

2011 年報
Annual Report

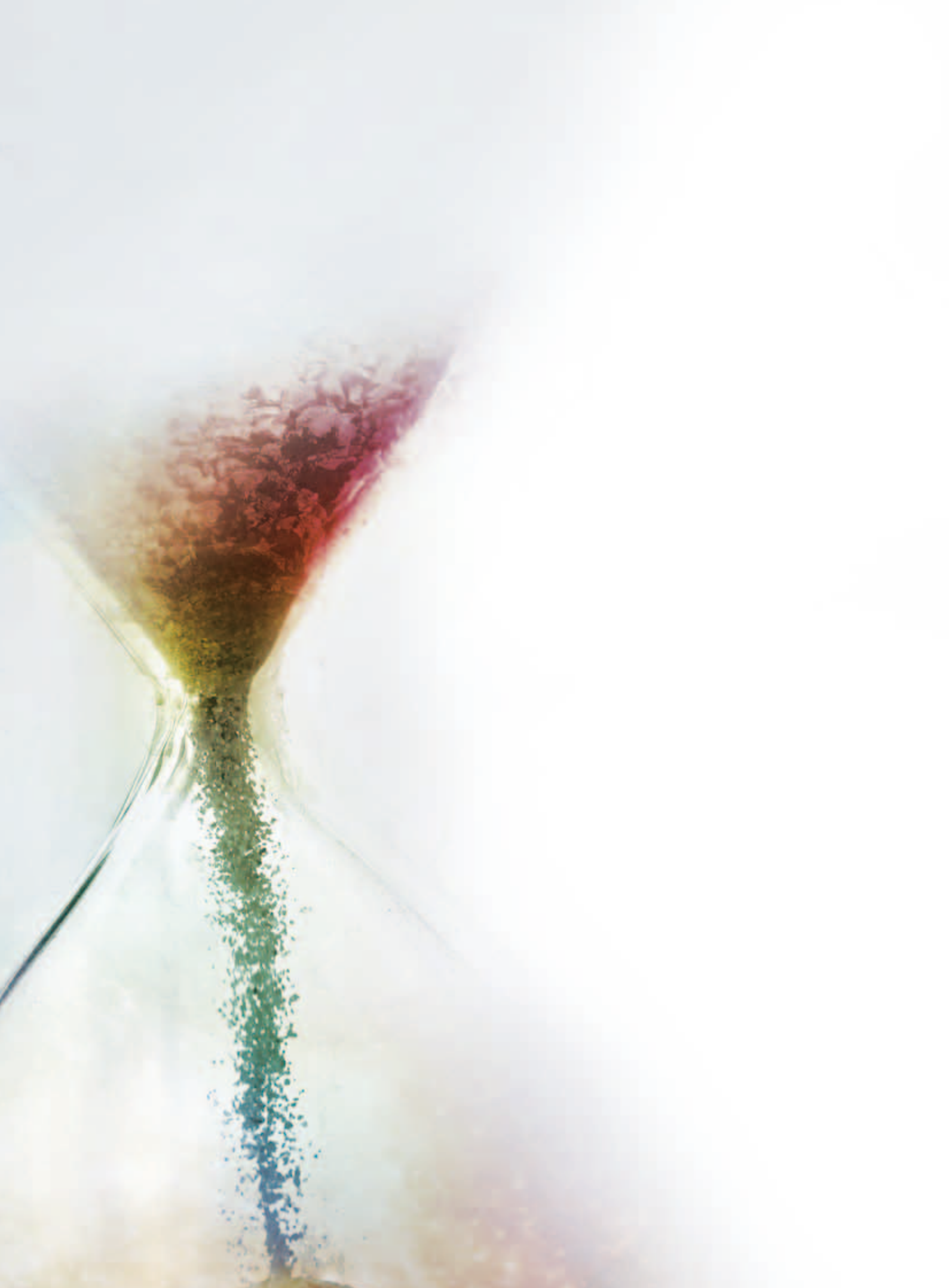


中國稀土控股有限公司
China Rare Earth Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock code 股份代號：00769





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董事

執行董事

蔣泉龍先生(主席)
錢元英女士(副主席)
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

審核委員會

劉余九先生(主席)
黃春華先生
金重先生

薪酬委員會

黃春華先生(主席)
劉余九先生
金重先生

提名委員會

金重先生(主席)
劉余九先生
黃春華先生

公司秘書

羅納德先生

註冊辦事處

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

總辦事處及主要營業地點

中國江蘇省
宜興市大浦鎮

香港營業地點

香港
中環雪廠街16號
西洋會所大廈15樓

DIRECTORS

Executive Directors

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

Independent Non-executive Directors

Mr Liu Yujiu
Mr Huang Chunhua
Mr Jin Zhong

AUDIT COMMITTEE

Mr Liu Yujiu (Chairman)
Mr Huang Chunhua
Mr Jin Zhong

REMUNERATION COMMITTEE

Mr Huang Chunhua (Chairman)
Mr Liu Yujiu
Mr Jin Zhong

NOMINATION COMMITTEE

Mr Jin Zhong (Chairman)
Mr Liu Yujiu
Mr Huang Chunhua

COMPANY SECRETARY

Mr Law Lap Tak

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Dapu Town, Yixing City
Jiangsu Province, the PRC

PLACE OF BUSINESS IN HONG KONG

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

香港法律顧問

趙不渝 馬國強律師事務所

HONG KONG LEGAL ADVISERS

Chiu & Partners

核數師

陳葉馮會計師事務所有限公司

AUDITORS

CCIF CPA Limited

主要往來銀行

中國

中國銀行股份有限公司
中國工商銀行股份有限公司
中國建設銀行股份有限公司
招商銀行股份有限公司

PRINCIPAL BANKERS

PRC

Bank of China Limited
Industrial & Commercial Bank of China Limited
China Construction Bank Corporation
China Merchants Bank Company Limited

香港

渣打銀行(香港)有限公司
法國巴黎銀行
中信銀行國際有限公司
中國銀行(香港)有限公司
南洋商業銀行有限公司

Hong Kong

Standard Chartered Bank (Hong Kong) Limited
BNP Paribas
CITIC Bank International Limited
Bank of China (Hong Kong) Limited
Nanyang Commercial Bank, Limited

主要股份過戶登記處

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House, 68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House, 68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

香港股份過戶登記分處

香港中央證券登記有限公司
香港
皇后大道東183號
合和中心17樓

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

互聯網址

www.creh.com.hk

INTERNET WEBSITE

www.creh.com.hk

香港聯合交易所有限公司股份代號

769

STOCK CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

769

公關顧問

縱橫財經公關顧問有限公司

PUBLIC RELATIONS CONSULTANT

Strategic Financial Relations Limited

財務摘要

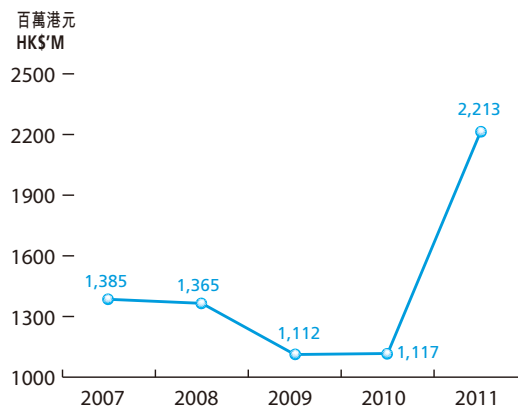
FINANCIAL HIGHLIGHTS

營業額

TURNOVER

截至十二月三十一日止年度
For the year ended 31 December

| | 百萬港元 HK\$'M |
|-------------|----------------|
| 2007 | 1,385 |
| 2008 | 1,365 |
| 2009 | 1,112 |
| 2010 | 1,117 |
| 2011 | 2,213 |

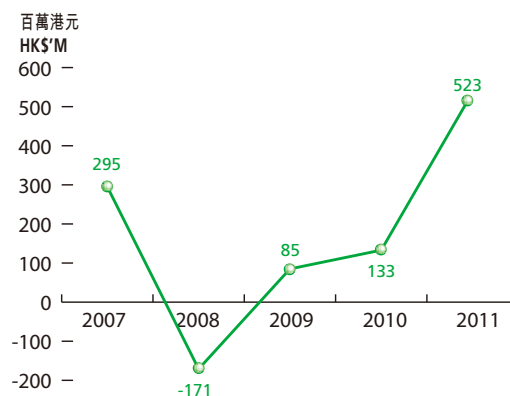


本公司擁有人應佔溢利／(虧損)淨額

NET PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

截至十二月三十一日止年度
For the year ended 31 December

| | 百萬港元 HK\$'M |
|-------------|----------------|
| 2007 | 295 |
| 2008 | -171 |
| 2009 | 85 |
| 2010 | 133 |
| 2011 | 523 |

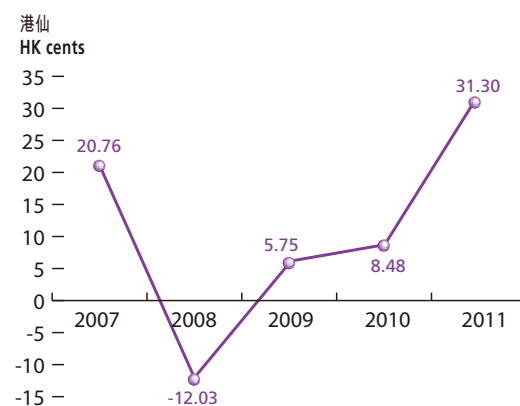


每股基本盈利

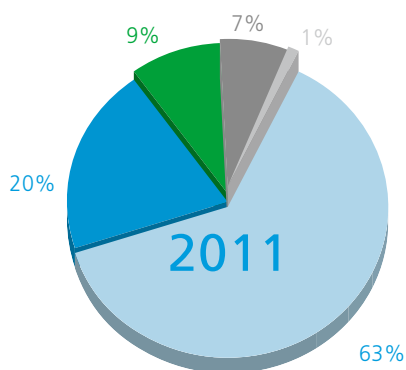
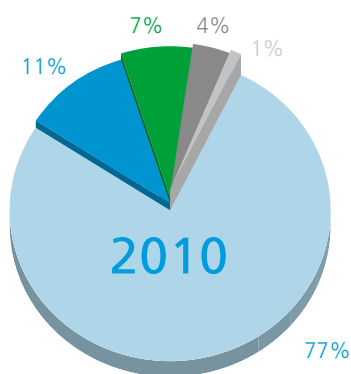
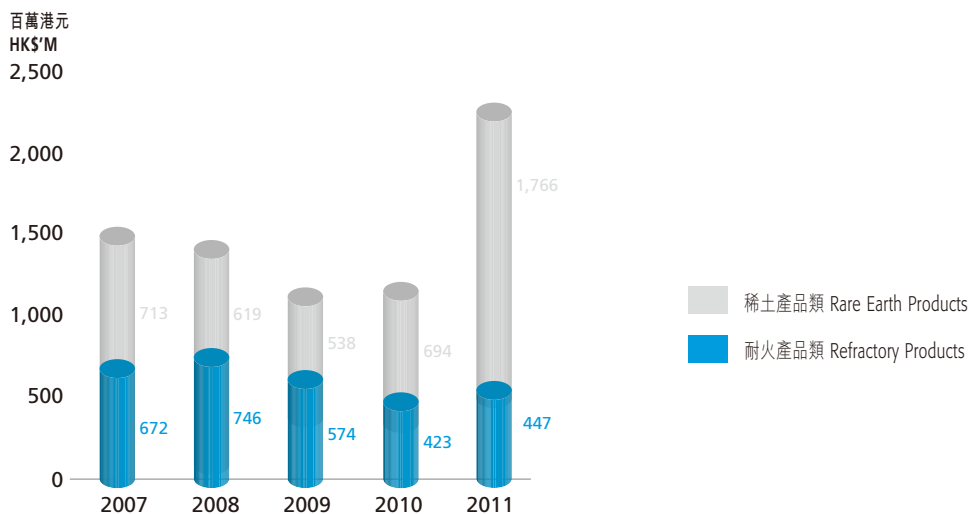
BASIC EARNINGS PER SHARE

截至十二月三十一日止年度
For the year ended 31 December

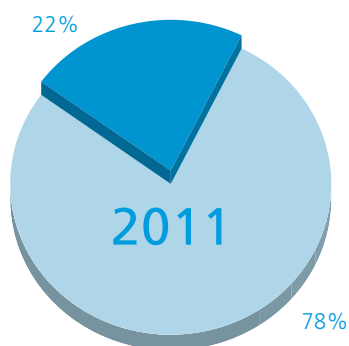
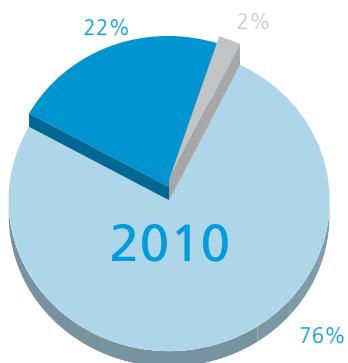
| | 港仙 HK cents |
|-------------|----------------|
| 2007 | 20.76 |
| 2008 | -12.03 |
| 2009 | 5.75 |
| 2010 | 8.48 |
| 2011 | 31.30 |



營業額 TURNOVER



- 稀土產品類
Rare Earth Products
- 中國 The PRC
 - 歐洲 Europe
 - 日本 Japan
 - 美國 The United States of America
 - 其它 Others



- 耐火產品類
Refractory Products
- 中國 The PRC
 - 日本 Japan
 - 其它 Others

》》主席報告書

CHAIRMAN'S STATEMENT

致各位股東：

本人謹代表董事會向各位股東提呈中國稀土控股有限公司（「本公司」）及其附屬公司（合稱「本集團」）截至二零一一年十二月三十一日止之全年業績報告。

面對全球稀土市場的巨大需求，作為十二五重點發展的新材料產業之一的稀土材料，繼續得到中國政府的有力扶持。回顧年內，中國政府繼續不斷推出關於稀土行業的政策法規，在整治違法開採、支持稀土研發、調高稀土資源稅、加強環保審查等方面推動稀土產業結構調整，促進行業的健康發展。二零一一年，稀土的價格經歷了上半年前所未有的飆升和下半年從高位逐步回落的過程。本集團稀土業務的營業額也受惠於全年稀土整體價格的上漲而取得理想增長。

To Shareholders,

On behalf of the Board of Directors, I am pleased to 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 2011.

Facing strong global demand, rare earth materials have been designated as key resources for development under China's Twelfth Five-Year Plan, and have received strong support from the Chinese Government. During the year under review, the Chinese Government has implemented various stringent measures, which including stiffer penalties for illegal mining, bolstering R&D in rare earth extraction, processing and applications, increasing tax on rare earth resources and strengthening environmental protection inspection. These measures are aimed at a structural adjustment while achieving the healthy growth of the rare earth industry. In 2011, the price of rare earths experienced an unprecedented surge in the first half of the year. Since then, prices have gradually receded during the second half of the year. Turnover of the Group's rare earth business also recorded satisfactory growth in large measure due to the increase in the overall prices of rare earth products over the whole year.



耐火材料方面，由於國內房地產業增長放緩，玻璃、鋼鐵等行業對耐火材料的應用量亦隨之受到影響。而人民幣的持續升值亦影響了出口耐火材料的競爭力。然而本年高純鎂砂生產線的正式投產拓闊了本集團的收入來源，正好抵消了高溫陶瓷於二零一零年中開始減產的影響。

財務業績

截至二零一一年十二月三十一日止財政年度，本集團出售了其附屬公司江華瑤族自治縣興華稀土新材料有限公司的所有權益，使稀土業務中的稀土鹽類部份成為已終止經營的業務。而本年內本集團來自持續經營業務錄得的營業額約為2,213,354,000港元，與二零一零年的1,116,755,000港元比較升幅為98%。當中稀土產品的營業額約為1,765,808,000港元，較去年之693,702,000港元上升約一倍半，約佔總營業額的80%。耐火材料產品的營業額則約為447,546,000港元，與去年的423,053,000港元基本持平，約佔總營業額的20%。由於稀土業務的優秀表現，令本集團整體毛利率由去年的約23%大幅上升至約48%。而已終止經營的稀土鹽類業務，本年度的利潤貢獻約為15,661,000港元，比去年的利潤23,668,000港元少。

本集團於回顧年內錄得淨溢利約555,459,000港元，比上年的約139,041,000港元上升約三倍。本年度每股盈利約31.30港仙（二零一零年度：8.48港仙）。

For the Group's refractory materials business, the slowing growth in the property market in China has dampened the demand of refractory materials by the glass and steel industries. The continuous appreciation of the Renminbi has also adversely affected the competitiveness of refractory materials for export. However, the commencement of operation of the Group's high purity magnesium grain production line in the year has expanded the Group's income stream, offsetting the impact on revenue caused by the reduction in production of high temperature ceramics starting in mid-2010.

FINANCIAL RESULTS

For the financial year ended 31 December 2011, the Group has disposed of its entire interest in Jianghua Yao Nationality Autonomous County Xinghua Rare Earth Company Limited, a subsidiary of the Group, and, in turn, has caused the rare earth salts business within the rare earth sector to be a discontinued operation. During the year under review, the Group's turnover from continuing operations reached approximately HK\$2,213,354,000, a jump of 98% when compared with that of HK\$1,116,755,000 in 2010. The turnover from rare earth products increased by more than 150% to approximately HK\$1,765,808,000 compared to that of HK\$693,702,000 in 2010, accounting for about 80% of the Group's total turnover. The refractory materials business brought in approximately HK\$447,546,000, at a similar level compared to HK\$423,053,000 in 2010 and accounting for about 20% of the Group's total. The overall gross profit margin substantially increased from around 23% last year to around 48%, attributable to the outstanding performance of the rare earth sector. The discontinued operation, the rare earth salts business, contributed a profit of HK\$15,661,000 for the year, less than the profit of HK\$23,668,000 recorded in 2010.

Net profit for the year under review amounted to approximately HK\$555,459,000, nearly a four-fold surge compared to last year's HK\$139,041,000. Earnings per share for this year were about HK31.30 cents (2010: HK8.48 cents).

末期股息

董事會建議派發二零一一年度之末期股息每股2港仙(二零一零年度：無)。倘若股東於二零一二年六月八日舉行的股東週年大會(「二零一二年股東週年大會」)中通過有關動議，末期股息將於二零一二年六月二十八日或以前派發給於二零一二年六月十四日營業時間結束時名列本公司股東登記冊上的股東。

暫停辦理股份過戶登記手續及記錄日期

確定出席二零一二年股東週年大會及於會上表決的權利

本公司將於二零一二年六月五日至二零一二年六月八日，包括首尾兩天，暫停辦理股份過戶登記手續，期間將不會進行任何股份之過戶登記。為保證股東有權出席二零一二年股東週年大會及於會上表決，股東須於二零一二年六月四日下午四時三十分前將其付訖印花稅的轉讓文據，連同有關股票交付本公司股份過戶登記處香港分處「香港中央證券登記有限公司」，以供登記有關轉讓。

確定收取建議末期股息的權利

建議末期股息須待股東於二零一二年股東週年大會批准後方可派付。就確定收取截至二零一一年十二月三十一日止年度建議末期股息的權利而言，記錄日期定為二零一二年六月十四日。股東須於二零一二年六月十四日下午四時三十分前將其付訖印花稅的轉讓文據，連同有關股票交付本公司股份過戶登記處香港分處「香港中央證券登記有限公司」，以供登記有關轉讓。

業務回顧

稀土業務

本集團稀土業務的持續經營部份營業額由去年的693,702,000港元大幅上升一倍半至1,765,808,000港元，毛利率升至逾50%。

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK2 cents per share for the year (2010: nil). Subject to the approval of shareholders at the forthcoming annual general meeting ("2012 AGM") to be held on 8 June 2012, the final dividend will be paid on or before 28 June 2012 to registered shareholders whose names appear on the Company's register of members as at the close of business on 14 June 2012.

CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

For determining the entitlement to attend and vote at the 2012 AGM

The Company's register of members will be closed from 5 June 2012 to 8 June 2012, both days inclusive, during which period no transfer of shares will be registered. To ensure that shareholders are entitled to attend and vote at the 2012 AGM, shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on 4 June 2012 for registration of the relevant transfer.

For determining the entitlement to the proposed final dividend

The proposed final dividend is subject to the approval of shareholders at the 2012 AGM. For determining the entitlement to the proposed final dividend for the year ended 31 December 2011, the record date is fixed on 14 June 2012. Shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's branch registrar, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on 14 June 2012 for registration of the relevant transfer.

BUSINESS REVIEW

Rare Earth Business

The turnover of the Group's continuing operations of rare earth business increased by over 150% from HK\$693,702,000 last year to HK\$1,765,808,000 while gross profit margin also increased to more than 50%.

稀土在工業中的應用與日俱增，其對經濟的影響受全世界日益關注。二零一一年中國政府更不斷推出包括「國務院關於促進稀土行業持續健康發展的若干意見」等保護政策，使海內外對稀土的強勢需求推動了上半年稀土產品價格全面飆升，部份產品的價格甚至出現了五至七倍的增長。雖從七、八月起，稀土產品價格受貿易商削減庫存和客戶延遲採購等影響從高位回落，但以全年計，稀土價格較年初仍有明顯增長。內銷方面，與二零一零年平均價格比較，大部份稀土產品的價格都以倍數上升了：如氧化鐳、氧化釹上升了約兩倍；氧化鐳、氧化鈹及鈮鎳共沉上升了約三至四倍；氧化鈾、氧化釷、氧化鈾更上升了逾五倍。外銷方面，

由於供應量受出口配額影響，價格比內銷的更高。如氧化鈾、氧化釷、氧化鈾在



年內平均出口價格比內銷的高約一倍；氧化鈾、氧化鈮、氧化釹的出口價格比內銷的更高逾兩倍以上。

回顧年內，中國政府對全國所有稀土企業都進行了大規模的環保審查。對不合格的企業可強制關停整頓，以顯示了政府對環保治理的決心。國內所有稀土企業對此舉動都非常重視。雖然本集團對環境保護一直不遺餘力，早已達到所有環保標準，但作為國內稀土企業的佼佼者，本集團於本年亦投放更多資源於整理廠房，犧牲部份生產時間以反覆對環保生產作自我審查。儘管令本集團於回顧年內減少了生產量，但本集團的環保成效得到政府各方的表揚。除了產量減少，在本年下半年於國內稀土平均價逐步下調的情況下，中國海關對稀土產品出口價的干預亦影響了出口市場，而部份國外客戶亦因稀土價格變化而抱持觀望態度並減少庫存。因此全國大部份稀土企業於

Rare earths are becoming increasingly important in the wide range of industrial applications, and their role in the global economy has become more widely appreciated around the world. These trends, together with Chinese Government's protective policies, especially the "National Guideline to Support the Sustainable and Healthy Development of Rare Earth Industry from the State Council", have driven the strong domestic and overseas demand for rare earths and led to an unprecedented surge in rare earth prices in the first half of 2011. Prices of some of the rare earth elements have seen growth in multiples of up to five to seven times during the first half of 2011. Although the prices of rare earth products have started to reduce from their peak last July to August due to the reduction of inventory by traders and deferred procurement by customers, prices still registered substantial hikes in annualised terms. Domestically, the average selling prices of most rare earth products were several times higher than in 2010. The prices of praseodymium oxide and neodymium oxide tripled while those of dysprosium oxide, terbium oxide and yttrium-europium co-precipitates were four-to-five times higher. Prices of samarium oxide, gadolinium oxide and cerium oxide soared more than six-fold. Facing stricter export quota limits, export prices have been significantly higher than domestic sales prices. The average export prices of erbium oxide, gadolinium oxide and holmium oxide have been nearly doubled those of domestic prices during the year under review, while those of samarium oxide, yttrium oxide and neodymium oxide were more than three times higher.

During the year under review, various responsible authorities in China conducted large scale environmental protection inspections on all the rare earth enterprises in the country. Enterprises which failed to meet the relevant standards would be forced to suspend operations. These requirements and their subsequent enforcement show the determination of the Government to protect the environment of the nation and all the rare earth enterprises attached importance to this move. The Group has constantly promoted environmental protection and has already complied with environmental protection standards. However, as a leading enterprise in China's rare earth industry, it has devoted more resources in upgrading its production facilities and sacrificed part of the production time to continually conduct self-evaluation exercises on its environmentally-friendly production. Despite of the decrease

二零一一年都沒有全數使用出口配額。本集團利用香港窗口之便總算將分配所得的配額用罄。回顧

年內，本集團共售出約2,000噸稀土氧化物，比去年減少逾三成。



下游產品熒光材料方面，本集團的全資附屬公司無錫新威熒光材料有限公司已於二零一一年下半年全面停產。取而代之，本集團與歐司朗有限公司共同投資的歐司朗(中國)熒光材料有限公司的第一期廠房已在二零一一年七月開始試產，部份產品亦已推出市場。但由於部份機器與生產團隊調試磨合階段時間較長，現時仍未達大規模量化生產，預計要待二零一二年稍後時間全面投產後才能為本集團帶來顯著的盈利貢獻。該公司採用世界頂尖的生產設備，以保證環保經營和生產。

稀土金屬產品方面，由於稀土氧化物乃稀土金屬之主要原材料，而年內稀土金屬價格升幅未及稀土氧化物，因此本集團主力銷售毛利率較高之稀土氧化物，令附屬公司和平縣東冶稀土新材料有限公司的稀土金屬的銷量減少至不足100噸，比二零一零年度大幅減少約八成。然而由於產品平均售價比去年顯著增長逾兩倍，營業額較去年只下調了約三成。

in production volume during the year under review, the Group's achievement in environmental protection has gained recognition from responsible Government authorities. Apart from the drop in production volume, the gradual decline in the average selling price of domestic rare earth materials in China in the second half of the year and the intervention of the China's customs on the export price of rare earth products have also affected the export market. In response to the rising price trend, some of the overseas customers have decided to take a wait-and-see attitude and reduced their inventory. As a result, most of the rare earth enterprises in the country did not fully utilise their export quotas in 2011. Nevertheless, the Group has used all of its allocated export quota through its Hong Kong arm. During the year under review, the Group sold approximately 2,000 tonnes of rare earth oxides, down by more than 30% compared to last year.

As for downstream products, Wuxi Xinwei Fluorescent Materials Company Limited, one of the Group's wholly-owned subsidiary, completely suspended production of fluorescent materials in the second half of 2011. Alternatively, Phase I of the production facility of OSRAM (China) Fluorescent Materials Co., Ltd., which was jointly invested by the Group and OSRAM GmbH, commenced trial production in July 2011, with some output placed on the market. As some of the equipment requires a longer time for the production team to complete testing for full operation, the factory has not commenced mass production and is expected to generate notable profit contribution for the Group after it ramps up for full production later in 2012. This facility, deploying some of the world's most advanced equipment, will ensure that its operation and procedures are executed in an environmentally-friendly manner.

For rare earth metals, since rare earth oxides are a key raw material of rare earth metals yet the price rises of rare earth metals lagged behind that of rare earth oxides, hence the Group concentrated its effort to boost the sales of rare earth oxides which enjoys higher gross profit margins. This shift caused a drop in sales of rare earth metals of approximately 80% to less than 100 tonnes for the Group's subsidiary – Heping County Dongye Rare Earth Company Limited. Nevertheless, as the average selling price of its products was more than tripled when compared to last year, the turnover decreased by only about 30%.

市場分佈方面，由於出口價格高於內銷價格，出口市場的營業額比例由過去平均18%上升至約37%，其中歐洲、日本和美國分別約佔20%、9%及7%。中國市場則佔餘下的63%。

對於上游的稀土鹽類方面，由於中國中央政府大力整頓稀土上游資源開採，促成國有大型企業主導的局面。上述措施影響了本集團原於湖南投資的稀土鹽類生產線的原材料供應。於二零一一年一至七月期間，本集團的附屬公司江華瑤族自治縣興華稀土新材料有限公司只生產了不足1,500噸稀土鹽類產品。有見中國政府對稀土礦開採的控制將越來越嚴，因此，本集團決定因應國家政策調整發展策略，於二零一一年八月把該公司的全部權益以257,000,000元人民幣出售，較二零零八年收購該公司的成交價210,000,000元人民幣高出47,000,000元人民幣。使該業務成為已終止經營業務。在計算及過去數年人民幣升值的因素後，整個已終止經營業務在本年財務報表上反映的利潤達15,661,000港元，較去年銷售了約5,200噸產品的利潤少。出售該投資項目後本集團調整了產品結構，注重中下游業務的發展。

耐火材料業務

本集團耐火材料業務的整體營業額由去年的423,053,000港元微升約6%至447,546,000港元，基平上持平。毛利率約21%。

回顧年內，玻璃和鋼鐵等行業的需求增長放緩，導致耐火材料的需求較為滯後。二



Geographically, as the export prices were far higher than domestic prices, the proportion of turnover generated by the export market increased from 18% on average to around 37%, with Europe, Japan and the US occupying 20%, 9% and 7% respectively, and the PRC market accounting for the remaining 63%.

As for upstream rare earth salts business, the Chinese Central Government has stepped up efforts to implement stronger restrictions on the mining of rare earth resources, leading to the dominance of state-owned large enterprises in the market. This policy has adversely affected the Group's supply of raw materials at its rare earth salts production lines in Hunan. From January to July 2011, Jianghua Yao Nationality Autonomous County Xinghua Rare Earth Company Limited, a subsidiary of the Group, has produced less than 1,500 tonnes of rare earth salts products. In view of the Chinese Government's tighter controls in the extraction of rare earth mines, the Group adjusted its development strategy to match the national policy by disposing of its entire interest in the subsidiary at a consideration of RMB257,000,000 in August 2011, an increase of RMB47,000,000 over the acquisition price of RMB210,000,000 in 2008. This move led such business to become discontinued operation. After factoring in the appreciation of Renminbi in the past few years, such discontinued operation presented a profit of HK\$15,661,000 in the financial statements of the year, less than the profit of selling 5,200 tons of rare earth salts products last year. After disposal, the Group has managed to restructure its business by focusing more on the development of its middle and downstream businesses.

Refractory Materials Business

Total turnover of the Group's refractory materials business rose slightly by around 6% from HK\$423,053,000 in 2010 to HK\$447,546,000 and the gross profit margin was about 21%.

During the year under review, the demand from the glass and steel industries has slowed down and therefore the demand for refractory materials

二零一一年本集團一般耐火材料的平均價格與去年比較升幅不大，如鋁碳磚的價格比去年只上升了約一成，鎂鋁尖晶石磚及電熔鎂鉻磚的價格上升亦不足兩成。銷售量方面則比去年下跌了約一成至約40,000噸。銷量下跌使產品平均成本上升，加上出口日本的耐火材料之毛利率降低，令一般耐火材料的整體毛利率下跌至約17%。

高溫陶瓷方面，經過二零一零年年中部份生產線的拆除，二零一一年全年只有賽隆生產線在運作。回顧年內本集團共銷售了約4,500噸產品，比去年下跌約六成。平均售價與去年相若，變化在一成之內。毛利率約為兩成。

鎂砂業務方面，回顧年內本集團銷售了約16,000噸電熔鎂砂，比去年輕微上升約5%，平均價格亦與去年相若，毛利率約為16%。

另外，高純鎂砂項目已於二零一零年底開始投產，於本年內銷售了約43,000噸產品，銷售額逾60,000,000港元，毛利率約24%。



另外，本集團於二零一一年六月與日本的旭硝子工業陶瓷株式會社合作成立了宜興旭硝子工業陶瓷有限公司，準備引入日本的先進技術至國內，以生產水泥用定形燒結耐火材料。目前廠房主要部份，包括高溫隧道窯的建設已快將完工，預計將在二零一二年四月能進行試產，目標年產能為34,000噸。項目總投資額為29,800,000美元。

has lagged behind that of other businesses. In 2011, the average selling price of the Group's ordinary refractory materials increased slightly when compared with last year. For example, the price of alumina-graphite bricks rose by about 10% against last year while the price of magnesia-alumina spinel bricks and fused magnesium-chrome bricks grew by less than 20%. Total sales volume decreased by around 10% to about 40,000 tonnes over last year. The drop of sales volume has pushed up the average cost of the products and the gross profit margin of refractory materials for export to Japan has also declined. As a result, overall gross profit margin of the ordinary refractory materials has shrunk to about 17%.

As for high temperature ceramics, after several production lines were shut down in mid-2010, only the workshop for the Sialon product series remained in operation in the whole year of 2011. During the year under review, the Group sold a total of approximately 4,500 tonnes of products, a drop of approximately 60% when compared with last year. The average selling price remained at a level similar to last year's, fluctuating within a 10% range and the gross profit margin was about 20%.

Regarding the magnesium grain business, the sales volume of the Group's fused magnesium grain slightly increased by about 5% over last year to 16,000 tonnes, with the average selling price remaining at a similar level to that of 2010. The gross profit margin was about 16%. The Group's high purity magnesium grain project commenced production in late 2010. It has sold approximately 43,000 tonnes in the year, with sales amount exceeding HK\$60,000,000 and a gross profit margin of around 24%.

In June 2011, the Group set up another joint venture, Yixing AGC Ceramics Co., Ltd., with Asahi Glass Ceramics Co., Ltd. from Japan to construct a plant to produce shaped and sintered refractory materials for the cement industry. Introducing advanced Japanese technologies to China, the major part of the factory, including a high temperature tunnel kiln, is to be completed soon. A trial run is scheduled in April 2012. Its annual production target is 34,000 tonnes and the total investment cost is US\$29,800,000.

市場分佈方面，本集團整體耐火材料的營業額於本年與去年相若，內銷約佔78%，外銷約佔22%。

展望

稀土作為重要的工業資源，在電子、通訊、節能、超導等諸多高科技領域有著廣泛應用，戰略地位顯著提升。此外，作為稀土應用產品的儲氫材料，亦廣泛應用於新能源汽車等新興產業，有著廣泛的市場擴張空間。據市場訊息顯示，二零一零年稀土在永磁、發光、儲氫、催化劑等新材料的應用佔到整個稀土應用領域的62%，與二零零九年相比增長率達到近34%。



於二零一二年第一季度，國內稀土市場仍在逐步放緩，稀土氧化物的售價處於下降軌道。但隨著中國政府繼續加強對稀土行業的監管和對新興產業的扶持，上游供給控制嚴格加上下游需求蓬勃，展望未來，雖然預期二零一二年的表現或許不如二零一一年的強勁增長，但本集團對稀土市場的發展仍審慎樂觀。

二零一一年底，中國商務部發佈了二零一二年第一批稀土出口配額，總額為10,546噸。本集團作為全國通過國家環境保護部環保審查的十一間企業之一，亦率先獲得了相應的稀土出口配額，在行業中起到了表率作用。上述配額以環保審核為前提，加上「稀土工業污染物排放標準」的出台等，均體現了環保對於稀土行業之重要性。另外，市場上一直傳聞的稀土專用增值稅發票或將

By market segment, the total turnover of the refractory materials business was similar to that of the previous year, with 78% for the domestic market in China and 22% for export.

