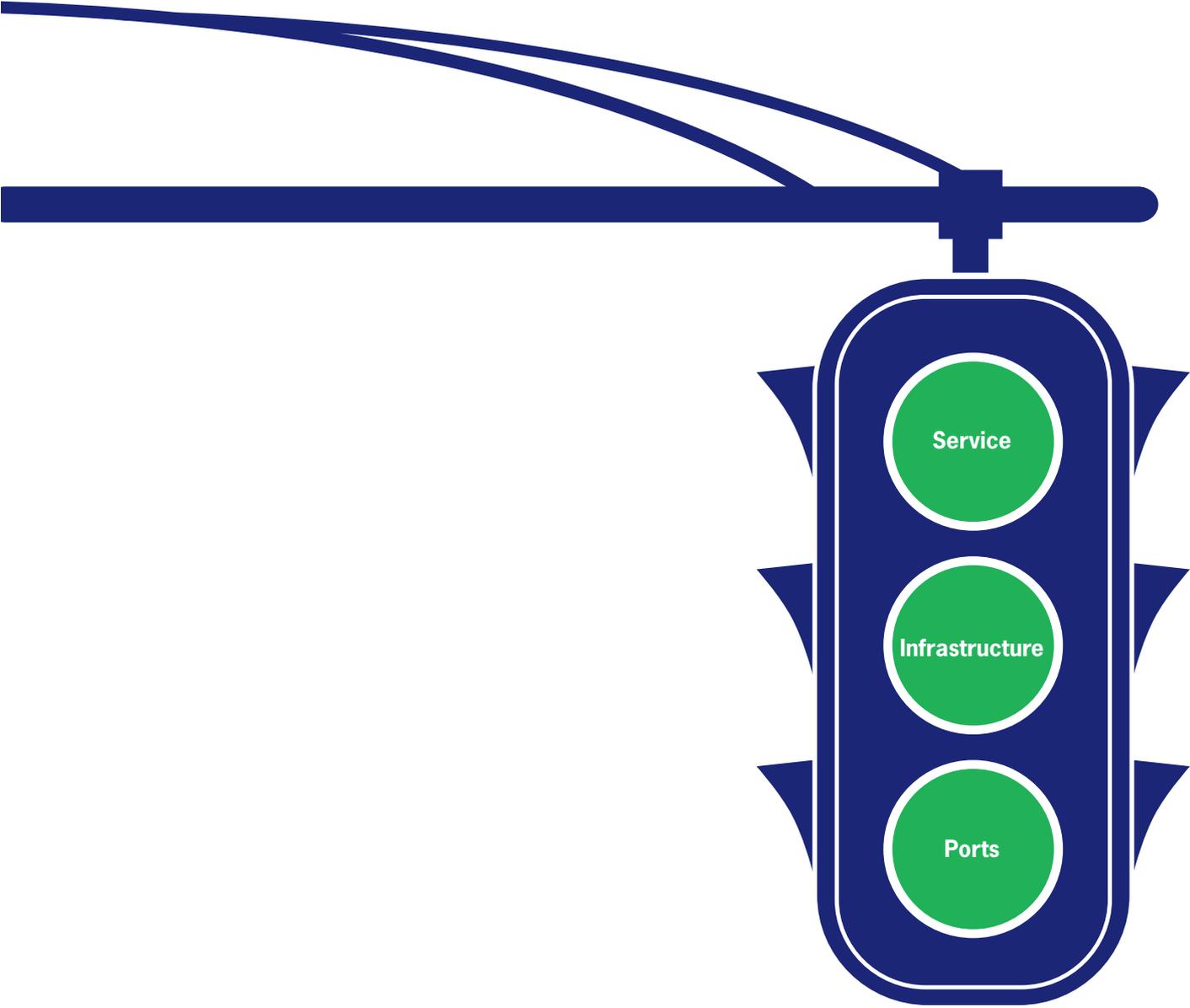
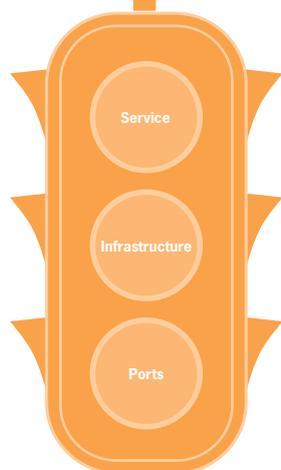


NWS Holdings Limited



Driving Forward Seeking Excellence

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# CHAIRMAN'S STATEMENT

Fellow Shareholders,

I am pleased to announce that NWS Holdings Limited ("NWS Holdings" or the "Company", together with its subsidiary companies, the "Group") continued to record sound financial results in the first half of the financial year ending 30 June 2005. Once again, the diversified and balanced portfolio of the Group proved to be a strong and effective shield. Net profit for the six months ended 31 December 2004 was HK\$881.6 million, representing a growth of 8% over the same period in the previous year.

## A Respectable First Half

Along with economic recovery in Hong Kong, the Facilities and Transport segments of our service business units continued to regain lost ground. In particular, the Hong Kong Convention and Exhibition Centre ("HKCEC") achieved excellent result with the second highest attendance in its history. Its world standard service has once again paid off. HKCEC has just been awarded as Asia's Leading Conference Centre for the third consecutive year. The enhanced synergetic effect following the reorganization of our transport businesses has brought respectable results. Both of our bus companies now enjoy benefits from management alignment, resource integration as well as strengthened service competitiveness.

The Group's "utilities-plus" ambition continued to materialize as the Infrastructure portfolio achieved excellent results in the reporting period. The robust economic growth in the Pearl River Delta region was remarkably beneficial to the Group's Energy and Roads and Bridges portfolio. To capitalize on the stable economic growth in Mainland China, particularly the Pearl River Delta region, and to ensure sustainable returns in the future, we entered into agreements to acquire stakes in three road projects, including Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Northern Section), Guangzhou-Zhaoqing Expressway and the Pearl River

Delta Ring Road (South-Western Section). The Water Treatment and Waste Management segment attained satisfactory results as our new investments in Mainland China started to contribute. Reviewing the last period's performance, the Energy segment experienced handsome growth resulting from the surging electricity sales of Zhujiang Power Phase I and II ("Zhujiang Power").

On the Ports business, the Group entered into agreements in February 2005 to dispose of its interests in Container Terminal No. 8 West ("CT8W") and Container Terminal No. 3 ("CT3") in Hong Kong for a total consideration of HK\$3 billion. A gain of approximately HK\$1.8 billion is expected to derive from the disposals. On the other hand, our Xiamen and Tianjin ports, being the shipment and trans-shipment hubs in southeastern China and northern China respectively, continued to lead the way in the Mainland China port section amid solid expansion in trade flows.

## The Way Ahead

As a forward-looking company, NWS Holdings always takes proactive measures in hedging risks ahead. The expansion of HKCEC being promulgated by the Hong Kong Trade Development Council will boost future profitability of the Facilities segment. Amid a shrinking construction market and cutthroat competition in Hong Kong, the value of contracts of our Contracting segment dropped substantially.

Along with economic recovery in Hong Kong, the opening of Disneyland in September 2005 is expected to give a further impetus to the local economy and attract more visitors, particularly those from Mainland China following further relaxation of the Individual Travel Scheme. This will in turn benefit the Group's transport operations and its sales of duty free tobacco and liquor. Further liberation of the public transport market in Mainland China is also positive to the Group's expansion plan across the border.

# CHAIRMAN'S STATEMENT

After duly considering the views of various stakeholders, NWS Holdings has changed its reconstruction plan of Hunghom Peninsula, a joint project with Sun Hung Kai Properties Limited, to unit renovation and reconfiguration, as well as enhancement of estate facilities. The Group will continue with its proposed green construction programme and community involvement plans to minimize the impact of any future work on the neighbourhood. With a pick-up in Hong Kong's property market, the Group is expected to share a satisfactory return upon sales of the units in Hunghom Peninsula.

The Central Government's long-term plan to build inter-provincial/cities expressway networks paints a positive picture for business opportunities for our Roads and Bridges segment. Growth in contributions from the Water Treatment and Waste Management segment is expected as our water treatment plants in the Shanghai Chemical Industry Park commenced operation in early March 2005. We are also exploring sewage treatment opportunities in the cities where we have a significant presence. Electricity is essential to economic growth in Mainland China as the "World Factory". Therefore, despite pressures from government's stringent environmental policies and the introduction of *Kyoto Protocol*, the Energy segment will remain as a growth agent in our Infrastructure business unit.

Following the disposal of our interests of certain container terminals in Hong Kong, NWS Holdings will turn its focus to securing other viable ports and logistics and warehousing projects in Mainland China in maintaining our earnings capability. We have just signed up the investment in Tianjin Five Continents project, a four-berth container terminal which is already operational. Its contribution will be recorded in the Group's result once the agreement formalities are completed.

We believe that Mainland China will remain as a strong growth region and we have set up representative offices in Hebei and Guangzhou to tap the future growth.

## Upholding corporate social responsibility

To underline the Group's ongoing commitment to serving the best interests of all stakeholders, NWS Holdings has set up the Corporate Social Responsibility Committee, which is directly responsible to its board of directors (the "Board"), in formulating the corporate social responsibility policies and programmes of the Group.

