

FINANCIAL REVIEW

FINANCIAL REVIEW

Liquidity and financial resources

As at 31 March 2002, the Group's net tangible assets increased to HK\$1,027,218,000 and the net tangible assets per share was HK\$1.40. Excluding the effect of negative goodwill arising from acquisition of additional 58% interest in CHL, the Group's net assets amounted to HK\$729,279,000 million and the net assets per share was HK\$1.00.

The Group's free cash and bank balances was HK\$67,075,000, reduced by 4% from last year. Netting off cash deposit pledged for borrowing, the Group's net bank borrowing was HK\$325,295,000, increased by HK\$170,874,000 from last year. The increase in bank borrowing was used to finance the acquisition of 58% interest of CHL which, including acquisition expenses, amounting to approximately HK\$190,000,000. Net bank borrowing represented 32% of net tangible assets of the Group (2001:22%). The Group's borrowings are principally on a floating rate basis.

As at 31 March 2002, over 50% of the Group's borrowings would be due over one year. Most of the bank borrowings have been restructured or is under negotiation with bankers to reschedule to 7 to 10 years mortgage loan against investment property and match with rental income.

Material acquisitions and disposals

The Group acquired 56% interest of Carrianna Holdings Limited in November 2001 at a consideration of HK\$180,000,000 (See circular to Shareholders on 4 January 2002) and acquired the remaining 2% interest in January 2002. After these acquisitions, CHL becomes a wholly owned subsidiary of the group.

Contingent liabilities and future commitment

The Group has major contingent liabilities relating to guarantee given for mortgage loan facilities granted to purchasers of properties of approximately HK\$156,000,000.

Charges on the group assets

Certain of the Group's fixed assets, investment properties, time deposits, investment securities and inventories with a total carrying value of HK\$577,438,000 were pledged to secure loan, general banking, trade finance and other facilities granted to the Group.

Exposure on foreign exchange fluctuations and treasury policy

Major transactions of the Group are denominated in Hong Kong dollars, Renminbi, South African Rand and United States dollars. The group has no significant currency exposure except South African Rand. Exchange rate of the other three major currencies are stable throughout the year.