

LIQUIDITY AND CAPITAL RESOURCES

At 31 December 2003, the Group's gearing ratio (i.e. ratio of bank borrowings to equity) and current ratio were 0.18 and 4.21 respectively.

There was increase in cash and bank balances from approximately HK\$6.5 million at 31 December 2002 to approximately HK\$51.7 million at 31 December 2003 while there was increase in bank borrowings from HK\$82.0 million at 31 December 2002 to HK\$111.4 million at 31 December 2003.

Except the bank loan of approximately HK\$1.9 million, the Group's bank borrowings were secured by all of its Hong Kong investment properties and land and buildings with an aggregate carrying value of approximately HK\$238.6 million. Included in the total outstanding bank borrowings of HK\$111.4 million at 31 December 2003, HK\$5.6 million is due to repay within one year. The Group anticipates that it will have adequate financial resources to meet its obligations for the coming year.

The routine business operation and investment of the Group are in Hong Kong and the Mainland China, with revenue and expenditure denominated in HKD and RMB. The RMB income from the Mainland China 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 2003 was 28 (2002: 28).

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