

## FINANCIAL REVIEW

The working capital of the Group declined from HK\$46.5 million at the beginning of the year to HK\$38.6 million at the end of the year. The decrease was primarily due to a 20% reduction of inventory made possible through improvement in the inventory management during the year. Surplus cash generated were used to pay off finance lease, bank loans and other borrowings resulting in the reducing of the Group's gearing ratio, expressed as a percentage total liabilities over net assets of the Group from 39.2% at beginning of the year to 37.8% as at 31 March 2002.

The Group has HK\$17.4 million (2001: HK\$22.5 million) interest bearing loans consisted of a HK\$0.5 million unsecured bank overdraft, a HK\$2.4 million secured bank loan and other borrowings of HK\$14.5 million. The aforesaid loans comprise approximately 11.5% (2001: 6.7%) thereof that is repayable within one year and the balance of the 88.5% repayable within the second year. 97% of the borrowings are denominated in Hong Kong dollars and the others 3% are denominated in U.S. dollars. As at 31 March 2002, the Group had total cash and cash equivalents amounting to HK\$6.2 million.

## SEGMENT INFORMATION

The core business of design and manufacture of electrical appliances experience a small decline of 3% in sales from last year whilst the merchandise trading business recovered from last year's fall in business and registered a substantial increase in turnover and return to profit during the year.

## CHARGE ON ASSETS

Certain properties of the Group situated in Hong Kong were pledged to secure general banking facilities granted to the Group. These properties comprised leasehold land and buildings at a total net book value amounting to HK\$ 18.0 million (2001: HK\$17.4 million) and investment properties with a carrying value of HK\$ 1.3 million (2001: HK\$3.3 million) as at the year end.

## CONTINGENT LIABILITIES

The Group had contingent liabilities of HK\$1.1 million (2001: HK\$ 1.5 million) in respect of bills discounted with recourse with a bank as at 31 March 2002.

### EXPOSURE TO EXCHANGE RISK

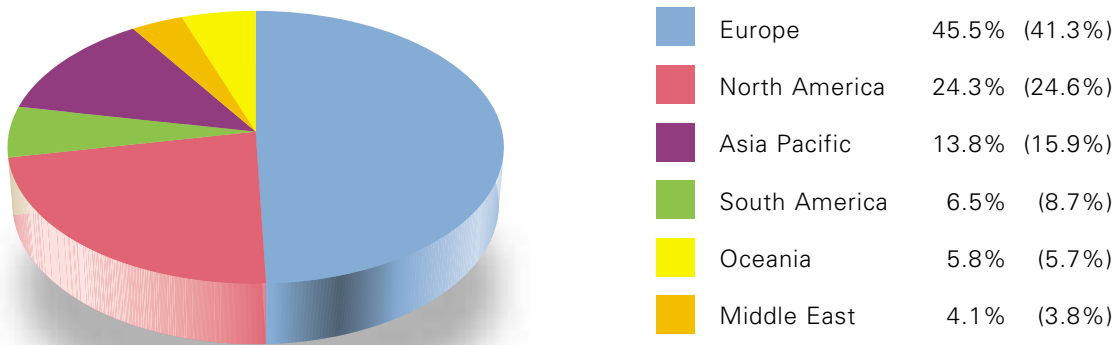
The Group has little foreign exchange exposure as its sales revenue was principally denominated in Hong Kong dollars or in U.S. dollars and its borrowings are in Hong Kong dollars.

### FINANCIAL INSTRUMENTS FOR HEDGING PURPOSES

The Group had neither foreign currency hedging activities nor any financial instruments for hedging purposes during the year.

DESIGN AND MANUFACTURE OF ELECTRICAL APPLIANCES

SALES ANALYSIS BY GEOGRAPHICAL AREA - FY2002 (FY2001)



TURNOVER BY PRODUCT LINE - FY2002 (FY2001)

