

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally finances its operations with internally generated cash flow and banking facilities provided by the principal bankers in Hong Kong and in the PRC. At 30 September 2000, the Group had cash and bank balances and fixed deposits of a total amount of HK\$43 million. The Group's bank borrowings at 30 September 2000 amounted to HK\$96 million which were secured mainly by the legal charges on certain fixed assets and fixed deposits owned by the Group. The gearing ratio of the Group at 30 September 2000 calculated as a ratio of total debts to total assets is 39.5%. Net current assets at 30 September 2000 were approximately HK\$12 million and current ratio was maintained at a healthy level of approximately 109%.

With the above resources and the proceeds from the new share issue pursuant to the Prospectus, we have adequate capital resources to finance our business expansion program.

## **EMPLOYMENT, TRAINING AND DEVELOPMENT**

At 30 September 2000, the Group has a total of 618 employees of which 190 are based in Hong Kong and 428 based in the PRC. The Group has committed itself to its staff training and development and structured training programs for all employees.

Remuneration packages are maintained at competitive level and reviewed on a periodical basis. Bonus and share options are awarded to certain employees according to the assessment of individual performance and industrial practice.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

The Company's shares were listed on the Stock Exchange on 13 November 2000. Other than the foregoing, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period up to the date of this interim report.

## **AUDIT COMMITTEE**

The Audit Committee of the Company presently comprises Mr. Wang Pinqing and Mr. Wong Kong Hon, independent non-executive directors. In establishing the Terms of Reference for the Audit Committee, the Board has had regard to "A Guide for the formation of Audit Committee" issued by the Hong Kong Society of Accountants in December 1997. The Audit Committee has reviewed the unaudited interim results in respect of the Period and discussed with the Board the internal control and financial reporting matters.

## **CODE OF BEST PRACTICE**

None of the Directors is aware of information that would reasonably indicate that the Company is not or was not for any part of the period from 13 November 2000, the date of listing of the Company's shares on the Stock Exchange, to the date of this report, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of the Stock Exchange.