

Notes to the Accounts

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 ("HKSA"). The accounts are prepared under the historical cost convention as modified by the revaluation of investment properties, hotel properties and investment securities.

In the current year, the Group adopted the following revised or new Statements of Standard Accounting Practice ("SSAPs") issued by the HKSA which are effective for accounting periods commencing on or after 1 January 2002:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 34 (revised)	:	Employee benefits

Certain presentational changes have been made upon the adoption of SSAP 1 (revised) and SSAP 15 (revised). The adoption of SSAP 11 (revised) and SSAP 34 (revised) has resulted in changes in accounting policies which has been applied retrospectively. The adoption of the revised accounting policies did not have a material effect to the profit attributable to shareholders of the Group for the year ended 30 June 2002 and the retained profits of the Group as at 30 June 2002 and 2001 have both been reduced by HK\$51.4 million.

(b) Basis of consolidation

The Group 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 associated companies and jointly controlled entities. The results of subsidiaries acquired or disposed of during the year are dealt with in the consolidated profit and loss account from the effective dates of acquisition or to the effective dates of disposal respectively.

All material intra-group transactions, including unrealised profits arising from intra-group construction contracts, sales of properties and interest income on loans and advances, have been eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill/negative goodwill or goodwill/negative goodwill taken to reserves 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.

1 Principal Accounting Policies (continued)

(c) Subsidiaries

A company is a subsidiary if the Group controls more than half of the voting power, controls the composition of the board of directors or holds more than half of the issued share capital. Provision is made when, in the opinion of Directors, there is any impairment loss.

The Company's investments in subsidiaries are carried at cost or at Directors' valuation less provision for impairment losses. 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 other than a subsidiary and a jointly controlled entity, in which the Group's interest is held for the long term and substantial and significant influence is exercised through representatives on the board of directors.

The Group's investments in associated companies are stated at the Group's share of net assets and goodwill/negative goodwill (net of accumulated amortisation) on acquisition. The Company's investments in associated companies are carried at cost less provision for impairment losses. The results of associated companies are accounted for by the Company on the basis of dividends received and receivable.

(e) Jointly controlled entities

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

The Group's interests in jointly controlled entities are stated at cost plus the Group's share of their post-acquisition results and reserves and goodwill/negative goodwill (net of accumulated 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 joint ventures in respect of which the venturers' capital contribution ratios are defined in the joint venture contracts and the venturers' profit sharing ratios are in proportion to the capital contribution ratios.

(ii) *Co-operative joint ventures*

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

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 results of jointly controlled entities are accounted for by the Company on the basis of dividends received and receivable.

1 Principal Accounting Policies (continued)

(f) Joint ventures in the People's Republic of China

The Group's investments in these Sino-foreign joint ventures are accounted for as subsidiaries (where the Group controls either the voting power or the composition of the board of directors) or as jointly controlled entities (where the Group and the other venturers of the joint ventures established joint control over the economic activity thereof).

(g) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the attributable net assets of the subsidiaries, jointly controlled entities or associated companies acquired.

Goodwill on acquisitions of subsidiaries occurring on or after 1 July 2001 is included in intangible assets. 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 life of not more than 20 years.

Goodwill on acquisitions that occurred prior to 1 July 2001 was taken to reserves on acquisition.

(ii) Negative goodwill

Negative goodwill represents the excess of the fair value of the attributable net assets acquired over the cost of acquisition.

For acquisitions on or after 1 July 2001, negative goodwill is presented in the same balance sheet classification as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the remaining weighted average useful life of those assets; negative goodwill in excess of the fair values of those non-monetary assets is recognised in the profit and loss account immediately.

For acquisitions prior to 1 July 2001, negative goodwill was taken directly to reserves on acquisition.

(iii) Licences and software

Expenditure on acquired licences and software is capitalised and amortised using the straight-line method over the shorter of their estimated useful lives or the licence period, but not exceeding 20 years from the date when the licences and software are available for use. Licences and software are not revalued as there is no active market for these assets.

(iv) Impairment of intangible assets

Where an indication of impairment exists, the carrying amount of any intangible asset, including goodwill previously taken to reserves, is assessed and written down immediately to its recoverable amount.

1 Principal Accounting Policies (continued)

(h) Revenue recognition

Revenue is recognised when it is probable that future economic benefits will accrue to the Group and these benefits can be measured reliably on the following bases:

(i) *Rental income*

Rental income is recognised on a straight-line accrual basis over the terms of lease agreements.

(ii) *Property sales*

Revenue from sale of properties is recognised either when the sale agreement is completed or when the development is completed which is determined by the issuance of the relevant occupation permit, whichever is the later. Deposits and instalments received on properties sold prior to their completion are included in current liabilities.

(iii) *Joint property development projects*

Revenue from joint property development projects is recognised either when the sale agreement is completed or when the relevant project is completed which is determined by the issuance of occupation permit, whichever is the later and in the case of multi-phase development projects, on completion of a distinct phase.

(iv) *Construction and engineering*

Revenue from construction and engineering service contracts is recognised using the percentage of completion method when the contracts have progressed to a stage where a profitable outcome can be prudently foreseen and is measured by reference to the proportion of costs incurred for work performed to the balance sheet date as compared to the estimated total costs to completion. Anticipated losses on contracts are fully provided when identified.

(v) *Service fee income*

Property management service fee, property letting agency fee, transportation service fees and security service fee are recognised when services are rendered.

(vi) *Infrastructure operations*

Toll revenue from road and bridge operations, income from cargo, container handling and storage are recognised when services are rendered.

(vii) *Telecommunication services*

Subscription fee and services income from provision of telecommunication services is recognised when services are rendered and based on the usage of the digital mobile radio telephone network and facilities. Revenue from sale of telecommunication equipment and accessories is recognised when goods are delivered and title has passed. Telecommunication revenue in respect of standard service plans billed in advance at year end is deferred and recognised on a straight-line basis over the relevant service agreement period.

(viii) *Sale of goods*

Income from sale of goods in the department store operations is recognised upon delivery of goods.

1 Principal Accounting Policies (continued)

(h) Revenue recognition (continued)

(ix) Hotel and restaurant operations

Revenue from hotel and restaurant operations is recognised upon provision of the services.

(x) Interest income

Interest income is recognised on a time proportion basis. Interest received and receivable in respect of loan financing provided to associated companies, equity and co-operative joint ventures (where they are not accounted for as subsidiaries) during their pre-operational period are deferred and amortised over the repayment periods.

(xi) Income from investments in other joint ventures

Income from investments in and loans to other joint ventures is recognised on an accrual basis so as to provide a constant return on the investment and loan balance (net of capital repayments) on a combined basis, over the joint venture periods.

(xii) Dividend income

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

(i) Assets under leases

(i) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the capital and finance charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of finance charges, are included in liabilities. The finance charges are charged to the profit and loss account over the lease periods.

Assets held under finance leases are depreciated on the basis described in Note 1(j)(v).

(ii) Operating leases

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

(j) Fixed assets

(i) Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and are held for their investment potential. Investment properties are stated at their open market value based on an annual professional valuation at the balance sheet date. Increases in valuation are credited to the investment properties revaluation reserve; decreases are first set off against earlier revaluation surpluses on a portfolio basis and thereafter charged to the profit and loss account. Upon sale of an investment property, the revaluation surplus realised is transferred to operating profit. No depreciation is provided on investment properties held on leases of more than 20 years.

1 Principal Accounting Policies (continued)

(j) Fixed assets (continued)

(ii) Hotel properties

Hotel properties are interests in land and buildings and their integral fixed plant which are collectively used in the operation of hotel. They are stated at their open market value based on an annual professional valuation at the balance sheet date. No depreciation is provided on hotel properties held on leases of more than 20 years. It is the Group's practice to maintain the buildings in a continual state of sound repairs and to make improvements thereto from time to time and accordingly, the Directors consider that given the estimated lives of the hotel properties, any depreciation would be insignificant due to their high residual value. Such expenditure on repairs and improvements is charged to the profit and loss account in the year in which they are incurred.

(iii) Assets under construction

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

(iv) Other fixed assets

Other fixed assets, comprising land and buildings, toll roads, bridges, port facilities, telecommunication equipment systems and other assets, are stated at cost or carrying value less accumulated depreciation and accumulated impairment losses.

(v) Depreciation

No depreciation is provided on assets under construction.

Depreciation of toll roads and toll bridges is provided for using sinking fund method or the 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 18 to 29 years.

Depreciation of other fixed assets is calculated to write off their cost or carrying value less accumulated impairment losses over their estimated useful lives or, if shorter, the relevant finance lease periods, using the straight-line method. Estimated useful lives are summarised as follows:

Land	Unexpired period of the lease
Buildings	20 to 40 years
Port facilities	7 to 44 years
Telecommunication equipment and systems	5 to 15 years
Other assets	3 to 14 years

(vi) Maintenance of fixed assets

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

1 Principal Accounting Policies (continued)

(j) Fixed assets (continued)

(vii) *Impairment and gain or loss on sale*

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that assets included in assets under construction and other fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation deficit.

The gain or loss on disposal of a fixed asset other than investment properties and hotel properties 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. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to retained profits and is shown as a movement in reserves.

(k) Other investments

Other investments are long term investments other than subsidiaries, associated companies and jointly controlled entities.

(i) *Investment securities*

Investment securities are held for non-trading purpose and are stated at fair value at the balance sheet date using the alternative method under the provisions of SSAP 24 issued by the HKSA. Fair value is estimated by the Directors by reference to market price or, in case of unquoted investments, net asset value of the respective investment. Changes in fair value of individual securities are credited or debited to the investments revaluation reserve until the security is sold. Where the Directors determine that there is an impairment loss, it is removed from the investments revaluation reserve and recognised in the profit and loss account.

Upon disposal, the gain or loss representing the difference between net sales proceeds and the carrying amount of the relevant security, together with any surplus or deficit transferred from the investments revaluation reserve, is dealt with in the profit and loss account. Impairment loss previously transferred from the investments revaluation reserve to the profit and loss account are written back in the profit and loss account when the circumstances and events leading to the impairment cease to exist.

(ii) *Investments in joint property development projects*

Investments in joint property development projects held for investment purpose are stated at cost less accumulated amortisation and accumulated impairment losses. Cost includes development costs and other charges capitalised during the course of development. Amortisation is provided on a straight-line basis over the terms of the respective projects.

(iii) *Other 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 co-operative joint ventures are accounted for as other joint ventures. Other joint ventures are carried at cost less capital repayments received.

1 Principal Accounting Policies (continued)

(l) Properties held for sale, stocks and contracts in progress

Properties held for sale are stated at cost comprising land cost, development expenditure, professional fees and interest capitalised less any provision for possible loss.

Stocks are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

Contracts in progress is stated at cost plus attributable profits recognised on the basis set out in Note 1 (h)(iv) above, less provision for anticipated losses and progress payments received and receivable.

(m) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, cash investments with a maturity of three months or less from date of investment and bank overdrafts.

(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.

(o) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(p) Deferred taxation

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

1 Principal Accounting Policies (continued)

(q) Capitalisation of interest and finance charges

Interest and finance charges on borrowings relating to assets under construction and properties under development, after elimination of intra-group interest charges, are included in the project cost and cost of development during the relevant period of construction and development respectively.

Borrowing costs and foreign exchange differences which are deemed borrowing costs incurred by the Group on the related borrowed funds which have been used to finance the construction of fixed assets by the associated companies and jointly controlled entities, are capitalised as the carrying value of these associated companies and jointly controlled entities.

(r) Employee benefits

(i) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Bonus plans*

Provision for bonus plans are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) *Defined contribution schemes*

The Group's contributions to these schemes, including the Mandatory Provident Fund Scheme and employee pension schemes established by municipal government in the PRC are expensed as incurred. Contributions are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions, where applicable.

