



LIQUIDITY, FINANCIAL RESOURCES, CHARGES ON GROUP ASSETS AND GEARING RATIO

As at 30 June 2006, the Group has cash and bank balances of approximately HK\$16 million, short-term bank loans at approximately HK\$14 million and long-term bank and mortgage loans at approximately HK\$16 million. Most of the borrowings are denominated in Hong Kong dollars and only 1% of all borrowings are denominated in US dollars. As at 30 June 2006, the Group also has obligations under finance leases of approximately HK\$246 million.

As at 30 June 2006, the Group has banking facilities totalling approximately HK\$57 million and unsecured revolving term loan at HK\$20 million from a substantial shareholder. All the bank facilities are secured by the Group's investment properties of net book value of approximately HK\$141 million and personal guarantee of a director of the Company and a director of a subsidiary upto the extent of totalling HK\$390,000. In addition, the Company and certain of its subsidiaries provide a bank of cross guarantees totalling HK\$35 million in respect of a shared banking facility to be used by the Company and these subsidiaries. As at 30 June 2006, the unused credit facilities were approximately HK\$47 million.

The Group's current assets as at 30 June 2006 were approximately HK\$84 million while the current liabilities were approximately HK\$80 million. The Group continues to adopt conservative funding and treasury policies. As at 30 June 2006, the Group's current ratio was 1.05 (at 31 December 2005: 1.16).

The Group's gearing ratio, representing the Group's total liabilities divided by the total equity, as at 30 June 2006 is 2.17 (at 31 December 2005: 1.37). The high gearing ratio was largely a result of the increase in obligations under finance leases to finance our kiosks business in Japan. Details of this transaction was announced in announcement and circular dated 15 November and 8 December 2005 respectively. Except for obligations under finance leases which bear fixed interest rate, all bank and other borrowings are borrowed at floating interest rate.