



NWS Holdings Limited

→ Annual Report 2003



Service is Our Business

NWS Holdings Limited

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→ Corporate Profile

NWS Holdings Limited (“NWSH” or the “Group”) is the service flagship of the New World Group listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with stock code 0659. With over 29,000 employees, NWSH is a leading service provider in the Hong Kong, Mainland China and Macau service, infrastructure and ports sectors. Operations focus on three synergistic businesses — NWS Service Management Limited (“NWSS”), NWS Infrastructure Management Limited (“NWSI”) and NWS Ports Management Limited (“NWSP”).

NWSS is a diversified service manager with operations in Hong Kong and Mainland China. The Facilities, Contracting, Transport, Financial and Environmental segments serve businesses and consumers in a range of areas. The NWSS expertise and commitment to quality is gradually being extended to key centres in Mainland China.

NWSI is a dominant player in the Greater China infrastructure arena and one of the largest Mainland China investors. NWSI operates 59 infrastructure projects in the three segments of Roads and Bridges, Energy, and Water Treatment and Waste Management. The portfolio encompasses 1,096 km of highways and bridges, power plant installed capacity of over 2,015 MW, water treatment of 3.33 million cubic metres per day and waste management capacity of 50,000 – 60,000 tonnes per year.

NWSP manages and invests in ports facilities in Hong Kong and Mainland China with activities mainly in container handling and logistics and warehousing. With container handling capacity of 5.4 million Twenty-Foot Equivalent Units (“TEUs”) per year, NWSP has a major presence in the port of Hong Kong and strategic positions in the coastal regions of Mainland China, most notably at the ports of Xiamen and Tianjin.

Vision

Vision

To build a dynamic and premier group of service companies driven by a shared passion for customer value and care

Mission

Mission

Synergize and develop business units that:

- Nurture total integrity
- Attain total customer satisfaction
- Foster learning culture and employee pride
- Build a world-class service provider brand
- Maximize financial returns

Core Values

Core Values

- Reputable customer care
- Pride and teamwork
- Innovation
- Community contributions and environmental awareness
- Stakeholders' interest

Vision

New

A **business** ready and eager to reach the next horizon



Mission

Create

Milestones to expand
the ever growing Greater China business network



Core Values

Achieve

A leading and innovative service provider for consumers and enterprises in the Greater China region



→ Reorganization of New World Group

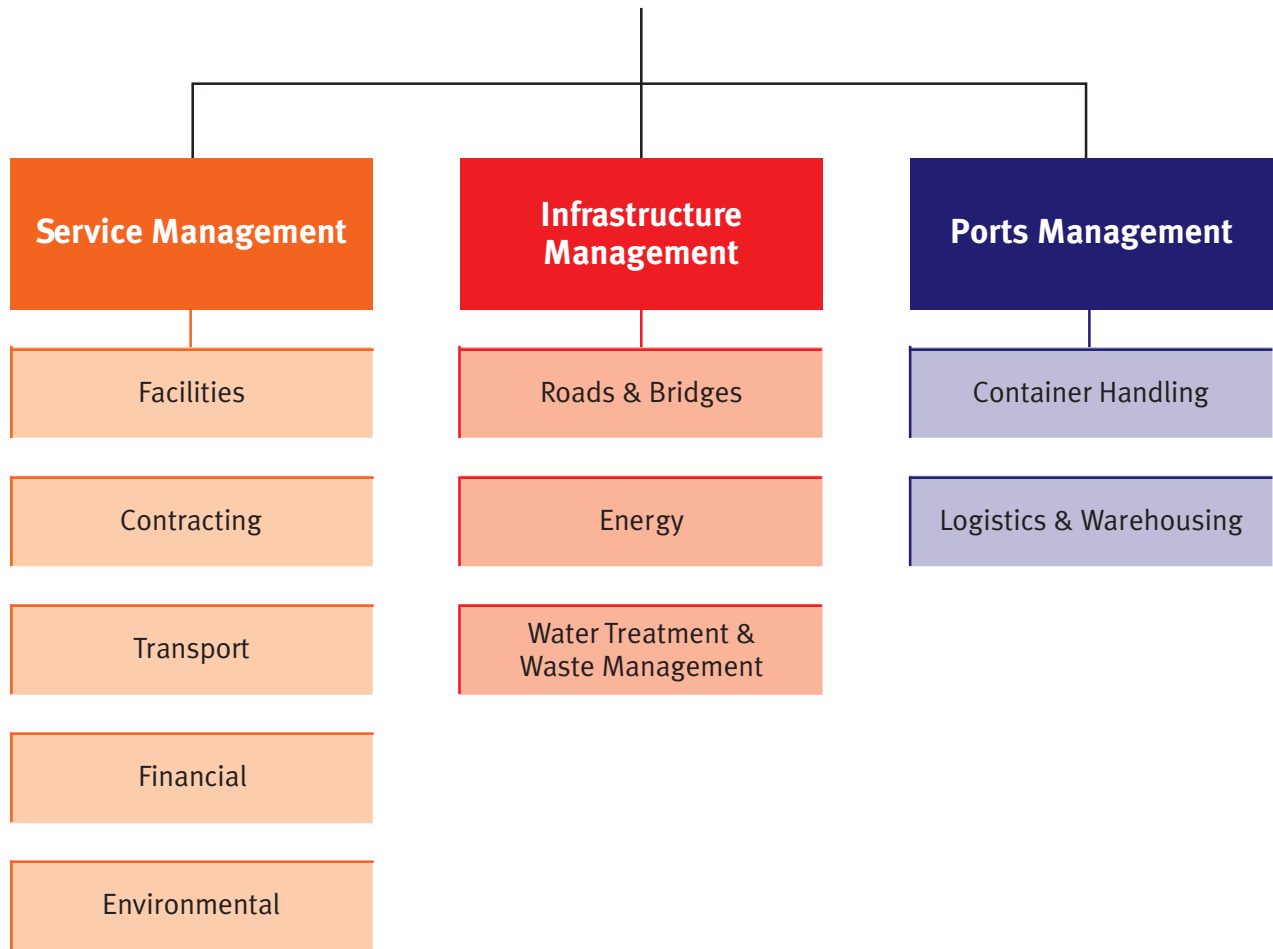
During this financial year, NWSH played a major role in the reorganization of the New World Group (the "Reorganization"), one of the largest conglomerates in Greater China. The significant Reorganization was accompanied by a branding exercise for NWSH that included a new corporate identity and logo.

The Reorganization announced on 21 October 2002 highlighted the acquisitions made by Pacific Ports Company Limited ("PPC") of New World Services Limited (now known as NWS Service Management Limited, "NWSS") in a share-for-share exchange and the traditional infrastructure assets of New World Infrastructure Limited ("NWI") for a combined cash, liability assumption and shares consideration. PPC was renamed NWSH upon completion of the Reorganization on 29 January 2003.

The Reorganization comprised: the acquisition of interests in NWI traditional infrastructure investments and the assignment of NWI shareholder loans to infrastructure investee companies at a consideration of approximately HK\$9.6 billion, including cash of about HK\$8.5 billion, an undertaking to repay NWI liabilities of about HK\$0.9 billion, and fair value of approximately 853 million NWSH shares issued at HK\$0.29 per share; the acquisition of the share capital of NWSS for HK\$3.4 billion, representing a value of approximately 11,701 million NWSH shares issued at HK\$0.29 per share; and, a distribution of the entire holding of approximately 5.6 billion NWSH shares held by NWI to NWI shareholders, which included the issue of nearly 3.2 billion shares to NWI upon conversion of all preference shares into ordinary shares.

NWSH consolidated shares debuted on the Stock Exchange on 10 February 2003. At that point, NWSH was presented to the investment community as an integrated service company with three business divisions operating in the service, infrastructure and ports sectors. The reception from investors to the added value generated by the Reorganization was encouraging as the share price rose significantly in the second half of 2003.

The corporate identity represents the qualities of NWSH: professionalism, progressiveness, dynamism and trustworthiness. The logo signifies a confident move towards a challenging future. The bright and bold waving flag symbolizes leadership, courage and commitment. The combination of red and orange portrays energy, friendliness and vitality, while the contemporary blue typeface demonstrates a solid foundation. As a whole, the logo depicts NWSH as rich in resources, financially strong and a leading player in the Greater China service arena.



→ Milestones



2002

July

- Hong Kong Convention and Exhibition Centre was voted “Best Exhibition Centre” for the second consecutive year by exhibition organizers in the annual exhibition venue survey 2002 conducted by CEI Asia Pacific.

October

- New World Group announced a proposed reorganization whereby NWS Holdings Limited (formerly Pacific Ports Company Limited) would acquire New World Services Limited from its shareholders, including New World Development Company Limited, along with the traditional infrastructure assets from New World Infrastructure Limited.
- Hip Hing Construction Company Limited won the “2002 Trade and Industry Department Quality Award” and the “2002 HKPC Productivity Award” in the “2002 Hong Kong Awards for Industry” held by Hong Kong Productivity Council.

November

- New World First Bus Services Limited won “Best Practice Awards 2002 — Environmental Management”.

December

- Independent shareholders approved the Reorganization at special general meeting.

2003



From Top to Bottom:

- Special General Meeting on New World Group Reorganization
- Xiamen Xiang Yu Quay Co., Ltd. Merger Ceremony
- NWSH 2002/2003 Interim Results Announcement

January

- Reorganization completed. Pacific Ports Company Limited officially renamed NWS Holdings Limited.
- Xiamen Xiang Yu Quay Co., Ltd. merged with Xiamen Xiangyu Free Trade Zone Huijian Quay Co., Ltd. and Xiamen Xiangyu Free Port Developing Co., Ltd. to form a 50-year joint venture with total project investment of RMB1.15 billion.

February

- Consolidated shares under newly named NWS Holdings Limited began trading on The Stock Exchange of Hong Kong Limited.
- New World Insurance Services Limited, received approval from the China Insurance Regulatory Commission to acquire a 10% share in Guangzhou Da Cheng Insurance Brokers Limited (also known as Success Insurance Services Limited), to become one of the first foreign companies to invest in Mainland insurance brokers.

March

- Interim results 2002/2003 of NWS Holdings Limited showed an increase of 12.9 times in profit attributable to shareholders to HK\$174.7 million.
- Xiamen Xiang Yu Quay Co., Ltd. named the Excellent Container Port Corporation of Integrated Service, Distribution & Transport Conditions, High Work Efficiency, and High Sci-Tech Management Quality in "The Third China Freight Industry Awards".

April

- NWS Holdings Limited paid down HK\$1.7 billion of debt since February 2003, in which HK\$1 billion was repaid ahead of schedule.

May

- Urban Property Management Limited named one of the ten "Best Employers in Hong Kong" by the global outsourcing and management consultant Hewitt Associates.

June

- Chow Tai Fook Enterprises Limited acquired SGC (HK Group) Limited, the holding company of Citybus Limited. The possibility of a joint venture between New World First Bus Services Limited and Citybus Limited is to be explored.

July

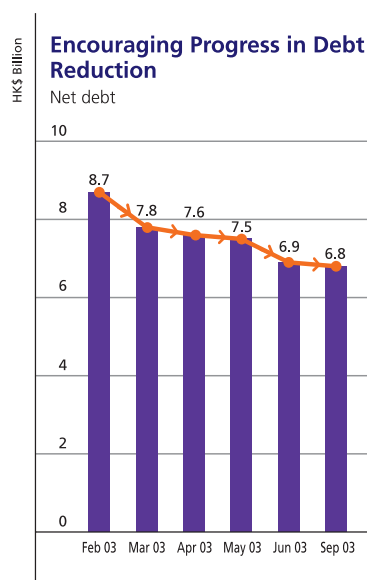
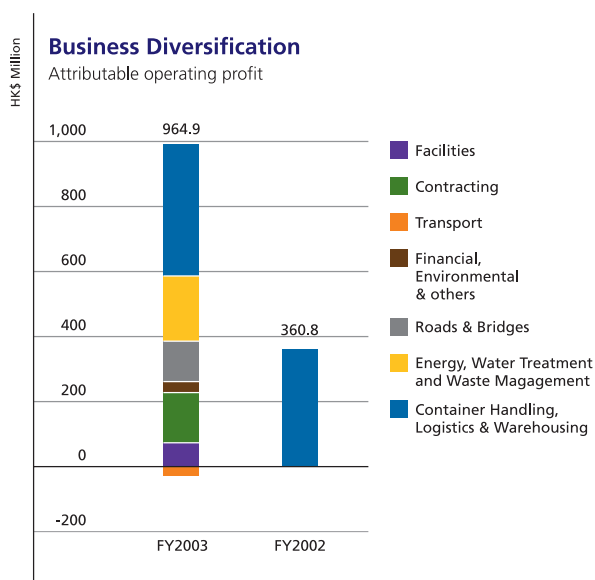
- NWS Holdings Limited repaid HK\$500 million of debt.
- Urban Property Management Limited honoured "2003 HKMA Quality Award – Overall Winner" by Hong Kong Management Association.

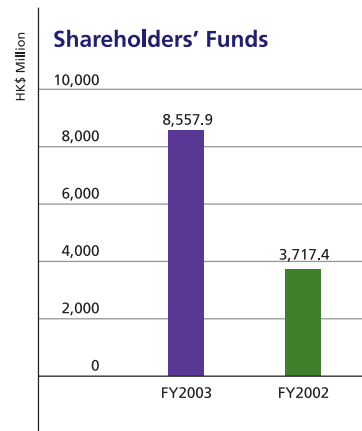
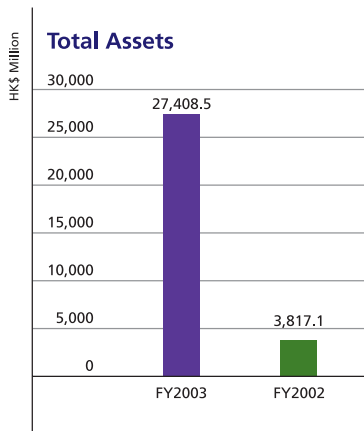
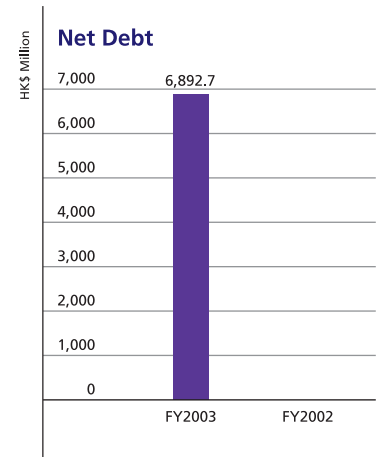
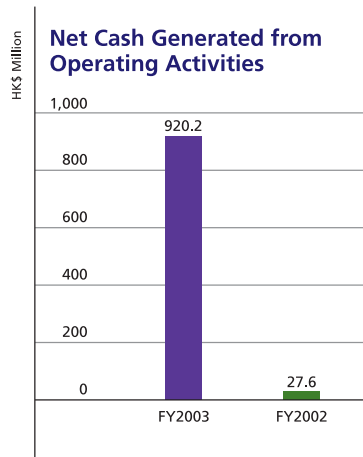
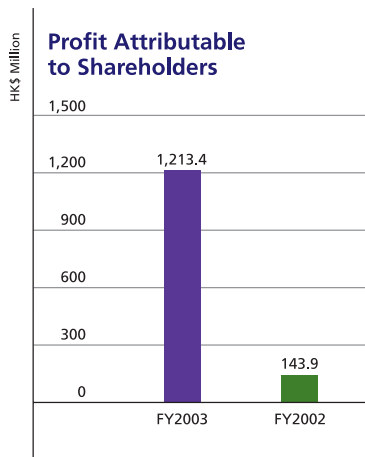
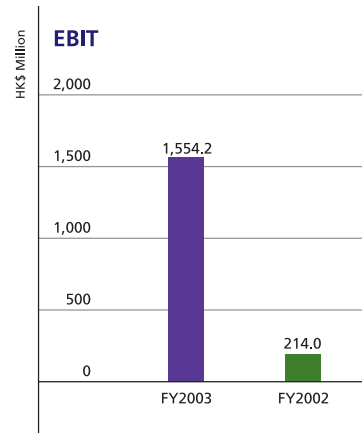
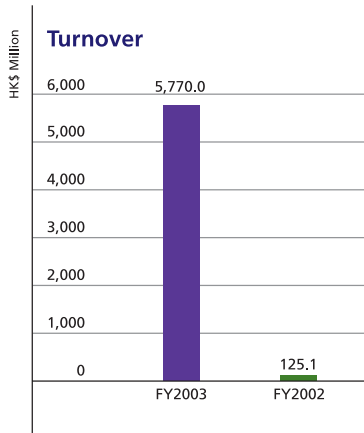
→ Financial Highlights

	Note	2003 HK\$'M	2002 HK\$'M
Turnover		5,770.0	125.1
Earnings before interest and taxation ("EBIT")		1,554.2	214.0
Profit attributable to shareholders		1,213.4	143.9
Net cash generated from operating activities		920.2	27.6
Net debt		6,892.7	N/A
Total assets		27,408.5	3,817.1
Shareholders' funds		8,557.9	3,717.4
Net tangible assets		9,046.2	3,681.8
Earnings per ordinary share	1	HK\$1.39	HK\$0.05
Gearing ratio	2	62%	N/A
Return on shareholders' funds	3	14%	4%
Return on capital employed	4	6%	4%

Notes:

- (1) Earnings per ordinary share have been calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year. Earnings per ordinary share for FY2002 have been restated in accordance with the consolidation of shares during the year.
- (2) Gearing ratio represents net debt divided by shareholders' funds plus minority interest and loans.
- (3) Return on shareholders' funds represents profit attributable to shareholders divided by shareholders' funds.
- (4) Return on capital employed represents profit attributable to shareholders divided by the total of shareholders' funds and non-current liabilities.







Service is Our Business

Over the past year NWSH has undergone a transformation unprecedented in its corporate history. As a result of the strategic Reorganization of New World Group, NWSH is a multi-faceted service company with ten times the turnover, ten times the capitalization and ten times the potential. Due to this initiative NWSH shareholders gain business scope, increase free float and maintain the upside of the existing ports business.

With the completion of this Reorganization, shareholders can look forward to a bright future. NWSH is now the flagship service arm of New World Group, a highly focused enterprise with service operations that extend across Greater China in the promising sectors of service management, infrastructure and ports development. We are a responsive business that is equally comfortable in the provision of service to a single individual or supporting the needs of the largest corporation. At the base of our business model is a desire to provide people with high quality service at a fair value.

NWSH is an enterprise that is also responsive to its shareholders. The Group delivers shareholder value by pursuing growth opportunities in Greater China through the leverage of a stable earnings stream and solid cash flow. Central to our mission is the ability to reduce debt, achieve reasonable returns on equity and adopt a dividend policy that is in line with comparable stable cash-flow businesses. These objectives are backed by a commitment to transparency, corporate governance and social responsibility.

At the base of our business model is a desire to provide people with high quality services at a fair value.

From PPC to NWSH

Since its acquisition by NWI in 1998, PPC achieved steady growth in earnings and assets as a port player in Greater China. Owned by NWI, which in turn is owned by New World Group, PPC attained recognition as one of the leading Hong Kong port operators and a competitive force in the Mainland China ports of Xiamen and Tianjin.

This year, PPC played a central role in the Reorganization of New World Group, the largest exercise ever undertaken by one of Hong Kong's leading conglomerates. In the course of this Reorganization, PPC was transformed into NWSH via an injection of NWI traditional infrastructure assets and NWSS businesses.

Promising Business Mix

NWSH emerges from this Reorganization with a larger scope and a diversified mandate. From a consumer perspective, NWSH is a service company that meets the needs of the people of Greater China, wherever they reside and whatever they require. We move individuals across a city via public transport or motor vehicles from one province to another on our extensive road network. We quench the thirst of city dwellers through water treatment facilities and light residences across the nation.

On the enterprise front, NWSH provides essential services. Our power plants fuel industry, ports facilities ship cargo worldwide and highways transport goods from province to province. We also manage large facilities, construct mega-projects and support environmental programs. This spread of activities perfectly positions NWSH to play a central role in the region's evolving service industry.

→ Chairman's Statement

Currently, NWSH is ready to deliver value to its shareholders. Attributable operating profit increased substantially this year due to the injection of businesses and assets in the service management and infrastructure sectors.

A Focused Future

With the Reorganization complete, NWSH can consolidate operations to improve efficiency and increase profitability. The Group will strengthen its balance sheet through an accelerated debt repayment plan, one that has made considerable headway with repayments totalling HK\$3 billion by September 2003.

Meanwhile, with strong cash base and a solid earnings stream, NWSH has room to fund expansion. To date, the pace of debt reduction and improved financial strength has exceeded market expectations. Share price has surged since the Reorganization due to renewed investor confidence. The initiative to strengthen the balance sheet was rewarded by Standard & Poor's assignment of an investment grade rating.

NWSH will continue to repay debt, strengthen the balance sheet and reinforce attributable operating profit ("AOP") in the coming year. The contribution from Hong Kong operations will expand as the economy rebounds from Severe Acute Respiratory Syndrome ("SARS") and a deflationary economic cycle. Furthermore, Hong Kong is expected to benefit from an upturn in the United States and global economies. In addition, the recent signing of the Closer Economic Partnership Arrangement ("CEPA") agreement with the central government of China and Mainland China's accession to the World Trade Organization ("WTO") will support AOP growth.

Mainland Card

Though Hong Kong remains a key contributor, the future target for all businesses is Mainland China. Management expertise, global connections, a local power base and capital market prowess are strengths that can be exploited to the fullest. However, expansion will proceed on a gradual and select basis, with a focus on investing in businesses that improve AOP over the short-and medium-term.

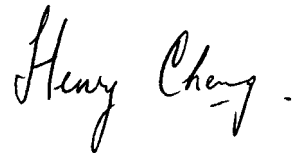
Mainland China should maintain its momentum as the region's fastest growing economy in the foreseeable future. In particular, Guangdong, a central focus of operations, continues to grow at a torrid pace. Regulations and market-opening initiatives related to WTO provide benefits and opportunities. Though Mainland China does face pressure to appreciate its currency, any move in this direction will be incremental, as officials are eager to shelter the economy from shocks. In the end, a strong economy combined with the growing affluence of consumers, the desire to improve infrastructure and an export-led trade policy are all positive factors for NWSH.

A Final Word

NWSH is committed to being a respected corporate citizen. This is achieved from a shareholder's perspective by strengthening corporate governance and maintaining high transparency standards. On the community level we strive to be responsible, whether that means the establishment of cutting-edge environmental policies or ongoing support of charities. Central to this objective is the ability to win the respect of all employees; every employee must be proud to work at NWSH and believe that we will continuously support their personal development.

It is with confidence and excitement that NWSH turns to the future. The foundations are in place to produce steady and stable growth across all service sectors. The management team believes that the loyalty of our shareholders will be rewarded as NWSH delivers on its promise to enhance value.

After all, Service is Our Business.

A handwritten signature in black ink that reads "Henry Cheng". The signature is written in a cursive, flowing style.

Dr. Cheng Kar Shun, Henry

Chairman

Hong Kong, 16 October 2003

→ Board of Directors



From Left to Right:

- Mr. Cheng Wai Chee, Christopher • Mr. Dominic Lai • Mr. Wong Kwok Kin, Andrew • Mr. Kwong Che Keung, Gordon
- Mr. Chan Kam Ling • Dr. Cheng Kar Shun, Henry • Mr. Doo Wai Hoi, William • Mr. Lam Wai Hon, Patrick • Mr. Yeung Kun Wah, David
- Mr. Wilfried Ernst Kaffenberger • Mr. To Hin Tsun, Gerald • Mr. Cheung Chin Cheung

Dr. Cheng Kar Shun, Henry *GBS*

Chairman

Dr. Cheng (56) was appointed as an Executive Director in March 2000 and became the Chairman in March 2001. Dr. Cheng is the Managing Director of New World Development Company Limited, the Chairman and Managing Director of New World China Land Limited and the Chairman of New World Infrastructure Limited and Tai Fook Securities Group Limited. He is also the Managing Director of NWD (Hotel Investments) Limited and a Director of Chow Tai Fook Enterprises Limited and HKR International Limited. Dr. Cheng is the Chairman of the Advisory Council for The Better Hong Kong Foundation and a Committee Member of the Tenth Chinese People's Political Consultative Conference of The People's Republic of China. In 2001, he was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region (HKSAR). Dr. Cheng is the brother-in-law of Mr. Doo Wai Hoi, William.

Mr. Doo Wai Hoi, William

Deputy Chairman

Mr. Doo (59) was appointed as an Executive Director in March 2000 and became the Deputy Chairman in January 2003. Mr. Doo's corporate positions include: Vice Chairman of New World China Land Limited; Deputy Chairman of Tai Fook Securities Group Limited; Director of NWD (Hotels Investments) Limited and Fung Seng Diamond Company Limited. Mr. Doo is appointed by The People's Republic of China as a member of the Executive Committee of Shanghai Committee of Chinese People's Political Consultative Conference. He has served as a Governor of the Canadian Chamber of Commerce in Hong Kong since 1995. Mr. Doo is the brother-in-law of Dr. Cheng Kar Shun, Henry.

