



MATURITY AND REPAYMENT OF INDEBTEDNESS

There was no indebtedness on maturity, including short term borrowings, long term borrowings and notes payable as stated in the unaudited financial statements of the Group for the six months ended 30th June, 2001.

PLEDGE OF ASSETS

There was no pledge of assets by the Group as at 30th June, 2001.

CONTINGENT LIABILITIES

As the directors of the Company are aware, there was no contingent liability of the Group as at 30th June, 2001.

EXCHANGE RATE EXPOSURE

The Company pays dividend or other cash distribution in Hong Kong dollars to the holders of the H Shares listed in Hong Kong in accordance with the relevant provisions regarding foreign exchange administration. Although the exchange rate of Renminbi is relatively stable, fluctuation in exchange rate will still affect the interest of the Company's H shareholders.

At present, there is no exchange risk to a material extent that is subsisting. As at 30th June, 2001, the Group's deposits denominated in Hong Kong dollars amounted to HK\$142,940,000 which was sufficient to set off the exchange risk arising from the payment of dividend in foreign currency each year. In addition, the Company maintained tight fund management strategies. Analysis on the international capital market and the efficiency for the application of foreign exchange were compiled from time to time so as to minimize the risk arising therefrom.

TRUST DEPOSIT

As at 30th June, 2001, neither does the Company have any trust deposit in any financial institutions in the PRC, nor does the Company have any problems when withdrawing any of its fixed deposit upon maturity.