

Financial Review

As at 31st March, 2002, the Group's total net asset amounted to approximately HK\$385 million (2001: HK\$410 million), a decrease of HK\$25 million or 6.1% when compared with 2001.

Total debt to equity ratio was 0.03% (2001: 0.45%) and net debt to equity ratio was nil (2001: Nil), which are expressed as a percentage of bank and other borrowings, and net borrowings respectively, over the total net asset of HK\$385 million (2001: HK\$410 million).

At the balance sheet date, the Group's bank and other borrowings amounted to HK\$98,000 (2001: HK\$1,812,000). Cash and deposit at bank amounted to HK\$170 million (2001: HK\$236 million) and there are no net borrowings for the two years.

Finance costs for the year amounted to HK\$228,000 (2001: HK\$1,402,000), a decrease of HK\$1,174,000 as compared with 2001.

The Company has provided guarantees in respect of loan facilities granted to subsidiary companies amounting to HK\$4,750,000 (2001: HK\$5,271,000).

The Group adopts conservative treasury policies in cash and financial management. To achieve better risk control and minimise cost of funds, the Group's treasury activities are centralised. Cash is generally placed in short-term deposits mostly denominated in Hong Kong or US dollars. The Group's liquidity and financing requirements are frequently reviewed. In anticipating new investments or maturity of bank loans, the Group will consider new financing while maintaining an appropriate level of gearing.