

截至二零零六年十二月三十一日止年度 Year ended 31 December 2006

1. 一般資料

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

本綜合財務報表以港元列示，港元亦為本公司及其附屬公司（「本集團」）之計量貨幣。

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

2. 採用新訂及經修訂香港財務報告準則

於本年度，本集團首次採用多項由香港會計師公會新頒佈之新準則、修訂及詮釋（「新香港財務報告準則」），該等準則適用於二零零五年十二月一日或二零零六年一月一日或其後開始之會計期間。採用新香港財務報告準則對本會計期間或過往會計期間的業績的編製及呈列方式並無重大影響。因此毋須作出前期調整。

本集團並無提早採用以下經已頒佈惟於二零零六年十二月三十一日尚未生效之新香港財務報告準則。本公司董事預期，採用以下新香港財務報告準則將不會對本集團之業績及財務狀況產生重大影響。

1. GENERAL

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

The consolidated financial statements are presented in Hong Kong dollars, being the measurement currency of the Company and its subsidiaries (the "Group").

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

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

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretation ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective as at 31 December 2006. The directors of the Company anticipate that the application of these new HKFRSs will have no material impact on the results and the financial position of the Group.

2. 採用新訂及經修訂香港財務報告準則(續)

香港會計準則第1號(修訂)
Hong Kong Accounting Standard (“HKAS”) 1
(Amendment)
香港財務報告準則第7號
HKFRS 7
香港財務報告準則第8號
HKFRS 8
香港(國際財務報告詮釋委員會)－詮釋第7號
HK(IFRIC)-Interpretation (“Int”) 7

香港(國際財務報告詮釋委員會)－詮釋第8號
HK(IFRIC)-Int 8
香港(國際財務報告詮釋委員會)－詮釋第9號
HK(IFRIC)-Int 9
香港(國際財務報告詮釋委員會)－詮釋第10號
HK(IFRIC)-Int 10
香港(國際財務報告詮釋委員會)－詮釋第11號
HK(IFRIC)-Int 11
香港(國際財務報告詮釋委員會)－詮釋第12號
HK(IFRIC)-Int 12

- ¹ 於二零零七年一月一日或其後開始之年度期間生效。
- ² 於二零零九年一月一日或其後開始之年度期間生效。
- ³ 於二零零六年三月一日或其後開始之年度期間生效。
- ⁴ 於二零零六年五月一日或其後開始之年度期間生效。
- ⁵ 於二零零六年六月一日或其後開始之年度期間生效。
- ⁶ 於二零零六年十一月一日或其後開始之年度期間生效。
- ⁷ 於二零零七年三月一日或其後開始之年度期間生效。
- ⁸ 於二零零八年一月一日或其後開始之年度期間生效。

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

資本披露¹
Capital Disclosures¹

金融工具：披露¹
Financial Instruments: Disclosures¹
經營分部²
Operating Segments²
根據香港會計準則第29號「惡性通貨膨脹經濟中的財務報告」應用重列法³
Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies³
香港財務報告準則第2號之範圍⁴
Scope of HKFRS 2⁴
重估內置式衍生工具⁵
Reassessment of Embedded Derivatives⁵
中期財務報告及減值⁶
Interim Financial Reporting and Impairment⁶
香港財務報告準則第2號—集團及庫存股份交易⁷
HKFRS 2 – Group and Treasury Share Transactions⁷
服務特許安排⁸
Service Concession Arrangements⁸

- ¹ Effective for annual periods beginning on or after 1 January 2007.
- ² Effective for annual periods beginning on or after 1 January 2009.
- ³ Effective for annual periods beginning on or after 1 March 2006.
- ⁴ Effective for annual periods beginning on or after 1 May 2006.
- ⁵ Effective for annual periods beginning on or after 1 June 2006.
- ⁶ Effective for annual periods beginning on or after 1 November 2006.
- ⁷ Effective for annual periods beginning on or after 1 March 2007.
- ⁸ Effective for annual periods beginning on or after 1 January 2008.

3. 主要會計政策

誠如下列會計政策所述，綜合財務報表是按歷史成本基準編製，惟部份本集團的樓宇按重估金額計算者除外。

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

綜合基準

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

本年度購入或出售附屬公司的業績，視乎情況按其收購生效日起或迄至其出售生效日止（如適用），而計入綜合損益表內。

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

所有集團內交易、結餘、收入及支出均於綜合賬目時對銷。

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

3. PRINCIPAL ACCOUNTING POLICIES

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

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

Basis of consolidation

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

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

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

3. 主要會計政策 (續)

商譽

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

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

其後出售附屬公司，則計入被資本化之商譽之應佔金額以釐定於出售時損益之金額。

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Goodwill

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

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

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

3. 主要會計政策(續)

物業、廠房及設備

物業、廠房及設備乃按其成本值或估值減期後累計折舊及減值虧損列賬。

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment are stated at cost or fair value less subsequent accumulated depreciation and impairment losses.

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

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

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

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

3. 主要會計政策 (續)

土地使用權

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

在建工程

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

減值 (商譽除外 – 詳見上文與商譽有關之會計政策)

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

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

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Land use rights

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

Construction-in-progress

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

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

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

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

3. 主要會計政策(續)

存貨

存貨乃按成本值及可變現淨額之較低者列賬。成本按加權平均法釐定。

撥備

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

金融工具

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

金融資產

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

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Inventories

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

Provisions

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

Financial instruments

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

Financial assets

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

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

貸款及應收款項

貸款及應收款項乃於現行市場並無報價之固定或可釐定付款之非衍生金融工具。於首次確認後各結算日，貸款及應收款項(包括應收賬款及其他應收款、按金、已抵押銀行存款及受限制銀行結餘)均按採用實際利率法計算之已攤銷成本減任何已識別減值虧損入賬。減值虧損乃當可實質證明資產減值時於損益中確認，並按該資產之賬面值與其估計未來現金流量按原先實際利率貼現之現值間的差額計量。當資產之可收回數額增加乃確實與於確認減值後所引致之事件有關時，則減值虧損會於隨後會計期間予以回撥，惟該資產於減值被回撥之日之賬面值不得超過未確認減值時之已攤銷成本。

金融負債及股本權益

集團實體發行之金融負債及股本工具乃根據合同安排之性質與金融負債股本工具之定義分類。股本工具乃證明集團於扣減所有負債後之資產中擁有剩餘權益之任何合同。本集團之金融負債主要為其他金融負債。就金融負債及股本工具所採納之會計政策乃載於下文。

其他金融負債

其他金融負債包括應付賬款、其他應付款、應付董事及關聯公司款項乃隨後採用實際利率法按已攤銷成本計量。

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including accounts and other receivables, deposits, pledged bank deposit and restricted bank balances) are carried at amortised cost using the effective interest rate method, less any identified impairment losses. Impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are mainly other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Other financial liabilities

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

3. 主要會計政策 (續)**金融工具 (續)****金融負債及股本權益 (續)****股本工具**

本公司發行之股本工具乃按已收所得款項 (扣除直接發行成本) 記賬。

取消確認

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

就金融負債而言，則於本集團之綜合資產負債表中移除 (即倘於有關合約之特定責任獲解除、取消或到期)。取消確認之金融負債賬面值與已付或應付代價之差額乃於損益中確認。

租賃

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

3. PRINCIPAL ACCOUNTING POLICIES (Continued)**Financial instruments (Continued)****Financial liabilities and equity (Continued)****Equity instruments**

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

Derecognition

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

For financial liabilities, they are removed from the Group's consolidated balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expired). The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Leases

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

3. 主要會計政策 (續)

收入確認

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

貨品銷售

貨品銷售乃於貨品交付及擁有權轉移至客戶後確認為收入。

利息收入

金融資產產生之利息收入乃按時間基準，並參照尚未償還本金額及按所適用之實際利率孳生，而實際利率為透過金融資產之預期可用年期將估計日後現金收據實際貼現至該資產之賬面淨額之比率。

稅項

入息稅支出指現時應付稅項及遞延稅項總額。

現時應付稅項乃按年度應課稅溢利計算。應課稅溢利不包括已撥往其他年度的應課稅或應扣減之收入及開支項目，亦不包括從未課稅或可扣稅之損益表項目，故與綜合損益表所呈報的純利不同。

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Revenue recognition

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

Sales of goods

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

Interest income

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

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes income statement items that are never taxable or deductible.