(iv) *Defined benefit schemes and long service payments*

Defined benefit costs under defined benefit schemes and long service payments, which are assessed using the projected unit credit method, are charged to the profit and loss account. Under this method, plan assets are measured at fair value and defined benefit obligations are measured as the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the balance sheet date based on Exchange Fund Notes, which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses to the extent of the amount in excess of 10.0% of the greater of the present value of the plan obligations and the fair value of plan assets are recognised in the profit and loss account over the expected average remaining service lives of the participating employees.

(s) Foreign currencies

Foreign currency transactions during the year are converted at exchange rates ruling at the transaction dates. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at exchange rates ruling at that date. Exchange differences arising in these cases are included in the determination of operating profit, other than those dealt with in Note 1 (j)(iii) and (q).

1 Principal Accounting Policies (continued)

(s) Foreign currencies (continued)

The balance sheets of subsidiaries, jointly controlled entities and associated companies expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss accounts are translated at average rates. Exchange differences arising therefrom are dealt with as a movement in reserves. In prior years, the profit and loss accounts of these foreign enterprises were translated at closing rates and hence there has been a change in accounting policy, however, the translation of the profit and loss accounts of foreign enterprises in prior years has not been restated as the effect of this change in accounting policy is not material to the current and prior years.

(t) Segment reporting

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Segment assets consist primarily of intangible assets, fixed assets, other investments, other assets, properties held for sale, stocks and receivables. Segment liabilities comprise operating liabilities and exclude items such as taxation and borrowings. Capital expenditure comprises additions to intangible assets and fixed assets (Notes 13 and 14), including those resulting from acquisitions of subsidiaries.

In respect of geographical segment reporting, sales are based on the country in which the customer is located. Segment assets and capital expenditure are where the investments/operating assets are located.

2 Turnover and Segment Information

The Group is principally engaged in property investment and development, contracting, provision of service including property and facilities management; transport and other services, infrastructure operations including roads and bridges operations; container handling, logistics and warehousing services, telecommunication services, department store operations, hotel and restaurant operations and telecommunications, media and technology businesses. Turnover recognised during the year are as follows:

	2003	2002
	HK\$m	HK\$m
Rental income	983.5	1,070.4
Property sales	761.8	4,308.6
Contracting	8,570.7	6,881.2
Provision of service	3,521.6	3,408.5
Infrastructure operations	494.7	676.1
Telecommunication services	2,712.4	2,554.8
Department store operations	2,673.3	2,128.5
Hotel and restaurant operations	1,151.8	1,368.6
Others	186.5	477.9
	21,056.3	22,874.6

2 Turnover and Segment Information (continued)

(a) Primary reporting format — business segments

	Property investment and development	Service	Infrastructure	Telecom- munications	Department stores	Others	Eliminations	Consolidated
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Year 2003								
External sales	1,745.3	12,092.3	494.7	2,712.4	2,673.3	1,338.3	—	21,056.3
Inter-segment sales	211.0	1,299.9	—	7.0	—	0.9	(1,518.8)	—
Total turnover	1,956.3	13,392.2	494.7	2,719.4	2,673.3	1,339.2	(1,518.8)	21,056.3
Segment results	476.0	377.9	136.3	221.8	40.2	(4.4)		1,247.8
Other (charge)/income	(2,596.6)	—	(47.9)	(8.5)	(1.9)	(2,124.0)		(4,778.9)
Unallocated corporate expenses								(480.0)
Operating loss before financing costs and income								(4,011.1)
Financing costs								(1,824.1)
Financing income								337.9
Operating loss								(5,497.3)
Share of results of								
Associated companies	(42.6)	88.9	291.0	—	—	(243.6)		93.7
Jointly controlled entities	(627.6)	117.9	925.0	—	—	(202.6)		212.7
Loss before taxation								(5,190.9)
Taxation								(401.6)
Loss after taxation								(5,592.5)
Minority interests								781.0
Loss attributable to shareholders								(4,811.5)
Segment assets	45,261.4	8,118.3	6,054.0	3,724.2	1,081.6	14,855.7		79,095.2
Associated companies	3,714.1	1,014.3	940.0	—	—	2,597.0		8,265.4
Jointly controlled entities	11,934.4	250.5	8,210.9	—	—	2,069.0		22,464.8
Cash and bank balances								5,825.1
Total assets								115,650.5
Segment liabilities	3,471.0	4,115.2	804.1	1,165.9	556.1	2,342.4		12,454.7
Gross borrowings								39,371.1
Taxation								861.3
Total liabilities								52,687.1
Minority interests								16,827.2
								69,514.3
Capital expenditure	596.3	411.4	19.6	463.0	130.2	1,446.2		3,066.7
Depreciation	88.6	385.7	211.3	412.8	69.1	33.2		1,200.7
Impairment charge and provision	2,945.7	—	74.8	—	1.9	1,603.6		4,626.0

2 Turnover and Segment Information (continued)

(a) Primary reporting format — business segments (continued)

	Property investment and development	Service	Infrastructure	Telecom- munications	Department stores	Others	Eliminations	Consolidated
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Year 2002								
External sales	5,379.0	10,289.7	676.1	2,554.8	2,128.5	1,846.5	—	22,874.6
Inter-segment sales	123.1	1,437.9	—	6.7	—	—	(1,567.7)	—
Total turnover	5,502.1	11,727.6	676.1	2,561.5	2,128.5	1,846.5	(1,567.7)	22,874.6
Segment results	2,913.2	937.2	197.3	23.7	16.1	275.0	—	4,362.5
Other (charge)/income	(980.9)	(16.2)	(55.3)	191.3	(18.9)	105.8	—	(774.2)
Unallocated corporate expenses	—	—	—	—	—	—	—	(485.7)
Operating profit before financing costs and income	—	—	—	—	—	—	—	3,102.6
Financing costs	—	—	—	—	—	—	—	(2,017.7)
Financing income	—	—	—	—	—	—	—	615.1
Operating profit	—	—	—	—	—	—	—	1,700.0
Share of results of								
Associated companies	75.3	55.6	249.6	—	—	(130.0)	—	250.5
Jointly controlled entities	(384.0)	93.5	740.4	—	—	(135.3)	—	314.6
Profit before taxation	—	—	—	—	—	—	—	2,265.1
Taxation	—	—	—	—	—	—	—	(524.7)
Profit after taxation	—	—	—	—	—	—	—	1,740.4
Minority interests	—	—	—	—	—	—	—	(465.0)
Profit attributable to shareholders								1,275.4
Segment assets	47,246.5	8,118.6	8,371.7	3,654.8	1,040.5	14,750.7	—	83,182.8
Associated companies	4,616.2	1,132.0	1,120.5	—	—	2,003.2	—	8,871.9
Jointly controlled entities	14,146.5	279.4	8,966.4	—	—	4,245.6	—	27,637.9
Cash and bank balances	—	—	—	—	—	—	—	7,093.9
Total assets								126,786.5
Segment liabilities	3,395.2	5,378.5	1,941.1	1,164.9	401.5	2,188.4	—	14,469.6
Gross borrowings	—	—	—	—	—	—	—	39,775.5
Taxation	—	—	—	—	—	—	—	922.5
Total liabilities								55,167.6
Minority interests	—	—	—	—	—	—	—	18,019.0
								73,186.6
Capital expenditure	801.3	695.8	73.4	797.3	159.9	90.7	—	2,618.4
Depreciation	63.3	354.6	250.3	388.2	68.8	49.0	—	1,174.2
Impairment charge and provision	988.9	31.9	141.6	—	18.9	318.2	—	1,499.5

2 Turnover and Segment Information (continued)

(b) Secondary reporting format — geographical segments

	Turnover HK\$m	Operating (loss)/ profit before financing costs and income HK\$m	Segment assets HK\$m	Capital expenditure HK\$m
Year 2003				
Hong Kong and Southeast Asia	15,890.6	(2,201.5)	52,492.9	1,306.0
Mainland China	5,165.7	(1,809.6)	26,602.3	1,760.7
	21,056.3	(4,011.1)	79,095.2	3,066.7
Year 2002				
Hong Kong and Southeast Asia	18,465.8	3,684.8	58,497.4	1,830.0
Mainland China	4,408.8	(582.2)	24,685.4	788.4
	22,874.6	3,102.6	83,182.8	2,618.4

The turnover and operating (loss)/profit before financing costs and income derived from the Group's activities in Southeast Asia comprised less than 10.0% of the Group's turnover and operating (loss)/profit before financing costs and income.

The Group's segment assets and capital expenditure attributed to other markets comprised less than 10.0% of the Group's total segment assets and total capital expenditure respectively, and have been included in the Hong Kong and Southeast Asia segment.

3 Other Revenues

	2003 HK\$m	2002 HK\$m
Dividend income from investments in		
Listed shares	10.8	9.0
Unlisted shares	25.8	84.4
	36.6	93.4

4 Other (Charge)/Income

	2003	2002
	HK\$m	HK\$m
Amortisation of negative goodwill/(goodwill)/(cost of investment)		
Associated companies	—	15.7
Jointly controlled entities	(10.4)	(1.1)
Subsidiaries	(5.4)	(8.5)
Dilution loss on reorganisation of subsidiaries	(196.4)	—
Reorganisation expenses	(78.1)	—
Impairment loss on		
Fixed assets	(386.8)	(166.3)
Goodwill	(21.0)	(2.1)
Jointly controlled entities	—	(41.4)
Provision for investments in		
A joint property development project	(36.3)	(75.0)
Associated companies	(138.2)	(37.3)
Jointly controlled entities	(47.2)	(67.7)
Listed shares	(39.0)	(59.2)
Unlisted shares	(62.4)	(189.5)
Provision for		
Advances to associated companies	(62.5)	—
Advances to jointly controlled entities	(480.8)	(535.4)
Bad debts	(35.5)	—
Other assets	(122.4)	—
Other investments	(286.1)	—
Payments on account	(111.6)	—
Provision for diminution in value of		
Completed properties	(243.1)	(181.9)
Joint development projects	(1,140.5)	—
Properties under development	(954.2)	(143.7)
Loss on dilution of interests in subsidiaries	(0.3)	(132.3)
Premium on redemption of convertible bonds	(1.9)	—
Loss on disposal of		
Jointly controlled entities	(33.2)	—
Other investments	(211.7)	(2.1)
Subsidiaries	—	(51.7)
Hotel property revaluation deficit	(178.3)	—
Profit on disposal of		
Associated companies	3.1	4.7
Jointly controlled entities	8.3	114.9
Other investments	283.1	201.0
Subsidiaries	107.6	492.1
Profit on partial disposal of subsidiaries	56.4	—
Surplus on liquidation of a subsidiary	64.3	—
Write down of stocks to net realisable value	(458.4)	—
Write back of provision for		
Advance to an associated company	—	92.6
Diminution in value of properties under development	40.0	—
	(4,778.9)	(774.2)

5 Financing Costs

	2003	2002
	HK\$m	HK\$m
Interest on bank loans and overdrafts	1,385.2	1,493.9
Interest on other loans wholly repayable within five years	—	9.0
Interest on finance leases	7.8	4.9
Interest on convertible bonds	90.2	146.5
Provision for premium on redemption of convertible bonds	344.0	347.0
Interest on loans from minority shareholders	102.6	119.3
Total borrowing costs incurred	1,929.8	2,120.6
Interest capitalised as cost of		
Fixed assets	(46.1)	(60.1)
Properties under development	(59.6)	(42.8)
	1,824.1	2,017.7

6 Operating Loss/Profit

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

	2003	2002
	HK\$m	HK\$m
Crediting		
Gross rental income from investment properties	977.3	1,018.2
Outgoings	(281.0)	(309.3)
	696.3	708.9
Net gain on disposal of fixed assets and properties	—	2,374.2
Charging		
Auditors' remuneration	33.2	29.7
Cost of inventories sold	3,132.8	4,028.5
Depreciation		
Leased fixed assets	43.4	13.0
Owned fixed assets	1,157.3	1,161.2
Net loss on disposal of fixed assets	33.1	—
Operating lease rental expense		
Land and buildings	391.2	382.7
Other equipment	44.9	55.1
Staff costs (Note 11a)	3,623.2	3,769.2

7 Taxation

	2003	2002
	HK\$m	HK\$m
Company and subsidiaries		
Hong Kong profits tax	199.4	256.4
Overseas taxation	25.0	45.5
Deferred taxation	18.0	38.1
	242.4	340.0
Associated companies		
Hong Kong profits tax	68.3	68.6
Overseas taxation	0.7	6.4
	69.0	75.0
Jointly controlled entities		
Hong Kong profits tax	29.0	43.0
Overseas taxation	61.2	66.7
	90.2	109.7
	401.6	524.7

Hong Kong profits tax is provided at the rate of 17.5% (2002: 16%) on the estimated assessable profits for the year. Tax on overseas profits has been calculated on the estimated taxable profits for the year at the rate of taxation prevailing in the countries in which the Group operates.

