



# 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

*ANNUAL REPORT*

# 2008 年報





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# Corporate Information

## 公司資料

### 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

### 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

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

### 核數師

陳葉馮會計師事務所有限公司

### 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

#### 香港

渣打銀行  
中國銀行  
南洋商業銀行

### 主要股份過戶登記處

Butterfield Fulcrum Group (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

### 互聯網址

[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

### 公關顧問

縱橫財經公關顧問有限公司

### HONG KONG LEGAL ADVISERS

Chiu & Partners

### AUDITORS

CCIF CPA Limited

### PRINCIPAL BANKERS

#### PRC

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

#### Hong Kong

Standard Chartered Bank  
Bank of China  
Nanyang Commercial Bank, Limited

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

### 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

### INTERNET WEBSITE

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

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

769

### PUBLIC RELATIONS CONSULTANT

Strategic Financial Relations Limited

# Financial Highlights

## 財務摘要

### 營業額 TURNOVER

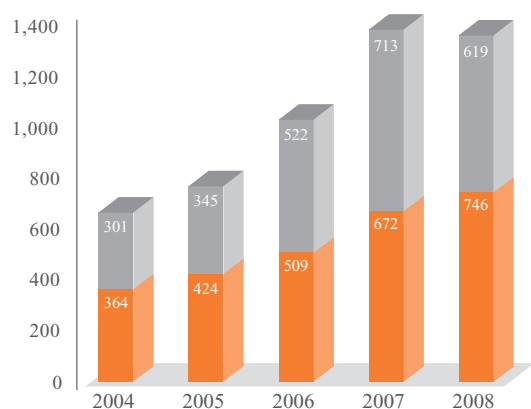
截至十二月三十一日止年度 For the year ended 31 December	百萬港元 HK\$'M	變動 Change
2004	665	46% ↑
2005	769	16% ↑
2006	1,031	34% ↑
2007	1,385	34% ↑
2008	1,365	-1% ↓

### 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
2004	120	80% ↑
2005	130	9% ↑
2006	209	61% ↑
2007	295	41% ↑
2008	-170	-158% ↓

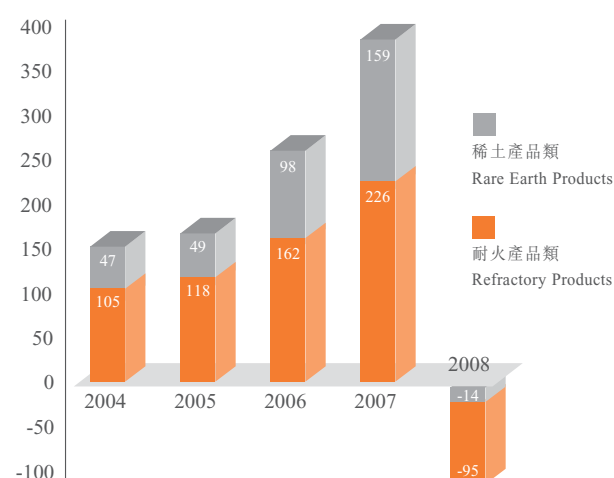
### 營業額 TURNOVER

百萬港元  
HK\$'M

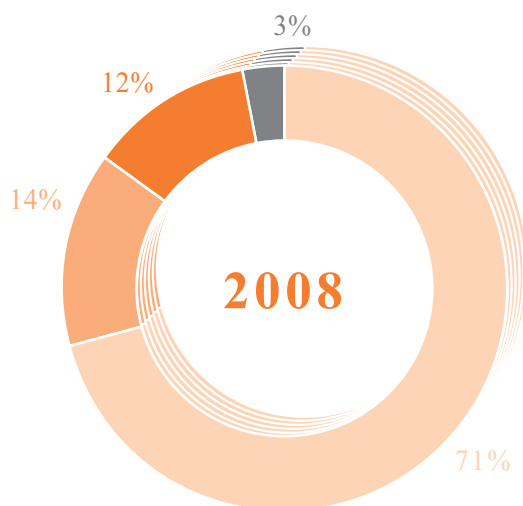


### 分類業績 SEGMENT RESULTS

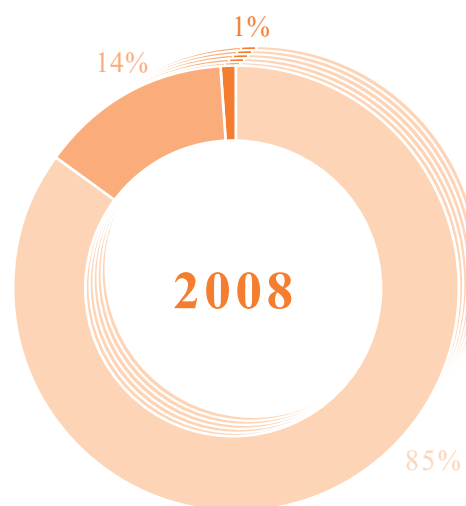
百萬港元  
HK\$'M



		2008		2007		2006		2005		2004	
		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</b>	<b>Turnover</b>										
稀土產品類	Rare Earth Products	619	45%	713	52%	522	51%	345	45%	301	45%
耐火產品類	Refractory Products	746	55%	672	48%	509	49%	424	55%	364	55%
總額	Total	1,365	100%	1,385	100%	1,031	100%	769	100%	665	100%
<b>分類業績</b>	<b>Segment results</b>										
稀土產品類	Rare Earth Products	(14)	13%	159	41%	98	38%	49	29%	47	31%
耐火產品類	Refractory Products	(95)	87%	226	59%	162	62%	118	71%	105	69%
總額	Total	(109)	100%	385	100%	260	100%	167	100%	152	100%



稀土產品類  
RARE EARTH PRODUCTS



耐火產品類  
REFRACTORY PRODUCTS



		稀土產品類 Rare Earth Products		耐火產品類 Refractory Products	
		2008 %	2007 %	2008 %	2007 %
<b>營業額</b>	<b>Turnover</b>				
中國	The PRC	71%	77%	85%	89%
日本	Japan	14%	8%	14%	11%
歐洲	Europe	12%	10%	1%	—
美國	The United States of America	3%	4%	—	—
其他	Others	—	1%	—	—
<b>總額</b>	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

# Chairman's Statement

## 主席報告書

### 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」）截至二零零八年十二月三十一日止之全年業績報告。

受到國際金融海嘯的衝擊，特別是二零零八年度下半年多家國際金融巨企相繼出現財務危機後世界經濟急速下滑、消費信心疲弱，影響了各種電子消費產品的需求，使市場上的稀土產品需求和價格下跌，本集團於本年度下半年的稀土產品業務無可避免地受到行業不景所影響，營業額及盈利均有所下跌；另一方面，雖然本集團的耐火材料業務在本財政年度上半年的增長理想，但下半年的世界經濟逆轉使國內宏觀經濟增長受壓，影響鋼鐵與玻璃行業的經營環境，因而帶動耐火材料業務的全年業績下跌。本集團將透過各種方法整合生產線和減低營運成本，在短期的行業低潮中更進一步穩固業務根基。

此外，本集團於回顧年內作出審慎拓展業務的策略部署，於二零零八年十月透過其擁有95%權益之附屬公司宜興新威利成稀土有限公司（「宜興新威」）訂立收購協議，分別收購江華瑤族自治縣興華稀土新材料有限公司（「興華稀土」）及和平縣東冶稀土新材料有限公司（「東冶稀土」）的全部股本權益。該兩項收購已於二零零八年年末完成。此舉將有助本集團稀土業務的垂直整合，並可擴闊本集團之收入來源及資產基礎，從而對本集團之未來發展及增長帶來貢獻。

### 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 2008.

Affected by the global financial crisis, in particular in the second half of 2008 when a number of major international financial institutions went into trouble, economies around the world deteriorated rapidly and consumer confidence plummeted. As a result, demand for consumer electronics dropped and so did the demand for and price of rare earth products. The Group's rare earth products operation was affected inevitably with turnover and profit down in the second half year. Although the Group's refractory materials business recorded satisfactory growth in the first half year, as the global and domestic economic environment worsened in the second half year putting pressure on the steel and glass industries, the results of the segment for the year declined. The Group will seek to strengthen its business foundation during the industry slump, which it believes to be transitory, by consolidating its production lines and adopting different measures to reduce operational costs.

During the year, the Group made careful strategic deployment for its business. In October 2008, it signed two agreements via its 95%-owned subsidiary Yixing Xinwei Leeshing Rare Earth Company Limited (“Yixing Xinwei”) to acquire the entire equity interest of Jianghua Yao Nationality Autonomous County Xinghua Rare Earth Company Limited (“Xinghua Rare Earth”) and Heping County Dongye Rare Earth Company Limited (“Dongye Rare Earth”). The acquisitions were completed at the end of 2008. These moves are conducive to the vertical integration of the rare earth business of the Group and the expansion of its income source and asset base, and will ultimately contribute to the future development and growth of the Group.





## 財務業績

截至二零零八年十二月三十一日止財政年度，本集團錄得營業額約為1,364,890,000港元，較二零零七年之1,385,345,000港元維持相若水平。當中稀土產品（包括熒光材料）的營業額約為618,637,000港元，約佔總營業額的45%，較去年同期之713,630,000港元下跌約13%。耐火材料產品（包括高溫陶瓷及鎂砂）的營業額約為746,253,000港元，約佔總營業額的55%，較去年的671,715,000港元輕微上升約11%。然而若扣除平均約6%的人民幣升值因素，則本年總銷售額實質較去年下跌約7%。另一方面，雖然本年度的銷售量比去年多，但經濟逆轉影響了毛利較佳的產品的銷售，而經濟萎縮亦致使存貨撥備大幅增加，故整體毛利率由去年的約33%下滑至本年的約26%。

回顧年內，本集團錄得年度虧損約172,407,000港元（二零零七年：除稅後淨溢利299,080,000港元）。除了因為上述經營環境變差使毛利下跌外，最主要達至虧損原因在於經濟不景下各主要資產均做了大幅減值撥備，如應收款及存貨分別撥備了約22,089,000港元及約37,551,000港元；而經專業評估師對物業及機器設備作全面評估後，亦作了一次性的減值撥備及評估虧損共約127,144,000港元；商譽方面，因經濟轉差使利潤下跌而大幅撥備了約208,804,000港元；另外，亦報廢了一部份已損壞或已淘汰棄置的生產設備。稀土產品出口關稅由二零零七年的10%提升至二零零八年的15%或25%亦加重了銷售費用的負擔。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

## FINANCIAL RESULTS

For the year ended 31 December 2008, the Group recorded a total turnover of approximately HK\$1,364,890,000, similar to the HK\$1,385,345,000 in 2007. The turnover from rare earth products (including fluorescent materials) was approximately HK\$618,637,000, about 13% lower than last year's HK\$713,630,000 and accounting for 45% of the Group's total turnover. Refractory materials (including high temperature ceramics and magnesium grains) brought in approximately HK\$746,253,000 in turnover, slightly increased approximately 11% against the HK\$671,715,000 recorded in the previous year and accounting for 55% of the Group total. Excluding the on average around 6% appreciation of the Renminbi, the value of total sales was actually down by around 7% against last year. Although overall sales volume for the year had increased, the weakened market was not sold on the higher margin products. Moreover, the Group was also compelled to increase inventory provision substantially because of the economic downturn. All these factors together led to a drop in the overall gross profit margin of the Group from about 33% last year to approximately 26% this year.

The Group recorded a loss for the year of HK\$172,407,000 (2007 profit after taxation: HK\$299,080,000). Apart from the lower gross profit because of the deteriorating operating environment, the loss was mainly attributable to the Group having to make significant impairment provisions for certain major assets during the economic downturn. These provisions included approximately HK\$22,089,000 for receivables, approximately HK\$37,551,000 for inventories, approximately HK\$127,144,000 in total of one-off impairment loss and revaluation deficit for property, plant and equipment as re-evaluated by professional surveyors, approximately HK\$208,804,000 for goodwill impairment loss in view of the decrease in earnings, and booking for damaged and obsolete production equipment. The increased export tariff rates of rare earth products, from 10% in 2007 to 15% or 25% in 2008, also added to the selling expenses of the Group. After the new uniform 25% Enterprise Income Tax rate for both domestic and foreign enterprises took effect on 1 January 2008, the effective tax

## Chairman's Statement

### 主席報告書

需繳交的企業所得稅率已統一為25%，使本集團的有效稅率輕微下降。本年度每股虧損約12.0港仙（二零零七年度：每股盈利約20.8港仙）。

### 股息

董事局建議不派發二零零八年度之末期股息（二零零七年度末期股息：每股4港仙）。

### 業務回顧

#### 稀土業務

回顧年內稀土市場的需求比較淡靜，到下半年更受環球經濟影響。稀土業務的營業額比去年同期下降約13%至618,637,000港元。若扣除人民幣平均約6%升值的因素，下降幅度更達19%。年內，本集團共售出約5,300噸稀土及深加工產品，比去年同期上升了約11%，平均毛利率由約27%下調至約17%。

稀土氧化物方面，由於市場需求在二零零八年度上半年已開始回落，大部份產品的銷售量均有不同程度的跌幅。其中應用於磁性材料的氧化鐳、氧化釹、氧化鈮及氧化鐳的銷售量較去年下跌了約25%至45%不等，單價較低的產品如平均每噸售價不足15,000港元的氧化鈾的銷售量則增加了逾1,000噸。價格方面，部份產品價格亦有所下調，大部份價格跌幅均在20%之內；然而亦有個別產品的平均價格較去年上升，如氧化釷、氧化釷及氧化鈾的平均價格較去年上升了28%至63%不等。由於產品組合的變化，整體稀土氧化物銷售量比去年同期雖有約12%增長，但營業額卻下降了逾25%。原材料方面，由於包頭、江西等地的地方保護主義日益加劇，大部份的稀土礦均需在當地消耗，然而本集團早已開發了廣東湖南一帶的供應，雖然成本單價未有因經濟不景而顯著回落，但仍能保證供



rate for the Group dropped slightly. Loss per share for the year amounted to approximately HK12.0 cents (2007 earnings per share: approximately HK20.8 cents).

### DIVIDENDS

The Board did not recommend payment of final dividend for the year of 2008 (2007: HK4 cents per share).

### BUSINESS REVIEW

#### Rare Earth Business

During the year under review, the rare earth market was relatively quiet in general and in the second half year impacted by the global economic downturn. Turnover of the segment dropped by around 13% to HK\$618,637,000 against the previous year. Excluding the effect of the 6% appreciation of the Renminbi, the drop in turnover would be 19%. The Group sold around 5,300 tonnes of rare earth and downstream products, which was 11% more than last year. The average gross profit margin was down from approximately 27% to approximately 17%.

Regarding rare earth oxides, with market demand starting to shrink in the first half of 2008, most products reported drop in sales volume in various extent. Praseodymium oxide, neodymium oxide, terbium oxide and dysprosium oxide that used mainly in magnetic materials recorded a year-on-year decrease of approximately 25% to 45% in sales volume. The sales volume of products sold at lower unit prices, such as cerium oxide priced on average below HK\$15,000 per tonne, increased by more than 1,000 tonnes. The selling prices of some products came down as well, within a 20% range, whereas the average price of individual products such as lanthanum oxide, yttrium oxide and europium oxide climbed by 28% to 63% when compared with the previous year. Although the overall sales volume of rare earth oxides for the year was around 12% higher than in the previous year, because of the change in product mix, turnover was down by more than 25%. Regarding raw material supply, heeding the surge of protectionism in source areas including Baotou and Jiangxi which require most of their rare earth resources to be reserved for local use, the Group has secured supply from Guangdong and Hunan. Thus, it has had reliable raw material supply although the unit price of material remained steady despite the economic downturn. Furthermore, the unit price of auxiliary materials, such as chemical solvents like

應暢順；另外輔助材料如草酸等化學溶液的成本單價亦上升了約10%至20%，加上對部份存貨儲備亦由於宏觀因素而增加了約34,659,000港元的減值撥備，使期內稀土氧化物的平均毛利率下跌至不足10%。

下游深加工產品方面，熒光材料的需求於二零零八年度上半年增長理想，至下半年卻隨整體大環境而有所回落，由於大部份國內燈廠的銷售以出口歐、美為主，踏入第四季度後歐、美的經濟下滑亦使該些燈廠開工率大減，直接影響了本集團熒光材料的銷售。由於第四季度的售價與銷量的大幅下滑，致使二零零八年全年的營業額比二零零七年只增加了約5%。然而由於生產熒光材料所用的原材料價格不跌反升，致使毛利率由去年的約35%下調至約30%。



除了稀土氧化物及熒光材料外，本集團透過新收購的興華稀土，向稀土的上游產業鏈邁進一步。興華稀土位於中國湖南省，靠近稀土礦源，主要從事稀土的初步分組分離業務，於二零零八年本集團所用的稀土原料約三分之一就是來自興華稀土。由於興華稀土與當地開採稀土礦的公司簽訂了長期穩定的供貨協議，收購興華稀土使本集團的稀土原料供應更有保障。

此外，本集團亦透過新收購的東冶稀土，擴闊了本集團的稀土產品組合。東冶稀土位於中國廣東省，主要從事稀土金屬製造及銷售業務。收購東冶稀土後使本集團的稀土產品更全面化，補充了金屬製品的空白，並為將來向深加工產業發展奠定基礎。

oxalic acid, was up by approximately 10% to 20% and impairment provisions for part of the inventory had to be increased by approximately HK\$34,659,000 due to the macroeconomic factor. All the different conditions led to the fall in average gross profit margin of rare earth oxides to below 10% for the year.

As for downstream product business, demand for fluorescent materials reported satisfactory growth in the first half of 2008, but as the macroeconomic environment turned for the worse in the second half year, so did the demand for downstream products. As the majority of lighting factories in China are exporters to overseas markets in Europe and the United States and the economies in these areas went into recession in the fourth quarter, their production also shrank and in turn sales of the Group's fluorescent materials were affected. Attributable to the marked decline in selling price and sales volume in the last quarter of the year, turnover of the segment in 2008 only grew by about 5% when compared with 2007. However, instead of coming down, the price of raw materials for producing fluorescent materials surged during the year, which resulted in a decrease of the product's profit margin from 35% in 2007 to 30% in 2008.

Apart from operating rare earth oxides and fluorescent materials businesses, the Group made a stride upstream the rare earth industry via the acquisition of Xinghua Rare Earth. Xinhau Rare Earth is based in Hunan Province, which is close to the source of rare earth minerals. It specialises in preliminary separation of rare earth by groups. In 2008, about one-third of the rare earth resources used by the Group was purchased from Xinghua Rare Earth. Given the long-term supply agreement reached between Xinghua Rare Earth and the local rare earth mining company, the acquisition has assured the Group of steady supply of rare earth materials.

On the product front, the acquisition of Dongye Rare Earth has enabled the Group to broaden its product mix. Dongye Rare Earth is in Guangdong Province and produces and sells rare earth metal. With Dongye Rare Earth in the family and filling the metal products gap, the Group now boasts a more complete product portfolio, which provides us with a solid foundation for further development in downstream rare earth business.

市場分佈方面，本集團的稀土業務依然以內銷為主，中國市場約佔稀土銷售總額的71%，而歐洲及日本分別約佔12%及14%。

#### 耐火材料業務

雖然本集團的耐火材料業務在二零零八年上半年增長不俗，但受到金融海嘯的衝擊，下半年的市場需求回落，國內大型鍊鋼廠及玻璃廠面對開工不足的情況，為本集團的耐火材料業務帶來壓力，第四季的情況進一步深化，因此在回顧年內本集團耐火材料業務的整體營業額只由去年的671,715,000港元輕微上升11%至746,253,000港元，減除人民幣升值的因素，實則升幅約為4%。主要產品的售價除了鋁碳磚及鎂鉻磚錄得約15%升幅外，其他的變化都在10%之內。年內，本集團共售出約67,000噸一般耐火材料、約35,500噸高溫陶瓷和約37,000噸電鎔鎂砂。除高溫陶瓷的銷售量有輕微增長外，一般耐火材料及電鎔鎂砂的銷售量均有所下降。

成本方面，原材料的價格有一定的上升，主要原材料如棕剛玉上升了約兩成，用於賽隆系列的碳化硅更上升逾七成。然而踏入下半年後期，由於受國際大氣候的影響，原材料成本已有所回落，但已影響一般耐火材料及高溫陶瓷的毛利率分別下調至約32%及37%。

In terms of market coverage, the rare earth business of the Group continued to sell mainly to the domestic market. China accounted for approximately 71% of its total rare earth sales, whereas Europe and Japan accounted for 12% and 14% respectively.

#### Refractory Materials Business

Although the business segment saw commendable growth in the first half year, business slowed down in the second half year under the shadow of the global financial crisis. Major steel and glass plants in China had to cut production and that posed challenge on the refractory material business of the Group especially in the last quarter of the year. Thus, the total turnover from the segment for the year only increased by 11% to HK\$746,253,000 from HK\$671,715,000 last year, and barring appreciation of the Renminbi, the segment grew by 4%. Except for alumina-graphite bricks and magnesia-chrome bricks, which selling price climbed 15%, the selling prices of other major products fluctuated within the 10% range. During the year, the Group sold approximately 67,000 tonnes of ordinary refractory materials, 35,500 tonnes of high temperature ceramics and 37,000 tonnes of fused magnesium grains. Sales volume of ordinary refractory materials and fused magnesium grains both decreased, whereas that of high temperature ceramics increased slightly.

Regarding costs, the prices of raw materials increased markedly with major materials like brown fused corundum and carbonated silicon used in the Sialon series up by about 20% and more than 70% respectively. Entering the second half year, affected by the macroeconomic situation, the prices of raw materials came down, but because of the high prices in the first half year, the overall profit margins of ordinary refractory materials and high temperature ceramics were squeezed to around 32% and 37% respectively.



電鎔鎂砂方面，由於經過電爐的更新改造，產量得到提升，二零零八年上半年的銷售量與營業額均有所增長，售價由年初的每噸約人民幣1,750元，上漲至七、八月份的人民幣2,050元。然而從九月開始，由於經濟逆轉影響需求，售價下滑並於十月降至每噸不足人民幣1,500元水平。原材料方面，主要原材料鎂石的價格於回顧年內卻持續攀升了逾三成。因此電鎔鎂砂業務的毛利率於二零零八年降至平均只有約36%。

除了一般耐火材料、高溫陶瓷和電鎔鎂砂業務外，本集團新建的原料破碎業務於二零零八年八月開始正式投產。此車間除了改善了本集團自身的原料破碎程序外，其亦對外開放，為其他廠商提供破碎原料以增加收入。



As for the business of fused magnesium grains, with the furnaces upgraded and improved, the production volume increased and it led to that sales and turnover both reported growth in the first half of the year and selling price climbed from RMB1,750 per tonne at the beginning of 2008 to RMB2,050 per tonne in July and August. However, starting in September, with the economic environment deteriorating, demand for the product dropped and so did its selling price. By October, the product was selling at less than RMB1,500 per tonne. The price of major raw materials like magnesium ores, however, increased by over 30% during the year, hence the profit margin of the business was down to an average of around 36% in 2008.

In addition to operating ordinary refractory materials, high temperature ceramics and fused magnesium grains businesses, the Group kicked off the new raw material crushing business in August 2008. Apart from enabling the Group to improve its own raw material crushing process, with the new plant in operation, the Group can also provide crushed raw materials to other manufacturers. In other words, it has a new income stream.

另一方面，本集團投資逾2億港元發展高純鎂砂業務的第一期工程雖已完成，但監於隨着北京奧運會結束後出現的金融海嘯而影響了耐火材料的需求，為了更有效運用資源，該新廠房將會暫時押後投產，直至市況較為明朗，以防止於市況低迷的形勢下過急推行業務，而未能帶來正面的經濟效益。本集團會繼續密切注視市場變化，以適時調整新廠房的部署。

Development of phase 1 of the high purity magnesium grains project of the Group with the investment of more than HK\$200,000,000 was completed. However, market demand for refractory materials was affected by the global financial crisis that hit after the Beijing Olympics. To better manage resources and avoid loss from rushing into the business in the slump market, the Group decided to postpone production at the new plant until market conditions are deemed appropriate. The Group will closely monitor the market and adjust the production plan of the new plant accordingly.

市場方面，中國市場仍佔本集團整體耐火材料業務的大部份比重，然而由於日本市場的營業額有逾三成的增長，故日本及歐洲市場比重合共增加至約15%，中國市場維持約85%。

China remained as the major refractory material market of the Group. However, as the turnover from the Japan market grew by more than 30% during the year, the share of turnover contribution from Japan and Europe increased to around 15% and China claimed an approximately 85% share.

## 兼併收購

## MERGERS AND ACQUISITIONS

本集團於回顧年內進行了兩次策略性的收購。於二零零八年十月三日，本集團透過其擁有95%權益之附屬公司宜興新威訂立協議，收購興華稀土的全部股本權益，該收購已於二零零八年末完成。按興華稀土

The Group made two strategic acquisitions during the year. On 3 October 2008, through its 95%-owned subsidiary Yixing Xinwei, it signed an agreement to acquire the entire issued share capital of Xinghua Rare Earth. The acquisition was completed by the end of 2008. Calculated based on Xinghua Rare Earth's audited profit after

## Chairman's Statement

### 主席報告書

二零零八年的經審核除稅後但除非經常性項目前之利潤達人民幣47,469,000元，總收購代價為人民幣210,000,000元；其中基本代價部份之人民幣135,000,000元已於二零零八年十二月以現金支付，餘下業績考核金額部份之人民幣75,000,000元，將於二零零九年以現金支付。

於二零零八年十月十六日，本集團再透過宜興新威訂立收購協議，按基本代價人民幣100,000,000元加業績考核金額收購東冶稀土的全部股本權益，該收購亦於二零零八年末完成。按東冶稀土二零零八年的經審核除稅後但除非經常性項目前之利潤人民幣25,401,000元計算，總收購代價為人民幣127,000,000元。其中基本代價部份已經以現金支付，餘下業績考核金額部份之人民幣27,000,000元將於二零零九年支付。

完成上述兩項收購後，本集團努力於發展稀土產業鏈之過程再邁進一步。另外，本集團仍繼續留意耐火材料資源的投資機會，盼能為業務發展再加固基礎。

### 展望

隨著國家出台的眾多經濟刺激政策的效果逐漸顯現，中長線來說將對中國的內需有所支持；此外，中國一直是全球最大的稀土儲藏、生產以及貿易國，世界各國在節能技術的研發正加大努力，很多重要技術的應用，例如節能燈及混合動力車等都非常依賴稀土，世界對稀土的需求只會增無減，中國在世界稀土市場的主導地位將變得更具有戰略決定性，政府亦正大幅削減每年的稀土出口配額以及加緊控制開採，以支持稀土行業的長遠發展，故此本集團對稀土行業的長期前景依然保持樂觀。

預期二零零九年國際金融海嘯對各行各業以至整體市場氣氛的影響仍將持續。歐、美、日等地經濟情況將影響中國出口型企業。縱使本集團大部份的稀土業務主要是內銷，但絕大部份在中國的稀土下游企業均以出口為主，他們經營環境亦將影響本

taxation but before extraordinary items of RMB47,469,000 in 2008, the total consideration of the acquisition was RMB210,000,000, of which RMB135,000,000 was basic consideration and paid in cash in December 2008. The remaining earn-out of RMB75,000,000 will be paid in cash in 2009.

On 16 October 2008, the Group, again through Yixing Xinwei, acquired the entire issued share capital of Dongye Rare Earth at a basic consideration of RMB100,000,000 and an extra earn-out. The acquisition was also completed by the end of 2008. Based on Dongye Rare Earth's audited profit after taxation but before extraordinary items of RMB25,401,000 in 2008, the total consideration of the acquisition was set at RMB127,000,000 and the basic consideration portion was already paid in cash. The remaining earn-out portion of RMB27,000,000 will be paid in 2009.

Upon completion of the two acquisitions, the Group has made a step further in its effort to develop its rare earth industry chain. In addition, the Group will continue to look for investment opportunities in refractory materials resources in order to further strengthen the Group's business development.

### PROSPECTS

The economic stimulus packages launched by the Chinese government are expected to bear results including helping to support domestic demand in the mid-to long-term. And, as different countries are stepping up R&D efforts on energy saving technologies for such as energy-saving lightings and hybrid vehicles with rare earth as essential materials, global demand for rare earth will continue to rise. Thus, China, boasting the largest rare earth reserves and output and trading volume of rare earth, will gain strategic influence as a leader in the global rare earth market. Recognising the need to support development of the industry in the long run, the government has substantially reduced the annual rare earth export quotas and tightened control over rare earth mining. The Group thus remains optimistic about the long-term prospect of the rare earth industry.

