括進程序以取得綜合財務報表所載數額及披露事項有關的審核憑證。選取的該等程序須視乎核數師的判斷，包括評估綜合財務報表的重大錯誤陳述（不論其由欺詐或錯誤引起）之風險。在作出該風險評估時，核數師將考慮與該實體編製並真實兼公平地呈列綜合財務報表有關的內部監控，以為不同情況設計適當審核程序，但並非旨在就該實體的內部監控是否有效表達意見。審核範圍亦包括評估所有會計政策的恰當性，董事所作的會計估算的合理性，並就綜合財務報表的整體呈列方式作出評估。

我們相信，我們所取得的審核憑證就提出審核意見而言屬充分恰當。

#### 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, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the 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 and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

## 獨立核數師報告

### INDEPENDENT AUDITOR'S REPORT

#### 意見

我們認為，綜合財務報表根據香港財務報告準則真實而公平地反映 貴集團於二零零七年十二月三十一日的財政狀況及 貴集團截至該日止年度的溢利和現金流量，並已按香港公司條例的披露規定適當地編製。

#### OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2007 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.

信永中和(香港)會計師事務所有限公司

執業會計師

陳永傑

執業證書編號：P03224

香港

二零零八年四月二十六日

**SHINEWING (HK) CPA Limited**

*Certified Public Accountants*

**Chan Wing Kit**

Practising Certificate Number: P03224

Hong Kong

26 April 2008



# 綜合損益表

## CONSOLIDATED INCOME STATEMENT

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

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			二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
營業額	Turnover	(8)	<b>1,385,345</b>	1,031,082
銷售成本	Cost of sales		<b>(931,232)</b>	(732,577)
毛利	Gross profit		<b>454,113</b>	298,505
利息收入	Interest income		<b>17,144</b>	10,066
銷售及分銷費用	Selling and distribution expenses		<b>(45,015)</b>	(23,802)
管理費用	Administrative expenses		<b>(32,955)</b>	(22,673)
其他收入淨額	Other income, net	(9)	<b>8,074</b>	14,974
財務成本	Finance costs	(10)	<b>(5,227)</b>	(2,995)
除稅前溢利	Profit before taxation	(11)	<b>396,134</b>	274,075
所得稅支出	Income tax expense	(14)	<b>(97,054)</b>	(62,384)
本年度溢利	Profit for the year		<b>299,080</b>	211,691
應佔溢利：	Attributable to:			
本公司股東	Equity holders of the Company		<b>295,045</b>	209,255
少數股東權益	Minority interests		<b>4,035</b>	2,436
			<b>299,080</b>	211,691
股息	Dividends	(15)	<b>71,057</b>	68,689
每股盈利	Earnings per share	(16)		
— 基本	— Basic		<b>20.8 cents</b> 仙	18.0 cents 仙
— 攤薄	— Diluted		<b>20.8 cents</b> 仙	18.0 cents 仙

# 綜合資產負債表

## CONSOLIDATED BALANCE SHEET

於二零零七年十二月三十一日 As at 31 December 2007

			二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
		附註 NOTES		
<b>非流動資產</b>	<b>Non-current assets</b>			
商譽	Goodwill	(17)	206,705	202,242
物業、廠房及設備以及 在建工程	Property, plant and equipment and construction-in-progress	(18)	744,073	568,837
預付租賃土地使用權 款項	Prepaid lease payments on land use rights	(19)	159,613	138,660
購置物業、廠房及設備 以及在建工程的預付款項	Prepayment on acquisition of property, plant and equipment and construction-in-progress		71,731	170,131
其他資產	Other asset	(20)	54,998	900
定期銀行存款	Fixed bank deposits	(24)	25,000	–
			<b>1,262,120</b>	<b>1,080,770</b>
<b>流動資產</b>	<b>Current assets</b>			
預付租賃土地使用權 款項	Prepaid lease payments on land use rights	(19)	3,508	3,002
存貨	Inventories	(21)	296,254	231,164
應收賬款及其他應收款	Accounts and other receivables	(22)	381,623	344,614
預付款項及按金	Prepayments and deposits	(23)	102,763	42,447
已抵押銀行存款	Pledged bank deposit	(24)	99,790	99,790
受限制銀行結餘	Restricted bank balances	(24)	214	2,854
銀行結餘及現金	Bank balances and cash	(24)	651,992	660,770
			<b>1,536,144</b>	<b>1,384,641</b>
<b>流動負債</b>	<b>Current liabilities</b>			
應付賬款	Accounts payable	(25)	62,113	50,384
預提費用及其他應付款	Accruals and other payables		45,185	35,207
應付董事款項	Amounts due to directors	(30c)	560	10,062
應付關聯公司款項	Amount due to a related company	(30a)	–	550
於一年內到期的銀行貸款	Bank borrowings due within one year	(26)	101,453	95,000
應付稅項	Tax payable	(14)	39,029	36,251
			<b>248,340</b>	<b>227,454</b>
<b>流動資產淨額</b>	<b>Net current assets</b>		<b>1,287,804</b>	<b>1,157,187</b>
			<b>2,549,924</b>	<b>2,237,957</b>

## 綜合資產負債表

### CONSOLIDATED BALANCE SHEET

於二零零七年十二月三十一日 As at 31 December 2007

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		附註 NOTES	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
資本及儲備	Capital and reserves			
股本	Share capital	(27)	142,114	142,114
股份溢價及儲備	Share premium and reserves		2,379,578	2,074,519
本公司股東應佔權益	Equity attributable to equity holders of the Company		2,521,692	2,216,633
少數股東權益	Minority interests		28,232	21,324
			<b>2,549,924</b>	<b>2,237,957</b>

載於第39頁至103頁的綜合財務報表於二零零八年四月二十六日獲董事會批准及授權公佈，並由下列董事代表簽署：

The consolidated financial statements on pages 39 to 103 were approved and authorised for issue by the Board of Directors on 26 April 2008 and are signed on its behalf by:

蔣泉龍  
董事

錢元英  
董事

Jiang Quanlong  
Director

Qian Yuanying  
Director

# 綜合權益變動表

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

		本公司股東應佔權益 Attributable to equity holders of the Company							少數股東		
		股份溢價	資本儲備	法定儲備	股息儲備	匯兌儲備	累計溢利	總額	權益	總額	
		股本									
		Share	Capital	Statutory	Dividend	Translation	lated	Total	Minority	Total	
		premium	reserve	reserves	reserve	reserve	profits		interests		
		(note)									
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
於二零零六年一月一日	At 1 January 2006	98,695	600,922	22,348	70,949	47,374	20,750	568,789	1,429,827	18,888	1,448,715
配售新股份 (附註27)	Placing of new shares (Note 27)	43,419	574,707	-	-	-	-	-	618,126	-	618,126
發行股份支出	Share issue expenses	-	(23,098)	-	-	-	-	-	(23,098)	-	(23,098)
直接確認權益之 匯兌差異	Exchange difference directly recognised in equity	-	-	-	-	-	41,740	-	41,740	-	41,740
本年度溢利	Profit for the year	-	-	-	-	-	209,255	209,255	2,436	211,691	
本年已確認之收入總額	Total recognised income for the year	-	-	-	-	-	41,740	209,255	250,995	2,436	253,431
轉往法定儲備	Appropriations to statutory reserves	-	-	-	19,031	-	-	(19,031)	-	-	-
股息轉撥 (附註15)	Dividends set aside (Note 15)	-	-	-	-	68,689	-	(68,689)	-	-	-
已付二零零五年末期股息	Final dividend paid for 2005	-	-	-	-	(47,374)	-	-	(47,374)	-	(47,374)
已付二零零六年中期股息	Interim dividend paid for 2006	-	-	-	-	(11,843)	-	-	(11,843)	-	(11,843)
於二零零六年 十二月三十一日及 二零零七年一月一日	At 31 December 2006 and 1 January 2007	142,114	1,152,531	22,348	89,980	56,846	62,490	690,324	2,216,633	21,324	2,237,957
直接確認權益之 匯兌差異	Exchange difference directly recognised in equity	-	-	-	-	-	81,071	-	81,071	2,873	83,944
本年度溢利	Profit for the year	-	-	-	-	-	-	295,045	295,045	4,035	299,080
本年已確認之收入總額	Total recognised income for the year	-	-	-	-	-	81,071	295,045	376,116	6,908	383,024
轉往法定儲備	Appropriations to statutory reserves	-	-	-	27,982	-	-	(27,982)	-	-	-
股息轉撥 (附註15)	Dividends set aside (Note 15)	-	-	-	-	71,057	-	(71,057)	-	-	-
已付二零零六年末期股息	Final dividend paid for 2006	-	-	-	-	(56,846)	-	-	(56,846)	-	(56,846)
已付二零零七年中期股息	Interim dividend paid for 2007	-	-	-	-	(14,211)	-	-	(14,211)	-	(14,211)
於二零零七年 十二月三十一日	At 31 December 2007	142,114	1,152,531	22,348	117,962	56,846	143,561	886,330	2,521,692	28,232	2,549,924

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

附註：

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。

Note:

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.

# 綜合現金流量表

## CONSOLIDATED CASH FLOW STATEMENT

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
<b>經營活動</b>	<b>Operating activities</b>		
除稅前溢利	Profit before taxation	<b>396,134</b>	274,075
調整項目：	Adjustments for:		
財務成本	Finance costs	<b>5,227</b>	2,995
利息收入	Interest income	<b>(17,144)</b>	(10,066)
物業、廠房及設備之折舊	Depreciation on property, plant and equipment	<b>81,796</b>	71,269
處置物業、廠房及設備之虧損／(收益)	Loss/(gain) on disposal of property, plant and equipment	<b>35,313</b>	(1,118)
預付租賃土地使用權款項之攤銷	Amortisation of prepaid lease payments on land use rights	<b>3,201</b>	617
存貨撥備	Allowance for inventories	<b>9,915</b>	30
計提／(撥回)呆壞賬撥備	Allowance/(reversal of allowance) for bad and doubtful debts	<b>170</b>	(2,074)
<b>營運資金變動前的經營現金流量</b>	<b>Operating cash flows before movements in working capital</b>	<b>514,612</b>	335,728
存貨增加	Increase in inventories	<b>(76,352)</b>	(3,374)
應收賬款及其他應收款增加	Increase in accounts and other receivables	<b>(38,315)</b>	(5,376)
預付款項及按金(增加)／減少	(Increase)/decrease in prepayments and deposits	<b>(59,863)</b>	2,937
應付賬款增加／(減少)	Increase/(decrease) in accounts payable	<b>11,729</b>	(5,865)
預提費用及包括應付中國增值稅的其他應付款增加／(減少)	Increase/(decrease) in accruals and other payables, including PRC VAT payable	<b>4,388</b>	(1,310)
應付董事款項減少	Decrease in amounts due to directors	<b>(9,502)</b>	(1,788)
應付關聯公司款項減少	Decrease in amount due to a related company	<b>(550)</b>	(670)
<b>經營所得的現金淨額</b>	<b>Net cash generated from operation</b>	<b>346,147</b>	320,282
已付企業所得稅	Enterprise Income Tax paid	<b>(90,225)</b>	(66,364)
<b>經營活動所得的現金淨額</b>	<b>Net cash generated from operating activities</b>	<b>255,922</b>	253,918

# 綜合現金流量表

## CONSOLIDATED CASH FLOW STATEMENT

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

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		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
<b>投資活動</b>	<b>Investing activities</b>		
購置土地使用權	Purchase of land use rights	(14,651)	(126,839)
用以購置物業、廠房及設備以 及在建工程的預付款項 減少／(增加)	Decrease/(increase) in prepayments on acquisition of property, plant and equipment and construction-in-progress	98,400	(123,151)
定期銀行存款增加	Increase in fixed bank deposits	(25,000)	–
已抵押銀行存款及受限制 銀行結餘減少／(增加)	Decrease/(increase) in pledged bank deposit and restricted bank balances	2,640	(102,317)
購置物業、廠房及設備以及 在建工程支出	Purchase of property, plant and equipment and expenditure on construction-in-progress	(250,173)	(48,090)
已收利息	Interest received	17,144	10,066
處置物業、廠房及設備 所得款項	Proceeds from disposal of property, plant and equipment	944	1,476
其他資產增加	Increase in other asset	(54,098)	(900)
<b>投資活動使用的現金淨額</b>	<b>Net cash used in investing activities</b>	<b>(224,794)</b>	<b>(389,755)</b>
<b>融資活動</b>	<b>Financing activities</b>		
配售新股份所得款項	Proceeds from placing of new shares	–	618,126
償還銀行貸款	Repayment of bank loan	(196,240)	–
新增銀行貸款	Newly raised bank loan	196,240	95,000
已付股息	Dividends paid	(71,057)	(59,217)
發行股份支出	Share issue expenses	–	(23,098)
已付利息	Interest paid	(5,227)	(2,995)
<b>融資活動(使用)／流入的現金淨額</b>	<b>Net cash (used in)/from financing activities</b>	<b>(76,284)</b>	<b>627,816</b>
<b>現金及現金等值項目 (減少)／增加淨額</b>	<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(45,156)</b>	<b>491,979</b>
<b>年初現金及現金等值項目</b>	<b>Cash and cash equivalents at beginning of the year</b>	<b>660,770</b>	<b>153,115</b>
<b>外幣匯率變動之影響</b>	<b>Effect of changes in exchange rate</b>	<b>36,378</b>	<b>15,676</b>
<b>年末現金及現金等值項目結存 分析</b>	<b>Analysis of the balances of cash and cash equivalents at end of the year</b>		
銀行結餘及現金	Bank balances and cash	651,992	660,770

