

## 1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange").

The Company acts as an investment holding company and provides corporate management services. Its subsidiaries are principally engaged in the manufacture and marketing of mould bases and the trading of metal and parts.

## 2. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted for the first time a number of new and revised Statements of Standard Accounting Practice ("SSAP(s)") issued by the Hong Kong Society of Accountants. Adoption of these SSAPs has led to a number of changes in the Group's accounting policies. The revised accounting policies are set out in note 3. In addition, the new and revised SSAPs have introduced additional and revised disclosure requirements which have been adopted in these financial statements. Comparative amounts for the prior year have been restated in order to achieve a consistent presentation.

The adoption of these new and revised SSAPs described above has resulted in the following changes to the Group's accounting policies that have affected the amounts and disclosures reported for the current or prior periods.

### **Dividends proposed or declared after the balance sheet date**

In accordance with SSAP 9 (Revised) "Events after the Balance Sheet Date", dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed in the notes to the financial statements. This change in accounting policy has been applied retrospectively, resulting in a prior period adjustment which increases the accumulated profits as at 1st April, 2000 by approximately HK\$38,469,000 and as at 1st April, 2001 by approximately HK\$43,320,000 respectively.

### **Leases**

SSAP 14 (Revised) "Leases" has introduced some amendments to the basis of accounting for finance and operating leases, and to the disclosures specified for the Group's leasing arrangements. These changes have not had any material effect on the results for the current or prior periods and, accordingly, no prior year adjustment has been required. Disclosures for the Group's leasing arrangements have been modified so as to comply with requirements of SSAP 14 (Revised). Comparative disclosures have been restated in order to achieve a consistent presentation.

### **Segment reporting**

In the current year, the Group has changed the basis of identification of reportable segments to that required by SSAP 26 "Segment Reporting". Segment disclosures for the year ended 31st March, 2001 have been amended so that they are presented on a consistent basis.

## 2. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE (Cont'd)

### Goodwill

In the current year, the Group has adopted SSAP 30 "Business Combinations" and has elected not to restate goodwill (negative goodwill) previously eliminated against (credited to) reserves. Accordingly, goodwill arising on acquisitions prior to 1st April, 2001 is held in reserves and will be charged to the income statement at the time of disposal of the relevant subsidiary, or at such time as the goodwill is determined to be impaired. Negative goodwill arising on acquisitions prior to 1st April, 2001 will be credited to income at the time of disposal of the relevant subsidiary.

Goodwill arising on acquisitions after 1st April, 2001 is capitalised and amortised over its estimated useful life. Negative goodwill arising on acquisitions after 1st April, 2001 is presented as a deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st March each year.

The results of subsidiaries which are 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.

### Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill arising on acquisitions prior to 1st April, 2001 continues to be held in reserves, and will be charged to the income statement at the time of disposal of the relevant subsidiary, or at such time as the goodwill is determined to be impaired.

Goodwill arising on acquisitions after 1st April, 2001 is capitalised and amortised on a straight-line basis over its useful economic life and is presented separately in the balance sheet.

On disposal of investments in subsidiaries, the attributable amount of unamortised goodwill/goodwill previously eliminated against or credited to reserves is included in the determination of the gain or loss on disposal.

### Negative goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition over the cost of acquisition.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Negative goodwill (Cont'd)

Negative goodwill arising on acquisitions prior to 1st April, 2001 continues to be held in reserves and will be credited to income at the time on disposal of the relevant subsidiary.

Negative goodwill arising on acquisitions after 1st April, 2001 is presented as deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight-line basis over the remaining average useful life of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised in income immediately.

Negative goodwill arising on the acquisition of subsidiaries is presented separately in the consolidated balance sheet as a deduction from assets.

#### Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

#### Revenue recognition

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

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

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Rental income, including rental invoiced in advance, from properties let under operating leases is recognised on a straight-line basis over the period of relevant leases.

#### Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arms' length.

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any revaluation surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a revaluation deficit, in which case the excess of the revaluation deficit over the balance on the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Investment properties (Cont'd)

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property disposed of is credited to the income statement.

No depreciation is provided on investment properties which are held on leases with an unexpired term of more than 20 years.

#### Property, plant and equipment

Property, plant and equipment, other than properties under construction, is stated at cost less depreciation, amortisation and accumulated impairment losses.

Depreciation and amortisation are provided to write off the depreciable amount of assets other than properties under construction over their estimated useful lives, using the straight line method, at the following rates per annum:

Leasehold land	Over the term of the leases
Freehold property	2%
Buildings	2%
Furniture, fixtures and fittings	15%
Plant and machinery	20%
Motor vehicles	30%

Properties under construction are stated at cost which includes all development expenditure and other direct costs attributable to such projects. Properties under construction are not depreciated until completion of construction when the properties are ready for their intended use. Costs on completed construction work are transferred to the appropriate category of assets.

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as owned assets or, where shorter, the term of the leases.

#### Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered 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. Impairment losses are 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair value at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant leases so as to produce a constant periodic rate of charge on the remaining balances of the obligations for each accounting period.

All other leases are classified as operating leases and the annual rentals are charged to the income statement on a straight-line basis over the relevant lease terms.

#### Investment in securities

Investments in securities are recognised on a trade date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the Group intends to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium arising on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

#### Inventories

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

#### Foreign currencies

Transactions in currencies other than Hong Kong dollars are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are re-translated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the period.