The global financial turmoil is expected to continue in 2009 affecting different industries and the overall market sentiment. The economies in Europe, the US and Japan will hamper the business of export enterprises in China. Although the Group sells rare earth products mainly to the domestic downstream enterprises, with these enterprises operating mainly export business, its business

集團的稀土業務。二零零九年春節前後，本集團將部份時間用於調研稀土分離生產設備的生產技術及工藝流程，為未來經濟復甦時作好準備。然而，就二零零九年第一季度所見，應用於發光材料的稀土元素市況比二零零八年第四季度已有所回升。隨著收購興華稀土及東冶稀土所帶來的協同效益，亦可有助舒緩部份宏觀環境所帶來的影響。

耐火材料業務方面，由於國內宏觀經濟增長受壓，影響鋼鐵與玻璃行業的經營環境，預期亦將繼續影響本集團的耐火材料業務。應用於玻璃及水泥等行業的耐火材料需求有機會較快回升，但應用於鋼鐵行業的耐火材料的需求預期回升稍慢。

面對短期的行業挑戰，本集團將採取審慎的業務策略，並且精簡營運架構，專注提升現有生產線的使用率。本集團亦正在與一重要客戶，積極商討稀土深加工產品的生產及技術上的合作機會，以提升市場競爭力及擴大業務範疇，締造雙贏局面。

憑藉本集團於中國市場的鞏固地位，加上審慎的業務及財務策略，和已擴闊的收入來源及資產基礎，本集團有信心能在目前的市況中平穩過渡，令本集團發展為更強大的企業。

### 流動資金及財務資源

回顧年內，本集團支付了逾人民幣2億元的基本代價以收購興華稀土及東冶稀土，動用了部份資金，本集團於金融風暴爆發前已安排了2,000萬美元的三年期定息銀行貸款，使本集團仍有充裕的資金應付未明朗的市況。於二零零八年十二月三十一日，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折合約值1.6億港元存款)共約927,036,000港元。透過抵押存款，本集團仍滾存著人民幣95,300,000元及22,500,000港元的短期銀行貸款。本集團於年末的流動資產淨額約為1,234,331,000港元。總負債對總資產的比率增加至約23%。

will be indirectly impacted. Due to the quiet market sentiment around Chinese New Year in 2009, certain time has been spent on researching production technologies and adjusting workflow of the Group's rare earth production line to prepare for the market recovery. In the first quarter of 2009, the market for rare earth products used in fluorescent materials improved when compared with the fourth quarter of 2008. The Group expects the synergies resulting from the acquisition of Xinghua Rare Earth and Dongye Rare Earth to help alleviate part of the impact brought by the macroeconomic environment.

Regarding the refractory materials segment, with the steel and glass industries in the country facing tough business conditions, the Group sees continuous pressure for the segment in the coming year. However, it expects to see a faster rebound for the products used in the glass and cement sector while a slower recovery is predicted for the products used in the steel industries.

The Group will adopt prudent business strategies in combating the short term challenges in the industry. It will streamline its operational structure and seek to increase the utilisation rate of its production lines. The Group is in active negotiation with a major customer about potential cooperation on aspects in relation to production and the technology of downstream rare earth products. Apart from benefiting both parties, the cooperation, if materialized, will enhance the Group's competitiveness and business coverage.

Capitalising on its strong position in the China market and with the support of prudent business and financial strategies and broadened income streams and asset base, the Group is confident of its ability to weather the testing market conditions and grow into a stronger enterprise.

### LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group utilised part of its capital to pay the basic consideration of over RMB200,000,000 for the acquisition of Xinghua Rare Earth and Dongye Rare Earth. The Group was able to secure a three-year fixed rate bank loan in the amount of US\$20,000,000 before the financial crisis hit, thus will have abundant capital to tackle the times of uncertainty ahead. The Group hold cash and bank deposits at approximately HK\$927,036,000 (including deposit of approximately HK\$160,000,000 pledged as guarantee for business and banking facilities) as at 31 December 2008. With the deposit as pledge, the Group rolled over short-term bank loans in the amounts of RMB95,300,000 and HK\$22,500,000. The Group had a balance of net current assets valued at approximately HK\$1,234,331,000 at the end of the year with total liabilities to total assets ratio increased to around 23%.

## Chairman's Statement

### 主席報告書

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。

本集團並未持有任何金融衍生工具產品。除了上述銀行貸款及銀行存款存在息差外，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(包括上述的2,000萬美元銀行貸款)。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，且美元及港元的匯率相對穩定。

### 僱員及薪酬

於二零零八年十二月三十一日，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，精簡了的人力資源架構抵銷了因新收購業務而增加的員工。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39,894,000港元。另外，本集團亦經常安排在職培訓與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。在當前的金融危機時期更需各位的體諒，但本人對未來的挑戰仍充滿信心。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，二零零九年四月二十四日

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

The Group did not hold any financial derivative products. Except for the interest rate differential in bank deposits with the stated bank loans, it 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 dollars or Hong Kong dollars (including the stated US\$20,000,000 bank loan). During the year, the Group was not exposed to material foreign exchange risk because of appreciation of the Renminbi. The exchange rate of the US dollar and Hong Kong dollar was relatively stable.

### STAFF AND REMUNERATION

As at 31 December 2008, the Group had a workforce of approximately 1,600 including new recruits among university graduates as well as experienced professionals. The Group was able to offset the increase in overhead from the acquisition of new businesses by streamlining its human resources structure. The Group provides a comprehensive staff remuneration and welfare system, including a share option scheme, to motivate staff contribution. During the year, the Group spent approximately HK\$39,894,000 on staff costs including directors' emoluments. It also provided regular on the job training to employees to help them maintain professional standards.

### APPRECIATION

It is the unwavering support and trust of shareholders, investors, customers, suppliers and business partners and the efforts of the entire staff that have enabled the Group to grow continuously over the years. Your understanding is what we need to cope with the global financial crisis ahead, though I remain confident of the Group's ability to overcome challenges. On behalf of the Board and the management, I give my heartfelt thanks to all of you.

Jiang Quanlong  
Chairman

Hong Kong, 24 April 2009



# Directors and Senior Management Profile

## 董事及高級管理人員簡介



### 執行董事

**蔣泉龍先生**，56歲，本集團創辦者及主席。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**，49歲，本集團創辦者及副主席，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**，44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。

### EXECUTIVE DIRECTORS

**Mr Jiang Quanlong**, aged 56, 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 49, 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 44, 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.

## Directors and Senior Management Profile

### 董事及高級管理人員簡介

#### 執行董事 (續)

**蔣才南先生**，50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。

#### 獨立非執行董事

**劉余九先生**，75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**，44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**，57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**，39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**，57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。

#### EXECUTIVE DIRECTORS (Continued)

Mr Jiang Cainan, aged 50, 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.

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr Liu Yujiu**, aged 75, 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 44, 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 57, 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 39, 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 57, 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.

### 高級管理層 (續)

**俞正明先生**，73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。

**徐建文先生**，40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。

**姚崇先生**，51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。

**吳朝新先生**，32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年經驗。

**王建平先生**，47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。

**蔣介平先生**，52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。

**趙建文先生**，42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。

### SENIOR MANAGEMENT (Continued)

**Mr Yu Zhengming**, aged 73, 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.

**Mr Xu Jianwen**, aged 40, 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.

**Mr Yao Chong**, aged 51, 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.

**Mr Wu Chaoxin**, aged 32, 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.

**Mr Wang Jianping**, aged 47, 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.

**Mr Jiang Jieping**, aged 52, 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.

**Mr Zhao Jianwen**, aged 42, 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.

# Corporate Governance Report

## 企業管治報告

### 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。於截至二零零八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二零零八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 2008, 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 2008.

### BOARD COMPOSITION

The Company is governed by a Board of directors which is responsible for directing and supervising its affairs and oversight of 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 Yujiu, Mr Huang Chunhua and Mr Jin Zhong.

### 董事會組成 (續)

董事會於年內舉行了十次會議。出席會議之詳情如下：

董事	出席會議
蔣泉龍	10/10
錢元英	10/10
許盤鳳	10/10
蔣才南	10/10
劉余九	10/10
黃春華	10/10
金重	10/10

### 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。

### 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。

### BOARD COMPOSITION (Continued)

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

Director	Attendance
Jiang Quanlong	10/10
Qian Yuanying	10/10
Xu Panfeng	10/10
Jiang Cainan	10/10
Liu Yujiu	10/10
Huang Chunhua	10/10
Jin Zhong	10/10

### 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 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.

### 會議常規及操守 (續)

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。

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)*

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.

The Company Secretary is responsible for taking and keeping 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
蔣泉龍	1/1
劉余九	1/1
黃春華	1/1
金重	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。

### 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恰當。

### 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，錢元英女士、劉余九先生及黃春華先生將輪值退任。

### 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3,200,000港元。核數師並無提供任何其他非審核服務。

### REMUNERATION OF DIRECTORS (Continued)

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

Director	Attendance
Jiang Quanlong	1/1
Liu Yujiu	1/1
Huang Chunhua	1/1
Jin Zhong	1/1

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

### 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.

### 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 Qian Yuanying, Mr Liu Yujiu and Mr Huang Chunhua will retire by rotation.

### 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\$3,200,000. There was no other non-audit service provided by the auditors.



## 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。

根據於二零零九年一月一日生效之經修訂上市規則，本公司所有股東大會之決議案將以投票表決方式進行。

## 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.

Pursuant the revised Listing Rules effective from 1 January 2009, the votes for the resolutions at all shareholders' meeting of the Company should be taken by poll.

### 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」）截至二零零八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財務報表附註21。

### 分類資料

本集團分類資料的詳情載於財務報表附註15。

### 業績及分派

本集團於截至二零零八年十二月三十一日止年度的業績載於本年報第38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。董事會建議不派發截至二零零八年十二月三十一日止年度的末期股息。

### 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。於二零零八年十二月三十一日，本公司可供分派給股東的儲備為1,296,554,000港元。

### 財務概要

本集團於截至二零零八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140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 2008.

### 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 21 to the financial statements.

### SEGMENTAL INFORMATION

Details of segmental information of the Group are set out in Note 15 to the financial statements.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2008 are set out in the consolidated income statement on page 38 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 do not recommend the payment of a final dividend for the year ended 31 December 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 2008, the reserves of the Company available for distribution to shareholders amounted to HK\$1,296,554,000.

### FINANCIAL SUMMARY

A summary of the results of the Group for the past five financial years ended 31 December 2008 is set out on page 140 of the annual report.

## 物業、廠房及設備

本集團於年內的物業、廠房及設備的變動詳情載於財務報表附註17。

## 股本

本公司於二零零八年十二月三十一日的法定及已發行股本詳情載於財務報表附註30。

## 貸款

本集團於二零零八年十二月三十一日的銀行貸款詳情載於財務報表附註28。

## 退休金計劃

本集團的退休金計劃詳情載於財務報表附註11。

## 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

根據本公司的公司細則第108(A)及(B)條，錢元英女士、劉余九先生及黃春華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。

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in Note 17 to the financial statements.

## SHARE CAPITAL

Details of the authorized and issued share capital of the Company as at 31 December 2008 are set out in Note 30 to the financial statements.

## BORROWINGS

Details of the bank borrowings of the Group as at 31 December 2008 are set out in Note 28 to the financial statements.

## RETIREMENT SCHEMES

Details of the retirement schemes of the Group are set out in Note 11 to the 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

In accordance with Articles 108(A) and (B) of the Company's Articles of Association, Ms Qian Yuanying, Mr Liu Yujiu and Mr Huang Chunhua will retire by rotation from the Board at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

### 董事 (續)

於二零零八年十二月三十一日，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

於二零零八年十二月三十一日，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

董事	權益性質／身份	股份數目 Number of Shares	佔本公司已發行 股本的百分比 % to the issued share capital of the Company
Director	Nature of interest/Capacity		
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 (PTC) Limited (前稱為「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。

### DIRECTORS (Continued)

As at 31 December 2008, 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 2008, 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

Note:

These shares are held through YY Holdings Limited, the entire issued share capital of which is held by YYT (PTC) Limited (formerly known as “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.

董事權益及淡倉 (續)

2. 於相聯公司股份、相關股份或股本權益

(a) 微科資源有限公司

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	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	30%
Qian Yuanying	Beneficial owner	3,000,000 non-voting deferred shares	

(b) 宜興新威利成稀土有限公司

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

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。

DIRECTORS' INTERESTS AND SHORT POSITIONS (Continued)

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

(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	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	30%
Qian Yuanying	Beneficial owner	3,000,000 non-voting deferred shares	

(b) Yixing Xinwei Leeshing Rare Earth Company Limited

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

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.

董事權益及淡倉 (續)

2. 於相聯公司股份、相關股份或股本權益 (續)

(c) YY Holdings Limited

董事	權益性質/身份	已發行股份數目	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 of issued shares	
錢元英	信託之成立人	普通股份1股	100%
Qian Yuanying	Founder of a trust	1 ordinary share	
錢元英	信託之成立人	優先股份25,000股	100%
Qian Yuanying	Founder of a trust	25,000 preference shares	
蔣泉龍	受控公司之權益	普通股份1股	100%
Jiang Quanlong	Interest of controlled corporation	1 ordinary share	
蔣泉龍	受控公司之權益	優先股份25,000股	100%
Jiang Quanlong	Interest of controlled corporation	25,000 preference shares	

附註：

YY Holdings Limited的全部已發行股本由YY Trust的受託人YYT (PTC) 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 (PTC) Limited的唯一董事。

除上述披露外，於二零零八年十二月三十一日，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。

DIRECTORS' INTERESTS AND SHORT POSITIONS (Continued)

2. Interests in shares, underlying shares or equity interests in associated corporations (Continued)

(c) YY Holdings Limited

董事	權益性質/身份	已發行股份數目	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 of issued shares	
錢元英	信託之成立人	普通股份1股	100%
Qian Yuanying	Founder of a trust	1 ordinary share	
錢元英	信託之成立人	優先股份25,000股	100%
Qian Yuanying	Founder of a trust	25,000 preference shares	
蔣泉龍	受控公司之權益	普通股份1股	100%
Jiang Quanlong	Interest of controlled corporation	1 ordinary share	
蔣泉龍	受控公司之權益	優先股份25,000股	100%
Jiang Quanlong	Interest of controlled corporation	25,000 preference shares	

Note:

The entire issued share capital of YY Holdings Limited is held by YYT (PTC) 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 (PTC) Limited.

Save as disclosed above, as at 31 December 2008, 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.

## 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。

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。

## 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.

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 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.



**購股權計劃 (續)**

7. 行使價可由董事會釐定，但不可少於下列各項之最高者：
- (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；
  - (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
  - (iii) 本公司股份面價。
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。

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。

於二零零八年十二月三十一日，按舊計劃已授出而尚未行使之購股權詳情如下：

*員工*  
*Employees*

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。

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。

**SHARE OPTION SCHEME (Continued)**

7. The exercise price may be determined by the directors provided that it should not be less than the highest of:
- (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;
  - (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
  - (iii) the nominal value of a share of the Company.
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.

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

Details of options which have been granted under the Old Scheme and remain outstanding as at 31 December 2008 were as follows:

購股權數目  
Number of options

被授人	授出日期	行使價	購股權數目	
			於二零零八年一月一日持有	於二零零八年十二月三十一日持有
Grantee	Date of grant	Exercise price	Held at 1 January 2008	Held at 31 December 2008

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.

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，於二零零八年十二月三十一日，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 (PTC) 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 (PTC) 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，於二零零八年十二月三十一日，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 2008, 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 (PTC) 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 (PTC) 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 (PTC) 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 2008.

### 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238,000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58,000港元，作為使用其辦公室的代價。

除上述及於財務報表附註33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。

### 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\$238,000.

During the year, the Group paid approximately HK\$58,000 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 33 to the 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.

### 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	8%
— 最大五名客戶合計	22%

#### 採購

— 最大供應商	13%
— 最大五名供應商合計	43%

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。

### 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	8%
— five largest customers combined	22%

#### Purchases

— the largest supplier	13%
— five largest suppliers combined	43%

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.

## 核數師

由二零零五年始作為本公司核數師的信永中和(香港)會計師事務所有限公司於二零零八年七月十一日辭任而陳葉馮會計師事務所有限公司獲委任為本公司核數師。

陳葉馮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。

承董事會命

主席  
蔣泉龍

香港，二零零九年四月二十四日

## AUDITORS

SHINEWING (HK) CPA Limited, who acted as the auditors of the Company since 2005, resigned on 11 July 2008 and CCIF CPA Limited were appointed as auditors of the Company.

CCIF CPA Limited retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

**Jiang Quanlong**  
*Chairman*

Hong Kong, 24 April 2009

# Independent Auditor's Report

## 獨立核數師報告



陳葉馮會計師事務所有限公司

香港 銅鑼灣 希慎道10號  
新寧大廈20樓

### 獨立核數師報告

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38頁至第139頁的綜合財務報表,包括二零零八年十二月三十一日的綜合資產負債表及貴公司資產負債表、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附註解釋。

### 董事就財務報表須承擔的責任

貴公司董事須負責根據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,及真實而公平地列報該等財務報表。這責任包括設計、實施及維護與編製及真實而公平地列報財務報表有關的內部監控,以使財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述;選擇和應用適當的會計政策;及按情況下作出合理的會計估計。

### 核數師的責任

我們的責任是根據我們審核的結果,對該等財務報表作出意見,並僅向全體股東報告,除此以外,本報告不可用作其他用途。我們概不就本報告的內容,對任何其他人士負責或承擔法律責任。

我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範,並規劃及進行審核,以合理確定此等財務報表是否不存有任何重大錯誤陳述。



CCIF CPA LIMITED

20/F Sunning Plaza  
10 Hysan Avenue  
Causeway Bay Hong Kong

### INDEPENDENT AUDITOR'S REPORT

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 38 to 139, which comprise the consolidated and Company balance sheets as at 31 December 2008, and 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 FINANCIAL STATEMENTS

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

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

### 核數師的責任 (續)

審核涉及執行程序以獲取有關財務報表所載數額及披露事項有關的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤導致財務報表存有重大錯誤陳述的風險。在評估該風險評估時，核數師將考慮與該公司編製並真實兼公平地列報財務報表相關的內部監控，以設計適當審核程序，但並非為對公司的內部監控的效能表達意見。審核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，並就財務報表的整體呈列方式作出評估。

我們相信，我們所獲得的審核憑證是充足和適當地為審核意見提供基礎。

### 意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映 貴公司及 貴集團於二零零八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虧損和現金流量，並已按香港公司條例的披露規定妥為編製。

**陳葉馮會計師事務所有限公司**  
執業會計師  
香港，二零零九年四月二十四日

何振誠  
執業證書編號：P04396

### AUDITOR'S RESPONSIBILITY (Continued)

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

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

### OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**CCIF CPA Limited**  
Certified Public Accountants  
Hong Kong, 24 April 2009

Ho Chun Shing  
Practising Certificate Number P04396

# Consolidated Income Statement

## 綜合損益表

截至二零零八年十二月三十一日止年度  
For the year ended 31 December 2008

		附註 Note	二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
<b>營業額</b>	<b>Turnover</b>	5	<b>1,364,890</b>	1,385,345
銷售成本	Cost of sales		<b>(1,015,603)</b>	(931,232)
毛利	Gross profit		<b>349,287</b>	454,113
其他收益	Other revenue	6	<b>13,554</b>	18,910
銷售及分銷費用	Selling and distribution expenses		<b>(60,139)</b>	(45,015)
管理費用	Administrative expenses		<b>(105,359)</b>	(29,087)
其他收入淨額	Other income, net		<b>696</b>	2,440
財務成本	Finance costs	7(a)	<b>(10,288)</b>	(5,227)
商譽之減值虧損	Impairment loss on goodwill	16	<b>(208,804)</b>	–
物業、廠房及設備 之減值虧損	Impairment loss on property, plant and equipment	17(a)	<b>(97,498)</b>	–
除稅前(虧損)/溢利	(Loss)/profit before taxation	7	<b>(118,551)</b>	396,134
所得稅	Income tax	8	<b>(53,856)</b>	(97,054)
本年度(虧損)/溢利	(Loss)/profit for the year		<b>(172,407)</b>	299,080
應佔(虧損)/溢利：	Attributable to:			
本公司股東	Equity shareholders of the Company	12	<b>(170,972)</b>	295,045
少數股東權益	Minority interests		<b>(1,435)</b>	4,035
			<b>(172,407)</b>	299,080
<b>股息</b>	<b>Dividends</b>	13	<b>14,211</b>	71,057
每股(虧損)/盈利	(Loss)/earnings per share			
– 基本	– Basic	14(a)	<b>(12.03) cents 仙</b>	20.76 cents 仙
– 攤薄	– Diluted	14(b)	<b>(12.03) cents 仙</b>	20.75 cents 仙

第45頁至139頁之附註構成財務報表其中一部份。

The notes on pages 45 to 139 form part of these financial statements.



# Consolidated Balance Sheet

## 綜合資產負債表

於二零零八年十二月三十一日  
As at 31 December 2008

			二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
	附註 Note			
<b>非流動資產</b>	<b>Non-current assets</b>			
商譽	Goodwill	16	85,843	206,705
物業、廠房及設備	Property, plant and equipment	17(a)	715,124	744,073
經營租賃下預付土地租金	Prepaid lease payments on land			
	under operating leases	18	262,444	159,613
無形資產	Intangible assets	19	379,014	–
收購物業、廠房及設備之按金	Deposits for acquisition of property, plant and equipment		–	71,731
收購經營租賃下 土地權益之按金	Deposit for acquisition of interests in land under operating leases	20	–	54,998
已抵押銀行存款	Pledged bank deposit	25	15,000	–
受限制銀行結餘	Restricted bank balance	25	22,678	–
定期銀行存款	Fixed bank deposits	25	–	25,000
遞延稅項資產	Deferred tax assets	29(b)	20,432	–
			<b>1,500,535</b>	<b>1,262,120</b>
<b>流動資產</b>	<b>Current assets</b>			
經營租賃下預付土地租金	Prepaid lease payments on land			
	under operating leases	18	5,746	3,508
存貨	Inventories	22	308,837	296,254
應收賬款及其他應收款	Trade and other receivables	23	412,019	381,623
預付款項及按金	Prepayments and deposits	23	70,042	102,763
可收回稅項	Tax recoverable	29(a)	27,799	–
已抵押銀行存款	Pledged bank deposits	25	119,797	99,790
受限制銀行結餘	Restricted bank balances	25	4,309	214
現金及現金等值項目	Cash and cash equivalents	26	765,252	651,992
			<b>1,713,801</b>	<b>1,536,144</b>
<b>流動負債</b>	<b>Current liabilities</b>			
應付賬款	Trade payables	27	116,189	62,113
預提費用及其他應付款	Accruals and other payables		97,120	56,592
應付董事款項	Amounts due to directors	24	667	560
於一年內到期的銀行貸款	Bank borrowings due within one year	28	140,123	101,453
應付稅項	Tax payable	29(a)	9,712	27,622
收購附屬公司之遞延應付代價	Deferred consideration payables for acquisition of subsidiaries	34(a)&(b)	115,659	–
			<b>479,470</b>	<b>248,340</b>
<b>流動資產淨值</b>	<b>Net current assets</b>		<b>1,234,331</b>	<b>1,287,804</b>
<b>資產總值減流動負債</b>	<b>Total assets less current liabilities</b>		<b>2,734,866</b>	<b>2,549,924</b>

Consolidated Balance Sheet

綜合資產負債表

於二零零八年十二月三十一日

As at 31 December 2008

		附註 Note	二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
<b>非流動負債</b>	<b>Non-current liabilities</b>			
銀行貸款	Bank borrowings	28	155,000	–
遞延稅項負債	Deferred tax liabilities	29(b)	106,337	–
			<b>261,337</b>	–
<b>資產淨值</b>	<b>NET ASSETS</b>		<b>2,473,529</b>	2,549,924
<b>資本及儲備</b>	<b>CAPITAL AND RESERVES</b>			
股本	Share capital	30(c)	142,114	142,114
儲備	Reserves	30(a)	2,302,253	2,379,578
本公司股東應佔權益	Equity attributable to equity shareholders of the Company		<b>2,444,367</b>	2,521,692
少數股東權益	Minority interests		<b>29,162</b>	28,232
<b>權益總值</b>	<b>TOTAL EQUITY</b>		<b>2,473,529</b>	2,549,924

董事會於二零零九年四月二十四日批准及  
授權刊發

Approved and authorised for issue by the board of directors on 24  
April 2009

蔣泉龍  
董事

錢元英  
董事

Jiang Quanlong  
Director

Qian Yuanying  
Director

第45頁至139頁之附註構成財務報表其中  
一部份。

The notes on pages 45 to 139 form part of these financial  
statements.

# Balance Sheet

## 資產負債表

於二零零八年十二月三十一日  
As at 31 December 2008

			二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
<b>非流動資產</b>	<b>Non-current assets</b>			
物業、廠房及設備	Property, plant and equipment	17(b)	20	28
於附屬公司之投資	Investments in subsidiaries	21	151,707	151,707
已抵押銀行存款	Pledged bank deposit	25	15,000	–
定期銀行存款	Fixed bank deposits	25	–	25,000
			<b>166,727</b>	<b>176,735</b>
<b>流動資產</b>	<b>Current assets</b>			
應收賬款及其他應收款	Trade and other receivables	23	621	–
預付款項及按金	Prepayments and deposits	23	656	565
應收附屬公司款項	Amounts due from subsidiaries	24	1,276,509	1,189,666
已抵押銀行存款	Pledged bank deposits	25	27,270	99,790
現金及現金等值項目	Cash and cash equivalents	26	152,031	58,308
			<b>1,457,087</b>	<b>1,348,329</b>
<b>流動負債</b>	<b>Current liabilities</b>			
預提費用及其他應付款	Accruals and other payables		6,638	1,713
應付附屬公司款項	Amounts due to subsidiaries	24	255	240
應付董事款項	Amounts due to directors	24	753	676
於一年內到期的銀行貸款	Bank borrowings due within one year	28	22,500	–
			<b>30,146</b>	<b>2,629</b>
<b>流動資產淨值</b>	<b>Net current assets</b>		<b>1,426,941</b>	<b>1,345,700</b>
<b>資產總值減流動負債</b>	<b>Total assets less current liabilities</b>		<b>1,593,668</b>	<b>1,522,435</b>
<b>非流動負債</b>	<b>Non-current liabilities</b>			
銀行貸款	Bank borrowings	28	155,000	–
<b>資產淨值</b>	<b>NET ASSETS</b>		<b>1,438,668</b>	<b>1,522,435</b>
<b>資本及儲備</b>	<b>CAPITAL AND RESERVES</b>			
股本	Share capital	30(c)	142,114	142,114
儲備	Reserves	30(b)	1,296,554	1,380,321
<b>權益總值</b>	<b>TOTAL EQUITY</b>		<b>1,438,668</b>	<b>1,522,435</b>

董事會於二零零九年四月二十四日批准及授權刊發

Approved and authorised for issue by the board of directors on 24 April 2009

蔣泉龍  
董事

錢元英  
董事

Jiang Quanlong  
Director

Qian Yuanying  
Director

第45頁至139頁之附註構成財務報表其中一部份。

The notes on pages 45 to 139 form part of these financial statements.

# Consolidated Statement of Changes in Equity

## 綜合權益變動表

截至二零零八年十二月三十一日止年度  
For the year ended 31 December 2008

		本公司股東應佔權益								少數股東		
		Attributable to equity shareholders of the Company								Minority		
股本	股份溢價	資本儲備	樓宇重估儲備	法定儲備	股息儲備	匯兌儲備	保留溢利	總額	權益	總額		
Share capital	Share premium	Capital reserve	revaluation reserve	Statutory reserves	Dividend reserve	Translation reserve	Retained profits	Total	Minority interests	Total		
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	千港元	千港元		
HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000		
於二零零七年一月一日	At 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
直接於權益確認之匯兌差異	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	
本年已確認之收支總額	Total recognised income and expenses for the year	-	-	-	-	-	-	81,071	295,045	376,116	6,908	383,024
分配至法定儲備	Appropriations to statutory reserves	-	-	-	27,982	-	-	(27,982)	-	-	-	-
預留股息(附註13)	Dividend set aside (note 13)	-	-	-	-	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及二零零八年一月一日	At 31 December 2007 and 1 January 2008	142,114	1,152,531	22,348	-	117,962	56,846	143,561	886,330	2,521,692	28,232	2,549,924
直接於權益確認之匯兌差異	Exchange difference directly recognised in equity	-	-	-	-	-	-	134,908	-	134,908	1,720	136,628
持作自用之樓宇重估盈餘(附註17(a)(ii))	Surplus on revaluation of buildings held for own use (note 17(a)(ii))	-	-	-	39,728	-	-	-	-	39,728	859	40,587
持作自用之樓宇重估遞延稅項(附註29(b))	Deferred tax on revaluation of buildings held for own use (note 29(b))	-	-	-	(9,932)	-	-	-	-	(9,932)	(214)	(10,146)
本年度虧損	Loss for the year	-	-	-	-	-	-	-	(170,972)	(170,972)	(1,435)	(172,407)
本年已確認之收支總額	Total recognised income and expenses for the year	-	-	-	29,796	-	-	134,908	(170,972)	(6,268)	930	(5,338)
分配至法定儲備	Appropriations to statutory reserves	-	-	-	20,345	-	-	(20,345)	-	-	-	-
預留股息(附註13)	Dividend set aside (note 13)	-	-	-	-	-	14,211	-	(14,211)	-	-	-
已付二零零七年末期股息	Final dividend paid for 2007	-	-	-	-	-	(56,846)	-	-	(56,846)	-	(56,846)
已付二零零八年中期股息	Interim dividend paid for 2008	-	-	-	-	-	(14,211)	-	-	(14,211)	-	(14,211)
於二零零八年十二月三十一日	At 31 December 2008	142,114	1,152,531	22,348	29,796	138,307	-	278,469	680,802	2,444,367	29,162	2,473,529

第45頁至139頁之附註構成財務報表其中一部份。

The notes on pages 45 to 139 form part of these financial statements.

