



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

(Incorporated in the Cayman Islands with limited liability)  
(於開曼群島註冊成立之有限公司)

Stock Code 股份代號：2302

# 2006

## United Metals

Annual Report 2006  
二零零六年年報

# 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
- 8-12** Management Discussion & Analysis  
管理層討論及分析
- 13-19** Corporate Governance Report  
企業管治報告
- 20-22** Profiles of Directors and Senior Management  
董事及高級管理層簡介
- 23-28** Directors' Report  
董事會報告書
- 29-30** Independent Auditors' Report  
獨立核數師報告書
- 31** Consolidated Income Statement  
綜合收益表
- 32-33** Consolidated Balance Sheet  
綜合資產負債表
- 34** Consolidated Statement of Changes in Equity  
綜合資本變動表
- 35-36** Consolidated Cash Flow Statement  
綜合現金流量表
- 37-79** 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

Tsang Chiu Wai (Chairman)

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 (Chairman)

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

Shea Chun Lok

#### REGISTERED OFFICE

P.O. Box 309GT

Ugland House

South Church Street

Grand Cayman

Cayman Islands

### 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

曾昭偉 (主席)

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 (主席)

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

蕭寶嬋

#### 合資格會計師

余俊樂

#### 註冊辦事處

P.O. Box 309GT

Ugland House

South Church Street

Grand Cayman

Cayman Islands

\* For identification purpose only.

\* 僅供識別

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 901-903, 9th Floor  
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

## 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 BANKERS

Hang Seng Bank Limited  
Standard Chartered Bank (Hong Kong) Limited

## 主要往來銀行

恒生銀行有限公司  
渣打銀行(香港)有限公司

## HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE (BRANCH REGISTRAR)

Computershare Hong Kong  
Investor Service 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

## 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

# Financial Highlights

## 財務摘要

### THREE-YEAR COMPARISON OF KEY FINANCIAL FIGURES

For the year ended 31st December

### 三年主要財務數據之比較

截至十二月三十一日止年度

		2006 二零零六年 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
Revenue	收益	242,831	186,621	154,584
Gross profit	毛利	40,789	28,516	25,685
EBITDA	扣除利息、稅項、折舊及攤銷前之盈利	30,769	23,851	20,986
Profit for the year	年內溢利	13,416	10,329	8,414
Net cash inflow (outflow)	現金流入(流出)淨額	13,214	(18,537)	(25,453)
Earnings per share	每股盈利			
– basic (HK cents)	– 基本(港幣仙)	6.1	4.7	3.8
Current ratio	流動比率	2.9	3.2	3.8
Debt/Equity ratio (%)	負債/股東資金比率 (%)	16.3	2.7	5.9

### FIVE-YEAR SUMMARY OF FINANCIAL PERFORMANCE

For the year ended 31st December

### 五年財務業績概覽

截至十二月三十一日止年度

		2006 二零零六年 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	2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元
Revenue	收益	242,831	186,621	154,584	150,545	134,163
Operating costs	經營成本	(25,957)	(18,379)	(17,951)	(16,889)	(11,421)
EBITDA	扣除利息、稅項、折舊及攤銷前之盈利	30,769	23,851	20,986	36,619	35,925
Other income	其他收入	705	698	1,828	2,191	872
Finance costs	融資成本	(1,367)	(285)	(191)	(265)	(24)
Profit for the year	年內溢利	13,416	10,329	8,414	25,754	28,539

### FIVE-YEAR SUMMARY OF FINANCIAL POSITION

As at 31st December

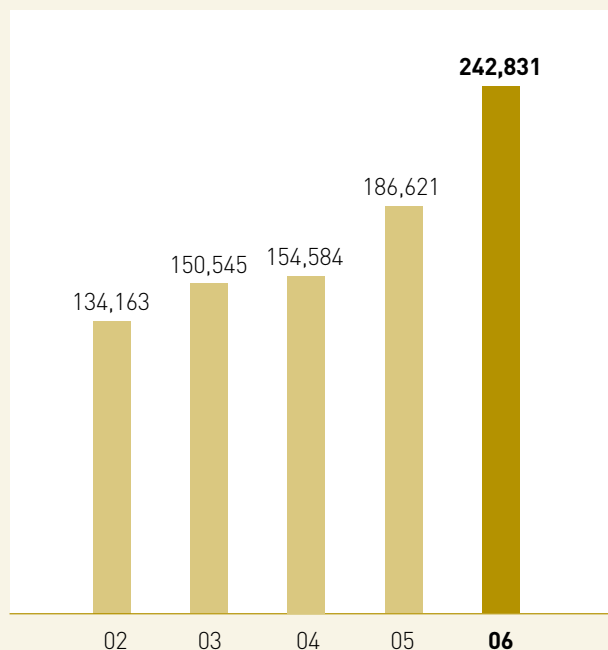
### 五年財務狀況概覽

於十二月三十一日

		2006 二零零六年	2005 二零零五年	2004 二零零四年	2003 二零零三年	2002 二零零二年
Total assets (HK\$'000)	資產總值(港幣千元)	256,606	211,664	200,377	186,034	130,190
Total liabilities (HK\$'000)	負債總額(港幣千元)	(63,519)	(36,310)	(35,289)	(24,843)	(31,939)
Shareholders' equity (HK\$'000)	股東資金(港幣千元)	193,087	175,354	165,088	161,191	98,251
Current liabilities/ Shareholders' equity (%)	流動負債/ 股東資金比率 (%)	23	19	18	13	27
EBITDA/Finance costs (Times)	扣除利息、稅項、折舊及 攤銷前之盈利/融資成本(倍)	23	84	110	138	1,497
Current liabilities/ EBITDA (Times)	流動負債/扣除利息、稅項、 折舊及攤銷前之盈利(倍)	1.46	1.40	1.42	0.59	0.75
Return on equity (%)	股本回報率 (%)	7	6	5	16	29

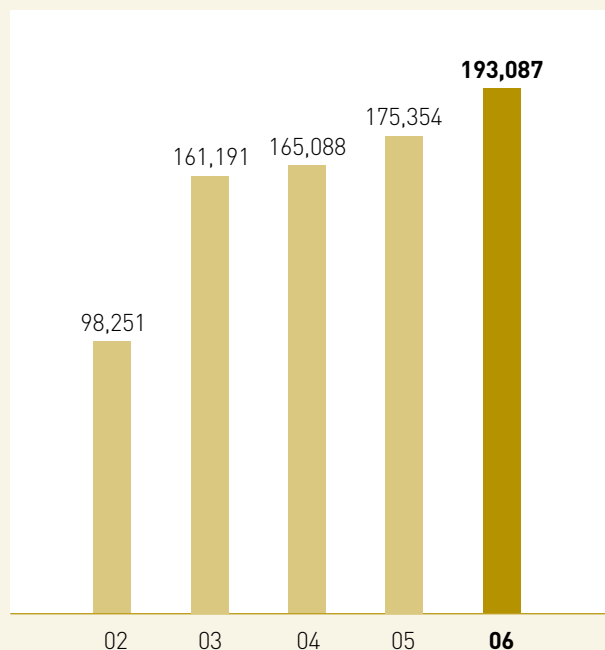
**REVENUE (HK'000)**

收益 (港幣千元)



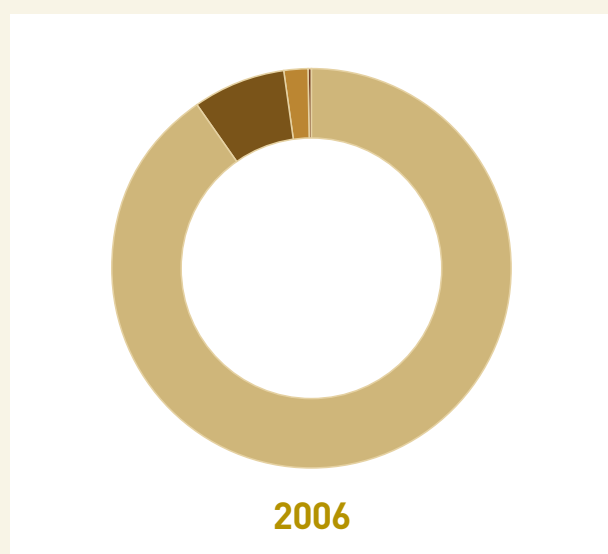
**SHAREHOLDERS' EQUITY (HK'000)**

股東資金 (港幣千元)



**REVENUE BREAKDOWN BY BUSINESS**

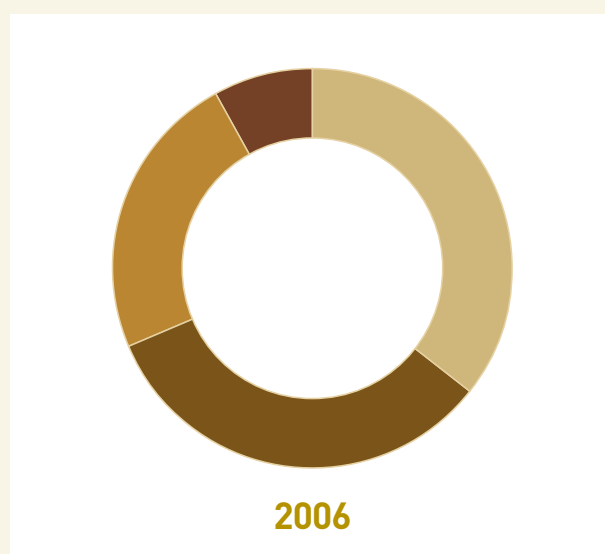
按業務劃分的收益分析



- 90.5% Aluminium parts 鋁部件
- 7.3% Zinc parts 鋅部件
- 2.0% Magnesium parts 鎂部件
- 0.2% Others 其他

**REVENUE BREAKDOWN BY GEOGRAPHICAL AREA**

按地區劃分的收益分析



- 35.7% The PRC, including Hong Kong 中國·包括香港
- 33.0% North America 北美洲
- 23.4% Europe 歐洲
- 7.9% Others 其他

# Chairman's Statement

## 主席報告書

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, 2006.

In 2006, demand worldwide for top quality metal die casting components grew at a steady rate. With globalization leading to a general shift towards the People's Republic of China (the "PRC") as the manufacturing base for the world and production of the automotive industry increasing, the PRC metal die casting industry is expected to see continued robust growth. The market potential for this industry is further heightened when the increasingly important weight-reducing characteristics of die casting automotive parts is coupled with the expected growth of automobile production worldwide. By continuing to implement stringent cost-control measures, reducing raw material wastage and increasing orders from existing clientele, as well as shifting part of the increase in raw material cost to clients, the Group, a globally renowned, PRC-based die caster, leveraged on its immense industry experience and expertise to increase turnover by an impressive 30.1% to HK\$242,831,000 from HK\$186,621,000 in 2005.

During the year under review, the Group endeavored greatly to increase manufacturing efficiency through a two-pronged approach of exploring new business opportunities and implementing a variety of cost-control measures. The increase in customer orders and further streamlined operations that resulted led net profit to jump to HK\$13,416,000, representing a year-on-year increase of 29.9%, and earnings per share to improve from HK4.7 cents in 2005 to HK6.1 cents in 2006.

To further enhance competitiveness, the Group's underlying aim is to strengthen its vertically integrated servicing capability, especially with regard to its spraying automation, vacuum and pressurized die casting technologies. As such, it has and will continue to devote extensive resources towards upgrading its production capacities and making technological breakthroughs. United Metals also has plans in place to satisfy the growing demand for automotive, IT, telecommunication and electronics devices. Besides, the Group is currently constructing new production facilities in Shanghai for the provision of automotive parts die casting services. The new facility was expected to be completed in the first half of 2006, however, the schedule will be postponed as a result of the dispute with the contractor. The Group is in the view that the dispute will be solved through legal action and the facilities will expect to commence operations in 2007. The new facilities will not only further boost the

本人謹代表科鑄技術集團有限公司(「本公司」)董事會欣然提呈本公司及其附屬公司(統稱「科鑄」或「本集團」)截至二零零六年十二月三十一日止年度之年度業績。

於二零零六年，全球對高質素壓鑄部件之需求穩定增長。全球化令中華人民共和國(「中國」)逐步成為全球生產基地，加上汽車業產量上升，預期中國壓鑄業將高速增長。壓鑄汽車部件之輕量化特點日益重要，且全球汽車產量預期增長，進一步加強此行業之市場潛力。集團透過繼續實施嚴格成本控制措施、減少原料損耗、增加現有客戶訂單以及將原材料成本部分之加幅轉嫁予客戶，身為世界知名中國壓鑄公司之本集團將憑藉其豐富行業經驗及專業知識，將營業額自二零零五年之港幣186,621,000元增加30.1%至港幣242,831,000元。

於回顧年內，本集團雙管齊下，致力透過開拓新商機及實施多項成本控制措施增加生產效率。客戶訂單增加以及進一步精簡業務，使溢利淨額躍升至港幣13,416,000元，較去年增加29.9%，而每股盈利亦由二零零五年之港幣4.7仙增至二零零六年之港幣6.1仙。

為進一步加強競爭力，本集團已訂下目標，強化縱向整合服務之能力，特別是自動化噴油、真空及加壓壓鑄技術。因此，本集團已經及將會繼續投放豐富資源加強其產能及作出科技突破。科鑄亦正計劃應付汽車、資訊科技、電訊及電子工具行業日漸殷切之需求。此外，本集團現正於上海興建新生產設施，以提供汽車部件壓鑄服務。新設施預期將於二零零六年上半年落成，然而，由於與承包商發生糾紛，本集團將推遲有關計劃。本集團認為，糾紛將透過法律行動解決，該等設施預期將於二零零七年投入運作。新設施將會進一步提升本集團作為首屈一指大規模壓鑄公司

Group's recognition worldwide as a large-scale, quality die caster but enable United Metals to better cater to the needs of customers in the automotive industry, a key industry in the PRC and for the Group over the coming years.