On consolidation, the assets and liabilities of the Group's overseas operations which are denominated in the currencies other than the Hong Kong dollars are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed under the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

#### Retirement benefits scheme contributions

The retirement benefits scheme contributions charged in the income statement represent the amount of contributions payable in respect of the current year to the Group's defined contribution scheme.

### 4. TURNOVER

Turnover represents the amounts received and receivable for goods sold, less returns, to outside customers during the year, and is analysed as follows:

	2002 HK\$'000	2001 HK\$'000
Manufacture of mould bases	781,536	744,554
Trading of metal and parts	147,350	241,280
	<b>928,886</b>	<b>985,834</b>

### 5. BUSINESS AND GEOGRAPHICAL SEGMENTS

#### (a) Business segments

For management purposes, the Group is currently organised into two operating divisions — manufacture of mould base and trading of metal and parts. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Mould base	—	Manufacture of mould base
Metal and parts	—	Trading of metal and parts

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Cont'd)

## (a) Business segments (Cont'd)

Segmental information about these businesses is presented below.

2002

	Mould base HK\$'000	Metal and parts HK\$'000	Elimination HK\$'000	Total HK\$'000
<b>TURNOVER</b>				
External sales	781,536	147,350	—	928,886
Inter-segment sales	19,764	68,953	(88,717)	—
	801,300	216,303	(88,717)	928,886
<b>RESULTS</b>				
Segment results	78,805	21,829	—	100,634
Deficit on revaluation of investment properties				(8,010)
Unallocated corporate income				16,165
<b>PROFIT FROM OPERATIONS</b>				108,789
Finance costs				(21,576)
Interest income				17,176
Loss on deemed disposal of a subsidiary				(84)
<b>PROFIT BEFORE TAXATION</b>				104,305
Taxation				(10,351)
<b>PROFIT AFTER TAXATION</b>				93,954

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Cont'd)

## (a) Business segments (Cont'd)

	Mould base HK\$'000	Metal and parts HK\$'000	Others HK\$'000	Total HK\$'000
<b>OTHER INFORMATION</b>				
Capital expenditure	74,984	2,128	1,284	78,396
Goodwill arising from acquisition of subsidiaries	—	—	11,223	11,223
Negative goodwill arising from acquisition of additional interest in a subsidiary	—	—	(272)	(272)
Depreciation and amortisation of property, plant and equipment	75,530	6,374	1,670	83,574
Amortisation of goodwill	—	—	2,027	2,027
Release of negative goodwill	—	—	(91)	(91)
Allowance for bad and doubtful debts	6,428	806	—	7,234
<b>Assets</b>				
Segment assets	946,719	150,756	—	1,097,475
Unallocated corporate assets				379,711
<b>Consolidated total assets</b>				<b>1,477,186</b>
<b>Liabilities</b>				
Segment liabilities	207,977	20,415	—	228,392
Unallocated corporate liabilities				358,751
<b>Consolidated total liabilities</b>				<b>587,143</b>



## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Cont'd)

## (a) Business segments (Cont'd)

2001

	Mould base HK\$'000	Metal and parts HK\$'000	Elimination HK\$'000	Total HK\$'000
<b>TURNOVER</b>				
External sales	744,554	241,280	—	985,834
Inter-segment sales	14,891	48,495	(63,386)	—
	759,445	289,775	(63,386)	985,834
<b>RESULTS</b>				
Segment results	130,664	53,355	—	184,019
Deficit on revaluation of investment properties				(718)
Unallocated corporate income				11,357
Unallocated corporate expense				(2,517)
<b>PROFIT FROM OPERATIONS</b>				192,141
Finance costs				(15,869)
Interest income				17,989
Loss on deemed disposal of a subsidiary				(1,903)
<b>PROFIT BEFORE TAXATION</b>				192,358
Taxation				(30,289)
<b>PROFIT AFTER TAXATION</b>				162,069

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Cont'd)

## (a) Business segments (Cont'd)

	Mould base HK\$'000	Metal and parts HK\$'000	Others HK\$'000	Total HK\$'000
<b>OTHER INFORMATION</b>				
Capital expenditure	113,165	5,489	1,770	120,424
Depreciation and amortisation of property, plant and equipment	63,321	7,227	1,549	72,097
Allowance for bad and doubtful debts	7,254	(406)	—	6,848
<b>Assets</b>				
Segment assets	838,746	186,425	—	1,025,171
Unallocated corporate assets				387,914
<b>Consolidated total assets</b>				<b>1,413,085</b>
<b>Liabilities</b>				
Segment liabilities	165,117	52,246	—	217,363
Unallocated corporate liabilities				331,885
<b>Consolidated total liabilities</b>				<b>549,248</b>

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Cont'd)

### (b) Geographical segments

The Group operates in the following geographical market segments — People's Republic of China including Hong Kong and other countries.

