

LIQUIDITY AND CAPITAL RESOURCES

At 30 September 2003, the Group had current assets and current liabilities of HK\$42,874,000 and HK\$222,500,000 respectively (31 March 2003: HK\$52,182,000 and HK\$205,603,000 respectively). The Group had cash and bank balances amounting to HK\$9,576,000 as at 30 September 2003 (31 March 2003: HK\$29,946,000).

At 30 September 2003, the Group had in aggregate HK\$63,769,000 (31 March 2003: HK\$63,769,000) bank borrowings secured on certain properties and plant and equipment owned by the Group. The Group had other loans of HK\$89,063,000 (31 March 2003: HK\$89,563,000) of which HK\$15,000,000 carries interest at 10% per annum and is secured against a 32% shareholding in Goodwill (Overseas) Limited (held by a Company's wholly owned subsidiary). Other loans of approximately HK\$6,000,000 are unsecured and bear interest at commercial rates. The remaining other loans are unsecured and interest-free.

The Company has not issued any additional shares during the six months ended 30 September 2003 except that during the period under review, four employees exercised options for 1,250,000 shares at the subscription price of HK\$0.1491 under the Company's share option scheme.

TREASURY POLICIES

The business activities of the Group were funded by bank borrowings, secured loans and cash generated from operating activities. The Group considers that fluctuations in exchange rates and market prices do not impose a significant risk to the Group since the level of foreign currency exposure is relatively immaterial as compared with its total assets value or outstanding debts.

EMPLOYEES

At 30 September 2003, the Group employed a total of about 566 employees, of which 30 were based in Hong Kong and 536 in the PRC. Employees' remunerations are determined in accordance with nature of their duties and remain competitive under current market trend. During the period under review, no opinion has been granted pursuant to the Company's employee share option scheme.