

## **FINANCIAL REVIEW**

### **LIQUIDITY AND FINANCIAL RESOURCES**

Total borrowings of the Group as at 30 June 2004 was HK\$98,414,000 (31 December 2003: HK\$101,328,000), of which HK\$46,800,000 was fixed rate borrowings and the remaining was floating rate. All borrowings of the Group were determined at market interest rate. The Group has not issued any financial instruments for hedging or other purposes.

Gearing ratio (total borrowings over shareholders' equity) as at 30 June 2004 was 55% (31 December 2003: 75%).

### **EXCHANGE AND OTHER EXPOSURES**

Most of the Group's business transactions were conducted in Hong Kong dollars, Renminbi and United States dollars. The Group expected that the exposure to exchange rates fluctuation was minimal and therefore have not engaged in any hedging activities.

The Group did not have any contingent liabilities as at 30 June 2004.