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

	Turnover		Contribution to profit from operations	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
People's Republic of China including Hong Kong	727,704	811,536	82,624	156,430
Other countries	201,182	174,298	26,165	35,711
	<b>928,886</b>	985,834	<b>108,789</b>	192,141

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

	Carrying amount of Segment assets		Additions to property, plant and equipment and intangible assets	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
People's Republic of China including Hong Kong	948,220	918,717	64,345	105,449
Other countries	149,255	106,454	25,274	14,975
	<b>1,097,475</b>	1,025,171	<b>89,619</b>	120,424

## 6. OTHER INCOME

	2002 HK\$'000	2001 HK\$'000
Gain on disposal of investment in securities	2,235	—
Gain on disposal of property, plant and equipment	585	422
Income from sales of scrap	8,764	7,614
Release of negative goodwill	91	—
Rental income	950	875
Sundry income	3,540	2,446
	<b>16,165</b>	<b>11,357</b>

## 7. PROFIT FROM OPERATIONS

	2002 HK\$'000	2001 HK\$'000
Profit from operations has been arrived at after charging (crediting):		
Amortisation of goodwill	2,027	—
Auditors' remuneration:		
— current year	2,144	1,931
— underprovision in prior year	263	428
Depreciation and amortisation:		
— owned assets	83,269	71,731
— assets held under finance leases	305	366
Exchange loss	1,977	1,487
Allowance for bad and doubtful debts	7,234	6,848
Operating lease rentals in respect of :		
— rented premises	4,025	2,839
— plant and machinery	36	—
Release of negative goodwill	(91)	—
Rental income from investment properties, net of outgoings of approximately HK\$19,000 (2001: HK\$16,000)	(418)	(351)
Retirement benefits scheme contributions, net of forfeited contributions of approximately HK\$321,000 (2001: HK\$1,713,000)	5,546	3,508

## 8. FINANCE COSTS

	2002 HK\$'000	2001 HK\$'000
Arrangement fee for raising of bank loans	1,983	3,178
Interest on bank borrowings wholly repayable within five years	19,469	12,441
Interest on obligations under finance leases	124	250
	<b>21,576</b>	<b>15,869</b>

## 9. DIRECTORS' REMUNERATION

	2002 HK\$'000	2001 HK\$'000
Fees paid to non-executive and independent non-executive directors	540	540
Other emoluments paid to executive directors:		
Salaries and other benefits	17,724	17,040
Bonus	5,800	9,000
Retirement benefits scheme contributions	1,905	1,817
Total emoluments	<b>25,969</b>	<b>28,397</b>

The emoluments of the directors were within the following bands:

	Number of directors	
	2002	2001
Nil to HK\$1,000,000	3	3
HK\$2,500,001 to HK\$3,000,000	1	—
HK\$3,000,001 to HK\$3,500,000	2	1
HK\$3,500,001 to HK\$4,500,000	—	2
HK\$8,000,001 to HK\$8,500,000	2	2
	<b>8</b>	<b>8</b>

The five individuals with the highest emoluments in the Group were directors of the Company for both years.

## 10. TAXATION

	2002 HK\$'000	2001 HK\$'000
The charge (credit) comprises:		
Hong Kong Profits Tax		
— current year	8,615	18,749
— overprovision in prior year	(3,544)	(272)
	5,071	18,477
Taxation in jurisdictions outside Hong Kong		
— current year	3,452	13,478
— overprovision in prior year	(397)	—
	3,055	13,478
Deferred taxation (note 27)	2,225	(1,666)
	10,351	30,289

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profit for both years.

Taxation in jurisdictions outside Hong Kong is calculated based on the applicable rates in those jurisdictions.

Pursuant to the relevant laws and regulations in the People's Republic of China (the "PRC"), the Group's PRC subsidiaries are entitled to an exemption from PRC income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years. In the current year, certain PRC subsidiaries are exempted from PRC income tax, and other PRC subsidiaries enjoyed a 50% reduction on PRC income tax.

Certain income of the Group is not subject to taxation in the jurisdictions in which the Group operates.

Details of deferred taxation are set out in note 27.

## 11. DIVIDENDS

On 10th January, 2002, a dividend of HK 3 cents (2001 interim dividend: HK 6 cents) per share was paid to the shareholders as interim dividend for 2002.

The directors have determined that a final dividend of HK 5 cents per share (2001: HK 9 cents) should be paid to the shareholders of the Company whose names appear in the Register of Members on 9th September, 2002.

	2002 HK\$'000	2001 HK\$'000
Interim dividend of HK 3 cents (2001: HK 6 cents) per share paid to the Company's shareholders	14,519	28,899
Proposed final dividend of HK 5 cents (2001: HK 9 cents) per share payable to the Company's shareholders (note)	24,197	43,320
	<b>38,716</b>	<b>72,219</b>

Note: The amount of the proposed final dividend for the year ended 31st March, 2002 has been calculated with reference to the 483,952,343 (2001: 481,327,343) shares in issue as at the date of approval of these financial statements.

## 12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2002 HK\$'000	2001 HK\$'000
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share	71,985	129,606
Effect of dilutive potential ordinary shares: Adjustment to the share of results of the group headed by Lung Kee Metal Holdings Limited ("LKMH") based on dilution of their earnings per share	(75)	(356)
Earnings for the purpose of diluted earnings per share	71,910	129,250
	'000	'000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	483,086	481,059
Effect of dilutive potential ordinary shares on exercise of options of the Company	1,130	2,602
Weighted average number of ordinary shares for the purpose of diluted earnings per share	484,216	483,661

## 13. INVESTMENT PROPERTIES

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
At beginning of the year	6,000	3,800
Transfer from land and buildings	29,421	2,918
Transfer from furniture, fixtures and fittings	354	—
Deficit on revaluation	(8,010)	(718)
At end of the year	27,765	6,000

The investment properties of the Group were revalued at 31st March, 2002 on an open market value basis by Chung Sen Surveyors Limited, a firm of independent professional valuers. The deficit arising on revaluation of approximately HK\$8,010,000 (2001: HK\$718,000) has been charged to the income statement.

The Group's investment properties are situated in Hong Kong and are held on medium-term leases.



