Disclosure of Further Corporate Information

Set out below is information disclosed pursuant to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”):

(A) COMMENTARY ON ANNUAL RESULTS

(I) Review of 2002/03 Results and Segmental Performance

Profit/(loss) attributable to shareholders

The Group reported a loss attributable to Shareholders of HK$781.8 million for the year ended 31 March 2003 as opposed to a profit of HK$86.3 million for the previous year. The loss is primarily due to the inclusion of attributable impairment provisions totalling HK$1,377.4 million (2002 : HK$653.4 million) for properties, including the Sorrento and Bellagio development projects held through associates. Loss per share was 37.8 cents (2002 : earnings per share 4.2 cents).

Excluding the above-mentioned provisions in both years, the Group’s net profit would be HK$595.6 million in 2002/03, a decrease of 19.5% compared to HK$739.7 million in 2001/02.

Group turnover

The Group’s turnover for the year was HK$1,999.0 million against HK$3,330.2 million recorded in 2001/02, a decrease of HK$1,331.2 million or 40.0%. The decrease was chiefly caused by the lower property revenue recognised by the Marco Polo Developments group (“MPDL”) in respect of its sales of Ardmore Park units in Singapore.

Other property sale revenue during the year was largely derived from the sale of residential units at Palm Cove in Tuen Mun, which were launched in March 2002. Out of the total 260 units, 210 units had been sold as at 31 March 2003.

Notwithstanding the lackluster market conditions, the Property Investment segment managed to report an increase of HK$10.2 million in revenue from the previous year’s level to HK$275.3 million. This was mainly a consequence of an overall improvement in occupancy rates. Wheelock House and Fitfort were virtually fully-let during the year under review. Wheelock Place in Singapore was 94% leased at satisfactory rental rates.

Group operating profit

The Group’s operating profit before borrowing costs and property provisions was HK$755.7 million, a decrease of HK$588.3 million or 43.8% from that reported in 2001/02.

Comparing to the previous year, the profit contribution from the Property Development segment for the year dropped by HK$598.2 million to HK$286.6 million. This was mainly due to a lower property sales contribution from MPDL as explained below. The operating profit of the Property Investment segment increased by HK$7.2 million to HK$199.0 million for the year. Investment income for the year under review amounted to HK$278.0 million, comprising mainly recurring dividend income generated from the Group’s long-term investment portfolio and interest earned.

MPDL reported a profit attributable to shareholders of S$45.6 million for the year ended 31 March 2003, compared to S$173.3 million achieved in 2001/02. MPDL's profit was largely derived from recognition of profit from the sale of Ardmore Park in Singapore. All Ardmore Park units have been sold with the remaining 7% profit recognised during the year against 33% in 2001/02 according to the Group's accounting policies. Pre-sale of Grange Residences also commenced with 9 units sold as at 31 March 2003 on a deferred payment scheme and thus a proportionate small profit had been recognised by MPDL.

Borrowing costs

Borrowing costs charged to the profit and loss account were HK$102.8 million, representing a substantial decrease of 34.1% from HK$156.1 million in the previous year. This was achieved after the interest rate cuts during the year and as a result of the Group's success in reducing margins through its refinancing activities. For the year under review, the Group's average borrowing cost was approximately 2.3% per annum, a reduction from 3.7% per annum for 2001/02.

Property provisions

Included in the Group's accounts is a total provision of HK$658.6 million for impairment in value of the Group's properties under development for sale made following a valuation review at 31 March 2003. The provision is principally made for the properties held by the Realty Development group ("RDC") and, in aggregate, is substantially in line with the amount reflected in the RDC privatisation scheme, for which the revaluation exercise was carried out by an independent property valuer.

The Group's investment properties portfolios were revalued by independent valuers at 31 March 2003, resulting in attributable deficits of HK$500.8 million and HK$196.2 million charged against the profit and loss account for the year and the investment property revaluation reserves account, respectively, in accordance with the Group's accounting policies.

The provision of HK$373.7 million for the previous year included HK$217.8 million made by RDC for its properties under development for sale and a provision of HK$155.9 million made by MPDL for the Ardmore View project in Singapore.

