The following is the text of a report, prepared for the purposes of incorporation in this prospectus, received from the auditors and reporting accountants of the Group, HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, Hong Kong.

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28th October, 2002

The Directors
Rontex International Holdings Limited
CSC Asia Limited
First Asia Finance Group Limited

Dear Sirs,

We set out below our report on the financial information regarding Rontex International Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended 31st March, 2002, (the "Relevant Periods"), prepared on the basis set out in Section 1 below, for inclusion in the prospectus of the Company dated 28th October, 2002 (the "Prospectus").

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 7th June, 2002 under the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands for the purpose of acting as a holding company of the subsidiaries set out in Section 1 below. The Company has not carried on any business since the date of its incorporation save for the acquisition on 19th October, 2002 of the entire issued share capital of Falcon Vision Limited ("Falcon Vision"), a company incorporated in the British Virgin Islands, which is, at the date of this report, the intermediate holding company of the other subsidiaries set out in Section 1 below.

As at the date of this report, no audited financial statements have been prepared for the Company and Ever Gold Limited ("Ever Gold") since their respective dates of incorporation. We have, however, performed our own independent review of all relevant transactions of the Company and Ever Gold since their respective dates of incorporation and carried out such procedures as we considered necessary for inclusion of financial information relating to the Company and Ever Gold in this report.

We have examined the audited financial statements or, where appropriate, management accounts of all the companies now comprising the Group for the Relevant Periods, or from the respective dates of their incorporation where this is a shorter period, and have carried out such additional procedures as we considered necessary, in accordance with the Auditing Guideline "Prospectuses and the reporting accountant" issued by the Hong Kong Society of Accountants.

We have acted as auditors of all of the companies now comprising the Group for each of the periods referred to in this report except as set out below:

Name of company	Financial period	Auditors
Ronco Trading Company Limited ("Ronco Trading")	For the year ended 31st March, 2001	Messrs. Peter Y. H. Lam & Co. Certified Public Accountants Hong Kong
	For the year ended 31st March, 2000	Messrs. K.W. Lai & Co. Certified Public Accountants Hong Kong
Take Luck Development Limited ("Take Luck")	For the year ended 31st March, 2001	Messrs. Peter Y. H. Lam & Co. Certified Public Accountants Hong Kong
	For the year ended 31st March, 2000	Messrs. K.W. Lai & Co. Certified Public Accountants Hong Kong

In addition, for 寧波朗迪紡織品有限公司 (Rontex Co., Limited) ("Rontex (Ningbo)"), its PRC statutory audited financial statements for the period from 17th August, 2000 (date of establishment) to 31st December, 2001 were audited by Messrs. Ningbo Zhencheng United Certified Public Accountants, the PRC.

The statutory financial statements of Rontex (Ningbo) were prepared in accordance with the applicable relevant PRC accounting principles and financial regulations. For the purpose of this report and the preparation of the combined financial statements of Falcon Vision and its subsidiaries for the years ended 31st March, 2001 and 2002, we have undertaken an independent audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants of the financial statements of Rontex (Ningbo) for the period from 17th August, 2000 (date of establishment) to 31st March, 2002 for the purpose of determining any adjustments necessary to comply with accounting principles generally accepted in Hong Kong.

The summaries of the combined results, movements in equity and cash flows of the Group for each of the periods referred to in this report and of the combined balance sheets of the Group as at 31st March, 2000, 2001 and 2002 (the "Summaries") set out in this report have been prepared from the audited financial statements or, where appropriate, management accounts of the companies now comprising the Group, after making such adjustments as we consider appropriate and are presented on the basis set out in Section 1 below.

The directors of the respective companies now comprising the Group are responsible for preparing the financial statements of the respective companies which give a true and fair view. In preparing these financial statements, it is fundamental that appropriate accounting policies are selected and applied consistently. The directors of the Company are also responsible for preparing the Summaries which give a true and fair view. In preparing such financial information, it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion, based on our audits, on the Summaries.

In our opinion, the Summaries together with the notes thereto give, for the purpose of this report and on the basis of presentation set out in Section 1 below, a true and fair view of the combined results, movements in equity and cash flows of the Group for the Relevant Periods and of the combined balance sheets of the Group as at 31st March, 2000, 2001 and 2002.

1. BASIS OF PRESENTATION

The Summaries, which are based on the audited financial statements and management accounts of the companies now comprising the Group, after making such adjustments as we consider appropriate, include the results, balance sheets, movements in equity and cash flows of the companies now comprising the Group as if the current Group structure had been in existence throughout the Relevant Periods, or from the respective dates of their incorporation where this is a shorter period. All significant intra-group transactions, cash flows and balances have been eliminated on combination.

