



Annual Report 2005
二零零五年年報

United Metals Holdings Limited
科鑄技術集團有限公司

Contents

目錄

2-3	Corporate Information 公司資料
4-5	Financial Highlights 財務摘要
6-7	Chairman's Statement 主席報告書
8-13	Management Discussion & Analysis 管理層討論及分析
14-17	Corporate Governance Report 企業管治報告
18-20	Profiles of Directors and Senior Management 董事及高級管理層簡介
21-27	Directors' Report 董事會報告書
28-29	Auditors' Report 核數師報告書
30	Consolidated Income Statement 綜合收益表
31-32	Consolidated Balance Sheet 綜合資產負債表
33	Consolidated Statement of Changes in Equity 綜合資本變動表
34-35	Consolidated Cash Flow Statement 綜合現金流量表
36-79	Notes to the Consolidated Financial Statements 綜合財務報表附註
80	Financial Summary 財務概要

Corporate Information 公司資料



United Metals Holdings Limited

(incorporated in the Cayman Islands with limited liability)

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Thomas Lau, Luen-hung (Chairman)

Tsang Chiu Wai

Kong Cheuk Luen, Trevor

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lee Tho Siem

Wang Jianguo

Loke Yu alias Loke Hoi Lam

NON-EXECUTIVE DIRECTOR

Wong Wing Sing

AUDIT COMMITTEE

Lee Tho Siem

Wang Jianguo

Loke Yu alias Loke Hoi Lam

Wong Wing Sing

REMUNERATION COMMITTEE

Kong Cheuk Luen, Trevor (Chairman)

Lee Tho Siem

Wang Jianguo

COMPANY SECRETARY

Siu Po Sim, Katherine

QUALIFIED ACCOUNTANT

Chan Sai Hung

REGISTERED OFFICE

P.O. Box 309GT

Ugland House

South Church Street

Grand Cayman

Cayman Islands

* For identification purposes only

科鑄技術集團有限公司*

(於開曼群島註冊成立之有限公司)

董事會

執行董事

劉鑾鴻(主席)

曾昭偉

江爵媛

獨立非執行董事

李多森

王建國

陸海林

非執行董事

黃永勝

審核委員會

李多森

王建國

陸海林

黃永勝

薪酬委員會

江爵媛(主席)

李多森

王建國

公司秘書

蕭寶輝

合資格會計師

陳世雄

註冊辦事處

P.O. Box 309GT

Ugland House

South Church Street

Grand Cayman

Cayman Islands

* 僅供識別

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Laford Centre, 838 Lai Chi Kok Road
Cheung Sha Wan, Kowloon
Hong Kong
Tel : (852) 2422 7636
Fax : (852) 2480 4462
Email: info@unitedmetals.com.hk

總辦事處及主要營業地點

香港
九龍長沙灣
荔枝角道838號勵豐中心
9樓901-903室
電話:(852) 2422 7636
傳真:(852) 2480 4462
電郵:info@unitedmetals.com.hk

CORPORATE WEBSITE

www.unitedmetals.com.hk

公司網址

www.unitedmetals.com.hk

SHARE LISTING AND STOCK CODE

The Stock Exchange of Hong Kong Limited
Stock Code: 2302

股份上市及股份編號

香港聯合交易所有限公司
股份編號:2302

SOLICITORS

Sit, Fung, Kwong & Shum

律師

薛馮鄺岑律師行

AUDITORS

Deloitte Touche Tohmatsu

核數師

德勤•關黃陳方會計師行

PRINCIPAL BANKER

Hang Seng Bank Limited

主要往來銀行

恒生銀行有限公司

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE (BRANCH REGISTRAR)

Computershare Hong Kong
Investor Services Limited
46th Floor
Hopewell Centre, 183 Queen's Road East
Hong Kong

香港股份過戶登記處(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
46樓

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE (REGISTRAR)

Butterfield Bank (Cayman) Limited
Butterfield House
68 Fort Street
Grand Cayman
Cayman Islands

開曼群島股份過戶登記處(總處)

Butterfield Bank (Cayman) Limited
Butterfield House
68 Fort Street
Grand Cayman
Cayman Islands

Financial Highlights 財務摘要

THREE-YEAR COMPARISON OF KEY FINANCIAL FIGURES 三年主要財務數據之比較

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

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元
Revenue	收益	186,621	154,584	150,545
Gross profit	毛利	28,516	25,685	42,676
EBITDA	扣除利息、稅項、折舊及攤銷前之盈利	23,851	20,986	36,619
Profit for the year	年內溢利	10,329	8,414	25,754
Net cash (outflow) inflow	現金(流出)流入淨額	(18,537)	(25,453)	40,390
Earnings per share – basic (HK cents)	每股盈利 – 基本(港幣仙)	4.70	3.82	11.75
Current ratio	流動比率	3.16	3.84	5.56
Debt/Equity ratio (%)	負債/股東資金比率(%)	2.68	5.93	3.17

FIVE-YEAR SUMMARY OF FINANCIAL PERFORMANCE 五年財務業績概覽

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

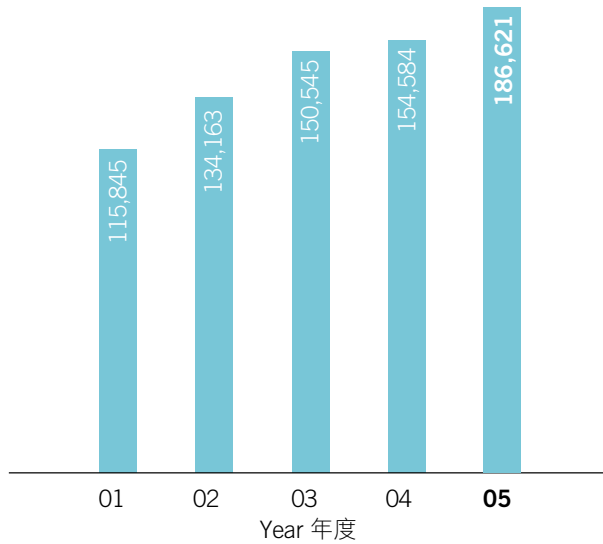
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元	2001 二零零一年 HK\$'000 港幣千元
Revenue	收益	186,621	154,584	150,545	134,163	115,845
Operating costs	經營成本	(18,379)	(17,951)	(16,889)	(11,421)	(7,927)
EBITDA	扣除利息、稅項、折舊及 攤銷前之盈利	23,851	20,986	36,619	35,925	28,510
Other income	其他收入	698	1,828	2,191	872	861
Finance costs	融資成本	(285)	(191)	(265)	(24)	(23)
Profit for the year	年內溢利	10,329	8,414	25,754	28,539	22,749

FIVE-YEAR SUMMARY OF FINANCIAL POSITION 五年財務狀況概覽

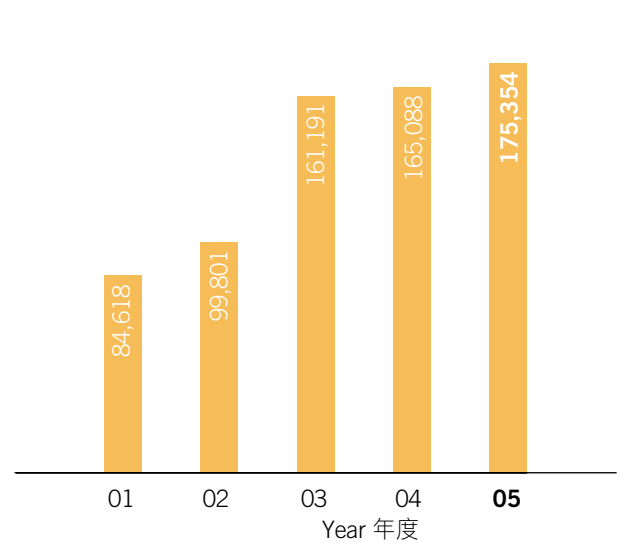
As at 31st December, 於十二月三十一日

		2005 二零零五年	2004 二零零四年	2003 二零零三年	2002 二零零二年	2001 二零零一年
Total assets (HK\$'000)	資產總額(港幣千元)	211,664	200,377	186,034	130,190	97,313
Total liabilities (HK\$'000)	負債總額(港幣千元)	(36,310)	(35,289)	(24,843)	(31,939)	(12,695)
Shareholders' equity (HK\$'000)	股東資金(港幣千元)	175,354	165,088	161,191	98,251	84,618
Current liabilities/ Shareholders' equity (%)	流動負債/ 股東資金比率(%)	19	18	13	27	15
EBITDA/Finance costs (Times)	扣除利息、稅項、折舊及 攤銷前之盈利/融資成本(倍)	84	110	138	1,497	1,240
Current liabilities/ EBITDA (Times)	流動負債/扣除利息、稅項、 折舊及攤銷前之盈利(倍)	1.40	1.42	0.59	0.75	0.45
Return on equity (%)	股本回報率(%)	6	5	16	29	27

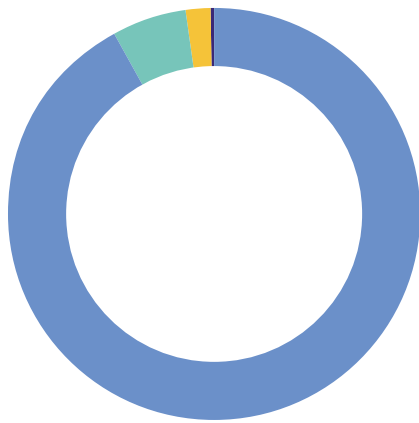
REVENUE (HK\$'000)
收益 (港幣千元)



SHAREHOLDERS' EQUITY (HK\$'000)
股東資金 (港幣千元)



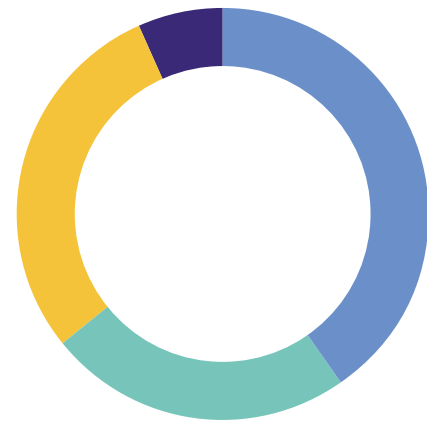
REVENUE BREAKDOWN BY BUSINESS
按業務劃分的收益分析



2005

- 92.09% Aluminium parts 鋁部件
- 5.80% Zinc parts 鋅部件
- 1.93% Magnesium parts 鎂部件
- 0.18% Others 其他

REVENUE BREAKDOWN BY GEOGRAPHICAL AREA
按地區劃分的收益分析



2005

- 40.30% The PRC, including Hong Kong 中國，包括香港
- 23.95% North America 北美洲
- 29.30% Europe 歐洲
- 6.45% Others 其他



“ United Metals
is ready to overcome the challenges
ahead and reach a new era

科鑄已準備就緒去克服
未來的挑戰，再闖高峰”

Thomas Lau, Luen-hung 劉鑾鴻
Chairman 主席

On behalf of the Board of Directors of United Metals Holdings Limited (the “Company”), I am pleased to present the annual results of the Company and its subsidiaries (collectively, “United Metals” or the “Group”) for the year ended 31st December, 2005.

2005 is a consolidating yet challenging year of the metal die casting industry. The demand remained flat during the year under review. Despite the fluctuation in high raw materials price, shortage and unstable labour supply, escalating wages and salaries in Southern China, limitation of the production capacity and electricity, the Group, one of the few world class die casters in the People's Republic of China (“the PRC”), leveraged on its depth in expertise, prudent management philosophies and strengthen the cost control, turnover was increased 21% to HK\$186,621,000, as compared to HK\$154,584,000 in 2004 with profit amount to HK\$10,329,000 at 23% increase in compare with HK\$8,414,000 in 2004.

Facing this environment, the Group adopted various measurements to reduce the impact of the industry. On one hand, the Group strengthened cost control measures which include better production planning and negotiation with the suppliers. On the other hand, the Group continued to secure more orders from new and existing customers. To further enhance the competitiveness, the Group devoted many resources to upgrade production capacities and technologies, with an aim to strengthen its vertically integrated service capability, especially to producing gadgets. During the year, the Group had installed several heavy duty precision Computerised Numerical Control (“CNC”) machining centres and die casting machines to increase the capacity.

本人謹代表科鑄技術集團有限公司(「本公司»)欣然提呈本公司及其附屬公司(統稱「科鑄」或「本集團»)截至二零零五年十二月三十一日止年度之年度業績。

二零零五年對壓鑄業而言為穩定但充滿挑戰的一年，回顧年內之需求維持穩定。儘管原材料價格高企、勞工供應短缺而不穩定、華南地區之工資及薪酬日增以及產能及電力之限制，作為於中華人民共和國(「中國»)少數世界級壓鑄商之一，本集團憑藉其豐富專業知識、審慎管理方針及嚴格成本控制，營業額仍較二零零四年之港幣154,584,000元增加21%至港幣186,621,000元。溢利達港幣10,329,000元，較二零零四年港幣8,414,000元增加23%。

面對如此環境，本集團採納多項措施以舒緩對行業之影響。本集團一方面加強成本控制措施，包括改善生產計劃及與供應商之磋商。另一方面，本集團繼續從新及現有客戶爭取更多訂單。為進一步提升競爭力，本集團投放大量資源提升產能及技術，以望提升其垂直綜合服務能力，特別是配件生產方面。年內，本集團設立多台重型精密電腦化數據控制(「CNC»)機械中心及多台壓鑄機器，以提升產能。

In 2006, market potentials for die casting, especially in the PRC market will continue to be enormous. To capture the uprising demand for automotives, information technology, telecommunications and electronic devices in the next few years, the Group is constructing new production facilities in Shanghai for the provision of expansion in die casting services. Under the turbulence of the die casting markets, the Group's new production facilities, which originally expected to be completed in the first half of 2006, was planned to be finished and commenced operation in late 2006. With the completion of the project, the Group will be a step further to solidify its position as a world-class company both in terms of scale and quality. Moreover, it can focus more resources on serving the brand-own customers, which is one of the key industries in the PRC in the upcoming years. Based on the healthy financial position, the Group is in best preparation for the bright future, amidst the high raw material prices in the upcoming years. The Group will continue to explore business opportunities with new clients through the diversification of new product ranges. By leveraging on its solid foundation and establishment in the industry as well as the long-term relationship with its customers, the Group is confident of overcoming the challenges ahead.

We truly trusted our supportive shareholders, dedicated staff member, loyal customers and suppliers are the key to the Group's remarkable success. On behalf of United Metals, I would like to express my heartfelt gratitude to all the stakeholders for their invaluable contribution to the continued success of the business.

Thomas Lau, Luen-hung

Chairman

Hong Kong, 13th April, 2006

於二零零六年，壓鑄市場，尤其中國市場將繼續維持龐大潛力。為把握汽車、資訊科技、電訊及電子零件於未來數年日益增加之需求，本集團現正於上海興建新生產設施，以擴充壓鑄服務。由於壓鑄市場波動不定，本集團原定於二零零六年上半年落成之新生產設施現計劃於二零零六年年底落成及投入運作。隨著計劃完成，就規模及質素而言，本集團將進一步鞏固其作為世界級公司之地位。此外，本集團將可調配更多資源為於中國未來主要工業之一——擁有商標之客戶提供服務。由於財政狀況穩健，儘管未來數年原料價格將仍然高企，本集團已準備就緒迎接更美滿將來。本集團將透過多元化發展新產品範疇，繼續與新客戶開拓商機。憑藉其穩固基礎、於業內所建立聲譽以及與客戶之長期關係，本集團深信定能克服未來種種挑戰。

我們深信一直鼎力支持之股東、努力不懈之員工、忠誠客戶及供應商乃是本集團成績卓越之關鍵。本人謹代表科鑄向全體股東對業務持續成功所作之寶貴貢獻致以衷心感謝。

劉鑾鴻

主席

香港，二零零六年四月十三日

Management Discussion & Analysis 管理層討論及分析

INDUSTRY OUTLOOK

2005 is a turbulence year to the die casting industry. According to the report of U.S. metal casting report issued by Modern Casting in January 2006, despite only a slight growth in light vehicle production in 2005, metal casting shipments rose 4.2% over 2004 to approximately 14.1 million tons. The rebound is expected to continue in each of the next three years and show an overall growth of 7.9% to approximately 14.7 million tons from 2004 to 2008.

Aluminium casting shipments are expected to rise 2.6% in 2006 and grow in the short term by 8.3% through 2008; however, the People's Republic of China (the "PRC") market continued to be the economic pulse of the new era and manufacturing base with vast consumption, the demand is better than the global average.

Under the national policy towards the automotives sector, the new adoption of aluminum and magnesium parts in cars and trucks to reduce weight, together with the encouragement of producing small car, results in the increase of the demand of die casting. To capture the enormous potentials in both local and global die casting markets, United Metals Holdings Limited (the "Company") and its subsidiaries (collectively, "United Metals" or the "Group"), the fully vertically integrated die caster for both domestic and overseas customers, is well prepared to speed up its development and fortify its business growth.

行業展望

二零零五年對壓鑄業而言為反覆的一年。根據Modern Casting於二零零六年一月發表有關美國金屬鑄件之報告，儘管二零零五年之輕型汽車生產僅輕微增長，金屬鑄件付運量卻較二零零四年增加4.2%至約14,100,000噸。此復甦勢頭預期將於未來三年每年持續，並於二零零四年至二零零八年期間整體增長7.9%至約14,700,000噸。

預期鋁鑄件付運量將於二零零六年增長2.6%，並於二零零八年前短期增長8.3%；然而，中華人民共和國（「中國」）市場繼續作為新紀元之經濟脈搏及耗用量龐大之生產基地，故需求將優於全球平均水平。

根據國家對汽車業之政策，汽車及貨車最近採用鋁及鎂部件以減輕重量，加上鼓勵生產小型汽車，帶動壓鑄需求增加。為抓緊當地及全球壓鑄市場之龐大潛力，科鑄技術集團有限公司（「本公司」）及其附屬公司（統稱「科鑄」或「本集團」）身為國內及海外客戶之全面垂直綜合壓鑄件生產商，已作好準備加速發展及提升業務增長。

BUSINESS REVIEW

For the year ended 31st December, 2005, the Group successfully maintained its growth momentum. Turnover surged 21% to approximately HK\$186,621,000, and the profit for the year increased 23% to HK\$10,329,000. It is mainly attributable to the increase in orders from existing automotive and industrial household appliances customers. Aluminium parts is still the core profit contributor, which accounted for approximately 92% of the turnover. Zinc and magnesium also contributed to 6% and 2% of turnover respectively. However, due to a number of factors, namely rise in metal alloy prices, appreciation of Renminbi (“RMB”) starting from July 2005, climbing fuel oil prices, shortages and unstable supply of labour and escalating wages and salaries in Southern China, overall gross profit margin was slightly decreased by 1% to approximately 15% in 2005.

With the solid business model, flexible production procedures and effective workforce, the Group achieved optimistic results and minimise the negative impacts brought about by the above-mentioned factors. In addition, the Group also expanded its client base and sales orders by increasing its operation efficiency through process automation. More Computerised Numerical Control (“CNC”) machines and other advanced machineries were introduced to enhance the production efficiency.

To ensure the market-leading position in the coming year, the Group implemented various strategies and production techniques to deliver more sophisticated assembled components to its customers.

業務回顧

截至二零零五年十二月三十一日止年度，本集團成功保持其增長動力。營業額上升21%至約港幣186,621,000元，而年內溢利則增加23%至港幣10,329,000元。主要歸因於現有汽車及工業的家電客戶之訂單增加。鋁部件仍為核心利潤貢獻來源，佔營業額約92%。鋅及鎂亦分別佔營業額6%及2%。然而，由於合金價格上升、人民幣（「人民幣」）自二零零五年七月起升值、燃油價格攀升、華南地區勞工供應短缺及不穩以及工資及薪金急升等多項因素影響下，二零零五年整體毛利率輕微減少1%至約15%。

憑藉穩固的業務模式、靈活的生產程序及有效率的員工隊伍，本集團獲得理想業績，且減低了上述因素之負面影響。此外，本集團亦透過自動化工序提升其營運效率，從而擴闊客戶基礎及增加銷售訂單。本集團引入更多電腦化數據控制（「CNC」）機器及其他先進機器，以提升生產效率。

為確保來年維持市場領導地位，本集團推行多項策略及生產技術，以便向客戶提供更多精密裝嵌部件。

OPERATIONAL REVIEW

As a fully vertically-integrated die caster for domestic and international client, the Group was able to increase the total turnover and profit yet 2005 is a challenging year for the manufacturers. To prepare the best to capture the upcoming market opportunities, the Group has also made several significant business progresses, with the aim not only to further expand its scope of business, but most important of all, to pave its way to capture the enormous market potential ahead.

