

## FINANCIAL REVIEW

### FINANCIAL POSITION

During the year, the Group recorded a net profit of HK\$448,907,608 and earnings per share of HK\$0.195. Bank and cash balances of the Group as at 31 March 2004 was HK\$37,056,793. The financial position of the Group remained healthy.

### LIQUIDITY AND FINANCIAL RESOURCES

Net cash outflow from operating activities for the year was HK\$10,875,049 as compared to a net cash outflow of HK\$61,471,325 in the previous year. Cash and cash equivalents at the year end amounted to HK\$37,056,793 (2003: HK\$2,504,544).

The Group's debt ratio measured by the total liabilities over total assets was 47% as at 31 March 2004, as compared to 464% as at 31 March 2003.

The gearing ratio (interest bearing borrowings/shareholders' funds) of the Group as at 31 March 2004 was 43% (2003: Nil).

### DETAILS OF CHARGES ON GROUP ASSETS

As at 31 March 2004, bank loan of HK\$26,359,640 (2003: HK\$28,266,154) is secured by the Group's 40% interests in Xiamen Plaza. No other properties and bank deposits of the Group were pledged to secure banking facilities for the Group.

### CAPITAL STRUCTURE

The Group's monetary assets, loans and transactions are principally denominated in Hong Kong dollars and Renminbi. As there is no significant fluctuation in exchange rate between the Hong Kong dollars and Renminbi, the Group's exposure to exchange rate risk is immaterial.

During the year, the Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its balance sheet exposures.

Funding and treasury policies of existing subsidiaries in the Group are centrally managed and controlled by the top management in Hong Kong.