

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

The Group continued to maintain a healthy balance sheet. As at 31 December 2006, the Group had bank balances of approximately HK\$1,150,000 (30 June 2006: HK\$5,116,343) which accounted for 1.12% (30 June 2006: 6.96%) of the Company's total current assets. The Board believes that the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

As at 31 December 2006, the Group's gearing ratio was 16.60%, which is calculated on the Group's total liabilities divided by its total assets.

The Group had no material capital commitment and contingent liabilities as at 31 December 2006.

FOREIGN CURRENCY EXPOSURE

The Company's investments may be denominated in currencies other than Hong Kong dollar, and thus is exposed to fluctuation of the exchange rate. It is expected that a portion of the distributions and payments to the Company from the invested companies will be denominated in Renminbi. However, the Board believes that foreign exchange risks are minimal as Renminbi is relatively stable against Hong Kong dollar and the Company mainly uses Hong Kong dollar to carry out its business.

SIGNIFICANT ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the Period the Company had not made any significant acquisition and disposal of subsidiaries.

EMPLOYEES

As at 31 December 2006, the Company had 3 employees, excluding directors. The Company's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of individual employees.