PROSPECTS

Rare earths are strategically important industrial resources that can be widely used in high-tech applications such as electronics, communication, energy saving technologies and super conductivity. The hydrogen storage materials, also made from rare earth, widely used in emerging industries such as alternative energy vehicles, represents a market segment with huge potential for expansion. According to market data, 62% of the total consumption of rare earths are used in new materials including permanent magnet, illumination, hydrogen storage and catalysts in 2010, a rise of nearly 34% when compared with 2009.

The domestic market for rare earths has in fact gradually slowed down during the first quarter of 2012, in particularly the selling price of rare earth oxides. However, after the Chinese Government further imposed regulatory controls over the rare earth industry and supported the emerging industries, the supply in upstream operations became tight and the downstream demand began to increase. It is believed that the performance in 2012 may be weaker compared with the strong growth for the year under review, but we remain prudently optimistic about the future development of the rare earth market.

In late 2011, the Ministry of Commerce of the PRC announced the 2012 first batch of export quotas totalling 10,546 tonnes of rare earths. As one of the eleven companies that passed the environmental protection examination conducted by the Ministry of Environmental Protection of the PRC, we have secured our share of export quota and have become an exemplary enterprise within the industry. The quota was granted as a result of the environmental protection examination. In addition, the introduction of "Emission

於二零一二年推出，此舉將有利於淘汰稀土行業中的中小企業和不合格企業，打擊違法生產，使稀土行業的供給更趨規範化。

另一方面，歐司朗(中國)熒光材料有限公司生產的熒光材料作為節能燈的重要原材料，亦將在該公司全面投產後，受惠於政策支持而迎來快速增長。此外，宜興旭硝子工業陶瓷有限公司於二零一二年完工投產後亦將會進一步成為本集團新的盈利增長點。而調整後的高溫陶瓷生產線將專注於賽隆系列產品的研發，現階段已有部份樣本送呈海外客戶並已獲得理想評價，預期高溫陶瓷產品於未來將能進一步帶動出口市場的銷售。

流動資金及財務資源

本集團一向維持審慎的資金安排，一直保持有充裕資金在手。於二零一一年十二月三十一日，本集團持有現金及銀行存款金額共約1,634,847,000港元，其中包括了84,900,000元人民幣之存款抵押了給國內銀行以使國內附屬公司獲得80,000,000元人民幣的短期銀行貸款。於年末時，本集團的流動資產淨額約為3,232,649,000港元。總負債對總資產的比率維持於約9%。

於本年內，本集團的全資附屬公司宜興新威利成耐火材料有限公司向一中國銀行提供了若干企業擔保，使本集團擁有49.9%的合營企業歐司朗(中國)熒光材料有限公司獲得該銀行的貸款融資。於本年末日，歐司朗(中國)熒光材料有限公司利用該擔保向該銀行提取了共40,000,000元人民幣貸款。

Standard for Pollutants from Rare Earth Production” has also highlighted the importance of environmental protection to this industry. Besides, there is the possibility that a special value-added tax invoice for the rare earth sector may be launched in 2012. This is expected to eliminate the SMEs and unqualified enterprises in the rare earth industry, and to suppress unsupervised production, so ultimately the supply in the industry would be better regulated.

On the other hand, the fluorescent materials produced by OSRAM (China) Fluorescent Materials Co., Ltd. are important elements for the manufacturing of energy-saving lighting, so its business is expected to rapidly grow under those favourable policies once full production ramps up. Yixing AGC Ceramics Co., Ltd. should also turn into a significant new profit contributor after it is completed and starts production in 2012. The adjusted high temperature ceramics production line is to focus on the research & development of the Sialon product series. Samples provided to overseas customers have received positive feedback, and the high temperature ceramics line is expected to increase the Group's export sales.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has continued to maintain prudent capital arrangements, and has sufficient cash on hand. As at 31 December 2011, the Group had cash and bank deposits of approximately HK\$1,634,847,000, of which RMB84,900,000 was pledged to a domestic bank to secure a RMB80,000,000 short-term loan for its subsidiaries in the PRC. As at the end of 2011, the Group had a balance of net current assets valued at approximately HK\$3,232,649,000, with the total liabilities to total assets ratio at around 9%.

During the year, Yixing Xinwei Leeshing Refractory Materials Co., Ltd., a wholly owned subsidiary of the Group, provided certain corporate guarantee to a bank in the PRC to facilitate OSRAM (China) Fluorescent Materials Co., Ltd., a 49.9% owned joint venture of the Group, to obtain loan financing from the bank. As at the end of the year, OSRAM (China) Fluorescent Materials Co., Ltd. had drawn loans of RMB40,000,000 in total from the bank with the guarantee.

除了上述之存款抵押外，本集團並無其他資產已被抵押。除了上述之擔保外，本集團亦並無其他重大或然負債。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，另亦有部份以美元及港元列值。於回顧期內人民幣的升值並未為本集團帶來重大的匯率風險，而美元及港元的匯率亦相對穩定。

僱員及薪酬

於二零一一年十二月三十一日，本集團僱用各級員工共約1,100人，包括大學畢業生及經驗豐富的專業翹楚。本集團為員工提供完善的薪酬及福利制度，包括購股權計劃以鼓勵員工對本集團的貢獻。回顧年內，僱員成本包括董事酬金合計約為55,796,000港元。另外，本集團亦經常安排在職培訓予員工以保持其專業水平。於二零一一年，本集團更外聘專業人員到宜興總部向員工解說內部監控的重要性。

致謝

本集團於回顧年內的優秀表現，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，以及為全體員工的努力成果。本人謹代表董事會及管理層向彼等致以最衷心的謝意。

主席

蔣泉龍

香港，二零一二年三月三十日

Except for the deposits pledged as aforesaid, the Group had no other charge on assets. Except for the guarantee as stated above, there was no other material contingent liability. The Group did not hold any financial derivative products. Except for the interest rate differential in bank deposits with the aforementioned bank loans, it was not exposed to material risk from interest rate fluctuations. 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. During the year, the Group was not exposed to material foreign exchange risks caused by appreciation of the Renminbi. The exchange rate of the US dollar and Hong Kong dollar was stable.

STAFF AND REMUNERATION

As at 31 December 2011, the Group had a workforce of approximately 1,100 including new recruits among university graduates as well as experienced professionals. The Group provided a comprehensive staff remuneration and welfare system, including a share option scheme, to motivate staff to contribute their best efforts. During the year, the Group spent approximately HK\$55,796,000 on staff costs including directors' emoluments. It has also provided regular on-the-job training to employees to help them maintain professional standards. In 2011, the Group has engaged external professionals to explain the importance of internal control to the staff at our Yixing headquarters.

APPRECIATION

Our excellent performance this year was a result of the unwavering support and trust of our shareholders, investors, customers, suppliers and business partners, as well as the dedicated efforts of the entire staff. On behalf of the Board and the management, I wish to express my heartfelt gratitude to all of you.

Jiang Quanlong

Chairman

Hong Kong, 30 March 2012

董事及高級管理人員簡介

DIRECTORS AND SENIOR MANAGEMENT PROFILE

執行董事

蔣泉龍先生，59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三十年經驗。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。此外，蔣先生亦為泛亞環保集團有限公司(其股份於香港聯合交易所有限公司上市)之主席兼執行董事，及本公司主要股東YY Holdings Limited之唯一董事。蔣先生為本集團副主席錢元英女士之丈夫。

錢元英女士，52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二十年經驗。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。

蔣才南先生，53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。蔣先生兼為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及銷售。蔣先生在耐火材料行業擁有逾三十年的豐富經驗。

EXECUTIVE DIRECTORS

Mr Jiang Quanlong, aged 59, 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 30 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. Besides, Mr Jiang is also the chairman and an executive director of Pan Asia Environmental Protection Group Limited, the shares of which are listed on The Stock Exchange of Hong Kong Limited, and the sole director of YY Holding Limited, a substantial shareholder of the Company. Mr Jiang is the husband of Ms Qian Yuanying, the deputy chairman of the Group.

Ms Qian Yuanying, aged 52, 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 20 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.

Mr Jiang Cainan, aged 53, joined the Group in 1986 and was appointed as an executive director in 2005. Mr Jiang is also the general manager of Yixing Xinwei Leeshing Refractory Materials Company Limited and is responsible for the operation and sales of refractory materials business. Mr Jiang has over 30 years of experience in the refractory materials industry.

董事及高級管理人員簡介

DIRECTORS AND SENIOR MANAGEMENT PROFILE

獨立非執行董事

劉余九先生，78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。現時劉先生是中國稀土學會名譽理事及中國稀土學報編委會成員。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，47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及武漢大學經濟學學士學位。現時黃先生是正道集團有限公司(其股份於香港聯合交易所有限公司上市)之副主席兼執行董事。黃先生於二零零七年五月至二零零九年四月期間為法國巴黎證券(亞洲)有限公司證券董事和中國資本市場策略師。在此之前，黃先生在二零零二年十一月至二零零七年十月擔任正道集團有限公司副主席，並曾在多所證券公司任職分析師。黃先生在金融市場上擁有豐富的知識和經驗。

金重先生，60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，42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，羅先生曾於香港一家國際會計師行任職核數經理。

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr Liu Yujiu, aged 78, 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. Currently Mr Liu is an honorary executive of China Rare Earth Science Society and a member of the editorial committee 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 47, 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 and a Bachelor degree in Economics from Wuhan University. Currently Mr Huang is the deputy chairman and an executive director of Hybrid Kinetic Group Limited, the shares of which are listed on The Stock Exchange of Hong Kong Limited. For the period from May 2007 to April 2009, Mr Huang was a director and China equity market strategist of BNP Paribas Securities (Asia) Limited. Prior to that he was the deputy chairman of Hybrid Kinetic Group Limited between November 2002 and October 2007 and an analyst of various securities companies. Mr Huang has extensive knowledge and experience in financial market.

Mr Jin Zhong, aged 60, 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 42, 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 an audit manager in an international accounting firm in Hong Kong.

高級管理層

俞正明先生，76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，43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二十年的生產管理經驗。

王建平先生，50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。

張惠林先生，59歲，於一九八八年加入本集團，現任海城市蘇海鎂礦有限公司及海城新威利成鎂資源有限公司總經理，主管鎂砂業務之運作。張先生在耐火材料原材料供應及銷售上擁有豐富的管理經驗。

趙建文先生，45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二十年的經驗。

SENIOR MANAGEMENT

Mr Yu Zhengming, aged 76, 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 43, joined the Group in 1988. 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 20 years of experience in production management in the rare earth industry.

Mr Wang Jianping, aged 50, 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 Zhang Huilin, aged 59, joined the Group in 1988. Mr Zhang is the general manager of Haicheng City Suhai Magnesium Ore Company Limited and Hai Cheng Xinwei Leeshing Magnesium Resources Company Limited and is responsible for the operation of magnesium grains business. Mr Zhang has extensive management experience in raw material supply and sales of refractory materials.

Mr Zhao Jianwen, aged 45, 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 20 years of experience in the rare earth industry.

企業管治常規

本公司致力於設立良好之企業管治常規及程序。本公司已根據香港聯合交易所有限公司證券上市規則(「上市規則」)附錄十四所載之企業管治常規守則(「企業管治常規守則」)所載列之原則及守則條文採納其本身之企業管治守則。於截至二零一一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二零一一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。董事會包括三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)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”). Throughout the year ended 31 December 2011, 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 2011.

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 three 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) and Mr Jiang Cainan.

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

董事會組成(續)

董事會於年內舉行了七次會議。出席會議之詳情如下：

| 董事 | 出席會議 |
|-----|------|
| 蔣泉龍 | 7/7 |
| 錢元英 | 7/7 |
| 蔣才南 | 7/7 |
| 劉余九 | 7/7 |
| 黃春華 | 7/7 |
| 金重 | 7/7 |

董事培訓

每名新獲委任董事於其任期開始時將會接受綜合、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十四天送呈全體董事。就其他董事會及委員會會議而言，一般亦發出合理之通告。

董事會文件連同所有合適、完整及可靠之資料均至少於每次董事會會議或委員會會議舉行日期前三天送呈全體董事，以讓董事評估本公司最近之發展及財務狀況，並讓彼等能夠作出知情決定。董事會及各位董事亦於必要時可分別及獨立接觸高級管理人員。

BOARD COMPOSITION (Continued)

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

| Director | Attendance |
|----------------|------------|
| Jiang Quanlong | 7/7 |
| Qian Yuanying | 7/7 |
| Jiang Cainan | 7/7 |
| Liu Yujiu | 7/7 |
| Huang Chunhua | 7/7 |
| Jin Zhong | 7/7 |

TRAINING FOR DIRECTORS

Each newly appointed director will receive 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.

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

會議常規及操守(續)

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

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

主席及行政總裁

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

獨立非執行董事

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

PRACTICES AND CONDUCT OF MEETINGS (Continued)

The Company Secretary is responsible 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。

審核委員會職權範圍(均遵守企業管治常規守則)已刊載於本公司網頁。

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 | 1/2 |
| 金重 | 2/2 |

薪酬委員會

於二零一一年十二月三十一日，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。於二零一二年三月二十三日，本公司之薪酬委員會更改其委員會成員。由該日起，薪酬委員會現有成員兼獨立非執行董事黃春華先生獲委任代替蔣泉龍先生出任薪酬委員會主席。由該日起，蔣泉龍先生也不再為薪酬委員會成員。

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。

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 published on the Company's website.

During the year, there were two Audit Committee meetings. Attendance of the directors were as follows:

| Director | Attendance |
|---------------|------------|
| Liu Yujiu | 2/2 |
| Huang Chunhua | 1/2 |
| Jin Zhong | 2/2 |

REMUNERATION COMMITTEE

The Remuneration Committee, as at 31 December 2011, comprised 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 was chaired by Mr Jiang Quanlong. The Company has changed the members of the Remuneration Committee on 23 March 2012 since which Mr Huang Chunhua, an existing member of the Remuneration Committee and independent non-executive director, has been appointed as the chairman of the Remuneration Committee in place of Mr Jiang Quanlong who also ceased to be a member of the Remuneration Committee on the same date.

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.

薪酬委員會 (續)

薪酬委員會之職權範圍(均遵守企業管治常規守則)已刊載於本公司網頁。

於本年度，審核委員會舉行了一次會議。董事出席會議之情況如下：

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

在該會議上，薪酬委員會檢討了薪酬政策及對董事之薪酬組合作出了建議。

提名委員會

於二零一一年十二月三十一日，本公司並無提名委員會。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。然而，本公司於二零一二年三月二十三日成立了提名委員會，成員為本公司各獨立非執行董事，即劉余九先生、黃春華先生及金重先生，而金重先生為提名委員會主席。

提名委員會之職權範圍(均遵守企業管治常規守則)已刊載於本公司網頁。

REMUNERATION COMMITTEE (Continued)

The terms of reference of the Remuneration Committee, which are in compliance with the CG Code are published on the Company's website.

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

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

NOMINATION COMMITTEE

As at 31 December 2011, the Company did not have a nomination committee as 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. The Company, however, has established its Nomination Committee on 23 March 2012, which comprises Mr Liu Yujiu, Mr Huang Chunhua and Mr Jin Zhong, each being an independent non-executive director of the Company and Mr Jin Zhong is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee, which are in compliance with the CG Code are published on the Company's website.

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，蔣才南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3,445,000港元。核數師並無提供任何其他非審核服務。

董事對財務報表所負之責任

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

內部控制

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

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, Mr Jiang Cainan 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\$3,445,000. There was no other non-audit service provided by the auditors.

DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

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

INTERNAL CONTROLS

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

股東權利及投資者關係

本公司股東大會為股東及董事會提供溝通之機會。董事會主席以及審核委員會、薪酬委員會及提名委員會之主席（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，並於股東週年大會上就各重大事宜（包括選舉個別董事）提呈單獨決議案。股東週年大會通告連同相關文件最少於大會前二十日發送予股東，當中載列各提呈決議案的詳情、投票程序及其他有關資料。股東於股東大會上之所有投票須以點票表決方式進行。主席將於股東週年大會上就所提呈之各項決議案要求以點票方式表決，並將於股東週年大會上就決議案進行投票前對有關權利及程序作出闡釋。會上將委任獨立監票員進行點票，而點票結果將登載於本公司及香港聯合交易所有限公司網頁上。

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頁，於 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

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, Remuneration Committee and Nomination 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. Notice of the annual general meeting together with related papers are sent to the shareholders at least 20 clear business days before the meeting, setting out details of each proposed resolution, voting procedures and other relevant information. All votes of shareholders at the general meeting will be decided by poll. The Chairman will demand that all resolutions put to the vote at the annual general meeting will be taken by poll and will explain such rights and procedures during the annual general meeting before voting on the resolutions. An independent scrutineer will be appointed to count the votes and the poll results will be posted on the websites of the Company and The Stock Exchange of Hong Kong Limited after the annual general meeting.

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, 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」)截至二零一一年十二月三十一日止年度的年報及經審核財務報表。

主要業務

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

附屬公司的主要業務載於綜合財務報表附註21。

分類資料

本集團分類資料的詳情載於綜合財務報表附註16。

業績及分派

本集團於截至二零一一年十二月三十一日止年度的業績載於本年報第39頁的綜合收益表內。

年內未有宣佈及派發中期股息。董事會建議派發截至二零一一年十二月三十一日止年度的末期股息每股2港仙予於二零一二年六月十四日名列股東登記冊的股東。

其他分派詳情載於綜合財務報表附註32。

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。於二零一一年十二月三十一日，本公司可供分派給股東的儲備為1,832,830,000港元。

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 2011.

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 consolidated financial statements.

SEGMENTAL INFORMATION

Details of segmental information of the Group are set out in Note 16 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2011 are set out in the consolidated income statement on page 39 of the annual report.

No interim dividend was declared and paid to the shareholders during the year. The directors recommend the payment of a final dividend of HK2 cents per share for the year ended 31 December 2011 to the shareholders on the register of members on 14 June 2012.

Details of other appropriations are set out in Note 32 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution comprise the share premium account and accumulated profits. As at 31 December 2011, the reserves of the Company available for distribution to shareholders amounted to HK\$1,832,830,000.

財務概要

本集團於過去五個財政年度的業績概要載於本年報第176頁。

物業、廠房及設備以及在建工程

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

股本

本公司於二零一一年十二月三十一日的法定及已發行股本詳情載於綜合財務報表附註32。

借貸

本集團於二零一一年十二月三十一日的銀行借貸詳情載於綜合財務報表附註30。

退休金計劃

本集團的退休金計劃詳情載於綜合財務報表附註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)
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

FINANCIAL SUMMARY

A summary of the results of the Group for the past five financial years is set out on page 176 of the annual report.

PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

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

SHARE CAPITAL

Details of the authorized and issued share capital of the Company as at 31 December 2011 are set out in Note 32 to the consolidated financial statements.

BORROWINGS

Details of the bank borrowings of the Group as at 31 December 2011 are set out in Note 30 to the consolidated financial statements.

RETIREMENT SCHEMES

Details of the retirement schemes of the Group are set out in Note 11 to the consolidated financial statements.

DIRECTORS

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

Executive directors

Mr. Jiang Quanlong (Chairman)
Ms. Qian Yuanying (Deputy Chairman)
Mr. Jiang Cainan

Independent non-executive directors

Mr. Liu Yujia
Mr. Huang Chunhua
Mr. Jin Zhong

根據本公司的公司細則第108(A)及(B)條，蔣才南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。

於二零一一年十二月三十一日，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

於二零一一年十二月三十一日，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 | 佔本公司已發行股本的百分比 |
|-----------------------|--|------------------|--|
| Director | Nature of interest/Capacity | Number of Shares | % to the issued share capital of the Company |
| 蔣泉龍 Jiang Quanlong | 配偶之權益／受控公司之權益 Interest of spouse/Interest of controlled corporation | 595,492,000 | 35.60% |
| 錢元英 Qian Yuanying | 信託之成立人 Founder of a trust | 595,492,000 | 35.60% |

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。

In accordance with Articles 108(A) and (B) of the Company's Articles of Association, Mr. Jiang Cainan 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.

As at 31 December 2011, 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 2011, 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, the trustee of YY Trust, the discretionary object of which is a company wholly owned by Ms. Qian Yuanying, the spouse of Mr. Jiang Quanlong, and her children. Ms. Qian Yuanying is a founder of YY Trust within the meaning under Part XV of the SFO. Mr. Jiang Quanlong is the sole director of YY Holdings Limited.

2. 於相聯公司股份、相關股份或股本權益

(a) 微科資源有限公司

| 董事 | 權益性質／身份 | 已發行股份類別及數目 | 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 Jiang Quanlong | 實益擁有人 Beneficial owner | 無投票權遞延股份7,000,000股 7,000,000 non-voting deferred shares | 70% |
| 錢元英 Qian Yuanying | 實益擁有人 Beneficial owner | 無投票權遞延股份3,000,000股 3,000,000 non-voting deferred shares | 30% |

(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 Jiang Quanlong | 受控公司之權益 Interest of controlled corporation | 5% |

附註：

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

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

(a) Microtech Resources Limited

(b) Yixing Xinwei Leeshing Rare Earth Company Limited

Note:

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

(c) YY Holdings Limited

(c) YY Holdings Limited

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

附註：

YY Holdings Limited的全部已發行股本由YY Trust的受託人YYT (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。

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.

除上述披露外，於二零一一年十二月三十一日，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。

Save as disclosed above, as at 31 December 2011, 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，包括任何執行董事)、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時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%。

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.

- | | |
|--|---|
| <p>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。</p> <p>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。</p> <p>7. 行使價可由董事會釐定，但不可少於下列各項之最高者：</p> <p style="margin-left: 20px;">i. 要約當日本公司股份於聯交所每日報價表所示之收市價；</p> <p style="margin-left: 20px;">ii. 緊接要約當日前五個營業日本公司股份於聯交所每日報價表所示之平均收市價；及</p> <p style="margin-left: 20px;">iii. 本公司股份面價。</p> <p>8. 新計劃自二零零四年六月十八日，即新計劃被採納日起十年內有效。</p> | <p>5. The exercisable period of an option granted may be determined by the directors and which should not end later than 10 years after the date of offer.</p> <p>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.</p> <p>7. The exercise price may be determined by the directors provided that it should not be less than the highest of:</p> <p style="margin-left: 20px;">i. the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of offer;</p> <p style="margin-left: 20px;">ii. the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of offer; and</p> <p style="margin-left: 20px;">iii. the nominal value of a share of the Company.</p> <p>8. The New Scheme is valid and effective for a period of 10 years from 18 June 2004, the date on which the New Scheme was adopted.</p> |
|--|---|

於本年內，並無購股權按新計劃被授出、行使、取消或失效。

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

於二零一一年十二月三十一日，按舊計劃已授出而尚未行使之購股權詳情如下：

Details of options which have been granted under the Old Scheme and remained outstanding as at 31 December 2011 are as follows:

| 被授人 | 授出日期 | 行使價 | 購股權數目 | | |
|------------------|-----------------|----------------|-------------------|-----------|------------------|
| | | | Number of options | | |
| Grantee | Date of grant | Exercise price | 於二零一一年 | 於二零一一年 | |
| | | | 一月一日持有 | 於年內行使 | 十二月三十一日持有 |
| | | | | Exercised | |
| | | | Held at | during | Held at |
| | | | 1 January 2011 | the year | 31 December 2011 |
| 員工 | | | | | |
| Employees | | | | | |
| 合計 | 二零零三年一月二十三日 | 1.10港元 | 700,000 | 700,000 | – |
| In aggregate | 23 January 2003 | HK\$1.10 | | | |

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，惟授出之購股權之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。

主要股東權益及淡倉

據董事會所知，於二零一一年十二月三十一日，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595,492,000股，約佔本公司已發行股份的35.60%。
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595,492,000的權益。

除上述披露外，於二零一一年十二月三十一日，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。

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租約租金合共約636,000港元。

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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

So far as is known to the directors, as at 31 December 2011, 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 595,492,000 shares of the Company, representing approximately 35.60% of the issued share capital of the Company as beneficial owner.
2. YYT (PTC) Limited was deemed to be interested in 595,492,000 shares of the Company held by YY Holdings Limited the entire issued share capital of which is held by YYT (PTC) Limited.

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 2011.

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\$636,000.

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（「無錫泛亞」）支付約64,000港元，作為使用其辦公室的代價。

年內，本集團的一間共同控制實體收取無錫泛亞約23,000港元，作為分享部份土地使用權的租金收入。

年內，本集團的一間共同控制實體以總代價約20,186,000港元向無錫泛亞購入若干物業及經營租約下預付土地租金。

除上述及於綜合財務報表附註35披露外，於年結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。

During the year, the Group paid approximately HK\$64,000 as a compensation to Wuxi Pan-Asia Environmental Protection Technologies Limited ("Wuxi Pan-Asia"), a related company in which Ms. Qian Yuanying and Mr. Jiang Quanlong were deemed to have beneficial interests, for the use as office premises.

During the year, one of the jointly controlled entities of the Group received approximately HK\$23,000 as rental income from Wuxi Pan-Asia for sharing portion of land use rights.

During the year, one of the jointly controlled entities of the Group acquired certain properties and prepaid lease payments on land under operating leases from Wuxi Pan-Asia at a total consideration of approximately HK\$20,186,000.

Save as disclosed above and in Note 35 to the consolidated financial statements, no director had a beneficial interest, either direct or indirect, in any contract of significance to which the Company or any of its subsidiaries was a party at the year-end 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 | 11% |
| —最大五名客戶合計 | 38% |

採購

| | |
|------------|-----|
| —最大供應商 | 23% |
| —最大五名供應商合計 | 49% |

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

優先購股權

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

足夠公眾持股量

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

核數師

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

蔣泉龍

主席

香港，二零一二年三月三十日

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 | 11% |
| — five largest customers combined | 38% |

Purchases

| | |
|-----------------------------------|-----|
| — the largest supplier | 23% |
| — five largest suppliers combined | 49% |

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

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITORS

CCIF CPA Limited retires and, being eligible, offers itself for re-appointment.

On behalf of the Board

Jiang Quanlong

Chairman

Hong Kong, 30 March 2012



CCIF

CCIF CPA LIMITED

陳葉馮會計師事務所有限公司

34/F The Lee Gardens

33 Hysan Avenue

Causeway Bay Hong Kong

香港 銅鑼灣 希慎道33號

利園34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)

本核數師(以下簡稱「我們」)已審核中國稀土控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)刊於第39頁至第175頁的綜合財務報表,包括二零一一年十二月三十一日的綜合財務狀況表及貴公司財務狀況表、截至該日止年度的綜合收益表、綜合全面收益表、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資料。

董事就綜合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綜合財務報表,並落實其認為編製綜合財務報表所必要之內部監控,以確保綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

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 (together the "Group") set out on pages 39 to 175, which comprise the consolidated and Company statements of financial position as at 31 December 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

核數師的責任

我們的責任是根據我們審核的結果，對該等綜合財務報表作出意見，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，以合理確定此等綜合財務報表是否不存有任何重大錯誤陳述。

審核涉及執行情序以獲取有關綜合財務報表所載金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綜合財務報表存有重大錯誤陳述的風險。並在評估該風險評估時，核數師將考慮與該公司編製及真實而公平地列報綜合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，並就綜合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。

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made 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 about whether the consolidated financial statements are free from material misstatement.

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

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

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 貴集團於二零一一年十二月三十一日的財政狀況及 貴集團截至該日止年度的溢利和現金流量，並已按香港公司條例的披露規定妥為編製。

陳葉馮會計師事務所有限公司

執業會計師

香港，二零一二年三月三十日

何振誠

執業證書編號：P04396

OPINION

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

CCIF CPA Limited

Certified Public Accountants

Hong Kong, 30 March 2012

Ho Chun Shing

Practising Certificate Number P04396

综合收益表

CONSOLIDATED INCOME STATEMENT

截至二零一一年十二月三十一日止年度 For the year ended 31 December 2011

| | | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 (重新表述) (restated) |
|--------------|---|------|----------------------------------|--|
| 持續經營業務 | Continuing operations | | | |
| 營業額 | Turnover | 5 | 2,213,354 | 1,116,755 |
| 銷售成本 | Cost of sales | | (1,159,922) | (863,718) |
| 毛利 | Gross profit | | 1,053,432 | 253,037 |
| 其他收益 | Other revenue | 6 | 7,008 | 4,849 |
| 銷售及分銷費用 | Selling and distribution expenses | | (214,900) | (49,600) |
| 管理費用 | Administrative expenses | | (122,892) | (59,482) |
| 其他收入淨值 | Other income, net | | 11,377 | 6,663 |
| 經營業務溢利 | Profits from operations | | 734,025 | 155,467 |
| 財務成本 | Finance costs | 7(a) | (5,698) | (8,438) |
| 共同控制實體虧損之分攤 | Share of losses of jointly controlled entities | | (12,244) | (832) |
| 除稅前溢利 | Profit before taxation | 7 | 716,083 | 146,197 |
| 所得稅 | Income tax | 8 | (176,285) | (30,824) |
| 本年度持續經營業務溢利 | Profit for the year from continuing operations | | 539,798 | 115,373 |
| 已終止經營業務 | Discontinued operation | | | |
| 本年度已終止經營業務溢利 | Profit for the year from discontinued operation | 12 | 15,661 | 23,668 |
| 本年度溢利 | Profit for the year | | 555,459 | 139,041 |
| 應佔： | Attributable to: | | | |
| 本公司擁有人 | Owners of the Company | 13 | | |
| — 來自持續經營業務 | — From continuing operations | | 508,598 | 110,874 |
| — 來自已終止經營業務 | — From discontinued operation | | 14,878 | 22,485 |
| | | | 523,476 | 133,359 |

綜合收益表

CONSOLIDATED INCOME STATEMENT

截至二零一一年十二月三十一日止年度 For the year ended 31 December 2011

| | | 二零一一年 | 二零一零年 |
|-------------|-------------------------------|-----------------|------------|
| | | 2011 | 2010 |
| | | 千港元 | 千港元 |
| | | HK\$'000 | HK\$'000 |
| | | | (重新表述) |
| | | | (restated) |
| 非控股權益 | Non-controlling interests | | |
| – 來自持續經營業務 | – From continuing operations | 31,200 | 4,499 |
| – 來自已終止經營業務 | – From discontinued operation | 783 | 1,183 |
| | | 31,983 | 5,682 |
| 本年度溢利 | Profit for the year | 555,459 | 139,041 |
| 每股盈利 | Earnings per share | 港仙 | 港仙 |
| | | HK cents | HK cents |
| 基本 | Basic | | |
| – 來自持續經營業務 | – From continuing operations | 30.41 | 7.05 |
| – 已終止經營業務 | – From discontinued operation | 0.89 | 1.43 |
| | | 31.30 | 8.48 |
| 攤薄 | Diluted | | |
| – 來自持續經營業務 | – From continuing operations | 30.41 | 7.05 |
| – 已終止經營業務 | – From discontinued operation | 0.89 | 1.43 |
| | | 31.30 | 8.48 |

第50頁至175頁之附註構成財務報表其中一部份。

The notes on pages 50 to 175 form part of these financial statements.

綜合全面收益表

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

截至二零一一年十二月三十一日止年度 For the year ended 31 December 2011

| | Note 附註 | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 (重新表述) (restated) |
|--|---|----------------------------------|--|
| 本年度溢利 | Profit for the year | 555,459 | 139,041 |
| 本年度其他全面收益 (扣除稅項) | Other comprehensive income for the year (net of tax) | | |
| 換算海外業務財務報表 之匯兌差異 | Exchange differences on translation of financial statements of foreign operations | 168,481 | 93,121 |
| 共同控制實體其他 全面收益之分攤 | Share of other comprehensive income of jointly controlled entities | 4,659 | 3,861 |
| 持作自用樓宇之重估 盈餘 | Surplus on revaluation of buildings held for own use | 18(a)(ii) – | 19,063 |
| 持作自用樓宇之重估 遞延稅項 | Deferred tax on revaluation of buildings held for own use | 31(b) – | (4,055) |
| 稅率變動之遞延稅項 | Deferred tax arising on change in tax rate | 31(b) – | 1,537 |
| 可供出售權益證券 公平值虧損 | Fair value loss on available-for-sale equity securities | 23 (7,520) | (15,760) |
| 有關可供出售權益證券 減值虧損包含於綜合 收益表內之重新分類調整 | Reclassification adjustments relating to impairment loss on available-for-sale equity securities included in the consolidated income statement | 23 23,280 | – |
| 有關於本年出售附屬公司 之匯兌儲備轉出 | Release of translation reserve relating to disposal of a subsidiary during the year | (21,063) | – |
| 本年度全面收益總值 | Total comprehensive income for the year | 723,296 | 236,808 |
| 應佔： | Attributable to: | | |
| 本公司擁有人 | Owners of the Company | 689,773 | 229,545 |
| 非控股權益 | Non-controlling interests | 33,523 | 7,263 |
| 本年度全面收益總值 | Total comprehensive income for the year | 723,296 | 236,808 |
| 本公司擁有人應佔 全面收益總值： | Total comprehensive income attributable to owners of the Company arises from: | | |
| – 持續經營業務 | – Continuing operations | 674,895 | 207,060 |
| – 已終止經營業務 | – Discontinued operation | 14,878 | 22,485 |
| | | 689,773 | 229,545 |

第50頁至175頁之附註構成財務報表其中一部份。

The notes on pages 50 to 175 form part of these financial statements.