3. 主要會計政策 (續)

稅項 (續)

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

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

3. 主要會計政策 (續)

稅項 (續)

根據中華人民共和國(「中國」)頒佈的有關稅法，本集團屬下所有在中國成立的公司必須繳納增值稅，此項主要間接稅在銷售貨品及提供若干具體服務時徵收(稱為「銷項增值稅」)。銷項增值稅隨同銷售所得款項向客戶收取及按銷售價之17%或13%計算。本集團應付的增值稅淨額相當於銷項增值稅減購買貨品及某些指定服務時支付的增值稅(稱為「進項增值稅」)。

研究及開發支出

研究活動之支出已於產生之年度確認為開支。

開發支出產生之內部產生無形資產僅於預期在清楚界定項目發生之開發成本可透過未來商業活動中收回時確認。因而產生之資產按其可使用年期以直線法攤銷，並按其成本減隨後之累計攤銷及減值虧損列賬。

內部產生之無形資產之初部確認金額為無形資產首次達致確認情況日期起所產生之費用總和。倘並無內部產生無形資產可確認時，開發支出於其發生之年度確認為開支。

於初部確認後，內部產生之無形資產乃按成本減累計攤銷及減值虧損列賬，與獨立收購之無形資產之基準相同。

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Taxation (Continued)

In accordance with the relevant tax laws enacted in the People's Republic of China (the "PRC"), all the companies of the Group established in the PRC are subject to value-added tax ("VAT"). This principal indirect tax is levied on the sales of goods and provision of certain specified services (known as "Output VAT"). Output VAT is recovered from customers with sales proceeds and is calculated at 17% or 13% of the selling price. The net VAT payable of the Group represents Output VAT minus the VAT paid on purchases of goods and certain specified services (known as "Input VAT").

Research and development expenditure

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

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortisation and impairment losses.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as expense in the year in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortisation and impairment losses, on the same basis as intangible assets acquired separately.

3. 主要會計政策 (續)

研究及開發支出 (續)

倘有跡象顯示資產可能出現減值時，具有限可使用年期之無形資產會作減值測試(見上文有關商譽除外之減值虧損會計政策)。

取消確認一項無形資產所產生之盈虧，乃按出售所得款項淨額與資產之賬面值之差額計算，並於取消確認該項資產時在綜合損益表內確認。

退休福利成本

支付國營退休計劃及強制性公積金計劃(「強積金」)之款項會於到期支付時作為費用扣除。

借款成本

所有借款成本乃於產生年內確認並於綜合損益表計入為融資成本。

外幣

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

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Research and development expenditure (Continued)

Intangible assets with finite useful lives are tested for impairment when there is an indication that an asset may be impaired (see the above accounting policy in respect of impairment losses other than goodwill).

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Retirement benefit costs

Payments to the state-sponsored retirement benefit plan and the Mandatory Provident Fund Scheme ("MPF") are charged as expenses when they fall due.

Borrowing costs

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

Foreign currencies

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

3. 主要會計政策 (續)

外幣 (續)

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

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

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

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

4. 關鍵會計判斷及估計不確定性之主要來源

於應用本集團之會計政策(如附註3所述)時,管理層作出下列對於綜合財務報表中已確認之數額產生重大影響之判斷。涉及日後之主要假設及於結算日估計不明朗因素之其他主要來源(彼等均擁有導致下個財政年度之資產及負債之賬面值出現大幅調整之重大風險)亦討論如下。

物業、廠房及設備折舊

本集團於二零零六年十二月三十一日物業、廠房及設備(在建工程除外)之賬面淨值約為511,800,000港元。本集團以直線法對其物業、廠房及設備於其估計可使用年期5-20年內,經計及其估計剩餘價值,以每年5%至20%,由物業、廠房及設備可投入使用之日開始計提折舊。本集團將物業、廠房及設備投入生產之估計可使用年期反映董事估計於該期間內之估計,即本集團計劃將來從物業、廠房及設備之使用中可獲取之經濟利益。

呆壞賬撥備

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in note 3 above, management has made the following judgments that have significant effect on the amounts recognised in the consolidated financial statements. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also discussed below.

Depreciation of property, plant and equipment

The Group's net carrying values of property, plant and equipment (excluding construction-in-progress) as at 31 December 2006 were approximately HK\$511,800,000. The Group depreciates the property, plant and equipment on a straight-line basis over the estimated useful lives of five to twenty years, and after taking into account of their estimated residual value at the rate of 5% – 20% per annum, commencing from the date when the property, plant and equipment are available for use. The estimated useful lives that the Group places the property, plant and equipment into productive use reflects the directors' estimate of the periods that the Group intend to derive future economic benefits from the use of the Group's property, plant and equipment.

Allowance for bad and doubtful debts

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

4. 關鍵會計判斷及估計不確定性之主要來源 (續)

存貨撥備

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

物業、廠房及設備減值

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

商譽之預計減值

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

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

Allowance for inventories

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

Impairment of property, plant and equipment

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

Estimated impairment of goodwill

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

截至二零零六年十二月三十一日止年度 Year ended 31 December 2006

5. 財務風險管理目標及政策

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

貨幣風險

本集團主要於中國經營業務，其絕大部份交易以人民幣結算。本集團現時並無對外幣對沖政策。然而，管理層監控外匯風險，並會考慮於必要時對沖重大外幣風險。

利率風險

本集團就銀行貸款之息率變動承擔利率風險。

信貸風險

倘對方於二零零六年十二月三十一日未能履行彼等之承擔，則本集團就每類已確認財務資產而須承受之最大信貸風險為已於綜合資產負債表列值之資產之賬面金額反映。為最大限度地降低信貸風險，本集團管理層已委派一組人員負責制訂信貸限額、信貸審批及其他監控措施，以確保採取跟進措施收回逾期未付之債項。此外，於各結算日，本集團定期評估每項個別貿易應收款之可收回金額，以確保就不可收回金額所作出之減值虧損已足夠。就此而言，本公司董事認為本集團之信貸風險已大幅降低。

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Currency risk

The Group mainly operates in the PRC with most of the transactions settled in Renminbi ("RMB"). The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Interest rate risk

The Group is exposed to interest rate risk through the impact of the rate changes on bank borrowings.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 December 2006 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivables at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

5. 財務風險管理目標及政策 (續)

信貸風險 (續)

本集團並無集中之信貸風險，有關風險乃分散至多個其他地方及客戶。

流動資金風險

本集團有足夠資金維持持續營運資本需求。

6. 分類資料

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

(a) 業務分類

本集團經營的兩項主要業務分類如下：

稀土：製造及銷售稀土產品(包括熒光產品)

耐火：製造及銷售耐火產品(包括高溫陶瓷產品及鎂砂)

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

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

Liquidity risk

The Group has sufficient funds to finance its ongoing working capital requirements.

