

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

- ¹ Effective for annual periods beginning on or after 1st January, 2007
- ² Effective for annual periods beginning on or after 1st January, 2009
- ³ Effective for annual periods beginning on or after 1st March, 2006
- ⁴ Effective for annual periods beginning on or after 1st May, 2006
- ⁵ Effective for annual periods beginning on or after 1st June, 2006
- ⁶ Effective for annual periods beginning on or after 1st November, 2006
- ⁷ Effective for annual periods beginning on or after 1st March, 2007
- ⁸ 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 ¹
香港財務報告準則第7號	金融工具：披露 ¹
香港財務報告準則第8號	營運分部 ²
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 ³
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 ⁴
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 ⁵
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 ⁶
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 ⁷
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 ⁸

- ¹ 於二零零七年一月一日或之後開始之年度期間生效
- ² 於二零零九年一月一日或之後開始之年度期間生效
- ³ 於二零零六年三月一日或之後開始之年度期間生效
- ⁴ 於二零零六年五月一日或之後開始之年度期間生效
- ⁵ 於二零零六年六月一日或之後開始之年度期間生效
- ⁶ 於二零零六年十一月一日或之後開始之年度期間生效
- ⁷ 於二零零七年三月一日或之後開始之年度期間生效
- ⁸ 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
REVENUE	收益	219,842	17,727	4,870		392	242,831
RESULTS	業績						
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
BALANCE SHEET	資產負債表						
ASSETS	資產						
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
LIABILITIES	負債						
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
OTHER INFORMATION	其他資料						
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)

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		Aluminium parts 鋁部件 HK\$'000 港幣千元	Zinc parts 鋅部件 HK\$'000 港幣千元	Magnesium parts 鎂部件 HK\$'000 港幣千元	Others 其他 HK\$'000 港幣千元	Consolidated 綜合 HK\$'000 港幣千元
REVENUE	收益	171,863	10,825	3,600	333	186,621
RESULTS	業績					
Segment results	分部業績	10,679	705	149	4	11,537
Income from available-for-sale investments	可供出售投資之收入					30
Income from investments held for trading	持作買賣投資之收入					139
Interest income	利息收入					104
Unallocated corporate expenses	未分配公司開支					(975)
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
BALANCE SHEET	資產負債表					
ASSETS	資產					
Segment assets	分部資產	166,514	17,619	3,835	134	188,102
Available-for-sale investments	可供出售投資					1,386
Investments held for trading	持作買賣投資					461
Unallocated corporate assets	未分配公司資產					21,715
Consolidated total assets	綜合資產總值					211,664
LIABILITIES	負債					
Segment liabilities	分部負債	21,413	7,137	-	-	28,550
Unsecured bank loans	無抵押銀行貸款					4,700
Unallocated corporate liabilities	未分配公司負債					3,060
Consolidated total liabilities	綜合負債總額					36,310
OTHER INFORMATION	其他資料					
Capital additions	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
		242,831	186,621

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
		219,904	188,102	34,621	18,927

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	-
		1,367	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)	-
		413	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)
		296	56
		709	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	754	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
Total staff costs	員工成本總額	57,053	48,365
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	王健國	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	王健國	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。

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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
		1,913	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)

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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
COST	成本							
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
DEPRECIATION	折舊							
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
CARRYING VALUE	賬面值							
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。

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15. GOODWILL

15. 商譽

		HK\$'000 港幣千元
COST	成本	
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
AMORTISATION AND IMPAIRMENT	攤銷及減值	
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
CARRYING VALUE	賬面值	
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。

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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。

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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:

		Euro	US\$	JPY	HK\$	RMB
		歐羅	美元	日圓	港幣	人民幣
		'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：

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

		Euro 歐羅 '000 千	US\$ 美元 '000 千	GBP 英鎊 '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:

		Euro 歐羅 '000 千	US\$ 美元 '000 千	GBP 英鎊 '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	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：

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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	-
		31,466	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	(14,000)	(2,640)
Amounts due after one year	一年後到期的金額	17,466	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% ⁽¹⁾	倫敦銀行同業拆息+0.8厘 ⁽¹⁾	19,406	-
HIBOR + 1% ⁽²⁾	香港銀行同業拆息+1厘 ⁽²⁾	10,000	-
HIBOR + 1.5% ⁽³⁾	香港銀行同業拆息+1.5厘 ⁽³⁾	2,060	4,700
		31,466	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:

		Accelerated tax depreciation	Tax losses	Total
		加速稅項折舊	稅務虧損	合共
		HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元
At 1st January, 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。

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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。

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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。

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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。

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綜合財務報表附註 (續)

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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。