

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30th September, 2001, the Group's consolidated net asset value was HK\$168 million.

The outstanding bank loans as at 30th September, 2001 was HK\$30,886,000, of which HK\$28,907,000 is a bank loan newly drawn. The bank loans as at 31st March, 2001 were fully repaid with the proceeds from disposal of a property and the new loan. All fixed charges on all the receivables, revenues, investments, leasehold properties and floating charges over all other assets of the Group in Hong Kong previously provided to secure the old loans were released. The new loan is a 15 years term loan secured by two leasehold properties with carrying value of HK\$85,000,000 situated in Hong Kong. The remaining bank borrowings of HK\$1,979,000 are secured by the freehold land and buildings with carrying value of HK\$4,652,000 situated in New Zealand. The Group's gearing ratio calculated by all long-term and short-term borrowings over the shareholders' funds was further decreased from 0.3 to 0.18 during this six month period. As the Group's borrowings are primarily denominated in Hong Kong dollars, there is no significant exposure to foreign exchange fluctuations.

Bank balances and cash as at 30th September, 2001 amounted to HK\$28,312,000. Together with unutilized banking facilities of HK\$10,000,000, the Group is able to satisfy its commitments and working capital requirements through its internally generated cash flows and existing banking facilities.