



MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31st December 2001, the Group recorded a turnover of HK\$298 million and profit attributable to shareholders of HK\$65 million as compared to HK\$290 million and HK\$58 million respectively in 2000. Basic earning per share increased from HK 5.20 cents in 2000 to HK 5.77 cents in 2001, grew by 11%.

DISPOSAL OF INTERESTS IN A SUBSIDIARY AND JOINTLY CONTROLLED ENTITIES

During the year, the Group disposed of its entire interests in two jointly controlled entities in PRC. The aggregate proceed and gain on these disposals amounted to approximately HK\$96 million and HK\$16 million. These two jointly controlled entities engaged in property development in Beijing and cargo distribution respectively.

In April 2001, the Group's controlling interests in Bonvision Technology Limited was sold at a consideration of HK\$20 million and the gain on disposal amounted to approximately HK\$10 million.

LIQUIDITY AND FINANCIAL RESOURCES

During the year, 23,384,000 units of warrants and 1,520,000 share options were exercised and the net proceeds received by the Company, were approximately HK\$15 million.

The Group maintained sound financial position in 2001 and its operation and investment activities were principally financed by internal resources. The Group's principal operations are transacted and recorded in Hong Kong dollars and Renminbi. As at 31st December 2001, the Group had cash and bank balances of approximately HK\$307 million, investment in marketable securities of HK\$36 million and a gearing ratio (total liabilities excluding minority interest to shareholders' funds) of 7.3%. The Group's deposits are placed with our principal bankers at competitive time deposit interest rate.

PLEDGE OF ASSETS

Certain properties of the Group with an aggregate net book value of approximately HK\$95 million as at 31st December 2001 (2000: HK\$96 million) as well as fixed deposits of HK\$15 million (2000: HK\$13 million) were pledged as securities against bank loans and general banking facilities amounting to HK\$120 million (31st December 2000: HK\$93 million) granted to the Group.



EMPLOYEES

As at 31st December 2001, the Group employed 473 staff, of which 410 are located in the Chinese Mainland. Employee remuneration is performance based and is reviewed annually. In addition to basic salary payments, other staff benefits include medical schemes, defined contribution provident fund schemes and employee shares option scheme. Training courses are provided to staff where necessary.