INDEBTEDNESS

At the close of business on 31st August, 2002, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, the Group had outstanding interest bearing bank borrowings of approximately $5.2 million comprising approximately $3.2 million overdraft, approximately $1.9 million working capital and short term loans, and $0.1 million instalment loan in connection with acquisition of a motor vehicle.

Securities

As at 31st August, 2002, the Group had available banking facilities of approximately $41,300,000. The Group's available banking facilities were secured by (i) legal charges on certain of the Group's land and buildings located in Hong Kong and the PRC; (ii) cross corporate guarantees among Ronco Trading, Rontex (H.K.) and Take Luck; (iii) assignment of documentary credits issued in favour of Ronco Trading, Rontex (H.K.) and Take Luck; (iv) pledge over deposits amounted to $2,000,000 from Mr. Cheung and Mrs. Cheung; (v) a motor vehicle of Rontex (Ningbo); and (vi) joint and several personal guarantees given by Mr. Cheung and Mrs. Cheung.

Subsequent to 31st August, 2002, the Group received consent in principle from the relevant banks to the effect that the pledge and the guarantees stated in (iv) and (vi) above will be released and replaced by corporate guarantees and/or other security provided by the Company and/or other members of the Group upon the listing of the Shares on the Stock Exchange.

Contingent Liabilities

As at 31st August, 2002, the Group had contingent liabilities in respect of the following:

	$'000
Contingent liabilities arising from export bills discounted with recourse	7,564
Long services payment	110
	7,674

Disclaimer

Save as aforesaid or as otherwise disclosed herein and apart from intra-Group liabilities, the Group did not have as at the close of business on 31st August, 2002 any mortgages, charges, debentures or other loan capital or bank overdrafts, loans or other similar indebtedness or hire purchase commitments or any guarantees or other material contingent liabilities.

The Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of the Group since 31st August, 2002.

Practice Note 19 of the Listing Rules

The Directors have confirmed that as at the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Practice Note 19 of the Listing Rules.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Net current assets

As at 31st August, 2002, being the latest practicable date for the purpose of this statement, the Group had net current assets of approximately $5.8 million. Current assets of the Group comprised cash and bank balances of approximately $3.3 million, accounts receivable of approximately $10 million, inventories of approximately $1.8 million and prepayments and deposits and other receivables of approximately $3.9 million. Current liabilities of the Group comprised bank borrowings of approximately $5.2 million, accounts payable and accrued liabilities of approximately $7.4 million, other payables of approximately $0.1 million, due to a director of approximately $0.06 million and tax payable of approximately $0.4 million.

Borrowings and banking facilities

As at 31st August, 2002, the Group had outstanding interest bearing bank borrowings of approximately $5.2 million comprising approximately $3.2 million overdraft, approximately $1.9 million working capital and short term loans, and $0.1 million instalment loan in connection with acquisition of a motor vehicle and had aggregate banking facilities of approximately $41.3 million available to the Group. Taking into consideration the financial resources available to the Group, including the internal funds, the available banking facilities and the estimated net proceeds from the Offer, the Directors are of the view that the Group has sufficient working capital for its present requirements.

The Group generally financed its operations with internally generated cashflow and banking facilities secured by joint and several personal guarantee given by Mr. Cheung and Mrs. Cheung together with certain properties of the Group and personal deposits of Mr. Cheung and Mrs. Cheung, as provided by its bankers in Hong Kong and the PRC. Subsequent to 31st August, 2002, the Group received consent in principle from the relevant banks to the effect that the pledge of personal deposits of Mr. Cheung and Mrs. Cheung and the joint and several personal guarantees given by Mr. Cheung and Mrs. Cheung will be released and replaced by corporate guarantees and/ or other security provided by the Company and/or other members of the Group upon the listing of the Shares on the Stock Exchange.

