

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th September, 2002, the Group had cash and bank balances of \$33,000,000 (as at 31st March, 2002: \$50,000,000). The bank borrowings, representing trade related short to medium term loans, amounted to \$250,000,000 (as at 31st March, 2002: \$197,000,000). The seasonal rise in business activities contributed to a higher level of trust receipt loans which were grouped under bank borrowings. The Group's net debt to equity ratio was 60% (as at 31st March, 2002: 42%). Calculation was based on the Group's bank borrowings, net of cash and bank balances, of \$217,000,000 (as at 31st March, 2002: \$147,000,000) and the Group's net assets of \$360,000,000 (as at 31st March, 2002: \$354,000,000).

The increase of Group's trade and other receivables and Group's trade and other payables was mainly due to the consolidation of a new subsidiary called YangtzeKiang S.A. after the increase of shareholdings from 43% to 87% during the period under review.

The Group generally finances its working capital requirements and capital commitments with internally generated cashflow and banking facilities provided by its bankers in Hong Kong. The management believes that the Group has sufficient financial resources to satisfy its working capital requirements and capital commitments.

The Group adopts a prudent policy to hedge the fluctuation of exchange rates. Most of the operating activities are denominated in Hong Kong dollars or United States dollars. For those denominated in other currency, the Group has entered into some forward contracts to hedge its receivable and payable denominated in foreign currency against the exchange rate fluctuation.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30th September, 2002, the Group, including its subsidiaries but excluding associates, employed approximately of 8,000 employees. Remuneration package is determined with reference to their performance and the prevailing salary levels in the market. In addition, the Group provides year end double pay, provident fund scheme, medical insurance and training to staff.