

1 PRINCIPAL ACCOUNTING POLICIES

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

(a) Basis of preparation

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

In the current year, the Group has changed certain of its accounting policies following the adoption of new and revised Hong Kong Statements of Standard Accounting Practice ("SSAPs") which became effective during the current accounting period:

SSAP 9 (revised)	Events after the balance sheet date
SSAP 26	Segment reporting
SSAP 28	Provision, contingent liabilities and contingent assets
SSAP 30	Business combinations
SSAP 31	Impairment of assets

The effect of adopting these new and revised standards is set out in the accounting policies below.

(b) Basis of consolidation

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

All material intra-group 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.

In the Company's balance sheet, investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(c) Goodwill

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

Goodwill on acquisitions of subsidiaries occurring on or after 1 July 2001 is classified separately in the balance sheet. Goodwill on acquisitions of associated companies or jointly controlled entities occurring on or after 1 July 2001 is included in investments in associated companies or jointly controlled entities. Goodwill is amortised using the straight-line method over its estimated useful lives of not more than twenty years. Goodwill on acquisition that occurred prior to 1 July 2001 was previously taken to reserves. The Group has adopted the transitional provisions in SSAP 30 and goodwill occurred prior to 1 July 2001 has not been retroactively capitalised and amortised. Any subsequent impairment of such goodwill is recognised in the consolidated profit and loss account in accordance with SSAP 31. This change in accounting policy for recognition of goodwill impairment has been applied retrospectively and impairment losses of HK\$109,145,000 were accordingly recognised in the consolidated profit and loss account for the year ended 30 June 2001 as detailed in notes 5 and 25 by means of a prior year adjustment.

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(d) Subsidiaries

Subsidiaries are companies, including equity or co-operative joint ventures in the People's Republic of China (the "PRC"), in which the Group has the power to exercise control governing the financial and operating policies of the companies.

(e) Associated companies

An associated company is a company other than a subsidiary or a jointly controlled entity, in which the Group's interest is held for the long term and is substantial, and significant influence is exercised through representations on the board of directors. The Group's investments in associated companies include the Group's share of net assets and goodwill (net of accumulated amortisation) on acquisition. The Company's investments in associated companies are carried at cost less provision for impairment losses. Results of associated companies are accounted for by the Company only to the extent of dividends received and receivable.

(f) Jointly controlled entities

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

The Company's interests in jointly controlled entities are classified as long-term investments and are stated at cost less provision for impairment losses.

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

(i) Equity joint ventures

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

(ii) Co-operative joint ventures

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

(iii) Companies limited by shares

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

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(g) Joint ventures in the PRC

(i) Equity joint ventures

The Group's investments in these joint ventures are accounted for as subsidiaries (where the Group has the power to exercise control governing the financial and operating policies) or as jointly controlled entities (where the Group and the other venturers of the equity joint ventures established joint control over the economic activity thereof).

Where the Group has no unilateral or joint control over the management of the equity joint ventures, the joint ventures are accounted for as other investments.

(ii) Co-operative joint ventures

The Group's investments in these joint ventures are accounted for as subsidiaries (where the Group has the power to exercise control governing the financial and operating policies) or as jointly controlled entities (where the Group and the other venturers of the co-operative joint ventures established joint control over the economic activity thereof).

(iii) Fixed return joint ventures

Where investment income derived from investments in and loans to joint ventures is predetermined in accordance with the provisions of the joint venture contracts for a substantial portion of the joint venture period, these joint ventures are referred to as fixed return joint ventures. Fixed return joint ventures are carried at cost less capital repayments received.

(h) Other investments

Other investments are long-term investments other than subsidiaries, associated companies and jointly controlled entities and include fixed return joint ventures and non-trading securities.

(i) Fixed return joint ventures

These joint ventures are accounted for as set out in note g(iii) above.

(ii) Non-trading securities

Non-trading securities are investments in which the Group's interest are held for non-trading purposes. They are stated at their fair values in the balance sheet. Changes in fair value of individual securities are accounted for as movements in the investment revaluation reserve until the security is sold or is determined to be impaired. Upon disposal, the cumulative gain or loss is transferred from the investment revaluation reserve to the profit and loss account. Transfers from the investment revaluation reserve to the profit and loss account as a result of impairment are written back to the profit and loss account when the circumstances and events that led to the impairment cease to exist.

(i) Capitalisation of fixed assets

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

(j) Repair and maintenance expenses

Toll roads and bridges repair and maintenance expenses are charged to the profit and loss account as incurred.

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of toll roads and toll bridges is provided for on a sinking fund method or a straight-line method. For the sinking fund method, annual depreciation amounts compounded at rates ranging from 2% to 13% per annum will equal the costs of the relevant toll roads and toll bridges, at the expiry of the relevant joint venture periods. Certain toll roads and toll bridges are depreciated at rates sufficient to write off their costs less accumulated impairment losses on a straight-line basis over their remaining toll collection periods ranging from 21 to 29 years.

Depreciation of other fixed assets is calculated to write off their costs less accumulated impairment losses over their estimated useful lives, using the straight-line method. The principal annual rates are as follows:

Land under medium-term leases	Over the lease terms
Buildings	2% to 3%
Port facilities and terminal equipment	2.25% to 15%
Other fixed assets	7% to 33.3%

No depreciation is provided in respect of construction in progress.

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

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account.

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.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in-first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

(m) Deferred expenditure

Expenses in relation to the issue of convertible bonds and obtaining bank loan and notes are deferred and amortised on the straight-line basis over the unexpired term of the bonds and the available period of the facility respectively. Where the bonds are converted, redeemed or repurchased before the maturity date, the relevant portion of the issue costs is charged to the profit and loss account in the year in which the conversion, redemption or repurchase occurs.

(n) Provisions

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



1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(o) Deferred taxation

Deferred taxation is accounted for at the current rate of taxation 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.

(p) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessors are accounted for as operating leases and rentals payable, net of incentives received from the lessors, are accounted for on the straight-line basis over the periods of the leases.

(q) Retirement benefit costs

The Group operates a defined contribution retirement scheme (the "ORSO Scheme") which is available to all the Company's employees in Hong Kong whose employment commenced before 1 October 2000. The assets of the ORSO Scheme are held separately in an independently administered fund. The Group's contributions to the ORSO Scheme are based on rates ranging from 5% to 15% of employees' salaries depending on length of service and are expensed as incurred. The Group's contributions in respect of employees who leave the ORSO Scheme during the year are not forfeited to reduce the employer's contributions for the year.

A mandatory provident fund scheme (the "MPF Scheme") was established under the Hong Kong Mandatory Provident Fund Scheme Ordinance in December 2000. Commencing on 1 December 2000, newly-joined and eligible employees are compulsorily required to join the MPF Scheme. The Group's contributions to the MPF Scheme are ranging from 5% to 10% of employees' salaries depending on length of service and are expensed as incurred.

The Group also contributes to employee pension schemes established by municipal government in respect of certain joint ventures in the PRC. The municipal government undertakes 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.

(r) Foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account, other than those dealt with in note 1(i) above.

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

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(s) Borrowing costs

Borrowing costs that are directly attributable to the financing of the Group's investments in joint ventures investing in infrastructural projects are capitalised as the cost of investments in these joint ventures up to the respective commissioning dates of the joint ventures' infrastructural assets.

All other borrowing costs are expensed in the profit and loss account in the year in which they are incurred, other than those dealt with in note 1(i) above.

(t) Dividend

In accordance with revised SSAP 9, the Group no longer recognised dividends proposed or declared after the balance sheet date as a liability at the balance sheet date. This change in accounting policy has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

As detailed in note 25, this change has resulted in an increase in retained profit at 1 July 2000 by HK\$214,381,000 which is the reversal of provision for 2000 proposed final dividend previously recorded as a liability as at 30 June 2000 although not declared until after the balance sheet date.

(u) Revenue recognition

Toll revenues, income from cargo and container handling and storage are recognised when services are rendered.

Interest income is recognised on a time proportion basis that takes into account the principal outstanding and the effective interest rates applicable.

Interest received and receivable in respect of loan financing provided to equity and co-operative joint ventures (where they are not accounted for as subsidiaries) during their pre-operational period is deferred and amortised over the repayment periods of these loans.

Income from investments in and loans to fixed return joint ventures is recognised on an accrual basis so as to produce a constant return on the investment and loan balance (net of capital repayments) on a combined basis, throughout the period of the Group's investments in these joint ventures.

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

2 TURNOVER

Turnover represents income from the operation of toll roads and bridges, income from cargo and container handling and storage, interest income and investment income from joint ventures, net of business and withholding taxes, where applicable, analysed as follows:

	2002 HK\$'000	2001 HK\$'000
Toll income	594,180	557,186
Cargo and container handling and storage income	129,283	140,560
	723,463	697,746
Business tax	(47,325)	(33,306)
	676,138	664,440
Interest income from		
Joint ventures	88,192	112,639
Third parties	53,403	221,883
	141,595	334,522
Withholding tax	(15,836)	(19,491)
	125,759	315,031
Income from a fixed return co-operative joint venture	-	123,661
	801,897	1,103,132

3 SEGMENT INFORMATION

The Group is organised into five main business segments including energy and water treatment, toll roads, toll bridges, cargo handling and telecommunications, media and technology ("TMT").