As at 31st August, 2002, the Group had aggregate banking facilities of approximately $41.3 million, out of which approximately $5.2 million, representing approximately 12.6% of the aggregate banking facilities available to the Group, had been utilised.

The Group's borrowings are made in US dollars, RMB and Hong Kong dollars. As at the Latest Practicable Date, all of the RMB bank borrowings are at fixed interest rate of 5.46% per annum whilst the Hong Kong dollars borrowings are at variable interest rate ranging from 0.5% to 0.75% above the best lending rate. As at 31st August, 2002, the Group did not have outstanding hedging instruments.

For each of the three years ended 31st March, 2002, the Group's gearing ratios representing by the interest-bearing borrowing as a percentage of the Group's total assets amounted to approximately 8.4%, 1.1% and 0.4% respectively.

Dividend

For each of the three years ended 31st March, 2002, the Group paid dividends in the amounts of approximately $9.0 million, $9.0 million, $9.5 million respectively, representing approximately 48%, 41%, 42% of the profit attributable to shareholders for the respective periods. A special dividend of $10 million was declared and paid by the Group on 31st July, 2002. The payment of these dividends was financed by internal resources of the Group.

Potential investors should note that the above dividend payments should not be used as a reference for the Company's dividend policy. Further details on the dividend policy of the Company are set out in the paragraph headed "Profit forecast, dividends and working capital" under this section of the prospectus.

Payment of any future dividends will be financed from the internal resources of the Group.

Capital commitment

As at 31st August, 2002, the Group had no significant capital commitment.

Working Capital

The Directors are of the opinion that, taking into account the financial resources available to the Group including internally generated funds, the present available banking facilities and the estimated net proceeds from the issue of the New Shares, the Group has sufficient working capital to meet its present requirements.

TRADING RECORD

Summary of combined results of the Group

The following summarises the Group's combined turnover and results for the three years ended 31st March, 2002 which are extracted from the accountants' report, the text of which is set out in Appendix 1 to this prospectus:

	Year ended 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
Turnover by products:			
Woven wear	65,005	79,200	73,628
Knitwear	29,233	40,872	30,246
Sweaters	11,982	7,041	9,612
Premium	9,108	14,914	13,252
Turnover *(Note 1)*	115,328	142,027	126,738
Cost of sales	(74,039)	(94,363)	(84,001)
Gross profit	41,289	47,664	42,737
Other revenue	632	1,316	1,125
Selling and distribution costs	(9,939)	(12,325)	(10,780)
Administrative expenses	(6,052)	(6,724)	(8,014)
Other operating expenses	(5,019)	(4,985)	–
Profit from operating activities	20,911	24,946	25,068
Share of profits and losses of an associate	–	–	718
Finance costs	(2,232)	(2,394)	(1,793)
Profit before tax	18,679	22,552	23,993
Tax	(61)	(479)	(1,355)
Net profit from ordinary activities attributable to shareholders	18,618	22,073	22,638
Dividends *(Note 2)*	9,000	9,000	9,500
Earnings per Share *(Note 3)*	11.4¢	13.5¢	13.8¢

Notes:

1. Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts. All significant intra-group transactions have been eliminated on combination.

2. On 31st July, 2002, the Group further declared special dividends of $10 million to its then shareholders. The payment of these dividends was financed by internal resources of the Group.

3. The calculation of earnings per Share for the three years ended 31st March, 2002 is based on the net profit attributable to shareholders for the respective periods and on the assumption that 164,000,000 Shares were in issue, comprising 20,000,000 Shares in issue as the date of this prospectus and 144,000,000 Shares to be issued pursuant to the Capitalisation Issue.

