

Liquidity and Financial Resources

The Group's total turnover decreased by HK\$458,438,000, or 17%, to HK\$2,212,043,000 in 2001 compared with HK\$2,670,481,000 in 2000 primarily as a result of the Group's reduced activities in trading of securities, particularly in the second half of year 2001.

During the year 2001, the Group continued to maintain its liquidity and financial resources in a healthy state. To finance its capital expenditures and working capital, the Group relied principally on retained earnings from operations and banking facilities. Total banking facilities reached HK\$644,874,000 of which HK\$253,763,000 remained unutilized.

Gearing Ratio

The gearing ratio of the Group continued to remain at the relatively low level of 37% (31st December, 2000: 33% as restated) which was calculated on the basis of the Group's total liabilities of approximately HK\$758,892,000 (31st December, 2000: HK\$665,256,000 as restated) and the shareholders' funds of approximately HK\$2,051,869,000 (31st December, 2000: HK\$2,045,736,000 as restated).

It is worth noting that the Group's total liabilities included certain shareholder loans advanced to the Group's non-wholly owned subsidiary companies by their minority shareholders on a proportional basis, which amounted to approximately HK\$389,853,000 (31st December, 2000: HK\$375,319,000). If such shareholder loans advanced by minority shareholders were excluded, the gearing ratio of the Group would be no more than 18% (31st December, 2000: 14% as restated).

Credit Policy

Maintaining its centralized funding management for all its operations at the corporate level, the Group continued to keep its credit policy unchanged in accepting orders from its customers under letters of credit at sight to 60 days.

Capital Expenditure

The Group invested a total capital expenditure amounting to HK\$209,654,000 from its internal resources and banking facilities.

Charges on Assets

As at 31st December, 2001, certain assets of the Group totalling HK\$249,391,000 (31st December, 2000: HK\$186,046,000) were pledged to secure bank loan facilities.

Human Resources

Number of Employees

As at 31st December, 2001, the Group has approximately 1,920 employees. The pay levels of these employees are commensurate with their responsibilities, contribution and performance.

Share Option Scheme

Pursuant to the Share Option Scheme (the "Scheme") which became effective in May 1994, options under the Scheme were offered to directors and the employees. No option was granted and none of the grantees exercised his/her options under the Scheme during the year 2001.

In addition to the above, the Group's co-operative joint venture companies in Mainland China provided employment to approximately 4,000 people.