

## FINANCIAL REVIEW

The Group's turnover for the six months ended 31 December 2000 was approximately HK\$6.5 million compared to HK\$8.9 million for the corresponding period in the previous year. The net loss for the period under review was approximately HK\$18.0 million while the figure was HK\$14.7 million for the same period last year. The turnover and loss from operations are analysed in Note 2 above. The decline in turnover was mainly due to the renewal of tenancy at the then prevailing market rate. Performance of the Group's rental income was stable.

The Group's financial position has been gradually improved. Net assets amounted to HK\$230.7 million as at 31 December 2000, an increase of 5.5% as compared to HK\$218.7 million as at 30 June 2000. Total liabilities were decreased approximately 5.9% from HK\$126.3 million as at 30 June 2000 to HK\$118.9 million as at 31 December 2000.

As at 31 December 2000, the gearing ratio of the Group is 39.9% (as at 30 June 2000: 46.9%) which is calculated based on the Group's total borrowings (including bank and other borrowings and overdrafts, obligations under hire purchase contracts and finance leases) of HK\$91.9 million (as at 30 June 2000: HK\$102.5 million) and the shareholders' funds of HK\$230.7 million (as at 30 June 2000: HK\$218.7 million). The decrease in gearing ratio also reflects that the Group's financial position has been improving.