

Notes to the Financial Statements

For the year ended 31st December, 2003

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 primary listed on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) and secondary listed on The Singapore Exchange Securities Trading Limited (“SGX-ST”).

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. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements for the current year cover the year ended 31st December, 2003. The corresponding amounts shown for the income statement, statement of changes in equity, cash flows and related notes cover the period of nine months from 1st April, 2002 to 31st December, 2002 and therefore may not be comparable with amounts shown for the current year. The period covered by the 2002 financial statements is less than twelve months because the directors determined to bring the balance sheet date into line with that of the subsidiaries established in the People’s Republic of China. No further changes to reporting dates are anticipated.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Company has adopted for the first time, the following Hong Kong Financial Reporting Standards (“HKFRS”), issued by the Hong Kong Society of Accountants (“HKSA”), the term of HKFRS is inclusive of Statements of Standard Accounting Practice (“SSAP”) and Interpretations approved by the HKSA.

SSAP 12 (Revised)	Income Taxes
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The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. The adoption of this Standard had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

Notes to the Financial Statements

For the year ended 31st December, 2003

4. 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 December.

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, 2002 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, 2002 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.

Negative goodwill is presented as deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Negative goodwill (Cont'd)

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 as 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 from bank deposits.

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 arm's length.

Notes to the Financial Statements

For the year ended 31st December, 2003

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Investment properties (Cont'd)

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

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 except where the unexpired term of the relevant lease is 20 years or less.

Patents and trademarks

Patents and trademarks are measured initially at cost and are amortised on a straight-line basis over their estimated useful life.

Property, plant and equipment

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

Depreciation and amortisation are provided to write off the cost of items of property, plant and equipment 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%

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, plant and equipment (Cont'd)

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 tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. 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.

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 values 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 lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Notes to the Financial Statements

For the year ended 31st December, 2003

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leases (Cont'd)

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.

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 foreign currencies 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 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.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements

For the year ended 31st December, 2003

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Taxation (Cont'd)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Retirement benefits scheme contributions

Payments to defined contribution retirement benefit plans and state-managed retirement benefit schemes are charged as an expense as they fall due.

Notes to the Financial Statements

For the year ended 31st December, 2003

5. TURNOVER

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

	1st January, 2003	1st April, 2002
	to	to
	31st December,	31st December,
	2003	2002
	(12 months)	(9 months)
	HK\$'000	HK\$'000
Manufacture of mould bases	1,064,604	648,438
Trading of metal and parts	145,009	152,955
	1,209,613	801,393

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

(a) Business segments

For management purposes, the Group is currently organised into two operating divisions — mould base and 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

Notes to the Financial Statements

For the year ended 31st December, 2003

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (Cont'd)**(a) Business segments (Cont'd)**

Segmental information about these businesses is presented below.

For the year ended 31st December, 2003

	Mould base	Metal and parts	Elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER				
External sales	1,064,604	145,009	—	1,209,613
Inter-segment sales	25,191	140,596	(165,787)	—
	1,089,795	285,605	(165,787)	1,209,613

Inter-segment sales are charged at prevailing market rates.

RESULTS				
Segment results	154,783	17,998	—	172,781
Deficit on revaluation of investment properties				(950)
Unallocated corporate income				42,654
PROFIT FROM OPERATIONS				
Finance costs				(29,084)
Gain on disposal of subsidiaries	—	2,048	—	2,048
PROFIT BEFORE TAXATION				
Taxation				(27,870)
PROFIT AFTER TAXATION				
				159,579

Notes to the Financial Statements

For the year ended 31st December, 2003

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (Cont'd)**(a) Business segments (Cont'd)**

	Mould base	Metal and	Total
	HK\$'000	parts	HK\$'000
	HK\$'000	HK\$'000	HK\$'000
OTHER INFORMATION			
Capital expenditure	127,479	5,799	133,278
Release of negative goodwill	(91)	—	(91)
Amortisation of patents and trademarks	—	278	278
Depreciation and amortisation of property, plant and equipment	74,411	6,520	80,931
Amortisation of goodwill	21,720	—	21,720
Allowance for bad and doubtful debts	7,228	1,222	8,450
ASSETS			
Segment assets	1,262,195	109,980	1,372,175
Unallocated corporate assets			458,582
Consolidated total assets			1,830,757
LIABILITIES			
Segment liabilities	244,775	25,000	269,775
Unallocated corporate liabilities			695,230
Consolidated total liabilities			965,005

