

IMPORTANT

If you are in any doubt about this prospectus or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

Dealings in the Rights Shares (as defined herein) in their nil paid and fully paid forms may be settled through CCASS and you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

A copy of this prospectus, together with a copy of the provisional allotment letter and the form of application for excess Rights Shares have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance of Hong Kong and filed with the Registrar of Companies in Bermuda in accordance with the Companies Act 1981 of Bermuda. The Registrar of Companies in Hong Kong, the Registrar of Companies in Bermuda and the Securities and Futures Commission in Hong Kong take no responsibility as to the contents of any of the documents referred to above.

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this prospectus.



GOLD WO INTERNATIONAL HOLDINGS LIMITED

金禾國際控股有限公司*

(incorporated in Bermuda with limited liability)

RIGHTS ISSUE OF 2,000,000 RIGHTS SHARES AT THE PRICE OF \$0.016 PER RIGHTS SHARE ON THE BASIS OF ONE RIGHTS SHARE FOR TWO SHARES HELD ON THE RECORD DATE

Financial Adviser



EVER-LONG SECURITIES CO. LTD.

Underwriters

Taiwan Concord Capital Securities (HK) Limited
Times Securities Company Limited

Luen Fat Securities Company Limited
Ever-Long Asset Management Limited

If certain things (including force majeure) happen up to 5:00 p.m. on the second Business Day after the last day for acceptance of provisional allotments, Ever-Long on behalf of the Underwriters may terminate the Underwriting Agreement. The Underwriting Agreement may be terminated by Ever-Long if : (a) there develops, occurs or comes into force: (i) any new law or government regulation or other occurrence of any nature whatsoever which in the opinion of Ever-Long on behalf of the Underwriters affects or may adversely affect the business of the Group or any part thereof to a material extent or is materially adverse in the context of the Rights Issue; or (ii) any change in local, national, international, financial, political or economic conditions which in the opinion of Ever-Long on behalf of the Underwriters is materially adverse in the context of the Rights Issue; or (iii) any adverse change in market conditions which in the opinion of Ever-Long on behalf of the Underwriters materially prejudicially affects the Rights Issue and makes it inadvisable or inexpedient to proceed with the Rights Issue; or (b) there comes to the notice of any of the Underwriters any matter or event showing any of the representations and warranties given by the Company in the Underwriting Agreement to be untrue or inaccurate in any respect which Ever-Long on behalf of the Underwriters considers to be material. If Ever-Long, on behalf of the Underwriters, exercises such right to terminate the Underwriting Agreement, the Rights Issue will not proceed.

Existing Shares have been dealt in on an ex-rights basis with effect from 14th May, 2002. Rights Shares will be dealt with in their nil-paid form from 23rd May, 2002 to 31st May, 2002 (both dates inclusive). Any person dealing in the Shares from 14th May, 2002 to the date before the conditions of the Rights Issue are fulfilled or any person dealing in the Rights Shares in their nil-paid form between 23rd May, 2002 to 31st May, 2002 (both dates inclusive) will bear the risk that the Rights Issue may not become unconditional and may not proceed.

If in any doubt, investors should consider obtaining professional advice on this.

CONTENTS

	<i>Page</i>
Definitions	1
Expected Timetable	3
Termination of the Underwriting Agreement	4
Summary of the Rights Issue	5
Letter from the Board	
Introduction	6
Terms of the Rights Issue	7
Underwriting Arrangements	11
Business Prospects	13
Further Information	14
Appendix I – Financial Information	15
Appendix II – General Information	46

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings:

“Announcement”	the announcement of the Company dated 30th April, 2002 in relation to the Rights Issue
“Board”	the board of Directors
“BMA”	Bermuda Monetary Authority
“Business Day(s)”	day(s) (other than Saturday and Sunday) on which banks in Hong Kong are open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda
“Companies Ordinance”	the Companies Ordinance (Cap. 32) of the Laws of Hong Kong
“Company”	Gold Wo International Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Ever-Long”	Ever-Long Asset Management Limited
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Latest Practicable Date”	16th May, 2002 being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained in this prospectus
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholder(s)”	Shareholder(s) of the Company whose name(s) appear(s) on the register of members of the Company on the Record Date but whose registered address(es) is/are outside Hong Kong
“Qualifying Shareholder(s)”	Shareholder(s) of the Company other than the Overseas Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date

DEFINITIONS

“Record Date”	21st May, 2002
“Rights Issue”	the issue of 2,000,000,000 Right Shares at a price of \$0.016 per Rights Share to Qualifying Shareholders by way of rights on and subject to the terms and conditions set out in this prospectus
“Rights Issue Documents”	this prospectus, the provisional allotment letter and the form of application for excess Rights Shares
“Rights Share(s)”	2,000,000,000 new Share(s) of \$0.001 each to be issued pursuant to the Rights Issue
“SDI Ordinance”	the Securities (Disclosure of Interests) Ordinance (Cap. 396) of the Laws of Hong Kong
“Share(s)”	share(s) of \$0.001 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Top Master”	Top Master Development Limited, a company incorporated in British Virgin Islands and the controlling shareholder of the Company, is beneficially owned by Mr. Fu Chu Kan and Madam Fu Yin Ling, the Chairman and the Deputy Chairman of the Company respectively, as to 90% and 10% respectively
“Underwriters”	Taiwan Concord Capital Securities (HK) Limited, Luen Fat Securities Company Limited, Times Securities Company Limited and Ever-Long
“Underwriting Agreement”	an agreement dated 30th April, 2002 entered into between, among others, the Company and the Underwriters in relation to the underwriting and certain other arrangements in respect of the Rights Issue
“\$”	Hong Kong dollars

EXPECTED TIMETABLE

2002

Register of members of the Company closed	Thursday, 16th May
Record Date for the Rights Issue	Tuesday, 21st May
Register of members of the Company re-opens	Wednesday, 22nd May
First day of dealings in nil-paid Rights Shares	Thursday, 23rd May
Latest time for splitting nil-paid Rights Shares	Tuesday, 28th May
Last day of dealings in nil-paid Rights Shares	Friday, 31st May
Latest time for payment and acceptance of Rights Shares	4:00 p.m., Wednesday, 5th June
Latest time for the Rights Issue to become unconditional	5:00 p.m., Friday, 7th June
Announcement of result of the Rights Issue	Monday, 10th June
Despatch of refund cheques in respect of unsuccessful or partially unsuccessful excess applications	Wednesday, 12th June
Despatch of certificates for Rights Shares	Wednesday, 12th June
Dealings of Rights Shares commence	Friday, 14th June

TERMINATION OF THE UNDERWRITING AGREEMENT

It should be noted that the Underwriting Agreement provides that if certain things (including force majeure) happen up to 5:00 p.m. on the second Business Day after the last day for acceptance of provisional allotments, Ever-Long on behalf of the Underwriters may terminate the Underwriting Agreement. The Underwriting Agreement may be terminated by Ever-Long if : (a) there develops, occurs or comes into force: (i) any new law or government regulation or other occurrence of any nature whatsoever which in the opinion of Ever-Long on behalf of the Underwriters affects or may adversely affect the business of the Group or any part thereof to a material extent or is materially adverse in the context of the Rights Issue; or (ii) any change in local, national, international, financial, political or economic conditions which in the opinion of Ever-Long on behalf of the Underwriters is materially adverse in the context of the Rights Issue; or (iii) any adverse change in market conditions which in the opinion of Ever-Long on behalf of the Underwriters materially prejudicially affects the Rights Issue and makes it inadvisable or inexpedient to proceed with the Rights Issue; or (b) there comes to the notice of any of the Underwriters any matter or event showing any of the representations and warranties given by the Company in the Underwriting Agreement to be untrue or inaccurate in any respect which Ever-Long on behalf of the Underwriters considers to be material.

If Ever-Long, on behalf of the Underwriters, exercises such right to terminate the Underwriting Agreement, the Rights Issue will not proceed.

SUMMARY OF THE RIGHTS ISSUE

The following information is derived from, and should be read in conjunction with, the full text of this prospectus:

Basis of the Rights Issue:	One Rights Share for every two existing Shares held on the Record Date
Number of rights shares to be issued:	2,000,000,000
Subscription price:	\$0.016 per Rights Share, payable in full upon acceptance
Basis of entitlement:	Rights Shares will be allotted in the proportion of one Rights Share for every two existing Shares held by the Qualifying Shareholders on the Record Date. No provisional allotment of Rights Shares will be made to Overseas Shareholders
Status of Rights Shares	Rank pari passu in all respects with the existing fully-paid Shares as from the date of issue thereof
Right of excess application:	Qualifying Shareholders will have the right to apply for Rights Shares in excess of their provisional allotments
Amount to be raised by the Rights Issue:	approximately \$32 million before expenses, and approximately \$30 million after deducting the estimated expenses of \$2 million

LETTER FROM THE BOARD



GOLD WO INTERNATIONAL HOLDINGS LIMITED

金禾國際控股有限公司*

(incorporated in Bermuda with limited liability)

Directors:

Mr. Fu Chu Kan (*Chairman*)
Madam Fu Yiu Ling
Mr. Chan Kit Ming

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors:

Mr. Wong Kai Tat
Mr. Wong Wing Hang, Henry

*Head office and principal place
of business in Hong Kong:*

Unit 5, 34th Floor
Cable TV Tower
9 Hoi Shing Road
Tsuen Wan
New Territories
Hong Kong

21st May, 2002

*To the Qualifying Shareholders and
for information only, the Overseas Shareholders*

Dear Sir or Madam,

**RIGHTS ISSUE OF
2,000,000,000 RIGHTS SHARES
AT THE PRICE OF \$0.016 PER RIGHTS SHARE
ON THE BASIS OF ONE RIGHTS SHARE
FOR TWO SHARES HELD ON THE RECORD DATE**

INTRODUCTION

The Directors announced on 30th April, 2002 that the Company proposed to raise approximately \$30 million after expenses by issuing 2,000,000,000 Rights Shares in the proportion of one Rights Share for every two existing Shares held by the Qualifying Shareholders on the Record Date.

This prospectus sets out the details of the Rights Issue, information on dealings in and transfers and acceptances of the Rights Shares and certain financial and other information in respect of the Group.

* *for identification only*

LETTER FROM THE BOARD

TERMS OF THE RIGHTS ISSUE

Basis of entitlement

Subject to the fulfillment of the conditions of the Rights Issue as stated under “Conditions of the Rights Issue” on page 12 of this prospectus, the Company has provisionally allotted Rights Shares to Qualifying Shareholders in the proportion of one Rights Share for two existing Shares held by them on the Record Date at the subscription price of \$0.016 per Rights Share payable in full on acceptance. The Company has not provisionally allotted fractions of Rights Shares, which will be aggregated and sold in their nil-paid form in the market for the benefit of the Company. Qualifying Shareholders are entitled to apply for Rights Shares in excess of their provisional allotments by way of excess applications. As explained below, no provisional allotment of Rights Shares has been made to Overseas Shareholders. Any Rights Shares to which Overseas Shareholders would otherwise have been entitled and which are not sold as described below, any unsold Rights Shares created by adding together fractions of Rights Shares, and any Rights Shares allotted provisionally but not accepted, will be available for application on forms of application for excess Rights Shares by Qualifying Shareholders as referred to in the section headed “Application for excess Rights Shares” below.