# 綜合財務報表附註

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

### 1. 一般資料

本公司於開曼群島註冊成立為一間獲豁免的有限責任公司，其股份於香港聯合交易所有限公司（「聯交所」）上市。本公司註冊辦事處地址及主要營業地點於本年報公司資料一節中披露。

本綜合財務報表以港元列示，港元亦為本公司之功能性貨幣。

本集團從事製造及銷售稀土產品（包括熒光產品）及耐火產品（包括高溫陶瓷產品和鎂砂）。

### 2. 採用新訂及經修訂香港財務報告準則

於本年度，本集團乃首次應用香港會計師公會所頒佈之若干新增及經修訂香港財務報告準則（「香港財務報告準則」）、香港會計準則（「香港會計準則」）及詮釋（此後統稱為「新香港財務報告準則」），該等準則於二零零七年一月一日開始之本集團財政年度期間內生效。應用新香港財務報告準則並無對如何編製及呈列本會計年度及過往會計年度之業績及財務狀況產生任何重大影響。因此，毋須作出任何過往年度之調整。

本集團並無提早應用以下已頒佈但於二零零七年一月一日開始之本集團財政年度期間內尚未生效之新訂及經修訂準則、修訂或詮釋。本公司董事預期，應用該等準則、修訂或詮釋將不會對本集團之業績及財務狀況產生任何重大影響。

### 1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The consolidated financial statements are presented in Hong Kong dollars, being the functional currency of the Company.

The Group is engaged in the manufacture and sales of rare earth products (including fluorescent products) and refractory products (including high temperature ceramics products and magnesium grains).

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations ("Int") (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are effective for the Group's financial year beginning on 1 January 2007. The application of the new HKFRSs has had no material effect on how the results and financial position for the current and prior accounting years are prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new and revised standards, amendment or interpretations that have been issued but are not yet effective for the Group's financial year beginning on 1 January 2007. The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.



截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

2. 採用新訂及經修訂香港財務報告準則 (續)

香港會計準則第1號(經修訂)  
HKAS 1 (Revised)  
香港會計準則第23號(經修訂)  
HKAS 23 (Revised)  
香港會計準則第27號(經修訂)  
HKAS 27 (Revised)  
香港財務報告準則第2號(修訂)  
HKFRS 2 (Amendment)  
香港財務報告準則第3號(經修訂)  
HKFRS 3 (Revised)  
香港財務報告準則第8號  
HKFRS 8  
香港(國際財務報告詮釋委員會)－詮釋第11號  
HK(IFRIC)-Int 11  
香港(國際財務報告詮釋委員會)－詮釋第12號  
HK(IFRIC)-Int 12  
香港(國際財務報告詮釋委員會)－詮釋第13號  
HK(IFRIC)-Int 13  
香港(國際財務報告詮釋委員會)－詮釋第14號  
HK(IFRIC)-Int 14

- 1 於二零零九年一月一日或其後開始之年度期間生效。
- 2 於二零零九年七月一日或其後開始之年度期間生效。
- 3 於二零零七年三月一日或其後開始之年度期間生效。
- 4 於二零零八年一月一日或其後開始之年度期間生效。
- 5 於二零零八年七月一日或其後開始之年度期間生效。

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

財務報表之呈列<sup>1</sup>  
Presentation of Financial Statements<sup>1</sup>  
借貸成本<sup>1</sup>  
Borrowing costs<sup>1</sup>  
綜合及獨立財務報表<sup>2</sup>  
Consolidated and Separate Financial Statements<sup>2</sup>  
股份支付－歸屬條件及取消<sup>1</sup>  
Share-based Payment – Vesting Conditions and Cancellations<sup>1</sup>  
業務合併<sup>2</sup>  
Business Combinations<sup>2</sup>  
經營分部<sup>1</sup>  
Operating Segments<sup>1</sup>  
香港財務報告準則第2號：「集團及庫存股份交易」<sup>3</sup>  
HKFRS 2 – Group and Treasury Share Transactions<sup>3</sup>  
服務特許權安排<sup>4</sup>  
Service Concession Arrangements<sup>4</sup>  
客戶忠誠計劃<sup>5</sup>  
Customer Loyalty Programmes<sup>5</sup>  
香港會計準則第19號－界定利益資產之限制、最低資金需要及其相互關係<sup>4</sup>  
HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction<sup>4</sup>

- 1 Effective for annual periods beginning on or after 1 January 2009.
- 2 Effective for annual periods beginning on or after 1 July 2009.
- 3 Effective for annual periods beginning on or after 1 March 2007.
- 4 Effective for annual periods beginning on or after 1 January 2008.
- 5 Effective for annual periods beginning on or after 1 July 2008.

## 綜合財務報表附註

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

#### 3. 主要會計政策

誠如下列會計政策所述，綜合財務報表是按歷史成本基準編製，惟本集團的樓宇及部份金融工具按重估金額／公平值計算者除外。

本綜合財務報表是根據香港會計師公會頒佈的香港財務報告準則而編製。此外，綜合財務報表載列聯交所證券上市規則（「上市規則」）及香港公司條例規定之適用披露。

#### 綜合基準

本綜合財務報表包括本公司及其附屬公司的財務報表。本公司有權監管一實體之財務及經營政策從而自其業務獲益即為本公司控制之公司。

如有需要，本集團會對附屬公司之財務報表作出調整，使其會計政策與本集團其他成員公司所採用者保持一致。

所有集團內交易、結餘、收入及支出均於綜合賬目時對銷。

綜合附屬公司資產淨額內之少數股東所佔之權益與本集團所佔之權益分開列賬。少數股東於資產淨額之權益包括該等權益於原業務合併日期之數額及少數股東應佔該合併日期以來之權益變動。適用於少數股東的虧損超出於附屬公司股權的少數股東權益的數額將與本集團的權益作出分配，惟少數股東具約束力責任及可以其他投資補足虧損者除外。

#### 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis, except for buildings and certain financial instruments of the Group, which are measured at revalued amounts / fair value, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

### 3. 主要會計政策(續)

#### 商譽

*因收購附屬公司產生之商譽(收購日期為二零零五年一月一日之前)*

收購一間附屬公司(協議日期為於二零零五年一月一日之前)產生之商譽乃指收購成本超逾本集團於收購當日應佔相關被收購公司可識別資產及負債公平值之權益之差額。

對於原先已資本化之商譽，本集團自二零零五年一月一日起不再繼續攤銷，而有關商譽每年及凡商譽有關之賺取現金單位有可能出現減值之跡象時進行減值測試。

*因收購附屬公司產生之商譽(收購日期為二零零五年一月一日或之後)*

收購一間附屬公司(協議日期為於二零零五年一月一日或之後)產生之商譽乃指收購成本超逾本集團於收購當日應佔相關附屬公司可識別資產、負債及或然負債公平值之權益之差額。有關商譽乃按成本減任何累計減值虧損列賬。有關商譽每年及凡商譽有關之賺取現金單位有可能出現減值之跡象時進行減值測試。收購附屬公司產生之資本化商譽於綜合資產負債表內分開列賬。

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Goodwill

*Goodwill arising on acquisitions prior to 1 January 2005*

Goodwill arising on an acquisition of a subsidiary for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant acquiree at the date of acquisition.

For previously capitalised goodwill arising on acquisitions, the Group has discontinued amortisation from 1 January 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash-generating unit to which the goodwill relates may be impaired.

*Goodwill arising on acquisitions on or after 1 January 2005*

Goodwill arising on an acquisition of a subsidiary for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment loss. Goodwill is tested for impairment annually, and whenever there is an indication that the cash-generating unit to which the goodwill relates may be impaired. Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the consolidated balance sheet.

### 3. 主要會計政策(續)

#### 商譽(續)

因收購附屬公司產生之商譽(收購日期為二零零五年一月一日或之後)(續)

就減值測試而言，收購所產生之商譽乃被分配到各有關賺取現金單位，或賺取現金單位之組別，預期彼等從收購之協同效應中受益。已獲配商譽之賺取現金單位每年及凡單位有可能出現減值之跡象時進行減值測試。就於某個財政年度之收購所產生之商譽而言，已獲配商譽之賺取現金單位於該財政年度完結前進行減值測試。當賺取現金單位之可收回金額少於該單位之賬面值，則減值虧損被分配，首先削減分配到該單位的商譽之賬面值，然後再按該單位每一資產之賬面值為基準按比例分配到其他資產。商譽之任何減值虧損乃直接於綜合損益表內確認。商譽之減值虧損於其後期間不予撥回。

其後出售附屬公司，則計入被資本化之商譽之應佔金額以釐定於出售時損益之金額。

#### 物業、廠房及設備

物業、廠房及設備(包括持有用作生產或供應貨品或服務或行政用途(在建工程除外)之樓宇)按成本值或評估值減其後累計折舊及累計減值虧損列賬。

樓宇以評估值，即按照其於重估日期時之公平價值減隨後之累計折舊及累計減值虧損於綜合資產負債表列賬。由於定期進行物業重估，賬面值與資產負債表日所釐定之公平值沒有重大差異。

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Goodwill (Continued)

Goodwill arising on acquisitions on or after 1 January 2005 (Continued)

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. Impairment loss for goodwill is not reversed in subsequent periods.

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

#### Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction-in-progress) are stated at cost or valuation less subsequent accumulated depreciation and accumulated impairment losses.

Buildings are stated in the consolidated balance sheet at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

### 3. 主要會計政策 (續)

#### 物業、廠房及設備 (續)

重估樓宇時出現之任何盈餘款額會撥入資產重估儲備，除重估盈餘款額與過往曾因同樣資產重估減值列於開支相抵外，則應將盈餘款額其中相等於該項資產曾從綜合損益表中扣除的虧絀款額撥回綜合損益表。因重估資產而賬面淨額之減少當作支出處理，而以減值款額不超過過往因重估該項資產之重估儲備結餘為限。於隨後出售或報廢已重估的資產時，相關的重估盈餘將撥至累計溢利。

物業、廠房及設備 (在建工程除外) 的折舊乃按其可供使用之年數，計及其估計餘值，以直線法攤銷其成本值或公平值。

物業、廠房及設備項目於出售時或當繼續使用該資產預期不會產生任何日後經濟利益時取消確認。資產取消確認產生之任何收益或虧損 (按該項目之出售所得款項淨額及賬面值間之差額計算) 於該項目取消確認之年度計入綜合損益表。

#### 土地使用權

取得土地使用權而支付之款項視為經營租賃付款。土地使用權乃按其成本值減累計攤銷及減值虧損列賬，攤銷於土地使用權之有效期內以直線法自綜合損益表內扣除。

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property, plant and equipment (Continued)

Any revaluation increase arising on revaluation of buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the consolidated income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to accumulated profits.

Depreciation is provided to write off the cost or fair value of items of property, plant and equipment (other than construction-in-progress), over their estimated useful lives and after taking into account of their estimated residual values, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

#### Land use rights

Payment for obtaining land use rights is considered as operating lease payment. Land use rights are stated at cost less accumulated amortisation and impairment losses, amortisation is charged to the consolidated income statement over the period of the rights using the straight-line method.

