



## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group continues to maintain a strong financial position and is confident that it has sufficient funds to meet its daily business operation requirements and future expansion. As at 30 November 2001, the Group's cash and cash equivalents was HK\$52.8 million (31 May 2001: HK\$135.3 million) and its working capital was HK\$27.4 million (31 May 2001: HK\$134.2 million). The gearing ratio, defined as long-term liabilities to shareholder's fund, was 11.8% (31 May 2001: not applicable) as the long term bank loan was newly incurred during this period.

The Group's general banking facilities amounted to HK\$30 million (31 May 2001: Nil) as at 30 November 2001. The banking facilities of the Group, which has been fully utilized, were supported by corporate guarantees executed by the Company and a subsidiary of the Company together with personal guarantees executed by two executive directors of the Company.

Most of the Group's monetary assets are denominated in Renminbi. The foreign exchange fluctuation between Hong Kong dollar and Renminbi is not material. Thus, the exchange rate risk of the Group is considered to be minimal.