Based on the 4,000,000,000 Shares in issue as at the Latest Practicable Date, 2,000,000,000 Rights Shares will be issued under the Rights Issue.

Subscription price

\$0.016 per Rights Share, payable in full upon acceptance.

The subscription price represents

1. a discount of approximately 73.3% to the closing price of \$0.06 per Share as quoted on the Stock Exchange on 29th April, 2002, being the last trading day immediately preceding the date of the Announcement;
2. a discount of approximately 64.44% to the theoretical ex-rights price of \$0.045 per Share based on the closing price of \$0.06 per Share as quoted on the Stock Exchange on 29th April, 2002, being the last trading day immediately preceding the date of the Announcement;
3. a discount of approximately 33.33% to the net tangible asset value per Share of \$0.024 based on the unaudited consolidated net tangible asset value of the Group immediately before the Rights Issue; and
4. a discount of approximately 27.27% to the closing price of \$0.022 as quoted on the Stock Exchange as at the Latest Practicable Date.

The substantial discount in the subscription price aims to attract Qualifying Shareholders to subscribe for their Right Shares to be provisionally allotted to them.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully-paid) will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares (when allotted, issued and fully-paid) will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares.

LETTER FROM THE BOARD

Rights of Overseas Shareholders

The Rights Issue Documents have not been registered under the applicable securities legislation of any jurisdictions other than Hong Kong and Bermuda. The Directors have exercised the discretion given to them under the bye-laws of the Company, among other things, not to issue such Rights Shares to the Overseas Shareholders. Accordingly, no provisional allotment of Rights Shares has been made to Overseas Shareholders. This prospectus is for the Overseas Shareholders' information only. No provisional allotment letter or form of application for excess Rights Shares has been sent to the Overseas Shareholders.

If a premium (net of expenses) can be obtained, the Company will sell the nil-paid Rights Shares which would otherwise have been provisionally allotted to the Overseas Shareholder once dealings in the nil-paid Rights Shares start. The proceeds of each sale, less expenses, which amount to \$100 or more will be paid by cheque to the relevant Overseas Shareholder in Hong Kong dollars as soon as practicable. The Company will retain individual amounts of less than \$100 for its own benefit. Any unsold entitlements of the Overseas Shareholders will be available for excess applications by Qualifying Shareholders as referred to in the section headed "Application for excess Rights Shares" below.

Fractional entitlements

Any fractional entitlements to the nil-paid and fully-paid Rights Shares will not be allotted and issued to the Qualifying Shareholders but will be aggregated, sold and retained for the benefit of the Company. There is no arrangement for the trading of the odd lots of the Rights Shares.

Procedure for acceptance or transfer

A provisional allotment letter is enclosed with this prospectus which entitles you to take up the number of Rights Shares shown therein. If you wish to exercise your rights to subscribe for the Rights Shares, you must lodge the provisional allotment letter in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the branch share registrar of the Company in Hong Kong, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong by not later than 4:00 p.m. on Wednesday, 5th June, 2002. All remittances must be made by cheque or cashier's order in Hong Kong dollars. Cheques must be drawn on an account with, or cashier's orders must be issued by, a bank in Hong Kong and made payable to "**Gold Wo International Holdings Limited – Rights Issue Account**" and crossed "**Account Payee Only**".

It should be noted that unless the provisional allotment letter, together with the appropriate remittance, has been lodged with Tengis Limited by 4:00 p.m. on Wednesday, 5th June, 2002, whether by the original allottee or any person to whom the rights have been validly transferred, the relevant provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

The provisional allotment letter will contain full information regarding the procedure to be followed if you wish to accept only part of your provisional allotment or if you wish to renounce all or part of your provisional allotment.

If you wish to accept only part of your provisional allotment or transfer a part of your rights to subscribe for the Rights Shares provisionally allotted thereunder, or to transfer your rights to more than one person, the entire provisional allotment letter must be surrendered

LETTER FROM THE BOARD

for cancellation by not later than 4:00 p.m. on Tuesday, 28th May, 2002 to Tengis Limited who will cancel the original provisional allotment letter and issue new provisional allotment letters in the denominations required.

All cheques and cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any provisional allotment letter in respect of which the accompanying cheque is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the conditions of the Rights Issue are not fulfilled in accordance with the section headed "Conditions of the Rights Issue" below, the monies received in respect of acceptances of the Rights Shares will be refunded to the persons named in the provisional allotment letters or in the case of joint acceptances, to the first-named person without interest, by means of cheques, and crossed "Account Payee only", despatched by ordinary post at the risk of such persons at the address specified in the relevant forms on or about 12th June, 2002.

An announcement of the result of acceptance of the Rights Issue will be published on the newspaper on 10th June, 2002.

None of the Rights Issue Documents has been registered or filed under the securities or equivalent legislation of any jurisdiction other than Hong Kong and Bermuda. Accordingly, no person receiving this prospectus or a provisional allotment letter or a form of application for excess Rights Shares in any territory outside Hong Kong may treat it as an offer or invitation to apply for Rights Shares. It is the responsibility of anyone outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself or herself as to the observance of the laws and regulations of all relevant territories, including the obtaining of any governmental or other consents and to pay any taxes and duties required to be paid in such territory in connection therewith. No application for Rights Shares will be accepted from any person whose registered address is in any territory outside Hong Kong. The Company reserves the right to refuse to accept any application for Rights Shares if it believes or has reason to believe that such acceptance would violate the applicable securities or other laws or regulations of any jurisdiction.

Application for excess Rights Shares

Under the terms of the Rights Issue, Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotments by way of excess applications. Excess Rights Shares, if any, will be allotted at the sole discretion of the Directors.

Any Rights Shares to which Overseas Shareholders would otherwise have been provisionally allotted and which are not sold as referred to in the paragraph headed "Rights of Overseas Shareholders" above, any unsold Rights Shares created by adding together fractions of Rights Shares and any Rights Shares allotted provisionally but not accepted will be available for application through the form of application for excess Rights Shares by Qualifying Shareholders.

If you wish to apply for any Rights Shares in addition to your provisional allotment under the Rights Issue, you must complete and sign the enclosed form of application for excess Rights Shares and lodge the form of application for excess Rights Shares, together with a separate remittance for the amount payable on application in respect of the excess

LETTER FROM THE BOARD

Rights Shares applied for, with Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong by not later than 4:00 p.m. on Wednesday, 5th June, 2002. All remittances must be made by cheque or cashier's order in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's order must be issued by, a bank in Hong Kong and made payable to "Gold Wo International Holdings Limited – Excess Application Account" and crossed "Account Payee Only". Tengis Limited will notify you of any allotment of excess Rights Shares made to you.

All cheques and cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any form of application for excess Rights Shares in respect of which the accompanying cheque is dishonoured on first presentation is liable to be rejected.

If the conditions of the Rights Issue are not fulfilled in accordance with the section headed "Conditions of the Rights Issue" below, the monies received in respect of applications for excess Rights Shares will be refunded to the relevant Qualifying Shareholders without interest, by means of cheques, and crossed "Account Payee Only", despatched by ordinary post at the risk of such persons on or about 12th June, 2002.

If no excess Rights Shares are allotted to you, a refund cheque for the full amount tendered on application is expected to be posted to you by ordinary post at your own risk on or about 12th June, 2002. If the number of excess Rights Shares allotted to you is less than that applied for, a cheque for the surplus application monies will be posted to you by ordinary post at your own risk on or about 12th June, 2002.

The form of application for excess Rights Shares is for use only by the Qualifying Shareholders to whom it is addressed and is not transferable. All documents, including cheques for amounts due, will be sent by ordinary post at the risk of the persons entitled thereto to their registered addresses by Tengis Limited, the branch share registrar of the Company.

Listings and dealings

The Company has applied to the Listing Committee of the Stock Exchange for the listings of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

No part of the share capital of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares to be listed or dealt in on any other stock exchange.

The board lot for trading in the Rights Shares (in both nil-paid and fully-paid forms) will be 10,000 Shares each. Trading of the Rights Shares in fully-paid form are expected to commence on or about 14th June, 2002.

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty in Hong Kong.

Subject to the granting of the listings of, and permission to deal in the Rights Shares in both nil-paid and fully-paid forms by the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in nil-paid and fully-paid

LETTER FROM THE BOARD

forms or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Warning of the risk of dealing in Shares and nil paid Rights Shares

Existing Shares have been dealt with on an ex-rights basis with effect from 14th May, 2002, and that the Rights Shares will be dealt with in their nil-paid form from 23rd May, 2002 to 31st May, 2002 (both dates inclusive). Such dealings will take place whilst the conditions to which the Rights Issue is subject remain unfulfilled. Any persons dealing in the Shares from 14th May, 2002 to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be at 5:00 p.m. on 7th June, 2002) and any person dealings in nil-paid Rights Shares from 23rd May, 2002 to 31st May, 2002 (being the first and last dates of dealings in the nil-paid Rights Shares, respectively), will accordingly bear the risk that the Rights Issue may not become unconditional. Any person dealing or contemplating dealings in the Shares and/or the Rights Shares in their nil-paid form during such periods is in any doubt about his position is advised to consult his own professional adviser.

Certificates of the Rights Shares

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted on 12th June, 2002 to those Shareholders who accepted the provisional allotment of the Rights Shares or successfully applied for the excess of the Rights Shares and paid for the Rights Shares. Dealings in the fully-paid Rights Shares are expected to commence on 14th June, 2002.

UNDERWRITING ARRANGEMENTS

Undertakings from Top Master

As at the Latest Practicable Date, there are 4,000,000,000 Shares in issue. Top Master, which is interested in 2,180,000,000 Shares representing approximately 54.5% of the existing issued share capital of the Company on the Latest Practicable Date, has irrevocably undertaken to accept or procure acceptances of 620,000,000 Rights Shares (being about 56.88% of the 1,090,000,000 Rights Shares which will be provisionally allotted to it and about 31% of the total number of the Rights Shares).

The Underwriters will underwrite the remaining 1,380,000,000 Rights Shares, representing 69% of the total number of Rights Shares. The Rights Issue is therefore fully underwritten.

After the acceptance by Top Master of the 620,000,000 Rights Shares pursuant to its undertaking and completion of the Rights Issue, the shareholding of Top Master in the Company will be decreased from approximately 54.5% to approximately 46.67%. The Directors expect that there will be sufficient public float of the Shares upon the completion of the Rights Issue.