Thanks to the Group's healthy financial position, United Metals is fully prepared for the bright future in the PRC metal die casting industry despite continued high raw material prices expected in the coming years. By diversifying into new product lines, the Group will continue to explore business opportunities with new customers. In addition, United Metals is dedicated to utilizing the newest die-casting technology so as to further reduce cost, enhance production capacity and achieve optimization. By leveraging on its solid foundation and long-standing reputation in the industry, as well as its customer base which showcases a host of long-term business relationships, the Group is confident of overcoming the challenges ahead through providing diversified services and products with superior quality to its valued customers.

The Group's impressive success to date has been undoubtedly down to its supportive shareholders, dedicated staff, loyal customers and trusted suppliers. On behalf of United Metals, I would like to express my deepest gratitude to all stakeholders in particular for their invaluable contribution to the continued advancement of the business.

**Tsang Chiu Wai**

*Chairman*

Hong Kong, 13th April, 2007

於全球之認受性，同時使科鑄更切合汽車業客戶之需求。汽車業於未來數年將仍屬中國及本集團之核心行業。

儘管原材料價格預料於未來數年持續高企，憑藉本集團穩健財政狀況，科鑄已為中國壓鑄業之光明前景作好準備。透過分工至新生產線，本集團將繼續開拓與新客戶有關之商機。此外，科鑄致力充份利用最新壓鑄技術以進一步減低成本、提高產能及完善運作模式。憑著其堅實基礎、業內悠久聲譽及擁有長遠合作關係之客戶基礎，本集團深信，透過向重要客戶提供多元化業務及高質素產品，本集團定能克服各項挑戰。

本集團至今之成就，全賴一直鼎力支持之股東、努力不懈之員工、忠誠之客戶及可靠之供應商。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謝意。

**曾昭偉**

*主席*

香港，二零零七年四月十三日

**“United Metals — Solidify its position  
as a World Class Company  
科鑄 — 鞏固其世界級公司之地位”**



# Management Discussion & Analysis

## 管理層討論及分析

### INDUSTRY OUTLOOK

In 2006, demand worldwide for metal die casting components grew at a healthy rate. With globalization leading to the People's Republic of China (the "PRC") becoming the manufacturing base for the world and production of the automotive industry increasing, the PRC metal die casting industry is expected to see continued robust growth. The market potential for this industry is further heightened when the increasingly important weight-reducing characteristics of die casting automotive parts is coupled with the expected growth of automobile production worldwide. As a result, it is not surprising that according to data from the Hong Kong Productivity Council, global die casting output is expected to increase from about 8 million tons in 2005 to approximately 12 million tons in 2010.

### BUSINESS REVIEW

For the year ended 31st December, 2006, the business growth of United Metals was extremely promising. Turnover increased by 30.1% year-on-year to approximately HK\$242,831,000 while profit for the year surged by 29.9% to HK\$13,416,000, resulting in earnings per share reaching HK6.1 cents as compared to HK4.7 cents in 2005. The remarkable figures across the board were mainly attributable to an aggregate increase in customer orders and further streamlining of the Group's operations.

Aluminium alloy die casting components remain as the core profit contributor of the Group, accounting for approximately 90.5% of the total turnover. Besides aluminium, the zinc and magnesium alloy die casting components of United Metals contributed 7.3% and 2.0% respectively towards total turnover.

By aggressively exploring new business opportunities and diligently implementing a variety of cost-control measures, the Group successfully increased manufacturing efficiency in 2006. To retain its market-leading position in the coming year, United Metals will continue to rely on its proven business model, streamlined production procedures and dedicated workforce in order to implement strategies and production techniques that continue to deliver first-class quality assembled components to its customers.

### 行業展望

於二零零六年，全球金屬壓鑄部件需求呈健康增長，隨著全球化令中華人民共和國（「中國」）逐步成為全球生產基地，加上汽車業產量上升，市場預期中國金屬壓鑄業將保持高速增長。壓鑄汽車部件之輕量化特點日益重要，且全球汽車產量預期增長，進一步加強此行業之市場潛力。因此，根據香港生產力促進局之資料，全球壓鑄產量預期將自二零零五年約8,000,000噸上升至二零一零年約12,000,000噸實屬意料之內。

### 業務回顧

截至二零零六年十二月三十一日止年度，科鑄之業務取得驕人增長。營業額較去年上升30.1%至約港幣242,831,000元，而年內溢利則上升29.9%至港幣13,416,000元。每股盈利由二零零五年之港幣4.7仙升至港幣6.1仙。整體成績驕人全賴客戶訂單總數增加，以及進一步精簡本集團業務。

鋁合金壓鑄部件仍為本集團主要利潤來源，佔總營業額約90.5%。除鋁合金外，科鑄之鋅及鎂合金壓鑄部件分別佔總營業額7.3%及2.0%。

透過積極開拓新商機及致力實施多項成本控制措施，本集團於二零零六年成功提高生產效率。為於來年維持市場領導地位，科鑄將繼續推行其已證實成功之業務模式，簡化生產程序及靈活調配人手，以實行策略及提升生產技術，繼續向客戶提供質量首屈一指的組合部件。

## OPERATIONAL REVIEW

As a globally renowned, fully vertically integrated, PRC-based die caster for both domestic and overseas customers, United Metals was able to impressively increase the Group's total turnover and profit in 2006. With demand worldwide for top quality metal die casting components set to rise unabated in the coming years, the Group has undertaken a number of initiatives to not only fully capture the opportunities arising from this demand but to further expand the business scope of United Metals as well.

### Enhanced production capacity

To cater to the fast-growing demand for automotive parts in PRC, the Group is currently constructing new production facilities in Shanghai for the provision of die casting services to various manufacturers. The new facility was expected to be completed in the first half of 2006, however, the schedule will be postponed as a result of the dispute with the contractor. The Group is in the view that the dispute will be solved through legal action and the facilities will expect to commence operations in 2007.

The Shanghai production facilities are expected to boost the annual production capacity of United Metals by 2,000 metric tons in their first two years of operation. This will be subsequently increased to 5,000 metric tons annually from the third year up to the fifth year. Also, the Group will increase production capacity in the Dongguan factory. The Group is currently in negotiations to secure more substantive customer orders so as to fully utilize this increased production capacity in future. The Group already allocated HK\$12,000,000 for the capital expenditure in 2007.

### Product diversification and technological advancement

United Metals, in line with its position as a leading die caster, is fully committed to providing its extensive customer base with a diverse range of quality product offerings that utilize aluminium, zinc and magnesium alloys. As aluminium alloy die casting components in particular remain widely applicable across a host of industries, they continue to be the core income contributor of the Group, which was also able to increase the sales of molds by 25.0% and secure more orders from its existing clientele in 2006.

To stay ahead of the competition and provide increasingly more value-added services to customers, United Metals also strives for continual technological advancement. In this regard, the Group allocated more resources towards research and development in 2006, achieving prominent results. In addition, product quality has been further improved because of the Group's decision to utilize the latest in vacuum and pressurized die casting technologies.

## 營運回顧

科鑄作為享譽全球、提供縱向整合及以中國為基地的壓鑄公司，致力為本地及海外客戶服務，令集團總營業額及溢利於二零零六年錄得顯著增加。鑑於全球對優質壓鑄部件之需求於未來數年將持續上升，本集團已採取多項措施，以全面爭取該等需求帶來之商機，同時進一步擴展科鑄之業務版圖。

### 提升產能

為配合汽車部件於中國高速增長之需求，本集團現正於上海興建新生產設施，向多個生產商提供壓鑄服務。新設施預期將於二零零六年上半年落成。然而，由於集團與承包商發生糾紛，有關計劃將會延遲。本集團將透過法律行動解決糾紛，生產設施預期將於二零零七年投入運作。

預期上海生產設施將提升科鑄之每年產能，於營運首兩年增加2,000公噸，並於第三年至第五年進一步提升至5,000公噸。此外，本集團將提升東莞廠房之產能。本集團現正與客戶進行磋商，以取得更多大額訂單，以於未來全面使用所增加產能。本集團已調撥港幣12,000,000元作為二零零七年之資本開支。

### 多元化發展產品及引入先進科技

作為壓鑄公司之翹楚，科鑄善用鋁、鋅及鎂合金，致力向其廣闊之顧客基礎提供多元化之高質素產品。由於鋁合金壓鑄部件仍為各行各業廣泛使用，該等部件將繼續成為本集團之核心收入來源，已經令鑄模收入增加25.0%，及於二零零六年爭取更多現有顧客之訂單。

為於競爭對手中突圍而出，及為客戶提供更多增值服務，科鑄亦致力改進技術。為此，本集團於二零零六年已經調配更多資源至研發工作，並取得驕人成績。此外，由於本集團決定善用最新真空及加壓壓鑄技術，產品質素持續提高。

## OPERATIONAL REVIEW (continued)

### Diversified clientele

In addition to substantially increasing orders from existing clientele, the Group is relentlessly pursuing its strategy of enlarging the customer base in terms of both the number of clients and the industry sectors that they represent. To this end, several new contracts from automotive manufacturers and consumer electronics manufacturers have been secured. The Group works closely with automotive manufacturers in particular to jointly develop new products by using the latest technologies available.

### FUTURE STRATEGIES

Looking ahead, it is obvious that United Metals is perfectly positioned to take full advantage of its status as a globally renowned, fully vertically integrated, PRC-based die caster, especially since the PRC is becoming the world's manufacturing base for this industry and global demand for die casting components is growing unabated.

By capitalizing on its geographical advantage and healthy financial position, the Group will continue to implement stringent cost-control measures to minimize any effects caused by high raw material prices. In addition, United Metals will remain focused on diversifying its range of quality products and incorporating the latest in technological advancements in order to attract new clientele and thus further diversify its customer base.

In the long term, the Group fully recognizes that besides further streamlining its operations, it must continue to accelerate its pace of development so as to fully capture the opportunities arising, particularly from the automotive industry and international industrial companies that have manufacturing bases in the PRC.

### EMPLOYEES AND REMUNERATION POLICIES

As at 31st December, 2006, the Group employed approximately 2,349 full-time employees (At 31st December, 2005: 2,280) of whom 19 were based in Hong Kong (At 31st December, 2005: 20) 2,330 were based in the Group's factories in Dongguan, PRC (At 31st December, 2005: 2,260). Total staff cost incurred during the year amounted to approximately HK\$57,053,000 (2005: HK\$48,365,000).

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.

### 營運回顧 (續)

#### 擴闊客戶層面

除現有客戶提升訂單數量，本集團積極推行策略以擴大客戶基礎，包括增加客戶數目及擴大行業覆蓋率。為達到上述目標，本集團與汽車生產商及消費電子產品生產商簽訂多份新合約。本集團現正與汽車生產商緊密聯繫，尤其透過採用最新技術共同發展新產品。

#### 未來策略

展望將來，科鑄將善用其享譽全城、提供縱向整合及以中國為基地的壓鑄公司之地位，尤其於中國已成為此行業之全球生產基地及全球對壓鑄部件需求持續上升之情況下，全面準備就緒爭取佳績。

憑藉其地理優勢及良好財政狀況，本集團將繼續實行嚴格之成本控制措施，以盡量減輕原材料價格高企所帶來影響。此外，科鑄將仍然致力擴展其優質產品組合及融合最新科技，以吸引新客戶及擴闊客戶基礎。

長遠而言，本集團深明除進一步精簡業務外，必須繼續加快發展步伐，以全面抓緊湧現之機遇，尤其來自汽車業及於中國設有生產基地之國際工業公司之商機。

### 僱員及薪酬政策

於二零零六年十二月三十一日，本集團僱用約2,349名全職員工(於二零零五年十二月三十一日：2,280名)，當中19名駐於香港(於二零零五年十二月三十一日：20名)，另2,330名駐於本集團在中國東莞之廠房(於二零零五年十二月三十一日：2,260名)。年內產生之員工成本總額約為港幣57,053,000元(二零零五年：港幣48,365,000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, 2006, total bank borrowings was HK\$31,466,000 (At 31st December, 2005: HK\$4,700,000), of which HK\$14,000,000 (At 31st December, 2005: HK\$2,640,000) would be due within one year and HK\$17,466,000 (At 31st December, 2005: HK\$2,060,000) would be due after one year. The bank borrowings are denominated in Hong Kong dollars and United States dollars, and bear interest at rates calculated with reference to Hong Kong Interbank Offered Rate ("HIBOR") and London Interbank Offered Rate ("LIBOR") plus basis.

The Group had a net current assets amounting to HK\$85,143,000 (At 31st December, 2005: HK\$72,050,000) and a current liabilities of HK\$45,070,000 as at 31st December, 2006 (At 31st December, 2005: HK\$33,312,000). Stock turnover days decreased to 70 days as at 31st December, 2006 from 77 days as at 31st December, 2005. Debtors' turnover days was decreased from 88 days as at 31st December, 2005 to 78 days as at 31st December, 2006.