Enhanced production capacity

With the view of robust demand on die casting parts in China, the Group already planned to construct a new production plant, which is strategically located in Shanghai, to produce automotive as well as other industrial parts to various manufacturers. Construction of the new production plant is in the progress followed by the internal wiring and decoration. It can boost the production capacity of die casting parts by 200%. The new production plant, which is originally planned to be completed in the first half of 2006, will be rescheduled and expected to commence operation in late 2006.

In order to fulfill the customer orders, the Group had installed several new die casting machines and CNC machines in the existing manufacturing site to keep deliveries on time. Management training program was implemented to develop people resources internally.

Product diversification

As a leading die caster, the Group committed to provide a comprehensive range of product offerings with the aim to offer choices and diversity for leading manufacturers. Aluminium remained the most widely applicable metal alloy and the core income contribution for the Group.

Diversified clientele

The Group continued to pursue the strategy of enlarging customer base. With over 100 customers spanning across different regions of the world, the PRC remained the largest shipment delivery country, contributing 40% to the Group's turnover. During the year under review, the Group has committed to attract new well-known customers to further fortify its business development. Besides, the Group also works closely with automotive and industrial manufacturers, which can establish a solid foundation once the new production plant in Shanghai, which focuses to manufacture die casting parts with integrated services, can be commenced.

營運回顧

即使二零零五年對生產商而言極具挑戰，作為國內及國際客戶之全面垂直綜合壓鑄件生產商，本集團總營業額及溢利仍能錄得增長。為作好最佳準備，以抓緊未來市場湧現之商機，本集團亦推行多項重要業務發展，目標不單為進一步擴大其業務範疇，最為關鍵的是為抓緊未來龐大市場鋪路。

提升生產力

有見中國壓鑄部件之需求強勁，本集團計劃於策略位置上海興建新生產廠房，為不同製造商生產汽車及其他工業部件。新生產廠房之建造工程正如期進行，稍後將進行內部拉線及裝修工作。這可將壓鑄部件之生產力提升200%。新生產廠房原計劃於二零零六年上半年落成，現重訂時間表，預期將於二零零六年年底開始運作。

為配合客戶訂單所需，本集團已於現有生產基地裝配多台新壓鑄機械及CNC機器，以確保準時交貨。本集團並推行管理層培訓計劃，從內部培育人力資源。

產品多元化

作為壓鑄生產商之翹楚，本集團致力提供全面的產品種類，以向具領導地位之生產商提供更多選擇及種類為目標。鋁仍為最廣為應用之合金及本集團核心收入來源。

擴闊客戶層面

本集團繼續推行策略擴大客戶基礎。本集團擁有超過100名遍佈全球各地之客戶，當中付運量最高之國家仍為中國，佔本集團營業額40%。於回顧年內，本集團致力吸納新知名客戶，以進一步加強其業務發展。此外，本集團亦與汽車及工業製造商緊密合作，將可於上海新生產廠房投產後，隨即建立穩固基礎，集中生產壓鑄部件等綜合服務。

FUTURE STRATEGIES

Looking forward, it is anticipated that the market condition will remain difficult for the first half of the year and therefore the Group will continue to implement stringent cost controls.

The Group expects the demand for automotive parts die casting services will continue to grow in the upcoming years. To capture this opportunity, the Group is constructing new two-phase production facilities with the strategic location in Shanghai. Back up by the heavy tonnage machines, new production facilities will not only to provide larger die casting parts, but also provide quick response to the customers. The Group expects that Phase I of the production facilities will be in operation and providing an additional 3,500 tons of productivity during the first half of 2007. United Metal Products (Shanghai) Co. Ltd. ("United Shanghai"), a wholly foreign owned enterprise in the PRC and wholly-owned subsidiary of the Company, will not only operate the production facilities but also carry out export sales as well as domestic sales in the PRC of the facilities' products. Besides, the Group will provide comprehensive training to all staffs, with a view to develop an effective workforce, which is fundamental to the growth of United Metals.

In the long term, the PRC is expected to be one of the key die casting markets with promising outlook. Capitalizing on its geographical advantage, together with our strategic move, the Group has fully prepared itself for future business growth. The Group will continue to solidify its business foundation as well as to speed up its pace of development in two particular market segments: automotive industry and international industrial companies with manufacturing bases in the PRC.

EMPLOYEES AND REMUNERATION POLICIES

As at 31st December, 2005, the Group employed approximately 2,280 full-time employees (At 31st December, 2004: 2,100) of whom 20 were based in Hong Kong (At 31st December, 2004: 20), 2,260 were based in the Group's factories in Dongguan, PRC (At 31st December, 2004: 2,080). Total staff cost incurred during the year amounted to approximately HK\$47,617,000 (2004: HK\$43,331,000).

Remuneration policies and packages for the Group's employees are based on their performance, working experiences and condition prevailing in the industry. In addition to basic salaries, retirement schemes and medical schemes, discretionary share options and performance bonuses to eligible staff are according to the financial results of the Group and the performance of individual employees. To raise work quality and management abilities of its employees, the Group provides job rotation, in-house training and external training courses to employees.

未來策略

展望未來，預期上半年市況仍然艱鉅，因此，本集團將繼續推行嚴謹成本控制。

本集團預期汽車部件壓鑄服務之需求將於未來數年繼續增長。為抓緊此機會，本集團正於策略位置上海分兩期興建新生產廠房。在重型噸位機器之配合下，新生產廠房將不僅提供較大型壓鑄部件，並將可快速回應客戶之需求。本集團預期第一期生產廠房將投入生產及於二零零七年上半年提供額外3,500噸生產力。屬中國全外資企業之本公司全資附屬公司科鑄金屬制品(上海)有限公司(「科鑄上海」)除運作該生產設施外，並負責該設施產品之出口及內銷。此外，本集團將向全體員工提供全面培訓，建立有效率之員工隊伍，對科鑄之增長實為重要。

長遠而言，預期中國將為主要壓鑄市場之一，前景秀麗。憑藉其地區優勢，加上所採取策略，本集團已為未來業務增長作好充份準備。本集團將繼續鞏固其業務基礎，並將加快其對準汽車業及於中國設有生產基地之國際工業公司兩個指定市場範疇之發展步伐。

僱員及薪酬政策

於二零零五年十二月三十一日，本集團僱用約2,280名全職員工(於二零零四年十二月三十一日：2,100名)，當中20名駐於香港(於二零零四年十二月三十一日：20名)，另2,260名駐於本集團在中國東莞之廠房(於二零零四年十二月三十一日：2,080名)。年內產生之員工成本總額約為港幣47,617,000元(二零零四年：港幣43,331,000元)。

本集團僱員之薪酬政策及組合乃按照員工之表現、工作經驗及行業狀況釐定。除基本薪金、退休計劃及醫療計劃外，因應本集團財務業績及個別員工之表現，合資格員工亦可獲發酌情購股權及表現花紅。為提高僱員之工作質素及管理能力的，本集團向僱員提供職位調配、內部培訓及外界培訓課程。

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2005, total bank borrowings was HK\$4,700,000 (At 31st December, 2004: HK\$9,784,000), of which HK\$2,640,000 (At 31st December, 2004: HK\$5,084,000) would be due within one year and HK\$2,060,000 (At 31st December, 2004: HK\$4,700,000) would be due after one year. The bank borrowings are denominated in Hong Kong dollars and bear interest at rates calculated with reference to Hong Kong Interbank Offered Rate ("HIBOR") plus basis.

The Group had a net current assets amounting to HK\$72,050,000 (At 31st December, 2004: HK\$84,387,000) and a current liabilities of HK\$33,312,000 as at 31st December, 2005 (At 31st December, 2004: HK\$29,696,000). Stock turnover days remain steadily at 70 days as at 31st December, 2004 and 2005. Due to highest turnover in the last quarter of the year, debtors' turnover days was increased from 80 days as at 31st December, 2004 to 88 days as at 31st December, 2005.

Capital expenditures on plant, equipment, leasehold improvements and construction in progress totalled HK\$18,913,000 (2004: HK\$30,339,000) in 2005, of which HK\$3,461,000 (2004: HK\$ Nil) was related to the construction cost of the new manufacturing plant situated in Shanghai, PRC. And a prepaid lease payment of HK\$6,628,000 was paid to acquire the land use right of the new manufacturing plant in Shanghai, PRC. Furthermore, HK\$41,667,000 (At 31st December, 2004: HK\$9,978,000) was committed as at 31st December, 2005 to purchase additional property, plant and equipment, of which HK\$7,629,000 was contracted for but not provided in financial statements and HK\$34,038,000 was authorised but not contracted for.

Net cash generated from operations amounted to HK\$18,368,000. The Group's cash on hand and bank balances decreased from HK\$36,671,000 as at 31st December, 2004 to HK\$18,134,000 as at 31st December, 2005. The decrease was mainly a result of financing the new manufacturing plant construction and expansion of production facilities.

Total shareholders' funds increased from HK\$165,088,000 as at 31st December, 2004 to HK\$175,354,000 as at 31st December, 2005, as a result of HK\$10,329,000 of the current year profit being retained.

As at 31st December, 2005, the gearing ratio, in terms of total debts to total assets, maintained at 0.17 (At 31st December, 2004: 0.18).

流動資金及財務資源

於二零零五年十二月三十一日，銀行借貸合共港幣4,700,000元（於二零零四年十二月三十一日：港幣9,784,000元），其中港幣2,640,000元（於二零零四年十二月三十一日：港幣5,084,000元）將於一年內到期，而港幣2,060,000元（於二零零四年十二月三十一日：港幣4,700,000元）將於一年後到期。銀行借貸以港幣列值，按參考香港銀行同業拆息加指定息率計息。

於二零零五年十二月三十一日，本集團流動資產淨值為港幣72,050,000元（於二零零四年十二月三十一日：港幣84,387,000元），流動負債為港幣33,312,000元（於二零零四年十二月三十一日：港幣29,696,000元）。於二零零四年及二零零五年十二月三十一日，存貨週轉期維持於70天穩定水平。由於年內最後一季之營業額最高，應收賬款收款期亦由二零零四年十二月三十一日之80天增至二零零五年十二月三十一日之88天。

二零零五年之廠房、機器設備、租賃物業裝修與在建工程之資本開支合共港幣18,913,000元（二零零四年：港幣30,339,000元），當中港幣3,461,000元（二零零四年：港幣零元）與位於中國上海之新生產廠房之興建成本有關。另已支付港幣6,628,000元之預付租賃款項以購入中國上海新生產廠房之土地使用權。此外，於二零零五年十二月三十一日，增購物業、廠房及機器設備之承擔為港幣41,667,000元（於二零零四年十二月三十一日：港幣9,978,000元），當中港幣7,629,000元為已訂約但未於財務報表撥備，而港幣34,038,000元則為已認可但未訂約之資本承擔。

經營業務所得現金淨額為港幣18,368,000元。本集團之手頭現金及銀行結餘由二零零四年十二月三十一日之港幣36,671,000元減至二零零五年十二月三十一日港幣18,134,000元，主要由於就興建新生產廠房及擴充生產設施所致。

由於本年度溢利港幣10,329,000元予以保留為儲備，股東資金總額由二零零四年十二月三十一日之港幣165,088,000元增至二零零五年十二月三十一日之港幣175,354,000元。

於二零零五年十二月三十一日，資產負債比率（按負債總額相對資產總值計算）維持於0.17（於二零零四年十二月三十一日：0.18）。

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no material acquisitions and disposals of subsidiaries and associated companies for the year ended 31st December, 2005.

EXPOSURE TO FOREIGN EXCHANGE RISK

The Group's income and expenditure of raw materials and manufacturing cost are mainly denominated in USD, HKD and RMB. Fluctuations of the exchange rates of RMB against foreign currencies could affect the operating costs of the Group. Currencies other than RMB were relatively stable during the year, the Group did not expose to significant foreign exchange risk. The Group currently does not have a foreign currency hedging policy. However, management will continue to monitor foreign exchange exposure and will take prudence measures to minimise the currency translation risk. The Group will consider hedging significant foreign currency exposure should the need arise.

CAPITAL STRUCTURE

There has been no material significant change in the capital structure of the Group since 31st December, 2004.

CHARGE ON ASSETS

There was no charge on the Group's assets for the year ended 31st December, 2005 (2004: Nil).

CONTINGENT LIABILITIES

There was no material contingent liabilities as at 31st December, 2005.

POST BALANCE SHEET EVENT

On 20th February, 2006, United Shanghai entered into four construction agreements at an aggregate amount of approximately HK\$34,038,000 with four different contractors for the construction of a new factory and production premises in the PRC. The construction agreements will be funded by bank borrowings and advances from a company incorporated in Hong Kong which is ultimately owned by the Company's executive director, Mr. Thomas Lau, Luen-hung. Details of such are set out in the Company's announcement dated 20th February, 2006.

FINAL DIVIDEND

The directors do not recommend the payment of a final dividend for the year ended 31st December, 2005 (2004: Nil).

收購及出售附屬公司及聯營公司

截至二零零五年十二月三十一日止年度，本集團並無任何重大收購或出售附屬公司及聯營公司。

外匯風險承擔

本集團收入與原材料開支及製造成本主要以美元、港幣及人民幣列值。人民幣兌外幣匯率波動對本集團經營成本可以構成影響。人民幣以外之貨幣於年內相對穩定，本集團並無面對重大外匯風險。本集團現時並無外幣對沖政策。然而，管理層將繼續監察外匯風險，並採取審慎措施減低匯兌風險。本集團認為於必要時考慮就重大外幣風險進行對沖安排。

資本結構

本集團之資本結構自二零零四年十二月三十一日以來並無重大變動。

資產抵押

截至二零零五年十二月三十一日止年度，本集團並無抵押任何資產（二零零四年：無）。

或然負債

於二零零五年十二月三十一日，並無任何重大或然負債。

結算日後事項

於二零零六年二月二十日，科鑄上海就於中國興建新廠房及生產物業與四名不同承建商訂立合共約港幣34,038,000元之四份建築協議。該等建築協議將以銀行借貸及一家於香港註冊成立且由本公司執行董事劉鑾鴻先生最終擁有之公司提供墊款撥付。詳情載於本公司日期為二零零六年二月二十日之公佈。

末期股息

董事不建議就截至二零零五年十二月三十一日止年度派發末期股息（二零零四年：無）。

Corporate Governance Report 企業管治報告

CODE ON CORPORATE GOVERNANCE PRACTICES

United Metals Holdings Limited (the “Company”) has complied with the code provisions laid down in the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year ended 31st December, 2005 (the “Year”), except that (i) for code provision E.1.2, the Chairman of the Audit Committee, Mr. Lee Tho Siem, was unable to attend the Company’s annual general meeting on 8th June, 2005 due to other commitment, and (ii) for code provision A.4.1, in respect of service term of non-executive directors where non-executive directors are required to be appointed for a specific term and be subject to re-election.

Under the provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The current non-executive director and independent non-executive directors of the Company are not appointed for a specific term. However, all non-executive directors of the Company are subject to retirement by rotation and re-election in accordance with the Company’s Articles of Association. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the CG Code. The Company will also amend its Articles of Association to specify that every director shall be subject to retirement by rotation at least once every three years in due course.

BOARD OF DIRECTORS

Members of the board of directors of the Company (the “Board”) are collectively responsible for overseeing the business and affairs of the Company and its subsidiaries (the “Group”) that aims to enhancing the Company’s value for stakeholders. Roles of the Board include reviewing and guiding corporate strategies and policies; monitoring financial and operating performance; ensuring the integrity of the Group’s accounting and financial reporting systems; and setting appropriate policies in managing risks of the Group.

The Board currently comprises a total of seven members including three executive directors, one non-executive director and three independent non-executive directors. Members of the Board have different professional and industry experiences and background so as to bring in valuable contributions and advices for the development of the Group’s business. More than one-third of the Board is independent non-executive directors with a qualified accountant among them.

企業管治常規守則

科鑄技術集團有限公司(「本公司」)於截至二零零五年十二月三十一日止年度(「本年度」)內一直遵守香港聯合交易所有限公司證券上市規則(「上市規則」)附錄14所載企業管治常規守則(「管治守則」)所訂守則條文·惟以下除外:(i)就守則條文第E.1.2條·審核委員會主席李多森先生因其他事務未能出席本公司於二零零五年六月八日舉行之股東週年大會;及(ii)就守則條文第A.4.1條·有關非執行董事之服務任期·委任非執行董事須列明指定任期及須予重選。

根據守則條文第A.4.1條·非執行董事須按指定任期委任·並須重選。本公司現任非執行董事及獨立非執行董事並無指定任期。然而·根據本公司之公司組織章程細則·本公司全體非執行董事均須輪值退任及重選。因此·本公司認為·已採取足夠措施確保本公司之企業管治常規守則不較管治守則所載者寬鬆。本公司亦將於適當時候修訂其組織章程細則·以訂明各董事須每三年最少輪值退任一次。

董事會

本公司董事會(「董事會」)成員共同監督本公司及其附屬公司(「本集團」)業務及事務·旨在提升本公司為股東帶來的價值。董事會職責包括檢討企業策略及政策並作出指引;監管財務及營運表現;確保本集團會計及財務申報制度完備性以及制訂合適政策管理本集團風險。

董事會現由合共七名成員組成·包括三名執行董事·一名非執行董事及三名獨立非執行董事。董事會成員具備不同專業及行業經驗及背景·能為本集團業務發展作出寶貴貢獻及意見。董事會超過三分之一成員為獨立非執行董事·其中一名為合資格會計師。

BOARD OF DIRECTORS *(continued)*

Directors have full access to accurate, relevant and timely information of the Group through management and are able to obtain independent professional advices on issues whenever deemed necessary by the directors.

Board members meet regularly to discuss strategies and business issues, including financial performance, of the Group. Starting from 2005, regular quarterly meetings have been scheduled for the Board; and Board members can attend meetings in person or through electronic communications means in accordance with the Memorandum and Articles of Association of the Company.

The roles of the chairman and the chief executive officer are segregated in order to reinforce their independence and accountability.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all the directors, all the directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparing the financial statements of the Group. With the assistance of the accounting department, which is under the supervision of the qualified accountant of the Company, the directors ensure that the financial statements of the Group have been properly prepared in accordance with statutory requirements and applicable accounting standards. The directors also ensure that the publication of the accounts of the Group is in a timely manner.

A report of the independent auditors on the Group's accounts is set out in this annual report.

董事會 (續)

董事可透過管理層，全面取得本集團之準確、相關及最新資料，且可於彼等認為需要時取得獨立專業意見。

董事會成員定期會面，以商討本集團策略及業務，包括財務表現。自二零零五年起，董事會每季舉行定期會議，根據本公司之公司組織章程大綱及細則，董事會成員可親身或透過電子通訊方式出席。

主席及行政總裁之角色獨立區分以加強獨立性及問責性。

獨立非執行董事之確認書

本公司已接獲各獨立非執行董事根據上市規則第3.13條就確認彼等之獨立性發出之年度確認書。本公司認為全體獨立非執行董事均為獨立人士。

董事進行證券交易的標準守則

本公司已就董事進行證券交易採納一套不寬鬆於上市規則附錄10所載上市公司董事進行證券交易的標準守則（「標準守則」）所規定標準的操守準則。向全體董事作出明確查詢後，全體董事確認彼等已遵守標準守則及本公司就董事進行證券交易所採納的操守準則所載標準規定。

董事對財務報表之責任

董事明瞭彼等編製本集團財務報表之責任。在由本公司合資格會計師督導的會計部門協助下，董事確保本集團財務報表根據法定規定及適用會計準則編製，並依時刊發本集團賬目。

本年報載有獨立核數師對本集團賬目之報告。

INTERNAL CONTROL AND INTERNAL AUDIT

The Board acknowledges its responsibility in maintaining sound and effective internal control system for the Group to safeguard investments of the shareholders and assets of the Company at all times.

