



FINANCIAL RESOURCES, TREASURY ACTIVITIES AND GEARING RATIO

The Group's capital expenditure and investments were funded from cash on hand, internal cash generation, syndicated loans, notes issued and other project loans.

As at 31st December, 2008, total borrowings of the Group amounted to HK\$6,743 million, which were all denominated in foreign currencies. Of the total borrowings, 24 per cent were repayable in 2009, 39 per cent were repayable between 2010 and 2013 and 37 per cent repayable beyond 2013. The Group's financing activities continue to be well received and fully supported by its bankers.

The Group adopts conservative treasury policies in cash and financial management. To achieve better risk control and minimise the cost of funds, the Group's treasury activities are centralised. Cash is generally placed in short-term deposits mostly denominated in U.S. dollars, Hong Kong dollars, Australian dollars or Pounds Sterling. The Group's liquidity and financing requirements are reviewed regularly. The Group will continue to maintain a strong capital structure when considering financing for new investments or maturity of bank loans.

As at 31st December, 2008, the Group has changed to a net debt position with a gearing ratio of 3 per cent, which was based on its net debt of HK\$1,262 million and shareholders' equity of HK\$36,675 million, from the net cash position at the year end of 2007. Such change was mainly due to cash outflows for investments in two energy projects in New Zealand and Canada during the current year.

To minimise currency risk exposure in respect of its investments in other countries, the Group generally hedges those investments with the appropriate level of borrowings denominated in the local currencies of those countries. The Group also entered into certain interest rate and currency swaps to mitigate interest rate and other currency exposure risks. As at 31st December, 2008, the notional amounts of these derivative instruments amounted to HK\$8,753 million.

CHARGE ON GROUP ASSETS

As at 31st December, 2008:

- the Group's interests in an affiliated company with carrying value of HK\$1,902 million were pledged as part of the security to secure bank borrowings totalling HK\$1,721 million granted to the affiliated company;
- the Group's cash deposit of HK\$1,113 million was pledged to secure bank borrowing of HK\$1,113 million granted to the Group;
- the Group's obligations under finance leases totalling HK\$31 million were secured by charge over the leased assets with carrying value of HK\$193 million; and
- certain plant and machinery of the Group with carrying value of HK\$50 million were pledged to secure bank borrowings totalling HK\$32 million granted to the Group.

CONTINGENT LIABILITIES

As at 31st December, 2008, the Group was subject to the following contingent liability:

HK\$ million	
Guarantee in respect of a bank loan drawn by an affiliated company	871

EMPLOYEES

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 1,037 employees.

Employees' cost (excluding directors' emoluments) amounted to HK\$278 million. The Group ensures that the pay levels of its employees are competitive and that its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

Preferential subscription of 2,978,000 new shares of the Company was given to those employees who had subscribed for shares of HK\$1.00 each in the Company at HK\$12.65 per share on the flotation of the Company in 1996. The Group does not have any share option scheme for employees.