

MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE

- 1 Overview
- 2 Property Development and Sales
- 3 Property Leasing
- 4 Hotel Operations
- 5 Finance
- 6 Employees

1 OVERVIEW

Turnover for the year increased by \$3,001.6 million to \$5,823.4 million, with property sales accounting for most of the Group's increase in turnover. These included the sale of our Ma On Shan project called Baycrest and 36 residential units of Garden Terrace.

Finance costs increased by 29% to \$501.6 million owing to less borrowing costs being capitalised to

projects under development following the completion of Baycrest in June last year. Taxation for the year was \$307.5 million owing to the increase in tax provision for the Group's subsidiaries. Net profit was \$744.5 million, a decrease of 15% from the previous year's figure.

GROUP PERFORMANCE

	2001	2000	Change	
	\$Million	\$Million	\$Million	%
Turnover				
Property Sales	3,247.5	86.3	+3,161.2	+3,663
Property Leasing	2,020.8	2,051.0	-30.2	-1
Hotel Operations	269.8	253.2	+16.6	+7
Other Operations	40.5	37.7	+2.8	+7
Interest Income	244.8	393.6	-148.8	-38
	5,823.4	2,821.8	+3,001.6	+106
Profit before Taxation				
Property Sales	183.0	32.3	+150.7	+467
Property Leasing	1,644.7	1,591.4	+53.3	+3
Hotel Operations	81.1	59.6	+21.5	+36
Other Operations	197.9	97.3	+100.6	+103
Net Interest (Expenses) / Income	(234.7)	17.7	N/A	N/A
	1,872.0	1,798.3	+73.7	+4
Less: Administrative Expenses	(148.2)	(136.7)	+11.5	+8
	1,723.8	1,661.6	+62.2	+4
Net Profit attributable to Shareholders	744.5	873.1	-128.6	-15

ANALYSIS OF TURNOVER *

FOR THE YEAR ENDED 30 JUNE



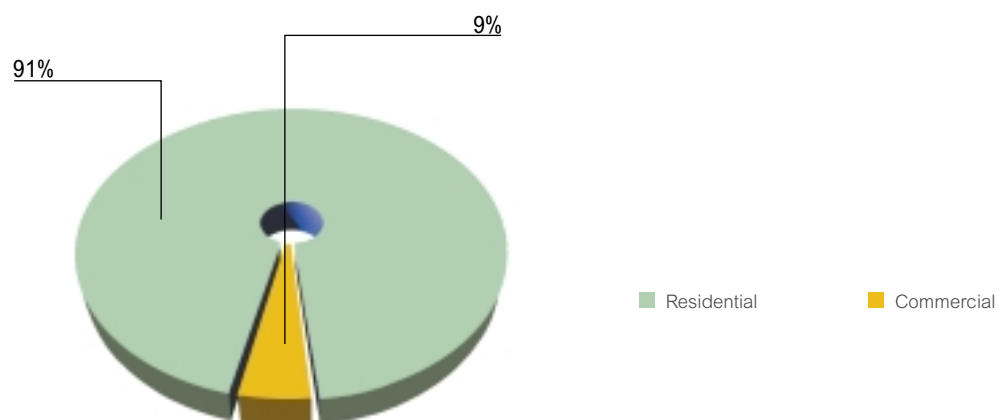
* Turnover includes interest income from the year ended 30 June 1998 onwards.

PROPERTY SALES

	2001	2000	Change	
	\$Million	\$Million	\$Million	%
Turnover	3,247.5	86.3	+3,161.2	+3,663
Profit before Taxation	183.0	32.3	+150.7	+467

DEVELOPMENT LAND BANK

AT 30 JUNE 2001



2 PROPERTY DEVELOPMENT AND SALES

Baycrest in Ma On Shan

In hindsight, we enjoyed impeccable timing on the marketing of Baycrest, our newly completed residential development in Ma On Shan. We launched the project in mid-August 2000 and received a very good response for these relatively large flats with unit sizes ranging from 72 sq.m. (2-bedroom) to 170 sq.m. (duplex). More than 200 units were sold through private sales within the first week. By the time the market turned quiet in October, we had already reached 90% in sales, and by the end of the financial year we had sold 605 of the 618 available units (98%).



BAYCREST

MTRC Tung Chung Station Development Package One

The Group holds a 20% share in Package One of the MTRC Tung Chung Station Development project. Sales of Site One, Tung Chung Crescent, continued. New payment terms were introduced in June 2001 to attract further sales, and approximately 84% of the 2,158 available units have been sold. At Site Two, the 9-storey office tower and 5-storey retail podium have already been completed, while the shops have been leased and have begun trading. Plans for a 22-storey hotel are under consideration. At Site Three, superstructure for the five blocks of average 32-storey residential towers with a basement car park is under construction, and the anticipated completion date is July 2002.

Airport Railway Kowloon Station

Package Four Development

Superstructure at the Airport Railway Kowloon Station Package Four Development project is in progress and

on schedule. The expected completion date for the complex is June 2003. The three 70-storey residential towers over a 5-storey car parking podium will provide 1,134 residential units with gross floor areas ranging from 78 sq.m. to 180 sq.m.

Hing Wah Street West - West Kowloon Reclamation

Foundations are being laid at our Hing Wah Street West property, which is part of the West Kowloon Reclamation Project. The Group holds an 85% share in this development, which consists of five blocks of average 41-storey residential towers over a 4-storey car parking/retail podium with basement. A 4,000 sq.m. clubhouse and recreational facilities are planned for the podium rooftop, and the 1,632 residential units range in area from 56 sq.m. to 66 sq.m. (this includes units accounting for 30% of the total floor area which are allocated to the Home Ownership Scheme). Anticipated completion date is September 2003.

