

## FINANCIAL REVIEW

Despite the difficult operating environment, the Group achieved an continuous growth in Gross Profit Margin of 15.2% for the year ended 31st March 2002 compared with 9.3% last year. This was the result of stringent cost control measures imposed since 2000.

At 31st March 2002, the Group's total cash in hand was HK\$150,477,000 (2001: HK\$265,418,000) and bank borrowings increased from Nil in 2001 to HK\$315,812,000. This was mainly due to a long-term bank loan drawn to finance the acquisition and development of the property at Causeway Bay. As a result of this, the Group's net debt (total bank borrowings less total cash in hand) to equity ratio has increased to 26.8% (2001: 0%). If the long-term loan is excluded, the Group has a net debt of only HK\$435,000 (2001: Nil).

The current ratio (total current assets: total current liabilities) has also slightly decreased to 1.71 (2001: 2.09) due to the decrease in cash utilised to purchase the property in Causeway Bay. Net current assets decreased to HK\$225,566,000 from HK\$372,058,000 as a result of the cash applied to the acquisition of the property for development at Causeway Bay. In addition, the Group's total banking facilities, including both short-and long-term financing, amounted to HK\$665 Million (2001: HK\$352 Million) of which HK\$348 Million was unutilised at 31st March 2002 (2001: HK\$352 Million). The banking facilities are secured by time deposits and certain properties owned by the Group. Therefore the Group's overall liquidity remains at a very healthy level.

## HUMAN RESOURCES

At 31st March 2002, the Group employed approximately 500 people in Hong Kong and approximately 300 people in the Mainland.

Employees in Hong Kong are either paid on a monthly salary basis or daily wages basis. Salaried employees are entitled to benefits according to seniority such as discretionary bonus which are based on their performance, double pay, provident funds, annual leave employer sponsored trainings and others.

Employees in the Mainland are remunerated according to the prevailing market conditions in the location of their employment.