Capital expenditures on plant, equipment, leasehold improvements and construction in progress totalled HK\$34,621,000 in 2006 (2005: HK\$18,913,000), of which HK\$18,261,000 (2005: HK\$3,461,000) was related to the construction cost of the new manufacturing plant situated in Shanghai, the PRC. Furthermore, HK\$31,268,000 (At 31st December, 2005: HK\$41,667,000) was committed as at 31st December, 2006 to purchase additional property, plant and equipment, and all was contracted for but not provided in financial statements (2005: HK\$7,629,000 was contracted for but not provided in financial statements and HK\$34,038,000 was authorized but not contracted for).

Net cash generated from operations amounted to HK\$19,694,000 (2005: HK\$19,879,000). The Group's cash on hand and bank balances increased from HK\$18,134,000 as at 31st December, 2005 to HK\$31,348,000 as at 31st December, 2006. The increase was mainly a result of the raising of new bank loan.

Total shareholders' funds increased from HK\$175,354,000 as at 31st December, 2005 to HK\$193,087,000 as at 31st December, 2006, as a result of HK\$13,416,000 of the current year profit being retained.

As at 31st December, 2006, the gearing ratio, in terms of total debts to total assets, increased to 0.25 (At 31st December, 2005: 0.17). The increase was mainly a result of financing the new manufacturing plant construction and expansion of production facilities.

## 流動資金及財務資源

於二零零六年十二月三十一日，銀行借貸合共港幣31,466,000元(於二零零五年十二月三十一日：港幣4,700,000元)，其中港幣14,000,000元(於二零零五年十二月三十一日：港幣2,640,000元)將於一年內到期，而港幣17,466,000元(於二零零五年十二月三十一日：港幣2,060,000元)將於一年後到期。銀行借貸以港幣及美元列值，按參考香港銀行同業拆息及倫敦銀行同業拆息加指定息率計息。

於二零零六年十二月三十一日，本集團流動資產淨值為港幣85,143,000元(於二零零五年十二月三十一日：港幣72,050,000元)，流動負債為港幣45,070,000元(於二零零五年十二月三十一日：港幣33,312,000元)。存貨週轉期由二零零五年十二月三十一日之77天減少至二零零六年十二月三十一日之70天。應收賬款收款期由二零零五年十二月三十一日之88天減少至二零零六年十二月三十一日之78天。

二零零六年之廠房、設備、租賃物業裝修與在建工程之資本開支合共港幣34,621,000元(二零零五年：港幣18,913,000元)，當中港幣18,261,000元(二零零五年：港幣3,461,000元)與位於中國上海之新生產廠房之興建成本有關。此外，於二零零六年十二月三十一日，增購物業、廠房及設備之承擔為港幣31,268,000元(於二零零五年十二月三十一日：港幣41,667,000元)，全部為已訂約，惟並無於財務報表撥備(二零零五年：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元則已批准但未訂約)。

經營業務所得現金淨額為港幣19,694,000元(二零零五年：港幣19,879,000元)。本集團之手頭現金及銀行結餘由二零零五年十二月三十一日之港幣18,134,000元增至二零零六年十二月三十一日之港幣31,348,000元，此乃主要由於新造銀行貸款。

由於本年度溢利港幣13,416,000元予以保留為儲備，股東資金總額由二零零五年十二月三十一日之港幣175,354,000元增至二零零六年十二月三十一日之港幣193,087,000元。

於二零零六年十二月三十一日，資產負債比率(按負債總額相對資產總值計算)增至0.25(二零零五年十二月三十一日：0.17)。有關增幅主要由於撥付興建新生產廠房及擴充生產設施。

## 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, 2006.

## 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 minimize 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, 2005.

## CHARGE ON ASSETS

There was no charge on the Group's assets for the year ended 31st December, 2006 (2005: Nil).

## CONTINGENT LIABILITIES

A subsidiary has been named as a defendant in a District Court action in the PRC in respect of an alleged breach of contractual undertakings for an amount of HK\$4,074,000. The subsidiary and its legal counsel are strongly resisting this claim and, accordingly, no provision for any potential liability has been made in the consolidated financial statements.

## FINAL DIVIDEND

The directors do not recommend the payment of a final dividend for the year ended 31st December, 2006 (2005: Nil).

## 收購及出售附屬公司及聯營公司

截至二零零六年十二月三十一日止年度，本集團並無任何重大收購及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開支主要以美元、港幣及人民幣列值。人民幣兌外幣匯率波動可影響本集團經營成本。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。本集團將於必要時考慮對沖重大外匯風險。

## 資本結構

本集團之資本結構自二零零五年十二月三十一日以來並無重大變動。

## 資產抵押

截至二零零六年十二月三十一日止年度，本集團並無抵押任何資產(二零零五年：無)。

## 或然負債

一家附屬公司於中國地方法院提出之訴訟中成為被告人，被控違反港幣4,074,000元之合約承諾。該附屬公司及其法律顧問就此指控提出強力抗辯，因此並無於綜合財務報表就任何潛在負債作出撥備。

## 末期股息

董事不建議就截至二零零六年十二月三十一日止年度派發末期股息(二零零五年：無)。

# Corporate Governance Report

## 企業管治報告

### CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions laid down in the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 to the Listing Rules throughout the year ended 31st December, 2006, except that (i) for code provision E.1.2, the chairman, Mr. Thomas Lau, Luen-hung was unable to attend the Company’s annual general meeting on 12th June, 2006 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. As at the date of 1st January, 2007, the Company complied with this code provision.

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 amend its Articles in the forthcoming AGM to the effect that every director shall be subject to retirement by rotation at least once every three years.

### 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 six members including two executive directors, one non-executive director and three independent non-executive directors, whose details are set out on pages 20 and 21. 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

本公司於截至二零零六年十二月三十一日止年度內一直遵守上市規則附錄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，主席劉鑾鴻先生因其他事務未能出席本公司於二零零六年六月十二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，委任非執行董事須按指定任期及須予重選。於二零零七年一月一日，本公司已遵守此守則條文。

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。本公司亦將於應屆股東週年大會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充足完備；以及制訂合適政策管理本集團風險。

董事會現由合共六名成員組成，包括兩名執行董事、一名非執行董事及三名獨立非執行董事，詳情載於第20及21頁。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. During the year, the Board held (4) meetings; 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. A record of the Directors' attendance at Board meetings is set out on page 19.

The roles of the chairman and the chief executive officer are segregated in order to reinforce their independence and accountability. Their respective responsibilities are clearly established and set out in writing. The Chairman leads the Boards workings and proceedings, while the Chief Executive Officer is responsible for implementing the Group's strategies and policies and for conducting the Group's businesses.

### CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors ("INEDs"), 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.

### 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。年內，董事會舉行了4次會議，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。董事出席董事會會議之記錄載於第19頁。

主席及行政總裁之角色獨立區分以加強獨立性及問責性，而各自之職責已書面確立。主席領導董事會運作及程序，而行政總裁負責實行本集團策略及政策，以及進行本集團業務。

### 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（「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採納的操守準則所載標準規定。

## 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.

## 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.

Procedures have been designed for the business objectives, safeguard asst against unauthorized use or disposition, ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislations and regulations.

## 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妥為編製，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。

## 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致業務目標、保障資產及恰當存管會計記錄以提供可靠財務資料。然而，有關制度只為防止財務報表出現重大陳述錯誤或資產損失提供合理而非絕對保證，並管理而非消除實現業務目標時面對之失敗風險。

管理層於本年度定期檢討內部監控制度之成效，涵蓋財務、營運及守章方面之所有重大監管、風險管理各項職能以至實質及資訊系統保安。

本集團已就業務目標、保障資產遭非法挪用或處置、確保妥善存置賬簿及記錄以提供內部使用或刊發之可靠財務資料，以及確保遵循相關法例及法規制定多項程序。



Internal Audit Department has conducted an on going independent review on the effectiveness of the system of internal control and risk management of the Group and considers it to be adequate and effective. Reports on the effectiveness of the Group's internal control on difference areas had been submitted to the Audit Committee. It is noted that there is no significant areas of concern which may affect the effectiveness of the internal control system.

Throughout the year ended 31 December, 2006, the Board is satisfied that the Group has fully complied with the code provisions on internal control as set out in C.2.1 of the CG code.

內部審核部門持續獨立審閱本集團內部監控制度及風險管理之成效，並認為有關制度充足奏效。有關本集團就不同範疇之內部監控成效所作出報告，已提呈審核委員會審理。務請注意，並無重大範疇或會影響內部監控系統之成效。

截至二零零六年十二月三十一日止年度，董事會信納，本集團全面遵守管治守則第C.2.1條所載有關內部監控之守則條文。

### AUDITORS' REMUNERATION

For the Year, the remuneration paid to the Company's auditors, Messrs Deloitte Touche Tohmatsu, is set out as follows:

### 核數師酬金

於本年度，應付本公司核數師德勤•關黃陳方會計師行之酬金載列如下：

#### Services rendered

#### 所提供服務

		Fees paid/payable	
		已付／應付袍金	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Audit services	審計服務	628	673
Non-audit services (i.e. Professional Service)	非審計服務 (即專業服務)	140	-
		768	673

### 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.

### 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。

## AUDIT COMMITTEE *(continued)*

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. Its current members include:

Mr. Lee Tho Siem (Chairman of the Audit Committee)

Mr. Wang Jianguo

Dr. Loke Yu, alias Loke Hoi Lam

Mr. Wong Wing Sing

Three out of four members of the Audit Committee are the INEDs of the Company. Dr. Loke has appropriate accounting professional qualifications, and related financial management expertise as required under the Listing Rules. None of them is employed by or otherwise affiliated with former or existing auditors of the Company.

The Audit Committee held 2 meetings during the year. The minutes of the Audit Committee meetings were tabled to the Board for noting and for action by the Board where appropriate. The attendance of each member is set out on Page 19.

During the year, the Audit Committee reviewed the Group's interim and annual report for the year ended 31 December, 2006 and the accounting principles and practices adopted by the Group. The Audit Committee also reviewed the adequacy and effectiveness of the Company's internal control system and made recommendations to the Board.

## 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 for Directors and senior management, including terms of salary, discretionary bonus scheme, benefits in kind, pension rights, compensation payments and other long-term incentive schemes 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.

## 審核委員會 (續)

審核委員會主要負責審閱本集團之財務報告制度、內部監控程序及風險管理，並與管理層及本公司外聘核數師保持良好以及獨立的溝通。現任成員包括：

李多森先生(審核委員會主席)

王建國先生

陸海林博士

黃永勝先生

審核委員會四名成員當中，有三名均為本公司獨立非執行董事。陸博士具備上市規則所規定適當的會計專業資格及相關財務管理知識。彼等概無受僱於本公司前任或現任核數師，或以其他方式與其有聯繫。

審核委員會於年內舉行兩次會議。審核委員會會議記錄已提呈董事會過目及採取適當行動。每名成員出席率載於第19頁。

年內，審核委員會已審閱本集團截至二零零六年十二月三十一日止年度之中期及年度報告與本集團所採納會計準則及慣例。審核委員會另審閱本公司內部監控制度是否充足奏效，並向董事會提供推薦意見。

## 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，江爵煖先生為薪酬委員會主席。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，檢討董事及高級管理層之具體薪酬待遇，包括薪酬條款、酌情花紅計劃、實物利益、退休權利、薪酬付款及其他長期獎勵計劃。

### REMUNERATION COMMITTEE (continued)

The Remuneration Committee held one meeting during the year. The minutes of the Audit Committee meetings were tabled to the Board for noting and for action by the Board where appropriate. The attendance of each member is set out on Page 19. During the meetings, the committee members discussed the policy for the remuneration of Executive Directors and senior management, assessed the performance of Executive and approved the terms of Executive Directors' service contracts.

### SHAREHOLDERS' RIGHTS

The Board and management shall ensure shareholders' rights and all shareholders are treated equitably and fairly. Pursuant to the Company's bye-laws, any shareholder entitled to receive notice of and to attend and vote at a general meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. Shareholders who hold not less than one-tenth of the paid up capital of the Company shall have the right, by written requisition to the Board, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

Chairmen of the various Board committees, or failing the Chairmen, any member from the respective committees, must attend the annual general meetings of the Company to address shareholders' queries. External auditors shall also be invited to attend the Company's annual general meetings and are available to assist the Directors in addressing queries from shareholders relating to the conduct of the audit and the preparation and content of their auditor report.

### 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 provided 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.

