

• MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

At 31 December 2002, the Group had total assets of HK\$967,872,000, current liabilities of HK\$185,041,000, non-current liabilities of HK\$8,075,000 and shareholders' equity of HK\$760,620,000. The gearing ratio is 25.39%, which was computed by dividing the current liabilities and debts by shareholders' equity. The Group has consistently maintained a strong working capital during the period under review, with net current assets of HK\$535,632,000 at 31 December 2002, with a current ratio of about 3.89 times. Net total assets of the Group was increased from HK\$695,857,000 as at 31 December 2001 to approximately HK\$760,620,000 as at 31 December 2002.

The Group had not exposed to any material exchange rate fluctuation or any related hedges during the period under review.

The Board believes that the Group had sufficient liquidity to satisfy its commitments and working capital requirements.

Contingent Liabilities

As at 31 December 2002, the Group had contingent liabilities of HK\$2,262,000 (2001: Nil).

• FINANCIAL REVIEW

The Group's turnover for the period under review was HK\$458,656,000, that represented an increase of 62.45% as compared with the corresponding period of 2001. The gross profit margin was slightly increased to 39.68% compared with the corresponding period of 2001. The net profit from ordinary activities attributable to shareholders for the period under review amounted to approximately HK\$87,665,000 and was increased by 60.61% to that of the corresponding period of 2001. Basic earnings per share for the current period was approximately HK17.2 cents (2001: HK15.3 cents). Diluted earnings per share for the current period was approximately HK\$16.8 cents (2001: HK\$14.1 cents).