

# Management Discussion and Analysis

This statement provides supplementary information to the Chairman's Statement.

## FINANCIAL RESULTS

During the year under review, the Group's audited consolidated turnover for the year ended 31 March 2002 amounted to HK\$252,492,000 (2001: HK\$300,215,000). Net profit from ordinary activities attributable to shareholders for the year was HK\$30,447,000 (2001: HK\$65,266,000 as restated).

## LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cashflow and banking facilities provided by its principal bankers and other financial institutions in Hong Kong. As at 31 March 2002, the Group maintained a cash and bank deposit of HK\$84.6 million (2001: HK\$69.8 million).

The Group currently has aggregate composite banking facilities of approximately HK\$224.7 million with various banks and financial institutions. The total borrowings from banks and financial institutions include long term loans, finance leases, overdraft, import and export loans, amounted to approximately HK\$85.4 million as at 31 March 2002, of which HK\$70 million is repayable in 2002.

During the year under review, the Group maintains a strong financial position. As at 31 March 2002, the total shareholders' equity of the Group was approximately HK\$183.2 million. The Group's current ratio and the quick ratio were 1.77 (2001: 1.95 as restated) and 1.28 (2001: 1.58 as restated) respectively. In addition, the Group has generated a net cash inflow from its operations of more than HK\$43.9 million.

The Group's gearing ratio at 31 March 2002, defined as the net borrowings of approximately HK\$85.4 million divided by total shareholder's equity of approximately HK\$183.2 million, was 46.6 per cent (2001: 31.3 per cent as restated).

The Group continue to conduct most of its business in the United States dollars, Hong Kong dollars or Renminbi. That, together with the policy of keeping the majority of our assets also in these currencies, ensures that our exposure to exchange rate fluctuation is minimal.

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## CHARGE ON THE GROUP'S ASSETS

The Group's bank borrowings are secured by certain of the Group's leasehold land and buildings and plant and machinery with an aggregate net book value as at 31 March 2002 of HK\$24.3 million.

## CONTINGENT LIABILITIES

Details of contingent liabilities are set out in note 31 to the financial statements.

## EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2002, the Group employed approximately 2,300 staff in Hong Kong and in the PRC production facilities. Employees are remunerated based on their work performance, professional experiences, and prevailing industry practices. Their remuneration is reviewed annually and a discretionary bonus is offered based on the performance of the individual employee.

In addition to the basic salary scheme, other employee benefits include medical insurance scheme, provident fund scheme, as well as a share option scheme.