Notes to the Financial Statements

For the year ended 31st December, 2003

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (Cont'd)**(a) Business segments (Cont'd)**

For the period from 1st April, 2002 to 31st December, 2002

	Mould base HK\$'000	Metal and parts HK\$'000	Elimination HK\$'000	Total HK\$'000
TURNOVER				
External sales	648,438	152,955	—	801,393
Inter-segment sales	11,085	107,000	(118,085)	—
	659,523	259,955	(118,085)	801,393
Inter-segment sales are charged at prevailing market rates.				
RESULTS				
Segment results	99,012	17,938	—	116,950
Deficit on revaluation of investment properties				(1,150)
Unallocated corporate income				21,710
PROFIT FROM OPERATIONS				
				137,510
Finance costs				(17,579)
PROFIT BEFORE TAXATION				
				119,931
Taxation				(16,747)
PROFIT AFTER TAXATION				
				103,184

Notes to the Financial Statements

For the year ended 31st December, 2003

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (Cont'd)**(a) Business segments (Cont'd)**

	Mould base HK\$'000	Metal and parts HK\$'000	Total HK\$'000
OTHER INFORMATION			
Capital expenditure	72,413	1,830	74,243
Goodwill arising from acquisition of additional interest in a subsidiary	54,359	—	54,359
Release of negative goodwill	(68)	—	(68)
Depreciation and amortisation of property, plant and equipment	58,512	3,274	61,786
Amortisation of goodwill	11,760	—	11,760
Allowance for bad and doubtful debts	2,749	549	3,298
ASSETS			
Segment assets	1,054,410	147,285	1,201,695
Unallocated corporate assets			547,466
Consolidated total assets			1,749,161
LIABILITIES			
Segment liabilities	249,965	62,268	312,233
Unallocated corporate liabilities			666,186
Consolidated total liabilities			978,419

(b) Geographical segments

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

Notes to the Financial Statements

For the year ended 31st December, 2003

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (Cont'd)**(b) Geographical segments (Cont'd)**

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	
	1st January, 2003 to 31st December, 2003 (12 months) HK\$'000	1st April, 2002 to 31st December, 2002 (9 months) HK\$'000	1st January, 2003 to 31st December, 2003 (12 months) HK\$'000	1st April, 2002 to 31st December, 2002 (9 months) HK\$'000
The PRC	957,907	625,901	180,868	113,066
Other countries	251,706	175,492	33,617	24,444
	1,209,613	801,393	214,485	137,510

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	
	31st December, 2003 HK\$'000	31st December, 2002 HK\$'000	1st January, 2003 to 31st December, 2003 (12 months) HK\$'000	1st April, 2002 to 31st December, 2002 (9 months) HK\$'000
The PRC	1,661,079	1,574,124	130,862	111,473
Other countries	159,136	168,732	2,416	17,129
	1,820,215	1,742,856	133,278	128,602

Notes to the Financial Statements

For the year ended 31st December, 2003

7. OTHER OPERATING INCOME

	1st January, 2003 to 31st December, 2003 (12 months) HK\$'000	1st April, 2002 to 31st December, 2002 (9 months) HK\$'000
Income from sales of scrap	21,137	8,459
Interest income	14,965	8,192
Release of negative goodwill	91	68
Rental income from investment properties, net of outgoings of approximately HK\$290,000 (1st April, 2002 to 31st December, 2002: HK\$122,000)	1,778	706
Sundry income	4,683	4,285
	42,654	21,710

