

## LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cashflow and banking facilities provided by its principal bankers in the People's Republic of China (the "PRC"). As at 31 October 2000, the Group has available aggregate banking facilities of approximately HK\$42 million which have all been utilized and were secured by legal charges on certain leasehold and buildings in the PRC owned by the Group. At 31 October 2000, out of the total outstanding bank borrowings of the Group of approximately HK\$42 million, which were all denominated in Reminibi, approximately HK\$37 million are repayable within one year and the remainder are repayable in the second year. The Group's cash and bank balances and short term bank deposits as at 31 October 2000 amounted to approximately HK\$93 million. The Group's gearing ratio as at 31 October 2000 was approximately 4.6%, basing on the total bank borrowings of approximately HK\$42 million and the shareholders' funds of approximately HK\$904 million.