

## FINANCIAL REVIEW

The Group's gearing ratio expressed as a percentage of total liabilities over total net assets of the Group, fell from 71.3% at the beginning of the year to 52.6% as at 31 March 2005. The decrease was mainly due to the reduction in payables, other borrowings and bank loans during the year while the net worth of the Group has been uplifted as a result of the appreciation of its leasehold land and buildings at end of the year. Working capital stayed at last year's level at HK\$32.1 million as the reduction in trade receivable was matched by the same reduction in payable, bank loans and other borrowings during the year.

The Group has HK\$18.0 million (2004: HK\$29.2 million) interest bearing loans consisted of HK\$9.7 million secured trust receipt loans and packing loans; HK\$1.4 million finance lease payable and other loans of HK\$6.9 million. The aforesaid loans comprise approximately 57.9% (2004: 61.0%) thereof repayable within one year and 41.3% (2004: 38.3%) thereof repayable within the second year and the balance of 0.8% thereof repayable in the third year (2004: 0.7%). All the loans are denominated in Hong Kong dollars. As at 31 March 2005, the Group had total cash and bank balances and pledged deposits amounting to HK\$9.8 million (2004: HK\$11.4 million).

## SEGMENTAL INFORMATION

The core business of design and manufacture of electrical appliances registered a strong increase in turnover of 20.8% whilst the merchandise trading business recorded a decline in sales of 15.6% during the year.

## CHARGE ON ASSETS AND PLEDGED DEPOSITS

General banking facilities granted to the Group were secured by certain properties of the Group situated in Hong Kong, which comprised leasehold land and buildings at a net book value amounting to HK\$19.8 million (2004: HK\$13.9 million) at end of year and time deposits of HK\$1.0 million (2004: Nil) at end of year.

In the prior 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\$9.3 million (2004: HK\$1.8 million) in respect of bills discounted with recourse with a bank as at 31 March 2005.

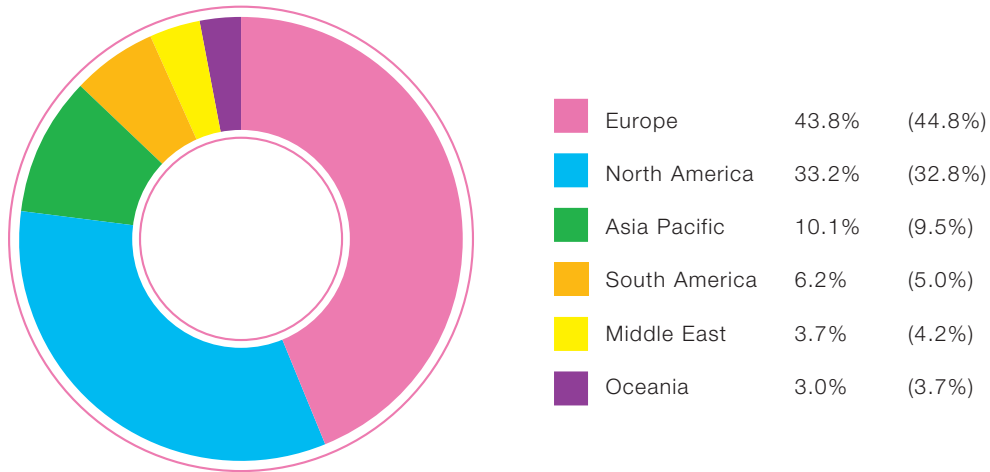
## **EXPOSURE TO EXCHANGE RISK**

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.

SALES ANALYSIS BY GEOGRAPHICAL AREA - FY2005 (FY2004)



TURNOVER BY PRODUCT LINE - FY2005 (FY2004)

