

**JUSCO STORES (HONG KONG) CO., LIMITED**  
吉之島(香港)百貨有限公司  
(Incorporated in Hong Kong with limited liability)

**2001 ANNUAL RESULTS**

The Board of Directors of JUSCO Stores (Hong Kong) Co., Limited (the "Company") is pleased to announce the audited results of the Company and its subsidiary (the "Group") for the year ended 28 February 2001 together with comparative figures for the previous year as follows:

**CONSOLIDATED INCOME STATEMENT**

For the Year Ended 28 February 2001

	NOTES	2001 HK\$'000	2000 HK\$'000
Turnover		3,394,484	3,277,382
Other revenue		201,728	210,793
Changes in inventories		(2,450,489)	(2,411,992)
Staff costs		(333,139)	(290,216)
Depreciation		(82,095)	(95,943)
Loss on disposal of property, plant and equipment		(10,242)	(1,532)
Pre-operating expenses		(461)	(196)
Other operating expenses		(622,344)	(636,207)
Profit from operations		97,442	52,089
Finance costs		(1,213)	(5,898)
Investment income		5,273	1,717
Gain on dilution of interest in a subsidiary		—	1,682
Profit from ordinary activities before taxation		101,502	49,590
Income tax expenses	2	(2,105)	(10,489)
Profit before minority interest		99,397	39,101
Minority interest		(7,161)	(6,585)
Net profit for the year		92,236	32,516
Dividends		(36,400)	(10,400)
Profit for the year, retained		55,836	22,116
Earnings per share	3	35.48 cents	12.51 cents

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended 28 February 2001

**1. SEGMENTAL INFORMATION**

The Group's turnover and contribution to operating profit for the year ended 28 February 2001, analysed by geographical location of operation, were as follows:

	Turnover		Contribution to results from ordinary activities before taxation	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Hong Kong	2,919,709	2,964,599	63,372	16,587
The People's Republic of China ("PRC"), other than Hong Kong	474,775	312,783	34,070	35,502
	3,394,484	3,277,382	97,442	52,089
Finance costs			(1,213)	(5,898)
Investment income			5,273	1,717
Gain on dilution of interest in a subsidiary			—	1,682
Profit from ordinary activities before taxation			101,502	49,590

There was no analysis by principal activities because the Group has only one business involved.

**2. INCOME TAX EXPENSES**

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
The charge comprises:		
Hong Kong Profits Tax calculated at 16% of the estimated assessable profits	5,000	10,000
Overprovision in previous years	(6,768)	—
Hong Kong Profits Tax rebate	—	(1,450)
	(1,768)	8,550
PRC income tax	13,573	1,939
Deferred taxation	(9,700)	—
	2,105	10,489

PRC income tax is calculated at 33% of the estimated assessable profits of the subsidiary.

**3. EARNINGS PER SHARE**

The calculation of earnings per share is based on the Group's net profit for the year of HK\$92,236,000 (2000: HK\$32,516,000) and on 260,000,000 (2000: 260,000,000) ordinary shares in issue during the year.

**DIVIDENDS**

The Board of Directors has recommended a final dividend of 13.0 HK cents (2000: 4.0 HK cents) per share to be paid on or before 8 August 2001, subject to shareholder's approval at the forthcoming annual general meeting to be held on 21 June 2001. The total dividend for the year will be 14.0 HK cents (2000: 4.0 HK cents) per share as there was HK 1.0 cent Interim dividend payment during the year (2000:Nil).

**CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Monday, 18 June 2001 to Thursday, 21 June 2001 (both days inclusive) during which period no share transfers will be effected. In order to qualify for the proposed final dividend and attending and voting at the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Secretaries Limited, at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong, for registration not later than 4:00 p.m. on Friday, 15 June 2001.

By Order of the Board  
**Sozaburo YAMAZAKI**  
Managing Director

**FINANCIAL HIGHLIGHTS**

- Turnover for the year was HK\$ 3,394 million, representing a growth of 3.6% over the previous year.
- Profit attributable to shareholders increased by 184% to approximately HK\$ 92 million.
- Earnings per share were 35.48 HK cents. (2000: 12.51 HK cents).
- A final dividend of 13.0 HK cents (2000: 4.0 HK cents) per share.
- Gross profit margins increased by 1.4% to 27.8% while the rental cost against turnover decreased from 9.4% to 8.5%.
- As at 28 February 2001, the Group maintained a healthy financial position with a net cash balance of HK\$281 million and no bank borrowings.
- The management does not expect any material bank borrowings in the coming financial year.
- Exchange rate fluctuations had no material impact on the Group as imported items invoiced in foreign currencies comprised less than 5% of our total purchases.

