

1. Principal accounting policies

The principal accounting policies adopted in the preparation of the consolidated accounts are set out below:

(a) Basis of preparation of the accounts

The accounts have been prepared under the historical cost convention as modified by the revaluation of non-trading securities, in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants.

(b) Basis of consolidation

The consolidated accounts include the accounts of the Company and all its subsidiaries made up to 30th June. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective dates of acquisition or to the effective dates of disposal as appropriate.

All significant intercompany transactions and balances have been eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill or capital reserve which was not previously charged or recognised in the consolidated profit and loss account.

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

(c) Subsidiaries

A company is considered to be a subsidiary if more than 50% of the voting capital is held for the long term or if the composition of the board of directors is controlled by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision, if necessary, for any diminution in value other than temporary in nature. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(d) Associated companies

An associated company is a company, not being a subsidiary, in which an equity interest is held for the long term and significant influence is exercised in its management.

The consolidated profit and loss account includes the Group's share of results of the associated companies for the year and the consolidated balance sheet includes the Group's share of net assets of the associated companies.

1. Principal accounting policies (Continued)

(e) Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

The consolidated profit and loss account includes the Group's share of the results of jointly controlled entities for the year, and the consolidated balance sheet includes the Group's share of the net assets of the jointly controlled entities.

(f) Goodwill

Goodwill represents the excess of purchase consideration over the fair values ascribed to the net assets of subsidiaries, associated companies and jointly controlled entities acquired and is taken to reserves in the year of acquisition.

(g) Fixed assets

Fixed assets are stated at cost less accumulated depreciation.

Leasehold land is depreciated over the period of the lease. Other fixed assets are depreciated at rates sufficient to write off their cost over their estimated useful lives, on a straight line basis, to their residual values. The principal annual rates are as follows:

Buildings	3%
Leasehold improvements	Over the lease terms
Port facilities and terminal equipment	2.25% – 15%
Furniture, fixtures and office equipment	7% – 20%
Motor vehicles	10% – 25%

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

The carrying amounts of fixed assets are reviewed regularly to assess whether their recoverable amounts have declined below their carrying amounts. Expected future cash flows have not been discounted in determining the recoverable amounts.

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

1. Principal accounting policies (Continued)**(h) Construction in progress**

Construction in progress is investment in leasehold land and buildings where its construction work has not been completed. The investment is stated at cost. Cost includes leasehold land cost, development and construction expenditure incurred and interest and other direct costs attributable to the development. Construction in progress is transferred to the appropriate category of fixed assets when completed and ready for use. No depreciation is provided for construction in progress.

(i) Non-trading securities

Non-trading securities are stated at their fair values on the basis of their quoted market prices at the balance sheet date. Changes in the fair values of the securities are dealt with as movements in the investments revaluation reserve, until the securities are sold or are determined to be impaired, when the cumulative gain or loss derived from the securities recognised in the investments revaluation reserve, together with the amount of any impairment, is charged to the profit and loss account for the period in which the impairment arises. Where the circumstances and events leading to the impairment cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future, the amount of the impairment previously charged and any appreciation in fair value is credited to the profit and loss account to the extent of the amount previously charged.

(j) Accounts receivable

Provision is made against accounts receivable to the extent they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

(k) Deferred taxation

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

(l) Operating leases

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

1. Principal accounting policies (Continued)

(m) Retirement benefit costs

The Group contributes to defined contribution retirement schemes which are available to all employees in Hong Kong. The assets of the schemes are held separately from those of the Group in independently administered funds. The Group's contributions to these schemes are expensed as incurred. The Group's contributions in respect of employees who leave the schemes during the year are not forfeited to reduce the employer's contributions for the year.

The Group also contributes to employee pension schemes established by municipal governments in respect of certain subsidiaries in the People's Republic of China (the "PRC"). The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group. Contributions to these schemes are charged to the profit and loss account as incurred.

(n) Translation of foreign currencies

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

The accounts of subsidiaries, associated companies and jointly controlled entities expressed in foreign currencies are translated at the exchange rates ruling at the balance sheet date. All exchange differences arising therefrom are dealt with as a movement in reserves.

(o) Revenue recognition

Income from cargo handling and storage, container handling and storage and road freight services are recognised when services are rendered.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Operating lease rental income is recognised on a straight line basis over the period of each lease.

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset.

All other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

2. Turnover

The Group is principally engaged in the investment in and the development, operation and management of terminals in seaports and riverports and related business. Turnover represents income from cargo and container handling and storage, and road freight services, net of business tax. Turnover recognised during the year/period is as follows:

	Year ended 30.6.2001 HK\$'000	Period from 1.1.1999 to 30.6.2000 HK\$'000
Turnover		
Cargo handling and storage	57,648	74,322
Container handling and storage	71,063	67,443
Road freight services	7,150	7,903
	135,861	149,668

An analysis of the Group's turnover and contribution to operating profit/(loss) by principal activities for the year/period is as follows:

	Turnover		Operating profit/(loss)	
	Year ended 30.6.2001 HK\$'000	Period from 1.1.1999 to 30.6.2000 HK\$'000	Year ended 30.6.2001 HK\$'000	Period from 1.1.1999 to 30.6.2000 HK\$'000
Principal activities:				
Cargo handling and storage	57,648	74,322	(15,150)	(28,637)
Container handling and storage	71,063	67,443	11,067	11,387
Road freight services	7,150	7,903	(2,382)	(2,240)
Other overheads	-	-	(43,177)	(35,487)
	135,861	149,668	(49,642)	(54,977)

The principal market of the Group is located in the PRC.

3. Operating loss

Operating loss is stated after crediting and charging the following:

	Year ended 30.6.2001 HK\$'000	Period from 1.1.1999 to 30.6.2000 HK\$'000
Crediting		
Bank interest income	5,277	8,613
Gross rental income	1,144	375
Exchange gains, net	322	7,204
Write back of provision against short term loan receivables	-	9,100
Charging		
Auditors' remuneration	2,083	2,033
Bad debts written off	5,337	5,647
Provision for doubtful debts	1,623	10,265
Cost of services rendered (note)	103,662	129,216
Loss on disposal of fixed assets	918	4,407
Operating lease rentals in respect of land and buildings	10,518	16,317
Provision for impairment in value of non-trading securities	2,915	6,035
Repairs, maintenance and consumables	10,390	14,417
Retirement benefit costs	4,035	4,123

Note:

Cost of services rendered also include retirement benefits costs and operating lease rentals of HK\$3,354,000 and HK\$8,062,000 (Period from 1.1.1999 to 30.6.2000: HK\$3,588,000 and HK\$12,094,000) respectively as disclosed above.

