

## LIQUIDITY AND FINANCIAL RESOURCES

Persistent softness in the local and global economy was a major factor for the Group to trim heavily its volume of trading of securities throughout 2002. As a result, the Group's total turnover decreased by HK\$813,832,000, or 37%, to HK\$1,398,211,000 in 2002 compared with HK\$2,212,043,000 in 2001.

During the year 2002, the Group continued to maintain its liquidity and financial resources in a healthy state. To finance its capital expenditure and working capital, the Group relied principally on cash flows generated from its operations and banking facilities. As at 31st December, 2002, total banking facilities reached HK\$655,553,000, of which HK\$277,212,000 remained unutilized.

## GEARING RATIO

The gearing ratio of the Group continued to remain at a relatively low level of 33% (31st December, 2001: 37%) which was calculated on the basis of the Group's total liabilities of approximately HK\$646,541,000 (31st December, 2001: HK\$758,892,000) and the shareholders' funds of approximately HK\$1,938,743,000 (31st December, 2001: HK\$2,051,869,000).

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\$348,403,000 (31st December, 2001: HK\$389,853,000). If such shareholder loans advanced by minority shareholders were excluded, the gearing ratio of the Group would be no more than 16% (31st December, 2001: 18%).

## 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 that orders are accepted from customers under letters of credit at sight to 60 days.

## CAPITAL EXPENDITURE

The Group had a total capital expenditure amounting to HK\$24,594,000 which was funded from its internal resources and banking facilities.

## CHARGES ON ASSETS

As at 31st December, 2002, certain assets of the Group totalling HK\$242,481,000 (31st December, 2001: HK\$249,391,000) were pledged to secure banking facilities.

## HUMAN RESOURCES

### Number of Employees

As at 31st December, 2002, the Group has approximately 1,300 employees. The pay levels of these employees are commensurate with their responsibilities, contribution and performance.

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

### Share Option Scheme (the "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 2002.

## REPURCHASE OF 63,800,000 SHARES

With a bank loan facility ("Loan") granted to the Company of HK\$61 million on 26th September, 2002, the Company completed the repurchase of 63,800,000 ordinary shares at the offer price of HK\$0.95 each at an aggregate price of HK\$60,610,000 on 5th December, 2002. Subsequently, the Loan was repaid on 12th December, 2002 out of the cash flows generated from the Group's operations.