Hoi Fai Road - West Kowloon Reclamation

At the Government Land Auction in December 2000, the Group's subsidiary Amoy Properties acquired a prime 20,200 sq.m seaview site for \$2,580 million in Hoi Fai Road on the West Kowloon Reclamation. Initial plans call for the construction of eight 43-storey residential towers over a 3-storey podium housing offices and car parking spaces. There will also be a 4,000 sq.m. detached clubhouse with recreational facilities on the podium rooftop. Residential towers will provide approximately 1,849 units ranging in size from 62 sq.m. (two-bedroom) to about 96 sq.m (three-bedroom). Anticipated completion date is March 2004.

Sha Tsui Road in Tsuen Wan

The superstructure is under construction at the Group's Sha Tsui Road property in Tsuen Wan. The three 36-storey residential towers over a 2-storey car parking podium house 648 residential units with gross floor areas of 50 sq.m. to 68 sq.m. Anticipated completion date is December 2002.

Hau Man Street in Ho Man Tin

Foundations have been laid at our 1,420 sq.m. site at the junction of Carmel Village Street and Hau Man Street in Ho Man Tin, Kowloon. The 24-storey residential tower over a 4-storey car parking/retail podium comprises 192 units with gross floor areas ranging from 55 sq.m. to 60 sq.m. Anticipated completion date is the first quarter of 2003.

Fu Tei in Tuen Mun

Construction of our property at Fu Tei in Tuen Mun is progressing well, and the development will comprise a 14-storey residential tower over a 3-storey car parking podium. Gross floor area of the 98 units will range from 56 sq.m. to 60 sq.m. Anticipated completion date is March 2002.

The Bay Bridge in Yau Kom Tau

As previously reported, completion of the sale of our Yau Kom Tau property (The Bay Bridge) in Tsuen Wan at a consideration of \$1,070 million did not take place on 30 June 1998 as stipulated. The litigation relating to the wrongful repudiation of agreement by the purchaser, which involves mutual claims, is now vigorously being dealt with by our solicitors.

3 PROPERTY LEASING

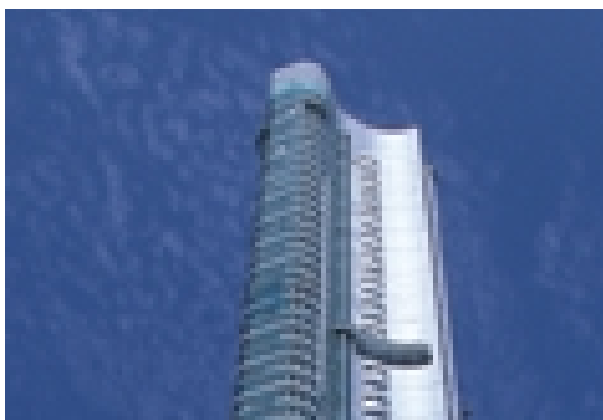
During the year under review, the rental revenue generated by our commercial, office, residential and industrial properties decreased 1% from \$2,051 million to \$2,020.8 million. Profit before taxation however increased by 3% to \$1,644.7 million. Despite sporadic signs of improvement in the property leasing business, rent increases were still minimal to moderate.

3.1 HONG KONG

3.1.1 UNDER DEVELOPMENT

The Summit in Stubbs Road

Our 3,045 sq.m. site in Stubbs Road, The Summit, is expected to be completed by the end of 2001. This 70-storey residential tower over a 4-storey car parking podium comprises 56 luxury duplex units, each featuring its own private lift lobby, double height ceilings in the living/dining area, and four bedrooms. Every unit will overlook spectacular views of Happy Valley and Victoria Harbour, and the development provides recreational facilities, a telecommunications network and car parks.



THE SUMMIT

3.1.2 COMMERCIAL

Consumer spending has improved slightly, though not to a substantial degree, and our retail shops and restaurants are experiencing increased customer traffic. However, spending tends to be more on the value-for-money type of goods and services. Consequently, this restricts our tenants' abilities to pay higher rents.

Our shopping malls have performed satisfactorily during the year under review, and occupancy levels remained stable with the Hang Lung Centre in Causeway Bay at 100%, Kornhill Plaza in Quarry Bay at 99%, and Grand Tower Arcade in Mongkok at 97%.

Fashion Island/Fashion Walk in Causeway Bay

In Causeway Bay, the retail mix at Fashion Island/Fashion Walk has helped distinguish it as the fashion place where retailers provide exclusive product lines. These shops, especially those with good exposure, are in popular demand. This has allowed us to revise the rental moderately upward despite the general slowdown in the retail market. Rental income recorded an increase of 14%, and the occupancy level was 99%.



HANG LUNG CENTRE



THE PEAK GALLERIA

The Peak Galleria — Victoria Peak

The Peak Galleria continues to be a popular spot for overseas and local visitors. Although the majority of tenants encountered declining business turnover during recent years, average occupancy was kept at above 80%. Rental income recorded a decrease of 4%.

Queensway Plaza in Admiralty

At Queensway Plaza, pedestrian flow and customer demographics remain virtually unchanged, and this is expected to continue. The existing lease for Queensway Plaza expires in 2002, and in April, the Group won a government tender for a further 10-year lease effective until 2012. This will allow us to reassess the current trade mix and improve the outlook of the shopping centre. Physical facelift improvement work is planned for the first quarter of 2002. Rental income recorded a decrease of 8%, and the occupancy level was 100%.

