



LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2001, net current assets and current ratio of the Group were approximately HK\$184 million and 3.7:1 respectively. The current assets comprised inventories of approximately HK\$70 million, trade and other receivables of approximately HK\$101 million and bank balance and cash of approximately HK\$80 million. The Group had total assets of HK\$346 million which were financed by current liabilities of HK\$67 million, non-current liabilities of HK\$2 million, minority interests of HK\$0.2 million and shareholders' equity of HK\$277 million. The Group's gearing ratio as at 30 September 2001 was approximately 1%, which was calculated based on the total bank borrowings of HK\$3 million and total shareholders' funds of HK\$277 million.

The Group had limited exposure to fluctuation in foreign currencies as most of its transactions were conducted in US dollars, Hong Kong dollars and Renminbi. Exchange rates between these currencies were relatively stable during the period under review, and no hedging for foreign exchange was necessary.