4. Finance costs

	Year ended 30.6.2001 HK\$'000	Period from 1.1.1999 to 30.6.2000 HK\$'000
Interest expense on		
Other loan wholly repayable within five years	462	1,503
Amount due to a minority shareholder of a subsidiary	4,130	5,486
	4,592	6,989

5. Taxation

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profit for the year (Period from 1.1.1999 to 30.6.2000: HK\$Nil). Taxation on profits outside Hong Kong has been calculated on the estimated assessable profit for the year/period at the rates of taxation prevailing in the countries in which the Group operates. Certain subsidiaries operating in the PRC are entitled to a 100% tax relief from corporate income tax for the year/period, accordingly no corporate income tax has been made for the estimated assessable profit of those subsidiaries for the year/period.

	Year ended 30.6.2001 HK\$'000	Period from 1.1.1999 to 30.6.2000 HK\$'000
Company and subsidiaries		
PRC taxation	157	-
Share of taxation attributable to:		
Jointly controlled entities		
Hong Kong profits tax	22,899	6,100
Associated companies		
Hong Kong profits tax	51,887	11,912
PRC taxation	137	-
	75,080	18,012

There was no material unprovided deferred tax charge for the year (Period from 1.1.1999 to 30.6.2000: HK\$Nil).

6. Share of results by minority interests

The minority interests' share of losses less profits of the Group's non-wholly owned subsidiaries amounted to HK\$10,366,000 for the year ended 30th June 2001 (Period from 1.1.1999 to 30.6.2000: HK\$15,319,000).

7. Profit attributable to shareholders

The profit attributable to shareholders includes the profit for the year dealt with in the accounts of the Company amounting to HK\$98,437,000 (Period from 1.1.1999 to 30.6.2000: loss of HK\$157,758,000).

8. Dividend

4% cumulative convertible redeemable preference shares

Year ended 30.6.2001 HK\$'000	Period from 1.1.1999 to 30.6.2000 HK\$'000
133,878	38,351

9. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$276,138,000 (Period from 1.1.1999 to 30.6.2000: HK\$65,793,000) less preference share dividend of HK\$133,878,000 (Period from 1.1.1999 to 30.6.2000: HK\$38,351,000) and the weighted average of 2,059,968,000 (2000: 1,064,388,230) ordinary shares in issue during the year/period.

The diluted earnings per share for the year ended 30th June 2001 is based on the Group's profit attributable to shareholders of HK\$276,138,000 and 5,253,622,306 ordinary shares which is the weighted average number of 2,059,968,000 of ordinary shares in issue during the year plus the weighted average of 3,193,654,306 ordinary shares deemed to be issued on the conversion of all preference shares. The conversion of share options is not dilutive as the exercise price of the Company's outstanding options is higher than the fair value per ordinary share for the current year.

The diluted earnings per share for the period from 1st January 1999 to 30th June 2000 is based on the Group's profit attributable to shareholders of HK\$65,793,000 less preference share dividend of HK\$38,351,000 and 1,064,575,810 ordinary shares which is the weighted average number of 1,064,388,230 of ordinary shares in issue during the prior period and 187,580 ordinary shares deemed to be issued at no consideration if all outstanding share options have been exercised. The conversion of preference shares is anti-dilutive in the prior period.

10. Directors' and management's emoluments

(a) Directors' emoluments

The aggregate amounts of emoluments paid to directors of the Company during the year/period are as follows:

	Year ended 30.6.2001 HK\$'000	Period from 1.1.1999 to 30.6.2000 HK\$'000
Fees	-	100
Salaries, housing and other allowances, benefits in kind	-	-
Bonuses	-	-
Contributions to retirement schemes	-	-
	-	100

The above amounts include directors' fees of HK\$Nil (Period from 1.1.1999 to 30.6.2000: HK\$100,000) paid to independent non-executive directors.

The directors' emoluments are analysed as follows:

	Year ended 30.6.2001	Number of directors Period from 1.1.1999 to 30.6.2000
Emolument bands		
Nil – HK\$1,000,000	10	11

The above analysis does not include individuals whose emoluments were among the five highest in the Group (Period from 1.1.1999 to 30.6.2000: Nil).

As at 30th June 2001, five directors of the Company had a total of 21,000,000 share options and 2,000,000 share options which were granted by the Company on 11th May 1999 and 16th February 2000 respectively under the share option scheme adopted by and the Company on 11th April 1997. The options are exercisable at HK\$0.693 per share from 1999 to 2005.

No consideration was paid for each acceptance of the offer. No option was exercised by the directors during the year.

10. Directors' and management's emoluments (Continued)

(b) Management's emoluments

Details of the aggregate emoluments paid to the five individuals (Period from 1.1.1999 to 30.6.2000: five) whose emoluments were the highest in the Group and have not been included in the directors' emoluments above are set out below:

	Year ended 30.6.2001 HK\$'000	Period from 1.1.1999 to 30.6.2000 HK\$'000
Salaries, housing and other allowances, benefits in kind	5,091	6,992
Bonuses	-	-
Contributions to retirement schemes	236	254
	5,327	7,246

The emoluments fell within the following bands:

Emolument bands	Number of individuals	
	Year ended 30.6.2001	Period from 1.1.1999 to 30.6.2000
Nil – HK\$1,000,000	2	2
HK\$1,000,001 – HK\$1,500,000	2	1
HK\$1,500,001 – HK\$2,000,000	1	1
HK\$2,000,001 – HK\$2,500,000	-	1
	5	5

During the year, no emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. No directors waived and agreed to waive any emoluments during the year/period.

11. Fixed assets

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Port facilities and terminal equipment HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
Cost							
At 1st July 2000	429,551	3,105	361,476	34,010	23,957	384,771	1,236,870
Additions	-	50	2,210	1,476	141	108,456	112,333
Transfer	6,965	-	115,144	-	340	(122,449)	-
Disposals	-	-	(325)	(187)	(1,672)	-	(2,184)
At 30th June 2001	436,516	3,155	478,505	35,299	22,766	370,778	1,347,019
Accumulated depreciation							
At 1st July 2000	28,265	1,454	69,333	14,098	10,935	-	124,085
Charge for the year	6,755	232	28,196	6,225	2,150	-	43,558
Disposals	-	-	(4)	(74)	(1,069)	-	(1,147)
At 30th June 2001	35,020	1,686	97,525	20,249	12,016	-	166,496
Net book value							
At 30th June 2001	401,496	1,469	380,980	15,050	10,750	370,778	1,180,523
At 30th June 2000	401,286	1,651	292,143	19,912	13,022	384,771	1,112,785

All leasehold land and buildings, port facilities and construction in progress are situated in the PRC and are held under leases of 10 to 50 years.

