

GROUP CAPITAL RESOURCES AND OTHER INFORMATION

Capital Resources and Liquidity

The Group's total borrowings at 30 June 2006 were HK\$1,176.9 million (31 December 2005: HK\$1,165.7 million) including liability portion of convertible notes due to a subsidiary of Hutchison Whampoa Limited of HK\$888.4 million (31 December 2005: HK\$877.3 million). Total cash and cash equivalents together with other listed investments amounted to HK\$1,032.9 million at 30 June 2006 (31 December 2005: HK\$1,153.4 million).

Treasury Policies

As at 30 June 2006, the Group had no material exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

Charges and Contingent Liabilities

At 30 June 2006, the available-for-sale financial assets of HK\$359.6 million (31 December 2005: HK\$360.7 million) were pledged to a bank to secure banking facilities of HK\$300.0 million (31 December 2005: HK\$300.0 million), of which HK\$241.8 million (31 December 2005: HK\$241.8 million) has been drawn down. In addition, certain of the equity interest in and shareholders' loans to the Group's subsidiaries which have interests in The Center were pledged to a subsidiary of Hutchison Whampoa Limited as security for convertible notes issued to such subsidiary.

The Group had provided guarantees for mortgage loan facilities granted to purchasers of the Group's properties in the Mainland China amounted to HK\$3.3 million at 30 June 2006 (31 December 2005: HK\$19.1 million).

Human Resources

At 30 June 2006, excluding an associate, the Group employed 26,511 people (31 December 2005: 23,856). Total employee costs for the period ended 30 June 2006, including directors' emoluments, amounted to HK\$248.9 million (2005: HK\$210.7 million). The Group's employment and remuneration policies remain the same as those described in the Annual Report for the year ended 31 December 2005.

Review of Unaudited Condensed Consolidated Interim Accounts

The Audit Committee, which is chaired by an independent non-executive director and currently has a membership comprising two independent non-executive directors and one non-executive director, has reviewed with management and approved the unaudited condensed consolidated accounts for the six months ended 30 June 2006 (the "Interim Accounts"). The Company's auditors, PricewaterhouseCoopers, have reviewed the Interim Accounts in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants. The auditors' independent review report is set out on page 13 of this Interim Report.