In respect of geographical segment reporting, segment revenues, segment assets and capital expenditure are where the investments/operating assets are located.

There are no sales or other transactions between the business and geographical segments. Unallocated costs represent corporate expenses. Segment assets consist primarily of fixed assets, receivables and operating cash. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to fixed assets.

Primary reporting format – business segments

	Year ended 30 June 2002					Group HK\$'000
	Energy and water treatment HK\$'000	Toll roads HK\$'000	Toll bridges HK\$'000	Cargo handling HK\$'000	TMT HK\$'000	
Segment revenues	53,962	423,734	151,791	130,175	-	759,662
Other interest income						42,235
Turnover						801,897
Segment results	37,856	199,747	29,782	(6,698)	(195,026)	65,661
Other interest income						42,235
Unallocated costs						(161,827)
Operating loss before financing						(53,931)
Finance costs						(849,277)
Share of results of Associated companies	(8,006)	-	-	257,569	(75,435)	174,128
Jointly controlled entities	384,871	175,054	3,848	176,591	(11,709)	728,655
Loss before taxation						(425)
Taxation						(142,002)
Loss after taxation						(142,427)
Minority interests						(5,937)
Loss for the year						(148,364)

3 SEGMENT INFORMATION (Continued)

Primary reporting format – business segments (Continued)

	As at 30 June 2002					Group HK\$'000
	Energy and water treatment HK\$'000	Toll roads HK\$'000	Toll bridges HK\$'000	Cargo handling HK\$'000	TMT HK\$'000	
Segment assets	16,364	5,750,724	2,081,283	285,782	3,845,653	11,979,806
Associated companies	393,801	-	-	730,675	1,639,382	2,763,858
Jointly controlled entities	2,557,145	4,134,686	79,336	2,357,125	1,709,311	10,837,603
Unallocated assets						2,042,604
Total assets						27,623,871
Segment liabilities	(366)	(854,315)	(52,085)	(4,408)	(46,529)	(957,703)
Unallocated liabilities						(12,775,479)
Total liabilities						(13,733,182)
Capital expenditure	-	49,121	268	24,017	379	
Depreciation	-	140,531	72,176	38,807	284	
Amortisation charges	-	17,857	-	-	-	
Impairment losses	-	-	-	125,274	148,250	
Provision	-	-	-	-	30,662	

3 SEGMENT INFORMATION (Continued)

Primary reporting format – business segments (Continued)

	Year ended 30 June 2001 (Restated)						Group HK\$'000
	Energy and water treatment HK\$'000	Toll roads HK\$'000	Toll bridges HK\$'000	Cargo handling HK\$'000	TMT HK\$'000	Others HK\$'000	
Segment revenues	144,233	424,774	182,131	141,138	1,223	-	893,499
Other interest income							209,633
Turnover							1,103,132
Segment results	(162,871)	189,895	178,566	(49,646)	(302,149)	14,252	(131,953)
Other interest income							209,633
Unallocated costs							(127,300)
Operating loss before financing							(49,620)
Finance costs							(786,903)
Share of results of							
Associated companies	91,151	14,769	-	232,122	(19,015)	-	319,027
Jointly controlled entities	356,352	151,382	(17,416)	164,775	(10,984)	-	644,109
Profit before taxation							126,613
Taxation							(162,016)
Loss after taxation							(35,403)
Minority interests							(58,676)
Loss for the year							(94,079)

3 SEGMENT INFORMATION (Continued)

Primary reporting format – business segments (Continued)

	As at 30 June 2001 (Restated)						
	Energy and water treatment HK\$'000	Toll roads HK\$'000	Toll bridges HK\$'000	Cargo handling HK\$'000	TMT HK\$'000	Others HK\$'000	Group HK\$'000
Segment assets	900,971	5,883,480	2,095,372	1,332,135	2,192,139	-	12,404,097
Associated companies	356,490	-	-	576,536	1,062,574	-	1,995,600
Jointly controlled entities	1,921,690	4,350,148	90,552	1,863,191	833,614	-	9,059,195
Unallocated assets							5,400,475
Total assets							28,859,367
Segment liabilities	(5,071)	(795,153)	(27,527)	(176,704)	(45,327)	-	(1,049,782)
Unallocated liabilities							(13,719,401)
Total liabilities							(14,769,183)
Capital expenditure	-	63,514	1,731	112,170	454	-	
Depreciation	-	102,921	68,895	42,944	119	-	
Amortisation charges	-	1,534	-	-	-	-	
Impairment losses/(written-back of impairment loss)	-	982	-	-	352,956	(12,480)	

3 SEGMENT INFORMATION (Continued)

Secondary reporting format – geographical segments

	Year ended 30 June 2002			
	Segment revenues HK\$'000	Segment results HK\$'000	Segment assets HK\$'000	Capital expenditure HK\$'000
China mainland	751,625	123,721	9,048,045	73,405
Hong Kong	8,037	88,525	1,025,146	347
Overseas	-	(146,585)	1,906,615	33
	759,662	65,661	11,979,806	73,785
Other interest income	42,235	42,235		
Turnover	801,897			
Unallocated costs		(161,827)		
Operating loss before financing		(53,931)		
Associated companies			2,763,858	
Jointly controlled entities			10,837,603	
Unallocated assets			2,042,604	
Total assets			27,623,871	

	Year ended 30 June 2001 (Restated)			
	Segment revenues HK\$'000	Segment results HK\$'000	Segment assets HK\$'000	Capital expenditure HK\$'000
China mainland	884,299	196,972	10,211,958	177,415
Hong Kong	7,977	(172,375)	446,067	-
Overseas	1,223	(156,550)	1,746,072	454
	893,499	(131,953)	12,404,097	177,869
Other interest income	209,633	209,633		
Turnover	1,103,132			
Unallocated costs		(127,300)		
Operating loss before financing		(49,620)		
Associated companies			1,995,600	
Jointly controlled entities			9,059,195	
Unallocated assets			5,400,475	
Total assets			28,859,367	

4 OTHER OPERATING INCOME

	2002 HK\$'000	2001 HK\$'000
Profit on repurchase of convertible bonds	-	1,772
Net gain on foreign currency forward contracts	14,974	-
Net gain on disposal of non-trading investments (note 25)	-	110,422
Gain on disposal of jointly controlled entities	113,676	99,419
Gain on disposal of a subsidiary	21,735	-
Written-back of impairment loss on other investments	-	12,480
Dividend from listed non-trading securities	-	11,766
Others	8,690	10,765
	159,075	246,624

5 OPERATING COSTS

	2002 HK\$'000	2001 Restated HK\$'000
Impairment losses on other investments (note 25)	154,024	244,793
Impairment losses on fixed assets (note 21)	119,500	-
Impairment losses on goodwill (note 25)	-	109,145
Provision for doubtful debt	25,000	-
Provision for payments on account of proposed joint ventures	33,002	-
Loss on disposal of associated companies	-	426,125
Loss on disposal of a subsidiary	-	6,963
Depreciation	256,830	219,838
Management fees paid in connection with toll collection, maintenance and management services	60,445	57,622
Auditors' remuneration	6,953	6,854
Rental for leased premises	17,830	20,952
Loss on disposal of fixed assets	4,938	821
Amortisation of cost of investments in co-operative joint ventures	17,857	1,534
Staff costs	153,500	140,259
Retirement benefit costs	7,100	7,335
Other operating costs	157,924	157,135
	1,014,903	1,399,376

6 FINANCE COSTS

	2002 HK\$'000	2001 HK\$'000
Interest on convertible bonds	15,417	60,952
Interest on bank and other borrowings		
Wholly repayable within five years	573,418	643,488
Not wholly repayable within five years	54,207	47,021
Amortisation of deferred expenditure	30,657	32,817
Provision for premium on redemption of convertible bonds	220,914	70,202
	894,613	854,480
Amount capitalised as construction in progress (note)	(45,336)	(57,629)
Amount capitalised as investment in a jointly controlled entity (note)	-	(9,948)
	849,277	786,903

Note: To the extent that funds are borrowed generally and used for the purpose of financing the construction of fixed assets and qualifying investment in a jointly controlled entity, the capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation as part of the costs of these assets is 6.6% (2001: 7.0%) for the year.

7 EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT

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

	2002 HK\$'000	2001 HK\$'000
Fees	850	-
Salaries and other emoluments	8,915	8,801
Contributions to retirement benefit scheme	497	480
	10,262	9,281

The emoluments of the directors fall within the following bands:

Emolument band HK\$	Number of individuals	
	2002	2001
Nil – 1,000,000	11	9
1,000,001 – 1,500,000	1	1
3,500,001 – 4,000,000	1	1
4,000,001 – 4,500,000	1	1
	14	12

Directors' fees disclosed above include HK\$300,000 (2001: nil) paid to independent non-executive directors.