The aggregate cost and accumulated depreciation of leasehold land and buildings held for use in operating leases as at 30th June 2001 amounted to approximately HK\$98,653,000 (2000: HK\$61,194,000) and HK\$7,746,000 (2000: HK\$3,630,000) respectively.

12. Investments in subsidiaries

	2001	Company
	HK\$'000	2000 HK\$'000
Unlisted investments, at cost (note b)	3,369,253	3,369,253
Amounts due from subsidiaries (note a)	2,429,432	2,429,151
	5,798,685	5,798,404
Less: Provisions	(223,428)	(188,000)
	5,575,257	5,610,404

Notes:

(a) The amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment.

(b) Particulars of the principal subsidiaries which are directly or indirectly held as at 30th June 2001 and 2000 are as follows:

Name	Place of incorporation/ establishment	Place of operations	Principal activities	Issued share capital/paid up capital	Group equity interest
* Hetro Limited	British Virgin Islands ("BVI")	Hong Kong	Investment holding	100 ordinary shares of US\$1 each	100%
Keen Sales Limited	Hong Kong	Hong Kong	Investment holding	2 ordinary shares of HK\$1 each and 2 non-voting deferred shares of HK\$1 each	100%
N.S.A. (Tianjin) Int'l Cargo Distribution Co., Ltd	PRC	PRC	Dormant	US\$7,809,700	100%

12. Investments in subsidiaries (Continued)

Name	Place of incorporation/ establishment	Place of operations	Principal activities	Issued share capital/paid up capital	Group equity interest
Nanjing Huining Wharfs Co., Ltd.	PRC	PRC	Cargo handling and storage	US\$11,800,000	55%
New World Port Investments Limited	Hong Kong	Hong Kong	Investment holding	2 ordinary shares of HK\$1 each	100%
Ready City Limited	Hong Kong	Hong Kong	Investment holding	200 ordinary shares of HK\$1 each	100%
* Righteous Corporation	BVI	Hong Kong	Investment holding	1 ordinary share of US\$1	100%
* Stockfield Limited	BVI	Hong Kong	Investment holding	1 ordinary share of US\$1	100%
Sunmall Limited	Hong Kong	Hong Kong	Investment holding	2 ordinary shares of HK\$1 each	100%
** Suzhou Huisu International Container Freight Wharfs Co., Ltd.	PRC	PRC	Container handling, warehousing and road freight operations	US\$3,750,000	55%
Xiamen New World Xiangyu Warehouse & Processing Zone Limited	PRC	PRC	Development of warehousing, processing and logistics facilities	US\$5,000,000	100%
Xiamen Xiangyu Free Trade Zone Huijian Quay Co., Ltd.	PRC	PRC	Development of container terminal	RMB166,700,000	60%

12. Investments in subsidiaries (Continued)

Name	Place of incorporation/ establishment	Place of operations	Principal activities	Issued share capital/paid up capital	Group equity interest
Xiamen Xiang Yu Quay Co., Ltd.	PRC	PRC	Container handling and storage and road freight operations	RMB100,000,000	92%
Xiamen Xinyuan Container Terminal Co., Ltd.	PRC	PRC	Cargo consolidation, container storage, and repairs and maintenance	RMB17,000,000	70%

The above table lists the principal subsidiaries of the Company which, in the opinion of the directors, materially affect the results and/or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

* Shares directly held by the Company

** On 8th February 2001, an indirect wholly owned subsidiary of the Company entered into an agreement with the minority shareholder (the "Minority Shareholder") of Suzhou Huisu International Container Freight Wharfs Co., Ltd. ("Huisu") for the acquisition of a 20% interest in Huisu from the Minority Shareholder at a consideration of approximately HK\$5 million. Upon completion of the transaction, the Company's equity interest in Huisu will be increased to 75%. As at the date of approval of the accounts, the transaction is being processed by the relevant authorities of the PRC.

13. Investments in associated companies

	2001 HK\$'000	Group 2000 HK\$'000
Share of net assets	799,853	743,529

13. Investments in associated companies (Continued)

Notes:

- (a) The Company has no directly owned associated company as at 30th June 2001 and 2000. The particulars of the principal associated company held by the Company's subsidiaries are as follows:

Name	Place of incorporation	Place of operations	Principal activities	Issued share capital	Group equity interest
CSX World Terminals Hong Kong Limited ("CSXWT Hong Kong") (formerly Sea-Land Orient Terminals Limited)	Hong Kong	Hong Kong	Operation of container terminal	55,000 "A" ordinary shares of HK\$1 each and 5,000 "B" ordinary shares of HK\$1 each	33.34%

The above principal associated company of the Group, in the opinion of the directors, materially affects the results and/or assets of the Group. To give details of other associated companies would, in the opinion of the directors, result in particulars of excessive length.

- (b) A summary of the financial information of CSXWT Hong Kong prepared based on the audited accounts of CSXWT Hong Kong for the relevant year/period, after making such adjustments as appropriate (including adjustments mainly for the fair value of fixed assets upon the Group's acquisition thereof), is as follows:

Results for the year/period

	Year ended 30.6.2001 HK\$'000	Period from 1.1.1999 to 30.6.2000 HK\$'000
Turnover (note)	1,467,470	2,168,061
Profit before taxation (note)	731,980	1,120,645
Taxation	(156,042)	(188,404)
Profit after taxation	575,938	932,241
Group's share of post-acquisition profit before taxation	244,042	83,190

Note:

The results of CSXWT Hong Kong for the period from 1st January 1999 to 30th June 2000 presented above include the pre-acquisition turnover and profit before taxation of HK\$1,732,644,000 and HK\$871,125,000 respectively.

