

The directors herein present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2001.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 14 to the financial statements.

Other than the commencement of the Group's tour, hotel and power generation businesses through the acquisition of subsidiaries, there were no changes in the nature of the Group's principal activities during the year.

### SEGMENTAL INFORMATION

An analysis of the Group's turnover and contribution to profit from operating activities by principal activity and geographical area of operations for the years ended 31 March 2001 and 2000 is as follows:

	2001		2000	
	Turnover	Contribution	Turnover	Contribution
	HK\$'000	to profit from	HK\$'000	to profit from
		operating		operating
		activities		activities
		HK\$'000		HK\$'000
By activity:				
Designated bus routes services	490,858	29,015	442,682	38,487
Non-franchised bus and coach services	340,683	(6,838)	347,388	27,492
Franchised bus services	61,816	(288)	60,670	(3,704)
Other transportation services	4,172	(1,959)	2,510	(1,030)
Tour services	22,415	511	–	–
Hotel services	14,748	(1,725)	–	–
Power generation	817	(128)	–	–
	<b>935,509</b>	<b>18,588</b>	<b>853,250</b>	<b>61,245</b>
Gain on waived bank borrowings		22,131		–
Interest income from jointly-controlled entities		2,169		1,419
		<b>42,888</b>		<b>62,664</b>

## SEGMENTAL INFORMATION (continued)

	2001		2000	
	Contribution to profit from operating activities		Contribution to profit from operating activities	
	Turnover		Turnover	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By geographical area:				
The People's Republic of China:				
Hong Kong, Special Administrative Region	408,002	(4,978)	408,058	23,788
Elsewhere	527,507	47,866	445,192	38,876
	<b>935,509</b>	<b>42,888</b>	853,250	62,664

## RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 March 2001 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 36 to 91.

An interim dividend of HK1 cent per ordinary share was paid on 17 January 2001. The directors recommend the payment of a final dividend of HK1 cent per ordinary share in respect of the year to shareholders on the register of members on 22 August 2001. This recommendation has been incorporated in the financial statements.

## SUMMARY FINANCIAL INFORMATION

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified and restated as appropriate, is set out below. This summary is not part of the audited financial statements.

RESULTS	Year ended 31 March				
	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i> (Restated)	1998 <i>HK\$'000</i>	1997 <i>HK\$'000</i>
TURNOVER	<b>935,509</b>	853,250	655,587	432,549	261,758
OPERATING PROFIT	<b>25,348</b>	46,092	53,952	65,390	54,861
Share of profits and losses of:					
Jointly-controlled entities	<b>15,457</b>	23,302	23,826	13,404	10,778
Associates	<b>(1,055)</b>	–	(311)	113	2,829
PROFIT BEFORE TAX	<b>39,750</b>	69,394	77,467	78,907	68,468
Tax	<b>(6,358)</b>	(2,332)	(94)	(753)	(5,257)
PROFIT BEFORE MINORITY INTERESTS	<b>33,392</b>	67,062	77,373	78,154	63,211
Minority interests	<b>(12,968)</b>	(16,964)	(9,245)	(5,065)	–
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	<b>20,424</b>	50,098	68,128	73,089	63,211

## SUMMARY FINANCIAL INFORMATION *(continued)*

ASSETS AND LIABILITIES	2001 <i>HK\$'000</i>	As at 31 March			
		2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i> (Restated)	1998 <i>HK\$'000</i>	1997 <i>HK\$'000</i>
TOTAL ASSETS	<b>1,588,050</b>	1,489,024	1,153,037	811,746	445,542
TOTAL LIABILITIES	<b>(566,610)</b>	(504,581)	(426,613)	(221,020)	(231,852)
MINORITY INTERESTS	<b>(242,902)</b>	(216,597)	(151,259)	(56,697)	–
NET ASSETS	<b>778,538</b>	767,846	575,165	534,029	213,690

### FIXED ASSETS

Details of movements in the fixed assets of the Group are set out in note 12 to the financial statements.

### SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 14 to the financial statements.

### JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES

Particulars of the Group's interests in jointly-controlled entities and associates are set out in notes 15 and 16 to the financial statements, respectively.

### BANK LOANS AND OTHER BORROWINGS

Details of the bank loans and other borrowings of the Group are set out in notes 27 to 29 to the financial statements.

#### **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 LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries, purchased, sold or redeemed 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 33 to the financial statements.

#### **DISTRIBUTABLE RESERVES**

At 31 March 2001, the Company's reserves available for distribution, calculated in accordance with the Companies Act 1981 of Bermuda (as amended), amounted to HK\$75,594,000. This includes the Company's contributed surplus of HK\$70,770,000 which is available for distribution under certain circumstances. In addition, the Company's share premium account, in the amount of HK\$522,111,000, may be distributed in the form of fully paid bonus shares.

#### **CHARITABLE CONTRIBUTION**

During the year, no charitable contribution was made by the Group.

