

FINANCIAL REVIEW

During the period under review, with ample resources and stable cashflow, the Group was able to arrange its financial activities appropriately.

Employment of Gross Assets

	30 June 2002 (Unaudited) <i>HK\$'000</i>	31 Dec 2001 (Audited) <i>HK\$'000</i>
Investment properties	1,646,500	1,646,500
Properties under development	7,049,176	6,300,916
Properties held for sales	769,208	553,264
Others	2,049,719	1,777,887
Cash and bank balances	729,830	551,582
	12,244,433	10,830,149

Sources of Funding

	30 June 2002 (Unaudited) <i>HK\$'000</i>	31 Dec 2001 (Audited) <i>HK\$'000</i>
Issued capital	321,858	321,858
Reserves	5,394,364	5,099,651
Minority interests	976,992	678,668
Negative goodwill	1,472,209	1,500,570
Short term borrowings	1,780,621	1,233,119
Long term borrowings	2,298,389	1,996,283
	12,244,433	10,830,149

Total Equity and Negative Goodwill

	30 June 2002 (Unaudited) <i>HK\$'000</i>	31 Dec 2001 (Audited) <i>HK\$'000</i>
Issued capital	321,858	321,858
Share premium account and reserves	5,394,364	5,099,651
Negative goodwill	1,472,209	1,500,570
	7,188,431	6,922,079

(1) Financial Position

Total funds employed for the period ended 30 June 2002 was HK\$12,244 million, 13 percent higher than HK\$10,830 million for the year ended 31 December 2001.

The gross asset value per share as at 30 June 2002 was HK\$3.80, compared with HK\$3.36 as at 31 December 2001.

(2) Financial Resources and Gearing Ratio

The liquidity position of the Group was maintained at a satisfactory level during the period. Cash and bank balances at 30 June 2002 were HK\$730 million as compared with HK\$552 million at 31 December 2001.

The total bank and other borrowings less cash and bank balances at 30 June 2002 amounted to HK\$3,349 million compared with HK\$2,678 million at 31 December 2001.

The gearing ratio defined as the ratio of total loans outstanding less cash balances to total assets, was maintained at a steady level of 28% during this period as compared with 26% at 31 December 2001.

The Group's gearing ratio is healthy and has sufficient funds to meet its commitment and operational requirements.

The Group will strive to generally minimize financial costs and consolidate financial positions of its existing and future investments to ensure the best returns for its shareholders.

(3) Treasury Policies

The Group continues to adopt a conservative approach in financial risk management. The majority of the Group borrowings were denominated in Hong Kong Dollars, United States Dollars and Renminbi to fund its property projects. The Group borrowings were mostly arranged on a floating rate basis. Should market conditions require, the Group will consider appropriate foreign exchange and interest rate hedging products to mitigate the Group's exposure.

The Group has not engaged in any highly leveraged or speculative products which are not in line with the Group's treasury management philosophy.

ACQUISITION OF SUBSIDIARY

During the period under review, the Group had successfully acquired 50.45% interest in Winsan (Shanghai) Industrial Co Ltd, a A-share company whose A-shares are listed on the Shanghai Stock Exchange.

EMPLOYEES

As at 30 June 2002, the Group had 1,529 employees. The Group determined their salaries in accordance with their performances and market situation and provided them with other benefits, including a provident fund scheme, medical scheme and casualty insurance.

CODE OF BEST PRACTICE

To the best knowledge of the Directors, the Group has complied with the Code of Best Practice set out in Appendix 14 of the Listing Rules issued by the Stock Exchange of Hong Kong Limited during the six months ended 30 June 2002.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2002, the Company and its subsidiaries have not purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Company and discussed internal controls and financial reporting matters including the review of the unaudited interim results for the six months ended 30 June 2002 of the Group now reported on.

By Order of the Board

Pacific Concord Holding Limited

Wong Sai Chung

Chairman and Joint Managing Director

Hong Kong, 20 August 2002