

## → Notes to the Accounts

### 1. Group reorganization

On 21 October 2002, the Company (formerly known as Pacific Ports Company Limited) and New World Development Company Limited ("NWD"), New World Infrastructure Limited ("NWI") and the shareholders of New World Services Limited (now known as NWS Service Management Limited, ("NWSS")) entered into two share purchase agreements, which after completion, resulted into reorganization of various group companies (the "Reorganization").

The Reorganization involved:

- (i) the acquisition of the entire interests in subsidiary companies and jointly controlled entities of NWI holding the infrastructure investments (the "Infrastructure Companies") together with the assignment of certain shareholders' loans to the Infrastructure Companies to the Company from NWI at a consideration of approximately HK\$9.6 billion, comprising cash consideration of approximately HK\$8.5 billion, undertaking to repay certain liabilities of NWI in the aggregate amount of approximately HK\$0.9 billion, and 853\* million consideration shares issued by the Company;
- (ii) the acquisition of the entire share capital of NWSS ("the Service Companies") by the Company from the shareholders of NWSS by issue of approximately 11,701\* million consideration shares issued by the Company; and
- (iii) the distribution of the entire holding of approximately 5,592\* million ordinary shares of the Company held by NWI to NWI shareholders, which included the issue of approximately 3,194\* million new shares by the Company to NWI upon conversion of all the preference shares of the Company into ordinary shares of the Company (Note 25).

The Reorganization was completed on 29 January 2003 (the "Completion Date") and on such date, the Company changed its name to NWS Holdings Limited.

Further details of the Reorganization are set out in the circular to the Company's shareholders dated 18 November 2002. Under the Reorganization, the aforesaid consideration shares amounting to approximately 12,554\* million new ordinary shares ("Consideration Shares"), were as agreed, at HK\$0.9327\* per share, which was based on the business valuations of the Infrastructure Companies and Service Companies being acquired. On the Completion Date, the market value of the Consideration Shares, which represented the fair value of the Company's shares at that date, was HK\$0.29\* per share. Statement of Standard Accounting Practice No. 30 "Business Combinations" requires the fair value of the Consideration Shares for accounting purposes to be determined at the Completion Date. Accordingly, the total cost of the acquisition based on fair values of the purchase consideration and the acquired assets and liabilities at the Completion Date, resulted in a net negative goodwill of HK\$994.6 million (Note 34(b)).

The post-acquisition results subsequent to the Completion Date of the acquired Infrastructure Companies and Service Companies are consolidated into the accounts of the Group as set out in Note 2(b).

\* The numbers and values of ordinary shares are stated before the share consolidation as set out in Note 25(c).

# → Notes to the Accounts

## 2. Principal accounting policies

The principal accounting policies adopted in the preparation of these accounts are set out below.

### (a) Basis of preparation

The accounts have been prepared under the historical cost convention as modified by the revaluation of investment properties and investment securities, and in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants ("HKSA").

In the current year, the Group adopted the following Statements of Standard Accounting Practice ("SSAPs") issued by the HKSA, which are effective for accounting periods commencing on or after 1 January 2002:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 34 (revised)	:	Employee benefits

Certain presentational changes have been made upon the adoption of SSAP 1 (revised) and SSAP 15 (revised). The effects of adoption of SSAP 11 (revised) and SSAP 34 (revised) are set out in Notes 2(q) and 2(r) respectively.

### (b) Consolidation

The Group accounts incorporate the accounts of the Company and all its subsidiary companies made up to 30 June and include the Group's share of the results for the year and undistributed post-acquisition reserves of associated companies and jointly controlled entities. The results of subsidiary companies acquired or disposed of during the year are dealt with in the consolidated profit and loss account from the effective dates of acquisition or to the effective dates of disposal respectively.

All material intra-group transactions, including unrealized profits arising from intra-group construction contracts, sales of properties and interest income on loans and advances, have been eliminated on consolidation.

The gain or loss on the disposal of a subsidiary company represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortized goodwill / negative goodwill or goodwill / negative goodwill taken to reserves and which was not previously charged or recognized in the consolidated profit and loss account.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiary companies.

## 2. Principal accounting policies (Continued)

### (c) Subsidiary companies

A company is a subsidiary company if the Group, directly or indirectly, controls more than half of the voting power; has the power to govern the financial and operating policies; to appoint or remove the majority of the members of the board of directors; or to cast majority of votes at the meetings of the board of directors.

The Company's investments in subsidiary companies are carried at cost less provision for any impairment losses. The results of subsidiary companies are accounted for by the Company on the basis of dividend income.

### (d) Associated companies

An associated company is a company other than a subsidiary company and a jointly controlled entity, in which the Group's interest is held for the long term and substantial and significant influence is exercised through representatives on the board of directors.

The Group's investments in associated companies are stated at the Group's share of net assets and goodwill / negative goodwill (net of accumulated amortization) on acquisition. The Company's investments in associated companies are carried at cost less provision for impairment losses. Results of associated companies are accounted for the Company on the basis of dividend income.

### (e) Jointly controlled entities

A jointly controlled entity is a joint venture established as a corporation, partnership or other entity in which the venturers have their respective interests and establish a contractual arrangement among them to define their joint control over the economic activity of the entity.

The Group's interests in jointly controlled entities are stated at cost plus the Group's share of their post-acquisition results and reserves and goodwill / negative goodwill (net of accumulated amortization) on acquisition less provision for impairment losses. The share of post-acquisition results and reserves is based on the relevant profit sharing ratios which vary according to the nature of the jointly controlled entities explained as follows:

#### (i) *Equity joint ventures*

Equity joint ventures are joint ventures in respect of which the venturers' capital contribution ratios are defined in the joint venture contracts and the venturers' profit sharing ratios are in proportion to the capital contribution ratios.

## → Notes to the Accounts

### 2. Principal accounting policies (Continued)

#### (e) Jointly controlled entities (Continued)

##### (ii) *Co-operative joint ventures*

Co-operative joint ventures are joint ventures in respect of which the venturers' profit sharing ratios and share of net assets upon the expiration of the joint venture periods are not in proportion to their capital contribution ratios but are as defined in the joint venture contracts. Where the Group is not entitled to share the net assets of a co-operative joint venture at the end of the joint venture period, the cost of investment in such co-operative joint venture is amortized over the joint venture period.

##### (iii) *Companies limited by shares*

Companies limited by shares are limited liability companies in respect of which each shareholder's beneficial interests therein is in accordance with the amount of the voting share capital held thereby.

#### (f) Goodwill / negative goodwill

##### (i) *Goodwill*

Goodwill represents the excess of purchase consideration over the fair values ascribed to net assets of subsidiaries, associated companies or jointly controlled entities acquired.

Prior to 1 July 2001, goodwill arising on acquisitions of subsidiaries, associated companies or jointly controlled entities was taken directly to reserves in the year of acquisition.

Goodwill on acquisitions occurring on or after 1 July 2001 is included in the balance sheet and is amortized using the straight-line method over its estimated useful life of not more than twenty years. Any impairment of the goodwill will be recognized as an expense in the profit and loss account immediately.

##### (ii) *Negative goodwill*

Negative goodwill represents the excess of the fair value of the Group's share of the net assets acquired over the cost of acquisition.

Negative goodwill on acquisitions of subsidiaries, associated companies or jointly controlled entities arising prior to 1 July 2001 was taken directly to reserves in the year of acquisition. For acquisitions on or after 1 July 2001, negative goodwill is presented in the same balance sheet classification as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognized in the profit and loss account when the future losses and expenses are recognized. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognized in the profit and loss account over the remaining weighted average life of those assets; negative goodwill in excess of the fair values of those assets is recognized in the profit and loss account immediately.

## 2. Principal accounting policies (Continued)

### (g) Revenue recognition

Revenue is recognized when it is probable that future economic benefits will accrue to the Group and these benefits can be measured reliably on the following bases:

(i) *Construction and engineering*

Revenue from individual contract on construction, electrical and mechanical engineering services is recognized under the percentage of completion method, when the profit of the contract can be prudently determined and is measured by reference to the proportion that contract costs incurred for work performed to date compares to the estimated total contract costs to completion. The completion of individual contract is determined by the date of the issuance of the relevant maintenance certificate or equivalent, or twelve months after the issuance of occupation permit, whichever the earlier. Anticipated losses are fully provided on contracts when identified.

(ii) *Toll revenue*

Toll revenue from road and bridge operations, income from cargo, container handling and storage are recognized when services are rendered.

(iii) *Service fee income*

Property and facilities management service fees, property letting agency fee, security service fee and transportation service fee are recognized when services are rendered.

(iv) *Rental income*

Rental income is recognized on an accrual basis over the terms of the lease agreements.

(v) *Insurance brokerage premium*

Insurance brokerage premium is recognized over the period covered by each insurance policy on a straight-line basis.

(vi) *Interest income*

Interest income is recognized on a time proportion basis. Interest received and receivable in respect of loan financing provided to associated companies, equity and co-operative joint venturers (where they are not accounted for as subsidiary companies) during their pre-operational period are deferred and amortized over the repayment periods.

(vii) *Dividend income*

Dividend income is recognized when the shareholder's right to receive payment is established.

## → Notes to the Accounts

### 2. Principal accounting policies (Continued)

#### (h) Assets under leases

##### (i) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalized at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the capital and finance charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities. The finance charges are charged to the profit and loss account over the lease periods.

Assets held under finance leases are depreciated on the basis described in Note 2(i)(ii).

##### (ii) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments under operating leases net of any incentives received from the leasing company are charged to the profit and loss account on a straight-line basis over the lease periods.

#### (i) Fixed assets

##### (i) Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and are held for their investment potential.

Investment properties are carried at open market value based on independent professional valuations. Increases in valuations are credited to investment properties revaluation reserve; decreases in valuations are first set off against increases on earlier valuations on a portfolio basis and thereafter charged to the profit and loss account. Any decrease in valuation charged to the profit and loss account which is subsequently restored is credited to the profit and loss account to the extent of the amount previously charged.

Upon the disposal of an investment property, the relevant portion of the revaluation reserve realized in respect of previous valuations is released from the revaluation reserve to the profit and loss account.

##### (ii) Other fixed assets and depreciation

Other fixed assets are stated at cost or valuation less accumulated depreciation and provision for impairment losses.

No depreciation is provided in respect of construction in progress.

## 2. Principal accounting policies (Continued)

### (i) Fixed assets (Continued)

#### (ii) Other fixed assets and depreciation (Continued)

Depreciation of toll roads and toll bridges is provided for on sinking fund method or straight-line method. For the sinking fund method, annual depreciation amounts compounded at rates ranging 2% to 13% per annum will equal the costs of the relevant toll roads and toll bridges at the expiry of the relevant joint venture periods. Certain toll roads and toll bridges are depreciated at rates sufficient to write off their costs less accumulated impairment losses on a straight line basis over their toll collection periods ranging from 18 to 29 years.

Depreciation of other fixed assets is calculated to write off their cost or valuation over their estimated useful lives, using the straight-line method, at the following annual rates:

Long term leasehold land	Unexpired period of the lease
Medium term leasehold land	2% or unexpired period of the lease
Buildings	2.5% – 3%
Ports facilities and terminal equipment	2.25% – 15%
Buses and vessels	4% – 10%
Plant and equipment, furniture and fixtures, and others	7% – 50%

#### (iii) Impairment of fixed assets

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that assets included in other properties and other fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognized to reduce the asset to its recoverable amount. Such impairment losses are recognized in the profit and loss account except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

#### (iv) Gain or loss on disposal of fixed assets

Profit or loss on disposal of a fixed asset is determined as the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognized in the profit and loss account. Upon the disposal of revalued assets (except investment properties), the relevant realized revaluation reserve is transferred directly to retained profits.

#### (v) Maintenance of fixed assets

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. Improvements are capitalized and depreciated over their expected lives to the Group.

#### (vi) Capitalization of fixed assets

All direct and indirect costs relating to the construction of fixed assets including borrowing costs and exchange differences on the related borrowed funds during the construction period, are capitalized as the costs of the fixed assets.

