

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally finances its operations with internally generated cash flow and facilities provided by its principal bankers in Hong Kong. During the period, the Group recorded a net cash inflow of approximately HK\$49 million, which raised the total cash and cash equivalents to approximately HK\$52 million as at the balance sheet date.

The Group's cash and bank balances are mostly held in Hong Kong dollars. The Group's borrowings are made in Hong Kong dollars, approximately 4% of such borrowings bear interest at fixed lending rate. As at 30 September 2001, the Group's borrowing amounted to approximately HK\$39 million, out of which approximately 74% is repayable within one year. The gearing ratio of the Group as at 30 September 2001 calculated as a ratio of total debts to total assets is approximately 25%. Net current assets as at 30 September 2001 was approximately HK\$55 million and current ratio was maintained at a healthy level of approximately 224%. As the Group's transactions are mostly settled by Hong Kong dollars, Renminbi, or Hong Kong dollars pegged currencies, no use of financial instruments for hedging purposes is considered necessary.

As at 30 September 2001, the Group's leasehold land and buildings and investment property with carrying values of approximately HK\$5,389,000 and HK\$1,228,000, respectively, were pledged to secure general banking facilities granted to the Group.