



## PRACTICE NOTE 19 TO LISTING RULES

In accordance with the general disclosure obligation under Paragraph 2(1) of the Listing Agreement and supplemented by Practice Note No.19 to the Listing Rules, the Company is required to disclose the following information to its shareholders and the general public:

### **Specific Performance of the Controlling Shareholder**

Reference was made to the US\$650 million syndicated loan agreement dated 23 May 1997 with a final maturity in 2002, US\$280 million syndicated loan agreement dated 25 April 2000 with a final maturity in 2005, a HK\$600 million term loan facility agreement dated 16 June 2000 with a final maturity in 2005 provided that the lender does not exercise its option to demand repayment in 2003 and the US\$350 million syndicated loan agreement dated 30 May 2001 with a final maturity in 2006. In accordance with the terms of the aforementioned agreements, NWD is required to control more than 50% of the voting share capital or the composition of more than 50% of the board of directors of the Company. As at 31 December 2001, the total outstanding amount of the aforementioned loans was approximately HK\$7.05 billion (as at 30.6.2001: HK\$7.71 billion).

### **Financial Assistance and Guarantees**

As at 31 December 2001, the Group has given shareholder loans/advances to its affiliated companies with an aggregate of some HK\$3.23 billion. Except for an amount of some HK\$66.2 million, which carries interest at the Hong Kong prime rate, and a total amount of about HK\$1.87 billion, which bears interest ranging from 6% to 15% per annum all other loans are interest free. Except for the amounts of some HK\$395.6 million and HK\$677.9 million, which are repayable in 5 and 10 years respectively, these loans have no definite repayment terms. All loans are unsecured and repayable in cash out of the net cash surplus from the operations of affiliated companies.

The Company has given guarantee to banks of approximately HK\$990 million in respect of the Group's attributable portion of syndicated bank loan facility extended to a jointly controlled entity of the Group. As at 31 December 2001, the outstanding amount under the syndicated bank loan facility in respect of the guarantee was some HK\$155.1 million.

The Group has committed to provide a total of HK\$203.9 million in shareholder loans/advances to its affiliated companies. The total shareholder loans/advances and guarantees represented about 31% of the consolidated net asset value of the Group as at 31 December 2001.

The shareholder loans/advances were funded by equity raised at the initial public offering of the Company or by borrowings or from the internal resources of the Group.

In additions to the above, certain subsidiaries and jointly controlled entities of the Group are parties to agreement with third parties pursuant to the joint development of Container Terminal 9 in Hong Kong, the related berth swap arrangement and the funding therefore. The Company has given guarantees in respect of these obligations of the subsidiaries and jointly controlled entities to provide additional funds. Were the Company required to perform its obligations under the guarantees, the maximum amount of the Company's share of the liability under the guarantees will be HK\$5.12 billion.

### **Indebtedness, Capital Commitments and Contingent Liabilities of Affiliated Companies**

As of 31 December 2001, the affiliated companies of the Group had outstanding borrowings of some HK\$11.73 billion comprised of secured bank loans of HK\$2.82 billion, unsecured bank loans of HK\$3.23 billion and other loans of some HK\$5.68 billion. The total capital commitments of affiliated companies amounted to some HK\$2.2 billion and total contingent liabilities amounted to HK\$143.3 million as at 31 December 2001.