As a core value of the Group, our sustained commitment to the wider community has gained full support from our staff. Their active participation in community service through our NWS Volunteer Alliance and other similar activities has won wide recognition and acclaim. It is the third consecutive year we received the Caring Company logo from the Hong Kong Council of Social Service.

## My vote of heartfelt thanks

On behalf of the Board, I would like to extend my heartfelt appreciation to our staff for their hard work and strong commitment to the Group. I am confident that they will continue to excel and grow with the Group amid the opportunities and challenges lying ahead.

**Dr Cheng Kar Shun, Henry**  
*Chairman*

Hong Kong, 14 March 2005

# AUDITORS' REVIEW REPORT



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## TO THE BOARD OF DIRECTORS OF NWS HOLDINGS LIMITED

*(incorporated in Bermuda with limited liability)*

### INTRODUCTION

We have been instructed by the Company to review the interim financial information set out on pages 5 to 22.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of the interim financial information to be in compliance with the Statement of Standard Accounting Practice 2.125 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial information is the responsibility of, and have been approved by, the Board of Directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial information and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### REVIEW WORK PERFORMED

We conducted our review in accordance with SAS 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of the management and applying analytical procedures to the interim financial information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial information.

### REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial information for the six months ended 31 December 2004.

## INTERIM RESULTS

The Board is pleased to present the interim report and condensed accounts of the Group for the six months ended 31 December 2004 (the "Current Period"). The condensed accounts of the Group include the consolidated profit and loss account, the consolidated cash flow statement and the consolidated statement of changes in equity for the Current Period and the consolidated balance sheet as at 31 December 2004, all of which are unaudited and condensed, along with explanatory notes, and are set out on pages 5 to 22 of this report.

### CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT – UNAUDITED

		For the six months ended 31 December	
	Note	2004 HK\$m	2003 HK\$m
Turnover	2	5,132.4	6,542.5
Cost of sales		<u>(4,783.3)</u>	<u>(5,792.3)</u>
Gross profit		349.1	750.2
Other income	3	228.9	92.6
Amortization of net negative goodwill		—	33.1
General and administrative expenses		(302.5)	(410.4)
Other charges	3	<u>(9.5)</u>	<u>(26.7)</u>
Operating profit	3	266.0	438.8
Finance costs		(71.9)	(169.0)
Share of results of			
Jointly controlled entities		641.0	553.1
Associated companies		<u>206.2</u>	<u>161.5</u>
Profit before taxation		1,041.3	984.4
Taxation	4	<u>(156.6)</u>	<u>(156.0)</u>
Profit after taxation		884.7	828.4
Minority interests		<u>(3.1)</u>	<u>(14.2)</u>
Profit attributable to shareholders		<u>881.6</u>	<u>814.2</u>
Dividend	5	<u>325.2</u>	<u>267.1</u>
Earnings per share	6		
Basic		<u>HK\$0.49</u>	<u>HK\$0.46</u>
Diluted		<u>HK\$0.49</u>	<u>HK\$0.45</u>

# INTERIM RESULTS

## CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

	Note	At 31 December 2004 HK\$'m	At 30 June 2004 HK\$'m
<b>ASSETS AND LIABILITIES</b>			
Non-current assets			
Goodwill	7	345.3	(516.1)
Fixed assets		3,548.4	3,621.8
Jointly controlled entities		9,523.2	9,685.5
Associated companies		3,616.0	1,966.0
Other non-current assets		520.3	492.9
		<u>17,553.2</u>	<u>15,250.1</u>
Current assets			
Inventories		140.7	123.8
Debtors, deposits and prepayments	8	4,584.7	5,038.1
Trading securities		1.2	1.3
Bank balances and cash		3,221.8	3,501.8
		<u>7,948.4</u>	<u>8,665.0</u>
Current liabilities			
Creditors and accrued charges	9	4,454.0	4,293.1
Amounts due to related companies		181.6	181.6
Taxation		86.5	105.9
Current portion of loans and borrowings		1,246.8	1,346.2
Short term bank loans and overdrafts			
– Secured		2.6	0.8
– Unsecured		773.3	1,209.2
		<u>6,744.8</u>	<u>7,136.8</u>
Net current assets		<u>1,203.6</u>	<u>1,528.2</u>
Total assets less current liabilities		<u>18,756.8</u>	<u>16,778.3</u>
Non-current liabilities			
Loans and borrowings		6,083.5	5,563.7
Other long term liabilities		790.9	794.2
Minority interests and loans		853.7	869.8
		<u>7,728.1</u>	<u>7,227.7</u>
Net assets		<u>11,028.7</u>	<u>9,550.6</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	10	1,806.4	1,792.5
Reserves	11	9,222.3	7,758.1
Shareholders' funds		<u>11,028.7</u>	<u>9,550.6</u>

# INTERIM RESULTS

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	Note	For the six months ended 31 December	
		2004 HK\$'m	2003 HK\$'m
At 1 July, as previously reported		9,550.6	8,250.5
Negative goodwill derecognition	1, 11	976.5	—
At 1 July, as adjusted		10,527.1	8,250.5
Change in fair value of non-trading securities recognized in investment revaluation reserve	11	16.3	14.6
Exchange difference	11	(0.7)	—
Net gains not recognized in the condensed consolidated profit and loss account		15.6	14.6
Profit for the period	11	881.6	814.2
Dividend paid	11	(451.6)	(356.2)
New issue of shares	10, 11	56.0	0.4
At 31 December		11,028.7	8,723.5

# INTERIM RESULTS

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED

For the six months ended  
31 December

	<b>2004</b> <b>HK\$m</b>	2003 HK\$m
Net cash generated from operating activities	<b>771.4</b>	121.0
Net cash (used in)/generated from investing activities	<b>(623.1)</b>	705.6
Net cash used in financing activities	<b>(428.3)</b>	(1,032.1)
Decrease in cash and cash equivalents	<b>(280.0)</b>	(205.5)
Cash and cash equivalents at 1 July	<b>3,501.8</b>	2,537.2
Cash and cash equivalents at 31 December	<b>3,221.8</b>	2,331.7
Bank balances and cash, including short term deposits with maturity within three months	<b>3,221.8</b>	2,331.7

## NOTES TO CONDENSED INTERIM ACCOUNTS

### 1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim accounts for the Current Period (the "Interim Accounts") are prepared in accordance with Statement of Standard Accounting Practice 2.125, "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Interim Accounts should be read in conjunction with the 2004 annual accounts.

The principal accounting policies and methods of computation used in the preparation of the Interim Accounts are consistent with those used in the annual accounts for the year ended 30 June 2004, except that the Group early adopted the new accounting standards below with effect from 1 July 2004:

Hong Kong Financial Reporting Standard 3 (issued 2004) ("HKFRS 3") Business Combination

Hong Kong Accounting Standard 36 (revised 2004) ("HKAS 36") Impairment of Assets

Hong Kong Accounting Standard 38 (revised 2004) ("HKAS 38") Intangible Assets

The adoption of these standards resulted in changes to the Group's accounting policies in impairment of assets and goodwill. The revised policies are:

- (i) Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.
- (ii) Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary companies/associated companies/jointly controlled entities at the date of acquisition. Goodwill on acquisitions of subsidiary companies is included in intangible assets. Goodwill on acquisitions of associated companies/jointly controlled entities is included in investments in associated companies/jointly controlled entities. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The key impacts to the Group are as follow:

- The Group ceased amortization of goodwill and negative goodwill from 1 July 2004;
- Accumulated amortization as at 1 July 2004 has been eliminated with a corresponding decrease in the cost of goodwill;
- Negative goodwill has been derecognized and credited to the equity;
- Goodwill is tested annually for impairment, as well as when there are indications of impairment; and
- For goodwill which arose before 1 January 2001 and which has been taken into reserves, it would not be recognized in the profit and loss account when the Group disposes of all or part of the business to which that goodwill relates or when a cash-generating unit to which the goodwill relates becomes impaired.

# INTERIM RESULTS

## 1. Basis of preparation and accounting policies *(Continued)*

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards and have been applied prospectively. In particular, negative goodwill arising on acquisitions has been derecognized in accordance with the transitional provisions of HKFRS 3, resulting in the following:

	HK\$m
Increase in opening reserves	976.5
Decrease in negative goodwill	861.4
Increase in jointly controlled entities	32.0
Increase in associated companies	83.1
	<hr/>

## 2. Turnover and segment information

The Group is principally engaged in the businesses of container handling, logistics and warehousing, infrastructure operations, facilities, contracting, transport and other services. Turnover recognized during the Current Period is as follows:

	For the six months ended 31 December	
	2004 HK\$m	2003 HK\$m
Turnover		
Container handling, logistics and warehousing	6.5	8.9
Roads and bridges	106.5	222.8
Energy, water treatment and waste management	—	0.9
Facilities	1,694.3	1,367.7
Contracting	3,144.9	3,950.4
Transport	—	829.6
Sales of goods and rendering of other services	180.2	162.2
	<hr/>	<hr/>
	<b>5,132.4</b>	<b>6,542.5</b>
	<hr/>	<hr/>

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.