# Consolidated Cash Flow Statement

## 綜合現金流量表

截至二零零八年十二月三十一日止年度  
For the year ended 31 December 2008

	附註 Note	二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
<b>經營活動</b>	<b>Operating activities</b>		
除稅前(虧損)/溢利	(Loss)/profit before taxation	(118,551)	396,134
調整項目：	Adjustments for:		
財務成本	Finance costs	7(a) 10,288	5,227
利息收入	Interest income	6 (9,330)	(17,144)
物業、廠房及設備 之折舊	Depreciation on property, plant and equipment	7(c) 91,956	81,796
經營租賃下預付土地 租金之攤銷	Amortisation of prepaid lease payments on land under operating leases	7(c) 4,515	3,201
商譽之減值虧損	Impairment loss on goodwill	16 208,804	–
物業、廠房及設備 之減值虧損	Impairment loss on property, plant and equipment	17(a) 97,498	–
應收賬款及其他應收款之 減值虧損	Impairment loss on trade and other receivables	7(c) 22,089	1,936
應收賬款及其他應收款 之減值虧損撥回	Write back of impairment loss on trade and other receivables	6 (4,224)	(1,766)
出售物業、廠房及設備 之虧損淨額	Net loss on disposal of property, plant and equipment	7(c) 9,494	35,313
物業、廠房及設備之 重估虧絀	Revaluation deficit on property, plant and equipment	7(c) 29,646	–
存貨撇除	Write down of inventories	22(b) 37,551	9,915
<b>營運資金變動前的經營 現金流量</b>	<b>Operating cash flows before changes in working capital</b>	<b>379,736</b>	<b>514,612</b>
存貨增加	Increase in inventories	(37,450)	(76,352)
應收賬款及其他應收款 減少/(增加)	Decrease/(increase) in trade and other receivables	25,686	(38,315)
預付款項及按金減少/(增加)	Decrease/(increase) in prepayments and deposits	81,109	(59,863)
應付賬款增加	Increase in trade payables	35,225	11,729
預提費用及其他應付款 (減少)/增加	(Decrease)/increase in accruals and other payables	(121,099)	4,388
應付董事款項增加/(減少)	Increase/(decrease) in amounts due to directors	107	(9,502)
應付關聯公司款項減少	Decrease in amount due to a related company	–	(550)
<b>經營所得的現金</b>	<b>Cash generated from operations</b>	<b>363,314</b>	<b>346,147</b>
已付稅款	Tax paid		
已付中國企業所得稅	PRC Enterprise Income Tax paid	(111,170)	(90,225)
<b>經營活動所得的現金淨額</b>	<b>Net cash generated from operating activities</b>	<b>252,144</b>	<b>255,922</b>

## Consolidated Cash Flow Statement

## 綜合現金流量表

截至二零零八年十二月三十一日止年度  
For the year ended 31 December 2008

			二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
	附註 Note			
<b>投資活動</b>	<b>Investing activities</b>			
購置物業、廠房及設備	Purchase of property, plant and equipment		(37,168)	(97,866)
出售物業、廠房及設備所得款項	Proceeds from disposal of property, plant and equipment		139	944
經營租賃下預付土地租金	Prepaid lease payments on land under operating leases		(6,819)	(14,651)
支付收購物業、廠房及設備之按金	Payment of deposits for acquisition of property, plant and equipment		–	(45,962)
退還收購物業、廠房及設備之按金	Refund of deposits for acquisition of property, plant and equipment		5,939	–
支付經營租賃下收購土地權益之按金	Payment of deposit for acquisition of interests in land under operating leases		–	(54,098)
定期銀行存款減少/(增加)	Decrease/(increase) in fixed bank deposits		25,000	(25,000)
有抵押銀行存款及受限制銀行結餘(增加)/減少	(Increase)/decrease in pledged bank deposits and restricted bank balances		(61,780)	2,640
已收利息	Interest received		9,330	17,144
收購附屬公司現金流出淨額	Net cash outflow from acquisition of subsidiaries	34(a) & (b)	(266,088)	–
<b>投資活動使用的現金淨額</b>	<b>Net cash used in investing activities</b>		<b>(331,447)</b>	<b>(216,849)</b>
<b>融資活動</b>	<b>Financing activities</b>			
償還銀行貸款	Repayment of bank borrowings		(255,242)	(196,240)
新造銀行貸款所得款項	Proceeds from new bank borrowings		442,346	196,240
已付股息	Dividends paid		(71,057)	(71,057)
已付銀行貸款利息	Interest paid on bank borrowings		(10,288)	(5,227)
<b>融資活動所得/(所用)現金淨額</b>	<b>Net cash from/(used in) financing activities</b>		<b>105,759</b>	<b>(76,284)</b>
<b>現金及現金等值項目增加/(減少)淨額</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>26,456</b>	<b>(37,211)</b>
年初現金及現金等值項目	Cash and cash equivalents at beginning of the year		651,992	660,770
外幣匯率變動之影響	Effect of changes in exchange rate		86,804	28,433
年末現金及現金等值項目	Cash and cash equivalents at end of the year	26	765,252	651,992

第45頁至139頁之附註構成財務報表其中一部份。

The notes on pages 45 to 139 form part of these financial statements.

# Notes to the Financial Statements

## 財務報表附註

截至二零零八年十二月三十一日止年度  
For the year ended 31 December 2008

### 1. 一般資料

中國稀土控股有限公司（「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。

本公司及其附屬公司（統稱為「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）。

本集團之主要業務於中華人民共和國（「中國」）進行。本綜合財務報表以港元（「港元」）列示，與本集團之功能貨幣人民幣（「人民幣」）不同。董事認為，就控制及監察本集團業績及財務狀況以及向單一最大股東YY Holdings Limited（其功能貨幣為港元）報告而言，以港元列示綜合財務報表更為得宜。

### 1. GENERAL

China Rare Earth Holdings Limited (the “Company”) was 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 Company and its subsidiaries (collectively referred to as 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).

The principal operations of the Group are conducted in the People’s Republic of China (“PRC”). The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is different from the functional currency of the Group, Renminbi (“RMB”). The directors consider that presenting consolidated financial statements in HK\$ is preferable when controlling and monitoring the performance and financial position of the Group and in reporting to a single largest shareholder, YY Holdings Limited whose functional currency is HK\$.

## 2. 主要會計政策

### a) 遵守聲明

此等財務報表是按照所有適用香港財務報告準則（「香港財務報告準則」）編製，該統稱包括所有由香港會計師公會（「香港會計師公會」）頒佈的個別適用的《香港財務報告準則》、《香港會計準則》（「香港會計準則」）及詮釋、香港公認會計原則，及香港《公司條例》之披露規定。此外，此等財務報表亦已遵照聯交所證券上市規則中適用的披露規定。本集團採納之主要會計政策概要載於下文。

香港會計師公會已頒佈若干修訂本及詮釋，並且現時及已經生效。彼亦已頒佈若干新訂及經修訂之香港財務報告準則，有關準則自本集團及本公司的本會計期間初次生效或可供提前採用。有關初步應用該等準則而產生之會計政策變動之資料載於附註3內，惟以該等準則於此等財務報表所反映之現有及過往會計期間與本集團有關者為限。

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain amendments and interpretations which are or have become effective. It has also issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on the changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.



**2. 主要會計政策 (續)****b) 財務報表編製基準**

截至二零零八年十二月三十一日止年度之綜合財務報表包括本公司及其附屬公司之財務報表。

除下文會計政策另有披露者外，編製財務報表所採用之計量基準為歷史成本法。

編製此等符合香港財務報告準則之財務報表需要管理層作出判斷、估計及假設，而該等判斷、估計及假設會影響政策之應用及所申報之資產、負債、收入及開支等數額。該等估計及有關假設乃根據過往經驗及管理層相信於該等情況下乃屬合理之各項其他因素為基準而作出，所得結果構成管理層就目前未能從其他來源而得出的資產及負債之賬面值所作出估計之基準。實際數字或會有別於估計數字。

本集團持續就所作估計及相關假設作出評估。會計估計之變動如僅影響當期，則有關會計估計變動將於當期確認，或如有關變動影響現行及未來期間，則在變動期間及未來期間確認。

管理層在應用香港財務報告準則時所作出並對財務報表有重大影響之判斷，以及作出極可能在下一年度構成重大調整風險之估計，詳述於附註4。

**2. SIGNIFICANT ACCOUNTING POLICIES***(Continued)***b) Basis of preparation of the financial statements**

The consolidated financial statements for the year ended 31 December 2008 comprise the financial statements of the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except those disclosed otherwise in the accounting policies below.

The preparation of financial statements in conformity to HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

## 2. 主要會計政策 (續)

### c) 附屬公司及少數股東權益

附屬公司為本集團控制之實體。於本集團有權監管該實體之財務及經營決策，以自其業務獲取利益時，即存在控制。於評估控制權時，將計及現時可行使之潛在投票權。

於附屬公司之投資會自控制開始日期起合併入賬綜合財務報表內，直至控制結束日期為止。集團內公司間之結餘及交易和集團內公司間之交易所產生之任何未變現溢利於編製綜合財務報表時悉數抵銷。倘並無出現減值跡象，集團內公司間之交易所產生之未變現虧損則按照未變現收益之相同方式抵銷。

少數股東權益指並非由本公司直接或間接透過附屬公司擁有之權益所佔附屬公司之資產淨值，而本集團未有就此與該權益持有人達成任何附加協議，致令本集團整體上對該等權益產生符合金融負債定義之合約責任。少數股東權益會在綜合資產負債表之權益項目中，與本公司權益股東之應佔權益分開呈報。而少數股東所佔集團業績之權益則會在綜合損益表中列作為本公司少數股東與本公司權益股東之間的年內損益總額分配。

## 2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

### c) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statements as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

**2. 主要會計政策 (續)****c) 附屬公司及少數股東權益 (續)**

倘少數股東應佔之虧損超過其應佔附屬公司股權之權益，超額部份及任何其他少數股東應佔虧損便會沖減本集團所佔權益；惟如少數股東有具約束力之義務及有能力作出額外投資彌補虧損則除外。附屬公司之所有其後溢利均會分配予本集團，直至收回以往由本集團承擔之少數股東應佔虧損為止。

根據附註2(1)少數股東權益持有之貸款及其他有關該等持有之合約責任，於綜合資產負債表(視乎負債性質而定)列為金融負債。

在本公司之資產負債表內，於附屬公司之投資按成本值減去任何減值虧損(見附註2(h)(ii))列賬(除非該投資被分類為持作出售)。

**d) 商譽**

商譽即商業合併之成本超過本集團應佔所收購業務之可辨別資產、負債及或然負債之公平淨值之數。

商譽按成本值減累計減值虧損列賬。商譽被分配至賺取現金單位，並須每年作減值測試(見附註2(h)(ii))。

在商業合併時，若本集團應佔所收購業務之可辨別資產、負債及或然負債之公平淨值高於成本值，超出之金額即時在損益表確認。

**2. SIGNIFICANT ACCOUNTING POLICIES***(Continued)***c) Subsidiaries and minority interests (Continued)**

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

Loans from holders of minority interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with note 2(1) depending on the nature of the liability.

In the Company's balance sheet, investments in subsidiaries are stated at cost less any impairment loss (see note 2(h)(ii)), unless the investments are classified as held for sale.

**d) Goodwill**

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 2(h)(ii)).

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

## 2. 主要會計政策 (續)

### d) 商譽 (續)

於年內出售單一賺取現金單位時，其應佔已收購商譽金額會於計算出售交易之盈虧時計入其中。

### e) 物業、廠房及設備

持作自用之樓宇部份在資產負債表中按重估價值(即其於重估日期之公平值)減去其後任何累計折舊列賬。

公司會經常進行重估，以確保此等資產之賬面值與其於結算日之公平值並無重大差異。

除持作自用之樓宇外，其他物業、廠房及設備於資產負債表內按成本值減累計折舊及累計減值虧損入賬(見附註2(h)(ii))。

重估持作自用之樓宇所產生之變動一般撥入重估儲備處理，但下列情況除外：

- 倘出現重估虧絀，便會在損益表支銷，直至超出於緊接重估前就有關資產於儲備內持有之金額為止；及
- 倘出現重估盈餘，便會計入損益表，並以就同一項資產先前已於損益表內支銷之重估虧絀為限計算。

## 2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

### d) Goodwill (Continued)

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

### e) Property, plant and equipment

Buildings held for own use are stated in the balance sheet at their revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated depreciation.

Revaluations are performed with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date.

Except for buildings held for own use, other property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses (see note 2(h)(ii)).

Changes arising on the revaluation of buildings held for own use are generally dealt with in revaluation reserves. The only exceptions are as follows:

- when a deficit arises on revaluation, it will be charged to income statement to the extent that it exceeds the amount held in the revaluation reserve in respect of that same asset immediately prior to the revaluation; and
- when a surplus arises on revaluation, it will be credited to income statement to the extent that a deficit on revaluation in respect of that same asset had previously been charged to income statement.

**2. 主要會計政策 (續)****e) 物業、廠房及設備 (續)**

自行興建之物業、廠房及設備之成本，包括材料成本、直接工資、(如適用)初步估計拆卸及搬遷項目以及恢復項目所在地原貌之成本，以及適當比例之其他成本及貸款成本(見附註2(s))。

物業、廠房及設備報廢或被出售所產生之盈虧以出售所得款項淨額與資產之賬面值之間的差額釐定，並於報廢或出售當日在損益表中確認。

物業、廠房及設備之折舊乃使用直線法按其如下估計可使用年期撇銷其成本值或估值減估計剩餘價值(如有)：

- 持作自用之樓宇	20年
- 機器及設備	10年
- 辦公設備及裝置	5年
- 汽車	5年

當一項物業、廠房及設備之各部份有不同的可使用年期，此項目各部份之成本值或估值將按合理基礎分配，而每部份將作個別折舊。資產之可使用年期及其剩餘價值(如有)會每年進行檢討。

**2. SIGNIFICANT ACCOUNTING POLICIES***(Continued)***e) Property, plant and equipment (Continued)**

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and appropriate proportion of production overheads and borrowing costs (see note 2(s)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in income statement on the date of retirement or disposal.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

- Buildings held for own use	20 years
- Machinery and equipment	10 years
- Office equipment and fixtures	5 years
- Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

**2. 主要會計政策 (續)****e) 物業、廠房及設備 (續)**

在建工程指興建中和有待安裝的物業、廠房及設備，按成本減累計減值虧損(如有)列賬。成本包括樓宇建築成本、機器及設備成本以及在興建或安裝及測試期間為該等資產融資貸款所產生的利息費用。在建工程截至相關資產建設完成且可作擬定用途前不會計提折舊。有關資產投入使用时，該等成本會撥歸其他物業、廠房及設備，並按上文所載的政策折舊。

**f) 無形資產 (商譽除外)**

研究活動之開支於產生期間確認為開支。倘有關產品或工序在技術上及商業上屬可行，而且本集團有充足資源及意向完成開發工作，則開發活動之開支會撥充資本。已撥充資本之開支包括物料成本、直接工資及直接屬於開發活動之間接開支及貸款成本(倘適用)按適當比例計算之金額(見附註2(s))。已撥充資本之開發成本按成本值減去累計攤銷及減值虧損(見附註2(h)(ii))列賬。其他開發開支於產生時確認為開支。

本集團收購所得之其他無形資產在資產負債表中按成本值減去累計攤銷(如估計可使用年期有限)及減值虧損列賬(見附註2(h)(ii))。

**2. SIGNIFICANT ACCOUNTING POLICIES***(Continued)***e) Property, plant and equipment (Continued)**

Construction-in-progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the costs of machinery and equipment and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and are available for the intended use. When the assets concerned are brought into use, the costs are transferred to other property, plant and equipment and depreciated in accordance with the policy as stated above.

**f) Intangible assets (other than goodwill)**

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour and an appropriate proportion of overheads and borrowing costs, where applicable (see note 2(s)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 2(h)(ii)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(h)(ii)).

**2. 主要會計政策 (續)****f) 無形資產 (商譽除外) (續)**

具有限使用年期之無形資產之攤銷，於有關資產之估計可使用年內按直線法自損益表扣除。下列具有限使用年期之無形資產自彼等可供使用之日起計算攤銷，而彼等之估計可使用年期如下：

— 稀土礦物獨家採購權	16年
— 稀土礦物初步分離之技術專業知識	10年
— 稀土金屬產品之技術專業知識	10年

攤銷年期及方法均會每年檢討。

被評為無使用期限之無形資產不予攤銷。無形資產是否並無使用期限之結論會每年檢討，以確定支持該項資產並無使用期限之事件及情況是否持續。如有關情況及事件並無持續，則使用年期由無限期轉為有限期之變動由變動當日起按照上文所載有使用期限的無形資產攤銷政策處理。

**g) 租賃**

倘租賃條款將資產擁有權之絕大部份風險及回報轉讓予承租人，則分類為融資租賃。所有其他租賃均分類為經營租賃。

如屬本集團根據經營租賃使用資產之情況，則根據租賃作出之付款會在租賃期所涵蓋之會計期間內，以等額方式計入損益表中；惟如有其他基準能更清楚地反映租賃資產所產生之收益模式則除外。已收取之租賃獎勵在損益表中確認為總租賃付款淨額的一部份。或有租金於其產生之會計期間計入損益表中。

根據經營租賃持有之土地之收購成本乃於租賃期內以直線法攤銷。

**2. SIGNIFICANT ACCOUNTING POLICIES***(Continued)***f) Intangible assets (other than goodwill) (Continued)**

Amortisation of intangible assets with finite useful lives is charged to income statement on a straight-line basis over the asset's estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

— Exclusive right to purchase rare earth minerals	16 years
— Technical know-how for preliminary separation of rare earth minerals	10 years
— Technical know-how for rare earth metal products	10 years

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

**g) Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to income statement in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

## 2. 主要會計政策 (續)

### h) 資產減值

#### i) 應收款項之減值

按成本值或攤銷成本列賬的流動與非流動應收款項會於各個結算日進行檢討，以判斷有否存在客觀減值證據。減值之客觀證據包括本集團注意到以下一項或多項虧損事項之顯著數據：

- 債務人有重大財務困難；
- 違反合約，如拖欠償還利息或本金；
- 債務人可能破產或進行其他財務重組；及
- 科技、市場、經濟或法律環境有重大改變而對債務人有不利影響。

## 2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

### h) Impairment of assets

#### i) Impairment of receivables

Current and non-current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter into bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.



**2. 主要會計政策 (續)****h) 資產減值 (續)****i) 應收款項之減值 (續)**

如存在任何上述證據，則會釐定及確認減值虧損如下：

- 就按攤銷成本列賬之應收賬款及其他金融資產而言，減值虧損按資產之賬面值與按金融資產最初之實際利率（即此等資產最初確認時計算所得之實際利率）（如折現影響重大）估計之未來現金流量現值之差額計算。如按攤銷成本列賬之金融資產具備類似之風險特徵，例如類似的逾期情況及並未單獨被評估為出現減值，則有關的評估會以組合形式進行。金融資產之未來現金流量會根據與該組被評估資產具有類似信貸風險特徵資產之過往虧損情況以組合形式評估減值。

倘於其後期間減值虧損金額有所減少，而客觀上與確認減值虧損後發生之事件有關，有關減值虧損會撥回損益表。減值虧損之撥回不應導致資產之賬面值超過其在以往年度沒有確認任何減值虧損而應已釐定之數額。

**2. SIGNIFICANT ACCOUNTING POLICIES***(Continued)***h) Impairment of assets (Continued)****i) Impairment of receivables (Continued)**

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

- For trade and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through income statement. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

## 2. 主要會計政策 (續)

### h) 資產減值 (續)

#### i) 應收款項之減值 (續)

減值虧損從相應資產中直接撇銷，惟如包含在應收賬款及其他應收款中之應收賬款及票據，其是否可以收回屬難以預料，而並非微乎其微，則就其確認之減值虧損不會從相應的資產中直接撇銷。在此情況下，呆壞賬之減值虧損以撥備賬記錄。倘本集團確認能收回應收賬款之機會微乎其微，則被視為不可收回之金額會直接從應收賬款及應收票據中撇銷，而在撥備賬中就有關債務保留之任何金額會被撥回。倘之前計入撥備賬之款項在其後收回，則有關款項於撥備賬撥回。撥備賬之其他變動及其後收回先前直接撇銷之款項均於損益表確認。

## 2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

### h) Impairment of assets (Continued)

#### i) Impairment of receivables (Continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in income statement.

**2. 主要會計政策 (續)****h) 資產減值 (續)****ii) 其他資產之減值**

本集團會於每個結算日審閱內部及外界所得資料，以確定下列資產(商譽除外)是否出現減值或先前已確認之減值虧損不再存在或已經減少：

- 商譽；
- 物業、廠房及設備(按重估數額列賬之樓宇除外)；
- 經營租賃項下預付土地租金；
- 無形資產；及
- 於附屬公司之投資

倘出現任何該等跡象，則估計資產之可收回數額。此外，就商譽、尚未可供使用之無形資產及並無固定使用年期之無形資產而言，其可收回數額會每年估計(不論有否出現減值跡象)。

**2. SIGNIFICANT ACCOUNTING POLICIES***(Continued)***h) Impairment of assets (Continued)****ii) Impairment of other assets**

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- goodwill;
- property, plant and equipment (other than buildings carried at revalued amounts);
- prepaid lease payments on land under operating leases;
- intangible assets; and
- investments in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

## 2. 主要會計政策 (續)

### h) 資產減值 (續)

#### ii) 其他資產之減值 (續)

##### — 可收回數額計算

資產之可收回數額乃指出售價格淨額與使用價值兩者中之較高者。在評估使用價值時，估計日後現金流量乃根據除稅前折現率折現至現值，而該折現率須能反映市場現行對款項的時間價值及資產獨有風險之評估。倘某項資產之現金流量大致上不能獨立於其他資產之現金流量，則就可獨立產生現金流量之最小資產組別（即賺取現金單位）釐定可收回數額。

##### — 減值虧損確認

倘資產或其所屬之賺取現金單位之賬面值超過其可收回數額，則於損益表確認減值虧損。就賺取現金單位確認之減值虧損而言，其首先用作減少已分配至賺取現金單位（或單位類別）之任何商譽之賬面值，其後按比例基準用作減少單位（或單位類別）內其他資產之賬面值；惟資產之賬面值將不得減少至低於其個別公平值減出售成本或使用價值（如能計算）。

## 2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

### h) Impairment of assets (Continued)

#### ii) Impairment of other assets (Continued)

##### — Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

##### — Recognition of impairment losses

An impairment loss is recognised in income statement whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair values less costs to sell, or value in use, if determinable.

**2. 主要會計政策 (續)****h) 資產減值 (續)****ii) 其他資產之減值 (續)**

## — 減值虧損撥回

就商譽以外的資產而言，倘用作釐定可收回數額之估計出現有利變動，則須撥回減值虧損。商譽之減值虧損不會撥回。

減值虧損撥回只限於該資產並未計算過往年度所確認之減值虧損時之賬面值。減值虧損撥回之數於確認有關撥回之年度計入損益表內。

**iii) 中期財務報告及減值**

根據聯交所證券上市規則，本集團須按照《香港會計準則》第34號—中期財務報告之規定就有關財政年度首六個月編製中期財務報告。於中期期末，本集團採用其於財政年度結束時將採用之同一減值測試、確認及撥回標準（見附註2(h)(i)及(ii)）。

於中期期間就商譽確認之減值虧損不會於其後的期間撥回。假設有關於中期期間的減值評估於財政年度結束時進行，即使沒有確認虧損或確認較少之虧損，均採用以上相同處理方法。

**2. SIGNIFICANT ACCOUNTING POLICIES***(Continued)***h) Impairment of assets (Continued)****ii) Impairment of other assets (Continued)**

## — Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to income statement in the year in which the reversals are recognised.

**iii) Interim financial reporting and impairment**

Under the Rules Governing the Listing of Securities on the Stock Exchange, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(h)(i) and (ii)).

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

## 2. 主要會計政策 (續)

### i) 存貨

存貨按成本值及可變現淨值(以較低者為準)列賬。

成本根據加權平均成本公式計算,包括所有採購成本以及使存貨達至現址和現況所產生之轉換成本及其他成本。

可變現淨值乃於日常業務過程中之估計售價減估計完成成本及進行銷售所必要之估計成本。

當售出存貨時,該等存貨之賬面值乃於確認相關收入之期間確認為一項開支。任何存貨撇減至可變現淨值之金額及存貨之所有虧損均於發生撇減或虧損之期間確認為一項開支。任何存貨撇減之回撥金額乃於回撥發生之期間確認為先前已列為一項開支之存貨金額之減少。

### j) 應收賬款及其他應收款

應收賬款及其他應收款初步按公平值確認,其後按攤銷成本減呆賬減值撥備列賬(見附註2(h)(i)),惟倘應收款項為向關連人士作出之免息貸款且無任何固定償還年期或折現之影響並不重大則除外。於該等情況下,應收款項按成本減呆賬減值撥備列賬(見附註2(h)(i))。

## 2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

### i) Inventories

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

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

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

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

### j) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 2(h)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 2(h)(i)).

**2. 主要會計政策 (續)****k) 計息貸款**

計息貸款初步按公平值減應佔之交易成本確認。於初步確認後，計息貸款按攤銷成本列賬，而初步確認之金額與贖回價值兩者之任何差額連同任何應付之利息及費用，乃採用實際利率法按貸款之期間於損益表確認。

**l) 應付賬款及其他應付款**

應付賬款及其他應付款初步按公平值確認，其後按攤銷成本列賬，除非折現之影響並不重大，於此情況下則按成本列賬。

**m) 現金及現金等值項目**

現金及現金等值項目包括銀行及手頭之現金、存放於銀行及其他金融機構之活期存款，以及於購入時至到期日為三個月以內之可輕易轉換為已知數額現金且價值變動風險不大之短期高流動性投資。就綜合現金流量表而言，須按要求償還及構成本集團現金管理整體一部份之銀行透支，亦列為現金及現金等值項目之組成部份。

**2. SIGNIFICANT ACCOUNTING POLICIES***(Continued)***k) Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in income statement over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

**l) Trade and other payables**

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

**m) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

## 2. 主要會計政策 (續)

### n) 僱員福利

- (i) 短期僱員福利及界定供款退休計劃之供款

薪金、年度花紅、已付年假、向界定供款退休計劃之供款及非貨幣福利之成本均於僱員提供相關服務之年度內累計。倘付款或結算被遞延且影響重大，則該等金額按其現值列賬。

- (ii) 於二零零二年十一月七日後授予僱員並於二零零五年一月一日前歸屬之購股權

所授出購股權之財務影響於該等購股權獲行使之前並不於綜合財務報表記錄，而有關所授出購股權價值之支出乃於綜合損益表確認。於購股權獲行使後，就此發行之股份乃按股份之面值列為額外股本，而每股行使價超出股份面值之差額列為股份溢價。於行使日期前失效或被註銷之購股權乃自尚未行使購股權之登記冊中剔除。

- (iii) 終止福利

終止福利僅當本集團明確表示會終止僱用或因自願遣散（透過制訂並無實際可能遭撤銷之正式詳盡計劃）而提供福利時確認。

## 2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

### n) Employee benefits

- i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

- ii) 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 to 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.

- iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possible of withdrawal.