### 3. 主要會計政策(續)

#### 在建工程

在建工程是指施工中的廠房及物業，並按成本值減任何經確認減值虧損列賬。成本值包括建造成本、廠房及設備成本，以及其他直接成本。於建造完工時，已準備作其擬定用途之在建工程之相關成本則轉入為物業、廠房及設備的適當類別。尚未完成及未可作其擬定用途之在建工程概無計提折舊。

#### 減值(商譽除外 – 詳見上文與商譽有關之會計政策)

本集團於年結日覆核其資產之賬面值，以確定該等資產是否存在減值虧損之任何顯示。倘估計一項資產之可收回值低於其賬面值，該資產之賬面值即被減至其可收回價值。減值虧損即時確認為支出，除非相關資產根據另一會計準則以重估值列賬，則其減值虧損可當作以該準則重估減值入賬。

倘減值虧損隨後逆轉，該資產之賬面值增加至重新估計之可收回金額，惟倘該資產並無於過去年度確認減值虧損，已增加之賬面值不高於應已釐定之賬面值。減值虧損之逆轉即時確認為收入。除非有關資產根據另一會計準則以重估值列賬，則其回撥額可當作以該準則重估增值入賬。

#### 存貨

存貨乃按成本值及可變現淨額之較低者列賬。成本按加權平均法釐定。

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Construction-in-progress

Construction-in-progress represents plant and properties under construction and is stated at cost less any recognised impairment losses. This includes cost of construction, plant and equipment and other direct costs. Upon completion of construction, the relevant costs are transferred to appropriate categories of property, plant and equipment when they are ready for their intended use. No depreciation is provided on construction-in-progress until the asset is completed and put into use.

#### Impairment (other than goodwill – see the accounting policies in respect of goodwill above)

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

### 3. 主要會計政策(續)

#### 撥備

倘本集團因過往事件而承擔現有責任時，而本集團可能須履行該項責任時則會確認撥備。撥備指董事於結算日對履行有關責任所需開支之最佳估計，並於現值有重大影響時貼現至現值。

#### 金融工具

金融資產及金融負債乃當某集團實體成為工具合同條文之訂約方時在資產負債表上確認。金融資產及金融負債按公平值初步確認。收購或發行金融資產及金融負債(以溢利或虧損按公平值處理的金融資產及金融負債除外)之直接應佔之交易成本乃於首次確認時加入金融資產或金融負債之公平值或自其公平值內扣除(如合適)。收購以溢利或虧損按公平值處理的金融資產或金融負債而直接產生之交易成本即時於損益中確認。

#### 金融資產

本集團之金融資產主要為貸款及應收款項。所有定期購買或出售金融資產乃按交易日基準確認及取消確認。定期購買或出售乃購買或出售金融資產，並要求於市場上按規則或慣例設定之時間框內付運資產。

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

#### Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### Financial assets

The Group's financial assets are mainly loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

#### 3. 主要會計政策(續)

##### 金融工具(續)

##### 金融資產(續)

##### 實際利息法

實際利息法乃計算財務資產攤銷成本及於相關期間分配利息收入之方法。實際利率乃確切折算財務資產預期年限或(倘適用)較短期間估計未來現金收款(包括所支付或收取能構成整體實際利率的所有費用及利率差價、交易成本及其他溢價或折價)之利率。

利息收入按實際利息基準確認。

##### 貸款及應收款項

貸款及應收款項乃於現行市場並無報價之固定或可釐定付款之非衍生金融工具。於首次確認後各結算日，貸款及應收款項(包括應收賬款及其他應收款、按金、定期銀行存款、已抵押銀行存款、受限制銀行結餘及銀行結餘)均按採用實際利息法計算之已攤銷成本減任何已識別減值虧損入賬。

貸款及應收款項於每個年結日評估是否出現減值跡象。貸款及應收款項於每次確認後，如出現一個或多個事件顯示估計將來現金流量受影響，即代表該等貸款及應收款項存在客觀證據顯示出現減值。

#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Financial instruments (Continued)

##### Financial assets (Continued)

##### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or where appropriate, a shorter period.

Interest income is recognised on an effective interest basis.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including accounts and other receivables, deposits, fixed bank deposits, pledged bank deposit, restricted bank balances and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment loss.

Loans and receivables are assessed for indicators of impairment at each balance sheet date. Loans and receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the loans and receivables have been impacted.



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**3. 主要會計政策 (續)****金融工具 (續)****金融資產 (續)****貸款及應收款項 (續)**

減值的客觀證據包括：

- 發行人或對手出現重大財政困難；或
- 逾期支付或拖欠利息或本金；或
- 借款人有可能會破產或進行其他財政重組。

就應收賬款及其他應收款而言，個別評估時獲評為未有減值之資產其後將進行集體減值評估。有關應收款項組合減值之客觀證據可包括本集團過往收取款項之經驗、組合中已過30日至90日信貸期之延誤付款數目增加，以及與拖欠應收款項相關之國家或本地經濟狀況顯著變動。

減值虧損將於有客觀證據證明資產出現減值時在損益賬確認，而有關數額乃根據資產賬面值與按原有實際利率貼現之估計未來現金流現值之間的差額計算得出。

除應收賬款及其他應收款以及按金於撥備賬扣除賬面值之外，所有其他貸款及應收款項之賬面值乃經減值虧損直接扣除。撥備賬之賬面值變動將於損益賬確認。倘應收賬款及其他應收款及按金被視為無法收回，則有關款項與撥備賬對銷。其後收回過往所撇銷款項將計入損益賬。

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****Financial instruments (Continued)****Financial assets (Continued)****Loans and receivables (Continued)**

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For accounts and other receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 to 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

Impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the loans and receivables is reduced by the impairment loss directly for all loans and receivables with the exception of accounts and other receivables and deposits, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When an accounts and other receivables and deposits is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

### 3. 主要會計政策(續)

#### 金融工具(續)

#### 金融資產(續)

#### 貸款及應收款項(續)

倘減值虧損款額於往後期間減少，而有關減少與確認減值虧損後發生的事項客觀相關，則過往確認之減值虧損將透過損益賬撥回，惟資產於減值撥回當日之賬面值不得超出並無確認減值所應有之攤銷成本。

#### 金融負債及股本權益

集團實體發行之金融負債及股本工具乃根據合同安排之性質與金融負債及股本工具之定義分類。

股本工具乃任何證明本集團經扣減所有負債後之資產剩餘權益的合同。本集團之財務負債主要為其他財務負債。

#### 實際利息法

實際利息法乃計算財務負債攤銷成本及於相關期間分配利息開支之方法。實際利率乃確切折算財務負債預期年限或(倘適用)較短期間估計未來現金付款之利率。

利息支出按實際利息基準確認。

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial instruments (Continued)

#### Financial assets (Continued)

#### Loans and receivables (Continued)

If the amount of impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are mainly other financial liabilities.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

### 3. 主要會計政策 (續)

#### 金融工具 (續)

##### 金融負債及股本權益 (續)

##### 其他金融負債

其他金融負債包括應付賬款、其他應付款、應付董事、關聯公司款項及銀行借貸乃隨後採用實際利息法按已攤銷成本計量。

##### 股本工具

本公司發行之股本工具乃按已收所得款項扣除直接發行成本記賬。

##### 取消確認

若從資產收取現金流量之權利已到期，或金融資產已轉讓及本集團已將其於金融資產擁有權之絕大部份風險及回報轉移，則金融資產將被取消確認。於取消確認金融資產時，資產賬面值與已收或應收代價及直接於股本權益確認之累計損益之總和之差額，將於損益中確認。

倘於有關合約之特定責任獲解除、取消或到期，則財務負債將被取消確認。取消確認之財務負債賬面值與已付或應付代價之差額乃於損益賬中確認。

##### 租賃

根據經營租賃之應付租金乃按相關租賃年期以直線法於溢利或虧損扣除。因訂立一項經營租賃作為獎勵之已收及應收福利乃以直線法按租賃年期確認以減少租金支出。

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial instruments (Continued)

##### Financial liabilities and equity (Continued)

##### Other financial liabilities

Other financial liabilities including accounts payable, other payables, amounts due to directors and a related company and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

##### Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

##### Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

##### Leases

Rentals payable under operating leases are charged to the profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

### 3. 主要會計政策(續)

#### 收入確認

收益乃以已收或應收代價之公平值及於正常業務過程中售出貨物之應收款項，扣除折扣及銷售相關稅項計算。

#### 貨品銷售

貨品銷售乃於貨品交付及擁有權轉移至客戶後確認為收入。

#### 利息收入

利息收入乃參照尚未償還本金及適用的實際利率，按時間基準累計，實際利率乃確切折算財務資產預期年限期間估計未來現金收款至該資產的賬面淨值的利率。

#### 稅項

所得稅支出指現時應付稅項及遞延稅項總額。

現時應付稅項乃按年度應課稅溢利計算。應課稅溢利不包括已撥往其他年度的應課稅或應扣減之收入及開支項目，亦不包括從未課稅或可扣稅之損益表項目，故與綜合損益表所呈報的純利不同。本集團之現時稅項負債是以於資產負債表日已規定或大體規定的稅率計算。

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

#### Sales of goods

Sales of goods are recognised when goods are delivered and title has been passed to customers.

#### Interest income

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

#### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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### 3. 主要會計政策 (續)

#### 稅項 (續)

遞延稅項指預期從財務報表內資產及負債賬面值與計算應課稅溢利所採用相應稅基之差額所確認，以資產負債表負債法處理。遞延稅項負債一般就所有應課稅暫時差額確認，遞延稅項資產則於可能出現可利用暫時差額作對銷應課稅溢利時予以確認。如暫時差額由商譽(或負商譽)或由初次確認一項不影響稅項溢利或會計溢利之交易之其他資產及負債(業務合併除外)所產生，有關資產及負債則不會予以確認。

遞延稅項負債於附屬公司之投資所產生應課稅暫時差額予以確認，除非本集團有能力控制暫時差額還原，而暫時差額很可能不會於可預見將來還原。

遞延稅項資產之賬面值乃於各個結算日進行檢討，並予以相應扣減，直至並無足夠應課稅溢利可供全部或部分遞延稅項資產可予應用為止。

遞延稅項按預期適用於負債清償或資產變現年度之稅率計算。遞延稅項從綜合損益表扣除或計入綜合損益表，除非遞延稅項關乎直接從股本扣除或直接計入權益之項目。在該情況下遞延稅項亦於權益中處理。

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Taxation (Continued)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

#### 3. 主要會計政策(續)

##### 稅項(續)

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，此項主要間接稅在銷售貨品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%或13%計算。本集團應付的增值稅淨額相當於銷項增值稅減購買貨品及某些指定服務時尚未行使增值稅(稱為「進項增值稅」)。

##### 研究及開發支出

研究活動之支出已於產生之年度確認為開支。

##### 於二零零二年十一月七月後授出予僱員並於二零零五年一月一月前歸屬的購股權

已授出的購股權被行使前，未有財務影響被記錄於綜合財務報表中及對於已授出購股權之價值沒有費用確認於綜合損益表內。購股權被行使時，相關發行的新增股票會以面值入賬，行使價高於股票面值部份會為記錄成股份溢價。失效或於行使日前被取消的購股權會從尚未行使購股權名冊中被移除。

##### 退休福利成本

支付國營退休計劃及強制性公積金計劃(「強積金」)之款項會於僱員就其提供之服務而有權享有供款時作費用扣除。

##### 借款成本

所有借款成本乃於產生年內確認並於綜合損益表計入為融資成本。

#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Taxation (Continued)

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 value-added tax ("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% or 13% of the selling price. The net VAT payable of the Group represents Output VAT minus the VAT paid on purchases of goods and certain specified services (known as "Input VAT").

##### Research and development expenditure

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

##### Share options granted to employee after 7 November 2002 and vested before 1 January 2005

The financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in the consolidated income statement in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

##### Retirement benefit costs

Payments to the state-sponsored retirement benefit plan and the Mandatory Provident Fund Scheme ("MPF") are charged as expenses when employees have rendered services entitling them to the contributions.

##### Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the year in which they are incurred.

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

### 3. 主要會計政策(續)

#### 外幣

於編製各個別集團實體之財務報表時，以該實體功能貨幣以外之貨幣(外幣)進行之交易均按交易日期之適用匯率換算為功能貨幣(即該實體經營所在主要經濟地區之貨幣)記賬。於各結算日，以外幣為定值之貨幣項目均按結算日之適用匯率重新換算。按公平值以外幣定值之非貨幣項目乃按於公平值釐定當日之適用匯率重新換算。按貨幣過往成本計量之非貨幣項目毋須重新換算。

於結算及換算貨幣項目時產生之匯兌差額均於彼等產生期間內於損益中確認，惟組成本集團海外業務之投資淨額部份之貨幣項目所產生之匯兌差額外，在此情況下，有關匯兌差額乃於綜合財務表中確認為股本權益。以公平值定值之非貨幣項目經重新換算後產生之匯兌差額於該其間列作損益，惟換算直接於股本權益內確認盈虧之非貨幣項目產生之差額除外，在此情況下，匯兌差額亦直接於股本權益內確認。

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the year in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

#### 3. 主要會計政策(續) 外幣(續)

就呈列綜合財務報表而言，本集團海外經營業務之資產及負債乃按於結算日之適用匯率換算為本公司之列賬貨幣(即港元)，而其他收入及支出乃按年度之平均匯率進行換算，除非匯率於該其間內出現大波幅變動，於此情況下，則採用於換算當日之適用匯率。所產生之外匯兌換差額(如有)乃確認作股本權益之獨立部份(匯兌儲備)。該等匯兌差額乃於海外物業被出售之年內於損益中確認。

於收購海外業務時產生之有關所收購可識別資產之商譽及公平值調整乃處理為該海外經營業務之資產及負債，並按於結算日之適用匯率進行換算。產生之匯率差額乃於匯兌儲備內確認。

於二零零五年一月一日之前收購海外業務之商譽及可識別資產之公平值調整，乃作收購者以外幣列值的非貨幣項目處理，並按收購日當時適用之匯率換算以歷史成本列值。

#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued) Foreign currencies (Continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the year in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation before 1 January 2005 is treated as non-monetary foreign currency items of the acquirer and reported using the historical cost prevailing at the date of acquisition.



