

FINANCIAL POSITION

As at 31st December 2003, the Group's total shareholders' funds were HK\$1,464,912,000 including the net amount of various reserves of HK\$1,371,201,000.

The financial position of the Group remains strong. At 31st December 2003, cash and bank balances were approximately HK\$340,141,000, which was approximately HK\$79,890,000 more than the balance at the end of last year. The increase was mainly derived from the Group's net cash inflow from operating activities during the year.

The Group has sufficient cash on hand and stable cash inflow from operating activities. In additions, the Group had no bank loan or overdraft during the year. All these elements provide the Group with adequate financial resources for further development.

As at 31st December 2003, the Group's current assets and liabilities were HK\$479,611,000 and HK\$128,801,000 respectively, with current ratio at 3.7. Total current liabilities were only 9% of the average shareholders' funds of HK\$1,469,123,000.

With extensive business presence in China mainland and Singapore, the Group is exposed to risks of exchange rate fluctuations in these regions. During the year, the exchange rates of the currencies in these regions were relatively stable and most of the Group's purchases were made directly from domestic suppliers and settled in local currencies. As such, the related foreign exchange risk was reduced. The Group did not carry out any hedging activities against any foreign exchange risk during the year.

As at 31st December 2003, the Group did not have any material contingent liabilities or capital commitments and did not charge any of the Group's assets.