

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2002, the Group had cash and bank balances of approximately HK\$26.3 million (2001: HK\$15.8 million). The Group had total assets of approximately HK\$221.7 million (2001: HK\$148.4 million) which was financed by current liabilities of approximately HK\$162.0 million (2001: HK\$97.7 million), minority interests of HK\$1.0 million (2001: HK\$6.8 million) and shareholders' equity of approximately HK\$58.7 million (2001: HK\$43.9 million). The current ratio was approximately 1.3 (2001: 1.5) and the gearing ratio of the Group was 52% (2001: 35%). The gearing ratio has been calculated based on the total borrowings to the sum of total shareholders' equity and total borrowings of the Group.

Total facilities available to the Group from its bankers amounted to approximately HK\$92.5 million (2001: HK\$71.0 million). The management believes the Group has adequate financial resources for its business requirement for the year as well as its forecast requirement for the coming year.

The proceeds from initial public offering after setting off related expenses were approximately HK\$22.0 million.

TREASURY POLICIES

The Group generally finances its operations with internally generated resources and banking facilities provided by banks in Hong Kong. The banking facilities are mainly trust receipt loans and invoice finance tenor up to 60 days from the invoice date. The bank interest rates are mainly fixed by reference to either in the Hong Kong Prime rate or the Hong Kong Interbank Borrowing rate for Hong Kong dollar loans.

Bank deposits of the Group are in Hong Kong dollars, United States dollars or Renminbi.

Transactions of the Group are mainly denominated either in Hong Kong or United States dollars. The risk of exposure to fluctuations in exchange rates is therefore low. The Group did not do any hedging for the foreign currency transactions during the year.

CHARGES ON ASSETS

The Group's certain bank deposits, investment securities, investment properties and leasehold land and buildings were pledged to its bankers to secure certain banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 December 2002, the Group did not have any significant contingent liabilities.

EMPLOYEES

As at 31 December 2002, the Group had approximately 128 employees (2001: 98). We remunerate our employees based on their performance and the prevailing industry practices and the remuneration policy and package is reviewed by the Board on a periodical basis. Bonus and share options may be awarded to employees based on performance evaluation. These are drives and encouragements for personal performance. Up to now, no share option has been granted by the Group to its employees.