截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

#### 4. 關鍵會計判斷及估計不確定性之主要來源

於應用本集團之會計政策（如附註3所述）時，本公司董事須就未於其他來源明確顯示之資產及負債賬面值作出判斷、估計及假設。有關估計及相關假設乃根據過往經驗及其他視為相關之因素作出。實際情況可能有別於該等估計。

有關估計及相關假設將按持續基準審閱。倘就有關估計作出修訂僅影響該期間，則會計估計修訂於該期間確認，或倘有關修訂將影響即期及未來期間，則於修訂期間及未來期間確認。

以下為就日後作出之主要假設以及結算日預計不明朗因素之其他主要來源，有關假設及不明朗因素或構成下一財政年度資產及負債賬面值須作出重大調整之主要風險。

##### 物業、廠房及設備折舊

本集團於二零零七年十二月三十一日物業、廠房及設備（在建工程除外）之賬面淨值約為584,828,000港元。本集團以直線法對其物業、廠房及設備於其估計可使用年期5 – 20年內，經計及其估計剩餘價值，以每年5%至20%，由物業、廠房及設備可投入使用之日開始計提折舊。本集團將物業、廠房及設備投入生產之估計可使用年期反映董事估計於該期間內之估計，即本集團計劃將來從物業、廠房及設備之使用中可獲取之經濟利益。

#### 4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### Depreciation of property, plant and equipment

The Group's net carrying values of property, plant and equipment (excluding construction-in-progress) as at 31 December 2007 were approximately HK\$584,828,000. The Group depreciates the property, plant and equipment on a straight-line basis over the estimated useful lives of five to twenty years, and after taking into account of their estimated residual value at the rate of 5% – 20% per annum, when the property, plant and equipment are available for use. The estimated useful lives that the Group places the property, plant and equipment into productive use reflects the directors' estimate of the periods that the Group intend to derive future economic benefits from the use of the Group's property, plant and equipment.

#### 4. 關鍵會計判斷及估計不確定性之主要來源(續)

##### 呆壞賬撥備

本集團呆壞賬撥備政策以可收回性評估、賬齡分析及管理層判斷為基礎。評估該等應收賬款之最終變現能力需要進行大量判斷，包括客戶之現時信譽及過往收款歷史記錄。倘本集團客戶財務狀況惡化，削弱其付款能力，則須提撥額外準備。

##### 存貨撥備

本集團管理層於結算日審核賬齡分析並對確認為不再適用於生產之過時及滯銷庫存品進行撥備。管理層估計此等製品之可變現淨額主要根據最近期之發票價格及目前市況而釐定。本集團於結算日對每種產品進行盤點，並對過時及滯銷品種作出撥備。

##### 物業、廠房及設備減值

物業、廠房及設備之減值虧損乃根據本集團之會計政策就賬面值超出其可收回款額的數額確認。物業、廠房及設備的可收回數額，乃根據使用中價值的計算而釐定。此等計算需基於一些估計而作出，譬如未來收入及折扣率等。年內並無計提任何減值。

#### 4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

##### Allowance for bad and doubtful debts

The policy for allowance of bad and doubtful debts of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

##### Allowance for inventories

The management of the Group reviews an ageing analysis at each balance sheet date, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for sales. The management estimates the net realisable value for such finished goods based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at each balance sheet date and makes allowance for obsolete and slow-moving items.

##### Impairment of property, plant and equipment

The impairment loss for property, plant and equipment are recognised for the amounts by which the carrying amounts exceeds its recoverable amount, in accordance with the Group's accounting policy. The recoverable amounts have been determined based on value-in-use calculations. These calculations require the use of estimates such as the future revenue and discount rates. No impairment was provided during the year.

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#### 4. 關鍵會計判斷及估計不確定性之主要來源(續)

##### 商譽之預計減值

釐定商譽是否減值須對獲分派商譽之賺取現金單位之使用價值作出估計。使用價值計算要求本集團估計預期產生自賺取現金單位之日後現金流量及合適之折現率以計算現值。年內並無計提任何減值。

#### 5. 資本風險管理

本集團管理旗下資本以確保本集團之實體能夠持續經營，並透過優化債務及權益結餘為股東帶來最大回報。本集團整體策略於過往年度維持不變。

本集團之資本結構包括債務(包括於附註26中列示之貸款)、現金及現金等值項目以及本公司權益持有人應佔權益，當中包括已發行股本、儲備及累計溢利。

本集團積極及定期檢討及管理其資本架構，以確保資本架構及股東回報得以優化，並經計及本集團未來資金需要及資本效率、現行及預計溢利能力、預計經營現金流量、預計資本開支及預計策略投資機會。本集團現時並無採納任何正式股息政策。

#### 4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

##### Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. No impairment was provided during the year.

#### 5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 26, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and accumulated profits.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

## 6. 財務風險管理目標及政策

本集團之主要財務工具包括應收賬款及其他應收款、按金、定期銀行存款、已抵押銀行存款、受限制銀行結餘、銀行結餘、應付賬款、其他應付款、應付董事及關聯公司款項及銀行貸款。該等金融工具詳情於各附註披露。下文載列與該等金融工具有關之風險及如何降低該等風險之政策。管理層管理及監控該等風險，以確保及時和有效地採取適當之措施。

### 貨幣風險

本公司旗下若干附屬公司有外幣銷售及採購，使本集團承受外幣風險。於結算日本集團以外幣結算之貨幣資產及貨幣負債其賬面值如下：

		資產		負債	
		Assets		Liabilities	
		二零零七年	二零零六年	二零零七年	二零零六年
		2007	2006	2007	2006
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
港元	Hong Kong Dollar	58	50,001	-	-
美元	United States Dollar	40,528	34,571	-	-

本集團現時並無就外幣負債採取外幣對沖政策。本集團將密切監察外幣風險，並將在有需要時考慮對沖重大貨幣風險。

## 6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include accounts and other receivables, deposits, fixed bank deposits, pledged bank deposit, restricted bank balances, bank balances, accounts payable, other payables, amounts due to directors and a related company and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

### Currency risk

Certain subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

		Assets		Liabilities	
		二零零七年	二零零六年	二零零七年	二零零六年
		2007	2006	2007	2006
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong Dollar		58	50,001	-	-
United States Dollar		40,528	34,571	-	-

The Group currently does not have a foreign currency hedging policy in respect of foreign currency debts. The Group will monitor its foreign currency exposure closely and will consider hedging significant currency exposure should the need arise.

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

## 6. 財務風險管理目標及政策(續)

## 貨幣風險(續)

## 敏感度分析

下表詳細載列本集團就集團實體之功能貨幣兌相關外幣匯率上升及下降5%的影響。當向高級管理人員申報內部外幣風險時及呈報管理層對以外幣匯率可能變動進行評估時採用的影響率為5%。下文所示正數即表示集團實體之功能貨幣兌有關貨幣處於5%弱勢時，溢利有所增加。至於集團實體之功能貨幣兌有關貨幣處於5%強勢時，則可能對溢利產生同等及相反影響。

## 6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

## Currency risk (Continued)

## Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency of the group entity against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. A positive number below indicates an increase in profit where the functional currency of the group entity weakening 5% against the relevant currency. For a 5% strengthen of the functional currency of the group entity against the relevant currency, there would be an equal and opposite impact on the profit.

		溢利及虧損	
		Profit and loss	
		二零零七年	二零零六年
		2007	2006
		千港元	千港元
		HK\$'000	HK\$'000
港元	Hong Kong Dollar impact	3	2,500
美元	United States Dollar impact	2,026	1,729

## 利率風險

本集團就短期銀行貸款之息率變動承擔利率風險不大。

## Interest rate risk

The Group's exposure to interest rate risk is immaterial due to the short-term maturities of bank borrowings.

## 6. 財務風險管理目標及政策(續)

### 信貸風險

倘對方於二零零七年十二月三十一日未能履行彼等之承擔，則本集團就每類已確認財務資產而須承受之最大信貸風險為已於綜合資產負債表列值之資產之賬面金額反映。

為最大限度地降低信貸風險，本集團管理層已委派一組人員負責制訂信貸限額、信貸審批及其他監控措施，以確保採取跟進措施收回逾期未付之債項。此外，於各結算日，本集團定期評估每項個別貿易應收款之可收回金額，以確保就不可收回金額所作出之減值虧損已足夠。就此而言，本公司董事認為本集團之信貸風險已大幅降低。

本集團並無集中之信貸風險，有關風險乃分散至多個其他地方及客戶。

### 流動資金風險

至於管理流動資金風險，本集團監察及維持管理層認為適當水平之現金及現金等值項目，以撥資本集團運作及緩和現金流動波動之影響。管理層監察銀行貸款之使用，並確保遵從貸款契約。

## 6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 December 2007 in relation to each class of recognised financial assets is the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivable at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

### Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

## 6. 財務風險管理目標及政策(續)

## 流動資金風險(續)

本集團於結算日之財務負債到期組合如下(根據已訂約惟未貼現現金流量以本集團可能須予償還之最早日期編制計算):

## 6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

## Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contracted undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay, was as follows:

		一年內 未貼現之 現金流	於二零零七年 十二月三十一日 之賬面值
		Undiscounted cash flows within 1 year	Carrying amounts at 31 December 2007
		千港元 HK\$'000	千港元 HK\$'000
二零零七年	2007		
<b>非衍生財務負債</b>	<b>Non-derivative financial liabilities</b>		
應付賬款	Accounts payable	62,113	62,113
其他應付款	Other payables	45,185	45,185
應付董事款項	Amounts due to directors	560	560
於一年內到期的銀行貸款	Bank borrowings due within one year	101,453	101,453
		<b>209,311</b>	<b>209,311</b>

## 綜合財務報表附註

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

#### 6. 財務風險管理目標及政策(續)

##### 流動資金風險(續)

#### 6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### Liquidity risk (Continued)

		一年內 未貼現之 現金流	於二零零六年 十二月三十一日 之賬面值 Carrying amounts at 31 December 2006
		千港元 HK\$'000	千港元 HK\$'000
二零零六年	2006		
<b>非衍生財務負債</b>	<b>Non-derivative financial liabilities</b>		
應付賬款	Accounts payable	50,384	50,384
其他應付款	Other payables	35,207	35,207
應付董事款項	Amounts due to directors	10,062	10,062
應付關聯公司款項	Amount due to a related company	550	550
於一年內到期的銀行貸款	Bank borrowings due within one year	95,000	95,000
		<hr/>	<hr/>
		191,203	191,203

##### 財務資產及財務負債的公允價值

綜合資產負債表內所呈報的財務資產及財務負債的公允價值與其賬面值相若，此乃由於彼等為即時或將於短期內屆滿。

##### Fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities reported in the consolidated balance sheet approximate their carrying amounts due to their immediate or short-term maturities.