At the date of this report, the Company had direct or indirect interests in the following subsidiaries, all of which are private companies (or, if incorporated or registered outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name of company	Place and date of incorporation/ establishment	Particulars of issued and fully paid up share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Subsidiaries:					
Falcon Vision Limited ("Falcon Vision")	BVI 4th July, 2001	Ordinary US$1,000	100%	–	Investment holding
Rontex Holdings Limited ("Rontex (H.K.)")	Hong Kong 10th March, 2000	Ordinary HK$100,000	–	100%	Trading of garment products
Ronco Trading Company Limited ("Ronco Trading")	Hong Kong 23rd August, 1994	Ordinary HK$1,000,000	–	100%	Trading of premium products and investment holding
Take Luck Development Limited ("Take Luck")	Hong Kong 9th July, 1992	Ordinary HK$10,000	–	100%	Property holding and investment holding
Ever Gold Limited ("Ever Gold ")	Samoa 31st August, 1998	Ordinary US$1,000	–	100%	Provision of marketing and sales support services
寧波朗迪紡織品有限公司 (Rontex Co., Ltd.) ("Rontex (Ningbo)")	The PRC 17th August, 2000	Registered Capital US$700,000	–	100%	Manufacture and sale of garment products

All companies comprising the Group, except for Rontex (Ningbo), have adopted 31st March as their financial year end date. Rontex (Ningbo) has adopted 31st December as its financial year end date.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted by the Group in arriving at the financial information set out in this report, which conform with accounting principles generally accepted in Hong Kong, are set out below:

(a) Basis of Preparation

The measurement basis used in the preparation of the financial statements is historical cost modified by the revaluation of certain properties, and the marking to market of certain investment in securities as explained in the accounting policies set out below.

(b) Subsidiaries

A subsidiary is an enterprise controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Subsidiaries are incorporated in the financial statements so long as the controls are not intended to be temporary because the subsidiaries were acquired and held exclusively with a view to its subsequent disposal in the near future.

(c) Associate

An associate is an enterprise over which the Group is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of an associate are incorporated in these financial statements using the equity method of accounting. The carrying amount of such interest is reduced to recognise any impairment loss in the value of individual investments.

Where a group enterprise transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

(d) Investment in Securities

Investments held on a continuing basis for an identified long-term purpose with no significant influence exercised by the Group are classified as Investment Securities. Investment Securities are recognised on a trade-date basis and are stated in the balance sheet at costs less any provision for diminution in value which is expected to be other than temporary. The amounts of provision or any profits or losses arising from sale of Investment Securities are accounted for in the income statement.

Where securities which are neither held to maturity nor held for long-term purpose are classified as other investments and are measured at subsequent reporting date at fair value. Unrealised gains and losses are included in net profit or loss for the year as they arise.

(e) Fixed Assets and Depreciation

i. Valuation

Land and buildings held for use in the production or supply of goods or for administrative purpose are stated in the balance sheet at their revalued amounts, being the fair value on the basis of their existing use at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained profits.

Construction in progress is investment in land and buildings on which construction work has not been completed and which, upon completion, management intend to hold for production purposes. These properties are carried at cost except for the land which is revalued at the fair value on the basis of their existing use at the date of revaluation, which includes development and construction expenditure incurred and interest and other direct costs attributable to the development less any accumulated impairment losses. On completion, the properties are transferred to land and buildings at valuation less accumulated impairment losses.

Fixed assets other than land and buildings and construction in progress are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the fixed assets have been put into operations, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of the fixed asset.

ii. Depreciation

Depreciation is provided on the straight-line basis to write off the cost of each asset over its estimated useful life, and after taking into account their estimated residual value. The principal annual rates used for this purpose are as follows:

Leasehold land	–	Over the unexpired terms of respective leases
Buildings	–	2% – 5%
Construction in progress	–	Nil
Leasehold improvements	–	20%
Plant and machinery	–	6.67%
Furniture and fixtures	–	20%
Office equipment	–	10% – 20%
Motor vehicles	–	10% – 30%

iii. Disposition

Gains or losses arising from the retirement or disposal of fixed assets are determined as the difference between the estimated net disposal proceeds and the carrying amount of the relevant asset and are recognised in the income statement on the date of retirement or disposal.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of manufacturing overheads, and/or, where appropriate, subcontracting charges. Net realisable value is based on estimated selling prices in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Accounts Receivable

Accounts receivable, which generally have credit terms of 30-60 days, are recognised and carried at original invoice amount. An estimate for doubtful debts is made and deducted when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(h) Foreign Currencies

Translations in foreign currencies are translated into Hong Kong dollars at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. All gains or losses on translation of foreign currencies are dealt with in the income statement.

On combination, the financial statements of overseas subsidiaries are translated into Hong Kong dollars at the applicable rates of exchange ruling at the balance sheet date. Income and expense items are translated at the average exchange rates for that 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 operations is disposed of.

(i) Current Assets and Liabilities

Current assets are expected to be realised within twelve months of the balance sheet date or in the normal course of the Group's operating cycle. Current liabilities are expected to be settled within twelve months of the balance sheet date or in the normal course of the Group's operating cycle.

(j) Deferred Tax

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

(k) Cash Equivalents

Cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance.

(l) Retirement Benefits Scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. The Scheme became effective from 1st December, 2000. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the Scheme. The assets of the Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed to the Scheme except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the Scheme.

