

## FINANCIAL REVIEW

At 30th September, 2001, the Group's cash in hand was HK\$176,593,000 compared with HK\$265,418,000 at 31st March, 2001, bank borrowings increased from Nil at 31st March, 2001 to HK\$236,527,000 at 30th September, 2001. This was mainly due to the acquisition of a piece of land in Causeway Bay as mentioned above. In financing for such acquisition, a HK\$137,500,000 bank loan was raised during the period as stated under non-current liabilities in the above balance sheet which is expected to be repaid following the completion of this project at the end of 2003.

Taking into account of this acquisition, the Group's liquidity had slightly decreased as evidenced by the current ratio (total current assets: total current liabilities) from 2.06 last year to 1.56 this year. The Group's gearing ratio, calculated on the basis of net bank borrowings (i.e. total bank borrowings and overdraft less time deposits, cash and bank balances) over shareholders' equity had increased from Nil to 9.72%, but remains at a very prudent level. The Group's interest burden was also kept at a very low level. It is mainly due to prudent approach in financial management adopted by the Group. The interest cover [(profit before taxation + interest expenses)/interest expenses] of the Group remained constant at 7.8 times this period as compared to 7.84 times at 31st March, 2001.