

FINANCIAL REVIEW

Liquidity and Financial Information

The Group's liquidity was maintained at a healthy level. At 28th February, 2002, the total amount of short-term bank deposits, bank balances and cash of the Group was approximately HK\$302,975,000.

The Group regularly reviews its liquidity and liabilities, so as to maintain the gearing ratio at a healthy level. As a result of the adoption of the SSAP 31, the asset revaluation reserve of the Group was reduced by approximately HK\$87,628,000, having a slight impact on financial ratios (after the inclusion of proposed dividends) of the Group:

Gearing ratio	資本負債比率	0.94	0.91
Bank borrowings ratio	銀行借貸比率	0.66	0.62
Net bank borrowings ratio	銀行借貸淨值比率	0.53	0.50

The sales of the Group is mainly denominated in Hong Kong dollars and US dollars and the purchase of raw materials is made mainly in Hong Kong dollars, US dollars and Renminbi. Bank borrowings are also denominated in Hong Kong dollars and US dollars and interests are charged on a floating rate basis. Hence, the Group's exposure to foreign exchange risk is minimal.

Capital Expenditure

During the period under review, the Group invested approximately HK\$108,909,000 in the addition of property, plant and equipment.

As the two steam and electricity co-generation facilities will be recognised for in this financial year, together with the need to upgrade and add plant and equipment to support the expected increase in orders for the second half of this financial year, it is expected that the capital expenditure of the Group for this financial year will be increased to approximately HK\$300 million. At 28th February, 2002, the capital commitment of the Group was approximately HK\$54,869,000.

財務回顧

流動資金及財務資料

本集團流動資金維持在穩健水平，於二零零二年二月二十八日，集團之短期銀行存款、銀行結存及現金總額約為302,975,000港元。

本集團對流動資金及負債情況定期作出檢討，致力維持借貸比率於一個健康的水平。而由於採納SSAP 31，集團之資產重估儲備減少了約87,628,000港元，對集團之各項財務比率（已包括擬派之股息在內）有輕微之影響：

28th February, 2002 二零零二年 二月二十八日	31st August, 2001 二零零一年 八月三十一日
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	0.94	0.91
	0.66	0.62
	0.53	0.50

本集團之銷售以港元及美元為主，原料採購則以港元、美元及人民幣為主。銀行借貸亦以港元及美元為單位，利息主要以浮動利率計算，故集團所承受之外匯風險非常輕微。

資本開支

於回顧期內，本集團已投資了約108,909,000港元以增添物業、機器及設備。

由於兩項「熱電聯產」工程將於本財政年度入賬，及需要更新和加購機器設備以配合本財政年度下半年增加的訂單量，本集團預期本年度的資本開支需增至約三億港元。於二零零二年二月二十八日，本集團的資本承擔約為54,869,000港元。

Ocean Yarn Dyeing Factory Limited, a wholly owned subsidiary of the Company, entered into an agreement on 28th February, 2002 to establish a wholly owned knitting and dyeing factory, Jiangyin Fuhui Textiles Limited, in Jiangyin, Jiangsu Province, PRC, for the long term development of the Group and the creation of room for further expansion. The project will proceed in several phases in accordance with the actual market environment for the next five years. The total investment amount for the project will be US\$125 million, comprising the total registered capital of US\$42 million. It is expected that the capital expenditure of the Group for the next financial year will be increased to approximately HK\$300 million.

Pledge of Assets

At 28th February, 2002, properties and plant and machinery with an aggregate carrying value of approximately HK\$506,911,000 (31st August, 2001 : HK\$575,620,000) were pledged to certain banks for the general banking facilities granted to the Group.

Contingent Liabilities

At 28th February, 2002, the Group had contingent liabilities amounting to approximately HK\$45,273,000 (31st August, 2001 : HK\$62,579,000) in respect of discounted bills with recourse and invoices factored with recourse.

為了部署長遠發展策略及積極開拓新的發展空間，本集團之全資附屬公司海洋染紗廠有限公司已於二零零二年二月二十八日簽署協議書，將於中國江蘇省江陰市成立一間全資針織漂染廠「江陰福滙紡織有限公司」。該項目將在未來五年按實際市場環境分階段進行，總投資額為一億二千五百萬美元，其中總註冊資本為四千二百萬美元。故本集團估計下一個財政年度之資本開支將會因應提高，約為三億港元。

資產抵押

於二零零二年二月二十八日本集團已抵押予多間銀行作為該等銀行給予本集團一般銀行貸款之物業和廠房機器賬面總值約為506,911,000港元(二零零一年八月三十一日：575,620,000港元)。

或然負債

於二零零二年二月二十八日，本集團有關附追索權之出口貼現票據及附追索權之發票讓售之或然負債約為45,273,000港元(二零零一年八月三十一日：62,579,000港元)。