



LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated resources and banking facilities provided by its bankers in Hong Kong and the PRC.

As at 30 June 2004, the Group had total assets of approximately HK\$340,407,000 (31 December 2003: approximately HK\$352,011,000) which were financed by current liabilities of approximately HK\$166,665,000, long term liabilities of approximately HK\$48,017,000 and shareholders' equity of approximately HK\$125,725,000.

The cash and bank balance including pledged bank deposits is approximately HK\$53,598,000 and total borrowing of approximately HK\$176,822,000. Most of these borrowings were denominated in Hong Kong dollars and Renminbi and bearing floating interest rate. The gearing ratio of the Group as at 30 June 2004 was approximately 36.2 (31 December 2003: approximately 34.1), calculated on the basis of total borrowings less cash over total asset.

The Group has very limited exposure to movements in exchange rate. The majority of the Group's purchases were denominated in Hong Kong dollars and Renminbi.

CHARGES ON ASSETS

As at 30 June 2004, certain assets of the Group with aggregate carrying value of approximately HK\$144 million (31 December 2003: approximately HK\$144 million) were pledged to banks to secure banking facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2004, the Group had a total of 867 full-time staff. The total staff costs for the period under review were approximately HK\$9,554,000. The Group offers 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.