7 EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

The five individuals whose emoluments were the highest in the Group for the year include 2 (2001: 3) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 3 (2001: 2) individuals during the year are as follows:

	2002 HK\$'000	2001 HK\$'000
Salaries and other emoluments	5,671	4,036
Contributions to retirement benefit scheme	434	314
	6,105	4,350

The emoluments fell within the following bands:

Emolument band HK\$	Number of individuals	
	2002	2001
1,500,001 – 2,000,000	2	1
2,000,001 – 2,500,000	1	1
	3	2

8 TAXATION

	2002 HK\$'000	2001 HK\$'000
Company and subsidiaries		
PRC income tax	21,100	11,636
Deferred tax	9,318	–
	30,418	11,636
Associated companies		
Hong Kong profits tax	41,147	52,024
PRC income tax	48	36,715
	41,195	88,739
Jointly controlled entities		
Hong Kong profits tax	25,899	22,899
Macau income tax	18,277	22,676
PRC income tax	16,539	16,066
Deferred tax	9,674	–
	70,389	61,641
	142,002	162,016

8 TAXATION (Continued)

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on income assessable to Hong Kong profits tax. PRC and Macau income tax have been provided on the estimated assessable profits for the year at their prevailing rates of taxation.

As at 30 June 2002, deferred taxation of the Group of HK\$9,318,000 (2001: nil) was provided for timing differences in respect of accelerated depreciation allowances.

There was no material unprovided deferred tax charge for the year (2001: nil).

9 LOSS FOR THE YEAR

Loss for the year is dealt with in the accounts of the Company to the extent of profit of HK\$128,984,000 (2001: HK\$84,033,000).

10 DIVIDEND

The board of directors does not recommend the payment of an interim dividend and a final dividend for the year ended 30 June 2002 (2001: nil).

11 LOSS PER SHARE

The calculation of loss per share is based on the loss attributable to the shareholders of HK\$197,513,000 (2001: HK\$153,058,000 (restated)) after adjusting for the interest of HK\$49,149,000 (2001: HK\$58,979,000) on the mandatorily convertible bonds and the weighted average of 871,516,679 (2001: 856,739,175) shares in issue during the year.

Diluted loss per share for the year is not presented as the Company has no dilutive potential shares at year end (2001: n/a).

12 INVENTORIES

	Group and Company	
	2002	2001
	HK\$'000	HK\$'000
Raw materials, at cost	1,179,124	500,247

13 DEBTORS, DEPOSITS AND PREPAYMENTS

- (a) Ageing analysis of trade debtors is not presented as the amount outstanding at year end is insignificant.
- (b) At 30 June 2002, the balance included a housing loan of HK\$2,398,000 (2001: HK\$2,766,000) to the Company Secretary, Mr. Chow Oi Wah, Fergus. The loan is secured by a legal mortgage over the subject property, carries interest at 3% (2001: 5%) per annum and is repayable by monthly installments up to March 2008. The maximum of the amount outstanding during the year was HK\$2,766,000 (2001: HK\$3,102,000).
- (c) Also included are trade deposits of approximately HK\$969 million (2001: HK\$698 million) paid to an associated company for the purchase of inventories.

14 PLEDGED DEPOSITS

This represents deposits pledged to banks for banking facilities granted to a subsidiary and a jointly controlled entity.

15 DEFERRED EXPENDITURE

	Group and Company	
	2002 HK\$'000	2001 HK\$'000
Cost less amount amortised		
Convertible bonds and notes issuing expenses	6,812	15,730
Bank loan procurement expenses	44,185	65,695
	50,997	81,425

16 SUBSIDIARIES

	Company	
	2002 HK\$'000	2001 HK\$'000
Unlisted shares, at cost	4,842,899	4,842,899
Amounts due by subsidiaries, net of provision	10,735,940	12,468,160
	15,578,839	17,311,059
Amounts due to subsidiaries	(678,404)	(1,409,050)
	14,900,435	15,902,009

Particulars of the Company's subsidiaries, which, in the opinion of the directors, principally affect the results of the Group for the year and/or assets of the Group as at 30 June 2002, are set out in note 34.

17 ASSOCIATED COMPANIES

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Group's share of net assets	2,479,712	1,828,500	-	-
Goodwill on acquisition	34,893	-	-	-
Amounts due by associated companies (note a)	249,253	167,100	233,011	70,201
	2,763,858	1,995,600	233,011	70,201

- (a) Except for an amount of HK\$46,800,000 (2001: HK\$46,800,000) which carries interest at 8% per annum, the amounts due by associated companies are interest free, unsecured and have no fixed terms of repayment.
- (b) Particulars of associated companies, which, in the opinion of the directors, principally affect the results of the Group for the year and/or assets of the Group as at 30 June 2002, are set out in note 35.

18 JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Equity joint ventures				
Group's share of net assets	709,371	744,760	-	-
Amounts due by joint ventures (note a)	34,186	50,152	-	1,672
	743,557	794,912	-	1,672
Co-operative joint ventures				
Cost of investments (less accumulated amortisation of HK\$27,444,000 (2001: HK\$9,587,000)) (notes b and e)	2,790,153	2,075,196	-	-
Share of undistributed post-acquisition results	305,990	330,950	-	-
	3,096,143	2,406,146	-	-
Amounts due by joint ventures (note a)	2,759,399	2,459,246	-	-
	5,855,542	4,865,392	-	-
Companies limited by shares				
Share of net assets	2,628,873	2,581,923	-	-
Subordinated loans (note c)	215,934	215,934	-	-
Amounts due by jointly controlled entities (note a)	68,625	115,848	-	-
Promissory note due to a jointly controlled entity (note d)	(80,007)	(80,007)	-	-
	2,833,425	2,833,698	-	-
Payments on account of proposed joint ventures (note f)	1,405,079	565,193	-	-
	10,837,603	9,059,195	-	1,672

Particulars of jointly controlled entities, which, in the opinion of the directors, principally affect the results of the Group for the year and/or assets of the Group as at 30 June 2002, are set out in note 36.

18 JOINTLY CONTROLLED ENTITIES (Continued)

(a) The amounts due by jointly controlled entities are analysed as follows:

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Interest bearing				
Fixed rates ranging from 6% to 15% (2001: 6% to 15%) per annum	1,179,213	1,315,433	-	-
Non-interest bearing	1,682,997	1,309,813	-	1,672
	2,862,210	2,625,246	-	1,672

The repayment terms of the amounts due by jointly controlled entities are specified in the relevant joint venture agreements.

- (b) The amounts include contributions to the registered capital of joint ventures of HK\$98,775,000 (2001: HK\$98,775,000) which carries interest at 10% per annum and HK\$149,773,000 (2001: HK\$149,773,000) which carries interest at Hong Kong prime rate.
- (c) Except for an amount of HK\$19,038,000 (2001: HK\$19,038,000) which carries interest at 14% per annum, the loans to jointly controlled entities are interest free, have no fixed terms of repayment and are subordinated to bank borrowings and all other major indebtedness.
- (d) The promissory note is unsecured, interest free and repayable on demand.
- (e) Included in investments in co-operative joint ventures is the Group's investment in 60% interest in registered capital of Shunde DeSheng Power Plant Company Limited ("DeSheng Power Plant") which was previously accounted for as a fixed return joint venture under other investments. In 2001, DeSheng Power Plant resumed the operation of the power plant upon the expiry of a five-year plant lease to the PRC joint venture partner. With effect from 1 July 2001, the Group accounted for the results and net assets of DeSheng Power Plant on an equity accounting basis and accordingly, the Group's investment in DeSheng Power Plant has been reclassified as an investment in jointly controlled entity.
- (f) The balances represent payments on account of proposed joint ventures for which only preliminary agreements have been signed and the joint venture companies have not yet been established as at the year end. Upon the completion of the relevant joint venture contracts and the establishment of the respective joint venture companies, the relevant amounts will be reclassified to joint venture balances.

In September 2002, the Group decided to withdraw from a preliminary agreement and, as a result of such withdrawal, the Group has no further material obligation under such preliminary agreement. The payment on account of this proposed joint venture amounting to HK\$620 million was substantially refunded to the Group.

19 OTHER INVESTMENTS

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Fixed return joint venture				
Co-operative joint venture (note 18e)				
Capital and loan contributions (cost less capital repayment)	-	639,564	-	-
Amount due by a joint venture	-	215,450	-	-
	-	855,014	-	-
Equity joint venture				
Capital and loan contributions (cost less capital repayment)	23,850	23,850	-	-
Amount due by a joint venture	1,325	1,325	-	-
Provision	(25,175)	(25,175)	-	-
	-	-	-	-
Non-trading securities				
Unlisted				
Shares, at fair value	589,127	703,864	1,961	5,271
Investments in equity joint ventures, at cost	249,484	261,964	-	-
Provision	(249,484)	(249,484)	-	-
	589,127	716,344	1,961	5,271
Listed				
Shares listed in Hong Kong, at fair value	26,927	37,301	-	-
Shares listed outside Hong Kong, at fair value	264,279	265,695	2,104	2,073
	291,206	302,996	2,104	2,073
	880,333	1,874,354	4,065	7,344
Market value of listed shares	291,206	302,996	2,104	2,073

20 DEPOSIT FOR PROPOSED INVESTMENT IN NETWORK

During the year, the Group entered into an option agreement with a PRC entity for the acquisition ("Acquisition") of interest in an optical fibre backbone network ("Network") in the PRC ("Agreement"). Subject to certain conditions as stipulated in the Agreement, the Group is entitled to acquire up to 70% interest in the Network at a consideration of approximately HK\$2,563 million.

