

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 and Segmental Performance

Group profit attributable to Shareholders for the year under review was HK\$546.6 million, an increase of 4.5% from HK\$523.3 million. Earnings per share were 26.9 cents compared to 25.8 cents for the previous year. The Group's major associate, The Wharf (Holdings) Limited, contributed profit and dividend of HK\$1,202.9 million and HK\$968.3 million respectively to the Group for the year under review.

The Group's turnover for the year was HK\$7,164.7 million, increased significantly by HK\$3,403.2 million or nearly doubled from HK\$3,761.5 million for 2000/2001. The large increase is principally due to increase in property sales from HK\$1,294.1 million to HK\$4,486.2 million, which was substantially derived from the pre-sale of residential units at the Sorrento Phase I and in respect of the sales of Ardmore Park units in Singapore recognised by Marco Polo Developments group ("MPDL"). In spite of the difficult retail market, the Group also managed to record a 10.2% increase in its retailing sales to HK\$2,056.9 million as Lane Crawford continued to sustain its turnover though Joyce's revenue experienced fall-off following the anticipated termination of its Armani franchise, which expired in January 2001.

The Group's operating profit before borrowing costs increased slightly by 7.6% to HK\$142.4 million from HK\$132.3 million achieved in the previous year despite the above-mentioned significant increase in revenue, which was mainly caused by the absence of profit from disposal of securities in the year under review while there was a profit of HK\$231.5 million on disposal of non-trading securities in the previous year.

Operating profit from sale of property was mainly derived from recognition of a proportion of profit from sales of Ardmore Park units, of which 33.0% was recognised in 2001/2002 against 15.7% in the previous year. The Certificate of Statutory Completion of Ardmore Park was obtained on 18 October 2001 and stage billings accumulating to 93% of the total sales price of the sold units have been billed and fully received.

The pre-sale of Sorrento Phase I was firstly launched in November 2001 with an extremely favourable response. Over 70% of the Phase I units were sold with sale proceeds over HK\$4 billion by end of the year under review. A proportion of the pre-sale profit was recognised for 2001/2002 in accordance with the established accounting policy. The pre-sale profit recognised is insignificant as the project is still under development stage.

The retail market in Hong Kong and Taiwan remained sluggish and low buying sentiment impacted the fashion retail sector very much. Under these circumstances, added by drop in gross margin caused by severe competition and price promotion activities, the Group recorded a net retail operating loss of HK\$80.3 million, compared to a profit of HK\$56.8 million for 2000/2001. For the year under review, Joyce reported an operating loss of HK\$84.8 million, which includes an exceptional provision of HK\$26.2 million for stock and closure of its Ad Hoc division, while Lane Crawford managed to achieve a small profit.

Disclosure of Further Corporate Information (continued)

The Group's operating profit for 2001/2002 is after charging a total provision of HK\$1,250.5 million for impairment in value of properties, which included HK\$265.2 million made for certain Singapore properties held by MPDL, HK\$217.8 million made by Realty Development Corporation group ("RDC") in respect of its development projects in Tuen Mun and Kwai Chung and certain lands reserved for development with the remaining provision mainly made for the Bellagio project. The provision of HK\$1,221.2 million made in 2000/2001 was mainly for the Bellagio project and RDC's development projects as mentioned above.

Included in the operating profit for the year was other net income of HK\$113.0 million against HK\$442.2 million for 2000/2001, which included a loss of HK\$35.4 million and a profit of HK\$231.5 million, respectively, on disposal of non-trading securities.

Borrowing costs charged to the profit and loss account for the year were HK\$554.2 million, a substantial decrease from HK\$897.7 million incurred in the previous year as a result of interest rate cuts and the reduction in the Group's net debt, which was mainly attributable to the collection of sale proceeds in respect of the stage billings of Ardmore Park and the pre-sale of Sorrento Phase I.

The share of profits of associates was HK\$1,404.1 million, mainly contributed by the Wharf group, against HK\$1,587.4 million in 2000/2001. Wharf reported a profit attributable to shareholders of HK\$2,519.0 million for its financial year ended 31 December 2001, compared to HK\$2,494.0 million achieved in 2000.

The taxation charge for 2001/2002 was HK\$399.6 million, against HK\$253.2 million in 2000/2001. Higher taxation charges were recorded mainly due to increased sales revenue recognised by MPDL.

The profits shared by minority interests for the year amounted to HK\$46.1 million, against HK\$45.5 million in 2000/2001.