Amoy Plaza in East Kowloon

At Amoy Plaza in East Kowloon the market profile has shifted towards a younger group of consumers. Continuous upgrading of this property enables us to

adjust the tenant profile in order to achieve the highest possible rental income. Rental income recorded a decrease of 2%, and occupancy level was 99%.

Total revenue from leasing of commercial properties decreased by 2% to \$1,044.6 million.

3.1.3 OFFICE

Owing to the downsizing of many businesses, the year proved a difficult one for securing both renewed leases and new tenancies. Efforts to retain our existing tenants succeeded in keeping our occupancy levels fairly high, over 90% on average, throughout the year.

With most of our properties in Central already leased, we were little affected by the transient “dotcom” boom. Rental income for offices in Central recorded a 7% decrease from the previous year, while the occupancy level was maintained at 93%. Baskerville House in Duddell Street, Central, was renovated and equipped with state-of-the-art telecommunications infrastructure.

Causeway Bay and Wanchai were not hit as hard as other areas, recording an occupancy level of over 99%, while rental income was down just 3%. Our offices in Quarry Bay/Kornhill recorded an overall rental income decrease of 16%, and occupancy was 96%.

In Kowloon, our office properties recorded an increase in leasing activity with average occupancy in Mongkok reaching 95%.

Park Building in Cheung Sha Wan

Park Building, our newly converted office building in Cheung Sha Wan, started generating rental revenue in the latter half of the financial year. 50% of the 13,522 sq.m. building was occupied by the financial year end.

Total revenue from rental of office buildings decreased by 7% to \$474.4 million.

3.1.4 RESIDENTIAL

The average rent for luxury residential units decreased during the last fiscal year owing to the uncertain global economic outlook. With corporate demand declining, low to middle budget rents (below \$70,000) tended to dominate the leasing market for luxury residential units.

Burnside Estate in Hong Kong South

Turnover of tenants at Burnside Estate was higher than expected owing to diminishing rental allowances for corporate executives and the declining number of overseas employees in the market. The average occupancy of the development was maintained at 95%, whereas rental revenue dropped by 3% from the previous year.

Garden Terrace in Mid-Levels

Sale of matured property is an integral part of the Group's operating strategy. At Garden Terrace, 36 of the four-bedroom luxury units have been sold by the end of the fiscal year, and there are plans to sell the remaining units.

Total revenue from rental of residential properties fell by 18% to \$131.2 million.

**GARDEN TERRACE****3.1.5 INDUSTRIAL/OFFICE***9 Wing Hong Street in Cheung Sha Wan*

During the first half of the financial year, the industrial/office market in Cheung Sha Wan remained strong. However, demand dropped in the latter half of the year as overall vacancies in the market increased when the market for IT office space tapered off. Nevertheless, the occupancy level at our industrial/office property No. 9 Wing Hong Street was 95% by year end, and the overall rental rate was up by about 10% over the previous year.

Star Centre in Kwai Chung

The industrial property market in Kwai Chung, however, was weak in comparison to Cheung Sha Wan. Star Centre achieved an occupancy rate of 84% by year end with the overall rental rate marginally below that of last year.

Industrial properties comprise only a very small percentage of our portfolio. Total revenue decreased by 2% to \$97 million.

3.1.6 CAR PARKS

The car park operation has been running smoothly under the internationally recognised ISO 9002 quality system. With its effective in-house software operational system, Hang Lung's car parking operation maintains its status as one of the leading car park operators in Hong Kong.

Total parking revenue dropped by 4% this year to \$140.3 million, and this is attributed to decreasing monthly parking demand. In recent years, there has been a structural change in monthly demand for parking in urban areas, as the increasing population in newly developed residential estates in rural districts leans towards using public transport. Hourly parking business, however, showed signs of recovery in most of our well-located car parks towards the end of the financial year.

3.2 SHANGHAI

The Grand Gateway, Xujiahui

The property is in a prime location above Shanghai's largest subway station, Xujiahui Station, in the southwest commercial centre. By the year end, 97% of The Grand Gateway's 33,500 sq.m. 34-storey residential tower, with its 268 two and three-bedroom luxuriously furnished serviced apartments, was leased, while the 99,200 sq.m. retail complex, the largest modern shopping mall in Shanghai, was 94% leased.

The Group has a 47.25% interest in The Grand Gateway.

Plaza 66, Nan Jing Xi Lu

The 50,100 sq.m. mall at Plaza 66 had its Grand Opening in July 2001. The ground floor features one of the biggest collections of international name brands in the city, including Chanel, Cartier and Louis Vuitton, and is attracting high customer traffic. The 90,000 sq.m. 66-storey office tower is practically fully leased and is occupied mostly by major multinational companies.

The Group has an 89% interest in Plaza 66.

PLAZA 66

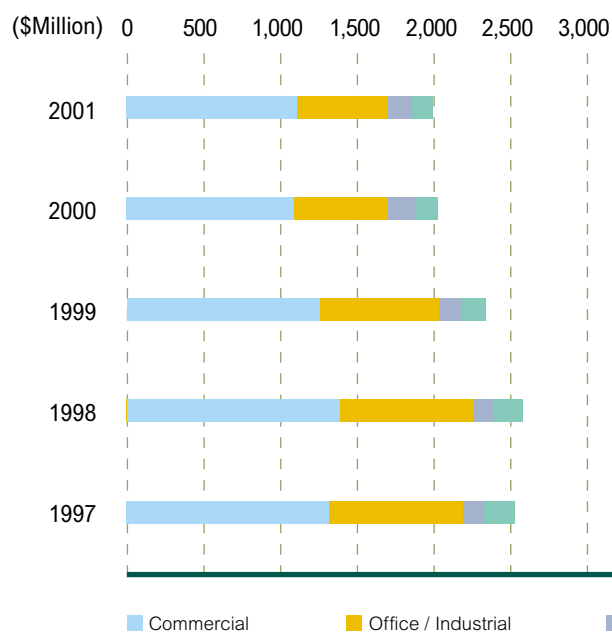


PROPERTY LEASING

	2001	2000	Change	
	\$Million	\$Million	\$Million	%
Turnover	2,020.8	2,051.0	-30.2	-1
Profit before Taxation	1,644.7	1,591.4	+53.3	+3

