

FINANCIAL REVIEW

Liquidity and financial resources

As at 30 September 2003, the Group had net tangible assets of HK\$977,022,000 (31 March 2003: HK\$978,753,000). Net assets of the Group amounted to HK\$743,721,000 (31 March 2003: HK\$729,928,000).

The Group's free cash and bank balances were HK\$98,137,000 (31 March 2003: HK\$73,664,000), increased by 33% during the period. The Group's net bank borrowings (total borrowings less deposits pledged for such borrowings) was HK\$324,501,000 (31 March 2003: HK\$314,870,000). Net bank borrowings less free cash and bank balances was HK\$226,364,000 (31 March 2003: HK\$241,206,000), improved by HK\$14,842,000 (6%) during the period. Interest for the Group's bank borrowings were mainly on floating rate basis.

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 three major currencies was 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\$123,774,000.

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\$699,389,000 (31 March 2003: HK\$703,583,000) 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 200 employees in Hong Kong and approximately 3,300 employees outside Hong Kong. Employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system.