30 June 2002

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda on 20 January 1998 and is principally engaged in investment holding. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

During the year, the Group was principally involved in the manufacture and sale of aluminium and stainless steel products, the provision of design and testing services for aluminium products and web site operation and related e-business for the trading of non-ferrous metal products on the Internet.

In July 2000, the Group diversified into the business of design and development of technologies for applications in environmental protection products through the acquisition of new subsidiaries. Owing to unforeseen technical difficulties arising during the pilot production stage of this new business, mass production and commercial launching of the products have been postponed. In view of the uncertainties involved and unfavourable changes in market conditions, the directors have concluded that it was not in the interests of the Group to incur further expenditures on the development and commercialisation of this business, which accordingly was terminated during the year through the disposal of the Company's entire equity interests in the subsidiaries undertaking this business. Further details in relation to the cessation of the business and related disposal of subsidiaries are set out in note 5 to the financial statements. Other than the foregoing, there were no significant changes in the nature of the Group's principal activities during the year.

2. IMPACT OF NEW AND REVISED HONG KONG STATEMENTS OF STANDARD ACCOUNTING PRACTICE

The following recently issued and revised Hong Kong Statements of Standard Accounting Practice ("SSAPs") and related Interpretations have been effective for the first time in the preparation of the current year's financial statements:

- SSAP 9 (Revised) : "Events after the balance sheet date"
- SSAP 18 (Revised) : "Revenue"
- SSAP 26 : "Segment reporting"
- SSAP 28 : "Provisions, contingent liabilities and contingent assets"
- SSAP 29 : "Intangible assets"
- SSAP 30 : "Business combinations"
- SSAP 31 : "Impairment of assets"
- SSAP 32 : "Consolidated financial statements and accounting for investments in subsidiaries"
- Interpretation 12 : "Business combinations – subsequent adjustment of fair values and goodwill initially reported"
- Interpretation 13 : "Goodwill – continuing requirements for goodwill and negative goodwill previously eliminated against/credited to reserves"

2. IMPACT OF NEW AND REVISED HONG KONG STATEMENTS OF STANDARD ACCOUNTING PRACTICE (continued)

These SSAPs prescribe new accounting measurement and disclosure practices. The major effects on the Group's accounting policies and on the amounts disclosed in these financial statements of adopting these SSAPs and Interpretations are summarised below:

SSAP 9 (Revised) prescribes which type of events occurring after the balance sheet date require adjustments to the financial statements, and which require disclosure but no adjustment. Its principal impact on these financial statements is that the proposed final dividend which is not declared and approved until after the balance sheet date, is no longer recognised as a liability at the balance sheet date, but is disclosed as an allocation of retained profits on a separate line within the capital and reserves section of the balance sheet. The prior year adjustment arising from the adoption of the revised SSAP 9 is detailed in note 13 to the financial statements.

SSAP 18 (Revised) prescribes the recognition of revenue and was revised as a consequence of the revision to SSAP 9 described above. Proposed final dividends from subsidiaries that are declared and approved by the subsidiaries after the balance sheet date are no longer recognised in the Company's own financial statements for the year. The adoption of the revised SSAP 18 has had no major impact on these financial statements.

SSAP 26 prescribes the principles to be applied for reporting financial information by segment. It requires that management assesses whether the Group's predominant risks or returns are based on business segments or geographical segments and determines one of these bases to be the primary segment reporting format, with the other as the secondary segment reporting format. The principal impact of the SSAP 26 is the inclusion of significant additional segment reporting disclosures which are included in note 6 to the financial statements.

SSAP 28 prescribes the recognition criteria and measurement bases to apply to provisions, contingent liabilities and contingent assets, together with the required disclosures in respect thereof, and has had no major impact on these financial statements.

SSAP 29 prescribes the recognition and measurement criteria for intangible assets, together with the disclosure requirements and has had no major impact on these financial statements. Detailed information disclosed of significant intangible items controlled by the Group but not recognised as assets because they did not meet the recognition criteria in this SSAP is set out in note 17(4) to the financial statements.

SSAP 30 prescribes the accounting treatment for business combinations, including the determination of the date of acquisition, the method for determining the fair values of the assets and liabilities acquired, and the treatment of goodwill or negative goodwill arising on acquisition. SSAP 30 requires the disclosure of goodwill in the non-current assets section of the consolidated balance sheet. It requires that goodwill is amortised to the consolidated profit and loss account over its estimated useful life. Interpretation 13 prescribes the application of SSAP 30 to goodwill arising from acquisitions in previous years which remains eliminated against consolidated reserves. The adoption of the SSAP and Interpretation has not resulted in a prior year adjustment, for the reasons detailed in note 3 to the financial statements. The required new additional disclosures are included in note 16 to the financial statements.

