

Financial Review

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2003, the Group's net tangible assets was HK\$1,016,700,000 and the net tangible assets per share was HK\$1.39. Excluding the effect of negative goodwill arising from acquisition of interest in Carrianna Holdings Limited, the Group's net assets amounted to HK\$751,901,000 and the net assets per share was HK\$1.03.

The Group's free cash and bank balances was HK\$73,664,000, increased by 10% from last year. Netting off cash deposit pledged for borrowing, the group's net bank borrowing was HK\$314,870,000, decreased by HK\$10,425,000 from last year. Net bank borrowing represented 31% (2002: 32%) of net tangible assets of the Group. As at 31 March 2003, over 50% of the Group's borrowings was 5 to 10 years mortgage bank loan. The Group uses property rental income to service these mortgage loan. The Group's borrowing are principally on a floating rate basis.

MATERIAL ACQUISITION AND DISPOSAL

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

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\$139,346,000.

CHARGES ON 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 approximately HK\$703,583,000 (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.

EXPOSURE ON FOREIGN EXCHANGE FLUCTUATIONS AND TREASURY POLICY

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