

## LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cashflow and banking facilities provided by its principal bankers in Hong Kong. As at 30 June 2001, the Group had available aggregate banking facilities of approximately HK\$271 million, out of which HK\$129 million had been utilized. As at 30 June 2001, the total bank borrowings of approximately HK\$21 million, which were mostly denominated in Renminbi, are repayable within one year. It is imperative to note that all the bank borrowings belonged to the joint venture steel mills in China and the Company has not provided any corporate guarantee on such bank borrowings. The Group's cash and bank balances and short term bank deposits as at 30 June 2001 amounted to approximately HK\$86 million. The Group's gearing ratio as at 30 June 2001 was approximately 8% based on the total bank borrowings of approximately HK\$21 million and the aggregate of the shareholders' funds and total bank borrowings of approximately HK\$249 million.