Mr. Chan Kam Ling *BBS*

Executive Director and Chief Executive Officer

Mr. Chan (63) was appointed as an Executive Director and the Chief Executive Officer in January 2003. Mr. Chan is a Director of New World Development Company Limited, New World China Land Limited and New World First Bus Services Limited; and a Non-executive Director of Tai Fook Securities Group Limited. In addition, Mr. Chan is the Managing Director of Hip Hing Construction Company Limited, Sino-French Holdings (Hong Kong) Limited and The Macao Water Supply Company Limited. He is also a Director of Companhia de Electricidade de Macau - CEM, S.A. Mr. Chan has more than 30 years of experience in construction, property development and infrastructure industry.

Mr. Wong Kwok Kin, Andrew

Executive Director

Mr. Wong (58) was appointed as an Executive Director in January 2003. Mr. Wong is an Executive Director of Sky Connection Limited and several subsidiaries and affiliates of New World Group providing duty-free liquor and tobacco concessions, communication services, cleaning and laundry services, and estate management in both Hong Kong and Mainland China. He is also a Director of New World First Bus Services Limited, New World Telephone Holdings Limited and Tai Fook Securities Group Limited. Mr. Wong had been an Executive Director of New World Hotels (International) Limited and Renaissance Hotel Group N.V., a company listed on the New York Stock Exchange, from 1995 to 1997.

Mr. Lam Wai Hon, Patrick

Executive Director and Company Secretary

Mr. Lam (41) was appointed as an Executive Director and the Company Secretary in January 2003. Mr. Lam is a Director of Tai Fook Securities Group Limited and Wai Kee (Holdings) Limited as well as the Assistant General Manager of New World Development Company Limited. The area of responsibilities of Mr. Lam in New World Group includes property investment and development and service business. Mr. Lam is a Chartered Accountant by training; a Fellow of the Institute of Chartered Accountants of England and Wales, and the Hong Kong Society of Accountants, and a member of the Institute of Chartered Accountants of Ontario, Canada.

Mr. Cheung Chin Cheung

Executive Director

Mr. Cheung (47) was appointed as an Executive Director in October 2003. He had been an Executive Director of the Company during the period from May 1998 to January 2003. Mr. Cheung is also a Director and General Manager of NWS Infrastructure Management Limited and NWS Ports Management Limited. He is a Director of CSX World Terminals Hong Kong Limited, ATL Logistics Centre Hong Kong Limited, Sino-French Holdings (Hong Kong) Limited, Sino French Water Development Company Limited and The Macao Water Supply Company Limited as well as a Director of a number of companies in Mainland China. Mr. Cheung has over 20 years of experience in finance and administration, business development and project management.

Mr. Wilfried Ernst Kaffenberger

Non-executive Director

Mr. Kaffenberger (59) was appointed as a Non-executive Director in January 2003. He is also a Non-executive Director of New World Infrastructure Limited. Mr. Kaffenberger is the Chief Executive Officer of AIG Asian Infrastructure Fund II, a US\$1.67 billion direct equity investment pool he organized in 1997. He is also the Managing Director of Emerging Markets Partnership ("EMP"), a Washington-based asset management firm. Prior to joining EMP, Mr. Kaffenberger was the Vice President, Operations, of International Finance Corporation ("IFC"), a World Bank affiliate. His career at IFC covered 25 years.

Mr. To Hin Tsun, Gerald

Non-executive Director

Mr. To (54) was appointed as an Independent Non-executive Director in May 1998 and became a Non-executive Director in August 2002. Mr. To has been a practising solicitor in Hong Kong since 1975. He is also a qualified solicitor in the United Kingdom as well as an advocate and a solicitor in Singapore. He is currently the senior and managing partner of Messrs. T. S. Tong & Co., Solicitors and Notaries. Mr. To is also a Non-executive Director of New World Cyberbase Limited, Tai Fook Securities Group Limited, Asean Resources Holdings Limited, Asia Logistics Technologies Limited and The Kwong Sang Hong International Limited, all of which are companies whose shares are listed on The Stock Exchange of Hong Kong Limited.

Mr. Yeung Kun Wah, David

Non-executive Director

Mr. Yeung (53) was appointed as an alternate director to Mr. Wilfried Ernst Kaffenberger in January 2003. He is responsible for AIG's infrastructure investments in Asia, Latin America, Emerging Europe and Africa. He also represents AIG on five AIG-sponsored infrastructure funds with total committed funds of US\$4.7 billion. In addition to his infrastructure investment responsibilities, Mr. Yeung sits on the Investment Committees of the AIG Asian Opportunity Fund, AIG Indian Sectoral Equity Fund, AIG Asian Direct Investment Fund and various AIG insurance in-house funds. Mr. Yeung is on the board of various investee companies in AIG's investment portfolio. Mr. Yeung is a U.S. Certified Public Accountant and a Canadian Chartered Accountant.

Mr. Kwong Che Keung, Gordon

Independent Non-executive Director

Mr. Kwong (54) was appointed as an Independent Non-executive Director in October 2002. He is a Non-executive Director of COSCO Pacific Limited and COSCO International Holdings Limited and Independent Non-executive Director of a number of Hong Kong listed companies, such as Tianjin Development Holdings Limited, Beijing Capital International Airport Company Limited, Vision Century Corporation Limited and China Oilfield Services Limited. Mr. Kwong graduated from the University of Hong Kong in 1972, qualifying as a chartered accountant in England in 1977 and was a Partner of PricewaterhouseCoopers from 1984 to 1998. He had served as a part-time panel member of the Hong Kong Government's Central Policy Unit from 1993 to 1995 and was an independent member of the Council of The Stock Exchange of Hong Kong Limited from 1992 to 1997, during which, he had acted as convener of both the Compliance Committee and the Listing Committee. He was a member of the Panel of Inquiry appointed by the Financial Secretary on the Penny Stocks Incident in 2002.

Mr. Cheng Wai Chee, Christopher OBE, JP

Independent Non-executive Director

Mr. Cheng (55) was appointed as an Independent Non-executive Director in January 2003. He is the Chairman of USI Holdings Limited and Winsor Properties Holdings Limited, and Director of New World China Land Limited, DBS Bank (Hong Kong) Limited and Gieves & Hawks plc. In the public service sector, he is a member of the Exchange Fund Advisory Committee of the Government of the HKSAR, as well as a steward of the Hong Kong Jockey Club. Mr. Cheng also serves on the Hong Kong Trade Development Council, the Town Planning Board, Court of the Hong Kong University of Science and Technology and Council of the University of Hong Kong. He has also been the Chairman of the Hong Kong General Chamber of Commerce and a member of the Public Service Commission.

Mr. Dominic Lai

Independent Non-executive Director

Mr. Lai (56) was appointed as an Independent Non-executive Director in August 2002. Mr. Lai is a practicing solicitor in Hong Kong and is also admitted in England and Wales, the Republic of Singapore, the States of New South Wales and Victoria, Australia. Mr. Lai is a senior partner of the Hong Kong law firm, lu, Lai & Li and has been in practice for more than 30 years. He is also Non-executive Director of several other public companies listed on The Stock Exchange of Hong Kong Limited.

Building for the Future

The principles of corporate governance are in the spotlight as shareholders judge investment decisions on the ability of companies to meet fundamental principles. NWSH is committed to the enhancement of shareholder value and transparency through the creation of a reputable governance framework. Over the last year, management has studied international standards to attain specific performance measurement benchmarks.

It is the belief of NWSH that the over-riding corporate objective is to optimize over time returns on investment to shareholders. Where other concerns affect this objective they must be stated and disclosed to the financial community. To achieve this, NWSH endeavours to ensure the long-term viability of its business and effectively manage relationship with stakeholders in the domestic and global market.

Board of Directors

The Board is responsible to shareholders for management of the Group. The Board meets regularly to review performance, ensure funding, set and monitor strategy, examine sale or acquisition opportunities and report to shareholders. The Board comprises six Executive Directors, three Independent Non-executive Directors and two Non-executive Directors. All Independent Non-executive Directors are free from any relationship that could affect the exercise of independent judgment.

Executive Committees

The Executive Committees are central to managing the Group. Staffed with Executive Directors and senior executives, the Committees play a central role in guiding the development of the Group. Activities under these committees include financial issues, merger and acquisitions, corporate governance, corporate communication and employee matters. There are three separate Executive Committees for the principal investment divisions of NWSS, NWSI and NWSP.

Audit Committee

The Audit Committee is appointed by the Board and currently consists of three Independent Non-executive Directors of NWSH. The Committee meets at least twice a year and other Board members may also attend. The duties of the Committee include: review and supervision of the financial reporting process; review of internal audit reports prepared by the Internal Audit Department, which reports to the Audit Committee; consideration of the appointment of external auditors; and, discussion with the external auditors on the nature and scope of the audit.

Treasury Committee

The Treasury Committee monitors financial exposure and banking facilities, ensuring business units maintain sufficient cash and bank facilities. The Committee is responsible for compliance of all units to corporate treasury policies, procedures and reporting requirements. It aims to enhance financial resources and reduce finance costs.

Central Monitoring Board

The Central Monitoring Board ("CMB") assists the subsidiaries to achieve corporate objectives. As such, the CMB monitors operational performance and implements measures to enhance efficiency. The CMB oversees project procurement, sub-contracting and cost control.

	No. of meetings held*	Average attendance of members
Board	3	94%
Audit Committee	2	100%
NWSH Executive Committee	17	96%
NWSS Executive Committee	18	94%
NWSI Executive Committee	9	98%
NWSP Executive Committee	9	97%
Treasury Committee	2	93%
Central Monitoring Board	7	90%

* For the period between 29 January 2003 and 30 June 2003.

Investor Relations: Reaching out to Shareholders

NWSH has a dedicated Investor Relations Core Team ("IR") comprised of General Managers and the Group Financial Controller. The IR objective is to disseminate information to shareholders in a timely and equitable manner. In order to communicate to the financial community and to support their investment decision-making process, the IR explains the fundamentals that enhance shareholder value.

To communicate with shareholders, NWSH deploys a number of strategies and tools. Information is dispersed on the website, in annual and interim reports, newsletters, press releases, conference calls, company site visits, news-wires and through local, regional and international media outlets. Over the year, NWSH has conducted one-on-one and group meetings with institutional investors, analysts, investment bankers, commercial bankers, strategic partners and the media.

→ Strength in Unity


香港島園藝有限公司
HONG KONG ISLAND LANDSCAPE
COMPANY LIMITED

Nursery area
2.2 million sq.ft.
1.16 times
the area of Victoria Park

Alex Chung, Gardener
Hong Kong Island
Landscape Co Ltd


新界基建管理有限公司
NWSH New Territories Infrastructure Management Limited

Road & bridge projects managed
1,096 km
498 times
the length of Tsing Ma Bridge



富城物業管理有限公司
Urban Property Management Limited

180 million sq.ft.
of property managed
1,747 times
the HK Stadium pitch


萬興清潔滅蟲有限公司
Wai Hong Cleaning & Pest Control Co. Ltd.

9.5 million kg
of disposed waste
recycled annually

Kitty Lai, Foreman
Wai Hong Cleaning &
Pest Control Co Ltd


新界港口管理有限公司
NWSH New Territories Ports Management Limited

Annual
container handling capacity
5.4 million TEUS
can cover up
whole Hong Kong Island

Clara Leung,
Customer Services Officer
Urban Property Management Ltd


CSX World Terminals Hong Kong Ltd

Fred Chan, Management Trainee
CSX World Terminals Hong Kong Ltd

Li Kai Yin, Traffic Officer
Tate's Cairn Tunnel

Carina Fong, *Headwaitress*
Hong Kong Convention
and Exhibition Centre
(Management) Ltd

Leung Shi Ki, *Senior Site Agent*
Hip Hing Construction Co Ltd




 Daily travels
181,352 km
 90 times
 the distance between HK & Beijing


 "Best Overseas
 Conference Centre"
 for **9 years**
 in a row


 Document Management System
 saves
2 million
 paper sheets per year


 Installed capacity of
 power plants
2,015 MW
 electricity for
 20,150,000 light bulbs

Chu Kwok Wah, *Champion of*
"Outstanding Bus Captain Award 2003"
New World First Bus Services Ltd

Henrique Eduardo Ho Carneiro, *Clerk*
Companhia de Electricidade de Macau – CEM, S.A.

Committed to Personal Growth

With over 29,000 people working directly for NWSH and at the joint venture company level, NWSH is one of the largest employers in Hong Kong and a major employer in Mainland China and Macau. With this sizable and varied workforce comes the responsibility to provide a suitable working environment, one in which the employees can grow within the framework of the Group. This challenge is met head-on by the professional staff at the Human Resources Department (“HR”).

The Group believes that stronger business results happen when our staff succeed. We optimize our investment in people and maximize the value of staff. To attract top talent in the competitive Hong Kong employment market, NWSH has created a solid performance and compensation package composed of salary, benefits and bonuses. HR is constantly looking for ways to recruit, motivate and retain staff. In the second half of 2003, NWSH granted stock options to nearly 900 managerial staff to reward past services and contribution to the Group.

Training and Developing Talents

NWSH is committed to developing the full potential of staff, enhancing performance and improving training levels. To accomplish this, HR provides training sessions and seminars for senior managers, managerial staff and general staff on a Group level to enhance similar initiatives presented by the business units.

Over the last year, some 1,700 employees participated in 80 training programs, dedicating nearly 6,000 hours to self-improvement. Senior managers were presented with seminars on “Director’s Common Law and Fiduciary Duties”, “Doing Business in the PRC (strategic level)”, “Doing Business in the PRC (operational level)” and “Crisis Management”. In addition, a management conference was hosted for the senior management team.

Managerial and supervisory training programs are a major attraction, with 36 programs attended by 730 people. The most popular programmes were “Time Management Workshop”, “Planning and Organizational Skills” and “Project Management Workshop”. General courses were held in areas such as customer service, telephone courtesy, safety management and computer training.

Finally, the overall training initiative is enhanced by over 20 e-learning programs, anytime and anywhere, for staff in such areas as supervisory skills and problem solving.



Performance Enhancement

Effective staff performance management is a key to success for enhancing NWSH competitiveness and profitability. Only by ensuring that NWSH delivers performance meeting its corporate goals can NWSH remain a major player in the market. To assist with delivering the expected performance, a systematic Staff Career Development and Advancement Plan is specially designed to exhibit features that can assist mentors and staff on reaching performance targets, implementing mutually agreed performance improvement actions and staff training for future development.

Recognizing Outstanding Employees

The various business divisions have had outstanding employee awards for some time. However, with the consolidation of the three business divisions, management will launch the annual Outstanding Employee Awards for the Group.

The Outstanding Employee Awards are based on the following objectives: to promote service excellence as a core value; to bolster management appreciation of human capital; to enhance a sense of belonging; to support a spirit of mutual learning; and, to strengthen relations between the corporate office and business divisions.

Employees are selected by each business division to compete in the NWSH Outstanding Employee Awards. The competition is broken into two categories – frontline staff and office staff – with diamond, gold and silver awards. The first award presentation ceremony is to be held in Hong Kong in early 2004.

Employee Relations

Perhaps the most popular human resources event of the year is NWSH Fun Day. On an annual basis some 3,000 employees and family members gather at the Wanchai Sports Ground to meet and compete for prizes with members of the various business divisions. This year's Fun Day was held on 12 January 2003 and all prizes and awards were handed out personally by Chairman Dr. Henry Cheng and his esteemed father Dr. Cheng Yu Tung.



→ Corporate Citizenship

Live to Give, Dare to Care

Corporate citizenship is a responsibility NWSH takes with the utmost seriousness. Management and employees are proud of their commitment to the communities and businesses they serve in the Greater China region. NWSH believes this dedication to corporate citizenship is central to its mission as a publicly listed enterprise and pledges to continuously improve on its record.

NWSH provided manpower and capital resources to support a number of community events and charities under the NWS Volunteer Alliance ("Alliance") during the year. In the two years since the inception of the Alliance, some 440 people have donated over 5,700 hours and other resources to foster closer community ties. In the course of its work, the Alliance has supported 19 non-governmental organizations with nearly HK\$1 million in donations. The list of the Alliance projects is long and varied.

The NWSH dedication to community service has earned wide recognition. The Alliance received the Gold Award for Volunteer Service from the Social Welfare Department in 2001 and 2002 for its contribution of over 2,000 hours of service. The Alliance Committee for Life Rejuvenation Scheme won a Bronze Award for Volunteer Service in 2002. NWSH received an award from the Hong Kong Council of Social Service as a "Caring Company" in 2002. This acclaim demonstrates the commitment to corporate citizenship in areas such as volunteering, partnering, mentoring and donations.

Caring for the Underprivileged

To show its support for psychiatric patients in Hong Kong, the Alliance launched a one-year program in November 2002. This initiative for the psychiatric ward of Pamela Youde Nethersole Eastern Hospital is entitled the Life Rejuvenation Scheme. Alliance volunteers received a four-day training session from the hospital to learn how to communicate with the patients. Following this session a series of services and activities were held for patients, including a New Year's Party, a computer class, an arts and craft class and hair styling. Two "Love Bus Tours" were organized in November 2002 and March 2003 to take patients to Golden Bauhinia Square and Repulse Bay, respectively by New World First Bus Services Limited ("NWFB") to spend a wonderful afternoon at the harbour and beachfront.

Friends of the Environment

NWSH is an enterprise with an operational presence in key industrial and commercial sectors. As such, the Group is committed to the global concept of sustainable development, defined as the ability to maintain prosperity and growth while preserving the quality of the environment in which we live. NWSH feels the principles of sustainable development are important to a region plagued by poor air and water quality. NWSH is doing its part to ensure operations and business practices are sustainable, whether that entails reducing pollution level for its bus fleet or making sure power plants produce less sulfite.





The environmental initiative is strongly supported by Alliance volunteers. Last year, the Alliance donated HK\$330,000 for a Corporate Afforestation Scheme. Over 180 staff and their families joined to plant trees at the High Island Reservoir to create a landscaped slope. In another initiative, 30 Alliance volunteers enhanced the plant diversity in Mai Po Nature Reserve by implanting native sedges and freshwater plants.

To indicate its support for sustainable development and to create a dialogue on environment issues in the business community, NWSH sponsored a series of conferences organized by the Business Environmental Council.

SARS Initiative

The SARS outbreak in Hong Kong was frightening and the Alliance rose to the occasion to support the community. One focus during the crisis was to support the elderly. Alliance volunteers dedicated time and energy to pack SARS prevention kits for distribution in a campaign organized by the Hong Kong Red Cross. The volunteers showed their concern by making regular calls to update the elderly on the latest information. This campaign was co-organized by the Agency for Volunteer Service and Radio Television Hong Kong in May and June 2003. Alliance volunteers were invited to share their experience at a subsequent open sharing session held by the co-organizers. Finally, Mainland China Premier Wen Jiabao recognized Care & Services Company Limited, operator of two old age homes, for its effort in combating SARS at a ceremony held by the Health, Welfare and Food Bureau.



NWSH also worked with Ming Pao to organize a SARS essay competition on how the people of Hong Kong survived the outbreak. The competition was a huge success with over 7,400 essays received from across Hong Kong. Winning essays, SARS news extracts, photos and interviews with volunteers and frontline staff were compiled into a commemorative book for charity sale. The book has raised some HK\$70,000 for Project Blossom to support families affected by SARS.

→ Management Discussion and Analysis

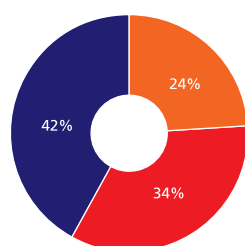
NWSH Overview

In 2003, the Group entered into the Reorganization exercise with NWI and NWSS, and the Reorganization was completed on 29 January 2003 (for more details see the “Reorganization of New World Group”). As a result of the Reorganization, Group profitability and net worth were substantially enlarged.

AOP Mix*

(for the year ended 30 June 2003)

Total: 964.9 million



Service Ports
Infrastructure

* Full year for Ports, 5 months for Infrastructure and Service

AOP Breakdown

The Group reported profit attributable to shareholders of HK\$1,213.4 million, an increase of 743% compared to HK\$143.9 million from FY2002. AOP rose to HK\$964.9 million, up 167% from HK\$360.8 million in FY2002. Robust growth in profit attributable to shareholders and AOP were mainly due to the Reorganization that combined existing ports business with traditional infrastructure assets and service businesses. As the Reorganization was completed in January 2003, the contributions from NWSS and NWSI cover 29 January 2003 to 30 June 2003 (the “Period”) and are consolidated into Group results.

NWSS includes five segments: Facilities, Contracting, Transport, Financial and Environmental. NWSS’ AOP for the Period was HK\$236.4 million, representing 24% of the Group total. Facilities achieved AOP of HK\$73.3 million, or 31% of total NWSS’ AOP. Contracting reported AOP of HK\$154.4 million, some 65% of the total NWSS’ AOP. Transport recorded a HK\$25.1 million loss, mainly due to a decline in customer flows during the SARS period and the competition from the new Mass Transit Railway line in Tseung Kwan O (“TKO Line”).

NWSI comprises three segments of Roads and Bridges, Energy, and Water Treatment and Waste Management. These segments generated AOP of HK\$324.9 million for the Period and accounted for 34% of Group AOP. The Roads and Bridges and Energy segments were major contributors, with AOP of HK\$124.3 million and HK\$182.8 million respectively, for a combined 95% of NWSI’s AOP. AOP contribution from Water Treatment and Waste Management reached HK\$17.8 million.

NWSP reported AOP of HK\$403.6 million, a rise of 12% from HK\$360.8 million in FY2002, representing 42% of the Group’s AOP. Container handling was the major contributor and achieved AOP of HK\$229.0 million, accounting for 57% of NWSP’s AOP.

In Spring 2003, Hong Kong and Mainland China suffered severely from SARS and Group’s AOP was negatively impacted by the outbreak. NWSS was the hardest hit business arm and within this division the Transport segment suffered most. The total estimated loss in profit for NWSS was approximately HK\$147.7 million.

NWSI was comparably less affected by SARS, though some HK\$10.0 million of estimated profit was lost. Generally, SARS had limited impact on the NWSP in FY2003. Generally, there is concern that SARS may resurface in the second half of 2003.

Besides AOP derived from operating business divisions, the financial results benefited from net negative goodwill of HK\$994.6 million derived from acquisition of the NWSS businesses. The amortization of net negative goodwill of HK\$546.0 million has been recognized in the consolidated profit and loss account, and is composed of a recognition of one-off negative goodwill of HK\$474.0 million and annual amortization of HK\$72.0 million. Other non-recurring items include a HK\$27.1 million profit on disposal of Roadway No. 1967 (Xinxing Section) and a HK\$74.8 million impairment loss on fixed assets as compared to HK\$119.5 million in FY2002.

Contribution by Division

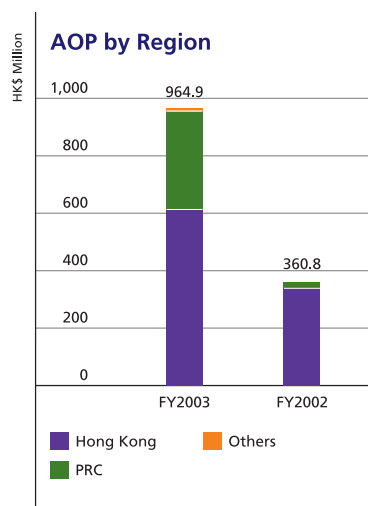
	2003 HK\$'M	2002 HK\$'M
Service	236.4	–
Infrastructure	324.9	–
Ports	403.6	360.8
Attributable operating profit	964.9	360.8
<i>Head office and non-recurring items</i>		
Impairment loss on fixed assets	(74.8)	(119.5)
Profit on disposal of a subsidiary	27.1	21.7
Loss on disposal of a subsidiary and partial disposal of jointly controlled entities	–	(90.0)
Recognition of one-off negative goodwill	474.0	–
Amortization of net negative goodwill	72.0	–
Fair value adjustment arising from the Reorganization	(20.9)	–
Other interest income	6.5	4.3
Other finance costs	(131.5)	–
Expenses arising from the Reorganization	(24.0)	–
Other operating expenses	(79.9)	(33.4)
Profit attributable to shareholders	1,213.4	143.9

→ Management Discussion and Analysis

NWSH Overview

Geographic Breakdown

Hong Kong and Mainland China were the dominant AOP producers, contributing 64% and 36% respectively, compared to 94% and 6% in FY2002. Overall, the Group achieved a more balanced investment portfolio by region.

