

The Group anticipates to evolve gradually from a traditional low-value construction group to a diversified conglomerate comprising construction, property development, environmental engineering and investment, and high-value specialist construction in various areas related to leisure markets.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2005, the Group had total outstanding borrowings of approximately HK\$6,983,000, comprising secured interest-bearing bank borrowings repayable within one year.

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\$9,000,000, (2) pledged deposits of approximately HK\$38,552,000 and (3) corporate guarantees from the Company and certain subsidiaries of the Company.

The Group's gearing ratio as at 30 September 2005 was 0.02 (31 March 2005: 0.06), calculated based on the Group's total outstanding borrowings of HK\$6,983,000 (31 March 2005: HK\$18,887,000) over the Group's total assets of HK\$297,611,000 (31 March 2005: HK\$295,061,000). 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.

EMPLOYEES

As at 30 September 2005, the total number of employees, excluding workers under exclusive sub-contracting arrangement, of the Group was approximately 200. Performance of the staff is normally reviewed on an annual basis with adjustment compatible to the market. There is no material change in the information as compared to the most recently published annual report.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Since the functional currencies of the Group's operations are mainly Hong Kong dollars and Renminbi, the Directors consider that the potential foreign exchange exposure of the Group during the six months ended 30 September 2005 is limited.