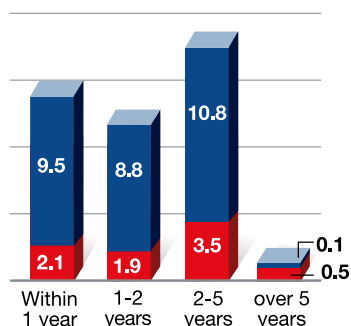
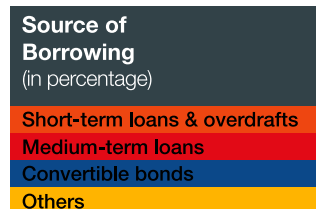
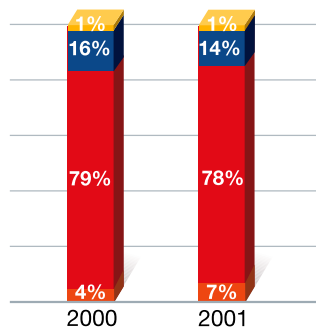


As at 30 June 2001, the Group's cash and bank deposits increased from last year's HK\$6,369.1 million to HK\$9,809.6 million. Its consolidated net debt amounted to HK\$27,332.1 million (FY2000: HK\$27,800.3 million), translating into a gearing ratio at 47% (FY2000: 48%).

	FY2001 (HK\$m)	FY2000 (HK\$m)
Consolidated Net Debts	27,332	27,800
New World Infrastructure	6,583	6,786
New World China Land	2,524	2,058
Net Debts excluding listed subsidiaries	18,225	18,956



The Group maintained a balanced debt profile with adequate risk diversification through specifying the preferred mix of fixed and floating rate debt, the permitted currency exposure, a well-balanced spread of maturity and the use of different types of financing instruments.

Sources of Borrowing

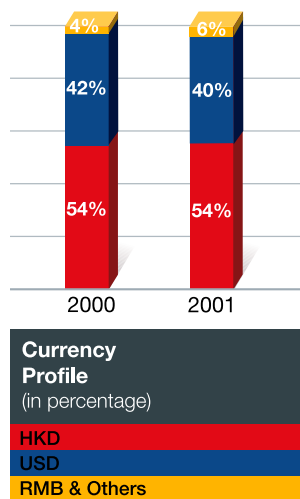
- The growth in gross debts was mainly due to the increased borrowing of HK\$2,567 million by New World Infrastructure Limited.
- As at 30 June 2001, less than one-third of the total outstanding loans were secured by the Group's assets.

Interest Rate & Maturity Profile

- Amount of debt due within the FY2002 amounts to HK\$11,452.9 million, which should be comfortably served by our cash on hand of HK\$9,809.6 million and the Regent hotel's sales proceeds of US\$345.8 million which was received in August 2001. In addition, a syndicated term loan of US\$350 million has been secured to partially refinance the US\$650 million syndicated loan due May 2002.

These, together with the operating cash inflow and the remaining undrawn banking facilities, should enable the Group to satisfy its commitments and working capital requirements.

- Over 79% (FY2000: 78%) of the Group's total debts are on a floating rate basis, whilst fixed rate borrowings mainly related to the RMB loan facilities and convertible bonds. With a larger portion of floating rate debts, our interest outlay is set to drop further in line of the falling interest rate.



Currency Profile

- Since 20% of the Group's revenue was derived from affiliates operating in the PRC, the Group limits its currency risk in Renminbi by financing operations locally. During the year, the Group has secured a RMB500 million term loan due 2009 to finance the construction of Jincheng-Jiaozuo Expressway (Shanxi Section).
- The Group has also purchased forward US dollars at rates below the official pegged rate, i.e., HK\$7.8 to US\$1.0, so as to hedge the Group's US dollar exposure on loan interest and repayments.

Interest Coverage

- The interest cover was 1.1 times as compared to 1.3 times in FY2000.