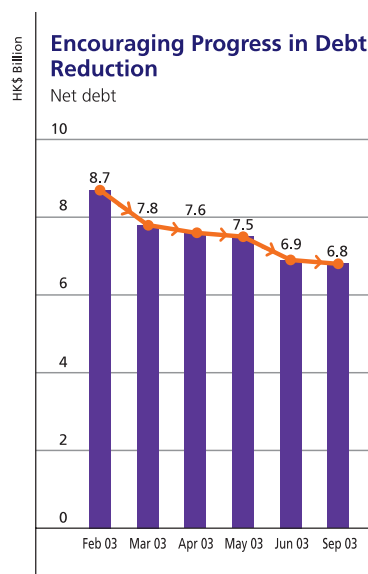


Earnings Per Ordinary Share

Earnings per ordinary share ("EPS") reached HK\$1.39, representing a 27 times increase compared to FY2002. This huge exceptional increase in EPS was due to the rise in profit attributable to shareholders and also the decrease in payment of a preference dividend from FY2002 HK\$133.9 million to FY2003 HK\$11.4 million.

Liquidity and Financial Resources

As at 30 June 2003, total cash and bank balances amounted to HK\$2,548.4 million, compared to HK\$349.3 million for FY2002. The net debt after the Reorganization amounted to HK\$8,682.0 million, which was primarily due to the consolidation of debt from NWSS and bank finance for the acquisition of NWI assets, of which approximately HK\$1,789.3 million was repaid during the Period, and the net debt reduced to HK\$6,892.7 million as at 30 June 2003. As a result, the gearing ratio, which represents net debt to shareholders' funds plus minority interests and loans, decreased from 85% after the Reorganization to 62% in June 2003. The capital structure of the Group was 52% debt and 48% equity in June 2003, compared to the debt free position in the previous financial year.



Net cash generated from operating activities reached HK\$920.2 million. Net cash used in investing activities amounting to HK\$4,465.2 million was primarily due to the acquisition of NWI's infrastructure assets and net cash generated from financing activities totalling HK\$5,732.9 million was mainly due to the bank financing for this acquisition.

The Group's funding and treasury policy is to maintain a balanced debt profile with significant risk diversification by specifying the preferred mix of fixed and floating debts. As at 30 June 2003, long-term bank loans amounted to HK\$7,754.6 million, representing 82% of total debt. A substantial portion of the long-term bank loans was attributable to a bridging loan arranged for the Reorganization of HK\$6,000.0 million outstanding at 30 June 2003, that was secured by shares in directly owned subsidiary companies of NWSH. This bridging

loan is to be refinanced by a long-term syndicated bank loan subsequently. Other secured bank loans amounted to HK\$232.3 million, of which HK\$133.2 million was secured by the toll collection rights of certain toll roads and HK\$99.1 million was secured by cash deposits. Fixed rate borrowings amounted to HK\$226.7 million denominated in Renminbi ("RMB"). All other debts were in floating rate and denominated in Hong Kong dollars.

Except for RMB, the Group did not have any other material exposure in exchange risk during the year.

The Group's funding and treasury policy is to maintain a balanced debt profile.

Total Group commitments for capital expenditure were HK\$50.4 million, and the share in commitments for capital expenditure committed by jointly controlled entities was HK\$411.5 million. Sources of funding for commitments for capital expenditure are internally generated resources and banking facilities.

Contingent liabilities of the Group were HK\$2,211.1 million, composed of guarantees for credit facilities granted to associated companies and jointly controlled entities HK\$1,279.9 million (2002: Nil) and HK\$931.2 million (2002: Nil) respectively. These guarantees included a corporate guarantee given by the Group for banking facilities granted to Asia Container Terminals Limited ("ACT"), releasing and replacing guarantees from NWI prior to the Reorganization, 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). CSX World Terminals Hong Kong Limited ("CSXWTHK") has agreed to counter indemnify the guarantee of approximately HK\$507.0 million (2002: Nil).

Employees

As at 30 June 2003, the Group employed over 29,000 people of which some 24,000 were employed in Hong Kong. Related staff costs, excluding directors' remunerations, totalled approximately HK\$1,080.0 million. Provident funds and staff bonuses were paid to employees. Remuneration packages are reviewed according to general market conditions every year. Structured training programmes were provided to employees on an ongoing basis.

Service Management



NWS Service Management Limited

Pursuant to the Reorganization, all NWSS businesses were acquired by NWSH and their results for the Period were consolidated into NWSH. For easier comparison, the operating performance is analysed on a year-on-year basis, unless otherwise specified.

NWSS was presented with a great challenge this financial year. NWSS' AOP declined when compared to the previous year due to a number of factors, yet the result was not as negative as predicted. SARS depleted NWSS profitability, however this operating division sustained AOP due to its service excellence and operational efficiency.

Each NWSS segment faced its own set of challenges over the year. Facilities was hit by a downturn in Hong Kong economic activity and the cancellation and postponement of exhibitions caused by SARS. Transport witnessed an AOP decline due to a reduction in local travel related to SARS and competition from other modes of transportation. Contracting faced a decline in construction activity as a result of the economic climate and a slump in the property market. The Financial and Environmental segments maintained AOP contributions, however these businesses represent a small part of operations.



→ Management Discussion and Analysis

Operational Review — Service Management

The NWSS outlook is mixed as a result of underlying fundamentals that impact expansion. Over the years, NWSS has generated steady income from activities centered in Hong Kong. Forays were made into Mainland China, commencing with the Contracting segment's 1980 China Hotel project in Guangzhou. Though business development is limited due to a different operating environment and culture, expansion headway was made and investments in localized foreign enterprises are under consideration.

NWSS has advantages in the service market. Management quality and expertise have stood the test of time in a demanding market. NWSS benefits from an integrated management team with ample experience in dealing with people intensive businesses. NWSS can leverage this strength to aggressively pursue market share in Hong Kong and support its Mainland China investment programme. In addition, this management prowess is key to the development of the Group in terms of integration with other business divisions.

Management quality and expertise have stood the test of time in a demanding market.

Hong Kong Outlook Mixed

The economic recovery of Hong Kong and the end of SARS will improve AOP contribution in the coming year. Among all operating segments, those likely to witness a marked AOP improvement are Transport and Facilities. Both segments will move from under the SARS shadow to post AOP gains.

From a macro-economic view, Hong Kong is prepared to emerge from a low growth period. After a rise in economic activity in the fourth quarter of 2002 and another surge in the first quarter of 2003, estimates project modest GDP growth of 1% for 2003. This trend will accelerate in 2004 with GDP expansion estimated to top 5.4%.

Other macro-economic factors place downward pressure on AOP. For instance, Hong Kong's deflationary trend is forecast to continue with consumer prices expected to fall by 2.8% in 2003, and another 0.6% in 2004. In addition, the budget deficit is rising at the same time as the current account surplus is estimated to fall. This could put pressure on the government to increase taxes, an action that may dampen economic growth. While SARS has had a severe impact on international travel to Hong Kong, a notable increase in travel from Mainland China may stem the downturn.

With a firm foundation in Hong Kong NWSS is identified with service-oriented excellence.

Mainland China Opportunity

A combination of improvements in the Hong Kong economy and gradual expansion in Mainland China bodes well for AOP growth in coming years. The potential to deliver a range of services to Mainland China is promising. A booming economy means more construction, more buildings in need of service, more facilities to manage and more opportunity on every front. Any new business generated in these areas supplements the already existing property management business developed by NWSS over the years.

Macro-economic factors stimulate the Mainland China economy and support the NWSS business expansion. Though the verdict is out regarding the impact of CEPA in terms of benefits to Hong Kong companies, the desire to integrate Hong Kong and Mainland China is a positive aspect for NWSS. Another development that favours NWSS is structural changes to the Mainland China property and construction market. Due to alterations in lending policies and other elements, the property sector is going through intense consolidation. The volatility of this situation presents an opportunity for the Contracting and Facilities segments to improve their profile in this market.

Business Review

NWSS encompasses service providers in a spectrum of business and consumer operations that cater to Greater China. With a firm foundation in Hong Kong NWSS is identified with service-oriented excellence. Given accession to the WTO and the recent signing of CEPA, NWSS uses its Hong Kong service hub as a springboard to penetrate the Mainland China marketplace.

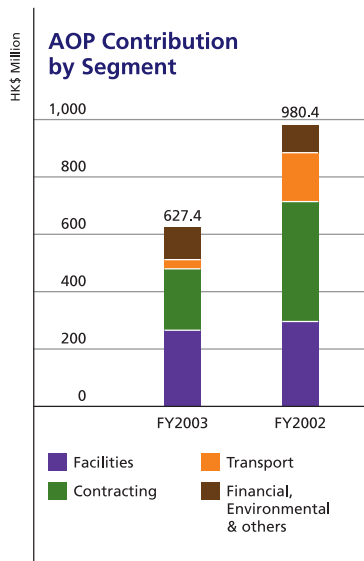
The five NWSS segments are: Facilities, featuring Hong Kong Convention and Exhibition Centre (Management) Limited ("HKCEC"), Urban Property Management Group ("UPML"), Kiu Lok Property Management Group, Urban Parking Limited, and service providers such as General Security and Uniformity Security, Wai Hong Cleaning Group and Pollution and Protection Services Group; Contracting, led by the Hip Hing Construction flagship; Transport, featuring NWFB, New World First Ferry Services Limited ("NWFF") and New World First Ferry Services (Macau) Limited ("NWFF(M)"); and, the smaller scale Environmental and Financial segments. This combination provides an impressive, high yielding investment portfolio.

→ Management Discussion and Analysis

Operational Review — Service Management

General Overview

The NWSS' AOP performance for FY2003 (12-month) produced a satisfactory result of HK\$627.4 million as compared to FY2002 of HK\$980.4 million and the contribution to NWSH for the Period reached HK\$236.4 million.



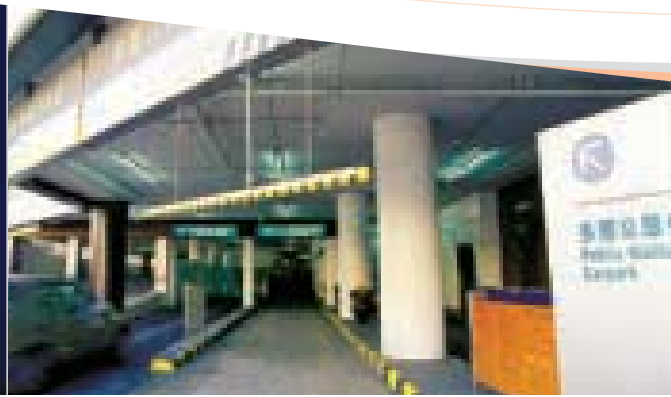
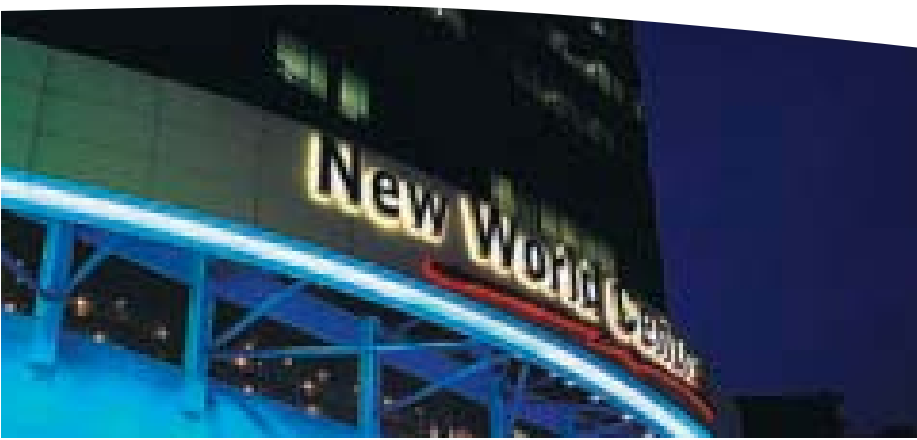
AOP Contribution by Segment

	2003 HK\$'M	2002 HK\$'M	Change % Fav. / (Unfav.)	5 months ended 30 June 2003 HK\$'M
Facilities	265.5	290.9	(9)	73.3
Contracting	214.5	425.2	(50)	154.4
Transport	32.1	160.9	(80)	(25.1)
Financial, Environmental & others	115.3	103.4	12	33.8
Total	627.4	980.4	(36)	236.4

SARS Impact

The unforeseeable outbreak of SARS in March 2003 had a dramatic impact on all levels of city life. Government statistics show that with the exception of industries like insurance, supermarkets and sanitary service, Hong Kong's pillar industries were adversely affected by deep revenue cuts. The SARS' grip on Hong Kong slackened in late June 2003. It was not until July 2003 before social activities regained momentum and the promotion efforts of the Hong Kong government had an effect.

The financial impact of SARS on NWSS profitability was material. Nonetheless, nine strong months of operating AOP prior to SARS dampened the negative effect. While it is hard to quantify the extent of the SARS related loss, the AOP drop is estimated to amount to approximately HK\$147.7 million. This accumulated loss produced a strong negative result to the AOP contribution of NWSS for the Period.



Facilities

Facilities performed well this financial year, posting an AOP of HK\$265.5 million, just 9% below that of the previous year.

HKCEC attained a satisfactory result despite the fact that many planned exhibitions, events, functions and banquets were postponed or cancelled due to SARS, and food and beverage revenue was cutback as customers refrained from dining out. Some 168 planned exhibitions, events, corporate functions and banquets were cancelled while 89 were rescheduled to beyond June 2003. Budgeted revenue from these businesses was drained or deferred. Due to tough and decisive cost saving measures and business recovery actions taken by HKCEC, the performance was not as adversely affected as forecast.

Most other facility management and customer related service companies, such as property management, security and guarding and cleaning service companies delivered solid results. Only the laundry service was severely impacted by SARS. UPML and Wai Hong Cleaning Group out-performed their forecast budgets and yielded exceptional results. UPML's strong management team maintained its profile as an award-winning subsidiary. This year, UPML won the respected HKMA Quality Award as an Overall Winner as well as being named as one of the ten "Best Employers in Hong Kong" by Hewitt Associates.

Contracting

The AOP contribution from Contracting was under pressure due to an economic downturn that decreased development activity in the public and private property market. Contracting AOP reached HK\$214.5 million in FY2003, a 50% decrease over the previous year.

Though infrastructure development in Hong Kong continued, the pace was not enough to counter the low level of tenders, a decrease in capital expenditures and a drawback on public expenditures. This had a particularly strong impact on the housing sector, where contracting opportunities were reduced. Hong Kong contracting suffered a 28% drop in 2002, compared to the 1997 peak. In terms of building construction, a 37% decrease in activity was noted in FY2003 compared to 1997. Competition for contracts intensified as market available to contractors shrunk.

From Left to Right:

- New World Centre managed by Kiu Lok Service Management Company Limited
- Urban Parking Limited
- General Security (HK) Limited
- Living etc....run by Extensive Trading Company Limited



→ Management Discussion and Analysis

Operational Review — Service Management

NWFB serves the Hong Kong, Kowloon and New Territories mass transit network with 100 routes and 769 buses.

Though most of the construction industry peer group posted negative results, Hip Hing Construction and the NWS Engineering Group reversed the trend to register a substantial AOP contribution. This outstanding performance was mainly attributable to vigorous cost cutting and improvements in operating efficiency.

Total contracts on hand at the end of the financial year reached HK\$25 billion, with about 32% secured from government, semi-government or institutional clients, 46% from private clients and the remaining 22% from New World related companies. Geographically, 14% of these contracts were sourced from Mainland China while 86% were secured in Hong Kong. As at 30 June 2003, the total contracts on hand and the value to be completed were HK\$25 billion and HK\$13.6 billion respectively.

Transport

Transport posted a decreased AOP contribution for FY2003. AOP was down 80% from the previous year. This was mainly attributable to business setbacks during SARS.

NWFB serves the Hong Kong, Kowloon and New Territories mass transit network with 100 routes and 769 buses. NWFB contributed to Transport profitability, though business was affected by commencement of the TKO Line. Customer flows dropped dramatically along bus routes adjacent to TKO Line since September 2002, despite efforts to reorganize the bus network in a competitive manner. NWFF and NWFF(M) provide a fleet of 33 vessels to serve 11 routes, including the much-travelled Hong Kong-Macau destination.

SARS took its toll on operations from mid-March 2003 and erased a substantial AOP contribution from NWFB and NWFF(M). Average daily customer flows for both NWFB and the NWFF(M) dropped by some 20% and 58% respectively, compared to the period prior to the SARS outbreak.



Financial, Environmental and Others

Financial overcame market volatility to produce a constant AOP result. New World Insurance Management Limited registered encouraging performance while the corporate secretarial service group Tricor Holdings Limited made a solid contribution. The AOP of the division reached HK\$34.3 million in FY2003.

Environmental posted a stable AOP contribution of HK\$18.8 million for the year, compared to HK\$17.9 million in the previous year.

Hong Kong Island Landscape Company Limited ("HKIL"), a gardening and landscaping contracting service company that supplies and maintains plants for corporate and retail clients, performed well. Though the scale of operations is relatively small, HKIL provided a steady contribution and expanded its business through aggressive marketing.

NWSS participation in a landfill business, through 47%-owned Far East Landfill Technologies Limited, produced a constant AOP. The landfill and waste management professionalism of this investment proved to be synergistic with other businesses, especially complementing infrastructure projects within NWSH.

From Left to Right:

- Chi Lin Nunnery built by Hip Hing Construction Company Limited
- New World First Bus Services Limited
- New World First Ferry Services (Macau) Limited
- New China Laundry Limited





→ Management Discussion and Analysis
Operational Review

Infrastructure Management



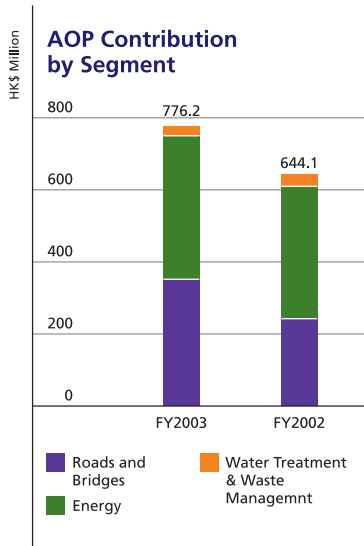
NWS Infrastructure Management Limited

Pursuant to the Reorganization all NWI traditional infrastructure assets were transferred to NWSH. The NWSI results for the Period were consolidated into NWSH. Accordingly, the results of NWSI for the financial years ended June 2002 and June 2003 were prepared on a pro forma basis to reflect performance on a year-on-year time frame. For easier comparison the operating performance is analyzed based on the 12-month pro forma results, unless otherwise specified.

→ Management Discussion and Analysis

Operational Review — Infrastructure Management

NWSI profitability is largely predicated on economic expansion in Mainland China, Hong Kong and Macau. Within this context, NWSI benefits from a steady flow of recurring income generated from projects in Roads and Bridges, Energy, and Water Treatment and Waste Management. After years of development the 59-strong project portfolio is ready to maximize AOP contribution. To strengthen operations NWSI plans to divest infrastructure projects that do not meet performance targets and invest in projects that present solid returns.



This financial year, NWSI showed resilience and attained an AOP increase based on solid performance from all segments. The Roads and Bridges segment surmounted problems caused by travel restrictions due to SARS and the suspension of tolls for three bridges to achieve AOP gains. The Energy segment balanced a government tariff cut with higher energy generation levels to hold the line on AOP. Water Treatment and Waste Management expanded its portfolio with the RMB360 million purchase of a water plant in Chongqing and an RMB125 million acquisition of a water plant in Qingdao.

The overall performance of NWSI exceeded expectations. AOP contribution from the Roads and Bridges, Energy, and Water Treatment and Waste Management segments amounted to HK\$351.9 million, HK\$398.1 million and HK\$26.2 million respectively.

On the cash side of the balance sheet, NWSI maintained strong cash flow. Total cash contribution from 1 October 2002 (first date of cash contribution to NWSH pursuant to the Reorganization) to 30 June 2003 was some HK\$1,130.0 million, exceeding the budgeted cash contribution by nearly 10%.

AOP Contribution by Segment

	2003 HK\$'M	2002 HK\$'M	Change % Fav. / (Unfav.)	5 months ended 30 June 2003 HK\$'M
Roads and Bridges	351.9	242.3	45	124.3
Energy	398.1	367.5	8	182.8
Water Treatment and Waste Management	26.2	34.3	(24)	17.8
Total	776.2	644.1	21	324.9

Roads and Bridges

Roads and Bridges AOP reached HK\$351.9 million in FY2003, an increase of 45% over the previous year. Though the performance of Roads and Bridges was affected by SARS in the second half of FY2003, the overall result was outstanding due to the prominent traffic growth in expressway projects and one-time windfall gain.

AOP contributions from road projects in Guangdong increased to HK\$217.6 million, up from HK\$126.7 million in FY2002. The average daily traffic flow of Guangzhou City Northern Ring Road ("GNRR") dropped slightly by 3% to 117,217 vehicles per day. GNRR's results were affected by a reduction in interest income due to gradual repayment of NWSI's investment. The reduction was balanced by a withholding tax refund of some HK\$8.4 million in December 2002 and a decrease in operating expenses, which led to an increase in AOP contribution by 13% to HK\$112.7 million.

→ Management Discussion and Analysis

Operational Review — Infrastructure Management

The outlook for Roads and Bridges is promising and NWSI expects to maintain double-digit growth in key projects.

Beijing-Zhuhai Expressway's (Guangzhou-Zhuhai Section) AOP increased by HK\$51.4 million to HK\$58.2 million in FY2003. Apart from an increase in average daily traffic flow of 14% for Phase I and 17% for Phase II, the AOP increase was attributed to recognition of a one-off net interest income of HK\$36 million as a result of restructuring the project's investment vehicle.

In East Guangdong, Shenzhen-Huizhou Expressway / Roadway's (Huizhou Section) AOP decreased by HK\$5.9 million to HK\$13.1 million this year. The decrease was mainly due to the reduction in interest income as a result of the repayment of a substantial portion of shareholder loans to the joint venture and the write-off of repairs and maintenance expenditures. On the other hand, a major increase in AOP contribution from Hui-Ao Roadway was noted. The Hui-Ao Roadway's attributable operating loss ("AOL") of HK\$25.8 million in FY2002 improved to AOP of HK\$15.4 million in FY2003. This transpired when the joint venture partner agreed to reduce the interest rate on shareholder loans from 10% to 2% effective retrospectively, thus creating interest savings of about HK\$40 million in FY2003.

Contributions from road projects in the Zhaoqing and Qingyuan regions noted a HK\$7.1 million decrease in AOP. This was attributable to the impact of SARS and a decrease in interest income as a result of continuous repayment of shareholder loans.

Performance of the Guangxi road network was fairly stable while that of road projects in Shanxi was satisfactory. Increase in toll rates for all projects in Shanxi was approved in August 2002. Tangjin Expressway (Tianjin North Section) in Tianjin recorded an increase in average daily traffic flow of 25% and AOP increased by HK\$19.5 million. In Hong Kong, the AOP of Tate's Cairn Tunnel increased slightly, mainly due to a reduction in interest expense as a result of gradual repayment of bank loans during the year.



The contribution from Bridges was insignificant in FY2003. This was primarily due to the cessation of the toll collection at Yangtze River Bridge No.2 as of 1 October 2002. The negotiation with the Wuhan City Government for compensation for the cessation in toll collection is in progress. The AOP contribution from Bridges reduced by HK\$7.6 million to HK\$3.4 million in FY2003.

Roads and Bridges Outlook

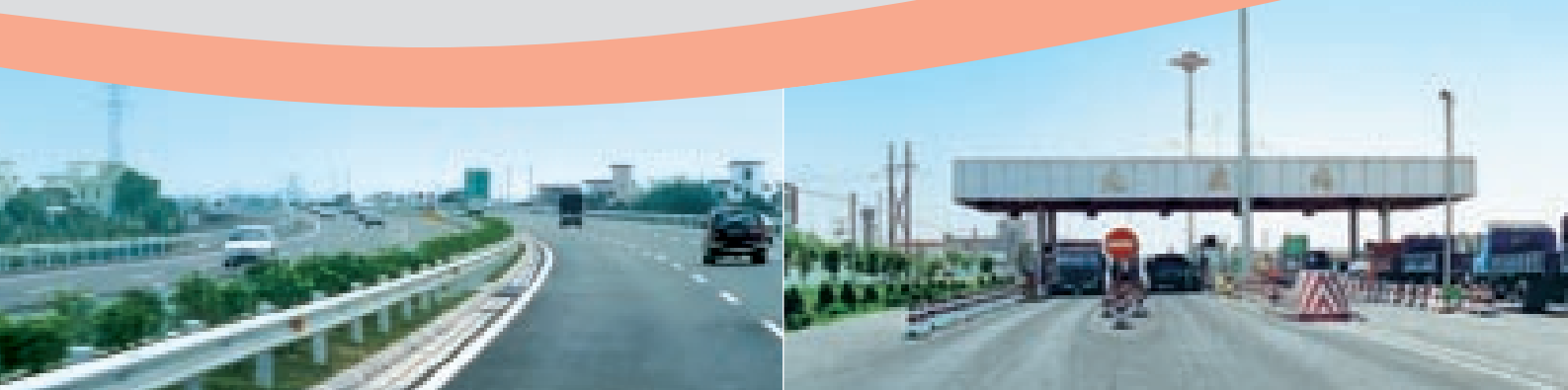
The outlook for Roads and Bridges is promising and NWSI expects to maintain double-digit growth in key projects. This outlook is bolstered by the mobility of individuals, intra-provincial trade, vehicle sales and a rise in tourism.