Deferred taxation (credit)/charge for the year has not been provided in respect of the following:

	2003	2002
	HK\$m	HK\$m
Accelerated depreciation allowances	(31.0)	(103.3)
Other timing differences	(24.4)	88.1
	(55.4)	(15.2)

8 Loss/Profit Attributable to Shareholders

Loss attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$177.0 million (2002: profit of HK\$1,398.7 million).

9 Dividends

	2003	2002
	HK\$m	HK\$m
Interim dividend paid of HK\$0.06 (2002: HK\$0.10) per share	131.5	214.9
Final dividend of HK\$0.10 per share for 2002	—	216.6
	131.5	431.5
Of which the following were settled by the issue of scrip:		
Interim dividend	69.2	113.6
Final dividend	—	99.3

10 Loss/Earnings Per Share

The calculation of basic loss/earnings per share is based on loss of HK\$4,811.5 million (2002: profit of HK\$1,275.4 million) and the weighted average of 2,180.6 million (2002: 2,142.3 million) shares in issue during the year.

No dilutive effect was resulted on the loss/earnings per share for the current year and the previous year after taking into account the potential dilutive effect of the conversion of the outstanding convertible bonds.

11 Staff Costs

(a) Staff costs (including Directors' remuneration)

	2003	2002
	HK\$m	HK\$m
Wages, salaries and other benefits	3,460.7	3,612.2
Pension costs — defined benefits plans (Note 11bi)	1.6	2.0
Pension costs — defined contribution plans (Note 11bii)	160.9	155.0
	3,623.2	3,769.2

(b) Retirement benefit costs

The Group operates various retirement benefit plans for staff. The assets of the plans are administered by independent trustees and are maintained independently of the Group.

(i) Defined benefit plans

Defined benefit plans are valued by independent qualified actuaries annually using the projected unit credit method.

Defined benefit plans are valued by Watson Wyatt Hong Kong Limited.

11 Staff Costs (continued)

(b) Retirement benefit costs (continued)

(i) *Defined benefit plans* (continued)

	Group	
	2003	2002
	HK\$m	HK\$m
The amounts recognised in the balance sheet are as follows:		
Present value of funded obligations	(47.8)	(46.1)
Fair value of plan assets	58.5	57.6
	10.7	11.5
Unrecognised actuarial losses	1.5	0.1
Retirement benefit assets	12.2	11.6
Net expenses recognised in the profit and loss account, under administrative expenses, are as follows:		
Current service cost	3.0	3.3
Interest cost	2.8	2.5
Expected return on plan assets	(4.2)	(3.8)
Total, included in staff costs (Note 11a)	1.6	2.0
Movements in the retirement benefit assets are as follows:		
At 1 July	11.6	11.0
Net expenses recognised in the profit and loss account	(1.6)	(2.0)
Contributions paid	2.2	2.6
At 30 June	12.2	11.6

11 Staff Costs (continued)

(b) Retirement benefit costs (continued)

(i) *Defined benefit plans* (continued)

The principal actuarial assumptions used were as follows:

	Group	
	2003	2002
Discount rate	4.5%	6.0%
Expected rate of return on plan assets	7.0%	7.0%
Expected rate of future salary increases	0.0% to 4.0%	5.0%

The Company did not operate any defined benefit plans for its employees.

(ii) *Defined contribution plans*

The Group operates a number of defined contribution retirement schemes in Hong Kong, namely the Occupational Retirement Schemes ("ORSO Schemes") and the Mandatory Provident Fund Schemes ("MPF Schemes"). Contributions to the defined contribution schemes either by the Group or by the employees are based on a percentage of employees' salaries ranging from 5.0% to 21.0%, depending upon the length of service of the employees. Commencing on 1 December 2000, newly-joined employees are compulsorily required to join the MPF Schemes. The Group's contributions to the MPF Schemes are ranging from 5.0% to 15.0% of employees' salaries depending on the length of service of the employees.

The Group also contributes to employee pension schemes established by municipal government in respect of certain subsidiaries and 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.

The amount charged to the profit and loss account in respect of these schemes was HK\$160.9 million (2002: HK\$155.0 million) after netting off forfeited contribution of HK\$4.6 million (2002: HK\$6.4 million). Forfeited contributions available at the year end to reduce future contributions amounted to HK\$1.9 million (2002: Nil).

11 Staff Costs (continued)

(c) Share options

The Company's subsidiaries, New World China Land Limited ("NWCL"), New World Infrastructure Limited ("NWI") and NWS Holdings Limited ("NWSH"), operate share option schemes whereby options may be granted to eligible employees and directors, to subscribe for shares of NWCL, NWI and NWSH respectively. The consideration to be paid on each granting of option is HK\$10.0.

Details of share options held are as follows:

Grantor	Date of grant	Number of share options					Balance at 30 June 2003
		Exercise price HK\$	Balance at 1 July 2002	Granted		Lapsed during the year	
				during the year	Exercised during the year		
NWCL	5 February 2001 to 6 June 2003	1.000 to 3.192	54,811,600	3,558,400	(42,400)	(3,436,000)	54,891,600 (Note i)
NWI	18 November 1998 to 23 September 1999	10.200 to 12.000	13,873,000	—	—	(7,520,200)	6,352,800 (Note ii)
NWSH	11 May 1999 to 16 February 2000	6.930	2,400,000	—	—	(400,000)	2,000,000 (Note iii)

- (i) The share options are exercisable during a period of 5 years commencing from the expiry of 1 month after the dates of each grant when the offers of share options were accepted, provided that the maximum number of share options that can be exercised during a year is 20.0% of the total number of the share options granted together with any unexercised share options carried forward from the previous year(s).
- (ii) Share options are exercisable either on or before 1 June 2004 or 1 June 2005 except for 960,000 share options which are divided into 3 tranches exercisable on or before 1 June 2005, of which one tranche is not exercisable until 1 July 2003.
- (iii) Certain share options are exercisable on or before 4 November 2004 while the others are exercisable on or before 15 August 2005.

12 Emoluments of Directors and Senior Management

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

	2003	2002
	HK\$m	HK\$m
Fees	1.5	1.5
Salaries and other emoluments	22.0	24.7
Contributions to retirement benefit schemes	1.6	1.5
	25.1	27.7

The emoluments of the Directors fell within the following bands:

	Number of Directors	
	2003	2002
Emolument band (HK\$)		
0 – 1,000,000	9	9
2,500,001 – 3,000,000	1	—
3,000,001 – 3,500,000	1	2
3,500,001 – 4,000,000	1	1
4,000,001 – 4,500,000	1	1
11,000,001 – 11,500,000	1	—
12,000,001 – 12,500,000	—	1
	14	14

Fees disclosed above include HK\$0.3 million (2002: HK\$0.3 million) paid to Independent Non-executive Directors. There were no other emoluments paid to Independent Non-executive Directors. None of the Directors has waived the right to receive his emoluments.

The five individuals whose emoluments were the highest in the Group for the year include two Directors (2002: three Directors) whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2002: two) individuals during the year are as follows:

	2003	2002
	HK\$m	HK\$m
Salaries and other emoluments	12.5	8.6
Contributions to retirement benefit schemes	0.6	0.3
	13.1	8.9

12 Emoluments of Directors and Senior Management (continued)

The emoluments fell within the following bands:

	Number of individuals	
	2003	2002
Emolument band (HK\$)		
3,500,001 – 4,000,000	1	—
4,000,001 – 4,500,000	1	1
4,500,001 – 5,000,000	1	1
	3	2

13 Intangible Assets

	Group			
	Goodwill	Negative goodwill	Licences and software	Total
	HK\$m	HK\$m	HK\$m	HK\$m
Cost				
At 1 July 2002	131.8	—	—	131.8
Additions	—	—	401.2	401.2
Acquisition of interests in subsidiaries	17.2	(30.2)	—	(13.0)
At 30 June 2003	149.0	(30.2)	401.2	520.0
Accumulated amortisation				
At 1 July 2002	8.5	—	—	8.5
Amortisation charge (Note 4)	9.6	(4.2)	—	5.4
At 30 June 2003	18.1	(4.2)	—	13.9
Net book amount				
At 30 June 2003	130.9	(26.0)	401.2	506.1
At 30 June 2002	123.3	—	—	123.3

Licences and software were acquired by the Group from an associated company for the deployment of the interactive television services in the PRC.

14 Fixed Assets

	Group							
	Investment properties	Hotel properties	Land and buildings	Toll roads, bridges and port facilities	Telecom-	Other assets	Assets under construction	Total
					munication equipment and systems			
HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	
Cost or valuation								
At 1 July 2002	15,752.6	6,722.0	3,880.2	6,413.7	3,651.8	4,874.4	4,375.3	45,670.0
Translation difference	—	—	(16.6)	—	—	(5.8)	—	(22.4)
Acquisition of subsidiaries	—	380.6	108.5	—	—	197.7	190.1	876.9
Disposal of subsidiaries	—	—	(61.9)	(93.5)	—	(13.0)	(1,513.0)	(1,681.4)
Additions	59.8	—	49.4	12.3	441.9	704.6	651.9	1,919.9
Reclassification and transfer	581.8	—	65.1	—	(1.1)	325.5	(858.0)	113.3
Disposals	—	—	(28.8)	(1.3)	(10.3)	(594.7)	—	(635.1)
Revaluation deficit	(1,351.3)	(735.1)	—	—	—	—	—	(2,086.4)
At 30 June 2003	15,042.9	6,367.5	3,995.9	6,331.2	4,082.3	5,488.7	2,846.3	44,154.8
Accumulated depreciation and impairment								
At 1 July 2002	—	—	552.7	789.6	1,198.8	2,080.3	2.5	4,623.9
Translation difference	—	—	(3.0)	—	—	(3.6)	—	(6.6)
Acquisition of subsidiaries	—	—	26.4	—	—	104.9	—	131.3
Impairment charge	—	—	67.4	—	—	9.4	310.0	386.8
Disposal of subsidiaries	—	—	(7.0)	(13.8)	—	(7.6)	—	(28.4)
Charge for the year	—	—	138.8	193.6	396.8	471.5	—	1,200.7
Reclassification	—	—	2.0	—	—	—	(2.0)	—
Written back on disposals	—	—	(3.9)	(0.1)	(7.0)	(276.1)	—	(287.1)
At 30 June 2003	—	—	773.4	969.3	1,588.6	2,378.8	310.5	6,020.6
Net book value								
At 30 June 2003	15,042.9	6,367.5	3,222.5	5,361.9	2,493.7	3,109.9	2,535.8	38,134.2
At 30 June 2002	15,752.6	6,722.0	3,327.5	5,624.1	2,453.0	2,794.1	4,372.8	41,046.1