## → Notes to the Accounts

### 2. Principal accounting policies (Continued)

#### (j) Other investments

Other investments are investments other than subsidiary companies, associated companies and jointly controlled entities.

##### (i) *Non-trading securities*

Investments held for non-trading purpose are stated at fair value at the balance sheet date. Changes in fair value of individual securities are dealt with as movement to the investments revaluation reserve until the securities are sold or are determined to be impaired. Where the Directors determine that there is an impairment loss, it is removed from the asset revaluation reserve and recognized in the profit and loss account.

Upon disposal, the gain or loss representing the difference between net sales proceeds and the carrying amount of the relevant security, together with any surplus/deficit transferred from the asset revaluation reserve, is dealt with in the profit and loss account. Impairment loss recognized in the profit and loss account are written back in the profit and loss account to the extent of the amount previously charged when the circumstances and events leading to the impairment cease to exist.

##### (ii) *Trading securities*

Trading securities are carried at fair value. At each balance sheet date, the net unrealized gains or losses arising from the changes in fair value of trading securities are recognized in the profit and loss account. Profits or losses on disposal of trading securities, representing the difference between the net sales proceeds and the carrying amounts, are recognized in the profit and loss account as they arise.

#### (k) Inventories and contracting work in progress

Inventories comprise stocks and work in progress and are stated at the lower of cost and net realizable value. Cost is calculated on the weighted average basis. Net realizable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

Contracting work in progress is stated at cost plus attributable profits recognized on the basis set out in Note 2(g)(i) above, less provision for anticipated losses and progress payments received and receivable.

Cost comprises materials, direct labour and overheads attributable in bringing the inventories and work in progress to its present condition.

#### (l) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet date at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, cash investments with a maturity of three months or less from the date of investment and bank overdrafts.

#### (m) Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.



## 2. Principal accounting policies (Continued)

### (n) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognized as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognized but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

### (o) Deferred taxation

Deferred taxation is accounted for at current tax rates in respect of timing differences between profits as computed for taxation purposes and profits as stated in the accounts to the extent that a liability or asset is expected to be payable or recoverable in the foreseeable future.

### (p) Capitalization of interest and finance charges

Interest and finance charges on borrowings relating to construction in progress and properties under development, after elimination of intra-group interest charges, are included in the project cost and cost of development during the relevant period of construction and development respectively.

Borrowing costs incurred by the Group on the related borrowing funds which have been used to finance the construction of fixed assets by the associated companies and jointly controlled entities, are capitalized as the carrying value of these associated companies and jointly controlled entities.

### (q) Foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The balance sheets of subsidiary companies, associated companies and jointly controlled entities expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss accounts are translated at an average rate. Exchange differences are dealt with as a movement in reserves.

## → Notes to the Accounts

### 2. Principal accounting policies (Continued)

#### (q) Foreign currencies (Continued)

In prior years, the profit and loss accounts of overseas subsidiary companies, associated companies and jointly controlled entities expressed in foreign currencies were translated at exchange rates ruling at the balance sheet date. The change in accounting policy, to conform with the revised SSAP 11, does not have any material impact to the accounts.

#### (r) Employee benefits

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

Provision for bonus plans are recognized when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Contributions to defined contribution schemes, including the Mandatory Provident Fund Schemes, are expensed as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

Defined benefit costs under defined benefit schemes and long service payments, which are assessed using the projected unit credit method are charged to the profit and loss account. Under this method, plan assets are measured at fair value and defined benefit obligations are measured as the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the balance sheet date based on Exchange Fund Notes, which have terms to maturity approximating the terms of the related liability.

The above represents a change in accounting policy for the Group. This change in accounting policy has been applied retrospectively by certain group companies acquired as part of the Reorganization as referred to in Note 1. Such adjustments have been reflected in the opening net assets of such acquired companies upon the aforesaid Reorganization.

#### (s) Segment reporting

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Segment assets consist primarily of goodwill, fixed assets, other investments, stocks and receivables. Segment liabilities comprise operating liabilities and exclude items such as taxation and borrowings. Capital expenditure comprises additions to fixed assets, including those resulting from acquisitions of subsidiary companies.

In respect of geographical segment reporting, sales are based on the country in which the customer is located. Segment assets and capital expenditure are where the investments / operating assets are located.

### 3. Turnover, revenue and segment information

The Group is principally engaged in container handling, logistics and warehousing services, infrastructure operations, facilities, contracting, transport and other services. Turnover and other revenues recognized during the year are as follows:

	2003 HK\$'m	2002 HK\$'m
Turnover		
Container handling, logistics and warehousing	12.8	125.1
Roads and bridges	182.6	–
Energy, water treatment and waste management	1.2	–
Facilities	717.6	–
Contracting	4,158.2	–
Transport	603.3	–
Others	94.3	–
	<b>5,770.0</b>	125.1
Other revenues		
Profit on disposal of investment in a subsidiary company	27.1	21.7
Interest income	11.3	5.1
Management fee	4.8	–
Machinery hire income	14.2	–
Others	0.6	1.2
	<b>58.0</b>	28.0
	<b>5,828.0</b>	153.1

In accordance with the Group's internal financial reporting and operating activities, the primary reporting format is by business segments and the secondary reporting format is by geographical segments.

Segmental information under the primary reporting format – business segments is set out overleaf. There are no other significant identifiable business segments.



### 3. Turnover, revenue and segment information (Continued)

#### (a) Primary reporting format – business segments (Continued)

	Container handling, logistics and warehousing HK\$m	Roads and bridges HK\$m	Energy water treatment and waste management HK\$m	Facilities HK\$m	Contracting HK\$m	Transport HK\$m	Others HK\$m	Consolidated HK\$m
Year 2003								
Segment assets	216.7	5,743.1	0.9	1,549.9	4,572.1	2,251.2	316.6	14,650.5
Jointly controlled entities	2,027.9	3,688.9	2,838.8	8.2	89.7	–	68.1	8,721.6
Associated companies	919.2	–	–	1.3	492.8	247.3	431.1	2,091.7
Unallocated assets								1,944.7
Total assets								27,408.5
Segment liabilities	4.1	270.6	0.6	421.4	3,670.2	304.4	128.6	4,799.9
Unallocated liabilities								11,484.4
Total liabilities								16,284.3
Minority interests and loans								2,566.3
								18,850.6
Capital expenditure	2.3	4.9	–	27.4	22.7	55.3	28.2	140.8
Depreciation	8.1	65.8	–	21.8	47.5	93.8	4.0	241.0
Recognition of one-off negative goodwill	–	–	–	–	(176.0)	–	(298.0)	(474.0)
Amortization of net negative goodwill	–	–	–	(9.8)	(88.2)	8.3	17.7	(72.0)
Impairment charge and provision	70.0	–	–	–	2.2	2.6	–	74.8



### 3. Turnover, revenue and segment information (Continued)

#### (a) Primary reporting format – business segments (Continued)

	Container handling, logistics and warehousing HK\$m	Roads and bridges HK\$m	Energy, water treatment and waste management HK\$m	Facilities HK\$m	Contracting HK\$m	Transport HK\$m	Others HK\$m	Consolidated HK\$m
Year 2002								
Segment assets	401.6	-	-	-	-	-	-	401.6
Jointly controlled entities	2,078.1	-	-	-	-	-	-	2,078.1
Associated companies	992.6	-	-	-	-	-	-	992.6
Unallocated assets								344.8
<b>Total assets</b>								<b>3,817.1</b>
Segment liabilities	4.5	-	-	-	-	-	-	4.5
Unallocated liabilities								70.2
<b>Total liabilities</b>								<b>74.7</b>
Minority interests and loans								25.0
								99.7
Capital expenditure	24.1	-	-	-	-	-	-	24.1
Depreciation	38.9	-	-	-	-	-	-	38.9
Impairment charge and provision	125.3	-	-	-	-	-	-	125.3
Other non-cash expenses	0.5	-	-	-	-	-	-	0.5

## → Notes to the Accounts

### 3. Turnover, revenue and segment information (Continued)

#### (b) Secondary reporting format – geographical segments

	Turnover HK\$'m	Segment results HK\$'m	Segment assets HK\$'m	Capital expenditure HK\$'m
<b>Year 2003</b>				
<b>Hong Kong</b>	<b>4,362.2</b>	<b>157.9</b>	<b>8,233.4</b>	<b>128.1</b>
<b>Mainland China</b>	<b>1,405.8</b>	<b>75.5</b>	<b>6,404.0</b>	<b>10.6</b>
<b>Others</b>	<b>2.0</b>	<b>1.7</b>	<b>13.1</b>	<b>2.1</b>
	<b>5,770.0</b>	<b>235.1</b>	<b>14,650.5</b>	<b>140.8</b>
<b>Year 2002</b>				
Hong Kong	–	–	–	0.1
Mainland China	125.1	6.3	401.6	24.0
Others	–	–	–	–
	125.1	6.3	401.6	24.1



#### 4. Operating profit / (loss)

Operating profit / (loss) of the Group is arrived at after crediting and charging the following:

	2003 HK\$m	2002 HK\$m
Crediting		
Gross rental income from investment properties	14.5	–
Less: Outgoings	(5.6)	–
	<b>8.9</b>	–
Charging		
Auditors' remuneration	9.3	1.6
Cost of inventories sold	176.3	–
Depreciation – owned fixed assets	241.0	38.9
Operating lease rental expense		
Land and buildings	45.4	5.8
Other equipment	16.0	–
Staff costs (Note 5)	1,085.0	41.3
Reorganization expenses	24.0	–
Other charges		
Loss on disposal of a subsidiary company and partial disposal of jointly controlled entities	–	90.0
Impairment loss on fixed assets (Note 13)	74.8	119.5
Impairment loss on non-trading securities	–	5.8
	<b>74.8</b>	215.3

## → Notes to the Accounts

### 5. Staff costs

	2003 HK\$'m	2002 HK\$'m
Wages and salaries	1,094.4	38.0
Long service payment obligations	13.1	–
Defined contribution plans	42.6	3.3
Defined benefit plans (Note 31(b))	0.8	–
	<b>1,150.9</b>	41.3
Less: capitalized under contracts in progress	<b>(65.9)</b>	–
	<b>1,085.0</b>	41.3

### 6. Finance costs

	2003 HK\$'m	2002 HK\$'m
Interest on bank loans and borrowings		
Wholly repayable within five years	90.2	0.2
Not wholly repayable within five years	22.8	–
Interest on loans from minority shareholders	35.1	2.7
Interest on finance leases	0.2	–
Other borrowing costs	45.8	–
	<b>194.1</b>	2.9

## 7. Taxation

	2003 HK\$'m	2002 HK\$'m
Company and subsidiary companies		
Hong Kong profits tax	25.8	–
Mainland China and overseas taxation	8.3	0.1
Deferred taxation	8.4	–
	<b>42.5</b>	0.1
Jointly controlled entities		
Hong Kong profits tax	27.8	25.9
Mainland China and overseas taxation	16.6	–
Deferred taxation	6.1	–
	<b>50.5</b>	25.9
Associated companies		
Hong Kong profits tax	53.1	41.2
Mainland China and overseas taxation	0.1	–
Deferred taxation	0.5	–
	<b>53.7</b>	41.2
	<b>146.7</b>	67.2

Hong Kong profits tax is provided at the rate of 17.5% (2002: 16%) on the estimated assessable profits for the year. Tax on Mainland China and overseas profits has been calculated on the estimated taxable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

## → Notes to the Accounts

### 8. Profit attributable to shareholders

Profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$591.1 million (2002: HK\$235.3 million).

### 9. Dividends

	2003 HK\$m	2002 HK\$m
Interim dividend paid of HK\$0.2 per ordinary share for 2002, restated	–	41.2
Final dividend proposed of HK\$0.2 (2002: Nil) per ordinary share	<b>356.2</b>	–
4% cumulative convertible redeemable preference shares	<b>11.4</b>	133.9
	<b>367.6</b>	175.1

On 16 October 2003, the Board of Directors recommend a final dividend of HK\$0.2 (2002: Nil) per ordinary share. This dividend will be accounted for as an appropriation of the retained profits for the year ending 30 June 2004.

