



FOREIGN CURRENCY EXPOSURE

As at 30th June, 2005, the Group had RMB81.3 million (equivalent to HK\$76.4 million) in cash.

Most of the Group's monetary assets and liabilities are denominated in Hong Kong dollars, RMB and US dollars and minimal balances in Thai Baht. As the Hong Kong dollar is pegged to US dollar and the fluctuation in the exchange rates between Hong Kong dollar and RMB has been relatively small in recent years, the Group believes it faces minimal foreign currency risk and thus, has not undertaken any hedging activities.

CONTINGENT LIABILITY

As at 30th June, 2005, the Company provided guarantee for bank facility of a subsidiary in the amount of RMB40.0 million (equivalent to HK\$37.6 million).

EMPLOYEES, TRAINING AND REMUNERATION POLICY

Including the Directors, the Group had around 4,920 employees as at 30th June, 2005. The Group remunerates its employees based on their performance, experience and prevailing market rate. Other employee benefits include insurance and medical cover, subsidized training programmes as well as share option scheme.

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

STRATEGIC OUTLOOK

In August, 2005, the Group has announced the consolidation of its interests in two Northern Lotus companies. With the improved purchasing power in the PRC due to the stable growth of the economy in the country, the Directors believe that their strategy to penetrate and expand into the business of distribution of food and non-food products through the operation of Lotus supermarket chain stores which targets to provide quality goods and decent shopping environment to customers would be able to produce fruitful returns to the Group in the long run.

Looking forward, the Group will continue to strive for the development and consolidation of the business of Lotus supermarket chain stores in the PRC market, while at the same time, seek for appropriate investment opportunities.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 30th June, 2005, the interests and short positions of the Directors and chief executives of the Company in shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Long position in shares of an associated corporation

		Ordinary shares of Baht 100 each of Freewill Solutions Company Limited	
Name of Director	Capacity	Number of issued Ordinary shares held	Percentage of issued share capital
Mr. Supachai Chearavanont	Beneficial owner	60,000	1.66%

Other than as disclosed above, none of the directors, the chief executive nor their associates had any interests or short positions in any securities of the Company or any of its associated corporations as at 30th June, 2005.



DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES (Continued)

Long position in underlying shares of the Company

Pursuant to the share option scheme (the "Scheme") adopted by the Company on 31st May, 2002, the Company had on 6th June, 2002, 10th November, 2003 and 24th May, 2005 granted to certain Directors of the Company the rights to subscribe for ordinary shares in the capital of the Company at exercise prices of HK\$0.07, HK\$0.19 and HK\$0.11 per share respectively, details of which are as follows:

Name of Director	Date of Grant	Exercise price HK\$	Exercisable period	Outstanding as at 30th June,	
				2004	2005
Mr. Soopakij Chearavanont	6th June, 2002	0.07	6th June, 2002 to 5th June, 2012	59,966,144	59,966,144
	10th November, 2003	0.19	10th November, 2003 to 9th November, 2013	59,966,144	59,966,144
	24th May, 2005	0.11	24th May, 2005 to 23rd May, 2015		59,966,144
Mr. Tse Ping	6th June, 2002	0.07	6th June, 2002 to 5th June, 2012	59,966,144	59,966,144
	10th November, 2003	0.19	10th November, 2003 to 9th November, 2013	59,966,144	59,966,144
	24th May, 2005	0.11	24th May, 2005 to 23rd May, 2015		59,966,144
Mr. Narong Chearavanont	6th June, 2002	0.07	6th June, 2002 to 5th June, 2012	59,966,144	59,966,144
	10th November, 2003	0.19	10th November, 2003 to 9th November, 2013	59,966,144	59,966,144
	24th May, 2005	0.11	24th May, 2005 to 23rd May, 2015		59,966,144
Mr. Supachai Chearavanont	6th June, 2002	0.07	6th June, 2002 to 5th June, 2012	59,966,144	59,966,144
	10th November, 2003	0.19	10th November, 2003 to 9th November, 2013	59,966,144	59,966,144
	24th May, 2005	0.11	24th May, 2005 to 23rd May, 2015		59,966,144
Mr. Chatchaval Jiaravanon	6th June, 2002	0.07	6th June, 2002 to 5th June, 2012	59,966,144	59,966,144
	10th November, 2003	0.19	10th November, 2003 to 9th November, 2013	59,966,144	59,966,144
	24th May, 2005	0.11	24th May, 2005 to 23rd May, 2015		59,966,144
Mr. Kachorn Chiaravanont	6th June, 2002	0.07	6th June, 2002 to 5th June, 2012	59,966,144	59,966,144
	10th November, 2003	0.19	10th November, 2003 to 9th November, 2013	59,966,144	59,966,144
	24th May, 2005	0.11	24th May, 2005 to 23rd May, 2015		59,966,144
Mr. Yang Xiaoping	6th June, 2002	0.07	6th June, 2002 to 5th June, 2012	59,966,144	59,966,144
	10th November, 2003	0.19	10th November, 2003 to 9th November, 2013	59,966,144	59,966,144
	24th May, 2005	0.11	24th May, 2005 to 23rd May, 2015		59,966,144
Mr. Robert Ping-Hsien Ho	6th June, 2002	0.07	6th June, 2002 to 5th June, 2012	59,966,144	59,966,144
	10th November, 2003	0.19	10th November, 2003 to 9th November, 2013	59,966,144	59,966,144
	24th May, 2005	0.11	24th May, 2005 to 23rd May, 2015		59,966,144
Total				959,458,304	1,439,187,456

As at 30th June, 2005, none of the above share options had been exercised.



DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES (Continued)

Long position in underlying shares of the Company (Continued)

Save as disclosed above, as at 30th June, 2005, none of the Directors and chief executives of the Company had any interest or short position in shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER THE SECURITIES AND FUTURES ORDINANCE AND SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2005, the following persons (not being a Director or chief executive of the Company) had the following interests or short positions in shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in shares

Name of shareholder	Capacity/Nature of interest	Notes	Number of shares of the Company	Approximate percentage of issued share capital
Ramon Limited	Beneficial owner	(1)	3,343,953,189	55.76%
Mr. Dhanin Chearavanont	Interest of a controlled corporation and beneficial owner	(2)	3,434,269,019	57.27%
A.D. Enterprise Limited	Beneficial owner	(3)	508,130,081	8.47%
Ms. Thipavan Hongkietkajohn	Interest of a controlled corporation	(3)	508,130,081	8.47%
Ms. Unnapa Lertamornkitti	Interest of a controlled corporation	(3)	508,130,081	8.47%

Notes:

- (1) Ramon Limited is beneficially owned as to 50.86% by Mr. Dhanin Chearavanont.
- (2) Other than the 3,343,953,189 shares held through Ramon Limited, Mr. Dhanin Chearavanont also holds 90,315,830 shares personally.
- (3) A.D. Enterprise Limited is beneficially owned as to 50% by each of Ms. Thipavan Hongkietkajohn and Ms. Unnapa Lertamornkitti.

Save as disclosed above, as at 30th June, 2005, no other person (not being a Director or chief executive of the Company) had an interest or a short position in shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.