The system of internal controls aims to help achieving the Group's business objectives, safeguarding assets and maintaining proper accounting records for provision of reliable financial information. However, the design of the system is to provide reasonable, but not absolute, assurance against material misstatement in the financial statements or loss of assets and to manage rather than eliminate risks of failure when business objectives are being sought.

Management has conducted regular reviews during the Year on the effectiveness of the internal control system covering all material controls in area of financial, operational and compliance controls, various functions for risks management as well as physical and information system security.

There is currently no internal audit function within the Group that is separate and independent from the Group's finance team. The finance team assumes also responsibility for conducting regular review of internal control procedures, including accounting system and procedures. Although this arrangement can be improved, management is not concerned with the lack of segregation of duties having assumed the current organizational structure, lines of responsibility and authority of the management team and the risks associated with the operations of the Group.

AUDITORS' REMUNERATION

The amount of audit fee for the Year was HK\$673,000 (2004: HK\$491,000). The auditors did not provide any non-audit services to the Company for the Year. The Audit Committee is of the view that the auditors' independence is not affected by the services rendered.

AUDIT COMMITTEE

The Company's Audit Committee was first established in December 2002 and its terms of reference are available on the Company's website.

The principal duties of the Audit Committee include reviewing the Group's financial reporting system, internal control procedures and risk management and maintaining good and independent communications with the management as well as external auditors of the Company.

內部監控及內部審計

董事會理解須負責為本集團維持穩健湊效之內部監控制度，隨時保障股東投資及本公司資產。

內部監控制度旨在協助本集團達成業務目標、保障資產及恰當存管會計記錄以提供可靠財務資料。然而，有關制度只為提供合理而非完全防止財務報表出現重大陳述錯誤或資產損失提供保證，並對業務風險進行管理而非消除有關風險。

管理層於年內定期檢討內部監控制度之有效性，涵蓋財務、營運及守章方面之重大監管、風險管理各項職能以至資訊系統保安。

本集團目前並無獨立於本集團財務隊伍之內部審核功能。財務隊伍亦負責定期審閱內部財務監控程序，包括會計制度及程序。儘管此項安排有改善空間，管理層評估現行組織架構、報告制度及管理隊伍授權與本集團業務所涉及的風險後，對並無獨立劃分此項職能並不感到憂慮。

核數師酬金

本年度之審核費用為港幣673,000元（二零零四年：港幣491,000元）。核數師並無於本年度向本公司提供任何非審核服務。審核委員會認為核數師之獨立身分不受提供之服務影響。

審核委員會

本公司審核委員會於二零零二年十二月成立，其職權範圍載於本公司網頁。

審核委員會主要負責審閱本集團之財務報告制度、內部監控及風險管理，並与管理層及本公司外聘核數師保持良好以及獨立的溝通。

AUDIT COMMITTEE *(continued)*

During the Year under review, the Audit Committee held two meetings for which three out of four audit committee members had 100% attended all meetings while the other one had 50% attendance.

The Group's interim and annual report for the Year has been reviewed by the Audit Committee.

The Audit Committee of the Company comprises three independent non-executive directors, namely, Mr. Lee Tho Siem (Chairman of the Audit Committee), Mr. Wang Jianguo, Dr. Loke Hoi Lam and a non-executive director, Mr. Wong Wing Sing. Dr. Loke is a certified public accountant.

REMUNERATION COMMITTEE

The Company's Remuneration Committee was established in September 2005 which comprises two independent non-executive directors, namely, Mr. Lee Tho Siem and Mr. Wang Jianguo and one executive director namely Mr. Kong Cheuk Luen, Trevor who chairs the Remuneration Committee. The terms of reference of the Remuneration Committee are available on the Company's website.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of directors and reviewing their specific remuneration package by reference to market conditions, performance of the Group and the individual and corporate goals and objectives as set by the Board from time to time.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company sees high quality reporting as an essential element in building successful relationship with the Company's shareholders. The information provided will not only comply with the different requirements in force but to provide additional information to enhancing communications with shareholders and the investment public. It is part of a continuous communication that encompasses meetings and announcements to the market as well as periodic written reports in the form of preliminary announcement of results and interim and annual reports.

The Company also maintains a corporate website on which comprehensive information of the Group are provided.

審核委員會 *(續)*

回顧年度內，審核委員會曾舉行兩次會議，而四名委員中三名的出席率均達100%，餘下一名則為50%。

本集團本年度中期及年度報已經審核委員會審閱。

本公司審核委員會由三名獨立非執行董事李多森先生（審核委員會主席）、王建國先生、陸海林博士及一名非執行董事黃永勝先生組成。陸博士為執業會計師。

薪酬委員會

本公司薪酬委員會於二零零五年九月成立，由兩名獨立非執行董事李多森先生及王建國先生與一名執行董事江爵煖先生組成，江爵煖先生為主席。薪酬委員會之職權範圍載於本公司網頁。

薪酬委員會之主要職責包括就本公司有關董事薪酬之政策及結構向董事會作出建議，並參照市場狀況、本集團及個人表現以及董事會不時制定之企業目標及定向後，檢討具體薪酬待遇。

投資者關係及與股東溝通

本公司視良好報告制度為與本公司股東建立良好關係之關鍵。所提供資料除符合現行不同法律法規外，更可提供額外資料加強與股東及公眾投資者之溝通。持續的溝通透過各項會議及市場公佈以及業績初步公佈與中期及年度報告等定期書面報告進行。

本公司亦設有公司網頁，提供本集團全面資料。

Profiles of Directors and Senior Management 董事及高級管理層簡介

BOARD OF DIRECTORS

Executive Directors

Mr. Thomas Lau, Luen-hung, aged 52, is an executive director and chairman of the Group. Mr. Lau holds a Bachelor's degree and a Master's degree in Business Administration. Mr. Lau joined the Group since its establishment in 1993 and is responsible for the overall strategic planning and business development of the Group. He is also the chairman and executive director of Chinese Estates Holdings Limited and Chi Cheung Investment Company, Limited ("Chi Cheung"), all of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Lau is the managing director of Lifestyle International Holdings Limited whose shares are listed on the Stock Exchange. He has over 28 years of successful entrepreneurial experience in manufacturing, corporate finance, property investment and development and technology industry. Furthermore, Mr. Lau is an investor of Gemstar-TV Guide International Group Inc., a NASDAQ listed multimedia company and was its co-founder and had involved in its early years of strategic planning.

Mr. Tsang Chiu Wai, aged 55, is an executive director, president and chief executive officer of the Group. Mr. Tsang started to work in the metal working industry in Hong Kong in 1981 and joined the Group in 1993. He is responsible for the overall management and corporate strategies on production and technical know-how of the Group. Mr. Tsang graduated from the University of Hong Kong with a Bachelor of Science Degree in 1974. After completion of his Master of Business Administration Degree in the University of Windsor, Canada, in 1977, Mr. Tsang joined an international oil company in Hong Kong and gained valuable experience in corporate planning and finance. Mr. Tsang is also a member of the North American Die Casting Association.

Mr. Kong Cheuk Luen, Trevor, aged 50, is an executive director and chief operating officer of the Group. Mr. Kong invested in the Group through Winchase Limited since 1993 and became the executive director and chief operating officer of the Company in September 2002. He is responsible for the overall management of the financial and sales and marketing functions of the Group. Mr. Kong graduated from University of Saskatchewan, Canada in 1980 with a Bachelor of Commerce Degree. Before Mr. Kong became the executive director and chief operating officer of the Group, he was the General Manager of InfoChain Express division, an information technology business unit at Avery Dennison Corporation, a Fortune 500 US based company, and has over twenty years of manufacturing management experience. During his past years of experience, he had successfully deployed several key projects such as computerization of production system, certification of ISO 9001 quality system, construction of new 150,000 square feet plant facility and restructuring of a world class manufacturing team.

董事會成員

執行董事

劉鑾鴻先生，52歲，為本集團的執行董事兼主席。劉先生持有工商管理學士及碩士學位。彼自本集團於一九九三年成立起加盟本集團，負責本集團的整體策略性規劃及業務發展。彼亦為華人置業集團及至祥置業有限公司（「至祥」）的主席兼執行董事，該等公司俱於香港聯合交易所有限公司（「聯交所」）上市。劉先生為利福國際集團有限公司董事總經理，該公司之股份在聯交所上市。彼於製造、企業財務、物業投資與發展及科技業方面累積逾二十八年的成功企業管理經驗。此外，劉先生為Gemstar-TV Guide International Group Inc.的投資者兼創辦人之一，並曾參與該公司早期的策略性規劃，該公司乃一家於納斯達克上市的多媒體公司。

曾昭偉先生，55歲，為本集團的執行董事、總裁兼行政總裁。曾先生於一九八一年投身於香港金屬工程業，後於一九九三年加盟本集團。彼負責本集團生產及技術應用方面的整體管理及企業策略。彼於一九七四年畢業於香港大學，持有理學士學位。曾先生於一九七七年在加拿大的University of Windsor完成其工商管理碩士學位課程後，便加入香港一家國際石油公司工作，於企業策劃及財務方面取得寶貴的經驗。彼亦為North American Die Casting Association的會員。

江爵媛先生，50歲，為本集團的執行董事兼營運總監。江先生自一九九三年起透過Winchase Limited投資於本集團，並於二零零二年九月成為本公司的執行董事及營運總監。彼負責本集團財務、銷售及推廣部門的整體管理。江先生於一九八零年在加拿大的University of Saskatchewan畢業，持有商業學士學位。於成為本集團執行董事及營運總監之前，彼為InfoChain Express部門總經理，於製造管理方面累積逾二十年的經驗，該部門乃Avery Dennison Corporation（一家名列於財富雜誌首500位的美國公司）的資訊科技業務單位。彼於以往多年的經驗中，曾成功展開多個主要項目，例如生產系統電腦化、ISO 9001品質系統認證、興建150,000平方呎的新廠房設施及重組世界級的製造隊伍。

Independent Non-executive Directors

Mr. Lee Tho Siem, aged 66, is an independent non-executive director of the Group. Mr. Lee joined the Group in September 2002. He studied at University of Hangzhou between 1957 to 1961 and joined Hua Chiao Commercial Ltd. (formerly known as Hua Chiao Commercial Bank Ltd.) in September 1963 and was appointed as director and acting general manager in 2000. Mr. Lee has over 39 years of experience in the banking industry. He is currently a director of Hua Chiao Commercial Ltd., an independent director of Ningbo Commercial Bank and is also a member of the Hong Kong Securities Institute.

Mr. Wang Jianguo, aged 59, is an independent non-executive director of the Group. Mr. Wang joined the Group in December 2002. He graduated from Harbin Engineering Institute and is an economist. He is an independent non-executive director of Chi Cheung, a company listed on the Stock Exchange. He is currently the executive director of Shanghai Multi Luck Real Estates Development Limited and Shanghai Urban Real Estates Development Limited and the chairman of the board of Shanghai Ding Guo Investment Management Limited. He was previously the general manager of Xian Shanghai Economic Coordination Corporation and the deputy general manager of Shanghai Shenda (Group) Company. Mr. Wang has over 20 years of experience in property and corporate development and investment.

Dr. Loke Yu alias Loke Hoi Lam, aged 57, is an independent non-executive director of the Group. Dr. Loke joined the Group in July 2004. He has over 30 years of experience in accounting and auditing for private and public companies, financial consultancy and corporate management. He holds a Master of Business Administration Degree from University Teknologi Malaysia and a Doctor of Business Administration Degree from University of South Australia. He is a Fellow of The Institute of Chartered Accountants in England and Wales; The Hong Kong Institute of Certified Public Accountants (the "HKICPA"); and The Hong Kong Institute of Directors. He is also an Associate member of The Hong Kong Institute of Chartered Secretaries and a member of Malaysian Institute of Accountants. He is the Chairman of MHL Consulting Limited and serves as an independent non-executive director of Shandong Molong Petroleum Machinery Company Limited, New Chinese Medicine Holdings Limited, Matrix Holdings Limited, Yanion International Holdings Limited and Wealthmark International (Holdings) Limited, companies listed on the Stock Exchange.

Non-executive Director

Mr. Wong Wing Sing, aged 34, is a non-executive director of the Group. Mr. Wong is a partner of Sit, Fung, Kwong & Shum, Solicitors. He joined the Group in September 2002 as an independent non-executive director and was redesignated as a non-executive director with effect from September 2004. He has been practising law in Hong Kong since 1996 and his main areas of practice are corporate, securities and commercial law. He obtained his Bachelor of Law and Master of Law degrees from the University of Hong Kong in 1993 and 1997 respectively. He was admitted as a solicitor in Hong Kong in 1996 and a solicitor of England and Wales in 1997.

獨立非執行董事

李多森先生，66歲，為本集團的獨立非執行董事。李先生於二零零二年九月加入本集團。彼於一九五七年至一九六一年期間就讀於杭州大學，後於一九六三年九月加入華僑商業有限公司（前稱華僑商業銀行有限公司），並於二零零零年獲委任為董事兼代理總經理。李先生於銀行界累積逾三十九年經驗，彼現為華僑商業有限公司董事及寧波市商業銀行獨立董事，並為香港證券專業學會的會員。

王建国先生，59歲，為本集團的獨立非執行董事。王先生於二零零二年十二月加入本集團。彼在哈爾濱工程學院畢業，並為經濟師。彼為在聯交所上市之至祥的獨立非執行董事。彼現為上海多福房地產發展有限公司及上海都市房地產發展有限公司之董事，並為上海鼎國投資管理有限公司之董事長。彼曾任西安上海經濟協作公司的總經理及上海申大（集團）公司的副總經理。王先生在物業及企業發展與投資方面累積逾二十年經驗。

陸海林博士，57歲，為本集團的獨立非執行董事。陸博士於二零零四年七月加入本集團。彼於私人及上市公司之會計及審計工作、財務顧問及企業管理等方面擁有逾三十年經驗。彼取得馬來西亞科技大學工商管理碩士學位和南澳大學工商管理博士學位。彼為英國英格蘭與威爾斯特許會計師學會、香港會計師公會及香港董事學會之資深會員，亦是香港特許秘書學會及馬來西亞特許會計師學會之會員。彼現為萬豪企業管理有限公司主席，亦為多家於聯交所上市之公司，包括山東墨龍石油機械股份有限公司、新醫藥控股有限公司、美力時集團有限公司、益安國際集團有限公司及和寶國際控股有限公司之獨立非執行董事。

非執行董事

黃永勝先生，34歲，為本集團的非執行董事。黃先生乃薛馮鄭岑律師行的合夥人，於二零零二年九月加入本集團出任獨立非執行董事，自二零零四年九月起調任非執行董事。彼自一九九六年起在香港執業，其執業範疇主要為企業、證券及商業法。彼分別於一九九三年及一九九七年取得香港大學的法律學士學位及法律碩士學位。彼於一九九六年獲認許為香港律師，並於一九九七年獲認許為英格蘭及威爾斯律師。

SENIOR MANAGEMENT

Mr. Lee Yuk Kwan, aged 52, is the general manager of Dongguan United Metal Products Co., Ltd.. He is responsible for the overall production, materials control and operations of the factory. He joined the Group in 1993 and has over ten years senior management experience in the metal working industry. Prior to joining the Group, Mr. Lee gained extensive training and practical experience in the metal working, mechanical and structural engineering business.

Mr. Kwok Mok Kwan, aged 45, is the general manager of United Castings (Dongguan) Co., Ltd.. He is responsible for the procurement of general manufacturing supplies, factory administration and the supervision of the Group's processing factory. Mr. Kwok joined the Group in 1993 and has over ten years of experience in the die-casting operations, specializing in the secondary processes, such as Computerized Numerical Control machining and surface finishing.

Mr. Lam Pek Vu, aged 39, is the quality manager of the Group. He is responsible for the overall quality assurance function of the Group's factories. He joined the Group in April 1998 and has over 10 years experience in quality management.

Mr. Chan Sai Hung, aged 44, is the financial controller of the Group. He is responsible for the overall financial management of the Group. He joined the Group in July 2004 and is a Certified Public Accountant of the HKICPA, a Fellow member of Association of Chartered Certified Accountants and an Associate member of Certified General Accountants (Canada). Mr. Chan has over 18 years solid experience in auditing, accounting, merger & acquisition, general management and financial control. Prior to joining the Group, he worked in the accounting department of various corporations, including public bodies, bank, trading and manufacturing companies both in Hong Kong and Canada.

COMPANY SECRETARY

Ms. Siu Po Sim, Katherine, aged 49, is the company secretary of the Group. Ms. Siu is a Chartered Company Secretary and holds a Master's degree in Business Administration major in Finance. She is an Associate member of the The Institute of Chartered Secretaries and Administrators. She has over 18 years of professional experience in compliance, corporate & commercial and company secretarial matters in Hong Kong. She joined the Group in May 2004 and is responsible for the company secretarial affairs of the Group.

高級管理層

李煜鈞先生，52歲，東莞鏗利五金制品有限公司的總經理。彼負責廠房的整體生產、物料控制及營運。彼於一九九三年加盟本集團，在金屬工程業方面累積逾十年的高級管理經驗。加入本集團前，李先生於金屬製造、機械及結構工程行業獲取廣泛的培訓及實務經驗。

郭木根先生，45歲，東莞科鑄金屬制品有限公司的總經理。彼負責本集團加工廠一般生產物料供應的採購、廠房行政及督導。郭先生於一九九三年加盟本集團，在壓鑄業務累積逾十年經驗，專長後期工序，例如電腦數控機械加工方法及表層加工處理。

林碧湖先生，39歲，為本集團的品質部門經理。彼負責本集團各廠房的整體品質鑑定工作。彼於一九九八年四月加盟本集團，於品質管理方面累積逾十年經驗。

陳世雄先生，44歲，為本集團的財務總監，負責本集團整體財務管理。彼於二零零四年七月加盟本集團，為香港會計師公會執業會計師、英國特許公認會計師公會資深會員及加拿大註冊會計師協會(Certified General Accountants (Canada))的會員。陳先生在核數、會計、收購合併、一般管理及財務控制方面累積逾十八年經驗。加入本集團之前，他曾於多家公司的會計部門任職，包括香港及加拿大的公共機構、銀行、貿易及製造公司。

公司秘書

蕭寶嫻女士，49歲，為本集團的公司秘書。蕭女士為特許公司秘書及持有工商管理碩士學位，主修財務。彼為英國特許秘書及行政人員學會的會員。彼於香港守章、企業與商業以及公司秘書事宜方面累積逾十八年的專業經驗。蕭女士於二零零四年五月加盟本集團，負責本集團的公司秘書事宜。

Directors' Report 董事會報告書

The directors present their annual report and the audited financial statements for the year ended 31st December, 2005.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries are set out in note 35 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2005 are set out in the consolidated income statement on page 30 of the annual report.

The directors do not recommend the payment of a dividend and propose that the profit for the year be retained.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK\$18.9 million on plant and machinery to expand and upgrade its manufacturing facilities.

Details of this and other movements in the property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

DIRECTORS

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

Executive directors

Thomas Lau, Luen-hung
Tsang Chiu Wai
Kong Cheuk Luen, Trevor

Independent non-executive directors

Lee Tho Siem
Wang Jianguo
Loke Yu alias Loke Hoi Lam

Non-executive director

Wong Wing Sing

董事會提呈其截至二零零五年十二月三十一日止年度之年報及經審核財務報表。

主要業務

本公司為一間投資控股公司，其附屬公司之主要業務載於財務報表附註35。

業績及溢利分配

本集團截至二零零五年十二月三十一日止年度之業績載於年報第30頁之綜合收益表。

董事會不建議派付股息，並建議保留本年度溢利。

物業、廠房及設備

本集團年內用於廠房及機器的金額約達港幣18,900,000元，以擴充及提升其生產設施。

本集團年內在上述方面及有關物業、廠房及設備之其他變動詳情載於財務報表附註13。

董事

以下為本公司本年度及截至本報告日期之董事：

執行董事

劉鑾鴻
曾昭偉
江爵媛

獨立非執行董事

李多森
王建國
陸海林

非執行董事

黃永勝

DIRECTORS (continued)

In accordance with Article 112 of the Company's Article of Association, Mr. Lee Tho Siem and Mr. Wang Jianguo will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Each of the executive directors has entered into a service contract with the Company for an initial term of three years commencing 1st December, 2002 which shall continue thereafter until terminated by either party giving to the other party not less than six months prior written notice, such notice not to be given earlier than 1st December, 2003.

