

Disclosure of Further Corporate Information

Set out below is information disclosed pursuant to the Listing Rules of The Stock Exchange of Hong Kong Limited:

(A) Commentary on Annual Results

(1) Review of 2001 Results

The Group reported a profit attributable to Shareholders of HK\$63.9 million for the year ended 31 December 2001, compared with HK\$59.9 million in 2000. The increase was mainly due to an increase in the Group's share of profits of associates. Earnings per share were HK\$0.33 compared to HK\$0.31 for the previous year.

The Group's turnover for the year was HK\$299.8 million, a decrease of HK\$17.6 million or 5.6% as compared to HK\$317.4 million recorded in 2000.

The Hong Kong School of Motoring Limited recorded a reduction in turnover of 4.2% to HK\$264.1 million because of the decrease in tuition fees resulting from a lower demand for driving lessons and a reduction in the lesson income unit rate as a result of intense market competition, which offset the increase in motorcycle lesson income. Operating profit was maintained at the previous year's level due to savings in operating expenses.

The Group's share of profits of associates was HK\$31.4 million against a share of net losses of HK\$11.2 million in 2000. The increase of 381.2% was mainly due to the contribution from the operation of the Western Harbour Tunnel ("WHT"). The improvement in the performance of the WHT was the aggregate result of improved toll revenue after the toll increase in December 2000 and a substantial reduction in interest expenses after massive rate cuts.

Traffic volume at the WHT reduced by 7.2% to approximately 40,000 vehicle journeys a day throughout 2001. Effective from 3 December 2000, the toll was increased by HK\$5 for all categories of vehicles except single-decked and double-decked buses for which the toll increases were HK\$10 and HK\$15 respectively. The overall throughput after the toll increase has slightly declined but the total revenue for the period was higher than in the same period last year. Due to the toll increase and cost rationalization programme, the company reported a modest profit for the year ended 31 December 2001.

Hong Kong Tunnels and Highways Management Company Limited, an associate undertaking the Management Operation Maintenance Contract for the Hunghom Cross-Harbour Tunnel, maintained stable income for the year.

Profit contribution from Autotoll Limited, a jointly controlled entity which operates an electronic toll collection system, was HK\$7.7 million for the year against HK\$6.4 million recorded in the previous year, representing an increase of 20.0%. The favourable result was due to the increase in the number of subscribers to over 181,000 at the end of the year under review, representing an increase of 17%.

Revaluation deficits arising on certain investment securities, totalling HK\$32.8 million, as compared to HK\$48.2 million in 2000, were transferred from the investment revaluation reserve to the consolidated profit and loss account as a result of an impairment loss on those securities at 31 December 2001.

(II) Investments

At 31 December 2001, the Group maintained a portfolio of listed blue-chip securities with market value of HK\$318.6 million. Dividend income received therefrom in 2001 amounted to HK\$10.9 million.

(III) Liquidity

At 31 December 2001, the Group had bank balances and deposits in the amount of HK\$192.4 million.

(IV) Comments on Segmental Information

The principal activity of the Company is investment holding.

The principal activities of the Company's subsidiaries and a jointly controlled entity are the operation of motoring schools, the operation of an electronic toll collection system and investment. Further information on the segmental details is provided in Note 13 of the Financial Statements on pages 51 to 53.

(V) Employees

The Group has approximately 693 employees. Employees are remunerated according to nature of the job and market trends, with a built-in merit component incorporated in the annual increment to reward and motivate individual performance. Total staff costs for the year amounted to HK\$134.5 million. Detailed information is set out in Note 6 of the Financial Statements on page 45.

The Company also operates a Share Option Scheme, and details of which are set out in the Report of the Directors on pages 19 to 20.

(B) Biographical Details of Directors and Senior Management

(I) Directors

Cheung Chung Kiu, aged 37, was appointed Chairman of the Company on 21 March 2001. Mr. Cheung was born and educated in Chongqing, the PRC. He set up Chongqing Industrial Limited in 1985, which is mainly engaged in the trading business in the PRC. He is the founder of Yugang International Limited (“Yugang”), chairman of Prestige Properties Holdings Limited (“Prestige”), a director of Qualipak International Holdings Limited (“Qualipak”) and Silver Grant International Industries Limited, all of which are public companies listed on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”). Furthermore, he is a director of such other companies disclosed in the section headed “Substantial Shareholders’ Interests” in this annual report.

