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

As at 31st December, 2013, cash and bank deposits on hand amounted to HK$5,958 million and the total borrowings of the Group amounted to HK$13,029 million, which included Hong Kong dollar notes of HK$260 million and foreign currency borrowings of HK$12,769 million. Of the total borrowings, 87 per cent were repayable between 2015 and 2018 and 13 per cent were repayable beyond 2018. 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, New Zealand dollars, Pounds Sterling or Renminbi. 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, 2013, the Group maintained a net debt position with a net debt to net total capital ratio of 8 per cent, which was based on its net debt of HK$7,071 million and net total capital, which represents the total borrowings plus total equity net of cash and bank deposits, of HK$87,669 million. This ratio was higher than the net debt to net total capital ratio of 5 per cent at the year end of 2012. This change was mainly due to the funds utilised for investments in the waste management projects in New Zealand and the Netherlands during 2013.

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, 2013, the notional amounts of these derivative instruments amounted to HK$45,031 million.
CHARGE ON GROUP ASSETS

As at 31st December, 2013:

- the Group’s obligations under finance leases totalling HK$97 million were secured by charges over the leased assets with carrying value of HK$105 million;
- certain plant and machinery of the Group with carrying value of HK$84 million were pledged to secure bank borrowings totalling HK$26 million granted to the Group; and
- the shares of a subsidiary with net asset value of HK$1,302 million were pledged to secure bank borrowings totalling HK$983 million granted to the Group.

CONTINGENT LIABILITIES

As at 31st December, 2013, the Group was subject to the following contingent liabilities:

<table>
<thead>
<tr>
<th>HK$ million</th>
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</thead>
<tbody>
<tr>
<td>Other guarantee given in respect of an affiliated company</td>
</tr>
<tr>
<td>Performance bond indemnities</td>
</tr>
<tr>
<td>Sub-contractor warranties</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

EMPLOYEES

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 1,943 employees. Employees’ cost (excluding directors’ emoluments) amounted to HK$531 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.