

As at 31st March, 2006, the Group's total net asset attributable to equity holders of the Company amounted to HK\$411 million (2005: HK\$378 million), a increase of HK\$33 million or 9% when compared with 2005.

Total debt to equity ratio was 24.6% (2005: 0.03%) and net debt to equity ratio was nil (2005: Nil), which are expressed as a percentage of bank and other borrowings, and net borrowings respectively, over the total net asset of HK\$411 million (2005: HK\$378 million).

At the balance sheet date, the Group's bank and other borrowings amounted to HK\$101 million (2005: HK\$121,000). Cash and deposit at bank including structured deposits amounted to HK\$122 million (2005: HK\$181 million) and there are no net borrowings for the two years.

Finance costs for the year amounted to HK\$3.9 million (2005: HK\$1,000). The increase is due to the increase of banking loans of over HK\$100 million to finance mainly the acquisition of Pacific Coffee.

The Group adopts conservative treasury policies in cash and financial management. To achieve better risk control and minimise cost of funds, the Group's treasury activities are centralised. Cash is generally placed in short-term deposits mostly denominated in Hong Kong or US dollars. The Group's liquidity and financing requirements are frequently reviewed. In anticipating new investments or maturity of bank loans, the Group will consider new financing while maintaining an appropriate level of gearing.