### 薪酬委員會 (續)

薪酬委員會於年內舉行一次會議。審核委員會會議記錄已提呈董事會過目及採取適當行動。每名成員出席率載於第19頁。會上，委員會成員討論執行董事及高級管理層之薪酬政策、評估行政人員表現及審批執行董事之服務合約條款。

### 股東權利

董事會及管理層須保障股東權利，且全體股東均獲得公平公正的對待。根據本公司之公司細則，任何有權接獲本公司股東大會通告、出席大會並於會上表決之股東，有權委聘另一名人士作為彼之受委代表，代彼出席及表決。持有不少於本公司繳足股本十分之一之股東，有權書面要求董事會就該項要求所訂明任何事宜召開股東特別大會。

各董事委員會主席，或如主席未能出席，則相關委員會之任何成員，必須出席本公司之股東週年大會解答股東提問。外聘核數師亦獲邀出席本公司之股東週年大會，從旁協助董事解答股東有關審核工作及核數師報告編製與內容之提問。

### 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。本公司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與股東及投資者持續溝通。

本公司亦設有公司網頁，提供本集團全面資料。

## DIRECTORS' ATTENDANCE AT BOARD, AUDIT AND REMUNERATION COMMITTEES' MEETINGS

## 董事會、審核委員會及薪酬委員會會議之出席紀錄

		Board Meetings 董事會會議	Audit Committee Meetings 審核委員會會議	Remuneration Committee Meetings 薪酬委員會會議
Total number of meetings held during the year ended 31st December, 2006	截至二零零六年十二月三十一日止年度舉行之會議總數	4	2	1
Number of meetings attended:	所出席會議次數:			
<b>Executive Directors</b>	<b>執行董事</b>			
Thomas Lau, Luen-hung (resigned as Chairman on 15th December, 2006)	劉鑾鴻 (於二零零六年十二月十五日辭任主席)	2	-	-
Tsang Chiu Wai	曾昭偉	3	1	-
Kong Cheuk Luen, Trevor	江爵媛	4	2	1
<b>Non-Executive Director</b>	<b>非執行董事</b>			
Wong Wing Sing	黃永勝	4	2	-
<b>Independent Non-Executive Director</b>	<b>獨立非執行董事</b>			
Lee Tho Siem	李多森	4	2	1
Wang Jianguo	王建國	1	1	-
Loke Yu, alias Loke Hoi Lam	陸海林	4	2	-
<b>External Auditors</b>	<b>外聘核數師</b>	-	1	-

# 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 53, who joined the Group since its establishment in 1993 and is an executive director and chairman of the Group until 15th December, 2006. Mr. Lau holds a Bachelor's degree and a Master's degree in Business Administration. Mr. Lau is responsible for the overall strategic planning and business development of the Group. He is the managing director of Lifestyle International Holdings Limited, a listed company on the Stock Exchange. He has over 28 years of successful entrepreneurial experience in manufacturing, corporate finance, property investment and development and technology industry.

**Mr. Tsang Chiu Wai**, aged 56, is an executive director and chairman of the Group since 15th December, 2006. Mr. Tsang started to work in the metal working industry in Hong Kong in 1981. Mr. Tsang was a co-founder of the group and joined the Group in 1993. He is responsible for the strategic planning and development 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 a member of the North American Die Casting Association.

**Mr. Kong Cheuk Luen, Trevor**, aged 51, is an executive director and chief executive 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 and was redesignated as chief executive officer with effect from December, 2006. He is responsible for the overall management of the financial operation and business development 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 qualify system, construction of new 150,000 square feet plant facility and restructuring of a world class manufacturing team. Mr. Kong is a member of the North American Die Casting Association.

#### Independent Non-executive Directors

**Mr. Lee Tho Siem**, aged 67, 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 40 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.

### 董事會成員

#### 執行董事

**劉鑾鴻先生**，53歲，彼自本集團於一九九三年成立起加盟本集團及為本集團的執行董事兼主席，直至二零零六年十二月十五日為止。劉先生持有工商管理學士及碩士學位。彼負責本集團的整體策略性規劃及業務發展。彼為聯交所上市公司利福國際集團有限公司董事總經理。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。

**曾昭偉先生**，56歲，自二零零六年十二月十五日起出任本集團執行董事兼主席。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，為本集團創辦人之一。彼負責本集團策略規劃及發展。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**，51歲，為本集團執行董事兼行政總裁。江先生自一九九三年起透過Winchase Limited投資於本集團，於二零零二年九月成為本公司執行董事及營運總監，並自二零零六年十二月調任本集團行政總裁。彼負責本集團財務營運及業務發展的整體管理。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。彼亦為North American Die Casting Association的會員。

#### 獨立非執行董事

**李多森先生**，67歲，為本集團獨立非執行董事。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四十年經驗，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。

## BOARD OF DIRECTORS *(continued)*

### Independent Non-executive Directors *(continued)*

**Mr. Wang Jianguo**, aged 60, 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 currently the executive director of Shanghai Multi Luck Real Estates Development Limited and Shanghai Urban Real Estate 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 58, 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; 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 Habamas Ltd. He serves as an INED of Shandong Molong Petroleum Machinery Company Limited, New Chinese Medicine Holdings Limited, Matrix Holdings Limited, VoDone Limited, Wealthmark International (Holdings) Limited and China Fire Safety Enterprise Group Holdings Limited and appointed as INED of Winfair Investment Company Limited with effective from 2nd April 2007, companies listed on the Stock Exchange.

### Non-executive Directors

**Mr. Wong Wing Sing**, aged 35, 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, a solicitor of England and Wales in 1997 and a notary public in Hong Kong in 2006.

## 董事會成員 *(續)*

### 獨立非執行董事 *(續)*

**王建国先生**，60歲，為本集團獨立非執行董事。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執行董事，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**，58歲，為本集團獨立非執行董事。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及Habamas Ltd.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、第一視頻集團有限公司、和寶國際控股有限公司及中國消防企業集團控股有限公司之獨立非執行董事，並獲委任為永發置業有限公司之獨立非執行董事，自二零零七年四月二日起生效。

### 非執行董事

**黃永勝先生**，35歲，為本集團非執行董事。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，於一九九七年獲認許為英格蘭及威爾斯律師，後於二零零六年成為香港公證人。

#### SENIOR MANAGEMENT

**Mr. Shea Chun Lok**, aged 40, is the financial controller of the Group. He is responsible for the overall financial management of the Group and the administrative management of the group's factories. He holds a Bachelor degree in Business from the Monash University of Australia. He is also a fellow member of the CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Shea joined the Group in August, 2006. Mr. Shea is also an independent non-executive director of a company listed on the main board of the Stock Exchange of Hong Kong Limited. Mr. Shea has been working as the Company Secretary and Qualified Accountant in various Hong Kong Main Board listed companies for many years. He has substantial experience as financial controller of listed companies. Mr. Shea currently serves as a volunteering member for the Hong Kong Trade and Industry Department Small and Medium Enterprises Membership Programme.

**Mr. Lee Yuk Kwan**, aged 53, is the general manager of Dongguan United Metal Products Company Limited. 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. Lam Pek Wu**, aged 40, 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.

#### COMPANY SECRETARY

**Ms. Siu Po Sim, Katherine**, aged 50, is the company secretary of the Group. Ms. Siu is a Chartered Secretary, holds a Master's degree in Business Administration major in Finance and is an Associate member of The Institute of Chartered Secretaries and Administrators. She has over 19 years of professional experience in compliance, corporate & commercial and company secretarial matters in Hong Kong. She has started to handle and be responsible for the Group's company secretarial affairs since May, 2004.

#### 高級管理層

余俊樂先生，40歲，為本集團財務總監，負責本集團整體財務管理及集團廠房之行政管理。彼持有澳洲蒙納殊大學之商學士學位，亦為澳洲會計師公會資深會員及香港會計師公會會員。余先生於二零零六年八月加入本集團，亦為一家在香港聯合交易所有限公司主板上市公司之獨立非執行董事。余先生亦於多間香港主板上市公司任職公司秘書及合資格會計師多年。彼於出任上市公司財務總監方面擁有豐富經驗。余先生現為香港工業貿易署所辦中小企業營商友導計劃之自願導師。

李煜鈞先生，53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。

林碧湖先生，40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。

#### 公司秘書

蕭寶嫻女士，50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十九年的專業經驗。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 consolidated financial statements for the year ended 31st December, 2006.

### PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries are set out in note 34 to the consolidated financial statements.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2006 are set out in the consolidated income statement on page 31.

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\$13.6 million and HK\$18.2 million on plant and machinery and construction in progress, respectively 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 consolidated 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 (resigned on 15th December, 2006)  
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

董事會提呈其截至二零零六年十二月三十一日止年度之年報及經審核綜合財務報表。

### 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綜合財務報表附註34。

### 業績及溢利分配

本集團截至二零零六年十二月三十一日止年度之業績載於第31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與在建工程的金額分別約達港幣13,600,000元及港幣18,200,000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綜合財務報表附註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 (於二零零六年十二月十五日辭任)  
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. Wong Wing Sing and Mr. Tsang Chiu Wai 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 be terminated by either party giving to the other party not less than six months prior written notice.

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.

**SERVICE CONTRACTS OF DIRECTORS**

None of the directors 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，黃永勝先生及曾昭偉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。

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。

**董事服務合約**

概無董事與本公司或其任何附屬公司訂立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, 2006, the interests of the directors and the chief executive and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (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 身份	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
Tsang Chiu Wai, the Chairman 曾昭偉(主席)	Held by controlled corporation (Note i) 由受控制公司持有(附註i)	54,788,000	24.90%
Kong Cheuk Luen, Trevor, the CEO 江爵媛(行政總裁)	Held by controlled corporation (Note ii) 由受控制公司持有(附註ii)	33,141,000	15.06%

Notes:

- (i) 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 54,788,000 shares held by Standard Beyond Limited under the SFO. Mr. Tsang Chiu Wai is also a director of Standard Beyond Limited.
- (ii) 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 33,141,000 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, 2006.

## 董事及主要行政人員於股份及相關股份之權益

於二零零六年十二月三十一日，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之股份及相關股份中，擁有本公司根據證券及期貨條例（「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。因此，根據證券及期貨條例，曾昭偉先生被視作於Standard Beyond Limited所持有54,788,000股股份中擁有權益。曾昭偉先生亦為Standard Beyond Limited之董事。
- (ii) 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媛先生實益擁有。因此，根據證券及期貨條例，江爵媛先生被視作於Absolute Above Limited所持有33,141,000股股份中擁有權益。江爵媛先生亦為Absolute Above Limited之董事。

除上文披露者外，於二零零六年十二月三十一日，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。

## SHARE OPTIONS

Particulars of the Company's share option scheme (the "Scheme") are set out in note 27 to the consolidated financial statements. No option has been 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

At 31st December, 2006, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that other than as disclosed under the section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES", the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company.

### Long positions

#### Ordinary shares of HK\$0.01 each of the Company

Name of shareholder 股東姓名	Capacity 身份	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, also as the Chairman of the Company until 15th December, 2006 劉鑾鴻 (亦為本公司主席，直至二零零六年十二月十五日為止)	Held by controlled corporation (Note) 由受控制公司持有 (附註)	69,468,000	31.58%

Note: 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.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31st December, 2006.

## 購股權

本公司之購股權計劃(「計劃」)詳情載於綜合財務報表附註27。自採納該計劃以來，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，於二零零六年十二月三十一日，以下股東已知會本公司彼等在本公司已發行股本中擁有之相關權益及淡倉。

### 好倉

本公司每股面值港幣0.01元之普通股

附註：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。因此，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。

除上文披露者外，於二零零六年十二月三十一日，本公司並不知悉於本公司已發行股本中有任何其他相關權益或淡倉。

## 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, the Group entered into a loan facility agreement with PC-steel Futures Co., Ltd., a company controlled by Mr. Thomas, Lau Luen-hung who was a director and a substantial shareholder of the Company and resigned during the year.

The maximum loan facility amount was HK\$50,000,000. During the year, the Group drew a loan of HK\$16,000,000 and paid interest of HK\$521,000. The loan was unsecured, interest bearing at HIBOR plus 1.5% per annum and fully repaid during the year. The latest drawdown date of the remaining loan facility amount of HK\$34,000,000 is 5th April, 2007.

Other than as disclosed above, there were no connected transactions.

## MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers in aggregate accounted for approximately 43.8% of the turnover of the Group and the largest customer accounted for approximately 12.4% of the total turnover of the Group.

The aggregate purchases attributable to the Group's five largest suppliers during the year accounted for approximately 74.5% of the total purchases of the Group and the largest supplier accounted for approximately 28.4% 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、出售或贖回本公司上市股份

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

於本年度，本集團與劉鑾鴻先生控制之公司PC-steel Futures Co., Ltd.訂立貸款融資協議。劉先生曾任本公司董事兼主要股東，已於年內辭任。

貸款融資金額最多為港幣50,000,000元。於本年度，本集團提取貸款港幣16,000,000元，並支付利息港幣521,000元。該筆貸款為無抵押，按香港銀行同業拆息加年利率1.5厘計息，已於年內悉數償還。餘下港幣34,000,000元貸款融資額之最後提取日期為二零零七年四月五日。

除上文披露者外，並無進行關連交易。

## 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額約43.8%。最大客戶的銷售額佔本集團營業總額約12.4%。

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74.5%。最大供應商的採購額佔本集團採購總額約28.4%。

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 which are set out in note 27 to the consolidated 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, 2006.