# INTERIM RESULTS

## 2. Turnover and segment information (Continued)

### Primary reporting format - business segments

	Container handling, logistics and warehousing HK\$/m	Roads and bridges management HK\$/m	Energy, water treatment and waste management HK\$/m	Facilities HK\$/m	Contracting HK\$/m	Transport HK\$/m	Others HK\$/m	Eliminations HK\$/m	Consolidated HK\$/m
<b>For the six months ended 31 December 2004</b>									
External sales	6.5	106.5	—	1,694.3	3,144.9	—	180.2	—	5,132.4
Inter-segment sales	—	—	—	69.5	215.1	—	10.4	(295.0)	—
<b>Total turnover</b>	<b>6.5</b>	<b>106.5</b>	<b>—</b>	<b>1,763.8</b>	<b>3,360.0</b>	<b>—</b>	<b>190.6</b>	<b>(295.0)</b>	<b>5,132.4</b>
Segment results	3.1	48.2	5.9	228.3	(148.6)	—	2.3	—	139.2
Profit on disposal of an investment	—	190.7	—	—	—	—	—	—	190.7
Loss on disposal of a jointly controlled entity	—	—	(2.1)	—	—	—	—	—	(2.1)
Assets impairment	(7.4)	—	—	—	—	—	—	—	(7.4)
Unallocated corporate expenses									(54.4)
Operating profit									266.0
Finance costs									(71.9)
Share of results of									
Jointly controlled entities	104.7	194.2	280.1	(0.1)	(10.1)	63.7	8.5	—	641.0
Associated companies	98.4	—	65.5	0.1	23.6	—	18.6	—	206.2
Profit before taxation									1,041.3
Taxation									(156.6)
Profit after taxation									884.7
Minority interests									(3.1)
Profit attributable to shareholders									881.6

# INTERIM RESULTS

## 2. Turnover and segment information *(Continued)*

### Primary reporting format - business segments *(Continued)*

	Container handling, logistics and warehousing HK\$/m	Roads and bridges management HK\$/m	Energy, water treatment and waste management HK\$/m	Facilities HK\$/m	Contracting HK\$/m	Transport HK\$/m	Others HK\$/m	Eliminations HK\$/m	Consolidated HK\$/m
For the six months ended 31 December 2003									
External sales	8.9	222.8	0.9	1,367.7	3,950.4	829.6	162.2	—	6,542.5
Inter-segment sales	—	—	—	72.0	325.8	—	9.7	(407.5)	—
Total turnover	<u>8.9</u>	<u>222.8</u>	<u>0.9</u>	<u>1,439.7</u>	<u>4,276.2</u>	<u>829.6</u>	<u>171.9</u>	<u>(407.5)</u>	<u>6,542.5</u>
Segment results	11.9	100.6	5.7	203.7	93.1	58.9	24.0	—	497.9
Amortization of net negative goodwill	—	(2.5)	—	5.4	44.2	(4.8)	(9.2)	—	33.1
Loss on disposal of fixed assets	(26.7)	—	—	—	—	—	—	—	(26.7)
Unallocated corporate expenses									(65.5)
Operating profit									438.8
Finance costs									(169.0)
Share of results of									
Jointly controlled entities	100.5	134.0	256.4	22.5	31.3	—	8.4	—	553.1
Associated companies	134.3	—	—	0.2	11.9	1.0	14.1	—	161.5
Profit before taxation									984.4
Taxation									(156.0)
Profit after taxation									828.4
Minority interests									(14.2)
Profit attributable to shareholders									<u>814.2</u>

# INTERIM RESULTS

## 3. Operating profit

Operating profit of the Group is arrived at after crediting and charging the following:

		For the six months ended 31 December	
	Note	2004 HK\$m	2003 HK\$m
<b>Crediting</b>			
Gross rental income from investment properties		20.4	20.5
Less: Outgoings		(5.2)	(5.5)
		<b>15.2</b>	15.0
<b>Other income</b>			
Profit on disposal of an investment	(a)	190.7	—
Interest income		6.3	4.6
Management fee		19.2	59.1
Machinery hire income		10.2	15.2
Others		2.5	13.7
		<b>228.9</b>	92.6
<b>Charging</b>			
Cost of inventories sold		440.2	344.6
Depreciation		106.7	266.0
Operating lease rental expenses			
Land and buildings		27.2	48.9
Other equipment		—	37.2
Other charges			
Assets impairment		7.4	—
Loss on disposal of a jointly controlled entity		2.1	—
Loss on disposal of fixed assets		—	26.7
		<b>9.5</b>	26.7

- (a) The Group entered into an agreement in principle (the "AIP") on 12 December 2003 with Wuhan City Construction Fund Management Office ("Wuhan Fund Office") for the disposal of its approximately 48.86% effective interest in Wuhan Bridge Construction Co., Ltd. ("WBC"), a sino-foreign joint stock company incorporated in Mainland China which operated the Yangtze River Bridge No. 2 in Wuhan. The consideration is RMB1.18 billion (equivalent to approximately HK\$1.1 billion). As at 31 December 2004, the Group has received more than 95% of the agreed consideration and all the major terms and conditions of the AIP have been fulfilled. Accordingly, the Group has recognized a gain of approximately HK\$190.7 million, arising from the disposal of its interests in WBC.

# INTERIM RESULTS

## 4. Taxation

Hong Kong profits tax is provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits for the Current Period. Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profits for the Current Period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the condensed consolidated profit and loss account represents:

	<b>For the six months ended 31 December</b>	
	<b>2004 HK\$'m</b>	2003 HK\$'m
Company and subsidiary companies		
Hong Kong profits tax	<b>35.3</b>	32.4
Mainland China and overseas taxation	<b>3.4</b>	6.0
Deferred taxation	<b>(4.5)</b>	32.9
	<u>34.2</u>	<u>71.3</u>
Jointly controlled entities		
Hong Kong profits tax	<b>33.5</b>	17.4
Mainland China and overseas taxation	<b>51.3</b>	31.8
Deferred taxation	<b>6.4</b>	5.9
	<u>91.2</u>	<u>55.1</u>
Associated companies		
Hong Kong profits tax	<b>26.5</b>	30.1
Mainland China and overseas taxation	<b>5.5</b>	—
Deferred taxation	<b>(0.8)</b>	(0.5)
	<u>31.2</u>	<u>29.6</u>
	<b>156.6</b>	<b>156.0</b>

# INTERIM RESULTS

## 5. Dividend

	For the six months ended 31 December	
	2004 HK\$m	2003 HK\$m
Interim dividend declared of HK\$0.18 (2003: HK\$0.15) per share	<u>325.2</u>	<u>267.1</u>

## 6. Earnings per share

The calculation of basic and diluted earnings per share is based on the profit of HK\$881.6 million (2003: HK\$814.2 million).

The basic earnings per share is based on the weighted average of 1,800.4 million (2003: 1,780.8 million) shares in issue during the Current Period. The diluted earnings per share is based on 1,810.3 million (2003: 1,796.8 million) shares which were the weighted average number of 1,800.4 million (2003: 1,780.8 million) shares in issue during the Current Period plus the weighted average of 9.9 million (2003: 16.0 million) shares deemed to be issued at HK\$3.725, if all outstanding share options had been exercised.

## 7. Goodwill

	Goodwill HK\$m	Negative goodwill HK\$m	Total HK\$m
Cost			
At 1 July 2004	382.9	(1,532.9)	(1,150.0)
Eliminated with accumulated amortization	(37.6)	671.5	633.9
Derecognition (Note 1)	—	861.4	861.4
	<u>345.3</u>	<u>—</u>	<u>345.3</u>
At 31 December 2004	345.3	—	345.3
Accumulated amortization			
At 1 July 2004	37.6	(671.5)	(633.9)
Eliminated with cost	(37.6)	671.5	633.9
	<u>—</u>	<u>—</u>	<u>—</u>
At 31 December 2004	—	—	—
Net book value			
<b>At 31 December 2004</b>	<u><b>345.3</b></u>	<u><b>—</b></u>	<u><b>345.3</b></u>
At 30 June 2004	<u>345.3</u>	<u>(861.4)</u>	<u>(516.1)</u>

# INTERIM RESULTS

## 8. Debtors, deposits and prepayments

	Note	At 31 December 2004 HK\$m	At 30 June 2004 HK\$m
Trade debtors	(a)	<b>1,091.8</b>	1,274.8
Retention receivables		717.7	716.6
Current portion of a long-term receivable		<b>64.8</b>	64.8
Amounts due from customers for contract works		<b>592.0</b>	330.0
Other debtors, deposits and prepayments		<b>1,956.4</b>	2,543.8
Amounts due from jointly controlled entities		<b>142.5</b>	88.6
Amounts due from associated companies		<b>19.5</b>	19.5
		<u><b>4,584.7</b></u>	<u>5,038.1</u>

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

	At 31 December 2004 HK\$m	At 30 June 2004 HK\$m
Under 3 months	<b>811.8</b>	945.6
4 - 6 months	<b>77.2</b>	75.9
Over 6 months	<b>202.8</b>	253.3
	<u><b>1,091.8</b></u>	<u>1,274.8</u>

The Group has various credit policies for different business operations depending on the requirements of the markets and businesses in which these businesses operate. Retention receivables in respect of contracting services are settled in accordance with the terms of respective contracts.

