

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2003, total assets and total liabilities of the Group were HK\$1,151.1 million and HK\$760.6 million respectively, representing an increase of 14% and 4.2% respectively over those at 31 December 2002. The overall gearing ratio, which is calculated as the total liabilities over total assets of the Group, was 66.1%.

The Group had long term bank borrowings of HK\$409.3 million. In addition, the Group had a shareholder's loan of the amount HK\$167 million. The bank borrowings, which are denominated in Renminbi and US dollars and are borrowed at floating interest rate, are primarily used to finance the operation of the power plant. The Group will make use of exchange forward contracts, when appropriate, to manage the risk of foreign exchange fluctuations.

As at 30 June 2003, the Group had HK\$868,000 bank deposit pledged with the bank for the bank facilities. The Company also provided corporate guarantee for the loan facilities granted to its subsidiaries. The Company did not provide any form of guarantee for any company other than its subsidiaries.

As at 30 June 2003, the Group's cash and cash equivalents amounted to HK\$117.4 million are mainly denominated in Hong Kong dollars, Renminbi and US dollars.

The Group has no material contingent liabilities as at the balance sheet date.

EMPLOYEES AND REMUNERATION POLICIES

There were no material changes to the Group's employees and remuneration policies from that disclosed in the annual report of the Company for the year ended 31 December 2002.