**2. 主要會計政策 (續)****o) 所得稅**

本年度所得稅包括本期稅項及遞延稅項資產和負債之變動。本期稅項及遞延稅項資產和負債之變動均於損益表確認，惟與直接於權益確認之項目有關者，則於權益內確認。

本期稅項是按本年度應課稅收入採用於結算日已執行或實質上已執行之稅率計算之預期應付稅項，以及就過往年度應付稅項之任何調整。

遞延稅項資產和負債分別由可抵扣和應課稅暫時差異，即作財務報告用途之資產和負債之賬面值與彼等稅基之間之差異而產生。遞延稅項資產亦可因未運用稅務虧損及未運用稅務抵免而產生。

除了若干有限之例外情況外，所有遞延稅項負債，以及所有遞延稅項資產（僅限於未來很可能取得應課稅溢利而令該項資產得以運用之部份）均予以確認。容許確認由可予扣減暫時差異所產生之遞延稅項資產之未來應課稅溢利包括其將由目前之應課稅暫時性差異撥回之部份，而此等應課稅暫時差異應由同一稅務當局向同一應課稅單位徵收，並預期在可予扣減暫時差異預期撥回之同一期間內撥回或在由遞延稅項資產產生之稅務虧損能轉回或轉入之期間內撥回。在評定目前之應課稅暫時差異是否容許確認由未運用之稅務虧損及優惠所產生之遞延稅項資產時採用上述相同之標準，即該等暫時差異由同一稅務當局向同一應課稅單位徵收，並預期在稅務虧損或抵免能動用之期間內撥回方計算在內。

**2. SIGNIFICANT ACCOUNTING POLICIES***(Continued)***o) Income tax**

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in income statement except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

## 2. 主要會計政策 (續)

### o) 所得稅 (續)

確認遞延稅項資產及負債之有限例外情況：包括不可在稅務方面獲得扣減之商譽所引致之暫時差異、首次確認但並不影響會計溢利及應課稅溢利之資產或負債（惟其不可為企業合併之部份），以及有關於附屬公司投資所引致之暫時差異；如為應課稅差異，只限於本集團可以控制撥回時間，且在可預見將來不大可能撥回之暫時差異或如為可予扣減差異，則只限於可能在未來撥回之差異。

應確認之遞延稅項數額是按照資產及負債賬面值之預期變現或清償方式，以結算日採用或主要採用之稅率計算。遞延稅項資產及負債均不作折現計算。

本集團會在每個結算日評估遞延稅項資產之賬面值。如果不再可能取得足夠之應課稅溢利以運用有關之稅務利益，賬面金額則予以調低。如日後可能取得足夠之應課稅溢利時，已扣減金額則予以撥回。

分派股息所產生之額外所得稅在支付有關股息之責任確認時予以確認。

## 2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

### o) Income tax (Continued)

The limited exceptions to the recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

**2. 主要會計政策 (續)****o) 所得稅 (續)**

本期稅項結餘及遞延稅項結餘及其變動，乃各自分開列示及並無相互抵銷。僅當本公司或本集團在法律上擁有抵銷本期稅項資產及本期稅項負債之行使權利及能符合下列額外條件時，本期稅項資產可抵銷本期稅項負債，及遞延稅項資產可抵銷遞延稅項負債：

- 若為本期稅項資產及負債：本公司或本集團計劃以淨額清償，或計劃同時變現資產和清償負債；或
- 若為遞延稅項資產及負債：如其與同一稅務當局向下述者徵收之所得稅有關：
  - 同一應課稅單位；或
  - 如為不同之應課稅單位，預期在未來每一個週期將清償或收回顯著數目之遞延稅項負債，或資產及計劃以淨額基準變現本期稅項資產及清償本期稅項負債，或計劃同時變現本期稅項資產及清償本期稅項負債。

**p) 撥備及或然負債**

倘若本公司或本集團須就已發生之事件承擔法律或推定責任，而履行該責任預期會導致含有經濟效益之資源外流，並可作出可靠之估計，便會就不確定之時間或數額之負債計提準備。如金錢的時間價值重大，則按預計履行責任所需開支之現值計提撥備。

**2. SIGNIFICANT ACCOUNTING POLICIES***(Continued)***o) Income tax (Continued)**

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if and only if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

**p) Provisions and contingent liabilities**

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

## 2. 主要會計政策 (續)

### p) 撥備及或然負債 (續)

倘若含有經濟效益之資源外流之可能性很低，或是無法對有關款額作出可靠之估計，便會將該責任披露為或有負債；但假如這類資源外流之可能性極低則除外。須視乎某宗或多宗未來事件是否發生才能確定存在與否之潛在責任，亦會披露為或有負債；但假如這類資源外流之可能性極低則除外。

### q) 收入確認

收入乃於經濟效益可能會流入本集團，以及能夠可靠地計算收入及成本(如適用)時，根據下列方法於損益表內確認：

#### i) 銷售貨品

收入乃當本集團已向客戶轉讓貨品之重大風險及所有權回報時確認。收入不包括增值及營業稅，並經扣減任何貨品退貨及貿易折扣。

#### ii) 利息收入

利息收入乃採用實際利率法於應計時確認。

## 2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

### p) Provisions and contingent liabilities (Continued)

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

### q) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in income statement as follows:

#### i) Sale of goods

Revenue is recognised when the Group has transferred to the customer the significant risks and rewards of ownership of the goods. Revenue excludes value added and business taxes, and is after deduction of any goods returns and trade discounts.

#### ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

**2. 主要會計政策 (續)****r) 外幣換算**

年內外幣換算乃按於交易日期通行之匯率換算為港元。以外幣計值之貨幣性資產及負債均按於結算日通行之匯率換算為港元。匯兌盈虧乃於損益表確認。

以歷史成本計量之外幣非貨幣性資產及負債乃按交易日期通行之匯率換算。以公平值列賬之外幣非貨幣性資產及負債乃以釐定公平值日期之匯率換算。

境外業務之業績乃按交易日期通行之概約匯率換算為港元。資產負債表項目(包括因合併二零零五年一月一日或之後購入之境外業務之賬目所產生之商譽)則按結算日通行之匯率換算為港元。匯兌差額直接於權益之獨立部份確認。因合併二零零五年一月一日之前購入之境外業務之賬目所產生之商譽則按收購境外業務當日之適用匯率換算。

於出售境外業務時，與該境外業務有關並於權益中確認之累計匯兌差額會於計算出售盈虧時包括在內。

**2. SIGNIFICANT ACCOUNTING POLICIES***(Continued)***r) Translation of foreign currencies**

Foreign currency transaction during the year are translated into HK\$ at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into HK\$ at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into HK\$ at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into HK\$ at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

## 2. 主要會計政策 (續)

### s) 貸款成本

貸款成本乃於產生之期間列入損益表，除非該等貸款成本乃與購入、建造或生產需經一段長時期準備方可作預期運用或出售之資產直接有關則予以資本化。

貸款成本乃於資產之開支產生、貸款成本產生及有關籌備資產作其擬定用途或出售所需之活動進行時，即資本化作為合格資產之部份成本。當所有有關籌備合格資產作其擬定用途或出售所需之活動大致上中斷或完成時，即暫時暫停或停止資本化貸款成本。

### t) 關連人士

就此等財務報表而言，某人士於下列情況下將被視為與本集團有關連：

- i) 該人士有能力直接或間接透過一個或多個中介人控制本集團，或可於作出財務及經營決策時對本集團行使重大影響力，或擁有本集團之共同控制權；
- ii) 本集團及該人士均受共同控制；
- iii) 該人士為本集團之聯繫人士或本集團為合營方之合營企業；
- iv) 該人士為本集團或本集團母公司之主要管理人員、或為有關人士之近親家庭成員、或受該等個別人士控制、或共同控制或重大影響之實體；

## 2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

### s) Borrowing costs

Borrowing costs are expensed in income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

### t) Related parties

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

- i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- ii) the Group and the party are subject to common control;
- iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;
- iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

**2. 主要會計政策 (續)****t) 關連人士 (續)**

- v) 該人士為2(t)(i)所指之人士之近親家庭成員或受該等個人控制、共同控制或重大影響之實體；或
- vi) 屬提供福利予本集團僱員或與集團關聯之實體之僱員之離職後福利計劃。

個人之近親家庭成員指可影響該個人與該實體交易之家庭成員，或受該個人與該實體交易影響之家庭成員。

**u) 分類報告**

分類乃指本集團內可劃分之組成部份，該等組成部份負責提供產品或服務(業務分類)，或在特定之經濟環境(地區分類)提供產品或服務，而個別分類所承受之風險及所得之回報與其他分類不同。

根據本集團之內部財務報告制度，本集團之財務報表已選定業務分類資料為主要呈報形式，而地區分類資料則為次要呈報形式。

**2. SIGNIFICANT ACCOUNTING POLICIES***(Continued)***t) Related parties (Continued)**

- v) the party is a close family member of a party referred to in note 2(t)(i) or is an entity under the control, joint control or significant influence of such individuals; or
- vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

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

**u) Segment reporting**

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

**2. 主要會計政策 (續)****u) 分類報告 (續)**

分類收益、開支、業績、資產及負債包括直接歸屬於該分類之項目，以及可按合理基準分配至該分類之項目。例如：分類資產可能包括存貨、應收賬款及物業、廠房及設備。分類收益、開支、資產及負債於綜合賬項過程中對銷集團內公司間之結餘及集團內公司間之交易前釐定，惟集團內公司間結餘及交易源自集團同一業務分類內企業者則除外。集團內公司間之交易訂價按提供予其他外界人士之類似條款釐定。

分類之資本開支乃期內就收購預期使用超過一段期間之分類資產（包括有形及無形資產）而產生之總成本。

未分類項目主要包括財務及企業資產、銀行貸款、企業及財務開支。

**3. 採納新訂及經修訂香港財務報告準則（「香港財務報告準則」）**

於本年度，本集團已於適用情況下應用下列由香港會計師公會所頒佈之現時或已經生效之修訂及詮釋（「新香港財務報告準則」）。

香港會計準則第39號及香港財務報告準則第7號（修訂本）	金融資產之重新分類
香港（國際財務報告詮釋委員會）— 詮釋第11號	香港財務報告準則第2號：集團及庫務股份交易
香港（國際財務報告詮釋委員會）— 詮釋第12號	服務特許權安排
香港（國際財務報告詮釋委員會）— 詮釋第14號	香港會計準則第19號— 界定福利資產之限制、最低資金要求及兩者之相互關係

**2. SIGNIFICANT ACCOUNTING POLICIES***(Continued)***u) Segment reporting (Continued)**

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, bank borrowings, corporate and financing expenses.

**3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

In the current year, the Group has where applicable applied the following amendments and interpretations (“new HKFRSs”) issued by the HKICPA which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial assets
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction



### 3. 採納新訂及經修訂香港財務報告準則(「香港財務報告準則」) (續)

應用該等新香港財務報告準則並無對如何編製及呈列本會計期間或過往會計期間之業績及財務狀況造成任何重大影響。因此，毋須作出往年調整。

本集團並無提早應用下列已頒佈惟尚未於二零零八年一月一日開始之年度期間生效之任何新訂及經修訂準則、修訂或詮釋。

香港財務報告準則(修訂本)	香港財務報告準則之改進 <sup>1</sup>
香港會計準則第1號(經修訂)	財務報表之呈列 <sup>2</sup>
香港會計準則第23號(經修訂)	貸款成本 <sup>2</sup>
香港會計準則第27號(經修訂)	綜合及獨立財務報表 <sup>3</sup>
香港會計準則第32號及第1號(修訂本)	可沽售金融工具及清盤時產生之責任 <sup>2</sup>
香港會計準則第39號(修訂本)	合資格對沖項目 <sup>3</sup>
香港財務報告準則第1號及香港會計準則第27號(修訂本)	於附屬公司、共同控制實體或聯營公司投資之成本 <sup>2</sup>
香港財務報告準則第1號(經修訂)	首次採納香港財務報告準則 <sup>2</sup>
香港財務報告準則第2號(修訂本)	歸屬條件及註銷 <sup>2</sup>
香港財務報告準則第3號(經修訂)	業務合併 <sup>3</sup>
香港財務報告準則第8號	經營分部 <sup>2</sup>
香港(國際財務報告詮釋委員會) – 詮釋第13號	客戶忠誠計劃 <sup>4</sup>
香港(國際財務報告詮釋委員會) – 詮釋第15號	興建房地產之協議 <sup>2</sup>
香港(國際財務報告詮釋委員會) – 詮釋第16號	於境外業務淨投資之對沖 <sup>3</sup>
香港(國際財務報告詮釋委員會) – 詮釋第17號	向擁有人分派非現金資產 <sup>3</sup>
香港(國際財務報告詮釋委員會) – 詮釋第18號	自客戶轉讓資產 <sup>6</sup>

- <sup>1</sup> 於二零零九年一月一日或以後開始之年度期間生效，惟香港財務報告準則第5號之修訂本於二零零九年七月一日或以後開始之年度期間生效
- <sup>2</sup> 於二零零九年一月一日或以後開始之年度期間生效
- <sup>3</sup> 於二零零九年七月一日或以後開始之年度期間生效
- <sup>4</sup> 於二零零八年七月一日或以後開始之年度期間生效
- <sup>5</sup> 於二零零八年十月一日或以後開始之年度期間生效
- <sup>6</sup> 對於二零零九年七月一日或以後收取自客戶轉讓之資產生效

### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

The application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment is required.

The Group has not early applied any of the following new and revised standards, amendments or interpretations which have been issued but are not yet effect for annual periods beginning on 1 January 2008.

HKFRSs (Amendments)	Improvements to HKFRSs <sup>1</sup>
HKAS 1 (Revised)	Presentation of Financial Statements <sup>2</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>2</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>3</sup>
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>2</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>3</sup>
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate <sup>2</sup>
HKFRS 1 (Revised)	First-time adoption of Hong Kong Financial Reporting Standards <sup>2</sup>
HKFRS 2 (Amendments)	Vesting Conditions and Cancellations <sup>2</sup>
HKFRS 3 (Revised)	Business Combinations <sup>3</sup>
HKFRS 8	Operating Segments <sup>2</sup>
HK(IFRIC)-Int 13	Customer Loyalty Programmes <sup>4</sup>
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate <sup>2</sup>
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation <sup>3</sup>
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners <sup>3</sup>
HK(IFRIC)-Int 18	Transfers of Assets from Customers <sup>6</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5 which is effective for annual period beginning on or after 1 July 2009
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2009
- <sup>3</sup> Effective for annual periods beginning on or after 1 July 2009
- <sup>4</sup> Effective for annual periods beginning on or after 1 July 2008
- <sup>5</sup> Effective for annual periods beginning on or after 1 October 2008
- <sup>6</sup> Effective for transfers of assets from customers received on or after 1 July 2009

**3. 採納新訂及經修訂香港財務報告準則(「香港財務報告準則」)  
(續)**

應用香港財務報告準則第3號(經修訂)可能影響對收購日期為於二零零九年七月一日或以後開始之首個年度報告期間開始或之後之業務合併之會計處理。

香港會計準則第27號(經修訂)將影響母公司於附屬公司所有權權益變動之會計處理。

本公司董事預計，應用其他新訂及經修訂準則、修訂或詮釋將不會對本集團之業績及財務狀況造成任何重大影響。

**4. 關鍵會計判斷及估計不確定之  
主要來源**

估計及判斷會根據過往經驗及其他因素持續作出評估，包括預期日後出現在有關情況下相信屬合理之事件。

本集團會對未來作出估計及假設。顧名思義，所產生之會計估計甚少與有關之實際結果相同。

**3. APPLICATION OF NEW AND REVISED  
HONG KONG FINANCIAL REPORTING  
STANDARDS (“HKFRSs”) (Continued)**

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

HKAS 27 (Revised) will affect the accounting treatment for changes in a parent’s ownership interest in a subsidiary.

The Company’s directors anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

**4. CRITICAL ACCOUNTING JUDGEMENTS  
AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

#### 4. 關鍵會計判斷及估計不確定之 主要來源 (續)

有重大風險會對下個財政年度之資產與負債之賬面值造成大幅調整之估計及假設討論如下：

##### a) 商譽之減值

於釐定商譽是否減值時，需要對已獲分配商譽之賺取現金單位之使用價值作出估計。使用價值計算需要本集團估計預期賺取現金單位產生之未來現金流量及合適折現率以計算現值。倘未來實際現金流量少於預期，則可能會產生重大減值虧損。於二零零八年十二月三十一日，商譽之賬面值為85,843,000港元(二零零七年：206,705,000港元)。有關可收回金額計算之詳情於附註16披露。

##### b) 物業、廠房及設備之可使用年期及剩餘價值

管理層根據附註2(e)所載之會計政策釐定本集團物業、廠房及設備之估計可使用年期及剩餘價值。本集團將修訂折舊支出(如可使用年期及剩餘價值與先前估計不同)，或撤銷或撤減已被棄用或出售之在技術上過時或屬非策略性之資產。

##### c) 物業、廠房及設備之減值

於釐定資產是否減值或以往導致減值之事件是否不再存在時，本集團須在資產減值方面作出判斷，尤其評估是否曾發生可能影響資產價值之事件或有關影響資產價值之事件是否不曾存在。如附註17(a)(iii)所述，獨立合資格估值師採用成本重置法估值之若干機器及設備於結算日出現減值。

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### a) 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. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2008, the carrying amount of goodwill is HK\$85,843,000 (2007: HK\$206,705,000). Details of the recoverable amount calculation are disclosed in note 16.

##### b) Useful lives and residual values of property, plant and equipment

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment in accordance with the accounting policy stated in note 2(e). The Group will revise the depreciation charge where useful lives and residual values are different from previous estimates, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

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

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence. As described in note 17(a)(iii), certain machinery and equipment were impaired at the balance sheet date using cost replacement approach by independent qualified valuers.

**4. 關鍵會計判斷及估計不確定之  
主要來源 (續)****c) 物業、廠房及設備之減值 (續)**

該估值乃基於若干涉及不確定因素之假設，並可能與實際結果有重大差異。於作出判斷時，本集團會考慮有關機器及設備的新重置費之總額的信息，並或會對於各結算日存在之樓齡、狀況、經濟或設施陳舊及環境因素而作出扣減。

**d) 持作自用樓宇之公平值**

如附註 17(a)(ii) 所述，持作自用樓宇乃由獨立合資格估值師於結算日採用成本重置法予以重估。重估盈餘 40,587,000 港元 (二零零七年：零港元) 及重估虧絀 29,646,000 港元 (二零零七年：零港元) 已分別於儲備及綜合損益表確認。該估值乃基於若干涉及不確定因素之假設，並可能與實際結果有重大差異。於作出判斷時，本集團會考慮有關機器及設備的新重置費之總額的信息，並或會對於各結算日存在之樓齡、狀況、經濟或設施陳舊及環境因素而作出扣減。

**e) 無形資產之減值**

本集團根據附註 2(h)(ii) 所載之會計政策，每年對無形資產是否出現減值進行測試。賺取現金單位之可收回金額乃根據使用價值計算而釐定。該等計算需要使用管理層對業務之未來營運作出之估計及假設、稅前折現率以及其他有關使用價值計算之假設。董事認為，於二零零八年十二月三十一日，無形資產並無減值。

**4. CRITICAL ACCOUNTING JUDGEMENTS  
AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY (Continued)****c) Impairment of property, plant and equipment  
(Continued)**

Such valuation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement, the Group considers information from the aggregate amount of the new replacement cost of the machinery and equipment and deductions may be made to account for the age, condition, economic or functional obsolescence and environmental factor existing at each balance sheet date.

**d) Fair value of buildings held for own use**

As described in note 17(a)(ii), the buildings held for own use were revalued at the balance sheet date using cost replacement approach by independent qualified valuers. A revaluation surplus of HK\$40,587,000 (2007: HK\$Nil) and revaluation deficit of HK\$29,646,000 (2007: HK\$Nil) have been recognised in the reserve and consolidated income statement respectively. Such valuation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement, the Group considers information from the aggregate amount of the new replacement cost of the buildings and other site works and deductions may be made to account for the age, condition, economic or functional obsolescence and environmental factor existing at each balance sheet date.

**e) Impairment of intangible assets**

The Group performs annual tests on whether there has been impairment of intangible assets in accordance with the accounting policy stated in note 2(h)(ii). The recoverable amounts of cash-generating units are determined based on value in use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value in use calculations. The directors are of opinion that intangible assets are not impaired as at 31 December 2008.

#### 4. 關鍵會計判斷及估計不確定之 主要來源 (續)

##### f) 無形資產之攤銷

無形資產乃按其估計可使用年期以直線基準予以攤銷。可使用年期之釐定涉及管理層作出之估計。本集團重估無形資產之可使用年期，而如預期與原有估計不同，則有關差異可能影響本年度之攤銷，而估計將於未來期間作出調整。

##### g) 應收款項之減值

本集團之應收款項減值政策乃根據對應收賬款收回可能性之評估、賬齡分析及管理層判斷制定實行。在評估該等應收款項最終能否變現時，需要作出大量判斷，包括每名客戶之現時信譽及過往收款紀錄。倘本集團客戶之財務狀況轉差，將會影響其還款能力，因而可能需要作出額外減值。應收款項減值之詳情已於附註23(c)作出披露。

##### h) 存貨之可變現淨值

存貨乃按成本與可變現淨值之較低者列賬。可變現淨值根據估計售價減作出銷售所必要之估計成本釐定。董事主要根據最近期之發票價格及現時市況估計存貨之可變現淨值。於二零零八年十二月三十一日，董事按逐項產品基準對存貨進行檢討，並撇減為數37,551,000港元(二零零七年：9,915,000港元)之存貨。

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

##### f) Amortisation of intangible assets

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The determination of the useful lives involves management's estimation. The Group re-assesses the useful life of the intangible assets and, if the expectation differs from the original estimate, such a difference may impact the amortisation in the year and the estimate will be changed in the future period.

##### g) Impairment of receivables

The policy for impairment on receivables of the Group is based on the evaluation of collectibility, ageing analysis of accounts and on management's judgement. A considerable amount of judgement 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 impairment may be required. Details of impairment of receivables are disclosed in note 23(c).

##### h) Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is determined on the basis of the estimated selling price less the estimated costs necessary to make the sale. The directors estimate the net realisable value for inventories based primarily on the latest invoice prices and current market conditions. As at 31 December 2008, the directors performed an inventory review on a product-by-product basis and write down of inventories amounting to HK\$37,551,000 (2007: HK\$9,915,000).

**4. 關鍵會計判斷及估計不確定之  
主要來源 (續)****i) 稅項**

本集團在中國須繳付不同稅項。於釐定稅項撥備時須作出重大判斷。於一般業務過程中存有頗多交易及計算，使得最終稅務釐定存在不確定性。本集團根據對是否須繳納額外稅項之估計就預期稅務事宜確認負債。倘上述事宜之最終稅務結果與最初記錄之金額有所不同，有關差額將影響作出有關釐定期間之稅項撥備。

**j) 遞延稅項資產及負債**

遞延稅項資產及負債乃按於資產被變現或負債獲清償之期間預期之適用稅率計量，並根據於結算日已實行或大致實行之稅率及稅務法規計算。遞延稅項資產乃就所有未使用之稅務虧損予以確認，惟以可動用未使用之稅務虧損抵扣未來應課稅溢利為限。管理層需要作出重大判斷以估計未來應課稅溢利之金額及時間和適用之稅率，以便釐定將予確認之遞延稅項資產及負債之金額。就此，本集團於二零零八年十二月三十一日分別確認遞延稅項資產及負債為數約20,432,000港元(二零零七年：零港元)及106,337,000港元(二零零七年：零港元)。

**4. CRITICAL ACCOUNTING JUDGEMENTS  
AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY (Continued)****i) Taxation**

The Group is subject to various taxes in the PRC. Significant judgement is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that are initially recorded, such differences will impact the tax provisions in the period in which such determination is made.

**j) Deferred tax assets and liabilities**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Significant management judgement is required to estimate the amount and timing of future taxable profit as well as the applicable tax rates so as to determine the amount of deferred tax assets and liabilities to be recognised. In this regard, the Group has recognised deferred tax assets and liabilities in the amount of approximately HK\$20,432,000 (2007: HK\$Nil) and HK\$106,337,000 (2007: HK\$Nil) as at 31 December 2008 respectively.

**5. 營業額**

營業額指供應予客戶之貨品銷售價值(不包括增值稅及營業稅),並扣除任何退貨及貿易折扣。本年度於營業額中確認之收益之各主要類別金額如下:

**5. TURNOVER**

Turnover represents the sales value of goods supplied to customers which excludes value-added and business taxes, and is after deduction of any goods returns and trade discounts. The amount of each significant category of revenue recognised in turnover during the year is as follows:

		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 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)	618,637	713,630
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)	746,253	671,715
		<b>1,364,890</b>	<b>1,385,345</b>

**6. 其他收益**

銀行存款利息收入(附註)  
應收賬款及其他應收款  
減值虧損撥回

附註:

銀行存款利息收入指並非按公平值列入損益之金融資產利息收入總額。

**6. OTHER REVENUE**

		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
銀行存款利息收入(附註)	Interest income from bank deposits (note)	9,330	17,144
應收賬款及其他應收款 減值虧損撥回	Write back of impairment loss on trade and other receivables	4,224	1,766
		<b>13,554</b>	<b>18,910</b>

Note:

Interest income from bank deposits represented the total interest income on financial assets not at fair value through profit or loss.

## 7. 除稅前(虧損)/溢利

## 7. (LOSS)/PROFIT BEFORE TAXATION

除稅前(虧損)/溢利已扣除/(計入)  
下列各項：

(Loss)/profit before taxation is arrived at after charging/  
(crediting):

		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
<b>a) 財務成本</b>	<b>a) Finance costs</b>		
須於五年內悉數 償還之銀行貸 款利息支出	Interest expenses on bank borrowings wholly repayable within five years	10,288	5,199
其他貸款成本	Other borrowing costs	–	28
並非按公平值列入 損益之金融負債 利息支出總額	Total interest expense on financial liabilities not at fair value through profit or loss	10,288	5,227
<b>b) 員工成本(不包括 附註9所載之 董事酬金)</b>	<b>b) Staff costs (excluding directors' emoluments in note 9)</b>		
薪金及工資	Salaries and wages	34,989	31,883
退休福利計劃供款 (附註11)	Retirement benefits scheme contribution (note 11)	2,148	1,585
		37,137	33,468
<b>c) 其他項目</b>	<b>c) Other items</b>		
核數師酬金	Auditors' remuneration	3,200	1,920
存貨成本(附註22(b))	Cost of inventories (note 22(b))	1,015,603	931,232
物業、廠房及 設備之折舊	Depreciation on property, plant and equipment	91,956	81,796
經營租賃項下之預付 土地租金攤銷	Amortisation of prepaid lease payments on land under operating leases	4,515	3,201
應收賬款及其他應收 款之減值虧損	Impairment loss on trade and other receivables	22,089	1,936
出售物業、廠房及 設備之虧損淨額	Net loss on disposal of property, plant and equipment	9,494	35,313
物業、廠房及設備 之重估虧絀	Revaluation deficit on property, plant and equipment	29,646	–
匯兌收益淨額	Net exchange gain	(1,707)	(40,947)
租賃物業經營租賃 支出	Operating lease charges on rented premises	1,400	686
研發支出	Research and development expenditure	440	440



## 8. 綜合損益表內之所得稅

## 8. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

a) 綜合損益表內之所得稅指：

a) Income tax in the consolidated income statement represents:

		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
<b>本期稅項－中國企業所得稅（「企業所得稅」）</b>	<b>Current tax-PRC Enterprise Income Tax (“EIT”）</b>		
年度撥備（附註29(a)）	Provision for the year (note 29(a))	55,758	97,054
<b>遞延稅項</b>	<b>Deferred taxation</b>		
暫時性差異之產生及撥回（附註29(b)）	Origination and reversal of temporary differences (note 29(b))	(1,902)	—
所得稅支出	Income tax charge	53,856	97,054

附註：

本公司根據開曼群島法律在開曼群島註冊成立為獲豁免有限責任公司，因此，獲豁免支付開曼群島所得稅。

於二零零八年六月二十六日，香港立法會通過二零零八年收入條例草案，將企業利得稅由17.5%削減至16.5%，自二零零八年／二零零九年課稅年度起生效。香港利得稅按本年度估計應課稅溢利16.5%（二零零七年：17.5%）計提。截至二零零八年十二月三十一日止年度，由於根據香港利得稅本集團並無應課稅溢利，並無就香港利得稅計提撥備（二零零七年：零港元）。

本集團中國附屬公司須按25%（二零零七年：27%及33%）繳納中國企業所得稅。

於二零零七年三月十六日，中華人民共和國通過中華人民共和國主席令第63號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，國務院頒佈新稅法實施條例。新稅法及實施條例自二零零八年一月一日起將中國附屬公司稅率改為25%。

本集團中國附屬公司宜興威爾發非金屬材料有限公司（「宜興威爾發」）及海城新威利成鎂資源有限公司（「海城鎂」）有權自二零零八年起計兩年獲豁免中國企業所得稅，隨後三年獲50%稅項減免。截至二零零八年十二月三十一日止年度，宜興威爾發及海城鎂並無估計應課稅溢利（二零零七年：零港元）。

Note:

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of the Cayman Islands and, accordingly, is exempted from payment of the Cayman Islands income tax.

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profits tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/2009. Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year. No provision for Hong Kong profits tax has been made as the Group had no assessable profits subject to Hong Kong profits tax during the year ended 31 December 2008 (2007: HK\$Nil).

The PRC subsidiaries of the Group are subject to PRC EIT at 25% (2007: 27% and 33%).

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Tax Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council issued Implementation Regulation of the New Tax Law. The New Tax Law and Implementation Regulation changed the tax rate of the PRC subsidiaries to 25% from 1 January 2008 onwards.