(m) Recognition of Revenue

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

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

- interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable; and

- dividend income from investment in securities is recognised when the shareholder's right to receive payment is established.

(n) Impairment of Assets

Tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised to reduce the asset to its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or has decreased. A reversal of an impairment loss is recognised as income immediately.

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligations.

(p) Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(q) Segment Reporting

In accordance with the Group's internal financial reporting the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

In respect of geographical segment reporting, revenue are based on the country in which the customer is located.

Analysis of assets and liabilities by products and by geographical markets have not been prepared as most of the Group's assets and liabilities were unable to be allocated in view of the nature of the Group's business. Accordingly, the directors consider that such information is not meaningful or representative for the purpose of this report.

(r) Related Parties

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

(s) Related Party Transactions

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3. COMBINED RESULTS

The following is a summary of the combined results of the Group for each of the three years ended 31st March, 2002, prepared on the basis set out in Section 1 above:

		Year ended 31st March,		
		2000	2001	2002
	Notes	*$'000*	*$'000*	*$'000*
Turnover	*(a)*	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	*(a)*	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	*(b)*	20,911	24,946	25,068
Share of profits and losses of an associate		–	–	718
Finance costs	*(d)*	(2,232)	(2,394)	(1,793)
Profit before tax		18,679	22,552	23,993
Tax	*(f)*	(61)	(479)	(1,355)
Net profit from ordinary activities attributable to shareholders		18,618	22,073	22,638
Dividends	*(g)*	9,000	9,000	9,500
Earnings per share – Basic, cents	*(h)*	11.4	13.5	13.8

(a) Turnover and other revenue

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.

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

	Year ended 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
Turnover – sale of goods	115,328	142,027	126,738
Other revenue:			
Interest income	77	103	38
Dividend income from listed investments	–	43	–
Dividend income from unlisted investments	335	774	620
Exchange gain	219	387	346
Sundry income	1	9	88
Reversal of revaluation deficit	–	–	33
	632	1,316	1,125
Total revenue	115,960	143,343	127,863

Pursuant to the disclosure requirement of the Listing Rules, the turnover of the Group by activity is further analysed as follows:

	Year ended 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
Sale of			
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
	115,328	142,027	126,738

Pursuant to the disclosure requirement of the Listing Rules, the turnover of the Group by geographical distribution is further analysed as follows:

	Year ended 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
Chile	104,708	122,293	107,409
Peru	4,634	10,842	12,698
Canada	2,485	5,149	3,065
Argentina	2,799	3,743	1,542
Others	702	–	2,024
	115,328	142,027	126,738

(b) Profit from operating activities

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

	Year ended 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
Cost of inventories sold *(Note)*	74,039	94,363	84,001
Staff costs (excluding directors' remuneration)			
Wages and salaries	1,416	1,510	1,779
Mandatory provident fund scheme contribution	–	23	68
	1,416	1,533	1,847
Depreciation	728	750	1,049
Auditors' remuneration	44	43	300
Loss on disposals of fixed assets	154	–	–
Loss on disposal of other investments	4,659	4,674	–
Revaluation deficit	206	311	–

Note: Cost of inventories sold includes approximately $14,000 (2001 and 2000: Nil) and approximately $188,000 (2001 and 2000: Nil) respectively relating to depreciation expenses and staff costs which amount is also included in the respective total amounts disclosed separately above for each of these types of expenses.

Pursuant to the disclosure requirement of the Listing Rules, the Group's profit from operating activities is further analysed as follows:–

	Year ended 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
Operating profit generated from:			
Woven wear	12,436	14,835	15,347
Knitwear	5,594	7,655	6,303
Sweaters	2,292	1,318	2,004
Premium	589	1,138	1,414
	20,911	24,946	25,068

Pursuant to the disclosure requirement of the Listing Rules, the Group's operating profit from geographical distribution is further analysed as follows:–

	Year ended 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
Operation profit generated from:			
Chile	18,984	21,480	21,245
Peru	840	1,904	2,511
Canada	452	905	606
Argentina	507	657	305
Others	128	–	401
	20,911	24,946	25,068

Analysis of assets and liabilities by products and by geographical markets have not been prepared as most of the Group's assets and liabilities were unable to be allocated in view of the nature of the Group's business. Accordingly, the directors consider that such information is not meaningful or representative for the purpose of this report.

(c) Directors' and senior executives' emoluments

Details of directors' remuneration are as follows:

	Year ended 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
Fees	–	–	–
Other emoluments:			
Basic salaries, housing benefits, other allowances and benefits in kind	1,858	2,187	2,677
Mandatory provident fund scheme contribution	–	7	49
	1,858	2,194	2,726

The number of directors whose remuneration fell within the following bands is as follows:

	Year ended 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
Nil to $1,000,000	1	1	2
$1,000,001 to $1,500,000	1	1	–
	2	2	2

The five highest paid individuals in the Group during the Relevant Periods included two directors. Information relating to their emoluments have been disclosed above. Details of the emoluments and designated bands for the remaining three highest paid, non-director individuals during the Relevant Periods are as follows:

	Year ended 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
Basic salaries, other allowances and benefits in kind	520	520	499

The remuneration of each of the highest paid, non-director employees for each of the Relevant Periods fell within the Nil to $1,000,000 band.

