

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2004, the Group had total outstanding borrowings of approximately HK\$94.5 million (31.3.2004: HK\$116 million), as to HK\$9.5 million repayable within one year, HK\$12.6 million repayable between one to two years, HK\$26 million repayable between two to five years and HK\$46.4 million repayable after five years.

As at 30 September 2004, the Group had cash and bank balances of approximately HK\$4 million and a standby loan facility of HK\$3 million extended by a shareholder of the Company.

The gearing ratio (defined as the Group's total borrowings divided by its total assets) was 61% (31.3.2004: 77%).

## PREFERENCE SHARES

As at 30 September 2004, the Company also had an aggregate outstanding of 103 convertible redeemable non-voting preference shares (the "Preference Shares"), each of a nominal value of HK\$1,000,000. The outstanding 103 Preference Shares, if not being converted into the ordinary shares of the Company by the holder in accordance with its terms, will expire about the end of February 2005 whereupon the holder of the Preference Shares may serve a written notice requiring the Company to redeem the Preference Shares at their nominal value, in which case, the HK\$103 million represented by the 103 Preference Shares shall become due and repayable at that time. The holder of the Preference Shares has indicated to the Company that currently it has no intention to serve notice to the Company upon the maturity of the Preference Shares to redeem all or any part thereof.

## BUSINESS REVIEW

For the period ended 30 September 2004, the Group recorded a profit of approximately HK\$38 million which was mainly attributed to a recognition of income during the period as a bank borrowing and its related accrued interest of a subsidiary of the Group were deemed to have been fully discharged in the period. For more details, please refer to the third paragraph hereunder. Gains from revaluation of properties also contributed HK\$4 million to the Group's profit as prices for properties increased during the period.