

ASSETS AND LIABILITIES

As at 30 June 2006, the Group had total liabilities of about HK\$367,624,000, of which HK\$74,193,000 were other loans repayable within one year and HK\$47,596,000 were other loans overdue.

LIQUIDITY, FINANCIAL RESOURCES, CHARGE ON ASSETS, GEARING AND CAPITAL COMMITMENT

As at 30 June 2006, the Group's current assets and current liabilities were HK\$199,434,000 and HK\$367,624,000 respectively. Other loans amounted to HK\$121,789,000.

As at 30 June 2006, main charges on assets of the Group included HK\$117,000 on property, plant and equipment and bank balances of HK\$446,000.

As at 30 June 2006, capital commitments mainly consisted of the construction costs for the Fairyoung Building project and Harbin project amounting to approximately HK\$55,484,000.

The Group's assets/liabilities ratio is calculated on its total liabilities divided by total tangible assets. As at 30 June 2006, the ratio was 114%.

The Board believes that the Group's cash holding, liquid asset value, future revenue and available facilities from a major shareholder will be sufficient to fund its capital expenditure and meet its working capital requirements.

EXCHANGE RISK

As the Group's operations are principally in the PRC and all assets and liabilities are denominated either in Renminbi, HK dollars or US dollars, the Directors believe that the operations of the Group are not subject to significant exchange risk.

HUMAN RESOURCES

Employees' remuneration is determined in accordance with the nature of their duties and remains competitive under current market situation. The Group has participated in the Mandatory Provident Fund Scheme.