

CHARGES ON GROUP ASSETS

At 30 June 2006, certain of the Group's assets with a total net book value of approximately HK\$1,418 million have been pledged to banks to secure banking facilities granted to the Group. Details of which are set out in note 26 to the condensed financial statements.

TREASURY POLICIES

The Group's major borrowings are in US dollars, Renminbi and HK dollars. All borrowings are based on LIBOR or Hong Kong best lending rates. As the Group's revenues are mainly in US dollars, and major borrowings and payments are in either US dollars, Renminbi or HK dollars, there is a natural hedge mechanism in place and currency risk exposure is relatively low. The Group has a strong treasury management function and will continue to manage its currency and interest rate exposures.

SIGNIFICANT INVESTMENTS

In December 2005, the Group acquired 37% of the issued share capital of ERC. The Group has increased its shareholding through purchase of stock on the exchange and as of today almost at the 50% level.

As at 30 June 2006, the Group has reduced its total investment in SEC from 49.51% as at 31 December 2005 to 29.99% and is recorded as interests in associates, details are set out in note 10 to the condensed financial statements.

EMPLOYEES AND REMUNERATION POLICIES

The number of employees of the Group as at 30 June 2006 was approximately 10,000. The Group remunerated its employees mainly based on the industry practice, individual's performance and experience. Apart from the basic remuneration, discretionary bonus may be granted to eligible employees by reference to the Group's performance as well as individual's performance. Other benefits include medical and retirement schemes.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The share option scheme adopted by the Company on 26 November 1990 had expired and there were no options outstanding as at the date of this report.

Apart from the foregoing, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse or children under 18 years of age, to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.