

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 2001/2002 Results

The Group reported a loss attributable to Shareholders of HK\$81.3 million for the year ended 31 March 2002 as compared to a profit of HK\$62.6 million for the previous year. The reported loss was mainly due to a provision of HK\$217.8 million made for impairment in value of properties as explained below. Loss per share was 7.1 cents (2001 – earnings per share 5.4 cents).

The Group's turnover for the year was HK\$503.6 million compared to HK\$445.4 million for 2000/2001, an increase of HK\$58.2 million or 13.1%. The increase was mainly due to an increase in property sales by HK\$109.6 million, resulting from the successful sales of residential units at The Primrose. Other property sales during the year arose from sales of various units at three residential developments, namely, The Astrid, Forest Hill and The Regalia, and also at My Loft. In March 2002, the Palm Cove project was launched with a favourable response. Notwithstanding the lacklustre conditions of the market, the property investment segment also managed to report an increase of HK\$6.8 million to HK\$142.7 million, mainly attributable to improvements in occupancy rates.

The Group's operating profit before borrowing costs and provision for properties was HK\$179.7 million, a decrease of HK\$308.6 million or 63.2% despite the reported increase in turnover. The decrease was mainly due to the inclusion in operating profit of other net loss of HK\$37.4 million compared with other net income for the previous year of HK\$192.2 million, which mainly related to disposal of non-trading securities. As compared with the previous year, profit contribution from the property development segment decreased by HK\$39.7 million to HK\$11.6 million resulting from reduced profit margins on property sales.

Provision for impairment in value of properties for 2001/2002 was HK\$217.8 million as compared with HK\$338.7 million for the preceding year. The provision for both years was principally made for development projects in Tuen Mun and Kwai Chung and certain land reserved for development, reflecting the prevailing property market conditions.

Borrowing costs charged to the profit and loss account for the year were HK\$34.0 million, decreased substantially from HK\$87.1 million incurred in the previous year as a result of interest rate cuts and the reduction in the Group's net debt.

Share of losses of associates was HK\$0.2 million compared with a profit of HK\$15.7 million for the previous year, mainly caused by the Group's share of the property provision made by an associate. Included in share of associates' results is the Group's 20% share of profits recognised from the pre-sale of the Sorrento Phase I, which was launched in November 2001 with an extremely favourable response.

The taxation charge was HK\$8.9 million compared to HK\$15.3 million in the previous year.

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(II) Liquidity and Financial Resources

- (a) At 31 March 2002, the Group's shareholders' funds totalled HK\$5,974.6 million or HK\$5.19 per share, decreased from HK\$6,471.3 million or HK\$5.62 per share at 31 March 2001 mainly due to the downward revaluation of Group's investment properties and long-term investments.
- (b) At 31 March 2002, the Group's total net debts amounted to HK\$456.2 million (2001 – HK\$890.0 million), representing total debts of HK\$476.0 million less deposits and cash of HK\$19.8 million. Accordingly, the Group's net debt represented 6.9% (2001 – 11.8%) of its total assets.

The debt maturity profile of the Group at 31 March 2002 is analysed as follows:

	2002 HK\$Million	2001 HK\$Million
Repayable within 1 year	–	163.0
Repayable after 1 year, but within 2 years	–	28.0
Repayable after 2 years, but within 5 years	476.0	718.0
	476.0	909.0

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

	2002 HK\$Million	2001 HK\$Million
Investment properties	1,015.0	1,786.0
Long-term investments	491.4	363.2
Properties under development for sale	433.0	–
	1,939.4	2,149.2

Some of the pledges relating to long-term investments and properties under development for sale as included above representing a total amount of HK\$924.4 million have been discharged subsequent to 31 March 2002.

- (d) To minimise exposure on foreign exchange fluctuations, the Group's borrowings are primarily denominated in Hong Kong dollars. The Group has no significant exposure to foreign exchange rate fluctuations.

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- (e) At 31 March 2002, the Group maintained a portfolio of long-term investments with a market value of HK\$1,547.4 million (2001 – HK\$1,788.8 million), which primarily comprises blue chip securities. The investment revaluation deficit at 31 March 2002 was HK\$570.7 million compared to HK\$349.7 million at 31 March 2001. The performance of the investment portfolio is basically in line with the general market trend of the stock markets.
- (f) During the financial year, high liquidity was sustained in the banking market. The Group arranged a total of HK\$1.1 billion committed banking facilities, to refinance its loan facilities with a substantial reduction in interest costs and on more favourable terms such as longer maturities, more lenient covenants and the inclusion of revolving condition.

(III) Contingent Liabilities

- (a) Guarantees given by the Group in respect of banking facilities available to associates amounted to HK\$800.2 million (2001 – HK\$1,180.8 million) of which HK\$372.4 million (2001 – HK\$251.0 million) had been drawn at the balance sheet date.
- (b) The Company, a fellow 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 for the development of the Sorrento (Kowloon Station Package II) project.