6. SEGMENT INFORMATION

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

(a) Business segments

The Group operates the following two main business segments:

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

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

截至二零零六年十二月三十一日止年度 Year ended 31 December 2006

6. 分類資料 (續)

(a) 業務分類 (續)

綜合損益表

6. SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

Consolidated Income Statement

		稀土 Rare Earth		耐火 Refractory		未分配 Unallocated		總額 Total	
		二零零六年 2006	二零零五年 2005	二零零六年 2006	二零零五年 2005	二零零六年 2006	二零零五年 2005	二零零六年 2006	二零零五年 2005
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
截至十二月三十一日 止年度	For the year ended 31 December								
營業額	Turnover	522,110	345,243	508,972	424,127	-	-	1,031,082	769,370
業績	RESULTS								
分類業績	Segment results	98,647	49,441	161,770	118,891	-	-	260,417	168,332
未分類企業費用	Unallocated corporate expenses							(8,387)	(7,536)
利息收入	Interest income							10,066	1,804
其他收入淨額	Other income, net							14,974	9,067
財務成本	Finance costs							(2,995)	(21)
除稅前溢利	Profit before taxation							274,075	171,646
稅項	Taxation							(62,384)	(40,021)
本年度溢利	Profit for the year							211,691	131,625
其他資料	Other Information								
年內產生的資本性 支出	Capital expenditure incurred during the year	99,812	3,210	75,100	25,538	17	-	174,929	28,748
物業、廠房及設備 之折舊	Depreciation on property, plant and equipment	34,765	34,185	36,422	26,717	82	83	71,269	60,985
預付租賃土地 使用權款項攤銷	Amortisation of prepaid lease payments on land use rights	176	35	441	316	-	-	617	351
存貨撥備	Allowance for inventories	-	-	30	-	-	-	30	-
處置物業、廠房及 設備(收益)/虧損	(Gain)/loss on disposal of property, plant and equipment	(1,135)	20	17	-	-	-	(1,118)	20
撥回呆壞賬撥備	Written back of allowance for bad and doubtful debts	(2,057)	-	(17)	-	-	-	(2,074)	-

6. 分類資料 (續)

(a) 業務分類 (續)

綜合資產負債表

		稀土 Rare Earth		耐火 Refractory		未分配 Unallocated		總額 Total	
		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
於十二月三十一日	As at 31 December								
分類資產	Segment assets	783,931	699,511	1,086,795	756,463	-	-	1,870,726	1,455,974
未分類企業資產	Unallocated corporate assets							594,685	137,990
資產總額	Total assets							2,465,411	1,593,964
分類負債	Segment liabilities	143,193	45,774	78,765	91,639	-	-	221,958	137,413
未分類企業負債	Unallocated corporate liabilities							5,496	7,836
負債總額	Total liabilities							227,454	145,249

(b) 地區分類

本集團的業務主要在中國、日本、歐洲及美國進行。按地區分類的營業額分析如下：

(b) Geographical segments

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

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
中國	The PRC	814,518	593,733
日本	Japan	117,879	102,567
歐洲	Europe	65,022	49,601
美國	The United States of America	26,901	13,161
其他	Others	6,762	10,308
		1,031,082	769,370

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

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

截至二零零六年十二月三十一日止年度 Year ended 31 December 2006

7. 營業額

7. TURNOVER

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
稀土產品(包括熒光產品) 銷售	Sales of rare earth products (including fluorescent products)	522,110	345,243
耐火產品(包括高溫陶瓷產品 及鎂砂)銷售	Sales of refractory products (including high temperature ceramics products and magnesium grains)	508,972	424,127
		1,031,082	769,370

8. 財務成本

8. FINANCE COSTS

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
須於五年內悉數償還之銀行 貸款利息支出及銀行手續費	Interest expenses and bank charges on bank borrowing wholly repayable within five years	2,858	—
承兌匯票利息支出	Interest expenses on discounted bills	137	21
		2,995	21

9. 除稅前溢利

除稅前溢利已扣除／(計入)下列各項：

9. PROFIT BEFORE TAXATION

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

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
核數師酬金	Auditors' remuneration	1,420	1,360
存貨成本(不包括員工成本、物業、廠房及設備之折舊、預付租賃土地使用權款項攤銷及存貨撥備)	Cost of inventories (excluding staff costs, depreciation on property, plant and equipment, amortisation of prepaid lease payments on land use rights and allowance for inventories)	642,770	490,588
物業、廠房及設備之折舊	Depreciation on property, plant and equipment	71,269	60,985
預付租賃土地使用權款項攤銷	Amortisation of prepaid lease payments on land use rights	617	351
員工成本(不包括董事酬金(附註10))	Staff costs (excluding directors' emoluments (Note 10))		
— 薪金及工資	— Salaries and wages	23,233	17,677
— 僱員退休福利供款(附註11)	— Contribution to employment retirement benefits (Note 11)	1,256	1,016
存貨撥備	Allowance for inventories	30	—
已租物業之經營租賃支出	Operating lease charges on rented premises	1,483	1,615
研究及開發支出	Research and development expenditure	344	361
匯兌收益淨額	Exchange gain, net	(13,732)	(6,563)
處置物業、廠房及設備(收益)／虧損	(Gain)/loss on disposal of property, plant and equipment	(1,118)	20
撥回呆壞賬撥備	Written back of allowance for bad and doubtful debts	(2,074)	—

截至二零零六年十二月三十一日止年度 Year ended 31 December 2006

10. 董事及僱員酬金

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

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
執行董事	Executive directors		
– 袍金	– fees	–	–
– 薪金及津貼	– salaries and allowance	2,216	2,230
非執行董事	Independent non-executive directors		
– 袍金	– fees	124	123
		2,340	2,353

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

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

- (b) 已付或應付予七位(二零零五年：八位)董事之酬金如下：

- (b) The emoluments paid or payable to each of the seven (2005: eight) directors were as follows:

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

10. 董事及僱員酬金 (續)

(b) (續)

		董事袍金	基本薪金、 津貼及實物福利	酬金總額
		Directors' fees	Basic salaries, allowance and benefits-in-kind	Total emoluments
		千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000
蔣泉龍	Jiang Quanlong	—	1,200	1,200
錢元英	Qian Yuanying	—	780	780
范亞軍 ¹	Fan Yajun ¹	—	174	174
許盤鳳	Xu Panfeng	—	38	38
蔣才南	Jiang Cainan	—	38	38
劉余九	Liu Yujiu	34	—	34
黃春華	Huang Chunhua	60	—	60
金重	Jin Zhong	29	—	29
二零零五年總額	Total for 2005	123	2,230	2,353

¹ 已於二零零五年八月十九日離任。

截至二零零六年及二零零五年十二月三十一日止兩年度，概無董事放棄或同意放棄任何酬金。

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(Continued)

(b) (Continued)

		Director's 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
Jiang Quanlong		—	1,200	1,200
Qian Yuanying		—	780	780
Fan Yajun ¹		—	174	174
Xu Panfeng		—	38	38
Jiang Cainan		—	38	38
Liu Yujiu		34	—	34
Huang Chunhua		60	—	60
Jin Zhong		29	—	29
Total for 2005		123	2,230	2,353

¹ Resigned on 19 August 2005.

No directors waived or agreed to waive any emoluments during the two years ended 31 December 2006 and 2005.