The term of office of each of the independent non-executive directors and non-executive director is the period from his appointment to the time of retirement by rotation in accordance with the Company's Articles of Association.

Save as disclosed above, none of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

董事 (續)

根據本公司之公司組織章程細則第112條，李多森先生及王建國先生將於即將舉行之股東週年大會輪值告退，彼等合資格並願膺選連任。

各執行董事與本公司訂有服務合約，年期由二零零二年十二月一日起計初步為期三年，其後將會繼續有效，直至其中一方向另一方發出不少於六個月的事先書面通知為止，惟有關通知不得早於二零零三年十二月一日發出。

各獨立非執行董事及非執行董事的任期為由其委任日期起直至本公司之公司組織章程細則訂明的輪值退任時間為止。

除上文披露者外，本公司或其任何附屬公司與擬在即將舉行之股東週年大會膺選連任之董事之間，概無任何本集團若不給予補償（法定補償除外）則於一年內不可終止之服務合約。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31st December, 2005, the interests of the directors and the chief executives and their associates in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the 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 Companies, were as follows:

Long positions

Ordinary shares of HK\$0.01 each of the Company

Name of director 董事姓名	Capacity 身分	Number of issued ordinary shares held 所持已發行 普通股數目	Percentage of the issued share capital of the Company 佔本公司已發行 股本百分比
Thomas Lau, Luen-hung 劉鑾鴻	Held by controlled corporation (Note i) 由受控制公司持有(附註i)	69,468,000	31.58%
Tsang Chiu Wai 曾昭偉	Held by controlled corporation (Note ii) 由受控制公司持有(附註ii)	62,292,000	28.31%
Kong Cheuk Luen, Trevor 江爵媛	Held by controlled corporation (Note iii) 由受控制公司持有(附註iii)	31,716,000	14.42%
		163,476,000	74.31%

Notes:

- (i) These securities are registered in the name of and beneficially owned by Shine Top Limited, a company incorporated in the British Virgin Islands. The entire issued share capital of Shine Top Limited is beneficially owned by Mr. Thomas Lau, Luen-hung. Accordingly, Mr. Thomas Lau, Luen-hung is deemed to be interested in 69,468,000 shares held by Shine Top Limited under the SFO.
- (ii) These securities are registered in the name of and beneficially owned by Standard Beyond Limited, a company incorporated in the British Virgin Islands. The entire issued share capital of Standard Beyond Limited is beneficially owned by Mr. Tsang Chiu Wai. Accordingly, Mr. Tsang Chiu Wai is deemed to be interested in 62,292,000 shares held by Standard Beyond Limited under the SFO. Mr. Tsang Chiu Wai is also a director of Standard Beyond Limited.

董事及主要行政人員於股份及相關股份之權益

於二零零五年十二月三十一日，董事及主要行政人員以及彼等之聯繫人士於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部分)之股份及相關股份中，擁有本公司根據證券及期貨條例第352條規定存置之登記冊所記錄之權益，或根據上市公司董事進行證券交易的標準守則已知會本公司及香港聯合交易所有限公司(「聯交所」)的權益如下：

好倉

本公司每股面值港幣0.01元之普通股

附註：

- (i) 該等證券乃以在英屬處女群島註冊成立之Shine Top Limited的名義登記，並由該公司實益擁有。Shine Top Limited全部已發行股本均由劉鑾鴻先生實益擁有。據此，根據證券及期貨條例，劉鑾鴻先生被視作於Shine Top Limited所持有69,468,000股股份中擁有權益。
- (ii) 該等證券乃以在英屬處女群島註冊成立之Standard Beyond Limited的名義登記，並由該公司實益擁有。Standard Beyond Limited全部已發行股本均由曾昭偉先生實益擁有。據此，根據證券及期貨條例，曾昭偉先生被視作於Standard Beyond Limited所持有62,292,000股股份中擁有權益。曾昭偉先生亦為Standard Beyond Limited之董事。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)

Notes: (continued)

(iii) These securities are registered in the name of and beneficially owned by Absolute Above Limited, a company incorporated in the British Virgin Islands. The entire issued share capital of Absolute Above Limited is beneficially owned by Mr. Kong Cheuk Luen, Trevor. Accordingly, Mr. Kong Cheuk Luen, Trevor is deemed to be interested in 31,716,000 shares held by Absolute Above Limited under the SFO. Mr. Kong Cheuk Luen, Trevor is also a director of Absolute Above Limited.

Save as disclosed above, none of the directors, chief executives nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31st December, 2005.

SHARE OPTIONS

Particulars of the Company's share option scheme (the "Scheme") are set out in note 27 to the financial statements. No option was granted under the Scheme since its adoption.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed under the section headed "SHARE OPTIONS" above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

Other than as disclosed under the section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES", the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO discloses no person as having a notifiable interest or short position in the issued share capital of the Company as at 31st December, 2005.

董事及主要行政人員於股份及相關股份之權益 (續)

附註: (續)

(iii) 該等證券乃以在英屬處女群島註冊成立之Absolute Above Limited的名義登記，並由該公司實益擁有。Absolute Above Limited全部已發行股本均由江爵煖先生實益擁有。據此，根據證券及期貨條例，江爵煖先生被視作於Absolute Above Limited所持有31,716,000股股份中擁有權益。江爵煖先生亦為Absolute Above Limited之董事。

除上文披露者外，於二零零五年十二月三十一日，董事、主要行政人員或彼等任何聯繫人士概無於本公司或其任何相聯法團任何股份、相關股份或債券中，擁有任何權益或淡倉。

購股權

本公司之購股權計劃（「計劃」）詳情載於財務報表附註27。自採納計劃以來，並無根據計劃授出購股權。

購入股份或債券之安排

除上文「購股權」一節披露者外，本公司或其任何附屬公司於本年度任何時間概無訂立任何安排，令本公司董事可藉購入本公司或任何其他法人團體之股份或債券而取得利益。

主要股東

除「董事及主要行政人員於股份及相關股份之權益」一節披露者外，按照本公司根據證券及期貨條例第336條規定存置之主要股東登記冊所披露，於二零零五年十二月三十一日，概無任何人士在本公司已發行股本中擁有須具報權益或淡倉。

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

CONNECTED TRANSACTIONS

During the year, there was no discloseable connected transaction.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers in aggregate accounted for approximately 45.0% of the turnover of the Group and the largest customer accounted for approximately 11.4% of the total turnover of the Group.

The aggregate purchases attributable to the Group's five largest suppliers during the year accounted for approximately 79.2% of the total purchases of the Group and the largest supplier accounted for approximately 25.1% of the total purchases of the Group.

At no time during the year did a director, an associate of a director or a shareholder of the Company, which to the knowledge of the directors owns more than 5% of the Company's issued share capital, have an interest in any of the five largest customers and suppliers of the Group.

董事於重大合約之權益

本公司或其任何附屬公司概無訂立本公司董事直接或間接擁有重大權益而於年結時或年內任何時間仍然有效之重大合約。

購買、出售或贖回上市股份

於本年度，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市股份。

關連交易

年內，並無進行須予披露關連交易。

主要客戶及供應商

於本年度，本集團五大客戶的銷售總額佔本集團營業總額約45.0%。最大客戶的銷售額佔本集團營業總額約11.4%。

於本年度，本集團五大供應商的採購總額佔本集團採購總額約79.2%。最大供應商的採購額佔本集團採購總額約25.1%。

本年度任何時間董事及彼等各自的聯繫人士及據董事所知擁有本公司已發行股本5%以上的本公司股東，概無在本集團任何五大客戶及供應商中擁有權益。

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme are set out in note 27 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

COMPETING BUSINESS INTERESTS OF DIRECTORS

None of the directors of the Company or their respective associates have any interests in a business which competes or may compete with the business of the Company.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31st December, 2005.

POST BALANCE SHEET EVENT

Details of a significant event occurring after the balance sheet date are set out in note 33 to the financial statements.

薪酬政策

本集團僱員之薪酬政策乃由薪酬委員會按彼等之長處、資格及能力釐定。

本公司董事之酬金乃由薪酬委員會按本公司經營業績、個人表現及可比較市場數據釐定。

本公司已採納購股權計劃，作為董事及合資格僱員之獎勵，計劃詳情載於財務報表附註27。

優先購買權

本公司之公司組織章程細則或開曼群島法例均無任何關於優先購買權之規定，致使本公司有責任向現有股東按比例發售新股。

董事之競爭業務權益

本公司董事或彼等聯繫人士概無於目前或可能與本公司業務競爭之業務中擁有任何權益。

充足公眾持股量

本公司於截至二零零五年十二月三十一日止年度一直維持充足公眾持股量。

結算日後事項

結算日後發生之重大事項詳情載於財務報表附註33。

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Thomas Lau, Luen-hung
Chairman

Hong Kong, 13th April, 2006

核數師

續聘德勤•關黃陳方會計師行為本公司核數師之決議案將於股東週年大會提呈。

代表董事會

劉鑾鴻
主席

香港，二零零六年四月十三日



TO THE MEMBERS OF UNITED METALS HOLDINGS LIMITED (incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of United Metals Holdings Limited (the “Company”) and its subsidiaries (the “Group”) from pages 30 to 79 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for the preparation of consolidated financial statements which give a true and fair view. In preparing consolidated financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the circumstances of the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the consolidated financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

致UNITED METALS HOLDINGS LIMITED

科鑄技術集團有限公司*
(於開曼群島註冊成立之有限公司)
各股東

本核數師行已審核刊於第30頁至79頁內United Metals Holdings Limited (「貴公司」) 及其附屬公司 (「貴集團」) 按照香港公認會計原則編製之綜合財務報表。

董事及核數師各自之責任

董事須負責編製真實公平的綜合財務報表。在編製該等真實公平之綜合財務報表時，必須貫徹採用合適的會計政策。

本行的責任是根據本行審核工作的結果，對該等財務報表作出獨立的意見，並僅向全體股東作出報告，報告不作為其他用途。本行概不會就本報告內容向任何其他人士負責或承擔責任。

意見的基礎

本行乃根據香港會計師公會發出的香港核數準則進行審核工作。審核範圍包括以抽查方式查核綜合財務報表所載數額及披露事項有關的憑證，亦包括評估董事於編製該等綜合財務報表時所作出的重大估計及判斷，所釐定的會計政策是否適合 貴集團的具體情況，以及有否貫徹應用並足夠地披露該等會計政策。

本行在策劃和進行審核工作時，均以取得一切本行認為必須的資料及解釋為目標，使本行能獲得充分的憑證，就該等綜合財務報表是否存有重要錯誤陳述，作合理的確定。在表達意見時，本行亦已衡量該等綜合財務報表所載資料在整體上是否足夠。本行相信，本行的審核工作已為下列意見建立了合理的基礎。

* 僅供識別

OPINION

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st December, 2005 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong
13th April, 2006

意見

本行認為有關綜合財務報表真實公平地反映 貴集團於二零零五年十二月三十一日的狀況及 貴集團截至該日止年度的溢利和現金流量，並已按照香港公司條例之披露規定適當編製。

德勤•關黃陳方會計師行

執業會計師

香港
二零零六年四月十三日

Consolidated Income Statement 綜合收益表

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

		Notes 附註	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Revenue	收益	7	186,621	154,584
Cost of sales	銷售成本		(158,105)	(128,899)
Gross profit	毛利		28,516	25,685
Other income	其他收入	8	698	1,828
Selling and distribution expenses	銷售及分銷開支		(5,573)	(4,999)
Administrative expenses	行政開支		(12,624)	(12,451)
Other expenses	其他開支		(182)	(501)
Interest on bank loans wholly repayable within five years	於五年內悉數償還之 銀行貸款利息		(285)	(191)
Profit before taxation	除稅前溢利		10,550	9,371
Income tax expense	所得稅開支	9	(221)	(957)
Profit for the year	年內溢利	10	10,329	8,414
Earnings per share – basic	每股盈利 – 基本	12	4.7 cents 仙	3.8 cents 仙

Consolidated Balance Sheet 綜合資產負債表

At 31st December, 2005 於二零零五年十二月三十一日

		Notes	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
		附註		
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	13	89,946	84,160
Prepaid lease payments	預付租賃款項	14	6,418	–
Goodwill	商譽	15	685	685
Available-for-sale investments	可供出售投資	16	1,386	–
Investments in securities	證券投資	17	–	1,449
Deposits paid for acquisition of property, plant and equipment	收購物業、廠房及設備已付之訂金	18	7,867	–
			106,302	86,294
Current assets	流動資產			
Inventories	存貨	19	35,668	29,834
Trade and other receivables	應收貿易賬款及其他應收款項	20	50,872	45,349
Prepaid lease payments	預付租賃款項	14	133	–
Investments held for trading	持作買賣投資	21	461	–
Investments in securities	證券投資	17	–	1,876
Taxation recoverable	可收回稅項		94	353
Bank balances and cash	銀行結餘及現金		18,134	36,671
			105,362	114,083
Current liabilities	流動負債			
Trade and other payables	應付貿易賬款及其他應付款項	22	30,313	22,869
Taxation payable	應付稅項		359	1,743
Unsecured bank loans – due within one year	無抵押銀行貸款 – 一年內到期	23	2,640	5,084
			33,312	29,696
Net current assets	流動資產淨值		72,050	84,387
Total assets less current liabilities	總資產減流動負債		178,352	170,681

Consolidated Balance Sheet (continued) 綜合資產負債表 (續)

At 31st December, 2005 於二零零五年十二月三十一日

		Notes 附註	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Non-current liabilities	非流動負債			
Unsecured bank loans – due after one year	無抵押銀行貸款 – 一年後到期	23	2,060	4,700
Deferred tax liabilities	遞延稅項負債	24	938	893
			2,998	5,593
			175,354	165,088
Capital and reserves	股本及儲備			
Share capital	股本	25	2,200	2,200
Reserves	儲備		173,154	162,888
Equity attributable to equity holders of the parent	母公司權益持有人 應佔權益		175,354	165,088

The financial statements on pages 30 to 79 were approved and authorised for issue by the Board of Directors on 13th April, 2006 and are signed on its behalf by:

第30至79頁之財務報表已於二零零六年四月十三日經由董事會批准及授權發出，並由下列董事代表董事會簽署：

Tsang Chiu Wai

曾昭偉

DIRECTOR

董事

Kong Cheuk Luen, Trevor

江爵媛

DIRECTOR

董事

Consolidated Statement of Changes in Equity 綜合資本變動表

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

		Share capital	Share premium	Investments revaluation reserve	Non-distributable reserve	Merger reserve	General reserve fund	Accumulated profits	Total
		股本	股份溢價	投資重估儲備	非可供分派儲備	合併儲備	一般儲備基金	累計溢利	合共
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
		(Note 25)			(Note 26)	(Note 26)	(Note 26)		
		(附註25)			(附註26)	(附註26)	(附註26)		
At 1st January, 2004	於二零零四年一月一日	2,200	39,352	66	16,584	127	5,637	97,225	161,191
Deficit on revaluation recognised directly in equity	直接於股本確認之重估虧絀	-	-	(51)	-	-	-	-	(51)
Gain realised on disposal of non-trading unlisted equity securities	出售非上市買賣股本證券變現收益	-	-	(66)	-	-	-	-	(66)
Profit for the year	年內溢利	-	-	-	-	-	-	8,414	8,414
Total recognised expense and income for the year	年內已確認開支及收入總額	-	-	(117)	-	-	-	8,414	8,297
Dividend paid	已付股息	-	-	-	-	-	-	(4,400)	(4,400)
Transfer	轉撥	-	-	-	-	-	208	(208)	-
At 31st December, 2004	於二零零四年十二月三十一日	2,200	39,352	(51)	16,584	127	5,845	101,031	165,088
Loss on fair value changes of available-for-sale investments recognised directly in equity	直接於股本確認之可供出售投資公平值變動虧損	-	-	(63)	-	-	-	-	(63)
Profit for the year	年內溢利	-	-	-	-	-	-	10,329	10,329
Total recognised expense and income for the year	年內已確認開支及收入總額	-	-	(63)	-	-	-	10,329	10,266
Transfer	轉撥	-	-	-	-	-	294	(294)	-
At 31st December, 2005	於二零零五年十二月三十一日	2,200	39,352	(114)	16,584	127	6,139	111,066	175,354

Consolidated Cash Flow Statement 綜合現金流量表

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元 (As restated) (重列)
OPERATING ACTIVITIES	經營業務		
Profit before taxation	除稅前溢利	10,550	9,371
Adjustments for:	經調整：		
Amortisation of goodwill	商譽攤銷	-	283
Depreciation	折舊	13,016	11,141
Dividend income	股息收入	(76)	(52)
Gain on disposal of investments held for trading	出售持作買賣投資之收益	(26)	-
Gain on disposal of unlisted equity securities	出售非上市股本證券之收益	-	(84)
Interest income	利息收入	(104)	(40)
Interest on bank loans wholly repayable within five years	於五年內悉數償還之 銀行貸款利息	285	191
Loss (gain) on disposal of property, plant and equipment	出售物業、廠房及設備之 虧損(收益)	4	(182)
Gains on change in fair value of investments held for trading/ listed trading securities	持作買賣投資／上市買賣 證券之公平值變動之收益	(67)	(377)
Operating cash flows before movements in working capital	營運資金變動前的 經營現金流量	23,582	20,251
Increase in inventories	存貨增加	(5,834)	(10,127)
Increase in trade and other receivables	應收貿易賬款及其他應收款項增加	(5,523)	(8,717)
Increase in trade and other payables	應付貿易賬款及其他應付款項增加	7,444	6,242
Cash generated from operations	來自經營業務產生的現金	19,669	7,649
Hong Kong Profits Tax paid	繳付香港利得稅	139	(569)
Taxation in other jurisdictions paid	繳付其他司法權區稅項	(1,440)	(1,184)
NET CASH FROM OPERATING ACTIVITIES	來自經營業務產生的 現金淨額	18,368	5,896

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元 (As restated) (重列)
INVESTING ACTIVITIES	投資活動		
Purchase of property, plant and equipment	購買物業、廠房及設備	(18,850)	(31,966)
Deposits paid to acquisition of property, plant and equipment	收購物業、廠房及設備已付之訂金	(7,867)	-
Prepaid lease payments paid	已付預付租賃款項	(6,628)	-
Proceeds from disposal of investments held for trading	出售持作買賣投資所得款項	1,511	-
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	121	700
Interest received	已收利息	104	40
Dividends received	已收股息	73	52
Proceeds from disposal of unlisted equity securities	出售非上市股本證券所得款項	-	1,243
Purchase of unlisted equity securities	購入非上市股本證券	-	(1,500)
NET CASH USED IN INVESTING ACTIVITIES	用作投資活動的現金淨額	(31,536)	(31,431)
FINANCING ACTIVITIES	融資活動		
Repayment of bank loans	償還銀行貸款	(5,084)	(3,327)
Interest paid	已付利息	(285)	(191)
Dividends paid	已付股息	-	(4,400)
New bank loans raised	新籌集銀行貸款	-	8,000
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(用作) 來自融資活動的現金淨額	(5,369)	82
NET DECREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物減少淨額	(18,537)	(25,453)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	承前現金及現金等價物	36,671	62,124
CASH AND CASH EQUIVALENTS CARRIED FORWARD, represented by bank balances and cash	現金及現金等價物結轉 由銀行結餘及現金組成	18,134	36,671

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

1. GENERAL

United Metals Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 25th June, 2002 and its shares have been listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 6th January, 2003.

