

## **Management Discussion and Analysis**

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### **LIQUIDITY AND FINANCIAL RESOURCES**

As at the year end, the Group had cash and bank balances of HK\$23,809,000 (2000: HK\$16,403,000).

The Group's gearing ratio at the year end was 1.21 (2000: 0.60) which is calculated based on the Group's total borrowings, net of cash held at the end of the year, of HK\$223,674,000 (2000: HK\$105,819,000) and the Group's net tangible assets of HK\$184,828,000 (2000: HK\$177,448,000).

The increased gearing was necessary to power the Group's expansion and increased working capital requirement during the year. The Group has always adopted a prudent business policy and maintains the gearing ratio at a comfortable level. The management anticipates return on the Group's investments and enlarged businesses will lower the Group's gearing in the coming year.

As at the year end date, the Group had utilised bank facilities of HK\$276,994,000 (2000: HK\$138,155,000). Total facilities available to the Group from its bankers amounted to HK\$451,963,000 (2000: HK\$287,838,000). The management believes the Group has adequate financial resources for its business requirement for the year as well as its forecast requirement for the coming year.

### **CONTINGENT LIABILITIES**

Details of the contingent liabilities of the Group as at the balance sheet date are set out in note 30 to the financial statements.

### **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2001, the Group employed a total of approximately 898 full time employees, including 66 in Hong Kong, 22 in Singapore and 810 in the PRC. Pay rates to staff are maintained at competitive levels and remunerations are rewarded on a performance related basis.

In addition, the Group operates a share option scheme for eligible employees of the Group.

Details of the staff costs of the Group are set out in note 5 to the financial statements.