



## **CURRENCY EXCHANGE RISK**

Normal operating activities of the Group were mainly carried out in the PRC and most of the capital income and expenditures were made in Renminbi while few of them were made in Hong Kong dollars. Cash balances of the Group were usually placed in the financial institutions in the form of short-term time deposits. The banking facilities of the Group were granted in Renminbi which could be repaid out of the income received in Renminbi.

As at 30 June 2002, the Group has not pledged any of its foreign currency deposits.