

LIQUIDITY AND FINANCIAL RESOURCES

Net current assets and current ratio were HK\$43,668,000 and 1.23:1 as at 31st December, 2000 and HK\$30,302,000 and 1.13:1 as at 30th June, 2001. The reduction in net current assets was largely due to an increase in bank borrowings.

The Group's gearing ratio was slightly increased from 20% as at 31st December, 2000 to 26.5% as at 30th June, 2001, which was calculated based on the net borrowings of HK\$56,509,000 (31st December, 2000: HK\$45,961,000) and the shareholders' funds of HK\$213,090,000 (31st December, 2000: HK\$230,315,000).

The Group generally finances its business with internally generated cash flows and revolving credit facilities provided by the Group's principal bankers. With net current assets of HK\$30,302,000 the management believes that the Group has sufficient financial resources to discharge its debts and to finance its daily operations and capital expenditure.