

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2004, the Group had net current assets of about HK\$7,677,000 (31st December, 2003: HK\$14,681,000). The current assets included inventories of about HK\$6,739,000 (31st December, 2003: HK\$7,358,000), cash and bank balance of about HK\$2,636,000 (31st December, 2003: HK\$15,823,000) and receivables and other current assets of about HK\$11,263,000 (31st December, 2003: HK\$12,582,000).

Current liabilities incurred no bank borrowings (31st December, 2003: HK\$2,537,000), payables and other current liabilities of about HK\$12,961,000 (31st December, 2003: HK\$18,545,000).

In the opinions of the Directors, financial position of the Group had remained steady as compared to 2003.

As at 30th June, 2004, the current ratio (current asset/current liabilities) slightly decreased from 1.7 to 1.6.

EMPLOYEES' REMUNERATION POLICY

As at 30th June, 2004, the total number of employees of the Group including associates was about 3855. Employees' remuneration packages are based on individual experience and work profile. The packages are reviewed annually by the management who takes into account the overall performance of the working staff and market condition. The Group also participates in the Mandatory Provident Fund Scheme in Hong Kong and state-managed retirement benefit scheme in the PRC.