LETTER FROM THE BOARD

Underwriting Agreement

Date: 30th April, 2002

Underwriters Taiwan Concord Capital Securities (HK) Limited, Luen Fat Securities Company Limited, Times Securities Company Limited and Ever-Long. The Underwriters and the beneficial owners of their respective issued share capital are independent third parties, not connected with the Group, any directors, chief executive or substantial shareholders of the Group or any of their respective associates (as defined in the Listing Rules)

Underwritten Shares: 1,380,000,000 Rights Shares

The Underwriters will receive an underwriting commission of 2.5% on the total amount of issue price of the Rights Shares underwritten. The Directors believe that the underwriting commission accords with the market rate.

Termination of the Underwriting Agreement

It should be noted that the Underwriting Agreement provides that if certain things (including force majeure) happen up to 5:00 p.m. on the second Business Day after the last day for acceptance of provisional allotments, Ever-Long on behalf of the Underwriters may terminate the Underwriting Agreement. The Underwriting Agreement may be terminated by Ever-Long if : (a) there develops, occurs or comes into force: (i) any new law or government regulation or other occurrence of any nature whatsoever which in the opinion of Ever-Long on behalf of the Underwriters affects or may adversely affect the business of the Group or any part thereof to a material extent or is materially adverse in the context of the Rights Issue; or (ii) any change in local, national, international, financial, political or economic conditions which in the opinion of Ever-Long on behalf of the Underwriters is materially adverse in the context of the Rights Issue; or (iii) any adverse change in market conditions which in the opinion of Ever-Long on behalf of the Underwriters materially prejudicially affects the Rights Issue and makes it inadvisable or inexpedient to proceed with the Rights Issue; or (b) there comes to the notice of any of the Underwriters any matter or event showing any of the representations and warranties given by the Company in the Underwriting Agreement to be untrue or inaccurate in any respect which Ever-Long on behalf of the Underwriters considers to be material.

If Ever-Long, on behalf of the Underwriters, exercises such right to terminate the Underwriting Agreement, the Rights Issue will not proceed.

Conditions of the Rights Issue

The Rights Issue is conditional on, among other things:

- (a) the filing and registration with the Registrar of Companies in Bermuda and in Hong Kong of the Rights Issue Documents in compliance with the Companies Act and the Companies Ordinance respectively;
- (b) the Listing Committee of the Stock Exchange granting or agreeing to grant listings of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms);

LETTER FROM THE BOARD

- (c) performance in full of the undertaking to take up 620 million Rights Shares by Top Master pursuant to the Underwriting Agreement; and
- (d) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms or otherwise.

As at the date of this prospectus, condition (a) has been fulfilled.

If any or all of the outstanding conditions are not fulfilled on or before the second Business Day following the last day for acceptance of the provisional allotments made under the Rights Issue or such later date as Ever-Long may agree, the Rights Issue will not proceed.

Reasons for the Rights Issue and use of proceeds

The Rights Issue will enable the Company to raise additional fund to strengthen its financial position and have more flexibility in its growth strategy. It is intended that the net proceeds of the Rights Issue will be used as to about \$23 million for the Group's additional general working capital and the balance of about \$7 million for capital expenditure, such as the purchase of manufacturing equipment for the operation of the Group. There is no present intention to acquire any new business.

The Directors believe that it is in the best interests of the Company and the Shareholders to enlarge the capital base of the Company through the Rights Issue, as the enlarged capital base will support the continuing development of the Group's existing business activities. The Rights Issue will allow all Shareholders (other than the Overseas Shareholders) to participate in the growth of the Group.

Expenses

The expenses in connection with the Rights Issue, including documentation fees, underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to amount to approximately \$2 million and are payable by the Company.

Trading limits

Where the market price of the Shares approaches the extremities of \$0.01 or \$9,995.00, the Stock Exchange reserves the right to require the Company either to change the trading method or to proceed with a consolidation or splitting of the Shares.

BUSINESS PROSPECTS

The world economy at present is full of uncertainties. Looking forward, macro prospects for global economy seem discouraging, the actual long-term impact of the "9-11 event" on global customers' sentiment remains uncertain. Under the current uncertain times, the Group will continue to consolidate its core business of supplying both the melamine and silicon rubber products for Hong Kong, Southeast Asia, South America, Europe and other markets.

In contrast with the global economic slowdown, the People's Republic of China (the "PRC") continues its growth momentum. In view of this, the Group will strive to explore the market potential in the PRC. The Group has successfully obtained the PRC domestic sales approval in the

LETTER FROM THE BOARD

late October 2001, paving the way for a sound foundation of the Group's future business development. Considering the enormous market potential for the melamine and silicon rubber household products in the PRC, the Group believes that the sales of its products will be escalating.

Meanwhile, the Group also intends to further explore the potential European market so as to expand the market segmentation of the Group and to inject more resources and effort in developing the ODM products of the Group which, the Directors believe, possesses positive prospect.

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this prospectus.

By order of the Board
Gold Wo International Holdings Limited
Fu Chu Kan
Chairman

SHARE CAPITAL

Based on information available on the Latest Practicable Date, the authorised and issued share capital of the Company following completion of the Rights Issue (assuming the Rights Issue becoming unconditional) will be as follows:

<i>Authorised:</i>		\$
100,000,000,000	Shares	100,000,000
<i>Issued and fully paid or credited as fully paid:</i>		
4,000,000,000	Shares in issue	4,000,000
<u>2,000,000,000</u>	Rights Shares to be issued pursuant to the Rights Issue	<u>2,000,000</u>
<u>6,000,000,000</u>	Shares upon completion of Rights Issue	<u>6,000,000</u>

All the Rights Shares will rank pari passu in all respects with each other, including in particular as to dividends, voting rights and capital. The Rights Shares, when fully-paid, will rank pari passu in all respects with the Shares in issue, including the right to receive all dividends and distributions which may be declared on or after the date of allotment of the Rights Shares (in fully paid form).

Save as disclosed in this prospectus, since 31st March, 2001 (the date to which the latest audited consolidated financial statements of the Company were made up), no share or loan capital of the Company has been issued or is proposed to be issued for cash or otherwise and no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any such capital.

No part of the share capital of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares to be listed or dealt in on any other stock exchange.

Set out below is a summary of the audited consolidated profit and loss accounts for each of the three years ended 31st March, 2001, the consolidated balance sheets as at 31st March, 2000 and 2001 of the Group together with the relevant notes in the annual accounts as extracted from the audited financial statements of the Company for each of the years ended 31st March, 2000 and 2001 and the interim result together with the relevant notes as extracted from the unaudited interim report of the Company for the six months ended 30th September, 2001.

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31st March,		
		2001 HK\$'000	2000 HK\$'000	1999 HK\$'000
TURNOVER	4	145,959	102,825	94,777
Cost of sales		<u>(97,381)</u>	<u>(69,812)</u>	<u>(63,384)</u>
Gross profit		48,578	33,013	31,393
Other revenue	4	430	538	405
Selling and distribution costs		(2,095)	(1,864)	(1,516)
Administrative expenses		(7,067)	(5,121)	(6,141)
Other operating expenses		<u>(700)</u>	<u>(200)</u>	<u>(1,700)</u>
PROFIT FROM OPERATING ACTIVITIES	5	39,146	26,366	22,441
Finance costs	8	<u>(2,006)</u>	<u>(1,899)</u>	<u>(1,806)</u>
PROFIT BEFORE TAX		37,140	24,467	20,635
Tax	9	<u>(3,575)</u>	<u>(1,484)</u>	<u>(2,305)</u>
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	10, 25	<u>33,565</u>	<u>22,983</u>	<u>18,330</u>
DIVIDENDS	11	<u>13,000</u>	<u>10,000</u>	<u>8,000</u>
EARNINGS PER SHARE	12			
Basic		<u>10.2 cents</u>	<u>7.0 cents</u>	<u>5.6 cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Fixed assets	<i>13</i>	54,433	67,846
Investment property	<i>14</i>	1,228	–
Deposit for acquisition of fixed assets		5,268	–
		<u>60,929</u>	<u>67,846</u>
CURRENT ASSETS			
Inventories	<i>16</i>	12,649	5,500
Accounts receivable	<i>17</i>	14,664	3,643
Prepayments, deposits and other receivables		11,424	408
Due from a director	<i>18</i>	–	3,478
Cash and bank balances		5,345	336
		<u>44,082</u>	<u>13,365</u>
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	<i>19</i>	5,114	4,568
Accrued liabilities and other payables		12,803	4,753
Accounts payable	<i>20</i>	6,946	6,839
Finance lease payables	<i>21</i>	136	360
Tax payable		5,880	2,305
		<u>30,879</u>	<u>18,825</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>13,203</u>	<u>(5,460)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		74,132	62,386
NON-CURRENT LIABILITIES			
Interest bearing bank and other borrowings	<i>19</i>	9,375	10,987
Finance lease payables	<i>21</i>	310	17
Shareholder's loans	<i>22</i>	2,500	10,000
Deferred tax	<i>23</i>	3,292	3,292
		<u>15,477</u>	<u>24,296</u>
		<u>58,655</u>	<u>38,090</u>
CAPITAL AND RESERVES			
Issued share capital	<i>24</i>	200	200
Reserves	<i>25</i>	58,455	37,890
		<u>58,655</u>	<u>38,090</u>

BALANCE SHEET

	<i>Notes</i>	2001 <i>HK\$'000</i>
NON-CURRENT ASSETS		
Interests in subsidiaries	<i>15</i>	<u>53,177</u>
CURRENT ASSETS		
Prepayments, deposits and other receivables		<u>10,468</u>
CURRENT LIABILITIES		
Accrued liabilities and other payables		<u>(7,700)</u>
NET CURRENT ASSETS		<u>2,768</u>
		<u>55,945</u>
CAPITAL AND RESERVES		
Issued share capital	<i>24</i>	200
Reserves	<i>25</i>	<u>55,745</u>
		<u>55,945</u>

CONSOLIDATED CASH FLOW STATEMENT

	<i>Notes</i>	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
NET CASH INFLOW FROM OPERATING ACTIVITIES	26(a)	36,508	41,062
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		2	57
Interest paid		(1,919)	(1,742)
Interest element on finance lease rental payments		(87)	(157)
Dividends paid		(13,000)	(10,000)
Net cash outflow from returns on investments and servicing of finance		<u>(15,004)</u>	<u>(11,842)</u>
INVESTING ACTIVITIES			
Deposit paid for acquisition of fixed assets		(5,268)	–
Purchases of fixed assets		(2,302)	(27,403)
Proceeds from disposal of fixed assets		52	–
Net cash outflow from investing activities		<u>(7,518)</u>	<u>(27,403)</u>
NET CASH INFLOW BEFORE FINANCING ACTIVITIES		13,986	1,817
FINANCING ACTIVITIES	26(b)		
Repayment of bank loans		(840)	(680)
New bank loans		682	890
New other loans		–	2,860
Repayment of other loans		(1,385)	(3,923)
Repayment of shareholders' loan		(7,500)	–
Capital element of finance lease payments		(411)	(910)
Net cash outflow from financing activities		<u>(9,454)</u>	<u>(1,763)</u>
INCREASE IN CASH AND CASH EQUIVALENTS		4,532	54
Cash and cash equivalents at beginning of year		<u>(2,025)</u>	<u>(2,079)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>2,507</u></u>	<u><u>(2,025)</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		5,345	336
Bank overdrafts		–	(120)
Trust receipt loans with original maturity within three months		(2,838)	(2,241)
		<u><u>2,507</u></u>	<u><u>(2,025)</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2001

1. GROUP REORGANISATION

The Company was incorporated in Bermuda on 10th 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") in April 2001, the Company became the holding company of the companies now comprising the Group on 26th March, 2001 (the "Group Reorganisation"). This was accomplished by acquiring the entire issued share capital of Richlink International Holdings Limited ("Richlink International"), the then holding company of the subsidiaries listed in note 15 to the financial statements, in consideration of and in exchange for the allotment and issue of 10,000,000 ordinary shares of HK\$0.01 each in the share capital of the Company, credited as fully paid, to the former shareholders of Ricklink International, and the existing 10,000,000 nil paid shares, credited as fully paid at par. Further details of the Group Reorganisation and of the subsidiaries acquired pursuant thereto are set out in notes 15 and 24, respectively, to the financial statements and in the Company's prospectus dated 30th March, 2001.