Notes to the Financial Statements

For the year ended 31st December, 2003

8. PROFIT FROM OPERATIONS

	1st January, 2003 to 31st December, 2003 (12 months) HK\$'000	1st April, 2002 to 31st December, 2002 (9 months) HK\$'000
Profit from operations has been arrived at after charging:		
Amortisation of goodwill	21,720	11,760
Amortisation of patents and trademarks	278	—
Auditors' remuneration:		
— current year	2,117	1,782
— underprovision in prior year	—	150
Depreciation and amortisation:		
— owned assets	80,892	61,700
— assets held under finance leases	39	86
Exchange loss	2,234	9,737
Loss on disposal of property, plant and equipment	109	1,974
Operating lease rentals in respect of:		
— rented premises	4,166	3,307
— plant and machinery	49	33
Retirement benefits scheme contributions, net of forfeited contributions of approximately HK\$1,586,000 (1st April, 2002 to 31st December, 2002: HK\$671,000)	5,638	3,963

Notes to the Financial Statements

For the year ended 31st December, 2003

9. FINANCE COSTS

	1st January, 2003 to 31st December, 2003 (12 months) HK\$'000	1st April, 2002 to 31st December, 2002 (9 months) HK\$'000
Arrangement fee for bank loans	3,776	2,071
Interest on		
— bank borrowings wholly repayable within five years	22,425	15,482
— obligations under finance leases	6	26
— floating rate notes	2,877	—
	29,084	17,579

10. DIRECTORS' REMUNERATION

	1st January, 2003 to 31st December, 2003 (12 months) HK\$'000	1st April, 2002 to 31st December, 2002 (9 months) HK\$'000
Fees paid to non-executive and independent non-executive directors	558	405
Other emoluments paid to executive directors:		
Salaries and other benefits	18,408	13,806
Bonus	15,000	9,000
Retirement benefits scheme contributions	2,001	1,495
Total emoluments	35,967	24,706

Notes to the Financial Statements

For the year ended 31st December, 2003

10. DIRECTORS' REMUNERATION (Cont'd)

The emoluments of the directors were within the following bands:

	Number of directors	
	1st January, 2003 to 31st December, 2003 (12 months)	1st April, 2002 to 31st December, 2002 (9 months)
Nil to HK\$1,000,000	3	3
HK\$2,500,001 to HK\$3,000,000	—	1
HK\$3,500,001 to HK\$4,000,000	—	2
HK\$4,000,001 to HK\$4,500,000	1	—
HK\$5,000,001 to HK\$5,500,000	2	—
HK\$7,000,001 to HK\$7,500,000	—	2
HK\$10,000,001 to HK\$15,000,001	2	—
	8	8

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

Notes to the Financial Statements

For the year ended 31st December, 2003

11. TAXATION

	1st January, 2003 to 31st December, 2003 (12 months) HK\$'000	1st April, 2002 to 31st December, 2002 (9 months) HK\$'000
The charge (credit) comprises:		
Hong Kong Profits Tax		
— current year/period	169	1,491
— overprovision in prior year	(1,349)	(23)
	(1,180)	1,468
Taxation in jurisdictions outside Hong Kong		
— current year/period	29,894	17,287
— under (over) provision in prior year	57	(314)
	29,951	16,973
Deferred taxation (note 29)	(901)	(1,694)
	27,870	16,747

Hong Kong Profits Tax is calculated at 17.5% (1st April, 2002 to 31st December, 2002: 16%) of the estimated assessable profit for the year/period.

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 PRC, the Company'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.

Notes to the Financial Statements

For the year ended 31st December, 2003

11. TAXATION (Cont'd)

The tax charge for the year can be reconciled to the profit per the income statement as follows:

	1st January, 2003 to 31st December, 2003 (12 months)		1st April, 2002 to 31st December, 2002 (9 months)	
	HK\$'000	%	HK\$'000	%
Profit before taxation	187,449		119,931	
Tax at domestic PRC income tax rate	44,988	24.0	28,783	24.0
Tax effect of non-deductible expenses	1,947	1.0	1,623	1.4
Tax effect of non-taxable income	(2,599)	(1.4)	(2,484)	(2.1)
Tax effect of utilisation of tax losses not previously recognised	(2,356)	(1.3)	(10,105)	(8.5)
Tax effect of unused tax losses not recognised	8,704	4.7	5,981	4.9
Others	2,241	1.2	(1,721)	(1.4)
Overprovision in current year	(1,292)	(0.7)	(337)	—
Tax effect of tax exemption/tax holiday	(31,503)	(16.8)	(10,995)	(9.3)
Effect of different tax rates of operating in other jurisdictions	7,740	4.2	6,002	5.0
Tax expense and effective tax rate for the year	27,870	14.9	16,747	14.0

Details of deferred taxation are set out in note 29.

