

FINANCIAL RESOURCES REVIEW

Liquidity and Capital Resources

As at 30th June 2001, the Group had a healthy net cash position of HK\$4,311 million (31st December 2000: HK\$4,751 million).

The operating and capital expenditure of the Group is funded by cash flow from operations, internal liquid assets and bank loans. The Group has adequate sources of fund and unutilised banking facilities to meet its future capital expenditure.

Borrowing Structure

As at 30th June 2001, the Group's bank borrowings amounted to HK\$1,149 million (31st December 2000: HK\$1,255 million).

All the Group's borrowings are unsecured and of floating interest rate with maturity within one year on revolving credit or term loan facilities.

The Group's borrowings are primarily denominated in Hong Kong dollars and the Group has no significant exposure to foreign exchange fluctuations.

There is no net gearing for the Group as it was in net cash positions throughout 2000 and the first half of 2001.

Contingent Liabilities

As at 30th June 2001, the Group provided guarantees totalling HK\$2,150 million (31st December 2000: HK\$1,050 million) in respect of bank borrowing facilities made available to associated companies and jointly controlled entities.

Currency Profile

The Group's operations and activities are predominantly based in Hong Kong. As such, both its cash, cash equivalents and borrowings are denominated in either Hong Kong dollars or United States dollars. Borrowings for our mainland China subsidiaries and joint ventures are however predominantly in the local currency, Renminbi.

Group's Strategic Investments

Under the Group's Treasury Committee's guidance, investments have been made in equity and debt securities. As at 30th June 2001, the securities investments amounted to HK\$2,317 million (31st December 2000: HK\$1,281 million). During the first six-month period, the performance of these securities investments was satisfactory.