

### **WORKING CAPITAL AND FINANCIAL RESOURCES**

The Group's working capital used to finance the development of the properties and investments for the year under review is mainly short term revolving bank loans, proceeds from sales of properties and issue of the Company's securities to investors.

As at 31 December 2000, the Group's cash and bank balances are HK\$13,690,000 (1999: HK\$7,839,000). The Group's liquidity ratio as at 31 December 2000 is 106% (1999: 137%). Current assets and current liabilities are HK\$241,708,000 (1999: HK\$298,013,000) and HK\$227,045,000 (1999: HK\$216,742,000), respectively. Management will closely monitor the level of accounts receivable in the future.

As at 31 December 2000, the Company has issued 258,688,400 shares (1999: 220,000,000 shares). Shareholders' equity amounts to HK\$175,040,000 (1999: HK\$215,552,000).

The bank and other borrowings as at 31 December 2000 are HK\$171,314,000 (1999: HK\$164,482,000). The gearing ratio (total bank and other borrowings/shareholders' equity) is 98% (1999: 76%) of which, in the opinion of the Directors, is considered healthy.

Due to the fact that the Group's transactions (including borrowings) are mainly denominated in Hong Kong dollars or Renminbi, and the related exchange rate during the year is relative stable, and accordingly, the exposure to fluctuations in exchange rate is minimal.

### **DETAILS OF CHARGES ON GROUP ASSETS**

Certain of the Group's fixed assets, investment properties, properties under development and completed properties held for sale are pledged to secure banking facilities granted to the Group.

### **PLACEMENT**

On 26 March 2001, the Company made a placement offer of 31,000,000 and 10,000,000 shares to a placing agent and a subscriber respectively at a price of HK\$0.40 each. Through Kingston Securities Limited, the Placing Agent, the Company agreed to place the 31,000,000 shares to independent investors. The subscription raises funds to enhance the Company's capital structure and strengthen the Company's shareholder base. The net proceeds from the placing and the subscription, amounting to approximately HK\$15.95 million, will be used as general working capital for the Group. Part of the net proceeds will be applied to the CHIP project where necessary.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2000, the Group employed a total of approximately 200 employees. They were remunerated according to the nature of job and market condition. Other staff benefits included a mandatory provident fund scheme for all the eligible employees, share option scheme and a year end bonus.