# INTERIM RESULTS

## 9. Creditors and accrued charges

	Note	At 31 December 2004 HK\$m	At 30 June 2004 HK\$m
Trade creditors	(a)	<b>601.3</b>	561.8
Retention payables		<b>460.5</b>	436.3
Advance received from customers		<b>25.8</b>	39.1
Amounts due to customers for contract works		<b>628.8</b>	458.9
Other creditors		—	87.4
Other payables and accruals		<b>2,729.0</b>	2,709.3
Amounts due to jointly controlled entities		<b>8.6</b>	0.3
		<b>4,454.0</b>	4,293.1

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

	At 31 December 2004 HK\$m	At 30 June 2004 HK\$m
Under 3 months	<b>494.4</b>	445.6
4 - 6 months	<b>31.9</b>	39.6
Over 6 months	<b>75.0</b>	76.6
	<b>601.3</b>	561.8

# INTERIM RESULTS

## 10. Share capital

	Ordinary shares	
	No. of shares	HK\$m
Authorized:		
At 30 June 2004 and 31 December 2004	<u>2,400,000,000</u>	<u>2,400.0</u>
Issued and fully paid:		
At 1 July 2004	1,792,454,316	1,792.5
Exercise of share options	<u>13,902,468</u>	<u>13.9</u>
<b>At 31 December 2004</b>	<b><u>1,806,356,784</u></b>	<b><u>1,806.4</u></b>

### Share Options

#### *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 Board 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 shares of the Company. The 1997 Share Option Scheme expired on 11 April 2000. No further share option can be granted under such scheme.

1,330,000 share options granted under this scheme were exercised at the exercise price of HK\$6.93 per share during the Current Period (2003: 70,000). The remaining 600,000 unexercised share options were lapsed on 5 November 2004.

#### *2001 Share Option Scheme*

Another 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 Board may, at their discretion, grant options to any eligible participant (as defined under the 2001 Share Option Scheme) to subscribe for shares of the Company. The total number of 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 share capital of the Company in issue as at 12 March 2003, being the date of approval by the shareholders of the Company on such limit, i.e. up to 178,075,900 shares.

On 21 July 2003, a total of 41,497,000 share options were granted to directors of the Company and certain eligible participants at the exercise price of HK\$3.725 per share, which represents the average of the closing price of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the five trading days immediately preceding the date of grant. The closing price per share immediately before 21 July 2003, the date of grant, was HK\$3.6. Such share options will expire on 21 July 2008.

12,572,468 share options granted under this scheme were exercised at the exercise price of HK\$3.725 per share during the Current Period (2003: Nil).

# INTERIM RESULTS

## 11. Reserves

	Share premium HK\$m	Special reserves HK\$m	Investment properties revaluation reserve HK\$m	Group Investment revaluation reserve HK\$m	Exchange reserve HK\$m	Revenue reserve HK\$m	Total HK\$m
At 1 July 2004, as previously reported	7,188.2	278.7	17.6	12.7	3.3	257.6	7,758.1
Negative goodwill derecognition (Note 1)	—	—	—	—	—	976.5	976.5
At 1 July 2004, as adjusted	7,188.2	278.7	17.6	12.7	3.3	1,234.1	8,734.6
New issue of shares	42.1	—	—	—	—	—	42.1
Change in fair value of non-trading securities	—	—	—	16.3	—	—	16.3
Exchange difference	—	(0.7)	—	—	—	—	(0.7)
Transfer	—	0.2	—	—	—	(0.2)	—
Profit for the period	—	—	—	—	—	881.6	881.6
Dividend paid	—	—	—	—	—	(451.6)	(451.6)
<b>At 31 December 2004</b>	<b>7,230.3</b>	<b>278.2</b>	<b>17.6</b>	<b>29.0</b>	<b>3.3</b>	<b>1,663.9</b>	<b>9,222.3</b>

# INTERIM RESULTS

## 12. Commitments

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

	At 31 December 2004 HK\$m	At 30 June 2004 HK\$m
Contracted but not provided for	26.3	69.0
Authorized but not contracted for	—	0.4
	<u>26.3</u>	<u>69.4</u>

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

	At 31 December 2004 HK\$m	At 30 June 2004 HK\$m
Contracted but not provided for	296.8	205.1
Authorized but not contracted for	93.7	268.4
	<u>390.5</u>	<u>473.5</u>

A subsidiary company and certain jointly controlled entities are parties 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. The Group's attributable share of such commitments for capital expenditure as at 31 December 2004 was HK\$112.2 million (30 June 2004: HK\$101.4 million) and has been included in above.

- (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 projects. The Board estimates that the Group's share of projected funds requirements of these projects would be approximately HK\$173.0 million (30 June 2004: HK\$33.0 million) which represents the attributable portion of the capital and loan contributions to be made to the jointly controlled entities.
- (d) The Group has committed to acquire interests in various infrastructure projects in Mainland China. The estimated total relevant commitments as at 31 December 2004 is approximately HK\$611.9 million (30 June 2004: Nil).

# INTERIM RESULTS

## 13. Contingent liabilities

	At 31 December 2004 HK\$m	At 30 June 2004 HK\$m
Guarantees for credit facilities granted to:		
Jointly controlled entities	2,397.4	2,067.7
Associated companies	82.4	82.4
	<u>2,479.8</u>	<u>2,150.1</u>

Included in the above is a corporate guarantee, which has been given by the Group in favour of certain banks for banking facilities granted to Asia Container Terminals Limited ("ACT"), a jointly controlled entity of CSX World Terminals Hong Kong Limited ("CSXWTHK", an associated company of the Group), to the extent of approximately HK\$1,323.4 million as at 31 December 2004 (30 June 2004: HK\$858.0 million) in proportion to the Group's interest in ACT. The proportionate amount utilized against such facilities at 31 December 2004, which was secured by the guarantee, amounted to approximately HK\$643.9 million (30 June 2004: HK\$351.4 million). This guarantee will be terminated following the disposal of Asia Container Terminals Holdings Limited ("ACTH") as further disclosed in note 15.

CSXWTHK has agreed to counter-indemnify the Group of the corporate guarantee as at 31 December 2004 of approximately HK\$507.0 million (30 June 2004: HK\$507.0 million) as included above given in relation to ACT.

## 14. Related party transactions

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

		For the six months ended 31 December	
	Note	2004 HK\$m	2003 HK\$m
<b>Transactions with affiliated companies</b>			
Provision of contracting work service	(a)		
Interest income	(b)	47.8	169.0
Management fee	(c)	8.2	8.6
	(d)	6.0	50.8
<b>Transactions with other related parties</b>			
Provision of contracting work service	(a)		
Provision of other services	(b)	620.8	850.2
Rental and other related expenses	(e)	59.8	57.3
	(f)	(9.4)	(16.3)

## 14. Related party transactions *(Continued)*

Notes:

- (a) Affiliated companies include associated companies and jointly controlled entities. Related parties are group companies, associated companies and jointly control entities of New World Development Company Limited (“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 party customers of the Group.
- (c) Interest income was charged at interest rates in accordance with relevant contracts.
- (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. Revenues were made in the normal course of business at prices and at terms no less favourable than those charged to third party customers of the Group in accordance with the relevant contracts.
- (f) The Group entered into a number of lease agreements with other related companies to lease office space with various terms based on fixed monthly rates in accordance with tenancy agreements.

## 15. Subsequent events

On 4 February 2005, the Group entered into a share sale agreement with PSA International Pte Ltd (“PSA”) to dispose of its 31.4% interest in ACTH, an investment holding company with ACT as its wholly owned subsidiary company, and the shareholder loans owing from ACTH at a consideration of HK\$1.9 billion. ACT is engaged in the operation of CT8W. The completion of the disposal is expected in March 2005.

On the same day, the Group entered into another share sale agreement with PSA to dispose of its entire interests in Keen Sales Limited, a wholly owned subsidiary company of the Group, which indirectly holds 33.34% in CSXWTHK, currently the operator of CT3, at a consideration of HK\$1.1 billion. The disposal was completed on 21 February 2005. Upon completion, the Group entered into a trust deed, pursuant to which PSA would hold the beneficial title and interest in and to the indirect 16.67% shareholding interest in ATL Logistics Centre Hong Kong Limited (“ATL”) for the benefit of the Group as if such interests had been retained in their entirety by the Group.

The aforesaid disposals would give rise to a gain of approximately HK\$1.8 billion.

## 16. Comparative figures

Certain comparative figures have been reclassified to conform with the Current Period’s presentation.

## INTERIM DIVIDEND

The Board has resolved to declare an interim dividend for the year ending 30 June 2005 in scrip form equivalent to HK\$0.18 per share with a cash option to shareholders registered on 12 April 2005.

