

FINANCIAL REVIEW

Liquidity and financial resources

As at 30 September 2002, the Group has net tangible assets of HK\$1,026,196,000 (31 March 2002: HK\$1,027,218,000), net current assets of HK\$244,875,000 (31 March 2002: HK\$207,063,000) and cash and cash equivalent of HK\$72,096,000 (31 March 2002: HK\$67,075,000).

The Group's net bank borrowings (total borrowings less deposit pledged for such borrowings) was HK\$326,348,000 (31 March 2002: HK\$325,295,000), represented 32% of the Group's net tangible assets, about the same as 31 March 2002. Interest for the Group's bank borrowings were mainly on floating rate basis. During the period, the Group has restructured some of its bank loans and extended repayment schedule to 62% of the bank borrowings due over 1 year and 48% due over 2 years.

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 period.

Contingent liabilities and future commitment

The Group has major contingent liabilities relating to guarantee given to bank for mortgage loan facilities granted to purchasers of properties of approximately HK\$133,546,000.

Charge of the Group assets

As at the balance sheet date, certain of the Group's fixed assets, investment properties, time deposits, other financial assets and inventories with a total carrying value of HK\$570,095,000 (31 March 2002: HK\$577,438,000) were pledged to secure general banking, trade finance and other facilities granted to the Group. In addition, rental income generated in respect of certain investment properties of the Group were assigned to bankers to secure loan facilities granted to the Group.

Material acquisition and disposal

During the period, the Group has no material acquisition and disposal.

EMPLOYEES AND REMUNERATION POLICY

The Group's staff consists of approximately 250 employees in Hong Kong and approximately 4,000 employees outside Hong Kong. Employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system.