

# Capital Structure

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Shareholders' funds	<b>921,511</b>	320,466
Interest bearing borrowings	<b>1,356,700</b>	1,405,375
Total borrowing costs	<b>54,658</b>	95,713
Gearing ratio	<b>147%</b>	439%
Average cost of borrowings	<b>4.0%</b>	6.8%

Funding and treasury policies of the Group are centrally managed and controlled in Hong Kong.

The gearing ratio (interest bearing borrowings/shareholders' funds) decreased from 439% in 2002 to 147% in 2003.

The Group's monetary assets, loans and transactions are principally denominated in Hong Kong Dollars. The exposure to exchange rate risk is not material.

During the year, the Group did not engage in any derivative activities or use any financial instruments to hedge its balance sheet exposures.

All the bank borrowings of the Group are at floating interest rate.