

## **CAPITAL STRUCTURE AND TREASURY MANAGEMENT**

The Group is funded entirely by equity. It does not have any secured or unsecured long-term debt. Short-term bank borrowings of HK\$49.3 million at period end were in relation to bills payable, import loans and bank overdrafts.

The Group exercises tight control on credit. Terms of trade are normally on letter of credit with the exception of sales between member companies of the Group or to selected customers with long established business relationships and strong financial positions.

The Group's exposure to foreign currency is mainly in Euro and Sterling arising from sales transactions between local and overseas members. The Group actively hedges its foreign currency exposures through forward contracts and options.

