



WHEELOCK AND COMPANY LIMITED

1998/99 RESULTS ANNOUNCEMENT

"Wheelock continues to enhance value"

- * Group profit of HK\$602.4 million, due to substantially lower contribution from sales of Galaxia as compared to last year, and a significant reduction of Wharf's contribution.
- * Earnings per share were 29.7 cents.
- * Final dividend of 5.0 cents per share, making a total dividend of 7.5 cents for the year.
- * Land premia for MTRC Kowloon Station Package II and former San Miguel site in Sham Tseng were finalised satisfactorily.
- * Construction of Ardmore Park in Singapore on schedule, with staged payments being received regularly. Plans are underway to redevelop the Marco Polo Hotel, Singapore into a luxury condominium complex.
- * Court meetings of proposed Lane Crawford International privatisation scheduled for 12 July.
- * Wharf continues as Group's driving force.
 - * Property portfolio 93 per cent occupied. Gateway II retail 95 per cent let with serviced apartments and office space to be launched this year.
 - * Hong Kong Cable investment phase has peaked and free cashflow achieved. Subscriber growth to return to double digits this year.
 - * "i-CABLE" Internet access service launched March 1999. Cable Modem to be launched in late 1999, utilising the broadband network currently covering 750,000 homes and increasing to close to 1 million homes by year end.
 - * Deregulation permits New T&T to directly access international gateway.
 - * Modern Terminals achieved cumulative throughput growth of 20 per cent in first five months of 1999.

Summary of Group Results

Year ended 31 March:

| | 1999 HK\$ Million | 1998 HK\$ Million |
|--|----------------------|----------------------|
| Turnover | <u>6,869.6</u> | <u>7,499.5</u> |
| Operating profit | 919.0 | 1,570.5 |
| Exceptional items (Note 1) | <u>(383.1)</u> | - |
| Profit from ordinary activities | 535.9 | 1,570.5 |
| Share of profits less losses of associated companies | <u>987.0</u> | <u>1,282.3</u> |
| Profit before taxation | 1,522.9 | 2,852.8 |
| Taxation (Note 2) | <u>(624.7)</u> | <u>(697.2)</u> |
| Profit after taxation | 898.2 | 2,155.6 |
| Minority interests | <u>(295.8)</u> | <u>(706.6)</u> |
| Group profit attributable to Shareholders | 602.4 | 1,449.0 |
| Dividends (Note 3) | <u>(152.2)</u> | <u>(567.9)</u> |
| Transferred to revenue reserves | <u>450.2</u> | <u>881.1</u> |
| Earnings per share (Note 4) | <u>29.7 cents</u> | <u>71.5 cents</u> |
| Dividends per share - Interim (paid) | 2.5 cents | 11.5 cents |
| - Final (proposed) | 5.0 cents | 16.5 cents |
| - Total | <u>7.5 cents</u> | <u>28.0 cents</u> |

Notes:

(1) Exceptional items are as follows:

| Year ended 31 March: | 1999 HK\$ Million | 1998 HK\$ Million |
|---|----------------------|----------------------|
| Deferred profit realised on assets previously transferred to associated companies | 107.0 | - |
| Amount written off for abortive projects | (168.1) | - |
| Provision for diminution in value of an associated company | (44.3) | - |
| Provision for diminution in value of properties | (235.2) | - |
| Cost relating to the cessation of retail operations of a subsidiary | (42.5) | - |
| | <u>(383.1)</u> | <u>-</u> |

(2) The provision for Hong Kong profits tax is based on the profit for the year as adjusted for tax purposes at the rate of 16.0% (1998 – 16.5%). Overseas taxation is calculated at the rates of tax applicable in countries in which the Group is assessed for tax. The taxation charge is made up as follows:

| Year ended 31 March: | 1999 HK\$ Million | 1998 HK\$ Million |
|--|----------------------|----------------------|
| Company and subsidiaries | | |
| Current taxation | | |
| Hong Kong profits tax | 121.9 | 254.0 |
| Overseas taxation | 3.1 | 6.6 |
| Underprovision in respect of prior years | 155.2 | 86.0 |
| Tax refund in respect of prior year | (24.1) | - |
| Deferred taxation | 91.5 | 65.4 |
| | <u>347.6</u> | <u>412.0</u> |
| Associated companies | | |
| Current taxation | | |
| Hong Kong profits tax | 265.1 | 263.6 |
| Overseas taxation | 11.4 | 2.4 |
| Deferred taxation | 0.6 | 19.2 |
| | <u>277.1</u> | <u>285.2</u> |
| | <u>624.7</u> | <u>697.2</u> |

Underprovision of profits tax mainly represents tax provision made by a subsidiary for assessments relating to prior years under dispute with the Inland Revenue Department.

(3) Dividends

| Year ended 31 March: | 1999 HK\$ Million | 1998 HK\$ Million |
|--|----------------------|----------------------|
| Interim Dividend | 50.7 | 233.1 |
| Proposed Final Dividend | 101.5 | 334.4 |
| Additional final dividend for previous years on new shares issued upon exercise of share options | - | 0.4 |
| | <u>152.2</u> | <u>567.9</u> |

(4) The calculation of earnings per share is based on earnings for the financial year of HK\$602.4 million (1998 – HK\$1,449.0 million) and on the weighted average of 2,028.4 million (1998 – 2,026.4 million) ordinary shares in issue during the year.

Dividends

An interim dividend in respect of the year ended 31 March 1999 of 2.5 cents per share was paid in February 1999, absorbing a total amount of HK\$50.7 million (1998 – HK\$233.1 million). The Directors will recommend at the Annual General Meeting to be held on Thursday, 30 September 1999 the payment on 11 October 1999 to Shareholders on record as at 30 September 1999 of a Final Dividend in respect of the year ended 31 March 1999 of 5.0 cents per share, absorbing a total amount of HK\$101.5 million (1998 – HK\$334.4 million).

Year 2000 Issue

The Year 2000 issue arises from computer systems and electronic devices which store date information based on a two-digit year and are unable to process dates for the Year 2000 and beyond.

The Group has conducted a comprehensive assessment on its existing computer systems and its value chain that could be affected by the Year 2000 issue to ensure that the impact would be minimised. A steering committee has been formed in early 1998 and all milestones are set. Various working groups have been established to address the issue and report regularly to the steering committee for progress monitoring.

The Group is in the process of upgrading and, where appropriate, replacing existing systems to ensure Year 2000 compliance. The Group has completed approximately 60 per cent. of the work as at 31 March 1999 and aims to achieve Year 2000 compliance for all key systems and equipment by July 1999 allowing reasonable time for operation validation of the converted or replaced systems.

The Group is expected to spend HK\$13.9 million to rectify the Year 2000 compliance issues. A total of HK\$10.6 million or 76 per cent. has been incurred to-date. All expenses incurred for Year 2000 compliance are recognised as expenses when incurred, except for those incurred for the replacement of hardware and software which enhance the capacity and capability of major systems and they are capitalised and amortised according to the Group's accounting policies.

Since 1998, it has been the Group's policy to include a Year 2000 compliant warranty clause in all contracts and purchase orders.

Purchase, Sale or Redemption of Shares

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

Book Closure

The Register of Members of the Company will be closed from 24 to 30 September 1999, both days inclusive, during which period no share transfers can be registered. In order to qualify for the Final Dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Tengis Limited, at 1601 Hutchison House, 10 Harcourt Road, Central, Hong Kong, not later than 4:00 p.m. on Thursday, 23 September 1999.

By Order of the Board

Wilson W. S. Chan

Secretary

Hong Kong, 5 July 1999