Subject to the Listing Committee of the Stock Exchange granting listing of and permission to deal in the new shares, each shareholder will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholders could elect to receive in cash and that they be given the option to elect to receive payment in cash of HK\$0.18 per share instead of the allotment of shares. Full details of the interim scrip dividend will be set out in a letter to be sent to shareholders together with a form of election for cash on or about 10 May 2005.

### **BOOK CLOSE DATE**

Book close dates (both days inclusive):	7 April 2005 to 12 April 2005
Latest time to lodge transfer with branch share registrars:	4:00 p.m. on 6 April 2005
Name and address of branch share registrars:	Standard Registrars Limited G/F., Bank of East Asia Harbour View Centre 56 Gloucester Road, Wanchai, Hong Kong

# MANAGEMENT DISCUSSION AND ANALYSIS

## GROUP OVERVIEW

The Group reported a profit attributable to shareholders of HK\$881.6 million for the Current Period, an increase of HK\$67.4 million or 8%, as compared to HK\$814.2 million for the six months ended 31 December 2003 (the "Last Period"). Attributable operating profit ("AOP") was HK\$833.7 million, a decrease of HK\$162.9 million as compared to HK\$996.6 million in the Last Period. NWS Infrastructure Management Limited ("NWSI") was still the major contributor and reported an AOP of HK\$531.2 million. NWS Service Management Limited ("NWSS") and NWS Ports Management Limited ("NWSP") maintained AOP of HK\$131.6 million and HK\$170.9 million respectively. As the new HKFRS 3, HKAS 36 and HKAS 38 issued by the HKICPA have been early adopted, no amortization of goodwill was recorded, as compared to a HK\$33.1 million amortization of net negative goodwill in the Last Period. As a result of our steady pace of reducing debt and the prevailing low interest rate environment, finance costs of head office have been reduced significantly by 43%.

Contribution by Division	For the six months ended 31 December	
	2004 HK\$m	2003 HK\$m
Service	131.6	380.6
Infrastructure	531.2	413.4
Ports	170.9	202.6
Attributable operating profit	833.7	996.6
<i>Head office and non-recurring items</i>		
Assets impairment	(7.4)	—
Loss on disposal of fixed assets	—	(26.7)
Profit on disposal of an investment	190.7	—
Loss on disposal of a jointly controlled entity	(2.1)	—
Amortization of net negative goodwill	—	33.1
Other interest income	25.4	0.6
Other finance costs	(57.0)	(100.8)
Others	(101.7)	(88.6)
	47.9	(182.4)
Profit attributable to shareholders	881.6	814.2

Hong Kong and Mainland China were still the two dominant sources of AOP, contributing a total of 33% and 67% respectively, as compared to 55% and 45% respectively in the Last Period.

## Earnings Per Share

Basic earnings per share was HK\$0.49 for the Current Period, as compared to HK\$0.46 in the Last Period. The increase was due to the growth in the net profit for the Current Period.

## Liquidity and Financial Resources

The Group's funding and treasury policy is to maintain a balanced debt profile with significant risk diversification. As at 31 December 2004, total cash and bank balances amounted to HK\$3.222 billion, as compared to HK\$3.502 billion as at 30 June 2004. Net debt increased slightly to HK\$4.884 billion, as compared to HK\$4.618 billion as at 30 June 2004. The gearing ratio, which represents net debt to shareholders' funds plus minority interests and loans, further decreased from 44% as at 30 June 2004 to 41% as at 31 December 2004. The capital structure of the Group remained similar to the position as at 30 June 2004.

As at 31 December 2004, total debt amounted to HK\$8.106 billion, similar as HK\$8.120 billion as at 30 June 2004. Besides the HK\$1.350 billion zero coupon guaranteed convertible bonds due 2009, long-term bank loans and borrowings increased to HK\$4.734 billion, with HK\$1.620 billion maturing in the second year and the remaining in the third to fifth year, as compared to HK\$4.214 billion as at 30 June 2004. Secured bank loans and overdrafts amounted to HK\$44.7 million, of which HK\$42.1 million was secured by the toll collection right of a toll road in Mainland China. Bank loans of HK\$46.3 million were denominated in RMB; all other bank loans were denominated in Hong Kong dollars. Except for the secured bank loan and the convertible bonds, all other debts were at floating rate. The Group did not have any material exposure in exchange risk other than RMB during the Current Period. The aggregate net book value of pledged fixed assets and the amount of deposits pledged as securities for certain banking facilities as at 31 December 2004 were HK\$9.3 million and HK\$14.5 million respectively as compared to HK\$9.4 million and HK\$15.5 million as at 30 June 2004.

Total Group commitments for capital expenditure were HK\$26.3 million as at 31 December 2004 as compared to HK\$69.4 million as at 30 June 2004, and the share of commitments for capital expenditure committed by jointly controlled entities was HK\$390.5 million as at 31 December 2004 as compared to HK\$473.5 million as at 30 June 2004. In addition, the Group also committed for capital and loan contributions to certain jointly controlled entities and for acquiring interests in various new infrastructure projects of approximately HK\$784.9 million as at 31 December 2004, as compared to HK\$33.0 million as at 30 June 2004. Sources of funding for commitments are internally generated resources and banking facilities.

Contingent liabilities of the Group were HK\$2.480 billion as at 31 December 2004 as compared to HK\$2.150 billion as at 30 June 2004. These were composed of guarantees for credit facilities granted to associated companies and jointly controlled entities of HK\$82.4 million and HK\$2.397 billion as at 31 December 2004 as compared to HK\$82.4 million and HK\$2.068 billion respectively as at 30 June 2004. These guarantees included a corporate guarantee given by the Group for banking facilities granted to ACT of approximately HK\$1.323 billion as at 31 December 2004 as compared to HK\$858.0 million as at 30 June 2004, in proportion to the Group's interest in ACT. The proportionate amount utilized against such facilities and secured by the guarantee amounted to approximately HK\$643.9 million as compared to HK\$351.4 million as at 30 June 2004. CSXWTHK has agreed to counter-indemnify the Group of the guarantee of approximately HK\$507.0 million as at 31 December 2004 and 30 June 2004.

## Employees

As at 31 December 2004, about 43,000 staff were employed by companies under the Group's management of which over 28,000 were employed in Hong Kong. Total staff related costs incurred were HK\$1.117 billion, of which provident funds and staff bonuses were included. Remuneration packages including salaries, bonuses and share options are granted to employees according to individual performance and are reviewed according to general market conditions every year. Structured training programmes are provided to employees on an ongoing basis.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OPERATIONAL REVIEW – SERVICE MANAGEMENT

The overall performance of NWSS for the Current Period was satisfactory, with an AOP of HK\$131.6 million through a turnover of HK\$4.998 billion. Improvements were attained in the Facilities segment and the Transport segment while a loss was recorded in the Contracting segment due to the significant decline in both private and public sector construction activities. The performance of the Financial and Environmental segments achieved stable results despite their relatively small contribution. The overall performance of NWSS was about 65% lower than that in the Last Period.

### AOP Contribution by Segment

For the six months ended  
31 December

	2004 HK\$m	2003 HK\$m	Change % Fav./Unfav.)
Facilities	196.2	188.9	4
Contracting	(136.0)	119.4	(214)
Transport	46.4	36.0	29
Financial, Environmental & Others	25.0	36.3	(31)
<b>Total</b>	<b>131.6</b>	<b>380.6</b>	<b>(65)</b>

### Facilities

Facilities segment achieved good results with an AOP of HK\$196.2 million for the Current Period, 4% increased over the Last Period.

HKCEC attained excellent result mainly due to the expansion in scale of most major recurrent exhibitions following the local economic recovery. The total number of events reached 777 attracting 3.0 million guests, the second highest attendance of any previous periods. The profit of HKCEC increased by HK\$18.5 million, 21% over the Last Period. While rallying for the local business recovery, the threats of the AsiaWorld-Expo and the competition of conference and exhibitions from the Mainland would make HKCEC a challenging year ahead.

Kiu Lok Group continues to focus on the Mainland China market and was awarded a pre-opening consultancy contract to market and manage the landmark “Merchandise City” in Tianjin. The contract sets a precedent under the Closer Economic Partnership Arrangement between Mainland China and Hong Kong to promote the marketing of “Hong Kong-made” products and services in the Mainland. Urban Property Management Group, despite the tough market competitions, continued to contribute a stable profit and successfully maintained a clientele of around 168,000 residential units and 32,000 carparks under management. New China Laundry Limited had returned to the route of profitability. Pollution & Protection Services Limited attained a steady performance and continued to secure various cleaning contracts from the Government.

Sky Connection Limited, the holding company of Free Duty engaging in sales of duty free tobacco and liquor at the Hong Kong International Airport as well as the ferry terminals in China Hong Kong City and Shun Tak Centre, recorded a satisfactory result. With the further opening up of individual travel restriction from the Mainland China and the encouragement of Mainland enterprises to set up business in Hong Kong by the China Government, the business of Sky Connection Limited would further be improved.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Contracting

Contracting segment recorded an attributable operating loss of HK\$136.0 million for the Current Period. The lagging property construction market activities because of the consistently low level of Government capital expenditure and the cautious investments in the private sector had led to severe competition among major contractors and continued erosion to gross profit margin of the segment. It was evidenced that the drop in profit margin and the surge of the contract risks had resulted in substantial exposures with some projects making losses or requiring provision. The contracting industry is likely to face continued competition and is operating in a tough environment.