**BUSINESS REVIEW**

- The Hong Kong economy revived further from the downturn following the Asian financial turmoil, recorded a total retail sales of HK\$186.7 billion in 2000, an increase of 3.8% over the previous year. The volume index also grew by 8.1%. Global demand, however, slackened substantially in the latter half of 2000, and inevitably affected the Hong Kong economy. Consequently, dampening local consumer sentiment and the Hong Kong retail industry was suffered from the cautious spending attitude and seeking value-for-money goods and services.
- Despite the four-month temporary closure of the Kornhill Store for renovation, the Group was able to maintain turnover in Hong Kong at the same level as the previous year. The re-opening of the Kornhill Store in June 2000 also marked the Group's achievement of another remarkable milestone - the introduction of the up-to-date General Merchandise Stores ("GMS") concept from Japan. The concept has also been proven successful in Hong Kong.
- The Kornhill Store was renovated to provide a more comfortable shopping environment for valued customers. The renovation costs of the Kornhill Store were approximated at HK\$90 million and were financed by internal resources mainly as well as short-term bank borrowings. The store itself also benefited from the new and more spacious designs, the clear product displays as well as the new merchandise mix. The Group is planning to introduce this up-to-date GMS concept to other JUSCO Stores in Hong Kong.
- Second GMS - China Plaza Store - in Guangzhou City, the PRC was opened in June 2000. The China Plaza Store, also located near the Guangzhou Metro railway stations as the first GMS at Teem Plaza, delivered satisfactory performance. The investment costs of China Plaza Store approximated at HK\$33 million and were financed by internal resources mainly as well as short-term bank borrowings. The two GMSs together recorded significant results, boasting an increase of 52% in turnover during the year under review.
- More than 500 items sourced from Japan carrying the Group's own brandname, "Top Valu", were introduced in JUSCO stores. These unique products received warm response from customers in the Hong Kong market.
- In September 2000, the first "\$10 Plaza" was opened in the Tuen Mun Store. Over 4,000 items are directly imported from Japan and are sold at a unit price of HK\$10. Prompted by the remarkable customer response to the "\$10 Plaza" in the Tuen Mun Store, the Group opened another one in Tseung Kwan O in March 2001. The Group is also considering opening more "\$10 Plaza" in other JUSCO stores or at prime locations near to JUSCO to serve this specific market need.
- In December 2000, JUSCO introduced an on-line virtual shopping mall concept. Information regarding JUSCO, the community and other fascinating features such as entertainment, travel, finance and banking, e-magazines, news and weather can be obtained at www.juscocityhk.com. JUSCOCITY is designed to serve as a platform to facilitate effective communication between JUSCO and its customers, thus nurturing long-term customer relationships.
- At 28 February 2001, the Group employed about 2,200 full-time and 1,900 part-time staff in Hong Kong and in the PRC. The Group remunerates its employees based on their performance, experience and prevailing industry practice. It also offers benefits like professional tuition and training subsidies to its staff in order to enhance their sense of loyalty.

**PROSPECTS**

- The pace of recovery dropped towards the end of the year under review as a result of a dramatic dampening of global demand. Total retail sales declined by 1.1% in the first two months of 2001 when compared against the corresponding period of the previous year. The figure for the department store sector, compared with that in the same period, dropped further by 6.7%. JUSCO is still optimistic in the prospects of the retail industry. In the past 14 years the Group has operated in the local retail industry and has built a strong foundation which supports the development today. The Group's unmatched experience and strengths in the industry plus the continuous and strong support from AEON Group, JUSCO has full confidence in its ability to secure future business growth.
- The Company signed a Letter of Intent on 29 March 2001 with interested parties in the PRC to explore opportunities for the development of GMS in Shenzhen.
- The Group leased additional space at the Lok Fu Shopping Centre. Renovation and expansion of the Lok Fu Store started in March 2001. The cost of the renovation is estimated at HK\$63 million and will also be financed by internal resources. Of the HK\$63 million, HK\$10 million was incurred in this financial year while the remaining will be incurred in the next financial year.
- In the coming years, achieving high customer satisfaction will be JUSCO's prime emphasis. The Group has established the Customer Service & Store Support Department and the Service Improvement Team in April 2001 to enhance customer relationship and cater for customer needs and expectations. All management has and will continue to undergo intensive training to ensure they keep abreast of market trend. Other training programmes are offered to ensure the staff to provide service of the highest standard in the market and hence boost the competitiveness of the Group among competitors.
- The Group will also introduce a Service Ambassador Programme ("SAP") subsequent to the successful completion of the "5-Star Campaign" programme. SAP is established to recognise the staff with remarkable achievement in the aspect of customer service.
- With the goal of achieving total customer satisfaction at heart and a well-mapped out development plan, JUSCO looks forward with confidence to fulfilling the needs of its valued customers. Building on the Group's sound financial position and the sizable operations of the 10 GMSs in Hong Kong and the PRC, JUSCO is all geared to pursue arising opportunities as the economy and retail market continue to improve.

**PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the year, neither the Company nor its subsidiary purchased, sold or redeemed any of the Company's listed securities.

**PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE EXCHANGE'S WEBSITE**

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Exchange") will be subsequently published on the Exchange's website in due course.

**CHANGE OF DIRECTORS**

- The Board of Directors hereby announces that Mr. Yoichi Kimura ("Mr Kimura") resigned as a director of the Company effective from 18 May 2001. Mr Shinobu Washizawa ("Mr Washizawa") and Mr Kazumasa Ishii ("Mr Ishii") have been appointed as directors of the Company on 18 May 2001.
- The Board of Directors welcomes Mr. Washizawa and Mr. Ishii and expresses sincere gratitude to Mr Kimura for his contribution to the Company during his tenure of service.

Hong Kong, 18 May 2001

**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of JUSCO Stores (Hong Kong) Co., Limited (the "Company") will be held at Ballroom C, Island Shangri-La Hong Kong, 2 Pacific Place, Supreme Court Road, Hong Kong on Thursday, 21 June 2001 at 9:00 a.m. for the following purposes:

1. To consider and receive the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 28 February 2001.
2. To declare a Final Dividend for the year ended 28 February 2001.
3. To re-elect Directors and authorise the Board of Directors to fix their remuneration.
4. To re-appoint Auditors and authorise the Directors to fix their remuneration.
5. To consider as special business and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:

- A. "THAT
- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with unissued shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
  - (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors of the Company and shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
  - (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted pursuant to an option or otherwise by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to a Rights Issue (as defined in paragraph (d) below), shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution and the said approval shall be limited accordingly; and
  - (d) for the purposes of this Resolution:
 

"Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:

    - (i) the conclusion of the next annual general meeting of the Company;
    - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or the Companies Ordinance to be held; or
    - (iii) the date of the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the Directors of the Company by this Resolution.

"Rights Issue" means an offer of shares or offer or issue of warrants or options to subscribe for shares open for a period fixed by the Directors of the Company to holders of shares on the Register of Members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company)."

- B. "THAT
- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph (c) below) of all powers of the Company to repurchase shares of HK\$0.20 each in the capital of the Company on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities & Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

- (b) the aggregate nominal amount of the shares of the Company which the Company is authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing this Resolution and the said approval shall be limited accordingly; and

- (c) for the purposes of this Resolution:
 

"Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:

  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or the Companies Ordinance to be held; or
  - (iii) the date of the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the Directors of the Company by this Resolution."

- C. "THAT conditional upon the passing of the resolutions set out in paragraph 5A and paragraph 5B of the notice convening this meeting, the general mandate granted to the Directors of the Company to issue and dispose of additional shares pursuant to the resolution set out in paragraph 5A of the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to the resolution set out in paragraph 5B of the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing this Resolution."

By Order of the Board  
**Heng Kwoo Seng**  
Company Secretary

Hong Kong, 18 May 2001

Registered Office:  
G-4th Floor  
Kornhill Plaza (South)  
2 Kornhill Road  
Hong Kong

**Notes:**

- (1) A member entitled to attend and vote at the annual general meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) In order to be valid, form(s) of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the office of the Company's Share Registrars, Secretaries Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong, not less than 48 hours before the time fixed for holding the annual general meeting or any adjournment thereof.
- (3) The Register of Members of the Company will be closed from Monday, 18 June 2001 to Thursday, 21 June 2001 (both days inclusive) during which period no transfer of shares can be registered. In order to qualify for the proposed final dividend and attending and voting at the annual general meeting, all share transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's Share Registrars, Secretaries Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong, not later than 4:00 p.m. on Friday, 15 June, 2001.
- (4) With reference to the resolutions set out in paragraphs 5A and 5B above, the Directors of the Company wish to state that they have no immediate plans to issue any new shares or to repurchase any existing shares pursuant to the relevant mandates.
- (5) An explanatory statement containing further details regarding the resolutions set out in paragraphs 5A and 5B above will be sent to all members together with the 2000/2001 Annual Report.