

LIQUIDITY AND FINANCIAL RESOURCES

On 3 June 2002, the Company completed the issue of 119,510,806 rights shares of HK\$0.10 each (the "Rights Shares") for cash at a subscription price of HK\$0.26 per Rights Share, on the basis of one Rights Share for every two existing shares held by registered shareholders of the Company on 13 May 2002 (the "Rights Issue"). The Rights Issue was 54% over subscribed and net proceeds of approximately HK\$29.1 million were received by the Group. The proceeds were applied to general working capital and for capital expenditures of the Group's iMP business.

As at 30 September 2002, the Group has cash and bank balances of HK\$21,004,000 (2001: HK\$8,508,000).

Substantial growth in turnover and seasonal factors has increased the Group's gearing ratio as at 30 September 2002 to 1.36 (as at 31 March 2002: 1.15). This is calculated based on the Group's total borrowing, net of cash and bank balances, of HK\$283,996,000 (as at 31 March 2002: HK\$194,656,000) and the Group's net tangible assets of HK\$208,504,000 (as at 31 March 2002: HK\$168,916,000).

The Group continued to maintain a stringent financial discipline and the management actively monitors and controls the Group's working capital. During the period under review, accounts receivable and inventory have grown in line with increased turnover. The peak business activities for the Group over the summer months has also contributed to the seasonal rise in the Group's gearing ratio.

For the full year ending 31 March 2003, the Group's gearing ratio is expected to return to a lower level as the Group moves into the fourth quarter with lower seasonal activities.

Total facilities available to the Group from its bankers amounted to HK\$463,540,000 (as at 31 March 2002: HK\$463,540,000). The management is confident that the Group has adequate financial resources to fund the current business growth and forecast requirement for the coming year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 26 November 2002 to 29 November 2002 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tengis Limited, 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong not later than 4:00 p.m. on 25 November 2002.