

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 2001.

The Company and its subsidiaries had advanced an aggregate amount of HK\$7,399,897,000 (30th June 2001: HK\$7,108,520,000) to affiliated companies, guaranteed bank loans and other borrowing facilities for the benefit of the affiliated companies in the amount of HK\$945,890,000 (30th June 2001: HK\$796,307,000) and contracted to further provide an aggregate amount of HK\$1,730,943,000 (30th June 2001: HK\$2,422,672,000) 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\$5,845,304,000 (30th June 2001: HK\$5,755,929,000) which carry 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 2001, the Group’s total exposure on the combined indebtedness reported by such affiliated companies (including amounts owing to the Group) amounted to approximately HK\$15,760,579,000 (30th June 2001: HK\$15,195,395,000). Such affiliated companies reported no capital commitments and contingent liabilities as at 31st December 2001 (30th June 2001: Nil).

Details of the charges on Group’s assets

As at 31st December 2001, the Group’s investment properties, assets under construction and properties under development of HK\$279,509,000 (30th June 2001: HK\$240,832,000), HK\$486,988,000 (30th June 2001: HK\$112,149,000), HK\$107,402,000 (30th June 2001: HK\$82,243,000) respectively have been pledged as securities for short term and long term loans.

Audit committee

The audit committee has reviewed the unaudited interim financial statements and discussed the financial related matters with management. At the request of directors, the Group’s external auditors have carried out a review of the interim financial statements in accordance with Statement of Auditing Standards 700 issued by the Hong Kong Society of Accountants.

Employee’s information

As at 31st December 2001, the Group had 1,587 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, 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, 22nd March 2002