## 7. 分類資料

分類資料按本集團的業務及地區分類呈報。業務分類對本集團的內部財務彙報較為有關聯，因此被選為首要分類資料呈報方式。

### (a) 業務分類

本集團經營的兩項主要業務分類如下：

稀土：製造及銷售稀土產品（包括熒光產品）

耐火：製造及銷售耐火產品（包括高溫陶瓷產品及鎂砂）

## 7. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

### (a) Business segments

The Group operates the following two main business segments:

Rare Earth：The manufacture and sales of rare earth products (including fluorescent products)

Refractory：The manufacture and sales of refractory products (including high temperature ceramics products and magnesium grains)

## 綜合財務報表附註

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

#### 7. 分類資料(續)

##### (a) 業務分類(續)

綜合損益表

#### 7. SEGMENT INFORMATION (Continued)

##### (a) Business segments (Continued)

Consolidated Income Statement

		稀土 Rare earth		耐火 Refractory		未分配 Unallocated		總額 Total	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
截至十二月三十一日 止年度	For the year ended 31 December								
營業額	Turnover	713,630	522,110	671,715	508,972	-	-	1,385,345	1,031,082
<b>業績</b>	<b>RESULTS</b>								
分類業績	Segment results	159,501	98,647	225,998	161,770	-	-	385,499	260,417
未分類企業費用	Unallocated corporate expenses							(9,356)	(8,387)
利息收入	Interest income							17,144	10,066
其他收入淨額	Other income, net							8,074	14,974
財務成本	Finance costs							(5,227)	(2,995)
除稅前溢利	Profit before taxation							396,134	274,075
所得稅支出	Income tax expense							(97,054)	(62,384)
本年度溢利	Profit for the year							299,080	211,691
<b>其他資料</b>	<b>Other Information</b>								
年內產生的資本性 支出	Capital expenditure incurred during the year	61,586	99,812	203,223	75,100	15	17	264,824	174,929
物業、廠房及設備之 折舊	Depreciation on property, plant and equipment	38,417	34,765	43,332	36,422	47	82	81,796	71,269
預付租賃土地使用權 款項攤銷	Amortisation of prepaid lease payments on land use rights	1,829	176	1,372	441	-	-	3,201	617
存貨撥備	Allowance for inventories	7,119	-	2,796	30	-	-	9,915	30
處置物業、廠房及設備 虧損/(收益)	Loss/(gain) on disposal of property, plant and equipment	2,020	(1,135)	33,293	17	-	-	35,313	(1,118)
計提/(撥回)呆壞賬 撥備	Allowance/(reversal of allowance) for bad and doubtful debts	(70)	(2,057)	240	(17)	-	-	170	(2,074)

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

7. 分類資料(續)

(a) 業務分類(續)

綜合資產負債表

		稀土 Rare earth		耐火 Refractory		未分配 Unallocated		總額 Total	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
於十二月三十一日	As at 31 December								
分類資產	Segment assets	830,955	713,325	1,012,153	850,675	-	-	1,843,108	1,564,000
未分類企業資產	Unallocated corporate assets							955,156	901,411
資產總額	Total assets							2,798,264	2,465,411
分類負債	Segment liabilities	52,867	48,193	91,631	78,765	-	-	144,498	126,958
未分類企業負債	Unallocated corporate liabilities							103,842	100,496
負債總額	Total liabilities							248,340	227,454

7. SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

Consolidated Balance Sheet

(b) 地區分類

本集團的業務主要在中國、日本、歐洲及美國進行。按地區分類的營業額分析如下：

(b) Geographical segments

The Group's activities are conducted predominantly in the PRC, Japan, Europe and the United States of America. An analysis of turnover by geographical segment is as follows:

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
中國	The PRC	1,145,394	814,518
日本	Japan	133,098	117,879
歐洲	Europe	73,482	65,022
美國	The United States of America	26,277	26,901
其他	Others	7,094	6,762
		1,385,345	1,031,082

本集團超過百分之九十的分類資產及物業、廠房、設備及土地使用權購置都位於中國(包括香港)。

Over 90% of segment assets and additions to property, plant and equipment and land use rights of the Group are located in the PRC including Hong Kong.

## 綜合財務報表附註

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

#### 8. 營業額

#### 8. TURNOVER

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
稀土產品(包括熒光產品) 銷售	Sales of rare earth products (including fluorescent products)	713,630	522,110
耐火產品(包括高溫陶瓷 產品及鎂砂)銷售	Sales of refractory products (including high temperature ceramics products and magnesium grains)	671,715	508,972
		<b>1,385,345</b>	1,031,082

#### 9. 其他收入淨額

#### 9. OTHER INCOME, NET

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
處理事業、廠房及設備 (虧損)/收益	(Loss)/gain on disposal of property, plant and equipment	(35,313)	1,118
匯兌收益淨額	Exchange gain, net	40,947	13,732
其他	Others	2,440	124
		<b>8,074</b>	14,974

#### 10. 財務成本

#### 10. FINANCE COSTS

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
須於五年內悉數償還之 銀行貸款利息支出及 銀行手續費	Interest expenses and bank charges on bank borrowings wholly repayable within five years	5,199	2,858
承兌匯票利息支出	Interest expenses on discounted bills	28	137
		<b>5,227</b>	2,995

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

## 11. 除稅前溢利

## 11. PROFIT BEFORE TAXATION

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
除稅前溢利已扣除／(計入) 下列各項：	Profit before taxation has been arrived at after charging/(crediting):		
核數師酬金	Auditors' remuneration	1,920	1,420
存貨成本(不包括員工成本、 物業、廠房及設備之折舊、 預付租賃土地使用權款項 攤銷及存貨撥備)	Cost of inventories (excluding staff costs, depreciation on property, plant and equipment, amortisation of prepaid lease payments on land use rights and allowance for inventories)	815,036	642,770
物業、廠房及設備之折舊	Depreciation on property, plant and equipment	81,796	71,269
預付租賃土地使用權款項攤銷	Amortisation of prepaid lease payments on land use rights	3,201	617
員工成本(不包括董事酬金) (附註12)	Staff costs (excluding directors' emoluments) (Note 12)		
– 薪金及工資	– Salaries and wages	31,883	23,233
– 退休福利計劃供款 (附註13)	– Retirement benefits scheme contribution (Note 13)	1,585	1,256
存貨撥備	Allowance for inventories	9,915	30
已租物業之經營租賃支出	Operating lease charges on rented premises	686	1,483
研究及開發支出	Research and development expenditure	440	344
計提／(撥回)呆壞賬撥備	Allowance/(reversal of allowance) for bad and doubtful debts	170	(2,074)

## 綜合財務報表附註

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

#### 12. 董事及僱員酬金

- (a) 根據香港公司條例第161條及上市規則的規定而披露的董事酬金如下：

#### 12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

- (a) Details of directors' emoluments pursuant to Section 161 of the Hong Kong Companies Ordinance and the provisions of the Listing Rules are as follows:

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
執行董事	Executive directors		
– 袍金	– fees	–	–
– 薪金及津貼	– salaries and allowance	2,582	2,216
獨立非執行董事	Independent non-executive directors		
– 袍金	– fees	154	124
		<b>2,736</b>	<b>2,340</b>

- (b) 已付或應付予七位(二零零六年：七位)董事之酬金如下：

- (b) The emoluments paid or payable to each of the seven (2006: seven) directors were as follows:

		董事袍金 Directors' fees 千港元 HK\$'000	基本薪金、津貼 及實物福利 Basic salaries, allowance and benefits-in-kind 千港元 HK\$'000	酬金總額 Total emoluments 千港元 HK\$'000
蔣泉龍	Jiang Quanlong	–	1,320	1,320
錢元英	Qian Yuanying	–	1,014	1,014
許盤鳳	Xu Panfeng	–	124	124
蔣才南	Jiang Cainan	–	124	124
劉余九	Liu Yujiu	45	–	45
黃春華	Huang Chunhua	72	–	72
金重	Jin Zhong	37	–	37
二零零七年總額	Total for 2007	154	2,582	2,736

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

## 12. 董事及僱員酬金(續)

(b) (續)

		董事袍金	基本薪金、津貼 及實物福利	酬金總額
		Directors' fees	Basic salaries, allowance and benefits-in-kind	Total emoluments
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
蔣泉龍	Jiang Quanlong	-	1,200	1,200
錢元英	Qian Yuanying	-	780	780
許盤鳳	Xu Panfeng	-	118	118
蔣才南	Jiang Cainan	-	118	118
劉余九	Liu Yujiu	35	-	35
黃春華	Huang Chunhua	60	-	60
金重	Jin Zhong	29	-	29
二零零六年總額	Total for 2006	124	2,216	2,340

截至二零零六年及二零零七年十二月三十一日止兩年度，概無董事放棄或同意放棄任何酬金。

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS  
(Continued)

(b) (Continued)

	董事袍金	基本薪金、津貼 及實物福利	酬金總額
	Directors' fees	Basic salaries, allowance and benefits-in-kind	Total emoluments
	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
蔣泉龍	-	1,200	1,200
錢元英	-	780	780
許盤鳳	-	118	118
蔣才南	-	118	118
劉余九	35	-	35
黃春華	60	-	60
金重	29	-	29
二零零六年總額	124	2,216	2,340

No directors waived or agreed to waive any emoluments during the two years ended 31 December 2007 and 2006.

12. 董事及僱員酬金(續)

- (c) 五位最高薪人士包括三位(二零零六年:三位)董事,彼等的酬金詳情載於上文。彼等的酬金總額連同其餘兩位(二零零六年:兩位)最高薪人士的酬金如下:

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS  
(Continued)

- (c) During the year, five highest paid individuals in the Group, three (2006: three) are directors of the Company whose emoluments are set out above. Their total emoluments together with the remaining two (2006: two) highest paid individuals are as follows:

	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
基本薪金、津貼及實物福利	3,537	3,027
退休福利計劃供款	54	46
	<b>3,591</b>	<b>3,073</b>

包括董事及僱員在內的五位最高薪人士的酬金介乎於下列範圍:

The emoluments of the five highest paid individuals including directors and employees fall in the following ranges:

	人數 Number of employees	
	二零零七年 2007	二零零六年 2006
零 – 1,000,000港元	3	4
1,000,001港元 – 1,500,000港元	2	1

於兩個年度內,本集團並無向五位最高薪人士(包括董事及僱員)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賠償。

No emoluments were paid to the five highest individuals including directors and employees as inducement to join or upon joining the Group or as compensation for loss of office in both years.



截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

### 13. 僱員退休福利

如中國有關規則及條例的規定，本公司的中國附屬公司須為其全體僱員向國營退休計劃供款，供款額為僱員基本薪金的17% – 20% (二零零六年：17% – 20%)。僱員退休後的生活津貼由國營退休計劃負責支付。中國附屬公司除每年供款外，毋須支付實際退休金，亦毋須負責僱員的退休後福利。截至二零零七年十二月三十一日止年度，退休計劃供款額約為1,531,000港元 (二零零六年：1,210,000港元)。

本集團旗下在香港營運的公司自二零零零年十二月一日起已參與強積金。該計劃為定額供款退休金計劃。該公司每月按僱員基本薪金5%向該計劃供款。截至二零零七年十二月三十一日止年度，本集團向強積金供款約54,000 港元 (二零零六年：46,000港元)。強積金的資產與本集團的資產分開持有，並由獨立專業基金經理管理。

### 13. EMPLOYMENT RETIREMENT BENEFITS

As stipulated by the relevant rules and regulations in the PRC, the PRC subsidiaries of the Company are required to contribute to a state-sponsored retirement plan for all of their employees based on 17% to 20% (2006: 17% to 20%) of the employee's basic salary. The state-sponsored retirement plan is responsible for the entire pension obligations payable to retired employees and the PRC subsidiaries of the Company have no further obligations for the actual pension payments or other post-retirement benefits beyond the annual contributions. For the year ended 31 December 2007, the retirement plan contributions amounted to approximately HK\$1,531,000 (2006: HK\$1,210,000).

A company in the Group operating in Hong Kong has participated in MPF, which is a defined contribution pension scheme, since 1 December 2000. The Company makes monthly contributions to the scheme based on 5% of the employees' basic salaries. For the year ended 31 December 2007, the Group's contributions to the MPF were approximately HK\$54,000 (2006: HK\$46,000). The assets of the fund are held separately from those of the Group and are managed by independent professional fund managers.

## 綜合財務報表附註

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

#### 14. 所得稅支出

#### 14. INCOME TAX EXPENSE

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
企業所得稅	Enterprise Income Tax ("EIT")		
– 中國附屬公司	– The PRC subsidiaries	<b>97,054</b>	62,384

由於本集團兩個年度並沒有任何在香港產生的應課稅溢利，故並無就香港利得稅計提撥備。

Hong Kong Profits Tax has not been provided for in the consolidated financial statements as the Group did not derive any assessable profits in Hong Kong for both years.

應付稅項已包括中國增值稅及中國企業所得稅如下：

Tax payable comprised PRC VAT and PRC EIT as follows:

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
中國增值稅	PRC VAT	<b>11,407</b>	16,997
中國企業所得稅	PRC EIT	<b>27,622</b>	19,254
		<b>39,029</b>	36,251

根據中國有關稅法，若干中國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%。

Pursuant to the relevant tax laws in the PRC, certain subsidiaries in the PRC 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.

於本年內，沒有（二零零六年：兩家）中國附屬公司獲減稅50%後按12%計提企業所得稅。另外分別有四家（二零零六年：兩家）及一家（二零零六年：一家）中國附屬公司按27%及33%全額計提企業所得稅。餘下三家（二零零六年：三家）中國附屬公司並沒有任何應課稅溢利。

During the year, EIT has been provided at 12% after a 50% reduction for nil (2006: two) PRC subsidiaries. EIT has been fully provided at 27% and 33% for four (2006: two) and one (2006: one) PRC subsidiaries respectively. The remaining three (2006: three) PRC subsidiaries did not derive any assessable profits.

