

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group continued to be in strong liquidity position throughout the review period. At 30th September, 2003, net current assets of the Group amounted to HK\$412,555,000 and was at a similar level compared to the preceding balance sheet date. The Group was also in net cash position, bank balances and cash net of bank overdraft was HK\$79,322,000. The Group's bank overdraft was denominated in Hong Kong dollars and bore floating rate interest. At the period end date, the Group had unutilized banking facilities of approximately HK\$3.4 million, such facilities were granted to the Group on an unsecured basis. In light of the amount of liquid assets on hand and available banking facilities, the Directors are of the view that the Group has sufficient financial resources to meet its ongoing operational requirements. The Group had no material capital commitment at the period end date.

The Group's asset portfolio is mainly financed by its shareholders' funds. At 30th September, 2003, the Group had shareholders' funds of HK\$464,532,000 and was equivalent to a net asset value of approximately HK15 cents per share of the Company. The increase in shareholders' funds compared to the preceding year end date was mainly attributable to the profit earned during the period.

Foreign Currency Management

The Group's foreign currency transactions are mostly denominated in Renminbi. As the exchange rate of Hong Kong dollars to Renminbi has been relatively stable, the Directors are of the view that the Group's exposure to exchange rate risk is not significant.

Pledge of Assets

None of the Group's material assets was pledged at 30th September, 2003.

Contingent Liabilities

The Group had no material contingent liabilities at 30th September, 2003.