

Capital commitments in respect of the acquisition of property, plant and equipment as at 30 September 2003 was HK\$42,857,000 (31 March 2003: HK\$58,002,000) which would require a substantial use of the Group's present cash resources and external funding. Meanwhile, the Group has committed to acquire interests in certain PRC enterprise and to establish certain sino-foreign joint venture companies in the PRC.

The Group does not anticipate any material foreign exchange exposure since its cash, borrowings, revenue and expenses are denominated in Hong Kong dollars, Reminbi and US dollars.

Charge on Assets

As at 30 September 2003, the Group pledged bank deposits of HK\$28,571,000 (31 March 2003: HK\$66,667,000) and land use rights having a net book value of HK\$28,900,000 (31 March 2003: HK\$29,035,000) to secure banking facilities granted to the Group.

Contingent Liabilities

Two former staff issued writs against the Company claiming for wrongful dismissal of approximately HK\$1,862,000 (31 March 2003: HK\$1,862,000). The Directors are advised by the legal counsel of the Company that it is unlikely that the two former staff will succeed in their claims and no provision has been made.

As at 30 September 2003, except for the above, the Group did not have any material contingent liabilities.

Employees

As at 30 September 2003, the Group has 1,200 employees. Remuneration is determined by reference to their qualifications and experiences of the staff concerned and normally reviewed annually.

PROSPECTS

It is our Group's investment policy to cooperate with local governments to establish joint venture companies to develop natural gas project in their respective cities. During the year, the Group invested progressively along the West-East Pipeline and the Zhongwu line and this will continue to be the Group's investment pattern in the near future. Despite there are huge investment opportunities around, we will continue to adopt cautious strategy in screening investment projects such that the maximum rate of return could be generated for our shareholders.