截至二零零六年十二月三十一日止年度 Year ended 31 December 2006

10. 董事及僱員酬金 (續)

- (c) 五位最高薪人士包括三位(二零零五年:三位)董事,彼等的酬金詳情載於上文。彼等的酬金總額連同其餘兩位(二零零五年:兩位)最高薪人士的酬金如下:

	二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
基本薪金、津貼及實物福利	3,027	3,061
退休福利計劃供款	46	45
	3,073	3,106

包括董事及僱員在內的五位最高薪人士的酬金介乎於下列範圍:

	二零零六年 2006	二零零五年 2005
零 – 1,000,000港元	4	4
1,000,001港元 – 1,500,000港元	1	1

於兩個年度內,本集團並無向五位最高薪人士(包括董事及僱員)支付任何酬金,作為鼓勵其加入或於加入本集團時的報酬或離職賠償。

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS
(Continued)

- (c) During the year, five highest paid individuals in the Group, three (2005: three) are directors of the Company whose emoluments are set out above. Their total emoluments together with the remaining two (2005: two) highest paid individuals are as follows:

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

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

11. 僱員退休福利

如中國有關規則及條例的規定，本公司的中國附屬公司須為其全體僱員向國營退休計劃供款，供款額為僱員基本薪金的17%–20%（二零零五年：17%–20%）。僱員退休後的生活津貼由國營退休計劃負責支付。中國附屬公司除每年供款外，毋須支付實際退休金，亦毋須負責僱員的退休後福利。截至二零零六年十二月三十一日止年度，退休計劃供款額約為1,210,000港元（二零零五年：971,000港元）。

本集團旗下一在香港營運的公司自二零零零年十二月一日起已參與強積金。該計劃為定額供款退休金計劃。該公司每月按僱員基本薪金5%向該計劃供款。截至二零零六年十二月三十一日止年度，本集團向強積金供款約46,000港元（二零零五年：45,000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。

12. 稅項

企業所得稅

– 中國附屬公司

Enterprise Income Tax (“EIT”)

– The PRC subsidiaries

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

11. EMPLOYMENT RETIREMENT BENEFITS

As stipulated by the relevant rules and regulations in the PRC, the PRC subsidiaries of the Company are required to contribute to a state-sponsored retirement plan for all of their employees based on 17% to 20% (2005: 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 2006, the retirement plan contributions amounted to approximately HK\$1,210,000 (2005: HK\$971,000).

A company in the Group operating in Hong Kong has participated in MPF, which is a defined contribution pension scheme, since 1 December 2000. The Company makes monthly contributions to the scheme based on 5% of the employees’ basic salaries. For the year ended 31 December 2006, the Group’s contributions to the MPF were approximately HK\$46,000 (2005: HK\$45,000). The assets of the fund are held separately from those of the Group and are managed by independent professional fund managers.

12. TAXATION

	二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
企業所得稅		
– 中國附屬公司	62,384	40,021

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

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12. 稅項 (續)

應付稅項已包括中國增值稅及中國企業所得稅如下：

12. TAXATION (Continued)

Tax payable comprised PRC VAT and PRC EIT as follows:

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
中國增值稅	PRC VAT	16,997	9,399
中國企業所得稅	PRC EIT	19,254	22,416
		36,251	31,815

根據中國有關稅法，若干中國附屬公司在經抵銷所有以前年度虧損後的首個盈利年度起兩年內獲享豁免繳付企業所得稅，並在其後三個年度獲減稅50%。

於本年內，有兩家(二零零五年：兩家)中國附屬公司獲減稅50%後按12%計提企業所得稅。另外分別有兩家(二零零五年：兩家)及一家(二零零五年：無)中國附屬公司按27%及33%全額計提企業所得稅。餘下三家(二零零五年：一家)中國附屬公司並沒有任何應課稅溢利。

Pursuant to the relevant tax laws in the PRC, certain subsidiaries in the PRC are entitled to full exemption from EIT for two years starting from their first profit-making year, after offsetting all losses brought forward, followed by a 50% reduction for the next three years thereafter.

During the year, EIT has been provided at 12% after a 50% reduction for two (2005: two) PRC subsidiaries. EIT has been fully provided at 27% and 33% for two (2005: two) and one (2005: nil) PRC subsidiaries respectively. The remaining three (2005: one) PRC subsidiaries did not derive any assessable profits.

12. 稅項(續)

稅項與綜合損益表之除稅前溢利調節如下：

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
除稅前溢利	Profit before taxation	274,075	171,646
按國內所得稅率	Tax at domestic income tax rate	72,439	45,899
稅務寬減的影響	Effect of tax exemption	(10,055)	(5,878)
本年度稅項	Taxation for the year	62,384	40,021

由於沒有重大的暫時差額，在綜合財務報表中並未確認遞延稅項撥備。

12. TAXATION (Continued)

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

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

13. 股息

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
已派發的中期股息： 每股0.01港元 (二零零五年：無)	Interim dividend paid: HK\$0.01 (2005: nil) per share	11,843	—
建議派發的末期股息： 每股0.04港元 (二零零五年：0.04港元)	Proposed final dividend: HK\$0.04 (2005: HK\$0.04) per share	56,846	47,374
		68,689	47,374

末期股息每股0.04港元由董事建議派發並須經股東於股東週年大會上批准。

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

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14. 每股盈利

每股基本盈利及攤薄盈利乃根據本集團在本年度本公司股東應佔溢利約209,255,000港元(二零零五年:130,207,000港元)及下列數據計算:

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the Group's profit for the year attributable to the equity holders of the Company of approximately HK\$209,255,000 (2005: HK\$130,207,000) and the following data:

		二零零六年 2006	二零零五年 2005
用以計算每股基本盈利的 普通股加權平均數	Weighted average number of ordinary shares for the calculation of basic earnings per share	1,162,593,991	986,953,059
潛在攤薄的普通股:	Effect of dilutive potential ordinary shares:		
購股權	Share options	323,041	—
用以計算每股攤薄盈利的 普通股加權平均數	Weighted average number of ordinary shares for the calculation of diluted earnings per share	1,162,917,032	986,953,059

由於截至二零零五年十二月三十一日止年度並無潛在攤薄的普通股，故並無就該年度呈報每股攤薄盈利。

No diluted earnings per share was shown for 2005 as there was no dilutive potential ordinary share for that year.

15. 商譽

15. GOODWILL

		千港元 HK\$'000
成本		
於二零零五年一月一日	At 1 January 2005	143,098
應用香港財務報告準則第3號時 抵銷累計攤銷	Elimination of accumulated amortisation upon the application of HKFRS 3	(6,558)
於收購附屬公司時產生	Arising on acquisition of a subsidiary	63,175
於二零零五年十二月三十一日 及二零零六年一月一日		199,715
匯兌差異	Exchange difference	2,527
於二零零六年十二月三十一日		202,242
累計攤銷		
於二零零五年一月一日	At 1 January 2005	6,558
應用香港財務報告準則第3號時 抵銷累計攤銷	Elimination of accumulated amortisation upon the application of HKFRS 3	(6,558)
於二零零五年十二月三十一日、 二零零六年一月一日及 二零零六年十二月三十一日		—
賬面淨值		
於二零零六年十二月三十一日	At 31 December 2006	202,242
於二零零五年十二月三十一日	At 31 December 2005	199,715

商譽乃於收購附屬公司時產生。商譽至少每年進行一次減值測試。

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

截至二零零六年十二月三十一日止年度 Year ended 31 December 2006

15. 商譽(續)

商譽之賬面值已被分派至下列附屬公司：

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
無錫新威高溫陶瓷有限公司	Wuxi Xinwei High Temperature Ceramics Co., Ltd.	136,540	136,540
海城市蘇海鎂礦有限公司	Haicheng City Suhai Magnesium Ore Co., Ltd.	65,702	63,175
		202,242	199,715