Mainland China's road network is expanding at a torrid pace. By 2005 highway mileage will reach an estimated 1.6 million kilometres. Mainland China will boast some 50,000 kilometres of expressways and Class-II highways and above will total 280,000 km, accounting for 18% of roads. Some 99.5% of towns and townships and 93% of administrative villages will have access to highways. Meanwhile, a priority is placed on developing roads in Western and Inland regions.

Opportunities to participate in road network development provide this segment with room to enhance AOP. However, the central government wants to reduce toll stations in urban centres and some local governments have introduced discounted annual passes for vehicles, thus hurting potential revenue flows. It remains to be seen which regulatory framework is chosen to govern development and whether the result will be attractive for investors.

From Left to Right:

- Guangzhou City Northern Ring Road
- Roadway No. 309 (Changzhi Section)
- Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section)
- Taiyuan to Changzhi Roadway (Changzhi Section)



→ Management Discussion and Analysis

Operational Review — Infrastructure Management

The Energy segment is likely to experience stable AOP in the coming year as tariff reductions are offset by growth in demand.

Energy

The Energy segment achieved AOP of HK\$398.1 million, up 8% from FY2002. The combined AOP of Zhujiang Power Station Phase I and II increased slightly to HK\$269.2 million. Despite tariff reductions at Phase I and II, which was made retroactive to July 2002, of 24% and 21% respectively, a rise in the attributable profit of Phase I since January 2002 and a rise in sales volume at Phase II offset most of the impact of tariff reductions. The segment also benefited from the gain on the disposal of an effective interest of 1.35% in Companhia de Electricidade de Macau – CEM, S.A. (“Macau Power”) to China Power International Holding Limited in May 2003.

The segment is improving efficiency to counter tariff reductions. It is likely to experience stable AOP in the coming year as tariff reductions are offset by growth in demand. To capture the growth opportunity, new capacity of 135 MW was added to the Macau Power, which inaugurated Coloane B Power Station, a facility equipped with environmentally-friendly power generation technologies.

Energy Outlook

The outlook is mixed in the Energy segment given a number of factors. On one hand, the government forecasts a relative slowing in electricity demand. Competition is expected to increase for Independent Power Producers with the introduction of regional power pooling in certain provinces next year, as the government moves towards nationwide pooling by 2010. On the other hand, several eastern and southern provinces faced power shortages this summer. Unusually high temperatures and rapid economic growth increased demand for electricity in Shanghai and the coastal regions. This surge in demand combined with lower hydropower supply due to drought is a positive factor for the segment.

Overall, the trend for the power industry is for increased generation as new plants come online and regulators approve projects. Mainland China’s electricity rose 15.4% to 738.4 TWh from January 2003 to June 2003, compared to the previous corresponding period. However, the government notes that consumption is gradually slowing. Energy consumption is forecast to reach 1,800 TWh in 2003, up some 8.9% over 2002. The growth trend is expected to drop in 2004 to between 6.5% and 8.6%, with consumption ranging from 1,900 to 1,940 TWh, and generating capacity expected to hit 430GW by 2005.



Water Treatment and Waste Management

The AOP of this segment was HK\$26.2 million, a decrease of 24% compared to FY2002. The decrease was mainly attributable to a share of a specific provision of HK\$15 million made for under-performing projects and a fall in profit contribution from Shenyang Public Utility Holdings Company Limited, which disposed of all water plants after its restructuring. New projects in Qingdao and Chongqing came on stream to mitigate the downward effect. The projects commenced operation in August 2002 and November 2002 respectively and the combined AOP amounted to HK\$7.6 million in FY2003.

The Macao Water Supply Company Limited remained the top profit contributor in the segment. Water sales increased by more than 2%, compared to FY2002. During the year, NWSI explored new opportunities in the waste management sector. NWSI invested in a Sino-foreign equity joint venture to provide waste treatment and related services to industries in Shanghai Chemical Industrial Park and certain areas of Pudong in Shanghai.

Water Treatment and Waste Management Outlook

The outlook for this segment is bright. Last year tariff increases as high as 50% were awarded in certain Mainland China's regions to promote development. The full impact of tariff increases, water treatment project deregulation, a desire to attract foreign capital and the contribution of operations in Chongqing and Qingdao will enhance AOP.

With a population expected to reach 1.6 billion by 2030, per-capita water resources will drop from the current 2,220 cubic metres to 1,760 cubic metres, close to the recognized water-shortage benchmark of 1,700 cubic metres. About 400 of 699 cities are short of water, threatening daily consumption for over 30 million citizens and causing economic losses of US\$14.5 billion annually.

In addition, Mainland China is expected to spend more on wastewater treatment than water supply systems by 2010. About 45% of urban sewage water will be treated and 60% of industrial wastewater recycled in 2005. Even if some 50% of wastewater was treated, 10,000 new sewage treatment plants would be needed.

Fundamentals in the water and wastewater treatment sectors should drive this segment to new heights.

From Left to Right:

- Zhujiang Power Station
- Shunde De Sheng Power Plant
- Companhia de Electricidade de Macau – CEM, S.A.
- The Macao Water Supply Company Limited



Ports Management



NWS Ports Management Limited

NWSP maintained its AOP growth trend this year despite the economic downturn in Hong Kong and the SARS impact. The robust state of the container handling business in both Hong Kong and Mainland China was the key contributor to expansion. Hong Kong port operations held stable during the year and a rise in container handling activity was registered in the ports of Xiamen and Tianjin. Finally, NWSP's ability to invest in, manage or operate ports businesses, either handling all areas or focusing on a single area, presents a significant strategic advantage.

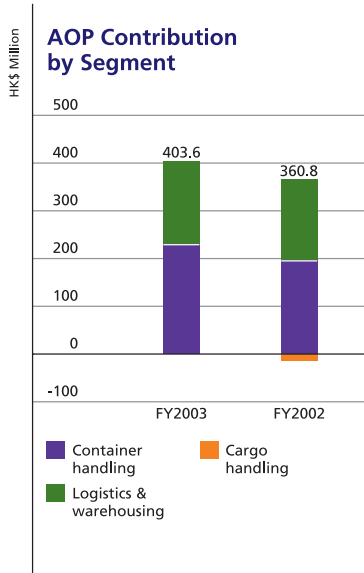


→ Management Discussion and Analysis

Operational Review — Ports Management

NWSP activities include container handling, as well as logistics and warehousing services. Hong Kong is a key AOP contributor and Mainland China projects have steadily improved contributions. The NWSP strategy is to follow through on a business model that entails expansion in Hong Kong with the completion of Container Terminal No.9 (“CT9”) and builds on existing operations in Xiamen and Tianjin. In the future, NWSP will shift more attention to Mainland China by investing in AOP generating projects.

NWSP reported total AOP of HK\$403.6 million, compared to HK\$360.8 million in FY2002. The NWSP full year AOP contribution to NWSH for FY2003 can be classified into the following activities.



AOP Contribution by Segment

	2003 HK\$'M	2002 HK\$'M	Change % Fav. / (Unfav.)
Container handling	229.0	195.1	17
Logistics & warehousing	174.6	170.2	3
Cargo handling	–	(4.5)	N/A
Total	403.6	360.8	12

The container handling segment delivered an AOP of HK\$229.0 million, an increase of 17% compared to FY2002. The logistics and warehousing segment noted AOP of HK\$174.6 million, an increase of 3% compared to the previous year. In the cargo handling segment, no result was reported in FY2003 due to the disposal of loss-making Nanjing Huining Wharfs Co., Ltd. in FY2002.

**The fundamentals
that drive expansion at
this mammoth port
favour NWSP.**

Hong Kong Nexus

Hong Kong remained the most important AOP contributor to NWSP. CSXWTHK and ATL Logistics Centre Hong Kong Limited ("ATL") reported a combined AOP of HK\$364.6 million, an increase of 7% over FY2002.

AOP growth of CSXWTHK was mainly attributed to productivity improvement and stringent cost control, countering a slight decrease in throughput. CSXWTHK handled 1.34 million TEUs, a decrease of 2% compared with 1.37 million TEUs in the previous year.

AOP growth of ATL was primarily driven by a rise in container freight station and storage cargo volume for existing and new customers as well as a corresponding increase in vehicle gate charge revenue. This year the average occupancy rate increased to 95.4% from 93.6% in the previous year.

ACT holds an interest in two CT9 berths. Upon completion anticipated in the second half of 2004, these two berths will be swapped for Modern Terminals Limited's two berths at Container Terminal No. 8 West ("CT8W"). Marketing strategies to build ACT clientele, procurement of container handling equipment and installation of computer terminal operating systems were initiated to prepare for the commencement of operations. The addition of handling capacity from CT8W will be an important long-term benefit to NWSP in terms of potential cooperation with Container Terminal No.3 ("CT3") to generate operating synergies.

Hong Kong Outlook

Hong Kong will maintain its competitive position in South China due to its ability to efficiently process trade. Overall, the fundamentals that drive expansion at this mammoth port favour NWSP. Guangdong export growth, recent CEPA arrangements, planned construction of the Hong Kong-Zhuhai-Macau Bridge, new capacity coming online with CT9 and improved operating efficiencies at existing facilities present a promising outlook.

Hong Kong container handling volume reached 19.1 million TEUs in 2002, up 7% over 2001, making this port the world's busiest for nine of the last ten years. Hong Kong is on track to surpass the 20 million TEUs mark for the first time in 2003. This is largely a result of a strong export and import figures registered with regional trading partners such as East Asia, Mainland China and Taiwan.

→ Management Discussion and Analysis

Operational Review — Ports Management

The ports of Tianjin and Xiamen continue to lead the way in the Mainland China port sector on the back of solid expansion in trade flows.

Mainland Equation

The ports of Tianjin and Xiamen continue to lead the way in the Mainland China port sector on the back of solid expansion in trade flows.

Tianjin

CSX Orient (Tianjin) Container Terminals Co., Limited, operator of four container berths and one coal berth in Tianjin Xingang, contributed AOP of HK\$35.4 million, an increase of 67% from FY2002. Throughput grew to 1.03 million TEUs, a rise of 16% from 884,000 TEUs in the previous year. The results were driven by the addition of new customers, higher tariff rates and stringent cost control.

Xiamen

Xiamen Xiang Yu Quay Co., Ltd. (“Xiangyu”) reported AOP of HK\$10.6 million, a decrease of 24% compared to FY2002. The AOP drop was mainly due to the reduction of the NWSP shareholding in Xiangyu to 50% from 92% in FY2002. Pursuant to an agreement executed in June 2002, Xiangyu merged with Xiamen Xiangyu Free Trade Zone Huijian Quay Co., Ltd. (“Huijian”), in which NWSP held a 60% stake, and Xiamen Xiangyu Free Port Developing Co., Ltd., a company wholly-owned by the minority Mainland shareholder of Xiangyu and Huijian collectively (“Xiamen Merger”). Throughput handled by Xiangyu increased by 51% to 482,000 TEUs from 320,000 TEUs in FY2002. The growth momentum of Xiangyu can be accommodated through the merger of these three terminal companies with a total of five container berths.



Mainland Outlook

Mainland China is the key to the future success of the ports business. As the nation continues to expand exports and WTO accession opens a dormant import market, Mainland China ports are registering sizable growth rates. With economic growth forecast to continue, the rising affluence of consumers and the need for infrastructure to containerize trade, the growth momentum should be maintained.

The expansion of Mainland China ports is led by a 34% increase in exports and a 45% rise in imports for a value of US\$376 billion from January to June 2003, compared to the corresponding 2002 period. The value of trade reached US\$621 billion in 2002, and if expansion continues it will not be long before Mainland China surpasses the US\$1 trillion mark. This level of activity clearly supports development at container ports.

NWSP expects its business to keep pace with national growth rates. With the completion of the Xiamen Merger, the NWSP joint venture is in control of nearly 1,000 metres of quay length, making this facility three times the size of CT3. The expanded capacity generated by the merger can accommodate the demand resulting from increases in local trade and future trade links with Taiwan. Tianjin remains the gateway to the north and the port most likely to benefit from activity leading up to the Olympics.

From Left to Right:

- CSX World Terminals Hong Kong Limited
- CSX Orient (Tianjin) Container Terminals Co., Limited
- ATL Logistics Centre Hong Kong Limited
- Xiamen Xiang Yu Quay Co., Ltd



→ Report of the Directors

The Directors submit their report together with the audited accounts of the Group for the year ended 30 June 2003.

Change of company name

On 29 January 2003, the English name of the Company was changed from "Pacific Ports Company Limited" to "NWS Holdings Limited" and the Chinese name of the Company, for identification purposes only, was changed from "太平洋港口有限公司" to "新創建集團有限公司".

Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding.

The principal activities of its subsidiary companies include:

- (i) facilities, contracting, transport, financial and environmental services businesses;
- (ii) the development, investment, operation and / or management of and in toll roads, expressways, bridges and tunnel, power plants, water treatment and waste management plants; and
- (iii) the development, investment, operation and management of container handling, logistics and warehousing businesses.

An analysis of the Group's performance for the year by business and geographical segments is set out in Note 3 to the accounts.

Results and appropriations

The results of the Group for the year ended 30 June 2003 and the state of affairs of the Company and the Group at 30 June 2003 are set out in the accounts on pages 76 to 78.

A dividend in respect of the Company's 4% cumulative convertible redeemable preference shares for the year has been incorporated in the accounts.

The Directors recommend the payment of a final dividend of HK\$0.2 per ordinary share (2002: Nil) to the shareholders whose names appear on the register of members of the Company on 28 November 2003.

The register of members of the Company will be closed from Tuesday, 25 November 2003 to Friday, 28 November 2003, both dates inclusive, during which period, no transfer of shares will be registered. Dividend warrants will be despatched to shareholders on or about Tuesday, 16 December 2003. In order to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch registrars in Hong Kong, Standard Registrars Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Monday, 24 November 2003.

→ Report of the Directors

Five-year financial summary

A summary of the results and of the assets and liabilities of the Group for the last five financial periods is set out on pages 160 and 161.

Fixed assets

Details of movements in the fixed assets of the Group during the year are set out in Note 13 to the accounts.

Subsidiary companies

Particulars of the Company's principal subsidiary companies are set out in Note 39 to the accounts.

Jointly controlled entities and associated companies

Particulars of the Group's principal jointly controlled entities and associated companies are set out in Notes 41 and 40 to the accounts respectively.

Share capital

Details of movements in the share capital of the Company during the year are set out in Note 25 to the accounts.

Donations

During the year, the Group made charitable donations amounting to HK\$142,000 (2002: Nil).

Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Purchase, sale or redemption of the Company's listed securities

The Company has not redeemed any of its shares during the year. Neither the Company, nor any of its subsidiary companies has purchased or sold any of the Company's listed securities during the year.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in Note 26 to the accounts.

Distributable reserves

At 30 June 2003, the Company's reserves available for distribution amounted to HK\$908.8 million. In addition, the Company's share premium account, in the amount of HK\$7,156.1 million, may be distributed in the form of fully paid bonus shares.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major customers and suppliers

For the year ended 30 June 2003, the aggregate amount of turnover and purchases attributable to the Group's five largest customers and suppliers respectively accounted for less than 30% of the Group's total turnover and purchases.

Directors

The Directors of the Company during the year and up to the date of this report are:

Executive Directors:

Dr. Cheng Kar Shun, Henry

Mr. Doo Wai Hoi, William

Mr. Chan Kam Ling

(appointed on 29 January 2003)

Mr. Wong Kwok Kin, Andrew

(appointed on 29 January 2003)

Mr. Lam Wai Hon, Patrick

(appointed on 29 January 2003)

Mr. Cheung Chin Cheung

(resigned on 29 January 2003 and appointed on 1 October 2003)

Mr. Bruce Carroll Allen

(resigned on 20 August 2002)

Mr. Chan Wing Tak, Douglas

(resigned on 29 January 2003)

Mr. Lo Lin Shing, Simon

(resigned on 29 January 2003)

Mr. So Ngok

(resigned on 29 January 2003)

Non-executive Directors:

Mr. To Hin Tsun, Gerald

(resigned as Independent Non-executive Director and appointed as Non-executive Director on 13 August 2002)

Mr. Wilfried Ernst Kaffenberger

(appointed on 29 January 2003)

Mr. Yeung Kun Wah, David

(appointed as alternate director to Mr. Wilfried Ernst Kaffenberger on 29 January 2003)

Mr. Peter Francis Amour

(reclassified from Independent Non-executive Director to Non-executive Director on 15 October 2002 and resigned on 18 December 2002)

Mr. Tse Po Shing, Andy

(resigned as Executive Director and appointed as Independent Non-executive Director on 20 August 2002, then reclassified from Independent Non-executive Director to Non-executive Director on 15 October 2002 and resigned on 18 December 2002)

Independent Non-executive Directors:

Mr. Dominic Lai

(appointed on 13 August 2002)

Mr. Kwong Che Keung, Gordon

(appointed on 15 October 2002)

Mr. Cheng Wai Chee, Christopher

(appointed on 29 January 2003)

Mr. Wong Kin Chow, Michael

(appointed on 29 January 2003 and resigned on 1 August 2003)

In accordance with the bye-laws of the Company, Messrs. Doo Wai Hoi, William, Chan Kam Ling, Wong Kwok Kin, Andrew, Lam Wai Hon, Patrick, Wilfried Ernst Kaffenberger, Cheng Wai Chee, Christopher and Cheung Chin Cheung will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

→ Report of the Directors

Directors' service contracts

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

Directors' interests in contracts

Pursuant to the reorganization of the Group, the following agreements were made by the Company on 21 October 2002:

- (i) share purchase agreement between New World Infrastructure Limited ("NWI") and the Company in respect of the acquisition of infrastructure assets by the Company from NWI for an aggregate consideration of approximately HK\$9.6 billion (the "Infrastructure Assets Sale Agreement"); and
- (ii) share purchase agreement between the shareholders of New World Services Limited (now known as NWS Service Management Limited, "NWSS"), including New World Development Company Limited ("NWD"), and the Company in respect of the acquisition of the entire issued share capital of NWSS by the Company from the shareholders of NWSS for a consideration of approximately HK\$3.4 billion (the "Service Assets Sale Agreement").

Messrs. Cheng Kar Shun, Henry, Chan Wing Tak, Douglas, Cheung Chin Cheung and Tse Po Shing, Andy, who were Directors of the Company on the date of execution of the Infrastructure Assets Sale Agreement, are interested in this transaction to the extent that they have share interests in NWI.

Furthermore, Messrs. Cheung Chin Cheung, Tse Po Shing, Andy and Kwong Che Keung, Gordon, who were Directors of the Company on the date of execution of the Service Assets Sale Agreement, are interested in this transaction to the extent that they have share interests in NWD.

Save for the contracts amongst group companies and the aforementioned transactions, no other contracts of significance to which the Company or any of its subsidiary companies was a party and in which a Director of the Company had an interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' interests in competing business

During the year and up to the date of this report, the following Directors are considered to have interests in the business which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as set out below:

Name of Director	Name of entity which businesses are considered to compete or likely to compete with the businesses of the Group	Description of business of the entity which are considered to compete or likely to compete with the businesses of the Group	Nature of interest in the entity
Dr. Cheng Kar Shun, Henry	Chow Tai Fook Enterprises Limited group of companies	Bus services	Director
	HKR International Limited group of companies	Construction and property management	Director
	Shun Tak Holdings Limited group of companies	Ferry services	Director
	Tamman Developments Limited	Investment in airport operation business	Director
Mr. Chan Kam Ling	Qingyuan Qiaoyuan Power Plant Company Limited	Operation of power plant	Director
Mr. Lam Wai Hon, Patrick	Wai Kee Holdings Limited group of companies	Contracting	Director

→ Report of the Directors

Directors' and Chief Executive's interests in securities

As at 30 June 2003, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by the Directors of Listed Companies contained in the Listing Rules were as follows:

(a) Interests in shares of the Company

Name	Number of shares			Total	Approximate percentage of issued share capital of the Company as at 30.06.03
	Personal interests	Family interests	Corporate interests		
Dr. Cheng Kar Shun, Henry	–	587,000 (Note 1)	–	587,000	0.03%
Mr. Doo Wai Hoi, William	–	–	447,000 (Note 2)	447,000	0.03%
Mr. Chan Kam Ling	3,991	–	10,254,321 (Note 3)	10,258,312	0.58%
Mr. Wong Kwok Kin, Andrew	3,135,015	2,650,051 (Note 4)	–	5,785,066	0.32%
Mr. Lam Wai Hon, Patrick	35,800	–	265,139 (Note 5)	300,939	0.02%
Mr. Cheung Chin Cheung (Note 6)	58,700	–	–	58,700	0.00%
Mr. Cheng Chi Pang (Note 6)	176,759	–	–	176,759	0.01%

Notes:

- (1) The shares are held by the spouse of Dr. Cheng Kar Shun, Henry.
- (2) The shares are held by a company wholly-owned by Mr. Doo Wai Hoi, William.
- (3) The shares are held by a company of which Mr. Chan Kam Ling holds controlling interest.
- (4) The shares are held by the spouse of Mr. Wong Kwok Kin, Andrew.
- (5) The shares are held by a company wholly-owned by Mr. Lam Wai Hon, Patrick.
- (6) Both Mr. Cheung Chin Cheung and Mr. Cheng Chi Pang were appointed as Chief Executives of the Company with effect from 3 March 2003. Then Mr. Cheung Chin Cheung was appointed as Executive Director of the Company with effect from 1 October 2003.
- (7) All the interests stated above represent long positions.

Directors' and Chief Executive's interests in securities (Continued)

(b) Interests in shares of associated corporations of the Company

	Number of shares / amount of registered capital			Total	Approximate percentage of issued share capital as at 30.06.03
	Personal interests	Family interests	Corporate interests		
New World Development Company Limited					
Mr. Chan Kam Ling	96,669	–	–	96,669	0.00%
Mr. Kwong Che Keung, Gordon	30,000	–	–	30,000	0.00%
Mr. Cheung Chin Cheung (Note 1)	43,323	–	–	43,323	0.00%
Mr. Cheng Chi Pang (Note 1)	1,000	–	–	1,000	0.00%
New World Infrastructure Limited					
Dr. Cheng Kar Shun, Henry	–	1,000,000 (Note 2)	–	1,000,000	0.11%
Mr. Doo Wai Hoi, William	–	–	12,000,000 (Note 3)	12,000,000	1.26%
Mr. Chan Kam Ling	6,800	–	–	6,800	0.00%
Mr. Cheung Chin Cheung (Note 1)	100,000	–	–	100,000	0.01%
Mr. Cheng Chi Pang (Note 1)	200	–	–	200	0.00%

→ Report of the Directors

Directors' and Chief Executive's interests in securities (Continued)

(b) Interests in shares of associated corporations of the Company (Continued)

	Number of shares / amount of registered capital			Total	Approximate percentage of issued share capital as at 30.06.03
	Personal interests	Family interests	Corporate interests		
New World China Land Limited					
Mr. Doo Wai Hoi, William	700,000	–	–	700,000	0.05%
Mr. Chan Kam Ling	100,000	–	–	100,000	0.01%
Mr. Lam Wai Hon, Patrick	30,000	–	–	30,000	0.00%
Fung Seng Estate Development (Shanghai) Co., Ltd.					
Mr. Doo Wai Hoi, William	–	–	US\$3,000,000 (Note 4)	US\$3,000,000	30.00%
HH Holdings Corporation					
Mr. Chan Kam Ling	15,000	–	–	15,000	2.50%
Master Services Limited					
Mr. Chan Kam Ling	16,335	–	–	16,335	1.63%
Mr. Wong Kwok Kin, Andrew	44,915	–	–	44,915	4.49%
Nanjing New World Chang Jiang Equipment Co. Ltd.					
Mr. Doo Wai Hoi, William	–	–	RMB5,357,275 (Note 4)	RMB5,357,275	21.18%

Directors' and Chief Executive's interests in securities (Continued)

(b) Interests in shares of associated corporations of the Company (Continued)

	Number of shares / amount of registered capital			Total	Approximate percentage of issued share capital as at 30.06.03
	Personal interests	Family interests	Corporate interests		
Nanjing Xinlidao Property Development Limited					
Mr. Doo Wai Hoi, William	–	–	HK\$21,000,000 (Note 5)	HK\$21,000,000	35.00%
Ramada Property Ltd.					
Mr. Doo Wai Hoi, William	–	–	200 (Note 3)	200	20.00%
Shanghai Juyi Real Estate Development Co., Ltd.					
Mr. Doo Wai Hoi, William	–	–	US\$105,000,000 (Note 5)	US\$105,000,000	30.00%
Tai Fook Securities Group Limited					
Mr. Wong Kwok Kin, Andrew	390,000	–	–	390,000	0.08%

Notes:

- (1) Both Mr. Cheung Chin Cheung and Mr. Cheng Chi Pang were appointed as Chief Executives of the Company with effect from 3 March 2003. Then Mr. Cheung Chin Cheung was appointed as Executive Director of the Company with effect from 1 October 2003.
- (2) The shares are held by the spouse of Dr. Cheng Kar Shun, Henry.
- (3) The shares are held by a company wholly-owned by Mr. Doo Wai Hoi, William.
- (4) The interests represent the equity interests held by a company wholly-owned by Mr. Doo Wai Hoi, William
- (5) The interests represent the participating interests held by a company wholly-owned by Mr. Doo Wai Hoi, William.
- (6) All the interests stated above represent long positions.