During the Relevant Periods, no emoluments were paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. No director has waived or agreed to waive any emoluments during the Relevant Periods.

(d) Finance costs

	Year ended 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
Interest expenses on:			
Bank overdrafts wholly repayable within five years	86	52	9
Import and export loan wholly repayable within five years	691	1,036	781
Instalment loan wholly repayable within five years	115	–	–
	892	1,088	790
Bank charges	1,340	1,306	1,003
	2,232	2,394	1,793

(e) Retirement Benefits Scheme

From 1st December, 2000, the Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme ("the MPF Scheme"). The MPF Scheme is a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its employees makes monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). Each employee's contribution is subject to a cap of HK$1,000 monthly and thereafter additional contributions are voluntary, whilst the employer's contribution is not subject to any cap. No forfeited contribution is available to reduce the contribution payable in future years.

As stipulated by rules and regulations in Mainland China, the Group contributes to state-sponsored retirement plans for its employees in Mainland China. The Group contributes approximately 5% to 12% of the basic salaries of its employees and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plans represent for the entire pension obligations payable to retired employees.

For the years ended 31st March, 2000, 2001 and 2002, the aggregate amount of the Group's contributions to the aforementioned pension schemes were approximately Nil, $23,000 and $68,000 respectively. For the years ended 31st March, 2000, 2001 and 2002, there was no forfeited contribution available to reduce the Group's employer contribution.

(f) Tax

	Year ended 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
Current year provision:			
Hong Kong	61	479	1,355

Taxation

For the three years ended 31st March, 2002, the Group's trading profits 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 three years ended 31st March, 2002. The Group's profits generated from sales agency function and recorded in the books of Ever Gold were offshore in nature and not subject to Hong Kong profits tax on the basis that the sales agency function was performed by an Independent Chilean sales and marketing consultant and his team of Chilean marketing professionals in Chile and other South American countries. Based on the Chilean tax and legal opinions, 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 facts 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 companies nor receive any remuneration from any Chilean companies. 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-year 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 subsequent three years. As Rontex (Ningbo) has taxation losses carried forward, its tax holiday has not yet commenced.

There were no significant unprovided deferred tax liabilities in respect of each of the Relevant Periods for which provision has not been made.

(g) Dividends

No dividend has been paid or declared by the Company since the date of its incorporation. The dividends paid by the members of the Group to their then shareholders during each of the Relevant Periods are as follows:

	Year ended 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
Dividends	18,000	18,000	19,000
Less: Elimination of dividends from intra-group companies	(9,000)	(9,000)	(9,500)
	9,000	9,000	9,500

The dividend rates and the number of shares ranking for dividends are not presented as such information is not meaningful for the purpose of this report.

(h) Earnings per share

The calculation of earnings per share for each of the Relevant Periods is based on the net profit from ordinary activities attributable to shareholders for each of the respective periods and on the assumption that 164,000,000 shares were in issue, comprising the 20,000,000 shares in issue as at the date of the Prospectus and the 144,000,000 shares to be issued pursuant to the Capitalisation Issue, as disclosed more fully in the paragraph headed "Resolutions of all shareholders of the Company passed on 19th October, 2002" in Appendix 5 to the Prospectus.

There were no dilutive potential ordinary shares during the Relevant Periods and, therefore, diluted earnings per share are not presented.

(i) Related party transactions

In addition to the transactions and balances detailed elsewhere in this accountants' report, during the Relevant Periods, the Group had transactions with the following related parties:

		Year ended 31st March,		
		2000	**2001**	**2002**
	Note	*$'000*	*$'000*	*$'000*
Purchases of finished goods from Beijing Rontex Garments Co., Ltd. ("Rontex (Beijing)")	*(a)*	–	–	362

Note:

(a) The Group purchased garment products from Rontex (Beijing), an associate of the Group. The Directors consider that the purchases were made on the same terms and conditions offered by other Independent third party suppliers. Such transactions will continue following the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited.

