

LIQUIDITY AND FINANCIAL RESOURCES

Borrowings and banking facilities

As at 30th June 2001, the Group had outstanding short-term bank borrowings of approximately HK\$63.9 million (mainly represented by trust receipt loans and packing loans of approximately HK\$ 63.3 million and current portion of long term mortgage loan of approximately HK\$ 0.6 million.) The main purpose of the bank loan is to finance the daily operation of the Group.

The aggregate banking facilities of the Group was approximately HK\$ 139.1 million. The utilization rate of banking facilities was about 46%.

The bank borrowings are denominated in Hong Kong Dollars and United States Dollars. The Group did not enter into any hedging transactions. Foreign exchange exposure does not pose a significant risk to the Group given that the level of foreign currency exposure is small relative to its total asset base.

As at 30th June 2001, the gearing ratio of the Group, calculated at total debts divided by total assets, was 58.3%.

Net current assets and working capital

As at 30th June 2001, the Group's total current assets and liabilities were approximately HK\$138.2 million and HK\$94.0 million respectively. After taking into consideration the financial resources available to the Group including cash on hand, operating capital and the available unutilized banking facilities, the directors are of the opinion that the Group has sufficient resources and working capital to meet its foreseeable capital expenditure and debt repayment requirements.