

Financial Review

FINANCIAL RESOURCES AND LIQUIDITY

As of 31st December, 2001, shareholders' funds of the Group amounted to approximately HK\$7,389 million, as compared to HK\$7,329 million that was recorded as at 30th June, 2001. Bank loans and borrowings are obtained by the Group on an unsecured basis. As at the end of the interim period under review, the total amount of banking facilities available to the Group amounted to approximately HK\$4,650 million, of which HK\$4,050 million were obtained from commercial banks on a committed basis. As at the end of the previous financial year, the total banking facilities available were HK\$4,720 million of which HK\$4,120 million were committed lines. Total net bank borrowings of the Group as of 31st December, 2001 amounted to approximately HK\$1,548 million as compared to HK\$1,762 million as at 30th June, 2001. The moderate decrease in net bank borrowings was mainly due to cash-inflow derived from the successful sale of units in the recently completed Guangzhou Heng Bao Garden project and disposal of a portion of the existing inventory of completed property units during the period under review. As at 31st December, 2001 and as at 30th June, 2001, the Group did not have any assets which were charged to third parties. Also, as at the end of such corresponding periods, the Group did not have any off-balance sheet borrowings or any such related contingent liabilities.

The Group did not undertake any significant acquisition or disposal of assets outside its core business during the interim period under review.

LOAN MATURITY PROFILE

The maturity profile of the Group's outstanding bank loans and borrowings is shown below:—

	As at 31st December, 2001 HK\$'000	As at 30th June, 2001 HK\$'000
Bank Loans and Borrowings Repayable:		
Within 1 year	326,867	528,228
After 1 year but within 2 years	935,716	700,000
After 2 years but within 5 years	709,315	735,582
Total Bank Loans and Borrowings	1,971,898	1,963,810
Less: Bank Deposits and Cash	(424,213)	(201,692)
Total Net Bank Borrowings	1,547,685	1,762,118

GEARING

The total net bank borrowings to shareholders' funds was recorded at 21% as at 31st December, 2001 as compared with 24% registered as at 30th June, 2001. Profit from operations covered 1.77 times of the net interest expenses before capitalization for the interim financial period under review, as compared to 0.87 times for the interim period ended 31st December, 2000.

INTEREST RATE EXPOSURE AND FOREIGN EXCHANGE EXPOSURE

Bank loans of the Group are obtained in Hong Kong Dollars and in Renminbi. As at the end of December, 2001 and June, 2001, the Group did not have any currency hedging or interest rate swap agreements outstanding. The gradual shift from Hong Kong Dollar-denominated loans to Renminbi-denominated loans obtained in Mainland China will be of use to reduce the foreign currency exposure to the Group. For bank loans which are obtained by the Group in the Hong Kong currency, loan interests are chargeable mainly based on certain agreed interest margins over the Hong Kong Inter-bank Offer Rate and such bank facilities are therefore of floating rate in nature. As for bank borrowings which are denominated in Renminbi, these are linked to fixed interest rates for commercial loans as announced by The People's Bank of China from time to time.

CAPITAL COMMITMENTS

Capital commitments of the Group amounted to HK\$3,487 million, of which HK\$2,803 million was contracted for as at the end of the financial period under review. Both were recorded at a similar level as at 30th June, 2001.

CONTINGENT LIABILITIES

Contingent liabilities of the Group as at 31st December, 2001 amounted to approximately HK\$245 million as compared with approximately HK\$145 million as at 30th June, 2001, were mainly guarantees given by the Group to financial institutions in respect of mortgage financing provided to purchasers of properties developed by the Group.

USE OF CAPITAL AND FUNDING

Capital of the Company and retained profits of the Group will continue to be put to good use to develop the Group's business. The Group has adequate capital resources and abundant unutilised banking facilities for funding its ongoing operations and further expansion.

Other Information

CLOSING OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 12th April, 2002 to Tuesday, 16th April, 2002, both days inclusive, during which period no requests for the transfer of shares will be accepted. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Branch Share Registrars in Hong Kong, Central Registration Hong Kong Limited, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Thursday, 11th April, 2002. Warrants for the interim dividend will be sent to shareholders on Wednesday, 24th April, 2002.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.