

## FINANCIAL AND CAPITAL RESOURCES

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During the year under review, the Group spent approximately HK\$27 million on fixed assets investments. These fixed assets investments were financed by retained profits and bank loans. The daily operating activities of the Group were funded by profit generated from operations and banking facilities.

The Directors believe that the financial position of the Group is sound and that the Group has adequate resources to meet its financial commitments in the foreseeable future. As at 31st March, 2004, the borrowings of the Group, which were either denominated in Hong Kong dollars or Chinese Renminbi amounted to approximately HK\$284 million (2003: HK\$316 million). Of this amount, approximately HK\$164 million (2003: HK\$151 million) was secured by mortgages over the Group's land, buildings and machinery, and bank deposits pledged with an aggregate net book value of approximately HK\$226 million (2003: HK\$209 million). The gearing ratio (defined as total interest-bearing borrowings divided by total assets) of the Group as at 31st March, 2004 was approximately 45% (2003: 48%).