(II) Liquidity and Financial Resources

- (a) The consolidated net asset value of the Group at 31 March 2002 was HK\$26,485.1 million or HK\$13.04 per share, decreased from HK\$28,419.3 million or HK\$13.99 per share at 31 March 2001, which was mainly due to the downward revaluation of the investment properties and long-term investments of the Group and its principal associate, Wharf.
- (b) At 31 March 2002, the ratio of the Group's net debt to total assets was 25.7%, compared to 27.4% at 31 March 2001. At 31 March 2002, the Group's net debt amounted to HK\$13,175.0 million, made up of HK\$16,626.1 million in debts and HK\$3,451.1 million in deposits and cash, a decrease of 15.9% as compared with HK\$15,664.5 million at 31 March 2001. The decrease in the Group's net debt was mainly due to the receipt of substantial proceeds from the sale of Ardmore Park units and the Sorrento Phase I units during the year under review.

At 31 March 2002, the Group's stakeholders' deposits, representing mainly the bank deposits held on stake for the pre-sold units at Sorrento Phase I, amounted to HK\$1,153.1 million. Should these bank deposits be included as the Group's cash, the Group's net debt would further reduce to HK\$12,021.9 million or 24.0% of its total assets.

Disclosure of Further Corporate Information (continued)

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	7,310.2	4,564.7
Repayable after 1 year, but within 2 years	4,940.0	7,580.9
Repayable after 2 years, but within 5 years	3,422.9	4,818.0
Repayable after 5 years	953.0	–
	16,626.1	16,963.6

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

	2002 HK\$ Million	2001 HK\$ Million
Investment properties	2,857.5	3,859.6
Long-term investments	785.2	363.2
Properties under development for sale	15,144.4	6,009.7
	18,787.1	10,232.5

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 except that the borrowings for financing Singapore assets are denominated in Singapore dollars. The Group has no significant exposure to foreign exchange fluctuation.
- (e) At 31 March 2002, the Group maintained a portfolio of long-term investments of HK\$3,727.7 million, which primarily comprised blue chip securities with a market value of HK\$3,655.3 million (2001: HK\$3,324.0 million). The investment revaluation deficit at 31 March 2002 was HK\$264.0 million while there was a surplus of HK\$87.7 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 approximately HK\$16 billion committed banking facilities, of which HK\$3.8 billion relates to the financing of the Bellagio project, to refinance its loan facilities with 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\$601.4 million (2001: HK\$595.3 million) of which HK\$320.2 million (2001: HK\$322.4 million) had been drawn at the balance sheet date.

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- (b) The Company, together with two non wholly-owned subsidiaries and two associates, have jointly and severally guaranteed the performance and observance of the terms by another subsidiary under an agreement for the development of the Sorrento project.

(IV) Disposal of Subsidiaries

During the financial year, the Group disposed of its 100% interest in several sites at Yau Tong to the Wharf group for a total consideration of HK\$753.5 million. The consideration was calculated on the basis of the value of the properties as assessed by an independent valuer. This transaction was previously announced on 18 July 2001.

(V) Employees

The Group had approximately 2,200 employees as at 31 March 2002. Employees are remunerated according to nature of the job and market trend, with built-in merit component incorporated in the annual increment to reward and motivate individual performance. The Group also sponsors external training programmes that are complementary to certain job functions. Total staff costs for the year ended 31 March 2002 was HK\$433.7 million.

(B) BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGERS**(I) Directors****Mr. Peter K. C. Woo, GBS, JP, Chairman (Age: 55)**

Mr. Woo has resumed the role of Chairman after having formerly served as Chairman of the Company from 1986 to 1996. He is also the chairman of The Wharf (Holdings) Limited ("Wharf").

Mr. Woo was appointed a Justice of the Peace in 1993 and awarded the Gold Bauhinia Star in 1998 by the Hong Kong SAR Government. He has for many years been actively engaged in community and related services, both locally and in the international arena, and has held various Government appointments. He has been the Government-appointed chairman of the Hong Kong Trade Development Council since October 2000 and had served as the chairman of Hospital Authority from 1995 to 2000 and the council chairman of Hong Kong Polytechnic University from 1993 to 1997. He is currently the chairman of the Hong Kong Environment and Conservation Fund Committee set up in 1994 which he co-funded with the Government. He also served as a deputy chairman in 1991 to Prince of Wales Business Leaders Forum, as a member of the International Advisory Council of J.P. Morgan Chase & Co., National Westminster Bank, Banca Nazionale del Lavoro, Elf Aquitaine of France and General Electric of America. He has received Honorary Doctorates from various universities in the USA, Australia and Hong Kong.