14 Fixed Assets (continued)

	Company			
	Investment properties	Land and buildings	Other assets	Total
	HK\$m	HK\$m	HK\$m	HK\$m
Cost or valuation				
At 1 July 2002	28.7	0.7	3.3	32.7
Revaluation deficit	(4.2)	—	—	(4.2)
At 30 June 2003	24.5	0.7	3.3	28.5
Accumulated depreciation				
At 1 July 2002	—	0.4	2.6	3.0
Charge for the year	—	0.1	0.7	0.8
At 30 June 2003	—	0.5	3.3	3.8
Net book value				
At 30 June 2003	24.5	0.2	—	24.7
At 30 June 2002	28.7	0.3	0.7	29.7

Cost or valuation of properties was made up as follows:

	Group				Company			
	2003		2002		2003		2002	
	At cost/ carrying value HK\$m	Professional valuation HK\$m	At cost/ carrying value HK\$m	Professional valuation HK\$m	At cost HK\$m	Professional valuation HK\$m	At cost HK\$m	Professional valuation HK\$m
Investment properties								
Hong Kong long lease	—	12,117.6	—	13,376.8	—	24.5	—	28.7
Hong Kong medium lease	—	758.7	—	837.5	—	—	—	—
Overseas long lease	—	89.3	—	84.1	—	—	—	—
Overseas medium lease	—	2,077.3	—	1,454.2	—	—	—	—
	—	15,042.9	—	15,752.6	—	24.5	—	28.7
Hotel properties								
Hong Kong long lease	—	6,367.5	—	6,722.0	—	—	—	—
Land and buildings								
Hong Kong long lease (Note a)	948.4	—	940.1	—	0.7	—	0.7	—
Hong Kong medium lease	935.9	—	896.1	—	—	—	—	—
Hong Kong short lease	571.3	—	526.3	—	—	—	—	—
Overseas long lease	119.0	—	28.6	—	—	—	—	—
Overseas medium lease (Note a)	1,401.8	—	1,482.3	—	—	—	—	—
Overseas short lease	14.0	—	1.3	—	—	—	—	—
Overseas freehold	5.5	—	5.5	—	—	—	—	—
	3,995.9	—	3,880.2	—	0.7	—	0.7	—
	3,995.9	21,410.4	3,880.2	22,474.6	0.7	24.5	0.7	28.7

14 Fixed Assets (continued)

- (a) Included in the Group's land and buildings are properties transferred from investment properties at carrying value of HK\$985.0 million (2002: HK\$985.0 million) based on professional valuations at dates of transfer.
- (b) The investment properties and hotel properties were revalued on 30 June 2003 on an open market value basis by Chesterton Petty Limited and Vigers Hong Kong Limited, independent professional property valuers.

Toll roads, bridges and port facilities, telecommunication equipment and systems, assets under construction and other assets comprising plant, machinery, equipment, terminal equipment, furniture, fixtures, interactive television network and equipment, buses, coaches and motor vehicles are stated at cost.

- (c) The aggregate net book value of assets pledged as securities for loans amounts to HK\$11,653.9 million (2002: HK\$11,752.1 million).
- (d) The net book value of fixed assets includes telecommunication equipment and systems and other assets, which are held under finance leases amounting to HK\$322.0 million (2002: HK\$160.1 million) and HK\$0.1 million (2002: HK\$0.2 million) respectively.
- (e) The Group is under negotiation with the Wuhan City Government in respect of the compensation for the cessation of toll collection right of a toll bridge in Wuhan City since October 2002. No depreciation has been charged since then. The Group expects the compensation will exceed the book value.

15 Subsidiaries

	2003	2002
	HK\$m	HK\$m
Unlisted shares, at cost	4,893.1	5,666.0
Provision for impairment losses	(567.1)	(605.1)
	4,326.0	5,060.9
Listed shares in Hong Kong, at cost	16,455.6	12,087.3
At Directors' valuation in 1972	72.0	72.0
	20,853.6	17,220.2
Amounts due by subsidiaries less provision	38,382.4	41,533.1
	59,236.0	58,753.3
Amounts due to subsidiaries	(26,060.8)	(26,441.2)
	33,175.2	32,312.1
Market value of listed shares	3,056.0	2,074.0

Details of principal subsidiaries are given in Note 36.

16 Associated Companies

	Group		Company	
	2003 HK\$m	2002 HK\$m	2003 HK\$m	2002 HK\$m
Group's share of net assets				
Listed shares in Hong Kong	884.9	824.9	—	—
Unlisted shares	3,841.7	3,687.0	6.8	6.8
	4,726.6	4,511.9	6.8	6.8
Negative goodwill on acquisition	(113.2)	(85.6)	—	—
Goodwill on acquisition	85.6	48.7	—	—
Less: amortisation	(14.9)	15.7	—	—
	(42.5)	(21.2)	—	—
Amounts due by associated companies (Note a)	3,820.8	4,587.2	194.0	261.4
Amounts due to associated companies (Note b)	(239.5)	(206.0)	(21.3)	(18.6)
	3,581.3	4,381.2	172.7	242.8
	8,265.4	8,871.9	179.5	249.6
Market value of listed shares	334.3	345.0	—	—

(a) Amounts due by associated companies are analysed as follows:

	Group	
	2003 HK\$m	2002 HK\$m
Interest bearing		
Fixed rates (Note i)	388.6	413.6
Variable rates (Note ii)	271.5	878.0
Non-interest bearing (Note iii)	3,160.7	3,295.6
	3,820.8	4,587.2

- (i) Fixed rates represent interest rates ranging from 5.8% to 8.0% (2002: 6.2% to 8.0%) per annum.
- (ii) Variable rates represent interest rates ranging from 0.6% (2002: 0.6%) above the Hong Kong Interbank Offered Rate ("HIBOR") to the Hong Kong Prime rate (2002: 2% above Hong Kong Prime rate) per annum.
- (iii) The balance included amounts totalling HK\$194.0 million (2002: HK\$261.4 million) due to the Company.

The amounts are unsecured and have no fixed terms of repayment.

- (b) The amounts due to associated companies are unsecured, interest free and repayable on demand.
- (c) Dividends received and receivable by the Group from associated companies were HK\$415.5 million (2002: HK\$201.2 million).
- (d) Details of principal associated companies are given in Note 37.

17 Jointly Controlled Entities

	Group		Company	
	2003	2002	2003	2002
	HK\$m	HK\$m	HK\$m	HK\$m
Equity joint ventures				
Group's share of net assets	698.1	688.6	6.0	24.0
Goodwill on acquisition	2.4	25.2	—	—
Less: amortisation	(0.1)	(1.1)	—	—
Amounts due by joint ventures less provision (Note b)	145.9	754.1	—	—
Amounts due to joint ventures (Note c)	(26.3)	(17.4)	—	—
	820.0	1,449.4	6.0	24.0
Co-operative joint ventures (Note a)				
Cost of investment less provision	6,135.5	6,512.3	13.1	13.0
Goodwill on acquisition	17.7	17.7	—	—
Less: amortisation	(0.9)	—	—	—
Share of undistributed post-acquisition results	(313.5)	106.0	—	—
Amounts due by joint ventures less provision (Note b)	7,652.3	8,688.0	—	—
Amounts due to joint ventures (Note c)	(142.0)	(26.5)	—	—
	13,349.1	15,297.5	13.1	13.0
Companies limited by shares				
Group's share of net assets (Note a)	1,991.0	2,178.3	—	—
Subordinated loans (Note b)	889.6	377.8	—	—
Amounts due by investee companies (Note b)	5,675.9	7,331.9	251.0	1,145.9
Amounts due to investee companies (Note c)	(741.3)	(895.3)	—	—
	7,815.2	8,992.7	251.0	1,145.9
Deposits paid for joint ventures (Note d)	480.5	1,898.3	13.7	13.7
	22,464.8	27,637.9	283.8	1,196.6

- (a) The Group's interests in certain co-operative joint ventures in the PRC and the toll collection rights of certain toll roads held by the Group have been pledged as securities for bank loan facilities granted to the Group. As at the balance sheet date, the outstanding amount under these bank loan facilities was approximately HK\$933.0 million (2002: HK\$1,021.9 million).

17 Jointly Controlled Entities (continued)

(b) Subordinated loans and amounts due by jointly controlled entities are analysed as follows:

	Subordinated loans		Amounts due by jointly controlled entities	
	2003 HK\$m	2002 HK\$m	2003 HK\$m	2002 HK\$m
Interest bearing				
Fixed rates (Note i)	19.0	19.0	4,936.6	5,623.5
Variable rates (Note ii)	—	—	1,469.2	2,322.0
Non-interest bearing (Note iii)	870.6	358.8	7,068.3	8,828.5
	889.6	377.8	13,474.1	16,774.0

- (i) Fixed rates represent interest rates ranging from 2.0% to 15.0% (2002: 4.0% to 15.0%) per annum.
- (ii) Variable rates represent interest rates ranging from 3-month HIBOR (2002: the Hong Kong Prime rate) to 2.0% above the Hong Kong Prime rate per annum.
- (iii) The balance included amounts of HK\$251.0 million (2002: HK\$1,145.9 million) due to the Company.

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

- (c) The amounts due to jointly controlled entities are unsecured, interest free and repayable on demand.
- (d) The balances represent advances paid in respect of proposed joint ventures for which the jointly controlled entities have not yet been established as at the year end date and only preliminary agreements have been signed. Upon the completion of the relevant joint venture contracts and the establishment of the respective jointly controlled entities, the relevant amounts will be reclassified to joint venture balances.
- (e) Dividends received and receivable from jointly controlled entities were HK\$700.2 million (2002: HK\$762.2 million).
- (f) Particulars of principal jointly controlled entities are given in Note 38.

18 Other Investments

	Group		Company	
	2003	2002	2003	2002
	HK\$m	HK\$m	HK\$m	HK\$m
Equity securities				
Unlisted shares, at fair value	963.3	1,444.9	61.5	221.2
Listed shares, at market value				
Hong Kong	247.5	292.4	—	—
Overseas	418.7	607.8	—	—
	1,629.5	2,345.1	61.5	221.2
Debt securities				
Unlisted debentures and convertible bonds, at fair value	134.2	182.6	—	—
Investments in joint property development projects				
At cost less provision and amortisation	1,743.6	1,775.8	—	—
Other joint ventures				
Cost of investment, less provision	106.5	212.5	—	—
Amounts due by joint ventures, less provision	1,607.0	1,632.0	—	—
	1,713.5	1,844.5	—	—
	5,220.8	6,148.0	61.5	221.2

Amounts due by joint ventures of HK\$1,281.8 million (2002: HK\$1,526.4 million) carry interest at 5.3% to 10.0% (2002: 10.0%) per annum. The remaining balance is non-interest bearing. All balances are unsecured and have repayment terms as specified in the relevant joint venture agreements.

19 Other Assets

	Group		Company	
	2003	2002	2003	2002
	HK\$m	HK\$m	HK\$m	HK\$m
Long term receivables (Note a)	1,494.1	948.7	—	—
Deposits for proposed investments (Note b)	1,699.9	786.9	—	—
Deposits for purchase of fixed assets (Note c)	936.5	—	—	—
Retirement benefit assets (Note 11bi)	12.2	11.6	—	—
	4,142.7	1,747.2	—	—

19 Other Assets (continued)**(a) Long term receivables**

	Group		Company	
	2003 HK\$m	2002 HK\$m	2003 HK\$m	2002 HK\$m
Accounts receivable	1,271.5	631.6	—	—
Other loans	371.8	392.3	—	—
	1,643.3	1,023.9	—	—
Amounts receivable within one year included in current assets	(149.2)	(75.2)	—	—
	1,494.1	948.7	—	—

Included in accounts receivable is an amount of HK\$600.0 million (2002: Nil) due from a third party which is unsecured, bears interest at 3.0% per annum and is wholly repayable by December 2004. The Group has a right to apply such loan as part of the consideration under the Option Agreement (Note 19b).