13. Investments in associated companies (Continued)

Net assets as at 30th June

	2001 HK\$'000	2000 HK\$'000
Non-current assets	2,102,112	1,995,812
Current assets	532,078	490,451
Current liabilities	(192,385)	(245,595)
Non-current liabilities	(42,725)	(10,526)
	2,399,080	2,230,142

(c) Contingent liabilities

- (a) Asia Container Terminals Limited ("ACTL"), a jointly controlled entity of CSXWT Hong Kong, is a party to agreements with third parties in respect of the joint development of Container Terminal 9 in Hong Kong ("CT9"), the related berth swap arrangement and the funding/financing therefor. In the event of default of any of the third parties, ACTL will be required to provide additional funds for the project. CSXWT Hong Kong has given guarantees in respect of these obligations of ACTL and one of ACTL's shareholders to provide additional funds. Were CSXWT Hong Kong required to perform its obligations under the guarantees, the maximum amount of the additional liabilities assumed in respect of the CT9 development, in addition to CSXWT Hong Kong's share of the capital commitments of ACTL as at 30th June 2001 of approximately HK\$193 million (2000: HK\$216 million), amounted to approximately HK\$449 million (2000: HK\$449 million).
- (b) A corporate guarantee has been given by CSXWT Hong Kong in favour of certain banks for banking facilities granted to ACTL to the extent of approximately HK\$300 million as at 30th June 2001 (2000: HK\$340 million), in proportion to CSXWT Hong Kong interest in ACTL. The proportionate amount utilised against such facilities as at 30th June 2001 which was secured by the corporate guarantee amounted to approximately HK\$27.1 million (2000: HK\$1.8 million).

14. Investments in jointly controlled entities

	2001	Group
	HK\$'000	2000 HK\$'000
Non-current assets		
Share of net assets	1,473,105	1,405,798
Loans to jointly controlled entities (note a)	306,481	305,301
Loan from a jointly controlled entity (note b)	(80,007)	-
	1,699,579	1,711,099
Current assets/(liabilities)		
Amount due from a jointly controlled entity (note c)	2,575	2,580
Loan from a jointly controlled entity (note b)	-	(80,351)
	1,702,154	1,633,328

Notes:

- (a) The loans to jointly controlled entities are unsecured, interest free, and have no fixed terms of repayment except for loans of HK\$305,301,000 (2000: HK\$305,301,000) (the "Subordinated Loans") which have been subordinated to bank borrowings and all other major indebtedness, including amounts repayable over one year, of certain jointly controlled entities of the Group. Accordingly, the Subordinated Loans have been classified as non-current assets.
- (b) The loan from a jointly controlled entity is unsecured, interest free and repayable on demand. However, the jointly controlled entity has confirmed that it will not request repayment from the Group of the loan in the coming year ending 30th June 2002. Accordingly, the balance as at 30th June 2001 has been classified as a non-current liability.
- (c) The amount due from a jointly controlled entity is unsecured, interest free and has no fixed terms of repayment.
- (d) The shares in a jointly controlled entity are pledged to a syndicate of financial institutions to secure a loan facility of HK\$1,750 million granted to that jointly controlled entity. At 30th June 2001, the outstanding amount under the loan facility was approximately HK\$498 million (2000: HK\$757 million).

14. Investments in jointly controlled entities (Continued)

(e) The following is a list of the principal jointly controlled entities which are indirectly held by the Company as at 30th June 2001 and 2000:

Name	Place of incorporation/ establishment	Place of operations	Principal activities	Issued share capital/ paid up capital	Percentage of interest in ownership/ voting power/ profit sharing
* Asia Container Terminals Limited ("ACTL")	Hong Kong	Hong Kong	Development and operation of container terminal	1,000 ordinary shares of HK\$1 each	36.33%
# ATL Logistics Centre Hong Kong Limited ("ATL") (formerly Asia Terminals Limited)	Hong Kong	Hong Kong	Operation of cargo handling and storage facilities	100,000 "A" ordinary shares of HK\$1 each, 20,000 "B" preference shares of HK\$1 each, and 54,918 non-voting deferred shares of HK\$1 each	55.67%
CSX World Terminals New World (Tianjin) Limited (formerly Sea-Land New World (Tianjin) Limited)	Cayman Islands	Hong Kong	Investment holding	1,000 ordinary shares of US\$1 each	50%
CSX World Terminals New World Limited (formerly Sea-Land New World Limited)	BVI	Hong Kong	Investment holding	2,000 ordinary shares of US\$1 each	50%
Sea-Land Orient (Tianjin) Container Terminals Co., Limited	PRC	PRC	Operation of container terminal	US\$29,200,000	24.5%/ 22.2%/ 24.5%
United Asia Terminals (Yantian) Limited	Hong Kong	Hong Kong	Operation of cargo handling and storage facilities	52,000 "A" ordinary shares of HK\$1 each, 52,000 "B" ordinary shares of HK\$1 each and 26,000 "C" ordinary shares of HK\$1 each	40%

14. Investments in jointly controlled entities (Continued)

The Group's equity interest in ATL represents the aggregate of (i) a 39% equity interest held by a wholly owned subsidiary of the Company and (ii) a 50% equity interest held by a 33.34% owned associated company of the Group.

* The Group's equity interest in ACTL represents the aggregate of (i) a 33% equity interest held by a wholly owned subsidiary of the Company and (ii) a 10% equity interest held by a 33.34% owned associated company of the Group.

The above table lists the principal jointly controlled entities of the Group which, in the opinion of the directors, materially affect the results and/or assets of the Group. To give details of other jointly controlled entities would, in the opinion of the directors, result in particulars of excessive length.

A summary of the financial information of ATL, a significant jointly controlled entity of the Group prepared based on the audited accounts of ATL for the relevant year/period, after making such adjustments as appropriate (including adjustments mainly for the fair value of fixed assets upon the Group's acquisition thereof), is as follows:

Results for the year/period

	Year ended 30.6.2001 HK\$'000	Period from 1.1.1999 to 30.6.2000 HK\$'000
Turnover (note)	716,083	1,142,235
Profit before taxation (note)	372,641	536,207
Taxation	(58,715)	(90,156)
Profit after taxation	313,926	446,051
Group's share of post-acquisition profit before taxation	145,330	44,694

Note:

The results of ATL for the period for 1st January 1999 to 30th June 2000 presented above include the pre-acquisition turnover and profit before taxation of HK\$926,129,000 and HK\$421,606,000 respectively.