4. COMBINED BALANCE SHEETS

The following is a summary of the combined balance sheets of the Group as at the end of each of the Relevant Periods prepared on the basis set out in Section 1 above:

		Year ended 31st March,		
		2000	**2001**	**2002**
	Notes	*$'000*	*$'000*	*$'000*
NON-CURRENT ASSETS				
Fixed assets	*(a)*	17,690	18,305	25,006
Interests in an associate	*(b)*	–	12,924	11,651
Investments securities	*(c)*	600	600	600
		18,290	31,829	37,257
CURRENT ASSETS				
Other investments	*(c)*	4,541	2,356	–
Inventories	*(d)*	27	–	461
Trade receivables	*(e)*	7,559	3,469	6,533
Prepayments, deposits and other receivables		1,462	1,910	1,984
Tax refundable		45	–	–
Cash and bank balances	*(g)*	2,536	4,844	840
		16,170	12,579	9,818
CURRENT LIABILITIES				
Interest-bearing bank borrowings	*(h)*	2,890	493	209
Trade deposits received		242	319	137
Trade and other payables	*(i)*	8,933	5,357	7,171
Tax payable		–	172	917
Amount due to a director	*(f)*	18,363	9,557	315
		30,428	15,898	8,749
NET CURRENT ASSETS/ (LIABILITIES)		(14,258)	(3,319)	1,069
NET ASSETS		4,032	28,510	38,326
REPRESENTED BY:				
Combined shareholders' equity	*(j)*	4,032	28,510	38,326

Notes:

(a) Fixed assets

	Land and buildings	Construction in progress	Leasehold improvements	Plant and machinery	Furniture and fixtures	Office equipments	Motor vehicle	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Cost or valuation								
Balance as at 1st April, 1999	16,700	–	1,268	–	269	561	–	18,798
Additions	–	–	356	–	306	177	–	839
Disposals	–	–	(401)	–	–	(114)	–	(515)
Revaluation deficit	(450)	–	–	–	–	–	–	(450)
Balance as at 31st March, 2000 and Balance as at 1st April, 2000	16,250	–	1,223	–	575	624	–	18,672
Additions	–	1,084	158	–	65	73	–	1,380
Revaluation surplus/(deficit)	(550)	296	–	–	–	–	–	(254)
Balance as at 31st March, 2001 and Balance as at 1st April, 2001	15,700	1,380	1,381	–	640	697	–	19,798
Additions	3,941	–	664	786	104	12	675	6,182
Transfer of assets	1,380	(1,380)	–	–	–	–	–	–
Revaluation surplus	1,329	–	–	–	–	–	–	1,329
Balance as at 31st March, 2002	22,350	–	2,045	786	744	709	675	27,309
Depreciation and impairment loss								
Balance as at 1st April, 1999	–	–	442	–	154	261	–	857
Charge for the year	244	–	245	–	115	124	–	728
Written back on disposal	–	–	(269)	–	–	(90)	–	(359)
Elimination on revaluation	(244)	–	–	–	–	–	–	(244)
Balance as at 31st March, 2000 and Balance as at 1st April, 2000	–	–	418	–	269	295	–	982
Charge for the year	239	–	276	–	96	139	–	750
Elimination on revaluation	(239)	–	–	–	–	–	–	(239)
Balance as at 31st March, 2001 and Balance as at 1st April, 2001	–	–	694	–	365	434	–	1,493
Charge for the year	239	–	388	13	98	143	168	1,049
Elimination on revaluation	(239)	–	–	–	–	–	–	(239)
Balance as at 31st March, 2002	–	–	1,082	13	463	577	168	2,303
Carrying amount								
As at 31st March, 2000	16,250	–	805	–	306	329	–	17,690
As at 31st March, 2001	15,700	1,380	687	–	275	263	–	18,305
As at 31st March, 2002	22,350	–	963	773	281	132	507	25,006

Land and buildings which are situated in Hong Kong are pledged to banks under fixed charges for general banking facilities granted to the Group.

The Group's land and buildings and construction in progress were revalued at 31 March 2000, 2001 and 2002 by an independent valuer, DTZ Debenham Tie Leung Limited, on their open market value. Based on the valuation, the Directors consider that a revaluation surplus of approximately $1,535,000, $296,000 and $Nil for land and buildings and construction in progress situated outside Hong Kong existed as at 31st March 2002, 2001 and 2000 respectively and the surplus has been credited to the revaluation reserve. On the other hand, based on the valuation, the Directors consider that a decrease/(increase) in revaluation deficit of approximately $33,000, ($311,000) and ($206,000) for land and buildings situated in Hong Kong existed as at 31st March 2002, 2001 and 2000 respectively and the reversal of (provision for) revaluation deficit has been recognised as revenue (expense) immediately. DTZ Debenham Tie Leung Limited is a member of the Hong Kong Institute of Surveyors.

Apart from the Group's land and buildings and construction in progress which are stated at valuation, all fixed assets are stated at cost.

At 31st March 2002, 2001 and 2000, had all of the land and buildings and construction in progress of the Group been carried at historical cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been approximately $20,519,000, $16,784,000 and $16,250,000 respectively.

The carrying amount of land and buildings and construction in progress comprises:

	Year ended 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
In Hong Kong, held under:			
Long-term leases	16,250	15,700	15,500
Outside Hong Kong, held under:			
Medium-term leases	–	1,380	6,850
	16,250	17,080	22,350

(b) Interests in an associate

Details of the Group's associate at 31st March, 2002 are as follows:

Name of company	**Place and date of establishment/ registration**	**Particulars of registered capital**	**Percentage of equity attributable to the Group**	**Principal activities**
北京朗迪服裝有限公司 (Beijing Rontex Garments Co., Limited) ("Rontex (Beijing)")	The PRC 27th September, 2000	US$611,255	40%	Manufacture and sale of garment products

Rontex (Beijing) has adopted 31st December as its financial year end date.

