

Liquidity and Capital Resources

At the balance sheet date, the Group's gearing ratio (i.e. ratio of bank borrowings to equity) and current ratio were 0.14 and 1.34 respectively.

There were increases in net cash and bank balances from approximately HK\$3 million at 31 December 1999 to approximately HK\$10 million at 31 December 2000 while there were increases in bank borrowings from approximately HK\$66 million at 31 December 1999 to approximately HK\$100 million at 31 December 2000. The significant changes resulted mainly from the payment of the final instalment of the consideration in the subscription of interests in Beijing Dongzhimen International Apartment Co., Ltd. During the year, the Group arranged with another bank to refinance all the bank loans on a long term basis. The bank loan was secured by certain of the Group's Hong Kong investment properties and land and buildings with an aggregate carrying value of approximately HK\$253,000,000.

The routine business operation and investment of the Group are in Hong Kong and the Mainland, with revenue and expenditure denominated in HKD and RMB. The RMB income from the Mainland is mainly remitted to Hong Kong at the prevailing official exchange rate. Given the stable official exchange rate of RMB to HKD, the Group believes that it will not be subject to any significant exposure associated with fluctuation in exchange rates under foreseeable circumstances.

Employees

The total number of employees including those controlled by the property management subsidiaries but excluding those under the payroll of the associates and the jointly-controlled entity of the Group at 31 December 2000 was 35 compared with that 33 in 1999.

Remuneration packages are reviewed either annually or by special increment. In addition to the basic salary, other staff benefits include medical and hospitalisation subsidies.

A share option scheme had been adopted in 1993. No options were granted or exercised during the year.