The PRC subsidiaries of the Group, Yixing Wellfire Nonmetal Materials Co., Ltd. ("Yixing Wellfire") and Hai Cheng Xinwei Leeshing Magnesium Resources Co., Ltd. ("Hai Cheng Magnesium"), are entitled to the exemptions from PRC EIT for two years starting from 2008, followed by a 50% tax relief for the next three years. Yixing Wellfire and Hai Cheng Magnesium have no estimated assessable profit for the year ended 31 December 2008 (2007: HK\$Nil).

## 8. 綜合損益表內之所得稅 (續)

所得稅支出與會計(虧損)/溢利之間  
按適用稅率計算之對賬如下：

		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
除稅前(虧損)/溢利	(Loss)/profit before taxation	(118,551)	396,134
除稅前(虧損)/溢利 按有關國家適用稅率計算 之名義稅項	Notional tax on (loss)/profit before taxation, calculated at the rates applicable to the countries concerned	(16,069)	105,382
不可抵扣支出之稅務影響	Tax effect of non-deductible expenses	68,043	161
毋須課稅收入之稅務影響	Tax effect of non-taxable income	(653)	(10,461)
未確認之未動用稅項 虧損之稅務影響	Tax effect of unused tax losses not recognised	1,724	341
過往年度遞延稅項資產 撥備不足	Underprovision of deferred tax assets in prior years	(1,693)	–
不可用於稅項扣減之 稅務虧損之稅務影響	Tax effect of tax loss not allowed for tax deduction	2,504	1,631
所得稅支出	Income tax charge	53,856	97,054

8. INCOME TAX IN THE CONSOLIDATED  
INCOME STATEMENT (Continued)

Reconciliation between income tax charge and accounting  
(loss)/profit at applicable tax rates is as follows:

## 9. 董事酬金

a) 根據香港公司條例第161條披露  
的董事酬金如下：

## 9. DIRECTORS' EMOLUMENTS

a) Directors' emoluments disclosed pursuant to section 161  
of the Hong Kong Companies Ordinance are as follows:

		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
執行董事	Executive directors		
– 薪金及津貼	– salaries and allowance	2,598	2,582
獨立非執行董事	Independent non-executive directors		
– 袍金	– fees	159	154
		2,757	2,736

## 9. 董事酬金 (續)

- b) 截至二零零八年及二零零七年十二月三十一日止年度，個別董事之董事酬金詳情如下：

## 9. DIRECTORS' EMOLUMENTS (Continued)

- b) Details of directors' emoluments by individual director for the years ended 31 December 2008 and 2007 are as follows:

		截至二零零八年十二月三十一日止年度 Year ended 31 December 2008		
		董事袍金 Directors' fees 千港元 HK\$'000	基本薪金、津貼 及實物福利 allowance and benefits-in-kind 千港元 HK\$'000	酬金總額 Total emoluments 千港元 HK\$'000
<b>執行董事</b>	<b>Executive directors</b>			
蔣泉龍	Jiang Quanlong	—	1,320	1,320
錢元英	Qian Yuanying	—	1,014	1,014
許盤鳳	Xu Panfeng	—	132	132
蔣才南	Jiang Cainan	—	132	132
<b>獨立非執行董事</b>	<b>Independent non-executive directors</b>			
劉余九	Liu Yujiu	47	—	47
黃春華	Huang Chunhua	72	—	72
金重	Jin Zhong	40	—	40
		<b>159</b>	<b>2,598</b>	<b>2,757</b>
		截至二零零七年十二月三十一日止年度 Year ended 31 December 2007		
		董事袍金 Directors' fees 千港元 HK\$'000	基本薪金、津貼 及實物福利 allowance and benefits-in-kind 千港元 HK\$'000	酬金總額 Total emoluments 千港元 HK\$'000
<b>執行董事</b>	<b>Executive directors</b>			
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
<b>獨立非執行董事</b>	<b>Independent non-executive directors</b>			
劉余九	Liu Yujiu	45	—	45
黃春華	Huang Chunhua	72	—	72
金重	Jin Zhong	37	—	37
		<b>154</b>	<b>2,582</b>	<b>2,736</b>

**9. 董事酬金 (續)**

## b) (續)

截至二零零八年及二零零七年十二月三十一日止年度，概無董事放棄任何酬金。截至二零零八年及二零零七年十二月三十一日止年度，概無向任何董事支付或應付加入本集團或加入本集團時之獎勵或離職補償。

**10. 最高薪人士**

截至二零零八年十二月三十一日止年度，本集團五名最高薪人士中，其中三名(二零零七年：三名)為本公司董事，其酬金於附註9披露。其餘兩名(二零零七年：兩名)最高薪人士之酬金總額如下：

		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
基本薪金、津貼及實物福利	Basic salaries, allowance and benefits-in-kind	1,079	1,079
退休福利計劃供款	Retirement benefits scheme contribution	54	54
		<b>1,133</b>	1,133

截至二零零八年十二月三十一日止年度，其餘兩名(二零零七年：兩名)最高薪人士之酬金介乎於下列範圍：

		二零零八年 2008	二零零七年 2007
零 – 1,000,000 港元	Nil-HK\$1,000,000	2	2

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。

**9. DIRECTORS' EMOLUMENTS (Continued)**

## b) (Continued)

During the years ended 31 December 2008 and 2007, no directors waived any emoluments. No inducement payments to join or upon joining the Group or as compensation for loss of office was paid or payable to any director for the years ended 31 December 2008 and 2007.

**10. INDIVIDUALS WITH HIGHEST EMOLUMENTS**

During the year ended 31 December 2008, out of the five highest paid individuals in the Group, three (2007: three) are directors of the Company whose emoluments are disclosed in note 9. The aggregate emoluments in respect of the remaining two (2007: two) highest paid individuals are as follows:

For the year ended 31 December 2008, the emoluments of the remaining two (2007: two) highest paid individuals are within the following band:

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.

## 11. 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%（二零零七年：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。截至二零零八年十二月三十一日止年度，退休計劃供款額約為2,094,000港元（二零零七年：1,531,000港元）。該計劃供款即時歸屬。

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計劃（「強積金計劃」）。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。截至二零零八年十二月三十一日止年度，本集團向強積金計劃供款約54,000港元（二零零七年：54,000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。該計劃供款按時歸屬。

## 12. 本公司股東應佔（虧損）／溢利

本公司權益股東應佔綜合（虧損）／溢利包括虧損約12,710,000港元（二零零七年：溢利156,087,000港元），該款項已於本公司財務報表內處理。

## 11. 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% (2007: 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 2008, the retirement plan contributions amounted to approximately HK\$2,094,000 (2007: HK\$1,531,000). Contributions to the plan vest immediately.

A company in the Group operating in Hong Kong has participated in Mandatory Provident Fund Scheme ("MPF Scheme"), 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 2008, the Group's contributions to the MPF Scheme were approximately HK\$54,000 (2007: HK\$54,000). The assets of the fund are held separately from those of the Group and are managed by independent professional fund managers. Contributions to the plan vest progressively.

## 12. (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated (loss)/profit attributable to equity shareholders of the Company includes a loss of approximately HK\$12,710,000 (2007: profit of HK\$156,087,000) which has been dealt with in the financial statements of the Company.

## 13. 股息

## 13. DIVIDENDS

		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
已宣派並支付的中期股息：每股普通股0.01港元（二零零七年：0.01港元）	Interim dividend declared and paid: HK\$0.01 (2007: HK\$0.01) per ordinary share	14,211	14,211
結算日後建議派發的末期股息：每股普通股零港元（二零零七年：0.04港元）	Final dividend proposed after balance sheet date: HK\$Nil (2007: HK\$0.04) per ordinary share	–	56,846
		<b>14,211</b>	<b>71,057</b>

截至二零零八年十二月三十一日止年度，董事並不建議派發末期股息，而截至二零零七年十二月三十一日止年度，董事建議派發末期股息每股普通股0.04港元。

結算日後建議派發之末期股息於結算日並未確認為負債。

No final dividend has been proposed by directors for the year ended 31 December 2008 and final dividend of HK\$0.04 per ordinary share has been proposed by directors for the year ended 31 December 2007.

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

## 14. 每股（虧損）／盈利

## 14. (LOSS)/EARNINGS PER SHARE

## a) 每股基本（虧損）／盈利

每股基本（虧損）／盈利乃根據本公司普通權益股東應佔虧損170,972,000港元（二零零七年：溢利295,045,000港元）及本年度已發行普通股加權平均數1,421,143,000股（二零零七年：1,421,143,000股）計算。

## b) 每股攤薄（虧損）／盈利

截至二零零七年十二月三十一日止年度之每股攤薄盈利乃根據本公司普通權益股東應佔溢利295,045,000港元及按以下方式計算之普通股加權平均數1,421,830,000股計算：

## a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$170,972,000 (2007: profit of HK\$295,045,000) and the weighted average of 1,421,143,000 (2007: 1,421,143,000) ordinary shares in issue during the year.

## b) Diluted (loss)/earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2007 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$295,045,000 and the weighted average number of ordinary shares of 1,421,830,000 shares calculated as follows:

**14. 每股(虧損)/盈利(續)****b) 每股攤薄(虧損)/盈利(續)**

普通股加權平均數(攤薄)

		股份數目 Number of shares
於二零零七年十二月三十一日之 普通股之加權平均數	Weighted average number of ordinary shares as at 31 December 2007	1,421,143,000
根據本公司購股權計劃視作以零 代價發行股份之影響(附註32)	Effect of deemed issued of shares under the Company's share option scheme for nil consideration (note 32)	687,000
於二零零七年十二月三十一日之 普通股之加權平均數(攤薄)	Weighted average number of ordinary shares (diluted) as at 31 December 2007	1,421,830,000

截至二零零八年十二月三十一日止年度之每股攤薄虧損與每股基本虧損相同，因為有關未行使購股權之潛在額外普通股具有反攤薄作用。

**14. (LOSS)/EARNINGS PER SHARE (Continued)****b) Diluted (loss)/earnings per share (Continued)**

Weighted average number of ordinary shares (diluted)

Diluted loss per share for the year ended 31 December 2008 is same as the basic loss per share as the potential additional ordinary shares in respect of outstanding share options are anti-dilutive.

**15. 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匯報較為有關聯，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)

**15. 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)

## 15. 分類資料 (續)

## a) 業務分類 (續)

## 綜合損益表

		稀土 Rare earth		耐火 Refractory		總額 Total	
		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
截至十二月三十一日 止年度	For the year ended 31 December						
收益	Revenue	618,637	713,630	746,253	671,715	1,364,890	1,385,345
業績 分類業績	RESULTS Segment results	(14,960)	169,692	(94,771)	219,675	(109,731)	389,367
未分類企業費用	Unallocated corporate expenses					(12,782)	(9,356)
其他收益	Other revenue					13,554	18,910
其他收入淨額	Other income, net					696	2,440
財務成本	Finance costs					(10,288)	(5,227)
除稅前(虧損)/溢利	(Loss)/profit before taxation					(118,551)	396,134
所得稅	Income tax					(53,856)	(97,054)
本年度(虧損)/溢利	(Loss)/profit for the year					(172,407)	299,080
其他資料	Other information						
物業、廠房及 設備之折舊	Depreciation on property, plant and equipment	44,100	38,417	47,847	43,332	91,947	81,749
未分類折舊	Unallocated depreciation					9	47
						91,956	81,796
經營租賃項下之 預付土地租金攤銷	Amortisation of prepaid lease payments on land under operating leases	1,985	1,829	2,530	1,372	4,515	3,201
商譽之減值虧損	Impairment loss on goodwill	-	-	208,804	-	208,804	-
物業、廠房及 設備之減值虧損	Impairment loss on property, plant and equipment	46,371	-	51,127	-	97,498	-
應收賬款及其他應收款 之減值虧損	Impairment loss on trade and other receivables	1,069	542	21,020	1,394	22,089	1,936

## 15. SEGMENT INFORMATION (Continued)

## a) Business segments (Continued)

## Consolidated income statement

		稀土 Rare earth		耐火 Refractory		總額 Total	
		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
截至十二月三十一日 止年度	For the year ended 31 December						
收益	Revenue	618,637	713,630	746,253	671,715	1,364,890	1,385,345
業績 分類業績	RESULTS Segment results	(14,960)	169,692	(94,771)	219,675	(109,731)	389,367
未分類企業費用	Unallocated corporate expenses					(12,782)	(9,356)
其他收益	Other revenue					13,554	18,910
其他收入淨額	Other income, net					696	2,440
財務成本	Finance costs					(10,288)	(5,227)
除稅前(虧損)/溢利	(Loss)/profit before taxation					(118,551)	396,134
所得稅	Income tax					(53,856)	(97,054)
本年度(虧損)/溢利	(Loss)/profit for the year					(172,407)	299,080
其他資料	Other information						
物業、廠房及 設備之折舊	Depreciation on property, plant and equipment	44,100	38,417	47,847	43,332	91,947	81,749
未分類折舊	Unallocated depreciation					9	47
						91,956	81,796
經營租賃項下之 預付土地租金攤銷	Amortisation of prepaid lease payments on land under operating leases	1,985	1,829	2,530	1,372	4,515	3,201
商譽之減值虧損	Impairment loss on goodwill	-	-	208,804	-	208,804	-
物業、廠房及 設備之減值虧損	Impairment loss on property, plant and equipment	46,371	-	51,127	-	97,498	-
應收賬款及其他應收款 之減值虧損	Impairment loss on trade and other receivables	1,069	542	21,020	1,394	22,089	1,936



## 15. 分類資料 (續)

## a) 業務分類 (續)

## 綜合損益表 (續)

		稀土		耐火		總額	
		Rare earth		Refractory		Total	
		二零零八年	二零零七年	二零零八年	二零零七年	二零零八年	二零零七年
		2008	2007	2008	2007	2008	2007
		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
應收賬款及其他應收款 之減值虧損撥回	Write back of impairment loss on trade and other receivables	(906)	(612)	(3,318)	(1,154)	(4,224)	(1,766)
出售物業、廠房及 設備之虧損淨額	Net loss on disposal of property, plant and equipment	(43)	2,020	9,537	33,293	9,494	35,313
物業、廠房及設備 之重估虧絀	Revaluation deficit on property, plant and equipment	17,254	-	12,392	-	29,646	-
存貨撇減	Write down of inventories	35,920	7,119	1,631	2,796	37,551	9,915
匯兌收益淨額	Net exchange gain	(158)	(12,823)	(1,597)	(28,124)	(1,755)	(40,947)
未分類匯兌損失	Unallocated exchange loss					48	-
						(1,707)	(40,947)

## 綜合資產負債表

## Consolidated balance sheet

		稀土		耐火		總額	
		Rare earth		Refractory		Total	
		二零零八年	二零零七年	二零零八年	二零零七年	二零零八年	二零零七年
		2008	2007	2008	2007	2008	2007
		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
於十二月三十一日	As at 31 December						
分類資產	Segment assets	1,664,143	1,154,628	1,350,327	1,548,446	3,014,470	2,703,074
未分類資產	Unallocated assets					199,866	95,190
資產總值	Total assets					3,214,336	2,798,264
分類負債	Segment liabilities	413,286	154,320	142,630	91,631	555,916	245,951
未分類負債	Unallocated liabilities					184,891	2,389
負債總額	Total liabilities					740,807	248,340
資本支出	Capital expenditure	457,341	61,586	136,087	203,223	593,428	264,809
未分類資本支出	Unallocated capital expenditure					11	15
資本支出總額	Total capital expenditure					593,439	264,824

**15. 分類資料 (續)****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。根據客戶所在地按地區分類的分類收益分析如下：

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

本集團超過90%的分類資產及物業、廠房及設備購置、經營租賃項下預付土地租金及無形資產乃位於中國（包括香港）。

**15. SEGMENT INFORMATION (Continued)****b) Geographical segments**

The Group's activities are conducted predominantly in the PRC, Japan, Europe and the United States of America. An analysis of segment revenue by geographical area based on the geographical location of its customers is as follows:

		本集團 The Group	
		二零零八年 2008	二零零七年 2007
		千港元 HK\$'000	千港元 HK\$'000
		<b>1,071,975</b>	1,145,394
		<b>191,564</b>	133,098
		<b>82,000</b>	73,482
		<b>15,998</b>	26,277
		<b>3,353</b>	7,094
		<b>1,364,890</b>	1,385,345

Over 90% of segment assets and additions to property, plant and equipment, prepaid lease payments on land under operating leases and intangible assets of the Group are located in the PRC including Hong Kong.

## 16. 商譽

## 16. GOODWILL

## 本集團

## The Group

		千港元 HK\$'000
<b>成本</b>	<b>Cost</b>	
於二零零七年一月一日	At 1 January 2007	202,242
匯兌差異	Exchange differences	4,463
於二零零七年十二月三十一日 及二零零八年一月一日	At 31 December 2007 and 1 January 2008	206,705
收購附屬公司(附註34(a)及(b))	Acquisition of subsidiaries (note 34(a) & (b))	85,843
匯兌差異	Exchange differences	4,336
於二零零八年十二月三十一日	At 31 December 2008	296,884
<b>累計減值</b>	<b>Accumulated impairment</b>	
於二零零七年一月一日、 二零零七年十二月三十一日 及二零零八年一月一日	At 1 January 2007, 31 December 2007 and 1 January 2008	-
減值虧損	Impairment loss	208,804
匯兌差異	Exchange differences	2,237
於二零零八年十二月三十一日	At 31 December 2008	211,041
<b>賬面值</b>	<b>Carrying amount</b>	
於二零零八年十二月三十一日	At 31 December 2008	85,843
於二零零七年十二月三十一日	At 31 December 2007	206,705

賺取現金單位(「賺取現金單位」)(包  
括商譽)之減值測試

商譽被分配至如下根據業務分類確認  
之本集團賺取現金單位：

Impairment test for cash-generating unit ("CGU")  
containing goodwill

Goodwill is allocated to the Group's CGU identified according  
to business segment as follows:

		本集團 The Group	
		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
稀土分類(附註a)	Rare earth segment (note a)	85,843	-
耐火分類(附註b)	Refractory segment (note b)	211,041	206,705
		<b>296,884</b>	<b>206,705</b>

## 16. 商譽 (續)

附註：

- (a) 就減值測試而言，稀土分類之商譽乃於本年度收購附屬公司(附註34)時產生。

本年度收購之附屬公司主要從事稀土業務。

於二零零八年十二月三十一日，本集團參考與本集團並無關連之獨立合資格專業估值師威格斯資產評估顧問有限公司(「威格斯」)作出之評估，對稀土分類賺取現金單位之減值測試進行檢討。稀土分類賺取現金單位之可收回金額乃根據使用價值計算釐定。該等計算使用根據管理層批准覆蓋五年期間之財政預算(基於稀土分類賺取現金單位的平均業務及經營年期計算)計算之現金流量預測。超出五年期之現金流量乃使用下文所述之估計比率推算。增長率並無超出稀土分類賺取現金單位所經營業務之有關長期平均增長率。

使用價值計算所用之主要假設：

毛利率	Gross margin
增長率	Growth rate
折現率	Discount rate

管理層根據過往表現及對市場發展之預期釐定預算毛利率。該折現率為稅前，並反映相關分類之特定風險。

根據使用價值計算，稀土分類賺取現金單位之可收回金額高於其賬面值。因此，於截至二零零八年十二月三十一日止年度之綜合損益表內並無就稀土分類之商譽確認減值虧損。

## 16. GOODWILL (Continued)

Note:

- (a) For the purposes of impairment testing, goodwill of rare earth segment arose from acquisition of subsidiaries (see note 34) during the current year.

Subsidiaries acquired during the year are principally engaged in rare earth business.

As at 31 December 2008, the Group performed an impairment review for the CGU of rare earth segment with reference to the valuation carried out by Vigers Appraisal & Consulting Limited ("Vigers"), independent qualified professional valuers not connected with the Group. The recoverable amount of the CGU of rare earth segment is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period, which is based on the average business and operation life over the CGU of rare earth segment. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below. The growth rates do not exceed the respective long-term average growth rates for the business in which the CGU of rare earth segment operates.

Key assumptions used for value in use calculations:

		本集團 The Group 二零零八年 2008 千港元 HK\$'000
毛利率	Gross margin	33-41%
增長率	Growth rate	0%
折現率	Discount rate	13-14%

Management determined the budgeted gross margin based on past performance and its expectation for market development. This discount rate used is pre-tax rates and reflect specific risks relating to the relevant segment.

The recoverable amounts of the CGU of rare earth segment is higher than their carrying amount based on value in use calculations. Accordingly, no impairment loss on goodwill of rare earth segment is recognised in the consolidated income statement for the year ended 31 December 2008.

**16. 商譽 (續)**

附註：(續)

- (b) 就減值測試而言，耐火分類之商譽分別於二零零四年一月二十九日及二零零五年十二月二十三日收購無錫新威高溫陶瓷有限公司(「高溫陶瓷」)及海城市蘇海鎂礦有限公司(「蘇海鎂礦」)100%股權時產生。

高溫陶瓷及蘇海鎂礦主要從事耐火業務。

本集團支付代價約207,000,000港元收購於中國的高溫陶瓷。本公司董事相信，該收購將促使本集團擴大其耐火材料業務類別至高溫陶瓷產品，並為本集團帶來更豐厚溢利。

本集團支付代價約115,385,000港元收購於中國的蘇海鎂礦，以進軍耐火產品原材料供應及上游業務，並為本集團帶來新溢利來源。此外，本公司董事相信，本集團將利用蘇海鎂礦靠近鎂礦資源之優勢開發高純鎂砂業務。

於結算日，耐火分類的商譽乃於收購以下附屬公司時產生：

**16. GOODWILL (Continued)**

Note: (Continued)

- (b) For the purposes of impairment testing, goodwill of refractory segment arose from the acquisitions of 100% equity interests in Wuxi Xinwei High Temperature Ceramics Co., Ltd. ("High Temperature Ceramics") and Haicheng City Suhai Magnesium Ore Co., Ltd. ("Suhai Magnesium") on 29 January 2004 and 23 December 2005 respectively.

High Temperature Ceramics and Suhai Magnesium are principally engaged in refractory business.

The Group paid a consideration of approximately HK\$207,000,000 to acquire High Temperature Ceramics in the PRC. The directors of the Company believe that the acquisition allowed the Group to broaden the product category of its refractory materials business to cover high temperature ceramics products and generate higher profit for the Group.

The Group paid a consideration of approximately HK\$115,385,000 to acquire Suhai Magnesium in the PRC so as to access to raw materials supply and upstream business for the refractory products and presented the Group with a new source of profit. In addition, the directors of the Company believe that the Group will ride on Suhai Magnesium's advantage of proximity to magnesium resources to develop high purity magnesium grains business.

At the balance sheet date, the goodwill of refractory segment are arising from the acquisition of subsidiaries as follows:

		本集團 The Group	
		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
高溫陶瓷	High Temperature Ceramics	136,540	136,540
蘇海鎂礦	Suhai Magnesium	74,501	70,165
		<b>211,041</b>	<b>206,705</b>

## 16. 商譽 (續)

附註：(續)

(b) (續)

於二零零八年十二月三十一日，本集團參考與威格斯進行之評估，對耐火分類賺取現金單位之減值測試進行檢討。耐火分類賺取現金單位之可收回金額乃根據使用價值計算釐定。該等計算使用根據管理層批准覆蓋四年期間之財政預算（基於耐火分類賺取現金單位的平均業務及經營年期計算）計算之現金流量預測。超出四年期之現金流量乃使用下文所述之估計比率推算。增長率並無超出耐火分類賺取現金單位所經營業務之有關長期平均增長率。

使用價值計算所用之主要假設：

毛利率	Gross margin
增長率	Growth rate
折現率	Discount rate

管理層根據過往表現及對市場發展之預期釐定預算毛利率。該折現率為稅前，並反映相關分類之特定風險。

根據使用價值計算，耐火分類賺取現金單位之可收回金額微乎其微。因此，於綜合損益表內悉數確認商譽減值虧損208,804,000港元（二零零七年：零港元）。

## 16. GOODWILL (Continued)

Note: (Continued)

(b) (Continued)

As at 31 December 2008, the Group performed an impairment review for the CGU of refractory segment with reference to the valuation carried out by Vigers. The recoverable amount of the CGU of refractory segment is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a four-year period, which is based on the average business and operation life over the CGU of the refractory segment. Cash flows beyond the four-year period are extrapolated using the estimated rates stated below. The growth rates do not exceed the respective long-term average growth rates for the business in which the CGU of refractory segment operates.

Key assumptions used for value in use calculations:

		本集團 The Group	
		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
毛利率	Gross margin	28-35%	42-47%
增長率	Growth rate	3%	3-5%
折現率	Discount rate	13%	11%

Management determined the budgeted gross margin based on past performance and its expectation for market development. This discount rate used is pre-tax rates and reflect specific risks relating to the relevant segment.

The recoverable amounts of the CGU of refractory segment are insignificant based on value in use calculations. Accordingly, full impairment loss of HK\$208,804,000 (2007: HK\$Nil) on goodwill is recognised in the consolidated income statement.

## 17. 物業、廠房及設備

## 17. PROPERTY, PLANT AND EQUIPMENT

## a) 本集團

## a) The Group

		持作 自用之樓宇 Buildings held for own use 千港元 HK\$'000	機器及設備 Machinery and equipment 千港元 HK\$'000	辦公室設備 及裝置 Office equipment and fixtures 千港元 HK\$'000	汽車 Motor vehicles 千港元 HK\$'000	在建工程 Construction- in-progress 千港元 HK\$'000	總額 Total 千港元 HK\$'000
<b>成本或估值</b>	<b>Cost or valuation</b>						
於二零零七年一月一日	At 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)
累計折舊抵銷	Elimination of accumulated depreciation	(79,623)	–	–	–	–	(79,623)
匯兌差異	Exchange differences	14,682	43,855	384	300	7,103	66,324
於二零零七年 十二月三十一日 及二零零八年一月一日	At 31 December 2007 and 1 January 2008	160,648	715,184	6,454	4,971	159,245	1,046,502
收購附屬公司 (附註34(a)及(b))	Acquisition of subsidiaries (note 34(a) & (b))	27,395	13,894	265	1,329	–	42,883
重估盈餘淨額(附註ii)	Net surplus on revaluation (note ii)	10,941	–	–	–	–	10,941
添置	Additions	120	8,707	256	215	64,572	73,870
由在建工程轉入	Transfer from construction-in-progress	58,757	101,852	–	–	(160,609)	–
處置	Disposals	–	(27,630)	–	(161)	–	(27,791)
累計折舊抵銷	Elimination of accumulated depreciation	(14,354)	–	–	–	–	(14,354)
匯兌差異	Exchange differences	12,089	46,764	385	308	6,868	66,414
於二零零八年 十二月三十一日	At 31 December 2008	255,596	858,771	7,360	6,662	70,076	1,198,465
<b>包括：</b>	<b>Comprising:</b>						
於二零零八年 十二月三十一日	At 31 December 2008						
按成本	At cost	–	858,771	7,360	6,662	70,076	942,869
按估值	At valuation	255,596	–	–	–	–	255,596
		255,596	858,771	7,360	6,662	70,076	1,198,465
於二零零七年 十二月三十一日	At 31 December 2007						
按成本	At cost	–	715,184	6,454	4,971	159,245	885,854
按估值	At valuation	160,648	–	–	–	–	160,648
		160,648	715,184	6,454	4,971	159,245	1,046,502

## 17. 物業、廠房及設備 (續)

## 17. PROPERTY, PLANT AND EQUIPMENT

(Continued)

## a) 本集團 (續)

## a) The Group (Continued)

		持作 自用之樓宇 Buildings held for own use 千港元 HK\$'000	機器及設備 Machinery and equipment 千港元 HK\$'000	辦公室設備 及裝置 Office equipment and fixtures 千港元 HK\$'000	汽車 Motor vehicles 千港元 HK\$'000	在建工程 Construction- in-progress 千港元 HK\$'000	總額 Total 千港元 HK\$'000
<b>累計折舊及減值</b>	<b>Accumulated depreciation and impairment</b>						
於二零零七年一月一日	At 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)
重估抵銷	Elimination on revaluation	(79,623)	–	–	–	–	(79,623)
匯兌差異	Exchange differences	4,700	17,972	339	197	–	23,208
於二零零七年十二月 三十一日及 二零零八年一月一日	At 31 December 2007 and 1 January 2008	–	293,288	5,906	3,235	–	302,429
本年度計提	Charge for the year	13,923	77,198	218	617	–	91,956
處置撥回	Written back on disposals	–	(18,091)	–	(67)	–	(18,158)
減值虧損(附註 iii)	Impairment loss (note iii)	–	97,498	–	–	–	97,498
重估抵銷	Elimination on revaluation	(14,354)	–	–	–	–	(14,354)
匯兌差異	Exchange differences	431	22,972	352	215	–	23,970
於二零零八年 十二月三十一日	At 31 December 2008	–	472,865	6,476	4,000	–	483,341
<b>賬面值</b>	<b>Carrying amount</b>						
於二零零八年 十二月三十一日	At 31 December 2008	255,596	385,906	884	2,662	70,076	715,124
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



**17. 物業、廠房及設備 (續)****a) 本集團 (續)**

- i) 持作自用之樓宇位於中國根據中期租約持有之土地。
- ii) 本集團持作自用之樓宇於二零零八年十二月三十一日之重估根據威格斯(香港測量師學會成員並擁有適當之專業資格及經驗)於該日進行之估值基準達致。有關估值乃以重置成本折舊法進行,以有關樓宇及其他地盤工程之新重置成本總額計算,並考慮到樓齡、狀況、經濟或功能退化及環境因素可能於當時從中作出適當扣減。

持作自用之樓宇之重估盈餘淨值包括重估盈餘40,587,000港元及重估虧蝕29,646,000港元已分別於儲備及綜合損益表內確認。

於二零零八年十二月三十一日,倘該等持作自用之樓宇按成本減累計折舊及減值列賬,則賬面值將為244,655,000港元(二零零七年:160,648,000港元)。

- iii) 截至二零零八年十二月三十一日止年度,由於本身損壞及技術過時,多項機器及設備出現減值。因此,本集團評估該等機器及設備之可收回金額。根據該次評估,機器及設備之賬面值撇減97,498,000港元。估值乃根據威格斯參考現時市場類似機器及設備,計算在新條件下重新製造或重置該機器及設備之成本,並扣除磨損及各種相關陳舊,按公開市場及折舊重置成本進行。

**17. PROPERTY, PLANT AND EQUIPMENT***(Continued)***a) The Group (Continued)**

- i) The buildings held for own use are situated on land held under medium-term leases in the PRC.
- ii) The revaluation of the Group's buildings held for own use as at 31 December 2008 has been arrived at on the basis of valuations carried out on that date by, Vigers which is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and experience. The valuation has been valued by the depreciable replacement cost approach arrived at the aggregate amount of the new replacement cost of the buildings and other site works, from which appropriate deductions may then be made to account for the age, condition, economic or functional obsolescence and environmental factor.

