

# GEARING STRUCTURE

as at 31 December 1998

Analyses *SS*

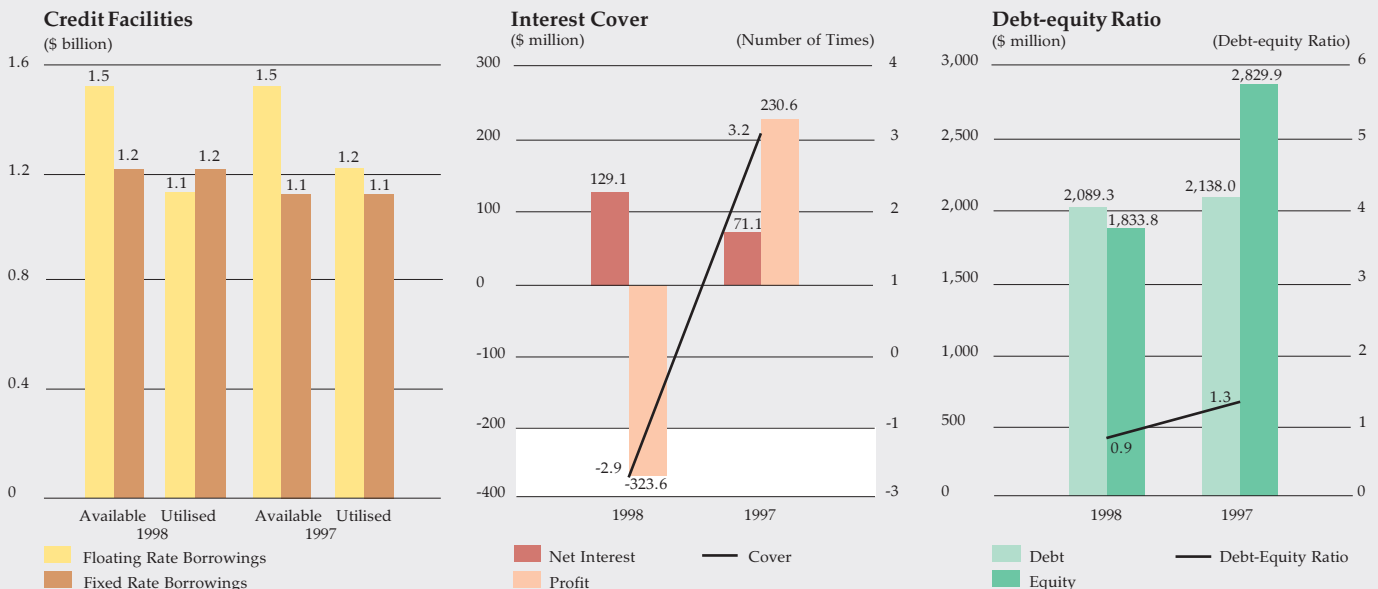
At end-1998, the credit facilities available to the Group for drawdown totalled \$2.6 billion. As 84.8% was utilised, the unutilised balance was 15.2% or \$401.2 million. This did not include cash in hand and on deposit of \$154.7 million. Of the credit facilities that were drawdown, 52.7% was in fixed rate borrowings and 47.3% in floating rate borrowings.

During the year, funds were raised by way of drawdowns of cross currency swap facilities, and HK\$ and US\$ loan facilities.

For 1998, the Group's interest cover was 1 time, before provisions for Palm Gardens, The Mayfair and the freehold landbank compared with 3.2 times for the previous year. The effective cost of borrowing was 5.3% compared with 4% in 1997. Net interest cost expensed and capitalised totalled \$111.1 million, whilst average net borrowings amounted to \$2,113.6 million.

Secured borrowings as a percentage of total borrowings at 31 December 1998 amounted to 14.3%, an increase from 12% in 1997.

With total borrowings of \$2.24 billion at 31 December 1998, the Group's debt-equity ratio was 1 : 0.8. Taking cash in hand and on deposit into account, the ratio was 1 : 0.9. At the previous year-end, the Group's debt-equity ratios were lower at 1 : 1.2 and 1 : 1.3 respectively. The higher gearing at end-1998 was due mainly to the Group's reduction in shareholders' funds.



# GEARING STRUCTURE

*(continued)*

Analyses *SA*

	Fixed Rate Borrowings		Floating Rate Borrowings		Total	
	\$'000	%	\$'000	%	\$'000	%
Facilities available for drawdown	1,181,800	100.0	1,463,254	100.0	2,645,054	100.0
Amount utilised	<u>1,181,800</u>	<u>100.0</u>	<u>1,062,062</u>	<u>72.6</u>	<u>2,243,862</u>	<u>84.8</u>
Balance unutilised	<u>-</u>	<u>-</u>	<u>401,192</u>	<u>27.4</u>	<u>401,192</u>	<u>15.2</u>
Cash in hand and on deposit					<u>154,677</u>	
					<u>555,869</u>	

	1998	1997
<b>Interest cover</b>		
Profit before interest, tax and provisions (\$'000)	<b>114,608</b>	230,648
Profit / (loss) before interest and tax (\$'000)	<b>(323,625)</b>	230,648
Net interest cost expensed and capitalised (\$'000)	<b>111,135</b>	71,121
Interest cover (before provisions)	<b>1.0</b>	3.2
Interest cover (after provisions)	<b>(2.9)</b>	3.2
<b>Effective cost of borrowings</b>		
Net interest cost expensed and capitalised (\$'000)	<b>111,135</b>	71,121
Average net borrowings (\$'000)	<b>2,113,586</b>	1,793,095
Effective cost of borrowings (%)	<b>5.3</b>	4.0
<b>Secured borrowings ratio</b>		
Total secured borrowings (\$'000)	<b>320,665</b>	286,621
Percentage of total borrowings (%)	<b>14.3</b>	12.0
<b>Debt-equity ratio</b>		
Total borrowings:		
Gross (\$'000)	<b>2,243,862</b>	2,380,849
Net of cash (\$'000)	<b>2,089,185</b>	2,137,987
Total equity (\$'000)	<b>1,833,809</b>	2,829,935
Debt-equity ratio:		
Gross	<b>1:0.8</b>	1:1.2
Net of cash	<b>1:0.9</b>	1:1.3