As at 30 June 2002, approximately HK\$787 million was paid as a deposit for the Acquisition. In September 2002, the Group disposed of its interests in certain investments at a total consideration of approximately HK\$660 million which has also been applied as a further payment for the Acquisition, bringing the total payments to approximately HK\$1,447 million.

The Group is required to pay a further sum of approximately HK\$1,116 million should the Group decide to increase its interest in the Network up to 70%.

21 FIXED ASSETS

	Group						Company	
	Toll roads	Toll bridges	Land and buildings	Port facilities and terminal equipment	Construction in progress	Others	Total	Others
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost								
At 1 July 2001	4,231,919	1,950,532	476,023	478,504	2,053,010	186,097	9,376,085	21,642
Additions	1,402	-	149	3,877	63,944	5,959	75,331	1,352
Disposals	-	(12,445)	-	(3,954)	(504)	(1,708)	(18,611)	(890)
Transfer upon completion	195,479	-	1,120	7,711	(204,310)	-	-	-
Deconsolidation of subsidiaries	-	-	(131,883)	(315,097)	(306,735)	(42,322)	(796,037)	-
Disposal of a subsidiary	-	-	-	(120,757)	(1,665)	(14,692)	(137,114)	-
At 30 June 2002	4,428,800	1,938,087	345,409	50,284	1,603,740	133,334	8,499,654	22,104
Accumulated depreciation and impairment losses								
At 1 July 2001	331,389	254,073	35,828	97,526	-	83,273	802,089	8,786
Charge for the year	134,379	70,532	11,465	22,762	-	17,692	256,830	3,305
Impairment losses	-	-	117,000	-	2,500	-	119,500	-
Disposals	-	(7,747)	-	(3,459)	-	(1,033)	(12,239)	(475)
Deconsolidation of subsidiaries	-	-	(14,793)	(59,974)	-	(26,454)	(101,221)	-
Disposal of a subsidiary	-	-	-	(48,646)	-	(9,817)	(58,463)	-
At 30 June 2002	465,768	316,858	149,500	8,209	2,500	63,661	1,006,496	11,616
Net book value								
At 30 June 2002	3,963,032	1,621,229	195,909	42,075	1,601,240	69,673	7,493,158	10,488
At 30 June 2001	3,900,530	1,696,459	440,195	380,978	2,053,010	102,824	8,573,996	12,856

21 FIXED ASSETS (Continued)

As at 30 June 2002, finance costs of HK\$149,823,000 (2001: HK\$132,037,000) were capitalised in construction in progress.

Land and buildings comprise medium-term leases situated in Hong Kong of HK\$37,894,000 (2001: HK\$38,699,000) and in the PRC of HK\$275,015,000 (2001: HK\$401,496,000).

22 CREDITORS AND ACCRUALS

Ageing analysis of trade payable is not presented as the amount outstanding as at year end is insignificant.

23 BANK AND OTHER BORROWINGS

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
5% Convertible bonds due 2001 (note a)	-	931,593	-	931,593
1% Convertible bonds due 2003 (note b)	1,350,539	1,381,739	1,350,539	1,381,739
10% Fixed rate notes due 2004 (note c)	200,000	200,000	200,000	200,000
Floating rate notes due 2003 (note d)	351,000	351,000	351,000	351,000
Loan from a fellow subsidiary (note e)	1,400,000	-	1,400,000	-
Bank loans				
Unsecured (note f)	5,514,000	7,713,222	5,514,000	7,711,650
Secured (note f)	1,021,925	869,626	-	-
Loans from minority shareholders of subsidiaries				
Interest bearing (note g)	1,026,822	1,000,646	-	-
Non-interest bearing (note h)	263,057	388,113	-	-
	11,127,343	12,835,939	8,815,539	10,575,982
Current portion included in current liabilities	(2,236,935)	(5,907,768)	(2,138,339)	(5,859,243)
	8,890,408	6,928,171	6,677,200	4,716,739

- (a) The convertible bonds bore interest at 5% per annum payable semi-annually in arrears. The bonds were listed on the Luxembourg Stock Exchange. Each holder of the bonds had the option to convert the bonds into shares of HK\$1 each of the Company at a conversion price of HK\$19.61 per share, subject to adjustment, at any time until 2 July 2001. During the year, bonds with principal amount of US\$15,000 were converted into 5,917 shares of HK\$1 each of the Company, the remaining balance of the bonds were redeemed at par by the Company on 15 July 2001.

23 BANK AND OTHER BORROWINGS (Continued)

- (b) The convertible bonds bear interest at 1% per annum payable semi-annually in arrears. The bonds are listed on the Luxembourg Stock Exchange. Each holder of the bonds has the option to convert the bonds into shares of HK\$1 each of the Company at a conversion price of HK\$23.05 per share, subject to adjustment, at any time until 1 April 2003. Subject to certain conditions, the bonds are redeemable at the option of the Company at any time on or after 15 April 2001, in whole or in part, in cash and/or for the Company's shares. Unless previously converted, redeemed or repurchased, the bonds will be redeemed at 143.4% of their principal amount together with the accrued interest on 15 April 2003. Provision of HK\$373,588,000 (2001: HK\$161,041,000) for the premium payable has been made in the accounts so as to provide a constant periodic rate of charge to the profit and loss account over the terms of the bonds.

During the year, the Company repurchased bonds with an aggregate principal amount of US\$4,000,000 for a total consideration of HK\$39,567,000 (2001: nil) and these bonds were then cancelled. Provision for premium on redemption of the bonds of HK\$8,367,000 was applied to set off against the deficit arising from the repurchase of the bonds.

- (c) The fixed rate notes bear interest at 10% per annum payable quarterly in arrears. The notes are unsecured, transferable and repayable at their principal amount on 9 July 2004.
- (d) The floating rate notes bear interest at U.S. dollar deposit rate in the London interbank market plus 1.4% per annum payable semi-annually in arrears. The notes are unsecured and repayable at their principal amount on 24 February 2003.
- (e) Loan from a fellow subsidiary is unsecured, bears interest at prevailing market rate and wholly repayable on 16 May 2004.
- (f) Long-term bank loans are repayable as follows:

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Within one year	535,396	4,976,175	436,800	4,927,650
Between one and two years	1,527,810	96,260	1,419,600	-
Between two and five years	4,296,856	3,304,142	3,657,600	2,784,000
After five years	175,863	206,271	-	-
	6,535,925	8,582,848	5,514,000	7,711,650

The loans are secured by certain of the Group's interests in joint ventures in the PRC and the toll collection rights of certain toll roads held by the Group.

- (g) The loans represent loans made by the minority shareholders in consolidated joint ventures for the development of the relevant infrastructure projects. The loans are unsecured, bear interest at fixed rates ranging from 10% to 15% per annum and have repayment terms as specified in the relevant joint venture agreements.
- (h) The loans are unsecured and have no fixed terms of repayment.

24 SHARE CAPITAL

	2002 HK\$'000	2001 HK\$'000
Authorised:		
2,000,000,000 shares of HK\$1 each	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid:		
952,180,007 (2001: 855,325,340) shares of HK\$1 each	<u>952,180</u>	<u>855,325</u>

During the year, 96,854,667 shares (2001: nil) were issued upon the conversion of US\$15,000 5% convertible bonds due 2001 and US\$150,000,000 mandatorily convertible bonds at a conversion price of HK\$19.61 and HK\$12.00 per share, respectively. No shares were repurchased during the year (2001: 6,589,600 shares were repurchased and cancelled by the Company).

Pursuant to the share option scheme adopted on 3 October 1997, the Company may grant options to directors and employees of the Company or any of its subsidiaries to subscribe for shares in the Company. No share options were granted during the year. The movements in the number of share options during the year and the balance outstanding at 30 June 2002 are as follows:

Exercise price per share HK\$	At 1 July 2001	Lapsed during the year	At 30 June 2002
10.20(a)	2,282,000	–	2,282,000
10.20(b)	360,000	(120,000)	240,000
12.00(c)	10,423,000	(32,000)	10,391,000
12.00(d)	1,440,000	(480,000)	960,000
	<u>14,505,000</u>	<u>(632,000)</u>	<u>13,873,000</u>

(a) Exercisable from 1 July 1999 to 1 June 2004.

(b) Exercisable from 1 July 2000 to 1 June 2005.