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

以上兩家中國附屬公司之可收回款額乃採用企業價值計算。而計算的方法是採用現金流量折現計算之收益法。該計算乃以管理層所提供的會計資料以為期二十六年及折現率11.25%為基準。無錫新威高溫陶瓷有限公司的淨收入是假設以3%至31%增長，而海城市蘇海鎂礦有限公司的淨收入則假設以1%至3%增長。該現金流量預測乃根據管理層按過去表現預期有關市場發展而釐定。董事認為，根據該企業價值，可收回款額超逾其於綜合資產負債表之賬面淨值，故無需作減值準備。

15. GOODWILL (Continued)

The goodwill is allocated to the following subsidiaries:

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
無錫新威高溫陶瓷有限公司	Wuxi Xinwei High Temperature Ceramics Co., Ltd.	136,540	136,540
海城市蘇海鎂礦有限公司	Haicheng City Suhai Magnesium Ore Co., Ltd.	65,702	63,175
		202,242	199,715

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

The recoverable amount of the above two subsidiaries has been determined based on business valuation calculation. The calculation uses the Income Approach of Discounted Cash Flow Method based on the accounting information provided by the management covering a 26-year operating period, and at a discount rate of 11.25%. Net revenue of Wuxi Xinwei High Temperature Ceramics Co., Ltd. is assumed to grow at 3% to 31%, while net revenue of Haicheng City Suhai Magnesium Ore Co., Ltd. is assumed to grow at 1% to 3%. The cash flow forecasts have been determined based on the management's expectation for the market development and past experience. The directors are of the opinion, based on the business valuation, that the recoverable amount exceeds its net carrying value in the consolidated balance sheet and no impairment is necessary.

16. 物業、廠房及設備以及在建工程

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

		樓宇 Buildings 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 and fixtures 千港元 HK\$'000	汽車 Motor vehicles 千港元 HK\$'000	在建工程 Construction- in-progress 千港元 HK\$'000	總額 Total 千港元 HK\$'000
成本或估值	COST OR VALUATION						
於二零零五年 一月一日	At 1 January 2005	172,945	493,953	5,144	5,279	36,747	714,068
收購附屬公司	Acquisition of a subsidiary	17,850	40,089	125	1,308	–	59,372
添置	Additions	–	3,022	180	764	24,782	28,748
由在建工程轉入	Transfer from construction- in-progress	–	36,247	–	–	(36,247)	–
處置	Disposals	(20)	–	–	(1,000)	–	(1,020)
匯兌差異	Exchange difference	3,326	9,877	94	99	596	13,992
於二零零五年 十二月三十一日 及二零零六年 一月一日	At 31 December 2005 and 1 January 2006	194,101	583,188	5,543	6,450	25,878	815,160
添置	Additions	–	7,734	163	350	39,843	48,090
由在建工程轉入	Transfer from construction- in-progress	4,765	5,545	–	–	(10,310)	–
處置	Disposals	–	–	–	(2,843)	–	(2,843)
匯兌差異	Exchange difference	7,859	23,593	211	208	1,626	33,497
於二零零六年 十二月三十一日	At 31 December 2006	206,725	620,060	5,917	4,165	57,037	893,904
包括：	Comprising:						
按成本	At cost	189,518	620,060	5,917	4,165	57,037	876,697
按估值	At valuation	17,207	–	–	–	–	17,207
		206,725	620,060	5,917	4,165	57,037	893,904

截至二零零六年十二月三十一日止年度 Year ended 31 December 2006

16. 物業、廠房及設備以及在建工程
(續)

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

		樓宇 Buildings 千港元 HK\$'000	機器及 設備 Machinery and equipment 千港元 HK\$'000	辦公室設備 及裝置 Office equipment and fixtures 千港元 HK\$'000	汽車 Motor vehicles 千港元 HK\$'000	在建工程 Construction- in-progress 千港元 HK\$'000	總額 Total 千港元 HK\$'000
累計攤銷及折舊		ACCUMULATED AMORTISATION AND DEPRECIATION					
於二零零五年 一月一日	At 1 January 2005	38,796	119,414	2,624	3,468	–	164,302
收購附屬公司	Acquisition of a subsidiary	2,975	13,360	76	683	–	17,094
本年度計提	Charge for the year	8,729	50,319	1,023	914	–	60,985
處置撥回	Written back on disposals	–	–	–	(1,000)	–	(1,000)
匯兌差異	Exchange difference	830	2,780	57	66	–	3,733
於二零零五年 十二月三十一日 及二零零六年 一月一日	At 31 December 2005 and 1 January 2006	51,330	185,873	3,780	4,131	–	245,114
本年度計提	Charge for the year	9,895	59,414	1,071	889	–	71,269
處置撥回	Written back on disposals	–	–	–	(2,485)	–	(2,485)
匯兌差異	Exchange difference	2,251	8,623	162	133	–	11,169
於二零零六年 十二月三十一日	At 31 December 2006	63,476	253,910	5,013	2,668	–	325,067
賬面淨值		NET CARRYING VALUES					
於二零零六年 十二月三十一日	At 31 December 2006	143,249	366,150	904	1,497	57,037	568,837
於二零零五年 十二月三十一日	At 31 December 2005	142,771	397,315	1,763	2,319	25,878	570,046

16. 物業、廠房及設備以及在建工程 (續)

所有樓宇均位於中國。

若干本集團樓宇經已由一家獨立專業合資格評估師於二零零二年十二月三十一日按公開市值基準重估。

於二零零六年十二月三十一日，董事按折舊重置成本基準對該等樓宇作重估。由於重估值與於二零零六年十二月三十一日之賬面值並無重大差異，本公司董事認為該等樓宇於二零零六年十二月三十一日之賬面值已經公平地反映其於當日之可收回價值。

於資產負債表日，假約以成本值減除累計折舊值列賬，評估值為12,926,000港元(二零零五年：13,706,000港元)之樓宇之賬面值應為14,490,000港元(二零零五年：15,303,000港元)。

物業、機器及設備以直線法按下列年率計提折舊：

樓宇	5%
機器及設備	10%
辦公室設備及裝置	20%
汽車	20%

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

All buildings are located in the PRC.

Certain of the Group's buildings were last revalued at 31 December 2002 by an independent professionally qualified valuer on an open market basis.

At 31 December 2006, the directors revalued the buildings on a depreciated replacement cost basis. Since there are no material differences between the revalued amount and the carrying values at 31 December 2006, the directors are of the opinion that the carrying values of the buildings at 31 December 2006 fairly reflected their recoverable amounts at that date.

At the balance sheet date, the carrying amount of certain buildings with revalued amount of HK\$12,926,000 (2005: HK\$13,706,000) would have been HK\$14,490,000 (2005: HK\$15,303,000) have they been stated at cost less accumulated depreciation.

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

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

17. 預付租賃土地使用權款項

17. PREPAID LEASE PAYMENTS ON LAND USE RIGHTS

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
於一月一日賬面淨值	Net carrying value at 1 January	12,419	10,384
匯兌差異	Exchange difference	3,021	196
收購附屬公司	Acquisition of a subsidiary	—	2,190
添置	Additions	126,839	—
攤銷	Amortisation	(617)	(351)
於十二月三十一日賬面淨值	Net carrying value at 31 December	141,662	12,419
於中國之租賃土地：	Leasehold land in the PRC:		
中期租賃	Medium-term lease	141,662	12,419
就報告而作出之分析：	Analysis for reporting purposes:		
流動資產	Current asset	3,002	398
非流動資產	Non-current asset	138,660	12,021
		141,662	12,419

18. 其他資產

其他資產指購買土地使用權已付的按金。於二零零六年八月三十日，本公司其中一家附屬公司與獨立第三方簽定一份協議以徵用中國海城市的一塊土地。根據該協議，該附屬公司同意支付人民幣1,500,000元徵用150畝土地作未來發展用途。於資產負債表日，已支付人民幣900,000元（折合為900,000港元）。

董事認為於資產負債表日其他資產的賬面值與其公平值沒有重大差異。

18. OTHER ASSET

Other asset represents deposit paid for acquisition of land use rights. On 30 August 2006, a subsidiary of the Company has entered into an agreement with an independent third party for the levy of a piece of land located in Haicheng City, PRC. According to the agreement, the subsidiary has agreed to pay RMB1,500,000 for the levy of 150 acreage land for its future development. As at the balance sheet date, RMB900,000 (equivalent to HK\$900,000) in respect of this has been paid.

