

LIQUIDITY AND CAPITAL RESOURCES

The Group's financial position is healthy and stable. As at 30th June, 2001, the Group's cash and bank deposits reached HK\$94 million. Bank borrowings rose by 9% over prior year end to approximately HK\$294 million.

The business operation was generally financed by the Group's internal funding. For the period, the Group maintained a healthy liquidity status with net cash inflow from operating activities amounting approximately HK\$17 million.

The Group's monetary assets are principally denominated in Hong Kong dollars, Renminbi and the United State dollars. Due to the currency peg of Hong Kong dollars and United State dollars, exchange rate between the Hong Kong dollars and Renminbi remains stable, the Group believes its exposure to exchange rate risk is not material.