

LIQUIDITY AND FINANCIAL RESOURCES

The financial position of the Group has improved continuously during the period. At 30th June 2001, the shareholders' funds increased by 1% from HK\$1,277 million at 31st December 2000 to HK\$1,296 million. The Group's net assets employed decreased by 2% from HK\$1,512 million at 31st December 2000 to HK\$1,479 million.

The Group's liquidity position remains strong and the Group possesses sufficient cash and available banking facilities to meet its commitments, working capital requirements and future assets acquisitions.

GEARING RATIO

The gearing ratio, defined as the ratio of total loans outstanding less cash balances to total assets, was practically at a debt free level at 30th June 2001 as compared to 3% at 31st December 2000.

TREASURY POLICY

The Group continues to adopt a conservative treasury policy by maintaining all bank deposits in either Hong Kong Dollars, United States Dollars, or in the local currency of the operating subsidiaries, thus keeping a minimum exposure to foreign exchange risks. A similar policy is adopted for short-term investments.

CHARGES ON GROUP ASSETS

Land and buildings, plant and machinery with net book values of HK\$245,312,000 (31st December 2000: HK\$247,981,000) and HK\$118,198,000 (31st December 2000: HK\$124,998,000) respectively were pledged to various banking institutions to secure banking facilities.

CONTINGENT LIABILITIES

The Company has executed several guarantees in favour of various banking institutions in respect of facilities granted to the various subsidiaries amounting to HK\$300,700,000 (31st December 2000: HK\$199,100,000). As at 30th June 2001, the facilities utilised amounted to HK\$174,300,000 (31st December 2000: HK\$119,500,000). The Company has executed an indemnity to its ultimate holding company for guarantees in respect of the banking facilities granted to a subsidiary amounting to HK\$76,200,000 (31st December 2000: HK\$63,500,000). At 30th June 2001, facilities utilised amounted to HK\$76,200,000 (31st December 2000: HK\$63,500,000).