》》》綜合財務狀況表

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

於二零一一年十二月三十一日 As at 31 December 2011

| | | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 (重新表述) (restated) |
|---------------|------------|---|----------------------------------|--|
| | 附註 Note | | | |
| 非流動資產 | | Non-current assets | | |
| 商譽 | 17 | Goodwill | 21,776 | 88,971 |
| 物業、廠房及設備 | 18(a) | Property, plant and equipment | 469,568 | 601,165 |
| 經營租約下預付土地租金 | | Prepaid lease payments on land under operating leases | 205,885 | 260,094 |
| 無形資產 | 20 | Intangible assets | 88,198 | 329,921 |
| 共同控制實體之權益 | 22 | Interest in jointly controlled entities | 110,940 | 72,026 |
| 可供出售權益證券 | 23 | Available-for-sale equity securities | 6,720 | 14,240 |
| 已抵押銀行存款 | 27 | Pledged bank deposits | 52,547 | 99,777 |
| 遞延稅項資產 | 31(b) | Deferred tax assets | 8,223 | 23,876 |
| | | | 963,857 | 1,490,070 |
| 流動資產 | | Current assets | | |
| 經營租約下預付土地租金 | | Prepaid lease payments on land under operating leases | 4,874 | 5,956 |
| 存貨 | 24 | Inventories | 1,296,256 | 606,013 |
| 應收賬款及其他應收款 | 25 | Trade and other receivables | 603,405 | 369,972 |
| 預付款項及按金 | 25 | Prepayments and deposits | 101,961 | 89,751 |
| 可收回稅項 | 31(a) | Tax recoverable | 1,450 | 8,586 |
| 已抵押銀行存款 | 27 | Pledged bank deposits | 52,177 | – |
| 受限制銀行結餘 | 27 | Restricted bank balances | – | 2,868 |
| 現金及現金等值項目 | 28 | Cash and cash equivalents | 1,530,123 | 1,192,774 |
| | | | 3,590,246 | 2,275,920 |
| 流動負債 | | Current liabilities | | |
| 應付賬款 | 29 | Trade payables | 94,964 | 80,723 |
| 預提費用及其他應付款 | 29 | Accruals and other payables | 106,713 | 39,920 |
| 應付董事款項 | 26 | Amounts due to directors | 519 | 270 |
| 於一年內到期的銀行貸款 | 30 | Bank borrowings due within one year | 98,680 | 99,389 |
| 應付稅項 | 31(a) | Tax payable | 56,721 | 9,793 |
| | | | 357,597 | 230,095 |
| 流動資產淨值 | | Net current assets | 3,232,649 | 2,045,825 |

综合财务状况表

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

於二零一一年十二月三十一日 As at 31 December 2011

| | | 二零一一年 | 二零一零年 |
|--------------|--|----------------------|------------|
| | | 2011 | 2010 |
| | | 千港元 | 千港元 |
| | | HK\$' 000 | HK\$' 000 |
| | | | (重新表述) |
| | | | (restated) |
| 資產總值減流動負債 | Total assets less current liabilities | 4,196,506 | 3,535,895 |
| 非流動負債 | Non-current liabilities | | |
| 遞延稅項負債 | Deferred tax liabilities | 31(b) 31,505 | 94,960 |
| 資產淨值 | NET ASSETS | 4,165,001 | 3,440,935 |
| 資本及儲備 | CAPITAL AND RESERVES | | |
| 股本 | Share capital | 32(b) 167,264 | 167,194 |
| 儲備 | Reserves | 3,927,652 | 3,237,179 |
| 本公司擁有人應佔權益總值 | Total Equity attributable to owners of the Company | 4,094,916 | 3,404,373 |
| 非控股權益 | Non-controlling interests | 70,085 | 36,562 |
| 權益總值 | TOTAL EQUITY | 4,165,001 | 3,440,935 |

董事會於二零一二年三月三十日批准及授權刊發。

Approved and authorised for issue by the board of directors on 30 March 2012.

蔣泉龍
董事

錢元英
董事

Jiang Quanlong
Director

Qian Yuanying
Director

第50頁至175頁之附註構成財務報表其中一部份。

The notes on pages 50 to 175 form part of these financial statements.

財務狀況表

STATEMENT OF FINANCIAL POSITION

於二零一一年十二月三十一日 As at 31 December 2011

| | | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 |
|---------------|--------------------------------------|------------|----------------------------------|----------------------------------|
| | | 附註 Note | | |
| 非流動資產 | Non-current assets | | | |
| 物業、廠房及設備 | Property, plant and equipment | 18(b) | 18 | 25 |
| 於附屬公司之投資 | Investments in subsidiaries | 21 | 151,707 | 151,707 |
| 可供出售權益證券 | Available-for-sale equity securities | 23 | 6,720 | 14,240 |
| | | | 158,445 | 165,972 |
| 流動資產 | Current assets | | | |
| 應收賬款及其他應收款 | Trade and other receivables | 25 | – | 29 |
| 預付款項及按金 | Prepayments and deposits | 25 | 774 | 850 |
| 應收附屬公司款項 | Amounts due from subsidiaries | 26 | 1,828,746 | 1,719,734 |
| 現金及現金等值項目 | Cash and cash equivalents | 28 | 16,860 | 138,617 |
| | | | 1,846,380 | 1,859,230 |
| 流動負債 | Current liabilities | | | |
| 預提費用及其他應付款 | Accruals and other payables | 29 | 4,471 | 4,747 |
| 應付附屬公司款項 | Amounts due to subsidiaries | 26 | – | 264 |
| 應付董事款項 | Amounts due to directors | 26 | 260 | 270 |
| | | | 4,731 | 5,281 |
| 流動資產淨值 | Net current assets | | 1,841,649 | 1,853,949 |
| 資產淨值 | NET ASSETS | | 2,000,094 | 2,019,921 |
| 資本及儲備 | CAPITAL AND RESERVES | | | |
| 股本 | Share capital | 32(b) | 167,264 | 167,194 |
| 儲備 | Reserves | 32(a) | 1,832,830 | 1,852,727 |
| 權益總值 | TOTAL EQUITY | | 2,000,094 | 2,019,921 |

董事會於二零一二年三月三十日批准及授權刊發。

Approved and authorised for issue by the board of directors on 30 March 2012.

蔣泉龍
董事

錢元英
董事

Jiang Quanlong
Director

Qian Yuanying
Director

綜合權益變動表

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至二零一一年十二月三十一日止年度 For the year ended 31 December 2011

| | | 本公司擁有人應佔權益 | | | | | | | | 非控股權益 | 總值 | |
|--------------------------|--|---------------------------------------|---------------|-----------------|-------------------------------|--------------------|---------------------|--------------------|------------------|-----------|---------------------------|-----------|
| | | Attributable to owners of the Company | | | | | | | | | | |
| | | 股本 | 股份溢價 | 資本儲備 | 樓宇重估儲備 | 法定儲備 | 匯兌儲備 | 公平值儲備 | 保留溢利 | 總值 | | |
| | | Share capital | Share premium | Capital reserve | Buildings revaluation reserve | Statutory reserves | Translation reserve | Fair value reserve | Retained profits | Total | Non-controlling interests | |
| | | 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 | |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| 於二零一零年一月一日 | At 1 January 2010 | 155,114 | 1,325,472 | 22,348 | 27,014 | 148,602 | 282,388 | - | 757,882 | 2,718,820 | 29,299 | 2,748,119 |
| 全面收益 | Comprehensive income | | | | | | | | | | | |
| 本年度溢利 | Profit for the year | - | - | - | - | - | - | - | 133,359 | 133,359 | 5,682 | 139,041 |
| 其他全面收益 | Other comprehensive income | | | | | | | | | | | |
| 換算海外業務財務報表之匯兌差異 | Exchange differences on translation of financial statements of foreign operations | - | - | - | - | - | 91,998 | - | - | 91,998 | 1,123 | 93,121 |
| 共同控制實體其他全面收益之分攤 | Share of other comprehensive income of a jointly-controlled entity | - | - | - | - | - | 3,861 | - | - | 3,861 | - | 3,861 |
| 持作自用樓宇之重估盈餘(附註18(a)(ii)) | Surplus on revaluation of buildings held for own use (note 18(a)(ii)) | - | - | - | 18,602 | - | - | - | - | 18,602 | 461 | 19,063 |
| 持作自用樓宇之重估遞延稅項(附註31(b)) | Deferred tax on revaluation of buildings held for own use (note 31(b)) | - | - | - | (3,975) | - | - | - | - | (3,975) | (80) | (4,055) |
| 稅率變動所產生之遞延稅項(附註31(b)) | Deferred tax arising on change in tax rate (note 31(b)) | - | - | - | 1,460 | - | - | - | - | 1,460 | 77 | 1,537 |
| 可供出售權益證券之公平值虧損 | Fair value loss on available-for-sale equity securities | - | - | - | - | - | - | (15,760) | - | (15,760) | - | (15,760) |
| 全面收益總值 | Total comprehensive income | - | - | - | 16,087 | - | 95,859 | (15,760) | 133,359 | 229,545 | 7,263 | 236,808 |
| 透過股份配售發行新股份 | Issue of new shares by share placement | 12,000 | 462,000 | - | - | - | - | - | - | 474,000 | - | 474,000 |
| 根據購股權計劃發行股份(附註34) | Shares issued under share option scheme (note 34) | 80 | 800 | - | - | - | - | - | - | 880 | - | 880 |
| 發行新股份之交易成本 | Transaction cost attributable to issue of new shares | - | (18,872) | - | - | - | - | - | - | (18,872) | - | (18,872) |
| 分配至法定儲備 | Appropriations to statutory reserves | - | - | - | - | 9,002 | - | - | (9,002) | - | - | - |
| 持作自用樓宇之重估折舊轉撥至保留溢利 | Transfer to retained profits in respect of depreciation on revaluation of buildings held for own use | - | - | - | (2,962) | - | - | - | 2,962 | - | - | - |
| 於二零一零年十二月三十一日及二零一一年一月一日 | At 31 December 2010 and 1 January 2011 | 167,194 | 1,769,400 | 22,348 | 40,139 | 157,604 | 378,247 | (15,760) | 885,201 | 3,404,373 | 36,562 | 3,440,935 |

綜合權益變動表

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至二零一一年十二月三十一日止年度 For the year ended 31 December 2011

| | | 本公司擁有人應佔權益 | | | | | | | | | | |
|-----------------------|--|---------------------------------------|---------------|-----------------|-------------------------------|--------------------|---------------------|--------------------|------------------|-----------|---------------------------|-----------|
| | | Attributable to owners of the Company | | | | | | | | | | |
| | | 股本 | 股份溢價 | 資本儲備 | 樓宇重估儲備 | 法定儲備 | 匯兌儲備 | 公平值儲備 | 保留溢利 | 總值 | 非控股權益 | 總值 |
| | | Share capital | Share premium | Capital reserve | Buildings revaluation reserve | Statutory reserves | Translation reserve | Fair value reserve | Retained profits | Total | Non-controlling 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 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| 於二零一零年十二月三十一日 | At 31 December 2010 | | | | | | | | | | | |
| 及二零一一年一月一日 | and 1 January 2011 | 167,194 | 1,769,400 | 22,348 | 40,139 | 157,604 | 378,247 | (15,760) | 885,201 | 3,404,373 | 36,562 | 3,440,935 |
| 全面收益 | Comprehensive income | | | | | | | | | | | |
| 本年度溢利 | Profit for the year | - | - | - | - | - | - | - | 523,476 | 523,476 | 31,983 | 555,459 |
| 其他全面收益 | Other comprehensive income | | | | | | | | | | | |
| 換算海外業務財務報表之匯兌差異 | Exchange differences on translation of financial statements of foreign operations | - | - | - | - | - | 165,888 | - | - | 165,888 | 2,593 | 168,481 |
| 共同控制實體其他全面收益之分攤 | Share of other comprehensive income of jointly-controlled entities | - | - | - | - | - | 4,659 | - | - | 4,659 | - | 4,659 |
| 可供出售權益證券之公平值虧損 | Fair value loss on available-for-sale equity securities | - | - | - | - | - | - | (7,520) | - | (7,520) | - | (7,520) |
| 可供出售權益證券之減值虧損 | Impairment loss on available-for-sale equity securities | - | - | - | - | - | - | 23,280 | - | 23,280 | - | 23,280 |
| 年內出售附屬公司之匯兌儲備轉出 | Release of translation reserve relating to disposal of a subsidiary during the year | - | - | - | - | - | (20,010) | - | - | (20,010) | (1,053) | (21,063) |
| 全面收益總值 | Total comprehensive income | - | - | - | - | - | 150,537 | 15,760 | 523,476 | 689,773 | 33,523 | 723,296 |
| 根據購股權計劃發行股份(附註34) | Shares issued under share option scheme (note 34) | 70 | 700 | - | - | - | - | - | - | 770 | - | 770 |
| 分配至法定儲備 | Appropriations to statutory reserves | - | - | - | - | 17,681 | - | - | (17,681) | - | - | - |
| 持作自用樓宇之重估折舊轉撥至保留溢利 | Transfer to retained profits in respect of depreciation on revaluation of buildings held for own use | - | - | - | (3,111) | - | - | - | 3,111 | - | - | - |
| 出售持作自用之樓宇轉撥至保留溢利，扣除稅項 | Transfer to retained profits in respect of disposal of buildings held for own use, net of tax | - | - | - | (5,114) | - | - | - | 5,114 | - | - | - |
| 出售附屬公司之儲備轉出 | Release of reserves in respect of disposal of a subsidiary | - | - | - | (980) | (7,038) | - | - | 8,018 | - | - | - |
| 於二零一一年十二月三十一日 | At 31 December 2011 | 167,264 | 1,770,100 | 22,348 | 30,934 | 168,247 | 528,784 | - | 1,407,239 | 4,094,916 | 70,085 | 4,165,001 |

第50頁至175頁之附註構成財務報表其中一部份。

The notes on pages 50 to 175 form part of these financial statements.

综合现金流量表

CONSOLIDATED STATEMENT OF CASH FLOWS

截至二零一一年十二月三十一日止年度 For the year ended 31 December 2011

| | | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 (重新表述) (restated) |
|------------------------|---|-------|----------------------------------|--|
| | 附註 Note | | | |
| 經營活動 | Operating activities | | | |
| 持續經營業務之 除稅前溢利 | Profit before income tax from continuing operations | | 716,083 | 146,197 |
| 已終止經營業務之 除稅前溢利 | Profit before income tax from discontinued operation | | 25,255 | 31,801 |
| | | | 741,338 | 177,998 |
| 調整項目： | Adjustments for: | | | |
| 財務成本 | Finance costs | 7(a) | 5,698 | 8,409 |
| 利息收入 | Interest income | 6 | (7,008) | (4,851) |
| 物業、廠房及設備之折舊 | Depreciation of property, plant and equipment | 7(c) | 87,057 | 90,653 |
| 經營租約下預付土地 租金之攤銷 | Amortisation of prepaid lease payments on land under operating leases | 7(c) | 5,806 | 5,854 |
| 無形資產攤銷 | Amortisation of intangible assets | 7(c) | 24,555 | 30,913 |
| 應收賬款及其他應收款 之減值虧損 | Impairment loss on trade and other receivables | 7(c) | 12,898 | 10,970 |
| 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 | 7(c) | (5,813) | (4,996) |
| 出售物業、廠房及設備 之收益淨值 | Net gain on disposal of property, plant and equipment | 7(c) | (705) | (23) |
| 出售經營租約下預付 土地租金之收益淨值 | Net gain on disposal of prepaid lease payments on land under operating leases | 7(c) | (8,389) | – |
| 存貨撇除 | Write down of inventories | 24(b) | 91,073 | 16,059 |
| 存貨撇除撥回 | Reversal of write down of inventories | 24(b) | (37,944) | (23,371) |
| 出售附屬公司之收益 | Gain on disposal of a subsidiary | 12 | (20,823) | – |
| 可供出售權益證券之 減值虧損 | Impairment loss on available-for-sale equity securities | 7(c) | 23,280 | – |
| 共同控制實體虧損 之分攤 | Share of losses of jointly controlled entities | | 12,244 | 832 |
| 壞賬撇銷 | Bad debt written off | 7(c) | 441 | 258 |

綜合現金流量表

CONSOLIDATED STATEMENT OF CASH FLOWS

截至二零一一年十二月三十一日止年度 For the year ended 31 December 2011

| | | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 (重新表述) (restated) |
|------------------------|---|------------|----------------------------------|--|
| | | 附註 Note | | |
| 營運資金變動前的經營現金流量 | Operating cash flows before changes in working capital | | 923,708 | 308,705 |
| 存貨增加 | Increase in inventories | | (754,141) | (365,696) |
| 應收賬款及其他應收款(增加)/減少 | (Increase)/decrease in trade and other receivables | | (343,241) | 90,414 |
| 預付款項及按金增加 | Increase in prepayments and deposits | | (63,894) | (21,232) |
| 應付賬款增加 | Increase in trade payables | | 19,619 | 4,098 |
| 預提費用及其他應付款(增加)/減少 | Increase/(decrease) in accruals and other payables | | 232,323 | (13,739) |
| 應付董事款項增加/(減少) | Increase/(decrease) in amounts due to directors | | 249 | (439) |
| 經營所得的現金 | Cash generated from operations | | 14,623 | 2,111 |
| 已付稅款 | Tax paid | | | |
| 已付中國企業所得稅 | PRC Enterprise Income Tax paid | 31 | (138,927) | (50,152) |
| 經營活動使用的現金淨值 | Net cash used in operating activities | | (124,304) | (48,041) |
| 投資活動 | Investing activities | | | |
| 購置物業、廠房及設備 | Purchase of property, plant and equipment | | (27,785) | (16,398) |
| 出售物業、廠房及設備所得款項 | Proceeds from disposal of property, plant and equipment | | 59,296 | 23 |
| 出售經營租約下預付土地租金之所得款項 | Proceeds from disposal of prepaid lease payments on land under operating leases | | 42,070 | - |
| 注資共同控制實體 | Capital contributions to jointly controlled entities | | (46,500) | (68,998) |
| 購買可供出售權益證券付款 | Payment for purchase of available-for-sale equity securities | | - | (30,000) |
| 已抵押銀行存款及受限制銀行結餘減少/(增加) | Decrease/(increase) in pledged bank deposits and restricted bank balances | | 2,868 | (70,573) |
| 已收利息 | Interest received | 6 | 7,008 | 4,851 |
| 出售附屬公司之所得款項 | Proceeds from disposal of a subsidiary | 33 | 313,125 | - |

綜合現金流量表

CONSOLIDATED STATEMENT OF CASH FLOWS

截至二零一一年十二月三十一日止年度 For the year ended 31 December 2011

| | | 二零一一年 2011 千港元 HK\$' 000 | 二零一零年 2010 千港元 HK\$' 000 (重新表述) (restated) |
|----------------------|---|-----------------------------------|---|
| | 附註 Note | | |
| 投資活動所得／(使用)的 現金淨值 | Net cash generated from/(used in) investing activities | 350,082 | (181,095) |
| 融資活動 | Financing activities | | |
| 配售新股份之所得款項 淨值 | Net proceeds from placement of new shares | – | 455,128 |
| 償還銀行貸款 | Repayment of bank borrowings | (149,939) | (288,681) |
| 新造銀行貸款所得款項 | Proceeds from new bank borrowings | 144,439 | 142,437 |
| 已付銀行貸款利息 | Interest paid on bank borrowings | (5,698) | (8,409) |
| 根據購股權計劃發行股份 之所得款項 | Proceeds from shares issued under share option scheme | 770 | 880 |
| 融資活動(使用)／ 所得的現金淨值 | Net cash (used in)/generated from financing activities | (10,428) | 301,355 |
| 現金及現金等值項目 增加淨值 | Net increase in cash and cash equivalents | 215,350 | 72,219 |
| 年初現金及現金等值項目 | Cash and cash equivalents at beginning of the year | 1,192,774 | 1,065,124 |
| 外幣匯率變動之影響 | Effect of changes in exchange rate | 121,999 | 55,431 |
| 年末現金及現金等值項目 | Cash and cash equivalents at end of the year | 1,530,123 | 1,192,774 |
| | 28 | | |

第50頁至175頁之附註構成財務報表其中一部份。

The notes on pages 50 to 175 form part of these financial statements.

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。本公司註冊辦事處及主要營業地點分別為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands及中國江蘇省宜興市大浦鎮。

本公司之直接母公司及最終控股人士為YY Holdings Limited(「YY Holdings」)，該公司於英屬處女群島註冊成立。YY Holdings並無編製可供公眾人士使用之財務報表。

本公司及其附屬公司(統稱為「本集團」)從事投資控股及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，即本公司之功能貨幣，而中國註冊成立附屬公司之功能貨幣為人民幣(「人民幣」)。董事認為，就控制及監察本集團業績及財務狀況以及向YY Holdings(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 Company's registered office and principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Dapu Town, Yixing City, Jiangsu Province, the PRC, respectively.

The immediate parent and the ultimate controlling party of the Company is YY Holdings Limited ("YY Holdings"), which is incorporated in the British Virgin Islands. YY Holdings does not produce financial statements available for public use.

The Company and its subsidiaries (collectively referred to as the "Group") are engaged in investment holding and manufacturing 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 the functional currency of the Company, while the functional currency of the subsidiaries incorporated in the PRC is 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 YY Holdings 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導致會計政策任向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。

b) 財務報表編製基準

截至二零一一年十二月三十一日止年度之綜合財務報表包括本集團之財務報表以及本集團於共同控制實體之權益。

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。

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 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 any 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.

b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2011 comprise the financial statements of the Group and the Group’s interest in jointly controlled entities.

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.

2. 主要會計政策 (續)

b) 財務報表編製基準 (續)

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年度構成重大調整風險之估計，詳述於附註4。

c) 共同控制實體會計政策之變動

於去年，本集團採用比例合併法就共同控制實體之權益入賬。於本年內，本集團進一步投資另一家共同控制實體之40%股權，詳情載於附註22。管理層採用新的基準編製預算、分析經營情況及作出行政決策，並採用權益法就此新共同控制實體之權益入賬。為保持與此新共同控制實體之會計政策一致，本集團於本年度對共同控制實體改為採用權益法核算。董事認為採用此項新會計政策可提供可靠和更相關本集團的財務狀況和財務表現資料。此項會計政策的變更採用追溯調整法，比較資料已重新表述，視同一直採用此項新會計政策。該項會計政策變更對本集團綜合財務報表所呈報各期的淨溢利和淨資產並無影響。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of preparation of the financial statements (Continued)

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 judgements about the 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 a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

c) Change in accounting policies for jointly controlled entities

In prior year, the Group accounted for its interest in a jointly controlled entity using proportionate consolidation. During the year, the Group has further invested in 40% equity interest in another jointly controlled entity as set out in note 22. The management adopted a new basis to prepare budget, perform operation analysis and make administrative decision and accounted for the interest in this new jointly controlled entity by using equity method. To maintain a consistent accounting policy with the new jointly controlled entity, the Group changed its accounting policy on accounting for its jointly controlled entities by using equity method this year. The directors consider that applying such new accounting policy could provide reliable and more relevant information on the Group's financial position and financial performance. This change in accounting policy has been applied retrospectively, and the comparative information has been restated as if this new accounting policy had always been applied. The change in accounting policy has no impact on the Group's net profit and net assets in the consolidated financial statements for each period presented.

2. 主要會計政策 (續)

c) 共同控制實體會計政策之變動 (續)

就共同控制實體之會計政策變更對本集團於二零一一年及二零一零年的財務狀況和業績之影響如下：

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Change in accounting policies for jointly controlled entities (Continued)

The effect of change in accounting policy for jointly controlled entities on the Group's financial position and results for 2011 and 2010 are as follows:

| | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 |
|---------------------------------|---|----------------------------------|----------------------------------|
| 截至十二月三十一日止年度 之綜合收益表 | Consolidated income statement for the year ended 31 December | | |
| 營業額增加 | Increase in turnover | 15,890 | 5,616 |
| 共同控制實體虧損 之分攤增加 | Increase in the share of losses of jointly controlled entities | (12,244) | (832) |
| 其他支出增加 | Increase in other expenses | (3,864) | (5,062) |
| 所得稅減少 | Decrease in income tax | 218 | 278 |
| | | - | - |
| 本年度淨溢利變動 | Change in net profit for the year | - | - |
| | | - | - |
| 於十二月三十一日之綜合 資產負債表及權益 | Consolidated balance sheet and equity at 31 December | | |
| 共同控制實體之權益增加 | Increase in interest in jointly controlled entities | 110,940 | 72,026 |
| 物業、廠房及設備減少 | Decrease in property, plant and equipment | (121,277) | (12,758) |
| 經營租約下預付土地租金 — 非流動部份減少 | Decrease in prepaid lease payments on land under operating leases — non-current portion | (18,143) | (10,941) |
| 遞延稅項資產減少 | Decrease in deferred tax assets | (520) | (282) |
| 經營租約下預付土地租金 — 流動部份減少 | Decrease in prepaid lease payments on land under operating leases — current portion | (480) | (228) |
| 存貨減少 | Decrease in inventories | (18,221) | (5,714) |
| 應收賬款及其他應收款減少 | Decrease in trade and other receivables | (9,521) | (2,018) |
| 預付款項及按金減少 | Decrease in prepayments and deposits | (3,391) | (4,753) |
| 現金及現金等值項目減少 | Decrease in cash and cash equivalents | (30,050) | (36,154) |
| 應付賬款減少 | Decrease in trade payables | 434 | - |
| 預提費用及其他應付款減少 | Decrease in accruals and other payables | 48,373 | 822 |
| 於一年內到期的銀行貸款減少 | Decrease in bank borrowings due within one year | 8,003 | - |
| 銀行貸款減少 — 非流動部份 | Decrease in bank borrowings — non-current portion | 33,853 | - |
| | | - | - |
| 淨資產變動 | Change in net assets | - | - |

2. 主要會計政策(續)

d) 附屬公司及非控股權益

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。

非控股權益指並非由本公司直接或間接擁有之附屬公司權益，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財務負債定義之合約責任。

非控股權益會在綜合財務狀況表之權益項目中，與本公司權益股東之應佔權益分開呈報。而非控股權益所佔集團業績之權益則會在綜合收益表及綜合全面收益表中列作為本公司非控股權益與本公司權益股東之間的年內損益總額及全面收益總額分配。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Subsidiaries and non-controlling 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.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, 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.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

2. 主要會計政策(續)

d) 附屬公司及非控股權益(續)

非控股權益持有人之貸款及該等持有人的其他合約責任視乎負債性質根據附註2(n)、(o)或(s)於綜合財務狀況表內呈列為金融負債。

本集團於附屬公司權益之變動，如無導致失去控制權，則入賬列為股本交易，而綜合權益內的控股及非控股權益金額則予以調整以反映相關權益變動，但並不調整商譽，且不確認任何收益或虧損。

當集團失去對附屬公司的控制權時，則計為出售該附屬公司全部權益，因此而產生的收益或虧損於綜合收益表確認。失去控制權當日於該前附屬公司留存的任何權益按公平值確認(見附註2(g))，有關金額視為初步確認金融資產時的公平值或(倘適用)初步確認於共同控制實體投資的成本(見附註2(e))。

在本公司之財務狀況表內，於附屬公司之投資按成本值減去任何減值虧損(見附註2(k)(ii))列賬(除非該投資被分類為持作出售)。

e) 共同控制實體

共同控制實體是指根據本集團或本公司與其他方的合約安排進行營運之實體，根據此種合約安排，本集團或本公司與一個或多個其他方對該實體之經濟活動擁有共同控制權。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Subsidiaries and non-controlling interests (Continued)

Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(n), (o) or (s) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in consolidated income statement. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)) or, when appropriate, the cost on initial recognition of an investment in a jointly controlled entity (see note 2(e)).

In the Company's statement of financial position, investments in subsidiaries are stated at cost less any impairment loss (see note 2(k)(ii)), unless the investments are classified as held for sale.

e) Jointly controlled entities

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group or Company and other parties, where the contractual arrangement establishes that the Group or Company and one or more of the other parties share joint control over the economic activity of the entity.

2. 主要會計政策(續)

e) 共同控制實體(續)

於共同控制實體的投資使用權益法於綜合財務報表入賬，除非將該項投資分類為持作出售(或包括於分類為持作出售的出售組別)。根據權益法，該項投資初步按成本確認，其後就本集團所佔被投資公司可予識別資產淨值於收購日期的公平值超過投資成本的金額(如有)作出調整。其後，就本集團應佔被投資公司及與該項投資有關的任何減值虧損於收購後的變動作出調整(見附註2(k))。收購日期公平值超過成本的任何金額、本集團所佔被投資公司於收購後的除稅後業績及任何年度減值虧損於綜合收益表內確認，而本集團所佔被投資公司於收購後的其他全面除稅後收益項目則於綜合全面收益表內確認。

倘本集團應佔虧損超出其於共同控制實體的權益，則本集團的權益將減計至零，並且不再確認進一步虧損，惟本集團有法律或推定義務或已代被投資公司支付款項則例外。就此而言，本集團於共同控制實體的權益乃以權益法計算的投資賬面值，連同本集團的長期投資(實質上構成本集團於共同控制實體淨投資的一部份)。

本集團及其共同控制實體間之交易所產生之未變現盈虧均在本集團之被投資公司權益中沖銷；惟倘未變現虧損是由已轉讓資產的耗損產生，則須即時於綜合收益表中確認。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Jointly controlled entities (Continued)

An investment in a jointly controlled entity is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess for the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(k)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition, post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the jointly controlled entity.

Unrealised profits and losses resulting from transactions between the Group and its jointly controlled entity are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in consolidated income statement.

2. 主要會計政策 (續)

e) 共同控制實體 (續)

倘本集團對共同控制實體不再具有共同控制權，將會當作出售有關被投資公司之全部權益入賬，而所得盈虧將於綜合收益表中確認入賬。於不再具有共同控制權當日在該前被投資公司仍然保留之任何權益將按公平值確認入賬，而此金額將被視為金融資產於首次確認時之公平值。

f) 商譽

收購一項業務所產生之商譽乃按於收購該項業務日期所確定之成本(見上述會計政策)減累積減值虧損(如有)列賬。

就減值測試而言，商譽乃分配至預期自合併協同效應中受益之本集團各現金產生單位或現金產生單位組合。

已獲分配商譽之現金產生單位乃每年進行減值測試，或倘若有該單位可能減值之跡象時更頻繁地進行減值測試。倘若獲分配至現金產生單位之若干或所有商譽乃於本年度期間之業務合併中獲得，則該單位將於本年度期間完結前進行減值測試。倘若現金產生單位之可收回金額少於該單位之賬面值，則減值虧損首先被分配用於減少該單位獲分配之任何商譽之賬面值，然後按比例基準根據該單位內各項資產之賬面值分配至該單位之其他資產。商譽之任何減值虧損於綜合收益表內直接於損益中確認。就商譽所確認之任何減值虧損於其後期間不會予以撥回。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Jointly controlled entities (Continued)

When the Group ceases to have joint control over a jointly controlled entity, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in consolidated income statement. Any interest retained in that former investee at the date when joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

f) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. If some or all of the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not revised in subsequent periods.

2. 主要會計政策(續)

f) 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。

g) 其他權益證券投資

本集團及本公司之權益證券投資(除附屬公司及共同控制實體投資外)政策如下：

權益證券投資初步按公平值(即其交易價格)列賬；但如可根據只包括可觀察市場數據之變數之估值方法更可靠地估計出公平值則除外。成本包括應佔交易成本；惟下文所述者除外。此等投資其後因應所屬分類入賬如下：

持作貿易用途之權益證券投資被歸類為流動資產，任何應佔交易成本於產生時在綜合收益表中確認。於各個申報期間結算日，會重新計算公平值，所得之盈虧於綜合收益表中確認。在綜合收益表中確認之盈虧淨額並不包括從此等投資賺取所得之任何股息或利息。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Goodwill (Continued)

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

g) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries and jointly controlled entities, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in equity securities held for trading are classified as current assets. Any attributable transaction costs are recognised in consolidated income statement as incurred. At the end of each reporting period, the fair value is remeasured with any resultant gain or loss being recognised in consolidated income statement. The net gain or loss recognised in consolidated income statement does not include any dividends or interest earned on these investments.

2. 主要會計政策(續)

g) 其他權益證券投資(續)

其他不屬上述任何類別的權益證券投資被歸類為可供出售權益證券。於各個申報期間結算日，會重新計算公平值，所得之盈虧會於其他全面收益中確認，及單項累計呈列於權益中之公平值儲備，惟貨幣項目之攤銷成本變動所產生之外匯盈虧則除外。從此等投資所得之股息收入會於綜合收益表內確認，或倘該等投資為計息，有關利息則使用實際利息法按附註2(t)(ii)所載政策於綜合收益表確認。當終止確認此等投資或此等投資出現減值(見附註2(k))時，累計收益或虧損將由權益重新分類至綜合收益表核算。

投資會於本集團承諾買入／賣出投資或投資到期當日確認／終止確認。

h) 物業、廠房及設備

持作自用之樓宇部份按重估值(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申報期間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、廠房及設備按成本值減累計折舊及減值虧損入賬(見附註2(k)(ii))。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Other investments in equity securities (Continued)

Investments in equity securities which do not fall into any of the above categories are classified as available-for-sale equity securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve, except foreign exchange gains and losses resulting from changes in the amortised cost of monetary items. Dividend income from these investments is recognised in consolidated income statement and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in consolidated income statement in accordance with the policy set out in note 2(t)(ii). When these investments are derecognised or impaired (see note 2(k)), the cumulative gain or loss is reclassified from equity to consolidated income statement.

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

h) Property, plant and equipment

Buildings held for own use are stated 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 end of the reporting period.

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

2. 主要會計政策(續)

h) 物業、廠房及設備(續)

重估持作自用之樓宇所產生之變動一般撥入其他全面收益處理，並於樓宇重估儲備之權益中獨立累計，但下列情況除外：

- 倘出現重估虧絀，超出於緊接重估前就同一項資產於儲備內持有之金額部份會在收益表支銷；及
- 倘出現重估盈餘，便會計入收益表，並以就同一項資產先前已於收益表內支銷之重估虧絀為限計算。

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(v))。

當租賃包括土地及樓宇部份，本集團需評估各部分擁有權之絕大部份風險與報酬是否轉移至本集團以將各部分單獨劃分為融資租賃或經營租賃。

租金能夠可靠的分配時，入賬為經營租賃的租賃土地權益應在綜合財務狀況表中列為「預付租金」，並按直線法在租賃期間攤銷。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Property, plant and equipment (Continued)

Changes arising on the revaluation of buildings held for own use are generally dealt with in other comprehensive income and are accumulated separately in equity in the building revaluation reserve. The only exceptions are as follows:

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

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 an appropriate proportion of production overheads and borrowing costs (see note 2(v)).

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

2. 主要會計政策 (續)

h) 物業、廠房及設備 (續)

歷史成本包括收購項目的直接開支。成本亦可包括自權益轉撥以外幣購買物業、廠房及設備的合資格現金流量對沖所產生的任何收益／虧損。

日後成本僅在本集團可能獲得與該項目有關的未來經濟利益及該項目的成本能可靠計算時，計入資產賬面值或確認為獨立資產 (如適用)。被替代部份之賬面值取消確認。所有其他維修及保養費用於產生的財政期間內於收益表確認。

如資產的賬面值較其估計可收回金額為高，則將資產的賬面值即時撇減至其可收回金額。

報廢或出售物業、廠房及設備項目所產生之收益或虧損，乃以出售所得款項淨額與項目賬面值之差異釐定，並於報廢或出售日期於收益表確認。任何相關重估盈餘乃從重估儲備轉撥至保留溢利，不會重新分類至收益表內。

物業、廠房及設備項目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 |
| – 辦公室設備及裝置 | 5年 |
| – 汽車 | 5年 |

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Property, plant and equipment (Continued)

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in income statement during the financial period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount of the asset's carrying amount is greater than its estimated recoverable amount.

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 the income statement on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to income statement.

