



In the first half of this year, the Management has successfully curtailed operation costs. The effort will be continued and will be vigorously enforced in the second half of the year. The Management will continue to improve internal operational procedures and internal control, especially in the area of purchasing function and inventory control, with a view to achieving effectiveness, efficiency and economy in its operations.

The Management endeavours to lay a firm foundation for the business pragmatically, with determination and dynamism. The Management believes that the Group is in the right direction and is confident in the future prospect of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2004, the Group had total outstanding debts and finance lease obligations of HK\$57,009,000 (31 March 2004: HK\$63,231,000), of which HK\$46,230,000 (31 March 2004: HK\$54,612,000) was secured bank loans, HK\$9,387,000 (31 March 2004: HK\$6,374,000) was secured overdrafts, HK\$430,000 (31 March 2004: HK\$732,000) was unsecured other loans and HK\$962,000 (31 March 2004: HK\$1,513,000) was obligations under finance leases. The amount repayable within one year accounted for 82.6% (31 March 2004: 68.8%). The maturity profile of the Group's total borrowings as at 30 September 2004 is analysed as follows:

	(Unaudited) As at 30 September 2004	(Unaudited) As at 30 September 2003
Within one year	82.6%	81.4%
In the second year	2.1%	3.5%
In the third to fifth years, inclusive	3.9%	4.9%
Beyond five years	11.4%	10.2%
Total	100.0%	100.0%

Our gearing ratio was at a healthy level of 4.9% (31 March 2004: 10.9%). The computation is based on long-term borrowings of the Group divided by shareholder's fund as at 30 September 2004.