Mr. Gonzaga W. J. Li, Senior Deputy Chairman (Age: 73)

Mr. Li has been a Director of the Company since 1969. He became Chairman of the Company in 1996 and relinquished the title of Chairman and assumed the title of Senior Deputy Chairman of the Company in April 2002. He is also the senior deputy chairman of Wharf and the chairman of Harbour Centre Development Limited ("HCDL"), New Asia Realty and Trust Company, Limited ("New Asia") and Marco Polo Developments Limited ("MPDL") in Singapore and also a director of Joyce Boutique Holdings Limited ("Joyce").

Disclosure of Further Corporate Information (continued)**Mr. Stephen T. H. Ng**, Deputy Chairman (Age: 49)

Mr. Ng has been a Director of the Company since 1988. He became the Deputy Chairman of the Company in 1995. Mr. Ng is also the deputy chairman and managing director of Wharf, the chairman and chief executive officer of i-CABLE Communications Limited (“i-CABLE”) and also a director of Joyce. He serves as a member of the Hong Kong-United States Business Council.

Mr. K. H. Leung, Finance Director (Age: 57)

Mr. Leung was appointed the Finance Director of the Company in 1992. He is also a director of Wharf and New Asia.

Mr. B. M. Chang, Director (Age: 73)

Mr. Chang became a Director of the Company in 1969. He is also a director of World-Wide Shipping Agency Limited.

Sir S. Y. Chung, JP, Director (Age: 84)

Sir Sze-Yuen Chung became a Director of the Company in 1982. He is also the chairman of The Kowloon Motor Bus Holdings Limited. On 1 July 1997, he was awarded the Grand Bauhinia Medal by the Hong Kong SAR Government.

Mr. Quinn Y. K. Law, Director (Age: 49)

Mr. Law became a Director of the Company in 1992. He is also a director of Wharf.

Ms. Doreen Y. F. Lee, Director (Age: 46)

Ms. Lee became a Director of the Company in 1998. She is also a director and the general manager of Harriman Leasing Limited, the managing director of Wharf Estates Management Company Limited, an executive director of Wharf Properties Limited and a director of Harriman Realty Company, Limited.

Mr. William W. Y. Lee, Director (Age: 75)

Mr. Lee became a Director of the Company in 1993.

Mr. T. Y. Ng, Director (Age: 54)

Mr. Ng became a Director of the Company in 1992. He is also a director of Wharf, HCDL, Joyce, New Asia, Realty Development Corporation Limited and MPDL.

Mr. Paul Y. C. Tsui, Director (Age: 55)

Mr. Tsui became a Director of the Company in 1998. He is also the senior deputy managing director of Wheelock Properties Limited, the senior managing director of Harriman Realty Company, Limited, an executive director of Wharf, a director of HCDL, i-CABLE, Joyce and MPDL, as well as the group financial controller of the Company and Wharf.

Mr. Harry S. S. Wong, Director (Age: 46)

Mr. Wong became a Director of the Company in 1998. He is also a director of Joyce and the managing director of Wharf China Limited.

Note: Mr. William W. Y. Lee is a brother of Mr. Gonzaga W. J. Li.

(II) Senior Managers

Various businesses of the Group are respectively under the direct responsibility of the Chairman, the Senior Deputy Chairman, the Deputy Chairman, and the Finance Director of the Company as named under (B)(I) above. Only those four Directors are regarded as members of the Group’s senior management.

Disclosure of Further Corporate Information (continued)

(C) PENSION SCHEMES

The Group operates a number of pension schemes. Set out below are certain particulars regarding the principal pension scheme (the "Pension Scheme") operated by the Group:

(I) Nature of the Pension Scheme

The Pension Scheme is a defined contribution scheme. The assets of the Pension Scheme are held separately by an independently administered fund.

(II) Funding of the Pension Scheme

The Pension Scheme is funded by contributions from employees and employers. The employees and employers contribute respectively to the Pension Scheme sums which represent percentages of their salaries as defined under the relevant trust deed.

(III) Forfeited Contributions

The contributions are expensed as incurred and may be reduced by contributions forfeited by those employees who have left the Pension Scheme prior to vesting fully in the contributions.

(IV) Cost of the Pension Scheme

The employer's cost charged to profit and loss account during the year ended 31 March 2002 in respect of the Pension Scheme amounted to HK\$11.4 million. During the year, no forfeiture of employers' contributions was used to reduce current year's contribution.

Note: The total employers' pension cost in respect of all pension schemes of the Group, including the cost related to the Mandatory Provident Fund which is not operated by the Group, charged to profit and loss account during the financial year ended 31 March 2002 amounted to HK\$22.0 million.

(D) EXECUTIVE SHARE INCENTIVE SCHEME (THE "Scheme")**(I) Summary of the Scheme****(a) Purpose of the Scheme**

To give executives of the Group the opportunity of acquiring an equity participation in the Company, to continue to provide them with the motivation and incentive to give their best contribution towards the Company's continued growth and success.