	Year ended 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
Share of net assets	–	12,924	8,797
Loans to an associate	–	–	2,854
	–	12,924	11,651

Loans to an associate are unsecured. Other than an amount of approximately $1,891,000 at 31st March 2002 which carries interest at 5% per annum for the setting up of production facilities and repayable within two years, the balances are interest-free and have no fixed repayment terms and are used for general working capital purposes. In the opinion of the Directors, the amounts are unlikely to be repaid within one year from the balance sheet date and are therefore classified as non-current.

Notes:

(1) As at 31st March, 2001 the Group had 55% interest in Rontex (Beijing) which had registered capital of US$444,550. The Directors consider that the Group could only exercise significant influence in Rontex (Beijing) but could not govern its financial and operating policies. Therefore, the Directors consider that accounting for Rontex (Beijing) as an associate of the Group would more fairly present the Group's state of affairs as a whole.

(2) On 6th March, 2002 the registered and paid-up capital of Rontex (Beijing) increased from US$444,550 to US$611,255 while the capital contribution by the Group remained unchanged. Accordingly, the Group's interest in Rontex (Beijing) has been diluted from 55% to 40% with effect from the same date.

(3) As at 31st March, 2002 and 2001, the land and buildings of the associate was valued on an open market basis by an Independent valuer, DTZ Debenham Tie Leung Limited, at a total of $20,600,000 and $21,000,000 respectively. Based on the revaluation, the Directors consider that a revaluation surplus of $15,478,000 and $20,065,000 existed as at 31st March, 2002 and 2001 respectively. Of this amount, approximately $6,191,000 and $11,036,000 is attributable to the Group's share in Rontex (Beijing) for the year ended 31st March, 2002 and 2001 respectively. As the revaluation surplus for the year ended 31st March, 2002 is lower than the revaluation surplus on the land and buildings based on the valuation by DTZ Debenham Tie Leung Limited on 31st March, 2001, the deficits on revaluation of $1,835,000 has been debited to revaluation reserve during the year ended 31st March, 2002. Due to the dilution effect as set out in note 2 above, the revaluation reserve recognised as at 31st March, 2002 was further reduced by approximately $3,010,000.

(c) Investment in securities

	As at 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
Non-current investments			
Investments securities:			
Unlisted equity securities, at cost	600	600	600
Current investments			
Other investments:			
Listed equity securities in Hong Kong, at fair value	4,541	2,356	–

Notes:

(1) The investment securities are unlisted equity securities outside Hong Kong and are carried at cost less any provisions for permanent diminution in value.

(2) Other investments are equity securities listed on the Stock Exchange of Hong Kong Limited and are carried at fair market value.

(d) Inventories

	As at 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
Raw materials	27	–	461

As at the end of each of the Relevant Periods, no inventories were stated at net realisable value.

(e) Trade receivables

An ageing analysis of trade debtors (net of provisions for bad and doubtful debts) is as follows:

	As at 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
Within 3 months	7,559	3,249	5,877
Over 3 months but less than 6 months	–	220	89
Over 6 months but less than 1 year	–	–	567
Over 1 year but less than 2 years	–	–	–
Over 2 years	–	–	–
	7,559	3,469	6,533

More than 90% of the sales to the Group's customers were covered by at sight letters of credit. The remaining portion of sales to the Group's customers were on open account basis with average credit terms of 30 days.

(f) Amount due to a director

The balance with a director is unsecured, interest-free and has no fixed terms of repayment. Subsequent to 31st March, 2002, the balance was fully settled.

(g) Cash and bank balances

Cash and bank balances consisted of:

	As at 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
Cash and bank balances denominated in HK$	–	536	111
Cash and bank balances denominated in RMB	–	1,702	237
Cash and bank balances denominated in US$	2,536	2,606	492
	2,536	4,844	840

RMB is not freely convertible into foreign currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks authorised to conduct foreign exchange business.

(h) Interest-bearing bank borrowings

At 31st March, 2000, 2001 and 2002, the instalment loan and bank overdrafts were repayable as follows:

	As at 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
Bank overdrafts, secured	1,969	493	209
Instalment loan, secured	921	–	–
	2,890	493	209
Instalment loan and bank overdrafts repayable:			
Within one year	2,890	493	209
In the second year	–	–	–
In the third to fifth years, inclusive	–	–	–
Beyond five years	–	–	–
	2,890	493	209
Portion classified as current liabilities	(2,890)	(493)	(209)
Non-current portion	–	–	–

(i) Trade and other payables

Trade and other payables comprise:

	As at 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
Trade payables	3,534	2,295	2,960
Accrued expenses and other payables	5,399	3,062	4,211
	8,933	5,357	7,171

An ageing analysis of trade and other payables is as follows:

	As at 31st March, 2000 $'000	2001 $'000	2002 $'000
Within 3 months	8,933	5,208	5,375
Over 3 months but less than 6 months	–	119	1,249
Over 6 months but less than 1 year	–	–	487
Over 1 year	–	30	60
	8,933	5,357	7,171

(j) Combined shareholders' equity

	Notes	As at 31st March, 2000 $'000	2001 $'000	2002 $'000
Share capital		8	8	8
Reserves and retained profits	*(k)*	4,024	28,502	38,318
		4,032	28,510	38,326

For the purpose of this report, the share capital disclosed above represents the share capital of Falcon Vision, the wholly-owned subsidiary directly held by the Company.