12. DIVIDENDS

On 7th October, 2003, a dividend of HK 7 cents per share amounting to approximately HK\$34,391,000 (1st April, 2002 to 31st December, 2002 interim dividend: HK 5 cents per share amounting to approximately HK\$24,342,000) was paid to the shareholders as interim dividend for the year.

The directors have determined that a final dividend of HK 10 cents per share amounting to HK\$49,130,000 (1st April, 2002 to 31st December, 2002: HK 5 cents per share amounting to approximately HK\$24,342,000) should be paid to the shareholders of the Company whose names appear in the Register of Members on 3rd May, 2004.

Notes to the Financial Statements

For the year ended 31st December, 2003

12. DIVIDENDS (Cont'd)

The amount of the proposed final dividend for the year has been calculated with reference to the 491,298,640 shares (2002: 486,843,643 shares) in issue as at the date of approval of these financial statements.

13. EARNINGS PER SHARE

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

	1st January, 2003 to 31st December, 2003 (12 months) HK\$'000	1st April, 2002 to 31st December, 2002 (9 months) HK\$'000
Earnings		
Earnings for the purpose of basic earnings per share	157,255	93,360
Effect of dilutive potential ordinary shares:		
Adjustment to the share of results of the group headed by Lung Kee Metal Holdings Limited based on dilution of their earnings per share	—	(192)
Earnings for the purpose of diluted earnings per share	157,255	93,168
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	488,651	485,648
Effect of dilutive potential ordinary shares on exercise of options of the Company	1,275	94
Weighted average number of ordinary shares for the purpose of diluted earnings per share	489,926	485,742

Notes to the Financial Statements

For the year ended 31st December, 2003

14. INVESTMENT PROPERTIES

	THE GROUP	
	2003	2002
	HK\$'000	HK\$'000
At beginning of the year/period	24,050	27,765
Disposal	—	(2,565)
Deficit on revaluation	(950)	(1,150)
At end of the year/period	23,100	24,050

The investment properties of the Group were revalued at 31st December, 2003 on an open market value basis by Chung Sen Surveyors Limited, a firm of independent professional valuers. The deficit arising on revaluation of HK\$950,000 (2002: HK\$1,150,000) has been charged to the income statement.

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

Notes to the Financial Statements

For the year ended 31st December, 2003

15. 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
THE GROUP						
AT COST						
At 1st January, 2003	209,247	94,976	560,936	34,098	27,087	926,344
Currency realignment	73	486	992	166	—	1,717
Transfer	38,946	—	5,852	885	(45,683)	—
Additions	4,091	12,073	80,798	5,034	29,282	131,278
Disposals	(5,731)	(1,926)	(4,374)	(3,924)	—	(15,955)
Disposal of subsidiaries	—	(747)	(9,698)	(437)	—	(10,882)
At 31st December, 2003	246,626	104,862	634,506	35,822	10,686	1,032,502
DEPRECIATION AND AMORTISATION						
At 1st January, 2003	19,347	58,787	407,067	27,337	—	512,538
Currency realignment	20	275	285	104	—	684
Provided for the year	4,218	9,582	61,989	5,142	—	80,931
Eliminated on disposals	(1,423)	(1,340)	(3,622)	(3,841)	—	(10,226)
Eliminated on disposal of subsidiaries	—	(554)	(8,008)	(350)	—	(8,912)
At 31st December, 2003	22,162	66,750	457,711	28,392	—	575,015
NET BOOK VALUE						
At 31st December, 2003	224,464	38,112	176,795	7,430	10,686	457,487
At 31st December, 2002	189,900	36,189	153,869	6,761	27,087	413,806

Notes to the Financial Statements

For the year ended 31st December, 2003

15. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

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

	2003	2002
	HK\$'000	HK\$'000
Land and buildings outside Hong Kong:		
— freehold	25,907	29,831
— held under medium-term leases of less than fifty years	198,557	160,069
	224,464	189,900

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\$23,986 (2002: HK\$60,000) in respect of assets held under finance leases.