## 14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Furniture, fixtures and fittings	Plant and machinery	Motor vehicles	Properties under construction	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>THE GROUP</b>						
<b>AT COST</b>						
At 1st April, 2001	216,054	88,914	470,638	34,766	18,870	829,242
Currency realignment	(135)	(218)	(428)	(66)	—	(847)
Transfer to investment properties	(35,095)	(373)	—	—	—	(35,468)
Reclassification	11,832	—	2,038	—	(13,870)	—
On acquisition of a subsidiary	—	760	14,117	449	—	15,326
Additions	3,002	14,243	49,712	1,161	10,278	78,396
Disposals	—	(3,868)	(8,731)	(4,476)	—	(17,075)
At 31st March, 2002	195,658	99,458	527,346	31,834	15,278	869,574
<b>DEPRECIATION AND AMORTISATION</b>						
At 1st April, 2001	17,642	52,790	306,321	21,007	—	397,760
Currency realignment	(27)	(92)	(238)	(29)	—	(386)
Transfer to investment properties	(5,674)	(19)	—	—	—	(5,693)
Provided for the year	4,333	11,182	61,963	6,096	—	83,574
Eliminated on disposals	—	(3,083)	(4,612)	(3,467)	—	(11,162)
At 31st March, 2002	16,274	60,778	363,434	23,607	—	464,093
<b>NET BOOK VALUES</b>						
At 31st March, 2002	179,384	38,680	163,912	8,227	15,278	405,481
At 31st March, 2001	198,412	36,124	164,317	13,759	18,870	431,482

**14. PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

The net book value of land and buildings shown above comprises:

	2002 HK\$'000	2001 HK\$'000
Land and buildings in Hong Kong held under medium-term leases	—	28,934
Land and buildings outside Hong Kong:		
— freehold	29,831	31,768
— held under medium-term leases of less than fifty years	149,553	137,710
	<b>179,384</b>	<b>198,412</b>

The properties under construction are situated outside Hong Kong and are held under medium-term leases of less than fifty years.

The net book value of plant and machinery includes an amount of approximately HK\$276,000 (2001: HK\$1,028,000) in respect of assets held under finance leases.

**15. INVESTMENT IN A SUBSIDIARY**

The carrying value of the unlisted shares is based on the net book values of the underlying net assets of the subsidiary attributable to the Group as at the date on which the Company became the ultimate holding company of the Group under the group reorganisation in 1993.

Details of the Company's subsidiaries at 31st March, 2002 are set out in note 39.

None of the subsidiaries had issued any debt securities at the end of the year.

**16. AMOUNTS DUE FROM SUBSIDIARIES**

The amounts due from subsidiaries are unsecured, interest free and have no fixed repayment terms. In the opinion of the directors, the amounts will not be repaid within twelve months from the balance sheet date and the balances are therefore shown as non-current.

**17. LOANS TO SUBSIDIARIES**

Loans to subsidiaries are unsecured, interest bearing at Hong Kong prime rate and have no fixed repayment terms. In the opinion of the directors, the amounts will not be repaid within twelve months from the balance sheet date and the balances are therefore shown as non-current.

**18. GOODWILL**

	<b>THE GROUP</b> HK\$'000
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<b>COST</b>	
Arising on acquisition of subsidiaries and at 31st March, 2002	11,223
<b>AMORTISATION</b>	
Charge for the year and at 31st March, 2002	(2,027)
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<b>NET BOOK VALUE</b>	
At 31st March, 2002	9,196
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The amortisation period adopted for goodwill is based on an average of three years.

**19. NEGATIVE GOODWILL**

	<b>THE GROUP</b> HK\$'000
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<b>GROSS AMOUNT</b>	
Arising on acquisition of additional interest in a subsidiary and at 31st March, 2002	272
<b>RELEASED TO INCOME</b>	
Released during the year and at 31st March, 2002	(91)
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<b>CARRYING AMOUNT</b>	
At 31st March, 2002	181
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The negative goodwill arose on the Group's acquisition of additional interests in LKMH during the year. The negative goodwill is released to income on a straight-line basis of three years.

**20. INVESTMENT IN SECURITIES**

During the year, the Group disposed of all of its investment securities, which were classified as held-to-maturity debt securities, to an independent third party at a consideration of approximately HK\$31,774,000 resulting in a gain on disposal of approximately HK\$2,235,000.

**21. INVENTORIES**

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Raw materials	249,477	256,702
Work in progress	28,877	26,968
Finished goods	23,486	27,086
	<b>301,840</b>	<b>310,756</b>

Inventories are stated at cost except that raw materials of approximately HK\$133,373,000 (2001: HK\$161,527,000) are carried at net realisable value.

**22. TRADE AND OTHER RECEIVABLES**

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

Included in trade and other receivables are trade receivables of approximately HK\$305,455,000 (2001: HK\$239,215,000) and an aged analysis of which is as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
0 to 60 days	150,451	189,908
61 to 90 days	67,924	41,731
Over 90 days	87,080	7,576
	<b>305,455</b>	<b>239,215</b>

### 23. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK\$43,527,000 (2001: HK\$76,674,000) and an aged analysis of which is as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
0 to 60 days	28,596	44,972
61 to 90 days	4,537	9,182
Over 90 days	10,394	22,520
	<b>43,527</b>	<b>76,674</b>

### 24. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries are unsecured, interest-free and have no fixed repayment terms.