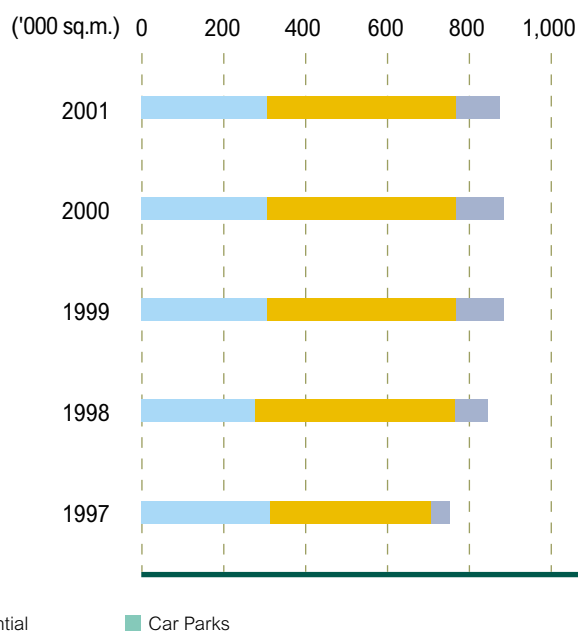
RENTAL REVENUE*

FOR THE YEAR ENDED 30 JUNE



INVESTMENT PROPERTY SIZE*

AT 30 JUNE



* Including Amoy Group's attributable property interest

GEOGRAPHICAL ANALYSIS OF INVESTMENT PROPERTIES

AT 30 JUNE 2001

	Gross Floor Area (’000 sq.m.)				No. of Carparking Spaces	2000/01 Rental Revenue (\$Million)				
	C	O/I	R	Total		C	O/I	R	CP	Total
A. HONG KONG										
<i>Hong Kong Island:</i>										
Central and Admiralty	10.1	40.5	—	50.6	16	106.6	150.2	—	—	256.8
Causeway Bay and										
Wanchai	40.8	38.8	8.0	87.6	418	216.1	127.5	11.5	10.8	365.9
Kornhill and Quarry Bay	54.1	37.3	—	91.4	1,159	192.2	71.8	—	31.3	295.3
The Peak and Mid-Levels	12.5	—	24.6*	37.1	576	43.3	—	32.0	9.5	84.8
Hong Kong South and										
Others	—	—	9.2	9.2	89	—	—	45.9	—	45.9
<i>Kowloon:</i>										
Mongkok #	24.1	47.1	—	71.2	1,433	178.7	82.7	—	55.5	316.9
Tsimshatsui	6.1	11.1	0.1	17.3	—	30.6	38.0	0.5	—	69.1
Ngau Tau Kok and										
Kwun Tong	60.6	8.6	—	69.2	785	274.8	2.1	—	25.5	302.4
Cheung Sha Wan,										
Kwai Chung and										
Tsuen Wan	4.5	86.3	20.1	110.9	546	2.3	99.1	41.3	7.7	150.4

GEOGRAPHICAL ANALYSIS OF INVESTMENT PROPERTIES *(continued)*

AT 30 JUNE 2001

	Gross Floor Area ('000 sq.m.)				No. of Carparking Spaces	2000/01 Rental Revenue (\$Million)				
	C	O/I	R	Total		C	O/I	R	CP	Total
B. SHANGHAI										
Xuhui District#	46.9	58.0*	41.5*	146.4	1,100	47.0	—	15.6	—	62.6
Jing An District#	44.6	143.5*	—	188.1	486	9.0	8.2	—	—	17.2
Total	304.3	471.2	103.5	879.0	6,608	1,100.6	579.6	146.8	140.3	1,967.3

Including Amoy Group's attributable property interest

* Including property under development

C : Commercial

O/I : Office/Industrial

R : Residential

CP : Car Parks

4 HOTEL OPERATIONS

Profit before taxation for the Group's hotel operations rose 36% to \$81.1 million during the year under review.

4.1 HOTELS

During the fiscal year, we saw the spreading of major exhibitions and conferences more evenly across the twelve months, and this helped the hotel industry in its arrangement and pricing. Room rates at all our hotels showed an increase over last year's averages.

Hong Kong Tourism Board (HKTB) statistics show that overall visitor arrivals for the year under review increased by 14% to 13.5 million. HKTB statistics also revealed that a staggering 4.6 million of the total visitor arrivals were "same day travellers". This meant that 34% of all visitors did not patronise any of Hong Kong's hotels.

As in previous years our hotels all exceeded the industry average occupancy of 82% with average occupancy at the Grand Tower Hotel 84%, Grand Plaza Hotel 83%, and The Wesley 88%.

4.2 SERVICED APARTMENTS

At Grand Plaza Apartments average room rates improved by 13%, and the average occupancy rate was 92%.

The Bay Bridge in Yau Kom Tau, Tsuen Wan, with its 438 rooms provides budget accommodation for young executives and families. During the year under review, average room rates decreased by 2%, and the average occupancy rate was 85%.