Net surplus on revaluation for buildings held for own use includes revaluation surplus of HK\$40,587,000 and revaluation deficit of HK\$29,646,000 have been recognised in reserves and consolidated income statement respectively.

As at 31 December 2008, had these buildings held for own use been carried at cost less accumulated depreciated and impairment, the carrying amount would have been HK\$244,655,000 (2007: HK\$160,648,000).

- iii) During the year ended 31 December 2008, a number of machinery and equipment were impaired due to physical damage and technical obsolescence. As a result, the Group assessed the recoverable amounts of those machinery and equipment. Based on this assessment, the carrying amount of the machinery and equipment was written down by HK\$97,498,000. Valuation has been performed by Vigers on the basis of open market and depreciable replacement cost by making reference on the cost required to reproduce or replace the machinery and equipment in new condition in accordance with current market prices for similar machinery and equipment and deducting the physical deterioration and all relevant forms of obsolescence.

## 17. 物業、廠房及設備 (續)

## 17. PROPERTY, PLANT AND EQUIPMENT

(Continued)

## b) 本公司

## b) The Company

		辦公室設備及裝置 Office equipment and fixtures 千港元 HK\$'000
<b>成本</b>	<b>Cost</b>	
於二零零七年一月一日	At 1 January 2007	356
添置	Additions	15
處置	Disposals	(27)
		<hr/>
於二零零七年十二月三十一日 及二零零八年一月一日	At 31 December 2007 and 1 January 2008	344
添置	Additions	1
		<hr/>
於二零零八年十二月三十一日	At 31 December 2008	345
		<hr/>
<b>累計折舊</b>	<b>Accumulated depreciation</b>	
於二零零七年一月一日	At 1 January 2007	296
本年度計提	Charge for the year	47
處置撥回	Written back on disposals	(27)
		<hr/>
於二零零七年十二月三十一日 及二零零八年一月一日	At 31 December 2007 and 1 January 2008	316
本年度計提	Charge for the year	9
		<hr/>
於二零零八年十二月三十一日	At 31 December 2008	325
		<hr/>
<b>賬面值</b>	<b>Carrying amount</b>	
於二零零八年十二月三十一日	At 31 December 2008	20
		<hr/>
於二零零七年十二月三十一日	At 31 December 2007	28
		<hr/>

## 18. 經營租賃項下預付土地租金

18. PREPAID LEASE PAYMENTS ON LAND  
UNDER OPERATING LEASES

		本集團 The Group	
		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
於一月一日之賬面值	Carrying amount at 1 January	163,121	141,662
收購附屬公司 (附註 34(a) 及 (b))	Acquisition of subsidiaries (note 34(a) & (b))	34,017	–
添置	Additions	63,655	14,651
本年度攤銷	Amortisation for the year	(4,515)	(3,201)
匯兌差異	Exchange differences	11,912	10,009
於十二月三十一日 之賬面值	Carrying amount at 31 December	268,190	163,121
於中國之租賃土地： 中期租約	Leasehold land in the PRC: Medium-term leases	268,190	163,121
就報告目的而作出之 分析如下：	Analysed for reporting purposes as:		
流動資產	Current asset	5,746	3,508
非流動資產	Non-current asset	262,444	159,613
		268,190	163,121

本年度攤銷支出 421,000 港元 (二零零七年：315,000 港元) 及 4,094,000 港元 (二零零七年：2,886,000 港元) 分別計入綜合損益表中銷售成本及管理費用內。

The amortisation charge of HK\$421,000 (2007: HK\$315,000) and HK\$4,094,000 (2007: HK\$2,886,000) for the year is included in cost of sales and administrative expenses respectively in the consolidated income statement.

## 19. 無形資產

## 19. INTANGIBLE ASSETS

## 本集團

## The Group

	稀土礦物 獨家採購權	稀土礦物 初步分離 之技術 專業知識 Technical know-how for preliminary separation of rare earth minerals	稀土 金屬產品之 技術專業知識 Technical know-how for rare earth metal products	合計
	Exclusive right to purchase rare earth minerals 千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	Total 千港元 HK\$'000
<b>成本</b>	<b>Cost</b>			
於二零零七年一月一日、 二零零七年十二月三十一日 及二零零八年一月一日	At 1 January 2007, 31 December 2007 and 1 January 2008	–	–	–
收購附屬公司 (附註34(a)及(b))	Acquisition of subsidiaries (note 34(a) & (b))	201,502	61,687	115,825
於二零零八年十二月三十一日	At 31 December 2008	201,502	61,687	115,825
<b>累計攤銷及減值</b>	<b>Accumulated amortisation and impairment</b>			
於二零零七年一月一日、 二零零七年十二月三十一日 及二零零八年一月一日	At 1 January 2007, 31 December 2007 and 1 January 2008	–	–	–
本年度攤銷	Amortisation for the year	–	–	–
減值虧損	Impairment loss	–	–	–
於二零零八年十二月三十一日	At 31 December 2008	–	–	–
<b>賬面值</b>	<b>Carrying amount</b>			
於二零零八年十二月三十一日	At 31 December 2008	201,502	61,687	115,825
於二零零七年十二月三十一日	At 31 December 2007	–	–	–

**19. 無形資產 (續)****本集團 (續)**

## a) 稀土礦物獨家採購權

於二零零七年十一月十五日，江華瑶族自治縣興華稀土新材料有限公司（「興華稀土」）與一家獲當地政府授予開採礦藏位於中國湖南省江華縣之稀土礦獨家開採權之稀土礦物供應商（「該供應商」）（一家在中國註冊成立之公司）訂立了稀土礦物獨家採購權協議（「採購協議」）。根據採購協議，該供應商同意於二零二七年十一月三十日屆滿之20年期間向興華稀土獨家出售稀土礦物。於該20年期間，興華稀土享有向該供應商之稀土礦物獨家採購權。

稀土礦物獨家採購權作為於截至二零零八年十二月三十一日止年度內收購興華稀土之業務合併組成部份，其詳情載於附註34(b)。

稀土礦物獨家採購權具有有限使用年期，並以直線法參考可供使用的稀土礦藏16年的估計使用年期進行攤銷。

**19. INTANGIBLE ASSETS (Continued)****The Group (Continued)**

## a) Exclusive right to purchase rare earth minerals

On 15 November 2007, Jianghua Yao Nationality Autonomous County Xinghua Rare Earth Company Limited (“Xinghua Rare Earth”) entered into an agreement for exclusive right to purchase rare earth minerals (“Purchase Agreement”) from a rare earth minerals supplier (“the Supplier”), a company established in the PRC with exclusive rare earth mining right granted by the local government for exploiting rare earth minerals from a mine located in Jianghua County of Hunan Province, the PRC. Pursuant to the Purchase Agreement, the Supplier agreed to exclusively sell rare earth minerals to Xinghua Rare Earth throughout a period of 20 years expiring on 30 November 2027. During the 20-year period, Xinghua Rare Earth is entitled to the exclusive right to purchase rare earth minerals from the Supplier.

The exclusive right to purchase rare earth minerals was acquired as part of the business combination of Xinghua Rare Earth during the year ended 31 December 2008, details of which are set out in note 34(b).

The exclusive right to purchase rare earth minerals has finite useful life and is amortised on a straight line basis over the estimated useful live of 16 years with reference to the minerals of the rare earth mine available for use.

## 19. 無形資產 (續)

### 本集團 (續)

- b) 稀土礦物初步分離之技術專業知識

該技術專業知識與減省若干加工階段及原材料使用之稀土礦物初步分離技術有關，並作為於截至二零零八年十二月三十一日止年度內收購興華稀土業務合併之組成部份，其詳情載於附註34(b)。

技術專業知識具有有限使用年限，按直線法於其估計可使用年限10年進行攤銷。

- c) 稀土金屬產品之技術專業知識

該技術專業知識與生產金屬形態稀土產品之技術有關，並作為於截至二零零八年十二月三十一日止年度內收購和平縣東冶稀土新材料有限公司(「東冶稀土」)業務合併之組成部份，其詳情載於附註34(a)。

技術專業知識具有有限使用年期，並按直線法於其估計使用年期10年進行攤銷。

本公司董事認為，於二零零八年十二月三十一日，並無跡象顯示稀土礦物獨家採購權及專業技術知識之賬面值出現減值，因此，無需作出減值撥備。

## 19. INTANGIBLE ASSETS (Continued)

### The Group (Continued)

- b) Technical know-how for preliminary separation of rare earth minerals

The technical know-how relates to the technology on the preliminary separation of rare earth minerals with reduction in certain processing phases and raw materials usage, and was acquired as part of the business combination of Xinghua Rare Earth during the year ended 31 December 2008, details of which are set out in note 34(b).

The technical know-how has finite useful life and is amortised on a straight-line basis over its estimated useful life of 10 years,

- c) Technical know-how for rare earth metal products

The technical know-how relates to the technology on manufacturing of rare earth products in metal form was acquired as part of the business combination of Heping County Dongye Rare Earth Company Limited (“Dongye Rare Earth”) during the year ended 31 December 2008, details of which are set out in note 34(a).

The technical know-how has finite useful life and is amortised on a straight line basis over its estimated useful life of 10 years.

The directors of the Company are of the opinion that there is no indication of impairment in the carrying amounts of the exclusive right to purchase rare earth minerals and technical know-how as at 31 December 2008 and accordingly no impairment is necessary.

## 20. 收購經營租賃項下土地權益之訂金

於二零零六年八月三十日及二零零七年五月二十三日，本公司附屬公司與中國海城市政府訂立兩份協議，以按代價人民幣59,500,000元收購一塊土地。於二零零七年十二月三十一日，已支付訂金人民幣51,500,000元(相當於約54,998,000港元)以申請取得該土地之業權文件。截至二零零八年十二月三十一日止年度，已取得土地使用權證書，而訂金已轉撥至經營租賃項下預付土地租金。

## 21. 於附屬公司之投資

於二零零八年十二月三十一日，附屬公司詳情如下：

## 20. DEPOSIT FOR ACQUISITION OF INTERESTS IN LAND UNDER OPERATING LEASES

On 30 August 2006 and 23 May 2007, a subsidiary of the Company entered into two agreements with Haicheng City Government in the PRC for the acquisition of a piece of land for a consideration of RMB59,500,000. As at 31 December 2007, the deposit of RMB51,500,000 (equivalent to approximately HK\$54,998,000) has been paid for application of title document of the land. During the year ended 31 December 2008, the land use right certificate was obtained and the deposit has been transferred to prepaid lease payments on land under operating leases.

## 21. INVESTMENTS IN SUBSIDIARIES

At as 31 December 2008, the details of subsidiaries are as follows:

		本公司 The Company	
		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
非上市股份，按成本值	Unlisted shares, at cost	151,707	151,707

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截至二零零八年十二月三十一日止年度  
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## 21. 於附屬公司之投資 (續)

## 21. INVESTMENTS IN SUBSIDIARIES (Continued)

附屬公司名稱 Name of subsidiary	註冊成立/營運 之地點及日期 Place and date of incorporation/ operations	持有股份 類別 Class of shares held	已註冊及 已繳足股本 Registered and fully paid capital	已發行及 已繳足股本 Issued and fully paid capital	本公司應佔權益/ 有投票權股本實際百分比 Effective percentage of equity interests/voting rights held by the Company		主營業務 Principal activities
					直接 Directly %	間接 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 氧化物產品
Yixing Xinwei Leeshing Rare Earth Company Limited	The PRC 17 July 1993	Contributed capital	US\$15,660,000	-	-	95	Manufacturing and sales of rare earth oxide 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 Co., Ltd.	The PRC 30 July 1999	Contributed capital	US\$17,000,000	-	-	100	Manufacturing and sales of refractory products



## 21. 於附屬公司之投資 (續)

## 21. INVESTMENTS IN SUBSIDIARIES (Continued)

附屬公司名稱 Name of subsidiary	註冊成立/營運 之地點及日期 Place and date of incorporation/ operations	持有股份 類別 Class of shares held	已註冊及 已繳足股本 Registered and fully paid capital	已發行及 已繳足股本 Issued and fully paid capital	本公司應佔權益/ 有投票權股本實際百分比 Effective percentage of equity interests/voting rights held by the Company		主營業務 Principal activities
					直接 Directly %	間接 Indirectly %	
無錫新威熒光材料有限公司 Wuxi Xinwei Fluorescent Materials Co., Ltd.	中國 二零零一年十二月二十日 The PRC 20 December 2001	繳入資本 Contributed capital	8,520,000 美元 US\$8,520,000	-	-	100	製造及銷售 熒光產品 Manufacturing and sales of fluorescent products
微科資源有限公司 Microtech Resources Limited	香港 一九九八年十月二十三日 Hong Kong 23 October 1998	普通股 Ordinary	-	2 港元 HK\$2	-	100	尚未開始 營業 Not yet commenced business
中國稀土貿易有限公司 China Rare Earth Trading Limited	香港 二零零零年三月二十四日 Hong Kong 24 March 2000	普通股 Ordinary	-	2 港元 HK\$2	-	100	尚未開始 營業 Not yet commenced business
無錫新威高溫陶瓷有限公司 Wuxi Xinwei High Temperature Ceramics Co., Ltd.	中國 二零零二年四月一日 The PRC 1 April 2002	繳入資本 Contributed capital	30,000,000 港元 HK\$30,000,000	-	-	100	製造及銷售 高溫陶瓷產品 Manufacturing and sales of high temperature ceramics products
海城市蘇海鎂礦有限公司 Haicheng City Suhai Magnesium Ore Co., Ltd.	中國 二零零二年四月二十七日 The PRC 27 April 2002	繳入資本 Contributed capital	人民幣 25,000,000 元 RMB25,000,000	-	-	100	製造及銷售 鎂鈔產品 Manufacturing and sales of magnesium products

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## 21. 於附屬公司之投資 (續)

## 21. INVESTMENTS IN SUBSIDIARIES (Continued)

附屬公司名稱 Name of subsidiary	註冊成立/營運 之地點及日期 Place and date of incorporation/ operations	持有股份 類別 Class of shares held	已註冊及 已繳足股本 Registered and fully paid capital	已發行及 已繳足股本 Issued and fully paid capital	本公司應佔權益/ 有投票權股實際百分比 Effective percentage of equity interests/voting rights held by the Company		主營業務 Principal activities
					直接 Directly %	間接 Indirectly %	
宜興威爾發非金屬材料有限公司 Yixing Wellfire Nonmetal Materials Co., Ltd.	中國 二零零六年九月二十七日 The PRC 27 September 2006	繳入資本 Contributed capital	3,000,000 美元 US\$3,000,000	-	-	100	製造及銷售 耐火相關產品 Manufacturing and sales of refractory related products
海城新威利成鎂資源有限公司 Hai Cheng Xinwei Leeshing Magnesium Resources Co., Ltd.	中國 二零零六年九月二十八日 The PRC 28 September 2006	繳入資本 Contributed capital	3,500,000 美元 US\$3,500,000	-	-	100	尚未開始 營業 Not yet commenced business
和平縣東冶稀土新材料有限公司 Heping County Dongye Rare Earth Company Limited	中國 二零零五年十一月十五日 The PRC 15 November 2005	繳入資本 Contribution capital	人民幣20,000,000 元 RMB20,000,000	-	-	95	製造及銷售 稀土金屬產品 Manufacturing and sales of rare earth metal products
江華瑤族自治縣興華稀土 新材料有限公司 Jianghua Yao Nationality Autonomous County Xinghua Rare Earth Company Limited	中國 二零零六年五月二十二日 The PRC 22 May 2006	繳入資本 Contribution capital	人民幣20,000,000 元 RMB20,000,000	-	-	95	製造及銷售 稀土礦物 Manufacturing and sales of rare earth minerals
銀茂控股有限公司 Silver Mile Holdings Limited	香港 二零零八年一月二十三日 Hong Kong 23 January 2008	普通股 Ordinary	-	1 港元 HK\$1	-	100	尚未開始 營業 Not yet commenced business

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.

## 22. 存貨

## 22. INVENTORIES

a) 存貨包括：

a) Inventories comprise:

		本集團 The Group	
		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
原材料	Raw materials	48,088	37,397
在製品	Work in progress	99,905	88,800
產成品	Finished goods	160,844	170,057
		<b>308,837</b>	<b>296,254</b>

b) 確認為開支之存貨金額之分析如下：

b) The analysis of the amount of inventories recognised as an expense is as follows:

		本集團 The Group	
		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
已售存貨之賬面值	Carrying amount of inventories sold	978,052	921,317
存貨撇減	Write down of inventories	37,551	9,915
		<b>1,015,603</b>	<b>931,232</b>

## 23. 應收賬款及其他應收款、預付款項及按金

## 23. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

		本集團 The Group		本公司 The Company	
		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
應收賬款(附註(b))	Trade receivables (note (b))	402,751	379,605	–	–
其他應收款	Other receivables	9,268	2,018	621	–
貸款及應收款項	Loans and receivables	412,019	381,623	621	–
預付款項及按金	Prepayments and deposits	70,042	102,763	656	565
		<b>482,061</b>	<b>484,386</b>	<b>1,277</b>	<b>565</b>

附註：

- (a) 除預付款項及按金外，所有應收賬款及其他應收款預期可於一年內收回。
- (b) 應收賬款之賬齡分析如下：

Note:

- (a) All of the trade and other receivables, apart from prepayments and deposits, are expected to be recovered within one year.
- (b) The ageing analysis of the trade receivables is as follows:

		本集團 The Group	
		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
即期至6個月以內	Current to less than 6 months	324,764	368,277
6個月至1年以內	6 months to less than 1 year	82,510	9,212
1至2年以內	1 to less than 2 years	17,603	4,232
2年以上	Over 2 years	4,840	5,865
		<b>429,717</b>	<b>387,586</b>
減：應收賬款 減值虧損(附註(c))	Less: Impairment loss on trade receivables (note (c))	<b>(26,966)</b>	<b>(7,981)</b>
		<b>402,751</b>	<b>379,605</b>

**23. 應收賬款及其他應收款、預付款項及按金 (續)**

附註：(續)

本集團給予其貿易客戶30至180日之平均信貸期。

本集團信貸於評估客戶的財政能力及付款往績後授出。本集團為所有客戶制定信貸限額，僅可在本集團高級人員之批准下方可超過信貸限額。與客戶進行被視為產生信貸風險之業務將按現金基準進行。員工監督已逾期之應收賬款並跟進收回。

## (c) 應收賬款及其他應收款減值

應收賬款及其他應收款減值虧損之變動如下：

於一月一日	At 1 January		
本年度應收賬款及其他應收款減值虧損撥回	Write back of impairment loss on trade and other receivables during the year	(4,224)	(1,031)
本年度已確認之應收賬款及其他應收款減值虧損	Impairment loss on trade and other receivables recognised during the year	22,089	1,772
匯兌差異	Exchange differences	1,124	565
於十二月三十一日	At 31 December	28,235	9,246

應收賬款及其他應收款之減值虧損採用準備賬列賬，除非本集團認為該款項之收回性微乎其微，在該情況下，減值虧損將在應收賬款及其他應收款直接撇銷(見附註2(h)(i))。

應收賬款及其他應收款減值虧損撥回指有關已減值應收賬款及其他應收款之已收代價之可收回性。過往年度已作出之尚未收回款項之準備相應予以撥回。

於二零零八年十二月三十一日，本集團為數28,235,000港元(二零零七年：9,246,000港元)應收賬款及其他應收款個別釐定為減值並已作出全數撥備。該等個別減值應收款為於結算日超過1年尚未償還或為應收陷入財務困境公司之款項。因此，呆賬特別準備22,089,000港元(二零零七年：1,772,000港元)已予以確認。本集團就無就該等結餘持有任何抵押品。

**23. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)**

Note: (Continued)

The Group allows an average credit period of 30 to 180 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 out 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. Staff monitors overdue trade receivables, and follow up collections.

## (c) Impairment of trade and other receivables

The movement of impairment loss on trade and other receivables are as follows:

		本集團 The Group	
		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
於一月一日	At 1 January	9,246	7,940
本年度應收賬款及其他應收款減值虧損撥回	Write back of impairment loss on trade and other receivables during the year	(4,224)	(1,031)
本年度已確認之應收賬款及其他應收款減值虧損	Impairment loss on trade and other receivables recognised during the year	22,089	1,772
匯兌差異	Exchange differences	1,124	565
於十二月三十一日	At 31 December	28,235	9,246

Impairment losses in respect of trade and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and other receivables directly (see note 2(h)(i)).

Write back of impairment loss on trade and other receivables represents the recovery of the consideration received in relation to the impaired trade and other receivables. An allowance for non-recoverable amount that had been made in previous year was written back accordingly.

As at 31 December 2008, trade and other receivables of the Group amounting to HK\$28,235,000 (2007: HK\$9,246,000) were individually determined to be impaired and full provision had been made. These individually impaired receivables had been outstanding for over 1 year as at the balance sheet date or were due from companies with financial difficulties. Accordingly, specific allowances for doubtful debts of HK\$22,089,000 (2007: HK\$1,772,000) were recognised. The Group does not hold any collateral over these balances.

**23. 應收賬款及其他應收款、預付款項及按金 (續)**

附註：(續)

## (c) 應收賬款及其他應收款減值 (續)

本集團於個別釐定該等應收賬款及其他應收款是否出現減值時考慮之因素包括以下各點：

- 債務人面臨重大財務困境；
- 應收款於已被拖欠若干期間；
- 債務人因經濟或法律原因而面對的財政困難，本集團向債務人授出於其他時候不會考慮之寬限；
- 債務人可能申請破產或進行其他財務重組；及
- 自初次確認後，儘管減少數額未能確認，但有客觀數據顯示來自債務人之估計未來現金流量出現可計量之減少，有關數據包括：
  - 本集團債務人之付款情況出現不利變動；及
  - 與本集團應收賬款及其他應收款遭拖欠有關之經濟狀況。

## (d) 並無減值之應收賬款

並無個別或共同視為將出現減值之應收賬款之賬齡分析如下：

		本集團 The Group	
		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
未逾期且未減值	Neither past due nor impaired	298,554	341,867
逾期少於6個月	Less than 6 months past due	101,198	32,236
逾期超過6個月但少於1年	More than 6 months but less than 1 year past due	2,999	4,079
逾期超過1年但少於2年	More than 1 year but less than 2 years past due	-	1,423
已逾期但未減值	Past due but not impaired	104,197	37,738
未減值總額	Not impaired total	402,751	379,605

未逾期且未減值之應收款項乃與多名近期沒有拖欠紀錄之客戶有關。

**23. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)**

Note: (Continued)

## (c) Impairment of trade and other receivables (Continued)

The factors which the Group considered in determining whether these trade and other receivables were individually impaired include the following:

- significant financial difficulty of the debtor;
- receivables that have been outstanding for a certain period;
- the Group granting to the debtor, for economic or legal reasons relating to the debtor's financial difficulty, a concession that the Group would not otherwise consider;
- it is becoming probable that the debtor will enter into bankruptcy or other financial reorganisation; and
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the debtor since their initial recognition, although the decrease cannot yet be identified including:
  - adverse changes in the payment status of debtors of the Group; and
  - economic conditions that correlate with defaults on the trade and other receivables of the Group.

## (d) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

**23. 應收賬款及其他應收款、預付款項及按金 (續)**

(d) 並無減值之應收賬款 (續)

已逾期但未減值之應收款項與多名與本集團保持良好往績記錄之獨立客戶有關。按照過往經驗，管理層相信，由於信貸質素並無重大變動，且該等結餘仍被視為可全數收回，故毋須就有關結餘作出減值撥備。本集團並無就該等結餘持有任何抵押品。

**24. 應收／(應付)附屬公司及董事款項**

應收／(應付)附屬公司及董事之款項為無抵押、免息及須按要求時償還。

**25. 已抵押銀行存款、受限制銀行結餘及定期銀行存款**

於二零零八年十二月三十一日，已抵押銀行存款、受限制銀行結餘及定期銀行存款如下：

**23. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)**

(d) Trade receivables that are not impaired (Continued)

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.

**24. AMOUNTS DUE FROM/(TO) SUBSIDIARIES AND DIRECTORS**

Amounts due from/(to) subsidiaries and directors are unsecured, interest-free and repayable on demand.

**25. PLEDGED BANK DEPOSITS, RESTRICTED BANK BALANCES AND FIXED BANK DEPOSITS**

As at 31 December 2008, the pledged bank deposits, restricted bank balances and fixed bank deposits are as follows:

		本集團 The Group		本公司 The Company	
		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
已抵押銀行存款 (附註(a))	Pledged bank deposits (note (a))	134,797	99,790	42,270	99,790
受限制銀行結餘 (附註(b))	Restricted bank balances (note (b))	26,987	214	—	—
定期銀行存款 (附註(a))	Fixed bank deposits (note (a))	—	25,000	—	25,000
		<b>161,784</b>	125,004	<b>42,270</b>	124,790
減：即期部份	Less: Current portion	<b>(124,106)</b>	(100,004)	<b>(27,270)</b>	(99,790)
非即期部份	Non-current portion	<b>37,678</b>	25,000	<b>15,000</b>	25,000

**25. 已抵押銀行存款、受限制銀行結餘及定期銀行存款 (續)**

- a) 於二零零八年十二月三十一日，已抵押銀行存款112,297,000港元(二零零七年：99,790,000港元)指為獲取授予本集團之銀行貸款而抵押予銀行之存款。該存款按固定年利率2.54%(二零零七年：4.73%)計息。餘下已抵押銀行存款22,500,000港元(二零零七年：零港元)及定期銀行存款零港元(二零零七年：25,000,000港元)指貨幣掛鈎存款，其應收利息之金額乃與一籃子外幣於到期日之匯率掛鈎。
- b) 於二零零八年及二零零七年十二月三十一日，受限制銀行結餘指銀行就向若干客戶及供應商發行信用證所規定及限制之銀行結餘，以及為無抵押長期銀行貸款維持最低銀行存款之財務契諾規定，分別為數4,309,000港元(二零零七年：214,000港元)及22,678,000港元(二零零七年：零港元)。受限制銀行結餘將於各自之交易完成後予以解除。受限制銀行結餘按市場利率每年介乎2.11%至3.71%(二零零七年：0.02%至5.30%)計息。
- c) 本集團管理層認為，存款之賬面值與其公平值相若。

**25. PLEDGED BANK DEPOSITS, RESTRICTED BANK BALANCES AND FIXED BANK DEPOSITS (Continued)**

- a) At 31 December 2008, pledged bank deposits of HK\$112,297,000 (2007: HK\$99,790,000) represent deposits pledged to banks to secure bank borrowings granted to the Group. The deposits carry fixed interest rate at 2.54% (2007: 4.73%) per annum. The remaining pledged bank deposits of HK\$22,500,000 (2007: HK\$Nil) and fixed bank deposits of HK\$Nil (2007: HK\$25,000,000) represent currency linked deposits where the amounts of interest receivables are linked to the exchange rates of a basket of foreign currencies on the maturity dates.
- b) At 31 December 2008 and 2007, restricted bank balances represent deposits required and restricted by banks in respect of the issue of letter of credit to certain customers and suppliers, and the financial covenant requirement to maintain minimum bank deposit for unsecured long-term bank borrowing amounting to HK\$4,309,000 (2007: HK\$214,000) and HK\$22,678,000 (2007: HK\$Nil) respectively. The restricted bank balances will be released upon the completion of the respective transactions. The restricted bank balances carry interest at market rates which range from 2.11% to 3.71% (2007: 0.02% to 5.30%) per annum.
- c) The management of the Group considers that the carrying amount of deposits approximates their fair value.