(b) Deposits for proposed investments

Cost less provision				
Deposits for the Network	1,531.2	786.9	—	—
Others	168.7	—	—	—
	1,699.9	786.9	—	—

In 2002, NWI entered into an option agreement (the "Option Agreement") with a PRC entity for the acquisition (the "Acquisition") of an interest in a fibre optic backbone network ("Network") in the PRC, and subject to certain conditions as stipulated in the Option Agreement, the Group is entitled to acquire up to 70.0% interest in the Network within 2 years from the date of the Option Agreement at a consideration of approximately HK\$2,563.0 million.

As at 30 June 2003, approximately HK\$1,531.2 million (2002: HK\$786.9 million) was paid as a deposit for the Acquisition.

(c) Deposits for purchase of fixed assets

The balance represents trade deposits paid to an associated company for the purchase of interactive television network system and equipment.

20 Properties Held for Sale

	Group		Company	
	2003	2002	2003	2002
	HK\$m	HK\$m	HK\$m	HK\$m
Properties under development, at cost less provision	15,104.8	14,720.4	—	—
Completed properties, at cost less provision	1,767.2	1,477.7	—	—
Joint property development projects, at cost less provision	5,791.0	7,081.0	489.8	851.4
	22,663.0	23,279.1	489.8	851.4

The aggregate carrying value of properties under development and completed properties pledged as securities for loans amounted to HK\$2,604.1 million (2002: HK\$981.3 million).

21 Stocks

	Group		Company	
	2003	2002	2003	2002
	HK\$m	HK\$m	HK\$m	HK\$m
Raw materials	447.2	1,248.7	—	—
Work-in-progress	16.1	13.2	—	—
Finished goods	95.1	49.3	—	—
Merchandise	89.0	82.8	—	—
	647.4	1,394.0	—	—

At 30 June 2003, the amount of stocks carried at net realisable value amounted to HK\$417.8 million (2002: HK\$13.5 million).

22 Debtors and Prepayments

- (a) At 30 June 2003, the retention receivable for contracts in progress amounting to HK\$807.8 million (2002: HK\$834.0 million) has been included in debtors and prepayments.
- (b) Debtors and prepayments include trade debtors, amounts advanced to investee companies, deposits and prepayments. The Group has various credit policies for different business operations depending on the requirements of the markets and businesses in which the subsidiaries operate. Sales proceeds receivable from sale of properties and retention money receivables in respect of construction and engineering services are settled in accordance with the terms of respective contracts. Ageing analysis of trade debtors is as follows:

	Group		Company	
	2003	2002	2003	2002
	HK\$m	HK\$m	HK\$m	HK\$m
Current to 30 days	3,097.1	2,455.0	—	—
31 to 60 days	176.5	240.8	—	—
Over 60 days	1,754.9	1,958.2	—	—
	5,028.5	4,654.0	—	—

23 Cash and Bank Balances

Restricted bank balances are funds which are pledged to secure for certain short term loans and long term loans.

24 Creditors and Accrued Charges

(a) At 30 June 2003, advances received from customers for contracts in progress amounting to HK\$31.2 million (2002: HK\$55.8 million) has been included in creditors and accrued charges.

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

	Group		Company	
	2003	2002	2003	2002
	HK\$m	HK\$m	HK\$m	HK\$m
Current to 30 days	3,470.7	4,080.4	—	—
31 to 60 days	142.8	272.7	—	—
Over 60 days	2,114.3	2,178.6	—	—
	5,727.8	6,531.7	—	—

25 Contracts in Progress

	Group		Company	
	2003	2002	2003	2002
	HK\$m	HK\$m	HK\$m	HK\$m
Contract costs incurred plus attributable profits less foreseeable losses to date	17,882.2	16,822.3	—	—
Progress payments received and receivable	(18,195.9)	(17,124.2)	—	—
	(313.7)	(301.9)	—	—
Representing:				
Gross amount due from customers for contract work	272.6	476.2	—	—
Gross amount due to customers for contract work	(586.3)	(778.1)	—	—
	(313.7)	(301.9)	—	—

26 Share Capital

	2003	2003	2002	2002
	No. of shares		No. of shares	
	(million)	HK\$m	(million)	HK\$m
Authorised:				
Shares of HK\$1.00 each				
Balance at 30 June	2,500.0	2,500.0	2,500.0	2,500.0
Issued and fully paid:				
Shares of HK\$1.00 each				
Balance at 1 July	2,166.4	2,166.4	2,134.0	2,134.0
Issued as scrip dividends	53.1	53.1	32.4	32.4
Balance at 30 June	2,219.5	2,219.5	2,166.4	2,166.4

During the year, 25,371,708 and 27,766,413 new shares were issued at HK\$3.91395 and HK\$2.4929 per share for the settlement of 2002 final scrip dividend and 2003 interim scrip dividend respectively.

In 2002, 15,122,315 and 17,292,889 new shares were issued at HK\$6.887 and HK\$6.5669 per share for the settlement of 2001 final scrip dividend and 2002 interim scrip dividend respectively.

27 Reserves

	Group						
	Capital	Share	Asset	Capital	General	Retained	Total
	redemption	premium	revaluation	reserve	reserve	profits	
	reserve		reserve				
HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m		
Balance as at 1.7.2001 as previously reported	37.7	19,047.4	20,088.6	649.8	538.5	15,152.0	55,514.0
Effect of adoption of SSAP 34 (revised)	—	—	—	—	—	(51.4)	(51.4)
Balance as at 1.7.2001, as restated	37.7	19,047.4	20,088.6	649.8	538.5	15,100.6	55,462.6
Scrip dividends	—	185.3	—	—	—	—	185.3
Share issue expenses	—	(0.3)	—	—	—	—	(0.3)
Investment and hotel properties revaluation deficit for the year	—	—	(1,856.0)	—	—	—	(1,856.0)
Investment and hotel properties revaluation surplus realised upon disposal	—	—	(2,406.3)	—	—	—	(2,406.3)
Reversal of revaluation surplus arising from impairment of land and buildings	—	—	(33.8)	—	—	—	(33.8)
Share of revaluation surplus/(deficit) of associated companies	—	—	5.9	—	—	—	5.9
jointly controlled entities	—	—	(263.9)	—	—	—	(263.9)
Release of reserve upon disposal of subsidiaries	—	—	(348.9)	(0.5)	—	—	(349.4)
partial disposal of a subsidiary	—	—	—	(27.1)	—	—	(27.1)
disposal of an investee company	—	—	—	(216.2)	—	—	(216.2)
Release of goodwill upon disposal of subsidiaries	—	—	—	169.9	—	—	169.9
disposal of a jointly controlled entity	—	—	—	6.7	—	—	6.7
Goodwill impairment loss charged to profit and loss account	—	—	—	1.5	—	—	1.5
Investment securities revaluation deficit for the year	—	—	(220.1)	—	—	—	(220.1)
Investment securities revaluation surplus realised upon disposal	—	—	(5.3)	—	—	—	(5.3)
Investment securities impairment loss charged to profit and loss account	—	—	139.5	—	—	—	139.5
Profit for the year	—	—	—	—	—	1,275.4	1,275.4
Transfer to general reserve	—	—	—	—	34.4	(34.4)	—
Transfer to asset revaluation reserve	—	—	25.5	(25.5)	—	—	—
Translation difference	—	—	—	—	—	(6.6)	(6.6)
2001 final dividend paid	—	—	—	—	—	(213.4)	(213.4)
2002 interim dividend paid	—	—	—	—	—	(214.9)	(214.9)
	37.7	19,232.4	15,125.2	558.6	572.9	15,906.7	51,433.5
Representing:							
Balance at 30.6.2002	37.7	19,232.4	15,125.2	558.6	572.9	15,690.1	51,216.9
2002 proposed final dividend	—	—	—	—	—	216.6	216.6
	37.7	19,232.4	15,125.2	558.6	572.9	15,906.7	51,433.5
Retained by:							
Company and subsidiaries	37.7	19,232.4	14,814.1	666.1	572.9	18,395.9	53,719.1
Associated companies	—	—	329.2	0.5	—	(1,071.0)	(741.3)
Jointly controlled entities	—	—	(18.1)	(108.0)	—	(1,418.2)	(1,544.3)
	37.7	19,232.4	15,125.2	558.6	572.9	15,906.7	51,433.5

27 Reserves (continued)

	Group						
	Capital	Share	Asset	Capital	General	Retained	Total
	redemption	premium	revaluation	reserve	reserve	profits	
	reserve		reserve				
HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m		
Balance as at 1.7.2002, as previously reported	37.7	19,232.4	15,125.2	558.6	572.9	15,958.1	51,484.9
Effect of adoption of SSAP 34 (revised)	—	—	—	—	—	(51.4)	(51.4)
Balance as at 1.7.2002, as restated	37.7	19,232.4	15,125.2	558.6	572.9	15,906.7	51,433.5
Scrip dividends	—	115.4	—	—	—	—	115.4
Share issue expenses	—	(0.2)	—	—	—	—	(0.2)
Investment and hotel properties revaluation deficit for the year	—	—	(1,747.3)	—	—	—	(1,747.3)
Share of revaluation deficit of							
associated companies	—	—	(75.0)	—	—	—	(75.0)
jointly controlled entities	—	—	(116.3)	—	—	—	(116.3)
Investment securities impairment loss charged to profit and loss account	—	—	94.8	—	—	—	94.8
Release of goodwill upon disposal of a jointly controlled entity	—	—	—	6.2	—	—	6.2
Goodwill impairment loss charged to profit and loss account	—	—	—	17.7	—	—	17.7
Investment securities revaluation deficit for the year	—	—	(531.9)	—	—	—	(531.9)
Investment securities revaluation surplus realised upon disposal	—	—	(35.0)	—	—	—	(35.0)
Loss for the year	—	—	—	—	—	(4,811.5)	(4,811.5)
Transfer to retained profits	—	—	(39.0)	—	(6.3)	45.3	—
Translation difference	—	—	—	—	—	(85.6)	(85.6)
2002 final dividend paid	—	—	—	—	—	(216.6)	(216.6)
2003 interim dividend paid	—	—	—	—	—	(131.5)	(131.5)
	37.7	19,347.6	12,675.5	582.5	566.6	10,706.8	43,916.7
Retained by:							
Company and subsidiaries	37.7	19,347.6	12,555.7	690.0	566.6	14,595.6	47,793.2
Associated companies	—	—	254.2	0.5	—	(1,522.8)	(1,268.1)
Jointly controlled entities	—	—	(134.4)	(108.0)	—	(2,366.0)	(2,608.4)
	37.7	19,347.6	12,675.5	582.5	566.6	10,706.8	43,916.7

27 Reserves (continued)

	Company				
	Capital redemption reserve	Share premium	Asset revaluation reserve (Note a)	Retained profits	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Balance as at 1.7.2001	37.7	19,047.4	358.8	11,568.7	31,012.6
Scrip dividends	—	185.3	—	—	185.3
Share issue expenses	—	(0.3)	—	—	(0.3)
Investment properties revaluation deficit for the year	—	—	(1.9)	—	(1.9)
Investment securities revaluation deficit for the year	—	—	(166.5)	—	(166.5)
Investment securities impairment loss charged to profit and loss account	—	—	3.9	—	3.9
Profit for the year	—	—	—	1,398.7	1,398.7
2001 final dividend paid	—	—	—	(213.4)	(213.4)
2002 interim dividend paid	—	—	—	(214.9)	(214.9)
	37.7	19,232.4	194.3	12,539.1	32,003.5
Representing:					
Balance at 30.6.2002	37.7	19,232.4	194.3	12,322.5	31,786.9
2002 proposed final dividend	—	—	—	216.6	216.6
	37.7	19,232.4	194.3	12,539.1	32,003.5
Balance as at 1.7.2002	37.7	19,232.4	194.3	12,539.1	32,003.5
Scrip dividends	—	115.4	—	—	115.4
Share issue expenses	—	(0.2)	—	—	(0.2)
Investment properties revaluation deficit for the year	—	—	(4.2)	—	(4.2)
Investment securities revaluation surplus realised upon disposal	—	—	(144.3)	—	(144.3)
Investment securities revaluation deficit for the year	—	—	(13.5)	—	(13.5)
Loss for the year	—	—	—	(177.0)	(177.0)
2002 final dividend paid	—	—	—	(216.6)	(216.6)
2003 interim dividend paid	—	—	—	(131.5)	(131.5)
	37.7	19,347.6	32.3	12,014.0	31,431.6

(a) Analysis of asset revaluation reserve

	Group		Company	
	2003	2002	2003	2002
	HK\$m	HK\$m	HK\$m	HK\$m
Hotel properties	2,836.9	3,236.6	—	—
Investment properties	9,653.8	11,231.7	23.0	27.2
Investment securities	184.8	656.9	9.3	167.1
	12,675.5	15,125.2	32.3	194.3

(b) Distributable reserves of the Company at 30 June 2003 amounted to HK\$12,014.0 million (2002: HK\$12,539.1 million).