The address of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to the annual report.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are die casting and trading of metal products.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards (“HKFRS(s)”), Hong Kong Accounting Standards (“HKAS(s)”) and Interpretations (hereinafter collectively referred to as “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are effective for accounting periods beginning on or after 1st January, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has had no material effect on how the results for the current or prior accounting years are prepared and presented. Accordingly, no prior year adjustment has been required. The adoption of the new HKFRSs has resulted in changes to the Group’s accounting policies in the following areas:

1. 一般資料

科鑄技術集團有限公司(「本公司»)於二零零二年六月二十五日根據開曼群島公司法在開曼群島註冊成立為獲豁免有限公司，其股份自二零零三年一月六日起在香港聯合交易所有限公司(「聯交所»)上市。

本公司之註冊辦事處及主要營業地點於年報「公司資料」一節披露。

財務報表以本公司之功能貨幣港幣列值。

本公司及其附屬公司(下文統稱「本集團»)之主要業務為壓鑄及銷售金屬產品。

2. 採納香港財務報告準則／會計政策變動

於本年度，本集團首次採納多項由香港會計師公會頒佈而於二零零五年一月一日或之後開始之會計期間生效的新訂香港財務報告準則、香港會計準則(「香港會計準則»)及詮釋(以下統稱「新訂香港財務報告準則»)。

採用新訂香港財務報告準則導致綜合收益表、綜合資產負債表及綜合資本權益變動表之呈報方式有變，且有關呈報方式變動已追溯應用。採納新訂香港財務報告準則對現行或過往會計年度業績之編製及呈報方式並無構成重大影響。因此，毋須就過往年度作出調整。採納新訂香港財務報告準則導致本集團於以下範圍之會計政策有變：

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES *(continued)*

Business Combinations

In the current year, the Group has applied HKFRS 3 “Business Combinations” which is effective for business combinations for which the agreement date is on or after 1st January, 2005 and for existing goodwill as at 1st January, 2005. The principal effects of the application of HKFRS 3 and the transitional provisions thereof to the Group are summarised below:

Goodwill

In previous years, goodwill arising on acquisitions was capitalised and amortised over its estimated useful life. The Group has applied the relevant transitional provisions in HKFRS 3. With respect to goodwill previously capitalised on the balance sheet, the Group on 1st January, 2005 eliminated the carrying amount of the related accumulated amortisation of HK\$732,000 with a corresponding decrease in the cost of goodwill (see Note 15). The Group has discontinued amortising such goodwill from 1st January, 2005 onwards and such goodwill will be tested for impairment at least annually. Goodwill arising on acquisitions after 1st January, 2005 is measured at cost less accumulated impairment losses (if any) after initial recognition. As a result of this change in accounting policy, no amortisation of goodwill has been charged in the current year. Comparative figures for 2004 have not been restated (see Note 3 for the financial impact).

Financial Instruments

In the current year, the Group has applied HKAS 32 “Financial Instruments: Disclosure and Presentation” and HKAS 39 “Financial Instruments: Recognition and Measurement”. HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1st January, 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The application of HKAS 32 has had no material impact on how financial instruments of the Group are presented for current and prior accounting periods. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to the classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

2. 採納香港財務報告準則／會計政策變動 (續)

業務合併

於本年度，本集團應用香港財務報告準則第3號「業務合併」，該準則適用於協議日期為二零零五年一月一日或之後的業務合併及於二零零五年一月一日之現有商譽。應用香港財務報告準則第3號及有關過渡條文對本集團的主要影響概述如下：

商譽

於過往年度，因收購產生之商譽予以資本化及按其估計可使用年期攤銷。本集團已應用香港財務報告準則第3號之有關過渡條文。就早前於資產負債表資本化之商譽而言，本集團已於二零零五年一月一日撤銷有關累積攤銷港幣732,000元之賬面值，並相應減少商譽成本（見附註15）。本集團已自二零零五年一月一日起終止攤銷該等商譽，有關商譽將最少每年檢測有否出現減值。二零零五年一月一日後收購產生之商譽於初次確認後按成本值減累積減值虧損（如有）計算。由於是項會計政策變動，本年度並無扣除任何商譽攤銷。二零零四年之比較數字並無重列（財務影響見附註3）。

金融工具

於本年度，本集團應用香港會計準則第32號「金融工具：披露及呈報」以及香港會計準則第39號「金融工具：確認及計量」。香港會計準則第32號規定追溯應用。香港會計準則第39號於二零零五年一月一日或之後開始之年度期間生效，一般不容許按追溯基準確認、剔除確認或計量金融資產及負債。採納香港會計準則第32號對本集團現行及過往會計期間金融工具之呈報方式並無重大影響。採納香港會計準則第39號產生之主要影響概述如下：

金融資產及金融負債分類及計量

本集團已就屬香港會計準則第39號範圍內之金融資產及金融負債分類及計量方式，應用香港會計準則第39號之有關過渡條文。

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Classification and measurement of financial assets and financial liabilities (continued)

Prior to 31st December, 2004, the Group classified and measured its investments in equity securities in accordance with the alternative treatment of Statement of Standard Accounting Practice 24 "Accounting for Investments in Securities" issued by the HKICPA ("SSAP 24"). Under SSAP 24, investments in equity securities are classified as "trading securities" or "non-trading securities" as appropriate. Both "trading securities" and "non-trading securities" are measured at fair value. Unrealised gains or losses of "trading securities" are reported in profit or loss for the period in which gains or losses arise. Unrealised gains or losses of "non-trading securities" are reported in equity until the securities are sold or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for that period. From 1st January, 2005 onwards, the Group has classified and measured its investments in equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets" or "loans and receivables". "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity, respectively. "Loans and receivables" are measured at amortised cost using the effective interest method after initial recognition.

On 1st January 2005, the Group classified and measured its investments in equity securities in accordance with the transitional provisions of HKAS 39. Upon adoption of HKAS 39, "non-trading securities" reported under SSAP 24 with a carrying amount of HK\$1,449,000 at 1st January, 2005 were classified as "available-for-sale investments", the cumulative unrealised gains or losses previously reported in equity at 1st January, 2005 continue to be held in equity. On subsequent disposal of the investments, the unrealised gains or losses remaining in equity will be transferred to the profit or loss. "Trading securities" reported under SSAP 24 with a carrying amount of HK\$1,876,000 at 1st January, 2005 were classified as "investments held for trading". Accordingly, no adjustment to accumulated profits at 1st January, 2005 was required (see Note 3 for the financial impact).

2. 採納香港財務報告準則／會計政策變動 (續)

金融工具 (續)

金融資產及金融負債分類及計量 (續)

於二零零四年十二月三十一日前，本集團根據香港會計師公會頒佈之會計實務準則第24號「證券投資之會計處理法」（「會計實務準則第24號」）之其他處理方法分類及計量股本證券投資。根據會計實務準則第24號，股本證券投資分類為「買賣證券」或「非買賣證券」（按適用情況）。「買賣證券」及「非買賣證券」均按公平值計量。「買賣證券」之未變現收益或虧損於收益或虧損產生期間呈報為溢利或虧損。「非買賣證券」之未變現收益或虧損呈報為股本權益，直至證券售出或確定減值，方會將早前於股本權益確認之累計收益或虧損計入該期間之溢利或虧損淨額。自二零零五年一月一日起，本集團根據香港會計準則第39號分類及計量其股本證券投資。根據香港會計準則第39號，金融資產分類為「按公平值計入溢利或虧損之金融資產」、「可供出售金融資產」或「貸款及應收款項」。「按公平值計入溢利或虧損之金融資產」及「可供出售金融資產」按公平值列賬，而公平值之變動分別於溢利或虧損及股本權益中確認。「貸款及應收款項」於初步確認後以實際利率法按攤銷成本計量。

於二零零五年一月一日，本集團根據香港會計準則第39號之過渡條文分類及計量其股本證券投資。採納香港會計準則第39號後，按會計實務準則第24號所呈報於二零零五年一月一日賬面值港幣1,449,000元之「非買賣證券」分類為「可供出售投資」，早前於二零零五年一月一日呈報為股本權益之累計未變現收益或虧損繼續以股本權益列賬。其後出售投資時，股本權益內餘下未變現收益或虧損將撥往溢利或虧損。按會計實務準則第24號所呈報於二零零五年一月一日賬面值港幣1,876,000元之「買賣證券」分類為「持作買賣投資」。因此，毋須調整於二零零五年一月一日之累計溢利（財務影響見附註3）。

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets and financial liabilities other than debt and equity securities

From 1st January, 2005 onwards, the Group has classified and measured its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as “financial assets at fair value through profit or loss”, “available-for-sale financial assets” or “loans and receivables”. Financial liabilities are generally classified as “financial liabilities at fair value through profit or loss” or “other financial liabilities”. Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being recognised in profit or loss directly. Other financial liabilities are carried at amortised cost using the effective interest method after initial recognition. The adoption of HKAS 39 has had no material effect on financial assets and financial liabilities other than debt and equity securities, and accordingly, no prior year adjustment was required.

Owner-occupied Leasehold Interest in Land

In the current year, the Group has applied HKAS 17 “Leases”. Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. The adoption of HKAS 17 has had no material effect on the Group’s financial position as the Group’s leasehold interests in land were acquired in current year, and accordingly, no prior year adjustment was required.

2. 採納香港財務報告準則／會計政策變動 (續)

金融工具 (續)

債務及股本證券以外之金融資產及金融負債

自二零零五年一月一日起，本集團根據香港會計準則第39號之規定，分類及計量其債務及股本證券以外之金融資產及金融負債（過往不屬會計實務準則第24號範圍內）。如上文所述，根據香港會計準則第39號，金融資產分類為「按公平值計入溢利或虧損之金融資產」、「可供出售金融資產」或「貸款及應收款項」。金融負債一般分類為「按公平值計入溢利或虧損之金融負債」或「其他金融負債」。按公平值計入溢利或虧損之金融負債以公平值計量，公平值變動於溢利或虧損直接確認。其他金融負債於初步確認後以實際利率法按攤銷成本列賬。採納香港會計準則第39號對債務及股本證券以外之金融資產及金融負債並無重大影響，因而毋須就去年作出調整。

業主自用之土地租賃權益

於本年度，本集團採納香港會計準則第17號「租賃」。根據香港會計準則第17號，土地及樓宇租賃之土地及樓宇部分就租賃分類獨立考慮，除非有關租賃款項未能可靠於土地及樓宇部分間分配，在此情況下則一概視為融資租賃處理。若能於土地及樓宇部分間可靠分配租賃款項，於土地之租賃權益會重新分類為經營租賃下預付租賃款項，以成本列賬並於租賃期內按直線法攤銷。由於本集團之土地租賃權益乃於本年度購入，故採納香港會計準則第17號對本集團之財務狀況並無重大影響，因而毋須就去年作出調整。

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effect of changes in accounting policies described in note 2 above on the results for the year is a decrease in goodwill amortisation expense of approximately HK\$283,000 (2004: Nil).

The effect of the application of the new HKFRSs as at 1st January, 2005 are summarised below:

3. 會計政策變動影響概要

上文附註2所述會計政策變動對本年度業績之影響為商譽攤銷開支減少約港幣283,000元(二零零四年:無)。

於二零零五年一月一日·採納新訂香港財務報告準則之影響概述如下:

		As at 31st December, 2004 於二零零四年 十二月三十一日 HK\$'000 港幣千元	Effect of HKAS 39 香港會計準則 第39號之影響 HK\$'000 港幣千元	As at 1st January, 2005 (restated) 於二零零五年 一月一日 (重列) HK\$'000 港幣千元
Balance sheet items	資產負債表項目			
Available-for-sale investments	可供出售投資	-	1,449	1,449
Investments in securities	證券投資	3,325	(3,325)	-
Investments held for trading	持作買賣投資	-	1,876	1,876
Total effect on assets and liabilities	對資產及負債之影響總計	3,325	-	3,325

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (continued)

The Group has not early applied the following new standards, interpretations or amendments that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standards, interpretations or amendments will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Capital disclosures ¹
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures ²
HKAS 21 (Amendment)	Net investment in a foreign operation ²
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions ²
HKAS 39 (Amendment)	The fair value option ²
HKAS 39 & HKFRS 4 (Amendments)	Financial guarantee contracts ²
HKFRS 6	Exploration for and evaluation of mineral resources ²
HKFRS 7	Financial instruments: Disclosures ¹
HK(IFRIC) – INT 4	Determining whether an arrangement contains a lease ²
HK(IFRIC) – INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds ²
HK(IFRIC) – INT 6	Liabilities arising from participating in a specific market – waste electrical and electronic equipment ³
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ⁴

- ¹ Effective for annual periods beginning on or after 1st January, 2007.
- ² Effective for annual periods beginning on or after 1st January, 2006.
- ³ Effective for annual periods beginning on or after 1st December, 2005.
- ⁴ Effective for annual periods beginning on or after 1st March, 2006.

3. 會計政策變動影響概要 (續)

本集團並無提早應用下列已頒佈但尚未生效的新訂準則、詮釋或修訂。本公司董事預期，應用此等新訂準則、詮釋或修訂將不會對本集團財務報表構成重大影響。

香港會計準則第1號 (修訂本)	資本披露 ¹
香港會計準則第19號 (修訂本)	精算損益、集團計劃及披露 ²
香港會計準則第21號 (修訂本)	海外業務投資淨額 ²
香港會計準則第39號 (修訂本)	預測集團內部交易之現金流量對沖會計處理 ²
香港會計準則第39號 (修訂本)	選擇以公平值列賬 ²
香港會計準則第39號及香港財務報告準則第4號 (修訂本)	財務擔保合約 ²
香港財務報告準則第6號	礦產資源勘探及評估 ²
香港財務報告準則第7號	金融工具：披露 ¹
香港 (國際財務報告詮釋委員會) – 詮釋第4號	釐定安排是否包括租賃 ²
香港 (國際財務報告詮釋委員會) – 詮釋第5號	終止運作、復原及環境修復基金產生權益之權利 ²
香港 (國際財務報告詮釋委員會) – 詮釋第6號	參與特定市場產生之責任 – 廢棄電力及電子設備 ³
香港 (國際財務報告詮釋委員會) – 詮釋第7號	應用香港會計準則第29號項下重列法嚴重通脹經濟之財務報告法 ⁴

- ¹ 於二零零七年一月一日或以後開始之年度期間生效。
- ² 於二零零六年一月一日或以後開始之年度期間生效。
- ³ 於二零零五年十二月一日或以後開始之年度期間生效。
- ⁴ 於二零零六年三月一日或以後開始之年度期間生效。

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

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.

Goodwill

Goodwill arising on acquisitions prior to 1st January, 2005

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

For previously capitalised goodwill, the Group has discontinued amortisation from 1st January, 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired (see the accounting policy below).

4. 主要會計政策

除若干金融工具乃根據下文所闡釋會計政策按公平值計量外，綜合財務報表乃按歷史成本基準編製。

綜合財務報表乃根據香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報表載有香港聯合交易所有限公司證券上市規則及香港公司條例規定之適當披露。

綜合賬目基準

綜合財務報表包括本公司及其附屬公司之財務報表。

年內收購或出售之附屬公司的業績，乃由收購生效日期起或計至出售生效日期（視適用情況）計入綜合收益表。

附屬公司財務報表於需要情況下作出調整，致使其會計政策與本集團其他成員公司所採用者貫徹一致。

所有集團內公司間之交易、結餘、收入開支已於綜合賬目時對銷。

商譽

於二零零五年一月一日前收購產生之商譽

就收購附屬公司而協議日期為二零零五年一月一日前產生之商譽指收購成本超出本集團於收購日期所佔有關附屬公司可識別資產及負債公平值權益間之差額。

就早前撥充資本之商譽而言，本集團自二零零五年一月一日起終止攤銷商譽，有關商譽每年及於有跡象顯示與商譽有關之現金產生單位可能出現減值時進行減值檢測（見下文會計政策）。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

Goodwill arising on acquisitions on or after 1st January, 2005

Goodwill arising on an acquisition of a subsidiary for which the agreement date is on or after 1st 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.

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the 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 income statement. An 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.

4. 主要會計政策 (續)

商譽 (續)

於二零零五年一月一日或之後收購產生之商譽就收購附屬公司而協議日期為二零零五年一月一日或之後產生之商譽指收購成本超出本集團於收購日期所佔有關附屬公司可識別資產、負債及或然負債之公平值權益間之差額。有關商譽按成本減任何累積減值虧損列賬。

收購附屬公司產生撥充資本之商譽於資產負債表內獨立呈列。

就減值檢測而言，收購產生之商譽分配至預期將自收購協同效益獲益之各有關現金產生單位或一組現金產生單位。經分配商譽之現金產生單位每年及於有跡象顯示單位可能出現減值時進行檢測。於自收購產生商譽之財政年度，經分配商譽之現金產生單位於財政年度結束時進行減值檢測。倘現金產生單位可收回款額少於該單位賬面值，則分配減值虧損，先調低分配至該單位之任何商譽賬面值，其後根據單位內各資產之賬面值按比例分配至單位其他資產。商譽任何減值虧損直接於收益表確認。商譽減值虧損不會於往後期間撥回。

其後出售附屬公司，撥充資本之商譽應佔金額於出售時計入釐定損益之金額。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Construction in progress is stated at cost which includes all development expenditure and other direct costs attributable to such projects including borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress is not depreciated or amortised until completion of construction and the asset is put into use. The cost of completed construction works is transferred to the appropriate category of assets.

Depreciation is provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives and after taking into account their estimated residual value, 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 income statement in the year in which the item is derecognised.

Leasehold land and buildings under development for future owner-occupied purpose

When the leasehold land and buildings are in the course of development for production, rental or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

4. 主要會計政策 (續)

物業、廠房及設備

物業、廠房及設備(在建工程除外)乃按成本值減其後累積折舊及累積減值虧損列賬。

在建工程按成本值列賬,包括所有開發支出及其他應佔直接成本,包括根據本集團會計政策撥充資本之借貸成本項目。工程竣工及資產可使用前,在建工程不予折舊或攤銷。已完成之建築成本撥往資產之適當類別。

折舊按估計可使用年期及經計及其估計剩餘價值,以直線法撇銷物業、廠房及設備(在建工程除外)等項目之成本值撥備。

物業、廠房及設備項目於出售或預期不會自持續使用資產產生經濟利益時剔除確認。剔除確認資產所產生任何損益(按出售所得款項淨額與項目賬面值間之差額計算),於項目剔除確認之年度計入收益表。

作日後業主自用之發展中租賃土地及樓宇

倘發展中租賃土地及樓宇乃作生產、出租或行政用途,有關租賃土地部分分類為預付租賃款項,並以直線法按租期攤銷。於興建期間,就租賃土地撥備之攤銷開支列作在建樓宇成本部分。在建樓宇按成本值減任何可識別減值虧損列賬。樓宇於可供使用時開始折舊(即於樓宇達致按管理層擬定方式在所需地點及環境時運作)。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. 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 policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss are classified as financial assets held for trading. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

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 trade and other receivables and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An 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.

4. 主要會計政策 (續)

金融工具

金融資產及金融負債於集團實體成為工具合約條文之訂約方時在資產負債表確認。金融資產及金融負債初步按公平值計算。

金融資產

本集團之金融資產分為三類，包括按公平值計入損益之金融資產、貸款及應收款項以及可供出售金融資產。所有以正常方式買賣之金融資產按交易日基準確認及剔除確認。以正常方式買賣之金融資產為須根據市場已定立之經常或慣常時間表交付資產之金融資產買賣。就各類別金融資產採納之會計政策載於下文。

按公平值計入損益之金融資產

本集團按公平值計入損益之金融資產分類為持作買賣金融資產。初步確認後於各結算日，按公平值計入損益之金融資產會按公平值計量，並於公平值變動之期間直接於損益確認。

貸款及應收款項

貸款及應收款項乃並無於活躍市場報價之固定或可釐定付款之非衍生金融資產。初步確認後於各結算日，貸款及應收款項（包括應收貿易賬款及其他應收款項以及銀行結餘）均按採用實際利率法計算之攤銷成本減任何已識別減值虧損列賬。減值虧損乃於貼現客觀證明資產減值時於損益確認，並按該資產之賬面值與按原先實際利率貼現之估計未來現金流量現值間的差額計算。當資產之可收回金額增加客觀上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期間予以撥回，惟該資產於減值獲撥回之日之賬面值以不得超過倘未有確認減值時之已攤銷成本為限。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the other categories (set out above). At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in subsequent periods.

