

FINANCE

The Group's bank borrowings at balance sheet date were HK\$532 million (at 31st March 2001: HK\$511 million), out of which, HK\$235 million (at 31st March 2001: HK\$203 million) were repayable within 12 months. The Group's gearing ratio at balance sheet date was 0.69 (at 31st March 2001: 0.68), and was calculated based on the Group's bank borrowings and shareholders' funds of HK\$768 million (at 31st March 2001: HK\$756 million). Efforts have been taken to improve this gearing ratio by increasing stock turnover and reducing stock levels.

As at balance sheet date, 3% (at 31st March 2001: 4%) of the Group's bank borrowings were denominated in foreign currencies. Group borrowings denominated in Hong Kong Dollars were on a floating rate basis at either bank prime lending rates or short-term inter-bank offer rates. We have successfully negotiated further interest rate reductions. Since the reductions were effected after the balance sheet date, the benefits will only be reflected in the results for the second half year.

The Group does not engage in speculative derivative trading.