

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position remains strong. Shareholders' funds increased to HK\$4,425 million as at 31 December 2003 from HK\$4,194 million in 2002.

At the balance sheet date, the Group's total banking facilities stood at HK\$6,028 million and term loans amounted to HK\$954 million compared to HK\$5,145 million and HK\$1,116 million respectively for the previous year. An increase in borrowing for the Group's capital expenditure and working capital requirement was offset by the repayments on the term loans due during the year. The Group has sufficient financial resources and adequate banking facilities to fund its ongoing operations, including capital expenditure in year 2004.

The maturity profiles of the Group's term loans are:

	2003 HK\$ million	2002 HK\$ million
Within one year	433	433
In the second year	290	253
In the third to fifth years, inclusive	231	430

GEARING

The gearing ratio of the Group on the basis of long term debt to equity was 12% (2002: 16%). Profit from operating activities covered 5.1 times over the finance cost as compared to last year's 3.4 times.

INTEREST RATES AND FOREIGN CURRENCY EXPOSURE

The Group's funding reflects the capital structure of each business. All its financing and treasury activities are monitored by a Central Treasury at the corporate level. The Group structures to match the tenure of its borrowing with its assets and liabilities and manages its interest rates exposure in relation to the interest rates level and outlook. The Group also aims to minimise its risks of currency exposure by buying forward, through hedging mechanisms, where appropriate.