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 classified as 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 bank loans and trade and other payables are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

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

4. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

可供出售金融資產

可供出售金融資產為指定或並無分類為以上任何其他類別之非衍生工具。初步確認後於各結算日，可供出售金融資產按公平值計量。公平值變動於股本確認，直至金融資產出售或釐定出現減值時，過往於股本中確認之累計損益會自股本中剔除並於損益確認。可供出售金融資產任何減值虧損於損益確認。可供出售股本投資之減值虧損不會於往後期間撥回。

金融負債及股本

集團實體發行之金融負債及股本工具根據所訂立合約安排之內容與金融負債及股本工具之定義分類。

股本工具乃集團於扣減其所有負債後於資產擁有剩餘權益之合約。本集團之金融負債分類為其他金融負債。就金融負債及股本工具採納之會計政策載列如下。

其他金融負債

其他金融負債(包括銀行貸款以及應付貿易賬款及其他應付款項)其後採用實際利率法按攤銷成本計量。

股本工具

本公司發行之股本工具按所收得款項扣除直接發行成本列賬。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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 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 balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expires). The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Inventories

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

Impairment (other than goodwill)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an 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. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so 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 an impairment loss is recognised as income immediately.

4. 主要會計政策 (續)

金融工具 (續)

剔除確認

金融資產於自資產獲取現金流量之權利屆滿或金融資產轉讓及本集團將金融資產擁有權之絕大部分風險及回報轉讓時剔除確認。剔除確認金融資產時，資產賬面值金額與已收代價及已於股本直接確認之累計溢利或虧損總額之差額會於損益確認。

金融負債則自本集團之資產負債表剔除（即於有關合約訂明之責任已履行、取消或到期）。剔除確認金融負債賬面值與已付代價之差額於損益確認。

存貨

存貨按成本值及可變現淨值之較低者入賬。成本值以加權平均法計算。

減值虧損 (商譽除外)

於各結算日，本集團審閱其有形及無形資產之賬面值，以釐定該等資產是否存在任何減值虧損跡象。倘資產之可收回金額估計低於其賬面值，則資產之賬面值將調低至其可收回金額。減值虧損即時確認為開支。

倘減值虧損其後撥回，則資產之賬面值會增至經調整之估計可收回金額，惟據此增加之賬面值不得超過倘於以往年度並無確認減值虧損而原應釐定之賬面值。減值虧損撥回即時確認為收入。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue represents the fair value of amounts received and receivable for goods sold, net of returns, to outsiders.

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

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the 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. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or 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.

4. 主要會計政策 (續)

收入確認

收入指向外界人士銷售貨品已收及應收款項公平值扣除退貨。

貨品銷售於貨品付運及擁有權轉讓後確認。

來自投資的股息收入於股東收取款項的權利確立時確認。

金融資產之利息收入按未提取本金及適用利率以時間基準計算，有關利率乃於金融資產預期年期將估計日後現金收款貼現至該資產賬面淨值之利率。

稅項

所得稅開支指即期應繳稅項與遞延稅項總和。

即期應繳稅項乃按年內應課稅溢利計算。由於應課稅溢利不包括在其他年度應課稅或可扣稅收支項目，亦不包括收益表中毋須課稅或扣稅項目，因此與收益表所呈報之溢利不同。本集團之即期稅項負債乃按於結算日頒佈或實質頒佈之稅率計算。

遞延稅項按綜合財務報表內資產及負債賬面值與用於計算應課稅溢利之相應稅基兩者之差額確認，並採用資產負債表負債法入賬。遞延稅項負債一般按所有暫時應課稅差額確認，而遞延稅項資產則限於日後可能取得之應課稅溢利，並可用以抵銷可扣減暫時差額時確認。倘因基於商譽或一項由初步確認（非業務合併）既不影響應課稅溢利或會計溢利之交易其他資產及負債而產生之暫時差額，則不予確認有關資產及負債。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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 period when the liability is settled or the asset is realised based on the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period 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 financials statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period 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.

4. 主要會計政策 (續)

稅項 (續)

遞延稅項負債按投資於附屬公司所產生之暫時應課稅差額確認，惟就本集團可控制暫時差額之撥回及不大可能於可見將來撥回暫時差額之情況除外。

遞延稅項資產之賬面值於每個結算日審閱，並於不可能有足夠應課稅溢利以收回全部或部分資產時減少。

遞延稅項按預計於償還負債或變現資產之期間以結算日頒佈或實質頒佈之適用之稅率計算。遞延稅項扣自損益扣除或計入，惟與股本直接扣除或計入之項目有關者除外。在此情況下，遞延稅項亦會計入股本權益。

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，均按交易日期之現行匯率以功能貨幣（即該實體經營所在主要經濟地區之貨幣）列賬。於各結算日，以外幣列值之貨幣項目均按結算日之現行匯率重新換算。按公平值列賬及以外幣列值之非貨幣項目，於釐定公平值時按該日之現行利率重新換算。非貨幣項目乃按外幣過往成本計算，毋須重新換算。

於結算及換算貨幣項目時產生之匯兌差額，均於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分之貨幣項目所產生之匯兌差額除外，在此情況下，有關匯兌差額乃於綜合財務報表中確認為股本權益。以公平值列值之非貨幣項目經重新換算後產生之匯兌差額，於該期間計入損益表內，惟重新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內確認。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

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

Rentals payable under operating leases are charged to 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.

Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to depreciable assets are presented as a deduction from the carrying amount of the relevant asset and are released to income over the useful lives of the assets. Grants related to expense items are recognised in the same period as those expenses are charged in the income statement and are deducted in reporting the related expense.

Retirement benefit costs

Payments to retirement benefit schemes are charged as an expense as they fall due.

5. KEY SOURCE OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management makes various estimates based on past experiences, expectations of the future and other information. The key source of estimation uncertainty that may significantly affect the amounts recognised in the financial statements are disclosed below:

Allowance for inventories

The management reviews the net realisable values and/or age of inventories and makes allowance for obsolete and slow moving inventory items identified with reference to existing market environment, the sales performance in previous years and estimated market value, i.e. the estimated selling price, less estimated costs of selling. A specific allowance for inventories is made if the estimated market value of the inventories is lower than its carrying value.

4. 主要會計政策 (續)

租賃

倘資產擁有權之絕大部分風險及回報轉讓予承租人之租賃，則分類為融資租賃。所有其他租賃均列作經營租賃。

經營租賃之應付租金按有關租賃年期以直線法在損益內扣除。作為訂立經營租約之優惠，其已收及應收利益亦按租賃年期以直線法確認為租金開支減少。

政府補助金

政府補助金按與有關成本相應之所需期間確認為收入。有關可折舊資產之補助金按有關資產賬面值扣減呈列，並按資產之可用年期撥往收入。與開支項目有關之補助金於相同期間確認，該等開支於收益表扣除及於呈報有關開支時扣除。

退休福利成本

向退休福利計劃之付款於到期支付時以開支扣除。

5. 估計不確定因素之主要來源

於採納本集團會計政策之過程中，管理層根據過往經驗、未來預測及其他資料作出多項估計。可能對已於財務報表確認之金額構成重大影響之估計不確定因素之主要來源披露如下：

存貨撥備

管理層審閱存貨可變現淨值及／或年期以及對參照現行市場環境、過往年度銷售表現及估計市值（即估計售價）識別之陳舊及滯銷存貨項目減估計銷售成本作出撥備。倘存貨之估計市值低於賬面值，則就該存貨作出特定撥備。

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include investments in equity securities, trade and other receivables, trade and other payables, bank loans and bank balances. 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. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Certain trade and other receivables and trade and other payables of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

(ii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. The Group's exposure to changes in interest rates is mainly attributable to its bank loans. Bank loans at variable rates expose the Group to cash flow interest-rate risk. Details of the Group's bank loans are disclosed in note 23.

The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

6. 財務風險管理目標及政策

本集團之主要金融工具包括股本證券投資、應收貿易賬款及其他應收款項、應付貿易賬款及其他應付款項、銀行貸款及銀行結餘。該等金融工具之詳情於有關附註披露。該等金融工具相關之風險及減低風險之政策載列如下。管理層管理及監控有關風險，以確保能適時及有效地採取適當措施。

市場風險

(i) 貨幣風險

本集團若干應收貿易賬款及其他應收款項以及應付貿易賬款及其他應付款項乃以外幣計值。本集團現時並無採納任何外幣對沖政策。然而，管理層會監察外匯風險，並於需要時考慮對沖重大外幣風險。

(ii) 利率風險

由於本集團並無重大計息資產，故收入及經營現金流量絕大部分不受市場利率變動影響。本集團之利率變動風險主要與銀行貸款有關。按浮息率計息之銀行貸款導致本集團須面對現金流量利率風險。本集團銀行貸款詳情於附註23披露。

本集團現時並無任何利率對沖政策。然而，管理層會監察利率風險及於需要時考慮對沖重大利率風險。

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group's principal financial assets include trade and other receivables and cash and cash equivalents. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31st December, 2005 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. Also, the Group is subject to concentration of credit risks as over 60% of the Group's sales are concentrated over 10 major customers. In order to minimise the credit risk and the concentration of 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. The Group only extends credit to customers based upon careful evaluation of the customers' financial conditions and credit history.

In addition, the Group reviews the recoverable amount of each individual receivable at each balance sheet date to ensure that adequate impairment losses are recognised for irrecoverable amounts. In this regards, the directors of the Group consider that the Group's exposure to bad debts and concentration risk is minimal.

Credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Commodity price risk

The Group sources large quantities of metal materials which include aluminium, zinc and magnesium alloys for its manufacturing process. Accordingly, the Group is exposed to commodity price risk. The Group currently does not have a commodity future hedging policy. However, management monitors its commodity price exposure and will consider hedging significant commodity price exposure should the need arises.

6. 財務風險管理目標及政策 (續)

信貸風險

本集團之主要金融資產包括應收貿易賬款及其他應收款項以及現金及現金等價物。倘交易對方未能履行其於二零零五年十二月三十一日之責任，則本集團就各類別已確認金融資產而須承受之最高信貸風險為資產於綜合資產負債表列值之賬面值。此外，本集團之信貸風險集中，原因為本集團銷售額超過60%集中於超過十名主要客戶。為減低信貸風險及信貸風險集中情況，本集團管理層已成立隊伍負責釐定信貸限額、信貸批核及其他監控程序，以確保採取跟進行動收回逾期債務。本集團僅於審慎評估客戶財務狀況及過往信貸狀況後提供信貸。

此外，本集團已審閱各結算日之各項個別應收款項可收回金額，確保已就不可收回金額確認足夠的減值虧損。就此而言，本集團董事認為，本集團之壞賬及風險集中乃屬輕微。

由於交易對手為獲國際信貸評級機構評級為高信貸評級之銀行，故銀行結餘之信貸風險有限。

商品價格風險

本集團就其生產過程採購大量金屬材料，包括鋁、鋅及鎂合金。因此，本集團須面對商品價格風險。本集團現時並無任何商品期貨對沖政策。然而，管理層會監察商品價格風險，並於需要時考慮對沖重大商品價格風險。

7. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the net amounts received and receivable for goods sold, net of returns, to outsiders during the year.

Business segments

For management purposes, the Group's business is currently organised into four operating divisions which are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Aluminium parts – sale of aluminium die casting parts manufactured and processed by the Group.

Zinc parts – sale of zinc die casting parts manufactured and processed by the Group and zinc die casting parts purchased from suppliers but processed by the Group.

Magnesium parts – sale of magnesium die casting parts manufactured and processed by the Group.

Others – sale of screw machined brass parts and other casting purchased from suppliers but processed by the Group.

7. 收益及分部資料

收益指年內向外界客戶銷售貨品已收及應收之款額淨額扣除退貨。

業務分部

就管理而言，本集團的業務目前分為四個營運單位，乃本集團呈報其主要分部資料的基準。

主要業務如下：

鋁部件 – 銷售本集團所製造及加工的鋁壓鑄部件。

鋅部件 – 銷售本集團所製造及加工的鋅壓鑄部件，以及銷售向供應商採購但由本集團加工的鋅壓鑄部件。

鎂部件 – 銷售本集團所製造及加工的鎂壓鑄部件。

其他 – 銷售向供應商採購但由本集團加工的螺絲機械黃銅部件及其他鑄件。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註 (續)

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

7. REVENUE AND SEGMENTAL INFORMATION 7. 收益及分部資料 (續)

(continued)

Business segments (continued)

For the year ended 31st December, 2005

業務分部 (續)

截至二零零五年十二月三十一日止年度

		Aluminium parts 鋁部件 HK\$'000 港幣千元	Zinc parts 鋅部件 HK\$'000 港幣千元	Magnesium parts 鎂部件 HK\$'000 港幣千元	Others 其他 HK\$'000 港幣千元	Consolidated 綜合 HK\$'000 港幣千元
REVENUE	收益	171,863	10,825	3,600	333	186,621
RESULTS	業績					
Segment results	分部業績	10,679	705	149	4	11,537
Income from available-for-sale investments	可供出售投資之收入					30
Income from investments held for trading	持作買賣投資之收入					139
Interest income	利息收入					104
Unallocated corporate expenses	未分配公司開支					(975)
Interest on bank loans wholly repayable within five years	於五年內悉數償還之銀行貸款利息					(285)
Profit before taxation	除稅前溢利					10,550
Income tax expense	所得稅開支					(221)
Profit for the year	年內溢利					10,329
BALANCE SHEET	資產負債表					
ASSETS	資產					
Segment assets	分部資產	166,514	17,619	3,835	134	188,102
Available-for-sale investments	可供出售投資					1,386
Investments held for trading	持作買賣投資					461
Unallocated corporate assets	未分配公司資產					21,715
Consolidated total assets	綜合資產總額					211,664
LIABILITIES	負債					
Segment liabilities	分部負債	21,413	7,137	-	-	28,550
Unsecured bank loans	無抵押銀行貸款					4,700
Unallocated corporate liabilities	未分配公司負債					3,060
Consolidated total liabilities	綜合負債總額					36,310
OTHER INFORMATION	其他資料					
Capital additions	資本添置	17,047	1,880	-	-	18,927
Depreciation	折舊	10,618	2,179	219	-	13,016
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	4	-	-	-	4

7. REVENUE AND SEGMENTAL INFORMATION 7. 收益及分部資料 (續)

(continued)

Business segments (continued)

For the year ended 31st December, 2004

業務分部 (續)

截至二零零四年十二月三十一日止年度

		Aluminium parts 鋁部件 HK\$'000 港幣千元	Zinc parts 鋅部件 HK\$'000 港幣千元	Magnesium parts 鎂部件 HK\$'000 港幣千元	Others 其他 HK\$'000 港幣千元	Consolidated 綜合 HK\$'000 港幣千元
REVENUE	收益	136,249	12,205	5,754	376	154,584
RESULTS	業績					
Segment results	分部業績	8,075	807	264	7	9,153
Income from investments in securities	證券投資之收入					513
Interest income	利息收入					40
Unallocated corporate expenses	未分配公司開支					(144)
Interest on bank loans wholly repayable within five years	於五年內悉數償還之銀行貸款利息					(191)
Profit before taxation	除稅前溢利					9,371
Income tax expense	所得稅開支					(957)
Profit for the year	年內溢利					8,414
BALANCE SHEET	資產負債表					
ASSETS	資產					
Segment assets	分部資產	130,587	18,809	4,509	107	154,012
Investments in securities	證券投資					3,325
Unallocated corporate assets	未分配公司資產					43,040
Consolidated total assets	綜合資產總額					200,377
LIABILITIES	負債					
Segment liabilities	分部負債	14,834	4,966	–	–	19,800
Unsecured bank loans	無抵押銀行貸款					9,784
Unallocated corporate liabilities	未分配公司負債					5,705
Consolidated total liabilities	綜合負債總額					35,289
OTHER INFORMATION	其他資料					
Capital additions	資本添置	28,262	3,704	–	–	31,966
Depreciation	折舊	9,284	1,638	219	–	11,141

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註 (續)

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

7. REVENUE AND SEGMENTAL INFORMATION 7. 收益及分部資料 (續)

(continued)

Geographical segments

The following table provides an analysis of the Group's sales revenue by geographical market, irrespective of the origin of the goods:

地區分部

本集團按地區市場劃分(不論貨品之來源地)之銷售收益分析如下:

		Sales revenue by geographical market 按地區市場劃分的銷售收益	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
The People's Republic of China (the "PRC"), including Hong Kong	中華人民共和國(「中國」)· 包括香港	75,200	85,851
North America	北美洲	44,693	26,545
Europe	歐洲	54,684	30,176
Others	其他	12,044	12,012
		186,621	154,584

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

按資產在地區劃分之分部資產賬面值及物業、廠房及設備添置分析如下:

		Carrying amount of segment assets 分部資產賬面值		Additions to property, plant and equipment 物業、廠房及設備添置	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Geographical region	地區				
The PRC	中國	138,386	130,104	18,732	31,941
Hong Kong	香港	73,184	69,920	195	25
		211,570	200,024	18,927	31,966

8. OTHER INCOME

8. 其他收入

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Included in other income are the following:	其他收入當中包括以下各項:		
Dividend income from unlisted available-for-sale investments	可供出售非上市投資之股息收入	30	15
Dividend income from listed investments held for trading	持作買賣上市投資之股息收入	46	37
Exchange gain	匯兌收益	-	203
Gain on disposal of investments held for trading	出售持作買賣投資之收益	26	-
Gain on disposal of unlisted equity securities	出售非上市股本證券之收益	-	84
Gain on disposal of property, plant and equipment	出售物業、廠房及設備之收益	-	182
Interest income	利息收入	104	40
Gains on change in fair value of listed investments held for trading/listed trading securities	持作買賣上市投資／上市買賣證券之公平值變動之收益	67	377

9. INCOME TAX EXPENSE

9. 所得稅開支

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Current tax:	本期稅項:		
Hong Kong Profits Tax	香港利得稅		
Current year	本年度	120	241
Underprovision in previous years	過往年度撥備不足	-	1
		120	242
Taxation in other jurisdictions	其他司法權區稅項		
Current year	本年度	359	656
Overprovision in previous years	過往年度超額撥備	(303)	-
		56	656
		176	898
Deferred tax (note 24):	遞延稅項(附註24):		
Current year	本年度	45	59
Taxation attributable to the Company and its subsidiaries	本公司及其附屬公司應佔稅項	221	957

9. INCOME TAX EXPENSE (continued)

Hong Kong Profits Tax is calculated at 17.5% (2004: 17.5%) of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Pursuant to the relevant laws and regulations in the PRC, Dongguan United Metal Products Co., Ltd. 東莞鏗利五金制品有限公司 (“Dongguan United”), United Metal Products (Shanghai) Co., Ltd. 科鑄金屬製品(上海)有限公司 (“United Shanghai”) and United Castings (Dongguan) Co., Ltd. 東莞科鑄金屬制品有限公司 (“United Castings”) are entitled to exemption from the PRC enterprise income tax for two years commencing from their first profit-making year of operation and thereafter, they are entitled to 50% relief from PRC enterprise income tax for the following three years. The reduced tax rate for the relief period is 12%.

Dongguan United’s first profit-making year is the year of 1999. Accordingly, tax relief expired in the year of 2003 and the tax rate in the year of 2004 and thereafter is 24%.

Pursuant to the relevant laws and regulations in the PRC, Dongguan United is entitled to a 50% reduction in tax rate in the year of 2005 as over 70% of Dongguan United’s turnover is for export purpose. Accordingly, the tax rate for the year of 2005 is 12%.

No provision for taxation has been made for United Shanghai and United Castings as these two companies had no assessable profit for the year.