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 |

2. 主要會計政策(續)

h) 物業、廠房及設備(續)

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。

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收購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。有關資產投入使用時，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。

i) 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(v))。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(k)(ii))列賬。其他開發開支於產生期間確認為開支。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Property, plant and equipment (Continued)

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.

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 the acquisition of 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 their 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.

i) 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(v)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 2(k)(ii)). Other development expenditure is recognised as an expense in the period in which it is incurred.

2. 主要會計政策 (續)

i) 無形資產 (商譽除外) (續)

本集團收購所得之其他無形資產按成本減去累計攤銷 (如估計可使用年期有限) 及減值虧損 (見附註2(k)(ii)) 列賬。內部產生商譽及品牌之支出於產生期間確認為開支。

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收益表扣除。下列具有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。

j) 租賃資產

倘本集團決定安排在協定期限內出讓一項特定資產或多項資產之使用權，以換取一筆付款或一連串付款，則有關安排 (包括一項交易或一連串交易) 即屬於或包括租賃。有關決定根據對安排本質之評估 (不論安排是否以法定租賃形式) 作出。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Intangible assets (other than goodwill) (Continued)

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(k)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to the income statement on a straight-line basis over the assets' 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.

j) Lease assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

2. 主要會計政策(續)

j) 租賃資產(續)

i) 出租予本集團之資產分類

倘本集團根據租賃持有資產而有關租賃將擁有權涉及之絕大部份風險及回報轉移至本集團，則有關資產列作根據融資租賃持有。並無將擁有權涉及之絕大部份風險及回報轉移至本集團之租賃則列作經營租賃。

ii) 經營租賃費用

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，以等額方式計入收益表中；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收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收益表中。

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)

j) Lease assets (Continued)

i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the 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 assets. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the 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)

k) 資產減值

i) 權益證券投資及其他應收款項之減值

按成本值或攤銷成本列賬或分類為可供出售證券的權益證券投資及其他流動與非流動應收款項會於各個申報期間結算日進行檢討，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；
- 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；及
- 於權益證券之投資之公平值大幅或長期下降至低於其成本。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Impairment of assets

i) *Impairment of investment in equity securities and other receivables*

Investments in equity securities and other current and non-current receivables that are carried at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period 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;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity security below its cost.

2. 主要會計政策(續)

k) 資產減值(續)

i) 權益證券投資及其他應收款項之減值(續)

如存在任何上述證據，則會釐定及確認減值虧損如下：

- 於共同控制實體之投資(包括已使用權益方法確認者(見附註2(e)))之投資，其減值虧損乃根據附註2(k)(ii)按其投資可收回金額與其賬面值作比較而得出。減值虧損在用作釐定按附註2(k)(ii)計算的可收回金額的估計出現利好變化時撥回。
- 就按攤銷成本列賬之應收賬款及其他金融資產而言，倘折現之影響重大，則減值虧損乃按資產之賬面值與金融資產原有實際利率(即在初步確認該等資產時計算之實際利率)折現之估計未來現金流量現值之間之差額計量。倘按攤銷成本列賬之金融資產具備類似風險特徵，例如類似逾期情況，且並未單獨被評估為減值，則就此進行整體評估。經整體評估減值之金融資產之未來現金流量，乃根據與整體組別信貸風險特徵相似之資產之過往虧損經驗作出。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Impairment of assets (Continued)

i) Impairment of investment in equity securities and other receivables (Continued)

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

- For investment in jointly controlled entities (including those recognised using the equity method (see note 2(e))), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(k)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(k)(ii).
- For trade receivables 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 the 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.

2. 主要會計政策(續)

k) 資產減值(續)

i) 權益證券投資及其他應收款項之減值(續)

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收益表。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。

- 就可供出售證券而言，於公平值儲備內確認之累計虧損會重新分類至收益表。於收益表中確認之累計虧損之金額為收購成本(扣除任何基本付款及攤銷)及現時公平值(減原先於收益表中確認之該資產任何減值虧損)間之差額。

就可供出售權益證券於收益表中確認之減值虧損不透過收益表撥回。有關資產之公平值之任何其後增加於其他全面收益確認。

倘公平值其後增加可與減值虧損確認後發生之事項掛鉤，則可供出售債務證券之減值虧損予以撥回。於該等情況下，減值虧損之撥回於收益表中確認。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Impairment of assets (Continued)

i) Impairment of investment in equity securities and other receivables (Continued)

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 the 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.

- For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to the income statement. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on the asset previously recognised in the income statement.

Impairment losses recognised in the income statement in respect of available-for-sale equity securities are not reversed through the income statement. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in the income statement.

2. 主要會計政策(續)

k) 資產減值(續)

i) 權益證券投資及其他應收款項之減值(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、應收票據及其他應收款，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、應收票據及其他應收款中撇銷，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收益表確認。

ii) 其他資產之減值

本集團會於每個申報期間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)；
- 預付租金；
- 無形資產；及
- 於附屬公司之投資。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Impairment of assets (Continued)

i) Impairment of investment in equity securities and other receivables (Continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors, bills receivables and other receivables 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, bills receivables and other receivables 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 the income statement.

ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period 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;
- intangible assets; and
- investments in subsidiaries.

2. 主要會計政策(續)

k) 資產減值(續)

ii) 其他資產之減值(續)

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)。

– 可收回數額計算

資產之可收回數額乃指公平值減銷售成本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。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Impairment of assets (Continued)

ii) Impairment of other assets (Continued)

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.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell 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 the 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).

2. 主要會計政策(續)

k) 資產減值(續)

ii) 其他資產之減值(續)

- 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，則於收益表確認減值虧損。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)。

- 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綜合收益表內。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Impairment of assets (Continued)

ii) Impairment of other assets (Continued)

- Recognition of impairment losses

An impairment loss is recognised in the 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 a cash-generating unit 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.

- 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 the consolidated income statement in the year in which the reversals are recognised.

2. 主要會計政策(續)

k) 資產減值(續)

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(k)(i)及(ii))。

於中期期間就商譽及可供出售權益證券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。

l) 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。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Impairment of assets (Continued)

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(k)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill and available-for-sale equity securities 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.

l) 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.

2. 主要會計政策(續)

l) 存貨(續)

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。

m) 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，其後按攤銷成本採用實際利率法減呆賬減值撥備列賬(見附註2(k)(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(k)(i))。

n) 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收益表確認。

o) 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。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Inventories (Continued)

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.

m) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less allowance for impairment of doubtful debts (see note 2(k)(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(k)(i)).

n) 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 the income statement over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

o) 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.

2. 主要會計政策 (續)

p) 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。

q) 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預提。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收益表確認。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。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) 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 statement of cash flows.

q) 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 no charge is recognised in the consolidated income statement in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

2. 主要會計政策(續)

q) 僱員福利(續)

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。

r) 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收益表確認，惟與於其他全面收益或直接於權益確認之項目有關者，則有關稅項分別於其他全面收益或直接於權益內確認。

本期稅項是按本年度應課稅收入採用於申報期間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。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Employee benefits (Continued)

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 possibility of withdrawal.

r) 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 the income statement except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, 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.

2. 主要會計政策 (續)

r) 所得稅 (續)

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。

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。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Income tax (Continued)

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 differences 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.

The limited exceptions to 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.

2. 主要會計政策(續)

r) 所得稅(續)

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，以申報期間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。

本集團會在每個申報期間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。

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Income tax (Continued)

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 end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period 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.

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

2. 主要會計政策 (續)

r) 所得稅 (續)

- 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。

s) 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。

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。

t) 收入確認

收入按已收或應收代價之公平值計量。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，根據下列方法於收益表內確認：

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Income tax (Continued)

- 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.

s) 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.

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.

t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. 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:

2. 主要會計政策(續)

t) 收入確認(續)

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。

u) 外幣換算

年內外幣換算乃按於交易日期通行之匯率換算。以外幣計值之貨幣性資產及負債均按於申報期間結算日通行之匯率換算。匯兌盈虧乃於綜合收益表確認。

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。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) Revenue recognition (Continued)

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.

u) Translation of foreign currencies

Foreign currency transaction during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in the consolidated 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.

2. 主要會計政策 (續)

u) 外幣換算 (續)

境外業務之業績乃按交易日通行之概約匯率換算為港元。財務狀況表項目 (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) 則按申報期間結算日通行之匯率收市價換算為港元。匯兌差額於其他全面收益確認，並於匯兌儲備之權益中獨立累計。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，與該境外業務有關之匯兌差額累計款項會於確認出售盈虧時由權益重新分類至收益表。

v) 貸款成本

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之貸款成本，乃作為該項資產之部份成本撥充資本。其他貸款成本於產生期間內支銷。

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。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

u) Translation of foreign currencies (Continued)

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. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into HK\$ at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve. 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 relating to that foreign operation is reclassified from equity to income statement when the profit or loss on disposal is recognised.

v) Borrowing costs

Borrowing costs that are 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, are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period which they are incurred.

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.

2. 主要會計政策(續)

w) 已終止經營業務

已終止經營業務乃本集團業務之一部份，其營運及現金流量可與本集團之其他業務清晰地區別，且為獨立之主要業務系列或經營區域，或為出售獨立主要業務系列或經營區域之單一協調計劃之一部份，或為轉售而專門收購之附屬公司。

分類為已終止經營業務於出售時發生。當業務被放棄時，分類為已終止業務之情況亦會發生。

當業務被分類為已終止經營時，收益表上會呈列一單一數額，當中包括：

- 已終止業務之稅後溢利或虧損；及
- 就構成已終止業務之資產或出售組別之公平值減銷售或出售成本之計量所確認之稅後盈虧。

x) 關連人士

(a) 倘若該名人士屬以下情況，則該人士或該人士之家族之近親乃與本集團有關連：

- i) 對本集團擁有控制權或共同控制權；
- ii) 對本集團擁有重大影響力；或
- iii) 為本集團或本集團之母公司之主要管理人員之成員。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

w) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

x) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- i) has control or joint control over the Group;
- ii) has significant influence over the Group; or
- iii) is a member of the key management personnel of the Group or the Group's parent.

2. 主要會計政策(續)

x) 關連人士(續)

(b) 倘若以下任何條件適用，則該實體乃與本集團有關連：

- i) 該實體與本集團均為相同集團之成員(即各母公司、附屬公司及同系附屬公司彼此間有關連)。
- ii) 一間實體為另一實體之聯營公司或合營企業(或另一實體為集團旗下成員公司之聯營公司或合營企業之成員公司)。
- iii) 兩間實體均為同一第三方之合營企業。
- iv) 一間實體為第三方實體之合營企業，而另一實體為該第三方實體之聯營公司。
- v) 實體為本集團或與本集團有關連之實體就僱員利益設立之離職福利計劃。
- vi) 實體受(a)所識別人士所控制或共同控制。
- vii) (a)(i)所識別人士對實體擁有重大影響力或屬該實體(或該實體之母公司)之主要管理人員成員。

該名人士之近親家庭成員為於與該實體進行交易時可能預期影響該名人士或可能被該名人士影響之該等家族成員。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

x) Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions applies:

- i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- iii) Both entities are joint ventures of the same third party.
- iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- vi) The entity is controlled or jointly controlled by a person identified in (a).
- vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

2. 主要會計政策 (續)

y) 分部報告

綜合財務報表所呈報之經營分部及各分部項目之款項乃於為分配資源予本集團不同業務及地區以及評估該等業務及地區之表現而定期向本集團首席營運決策人提供之財務資料中確認。

就財務報告而言，個別重大經營分部不會合併，惟分部間有類似經濟特點及在產品及服務性質、生產過程性質、客戶種類或類別、用作分銷產品或提供服務之方法以及監管環境性質方面相類似則除外。倘並非個別重大之經營分部符合大部份此等準則，則該等經營分部可能合併處理。

3. 應用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，本集團已應用下列由香港會計師公會頒佈之新訂及經修訂香港財務報告準則。

| | |
|------------------------------|---------------------|
| 香港財務報告準則之修訂本 | 二零一零年頒佈之香港財務報告準則之改進 |
| 香港會計準則第24號 (二零零九年經修訂) | 關連人士披露 |
| 香港會計準則第32號之修訂本 | 供股之分類 |
| 香港(國際財務報告準則詮釋委員會)-詮釋第14號之修訂本 | 最低資金要求之預付款項 |
| 香港(國際財務報告準則詮釋委員會)-詮釋第19號 | 以權益工具抵銷金融負債 |

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

y) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

| | |
|----------------------------------|---|
| Amendments to HKFRSs | Improvements to HKFRSs issued in 2010 |
| HKAS 24 (as revised 2009) | Related Party Disclosures |
| Amendments to HKAS 32 | Classification of Rights Issues |
| Amendments to HK(IFRIC) – Int 14 | Prepayments of a Minimum Funding Requirement |
| HK(IFRIC) – Int 19 | Extinguishing Financial Liabilities with Equity Instruments |

3. 應用新訂及經修訂香港財務報告準則 （「香港財務報告準則」）（續）

除下文所述者外，本年度應用之新訂及經修訂香港財務報告準則對本集團本會計期間及過往會計期間之財務表現及狀況及／或於該等財務報表之披露並無重大影響。

— 香港會計準則第24號「關連人士披露」 （二零零九年經修訂）

香港會計準則第24號（二零零九年經修訂）作出了以下兩項修訂：(a)香港會計準則第24號（二零零九年經修訂）已修訂有關關連人士之定義；及(b)香港會計準則第24號（二零零九年經修訂）已引入與政府相關實體之部份披露要求豁免。

應用香港會計準則第24號（二零零九年經修訂）所載關連人士之經修訂定義並無對本集團於本年度及過往年度之關連人士披露造成重大影響。本公司及其附屬公司並非政府相關實體。因此，此會計準則於本年度並無對本集團造成影響。

— 二零一零年頒佈之香港財務報告準則 之改進

二零一零年頒佈之香港財務報告準則之改進綜合準則對香港財務報告準則第7號「金融工具：披露」的披露引入多項修訂。附註37所載有關本集團及本公司金融工具之披露符合經修訂披露規定。有關修訂對本期間及過往期間於財務報表已確認的金額的分類、確認及計量並無重大影響。

應用新訂香港財務報告準則並無對本會計期間或過往會計期間之業績及財務狀況之編製及呈列方式造成重大影響。因此毋須作出往年調整。

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

(Continued)

Except as described below, the application of the new and revised HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior accounting periods and/or on the disclosures set out in these financial statements.

— HKAS 24 Related Party Disclosures (as revised in 2009)

HKAS 24 (as revised in 2009) has been revised on the following two aspects: (a) HKAS 24 (as revised in 2009) has changed the definition of a related party and (b) HKAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

The application of the revised definition of related party set out in HKAS 24 (as revised in 2009) does not have any material impact on the Group's related party disclosures in the current and previous year. The Company and its subsidiaries are not government-related entities. As a result, this does not impact the Group in the current year.

— Improvements to HKFRSs issued in 2010

Improvement to HKFRSs issued in 2010 omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7 Financial Instruments: Disclosures. The disclosures about the Group's and the Company's financial instruments in note 37 have been conformed to the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

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.

3. 應用新訂及經修訂香港財務報告準則
 (「香港財務報告準則」)(續)

截至該等財務報表刊發日期，香港會計師公會已頒佈下列於截至二零一一年十二月三十一日止年度尚未生效之修訂本、新準則及詮釋。

本集團並無提早應用下列已頒佈但尚未生效之新訂及經修訂準則、修訂本或詮釋：

| | |
|-----------------|---------------------------------------|
| 香港財務報告準則第7號之修訂本 | 披露事項－轉讓金融資產 ¹ |
| | 披露事項－抵銷金融資產及金融負債 ² |
| | 香港財務報告準則第9號之強制性生效日期及過渡披露 ³ |
| 香港財務報告準則第9號 | 金融工具 ³ |
| 香港財務報告準則第10號 | 綜合財務報表 ² |
| 香港財務報告準則第11號 | 合營安排 ² |
| 香港財務報告準則第12號 | 披露於其他實體之權益 ² |
| 香港財務報告準則第13號 | 公平值計量 ² |
| 香港會計準則第1號之修訂本 | 其他全面收入項目之呈報 ⁵ |
| 香港會計準則第12號之修訂本 | 遞延稅項－收回相關資產 ⁴ |

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

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2011.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

| | |
|-----------------------|--|
| Amendments to HKFRS 7 | Disclosures – Transfers of Financial Assets ¹ |
| | Disclosures – Offsetting Financial Assets and Financial Liabilities ² |
| | Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³ |
| HKFRS 9 | Financial Instruments ³ |
| HKFRS 10 | Consolidated Financial Statements ² |
| HKFRS 11 | Joint Arrangements ² |
| HKFRS 12 | Disclosure of Interests in Other Entities ² |
| HKFRS 13 | Fair Value Measurement ² |
| Amendments to HKAS 1 | Presentation of Items of Other Comprehensive Income ⁵ |
| Amendments to HKAS 12 | Deferred Tax – Recovery of Underlying Assets ⁴ |

3. 應用新訂及經修訂香港財務報告準則
 (「香港財務報告準則」)(續)

| | |
|------------------------------|--------------------------------|
| 香港會計準則第19號 (二零一一年經修訂) | 僱員福利 ¹ |
| 香港會計準則第27號 (二零一一年經修訂) | 獨立財務報表 ² |
| 香港會計準則第28號 (二零一一年經修訂) | 於聯營公司及 合營企業之投資 ³ |
| 香港會計準則第32號之修訂本 | 抵銷金融資產及金融負債 ⁴ |
| 香港(國際財務報告準則詮釋 委員會)–詮釋第20號 | 露天礦場生產階段之剝 採成本 ⁵ |

- 1 於二零一一年七月一日或其後開始之年度期間生效
- 2 於二零一三年一月一日或其後開始之年度期間生效
- 3 於二零一五年一月一日或其後開始之年度期間生效
- 4 於二零一二年一月一日或其後開始之年度期間生效
- 5 於二零一二年七月一日或其後開始之年度期間生效
- 6 於二零一四年一月一日或其後開始之年度期間生效

本集團正評估該等新訂及經修訂香港財務報告準則預期於首次應用期間之影響。至目前為止，採用該等新訂及經修訂準則被認為不太可能對於本集團的經營業績及財務狀況造成重大影響。

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

| | |
|------------------------------|---|
| HKAS 19 (as revised in 2011) | Employee Benefits ² |
| HKAS 27 (as revised in 2011) | Separate Financial Statements ² |
| HKAS 28 (as revised in 2011) | Investments in Associates and Joint Ventures ³ |
| Amendments to HKAS 32 | Offsetting Financial Assets and Financial Liabilities ⁴ |
| HK (IFRIC) – Int 20 | Stripping Costs in the Production Phase of a Surface Mine ⁵ |

- 1 Effective for annual periods beginning on or after 1 July 2011.
- 2 Effective for annual periods beginning on or after 1 January 2013.
- 3 Effective for annual periods beginning on or after 1 January 2015.
- 4 Effective for annual periods beginning on or after 1 January 2012.
- 5 Effective for annual periods beginning on or after 1 July 2012.
- 6 Effective for annual periods beginning on or after 1 January 2014.

The Group is in the process of making an assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group’s results of operations and financial position.

4. 關鍵會計判斷及估計不確定之主要來源

a) 估計不確定性之主要來源

於應用附註2所述之本集團會計政策之過程中，管理層已作出若干主要假設，該等假設涉及未來及於申報期間結算日估計不確定性之其他主要來源，該等假設可能存在導致資產及負債之賬面值於下個財政年度作出重大調整之重大風險，有關詳情討論如下。

i) 商譽減值之估算

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。於二零一一年十二月三十一日，商譽之賬面值約為21,776,000港元（二零一零年：88,971,000港元）。有關可收回金額計算之詳情於附註17披露。

ii) 物業、廠房及設備以及經營租約下預付土地租金之可使用年期及剩餘價值

管理層根據附註2(h)及附註2(j)分別所載之會計政策釐定本集團物業、廠房及設備以及經營租約下預付土地租金之估計可使用年期及剩餘價值。本集團將修訂折舊支出及攤銷開支（如可使用年期及剩餘價值與先前估計不同），或撇銷或撇減已被棄用或出售之在技術上過時或屬非策略性之資產。

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

a) Key sources of estimation uncertainty

In the process of applying the Group's accounting policies which are described in note 2, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

i) Estimation of 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 2011, the carrying amount of goodwill is approximately HK\$21,776,000 (2010: HK\$88,971,000). Details of the recoverable amount calculation are disclosed in note 17.

ii) Useful lives and residual values of property, plant and equipment and prepaid lease payments on land under operating leases

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment and prepaid lease payments on land under operating leases in accordance with the accounting policy stated in note 2(h) and note 2(j) respectively. The Group will revise the depreciation charge and the amortisation expense 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.

4. 關鍵會計判斷及估計不確定之主要來源 (續)

a) 估計不確定性之主要來源 (續)

iii) 物業、廠房及設備 (持作自用樓宇除外) 減值之估算

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作出判斷。

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。於行使判斷時，本集團會考慮有關物業、廠房及設備 (持作自用樓宇除外) 的重置費之款額等信息，並會對於各申報期間結算日存在之樓齡、狀況、經濟或設施陳舊及環境因素而作出扣減。於二零一一年十二月三十一日，物業、廠房及設備 (持作自用樓宇除外) 之賬面值約 265,125,000 港元 (二零一零年：354,616,000 港元)。

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

a) Key sources of estimation uncertainty (Continued)

iii) *Estimation of impairment of property, plant and equipment except buildings held for own use*

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement 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.

Such assessment was based on certain assumptions, which are subject to uncertainty and might differ materially from the actual results. In exercising judgement, the Group considers information such as the amounts of the replacement cost of the property, plant and equipment except buildings held for own use and deductions to account for the age, condition, economic or functional obsolescence and environmental factors existing at the end of each reporting period. As at 31 December 2011, the carrying amount of property, plant and equipment except buildings held for own use is approximately HK\$265,125,000 (2010: HK\$354,616,000).

4. 關鍵會計判斷及估計不確定之主要來源 (續)

a) 估計不確定性之主要來源 (續)

iv) 持作自用樓宇公平值之估算

如附註18(a)(ii)所述，持作自用樓宇乃於二零一一年十二月三十一日由獨立專業合資格估值師採用重置成本折舊法予以重估。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，本集團會考慮有關樓宇的重置費之款額等信息，並會對於各申報期間結算日存在之樓齡、狀況、經濟或設施陳舊及環境因素而作出扣減。於二零一一年十二月三十一日，持作自用樓宇之賬面值約204,443,000港元(二零一零年：246,549,000港元)。

v) 無形資產及經營租約下預付土地租金減值之估算

本集團根據附註2(k)(ii)所載之會計政策，每年對無形資產及經營租約下預付土地租金是否出現減值進行評估。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，於二零一一年及二零一零年十二月三十一日，無形資產及經營租約下預付土地租金並無減值。於二零一一年十二月三十一日，無形資產及經營租約下預付土地租金之賬面值分別約88,198,000港元(二零一零年：329,921,000港元)及210,759,000港元(二零一零年：266,050,000港元)。

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

a) Key sources of estimation uncertainty (Continued)

iv) *Estimation of fair value of buildings held for own use*

As described in note 18(a)(ii), the buildings held for own use were revalued at 31 December 2011 using the depreciable replacement cost approach by independent professional qualified valuers. Such valuations were based on certain assumptions, which are subject to uncertainties and might materially differ from the actual results. In making the judgement, the Group considers information such as the amounts of the replacement cost of the buildings and deductions to account for the age, condition, economic or functional obsolescence and environmental factors existing at the end of each reporting period. As at 31 December 2011, the carrying amount of buildings held for own use is approximately HK\$204,443,000 (2010: HK\$246,549,000).

v) *Estimation of impairment of intangible assets and prepaid lease payments on land under operating leases*

The Group performs annual assessments on whether there has been impairment of intangible assets and prepaid lease payments on land under operating leases in accordance with the accounting policy stated in note 2(k)(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 and prepaid lease payments on land under operating leases are not impaired as at 31 December 2011 and 2010. As at 31 December 2011, the carrying amounts of intangible assets and prepaid lease payments on land under operating leases are approximately HK\$88,198,000 (2010: HK\$329,921,000) and HK\$210,759,000 (2010: HK\$266,050,000) respectively.

4. 關鍵會計判斷及估計不確定之主要來源 (續)

a) 估計不確定性之主要來源 (續)

vi) 無形資產之攤銷

無形資產乃根據附註2(i)所載會計政策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。

vii) 應收款項減值之估算

本集團之應收款項減值確認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。於二零一一年十二月三十一日，應收賬款及其他應收款之賬面值約為603,405,000港元(二零一零年：369,972,000港元)。應收款項減值之詳情已於附註25(c)作出披露。

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

a) Key sources of estimation uncertainty (Continued)

vi) *Amortisation of intangible assets*

Intangible assets are amortised on a straight-line basis over their estimated useful lives in accordance with the accounting policy stated in note 2(i). 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.

vii) *Estimation of impairment of receivables*

The policy for recognising 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. As at 31 December 2011, the carrying amount of trade and other receivables is approximately HK\$603,405,000 (2010: HK\$369,972,000). Details of the impairment of receivables are disclosed in note 25(c).

4. 關鍵會計判斷及估計不確定之主要來源 (續)

a) 估計不確定性之主要來源 (續)

viii) 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。於二零一一年十二月三十一日，董事按逐項產品基準對存貨進行檢討，並撇減為數約91,073,000港元（二零一零年：16,059,000港元）之存貨及撥回存貨撇減約37,944,000港元（二零一零年：23,371,000港元）。

b) 在應用本集團會計政策時所作之重大會計判斷

在釐定部分資產及負債之賬面值時，本集團就不確定的未來事件對申報期間結算日資產及負債之影響作出假設。有關估計涉及對現金流量及所用折現率之假設。本集團根據過往經驗及對未來事件之預計作出估計及假設，並定期檢討。除對未來事件之假設及估計外，本集團在應用會計政策時亦作出判斷。

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

a) Key sources of estimation uncertainty (Continued)

viii) 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 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 2011, the directors performed a review on a product-by-product basis and made a write down of its inventories of approximately HK\$91,073,000 (2010: HK\$16,059,000) and a reversal of write down of inventories of approximately HK\$37,944,000 (2010: HK\$23,371,000).

b) Critical accounting judgements in applying the Group's accounting policies

In determining the carrying amounts of some assets and liabilities, the Group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of the reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

4. 關鍵會計判斷及估計不確定之主要來源 (續)

b) 在應用本集團會計政策時所作之重大會計判斷 (續)

i) 所得稅及遞延稅項

本集團在香港須繳付所得稅，而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所得稅及遞延稅項撥備。

有關若干暫時差異及若干稅項虧損之遞延稅項資產，乃於管理層認為日後可能有可動用應課稅溢利抵銷暫時差異或稅項虧損之情況下予以確認。倘該項預期有別於原來估計，該等差額將影響更改有關改變估計期間所確認之遞延稅項資產及稅項。就此而言，本集團已於二零一一年十二月三十一日確認遞延稅項資產及負債分別約8,223,000港元（二零一零年：23,876,000港元）及31,505,000港元（二零一零年：94,960,000港元）。

ii) 分派股息所產生之預扣稅

本集團乃根據派付股息的時間判斷釐定是否應計若干附屬公司分派的股息產生的預扣稅（根據相關稅務司法權區徵收）。本集團認為，倘於可預見未來將不會分派溢利，則毋須就有關預扣稅提供撥備。

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

b) Critical accounting judgements in applying the Group's accounting policies (Continued)

i) Income taxes and deferred taxation

The Group is subject to income tax in Hong Kong and various taxes in 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 were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and certain tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and tax in the periods in which such estimate is changed. In this regard, the Group has recognised deferred tax assets and liabilities in the amounts of approximately HK\$8,223,000 (2010: HK\$23,876,000) and HK\$31,505,000 (2010: HK\$94,960,000) as at 31 December 2011 respectively.

ii) Withholding taxes arising from the distributions of dividends

The Group's determination as to whether to accrue for withholding taxes arising from the distributions of dividends from certain subsidiaries according to the relevant tax jurisdictions is subject to judgement on the timing of the payment of the dividend. The Group considered that if the profits will not be distributed in the foreseeable future, then no withholding taxes should be provided.

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:

| | 持續經營業務 | | 已終止經營業務 | | 綜合 | |
|-----------------------------|-----------|------------|----------|------------|-----------|------------|
| | 二零一一年 | 二零一零年 | 二零一一年 | 二零一零年 | 二零一一年 | 二零一零年 |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | 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 |
| | | (重新表述) | | (重新表述) | | (重新表述) |
| | | (restated) | | (restated) | | (restated) |
| 稀土產品 (包括熒光產品)銷售 | 1,765,808 | 693,702 | 82,434 | 208,365 | 1,848,242 | 902,067 |
| 耐火產品 (包括高溫陶瓷產品 及鎂砂)銷售 | 447,546 | 423,053 | - | - | 447,546 | 423,053 |
| | 2,213,354 | 1,116,755 | 82,434 | 208,365 | 2,295,788 | 1,325,120 |

6. 其他收益

6. OTHER REVENUE

| | 持續經營業務 | | 已終止經營業務 | | 綜合 | |
|--------------|----------|------------|----------|------------|----------|------------|
| | 二零一一年 | 二零一零年 | 二零一一年 | 二零一零年 | 二零一一年 | 二零一零年 |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | 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 |
| | | (重新表述) | | (重新表述) | | (重新表述) |
| | | (restated) | | (restated) | | (restated) |
| 銀行存款利息收入(附註) | 7,008 | 4,849 | - | 2 | 7,008 | 4,851 |

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。

Note:

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

7. 除稅前溢利

除稅前溢利已扣除／(計入)下列各項：

7. PROFIT BEFORE TAXATION

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

| | 持續經營業務 | | 已終止經營業務 | | 綜合 | |
|------------------------------|---|---|----------|------------|-----------|------------|
| | 二零一一年 | 二零一零年 | 二零一一年 | 二零一零年 | 二零一一年 | 二零一零年 |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | 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 |
| | | (重新表述) | | (重新表述) | | (重新表述) |
| | | (restated) | | (restated) | | (restated) |
| a) 財務成本 | a) Finance costs | | | | | |
| 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 | | | | |
| | 5,698 | 8,409 | - | - | 5,698 | 8,409 |
| 其他貸款成本 | - | 29 | - | - | - | 29 |
| 並非按公平值列入損益之金融負債利息支出總額 | 5,698 | 8,438 | - | - | 5,698 | 8,438 |
| b) 員工成本(包括附註9所載之董事酬金) | b) Staff costs (including directors' emoluments in note 9) | | | | | |
| 薪金及工資 | 51,783 | 37,217 | 572 | 1,484 | 52,355 | 38,701 |
| 退休福利計劃供款(附註11) | 3,441 | 2,493 | - | - | 3,441 | 2,493 |
| | 55,224 | 39,710 | 572 | 1,484 | 55,796 | 41,194 |
| c) 其他項目 | c) Other items | | | | | |
| 核數師酬金 | 3,445 | 3,420 | - | - | 3,445 | 3,420 |
| 存貨成本(附註24(b)) | 1,159,922 | 863,718 | 76,643 | 173,328 | 1,236,565 | 1,037,046 |
| 物業、廠房及設備之折舊 | 85,529 | 88,264 | 1,528 | 2,389 | 87,057 | 90,653 |
| 經營租約下預付土地租金攤銷 | 5,456 | 5,278 | 350 | 576 | 5,806 | 5,854 |
| 無形資產攤銷 | 12,295 | 11,799 | 12,260 | 19,114 | 24,555 | 30,913 |
| 壞賬撇銷 | 441 | 258 | - | - | 441 | 258 |
| 應收賬款及其他應收款之減值虧損 | 12,898 | 10,231 | - | 739 | 12,898 | 10,970 |
| 應收賬款及其他應收款之減值虧損撥回 | (5,813) | (4,996) | - | - | (5,813) | (4,996) |
| 出售經營租約下預付土地租金之收益淨額 | (8,389) | - | - | - | (8,389) | - |
| 出售物業、廠房及設備之收益淨額 | (705) | (23) | - | - | (705) | (23) |
| 匯兌虧損淨額 | 9,600 | 2,354 | - | - | 9,600 | 2,354 |
| 租賃物業經營租賃支出 | 2,105 | 1,377 | 39 | 80 | 2,144 | 1,457 |
| 研發支出 | 2,146 | 1,542 | - | - | 2,146 | 1,542 |
| 可供出售權益證券之減值虧損 | 23,280 | - | - | - | 23,280 | - |

8. 綜合收益表內之所得稅

a) 綜合收益表內之所得稅指：

| | 持續經營業務 | | 已終止經營業務 | | 綜合 | |
|---|----------|------------|----------|------------|----------|------------|
| | 二零一一年 | 二零一零年 | 二零一一年 | 二零一零年 | 二零一一年 | 二零一零年 |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | 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 |
| | | (重新表述) | | (重新表述) | | (重新表述) |
| | | (restated) | | (restated) | | (restated) |
| 本期稅項- 中國企業 所得稅(「企業所得稅」) 年度撥備(附註31(a)) | 179,839 | 36,957 | 12,143 | 12,043 | 191,982 | 49,000 |
| 遞延稅項 暫時性差異之產生 及撥回(附註31(b)) | (3,554) | (6,133) | (2,549) | (3,910) | (6,103) | (10,043) |
| 所得稅支出 | 176,285 | 30,824 | 9,594 | 8,133 | 185,879 | 38,957 |

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。

二零一一年之香港所得稅年度撥備乃按16.5% (二零一零年：16.5%) 計算。截至二零一一年及二零一零年十二月三十一日止兩年度內，由於本集團並無應課稅溢利淨額，並無就香港利得稅計提撥備。

根據中國企業所得稅法例(「企業所得稅法」)及實施條例，自二零零八年一月一日起，本集團中國附屬公司之稅率為25%。

本集團中國附屬公司宜興威爾發非金屬材料有限公司及海城新威利成鎂資源有限公司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。

本集團中國附屬公司宜興新威利成稀土有限公司於二零一零年十二月二十二日起成為外商投資之「高新技術企業」，並可享有優惠所得稅率15%。

8. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

a) Income tax in the consolidated income statement represents:

| | Continuing operations | | Discontinued operation | | Consolidated | |
|---|-----------------------|------------|------------------------|------------|--------------|------------|
| | 二零一一年 | 二零一零年 | 二零一一年 | 二零一零年 | 二零一一年 | 二零一零年 |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | 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 |
| | | (重新表述) | | (重新表述) | | (重新表述) |
| | | (restated) | | (restated) | | (restated) |
| Current tax – PRC Enterprise Income Tax (“EIT”) Provision for the year (note 31(a)) | 179,839 | 36,957 | 12,143 | 12,043 | 191,982 | 49,000 |
| Deferred taxation Origination and reversal of temporary differences (note 31(b)) | (3,554) | (6,133) | (2,549) | (3,910) | (6,103) | (10,043) |
| Income tax charge | 176,285 | 30,824 | 9,594 | 8,133 | 185,879 | 38,957 |

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.