Share of profits less losses of associates

The share of losses of associates was HK$456.6 million versus HK$353.9 million for the previous year. Included in the losses are property provisions totalling HK$548.7 million mainly made for the Group's 40% interest in Sorrento and 33-1/3% interest in Bellagio. The loss for the previous year principally comprised the attributable charge arising from the impairment in value of the Bellagio project.

Disclosure of Further Corporate Information

Other items

The Group reported a taxation credit of HK$13.8 million for the year because of a write-back of a tax provision for the Ardmore Park project of HK$102.7 million subsequent to a reduction of the Singapore income tax rate from 24.5% to 22.0%.

The net loss shared by minority interests was HK$167.5 million, which was mainly attributable to the loss incurred by RDC prior to its privatisation.

(II) Liquidity and Financial Resources

Shareholders' funds

At 31 March 2003, the Group's shareholders' funds totalled HK$9,716.7 million or HK$4.69 per share, against HK$11,483.4 million or HK$5.55 per share at 31 March 2002. The change reflects mainly the downward revaluation of the Group's properties and long-term investments.

Gearing ratios

At 31 March 2003, the ratio of the Group's net debt to total assets was 7.8% (2002 : 5.1%), while the ratio of net debt to shareholders' equity was 10.4% (2002 : 7.4%).

At 31 March 2003, the Group's net debt amounted to HK$1,010.5 million, comprising total debts of HK$3,805.7 million less deposits and cash of HK$2,795.2 million, as compared with a net debt of HK$850.5 million at 31 March 2002. For the year under review, net cash generated from the Group's operating activities amounted to HK$304.9 million. In addition, there was cash inflow of HK$442.9 million from disposal of certain non-trading securities. On completion of the RDC privatisation scheme in March 2003, a total consideration of HK$1,016.1 million financed by a bank loan was paid.

Committed and uncommitted facilities

(a) Excluding the project loans undertaken by associates, the Group's committed and uncommitted loan facilities amounted to HK$5.0 billion and HK$0.6 billion respectively. The debt maturity profile of the Group is analysed as follows:

	2003 **HK$ Million**	2002 HK$ Million
Repayable within 1 year	**1,470.0**	501.8
Repayable after 1 year, but within 2 years	**700.0**	1,800.0
Repayable after 2 years, but within 5 years	**1,635.7**	576.0
Repayable after 5 years	**–**	953.0
	3,805.7	3,830.8
Undrawn facilities	**1,800.0**	1,700.0

(b) The following assets of the Group have been pledged for securing bank loan facilities:

	2003 HK$ Million	2002 HK$ Million
Investment properties	2,407.4	2,857.5
Long-term investments	1,901.0	2,339.8
Properties under development for sale	1,499.9	1,734.2
	5,808.3	6,931.5

(c) To minimise exposure on foreign exchange fluctuations, the Group's borrowings are primarily denominated in Hong Kong dollars except that the borrowings for financing Singapore assets are denominated in Singapore dollars. The Group has no other significant exposure to foreign exchange fluctuation except for its net investments in Singapore subsidiaries and forward exchange contracts which are entered into by the Group for hedging such investments.

Long-term investments

At 31 March 2003, the Group maintained a portfolio of long-term investments with market value of HK$3,307.0 million (2002 : HK$4,467.8 million) which primarily comprised blue chip securities.

In accordance with the Group's accounting policies, the non-trading securities classified as long-term investments are stated in the balance sheet at fair value. Changes in fair value are recognised in the investment revaluation reserves until the security is sold. At 31 March 2003, there was attributable investment revaluation deficit of HK$888.7 million compared to a deficit of HK$111.9 million at 31 March 2002. The performance of the investment portfolio is basically in line with the general market trend of the stock markets.

(III) Major Property Projects Undertaken by Associates

Pre-sales of the Sorrento and Bellagio projects undertaken by associates, 40%-owned and 1/3-owned by the Group respectively, were launched with good progress in 2002/03. At 31 March 2003, accumulated sales of Sorrento exceeded 82% of the 1,272 Phase I units and 37% of the 854 Phase II units. The sale of Bellagio was first launched in September 2002 with tremendous success. 75% of the 1,704 Phase I and II units were sold up to 31 March 2003. The remaining Phases III and IV of the Bellagio project commenced construction in March 2003.