The dividend per ordinary share for 2002 was restated to reflect the share consolidation as set out in Note 25(c).

### 10. Earnings per ordinary share

The calculation of basic earnings per ordinary share is based on profit of HK\$1,213.4 million (2002: HK\$143.9 million) less preference share dividend of HK\$11.4 million (2002: HK\$133.9 million) and the weighted average of 866.1 million (2002 restated: 206.0 million) ordinary shares in issue during the year. The comparative was restated to reflect the share consolidation as set out in Note 25(c).

The diluted earnings per ordinary share for the year ended 30 June 2003 is not presented as the share options granted by the Company would not have a dilutive effect.

The diluted earnings per ordinary share for the year ended 30 June 2002 was not presented as the conversion of preference shares and share options granted by the Company would not have a dilutive effect.

## 11. Emoluments of Directors and senior management

Details of the emoluments paid to the Directors are as follows:

	2003 HK\$'m	2002 HK\$'m
Fees	1.5	0.6
Salaries and other emoluments	3.3	–
Contributions to retirement benefit schemes	0.2	–
	<b>5.0</b>	0.6

The emoluments of the Directors fell within the following bands:

	Number of Directors	
	2003	2002
Emolument band HK\$		
Nil – 1,000,000	16	10
1,000,001 – 1,500,000	1	–
1,500,001 – 2,000,000	1	–
	<b>18</b>	10

Fees paid to Independent Non-executive Directors amounted to HK\$0.4 million (2002: HK\$0.2 million). There were no other emoluments paid to Independent Non-executive Directors. None of the Directors waived the right to receive his emoluments.

The five individuals whose emoluments were the highest in the Group for the year include two Directors (2002: Nil) whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2002: five) individuals during the year are as follows:

	2003 HK\$'m	2002 HK\$'m
Salaries and other emoluments	4.8	5.5
Contributions to retirement benefit schemes	0.2	0.3
	<b>5.0</b>	5.8

## → Notes to the Accounts

### 11. Emoluments of Directors and senior management (Continued)

Their emoluments fell within the following bands:

Emolument band HK\$	Number of individuals	
	2003	2002
Nil – 1,000,000	–	2
1,000,001 – 1,500,000	1	1
1,500,001 – 2,000,000	1	2
2,000,001 – 2,500 000	1	–
	<b>3</b>	<b>5</b>

### 12. Goodwill

	Group		
	Goodwill HK\$'m	Negative goodwill HK\$'m	Total HK\$'m
Cost			
At 1 July 2002	0.7	–	0.7
Acquisition of subsidiary companies	516.3	(1,510.9)	(994.6)
At 30 June 2003	517.0	(1,510.9)	(993.9)
Accumulated amortization			
At 1 July 2002	–	–	–
Recognition of one-off negative goodwill	–	(474.0)	(474.0)
Amortization	26.0	(98.0)	(72.0)
At 30 June 2003	26.0	(572.0)	(546.0)
Net book value			
At 30 June 2003	491.0	(938.9)	(447.9)
At 30 June 2002	0.7	–	0.7

As further set out in Note 1, the Reorganization resulted in a net negative goodwill of HK\$994.6 million, comprising goodwill of HK\$516.3 million and negative goodwill of HK\$1,510.9 million. Of this, an amount of negative goodwill amounting to HK\$474.0 million, exceeding the fair value of non-monetary assets acquired, has been recognized as income in the consolidated profit and loss account for the year ended 30 June 2003. The remaining goodwill and negative goodwill are amortized over a period of 10-20 years.

## 13. Fixed assets

	Group							Total HK\$m	Company Other assets HK\$m
	Investment properties HK\$m	Land and buildings HK\$m	Roads and bridges HK\$m	Port facilities and terminal equipment HK\$m	Buses and vessels HK\$m	Other assets HK\$m	Construction in progress HK\$m		
Cost or valuation									
At 1 July 2002	-	306.0	-	50.2	-	6.3	71.3	<b>433.8</b>	-
Acquisition of subsidiary companies	991.5	924.1	6,226.8	-	2,320.7	1,551.0	134.5	<b>12,148.6</b>	-
Disposal of subsidiary companies	-	-	(93.1)	-	-	(0.6)	-	<b>(93.7)</b>	-
Additions	3.8	26.3	4.8	1.4	1.9	53.0	49.6	<b>140.8</b>	0.1
Transfers	-	87.2	-	-	25.6	4.3	(117.1)	-	-
Disposals	-	(0.1)	-	-	(324.8)	(41.1)	-	<b>(366.0)</b>	-
Revaluation deficit	(1.1)	-	-	-	-	-	-	<b>(1.1)</b>	-
At 30 June 2003	994.2	1,343.5	6,138.5	51.6	2,023.4	1,572.9	138.3	<b>12,262.4</b>	0.1
Accumulated depreciation and impairment									
At 1 July 2002	-	147.9	-	8.2	-	3.0	2.5	<b>161.6</b>	-
Acquisition of subsidiary companies	-	132.9	908.8	-	572.2	904.6	-	<b>2,518.5</b>	-
Disposal of subsidiary companies	-	-	(13.8)	-	-	(0.3)	-	<b>(14.1)</b>	-
Impairment charge	-	57.2	-	-	1.9	0.7	15.0	<b>74.8</b>	-
Charge for the year	-	33.1	63.8	3.0	69.6	71.5	-	<b>241.0</b>	-
Transfers	-	1.9	-	-	-	-	(1.9)	-	-
Disposals	-	-	-	-	(37.3)	(32.2)	-	<b>(69.5)</b>	-
At 30 June 2003	-	373.0	958.8	11.2	606.4	947.3	15.6	<b>2,912.3</b>	-
Net book value									
At 30 June 2003	994.2	970.5	5,179.7	40.4	1,417.0	625.6	122.7	<b>9,350.1</b>	0.1
At 30 June 2002	-	158.1	-	42.0	-	3.3	68.8	<b>272.2</b>	-

## → Notes to the Accounts

### 13. Fixed assets (Continued)

Cost or valuation of properties was made up as follows:

	2003		2002	
	Cost HK\$'m	Professional valuation HK\$'m	Cost HK\$'m	Professional valuation HK\$'m
Investment properties				
Hong Kong long lease	–	990.3	–	–
Hong Kong medium lease	–	1.7	–	–
Overseas long lease	2.2	–	–	–
Overseas medium lease	–	–	–	–
	2.2	992.0	–	–
Land and buildings				
Hong Kong long lease	142.7	–	–	–
Hong Kong medium lease	237.0	–	–	–
Hong Kong short lease	571.3	–	–	–
Overseas long lease	22.1	–	–	–
Overseas medium lease	357.6	–	306.0	–
Overseas short lease	7.2	–	–	–
Overseas freehold	5.6	–	–	–
	1,343.5	–	306.0	–
	1,345.7	992.0	306.0	–

- (a) The investment properties were revalued on 30 June 2003 on an open market value basis by Chesterton Petty Limited and Vigers Hong Kong Limited, independent professional property valuers. All other fixed assets are stated at cost.
- (b) The aggregate net book value of assets pledged as securities for loans amounts to approximately HK\$14.1 million (2002: Nil).
- (c) The net book value of fixed assets includes other assets held under finance leases amounting to HK\$0.1 million (2002: Nil).
- (d) The Group is under negotiation with the government of Wuhan City in respect of the compensation for the cessation of toll collection right of a toll bridge in Wuhan City since 1 October 2002. No depreciation has been charged since then. Pursuant to the Infrastructure Assets Sale Agreement entered between NWI and the Group, NWI will pay the Group an amount equivalent to the amount by which the compensation amount is less than approximately HK\$751.0 million.



## 14. Subsidiary companies

	2003 HK\$m	2002 HK\$m
Unlisted shares, at cost	<b>3,393.2</b>	3,369.2
Amounts receivable less provision	<b>14,525.9</b>	2,227.6
Amounts payable	–	(242.2)
	<b>17,919.1</b>	5,354.6

- (a) The amounts due from subsidiary companies and the amounts due to a subsidiary company are unsecured, interest free and have no fixed terms of repayment.
- (b) Details of principal subsidiary companies are given in Note 39.

## → Notes to the Accounts

### 15. Jointly controlled entities

	Note	Group	
		2003 HK\$'m	2002 HK\$'m
Co-operative joint ventures	(a)		
Cost of investment less provision		<b>1,647.0</b>	–
Share of undistributed post-acquisition results		<b>484.1</b>	–
Loans receivable	(b)	<b>1,213.8</b>	–
Amounts receivable less provision	(b)	<b>427.6</b>	–
Amounts payable	(c)	<b>(0.9)</b>	–
		<b>3,771.6</b>	–
Equity joint ventures			
Group's share of net assets		<b>3,033.2</b>	1,693.1
Loans receivable	(b)	<b>389.6</b>	465.0
Amounts payable	(c)	<b>(80.0)</b>	(80.0)
		<b>3,342.8</b>	2,078.1
Companies limited by shares			
Group's share of net assets		<b>1,571.9</b>	–
Loans receivable	(b)	<b>21.6</b>	–
Amounts receivable	(b)	<b>13.7</b>	–
		<b>1,607.2</b>	–
		<b>8,721.6</b>	2,078.1

- (a) Certain of the Group's interests in a co-operative joint venture in the PRC has been pledged as security for a loan to a fellow subsidiary company.

## 15. Jointly controlled entities (Continued)

(b) Loans and amounts receivable are analyzed as follows:

	Loans receivable		Amounts receivable	
	2003 HK\$m	2002 HK\$m	2003 HK\$m	2002 HK\$m
Interest bearing				
Fixed rates (Note (i))	<b>405.4</b>	–	<b>81.2</b>	–
Variable rates (Note (ii))	<b>13.7</b>	–	<b>4.0</b>	–
Non-interest bearing (Note (iv))	<b>1,205.9</b>	465.0	<b>356.1</b>	–
	<b>1,625.0</b>	465.0	<b>441.3</b>	–

- (i) Charged at fixed rate interest ranging from 2% to 15% per annum of which HK\$19.0 million has been subordinated to repayment of bank loan.
- (ii) Represents variable rate at 3 month HIBOR in respect of the loan to jointly controlled entities and at Hong Kong prime rate in respect of the amount due from jointly controlled entities.
- (iii) The repayment terms of the loans / amounts receivable are specified in the relevant joint venture agreements.
- (iv) Includes a subordinated loan of HK\$272.3 million (2002: HK\$251.4 million).
- (c) The amounts payable are unsecured, interest free and repayable on demand.
- (d) Dividend income from jointly controlled entities was HK\$624.4 million (2002: HK\$208.6 million).
- (e) Particulars of principal jointly controlled entities of the Group are given in Note 41.

## → Notes to the Accounts

### 16. Associated companies

	Note	Group	
		2003 HK\$m	2002 HK\$m
Group's share of net assets			
Listed shares in Hong Kong		<b>884.8</b>	–
Unlisted shares		<b>1,187.6</b>	957.7
		<b>2,072.4</b>	957.7
Negative goodwill on acquisition		<b>(88.5)</b>	–
Goodwill on acquisition		<b>48.1</b>	34.9
		<b>(40.4)</b>	34.9
Amounts receivable	(a)	<b>66.1</b>	–
Amounts payable	(b)	<b>(6.4)</b>	–
		<b>59.7</b>	–
		<b>2,091.7</b>	992.6

- (a) The amounts receivable are unsecured, interest free and have no fixed terms of repayment.
- (b) The amounts payable are unsecured, interest free and repayable on demand except for an amount of HK\$5.3 million (2002: Nil) which bears interest at Hong Kong prime rate.
- (c) Dividend income from associated companies was HK\$318.5 million (2002: HK\$155.5 million).
- (d) The market value of the Group's listed investment in associated companies amounts to HK\$332.1 million (2002: Nil).