→ Report of the Directors

Directors' and Chief Executive's interests in securities (Continued)

(c) Interests in underlying shares of the Company – share options

As at 30 June 2003, the following Directors of the Company have personal interests in options to subscribe for shares granted under the 1997 Share Option Scheme (as defined below):

Name	Date of grant	Number of share options outstanding at 01.07.02 (Note 2)	Lapsed during the year	Number of share options outstanding at 30.06.03	Exercisable period Notes	Exercise price per share HK\$
Mr. Chan Wing Tak, Douglas*	11 May 1999	1,000,000	–	1,000,000	(3)	6.93
Mr. Lo Lin Shing, Simon*	11 May 1999	600,000	–	600,000	(3)	6.93
Mr. Cheung Chin Cheung (Note 1)	11 May 1999	300,000	–	300,000	(3)	6.93
Mr. Tse Po Shing, Andy	11 May 1999	200,000	200,000 (Note 5)	–	(3)	6.93
Mr. Bruce Carroll Allen	16 February 2000	200,000	200,000 (Note 5)	–	(4)	6.93

* resigned as Director of the Company on 29 January 2003

Notes:

- (1) Mr. Cheung Chin Cheung was appointed as Chief Executive of the Company with effect from 3 March 2003. Then he was appointed as Executive Director of the Company with effect from 1 October 2003.
- (2) With effect from 10 February 2003, every 10 ordinary shares of HK\$0.1 each of the Company were consolidated into 1 ordinary share of HK\$1 each. The number of share options outstanding at 1 July 2002 was adjusted accordingly.
- (3) Divided into 4 tranches exercisable from 5 November 1999, 5 May 2001, 5 May 2002 and 5 May 2003 respectively to 4 November 2004, both dates inclusive.
- (4) Divided into 4 tranches exercisable from 16 August 2000, 16 February 2002, 16 February 2003 and 16 February 2004 respectively to 15 August 2005, both dates inclusive.
- (5) Upon the resignations of Mr. Bruce Carroll Allen and Mr. Tse Po Shing, Andy on 20 August 2002 and 18 December 2002 respectively, the share options granted to them lapsed with effect from the dates of their resignations.
- (6) All the interests stated above represent long positions.

No share option of the Company was exercised by the above Directors during the year.

Directors' and Chief Executive's interests in securities (Continued)

(d) Interests in underlying shares of associated corporations of the Company – share options

- (i) Under the share option scheme adopted by NWI, a fellow subsidiary company of the Company, on 3 October 1997, options may be granted to Directors and employees of NWI or its subsidiary companies to subscribe for shares in NWI. The following Directors of the Company have personal interests in options to subscribe for shares in NWI which had been granted to them as follows:

Name	Note	Date of grant	Share options with exercise price per share of HK\$10.20 (Note 1)		Share options with exercise price per share of HK\$12.00 (Note 2)	
			Balance as at 01.07.02	Balance as at 30.06.03	Balance as at 01.07.02	Balance as at 30.06.03
Dr. Cheng Kar Shun, Henry		2 December 1998	600,000	600,000	2,400,000	2,400,000
Mr. Doo Wai Hoi, William	3	16 December 1998	200,000	–	800,000	–
Mr. Chan Kam Ling	4	9 December 1998	200,000	–	800,000	–
Mr. Cheng Wai Chee, Christopher	4	11 December 1998	120,000	–	480,000	–
Mr. Chan Wing Tak, Douglas	5	26 November 1998	320,000	320,000	1,280,000	1,280,000
Mr. So Ngok	5	26 November 1998	200,000	–	800,000	–
Mr. Cheung Chin Cheung	6	12 December 1998	78,800	–	315,200	–

Notes:

- (1) Exercisable from 1 July 1999 to 1 June 2004.
- (2) Divided into 3 tranches exercisable from 1 July 2000, 1 July 2001 and 1 July 2002 respectively to 1 June 2004.
- (3) Mr. Doo Wai Hoi, William resigned as Director of NWI with effect from 11 January 2003 and the share options granted to him lapsed on 12 February 2003.
- (4) Both Mr. Chan Kam Ling and Mr. Cheng Wai Chee, Christopher resigned as Directors of NWI and the share options granted to them lapsed on 18 February 2003.
- (5) Both Mr. Chan Wing Tak, Douglas and Mr. So Ngok resigned as Directors of the Company with effect from 29 January 2003. Mr. So Ngok also resigned as Director of NWI and the share options granted to him lapsed on 18 February 2003.
- (6) Mr. Cheung Chin Cheung was appointed as Chief Executive of the Company with effect from 3 March 2003. Then he was appointed as Executive Director of the Company with effect from 1 October 2003. Mr. Cheung ceased to be an employee of NWI and the share options granted to him lapsed on 16 June 2003.
- (7) The cash consideration paid by each Director for each grant of the share options is HK\$10.
- (8) All the interests stated above represent long positions.

No share option of NWI was exercised by the above Directors during the year.

→ Report of the Directors

Directors' and Chief Executive's interests in securities (Continued)

(d) Interests in underlying shares of associated corporations of the Company – share options (Continued)

- (ii) Under the share option scheme of New World China Land Limited (“NWCL”), a fellow subsidiary company of the Company, the following Directors of the Company, who are also Directors of NWCL, have personal interests in options to subscribe for shares in NWCL which have been granted to them as follows:

Name	Date of grant	Exercisable period (Note 1)	Share options with exercise price per share of HK\$1.955	
			Balance as at 01.07.02	Balance as at 30.06.03
Dr. Cheng Kar Shun, Henry	7 February 2001	8 March 2001 to 7 March 2006	5,000,000	5,000,000
Mr. Doo Wai Hoi, William	8 February 2001	9 March 2002 to 8 March 2006 (Note 2)	2,800,000	2,800,000
Mr. Chan Kam Ling	9 February 2001	10 March 2002 to 9 March 2006 (Note 2)	400,000	400,000
Mr. Chan Wing Tak, Douglas (Note 3)	12 February 2001	13 March 2001 to 12 March 2006	500,000	500,000
Mr. So Ngok (Note 3)	9 February 2001	10 March 2001 to 9 March 2006	500,000	500,000

Notes:

- (1) The share options are exercisable during a period of five years commencing from the expiry of one month after the dates of each grant when the offers of the share options were accepted, provided that the maximum number of share options that can be exercised during a year is 20% of the total number of the share options granted together with any unexercised share options carried forward from the previous year(s), unless as specified in Note (2).
- (2) The share options are exercisable during the remaining exercisable period of four years, provided that the maximum number of share options that can be exercised during a year is 25% of the outstanding balance of the share options held on the respective commencement dates of the exercisable periods.
- (3) Both Mr. Chan Wing Tak, Douglas and Mr. So Ngok resigned as Directors of the Company with effect from 29 January 2003. Mr. So Ngok also resigned as Director of NWCL with effect from 17 January 2003.
- (4) The cash consideration paid by each Director for each grant of the share options is HK\$10.
- (5) All the interests stated above represent long positions.

No share option of NWCL was exercised by the above Directors during the year.

Directors' and Chief Executive's interests in securities (Continued)

(d) Interests in underlying shares of associated corporations of the Company – share options (Continued)

- (iii) Under the share option scheme of Wai Kee Holdings Limited (“Wai Kee”), an associated company of the Company, the following Director and Chief Executive of the Company, who are also Directors of Wai Kee, have personal interests in options to subscribe for shares in Wai Kee which have been granted to them as follows:

Name	Date of grant	Exercisable period	Number of share options outstanding at 30.06.03 with exercise price per share of HK\$0.34
Mr. Lam Wai Hon, Patrick	29 November 2000	29 November 2001 to 28 November 2004	500,000
Mr. Cheng Chi Pang (Note 1)	29 November 2000	29 November 2001 to 28 November 2004	500,000

Notes:

- (1) Mr. Cheng Chi Pang was appointed as Chief Executive of the Company with effect from 3 March 2003.
- (2) The cash consideration paid by each Director of Wai Kee for each grant of the share options is HK\$1.
- (3) All the interests stated above represent long positions.

No share option of Wai Kee was exercised by the above Director and Chief Executive during the year.

→ Report of the Directors

Directors' and Chief Executive's interests in securities (Continued)

(e) Interests in debentures of associated corporation of the Company

The following Director of the Company has interests in the debentures issued by New World Capital Finance Limited, a fellow subsidiary company of the Company, as follows:

Name	Amount of debentures			Percentage to the total debentures in issue as at 30.06.03
	Interests as founder of discretionary trust US\$ (Note 1)	Family interests US\$ (Note 2)	Total US\$	
Mr. Cheng Wai Chee, Christopher	9,200,000	100,000	9,300,000	2.66%

Notes:

- (1) The debentures are convertible into 2,898,522 shares of HK\$1 each of NWD, representing 0.13% of its issued share capital as at 30 June 2003, for the period from 10 June 1999 to 9 August 2004.
- (2) The debentures are convertible into 31,505 shares of HK\$1 each of NWD, representing 0.001% of its issued share capital as at 30 June 2003, for the period from 10 June 1999 to 9 August 2004. The interests are held by the spouse of Mr. Cheng Wai Chee, Christopher.
- (3) The interests stated above represent long positions.

Save as disclosed above, none of the Directors or Chief Executive of the Company had or were deemed under the SFO, to have any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2003.

Directors' rights to acquire shares or debentures

Save as the interests disclosed in the section headed "Directors' and Chief Executive's interests in securities" above, at no time during the year was the Company, or any of its holding companies, subsidiary companies or fellow subsidiary companies a party to any arrangement to enable the Directors or Chief Executive of the Company or their respective spouses or children under 18 years of age or their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Share option schemes

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 grant options to Executive Directors or full-time employees of the Group to subscribe for ordinary shares in the Company. Subsequent to the amendment of Chapter 17 of the Listing Rules in 2001, a new share option scheme was adopted by the Company on 6 December 2001 (the "2001 Share Option Scheme") thereafter certain rules of such scheme were altered and approved by the shareholders of the Company held on 12 March 2003. Under the 2001 Share Option Scheme, the Directors of the Company may at their discretion grant options to any eligible participants as defined in the scheme to subscribe for shares in the Company.

Summary of share option schemes of the Company disclosed in accordance with the Listing Rules is as follows:

	1997 Share Option Scheme	2001 Share Option Scheme
Purpose of the scheme	As incentive to Executive Directors and employees of the Company or any of its subsidiary companies.	To reward Directors and employees of the Group for past service or performance, to provide incentive and motivation or reward to eligible participants for increase performance or making contribution to the Group, to attract and retain persons of right caliber with the necessary experience to work for the Group and to foster a sense of corporate identity.
Participants of the scheme	Executive Directors or full-time employees of the Company or its subsidiary companies.	Eligible participant may be a person or entity belonging to any of the following classes: <ul style="list-style-type: none"> (i) any eligible employee; (ii) any Non-executive Directors (including Independent Non-executive Directors) of the Company, any subsidiary company or any invested entity of the Group (the "Invested Entity"); (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity;

→ Report of the Directors

Share option schemes (Continued)

	1997 Share Option Scheme	2001 Share Option Scheme
		<ul style="list-style-type: none"> (v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any invested entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (viii) any joint venture partner or business alliance that co-operates with any member of the Group or any Invested Entity in any area of business operation or development.
Total number of shares available for issue under the scheme and percentage of issued share capital as at the date of this annual report	Options to subscribe for 2,000,000 shares had been granted by the Company under this scheme. The scheme was expired on 11 April 2000 and no further share option can be granted.	<p>Renewal of the 10% general limit on grant of options under the share option schemes was approved by the shareholders of the Company on 12 March 2003. Thus, the Company can grant options to subscribe for up to 178,075,900 shares of the Company under this scheme.</p> <p>On 21 July 2003, the Company granted options to certain eligible participants to subscribe for 41,497,000 shares of the Company. Therefore, the total number of shares available for issue under this scheme is 136,578,900 representing approximately 7.67% of the Company's issued share capital as at the date of this report.</p>

Share option schemes (Continued)

	1997 Share Option Scheme	2001 Share Option Scheme
Maximum entitlement of each participant under the scheme	No eligible person shall be granted an option or options for such number of shares which in aggregate would exceed 25% of the total number of shares for which share options may be granted under the scheme.	Unless approved by shareholders of the Company, the total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the share capital of the Company in issue.
The period which the shares must be taken up under an option	At any time during a period as specified by the Directors, which shall not be more than 10 years from the date of grant of the share options.	At any time during a period as specified by the Directors, however in any event the share options must be exercised within 10 years from the date of grant of the share options.
The minimum period for which an option must be held before it can be exercised	Any period as determined by the Directors.	Any period as determined by the Directors.
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid	Nil.	HK\$10 is to be paid as consideration for the grant of option within 14 days from the date of offer.
The basis of determining the exercise price	The exercise price is determined by the Directors which shall be equal to the higher of the nominal value of the shares or a price not less than 80% of the average of the closing prices per share as stated in the daily quotations sheets issued by the Stock Exchange on the five trading days immediately preceding the date of grant.	The exercise price is determined by the Directors which must be at least the higher of the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant or the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date or grant.
The remaining life of the scheme	The scheme was expired on 11 April 2000.	The scheme shall be valid and effective for a period of ten years from the date of adoption, i.e. 6 December 2001.

→ Report of the Directors

Share option schemes (Continued)

Movement of share options granted to the Directors and employees of the Group under the 1997 Share Option Scheme during the year ended 30 June 2003 was as follows:

(1) Share options to Directors

Details of the movement of share options granted to Directors are disclosed under the section headed "Directors' and Chief Executive's interests in securities" above.

(2) Share options to employees

Date of grant	Number of share options outstanding at 01.07.02 (Note 1)	Lapsed during the year	Number of share options outstanding at 30.06.03	Exercisable period	Exercise price per share
11 May 1999	100,000	–	100,000	(Note 2)	HK\$6.93

Notes:

- (1) With effect from 10 February 2003, every 10 ordinary shares of HK\$0.1 each of the Company had been consolidated into 1 ordinary share of HK\$1 each. The number of share options outstanding as at 1 July 2002 was adjusted accordingly.
- (2) Divided into 5 tranches exercisable from 5 November 1999, 5 May 2001, 5 May 2002, 5 May 2003 and 5 May 2004 respectively to 4 November 2004, both dates inclusive.

No share option of the Company was exercised by the above employees during the year.

The Directors do not consider it appropriate to disclose a theoretical value of the share options granted to the Directors and employees because a number of factors crucial for the valuation are subjective and uncertain. Accordingly, any valuation of the options based on various speculative assumptions would not be meaningful and would be misleading.

Substantial shareholders' interests in shares

As at 30 June 2003, so far as are known to the Directors, the following parties (other than a Director or Chief Executive of the Company) were recorded in the register kept by the Company under section 336 of the SFO as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

Name	Note	Beneficial interests	Number of shares Corporate interests	Total	Approximate percentage to the issued share capital of the Company
Chow Tai Fook Enterprises Limited ("CTF")	(1)	59,831,893	970,011,739	1,029,843,632	57.83%
NWD	(2)	666,558,052	303,453,687	970,011,739	54.47%
Mombasa Limited ("Mombasa")		303,453,687	–	303,453,687	17.04%

Notes:

- (1) CTF and its subsidiary companies have interests in more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the shares deemed to be interested by NWD. CTF is also directly interested in 59,831,893 shares in the capital of the Company.
- (2) NWD holds 100% indirect interests in Mombasa. Mombasa's interests in the Company is deemed to be held by NWD. NWD is also directly interested in 666,558,052 shares in the capital of the Company.
- (3) All the interests stated above represent long positions.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 30 June 2003.

→ Report of the Directors

Connected transactions

The Company has entered into the following connected transactions during the year and up to the date of this report:

- (1) 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.

- (2) During the year, the Company had reimbursed payroll of certain employees of NWI who were responsible for the administration of the port projects acquired from NWI on cost basis starting retrospectively from 15 March 2000.

Upon the signing of the secondment agreement between NWI and the Company on 29 January 2003 (details are explained below), the said reimbursement of payroll was terminated. The total amount of approximately HK\$2.0 million had been reimbursed by the Company to NWI during the year.

- (3) On 19 April 2001, a shareholders' agreement was entered into between Front Drive Limited ("Front Drive"), a wholly-owned subsidiary company of the Company, Kingsfund Limited ("Kingsfund") which is an indirect wholly-owned subsidiary company of CSX World Terminals, LLC. ("CSX"), a substantial shareholder of CSXWT Terminal 8 Limited which is in turn a jointly controlled entity of the Company, and ATL Logistics Centre Hong Kong Limited ("ATL") which is an associated company of CSX and a jointly controlled entity of the Company for the purpose of setting up a company incorporated in Hong Kong known as ATL Logistics Centre Yantian Limited ("ATLY") to invest in the business of Yantian District, the PRC. The approximate shareholding structure of ATLY is Front Drive as to 18.2%, Kingsfund as to 31.8% and ATL as to 50.0% respectively.

According to the terms of the aforesaid shareholders' agreement, shareholders' loans will be called by ATLY on a pro-rata basis when required. As at the date of this report, shareholders' loans for ATLY in the total amount of approximately HK\$2.0 million had been advanced by Front Drive.

- (4) On 12 June 2001, Seaview Gold Limited, a wholly-owned subsidiary company of the Company, entered into a tenancy agreement with New World Tower Company Limited ("NWT") to renew the lease of the Company's office premises at 21/F., New World Tower 2, 18 Queen's Road Central, Hong Kong for a period of three years commencing from 19 June 2001 to 18 June 2004 at a monthly rental of HK\$147,600 (exclusive of rates, management fees and air conditioning charges). NWT is a wholly-owned subsidiary company of NWD, the Company's ultimate holding company.

Connected transactions (Continued)

- (5) Xiamen Xiang Yu Quay Co., Ltd. ("Xiangyu") was 8% owned by Xiamen Xiangyu Group Corporation ("Xiangyu Group") and 92% owned by New World (Xiamen) Port Investments Limited ("NW (Xiamen)", an indirect wholly-owned subsidiary company of the Company) while Xiamen Xiangyu Free Trade Zone Huijian Quay Co., Ltd. ("Huijian") was 40% owned by Xiangyu Group and 60% owned by NW (Xiamen). Xiangyu and Huijian owned berth no. 12 and berths no. 13 and 14 in the East Channel Port Zone of Xiamen in the PRC respectively.

On 28 June 2002, a merger agreement (the "Merger Agreement") was entered into between Xiangyu, Huijian and Xiamen Xiangyu Free Port Developing Co., Ltd. ("Xiangyu Free Port"), a wholly-owned subsidiary company of Xiangyu Group which owned berths no. 15 and 16 in the East Channel Port Zone of Xiamen in the PRC, pursuant to which Xiangyu merged with Huijian and Xiangyu Free Port by way of absorption (the "Merger"). A new joint venture company under the name of Xiangyu (the "New JV") was formed and owned as to 50% by Xiangyu Group and 50% by NW (Xiamen). The total investment and the registered capital of the New JV are RMB1,150.0 million (approximately HK\$1,084.9 million) and approximately RMB384.0 million (approximately HK\$362.3 million) respectively. The difference between the total investment and the registered capital of the New JV will be made up of shareholders' loans and / or bank loans and internal funding.

The Stock Exchange had granted a waiver to the Company for the requirement of obtaining shareholders' approval at a special general meeting for the transaction on the basis that NWI, as the then holder of more than 50% of the ordinary issued share capital of the Company and was not interested in the transaction, had confirmed in writing that it approved the transaction and that the Company (jointly with NWI) had issued a circular to the shareholders of the Company for their information.

The Merger was completed on 28 January 2003.

- (6) On 21 October 2002, NWI and the Company entered into the Infrastructure Assets Sale Agreement relating to the acquisition of certain infrastructure assets by the Company from NWI (the "Infrastructure Assets Acquisition") while shareholders of NWSS (the "NWSS Shareholders"), including NWD, and the Company entered into the Service Assets Sale Agreement relating to the acquisition of the entire issued share capital of NWSS by the Company from the NWSS Shareholders (the "Service Assets Acquisition"). Completion of the said agreements resulted in a reorganization of NWI, the Company and NWSS (the "Reorganization").

The Reorganization comprised:

- (a) acquisition of the infrastructure assets by the Company from NWI for an aggregate consideration of approximately HK\$9.6 billion comprising cash, shares of the Company and an undertaking by the Company to pay certain liabilities of NWI;
- (b) acquisition of the entire issued share capital of NWSS by the Company from the NWSS Shareholders for a consideration of approximately HK\$3.4 billion, which was satisfied by the issuance of new shares of the Company to the NWSS Shareholders; and

→ Report of the Directors

Connected transactions (Continued)

- (c) a distribution of the entire shareholding of the Company held by NWI to its shareholders in the ratio of 5.87 shares of the Company to one share of NWI, which included new shares of the Company issued to NWI upon conversion of 3,193,654,306 4% cumulative convertible redeemable preference shares of the Company.

By virtue of the fact that NWI was the then controlling shareholder of the Company holding 75% of the issued share capital of the Company, the Infrastructure Assets Acquisition constituted a major and connected transaction for the Company under the Listing Rules. Furthermore, NWSS was then an approximately 52.35% owned subsidiary company of NWD, which was the controlling shareholder of NWI, and thereby a then associate of the Company's controlling shareholder, the Service Assets Acquisition constituted a major and connected transaction for the Company under the Listing Rules.

The Reorganization was approved by the shareholders at the special general meeting of the Company held on 12 December 2002 in accordance with the requirements pursuant to Chapter 14 of the Listing Rules and the Reorganization was completed on 29 January 2003.

- (7) On 29 January 2003, a secondment agreement was entered into between NWI and the Company (the "Secondment Agreement") and pursuant to which, NWI agreed to second 71 employees (the "Secondees") to the Group with effect from 29 January 2003 until 30 June 2003 (or such other date as may be agreed by the parties) unless terminated earlier in accordance with the provisions of the Secondment Agreement. The aggregate consideration payable by the Company to NWI pursuant to the Secondment Agreement is calculated based upon the aggregate amount of all salaries, contributions to the relevant retirement schemes, bonuses, other costs and expenses incurred by NWI in connection with the Secondees during the secondment period. The aggregate value of the consideration is based on the aggregate of the monthly salaries and contributions to pension / retirement schemes in respect of the Secondees.

By virtue of the fact that NWI is a fellow subsidiary company of the Company, the Secondment Agreement constituted a connected transaction under the Listing Rules.

The Secondment Agreement was terminated on 16 May 2003 upon the execution of the relevant employment contracts with the Secondees by NWS Infrastructure Management Limited, a wholly-owned subsidiary company of the Company. The Company had paid an aggregate amount of approximately HK\$9.9 million to NWI for the secondment during the secondment period.

Connected transactions (Continued)

- (8) Following the Reorganization, the Company is expected to engage in a number of transactions of a recurrent nature which will constitute connected transactions between the Group and NWD and/or its subsidiary companies (the "NWD Group") under the Listing Rules. Such transactions can be categorized as construction services, electrical and mechanical engineering services, facility management services, property management services, security and guarding services, cleaning and landscaping services, financial services, rental of properties, etc.

As NWD indirectly owns an aggregate of approximately 54% of the listed share capital of the Company, transactions between: (i) the NWD Group; and (ii) the Company or its subsidiary companies constitute connected transactions of the Company under the Listing Rules.

The abovesaid ongoing connected transactions were approved by the independent shareholders at the special general meeting of the Company held on 12 March 2003.

As at 30 June 2003, an aggregate consideration of approximately HK\$872.0 million had been received by the Group in respect of the services provided to NWD Group while an aggregate rental of approximately HK\$13.6 million had been paid by the Group to NWD Group.

