

## MANAGEMENT DISCUSSION AND ANALYSIS

### Liquidity and Financial Resources

The Group generally finances its businesses with internally generated cash flows and banking facilities at its different geographical locations. Financing and cash management activities of the Group are coordinated at the Corporate level.

The debt maturity profile of the Group at 31st December 2000 was:

	As at 31st December	
	2000	1999
	HK\$'000	HK\$'000
Repayable within 1 year (including bank overdrafts)	106,497	116,180
Repayable after 1 year, but within 2 years	7,992	9,324
Repayable after 2 years, but within 5 years	11,628	23,667
Total	126,117	149,171

Borrowings are mainly denominated in Hong Kong Dollar and Thai Baht. Total borrowing decreased by 15.5% as a result of repayment of bank loans and depreciation of Thai Baht during the year.

# Management Discussion and Analysis

At the balance sheet date assets with carrying values of HK\$65.3 million (1999: HK\$75.7 million) were pledged to secure some of the banking facilities granted to the Group.

As the cash deposits and bank balances of the Group amount to HK\$65.8 million, the net working capital totals HK\$81.9 million, and with the proceeds of approximately HK\$102 million from the proposed Rights Issue, the management believes that the Group has sufficient financial resources to discharge its debts and to finance its operations and capital expenditure.

The Group's gearing ratio at 31st December 2000 was 12.6% and 14.8% as at 31st December 1999, which was calculated based on the net borrowings (net of cash deposits and bank balances) of HK\$60.3 million (1999: HK\$67.5 million) and the shareholders' funds of HK\$480.0 million (1999: HK\$456.3 million).

The earnings before interest, tax, depreciation and amortisation for the year to 31st December 2000 was HK\$82.2 million and HK\$94.9 million for 1999.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Employee and Remuneration Policy

The Group had approximately 2,500 employees as at 31st December 2000. Employees are remunerated according to the nature of their job and market trend, with built-in merit components incorporated in the annual increment to reward and motivate individual performance. Total staff costs for the year ended 31st December 2000 was HK\$93.2 million (1999: HK\$93.8 million).



### Contingent Liabilities

Full disclosure of contingent liabilities at the balance sheet date have been made in the note 29 to the Accounts.

**J. S. Dickson Leach**  
Chairman

**Kent M.C.Yeh**  
Managing Director

Hong Kong, 19th April 2001