

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group has limited exposure to exchange rates fluctuations as most of the business transactions were conducted in the currency of the United States dollars, Hong Kong dollars and Renminbi, all of which remained relatively stable during the period.

Subsequent to the balance sheet date, the Renminbi currency was unpegged with the United States dollars and changed to peg with a basket of currencies. The exchange rate of Renminbi has appreciated by about 2.1% effective from 21 July 2005. This however does not have a material effect on the Group as Renminbi expenditures do not represent a significant portion of the Group's total costs and expenditures.

## EMPLOYEE AND REMUNERATION POLICIES

At 30 June 2005, the Group employed a total of approximately 2,450 employees in Hong Kong, the PRC and the United States. It is the Group's policy to maintain harmonious relations with its employees through provision of competitive remuneration packages and staff training programs. The employees were remunerated based on their performance, experience and expertise as well as industrial practices. The remuneration packages are reviewed on a periodic basis and discretionary bonuses may be awarded to employees in accordance with the assessment of individual performance.