

## Financial Position

At April 30, 2002, the total net assets of the Group was HK\$408 million (year ended 31.10.2001: HK\$421 million). The decrease was due to the reversal of the provision of the proposed final dividend from the retained earnings for the year 2001 after the adoption of SSAP 9 (Revised) (Note 1).

In terms of liquidity, the current ratio was 1.21 times (year ended 31.10.2001: 1.14 times). This improvement was due to a lowering in the level of current creditors.

The Group cash and bank balance as at April 30, 2002 was HK\$169 million (year ended 31.10.2001: HK\$189 million), and the pledged bank deposits as at April 30, 2002 was approximately HK\$19 million (year ended 31.10.2001: HK\$17 million). The reduction was applied towards the payment of current creditors such as retention sums held from subcontractors of museum projects which were completed the previous year.

The Group borrowings due within one year was HK\$104 million (year ended 31.10.2001: HK\$85 million). Again this increase was applied towards the payment of current creditors outstanding at the beginning of the period. Those due more than one year was HK\$48 million (year ended 31.10.2001: HK\$28 million). This increase was applied mainly for the acquisition of the Meeting Planners Group in October 2001, and ACI in April 2002.

The Group gearing ratio (long term debts/total assets) was 5.1% (year ended 31.10.2001: 2.8%). The gearing ratio is healthy and we will continue to maintain a low gearing ratio to preserve the existing sound financial position of the Group.

Although our subsidiaries are located in many different countries of the world, over 68% of the Group sales and purchases were denominated in Singapore dollars, Hong Kong dollars, Renminbi and US dollars, and the remaining 32% were denominated in other Asian currencies and Europe currencies. Bank borrowings are mainly denominated in Singapore dollars, Hong Kong dollars and US dollars, and the interests are charged on a floating rate basis.

Since we are already diversified in many different currencies and the major Asian currencies are quite stable throughout the period, the Group's exposure to foreign exchange risk is minimal.

After adoption of the new SSAP30, the Group is required to estimate any impairment loss on the goodwill, which was previously eliminated against reserves, arose from acquisitions carried out in the financial year commencing prior to January 1, 2001. The Group has made an assessment on the fair value of the goodwill eliminated against the reserve and no impairment of goodwill was recognised for the current or prior accounting periods.

Out of the balance, approximately 93% or HK\$384 million relating to those acquisitions carried out on or before 1998 were reconfirmed by a professional surveyor that no impairment of goodwill was required. The remaining balance of approximately HK\$28 million relating to the acquisition carried out in October 2001 is stated at its carrying amount because there is no indication of a change of the economic conditions within such a short time period from the acquisition date that would lead to an impairment loss.