## 16. Associated companies (Continued)

- (e) A summary of the financial information of CSX World Terminals Hong Kong Limited (“CSXWTHK”), a significant associated company of the Group, prepared based on the management accounts of CSXWTHK for the relevant years, after making such adjustments as appropriate, is as follows:

### Results for the year ended 30 June

	2003 HK\$'m	2002 HK\$'m
Turnover	<b>1,144.6</b>	1,152.5
Profit before taxation	<b>872.1</b>	782.0
Taxation	<b>(146.4)</b>	(123.6)
Profit after taxation	<b>725.7</b>	658.4
Group's share of profit before taxation	<b>290.8</b>	260.7

### Net assets as at 30 June

	2003 HK\$'m	2002 HK\$'m
Non-current assets	<b>2,353.7</b>	2,308.2
Current assets	<b>310.2</b>	507.9
Current liabilities	<b>(172.1)</b>	(172.8)
Non-current liabilities	<b>(46.4)</b>	(52.2)
	<b>2,445.4</b>	2,591.1
Group's share of net assets	<b>815.3</b>	863.9

## → Notes to the Accounts

### 16. Associated companies (Continued)

- (i) A corporate guarantee has been given by CSXWTHK in favour of certain banks for banking facilities granted to Asia Container Terminals Limited ("ACT"), a jointly controlled entity of CSXWTHK, to the extent of approximately HK\$767.0 million as at 30 June 2003 (2002: HK\$796.5 million), in proportion to CSXWTHK's interest in ACT. The proportionate amount utilized against such facilities as at 30 June 2003 which was secured by the corporate guarantee amounted to approximately HK\$239.0 million (2002: HK\$172.6 million).
- (ii) ACT is a party to agreements with third parties in respect of the joint development of Container Terminal No. 9 ("CT9"), the related berth swap arrangement and the funding thereof. In the event of default of any of the third parties, ACT will be required to provide additional funds for the project. CSXWTHK has given guarantees in respect of these obligations of ACT and one of ACT's shareholders to provide additional funds. Were CSXWTHK required to perform its obligations under the guarantees, the maximum amount of the additional liabilities assumed in respect of the CT9 development, in addition to CSXWTHK's share of the capital commitments of ACT as at 30 June 2003 of approximately HK\$587.7 million (2002: HK\$794.7 million), amounted to approximately HK\$1,181.6 million (2002: HK\$1,101.1 million).
- (f) Details of principal associated companies of the Group are given in Note 40.

### 17. Other non-current assets

	Group	
	2003 HK\$m	2002 HK\$m
Non-trading securities listed in Hong Kong, at market value	25.5	3.0
Retirement benefit assets (Note 31)	2.1	–
	<b>27.6</b>	3.0

### 18. Inventories

	Group	
	2003 HK\$m	2002 HK\$m
Raw materials	34.3	–
Work-in-progress	12.9	–
Finished goods	87.9	–
	<b>135.1</b>	–

The amount of inventories carried at net realizable value amounted to approximately HK\$1.8 million (2002: Nil).

## 19. Debtors, deposits and prepayments

	Note	Group		Company	
		2003 HK\$m	2002 HK\$m	2003 HK\$m	2002 HK\$m
Trade debtors	(a)	<b>1,299.6</b>	3.3	–	–
Retention receivables		<b>807.8</b>	–	–	–
Amounts due from customers for contract works (Note 23)		<b>330.9</b>	–	–	–
Deposits and prepayments		<b>2,310.9</b>	2.1	<b>22.2</b>	0.4
Amounts due from jointly controlled entities		<b>88.2</b>	115.8	–	–
Amounts due from associated companies		<b>126.8</b>	–	–	–
		<b>4,964.2</b>	121.2	<b>22.2</b>	0.4

(a) Included in debtors, deposits and prepayment are trade debtors with their ageing analysis as follows:

	Group	
	2003 HK\$m	2002 HK\$m
Under 3 months	<b>986.5</b>	3.1
4 – 6 months	<b>111.6</b>	0.2
Over 6 months	<b>201.5</b>	–
	<b>1,299.6</b>	3.3

The Group has various credit policies for different business operations depending on the requirements of the markets and businesses in which these businesses operate. Sales proceeds receivable from sale of properties and retention money receivables in respect of contracting services are settled in accordance with the terms of respective contracts.

## 20. Trading investments

	Group	
	2003 HK\$m	2002 HK\$m
Trading securities listed in Hong Kong, at market value	<b>17.7</b>	–

## → Notes to the Accounts

### 21. Bank balances and cash

Included in bank balances and cash of the Group are amounts totalling HK\$113.8 million (2002: Nil) pledged to banks to secure banking facilities to the extent of HK\$107.1 million (2002: Nil).

### 22. Creditors and accrued charges

	Note	Group		Company	
		2003 HK\$'m	2002 HK\$'m	2003 HK\$'m	2002 HK\$'m
Trade creditors	(a)	711.5	0.9	–	–
Retention payables		512.4	–	–	–
Advance received from customers		31.2	–	–	–
Amounts due to customers for contracts works (Note 23)		621.3	–	–	–
Other payables and accruals		3,178.8	18.8	13.0	3.8
Amounts due to jointly controlled entities		17.0	–	–	–
		<b>5,072.2</b>	19.7	<b>13.0</b>	3.8

(a) Included in creditors and accrued charges are trade creditors with their ageing analysis as follows:

	Group	
	2003 HK\$'m	2002 HK\$'m
Under 3 months	545.0	0.9
4 – 6 months	93.6	–
Over 6 months	72.9	–
	<b>711.5</b>	0.9



### 23. Contracts in progress

	Group	
	2003 HK\$'m	2002 HK\$'m
Contract costs incurred plus attributable profits less foreseeable losses to date	20,154.5	–
Progress payments received and receivable	(20,444.9)	–
	(290.4)	–
Representing:		
Gross amount due from customers for contract work (Note 19)	330.9	–
Gross amount due to customers for contract work (Note 22)	(621.3)	–
	(290.4)	–

### 24. Amounts due to related companies

	Group		Company	
	2003 HK\$'m	2002 HK\$'m	2003 HK\$'m	2002 HK\$'m
Amount due to ultimate holding company	549.1	–	–	–
Current portion of amount due to a fellow subsidiary company (Note 29)	103.5	–	103.5	–
	652.6	–	103.5	–

## → Notes to the Accounts

### 25. Share capital

	Note	Authorized			
		4% cumulative convertible redeemable preference shares		Ordinary shares	
		No. of shares	HK\$'m	No. of shares	HK\$'m
At 1 July 2001 and at 1 July 2002		4,000,000,000	400.0	7,800,000,000	780.0
Increase in authorized ordinary share capital	(b)	–	–	12,200,000,000	1,220.0
Conversion of preference shares into ordinary share capital	(b)	(4,000,000,000)	(400.0)	4,000,000,000	400.0
Share consolidation	(c)	–	–	(21,600,000,000)	–
<b>At 30 June 2003</b>		<b>–</b>	<b>–</b>	<b>2,400,000,000</b>	<b>2,400.0</b>

	Note	Issued and fully paid			
		4% cumulative convertible redeemable preference shares		Ordinary shares	
		No. of shares	HK\$'m	No. of shares	HK\$'m
At 1 July 2001 and at 1 July 2002		3,193,654,306	319.4	2,059,968,000	206.0
Conversion of preference shares	(d)	(3,193,654,306)	(319.4)	3,193,654,306	319.4
Issue of new ordinary shares	(e)	–	–	12,553,967,712	1,255.4
Share consolidation	(c)	–	–	(16,026,831,017)	–
<b>At 30 June 2003</b>		<b>–</b>	<b>–</b>	<b>1,780,759,001</b>	<b>1,780.8</b>

- (a) The 4% cumulative convertible redeemable preference shares of HK\$0.10 each of the Company (the "Preference Shares"), which were issued on 15 March and 26 April 2000, are redeemable, at the sole discretion of the Company, on the fifth anniversary date of their issue, at HK\$1.048 each, together with any unpaid dividend. Alternatively, at the sole discretion of the Company, on the fifth anniversary date of their issue, these may be compulsorily converted into ordinary shares of the Company.
- (b) Pursuant to an ordinary resolution passed on 12 December 2002, the Company's authorized share capital was increased from HK\$1,180.0 million to HK\$2,400.0 million:
- (i) by the creation of an additional 12.2 billion new ordinary shares of HK\$0.10 each in the share capital of the Company (the "Ordinary Shares"); and
  - (ii) immediately after conversion of the Preference Shares into Ordinary Shares, by the cancellation of the 4.0 billion then unissued Preference Shares and the creation of an additional 4.0 billion new Ordinary Shares.

## 25. Share capital (Continued)

- (c) Pursuant to an ordinary resolution passed on 12 December 2002 and with effect from 10 February 2003, each 10 issued and unissued ordinary shares of par value HK\$0.10 each of the Company were consolidated into 1 ordinary share of par value HK\$1.00 each ("Consolidated Shares"). All of the Consolidated Shares resulting from the share consolidation rank pari passu in all respects with each other and have the rights and privileges and be subject to restrictions in respect of the shares as defined and contained in the Company's bye-laws.
- (d) Pursuant to the share purchase agreement entered into between New World Infrastructure Company Limited and the Company on 21 October 2002 (the "Infrastructure Assets Sale Agreement"), 3,193,654,306 Preference Shares were converted into 3,193,654,306 Ordinary Shares on 29 January 2003.
- (e) Pursuant to the Infrastructure Assets Sale Agreement and the share purchase agreement entered into between the shareholders of New World Services Limited, including New World Development Company Limited, and the Company on 21 October 2002, 852,987,243 and 11,700,980,469 Ordinary Shares were issued as consideration shares respectively on 29 January 2003.

### 1997 Share Option Scheme

On 11 April 1997, a share option scheme was adopted by the Company (the "1997 Share Option Scheme") under which the Directors may, at their discretion and during the period of three years commencing from 11 April 1997, grant options to Executive Directors or full-time employees of the Company or its subsidiary companies to subscribe for ordinary shares of the Company. The 1997 Share Option Scheme was expired on 11 April 2000. No further share options can be granted under such scheme. However, share options granted under the 1997 Share Option Scheme are still exercisable. Movements in the number of share options outstanding during the year are as follows:

	Number of options	
	2003	2002
At 1 July	<b>24,000,000</b>	28,500,000
Granted	–	–
Exercised	–	–
Lapsed	<b>(4,000,000)</b>	(4,500,000)
Share consolidation	<b>20,000,000</b> <b>(18,000,000)</b>	24,000,000 –
At 30 June	<b>2,000,000</b>	24,000,000

## → Notes to the Accounts

### 25. Share capital (Continued)

#### 1997 Share Option Scheme (Continued)

	Number of options		Vested percentage	
	2003	2002	2003	2002
Exercise price	<b>HK\$6.930</b>	HK\$0.693		
Expiry date				
Directors				
5 November 2004	<b>1,900,000</b>	21,000,000	<b>100%</b>	100%
16 August 2005	–	2,000,000	–	100%
Other employees	<b>1,900,000</b>	23,000,000		
5 November 2005	<b>100,000</b>	1,000,000	<b>100%</b>	100%
	<b>2,000,000</b>	24,000,000		

Upon the share consolidation of the Company on 10 February 2003, every ten options to subscribe for ordinary shares of HK\$0.10 each of the Company were consolidated into one option granted to subscribe for ordinary shares of HK\$1.00 each of the Company. The exercise price was adjusted from HK\$0.693 to HK\$6.93 each.

No share option granted under this scheme was exercised during the year (2002: Nil).

#### 2001 Share Option Scheme

A share option scheme was adopted by the Company on 6 December 2001 and amended on 12 March 2003 (the "2001 Share Option Scheme") which will be valid and effective for a period of ten years from the date of adoption. The Directors of the Company may, at their discretion, grant options to any eligible participant as defined under the 2001 Share Option Scheme to subscribe for the ordinary shares of the Company. The total number of ordinary shares which may be issued upon exercise of all options to be granted under the 2001 Share Option Scheme must not in aggregate exceed 10% of the existing ordinary share capital of the Company in issue, i.e. 1,780,759,001 shares.

On 21 July 2003, a total of 41,497,000 share options were granted to Directors and certain eligible participants at the exercise price of HK\$3.725, which represents the average of the closing price of the Company's shares on the Stock Exchange for the five trading days immediately preceding the date of grant. Such share options will expire on 21 July 2008.

