

LIQUIDITY AND FINANCIAL RESOURCES

The Group continues to maintain a strong financial position. As at 30th September, 2006, the Group's bank balances and cash amounted to approximately HK\$55 million (31st March, 2006: HK\$66 million) while the bank borrowings was HK\$27 million (31st March, 2006: HK\$28 million). The long-term bank borrowing was denominated in Hong Kong dollars. The gearing ratio was 10% (31st March, 2006: 11%) which was expressed as a percentage of total borrowings to shareholders' funds.

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

EMPLOYEES

As at 30th September, 2006, the total number of employees of the Group was approximately 360 (31st March, 2006: 380) and the aggregate remuneration of employees (excluding directors' emoluments) amounted to HK\$25 million (2005: 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 30th September, 2006, the Group's banking facilities were secured by a bank deposit of HK\$7,798,000 (31st March, 2006: HK\$7,798,000) and first legal charge on certain leasehold land and buildings and investment properties with aggregate carrying values of HK\$76,309,000 (31st March, 2006: HK\$76,760,000).

CONTINGENT LIABILITIES

As at 30th September, 2006, the Company has provided corporate guarantees of HK\$74,000,000 (31st March, 2006: HK\$74,000,000) to secure the banking facilities granted to subsidiary companies.