

Other Corporate Information

MAJOR CUSTOMERS AND SUPPLIERS

For the financial year ended 31 December 2002:

- (a) the aggregate amount of purchases attributable to the Group's five largest suppliers represented less than 30% of the Group's total purchases; and
- (b) the aggregate amount of turnover attributable to the Group's five largest customers represented less than 30% of the Group's total turnover.

FINANCIAL REVIEW

The Group's turnover was HK\$224,502,000 for the year ended 31 December 2002, a decrease of 9% over the corresponding period in 2001. This decrease was a combined effect of lower revenue generated by sale of properties in Macau and revenue generated from the operation of a serviced apartment block which commenced business in February 2002 in Vietnam. Profit from operations was HK\$16,031,000 for the year ended 31 December 2002 as compared to a profit of HK\$3,905,000 in 2001. Profit attributable to shareholders amounted to HK\$28,315,000.

The Group's net borrowings as at 31 December 2002 amounted to approximately HK\$406,129,000, representing total bank loans and other borrowings of HK\$568,441,000 less cash equivalents of HK\$162,312,000. The Group's ratio of net borrowings to total assets was 19%. Of the total amount of bank borrowings of HK\$270,395,000, HK\$141,201,000 are repayable within twelve months and the remaining of HK\$129,194,000 are repayable within two to five years.

The Group's bank borrowings are mostly in Hong Kong dollars and United States dollars. Cash and cash equivalents are mostly in Hong Kong dollars, Euros, Australian dollars and United States dollars. Most of the Group's bank borrowings are on a floating rate basis. Taking into account cash in hand and available credit facilities, the Group has sufficient working capital for its present requirements.

PLEDGE OF ASSETS

As at 31 December 2002, the secured bank loan facilities granted to the Group were secured by mortgages over the Group's properties, including investment properties, other properties, a hotel property and properties held for sale with an aggregate carrying value of approximately HK\$562 million. In addition, at 31 December 2002, shares in a subsidiary were pledged to a bank as part of security given to secure a bank loan and shares in an associate were pledged to a bank by a subsidiary of the Group in return for banking facilities granted to that associate.

Other Corporate Information (Continued)

CONTINGENT LIABILITIES

As 31 December 2002, there were outstanding counter indemnities relating to guarantees issued by a subsidiary's bankers in favour of the Macau SAR Government in respect of properties under development amounting to HK\$6,311,000. As at 31 December 2002, guarantees given by the Company to banks to secure banking facilities made available to the subsidiaries and an associate amounted to HK\$183 million and HK\$51.5 million respectively.

At 31 December 2002, guarantees given by a subsidiary to a bank to secure banking facilities made available to an associate amounted to HK\$33.1 million.

Pursuant to the revised agreement with the Government of Macau on 6 August 1999, one of the subsidiaries of the Group was required to complete the remaining phases of the development project by various specified dates up to 31 December 2001.

On 5 October 2001, the Macau SAR Government agreed to extend the final completion date up to 31 December 2003 without any penalty. Failure to complete the remaining phases of the development within 180 days of 31 December 2003 would give rise to the possibility of fines being imposed by the Macau SAR Government in a manner more particularly described in note 26(c) on the financial statements.

Whilst construction work has already commenced on all the remaining phases of the development, the directors were of the view that one of the phases would not be completed by the final completion date of 31 December 2003. Delays beyond the 180-day period would give rise to the possibility of rescission of the lease by the Macau SAR Government without compensation to the subsidiary. The directors are confident that the remaining phase of the development project will be completed by 31 December 2004 and, accordingly, an application to further extend the completion date to 31 December 2004 will be lodged by the subsidiary. Based on experience in similar successful applications, the directors are confident that the extension of the completion date to 31 December 2004 will be granted by the Macau SAR Government.

Other Corporate Information (Continued)

DETAILS OF DIRECTORS AND SENIOR MANAGEMENT PROFILES

Mr Ho Kian Guan, aged 57, is the Executive Chairman of the Company. He was appointed as a director of the Company on 5 December 1979. He is also a director of Goodland Limited and Kansas Holdings Limited which are substantial shareholders of the Company and the Chairman and director of Keck Seng (Malaysia) Berhad (a company listed on the Kuala Lumpur Stock Exchange). He also serves on the board of Shangri-La Asia Limited (a company listed on the Hong Kong Stock Exchange). He is a brother of Mr Ho Kian Hock and Mr Ho Kian Cheong.

Mr Ho Kian Hock, aged 56, is the Vice-Executive Chairman of the Company. He was appointed as a director of the Company on 19 December 1979. He is also a director of Goodland Limited and Kansas Holdings Limited which are substantial shareholders of the Company and a Managing Director of Keck Seng (Malaysia) Berhad (a company listed on the Kuala Lumpur Stock Exchange). He is a brother of Mr Ho Kian Guan and Mr Ho Kian Cheong.

Mr Ho Kian Cheong, aged 53, is a non-executive director of the Company. He was appointed as a director of the Company on 5 December 1979. He is also a director of Goodland Limited and Kansas Holdings Limited which are substantial shareholders of the Company and Keck Seng (Malaysia) Berhad (a company listed on the Kuala Lumpur Stock Exchange). He is also an alternate director of Shangri-La Asia Limited (a company listed on the Hong Kong Stock Exchange). He is a brother of Mr Ho Kian Guan and Mr Ho Kian Hock.

Mr Paul Tse See Fan, aged 49, is an executive director of the Company. He was appointed as a director of the Company on 5 December 1979. He is also a director of Goodland Limited and Kansas Holdings Limited, companies which are substantial shareholders of the Company.

Dr Robin Chan Yau Hing, GBS, LLD, JP, aged 70, is an independent non-executive director of the Company. He was appointed as a director of the Company on 8 September 1988. He is also the Chairman and Managing Director of Asia Financial Holdings Limited (a company listed on the Hong Kong Stock Exchange), the Chairman and Chief Executive Officer of Asia Commercial Bank Ltd, and the Chairman of Asia Insurance Company, Limited. He is also a director and adviser of numerous other companies with over 40 years experience in banking business. Dr Chan was awarded the Order of Commander (Third Class) of the Most Exalted Order of the White Elephant by His Majesty, the King of Thailand. He is also a Deputy to the Chinese National People's Congress and the ex-officio Life Honorary Chairman of the Chinese General Chamber of Commerce, Hong Kong.

Mr Arthur Kwok Chi Shun, aged 57, is an independent non-executive director of the Company. He was appointed as a director of the Company on 3 January 1995. He is a professional architect with extensive architectural, town planning and interior design experience and has wide business interests in property development, merchandise retailing and wholesale. He is also the Commandant of the Hong Kong Auxiliary Police Force.