The provision for Hong Kong Profits Tax for 2011 is calculated at 16.5% (2010: 16.5%) for the year. No provision for Hong Kong Profits Tax has been made as the Group had no net assessable profits for the two years ended 31 December 2011 and 2010.

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the Group’s PRC subsidiaries is 25% from 1 January 2008 onwards.

The PRC subsidiaries of the Group, Yixing Wellfire Nonmetal Materials Co., Ltd. and Hai Cheng Xinwei Leeshing Magnesium Resources Co., Ltd. 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.

The PRC subsidiary of the Group, Yixing Xinwei Leeshing Rare Earth Company Limited became a foreign invested “encouraged hi-tech enterprise” with effective from 22 December 2010 and was entitled to a preferential income tax rate of 15%.

8. 綜合收益表內之所得稅(續)

- b) 所得稅支出與會計溢利之間按適用稅率計算之對賬如下：

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

- b) Reconciliation between income tax charge and accounting profit at applicable tax rates is as follows:

| | | 持續經營業務 | | 已終止經營業務 | | 綜合 | |
|--------------|--|-----------------------|------------|------------------------|------------|--------------|------------|
| | | Continuing operations | | Discontinued operation | | Consolidated | |
| | | 二零一一年 | 二零一零年 | 二零一一年 | 二零一零年 | 二零一一年 | 二零一零年 |
| | | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | | 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 |
| | | | (重新表述) | | (重新表述) | | (重新表述) |
| | | | (restated) | | (restated) | | (restated) |
| 除稅前溢利 | Profit before taxation | 716,083 | 146,197 | 4,432 | 31,801 | 720,515 | 177,998 |
| 出售附屬公司之稅前收益 | Pre-tax gain on disposal of a subsidiary | - | - | 20,823 | - | 20,823 | - |
| | | 716,083 | 146,197 | 25,255 | 31,801 | 741,338 | 177,998 |
| 除稅前溢利 | Notional tax on profit before | | | | | | |
| 按有關司法權區 | taxation, calculated at the rates | | | | | | |
| 適用稅率計算之 | applicable to the jurisdictions | | | | | | |
| 名義稅項 | concerned | 143,885 | 30,773 | 4,231 | 7,950 | 148,116 | 38,723 |
| 不可抵扣支出之稅務影響 | Tax effect of non-deductible | | | | | | |
| | expenses | 24,062 | 5,250 | 5,363 | 183 | 29,425 | 5,433 |
| 共同控制實體虧損分攤 | Tax effect of share of losses of | | | | | | |
| 之稅務影響 | jointly controlled entities | 3,061 | 208 | - | - | 3,061 | 208 |
| 毋須課稅收入之稅務影響 | Tax effect of non-taxable income | (20) | (87) | - | - | (20) | (87) |
| 動用未確認稅務虧損之 | Tax effect of utilisation of tax | | | | | | |
| 稅務影響 | loss not recognised | - | (6,485) | - | - | - | (6,485) |
| 不可用於稅項扣減之 | Tax effect of tax loss not allowed | | | | | | |
| 稅務虧損之稅務影響 | for tax deduction | 5,674 | 1,694 | - | - | 5,674 | 1,694 |
| 中國附屬公司獲授稅務豁免 | Tax effect of tax exemption | | | | | | |
| 之稅務影響 | granted to a PRC subsidiary | (377) | (529) | - | - | (377) | (529) |
| 所得稅支出 | Income tax charge | 176,285 | 30,824 | 9,594 | 8,133 | 185,879 | 38,957 |

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' REMUNERATION

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

| | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 |
|---------|-------------------------------------|----------------------------------|----------------------------------|
| 執行董事 | Executive directors | | |
| – 薪金及津貼 | – salaries and allowance | 2,478 | 2,484 |
| 獨立非執行董事 | Independent non-executive directors | | |
| – 袍金 | – fees | 167 | 163 |
| | | 2,645 | 2,647 |

- b) 截至二零一一年及二零一零年十二月三十一日止年度，個別董事之董事酬金詳情如下：

- b) Details of directors' remuneration by individual director for the years ended 31 December 2011 and 2010 are as follows:

| | | 二零一一年 2011 | | |
|---------|--|--------------------|-----------------------------------|---------------------|
| | | 董事袍金 | 基本薪金、津貼 及實物福利 | 酬金總額 |
| | | Directors' fees | allowance and benefits-in-kind | Total emoluments |
| | | 千港元 HK\$'000 | 千港元 HK\$'000 | 千港元 HK\$'000 |
| 執行董事 | Executive directors | | | |
| 蔣泉龍 | Jiang Quanlong | – | 1,320 | 1,320 |
| 錢元英 | Qian Yuanying | – | 1,014 | 1,014 |
| 蔣才南 | Jiang Cainan | – | 144 | 144 |
| 獨立非執行董事 | Independent non-executive directors | | | |
| 劉余九 | Liu Yujiu | 52 | – | 52 |
| 黃春華 | Huang Chunhua | 72 | – | 72 |
| 金重 | Jin Zhong | 43 | – | 43 |
| | | 167 | 2,478 | 2,645 |

9. 董事酬金 (續)

b) (續)

9. DIRECTORS' REMUNERATION (Continued)

b) (Continued)

| | | 二零一零年 2010 | | |
|----------------|--|--------------------|--|---------------------|
| | | 董事袍金 | 基本薪金、津貼 及實物福利 | 酬金總額 |
| | | Directors' fees | Basic salaries, allowance and benefits-in-kind | Total emoluments |
| | | 千港元 | 千港元 | 千港元 |
| | | HK\$'000 | HK\$'000 | HK\$'000 |
| 執行董事 | Executive directors | | | |
| 蔣泉龍 | Jiang Quanlong | - | 1,320 | 1,320 |
| 錢元英 | Qian Yuanying | - | 1,014 | 1,014 |
| 許盤鳳 (附註) | Xu Panfeng (note) | - | 11 | 11 |
| 蔣才南 | Jiang Cainan | - | 139 | 139 |
| 獨立非執行董事 | Independent non-executive directors | | | |
| 劉余九 | Liu Yujiu | 50 | - | 50 |
| 黃春華 | Huang Chunhua | 72 | - | 72 |
| 金重 | Jin Zhong | 41 | - | 41 |
| | | 163 | 2,484 | 2,647 |

附註：已於二零一零年五月二十八日辭任。

Note: Resigned on 28 May 2010.

截至二零一一年及二零一零年十二月三十一日止兩年度內，概無董事放棄任何酬金。截至二零一一年及二零一零年十二月三十一日止兩年度內，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。

During the two years ended 31 December 2011 and 2010, 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 two years ended 31 December 2011 and 2010.

10. 最高薪人士

截至二零一一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（二零一零年：三名）為本公司董事，其酬金於附註9披露。其餘兩名（二零一零年：兩名）最高薪人士之酬金總額如下：

| | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 |
|--------------|--|----------------------------------|----------------------------------|
| 基本薪金、津貼及實物福利 | Basic salaries, allowance and benefits-in-kind | 1,157 | 1,127 |
| 退休福利計劃供款 | Retirement benefits scheme contribution | 58 | 56 |
| | | 1,215 | 1,183 |

截至二零一一年十二月三十一日止年度，其餘兩名（二零一零年：兩名）最高薪人士之酬金介乎於下列範圍：

| | | 二零一一年 2011 | 二零一零年 2010 |
|-----------------|---------------------|---------------|---------------|
| 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。

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the year ended 31 December 2011, out of the five highest paid individuals in the Group, three (2010: three) are directors of the Company whose emoluments are disclosed in note 9. The aggregate emoluments in respect of the remaining two (2010: two) highest paid individuals are as follows:

For the year ended 31 December 2011, the emoluments of the remaining two (2010: 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（一項界定供款退休金計畫）供款，供款額為僱員基本薪金的17%–20%（二零一零年：17%–20%）。僱員退休後的生活津貼由國營退休計劃負責支付。本公司的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。截至二零一一年十二月三十一日止年度，退休計劃供款額約為3,383,000港元（二零一零年：2,437,000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。截至二零一一年十二月三十一日止年度，本集團向強積金計劃供款約58,000港元（二零一零年：56,000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。

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, which is a defined contribution pension scheme, for all of their employees based on 17% to 20% (2010: 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 2011, the retirement plan contributions amounted to approximately HK\$3,383,000 (2010: HK\$2,437,000). 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 2011, the Group's contributions to the MPF Scheme were approximately HK\$58,000 (2010: HK\$56,000). 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. 已終止經營業務

於二零一一年八月八日，本集團附屬公司宜興新威利成稀土有限公司與兩名獨立第三方訂立股權轉讓協議，以現金代價257,000,000元人民幣出售了其於江華瑤族自治縣興華稀土新材料有限公司（「興華稀土」）的全部權益。興華稀土主要於中國從事製造及銷售稀土鹽類。該出售已於二零一一年八月十二日完成。

包含於綜合收益表內之已終止經營業務由二零一一年一月一日至二零一一年八月十二日期間之業績如下：

12. DISCONTINUED OPERATION

On 8 August 2011, a subsidiary of the Group, Yixing Xinwei Leeshing Rare Earth Company Limited, entered into an equity transfer agreement with two independent third parties to dispose of its entire interest in Jianghua Yao Nationality Autonomous County Xinghua Rare Earth Company Limited ("Xinghua Rare Earth") at a consideration of RMB257,000,000 for cash. Xinghua Rare Earth is principally engaged in manufacturing and sales of rare earth salts in the PRC. The disposal was completed on 12 August 2011.

The results of the discontinued operation for the period from 1 January 2011 to 12 August 2011, which have been included in the consolidated income statement, are as follows:

| | | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 |
|-------------------|--|------------|----------------------------------|----------------------------------|
| | | 附註 Note | | |
| 營業額 | Turnover | 5 | 82,434 | 208,365 |
| 銷售成本 | Cost of sales | 7(c) | (76,643) | (173,328) |
| 毛利 | Gross profit | | 5,791 | 35,037 |
| 其他收益 | Other revenue | 6 | – | 2 |
| 管理費用 | Administrative expenses | | (1,359) | (3,551) |
| 其他收入淨值 | Other income, net | | – | 313 |
| 除稅前溢利 | Profit before taxation | | 4,432 | 31,801 |
| 所得稅 | Income tax | | (1,108) | (8,133) |
| 已終止經營業務之本年度溢利 | Profit for the year of discontinued operation | | 3,324 | 23,668 |
| 出售附屬公司之稅前收益(附註33) | Pre-tax gain on disposal of a subsidiary (note 33) | | 20,823 | – |
| 出售附屬公司之所得稅 | Income tax on disposal of a subsidiary | | (8,486) | – |
| 出售附屬公司之稅後收益 | Post-tax gain on disposal of a subsidiary | | 12,337 | – |
| 本年度溢利 | Profit for the year | | 15,661 | 23,668 |

12. 已終止經營業務(續)

已終止經營業績由二零一一年一月一日至二零一一年八月十二日期間之現金流淨額載列如下：

12. DISCONTINUED OPERATION (Continued)

The net cash flows of the discontinued operation for the period from 1 January 2011 to 12 August 2011 are as follows:

| | | 二零一一年 2011 千港元 HK\$' 000 | 二零一零年 2010 千港元 HK\$' 000 |
|-------------|--|-----------------------------------|-----------------------------------|
| 經營活動所得的現金淨值 | Net cash generated from operating activities | 432 | 606 |
| 投資活動使用的現金淨值 | Net cash used in investing activities | (554) | (666) |
| 融資活動所得的現金淨值 | Net cash generated from financing activities | - | - |
| 現金流出淨值 | Net cash outflow | (122) | (60) |

13. 本公司擁有人應佔溢利

本公司擁有人應佔綜合溢利包括虧損約36,357,000港元(二零一零年：19,016,000港元)，該款項已於本公司財務報表內處理。

13. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company includes a loss of approximately HK\$36,357,000 (2010: HK\$19,016,000) which has been dealt with in the financial statements of the Company.

14. 股息

截至二零一一年及二零一零年十二月三十一日止兩個年度，董事並不建議或宣派中期股息。

14. DIVIDENDS

No interim dividend has been proposed or declared by the directors for the two years ended 31 December 2011 and 2010.

董事建議派付截至二零一一年十二月三十一日止年度之末期股息每股2港仙(二零一零年：無)，合共約33,453,000港元(二零一零年：無)，有關股息於申報期間結算日並未確認為負債。

A final dividend of HK2 cents per share (2010: Nil) amounting to approximately HK\$33,453,000 (2010: Nil) was proposed by the directors for the year ended 31 December 2011 and has not been recognised as a liability at the end of the reporting period.

15. 每股盈利

a) 每股基本盈利

(i) 持續經營業務及已終止經營業務

每股基本盈利乃根據本公司擁有人應佔本年度溢利約523,476,000港元(二零一零年: 133,359,000港元)及本年度已發行普通股加權平均數1,672,329,000股(二零一零年: 1,572,688,000股)計算, 如下:

15. EARNINGS PER SHARE

a) Basic earnings per share

(i) For continuing and discontinued operations

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately HK\$523,476,000 (2010: HK\$133,359,000) and the weighted average number of 1,672,329,000 (2010: 1,572,688,000) ordinary shares in issue during the year, calculated as follows:

| | | 二零一一年 2011 千股 '000 | 二零一零年 2010 千股 '000 |
|------------------------------|---|-----------------------------|-----------------------------|
| 於一月一日已發行普通股 | Issued ordinary shares at 1 January | 1,671,943 | 1,551,143 |
| 透過股份配售發行新股份 之影響(附註32(b)) | Effect of issue of new shares by share placement (note 32(b)) | – | 21,370 |
| 根據購股權計劃已發行股份 之影響(附註32(b)) | Effect of shares issued under share option scheme (note 32(b)) | 386 | 175 |
| 於十二月三十一日普通股 加權平均數 | Weighted average number of ordinary shares at 31 December | 1,672,329 | 1,572,688 |

15. 每股盈利(續)

a) 每股基本盈利(續)

(ii) 來自持續經營業務

本公司擁有人應佔來自持續經營業務之每股基本盈利乃根據下列數據計算：

盈利數字計算如下：

15. EARNINGS PER SHARE (Continued)

a) Basic earnings per share (Continued)

(ii) From continuing operations

The calculation of basic earnings per share from continuing operations attributable to owners of the Company is based on the following data:

Earnings figures are calculated as follows:

| | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 |
|-----------------------------------|---|----------------------------------|----------------------------------|
| 本公司擁有人應佔 本年度溢利 | Profit for the year attributable to owners of the Company | 523,476 | 133,359 |
| 減：本公司擁有人應佔 來自已終止經營業務 之本年度溢利 | Less: Profit for the year from discontinued operation attributable to owners of the Company | (14,878) | (22,485) |
| 來自持續經營業務就每股 基本盈利而言之盈利 | Earnings for the purpose of basic earnings per share from continuing operations | 508,598 | 110,874 |

就來自持續經營業務及已終止經營業務所用之分母與上文附註(a)(i)所詳述者相同。

The denominators used are the same as those detailed in note (a)(i) above for continuing and discontinued operations.

15. 每股盈利(續)

a) 每股基本盈利(續)

(iii) 來自已終止經營業務

來自已終止經營業務每股基本盈利為每股0.89港仙(二零一零年: 1.43港仙)乃根據來自已終止經營業務之本年度溢利14,878,000港元(二零一零年: 22,485,000港元)計算。

就來自持續經營業務及已終止經營業務所用之分母與上文附註(a)(i)所詳述者相同。

b) 每股攤薄盈利

(i) 持續經營業務及已終止經營業務

截至二零一一年十二月三十一日止年度之每股攤薄盈利乃根據本公司擁有人應佔溢利約523,476,000港元(二零一零年: 133,359,000港元)及普通股加權平均數1,672,541,000股(二零一零年: 1,573,349,000股)計算。如下:

15. EARNINGS PER SHARE (Continued)

a) Basic earnings per share (Continued)

(iii) From discontinued operation

Basic earnings per share for the discontinued operation is HK0.89 cents (2010: HK1.43 cents) per share based on the profit for the year from the discontinued operation of HK\$14,878,000 (2010: HK\$22,485,000).

The denominators used are the same as those detailed in note (a)(i) above for continuing and discontinued operations.

b) Diluted earnings per share

(i) For continuing and discontinued operations

The calculation of diluted earnings per share for the year ended 31 December 2011 is based on the profit attributable to owners of the Company of approximately HK\$523,476,000 (2010: HK\$133,359,000) and the weighted average number of 1,672,541,000 (2010: 1,573,349,000) ordinary shares, calculated as follows:

| | | 二零一一年 2011 千股 '000 | 二零一零年 2010 千股 '000 |
|---------------------------------------|--|-----------------------------|-----------------------------|
| 於十二月三十一日 之普通股之加權平均數 | Weighted average number of ordinary shares at 31 December | 1,672,329 | 1,572,688 |
| 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34) | Effect of deemed issue of shares under the Company's share option scheme for nil consideration (note 34) | 212 | 661 |
| 於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) at 31 December | 1,672,541 | 1,573,349 |

15. 每股盈利(續)

b) 每股攤薄盈利(續)

(ii) 來自持續經營業務

本公司擁有人應佔來自持續經營業務之每股攤薄盈利乃根據下列數據計算：

盈利數字計算如下：

| | | 二零一一年 2011 千港元 HK\$' 000 | 二零一零年 2010 千港元 HK\$' 000 |
|-----------------------------------|---|-----------------------------------|-----------------------------------|
| 本公司擁有人應佔 本年度溢利 | Profit for the year attributable to owners of the Company | 523,476 | 133,359 |
| 減：本公司擁有人應佔 來自已終止經營業務 之本年度溢利 | Less: Profit for the year from discontinued operation attributable to owners of the Company | (14,878) | (22,485) |
| 來自持續經營業務就每股 攤薄盈利而言之盈利 | Earnings for the purpose of diluted earnings per share from continuing operations | 508,598 | 110,874 |

就來自持續經營業務及已終止經營業務所用之分母與上文附註(b)(i)所詳述者相同。

(iii) 來自已終止經營業務

來自已終止經營業務每股攤薄盈利為每股0.89港仙(二零一零年：1.43港仙)乃根據來自已終止經營業務之本年度溢利14,878,000港元(二零一零年：22,485,000港元)計算。

就來自持續經營業務及已終止經營業務所用之分母與上文附註(b)(i)所詳述者相同。

15. EARNINGS PER SHARE (Continued)

b) Diluted earnings per share (Continued)

(ii) From continuing operations

The calculation of diluted earnings per share from continuing operations attributable to owners of the Company is based on the following data:

Earnings figures are calculated as follows:

The denominators used are the same as those detailed in note (b)(i) above for continuing and discontinued operations.

(iii) From discontinued operation

Diluted earnings per share for the discontinued operation is HK0.89 cents (2010: HK1.43 cents) per share based on the profit for the year from the discontinued operations of HK\$14,878,000 (2010: HK\$22,485,000).

The denominators used are the same as those detailed in note (b)(i) above for continuing and discontinued operations.

16. 分部報告

本集團按業務性質劃分分部及進行管理。於採納香港財務報告準則第8號「經營分部」及與向被確認為本集團首席營運決策人之行政總裁內部呈報用以資源分配及表現評估之資料一致，本集團呈列了兩個呈報分部如下：

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）

a) 分部業績、資產及負債

根據香港財務報告準則第8號，於綜合財務報表披露之分部資料乃按照本集團行政總裁就評估分部表現及分配分部間之資源所採用資料一致之方式編製。就此而言，本集團行政總裁按照下列基準監察各個呈報分部應佔之業績、資產及負債：

分部資產包括所有有形及無形資產及流動資產，但不包括未分配至個別呈報分部之其他企業資產。分部負債包括個別分部之製造及銷售活動應佔之應付賬款、預提費用及其他應付款，以及由分部直接管理之銀行貸款，但不包括未分配至個別呈報分部之其他企業負債。

16. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines. On adoption of HKFRS 8, Operating segments, and in a manner consistent with the way in which information is reported internally to the Chief Executive Officer, who has been identified as the Group's chief operating decision maker, for the purposes of resource allocation and performance assessment, the Group has presented two reportable segments as follows:

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

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

a) Segment results, assets and liabilities

In accordance with HKFRS 8, segment information disclosed in the consolidated financial statements has been prepared in a manner consistent with the information used by the Group's Chief Executive Officer for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's Chief Executive Officer monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible and intangible assets and current assets with the exception of other corporate assets which are unallocated to an individual reportable segment. Segment liabilities include trade payables, accruals and other payables attributable to the manufacturing and sales activities of the individual segments and bank borrowings managed directly by the segments with the exception of other corporate liabilities which are unallocated to an individual reportable segment.

16. 分部報告 (續)

a) 分部業績、資產及負債 (續)

收益及開支乃經參考呈報分部之銷售額及開支或該等分部應佔資產之折舊或攤銷所引致之開支，分配至該等分部。

呈報分部溢利所使用之計量方法為「經調整扣除利息及稅項前溢利」(「經調整 EBIT」)。為計算經調整扣除利息及稅項前溢利，本集團之溢利會就並非特定個別呈報分部應佔之項目作出進一步調整，如利息收入及其他未分配企業開支。

除獲得有關經調整 EBIT 之分部資料外，管理層亦獲提供有關收益(包括分部間銷售)、由分部直接管理之現金結餘及借款之利息收入及開支、折舊、攤銷及減值虧損以及分部於營運中所使用之非流動分部資產增置之分部資料。分部間銷售參考就同類訂單收取外部第三方之價格訂價。

16. SEGMENT REPORTING (Continued)

a) Segment results, assets and liabilities (Continued)

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is “adjusted profit before interest and taxes” (“Adjusted EBIT”). To arrive at adjusted profit before interest and taxes, the Group’s profits are further adjusted for items not specifically attributed to an individual reportable segment, such as interest income and other unallocated corporate expenses.

In addition to the receiving of segment information concerning adjusted EBIT, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

16. 分部報告 (續)

a) 分部業績、資產及負債 (續)

年內，就提供予本集團行政總裁用作分配資源及評估分部表現之本集團呈報分部資料載列如下：

16. SEGMENT REPORTING (Continued)

a) Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of segment performance for the year is as follows:

| | | 持續經營業務 | | | | | | 已終止經營業務 | | 綜合 | |
|------------------------------|--|-----------------------|------------|-----------|------------|-----------|------------|------------------------|------------|--------------|-----------|
| | | Continuing operations | | | | | | Discontinued operation | | Consolidated | |
| | | 稀土 | | 耐火 | | 小計 | | 稀土 | | | |
| | | Rare earth | Refractory | Sub-total | Rare earth | | | | | | |
| 二零一一年 | 二零一零年 | 二零一一年 | 二零一零年 | 二零一一年 | 二零一零年 | 二零一一年 | 二零一零年 | 二零一一年 | 二零一零年 | | |
| 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | | |
| 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 | | |
| HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | | |
| | (重新表述) | | (重新表述) | | (重新表述) | | (重新表述) | | (重新表述) | | |
| | (restated) | | (restated) | | (restated) | | (restated) | | (restated) | | |
| 來自對外客戶之收益 | Revenue from external customers | 1,765,808 | 693,702 | 447,546 | 423,053 | 2,213,354 | 1,116,755 | 82,434 | 208,365 | 2,295,788 | 1,325,120 |
| 分部間收益 | Inter-segment revenue | - | 15 | - | - | - | 15 | - | - | - | 15 |
| 呈報分部收益 | Reportable segment revenue | 1,765,808 | 693,717 | 447,546 | 423,053 | 2,213,354 | 1,116,770 | 82,434 | 208,365 | 2,295,788 | 1,325,135 |
| 呈報分部溢利 (經調整EBIT) | Reportable segment profit (adjusted EBIT) | 697,014 | 94,646 | 56,274 | 64,053 | 753,288 | 158,699 | 4,432 | 31,734 | 757,720 | 190,433 |
| 利息收入 | Interest income | 3,875 | 1,012 | 3,093 | 2,206 | 6,968 | 3,218 | - | 2 | 6,968 | 3,220 |
| 財務成本 | Finance costs | (4,135) | (707) | (1,563) | (186) | (5,698) | (893) | - | - | (5,698) | (893) |
| 物業、廠房及設備 之折舊 | Depreciation of property, plant and equipment | (34,862) | (39,487) | (50,657) | (48,767) | (85,519) | (88,254) | (1,528) | (2,389) | (87,047) | (90,643) |
| 經營租約下預付土地 租金之攤銷 | Amortisation of prepaid lease payments on land under operating leases | (2,325) | (2,231) | (3,131) | (3,047) | (5,456) | (5,278) | (350) | (576) | (5,806) | (5,854) |
| 無形資產之攤銷 | Amortisation of intangible assets | (12,295) | (11,799) | - | - | (12,295) | (11,799) | (12,260) | (19,114) | (24,555) | (30,913) |
| 出售物業、廠房及設備 之收益淨額 | Net gain on disposal of property, plant and equipment | 488 | - | 217 | 23 | 705 | 23 | - | - | 705 | 23 |
| 出售經營租約下預付 土地租金之收益 | Gain on disposal of prepaid lease payment on land under operating leases | - | - | 8,389 | - | 8,389 | - | - | - | 8,389 | - |
| 應收賬款及其他應收款 之減值虧損 | Impairment loss on trade and other receivables | (4,478) | (1,292) | (8,420) | (8,939) | (12,898) | (10,231) | - | (739) | (12,898) | (10,970) |
| 應收賬款及其他應收款 之減值虧損撥回 | Reversal of impairment loss on trade and other receivables | 2,217 | 390 | 3,596 | 4,606 | 5,813 | 4,996 | - | - | 5,813 | 4,996 |
| 呈報分部資產 | Reportable segment assets | 2,926,600 | 1,974,237 | 1,959,029 | 1,786,928 | 4,885,629 | 3,761,165 | - | 425,874 | 4,885,629 | 4,187,039 |
| 呈報分部負債 | Reportable segment liabilities | 711,488 | 603,941 | 193,716 | 190,868 | 905,204 | 794,809 | - | 147,435 | 905,204 | 942,244 |
| 添置非流動分部 資產： - 物業、廠房及設備 | Additions to non-current segment assets: - Property, plant and equipment | 19,404 | 13,590 | 7,827 | 2,138 | 27,231 | 15,728 | 554 | 670 | 27,785 | 16,398 |

16. 分部報告 (續)

b) 呈報分部溢利、資產及負債之對賬

16. SEGMENT REPORTING (Continued)

b) Reconciliations of reportable segment profit, assets and liabilities

| | | 持續經營業務 | | 已終止經營業務 | | 綜合 | |
|----------------------|--|-----------------------|------------|------------------------|------------|--------------|------------|
| | | Continuing operations | | Discontinued operation | | Consolidated | |
| | | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | | 二零一一年 | 二零一零年 | 二零一一年 | 二零一零年 | 二零一一年 | 二零一零年 |
| | | 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 |
| | | | (重新表述) | | (重新表述) | | (重新表述) |
| | | | (restated) | | (restated) | | (restated) |
| 收益 | Revenue | | | | | | |
| 呈報分部收益 | Reportable segment revenue | 2,213,354 | 1,116,770 | 82,434 | 208,365 | 2,295,788 | 1,325,135 |
| 撇銷分部間收益 | Elimination of inter-segment revenue | - | (15) | - | - | - | (15) |
| 綜合營業額 | Consolidated turnover | 2,213,354 | 1,116,755 | 82,434 | 208,365 | 2,295,788 | 1,325,120 |
| 溢利 | Profit | | | | | | |
| 呈報分部溢利 | Reportable segment profit | 753,288 | 158,699 | 4,432 | 31,734 | 757,720 | 190,433 |
| 撇銷分部間溢利 | Elimination of inter-segment profit | - | - | - | - | - | - |
| 來自本集團對外客戶 之呈報分部溢利 | Reportable segment profit derived from Group's external customers | 753,288 | 158,699 | 4,432 | 31,734 | 757,720 | 190,433 |
| 其他收益 | Other revenue | 7,008 | 4,849 | - | 2 | 7,008 | 4,851 |
| 未分配其他收入淨值 | Unallocated other income, net | 5,188 | 188 | - | 65 | 5,188 | 253 |
| 財務成本 | Finance costs | (5,698) | (8,438) | - | - | (5,698) | (8,438) |
| 共同控制實體虧損之分攤 | Share of losses of jointly controlled entities | (12,244) | (832) | - | - | (12,244) | (832) |
| 出售附屬公司之稅前收益 | Pre-tax gain on disposal of a subsidiary | - | - | 20,823 | - | 20,823 | - |
| 未分配企業開支 | Unallocated corporate expenses | (31,459) | (8,269) | - | - | (31,459) | (8,269) |
| 綜合除稅前溢利 | Consolidated profit before taxation | 716,083 | 146,197 | 25,255 | 31,801 | 741,338 | 177,998 |
| 所得稅 | Income tax | (176,285) | (30,824) | (1,108) | (8,133) | (177,393) | (38,957) |
| 出售附屬公司之所得稅 | Income tax on disposal of a subsidiary | - | - | (8,486) | - | (8,486) | - |
| 綜合除稅後溢利 | Consolidated profit after taxation | 539,798 | 115,373 | 15,661 | 23,668 | 555,459 | 139,041 |
| 資產 | Assets | | | | | | |
| 呈報分部資產 | Reportable segment assets | 4,885,629 | 3,761,165 | - | 425,874 | 4,885,629 | 4,187,039 |
| 撇銷分部間應收款項 | Elimination of inter-segment receivables | (609,058) | (726,960) | - | - | (609,058) | (726,960) |
| | | 4,276,571 | 3,034,205 | - | 425,874 | 4,276,571 | 3,460,079 |
| 未分配現金及現金等值項目 | Unallocated cash and cash equivalents | 71,272 | 158,523 | - | - | 71,272 | 158,523 |
| 未分配企業資產 | Unallocated corporate assets | 196,587 | 114,926 | - | - | 196,587 | 114,926 |
| 遞延稅項資產 | Deferred tax assets | 8,223 | 9,831 | - | 14,045 | 8,223 | 23,876 |
| 可收回稅項 | Tax recoverable | 1,450 | 8,586 | - | - | 1,450 | 8,586 |
| 綜合資產總值 | Consolidated total assets | 4,554,103 | 3,326,071 | - | 439,919 | 4,554,103 | 3,765,990 |
| 負債 | Liabilities | | | | | | |
| 呈報分部負債 | Reportable segment liabilities | 905,204 | 794,809 | - | 147,435 | 905,204 | 942,244 |
| 撇銷分部間應付款項 | Elimination of inter-segment payables | (609,058) | (586,607) | - | (140,353) | (609,058) | (726,960) |
| | | 296,146 | 208,202 | - | 7,082 | 296,146 | 215,284 |
| 未分配企業負債 | Unallocated corporate liabilities | 4,730 | 5,018 | - | - | 4,730 | 5,018 |
| 遞延稅項負債 | Deferred tax liabilities | 31,505 | 35,481 | - | 59,479 | 31,505 | 94,960 |
| 應付稅項 | Tax payable | 56,721 | 7,584 | - | 2,209 | 56,721 | 9,793 |
| 綜合負債總值 | Consolidated total liabilities | 389,102 | 256,285 | - | 68,770 | 389,102 | 325,055 |

16. 分部報告 (續)

c) 地區資料

下表載列有關(i)本集團來自對外客戶之收益及(ii)本集團之物業、廠房及設備、經營租約下預付土地租金、無形資產、商譽及共同控制實體之權益(「特定非流動資產」)所在地區的資料。客戶所在地區按提供服務或貨品付運地點劃分。特定非流動資產所在地區，就物業、廠房及設備以及經營租約下預付土地租金而言按資產實際所在地點劃分，就無形資產及商譽而言按其所分配的營運所在地點劃分，就共同控制實體之權益而言按其營運所在地點劃分。

(i) 對外客戶之收益

16. SEGMENT REPORTING (Continued)

c) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, prepaid lease payments on land under operating leases, intangible assets, goodwill and interest in jointly controlled entities ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment and prepaid lease payments on land under operating leases, the location of the operations to which they are allocated, in the case of intangible assets and goodwill, and the location of the operations, in the case of interest in jointly controlled entities.

(i) Revenues from external customers

| | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 (重新表述) (restated) |
|----------------|-------------------------------|----------------------------------|--|
| 持續經營業務 | Continuing operations | | |
| 中國(註冊地點) | The PRC (place of domicile) | 1,449,758 | 856,182 |
| 日本 | Japan | 229,100 | 142,025 |
| 歐洲 | Europe | 355,428 | 80,026 |
| 美國 | The United States of America | 164,164 | 30,401 |
| 其他 | Others | 14,904 | 8,121 |
| | | 763,596 | 260,573 |
| 已終止經營業務 | Discontinued operation | | |
| 中國(註冊地點) | The PRC (place of domicile) | 82,434 | 208,365 |
| | | 2,213,354 | 1,116,755 |
| | | 2,295,788 | 1,325,120 |

16. 分部報告 (續)

c) 地區資料 (續)

(ii) 特定非流動資產

16. SEGMENT REPORTING (Continued)

c) Geographical information (Continued)

(ii) Specified non-current assets

| | | 2011 | 2010 |
|----------------|-------------------------------|----------------|------------|
| | | 二零一一年 | 二零一零年 |
| | | 千港元 | 千港元 |
| | | HK\$'000 | HK\$'000 |
| | | | (重新表述) |
| | | | (restated) |
| 持續經營業務 | Continuing operations | | |
| 中國 (註冊地點) | The PRC (place of domicile) | 785,409 | 911,915 |
| 日本 | Japan | - | - |
| 歐洲 | Europe | - | - |
| 美國 | The United States of America | - | - |
| 其他 | Others | 110,958 | 72,051 |
| | | 110,958 | 72,051 |
| 已終止經營業務 | Discontinued operation | | |
| 中國 (註冊地點) | The PRC (place of domicile) | - | 368,211 |
| | | 896,367 | 983,966 |
| | | 896,367 | 1,352,177 |

d) 有關主要客戶之資料

本集團之客戶基礎分散，於截至二零一一年十二月三十一日止年度，僅有一名稀土分部客戶之銷售額約為237,307,000港元（二零一零年：172,860,000港元），超過本集團營業額之10%。

d) Information about major customers

The Group's customer base is diversified and includes only one customer in rare earth segment with whom sales amounted to approximately HK\$237,307,000 (2010: HK\$172,860,000) for the year ended 31 December 2011 that exceeded 10% of the Group's turnover.

