

At 31 December 2005, the Group had interest-bearing bank borrowings of approximately HK\$127.8 million (30 June 2005: HK\$188.4 million) of which over 90% of the bank borrowings were denominated in Hong Kong dollars and approximately 28% mature within one year respectively. All of the Group's banking borrowings were floating-interest bearing and secured by corporate guarantees given by the Company and certain subsidiaries of the Company.

A significant portion of sales and purchases of the Group were either denominated in Hong Kong or US dollars. The Directors consider that the operations of the Group are not exposed to any significant foreign exchange risk in view of the stability of the exchange rates between Hong Kong and US dollars. The Group did not have any significant hedging instrument outstanding as at 31 December 2005.

At 31 December 2005, the Group's current assets amounted to approximately HK\$399.8 million (30 June 2005: HK\$355.7 million) and the Group's current liabilities amounted to approximately HK\$73.4 million (30 June 2005: HK\$122.1 million). The Group's current ratio has significantly improved to approximately 5.4 as at 31 December 2005 (30 June 2005: 2.9). At 31 December 2005, the Group had total assets of approximately HK\$892.4 million (30 June 2005: HK\$716.4 million) and total liabilities of approximately HK\$166.0 million (30 June 2005: HK\$223.7 million) with a gearing ratio of approximately 14.3% (30 June 2005: 26.3%). The gearing ratio was expressed as a ratio of bank borrowings to total assets. The improvement in current ratio and gearing ratio was mainly attributable to the continued growth in current and total assets with cash generated from operations, equity fund raising and the repayment of short-term bank borrowings during the Period.

### **NUMBER AND REMUNERATION OF EMPLOYEES**

At 31 December 2005, the Group had 172 staff for its operations in Hong Kong, Macau and the PRC. The Group's employees are remunerated in accordance with their work performance and experience. The Group also participates in a defined Mandatory Provident Fund Scheme for its staff in Hong Kong and a retirement benefit scheme for its staff in the PRC. The Group has adopted a share option scheme of which the Board may, at its discretion, grant options to eligible participants of the share option scheme. As at 31 December 2005, a total of 600,000 share options remain unexercised.