

FINANCIAL POSITION

During the period, the Group's total assets increased by HK\$415 million to HK\$3,723 million and net bank borrowings increased by HK\$272 million. At September 30, 2000, the aggregate of the Group's shareholders' fund and minority interest was HK\$1,341 million and the Group's gearing ratio (consolidated net bank borrowings/shareholders' fund and minority interest) was 1.26. At September 30, 2000, 44% of the Group's bank borrowings was revolving or repayable within one year whereas 56% was mostly repayable between one to five years. About 67% of the bank borrowings are in US dollars and on a floating rate basis.

The Group and its major associates continue to adopt a prudent policy in managing its foreign currency exposures, including forward contracts, local procurement and local currencies bank borrowings so as to minimize the effect of currency fluctuations.

On October 12, 2000, the Company issued at par a 5-year convertible/exchangeable note of HK\$80 million. The note will bear interest at 3% p.a. The noteholder will have the right to convert into new shares of the Company or to exchange into shares of GP Industries Limited held by the Company. With the issuance of convertible/exchangeable note and the proposed bonus issue of warrants, the Company is well placed to expand further its Technology and Strategic Division should opportunities arise.