

## FINANCIAL REVIEW

### Liquidity and Financial Resources

As at 30th September 2001, the Group had total assets of HK\$2,849 million which were financed by current liabilities of HK\$1,605 million, minority interests of HK\$73 million and shareholders' equity of HK\$1,171 million.

The Group continued to follow the practice of prudent financial management during the period. When necessary, the Group will engage in currency hedging against foreign exchange risk in its business.

The Group had a current ratio of approximately of 1.71 compared to that of 1.13 as at 31st March 2001.

The aggregate interest bearing debts as a ratio of shareholders' funds improved from 4.28 as at 31st March 2001 to 0.48 as at 30th September 2001. The computation of this ratio is based on the total interest bearing borrowings of HK\$559 million (31st March 2001: HK\$1,236 million) and shareholders' funds of HK\$1,171 million (31st March 2001: HK\$289 million).

The short-term bank loans were interest bearing at rates ranging from 5.58% to 5.85% repayable within one year and secured by the Company's corporate guarantees.

Capital expenditure for the six months ended 30th September 2001 was HK\$37 million.

Management considered that the Group's satisfactory financial position and operating results can provide sufficient financial resources for further expansion of the Group's business operation, as and when required. Should investment opportunities arise requiring additional funding, management believes that the Group is in a good position to obtain additional financing on favourable terms.

## Global Offering and Use of Proceeds

The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 1st June 2001 with a global offering of 101,498,722 new shares at an issue price of HK\$3.68 each to the public and institutional investors. Net proceeds from the global offering after deducting listing expenses, amounted to approximately HK\$300 million. As at 30th September 2001, approximately HK\$145 million of the net proceeds have been applied by the Group as general working capital and approximately HK\$38 million of the net proceeds have been applied for the enhancement of the Group's ERP and logistic systems and product development in connection with the development of software and application solutions.

## Human Resources

The Group had approximately 3,000 full-time employees. Remuneration of the Group's employees includes basic salaries and bonuses. The Group incurred staff cost of approximately HK\$123 million for the six months ended 30th September 2001 (30th September 2000: HK\$108 million).