

# Management Discussion and Analysis

## 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 0.16 and 0.69 respectively.

There were increases in net cash and bank balances from approximately HK\$9.5 million at 31 December 2000 to approximately HK\$23.9 million at 31 December 2001 while bank borrowings remained at HK\$100 million at 31 December 2001. 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\$226 million.

Included in the total banking borrowings of HK\$100 million at 31 December 2001, HK\$30 million is due to be repaid in 2002. The Group believes that it will have adequate financial resources to meet its obligations during the year 2002.

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 2001 was 28 compared with that 35 in 2000.

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

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