2. CORPORATE INFORMATION

The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The principal activity of the Company is investment holding. 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 subsidiaries' principal activities during the year.

The Company is a subsidiary of Top Master Development Limited, a company incorporated in the British Virgin Islands, which is considered by the directors to be the Company's ultimate holding company at the balance sheet date.

3. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of preparation**

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic remeasurement of leasehold land and buildings and investment property, as further explained below.

Basis of presentation and consolidation

The Group Reorganisation involved companies under common control. The consolidated financial statements have been prepared using the merger basis of accounting as a result of the Group Reorganisation completed on 26th March, 2001. Under this basis, the Company has been treated as the holding company of its subsidiaries for the financial years presented rather than from the date of acquisition of the subsidiaries. Accordingly, the consolidated results of the Group for the years ended 31st March, 2000 and 2001 include the results of the Company and its subsidiaries with effect from 1st April, 1999 or since their respective dates of incorporation, where this is a shorter period. The comparative consolidated balance sheet as at 31st March, 2000 has been prepared on the basis that the existing Group had been in place at that date.

In the opinion of the directors, the consolidated financial statements prepared on the above basis present more fairly the results and the state of affairs of the Group as a whole.

All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

Comparative amounts have not been presented for the Company because the Company did not exist as at 31st March, 2000.

Subsidiaries

A subsidiary is a company in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital, or controls the composition of its board of directors.

Interests in subsidiaries are stated at cost unless, in the opinion of the directors, there have been diminutions in values other than temporary, when they are written down to values determined by the directors.

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.

Fixed assets and depreciation

Fixed assets, other than investment properties, are stated at cost or valuation less accumulated depreciation. 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 fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account 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.

Depreciation is provided on the straight-line basis to write off the cost or valuation of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Medium term leasehold land and buildings	Over the remaining lease terms
Leasehold improvements	20% or over the lease terms, whichever is shorter
Machinery and equipment	10 %
Moulds	25 %
Furniture, fixtures and office equipment	20 %
Motor vehicles	20 %

Changes in the values of fixed assets, other than investment properties, are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset. On disposal or retirement, the attributable revaluation surplus not previously dealt with in the retained profits is transferred directly to retained profits.

Where, in the opinion of the directors, the recoverable amounts of fixed assets have declined below their carrying amounts, provisions are made to write down the carrying amounts of such assets to their recoverable amounts. Recoverable amounts are not determined using discounted cash flows. Reductions in recoverable amounts are charged directly to the profit and loss account.

Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are intended to be held on a long term basis for their investment potential. Such properties are not depreciated and are stated at their open market values on the basis of annual professional valuations performed at the end of each financial year.

Changes in the values of investment properties are dealt with as movements in the investment property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

On disposal of an investment property, the relevant portion of the investment property revaluation reserve realised in respect of the previous valuations is released to the profit and loss account.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost 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 less any estimated further costs expected to be incurred to completion and disposal.

Accounts receivable

Accounts receivable, which generally have credit terms of 7-60 days, are recognised and carried at original invoiced 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.

Research and development costs

All research costs are charged to the profit and loss account as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the projects are clearly defined; the expenditure is separately identifiable and can be measured reliably; there is reasonable certainty that the projects are technically feasible; and the products have commercial value. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are amortised using the straight-line basis over the commercial lives of the underlying products of not exceeding five years, commencing from the date when the products are put into commercial production.

Pension costs

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Scheme") under the Mandatory Provident Fund Scheme Ordinance, for all of its employees in Hong Kong. The Scheme became effective on 1st December, 2000. Contributions are made based on a percentage of the employees' basic salaries, limited to a maximum of HK\$1,000 per month, and are charged to the profit and loss account 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 into 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.

Revenue recognition

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:

- (a) the sale of goods, 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;
- (b) interest income, on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable; and
- (c) rental income, on a time proportion basis over the lease terms.

Leased assets

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing.

Assets held under capitalised finance leases are included in fixed assets and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals applicable to such operating leases are charged/credited to the profit and loss account on the straight-line basis over the lease terms.

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.

Foreign currencies

Foreign currency transactions are recorded 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. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries denominated in foreign currencies are translated into Hong Kong dollars at the applicable rates of exchange ruling at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

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 which are repayable within three months from the date of the advance.

4. TURNOVER AND 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 consolidation.

An analysis of the Group's turnover and revenue by principal activity is as follows:

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
By principal activity:		
Manufacture and sale of:		
Melamine products	120,335	78,818
Silicon rubber products	25,624	24,007
Turnover	<u>145,959</u>	<u>102,825</u>
Interest income	2	57
Gross rental income	60	–
Others	368	481
Other revenue	<u>430</u>	<u>538</u>
Total revenue	<u><u>146,389</u></u>	<u><u>103,363</u></u>

The Group's turnover is further analysed below by geographical area of principal market of the Group's products.

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Hong Kong	57,902	41,494
Southeast Asia	24,120	27,496
South America	50,809	25,129
Europe	11,473	6,275
Others	1,655	2,431
	<hr/>	<hr/>
Turnover	<u>145,959</u>	<u>102,825</u>

5. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Cost of inventories sold	97,381	69,812
Auditors' remuneration	790	500
Depreciation:		
Owned fixed assets	13,609	13,713
Leased fixed assets	182	250
	<hr/>	<hr/>
	13,791	13,963
	<hr/>	<hr/>
Loss on disposal of fixed assets	424	9
Operating lease rentals in respect of leasehold land and buildings	934	557
Staff costs (excluding directors' remuneration – note 7)		
Salaries and wages	9,678	7,767
Pension scheme contributions	28	–
	<hr/>	<hr/>
	9,706	7,767
	<hr/>	<hr/>
Provision for diminution in value of leasehold land and buildings	700	200
Exchange losses, net	3	66
Gross and net rental income	(60)	–
	<hr/>	<hr/>

The cost of inventories sold includes approximately HK\$20,150,000 (2000: HK\$19,385,000) relating to staff costs and depreciation, included in the amounts separately disclosed above.

The profit from operating activities by principal activity and by geographical area of principal market of the Group's products is analysed as follows:

	2001 <i>HK\$'000</i>	Group 2000 <i>HK\$'000</i>
By principal activity:		
Manufacture and trading of:		
Melamine products	33,193	19,884
Silicon rubber products	5,953	6,482
	<hr/>	<hr/>
Profit from operating activities	<u>39,146</u>	<u>26,366</u>

	2001	Group	2000
	<i>HK\$'000</i>		<i>HK\$'000</i>
By geographical area:			
Hong Kong	16,471		10,639
Southeast Asia	6,439		7,050
South America	13,564		6,443
Europe	2,155		1,609
Others	517		625
	<u>39,146</u>		<u>26,366</u>

6. DIRECTORS' REMUNERATION

The remuneration of the directors of the Company for the period disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance is analysed as follows:

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fees:		
Executive directors	–	–
Independent non-executive directors	5	–
	<u>5</u>	<u>–</u>
Other emoluments of executive directors:		
Basic salaries, other allowances and benefits in kind	1,019	728
Pension scheme contributions	12	–
	<u>1,031</u>	<u>728</u>
	<u>1,036</u>	<u>728</u>

The remuneration of each of the three executive directors fell within the nil to HK\$1,000,000 band.

During the period, there were no bonuses paid to or receivable by the directors (2000: Nil). No directors waived or agreed to waive any remuneration during the period (2000: Nil). In addition, no emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as a compensation for loss of office (2000: Nil).

7. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals during the year included three (2000: Three) directors, details of whose remuneration are set out above. Further details of the remuneration of the remaining two (2000: Two) highest paid, non-director individuals, which both fell within the nil – HK\$1,000,000 band, are as follows:

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Basic salaries, other allowances and benefits in kind	475	468
Pension scheme contributions	5	–
	<u>480</u>	<u>468</u>

During the year, there were no bonuses paid to or receivable by any of the five highest paid individuals of the Group (2000: Nil). No emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join, or upon joining the Group, or as a compensation for loss of office (2000: Nil).

8. FINANCE COSTS

	Group	
	2001	2000
	HK\$'000	HK\$'000
Interest on:		
Bank loans and overdrafts wholly repayable within five years	631	543
Bank loans wholly repayable beyond five years	1,178	1,182
Other loan	110	17
Interest on finance leases	87	157
	<u>2,006</u>	<u>1,899</u>

9. TAX

	Group	
	2001	2000
	HK\$'000	HK\$'000
Current year provision for Hong Kong profits tax	3,575	742
Deferred tax (<i>note 23</i>)	–	742
	<u>3,575</u>	<u>1,484</u>

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits arising in Hong Kong for the year.

10. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net loss from ordinary activities attributable to shareholders dealt with in the financial statements of the Company for the period from 10th January, 2001 (date of incorporation) to 31st March, 2001 was approximately HK\$222,000.

11. DIVIDENDS

No dividend has been paid or declared by the Company since the date of its incorporation.

The dividends for the years ended 31st March, 2000 and 2001 were declared and paid by a subsidiary of the Company to its then shareholders prior to the Group Reorganisation, which was completed on 26th March, 2001. Further details of the Group Reorganisation are set out in note 1 to the financial statements and in the Company's prospectus dated 30th March, 2001.

12. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders for the year of HK\$33,565,000 (2000: HK\$22,983,000) and the weighted average of 328,000,000 (2000: 328,000,000) ordinary shares.