9. 所得稅開支 (續)

香港利得稅乃按年內之估計應課稅溢利以17.5% (二零零四年:17.5%) 稅率計算。

其他司法權區之稅項乃根據有關司法權區現行稅率計算。

根據中國有關法律及法規，東莞鏗利五金制品有限公司(「東莞鏗利」、科鑄金屬製品(上海)有限公司(「科鑄上海」)及東莞科鑄金屬制品有限公司(「東莞科鑄」)於首個營運獲利年度起兩年期間獲豁免繳納中國企業所得稅，並可於其後三年獲減免50%中國企業所得稅。寬免期間之減免稅率為12%。

東莞鏗利之首個獲利年度為一九九九年。因此，稅項寬免期已於二零零三年屆滿，二零零四年及其後稅率為24%。

根據中國有關法律及法規，由於東莞鏗利超過70%之營業額源自出口，故可於二零零五年度獲減免50%稅項。因此，二零零五年之稅率為12%。

由於科鑄上海及東莞科鑄於年內並無應課稅溢利，故並無就該兩家公司作出稅項撥備。

9. INCOME TAX EXPENSE (continued)

The tax charge for the year can be reconciled to the profit before taxation per the income statement as follows:

9. 所得稅開支 (續)

本年度稅項支出可與收益表之除稅前溢利對賬如下：

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Profit before taxation	除稅前溢利	10,550	9,371
Tax at the PRC enterprise income tax rate of 24% (2004: 24%)	按中國企業所得稅率24% (二零零四年: 24%) 計算之稅項	2,532	2,249
Tax effect of income not taxable for tax purpose	毋須課稅收入之稅務影響	(2,054)	(1,874)
Tax effect of expenses not deductible for tax purpose	不得扣稅開支之稅務影響	501	510
Effect of tax exemptions granted to the Company's certain subsidiaries	本公司若干附屬公司獲豁免 稅項之影響	(406)	(59)
Tax effect of tax losses not recognised	未確認稅務虧損之稅務影響	40	203
Effect of different tax rates of subsidiaries operating in other jurisdictions	於其他司法權區經營之 附屬公司不同稅率之影響	(50)	(107)
Others	其他	(39)	34
(Over)underprovision in previous years	過往年度(超額撥備)撥備不足	(303)	1
Tax charge for the year	本年度稅項支出	221	957

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註 (續)

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

10. PROFIT FOR THE YEAR

10. 年內溢利

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Profit for the year has been arrived at after charging:	年內溢利經扣除：		
Directors' remuneration (note 11)	董事酬金(附註11)	5,665	6,089
Other staff costs	其他員工成本	41,952	37,242
Total staff costs	員工成本總額	47,617	43,331
Amortisation of prepaid lease payments	預付租賃款項攤銷	77	-
Less: Amount capitalised in construction in progress	減：款項撥充資本化於 在建工程	(77)	-
Amortisation of goodwill (included in other expenses)	商譽攤銷(計入其他開支)	-	283
Auditors' remuneration	核數師酬金	673	491
Cost of inventories recognised as expense	已確認為開支之存貨成本	158,105	128,899
Depreciation	折舊	13,016	11,141
Exchange loss	匯兌虧損	915	-
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	4	-
Operating lease charges on land and buildings	土地及樓宇的經營租賃費用	2,928	2,875
Retirement benefit schemes contributions (note 30)	退休福利計劃供款(附註30)	748	592

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the seven (2004: seven) directors are as follows:

2005

		Thomas Lau, Luen-hung 劉鑾鴻 HK\$'000 港幣千元	Kong Cheuk Tsang Chiu Wai 曾昭偉 HK\$'000 港幣千元	Luen, Trevor 江爵媛 HK\$'000 港幣千元	Lee Tho Siem 李多森 HK\$'000 港幣千元	Wang Jianguo 王健國 HK\$'000 港幣千元	Loke Yu alias Loke Hoi Lam* 陸海林* HK\$'000 港幣千元	Wong Wing Sing 黃永勝 HK\$'000 港幣千元	Total 合共 HK\$'000 港幣千元
Directors' fee	董事袍金	50	-	-	50	50	50	50	250
Other emoluments	其他酬金								
Salaries and other benefits	薪酬及其他福利	-	2,321	2,920	-	-	-	-	5,241
Discretionary bonus	酌情花紅	150	-	-	-	-	-	-	150
Retirement benefit scheme contributions	退休福利計劃供款	-	12	12	-	-	-	-	24
Total emoluments	酬金總額	200	2,333	2,932	50	50	50	50	5,665

11. 董事及僱員薪酬

本公司向七名(二零零四年:七名)董事已付或應付之酬金如下:

二零零五年

2004

二零零四年

		Thomas Lau, Luen-hung 劉鑾鴻 HK\$'000 港幣千元	Kong Cheuk Tsang Chiu Wai 曾昭偉 HK\$'000 港幣千元	Luen, Trevor 江爵媛 HK\$'000 港幣千元	Lee Tho Siem 李多森 HK\$'000 港幣千元	Wang Jianguo 王健國 HK\$'000 港幣千元	Loke Yu alias Loke Hoi Lam* 陸海林* HK\$'000 港幣千元	Wong Wing Sing 黃永勝 HK\$'000 港幣千元	Total 合共 HK\$'000 港幣千元
Directors' fee	董事袍金	50	-	-	50	50	25	50	225
Other emoluments	其他酬金								
Salaries and other benefits	薪酬及其他福利	-	2,772	2,918	-	-	-	-	5,690
Discretionary bonus	酌情花紅	150	-	-	-	-	-	-	150
Retirement benefit scheme contributions	退休福利計劃供款	-	12	12	-	-	-	-	24
Total emoluments	酬金總額	200	2,784	2,930	50	50	25	50	6,089

* Dr. Loke Yu alias Loke Hoi Lam was appointed on 12th July, 2004.

* 陸海林博士於二零零四年七月十二日獲委任。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註 (續)

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(continued)

Of the five individuals with the highest emoluments in the Group, two individuals (2004: two individuals) were directors of the Company whose emoluments are included in the disclosure set out above. The emoluments of the remaining three individuals (2004: three individuals) were as follows:

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Salaries and other benefits	薪酬及其他福利	1,901	1,885
Retirement benefit schemes contributions	退休福利計劃供款	12	12
		1,913	1,897

		2005 二零零五年 No. of individuals 僱員人數	2004 二零零四年 No. of individuals 僱員人數
Emoluments of the employees were within the following band:	僱員薪酬介乎下列組別:		
Nil to HK\$1,000,000	零至港幣1,000,000元	3	3

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during the year.

於本集團的五名最高薪酬人士中，其中兩名（二零零四年：兩名）為本公司董事，彼等之酬金已於上文披露，其餘三名人士（二零零四年：三名）的薪酬如下：

年內，本集團並無向任何董事或五名最高薪酬人士（包括董事及僱員）支付任何酬金，作為加入本集團或加入時的獎金或離職賠償。任何董事概無於年內放棄任何酬金。

12. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Profit for the year	年內溢利	10,329	8,414
Number of shares in issue for the purpose of basic earnings per share	計算每股基本盈利的已發行股份數目	220,000,000	220,000,000

No diluted earnings per share has been presented as there were no potential dilutive ordinary shares outstanding during the year.

12. 每股盈利

母公司普通股持有人每股基本盈利乃根據下列數據計算：

由於年內並無發行在外之具潛在攤薄效應的普通股，故並無呈列每股攤薄盈利。

13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

		Buildings	Leasehold improve- ments	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
		樓宇	租賃物業 裝修	廠房 及機器	傢俬、 裝置及設備	汽車	在建工程	合共
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
COST		成本						
At 1st January, 2004	於二零零四年一月一日	1,991	8,473	81,969	5,971	1,432	-	99,836
Additions	添置	1,563	1,436	27,026	1,877	64	-	31,966
Disposals	出售	-	-	(1,000)	(6)	-	-	(1,006)
At 31st December, 2004	於二零零四年 十二月三十一日	3,554	9,909	107,995	7,842	1,496	-	130,796
Additions	添置	-	222	11,390	2,311	14	4,990	18,927
Disposals	出售	-	-	(312)	(73)	(180)	-	(565)
At 31st December, 2005	於二零零五年 十二月三十一日	3,554	10,131	119,073	10,080	1,330	4,990	149,158
DEPRECIATION		折舊						
At 1st January, 2004	於二零零四年一月一日	1,035	2,441	28,754	2,817	936	-	35,983
Provided for the year	年度折舊	375	1,421	7,982	1,173	190	-	11,141
Eliminated on disposals	出售時撇銷	-	-	(485)	(3)	-	-	(488)
At 31st December, 2004	於二零零四年 十二月三十一日	1,410	3,862	36,251	3,987	1,126	-	46,636
Provided for the year	年度折舊	445	1,467	9,551	1,457	96	-	13,016
Eliminated on disposals	出售時撇銷	-	-	(187)	(73)	(180)	-	(440)
At 31st December, 2005	於二零零五年 十二月三十一日	1,855	5,329	45,615	5,371	1,042	-	59,212
CARRYING VALUE		賬面值						
At 31st December, 2005	於二零零五年 十二月三十一日	1,699	4,802	73,458	4,709	288	4,990	89,946
At 31st December, 2004	於二零零四年 十二月三十一日	2,144	6,047	71,744	3,855	370	-	84,160

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment, other than construction in progress, are depreciated over their estimated useful lives and after taking into account of their estimated residual value on a straight-line basis at the following rates per annum:

Buildings	Over the term of the lease, or 20 years, whichever is the shorter
Leasehold improvements	Over the term of the lease, or 20 years, whichever is the shorter
Plant and machinery	9%
Furniture, fixtures and equipment	18% – 25%
Motor vehicles	18% – 25%

13. 物業、廠房及設備 (續)

上述物業、廠房及設備等項目除在建工程外，折舊乃按估計可使用年期及經計及其估計剩餘價值，以直線法按以下年率計提：

樓宇	按租賃年期或二十年(以較短者為準)
租賃物業裝修	按租賃年期或二十年(以較短者為準)
廠房及機器	9%
傢俬、裝置及設備	18%-25%
汽車	18%-25%

14. PREPAID LEASE PAYMENTS

14. 預付租賃款項

		HK\$'000 港幣千元
The Group's prepaid lease payments represents payments for medium-term land use right in the PRC:	本集團之預付租賃款項指繳付中國中期土地使用權之款項：	
COST	成本	
Lease payments paid during the year and at 31st December, 2005 (Note)	年內及於二零零五年十二月三十一日之已付租賃款項(附註)	6,628
AMORTISATION	攤銷	
Charged for the year and at 31st December, 2005	年內及於二零零五年十二月三十一日之攤銷	(77)
CARRYING VALUE	賬面值	
At 31st December, 2005	於二零零五年十二月三十一日	6,551
Analysed for reporting purposes as:	作報告用途之分析：	
Non-current asset	非流動資產	6,418
Current asset	流動資產	133
		6,551

Note: The amount included a government grant of approximately HK\$8,335,000 in the form of deduction of consideration paid in respect of the land use right acquired by the Group during the year. Details are set out in note 31.

附註：該筆金額包括約港幣8,335,000元之政府補助金，該補助金已由本集團年內收購土地使用權代價中扣減。詳情載於附註31。

Prepaid lease payments are amortised over the term of the land use right of 50 years on a straight-line basis.

預付租賃款項乃以直線法按土地使用權之年期50年攤銷。

15. GOODWILL

15. 商譽

HK\$'000
港幣千元

COST	成本	
At 1st January, 2004 and 1st January, 2005	於二零零四年一月一日及 二零零五年一月一日	1,417
Eliminated of accumulated amortisation upon the application of HKFRS 3	採納香港財務報告準則第3號後 撇銷累計攤銷	(732)
At 31st December, 2005	於二零零五年十二月三十一日	685
AMORTISATION	攤銷	
At 1st January, 2004	於二零零四年一月一日	449
Charged for the year	本年度攤銷	283
At 1st January, 2005	於二零零五年一月一日	732
Eliminated of accumulated amortisation upon the application of HKFRS 3	採納香港財務報告準則第3號後 撇銷累計攤銷	(732)
At 31st December, 2005	於二零零五年十二月三十一日	–
CARRYING VALUE	賬面值	
At 31st December, 2005	於二零零五年十二月三十一日	685
At 31st December, 2004	於二零零四年十二月三十一日	685

Until 31st December, 2004, goodwill had been amortised over its estimated useful life of 5 years.

直至二零零四年十二月三十一日，商譽乃按其估計可使用年期五年攤銷。

For the purpose of impairment testing, goodwill has been allocated to one individual cash generating unit (“CGU”), a subsidiary in zinc parts and magnesium parts segments, and management of the Group determines that there is no impairment of the CGU containing goodwill during the year ended 31st December, 2005.

為進行減值測試，商譽已分配至一獨立現金產生單位（「現金產生單位」），即一家生產鋅部件及鎂部件之附屬公司，本集團管理層認為，截至二零零五年十二月三十一日止年度，包含商譽之現金產生單位並無出現減值。

The recoverable amount of this unit has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets prepared by management covering a 5-year period, at a discount rate of 5.5% and with zero growth in the interests of prudence. Another key assumption for the value in use calculation is the budgeted gross margin, which is determined based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the unit to exceed the aggregate recoverable amount of the unit.

此單位之可收回金額乃按使用價值計算法釐定。為審慎起見，該計算方法乃使用管理層就五年期間作出財務預算之現金流量預測，並按5.5%之折讓率及零增長率計算。使用價值計算法之另一主要假設為毛利率預算，此乃根據該單位之過去表現以及管理層對市場發展之預測釐定。管理層相信，倘任何該等假設可合理出現之變動將不會使該單位之賬面總值超越該單位之可收回金額總值。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註 (續)

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

16. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments as at 31st December, 2005 comprise:

16. 可供出售投資

於二零零五年十二月三十一日之可供出售投資包括：

		2005 二零零五年 HK\$'000 港幣千元
Unlisted equity securities at fair value	按公平值計算之非上市股本證券	1,386

As at the balance sheet date, all available-for-sale investments were stated at fair value. Fair values of those investments have been determined by reference to the prices quoted in active markets.

於結算日，所有可供出售投資乃按公平值列賬。該等投資之公平值乃經參考於活躍市場所報價格後釐定。

17. INVESTMENTS IN SECURITIES

Investments in securities as at 31st December, 2004 are set out below. Upon the application of HKAS 39 on 1st January, 2005, investments in securities were reclassified to appropriate categories under HKAS 39 (see note 3 for details).

17. 證券投資

於二零零四年十二月三十一日之證券投資載列如下。於二零零五年一月一日採納香港會計準則第39號後，證券投資已重新分類至香港會計準則第39號項下之相關類別（詳情見附註3）。

		HK\$'000 港幣千元
Equity securities	股本證券	
Non-trading unlisted equity securities	非上市買賣股本證券	1,449
Listed Hong Kong equity trading securities	香港上市買賣股本證券	1,876
		3,325
Market value of listed securities	上市證券市值	1,876

		HK\$'000 港幣千元
Carrying amount analysed for reporting purposes as:	作報告用途的賬面值分析如下：	
Non-current	非流動	1,449
Current	流動	1,876
		3,325

18. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

The deposits were paid by the Group in connection with the acquisition of property, plant and equipment for production facilities in the PRC. Additional amounts committed are shown as capital commitments in note 28.

18. 收購物業、廠房及設備已付之訂金

本集團支付之訂金乃有關收購位於中國之物業、廠房及設備之生產設施。額外承擔金額載於附註28資本承擔內。

19. INVENTORIES

19. 存貨

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Raw materials	原材料	10,847	10,248
Work-in-progress	在製品	16,049	12,608
Finished goods	製成品	8,772	6,978
		35,668	29,834

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註 (續)

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

20. TRADE AND OTHER RECEIVABLES

The Group generally allows a credit period of 30 to 90 days to its trade customers. An aged analysis of trade receivables at the balance sheet date is as follows:

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Trade receivables	應收貿易賬款		
Not yet due	尚未到期	24,023	18,125
Overdue 0 to 30 days	逾期0日至30日	13,111	11,301
Overdue 31 to 60 days	逾期31日至60日	6,261	2,977
Overdue 61 to 90 days	逾期61日至90日	479	630
Overdue 91 to 120 days	逾期91日至120日	336	342
Overdue more than 120 days	逾期超過120日	634	367
		44,844	33,742
Other receivables	其他應收款項		
Deposits paid	已付訂金	3,502	10,043
Prepayments	預付款項	226	262
Others	其他	2,300	1,302
		6,028	11,607
		50,872	45,349

The fair value of the Group's trade and other receivables at the balance sheet date approximated to the corresponding carrying amount.

20. 應收貿易賬款及其他應收款項

本集團一般給予其貿易客戶30至90日的信貸期。於結算日之應收貿易賬款賬齡分析如下：

於結算日，本集團應收貿易賬款及其他應收款項之公平值與其相關賬面值相若。

21. INVESTMENTS HELD FOR TRADING

Investments held for trading as at 31st December, 2005 include:

21. 持作買賣投資

於二零零五年十二月三十一日持作買賣投資包括：

		2005 二零零五年 HK\$'000 港幣千元
Equity securities listed in Hong Kong	於香港上市股本證券	461

The fair values of the above investments held for trading are determined based on the quoted market bid prices available on the Stock Exchange.

上述持作買賣投資之公平值乃按聯交所報市場出價釐定。

22. TRADE AND OTHER PAYABLES

An aged analysis of trade payables at the balance sheet date is as follows:

22. 應付貿易賬款及其他應付款項

於結算日之應付貿易賬款賬齡分析如下：

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Trade payables	應付貿易賬款		
Not yet due	尚未到期	4,513	5,092
Overdue 0 to 30 days	逾期0日至30日	1,809	1,397
Overdue 31 to 60 days	逾期31日至60日	87	13
Overdue 61 to 90 days	逾期61日至90日	1	–
Overdue 91 to 120 days	逾期91日至120日	32	–
Overdue more than 120 days	逾期超過120日	153	17
		6,595	6,519
Other payables	其他應付款項		
Accruals	應計欠款	17,395	13,218
Deposits received	已收訂金	6,323	3,132
		23,718	16,350
		30,313	22,869

The fair value of the Group's trade and other payables at the balance sheet date approximated to the corresponding carrying amount.

於結算日，本集團應付貿易賬款及其他應付款項之公平值與其相關賬面值相若。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註 (續)

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

23. UNSECURED BANK LOANS

23. 無抵押銀行貸款

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
The unsecured bank loans are repayable as follows:	須償還的無抵押銀行貸款如下:		
Within one year	一年內	2,640	5,084
More than one year, but not exceeding two years	超過一年但不超過兩年	2,060	2,640
More than two years, but not exceeding five years	超過兩年但不超過五年	-	2,060
		4,700	9,784
Less: Amounts due within one year and shown under current liabilities	減: 流動負債所示一年內到期的金額	(2,640)	(5,084)
Amounts due after one year	一年後到期的金額	2,060	4,700

Bank loans comprise:

銀行貸款包括:

		Carrying amount 賬面值	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Floating-rate borrowings:	浮息借貸:		
HIBOR + 2% ⁽¹⁾	香港銀行同業拆息+2厘 ⁽¹⁾	-	2,444
HIBOR + 1.5% ⁽²⁾	香港銀行同業拆息+1.5厘 ⁽²⁾	4,700	7,340
		4,700	9,784

(1) Repayable in equal monthly instalments of HK\$222,222 each commencing 30th December, 2002.

(1) 須自二零零二年十二月三十日起每月分期等額還款港幣222,222元。

(2) Repayable in equal monthly instalments of HK\$220,000 each commencing 11th October, 2004.

(2) 須自二零零四年十月十一日起每月分期等額還款港幣220,000元。

The directors consider that the fair value of the bank loans approximated to the corresponding carrying amount.

董事認為銀行貸款之公平值與其相關賬面值相若。

24. DEFERRED TAXATION

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

		Accelerated tax depreciation	Tax losses	Total
		加速稅項折舊	稅務虧損	合共
		HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元
At 1st January, 2004	於二零零四年一月一日	2,191	(1,357)	834
Charged (credited) to the income statement for the year	於年內收益表扣除 (計入)	789	(730)	59
At 31st December, 2004	於二零零四年十二月三十一日	2,980	(2,087)	893
(Credited) charged to the income statement for the year	於年內收益表 (計入) 扣除	(21)	66	45
At 31st December, 2005	於二零零五年十二月三十一日	2,959	(2,021)	938

At the balance sheet date, the Group had unused tax losses of approximately HK\$12,560,000 (2004: HK\$12,773,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$11,547,000 (2004: HK\$11,925,000) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of HK\$1,013,000 (2004: HK\$848,000) due to the unpredictability of future profits streams. These unrecognised tax losses will expire in five years from the dates they were incurred.