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

19. 存貨

19. INVENTORIES

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
原材料	Raw materials	51,504	37,096
在製品	Work in progress	84,422	68,892
產成品	Finished goods	110,124	136,687
		246,050	242,675
減：存貨撥備	Less: Allowance for inventories	(14,886)	(14,284)
		231,164	228,391

於資產負債表日，存貨中包括可變現淨額列賬的存貨約為24,836,000港元（二零零五年：5,725,000港元）。

At the balance sheet date, approximately HK\$24,836,000 (2005: HK\$5,725,000) of the inventories of the Group were carried at net realisable value.

20. 應收賬款及其他應收款

本集團給予貿易客戶平均三十至九十日的平均信貸期。

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

20. ACCOUNTS AND OTHER RECEIVABLES

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

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

截至二零零六年十二月三十一日止年度 Year ended 31 December 2006

20. 應收賬款及其他應收款(續)

於資產負債表日，應收賬款及其他應收款已包括：

20. ACCOUNTS AND OTHER RECEIVABLES (Continued)

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

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
應收賬款	Accounts receivable	337,443	326,865
其他應收款	Other receivables	15,111	20,313
		352,554	347,178
減：呆壞賬撥備	Less: Allowance for bad and doubtful debts	(7,940)	(8,377)
		344,614	338,801

應收賬款之賬齡分析如下：

An ageing analysis of accounts receivable is as follows:

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
本期至六個月內	Current to less than 6 months	305,513	286,780
六個月至一年內	6 months to less than 1 year	23,859	26,519
一至兩年內	1 to less than 2 years	2,700	5,773
兩年以上	Over 2 years	5,371	7,793
		337,443	326,865

於二零零六年十二月三十一日，由於本集團之應收賬款及其他應收款屬短期到期性質，所以其公平值與其賬面值相若。

The fair values of the Group's accounts and other receivables at 31 December 2006 approximate to the corresponding carrying amounts due to short-term maturities.

21. 預付款項及按金

於二零零六年十二月三十一日，預付款項及按金包括用以購置物業、廠房及設備以及在建工程的款項約170,131,000港元(二零零五年：46,980,000港元)。

於二零零六年十二月三十一日，由於本集團之預付款項及按金屬短期到期性質，所以其公平值與其賬面值相若。

22. 已抵押銀行存款及受限制銀行結餘

於二零零六年十二月三十一日，已抵押銀行存款指為使本公司一附屬公司獲得短期銀行貸款而抵押給銀行的存款。該存款按固定年利率4.73%計息。

於二零零六年及二零零五年十二月三十一日，受限制銀行結餘指為向若干客戶及供應商開具信用證而被銀行要求及限制的存款，受限制銀行結餘將於有關交易完成時解除限制。

21. PREPAYMENTS AND DEPOSITS

At 31 December 2006, prepayments and deposits include amounts paid for the purchase of property, plant and equipment of approximately HK\$170,131,000 (2005: HK\$46,980,000).

The fair values of the Group's prepayments and deposits at 31 December 2006 approximate to the corresponding carrying amounts due to short-term maturities.

22. PLEDGED BANK DEPOSIT AND RESTRICTED BANK BALANCES

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

At 31 December 2006 and 2005, restricted bank balances represent deposits required and restricted by banks in respect of the issue of letter of credit to certain customer and suppliers. The restricted bank balances will be released upon the completion of the respective transactions.

截至二零零六年十二月三十一日止年度 Year ended 31 December 2006

23. 應付賬款

應付賬款之賬齡分析如下：

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
本期至六個月內	Current to less than 6 months	42,781	48,715
六個月至一年內	6 months to less than 1 year	3,425	4,581
一至兩年內	1 to less than 2 years	2,173	1,456
兩年以上	Over 2 years	2,005	1,497
		50,384	56,249

於二零零六年十二月三十一日，由於本集團之應付賬款屬短期到期性質，所以其公平值與其賬面值相若。

23. ACCOUNTS PAYABLE

An ageing analysis of accounts payable is as follows:

The fair values of the Group's accounts payable at 31 December 2006 approximate to the corresponding carrying amounts due to short-term maturities.

24. 於一年內到期的銀行貸款

有抵押之短期銀行貸款

本集團所有貸款以人民幣計值。

於截至二零零六年十二月三十一日止年度，本集團獲得為數約95,000,000港元之新銀行貸款。該貸款按固定年利率4.860%及5.022%計息及須於一年內償還。

於二零零六年十二月三十一日，該銀行貸款以約99,790,000港元(二零零五年：無)的已抵押銀行存款作為抵押。

24. BANK BORROWINGS DUE WITHIN ONE YEAR

二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
95,000	—

All of the Group's borrowings are denominated in Reminbi.

During the year ended 31 December 2006, the Group obtained two new bank loans in the amount of approximately HK\$95,000,000. The loans drawn during the year bear fixed interest rates at 4.860% and 5.022% per annum and are repayable within one year.

At 31 December 2006, the bank loans were secured by the pledged bank deposit of approximately HK\$99,790,000 (2005: nil).

24. 於一年內到期的銀行貸款(續)

於二零零六年十二月三十一日，由於本集團的銀行貸款屬短期到期性質，所以其公平面值與其賬值相若。

24. BANK BORROWINGS DUE WITHIN ONE YEAR
(Continued)

The fair values of the Group's bank borrowings at 31 December 2006 approximate to the corresponding carrying amounts due to short-term maturities.

25. 本公司股本

25. SHARE CAPITAL OF THE COMPANY

		股本數目 Number of shares	千港元 HK\$'000
每股面值0.10港元之普通股	Ordinary shares of HK\$0.10 each		
法定：	Authorised:		
於二零零五年一月一日，	At 1 January 2005,		
二零零五年十二月三十一日	31 December 2005		
及二零零六年十二月三十一日	and 31 December 2006	2,000,000,000	200,000
已發行及繳足：	Issued and fully paid:		
於二零零五年一月一日，	At 1 January 2005,		
二零零五年十二月三十一日	31 December 2005		
及二零零六年一月一日	and 1 January 2006	986,953,059	98,695
本年度配售新股份(附註a及b)	Placing of new shares during the year (Notes a and b)	434,190,000	43,419
於二零零六年十二月三十一日	At 31 December 2006	1,421,143,059	142,114

附註：

Notes:

(a) 於二零零六年四月十日，本公司按每股作價1.38港元發行及配發197,390,000股每股面值0.10港元之普通股予獨立第三方。

(a) On 10 April 2006, 197,390,000 ordinary shares of HK\$0.10 each were issued and allotted to independent third parties at a price of HK\$1.38 per share.

(b) 於二零零六年十一月十三日，本公司按每股作價1.46港元發行及配發236,800,000股每股面值0.10港元之普通股予獨立第三方。

(b) On 13 November 2006, 236,800,000 ordinary shares of HK\$0.10 each were issued and allotted to independent third parties at a price of HK\$1.46 per share.