2. IMPACT OF NEW AND REVISED HONG KONG STATEMENTS OF STANDARD ACCOUNTING PRACTICE (continued)

SSAP 31 prescribes the recognition and measurement criteria for impairments of assets. SSAP 31 is required to be applied prospectively and therefore, has had no effect on amounts previously reported in prior year financial statements.

SSAP 32 prescribes the accounting treatment and disclosures for the preparation and presentation of consolidated financial statements, and has had no major impact on the preparation of these financial statements.

In addition to the above new and revised SSAPs and related Interpretations, certain minor revisions to SSAP 17 "Property, plant and equipment" are effective for the first time for the current year's financial statements. The only significant effect of these revisions is that SSAP 17 requires that impairment losses on fixed assets are aggregated with accumulated depreciation, whereas previously they would be deducted from the cost of the relevant asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 30 June 2002. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) service income from the rendering of design, testing and e-business services, on an accrual basis when the services are rendered;

(c) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable; and

(d) dividend income, when the shareholders' right to receive payment is established.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The Company's investments in subsidiaries are stated at cost less any impairment losses.

Goodwill

Goodwill arising on acquisition of subsidiaries represents the excess of the cost of the acquisition over the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition.

In prior years, goodwill arising on acquisitions was eliminated against consolidated reserves in the year of acquisition. The Group has adopted the transitional provision of SSAP 30 that permits goodwill on acquisitions which occurred prior to the Group's accounting period beginning 1 July 2001, to remain eliminated against consolidated reserves. Goodwill on subsequent acquisitions is treated according to the new accounting policy above.

On the disposal of subsidiaries, the gain or loss on disposal is calculated by reference to the net assets at the date on disposal, including the attributable amount of goodwill which remains unamortised and any relevant reserves, as appropriate. Any attributable goodwill previously eliminated against consolidated reserves at the time of acquisition is written back and included in the calculation of the gain or loss on disposal and is reflected in the consolidated profit and loss account.

The carrying amount of goodwill, including goodwill remaining eliminated against consolidated reserves, is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets and depreciation

Fixed assets, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of that asset.

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	– 5%
Plant and machinery	– 6.25%
Moulds	– 12.5% to 20%
Furniture and fixtures	– 10%
Office equipment	– 16.67%
Motor vehicles	– 16.67%

Construction in progress represents the costs incurred in connection with the construction of fixed assets less any impairment losses and is not depreciated. Cost comprises direct costs incurred during the period of construction, installation and testing. Construction in progress is re-classified to the appropriate category of fixed assets when completed and ready for use.

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leased assets

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in fixed assets and are depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Deferred tax

Deferred tax is provided, using the liability method, on all significant timing differences in the recognition of revenue and expenses for tax and for financial reporting purposes, to the extent it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within capital and reserves section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's Bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

In previous years, the Company recognised its proposed final and special dividends to shareholders, which were declared and approved after the balance sheet date, as a liability in its balance sheet. The revised accounting treatment for dividends resulting from the adoption of SSAP 9 (Revised) has given rise to prior year adjustments in both the Group's and the Company's financial statements, further details of which are included in notes 2 and 13 to the financial statements.

Intangible assets

All research costs or expenditure on intangible items that did not meet the asset recognition criteria in SSAP 29 are charged to the profit and loss account as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the projects are clearly defined; the expenditure is separately identifiable and can be measured reliably; there is reasonable certainty that the projects are technically feasible; and the products have commercial value. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years, commencing from the date when the products are available for use.

During the previous years, the research and development costs incurred by the Group, including those in connection with the Group's acquired business of the design and development of technologies with applications in environmental protection products, were not significant to the Group and had been charged to the profit and loss account in the years when they were incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefit costs

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF") under the Mandatory Provident Fund Schemes Ordinance, for all those employees who are eligible to participate in the MPF. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the MPF. The assets of the MPF are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF in accordance with the rules of the MPF.