#### **MAJOR CUSTOMERS AND SUPPLIERS**

The turnover attributable to the five largest customers of the Group accounted for less than 30% of the Group's total turnover for the year.

Purchases from the Group's five largest suppliers accounted for 34% of the Group's total purchases for the year and purchases from the largest supplier included therein amounted to 10%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital as at 31 March 2001) had any beneficial interest in the Group's five largest suppliers.

### **DIRECTORS**

The directors of the Company during the year and up to the date of this report were:

*Executive directors:*

Wong Chung Pak, Thomas  
Wong Wing Pak  
Wong Leung Pak, Matthew  
Dr Cheng Kar Shun  
Hsu Hsung, Adolf  
Choi Pak Wing  
Lee Yin Ching, Stanley  
Lo Kin Wai  
Cheng King Hoi, Andrew  
Ng King Yee, Patrick  
Chan Yu Kwong, Francis  
Mok Wah Fun, Peter

*Independent non-executive directors:*

Chan Bing Woon, SBS, JP  
Sung Yuen Lam

In accordance with the Company's bye-laws, all directors, except for Wong Chung Pak, Thomas and Wong Leung Pak, Matthew who will continue in office for the ensuing year, will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

### **DIRECTORS AND SENIOR MANAGEMENT BIOGRAPHIES**

Biographical details of the directors and the senior management of the Group are set out on pages 19 to 22 of the annual report.

### **EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS**

Details of the emoluments of the directors and the five highest paid individuals in the Group are set out in notes 6 and 7 to the financial statements, respectively.

**DIRECTORS' SERVICE CONTRACTS**

Each of the executive directors, except for Dr Cheng Kar Shun, Hsu Hsung, Adolf and Choi Pak Wing, has a service contract with the Company for a term of five years commencing on 1 September 1999 which is subject to termination by either party upon expiration of the contract giving not less than six months' written notice.

Apart from the foregoing, no director 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 of compensation other than statutory compensation.

**DIRECTORS' INTERESTS IN CONTRACTS**

No director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

**DIRECTORS' INTERESTS IN SHARES**

At 31 March 2001, the interests of the directors in the share capital of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), were as follows:

**(i) The Company**

Ordinary shares of the Company

Name of director	Number of shares held and nature of interests			
	Personal	Family	Corporate	Other
Wong Chung Pak, Thomas	849,665 <sup>(1)</sup>	849,665 <sup>(1)</sup>	147,580,000 <sup>(2)</sup>	147,580,000 <sup>(3)</sup>
Wong Wing Pak	699,665 <sup>(1)</sup>	699,665 <sup>(1)</sup>	147,580,000 <sup>(2)</sup>	147,580,000 <sup>(3)</sup>
Wong Leung Pak, Matthew	599,665 <sup>(1)</sup>	599,665 <sup>(1)</sup>	147,580,000 <sup>(2)</sup>	147,580,000 <sup>(3)</sup>
Dr Cheng Kar Shun	—	—	—	—
Hsu Hsung, Adolf	—	—	—	—
Choi Pak Wing	—	—	—	—
Lee Yin Ching, Stanley	1,955,556	—	—	—
Lo Kin Wai	1,552,667	—	—	—
Cheng King Hoi, Andrew	755,556	—	—	—
Ng King Yee, Patrick	100,000	—	—	—
Chan Yu Kwong, Francis	660,000	—	—	—
Mok Wah Fun, Peter	—	—	—	—

## DIRECTORS' INTERESTS IN SHARES *(continued)*

### (i) The Company *(continued)*

- (1) Wong Chung Pak, Thomas holds 849,665 shares jointly with his spouse. Wong Wing Pak holds 699,665 shares jointly with his spouse. Wong Leung Pak, Matthew holds 599,665 shares jointly with his spouse.
- (2) These shares are held by Wong Family Holdings Limited (as trustee of The Wong Family Unit Trust), with each of Wong Chung Pak, Thomas, Wong Wing Pak and Wong Leung Pak, Matthew holding one-third of the shares in issue in Wong Family Holdings Limited.
- (3) These shares are held by The Wong Family Unit Trust, the beneficiaries of which are Wong Chung Pak, Thomas, Wong Wing Pak and Wong Leung Pak, Matthew and their spouses.

### (ii) Associated corporations

Name of associated corporation	Name of director	Number of shares (Personal interests)	Class of shares
Good Funds Services Limited	Wong Chung Pak, Thomas	50,000	Non-voting deferred
Good Funds Services Limited	Wong Wing Pak	125,000	Non-voting deferred
Good Funds Services Limited	Wong Leung Pak, Matthew	125,000	Non-voting deferred
Good Funds Services Limited	Lo Kin Wai	50,010	Non-voting deferred
Kwoon Chung Motors Company, Limited	Wong Chung Pak, Thomas	33,333	Non-voting deferred
Kwoon Chung Motors Company, Limited	Wong Wing Pak	33,333	Non-voting deferred
Kwoon Chung Motors Company, Limited	Wong Leung Pak, Matthew	33,334	Non-voting deferred

