

LIQUIDITY AND FINANCIAL RESOURCES

The Group continues to maintain an optimal level of inventory. At 30th September 2001, the Group's inventory amounted to HK\$52 million. (31.3.2001: 58.5 million)
As at 30th September 2001, the Group had cash and bank deposits of HK\$50 million and outstanding bank borrowings of HK\$12.46 million which will mature within one year. A bank loan with an outstanding balance of approximately HK\$37,000 was secured by the Group's property.

At 30th September 2001, the gearing ratio is 2.9% (31st March 2001: 3.5%) which is calculated based on the Group's total borrowings of HK\$12.46 million (31st March 2001:14.10 million) and the shareholders' funds of HK\$436.78 million (31st March 2001:HK\$404.47 million). The Group has maintained sufficient working capital to finance its business operations.

The Group had limited exposure to movement in exchange rates. The majority of purchases were denominated in US dollars and Hong Kong dollars, whereas the Group's receivables were also denominated mainly in Hong Kong dollars.

On behalf of the Board
Suek Chai Kit, Christopher
Chairman

Hong Kong, 7th December 2001