4. The gross and operating profit analysis is set out as follows:

	Woven wear	Knitwear	Sweaters	Premium	Total
	$'000	*$'000*	*$'000*	*$'000*	
For the year ended 31st March, 2000					
Sales	65,005	29,233	11,982	9,108	115,328
Cost of Sales	(41,010)	(18,442)	(7,559)	(7,028)	(74,039)
Gross Profit	23,995	10,791	4,423	2,080	41,289
Gross Profit %	36.9%	36.9%	36.9%	22.8%	35.8%
Operating profit	12,436	5,594	2,292	589	20,911
Operating profit %	19.1%	19.1%	19.1%	6.5%	18.1%
For the year ended 31st March, 2001					
Sales	79,200	40,872	7,041	14,914	142,027
Cost of Sales	(51,629)	(26,644)	(4,590)	(11,500)	(94,363)
Gross Profit	27,571	14,228	2,451	3,414	47,664
Gross Profit %	34.8%	34.8%	34.8%	22.9%	33.6%
Operating profit	14,835	7,655	1,318	1,138	24,946
Operating profit %	18.7%	18.7%	18.7%	7.6%	17.6%
For the year ended 31st March, 2002					
Sales	73,628	30,246	9,612	13,252	126,738
Cost of Sales	(48,282)	(19,834)	(6,303)	(9,582)	(84,001)
Gross Profit	25,346	10,412	3,309	3,670	42,737
Gross Profit %	34.4%	34.4%	34.4%	27.7%	33.7%
Operating profit	15,347	6,303	2,004	1,414	25,068
Operating profit %	20.8%	20.8%	20.8%	10.7%	19.8%

The Directors are aware of the requirement of Rule 8.06 of the Listing Rules which states that the latest financial period reported on by the reporting accountants must not have ended more than six months before the date of this prospectus.

The Company has sought and obtained a waiver from strict compliance with such requirement from the Stock Exchange. The Directors confirm that they have performed sufficient due diligence on the Group to ensure that, up to the Latest Practicable Date, there has been no material adverse change in the financial position of the Group since 31st March, 2002, and there is no event which would materially affect the information shown in the accountants' report set out in Appendix 1 to this prospectus.

The turnover, gross profit and net profit for each of the three years ended 31st March, 2002

For the two years ended 31st March, 2001, the Group experienced an overall growth in turnover, gross profit and net profit due to growing demand in South American countries in woven wear, knitwear, sweaters and premium products. However, the Group experienced an interruption in receiving sales orders for the year ended 31st March, 2002 due to set back of the world economy starting from April 2001. Accordingly, the Group recorded decreases in turnover and gross profit for the year ended 31st March, 2002 when compared with those of the financial year ended 31st March, 2001. Nevertheless, the Group's turnover, gross profit and net profit still recorded an overall growth of approximately 9.9%, 3.5% and 21.6% respectively for the year ended 31st March, 2002 when compared with those of the financial year ended 31st March, 2000.

Taxation

All of the Group's sales generated from trading activities to its customers were invoiced by Rontex (H.K.) (prior to 1st April, 2001, Take Luck) and Ronco Trading (the "Sales Companies") in respect of garment products and premium products manufactured by Independent suppliers located in the PRC during the Track Record Period. The Sales Companies would commission Ever Gold to carry out certain activities (the "Services") in South America, which include (a) performing marketing functions and promoting the products of the Sales Companies in South America; (b) soliciting new buyers and maintaining good business relationships with existing buyers; (c) soliciting purchase orders and negotiating with the buyers to strive for the best selling price; (d) performing incidental work from time to time in connection with the discharge of the Services which include obtaining information on trends from magazines and catalogues and attending exhibitions and trade fairs; and (e) performing incidental work from time to time in connection with the discharge of the Services including but not limited to the engagement of an Independent Chilean marketing consultant who actively travels in South America to perform the Services. The fees for the Services were calculated based on unconditional guaranteed annual gross profit margins of 15% and 23% in connection with the sourcing and exporting of garment and premium products after deducting the sales agency fee paid to Ever Gold in consideration of the Services rendered respectively. The Directors have confirmed that the level of gross profit margins currently received by the Sales Companies was determined with reference to the actual prior operating results/experience before the establishment of Ever Gold and engagement of the Independent Chilean marketing consultant in August 1998. Accordingly, the Directors consider that the above gross profit margins were determined based on similar terms and conditions offered by other Independent third party exporters or trading companies in Hong Kong. The Services were rendered to the Sales Companies by further engaging an individual holding Chilean citizenship and residing in Chile by Ever Gold to perform the sales agency services. The fees for the Services were settled monthly by the Sales Companies to Ever Gold by telegraphic transfers to a designated bank account kept in the US.

