

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th September 2004, the Group had total outstanding borrowings of approximately HK\$19,546,000, comprising secured interest-bearing bank borrowings of approximately HK\$8,046,000 and convertible note (the "Note") with an aggregate principal amount of HK\$11,500,000.

The Group's banking facilities were supported by (1) legal charges over the Group's leasehold land and buildings, which are all situated in Hong Kong, with carrying value of HK\$5,587,000; (2) pledged deposits of approximately HK\$41,654,000 (3) and corporate guarantees from the Company and certain subsidiaries of the Company.

The principal amount of the Note is HK\$11,500,000 with interest bearing at the rate of 1% per annum on the outstanding principal amount of the Note from its date of issue to the maturity date which is eighteen calendar months after the date of issue of the Note (the "Maturity Date"). The Note may be converted at the option of the subscriber at a conversion price of HK\$0.20 per share at any time after the issue date of the Note up to the Maturity Date.

The Group's gearing ratio as at 30th September 2004 was 0.09 (31st March 2004: 0.06), calculated based on the Group's total outstanding borrowings of HK\$19,546,000 (31st March 2004: HK\$14,826,000) over the Group's total assets of HK\$225,226,000 (31st March 2004: HK\$262,456,000). The Group continues to adopt a policy of dealing principally with clients with whom the Group has enjoyed a long working relationship, so as to minimize risks in its business.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the period.