

FINANCIAL POSITION

Funds employed at 30th June 2001 were maintained at HK\$5.4 billion which was similar to the figure at 31st December 2000.

Change in fixed assets balance represented mainly the reclassification of accounts following the capital restructuring of the Nanjing investment.

The current assets balances were similar to the balances at 31st December 2000. The increase in development properties balance represented mainly the acquisition of land for property development from Government public auction less development properties sold during the period.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The liquidity position of the Group remained healthy during the period. Cash and bank balances less bank overdrafts and short term loans amounted to HK\$131 million, a decrease of HK\$263 million as compared to the balance at 31st December 2000. The total undrawn banking facilities of the Group amounted to over HK\$1,900 million.

The total long term borrowings amounted to HK\$1,523 million, a decrease of HK\$155 million as compared to the balance at 31st December 2000. Out of the total long term borrowings over 78% of these borrowings mature over a period of one year and above as compared to 67% as at 31st December 2000.

The gearing ratio, defined as the total loan outstanding less cash balances to total assets, stayed at a healthy level of 26%, and was similar to the figure of 25% at 31st December 2000.

The Group's gearing ratio is healthy and has sufficient funds to meets its commitment and operational requirements.

TREASURY POLICIES

The Group's treasury policies adopted during the period are consistent with those stated in the annual report for the year ended 31st December 2000.

CHARGES ON GROUP ASSETS

Investment properties, land and buildings and plant and machinery with carrying values of HK\$262,173,000, HK\$304,595,000 and HK\$118,198,000 respectively were pledged to banks to secure the Group's borrowing facilities.

CONTINGENT LIABILITIES

The Company has executed guarantees in favour of banks and financial institutions in respect of facilities granted to certain subsidiaries and a jointly controlled entity amounting to HK\$3,077,233,000 (31st December 2000: HK\$2,545,545,000) and HK\$203,500,000 (31st December 2000: HK\$203,500,000) respectively.

At 30th June 2001, the facilities utilised amounted to HK\$1,516,843,000 (31st December 2000: HK\$1,486,805,000) and HK\$60,250,000 (31st December 2000: HK\$60,250,000) respectively.

The Company has executed a guarantee in favour of a bank in respect of a performance bond for a subsidiary amounting to HK\$76,200,000 (31st December 2000: HK\$63,500,000). In addition, the Company has executed a guarantee in favour of the HKSAR Government in respect of the performance by the subsidiary's obligation under a contract with the HKSAR Government.