- (9) On 19 March 2003, New World First Ferry Services (Macau) Limited ("NWFF (Macau)"), Best Conquer Properties Limited ("Best Conquer"), the registered owners of eight vessels (the "Vessel Owners"), CTF and Star Success Enterprises Limited ("Star Success") entered into a master charter agreement (the "Master Charter Agreement"), pursuant to which NWFF (Macau) conditionally agreed to enter into eight separate bareboat charters (the "Bareboat Charters") with the Vessel Owners. Under the Bareboat Charters, NWFF (Macau) chartered the eight vessels for an initial term of four years commencing from the date of the Bareboat Charters. The charter hire payable by NWFF (Macau) to each Vessel Owner each year is equal to 25% of the fare revenue from the operation of its respective vessel for that year.

Under the Master Charter Agreement, CTF and Star Success have agreed to provide guarantees in favour of NWFF (Macau) for the fact that if the net profit before tax of NWFF (Macau) attributable to the operation of the vessels (the "Vessels Operation Profit") for any particular financial year as set out in its pro forma consolidated or combined profit and loss accounts during the charter period is less than HK\$10.0 million (or such lesser amount as is proportional, on the basis of a 365-day year, thereto in respect of any part of a charter period which does not extend to the entire financial year of NWFF (Macau)) (the "Guaranteed Sum"), CTF will pay NWFF (Macau) an amount equal to the shortfall in cash within two months after the issue of certificate by auditors upon finalization of the said accounts, provided that such amount shall not in any event exceed the aggregate charter hires payable and actually paid by NWFF (Macau) to the Vessel Owners under the Bareboat Charters for the relevant year (the "Shortfall").

NWFF (Macau) is an indirect wholly-owned subsidiary company of the Company. Star Success is an indirect wholly-owned subsidiary company of CTF, which is the controlling shareholder of NWD, which in turn holds approximately 54% of the issued share capital (and hence a controlling shareholder) of the Company. Best Conquer and the Vessel Owners are direct or indirect wholly-owned subsidiary companies of Star Success and, accordingly, are connected persons of the Company, the transaction constituted a connected transaction of the Company.

→ Report of the Directors

Connected transactions (Continued)

NWD and the Company made a joint announcement on 14 August 2003 stating the fact that based on the unaudited pro forma combined profit and loss account of NWFF (Macau) and as a result of the adverse effects from the SARS outbreak in Hong Kong, there would be a shortfall in the Vessels Operation Profit for the Guaranteed Sum. Based on the audited financial statements of NWFF (Macau), the Shortfall amounted to HK\$8.5 million while the total charter hire paid by NWFF (Macau) amounted to approximately HK\$8.5 million for the year ended 30 June 2003.

- (10) The Company had advanced an aggregate of HK\$8.2 million to New Waly Interior Products Limited, in which the Company held 70% indirect interest as at 30 June 2003. The advance is unsecured and carries interest at 1% over Hong Kong prime rate. The Company had received a total interest payment of HK\$0.2 million for the said advance during the year.

The Company had been granted conditional waivers by the Stock Exchange from strict compliance of the requirements under Chapter 14 of the Listing Rules in respect of transactions (2), (7), (8) and (9) above which constituted connected transactions as defined in the Listing Rules. These transactions have been reviewed by the Independent Non-executive Directors of the Company who have confirmed that the transactions were:

- (a) in the ordinary course of business of the Company;
- (b) on normal commercial terms and on an arm's length basis;
- (c) where there are agreements governing such transactions, such transactions have been carried out in accordance with the terms of the agreements governing such transactions, or where there are no such agreements, on terms no less favourable than terms available to or from independent third parties;
- (d) entered into on terms that are fair and reasonable so far as the shareholders of the Company are concerned; and
- (e) within the maximum amounts as agreed with the Stock Exchange.

The conditional waivers in respect of transactions (2) and (7) above were terminated subsequent to the execution of the Secondment Agreement and the execution of the employment contracts with the Secondees respectively.

Practice Note 19 of the Listing Rules

As at 30 June 2003, the amount of financial assistance provided by way of shareholders' loans / advances to and guarantees in respect of facilities for the benefits of affiliated companies of the Group were about HK\$4,586.8 million in aggregate and represented about 51% of the consolidated net tangible assets of the Group. The following information is disclosed in compliance with the continuing disclosure requirement of Practice Note 19 ("PN19"):

(a) Financial assistance and guarantees to affiliated companies

As at 30 June 2003, the Company and its subsidiary companies had advanced an aggregate of HK\$2,347.4 million to affiliated companies (included in amounts disclosed in Notes 15, 16 and 19 to the accounts), guaranteed bank loans and other borrowing facilities for the benefit of the affiliated companies in the amount of HK\$2,211.1 million (included in the amounts disclosed in Note 33 to the accounts) and contracted to provide an aggregate amount of approximately HK\$28.3 million in capital and loans to affiliated companies. The advances are unsecured, interest free and have no definite repayment terms except for an aggregate amount of HK\$486.6 million which carry interest ranging from 2% to 15% per annum, an amount of HK\$13.7 million which carries interest at 3 month HIBOR per annum and an amount of HK\$4.0 million which carries interest at Hong Kong prime rate per annum, and an amount of HK\$665.7 million which is repayable on or before 2013. Contracted capital and loan contributions to affiliated companies would be funded by borrowings or internal resources of the Group.

In addition to the above, a subsidiary company and certain jointly controlled entities of the Group are parties to agreement with third parties regarding the joint development of Container Terminal No. 9 in Hong Kong, the related berth swap arrangement and the funding therefor. The Company has given certain guarantees in respect of the obligations of the subsidiary companies and jointly controlled entities to provide additional funds. If the Company is required to perform its obligations under the guarantees, the maximum amount of the Company's share of the liability under the guarantees will be about HK\$5,120.0 million. Pursuant to the terms of a subscription agreement dated 11 October 2001, which was entered into between the Group and an associated company in respect of the disposal of an effective interest of 13% in one of the jointly controlled entities, the associated company has agreed to counter-indemnify the Group in respect of such guarantees for a maximum amount of approximately HK\$3,022.0 million.

In accordance with the requirements under paragraph 3.10 of PN19, the Company is required to include in its annual report a pro forma combined balance sheet of its affiliated companies which should include significant balance sheet classifications and state the attributable interest of the Company in the affiliated companies. The Company has numerous affiliated companies and is of the opinion that it is not practical nor meaningful to prepare a proforma combined balance sheet and such information may be misleading. Pursuant to PN19, the Company made an application to and has received a waiver from the Stock Exchange as an alternative to provide the following statement.

As at 30 June 2003, based on the financial statements of the respective affiliated companies of the Group, these affiliated companies had outstanding borrowings of about HK\$16,815.9 million, comprising secured bank loans of about HK\$6,361.4 million, unsecured bank loans of about HK\$4,652.4 million and other loans of about HK\$5,802.1 million. The total commitments for capital expenditure of the affiliated companies amounted to about HK\$1,385.5 million and total contingent liabilities amounted to about HK\$1,263.8 million as at 30 June 2003.

→ Report of the Directors

Practice Note 19 of the Listing Rules (Continued)

(b) Specific performance of the controlling shareholder

Under the facility agreement dated 17 December 2002 for the HK\$7.0 billion bridging loan facility entered into by the Company, NWD is required to own more than 50% (whether directly or indirectly) of the voting share capital of the Company. The bridging loan facility was drawn in full (HK\$7.0 billion) on 29 January 2003 at completion of the Reorganization to part finance the purchase price payable thereunder. The final maturity date of the bridging loan is 17 December 2003.

Compliance with the Code of Best Practice

The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules (the “Code of Best Practice”) during the year, except that the Non-executive Directors and the Independent Non-executive Directors of the Company are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the bye-laws of the Company.

Audit Committee

The Company has established an audit committee (the “Audit Committee”) in accordance with paragraph 14 of the Code of Best Practice which currently comprises Mr. Kwong Che Keung, Gordon (Chairman of the Audit Committee), Mr. Cheng Wai Chee, Christopher and Mr. Dominic Lai, all of them are Independent Non-executive Directors of the Company.

The Audit Committee meets at least twice a year for review of the audited accounts and unaudited interim accounts. Matters considered included the Group’s financial reporting, the nature and scope of audit reviews, systems of internal control and compliance and financial risk management.

Auditors

The accounts for the year ended 30 June 2003 have been audited by PricewaterhouseCoopers, who will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Dr. Cheng Kar Shun, Henry

Chairman

Hong Kong, 16 October 2003

→ Auditors' Report



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor Prince's Building
Central Hong Kong
Telephone (852) 2289 8888
Facsimile (852) 2810 9888

AUDITORS' REPORT TO THE MEMBERS OF NWS HOLDINGS LIMITED

(Formerly known as Pacific Ports Company Limited)

(Incorporated in Bermuda with limited liability)

We have audited the accounts on pages 76 to 154 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Company's directors are responsible to prepare accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the accounts give a true and fair view of the state of affairs of the Company and the Group as at 30 June 2003 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 16 October 2003

→ Consolidated Profit and Loss Account

for the year ended 30 June 2003

	Note	2003 HK\$'m	2002 HK\$'m
Turnover	3	5,770.0	125.1
Cost of sales		(5,176.1)	(82.7)
Gross profit		593.9	42.4
Other revenues	3	58.0	28.0
Recognition of one-off negative goodwill	12	474.0	–
Amortization of net negative goodwill	12	72.0	–
General and administrative expenses		(419.9)	(64.8)
Other operating expenses		(44.2)	–
Other charges	4	(74.8)	(215.3)
Operating profit / (loss)	4	659.0	(209.7)
Finance costs	6	(194.1)	(2.9)
Share of results of			
Jointly controlled entities		596.4	165.3
Associated companies		317.3	260.7
Profit before taxation		1,378.6	213.4
Taxation	7	(146.7)	(67.2)
Profit after taxation		1,231.9	146.2
Minority interests		(18.5)	(2.3)
Profit attributable to shareholders	8	1,213.4	143.9
Dividends	9	367.6	175.1
Earnings per ordinary share	10	HK\$1.39	HK\$0.05

→ Consolidated Balance Sheet

as at 30 June 2003

	Note	2003 HK\$'m	2002 HK\$'m
Non-current assets			
Goodwill	12	(447.9)	0.7
Fixed assets	13	9,350.1	272.2
Jointly controlled entities	15	8,721.6	2,078.1
Associated companies	16	2,091.7	992.6
Other non-current assets	17	27.6	3.0
		19,743.1	3,346.6
Current assets			
Inventories	18	135.1	–
Debtors, deposits and prepayments	19	4,964.2	121.2
Trading investments	20	17.7	–
Bank balances and cash	21	2,548.4	349.3
		7,665.4	470.5
Current liabilities			
Creditors and accrued charges	22	5,072.2	19.7
Amounts due to related companies	24	652.6	–
Taxation		133.6	–
Dividend payable		–	55.0
Current portion of bank loans and borrowings	28	423.7	–
Short term bank loans and overdrafts			
– Secured		99.1	–
– Unsecured		1,163.7	–
		7,544.9	74.7
Net current assets		120.5	395.8
Total assets less current liabilities		19,863.6	3,742.4
Financed by:			
Share capital	25	1,780.8	525.4
Reserves	26	6,777.1	3,192.0
Shareholders' funds		8,557.9	3,717.4
Deferred taxation	27	81.8	–
Bank loans and borrowings	28	7,754.6	–
Other long term liabilities	29	903.0	–
Minority interests and loans	30	2,566.3	25.0
		11,305.7	25.0
		19,863.6	3,742.4

Dr. Cheng Kar Shun, Henry
Director

Mr. Chan Kam Ling
Director

→ Balance Sheet

as at 30 June 2003

	Note	2003 HK\$'m	2002 HK\$'m
Non-current assets			
Fixed assets	13	0.1	–
Subsidiary companies	14	17,919.1	5,354.6
		17,919.2	5,354.6
Current assets			
Debtors, deposits and prepayments	19	22.2	0.4
Bank balances and cash	21	8.5	330.2
		30.7	330.6
Current liabilities			
Creditors and accrued charges	22	13.0	3.8
Amount due to a related company	24	103.5	–
Dividend payable		–	55.0
Short term bank loans and overdrafts, unsecured		500.0	–
		616.5	58.8
Net current (liabilities) / assets		(585.8)	271.8
Total assets less current liabilities		17,333.4	5,626.4
Financed by:			
Share capital	25	1,780.8	525.4
Reserves	26	8,066.0	5,101.0
Shareholders' funds		9,846.8	5,626.4
Bank loans and borrowings	28	6,800.0	–
Other long term liabilities	29	686.6	–
		7,486.6	–
		17,333.4	5,626.4

Dr. Cheng Kar Shun, Henry
Director

Mr. Chan Kam Ling
Director

→ Consolidated Statement of Changes in Equity

for the year ended 30 June 2003

	Note	2003 HK\$'m	2002 HK\$'m
Total equity at 1 July		3,717.4	3,478.8
New issue of ordinary shares and redemption of preference shares	25, 26	3,640.7	–
Release of goodwill upon disposal of a subsidiary and partial disposal of jointly controlled entities	26	–	269.8
Changes in fair value of non-trading securities recognized in investment revaluation reserve	26	(2.2)	–
Net (loss) / gain not recognized in the consolidated profit and loss account		(2.2)	269.8
Profit for the year	26	1,213.4	143.9
Dividends	26	(11.4)	(175.1)
Total equity at 30 June		8,557.9	3,717.4

→ Consolidated Cash Flow Statement

for the year ended 30 June 2003

	Note	2003 HK\$'m	2002 HK\$'m
Cash flows from operating activities			
Net cash generated from operations	34(a)	1,112.1	22.8
Finance costs paid		(193.9)	(0.2)
Interest received		11.3	5.1
Hong Kong profits tax paid		(3.8)	–
Mainland China and overseas taxation paid		(5.5)	(0.1)
Net cash generated from operating activities		920.2	27.6
Cash flows from investing activities			
Purchase of fixed assets and additions to construction in progress		(140.8)	(24.2)
Sale of fixed assets		295.5	0.5
Acquisition of additional interests in subsidiary companies		(0.5)	–
Acquisition of subsidiary companies	34(b), (c)	(6,268.4)	–
Disposal of subsidiary companies and partial disposal of jointly controlled entities, net of cash disposed	34(d), (e)	(63.7)	229.8
Deconsolidation of subsidiary companies		–	(81.2)
Repayment from / (advances to) jointly controlled entities		754.3	(11.0)
Investment in and advances to associated companies		(62.1)	(128.7)
Decrease in short term deposits with maturity more than three months		94.9	–
Increase in other investments		(17.3)	–
Dividends received from jointly controlled entities		624.4	184.5
Dividends received from associated companies		318.5	155.5
Net cash (used in) / generated from investing activities		(4,465.2)	325.2
Cash flows from financing activities			
Bank loans and borrowings drawn and refinancing	34(f)	8,433.2	11.2
Repayment of bank loans and borrowings		(1,702.7)	(1.6)
Repayment of short term bank loans and overdrafts		(909.2)	–
Capital contribution from minority shareholders		3.1	–
Settlement of loan from minority shareholders		(13.5)	–
Interest element of finance lease		(0.2)	–
Dividends paid to shareholders		(66.4)	(175.1)
Dividends paid to minority shareholders		(11.4)	–
Net cash generated from / (used in) financing activities		5,732.9	(165.5)
Net increase in cash and cash equivalents		2,187.9	187.3
Cash and cash equivalents at the beginning of year		349.3	162.0
Cash and cash equivalents at the end of year		2,537.2	349.3
Analysis of balances of cash and cash equivalents			
Bank balances and cash		2,548.4	349.3
Short term deposits with maturity more than three months		(11.2)	–
		2,537.2	349.3

→ 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	–
	5,770.0	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
	58.0	28.0
	5,828.0	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
Total assets								3,817.1
Segment liabilities	4.5	-	-	-	-	-	-	4.5
Unallocated liabilities								70.2
Total liabilities								74.7
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
Year 2003				
Hong Kong	4,362.2	157.9	8,233.4	128.1
Mainland China	1,405.8	75.5	6,404.0	10.6
Others	2.0	1.7	13.1	2.1
	5,770.0	235.1	14,650.5	140.8
Year 2002				
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)	–
	8.9	–
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
	74.8	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	–
	1,150.9	41.3
Less: capitalized under contracts in progress	(65.9)	–
	1,085.0	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	–
	194.1	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	–
	42.5	0.1
Jointly controlled entities		
Hong Kong profits tax	27.8	25.9
Mainland China and overseas taxation	16.6	–
Deferred taxation	6.1	–
	50.5	25.9
Associated companies		
Hong Kong profits tax	53.1	41.2
Mainland China and overseas taxation	0.1	–
Deferred taxation	0.5	–
	53.7	41.2
	146.7	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	356.2	–
4% cumulative convertible redeemable preference shares	11.4	133.9
	367.6	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	–
	5.0	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	–
	18	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
	5.0	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	–
	3	5

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

→ 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	3,393.2	3,369.2
Amounts receivable less provision	14,525.9	2,227.6
Amounts payable	–	(242.2)
	17,919.1	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		1,647.0	–
Share of undistributed post-acquisition results		484.1	–
Loans receivable	(b)	1,213.8	–
Amounts receivable less provision	(b)	427.6	–
Amounts payable	(c)	(0.9)	–
		3,771.6	–
Equity joint ventures			
Group's share of net assets		3,033.2	1,693.1
Loans receivable	(b)	389.6	465.0
Amounts payable	(c)	(80.0)	(80.0)
		3,342.8	2,078.1
Companies limited by shares			
Group's share of net assets		1,571.9	–
Loans receivable	(b)	21.6	–
Amounts receivable	(b)	13.7	–
		1,607.2	–
		8,721.6	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))	405.4	–	81.2	–
Variable rates (Note (ii))	13.7	–	4.0	–
Non-interest bearing (Note (iv))	1,205.9	465.0	356.1	–
	1,625.0	465.0	441.3	–

- (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		884.8	–
Unlisted shares		1,187.6	957.7
		2,072.4	957.7
Negative goodwill on acquisition		(88.5)	–
Goodwill on acquisition		48.1	34.9
		(40.4)	34.9
Amounts receivable	(a)	66.1	–
Amounts payable	(b)	(6.4)	–
		59.7	–
		2,091.7	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	1,144.6	1,152.5
Profit before taxation	872.1	782.0
Taxation	(146.4)	(123.6)
Profit after taxation	725.7	658.4
Group's share of profit before taxation	290.8	260.7

Net assets as at 30 June

	2003 HK\$m	2002 HK\$m
Non-current assets	2,353.7	2,308.2
Current assets	310.2	507.9
Current liabilities	(172.1)	(172.8)
Non-current liabilities	(46.4)	(52.2)
	2,445.4	2,591.1
Group's share of net assets	815.3	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	–
	27.6	3.0

18. Inventories

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

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)	1,299.6	3.3	–	–
Retention receivables		807.8	–	–	–
Amounts due from customers for contract works (Note 23)		330.9	–	–	–
Deposits and prepayments		2,310.9	2.1	22.2	0.4
Amounts due from jointly controlled entities		88.2	115.8	–	–
Amounts due from associated companies		126.8	–	–	–
		4,964.2	121.2	22.2	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	986.5	3.1
4 – 6 months	111.6	0.2
Over 6 months	201.5	–
	1,299.6	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	17.7	–

→ 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	–	–	–
		5,072.2	19.7	13.0	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	–
	711.5	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)	–
At 30 June 2003		–	–	2,400,000,000	2,400.0

	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)	–
At 30 June 2003		–	–	1,780,759,001	1,780.8

- (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	24,000,000	28,500,000
Granted	–	–
Exercised	–	–
Lapsed	(4,000,000)	(4,500,000)
Share consolidation	20,000,000 (18,000,000)	24,000,000 –
At 30 June	2,000,000	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	HK\$6.930	HK\$0.693		
Expiry date				
Directors				
5 November 2004	1,900,000	21,000,000	100%	100%
16 August 2005	–	2,000,000	–	100%
Other employees	1,900,000	23,000,000		
5 November 2005	100,000	1,000,000	100%	100%
	2,000,000	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)

	Secured bank loans	Unsecured bank loans	Group Other unsecured loans	Obligations under finance leases	Total
	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	
At 30 June 2003	107.3
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
	2,566.3	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	–	–	–
	2,211.1	–	858.0	–

- (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)	–
	14,066.3	–
Goodwill on acquisition	(994.6)	–
	13,071.7	–
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	–
	13,071.7	–

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	(8,545.0)	–
Bank balances and cash acquired	2,382.7	–
Short term deposits with maturity more than three months	(106.1)	–
	(6,268.4)	–

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
At 30 June 2003	8,936.9	8,178.3	1,262.8	2,566.3	20,944.3

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

- (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	
Incorporated and operated in Hong Kong					
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	
Incorporated and operated in Hong Kong (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 Company	Group	Principal activities
Incorporated and operated in Hong Kong (Continued)					
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	
Incorporated and operated in Hong Kong (Continued)					
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
Incorporated and operated in Hong Kong (Continued)					
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 [#]		Approximate percentage of shares held		Principal activities
	Number	Par value per share HK\$	Company	Group	
Incorporated in Cayman Islands and operated in Hong Kong					
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	
Incorporated and operated in the PRC					
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	
Incorporated and operated in the PRC (Continued)					
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			
Incorporated and operated in the PRC (Continued)					
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	
Incorporated and operated in the PRC (Continued)					
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
Incorporated in British Virgin Islands					
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	
Incorporated in British Virgin Islands (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
Incorporated and operated in Hong Kong					
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
Incorporated in British Virgin Islands					
East Asia Secretaries (BVI) Limited	300,000,000	1	–	24.4	Investment holding
Tricor Holdings Limited	7,001	US\$1	–	24.4	Investment holding
Incorporated in Bermuda and operated in Hong Kong					
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
Incorporated and operated in the PRC					
Equity joint ventures					
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
Co-operative joint ventures					
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	
Incorporated and operated in the PRC (Continued)				
Co-operative joint ventures (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	
Incorporated and operated in the PRC (Continued)				
Co-operative joint ventures (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	
Incorporated and operated in Hong Kong					
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	
Incorporated in British Virgin Islands					
CSX World Terminals New World Limited	2,000	US\$1	–	50.0	Investment holding
Incorporated in Cayman Islands					
CSX World Terminals New World (Tianjin) Limited	1,000	US\$1	–	50.0	Investment holding
Incorporated in Hong Kong and operated in Macau and the PRC					
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.

→ Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the annual general meeting of NWS Holdings Limited (the “Company”) will be held at Meeting Room 301A (New Wing), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Friday, 28 November 2003 at 2:30 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the Directors and auditors for the year ended 30 June 2003.
2. To declare a final dividend.
3. To elect Directors and to authorize the Board of Directors to fix their remuneration.
4. To re-appoint auditors and to authorize the Board of Directors to fix their remuneration.
5. As special business, to consider and if thought fit, pass with or without amendment, the following resolutions as ordinary resolutions and special resolution, respectively:

ORDINARY RESOLUTIONS

I. “**THAT:**

- (a) subject to paragraph (c) of this resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company or securities convertible into such shares or options, warrants, or similar rights to subscribe for any shares or convertible securities and to make or grant offers, agreements and options which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorize the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal value of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval granted in paragraph (a) of this resolution, otherwise than pursuant to (i) a Right Issue (as hereinafter defined); (ii) the exercise of any conversion rights attaching to any securities which are convertible into shares of the Company; (iii) the exercise of the rights under any option scheme or similar arrangement for the time being adopted for the grant or issue to directors and/or employees of the Company and/or any of its subsidiaries of options to subscribe for, or rights to acquire, shares of the Company, or (iv) any issue of shares as scrip dividends or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company; shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution and the approval granted in paragraph (a) shall be limited accordingly; and

→ Notice of Annual General Meeting

- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Right Issue” means an offer of shares open for a period fixed by the Directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange, in any territory outside Hong Kong).”

II. **“THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase its own shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or that of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares which may be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the authority granted pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held; and

(iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

III. “**THAT** conditional upon the Ordinary Resolutions No. I and II being passed, the general mandate granted to the Directors of the Company pursuant to Ordinary Resolution No. I be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted by the Directors of the Company pursuant to such general mandate, an amount representing the aggregate nominal amount of the shares repurchased by the Company under the authority granted pursuant to Ordinary Resolution No. II provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution.”

SPECIAL RESOLUTION

IV. “**THAT** the new bye-laws of the Company, in the form of the printed document marked “A” and produced to this meeting and for the purpose of identification signed by the Chairman of this meeting, be approved and adopted as the new bye-laws of the Company in substitution for and to the exclusion of the existing bye-laws of the Company with immediate effect.”