28 Long Term Liabilities

	Group		Company	
	2003	2002	2003	2002
	HK\$m	HK\$m	HK\$m	HK\$m
Bank loans				
Secured	16,485.9	9,151.4	—	—
Unsecured	13,476.7	19,272.7	—	—
Other secured loans				
Wholly repayable within five years	—	250.0	—	—
Other unsecured loans				
Wholly repayable within five years	—	551.0	—	—
Not wholly repayable within five years	62.8	59.5	—	—
Obligations under finance leases (Note a)				
Wholly repayable within five years	200.3	115.1	—	—
	30,225.7	29,399.7	—	—
Convertible bonds (Note b)	2,678.1	4,063.5	—	—
Loans from minority shareholders (Note c)	2,314.7	2,546.6	—	—
Deferred income	464.8	642.7	—	—
Provision for long service payments (Note d)	107.3	83.9	—	—
Long term accounts payable	661.4	1,029.7	172.0	258.0
	36,452.0	37,766.1	172.0	258.0
Amounts repayable within one year included in				
current liabilities	(7,424.1)	(13,752.9)	(86.0)	(86.0)
	29,027.9	24,013.2	86.0	172.0

28 Long Term Liabilities (continued)

	Group					
	Secured bank loans HK\$m	Unsecured bank loans HK\$m	Obligations			Total HK\$m
			Other secured loans HK\$m	Other unsecured loans HK\$m	under finance leases HK\$m	
The maturity of long term borrowings for 2003 is as follows:						
Within one year	2,634.7	1,445.9	—	—	90.5	4,171.1
In the second year	3,524.3	2,200.0	—	—	84.0	5,808.3
In the third to fifth year	8,050.2	9,830.8	—	—	25.8	17,906.8
After the fifth year	2,276.7	—	—	62.8	—	2,339.5
	16,485.9	13,476.7	—	62.8	200.3	30,225.7
The maturity of long term borrowings for 2002 is as follows:						
Within one year	931.4	10,371.1	250.0	351.0	39.3	11,942.8
In the second year	1,765.8	2,136.9	—	200.0	55.4	4,158.1
In the third to fifth year	6,041.6	6,764.7	—	—	20.4	12,826.7
After the fifth year	412.6	—	—	59.5	—	472.1
	9,151.4	19,272.7	250.0	610.5	115.1	29,399.7

(a) Finance lease obligations — minimum lease payments

	Group	
	2003 HK\$m	2002 HK\$m
Within one year	93.6	42.3
In the second year	86.9	59.9
In the third to fifth year	26.2	20.6
	206.7	122.8
Future finance charges on finance leases	(6.4)	(7.7)
Present value of finance lease liabilities	200.3	115.1

28 Long Term Liabilities (continued)**(b) Convertible bonds**

	Group	
	2003	2002
	HK\$m	HK\$m
Bonds to be converted into shares of:		
The Company (Note i)	2,678.1	2,713.0
Subsidiaries (Note ii)	—	1,350.5
	2,678.1	4,063.5

- (i) In June 1999, a subsidiary has issued US\$300.0 million convertible guaranteed bonds which carry interest at 3.0% per annum payable semi-annually in arrears. The bonds are guaranteed by the Company and listed on the Luxembourg Stock Exchange. Each holder of the bonds has the option to convert the bonds into shares of HK\$1.00 each of the Company at a conversion price of HK\$24.60 per share, subject to adjustment, at any time between 9 August 1999 and 9 May 2004. A further US\$50.0 million convertible bonds was issued in July 1999 at the same terms and conditions. Unless previously converted, redeemed or cancelled, the bonds will be redeemed at 123.104% of their principal amount together with accrued interest on 9 June 2004. Provision 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 term of the bonds.

During the year, the subsidiary redeemed bonds with an aggregate of US\$4.5 million (2002: Nil) for a total consideration of HK\$42.9 million. Provision for premium on redemption of the bonds of HK\$6.1 million was applied to set off against the deficit arising from the repurchase of the bonds.

- (ii) In March 1998, NWI issued US\$250.0 million convertible bonds which bear interest at 1.0% 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\$1.00 each of NWI at the conversion price of HK\$23.05 per share, subject to adjustment, at any time until 1 April 2003. Subject to certain conditions being met, the bonds were redeemable at the option of NWI at any time on or after 15 April 2001, in whole or in part, in cash and/or for NWI shares. Unless previously converted, redeemed or repurchased the bonds would be redeemed at 143.4% of their principal amount together with the accrued interest on 15 April 2003.

During the year, NWI repurchased bonds with an aggregate principal amount of US\$3.9 million (2002: US\$4.0 million) for a total consideration of HK\$40.4 million (2002: HK\$39.6 million) and these bonds were then cancelled. Provision for premium on redemption of the bonds of HK\$9.9 million (2002: HK\$8.3 million) was applied to set off against the deficit arising from the repurchase of the bonds. The remaining balance of the bonds was redeemed by NWI on 3 March 2003.

(c) Loans from minority shareholders

The loans from minority shareholders include loans of HK\$674.8 million (2002: HK\$1,052.5 million) to certain consolidated joint ventures, which are unsecured, carry interest at fixed rates ranging from 7.5% to 15.0% (2002: 10.0% to 15.0%) per annum and have repayment terms specified in the relevant joint venture agreements. The remaining balance is unsecured, interest free and has no specific repayment terms.

28 Long Term Liabilities (continued)**(d) Provision for long service payments**

The Group's long service payment obligations as at 30 June 2003 are valued by Watson Wyatt Hong Kong Limited using the projected unit credit method.

The amounts recognised in the balance sheet were determined as follows:

	Group HK\$m
Present value of funded obligations	
At 30 June 2003	107.3
At 30 June 2002	83.9

	Group	
	2003	2002
	HK\$m	HK\$m
The amounts recognised in the profit and loss account were as follows:		
Current service cost	15.6	0.1
Interest cost	28.5	4.6
Net actuarial gains recognised during the year	(12.7)	—
	31.4	4.7

Movement in the long service payment obligations were as follows:

At 1 July	83.9	103.2
Net expense recognised in the profit and loss account	31.4	4.7
Payment made during the year	(8.0)	(24.0)
At 30 June	107.3	83.9

	Group	
	2003	2002
The principal actuarial assumptions used were as follows:		
Discount rate	3.5%	5.0%
Expected rate of future salary increases	0.5%–2.5%	0.5%–3.5%

29 Deferred tax liabilities

	Group	
	2003	2002
	HK\$m	HK\$m
Balance at 1 July	62.9	24.8
Transfer from profit and loss account	18.0	38.1
Balance at 30 June	80.9	62.9
Provided for in respect of:		
Accelerated depreciation allowances	162.1	153.4
Other timing differences	(81.2)	(90.5)
	80.9	62.9
The potential deferred tax (assets)/liabilities not provided for in the accounts amounts to:		
Accelerated depreciation allowances	297.0	328.0
Other timing differences	(830.5)	(806.1)
	(533.5)	(478.1)

No provision has been made in respect of the revaluation surplus arising from the revaluation of the Group's and/or the Company's investment properties and hotel properties other than in the PRC as they do not constitute timing differences. Realisation of the surplus on revaluation of the Group's investment and hotel properties in the PRC would give rise to a taxation liability in the PRC. No provision has been made in the accounts for this liability as these properties are held for the long term and management has no intention to dispose of these properties in the foreseeable future.

30 Commitments

(a) Capital commitments

	Group		Company	
	2003 HK\$m	2002 HK\$m	2003 HK\$m	2002 HK\$m
Contracted but not provided for				
Intangible assets	237.9	—	—	—
Fixed assets	708.9	713.3	—	—
An associated company	—	49.5	—	—
Subsidiaries	—	—	55.0	55.0
Jointly controlled entities	177.1	258.6	—	—
Other investments	2.8	—	—	—
	1,126.7	1,021.4	55.0	55.0
Authorised but not contracted for				
Fixed assets	37.8	248.3	—	—
Jointly controlled entities	—	628.8	—	—
	37.8	877.1	—	—
The Group's share of capital commitments committed by the jointly controlled entities not included above are as follows:				
Contracted but not provided for	287.6	171.8	—	—
Authorised but not contracted for	123.9	89.4	—	—
	411.5	261.2	—	—

30 Commitments (continued)**(b) Commitments under operating leases**

The future aggregate lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2003 HK\$m	2002 HK\$m	2003 HK\$m	2002 HK\$m
Land and buildings				
In the first year	338.5	351.2	—	—
In the second to fifth year inclusive	653.1	664.9	—	—
After the fifth year	1,727.4	1,755.1	—	—
	2,719.0	2,771.2	—	—
Equipment				
In the first year	15.4	21.2	—	—
In the second to fifth year inclusive	13.8	19.7	—	—
	2,748.2	2,812.1	—	—

(c) Other commitments

The future aggregate payments for other commitments are as follows:

In the first year	30.0	—	—	—
In the second to fifth year inclusive	110.5	—	—	—
	140.5	—	—	—

- (d) At 30 June 2003, the Group had issued performance guarantees amounting to approximately HK\$382.3 million (2002: HK\$316.2 million), in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of property projects developed by a subsidiary and certain jointly controlled entities of the Group. Pursuant to the terms of the performance guarantees, upon default in mortgage payments by these purchasers, the Group is obliged to repay the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties.

30 Commitments (continued)

- (e) A subsidiary and certain jointly controlled entities are parties to agreements with third parties in respect of the joint development of Container Terminal 9 in Hong Kong, the related berth swap arrangement and the funding thereof. The Group's attributable share of capital commitments as at 30 June 2003 has been disclosed in Note (a) above.

In the event of default of any of the third parties, the relevant subsidiary and jointly controlled entities will be required to provide additional funds for the project. The Group has given guarantees in respect of the obligations of the relevant subsidiary and jointly controlled entities to provide additional funds. If the Group is required to fulfil its obligations under the guarantees, the maximum amount of the additional commitments assumed, in addition to the Group's share of the capital commitments as disclosed above, will be HK\$1,321.8 million (2002: HK\$1,482.0 million) out of which approximately HK\$781.0 million (2002: HK\$728.0 million) has been counter-indemnified by an associated company.

One of the jointly controlled entities has obtained banking facilities to finance 60.0% of its share of development costs for Container Terminal 9. The Group has given guarantee in respect of the banking facilities and is included in Note 31.

(f) Future minimum rental payments receivable

The future minimum rental payments receivable under non-cancellable leases are as follows:

	Group		Company	
	2003 HK\$m	2002 HK\$m	2003 HK\$m	2002 HK\$m
In the first year	481.2	509.5	—	—
In the second to fifth year inclusive	609.9	555.2	—	—
After the fifth year	410.6	146.1	—	—
	1,501.7	1,210.8	—	—

The Group's operating leases are for terms ranging from 1 to 6 years.