No share option granted under this scheme was exercised during the year (2002: Nil).

## 26. Reserves

	Share premium HK\$'m	Special reserves HK\$'m	Goodwill HK\$'m	Group Investment revaluation reserve HK\$'m	Exchange reserve HK\$'m	Retained profits / (accumulated losses) HK\$'m	Total HK\$'m
At 1 July 2002	4,770.8	277.0	(1,994.4)	–	3.3	135.3	3,192.0
Issue of new ordinary shares and redemption of preference shares	2,385.3	–	–	–	–	–	2,385.3
Investment securities revaluation deficit	–	–	–	(2.2)	–	–	(2.2)
Profit for the year	–	–	–	–	–	1,213.4	1,213.4
Dividend (Note 9)	–	–	–	–	–	(11.4)	(11.4)
At 30 June 2003	7,156.1	277.0	(1,994.4)	(2.2)	3.3	1,337.3	6,777.1
Representing:							
Balance at 30 June 2003	7,156.1	277.0	(1,994.4)	(2.2)	3.3	981.1	6,420.9
Proposed final dividend	–	–	–	–	–	356.2	356.2
	7,156.1	277.0	(1,994.4)	(2.2)	3.3	1,337.3	6,777.1
Retained by / (accumulated in):							
Company and subsidiary companies	7,156.1	274.3	(1,994.4)	(2.2)	3.3	209.1	5,646.2
Jointly controlled entities	–	2.7	–	–	–	650.4	653.1
Associated companies	–	–	–	–	–	477.8	477.8
At 30 June 2003	7,156.1	277.0	(1,994.4)	(2.2)	3.3	1,337.3	6,777.1

## → Notes to the Accounts

### 26. Reserves (Continued)

	Share premium HK\$'m	Special reserves HK\$'m	Goodwill HK\$'m	Group Investment revaluation reserve HK\$'m	Exchange reserve HK\$'m	Retained profits / (accumulated losses) HK\$'m	Total HK\$'m
At 1 July 2001	4,770.8	274.2	(2,265.1)	–	4.2	169.3	2,953.4
Investment securities revaluation deficit	–	–	–	(5.8)	–	–	(5.8)
Investment securities impairment loss charged to profit and loss account	–	–	–	5.8	–	–	5.8
Transfer of reserves	–	2.8	–	–	–	(2.8)	–
Release upon disposal of subsidiary companies and partial disposal of jointly controlled entities	–	–	270.7	–	(0.9)	–	269.8
Profit for the year	–	–	–	–	–	143.9	143.9
Dividend (Note 9)	–	–	–	–	–	(175.1)	(175.1)
At 30 June 2002	4,770.8	277.0	(1,994.4)	–	3.3	135.3	3,192.0
Retained by / (accumulated in):							
Company and subsidiary companies	4,770.8	274.3	(1,994.4)	–	3.3	(90.4)	2,963.6
Jointly controlled entities	–	2.7	–	–	–	63.4	66.1
Associated companies	–	–	–	–	–	162.3	162.3
At 30 June 2002	4,770.8	277.0	(1,994.4)	–	3.3	135.3	3,192.0

Special reserves include statutory reserves which are created in accordance with the terms of the joint venture agreements of subsidiary companies and jointly controlled entities established in the PRC and are required to be retained in the accounts of these subsidiaries and jointly controlled entities for specific purposes.

## 26. Reserves (Continued)

	Share premium HK\$'m	Capital redemption reserve HK\$'m	Company Contributed surplus HK\$'m	Retained profits / (accumulated losses) HK\$'m	Total HK\$'m
At 1 July 2001	4,770.8	1.1	237.3	31.6	5,040.8
Profit for the year	–	–	–	235.3	235.3
Dividend (Note 9)	–	–	–	(175.1)	(175.1)
At 1 July 2002	4,770.8	1.1	237.3	91.8	5,101.0
Issue of new ordinary shares and redemption of preference shares	2,385.3	–	–	–	2,385.3
Profit for the year	–	–	–	591.1	591.1
Dividend (Note 9)	–	–	–	(11.4)	(11.4)
At 30 June 2003	7,156.1	1.1	237.3	671.5	8,066.0
Representing:					
Balance at 30 June 2003	7,156.1	1.1	237.3	315.3	7,709.8
Proposed final dividend	–	–	–	356.2	356.2
	7,156.1	1.1	237.3	671.5	8,066.0

The contributed surplus of the Company represents the difference between the nominal value of the ordinary share capital issued by the Company and the consolidated net asset value of the subsidiary companies acquired at the date of acquisition pursuant to the group reorganization implemented in 1997. Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its members out of contributed surplus in certain circumstances.

## → Notes to the Accounts

### 27. Deferred taxation

	Group	
	2003 HK\$'m	2002 HK\$'m
At 1 July	–	–
Acquisition of subsidiary companies	73.4	–
Transfer from profit and loss account	8.4	–
At 30 June	81.8	–
Provided for in respect of:		
Accelerated depreciation allowances	161.8	–
Other timing differences	(80.0)	–
	81.8	–

The potential deferred tax (assets) / liabilities not provided for in the accounts amounts to:

	Group	
	2003 HK\$'m	2002 HK\$'m
Accelerated depreciation allowances	39.6	–
Other timing differences	(27.8)	–
	11.8	–

No provision has been made in respect of the revaluation surplus arising from the revaluation of the Group's investment properties other than in the PRC as they do not constitute timing differences. Realization of the surplus on revaluation of the Group's investment properties in the PRC would give rise to a taxation liability in the PRC. No provision has been made in the accounts for this liability as these properties are held for the long term and management has no intention to dispose of these properties in the foreseeable future.



## 28. Bank loans and borrowings

	Group		Company	
	2003 HK\$m	2002 HK\$m	2003 HK\$m	2002 HK\$m
Bank loans				
Secured (Note (a))				
Wholly repayable within five years	42.1	–	–	–
Not wholly repayable within five years	6,091.1	–	6,000.0	–
	6,133.2	–	6,000.0	–
Unsecured				
Wholly repayable within five years	1,982.1	–	800.0	–
Other unsecured loans				
Not wholly repayable within five years	62.9	–	–	–
Obligations under finance leases (Note (b))				
Wholly repayable within five years	0.1	–	–	–
	8,178.3	–	6,800.0	–
Amounts repayable within one year included in current liabilities	(423.7)	–	–	–
	7,754.6	–	6,800.0	–

## → Notes to the Accounts

### 28. Bank loans and borrowings (Continued)

	<b>Secured bank loans</b>	<b>Unsecured bank loans</b>	<b>Group Other unsecured loans</b>	<b>Obligations under finance leases</b>	<b>Total</b>
	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
The maturity of bank loans and borrowings for 2003 is as follows:					
Within one year	4.7	418.9	–	0.1	423.7
In the second year	1,005.1	1,151.7	–	–	2,156.8
In the third to fifth year	3,061.7	411.5	–	–	3,473.2
After the fifth year	2,061.7	–	62.9	–	2,124.6
	6,133.2	1,982.1	62.9	0.1	8,178.3

- (a) The secured bank loans include a loan of HK\$6,000 million which is secured by shares of directly owned subsidiary companies of the Company and bears interest at 0.6% over HIBOR per annum. This loan represents the one-year bridging loan arranged to finance part of the cash consideration on the Reorganization. The bridging loan facility was re-financed by a new HK\$6,000 million syndicated loan, repayable by 9 semi-annual installments commencing from the second year, subsequent to the year end. Accordingly, the amount as at 30 June 2003 has been reclassified from current liabilities to long term liabilities.

The remaining balances of secured loans are secured by the toll collection rights of certain toll roads held by the Group and bear interest ranging from 5.76% to 6.91% per annum.

- (b) The obligations under finance lease are payable within one year, with a present value of HK\$0.1 million.

## 29. Other long term liabilities

	Group		Company	
	2003 HK\$'m	2002 HK\$'m	2003 HK\$'m	2002 HK\$'m
Long service payment obligations (Note (a))	107.3	–	–	–
Deferred interest income	109.1	–	–	–
	216.4	–	–	–
Amount due to a fellow subsidiary company (Note (b))	790.1	–	790.1	–
Amount repayable within one year included in current liabilities	(103.5)	–	(103.5)	–
	686.6	–	686.6	–
	903.0	–	686.6	–

- (a) The Group's long service payment obligations as at 30 June 2003 are valued by Watson Wyatt Hong Kong Limited using the projected unit credit method.

The amounts recognized in the balance sheet are as follows:

	Group HK\$'m
Present value of funded obligations	
<b>At 30 June 2003</b>	<b>107.3</b>
At 30 June 2002	Nil

## → Notes to the Accounts

### 29. Other long term liabilities (Continued)

The amounts recognized in the profit and loss account are as follows:

	Group	
	2003 HK\$'m	2002 HK\$'m
Current service cost	6.5	–
Interest cost	11.9	–
Net actuarial gains recognized during the year	(5.3)	–
	13.1	–

	Group	
	2003 HK\$'m	2002 HK\$'m
Movement in the long service payment obligations are as follows:		
At 1 July	–	–
Acquisition of subsidiary companies	102.3	–
Net expense recognized in the profit and loss account	13.1	–
Payment made during the year	(8.1)	–
At 30 June	107.3	–

	Group	
	2003	2002
The principal actuarial assumptions used are as follows:		
Discount rate	3.5%	–
Expected rate of future salary increases	0.5% – 2.5%	–

- (b) The amount is due to NWI and represents the Company's undertaking of a bank loan of NWI as part of the consideration for acquisition of the infrastructure assets under the Reorganization. Interest charged on the amount due to NWI is by reference to the actual interest charged on the bank loans.

### 30. Minority interests and loans

	Group	
	2003 HK\$m	2002 HK\$m
Equity interests	1,698.1	12.5
Amount due from a minority shareholder	(224.9)	–
Amount due to minority shareholders	93.1	–
Loans from minority shareholders of subsidiary companies	1,000.0	12.5
	<b>2,566.3</b>	25.0

The loans from minority shareholders include loans of HK\$635.4 million (2002: Nil) made by the minority shareholders of certain co-operative joint ventures and are unsecured, carry interest at fixed rates ranging from 10% to 15% (2002: Nil) per annum and have repayment terms specified in the relevant joint venture agreements. The remaining balance is unsecured, interest free and has no specific repayment terms, except for an amount of HK\$0.9 million (2002: HK\$0.8 million) which is repayable on 30 June 2004.

### 31. Retirement benefits

The Group operates various retirement benefit plans for staff. The assets of the plans are administered by independent trustees and are maintained independently of the Group.

#### (a) Defined contribution plans

A mandatory provident fund scheme ("MPF") was established in Hong Kong under the MPF Ordinance in December 2000. Since the Company has obtained exemption for its existing retirement schemes, all staff were offered the choice of switching to the MPF scheme or staying in existing schemes. Where staff elected to join the MPF, both the Company and staff are required to contribute 5% of the employees' relevant income (capped at HK\$20,000 per annum).

Contributions to defined contribution plans and MPF amounted to HK\$42.6 million (2002: HK\$3.3 million) during the year. Forfeited contributions totalling HK\$5.5 million (2002: Nil) were utilized during the year leaving HK\$1.9 million (2002: Nil) available at 30 June 2003 to reduce future contributions.

#### (b) Defined benefit plans

Defined benefit plans are valued by independent qualified actuaries annually using the projected unit credit method. The defined benefit plans were valued by Watson Wyatt Hong Kong Limited as at 30 June 2003.