The Directors have confirmed that the contractual relationship between the Sales Companies and Ever Gold is part of a management system to properly measure the two functional departments, namely the procurement and sourcing department and the sales and marketing department. After years of operations, the Directors are of the view that the procurement and sourcing function of the Group is stable and the management objective is to emphasise on management efficiency and cost control. Accordingly, in evaluating the performance of its procurement and sourcing department, its gross profit margins are fixed and the Hong Kong based Sales Companies are therefore protected from any fluctuations in gross profit margin earned from the garment and premium products. The performance of the procurement and sourcing department on cost control and management efficiency can then be easily measured from its segmental generated profits. The gross profit margins in connection with the sourcing and exporting of garment and premium products are fixed at 15% and

23% respectively which are, in the Directors' opinion, in line with other trading companies entirely based in Hong Kong without any marketing teams based in the overseas target markets. The Directors are of the opinion that, under the present contractual arrangement, the price negotiation efforts and the performance of the Independent Chilean based marketing consultant together with his team can be properly measured by reviewing the financial performance of Ever Gold, the marketing segment of the Group.

Regarding the sales and marketing consultancy engagement by Ever Gold of the Independent Chilean marketing consultant, the Independent Chilean marketing consultant is required further to (a) solicit purchase orders for the Sales Companies based on the determined range of selling prices of each product as instructed by the directors of Ever Gold (the "Instructions"); (b) negotiate with the buyers to strive for the best selling price upon receipt of the Instructions; and (c) perform the incidental work from time to time in connection with the discharge of the Services and to engage not less than nine marketing personnel who actively travel in South America, principally Chile and Peru, to visit, liaise and entertain the existing and potential customers of the Group to solicit purchase orders. The sales commissions for such services were calculated based on certain percentage equal to 4% to 4.5% (or such other sum as the parties may agree from time to time) of the gross invoiced value of the sales orders taken by the Sales Companies which are introduced by the Independent Chilean marketing consultant and sold to the buyers in South America. The sales commissions would embrace all sorts of expenses in relation to the provision of the Services including selling and administration expenses and any tax liability imposed by any Chilean and South American countries which may be incurred or arisen in relation to the provision of the Services. The sales commissions for such Services were settled monthly by Ever Gold through the Sales Companies to the Independent Chilean marketing consultant by telegraphic transfers to a designated bank account kept in the US. For each of the three years ended 31st March, 2002, the Group had paid approximately $4.7 million, $5.6 million and $5.1 million sales commission to the Independent Chilean marketing consultant respectively.

As the services of Ever Gold were provided to the Sales Companies in South America (but not in Hong Kong) by engaging an Independent marketing consultant holding Chilean citizenship and residing in Chile together with his team of marketing professionals, no tax filing was made by Ever Gold to the Inland Revenue Department of Hong Kong as its profits are offshore in nature according to the provisions of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) and should not be subject to Hong Kong profits tax.

