

## **LIQUIDITY AND BORROWING**

Working capital of the Group increased from HK\$159.36 million to HK\$165.41 million for the period.

As at 31 August 2001, the Group's inventory amounting to HK\$106.00 million representing an increase of HK\$15.62 million from last financial year ended 28 February 2001. As at 31 August 2001, the Group had cash and bank deposits of HK\$63.80 million and outstanding bank borrowings of HK\$24.25 million. During the period, the Group has raised new bank borrowings amounting to HK\$4.67 million

As at 31 August 2001, the gearing ratio of the Group is 0.10 (28 February 2001: 0.09) which is calculated based on the Group's total borrowings of HK\$24.25 million (28 February 2001: 21.96 million) and the shareholders' funds of HK\$247.17 million (28 February 2001: HK\$236.42 million).

Management believes that existing financial resources will be sufficient to meet future expansion plans and, if necessary, the Group will be able to obtain additional financing on favorable terms.