

Liquidity and Capital Resources

As at 31 December 2000, the Group had total assets of HK\$7,047 million which were financed by current liabilities of HK\$2,282 million, long term loans of HK\$859 million, deferred tax of HK\$0.3 million, minority interests of HK\$224 million and shareholders' equity of HK\$3,681 million. The Group has a working capital ratio of approximately 1.15 and a gearing ratio (long term debt to equity) of 23%. The Group has adequate short term liquid funds, a positive cash flow from operations and bank facilities to fund on going businesses including capital expenditure in Year 2001. Further external finance will be sourced to support the Group's property development projects.

Capital Statement of the Group

The Group's funding reflects the capital structure of each business and is monitored by a Central Treasury function. Sources of funding are from operational cash flows and leading international and local banks in the countries served by the Group's business units. The Group's borrowings are at varying terms and interest rates as dictated by local bank practice. Generally, foreign currency trading exposures are matched and hedged where appropriate or possible.

Prospects for New Business

The Group intends to focus on existing core businesses in Year 2001.

Material Acquisitions and Disposals

During the year the Group acquired a 95% interest in an area of 7,358m² of land for commercial development at Cheng Du Road, Jing An District, Shanghai, a strategically located site near to the center of Shanghai, through Lei Sing Property Development (Shanghai) Limited for a purchase consideration of HK\$402.7 million. The purchase price was based on arm's length negotiation supported by an independent third party professional valuation. This property is an addition to the Group's strategic land bank.

Management Discussion and Analysis

Segmented Information

The allocation by activity and location of the Group's turnover was not affected by any significant change to existing businesses during the year.

Employment Policy

The Group employs a total of 1,917 staff based in four countries. Employees are graded according to levels of responsibility and function. The Group's remuneration policy applies best industry / country standards to attract, motivate and keep a quality work force. Remuneration and benefits reflect these desires and are flexibly applied to achieve optimum response. Remuneration is reviewed annually and a discretionary bonus is declared based on the performance of the staff. In addition to basic salary payments, other staff benefits include a medical scheme and a retirement benefits scheme. Staff stationed in the People's Republic of China (the "PRC") are provided with hardship allowances, child education subsidies, housing, transportation and home leave reimbursements. Training courses are also provided when required by the Group's Hong Kong and PRC mainland based staff.