14. Investments in jointly controlled entities (Continued)

Net assets as at 30th June

	2001 HK\$'000	2000 HK\$'000
Non-current assets	3,681,674	3,771,751
Current assets	150,985	189,577
Current liabilities	(367,940)	(385,695)
Non-current liabilities	(650,441)	(919,281)
	2,814,278	2,656,352

15. Debtors, deposits and prepayments

Included in debtors, deposits and prepayments are trade debtors (net of provision) and their age analysis is as follows:

	2001 HK\$'000	Group 2000 HK\$'000
0-3 months	28,888	31,766
4-6 months	8,311	8,416
7-12 months	9,775	8,758
Total	46,974	48,940

The Group grants an average credit period of 30 – 90 days to its customers.

16. Non-trading securities

	2001 HK\$'000	Group	2000 HK\$'000
Listed securities in Hong Kong, at market value	8,801		11,716

The above securities were purportedly purchased on behalf of a subsidiary of the Group by a former director, who was also the Company's former chairman. The board of directors of the Company was not aware of the transaction at the time of acquisition, nor was the acquisition authorised by the board. The Group has already initiated legal proceedings against the former director for the recovery of the total amount paid for the securities and/or the shortfall in the market value thereof.

17. Bank balances and cash

	2001 HK\$'000	Group	2001 HK\$'000	Company	2000 HK\$'000
Bank balances and cash	55,148	32,519	1,308	1,919	1,919
Time deposits	106,821	98,923	49,793	29,363	29,363
	161,969	131,442	51,101	31,282	31,282

18. Creditors and accruals

Included in creditors and accruals are trade creditors and their age analysis is as follows:

	2001	Group
	HK\$'000	2000 HK\$'000
0-3 months	3,326	1,972
4-6 months	383	21
7-12 months	11	88
More than 12 months	514	2,668
Total	4,234	4,749

19. Amount due to a minority shareholder of a subsidiary

The amount due to a minority shareholder of a subsidiary is unsecured, interest free, except for an amount of HK\$99,747,000 (2000: HK\$80,837,000) which bears interest at the prevailing bank borrowing rate in the PRC, and has no fixed terms of repayment.

20. Other loan

	2001	Group
	HK\$'000	2000 HK\$'000
Other loan repayable within one year	1,572	11,716

The loan bore interest at the Deutschemark deposit rate in the London Interbank Euro-Currency Market plus 1.875% (2000: London Interbank Euro-Currency Market plus 1.875%) per annum. The loan was fully repaid in July 2001.

21. Share capital

	2001 HK\$'000	Company 2000 HK\$'000
Authorised:		
7,800,000,000 ordinary shares of HK\$0.10 each ("Ordinary Shares")	780,000	780,000
4,000,000,000 4% cumulative convertible redeemable preference shares of HK\$0.10 each ("Preference Shares")	400,000	400,000
	1,180,000	1,180,000
Issued and fully paid:		
2,059,968,000 Ordinary Shares	205,997	205,997
3,193,654,306 Preference Shares	319,365	319,365
	525,362	525,362

During the prior period, the following movements in share capital were recorded:

- (a) Pursuant to a special resolution passed on 15th February 2000, the Company's authorised share capital was increased from HK\$380,000,000 to HK\$1,180,000,000 by the creation of (i) 4,000,000,000 additional Ordinary Shares, ranking pari passu in all respects with the existing Ordinary Shares of the Company; and (ii) 4,000,000,000 Preference Shares, with rights as set out in the Bye-laws of the Company.
- (b) On 23rd December 1999, a conditional sale and purchase agreement (the "S&P Agreement") was entered into between the Company, New World Infrastructure Limited ("NWI"), a then substantial shareholder of the Company and a subsidiary of New World Development Company Limited ("NWD"), and Lotsgain Limited, a wholly owned subsidiary of NWI, for the acquisition of the entire share capital of all port and port-related investing subsidiaries of NWI (the "Sale Companies"), together with all outstanding shareholder loans owing by the Sale Companies to Lotsgain Limited (the "Acquisition"). The consideration of the Acquisition amounted to HK\$4,647,000,000, excluding incidental costs of acquisition, (the "Consideration"). On 15th March 2000, the date of completion of the S&P Agreement, 1,240,506,000 Ordinary Shares and 3,008,062,702 Preference Shares, credited as fully paid at HK\$1.048 per Ordinary Share and Preference Share, were issued and allotted to Seashore Development Limited, a nominee of Lotsgain Limited, as part of the settlement of the Consideration and the Company became an indirect subsidiary of NWD. On 26th April 2000, 185,591,604 additional Preference Shares, credited as fully paid at HK\$1.048 per Preference Share, were issued and allotted to Seashore Development Limited as the final settlement of the Consideration. Further details of the Acquisition were set out in the Company's circular dated 21st January 2000.

21. Share capital (Continued)

The Preference Shares are redeemable, at the sole discretion of the Company, on the fifth anniversary date of their issue, at HK\$1.048 each, together with any unpaid dividend. Alternatively, at the sole discretion of the Company, on the fifth anniversary date of their issue, they may be compulsorily converted into Ordinary Shares.

All preference shareholders have the right (the "Conversion Right") to convert any or all of their Preference Shares into fully paid Ordinary Shares, where one Preference Share will be convertible into one Ordinary Share, subject to adjustment, in circumstances, such as the consolidation or sub-division of Ordinary Shares. The Conversion Right is exercisable at any time during a period of five years from the date of issue of the Preference Shares.

None of the Preference Shares was converted during the year. The exercise in full of the Conversion Rights attached to the 3,193,654,306 Preference Shares in issue at 30th June 2001 would have, with the present capital structure of the Company, resulted in the issue of 3,193,654,306 additional Ordinary Shares.

In accordance with the Bye-laws of the Company, dividends on the Preference Shares (the "Preference Dividend") are to be paid out of the Company's distributable profits. The Preference Dividend is payable semi-annually on a dividend payment date, with the first dividend payment date on 31st July 2000. No dividend on any other share in the share capital of the Company is to be paid unless the Company has sufficient distributable profits to cover the Preference Dividend. At 30th June 2001, there was an unpaid dividend of HK\$55,018,000 (2000: HK\$38,351,000) in arrears for the outstanding Preference Shares. The unpaid dividend has been incorporated in the accounts.

Share options

On 11th April 1997, the Company approved a share option scheme (the "1997 Scheme") under which the directors may, at their discretion, grant options to executive directors and full-time employees of the Company and its subsidiaries to subscribe for Ordinary Shares in the Company during the period from 11th April 1997 to 10th April 2000. The maximum number of shares in respect of which options may be granted under the 1997 Scheme may not exceed 10% of the ordinary share capital of the Company in issue from time to time.