16. 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 principal subsidiaries at 31st December, 2003 are set out in note 39.

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

17. 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 the next twelve months from the balance sheet date and the balances are therefore shown as non-current.

Notes to the Financial Statements

For the year ended 31st December, 2003

18. 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 the next twelve months from the balance sheet date and the balances are therefore shown as non-current.

19. INTANGIBLE ASSETS

	Patents and trademarks
	HK\$'000
<hr/>	
COST	
Additions and at 31st December, 2003	2,000
AMORTIZATION	
Provided for the year and at 31st December, 2003	278
<hr/>	
NET BOOK VALUE	
At 31st December, 2003	1,722
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The patents and trademarks are amortised over a period of three years.

Notes to the Financial Statements

For the year ended 31st December, 2003

20. GOODWILL

	THE GROUP
	HK\$'000
<hr/>	
COST	
At 1st January, 2003 and 31st December, 2003	65,582
<hr/>	
AMORTISATION	
At 1st January, 2003	(13,787)
Charge for the year	(21,720)
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At 31st December, 2003	(35,507)
<hr/>	
NET BOOK VALUE	
At 31st December, 2003	30,075
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At 31st December, 2002	51,795
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The amortisation period adopted for goodwill is three years.

Notes to the Financial Statements

For the year ended 31st December, 2003

21. NEGATIVE GOODWILL

	THE GROUP
	HK\$'000
<hr/>	
GROSS AMOUNT	
At 1st January, 2003 and at 31st December, 2003	272
<hr/>	
RELEASED TO INCOME	
At 1st January, 2003	(159)
Released during the year	(91)
<hr/>	
At 31st December, 2003	(250)
<hr/>	
CARRYING AMOUNT	
At 31st December, 2003	22
<hr/>	
At 31st December, 2002	113
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The negative goodwill is released to income statement on a straight-line basis over three years.

22. INVENTORIES

	THE GROUP	
	2003	2002
	HK\$'000	HK\$'000
<hr/>		
Raw materials	297,568	231,969
Work in progress	27,729	33,145
Finished goods	35,622	18,768
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	360,919	283,882
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Inventories are stated at cost except that raw materials of approximately HK\$137,595,000 (2002: HK\$121,884,000) are carried at net realisable value.

Notes to the Financial Statements

For the year ended 31st December, 2003

23. 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\$383,074,000 (2002: HK\$350,230,000) and an aged analysis of which is as follows:

	THE GROUP	
	2003	2002
	HK\$'000	HK\$'000
0 to 60 days	236,843	232,465
61 to 90 days	79,541	51,009
Over 90 days	66,690	66,756
	383,074	350,230

24. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK\$113,624,000 (2002: HK\$65,016,000) and an aged analysis of which is as follows:

	THE GROUP	
	2003	2002
	HK\$'000	HK\$'000
0 to 60 days	86,752	56,413
61 to 90 days	9,148	5,002
Over 90 days	17,724	3,601
	113,624	65,016

25. AMOUNTS DUE TO SUBSIDIARIES

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

Notes to the Financial Statements

For the year ended 31st December, 2003

26. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The maturity of obligations under finance leases is as follows:				
Within one year	27	45	26	40
In the second to fifth year inclusive	2	27	2	25
	29	72	28	65
Less: Future finance charges	(1)	(7)	—	—
Present value of lease obligations	28	65	28	65
Less: Amount due for settlement within one year and shown under current liabilities			(26)	(40)
Amount due after one year			2	25

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. The average effective borrowing rate was 11% (2002: 13%). 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 material obligations under finance leases at the balance sheet date.