(IV) Employees

The Group has no employees. All management, administrative and related services are provided to the Company and its subsidiaries by their general managers which are fellow subsidiaries of the Company.

(B) BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGERS

(I) Directors

John T. HUNG, SBS, JP, Non-executive Chairman (Age: 63)

Mr. Hung was appointed a Director and elected as the non-executive Chairman of the Company in February 2002. He formerly served as the managing director of Wheelock and Company Limited (“Wheelock”) and the executive director of The Wharf (Holdings) Limited (“Wharf”). He serves as the Government appointed chairman of the Hong Kong Sports Development Board.

Joseph M. K. CHOW, OBE, JP, Director (Age: 60)

Mr. Chow has been a Director of the Company since 1998. He is also the managing director of JMK Consulting Engineers Limited as well as a director of publicly-listed Vision Century Corporation Limited.

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T. Y. NG, Director (Age: 54)

Mr. Ng has been a Director of the Company since 1998. He is also a director of Wheelock, Wharf, Harbour Centre Development Limited, Joyce Boutique Holdings Limited, New Asia Realty and Trust Company, Limited ("NART") and Marco Polo Developments Limited in Singapore. Furthermore, he is a director of Wheelock Properties Limited, which, as well as Wheelock and NART, are each deemed under the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") to have an interest in the share capital of the Company discloseable to the Company under the provisions of Part II of the SDI Ordinance.

Glenn S. YEE, Director (Age: 51)

Mr. Yee has been a Director of the Company since 1995. He is also the managing director of Pacific Can Company, Limited.

(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 15).

(C) PENSION SCHEME

During the financial year, no pension scheme was operated by the Group.

(D) MAJOR CUSTOMERS & SUPPLIERS

For the financial year ended 31 March 2002:

- (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 73% of the Group's total purchases;
- (b) the amount of purchases attributable to the Group's largest supplier represented 43% 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.

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(E) 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, 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 2001, obligations in relation to the abovementioned financial assistance by the Group continued to exist as at 31 March 2002.

Set out below is a proforma combined balance sheet of the Borrowers as at 31 May 2002 (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 2002

	HK\$Million
Properties under development for sale	9,896.8
Stakeholders' deposits	1,066.4
Deposits from sale of properties	(3,233.3)
Other net current assets	2.6
Bank loans	(1,612.0)
	6,120.5
Shareholders' loans	(6,077.5)
	43.0
Shareholders' funds	

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

	Loan advances HK\$Million	Guaranteed Bank Facilities Amount drawn HK\$Million	Not yet drawn HK\$Million	Total HK\$Million
Hopfield	929.5	64.5	180.0	1,174.0
Grace Sign	286.0	257.9	242.9	786.8
	1,215.5	322.4	422.9	1,960.8

Note: The Group's attributable interests in both Hopfield and Grace Sign were 20% as at 31 May 2002.

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Terms of the Financial Assistance:

Funding for Hopfield

The loan of HK\$929.5 million made to Hopfield bears interest at such rate as may be agreed from time to time among all Hopfield shareholders, with reference to interest rates prevailing in the lending market, currently being fixed at 3.5% per annum (also applicable to all the loans made to Hopfield by all other Hopfield's shareholders). The loan is not repayable for so long as any borrowings under the abovementioned guaranteed bank facilities remain outstanding, 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 Hopfield amounted to HK\$244.5 million of which HK\$64.5 million has been drawn. Such bank facilities are obtained upon normal commercial terms and at interest rates prevailing in the lending market. No security is provided to the Group by Hopfield against the issue of the relevant guarantee by the Group.

Funding for Grace Sign

The loan of HK\$286.0 million made to Grace Sign bears interest at such rate 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\$257.9 million has been drawn. Such banking facilities are obtained upon 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.

(F) DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

Mr. T. Y. Ng, a Director of the Company, being also a director of the Company's ultimate holding company, namely, Wheelock and/or certain subsidiaries of Wheelock, is considered as having an interest in Wheelock under paragraph 8.10 of the Listing Rules.

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The ownership of commercial premises by the 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.

(G) CONNECTED TRANSACTION

There existed during the financial year a tenancy agreement between a wholly-owned subsidiary of the Company as the landlord and a wholly-owned subsidiary of Wheelock as the tenant in respect of certain retail premises known as Shops C1 & C2 at Ground Floor, Wheelock House, with a total lettable area of 3,313 square feet for a term of three years from 1 July 2000 to 30 June 2003 at a monthly rental of HK\$532,610.

Since the Company is a 72%-owned subsidiary of NART, which in turn is a 74%-owned subsidiary of Wheelock, the tenancy agreement constitutes an on-going connected transaction for the Company. Details of this connected transaction were previously disclosed in a press announcement dated 20 July 2000.

The annual rent, exclusive of rates, air-conditioning charges and management fees received or receivable by the abovementioned landlord under the tenancy agreement during the year ended 31 March 2002 represented more than 0.03% but less than 3% of the latest audited consolidated net tangible asset value of the Group.

(H) 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 of the Stock Exchange.