

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2001, the Group had cash and bank balances of HK\$16.4 million and total bank borrowings of HK\$22.1 million. The Group's gearing ratio is approximately 2.2 based on the total long-term liabilities of HK\$360.6 million over the aggregate of shareholders' equity and minority interests of HK\$163.0 million. The Group's operations continue to be financed by both bank borrowings and lending from holding companies at arm's length basis.

On 3 September 2001, the completion date of the transactions involved in Fourseas' Financial Restructuring Proposal, the Group received HK\$70 million as repayment from Fourseas. The cash receipt has been used to reduce the Group's indebtedness to its holding companies.

As at 30 June 2001, the Group had no exposure to fluctuations in exchange rates and any related hedges.