

# Management Discussion and Analysis

## FINANCIAL POSITION

At 31st March 2006 the Group's total cash in hand was HK\$257,696,000 (2005: HK\$195,313,000) and bank borrowings increased from HK\$575,371,000 in 2005 to HK\$732,303,000. The Group's net debt (total bank borrowings less total cash in hand) to equity ratio increased to 58.3% (2005: 46.5%). If the HK\$446,800,000 (2005: HK\$349,800,000) long-term loan secured by the Group's hotel and investment properties is excluded the Group has a net debt of only HK\$27,807,000 (2005: HK\$30,258,000) representing a healthy net debt to equity ratio of 3.4% (2005: 3.7%). The current ratio (total current assets: total current liabilities) has maintained at 1.6 (2005: 1.6).

The short-term and long-term bank borrowings are secured by the Group's investment properties, leasehold land, certain property, plant and equipment, investment in unit trust and certain time deposits. Interest on bank loans are charged at floating rates and the Group monitors interest rate risks continuously and hedge any excessive risk when necessary. The total bank facilities granted to the Group at 31st March 2006 was approximately HK\$951 million (2005: HK\$758 million), of which approximately HK\$747 million (2005: HK\$593 million) had been utilised.

## HUMAN RESOURCES

At 31st March 2006, the Group employed approximately 940 employees in Hong Kong and approximately 750 employees in Mainland China.

Employees in Hong Kong are either paid on a monthly salary basis or daily wages basis. Salaried employees are entitled to benefits according to seniority such as discretionary bonus which are based on their performance, double pay, defined contribution provident funds, annual leave, employer sponsored trainings and others.

Employees in the Mainland China are remunerated according to the prevailing market conditions in the location of their employment.

Employees are encouraged to participate voluntary community services as part of their development. The Group was awarded "Caring Company 2005/2006" organised by the Hong Kong Council of Social Service.