31 Contingent Liabilities

	Group		Company	
	2003 HK\$m	2002 HK\$m	2003 HK\$m	2002 HK\$m
Guarantees for				
Performance bonds in respect of construction contracts				
undertaken by the Group	1,373.2	1,140.4	100.8	—
Other performance bonds	211.9	384.7	77.7	333.0
Guarantees for credit facilities granted to				
Subsidiaries	—	—	24,081.8	25,033.5
Associated companies	1,581.4	159.1	105.0	—
Investee companies included under other investments	4.2	5.5	4.2	5.5
Jointly controlled entities	4,536.9	4,059.6	1,733.5	1,697.3
Indemnity to non-wholly owned subsidiaries for PRC tax liabilities	2,008.1	2,135.3	6,645.1	7,059.0
	9,715.7	7,884.6	32,748.1	34,128.3

The Group is in legal disputes with joint venture partners who took legal action against the Group in respect of certain property development projects in the PRC and a hotel project in Malaysia. For the PRC property development projects, no statement of claims setting out details of the claims have been rendered to the Group as at the date of this report and the Group also took counter action against this joint venture partner. For the hotel project in Malaysia, the hearing of the trial commenced on 9 June 2003 and finished on 14 July 2003. The judge reserved judgement until a date to be notified. The Directors have obtained legal advice on the matters and are of the opinion that the matters will not have adverse material impact on the financial position of the Group.

32 Notes to Consolidated Cash Flow Statement

(a) Reconciliation of operating (loss)/profit to net cash inflow generated from operations

	2003 HK\$m	2002 HK\$m (As restated)
Operating (loss)/profit	(5,497.3)	1,700.0
Depreciation	1,200.7	1,174.2
Amortisation of goodwill/(negative goodwill)/cost of investment		
Associated companies	—	(15.7)
Jointly controlled entities	10.4	1.1
Subsidiaries	5.4	8.5
Dilution loss on reorganisation of subsidiaries	196.4	—
Impairment loss on		
Fixed assets	386.8	166.3
Goodwill	21.0	2.1
Jointly controlled entities	—	41.4
Provision for investments in		
A joint property development project	36.3	75.0
Associated companies	138.2	37.3
Jointly controlled entities	47.2	67.7
Listed and unlisted shares	101.4	248.7
Provision for		
Advances to associated companies	62.5	—
Advances to jointly controlled entities	480.8	535.4
Bad debts	35.5	—
Other assets	122.4	—
Other investments	286.1	—
Payments on account	111.6	—
Provision for diminution in value of completed properties and properties under development	1,197.3	325.6
Provision for joint development projects	1,140.5	—
Loss on dilution of interests in subsidiaries	0.3	132.3
Premium on redemption of convertible bonds	1.9	—
Loss on disposal of		
Fixed assets	33.1	—
Jointly controlled entities	33.2	—
Other investments	211.7	2.1
Subsidiaries	—	51.7
Profit on disposal of		
Fixed assets	—	(2,374.2)
Associated companies	(3.1)	(4.7)
Jointly controlled entities	(8.3)	(114.9)
Other investments	(283.1)	(201.0)
Subsidiaries	(107.6)	(492.1)
Profit on partial disposal of subsidiaries	(56.4)	—
Hotel property revaluation deficit	178.3	—
Write down of inventories to net realisable value	458.4	—
Write back of provision for		
Advance to an associated company	—	(92.6)
Diminution in value of properties under development	(40.0)	—
Exchange loss/(gain)	26.2	(19.6)
Net interest expenses and dividend income	1,449.6	1,309.2
Operating profit before working capital changes	1,977.4	2,563.8
Decrease/(increase) in stocks	271.0	(384.3)
Increase in properties held for sale	(1,713.2)	(1,225.4)
Decrease in debtors and prepayments	1,683.1	195.4
(Increase)/decrease in other loans receivable	(3.7)	7.5
(Decrease)/increase in creditors and accrued charges	(1,670.9)	1,867.5
Increase/(decrease) in contracts in progress	11.8	(580.9)
Increase/(decrease) in deposits received on sale of properties	208.3	(501.5)
Net cash inflow generated from operations	763.8	1,942.1

32 Notes to Consolidated Cash Flow Statement (continued)**(b) Acquisition of subsidiaries**

	2003	2002
	HK\$m	HK\$m
Net assets acquired		
Fixed assets	745.6	3.3
Jointly controlled entities	775.4	—
Stocks	7.9	282.7
Properties held for sale	107.7	317.0
Debtors and prepayments	253.7	4.5
Taxation	(0.5)	—
Cash and bank balances	265.8	29.1
Creditors and accrued charges	(413.0)	(271.4)
Short term bank loans	(902.8)	—
Long term liabilities	(79.1)	(6.5)
Minority interests	(21.3)	3.2
	739.4	361.9
Less: Interests originally held by the Group		
Associated companies	66.1	(28.5)
Jointly controlled entities	(540.5)	(266.4)
	265.0	67.0
Goodwill on acquisition	—	0.7
	265.0	67.7
Represented by:		
Cash	265.0	67.7

(c) Analysis of net inflow/(outflow) of cash and cash equivalents

Cash consideration	(265.0)	(67.7)
Cash and bank balances acquired	265.8	29.1
	0.8	(38.6)

32 Notes to Consolidated Cash Flow Statement (continued)**(d) Disposal of subsidiaries**

	2003	2002
	HK\$m	HK\$m
Net assets disposed		
Fixed assets	1,653.0	1,451.6
Associated companies	289.4	—
Other investments	—	1.0
Stocks	25.1	95.4
Properties held for sale	—	74.1
Debtors and prepayments	16.5	811.6
Cash and bank balances	174.0	136.1
Creditors and accrued charges	(492.0)	(276.9)
Bank loans and overdrafts	(73.6)	(61.8)
Taxation	—	(5.9)
Long term liabilities	(380.2)	(800.5)
Minority interests	(214.4)	(147.3)
	997.8	1,277.4
Goodwill	—	175.9
Asset revaluation reserve	—	(348.9)
Net profit on disposals of subsidiaries	107.6	440.4
	1,105.4	1,544.8
Represented by:		
Cash	1,128.5	532.4
Long term receivables	—	170.0
Debtors and prepayments	0.4	—
Other investments	—	93.3
Associated companies	—	94.7
Jointly controlled entities	(23.5)	654.4
	1,105.4	1,544.8

(e) Analysis of net inflow of cash and cash equivalents in respect of the disposal of subsidiaries

Cash consideration	1,128.5	532.4
Cash and bank balances disposed	(174.0)	(136.1)
Bank overdrafts discharged	—	61.8
	954.5	458.1

32 Notes to Consolidated Cash Flow Statement (continued)

(f) Analysis of changes in financing

	Share capital (including share premium)	Long term liabilities	Mandatorily convertible bonds	Short term bank and other loans	Restricted cash and bank balances	Minority interests	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Balance at 30.6.2001	21,181.4	39,084.4	1,162.2	2,379.6	(1,747.0)	17,356.9	79,417.5
Net cash (outflow)/inflow from financing	(0.3)	(842.3)	—	1,291.3	(657.4)	40.0	(168.7)
Scrip dividends issued	217.7	—	—	—	—	—	217.7
Partial disposal of interest in subsidiaries	—	—	—	—	—	48.0	48.0
Goodwill on acquisition of additional interest in subsidiaries	—	—	—	—	—	131.1	131.1
Acquisition of additional interests in subsidiaries	—	—	—	—	—	(908.9)	(908.9)
Disposal of subsidiaries	—	(800.5)	—	—	—	(147.3)	(947.8)
Conversion of bonds	—	—	(1,162.2)	—	—	1,162.2	—
Increase in deferred interest income	—	19.9	—	—	—	—	19.9
Increase in long term accounts payable	—	194.9	—	—	—	—	194.9
Acquisition of subsidiaries	—	6.5	—	—	—	(3.2)	3.3
Increase in minority interests from dilution of interests in a subsidiary	—	—	—	—	—	132.3	132.3
Minority interests' share of net profit and other reserves	—	—	—	—	—	471.7	471.7
Dividends to minority shareholders	—	—	—	—	—	(325.3)	(325.3)
Inception of finance leases	—	103.2	—	—	—	—	103.2
Release of reserves upon disposal of a jointly controlled entity	—	—	—	—	—	67.7	67.7
Translation difference	—	—	—	—	—	(6.2)	(6.2)
Balance at 30.6.2002	21,398.8	37,766.1	—	3,670.9	(2,404.4)	18,019.0	78,450.4
Net cash (outflow)/inflow from financing	(0.2)	(1,338.2)	—	(365.1)	731.1	32.0	(940.4)
Scrip dividends issued	168.5	—	—	—	—	—	168.5
Partial disposal of interest in subsidiaries	—	—	—	—	—	28.9	28.9
Acquisition of additional interests in subsidiaries	—	—	—	902.8	—	(244.2)	658.6
Disposal of subsidiaries	—	(380.2)	—	(73.6)	—	(214.4)	(668.2)
Decrease in deferred interest income	—	(10.9)	—	—	—	—	(10.9)
Increase in long term accounts payable	—	222.6	—	—	—	—	222.6
Acquisition of subsidiaries	—	79.1	—	—	—	21.3	100.4
Increase in minority interests as a result of Reorganisation and dilution of interests in subsidiaries	—	—	—	—	—	196.7	196.7
Minority interests' share of net loss and other reserves	—	—	—	—	—	(905.7)	(905.7)
Dividends to minority shareholders	—	—	—	—	—	(92.9)	(92.9)
Inception of finance leases	—	113.5	—	—	—	—	113.5
Translation difference	—	—	—	—	—	(13.5)	(13.5)
Balance at 30.6.2003	21,567.1	36,452.0	—	4,135.0	(1,673.3)	16,827.2	77,308.0

32 Notes to Consolidated Cash Flow Statement (continued)

(g) Non-cash transactions

The Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK\$113.5 million (2002: HK\$103.2 million).

In 2002, the Group disposed all of its interests in New World CyberBase Limited, an investment security held by a subsidiary, to a third party at a consideration of HK\$49.3 million. The consideration was satisfied by shares and convertible bond issued from Asia Logistics Technologies Limited, which is a company controlled by an independent third party, at the sums of HK\$10.0 million and HK\$39.3 million respectively.

Trade deposits of approximately HK\$969.1 million included in debtors, deposits and prepayment at 30 June 2002 is reclassified to deposits for purchase of fixed and intangible assets during the year.

During the year, the Group's consideration on disposal of its interest in certain investments of approximately HK\$660.0 million was applied as a further payment for the acquisition of the Network.

33 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:

	2003	2002
	HK\$m	HK\$m
<hr/>		
Transactions with affiliated companies (Note a)		
Rental income (Note b)	12.4	13.7
Provision of contracting work service (Note c)	324.4	77.7
Interest income (Note d)	163.7	236.5
Purchase of assets (Note e)	457.0	673.8
Acquisitions of a subsidiary (Note f)	—	43.0
<hr/>		
Transactions/balances with other related parties		
Rental income (Note b)	17.6	18.8
Management fee expenses (Note g)	72.2	69.8
Disposal of fixed assets (Note h)	287.6	—
Disposal of other investments (Note h)	165.4	—
Disposals of subsidiaries (Note i)	347.8	—
Accounts payable (Note j)	761.1	2,239.5
<hr/>		

33 Related Party Transactions (continued)

- (a) Affiliated companies include associated companies and jointly controlled entities.
- (b) Rental income is charged in accordance with tenancy agreements.
- (c) Revenue from provision of contracting work is principally charged at terms no less favourable than those charged to third party customers of the Group.
- (d) Interest income is charged at interest rates as specified in Notes 16 and 17 on the outstanding balances due by the affiliated companies.
- (e) Balance for the year represents purchases of licences, interactive television network system and equipment which are developed by an associated company. In previous year, the amount represented purchases of stocks from the associated company which were sold to the Group at its original purchase costs from third party suppliers. The Group also paid approximately HK\$936.5 million to the associated company as trade deposits for purchase of fixed assets. In previous year, the Group also paid approximately HK\$969.1 million to the associated company as trade deposits for purchase of stocks as included in debtors and prepayment.
- (f) On 31 May 2002, the Group purchased the entire issued share capital of Ngo Kee Construction Company Limited from Wai Kee Holdings Limited, an associated company, at a cash consideration of HK\$43.0 million.
- (g) Management fee expenses are charged at rates in accordance with relevant contracts.
- (h) Certain transactions had been entered into between subsidiaries of the Group and subsidiaries of Chow Tai Fook Enterprises Limited ("CTFEL") for the disposal of fixed assets and other investments at their open market values at dates of disposals.
- (i) During the year, the Group disposed of its entire interest in a subsidiary to a subsidiary of CTFEL for a consideration of HK\$347.8 million.
- (j) The amounts payable are unsecured, interest free and are repayable on demand except for the amount of HK\$755.7 million (2002: HK\$853.5 million) which bears interest ranging from 0.5% to 1.0% above HIBOR.