### 25. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
The maturity of obligations under finance leases is as follows:				
Within one year	186	562	143	464
In the second to fifth year inclusive	147	812	134	675
Less: Future finance charges	333 (56)	1,374 (235)	277 —	1,139 —
Present value of lease obligations	277	1,139	277	1,139
Less: Amount due for settlement within one year and shown under current liabilities			(143)	(464)
Amount due after one year			134	675

**25. OBLIGATIONS UNDER FINANCE LEASES (Cont'd)**

It is the Group's policy to lease certain of its plant and machinery under finance leases. The average lease term is ranged from three to six years. For the year ended 31st March, 2002, the average effective borrowing rate was approximately 20%. All leases are on a fixed repayment basis in Japanese Yen and no arrangement has been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

The Company had no obligations under finance leases at the balance sheet date.

**26. UNSECURED BANK BORROWINGS**

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Bank loans	352,988	292,865
Trust receipt loans	8,119	—
Bank overdrafts	—	1,220
	<b>361,107</b>	<b>294,085</b>
The bank borrowings are repayable within a period of:		
— not exceeding one year or on demand	361,107	290,830
— more than one year but not exceeding two years	—	930
— more than two years but not exceeding five years	—	2,325
	<b>361,107</b>	<b>294,085</b>
Less: Amount due within one year shown under current liabilities	<b>(361,107)</b>	<b>(290,830)</b>
Amount due after one year	—	3,255

During the year, the Group obtained new loans in an amount of approximately HK\$591,863,000 and repaid loans of approximately HK\$544,186,000. These loans bear interest at the prevailing market rates and are repayable within one year. The proceeds were used to finance the acquisition of property, plant and equipment, investments and for general working capital purpose of the Group.

## 27. DEFERRED TAXATION

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
At beginning of the year	370	2,036
Charge (credit) for the year (note 10)	2,225	(1,666)
At end of the year	2,595	370

The major components of the deferred taxation liabilities (assets) at the balance sheet date are as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Taxation effect of timing differences attributable to:		
Excess of depreciation allowances claimed for tax purposes over depreciation charged in the financial statements	2,935	370
Other timing differences	(340)	—
	2,595	370

Deferred taxation has not been provided on the deficit arising on the valuation of investment property as any gain or loss arising on the disposal of this property would not be subject to taxation. Accordingly, the revaluation does not constitute a timing difference for tax purposes.

Neither the Group nor the Company had any material unprovided deferred taxation for the year nor at the balance sheet date.

## 28. SHARE CAPITAL

	Authorised		Issued and fully paid	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Ordinary shares of HK\$0.1 each				
At beginning of the year	60,000	60,000	48,120	38,441
Bonus shares issued	—	—	—	9,624
Shares issued on exercise of share options	—	—	275	55
At end of the year	60,000	60,000	48,395	48,120

During the year ended 31st March 2001, the Company issued bonus shares to its shareholders on a one for four basis.

## 29. SHARE OPTIONS

- (i) At 31st March, 2002, no options to subscribe for shares were outstanding under the Company's share option scheme.
- (ii) At 31st March, 2002, the following options to subscribe for shares were outstanding under the share option scheme of LKMH, a subsidiary of the Company:

Number of share options	Exercisable period	Exercise price per share S\$
3,275,000	15th January, 1999 to 14th January, 2003	0.564
4,837,500	23rd December, 2000 to 22nd December, 2004	0.592
4,606,250	7th August, 2001 to 6th August, 2005	0.508
<u>12,718,750</u>		



## 30. RESERVES

	Share premium HK\$'000	Goodwill reserve HK\$'000	Capital reserve HK\$'000	Accumulated profits HK\$'000	Translation reserve HK\$'000	Total HK\$'000
<b>THE GROUP</b>						
At 1st April, 2000						
— as originally stated	108,670	(2,917)	11,966	427,958	112	545,789
— prior period adjustment in respect of change in accounting policy for dividend recognition	—	—	—	38,469	—	38,469
— as restated	108,670	(2,917)	11,966	466,427	112	584,258
Capitalisation for bonus issue of shares	(9,624)	—	—	—	—	(9,624)
Shares issued on exercise of share options	380	—	—	—	—	380
Goodwill arising on acquisition of additional interest in a subsidiary	—	(719)	—	—	—	(719)
Exchange differences arising from translation of foreign currency financial statements	—	—	—	—	899	899
Final dividend declared for the year ended 31st March, 2000	—	—	—	(38,469)	—	(38,469)
Net profit for the year	—	—	—	129,606	—	129,606
Interim dividend declared	—	—	—	(28,899)	—	(28,899)
At 31st March, 2001						
— as restated	99,426	(3,636)	11,966	528,665	1,011	637,432
Shares issued on exercise of share options	1,154	—	—	—	—	1,154
Exchange differences arising from translation of foreign currency financial statements	—	—	—	—	(139)	(139)
Final dividend declared for the year ended 31st March, 2001	—	—	—	(43,556)	—	(43,556)
Net profit for the year	—	—	—	71,985	—	71,985
Interim dividend declared	—	—	—	(14,519)	—	(14,519)
At 31st March, 2002	100,580	(3,636)	11,966	542,575	872	652,357

The capital reserve of the Group includes an amount of approximately HK\$11,870,000 arising from the reorganisation of the Group, representing the aggregate of (i) the deferred shares of Lung Kee International Limited and Lung Kee Metal Limited; and (ii) the difference between the nominal amount of the share capital issued by the Company in exchange for the nominal amount of the share capital of its subsidiaries acquired at the date of the group reorganisation.