Notes to the Financial Statements

For the year ended 31st December, 2003

27. UNSECURED BANK BORROWINGS

	THE GROUP	
	2003	2002
	HK\$'000	HK\$'000
Repayable within one year:		
Bank loans	491,413	640,044
Trust receipt loans	—	4,911
Bank overdrafts	—	801
	491,413	645,756

During the year, the Group obtained new loans in the amount of approximately HK\$542,709,000 (2002: HK\$432,475,000) and repaid loans of approximately HK\$700,245,000 (2002: HK\$151,454,000). 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.

28. FLOATING RATE NOTES

During the year, the Group issued Floating Rate Notes ("FRNs") in the amount of HK\$150 million which are due in 2006. The FRNs carry interest at Hong Kong Inter-bank Borrowing Rate plus 1% and are guaranteed by the Company.

Notes to the Financial Statements

For the year ended 31st December, 2003

29. DEFERRED TAXATION

	Accelerated tax		Total
	depreciation	Others	
	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2002	2,935	(340)	2,595
Charge (credit) for the period	(1,794)	100	(1,694)
At 31st December, 2002	1,141	(240)	901
Charge (credit) for the year	(1,141)	240	(901)
At 31st December, 2003	—	—	—

At the balance date, the Group has unused tax losses of HK\$74,645,000 (2002: HK\$48,195,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such unused tax losses due to the unpredictability of future profit streams. Such losses may be carried forward indefinitely.

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

30. SHARE CAPITAL

	Authorised		Issued and fully paid	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Ordinary shares of HK\$0.1 each				
At beginning of the year/period	60,000	60,000	48,684	48,395
Issue of new shares	—	—	—	289
Shares issued on exercise of share options	—	—	446	—
At end of the year/period	60,000	60,000	49,130	48,684

Notes to the Financial Statements

For the year ended 31st December, 2003

31. RESERVES

	Share premium	Accumulated profits	Total
	HK\$'000	HK\$'000	HK\$'000
THE COMPANY			
At 1st April, 2002	100,580	49,820	150,400
Shares issued at premium	3,932	—	3,932
Final dividend declared for the year ended 31st March, 2002 (note 12)	—	(24,342)	(24,342)
Net profit for the period	—	48,993	48,993
Interim dividends declared (note 12)	—	(24,342)	(24,342)
At 31st December, 2002	104,512	50,129	154,641
Shares issued on exercise of share options	4,990	—	4,990
Final dividend declared for the nine months ended 31st December, 2002 (note 12)	—	(24,342)	(24,342)
Net profit for the year	—	109,005	109,005
Interim dividends declared (note 12)	—	(34,391)	(34,391)
At 31st December, 2003	109,502	100,401	209,903

The Company's reserves available for distribution to shareholders at 31st December, 2003 represent its accumulated profits of approximately HK\$100,401,000 (2002: HK\$50,129,000).

Notes to the Financial Statements

For the year ended 31st December, 2003

32. SHARE OPTIONS SCHEME

A share option scheme was adopted by the Company pursuant to a resolution passed on 9th September, 2002 (the "2002 Scheme"). Under the 2002 Scheme, the board of directors of the Company or a duly authorised committee (the "Board") may grant options to (i) any executive or non-executive directors of the Group (or any persons proposed to be appointed as such) or any employees of the Group; (ii) any discretionary objects of a discretionary trust established by any employees, executive or non-executive directors of the Group; (iii) any consultants and professional advisers to the Group (or persons, firms or companies proposed to be appointed for providing such services); (iv) any chief executives or substantial shareholders of the Company; (v) any associates of director, chief executive or substantial shareholder of the Company; and (vi) any employees of substantial shareholder of the Company, as absolutely determined by the Board (the "Participants"), to subscribe for shares in the Company. The 2002 Scheme was set up for the primary purpose to attract, retain and motivate talented Participants to strive for future developments and expansion of the Group and to provide the Company with a flexible means of giving incentive to rewarding, remunerating, compensating and/or providing benefits to the Participants, and will expire on 8th September, 2012.

