

Foreign Currency Management

For the period under review, the Group's exposure to foreign exchange risk continued to be insignificant for reasons as outlined in the Company's 2002 Annual Report.

Pledge of Assets

At 30th June, 2003, certain bank deposits and land and buildings of the Group with aggregate carrying value of approximately HK\$95,878,000 (at 31st December, 2002: HK\$112,319,000) were pledged to secure credit facilities granted by banks.

Capital Commitments

At 30th June, 2003, the Group has an outstanding commitment of approximately HK\$19,000,000 in respect of the acquisition of the entire equity interests of a securities brokerage company. The acquisition is made for reasons that the Group is optimistic about the long term prospect of the Hong Kong securities industry and the role of Hong Kong as the leading financial center in Asia. Subject to fulfillment of certain conditions, the acquisition is expected to be completed in the latter part this year.

Contingent Liabilities

The Group had no material contingent liabilities at 30th June, 2003.

Employees and Remuneration Policy

For the first half year, there was no material change to the Group's remuneration policy and the number of employees from those disclosed in the Company's 2002 Annual Report. Total staff costs incurred for the period, including directors' remuneration, was approximately HK\$21,000,000 (six months ended 30th June, 2002: HK\$18,000,000).

Business Prospects

The results of the first half of 2003 are encouraging and it is the priority of the management to continue their efforts to further improve performance of the Group. Our goal is to build a diversified business portfolio with strong recurrent earnings base and capability for further growth. We will continue to look for business opportunities to achieve this, and focus will be placed on those that are Mainland-related and well positioned to benefit from the continuous growth of the China's economy.