Pre-sale proceeds received by the two project companies have been utilized for partial repayment of the relevant shareholders' advances and full repayment of bank loans with the remaining proceeds retained in stakeholders' accounts for future payment of construction costs. At 31 March 2003, the cash deposits in Sorrento's stakeholders' account amounted to HK$0.9 billion, which are expected to be sufficient to fully cover outstanding construction cost for completion of the whole project. The cash deposits in Bellagio's stakeholders' account at 31 March 2003 amounted to HK$1.2 billion, which was subsequently distributed to the shareholders, namely, the Group, Wheelock and Wharf, in proportion to their equity interests in the project in April 2003 upon completion of Phase I and II units. The two project companies did not have any bank borrowings at 31 March 2003.

Superstructure of the King's Park development, 20%-owned by the Group, is progressing well and pre-sale is targeted to take place in mid-2003.

(IV) Contingent Liabilities

(a) Guarantees given by the Group in respect of banking facilities available to associates amounted to HK$697.6 million (2002 : HK$2,459.2 million) of which HK$349.9 million (2002 : HK$552.8 million) has been drawn at the balance sheet date.

(b) The Company, a wholly-owned subsidiary and the ultimate holding company together with its two associates have jointly and severally guaranteed the performance and observance of the terms under an agreement to develop the Sorrento project.

(V) Acquisition of Subsidiaries

Privatisation of RDC

On 13 December 2002, the Group proposed to privatise RDC at HK$3.2 per share by way of a Scheme of Arrangement under Section 166 of the Hong Kong Companies Ordinance. The amount of cash paid for the privatisation was approximately HK$1,016.1 million. The Scheme became effective on 19 March 2003.

(VI) Employees

The Group has 57 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. The Group also sponsors external training programmes that are complementary to certain job functions. Total staff costs for the year ended 31 March 2003 amounted to HK$22.7 million.

(B) INTEREST CAPITALISED

The amount of interest capitalised by the Group during the financial year is set out in Note 5 to the Accounts on page 37.

(C) PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the financial year.

(D) BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGERS

(I) Directors

Gonzaga W. J. LI, Chairman (Age: 74)

Mr. Li was appointed Chairman and a Director of the Company in 1997. He is also the senior deputy chairman and a director of Wheelock and Company Limited ("Wheelock"). Furthermore, he is the senior deputy chairman of The Wharf (Holdings) Limited ("Wharf"), the chairman of Harbour Centre Development Limited ("HCDL") and Marco Polo Developments Limited ("MPDL") in Singapore and a director of Joyce Boutique Holdings Limited ("Joyce").

Joseph M. K. CHOW, OBE, JP, Director (Age: 62)

Mr. Chow was appointed a Director of the Company on 6 May 2003. He is also the managing director of JMK Consulting Engineers Limited as well as a director of the publicly-listed Chevalier International Holdings Limited.

C. C. HAUNG, Director (Age: 80)

Mr. Haung was appointed a Director of the Company on 3 June 2002. He was a former Director of the Company during the years 1994 and 1995 and had been the chairman of The World-Wide Investment Company Limited from 1989 to 1991. He is now the chairman of the advisory board of The World-Wide Investment Company Limited and a director/member of a charitable institution. He is also a director of HCDL.

T. Y. NG, Director (Age: 55)

Mr. Ng has been a Director of the Company since 1998. He is also a director of Wharf, HCDL, Joyce, MPDL and Wheelock Properties Limited.

C. L. PAN, JP, Director (Age: 86)

Mr. Pan has been a Director of the Company since 1985. He was a former director of HCDL.

G. S. YEE, Director (Age: 52)

Mr. Yee was appointed a Director of the Company on 6 May 2003. He is also the managing director of Pacific Can Company Limited.

Note: Both Wheelock and Company Limited (of which Mr. G. W. J. Li is a director) and Wheelock Properties Limited (of which Mr. T. Y. Ng is a director) have interests in the share capital of the Company discloseable to the Company under the provisions of Part XV of the Securities and Futures Ordinance.

(II) Senior Managers

During the financial year, the senior management responsibilities of the Group were vested with the General Managers of the Company, namely, Wheelock Properties Limited (as referred to in the Report of the Directors under the section headed "Management Contracts" on page 18), and none of the employees of the Group are regarded as Senior Managers.