As at 31 December 2004, the Contracting segment had a gross contract-on-hand of HK\$18.3 billion with HK\$11.5 billion being the remaining value for completion. To confront the brutal business reality, Hip Hing Construction Group has put great emphasis on scoring high on performance on all current projects, and at the same time explores all possible means to diversify the operations across the Mainland China and Macau to seek new business opportunities. Greatly affected by adverse material price fluctuations, NWS Engineering Group has taken strong initiatives to monitor material prices as well as to optimize the organizational structure in order to enhance the cost controls and project management.

The strategic investment in Wai Kee Holdings Limited delivered a good result for the Current Period mainly due to the contribution from its associated company, Road King Infrastructure Limited.

## Transport

The Transport segment achieved an AOP of HK\$46.4 million for the Current Period, some 29% above that of the Last Period, mainly due to a gradual recovery of business after SARS.

Following the reorganization of Citybus Limited and New World First Holdings Limited under the umbrella of NWS Transport Services Limited ("NWS Transport", formerly known as Merryhill Group Limited), NWSS and Chow Tai Fook Enterprises Limited ("CTF") each now holds 50% of the enlarged group of NWS Transport. This reorganization arrangement has brought clear benefits to both the investors and the general public through synergies achieved in the areas of management alignment, resource integration, route rationalization and other customer service improvement measures.

Despite the recovery of local economy, the performance of the bus operation was still adversely affected by competitors such as West Rail and Tsim Sha Tsui rail extension, and higher operating costs due to the increase in oil price and tunnel charges. In addition, cost for staff voluntary exit scheme imposed short-term pressure on the profitability of the business, yet the long term cost savings in the future years would justify the action taken.

New World First Ferry Services Limited, serving the ferry business in Hong Kong, incurred a minor loss for the Current Period as a result of high fuel cost and repair and maintenance cost. Supported by a vessel reorganization arrangement previously entered with CTF in March 2003, the guaranteed profit from CTF had ensured the profit contribution from New World First Ferry Services (Macau) Limited ("NWFFM") for the Current Period. With the recent approval obtained from the Government for extension in operating hours, NWFFM will be in a stronger position to capture more passengers, in particularly those casino patrons.

## Financial, Environmental & Others

The Financial segment, the Environmental segment together with other investments posted an AOP of HK\$25.0 million for the Current Period, 31% below Last Period. The share of results from Tai Fook Securities Group Limited posted a satisfactory result along with the improved share market sentiment. Better operating results from both New World Insurance Management Limited as well as from Tricor Holdings Limited were noted which were in alignment with the generally improved market condition in the year 2004.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OPERATIONAL REVIEW – INFRASTRUCTURE MANAGEMENT

The AOP of NWSI increased to HK\$531.2 million, an increase of HK\$117.8 million or 28% over the Last Period.

### AOP Contribution by Segment

	For the six months ended 31 December		
	2004 HK\$'m	2003 HK\$'m	Change % Fav./Unfav.)
Energy	306.8	241.2	27
Water Treatment and Waste Management	32.4	21.4	51
Roads and Bridges	192.0	150.8	27
<b>Total</b>	<b>531.2</b>	<b>413.4</b>	<b>28</b>

### Energy

The AOP of the Energy segment increased by HK\$65.6 million to HK\$306.8 million, up 27% from the Last Period.

Although the electricity demand in Guangdong Province is surging, the increase in the average standard coal price has seized part of the profitability from Zhujiang Power. The combined electricity sales of Phase I and II increased by only 3% as one of the power generating units of Phase I was under regular maintenance during the Current Period. In October 2004, the Group, through Zhujiang Power, acquired an effective 35% interest in a joint venture which produces and supplies aerated concrete to the Pearl River Delta region. The joint venture had been in operation and contributed profit to the Group during the Current Period. On 28 October 2004, the Group issued a letter of acknowledgement to the Mainland joint venture partner of Zhujiang Power confirming that the Mainland joint venture partner would be fully responsible for the daily operations of Zhujiang Power and would govern the financial and operating policies of Zhujiang Power. Accordingly, the carrying value of the Group's share of net assets in Zhujiang Power has been reclassified from jointly controlled entities to associated companies on that date.

The performance of Macau Power was satisfactory with 9% increase in electricity sales but AOP maintained at the same level as a result of the profit control scheme. Conditional sales and purchase agreements were entered into with the Mainland joint venture partner in respect of the disposal of the Group's 60% interest in Sichuan Qianwei Dali Power Company Limited for a consideration of RMB48 million. A loss on disposal of HK\$2.1 million was recognized in the Current Period.

## Water Treatment and Waste Management

The AOP of the Water Treatment & Waste Management segment increased by 51% to HK\$32.4 million for the Current Period. The increase was attributable to the contribution from new water project in Sanya City, Hainan and the improved performance of water projects in Mainland China. The performance of the Macau Water Plant was satisfactory with average daily water sales volume increased by 3%.

Tianjin Tanggu water project was contracted at the end of April 2004 and commencement of operations of the joint venture is expected to be in the first half of 2005.

## Roads and Bridges

The AOP of the Roads and Bridges segment was HK\$192.0 million, an increase of 27% when compared to the Last Period.

Average daily traffic flow of Guangzhou City Northern Ring Road ("GNRR") increased slightly by 3% and toll income increased by HK\$22.5 million. The opening of the new airport in Guangzhou in August 2004 had positively impacted on the traffic flow of GNRR and the increase in toll income was partly resulted from the change in toll rates/vehicle types classification since August 2003 under the Guangdong Province joint toll collection scheme.

Average daily traffic flow of Sections I and II of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) increased by 9% and 23% respectively and the overall toll income of both sections increased by HK\$44.2 million. The combined average daily traffic flow of Shenzhen-Huizhou Roadway and Expressway increased by 23%. The robust economic development of the Pearl River Delta region had certainly benefited the traffic flow of the road projects in Guangdong Province. New projects are in the pipeline to capture this growth opportunity. In September 2004, the Group acquired a 15% effective interest in Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Northern Section) and subsequently in December 2004, an agreement to acquire 25% interest in the Guangzhou-Zhaoqing Expressway was also signed. Furthermore, our bid for a 25% interest in the Pearl River Delta Ring Road (South-Western Section) was accepted in December 2004.

Performance of the Guangxi Roadways Network was satisfactory with average daily traffic flow and the toll income, on a combined basis, increased by 1% and 5% respectively. However, the combined results were affected by an increase in depreciation charge as a result of a change in the future traffic growth rate of two of the roadways within the network and the scheduled repair and maintenance of certain roadways.

Tangjin Expressway (Tianjin North Section) recorded an increase in average daily traffic flow by 25% and toll income by HK\$31.7 million, benefited by the opening of Phase III and the temporary renovation work being undertaken in a competitive highway. As repairs and maintenance works on the Expressway is close to finish, the expenditure incurred in the Current Period reduced substantially.

The increase in the utilization of Wuhan Tianhe Airport boosted the traffic flow of the Wuhan Airport Expressway. The average daily traffic flow increased by 11% during the Current Period. AOP increased significantly when compared to the Last Period.

In Hong Kong, AOP of Tate's Cairn Tunnel increased by 4% and the average daily traffic flow remained fairly constant. Increase in AOP was partly due to a reduction in financial expenses as a result of full repayment of bank loan in October 2004.

The Group entered into the AIP with the Wuhan Fund Office in December 2003. As at 31 December 2004, the Group has received over 95% of the agreed consideration and all major terms and conditions of the AIP have been fulfilled. Accordingly, the Group has recognized a gain of approximately HK\$190.7 million arising from the disposal of our interests to the Wuhan party in the Current Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OPERATIONAL REVIEW – PORTS MANAGEMENT

During the Current Period, NWSP saw a decline in AOP. This was primarily due to lower earnings from Hong Kong port operations caused by the tough operation environment in Hong Kong. The adverse impact was partly mitigated by the increase in container handling activity registered in Mainland China port operations.

### AOP Contribution by Segment

For the six months ended  
31 December

	2004 HK\$m	2003 HK\$m	Change % Fav./Unfav.)
Container Handling	65.0	104.4	(38)
Logistics & Warehousing	105.9	98.2	8
<b>Total</b>	<b>170.9</b>	<b>202.6</b>	<b>(16)</b>

### Container Handling

#### Hong Kong

The Hong Kong port operations remain the most important AOP contributor to NWSP. CSXWTHK and ATL reported a combined AOP of HK\$157.8 million, a decrease of 13% over the Last Period.

The decline in the combined AOP was mainly due to the decrease in throughput of CSXWTHK. The negative impact in AOP was partly mitigated by increase in AOP of ATL. CSXWTHK handled 506,000 TEUs, a decrease of around 25% compared to 676,000 TEUs in the Last Period.

ACT holds an interest in two berths of CT9. The exchange of these two CT9 berths for Modern Terminal Limited's two berths at CT8W was completed in April 2004. On 31 December 2004, NWSP's interest in ACT was increased to 31.4%.