4.3 FOOD AND BEVERAGE

The food and beverage business continued to be weak. Total revenue from our food and beverage outlets was \$37.1 million, a decrease of 15% on last year's.

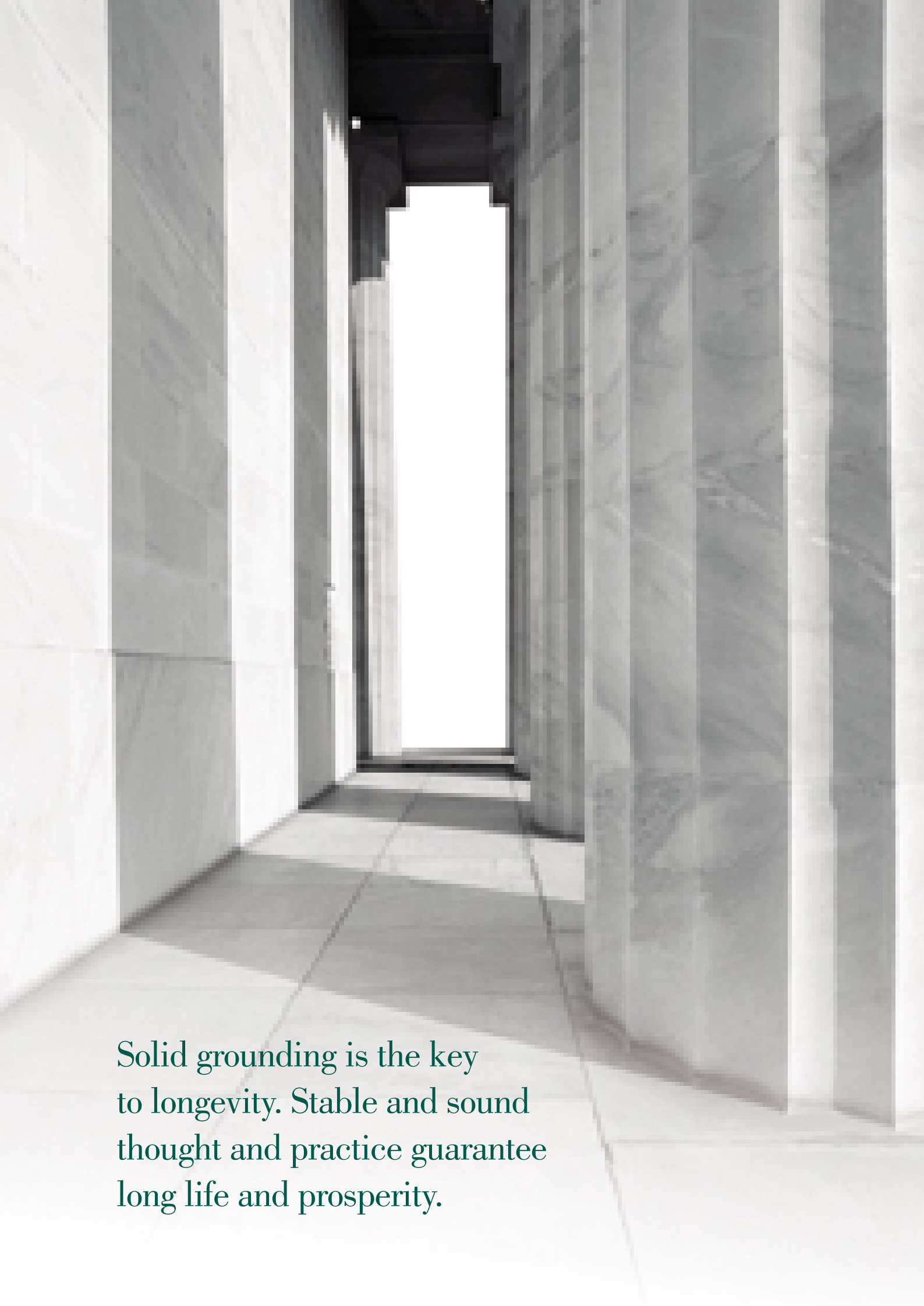


GRAND TOWER HOTEL



GRAND PLAZA HOTEL





Solid grounding is the key
to longevity. Stable and sound
thought and practice guarantee
long life and prosperity.

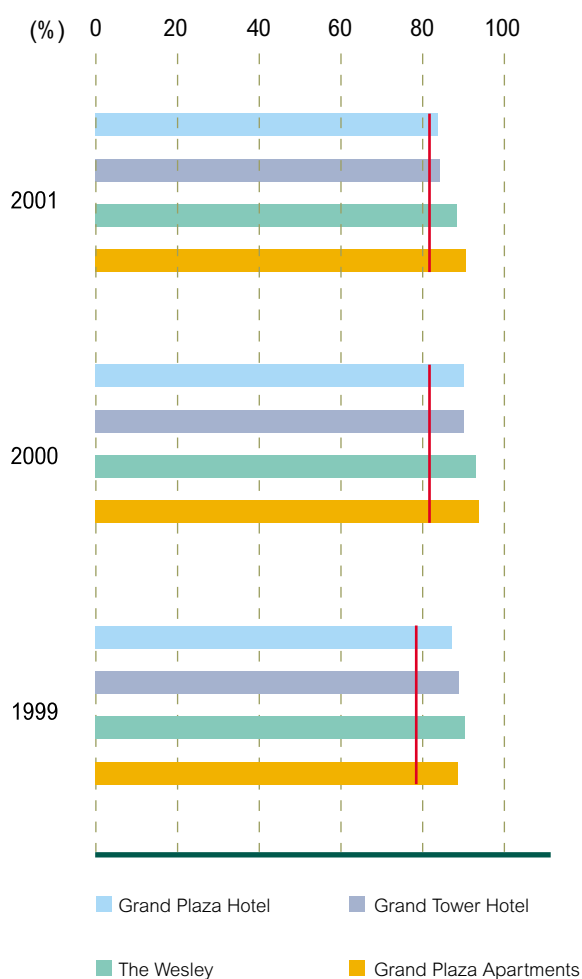
MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE

HOTEL OPERATIONS

	2001	2000	Change	
	\$Million	\$Million	\$Million	%
Turnover	269.8	253.2	+16.6	+7
Profit before Taxation	81.1	59.6	+21.5	+36

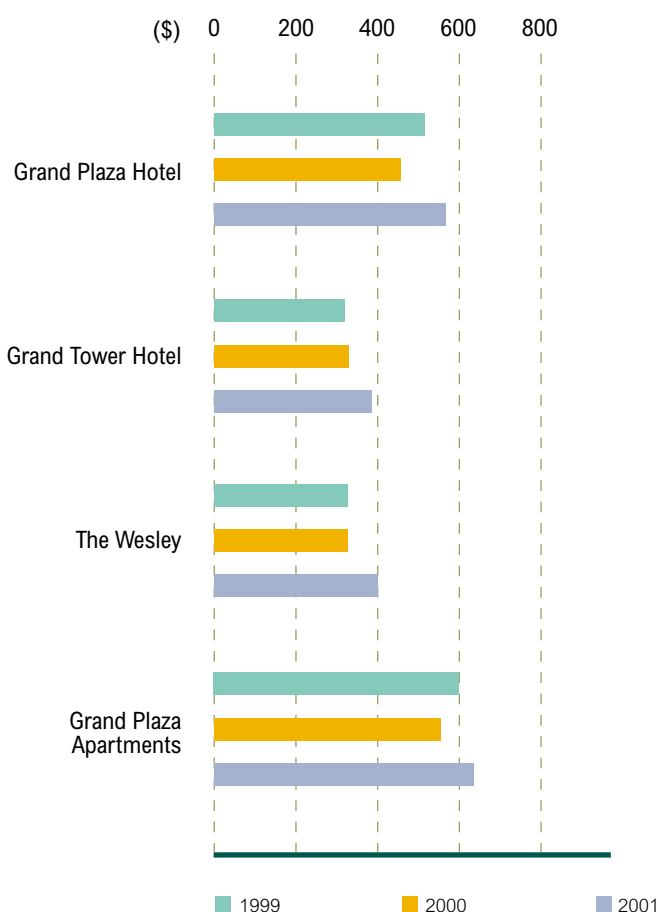
AVERAGE OCCUPANCY RATES

FOR THE YEAR ENDED 30 JUNE



AVERAGE ROOM RATES

FOR THE YEAR ENDED 30 JUNE



* Compiled from monthly Hotel Room Occupancy Reports released by the Hong Kong Tourism Board, Research Publication.

5 FINANCE

5.1 CAPITAL STRUCTURE

The Group's shareholders' funds at 30 June 2001 amounted to \$18,723.4 million, representing a decrease of \$568.9 million when compared with last year. The decrease in shareholders' funds is caused by the decrease in the valuation of the Group's investment properties, which was partly offset by profits earned during the year.

5.2 FINANCE AND TREASURY OPERATIONS

As at 30 June 2001, the Group's consolidated net bank borrowings (after deducting cash and bank deposits) totalled \$8,132.8 million compared to \$4,123.1 million last year. The increase was mainly attributed to the capital expenditures on the Group's investments during the year, including the land acquisition and construction costs of the Ho Man Tin and two West Kowloon projects as well as the premium for the new lease with the government for Queensway Plaza.

In July 2000, the Group arranged a \$4 billion five-year revolving syndicated loan facility. The facility received very strong support from 14 leading banks. In April 2001, the Group arranged another \$5 billion five-year revolving syndicated loan facility. This facility was concluded with 22 leading international banks. Both of these facilities demonstrated the solid credit rating of the Group as well as the confidence of the banking community in the Group's financial status.

The Group's liquidity position remains strong with available undrawn bank facilities together with bank deposits as at 30 June 2001 amounting to \$12,136.1 million, which comprised \$4,187.1 million bank

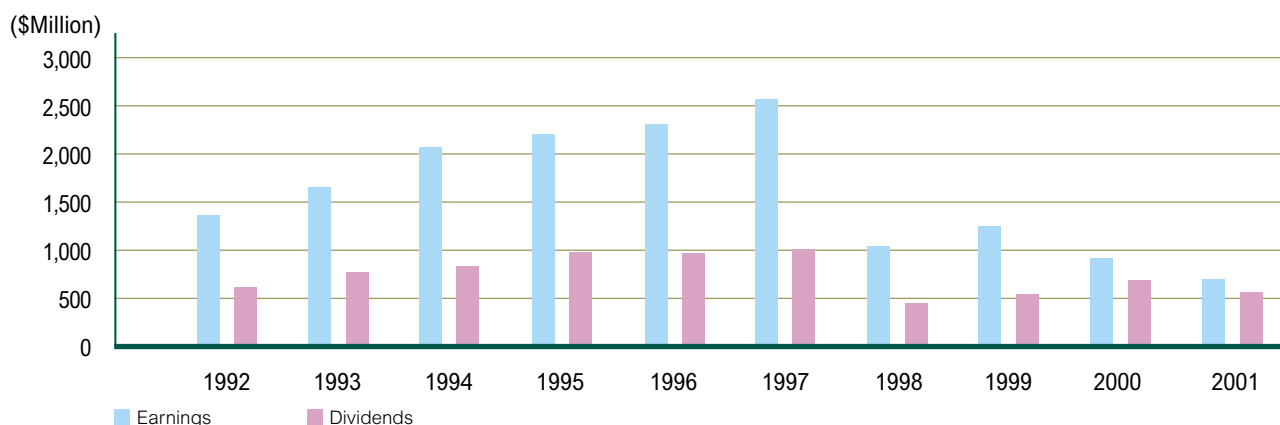
deposits, \$6,009 million committed facilities and \$1,940 million demand facilities. The ample financial resources available to the Group will provide adequate funding for the Group's operational requirements and also put us in a favourable position to take advantage of potential acquisitions.

