



## LIQUIDITY AND FINANCIAL ANALYSIS

As at 30 June 2003, the cash and bank deposits of the Group amounted to approximately RMB1,069,026,000 which had increased by approximately RMB79,091,000, representing an increase of 7.99% compared with the end of 2002.

As at 30 June 2003, the Group's bank loans amounted to RMB192,530,000, an increase of RMB22,480,000 compared to the end of 2002. The Group had no long term bank loans.

As at 30 June 2003, net trade receivables of the Group amounted to approximately RMB407,367,000, increased by RMB146,573,000 or 56.20% compared with the end of 2002. The increase in trade receivables was mainly due to the substantial growth in the sales volume of road machinery and construction machinery products over the corresponding period last year, which resulted in an increase in trade receivables. However, the growth was far lower than that of operating results.

### Financial Statistics:

Items	Basis of calculation	As at 30 June 2003	As at 31 December 2002
Gearing ratio	Total liabilities/total assets x 100%	45.06%	38.55%
Current ratio	Current assets/current liabilities	1.75	2.00
Quick ratio	(Current assets – inventories)/current liabilities	1.31	1.47
Debt equity ratio	Total liabilities/shareholders' equity x 100%	82.03%	62.75%