The employees of the Group's subsidiaries which operate in the People's Republic of China (the "PRC") are required to participate in a central pension scheme operated by the local municipal government. These PRC subsidiaries are required to contribute certain percentage of their respective payroll costs to the central pension scheme.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Foreign currencies

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries are translated into Hong Kong dollars at the applicable rates of exchange ruling at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the profit and loss account.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash equivalents

For the purpose of the consolidated cash flow statement, cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance. For the purpose of balance sheet classification, cash equivalents represent assets similar in nature to cash, which are not restricted as to use.

4. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

The Group had the following transactions with related parties during the year in addition to those disclosed elsewhere in the financial statements:

	Notes	2002 HK$'000	2001 HK$'000
Rental expense paid	*(i)*	3,555	3,801
Sale of raw materials and finished goods to minority equity/shareholders of subsidiaries:			
Indalex Aluminum Solutions Group ("IASG")	*(ii)*	57,576	4,241
Guangdong Nanhua Aluminium Factory Co., Ltd. ("Nanhua")	*(iii)*	606	–
Nanhai Hongjia Aluminium Materials and Stainless Steel Co., Ltd. ("Hongjia")	*(iv)*	129	–
Asia Aluminum (Australia) Pty. Ltd. ("AAAP")	*(v)*	–	4,178
Sub-contracting fee paid to minority equity holders of subsidiaries:			
Nanhua	*(iii)*	2,654	–
Hongjia	*(iv)*	387	–
Purchases from minority shareholder of a subsidiary:			
Hongjia	*(iv)*	987	–

In addition to the foregoing, management fees in the amount of HK$16,330,000 (2001: HK$2,041,000) were paid during the year by Asia Aluminum Group Limited ("AAG") and certain of its subsidiaries, which are non-wholly-owned by the Company, to Asia Aluminum Management Limited, a wholly-owned subsidiary of the Company. These management fees were paid on a cost-recovery basis and are eliminated on consolidation.

4. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS (continued)

Notes:

(i) The rentals were paid in respect of the Group's leased office premises and staff quarters situated in Hong Kong to Harbour Talent Limited, a company in which Mr. Kwong Wui Chun ("Mr. Kwong"), a director and substantial shareholder of the Company, has a beneficial interest. The directors of the Company have confirmed that the monthly rentals were calculated by reference to the then prevailing open market rental values.

(ii) The sale of raw materials and finished goods for the year ended 30 June 2001 were made during the period from 8 June 2001 to 30 June 2001 to IASG which comprises companies associated with Indalex UK Limited ("Indalex"), a company which became the minority shareholder of a subsidiary of the Company upon the acquisition of a 26.2% equity interest in this subsidiary on 8 June 2001. The directors consider that these transactions were made according to prices and other terms similar to those offered to unrelated customers of the Group.

(iii) During the year, Nanhua, a company established in the PRC, became a minority equityholder of a subsidiary of the Company upon the establishment of this subsidiary on 3 September 2001. Transactions with Nanhua for the year ended 30 June 2002 were made during the period from 3 September 2001 to 30 June 2002. The directors consider that these transactions were made according to prices and other terms similar to those offered to unrelated customers of the Group.

(iv) During the year, Hongjia, a company established in the PRC, became a minority equityholder of a subsidiary of the Company upon the establishment of this subsidiary on 21 November 2001. Transactions with Hongjia for the year ended 30 June 2002 were made during the period from 21 November 2001 to 30 June 2002. The directors consider that these transactions were made according to prices and other terms similar to those offered to unrelated customers of the Group.

(v) AAAP was previously an associate of the Group until the Group's entire equity interest in this company was disposed of in June 2001. Subsequent to the disposal, Mr. Kwong remains as a director of this company.

Each of Nanhua and Hongjia has granted the Group the right to use the underlying parcels of land and buildings on a rent-free basis. Based on the legal advice, the directors of the Company consider that the above arrangement is valid and legally binding under the prevailing PRC applicable law and regulations.

The above related party transactions also constitute connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). In the opinion of the directors, the Company has complied with all the necessary disclosure requirements under the Listing Rules.

5. DISCONTINUED OPERATIONS

In July 2000, the Group diversified into the business of design and development of technologies for applications in environmental protection products through the acquisition of new subsidiaries.

Owing to unforeseen technical difficulties arising during the pilot production stage of this new business, mass production and commercial launching of the products have been postponed. In view of the uncertainties involved and unfavourable changes in market conditions, the directors concluded that it was not in the interests of the Group to incur further expenditure on the development and commercialisation of this business, which accordingly was terminated during the year.

