

Financial Review

The Group's gearing ratio expressed as a percentage of total liabilities over total net assets of the Group, increased from 38.5% at the beginning of the year to 71.3% as at 31 March 2004. The increase was mainly due to the more than proportional increase in accounts payable and trade finance from bank over the growth of inventories and accounts receivable as sales increased. For the same reasons, the working capital of the Group decreased from HK\$41.8 million at the beginning of the year to HK\$32.1 million at the end of the year.

The Group has HK\$29.2 million (2003: HK\$15.1 million) interest bearing loans consisted of HK\$17.2 million secured trust receipt loans and packing loans; HK\$1.2 million finance lease payable and other loans of HK\$10.8 million. The aforesaid loans comprise approximately 61.0% (2003: 16.8%) repayable within one year, 38.3% (2003: 83.0%) repayable within the second year and the balance of 0.7% repayable in the third year (2003: 0.2%). All the loans are mainly denominated in Hong Kong dollars. As at 31 March 2004, the Group had total cash and pledged deposits amounting to HK\$11.4 million (2003: HK\$11.6 million).

Segmental Information

The core business of design and manufacture of electrical appliances registered an increase in turnover of 8.6%. The merchandise trading business also registered a moderate increase in sales of 4.1% during the year.

Charges 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\$13.9 million (2003: HK\$ 14.7 million) at end of the year.

The Group's time deposits of HK\$2.6 million were pledged to secure the stand-by letters of credit of HK\$5.1 million given to a third party.

Contingent Liabilities

The Group had contingent liabilities of HK\$1.8 million (2003: HK\$1.9 million) in respect of bills discounted with recourse with a bank as at 31 March 2004 and stand-by letters of credit of HK\$5.1 million (2003: Nil) given to a third party.

Exposure to Exchange Risk

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

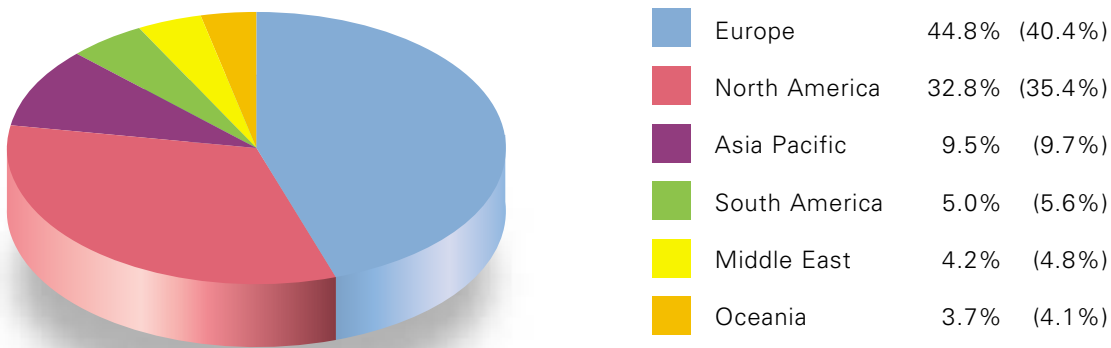
Financial Instruments for Hedging Purposes

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

MANAGEMENT DISCUSSION AND ANALYSIS

Design and manufacture of electrical appliances

SALES ANALYSIS BY GEOGRAPHICAL AREA - FY2004 (FY2003)



TURNOVER BY PRODUCT LINE - FY2004 (FY2003)

Electrical appliance	50.4%	(55.4%)
Beauty care	28.5%	(19.2%)
Auto accessories	18.6%	(21.6%)
Fluorescent	2.5%	(3.8%)

