

FOREIGN CURRENCY EXPOSURE

As at 30th June, 2002, the Group had approximately RMB17.94 million (HK\$16.86 million) and US\$3.95 million (HK\$30.81 million) in cash. The Group also had US dollar denominated receivables of US\$36.51 million (HK\$284.78 million) due from its jointly controlled entities and US dollar denominated loans of US\$18.49 million (HK\$144.22 million).

The fluctuation in the exchange rates between Hong Kong dollars and RMB, and Hong Kong dollars and US dollars, respectively, has been relatively small in recent years. The Group believes it faces minimal foreign currency risk and thus has not undertaken any hedging activities.

EMPLOYEES AND REMUNERATION POLICY

The Group employed about 530 employees in both Hong Kong and the PRC as at 30th June, 2002. The Group remunerates its employees based on their performance, experience and the prevailing market rate. Employees are also entitled to other benefits including insurance, medical cover and subsidized training programmes as well as share option scheme.

The Company has adopted a share option scheme since 31st May, 2002, which will remain in force for ten years from that date, unless otherwise cancelled or amended.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") in Hong Kong since 1st December, 2000. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the MPF Scheme. During the Period, contribution of HK\$98,286 has been made to the MPF Scheme.

The employees of the Group's subsidiaries operating in the PRC are required to participate in a central pension scheme operated by the local municipal government and the PRC subsidiaries are required to contribute 26% of their payroll costs to the central pension scheme. During the Period, contribution of about RMB289,907 (HK\$272,513) has been made.

STRATEGIC OUTLOOK

Property investment and development will continue to be the core business of the Group. The Group will continue to focus on expanding its existing business.

On the other hand, the Directors are currently exploring a number of unprecedented investment opportunities in the PRC to capitalize on the robust growth in the PRC's economy, particularly after its accession to the World Trade Organization.

Through focusing on its business strategies, the Directors are optimistic about the Group's performance in the coming future.