(c) Divided into 3 or 5 tranches exercisable from 1 July 1999 to 1 June 2004, from 1 July 2000 to 1 June 2004, from 1 July 2001 to 1 June 2004, from 1 July 2002 to 1 June 2004 and from 1 July 2003 to 1 June 2004 respectively.

(d) Divided into 3 tranches exercisable from 1 July 2001 to 1 June 2005, from 1 July 2002 to 1 June 2005 and from 1 July 2003 to 1 June 2005 respectively.

25 RESERVES

	Contributed surplus	Share premium (note a)	Capital reserve (note b)	Retained profit	Investment revaluation reserve	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group						
At 1 July 2000, as previously reported	971,021	4,639,767	341,073	4,211,258	1,427,036	11,590,155
Effect of adopting SSAP 9 (revised) (note 1(t))	-	-	-	214,381	-	214,381
At 1 July 2000, as restated	971,021	4,639,767	341,073	4,425,639	1,427,036	11,804,536
2000 final dividend paid	-	-	-	(214,381)	-	(214,381)
Loss for the year	-	-	-	(94,079)	-	(94,079)
Interest on mandatorily convertible bonds	-	-	-	(58,979)	-	(58,979)
Transfer to capital reserve account	-	-	2,759	(2,759)	-	-
Repurchase of own shares	-	(45,167)	-	-	-	(45,167)
Net deficit on revaluation of non-trading investments	-	-	-	-	(1,761,369)	(1,761,369)
Impairment losses charged to profit and loss account (note 5)	109,145	-	-	-	244,793	353,938
Written-back of impairment loss transferred to profit and loss account (note 4)	-	-	-	-	(12,480)	(12,480)
Net realised gain transferred to profit and loss account (note 4)	-	-	-	-	(110,422)	(110,422)
Goodwill on acquisition of						
Subsidiaries	(21,612)	-	-	-	-	(21,612)
Associated companies	(86,925)	-	-	-	-	(86,925)
Additional interests in a jointly controlled entity	(1,055)	-	-	-	-	(1,055)
Release of reserves upon disposal of interests in associated companies and a subsidiary						
Company and subsidiaries	395,792	-	(1,946)	1,946	-	395,792
A jointly controlled entity	976	-	-	-	-	976
At 30 June 2001	1,367,342	4,594,600	341,886	4,057,387	(212,442)	10,148,773
Company and subsidiaries	1,367,342	4,594,600	341,886	2,434,739	(212,442)	8,526,125
Jointly controlled entities	-	-	-	1,306,601	-	1,306,601
Associated companies	-	-	-	316,047	-	316,047
	1,367,342	4,594,600	341,886	4,057,387	(212,442)	10,148,773

25 RESERVES (Continued)

	Contributed surplus	Share premium	Capital reserve	Retained profit	Investment revaluation reserve	Total
	HK\$'000	(note a) HK\$'000	(note b) HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group						
At 1 July 2001, as previously reported	1,258,197	4,594,600	341,886	4,166,532	(212,442)	10,148,773
Effect of adopting SSAP 30 (note 1(c))	109,145	-	-	(109,145)	-	-
At 1 July 2001, as restated	1,367,342	4,594,600	341,886	4,057,387	(212,442)	10,148,773
Loss for the year	-	-	-	(148,364)	-	(148,364)
Interest on mandatorily convertible bonds	-	-	-	(49,149)	-	(49,149)
Transfer to capital reserve account	-	-	7,177	(7,177)	-	-
Release of capital reserve upon utilisation	-	-	(14,512)	14,512	-	-
Net deficit on revaluation of non-trading investments	-	-	-	-	(126,022)	(126,022)
Impairment losses charged to profit and loss account (note 5)	-	-	-	-	154,024	154,024
Premium on shares issued	-	1,065,447	-	-	-	1,065,447
Release of reserves upon disposal of interests in associated companies, a jointly controlled entity and a subsidiary	10,257	-	(44,502)	-	-	(34,245)
At 30 June 2002	1,377,599	5,660,047	290,049	3,867,209	(184,440)	11,010,464
Company and subsidiaries	1,377,599	5,660,047	290,049	2,385,150	(184,440)	9,528,405
Jointly controlled entities	-	-	-	1,233,088	-	1,233,088
Associated companies	-	-	-	248,971	-	248,971
	1,377,599	5,660,047	290,049	3,867,209	(184,440)	11,010,464

25 RESERVES (Continued)

	Contributed surplus (note a) HK\$'000	Share premium (note a) HK\$'000	Retained profit HK\$'000	Investment revaluation reserve HK\$'000	Total HK\$'000
Company					
At 1 July 2000, as previously reported	3,269,219	4,639,767	134,016	-	8,043,002
Effect of adopting SSAP 9 (revised) (note 1(t))	-	-	214,381	-	214,381
At 1 July 2000, as restated	3,269,219	4,639,767	348,397	-	8,257,383
2000 final dividend paid	-	-	(214,381)	-	(214,381)
Profit for the year	-	-	84,033	-	84,033
Repurchase of own shares	-	(45,167)	-	-	(45,167)
Deficit on revaluation of non-trading investments	-	-	-	(8,176)	(8,176)
Impairment losses charged to profit and loss account	-	-	-	3,653	3,653
Realised loss transferred to profit and loss account	-	-	-	1,292	1,292
Interest on mandatorily convertible bonds	-	-	(58,979)	-	(58,979)
At 30 June 2001	3,269,219	4,594,600	159,070	(3,231)	8,019,658
At 1 July 2001	3,269,219	4,594,600	159,070	(3,231)	8,019,658
Profit for the year	-	-	128,984	-	128,984
Premium on share issued	-	1,065,447	-	-	1,065,447
Interest on mandatory convertible bonds	-	-	(49,149)	-	(49,149)
Net deficit on revaluation of non-trading investments	-	-	-	(3,279)	(3,279)
Impairment losses charged to profit and loss account	-	-	-	3,310	3,310
At 30 June 2002	3,269,219	5,660,047	238,905	(3,200)	9,164,971

- (a) Under the Cayman Islands Company Law, the contributed surplus and share premium are both distributable. Accordingly, total distributable reserves of the Company amount to HK\$9,164,971,000 (2001: HK\$8,019,658,000) as at 30 June 2002.

The contributed surplus of the Company arose in 1995 when the Company issued shares in exchange for the shares of companies being acquired, and represents the difference between the nominal value of the Company's shares issued and the value of net assets of the companies acquired.

- (b) Included in the capital reserve are the Group's share of the statutory reserves of PRC subsidiaries and capital reserve arising from the reorganisation of the port and port-related businesses in 2000.

26 MANDATORILY CONVERTIBLE BONDS

The mandatorily convertible bonds bore interest at the higher of 5% per annum payable semi-annually in arrears and a percentage equal to the dividends declared or paid per share during the relevant interest payment period divided by the conversion price. The holder of the bonds had the option to convert the bonds into shares of HK\$1 each of the Company at a conversion of HK\$12 per share, subject to adjustment, at any time on or before 30 April 2002. There are no definitive accounting guidelines in Hong Kong in respect of the classification of mandatorily convertible bonds. On the basis of the above, the bonds were classified as equity and the interest thereon was charged to retained profit as a movement in reserves. On 30 April 2002, the bonds were mandatorily and automatically converted in full into shares of the Company.

27 CONTINGENT LIABILITIES

The Group has contingent liabilities relating to guarantees given to banks of approximately HK\$1,059 million (2001: HK\$1,455 million) in respect of the bank loan facilities extended to two (2001: two) jointly controlled entities of the Group. On 11 October 2001, a subscription agreement was entered into between the Group and an associated company in respect of the disposal of an effective interest of 9.75% in Asia Container Terminals Limited, a jointly controlled entity of the Group ("Subscription Agreement"). Pursuant to the terms of the Subscription Agreement, the associated company has agreed to counter-indemnify the Group in respect of such guarantee amounting to approximately HK\$527 million. As at 30 June 2002, the outstanding amounts under the bank loan facilities in respect of the guarantees were approximately HK\$361 million (2001: HK\$284 million).

28 COMMITMENTS

- (a) At 30 June 2002, the capital commitments, principally for construction of toll roads and port facilities and acquisition of other investments were as follows:

	2002 HK\$'000	2001 HK\$'000
Contracted but not provided for	6,621	32,132
Authorised but not contracted for	181,211	1,877,516
	187,832	1,909,648

- (b) The Group has committed to provide sufficient funds in the forms of capital and loan contributions to certain joint ventures under various joint venture contracts to finance relevant infrastructural projects. The directors estimate that the Group's share of projected funds requirements of these projects would be approximately HK\$79 million (2001: HK\$92 million) which represents the attributable portion of the capital and loan contributions to be made to the joint ventures.