本年度內發行之所有新增股份，在各方面均與當時之現有股份享有同等權益。

All the new shares issued during the year rank pari passu in all respects with the existing shares.

26. 承擔

於資產負債表日，本集團沒有在綜合財務報表內撥備之承擔如下：

- (a) 購買及建造物業、廠房及設備之資本承擔：

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
已授權及已訂約	Authorised and contracted for	247,862	67,461

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

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
一年內	Within one year	692	1,307
第二至第五年(包括首尾兩年)	In the second to fifth year inclusive	222	3,036
五年後	Over five years	—	10,543
		914	14,886

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

26. COMMITMENTS

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

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

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
已授權及已訂約	Authorised and contracted for	247,862	67,461

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

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
一年內	Within one year	692	1,307
第二至第五年(包括首尾兩年)	In the second to fifth year inclusive	222	3,036
五年後	Over five years	—	10,543
		914	14,886

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

27. 購股權計劃

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

根據新計劃，董事可酌情邀請對本集團有所貢獻或將有貢獻之本集團全職僱員（包括本公司及其附屬公司之董事）、任何股東、供應商、客戶、專家顧問、顧問及合作夥伴或業務聯盟在新計劃條款及條件之規限下接受購股權認購本公司股份。合資格參與者將就每次授出之購股權支付象徵式代價。購股權可於董事在提出要約時所釐定及指定予各承授人之期間內任何時間行使，惟不得超過各購股權授出日起計十年之期間，惟可遵照新計劃予以提早終止。於二零零六及二零零五年十二月三十一日止兩年度，本公司並無授出購股權。

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

27. SHARE OPTION SCHEME

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

Under the New Scheme, the directors may, at their discretion, invite full-time employees of the Group, including directors of the Company and its subsidiaries, any of its shareholders, suppliers, customers, consultants, advisers and joint venture partners or business alliance who have contributed or will contribute to the Group to take up options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. A nominal consideration will be paid by the eligible participants for each lot of share options granted. An option may be exercised at any time during a period to be determined and identified by the directors to each grantee at the time of making the offer, but in any event, shall not exceed the period of ten years from the date of grant of the particular option, subject to the early termination of the New Scheme. No option has been granted by the Company during the two years ended 31 December 2006 and 2005.

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

截至二零零六年十二月三十一日止年度 Year ended 31 December 2006

27. 購股權計劃 (續)

年內購股權之變動如下:

27. SHARE OPTION SCHEME (Continued)

Movements of the share options during the year are as follows:

二零零六年

2006

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

二零零五年

2005

	授出日期	行使期	行使價	購股權數目				於二零零五年 十二月三十一日 尚未行使
				於二零零五年 一月一日 尚未行使	於年內授出	於年內行使	於年內取消	
	Date of grant	Exercisable period	Exercise price 港元 HK\$	Outstanding at 1 January 2005	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding at 31 December 2005
董事	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	1.10	5,000,000	—	—	(5,000,000)	—
Directors	23 January 2003	27 January 2003 – 26 January 2013						
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	1.10	1,500,000	—	—	—	1,500,000
Employees	23 January 2003	27 January 2003 – 26 January 2013						
				6,500,000	—	—	(5,000,000)	1,500,000

27. 購股權計劃(續)

於資產負債表日，根據本公司舊計劃授出而尚未行使之購股權涉及之本公司股份數目為1,500,000股(二零零五年：1,500,000股)，佔於該日本公司已發行股份之0.11%(二零零五年：0.15%)。按舊計劃，於任何時日未經本公司股東允許，可授出之購股權並不可以超過本公司已發行股份之10%。

28. 關聯人士交易

(a) 應付關聯公司款項詳情如下：

27. SHARE OPTION SCHEME (Continued)

At the balance sheet date, the number of shares in respect of which options had been granted and remained outstanding under the Old Scheme was 1,500,000 (2005: 1,500,000), representing 0.11% (2005: 0.15%) 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.

28. RELATED PARTY TRANSACTIONS

(a) Particulars of amount due to a related company is as follows:

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
關聯公司名稱	Name of related company		
無錫泛亞環保科技 有限公司	Wuxi Pan-Asia Environmental Protection Technologies Limited	550	1,220

應付關聯公司款項是無抵押、不計利息及須應要求償還的。

由於應付關聯公司款項屬短期到期性質，其公平值與其賬面值相若。

錢元英在此公司擁有實際權益。

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

The fair value of the amount due to a related company approximates to the corresponding carrying amount due to short-term maturities.

Qian Yuanying has beneficial interests in this company.

28. 關聯人士交易 (續)

(b) 於本年度，本集團進行以下關聯交易：

- (i) 本集團無償使用宜興新威集團有限公司的出口配額以安排其若干產品出口至中國以外地區。宜興新威集團有限公司為一家中國國內企業，由蔣泉龍及其子分別擁有90%及10%的權益。蔣泉龍亦是該企業的法定代表。宜興新威集團有限公司亦持有本公司一附屬公司宜興新威利成稀土有限公司的5%權益。

於截至二零零六年十二月三十一日止年度，本集團並無透過以上安排出口銷售。於二零零五年，透過以上安排的出口銷售約為5,662,000港元。

- (ii) 本集團已支付約212,000港元(二零零五年：206,000港元)的租金予蔣泉龍。
- (iii) 本集團已支付約52,000港元(二零零五年：51,000港元)的租金予無錫泛亞環保科技有限公司。

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

28. RELATED PARTY TRANSACTIONS (Continued)

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

- (i) The Group arranged certain export sales of its products outside the PRC using the export quota of Yixing Xinwei Group Co., Ltd. at nil consideration. Yixing Xinwei Group Co., Ltd. is a PRC domestic enterprise 90% owned by Jiang Quanlong and 10% owned by a son of Jiang Quanlong. Jiang Quanlong is also the legal representative of the enterprise. Yixing Xinwei Group Co., Ltd. also held 5% equity interests in Yixing Xinwei Leeshing Rare Earth Company Limited, a subsidiary of the Company.

During the year ended 31 December 2006, there was no export sales handled through this arrangement. In 2005, export sales handled through this arrangement amounted to approximately HK\$5,662,000.

- (ii) The Group paid rent of approximately HK\$212,000 (2005: HK\$206,000) to Jiang Quanlong.
- (iii) The Group paid rent of approximately HK\$52,000 (2005: HK\$51,000) to Wuxi Pan-Asia Environmental Protection Technologies Limited.

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

28. 關聯人士交易 (續)

(c) 應付董事款項詳情如下：

		二零零六年	二零零五年
		2006	2005
		千港元	千港元
		HK\$'000	HK\$'000
蔣泉龍	Jiang Quanlong	6,612	8,742
錢元英	Qian Yuanying	3,275	2,847
許盤鳳	Xu Panfeng	125	39
蔣才南	Jiang Cainan	50	222
		10,062	11,850

應付董事款項是無抵押、不計利息及須應要求償還的。

由於應付董事款項屬短期到期性質，所以其公平值與其賬面值相若。

主要管理人員之補償詳情載於附註10(b)。

28. RELATED PARTY TRANSACTIONS (Continued)

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

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

The fair values of the amounts due to directors approximates to the corresponding carrying amounts due to short-term maturities.

Details of key management personnel compensations are set out in note 10(b).

29. 收購一家附屬公司

於二零零五年，本集團收購海城市蘇海鎂礦有限公司之全部註冊資本，總代價為人民幣120,000,000元（折合約115,385,000港元）。此交易已採用收購會計法入賬。

29. ACQUISITION OF A SUBSIDIARY

In 2005, the Group acquired the entire registered capital of Haicheng City Suhai Magnesium Ore Co., Ltd. at a total consideration of RMB120,000,000 (equivalent to approximately HK\$115,385,000). The transaction has been accounted for using the purchase method of accounting.