The weighted average number of shares used to calculate the basic earnings per share for the two years ended 31st March, 2001 includes the pro forma issued share capital of the Company, comprising 10,000,000 ordinary shares issued nil paid upon incorporation of the Company, 10,000,000 shares issued for the acquisition of Richlink International and the capitalisation issue of 308,000,000 shares, as set out in detail in note 24 to the financial statements.

There were no potential dilutive shares in existence for the two years ended 31st March, 2001 and, accordingly, no diluted earnings per share has been presented.

13. FIXED ASSETS

Group

	Medium term leasehold land and buildings <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Machinery and equipment <i>HK\$'000</i>	Moulds <i>HK\$'000</i>	Furniture, fixtures, and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost or valuation:							
At beginning of year	7,668	2,463	67,170	25,317	1,916	1,236	105,770
Additions	–	155	147	1,836	107	537	2,782
Disposals	–	–	–	–	(18)	(938)	(956)
Transfer	(1,256)	–	–	–	–	–	(1,256)
Deficit on revaluation	(916)	–	–	–	–	–	(916)
At 31st March, 2001	<u>5,496</u>	<u>2,618</u>	<u>67,317</u>	<u>27,153</u>	<u>2,005</u>	<u>835</u>	<u>105,424</u>
Accumulated depreciation:							
At beginning of year	–	2,459	17,833	15,337	1,244	1,051	37,924
Provided during the year	244	27	6,732	6,222	399	167	13,791
Disposals	–	–	–	–	(11)	(469)	(480)
Transfer	(28)	–	–	–	–	–	(28)
Written back on revaluation	(216)	–	–	–	–	–	(216)
At 31st March, 2001	<u>–</u>	<u>2,486</u>	<u>24,565</u>	<u>21,559</u>	<u>1,632</u>	<u>749</u>	<u>50,991</u>
Net book value:							
At 31st March, 2001	<u>5,496</u>	<u>132</u>	<u>42,752</u>	<u>5,594</u>	<u>373</u>	<u>86</u>	<u>54,433</u>
At 31st March, 2000	<u>7,668</u>	<u>4</u>	<u>49,337</u>	<u>9,980</u>	<u>672</u>	<u>185</u>	<u>67,846</u>
An analysis of cost or valuation:							
At cost	–	2,618	67,317	27,153	2,005	835	99,928
At valuation	5,496	–	–	–	–	–	5,496
	<u>5,496</u>	<u>2,618</u>	<u>67,317</u>	<u>27,153</u>	<u>2,005</u>	<u>835</u>	<u>105,424</u>

The Group's leasehold land and buildings situated in Hong Kong were revalued on 31st March, 2001 by DTZ Debenham Tie Leung Limited, an independent firm of professional valuers, on an open market value basis, at HK\$5,496,000. A deficit of HK\$700,000 arising therefrom has been charged to the profit and loss account. Had the Group's leasehold land and buildings situated in Hong Kong been stated at cost less accumulated depreciation, they would have been included in the financial statements at approximately HK\$8,096,000 (2000: HK\$9,568,000).

All of the Group's leasehold land and buildings are situated in Hong Kong and are pledged to secure general banking facilities granted to the Group as detailed in note 19 to the financial statements.

The net book value of assets held under finance leases included in the total amount of fixed assets are as follows:

	Group	
	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Machinery and equipment	276	687
Motor vehicles	492	537
	<u>768</u>	<u>1,224</u>

14. INVESTMENT PROPERTY

	Group	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of year	–	–
Transfer from fixed assets	1,228	–
	<hr/>	<hr/>
At end of year	<u>1,228</u>	<u>–</u>

The investment property is situated in Hong Kong and held under medium term leases. Such property was revalued on 31st March, 2001 by DTZ Debenham Tie Leung Limited, an independent firm of professional valuers, on an open market value basis, at HK\$1,228,000. There is no revaluation difference arising from the valuation.

At 31st March, 2001, the Group's investment property was pledged to secure general banking facilities granted to the Group as detailed in note 19 to the financial statements.

15. INTERESTS IN SUBSIDIARIES

	Company
	2001
	<i>HK\$'000</i>
Unlisted shares, at cost	56,167
Due to subsidiaries	(2,990)
	<hr/>
	<u>53,177</u>

The amount due to the subsidiaries is unsecured, interest-free and is not repayable in the next twelve months.

Particulars of the subsidiaries of the Company as at 31st March, 2001 were as follows:

Name of company	Place of incorporation/ registration and principal operation	Issued and fully paid-up share capital	Attributable equity interests		Principal activities
			Directly	Indirectly	
Richlink International Holdings Limited	British Virgin Islands ("BVI")	Ordinary US\$1,000	100%	–	Investment holding
Gold Wo Melamine Products Company Limited	Hong Kong	Ordinary HK\$300,000	–	100%	Manufacture and sale of melamine products
Richlink Asia Limited	Hong Kong	Ordinary HK\$1,000,000	–	100%	Manufacture and sale of silicon rubber products
Top Executive Developments Limited	BVI	Ordinary US\$10	–	100%	Dormant

16. INVENTORIES

	2001	Group
	<i>HK\$'000</i>	<i>2000</i>
		<i>HK\$'000</i>
Raw materials	9,318	4,466
Work in progress	1,498	396
Finished goods	1,833	638
	<u>12,649</u>	<u>5,500</u>

17. ACCOUNTS RECEIVABLE

The aged analysis of accounts receivable was as follows:

	2001	Group
	<i>HK\$'000</i>	<i>2000</i>
		<i>HK\$'000</i>
Outstanding balances aged:		
Within 30 days	10,113	2,082
Between 31 to 60 days	2,179	354
Between 61 to 180 days	2,372	1,053
Between 181 to 360 days	–	154
	<u>14,664</u>	<u>3,643</u>

18. DUE FROM A DIRECTOR

Particulars of the amount due from a director, disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance, are as follows:

Name of director	Balance at	Maximum	Balance at
	31st March, 2001	amount	1st April, 2000
	<i>HK\$'000</i>	outstanding	<i>HK\$'000</i>
		<i>HK\$'000</i>	
Mr. Fu Chu Kan	–	5,334	3,478

The amount due from a director was unsecured, interest-free and was fully settled during the year.

19. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2001	Group
	<i>HK\$'000</i>	<i>2000</i>
		<i>HK\$'000</i>
Bank overdrafts, secured	–	120
Bank loans, secured	10,499	10,657
Trust receipts loans, secured	2,838	2,241
Other loans, unsecured	1,152	2,537
	<u>14,489</u>	<u>15,555</u>

	2001	Group	2000
	<i>HK\$'000</i>		<i>HK\$'000</i>
Bank loans and other loans are repayable:			
Within one year	2,276		2,207
In the second year	482		1,508
In the third to fifth years, inclusive	1,725		1,356
Beyond five years	7,168		8,123
	<u>11,651</u>		<u>13,194</u>
Portion classified as current liabilities	<u>(2,276)</u>		<u>(2,207)</u>
Non-current portion	<u>9,375</u>		<u>10,987</u>

As at 31st March, 2001, the bank facilities of the Group were secured by:

- (i) first legal charges on the Group's leasehold land and buildings and investment property with carrying values of approximately HK\$5,496,000 and HK\$1,228,000, respectively (notes 13 and 14).
- (ii) first legal charges on two properties owned by a director of the Company and his spouse respectively; and
- (iii) unconditional personal guarantees executed by a director of the Company.

The Group has received consent, in principle, from the relevant bankers to the effect that the legal charges on the two properties owned by a director of the Company and his spouse, respectively, and the personal guarantees given by a director of the Company will be released and replaced by corporate guarantees of the Company and/or other security provided by members of the Group, following the listing of the shares of the Company on the Stock Exchange on 12th April, 2001. The directors understand that the bankers are currently in the process of finalising the relevant documentation for the release and replacement of the legal charges and the guarantees stated above.

20. ACCOUNTS PAYABLE

The aged analysis of accounts payable was as follows:

	2001	Group	2000
	<i>HK\$'000</i>		<i>HK\$'000</i>
Outstanding balances aged:			
Within 30 days	1,998		1,484
Between 31 to 60 days	1,104		936
Between 61 to 180 days	2,626		3,259
Between 181 to 360 days	1,218		1,160
	<u>6,946</u>		<u>6,839</u>

21. FINANCE LEASE PAYABLES

There were commitments under finance leases at the balance sheet date as follows:

	2001 <i>HK\$'000</i>	Group 2000 <i>HK\$'000</i>
Amount payable:		
Within one year	164	429
In the second year	164	19
In the third to fifth years, inclusive	217	–
	<hr/>	<hr/>
Total minimum finance lease payments	545	448
Less: Future finance charges	(99)	(71)
	<hr/>	<hr/>
Total net finance lease payables	446	377
Less: Portion classified as current liabilities	(136)	(360)
	<hr/>	<hr/>
Non-current portion	<u>310</u>	<u>17</u>

22. SHAREHOLDER'S LOANS

The amount was unsecured, interest-free and has no fixed terms of repayment. The directors are of the opinion that the amount will not be repayable in the next twelve months.

23. DEFERRED TAX

	2001 <i>HK\$'000</i>	Group 2000 <i>HK\$'000</i>
At beginning of year	3,292	2,550
Charge for the year	–	742
	<hr/>	<hr/>
At 31st March	<u>3,292</u>	<u>3,292</u>

The Group's provision for deferred tax is made principally in respect of accelerated depreciation allowances to the extent that a liability is expected to crystallise.

The Group did not have any significant unprovided deferred tax liabilities as at 31st March, 2001 (2000: Nil).

24. SHARE CAPITAL**Shares***HK\$'000**Authorised:*

10,000,000,000 shares of HK\$0.01 each

100,000*Issued and fully paid:*

20,000,000 shares of HK\$0.01 each

200

The following movements in the Company's authorised and issued share capital took place during the period from 10th January, 2001 (date of incorporation) to the date of approval of these financial statements.

- (i) Upon incorporation, the authorised share capital of the Company was HK\$100,000 divided into 10,000,000 shares of HK\$0.01 each.
- (ii) On 5th February, 2001, 10,000,000 shares of HK\$0.01 each was allotted and issued nil paid.

