

In view of the prolonged economic and geopolitical uncertainties, the Group is also studying a number of possibilities to further improve its organization structure and operational efficiency through better information management systems and realignment of corporate assets. Barring unforeseen circumstances, the Directors are confident that the Group is well-placed to meet the challenges in the years ahead.

LIQUIDITY AND FINANCIAL RESOURCES

Throughout the period, the Group had maintained a net cash position. As at 31 December 2002, the Group had HK\$628 million made up of deposits, bank balances and cash. The gearing ratio at the period-end was 0.15 (30 June 2002: 0.16 restated), which calculation was based on the Group's total borrowings of HK\$482 million (30 June 2002: HK\$465 million) and shareholders' funds of HK\$3,132 million (30 June 2002: HK\$2,954 million restated).

Total borrowings comprise bank borrowings of HK\$451 million (30 June 2002: HK\$433 million); other borrowings, which represent block discounting loans, of HK\$30 million (30 June 2002: HK\$30 million); and obligations under finance leases of HK\$1 million (30 June 2002: HK\$2 million). The bank borrowings are mainly used as working capital for the Group. Finance costs for the six months ended 31 December 2002 amounted to HK\$14 million (2001: HK\$15 million).

As at 31 December 2002, certain land and buildings owned by subsidiaries of the Group with a net book value of HK\$9 million (30 June 2002: HK\$9 million) were pledged to a bank as security for banking facilities granted to the Group.

The Group does not engage in interest rate or foreign exchange speculative activities. It is the Group's policy to manage foreign exchange risk directly through matching foreign exchange income with expense, and where exposure to foreign exchange is anticipated, appropriate hedging instrument will be used.

Save as disclosed above, the information relating to matters set out in paragraph 32 of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") has not been changed materially from that disclosed in the annual report of the Company for the year ended 30 June 2002.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2002, the interests of the directors and their associates in the securities of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name	Number of securities
<i>Securities of the Company</i>	
Paul KAN Man Lok	<i>Note 1</i>
<i>Securities of Kantone</i>	
Paul KAN Man Lok	<i>Note 2</i>
<i>Securities of Digital HK</i>	
Paul KAN Man Lok	<i>Note 3</i>