

## **FINANCIAL RESOURCES AND LIQUIDITY**

The Group's principal source of fund comes from the cashflow generated from property sales and leasings supplemented by bank and other borrowings and equity fund raisings.

During the period, the Company has completed a rights issue of 384,000,000 new shares of HK\$0.10 each on the basis of three rights shares for every five existing shares held taken up at a subscription price of HK\$0.16 per rights share. In accordance with the plan for the use of proceeds as stated in the rights issue circular and prospectus, the net proceeds of approximately HK\$60 million had been applied towards the repayment of part of the liability due to the ultimate holding company of the Company. As a result of the rights issue, the capital base of the Company was broadened whereby the financial position of the Group was strengthened.

As at 30th September, 2001, the net borrowings of the Group, being interest-bearing bank and other borrowings less cash and bank balances and bank deposits, amounted to about HK\$281 million. The net debt to equity ratio as at 30th September, 2001 is about 17.73% which is expressed as a percentage of the net borrowings over the total net assets of the Group of about HK\$1,585 million.