

LIQUIDITY AND FINANCIAL RESOURCES

The Group continues to maintain a strong financial position. As at 30 September 2005, the Group's bank balances and cash amounted to approximately HK\$71.5 million (31 March 2005: HK\$40.7 million) while the bank borrowings was HK\$30 million (31 March 2005: HK\$22 million). The long term bank borrowings was denominated in Hong Kong dollars. The gearing ratio was 11% (31 March 2005: 9 %) which was expressed as a percentage of total borrowings to shareholders' funds.

As a substantial portion of the Group's transactions are dominated in Hong Kong dollar, the Group's exposure to exchange fluctuation is low.

CAPITAL EXPENDITURE

The Group invested HK\$ 75 million in investment properties and property, plant and equipment during the period. This was financed by internal resources and a HK\$30 million mortgage loan.

EMPLOYEES

As at 30 September 2005, the total number of employees of the Group was approximately 320 (31 March 2005: 300) and the aggregate remuneration of employees (excluding directors' emoluments) amounted to HK\$20 million (2004: HK\$20 million). The remuneration and bonus packages of the employees are based on the individual merits and performance and are reviewed at least annually. There is a share option scheme in place designed to award employees for their performance at the discretion of the directors. The Group maintains a good relationship with its employees.

PLEDGE OF ASSETS

As at 30 September 2005, certain leasehold land and buildings and investment properties with aggregate carrying values of HK\$3,348,000 (31 March 2005: HK\$4,360,000) and HK\$72,857,000 (31 March 2005: HK\$65,740,000) respectively were pledged to banks to secure banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 September 2005, the Company had provided corporate guarantees of HK\$80,000,000 (31 March 2005: HK\$86,900,000) to secure the banking facilities granted to subsidiary companies.