(k) Reserves and retained profits

Movements in reserves and retained profits of the Group during the Relevant Periods were as follows:

	Contributed Surplus $'000	Exchange Reserve $'000	Revaluation Reserve $'000	Retained Profits/ (Accumulated Losses) $'000	Total $'000
As at 1st April, 1999	1,110	–	–	(6,704)	(5,594)
Profit for the year	–	–	–	18,618	18,618
Dividends	–	–	–	(9,000)	(9,000)
As at 31st March, 2000 and at 1st April, 2000	1,110	–	–	2,914	4,024
Profit for the year	–	–	–	22,073	22,073
Dividends	–	–	–	(9,000)	(9,000)
Exchange difference arising from translation of financial statements of PRC operations	–	73	–	–	73
Surplus on revaluation of properties owned by the Group	–	–	296	–	296
Surplus on revaluation of properties of an associate attributable to the Group	–	–	11,036	–	11,036
As at 31st March, 2001 and at 1st April, 2001	1,110	73	11,332	15,987	28,502
Profit for the year	–	–	–	22,638	22,638
Dividends	–	–	–	(9,500)	(9,500)
Exchange difference arising from translation of financial statements of PRC operations	–	(12)	–	–	(12)
Dilution of interests in an associate *(section 4(b) note (3))*	–	–	(3,010)	–	(3,010)
Surplus on revaluation of properties owned by the Group	–	–	1,535	–	1,535
Deficits on revaluation of properties of an associate attributable to the Group	–	–	(1,835)	–	(1,835)
As at 31st March, 2002	1,110	61	8,022	29,125	38,318

The contributed surplus of the Group represents the difference between the aggregate nominal value of share capital of the subsidiaries acquired pursuant to Group Reorganisation over the nominal value of the shares of Falcon Vision, a wholly-owned subsidiary of the Company issued on incorporation.

(l) Contingent liabilities

At 31st March, 2000, 2001 and 2002, there were contingent liabilities in respect of the following:

	As at 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
Contingent liabilities arising from bills of exchange discounted with recourse	4,780	5,190	8,160
Long service payment	299	360	80
	5,079	5,550	8,240

The Group is liable to make long service payment upon the termination of employment of certain employees who have completed the required number of years of services and met the required circumstances under the Employment Ordinance. No provision has been made for this amount in the financial statements as it is expected that the amounts will not crystallise in the foreseeable future.

(m) Combined net tangible assets of the company

The Company was incorporated on 7th June, 2002. On the basis of presentation set out in Section 1 above, the combined net tangible assets of the Group as at 31st March, 2002 amounted to approximately $38,326,000 representing its investment in subsidiaries.

(n) Pledge of Assets

As at 31st March, 2000, 2001 and 2002, the Group had obtained aggregate banking facilities which were secured/guaranteed by the followings:

(1) legal charges on the Group's certain land and buildings located in Hong Kong with an aggregate net book value of approximately $16,250,000, $15,700,000 and $15,500,000 as at 31st March, 2000, 2001 and 2002 respectively;

(2) cross guarantees among the Group;

(3) assignment of documentary credit issued in favour of a subsidiary;

(4) pledge of bank deposits amounting to $2,000,000 provided by the Directors for the two years ended 31st March, 2002; and

(5) an unlimited joint and several guarantee provided by the Directors.

Subsequent to 31st March, 2002, the Group received consent in principle from the relevant banks and lessor to the effect that the security and guarantee stated in (4) and (5) above will be released and replaced by corporate guarantee and/or other security provided by the Company and/or other members of the Group following the listing of the Shares of the Company on the Stock Exchange of Hong Kong Limited.

(o) Commitments

(i) Operating lease commitments

As at the end of each of the Relevant Periods, the Group had no commitments in respect of rented premises under non-cancellable operating leases.

