

LIQUIDITY AND CAPITAL RESOURCES

The Group has maintained a strong financial position manifested in a sound financial ratio and balance sheets so that the Group continued to finance its operations from internally generated cash flow. As at 30 September 2001, the cash and cash equivalent amounted to HK\$152,988,000 which increased approximately by HK\$54,602,000 as compared to the end of March 2001 and the working capital was approximately HK\$254,375,000. The current ratio of 5.2:1 and the quick ratio of 4.1:1 were also maintained as at the end of the period under review. The Group had available aggregate banking facilities of HK\$75,500,000 of which about HK\$17,314,000 were utilised. The Group's gearing ratio at 30 September 2001, defined as the total borrowings over shareholder's funds, was 4.1% (31 March 2001: 3.2%)

Whilst sales of the Group were mainly denominated in Hong Kong and US dollars, purchases of raw materials and production operation were in majority in Hong Kong dollars and Reminbi. All of the banking deposits were maintained in Hong Kong dollars and US dollars. Hence, the Group's exposure to foreign exchange risk was minimal.