



# LUNG KEE (BERMUDA) HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

## CONNECTED TRANSACTION

### Disposal of 60% interest in Sky Bright Metal Product Limited

The Directors are pleased to announce that the Company's indirect wholly-owned subsidiary, Lung Kee (BVI) has on 16th May, 2003 entered into a Sale and Purchase Agreement with Mr. To, a connected person (as defined in the Listing Rules) to sell to Mr. To the Disposal Shares representing 60% interest in Sky Bright for an aggregate consideration of HK\$6,805,800.

Sky Bright is owned as to 60% and 40% by Lung Kee (BVI) and Mr. To respectively. Since Sky Bright is a subsidiary of the Company and Mr. To is a connected person of the Company by virtue of him being a substantial shareholder of Sky Bright, the Sale and Purchase Agreement constitutes a connected transaction under Rule 14.23(1) of the Listing Rules. As the consideration for the Disposal represents less than 3% of the consolidated net tangible assets of the Company as disclosed in its latest published audited accounts for the period of nine months from 1st April, 2002 to 31st December, 2002, the Company is only required under the Listing Rules to publish a press notice containing details of the Disposal and to disclose the details of the Disposal in the next published annual report and accounts of the Company in accordance with Rule 14.25(1) of the Listing Rules.

#### THE SALE AND PURCHASE AGREEMENT

Parties : Vendor : Lung Kee (BVI)  
Purchaser : Mr. To

#### ASSETS TO BE DISPOSED

The Disposal Shares representing 60% equity interest in the issued share capital in Sky Bright being the entire equity interest owned by Lung Kee (BVI).

#### CONSIDERATION

The aggregate consideration payable by Mr. To to the Company under the Sale and Purchase Agreement amounts to HK\$6,805,800.

The consideration was equal to 60% of the unaudited consolidated net tangible assets of Sky Bright as at 31st March, 2003 which was determined after arm's length negotiations between Lung Kee (BVI) and Mr. To by reference to the unaudited consolidated net tangible assets of Sky Bright as at 31st March, 2003 being HK\$11,343,000.

#### PAYMENT TERMS

The consideration will be satisfied by five instalments payable by Mr. To to the Company in the following manner:

- (1) HK\$4,839,909 payable in cash upon Completion;
- (2) HK\$491,472.75 payable in cash within one month after Completion;
- (3) HK\$491,472.75 payable in cash within two months after Completion;
- (4) HK\$491,472.75 payable in cash within three months after Completion; and
- (5) HK\$491,472.75 payable in cash within four months after Completion.

The proceeds from the Disposal will be used for working capital of the Group.

#### COMPLETION

Pursuant to the Sale and Purchase Agreement, Completion is scheduled to take place on 23rd May, 2003.

#### INFORMATION ON SKY BRIGHT

Sky Bright is a company incorporated in Hong Kong on 30th December, 1993. Sky Bright is principally engaged in the manufacture of components for mould bases. As at date, the total issued share capital of Sky Bright comprises 100 shares of HK\$1.00 each, of which 60% is owned by Lung Kee (BVI) and 40% is owned by Mr. To.

The audited net profit of Sky Bright for the year ended 31st March, 2002 was approximately HK\$1,835,000 and the audited net profit of Sky Bright for the period of nine months from 1st April, 2002 to 31st December, 2002 was approximately HK\$544,000. The net asset value of Sky Bright was approximately HK\$11,343,000 according to its management account as at 31st March, 2003. No tax was levied for the year ended 31st March, 2002 and the period of nine months from 1st April, 2002 to 31st December, 2002.

#### REASONS FOR THE DISPOSAL

Since Sky Bright is a non wholly-owned subsidiary of the Company with a minority shareholder holding 40% interests and its operations are not significant to the Group, the Directors including the independent non-executive directors of the Company is of the view that it is in the interest of the Company to dispose of the Disposal Shares and concentrate on the operations and future expansion of the wholly-owned subsidiaries of the Company.

The terms and conditions of the Sale and Purchase Agreement was agreed after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) are of the view that the Disposal is on normal commercial terms and fair and reasonable so far as the shareholders of the Company are concerned.

#### GENERAL

The Company acts as an investment holding company and provides corporate management services to its subsidiaries. The Company's subsidiaries are principally engaged in the manufacturing and marketing of mould bases and trading of metal and parts.

As Sky Bright is a subsidiary of the Company and Mr. To is a connected person of the Company by virtue of him being a substantial shareholder of Sky Bright, the Disposal constitutes a connected transaction for the Company under Rule 14.23(1) of the Listing Rules. As the aggregate consideration for the Disposal is less than 3% of the consolidated net tangible assets of Company as disclosed in its latest published audited accounts for the period of nine months from 1st April, 2002 to 31st December, 2002, the Company is only required to publish a press notice containing details of the Disposal and to disclose the details of the Disposal in the Company's next published annual report and accounts in accordance with Rule 14.25(1) of the Listing Rules.

#### DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"Company"	Lung Kee (Bermuda) Holdings Limited, a company incorporated in Bermuda, the shares of which are primary listed on The Stock Exchange of Hong Kong Limited and secondary listed on The Singapore Exchange Securities Trading Limited
"Completion"	completion of the Disposal
"Directors"	the directors of the Company
"Disposal"	the disposal of 60% equity interest in Sky Bright by Lung Kee (BVI) to Mr. To as contemplated under the Sale and Purchase Agreement
"Disposal Shares"	60 shares of HK\$1.00 each representing 60% of the issued share capital of Sky Bright
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Mr. To"	Mr. To Yu Tang, the purchaser of the Disposal Shares and the beneficial owner of 40% equity interest in Sky Bright
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Lung Kee (BVI)"	Lung Kee Metal (BVI) Limited, a company incorporated in the British Virgin Islands, which is an indirect wholly-owned subsidiary of the Company and the vendor of the Disposal Shares
"Sale and Purchase Agreement"	the sale and purchase agreement dated 16th May, 2003 whereby Lung Kee (BVI) agreed to sell and Mr. To agreed to purchase the Disposal Shares
"Sky Bright"	Sky Bright Metal Product Limited, a company incorporated in Hong Kong and a 60% owned subsidiary of Lung Kee (BVI)

By Order of the Board  
**Wai Lung Shing**  
Director and Company Secretary

Hong Kong, 16th May, 2003