## 30. RESERVES (Cont'd)

	Share premium HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
<b>THE COMPANY</b>			
At 1st April, 2000			
— as originally stated	108,670	23,675	132,345
— prior period adjustment in respect of change accounting policy for dividend recognition	—	38,469	38,469
— as restated	108,670	62,144	170,814
Capitalisation for bonus issue of shares	(9,624)	—	(9,624)
Shares issued on exercise of share options	380	—	380
Final dividend declared for the year ended 31st March, 2000	—	(38,469)	(38,469)
Net profit for the year	—	63,247	63,247
Interim dividends declared	—	(28,899)	(28,899)
At 31st March, 2001 — as restated	99,426	58,023	157,449
Shares issued on exercise of share options	1,154	—	1,154
Final dividend declared for the year ended 31st March, 2001	—	(43,556)	(43,556)
Net profit for the year	—	49,872	49,872
Interim dividends declared	—	(14,519)	(14,519)
At 31st March, 2002	100,580	49,820	150,400

The Company's reserves available for distribution to shareholders at 31st March, 2002 represent its accumulated profits of approximately HK\$49,820,000 (2001: HK\$58,023,000).

### 31. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Profit before taxation	104,305	192,358
Interest income	(17,176)	(17,989)
Interest expense and finance charges	19,593	12,691
Amortisation of goodwill	2,027	—
Release of negative goodwill	(91)	—
Deficit on revaluation of investment properties	8,010	718
Depreciation and amortisation of property, plant and equipment	83,574	72,097
Gain on disposal of property, plant and equipment	(585)	(422)
Loss on deemed disposal of a subsidiary	84	1,903
(Gain) loss on disposal of investment in securities	(2,235)	50
Decrease (increase) in inventories	12,279	(35,192)
Increase in trade and other receivables	(70,086)	(42,937)
(Increase) decrease in bills receivable	(1,203)	5,503
(Decrease) increase in trade and other payables	(18,058)	60,847
(Decrease) increase in bills payable	(26,676)	13,716
Exchange differences	(1,735)	(46)
<b>Net cash inflow from operating activities</b>	<b>92,027</b>	<b>263,297</b>

**32. ACQUISITION OF A SUBSIDIARY**

On 9th July, 2001, the Group acquired 70% of the issued share capital of Taiwan Supertech Industrial Co., Ltd. ("Supertech"). The fair value of assets acquired and liabilities assumed was as follows:

	2002 HK\$'000	2001 HK\$'000
Property, plant and equipment	15,326	—
Inventories	4,328	—
Trade and other receivables	9,102	—
Bills receivable	11,674	—
Bank balances and cash	2,176	—
Trade and other payables	(2,600)	—
Bank loans	(15,482)	—
Bills payable	(12,916)	—
Obligation under finance leases	(3,796)	—
Taxation	(162)	—
Minority interests	(2,295)	—
Net assets	5,355	—
Goodwill arising on acquisition	6,549	—
	<b>11,904</b>	<b>—</b>
Satisfied by:		
Cash	11,904	—
Analysis of net outflow of cash in respect of the acquisition of a subsidiary:		
Cash consideration paid	(11,904)	—
Bank and cash balances acquired	2,176	—
Net outflow of cash in respect of the acquisition of a subsidiary	<b>(9,728)</b>	<b>—</b>

The subsidiary acquired during the year contributed approximately HK\$25,876,000 to the Group's turnover, incurred operating losses of approximately HK\$2,240,000, and it did not contribute significantly to the cash flows of the Group.

## 33. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital and share premium HK\$'000	Bank borrowings HK\$'000	Obligations under finance leases HK\$'000	Minority interests HK\$'000
At 1st April, 2000	147,111	176,427	1,193	163,776
New bank loans raised	—	359,101	—	—
Exercise of share options by minority shareholders	—	—	—	1,160
Shares issued on exercise of share options	435	—	—	—
Share premium arising from shares issued on exercise of a subsidiary's share option	—	—	—	18
Repayment of bank loans	—	(242,663)	—	—
Repayment to minority of subsidiaries	—	—	—	(300)
Dividend paid to minority shareholders of a subsidiary	—	—	—	(12,581)
Repurchase of shares by a subsidiary	—	—	—	(2,975)
Share premium utilised by a subsidiary on repurchase of shares	—	—	—	(6,350)
Repayment of obligations under finance leases	—	—	(988)	—
Other movements not involving cash flows:				
Minority shareholders' share of profit for the year	—	—	—	32,463
Minority shareholders' share of translation reserve	—	—	—	452
Goodwill arising on acquisition of additional interest in a subsidiary	—	—	—	719
Inception of finance leases	—	—	934	—
Loss on deemed disposal of a subsidiary to minority shareholders	—	—	—	1,903
At 31st March, 2001	147,546	292,865	1,139	178,285
Exchange realignment	—	(3,036)	(82)	—
New bank loans raised	—	591,863	—	—
Exercise of share options by minority shareholders	—	—	—	70
Shares issued on exercise of share options	1,429	—	—	—
Share premium arising from shares issued on exercise of a subsidiary's share option	—	—	—	1
Repayment of bank loans	—	(544,186)	—	—
Dividends paid to minority shareholders of subsidiaries	—	—	—	(11,292)
Repurchase of shares by a subsidiary	—	—	—	(1,388)
Share premium utilised by a subsidiary on repurchase of shares	—	—	—	(1,825)
Repayment of obligations under finance leases	—	—	(4,576)	—
On acquisition of a subsidiary	—	15,482	3,796	2,295
Capital contribution by a minority shareholder	—	—	—	3,101
Other movements not involving cash flows:				
Acquisition of additional investments in a subsidiary	—	—	—	(1,533)
Minority shareholders' share of profit for the year	—	—	—	21,969
Minority shareholders' share of translation reserve	—	—	—	(204)
Negative goodwill arising on acquisition of additional interest in a subsidiary	—	—	—	(272)
Loss on deemed disposal of a subsidiary to minority shareholders	—	—	—	84
At 31st March, 2002	148,975	352,988	277	189,291

**34. CAPITAL COMMITMENTS**

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the financial statements	12,785	7,663

The Company had no material capital commitments at the balance sheet date.

