



The inventory turnover for the six months ended 30 June 2003 was 148 days compared to 130 days for the year ended 31 December 2002. The increase in inventory turnover days was primarily attributable to the rise in stock level in anticipation of the increasing demand for the Group's products in the second half of the year.

The average debtors turnover for the six months ended 30 June 2003 was 203 days, compared to 205 days for the year ended 31 December 2002. This was mainly because the Group granted a longer credit period for certain customers with long-established relationship and good past repayment histories.

Most of the revenue generated from the sale of products and payment for purchase of materials, equipment and salaries are either in HK Dollars, US Dollars and Renminbi. The Directors consider that the Group is not exposed to any significant foreign exchange risk.

USE OF PROCEEDS

The placing and initial public offer of the Company has raised net proceeds of approximately HK\$36 million after deducting related expenses. The Group did not utilize any part of new proceeds up to the date of this report. The net proceeds will be used in accordance with the plan as described in the Prospectus dated 12 June 2003.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2003, the Group had a total of 762 full-time staff. The total staff costs for the period under review were HK\$8,340,000. The Group offers a comprehensive remuneration and employees' benefits package to its employees. In addition, share options and discretionary bonuses are also granted to eligible staff based on the performance of the individual as well as the Group.