(b) Participants of the Scheme

Any employee of the Company or any of its subsidiaries holding an executive, managerial, supervisory or similar position, including a Director of the Company or any of its subsidiaries holding executive office, who accepts the offer of the grant of an option in accordance with the terms of the Scheme (the "Employee(s)").

(c) (i) Total number of ordinary shares of HK\$0.50 each in the capital of the Company (the "Shares") available for issue under the Scheme as at 31 March 2002:

82,488,864

(ii) Percentage of the issued share capital that it represents as at 31 March 2002:

4%

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- (d)** Maximum entitlement of each participant under the Scheme as at 31 March 2002:
Not more than:
- (i) 10% of the maximum number of Shares available for subscription under the terms of the Scheme; and
 - (ii) in terms of amount of the aggregate subscription price, such amount of aggregate subscription price in respect of all the Shares for which an Employee is granted options in any financial year as would exceed five times his or her gross annual remuneration.
- (e)** Period within which the Shares must be taken up under an option:
Within 10 years from the date on which the option is granted or such shorter period as the Board of Directors may approve.
- (f)** Minimum period for which an option must be held before it can be exercised:
One year from the date on which the option is granted.
- (g)** (i) Price payable on application or acceptance of the option:
HK\$1.00
- (ii) The period within which payments or calls must or may be made or loans of such purposes must be repaid:
Seven days after the offer date of an option.
- (h)** Basis of determining the exercise price:
Pursuant to rule 17.03 (9) of the Listing Rules, the exercise price must be at least the higher of:
- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and
 - (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.
- (i)** The remaining life of the Scheme:
Six years

(II) Details of Share Options Granted

During the financial year, a total of 450,000 ordinary shares, which represented all the outstanding share options held by Directors of the Company at the beginning of the year, were allotted to two Directors of the Company, namely, Mr. S. T. H. Ng and Mr. H. S. S. Wong, on their exercise of the relevant share options, certain particulars of which are as set out in the Report of the Directors on page 24. The 200,000 shares issued to Mr. S. T. H. Ng related to options granted to him on 13 August 1991 which were exercisable during the period from 13 August 1994 to 12 August 2001, and the 250,000 shares issued to Mr. H. S. S. Wong related to options granted to him on 14 April 1992 which were exercisable during the period from 13 April 1995 to 12 April 2002. Apart from these, there were no share options held by any Directors, Chief Executive or substantial shareholders of the Company at any time during the financial year.

Particulars, and movements during the financial year, of the Company's outstanding share options, which were granted to six Employees working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance, were as follows:

Disclosure of Further Corporate Information (continued)

Date Granted	No. of ordinary share represented by unexercised options outstanding as at 01/04/2001	No. of ordinary share represented by options lapsed/ exercised during the financial year	No. of ordinary share represented by unexercised options outstanding as at 31/03/2002	Period during which rights exercisable (Day/Month/Year)	Price per share to be paid on exercise of options	Consideration paid for the options granted
(i) 13 Aug 1991	340,000	(340,000)	–	13/08/1994 to 12/08/2001	HK\$5.20	HK\$1.00
(ii) 14 Apr 1992	594,000	(502,000)	92,000	13/04/1995 to 12/04/2002	HK\$5.50	HK\$1.00
(iii) 7 Oct 1993	100,000	(100,000)	–	30/09/1997 to 29/09/2003	HK\$10.60	HK\$1.00
	1,034,000	(942,000)	92,000			

The weighted average closing price of the ordinary shares of the Company immediately before the dates of all exercises by Employees of the Company's share options during the financial year was HK\$6.50 per share.

(E) 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 51% of the Group's total purchases;
- (b) the largest supplier accounted for 20% 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.

(F) CONNECTED/RELATED PARTY TRANSACTIONS

During the financial year, the Company and/or its subsidiaries (other than such subsidiaries of the Company as are themselves publicly-listed in Hong Kong or their subsidiaries) did not enter into any transaction which was regarded as connected transaction discloseable by the Company under the Listing Rules. Transactions constituting connected transaction(s) for those publicly-listed subsidiaries, which were not subject to any public disclosure by the Company itself, were duly disclosed by the relevant subsidiaries under the Listing Rules.

Furthermore, with regard to the Related Party Transactions as disclosed under Note 27 to the Accounts on page 64, none of those transactions constitute connected transactions discloseable by the Company under the Listing Rules.

(G) COMPLIANCE WITH CODE OF BEST PRACTICE

The Company has complied throughout the financial year with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of the Stock Exchange.