21. Share capital (Continued)

Share options (Continued)

Date of grant	Exercise price (subject to adjustments) HK\$	Exercise period (both dates inclusive)	Number of ordinary shares to be issued upon the exercise of the share options			Balance at 30th June 2001
			Balance at 1st July 2000	Granted during the year	Lapsed during the year	
28th August 1998	0.7808	1st November 1998 to 28th February 2002	2,250,000	–	–	2,250,000
	0.7808	1st November 1999 to 28th February 2002	2,250,000	–	–	2,250,000
11th May 1999	0.6930	5th November 1999 to 4th November 2004	4,250,000	–	–	4,250,000
	0.6930	5th May 2001 to 4th November 2004	5,350,000	–	–	5,350,000
	0.6930	5th May 2002 to 4th November 2004	5,500,000	–	–	5,500,000
	0.6930	5th May 2003 to 4th November 2004	6,600,000	–	–	6,600,000
	0.6930	5th May 2004 to 4th November 2004	300,000	–	–	300,000
	0.6930	16th August 2000 to 15th August 2005	400,000	–	–	400,000
16th February 2000	0.6930	16th February 2002 to 15th August 2005	500,000	–	–	500,000
	0.6930	16th February 2003 to 15th August 2005	500,000	–	–	500,000
	0.6930	16th February 2004 to 15th August 2005	600,000	–	–	600,000
	0.6930	16th February 2004 to 15th August 2005	600,000	–	–	600,000
			28,500,000	–	–	28,500,000

21. Share capital (Continued)

None of the options were exercised during the year.

The exercise in full of the outstanding options would, under the present capital structure of the Company, result in the issue of 28,500,000 additional Ordinary Shares and cash proceeds to the Company of approximately HK\$20,146,000, before the related share issue expenses.

On 21st June 1999, the Company approved another share option scheme (the "1999 Scheme") under which the directors may, at their discretion, grant options to directors and full-time employees of the Company and its subsidiaries to subscribe for Ordinary Shares in the Company during the period from 21st June 1999 to 20th June 2002. No options were granted under the 1999 Scheme during the year. The maximum number of shares in respect of which options may be granted under the 1999 Scheme may not exceed 10% of the ordinary share capital of the Company in issue from time to time.

22. Reserves

Group

	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Special reserve HK\$'000	Exchange reserve HK\$'000	Investments revaluation reserve HK\$'000	Goodwill reserve HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000
At 1st January 1999								
As previously reported	567,219	1,054	561,039	4,265	-	-	(258,384)	875,193
Prior year adjustment on write-off of pre-operating expenses	-	-	-	-	-	-	(29,918)	(29,918)
As restated	567,219	1,054	561,039	4,265	-	-	(288,302)	845,275
Issue of shares	4,203,584	-	-	-	-	-	-	4,203,584
Elimination of accumulated loss position at 31st December 1998 (note a)	-	-	(288,302)	-	-	-	288,302	-
Exchange translation differences	-	-	-	(27)	-	-	-	(27)
Movement in fair value	-	-	-	-	(6,035)	-	-	(6,035)
Release upon impairment in value	-	-	-	-	6,035	-	-	6,035
Goodwill arising on acquisition of subsidiaries	-	-	-	-	-	(2,265,164)	-	(2,265,164)
Net profit for the period	-	-	-	-	-	-	65,793	65,793
Dividend (note 8)	-	-	-	-	-	-	(38,351)	(38,351)
At 30th June 2000	4,770,803	1,054	272,737	4,238	-	(2,265,164)	27,442	2,811,110
Retained by/(accumulated in):								
Company and subsidiaries	4,770,803	1,054	272,737	4,238	-	(2,265,164)	(55,659)	2,728,009
Jointly controlled entities	-	-	-	-	-	-	41,162	41,162
Associated companies	-	-	-	-	-	-	41,939	41,939
	4,770,803	1,054	272,737	4,238	-	(2,265,164)	27,442	2,811,110

22. Reserves (Continued)

Group

	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Special reserve HK\$'000	Exchange reserve HK\$'000	Investments revaluation reserve HK\$'000	Other reserves HK\$'000	Goodwill reserve HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000
At 1st July 2000	4,770,803	1,054	272,737	4,238	-	-	(2,265,164)	27,442	2,811,110
Movement in fair value	-	-	-	-	(2,915)	-	-	-	(2,915)
Release upon impairment in value	-	-	-	-	2,915	-	-	-	2,915
Transfer of reserves	-	-	-	-	-	415	-	(415)	-
Net profit for the year	-	-	-	-	-	-	-	276,138	276,138
Dividend (note 8)	-	-	-	-	-	-	-	(133,878)	(133,878)
At 30th June 2001	4,770,803	1,054	272,737	4,238	-	415	(2,265,164)	169,287	2,953,370
Retained by/(accumulated in):									
Company and subsidiaries	4,770,803	1,054	272,737	4,238	-	415	(2,265,164)	(37,443)	2,746,640
Jointly controlled entities	-	-	-	-	-	-	-	108,467	108,467
Associated companies	-	-	-	-	-	-	-	98,263	98,263
	4,770,803	1,054	272,737	4,238	-	415	(2,265,164)	169,287	2,953,370

Notes:

- (a) During the period from 1st January 1999 to 30th June 2000, a transfer of HK\$288,302,000 was made from the special reserve to accumulated losses to eliminate the consolidated accumulated loss position as at 31st December 1998.
- (b) Other reserves principally comprise statutory reserves which are created in accordance with the terms of the joint venture agreements of subsidiaries established in the PRC and are required to be retained in the accounts of these subsidiaries for specific purposes.

22. Reserves (Continued)

Company

	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000
At 1st January 1999	567,219	1,054	525,601	(25,168)	1,068,706
Issue of shares	4,203,584	-	-	-	4,203,584
Elimination of consolidated accumulated loss position at 31st December 1998	-	-	(288,302)	288,302	-
Net loss for the period	-	-	-	(157,758)	(157,758)
Dividend (note 8)	-	-	-	(38,351)	(38,351)
At 30th June 2000	4,770,803	1,054	237,299	67,025	5,076,181
At 1st July 2000	4,770,803	1,054	237,299	67,025	5,076,181
Net profit for the year	-	-	-	98,437	98,437
Dividend (note 8)	-	-	-	(133,878)	(133,878)
At 30th June 2001	4,770,803	1,054	237,299	31,584	5,040,740

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

In the prior period, a transfer to HK\$288,302,000 was made from contributed surplus to accumulated loss to eliminate the accumulated loss position of the Company at 31st December 1998.

