

PRACTICE NOTE 19 OF THE LISTING RULES

(i) Specific Performance Obligations on Controlling Shareholder

In accordance with the disclosure requirements of Paragraph 3.7.1 of Practice Note 19 of the Listing Rules ("PN 19"), the Company makes disclosure in relation to a loan agreement dated 24 May 2000, which contains covenants requiring specific performance obligations of the controlling shareholder of the Company and breach of such obligations will cause defaults in respect of loans that are significant to the operations of the Company. Pursuant to the loan agreement made between, inter alia, the Company as borrower and BOCI Capital Limited as agent, relating to a five-year HK\$4.205 billion loan facility, it would be a termination event if Kerry Group Limited, its subsidiaries and its associated companies ceases to own (directly or indirectly) beneficially the higher of 35% and any per cent which is greater than that which any other person owns beneficially of the shares in the Company's capital carrying rights to vote, or, to have the power to control and direct the policies and management of the Company, and, in either case, this is not remedied within seven business days after the agent has given notice to the Company requiring it to be remedied.

(ii) Financial Assistance and Guarantees to Affiliated Companies

As disclosed in the Company's 2000 annual report, the circumstances giving rise to a disclosure under paragraph 3.3 of PN 19 no longer exist. This is still the case as at 30 June 2001. However, the Directors, in accordance with the recommendation of the Audit Committee of the Board of Directors of the Company, consider that in the interest of good corporate governance and disclosure, the Company continues to make such disclosures.

In line with the disclosure requirements of Paragraph 3.10 of PN 19, the Company continues to disclose the following information as at 30 June 2001 in relation to the affiliated companies as at the end of the most recent financial period reported on by the affiliated companies. This information has been extracted from the relevant audited accounts or management accounts of the affiliated companies.

	Notes	HK\$'000
The Group's share of total indebtedness analysed as follows:		
Bank borrowings	1	2,418,579
Other borrowings including loans from shareholders	2	4,177,652
		<u>6,596,231</u>
The Group's share of capital commitments:		
Authorized but not contracted for		12,105
Contracted but not provided for		627,616
		<u>639,721</u>

Notes:

1. As at 30 June 2001, bank facilities utilised by the affiliated companies and guaranteed by the Group amounted to approximately HK\$1,382 million.
2. The above amount includes borrowings from the Group. As at 30 June 2001, such borrowings amounted to approximately HK\$4,098 million.