### **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

**Tsang Chiu Wai**

*Chairman*

Hong Kong, 13th April, 2007

### **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，計劃詳情載於綜合財務報表附註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**

本公司董事或彼等之聯繫人士概無於足以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**

本公司於截至二零零六年十二月三十一日止年度一直維持充足公眾持股量。

### **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

**曾昭偉**

*主席*

香港，二零零七年四月十三日

# Independent Auditors' Report

## 獨立核數師報告書

# Deloitte.

## 德勤

**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 (collectively referred to as the "Group") set out on pages 31 to 79 which comprise the consolidated balance sheet as at 31st December, 2006 and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

**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**

本核數師行已審核載於第31至79頁內United Metals Holdings Limited(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表，包括於二零零六年十二月三十一日之綜合資產負債表，以及截至該日止年度之綜合收益表、綜合資本變動表及綜合現金流量表，連同主要會計政策概要及其他解釋性附註。

### 董事就綜合財務報表須承擔的責任

貴公司董事須負責按照香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定編製及真實公平地呈列此等綜合財務報表。有關責任包括制訂、實施及維持有關編製及真實公平地呈列綜合財務報表之內部監控制度，確保此等綜合財務報表並不存在由於欺詐或錯誤而導致的重大錯誤陳述；選定及採用適當會計政策；以及作出在相關情況下屬合理之會計估計。

### 核數師的責任

本核數師行之責任乃根據審核工作之結果，對此等綜合財務報表發表意見，並僅向全體股東報告，不作其他用途。本核數師行概不就本報告書的內容向任何其他人士承擔或負上任何責任。本核數師行乃按照香港會計師公會頒佈之香港核數準則進行審核工作。該等準則規定本核數師行須遵從道德操守，並計劃及進行審核工作，以合理保證此綜合財務報表是否不存有重大錯誤陳述。

\* 僅供識別

**AUDITORS' RESPONSIBILITY** *(continued)*

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

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

**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, 2006 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong  
13th April, 2007

**核數師之責任** (續)

審核範圍包括執行情序以取得有關綜合財務報表所載數額及披露事項之審核憑證。所選定程序倚賴核數師之判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述之風險。於作出該等風險評估時，核數師考慮與實體編製及真實公平地呈列綜合財務報表有關之內部監控制度，以制訂適合相關情況之審核程序，但並非旨在就實體內部監控制度是否有效發表意見。審核範圍亦包括評估所採用會計政策是否恰當及董事所作出會計估計是否合理，以及評估綜合財務報表整體上之呈列方式。

本核數師行相信，就為審核意見提供基準而言，本核數師行所取得審核憑證已屬充分及恰當。

**意見**

本行認為有關綜合財務報表按照香港財務報告準則真實公平地反映 貴集團於二零零六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  
二零零七年四月十三日

# Consolidated Income Statement

## 綜合收益表

For the year ended 31st December, 2006  
截至二零零六年十二月三十一日止年度

		Notes 附註	2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
<b>Revenue</b>	收益	6	<b>242,831</b>	186,621
<b>Cost of sales</b>	銷售成本		<b>(202,042)</b>	(158,105)
<b>Gross profit</b>	毛利		<b>40,789</b>	28,516
<b>Other income</b>	其他收入	7	<b>705</b>	698
<b>Selling and distribution expenses</b>	銷售及分銷開支		<b>(9,986)</b>	(5,573)
<b>Administrative expenses</b>	行政開支		<b>(13,641)</b>	(12,624)
<b>Impairment loss on goodwill</b>	商譽減值虧損		<b>(685)</b>	-
<b>Finance costs</b>	融資成本	8	<b>(1,367)</b>	(285)
<b>Other expenses</b>	其他開支		<b>(1,645)</b>	(182)
<b>Profit before taxation</b>	除稅前溢利		<b>14,170</b>	10,550
<b>Income tax expense</b>	所得稅開支	9	<b>(754)</b>	(221)
<b>Profit for the year</b>	年內溢利	10	<b>13,416</b>	10,329
<b>Earnings per share – basic</b>	每股盈利 – 基本	12	<b>HK6.1 cents港仙</b>	HK4.7 cents港仙



# Consolidated Balance Sheet

## 綜合資產負債表

At 31st December, 2006  
於二零零六年十二月三十一日

		Notes 附註	2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
<b>Non-current assets</b>	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	13	111,932	89,946
Prepaid lease payments	預付租賃款項	14	6,285	6,418
Goodwill	商譽	15	-	685
Available-for-sale investments	可供出售投資	16	1,438	1,386
Deposits paid for acquisition of property, plant and equipment	收購物業、廠房及設備已付之訂金	17	6,738	7,867
			<b>126,393</b>	106,302
<b>Current assets</b>	<b>流動資產</b>			
Inventories	存貨	18	41,328	35,668
Trade and other receivables and prepayments	應收貿易賬款及其他應收款項以及預付款項	19	57,404	50,872
Prepaid lease payments	預付租賃款項	14	133	133
Investments held for trading	持作買賣投資	20	-	461
Taxation recoverable	可收回稅項		-	94
Bank balances and cash	銀行結餘及現金	21	31,348	18,134
			<b>130,213</b>	105,362
<b>Current liabilities</b>	<b>流動負債</b>			
Trade and other payables and accruals	應付貿易賬款及其他應付款項以及應計欠款	22	30,680	30,313
Taxation payable	應付稅項		390	359
Unsecured bank loans - due within one year	無抵押銀行貸款 - 一年內到期	23	14,000	2,640
			<b>45,070</b>	33,312
<b>Net current assets</b>	<b>流動資產淨值</b>		<b>85,143</b>	72,050
<b>Total assets less current liabilities</b>	<b>總資產減流動負債</b>		<b>211,536</b>	178,352

		Notes 附註	2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
<b>Non-current liabilities</b>	<b>非流動負債</b>			
Unsecured bank loans	無抵押銀行貸款			
– due after one year	– 一年後到期	23	17,466	2,060
Deferred tax liabilities	遞延稅項負債	24	983	938
			18,449	2,998
<b>Net assets</b>	<b>資產淨值</b>		<b>193,087</b>	175,354
<b>Capital and reserves</b>	<b>股本及儲備</b>			
Share capital	股本	25	2,200	2,200
Reserves	儲備		190,887	173,154
Equity attributable to equity holders of the parent	母公司權益持有人 應佔權益		<b>193,087</b>	175,354

The financial statements on pages 31 to 79 were approved and authorised for issue by the Board of Directors on 13th April, 2007 and are signed on its behalf by:

第31至79頁之財務報表已於二零零七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, 2006  
截至二零零六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	Translation reserve	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	儲備基金	匯兌儲備	累計溢利	合共
		HK\$'000	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	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, 2005	於二零零五年一月一日	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之虧損	-	-	(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
Exchange differences arising from translation of overseas operations	換算海外業務產生之匯兌差額	-	-	-	-	-	-	4,265	-	4,265
Gain on fair value changes of available-for-sale investments	可供出售投資公平值變動之收益	-	-	52	-	-	-	-	-	52
Income recognised directly in equity	直接於股本確認之收入	-	-	52	-	-	-	4,265	-	4,317
Profit for the year	年內溢利	-	-	-	-	-	-	-	13,416	13,416
Total recognised income for the year	年內已確認收入總額	-	-	52	-	-	-	4,265	13,416	17,733
Transfer	轉撥	-	-	-	-	-	455	-	(455)	-
At 31st December, 2006	於二零零六年十二月三十一日	2,200	39,352	(62)	16,584	127	6,594	4,265	124,027	193,087

# Consolidated Cash Flow Statement

## 綜合現金流量表

For the year ended 31st December, 2006  
截至二零零六年十二月三十一日止年度

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
<b>OPERATING ACTIVITIES</b>	<b>經營業務</b>		
Profit before taxation	除稅前溢利	14,170	10,550
Adjustments for:	經調整:		
Depreciation	折舊	14,547	13,016
Dividend income	股息收入	(30)	(76)
Interest income	利息收入	(275)	(104)
Finance costs	融資成本	1,367	285
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	199	4
Impairment loss on goodwill	商譽減值虧損	685	-
Operating cash flows before movements in working capital	營運資金變動前之經營現金流量	30,663	23,675
Increase in inventories	存貨增加	(3,755)	(5,834)
Increase in trade and other receivables and prepayments	應收貿易賬款及其他應收款項以及預付款項增加	(6,341)	(5,523)
Decrease in investments held for trading	持作買賣投資減少	461	1,418
Increase in trade and other payables and accruals	應付貿易賬款及其他應付款項及應計欠款增加	(750)	7,444
Cash generated from operations	經營業務產生之現金	20,278	21,180
Hong Kong Profits Tax (paid) refund	(繳付) 退還香港利得稅	(14)	139
Taxation in other jurisdictions paid	繳付其他司法權區稅項	(570)	(1,440)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>來自經營業務之現金淨額</b>	<b>19,694</b>	<b>19,879</b>
<b>INVESTING ACTIVITIES</b>	<b>投資活動</b>		
Purchase of property, plant and equipment	購買物業、廠房及設備	(32,242)	(18,850)
Deposits paid for 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) refund	(已付) 退還預付租賃款項	-	(6,628)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	58	121
Interest received	已收利息	275	104
Dividends received	已收股息	30	73
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>用作投資活動之現金淨額</b>	<b>(31,879)</b>	<b>(33,047)</b>

## Consolidated Cash Flow Statement (continued)

### 綜合現金流量表 (續)

For the year ended 31st December, 2006

截至二零零六年十二月三十一日止年度

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
<b>FINANCING ACTIVITIES</b>	<b>融資活動</b>		
New bank loans raised	新籌集銀行貸款	29,406	-
Repayment of bank loans	償還銀行貸款	(2,640)	(5,084)
Interest paid	已付利息	(1,367)	(285)
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>	<b>來自(用作)融資活動 之現金淨額</b>	<b>25,399</b>	<b>(5,369)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>現金及現金等價物增加(減少) 淨額</b>	<b>13,214</b>	<b>(18,537)</b>
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>承前現金及現金等價物</b>	<b>18,134</b>	<b>36,671</b>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD, represented by bank balances and cash</b>	<b>現金及現金等價物結轉 由銀行結餘及現金組成</b>	<b>31,348</b>	<b>18,134</b>

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31st December, 2006  
截至二零零六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 addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to the annual report.

The consolidated financial statements are presented in Hong Kong dollars, 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 NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

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

### 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。

綜合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買賣金屬產品。

### 2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)

於本年度，本集團首次應用多項由香港會計師公會(「香港會計師公會」)頒佈而於二零零五年十二月一日或二零零六年一月一日或之後開始之會計期間生效之新準則、修訂及新詮釋(「新訂香港財務報告準則」)。採納新訂香港財務報告準則對現行或過往會計期間業績之編製及呈報方式並無構成重大影響。因此，毋須就過往期間作出調整。

## Notes to the Consolidated Financial Statements (continued)

### 綜合財務報表附註 (續)

For the year ended 31st December, 2006

截至二零零六年十二月三十一日止年度

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

(continued)

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

HKAS 1 (Amendment)	Capital Disclosures <sup>1</sup>
HKFRS 7	Financial Instruments: Disclosures <sup>1</sup>
HKFRS 8	Operating Segments <sup>2</sup>
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies <sup>3</sup>
HK(IFRIC)-Int 8	Scope of HKFRS 2 <sup>4</sup>
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives <sup>5</sup>
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment <sup>6</sup>
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions <sup>7</sup>
HK(IFRIC)-Int 12	Service Concession Arrangements <sup>8</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1st January, 2007
- <sup>2</sup> Effective for annual periods beginning on or after 1st January, 2009
- <sup>3</sup> Effective for annual periods beginning on or after 1st March, 2006
- <sup>4</sup> Effective for annual periods beginning on or after 1st May, 2006
- <sup>5</sup> Effective for annual periods beginning on or after 1st June, 2006
- <sup>6</sup> Effective for annual periods beginning on or after 1st November, 2006
- <sup>7</sup> Effective for annual periods beginning on or after 1st March, 2007
- <sup>8</sup> Effective for annual periods beginning on or after 1st January, 2008

## 2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」) (續)

本集團並無提早應用下列已頒佈但尚未生效的新訂準則、修訂或詮釋。本公司董事預期，應用此等新訂準則、修訂或詮釋將不會對本集團業績及財務狀況構成重大影響。

香港會計準則第1號(修訂本)	資本披露 <sup>1</sup>
香港財務報告準則第7號	金融工具：披露 <sup>1</sup>
香港財務報告準則第8號	營運分部 <sup>2</sup>
香港(國際財務報告詮釋委員會) — 詮釋第7號	根據香港會計準則第29號 嚴重通脹經濟中之 財務報告應用重列法 <sup>3</sup>
香港(國際財務報告詮釋委員會) — 詮釋第8號	香港財務報告準則第2號 之範圍 <sup>4</sup>
香港(國際財務報告詮釋委員會) — 詮釋第9號	重新評估附帶衍生工具 <sup>5</sup>
香港(國際財務報告詮釋委員會) — 詮釋第10號	中期財務報告及減值 <sup>6</sup>
香港(國際財務報告詮釋委員會) — 詮釋第11號	香港財務報告準則第2號 — 集團及庫存股份交易 <sup>7</sup>
香港(國際財務報告詮釋委員會) — 詮釋第12號	服務經營權安排 <sup>8</sup>

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

### 3. 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 issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange and by the Hong Kong Companies Ordinance.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

#### 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).

### 3. 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，綜合財務報表載有聯交所證券上市規則及香港公司條例規定之適用披露資料。

#### 綜合賬目基準

綜合財務報表包括本公司及本公司控制之實體（「其附屬公司，包括特別用途實體」）之財務報表。倘本公司擁有權力管治一家實體之財務及營運政策而從其業務中獲益，則構成控制。

年內收購或出售之附屬公司之業績，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、收入及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*

就收購附屬公司產生而協議日期為二零零五年一月一日前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）。



### 3. 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 consolidated balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. 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.

### 3. 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產生而協議日期為二零零五年一月一日或之後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綜合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。就某一財政年度內進行收購產生之商譽而言，經分配商譽之現金產生單位於財政年度結束前檢測減值。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綜合收益表確認。商譽減值虧損不會於往後期間撥回。

倘其後出售附屬公司，撥充資本之商譽應佔金額於出售時計入釐定損益之金額。

### 3. 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 represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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 consolidated 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).