- (c) At 30 June 2002, the Group's share of capital commitments of the jointly controlled entities themselves not included in note 28(b) above were as follows:

	2002 HK\$'000	2001 HK\$'000
Contracted but not provided for	206,000	509,000
Authorised but not contracted for	129,000	130,000
	335,000	639,000

28 COMMITMENTS (Continued)

(c) (Continued)

A subsidiary and certain jointly controlled entities are parties to agreements with third parties pursuant to the joint development of Container Terminal 9 ("CT9") in Hong Kong, the related berth swap arrangement and the funding therefor. The Group's attributable share of capital commitments as at 30 June 2002 was HK\$261 million (2001: HK\$639 million) which has been included above.

One of the jointly controlled entities has obtained banking facilities to finance 60% of its share of the development costs at CT9 and reduced the funds to be injected by the Group accordingly. The Group has given guarantee in respect of the banking facilities and is included in note 27 above.

In the event of default of any of the third parties, the subsidiary and jointly controlled entities will be required to provide additional funds for the project. The Company has given guarantees in respect of these obligations of the subsidiary and jointly controlled entities to provide additional funds. Were the Company 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 of CT9 as included above, is HK\$1,482 million (2001: HK\$1,482 million). Pursuant to the terms of the Subscription Agreement, an associated company has agreed to counter-indemnify the Company in respect of such guarantees amounting to approximately HK\$876 million.

(d) Certain PRC subsidiaries have entered into various contracts with the PRC partners or their supervisory authorities for the provision of toll collection, maintenance and management services and these subsidiaries have agreed to pay a management fee at fixed rates ranging from 14% to 16% (2001: 14% to 16%) per annum of toll revenues after business tax.

(e) At 30 June 2002, the Group had future aggregate minimum lease payments under operating leases as follows:

	2002 HK\$'000	2001 HK\$'000
Land and buildings		
In the first year	9,516	15,511
In the second to fifth years inclusive	6,934	41,066
After the fifth year	-	108,528
	16,450	165,105

(f) At 30 June 2002, the Group has outstanding foreign currency forward contracts amounting to US\$50 million (2001: US\$650 million) for the purpose of hedging of long-term borrowings.

29 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating loss before financing to net cash outflow from operating activities

	2002 HK\$'000	2001 Restated HK\$'000
Operating loss before financing	(53,931)	(49,620)
Depreciation	256,830	219,838
Dividend from listed non-trading securities	-	(11,766)
Profit on repurchase of convertible bonds	-	(1,772)
Net gain on disposal of non-trading investments	-	(110,422)
Impairment losses on other investments	154,024	244,793
Impairment losses of fixed assets	119,500	-
Impairment losses on goodwill	-	109,145
Provision for payments on account of proposed joint ventures	33,002	-
Loss on disposal of fixed assets	4,938	821
Amortisation of deferred interest income	(7,403)	(30,352)
Amortisation of cost of investments in co-operative joint ventures	17,857	1,534
Income from a fixed return co-operative joint venture	-	(123,661)
Interest income	(134,192)	(304,171)
Increase in debtors and prepayments	(121,710)	(838,526)
(Decrease)/increase in creditors and accruals	(10,381)	23,220
Movements in amounts with minority shareholders	191	(65,387)
Increase in inventories	(678,877)	(500,247)
(Gain)/loss on disposal of		
A subsidiary	(21,735)	6,963
Associated companies	-	426,125
Jointly controlled entities	(113,676)	(99,419)
Written-back of impairment loss on other investments	-	(12,480)
Net cash outflow from operating activities	(555,563)	(1,115,384)

29 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) Analysis of changes in financing during the year

	Share capital including share premium HK\$'000	Contributed surplus HK\$'000	Mandatorily convertible bonds HK\$'000	Bank and other borrowings HK\$'000	Short-term bank loans HK\$'000	Minority interests HK\$'000	Deferred expenditure HK\$'000	Total HK\$'000
At 1 July 2000	5,501,682	971,021	1,162,185	10,189,008	-	1,987,593	(81,491)	19,729,998
Net cash (outflow)/inflow from financing	(51,757)	-	-	2,576,354	82,680	4,280	(33,230)	2,578,327
Profit on repurchase of convertible bonds	-	-	-	(1,772)	-	-	-	(1,772)
Amortisation of deferred expenditure	-	-	-	-	-	-	33,296	33,296
Minority interests' share of profit	-	-	-	-	-	58,676	-	58,676
Dividend to minority interests	-	-	-	-	-	(2,964)	-	(2,964)
Land use right contributed by a minority shareholder of a subsidiary	-	-	-	72,349	-	-	-	72,349
Impairment losses charged to profit and loss account	-	109,145	-	-	-	-	-	109,145
Acquisition of a subsidiary	-	-	-	-	-	529	-	529
Goodwill on acquisition	-	-	-	-	-	-	-	-
Subsidiaries	-	(21,612)	-	-	-	-	-	(21,612)
Associated companies	-	(86,925)	-	-	-	-	-	(86,925)
Additional interest in a jointly controlled entity	-	(1,055)	-	-	-	-	-	(1,055)
Release of reserves upon disposal of interests in associated companies	-	-	-	-	-	-	-	-
Company and a subsidiary	-	395,792	-	-	-	-	-	395,792
A jointly controlled entity	-	976	-	-	-	-	-	976
Disposal of a subsidiary	-	-	-	-	-	(124,213)	-	(124,213)
At 30 June 2001	5,449,925	1,367,342	1,162,185	12,835,939	82,680	1,923,901	(81,425)	22,740,547
At 1 July 2001, as previously reported	5,449,925	1,258,197	1,162,185	12,835,939	82,680	1,923,901	(81,425)	22,631,402
Effect of adopting SSAP 30 (note 1(c))	-	109,145	-	-	-	-	-	109,145
At 1 July 2001, as restated	5,449,925	1,367,342	1,162,185	12,835,939	82,680	1,923,901	(81,425)	22,740,547
Net cash (outflow)/inflow from financing	-	-	-	(1,570,974)	515,451	-	(628)	(1,056,151)
Issue of shares upon conversion of convertible bonds	1,162,302	-	(1,162,185)	(117)	-	-	-	-
Deficit on repurchase of convertible bonds	-	-	-	8,367	-	-	-	8,367
Amortisation of deferred expenditure	-	-	-	-	-	-	31,056	31,056
Minority interests' share of profit	-	-	-	-	-	5,937	-	5,937
Dividend to minority interests	-	-	-	-	-	(14,453)	-	(14,453)
Acquisition of additional interest in a subsidiary	-	-	-	4,615	-	(3,939)	-	676
Release of reserves upon disposal of interests in associated companies, a jointly controlled entity and a subsidiary	-	10,257	-	-	-	67,681	-	77,938
Deconsolidation of subsidiaries	-	-	-	(130,522)	-	(70,007)	-	(200,529)
Disposal of a subsidiary	-	-	-	(19,965)	-	18,925	-	(1,040)
At 30 June 2002	6,612,227	1,377,599	-	11,127,343	598,131	1,928,045	(50,997)	21,592,348

29 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(c) In 2001, land use right of HK\$72,349,000 was contributed by a minority shareholder of a subsidiary in the form of shareholders' loan to that subsidiary.

(d) Deconsolidation of subsidiaries

	2002 HK\$'000	2001 HK\$'000
Net assets deconsolidated		
Fixed assets	694,816	-
Debtors and prepayments	24,094	-
Bank balances and cash	81,186	-
Creditors and accruals	(12,170)	-
Bank and other borrowings	(130,522)	-
Minority interests	(70,007)	-
	587,397	-

(e) Analysis of the net outflow of cash and cash equivalents in respect of the deconsolidation of subsidiaries

	2002 HK\$'000	2001 HK\$'000
Bank balances and cash deconsolidated	81,186	-

The subsidiaries contributed HK\$39,255,000 to the Group's net operating cash flows, utilised HK\$12,899,000 for investing activities and contributed HK\$9,648,000 for financing activities. The deconsolidated subsidiaries were reclassified to jointly controlled entities in June 2002.