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

**14. 所得稅支出(續)**

於二零零七年三月十六日，透過中國主席令第六十三號，中國頒佈《中華人民共和國企業所得稅法》(「新稅法」)。於二零零七年十二月六日，中國國務院頒佈《所得稅法實施條例》。由於本集團於結算日並無確認中國附屬公司稅項虧損為遞延稅項資產，故董事認為新稅法對本集團經營業績並無重大影響。

稅項與綜合損益表之除稅前溢利調節如下：

**14. INCOME TAX EXPENSE (Continued)**

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The directors anticipated that there is no material impact on the Group's operating results in applying the New Law as the taxation losses of PRC subsidiaries were not recognised as deferred tax assets by the Group at the balance sheet date.

The taxation can be reconciled to the profit before taxation per the consolidated income statement as follows:

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
除稅前溢利	Profit before taxation	396,134	274,075
按國內所得稅率	Tax at domestic income tax rate	97,054	72,439
稅務寬減的影響	Effect of tax exemption	–	(10,055)
本年度稅項	Taxation for the year	97,054	62,384

由於沒有重大的暫時差額，在綜合財務報表中並未確認遞延稅項撥備。

No provision for deferred taxation has been recognised in the consolidated financial statements as there are no significant temporary differences.

## 綜合財務報表附註

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

#### 15. 股息

#### 15. DIVIDENDS

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
已派發的中期股息：	Interim dividend paid:		
每股0.01港元 (二零零六年：0.01港元)	HK\$0.01 (2006: HK\$0.01) per share	<b>14,211</b>	11,843
建議派發的末期股息：	Final dividend proposed:		
每股0.04港元 (二零零六年：0.04港元)	HK\$0.04 (2006: HK\$0.04) per share	<b>56,846</b>	56,846
		<b>71,057</b>	68,689

末期股息每股0.04港元由董事建議派發並須經股東於股東週年大會上批准。

The final dividend of HK\$0.04 per share has been proposed by directors and is subject to approval by shareholders at annual general meeting.

#### 16. 每股盈利

每股基本盈利及攤薄盈利乃根據本集團在本年度本公司股東應佔溢利約295,045,000港元(二零零六年：209,255,000港元)及下列數據計算：

#### 16. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the Group's profit for the year attributable to the equity holders of the Company of approximately HK\$295,045,000 (2006: HK\$209,255,000) and the following data:

		二零零七年 2007	二零零六年 2006
用以計算每股基本盈利的 普通股加權平均數	Weighted average number of ordinary shares for the calculation of basic earnings per share	<b>1,421,143,059</b>	1,162,593,991
潛在攤薄的普通股： 購股權	Effect of dilutive potential ordinary shares: Share options	<b>686,834</b>	323,041
用以計算每股攤薄盈利的 普通股加權平均數	Weighted average number of ordinary shares for the calculation of diluted earnings per share	<b>1,421,829,893</b>	1,162,917,032

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## 17. 商譽

## 17. GOODWILL

千港元  
HK\$'000

成本及賬面值	COST AND CARRYING AMOUNTS	
於二零零六年一月一日	At 1 January 2006	199,715
匯兌差異	Exchange difference	2,527
於二零零六年十二月三十一日及 二零零七年一月一日	At 31 December 2006 and 1 January 2007	202,242
匯兌差異	Exchange difference	4,463
於二零零七年十二月三十一日	At 31 December 2007	206,705

商譽乃於收購附屬公司時產生。商譽至少每年進行一次減值測試。

Goodwill was arising on acquisition of subsidiaries. Goodwill will be tested for impairment at least annually.

商譽已被分派至下列附屬公司：

The goodwill is allocated to the following subsidiaries:

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
無錫新威高溫陶瓷有限公司	Wuxi Xinwei High Temperature Ceramics Co., Ltd.	136,540	136,540
海城市蘇海鎂礦有限公司	Haicheng City Suhai Magnesium Ore Co., Ltd.	70,165	65,702
		206,705	202,242

17. 商譽(續)

年內，本集團根據一家與本集團並無關連的獨立專業合資格評估師所作之估值進行商譽減值測試。

以上兩家附屬公司之可收回款額乃採用企業價值計算。而計算的方法是採用現金流量折現計算之收益法。該計算乃以管理層所提供的會計資料以為期二十五年及折現率10.90%為基準。以上兩家附屬公司的淨收入是假設以3%至15%增長。該現金流量預測乃根據管理層過去表現預期有關市場發展而釐定。董事認為，根據該企業價值，可收回款額超逾其於綜合資產負債表之賬面值，故無需作減值準備。

17. GOODWILL (Continued)

During the year, the Group performed an impairment testing of goodwill with reference to a valuation carried out by an independent qualified professional valuer not connected with the Group.

The recoverable amount of the above two subsidiaries has been determined based on business valuation calculation. The calculation uses the Income Approach of Discounted Cash Flow Method based on the accounting information provided by the management covering a 25-year operating period, and at a discount rate of 10.90%. Net revenue of the two subsidiaries is assumed to grow at 3% to 15%. The cash flow forecasts have been determined based on the management's expectation for the market development and past experience. The directors are of the opinion, based on the business valuation, that the recoverable amount exceeds its net carrying value in the consolidated balance sheet and no impairment is necessary.

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

## 18. 物業、廠房及設備以及在建工程

18. PROPERTY, PLANT AND EQUIPMENT AND  
CONSTRUCTION-IN-PROGRESS

		樓宇 Buildings	機器及設備 Machinery and equipment	辦公室設備 及裝置 Office equipment and fixtures	汽車 Motor vehicles	在建工程 Construction- in-progress	總額 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
成本或估值	COST OR VALUATION						
於二零零六年一月一日	At 1 January 2006	194,101	583,188	5,543	6,450	25,878	815,160
添置	Additions	-	7,734	163	350	39,843	48,090
由在建工程轉入	Transfer from construction- in-progress	4,765	5,545	-	-	(10,310)	-
處置	Disposals	-	-	-	(2,843)	-	(2,843)
匯兌差異	Exchange difference	7,859	23,593	211	208	1,626	33,497
於二零零六年十二月三十一日 及二零零七年一月一日	At 31 December 2006 and 1 January 2007	206,725	620,060	5,917	4,165	57,037	893,904
添置	Additions	115	14,334	277	1,755	233,692	250,173
由在建工程轉入	Transfer from construction- in-progress	18,749	119,838	-	-	(138,587)	-
處置	Disposals	-	(82,903)	(124)	(1,249)	-	(84,276)
匯兌差異	Exchange difference	14,682	43,855	384	300	7,103	66,324
於二零零七年十二月三十一日	At 31 December 2007	240,271	715,184	6,454	4,971	159,245	1,126,125
包括：	Comprising :						
按成本	At cost	-	715,184	6,454	4,971	159,245	885,854
按估值	At valuation	240,271	-	-	-	-	240,271
		240,271	715,184	6,454	4,971	159,245	1,126,125

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#### 18. 物業、廠房及設備以及在建工程(續)

#### 18. PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION-IN-PROGRESS (Continued)

		樓宇 Buildings	機器及設備 Machinery and equipment	辦公室設備 及裝置 Office equipment and fixtures	汽車 Motor vehicles	在建工程 Construction- in-progress	總額 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
<b>累計攤銷及折舊</b>	<b>ACCUMULATED AMORTISATION AND DEPRECIATION</b>						
於二零零六年一月一日	At 1 January 2006	51,330	185,873	3,780	4,131	-	245,114
本年度計提	Charge for the year	9,895	59,414	1,071	889	-	71,269
處置撥回	Written back on disposals	-	-	-	(2,485)	-	(2,485)
匯兌損益	Exchange difference	2,251	8,623	162	133	-	11,169
於二零零六年十二月三十一日 及二零零七年一月一日	At 31 December 2006 and 1 January 2007	63,476	253,910	5,013	2,668	-	325,067
本年度計提	Charge for the year	11,447	68,979	678	692	-	81,796
處置撥回	Written back on disposals	-	(47,573)	(124)	(322)	-	(48,019)
匯兌差異	Exchange difference	4,700	17,972	339	197	-	23,208
於二零零七年十二月三十一日	At 31 December 2007	79,623	293,288	5,906	3,235	-	382,052
<b>賬面淨額</b>	<b>NET CARRYING VALUES</b>						
於二零零七年十二月三十一日	At 31 December 2007	160,648	421,896	548	1,736	159,245	744,073
於二零零六年十二月三十一日	At 31 December 2006	143,249	366,150	904	1,497	57,037	568,837

所有樓宇均位於中國並以中期租賃持有。

All buildings are located in the PRC under medium-term lease.

於二零零七年十二月三十一日，董事按折舊重置成本基準對樓宇作重估。重估值與於二零零七年十二月三十一日之賬面值並無重大差異。

At 31 December 2007, the directors revalued the buildings on a depreciated replacement cost basis. There are no material differences between the revalued amount and the carrying values at 31 December 2007.



截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

18. 物業、廠房及設備以及在建工程(續)

於資產負債表日，樓宇之評估值與成本值減除累計折舊值列賬一致。

物業、機器及設備以直線法按下列年率計提折舊：

樓宇	5%
機器及設備	10%
辦公室設備及裝置	20%
汽車	20%

18. PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION-IN-PROGRESS (Continued)

At the balance sheet date, the carrying amount of revalued amount of buildings would have been the same have they been stated at cost less accumulated depreciation and impairment.

Property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	5%
Machinery and equipment	10%
Office equipment and fixtures	20%
Motor vehicles	20%

19. 預付租賃土地使用權款項

19. PREPAID LEASE PAYMENTS ON LAND USE RIGHTS

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
於一月一日之賬面值	Carrying value at 1 January	141,662	12,419
匯兌差異	Exchange difference	10,009	3,021
添置	Additions	14,651	126,839
攤銷	Amortisation	(3,201)	(617)
於十二月三十一日賬面值	Carrying value at 31 December	163,121	141,662
於中國之租賃土地 中期租賃	Leasehold land in the PRC: Medium-term lease	163,121	141,662
就報告而作出之分析如下：	Analysed for reporting purposes as:		
流動資產	Current asset	3,508	3,002
非流動資產	Non-current asset	159,613	138,660
		163,121	141,662

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#### 20. 其他資產

其他資產是購置土地使用權的按金。在二零零六年八月三十日及二零零七年五月二十三日，本公司的附屬公司與海城市政府定下協議以代價59,500,000人民幣收購一塊土地。於資產負債表日，已支付51,500,000人民幣（折合約為54,998,000港元），而相關手續文件在辦理當中。

董事們認為於資產負債表日其他資產的賬面值與其公平值沒有重大差異。

#### 20. OTHER ASSET

Other asset represents deposit paid for acquisition of land use rights. On 30 August 2006 and 23 May 2007, a subsidiary of the Company entered into agreements with Haicheng City Government for the acquisition of a piece of land at the consideration of RMB59,500,000. As at balance sheet date, the deposit of RMB51,500,000 (equivalent to approximately HK\$54,998,000) has been paid. The application of title document of the land is under process.

In the opinion of the directors, the carrying amount of the other asset has no material difference from its fair value at the balance sheet date.

#### 21. 存貨

#### 21. INVENTORIES

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
原材料	Raw materials	53,767	51,504
在製品	Work in progress	93,055	84,422
產成品	Finished goods	175,580	110,124
		322,402	246,050
減：存貨撥備	Less: Allowance for inventories	(26,148)	(14,886)
		296,254	231,164

於資產負債表日，存貨中包括可變現淨額列賬的存貨約為16,680,000港元（二零零六年：24,836,000港元）。

At the balance sheet date, approximately HK\$16,680,000 (2006: HK\$24,836,000) of the inventories of the Group were carried at net realisable value.

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

**22. 應收賬款及其他應收款**

本集團給予貿易客戶平均三十至九十日的平均信貸期。

信貸額是經過評估客戶的財政實力及其過往的賬款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，並負責跟進收款。

於資產負債表日，應收賬款及其他應收款已包括：

**22. ACCOUNTS AND OTHER RECEIVABLES**

The Group allows an average credit period of 30 to 90 days to its trade customers.

