

## FINANCIAL LIQUIDITY AND RESOURCES

The Group's policy is to maintain a healthy financial position such that cash inflows from operations together with undrawn banking facilities should meet the requirements of both the Financial Resources Rules and necessary capital expenditure. Furthermore, a sufficient amount of liquid funds is maintained to meet proposed development needs of the businesses. The Group is mainly financed by the shareholders' funds and to a lesser extent, bank loans.

- The gearing ratio, representing the ratio of total borrowings to the total share capital and reserves of the Group, was 15% as at 31st December 2001 (30th June 2001: 47%).
- Bank loans and overdrafts at 31st December 2001 amounted to HK\$9.9 million (30th June 2001: HK\$28.1 million). The maturity profile of the bank loans and overdraft of the Group was as follows:

	<b>As at 31st December 2001 HK\$'000</b>	As at 30th June 2001 HK\$'000
Amounts repayable on demand	<b>5,301</b>	16,847
Amounts repayable within 3 months	<b>4,600</b>	11,280
	<b>9,901</b>	28,127

- The Group had aggregate banking facilities of HK\$85.5 million as at 31st December 2001 (30th June 2001: HK\$100.0 million). These banking facilities were secured by the followings:
  - Marketable securities with a market value amounting to HK\$78.8 million. These marketable securities were beneficially owned by Tanrich Securities Company Limited ("TSCL") and its margin clients.
  - Corporate guarantees issued by Tanrich Financial Group Limited ("TFGL"). These guarantees were released and have been replaced by guarantees given by the Company upon the listing of the Company on 30th January 2002.
  - Corporate guarantees issued by Tanrich Futures Limited ("TFL") and TSCL.