

## **LIQUIDITY AND FINANCIAL RESOURCES**

### **Net Assets**

As at 30 June 2003, the Group recorded total assets of approximately HK\$218.3 million which were financed by liabilities of approximately HK\$81.9 million and equity of approximately HK\$136.4 million. The Group's net asset value as at 30 June 2003 was approximately HK\$136.4 million (31 December 2002: HK\$136.6 million).

### **Liquidity**

The Group had total cash and bank balances of approximately HK\$66.9 million as at 30 June 2003 (31 December 2002: HK\$62.9 million). After deducting bank loans and overdrafts of approximately of HK\$12.0 million (31 December 2002: HK\$12.2 million), the Group recorded a net cash balance of approximately HK\$54.9 million as at 30 June 2003 (31 December 2002: HK\$50.7 million). As at 30 June 2003, the Group's working capital ratio was 1.87 (31 December 2002: 1.79) and a long term debt to equity ratio of 0.35% (31 December 2002: 0.44%) with equity being defined as the total of capital and reserves.

### **Charges on Assets**

As at 30 June 2003, the land and building situated overseas of the Group and fixed deposits of approximately HK\$2.5 million and approximately HK\$7.8 million respectively, were pledged to banks to secure banking facilities granted.

### **Treasury policies**

The Group adopts conservative treasury policies and controls tightly over its cash and risk management. The Group's cash and cash equivalents are held mainly in Hong Kong dollars, Renminbi and United States dollars. Surplus cash is generally placed in short term deposits denominated in Hong Kong dollars.

### **Exposure to fluctuations in exchange rates and related hedges**

Most of the Group's borrowings are denominated in Hong Kong dollars, Renminbi and United States dollars while the turnover of the Group are mainly denominated in Hong Kong dollars, Renminbi and United States dollars. As the exchange rates of United States dollars and Renminbi against Hong Kong dollars were relatively stable during the period under review, the Group's exposure to fluctuations in exchange rates is considered minimal and no financial instruments have been used for hedging purposes.

### **Contingent liabilities**

As at 30 June 2003, the Group did not have any significant contingent liabilities.