

## FINANCIAL POSITION

As at 31st December 2004, the Group's total shareholders' funds were HK\$1,484,651,000 including the net amount of various reserves of HK\$1,390,940,000.

At 31st December 2004, cash and bank balances held by the Group were HK\$397,100,000, which was approximately HK\$56,959,000 more than the balance at the end of last year. During the year, the Group recorded a net cash inflow from operating activities of HK\$109,890,000 and proceeds from sales of fixed assets of HK\$14,664,000. The Group also paid during the year dividends of approximately HK\$46,855,000 and purchased fixed assets (mainly properties) of approximately HK\$26,107,000. The Group further expects to pay within the first half of 2005 approximately HK\$57,552,000 representing the remaining balance of the purchase consideration in respect of the acquisition of four floors at Guangzhou Goldlion Digital Network Centre.

The Group's operation is stable. Earnings from its operations are sufficient to meet its major expenses and general capital expenditures. With abundant cash in hand and no bank loans or overdrafts, the Group is confident to fund its future expansion with its own ample financial resources.

As at 31st December 2004, the Group's current assets and liabilities were HK\$540,133,000 and HK\$160,739,000 respectively, with current ratio at 3.4. Total current liabilities were only 11% of the average shareholders' funds of HK\$1,474,782,000.

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 2004, the Group had no material contingent liabilities or guarantees, as well as any charge on assets.