### 3. 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。

在建工程指興建過程中用作生產或自用之物業、廠房及設備。在建工程按成本值減已確認減值虧損列賬。在建工程於竣工及可作擬定用途時被分類為物業、廠房及設備之適當類別。此等資產於資產可作擬定用途時按與其他物業資產相同之基準開始折舊。

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)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日後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)，於剔除確認項目之年度計入綜合收益表。

#### *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運作所需地點及環境時)。

### 3. 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. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### Financial assets

The Group's financial assets are 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 consist of investments 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.

### 3. 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。收購或發行金融資產及金融負債(按公平值計入損益之金融資產及金融負債除外)產生之直接應佔交易成本於初步確認金融資產或金融負債之公平值計入或扣除(按適用情況而定)。收購按公平值計入損益之金融資產或金融負債產生之直接應佔交易成本則即時於損益確認。

#### 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。所有以正常方式購買或出售之金融資產按交易日基準確認及剔除確認。正常方式購買或出售是按規則規定或市場慣例設定的時限交付資產之金融資產的購買或出售。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包括持作買賣投資。初步確認後於每個結算日，按公平值計入損益之金融資產會按公平值計量，公平值變動於產生期間直接於損益確認。

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### Financial assets (continued)

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including 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.

##### Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables on held-to-maturity. 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 profit or loss in subsequent periods.

### 3. 主要會計政策 (續)

#### 金融工具 (續)

##### 金融資產 (續)

##### 貸款及應收款項

貸款及應收款項是沒有於活躍市場掛牌之固定或可釐定付款之非衍生金融資產。初步確認後於每個結算日，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之差額計算。當資產可收回金額增加而客觀上與於確認減值後所發生之事件有關時，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超過尚未有確認減值時之已攤銷成本為限。

##### 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按公平值計入損益之金融資產、貸款及持至到期項目之應收款項之非衍生工具。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為止，屆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於損益撥回。

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### 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 accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

##### Financial liabilities

Financial liabilities including bank loans and trade and other payables are subsequently measured at amortised cost, using the effective interest method.

##### Equity instruments

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

#### Derecognition

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

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

### 3. 主要會計政策 (續)

#### 金融工具 (續)

##### 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。

股本工具乃證明集團於扣減其所有負債後於資產擁有剩餘權益之合約。就金融負債及股本工具採納之會計政策載列如下。

##### 金融負債

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已收所得款項扣除直接發行成本列賬。

#### 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，資產賬面值與已收代價及已於股本直接確認之累計溢利或虧損總和之差額會於損益確認。

金融負債於有關合約訂明之責任已履行、取消或到期時剔除確認，剔除確認金融負債賬面值與已付及應付代價之差額於損益確認。

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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.

#### Revenue recognition

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

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

Dividend income from investments is recognised when the Group's 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.

### 3. 主要會計政策(續)

#### 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(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。減值虧損於撥回時即時確認為收入。

#### 收益確認

收益按已收或應收代價之公平值計量，並指於一般業務過程中售出貨品之應收款項，經扣除折扣及銷售相關稅項。

貨品銷售於貨品付運及擁有權轉讓後確認。

來自投資之股息收入於本集團收取款項之權利確立時確認。

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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.

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. 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.

### 3. 主要會計政策 (續)

#### 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不可扣稅項目，因此與綜合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應課稅暫時差額確認，而遞延稅項資產則限於日後可能取得應課稅溢利以抵銷可扣減暫時差額時確認。倘暫時差額產生自商譽或初步確認一項交易(非業務合併)之其他資產及負債，而有關交易既不影響應課稅溢利亦不影響會計溢利，則不予確認有關資產及負債。

遞延稅項資產之賬面值於各結算日審閱，並於不再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期間適用之稅率計算。遞延稅項自損益扣除或計入，惟與於股本直接扣除或計入之項目有關者除外。在此情況下，遞延稅項亦會於股本處理。

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in 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.

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

### 3. 主要會計政策 (續)

#### 外幣

於編製各個別集團實體之財務報表時，以該實體功能貨幣以外貨幣(外幣)進行之交易，均按交易日期之現行匯率以功能貨幣(即該實體經營業務主要經濟地區之貨幣)列賬。於各結算日，以外幣計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計值之非貨幣項目，按釐定公平值當日之現行匯率重新換算。按歷史成本以外幣計算之非貨幣項目毋須重新換算。

於結算及換算貨幣項目時產生之匯兌差額，均於產生期間內於損益確認，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確認為股本。以公平值計賬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確認。

就呈列綜合財務報表而言，本集團海外業務之資產及負債按結算日之現行匯率換算為本集團之呈列貨幣(即港幣)，而其收支按年內平均匯率換算，惟期內匯率大幅波動除外，在此情況下則採用交易日期之現行匯率。如產生匯兌差額確認為股本之獨立部分(換算儲備)。有關匯兌差額於出售外國業務之期間於損益確認。



## Notes to the Consolidated Financial Statements *(continued)*

### 綜合財務報表附註 (續)

For the year ended 31st December, 2006

截至二零零六年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Borrowing costs

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

#### 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 consolidated income statement and are deducted in reporting the related expense.

#### Retirement benefit costs

Payments to retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

### 3. 主要會計政策 (續)

#### 借貸成本

所有借貸成本於其產生期間在綜合收益表確認為及計入融資成本。

#### 租賃

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

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。作為訂立經營租賃優惠，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，並按資產之可使用年期撥往收入。與開支項目有關之補助金於該等開支於綜合收益表扣除之相同期間確認，並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僱員提供服務而有權享有供款時列作開支扣除。

#### 4. 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) Cash flow interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its bank balances and bank loans. Bank balances and bank loans at variable rates expose the Group to cash flow interest-rate risk. Details of the Group's bank balances and bank loans are disclosed in notes 21 and 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.

#### 4. 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，以確保能及時及有效採取適當措施。

##### 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) 現金流量利率風險

本集團之利率變動風險主要與銀行結餘及銀行貸款有關。按浮動息率計息之銀行結餘及銀行貸款導致本集團須面對現金流量利率風險。本集團銀行結餘及銀行貸款詳情於附註21及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。

#### 4. 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, 2006 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, 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 regard, 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.

In addition to the above financial instrument related risks, the Group is also exposed to commodity price risk. The Group sources large quantities of metal materials which include aluminium, zinc and magnesium alloys for its manufacturing process. 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.

#### 5. FAIR VALUE

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost using effective interest method in the consolidated financial statements approximate their respective fair values.

#### 4. 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二零零六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賬之賬面值。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向，方客戶提供信貸。

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減值虧損。就此而言，本集團董事認為，本集團承受之壞賬及集中風險乃屬輕微。

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。

除上述金融工具相關風險外，本集團亦面對商品價格風險。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。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。

#### 5. 公平值

董事認為，於綜合財務報表內以實際利率法按攤銷成本列賬之金融資產及金融負債賬面值與其各自之公平值相若。

## 6. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the 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.

## 6. 收益及分部資料

收益指年內向外界客戶銷售貨品之已收及應收款項扣除退貨淨額。

### 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 – 銷售本集團製造及加工的鋁壓鑄部件。
- 鋅部件 – 銷售本集團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, 2006

截至二零零六年十二月三十一日止年度

## 6. REVENUE AND SEGMENTAL INFORMATION 6. 收益及分部資料 (續)

(continued)

Business segments (continued)

For the year ended 31st December, 2006

業務分部 (續)

截至二零零六年十二月三十一日止年度

		Aluminium		Magnesium		Others	Consolidated
		parts	Zinc parts	parts			
		鋁部件	鋅部件	鎂部件		其他	綜合
		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
<b>REVENUE</b>	<b>收益</b>	219,842	17,727	4,870		392	242,831
<b>RESULTS</b>	<b>業績</b>						
Segment results	分部業績	15,548	899	329		8	16,784
Income from available-for-sale investments	可供出售投資之收入						30
Interest income	利息收入						275
Unallocated corporate expenses	未分配公司開支						(1,552)
Finance costs	融資成本						(1,367)
Profit before taxation	除稅前溢利						14,170
Income tax expense	所得稅開支						(754)
Profit for the year	年內溢利						13,416
<b>BALANCE SHEET</b>	<b>資產負債表</b>						
<b>ASSETS</b>	<b>資產</b>						
Segment assets	分部資產	195,006	21,116	3,693		89	219,904
Available-for-sale investments	可供出售投資						1,438
Unallocated corporate assets	未分配公司資產						35,264
Consolidated total assets	綜合資產總值						256,606
<b>LIABILITIES</b>	<b>負債</b>						
Segment liabilities	分部負債	19,212	7,231	-		-	26,443
Unsecured bank loans	無抵押銀行貸款						31,466
Unallocated corporate liabilities	未分配公司負債						5,610
Consolidated total liabilities	綜合負債總額						63,519
<b>OTHER INFORMATION</b>	<b>其他資料</b>						
Capital additions	增加資本	31,630	2,991	-		-	34,621
Depreciation	折舊	13,702	626	219		-	14,547
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	199	-	-		-	199

## 6. REVENUE AND SEGMENTAL INFORMATION 6. 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
<b>REVENUE</b>	<b>收益</b>	171,863	10,825	3,600	333	186,621
<b>RESULTS</b>	<b>業績</b>					
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)
Finance costs	融資成本					(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
<b>BALANCE SHEET</b>	<b>資產負債表</b>					
<b>ASSETS</b>	<b>資產</b>					
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	綜合資產總值					211,664
<b>LIABILITIES</b>	<b>負債</b>					
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
<b>OTHER INFORMATION</b>	<b>其他資料</b>					
Capital additions	增加資本	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

## Notes to the Consolidated Financial Statements (continued)

### 綜合財務報表附註 (續)

For the year ended 31st December, 2006

截至二零零六年十二月三十一日止年度

## 6. REVENUE AND SEGMENTAL INFORMATION

(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:

		Sales revenue by geographical market 按地區市場劃分的銷售收益	
		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 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	86,591	75,200
North America	北美洲	80,235	44,693
Europe	歐洲	56,717	54,684
Others	其他	19,288	12,044
		<b>242,831</b>	<b>186,621</b>

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:

## 6. 收益及分部資料 (續)

### 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:

按資產所在地區劃分之分部資產賬面值以及物業、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	
		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Geographical region	地區				
The PRC	中國	174,380	136,955	34,546	18,732
Hong Kong	香港	45,524	51,147	75	195
		<b>219,904</b>	<b>188,102</b>	<b>34,621</b>	<b>18,927</b>

## 7. OTHER INCOME

## 7. 其他收入

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 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	非上市可供出售投資之股息收入	30	30
Dividend income from listed investments held for trading	持作買賣上市投資之股息收入	-	46
Exchange gain	匯兌收益	400	-
Gain on disposal of investments held for trading	出售持作買賣投資之收益	-	26
Interest income	利息收入	275	104
Gains on change in fair value of listed investments held for trading	持作買賣上市投資之公平值變動之收益	-	67

## 8. FINANCE COSTS

## 8. 融資成本

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Interest on bank loans wholly repayable within five years	須於五年內悉數償還之銀行貸款利息	846	285
Interest on loan from a related company	一間關連公司貸款利息	521	-
		<b>1,367</b>	285



## Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註 (續)

For the year ended 31st December, 2006

截至二零零六年十二月三十一日止年度

### 9. INCOME TAX EXPENSE

### 9. 所得稅開支

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 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	425	120
Overprovision in previous years	過往年度超額撥備	(12)	-
		<b>413</b>	120
Taxation in other jurisdictions	其他司法權區稅項		
Current year	本年度	296	359
Overprovision in previous years	過往年度超額撥備	-	(303)
		<b>296</b>	56
		<b>709</b>	176
Deferred tax (note 24):	遞延稅項(附註24):		
Current year	本年度	45	45
Taxation attributable to the Company and its subsidiaries	本公司及其附屬公司應佔稅項	<b>754</b>	221

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

香港利得稅乃按年內之估計應課稅溢利以17.5%稅率計算。

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

其他司法權區之稅項乃根據有關司法權區現行稅率計算。

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. 科鑄金屬制品(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%.

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」)、科鑄金屬制品(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%。

## 9. INCOME TAX EXPENSE (continued)

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 2006 as over 70% of Dongguan United's turnover is for export purpose. Accordingly, the tax rate for the year of 2006 is 12% (2005: 12%).

United Castings' first profit-making year is the year of 2006. Accordingly, tax relief will expire in the year of 2010 and the tax rate thereafter is 24%. No provision for taxation has been made for United Casting.

No provision for taxation has been made for United Shanghai as the company had no assessable profit for the year.