(f) Acquisition of subsidiaries

	2001 HK\$'000
Net assets acquired	
Fixed assets	187
Bank balances and cash	2,774
Creditors and accruals	(1,816)
Minority interests	(529)
	616
Goodwill on acquisition	21,612
	22,228
Represented by:	
Cash	22,228

29 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)**(g) Analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries**

	2001 HK\$'000
Cash consideration	(22,228)
Bank balances and cash acquired	2,774
	<u>(19,454)</u>

(h) Disposal of a subsidiary

	2002 HK\$'000	2001 HK\$'000
Net (liabilities)/assets disposed		
Fixed assets	78,651	206,501
Debtors and prepayments	49,291	8,131
Bank balances and cash	29,346	23,248
Creditors and accruals	(30,083)	(22,140)
Amount due to a minority shareholder of a subsidiary	(130,380)	-
Taxation	-	(633)
Bank and other borrowings	(19,965)	-
Minority interests	18,925	(124,213)
Exchange reserve	(690)	-
	<u>(4,905)</u>	<u>90,894</u>
Gain/(loss) on disposal	21,735	(6,963)
	<u>16,830</u>	<u>83,931</u>

(i) Analysis of the net (outflow)/inflow of cash and cash equivalents in respect of the disposal of a subsidiary

	2002 HK\$'000	2001 HK\$'000
Cash received	16,830	30,784
Bank balances and cash disposed	(29,346)	(23,248)
	<u>(12,516)</u>	<u>7,536</u>

30 RELATED PARTY TRANSACTIONS

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

	2002 HK\$'000	2001 HK\$'000
Interest income from jointly controlled entities (gross of withholding tax) (note a)	(88,192)	(112,639)
Management fee received from a jointly controlled entity (note b)	(8,690)	(6,753)
Purchases from an associated company (note c)	673,772	500,247
Rental for leased premises to a fellow subsidiary (note d)	8,192	8,924

Notes:

- (a) This represents interest income in respect of loan financing provided to jointly controlled entities. These loans are unsecured, carry interest at Hong Kong prime rate (2001: Hong Kong prime rate) or at fixed rates ranging from 6% to 15% per annum (2001: 6% to 15% per annum) and have repayment terms as specified in the respective joint venture agreements.
- (b) This represents management fee income in respect of management and administrative services rendered by the Company to a jointly controlled entity. The management fee is charged at a fixed annual amount as specified in the management and administrative services agreement.
- (c) These represent purchases of inventories from an associated company which were sold to the Group at a price approximate to its original purchase costs from third party suppliers. The Group also paid approximately HK\$969 million (2001: HK\$698 million) as trade deposits to the associated company for the purchase of inventories (note 13(c)).
- (d) The rental is charged at fixed monthly fees as specified in the tenancy agreements.

31 SUBSEQUENT EVENTS

- (a) On 29 June 2002, the Group entered into a conditional agreement for the sale of its entire interest in certain subsidiaries holding the Group's interest in Jincheng to Jiaozuo Expressway (Shanxi Section) at a cash consideration of approximately HK\$650 million. The transaction was completed in September 2002 and the disposal will not have significant financial effect to the Group for the year ending 30 June 2003.
- (b) In September 2002, Wuhan City Government (the "Government") announced that the toll collection right of five bridges in Wuhan, including Yangtze Bridge No. 2, a toll bridge operated by a subsidiary of the Group, would be ceased with effect from 1 October 2002. The Government has undertaken to compensate investors on mutually acceptable terms. Although it is difficult to estimate the outcome of the subsequent negotiation with the Government, the directors consider that there should not be any material adverse impact to the Group. The net book value of the toll bridge as at 30 June 2002 was approximately HK\$1,381 million in which the Group's interest was 48.86%.
- (c) On 18 October 2002, the board of directors of the Company resolved to implement a Group reorganisation whereby the Group would dispose of its investments in roads and bridges, water treatment and power plant projects to a 75% owned subsidiary, Pacific Ports Company Limited ("PPC") and acquire the entire equity interest of New World Services Limited, a 52.4% owned subsidiary of the ultimate holding company by PPC. In addition, pursuant to the reorganisation, the Group would convert all preference shares of PPC into ordinary shares and thereafter distribute all the PPC ordinary shares including the consideration shares received from PPC in respect of the aforesaid disposal to the shareholders of the Company. After the reorganisation, the Group will be focusing on the TMT businesses.

32 ULTIMATE HOLDING COMPANY

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

33 APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 18 October 2002.

34 PRINCIPAL SUBSIDIARIES

As at 30 June 2002 and 30 June 2001

	Share capital issued		Percentage of equity shares held		Principal activities
	Number	Par value per share	By the Company	By the Group	
<i>Incorporated and operating in Hong Kong</i>					
Billionable Investment Limited	4,998 ordinary	HK\$1	-	100	Investment holding
	2 non-voting deferred	HK\$1	-	-	
Keen Sales Limited	2 ordinary	HK\$1	-	75	Investment holding
	2 non-voting deferred	HK\$1	-	-	
New World Port Investments Limited	2 ordinary	HK\$1	-	75	Investment holding
Ready City Limited	200 ordinary	HK\$1	-	75	Investment holding
True Hope Investment Limited	4,998 ordinary	HK\$1	-	100	Investment holding
	2 non-voting deferred	HK\$1	-	-	
Try Force Limited	4,998 ordinary	HK\$1	-	100	Investment holding
	2 non-voting deferred	HK\$1	-	-	
<i>Incorporated in Bermuda and operating in Hong Kong</i>					
Pacific Ports Company Limited	2,059,968,000 ordinary	HK\$0.10	-	75	Investment holding
	3,193,654,306 preference	HK\$0.10	-	100	
<i>Incorporated in the British Virgin Islands and operating in Hong Kong</i>					
Lotsgain Limited	100 ordinary	US\$1	100	-	Investment holding

34 PRINCIPAL SUBSIDIARIES (Continued)

	Share capital issued/ registered capital		Attributable interest (note)		Principal activities
	Amount	Par value per share	To the Company	To the Group	
<i>Incorporated and operating in the PRC</i>					
Gaoming Xinming Bridge Ltd.	Rmb60,000,000	-	-	80(e)	Operation of toll bridge
Guangdong Xinzhaogao Highways Co., Ltd.	Rmb80,000,000	-	-	70(d)	Operation of toll road
Guangxi Beiliu Xinbei Highways Limited	Rmb99,200,000	-	-	60(d)	Operation of toll road
Guangxi Cangwu Xincang Highways Limited	Rmb64,000,000	-	-	70(d)	Operation of toll road
Guangdong Gaoyao Xinjun Highways Limited	Rmb71,600,000	-	-	55(d)	Operation of toll road
Guangdong Gaoyao Xinwei Highways Limited	Rmb38,500,000	-	-	60(d)	Operation of toll road
Guangxi Rongxian Xinrong Highways Limited	Rmb82,400,000	-	-	70(d)	Operation of toll road
Guangxi Yulin Xintong Highways Limited	Rmb64,000,000	-	-	60(d)	Operation of toll road
Guangxi Yulin Xinye Highways Limited	Rmb63,800,000	-	-	60(d)	Operation of toll road
Guangxi Yulin Xinyu Highways Limited	Rmb96,000,000	-	-	60(d)	Operation of toll road
New World Infrastructure (China) Investment Limited	US\$123,000,000	-	100(b)	-	Investment holding
Qingyuan Xincheng Highways Limited	Rmb36,000,000	-	-	80(d)	Operation of toll road

34 PRINCIPAL SUBSIDIARIES (Continued)

	Share capital issued/ registered capital		Attributable interest (note)		Principal activities
	Amount	Par value per share	To the Company	To the Group	
<i>Incorporated and operating in the PRC (Continued)</i>					
Shanxi Xinbei Expressway Company Limited	Rmb85,050,000	-	-	90(f)	Operation of toll road
Shanxi Xinda Highways Limited	Rmb49,000,000	-	-	90(f)	Operation of toll road
Shanxi Xindan Expressway Company Limited	Rmb87,150,000	-	-	90(f)	Operation of toll road
Shanxi Xinhan Expressway Company Limited	Rmb84,700,000	-	-	90(f)	Operation of toll road
Shanxi Xinjing Expressway Company Limited	Rmb80,500,000	-	-	90(f)	Operation of toll road
Shanxi Xinhuang Highways Limited	Rmb57,100,000	-	-	90(f)	Operation of toll road
Shanxi Xinnan Expressway Company Limited	Rmb83,650,000	-	-	90(f)	Operation of toll road
Shanxi Xinze Expressway Company Limited	Rmb82,950,000	-	-	90(f)	Operation of toll road
Suzhou Huisu International Container Freight Wharfs Co., Ltd	US\$3,750,000	-	-	41.25(c)	Container handling, warehousing and road freight operations
Taiyuan Xintai Highways Limited	Rmb72,120,000	-	-	90(f)	Operation of toll road
Taiyuan Xinyuan Highways Limited	Rmb85,880,000	-	-	90(f)	Operation of toll road
Wuhan Bridge Construction Co., Ltd.	Rmb502,850,000	Rmb1	-	48.86(a)	Operation of toll bridge
Wuzhou Xinwu Highways Limited	Rmb72,000,000	-	-	45(d)	Operation of toll road
Xiamen New World Xiangyu Warehouse & Processing Zone Limited	US\$5,000,000	-	-	75(b)	Development of warehousing, processing and logistic facilities

34 PRINCIPAL SUBSIDIARIES (Continued)

	Share capital issued/ registered capital		Attributable interest (note)		Principal activities
	Amount	Par value per share	To the Company	To the Group	
<i>Incorporated and operating in the PRC (Continued)</i>					
Yunfu Xinxing Highways Limited	Rmb30,000,000	–	–	55(d)	Operation of toll road
Zhaoqing Deqing Xinyue Highways Limited	Rmb68,000,000	–	–	65(d)	Operation of toll road
Zhaoqing Xinde Highways Co., Ltd.	Rmb165,867,000	–	–	45(d)	Operation of toll road
Zhaoqing Xinfeng Highways Co., Ltd.	Rmb94,000,000	–	–	45(d)	Operation of toll road
Zhaoqing Xingao Highways Co., Ltd.	Rmb54,000,000	–	–	40(d)	Operation of toll road
Zhaoqing Xinhui Highways Co., Ltd.	Rmb103,500,000	–	–	50(d)	Operation of toll road
Zhaoqing Xinning Highways Co., Ltd.	Rmb90,000,000	–	–	55(d)	Operation of toll road