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

At the balance sheet date, accounts and other receivables comprised:

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
應收賬款	Accounts receivable	<b>387,586</b>	337,443
其他應收款	Other receivables	<b>3,283</b>	15,111
		<b>390,869</b>	352,554
減：呆壞賬撥備	Less: Allowance for bad and doubtful debts	<b>(9,246)</b>	(7,940)
		<b>381,623</b>	344,614

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#### 22. 應收賬款及其他應收款(續)

應收賬款之賬齡分析如下：

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
本期至六個月內	Current to less than 6 months	<b>368,277</b>	305,513
六個月至一年內	6 months to less than 1 year	<b>9,212</b>	23,859
一至兩年內	1 to less than 2 years	<b>4,232</b>	2,700
兩年以上	Over 2 years	<b>5,865</b>	5,371
		<b>387,586</b>	337,443
減：呆壞賬撥備	Less: Allowance for bad and doubtful debts	<b>(7,981)</b>	(6,722)
		<b>379,605</b>	330,721

本集團的應收賬款餘額中包括於資產負債表日，已逾期但尚未計提減值虧損的累計賬面值37,738,000港元(二零零六年：33,982,000港元)的債務人。

已逾期但未減值之應收賬款屬於若干與本集團有良好記錄的獨立客戶。根據過往經驗，管理層認為該等餘額沒有重大的信貸質量改變，且認為該等款項可全數收回，沒有需要作減值撥備。對於該等餘額，本集團並沒持有任何抵押品。

#### 22. ACCOUNTS AND OTHER RECEIVABLES (Continued)

An ageing analysis of accounts receivable is as follows:

Included in the Group's accounts receivable balance are debtors with aggregate carrying amount of HK\$37,738,000 (2006: HK\$33,982,000) which are past due at the year ended date for which the Group has not provided for impairment loss.

Accounts receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

**22. 應收賬款及其他應收款(續)**

尚未減值之應收賬款分析如下：

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
未到期及尚未減值	Neither past nor impaired	341,867	296,739
已到期少於六個月	Less than 6 months past due	32,236	22,581
已到期多於六個月但 少於一年	More than 6 months but less than 1 year past due	4,079	10,051
已到期多於一年但 少於兩年	More than 1 year but less than 2 years past due	1,423	1,350
總計	Total	379,605	330,721

**呆壞賬撥備之變動**

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
年初結餘	Balance at beginning of the year	7,940	8,377
已確認減值虧損	Impairment losses recognised	1,772	1,839
減值虧損之撥回	Impairment losses reversed	(1,031)	(2,595)
匯兌差異	Exchange difference	565	319
年終結餘	Balance at end of the year	9,246	7,940

呆壞賬撥備是獨立提供減值。對處於清盤或存在嚴重財政困難的債務人安排撥備。對該等餘額，本集團並沒持有任何抵押品。

**22. ACCOUNTS AND OTHER RECEIVABLES (Continued)**

The ageing analysis of the accounts receivable that are not considered to be impaired is as follows:

**Movement in the allowance for bad and doubtful debts**

The allowance for bad and doubtful debts are individually impaired. Allowance are made for debtors who are either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

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#### 23. 預付款項及按金

#### 23. PREPAYMENTS AND DEPOSITS

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
預付款項及按金	Prepayments and deposits	104,334	44,471
減：呆壞賬撥備	Less: Allowance for bad and doubtful debts	(1,571)	(2,024)
		<b>102,763</b>	<b>42,447</b>

#### 呆壞賬撥備之變動

#### Movement in the allowance for bad and doubtful debts

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
年初結餘	Balance at beginning of the year	2,024	3,239
已確認減值虧損	Impairment losses recognised	164	1,413
減值虧損之撥回	Impairment losses reversed	(735)	(2,731)
匯兌差異	Exchange difference	118	103
年終結餘	Balance at end of the year	<b>1,571</b>	<b>2,024</b>

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**24. 定期銀行存款、已抵押銀行存款、受限制銀行結餘及銀行結餘**

於二零零七年十二月三十一日，銀行定期存款代表兩筆金額15,000,000港元及10,000,000港元的定期存款，分別於二零一零年二月一日及二零零九年一月十九日到期。該存款與貨幣掛鈎，其應付利息金額是與於到期日的外幣組合的匯率掛鈎。

於二零零六年及二零零七年十二月三十一日，已抵押銀行存款指為使本公司一附屬公司獲得短期銀行融資而抵押予銀行的存款，該存款按固定年利率4.73%計息。

於二零零六年及二零零七年十二月三十一日，受限制銀行結餘指為向若干客戶及供應商開具信用證而被銀行要求及限制的存款。受限制銀行結餘將於有關交易完成時解除限制。受限制銀行結餘及銀行結餘之年利率由0.024%至5.300%。

**24. FIXED BANK DEPOSITS, PLEDGED BANK DEPOSIT, RESTRICTED BANK BALANCES AND BANK BALANCES**

At 31 December 2007, fixed bank deposits represent two fixed term deposits, amounted to HK\$15,000,000 and HK\$10,000,000 with maturity date on 1 February 2010 and 19 January 2009 respectively. The deposits are currency linked deposits where the amounts of interest payables are linked to the exchange rates of a basket of foreign currencies on the maturity dates.

At 31 December 2007 and 2006, pledged bank deposit represents deposit pledged to a bank to secure a short-term bank loan granted to a subsidiary of the Company. The deposit carries fixed interest rate at 4.73% per annum.

At 31 December 2007 and 2006, restricted bank balances represent deposits required and restricted by banks in respect of the issue of letter of credit to certain customers and suppliers. The restricted bank balances will be released upon the completion of the respective transactions. The restricted bank balances and bank balances carry interest at market rates which range from 0.024% to 5.300%.

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#### 25. 應付賬款

應付賬款之賬齡分析如下：

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
本期至六個月內	Current to less than 6 months	51,129	42,781
六個月至一年內	6 months to less than 1 year	6,098	3,425
一至兩年內	1 to less than 2 years	2,907	2,173
兩年以上	Over 2 years	1,979	2,005
		<b>62,113</b>	<b>50,384</b>

#### 25. ACCOUNTS PAYABLE

An ageing analysis of accounts payable is as follows:

#### 26. 於一年內到期的銀行貸款

有抵押之短期銀行貸款

本集團所有貸款以人民幣計值，按固定年利率5.832%（二零零六年：4.73%）計息及需要在一年之內償還。

於二零零七年十二月三十一日，該銀行貸款以約99,790,000港元（二零零六年：99,790,000港元）的銀行存款作為抵押。

#### 26. BANK BORROWINGS DUE WITHIN ONE YEAR

	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
Secured short-term bank loans	101,453	95,000

All of the Group's borrowings are denominated in Reminbi, bear fixed interest rates at 5.832% (2006: 4.73%) per annum and are repayable within one year.

At 31 December 2007, the bank loans were secured by the pledged bank deposit of approximately HK\$99,790,000 (2006: HK\$99,790,000).



截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

## 27. 本公司股本

## 27. SHARE CAPITAL OF THE COMPANY

		股本數目 Number of shares	千港元 HK\$'000
每股面值0.10港元之普通股	Ordinary shares of HK\$0.10 each		
法定：	Authorised:		
於二零零六年一月一日，	At 1 January 2006, 31 December 2006		
二零零六年十二月三十一日	and 31 December 2007		
及二零零七年十二月三十一日		2,000,000,000	200,000
已發行及繳足：	Issued and fully paid:		
於二零零六年一月一日	At 1 January 2006	986,953,059	98,695
本年度發行新股份	Placing of new shares during the year		
(附註a及b)	(Notes a and b)	434,190,000	43,419
於二零零六年十二月三十一日、	At 31 December 2006, 1 January 2007		
二零零七年一月一日及	and 31 December 2007		
二零零七年十二月三十一日		1,421,143,059	142,114
附註：	Notes:		
(a) 於二零零六年四月十日，本公司按每股作價1.38港元發行及配發197,390,000股每股面值0.10港元之普通股予獨立第三方。	(a) On 10 April 2006, 197,390,000 ordinary shares of HK\$0.10 each were issued and allotted to independent third parties at a price of HK\$1.38 per share.		
(b) 於二零零六年十一月十三日，本公司按每股作價1.46港元發行及配發236,800,000股每股面值0.10港元之普通股予獨立第三方。	(b) On 13 November 2006, 236,800,000 ordinary shares of HK\$0.10 each were issued and allotted to independent third parties at a price of HK\$1.46 per share.		

二零零六年十二月三十一日止年度內發行之所有新增股份，在各方面均與當時之現有股份享有同等權益。

All the new shares issued in the year ended 31 December 2006 rank pari passu in all respects with the existing shares.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

#### 28. 承擔

於資產負債表日，本集團沒有在綜合財務報表內撥備之承擔如下：

- (a) 購買及建造物業、廠房及設備以及土地使用權之資本承擔：

#### 28. COMMITMENTS

At the balance sheet date, the Group had the following commitments, so far as not provided for in the consolidated financial statements, in respect of:

- (a) Capital commitments in respect of acquisition and construction of property, plant and equipment and land use rights:

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
已訂約未撥備	Contracted for but not provided	<b>102,398</b>	247,862

- (b) 根據不可撤銷之土地及樓宇經營租賃於日後所需繳付的最低租金款項承擔如下：

- (b) Operating lease commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
一年內	Within one year	<b>1,432</b>	692
第二至第五年	In the second to fifth year inclusive	<b>945</b>	222
		<b>2,377</b>	914

經營租賃付款指本集團就其若干辦公室及廠房應付之租金。租約年期乃通過磋商釐定，介乎在平均三年。

Operating lease payments represent rentals payable by the Group for certain of its office and factory premises. Leases and rentals are negotiated and fixed for an average of three years.

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

## 29. 購股權計劃

於二零零四年六月四日舉行之股東周年大會上，本公司股東批准終止於一九九九年十月十四日採納之購股權計劃（「舊計劃」）及採納新購股權計劃（「新計劃」）。

根據新計劃，董事可酌情邀請對本集團有所貢獻或將有貢獻之本集團全職僱員（包括本公司及其附屬公司之董事）、任何股東、供應商、客戶、專家顧問、顧問及合作夥伴或業務聯盟在新計劃條款及條件之規限下接受購股權認購本公司股份。合資格參與者將就每次授出之購股權支付象徵式代價。購股權可於董事在提出要約時所釐定及指定予各承授人之期間內任何時間行使，惟不得超過各購股權授出日起計十年之期間，惟可遵照新計劃予以提早終止。於二零零七及二零零六年十二月三十一日止兩年度，本公司並無授出購股權。

行使價可由董事會釐定，惟不可少於要約當日本公司股份的收市價，緊接要約當日前五個營業日本公司股份的平均收市價及本公司股份面值三項之最高者。

## 29. SHARE OPTION SCHEME

At the annual general meeting of the Company held on 4 June 2004, the shareholders of the Company approved the termination of the Company's share option scheme adopted on 14 October 1999 (the "Old Scheme") and the adoption of a new share option scheme (the "New Scheme").

Under the New Scheme, the directors may, at their discretion, invite full-time employees of the Group, including directors of the Company and its subsidiaries, any of its shareholders, suppliers, customers, consultants, advisers and joint venture partners or business alliance who have contributed or will contribute to the Group to take up options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. A nominal consideration will be paid by the eligible participants for each lot of share options granted. An option may be exercised at any time during a period to be determined and identified by the directors to each grantee at the time of making the offer, but in any event, shall not exceed the period of ten years from the date of grant of the particular option, subject to the early termination of the New Scheme. No option has been granted by the Company during the two years ended 31 December 2007 and 2006.

The exercise price is determinable by the directors of the Company, and should not be less than the highest of the closing price of the Company's shares at the date of offer, the average closing price of the Company's shares for the five business days immediately preceding the date of offer and the nominal value of the Company's shares.

