

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

The liquidity of the Group improved as the 5.3% convertible guaranteed bonds were repaid through internal resources and medium-term debt financing. The current ratio of the Group, as measured by total current assets over total current liabilities, was 1.46 as at 30th September, 2001 (as at 31st March, 2001: 1.01).

Total interest-bearing debts of the Group reduced from HK\$1,440 million as at 31st March, 2001 to HK\$1,315 million as at 30th September, 2001. Approximately 33% of the debts were due and repayable within one year. Total cash and bank balances including time deposits amounted to HK\$98 million at period end.

The gearing ratio of the Group, as measured by total interest-bearing debts of HK\$1,315 million over total assets of HK\$2,746 million, was 48% as at 30th September, 2001.

Pledge of assets

Certain properties of the Group having an aggregate book value of HK\$1,919 million as at 30th September, 2001 were pledged to secure banking facilities of the Group.

Contingent liabilities

There have been no significant changes in the contingent liabilities of the Group since 31st March, 2001.

Funding and treasury policies

There are no significant changes in the Group's funding and treasury policies. As at 30th September, 2001, the Group had no material exposure under foreign exchange contracts or any other hedging instruments.

Employees and remuneration policies

The Group employs over 100 employees in Hong Kong, in other parts of the People's Republic of China and overseas. There are no significant changes in the remuneration policies and benefits to the employees of the Group.