截至二零零六年十二月三十一日止年度 Year ended 31 December 2006

29. 收購一家附屬公司(續)

交易所得的資產淨額及所產生的商譽如下：

29. ACQUISITION OF A SUBSIDIARY (Continued)

The net assets acquired in the transaction, and the goodwill arising, are as follows:

		公平值及合併前 被收購方之賬面值 Fair value and acquiree's carrying amount before combination 千港元 HK\$'000
所得的資產淨額：	Net assets acquired:	
物業、廠房及設備以及在建工程	Property, plant and equipment and construction-in-progress	42,278
預付租賃土地使用權款項	Prepaid lease payments on land use rights	2,190
存貨	Inventories	4,241
應收賬款及其他應收款	Accounts and other receivables	26,801
預付款項及按金	Prepayments and deposits	1,822
銀行結餘及現金	Bank balances and cash	428
應付賬款	Accounts payable	(1,593)
預提費用及其他應付款	Accruals and other payables	(22,088)
應付稅項	Tax payable	(1,869)
		52,210
收購所產生的商譽	Goodwill arising on acquisition	63,175
現金代價	Cash consideration	115,385
收購所產生的現金流淨額：	Net cash flow arising on acquisition:	
現金代價支出	Cash consideration paid	(115,385)
所得的銀行結餘及現金	Bank balances and cash acquired	428
		(114,957)

於截至二零零五年十二月三十一日止年度，海城市蘇海鎂礦有限公司對本集團之收入及除稅前溢利並無重大貢獻。

Haicheng City Suhai Magnesium Ore Co., Ltd. did not make significant contribution to the Group's revenue and profit before taxation for the year ended 31 December 2005.

30. 附屬公司

於二零零六年十二月三十一日本公司的附屬公司詳情如下：

30. SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2006 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	註冊及已繳足資本	已發行及繳足資本	本公司應佔權益/有投票權股本百分比		主營業務
					直接	間接	
Name of subsidiary	Place and date of incorporation/operations	Class of shares held	Registered and fully paid capital	Issued and fully paid capital	Effective percentage of equity interests/voting rights held by the Company		Principal activities
					Directly	Indirectly	
					%	%	
利成控股有限公司	英屬處女群島 一九九八年十二月三日	普通股	—	20美元	100	—	投資控股
Lee Shing Holdings Limited	British Virgin Islands 3 December 1998	Ordinary	—	US\$20	100	—	Investment holding
龍科國際貿易(上海)有限公司	中國 二零零零年二月二十四日	繳入資本	200,000美元	—	100	—	貿易
Wellfire (Shanghai) Company Limited	The PRC 24 February 2000	Contributed capital	US\$200,000	—	100	—	Trading
Dynamic Goal Worldwide Inc.	英屬處女群島 二零零零年五月三十一日	普通股	—	2美元	—	100	投資控股
Dynamic Goal Worldwide Inc.	British Virgin Islands 31 May 2000	Ordinary	—	US\$2	—	100	Investment holding
宜興新威利成稀土有限公司	中國 一九九三年七月十七日	繳入資本	15,660,000美元	—	—	95	製造及銷售稀土產品
Yixing Xinwei Leeshing Rare Earth Company Limited	The PRC 17 July 1993	Contributed capital	US\$15,660,000	—	—	95	Manufacture and sales of rare earth products

截至二零零六年十二月三十一日止年度 Year ended 31 December 2006

30. 附屬公司 (續)

30. 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	註冊及 已繳足資本 Registered and fully paid capital	已發行及 繳足資本 Issued and fully paid capital	本公司應佔 權益/有投票權 股本百分比 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 Yixing Xinwei Leeshing Refractory Materials Company Limited	中國 一九九九年七月三十日 The PRC 30 July 1999	繳入資本 Contributed capital	17,000,000美元 US\$17,000,000	—	—	100	製造及銷售耐火產品 Manufacture and sales of refractory products
無錫新威熒光材料有限公司 Wuxi Xinwei Fluorescent Materials Company Limited	中國 二零零一年十二月二十日 The PRC 20 December 2001	繳入資本 Contributed capital	8,520,000美元 US\$8,520,000	—	—	100	製造及銷售熒光產品 Manufacture and sales of fluorescent products
新威稀土集團(香港)有限公司 Xinwei Rare Earth Group (Hong Kong) Limited	香港 一九九八年十月二十三日 Hong Kong 23 October 1998	普通股 Ordinary	—	2港元 HK\$2	—	100	暫無業務 Dormant
中國稀土貿易有限公司 China Rare Earth Trading Limited	香港 二零零一年二月十六日 Hong Kong 16 February 2001	普通股 Ordinary	—	2港元 HK\$2	—	100	貿易 Trading

截至二零零六年十二月三十一日止年度 Year ended 31 December 2006

30. 附屬公司 (續)

30. 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	註冊及 已繳足資本 Registered and fully paid capital	已發行及 繳足資本 Issued and fully paid capital	本公司應佔 權益/有投票權 股本百分比 Effective percentage of equity interests/ voting rights held by the Company		主營業務 Principal activities
					直接 Directly %	間接 Indirectly %	
無錫新威高溫陶瓷有限公司 Wuxi Xinwei High Temperature Ceramics Co., Ltd	中國 二零零二年四月一日 The PRC 1 April 2002	繳入資本 Contributed capital	30,000,000港元 HK\$30,000,000	—	—	100	製造及銷售高溫陶瓷 產品 Manufacture and sales of high temperature ceramics products
海城市蘇海鎂礦有限公司 Haicheng City Suhai Magnesium Ore Co., Ltd.	中國 二零零二年四月二十七日 The PRC 27 April 2002	繳入資本 Contributed capital	人民幣25,000,000 RMB25,000,000	—	—	100	製造及銷售鎂砂產品 Manufacture and sales of magnesium products
宜興威爾發非金屬材料 有限公司 ¹ Yixing Wellfire Nonmetal Materials Co., Ltd. ¹	中國 二零零六年九月二十七日 The PRC 27 September 2006	繳入資本 Contributed Capital	—	—	—	100	製造及銷售耐火產品 Manufacture and sales of refractory products

截至二零零六年十二月三十一日止年度 Year ended 31 December 2006

30. 附屬公司 (續)

30. SUBSIDIARIES (Continued)

附屬公司名稱	註冊成立/營運 之地點及日期	持有股份類別	註冊及 已繳足資本	已發行及 繳足資本	本公司應佔 權益/有投票權 股本百分比		主營業務
					Effective percentage	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	of equity interests/ voting rights held by the Company		Principal activities
					直接 Directly %	間接 Indirectly %	
海城新威利成鎂資源有限公司	中國 二零零六年九月二十八日	繳入資本	3,500,000美元	-	-	100	製造及銷售鎂砂產品
Hai Cheng Xinwei Leeshing Magnesium Resources Co., Ltd.	The PRC 28 September 2006	Contributed Capital	US\$3,500,000	-	-	100	Manufacture and sales of magnesium products

¹ 於資產負債表日，3,000,000美元之註冊資本尚未繳付。

¹ At the balance sheet date, the registered capital of US\$3,000,000 has not been paid up.

概無附屬公司擁有任何於年結日或年內任何時間持續有效之債務證券。

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

31. 比較數字

若干比較數字已重分類並與本年度綜合財務報表的呈報保持一致。

31. COMPARATIVE FIGURES

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