

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at the balance sheet date, the Group does not have any treasury activities or use any hedging financial instruments. All the borrowings of the Group are denominated in Hong Kong dollars and at floating interest rate. And the total indebtedness of the Group is HK\$318 million and all indebtedness are due within one year.

As at the balance sheet date, the Group has a net current liabilities of approximately HK\$153 million and a total liabilities to equity ratio of approximately 3.75 times. The management is in negotiation with all the creditors of the Company for a settlement proposal but no agreement has been reached yet. On the other hand, the Company is seeking legal advice and negotiating with certain creditors and debtors for a legal off of certain receivables against loans and payables. The Company is also seeking long term equity finance should an opportunity arise.

There were no significant capital commitments as at the balance sheet date which would require a substantial use of the Group's present cash resources or external funding.