By Order of the Board

Dr. Cheng Kar Shun, Henry

Chairman

Hong Kong, 16 October 2003

Principal Place of Business in Hong Kong:

17/F., New World Tower 2

18 Queen’s Road Central

Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the instrument appointing a proxy, together with the power of attorney or other authority, if any, under which it is signed or a notorially certified copy thereof, must be deposited at the Company’s branch registrars in Hong Kong, Standard Registrars Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the appointed time for holding the meeting or any adjournment thereof.
3. The register of members of the Company will be closed from Tuesday, 25 November 2003 to Friday, 28 November 2003, both dates inclusive, during which period, no transfer of shares will be registered. Dividend warrants will be despatched to shareholders on or about Tuesday, 16 December 2003. In order to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch registrars in Hong Kong, Standard Registrars Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Monday, 24 November 2003.
4. An explanatory statement containing further details in respect of Ordinary Resolution No. II will be despatched to the shareholders together with the 2003 annual report of the Company.

→ Glossary of Terms

In this annual report, unless the context otherwise requires, the following expressions have the following meanings:

General Terms

"FY2002"	the financial year ended 30 June 2002
"FY2003"	the financial year ended 30 June 2003
"GDP"	gross domestic product
"Group"	NWS Holdings Limited and its subsidiary companies
"HK\$"	the lawful currency of Hong Kong
"Hong Kong" or "Hong Kong SAR"	The Hong Kong Special Administrative Region of the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"NWD"	New World Development Company Limited
"NWI"	New World Infrastructure Limited
"NWSH" or "Company"	NWS Holdings Limited
"PRC" or "Mainland China" or "China" or "Mainland"	The People's Republic of China excluding Hong Kong, Macau and Taiwan
"RMB" or "Rmb"	the lawful currency of the PRC
"US"	the United States of America
"US\$"	the lawful currency of US

Technical Terms

"cbm(s)"	cubic metre(s)
"dwt"	dead weight tonne, the total weight which a ship can carry including, for example, cargo, crew and fuel
"ft"	feet
"ha"	hectare(s), equal to 10,000 square metres
"km"	kilometre(s)
"m"	metre(s)
"PMPH(s)"	productive moves per hour, a measure of the productivity of quay cranes
"sq.ft."	square feet

Technical Terms (Continued)

"sq.m."	square metre(s)
"TEU(s)"	"twenty-foot equivalent unit", a standard measurement unit of a container. It is based on the dimensions of a container 20 feet long by 8 feet wide by 8.5 feet high with an average load of approximately nine tonnes
"tonnes"	a standard of measurement, equal to 1,000 kilogrammes

Financial Terms

"Attributable Operating Profit" or "AOP"	Profit available for appropriation before head office items
"Attributable Profit / (loss)"	Profit / (loss) attributable to shareholders
"Earnings per Ordinary Share – Basic"	$\frac{\text{Attributable profit / (loss) – Preference share dividend}}{\text{Weighted average number of ordinary shares in issue during the year / period}}$
"Gearing Ratio"	$\frac{\text{Net debt}}{\text{Shareholders' funds + Minority interests and loans}}$
"Net Assets"	Total assets less total liabilities
"Net Debt"	The aggregate of bank loans, other loans, overdraft and finance leases less cash and bank balances
"Net Tangible Assets"	Total assets excluding intangible assets less total liabilities
"Return on Capital Employed"	$\frac{\text{Attributable profit / (loss)}}{\text{Shareholders' funds + Non-current liabilities}}$
"Return on Shareholders' funds"	$\frac{\text{Attributable Profit / (Loss)}}{\text{Shareholders' funds}}$
"Total Debt"	The aggregate of bank loans, other loans, overdrafts and finance leases

→ Five-year Financial Summary

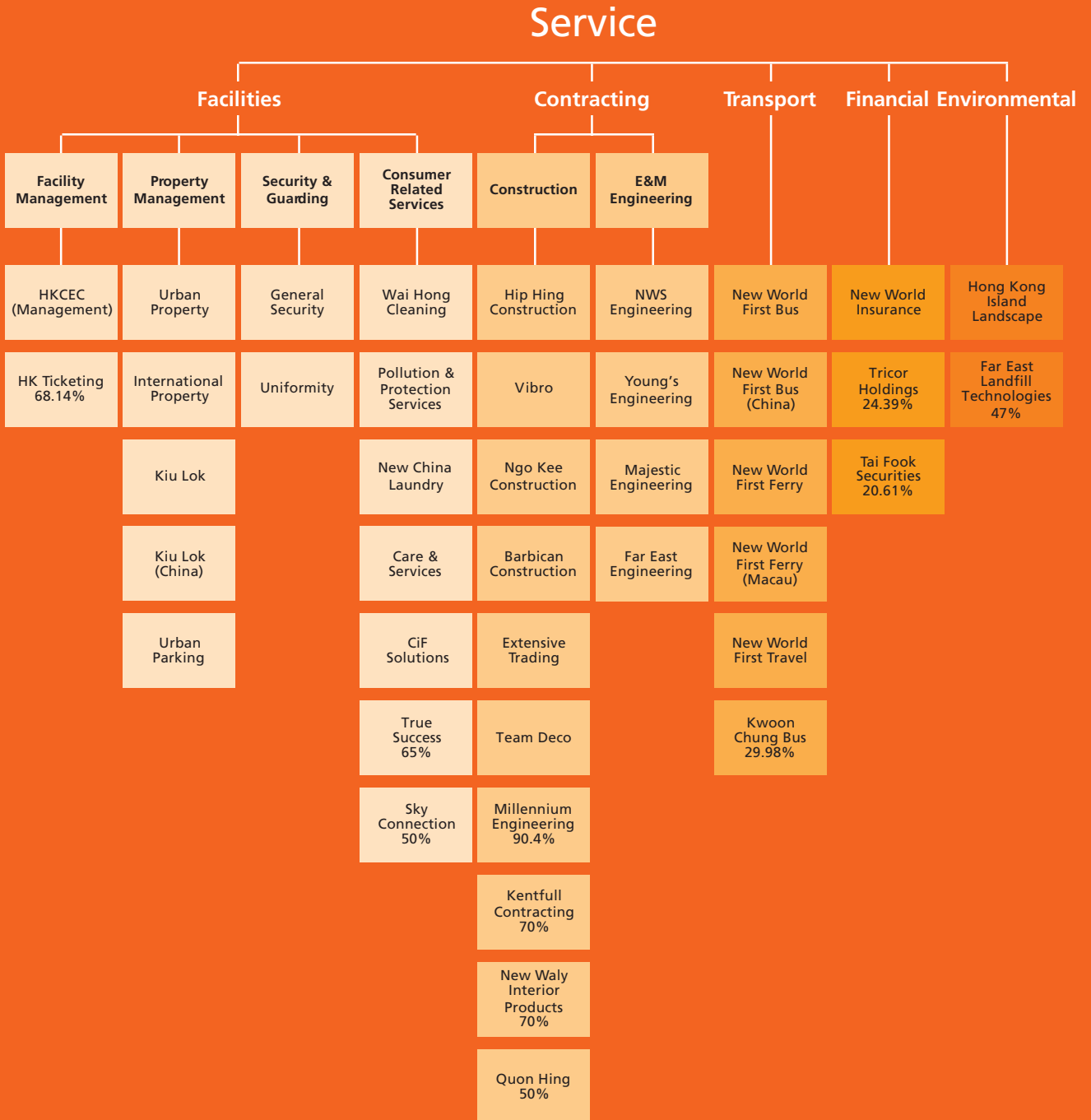
		Year ended		Period from	Year ended
	30.6.2003	30.6.2002	30.6.2001	1.1.1999 to 30.6.2000	31.12.1998
Earnings per ordinary shares – Basic (HK\$)	1.39	0.05*	0.69*	0.26*	(2.93)*
Earnings per ordinary shares – Diluted (HK\$)	N/A	N/A	0.53*	0.26*	N/A
Key ratios					
Gearing ratio	62%	–	–	–	–
Return on shareholders' funds	14%	4%	8%	2%	(26%)
Return on capital employed	6%	4%	7%	2%	(22%)
Profit and loss account data (HK\$'m)					
Turnover	5,770.0	125.1	135.9	149.7	81.4
Turnover by activities					
Facilities	717.6	–	–	–	–
Contracting	4,158.2	–	–	–	–
Transport	603.3	–	–	–	–
Financial, Environmental and others	94.3	–	–	–	–
Roads and bridges	182.6	–	–	–	–
Energy, water treatment and waste management	1.2	–	–	–	–
Container handling, logistics and warehousing	12.8	125.1	135.9	149.7	81.4
Turnover by region					
Hong Kong	4,362.2	–	–	–	–
Mainland China	1,405.8	125.1	135.9	149.7	81.4
Others	2.0	–	–	–	–
Profit / (loss) attributable to shareholders	1,213.4	143.9	276.1	65.8	(240.1)
Attributable operating profit / (loss) by activities					
Facilities	73.3	–	–	–	–
Contracting	154.4	–	–	–	–
Transport	(25.1)	–	–	–	–
Financial, Environmental and others	33.8	–	–	–	–
Roads and bridges	124.3	–	–	–	–
Energy, water treatment and waste management	200.6	–	–	–	–
Container handling, logistics and warehousing	403.6	360.8	319.3	101.2	(48.8)

* Earnings per ordinary share were restated to reflect the share consolidation as set out in Note 25(c).

		Year ended		Period from	Year ended
	30.6.2003	30.6.2002	30.6.2001	1.1.1999 to 30.6.2000	31.12.1998
Profit and loss account data (Continued)					
(HK\$'m)					
Attributable operating profit / (loss)					
by region					
Hong Kong	613.1	338.5	305.5	108.9	–
Mainland China	350.1	22.3	13.8	(7.6)	(48.8)
Others	1.7	–	–	–	–
Head office and non-recurrent items					
Impairment loss on fixed assets	(74.8)	(119.5)	–	–	–
Profit on disposal of a subsidiary	27.1	21.7	–	–	–
Loss on disposal of a subsidiary and partial disposal of jointly controlled entities	–	(90.0)	–	–	–
Recognition of one-off negative goodwill	474.0	–	–	–	–
Amortization of net negative goodwill	72.0	–	–	–	–
Fair value adjustments arising from the Reorganization	(20.9)	–	–	–	–
Shareholders' loan interest expenses	–	–	–	–	(9.1)
Other interest income	6.5	4.3	4.8	8.4	22.8
Other finance costs	(131.5)	–	–	–	–
Interest expense capitalized	–	–	–	–	4.5
Expenses arising from the Reorganization	(24.0)	–	–	–	–
Other overheads	(79.9)	(27.6)	(45.1)	(37.9)	(39.7)
Special provisions	–	(5.8)	(2.9)	(6.0)	(169.8)
Balance sheet data					
(HK\$'m)					
Total assets	27,408.5	3,817.1	3,942.9	3,797.3	1,281.4
Total liabilities and minority interests	18,850.6	99.7	464.2	460.9	354.2
Bank loans	9,378.2	–	–	–	–
Other loans	62.9	–	1.6	11.7	33.2
Shareholders' funds	8,557.9	3,717.4	3,478.7	3,336.5	927.2

→ Project Key Facts and Figures

Service Management



Facilities

Facility Management

Hong Kong Convention and Exhibition Centre (Management) Limited		Hong Kong Ticketing Limited	
Services Offered	Provision of venues for regional and international exhibitions, conventions, meetings, entertainment and special events; catering, ticketing, etc.	Services Offered	Ticketing service for events
Gross Rentable Space	64,000 sq.m.	No. of Tickets Sold Last Year	275,057
No. of Events Held This Year	1,939	Distribution Points	Internet, Call Centre, 15 Tom Lee Music Stores, 4 Venue Box Offices
Total No. of Events Held since Opening	28,587 (House events and banquets in Bauhinia Room not included)		
No. of Attendants This Year	3,661,958		

Property Management

Urban Property Management Limited		Kiu Lok Service Management Company Limited	
Services Offered	Property asset and facility management	Services Offered	Asset and facility management, agency and marketing, market research and promotion
No. of Projects Managed	300	Gross Floor Area Managed	720,000 sq.m.
No. of Households Managed	180,000 units	Major Projects	New World Centre, Shuk Tak Centre, Convention Plaza, The Amazon, etc.
Gross Floor Area Managed	180 million sq.ft.		
Major Projects	City One Shatin, Grand Millennium Plaza, Grenville House, Riviera Gardens and Riviera Plaza, Park Lane Shoppers' Boulevard, etc		
Kiu Lok Property Services (China) Limited		Urban Parking Limited	
Services Offered	Asset and facility management, agency and marketing, market research and promotion	Services Offered	Car park operation and management
Gross Floor Area Managed	1.7 million sq.m.	No. of Parking Spaces	25,000
Major Projects	Beijing New World Centre, Chateau Regalia Beijing, Guangzhou Golden Lake Garden, Sun Shine 100 (Beijing), Guangzhou Shun Tak Business Centre, etc.	Major Projects	Hong Kong International Airport, Hong Kong Convention and Exhibition Centre, Princess Margaret Hospital, Golden Era Plaza, 39 public housing estates of Hong Kong Housing Authority, etc.

Security & Guarding

General Security (H.K.) Limited		Uniformity Security Company Limited	
Services Offered	Security and guarding services; armed & armoured transportation; special events security management; supply, installation and maintenance of security systems	Services Offered	Security and guarding services; gurkha guard services; special events security management; design, installation and maintenance of security systems
Security Force	1,500	Security Force	1,000
No. of Guarding Locations	96	No. of Guarding Locations	92
Major Clients	Hong Kong Jockey Club, Regal Hotels International, City One Shatin, Hong Kong Convention and Exhibition Centre, etc.	Major Clients	MTR Corporation Ltd, Government Secretariat, Sino Estates Management Ltd, etc.

Consumer Related Services

Wai Hong Cleaning & Pest Control Company Limited		Pollution & Protection Services Limited	
Services Offered	Cleaning management, pest control, part-time domestic maid service, waste collection, disposal and recycling, etc.	Service Offered	Cleaning management, service apartment maid service, marble and granite protection and restoration, curtain wall cleaning, carpet / fabric protection treatment, etc.
Major Clients	MTR Corporation Ltd, Hong Kong University of Science and Technology, Hang Seng Bank, Standard Chartered Bank, etc.	Major Clients	Airport Authority Hong Kong, CLP Power Ltd, Legislative Council, The American Club Hong Kong, etc.

→ Project Key Facts and Figures — Service Management

New China Laundry Limited		CiF Solutions Limited	
Service Offered	Laundry service to hotels, restaurants, clubhouses and retail clients	Services Offered	Packaged IT applications, enterprise solutions and professional IT consultancy services
Major Clients	Grand Hyatt Hong Kong, New World Renaissance Hotel, Renaissance Harbour View Hotel, The Excelsior Hotel, Hong Kong Jockey Club, Leisure and Culture Services Department, etc.	Major Clients	ATICO International (HK) Ltd, British American Tobacco, Credit Suisse, Dah Chong Hong Ltd, SGS Hong Kong Ltd, etc.
Care & Services Company Limited		Sky Connection Limited	
Service Offered	Residential care for the elderly	Service Offered	Retail of duty free liquor and tobacco
No. of Elderly under Care	256	Locations of Shops	Hong Kong International Airport, Hong Kong-Macau Ferry Terminal and China Ferry Terminal
Total Number of Beds	341		

Contracting

Construction

Hip Hing Construction Company Limited		Vibro (HK) Limited	
Service Offered	Construction engineering service	Service Offered	Civil engineering works, design & construction of foundation, site investigation
Total Contract Sum This Year	HK\$6,844 million	Total Contract Sum This Year	HK\$546 million
Contract on Hand	HK\$14,403 million (remaining work: HK\$7,398 million)	Contract on Hand	HK\$1,091 million (remaining work: HK\$542 million)
Major Projects	Chi Lin Nunnery, Hammer Hill Road Park, HK Disneyland Resort Project (Main Street, site infrastructure and back-of-house facilities), Cybercentre, The Harbourside, Sorrento, etc.	Major Projects	URAs Hanoi Road; Shatin New Town Stage II, Road T3 (Piling Works); URAs Wanchai Road / Tai Yuen Street Site A; King's Park KIL 11118; Tseung Kwan O Area 55B, etc.
Ngo Kee Construction Company Limited		Barbican Construction Company, Limited	
Service Offered	Construction engineering service	Service Offered	Civil engineering and slope stabilizing works
Total Contract Sum This Year	HK\$210 million	Total Contract Sum This Year	HK\$198 million
Contract on Hand	HK\$384 million (remaining work: HK\$144 million)	Contract on Hand	HK\$1,888 million (remaining work: HK\$1,520 million)
Major Projects	Proposed residential development at 217-223 Prince Edward Road West, Kowloon, KIL 11143; proposed service apartment development at 157 Prince Edward Road West; Renovation to Braemar Hill Mansions, etc.	Major Projects	Shatin New Town Stage II Road T3 and associated roadworks; West Kowloon Reclamation - remaining roadworks Stage 3 - Phase 1; Sai Sha Road widening between Kam Ying Road and future trunk road T7 Junction; Shatin New Town - Stage II, Road D15 linking Lok Shun Path and Tai Po Road - road and drainage works, etc.
Extensive Trading Company Limited		Team Deco International Limited	
Service Offered	Sales and supply of building material products, mechanical equipments, building automation system, IAQ control products, environmental products and systems; environmental consultancy and assessment work, etc.	Service Offered	Interior design service
No. of Retail Shops	8	Major Projects	The Park Lane Hotel Hong Kong, Resident Club House Discovery Bay, NTS Regional Police Headquarter, Shenyang Kempinski Hotel, Beijing Kempinski Service Apartment Units, etc.
New Waly Interior Products Limited		Kentfull Contracting Limited	
Service Offered	Trading of interior products	Service Offered	Fitting out works
Types of Products	Imported wallcovering, designed carpet, interior lighting fixture, engineered wood flooring, fabrics, furniture, kitchen cabinet, reconstitute marble, etc.	Total Contract Sum This Year	HK\$100 million
		Contract on Hand	HK\$79 million
		Major Projects	Renovation works to 11/F & 12/F Grand Hyatt Hong Kong, Braemar Hill Mansions lift lobbies 15-43 Braemar Hill Road, Guangzhou New World Oriental Garden, etc.

Contracting

E&M Engineering

NWS Engineering Limited

Major Operating Companies	Young's Engineering Company Limited, Majestic Engineering Company Limited and Far East Engineering Services Limited
Services Offered	Mechanical and electrical engineering services
Total Contract Sum This Year	HK\$2,400 million
Contract on Hand	HK\$5,300 million (remaining work: HK\$2,600 million)
Major Projects	AIG Tower, KCRC West Rail Nam Cheong Station, Lok Ma Chau Terminus, Police Headquarter Phase III, Shanghai Raffles Square, Dalian Tin An Building, etc.

Transport

New World First Bus Services Limited

Services Offered	Franchised bus service in Hong Kong
Fleet Size	769 buses
No. of Routes	100
Daily Patronage	505,075
Average Fleet Age	4.5 years

New World First Bus Services (China) Limited

Services Offered	Public bus service in Mainland China (JV "Kunming New World First Bus Services Limited" will commence operation in early 2004)
Fleet Size	663 buses
No. of Routes	39

New World First Ferry Services Limited

Services Offered	Passenger ferry service in Hong Kong waters
Fleet Size	25 vessels
No. of Routes	10
Daily Patronage	39,135

New World First Ferry Services (Macau) Limited

Services Offered	Passenger ferry service between Macau and Tsim Sha Tsui, Hong Kong
Fleet Size	8 vessels
Daily Patronage	4,566

New World First Travel Services Limited

Services Offered	Provision of travel service and travel-related products to travellers, including harbour cruises, cruise parties or seminars, overseas study tours, open-top bus chartering and other travel insurance service
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Financial

New World Insurance Management Limited

Service Offered	Risk and insurance management consultancy services
Annual Premium Handled	HK\$415 million
Major Clients	Asia Television Ltd, Credit Agricole Indosuez Group, GlaxoSmithKline Ltd, Linfox Holdings Hong Kong Ltd, etc.

Environmental

Hong Kong Island Landscape Company Limited

Services Offered	Sale and hiring of plant products; design, building and maintenance of soft landscape work
Total Area of Nurseries	2.2 million sq.ft.
Major Clients	Hotel Inter-Continental, The Peninsula, Grand Hyatt Hong Kong, Hong Kong Academy of Performing Arts, The Dynasty Club, etc.

Infrastructure Management



Roads



Guangdong Road Network

- Roads
- Expressway
- Grade 1 Highway
- Grade 2 Highway

Southern Guangdong

	1. Guangzhou City Northern Ring Road	2. Beijing – Zhuhai Expressway (Guangzhou – Zhuhai Section)	
NWSH's Attributable Interest	65.29%	25%	
Form of Investment	CJV	CJV	
Length	22km	Section I: 8.6km Section II: 53.8km	
Lanes	Dual 3-Lane	Section I: Dual 3-Lane Section II: Dual 3-Lane / Dual 2-Lane	
Location	Guangzhou City	Guangdong Province	
Operation Date	January 1994	Section I: May 1997 Section II: December 1999	
Expiry Date	2023	2030	
Current Toll Rates	Rmb2 – Rmb75	Section I: Rmb2.84 – Rmb17.62 Section II: Rmb5 – Rmb180	
Ave. Daily Traffic Flow	2003 2002 2001 117,217 120,556 130,747	2003 2002 2001 Section I: 31,513 27,731 24,912 Section II: 29,039 24,926 20,079	

Western Guangdong

	3. Roadway No. 321 (Fengkai Section)	4. Roadway No. 321 (Deqing Section)	5. Roadway No. 321 (Gaoyao Section)
NWSH's Attributable Interest	45%	45%	55%
Form of Investment	CJV	CJV	CJV
Length	42km	79km	23.8km
Lanes	Dual 2-Lane	Dual 2-Lane	Dual 2-Lane
Location	Fengkai County	Deqing County	Gaoyao City
Operation Date	December 1994	September 1995	August 1998
Expiry Date	2019	2020	2019
Current Toll Rates	Rmb2 – Rmb60	Rmb3 – Rmb70	Rmb2 – Rmb30
Ave. Daily Traffic Flow	2003 2002 2001 4,899 5,346 5,135	2003 2002 2001 5,907 6,342 6,023	2003 2002 2001 8,506 9,332 8,954
	6. Roadway No. 1962 (Gaoyao Section)	7. Roadway No. 1958 (Deqing Section)	8. Roadway No. 324 (Gaoyao Section)
NWSH's Attributable Interest	60%	65%	40%
Form of Investment	CJV	CJV	CJV
Length	32.4km	30km	24km
Lanes	Dual 1-Lane	Dual 1-Lane	Dual 2-Lane
Location	Gaoyao City	Deqing County	Gaoyao City
Operation Date	August 1998	May 1999	February 1994
Expiry Date	2026	2023	2015
Current Toll Rates	Rmb2 – Rmb25	Rmb2 – Rmb25	Rmb2 – Rmb30
Ave. Daily Traffic Flow	2003 2002 2001 2,258 2,398 2,387	2003 2002 2001 569 541 639	2003 2002 2001 9,644 9,079 8,779

→ Project Key Facts and Figures – Infrastructure Management

Western Guangdong

	9. Roadway No. 1969 (Gaoyao Section)	10. Roadway No. 1964 (Zhaojiang Section)	11. Shuangjin Roadway (Gaoyao Section)
NWSH's Attributable Interest	10% / 58%	70%	61%
Form of Investment	CJV	CJV	CJV
Length	27km	32km	34km
Lanes	Dual 1-Lane	Dual 2-Lane	Dual 1-Lane
Location	Gaoyao City	Gaoyao City	Gaoyao City
Operation Date	January 1998	December 1995	September 1997
Expiry Date	2024	2019	2024
Current Toll Rates	Rmb2 – Rmb25	Rmb2 – Rmb30	Rmb2 – Rmb20
	2003 2002 2001	2003 2002 2001	2003 2002 2001
Ave. Daily Traffic Flow	2,303 2,462 2,452	6,519 6,424 6,185	413 867 1,552



Northern Guangdong

	12. Roadway No. 1959 (Qingxin Section)	13. Roadway No. 1906 (Qingcheng Section)	14. Roadway No. 1960 (Guangning Section)
NWSH's Attributable Interest	75%	80%	55%
Form of Investment	CJV	CJV	CJV
Length	26.6km	26.8km	60km
Lanes	Dual 2-Lane	Dual 2-Lane	Dual 1-Lane
Location	Qingxin County, Qingyuan City	Qingcheng District, Qingyuan City	Guangning County
Operation Date	November 1998	September 2001	July 1996
Expiry Date	2027	2028	2020
Current Toll Rates	Rmb2 – Rmb25	Rmb2 – Rmb20	Rmb2 – Rmb60
	2003 2002 2001	2003 2002 2001	2003 2002 2001
Ave. Daily Traffic Flow	3,592 3,928 3,879	3,569 2,909 N/A	4,717 4,607 4,404