The total number of shares in respect of which options may be granted under the 2002 Scheme is not permitted to exceed 10% of the shares of the Company in issue at the date of approval of the 2002 Scheme, unless prior approval from the Company's shareholders is obtained. Without prior approval from the Company's shareholders, the number of shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital and with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within a period of 28 days from the date of Grant, upon payment of HK\$1 per grant. An option period is a period to be determined by the Board at its absolute discretion and notified by the Board to each Participant who accepts the option offer as being the period during which an option may be exercised, such period to expire not later than 10 years after the date of the grant of the share option ("Option Period"). Options may be exercised in accordance with the terms of the 2002 Scheme at any time during the Option Period after the option has been granted. The exercise price is determined by the Board, and shall be at least the highest of the nominal value of the Company's share, the closing price of the Company's shares on the date of grant and the average closing price of the Company's shares for the five business days immediately preceding the date of grant.

Notes to the Financial Statements

For the year ended 31st December, 2003

32. SHARE OPTIONS SCHEME (Cont'd)

At 31st December, 2003, no share option remained outstanding under the 2002 Scheme. At 31st December, 2002, the number of shares in respect of which options had been granted and remained outstanding under the 2002 Scheme was 5,000,000, representing 1.03% of the shares of the Company in issue at that date.

The following table discloses details of the Company's share options held by the Participants and movements in such holdings during the year/period:

Outstanding at 1st April, 2002	Granted during the period	Outstanding	Exercised during the year	Cancelled during the year	Outstanding
		at 31st December, 2002 and 1st January, 2003			at 31st December, 2003
—	5,000,000	5,000,000	(4,455,000)	(545,000)	—

Details of the share options held by the directors included in the above table are as follows:

Outstanding at 1st April, 2002	Granted during the period	Outstanding	Exercised during the year	Cancelled during the year	Outstanding
		at 31st December, 2002 and 1st January, 2003			at 31st December, 2003
—	2,500,000	2,500,000	(2,500,000)	—	—

Details of options granted are as follows:

Exercise price	Date of grant	Vesting period	Exercisable period
HK\$			
1.220	8th November, 2002	6 months	8th May, 2003 to 7th May, 2006

Notes to the Financial Statements

For the year ended 31st December, 2003

32. SHARE OPTIONS SCHEME (Cont'd)

In 2002, total consideration received during the year from employees for taking up the options granted was HK\$91.

The weighted average closing price of the Company's shares immediately before the dates of which the options were exercised was HK\$3.075.

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recognised in the income statement in respect of the value of options granted in the year. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

Notes to the Financial Statements

For the year ended 31st December, 2003

33. DISPOSAL OF SUBSIDIARIES

During the year, the Group entered into a sale and purchase agreement to dispose of 60% interest in Sky Bright Metal Product Limited and Dongguan Sky Bright Metal Products Co., Ltd. ("Sky Bright Group"), being the entire interest at Sky Bright Group held by the Group, with a consideration of HK\$6,332,000. The net of assets of Sky Bright Group at the date of disposal were as follows:

	1st January, 2003 to 31st December, 2003 (12 months) HK\$'000
Property, plant and equipment	1,970
Inventories	2,452
Trade and other receivables	10,153
Bank balances and cash	6,492
Trade and other payables	(12,993)
Taxation	(934)
Net assets	7,140
Less: Minority interests	(2,856)
	4,284
Gain on disposal	2,048
Total consideration	6,332
Satisfied by:	
Cash	6,332
Net cash outflow on disposal:	
Cash consideration	6,332
Bank balances and cash disposed of	(6,492)
	(160)

Notes to the Financial Statements

For the year ended 31st December, 2003

33. DISPOSAL OF SUBSIDIARIES (Cont'd)

The subsidiary disposed of during the year ended 31st December, 2003 contributed approximately HK\$1,965,000 to the Group's turnover, and a loss of HK\$10,600 to the Group's profit from operations.

34. CAPITAL COMMITMENTS

As at 31st December, 2003, the Group had capital expenditure amounting to approximately HK\$29,103,000 (2002: HK\$59,532,000) in respect of the acquisition of property, plant and equipment contracted for but not provided in the financial statements.

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	
	2003	2002
	HK\$'000	HK\$'000
Within one year	2,887	2,405
In the second to fifth year inclusive	3,264	2,854
	6,151	5,259

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.