- (iii) On 26th March, 2001, the authorised share capital of the Company was increased from HK\$100,000 to HK\$100,000,000 by the creation of 9,990,000,000 additional shares of HK\$0.01 each, ranking *pari passu* with the existing share capital of the Company.
- (iv) On 26th March, 2001, as part of the Group Reorganisation described in note 1, the Company (a) issued an aggregate of 10,000,000 new shares of HK\$0.01 each credited as fully paid at par, and (b) credited as fully paid at par the existing 10,000,000 shares issued nil paid on 5th February, 2001 as set out in (ii) above, in consideration of and in exchange for the acquisition of the entire issued share capital of Richlink International. The excess of the fair value of the shares of Richlink International, determined on the basis of the consolidated net assets of Richlink International at that date over the nominal value of the Company's shares issued in exchange therefor, amounting to HK\$55,967,000, was credited to the Company's contributed surplus as detailed in note 25 to the financial statements.
- (v) On 26th March, 2001, a total of 308,000,000 shares of HK\$0.01 each were allotted as fully paid at par to the holders of the shares of the Company whose names appeared on the register of members of the Company at the close of business on that date, in proportion to their then respective shareholdings, by way of the capitalization of the sum of HK\$3,080,000 standing to the credit of the share premium account of the Company, conditional upon the share premium account being credited as a result of the new issue and placing of shares to the public as detailed in (vi) below. For the purpose of preparing the financial statements of the Group for the years ended 31st March, 2001 and 2000, these shares are deemed to have been in issue, nil paid, since 1st April, 1999.
- (vi) Subsequent to the balance sheet date, on 12th April, 2001, 72,000,000 shares of HK\$0.01 each were issued at HK\$0.5 each to the public by way of a new issue and placement of shares, for a total cash consideration, before related expenses, of HK\$36,000,000.

A summary of the above movements in the issued share capital of the Company is as follows:

	<i>Notes</i>	Number of shares issued	Par value HK\$'000
Shares allotted and issued nil paid	<i>(ii)</i>	10,000,000	–
Shares issued as consideration for the acquisition of the entire share capital of Richlink International	<i>(iv)</i>	10,000,000	100
Application of contributed surplus to pay up nil paid shares	<i>(iv)</i>	–	100
Capitalisation issue credited as fully paid conditional on the share premium account of the Company being credited as a result of the public share issue	<i>(v)</i>	<u>308,000,000</u>	–
Proforma issued share capital as at 31st March, 2000 and 2001		328,000,000	200
New issue and placing of shares to the public	<i>(vi)</i>	72,000,000	720
Capitalisation of the share premium account as set out above	<i>(v)</i>	<u>–</u>	<u>3,080</u>
Share capital at the date of approval of the financial statements		<u><u>400,000,000</u></u>	<u><u>4,000</u></u>

Share options

On 26th March, 2001, the Company adopted a share option scheme (the "Scheme") conditional upon the listing of the Company's shares, under which the directors may, at their discretion, invite any full time employees of the Company or any of its subsidiaries, including any directors (other than non-executive directors), to take up options to subscribe for shares in the Company. The subscription price is determined by the directors, but may not be less than the higher of the nominal value of the Company's shares or 80% of the average of the closing price of the shares on the Stock Exchange for the five trading days immediately preceding the date of grant of the option. A nominal cash consideration of HK\$1 is payable on acceptance of the grant of an option.

The maximum number of shares in respect of which options may be granted under the Scheme is 10% of the issued share capital of the Company from time to time, excluding for this purpose shares issued upon the exercise of any options granted under the Scheme or any other share option scheme.

No option may be granted to any one person which, if exercised in full, will result in the total number of shares already issued and which may fall to be issued to him under all of the options previously granted to him pursuant to the Scheme exceeding 25% of the maximum aggregate number of shares for the time being issued and which may fall to be issued under the Scheme.

The Scheme became effective upon the listing of the Company's shares on the Stock Exchange on 12th April, 2001, subsequent to the balance sheet date. As at the date of approval of the financial statements, no options had been granted or agreed to be granted under the Scheme.

25. RESERVES

Group

	Contributed surplus <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April, 1999	1,100	23,807	24,907
Net profit for the year	–	22,983	22,983
Dividends	–	(10,000)	(10,000)
	<hr/>	<hr/>	<hr/>
At 31st March, 2000 and at 1st April, 2000	1,100	36,790	37,890
Net profit for the year	–	33,565	33,565
Dividends	–	(13,000)	(13,000)
	<hr/>	<hr/>	<hr/>
At 31st March, 2001	<u>1,100</u>	<u>57,355</u>	<u>58,455</u>

Company

	Contributed surplus <i>HK\$'000</i>	Accumulated loss <i>HK\$'000</i>	Total <i>HK\$'000</i>
Arising on acquisition of Richlink International (note 24)	55,967	–	55,967
Net loss for the year	–	(222)	(222)
	<hr/>	<hr/>	<hr/>
At 31st March, 2001	<u>55,967</u>	<u>(222)</u>	<u>55,745</u>

Notes:

- (a) The contributed surplus of the Group represents the difference between the nominal value of share capital of the subsidiaries acquired pursuant to the Group Reorganisation, set out in note 1 to the financial statements, over the nominal value of the shares in the Company issued in exchange therefor.

The contributed surplus of the Company represents the difference between the then combined net asset value of the subsidiaries acquired pursuant to the same reorganisation over the nominal value of the shares of the Company's shares issued in exchange therefor.

- (b) Under the Companies Act 1981 of Bermuda, the Company may make distributions to its members out of contributed surplus under certain circumstances.

26. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	2001 HK\$'000	2000 HK\$'000
Profit from operating activities	39,146	26,366
Depreciation	13,791	13,963
Interest income	(2)	(57)
Provision for diminution in value of leasehold land and buildings	700	200
Loss on disposal of fixed assets	424	9
Increase in inventories	(7,149)	(688)
Decrease/(increase) in accounts receivable	(11,021)	1,545
Decrease/(increase) in prepayments, deposits and other receivables	(11,016)	1,894
Decrease/(increase) in amount due from a director	3,478	(3,630)
Increase in accrued liabilities and other payables	8,050	2,003
Increase/(decrease) in accounts payable	107	(543)
	<u>36,508</u>	<u>41,062</u>
Net cash inflow from operating activities	<u>36,508</u>	<u>41,062</u>

(b) Analysis of changes in the Group's financing during the year

	Share holders loans HK\$'000	Bank and other loans HK\$'000	Finance lease obligations HK\$'000
At 1st April, 1999	10,000	14,047	707
Net cash outflow from financing	–	(853)	(910)
Inception of finance lease contracts	–	–	580
	<u>10,000</u>	<u>13,194</u>	<u>377</u>
At 31st March, 2000 and at 1st April, 2000	10,000	13,194	377
Net cash outflow from financing	(7,500)	(1,543)	(411)
Inception of finance lease contracts	–	–	480
	<u>2,500</u>	<u>11,651</u>	<u>446</u>
At 31st March, 2001	<u>2,500</u>	<u>11,651</u>	<u>446</u>

(c) Major non-cash transactions

- (i) The Group Reorganisation in preparation for the public listing of the Company's shares involved the acquisition of Richlink International by the issue of shares of the Company, further details of which are set out in notes 1 and 24 to the financial statements.
- (ii) During the year, the Group entered into finance lease arrangements in respect of fixed assets with a total capital value at the inception of the finance lease of HK\$480,000 (2000: HK\$580,000).

27. COMMITMENTS

	2001 <i>HK\$'000</i>	Group 2000 <i>HK\$'000</i>
(a) Annual commitments payable in the following year under non-cancellable operating leases in respect of land and buildings expiring:		
Within one year	686	88
In the second to fifth years, inclusive	375	771
	<u>1,061</u>	<u>859</u>
(b) Capital commitments contracted for in respect of purchases of fixed assets	<u>5,269</u>	<u>–</u>

The Company did not have any significant commitments at the balance sheet date.

28. CONTINGENT LIABILITIES

	2001 <i>HK\$'000</i>	Group 2000 <i>HK\$'000</i>
Bills discounted with recourse	<u>443</u>	<u>–</u>

The Company did not have any contingent liability at the balance sheet date.

29. POST BALANCE SHEET EVENT

In addition to the matters set out in note 24 to the financial statements, on 12th April, 2001, the Company issued 72,000,000 new shares of HK\$0.01 each to the public, upon listing of its shares on the Stock Exchange, at a price of HK\$0.5 per share for a total consideration, before related expenses, of HK\$36,000,000.

30. RELATED PARTY TRANSACTIONS

The Group had transactions with a substantial shareholder of the Company as set out below:

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Sale of goods	<u>7,306</u>	<u>6,593</u>

The Group sold silicon rubber keypads to a substantial shareholder of the Company on the same terms and conditions as the Group sold the same product item to independent third parties.

In addition to the above, the Group also had the following significant transactions with related parties during the year:

- (i) Mr. Fu Chu Kan, a director of the Company, has executed personal guarantee for banking facilities granted to the Group at nil consideration; and
- (ii) two properties located in Hong Kong and owned by Mr. Fu Chu Kan, a director of the Company, and his spouse, respectively, were pledged to secure certain banking facilities granted to the Group at nil consideration.

The above related party transactions with a substantial shareholder of the Company would constitute connected transactions, as defined in the Listing Rules, should the Company's shares become listed on the Stock Exchange at the date of these transactions.

In respect of these transactions, a conditional waiver from strict compliance with the connected transaction requirements as set out in Chapter 14 of the Listing Rules has been obtained subsequent to the listing of the Company's shares on 12th April, 2001.

31. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 26th July, 2001.

INTERIM RESULTS

The board of directors (the “Board”) of Gold Wo International Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September, 2001 together with comparative figures for the corresponding period in 2000. This is the first interim report of the Group after the Group has been successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 12th April, 2001.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Unaudited	
		Six months ended	
		30th September,	
		2001	2000
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
TURNOVER	2	75,982	68,018
Cost of sales		<u>(55,991)</u>	<u>(45,300)</u>
		19,991	22,718
Other revenue	2	779	136
Selling and distribution costs		(952)	(1,226)
Administrative expenses		<u>(5,671)</u>	<u>(3,877)</u>
PROFIT FROM OPERATING ACTIVITIES	3	14,147	17,751
Finance costs	4	<u>(1,425)</u>	<u>(1,096)</u>
PROFIT BEFORE TAX		12,722	16,655
Tax	5	<u>(1,070)</u>	<u>(1,330)</u>
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		<u><u>11,652</u></u>	<u><u>15,325</u></u>
EARNINGS PER SHARE			
Basic, HK cents	6	<u><u>2.9</u></u>	<u><u>4.7</u></u>

Other than the net profit from ordinary activities attributable to shareholders for the period, the Group had no recognised gains or losses for the six months ended 30th September, 2001. Accordingly, a condensed consolidated statement of recognised gains and losses is not presented in the financial statements.

CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited 30th September, 2001	Audited 31st March, 2001
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Fixed assets	7	53,582	54,433
Investment property		1,228	1,228
Deposit for acquisition of fixed assets		1,505	5,268
		<u>56,315</u>	<u>60,929</u>
CURRENT ASSETS			
Inventories		19,594	12,649
Accounts receivable	8	20,035	14,664
Prepayments, deposits and other receivables		348	11,424
Cash and bank balances		59,609	5,345
		<u>99,586</u>	<u>44,082</u>
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		28,514	5,114
Accounts payable	9	4,087	6,946
Accrued liabilities and other payables		4,421	12,803
Finance lease payables		395	136
Tax payable		6,950	5,880
		<u>44,367</u>	<u>30,879</u>
NET CURRENT ASSETS		<u>55,219</u>	<u>13,203</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		111,534	74,132
NON-CURRENT LIABILITIES			
Interest bearing bank and other borrowings		9,059	9,375
Finance lease payables		983	310
Shareholder's loans		2,500	2,500
Deferred tax		3,292	3,292
		<u>15,834</u>	<u>15,477</u>
		<u>95,700</u>	<u>58,655</u>
CAPITAL AND RESERVES			
Issued share capital	10	4,000	200
Share premium	11	21,593	–
Reserves		70,107	58,455
		<u>95,700</u>	<u>58,655</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Six months ended 30th September, HK\$'000
Net cash inflow from operating activities	5,720
Net cash outflow from returns on investments and servicing of finance	(996)
Net cash outflow from investing activities	<u>(1,715)</u>
Net cash inflow before financing activities	3,009
Net cash inflow from financing activities	<u>46,453</u>
Increase in cash and cash equivalents	49,462
Cash and cash equivalents at beginning of period	<u>2,507</u>
Cash and cash equivalents at end of period	<u><u>51,969</u></u>

ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS

Cash and bank balances	59,609
Bank overdrafts	(128)
Trust receipt loans with original maturity within three months	<u>(7,512)</u>
	<u><u>51,969</u></u>

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The Company was incorporated in Bermuda on 10th 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 in April 2001, the Company became the holding company of the companies now comprising the Group on 26th March, 2001 (the "Group Reorganisation"). This was accomplished by acquiring the entire issued share capital of Richlink International Holdings Limited ("Richlink International"), the then holding company of the subsidiaries, in consideration of and in exchange for the allotment and issue of 10,000,000 ordinary shares of HK\$0.01 each in the share capital of the Company, credited as fully paid, to the former shareholders of Richlink International, and the existing 10,000,000 nil paid shares, credited as fully paid at par. Further details of the Group Reorganisation and of the subsidiaries acquired pursuant thereto are set out in the Company's year 2001 annual report and the Company's prospectus dated 30th March, 2001. The Group Reorganisation involved companies under common control. The unaudited condensed consolidated interim financial statements have been prepared using the merger basis of accounting as a result of the Group Reorganisation completed on 26th March, 2001. Under this basis, the Company has been treated as the holding company of its subsidiaries for the financial periods presented rather than from the date of acquisition of the subsidiaries. Accordingly, the unaudited consolidated results of the Group for the six months ended 30th September, 2000 and 2001 include the results of the Company and its subsidiaries with effect from 1st April, 2000 or since their respective dates of incorporation, where this is a shorter period.

The unaudited condensed consolidated interim financial statements are prepared in accordance with Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants, except that no comparative figures have been presented for the unaudited condensed consolidated cash flow statement as allowed under the provisions of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The accounting policies and methods of computation used in the preparation of these condensed interim financial statements are consistent with those used in the annual financial statements for the year ended 31st March, 2001.

These unaudited condensed interim financial statements have been reviewed by the audit committee of the Company and were approved by the Board on 19th December, 2001.

2. TURNOVER AND REVENUE

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

An analysis of the Group's turnover and revenue by principal activity is as follows:

	Unaudited	
	Six months ended	
	30th September,	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
By principal activity		
Manufacture and trading of:		
Melamine products	59,223	55,557
Silicon rubber products	16,759	12,461
	<hr/>	<hr/>
Turnover	75,982	68,018
	<hr/>	<hr/>
Interest income	429	1
Gross rental income	53	–
Exchange gain, net	52	–
Others	245	139
	<hr/>	<hr/>
Other revenue	779	140
	<hr/>	<hr/>
Total revenue	<u>76,761</u>	<u>68,158</u>

The Group's turnover is further analysed by geographical area of principal market of the Group's products.

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
By geographical area		
Hong Kong	28,312	24,078
Southeast Asia	20,877	11,699
South America	23,947	24,215
Europe	2,596	7,074
Others	250	952
	<u>75,982</u>	<u>68,018</u>
Turnover	<u>75,982</u>	<u>68,018</u>

3. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	Unaudited Six months ended 30th September,	
	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Depreciation	7,430	6,847
Exchange losses, net	–	7
Gross and net rental income	(53)	–
	<u>(53)</u>	<u>–</u>

The profit from operating activities by principal activity and by geographical area of principle market of the Group's products is analysed as follows:

	Unaudited Six months ended 30th September,	
	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
By principal activity		
Manufacture and trading of:		
Melamine products	10,769	14,867
Silicon rubber products	3,378	2,884
	<u>14,147</u>	<u>17,751</u>
Profit from operating activities	<u>14,147</u>	<u>17,751</u>
By geographical area		
Hong Kong	5,350	6,783
Southeast Asia	3,878	2,968
South America	4,449	6,144
Europe	419	1,561
Others	51	295
	<u>14,147</u>	<u>17,751</u>
Profit from operating activities	<u>14,147</u>	<u>17,751</u>

4. FINANCE COSTS

	Unaudited	
	Six months ended	
	30th September,	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
Bank loans and overdrafts wholly repayable within five years	948	334
Bank loans wholly repayable beyond five years	400	661
Other loans	43	51
Interest on finance leases	34	50
	<u>1,425</u>	<u>1,096</u>

5. TAX

	Unaudited	
	Six months ended	
	30th September,	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current period provision for Hong Kong profits tax	<u>1,070</u>	<u>1,330</u>

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits arising in Hong Kong during the period.

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders for the period of HK\$11,652,000 (2000: HK\$15,325,000) and the weighted average of 395,648,352 (2000: 328,000,000) ordinary shares.

The weighted average number of shares used to calculate the basic earnings per share for the six months ended 30th September, 2000 includes the pro forma issued share capital of the Company, comprising 10,000,000 ordinary shares issued nil paid upon incorporation of the Company, 10,000,000 shares issued for the acquisition of Richlink International and the capitalisation issue of 308,000,000 shares, as described in the Company's prospectus dated 30th March, 2001.

The weighted average number of shares used to calculate the basic earnings per share for the six months ended 30th September, 2001 includes the above-mentioned 328,000,000 pro forma issued share capital of the Company in issue prior to the listing of the Company's shares on the Stock Exchange and the 72,000,000 ordinary shares issued to the public on 12th April, 2001 in connection with the Company's initial public offering.

There were no potential dilutive ordinary shares in existence for the periods ended 30th September, 2000 and 2001, and accordingly, no diluted earnings per share has been presented.

7. FIXED ASSETS

The changes in the net book value of fixed assets for the six months ended 30th September, 2001 are analysed as follows:

	Unaudited <i>HK\$'000</i>
At 1st April, 2001	54,433
Additions of:	
leasehold improvements	124
machinery and equipment	4,038
moulds	986
furnitures, fixtures, and office equipment	238
motor vehicles	1,193
Disposals	–
Depreciation	<u>(7,430)</u>
At 30th September, 2001	<u><u>53,582</u></u>

8. ACCOUNTS RECEIVABLE

The aged analysis of accounts receivable was as follows:

	Unaudited 30th September, 2001 <i>HK\$'000</i>	Audited 31st March, 2001 <i>HK\$'000</i>
Outstanding balances aged:		
Within 30 days	13,999	10,113
Between 31 to 60 days	3,608	2,179
Between 61 to 180 days	1,434	2,372
Between 181 to 360 days	994	–
	<u>20,035</u>	<u>14,664</u>

9. ACCOUNTS PAYABLE

The aged analysis of accounts payable was as follows:

	Unaudited 30th September, 2001 <i>HK\$'000</i>	Audited 31st March, 2001 <i>HK\$'000</i>
Outstanding balances aged:		
Within 30 days	561	1,998
Between 31 to 60 days	852	1,104
Between 61 to 180 days	2,479	2,626
Between 181 to 360 days	195	1,218
	<u>4,087</u>	<u>6,946</u>

10. SHARE CAPITAL

	Unaudited 30th September, 2001 HK\$'000	Audited 31st March, 2001 HK\$'000
<i>Authorised:</i>		
10,000,000,000 shares of HK\$0.01 each	<u>100,000</u>	<u>100,000</u>
	Number of shares issued	Par value HK\$'000
<i>Issued and fully paid:</i>		
At 1st April, 2001	20,000,000	200
New issue and placing of shares to the public	72,000,000	720
Capitalisation of the share premium account	<u>308,000,000</u>	<u>3,080</u>
At 30th September, 2001	<u>400,000,000</u>	<u>4,000</u>

On 26th March, 2001, a total of 308,000,000 shares of HK\$0.01 each were allotted as fully paid at par to the holders of the shares of the Company whose names appeared on the register of members of the Company at the close of business on that date, in proportion to their then respective shareholdings, by way of the capitalization of the sum of HK\$3,080,000 standing to the credit of the share premium account of the Company.

During the period, on 12th April, 2001, in connection with the Company's initial public offering, 72,000,000 shares of HK\$0.01 each were offered at HK\$0.5 each to the public by way of a new issue and placement of shares, for a cash consideration, before related expenses, of HK\$36,000,000.

11. Share premium

	Unaudited HK\$'000
At 1st April, 2001	–
Arising from new issue and placing of shares to the public	24,673
Capitalisation of the share premium account	<u>(3,080)</u>
At 30th September, 2001	<u>21,593</u>

12. RELATED PARTY TRANSACTIONS

(a) The Group had transactions with a substantial shareholder of the Company as set out below:

	Unaudited Six months ended 30th September, 2001 HK\$'000	2000 HK\$'000
Sale of goods	<u>467</u>	<u>3,915</u>

(b) As at 30th September, 2001, certain of the banking facilities of the Group were secured by:

- (i) personal guarantees from Mr. Fu Chu Kan, a director of the Company, at nil consideration; and
- (ii) two properties located in Hong Kong and owned by Mr. Fu Chu Kan, a director of the Company, and his spouse, respectively, at nil consideration.

Subsequent to the balance sheet date on 4th October, 2001, the mentioned banking facilities of the Group were replaced by another banking facilities and such personal guarantees and pledged properties have been replaced by corporate guarantees of the Company.