	15. Roadway No. 1960 (Sihui Section)	16. Roadway No. 1962 (Guangning Section)
NWSH's Attributable Interest	50%	55%
Form of Investment	CJV	CJV
Length	47km	19.5km (including a 301-metre bridge)
Lanes	Dual 2-Lane	Dual 1-Lane
Location	Sihui City	Guangning County
Operation Date	Wumagang Bridge Toll Station: January 1996 Shatou Toll Station: June 1996	April 1998
Expiry Date	2021	2023
Current Toll Rates	Rmb2 – Rmb60	Rmb2 – Rmb25
	2003 2002 2001	2003 2002 2001
Ave. Daily Traffic Flow	5,800 5,966 5,655	795 807 765

Eastern Guangdong

	17a. Shenzhen-Huizhou Expressway (Huizhou Section)	17b. Shenzhen-Huizhou Roadway (Huizhou Section)	18. Hui-Ao Roadway a. Hui-Dan Section b. Hui-Ao Section
NWSH's Attributable Interest	33.33%	50%	50%
Form of Investment	CJV	CJV	CJV
Length	34.7km	21.8km	Hui-Dan Section: 36km Hui-Ao Section: 50.5km
Lanes	Dual 2-Lane	Dual 2-Lane	Hui-Dan Section: Dual 1-Lane Hui-Ao Section: Dual 2-Lane
Location	Huizhou City	Huizhou City	Huizhou City
Operation Date	June 1993	December 1997	Hui-Dan Section: January 1996 Hui-Ao Section: October 2000
Expiry Date	2027	2023	2028
Current Toll Rates	Rmb15 – Rmb85	Rmb1 – Rmb25	Rmb2 – Rmb25
	2003 2002 2001	2003 2002 2001	2003 2002 2001
Ave. Daily Traffic Flow	11,375 7,314 6,312	11,529 11,979 11,383	7,462 5,930 4,062

 <p>Guangxi Road Network</p> <p>Roads</p> <ul style="list-style-type: none"> Grade 1 Highway Grade 2 Highway 	<p>19. Beiliu City Roadways</p> <p>NWSH's Attributable Interest Form of Investment Length</p> <p>Lanes</p> <p>Location</p> <p>Operation Date</p> <p>Expiry Date</p> <p>Current Toll Rates</p> <p>Ave. Daily Traffic Flow</p>	<p>60% CJV</p> <p>Phase I: 18.2km Phase II: 21.6km</p> <p>Dual 1 to 2-Lane</p> <p>Beiliu City</p> <p>Phase I: August 1997 Phase II: May 1998</p> <p>2022</p> <p>Rmb1 – Rmb25</p> <table border="1"> <tr> <td>2003</td> <td>2002</td> <td>2001</td> </tr> <tr> <td>4,501</td> <td>4,590</td> <td>5,552</td> </tr> </table>	2003	2002	2001	4,501	4,590	5,552													
2003	2002	2001																			
4,501	4,590	5,552																			
<p>NWSH's Attributable Interest Form of Investment Length</p> <p>Lanes</p> <p>Location</p> <p>Operation Date</p> <p>Expiry Date</p> <p>Current Toll Rates</p> <p>Ave. Daily Traffic Flow</p>	<p>20. Rongxian Roadways</p> <p>70% CJV</p> <p>Phase I: 9.2km Phase II: 16.8km</p> <p>Dual 1 to 2-Lane</p> <p>Rongxian</p> <p>Phase I: October 1997 Phase II: May 1998</p> <p>2022</p> <p>Rmb1 – Rmb25</p> <table border="1"> <tr> <td>2003</td> <td>2002</td> <td>2001</td> </tr> <tr> <td>4,521</td> <td>4,289</td> <td>4,430</td> </tr> </table>	2003	2002	2001	4,521	4,289	4,430	<p>21. Yulin – Shinan Roadway</p> <p>60% CJV</p> <p>27.8km</p> <p>Dual 2-Lane</p> <p>Yulin City</p> <p>May 1998</p> <p>2022</p> <p>Rmb1 – Rmb25</p> <table border="1"> <tr> <td>2003</td> <td>2002</td> <td>2001</td> </tr> <tr> <td>5,753</td> <td>4,937</td> <td>4,638</td> </tr> </table>	2003	2002	2001	5,753	4,937	4,638	<p>22. Yulin Shinan – Dajiangkou Roadway</p> <p>60% CJV</p> <p>Phase I: 8.7km Phase II: 30km</p> <p>Dual 1 to 2-Lane</p> <p>Yulin City</p> <p>Phase I: August 1997 Phase II: January 1999</p> <p>2022</p> <p>Rmb1 – Rmb25</p> <table border="1"> <tr> <td>2003</td> <td>2002</td> <td>2001</td> </tr> <tr> <td>2,941</td> <td>2,721</td> <td>2,415</td> </tr> </table>	2003	2002	2001	2,941	2,721	2,415
2003	2002	2001																			
4,521	4,289	4,430																			
2003	2002	2001																			
5,753	4,937	4,638																			
2003	2002	2001																			
2,941	2,721	2,415																			
<p>NWSH's Attributable Interest Form of Investment Length</p> <p>Lanes</p> <p>Location</p> <p>Operation Date</p> <p>Expiry Date</p> <p>Current Toll Rates</p> <p>Ave. Daily Traffic Flow</p>	<p>23. Yulin Shinan – Guigang Roadway</p> <p>60% CJV</p> <p>20km</p> <p>Dual 2-Lane</p> <p>Yulin City</p> <p>N/A</p> <p>2022</p> <p>N/A</p> <p>N/A</p>	<p>24. Roadway No. 321 (Wuzhou Section)</p> <p>45% CJV</p> <p>Phase I: 8.7km Phase II: 4.3km</p> <p>Dual 2-Lane</p> <p>Wuzhou City</p> <p>Phase I: March 1997 Phase II: December 1998</p> <p>2022</p> <p>Rmb2 – Rmb30</p> <table border="1"> <tr> <td>2003</td> <td>2002</td> <td>2001</td> </tr> <tr> <td>4,994</td> <td>5,558</td> <td>5,377</td> </tr> </table>	2003	2002	2001	4,994	5,558	5,377	<p>25. Cangwu County Roadway</p> <p>70% CJV</p> <p>10.1km</p> <p>Dual 2 to 3-Lane</p> <p>Cangwu County</p> <p>January 1999</p> <p>2022</p> <p>Rmb1 – Rmb22</p> <table border="1"> <tr> <td>2003</td> <td>2002</td> <td>2001</td> </tr> <tr> <td>4,503</td> <td>5,055</td> <td>4,990</td> </tr> </table>	2003	2002	2001	4,503	5,055	4,990						
2003	2002	2001																			
4,994	5,558	5,377																			
2003	2002	2001																			
4,503	5,055	4,990																			
 <p>Shanxi Road Network</p> <p>Roads</p> <ul style="list-style-type: none"> Grade 1 Highway Grade 2 Highway 	<p>26. Shanxi Taiyuan – Gujiao Roadway (Taiyuan Section)</p> <p>NWSH's Attributable Interest Form of Investment Length</p> <p>Lanes</p> <p>Location</p> <p>Operation Date</p> <p>Expiry Date</p> <p>Current Toll Rates</p> <p>Ave. Daily Traffic Flow</p>	<p>60% / 90% CJV</p> <p>23.18km</p> <p>Dual 1-Lane</p> <p>Taiyuan City</p> <p>July 2000</p> <p>2025</p> <p>Rmb10 – Rmb60 (effective from 5 August 2002)</p> <table border="1"> <tr> <td>2003</td> <td>2002</td> <td>2001</td> </tr> <tr> <td>430</td> <td>630</td> <td>670</td> </tr> </table>	2003	2002	2001	430	630	670													
2003	2002	2001																			
430	630	670																			

→ Project Key Facts and Figures — Infrastructure Management

	27. Shanxi Taiyuan – Gujiao Roadway (Gujiao Section)	28. Roadway No. 309 (Changzhi Section)	29. Taiyuan – Changzhi Roadway (Changzhi Section)	
NWSH's Attributable Interest Form of Investment Length Lanes Location Operation Date Expiry Date Current Toll Rates Ave. Daily Traffic Flow	60% / 90% CJV 36.02km Dual 1-Lane Gujiao City April 1999 2025 Rmb10 – Rmb60 (effective from 5 August 2002) 2003 2002 2001 1,019 955 973	60% / 90% CJV 22.2km Dual 1-Lane (16.75km) Dual 2-Lane (5.45km) Changzhi City July 2000 2023 Rmb10 – Rmb60 (effective from 5 August 2002) 2003 2002 2001 1,161 1,087 1,305	60% / 90% CJV 18.3km Dual 1-Lane (4.05km) Dual 2-Lane (14.25km) Changzhi City August 2000 2023 Rmb10 – Rmb70 (effective from 5 August 2002) 2003 2002 2001 2,749 3,682 2,280	
 <p>Wuhan City Road Project</p> <p>Legend:  Roads  Expressway</p>			30. Wuhan Airport Expressway NWSH's Attributable Interest Form of Investment Length Lanes Location Operation Date Expiry Date Current Toll Rates Ave. Daily Traffic Flow	40% CJV 18km Dual 2-Lane Wuhan City April 1995 2025 Rmb5 – Rmb50 2003 2002 2001 6,974 6,647 5,700
 <p>Tianjin Municipality Road Project</p> <p>Legend:  Roads  Expressway</p>			31. Tangjin Expressway (Tianjin North Section) NWSH's Attributable Interest Form of Investment Length Lanes Location Operation Date Expiry Date Current Toll Rates Ave. Daily Traffic Flow	90% distributable cash for the first 15 years; 60% of distributable cash for the last 15 years CJV Section I: 43.4km Section II: 17km Dual 2 to 3-Lane Tianjin Municipality Section I: January 1999 Section II: January 2001 Section I: 2028 Section II: 2030 Rmb5 – Rmb110 2003 2002 2001 13,313 10,615 9,235
 <p>Hong Kong Road Project</p> <p>Legend:  Roads  Expressway</p>			32. Tate's Cairn Tunnel NWSH's Attributable Interest Form of Investment Length Lanes Location Operation Date Expiry Date Current Toll Rates Ave. Daily Traffic Flow	29.5% Equity 4km Dual 2-Lane Hong Kong June 1991 2018 HK\$10 – HK\$20 2003 2002 2001 61,456 63,519 63,992

Bridges

	<h2>Guangdong Bridge Projects</h2> <ul style="list-style-type: none"> Bridges Grade 1 Highway Grade 2 Highway 		<h3>1. Gaoming Bridge</h3> <p>NWSH's Attributable Interest: 30% / 80%</p> <p>Form of Investment: CJV</p> <p>Length: 1.1km</p> <p>Lanes: Dual 1-Lane</p> <p>Location: Gaoming District, Foshan City</p> <p>Operation Date: November 1996</p> <p>Expiry Date: 2021</p> <p>Current Toll Rates: N/A</p> <table border="1"> <tr> <td>2003</td> <td>2002</td> <td>2001</td> </tr> <tr> <td>16,227</td> <td>15,816</td> <td>14,977</td> </tr> </table> <p>Ave. Daily Traffic Flow</p>	2003	2002	2001	16,227	15,816	14,977
2003	2002	2001							
16,227	15,816	14,977							
<p>NWSH's Attributable Interest</p> <p>Form of Investment</p> <p>Length</p> <p>Lanes</p> <p>Location</p> <p>Operation Date</p> <p>Expiry Date</p> <p>Current Toll Rates</p> <p>Ave. Daily Traffic Flow</p>	<h3>2. Zhaoqing Deqing Xijiang Bridge</h3> <p>60%</p> <p>CJV</p> <p>1.4km</p> <p>Dual 1-Lane</p> <p>Deqing County</p> <p>May 1999</p> <p>2022</p> <p>Rmb2 – Rmb25</p> <table border="1"> <tr> <td>2003</td> <td>2002</td> <td>2001</td> </tr> <tr> <td>1,864</td> <td>1,928</td> <td>1,652</td> </tr> </table>	2003	2002	2001	1,864	1,928	1,652		
2003	2002	2001							
1,864	1,928	1,652							
	<h2>Wuhan City Bridge Project</h2> <ul style="list-style-type: none"> Bridges Expressway 		<h3>3. Wuhan Bridge Development</h3> <p>NWSH's Attributable Interest: 48.86%</p> <p>Form of Investment: JSC</p> <p>Length: 4km</p> <p>Lanes: Dual 2 to 3-Lane</p> <p>Location: Wuhan City</p> <p>Operation Date: Yangtze River Bridge No. 2: June 1995; Han River Bridge No. 1: January 1956; Han River Bridge No. 2: April 1978</p> <p>Expiry Date: N/A</p> <p>Current Toll Rates: N/A</p> <p>All three bridges have ceased collecting toll</p> <table border="1"> <tr> <td>2003</td> <td>2002</td> <td>2001</td> </tr> <tr> <td>58,800</td> <td>45,476</td> <td>40,682</td> </tr> </table> <p>Ave. Daily Traffic Flow</p>	2003	2002	2001	58,800	45,476	40,682
2003	2002	2001							
58,800	45,476	40,682							
	<h2>Tianjin Municipality Bridge Project</h2> <ul style="list-style-type: none"> Bridges Expressway 		<h3>4. Tianjin Yonghe Bridge</h3> <p>90%</p> <p>CJV</p> <p>0.5km</p> <p>Dual 1-Lane</p> <p>Tianjin Municipality</p> <p>December 1998</p> <p>2023</p> <p>N/A</p> <p>(ceased collecting toll from 1 June 2003)</p> <table border="1"> <tr> <td>2003</td> <td>2002</td> <td>2001</td> </tr> <tr> <td>4,920</td> <td>4,811</td> <td>5,575</td> </tr> </table> <p>Ave. Daily Traffic Flow</p>	2003	2002	2001	4,920	4,811	5,575
2003	2002	2001							
4,920	4,811	5,575							

→ Project Key Facts and Figures — Infrastructure Management

Energy						
	1. Zhujiang Power Station – Phase I	2. Zhujiang Power Station – Phase II	3. Shunde De Sheng Power Plant			
NWSH's Attributable Interest	50%	25%	60%			
Form of Investment	EJV	EJV	CJV			
Installed Capacity	600MW	600MW	273.5MW			
Location	Nansha Economic Development Zone, Guangzhou City	Nansha Economic Development Zone, Guangzhou City	Shunde District, Foshan City, Guangdong Province			
Type of Power	Coal-Fired Thermal	Coal-Fired Thermal	Oil-Fired Thermal			
Operation Date	January 1994	April 1996	October 1995			
Expiry Date	2017	2020	2017			
	2003	2002	2001	2003	2002	2001
Power Generation (GWh)	3,373	3,537	3,148	3,902	3,183	3,335
				1,329	1,349	1,298
	4. Sichuan Qianwei Dali Power Plant	5. Macau Power				
NWSH's Attributable Interest	60%	19%				
Form of Investment	CJV	Equity				
Installed Capacity	54MW	488MW				
Location	Qianwei County, Leshan City, Sichuan Province	One in Macau and Two in Coloane				
Type of Power	Coal-Fired Thermal	Oil-Fired Thermal				
Operation Date	November 1997	November 1985				
Expiry Date	2022	2010				
	2003	2002	2001	2003	2002	2001
Power Generation (GWh)	300	230	199	1,876	1,831	1,735

Water Treatment & Waste Management

	1. Macao Water Supply Co. Ltd.	2. Lianjiang Water Plant	3. Zhongshan Tanzhou Water Plant
NWSH's Attributable Interest Form of Investment Capacity Location Operation Date Expiry Date	42.5% Equity 255,000m ³ / day Macao 1985 2010	30% Equity 100,000m ³ / day Lianjiang, Guangdong Province N/A 2027	29% Equity 60,000m ³ / day Zhongshan, Guangdong Province January 1994 2027
	4. Zhongshan Dafeng Water Plant	5. Zhongshan Quanlu Water Plant	6. Dongguan Microfiltraton Equipment Plant
NWSH's Attributable Interest Form of Investment Capacity Location Operation Date Expiry Date	33.06% Equity 200,000m ³ / day Zhongshan, Guangdong Province April 1998 2020	33.06% Equity 500,000m ³ / day Zhongshan, Guangdong Province April 1998 2020	25% Equity N/A Dongguan, Guangdong Province September 1995 2014
	7. Nanchang Water Plant	8. Baoding Water Plant	9. Siping Water Plant
NWSH's Attributable Interest Form of Investment Capacity Location Operation Date Expiry Date	25% Equity 50,000m ³ / day Nanchang, Jiangxi Province January 1996 2023	45% Equity 260,000m ³ / day Baoding, Hebei Province June 2000 2020	25% Equity 118,000m ³ / day Siping, Jilin Province September 2000 2030
	10. Zhengzhou Water Plant	11. Xinchang Water Plant	12. Changtu Water Plant
NWSH's Attributable Interest Form of Investment Capacity Location Operation Date Expiry Date	25% Equity 360,000m ³ / day Zhengzhou, Henan Province August 2001 2031	25% Equity 100,000m ³ / day Xinchang, Zhejiang Province March 2002 2032	35% Equity 50,000m ³ / day Tieling, Liaoning Province December 2000 2029
	13. Panjin Water Plant	14. Shanghai Spark Water Plant	15. Shanghai SCIP Waste Water Plant
NWSH's Attributable Interest Form of Investment Capacity Location Operation Date Expiry Date	30% Equity 110,000m ³ / day Panjin, Liaoning Province April 2002 2032	25% Equity 100,000m ³ / day Shanghai January 2002 2031	25% Equity Wastewater: 50,000m ³ / day Industrial water: 200,000m ³ / day Shanghai December 2003 (Estimate) 2052
	16. Qingdao Water Plant	17. Chongqing Water Plant	18. Shanghai SCIP Waste Incineration Plant
NWSH's Attributable Interest Form of Investment Capacity Location Operation Date Expiry Date	25% Equity 543,000m ³ / day Qingdao, Shandong Province August 2002 2027	30% Equity 275,000m ³ / day Chongqing November 2002 2052	10% Equity 50,000-60,000 tons / year (Estimate) Shanghai May 2006 (Estimate) 2053

Ports Management



Ports

1. CSX World Terminals Hong Kong Limited		2. ATL Logistics Centre Hong Kong Limited	
NWSH's Attributable Interest	33.34%	NWSH's Attributable Interest	55.67%
Form of Investment	Equity	Form of Investment	Equity
Handling Capacity	1.2 million TEUs p.a.	Lettable Area	5.9 million sq.ft.
Total Area	167,000 sq.m.	Location	Berth 3, Kwai Chung Container Terminals, Hong Kong
Location	Berth 3, Kwai Chung Container Terminals, Hong Kong	Operation Dates	Phase I: February 1987 Phase II: March 1988 Phase III: February 1992 Phase IV: January 1994 Phase V: November 1994
Operation Date	June 1991	Expiry Date	2047
Expiry Date	2047	2003	2002
Length of Berth	305m	2001	
No. of Cranes	4	Yearly Average	95.4%
		Occupancy Rate	93.6%
		Total CFS (cbm)	92.7%
Throughput Achieved (TEUs)	2003 1,337,000 2002 1,369,000 2001 1,742,000	2003	1,302,000
		2002	1,058,000
		2001	1,040,000
3. CSX Orient (Tianjin) Container Terminals Co., Limited		4. Xiamen Xiang Yu Quay Co., Ltd.	
NWSH's Attributable Interest	24.5%	NWSH's Attributable Interest	50%
Form of Investment	EJV	Form of Investment	EJV
Handling Capacity	1.4 million TEUs p.a.	Handling Capacity	1 million TEUs p.a.
Total Area	468,664 sq.m.	Total Area	488,000 sq.m.
Location	Xingang Dongtuti South Terminal, Tanggu, Tianjin	Location	Huli Industrial Zone, Xiamen, Fujian
Operation Date	January 1999	Operation Date	April 1997
Expiry Date	2027	Expiry Date	2052
Length of Berths	1,136m	Length of Berths	976m
No. of Cranes	8	No. of Cranes	6
		2003	2002
Throughput Achieved (TEUs)	2003 1,027,000 2002 884,000 2001 767,000	2001	
		Throughput Achieved (TEUs)	482,000
		2002	320,000
		2001	210,000
5. United Asia Terminals (Yantian) Limited		6. ATL Logistics Centre Yantian Limited	
NWSH's Attributable Interest	40%	NWSH's Attributable Interest	46%
Form of Investment	Equity	Form of Investment	Equity
Handling Capacity	700,000 cbm p.a.	Handling Capacity	600,000 cbm p.a.
Total Area	11,733 sq.m.	Total Area	25,944 sq.m.
Location	Yantian, Shenzhen	Location	Yantian, Shenzhen
Operation Date	February 1997	Operation Date	January 2002
Expiry Date	2006	Expiry Date	2019
		2003	2002
Total CFS (cbm)	2003 452,000 2002 411,000 2001 296,000	2001	
		Total CFS (cbm)	396,000
		2002	31,847
		2001	N/A
7. Xiamen New World Xiangyu Warehouse & Processing Zone Limited		8. Xiamen Xinyuan Container Terminal Co., Ltd.	
NWSH's Attributable Interest	100%	NWSH's Attributable Interest	70%
Form of Investment	FWOE	Form of Investment	EJV
Total Area	89,448 sq.m.	Handling Capacity	17,400 TEUs p.a.
Location	Huli Industrial Zone, Xiamen, Fujian	Total Area	58,000 sq.m. (Area leased from Xiamen New World Xiangyu Warehouse & Processing Zone Limited, including additional land of 20,000 sq.m. rented since 1 July 2003)
Operation Date	January 1998	Location	Huli Industrial Zone, Xiamen, Fujian
Expiry Date	2045	Operation Date	January 1999
		Expiry Date	2018
Yearly Average	2003 75% 2002 79% 2001 89%	2003	2002
Occupancy Rate		2001	
		Throughput Achieved (TEUs)	13,197
		(Cargo Consolidation)	11,325
		2001	13,752
9. Asia Container Terminals Limited		10. Suzhou Huisu International Container Freight Wharfs Co., Ltd.	
NWSH's Attributable Interest	23.34%	NWSH's Attributable Interest	75%
Form of Investment	Equity	Form of Investment	EJV
Handling Capacity	1.8 million TEUs p.a.	Handling Capacity	40,000 TEUs p.a. and 600,000 tonnes p.a.
Total Area	285,400 sq.m.	Total Area	46,811 sq.m.
Location	Kwai Chung Container Terminal 8 West ("CT8W"), Hong Kong	Location	Wuxian New District, Suzhou, Jiangsu
Operation Dates	CT8W (Berth 1): mid 2004 CT8W (Berth 2): second half 2004	Operation Dates	Trucking operation: January 1998 Terminal operation: 4th quarter 2003
Expiry Date	2047	Expiry Date	2025
Length of Berths	740m	Length of Berth	293m
		No. of Crane	1
		2003	2002
		2001	
		Throughput Achieved (TEUs)	3,312
		(Trucking operation)	2,238
		2001	1,896

→ Corporate Information

Executive Directors

Dr. Cheng Kar Shun, Henry (Chairman)
 Mr. Doo Wai Hoi, William (Deputy Chairman)
 Mr. Chan Kam Ling (Chief Executive Officer)
 Mr. Wong Kwok Kin, Andrew
 Mr. Lam Wai Hon, Patrick
 Mr. Cheung Chin Cheung

Non-executive Directors

Mr. Wilfried Ernst Kaffenberger
 Mr. To Hin Tsun, Gerald
 Mr. Yeung Kun Wah, David
 (Alternate Director to Mr. Wilfried Ernst Kaffenberger)

Independent Non-executive Directors

Mr. Kwong Che Keung, Gordon
 Mr. Cheng Wai Chee, Christopher
 Mr. Dominic Lai

Company Secretary

Mr. Lam Wai Hon, Patrick

Head Office and Principal Place of Business

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 Hong Kong
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 Fax : (852) 2131 0611

Registered Office

Clarendon House
 2 Church Street
 Hamilton HM 11
 Bermuda

Auditors

PricewaterhouseCoopers
 Certified Public Accountants
 22/F., Prince's Building
 Central
 Hong Kong

Principal Share Registrars and Transfer Office

Butterfield Fund Services (Bermuda) Limited
 Rosebank Centre
 11 Bermudiana Road
 Pembroke
 Bermuda

Branch Share Registrars and Transfer Office in Hong Kong

Standard Registrars Limited
 G/F., Bank of East Asia Harbour View Centre
 56 Gloucester Road
 Wanchai
 Hong Kong

Principal Bankers

Bank of China (Hong Kong) Limited
 Crédit Lyonnais
 DBS Bank Ltd., Hong Kong Branch
 The Hongkong and Shanghai Banking Corporation Limited
 Industrial and Commercial Bank of China (Asia) Limited
 Sumitomo Mitsui Banking Corporation
 Hang Seng Bank Limited
 CITIC Ka Wah Bank Limited

Share Listings

The Company's ordinary shares are listed on
 The Stock Exchange of Hong Kong Limited

Stock Code

Hong Kong Stock Exchange 659