During the Track Record Period, the Group's trading profits recorded in the books of the Sales Companies were subject to Hong Kong profits tax. Provisions for Hong Kong profits tax have been made at the applicable rate of 16% on the assessable profits arising in Hong Kong for the Track Record Period. Based on the Chilean tax and legal opinions obtained by the Group, Ever Gold's operations do not constitute an establishment of agency, representative office or company in Chile and is not subject to any Chilean tax exposures due to the fact that the Independent Chilean sales and marketing consultant is engaged by Ever Gold on a principal to principal basis and he has to finance his own operation expenses and the Independent Chilean sales and marketing consultant as Chilean citizen with activities in Chile is liable to Chilean tax over his profits earned, as company and as owner. Furthermore, Ever Gold is not subject to any Chilean withholding tax as Ever Gold does not provide any sales and marketing services to any Chilean company nor receive any remuneration from any Chilean company. As a result, the effective tax rates of the Group were approximately 0.3%, 2.1% and 5.7% over the three years ended 31st March, 2002.

In addition, Rontex (Ningbo), being the Group's wholly owned foreign subsidiary established in the PRC is subject to PRC foreign enterprise income tax of standard tax rate of 33% with a five-years tax holiday. That is, Rontex (Ningbo) is entitled to exemption from PRC foreign enterprise income tax for the first two profitable years and a 50% reduction from PRC foreign enterprise income tax for the succeeding three years. As Rontex (Ningbo) has taxation losses carried forward, its tax holiday has not yet commenced.

Year ended 31st March, 2000

For the year ended 31st March, 2000, the Group recorded a turnover of approximately $115.3 million, generating gross profit and net profit attributable to shareholders of approximately $41.3 million and $18.6 million respectively. Turnover was attributable to sales of woven wear, knitwear, sweaters and premium products which accounted for approximately 56.4%, 25.3%, 10.4% and 7.9% respectively of sales. The gross profit margins of woven wear, knitwear, sweaters and premium products of the Group then were approximately 36.9%, 36.9%, 36.9% and 22.8% respectively. The Group's overall gross profit margin and operating profit margin were approximately 35.8% and 18.1% respectively.

Year ended 31st March, 2001

For the year ended 31st March, 2001, the Group recorded a turnover of approximately $142 million, representing an increase of approximately 23.2% over that of the previous financial year. Turnover was attributable to sales of woven wear, knitwear, sweaters and premium products which accounted for approximately 55.8%, 28.8%, 5.0% and 10.4% respectively of such sales. The Group's gross profit and net profit attributable to shareholders increased from approximately $41.3 million and $18.6 million respectively for the year ended 31st March, 2000 to approximately $47.7 million and $22.1 million respectively for the year ended 31st March, 2001, representing increases of approximately 15.4% and 18.6% respectively. The Directors consider that the increases in turnover and net profit attributable to shareholders were mainly due to the strong demand in Peru, Canada and Argentina for the Group's products. The gross profit margins of woven wear, knitwear and sweaters decreased by approximately 2.1% to 34.8% respectively when compared with those of the previous financial year. The Directors attributed the decrease of gross profit margin together with increase in sales volume of its woven wear and knitwear for the year ended 31st March, 2001 as a result of intentional decrease in its selling prices over the year to increase its market share of woven wear in Chile and Peru. For its sweaters, the Directors attributed the decreases in both turnover and gross profit margin as a result of non-competitive prices offered by its sweaters suppliers in the southern part of the PRC. Conversely, due to the Group's efforts in locating cost-effective suppliers in the PRC, the Group's gross profit margin of premium products increased by approximately 0.1% to 22.9% together with an increase in turnover by approximately 63.7% when compared with those of the previous financial year. Overall, the Group's overall gross profit margin and operating margin were reduced by only approximately 2.2% and 0.5% to 33.6% and 17.6% respectively compared with previous financial year. Nevertheless, the Group's overall gross profit and operating profit increased by approximately 15.4% and 19.3% to $47.7 million and $24.9 million when compared with those of the previous financial year.