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截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

#### 29. 購股權計劃 (續)

截至二零零七年及二零零六年十二月三十一日止兩年度內購股權之變動如下：

##### 二零零七年

授出日期	行使期	行使價	購股權數目					於二零零七年 十二月三十一日 尚未行使
			於二零零七年 一月一日 尚未行使	於年內授出	於年內行使	於年內取銷	於二零零七年 十二月三十一日 尚未行使	
Date of grant	Exercisable period	Exercise price 港元 HK\$	Outstanding at 1 January 2007	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding at 31 December 2007	
僱員 二零零三年 一月二十三日 Employee 23 January 2003	二零零三年一月二十七日至 二零一三年一月二十六日 27 January 2003 – 26 January 2013	1.10	1,500,000	-	-	-	1,500,000	

##### 二零零六年

授出日期	行使期	行使價	購股權數目					於二零零六年 十二月三十一日 尚未行使
			於二零零六年 一月一日 尚未行使	於年內授出	於年內行使	於年內取銷	於二零零六年 十二月三十一日 尚未行使	
Date of grant	Exercisable period	Exercise price 港元 HK\$	Outstanding at 1 January 2006	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding at 31 December 2006	
僱員 二零零三年 一月二十三日 Employee 23 January 2003	二零零三年一月二十七日至 二零一三年一月二十六日 27 January 2003 – 26 January 2013	1.10	1,500,000	-	-	-	1,500,000	

於資產負債表日，根據本公司舊計劃授出而尚未行使之購股權涉及之本公司股份數目為1,500,000股（二零零六年：1,500,000股），佔於該日本公司已發行股份之0.11%（二零零六年：0.11%）。按舊計劃，於任何時日未經本公司股東允許，可授出之購股權並不可以超過本公司已發行股份之10%。

#### 29. SHARE OPTION SCHEME (Continued)

Movements of the share options during the two years ended 31 December 2007 and 2006 were:

##### 2007

授出日期	行使期	行使價	購股權數目					於二零零七年 十二月三十一日 尚未行使
			於二零零七年 一月一日 尚未行使	於年內授出	於年內行使	於年內取銷	於二零零七年 十二月三十一日 尚未行使	
Date of grant	Exercisable period	Exercise price 港元 HK\$	Outstanding at 1 January 2007	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding at 31 December 2007	
僱員 二零零三年 一月二十三日 Employee 23 January 2003	二零零三年一月二十七日至 二零一三年一月二十六日 27 January 2003 – 26 January 2013	1.10	1,500,000	-	-	-	1,500,000	

##### 2006

授出日期	行使期	行使價	購股權數目					於二零零六年 十二月三十一日 尚未行使
			於二零零六年 一月一日 尚未行使	於年內授出	於年內行使	於年內取銷	於二零零六年 十二月三十一日 尚未行使	
Date of grant	Exercisable period	Exercise price 港元 HK\$	Outstanding at 1 January 2006	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding at 31 December 2006	
僱員 二零零三年 一月二十三日 Employee 23 January 2003	二零零三年一月二十七日至 二零一三年一月二十六日 27 January 2003 – 26 January 2013	1.10	1,500,000	-	-	-	1,500,000	

At the balance sheet date, the number of shares in respect of which options had been granted and remained outstanding under the Old Scheme was 1,500,000 (2006: 1,500,000), representing 0.11% (2006: 0.11%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Old Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

## 30. 關聯人士交易

(a) 應付關聯公司款項詳情如下：

		二零零七年	二零零六年
		2007	2006
		千港元	千港元
		HK\$'000	HK\$'000
<b>關聯公司名稱</b>	<b>Name of related company</b>		
無錫泛亞環保科技 有限公司	Wuxi Pan-Asia Environmental Protection Technologies Limited	—	550

應付關聯公司款項是無抵押、不計利息及須應要求償還的。

The amount due to a related company is unsecured, non-interest bearing and repayable on demand.

錢元英在此公司擁有實際權益。

Qian Yuanying has beneficial interests in this company.

(b) 於本年度，本集團進行以下關聯交易：

(b) During the year, the Group entered into the following related party transactions:

(i) 本集團已支付約223,000港元(二零零六年：212,000港元)的租金予蔣泉龍。

(i) The Group paid rent of approximately HK\$223,000 (2006: HK\$212,000) to Jiang Quanlong.

(ii) 本集團已支付約55,000港元(二零零六年：52,000 港元)的租金予無錫泛亞環保科技有限公司。

(ii) The Group paid rent of approximately HK\$55,000 (2006: HK\$52,000) to Wuxi Pan-Asia Environmental Protection Technologies Limited.

董事認為上述交易是一般的普通業務往來及基於普通的商業交易條件或有關交易的協定進行的。以上均得到非執行董事確認。

The directors are of the opinion that the above transactions were entered into under the normal course of business and on normal commercial terms or in accordance with the agreements governing such transactions, and this has been confirmed by the non-executive directors.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

#### 30. 關聯人士交易(續)

(c) 應付董事款項詳情如下：

#### 30. RELATED PARTY TRANSACTIONS (Continued)

(c) Particulars of amounts due to directors are as follows:

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
蔣泉龍	Jiang Quanlong	295	6,612
錢元英	Qian Yuanying	63	3,275
許盤鳳	Xu Panfeng	202	125
蔣才南	Jiang Cainan	-	50
		<b>560</b>	<b>10,062</b>

應付董事款項是無抵押、不計利息及須應要求償還的。

主要管理人員之補償詳情載於附註12(b)。

The amounts due to directors are unsecured, non-interest bearing and repayable on demand.

Details of key management personnel compensations are set out in note 12(b).

截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

### 31. 附屬公司

於二零零七年十二月三十一日本公司的附屬公司詳情如下：

### 31. SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2007 are as follows:

附屬公司名稱	註冊成立／營運 之地點及日期	持有股份 類別	已註冊及 已繳足資本	已發行及 已繳足資本	本公司應佔權益／ 有投票權股本百分比		主營業務	
					Effective percentage of equity interests/voting rights held by the Company			
Name of subsidiary	Place and date of incorporation/operations	Class of shares held	Registered and fully paid capital	Issued and fully paid capital	直接	間接	Principal activities	
					Directly	Indirectly		
					%	%		
利成控股有限公司	英屬處女群島 一九九八年十二月三日	普通股	-	20美元	100	-	投資控股	
Lee Shing Holdings Limited	British Virgin Islands 3 December 1998	Ordinary	-	US\$20	100	-	Investment holding	
龍科國際貿易(上海)有限公司	中國 二零零零年二月二十四日	繳入資本	200,000美元	-	100	-	貿易	
Wellfire (Shanghai) Company Limited	The PRC 24 February 2000	Contributed capital	US\$200,000	-	100	-	Trading	
Dynamic Goal Worldwide Inc.	英屬處女群島 二零零零年五月三十一日	普通股	-	2美元	-	100	投資控股	
Dynamic Goal Worldwide Inc.	British Virgin Islands 31 May 2000	Ordinary	-	US\$2	-	100	Investment holding	
宜興新威利成稀土有限公司	中國 一九九三年七月十七日	繳入資本	15,660,000美元	-	-	95	製造及銷售稀土產品	
Yixing Xinwei Leeshing Rare Earth Company Limited	The PRC 17 July 1993	Contributed capital	US\$15,660,000	-	-	95	Manufacture and sales of rare earth products	
宜興新威利成耐火材料有限公司	中國 一九九九年七月三十日	繳入資本	17,000,000美元	-	-	100	製造及銷售耐火產品	
Yixing Xinwei Leeshing Refractory Materials Company Limited	The PRC 30 July 1999	Contributed capital	US\$17,000,000	-	-	100	Manufacture and sales of refractory products	

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#### 31. 附屬公司(續)

#### 31. SUBSIDIARIES (Continued)

附屬公司名稱	註冊成立/營運 之地點及日期	持有股份 類別	已註冊及 已繳足資本	已發行及 已繳足資本	本公司應佔權益/ 有投票權股本百分比		主營業務	
					Effective percentage of equity interests/voting rights held by the Company			
Name of subsidiary	Place and date of incorporation/operations	Class of shares held	Registered and fully paid capital	Issued and fully paid capital	直接	間接	Principal activities	
					Directly	Indirectly		
					%	%		
無錫新威熒光材料有限公司	中國 二零零一年十二月二十日	繳入資本	8,520,000美元	-	-	100	製造及銷售熒光產品	
Wuxi Xinwei Fluorescent Materials Company Limited	The PRC 20 December 2001	Contributed capital	US\$8,520,000	-	-	100	Manufacture and sales of fluorescent products	
微科資源有限公司 (前稱:新威稀土集團 (香港)有限公司)	香港 一九九八年十月二十三日	普通股	-	2港元	-	100	貿易	
Microtech Resources Limited (Formerly known as Xinwei Rare Earth Group (Hong Kong) Limited)	Hong Kong 23 October 1998	Ordinary	-	HK\$2	-	100	Trading	
中國稀土貿易有限公司	香港 二零零一年二月十六日	普通股	-	2港元	-	100	貿易	
China Rare Earth Trading Limited	Hong Kong 16 February 2001	Ordinary	-	HK\$2	-	100	Trading	
無錫新威高溫陶瓷有限公司	中國 二零零二年四月一日	繳入資本	30,000,000港元	-	-	100	製造及銷售高溫 陶瓷產品	
Wuxi Xinwei High Temperature Ceramics Co., Ltd	The PRC 1 April 2002	Contributed capital	HK\$30,000,000	-	-	100	Manufacture and sales of high temperature ceramics products	
海城市蘇海鎂礦有限公司	中國 二零零二年四月二十七日	繳入資本	人民幣25,000,000	-	-	100	製造及銷售鎂鈔產品	
Haicheng City Suhai Magnesium Ore Co., Ltd.	The PRC 27 April 2002	Contributed capital	RMB25,000,000	-	-	100	Manufacture and sales of magnesium products	



截至二零零七年十二月三十一日止年度 Year ended 31 December 2007

31. 附屬公司 (續)

31. SUBSIDIARIES (Continued)

附屬公司名稱	註冊成立/營運 之地點及日期	持有股份 類別	已註冊及 已繳足資本	已發行及 已繳足資本	本公司應佔權益/ 有投票權股本百分比		主營業務
					Effective percentage of equity interests/voting rights held by the Company		
Name of subsidiary	Place and date of incorporation/operations	Class of shares held	Registered and fully paid capital	Issued and fully paid capital	直接	間接	Principal activities
					Directly %	Indirectly %	
宜興威爾發非金屬材料有限公司	中國 二零零六年九月二十七日	繳入資本	3,000,000美元	-	-	100	製造及銷售耐火產品
Yixing Wellfire Nonmetal Materials Co., Ltd.	The PRC 27 September 2006	Contributed Capital	US\$3,000,000	-	-	100	Manufacture and sales of refractory related products
海城新威利成鎂資源有限公司	中國 二零零六年九月二十八日	繳入資本	3,500,000美元	-	-	100	製造及銷售鎂鈔產品
Hai Cheng Xinwei Leeshing Magnesium Resources Co., Ltd.	The PRC 28 September 2006	Contributed Capital	US\$3,500,000	-	-	100	Manufacture and sales of magnesium products

概無附屬公司擁有任何於年結日或年內任何時間持續有效之債務證券。

None of the subsidiaries had any debt securities subsisting at the end of the year or within any time during the year.

32. 比較數字

若干比較數字已重分類並與本年度綜合財務報表的呈報保持一致。

32. COMPARATIVE FIGURES

Certain comparative figures had been reclassified in conformity to the presentation of the consolidated financial statements for the year.

## 財務資料概要

### FINANCIAL SUMMARY

		截至十二月三十一日止年度 For the year ended 31 December				
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000	二零零三年 2003 千港元 HK\$'000
營業額	Turnover	<b>1,385,345</b>	1,031,082	769,370	665,320	457,077
銷售成本	Cost of sales	<b>(931,232)</b>	(732,577)	(565,407)	(484,667)	(345,034)
毛利	Gross profit	<b>454,113</b>	298,505	203,963	180,653	112,043
除稅前溢利	Profit before taxation	<b>396,134</b>	274,075	171,646	139,283	76,293
所得稅支出	Income tax expense	<b>(97,054)</b>	(62,384)	(40,021)	(17,973)	(9,246)
本年度溢利	Profit for the year	<b>299,080</b>	211,691	131,625	121,310	67,047
應佔溢利：	Attributable to:					
本公司股東	Equity holders of the Company	<b>295,045</b>	209,255	130,207	119,658	66,587
少數股東權益	Minority interests	<b>4,035</b>	2,436	1,418	1,652	460
		<b>299,080</b>	211,691	131,625	121,310	67,047
		於十二月三十一日 As at 31 December				
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000	二零零三年 2003 千港元 HK\$'000
流動資產	Current assets	<b>1,536,144</b>	1,384,641	765,202	684,317	624,205
非流動資產	Non-current assets	<b>1,262,120</b>	1,080,770	828,762	743,019	466,610
資產總額	Total assets	<b>2,798,264</b>	2,465,411	1,593,964	1,427,336	1,090,815
流動負債	Current liabilities	<b>248,340</b>	227,454	145,249	107,660	78,397
非流動負債	Non-current liabilities	<b>0</b>	0	0	0	0
負債總額	Total liabilities	<b>248,340</b>	227,454	145,249	107,660	78,397
資產淨額	Net assets	<b>2,549,924</b>	2,237,957	1,448,715	1,319,676	1,012,418
股本	Share capital	<b>142,114</b>	142,114	98,695	98,695	81,445
儲備	Reserves	<b>2,379,578</b>	2,074,519	1,331,132	1,203,511	915,155
本公司股東 應佔權益	Equity attributable to equity holders of the Company	<b>2,521,692</b>	2,216,633	1,429,827	1,302,206	996,600
少數股東權益	Minority interests	<b>28,232</b>	21,324	18,888	17,470	15,818
權益總額	Total equity	<b>2,549,924</b>	2,237,957	1,448,715	1,319,676	1,012,418





中國稀土控股有限公司  
China Rare Earth Holdings Limited

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