23. Minority interests

	2001 HK\$'000	2000 HK\$'000
Equity interests	65,014	75,380
Loans from minority shareholders	147,143	74,794
	212,157	150,174

Loans from minority shareholders are unsecured, interest free and have no fixed terms of repayment except for an amount of HK\$842,000 (2000: HK\$842,000) which is repayable on 1st January 2002.

24. Notes to consolidated cash flow statement

(a) Reconciliation of operating loss to net cash (outflow)/inflow from operating activities

	Year ended 30.6.2001 HK\$'000	Period from 1.1.1999 to 30.6.2000 HK\$'000
Operating loss	(49,642)	(54,977)
Interest income	(5,277)	(8,613)
Depreciation	43,558	55,764
Loss on disposal of fixed assets	918	4,407
Provision for impairment in value for non-trading securities	2,915	6,035
Write back of provisions against short term loan receivables	-	(9,100)
(Increase)/decrease in debtors, deposits and prepayments	(5,476)	1,113
Increase in creditors and accruals	2,546	548
Increase in amount due to a minority shareholder of a subsidiary	8,467	9,520
Decrease in amount due from a jointly controlled entity	5	-
Net cash (outflow)/inflow from operating activities	(1,986)	4,697

24. Notes to consolidated cash flow statement (Continued)

(b) Analysis of changes in financing during the year/period

	Share capital including share premium HK\$'000	Other loan HK\$'000	Minority interests HK\$'000
Balance at 1st January 1999	649,165	33,169	164,810
Cash (outflow)/inflow from financing	-	(21,453)	683
Share issued for acquisition of subsidiaries (note 24(c)(i))	4,647,000	-	-
Share of loss for the period	-	-	(15,319)
	<hr/>	<hr/>	<hr/>
Balance at 30th June 2000	5,296,165	11,716	150,174
	<hr/>	<hr/>	<hr/>
Balance at 1st July 2000	5,296,165	11,716	150,174
Cash outflow from financing	-	(10,144)	-
Land use right contributed by a minority shareholder of a subsidiary (note 24(c)(ii))	-	-	72,349
Share of loss for the year	-	-	(10,366)
	<hr/>	<hr/>	<hr/>
Balance at 30th June 2001	5,296,165	1,572	212,157

(c) Major non-cash transactions

- (i) Pursuant to the S&P Agreement in respect of the Acquisition as detailed in note 21(b), 1,240,506,000 Ordinary Shares and 3,193,654,306 Preference Shares were issued and allotted at HK\$1.048 per Ordinary Share/Preference Share, credited as fully paid, to satisfy the Consideration in the prior period.
- (ii) Land use right of HK\$72,349,000 was contributed by a minority shareholder of a subsidiary in the form of shareholders' loan to the subsidiary during the year.

24. Notes to consolidated cash flow statement (Continued)

(d) Acquisition of subsidiaries

	Period from 1.1.1999 to 30.6.2000 HK\$'000
Net assets acquired:	
Fixed assets	60,525
Investments in jointly controlled entities	1,655,901
Investments in associated companies	723,594
Amount due from a jointly controlled entity	2,580
Amount due from an intermediate holding company	29,516
Debtors, deposits and prepayments	1
Creditors and accruals	(78)
Loan from a jointly controlled entity	(80,351)
Loan from an intermediate holding company	(1,831,197)
	<hr/>
	560,491
Shareholder's loans to Sale Companies acquired	1,831,197
Goodwill on acquisition	2,265,164
	<hr/>
Consideration *	4,656,852
	<hr/>
Satisfied by:	
Issue of Ordinary Shares and Preference Shares (note 21(b))	4,647,000
Cash	9,852
	<hr/>
	4,656,852
	<hr/>

* The total consideration included incidental costs of acquisition totalling approximately HK\$9,852,000, comprising primarily of legal and professional fees, which were satisfied by cash.

The subsidiaries acquired during the prior period contributed HK\$64,993,000 and HK\$1,830,000 to the Group's net cash inflow from returns on investments and servicing of finance and investing activities respectively, but had no significant impact in respect of the Group's cash flow from operating and financing activities.

25. Related party transactions

The following is a summary of significant related party transactions, in addition to those disclosed elsewhere in the accounts, which were carried out in the normal course of the Group's business.

	Note	Year ended 30.6.2001 HK\$'000	Period from 1.1.1999 to 30.6.2000 HK\$'000
Rental and other related expenses paid to a fellow subsidiary	(a)	2,736	4,141
Rental charged by a minority shareholder of a subsidiary	(b)	8,062	12,598
Interest charged by a minority shareholder of a subsidiary	(c)	4,130	5,486
Reimbursement of payroll expense to an intermediate holding company	(d)	3,749	1,013

Notes:

- (a) A subsidiary of the Group entered into a lease agreement with a fellow subsidiary, New World Tower Company Limited, a subsidiary of the ultimate holding company, to lease office space for a period of 3 years commencing on 19th June 1998 at a monthly rental of HK\$206,640, exclusive of rates, management fees and air conditioning charges. The lease agreement was renewed on 12th June 2001 for a period of 3 years commencing with effect from 19th June 2001 at a monthly rental of HK\$147,600 exclusive of rates, management fees and air conditioning charges.
- (b) The rental expense represented the leasing of land and buildings and port facilities from a minority shareholder of a subsidiary. The rental charge was based on an agreement entered into between the minority shareholder and a subsidiary of the Company.
- (c) The interest was charged on the amount due to a minority shareholder of a subsidiary at the prevailing bank borrowing rate in the PRC (note 19).
- (d) Subsequent to the Acquisition and from 15th March 2000 onwards, the Company has agreed to reimburse NWI the payroll of certain of its employees who are responsible, on a full-time basis, for the administration of the port projects acquired by the Group from NWI (note 21(b)) in the prior period. As these employees remain under the employment of NWI after the Acquisition, the Company has reimbursed NWI their payroll on a cost basis. The reimbursement of payroll expenses to NWI has been included in the staff costs.