(E) DIRECTORS' INTERESTS IN SHARES

At 31 March 2003, Directors of the Company held the following beneficial interests in the share capitals of the Company, the Company's parent company, namely, Wheelock and Company Limited ("Wheelock"), and an associate of Wheelock, namely, The Wharf (Holdings) Limited ("Wharf"):

	No. of Ordinary Shares	Nature of Interest
The Company		
Mr. G. W. J. Li	2,900	Personal interest
Wheelock		
Mr. G. W. J. Li	1,486,491	Personal Interest
Mr. T. Y. Ng	70,000	Personal Interest
Mr. C. L. Pan	652,264	Personal Interest
	727,712	Corporate Interest *(See Note below)*
Wharf		
Mr. G. W. J. Li	686,549	Personal Interest
Mr. T. Y. Ng	178,016	Personal Interest
Mr. C. L. Pan	56,304	Personal Interest

Note: The 727,712 shares classified as Corporate Interest in which Mr. C. L. Pan was taken to be interested as stated above were interests of a corporation at general meetings of which Mr. Pan was entitled to either exercise (or was taken under the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), which was in force as at 31 March 2003 but repealed with effect from 1 April 2003, to be able to exercise) or control the exercise of one-third or more of the voting power.

Except as disclosed above, as recorded in the register kept by the Company under section 29 of the SDI Ordinance in respect of information required to be notified to the Company and the Stock Exchange pursuant to the SDI Ordinance or to the Model Code for Securities Transactions by Directors of Listed Companies:

(i) there were no interests held as at 31 March 2003 by any of the Directors or Chief Executive of the Company in securities of the Company and its associated corporations (within the meaning of the SDI Ordinance), and

(ii) there existed during the financial year no rights to subscribe for equity or debt securities of the Company which were held by any of the Directors or Chief Executive of the Company or any of their spouses or children under 18 years of age nor had there been any exercises during the financial year of any such rights by any of them.

(F) SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties which were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital of the Company and the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at 31 March 2003 as recorded in the register kept by the Company under section 16(1) of the SDI Ordinance:

	Names	No. of Ordinary Shares
(i)	Myers Investments Limited	1,536,058,277
(ii)	Wheelock Properties Limited	1,536,058,277
(iii)	Wheelock and Company Limited	1,536,058,277
(iv)	Bermuda Trust (Guernsey) Limited	1,536,058,277

Note: For the avoidance of doubt and double counting, it should be noted that duplication occurs in respect of all of the above-stated shareholdings to the extent that the shareholdings stated against parties (i) to (iv) above represent the same block of shares; all of the abovenamed parties were deemed to be interested in the relevant shareholdings under the SDI Ordinance as at 31 March 2003.

(G) PENSION SCHEME

During the financial year, no pension scheme of the Group was operated for any employee of the Group. The retirement benefit scheme in which the Group's employees participated was the Central Provident Fund in Singapore.

The employer's pension cost charged to the profit and loss account during the year ended 31 March 2003 in respect of the above pension scheme amounted to HK$1.5 million.

(H) MAJOR CUSTOMERS & SUPPLIERS

For the financial year ended 31 March 2003:

(a) the aggregate amount of purchases (not including the purchases of items which are of a capital nature) attributable to the Group's five largest suppliers represented 80% of the Group's total purchases;

(b) the amount of purchases attributable to the Group's largest supplier represented 32% of the Group's total purchases;

(c) none of the Directors of the Company or their associates holds, nor does any shareholder owning (to the knowledge of the Directors) more than 5% of the Company's equity capital hold, any interests in any of the Group's five largest suppliers; and

(d) the aggregate amount of turnover attributable to the Group's five largest customers represented less than 30% of the Group's total turnover.

(I) DISCLOSURE UNDER PRACTICE NOTE 19

In relation to the provision of financial assistance by the Company and/or its subsidiaries to certain associates of the Company, namely, Diamond Hill Development Holdings Limited ("DHDHL"), Hopfield Holdings Limited ("Hopfield") and Grace Sign Limited ("Grace Sign") and/or their respective wholly-owned subsidiaries (together, the "Borrowers"), all of which were as previously disclosed in the Company's interim report for the six months period ended 30 September 2002, obligations in relation to the aforesaid financial assistance by the Group continued to exist as at 31 March 2003.