All the Group's borrowings are unsecured, and it is the Group's policy to lengthen its debt maturity profile by refinancing its matured debts with medium to long term committed facilities. Of the total borrowings as at 30 June 2001, 41% is repayable within one year and 59% is repayable within 2 to 5 years.

Borrowing methods used by the Group include syndicated loans, term loans, floating rate notes and revolving facilities with short to medium term maturities, denominated mainly in Hong Kong dollars. The interest rates for all borrowings are floating rate, fixed periodically by reference to the Hong Kong Interbank Offered Rate. When appropriate, the Group used financial instruments to manage its exposure to changing interest rates. In order to benefit from the low interest rates prevailing in the Hong Kong market, the Group concluded interest rate swap agreements with reputable financial institutions to hedge its floating rate interest exposure. As at 30 June 2001, 14% of the Group's borrowings are hedged to fixed interest rates.

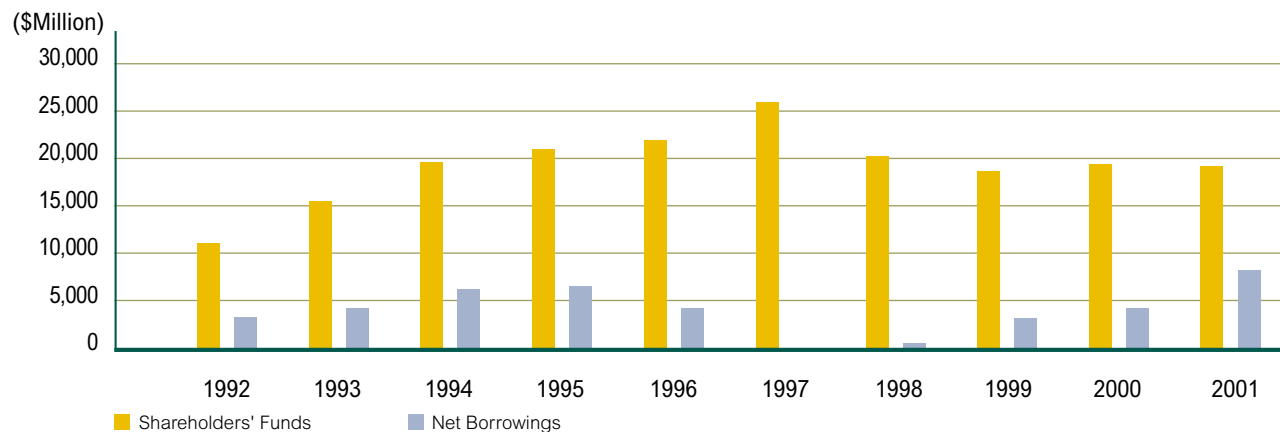
EARNINGS AND DIVIDENDS

FOR THE YEAR ENDED 30 JUNE



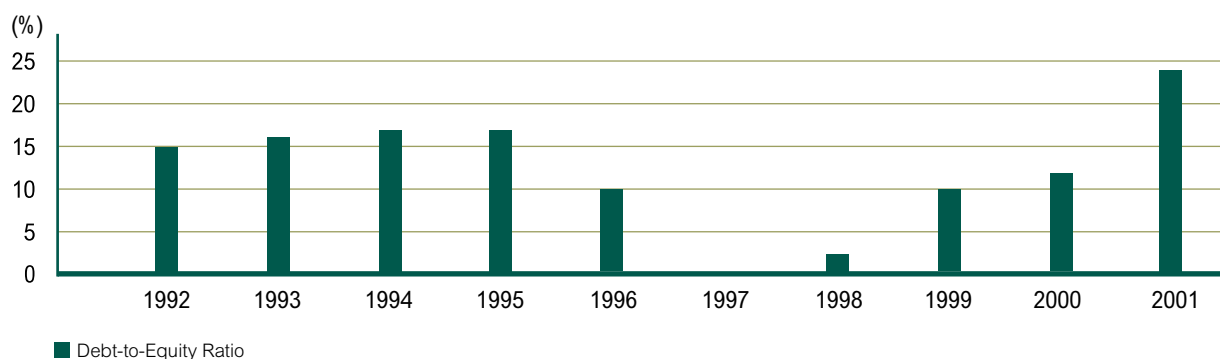
SHAREHOLDERS' FUNDS AND NET BORROWINGS

AT 30 JUNE



DEBT-TO-EQUITY RATIO

AT 30 JUNE



Note: Debt represents bank loans and overdrafts less cash and deposits with banks. Equity comprises shareholders' funds and minority interests.