## → Notes to the Accounts

### 31. Retirement benefits (Continued)

#### (b) Defined benefit plans (Continued)

(i) The amounts recognized in the balance sheet are as follows:

	Group	
	2003 HK\$'m	2002 HK\$'m
Present value of funded obligations	(19.6)	–
Fair value of plan assets	21.0	–
	1.4	–
Unrecognized actuarial losses	0.7	–
Retirement benefit assets	2.1	–

(ii) Net expenses recognized in the profit and loss account are as follows:

	Group	
	2003 HK\$'m	2002 HK\$'m
Current service cost	1.2	–
Interest cost	1.2	–
Expected return on plan assets	(1.6)	–
Total, included in staff costs (Note 5)	0.8	–

(iii) Movements in the retirement benefit assets are as follows:

	Group	
	2003 HK\$'m	2002 HK\$'m
At 1 July	–	–
Acquisition of subsidiary companies	1.8	–
Net expenses recognized in the profit and loss account	(0.8)	–
Contributions paid	1.1	–
At 30 June	2.1	–

### 31. Retirement benefits (Continued)

The principal actuarial assumptions used are as follows:

	2003	2002
Discount rate	4.5%	–
Expected rate of return on plan assets	7%	–
Expected rate of future salary increases	0% to 4%	–

### 32. Commitments

(a) The outstanding commitments for capital expenditure are as follows:

	Group		Company	
	2003 HK\$m	2002 HK\$m	2003 HK\$m	2002 HK\$m
Contracted but not provided for	12.6	1.0	–	–
Authorized but not contracted for	37.8	125.1	–	–
	50.4	126.1	–	–

(b) The Group's share of commitments for capital expenditure committed by the jointly controlled entities not included above are as follows:

	Group	
	2003 HK\$m	2002 HK\$m
Contracted but not provided for	287.6	194.5
Authorized but not contracted for	123.9	129.4
	411.5	323.9

A subsidiary company and certain jointly controlled entities are parties to agreements with third parties in respect of the joint development of CT9, the related berth swap arrangement and the funding. The Group's attributable share of such commitments for capital expenditure as at 30 June 2003 was HK\$268.9 million (2002: HK\$261.0 million) and has been included in above.

## → Notes to the Accounts

### 32. Commitments (Continued)

In the event of default of any of the third parties, the subsidiary company and the jointly controlled entities will be required to provide additional funds for the project. Prior to the Reorganization, NWI had given guarantees in respect of these obligations of the subsidiary company and the jointly controlled entities to provide additional funds. Such guarantees from NWI were released and replaced by guarantees from the Company pursuant to the Reorganization. Were the Company required to perform its obligations under the guarantees for the development of CT9 and the funding, the maximum amount of the additional liabilities assumed, in addition to the Group's share of the capital commitments of CT9 as disclosed above, is approximately HK\$1,321.8 million (2002: HK\$1,482.0 million), out of which approximately HK\$781.0 million (2002: HK\$876.0 million) has been counter-indemnified by an associated company.

One of the jointly controlled entities had obtained banking facilities to finance 60% of its share of development costs for CT9 and would reduce the funds to be injected by the Group accordingly. The Group has given guarantee in respect of the banking facilities and is included in Note 33.

- (c) The Group has committed to provide sufficient funds in the forms of capital and loan contributions to certain jointly controlled entities under various joint venture contracts to finance relevant infrastructure projects. The Directors estimate that the Group's share of projected funds requirements of these projects would be approximately HK\$28.3 million which represents the attributable portion of the capital and loan contributions to be made to the jointly controlled entities.
- (d) Pursuant to a services co-operation agreement dated 7 March 2003 entered into between the Group and a third party, the Group agreed to pay the third party an amount of HK\$30.0 million per annum for the exclusive concession right to operate ferry services between Kowloon and Macau for a period of five years commencing from the date of this agreement.



### 32. Commitments (Continued)

#### (e) Commitments under operating leases

The future aggregate lease payments under non-cancellable operating leases are as follows:

	Group	
	2003 HK\$m	2002 HK\$m
Land and buildings		
In the first year	64.3	2.0
In the second to fifth year inclusive	32.4	2.0
	96.7	4.0
Other equipment		
In the first year	15.4	–
In the second to fifth year inclusive	13.8	–
	29.2	–
	125.9	4.0

#### (f) Future minimum rental payments receivable

The future minimum rental payments receivable under non-cancellable leases are as follows:

	Group	
	2003 HK\$m	2002 HK\$m
In the first year	0.4	0.8
In the second to fifth year inclusive	1.3	–
After the fifth year	1.7	–
	3.4	0.8

The Group's operating leases are for terms ranging from one to six years.

## → Notes to the Accounts

### 33. Contingent liabilities

	Group		Company	
	2003 HK\$m	2002 HK\$m	2003 HK\$m	2002 HK\$m
Guarantees for credit facilities granted to:				
Jointly controlled entities	931.2	–	858.0	–
Associated companies	1,279.9	–	–	–
	<b>2,211.1</b>	–	<b>858.0</b>	–

- (a) Prior to the acquisition of certain port and port-related investments (the "Assets") from NWI (the "Acquisition"), NWD and / or NWI had assumed certain contingent liabilities to third parties with respect to the Assets (the "Obligations"). Pursuant to the sale and purchase agreement entered into between the Company and NWI for the Acquisition, the Company agreed to counter-indemnify NWD and / or NWI in the event that they were required to make any payments under the Obligations.

Pursuant to the Infrastructure Assets Sale Agreement, the abovesaid counter-indemnity was terminated due to the release of the Obligations with the relevant third parties with effect from 29 January 2003.

- (b) A corporate guarantee has been given by the Company in favour of certain banks for banking facilities granted to ACT, a jointly controlled entity of CSXWTHK, an associated company of the Company, to the extent of approximately HK\$858.0 million as at 30 June 2003 (2002: Nil), in proportion to the Group's interest in ACT. The proportionate amount utilized against such facilities at 30 June 2003 which was secured by the guarantee amounted to approximately HK\$267.3 million (2002: Nil).

CSXWTHK has agreed to counter-indemnify the Company the corporate guarantee as at 30 June 2003 of approximately HK\$507.0 million (2002: Nil) as included above given in relation to ACT pursuant to a share subscription agreement dated 11 October 2001.

### 34. Notes to consolidated cash flow statement

#### (a) Reconciliation of operating profit to net cash from operating activities

	2003 HK\$m	2002 HK\$m
Operating profit / (loss)	659.0	(209.7)
Interest income	(11.3)	(5.1)
Depreciation	241.0	38.9
Recognition of one-off negative goodwill and amortization	(546.0)	–
Impairment:		
Fixed assets	74.8	119.5
Non-trading securities	–	5.8
Net (profit) / loss on disposal of subsidiary companies and partial disposal of jointly controlled entities	(27.1)	68.3
Operating profit before working capital changes	390.4	17.7
Increase in deferred interest income	8.1	–
Increase in long service payment obligations	5.0	–
Increase in retirement benefit assets	(0.3)	–
Decrease in inventories	19.5	–
(Increase) / decrease in debtors, deposits and prepayments	(480.6)	10.8
Increase / (decrease) in creditors and accrued charges	582.8	(13.4)
Decrease in amounts due from related companies	587.2	–
Increase in amount due to a minority shareholder of a subsidiary company	–	7.7
Net cash generated from operations	1,112.1	22.8

## → Notes to the Accounts

### 34. Notes to consolidated cash flow statement (Continued)

#### (b) Acquisition of subsidiary companies

	2003 HK\$'m	2002 HK\$'m
Net assets acquired		
Fixed assets	9,630.1	–
Jointly controlled entities	7,369.9	–
Associated companies	1,090.4	–
Other non-current assets	26.9	–
Amount due from related companies	134.0	–
Inventories	154.6	–
Debtors, deposits and prepayments	4,477.5	–
Bank balances and cash	2,382.7	–
Creditors and accrual changes	(4,467.2)	–
Taxation	(108.8)	–
Short term bank loans and overdrafts	(1,819.7)	–
Bank loans and borrowings	(1,947.8)	–
Other long term liabilities	(230.7)	–
Deferred taxation	(73.4)	–
Minority interests and loans	(2,552.2)	–
	<b>14,066.3</b>	–
Goodwill on acquisition	(994.6)	–
	<b>13,071.7</b>	–
Represented by:		
Issue of new shares (Note 1)	3,640.7	–
Cash	8,545.0	–
Assignment of loan from a fellow subsidiary company (Note 29(b))	886.0	–
	<b>13,071.7</b>	–

### 34. Notes to consolidated cash flow statement (Continued)

#### (c) Analysis of net outflow of cash and cash equivalents in respect of the acquisition of subsidiary companies

	2003 HK\$m	2002 HK\$m
Cash consideration	<b>(8,545.0)</b>	–
Bank balances and cash acquired	<b>2,382.7</b>	–
Short term deposits with maturity more than three months	<b>(106.1)</b>	–
	<b>(6,268.4)</b>	–

The subsidiary companies acquired during the year contributed HK\$1,191.9 million (2002: Nil) of the Group's net operating cash flows, utilized HK\$5,069.6 million (2002: Nil) for investing activities, and received HK\$6,740.2 million (2002: Nil) for financing activities.

## → Notes to the Accounts

### 34. Notes to consolidated cash flow statement (Continued)

#### (d) Disposal of subsidiary companies and partial disposal of jointly controlled entities

	2003 HK\$'m	2002 HK\$'m
Net assets disposed		
Fixed assets	79.6	78.7
Jointly controlled entities	–	61.6
Debtors, deposits and prepayments	–	49.3
Bank balances and cash	123.4	29.4
Creditors and accrued charges	(15.2)	(30.2)
Short term bank loans and overdrafts	(147.7)	–
Minority interests and loans	(7.1)	(131.2)
	33.0	57.6
Goodwill	–	270.7
Exchange reserve	–	(0.8)
Gain / (loss) on disposals	27.1	(68.3)
	60.1	259.2
Represented by:		
Cash received	59.7	259.2
Debtors, deposits and prepayments	0.4	–
	60.1	259.2

#### (e) Analysis of net inflow of cash and cash equivalents in respect of the disposal of subsidiary companies

	2003 HK\$'m	2002 HK\$'m
Cash consideration	59.7	259.1
Bank balances and cash disposed of	(123.4)	(29.3)
	(63.7)	229.8

## 34. Notes to consolidated cash flow statement (Continued)

## (f) Analysis of changes in financing in the year

	Share capital (including share premium) HK\$'m	Long term bank loans and borrowings HK\$'m	Short term bank loans and overdrafts HK\$'m	Minority interests and loans HK\$'m	Total HK\$'m
At 1 July 2002	5,296.2	–	–	25.0	5,321.2
Acquisition of subsidiary companies	–	1,947.8	1,819.7	2,552.2	6,319.7
Bank loans and borrowings drawn / (repaid)	–	6,230.5	(409.2)	–	5,821.3
Dividends to minority shareholders	–	–	–	(11.4)	(11.4)
Capital contribution	–	–	–	3.1	3.1
Settlement of loan from minority interests	–	–	–	(13.5)	(13.5)
Disposal of subsidiary companies	–	–	(147.7)	(7.1)	(154.8)
Issue of new shares	3,640.7	–	–	–	3,640.7
Acquisition of additional interests in subsidiary companies	–	–	–	(0.5)	(0.5)
Minority interests' share of net profit and reserves	–	–	–	18.5	18.5
<b>At 30 June 2003</b>	<b>8,936.9</b>	<b>8,178.3</b>	<b>1,262.8</b>	<b>2,566.3</b>	<b>20,944.3</b>

  

	Share capital (including share premium) HK\$'m	Long term bank and other loans HK\$'m	Short term bank loans and overdrafts HK\$'m	Minority interests and loans HK\$'m	Total HK\$'m
At 1 July 2001	5,296.2	1.6	–	212.2	5,510.0
Bank loans and borrowings drawn	–	9.6	–	–	9.6
Acquisition of additional interests in a subsidiary company	–	–	–	(4.0)	(4.0)
Disposal of subsidiary companies	–	–	–	(0.8)	(0.8)
Increase in loan from a minority shareholder of a subsidiary company	–	–	–	4.6	4.6
Minority interests' share of net profit and other reserves	–	–	–	2.3	2.3
Deconsolidation of subsidiary companies	–	(11.2)	–	(189.3)	(200.5)
At 30 June 2002	5,296.2	–	–	25.0	5,321.2

## → Notes to the Accounts

### 34. Notes to consolidated cash flow statement (Continued)

#### (g) Non-cash transactions

During the year, the Group acquired the entire interests in subsidiary companies and jointly controlled entities of NWI holding infrastructure investments and the entire issued share capital of NWSS in the Reorganization. Part of the consideration was paid by the issue of new ordinary shares and conversion of preference shares. For details, please refer to Notes 1 and 25.

