

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a strong balance sheet and a healthy liquidity position. As at 30 September, 2003, the Group held HK\$168,539,000 in cash, bank deposits and held-to-maturity principal guaranteed bonds and funds. Cash and bank deposits were mainly placed in US dollar short term deposits, except for temporary balances held in such non-US currencies as required pending specific payments. Total borrowings as at 30 September, 2003 including obligations under finance leases was HK\$2,728,000 representing less than 1% of the Group's shareholders' equity at the same date.

Funding for day-to-day operational working capital and capital expenditures are to be serviced by internal cash flows. With a strong financial position and available banking facilities, the Group is able to provide sufficient financial resources for our current commitments, working capital requirements, further expansion of the Group's business operation and future investment opportunities, as and when required.

PROSPECTS

Looking ahead, business environment remains difficult and highly competitive. We expect customer's request for selling price decrease and shorter order lead time to continue. The Group would continue to focus on stringent cost control, expenditure reduction, efficiency improvement, material sourcing and research and development in new products.

We are currently working on new versions of Juice Extractor, Blender, Food Processor, Deep Fryer, Electric Knife, Bath Spa and Foot Bath.

With a strong and stable financial position, long established experience and goodwill, dedication and focus in our core business, the Group is confident to meet the challenges lying ahead and will strive to operate under difficult business conditions and create value to our shareholders.