



The directors herein present their first report and the audited financial statements of the Company for the period from 10 January 2001 (date of incorporation) to 31 March 2001 and of the Group for the year ended 31 March 2001.

GROUP REORGANISATION

The Company was incorporated in Bermuda on 10 January 2001 as an exempted company with limited liability under the Companies Act 1981 of Bermuda.

Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company acquired Richlink International Holdings Limited, the then holding company of the subsidiaries listed in note 15 to the financial statements, and became the holding company of the Group on 26 March 2001 (the "Group Reorganisation"). Further details of the Group Reorganisation, together with details of the subsidiaries acquired pursuant thereto, are set out in notes 1, 15 and 24 to the financial statements and in the Company's prospectus dated 30 March 2001.

Subsequent to the balance sheet date, on 12 April 2001, the Company completed its initial public offering and the shares of the Company were listed on the Stock Exchange.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the Company's subsidiaries are set out in note 15 to the financial statements. There were no changes in the nature of the Group's principal activities during the year.



SEGMENTAL INFORMATION

An analysis of the Group's turnover and contribution to profit from operating activities by principal activity and geographical area of operations for the year ended 31 March 2001 is as follows:

	Turnover		Contribution to profit from operating activities	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
By principal activity:				
Manufacture and sale of:				
Melamine products	120,335	78,818	33,193	19,884
Silicon rubber products	25,624	24,007	5,953	6,482
	145,959	102,825	39,146	26,366
By geographical area:				
Hong Kong	57,902	41,494	16,471	10,639
Southeast Asia	24,120	27,496	6,439	7,050
South America	50,809	25,129	13,564	6,443
Europe	11,473	6,275	2,155	1,609
Others	1,655	2,431	517	625
	145,959	102,825	39,146	26,366

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 March 2001 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 24 to 52.

As stated in the Company's prospectus dated 30 March 2001, an interim dividend of HK\$13,000,000 (2000: HK\$10,000,000) was paid by a subsidiary of the Company to its then shareholders prior to the Group Reorganisation described in note 1 to the financial statements. The directors of the Company do not recommend the payment of any dividend in respect of the period.



SUMMARY FINANCIAL INFORMATION

The following is a summary of the published consolidated/combined results and of the assets and liabilities of the Group prepared on the basis set out in note below:

	Year ended 31 March			
	2001 HK\$'000	2000 HK\$'000	1999 HK\$'000	1998 HK\$'000
RESULTS				
Turnover	145,959	102,825	94,777	74,049
Profit before tax	37,140	24,467	20,635	16,270
Tax	(3,575)	(1,484)	(2,305)	(736)
Net profit from ordinary activities attributable to shareholders	33,565	22,983	18,330	15,534
ASSETS AND LIABILITIES				
Non-current assets	60,929	67,846	54,035	39,818
Current assets	44,082	13,365	12,358	11,434
Current liabilities	(30,879)	(18,825)	(18,425)	(16,320)
Non-current liabilities	(15,477)	(24,296)	(22,861)	(20,155)
Net assets	58,655	38,090	25,107	14,777

Note: The summary of the combined results of the Group for the three years ended 31 March 2000 and the combined balance sheets of the Group as at 31 December 1998, 1999 and 2000 has been extracted from the Company's prospectus dated 30 March 2001. This summary was prepared from the audited financial statements of the companies now comprising the Group as if the current structure of the Group had been in existence throughout these financial years and is presented on the basis set out in note 3 to the financial statements. The results of the Group for the year ended 31 March 2001 and its assets and liabilities as at that date are those set out on pages 24 and 25 of the financial statements, respectively, and are presented on the basis as set out in note 3 to the financial statements.

FIXED ASSETS AND INVESTMENT PROPERTY

Details of movements in the fixed assets and investment property of the Group are set out in notes 13 and 14 to the financial statements, respectively.



SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 15 to the financial statements.

BORROWINGS

Details of the Group's borrowings at the balance sheet date are set out in notes 19 and 21 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital since 10 January 2001 (date of incorporation), together with the reasons therefor, and details of the Company's share option scheme are set out in note 24 to the financial statements.

RESERVES

Details of movements in the reserves of the Company during the period and of the Group during the year are set out in note 25 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2001, the Company's contributed surplus account available for cash distribution and/or distribution in specie amounted to HK\$55,967,000. In accordance with the Companies Act 1981 of Bermuda, the contributed surplus may be distributed in certain circumstances.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

The Company's shares were listed on the Stock Exchange on 12 April 2001. Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period and up to the date of this report.

PENSION SCHEME

Details of the Group's pension schemes and the employee's pension costs charged to the profit and loss account for the year are set out in notes 3 and 5 to the financial statements, respectively.

In the opinion of the directors, the Group had no significant obligations for long service payments to its employees pursuant to the requirements under the Employment Ordinance, Chapter 57 of the Laws of Hong Kong at 31 March 2001.



MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 54.0% of the Group's turnover for the year, and sales to the Group's largest customer accounted for approximately 20.0% of the Group's turnover for the year.

Purchases from the five largest suppliers accounted for approximately 77% of the Group's total purchases for the year, and purchases from the Group's largest suppliers accounted for approximately 26.9% of the Group's total purchases for the year.

As far as the directors are aware, none of the directors or their respective associates, nor any of the shareholders which to the best knowledge of the directors own more than 5% of the Company's issued share capital had any beneficial interest in the Group's five largest customers and/or suppliers.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group are set out in note 30 to the financial statements.

DIRECTORS

The directors of the Company during the period were:

Executive directors

Mr. Fu Chu Kan	(appointed on 1 March 2001)
Madam Fu Yin Ling	(appointed on 1 March 2001)
Mr. Chan Kit Ming	(appointed on 1 March 2001)

Independent non-executive directors

Mr. Wong Kai Tat	(appointed on 26 March 2001)
Mr. Wong Wing Hang, Henry	(appointed on 26 March 2001)

In accordance with Clause 87 of the Company's bye-laws, Mr. Chan Kit Ming will retire by rotation and, being eligible, will offer himself for re-election at the forthcoming annual general meeting.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 10 to 11 of the Company's annual report.

REMUNERATION OF DIRECTORS AND OF THE FIVE HIGHEST PAID EMPLOYEES

Details of the directors' remuneration and that of the five highest paid employees in the Group are set out in notes 6 and 7 to the financial statements, respectively.



DIRECTORS' SERVICE CONTRACTS

Each of the executive directors has entered into a service agreement with the Company for an initial term of three years commencing from 1 March 2001, and which will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other.

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

The independent non-executive directors have been appointed for a term subject to retirement by rotation in accordance with the bye-laws of the Company.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 30 to the financial statements, no director had a significant beneficial interest, either direct or indirect, in any contracts of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN SHARE CAPITAL

Subsequent to the balance sheet date, on 12 April 2001, the shares of the Company were listed on the Stock Exchange. At the date of this report, the interests of the directors, chief executive or their respective associates in the share capital of the Company or its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), were as follows:

Name	Type of interest	Number of issued ordinary shares of HK\$0.01 each held in the Company
Mr. Fu Chu Kan	Corporate (Note)	218,000,000
Madam Fu Yin Ling	Other (Note)	–

Note: The 218,000,000 shares are held by Top Master Development Limited ("Top Master"), a company incorporated in the British Virgin Islands. The issued share capital of Top Master is beneficially owned by Mr. Fu Chu Kan and Madam Fu Yin Ling as to 90% and 10%, respectively.

In addition to the above, certain directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other interests in the ordinary shares of the Company or any of its associated corporations, as defined in the SDI Ordinance.



DIRECTORS' RIGHTS TO ACQUIRE SHARES

At the date of this report, pursuant to the Company's share option scheme adopted by the Company on 26 March 2001, the board of directors may, at its discretion, offer full-time employees of the Company or any of its subsidiaries, including executive directors (excluding non-executive directors), options to subscribe for shares in the Company. The Company has not granted any options in favour of any director during the period and up to the date of this report.

Save as disclosed above and other than in connection with the Group Reorganisation and the Company's initial public offering, at no time during the period and up to the date of this report was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

At the date of this report, the following interest of 10% or more in the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name	Number of shares held	Percentage of holding
Top Master (Note)	218,000,000	54.5%
Yue Fung International Group Holding Limited	82,000,000	20.5%

Note: The issued share capital of Top Master is beneficially owned by Mr. Fu Chu Kan and Madam Fu Yin Ling as to 90% and 10%, respectively.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 29 to the financial statements.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice, as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), following the listing of the Company's shares on the Stock Exchange on 12 April 2001.



AUDIT COMMITTEE

The Company established an audit committee (the "Committee") on 26 March 2001 with written terms of reference in compliance with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules. The primary duties of the Committee are to review and supervise the financial reporting process and internal control system of the Group. The Committee comprises two independent non-executive directors. The Group's financial statements for the year ended 31 March 2001 have been reviewed by the Committee, who are of the opinion that such statements comply with the applicable accounting standards, the Listing Rules and legal requirements and that adequate disclosures have been made.

USE OF PROCEEDS

Subsequent to the balance sheet date and upon the listing of the Company's shares on the Stock Exchange on 12 April 2001, none of the proceeds has been utilised and they are, at the date of this report, deposited with banks. The directors are of the opinion that the remaining proceeds will be applied in the coming year to their intended use as set out in the Company's prospectus dated 30 March 2001.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD
Fu Chu Kan
Chairman and Managing Director

Hong Kong
26 July 2001