On 23 August 2001, the Group entered into an agreement for the disposal of its 65% equity interest in Hamington International Limited ("Hamington"), a company which, through its subsidiaries, is engaged in the business of design and development of technologies for applications in environmental protection products (the "Disposed Subsidiaries"); and for the assignment of the rights to adjust downward the original consideration paid by the Group in the prior year for the acquisition of Hamington and to receive a refund attributable to such adjustments from the vendors if the audited consolidated net profits of Hamington for the period from 20 March 2000 to 30 June 2001 fall short of HK$100,000,000, to an independent third party not connected with the directors, chief executive, substantial shareholder of the Company or their respective associates. The disposal consideration of HK$455,000,000 would be receivable by the Group in four instalments which comprised an initial instalment of HK$100,000,000, due upon the signing of the agreement, followed by two consecutive instalments each of HK$100,000,000 (due on 23 February 2002 and 23 August 2002 respectively) and a final instalment of HK$155,000,000 (due on 23 February 2003). As at the balance sheet, the instalment receivable of HK$255,000,000 has been included as "Prepayments, deposits and other receivables" under the current assets.

Subsequent to the balance sheet date, the third instalment of HK$100,000,000 due on 23 August 2002 was received by the Group. Further details regarding the above disposal were set out in the Company's circular of 14 September 2001 to its shareholders.

The gain on disposal of the Disposed Subsidiaries amounted to approximately HK$8,740,000, which represented the sale proceeds (being the consideration of HK$455,000,000) less the consolidated net liabilities disposed of and the attributable amount of goodwill arising from the acquisition of the Disposed Subsidiaries previously eliminated against consolidated reserves (note 16) in respect of the Disposed Subsidiaries up to the effective date of disposal on 23 August 2001, net of the expenses incurred for the disposal amounting to HK$111,000.

The Disposed Subsidiaries did not contribute to the turnover for both of the current and prior years. The loss attributable to operating activities from the Disposed Subsidiaries for the period from 1 July 2001 to the effective date of disposal on 23 August 2001 recognised by the Group amounted to HK$250,000 (2001: HK$19,898,000).

6. SEGMENT INFORMATION

SSAP 26 was adopted during the year, as detailed in note 2 to the financial statements. Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

Continuing operations:

– the aluminium extrusion products segment engages in the manufacture and sale of aluminium extrusion products;

– the stainless steel products segment comprises the manufacture and sale of stainless steel products;

– the aluminium panels segment refers to the manufacture and sale of aluminum panels;

– the design and testing services segment represents the Group's provision of design and testing services for aluminum products; and

– the E-commerce business operation segment comprises the Group's business of web-sites operation and related e-business of trading of non-ferrous metal products on the Internet.

Discontinued operations (note 5):

– the environmental protection products segment represents the manufacture and sale of environmental protection products which was discontinued by the Group as detailed in note 5.

In determining the Group's geographical segments, revenues and profit from operating activities are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

6. SEGMENT INFORMATION (continued)

(a) Business segments

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments.

	Continuing operations										Discontinued operations			
	Aluminum extrusion products		Stainless steel products		Aluminum panels		Design and testing services		E-commerce business operation		Environmental protection products		Total	
Group	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue:														
Sales to external customers	1,698,222	1,620,300	133,204	278,460	108,608	140,258	21,370	17,712	4,292	5,199	–	–	1,965,696	2,061,929
Other revenue	6,216	2,591	–	–	–	–	–	–	-	–	–	–	6,216	2,591
Total	1,704,438	1,622,891	133,204	278,460	108,608	140,258	21,370	17,712	4,292	5,199	–	–	1,971,912	2,064,520
Segment results	162,171	195,757	2,657	17,363	51,747	64,837	17,738	14,701	(4,038)	(16,220)	(250)	(19,898)	230,025	256,540
Interest and unallocated gains													53,823	146,665
Unallocated expenses													(30,412)	(51,372)
Profit from operating activities													253,436	351,833
Finance costs													(42,372)	(65,394)
Profit before tax													211,064	286,439
Tax													(72,755)	(71,577)
Profit before minority interests													138,309	214,862
Minority interests													(6,900)	(19,412)
Net profit from ordinary activities attributable to shareholders													131,409	195,450

6. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Group	Continuing operations										Discontinued operations			
	Aluminum extrusion products		Stainless steel products		Aluminum panels		Design and testing services		E-commerce business operation		Environmental protection products		Total	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	1,730,656	1,337,498	54,606	62,161	125,856	147,768	25,778	30,266	10,391	10,810	–	2,030	1,947,287	1,590,533
Unallocated assets													1,687,882	1,007,401
Total assets													3,635,169	2,597,934
Segment liabilities	887,321	522,661	333	267	21,573	25,313	81	91	117	196	–	12,464	909,425	590,992
Unallocated liabilities													483,023	527,203
Total liabilities													1,392,448	1,118,195
Other segment information:														
Depreciation	65,316	43,289	3,617	3,585	2,981	6,592	–	–	1,881	1,924	62	428	73,857	55,818
Provision for bad and doubtful debts	31,110	24,620	–	–	–	–	–	–	–	–	–	–	31,110	24,620
Other non-cash expenses	–	–	–	–	–	–	–	–	–	–	–	14,974	–	14,974
Capital expenditure	318,508	126,959	121	141	448	2,501	–	–	–	807	–	55	319,077	130,463

6. SEGMENT INFORMATION (continued)

(b) Geographical segments

The following tables present revenue, profit and certain asset and expenditure information for the Group's geographical segments.

Group	Hong Kong		Elsewhere in the PRC		North America		Asia Pacific, excluding the PRC and Hong Kong		Others		Total	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue:												
Sales to external customers	274,646	151,869	1,456,746	1,526,365	56,535	60,842	162,383	310,887	15,386	11,966	1,965,696	2,061,929
Segment results*	31,194	8,658	158,492	208,779	6,422	10,396	32,015	26,663	1,902	2,044	230,025	256,540

	Hong Kong		Elsewhere in the PRC		North America		Asia Pacific, excluding the PRC and Hong Kong		Others		Total	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Other segment information:												
Segment assets	644,279	537,396	2,746,648	2,002,669	11,751	5,225	50,883	44,743	181,608	7,901	3,635,169	2,597,934
Capital expenditure	1,208	1,528	317,869	128,935	–	–	–	–	–	–	319,077	130,463

* Disclosed pursuant to the Listing Rules.

7. TURNOVER, OTHER REVENUE AND GAINS

Turnover represents the aggregate of net invoiced amounts, after allowances for returns and trade discounts, from the sale of goods, the provision of design and testing services for aluminium products and web-site operations and related e-commerce business.

An analysis of the Group's turnover, other revenue and gains is as follows:

	2002 HK$'000	2001 HK$'000
Turnover:		
Manufacture and sale of aluminium extrusion products	1,698,222	1,620,300
Manufacture and sale of stainless steel products	133,204	278,460
Manufacture and sale of aluminium panels	108,608	140,258
Provision of design and testing services for aluminium products	21,370	17,712
E-commerce business operation	4,292	5,199
	1,965,696	2,061,929
Other revenue:		
Interest income	17,075	7,868
Gains, net, on trading of forward contracts:		
Realised gains	3,007	9,236
Unrealised holding gains	–	5,900
Sales of scrap materials	4,068	1,385
Exchange gains, net	2,985	–
Sundry income	4,203	4,128
	31,338	28,517
Other gains:		
Gain on disposal of discontinued operations	8,740	–
Gain on partial disposal of interests in subsidiaries	19,961	120,739
Total revenue and gains	2,025,735	2,211,185

Note: The gain on partial disposal of interests in subsidiaries for the year ended 30 June 2001 was ascertained based on the directors' best estimate of the disposal consideration which the Company would eventually be entitled to, having regard to all relevant factors known at that time. See note 17(1) for further details of this disposal.

30 June 2002

8. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging the following:

	2002 HK$'000	2001 HK$'000
Cost of inventories sold *	1,510,063	1,623,510
Cost of services provided	5,383	4,327
Depreciation *	73,857	55,818
Staff costs (excluding directors' emoluments, note 9):		
Salaries and wages	67,123	59,350
Pension scheme contributions	383	259
	67,506	59,609
Auditors' remuneration	1,880	1,600
Provision for other bad and doubtful debts	19,806	24,620
Minimum lease payments under operating lease on land and buildings	17,904	11,325
Loss on disposal/write-off of fixed assets*	15,429	7,950
Write-off of deferred development costs	–	263
Write-off of advances to shareholders	–	13,541
Write-off of amounts due from minority shareholders	–	1,170
Write-off of amounts due from a related company	3,974	–

* Out of the total depreciation charge of HK$73,857,000 (2001: HK$55,818,000), an amount of HK$56,162,000 (2001: HK$40,516,000) has been included in the cost of inventories sold. The cost of inventories sold also included the loss on disposal/write-off of fixed assets.