

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2001, the Group's consolidated shareholders' equity was HK\$145 million, representing a 12% increase over prior year (before adjusting the final dividend for last year declared in 2001). As at 30th June, 2001, the Group's cash and bank deposits were HK\$51 million and aggregated interest-bearing borrowings were approximately HK\$47 million.

The business operation was generally financed by the Group's internal fundings and bank borrowings.

The Group's monetary assets are principally denominated in Hong Kong dollars and United States dollars. The Group believes that its exposure to exchange rate risk is not material due to the currency peg of Hong Kong dollars and United State dollars.

The gearing ratio of the Group calculated by aggregated interest-bearing borrowings divided by shareholders' equity at the balance sheet date was 32%.