The investments made by the Group in CT3 and CT8W were for long term purpose. However, in view of the current market conditions and business uncertainty of container handling business in Hong Kong and the unsolicited offer by PSA, the Group considered the offer was exceptionally attractive and therefore entered into two separate share sale agreements with PSA on 4 February 2005 to sell the 33.34% interest in CT3 ("CT3 transaction") and 31.4% interest in CT8W ("CT8W transaction") to PSA at a total consideration of HK\$3.0 billion. It is expected that a gain of approximately HK\$1.8 billion would be derived from these transactions. The CT3 transaction was completed on 21 February 2005 while the completion of the CT8W transaction is expected in March 2005.

#### Mainland China

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

CSX Orient (Tianjin) Container Terminals Co., Limited ("CSXOT"), operator of four container berths and one coal berth in Tianjin Xingang, contributed an AOP of HK\$18.0 million, same as that of the Last Period. During Current Period, CSXOT handled approximately 560,000 TEUs, 3% decrease over Last Period.

Xiamen New World Xiangyu Terminals Co., Ltd. (formerly known as Xiamen Xiang Yu Quay Co., Ltd.) reported an AOP of HK\$12.0 million as compared to HK\$8.0 million in the Last Period. The increase in AOP was mainly due to 9% volume growth from 281,000 TEUs in Last Period to 307,000 TEUs in Current Period.

### Logistics and Warehousing

AOP in Logistics and Warehousing segment comprised contributions from ATL and other projects in Mainland China. Increase in AOP was contributed mainly by ATL. The average occupancy rate of ATL Logistics Centre increased to 93% in Current Period from 91% in the Last Period.

# DISCLOSURE PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

The information as required to disclose under Rules 13.20 and 13.22 of the Listing Rules in relation to the Company's advance to an entity and the financial assistance and guarantees to affiliated companies provided by the Company are as follows:

## (a) Advance to an entity

As at 31 December 2004, the Group has made advances to First Star Development Limited ("First Star", a jointly controlled entity of the Group which is engaged in the investment of a property development project) in the aggregate amount of HK\$1.571 billion for financing its project costs. Such advances include the sum of HK\$542.5 million due from First Star, which is interest free, unsecured and has no fixed repayment term, and guarantees provided by the Group up to the amount of HK\$1.029 billion for certain banking facilities offered to First Star. These advances represent approximately 8% of the total market capitalization of the Company as at 31 December 2004.

## (b) Financial assistance and guarantees to affiliated companies

As at 31 December 2004, the Group has provided financial assistance, by way of shareholder loans/advances, in the aggregate amount of HK\$2.791 billion to its affiliated companies, guaranteed bank loans and other borrowing facilities for the benefit of the affiliated companies in the amount of HK\$2.480 billion and contracted to provide an aggregate amount of HK\$173.0 million in capital and loans to affiliated companies. The said amounts, in aggregate, represents approximately 26% of the total market capitalization of the Company as at 31 December 2004.

The advances are unsecured, interest free and have no definite repayment terms except for an aggregate amount of HK\$462.4 million which carry interest ranging from 2% to 14% per annum, an amount of HK\$11.4 million which carries interest at Hong Kong prime rate per annum, and an amount of HK\$762.6 million which is repayable on or before 2010. Contracted capital and loan contributions to affiliated companies would be funded by borrowings or internal resources of the Group.

In accordance with the requirements under Rule 13.22, the Company is required to include in its interim 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 pro forma combined balance sheet and such information may be misleading. Pursuant to Rule 13.22, the Company made an application to and has received a confirmation from the Stock Exchange as an alternative to provide the following statement.

As at 31 December 2004, based on the financial statements of the respective affiliated companies of the Group, these affiliated companies had outstanding borrowings of about HK\$18.608 billion, comprising secured bank loans of about HK\$9.436 billion, unsecured bank loans of about HK\$2.293 billion and other loans of about HK\$6.879 billion. The total commitments for capital expenditure of the affiliated companies amounted to about HK\$2.520 billion and total contingent liabilities amounted to about HK\$1.296 billion.

# DISCLOSURE OF INTERESTS

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2004, 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 pursuant to the Model Code for Securities Transactions by the Directors of Listed Companies contained in the Listing Rules (the "Model Code") 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 31.12.04
	Personal interests	Family interests	Corporate interests		
Dr Cheng Kar Shun, Henry	2,000,000	587,000 <sup>(1)</sup>	—	2,587,000	0.14%
Mr Doo Wai Hoi, William	1,333,333	—	826,000 <sup>(2)</sup>	2,159,333	0.12%
Mr Chan Kam Ling	767,324	—	10,254,321 <sup>(3)</sup>	11,021,645	0.61%
Mr Wong Kwok Kin, Andrew	4,068,348	2,650,051 <sup>(4)</sup>	—	6,718,399	0.37%
Mr Lam Wai Hon, Patrick	502,466	—	265,139 <sup>(5)</sup>	767,605	0.04%
Mr Cheung Chin Cheung	758,700	—	—	758,700	0.04%
Mr Kwong Che Keung, Gordon	400,000	—	—	400,000	0.02%
Mr Cheng Wai Chee, Christopher	400,000	—	—	400,000	0.02%
Dr Cheng Chi Pang, Leslie <sup>(6)</sup>	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 50% equity interests.
- (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) Dr Cheng Chi Pang, Leslie was a chief executive of the Company during the Current Period.
- (7) All the interests stated above represent long positions.

## DISCLOSURE OF INTERESTS

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

	Number of shares/ amount of registered capital			Total	Approximate percentage of issued/ registered capital as at 31.12.04
	Personal interests	Family interests	Corporate interests		
<b>NWD</b>					
(Ordinary shares of HK\$1.00 each)					
Mr Chan Kam Ling	135,335	—	—	135,335	0.00%
Mr Cheung Chin Cheung	60,652	—	—	60,652	0.00%
Mr Kwong Che Keung, Gordon	30,000	—	—	30,000	0.00%
Dr Cheng Chi Pang, Leslie <sup>(1)</sup>	1,400	—	—	1,400	0.00%
<b>New World TMT Limited</b>					
(Ordinary shares of HK\$1.00 each)					
Dr Cheng Kar Shun, Henry	—	1,000,000 <sup>(2)</sup>	—	1,000,000	0.11%
Mr Doo Wai Hoi, William	—	—	12,000,000 <sup>(3)</sup>	12,000,000	1.26%
Mr Chan Kam Ling	6,800	—	—	6,800	0.00%
Mr Cheung Chin Cheung	100,000	—	—	100,000	0.01%
Dr Cheng Chi Pang, Leslie <sup>(1)</sup>	200	—	—	200	0.00%
<b>New World China Land Limited</b>					
(Ordinary shares of HK\$0.10 each)					
Mr Doo Wai Hoi, William	700,000	—	—	700,000	0.05%
Mr Chan Kam Ling	400,000	—	—	400,000	0.03%
<b>Fung Seng Estate Development (Shanghai) Co., Ltd.</b>					
(Registered capital in US\$)					
Mr Doo Wai Hoi, William	—	—	US\$3,000,000 <sup>(4)</sup>	US\$3,000,000	30.00%
<b>HH Holdings Corporation</b>					
(Ordinary shares of HK\$1.00 each)					
Mr Chan Kam Ling	15,000	—	—	15,000	2.50%
<b>Master Services Limited</b>					
(Ordinary shares of US\$0.01 each)					
Mr Chan Kam Ling	16,335	—	—	16,335	1.63%
Mr Wong Kwok Kin, Andrew	44,915	—	—	44,915	4.49%
<b>Nanjing New World Chang Jiang Equipment Co. Ltd.</b>					
(Registered capital in RMB)					
Mr Doo Wai Hoi, William	—	—	RMB5,357,275 <sup>(5)</sup>	RMB5,357,275	21.18%

## DISCLOSURE OF INTERESTS

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

	Number of shares/ amount of registered capital			Total	Approximate percentage of issued/ registered capital as at 31.12.04
	Personal interests	Family interests	Corporate interests		
<b>Nanjing Xinlidao Property Development Limited</b>					
(Registered capital in HK\$)					
Mr Doo Wai Hoi, William	—	—	HK\$21,000,000 <sup>(5)</sup>	HK\$21,000,000	35.00%
<b>Ramada Property Ltd.</b>					
(Ordinary shares of US\$1.00 each)					
Mr Doo Wai Hoi, William	—	—	200 <sup>(3)</sup>	200	20.00%
<b>Shanghai Ju Yi Real Estate Development Co., Ltd.</b>					
(Registered capital in RMB)					
Mr Doo Wai Hoi, William	—	—	RMB105,000,000 <sup>(4)</sup>	RMB105,000,000	30.00%
<b>Wai Kee Holdings Limited</b>					
(Ordinary shares of HK\$0.10 each)					
Mr Lam Wai Hon, Patrick	300,000	—	—	300,000	0.04%
Dr Cheng Chi Pang, Leslie <sup>(1)</sup>	500,000	—	—	500,000	0.06%

Notes:

- (1) Dr Cheng Chi Pang, Leslie was a chief executive of the Company during the Current Period.
- (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 participating interests held by a company wholly owned by Mr Doo Wai Hoi, William.
- (5) The interests represent the equity interests held by a company wholly owned by Mr Doo Wai Hoi, William.
- (6) All the interests stated above represent long positions.

