

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cashflow and banking facilities provided by its principal bankers. As at 31st December 2000, the Group has available aggregate bank loan facilities of approximately HK\$87,900,000, of which HK\$46,950,000 have been utilized and were secured by corporate guarantee issued by the Company and legal charges on certain leasehold and buildings in the PRC and Hong Kong owned by the Group. The Group's cash and bank balances and short term bank deposits as at 31st December 2000 amounted to approximately HK\$26,542,000. The Group's gearing ratio as at 31st December 2000 was approximately 19.6%, based on the total bank borrowings of approximately HK\$46,950,000 and the shareholders' funds of approximately HK\$240,103,000. As the Group's borrowings and cash balances are primarily denominated in Hong Kong dollars, the Group has no significant exposure to foreign currency fluctuations.

Details of the Group's contingent liabilities are disclosed in note 11 to condensed interim accounts.

EMPLOYEE INFORMATION

As at 31st December 2000, the Group employed a total of 640 full-time employees. The Group's emolument policies are formulated on the performance of individual employees and are reviewed annually. The Group has introduced a performance bonus scheme to its employees as an incentive to encourage their contribution, subject to the profit of the Group and the performance of the employees. Some social and medical insurance coverage as well as access to a provident fund scheme is offered to our employees in different locations.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the period.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 31st December 2000, the interests of Directors, chief executives and their associates had the following interests in the share capital of the Company or any its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")), as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance or as notified to the Company were as follows:

Name of Directors	Number of shares of the Company beneficially held			
	Personal interests	Corporate interests	Family interests	Other interests
Mr HUI Sai Chung	11,008,000	158,000,000 (a)	–	–
Mr HUI Kwok Kwong	11,716,000	154,735,000 (b)	–	–
Mr NG Siu Kuen, Nelson	210,000	1,230,000 (c)	–	(e)
Mr LIU May Kwan, Peter	–	22,500 (d)	–	(e)
Madam LIU Sau Lai	1,102,500	–	–	(e)

Notes:

- (a) 153,000,000 of these shares are held by Good Benefit Limited ("Good Benefit"), a company in which Ever Win Limited ("Ever Win") holds a 44% interest (note (e)). In addition, 5,000,000 shares are held by Ever Win directly.

50,000 ordinary shares of one Canadian dollar each in Ever Win are held by a trustee on behalf of a discretionary trust, the discretionary objects of which include Mr HUI Sai Chung and his family members. Mr HUI Sai Chung and his spouse further own 30,834 and 5 class A non-convertible redeemable preferred shares of no par value in Ever Win.

- (b) 153,000,000 of these shares are held by Good Benefit, a company in which Evergrow Company Limited ("Evergrow") holds a 44% interest (note (e)). In addition, 1,735,000 shares are held by Evergrow directly.

50,000 ordinary shares of one Canadian dollar each in Evergrow are held by a trustee on behalf of a discretionary trust, the discretionary objects of which include Mr HUI Kwok Kwong and his family members. Mr HUI Kwok Kwong further owns 30,823 class A non-convertible redeemable preferred shares of no par value in Evergrow.

- (c) These shares are held by Gain Time Investments Limited, the entire issued share capital of which is beneficially owned by Mr NG Siu Kuen, Nelson.

- (d) These shares are held by Goldwell International Inc., the entire issued share capital of which is beneficially owned by Mr LIU May Kwan, Peter.

- (e) The beneficial interests of the Directors in the share capital of Good Benefit, which held 153,000,000 shares of the Company as at 31st December 2000, are as follows:

Name of Directors	Number of shares	Percentage of holding
Mr HUI Sai Chung	4,400	44.00
Mr HUI Kwok Kwong	4,400	44.00
Mr NG Siu Kuen, Nelson	900	9.00
Mr LIU May Kwan, Peter	225	2.25
Madam LIU Sau Lai	75	0.75
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	10,000	100.00