(ii) Capital commitments

As at the end of each of the Relevant Periods, the Group had the following commitments which were not provided for in the combined balance sheets:

	As at 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
Authorised and contracted for in respect of capital contribution in Rontex (Ningbo)	–	–	1,007
Authorised and contracted for in respect of acquisition of fixed assets	–	–	1,669
	–	–	2,676

(p) Distributable reserves

In accordance with the Companies Law, Cap. 22 (Laws 3 of 1961, as consolidated and revised) of the Cayman Islands, the contributed surplus and retained profits are distributable to the shareholders of the Company subject to the Company's articles of association and provided that immediately following the distribution of dividend, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

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

5. STATEMENTS OF MOVEMENTS IN EQUITY

The movements in the combined shareholders' equity of the Group for the Relevant Periods, prepared on the basis set out in Section 1 above, are as follows:

	Year ended 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
At the beginning of year	(5,586)	4,032	28,510
Net profit attributable to shareholders	18,618	22,073	22,638
Dividends	(9,000)	(9,000)	(9,500)
Exchange difference arising from translation of financial statements of PRC operations	–	73	(12)
Gains/(Loss) on revaluation in respect of the Group's share of interest in an associate's land and buildings	–	11,036	(1,835)
Dilution of the Group's share of interest in an associate's land and buildings *(section 4(b) note (3))*	–	–	(3,010)
Surplus on revaluation of land and buildings owned by the Group	–	296	1,535
At the end of year	4,032	28,510	38,326

6. COMBINED CASH FLOW STATEMENTS

The combined cash flow statements of the Group for the Relevant Periods prepared on the basis set out in Section 1 above are as follows:

	Notes	Year ended 31st March, 2000 $'000	2001 $'000	2002 $'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	*(a)*	23,123	21,125	14,217
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		77	103	38
Interest and bank charges paid		(2,232)	(2,394)	(1,793)
Dividends received from unlisted investments		335	774	620
Dividends received from listed investments		–	43	–
Dividends paid		(9,000)	(9,000)	(9,500)
Net cash outflow from returns on investments and servicing of finance		(10,820)	(10,474)	(10,635)
TAX				
Tax paid		(106)	(262)	(610)
INVESTING ACTIVITIES				
Payment to acquire fixed assets		(839)	(1,380)	(6,182)
Investment in an associate		–	(1,888)	(2,853)
Payment to acquire other investments		(32,189)	(5,947)	–
Investment in investments securities		(600)	–	–
Receipts from disposal of other investments		23,932	3,458	2,355
Net cash outflow from investing activities		(9,696)	(5,757)	(6,680)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING ACTIVITIES		2,501	4,632	(3,708)
FINANCING ACTIVITIES				
Borrowing of bank loan		921	–	–
Repayment of bank loan		(2,800)	(921)	–
Net cash outflow from financing activities		(1,879)	(921)	–
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		622	3,711	(3,708)
Cash and cash equivalents at beginning of year		(55)	567	4,351
Effect on foreign exchange rate changes		–	73	(12)
CASH AND CASH EQUIVALENTS AT END OF YEAR		567	4,351	631
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances		2,536	4,844	840
Bank overdrafts		(1,969)	(493)	(209)
		567	4,351	631

Note:

(a) Reconciliation of profit from operating activities to net cash inflow from operating activities

	Year ended 31st March,		
	2000	**2001**	**2002**
	$'000	*$'000*	*$'000*
Profit from operating activities	20,911	24,946	25,068
Interest income	(77)	(103)	(38)
Dividend income	(335)	(817)	(620)
Depreciation	728	750	1,049
Loss on disposals of fixed assets	154	–	–
Loss on disposals of other investments	4,659	4,674	–
Provision for (reversal of) revaluation deficit	206	311	(33)
Decrease/(increase) in inventories	249	27	(461)
(Increase)/decrease in trade receivables	(6,725)	4,090	(3,064)
Increase in prepayments, deposits and other receivables	(958)	(448)	(74)
Decrease in balances with directors	(3,345)	(8,806)	(9,242)
Increase/(decrease) in trade and other payables	7,618	(3,576)	1,814
Increase/(decrease) in trade deposits received	38	77	(182)
	23,123	21,125	14,217

7. DIRECTORS' REMUNERATION

Save as disclosed in Section 3(c) above, no remuneration has been paid or is payable in respect of the Relevant Periods by the Company or its subsidiaries now comprising the Group, to the directors of the Company.

Under the arrangement presently in force, the aggregate amount of emoluments of the directors of the Company payable for the year ending 31st March, 2003, including performance bonuses, is estimated to be approximately $3.1 million.

8. SUBSEQUENT EVENTS

(a) On 25th April, 2002, the paid up capital of Rontex (Ningbo) was increased by approximately US$129,000 (equivalent to approximately $1,007,000).

(b) In May 2002, the Group obtained interest-bearing short-term bank loans amounting to RMB2,000,000 (equivalent to approximately $1,887,000) to finance its working capital, which are secured by its properties located in the PRC and repayable within one year.

(c) On 31st July, 2002, the Group declared and paid special dividends totalling $10,000,000 to its then shareholders.

(d) On 19th October, 2002, the companies comprising the Group underwent a reorganisation in preparation for the listing of the Company's shares on the Stock Exchange of Hong Kong Limited. Further details of the reorganisation are set out in the paragraph headed "Group reorganisation" in the section headed "Further information about the Company" in Appendix 5 of the Prospectus.

Save as aforesaid, no other significant events took place subsequent to 31st March, 2002.

9. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31st March, 2002.

Yours faithfully,
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong