



Liquidity and financial resources

At the balance sheet date, cash and bank balances of the Group amounted to HK\$27.8 million (2001: HK\$33.9 million). Bank and other borrowings of the Group as at the same date amounted to HK\$12.9 million (2001: HK\$17.1 million). The calculation of debt to equity ratio (expressed as a percentage of bank and other borrowings net of cash and bank balances over total net assets of the Group) is not applicable.

The Group's cash and bank balances were mainly in Hong Kong dollars, United States dollars and Renminbi, which in aggregate constituted some 99% (2001: 100%) of the Group's balances.

The Group's bank and other borrowings were all denominated in Hong Kong dollar as compared to 85% and 15% in Hong Kong dollar and United States dollar respectively as in last year. Approximately 47% (2001: 41%) of the Group's bank and other borrowings was repayable within one year, and the remaining balance 53% (2001: 59%) repayable in the second to fifth years.

The Group conducted most of its business in Hong Kong dollars, United States dollars or Renminbi, and that together with the policy of keeping the majority of our cash and bank balances also in these currencies, helped to maintain our exposure to exchange rate fluctuation to the minimal.

Acquisition and disposal of subsidiaries and associated companies

During the year, a wholly owned subsidiary of the Company was incorporated in Australia for the farming of Angora goats.

Employee information

The Group has approximately 260 employees for its operations in Hong Kong and the PRC as at 31 March 2002. The costs for the employees (excluding director's remuneration) during the year were approximately HK\$9.5 million. Employees are basically remunerated based on the nature of their job and their performance as well as prevailing market trend. Year end discretionary bonus would be granted to reward and motivate those well performed employees. Moreover, training and development courses would be provided as and when required.

Charges on group assets

At the balance sheet date, the Group has pledged certain assets including bank deposit, land and building with an aggregate net book value of HK\$38.9 million (2001: HK\$40.5 million) to secure the general banking facilities and bank mortgage loans granted to the Group.



Capital commitment and contingent liabilities

At the balance sheet date, the Group's commitments and contingent liabilities were as below:

- (a) Commitments contracted but not provided for the interest in a joint venture was HK\$6.9 million (2001: HK\$10.8 million).
- (b) A purported guarantee in respect of the indebtedness of the Company's subsidiary to a sub-contractor amounting to HK\$38 million (2001: HK\$38 million), albeit the Company denies liability to the subcontractor for the purported guarantee which came to the attention of the directors in previous years, has been treated by the directors of the Company on ground of prudence as a contingent liability in the Company's financial statements.
- (c) A guarantee amounting to HK\$1 million (2001: HK\$1 million) was given by the Company to the broker for securities trading of a subsidiary.