10-YEAR FINANCIAL SUMMARY

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Change of 2001 over 2000
	\$Million	\$Million	\$Million	\$Million	\$Million	\$Million	\$Million	\$Million	\$Million	\$Million	%
Turnover*	3,619	4,180	5,464	5,147	6,939	7,359	5,630	3,525	2,822	5,823	+106
Net Profit											
attributable											
to Shareholders	1,318	1,603	2,021	2,160	2,275	2,520	1,029	1,265	873	745	-15
Dividends	584	725 #	798	962 #	937	1,000	411	505	695	582	-16
Assets											
Development											
Properties	4,324	4,750	6,537	9,445	7,977	5,239	2,579	5,221	7,262	8,766	+21
Investment											
Properties											
and Fixed Assets	19,916	26,296	35,079	35,067	36,659	41,572	35,384	31,768	34,245	34,284	—
Cash and											
Deposits with Banks	1,822	513	2,151	1,587	4,621	5,720	5,313	6,014	5,333	4,187	-21
Other Assets	1,894	2,162	3,717	3,033	2,751	4,044	2,741	2,803	2,728	2,997	+10
	27,956	33,721	47,484	49,132	52,008	56,575	46,017	45,806	49,568	50,234	+1
Liabilities											
Bank Loans and											
Overdrafts	5,001	4,724	8,232	7,917	8,732	4,865	5,880	9,212	9,456	12,320	+30
Finance Lease											
Obligations	—	982	982	980	974	964	951	933	910	883	-3
Proposed Final											
Dividend	366	448	528	593	607	650	66	319	536	423	-21
Other Liabilities	1,304	1,371	2,137	2,141	2,217	3,085	2,662	2,485	4,476	2,898	-35
	6,671	7,525	11,879	11,631	12,530	9,564	9,559	12,949	15,378	16,524	+7
Minority Interests	9,510	10,819	15,979	16,184	16,764	20,916	15,590	14,167	14,898	14,987	+1
	16,181	18,344	27,858	27,815	29,294	30,480	25,149	27,116	30,276	31,511	+4
Net Assets	11,775	15,377	19,626	21,317	22,714	26,095	20,868	18,690	19,292	18,723	-3

10-YEAR FINANCIAL SUMMARY *(continued)*

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Change of 2001 over 2000
	\$Million	\$Million	\$Million	\$Million	\$Million	\$Million	\$Million	\$Million	\$Million	\$Million	%
<i>Financed by:</i>											
Share Capital	1,144	1,226	1,228	1,348	1,348	1,343	1,329	1,329	1,325	1,322	—
Capital Reserves	7,861	10,503	13,528	13,919	13,978	15,920	10,368	7,429	7,888	7,175	-9
Revenue Reserves	2,770	3,648	4,870	6,050	7,388	8,832	9,171	9,932	10,079	10,226	+1
Shareholders' Funds	11,775	15,377	19,626	21,317	22,714	26,095	20,868	18,690	19,292	18,723	-3
	¢	¢	¢	¢	¢	¢	¢	¢	¢	¢	
Earnings per Share											
Basic	115.2	133.8	164.7	165.1	168.8	187.0	77.1	95.2	65.7	56.3	-14
Fully Diluted	—	128.3	153.4	160.7	160.9	177.1	—	—	—	56.2	N/A
Dividends per Share	51.0	57.0	65.0	67.5	69.5	74.5	31.0	38.0	52.5	44.0	-16
Debt-to-Equity											
Ratio ##	15%	16%	17%	17%	10%	N/A	2%	10%	12%	24%	+12
Pay-out Ratio	44%	43%	39%	41%	41%	40%	40%	40%	80%	78%	-2

* Turnover includes interest income from the year ended 30 June 1998 onwards.

Dividends for the years ended 30 June 1993 and 1995 included additional final dividend paid as a result of exercise of warrants subsequent to year end date.

Debt represents bank loans and overdrafts less cash and deposits with banks. Equity comprises shareholders' funds and minority interests.

6 EMPLOYEES

During the year under review, Group employees numbered 2,376.

To comply with the Mandatory Provident Fund Schemes Ordinance, our MPF Scheme came into operation from 1 December 2000, and our existing ORSO Scheme was granted MPF-exempt status. Staff members were given a one-off opportunity to select their preferred scheme. To assist employees in making an informed decision, nineteen MPF communications seminars were conducted. Communication kits and videotapes about the MPF-exempt ORSO Scheme and new MPF Scheme were prepared to ensure full understanding of the different benefits provided.

To enhance our staff's solid work ethics and skills, we introduced a number of training programmes designed to improve intra-departmental relationships and communication. Key managerial staff participated in a series of valuable workshops covering "Coaching & Counselling Skills", "Experiential Team Building" and "Creative Thinking for Creating a Productive Workforce". The objective was to provide a practical arena for the exchange of ideas and views related to improving staff/management productivity and interaction. Our operational employees were given the opportunity to participate in a special workshop targeting their "Winning Customer Service Skills". This type of workshop provides a common set of criteria and basic guidelines, which our frontline staff can practise on a day-to-day basis. We also provided courses in "Practical Putonghua".

Fostering healthy, friendly relations within our community of staff has long been the Group's policy. As in previous years, a number of special outings and sporting activities were held. In November, many staff

members and their families enjoyed the company-organised 2-day tour of Fo Shan and Zhao Qing. The activity programme for the year also included the popular Ocean Park Family Day, and a one-day outing to many places of interest around Hong Kong. Social events for the year included movie nights, squid fishing, mahjong and badminton competitions. Furthermore, a group of our staff contributed their time and efforts to The Community Chest Corporate Challenge, an activity that raises the awareness of affairs affecting community-conscious people. Various special interest courses were well attended.

Stability and continuity are core qualities responsible for the Group's success. To foster and reinforce these attributes, the Personnel Department actively promotes social and training activities that nurture and improve intra-office relations on a one-to-one basis. The result is lower staff turnover, and a work environment that attracts superior talent across all areas of the Group.