PRO FORMA CONSOLIDATED NET TANGIBLE ASSETS

Set out below is the pro forma consolidated net tangible asset value of the Group based on the audited consolidated net tangible asset value as at 31st March, 2001 adjusted as follows:

	<i>\$'000</i>
Audited consolidated net tangible asset value of the Group as at 31st March, 2001	58,655
Net proceeds of the initial public offering of 72,000,000 shares of \$0.01 each on 12th April, 2001	25,500
Unaudited net profit for the 6 months period ended 30th September, 2001	11,652
Estimated net proceeds of the Rights Issue	<u>30,000</u>
Pro forma adjusted consolidated net tangible asset value after the Rights Issue	<u><u>125,807</u></u>
Unaudited consolidated net tangible asset value per Share immediately before the Rights Issue (based on 4,000,000,000 Shares in issue)	<u><u>2.4 cents</u></u>
Pro forma consolidated net tangible asset value per Share – after the Rights Issue (based on 6,000,000,000 Shares then in issue)	<u><u>2.1 cents</u></u>

INDEBTEDNESS

At the close of business on 31st March, 2002, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, the Group had outstanding borrowings of approximately \$48.8 million. This comprised secured trust receipt loans of approximately \$18.1 million, secured short term bank loan of approximately \$20 million, secured long term bank loan of approximately \$9.5 million and finance lease payable of \$1.2 million. The borrowings were secured by the first legal charge on certain of the Group's leasehold land and buildings and an investment property situated in Hong Kong and the Group's fixed deposits.

Save as aforesaid or as otherwise disclosed herein and apart from intra-Group liabilities, no companies within the Group had outstanding at the close of business on 31st March, 2002 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, obligation under finance lease contracts, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

The Directors are of the opinion that after taking into account the estimated net proceeds of the Rights Issue and the Group's currently available banking facilities, the Group has sufficient working capital for its present requirements in the absence of unforeseen circumstances.

1. RESPONSIBILITY STATEMENT

This prospectus includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

2.1 Interests in securities

As at the Latest Practicable Date, the interests of each Director in the equity or debt securities of the Company or any associated corporations (within the meaning of the SDI Ordinance) which (a) were required to be notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including interests which he was taken or deemed to have under section 31 or Part I of the Schedule to the SDI Ordinance); or (b) were required, pursuant to section 29 of the SDI Ordinance, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange were as follows:

Name	Number of Shares held			Percentage of Shareholding (Approximate)
	Personal Interests	Corporate Interests	Other Interests	
Mr Fu Chu Kan	–	2,180,000,000 (<i>Note</i>)	–	54.5%
Madam Fu Yin Ling	–	–	(<i>Note</i>)	–

Note: These shares are held by Top Master, the issued share capital of which is held 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 in this prospectus, as at the Latest Practicable Date, none of the Directors had any interests in the equity or debt securities of the Company or any associated corporations (within the meaning of the SDI Ordinance) which (a) were required to be notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including any interests which he was taken or deemed to have under section 31 or Part I of the Schedule to the SDI Ordinance); or (b) were required, pursuant to section 29 of the SDI Ordinance, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

2.2 Interests in options

Pursuant to the Company's share option scheme adopted by the Company on 26th March, 2001, the Board 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. As at the Latest Practicable Date, the Company has not granted any options in favour of any director.

2.3 Interests in contracts or arrangement

None of the Directors is materially interested in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date which is significant in relation to the business of the Group taken as a whole.

2.4 Interests in 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 1st 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.

Mr. Fu Chu Kan, Madam Fu Yin Ling and Mr. Chan Kit Ming is entitled to monthly salary in the sum of \$70,000, HK\$40,000 and \$30,000 respectively (subject to an annual increment after 1st March, 2002 at the discretion of the Directors of not more than 10% of the annual salary immediately prior to such increase), a fixed year end bonus equivalent to one month's basic salary and a management bonus in respect of each financial year (not exceeding in aggregate 5% of the consolidated/combined audited net profit of the Group after taxation and minority interests and payment of such bonuses but before extraordinary items for that year) to be determined by the Directors in their absolute discretion.

Save as disclosed herein, there are no existing or proposed service contracts between any member of the Group and the Directors, excluding contracts expiring or terminable by the Group within one year without payment of compensation, other than statutory compensation.

2.5 Interests in assets

None of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to the Company or any of its subsidiaries since 31st March, 2001, the date to which the latest published audited consolidated financial statements of the Group were made up.

3. SUBSTANTIAL SHAREHOLDERS

As at Latest Practicable Date, the following persons are interested in 10% or more of the issued share capital of the Company according to 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	2,180,000,000	54.5%
Yue Fung International Group Holding Limited	820,000,000	20.5%

Save as disclosed in this prospectus, as at the Latest Practicable Date, no person was recorded in the register kept by the Company pursuant to section 16(1) of the SDI Ordinance as directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. DIRECTORS

Executive directors

Mr. FU Chu Kan, aged 45, is the Chairman and Managing Director of the Company and founder of the Group. Mr. Fu is primarily responsible for the Group's overall strategic planning, formulation of corporate policies and marketing management. Mr. Fu has over ten years of experience in the manufacture and sale of melamine and silicon rubber products.

Madam FU Yin Ling, aged 50, joined the Group in July 1993 and is the Deputy Chairman of the Company. She is primarily responsible for the overall management of the Group. She has over eight years of experience in the melamine and silicon rubber industries. Madam Fu is the elder sister of Mr. Fu Chu Kan.

Mr. CHAN Kit Ming, aged 33, is the business development director of the Group. Mr. Chan is primarily responsible for the Group's product development, quality control and technical related aspects of the production. Mr. Chan has over 13 years of experience in the electronics, melamine and silicon rubber industries. Prior to joining the Group in June 1997, he worked as an engineer of an electronics appliances manufacturer.

Independent non-executive directors

Mr. WONG Kai Tat, aged 49, is a practising accountant and holds a bachelor degree of business administration from the University of Iowa, the United States of America, a master of business administration degree from the University of Strathclyde, Scotland and an honorary doctor of law degree from Armstrong University in the United States of America.

Mr. WONG Wing Hang, Henry, aged 34, is an independent non-executive Director. Mr. Wong is admitted as a solicitor of Hong Kong. Mr. Wong is also a partner of a law firm in Hong Kong.

The business address of the executive Directors is at Unit 5, 34th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.

The residential address of Mr. WONG Kai Tat is at Flat A, 3rd Floor, Tower 9, Redhill Peninsula, 18 Pak Pat Shan Road, Hong Kong.

The residential address of Mr. WONG Wing Hang, Henry is at Flat B, 19th Floor, Parksdale, 6A Park Road, Hong Kong.

5. CORPORATE INFORMATION**Registered Office**

Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

Head Office and Principal Place of Business

Unit 5
34th Floor, Cable TV Tower
9 Hoi Shing Road
Tsuen Wan
New Territories
Hong Kong

Principal Registrar and Transfer Office

The Bank of Bermuda Limited
6 Front Street
Hamilton HM 11, Bermuda

Hong Kong Branch Registrar and Transfer Office

Tengis Limited
4th Floor
Hutchison House
10 Harcourt Road
Central
Hong Kong

Legal Advisers on Hong Kong Laws

Jennifer Cheung & Co.
Unit A
19th Floor, Two Chinachem Plaza
68 Cannought Road
Central, Hong Kong

Legal Advisers on Bermuda Law

Conyers Dill & Pearman
2901, One Exchange Square
8 Connaught Place
Central
Hong Kong

Principal Bankers

BNP Paribas Hong Kong Branch
4-18/F., Central Tower
28 Queen's Road Central
Hong Kong

Dah Sing Bank Limited
36/F., Dah Sing Financial Centre
108 Gloucester Road
Hong Kong

DBS Kwong On Limited
139 Queen's Road Central
Central, Hong Kong

Industrial and Commercial Bank of China (Asia) Limited
ICBC Tower
122-126 Queen's Road Central
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

Auditors

Ernst & Young
Certified Public Accountants
15th Floor, Hutchison House
10 Harcourt Road
Central
Hong Kong

Authorised Representatives

Mr. Fu Chu Kan
Mr. Young Chi Shan, Michael

The address of the authorized representatives is at Unit 5, 34th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.

Company Secretary

Mr. Young Chi Shan, Michael *AHKSA, ACCA*

6. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (other than contracts entered into in the ordinary course of business) which have been entered into by any member of the Group in the two years immediately preceding the date of this prospectus:

- (a) the agreement dated 26th March, 2001 between Top Master, Yue Fung International Group Holding Limited ("Yue Fung"), Mr. Fu Chu Kan, Madam Fu Yin Ling and the Company relating to the sale by Top Master and Yue Fung of the entire issued share capital of Richlink International Holdings Limited to the Company in consideration of the allotment and issue by the Company of 10,000,000 Shares, credited as fully paid, to Top Master and Yue Fung and the crediting as fully paid up at par the 10,000,000 Shares allotted and issued nil paid to Top Master and Yue Fung upon organisation of the Company;
- (b) the deed of indemnity dated 29th March, 2001 and given by the Top Master, Mr. Fu Chu Kan and Madam Fu Yin Ling in favour of the Group being the deed of indemnity containing indemnities in respect of, inter alia, Hong Kong estate duty and other taxation;

- (c) the underwriting agreement dated 29th March, 2001 in relation to the Company's initial public offering;
- (d) the subscription agreement dated 4th January, 2002 in relation to the issue of unlisted redeemable convertible notes; and
- (e) the Underwriting Agreement.

7. SECRETARY

The Company Secretary is Mr. Young Chi Shan, Michael who is an associate member of the Hong Kong Society of Accountants and member of the Association of Chartered Certified Accountants.

8. LITIGATION

As at the Latest Practicable Date, none of the Company or any other members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

9. LEGAL EFFECT

This prospectus, the provisional allotment letter, the form of application for excess Rights Shares and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong.

10. BINDING EFFECT

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance as far as applicable.

11. DOCUMENTS DELIVERED TO THE REGISTRARS OF COMPANIES

A copy of this prospectus, together with copies of provisional allotment letter and the form of application for excess Rights Shares, have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies Ordinance and have been filed with the Registrar of Companies in Bermuda in accordance with the requirements of the Companies Act.

12. MATERIAL ADVERSE CHANGES

Save as disclosed in this prospectus, the Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31st March, 2001, the date of the latest published audited accounts of the Group.

13. PERMISSION OF THE BERMUDA MONETARY AUTHORITY

Permission under the Exchange Control Act 1972 of Bermuda (and the regulations thereunder) has been received from the BMA in respect of the issue of the Rights Shares to persons regarded as non-residents of Bermuda for exchange control purposes subject to the requirement that the Rights Shares are listed on the Stock Exchange. In granting such permission and in accepting this prospectus, the provisional allotment letter and the application form for excess Rights Shares for filing, neither the BMA nor the Registrar of Companies of Bermuda accepts any responsibility for the financial soundness of the Group or for the correctness of any statements made or opinions expressed in this prospectus, the provisional allotment letter or the application form for excess Rights Shares.

14. MISCELLANEOUS

None of the capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the offices of Jennifer Cheung & Co at Unit A, 19th Floor, Two Chinachem Plaza, 68 Connaught Road, Central, Hong Kong up to and including 5th June, 2002:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the annual report of the Company for the financial year ended 31st March, 2001;
- (c) the interim report of the Company for the six months ended 30th September, 2001
- (d) the material contracts referred to in the paragraph headed "Material contracts" in this appendix; and
- (e) the service contracts referred to in the paragraph headed "Disclosure of interests" in this appendix.