Year ended 31st March, 2002

For the year ended 31st March, 2002, the Group recorded a turnover of approximately $126.7 million, representing a decrease of approximately 10.8% over that of the previous financial year. Turnover was attributable to sale of woven wear, knitwear, sweaters and premium products which accounted for approximately 58.1%, 23.8%, 7.6% and 10.5% respectively of such sales. Nevertheless, the Group was able to maintain its competitiveness and implemented stringent costs control measures and the Group's net profit attributable to shareholders increased by approximately 2.6% to $22.6 million for the year ended 31st March, 2002, when compared with that of the previous year. The Directors attributed the decreases in turnover and gross profits were mainly due to the set back of the world economy starting from April 2001 and decrease in demand in the Group's products. Although the gross profit margins the Group's woven wear, knitwear and sweaters recorded decrease of approximately 0.4% to 34.4% respectively due to significantly price pressures, the Group still recorded improvements in operating profit margins for its woven wear, knitwear and sweater products by approximately 2.1% to approximately 20.8%, 20.8% and 20.8% respectively. The Directors attributed such improvements in operating profit margins as a result of the Group's negotiation efforts to shift a significant portion of its outward freight charges to its customers and suppliers which led to a significant reduction in outward freight charges by $0.6 million when compared with the previous financial year, the Group's overall selling and distribution costs were reduced by approximately 12.5% to $10.8 million when compared with that of the previous year. In addition, the Group ceased its activities of investing in listed equity securities after 2 continuous years of loss since January 1999. This reduced significantly its other operating expenses by approximately $5 million as compared with that of previous year. Although the sales of premium products recorded a decrease of approximately 11.1% to $13.3 million, its gross profit margin and operating profit margin were further improved by approximately 4.8% and 3.1% to approximately 27.7% and 10.7% respectively when compared with those of the previous financial year. The Directors attributed the increase in gross profit margin and operating profit margin of the Group's premium products to the Group's efforts in locating cost-effective premium products suppliers during the year. Due to the Group's efforts to locate more price-competitive suppliers of sweaters, its sweater sales even recorded a growth of approximately 36.5% when compared with that of the previous financial year. In addition, owing to the cessation of the Group's investment activities in listed shares in Hong Kong after April 2001, which incurred significant losses of approximately $4.7 million for each of the two years ended 31st March, 2001, the other operating expenses were significantly reduced for the year ended 31st March, 2002. Overall, the Group's gross profit margin and operating profit were maintained at approximately the same level and showed slight improvements of approximately 0.1% and 2.2% to approximately 33.7% and 19.8% respectively when compared with those of the previous financial year.

PROPERTIES

The Group has its head office and principal place of business at Offices A and B, 23rd Floor, Chun Wo Commercial Centre, 23, 25, 27 and 29 Wing Wo Street and 26 Wing Kut Street, Central, Hong Kong for office purposes. The units have a gross floor area of approximately 2,800 sq.ft..

The Group also owns a director's quarters at Flat B, 1st Floor and its Flat Roofs and Car Parking Space No. 13 on Ground Floor, Haddon Court, No. 41C Conduit Road, Hong Kong. The unit has a gross floor area of approximately 1,800 sq.ft..

The factory premises of Rontex (Ningbo) is owned by the Group which occupies a piece of industrial land in Ningbo, the PRC of 6,567.9 sq.m.. The premises has 2 three-storey industrial buildings with an aggregate gross floor area of 5,204.59 sq.m..

The owned property interests of the Group carried an open market value of approximately $22,350,000 as at 31st July, 2002 as assessed by DTZ Debenham Tie Leung Limited, an independent property valuer.

The text of a letter with a summary of valuation and valuation certificate of these property interests prepared by DTZ Debenham Tie Leung Limited is set out in Appendix 3 to this prospectus.

PROFIT FORECAST, DIVIDENDS AND WORKING CAPITAL

Profit forecast

The Directors forecast that, in the absence of unforeseen circumstances and on the bases and assumptions set out in Appendix 2 to this prospectus, the combined profit after tax but before extraordinary items of the Group for the year ending 31st March, 2003 will not be less than $30 million. The Directors are not aware of any extraordinary items which had arisen in respect of the year ending 31st March, 2003.