24. 遞延稅項

已確認之主要遞延稅項負債與資產及於現行及以往申報期間之變動如下：

於結算日，本集團有未動用稅務虧損約港幣12,560,000元（二零零四年：港幣12,773,000元）可用於抵銷日後溢利。已就該等虧損中約港幣11,547,000元（二零零四年：港幣11,925,000元）確認遞延稅務資產。由於不能預測日後溢利來源，故並無就餘下稅務虧損港幣1,013,000元（二零零四年：港幣848,000元）確認遞延稅務資產。該等未確認稅務虧損將於產生日期起計五年後到期。

25. SHARE CAPITAL

25. 股本

		Number of ordinary shares 2005 & 2004	Amount 2005 & 2004
		普通股數目	金額
		二零零五及 二零零四年	二零零五及 二零零四年
			HK\$'000 港幣千元
Ordinary shares of HK\$0.01 each	每股面值港幣 0.01元的普通股		
Authorised:	法定：		
At 1st January and 31st December	於一月一日及十二月三十一日	1,000,000,000	10,000
Issued and fully paid:	已發行及繳足：		
At 1st January and 31st December	於一月一日及十二月三十一日	220,000,000	2,200

26. RESERVES

The non-distributable reserve represents the aggregate amount of the share premium of the subsidiaries.

The merger reserve represents the difference between the aggregate nominal amount of the share capital of the subsidiaries and the nominal amount of the Company's shares issued in exchange thereof pursuant to the group reorganisation effected on 13th December, 2002 (the "Group Reorganisation").

As stipulated by the relevant laws and regulations in the PRC, subsidiaries established in the PRC (the "PRC subsidiaries") are required to maintain a general reserve fund which is non-distributable. Appropriations to this reserve fund is made out of net profit after taxation of the PRC subsidiaries' PRC statutory financial statements which are prepared in accordance with the accounting principles generally accepted in the PRC. The amount and allocation basis are decided by the board of directors of the PRC subsidiaries annually and is not less than 10% of the net profit after taxation of the PRC subsidiaries for that year. The general reserve fund can be used for expanding the capital base of the PRC subsidiaries by means of capitalisation issue.

27. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted for a period of ten years commencing from 11th December, 2002 pursuant to a written resolution of all shareholders passed on 11th December, 2002 for the primary purpose of providing incentives or rewards to directors and eligible employees. Under the Scheme, the Company may grant options to eligible employees and directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside eligible advisors and consultants to the Company and its subsidiaries at the discretion of the board of directors.

The number of shares which may be issued under the Scheme is subject to the following limits:

- (i) the maximum number of shares in respect of which options may be granted under the Scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the total number of issued shares of the Company from time to time;

26. 儲備

非可供分派儲備指附屬公司的股份溢價總額。

合併儲備為根據於二零零二年十二月十三日進行之集團重組(「集團重組」)將附屬公司股本面值總額與本公司就交換所發行股份面值的差額。

根據中國有關法律及規例規定，在中國成立的附屬公司(「中國附屬公司」)須設立一般儲備基金，而該等儲備基金乃不可分派。該儲備基金乃撥付自中國附屬公司遵照中國一般採納的會計原則編製的中國法定財務報表的除稅後溢利淨額。分配數額及分配基準由中國附屬公司之董事會每年釐定，惟該數額不可少於中國附屬公司於該年度除稅後溢利淨額 10%。一般儲備基金可用於透過資本化發行擴大中國附屬公司的資本基礎。

27. 購股權計劃

根據全體股東於二零零二年十二月十一日通過的書面決議案，本公司所採納的購股權計劃(「該計劃」)由二零零二年十二月十一日起計為期十年，主要目的是作為對董事及合資格僱員的鼓勵或獎勵。根據該計劃，本公司可授出購股權予本公司及其附屬公司合資格僱員及董事，以認購本公司股份。此外，按董事會之酌情決定，本公司可不時授出購股權予本公司及其附屬公司的外界合資格顧問及諮詢顧問。

根據該計劃可予發行之股份數目受下列限制所規限：

- (i) 該計劃及本公司任何其他購股權計劃可能授出購股所涉及股份數目上限，合共不得超過本公司不時已發行股份總數的30%；

27. SHARE OPTION SCHEME (continued)

- (ii) without prior approval from the Company's shareholders, the total number of shares in respect of which options may be granted under the Scheme and any other share option scheme is not permitted to exceed 22,000,000 shares, representing 10% of the issued share capital of the Company at 6th January, 2003; and
- (iii) the number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the issued share capital of the Company as at the date of such grant.

A nominal consideration of HK\$1 is payable upon acceptance of the grant of the option. The exercise price is determined by the directors of the Company and will be at least the higher of (i) the average of the closing prices of the ordinary shares of the Company for the five trading days immediately preceding the date of the grant; (ii) the closing price of the ordinary shares of the Company on the date of the grant; and (iii) the nominal value of the ordinary shares of the Company.

Any options granted under the Scheme must be exercised during such option period as may be determined and notified by the directors of the Company, which shall not exceed 10 years from the date of acceptance of the option.

No options have been granted under the Scheme since its adoption.

27. 購股權計劃 (續)

- (ii) 在未獲得本公司股東事先批准前，根據該計劃及任何其他購股權計劃授出購股權涉及之股份數目，合共不得超過 22,000,000 股，相當於二零零三年一月六日本公司已發行股本的10%；及
- (iii) 於任何一年內可能向任何人士授出購股權涉及之股份數目，不得超過本公司於授出日期已發行股本之1%。

於接納授出購股權時須支付港幣 1 元象徵式代價。行使價由本公司董事決定，價格不得低於下列最高者 (i) 本公司普通股於緊接授出日期前五個交易日之平均收市價；(ii) 本公司普通股於授出日期之收市價；及 (iii) 本公司普通股面值。

根據該計劃授出之購股權須於本公司董事釐定及公布之購股權期間內行使，有關期間不得超過購股權獲接納當日起 10 年。

自該計劃採納以來，並無根據該計劃授出任何購股權。

28. CAPITAL COMMITMENTS

28. 資本承擔

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Capital expenditure in respect of acquisition of property, plant and equipment	就收購物業、廠房及設備的資本開支		
Contracted for but not provided in the financial statements	已訂約但未於財務報表撥備	7,629	9,978
Authorised but not contracted for (note 33)	已批准但未訂約(附註33)	34,038	—

29. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases for rented premises which fall due as follows:

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Within one year	一年內	3,399	3,146
In the second to fifth year inclusive	第二年至第五年(包括首尾兩年)	9,426	9,655
Over five years	五年以上	3,487	5,416
		16,312	18,217

Operating lease payments represent rentals payable by the Group for certain of its office premises and factory land and buildings. The average lease term is 13 years. Rentals are fixed and no arrangements have been entered into for contingent rental payments.

30. RETIREMENT BENEFIT SCHEMES

Effective from 1st December, 2000, the Group has participated in a Mandatory Provident Fund Scheme (the "MPF Scheme") for all its eligible employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contributions are available to reduce the contribution payable in the future years.

The Group is also required to make contributions to state-management retirement benefit schemes operated by the PRC government based on a certain percentage of the monthly payroll costs of the employees of Dongguan United, Everhope Industrial Limited ("Everhope") and United Castings. The Group has no other obligations under the state-management retirement benefit schemes in the PRC other than the contribution payable.

29. 經營租賃承擔

於結算日，本集團根據就已租物業訂立的不可撤銷經營租賃，於下列年期到期支付之未到期承擔之最低應付租賃款項如下：

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Within one year	一年內	3,399	3,146
In the second to fifth year inclusive	第二年至第五年(包括首尾兩年)	9,426	9,655
Over five years	五年以上	3,487	5,416
		16,312	18,217

經營租賃款項指本集團就其若干辦公室物業以及廠房土地及樓宇應付的租金。平均租賃年期為13年。租金乃固定且無就或然租金付款訂立任何安排。

30. 退休福利計劃

本集團由二零零零年十二月一日起為其香港所有合資格僱員參與一項強制性公積金計劃（「強積金計劃」）。強積金計劃根據強制性公積金計劃條例在強制性公積金計劃管理局註冊。強積金計劃的資產由獨立信託人控制，與本集團的資金分開持有。根據強積金計劃的規則，僱主及其僱員各自須按規則指定的比率就計劃作出供款。本集團就強積金計劃應負的唯一責任為根據計劃作出所需供款，並無沒收供款以減低於未來年度應付的供款。

本集團亦須就中國的國有退休金計劃，按東莞鏗利、厚鴻實業有限公司（「厚鴻」）及東莞科鑄僱員月薪成本的若干百分比，作出供款。本集團除需要根據中國的國有退休金計劃作出供款外，並無任何其他責任。

30. RETIREMENT BENEFIT SCHEMES (continued)

During the year, the total amount contributed by the Group to the relevant retirement benefit schemes are as follows:

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
MPF Scheme	強積金計劃	193	154
State-management retirement benefit schemes	國有退休金計劃	555	438
		748	592

31. GOVERNMENT GRANT

During the year, the Group received a government grant of approximately HK\$8,335,000 in relation to a piece of land use right situated in the PRC acquired by the Group during the year. The amount has been deducted from the carrying amount of the prepaid lease payments as set out in note 14. The amount is transferred to income in the form of reduced amortisation charge over the term of the prepaid lease payments.

31. 政府補助金

年內，本集團就其於年內購入位於中國之一幅土地使用權獲取政府補助金約港幣8,335,000元。如附註14所載，該筆款項已自預付租賃款項賬面值扣除。該筆款項於預付租賃款項之租賃期內以扣減攤銷支出之方式轉撥收益表。

32. RELATED PARTY DISCLOSURES

The remuneration of directors and other members of key management during the year was as follows:

32. 有關連人士披露

年內董事及其他主要管理層成員之酬金如下：

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Short-term benefits	短期福利	7,988	8,084
Post-employment benefits	退休後福利	36	30
		8,024	8,114

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

董事及主要行政人員之薪酬乃由薪酬委員會考慮到個別表現及市場趨勢後釐定。

33. POST BALANCE SHEET EVENT

On 20th February, 2006, United Shanghai entered into four construction agreements at an aggregate amount of approximately HK\$34,038,000 with four different contractors for the construction of a new factory and production premises in the PRC. The construction agreements will be funded by bank borrowings and advances from a company incorporated in Hong Kong which is ultimately owned by the Company's executive director, Mr. Thomas Lau, Luen-hung. Details of such are set out in the Company's announcement dated 20th February, 2006.

33. 結算日後事項

於二零零六年二月二十日，科鑄上海就於中國興建新廠房及生產物業與四名不同承建商訂立合共約港幣34,038,000元之四份建築協議。該等建築協議將以銀行借貸及一家於香港註冊成立且由本公司執行董事劉鑾鴻先生最終擁有之公司提供墊款撥付。詳情載於本公司日期為二零零六年二月二十日之公佈。

34. BALANCE SHEET OF THE COMPANY

The balance sheet of the Company as at 31st December, 2005 are as follows:

34. 本公司資產負債表

本公司於二零零五年十二月三十一日之資產負債表如下：

		Notes 附註	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Non-current asset	非流動資產			
Investment in a subsidiary	於一家附屬公司之投資	(i)	98,291	98,291
Current assets	流動資產			
Prepayments	預付款項		145	145
Amount due from a subsidiary	應收一家附屬公司款項	(ii)	29,368	30,419
			29,513	30,564
Current liability	流動負債			
Accruals	應計欠款		879	594
Net current assets	流動資產淨值		28,634	29,970
			126,925	128,261
Capital and reserves	股本及儲備			
Share capital	股本		2,200	2,200
Reserves	儲備	(iii)	124,725	126,061
			126,925	128,261

34. BALANCE SHEET OF THE COMPANY (continued)

Notes:

(i) Investment in a subsidiary

Cost of unlisted shares

The cost of the unlisted shares is based on the book value of the underlying net assets of the subsidiaries attributable to the Group on the date of the Group Reorganisation.

(ii) Amount due from a subsidiary

The amount is unsecured, interest free and repayable on demand. The fair value of the amount at the balance sheet date approximated to the corresponding carrying amount.

(iii) Reserves

		Share premium 股份溢價 HK\$'000 港幣千元	Contributed surplus 繳入盈餘 HK\$'000 港幣千元	Accumulated losses 累計虧損 HK\$'000 港幣千元	Total 合共 HK\$'000 港幣千元
At 1st January, 2004	於二零零四年一月一日	39,352	98,291	(5,720)	131,923
Dividends paid	已派股息	—	—	(4,400)	(4,400)
Loss for the year	年度虧損	—	—	(1,462)	(1,462)
At 31st December, 2004	於二零零四年十二月三十一日	39,352	98,291	(11,582)	126,061
Loss for the year	年度虧損	—	—	(1,336)	(1,336)
At 31st December, 2005	於二零零五年十二月三十一日	39,352	98,291	(12,918)	124,725

The contributed surplus represents the difference between the net assets of the subsidiaries and the nominal amount of the Company's shares issued in exchange thereof pursuant to the Group Reorganisation.

The Company's reserves available for distribution to its shareholders comprise contributed surplus, share premium and accumulated losses which in aggregate amounted to approximately HK\$124,725,000 (2004: HK\$126,061,000). In accordance with the Company's Articles of Association, dividends shall be payable out of the profits or other reserves, including the share premium account, of the Company and under the Companies Law (Revised) of the Cayman Islands, the Company cannot pay a dividend unless it is able to pay its debts as they fall due in the ordinary course of business immediately following the distribution of dividend.

34. 本公司資產負債表 (續)

附註:

(i) 於一家附屬公司之投資

2005 & 2004
二零零五年及
二零零四年
HK\$'000
港幣千元

非上市股份之成本

98,291

非上市股份之成本乃按於集團重組當日日本集團應佔附屬公司相關資產淨值賬面值計算。

(ii) 應收一家附屬公司款項

該筆款項為無抵押、免息及須按的要求償還。於結算日，該筆款項之公平值與相關賬面值相若。

(iii) 儲備

繳入盈餘指附屬公司資產淨值與本公司根據集團重組就交換而發行之股份面值之差額。

本公司可向股東分派儲備包括繳入盈餘、股份溢價及累計虧損合共約港幣124,725,000元(二零零四年:港幣126,061,000元)。按照本公司組織章程細則，股息可自本公司溢利或其他儲備(包括股份溢價)派付，而根據開曼群島公司法(經修訂)，除非本公司於緊隨分派股息後能償付其日常業務中到期債務，否則不得派付股息。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註 (續)

For the year ended 31st December, 2005 截至二零零五年十二月三十一日止年度

35. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY 35. 本公司附屬公司詳情

Particulars of the Company's subsidiaries as at 31st December, 2005 are as follows:

於二零零五年十二月三十一日，本公司附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment and operations 註冊成立／成立 及營運地點	Issued and fully paid share/ registered capital 已發行及 繳足股份／ 註冊股本	Proportion of nominal value of issued/registered capital held by the Company 本公司持有 已發行／ 註冊股本 面值的比例 (note i) (附註i)	Principal activities 主要業務
Dongguan United (note ii) 東莞鏗利(附註ii)	PRC 中國	Registered capital HK\$15,000,000 註冊股本 港幣15,000,000元	100%	Die casting and trading of metal products 壓鑄及銷售金屬產品
Everhope 厚鴻	Hong Kong 香港	Ordinary HK\$2 普通股港幣2元	100%	Die casting and trading of metal products 壓鑄及銷售金屬產品
United Metals Company Limited 鏗利實業有限公司	Hong Kong 香港	Ordinary HK\$1,602 普通股港幣1,602元	100%	Trading of metal products 銷售金屬產品
United Metals Asset Management Co., Ltd.	British Virgin Islands 英屬處女群島	Ordinary US\$1 普通股1美元	100%	Investment holding 投資控股
United Non-Ferrous (H.K.) Limited	Hong Kong 香港	Ordinary HK\$1,602 普通股港幣1,602元	100%	Provision of administrative services 提供行政服務
United Non-Ferrous (Overseas) Limited ("United Overseas")	British Virgin Islands 英屬處女群島	Ordinary US\$17,622 普通股17,622美元	100%	Investment holding 投資控股
United Non-Ferrous Sdn. Bhd.	Malaysia 馬來西亞	Ordinary RM2 普通股2馬元	100%	Investment holding and trading of metal products 投資控股及銷售金屬產品

35. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY (continued) 35. 本公司附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment and operations 註冊/成立 及營運地點	Issued and fully paid share/ registered capital 已發行及 繳足股份/ 註冊股本	Proportion of nominal value of issued/registered capital held by the Company 本公司持有 已發行/ 註冊股本 面值的比例 (note i) (附註i)	Principal activities 主要業務
United Shanghai (note ii) 科鑄上海 (附註ii)	PRC 中國	Registered capital US\$12,000,000 (note iii) 註冊股本 12,000,000美元 (附註iii)	100%	Inactive 暫無業務
United Castings (note ii) 東莞科鑄 (附註ii)	PRC 中國	Registered capital HK\$8,000,000 (note iii) 註冊股本 港幣8,000,000元 (附註iii)	100%	Die casting and trading of metal products 壓鑄及銷售金屬產品

Notes:

附註:

- | | |
|---|---|
| <p>(i) Other than United Overseas which is held directly by the Company, all subsidiaries shown above are held indirectly by the Company.</p> <p>(ii) Dongguan United, United Shanghai and United Castings are established in the PRC as wholly foreign owned enterprises.</p> <p>(iii) As at 31st December, 2005, the capital of United Shanghai and United Castings were paid up as to US\$1,800,000 and HK\$7,750,000, respectively.</p> <p>(iv) None of the subsidiaries had issued any debt securities at the end of the year.</p> | <p>(i) 除United Overseas是由本公司直接持有外，上列所有附屬公司均由本公司間接持有。</p> <p>(ii) 東莞鏗利、科鑄上海及東莞科鑄為在中國成立的全外資企業。</p> <p>(iii) 於二零零五年十二月三十一日，科鑄上海及東莞科鑄之股本繳入分別為1,800,000美元及港幣7,750,000元。</p> <p>(iv) 在本年度結算日，並無任何附屬公司有任何發行在外債務證券。</p> |
|---|---|

Financial Summary 財務概要

Set out below is a financial summary of the Group for five years ended 31st December, 2005:

以下為本集團截至二零零五年十二月三十一日止五個年度之財務概要：

RESULTS

業績

		For the year ended 31st December, 截至十二月三十一日止年度				
		2001	2002	2003	2004	2005
		二零零一年	二零零二年	二零零三年	二零零四年	二零零五年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Revenue	收益	115,845	134,163	150,545	154,584	186,621
Profit before taxation	除稅前溢利	24,621	30,367	27,713	9,371	10,550
Income tax expense	所得稅開支	(1,872)	(1,828)	(1,959)	(957)	(221)
Profit for the year	年內溢利	22,749	28,539	25,754	8,414	10,329
Earnings per share – basic	每股盈利 – 基本	13.8 cents 仙	17.3 cents 仙	11.7 cents 仙	3.8 cents 仙	4.7 cents 仙

ASSETS AND LIABILITIES

資產及負債

		As at 31st December, 於十二月三十一日				
		2001	2002	2003	2004	2005
		二零零一年	二零零二年	二零零三年	二零零四年	二零零五年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Total assets	資產總額	97,313	130,190	186,034	200,377	211,664
Total liabilities	負債總額	(12,695)	(31,939)	(24,843)	(35,289)	(36,310)
Equity attributable to equity holders of the parent	母公司權益持有人應佔權益	84,618	98,251	161,191	165,088	175,354

The results for the year ended 31st December, 2001 have been prepared on a combined basis to indicate the results of the Group as if the group structure, at the time when the Company's shares were listed on The Stock Exchange of Hong Kong Limited, had been in existence throughout the year concerned. The figures for the year ended 31st December, 2001 have been extracted from the Company's prospectus dated 19th December, 2002.

截至二零零一年十二月三十一日止年度之業績乃按合併基準編製，以顯示按集團結構於本公司股份在香港聯合交易所有限公司上市時於該年度已存在之假設下本集團之業績。截至二零零一年十二月三十一日止年度之數字乃摘錄自本公司日期為二零零二年十二月十九日之招股章程。