

PRACTICE NOTE 19 OF THE LISTING RULES - SUPPLEMENTARY INFORMATION

In accordance with the requirements under part 3.3 of Practice Note 19 ("PN 19") of the Listing Rules, the Directors of the Company reported below the details of advances to, and guarantees given for the benefit of, their affiliated companies (as defined by PN 19) as at 31st December 2000.

In aggregate the Company and its subsidiaries had advanced an amount of HK\$8,244,445,000 (30th June 2000: HK\$8,024,891,000) to affiliated companies, guaranteed bank loans and other borrowing facilities for the benefit of the affiliated companies in the amount of HK\$1,097,755,000 (30th June 2000: HK\$1,062,241,000) and contracted to further provide an aggregate amount of HK\$2,989,876,000 (30th June 2000: HK\$3,000,442,000) in capital and loans to affiliated companies. The advances are unsecured, have no fixed repayment terms and are interest free except for an aggregate amount of HK\$6,596,542,000 (30th June 2000: HK\$6,435,145,000) which bear interest ranging from 4% to 12% per annum. Contracted capital and loan contributions to affiliated companies would be funded by proceeds from internal resources and bank and other borrowings of the Group.

In addition, in accordance with the requirements under part 3.10 of PN 19, the Company is required to include in its annual report a proforma combined balance sheet of its affiliated companies which should include significant balance sheet classifications and state the attributable interest of the Company in the affiliated companies. The Company has numerous affiliated companies and is of the opinion that it is not practical nor meaningful to prepare a proforma combined balance sheet and such information may be misleading. Pursuant to PN 19 the Company made an application to, and has received a waiver from, the Stock Exchange to provide as an alternative the following statement.

As at 31st December 2000, the Group's total exposure on the combined indebtedness reported by such affiliated companies (including amounts owing to the Group) amounted to approximately HK\$16,767,501,000 (30th June 2000: HK\$15,128,460,000). Such affiliated companies reported no capital commitments and contingent liabilities as at 31st December 2000 (30th June 2000: Nil).

DETAILS OF THE CHARGES ON GROUP'S ASSETS

As at 31st December 2000, the Group's investment properties, assets under construction and properties held for development of HK\$447,916,000 (30th June 2000: HK\$447,916,000), HK\$339,265,000 (30th June 2000: HK\$339,265,000) and HK\$330,334,000 (30th June 2000: HK\$218,184,000) respectively have been pledged as securities for short term and long term loans.

The Group's interests in a jointly controlled entity with carrying value of HK\$198.9 million (30th June 2000: HK\$198.9 million) has been pledged as part of the security to secure syndicated loan of US\$40 million (30th June 2000: US\$40 million) granted to the jointly controlled entity of which US\$1.5 million (30th June 2000: US\$11.5 million) has been utilised as at 31st December 2000.

AUDIT COMMITTEE

The audit committee has reviewed the unaudited interim accounts and discussed the financial related matters with the management.

EMPLOYEE'S INFORMATION

As at 31st December 2000, the Group had 713 full-time employees. Remuneration of the employees are reviewed annually based on the assessment of individual performance.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CODE OF BEST PRACTICE

The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the period under review, except that the non-executive directors are not appointed for a specific term as they are subject to retirement by rotation at Annual General Meeting in accordance with Article 116 of the Company's Articles of Association.

Dr. Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 15th March 2001