

Corporate Governance Report 企業管治報告

CODE ON CORPORATE GOVERNANCE PRACTICES

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

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

BOARD OF DIRECTORS

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

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

企業管治常規守則

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

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

董事會

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

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

BOARD OF DIRECTORS *(continued)*

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

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

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

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all the directors, all the directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

董事會 (續)

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

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

主席及行政總裁之角色獨立區分以加強獨立性及問責性。

獨立非執行董事之確認書

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

董事進行證券交易的標準守則

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

董事對財務報表之責任

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

本年報載有獨立核數師對本集團賬目之報告。

INTERNAL CONTROL AND INTERNAL AUDIT

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

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

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

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

AUDITORS' REMUNERATION

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

AUDIT COMMITTEE

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

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

內部監控及內部審計

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

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

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

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

核數師酬金

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

審核委員會

本公司審核委員會於二零零二年十二月成立，其職權範圍載於本公司網頁。

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

AUDIT COMMITTEE *(continued)*

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

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

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

REMUNERATION COMMITTEE

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

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

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

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

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

審核委員會 *(續)*

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

本集團本年度中期及年度報已經審核委員會審閱。

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

薪酬委員會

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

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

投資者關係及與股東溝通

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

本公司亦設有公司網頁，提供本集團全面資料。