

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2002, the Group had cash and bank balances of HK\$30,672,000 (2001: HK\$23,809,000).

The Group's gearing ratio at the year end was 1.15 (2001: 1.21) which is calculated based on the Group's total bank borrowings, net of cash held at the end of the year, of HK\$194,656,000 (2001: HK\$223,674,000) and the Group's net tangible assets of HK\$168,916,000 (2001: HK\$184,828,000).

Total facilities available to the Group from its bankers amounted to HK\$463,540,000 (2001: HK\$451,963,000). 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.

EMPLOYEES

As at 31 March, 2002, the Group employed a total of approximately 805 employees (2001: approximately 898 employees). The reduction is due to the Group's continued effort to consolidate and upgrade its manufacturing from labour intensive to a skills and technology based operation. Continued emphasis is put on staff training and enhancement of their skills.

The Group recruits and promotes individuals based on merit and their development potentials for the positions offered. Remuneration package is determined with reference to their performance and the prevailing salary levels in the market. In addition, the Group operates a share option scheme for eligible employees to provide incentive to the participants for their contribution, and continuing efforts to promote the interests of the Group.