

INTEREST RATE EXPOSURE AND FOREIGN EXCHANGE EXPOSURE

Bank loans of the Group are obtained in Hong Kong Dollars and in Renminbi. As at the end of December, 2001 and June, 2001, the Group did not have any currency hedging or interest rate swap agreements outstanding. The gradual shift from Hong Kong Dollar-denominated loans to Renminbi-denominated loans obtained in Mainland China will be of use to reduce the foreign currency exposure to the Group. For bank loans which are obtained by the Group in the Hong Kong currency, loan interests are chargeable mainly based on certain agreed interest margins over the Hong Kong Inter-bank Offer Rate and such bank facilities are therefore of floating rate in nature. As for bank borrowings which are denominated in Renminbi, these are linked to fixed interest rates for commercial loans as announced by The People's Bank of China from time to time.

CAPITAL COMMITMENTS

Capital commitments of the Group amounted to HK\$3,487 million, of which HK\$2,803 million was contracted for as at the end of the financial period under review. Both were recorded at a similar level as at 30th June, 2001.

CONTINGENT LIABILITIES

Contingent liabilities of the Group as at 31st December, 2001 amounted to approximately HK\$245 million as compared with approximately HK\$145 million as at 30th June, 2001, were mainly guarantees given by the Group to financial institutions in respect of mortgage financing provided to purchasers of properties developed by the Group.

USE OF CAPITAL AND FUNDING

Capital of the Company and retained profits of the Group will continue to be put to good use to develop the Group's business. The Group has adequate capital resources and abundant unutilised banking facilities for funding its ongoing operations and further expansion.

Other Information

CLOSING OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 12th April, 2002 to Tuesday, 16th April, 2002, both days inclusive, during which period no requests for the transfer of shares will be accepted. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Branch Share Registrars in Hong Kong, Central Registration Hong Kong Limited, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Thursday, 11th April, 2002. Warrants for the interim dividend will be sent to shareholders on Wednesday, 24th April, 2002.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

EMPLOYEES

As at 31st December, 2001, the number of employees of the Group was about 680, of which about 80 were employed in Hong Kong and the others were employed in Mainland China. The remuneration of employees was in line with the market trend and commensurable to the level of pay in the industry. Discretionary year-end bonus was paid to employees based on individual performance. Employees of the Group may be granted share options. Other benefits to employees include medical insurance, retirement schemes, training programmes and educational subsidies.

Total employees' costs for the six months ended 31st December, 2001 amounted to HK\$27 million, a decrease of 18% as compared to HK\$33 million for the corresponding period of last year.

AUDIT COMMITTEE

The Audit Committee met in March, 2002 and reviewed the systems of internal control and compliance and the interim report for the period ended 31st December, 2001.

CODE OF BEST PRACTICE

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not at any time during the six months ended 31st December, 2001, in compliance with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except that Non-executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with Bye-law 87 of the Company's Bye-laws.

By Order of the Board
John Yip
Secretary

Hong Kong, 20th March, 2002