

## LIQUIDITY AND BORROWINGS

The Group's working capital increased from HK\$114,852,000 as at 31st March, 2003 to HK\$133,722,000 for the period end while its current ratio and quick ratio were maintained at a healthy level of 5.2 and 3 times respectively.

As at 30th September, 2003, the Group's cash and bank balances amounted to HK\$ 37,619,000 (31st March, 2003: HK\$43,210,000) and there was no outstanding bank borrowings and overdraft (31st March, 2003: nil) whereas the total borrowings was HK\$554,000 (31st March, 2003: HK\$684,000).

As at 30th September, 2003, the gearing ratio of the Group is 0.0028 (31st March, 2003 restated: 0.0036) which is calculated based on the Group's total borrowings of HK\$554,000 (31st March, 2003: HK\$684,000) and the shareholders' fund of HK\$200,751,000 (31st March, 2003 restated: HK\$188,632,000).

As at 30th September, 2003, the Group had banking facilities amounting to HK\$60,553,000 (31st March, 2003: HK\$60,549,000), of which approximately HK\$3,351,000 representing bank guarantees (31st March, 2003: HK\$3,460,000) was utilised by the Group. The management believes that existing financial resources will be sufficient to meet future expansion plans and, if necessary, the Group will be able to obtain additional financing on favorable terms.

## STAFF AND REMUNERATION POLICIES

At 30th September, 2003, the Group had approximately 2,800 employees. The Group mainly determines staff remuneration (including insurance and medical benefits) in accordance with the industry's practices. The Group has also adopted a set of performance-based incentive plans for its employees.

## SHARE OPTION SCHEME

On 17th September, 2003, a new share option scheme was adopted by the Company. No share option was granted during the period.