

FINANCIAL POSITION

The financial position of the Group is sound and the Group has sufficient resources to meet its financial commitments in the foreseeable future. The total borrowings as at 30th September, 2001 amounted to approximately HK\$224 million (31st March, 2001: HK\$236 million) in Hong Kong dollars and Chinese Renminbi of which approximately HK\$156 million (31st March, 2001: HK\$142 million) were secured by mortgages over the Group's land, buildings and machinery with an aggregate net book value of approximately HK\$240 million (31st March, 2001: HK\$247 million). The gearing ratio (defined as total interest-bearing borrowings divided by total assets) of the Group as at 30th September, 2001 was approximately 39% (31st March, 2001: 41%). The reduction in the gearing ratio was attributable to the improvement of the overall financial position of the Group during the period under review.