Yeung Hin Chung, John OBE, JP, aged 55, was appointed Managing Director of the Company on 1 August 2001. He has a doctorate degree in management. Prior to joining the Company, he had held various key management positions in the Hong Kong Government, where he last served as the Deputy Director of Immigration, and in the private sector where he last worked as the chief executive of a large trading consortium. He is active in community service and is currently chairman of the Traffic Accident Victims Assistance (TAVA) Advisory Committee and a member of the Barristers Disciplinary Tribunal Panel, Civil Court Users’ Committee, and Project Vetting Committee of the Intensive Employment Assistance Fund (IEAF). On the arts front, he is a director of the Hong Kong Repertory Theatre Ltd. He is currently an honorary advisor to the Hong Kong Quality Management Association and a visiting associate professor of the Asia International Open University in Macau.

Yuen Wing Shing, aged 55, was appointed Executive Director of the Company on 21 March 2001. He holds a Diploma in Management Studies from the Hong Kong Polytechnic and is responsible for the Group’s administration and business operations. He is also an executive director of Yugang and Prestige, both are listed on the Stock Exchange, and a director of all the companies disclosed in the section headed “Substantial Shareholders’ Interests” in this annual report except Chongqing Industrial Limited. Prior to joining the Group, he had held senior management positions with a major bank in Hong Kong for over 20 years.

Wong Chi Keung, Dickie, aged 46, was appointed Executive Director of the Company on 21 March 2001. He has a doctorate degree in business and is a member of Hong Kong Institute of Housing, Chartered Institute of Housing and Hong Kong Institute of Real Estate Administration. He had held various senior executive positions with some of Hong Kong’s leading property companies and property consultant firms in the past 26 years. He has taken on an active role in public and voluntary services. Currently, he is a member of The Chinese People’s Political Consultative Conference, Nanning City, Guangxi. He is also an advisor of Hong Kong Auxiliary Medical Services and Honorary Aide-de-Camp to the Chief Executive of the Hong Kong SAR. He is also the managing director of Prestige, listed on the Stock Exchange, and a director of Honway Holdings Limited, a company disclosed in the section headed “Substantial Shareholders’ Interests” in this annual report.

Leung Wai Fai, aged 40, was appointed Executive Director of the Company on 21 March 2001. He graduated from the University of Wisconsin at Madison, USA, with a Bachelor's degree in Business Administration. He is a fellow of The Association of Chartered Certified Accountants and is an associate of the Hong Kong Society of Accountants. He is an executive director of Qualipak and group financial controller of Yugang, both are listed on the Stock Exchange.

Tung Wai Lan, Iris, aged 36, was appointed Executive Director of the Company on 21 March 2001. She graduated from The Chinese University of Hong Kong with a Master of Philosophy degree. She is also an executive director of Prestige, listed on the Stock Exchange, and a director of Honway Holdings Limited and Prestige Investment Holdings Limited, both of which are disclosed in the section headed "Substantial Shareholders' Interests" in this annual report.

Lee Ka Sze, Carmelo, aged 41, was appointed Independent Non-executive Director of the Company on 21 March 2001. He graduated from Hong Kong University with a Bachelor of Laws degree. He is a practising solicitor in Hong Kong and is a partner of Woo, Kwan, Lee & Lo. He is also a listing committee member of the main board of the Stock Exchange. He is also non-executive director of 11 other companies listed on the Stock Exchange including Yugang and Prestige.

Wong Wai Kwong, David, aged 44, was appointed Independent Non-executive Director of the Company on 21 March 2001. He has over 20 years of experience in finance, accounting, corporate and taxation affairs. He is a fellow of the Association of Chartered Certified Accountants, an associate of the Hong Kong Society of Accountants, the Australian Association of Practising Accountants and the Australasian Association of Secretaries and Managers. He is non-executive director of 8 other companies listed on the Stock Exchange including Yugang and Prestige. Furthermore, he is also a director of International Taxation Advisory Services Limited.

(II) Senior Management

Chung Wai Yee, Stella, aged 40, is the financial controller of the Company. She was also the Company Secretary of the Company for the period from 21 March to 31 December 2001. She graduated from The University of New South Wales, Australia with a Bachelor of Commerce degree and obtained a Master of Business Administration degree from The Chinese University of Hong Kong. She is an associate of CPA Australia, The Institute of Chartered Secretaries & Administrators and The Hong Kong Institute of Company Secretaries and also a fellow of the Hong Kong Society of Accountants. Prior to joining the Company, she was a senior manager of corporate planning with a major listed property investment company.