## DISCLOSURE OF INTERESTS

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

As at 31 December 2004, the following directors and chief executive of the Company have personal interests in options to subscribe for shares of the Company:

Name	Date of grant	Exercisable period (Note)	Number of share options				Balance as at 31.12.04	Exercise price per share HK\$
			Balance as at 01.07.04	Granted during the period	Exercised during the period	Lapsed during the period		
Dr Cheng Kar Shun, Henry	21 July 2003	(1)	2,000,000	—	1,000,000	—	1,000,000	3.725
Mr Doo Wai Hoi, William	21 July 2003	(1)	1,333,334	—	666,667	—	666,667	3.725
Mr Chan Kam Ling	21 July 2003	(1)	1,333,334	—	666,667	—	666,667	3.725
Mr Wong Kwok Kin, Andrew	21 July 2003	(1)	933,334	—	466,667	—	466,667	3.725
Mr Lam Wai Hon, Patrick	21 July 2003	(1)	933,334	—	—	—	933,334	3.725
Mr Cheung Chin Cheung	11 May 1999	(2)	300,000	—	300,000	—	—	6.930
	21 July 2003	(1)	400,000	—	200,000	—	200,000	3.725
Mr Wilfried Ernst Kaffenberger	21 July 2003	(3)	600,000	—	—	—	600,000	3.725
Mr To Hin Tsun, Gerald	21 July 2003	(1)	400,000	—	200,000	—	200,000	3.725
Mr Kwong Che Keung, Gordon	21 July 2003	(1)	400,000	—	200,000	—	200,000	3.725
Mr Cheng Wai Chee, Christopher	21 July 2003	(1)	600,000	—	400,000	—	200,000	3.725
Mr Dominic Lai	21 July 2003	(1)	400,000	—	200,000	—	200,000	3.725
Dr Cheng Chi Pang, Leslie <sup>(4)</sup>	21 July 2003	(3)	300,000	—	—	—	300,000	3.725

Notes:

- (1) Divided into 2 tranches exercisable from 21 July 2004 and 21 July 2005 respectively to 20 July 2008, both dates inclusive.
- (2) 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.
- (3) Divided into 3 tranches exercisable from 21 January 2004, 21 July 2004 and 21 July 2005 respectively to 20 July 2008, both dates inclusive.
- (4) Dr Cheng Chi Pang, Leslie was a chief executive of the Company during the Current Period.
- (5) The closing price per share immediately before 21 July 2003, the date of grant, was HK\$3.6 and the cash consideration paid by each director or chief executive for the share options granted on that day is HK\$10.
- (6) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$10.13.
- (7) All the interests stated above represent long positions.

## DISCLOSURE OF INTERESTS

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

#### *New World China Land Limited*

Under the share option scheme of New World China Land Limited, a fellow subsidiary company of the Company, the following directors of the Company have personal interests in share options to subscribe for shares in this company which have been granted to them as follows:

Name	Date of grant	Exercisable period	Share options with exercise price per share of HK\$1.955		
			Balance as at 01.07.04	Exercised during the period	Balance as at 31.12.04
Dr Cheng Kar Shun, Henry	7 February 2001	8 March 2001 to 7 March 2006 <sup>(1)</sup>	5,000,000	—	5,000,000
Mr Doo Wai Hoi, William	8 February 2001	9 March 2002 to 8 March 2006 <sup>(2)</sup>	2,800,000	—	2,800,000
Mr Chan Kam Ling	9 February 2001	10 March 2002 to 9 March 2006 <sup>(2)</sup>	400,000	300,000	100,000

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 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 years, unless otherwise 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 together with any unexercised share options carried forward from the previous years.
- (3) The cash consideration paid by each director for each grant of the share options is HK\$10.
- (4) All 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 31 December 2004.

## DISCLOSURE OF INTERESTS

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2004, so far as are known to the directors of the Company, 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	Number of shares			Approximate percentage of the issued share capital of the Company
	Beneficial interests	Corporate interests	Total	
CTF	59,831,893	969,779,643 <sup>(1)</sup>	1,029,611,536	56.99%
NWD	664,587,141	305,192,502 <sup>(2)</sup>	969,779,643	53.68%
Mombasa Limited	303,221,591	—	303,221,591	16.78%

Notes:

- (1) CTF (together with its subsidiary companies) have interests in more than one-third of the issued shares of NWD and CTF is accordingly deemed to have an interest in the shares interested by or deemed to be interested by NWD.
- (2) NWD holds 100% indirect interest in Mombasa Limited and is accordingly deemed to have an interest in the shares held by Mombasa Limited in the Company. NWD is also deemed to be interested in 1,970,911 shares in the Company which are held by Financial Concepts Investment Limited, a non wholly owned subsidiary company of NWD.
- (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 31 December 2004.

# DISCLOSURE OF INTERESTS

## SHARE OPTION SCHEMES

The 1997 Share Option Scheme was adopted by the Company on 11 April 1997, under which the Board may, at their discretion grant options to executive directors or full-time employees of the Group to subscribe for shares in the Company. Subsequent to the amendment of Chapter 17 of the Listing Rules in 2001, the Company adopted the 2001 Share Option Scheme on 6 December 2001 thereafter certain rules of such scheme were altered and approved by the shareholders of the Company on 12 March 2003. Under the 2001 Share Option Scheme, the Board may at their discretion grant options to any eligible participants (as defined in the scheme) to subscribe for shares of the Company.

During the six months ended 31 December 2004, movements of share options granted by the Company under the 1997 Share Option Scheme and the 2001 Share Option Scheme were as follows:

- (a) Movement of share options to directors and chief executive of the Company was disclosed under the section headed "Directors' and Chief Executive's Interests in Securities" above.
- (b) Movement of share options to other eligible participants was as follows:
  - (i) Under the 1997 Share Option Scheme

Date of grant	Exercisable period (Note)	Number of share options				Balance as at 31.12.04	Exercise price per share
		Balance as at 01.07.04	Granted during the period	Exercised during the period	Lapsed during the period		
11 May 1999	(1)	1,600,000	—	1,000,000	600,000	—	HK\$6.930
11 May 1999	(2)	30,000	—	30,000	—	—	HK\$6.930

Notes:

- (1) 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.
- (2) Exercisable from 5 May 2004 to 4 November 2004, both dates inclusive.
- (3) The weighted average closing price of the shares immediately before the date on which share options were exercised was HK\$10.89.

## DISCLOSURE OF INTERESTS

(ii) Under the 2001 Share Option Scheme

Date of grant	Exercisable period (Note)	Number of share options				Balance as at 31.12.04	Exercise price per share
		Balance as at 01.07.04	Granted during the period	Exercised during the period	Lapsed during the period		
21 July 2003	(1)	19,202,002	—	8,572,467	397,922	10,231,613	HK\$3.725

Notes:

- (1) Divided into 3 tranches exercisable from 21 January 2004, 21 July 2004 and 21 July 2005 respectively to 20 July 2008, both dates inclusive.
- (2) The closing price per share immediately before 21 July 2003, the date of grant, was HK\$3.6.
- (3) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$9.40.

## OTHER INFORMATION

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

The Company has not redeemed any of its shares during the six months ended 31 December 2004. Neither the Company nor any of its subsidiary companies has purchased or sold any of the Company's listed securities during the six months ended 31 December 2004.

### **AUDIT COMMITTEE**

The Audit Committee currently comprises four members including three independent non-executive directors and a non-executive director of the Company. The Audit Committee has reviewed the unaudited Interim Accounts for the six months ended 31 December 2004 and discussed the financial related matters with management.

### **CODE OF BEST PRACTICE**

The Company complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, which was in force prior to 1 January 2005 and remains applicable for the financial period commencing before 1 January 2005, during the six months ended 31 December 2004 except that the 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 in accordance with the by-laws of the Company.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry of the directors of the Company, all the directors confirmed that they had complied with the required standards of the Model Code during the six months ended 31 December 2004.

On behalf of the Board

**Dr Cheng Kar Shun, Henry**

*Chairman*

Hong Kong, 14 March 2005

# 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 Tsang Yam Pui  
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 Dominic Lai  
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  
The Honourable Shek Lai Him, Abraham

## Qualified Accountant

Mr Lam Wai Hon, Patrick

## Company Secretary

Mr Chow Tak Wing

## Head Office and Principal Place of Business

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18 Queen's Road Central  
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 America, National Association  
Bank of China (Hong Kong) Limited  
BNP Paribas  
Calyon  
Chinatrust Commercial Bank, Ltd.  
DBS Bank Ltd, Hong Kong Branch  
Hang Seng Bank Limited  
The Hongkong and Shanghai Banking  
Corporation Limited  
Industrial and Commercial Bank of China  
(Asia) Limited  
Standard Chartered Bank (Hong Kong) Limited  
Sumitomo Mitsui Banking Corporation

## Share Listings

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

## Stock Code

Hong Kong Stock Exchange 0659



## **NWS Holdings Limited**

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