

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2007, the Group's consolidated net assets after deduction of minority interests was HK\$1,368,310,000 (2006: HK\$1,016,104,000) and consolidated net assets after deduction of minority interests per share was HK\$1.83 (2006: HK\$1.37).

The Group's free cash and bank balances was HK\$129,103,000. Netting off cash deposits pledged for borrowing, the group's net bank borrowings was HK\$594,040,000. Net bank borrowings less free cash and bank balances was HK\$464,937,000, representing 34% (2006: 38%) of the Group's consolidated net assets after deduction of minority interests. The Group's borrowings are principally on a floating rate basis.

MATERIAL ACQUISITION AND DISPOSAL

On 8 February 2007, the Group entered into an agreement with Mr. Ma Kai Cheung ("KC Ma") and Mr. Ma Kai Yum ("KY Ma"), the substantial shareholders and executive directors of the Company, to acquire a 55% equity interest in Carrianna (Hunan) Enterprise Co., Ltd. ("Hunan Carrianna") for a total consideration of RMB417,450,000, of which RMB60,000,000 was satisfied by cash and RMB357,450,000 by the issue of 224,258,432 ordinary shares of the Company to KC Ma and KY Ma. On 25 May 2007 the acquisition was completed by the cash consideration and the issue of 224,258,432 new shares of the Company at HK\$1.62 per share (closing market price of the Company's shares on 2 February 2007) to KC Ma and KY Ma. Upon the completion, Hunan Carrianna, which is principally engaged in property development, has become a subsidiary of the Company. Further details of the transaction were disclosed in the circular of the Company dated 30 March 2007.

The Group had no material disposal for the year ended 31 March 2007.

流動資金及財政資源

在二零零七年三月三十一日，本集團的扣除少數股東權益後綜合資產淨值為1,368,310,000港元（二零零六年：1,016,104,000港元），每股綜合資產淨值為1.83港元（二零零六年：1.37港元）。

本集團的自由現金及銀行結存為129,103,000港元。扣除借貸的已抵押現金存款後，本集團的銀行借貸淨額為594,040,000港元。銀行借貸淨額減自由現金及銀行結存為464,937,000港元，佔本集團扣除少數股東權益後綜合資產淨值34%（二零零六年：38%）。本集團的借貸主要以浮動利率計息。

重大收購及出售

於二零零七年二月八日，本集團與馬介璋先生及馬介欽先生、本公司重要股東及執行董事訂立協議，收購佳寧娜（湖南）實業有限公司（「湖南佳寧娜」）55%股權，總代價為人民幣417,450,000元，當中人民幣60,000,000元以現金支付，而人民幣357,450,000元則透過本公司向馬介璋先生及馬介欽先生發行224,258,432股普通股支付。收購於二零零七年五月二十五日本公司向馬介璋及馬介欽支付現金代價及按每股1.62港元價格（本公司股份於二零零七年二月二日的收市價）發行224,258,432股新股份後完成。完成後，主要從事物業開發的湖南佳寧娜已成為本公司附屬公司。該交易詳情已於本公司二零零七年三月三十日刊發的通函披露。

本集團截至二零零七年三月三十一日止年度內並無重大出售事項。

CONTINGENT LIABILITIES AND FUTURE COMMITMENT

As at the balance sheet date, the Group has major contingent liabilities relating to guarantee given to bank for mortgage loan facilities granted to purchasers of properties of approximately HK\$32,512,000 (2006: HK\$65,228,000). In addition, the Group has contingent liabilities relating to guarantee given to a bank in connection with facilities to an associate of approximately HK\$11,000,000 (2006: HK\$11,000,000).

CHARGES ON THE GROUP ASSETS

As at the balance sheet date, certain of the Group's properties, plant and equipment, investment properties, time deposits, financial asset at fair value through profit or loss, properties held for sale and inventories with a total carrying value of approximately HK\$958,830,000 (2006: HK\$826,356,000) were pledged to secure general banking, trade finance and other facilities granted to the Group. In addition, rental income generated in respect of certain investment properties of the Group were assigned to bankers to secure loan facilities granted to the Group.

EXPOSURE ON FOREIGN EXCHANGE FLUCTUATIONS AND TREASURY POLICY

The Group operates in Hong Kong, America, South Africa and Mainland China and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi and US dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in operations in Mainland China. The directors consider that the exchange rates of Hong Kong dollars against Renminbi and United States dollars in the foreseeable future are expected to be relatively stable and the appreciation in Renminbi against Hong Kong dollars is expected to be mild, there is no significant exposure to fluctuation in foreign exchange rates and any related hedges.

The Group has certain investments in operations in America, South Africa and Mainland China, whose net assets are exposed to translation risk. The management does not expect any material adverse impact on the foreign exchange fluctuation, as an expected mild appreciation in Renminbi will further benefit the Group's net assets position in the PRC.

或然負債及已承諾之主要投資

於結算日，集團的主要或然負債為向銀行提供的擔保共約32,512,000港元（二零零六年：65,228,000港元），為購買集團物業的置業者銀行按揭貸款提供還款保證。集團就聯營公司獲銀行信貸而作出擔保約11,000,000港元（二零零六年：11,000,000港元）。

資產抵押

於結算日，本集團共有總賬面值約958,830,000港元（二零零六年：826,356,000港元）之若干物業、廠房及設備、投資物業、定期存款、按公平值計入盈利及虧損之金融資產、出售物業及存貨作抵押，以取得一般銀行、貿易融資及其他信貸。本集團亦以部份投資物業之租金收益作抵押，以取得銀行之信貸。

外匯風險

本集團主要於香港、美洲、南非及中國大陸營運而承受外匯交易風險，主要為人民幣及美元。外匯風險由日後商業交易，已確認資產及負債及於中國大陸之投資活動而產生。董事認為於可見未來港元兌人民幣及美元的匯率相對穩定，人民幣對港元的幣值預期較溫和。因此，本集團並沒有面對重大匯率波動風險，亦無任何相關對沖。

本集團於美洲、南非及中國大陸之投資產生匯兌差額風險。人民幣之溫和升值對集團於中國之淨資產帶來利益，因此管理層認為集團的投資並沒有重大外匯波動。