**35. OPERATING LEASE COMMITMENTS/ARRANGEMENTS****The Group as lessee**

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

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Within one year	2,749	2,221
In the second to fifth year inclusive	3,778	1,250
Over five years	633	1
	<b>7,160</b>	<b>3,472</b>

Operating lease payments represent rental payable by the Group for certain of its office premises and staff quarters. Leases are negotiated for an average terms of two years.

The Company had no material operating lease commitments at the balance sheet date.

**The Group as lessor**

Property rental income earned during the year was approximately HK\$950,000 (2001: HK\$875,000).

**35. OPERATING LEASE COMMITMENTS/ARRANGEMENTS (Cont'd)**

At the balance sheet date, the Group had minimum lease receipts, which represent rentals receivable by the Group for its properties, under non-cancellable operating leases. The amount which fall due as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Within one year	273	672
In the second to fifth year inclusive	—	254
	<b>273</b>	<b>926</b>

Certain of the properties held have committed tenants for an average term of one year.

The Company had no material operating lease arrangements at the balance sheet date.

**36. CONTINGENT LIABILITIES**

	THE GROUP		THE COMPANY	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Guarantees given to financial institutions in respect of facilities granted to subsidiaries	—	—	132,500	138,000
Discounted bills with recourse	7,393	7,632	—	—
	<b>7,393</b>	<b>7,632</b>	<b>132,500</b>	<b>138,000</b>

**37. RETIREMENT BENEFITS SCHEME**

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December, 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The retirement benefits cost charged to the income statement represents contributions payable to the scheme by the Group at rates specified in the rules of the scheme. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The employees in the Group's PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the PRC government. The subsidiaries in the PRC are required to contribute a specified percentage of their payroll to the benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

### 37. RETIREMENT BENEFITS SCHEME (Cont'd)

At the balance sheet date, there was no significant forfeited contributions, which arose upon employees leaving the retirement benefits scheme and which is available to reduce the contribution payable in the future years.

### 38. RELATED PARTY TRANSACTIONS

- (a) At 31st March, 2002, joint and several guarantees were given by the Group, together with the relevant minority shareholders, to two non-wholly owned subsidiaries as follows:
- Sky Lucky Steel Limited to the extent of HK\$1,000,000 (2001: HK\$1,000,000); and
  - Sky Lucky Metal Limited to the extent of HK\$11,000,000 (2001: HK\$11,000,000).
- (b) At 31st March, 2001, one of the directors of Lung Kee Metal Japan Company Limited (“LKM Japan”) had given personal guarantees to banks to the extent of approximately HK\$6,510,000 for LKM Japan at no charge. The personal guarantee was released during the year.
- (c) During the year, the Group purchased materials and machinery from JMS Engineering Co., Ltd. (“JMS”) amounting to approximately HK\$28,270,000 (2001: HK\$34,273,000) and HK\$6,790,000 (2001: nil), respectively. One of the controlling shareholders of JMS is also a director of LKM Japan.
- (d) At 31st March, 2002, a banking facility of the Group amounting to approximately HK\$14,714,000 (2001: HK\$15,500,000) was guaranteed jointly and severally by JMS and LKMH without charge. The guarantee executed by JMS has been released after 31st March, 2002.
- (e) At 31st March, 2001, a banking facility of the Group amounting to approximately HK\$30,999,000 was guaranteed jointly and severally by JMS and LKMH without charge. The guarantee executed by JMS was released during the year.
- (f) For the year ended 31st March, 2001, one of the subsidiaries of the Company had entered into a contract with Founder iASPEC Limited (“iASPEC”) in respect of the development of e-commerce business. The contract sum was HK\$3,000,000. During the year, one of the subsidiaries of the Company paid a subscription fee to iASPEC in respect of the trading of e-commerce business, amounting to approximately HK\$259,000 (2001: nil). A non-executive director of the Company was the then managing director of iASPEC.
- (g) In January 2002, Lung Kee International Limited, a subsidiary of the Company, has acquired the remaining 49% interest of LKM Japan from JMS at a consideration of approximately HK\$6,200,000.
- (h) At 31st March, 2002, a banking facility of the Group amounting to approximately HK\$22,550,000 was guaranteed jointly and severally by a minority shareholder of Supertech and LKMH without charge. The minority shareholder of Supertech is also a director of Supertech.

The purchase prices of goods were negotiated by the Group and related parties by reference to the prevailing market price for comparable transactions.



