

Financial Review

As at 31st March, 2003, the Group's total net asset amounted to approximately HK\$2,253 million (2002: HK\$2,228 million), an increase of HK\$25 million or 1.1% when compared with 2002.

Total debt to equity ratio was 59% (2002: 56.9%) and net debt to equity ratio was 20.3% (2002: 23.4%), which are expressed as a percentage of bank and other borrowings, and net borrowings respectively, over the total net asset of 2,253 million (2002: HK\$2,228 million).

At the balance sheet date, the Group's bank and other borrowings amounted to HK\$1,330 million (2002: HK\$1,268 million). Cash and deposit at bank including pledged deposits amounted to HK\$872 million (2002: HK\$747 million) and net borrowings amounted to HK\$458 million (2002: HK\$521 million). Most of the borrowings are carrying floating interest rates based on Hong Kong Interbank Offering Rates, with small portions based on Prime Rate. Among those floating rate loans, HK\$400 million are hedged to fixed rates through Interest Rate Swap Agreements.

Finance costs for the year amounted to HK\$52 million (2002: HK\$61 million), a decrease of HK\$9 million as compared with 2002.

The Company has provided guarantees in respect of loan facilities granted to subsidiaries, amounting to HK\$879 million (2002: HK\$1,141 million).

The Group adopts conservative treasury policies in cash and financial management. To achieve better risk control and minimise cost of funds, the Group's treasury activities are centralised. Cash is generally placed in short-term deposits mostly denominated in Hong Kong or US dollars. The Group's liquidity and financing requirements are frequently reviewed. In anticipating new investments or maturity of bank loans, the Group will consider new financing while maintaining an appropriate level of gearing.