

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31st December 2003, net current assets and net assets of the Group amounted to approximately HK\$39.0 million (30th June 2003: HK\$29.6 million) and approximately HK\$168.7 million (30th June 2003: HK\$149.7 million) respectively. As at 31st December 2003, the Group had cash and bank balances amounted to approximately HK\$1.5 million (30th June 2003: HK\$1.4 million). The current ratio of the Group as at 31st December 2003 was 244% (30th June 2003: 194%).

The Group continued to fund its operations principally by its internal cash flow generated from its operating activities. As at 31st December 2003, the Group has no outstanding bank borrowings or committed bank credit facilities. No part of the Group's assets was charged to banks, financial institutions or other enterprises for the securing any borrowings or credit facilities. The Group has no interest bearing borrowings as at 31st December 2003 (HK\$12 million as at 30th June 2003) and the gearing ratio, which divides the financial indebtedness by the shareholders' equity, reduced from approximately 0.08 as at 30th June 2003 to zero as at 31st December 2003.

As at 31st December 2003, the Company had 409,222,500 shares in issue with total shareholders' funds of the Group amounting of approximately HK\$168.7 million.

With respect to foreign exchange exposure, as the Group's earnings are primarily denominated in Renminbi and the exchange fluctuation between Renminbi and Hong Kong dollar was steady during the period under review, has no significant exposure to foreign exchange rate fluctuations.

During the six months ended 31st December 2003, the Group has not used any financial instruments for hedging purposes.

## **EMPLOYEE**

As at 31st December 2003, the Group employed 349 (2002: 200) full time employees, of which 336 (2002: 195) were based in Mainland China. The remuneration of the employees is based on work performance and years of experience.

## **DIRECTORS' INTERESTS IN SECURITIES**

As at 31st December 2003, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be entered into the register required to be kept under section 352 of the SFO or otherwise were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are

taken or deemed to have under such provisions of the SFO) and/or the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Aggregate long position in shares of HK0.10 each (“Shares”) of the Company and underlying Shares:

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number of Shares held</b>	<b>Approximately % of the issued share capital of the Company</b>
Mr. Sean Liu	Corporate interest	150,000,000 <i>(Note)</i>	36.66%

*Note:* Mr. Sean Liu held 70% shareholding interest in Best Mineral Resources Limited (“BMRL”). BMRL held 150,000,000 Shares as at 31st December 2003. As such, Mr. Sean Liu was deemed to be interested in 150,000,000 Shares by virtue of his shareholding in BMRL.

Ms. Chen Jing is the wife of Mr. Sean Liu and is deemed to be interested in 150,000,000 Shares.

Save as disclosed above, as at 31st December 2003, none of the directors or chief executive of the Company had, under Divisions 7 and 8 of the SFO, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) or any interests which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO.

## **DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Details of share option scheme are set out in the section “Share Option Scheme”.

During the six months ended 31st December 2003, no share options were granted to any of the Directors under the scheme.

At no time during the period was the Company or any of its subsidiaries or its holding company a party to any arrangements to enable any of the Company’s directors or members of its management to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.