### 35. Related party transactions

The following is a summary of significant related party transactions during the year carried out in the normal course of the Group's business:

	Note	2003 HK\$'m	2002 HK\$'m
<b>Transactions with affiliated companies</b>			
	(a)		
Provision of contracting work service	(b)	<b>40.2</b>	–
Interest income	(c)	<b>11.5</b>	–
Management fee	(d)	<b>10.3</b>	–
<b>Transactions with other related parties</b>			
	(a)		
Provision of contracting work services	(b)	<b>832.4</b>	–
Provision of other services	(e)	<b>41.3</b>	–
Rental and other related expenses	(f)	<b>(15.7)</b>	(6.3)
Staff secondment fee	(g)	<b>(11.1)</b>	(3.5)
Charter hire	(h)	<b>(8.5)</b>	–

- (a) Affiliated companies include associated companies and jointly controlled entities of the Group. Related parties are group companies, associated companies and jointly controlled entities of NWD which are not companies within the Group. NWD is the ultimate holding company of the Company.
- (b) Revenue from the provision of contracting work was charged on normal contract terms no less favourable than those charged to and contracted with third customers of the Group.
- (c) Interest income was charged at interest rates as specified in Notes 15 and 16 on the outstanding balances due by the affiliated companies.
- (d) Management fee was charged at rates in accordance with relevant contracts.
- (e) The Group provided various kinds of services including facilities management, financial, environmental and other services to certain related parties. Revenue were made in the normal course of business at prices and at terms no less favourable than those charged to other third party customers of the Group in accordance with the relevant contracts.



### 35. Related party transactions (Continued)

- (f) The Group entered into a number of lease agreements with related companies to lease office space with various terms based on fixed monthly rates in accordance with tenancy agreements.
- (g) Staff secondment fee was charged based on payroll costs of NWI staff who were seconded from a fellow subsidiary to the Group as specified in the secondment agreement.
- (h) On 19 March 2003, the Group and certain companies controlled by Chow Tai Fook Enterprises Limited (“CTF”) entered into a master charter agreement (the “Master Charter Agreement”), pursuant to which the Group agreed to enter into eight separate bareboat charters (the “Bareboat Charters”). Under the Bareboat Charters, the Group paid HK\$8.5 million charter hire to the related parties up to 30 June 2003.

Under the Master Charter Agreement, CTF have agreed to provide guarantees in favour of the Group that the net profit before tax attributable to the operation of the vessels is no less than HK\$10.0 million. Pursuant to the Master Charter Agreement, an amount of HK\$8.5 million, representing the shortfall, is payable by CTF to the Group in respect of the year ended 30 June 2003.

### 36. Comparative figures

Certain comparative figures are restated or reclassified to conform with current year’s presentation.

### 37. Ultimate holding company

The directors regard New World Development Company Limited, a company incorporated and listed in Hong Kong as being the ultimate holding company.

### 38. Approval of accounts

The accounts were approved by the Board of Directors on 16 October 2003.

## → Notes to the Accounts

### 39. Principal subsidiary companies

As at 30 June 2003

	Issued share capital#		Approximate percentage		Principal activities
	Number	Par value per share HK\$	Company	Group	
<b>Incorporated and operated in Hong Kong</b>					
Barbican Construction Company, Limited	130,000 20,000*	100 100	– –	100.0 100.0	Construction
Billionable Investment Limited	4,998 2*	1 1	– –	100.0 –	Investment holding
Broadway-Nassau Investments Limited	2 3,000*	10,000 10,000	– –	100.0 –	Property management
Care & Services Company Limited	15,000,000	1	–	100.0	Elderly care services
CiF Solutions Limited	10 160,000*	100 100	– –	100.0 100.0	Provision of computer software development, computer system consultancy and maintenance services
Extensive Trading Company Limited	8,500,000 1,500,000*	1 1	– –	100.0 100.0	Trading of building material
Far East Engineering Services Limited	766,714 233,288*	10 10	– –	100.0 100.0	Mechanical and electrical engineering
General Security (H.K.) Limited	8,402 11,600*	100 100	– –	100.0 20.7	Security services

### 39. Principal subsidiary companies (Continued)

As at 30 June 2003

	Issued share capital#		Approximate percentage		Principal activities
	Number	Par value per share HK\$	Company	Group	
<b>Incorporated and operated in Hong Kong</b> (Continued)					
Hip Hing Construction (China) Company Limited	100,001 1*	100 100	– –	100.0 100.0	Construction
Hip Hing Construction Company Limited	400,000 600,000*	100 100	– –	100.0 100.0	Construction and civil engineering
Hong Kong Convention and Exhibition Centre (Management) Limited	3 1*	1 1	– –	100.0 100.0	Management of Hong Kong Convention and Exhibition Centre ("HKCEC")
Hong Kong Island Landscape Company Limited	980,000 20,000*	10 10	– –	100.0 –	Landscaping and project contracting
Hong Kong Ticketing Limited	11,481,580	1	–	68.1	Ticketing services
International Property Management Limited	450,000 95,500*	10 10	– –	99.0 83.5	Property management
Kentfull Contracting Limited	10 5,000,000*	1 1	– –	70.0 91.0	Interior decoration contracting
Keen Sales Limited	2 2*	1 1	– –	100.0 –	Investment holding
Kiu Lok Property Services (China) Limited	2 2*	1 1	– –	100.0 100.0	Property agency management and consultancy
Kiu Lok Service Management Company Limited	2 1,002*	100 100	– –	100.0 100.0	Property management

## → Notes to the Accounts

### 39. Principal subsidiary companies (Continued)

As at 30 June 2003

	Issued share capital# Number	Par value per share HK\$	Approximate percentage of shares held		Principal activities
			Company	Group	
<b>Incorporated and operated in Hong Kong (Continued)</b>					
Kiwi Kleeners Limited	1,000	100	–	100.0	Trading of linen
Kleaners Limited	5,000,000	1	–	100.0	Laundry services
The Majestic Electrical Engineering Company, Limited	30,000	1,000	–	100.0	Mechanical and electrical engineering and trading
Millennium Engineering Limited	18,750,000	1	–	90.4	Supply and installation of aluminium windows and curtain wall
New China Laundry Limited	40,000,002 704,000*	1 1	– –	100.0 100.0	Laundry services
New Waly Interior Products Limited	1,000,000	1	–	70.0	Trading of interior products
New World First Travel Services Limited	500,000	1	–	100.0	Travel agent
New World-Guangdong Highway Investments Co., Limited	100 100*	100 100	– –	100.0 50.0	Investment holding
New World Insurance Management Limited	100,000	1	–	100.0	Insurance broking
New World Port Investments Limited	2	1	–	100.0	Investment holding

### 39. Principal subsidiary companies (Continued)

As at 30 June 2003

	Issued share capital#		Approximate percentage		Principal activities
	Number	Par value per share HK\$	Company	Group	
<b>Incorporated and operated in Hong Kong (Continued)</b>					
Ngo Kee Construction Company Limited	270,000	100	–	100.0	Building and construction
	1**	1	–	–	
NWS (Finance) Limited	2	1	–	100.0	Financial services
Pollution & Protection Services Limited	18,057,780	1	–	100.0	Cleaning services
	500,020*	1	–	85.0	
Polytown Company Limited	2	10	–	100.0	Property investment, operate, market, promote and manage HKCEC
	100,000*	10	–	100.0	
Ready City Limited	200	1	–	100.0	Investment holding
Sunmall Limited	2	1	–	100.0	Investment holding
Tai Yieh Construction & Engineering Company Limited	40,000	1,000	–	100.0	Construction and civil engineering
	10,000*	1,000	–	100.0	
Team Deco International Limited	2	1	–	100.0	Interior design
True Hope Investment Limited	4,998	1	–	100.0	Investment holding
	2*	1	–	–	

## → Notes to the Accounts

### 39. Principal subsidiary companies (Continued)

As at 30 June 2003

	Issued share capital# Number	Par value per share HK\$	Approximate percentage of shares held Company	Group	Principal activities
<b>Incorporated and operated in Hong Kong (Continued)</b>					
Tridant Engineering Company Limited	34,400,000 15,600,000*	1 1	– –	100.0 –	Mechanical and electrical engineering and trading
True Success Hong Kong Limited	2,500	1	–	65.0	Food trading and processing
Try Force Limited	4,998 2*	1 1	– –	100.0 –	Investment holding
Uniformity Security Company Limited	2 2,500*	100 100	– –	100.0 –	Security services
Urban Parking Limited	10,000,000	1	–	100.0	Carpark management
Urban Property Management Limited	49,995,498 4,502*	1 1	– –	100.0 66.7	Property management
Vibro (HK) Limited	20,000,004	3	–	99.8	Piling, caisson and civil engineering
Wai Hong Cleaning & Pest Control Company Limited	400,000	100	–	100.0	Cleaning and pest control services
Waking Builders Limited	20,000	1,000	–	100.0	Construction
Young's Engineering Company Limited	4,000,000	10	–	100.0	Air conditioning and electrical engineering

### 39. Principal subsidiary companies (Continued)

As at 30 June 2003

	Issued share capital <sup>#</sup>		Approximate percentage of shares held		Principal activities
	Number	Par value per share HK\$	Company	Group	
<b>Incorporated in Cayman Islands and operated in Hong Kong</b>					
NWS Service Management Limited (formerly New World Services Limited)	1,323,943,165	0.10	100.0	100.0	Investment holding

# Represented ordinary shares, unless otherwise stated.

\* Non-voting deferred shares.

\*\* Redeemable preference shares.

	Registered capital / issued share capital		Approximate percentage of attributable interest		Principal activities
	Amount/ Number	Par value per share	Company	Group	
<b>Incorporated and operated in the PRC</b>					
Gaoming Xinming Bridge Limited	Rmb60,000,000	–	–	80.0 (a)	Operation of toll bridge
Guangdong Gaoyao Xinjun Highways Limited	Rmb71,600,000	–	–	55.0 (b)	Operation of toll road
Guangdong Gaoyao Xinwei Highways Limited	Rmb38,500,000	–	–	60.0 (b)	Operation of toll road
Guangdong Xinzhaogao Highways Company, Limited	Rmb80,000,000	–	–	70.0 (b)	Operation of toll road
Guangxi Beiliu Xinbei Highways Limited	Rmb99,200,000	–	–	60.0 (b)	Operation of toll road

## → Notes to the Accounts

### 39. Principal subsidiary companies (Continued)

As at 30 June 2003

	Registered capital / issued share capital		Approximate percentage of attributable interest		Principal activities
	Amount / Number	Par value per share	Company	Group	
<b>Incorporated and operated in the PRC (Continued)</b>					
Guangxi Cangwu Xincang Highways Limited	Rmb64,000,000	–	–	70.0 (b)	Operation of toll road
Guangxi Rongxian Xinrong Highways Limited	Rmb82,400,000	–	–	70.0 (b)	Operation of toll road
Guangxi Yulin Xintong Highways Limited	Rmb64,000,000	–	–	60.0 (b)	Operation of toll road
Guangxi Yulin Xinye Highways Limited	Rmb63,800,000	–	–	60.0 (b)	Operation of toll road
Guangxi Yulin Xinyu Highways Limited	Rmb96,000,000	–	–	60.0 (b)	Operation of toll road
Qingyuan Xincheng Highways Limited	Rmb72,000,000	–	–	80.0 (b)	Operation of toll road
N.S.A. (Tianjin) Int'l Cargo Distribution Co., Ltd.	US\$7,809,700	–	–	100.0	Holding a piece of land
Shanxi Xinda Highways Limited	Rmb49,000,000	–	–	90.0 (c)	Operation of toll road
Shanxi Xinhuang Highways Limited	Rmb56,000,000	–	–	90.0 (c)	Operation of toll road
Suzhou Huisu International Container Freight Wharfs Co., Ltd.	US\$3,750,000	–	–	75.0	Container handling, warehousing and road freight operation



