

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cashflow and banking facilities provided by its principal bankers. As at 31st December 2001, the Group has available aggregate bank loan facilities of approximately HK\$89,800,000, of which HK\$17,442,000 have been utilized and were secured by corporate guarantee issued by the Company and legal charges on certain leasehold land and buildings in the PRC and Hong Kong owned by the Group. The Group's cash and bank balances and short term bank deposits as at 31st December 2001 amounted to approximately HK\$38,915,000. The Group's gearing ratio as at 31st December 2001 was approximately 6.9%, based on the total bank borrowings of approximately HK\$17,442,000 and the shareholders' funds of approximately HK\$253,042,000. As the Group's borrowings and cash balances are primarily denominated in Hong Kong dollars, the Group has no significant exposure to foreign currency fluctuations.

Details of the Company's contingent liabilities and the Group's capital commitments are disclosed in notes 14 and 15 to the condensed interim accounts respectively.