



## RESULTS

Net profit for the year amounted to HK\$6.76 million, a decrease of 71.7% from the net profit of HK\$23.88 million in last year. Gross profit fell by 7.3% to HK\$147.38 million (2000: HK\$159.06 million). The fall in net profit was mainly attributable to provisions for impairment of investments of HK\$7.82 million and a drop in revenue income from investments. Earnings per share was 0.44 cent for the year compared to 1.72 cents in 2000.

## SEGMENT INFORMATION

### Business segments

Paint manufacturing remained the principal business of the Group with a turnover of HK\$355.03 million accounting for 96.1% of the total turnover. In 2000, the turnover was HK\$359.88 million or 81.0% of the total amount of HK\$444.55 million.

Turnover for property investment amounted to HK\$1.86 million as compared to HK\$64.99 million in 2000. The decrease was mainly due to realisation of properties in 2000. Turnover for other investments was HK\$12.62 million (2000: HK\$19.68 million) derived mainly from the Group's iron and steel business. The fall was due to less trading activities.

### Geographical segments

Turnover in Mainland China was HK\$201.90 million, an increase of 3.0% from HK\$196.00 million in 2000. Turnover for Hong Kong fell substantially by 32.6% to HK\$167.60 million (2000: HK\$248.55 million). This follows the Group's strategy to expand its business in Mainland China whilst rationalising the portfolio in Hong Kong.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group relied principally on its internally generated capital to fund its business. The main source of its internally generated capital basically derived from its retained earnings. At the balance sheet date, bank and other borrowings amounted to HK\$122.55 million (2000: HK\$126.79 million) of which HK\$41.28 million is payable in 2002, HK\$5.41 million is payable in 2003, HK\$18.40 million is payable between 2004 to 2006 and HK\$57.46 million is payable beyond 2006. Committed borrowing facilities not utilised as at 31 December 2001 amounted to HK\$92.45 million (2000: HK\$38.00 million). Interest rates of the bank loans ranged from 3.6% to 7.5% per annum. The Group monitors its funds on a prudent basis to maintain a solid cash flow for its operating expenses, capital expenditure and investments. This could be seen from the strong liquidity ratios (current assets/current liabilities) at 2.01 times for the year and at 2.11 times for 2000. Cash and cash balances remained sound at HK\$111.70 million (2000: HK\$131.41 million) and were held in HK\$ and RMB. The Group's borrowings were mainly in these currencies and hence the risk of currency exposure was insignificant. Current assets decreased by 9.8% mainly due to net cash outflow from investing activities of HK\$27.52 million. Current liabilities fell slightly by 5.4% attributable to the reduction in other payables and accruals. Net asset value per share was 68 cents compared to 67 cents in 2000. The Group's gearing ratio (long term debt/equity) further reduced to 8.0% from 9.3% in 2000.



### STAFF

Headcount at 31 December 2001 was 704 (2000: 658). The Group has a comprehensive and competitive staff remuneration and benefits system which is formulated on the performance of individual employee. In addition, the Group also provides an attractive staff option scheme. Staff costs amounted to HK\$52.56 million (2000: HK\$54.19 million).

### CONTINGENT LIABILITIES

At 31 December 2001, the Group issued guarantees of HK\$50.83 million (2000: HK\$91.13 million) to bankers to secure general banking facilities granted to certain associates. Guarantees issued by the Company to bankers to secure general banking facilities granted to various subsidiaries outstanding at the balance sheet date amounted to HK\$85.04 million (2000: HK\$89.66 million).

### PLEDGE OF ASSETS

Land and buildings and investment properties with aggregate net book values of HK\$318.12 million (2000: HK\$318.86 million) were pledged to banks as collaterals for general banking facilities. At 31 December 2001, total outstanding secured bank and other borrowings amounted to HK\$116.90 million (2000: HK\$121.20 million).