8. Trade payables

The ageing analysis of trade payables is as follows:

	30 June 2002 (Unaudited) *HK$'000*	31 December 2001 (Audited) *HK$'000*
0 – 90 days	**45,183**	54,792
91 – 180 days	**3,956**	984
181 – 365 days	**511**	637
Over 365 days	**8,150**	12,140
	57,800	68,553

9. Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the period *(six months ended 30 June 2001: Nil)*.

BUSINESS REVIEW

Turnover for the six months ended 30 June 2002 was HK$374,116,000, representing a decrease of 18% as compared to the last corresponding period. Net loss for the period amounted to HK$30,464,000 whereas a profit of HK$32,426,000 was made for the last corresponding period. Basic loss per share was HK5.79 cents for the period as against basic earnings per share of HK6.16 cents for the last corresponding period.

Contrary to the first half of 2001 in which the shipping market was firm and healthy, the slowdown in the world's economies and rising in operating costs such as fuel costs and maintenance expenses greatly affected the shipping industry during the first half of 2002. During the period, the freight rates remained low as a whole though the dry bulk freight markets have arisen and improved gradually since the end of 2001. The Baltic Freight Index opened at 876 and closed at 1,005 during the period. This was still 381 points below that at 1,386 by the end of June 2001. The decline in freight rates exerted a negative impact on the Group's shipping activities as its committed tonnage was yet to be unwound. The shipping turnover was HK$267,333,000 for the period, representing a decrease of 22% as compared to that of the last corresponding period. During the period, the Company put every effort to improve efficiency and adopted active measures to reduce its main operating costs. Under such circumstances, the Group's shipping operations managed to operate at a profit of HK$12,030,000 for the period; whereas an operating profit of HK$20,505,000 was reported for the last corresponding period.

Meanwhile, the Group remains its strategy of expanding fleet of well-equipped and modernized owned vessels. During the period, two motor vessels namely "Jin Tai" and "Jin Kang" were delivered respectively in January and March 2002 as scheduled. As at 30 June 2002, the Group owned eleven dry bulk vessels with total dead weight tonnages of about 544,000 tonnes.

Affected by the downturn of the economy, the turnover for the Group's trading of chemical products was HK$104,797,000, representing a decrease of 9% as compared to the last corresponding period. A modest profit was reported for both the trading activities and investments in China during the period.

The Group's other operations recorded an operating loss of HK$63,159,000 for the period mainly due to the provision made for a claim receivable of HK$30,200,000 payable by CNMG as an order for winding-up CNMG was issued by the High Court of Hong Kong on 8 May 2002. The Group also suffered from the drastic and unexpected rebound of Japanese Yen and the weakening of United States Dollars during the period and incurred realized and unrealized exchange loss for the Group's foreign currency exposure in Japanese Yen. The Group has foreign currency exposures in Japanese Yen derived from the borrowings in Japanese Yen to finance the payments for the deliveries of newbuildings in previous years.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

The deliveries of the two dry bulk vessels, namely "Jin Tai" and "Jin Kang", during the period were mainly funded by bank loans. The total of the Group's pledged deposits, bank balances and cash decreased to HK$111,006,000 as at 30 June 2002 *(31 December 2001: HK$214,995,000)*. The Group's borrowings increased to HK$739,815,000 as at 30 June 2002 *(31 December 2001: HK$540,148,000)*, of which 17%, 7%, 22% and 54% are repayable respectively within one year, one to two years, two to five years and over five years. The gearing ratio, as calculated on the basis of total borrowings over shareholders' funds, increased to 154% *(31 December 2001: 106%)*. All the borrowings were committed on a floating rate basis and were denominated mainly in United States Dollars and Japanese Yen. Should market conditions require, the Group will consider appropriate foreign exchange and interest rate hedging products to mitigate the Group's exposure.

Pledge of assets

As at 30 June 2002, the Group's fixed assets of HK$1,113,950,000 *(31 December 2001: HK$891,533,000)*, short-term investments of HK$40,911,000 *(31 December 2001: HK$19,000,000)*, deposits of HK$40,981,000 *(31 December 2001: HK$7,369,000)* and some of the shares and chartering income of ship owning subsidiaries were pledged to secure credit facilities utilized by the Group.

Capital expenditures and commitments

Out of the Group's capital expenditures totalling HK$272,530,000 for the six months ended 30 June 2002 *(six months ended 30 June 2001: HK$267,235,000)*, approximately HK$272,202,000 *(six months ended 30 June 2001: HK$262,071,000)* was spent on the constructions of the Group's owned vessels.

As at 30 June 2002, the Group had capital expenditure commitments relating to the newbuilding of one *(31 December 2001: three)* dry bulk vessel. The purchase price of the vessel was approximately HK$163,020,000 *(31 December 2001: HK$494,910,000)* and the amount contracted but not provided for, net of deposits paid, was approximately HK$130,416,000 *(31 December 2001: HK$395,226,000)*.

Contingent liabilities

Except for certain guarantees amounting to HK$771,000 as at 30 June 2002 *(31 December 2001: HK$486,000)* granted by the Company's subsidiaries to third parties in their ordinary course of businesses, the Group had no other contingent liabilities.