17. 商譽
本集團

17. GOODWILL
The Group

千港元
HK\$'000

| 成本 | Cost | |
|-----------------------------|--|----------|
| 於二零一零年一月一日 | At 1 January 2010 | 297,139 |
| 匯兌差異 | Exchange differences | 5,587 |
| | | <hr/> |
| 於二零一零年十二月三十一日 及二零一一年一月一日 | At 31 December 2010 and 1 January 2011 | 302,726 |
| 出售附屬公司(附註33) | Disposal of a subsidiary (note 33) | (70,734) |
| 匯兌差異 | Exchange differences | 7,368 |
| | | <hr/> |
| 於二零一一年十二月三十一日 | At 31 December 2011 | 239,360 |
| | | <hr/> |
| 累計減值 | Accumulated impairment | |
| 於二零一零年一月一日 | At 1 January 2010 | 211,159 |
| 匯兌差異 | Exchange differences | 2,596 |
| | | <hr/> |
| 於二零一零年十二月三十一日 及二零一一年一月一日 | At 31 December 2010 and 1 January 2011 | 213,755 |
| 匯兌差異 | Exchange differences | 3,829 |
| | | <hr/> |
| 於二零一一年十二月三十一日 | At 31 December 2011 | 217,584 |
| | | <hr/> |
| 賬面值 | Carrying amount | |
| 於二零一一年十二月三十一日 | At 31 December 2011 | 21,776 |
| | | <hr/> |
| 於二零一零年十二月三十一日 | At 31 December 2010 | 88,971 |
| | | <hr/> |

17. 商譽 (續)

賺取現金單位 (包括商譽) 之減值測試

就減值測試而言，商譽乃分配至本集團之下列已識別賺取現金單位 (賺取現金單位)：

17. GOODWILL (Continued)

Impairment test for cash-generating unit containing goodwill

For the purposes of impairment testing, goodwill is allocated to the Group's cash-generating units (CGUs) identified as follows:

| | | | | 本集團 | |
|-------------------|----|--|------------|---------------|---------------|
| | | | | The Group | |
| | | | | 二零一一年 | 二零一零年 |
| | | | | 2011 | 2010 |
| | | | | 千港元 | 千港元 |
| | | | | HK\$'000 | HK\$'000 |
| 賺取現金單位 | 分部 | Cash-generating unit | Segment | | |
| 稀土金屬產品 (附註(a)) | 稀土 | Rare earth metal products (note(a)) | Rare earth | 21,776 | 20,747 |
| 稀土鹽類 (附註(b)) | 稀土 | Rare earth salts (note(b)) | Rare earth | – | 68,224 |
| | | | | 21,776 | 88,971 |

附註：

- (a) 於二零零八年十二月二十九日收購和平縣東冶稀土新材料有限公司 (「東冶稀土」) 100% 股權所產生之收購成本超出本集團應佔東冶稀土可識別資產及負債之公平值。主要從事製造及銷售稀土金屬產品，屬稀土分部。

於二零一一年十二月三十一日，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，對稀土金屬產品之賺取現金單位之減值測試進行檢討。稀土金屬產品之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 (基於稀土金屬產品之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金屬產品之賺取現金單位所經營業務之有關長期平均增長率。

Note:

- (a) The goodwill arising from the acquisition of 100% equity interest in Heping County Dongye Rare Earth Company Limited ("Dongye Rare Earth") on 29 December 2008 represented the excess of the cost of acquisition of Dongye Rare Earth over the Group's interest in the fair value of the identifiable assets and liabilities of Dongye Rare Earth. Dongye Rare Earth is principally engaged in manufacturing and sales of rare earth metal products within the rare earth segment.

As at 31 December 2011, the Group performed an impairment review for the CGU of rare earth metal products 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 CGU of rare earth metal products 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 metal products. 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 metal products operates.

17. 商譽(續)

賺取現金單位(包括商譽)之減值測試(續)

附註：

- (a) (續)
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及平均增長率。該折現率為稅前率，並反映相關分部之特定風險。管理層亦相信，稀土金屬產品之賺取現金單位之可收回款額所採用之假設出現任何合理變動，將不會導致稀土金屬產品之賺取現金單位之賬面值超過其可收回款額。

根據使用價值計算，稀土金屬產品之賺取現金單位之可收回金額高於其賬面值。因此，於截至二零一一年及二零一零年十二月三十一日止兩個年度之綜合收益表內並無就稀土金屬產品之商譽確認減值虧損。

- (b) 於二零零八年十二月三十一日收購興華稀土100%股權所產生之商譽指興華稀土之收購成本超出本集團應佔興華稀土可識別資產及負債之公平值。興華稀土主要從事製造及銷售稀土鹽類，屬稀土分部。

於二零一零年十二月三十一日，本集團參考威格斯作出之評估，對稀土鹽類之賺取現金單位之減值測試進行檢討。稀土鹽類之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(基於稀土鹽類之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鹽類之賺取現金單位所經營業務之有關長期平均增長率。

17. GOODWILL (Continued)

Impairment test for cash-generating unit containing goodwill (Continued)

Note:

- (a) (Continued)
Key assumptions used for value in use calculations:

| 本集團 | | 二零一一年 | 二零一零年 |
|-----------|---------------|--------|--------|
| The Group | | 2011 | 2010 |
| 毛利率 | Gross margin | 28% | 29% |
| 增長率 | Growth rate | 3%-11% | 3%-10% |
| 折現率 | Discount rate | 20% | 20% |

Management determined the budgeted gross margin and the average growth rate based on past performance and its expectation for market development. This discount rate used is pre-tax rate and reflects specific risks relating to the relevant segment. Management also believes that any reasonably change in assumptions on which the recoverable amount of the CGU of rare earth metal products is based would not cause the carrying amount of the CGU of rare earth metal products to exceed recoverable amount.

The recoverable amount of the CGU of rare earth metal products is higher than the carrying amount based on value in use calculations. Accordingly, no impairment loss on goodwill of rare earth metal products is recognised in the consolidated income statement for the two years ended 31 December 2011 and 2010.

- (b) The goodwill arising from the acquisition of 100% equity interest in Xinghua Rare Earth on 31 December 2008 represented the excess of the cost of acquisition of Xinghua Rare Earth over the Group's interest in the fair value of the identifiable assets and liabilities of Xinghua Rare Earth. Xinghua Rare Earth is principally engaged in manufacturing and sales of rare earth salts within the rare earth segment.

As at 31 December 2010, the Group performed an impairment review for the CGU of rare earth salts with reference to the valuation carried out by Vigers. The recoverable amount of CGU of rare earth salts 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 salts. 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 salts operates.

17. 商譽 (續)

賺取現金單位 (包括商譽) 之減值測試 (續)

附註：

(b) (續)

使用價值計算所用之主要假設：

| | | 本集團 The Group 二零一零年 2010 |
|-----|---------------|-----------------------------------|
| 毛利率 | Gross margin | 44% |
| 增長率 | Growth rate | 3%-20% |
| 折現率 | Discount rate | 21% |

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及平均增長率。該折現率為稅前率，並反映相關分部之特定風險。管理層亦相信，稀土鹽類之賺取現金單位之可收回款額所採用之假設出現任何合理變動，將不會導致稀土鹽類之賺取現金單位之賬面值超過其可收回款額。

根據使用價值計算，稀土鹽類之賺取現金單位之可收回金額高於其賬面值。因此，於截至二零一零年十二月三十一日止年度之綜合收益表內並無就稀土鹽類之商譽確認減值虧損。誠如附註12所詳述，稀土鹽類之賺取現金單位已於年內出售。

17. GOODWILL (Continued)

Impairment test for cash-generating unit containing goodwill (Continued)

Note:

(b) (Continued)

Key assumptions used for value in use calculations:

Management determined the budgeted gross margin and the average growth rate based on past performance and its expectation for market development. This discount rate used is pre-tax rate and reflects specific risks relating to the relevant segment. Management also believes that any reasonably change in assumptions on which the recoverable amount of CGU of rare earth salts is based would not cause the carrying amount of the CGU of rare earth salts to exceed recoverable amount.

The recoverable amount of the CGU of rare earth salts is higher than the carrying amount based on value in use calculations. Accordingly, no impairment loss on goodwill of rare earth salts is recognised in the consolidated income statement for the year ended 31 December 2010. As detailed in note 12, the CGU of rare earth salts has been disposed during the year.

18. 物業、廠房及設備

a) 本集團

18. PROPERTY, PLANT AND EQUIPMENT

a) The Group

| | | 持作 自用樓宇 Buildings held for own use | 機器及設備 Machinery and equipment | 辦公室設備 及裝置 Office equipment and fixtures | 汽車 Motor vehicles | 在建工程 Construction- in-progress | 總值 Total |
|-----------------------------|--|--|--|---|--|--|--|
| | | 千港元 HK\$'000 | 千港元 HK\$'000 | 千港元 千港元 (重新表述) HK\$'000 (restated) | 千港元 千港元 (重新表述) HK\$'000 (restated) | 千港元 千港元 (重新表述) HK\$'000 (restated) | 千港元 千港元 (重新表述) HK\$'000 (restated) |
| 成本或估值 | Cost or valuation | | | | | | |
| 於二零一零年一月一日 | At 1 January 2010 | 256,262 | 865,810 | 7,457 | 6,322 | 77,251 | 1,213,102 |
| 重估盈餘(附註ii) | Surplus on revaluation (note ii) | 19,063 | - | - | - | - | 19,063 |
| 添置 | Additions | 406 | 15,032 | 99 | 604 | 257 | 16,398 |
| 由在建工程轉入 | Transfer from construction-in-progress | - | 53,813 | - | - | (53,813) | - |
| 處置 | Disposals | - | (2,302) | - | (179) | - | (2,481) |
| 累計折舊抵銷 | Elimination of accumulated depreciation | (38,104) | - | - | - | - | (38,104) |
| 匯兌差異 | Exchange differences | 8,922 | 31,276 | 249 | 227 | 1,756 | 42,430 |
| 於二零一零年十二月三十一日 及二零一一年一月一日 | At 31 December 2010 and 1 January 2011 | 246,549 | 963,629 | 7,805 | 6,974 | 25,451 | 1,250,408 |
| 添置 | Additions | - | 5,451 | 600 | 7,731 | 14,003 | 27,785 |
| 由在建工程轉入 | Transfer from construction-in-progress | 71 | 5,291 | - | - | (5,362) | - |
| 處置 | Disposals | (16,097) | (235,348) | - | (1,162) | - | (252,607) |
| 出售附屬公司(附註33) | Disposal of a subsidiary (note 33) | (18,010) | (12,501) | (112) | (1,102) | (13,038) | (44,763) |
| 累計折舊抵銷 | Elimination of accumulated depreciation | (19,677) | - | - | - | - | (19,677) |
| 匯兌差異 | Exchange differences | 11,607 | 42,060 | 382 | 497 | 1,315 | 55,861 |
| 於二零一一年十二月三十一日 | At 31 December 2011 | 204,443 | 768,582 | 8,675 | 12,938 | 22,369 | 1,017,007 |
| 包括: | Comprising: | | | | | | |
| 於二零一一年十二月三十一日 | At 31 December 2011 | | | | | | |
| 按成本 | At cost | - | 768,582 | 8,675 | 12,938 | 22,369 | 812,564 |
| 按估值 | At valuation | 204,443 | - | - | - | - | 204,443 |
| | | 204,443 | 768,582 | 8,675 | 12,938 | 22,369 | 1,017,007 |
| 於二零一零年十二月三十一日 | At 31 December 2010 | | | | | | |
| 按成本 | At cost | - | 963,629 | 7,805 | 6,974 | 25,451 | 1,003,859 |
| 按估值 | At valuation | 246,549 | - | - | - | - | 246,549 |
| | | 246,549 | 963,629 | 7,805 | 6,974 | 25,451 | 1,250,408 |

18. 物業、廠房及設備 (續)

a) 本集團 (續)

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

a) The Group (Continued)

| | | 持作 自用樓宇 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 (重新表述) (restated) | 汽車 Motor vehicles 千港元 HK\$' 000 (重新表述) (restated) | 在建工程 Construction- in-progress 千港元 HK\$' 000 (重新表述) (restated) | 總值 Total 千港元 HK\$' 000 (重新表述) (restated) |
|-----------------------------|---|--|--|---|---|--|---|
| 累計折舊及減值 | Accumulated depreciation and impairment | | | | | | |
| 於二零一零年一月一日 | At 1 January 2010 | 18,396 | 548,123 | 6,761 | 4,280 | - | 577,560 |
| 本年度計提 | Charge for the year | 18,741 | 70,806 | 279 | 827 | - | 90,653 |
| 處置撥回 | Written back on disposals | - | (2,302) | - | (179) | - | (2,481) |
| 重估抵銷 | Elimination on revaluation | (38,104) | - | - | - | - | (38,104) |
| 匯兌差異 | Exchange differences | 967 | 20,259 | 229 | 160 | - | 21,615 |
| 於二零一零年十二月三十一日 及二零一一年一月一日 | At 31 December 2010 and 1 January 2011 | - | 636,886 | 7,269 | 5,088 | - | 649,243 |
| 本年度計提 | Charge for the year | 20,452 | 65,261 | 265 | 1,079 | - | 87,057 |
| 處置撥回 | Written back on disposals | (646) | (192,325) | - | (1,045) | - | (194,016) |
| 出售附屬公司撥回 (附註33) | Written back on disposal of a subsidiary (note 33) | (612) | (3,412) | (87) | (525) | - | (4,636) |
| 重估抵銷 | Elimination on revaluation | (19,677) | - | - | - | - | (19,677) |
| 匯兌差異 | Exchange differences | 483 | 28,389 | 349 | 247 | - | 29,468 |
| 於二零一一年十二月三十一日 | At 31 December 2011 | - | 534,799 | 7,796 | 4,844 | - | 547,439 |
| 賬面值 | Carrying amount | | | | | | |
| 於二零一一年十二月三十一日 | At 31 December 2011 | 204,443 | 233,783 | 879 | 8,094 | 22,369 | 469,568 |
| 於二零一零年十二月三十一日 | At 31 December 2010 | 246,549 | 326,743 | 536 | 1,886 | 25,451 | 601,165 |

18. 物業、廠房及設備(續)

a) 本集團(續)

- i) 持作自用樓宇乃位於中國根據中期租約持有之土地。
- ii) 本集團持作自用樓宇於二零一一年十二月三十一日之重估值乃根據威格斯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，經考慮有關樓宇重置成本扣除於該日存在之樓齡、狀況、經濟或功能退化及環境因素計算。

截至二零一零年十二月三十一日止年度，持作自用樓宇之重估盈餘約19,063,000港元已於其他全面收益內確認。

於二零一一年十二月三十一日，倘該等持作自用樓宇按成本減累計折舊及減值列賬，則賬面值將約為149,391,000港元(二零一零年：187,927,000港元)。

18. 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 2011 has been arrived at on the basis of valuations carried out on that date by Vigers. The valuation is based on a depreciable replacement cost approach and is arrived at by taking into consideration of the replacement cost of the buildings and deductions to account for the age, condition, economic or functional obsolescence and environmental factors existing at that date.

For the year ended 31 December 2010, revaluation surplus for buildings held for own use of approximately HK\$19,063,000 have been recognised in other comprehensive income.

As at 31 December 2011, had these buildings held for own use been carried at cost less accumulated depreciation and impairment, the carrying amount would have been approximately HK\$149,391,000 (2010: HK\$187,927,000).

18. 物業、廠房及設備 (續)

b) 本公司

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

b) The Company

辦公室設備及裝置

Office
equipment
and fixtures

千港元

HK\$' 000

| 成本 | Cost | |
|-----------------------------|--|-----|
| 於二零一零年一月一日 | At 1 January 2010 | 367 |
| 添置 | Additions | — |
| 於二零一零年十二月三十一日 及二零一一年一月一日 | At 31 December 2010 and 1 January 2011 | 367 |
| 添置 | Additions | 3 |
| 於二零一一年十二月三十一日 | At 31 December 2011 | 370 |
| 累計折舊 | Accumulated depreciation | |
| 於二零一零年一月一日 | At 1 January 2010 | 332 |
| 本年度計提 | Charge for the year | 10 |
| 於二零一零年十二月三十一日 及二零一一年一月一日 | At 31 December 2010 and 1 January 2011 | 342 |
| 本年度計提 | Charge for the year | 10 |
| 於二零一一年十二月三十一日 | At 31 December 2011 | 352 |
| 賬面值 | Carrying amount | |
| 於二零一一年十二月三十一日 | At 31 December 2011 | 18 |
| 於二零一零年十二月三十一日 | At 31 December 2010 | 25 |

19. 經營租約下預付土地租金

19. PREPAID LEASE PAYMENTS ON LAND UNDER OPERATING LEASES

| | | 本集團 | |
|----------------|-------------------------------------|-----------|------------|
| | | The Group | |
| | | 二零一一年 | 二零一零年 |
| | | 2011 | 2010 |
| | | 千港元 | 千港元 |
| | | HK\$'000 | HK\$'000 |
| | | | (重新表述) |
| | | | (restated) |
| 於一月一日之賬面值 | Carrying amount at 1 January | 266,050 | 262,862 |
| 處置 | Disposals | (33,681) | – |
| 出售附屬公司(附註33) | Disposal of a subsidiary (note 33) | (27,675) | – |
| 本年度攤銷 | Amortisation for the year | (5,806) | (5,854) |
| 匯兌差異 | Exchange differences | 11,871 | 9,042 |
| 於十二月三十一日之賬面值 | Carrying amount at 31 December | 210,759 | 266,050 |
| 於中國之租賃土地： | Leasehold land in the PRC: | | |
| 中期租約 | Medium-term leases | 210,759 | 266,050 |
| 就報告目的而作出之分析如下： | Analysed for reporting purposes as: | | |
| 流動資產 | Current asset | 4,874 | 5,956 |
| 非流動資產 | Non-current asset | 205,885 | 260,094 |
| | | 210,759 | 266,050 |

本年度攤銷支出約1,142,000港元(二零一零年：1,378,000港元)及4,664,000港元(二零一零年(重新表述)：4,476,000港元)分別計入綜合收益表中銷售成本及管理費用內。

The amortisation charges of approximately HK\$1,142,000 (2010: HK1,378,000) and HK\$4,664,000 (2010 (restated): HK\$4,476,000) for the year are included in cost of sales and administrative expenses respectively in the consolidated income statement.

20. 無形資產

本集團

20. INTANGIBLE ASSETS

The Group

| | | 稀土礦物 獨家採購權 | Technical Exclusive right to purchase rare earth minerals 千港元 HK\$'000 | 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 千港元 HK\$'000 | 稀土金屬產品之 技術專業知識 | Technical know-how for rare earth metal products 千港元 HK\$'000 | 總值 千港元 HK\$'000 |
|-----------------------------|---|---------------|---|-------------------------|--|-------------------|--|-----------------------|
| 成本 | Cost | | | | | | | |
| 於二零一零年一月一日 | At 1 January 2010 | 201,822 | | 61,785 | | 116,009 | 379,616 | |
| 匯兌差額 | Exchange differences | 7,021 | | 2,149 | | 4,036 | 13,206 | |
| 於二零一零年十二月三十一日 及二零一一年一月一日 | At 31 December 2010 and 1 January 2011 | 208,843 | | 63,934 | | 120,045 | 392,822 | |
| 出售附屬公司(附註33) | Disposal of a subsidiary (note 33) | (216,528) | | (66,287) | | – | (282,815) | |
| 匯兌差異 | Exchange differences | 7,685 | | 2,353 | | 5,952 | 15,990 | |
| 於二零一一年十二月三十一日 | At 31 December 2011 | – | | – | | 125,997 | 125,997 | |
| 累計攤銷 | Accumulated amortisation | | | | | | | |
| 於二零一零年一月一日 | At 1 January 2010 | 12,614 | | 6,178 | | 11,601 | 30,393 | |
| 本年度攤銷 | Amortisation for the year | 12,830 | | 6,284 | | 11,799 | 30,913 | |
| 匯兌差異 | Exchange differences | 661 | | 325 | | 609 | 1,595 | |
| 於二零一零年十二月三十一日 及二零一一年一月一日 | At 31 December 2010 and 1 January 2011 | 26,105 | | 12,787 | | 24,009 | 62,901 | |
| 本年度攤銷 | Amortisation for the year | 8,229 | | 4,031 | | 12,295 | 24,555 | |
| 出售附屬公司撥回(附註33) | Written back on disposal of a subsidiary (note 33) | (35,397) | | (17,338) | | – | (52,735) | |
| 匯兌差異 | Exchange differences | 1,063 | | 520 | | 1,495 | 3,078 | |
| 於二零一一年十二月三十一日 | At 31 December 2011 | – | | – | | 37,799 | 37,799 | |
| 賬面值 | Carrying amount | | | | | | | |
| 於二零一一年十二月三十一日 | At 31 December 2011 | – | | – | | 88,198 | 88,198 | |
| 於二零一零年十二月三十一日 | At 31 December 2010 | 182,738 | | 51,147 | | 96,036 | 329,921 | |

20. 無形資產 (續)

a) 稀土礦物獨家採購權

於二零零七年十一月十五日，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)就收購稀土礦物獨家採購權訂立了協議(「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。

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

誠如附註12所詳述，由於本集團已於二零一一年八月十二日出售興華稀土之全部權益，因此年內已出售此項獨家權利。

20. INTANGIBLE ASSETS (Continued)

a) Exclusive right to purchase rare earth minerals

On 15 November 2007, Xinghua Rare Earth entered into an Agreement for the acquisition of the 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 rights granted by the local government for exploiting rare earth minerals from a mine located to 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.

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 reserves of the rare earth mine.

As detailed in note 12, this exclusive right has been disposed during the year because the Group disposed its entire interest in Xinghua Rare Earth on 12 August 2011.

20. 無形資產(續)

b) 稀土礦物初步分離之技術專業知識

該技術專業知識與將減省若干加工程序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。

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。

誠如附註12所詳述，由於本集團已於二零一一年八月十二日出售興華稀土之全部權益，因此年內已出售此項稀土礦物初步分離技術之技術專業知識。

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業務合併之組成部份。

技術專業知識具有有限使用年期，並按直線法於其自二零零九年一月一日起估計使用年期10年進行攤銷。

本公司董事認為，於二零一一年及二零一零年十二月三十一日，並無跡象顯示無形資產之賬面值出現減值，因此，無需作出減值撥備。

本年度之攤銷開支約24,555,000港元(二零一零年：30,913,000港元)已計入綜合收益表之銷售成本內。

20. INTANGIBLE ASSETS (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 which will reduce certain processing and raw materials usage and was acquired as part of the business combination of Xinghua Rare Earth during the year ended 31 December 2008.

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

As detailed in note 12, this technical know-how for preliminary separation of rare earth minerals has been disposed during the year because the Group disposed its entire interest in Xinghua Rare Earth on 12 August 2011.

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 and was acquired as part of the business combination of Heping County Dongye Rare Earth Company Limited during the year ended 31 December 2008.

The technical know-how has finite useful live and is amortised on a straight-line basis over its estimated useful live of 10 years commencing on 1 January 2009.

The directors of the Company are of the opinion that there is no indication of impairment in the carrying amounts of the intangible assets as at 31 December 2011 and 2010 and accordingly no impairment is necessary.

The amortisation charge of approximately HK\$24,555,000 (2010: HK\$30,913,000) for the year is included in cost of sales in the consolidated income statement.

21. 於附屬公司之投資

21. INVESTMENTS IN SUBSIDIARIES

| | | 本公司 | | The Company | | | |
|--|---|---|-----------------------------------|-------------------------------|---|----------------------|--|
| | | 二零一一年 | 二零一零年 | 2011 | 2010 | | |
| | | 千港元 | 千港元 | 千港元 | 千港元 | | |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | | |
| 非上市股份，按成本值 | Unlisted shares, at cost | 151,707 | 151,707 | | | | |
| 於二零一一年十二月三十一日，附屬公司詳情如下： | | As at 31 December 2011, the details of subsidiaries are as follows: | | | | | |
| 附屬公司名稱 | 註冊成立／營運之地點及日期 | 持有股份類別 | 已註冊及已繳足股本 | 已發行及已繳足股本 | 本公司應佔權益／有投票權股本實際百分比 | | 主營業務 |
| | | | | | Effective percentage of equity interests/ voting rights held by the Company | Principal activities | |
| Name of subsidiary | Place and date of incorporation/ operations | Class of shares held | Registered and fully paid capital | Issued and fully paid capital | Directly % | Indirectly % | Principal activities |
| 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 (附註(a)) | 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 (note (a)) | 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 (附註(b)) | 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 (note (b)) | The PRC 17 July 1993 | Contributed capital | US\$15,660,000 | - | - | 95 | Manufacturing and sales of rare earth oxide 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 % | |
| 宜興新威利成耐火材料有限公司 (附註(a)) | 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. (note (a)) | The PRC 30 July 1999 | Contributed capital | US\$17,000,000 | - | - | 100 | Manufacturing and sales of refractory products |
| 無錫新威熒光材料有限公司 (附註(a)) | 中國 二零零一年十二月二十日 | 繳入資本 | 8,520,000美元 | - | - | 100 | 製造及銷售 熒光產品 |
| Wuxi Xinwei Fluorescent Materials Co., Ltd. (note (a)) | The PRC 20 December 2001 | Contributed capital | US\$8,520,000 | - | - | 100 | Manufacturing and sales of fluorescent products |
| 微科資源有限公司 | 香港 一九九八年十月二十三日 | 普通股 | - | 2港元 | - | 100 | 貿易 |
| Microtech Resources Limited | Hong Kong 23 October 1998 | Ordinary | - | HK\$2 | - | 100 | Trading |
| 中國稀土貿易有限公司 | 香港 二零零零年三月二十四日 | 普通股 | - | 2港元 | - | 100 | 暫無業務 |
| China Rare Earth Trading Limited | Hong Kong 24 March 2000 | Ordinary | - | HK\$2 | - | 100 | Dormant |
| 無錫新威高溫陶瓷有限公司 (附註(a)) | 中國 二零零二年四月一日 | 繳入資本 | 30,000,000港元 | - | - | 100 | 製造及銷售 高溫陶瓷產品 |
| Wuxi Xinwei High Temperature Ceramics Co., Ltd. (note (a)) | The PRC 1 April 2002 | Contributed capital | HK\$30,000,000 | - | - | 100 | Manufacturing and sales of high temperature ceramics products |
| 海城市蘇海鎂礦有限公司 (附註(c)) | 中國 二零零二年四月二十七日 | 繳入資本 | 人民幣 25,000,000元 | - | - | 100 | 製造及銷售 鎂砂產品 |
| Haicheng City Suhai Magnesium Ore Co., Ltd. (note (c)) | The PRC 27 April 2002 | Contributed capital | RMB25,000,000 | - | - | 100 | Manufacturing and sales of magnesium 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 % | |
| 宜興威爾發非金屬材料有限公司 (附註(a)) | 中國 二零零六年九月二十七日 | 繳入資本 | 3,000,000美元 | - | - | 100 | 製造及銷售 耐火相關產品 |
| Yixing Wellfire Nonmetal Materials Co., Ltd. (note (a)) | The PRC 27 September 2006 | Contributed capital | US\$3,000,000 | - | - | 100 | Manufacturing and sales of refractory related products |
| 海城新威利成鎂資源有限公司 (附註(a)) | 中國 二零零六年九月二十八日 | 繳入資本 | 3,500,000美元 | - | - | 100 | 製造及銷售 鎂砂產品 |
| Hai Cheng Xinwei Leeshing Magnesium Resources Co., Ltd. (note (a)) | The PRC 28 September 2006 | Contributed capital | US\$3,500,000 | - | - | 100 | Manufacturing and sales of magnesium products |
| 和平縣東冶稀土新材料有限公司 (附註(c)) | 中國 二零零五年十一月十五日 | 繳入資本 | 人民幣 20,000,000元 | - | - | 95 | 製造及銷售 稀土金屬產品 |
| Heping County Dongye Rare Earth Company Limited (note (c)) | The PRC 15 November 2005 | Contributed capital | RMB20,000,000 | - | - | 95 | Manufacturing and sales of rare earth metal products |
| 銀茂控股有限公司 | 香港 二零一零年一月二十三日 | 普通股 | - | 1港元 | - | 100 | 投資控股 |
| Silver Mile Holdings Limited | Hong Kong 23 January 2010 | Ordinary | - | HK\$1 | - | 100 | Investment holding |
| 宜興常容貿易發展有限公司 (附註(a)) | 中國 二零一一年十一月二十六日 | 繳入資本 | 200,000,000港元 | - | - | 100 | 貿易 |
| Yixing Changrong Trading Development Co., Ltd. (note (a)) | The PRC 26 November 2011 | Contributed capital | HK\$200,000,000 | - | - | 100 | Trading |
| 金茂控股有限公司 | 香港 二零一一年十二月六日 | 普通股 | - | 1港元 | - | 100 | 投資控股 |
| Golden Mile Holdings Limited | Hong Kong 6 December 2011 | Ordinary | - | HK\$1 | - | 100 | Investment holding |

21. 於附屬公司之投資 (續)

附註：

- a) 根據中國法例註冊成立為外商獨資企業。
- b) 根據中國法例註冊成立為中外合營企業。
- c) 根據中國法例註冊成立為有限責任公司。

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。

21. INVESTMENTS IN SUBSIDIARIES (Continued)

Note:

- a) Registered under the laws of the PRC as a wholly-owned foreign enterprise.
- b) Registered under the laws of the PRC as a sino-foreign equity enterprise.
- c) Registered under the laws of the PRC as a limited liability enterprise.

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

22. 於共同控制實體之權益

22. INTEREST IN JOINTLY CONTROLLED ENTITIES

本集團

The Group

| 二零一一年 | 二零一零年 |
|-----------|------------|
| 2011 | 2010 |
| 千港元 | 千港元 |
| HK\$' 000 | HK\$' 000 |
| | (重新表述) |
| | (restated) |

| | | | |
|--------------|--------------------------------------|----------------|--------|
| 非上市股份，應佔資產淨值 | Unlisted shares, share of net assets | 110,940 | 72,026 |
|--------------|--------------------------------------|----------------|--------|

本集團於共同控制實體之權益詳情載列如下：

Details of the Group's interest in jointly controlled entities are as follows:

| 實體名稱 | 業務架構形式 | 註冊成立/ 營運地點 | 所持股份類別 | 本集團所持 | | | | 主營業務 |
|---|----------------------------|----------------------------------|----------------------|---|-------|---------------------------------|-------|---|
| | | | | 註冊資本面值之比例 | | 所持投票權之比例 | | |
| Name of entity | Form of business structure | Place of incorporation/operation | Class of shares held | Proportion of nominal value of registered capital held by the Group | | Proportion of voting power held | | Principal activity |
| | | | | 二零一一年 | 二零一零年 | 二零一一年 | 二零一零年 | |
| | | | | 2011 | 2010 | 2011 | 2010 | |
| 歐司朗(中國)螢光材料有限公司(附註(a)) | 註冊公司 | 中國 | 繳入資本 | 49.9% | 49.9% | 50% | 50% | 製造及銷售螢光產品 |
| OSRAM (China) Fluorescent Materials Co. Ltd. (note (a)) | Incorporated | The PRC | Contributed capital | 49.9% | 49.9% | 50% | 50% | Manufacturing and sales of fluorescent products |

22. 於共同控制實體之權益 (續)

22. INTEREST IN JOINTLY CONTROLLED ENTITIES

(Continued)

| 實體名稱 Name of entity | 業務架構形式 Form of business structure | 註冊成立/ 營運地點 Place of incorporation/ operation | 所持股份類別 Class of shares held | 本集團所持 註冊資本面值之比例 Proportion of nominal value of registered capital held by the Group | | 所持投票權之比例 Proportion of voting power held | | 主營業務 Principal activity |
|---|--|--|-----------------------------------|---|---------------|---|---------------|---|
| | | | | 二零一一年 2011 | 二零一零年 2010 | 二零一一年 2011 | 二零一零年 2010 | |
| 宜光旭硝子工業陶瓷 有限公司(附註(b)) | 註冊公司 | 中國 | 繳入資本 | 40% | - | 40% | - | 製造及銷售耐火產品 |
| Yixing AGC Ceramics Co., Ltd. (note (b)) | Incorporated | The PRC | Contributed capital | 40% | - | 40% | - | Manufacturing and sales of refractory products |

附註：

- (a) 於二零一零年五月二十日註冊成立，截至二零一零年十二月三十一日止年度，其註冊資本總額14,500,000歐元經已全數支付。
- (b) 於二零一一年六月七日註冊成立，截至二零一一年十二月三十一日止年度，其註冊資本總額15,000,000美元經已全數支付。

Note:

- (a) Incorporated on 20 May 2010, its total registered capital of EURO14,500,000 has been fully paid during the year ended 31 December 2010.
- (b) Incorporated on 7 June 2011, its total registered capital of USD15,000,000 has been fully paid during the year ended 31 December 2011.

本集團於共同控制實體之股權之財務資料概要詳情載列如下：

Details of the summarised financial information on the Group's equity interest in jointly controlled entities are as follows:

| | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 |
|-------|-------------------------|----------------------------------|----------------------------------|
| 流動資產 | Current assets | 61,663 | 48,867 |
| 非流動資產 | Non-current assets | 139,940 | 23,981 |
| 流動負債 | Current liabilities | (56,810) | (822) |
| 非流動負債 | Non-current liabilities | (33,853) | - |
| 資產淨值 | Net assets | 110,940 | 72,026 |
| 收入 | Income | 10,456 | 42 |
| 支出 | Expenses | (22,700) | (874) |

23. 可供出售權益證券

23. AVAILABLE-FOR-SALE EQUITY SECURITIES

本集團及本公司

The Group and the Company

| 二零一零年 | 二零零九年 |
|----------|----------|
| 2010 | 2009 |
| 千港元 | 千港元 |
| HK\$'000 | HK\$'000 |

| 按公平值列賬之香港上市 權益證券 | Listed equity securities at fair value in Hong Kong | 6,720 | 14,240 |
|---------------------|--|-------|--------|
|---------------------|--|-------|--------|

本集團於年內在其它全面收益內就該等可供出售權益證券確認虧損總額7,520,000港元(二零一零年：15,760,000港元)。

於二零一一年十二月三十一日，公平值儲備確認累計虧損總額23,280,000港元(二零一零年：零港元)，當中，董事認為有關累計虧損屬重大，而其市價下跌於可見將來未能收回。因此，透過從公平值儲備轉撥於綜合收益表確認減值虧損23,280,000港元(二零一零年：零港元)。

於二零一零年及二零一一年十二月三十一日，本公司獨立非執行董事黃春華先生為該等權益證券之上市公司之副主席。

The Group recognised gross loss for these available-for-sale equity securities of HK\$7,520,000 (2010: HK\$15,760,000) in other comprehensive income during the year.

