

## Disclosure of Further Corporate Information

Set out below is information disclosed pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"):

### (A) COMMENTARY ON ANNUAL RESULTS

#### (I) Review of 2000/2001 Results

Group profit attributable to Shareholders for the year under review was HK\$516.6 million, a decrease of 40.2 per cent from HK\$864.4 million. Earnings per share were 25.4 cents compared to 42.6 cents for the previous year.

The Group's turnover for the year was HK\$3,761.5 million, compared to HK\$4,551.0 million for 1999/2000, a decrease of 17.3 per cent, which was principally due to lower property sales revenue recognised by Marco Polo Developments group ("MPDL") in respect of its sales of Ardmore Park units in Singapore. On retailing and trading side, turnover increased by 34.4 per cent to HK\$1,865.7 million resulting from an increase in turnover of Lane Crawford and the acquisition of Joyce Boutique Holdings Limited, a non wholly-owned listed subsidiary, in mid-August 2000.

The Group's operating profit before borrowing costs decreased by 81.6 per cent to HK\$132.3 million from HK\$720.1 million achieved in the previous year, mainly as a result of lower contribution derived from MPDL and the increase in provision for impairment in value of properties.

MPDL's profit was mainly derived from recognition of a proportion of the pre-sale profit of Ardmore Park of which 15 per cent was recognised in 2000/2001 against 25 per cent for the previous year. As at 31 March 2001, stage billings representing 60 per cent of the total sales price of all the units sold have been billed and fully collected. Temporary Occupation Permit for the whole development of Ardmore Park was obtained in May 2001 and to-date stage billings representing 85 per cent of the total sales price of the 316 units sold have been billed and substantially collected.

Despite the difficult retailing environment in Hong Kong, Lane Crawford managed to maintain a satisfactory positive operating profit while the newly acquired Joyce Boutique Holdings Limited turned around from loss and reported a net profit of HK\$7.2 million.

Provision for impairment in value of properties of HK\$1,221.2 million in 2000/2001 included provision of HK\$338.7 million made by Realty Development group ("RDC") for its residential development project in Tuen Mun, industrial/office development project in Kwai Chung and certain land reserved for development. The remaining provision is mainly related to the development project in Sham Tseng. Provision for 1999/2000 is mainly related to property development projects in China Mainland and certain projects in Hong Kong.

Included in the operating profit for the year is other net income of HK\$442.2 million against HK\$327.6 million for 1999/2000, mainly due to increase in profits on disposal of certain securities and the write-back of certain other provisions.

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Borrowing costs charged to the consolidated profit and loss account for the year were HK\$897.7 million, a decrease of 3.8 per cent as compared with HK\$933.5 million for 1999/2000.

The share of profits in associates of HK\$1,580.4 million decreased by 16.0 per cent from HK\$1,882.2 million for 1999/2000, mainly as a result of the decrease in profit contribution from The Wharf (Holdings) Limited ("Wharf"). Wharf reported a profit attributable to shareholders of HK\$2,480.0 million for its financial year ended 31 December 2000, compared to HK\$3,511.0 million achieved in 1999. Wharf's profit for 1999 included a non-recurring gain of HK\$3,762.0 million arising from the spin off of i-CABLE Communications Limited and provisions made for contingencies from litigation case of HK\$1,000.0 million and also for certain properties under development of HK\$1,508.0 million.

Taxation charge for 2000/2001 was HK\$253.2 million, against HK\$467.0 million in 1999/2000. Lower taxation charge was recorded mainly due to decreased sales revenue recognised by MPDL, and included in 1999/2000 taxation was an additional tax provision of HK\$157.4 million made by RDC.

The profits shared by minority interests for the year were HK\$45.2 million, a decrease of 86.6 per cent from HK\$337.4 million in 1999/2000. The decrease was mainly due to decrease in profits of the Group's non-wholly owned subsidiaries.

### (II) Liquidity and Financial Resources

- a) At 31 March 2001, the ratio of the Group's net debt to total assets was 27.4 per cent, compared to 28.8 per cent at 31 March 2000. At 31 March 2001, the Group's net debt amounted to HK\$15,664.5 million, made up of HK\$16,963.6 million in debts and HK\$1,299.1 million in deposits and cash, a decrease of 2.6 per cent as compared with HK\$16,081.7 million at 31 March 2000.

The debt maturity profile of the Group at 31 March 2001 is analysed as follows:

	<b>2001</b>	2000
	<b>HK\$ Million</b>	HK\$ Million
Repayable within 1 year	<b>4,564.7</b>	4,806.8
Repayable after 1 year, but within 2 years	<b>7,580.9</b>	5,615.0
Repayable after 2 years, but within 5 years	<b>4,818.0</b>	7,089.9
	<b>16,963.6</b>	17,511.7

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

	<b>2001</b>	2000
	<b>HK\$ Million</b>	HK\$ Million
Fixed assets	<b>3,859.6</b>	4,176.1
Long-term investments	<b>363.2</b>	1,712.7
Properties under development	<b>6,009.7</b>	10,769.1
	<b>10,232.5</b>	16,657.9

- c) 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.
- d) At 31 March 2001, the Group maintained a portfolio of long-term listed investments with market value of HK\$3,324.0 million (2000: HK\$3,600.9 million) which primarily comprised blue chip securities.

