

## FINANCIAL REVIEWS

Extracts from Group's audited financial statements:

### Consolidated Profit and Loss Account

	<b>Year ended 31 December 2000 HK\$million</b>	15 months to 31 December 1999 HK\$million	Result
Turnover	<b>58.5</b>	303.7	↓80.7%
Net Profit/(Loss) attributable to shareholders	<b>41.2</b>	(378.5)	significantly improved
Earnings/(Loss) per share	<b>HK 1.14 cents</b>	HK (63.08) cents	significantly improved

### Consolidated Balance Sheet

	<b>As at 31 December 2000 HK\$million</b>	As at 31 December 1999 HK\$million	Result
Total assets	<b>160.5</b>	192.4	↓16.6%
Net assets/(deficit)	<b>104.4</b>	(72.5)	significantly improved

The substantial decrease in turnover was due to the disposal of the entire operations in Laos in November 1999. The Group has concentrated on the manufacturing activities in PRC for the whole year, therefore the manufacturing operations accounted for almost 100% of the turnover.

There was a significant improvement in the operating results, mainly attributable to the substantial cut in finance costs resulting from the waiver of indebtedness due to bank creditors, in the amount of HK\$59.6 million.

Earnings per share were HK1.14 cents, compared with a loss of HK63.08 cents for the prior period.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group has relied mainly on the new capital of HK\$135 million to satisfy its loan repayment and operations. As at 31 December 2000, the Group achieved positive net worth, representing a turn around from a negative figure occurred during the prior period. This was mainly attributable to the capital injection and debt restructuring occurred in August 2000.

The Group has taken advantage of a greatly improved capital base to achieve a zero gearing ratio (as at 31 December 1999: N/A) and current ratio of 1.06 times at 31 December 2000 (as at 31 December 1999: 0.24 times).

As the Group is free from bank loans, the Directors believe that there are sufficient cash resources to satisfy the working capital and other financing requirements. The bank balances as at 31 December 2000 were HK\$20.5 million.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2000, the Group had 566 full time employees. Eight of them stationed in Hong Kong while the remaining in PRC. The staff number and their respective duties are set out in the following table:

	2000	1999
General Administration and Accounting	20	27
Sales and Marketing	2	10
Product Design and Production Planning	6	12
Materials Procurement and Quality Control	3	3
Manufacturing and Warehousing	535	1,050
	<u>566</u>	<u>1,102</u>

The Group remunerated its employees mainly based on the industry practice, individual's performance and experience. Payments to them remain highly competitive. On top of regular remuneration, discretionary bonus, profit sharing and share option may be granted to eligible staff by reference to the Group's performance as well as individual's performance. Other benefits, such as medical and retirement benefits, are also provided.