As at 31 December 2011, the accumulated gross loss recognised in the fair value reserve amounted to HK\$23,280,000 (2010: HK\$Nil) in which the directors considered that such accumulated loss has become significant and the decline in the market price might not be recovered in the foreseeable future. Therefore, an impairment loss of HK\$23,280,000 (2010: HK\$Nil) has been recognised in the consolidated income statement by transferring from the fair value reserve.

As at 31 December 2010 and 2011, Mr. Huang Chunhua, an independent non-executive director of the Company, was the deputy chairman of the listed company for these listed equity securities.

24. 存貨

a) 綜合財務狀況表之存貨包括：

24. INVENTORIES

a) Inventories in the consolidated statement of financial position comprise:

| | | 本集團 The Group | |
|-----|------------------|----------------------------------|--|
| | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 (重新表述) (restated) |
| 原材料 | Raw materials | 245,668 | 306,243 |
| 在製品 | Work in progress | 218,573 | 124,102 |
| 產成品 | Finished goods | 832,015 | 175,668 |
| | | 1,296,256 | 606,013 |

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 | |
|----------|---------------------------------------|----------------------------------|--|
| | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 (重新表述) (restated) |
| 已售存貨之賬面值 | Carrying amount of inventories sold | 1,183,436 | 1,044,358 |
| 存貨撇除 | Write down of inventories | 91,073 | 16,059 |
| 存貨撇除撥回 | Reversal of write down of inventories | (37,944) | (23,371) |
| | | 1,236,565 | 1,037,046 |
| 下列應佔： | Attributable to: | | |
| 持續經營業務 | Continuing operations | 1,159,922 | 863,718 |
| 已終止經營業務 | Discontinued operation | 76,643 | 173,328 |
| | | 1,236,565 | 1,037,046 |

24. 存貨(續)

產生存貨撇除撥回乃由於市況變動及由於若干產品於往年撇除至可變現淨值之銷售導致若干產品之估計可變現淨值增加。

24. INVENTORIES (Continued)

The reversal of write down of inventories arose due to an increase in the estimated net realisable value of certain products as a result of change in market condition and sales of certain products which had been written down to net realisable value in prior years.

25. 應收賬款及其他應收款、預付款項及按金

25. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

| | | 本集團 | | 本公司 | |
|---------------------|--|------------|-----------|-------------|-----------|
| | | The Group | | The Company | |
| | | 二零一一年 | 二零一零年 | 二零一一年 | 二零一零年 |
| | | 2011 | 2010 | 2011 | 2010 |
| | | 千港元 | 千港元 | 千港元 | 千港元 |
| | | HK\$' 000 | HK\$' 000 | HK\$' 000 | HK\$' 000 |
| | | (重新表述) | | | |
| | | (restated) | | | |
| 應收賬款及應收票據 | Trade debtors and bills receivables | 405,898 | 371,874 | - | - |
| 減：減值虧損(附註(c)) | Less: Impairment loss (note (c)) | (35,544) | (26,821) | - | - |
| 應收賬款及應收票據，淨額(附註(b)) | Trade debtors and bills receivables, net (note (b)) | 370,354 | 345,053 | - | - |
| 其他應收款 | Other receivables | 46,644 | 20,811 | - | 29 |
| 減：減值虧損(附註(c)) | Less: Impairment loss (note (c)) | (1,291) | (3,061) | - | - |
| | | 45,353 | 17,750 | - | 29 |
| 應收共同控制實體之款項(附註26) | Amounts due from jointly controlled entities (note 26) | 21,318 | 7,169 | - | - |
| 應收前附屬公司款項 | Amount due from a former subsidiary | 166,380 | - | - | - |
| 貸款及應收款項 | Loans and receivables | 603,405 | 369,972 | - | 29 |
| 預付款項及按金 | Prepayments and deposits | 101,961 | 89,751 | 774 | 850 |
| | | 705,366 | 459,723 | 774 | 879 |

25. 應收賬款及其他應收款、預付款項及按金(續)

附註：

- a) 所有應收賬款及其他應收款、預付款項及按金以及應收前附屬公司款項預期可於一年內收回。
- b) 應收賬款及應收票據按發票日期呈列之賬齡分析如下：

25. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

Note:

- a) All of the trade and other receivables, prepayments and deposits and amount due from a former subsidiary are expected to be recovered within one year.
- b) The ageing analysis of the trade debtors and bills receivables presented based on the invoice date is as follows:

| | | 本集團 The Group | |
|---------------------|---|----------------------------------|----------------------------------|
| | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 |
| 即期至6個月以內 | Current to less than 6 months | 332,690 | 314,178 |
| 6個月至1年以內 | 6 months to less than 1 year | 33,507 | 26,974 |
| 1至2年以內 | 1 to less than 2 years | 15,924 | 12,602 |
| 2年以上 | Over 2 years | 23,777 | 18,120 |
| | | 405,898 | 371,874 |
| 減：應收賬款及應收票據 減值虧損 | Less: Impairment loss on trade debtors and bills receivables | (35,544) | (26,821) |
| | | 370,354 | 345,053 |

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。管理層監督已逾期之應收賬款及應收票據並跟進收回。

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 a credit risk is conducted on a cash basis. Management monitors overdue trade debtors and bills receivables and follows up collections.

25. 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

應收賬款及其他應收款撥備之變動如下：

| | | 本集團 The Group | |
|-----------------------|--|----------------------------------|----------------------------------|
| | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 |
| 於一月一日 | At 1 January | 29,882 | 23,005 |
| 本年度應收賬款及其他應收款減值虧損撥回 | Reversal of impairment loss on trade and other receivables during the year | (5,813) | (4,996) |
| 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 | 12,898 | 10,970 |
| 出售附屬公司 | Disposal of a subsidiary | (1,745) | – |
| 匯兌差異 | Exchange differences | 1,613 | 903 |
| 於十二月三十一日 | At 31 December | 36,835 | 29,882 |

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(k)(i)）。

應收賬款及其他應收款減值虧損撥回指先前認為予以減值之該等應收賬款及其他應收款之債項回收。過往年度就該等應收款作出之準備相應予以撥回。

於二零一一年十二月三十一日，本集團為數約36,835,000港元（二零一零年：29,882,000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申報期間結算日超過1年尚未償還或為應收陷入財務困境公司之款項。因此，特定呆賬準備約12,898,000港元（二零一零年：10,970,000港元）已於年內確認。本集團並無就該等結餘持有任何抵押品。

25. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

Note: (Continued)

- c) Impairment of trade and other receivables

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

| | | 本集團 The Group | |
|-----------------------|--|----------------------------------|----------------------------------|
| | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 |
| 於一月一日 | At 1 January | 29,882 | 23,005 |
| 本年度應收賬款及其他應收款減值虧損撥回 | Reversal of impairment loss on trade and other receivables during the year | (5,813) | (4,996) |
| 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 | 12,898 | 10,970 |
| 出售附屬公司 | Disposal of a subsidiary | (1,745) | – |
| 匯兌差異 | Exchange differences | 1,613 | 903 |
| 於十二月三十一日 | At 31 December | 36,835 | 29,882 |

Impairment loss 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(k)(i)).

Reversal of impairment loss on trade and other receivables represents the recovery of debts due from these trade and other receivables previously considered to be impaired. An allowance for these receivable amounts that had been made in previous years was written back accordingly.

As at 31 December 2011, trade and other receivables of the Group amounting to approximately HK\$36,835,000 (2010: HK\$29,882,000) 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 end of the reporting period or were due from companies with financial difficulties. Accordingly, specific allowances for doubtful debts of approximately HK\$12,898,000 (2010: HK\$10,970,000) were recognised during the year. The Group does not hold any collateral over these balances.

25. 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。

25. 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.

25. 應收賬款及其他應收款、預付款項及按金 (續)

附註：(續)

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及應收票據之賬齡分析如下：

25. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

Note: (Continued)

d) Trade receivables that are not impaired

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

| | | 本集團 The Group | |
|--------------|--|----------------------------------|----------------------------------|
| | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 |
| 未逾期且未減值 | Neither past due nor impaired | 332,690 | 314,178 |
| 逾期少於6個月 | Less than 6 months past due | 33,507 | 26,974 |
| 逾期超過6個月但少於1年 | More than 6 months but less than 1 year past due | 3,377 | 3,537 |
| 逾期超過1年但少於2年 | More than 1 year but less than 2 years past due | 780 | 364 |
| | | 37,664 | 30,875 |
| | | 370,354 | 345,053 |

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。

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

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。

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.

26. 應收／(應付)附屬公司、共同控制實體及董事款項

應收／(應付)附屬公司、共同控制實體及董事之款項為無抵押、免息及須按要求時償還。

26. AMOUNTS DUE FROM/(TO) SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND DIRECTORS

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

27. 已抵押銀行存款及受限制銀行結餘

於二零一一年十二月三十一日，已抵押銀行存款及受限制銀行結餘如下：

27. PLEDGED BANK DEPOSITS AND RESTRICTED BANK BALANCES

As at 31 December 2011, the pledged bank deposits and restricted bank balances are as follows:

| | | 本集團 The Group | |
|----------------|-------------------------------------|----------------------------------|----------------------------------|
| | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 |
| 已抵押銀行存款(附註(a)) | Pledged bank deposits (note (a)) | 104,724 | 99,777 |
| 受限制銀行結餘(附註(b)) | Restricted bank balances (note (b)) | - | 2,868 |
| | | 104,724 | 102,645 |
| 減：即期部份 | Less: Current portion | (52,177) | (2,868) |
| 非即期部份 | Non-current portion | 52,547 | 99,777 |

附註：

- 已抵押銀行存款約104,724,000港元(二零一零年：99,777,000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介乎3.25%至3.85%(二零一零年：1.25%)計息。
- 於二零一零年十二月三十一日，受限制銀行結餘指銀行就向若干供應商發行信用證所規定及限制之存款2,868,000港元。有關受限制銀行結餘已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0.36%計息。
- 本集團管理層認為，存款之賬面值與其公平值相若。

Note:

- Pledged bank deposits of approximately HK\$104,724,000 (2010: HK\$99,777,000) are pledged to bank to secure bank borrowings granted to the Group. The deposits carry fixed interest rates ranging from 3.25% to 3.85% (2010: 1.25%) per annum.
- As at 31 December 2010, restricted bank balances represent deposits required and restricted by banks in respect of the issue of letters of credit to certain suppliers at HK\$2,868,000. The restricted bank balances had been released upon the completion of the respective transactions. The restricted bank balances carry interest at market rates of 0.36%.
- The management of the Group considers that the carrying amounts of deposits approximate their fair values.

28. 現金及現金等值項目

28. CASH AND CASH EQUIVALENTS

| | | 本集團 The Group | | 本公司 The Company | |
|-----------|---------------------------|----------------------------------|--|----------------------------------|----------------------------------|
| | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 (重新表述) (restated) | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 |
| 銀行存款 | Deposits with banks | - | 113,282 | - | 113,282 |
| 銀行及手頭之現金 | Cash at bank and on hand | 1,530,123 | 1,079,492 | 16,860 | 25,335 |
| 現金及現金等值項目 | Cash and cash equivalents | 1,530,123 | 1,192,774 | 16,860 | 138,617 |

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介乎0.11%至0.38%計息之到期日為三個月或以下之短期銀行存款。董事認為，現金及現金等值項目之賬面值與彼等於申報期間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 ranging from 0.11% to 0.38%. In the opinion of the directors, the carrying amount of cash and cash equivalents has no material difference from their fair value at the end of the reporting period.

29. 應付賬款、預提費用及其他應付款

29. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

| | | 本集團 The Group | | 本公司 The Company | |
|-----------------|---|----------------------------------|--|----------------------------------|----------------------------------|
| | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 (重新表述) (restated) | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 |
| 應付賬款 | Trade payables | 94,964 | 80,723 | - | - |
| 預提開支及其他應付款項 | Accrued expenses and other payables | 62,806 | 23,052 | 4,471 | 4,747 |
| 收購物業、廠房及設備之應付款項 | Payables for acquisition of property, plant and equipment | - | 3,528 | - | - |
| 按攤銷成本計算之財務負債 | Financial liabilities measured at amortised cost | 157,770 | 107,303 | 4,471 | 4,747 |
| 預收款項 | Receipt in advance | 6,999 | 6,366 | - | - |
| 其他應付稅項 | Other tax payables | 36,908 | 6,974 | - | - |
| | | 201,677 | 120,643 | 4,471 | 4,747 |

29. 應付賬款、預提費用及其他應付款
(續)

應付賬款按發票日期呈列之賬齡分析如下：

29. TRADE PAYABLES, ACCRUALS AND OTHER
PAYABLES (Continued)

The ageing analysis of trade payables presented based on the invoice date is as follows:

| | | 本集團 The Group | |
|----------|-------------------------------|----------------------------------|--|
| | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 (重新表述) (restated) |
| 即期至6個月以內 | Current to less than 6 months | 81,152 | 70,868 |
| 6個月至1年以內 | 6 months to less than 1 year | 8,455 | 7,691 |
| 1至2年以內 | 1 to less than 2 years | 4,161 | 868 |
| 2年以上 | Over 2 years | 1,196 | 1,296 |
| | | 94,964 | 80,723 |

30. 銀行貸款

於二零一一年十二月三十一日，所有銀行貸款均有抵押及其須償還如下：

30. BANK BORROWINGS

As at 31 December 2011, all bank loans are secured and are repayable as follows:

| | | 本集團 The Group | |
|---------|----------------------------|----------------------------------|----------------------------------|
| | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 |
| 1年內或按要求 | Within 1 year or on demand | 98,680 | 99,389 |
| 銀行貸款總額 | Total bank loans | 98,680 | 99,389 |

30. 銀行貸款 (續)

附註：

- a) 於二零一一年十二月三十一日，本集團所有銀行貸款均以人民幣計值。
- b) 於二零一零年十二月三十一日，除銀行貸款約5,348,000港元以美元計值外，本集團所有銀行貸款均以人民幣計值。
- c) 所有銀行貸款均為浮息貸款，按現行年利率介乎5.1%至6.41% (二零一零年：3.28%至5.10%) 計息。
- d) 銀行貸款乃以有抵押銀行存款約104,724,000港元 (二零一零年：99,777,000港元) 及應收賬款約零港元 (二零一零年：5,980,000港元) 作為抵押。
- e) 董事認為，銀行貸款之賬面值與彼等於申報期間結算日之公平值並無重大差異。

30. BANK BORROWINGS (Continued)

Note:

- a) As at 31 December 2011, all of the Group's bank borrowings are denominated in RMB.
- b) As at 31 December 2010, all of the Group's bank borrowings are denominated in RMB, except for bank borrowings of approximately HK\$5,348,000 which are denominated in United States dollars.
- c) All bank borrowings are variable-rate borrowings which carry prevailing interest rates ranging from 5.1% to 6.41% (2010: 3.28% to 5.10%) per annum.
- d) The bank borrowings were secured by the pledged bank deposits of approximately HK\$104,724,000 (2010: HK\$99,777,000) and trade receivables of approximately HK\$Nil (2010: HK\$5,980,000).
- e) In the opinion of the directors, the carrying amounts of bank borrowings are not significantly different from their fair values at the end of the reporting period.

31. 於綜合財務狀況表之所得稅

- a) 於綜合財務狀況表確認之本期所得稅與年內之變動如下：

31. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- a) Current income tax recognised in the consolidated statement of financial position and the movement during the year are as follows:

| | | 本集團 The Group | |
|-----------------------|--|----------------------------------|----------------------------------|
| | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 |
| 中國企業所得稅 | PRC EIT | | |
| 於一月一日 | At 1 January | 1,207 | 2,298 |
| 本年度撥備(附註8(a)) | Provision for the year (note 8(a)) | 191,982 | 49,000 |
| 本年度支付之企業所得稅 | EIT paid for the year | (138,927) | (50,152) |
| 匯兌差異 | Exchange differences | 1,370 | 61 |
| 出售附屬公司(附註33) | Disposal of a subsidiary (note 33) | (361) | – |
| 於十二月三十一日 | At 31 December | 55,271 | 1,207 |
| 於綜合財務狀況表 確認之可收回所得稅 | Income tax recoverable recognised in the consolidated statement of financial position | (1,450) | (8,586) |
| 於綜合財務狀況表 確認之應付所得稅 | Income tax payable recognised in the consolidated statement of financial position | 56,721 | 9,793 |
| 應付稅項淨額 | Net tax payable | 55,271 | 1,207 |

31. 於綜合財務狀況表之所得稅 (續)

b) 已確認之遞延稅項資產及負債

於申報期間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：

本集團

| | 持作自用樓宇之重估 | 物業、廠房及設備之公平值調整 | 經營租約下預付土地租金之公平值調整 | | 無形資產之公平值調整 | 遞延開支 | 總值 |
|---------------|---|--|--|--|----------------------|------------|------------|
| | | | Fair value adjustment on property, plant and equipment | Fair value adjustment on prepaid lease payments on land under operating leases | | | |
| | Revaluation of buildings held for own use | Fair value adjustment on property, plant and equipment | Fair value adjustment on prepaid lease payments on land under operating leases | Fair value adjustment on intangible assets | Deferred expenditure | Total | |
| | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| | HK\$' 000 | HK\$' 000 | HK\$' 000 | HK\$' 000 | HK\$' 000 | HK\$' 000 | HK\$' 000 |
| | | | | | (重新表述) | (重新表述) | (重新表述) |
| | | | | | (restated) | (restated) | (restated) |
| 就下列各項產生之遞延稅項： | Deferred tax arising from: | | | | | | |
| 於二零一零年一月一日 | At 1 January 2010 | (9,520) | (1,219) | 14,829 | (87,139) | 6,810 | (76,239) |
| 其他全面收益列支 | Charged to other comprehensive income | (4,055) | - | - | - | - | (4,055) |
| 收益表計入／(列支) | Credited/(charged) to income statement (note 8(a)) | 785 | 97 | (319) | 7,705 | 1,775 | 10,043 |
| 因稅率變動之影響 | Credited to equity for effect on change in tax rate | 1,537 | - | - | - | - | 1,537 |
| 匯兌差異 | Exchange differences | (213) | (41) | 510 | (2,897) | 271 | (2,370) |
| 於二零一零年十二月三十一日 | At 31 December 2010 and | | | | | | |
| 及二零一一年一月一日 | 1 January 2011 | (11,466) | (1,163) | 15,020 | (82,331) | 8,856 | (71,084) |
| 出售附屬公司(附註33) | Disposal of a subsidiary (note 33) | 338 | 658 | (13,010) | 57,520 | (981) | 44,525 |
| 收益表計入／(列支) | Credited/(charged) to income statement (note 8(a)) | 2,520 | 75 | (218) | 6,115 | (2,389) | 6,103 |
| 匯兌差異 | Exchange differences | (502) | (47) | 578 | (3,222) | 367 | (2,826) |
| 於二零一一年十二月三十一日 | At 31 December 2011 | (9,110) | (477) | 2,370 | (21,918) | 5,853 | (23,282) |

31. 於綜合財務狀況表之所得稅(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：

31. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

b) Deferred tax assets and liabilities recognised (Continued)

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

| | | 本集團 | |
|-----------|--|-----------------|------------|
| | | The Group | |
| | | 二零一一年 | 二零一零年 |
| | | 2011 | 2010 |
| | | 千港元 | 千港元 |
| | | HK\$'000 | HK\$'000 |
| | | | (重新表述) |
| | | | (restated) |
| 於綜合財務狀況表 | Deferred tax assets recognised in the | | |
| 確認之遞延稅項資產 | consolidated statement of financial position | 8,223 | 23,876 |
| 於綜合財務狀況表 | Deferred tax liabilities recognised in the | | |
| 確認之遞延稅項負債 | consolidated statement of financial position | (31,505) | (94,960) |
| | | (23,282) | (71,084) |

c) 尚未確認之遞延稅項資產

根據附註2(r)所載之會計政策，本集團並無就於二零一一年十二月三十一日之累計稅務虧損約1,141,000港元(二零一零年：1,475,000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未來應課稅溢利可抵扣稅務虧損。根據現有稅務條例，該等稅務虧損可於五年期間運用。

c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(r), the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK\$1,141,000 (2010: HK\$1,475,000) as at 31 December 2011 as it is not probable that future taxable profits against the tax losses can be utilised under the relevant tax jurisdiction and entity. These tax losses are available for a period of five years under the current tax legislation.

31. 於綜合財務狀況表之所得稅(續)

d) 未確認遞延稅項負債

根據於二零零八年一月一日起生效之中國企業所得稅法，並無於中國成立或設有業務之非駐居企業或於中國成立或設有業務但相關收入並非實際與於中國成立或設有業務相關，則將須就各類被動收入(如源自中國之股息)按10%稅率繳納預扣所得稅。於二零零八年二月二十二日，財政部及國家稅務總局批准財稅(2008)1號，據此，於二零零七年十二月三十一日前自外資企業保留溢利作出之股息分派將獲豁免繳納預扣所得稅。

於二零一一年十二月三十一日，有關附屬公司自二零零八年之未分配溢利之暫時差異為1,486,115,000港元(二零一零年：475,031,000港元)。由於本公司能控制該等附屬公司之股息政策，且釐定溢利不大可能於可見將來分派，故尚未就分派該等保留溢利之應付稅項確認遞延稅項負債148,612,000港元(二零一零年：47,503,000港元)。

31. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

d) Deferred tax liabilities not recognised

Under the EIT Law of the PRC with effect from 1 January 2008 onwards, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding income tax at the rate of 10% on various types of passive income such as dividends derived from sources in the PRC. On 22 February 2008, the Ministry of Finance and State Administration of Tax approved Caishui (2008) No. 1, pursuant to which dividend distributions out of retained profits of foreign investment enterprises prior to 31 December 2007 will be exempted from withholding income tax.

At 31 December 2011, temporary differences relating to the undistributed profits of subsidiaries since 2008 amounted to HK\$1,486,115,000 (2010: HK\$475,031,000). Deferred tax liabilities of HK\$148,612,000 (2010: HK\$47,503,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

32. 股本及儲備

- a) 本集團綜合權益之各項部份於年初及年末之對賬載於綜合權益變動表內。有關本公司權益之個別部份於年初至年末期間之變動詳情，載列如下：

32. SHARE CAPITAL AND RESERVES

- a) The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

| | | 股份溢價 Share premium 千港元 HK\$'000 | 公平值儲備 Fair value reserve 千港元 HK\$'000 | 累計虧損 Accumulated losses 千港元 HK\$'000 | 總值 Total 千港元 HK\$'000 |
|-----------------------------|--|---|---|--|--------------------------------|
| 於二零一零年一月一日 | At 1 January 2010 | 1,475,422 | - | (31,847) | 1,443,575 |
| 全面收益 | Comprehensive income | | | | |
| 本年度虧損 | Loss for the year | - | - | (19,016) | (19,016) |
| 其他全面收益 | Other comprehensive income | | | | |
| 可供出售權益證券之 公平值虧損 | Fair value loss on available-for-sale equity securities | - | (15,760) | - | (15,760) |
| 全面收益總值 | Total comprehensive income | - | (15,760) | (19,016) | (34,776) |
| 透過股份配售發行新股份 | Issue of new shares by share placement | 462,000 | - | - | 462,000 |
| 根據購股權計劃發行 新股份(附註34) | Issue of new shares under share option scheme (note 34) | 800 | - | - | 800 |
| 發行新股份之交易成本 | Transaction cost attributable to issue of new shares | (18,872) | - | - | (18,872) |
| 於二零一零年十二月三十一日 及二零一一年一月一日 | At 31 December 2010 and 1 January 2011 | 1,919,350 | (15,760) | (50,863) | 1,852,727 |
| 全面收益 | Comprehensive income | | | | |
| 本年度虧損 | Loss for the year | - | - | (36,357) | (36,357) |
| 其他全面收益 | Other comprehensive income | | | | |
| 可供出售權益證券之 公平值虧損(附註23) | Fair value loss on available-for-sale equity securities (note 23) | - | (7,520) | - | (7,520) |
| 可供出售權益證券之 減值虧損(附註23) | Impairment loss on available-for-sale equity securities (note 23) | - | 23,280 | - | 23,280 |
| 全面收益總值 | Total comprehensive income | - | 15,760 | (36,357) | (20,597) |
| 根據購股權計劃發行 新股份(附註34) | Issue of new shares under share option scheme (note 34) | 700 | - | - | 700 |
| 於二零一一年十二月三十一日 | At 31 December 2011 | 1,920,050 | - | (87,220) | 1,832,830 |

32. 股本及儲備 (續)

b) 法定及已發行股本

32. SHARE CAPITAL AND RESERVES (Continued)

b) Authorised and issued share capital

| | | 本集團及本公司 The Group and the Company | | | |
|--|--|--------------------------------------|------------------|-----------------------|------------------|
| | | 二零一一年 2011 | | 二零一零年 2010 | |
| | | 股份數目 No. of shares | 金額 Amount | 股份數目 No. of shares | 金額 Amount |
| | | 千股 '000 | 千港元 HK\$ '000 | 千股 '000 | 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 | 2,000,000 | 200,000 | 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 | Issued and fully paid – Ordinary shares of HK\$0.10 each At 1 January | 1,671,943 | 167,194 | 1,551,143 | 155,114 |
| 透過股份配售發行新股份 | Issue of new shares by share placement | - | - | 120,000 | 12,000 |
| 根據購股權計劃發行新股份 (附註34) | Issue of new shares under share option scheme (note 34) | 700 | 70 | 800 | 80 |
| 於十二月三十一日 | At 31 December | 1,672,643 | 167,264 | 1,671,943 | 167,194 |

於二零一零年十月十二日，本公司根據購股權計劃行使購股權而配發及發行800,000股普通股份。

於二零一零年十月十四日，本公司及YY Holdings與一名配售代理訂立另一份配售及認購協議，以：(i) 按每股3.95港元之價格配售YY Holdings所持有之本公司120,000,000股普通股份（「配售事項」）；及(2)按每股3.95港元之價格由YY Holdings認購本公司120,000,000股新普通股份（「認購事項」）。配售事項及認購事項均已於二零一零年十月二十七日完成。認購事項之所得款項淨額約為455,128,000港元。

On 12 October 2010, the Company allotted and issued 800,000 ordinary shares by way of share options exercised under share option scheme.

On 14 October 2010, the Company and YY Holdings entered into another placing and subscription agreement with a placing agent for: (1) the placement of 120,000,000 ordinary shares of the Company owned by YY Holdings at a price of HK\$3.95 per share (“the Placing”); and (2) the subscription of 120,000,000 new ordinary shares of the Company by YY Holdings at a price of HK\$3.95 per share (the “Subscription”). The Placing and Subscription were completed on 27 October 2010. The net proceeds from the Subscription amount is approximately HK\$455,128,000.

32. 股本及儲備 (續)

b) 法定及已發行股本 (續)

於二零一一年六月十三日，本公司根據購股權計劃行使購股權而按每股1.10港元配發及發行700,000股普通股份。

普通股持有人有權獲得不時宣派之股息及於本公司會議上享有每股一票之投票權。所有普通股對本公司之剩餘資產均享有相等權益。

c) 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

樓宇重估儲備包括持作自用樓宇之經重估金額(扣除遞延稅項)與賬面值兩者之差額。樓宇重估儲備已予設立並根據附註2(h)所載有關持作自用樓宇之會計政策予以處理。樓宇重估儲備為不可分派。

32. SHARE CAPITAL AND RESERVES (Continued)

b) Authorised and issued share capital (Continued)

On 13 June 2011, the Company allotted and issued 700,000 ordinary shares by way of share options exercised under share option scheme at HK\$1.10 per share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

c) 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 capitalised 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 as set out in note 2(h). The buildings revaluation reserve is not distributable.

32. 股本及儲備 (續)

c) 儲備之性質及目的 (續)

iv) 法定儲備

自保留盈利撥至法定儲備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。

法定儲備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儲備金結餘不得少於實體註冊資本之25%。

本公司若干於中國之附屬公司須最低限度向法定儲備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。作出之轉撥須於向擁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(u)所載之會計政策予以處理。

vi) 公平值儲備

公平值儲備包括於申報期間結算日所持有可供出售權益證券之公平值之累計變動淨額，並根據附註2(g)所載之會計政策予以處理。

32. SHARE CAPITAL AND RESERVES (Continued)

c) Nature and purpose of reserves (Continued)

iv) Statutory reserves

Transfers from retained earnings to statutory reserve fund 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 reserve fund 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 reserve fund after such conversion is not less than 25% of the entity's registered capital.

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 reaches 50% of the registered capital. The transfer must be made before distribution of dividends to owners.

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(u).

vi) Fair value reserve

The fair value reserve comprises the cumulative net change in fair value of available-for-sale equity securities held at the end of the reporting period and is dealt with in accordance with the accounting policies in note 2(g).

32. 股本及儲備 (續)

d) 儲備之可供分派情況

於二零一一年十二月三十一日，可供分派予擁有人之本公司儲備總額約為1,832,830,000港元（二零一零年：1,868,487,000港元），其中包括本公司股份溢價約1,920,050,000港元（二零一零年：1,919,350,000港元）及累計虧損約87,220,000港元（二零一零年：50,863,000港元），惟緊隨建議宣派股息之日，本公司必須有能力償還於日常業務中到期的債項，方能作出分派。

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權持有人獲益，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。

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本公司擁有人應佔總權益計算。本集團於二零一一年及二零一零年十二月三十一日並無淨債項。截至二零一一年十二月三十一日止年度期間，本集團之策略與二零一零年相同。

本公司及其任何附屬公司毋須遵守外埠實施之資本規定。

32. SHARE CAPITAL AND RESERVES (Continued)

d) Distributability of reserves

At 31 December 2011, the aggregate amount of the Company's reserves available for distribution to owners was approximately HK\$1,832,830,000 (2010: HK\$1,868,487,000). It includes the Company's share premium of approximately HK\$1,920,050,000 (2010: HK\$1,919,350,000) and accumulated losses of approximately HK\$87,220,000 (2010: HK\$50,863,000) and is available for distribution provided that immediately following the date on which the dividend is proposed, the Company will be able to pay off its debts as they fall due in the ordinary course of business.

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 stakeholders 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.

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 total equity attributable to owners of the Company. There is no net debts for the Group as at 31 December 2011 and 2010. During the year ended 31 December 2011, the Group's strategy was unchanged from 2010.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

33. 出售附屬公司

於二零一一年八月八日，本集團附屬公司宜興新威利成稀土有限公司與兩名獨立第三方訂立股權轉讓協議，以現金代價257,000,000元人民幣出售了其於興華稀土的股權。該出售已於二零一一年八月十二日完成。於出售日期之出售資產淨值載列如下：

33. DISPOSAL OF A SUBSIDIARY

On 8 August 2011, a subsidiary of the Group, Yixing Xinwei Leeshing Rare Earth Company Limited, entered into an equity transfer agreement with two independent third parties to dispose of its entire interest in Xinghua Rare Earth at a consideration of RMB257,000,000 for cash. The disposal was completed on 12 August 2011 and the net assets disposed of at the date of disposal were as follows:

| | | 千港元 HK\$' 000 |
|-----------------------|---|------------------|
| 無形資產(附註20) | Intangible assets (note 20) | 230,080 |
| 物業、廠房及設備(附註18(a)) | Property, plant and equipment (note 18(a)) | 40,127 |
| 經營租約下預付土地租金 (附註19) | Prepaid lease payments for land under operating leases (note 19) | 27,675 |
| 存貨 | Inventories | 8,191 |
| 預付款項及按金 | Prepayment and deposits | 51,684 |
| 應收賬款及其他應收款 | Trade and other receivables | 100,668 |
| 現金及現金等值項目 | Cash and cash equivalents | 22 |
| | | 458,447 |
| 應付賬款 | Trade payables | (5,378) |
| 預提費用及其他應付款 | Accruals and other payables | (165,530) |
| 遞延稅項負債(附註31(b)) | Deferred tax liabilities (note 31(b)) | (44,525) |
| 應付稅項(附註31(a)) | Tax payable (note 31(a)) | (361) |
| | | 242,653 |
| 商譽(附註17) | Goodwill (note 17) | 70,734 |
| 出售資產淨值 | Net assets disposed of | 313,387 |
| 匯兌儲備轉出 | Release of translation reserve | (21,063) |
| 出售附屬公司之稅前收益(附註12) | Pre-tax gain on disposal of a subsidiary (note 12) | 20,823 |
| 代價 | Consideration | 313,147 |
| 以下列方式支付： | Satisfied by: | |
| 現金 | Cash | 313,147 |
| 出售附屬公司之現金流入淨額： | Net cash inflow on disposal of a subsidiary: | |
| 出售之所得款項 | Proceeds on disposal | 313,147 |
| 出售之現金及現金等值項目 | Cash and cash equivalents disposed of | (22) |
| | | 313,125 |

34. 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。於截至二零一一年及二零一零年十二月三十一日止兩個年度，本公司並無授出購股權。

行使價將由本公司董事釐定，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。50%購股權於二零零四年一月二十日前將不得行使。每份購股權賦予其持有人權力認購本公司一股普通股份，並以股份悉數結算。

34. 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 2011 and 2010.

The exercise price is to be determined 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. 50% of the options shall not be exercised prior to 20 January 2004. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

34. 購股權計劃 (續)

截至二零一一年十二月三十一日止年度購股權之變動如下：

| | | 根據購股權可予發行之股份數目 | | | | | | | |
|---------------|--------------------|---|--------------|------------|------------|------------|----------------|------|--|
| | | Number of shares issuable under options | | | | | | | |
| 授出日期 | 行使期 | 行使價 | 於二零一一年 | | | | 於二零一一年 | | |
| | | | 一月一日 | 年內授出 | 年內行使 | 年內沒收 | 十二月三十一日 | 尚未行使 | |
| Date of grant | Exercisable period | Exercise price | Outstanding | Granted | Exercised | Forfeited | Outstanding at | | |
| | | | at 1 January | during the | during the | during the | 31 December | 2011 | |
| | | | 2011 | year | year | year | | | |
| 僱員 | 二零零三年 一月二十三日 | 二零零三年一月二十七日 至二零一三年一月二十六日 | | | | | | | |
| Employee | 23 January 2003 | 27 January 2003-26 January 2013 | 1.10 | 700,000 | - | (700,000) | - | - | |

截至二零一零年十二月三十一日止年度之購股權變動如下：

| | | 根據購股權可予發行之股份數目 | | | | | | | |
|---------------|--------------------|---|--------------|------------|------------|------------|----------------|---------|--|
| | | Number of shares issuable under options | | | | | | | |
| 授出日期 | 行使期 | 行使價 | 於二零一零年 | | | | 於二零一零年 | | |
| | | | 一月一日 | 年內授出 | 年內行使 | 年內沒收 | 十二月三十一日 | 尚未行使 | |
| Date of grant | Exercisable period | Exercise price | Outstanding | Granted | Exercised | Forfeited | Outstanding at | | |
| | | | at 1 January | during the | during the | during the | 31 December | 2010 | |
| | | | 2010 | year | year | year | | | |
| 僱員 | 二零零三年 一月二十三日 | 二零零三年一月二十七日 至二零一三年一月二十六日 | | | | | | | |
| Employee | 23 January 2003 | 27 January 2003-26 January 2013 | 1.10 | 1,500,000 | - | (800,000) | - | 700,000 | |

於二零一一年十二月三十一日，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零股(二零一零年：700,000股)，佔於該日本公司已發行股份約零%(二零一零年：0.04%)。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%。

34. SHARE OPTION SCHEME (Continued)

Movements of share options for the year ended 31 December 2011 are as follows:

Movements of share options for the year ended 31 December 2010 are as follows:

As at 31 December 2011, the number of shares in respect of which options had been granted and remained outstanding under the Old Scheme was nil (2010: 700,000), representing approximately nil% (2010: 0.04%) 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.