Set out below is a proforma combined balance sheet of the Borrowers as at 31 May 2003 (being the latest practicable date for determining the relevant figures) required to be disclosed under Practice Note 19 of the Listing Rules:

Proforma Combined Balance Sheet of Borrowers
as at 31 May 2003

	HK$ Million
Non-current assets	284.3
Properties under development/for sale	10,931.3
Stakeholders' deposits	869.6
Deposits from sale of properties	(1,497.2)
Other net current liabilities	(433.9)
Bank loans	(1,519.5)
	8,634.6
Shareholders' loans	(11,351.4)
Shareholders' deficit	(2,716.8)

Financial assistance given by the Group is made up as follows:

		Guaranteed Bank Facilities		
	Loan advances HK$ Million	Amount drawn HK$ Million	Not yet drawn HK$ Million	Total HK$ Million
DHDHL	1,991.9	–	–	1,991.9
Hopfield	1,555.6	–	–	1,555.6
Grace Sign	297.3	303.9	196.9	798.1
	3,844.8	303.9	196.9	4,345.6

Note: The Group's attributable interests in DHDHL, Hopfield and Grace Sign were 33-1/3%, 40% and 20% respectively as at 31 May 2003.

Terms of the Financial Assistance

Funding for DHDHL

A loan in the amount of HK$1,991.9 million made to DHDHL bears interest at such rates as may from time to time be agreed among DHDHL's shareholders. At present, that loan is interest-free (also applicable to all the loans made to DHDHL by all other DHDHL's shareholders). It is repayable on demand, and is provided without any security.

Funding for Hopfield

Loans in the amount of HK$1,555.6 million made to Hopfield bear interest at such rates as may from time to time be agreed among all Hopfield's shareholders, with reference to interest rates prevailing in the lending market, currently being fixed at 2.5% per annum (also applicable to all the loans made to Hopfield by all other Hopfield's shareholders). The loans are repayable on demand, and are provided without any security.

Funding for Grace Sign

A loan in the amount of HK$297.3 million made to Grace Sign bears interest at such rates as may from time to time be agreed among Grace Sign's shareholders. At present, the interest rate of the loan has yet to be agreed by the shareholders of Grace Sign. Repayment of the loan will be subject to, *inter alia*, all borrowings under the abovementioned guaranteed bank facilities having been fully repaid, except under certain circumstances as permitted under the relevant agreement for those bank facilities. No security is provided to the Group for the loan.

The Group's *pro rata* share of its financial obligation in respect of the bank facilities available to Grace Sign amounted to HK$500.8 million of which HK$303.9 million has been drawn. Such bank facilities were obtained on normal commercial terms and at interest rates prevailing in the lending market. No security is provided to the Group by Grace Sign against the issue of the relevant guarantee by the Group.

(J) DIRECTORS' INTERESTS IN COMPETING BUSINESS

Set out below is information disclosed pursuant to paragraph 8.10 of the Listing Rules of the Stock Exchange.

Two Directors of the Company, namely, Messrs. G. W. J. Li and T. Y. Ng, being also directors of the Company's parent company, namely, Wheelock and/or certain subsidiaries of Wheelock, are considered as having an interest in Wheelock under paragraph 8.10 of the Listing Rules.

The ownership of commercial premises by Wheelock group for rental purposes is considered as competing with the commercial premises owned by the Group for letting. Since the Group's commercial premises are not in close proximity to those owned by the Wheelock group and the customers and tenants for the Group's properties are somewhat different from those for the properties owned by the Wheelock group, the Group considers that its interest regarding the business of owning and letting of commercial premises is adequately safeguarded.

For safeguarding the interests of the Group, the independent non-executive Directors and the Audit Committee of the Company would on a regular basis review the business and operational results of the Group to ensure, *inter alia*, that the Group's property leasing business is and continues to be run on the basis that it is independent of, and at arm's length from, that of the Wheelock group.

(K) COMPLIANCE WITH CODE OF BEST PRACTICE

The Company has complied throughout the financial year the Code of Best Practice as set out in Appendix 14 of the Listing Rules on the Stock Exchange.