On the basis of the above forecast combined profit after tax of approximately $30 million and the weighted average number of 178,202,740 Shares expected to be in issue during the year ending 31st March, 2003, the forecast earnings per Share will amount to 16.8¢, representing a weighted average prospective price/earnings multiple of 5.94 times based on the Offer Price. This does not take into account any Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme or which may be allotted and issued or purchased by the Company pursuant to the general mandates for the allotment and issue or purchase of Shares granted to the Directors as referred to in the paragraph headed "Resolutions of all shareholders of the Company passed on 19th October, 2002" in Appendix 5 to this prospectus. On the assumption that the Offer had been completed and a total of 200,000,000 Shares were in issue on 1st April, 2002, the forecast pro forma fully diluted earnings per Share will be equivalent to 15.0¢, representing a pro forma fully diluted price/earnings multiple of 6.67 times based on the Offer Price.

The text of the letters from HLB Hodgson Impey Cheng, the auditors and reporting accountants, and from the Sponsors in respect of the profit forecast is set out in Appendix 2 to this prospectus.

Dividend

On 31st July, 2002, the Group declared and paid special dividends of $10 million to its then shareholders. The payment was financed by the internal resources of the Group. The Directors confirm that the declaration, payment and amount of future dividend will be subject to the discretion of the Directors and will be dependent upon the Group's earnings, financial condition, cash requirements and availability and all other relevant factors. On the basis of the above profit forecast and in the absence of unforeseen circumstances, the Directors have no intention of recommending a final dividend for the financial year ending 31st March, 2003.

The Directors presently intend that any future interim and final dividends in respect of the financial years commencing 1st April, 2003 and beyond will be paid in or around January and September respectively of each year and that interim dividends will represent approximately one-third of the expected total dividends for each year. On the basis that the Company would have been a listed company for the whole financial year ended 31st March, 2003, the Directors would expect to have paid a dividend of 5.0¢ per Share, representing a pro forma dividend yield of approximately 5.0% to the Offer Price.

Working capital

Taking into account the financial resources available to the Group including internally generated funds, the present available banking facilities of the Group and the estimated net proceeds from the issue of the New Shares, the Directors are of the opinion that the Group has sufficient working capital for its present requirements.

DISTRIBUTABLE RESERVES

The Company was incorporated in the Cayman Islands on 7th June, 2002. There was no reserve available for distribution to the shareholders of the Company as at 31st March, 2002.

ADJUSTED NET TANGIBLE ASSETS

The following pro forma statement of the adjusted net tangible assets of the Group is based on the audited combined net tangible assets of the Group as at 31st March, 2002 as shown in the accountants' report, the text of which is set out in Appendix 1 to this prospectus, adjusted as described below.

	$'000
Combined net tangible assets of the Group as at 31st March, 2002	38,326
Combined profit after taxation of the Group for the five months ended 31st August, 2002 based on the Group's unaudited management accounts	15,710
Special dividends declared and paid on 31st July, 2002	(10,000)
Estimated net proceeds of the issue of the New Shares	28,800
Adjusted net tangible assets of the Group	72,836
Adjusted net tangible asset value per Share *(Note)*	36.4¢

Note: The adjusted net tangible asset value per Share is arrived at after the adjustments as referred to in this section and on the basis of a total of 200,000,000 Shares expected to be in issue immediately following the completion of the Offer and the Capitalisation Issue, but takes no account of any Shares which may fall to be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme or which may be allotted and issued or purchased by the Company pursuant to the general mandates for the allotment and issue or purchase of Shares granted to the Directors as referred to in the paragraph headed "Resolutions of all shareholders of the Company passed on 19th October, 2002" in Appendix 5 to this prospectus.

NO MATERIAL CHANGE

The Directors have confirmed that since 31st March, 2002, being the date to which the latest audited combined financial statements of the Group were made up, there has been no adverse material change in the financial or trading position or prospects of the Group.