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)

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，故可於二零零六年度獲減免 50%稅項。因此，二零零六年之稅率為 12% (二零零五年：12%)。

東莞科鑄之首個獲利年度為二零零六年。因此，稅項寬免期將於二零一零年屆滿，其後稅率為 24%。並無就東莞科鑄作出稅項撥備。

由於科鑄上海於年內並無應課稅溢利，故並無就該公司作出稅項撥備。

本年度稅項支出可與收益表所示除稅前溢利對賬如下：

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Profit before taxation	除稅前溢利	14,170	10,550
Tax at the PRC enterprise income tax rate of 24% (2005: 24%)	按中國企業所得稅率 24% (二零零五年：24%) 計算之稅項	3,401	2,532
Tax effect of profit not taxable for tax purpose	毋須課稅溢利之稅務影響	(2,584)	(2,031)
Tax effect of income not taxable for tax purpose	毋須課稅收入之稅務影響	(23)	(23)
Tax effect of expenses not deductible for tax purpose	不可扣稅開支之稅務影響	691	501
Utilization of tax losses previously not recognised	動用之前未確認之稅務虧損	(220)	-
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	(561)	(406)
Tax effect of tax losses not recognised	未確認稅務虧損之稅務影響	168	40
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	(109)	(50)
Others	其他	3	(39)
Overprovision in previous years	過往年度超額撥備	(12)	(303)
Tax charge for the year	本年度稅項支出	754	221

## Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註 (續)

For the year ended 31st December, 2006

截至二零零六年十二月三十一日止年度

### 10. PROFIT FOR THE YEAR

### 10. 年內溢利

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 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)	5,675	5,665
Other staff costs	其他員工成本	49,715	41,952
Retirement benefit schemes contributions (note 31)	退休福利計劃供款 (附註31)	1,663	748
<b>Total staff costs</b>	<b>員工成本總額</b>	<b>57,053</b>	<b>48,365</b>
Amortisation of prepaid lease payments	預付租賃款項攤銷	133	77
Less: Amount capitalised in construction in progress	減: 於在建工程撥充 資本之款項	(133)	(77)
		-	-
Auditors' remuneration	核數師酬金	628	673
Cost of inventories recognised as expense	已確認為開支之存貨成本	202,042	158,105
Depreciation	折舊	14,547	13,016
Exchange loss	匯兌虧損	-	915
Loss on disposal of investment held for trading	出售持作買賣投資之虧損	18	-
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	199	4
Operating lease charges on land and buildings	土地及樓宇之經營租賃費用	3,143	2,928

## 11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the seven (2005: seven) directors are as follows:

2006

		二零零六年							
		Thomas Lau, Luen-hung*	Tsang Chiu Wai	Kong Cheuk Luen, Trevor	Lee Tho Siem	Wang Jianguo	Loke Yu, alias Loke Hoi Lam	Wong Wing Sing	Total
		劉鑾鴻*	曾昭偉	江爵媛	李多森	王建国	陸海林	黃永勝	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
Directors' fee	董事袍金	48	-	-	50	50	50	50	248
Other emoluments	其他酬金								
Salaries and other benefits	薪酬及其他福利	-	2,342	2,918	-	-	-	-	5,260
Discretionary bonus (Note)	酌情花紅(附註)	143	-	-	-	-	-	-	143
Retirement benefit scheme contributions	退休福利計劃供款	-	12	12	-	-	-	-	24
Total emoluments	酬金總額	191	2,354	2,930	50	50	50	50	5,675

2005

		二零零五年							
		Thomas Lau, Luen-hung*	Tsang Chiu Wai	Kong Cheuk Luen, Trevor	Lee Tho Siem	Wang Jianguo	Loke Yu, alias Loke Hoi Lam	Wong Wing Sing	Total
		劉鑾鴻*	曾昭偉	江爵媛	李多森	王建国	陸海林	黃永勝	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
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 (Note)	酌情花紅(附註)	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

\* Mr. Thomas Lau, Luen-hung ("Mr. Lau") resigned on 15th December, 2006.

\* 劉鑾鴻先生(「劉先生」)於二零零六年十二月十五日辭任。

Note: The discretionary bonus is determined by the board of directors.

附註：酌情花紅乃由董事會釐定。

## Notes to the Consolidated Financial Statements (continued)

### 綜合財務報表附註 (續)

For the year ended 31st December, 2006

截至二零零六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 (2005: two individuals) were directors of the Company whose emoluments are included in the disclosure set out above. The emoluments of the remaining three individuals (2005: three individuals) were as follows:

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Salaries and other benefits	薪酬及其他福利	1,901	1,901
Retirement benefit schemes contributions	退休福利計劃供款	12	12
		<b>1,913</b>	1,913

		2006 二零零六年 No. of individuals 僱員人數	2005 二零零五年 No. of individuals 僱員人數
Emoluments of the employees were within the following band:	僱員酬金介乎下列組別:		
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.

## 11. 董事及僱員酬金 (續)

於本集團的五名最高薪酬人士中，其中兩名(二零零五年：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(二零零五年：三名)的酬金如下：

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:

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Profit for the year	年內溢利	13,416	10,329
		2006 二零零六年	2005 二零零五年
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。

## Notes to the Consolidated Financial Statements (continued)

### 綜合財務報表附註 (續)

For the year ended 31st December, 2006

截至二零零六年十二月三十一日止年度

## 13. PROPERTY, PLANT AND EQUIPMENT

## 13. 物業、廠房及設備

		Buildings	Leasehold improv- ements	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 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
<b>COST</b>	<b>成本</b>							
At 1st January, 2005	於二零零五年一月一日	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
Exchange realignment	匯兌調整	66	229	3,092	248	26	-	3,661
Additions	添置	-	1,290	13,587	1,483	-	18,261	34,621
Disposals	出售	-	-	(810)	-	-	-	(810)
At 31st December, 2006	於二零零六年 十二月三十一日	3,620	11,650	134,942	11,811	1,356	23,251	186,630
<b>DEPRECIATION</b>	<b>折舊</b>							
At 1st January, 2005	於二零零五年一月一日	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
Exchange realignment	匯兌調整	34	121	1,185	132	20	-	1,492
Provided for the year	年度折舊	445	1,755	10,713	1,567	67	-	14,547
Eliminated on disposals	出售時撇銷	-	-	(553)	-	-	-	(553)
At 31st December, 2006	於二零零六年 十二月三十一日	2,334	7,205	56,960	7,070	1,129	-	74,698
<b>CARRYING VALUE</b>	<b>賬面值</b>							
At 31st December, 2006	於二零零六年 十二月三十一日	1,286	4,445	77,982	4,741	227	23,251	111,932
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

### 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%

### 14. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments represent payments for medium-term land use right in the PRC.

Analysed for reporting purposes as:

Current asset	流動資產
Non-current asset	非流動資產

Note: The amount had been reduced by 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. Details are set out in note 32.

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

The amount represents rights to the use of land (the "Land Right") in the PRC acquired by the Group. While the Group has paid the full purchase consideration, the relevant government authorities have not granted formal title to the Land Right to the Group. In the opinion of the directors, the absence of formal title to the Land Right does not impair the value of the relevant properties to the Group. The directors also believe that formal title to the Land Right will be granted to the Group in due course.

### 13. 物業、廠房及設備 (續)

除在建工程外，上述物業、廠房及設備項目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算折舊：

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. 預付租賃款項

本集團之預付租賃款項指就中國中期土地使用權所付款項：

作報告用途之分析：

	2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Current asset	133	133
Non-current asset	6,285	6,418
	6,418	6,551

附註：該筆金額因約港幣8,335,000元之政府補助金而減少，方式為於本集團就收購土地使用權所付代價中扣減。詳情載於附註32。

預付租賃款項乃以直線法按土地使用權之年期50年攤銷。

該筆金額指本集團所收購中國土地使用權（「土地權」）。儘管本集團已悉數支付收購代價，惟有關政府部門尚未向本集團授出土地權之正式業權。董事認為，尚未取得土地權之正式業權不會導致本集團有關物業出現減值。董事亦相信，本集團將於適當時候獲授土地權之正式業權。



## Notes to the Consolidated Financial Statements (continued)

### 綜合財務報表附註 (續)

For the year ended 31st December, 2006

截至二零零六年十二月三十一日止年度

## 15. GOODWILL

## 15. 商譽

		HK\$'000 港幣千元
<b>COST</b>	<b>成本</b>	
At 1st January, 2005	於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 撤銷累計攤銷	(732)
At 31st December, 2006	於二零零六年十二月三十一日	685
<b>AMORTISATION AND IMPAIRMENT</b>	<b>攤銷及減值</b>	
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 撤銷累計攤銷	(732)
At 31st December, 2005	於二零零五年十二月三十一日	-
Impairment loss recognised	已確認減值虧損	685
At 31st December, 2006	於二零零六年十二月三十一日	685
<b>CARRYING VALUE</b>	<b>賬面值</b>	
At 31st December, 2006	於二零零六年十二月三十一日	-
At 31st December, 2005	於二零零五年十二月三十一日	685

For the purpose of impairment testing, goodwill has been allocated to two individual cash generating units ("CGUs"), the zinc parts and magnesium parts segments.

The recoverable amount of these units has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets prepared by management. Since the recoverable amount is lower than the carrying value of the goodwill, the Group recognised a full impairment loss of HK\$685,000 during the year ended 31st December, 2006.

為進行減值測試，商譽已分配至兩個獨立現金產生單位（「現金產生單位」），包括鋅部件及鎂部件分部。

此等單位之可收回金額乃按使用價值計算法釐定。該計算方法乃使用根據管理層所作財務預算計算之現金流量預測作出。由於可收回金額低於商譽之賬面值，故本集團已全數確認截至二零零六年十二月三十一日止年度之減值虧損港幣685,000元。

## 16. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

		2006 二零零六年 HK\$'000 港幣千元	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	1,438	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.

## 16. 可供出售投資

可供出售投資包括：

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. 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.

## 17. 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、廠房及設備以用作生產設施。額外承擔金額載於附註28資本承擔內。

## 18. INVENTORIES

Raw materials	原材料
Work-in-progress	在製品
Finished goods	製成品

During the year, there was an increase in the net realisable value of raw materials due to market shortage in raw materials. As a result, a reversal of write-down of raw materials of HK\$284,143 (2005: HK\$549,154) has been recognised and included in cost of sales in the current year.

## 18. 存貨

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Raw materials	原材料	12,947	10,847
Work-in-progress	在製品	17,365	16,049
Finished goods	製成品	11,016	8,772
		41,328	35,668

年內，由於市場上之原材料出現短缺，故原材料之可變現淨值有所上升。因此，已確認撥回港幣284,143元(二零零五年：港幣549,154元)之原材料撇減，計入本年度之銷售成本。

## Notes to the Consolidated Financial Statements (continued)

### 綜合財務報表附註 (續)

For the year ended 31st December, 2006

截至二零零六年十二月三十一日止年度

## 19. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

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:

## 19. 應收貿易賬款及其他應收款項以及預付款項

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：

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Trade receivables	應收貿易賬款		
Not yet due	尚未到期	30,342	24,023
Overdue 0 to 30 days	逾期0日至30日	13,978	13,111
Overdue 31 to 60 days	逾期31日至60日	4,137	6,261
Overdue 61 to 90 days	逾期61日至90日	1,074	479
Overdue 91 to 120 days	逾期91日至120日	813	336
Overdue more than 120 days	逾期超過120日	1,370	634
		51,714	44,844
Other receivables	其他應收款項		
Deposits paid	已付訂金	2,345	3,502
Others	其他	2,756	2,300
		5,101	5,802
Prepayments	預付款項	589	226
		57,404	50,872

## 19. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (continued)

Trade receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

		Euro 歐羅 '000 千	US\$ 美元 '000 千
As at 31st December, 2006	於二零零六年十二月三十一日	140	4,316
As at 31st December, 2005	於二零零五年十二月三十一日	109	3,377

Other receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

		US\$ 美元 '000 千	HK\$ 港幣 '000 千	RMB 人民幣 '000 千
As at 31st December, 2006	於二零零六年十二月三十一日	215	50	13
As at 31st December, 2005	於二零零五年十二月三十一日	11	47	130

## 19. 應收貿易賬款及其他應收款項以及預付款項 (續)

以相關集團實體功能貨幣以外之其他貨幣計值之應收貿易賬款如下：

以相關集團實體功能貨幣以外之其他貨幣計值之其他應收款項如下：

## 20. INVESTMENTS HELD FOR TRADING

Investments held for trading comprise:

		2006 二零零六年 HK\$'000 港幣千元	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.

## 20. 持作買賣投資

持作買賣投資包括：

上述持作買賣投資之公平值乃按聯交所所報市場出價釐定。

## Notes to the Consolidated Financial Statements (continued)

### 綜合財務報表附註 (續)

For the year ended 31st December, 2006

截至二零零六年十二月三十一日止年度

## 21. BANK BALANCES

Bank balances carry interest at market rates which range from 0.01% to 2.5%.