35. 關連人士交易

a) 與關連人士之交易

董事認為，下列為年內本集團之重大關連人士交易：

35. RELATED PARTY TRANSACTIONS

a) Transactions with related parties

The directors consider that the followings are the significant related party transactions of the Group during the year:

| | | | 二零一一年 | 二零一零年 |
|--|--|---|----------|------------|
| | | | 2011 | 2010 |
| | | | 千港元 | 千港元 |
| | | | HK\$'000 | HK\$'000 |
| | | | | (重新表述) |
| | | | | (restated) |
| 關連人士名稱 | 與本集團之關係 | 交易性質 | | |
| Name of related party | Relationship with the Group | Nature of transaction | | |
| 蔣泉龍 | 本公司執行董事 | 本集團支付租金費用 | 636 | 250 |
| Jiang Quanlong | Executive director of the Company | Payment of rental expenses by the Group | | |
| 歐司朗(中國)熒光材料有限公司 (「歐司朗中國」) | 本集團共同控制實體 | 本集團銷售產成品 | 32,716 | 11,255 |
| OSRAM (China) Fluorescent Materials Co., Ltd. ("OFM") | Jointly controlled entity of the Group | Sales of finished goods by the Group | | |
| | | 本集團銷售廠房及設備 | 1,402 | - |
| | | Sales of plant and equipment by the Group | | |

35. 關連人士交易 (續)

a) 與關連人士之交易 (續)

35. RELATED PARTY TRANSACTIONS (Continued)

a) Transactions with related parties (Continued)

| | | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 (重新表述) (restated) |
|---|---|---|----------------------------------|--|
| 關連人士名稱 Name of related party | 與本集團之關係 Relationship with the Group | 交易性質 Nature of transaction | | |
| 宜興旭硝子工業陶瓷有限公司(「宜興旭硝子」) Yixing AGC Ceramics Co., Ltd. ("AGCC") | 本集團共同控制實體 Jointly controlled entity of the Group | 本集團銷售產成品 Sales of finished goods by the Group | 10,781 | — |
| | | 本集團銷售經營租約下預付土地租金 Sales of prepaid lease payment on land under operating leases by the Group | 10,150 | — |
| 無錫泛亞環保科技有限公司(「無錫泛亞」) Wuxi Pan-Asia Environmental Protection Technologies Limited ("Wuxi Pan-Asia") | 執行董事蔣泉龍擁有實益權益 Jiang Quanlong, an executive director, has beneficial interest | 本集團支付租金費用 Payment of rental expenses by the Group | 64 | 61 |
| | | 歐司朗中國收取租金收入 Receipt of rental income by OFM | 23 | 6 |
| | | 宜興旭硝子購買經營租約下預付土地租金 Purchase of prepaid lease payments on land under operating leases by AGCC | 12,844 | — |
| | | 宜興旭硝子購買持作自用樓宇 Purchase of buildings held for own use by AGCC | 7,342 | — |

35. 關連人士交易 (續)

a) 與關連人士之交易 (續)

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：

35. RELATED PARTY TRANSACTIONS (Continued)

a) Transactions with related parties (Continued)

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 | |
| | | 二零一一年 | 二零一零年 |
| | | 2011 | 2010 |
| | | 千港元 | 千港元 |
| | | HK\$'000 | HK\$'000 |
| 基本薪金、津貼及實物福利 | Basic salaries, allowance and benefits-in-kind | 3,802 | 3,774 |
| 退休後福利 | Post-employment benefits | 58 | 56 |
| | | 3,860 | 3,830 |

c) 與關連人士之結餘

於二零一一年及二零一零年十二月三十一日與關連人士之結餘之詳情載於附註26。

c) Balances with related parties

Details of the balances with related parties as at 31 December 2011 and 2010 are set out in note 26.

36. 承擔

- a) 於申報期間結算日，本集團於綜合財務報表內有關物業、廠房及設備之收購及建築之未撥備但已批准的資本承擔如下：

36. COMMITMENTS

- a) At the end of the reporting period, the Group had the authorised capital commitments in respect of acquisition and construction of property, plant and equipment contracted but not provided for in the consolidated financial statements as follows:

| | | 本集團 The Group | |
|--------------------|--|-----------------------------------|---|
| | | 二零一一年 2011 千港元 HK\$' 000 | 二零一零年 2010 千港元 HK\$' 000 (重新表述) (restated) |
| 物業、廠房及設備 之收購及建築 | Acquisition and construction of property, plant and equipment | 8,531 | 6,212 |

- b) 於申報期間結算日，本集團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之到期日如下：

- b) At the end of the reporting period, the Group had 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 | |
|----------------|---------------------------------------|-----------------------------------|---|
| | | 二零一一年 2011 千港元 HK\$' 000 | 二零一零年 2010 千港元 HK\$' 000 (重新表述) (restated) |
| 1年內 | Within one year | 2,326 | 1,605 |
| 第2至第5年(包括首尾兩年) | In the second to fifth year inclusive | 2,532 | 2,485 |
| | | 4,858 | 4,090 |

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，為期二至五年。概無租賃涉及或然租金。

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 periods of two to five years. None of the leases includes contingent rentals.

36. 承擔(續)

b) (續)

上述承擔包括予於附註35所披露之關連人士蔣泉龍及無錫泛亞之未來租金付款約2,456,000港元(二零一零年: 315,000港元), 到期日如下:

36. COMMITMENTS (Continued)

b) (Continued)

The above commitments included future lease payments to Jiang Quanlong and Wuxi Pan-Asia, related parties as disclosed in note 35, of approximately HK\$2,456,000 (2010: HK\$315,000) which fall due as follows:

| | | 本集團 The Group | |
|----------------|---------------------------------------|----------------------------------|----------------------------------|
| | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 |
| 1年內 | Within one year | 954 | 232 |
| 第2至第5年(包括首尾兩年) | In the second to fifth year inclusive | 1,502 | 83 |
| | | 2,456 | 315 |

c) 於申報期間結算日, 本集團共同控制實體歐司朗中國與於附註35披露之關連人士無錫泛亞訂立合約就根據不可撤銷之土地經營租賃於日後所須支付之最低租金款項之到期日如下:

c) At the end of reporting period, OFM, a jointly controlled entity of the Group, had contracted with Wuxi Pan-Asia, a related party as disclosed in note 35, for future minimum lease payment receivables under non-cancellable operating leases in respect of land which fall due as follows:

| | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 |
|----------------|---------------------------------------|----------------------------------|----------------------------------|
| 1年內 | Within one year | 23 | 22 |
| 第2至第5年(包括首尾兩年) | In the second to fifth year inclusive | 108 | 88 |
| 超過五年 | More than five years | 993 | 946 |
| | | 1,124 | 1,056 |

36. 承擔 (續)

c) (續)

應收經營租賃付款指歐司朗中國就使用一幅土地之權利應收之租金。租約及租金乃通過磋商釐定，為期49年。概無租賃涉及或然租金。

37. 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、可供出售權益證券、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、貨幣風險及股份價格風險。

a) 信貸風險

i) 信貸風險指交易對手無法履行合約責任導致本集團財務虧損之風險。本集團所採用的政策為僅與信譽良好之交易對手進行買賣，並取得足夠抵押品(如適用)，以減輕無法履行合約責任導致財務虧損之風險。

36. COMMITMENTS (Continued)

c) (Continued)

Operating lease payment receivables represent rental receivables by OFM for the right to use a piece of land. Leases and rentals are negotiated and fixed for 49 years. None of the leases includes contingent rentals.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include cash and cash equivalents, pledged bank deposits, restricted bank balances, available-for-sale equity securities, trade and other receivables, trade and other payables and bank borrowings. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, interest rate risk, currency risk and equity price risk arises in the normal course of the Group's business.

a) Credit risk

i) Credit risk refers to the risk a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

37. 財務風險管理目標及政策 (續)

a) 信貸風險 (續)

- ii) 為盡量減低應收賬款及其他應收款之風險，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。本集團會定期對各及每位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。於申報期間結算日，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10% (二零一零年：21%)及36% (二零一零年：46%)。

有關本集團來自應收賬款及其他應收款之信貸風險之進一步量化披露載於附註25。

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) Credit risk (Continued)

- 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 are performed on each and every 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 end of the reporting period, the Group has a certain concentration of credit risk as 10% (2010: 21%) and 36% (2010: 46%) 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 25.

37. 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高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) 就應收共同控制實體款項及應收前附屬公司款項而言，本集團會密切監察共同控制實體及前附屬公司之財務狀況，包括淨資產抵押。此外，本集團會審閱各項個別債項之可收回數額，以確保就不可收回數額作出充份減值虧損。就此，董事認為，本集團之信貸風險已減輕。

除應收賬款及其他應收款、現金及現金等值項目、已抵押銀行存款、應收共同控制實體款項及應收前附屬公司款項所產生之集中信貸風險外，本集團並無任何其他重大集中信貸風險。

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。

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) Credit risk (Continued)

iii) Cash is deposited with financial institutions with high 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) For amounts due from jointly controlled entities and amount due from a former subsidiary, the Group would closely monitor the financial positions including the net assets backing of the jointly controlled entities and the former subsidiary. In addition, the Group reviews the recoverable amounts of the individual debts to ensure that adequate impairment losses are made for the irrecoverable amounts. In this regard, the directors consider that the Group's credit risk is mitigated.

Other than concentration of credit risk on trade and other receivables as well as cash and cash equivalents, pledged bank deposits, amounts due from jointly controlled entities and amount due from a former subsidiary, the Group does not have any other significant concentration of credit risk.

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.

37. 財務風險管理目標及政策(續)

b) 流動資金風險(續)

下表載列本集團及本公司之金融負債於申報期間結算日，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，則按申報期間結算日當日之利率計)及本集團及本公司可被要求償還之最早日期所得之餘下合約期：

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b) Liquidity risk (Continued)

The following tables set out the remaining contractual maturities at the end of the reporting period 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 end of the reporting period) and the earliest date the Group and the Company can be required to pay:

| | | 本集團 The Group 二零一一年 2011 | | | | |
|----------------|--------------------------------|-----------------------------------|---|--|---|--------------------|
| | | 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 contractual 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 |
| 應付賬款 | Trade payables | 94,964 | - | - | 94,964 | 94,964 |
| 預提費用及 其他應付款 | Accruals and other payables | 62,806 | - | - | 62,806 | 62,806 |
| 應付董事款項 | Amounts due to directors | 519 | - | - | 519 | 519 |
| 銀行貸款 | Bank borrowings | 100,222 | - | - | 100,222 | 98,680 |
| | | 258,511 | - | - | 258,511 | 256,969 |

37. 財務風險管理目標及政策 (續)

b) 流動資金風險 (續)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b) Liquidity risk (Continued)

| | | 本集團 The Group 二零一零年 2010 | | | | |
|----------------|--------------------------------|---|--|---|--|---|
| | | 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 千港元 HK\$'000 (重新表述) (restated) | More than 1 year but less than 2 years 千港元 HK\$'000 | More than 2 years but less than 5 years 千港元 HK\$'000 | Total contractual undiscounted cash flow 千港元 HK\$'000 (重新表述) (restated) | Carrying amount 千港元 HK\$'000 (重新表述) (restated) |
| 應付賬款 | Trade payables | 80,723 | - | - | 80,723 | 80,723 |
| 預提費用及 其他應付款 | Accruals and other payables | 23,052 | - | - | 23,052 | 23,052 |
| 應付董事款項 | Amounts due to directors | 270 | - | - | 270 | 270 |
| 銀行貸款 | Bank borrowings | 101,393 | - | - | 101,393 | 99,389 |
| | | 205,438 | - | - | 205,438 | 203,434 |

37. 財務風險管理目標及政策 (續)

b) 流動資金風險 (續)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b) Liquidity risk (Continued)

| | | 本公司 The Company 二零一一年 2011 | | | | |
|--------|--------------------------|-------------------------------------|---|--|---|--------------------|
| | | 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 contractual 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 |
| 預提費用及 | Accruals and other | | | | | |
| 其他應付款 | payables | 4,471 | - | - | 4,471 | 4,471 |
| 應付董事款項 | Amounts due to directors | 260 | - | - | 260 | 260 |
| | | 4,731 | - | - | 4,731 | 4,731 |

37. 財務風險管理目標及政策 (續)

b) 流動資金風險 (續)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b) Liquidity risk (Continued)

| | | 本公司 The Company 二零一零年 2010 | | | | |
|----------|-----------------------------|---|--|---|--|---------------------------------------|
| | | 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 千港元 HK\$'000 | More than 1 year but less than 2 years 千港元 HK\$'000 | More than 2 years but less than 5 years 千港元 HK\$'000 | Total contractual undiscounted cash flow 千港元 HK\$'000 | Carrying amount 千港元 HK\$'000 |
| 預提費用及 | Accruals and other | | | | | |
| 其他應付款 | payables | 4,747 | - | - | 4,747 | 4,747 |
| 應付附屬公司款項 | Amounts due to subsidiaries | 264 | - | - | 264 | 264 |
| 應付董事款項 | Amounts due to directors | 270 | - | - | 270 | 270 |
| | | 5,281 | - | - | 5,281 | 5,281 |

概無任何銀行貸款包含香港(詮釋)第5號「財務報表的呈列—借貨人對包含按要償還條款的定期貸款的分類」有關按要償還條款。

None of bank borrowings contain a repayment on demand clause in relation to HK Interpretation 5, Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause.

37. 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、銀行存款、已抵押銀行存款、受限制銀行結餘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申報期間結算日的利率組合：

37. 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, deposit with banks, pledged bank deposits, restricted bank balances 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 end of reporting period:

| | | 本集團 The Group | | | |
|-----------|---------------------------|------------------------------------|-----------------|------------------------------------|-----------------|
| | | 二零一一年 2011 | | 二零一零年 2010 | |
| | | 實際利率 Effective interest rate | | 實際利率 Effective interest rate | |
| | | % | 千港元 HK\$'000 | % | 千港元 HK\$'000 |
| | | | | (重新表述) (restated) | |
| 已抵押銀行存款 | Pledged bank deposits | 3.25 – 3.85 | 104,724 | 1.25 | 99,777 |
| 受限制銀行結餘 | Restricted bank balances | – | – | 3.71 | 2,868 |
| 銀行存款 | Deposit with banks | – | – | 2.60 | 113,282 |
| 現金及現金等值項目 | Cash and cash equivalents | 0.01 – 0.05 | 1,530,123 | 0.13 – 0.36 | 1,079,492 |
| 銀行貸款 | Bank borrowings | 5.10 – 6.41 | (98,680) | 3.28 – 5.10 | (99,389) |
| 淨存款總額 | Total net deposits | | 1,536,167 | | 1,196,030 |

37. 財務風險管理目標及政策 (續)

c) 利率風險 (續)

i) 利率組合 (續)

| | | 本公司 The Company | | | |
|-----------|---------------------------|------------------------------------|-----------------|------------------------------------|-----------------|
| | | 二零一一年 2011 | | 二零一零年 2010 | |
| | | 實際利率 Effective interest rate | | 實際利率 Effective interest rate | |
| | | % | 千港元 HK\$'000 | % | 千港元 HK\$'000 |
| 銀行存款 | Deposits with banks | - | - | 2.60 | 113,282 |
| 現金及現金等值項目 | Cash and cash equivalents | 0.01 | 16,860 | 0.20 | 25,335 |
| 淨存款總額 | Total net deposits | | 16,860 | | 138,617 |

ii) 敏感度分析

屬於固定利率工具的本集團所有已抵押銀行存款、受限制銀行結餘及定息銀行存款對任何利率變動不敏感。於申報期間結算日的利率變動不會影響損益。

於二零一一年十二月三十一日，在所有其他變數保持不變的情況下，估計利率整體上升或下降50個基點將增加或減少本集團本年度溢利約4,201,000港元（二零一零年重新表述：3,298,000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。

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

c) Interest rate risk (Continued)

i) Interest rate profile (Continued)

| | | 本公司 The Company | | | |
|-----------|---------------------------|------------------------------------|-----------------|------------------------------------|-----------------|
| | | 二零一一年 2011 | | 二零一零年 2010 | |
| | | 實際利率 Effective interest rate | | 實際利率 Effective interest rate | |
| | | % | 千港元 HK\$'000 | % | 千港元 HK\$'000 |
| 銀行存款 | Deposits with banks | - | - | 2.60 | 113,282 |
| 現金及現金等值項目 | Cash and cash equivalents | 0.01 | 16,860 | 0.20 | 25,335 |
| 淨存款總額 | Total net deposits | | 16,860 | | 138,617 |

ii) Sensitivity analysis

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

At 31 December 2011, it is estimated that a general increase or decrease of 50 basis points in interest rates, with all other variables held constant, would increase or decrease the Group's profit for the year by approximately HK\$4,201,000 (2010 restated: HK\$3,298,000). Other components of consolidated equity would not change in response to the general increase or decrease in interest rates.

37. 財務風險管理目標及政策 (續)

c) 利率風險 (續)

ii) 敏感度分析 (續)

上述敏感度分析乃根據於申報期結算日所承擔之利率風險而釐定。有關分析乃假設於申報期結算日之未償還金融工具於整個年度尚未償還而編製。50個基點上升或下降為內部向主要管理人員匯報利率風險所使用之基點，並為管理層對利率的合理可能變動的評估。二零一零年已以相同基準作出分析。

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所產生應收款、應付款及現金結餘而面對貨幣風險。導致此項風險之貨幣主要為美元及港元。

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

c) Interest rate risk (Continued)

ii) Sensitivity analysis (Continued)

The sensitivity analysis above has been determined based on the exposure to interests rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. The 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible changes in interest rates. The analysis is performed on the same basis for 2010.

d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a currency other than the functional currency of the entity to which they relate. The currencies giving rise to this risk are primarily United States dollars and Hong Kong dollars.

37. 財務風險管理目標及政策 (續)

d) 貨幣風險 (續)

i) 所承擔之貨幣風險

下表詳列本集團及本公司就來自以與實體有關之功能貨幣以外貨幣計值之已確認資產或負債所承受貨幣風險。

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

d) Currency risk (Continued)

i) Exposure to currency risk

The following table details the Group's and the Company's exposure to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

| | | 本集團 The Group | | | |
|------------|-----------------------------------|--|-------------------------|---------------------------------------|-------------------------|
| | | 所承擔之貨幣風險 (以千港元列值) Exposure to currency risk (expressed in HK\$'000) | | | |
| | | 二零一一年 2011 | | 二零一零年 2010 (重新表述) (restated) | |
| | | 美元 United States Dollars | 港元 Hong Kong Dollars | 美元 United States Dollars | 港元 Hong Kong Dollars |
| 應收賬款及其他應收款 | Trade and other receivables | 42,551 | - | 42,532 | - |
| 現金及現金等值項目 | Cash and cash equivalents | 34,664 | 18,483 | 65,098 | 200,102 |
| 應付賬款及其他應付款 | Trade and other payables | (1,172) | - | (1,186) | - |
| 銀行貸款 | Bank borrowings | - | - | (5,348) | - |
| 所承受整體貨幣風險 | Overall exposure to currency risk | 76,043 | 18,483 | 101,096 | 200,102 |

37. 財務風險管理目標及政策 (續)

d) 貨幣風險 (續)

i) 所承擔之貨幣風險 (續)

| | | 本公司 The Company 所承擔之貨幣風險 (以千港元列值) | |
|------------|-----------------------------------|--|---------------|
| | | Exposure to currency risk (expressed in HK\$'000) | |
| | | 二零一一年 2011 | 二零一零年 2010 |
| | | 美元 United States Dollars | |
| 應收賬款及其他應收款 | Trade and other receivables | - | 67 |
| 現金及現金等值項目 | Cash and cash equivalents | 4,116 | 28,055 |
| 預提費用及其他應付款 | Accruals and other payables | (1,172) | (1,172) |
| 所承受整體貨幣風險 | Overall exposure to currency risk | 2,944 | 26,950 |

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。

ii) 敏感度分析

下表列示本集團之除稅後溢利及保留溢利因應本集團於申報期間結算日面對重大匯率風險之外幣匯率於該日可能出現之合理變動而隨即產生之變動，並假定其他風險變數維持不變。

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

d) Currency risk (Continued)

i) Exposure to currency risk (Continued)

| | | The Company The Company Exposure to currency risk (expressed in HK\$'000) | |
|-----------------------------------|--|--|---------|
| | | 2011 | 2010 |
| | | United States Dollars | |
| Trade and other receivables | | - | 67 |
| Cash and cash equivalents | | 4,116 | 28,055 |
| Accruals and other payables | | (1,172) | (1,172) |
| Overall exposure to currency risk | | 2,944 | 26,950 |

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

ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax and retained profits that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

37. 財務風險管理目標及政策 (續)

d) 貨幣風險 (續)

ii) 敏感度分析 (續)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

d) Currency risk (Continued)

ii) Sensitivity analysis (Continued)

| | | 本集團 | |
|----|-----------------------|---|----------------------|
| | | The Group | |
| | | 除稅後溢利及 保留溢利之 增加／(減少) | |
| | | Increase/(decrease) in profit after taxation and retained profits | |
| | | 二零一一年 | 二零一零年 |
| | | 2011 | 2010 |
| | | 千港元 | 千港元 |
| | | HK\$'000 | HK\$'000 |
| | | | (重新表述) (restated) |
| 美元 | United States Dollars | 5% (5%) | 3,354 (3,354) |
| 港元 | Hong Kong Dollars | 5% (5%) | 693 (693) |
| | | | 4,670 (4,670) |
| | | | 7,504 (7,504) |

37. 財務風險管理目標及政策 (續)

d) 貨幣風險 (續)

ii) 敏感度分析 (續)

| | | 本公司 The Company | |
|----|-----------------------|---|---|
| | | 外幣匯率 增加 / (減少) | 除稅後虧損及 累計虧損之 (減少) / 增加 |
| | | Increase/ (decrease) in foreign exchange rates | (Decrease)/Increase in loss after taxation and accumulated losses |
| | | | 二零一一年 2011 千港元 HK\$'000 |
| | | | 二零一零年 2010 千港元 HK\$'000 |
| 美元 | United States Dollars | 5% | (147) |
| | | (5%) | 147 |

上表所示之分析結果代表對本集團旗下各實體按功能貨幣計算並按申報期間結算日之匯率換算為港元以供呈列之用的除稅後溢利及權益之即時影響總和。

上述敏感度分析乃假設外幣匯率之變動已用於重新計量本集團於申報期間結算日所持有之金融工具而釐定。此項分析依二零一零年之相同基準進行。

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

d) Currency risk (Continued)

ii) Sensitivity analysis (Continued)

| | | The Company | |
|----|-----------------------|---|---|
| | | 外幣匯率 增加 / (減少) | 除稅後虧損及 累計虧損之 (減少) / 增加 |
| | | Increase/ (decrease) in foreign exchange rates | (Decrease)/Increase in loss after taxation and accumulated losses |
| | | | 二零一一年 2011 千港元 HK\$'000 |
| | | | 二零一零年 2010 千港元 HK\$'000 |
| 美元 | United States Dollars | 5% | (147) |
| | | (5%) | 147 |

Results of the analysis is presented in the above table represent an aggregate of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group at the end of the reporting period. The analysis is performed on the same basis for 2010.

37. 財務風險管理目標及政策 (續)

e) 股份價格風險

本集團因按公平值計量之若干可供出售投資而承擔股份價格風險，其公平值是根據各申報期間結算日之市場報價計算。本集團會密切監察可能影響該等投資價值之價格變動及市況轉變來管理風險。

於二零一一年十二月三十一日，估計股票價格上升或下降10%，所有其他變數維持不變，會使本集團於本年度之溢利及權益總額增加或減少約672,000港元(二零一零年：1,424,000港元)。

f) 公平值

重大金融資產及負債的賬面值與其於二零一一年及二零一零年十二月三十一日的公平值相若。

i) 現金及現金等值項目、應收賬款及其他應收款、應付賬款及其他應付款

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。

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

e) Equity price risk

The Group is exposed to equity price risk through the Group's certain available-for-sale investments that are measured at fair value at the end of the reporting period with reference to the quoted market prices. The Group manages its exposure by closely monitoring the price movements and the changes in market conditions that may affect the value of these investments.

At 31 December 2011, it is estimated that an increase or decrease of 10% in equity price, with all other variables held constant, would have increased or decreased the Group's profit for the year and total equity by approximately HK\$672,000 (2010: HK\$1,424,000).

f) Fair value

The carrying amounts of significant financial assets and liabilities approximate their respective fair values as at 31 December 2011 and 2010.

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.

37. 財務風險管理目標及政策 (續)

f) 公平值 (續)

iii) 按公平值列賬之金融工具

下表呈列於申報期間結算日，按香港財務報告準則第7號「金融工具：披露」所界定之公平值等級制度之三個等級中，按公平值計量之金融工具之賬面值，其中每項被分類之金融工具之公平值全數基於對公平值計量屬重大之最低輸入等級。有關等級界定如下：

- 第1級 (最高等級)：利用在活躍市場中相同金融工具之報價 (未經調整) 計量公平值；
- 第2級：利用在活躍市場中類似金融工具之報價，或所有重要輸入數據均直接或間接基於可觀察市場數據之估值技術計量公平值；及
- 第3級 (最低等級)：利用任何重要輸入數據並非基於可觀察市場數據之估值技術計量公平值。

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

f) Fair value (Continued)

iii) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments;
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data; and
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

37. 財務風險管理目標及政策 (續)

f) 公平值 (續)

iii) 按公平值列賬之金融工具 (續)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (Continued)

f) Fair values (Continued)

iii) Financial instruments carried at fair value (Continued)

| | | | | 本集團及本公司 | |
|-----|---------|--------------|---|---------------------------|---------------|
| | | | | The Group and the Company | |
| | | | | 二零一一年 | 二零一零年 |
| | | | | 2011 | 2010 |
| | | | | 千港元 | 千港元 |
| | | | | HK\$' 000 | HK\$' 000 |
| 級別 | Level | 資產 | Asset | | |
| 第1級 | Level 1 | 可供出售 權益證券 | Available-for-sale equity securities | 6,720 | 14,240 |
| 第2級 | Level 2 | — | — | — | — |
| 第3級 | Level 3 | — | — | — | — |
| | | | | 6,720 | 14,240 |

於申報期間結算日，第2級及第3級並無任何金融工具。

There were no financial instruments in Level 2 and Level 3 at the end of the reporting period.

g) 業務風險

本集團之大部份收益主要來自銷售稀土鹽類及氧化物產品。銷售稀土鹽類及氧化物產品之收益須視乎中國政府對開採稀土礦場及授出稀土產品出口配額之限制。隨著中國政府限制增加，稀土鹽類及氧化物產品之供應減少及價格上漲。鑑於本集團主要依賴稀土行業，本集團之收益極容易受到中國政府對稀土行業之政策變動所影響。

g) Business risk

Substantial portion of the Group's revenue is generated mainly from the sales of rare earth salts and oxide products. The revenue from the sales of rare earth salts and oxide products is dependent on the Chinese government restriction on mining of rare earth mines and granting of export quotas of rare earth products. The supply and price of rare earth salts and oxide products decreases and increases respectively with increasing in the Chinese government restriction. Given the Group's substantial reliance on rare earth industry, the Group's revenue could be highly sensitive to changes in the Chinese government policy on the rare earth industry.

37. 財務風險管理目標及政策 (續)

h) 估計公平值

下文概述用於估計金融工具公平值之主要方法和假設。

權益證券

公平值乃根據申報期間結算日之市場報價釐定，且並無就交易成本作任何扣減。

i) 環境風險

年內，中國政府對國內所有稀土企業都進行了大規模的環保審查。對未能符合相關標準的企業可強制關停整頓。本集團對環境保護一直不遺餘力，早已達到所有環保標準。日後對環保標準的嚴謹限制可對本集團之營運及溢利造成影響。

38. 或然負債

出具財務擔保

於二零一一年十二月三十一日，本集團一共同控制實體以本集團一附屬公司向一銀行出具擔保使其獲得不多於271,370,000港元(二零一零年：零港元)之信貸額度。本集團於該擔保之最高負債，即該共同控制實體已提取的信貸額度，為49,340,000港元(二零一零年：零港元)。由於財務擔保負債之公平值並不重大且董事認為就該擔保向本集團索償的機會不高，故並無確認該財務擔保負債。

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

h) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

Equity securities

Fair value is based on quoted market prices at the end of the reporting period without any deduction for transactions costs.

i) Environmental risk

During the year, the Chinese government has conducted large scale environmental production inspections on all rare earth enterprises in the country. Enterprises which failed to meet the relevant standards would be forced to suspend operations. The Group has constantly promoted environmental protection and has complied with these environmental protection standards. Future stringent restrictions on the environmental production standards could affect the Group's operations and profits.

38. CONTINGENT LIABILITIES

Financial guarantee issued

As at 31 December 2011, a jointly controlled entity of the Group was covered by a guarantee issued by a subsidiary of the Group to a bank in respect of bank facilities granted to the jointly controlled entity to the extent of HK\$271,370,000 (2010: HK\$Nil). The maximum liability of the Group under the guarantee is the amount of the facilities drawn down by the jointly controlled entity, being HK\$49,340,000 (2010: HK\$Nil). No recognition of the financial guarantee liabilities was made because the fair value of it was insignificant and that the directors did not consider it probable that a claim will be made against the Group under the guarantee.

39. 比較數字

除附註2(b)所披露者外，綜合收益表之比較數字經已重新表述，猶如年內已終止經營之業務於比較期間初經已終止經營(附註12)。營運分部資料之比較資料經已重新表述，以將已終止經營業務從稀土分部分離(附註16)。

此外，應收賬款及其他應收款之減值虧損撥回款額4,996,000港元之比較數字，已從其他收益重新分類為管理費用，以符合本年度財務報表之呈列方式。

40. 申報期間後非調整事件

於申報期間結算日後，董事建議派付末期股息。有關詳情已於附註14披露。

39. COMPARATIVE AMOUNTS

Other than those disclosed in note 2(b), the comparative figures of the consolidated income statement have been restated as if the operation discontinued during the year had been discontinued at the beginning of the comparative period (note 12). The comparative figures of the operating segment information have been restated to separate the rare earth segment with the discontinued operation (note 16).

In addition, the comparative figures for the reversal of impairment loss on trade and other receivables of HK\$4,996,000 had been reclassified from other revenue to administrative expenses in order to conform to the current year's presentation of the financial statements.

40. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in note 14.

財務概要

FINANCIAL SUMMARY

| | | 截至十二月三十一日止年度 For the year ended 31 December | | | | |
|-------------------|---|--|--|--|----------------------------------|----------------------------------|
| | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 (重新表述) (restated) | 二零零九年 2009 千港元 HK\$'000 (重新表述) (restated) | 二零零八年 2008 千港元 HK\$'000 | 二零零七年 2007 千港元 HK\$'000 |
| 營業額 | Turnover | 2,213,354 | 1,116,755 | 1,112,401 | 1,364,890 | 1,385,345 |
| 銷售成本 | Cost of sales | (1,159,922) | (863,718) | (910,991) | (1,015,603) | (931,232) |
| 毛利 | Gross profit | 1,053,432 | 253,037 | 201,410 | 349,287 | 454,113 |
| 除稅前溢利/ (虧損) | Profit/(loss) before taxation | 716,083 | 146,197 | 109,414 | (118,551) | 396,134 |
| 所得稅 | Income tax | (176,285) | (30,824) | (50,927) | (53,856) | (97,054) |
| 持續經營業務 溢利/(虧損) | Profit/(loss) from continuing operations | 539,798 | 115,373 | 58,487 | (172,407) | 299,080 |
| 已終止經營業務 溢利 | Profit from discontinued operation | 15,661 | 23,668 | 26,196 | - | - |
| 本年度溢利/ (虧損) | Profit/(loss) for the year | 555,459 | 139,041 | 84,683 | (172,407) | 299,080 |
| 應佔： | Attributable to: | | | | | |
| 本公司擁有人 | Owners of the Company | 523,476 | 133,359 | 84,593 | (170,972) | 295,045 |
| 非控股權益 | Non-controlling interests | 31,983 | 5,682 | 90 | (1,435) | 4,035 |
| | | 555,459 | 139,041 | 84,683 | (172,407) | 299,080 |
| | | 於十二月三十一日 As at 31 December | | | | |
| | | 二零一一年 2011 千港元 HK\$'000 | 二零一零年 2010 千港元 HK\$'000 (重新表述) (restated) | 二零零九年 2009 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 |
| 流動資產 | Current assets | 3,590,246 | 2,275,920 | 1,866,841 | 1,713,801 | 1,536,144 |
| 非流動資產 | Non-current assets | 963,857 | 1,490,070 | 1,372,740 | 1,500,535 | 1,262,120 |
| 資產總值 | Total assets | 4,554,103 | 3,765,990 | 3,239,581 | 3,214,336 | 2,798,264 |
| 流動負債 | Current liabilities | 357,597 | 230,095 | 257,959 | 479,470 | 248,340 |
| 非流動負債 | Non-current liabilities | 31,505 | 94,960 | 233,503 | 261,337 | - |
| 負債總值 | Total liabilities | 389,102 | 325,055 | 491,462 | 740,807 | 248,340 |
| 資產淨值 | Net assets | 4,165,001 | 3,440,935 | 2,748,119 | 2,473,529 | 2,549,924 |
| 股本 | Share capital | 167,264 | 167,194 | 155,114 | 142,114 | 142,114 |
| 儲備 | Reserves | 3,927,652 | 3,237,179 | 2,563,706 | 2,302,253 | 2,379,578 |
| 本公司擁有人 應佔權益 | Equity attributable to owners of the Company | 4,094,916 | 3,404,373 | 2,718,820 | 2,444,367 | 2,521,692 |
| 非控股權益 | Non-controlling interests | 70,085 | 36,562 | 29,299 | 29,162 | 28,232 |
| 權益總值 | Total equity | 4,165,001 | 3,440,935 | 2,748,119 | 2,473,529 | 2,549,924 |





中國稀土控股有限公司

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