

MANAGEMENT DISCUSSION AND ANALYSIS

Review and operations

During the period under review, the Group is engaged in hiring of substantial proportion of the Group's vessels and the disposal of certain of the Group's vessels to reduce its debt servicing obligations.

Liquidity and financial resources

As at 31st January, 2001, the Company had in aggregate secured bank and other borrowing approximately HK\$127,000,000. The Company's cash, bank balances and pledged bank deposits amounted to approximately HK\$536,000 as at 31st January, 2001.

The gearing ratio as at 31st January, 2001 was 727.5% of which was calculated based on the total indebtedness in proportion to the total equity of the Group as at 31st January, 2001.

Employees

As at 31st January, 2001, there are approximately 20 plus staff in the Group. The Directors are actively reviewing staffing levels and remuneration package with a view to maintaining a cost-effective management structure.

Prospects

The Company would further explore opportunities in vessels hiring and disposing of certain vessels to reduce the Group's debt servicing obligations.