Notes to the Financial Statements

For the year ended 31st December, 2003

35. OPERATING LEASE COMMITMENTS/ARRANGEMENTS (Cont'd)**The Group as lessor**

Property rental income earned during the year was approximately HK\$2,070,000 (1st April, 2002 to 31st December, 2002: HK\$828,000).

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	
	2003	2002
	HK\$'000	HK\$'000
Within one year	1,320	1,294
In the second to fifth year inclusive	2,267	2,795
	3,587	4,089

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	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guarantees given to financial institutions in respect of facilities granted to subsidiaries	—	—	1,108,579	984,869
Discounted bills with recourse	—	4,979	—	—
	—	4,979	1,108,579	984,869

Notes to the Financial Statements

For the year ended 31st December, 2003

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. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme. New employees joining the Group on or after 1st January, 2002 are also offered a choice of joining the ORSO Scheme or the MPF Scheme.

For members of the MPF Scheme, the Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by the employee.

The ORSO Scheme is funded by monthly contributions from the Group only at rates ranging from 5% to 11% of the employee’s basic salary, depending on the length of service with the Group.

Where there are employees who leave the ORSO 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.

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 December, 2003, a banking facility of the Group amounting to NT\$100,000,000 equivalent to HK\$22,843,000 (2002: NT\$100,000,000 equivalent to HK\$22,450,000) was guaranteed jointly and severally by a minority shareholder of Supertech and the Company without charge. The minority shareholder of Supertech is also a director of Supertech.

Notes to the Financial Statements

For the year ended 31st December, 2003

38. RELATED PARTY TRANSACTIONS (Cont'd)

- (b) At 31st December, 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; and
 - Sky Lucky Metal Limited to the extent of HK\$2,000,000.

Such guarantees were released during the year.

- (c) At 31st December, 2003, a banking facility of the Group amounting to HK\$4,000,000 was guaranteed jointly and severally by a minority shareholder of LKM Heatlock and the Company without charge. The minority shareholder of LKM Heatlock is also a director of LKM Heatlock.

39. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES

The following table lists the subsidiaries of the Group as at 31st December, 2003 which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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	
			%	%	
Dongguan Lung Kee Metal Products Ltd. 東莞龍記五金製品有限公司	The PRC	HK\$103,500,000 (note b)	—	100	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\$18,000,000 (note b)	—	70	Manufacturing and marketing of mould bases
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 (note b)	—	100	Manufacturing and marketing of mould bases

Notes to the Financial Statements

For the year ended 31st December, 2003

39. PARTICULARS OF THE PRINCIPAL 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	
			%	%	
Heyuan Lung Kee Metal Products Co., Ltd. 河源龍記金屬製品有限公司	The PRC	HK\$110,000,000 (note b)	—	100	Manufacturing and marketing of mould bases
LKM Heatlock Company Limited	Hong Kong	HK\$100	—	70	Trading of hot runner system
Lung Kee International Limited	Hong Kong	HK\$2 ordinary shares HK\$2,000,002 non-voting deferred shares (note a)	—	100	Investment holding
Lung Kee Metal Japan Company Limited	Japan	JPY300,000,000	—	100	Manufacturing and marketing of mould bases
Lung Kee Metal (Malaysia) Sdn. Bhd.	Malaysia	RM750,000	—	100	Manufacturing and marketing of mould bases
Lung Kee Metal Limited	Hong Kong	HK\$2 ordinary shares HK\$10,000,002 non-voting deferred shares (note a)	—	100	Manufacturing and marketing of mould bases
Lung Kee Metal (Singapore) Pte Limited	Singapore	S\$250,000	—	100	Manufacturing and marketing of mould bases

Notes to the Financial Statements

For the year ended 31st December, 2003

39. PARTICULARS OF THE PRINCIPAL 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 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\$5,000,000 (note b)	—	100	Trading of steel
Lung Kee Steel Limited	Hong Kong	HK\$2	—	100	Trading of steel
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 (note b)	—	100	Manufacturing and marketing of mould bases
Sky Lucky Metal Limited	Hong Kong	HK\$100	—	70	Manufacturing and marketing of mould bases
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

Notes:

- a. 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.
- b. These companies are wholly-owned foreign enterprises established in the PRC.