### 39. Principal subsidiary companies (Continued)

As at 30 June 2003

	Registered capital / issued share capital		Approximate percentage of attributable interest	Company Group	Principal activities
	Amount / Number	Par value per share			
<b>Incorporated and operated in the PRC (Continued)</b>					
Taiyuan Xintai Highways Limited	Rmb72,120,000	–	–	90.0(c)	Operation of toll road
Taiyuan Xinyuan Highways Limited	Rmb85,880,000	–	–	90.0(c)	Operation of toll road
Wuhan Bridge Construction Company, Limited	502,850,000	Rmb1	–	48.9(d)	Operation of toll bridge
Wuzhou Xinwu Highways Limited	Rmb72,000,000	–	–	45.0(b)	Operation of toll road
Xiamen New World Xiangyu Warehouse & Processing Zone Limited	US\$5,000,000	–	–	100.0	Development of warehousing, processing and logistics facilities
Xiamen Xinyuan Container Terminal Co., Ltd.	Rmb17,000,000	–	–	70.0	Cargo consolidation, container storage, repairs and maintenance
Zhaoqing Deqing Xinyue Highways Limited	Rmb34,000,000	–	–	65.0(b)	Operation of toll road
Zhaoqing Xinde Highways Company, Limited	Rmb165,867,000	–	–	45.0(b)	Operation of toll road

## → Notes to the Accounts

### 39. Principal subsidiary companies (Continued)

As at 30 June 2003

	Registered capital / issued share capital		Approximate percentage of attributable interest		Principal activities
	Amount / Number	Par value per share	Company	Group	
<b>Incorporated and operated in the PRC (Continued)</b>					
Zhaoqing Xinfeng Highways Company, Limited	Rmb94,000,000	–	–	45.0 (b)	Operation of toll road
Zhaoqing Xingao Highways Company, Limited	Rmb54,000,000	–	–	40.0 (b)	Operation of toll road
Zhaoqing Xinhui Highways Company, Limited	Rmb103,500,000	–	–	50.0 (b)	Operation of toll road
Zhaoqing Xinning Highways Company, Limited	Rmb90,000,000	–	–	55.0 (b)	Operation of toll road

- (a) Profit sharing percentage in a co-operative joint venture for the first 7 years of the joint venture period, and thereafter 30%.
- (b) Profit sharing percentage in co-operative joint ventures.
- (c) Cash sharing ratio for the first 12 years of the joint venture period, and thereafter 60%.
- (d) Percentage of equity interest in a joint stock limited company.

### 39. Principal subsidiary companies (Continued)

As at 30 June 2003

	Issued share capital # Number	Par value per share	Approximate percentage of shares held Company	Group	Principal activities
<b>Incorporated in British Virgin Islands</b>					
Hetro Limited	100	US\$1	–	100.0	Investment holding
New World First Bus Services (China) Limited	1	US\$1	–	100.0	Holding company of bus services in Mainland China
New World First Bus Services Limited	10,000,000	HK\$1	–	100.0	Bus services
New World First Ferry Services Limited	1	US\$1	–	100.0	Ferry services
New World First Ferry Services (Macau) Limited	1	US\$1	–	100.0	Ferry services
New World First Holdings Limited	10,000,000	HK\$1	–	100.0	Investment holding
NWS Engineering Limited	50,000,000	HK\$1	–	100.0	Investment holding

## → Notes to the Accounts

### 39. Principal subsidiary companies (Continued)

As at 30 June 2003

	Issued share capital # Number	Par value per share	Approximate percentage of shares held		Principal activities
			Company	Group	
<b>Incorporated in British Virgin Islands</b> (Continued)					
NWS Infrastructure Management Limited	1	US\$1	100.0	100.0	Investment holding
NWS Ports Management Limited	1	US\$1	100.0	100.0	Investment holding
Righteous Corporation	1	US\$1	–	100.0	Investment holding
Stockfield Limited	1	US\$1	–	100.0	Investment holding

## 40. Principal associated companies

As at 30 June 2003

	Issued share capital # Number	Par value per share HK\$	Approximate percentage of shares held Company	Group	Principal activities
<b>Incorporated and operated in Hong Kong</b>					
CSX World Terminals Hong Kong Limited	55,000'A' 5,000'B'	1 1	– –	– 33.3	Operation of container terminal
First Star Development Limited	100	1	–	49.0	Property development
Kentfull Engineering Company Limited	10,000	1	–	42.0	Building construction
Quon Hing Concrete Company Limited	200,000	100	–	50.0	Production and sales of concrete
Yargoan Company Limited	150,000	100	–	42.0	Stone quarrying
<b>Incorporated in British Virgin Islands</b>					
East Asia Secretaries (BVI) Limited	300,000,000	1	–	24.4	Investment holding
Tricor Holdings Limited	7,001	US\$1	–	24.4	Investment holding
<b>Incorporated in Bermuda and operated in Hong Kong</b>					
Kwoon Chung Bus Holdings Limited	393,906,000	0.10	–	29.98	Investment holding
Tai Fook Securities Group Limited	473,637,699	0.10	–	20.6	Investment holding
Wai Kee Holdings Limited	784,674,034	0.10	–	27.3	Investment holding

# Represented ordinary shares, unless otherwise stated.

## → Notes to the Accounts

### 41. Principal jointly controlled entities

As at 30 June 2003

	Registered capital	Company	Approximate percentage of attributable interest	Group	Principal activities
<b>Incorporated and operated in the PRC</b>					
<b>Equity joint ventures</b>					
CSX Orient (Tianjin) Container Terminals Co., Limited	US\$29,200,000	–	24.5 (a) 22.2 (b) 24.5 (c)		Operation of container terminal
Guangzhou Oriental Power Company Limited	Rmb990,000,000	–	25.0 (d)		Generation and supply of electricity
Guang Zhou Pearl River Power Company Limited	Rmb420,000,000	–	50.0 (e)		Generation and supply of electricity
Xiamen Xiang Yu Quay Co., Ltd.	Rmb384,040,000	–	50.0 (a)		Container handling and storage and road freight operations
<b>Co-operative joint ventures</b>					
Beijing-Zhuhai Expressway Guangzhou-Zhuhai Section Company Limited	Rmb580,000,000	–	25.0 (d)		Operation of toll road
Guangzhou Northring Freeway Company Limited	US\$19,255,000	–	65.3 (f)		Operation of toll road
Huishen (Yantian) Expressway Huizhou Company Limited	Rmb39,000,000	–	33.3 (d)		Operation of toll road

## 41. Principal jointly controlled entities (Continued)

As at 30 June 2003

	Registered capital	Approximate percentage of attributable interest		Principal activities
		Company	Group	
<b>Incorporated and operated in the PRC</b> (Continued)				
<b>Co-operative joint ventures</b> (Continued)				
Huizhou City Hui-Ao Roadway Company Limited	Rmb75,000,000	–	50.0 (d)	Operation of toll road
Huizhou City Huixin Expressway Company Limited	Rmb34,400,000	–	50.0 (d)	Investment holding and operation of toll road
Shunde De Sheng Power Plant Company Limited	US\$86,230,000	–	60.0 (f)	Operation of power plant
Sichuan Qianwei Dali Power Company Limited	US\$30,000,000	–	60.0 (d)	Generation and supply of electricity
Tianjin Xindi Expressway Company Limited	Rmb93,688,000	–	90.0 (g)	Operation of toll road
Tianjin Xinlong Expressway Company Limited	Rmb99,400,000	–	90.0 (g)	Operation of toll road
Tianjin Xinlu Expressway Company Limited	Rmb99,092,000	–	90.0 (g)	Operation of toll road
Tianjin Xinming Expressway Company Limited	Rmb85,468,000	–	90.0 (g)	Operation of toll road
Tianjin Xinqing Expressway Company Limited	Rmb99,368,000	–	90.0 (g)	Operation of toll road
Tianjin Xinquan Expressway Company Limited	Rmb92,016,000	–	90.0 (g)	Operation of toll road
Tianjin Xinsen Expressway Company Limited	Rmb87,300,000	–	90.0 (g)	Operation of toll road

## → Notes to the Accounts

### 41. Principal jointly controlled entities (Continued)

As at 30 June 2003

	Registered capital	Approximate percentage of attributable interest		Principal activities
		Company	Group	
<b>Incorporated and operated in the PRC</b> (Continued)				
<b>Co-operative joint ventures</b> (Continued)				
Tianjin Xinshi Expressway Company Limited	Rmb99,388,000	–	90.0(g)	Operation of toll road
Tianjin Xinsi Expressway Company Limited	Rmb96,624,000	–	90.0(g)	Operation of toll road
Tianjin Xintong Expressway Company Limited	Rmb99,448,000	–	90.0(g)	Operation of toll road
Tianjin Xintuo Expressway Company Limited	Rmb99,316,000	–	90.0(g)	Operation of toll road
Tianjin Xinxiang Expressway Company Limited	Rmb90,472,000	–	90.0(g)	Operation of toll road
Tianjin Xinyan Expressway Company Limited	Rmb89,028,000	–	90.0(g)	Operation of toll road
Tianjin Xinzhan Expressway Company Limited	Rmb89,392,000	–	90.0(g)	Operation of toll road
Tianjin Yongfa Highway and Bridge Construction Development Company Limited	Rmb40,000,000	–	90.0(f)	Operation of toll bridge
Wuhan Airport Road Development Limited	Rmb60,000,000	–	40.0(d)	Operation of toll road

- (a) Percentage of equity interest in equity joint ventures.
- (b) Voting power percentage in equity joint ventures.
- (c) Profit sharing percentage in equity joint ventures.
- (d) Percentage of interest in ownership and profit sharing.
- (e) Percentage of equity interest in an equity joint venture for the 11th year and onwards of the joint venture period. For the first 10 years of the joint venture period, the Group is entitled to a fixed return.
- (f) Profit sharing percentage in co-operative joint ventures.
- (g) Cash sharing ratio for the first 15 years of the joint venture period, and thereafter 60%.



#### 41. Principal jointly controlled entities (Continued)

As at 30 June 2003

	Issued share capital#		Approximate percentage		Principal activities
	Number	Par value per share HK\$	Company	Group	
<b>Incorporated and operated in Hong Kong</b>					
Asia Container Terminals Limited	1,000	1	–	23.3	Development and operation of container terminal
ATL Logistics Centre Hong Kong Limited	100,000'A'	1	–	55.7	Operation of cargo handling and storage facilities
	20,000'B'***	1	–	79.6	
	54,918*	1	–	–	
ATL Logistics Centre Yantian Limited	10,000	1	–	46.0	Investment holding
Far East Landfill Technologies Limited	1,000,000	1	–	47.0	Landfill
Sky Connection Limited	100	1	–	50.0	Duty-free, liquor and tobacco sales
Supertime Holdings Limited	100	1	–	49.0	Property development
Tate's Cairn Tunnel Company Limited	1,100,000	0.01	–	29.5	Operation of toll tunnel
	600,000,000*	1	–	–	
United Asia Terminals (Yantian) Limited	52,000'A'	1	–	–	Operation of cargo handling and storage facilities
	52,000'B'	1	–	40.0	
	26,000'C'	1	–	–	

## → Notes to the Accounts

### 41. Principal jointly controlled entities (Continued)

As at 30 June 2003

	Issued share capital# Number	Par value per share HK\$	Approximate percentage of shares held		Principal activities
			Company	Group	
<b>Incorporated in British Virgin Islands</b>					
CSX World Terminals New World Limited	2,000	US\$1	–	50.0	Investment holding
<b>Incorporated in Cayman Islands</b>					
CSX World Terminals New World (Tianjin) Limited	1,000	US\$1	–	50.0	Investment holding
<b>Incorporated in Hong Kong and operated in Macau and the PRC</b>					
Sino-French Holdings (Hong Kong) Limited	1,086,280'A'	100	–	–	Investment holding and operation of water and electricity plants
	2,089,000'B'	100	–	50.0	
	1,002,720'C'	100	–	–	

# Represented ordinary shares, unless otherwise stated.

\* Non-voting deferred shares.

\*\* Non-voting preference shares.