## 39. PARTICULARS OF THE SUBSIDIARIES

Details of the Company's subsidiaries at 31st March, 2002 are as follows:

Name of subsidiary	Place of incorporation/ establishment and operations	Issued and fully paid share capital/ paid up capital	Proportion of nominal value of issued capital/ paid up capital held by the Company		Principal activities
			Directly %	Indirectly %	
Charman Limited	Hong Kong	HK\$2	—	100	Property holding
Dongguan Lung Kee Metal Products Ltd. 東莞龍記五金製品有限公司	The PRC	HK\$96,500,000 (note a)	—	75.37	Manufacturing and marketing of mould bases
Dongguan Tin Cheung Metal Products Co., Ltd. 東莞天祥五金製品有限公司	The PRC	HK\$15,000,000 (note b)	—	70	Manufacturing and marketing of mould bases
Fantop Industries Limited	Hong Kong	HK\$2	—	100	Property holding
Guangzhou Lung Kee Metal Products Co. Ltd. 廣州龍記金屬製品有限公司	The PRC	HK\$60,000,000	—	75.37	Manufacturing and marketing of mould bases
Heyuan Lung Kee Metal Products Co., Ltd. 河源龍記金屬製品有限公司	The PRC	HK\$85,000,000	—	75.37	Manufacturing and marketing of mould bases
LKM (BVI) Limited	The British Virgin Islands/ Hong Kong	US\$200	100	—	Investment holding
LKM Nominees Limited	Hong Kong	HK\$2	—	100	Provision of nominee services
Lung Kee International Limited	Hong Kong	HK\$2 ordinary shares HK\$2,000,002 non-voting deferred shares (note c)	—	75.37	Investment holding
Lung Kee Metal (BVI) Limited	The British Virgin Islands/ Hong Kong	US\$2	—	75.37	Investment holding
Lung Kee Metal Japan Company Limited	Japan	JPY300,000,000	—	75.37	Manufacturing and marketing of mould bases
Lung Kee Metal (Malaysia) Sdn. Bhd.	Malaysia	RM750,000	—	75.37	Manufacturing and marketing of mould bases
Lung Kee Metal Holdings Limited	Bermuda	HK\$248,780,500	—	75.37	Investment holding

## 39. PARTICULARS OF THE SUBSIDIARIES (Cont'd)

Name of subsidiary	Place of incorporation/ establishment and operations	Issued and fully paid share capital/ paid up capital	Proportion of nominal value of issued capital/ paid up capital held by the Company		Principal activities
			Directly %	Indirectly %	
Lung Kee Metal Limited	Hong Kong	HK\$2 ordinary shares HK\$10,000,002 non-voting deferred shares (note c)	—	75.37	Manufacturing and marketing of mould bases
Lung Kee Metal (Singapore) Pte Limited	Singapore	S\$250,000	—	75.37	Manufacturing and marketing of mould bases
Lung Kee Steel Products (Guangzhou Free Trade Zone) Co. Ltd. 龍記鋼材製品(廣州保稅區) 有限公司	The PRC	HK\$750,000 (note d)	—	100	Trading of steel
Lung Kee Steel Limited	Hong Kong	HK\$2	—	100	Trading of steel
Lung Kee Technologies Limited	Hong Kong	HK\$2	—	75.37	Trading of components of mould bases
Real Wood Investment Limited	Hong Kong	HK\$10,000	—	100	Property holding
Shanghai Lung Kee Metal Products Co., Ltd. 上海龍記金屬製品有限公司	The PRC	US\$10,000,000	—	75.37	Manufacturing and marketing of mould bases
Sky Bright Metal Product Limited	Hong Kong	HK\$100	—	60	Manufacturing and marketing of components for mould bases
東莞天興五金製品有限公司	The PRC	— (note e)	—	60	Inactive
Sky Lucky Metal Limited	Hong Kong	HK\$100	—	70	Manufacturing and marketing of mould bases
Sky Lucky Steel Limited	Hong Kong	HK\$100	—	70	Inactive
Sky Right Machine Tool (Hong Kong) Limited	Hong Kong	HK\$100	—	100	Property holding
Sunrise Profit Limited	Hong Kong	HK\$10,000	—	100	Property holding
Super Visions International Limited	The British Virgin Islands/ Hong Kong	US\$2	—	100	Holding and licensing of trademarks
Taiwan Supertech Industrial Company Limited 仕霸工業股份有限公司	Republic of China	NT\$36,000,000	—	70	Manufacturing and marketing of mould bases

### 39. PARTICULARS OF THE SUBSIDIARIES (Cont'd)

Notes:

- a. The registered capital of this company has increased from HK\$96,500,000 to HK\$103,500,000 during the year. At 31st March, 2002, the Group had an outstanding commitment to contribute a further sum of HK\$7,000,000 into this subsidiary as equity capital.
- b. At 31st March, 2002, the Group had an outstanding commitment to contribute a further sum of HK\$3,000,000 into this subsidiary as equity capital.
- c. The deferred shares carry practically no rights to dividends or to receive notice of or to attend or vote at any general meeting of the respective companies or to participate in any distribution on winding up. The Company or a subsidiary of the Company has been granted an option by the holders of the deferred shares to acquire these deferred shares not held by the Group at a nominal amount.
- d. At 31st March, 2002, the Group had an outstanding commitment to contribute a further sum of HK\$4,250,000 into this subsidiary as equity capital.
- e. At 31st March, 2002, the Group had an outstanding commitment to contribute HK\$4,000,000 into this subsidiary as equity capital.

### 40. POST BALANCE SHEET EVENTS

Subsequent to 31st March, 2002, Yeekon Limited, a wholly-owned subsidiary of the Company which was acquired after 31st March, 2002, made a voluntary conditional offer to acquire all the LKMH shares. Details of the offer are set out in a press announcement made by the Company dated 4th June, 2002.