Notes:

- (a) percentage of equity interest in a joint stock limited company
- (b) percentage of equity interest in wholly foreign-owned enterprises
- (c) percentage of equity interest in equity joint ventures
- (d) profit sharing percentage in co-operative joint ventures
- (e) profit sharing percentage in a co-operative joint venture for the first 7 years of the joint venture period, and thereafter 30%
- (f) cash sharing ratio for the first 12 years of the joint venture period, and thereafter 60%

**35 PRINCIPAL ASSOCIATED COMPANIES****As at 30 June 2002**

	Share capital issued		Percentage of equity shares held (note)		Principal activities
	Number	Par value per share	To the Company	To the Group	
<i>Incorporated and operating in Hong Kong</i>					
CSX World Terminals Hong Kong Limited	55,000 "A" Ordinary	HK\$1	-	-	Operation of container terminal
	5,000 "B" Ordinary	HK\$1	-	25.01	
<i>Incorporated and operating in the United States</i>					
CyberLancet Corporation	49,000,000 Common	-	-	-	Development of internet technology
	21,000,000 Series A Preferred	-	-	100	
CyberNova Corporation	30,000,000 Common	-	-	-	Development of cable modem
	20,000,000 Series A Preferred	-	-	100	
PrediWave Corporation	35,000,000 Common	-	-	-	Development of video-on-demand technology
	15,000,000 Series A Preferred	-	-	100	
TechStock, Inc.	30,000,000 Common	-	-	-	Technology investment holding
	20,000,000 Series A Preferred	-	-	100	
Visionaire Technology Corporation	35,000,000 Common	-	-	-	Technology investment holding
	15,000,000 Series A Preferred	-	-	100 *	
WarpEra Corporation	42,000,000 Common	-	-	-	Development of computer hardware and software
	18,000,000 Series A Preferred	-	-	100 *	

35 PRINCIPAL ASSOCIATED COMPANIES (Continued)

	Share capital issued		Percentage of equity shares held (note)		Principal activities
	Number	Par value per share	To the Company	To the Group	
<i>Incorporated in the British Virgin Islands and operating in Hong Kong</i>					
New GU Energy Limited	65,000,000	–	–	–	Development and production of heat transfer devices
Common	35,000,000	–	–	64.29%	
Series A Preferred					

Note: except for the associated companies acquired during the year which are marked with an asterisk, percentage of equity interest is unchanged from 30 June 2001

36 PRINCIPAL JOINTLY CONTROLLED ENTITIES

As at 30 June 2002

	Registered capital Amount	Attributable interest (note)		Principal activities
		To the Company	To the Group	
<i>Incorporated and operating in the PRC</i>				
Equity joint ventures				
Guangzhou Oriental Power Co., Ltd.	Rmb990,000,000	–	25(a)	Generation and supply of electricity
Guangzhou Pearl River Power Co., Ltd.	Rmb420,000,000	–	50(b)	Generation and supply of electricity
CSX Orient (Tianjin) Container Terminals Co., Limited (formerly Sea-Land Orient (Tianjin) Container Terminals Co., Limited)	US\$29,200,000	–	18.38(a)	Operation of container terminal
Co-operative joint ventures				
Beijing-Zhuhai Expressway Guangzhou – Zhuhai Section Co., Ltd.	Rmb580,000,000	–	25(c)	Operation of toll road

36 PRINCIPAL JOINTLY CONTROLLED ENTITIES (Continued)

	Registered capital Amount	Attributable interest (note)		Principal activities
		To the Company	To the Group	
<i>Incorporated and operating in the PRC (Continued)</i>				
<i>Co-operative joint ventures (Continued)</i>				
Guangzhou Northring Freeway Company Limited	US\$19,255,000	–	65.29(c)	Operation of toll road
Huishen (Yantian) Expressway Huizhou Co., Ltd.	Rmb39,000,000	–	33.33(c)	Operation of toll road
Huizhou City Hui-Ao Roadway Co., Ltd.	Rmb75,000,000	–	50(c)	Operation of toll roads
Huizhou City Huixin Expressway Co., Ltd.	Rmb34,400,000	–	50(c)	Investment holding and operation of toll road
Shenzhen New World Xianglong Network Technology Company Limited	Rmb187,680,000	–	84.46(c)	Exploration of wireless telecommunication network
Shenzhen New World Xianglong Technology Development Company Limited	Rmb93,840,000	–	84.46(c)	Exploration of wireless telecommunication network
Sichuan Qianwei Dali Power Company Limited	Rmb248,413,000	–	60(c)	Generation and supply of electricity
Tianjin Xindi Expressway Company Limited	Rmb93,688,000	–	90(d)	Operation of toll road
Tianjin Xinlong Expressway Company Limited	Rmb99,400,000	–	90(d)	Operation of toll road
Tianjin Xinlu Expressway Company Limited	Rmb99,092,000	–	90(d)	Operation of toll road
Tianjin Xinming Expressway Company Limited	Rmb85,468,000	–	90(d)	Operation of toll road
Tianjin Xinqing Expressway Company Limited	Rmb99,368,000	–	90(d)	Operation of toll road
Tianjin Xinquan Expressway Company Limited	Rmb92,016,000	–	90(d)	Operation of toll road

36 PRINCIPAL JOINTLY CONTROLLED ENTITIES (Continued)

	Registered capital Amount	Attributable interest (note)		Principal activities
		To the Company	To the Group	
<i>Incorporated and operating in the PRC (Continued)</i>				
<i>Co-operative joint ventures (Continued)</i>				
Tianjin Xinsen Expressway Company Limited	Rmb87,300,000	–	90(d)	Operation of toll road
Tianjin Xinshi Expressway Company Limited	Rmb99,388,000	–	90(d)	Operation of toll road
Tianjin Xinsi Expressway Company Limited	Rmb96,624,000	–	90(d)	Operation of toll road
Tianjin Xintong Expressway Company Limited	Rmb99,448,000	–	90(d)	Operation of toll road
Tianjin Xintuo Expressway Company Limited	Rmb99,316,000	–	90(d)	Operation of toll road
Tianjin Xinxiang Expressway Company Limited	Rmb90,472,000	–	90(d)	Operation of toll road
Tianjin Xinyan Expressway Company Limited	Rmb89,028,000	–	90(d)	Operation of toll road
Tianjin Xinzhan Expressway Company Limited	Rmb89,392,000	–	90(d)	Operation of toll road
Tianjin Yongfa Highway And Bridge Construction Development Company Limited	Rmb40,000,000	–	90(c)	Operation of toll bridge
Wuhan Airport Road Development Ltd.	Rmb60,000,000	–	40(c)	Operation of toll road
Xiamen Xiang Yu Quay Co., Ltd.	Rmb100,000,000	–	45.98(c)	Container handling, and storage and road freight operations
Xiamen Xinyuan Container Terminal Co., Ltd.	Rmb17,000,000	–	45.98(c)	Cargo consolidation, container storage and repairs and maintenance
Xiamen Xiangyu Free Port Developing Co., Ltd.	Rmb117,340,000	–	45.98(c)*	Development of container terminal

36 PRINCIPAL JOINTLY CONTROLLED ENTITIES (Continued)

Notes:

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

Except for the jointly controlled entity acquired during the year which is marked with an asterisk and the profit sharing ratio of Xiamen Xiang Yu Quay Co., Ltd. and Xiamen Xinyuan Container Terminal Co., Ltd. decreased from 69% to 45.98% and 52.5% to 45.98% respectively, percentage of attributable interest unchanged from 30 June 2001

	Share capital issued		Percentage of equity shares held		Principal activities
	Number	Par value per share	By the Company	By the Group	
<i>Incorporated and operating in Hong Kong</i>					
Companies limited by shares					
ATL Logistics Centre Hong Kong Limited	100,000 "A" ordinary	HK\$1	–	41.75	Operation of cargo handling and storage facilities
	20,000 "B" preference	HK\$1	–	59.69	
	54,918 non-voting deferred	HK\$1	–	–	
Tate's Cairn Tunnel Company Limited	1,100,000 ordinary	HK\$0.01	–	29.50	Operation of toll tunnel
	600,000,000 non-voting deferred	HK\$1	–	–	
Asia Container Terminals Limited	1,000 ordinary	HK\$1	–	27.25	Development and operation of container terminal
<i>Incorporated in Hong Kong and operating in Macau and the PRC</i>					
Companies limited by shares					
Sino-French Holdings (Hong Kong) Limited	1,086,280 "A" ordinary	HK\$100	–	–	Operation of water and electricity plants
	2,089,000 "B" ordinary	HK\$100	–	50	
	1,002,720 "C" ordinary	HK\$100	–	–	