Bank balances that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

		<b>Euro</b>	<b>US\$</b>	<b>JPY</b>	<b>HK\$</b>	<b>RMB</b>
		<b>歐羅</b>	<b>美元</b>	<b>日圓</b>	<b>港幣</b>	<b>人民幣</b>
		'000	'000	'000	'000	'000
		千	千	千	千	千
As at 31st December, 2006	於二零零六年十二月三十一日	177	2,270	54,927	515	344
As at 31st December, 2005	於二零零五年十二月三十一日	160	933	830	673	573

## 21. 銀行結餘

銀行結餘按介乎0.01厘至2.5厘不等之市場利率計息。

以相關集團實體功能貨幣以外之其他貨幣計值之銀行結餘如下：

## 22. TRADE AND OTHER PAYABLES AND ACCRUALS

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以及應計欠款

於結算日之應付貿易賬款賬齡分析如下：

		<b>2006</b>	<b>2005</b>
		<b>二零零六年</b>	<b>二零零五年</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>港幣千元</b>	<b>港幣千元</b>
Trade payables	應付貿易賬款		
Not yet due	尚未到期	<b>2,595</b>	4,513
Overdue 0 to 30 days	逾期0日至30日	<b>4,230</b>	1,809
Overdue 31 to 60 days	逾期31日至60日	<b>242</b>	87
Overdue 61 to 90 days	逾期61日至90日	<b>132</b>	1
Overdue 91 to 120 days	逾期91日至120日	<b>22</b>	32
Overdue more than 120 days	逾期超過120日	<b>288</b>	153
		<b>7,509</b>	6,595
Other payables	其他應付款項		
Accruals	應計欠款	<b>20,023</b>	17,395
Deposits received	已收訂金	<b>3,148</b>	6,323
		<b>23,171</b>	23,718
		<b>30,680</b>	30,313

## 22. TRADE AND OTHER PAYABLES AND ACCRUALS

*(continued)*

Trade payables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

		<b>Euro</b> <b>歐羅</b> '000 千	<b>US\$</b> <b>美元</b> '000 千	<b>GBP</b> <b>英鎊</b> '000 千
As at 31st December, 2006	於二零零六年十二月三十一日	23	561	-
As at 31st December, 2005	於二零零五年十二月三十一日	12	423	2

Other payables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

		<b>Euro</b> <b>歐羅</b> '000 千	<b>US\$</b> <b>美元</b> '000 千	<b>GBP</b> <b>英鎊</b> '000 千	<b>HK\$</b> <b>港幣</b> '000 千	<b>RMB</b> <b>人民幣</b> '000 千
As at 31st December, 2006	於二零零六年十二月三十一日	110	358	3	1,230	2,899
As at 31st December, 2005	於二零零五年十二月三十一日	22	650	-	1,108	5,319

## 22. 應付貿易賬款及其他應付款項以及應計欠款 (續)

以相關集團實體功能貨幣以外之其他貨幣計值之應付貿易賬款如下：

以相關集團實體功能貨幣以外之其他貨幣計值之其他應收款項如下：

## Notes to the Consolidated Financial Statements (continued)

### 綜合財務報表附註 (續)

For the year ended 31st December, 2006  
截至二零零六年十二月三十一日止年度

## 23. UNSECURED BANK LOANS

## 23. 無抵押銀行貸款

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
The unsecured bank loans are repayable as follows:	須於下列期間償還之 無抵押銀行貸款:		
Within one year	一年內	14,000	2,640
More than one year, but not exceeding two years	超過一年但不超過兩年	3,556	2,060
More than two years, but not exceeding five years	超過兩年但不超過五年	13,910	-
		<b>31,466</b>	4,700
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	<b>(14,000)</b>	(2,640)
Amounts due after one year	一年後到期的金額	<b>17,466</b>	2,060

Bank loans comprise:

銀行貸款包括:

		Carrying amount 賬面值	
		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Floating-rate borrowings:	浮息借貸:		
LIBOR + 0.8% <sup>(1)</sup>	倫敦銀行同業拆息+0.8厘 <sup>(1)</sup>	19,406	-
HIBOR + 1% <sup>(2)</sup>	香港銀行同業拆息+1厘 <sup>(2)</sup>	10,000	-
HIBOR + 1.5% <sup>(3)</sup>	香港銀行同業拆息+1.5厘 <sup>(3)</sup>	2,060	4,700
		<b>31,466</b>	4,700

(1) Repayable in equal monthly instalments of HK\$242,678 each from 31st May, 2007 to 30th May, 2008, of 323,438 each from 31st May, 2008 to 30th May, 2009, of HK\$404,297 each from 31st May, 2009 to 30th May, 2010 of HK\$646,875 each from 31st May, 2010 to 30th May, 2011.

(2) Repayable in full on 27th May, 2007.

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

Included in the unsecured bank loans is bank loan of US\$2,500,000(2005: Nil) that is denominated in currencies other than the functional currencies of the relevant group entities.

(1) 須於二零零七年五月三十一日至二零零八年五月三十日期間每月等額償還港幣242,678元;須於二零零八年五月三十一日至二零零九年五月三十日期間每月等額償還港幣323,438元;須於二零零九年五月三十一日至二零一零年五月三十日期間每月等額償還港幣404,297元;須於二零一零年五月三十一日至二零一一年五月三十日期間每月等額還款港幣646,875元。

(2) 須於二零零七年五月二十七日清償。

(3) 須自二零零四年十月十一日起每月等額償還港幣220,000元。

無抵押銀行貸款包括2,500,000美元(二零零五年:無)之銀行貸款。該筆款項乃以相關集團實體功能貨幣以外之其他貨幣計值。

## 24. DEFERRED TAX

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

		<b>Accelerated tax depreciation</b>	<b>Tax losses</b>	<b>Total</b>
		<b>加速稅項折舊</b>	<b>稅務虧損</b>	<b>合共</b>
		HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元
At 1st January, 2005	於二零零五年一月一日	2,980	(2,087)	893
Charged (credited) to the income statement for the year	於年內收益表扣除 (計入)	(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
(Credited) charged to the income statement for the year	於年內收益表 (計入) 扣除	(78)	123	45
At 31st December, 2006	於二零零六年十二月三十一日	2,881	(1,898)	983

At the balance sheet date, the Group had unused tax losses of approximately HK\$11,604,000 (2005: HK\$12,560,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$10,811,000 (2005: HK\$11,547,000) of such losses due to future taxable profits are expected to generate based on the profit projection prepared by the management. No deferred tax asset has been recognised in respect of the remaining tax losses of HK\$793,000 (2005: HK\$1,013,000) 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以及於現行及以往年度之變動如下：

於結算日，本集團有未動用稅務虧損約港幣11,604,000元(二零零五年：港幣12,560,000元)可用於抵銷日後溢利。由於按照管理層編製之溢利預測，預期將錄得日後應課稅溢利，已就該等虧損中約港幣10,811,000元(二零零五年：港幣11,547,000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793,000元(二零零五年：港幣1,013,000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。



## Notes to the Consolidated Financial Statements (continued)

### 綜合財務報表附註 (續)

For the year ended 31st December, 2006

截至二零零六年十二月三十一日止年度

## 25. SHARE CAPITAL

		Number of ordinary shares 2006 & 2005 普通股數目 二零零六及 二零零五年	Amount 2006 & 2005 金額 二零零六及 二零零五年 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 profit for the year 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 profit for the year 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.

## 26. 儲備

不可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」)收購附屬公司股本面值總額與本公司就交換所發行股份面值間之差額。

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公認會計原則所編製中國法定財務報表之年內溢利。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之年內溢利 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之資本基礎。

## 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 its 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;
- (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.

## 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，本公司採納購股權計劃（「該計劃」），由二零零二年十二月十一日起為期十年，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權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之30%；
- (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可能授出購股權涉及之股份總數，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之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釐定，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。

## Notes to the Consolidated Financial Statements (continued)

### 綜合財務報表附註 (續)

For the year ended 31st December, 2006  
截至二零零六年十二月三十一日止年度

#### 27. SHARE OPTION SCHEME (continued)

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)

根據該計劃授出之任何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。

自該計劃獲採納以來，並無根據該計劃授出任何購股權。

#### 28. CAPITAL COMMITMENTS

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 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	31,268	7,629
Authorised but not contracted for	已批准但未訂約	-	34,038

#### 28. 資本承擔

#### 29. CONTINGENT LIABILITIES

A subsidiary has been named as a defendant in a District Court action in the PRC in respect of an alleged breach of contractual undertakings for an amount of HK\$4,074,000. The subsidiary and its legal counsel are strongly resisting this claim and, accordingly, no provision for any potential liability has been made in the consolidated financial statements.

#### 29. 或然負債

一家附屬公司於中國地方法院提出之訴訟中成為被告人，被控違反港幣4,074,000元之合約承諾。該附屬公司及其法律顧問就此指控提出強力抗辯，因此並無於綜合財務報表就任何潛在負債作出撥備。

### 30. 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:

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Within one year	一年內	3,398	3,399
In the second to fifth year inclusive	第二年至第五年(包括首尾兩年)	8,086	9,426
Over five years	五年以上	1,557	3,487
		13,041	16,312

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.

### 31. 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.

### 30. 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償還日後最低租賃款項承擔如下：

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。

### 31. 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。

本集團亦須就中國政府運作的國有退休金計劃，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，並無任何其他供款責任。

## Notes to the Consolidated Financial Statements (continued)

### 綜合財務報表附註 (續)

For the year ended 31st December, 2006

截至二零零六年十二月三十一日止年度

### 31. RETIREMENT BENEFIT SCHEMES (continued)

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

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
MPF Scheme	強積金計劃	208	193
State-management retirement benefit schemes	國有退休金計劃	1,455	555
		1,663	748

### 32. GOVERNMENT GRANT

During the year ended 31st December, 2005, 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. This policy has resulted in a credit to income in the current period of HK\$167,000 (2005: HK\$97,000). As at 31st December, 2006, an amount of HK\$8,071,000 (2005: HK\$8,238,000) remains to be amortised.

### 33. RELATED PARTY DISCLOSURES

#### (a) Related party transactions

During the year, the Group entered into a loan facility agreement with PC-Steel Futures Co., Ltd., a company controlled by Mr. Lau who was a director and a substantial shareholder of the Company, his directorship was ceased on 15th December, 2006.

The maximum loan facility amount was HK\$50,000,000. During the year, the Group drew a loan of HK\$16,000,000 and paid interest of HK\$521,000. The loan was unsecured, interest bearing at HIBOR plus 1.5% per annum and fully repaid during the year. The latest drawdown date of the remaining loan facility amount of HK\$34,000,000 is 5th April, 2007.

### 31. 退休福利計劃 (續)

年內，本集團就有關退休福利計劃的供款總額如下：

### 32. 政府補助金

截至二零零五年十二月三十一日止年度，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至收入。此政策導致港幣167,000元(二零零五年：港幣97,000元)計入本期間收入。於二零零六年十二月三十一日，港幣8,071,000元(二零零五年：港幣8,238,000元)將被攤銷。

### 33. 有關連人士披露

#### (a) 有關連人士交易

年內，本集團與PC-Steel Futures Co., Ltd. 訂立貸款融資協議，PC-Steel Futures Co., Ltd. 由本公司董事兼主要股東控制，其已於二零零六年十二月十五日停止擔任董事職務。

貸款融資之最高金額為港幣50,000,000元。年內，本集團提取港幣16,000,000元貸款，並支付港幣521,000元利息。有關貸款為無抵押、按香港銀行同業拆息加1.5厘之年利率計息，並已於年內清償。貸款融資餘額港幣34,000,000元之最近提取日期為二零零七年四月五日。

### 33. RELATED PARTY DISCLOSURES *(continued)*

#### (b) Compensation of key management personnel

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

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Short-term benefits	短期福利	8,066	7,988
Post-employment benefits	退休後福利	35	36
		8,101	8,024

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

### 33. 有關連人士披露 (續)

#### (b) 主要管理層成員之補償

年內董事及其他主要管理層成員之酬金如下：

董事及主要行政人員之酬金乃由薪酬委員會考慮僱員個別表現及市場趨勢後釐定。

## Notes to the Consolidated Financial Statements (continued)

### 綜合財務報表附註 (續)

For the year ended 31st December, 2006

截至二零零六年十二月三十一日止年度

## 34. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY 34. 本公司附屬公司詳情

Particulars of the Company's subsidiaries as at 31st December, 2006 are as follows:

於二零零六年十二月三十一日，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

### 34. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY *(continued)*

Particulars of the Company's subsidiaries as at 31st December, 2006 are as follows:

### 34. 本公司附屬公司詳情 (續)

於二零零六年十二月三十一日，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
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:

- (i) Other than United Overseas which is held directly by the Company, all subsidiaries shown above are held indirectly by the Company.
- (ii) Dongguan United, United Shanghai and United Castings are established in the PRC as wholly foreign owned enterprises.
- (iii) As at 31st December, 2006, the capital of United Shanghai and United Castings were paid up as to US\$3,870,000 and HK\$7,750,000, respectively.
- (iv) None of the subsidiaries had issued any debt securities at the end of the year.

附註：

- (i) 除United Overseas乃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。
- (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。
- (iii) 於二零零六年十二月三十一日，科鑄上海及東莞科鑄之繳入股本分別為3,870,000美元及港幣7,750,000元。
- (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。



# Financial Summary

## 財務概要

Set out below is a financial summary of the Group for five years ended 31st December, 2006:

以下為本集團截至二零零六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

		2002	2003	2004	2005	2006
		二零零二年	二零零三年	二零零四年	二零零五年	二零零六年
		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	134,163	150,545	154,584	186,621	242,831
Profit before taxation	除稅前溢利	30,367	27,713	9,371	10,550	14,170
Income tax expense	所得稅開支	(1,828)	(1,959)	(957)	(221)	(754)
Profit for the year	年內溢利	28,539	25,754	8,414	10,329	13,416
Earnings per share	每股盈利					
- basic (HK cents)	- 基本 (港仙)	17.3	11.7	3.8	4.7	6.1

### ASSETS AND LIABILITIES

### 資產及負債

As at 31st December,

於十二月三十一日

		2002	2003	2004	2005	2006
		二零零二年	二零零三年	二零零四年	二零零五年	二零零六年
		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	資產總值	130,190	186,034	200,377	211,664	256,606
Total liabilities	負債總額	(31,939)	(24,843)	(35,289)	(36,310)	(63,519)
Equity attributable to equity holders of the parent	母公司權益持有人應佔權益	98,251	161,191	165,088	175,354	193,087

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

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