25. Related party transactions (Continued)

- (e) The Group has amounts due from non-wholly owned subsidiaries which are unsecured, interest free and have no fixed terms of repayment. The balances as at 30th June 2001 and 2000 were as follows:

	2001	2000
	HK\$'000	HK\$'000
Nanjing Huining Wharfs Co., Ltd.	20,270	20,270
Suzhou Huisu International Container Freight Wharfs Co., Ltd.	12,239	9,362
Xiamen Xiang Yu Quay Co., Ltd.	197,391	197,389
Xiamen Xiangyu Free Trade Zone Huijian Quay Co., Ltd.	121,097	64,172
Xiamen Xinyuan Container Terminal Co., Ltd.	1,970	1,970

- (f) During the prior period, two wholly owned subsidiaries of the Company executed corporate guarantees in favour of a finance company in respect of an equipment loan facility granted to Xiamen Xiang Yu Quay Co., Ltd., a 92% owned subsidiary of the Group. The outstanding loan balance as at 30th June 2001 was HK\$1,572,000 (2000: HK\$11,716,000) (note 20).
- (g) A corporate guarantee has been given by NWI in favour of certain banks for banking facilities granted to ACTL to the extent of approximately HK\$990 million as at 30th June 2001 (2000: HK\$1,122 million), in proportion to the Group's interest in ACTL. The proportionate amount utilised against such facilities at 30th June 2001 which was secured by the guarantee amounted to approximately HK\$89 million (2000: HK\$6 million).

26. Transactions related with a former director and certain former related companies

In prior years, the Group had certain transactions with a former director and certain former related companies as set out in the "Connected Transactions" announcement of the Company dated 4th May 1998 and the "Connected Transactions" circular of the Company dated 10th June 1998. In connection with the transactions, an aggregate amount of approximately HK\$111,753,000 as at 30th June 2001 (2000: HK\$108,838,000) and incidental costs were claimed against the former director and/or the former related companies (the "Claims"). The Claims were fully provided for as at 30th June 2001 and 2000.

As at the date of approval of the accounts, the legal proceedings against the former director and the former related companies in respect of the Claims were still underway. The Group will continue with the legal proceedings and will consider taking other means to recover the amounts.

27. Contingent liabilities

Prior to the Acquisition as detailed in note 21(b) to the accounts, NWD and/or NWI have assumed certain contingent liabilities to third parties with respect to certain subsidiaries and jointly controlled entities of the Sales Companies (the "Obligations"), including inter alia, the guarantees as detailed in notes 25(g) and 28(e), respectively, to the accounts. Pursuant to the S&P Agreement, the Company has agreed to counter-indemnify NWD and/or NWI and/or Lotsgain Limited in the event that they are required to make any payments under the Obligations. The S&P Agreement was approved by the independent shareholders of the Company on 15th February 2000.

28. Commitments

At the balance sheet date, the Group had the following outstanding commitments:

(a) The Group's capital commitments for the acquisition of port facilities and terminal equipment are as follows:

	2001 HK\$'000	2000 HK\$'000
Contracted but not provided for	3,732	53,441
Authorised but not contracted for	205,740	699,435
	209,472	752,876

(b) The Group's contracted commitments in respect of capital or loan contributions to the PRC subsidiaries amounted to approximately HK\$56,084,000 (2000: HK\$56,084,000).

(c) The Group's total future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	2001 HK\$'000	2000 HK\$'000 (Restated)
Within one year	10,376	11,085
In the second to fifth year inclusive	37,484	33,594
After the fifth year	108,528	116,926
	156,388	161,605

28. Commitments (Continued)

(d) Details of the Group's share of capital commitments of jointly controlled entities not included above are as follows:

	2001	2000
	HK\$'000	HK\$'000
Contracted but not provided for	531,382	546,405
Authorised but not contracted for	139,365	178,985
	670,747	725,390

The above commitments include an amount of approximately HK\$639 million (2000: HK\$713 million), representing the Group's share of capital commitments of ACTL (including its share of development costs of CT9 and the related berth swap arrangement).

(e) Certain subsidiaries and jointly controlled entities acquired during the prior period are parties to agreements with third parties in respect of the joint development of CT9, the related berth swap arrangement and the financing/funding therefor. The Group's attributable share of such capital commitments as at 30th June 2001 has been disclosed in note (d) above. In the event of default of any of the third parties, the subsidiaries and jointly controlled entities will be required to provide additional funds for the project. NWI, an intermediate holding company, has given guarantees in respect of these obligations of the subsidiaries and the jointly controlled entities to provide additional funds. Were NWI required to perform its obligations under the guarantees, the maximum amount of the additional liabilities assumed, in addition to the Group's share of the capital commitments as disclosed in note (d) above, is approximately HK\$1,482 million (2000: HK\$1,482 million).

At 30th June 2001, the Company did not have any significant commitments (2000: HK\$Nil).

29. Comparative figures

The accounts for the prior period are presented for the period from 1st January 1999 to 30th June 2000. Accordingly, the comparative figures for the consolidated profit and loss account, consolidated cash flow statement, consolidated statement of recognised gains and losses and related notes are not directly comparable to those of the current financial year ended 30th June 2001.

The comparative figures were audited by a firm other than PricewaterhouseCoopers.

The comparative figures of lease commitments have been restated as a result of the adoption of the Statement of Standard Accounting Practice 2.114 (revised), "Leases", issued by the Hong Kong Society of Accountants, which became effective for accounting period commencing on or after 1st July 2000.

30. Subsequent event

Pursuant to an Operating and Management Agreement entered into between Nanjing Huining Wharfs Co., Ltd. (“Huining”), a subsidiary of the Company, and the other shareholder of Huining (the “Minority Shareholder”) on 30th August 2001, the Minority Shareholder has agreed to act as the new operator for Huining for its unexpired tenure up to 2nd June 2019 at a consideration of RMB18,000,000 (approximately HK\$16,822,430) to be paid to the New World (Nanjing) Port Investments Limited (“NW (Nanjing)”), a subsidiary of the Company, from Huining within 7 days from the date of the approval (“Date of Approval”) obtained from the relevant PRC government authorities.

Pursuant to a Share Pledge Agreement entered into between the Minority Shareholder and NW (Nanjing) on 30th August 2001, NW (Nanjing) has pledged its 55% equity interest in Huining in favour of the Minority Shareholder as assurance for NW (Nanjing)’s obligations under the aforesaid agreement and the undertaking to maintain its equity interest in Huining until the expiry of the tenure of Huining up to 2nd June 2019.

With effect from the Date of Approval, the Minority Shareholder will be responsible for the daily operation and management of Huining. Huining will not be accounted for as a subsidiary of the Group thereafter. As at the date of approval of the accounts, the transaction is being processed by the relevant authorities of the PRC.

31. Ultimate holding company

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

32. Approval of the accounts

The accounts were approved by the board of directors on 10th October 2001.