**DIRECTORS' INTERESTS IN SHARES** *(continued)***(ii) Associated corporations** *(continued)*

<b>Name of associated corporation</b>	<b>Name of director</b>	<b>Number of shares (Personal interests)</b>	<b>Class of shares</b>
New Lantao Bus Company (1973) Limited	Wong Chung Pak, Thomas	5	Ordinary
New Lantao Bus Company (1973) Limited	Wong Wing Pak	1	Ordinary
New Lantao Bus Company (1973) Limited	Wong Leung Pak, Matthew	1	Ordinary

In addition, Wong Chung Pak, Thomas has non-beneficial personal equity interests in certain subsidiaries of the Company held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other interest in the equity or debt securities of the Company or any of its associated corporations, as defined in the SDI Ordinance.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES

Pursuant to the Company's share option scheme, the Company has granted options on the Company's ordinary shares in favour of certain directors, the details of which are as follows:

	<b>Number of share options outstanding at 1 April 2000 and 31 March 2001</b>
Wong Chung Pak, Thomas	2,600,000( <i>Note</i> )
Wong Wing Pak	2,600,000( <i>Note</i> )
Wong Leung Pak, Matthew	2,600,000( <i>Note</i> )
Dr Cheng Kar Shun	–
Hsu Hsung, Adolf	–
Choi Pak Wing	–
Lee Yin Ching, Stanley	1,480,000
Lo Kin Wai	1,570,000
Cheng King Hoi, Andrew	2,760,000
Ng King Yee, Patrick	1,470,000
Chan Yu Kwong, Francis	980,000
Mok Wah Fun, Peter	1,680,000

The above share options are exercisable at subscription prices ranging from HK\$1.0112 to HK\$4.1520 per share.

Save as disclosed above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Further details of the Company's share option scheme are set out in note 32 to the financial statements.

*Note:* This includes 300,000 share options granted to each of Tso Anna, Tang Kit Ling, Louise and Ng Lai Yee, Christina, the respective wives of Wong Chung Pak, Thomas, Wong Wing Pak and Wong Leung Pak, Matthew.

**SUBSTANTIAL SHAREHOLDERS**

As at 31 March 2001, the following interest of 10% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance.

Name	Notes	Number of shares held	
		Direct interest	Deemed interest
Wong Family Holdings Limited ("WFHL")		147,580,000	–
Wong Chung Pak, Thomas	1	–	147,580,000
Wong Wing Pak	1	–	147,580,000
Wong Leung Pak, Matthew	1	–	147,580,000
First Action Developments Limited	2	95,102,000	–
New World Services Limited ("NWS-BVI")	2,3	–	95,102,000
New World Services Limited ("NWS-Cayman Islands")	2,3	–	95,102,000
New World Development Company Limited ("NWDCL")	2	–	95,102,000
Chow Tai Fook Enterprises Limited ("CTFEL")	2	–	95,102,000

*Notes:*

- (1) Each of Wong Chung Pak, Thomas, Wong Wing Pak and Wong Leung Pak, Matthew holds one-third of the shares in WFHL and they are deemed to be interested in the 147,580,000 shares which are directly held by WFHL. These 147,580,000 shares represent an aggregate of about 37.47% of the issued share capital of the Company.
- (2) First Action Developments Limited is a wholly-owned subsidiary of NWS-BVI, which is in turn a wholly-owned subsidiary of NWS-Cayman Islands. NWDCL owns about 51.27% equity shares in NWS-Cayman Islands. CTFEL owns about 35.74% equity shares in NWDCL. NWS-BVI, NWS-Cayman Islands, NWDCL and CTFEL are deemed to be interested in the 95,102,000 shares which are held directly by First Action Developments Limited. These 95,102,000 shares represent an aggregate of about 24.14% of the issued share capital of the Company.
- (3) NWS-BVI was incorporated in the British Virgin Islands and NWS-Cayman Islands was incorporated in the Cayman Islands.

Save as disclosed above, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests in shares" above, had registered an interest in the issued share capital of the Company that was required to be recorded pursuant to Section 16(1) of the SDI Ordinance.

**CONNECTED TRANSACTIONS**

Details of the connected transactions of the Group during the year are set out in note 38 to the financial statements.

### POST BALANCE SHEET EVENT

Particulars of the significant post balance sheet event of the Group are set out in note 39 to the financial statements.

### PENSION SCHEME

Details of the pension scheme of the Group and the employer's pension costs charged to the profit and loss account for the year are set out in notes 2 and 4 to the financial statements, respectively.

### CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice, as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, throughout the accounting period covered by this annual report, except that the independent non-executive directors of the Company were not appointed for specific terms but are subject to retirement by rotation in accordance with the Company's bye-laws.

### AUDIT COMMITTEE

The Company established an audit committee, in accordance with paragraph 14 of the Code of Best Practice, throughout the accounting period covered by the annual report.

### AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

**Wong Chung Pak, Thomas**

*Chairman*

Hong Kong

26 July 2001