### (III) Finance

During the financial year, the Group secured and renewed committed banking facilities at lower margins in a total amount of approximately HK\$11 billion, of which HK\$3.4 billion relates to the refinancing of the MTRC Kowloon Station Package Two development project at favourable terms to replace a previous facility of HK\$2.2 billion. In addition, various short-term banking facilities were also secured or renewed. Grace Sign Limited, in which RDC has a 20 per cent interest, has also completed a project finance facility of HK\$2.5 billion to finance the development of KIL 11 118 King's Park site.

### (IV) Acquisition of Subsidiaries and Associates

During the financial year, the Group acquired a controlling interest of 52 per cent in Joyce Boutique Holdings Limited and a 39 per cent interest in City Super Limited. Besides, RDC has participated in a joint venture of which RDC owns 20 per cent to acquire the King's Park site at HK\$2,508.0 million.

### (V) Employee

The Group had approximately 2,300 employees as at 31 March 2001. 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 2001 was HK\$370.1 million.

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### (B) BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGERS

#### (I) Directors

##### **Mr. Gonzaga W. J. Li, Chairman (Age: 72)**

Mr. Li has been a Director of the Company since 1969. He became Chairman of the Company in 1996. He is also the chairman of The Wharf (Holdings) Limited ("Wharf"), Harbour Centre Development Limited ("HCDL"), i-CABLE Communications Limited ("i-CABLE"), New Asia Realty and Trust Company, Limited ("NART"), Realty Development Corporation Limited ("RDC") and Marco Polo Developments Limited ("MPDL") in Singapore and a director of Joyce Boutique Holdings Limited ("Joyce").

##### **Mr. Stephen T. H. Ng, Vice Chairman (Age: 48)**

Mr. Ng has been a Director of the Company since 1988. He became Vice Chairman of the Company in 1995. He is also the deputy chairman and managing director of Wharf, the deputy chairman, president and chief executive officer of i-CABLE, the chairman, president and chief executive officer of both Hong Kong Cable Television Limited ("HKC") and New T&T Hong Kong Limited ("New T&T"). He led the successful bid for and subsequent implementation of Hong Kong's first cable TV licence. Mr. Ng is also a director of Joyce and he serves as a member of the Hong Kong – United States Business Council.

##### **Mr. John T. Hung, SBS, JP, Managing Director (Age: 62)**

Mr. Hung was appointed Executive Director of the Company in 1993. He became the Managing Director of the Company in 1995. He is also an executive director of Wharf, the vice chairman of HKC, a director of i-CABLE, Joyce and MPDL. He serves as the Government appointed chairman of the Hong Kong Sports Development Board.

##### **Mr. K. H. Leung, Finance Director (Age: 56)**

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

##### **Mr. B. M. Chang, Director (Age: 72)**

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: 83)**

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 ("GBM") of the Government of the Hong Kong Special Administration Region.

##### **Mr. Quinn Y. K. Law, Director (Age: 48)**

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

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**Ms. Doreen Y. F. Lee, Director (Age: 45)**

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: 74)**

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

**Mr. T. Y. Ng, Director (Age: 53)**

Mr. Ng became a Director of the Company in 1992. He is also a director of Wharf, HCDL, Joyce, NART, RDC and MPDL.

**Mr. Paul Y. C. Tsui, Director (Age: 54)**

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: 45)**

Mr. Wong became a Director of the Company in 1998. He is also 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 two Directors holding executive offices of the Company as named under (B)(I) above. Only those two Directors are regarded as members of the Group's senior management.

**(C) PENSION SCHEMES**

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

**(I) Nature of the Scheme**

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

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### (II) Funding of the Scheme

The Scheme is funded by contributions from employees and employers. The employees and employers contribute respectively to the Scheme sums which represent percentages of their salaries as defined under the relevant trust deed. Forfeited employers' contributions can be used to reduce the existing level of contributions.

### (III) Cost of the Scheme

The employers' cost charged to profit and loss account during the year ended 31 March 2001 in respect of the Scheme amounted to HK\$11.8 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 year ended 31 March 2001 amounted to HK\$18.5 million.*

### (D) MAJOR CUSTOMERS & SUPPLIERS

For the financial year ended 31 March 2001:

- 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 48 per cent of the Group's total purchases;
- b) the largest supplier accounted for 23 per cent 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 per cent 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 per cent of the Group's total turnover.

### (E) COMPLIANCE WITH CODE OF BEST PRACTICE

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

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### (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 28 to the Accounts on page 77, none of those transactions constitute connected transactions discloseable by the Company under the Listing Rules.