## 26. 現金及現金等值項目

## 26. CASH AND CASH EQUIVALENTS

		本集團 The Group		本公司 The Company	
		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
銀行存款	Deposits with banks	149,750	–	149,750	–
銀行及手頭之現金	Cash at bank and on hand	615,502	651,992	2,281	58,308
現金及現金等值項目	Cash and cash equivalents	765,252	651,992	152,031	58,308

現金及現金等值項目包括本集團持有之現金及按現行市場利率計息之到期日為三個月或以下之短期銀行存款。於二零零八年十二月三十一日，短期銀行存款包括貨幣掛鈎存款2,500,000港元(二零零七年：零港元)，其應收利息之金額乃與一籃子貨幣於到期日之匯率掛鈎。董事認為，現金及現金等值項目之賬面值與彼等於結算日之公平值並無重大差異。

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with a maturity of three months or less at prevailing market interest rates. At 31 December 2008, the short-term bank deposits included a currency linked deposit of HK\$2,500,000 (2007: HK\$Nil) where the amounts of interest receivables are linked to the exchange rates of a basket of foreign currencies on maturity date. In the opinion of the directors, the carrying amount of cash and cash equivalents has no material difference from their fair value at the balance sheet date.

## 27. 應付賬款

## 27. TRADE PAYABLES

應付賬款之賬齡分析如下：

The ageing analysis of trade payables is as follows:

		本集團 The Group	
		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
即期至6個月以下	Current to less than 6 months	104,530	51,129
6個月至1年以內	6 months to less than 1 year	6,854	6,098
1至2年	1 to less than 2 years	3,329	2,907
2年以上	Over 2 years	1,476	1,979
		116,189	62,113

## 28. 銀行貸款

於二零零八年十二月三十一日，須償還之銀行貸款如下：

		本集團		本公司	
		The Group		The Company	
		二零零八年	二零零七年	二零零八年	二零零七年
		2008	2007	2008	2007
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
1年內或按要求	Within 1 year or on demand	140,123	101,453	22,500	–
1年後但2年內	After 1 year but within 2 years	77,500	–	77,500	–
2年後但5年內	After 2 years but within 5 years	77,500	–	77,500	–
銀行貸款總額	Total bank loans	295,123	101,453	177,500	–
就報告目的而作出之 分析如下：	Analysed for reporting purposes as:				
流動負債	Current liabilities	140,123	101,453	22,500	–
非流動負債	Non-current liabilities	155,000	–	155,000	–
		295,123	101,453	177,500	–

附註：

- (a) 本集團所有銀行貸款均以人民幣計值，惟銀行貸款164,561,000港元(二零零七年：零港元)及22,500,000港元(二零零七年：零港元)分別以美元及港元計值。
- (b) 所有銀行貸款均為固定利率貸款，並按介乎於1.88%至6.5%(二零零七年：按5.83%)之年利率計息。
- (c) 除無抵押長期銀行貸款155,000,000港元(二零零七年：零港元)外，餘下銀行貸款乃以已抵押銀行存款約134,797,000港元(二零零七年：99,790,000港元)及應收賬款約10,672,000港元(二零零七年：零港元)作抵押。於二零零八年十二月三十一日，本集團尚未提取之銀行信貸約為90,000,000港元(二零零七年：10,000,000港元)。於二零零九年一月二十一日，本集團動用了銀行信貸，提取額外銀行貸款值10,000,000美元(相當約77,500,000港元)。
- (d) 就截至二零零八年十二月三十一日未償還之賬面總額為155,000,000之無抵押長期銀行貸款而言，本集團須履行若干財務契據(一般可於與金融機構訂立之貸款安排內找到)。倘本集團違反契約，則已提取之信貸將須按的要求償還。本集團定期監管其對該等契約之合規情況。有關本集團流動資金風險管理之進一步詳情載於附註35(b)。
- (e) 董事認為，銀行貸款之賬面值與彼等於結算日之公平值並無重大差異。

## 28. BANK BORROWINGS

As at 31 December 2008, the bank borrowings are repayable as follows:

		本集團		本公司	
		The Group		The Company	
		二零零八年	二零零七年	二零零八年	二零零七年
		2008	2007	2008	2007
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
1年內或按要求	Within 1 year or on demand	140,123	101,453	22,500	–
1年後但2年內	After 1 year but within 2 years	77,500	–	77,500	–
2年後但5年內	After 2 years but within 5 years	77,500	–	77,500	–
銀行貸款總額	Total bank loans	295,123	101,453	177,500	–
就報告目的而作出之 分析如下：	Analysed for reporting purposes as:				
流動負債	Current liabilities	140,123	101,453	22,500	–
非流動負債	Non-current liabilities	155,000	–	155,000	–
		295,123	101,453	177,500	–

Note:

- (a) All of the Group's bank borrowings are denominated in RMB, except for bank borrowings of HK\$164,561,000 (2007: HK\$Nil) and HK\$22,500,000 (2007: HK\$Nil) denominated in United States dollars and HK\$ respectively.
- (b) All bank borrowings are fixed-rate borrowings which carry prevailing interest rates ranging from 1.88% to 6.5% (2007: at 5.83%) per annum.
- (c) Except for unsecured long-term bank borrowings of HK\$155,000,000 (2007: HK\$Nil), the remaining bank borrowings were secured by the pledged bank deposits of approximately HK\$134,797,000 (2007: HK\$99,790,000) and trade receivables of approximately HK\$10,672,000 (2007: HK\$Nil). As at 31 December 2008, the Group had undrawn banking facilities of approximately HK\$90,000,000 (2007: HK\$10,000,000). On 21 January 2009, the Group utilised the bank facilities by drawing down additional bank borrowings amounting to US\$10,000,000 (equivalent to approximately HK\$77,500,000).
- (d) In respect of the unsecured long-term bank borrowings with an aggregate carrying amount of HK\$155,000,000 outstanding at 31 December 2008, the Group is subject to the fulfillment of certain financial covenants, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 35 (b).
- (e) In the opinion of the directors, the carrying amounts of bank borrowings are not significantly different from their fair values at the balance sheet date.

## 29. 於綜合資產負債表之所得稅

29. INCOME TAX IN THE CONSOLIDATED  
BALANCE SHEET

- a) 於綜合資產負債表確認之本期所得稅與年內之變動如下：

- a) Current income tax recognised in the consolidated balance sheet and the movement during the year are as follows:

		本集團 The Group	
		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
中國企業所得稅	PRC EIT		
於一月一日	At 1 January	27,622	19,254
收購附屬公司 (附註 34(a) 及 (b))	Acquisition of subsidiaries (note 34(a) & (b))	9,712	-
本年度撥備 (附註 8(a))	Provision for the year (note 8(a))	55,758	97,054
本年度支付之企業所得稅	EIT paid for the year	(111,170)	(90,225)
匯兌差額	Exchange differences	(9)	1,539
於十二月三十一日	At 31 December	<b>(18,087)</b>	27,622
		本集團 The Group	
		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
於綜合資產負債表 確認之可收回所得稅	Income tax recoverable recognised in the consolidated balance sheet	(27,799)	-
於綜合資產負債表 確認之應付所得稅	Income tax payable recognised in the consolidated balance sheet	9,712	27,622
(可收回) / 應付之稅項淨額	Net tax (recoverable)/payable	<b>(18,087)</b>	27,622

## 29. 於綜合資產負債表之所得稅

(續)

## b) 已確認之遞延稅項資產及負債：

於結算日及截至該日止年度計提之遞延稅項資產／(負債)之主要組成部份如下：

## 29. INCOME TAX IN THE CONSOLIDATED BALANCE SHEET (Continued)

## b) Deferred tax assets and liabilities recognised:

The major components of the deferred tax assets/(liabilities) provided for at the balance sheet date and for the year then ended are as follows:

	持作 自用樓宇 之重估	物業、廠房 及設備之 公平值調整	經營租賃項下 之預付 土地租金之 公平值調整 Fair value adjustment on prepaid lease payments on land under operating leases	無形資產之 公平值調整 Fair value adjustment on intangible assets	遞延開支 Deferred expenditure	總計 Total
	Revaluation of buildings held for own use 千港元 HK\$'000	Fair value adjustment on property, plant and equipment 千港元 HK\$'000	Fair value adjustment on prepaid lease payments on land under operating leases 千港元 HK\$'000	Fair value adjustment on intangible assets 千港元 HK\$'000	Deferred expenditure 千港元 HK\$'000	Total 千港元 HK\$'000
就下列各項產生之遞延稅項：	Deferred tax arising from:					
於二零零七年一月一日、	At 1 January 2007,					
二零零七年十二月三十一日	31 December 2007 and					
及二零零八年一月一日	1 January 2008					
收購附屬公司	Acquisition of subsidiaries					
(附註34(a)及(b))	(note 34(a) & (b))					
儲備列支	Charged to reserves					
計入損益表	Credited to income statement					
(附註8(a))	(note 8(a))					
匯兌差額	Exchange differences					
於二零零八年十二月三十一日	At 31 December 2008					
	(10,460)	(1,312)	15,118	(94,565)	5,314	(85,905)

**29. 於綜合資產負債表之所得稅**  
(續)**b) 已確認之遞延稅項資產及負債：**  
(續)

以下乃就財務報告目的而言之遞延稅項結餘分析：

於綜合資產負債表 確認之遞延稅項資產	Deferred tax assets recognised in the consolidated balance sheet
於綜合資產負債表 確認之遞延稅項負債	Deferred tax liabilities recognised in the consolidated balance sheet

**29. INCOME TAX IN THE CONSOLIDATED  
BALANCE SHEET (Continued)****b) Deferred tax assets and liabilities recognised:**  
(Continued)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
於綜合資產負債表 確認之遞延稅項資產	20,432	—
於綜合資產負債表 確認之遞延稅項負債	(106,337)	—
	<b>(85,905)</b>	—

**c) 尚未確認之遞延稅項資產**

根據附註2(o)所載之會計政策，本集團並無就於二零零八年十二月三十一日之累計稅務虧損12,291,000港元(二零零七年：1,990,000港元)確認遞延稅項資產，因為於有關稅務司法權區及實體不大可能有可運用之稅務虧損以抵扣未來應課稅溢利。

**c) Deferred tax assets not recognised**

In accordance with the accounting policy set out in Note 2(o), the Group has not recognised deferred tax assets in respect of cumulative tax losses of HK\$12,291,000 (2007: HK\$1,990,000) as at 31 December 2008 as it is not probable that future taxable profits against which the tax losses can be utilised will be available in the relevant tax jurisdiction and entity.

## 30. 股本及儲備

## a) 儲備－本集團

		股份 溢價	資本 儲備	樓宇 重估儲備	法定 儲備	股息 儲備	匯兌 儲備	保留 溢利	總額
		Share premium	Capital reserve	Buildings revaluation reserve	Statutory reserves	Dividend reserve	Translation reserve	Retained profits	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	千港元 HK\$'000	千港元 HK\$'000
於二零零七年一月一日	At 1 January 2007	1,152,531	22,348	-	89,980	56,846	62,490	690,324	2,074,519
直接於權益確認之匯兌差異	Exchange difference directly recognised in equity	-	-	-	-	-	81,071	-	81,071
本年度溢利	Profit for the year	-	-	-	-	-	-	295,045	295,045
本年度確認之收支總額	Total recognised income and expenses for the year	-	-	-	-	-	81,071	295,045	376,116
分配至法定儲備	Appropriations to statutory reserves	-	-	-	27,982	-	-	(27,982)	-
預留股息(附註13)	Dividend set aside (note 13)	-	-	-	-	71,057	-	(71,057)	-
已付二零零六年末期股息	Final dividend paid for 2006	-	-	-	-	(56,846)	-	-	(56,846)
已付二零零七年中期股息	Interim dividend paid for 2007	-	-	-	-	(14,211)	-	-	(14,211)
於二零零七年十二月三十一日 及二零零八年一月一日	At 31 December 2007 and 1 January 2008	1,152,531	22,348	-	117,962	56,846	143,561	886,330	2,379,578
直接於權益確認之匯兌差異	Exchange difference directly recognised in equity	-	-	-	-	-	134,908	-	134,908
持作自用之樓宇重估盈餘	Surplus on revaluation of buildings held for own use	-	-	39,728	-	-	-	-	39,728
持作自用之樓宇重估遞延稅項	Deferred tax on revaluation of buildings held for own use	-	-	(9,932)	-	-	-	-	(9,932)
本年度虧損	Loss for the year	-	-	-	-	-	-	(170,972)	(170,972)
本年度確認之收支總額	Total recognised income and expenses for the year	-	-	29,796	-	-	134,908	(170,972)	(6,268)
分配至法定儲備	Appropriations to statutory reserves	-	-	-	20,345	-	-	(20,345)	-
預留股息(附註13)	Dividend set aside (note 13)	-	-	-	-	14,211	-	(14,211)	-
已付二零零七年末期股息	Final dividend paid for 2007	-	-	-	-	(56,846)	-	-	(56,846)
已付二零零八年中期股息	Interim dividend paid for 2008	-	-	-	-	(14,211)	-	-	(14,211)
於二零零八年十二月三十一日	At 31 December 2008	1,152,531	22,348	29,796	138,307	-	278,469	680,802	2,302,253

## 30. SHARE CAPITAL AND RESERVES

## a) Reserves – The Group

		股份 溢價	資本 儲備	樓宇 重估儲備	法定 儲備	股息 儲備	匯兌 儲備	保留 溢利	總額
		Share premium	Capital reserve	Buildings revaluation reserve	Statutory reserves	Dividend reserve	Translation reserve	Retained profits	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	千港元 HK\$'000	千港元 HK\$'000
於二零零七年一月一日	At 1 January 2007	1,152,531	22,348	-	89,980	56,846	62,490	690,324	2,074,519
直接於權益確認之匯兌差異	Exchange difference directly recognised in equity	-	-	-	-	-	81,071	-	81,071
本年度溢利	Profit for the year	-	-	-	-	-	-	295,045	295,045
本年度確認之收支總額	Total recognised income and expenses for the year	-	-	-	-	-	81,071	295,045	376,116
分配至法定儲備	Appropriations to statutory reserves	-	-	-	27,982	-	-	(27,982)	-
預留股息(附註13)	Dividend set aside (note 13)	-	-	-	-	71,057	-	(71,057)	-
已付二零零六年末期股息	Final dividend paid for 2006	-	-	-	-	(56,846)	-	-	(56,846)
已付二零零七年中期股息	Interim dividend paid for 2007	-	-	-	-	(14,211)	-	-	(14,211)
於二零零七年十二月三十一日 及二零零八年一月一日	At 31 December 2007 and 1 January 2008	1,152,531	22,348	-	117,962	56,846	143,561	886,330	2,379,578
直接於權益確認之匯兌差異	Exchange difference directly recognised in equity	-	-	-	-	-	134,908	-	134,908
持作自用之樓宇重估盈餘	Surplus on revaluation of buildings held for own use	-	-	39,728	-	-	-	-	39,728
持作自用之樓宇重估遞延稅項	Deferred tax on revaluation of buildings held for own use	-	-	(9,932)	-	-	-	-	(9,932)
本年度虧損	Loss for the year	-	-	-	-	-	-	(170,972)	(170,972)
本年度確認之收支總額	Total recognised income and expenses for the year	-	-	29,796	-	-	134,908	(170,972)	(6,268)
分配至法定儲備	Appropriations to statutory reserves	-	-	-	20,345	-	-	(20,345)	-
預留股息(附註13)	Dividend set aside (note 13)	-	-	-	-	14,211	-	(14,211)	-
已付二零零七年末期股息	Final dividend paid for 2007	-	-	-	-	(56,846)	-	-	(56,846)
已付二零零八年中期股息	Interim dividend paid for 2008	-	-	-	-	(14,211)	-	-	(14,211)
於二零零八年十二月三十一日	At 31 December 2008	1,152,531	22,348	29,796	138,307	-	278,469	680,802	2,302,253

## 30. 股本及儲備 (續)

## 30. SHARE CAPITAL AND RESERVES (Continued)

## b) 儲備 – 本公司

## b) Reserves – The Company

		股份溢價	股息儲備	保留溢利/ (累計虧損) Retained profits/ (accumulated losses)	總額
		Share premium 千港元 HK\$'000	Dividend reserve 千港元 HK\$'000	千港元 HK\$'000	Total 千港元 HK\$'000
於二零零七年一月一日	At 1 January 2007	1,302,481	56,846	(64,036)	1,295,291
本年度溢利	Profit for the year	–	–	156,087	156,087
預留股息 (附註 13)	Dividend set aside (note 13)	–	71,057	(71,057)	–
已付二零零六年末期股息	Final dividend paid for 2006	–	(56,846)	–	(56,846)
已付二零零七年中期股息	Interim dividend paid for 2007	–	(14,211)	–	(14,211)
於二零零七年十二月三十一日 及二零零八年一月一日	At 31 December 2007 and 1 January 2008	1,302,481	56,846	20,994	1,380,321
本年度虧損	Loss for the year	–	–	(12,710)	(12,710)
預留股息 (附註 13)	Dividend set aside (note 13)	–	14,211	(14,211)	–
已付二零零七年末期股息	Final dividend paid for 2007	–	(56,846)	–	(56,846)
已付二零零八年中期股息	Interim dividend paid for 2008	–	(14,211)	–	(14,211)
於二零零八年十二月三十一日	At 31 December 2008	<b>1,302,481</b>	<b>–</b>	<b>(5,927)</b>	<b>1,296,554</b>

## c) 法定及已發行股本

## c) Authorised and issued share capital

		本集團及本公司 The Group and the Company			
		二零零八年 2008		二零零七年 2007	
		股份數目 No. of shares 千股 '000	金額 Amount 千港元 HK\$'000	股份數目 No. of shares 千股 '000	金額 Amount 千港元 HK\$'000
法定—每股面值0.10港元 之普通股 於一月一日及十二月三十一日	Authorised – Ordinary shares of HK\$0.10 each At 1 January and 31 December	<b>2,000,000</b>	<b>200,000</b>	2,000,000	200,000
已發行及繳足—每股面值 0.10港元之普通股 於一月一日及十二月三十一日	Issued and fully paid – Ordinary shares of HK\$0.10 each At 1 January and 31 December	<b>1,421,143</b>	<b>142,114</b>	1,421,143	142,114

**30. 股本及儲備 (續)****d) 儲備之性質及目的****i) 股份溢價**

根據開曼群島公司法（一九九八年修訂本），股份溢價賬可供分派予本公司股東，惟於緊隨建議分派股息之日期後，本公司將有能力於日常業務過程中償還其到期債務。

**ii) 資本儲備**

資本儲備指本集團因應集團重組而已資本化之分配至法定儲備之總額。

**iii) 樓宇重估儲備**

樓宇重估儲備包括經重估金額（扣除遞延稅項）與持作自用樓宇之賬面值兩者之差額。樓宇重估儲備已予設立並根據附註2(e)有關持作自用樓宇之會計政策予以處理。

**iv) 法定儲備**

自保留溢利撥至法定公積金乃根據有關之中國規則及規例以及本公司於中國成立之附屬公司之公司章程而作出，並經由各自之董事會批准。

法定公積金可用於彌補過往年度之虧損（如有）並可轉換為實繳資本，惟於進行該轉換後之法定公積金結餘不得少於其註冊資本之25%。

**30. SHARE CAPITAL AND RESERVES (Continued)****d) Nature and purpose of reserves****i) Share premium**

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.

**ii) Capital reserve**

The capital reserve represents the aggregate appropriations to the statutory reserves made by the Group as a result of Group reorganisation.

**iii) Buildings revaluation reserve**

The buildings revaluation reserve comprises the difference between the revalued amount, net of deferred tax, and the carrying amount of buildings held for own use. The buildings revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for buildings held for own use in note 2(e).

**iv) Statutory reserves**

Transfers from retained profits to statutory reserves were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC and were approved by the respective boards of directors.

Statutory reserves can be used to make good previous years' losses, if any, and may be converted into paid-up capital provided that the balance of the statutory reserves after such conversion is not less than 25% of their registered capital.



**30. 股本及儲備 (續)****d) 儲備之性質及目的 (續)****iv) 法定儲備 (續)**

本公司若干於中國之附屬公司須最低限度向法定公積金轉撥按中國會計規則及規例釐定之純利之10%，直至該儲備結餘達至註冊資本之50%為止。作出之轉撥須於向權益持有人分派股息之前進行。

**v) 匯兌儲備**

匯兌儲備包括因換算境外經營業務之財務報表而產生之所有匯兌差額。該儲備乃根據附註2(r)所載之會計政策予以處理。

**e) 資本管理**

本集團管理資本之主要目標乃保障本集團持續經營之能力以為股東帶來回報及讓其他股東獲益，並維持優化之資本架構以減少資金成本。

本集團會積極及定期審閱及管理其資金架構，以在盡可能提高股東回報與穩健資本狀況可承受之較高貸款水平之間取得平衡，並因應經濟狀況之變動對資本架構作出調整。為維持或調整資本架構，本集團可透過調整向股東支付之股息金額、發行新股、退還資本予股東或出售資產以減債。

**30. SHARE CAPITAL AND RESERVES (Continued)****d) Nature and purpose of reserves (Continued)****iv) Statutory reserves (Continued)**

The Company's certain subsidiaries in the PRC are required to transfer a minimum of 10% of their net profits, as determined in accordance with the PRC accounting rules and regulations to the statutory reserves until the reserve balances reach 50% of the registered capital. The transfer must be made before distribution of dividends to equity holders.

**v) Translation reserve**

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(r).

**e) Capital management**

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

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher stakeholder returns that might be possible with higher levels of borrowings afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders or sell assets to reduce debt.

**30. 股本及儲備 (續)****e) 資本管理 (續)**

與業界慣例一致，本集團以資產負債比率監控資本架構。該比率以本集團之銀行貸款減現金及現金等值項目除以其權益計算。

本集團之負債對權益比率之詳情如下：

**30. SHARE CAPITAL AND RESERVES (Continued)****e) Capital management (Continued)**

Consistent with industry practice, the Group monitors its capital structure on the basis of the gearing ratio. This ratio is calculated as the Group's bank borrowings less cash and cash equivalents over its equity.

The details of the debt to equity ratio of the Group are as follows:

		附註 Note	二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
銀行貸款	Bank borrowings	28	295,123	101,453
減：現金及現金等值項目	Less: Cash and cash equivalents	26	(765,252)	(651,992)
淨現金	Net cash		(470,129)	(550,539)
權益總額	Total equity		2,473,529	2,549,924
資本總額	Total capital		2,003,400	1,999,385
淨負債對權益比率	Net debt to equity ratio		不適用 N/A	不適用 N/A

**31. 承擔**

於結算日，本集團並無於財務報表內作出撥備之承擔如下：

- 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：

已訂約但未撥備	Contracted for but not provided
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- b) 根據不可撤銷之土地及樓宇經營租賃於日後所須繳付的最低租金款項承擔如下：

1年內	Within one year
第2至第5年	In the second to fifth year inclusive

經營租賃付款指本集團就其若干辦公室及廠房物業應付之租金。租約及租金乃通過磋商釐定，平均為期三年。

**31. COMMITMENTS**

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

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

本集團 The Group	
二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
57,220	102,398

- 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:

本集團 The Group	
二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
1,413	1,432
1,415	945
2,828	2,377

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.

### 32. 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。於終止舊計劃後，並無據此進一步授出購股權，但於所有其他方面，舊計劃之條文仍具效力，而於該終止前授出之所有購股權繼續有效及可據此予以行使。於截至二零零八及二零零七年十二月三十一日止兩個年度，本公司並無授出購股權。

行使價可由本公司董事釐定，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，以及本公司股份面值三項中之最高者。

### 32. 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. Upon the termination of the Old Scheme, no further share options were granted thereunder, but in all other respects, the provisions of the Old Scheme remained in force and all share options granted prior to such termination continued to be valid and exercisable in accordance therewith. No option has been granted by the Company during the two years ended 31 December 2008 and 2007.

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.

## 32. 購股權計劃 (續)

## 32. SHARE OPTION SCHEME (Continued)

截至二零零八年十二月三十一日止年  
度購股權之變動如下：

Movements of share options for the year ended 31 December  
2008 are as follows:

授出日期 Date of grant	行使期 Exercisable period	行使價 Exercise price	購股權數目 Number of share options				於二零零八年 十二月三十一日 尚未行使 Outstanding at 31 December 2008
			於二零零八年 一月一日 尚未行使 Outstanding at 1 January 2008	年內授出 Granted during the year	年內行使 Exercised during the year	年內沒收 Forfeited during the year	
僱員 Employee	二零零三年 一月二十七日 至二零一三年 一月二十六日 23 January 2003 27 January 2003-26 January 2013	1.10	1,500,000	-	-	-	1,500,000

截至二零零七年十二月三十一日止年  
度之購股權變動如下：

Movements of share options for the year ended 31 December  
2007 are as follows:

授出日期 Date of grant	行使期 Exercisable period	行使價 Exercise price	購股權數目 Number of share options				於二零零七年 十二月三十一日 尚未行使 Outstanding at 31 December 2007
			於二零零七年 一月一日 尚未行使 Outstanding at 1 January 2007	年內授出 Granted during the year	年內行使 Exercised during the year	年內沒收 Forfeited during the year	
僱員 Employee	二零零三年 一月二十七日 至二零一三年 一月二十六日 23 January 2003 27 January 2003-26 January 2013	1.10	1,500,000	-	-	-	1,500,000

**32. 購股權計劃 (續)**

於結算日，根據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(二零零七年：1,500,000股)，佔於該日本公司已發行股份之0.11%(二零零七年：0.11%)。按舊計劃，於任何時候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%。

於二零零八年十二月三十一日尚未行使之購股權之餘下合約年期約為四年(二零零七年：五年)。

**33. 關連人士交易****a) 與關連人士之交易**

除財務報表其他部份所披露者外，董事認為，年內下列人士屬本集團之重大關連人士：

<u>人士名稱</u>	<u>與本集團之關係</u>
蔣泉龍	本公司執行董事
無錫泛亞環保 科技有限公司 (「無錫泛亞」)	本公司執行董事 蔣泉龍擁有 權益

**i) 予蔣泉龍之租金費用**

截至二零零八年十二月三十一日止年度，本集團就向本集團提供物業而向蔣泉龍支付之租金費用約為238,000港元(二零零七年：223,000港元)。

**32. SHARE OPTION SCHEME (Continued)**

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 (2007: 1,500,000), representing 0.11% (2007: 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.

The option outstanding at 31 December 2008 has remaining contractual life of approximately 4 years (2007: 5 years).

**33. RELATED PARTY TRANSACTIONS****a) Transactions with related parties**

In addition to those disclosed elsewhere in the financial statements, the directors consider that the following are the significant related parties of the Group during the year:

<u>Name of party</u>	<u>Relationship with the Group</u>
Jiang Quanlong	Executive director of the Company
Wuxi Pan-Asia Environmental Protection Technologies Limited (“Wuxi Pan-Asia”)	Jiang Quanlong, an executive director of the Company, have beneficial interest

**i) Rental expenses to Jiang Quanlong**

During the year ended 31 December 2008, the Group paid rental expenses of approximately HK\$238,000 (2007: HK\$223,000) to Jiang Quanlong for providing premises to the Group.

**33. 關連人士交易 (續)****a) 與關連人士之交易 (續)****ii) 予無錫泛亞之租金費用**

截至二零零八年十二月三十一日止年度，本集團就向本集團提供物業而向無錫泛亞支付之租金費用約為58,000港元(二零零七年：55,000港元)。

董事認為，上述交易乃於一般業務過程中按正常商業條款訂立或根據規管該等交易之協議訂立，並已獲獨立非執行董事確認。

**b) 與主要管理人員之交易**

主要管理人員之酬金(包括附註9所披露之支付予本公司董事之金額及附註10所披露之支付予若干最高薪酬人士之金額)如下：

基本薪金、津貼 及實物福利	Basic salaries, allowance and benefits-in-kind
退休福利計劃供款	Retirement benefits scheme contributions

**33. RELATED PARTY TRANSACTIONS (Continued)****a) Transactions with related parties****ii) Rental expenses to Wuxi Pan-Asia**

During the year ended 31 December 2008, the Group paid rental expenses of approximately HK\$58,000 (2007: HK\$55,000) to Wuxi Pan-Asia for providing premises to the Group.

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 independent non-executive directors.

**b) Transactions with key management personnel**

Emoluments for key management personnel, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10 are as follows:

		本集團 The Group	
		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
基本薪金、津貼 及實物福利	Basic salaries, allowance and benefits-in-kind	3,836	3,815
退休福利計劃供款	Retirement benefits scheme contributions	54	54
		<b>3,890</b>	<b>3,869</b>

**c) 與關連人士之結餘**

於二零零八年及二零零七年十二月三十一日與關連人士之結餘之詳情載於附註24。

**c) Balances with related parties**

Details of the balances with related parties as at 31 December 2008 and 2007 are set out in note 24.

### 34. 收購附屬公司

#### a) 收購東冶稀土

於二零零八年十二月二十九日，本集團透過本公司擁有95%權益之間接附屬公司宜興新威利成稀土有限公司（「新威稀土」）向獨立第三方收購東冶稀土之100%股權，作價為人民幣127,000,000元（相當於約144,007,000港元），以現金支付。東冶稀土於中國從事製造及銷售稀土金屬產品。此項收購乃以購買會計法入賬。

根據買賣協議，代價包括現金代價人民幣100,000,000元（相當於約113,391,000港元）（「東冶現金代價」）及遞延現金代價人民幣27,000,000元（相當於約30,616,000港元）（「東冶遞延現金代價」）。收購東冶稀土一事於二零零八年十二月二十九日完成，而東冶現金代價已於完成後全數支付。東冶遞延現金代價代表於二零零八年十二月三十一日之應付代價，乃與東冶稀土截至二零零八年十二月三十一日止年度之財務表現掛鉤。

東冶遞延現金代價將相當於東冶稀土截至二零零八年十二月三十一日止年度按中國普遍會計準則之經審核財務報表中所示除稅後但除非經常性項目前純利之五倍減東冶現金代價。東冶遞延現金代價之最高金額不得超過人民幣40,000,000元（相當於約45,357,000港元）。

東冶遞延現金代價須於刊發東冶稀土截至二零零八年十二月三十一日止年度之中國經審核報告之日期後15日內，以現金透過支票或電匯支付。

### 34. ACQUISITION OF SUBSIDIARIES

#### a) Acquisition of Dongye Rare Earth

On 29 December 2008, the Group acquired 100% equity interest in Dongye Rare Earth, through Yixing Xinwei Leeshing Rare Earth Company Limited (“Xinwei Rare Earth”), a 95% indirectly owned subsidiary of the Company, from independent third parties for a consideration of RMB127,000,000 (equivalent to approximately HK\$144,007,000), satisfied by cash. Dongye Rare Earth is engaged in manufacturing and sales of rare earth metal products in the PRC. This acquisition has been accounted for by the purchase method of accounting.

In accordance with the sales and purchase agreement, the consideration comprised a cash consideration of RMB100,000,000 (equivalent to approximately HK\$113,391,000) (“Dongye Cash Consideration”) and a deferred cash consideration of RMB27,000,000 (equivalent to approximately HK\$30,616,000) (“Dongye Deferred Cash Consideration”). The acquisition of Dongye Rare Earth was completed on 29 December 2008 with Dongye Cash Consideration being paid in full upon completion. Dongye Deferred Cash Consideration represented the consideration payable as at 31 December 2008 which is associated with financial performance of Dongye Rare Earth for the year ended 31 December 2008.

Dongye Deferred Cash Consideration would be equivalent to 5 times the net profits after taxation and before extraordinary items as shown in the audited financial statements of Dongye Rare Earth for the year ended 31 December 2008 in accordance with the PRC generally accepted accounting principles less Dongye Cash Consideration. The maximum amount of Dongye Deferred Cash Consideration shall not be more than RMB40,000,000 (equivalent to approximately HK\$45,357,000).

Dongye Deferred Cash Consideration is payable in cash by cheque or by telegraphic transfer within 15 days after the date of issue of the PRC audit report of Dongye Rare Earth for the year ended 31 December 2008.



## 34. 收購附屬公司 (續)

## a) 收購東冶稀土 (續)

就收購東冶稀土取得之資產淨值之詳情概述如下，而所取得無形資產之詳情則載於附註19(c)：

## 34. ACQUISITION OF SUBSIDIARIES (Continued)

## a) Acquisition of Dongye Rare Earth (Continued)

Details of the net assets acquired in respect of the acquisition of Dongye Rare Earth are summarised below and details of intangible assets acquired are set out in note 19(c):

		於緊接合併前 被收購公司之賬面值 Acquiree's carrying amounts immediately before combination 千港元 HK\$'000	公平值調整 Fair value adjustments 千港元 HK\$'000	公平值 Fair values 千港元 HK\$'000
物業、廠房及設備	Property, plant and equipment	12,085	2,203	14,288
經營租賃之 預付土地租金	Prepaid lease payments on land under operating leases	16,101	(9,298)	6,803
無形資產	Intangible assets			
— 稀土金屬產品之 技術專業知識	— Technical know-how for rare earth metal products	756	115,069	115,825
存貨	Inventories	2,268	—	2,268
應收賬款	Trade receivables	47,985	—	47,985
預付款項及按金	Prepayments and deposits	227	—	227
現金及現金等值項目	Cash and cash equivalents	250	—	250
應付賬款	Trade payables	(17,411)	—	(17,411)
預提費用及其他應付款	Accruals and other payables	(17,886)	—	(17,886)
應付稅項	Tax payable	(2,142)	—	(2,142)
遞延稅項資產/(負債)	Deferred tax assets/(liabilities)	776	(26,994)	(26,218)
可識別資產及負債淨額	Net identifiable assets and liabilities	43,009	80,980	123,989
收購時之商譽	Goodwill on acquisition			20,018
代價	Consideration			144,007
總代價以下列方式支付：	Total consideration satisfied by:			
現金	Cash			113,391
遞延應付代價 (於綜合資產負債表 列為流動負債)	Deferred consideration payable as classified under current liabilities in the consolidated balance sheet			30,616
				144,007
收購產生之現金流出淨額：	Net cash outflow arising on acquisition:			
已付現金代價	Cash consideration paid			113,391
所取得之現金及現金等值項目	Cash and cash equivalents acquired			(250)
				113,141

### 34. 收購附屬公司 (續)

#### a) 收購東冶稀土 (續)

年內收購之上述附屬公司並無為本集團之業績帶來重大貢獻。

如收購事項已於二零零八年一月一日完成，則本集團於本年度之收入總額將為1,503,132,000港元，而本年度之虧損將為157,791,000港元。該備考資料僅供說明之用，未必表示倘收購事項已於二零零八年一月一日完成本集團實際上取得之收入及經營業績，亦不表示對未來業績之預測。

收購東冶稀土產生之商譽乃歸因於該協同效應帶來之預計盈利能力以及垂直整合下游稀土業務帶來的未來市場發展。東冶稀土具有經驗豐富之管理層、主要人員、市場推廣及技術員工，將有助提升本集團之營運效率。該等因素之利益並無與商譽分開確認，因為該等因素產生之未來經濟利益並不能可靠計量。

### 34. ACQUISITION OF SUBSIDIARIES (Continued)

#### a) Acquisition of Dongye Rare Earth (Continued)

The above subsidiary acquired during the year had no significant contribution to the Group's result.

If the acquisition had been completed on 1 January 2008, the Group's total revenue for the year would have been HK\$1,503,132,000 and loss for the year would have been HK\$157,791,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2008, nor is it intended to be a projection of future results.

The goodwill arising from the acquisition of Dongye Rare Earth is attributable to the anticipated profitability generated from synergy and future market development from vertical integration of downstream rare earth business. Dongye Rare Earth has experienced management, key personnel, marketing and technical staff who enable efficient operation of the Group. The benefit from these factors are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

**34. 收購附屬公司 (續)****b) 收購興華稀土**

於二零零八年十二月三十一日，本集團透過新威稀土向獨立第三方收購興華稀土之100%股權，作價為人民幣210,000,000元(相當於約238,122,000港元)，以現金支付。興華稀土於中國從事製造及銷售稀土礦物。此項收購乃以購買會計法入賬。

根據買賣協議，代價包括現金代價人民幣135,000,000元(相當於約153,079,000港元)(「興華現金代價」)及遞延現金代價人民幣75,000,000元(相當於約85,043,000港元)(「興華遞延現金代價」)。收購興華稀土一事於二零零八年十二月三十一日完成，而興華現金代價已於完成後全數支付。興華遞延現金代價代表於二零零八年十二月三十一日之應付代價，乃與興華稀土截至二零零八年十二月三十一日止年度之財務表現掛鈎。

興華遞延現金代價將相當於興華稀土截至二零零八年十二月三十一日止年度按中國普遍會計準則之經審核財務報表所示除稅後但除非經常性項目前純利之五倍減興華現金代價。興華遞延現金代價之最高金額不得超過人民幣75,000,000元(相當於約85,043,000港元)。

興華遞延現金代價須於刊發興華稀土截至二零零八年十二月三十一日止年度之中國經審核報告之日期後15日內，以現金透過支票或電匯支付。

**34. ACQUISITION OF SUBSIDIARIES (Continued)****b) Acquisition of Xinghua Rare Earth**

On 31 December 2008, the Group acquired 100% equity interest in Xinghua Rare Earth, through Xinwei Rare Earth, from independent third parties for a consideration of RMB210,000,000 (equivalent to approximately HK\$238,122,000), satisfied by cash. Xinghua Rare Earth is engaged in manufacturing and sales of rare earth minerals in the PRC. This acquisition has been accounted for by the purchase method of accounting.

In accordance with the sales and purchase agreement, the consideration comprised a cash consideration of RMB135,000,000 (equivalent to approximately HK\$153,079,000) ("Xinghua Cash Consideration") and a deferred cash consideration RMB75,000,000 (equivalent to approximately HK\$85,043,000) ("Xinghua Deferred Cash Consideration"). The acquisition of Xinghua Rare Earth was completed on 31 December 2008 with Xinghua Cash Consideration being paid in full upon completion. Xinghua Deferred Cash Consideration represented the consideration payable as at 31 December 2008 which is associated with financial performance of Xinghua Rare Earth for the year ended 31 December 2008.

Xinghua Deferred Cash Consideration would be equivalent to 5 times net profit after taxation and before extraordinary items as shown in the audited financial statements of Xinghua Rare Earth for the year ended 31 December 2008 in accordance with the PRC generally accepted accounting principles, less Xinghua Cash Consideration. The maximum amount of Xinghua Deferred Cash Consideration shall not be more than RMB75,000,000 (equivalent to approximately HK\$85,043,000).

Xinghua Deferred Cash Consideration is payable in cash by cheque or by telegraphic transfer within 15 days after the date of issue of the PRC audit report of Xinghua Rare Earth for the year ended 31 December 2008.

## 34. 收購附屬公司 (續)

## b) 收購興華稀土 (續)

就收購興華稀土取得之資產淨值之詳情概述如下，而所取得之無形資產之詳情則載於附註19(a)及19(b)：

## 34. ACQUISITION OF SUBSIDIARIES (Continued)

## b) Acquisition of Xinghua Rare Earth (Continued)

Details of the net assets acquired in respect of the acquisition of Xinghua Rare Earth are summarised below and details of intangible assets acquired are set out in note 19(a) and 19(b):

	於緊接合併前 被收購公司之賬面值 Acquiree's carrying amounts immediately before combination 千港元 HK\$'000	公平值調整 Fair value adjustments 千港元 HK\$'000	公平值 Fair values 千港元 HK\$'000
物業、廠房及設備	Property, plant and equipment	25,549	28,595
經營租賃之預付土地租金	Prepaid lease payments on land under operating leases	78,388	27,214
無形資產	Intangible assets		
— 稀土礦物獨家採購權	— Exclusive right to purchase rare earth minerals	—	201,502
— 稀土礦物初步分離之技術專業知識	— Technical know-how for preliminary separation of rare earth minerals	—	61,687
		—	263,189
存貨	Inventories	12,879	12,879
應收賬款及其他應收款	Trade and other receivables	27,086	27,086
預付款項及按金	Prepayments and deposits	15,958	15,958
現金及現金等值項目	Cash and cash equivalents	132	132
應付賬款	Trade payables	(1,440)	(1,440)
預提費用及其他應付款	Accruals and other payables	(142,559)	(142,559)
應付稅項	Tax payable	(7,570)	(7,570)
遞延稅項資產/(負債)	Deferred tax assets/(liabilities)	2,578	(51,187)
可識別資產及負債淨額	Net identifiable assets and liabilities	11,001	172,297
收購時之商譽	Goodwill on acquisition		65,825
代價	Consideration		238,122
總代價以下列方式支付：	Total consideration satisfied by:		
現金	Cash		153,079
遞延應付代價 (於綜合資產負債表 列為流動負債)	Deferred consideration payable as classified under current liabilities in consolidated balance sheet		85,043
			238,122
收購產生之現金流出淨額：	Net cash outflow arising on acquisition:		
已付現金代價	Cash consideration paid		153,079
所取得之現金及現金等值項目	Cash and cash equivalents acquired		(132)
			152,947

**34. 收購附屬公司 (續)****b) 收購興華稀土 (續)**

年內收購之上述附屬公司並無為本集團之業績帶來重大貢獻。

如收購事項已於二零零八年一月一日完成，則本集團於本年度之收入總額將為1,541,621,000港元，而本年度之虧損將為173,730,000港元。該備考資料僅供說明之用，未必表示倘收購事項已於二零零八年一月一日完成本集團實際上取得之收入及經營業績，亦不表示對未來業績之預測。

收購興華稀土產生之商譽乃歸因通過規模效益及共享資源、於該協同效應帶來之預計盈利能力，及通過垂直整合上游稀土業務帶來的未來市場發展。興華稀土具有經驗豐富之管理層、主要人員、市場推廣及技術員工，有助提升本集團之營運效率。該等因素之利益並無與商譽分開確認，因為該等因素產生之未來經濟利益並不能可靠計量。

**34. ACQUISITION OF SUBSIDIARIES (Continued)****b) Acquisition of Xinghua Rare Earth (Continued)**

The above subsidiary acquired during the year had no significant contribution to the Group's result.

If the acquisition had been completed on 1 January 2008, the Group's total revenue for the year would have been HK\$1,541,621,000 and loss for the year would have been HK\$173,730,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2008, nor is it intended to be a projection of future results.

The goodwill arising from the acquisition of Xinghua Rare Earth is attributable to the anticipated profitability generated from synergy through economies of scale and sharing of resources, and future market development through vertical integration of upstream rare earth business. Xinghua Rare Earth has experienced management, key personnel, marketing and technical staff who enable efficient operation of the Group. The benefit from these factors are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

**35. 財務風險管理目標及政策**

本集團之主要金融工具包括現金及現金等值項目、已抵押銀行存款、受限制銀行結餘、定期銀行存款、應收賬款及其他應收款、應付賬款及其他應付款以及銀行貸款。金融工具之詳情披露於各附註。該等金融工具之風險包括本集團在日常業務過程中產生之信貸風險、流動資金風險、利率風險、外匯風險、公平值、經濟風險及業務風險。

**a) 信貸風險**

- i) 於二零零八年十二月三十一日，最大信貸風險為綜合資產負債表各金融資產經扣除任何減值撥備後之賬面值。
- ii) 為盡量減低風險之應收賬款及其他應收款，管理層已訂立一項信貸政策，並對有關信貸風險進行持續監察。本集團會定期對各主要客戶之財務狀況及條件進行信貸評估。該等評估針對客戶過往支付到期款項之歷史及目前之支付能力，並考慮客戶特定資料及客戶經營所處經濟環境之資料。本集團並無就其金融資產要求任何抵押品。債務一般自開單日期起180日內到期。

本集團須承受之信貸風險主要受各名客戶之個別特點所影響。客戶所經營行業及國家之拖欠風險亦會對信貸風險有所影響，但程度較低。於結算日，本集團承受來自其最大客戶及五大客戶應收賬款總額之若干集中信貸風險分別為11.31%（二零零七年：12.69%）及39.11%（二零零七年：58.26%）。

有關本集團來自應收賬款及其他應收款之信貸風險之量化披露載於附註23。

**35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's major financial instruments include cash and cash equivalents, pledged bank deposits, restricted bank balances, fixed bank deposits, trade and other receivables, trade and other payables and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, interest rate risk, foreign currency risk, fair value, economic risk and business risk arises in the normal course of the Group's business.

**a) Credit risk**

- i) As at 31 December 2008, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheets after deducting any impairment allowance.
- ii) In respect of trade and other receivables, in order to minimise risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and condition is performed on each major customer periodically. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. The Group does not require collateral in respect of its financial assets. Debts are usually due within 180 days from the date of billing.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the balance sheet date, the Group has a certain concentration of credit risk as 11.31% (2007: 12.69%) and 39.11% (2007: 58.26%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 23.

**35. 財務風險管理目標及政策 (續)****a) 信貸風險 (續)**

- iii) 現金乃存放於集團公司經營所在地具穩健信貸評級之金融機構，本集團就任何單一金融機構所承擔之風險有限。鑑於彼等具有高信貸評級，管理層並不預期任何該等金融機構無法履行其責任。
- iv) 所承受之最高信貸風險(未計及所持有之任何抵押品)為資產負債表內各金融資產已扣除任何減值撥備後之賬面值。

**b) 流動資金風險**

本集團旗下之獨立營運實體須負責其各自之現金管理，包括現金盈餘之短期投資及籌措貸款以滿足預期現金需求，惟須獲董事會批准後，方可作實。本集團之政策為定期監察當前及預計之流動資金需求，以及遵守貸款契諾，確保本集團能維持充裕的現金及從主要金融機構取得足夠的承諾信貸融資，以滿足其短期及長期流動資金需要。本集團依賴銀行貸款作為流動資金來源。

**35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)****a) Credit risk (Continued)**

- iii) Cash is deposited with financial institutions with sound credit ratings that are located where the group companies are operated and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.
- iv) The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

**b) Liquidity risk**

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to board approval. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group relies on bank borrowings as a source of liquidity.

## 35. 財務風險管理目標及政策 (續)

## b) 流動資金風險 (續)

以下流動資金表格載列本集團及本公司之金融負債於結算日，基於合約未折現現金流(包括使用合約利率計得之利息付款或，如按浮息，則按結算日當日之利率計)及本集團須予償還之最早日期所得之餘下合約期：

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

## b) Liquidity risk (Continued)

The following liquidity table set out the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company is required to pay:

		二零零八年 2008					二零零七年 2007				
		一年內或 按要求償還	一年以上 兩年以內	兩年以上 五年以內	合約未折現 現金流量總額	賬面值	一年內或 按要求償還	一年以上 兩年以內	兩年以上 五年以內	合約未折現 現金流量總額	賬面值
		Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total undisclosed cash flow	Carrying amount	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total undiscounted cash flow	Carrying amount
		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	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
<b>本集團</b>	<b>The Group</b>										
應付賬款	Trade payables	116,189	-	-	116,189	116,189	62,113	-	-	62,113	62,113
其他應付款	Other payables	69,445	-	-	69,445	69,445	25,832	-	-	25,832	25,832
應付董事款項	Amounts due to directors	667	-	-	667	667	560	-	-	560	560
銀行貸款	Bank borrowings	152,210	84,635	79,598	316,443	295,123	103,317	-	-	103,317	101,453
收購附屬公司之 遞延應付代價	Deferred consideration payables for acquisition of subsidiaries	115,659	-	-	115,659	115,659	-	-	-	-	-
		454,170	84,635	79,598	618,403	597,083	191,822	-	-	191,822	189,958
<b>本公司</b>	<b>The Company</b>										
應付附屬公司款項	Amounts due to subsidiaries	255	-	-	255	255	240	-	-	240	240
應付董事款項	Amounts due to directors	753	-	-	753	753	676	-	-	676	676
銀行貸款	Bank borrowings	32,605	84,635	79,598	196,838	177,500	-	-	-	-	-
		33,613	84,635	79,598	197,846	178,508	916	-	-	916	916



## 35. 財務風險管理目標及政策 (續)

## c) 利率風險

本集團及本公司須承受有關以浮動利率計算的現金及現金等值項目、已抵押銀行存款、受限制銀行結餘、定期銀行存款及銀行貸款的現金流利率風險。

## i) 利率組合

下表詳細載列本集團及本公司的銀行貸款於結算日的利率組合：

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

## c) Interest rate risk

The Group and the Company are exposed to cash flow interest rate risk in relation to cash and cash equivalents, pledged bank deposits, restricted bank balances, fixed bank deposits and bank borrowings at floating interest rate.

## i) Interest rate profile

The following table details the interest rate profile of the Group's and the Company's bank borrowings at the balance sheet date:

		本集團 The Group				本公司 The Company			
		二零零八年 2008		二零零七年 2007		二零零八年 2008		二零零七年 2007	
		實際利率 Effective interest rate		實際利率 Effective interest rate		實際利率 Effective interest rate		實際利率 Effective interest rate	
		%	千港元	%	千港元	%	千港元	%	千港元
		%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000
固定利率貸款	Fixed rate borrowings	1.88-6.50	295,123	5.83	101,453	1.88-6.50	177,500	-	-
浮動利率貸款	Variable rate borrowings	不適用 N/A	-	不適用 N/A	-	不適用 N/A	-	不適用 N/A	-
銀行貸款總額	Total bank borrowings		295,123		101,453		177,500		-
固定利率貸款 佔貸款總額 的百分比	Fixed rate borrowings as a percentage of total borrowings		100%		100%		100%		不適用 N/A

### 35. 財務風險管理目標及政策 (續)

#### c) 利率風險 (續)

##### ii) 敏感度分析

屬於固定利率工具的本集團及本公司所有已抵押銀行存款、受限制銀行結餘、定期銀行存款及銀行貸款對任何利率變動不敏感。於結算日的利率變動不會影響損益。

於二零零八年十二月三十一日，在所有其他變量保持不變的情況下，估計利率整體上升或下降50個基點將減少或增加本集團本年度虧損約3,070,000港元(二零零七年：本集團本年度溢利增加或減少約2,970,000港元)。利率整體上升或下降對綜合權益的其他部份並無影響。

上述敏感度分析乃假設利率於結算日產生變動而釐定，並應用於該日的非衍生金融工具的利率風險。50個基點的上升或下降為管理層對直至下一年度結算日止期間內利率的合理可能變動的評估。二零零七年已以相同基準作出分析。

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

#### c) Interest rate risk (Continued)

##### ii) Sensitivity analysis

All of the pledged bank deposits, restricted bank balances, fixed bank deposits and bank borrowings of the Group and the Company which are fixed rate instruments are insensitive to any change in interest rates. A change in interest rates at the balance sheet date would not affect profit or loss.

At 31 December 2008, it is estimated that a general increase or decrease of 50 basis points in interest rates, with all other variables held constant, would decrease or increase the Group's loss for the year by approximately HK\$3,070,000 (2007: increase or decrease the Group's profit for the year by approximately HK\$2,970,000). Other components of consolidated equity would not change in response to the general increase or decrease in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 50 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2007.

## 35. 財務風險管理目標及政策 (續)

35. FINANCIAL RISK MANAGEMENT  
OBJECTIVES AND POLICIES (Continued)

## d) 貨幣風險

本集團主要因以與有關實體的功能貨幣以外的貨幣進行買賣而面對貨幣風險。

港元	Hong Kong Dollar
美元	United States Dollar

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。

**敏感度分析**

下表詳細載列本集團就本集團之功能貨幣兌相關外幣匯率上升及下降5%的影響。管理層對外幣匯率可能變動的合理評估。5%的敏感度比率為向高級管理人員申報內部外幣風險時所採用的比率，乃下文所示正數即表示本集團之功能貨幣兌有關貨幣貶值5%時溢利的增加。至於本集團之功能貨幣兌有關貨幣升值5%時，則可能對溢利產生同等及相反的影響。

## d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the entity to which they relate.

		資產 Assets		負債 Liabilities	
		二零零八年 2008 千元 '000	二零零七年 2007 千元 '000	二零零八年 2008 千元 '000	二零零七年 2007 千元 '000
港元	Hong Kong Dollar	90	58	-	-
美元	United States Dollar	26,514	40,528	22,876	-

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.

**Sensitivity analysis**

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency of the Group 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 weakening 5% against the relevant currency. For 5% strengthens of the functional currency of the Group against the relevant currency, there would be an equal and opposite impact on the profit.

**35. 財務風險管理目標及政策 (續)****d) 貨幣風險 (續)****敏感度分析 (續)**

		本年度溢利及虧損 Profit and loss for the year	
		二零零八年 2008 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000
港元影響	Hong Kong Dollar impact	4	3
美元影響	United States Dollar impact	1,415	2,026

**e) 公平值**

重大金融資產及負債的公平值與其於二零零八年及二零零七年十二月三十一日的賬面值相若。

- i) 現金及現金等值項目、應收賬款及其他應收款、貿易及其他應付款

由於該等項目於短期內到期，故此其賬面值與其公平值相若。

- ii) 銀行貸款

根據條款及到期日相若的銀行貸款現行貸款利率計算，銀行貸款的賬面值與其公平值相若。

**f) 經濟風險**

本集團的經營可能受到中國重大政治、經濟及社會不明朗因素的不利影響。儘管中國政府於過去多年來一直遵行經濟改革政策，無法保證中國政府將繼續遵循該政策或該政策不會發生重大變動。

**35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)****d) Currency risk (Continued)****Sensitivity analysis (Continued)****e) Fair value**

The carrying amounts of significant financial assets and liabilities approximate their respective fair values as at 31 December 2008 and 2007.

- i) Cash and cash equivalents, trade and other receivables, trade and other payables

The carrying values approximate their fair values because of the short maturity of these items.

- ii) Bank borrowings

The carrying amount of bank borrowings approximates their fair value based on the borrowing rates currently available for bank borrowings with similar terms and maturities.

**f) Economic risk**

The Group's operations may be adversely affected by significant political, economic and social uncertainties in the PRC. Although the government of the PRC has been pursuing economic reform policies in the past years, no assurance can be given that the PRC government will continue to pursue such policies or that such policies may not be significantly altered.

### 35. 財務風險管理目標及政策 (續)

#### g) 業務風險

本集團的營運大部份在中國進行，由此涉及與(其中涉及)中國政治、經濟及法律環境有關的風險。

### 36. 比較數字

若干比較數字已予重新分類，以符合本年度財務報表之呈列方式。

### 37. 財務報表之批准

財務報表已於二零零九年四月二十四日獲董事會批准。

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

#### g) Business risk

A substantial portion of the Group's operations is conducted in the PRC. This includes risks associated with, among others, the political, economic and legal environment in the PRC.

### 36. COMPARATIVE FIGURES

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

### 37. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board on 24 April 2009.

# Financial Summary

## 財務概要

		截至十二月三十一日止年度				
		For the year ended 31 December				
		二零零八年	二零零七年	二零零六年	二零零五年	二零零四年
		2008	2007	2006	2005	2004
		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
營業額	Turnover	1,364,890	1,385,345	1,031,082	769,370	665,320
銷售成本	Cost of sales	(1,015,603)	(931,232)	(732,577)	(565,407)	(484,667)
毛利	Gross profit	349,287	454,113	298,505	203,963	180,653
除稅前(虧損)/溢利	(Loss)/profit before taxation	(118,551)	396,134	274,075	171,646	139,283
所得稅	Income tax	(53,856)	(97,054)	(62,384)	(40,021)	(17,973)
本年度(虧損)/溢利	(Loss)/profit for the year	(172,407)	299,080	211,691	131,625	121,310
應佔(虧損)/溢利：	Attributable to:					
本公司股東	Equity shareholders of the Company	(170,972)	295,045	209,255	130,207	119,658
少數股東權益	Minority interests	(1,435)	4,035	2,436	1,418	1,652
		(172,407)	299,080	211,691	131,625	121,310

		於十二月三十一日				
		As at 31 December				
		二零零八年	二零零七年	二零零六年	二零零五年	二零零四年
		2008	2007	2006	2005	2004
		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
流動資產	Current assets	1,713,801	1,536,144	1,384,641	765,202	684,317
非流動資產	Non-current assets	1,500,535	1,262,120	1,080,770	828,762	743,019
資產總額	Total assets	3,214,336	2,798,264	2,465,411	1,593,964	1,427,336
流動負債	Current liabilities	479,470	248,340	227,454	145,249	107,660
非流動負債	Non-current liabilities	261,337	0	0	0	0
負債總額	Total liabilities	740,807	248,340	227,454	145,249	107,660
資產淨額	Net assets	2,473,529	2,549,924	2,237,957	1,448,715	1,319,676
股本	Share capital	142,114	142,114	142,114	98,695	98,695
儲備	Reserves	2,302,253	2,379,578	2,074,519	1,331,132	1,203,511
本公司股東應佔權益	Equity attributable to equity shareholders of the Company	2,444,367	2,521,692	2,216,633	1,429,827	1,302,206
少數股東權益	Minority interests	29,162	28,232	21,324	18,888	17,470
權益總額	Total equity	2,473,529	2,549,924	2,237,957	1,448,715	1,319,676



中國稀土控股有限公司  
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