34 Comparative figures

Comparative figures for the segment information, fixed assets, jointly controlled entities and other assets have been reclassified or extended to conform with the current year's presentation.

In accordance with SSAP 15 (revised), the Group includes cash, unrestricted bank deposits and bank overdrafts as components of cash and cash equivalents. This change in accounting policy has been applied retrospectively so that comparative figures of the consolidated cash flow statements have been restated to conform with the changed policy. This change has resulted in an increase in cash and cash equivalents by HK\$946.1 million as at 1 July 2001 and by HK\$1,382.9 million as at 30 June 2002.

35 Approval of Accounts

The accounts were approved by the Board of Directors on 16 October 2003.

36 Principal Subsidiaries

As at 30 June 2003

	Share capital issued [#]		Percentage of equity shares held		Principal activities
	Number	Par value per share HK\$	By the Company	By the Group	
Incorporated and operated in Hong Kong					
Addlight Investments Limited	9,998	1	—	56	Property Investment
	2*	1	—	—	
Advance Planner Limited	100	1	40	49	Property Investment
All Speed Investment Limited	2	1	100	100	Property Investment
Arlaken Development Limited	40	100	100	100	Investment Holding
Atlantic Land Properties Limited	2	1	100	100	Investment Holding
Barbican Construction Company Limited	130,000	100	—	54	Construction
	20,000*	100	—	—	
Billionable Investment Limited	4,998	1	—	54	Investment Holding
	2*	1	—	—	
Billion Huge (International) Limited	950,001	1	—	70	Investment Holding
Billion Park Investment Limited	1,000,000	1	—	55	Investment Holding
Birkenshaw Limited	10,000	1	—	100	Property Investment
Blanca Limited	10,000	1	—	100	Investment Holding
Bright Moon Company Limited	200	10	75	75	Property Investment
Broadway-Nassau Investments Limited	2	10,000	—	54	Property Investment
	3,000*	10,000	—	—	
Calpella Limited	2	10	—	100	Property Investment
Care & Services Company Limited	15,000,000	1	—	54	Elderly Care Services
Cheer Best Enterprises Limited	2	1	100	100	Property Investment
Cheong Sing Company Limited	10,000	1	100	100	Property Investment
City Team Development Limited	1,000,000	1	—	81	Property Investment
Crown Field Properties Limited	10	1	—	70	Property Investment
Dragon Crest Limited	2	1	—	100	Property Investment
Extensive Trading Company Limited	8,500,000	1	—	54	Trading of Building Materials
	1,500,000*	1	—	—	
Far East Engineering Services Limited	766,714	10	—	54	Mechanical and Electrical Engineering
	233,288*	10	—	—	
Fook Hong Enterprises Company Limited	10,000	100	100	100	Property Investment
General Security (H.K.) Limited	8,402	100	—	54	Security Services
	11,600*	100	—	—	
Gold Queen Limited	5,000	1	100	100	Property Investment
Gradex Limited	2	1	—	100	Property Investment
Grand Hyatt Hong Kong Company Limited	1,000	1	—	64	Hotel Operation
Happy Champion Limited	2	1	100	100	Investment Holding
Head Step Limited	2	1	100	100	Property Investment
Hip Hing Construction (China) Company Limited	100,001	100	—	54	Construction
	1*	100	—	—	
Hip Hing Construction Company Limited	400,000	100	—	54	Construction and Civil Engineering
	600,000*	100	—	—	
Hong Kong Convention and Exhibition Centre (Management) Limited	3	1	—	54	Management of HKCEC
	1*	1	—	—	
Hong Kong Island Development Limited	33,400,000	5	6	100	Property Investment
Hong Kong Island Landscape Company Limited	980,000	10	—	54	Landscaping and Project Contracting
	20,000*	10	—	—	
Hong Kong New World Department Store Company Limited	968,153,000	1	100	100	Department Stores Operation
Honour Shares Limited	100	1	—	100	Investment Holding
International Property Management Limited	450,000	10	—	54	Property Management
	95,500*	10	—	—	
Joint Profit Limited	2	1	100	100	Property Investment
Kamking Limited	2	1	100	100	Property Investment
Keen Sales Limited	2	1	—	54	Investment Holding
	2*	1	—	—	
Kentfull Contracting Limited	10	1	—	38	Interior Decoration Contracting
	5,000,000*	1	—	—	
Kin Kiu Enterprises Limited	10,000	1,000	100	100	Investment Holding
King Lee Investment Company Limited	300	1,000	100	100	Investment Holding

36 Principal Subsidiaries (continued)

As at 30 June 2003

	Share capital issued#		Percentage of equity shares held		Principal activities
	Number	Par value per share HK\$	By the Company	By the Group	
Incorporated and operated in Hong Kong (continued)					
Kiu Lok Service Management Company Limited	2	100	—	54	Property Management
	1,002*	100	—	—	
Kiwi Kleeners Limited	1,000	100	—	54	Trading of Linen
Kleaners Limited	5,000,000	1	—	54	Laundry Services
Koon Soon Limited	2	1	—	100	Property Investment
Lingal Limited	1,800	1	—	70	Investment Holding
	200*	1	—	—	
Loyalton Limited	2	10	—	100	Property Investment
Macdonnell Hostel Company Limited	2	1	100	100	Hostel Management and Operation
Mega Choice Holdings Limited	100	1	80	80	Property Investment
Millennium Engineering Limited	18,750,000	1	—	49	Supply and Installation of Aluminium Windows and Curtain Wall
New China Laundry Limited	40,000,002	1	—	54	Laundry Services
	704,000*	1	—	—	
New Town Project Management Limited	2	1	100	100	Project Management
New Waly Interior Products Limited	1,000,000	1	—	38	Trading of Interior Products
New World Department Stores Limited	2	1	—	100	Management Services to Department Stores
New World Development (China) Limited	2	1	—	70	Investment Holding
	2*	1	—	—	
New World Finance Company Limited	200,000	100	100	100	Financial Services
New World Harbourview Hotel Company Limited	1,000	1	—	64	Hotel Operation
New World Hotel Company Limited	40,000,000	1	—	64	Hotel Operation
New World Insurance Services Limited	1,000,000	1	—	54	Insurance Brokerage Service
New World Investments Limited	2	1	100	100	Property Investment
New World Nominee Limited	2	100	100	100	Nominee Services
New World PCS Limited	1,000,000	1	—	100	Mobile Telecommunication Services
New World Real Estate Agency Limited	2	1	100	100	Estate Agency
New World Tacko (Xian) Limited	10,000	1	—	45	Investment Holding
New World Telephone Holdings Limited	200	1	100	100	Investment Holding
New World Telecommunications Limited (formerly New World Telephone Limited)	2	1	—	100	Telecommunication Services
New World Tower Company Limited	2	10	—	100	Property Investment
NWD (Hotels Investments) Limited	576,000,000	0.25	—	64	Investment Holding
NWD Finance Limited	2	1	100	100	Financial Services
NWS (Finance) Limited	2	1	—	54	Financial Services
Ngo Kee Construction Company Limited	270,000	100	—	54	Building and Construction
	1**	1	—	54	
Onfill Company Limited	2	1	100	100	Property Investment
Outboard Marine Corporation Asia Limited	64,133,565	1	—	100	Property Investment
Paterson Plaza Properties Limited	10,000	1	—	100	Property Investment
Peterson Investment Company Limited	10,000	1	100	100	Property Investment
Pollution & Protection Services Limited	18,057,780	1	—	54	Cleaning Services
	500,020*	1	—	—	
Polytown Company Limited	2	10	—	54	Property Investment
	100,000*	10	—	—	
Pontiff Company Limited	10,000,000	1	—	100	Property Investment
Pridemax Limited	2	1	—	100	Property Investment
Ready City Limited	200	1	—	54	Investment Holding
Sky Connection Limited	100	1	—	100	Duty-Free, Liquor and Tobacco Sales
Spotview Development Limited	10,000	1	—	100	Property Investment
Tai Yieh Construction & Engineering Company Limited	40,000	1,000	—	54	Construction and Civil Engineering
	10,000*	1,000	—	—	
Tao Yun Company Limited	2	10	—	100	Property Investment

36 Principal Subsidiaries (continued)

As at 30 June 2003

	Share capital issued [#]		Percentage of equity shares held		Principal activities
	Number	Par value per share HK\$	By the Company	By the Group	
Incorporated and operated in Hong Kong (continued)					
Team Deco International Limited	2	1	—	54	Interior Design
Trade Port Enterprises Limited	2	1	100	100	Investment Holding
Trend Island Limited	2	1	—	70	Investment Holding
True Hope Investment Limited	4,998	1	—	54	Investment Holding
	2*	1	—	—	
Tridant Engineering Company Limited	34,400,000	1	—	54	Mechanical and Electrical
	15,600,000*	1	—	—	Engineering and Trading
Trump Champion Limited	2	1	—	100	Property Investment
Try Force Limited	4,998	1	—	54	Investment Holding
	2*	1	—	—	
Tsuen Wan Properties Limited	200	100	—	100	Property Investment
Uniformity Security Company Limited	2	100	—	54	Security Services
	2,500*	100	—	—	
Urban Parking Limited	10,000,000	1	—	54	Carpark Management
Urban Property Management Limited	49,995,498	1	—	54	Property Management
	4,502*	1	—	—	
Vibro (HK) Limited	20,000,004	3	—	54	Piling and caisson and Civil Engineering
Wai Hong Cleaning & Pest Control Company Limited	400,000	100	—	54	Cleaning and Pest Control Services
Waking Builders Limited	20,000	1,000	—	54	Construction
Waygent Investment Limited	2	1	100	100	Property Investment
World Empire Property Limited	2	1	100	100	Property Investment
Young's Engineering Company Limited	4,000,000	10	—	54	Air Conditioning and Electrical Engineering
Incorporated in Cayman Islands and operated in Hong Kong					
New World China Land Limited	1,481,944,294	HK\$0.10	68	70	Investment Holding
NW China Homeowner Development Limited	5,363,925	US\$0.01	—	70	Investment Holding
New World Infrastructure Limited	952,180,007	HK\$1	—	54	Investment Holding
NWS Service Management Limited (formerly New World Services Limited)	1,323,943,165	HK\$0.10	—	54	Investment Holding
Incorporated and operated in the Philippines					
New World International Development Philippines, Inc.	6,988,016	Peso100	—	27	Hotel Operation

[#] Represented ordinary share capital, unless otherwise stated^{*} Non-voting deferred shares^{**} Non-voting preference shares

36 Principal Subsidiaries (continued)

As at 30 June 2003

	Registered capital/ Share capital issued		Attributable interest (Note a)		Principal activities
	Amount/Number	Par value per share	To the Company	To the Group	
Incorporated and operated in the People's Republic of China					
Beijing Autotech Service Co., Ltd.	US\$2,550,000	—	—	100	Auto Repair Centre
Beijing Lingal Real Estates Development Co., Ltd.	US\$13,000,000	—	—	70	Property Investment
Dalian New World Plaza International Co., Ltd.	Rmb58,000,000	—	—	61	Property Investment
Fung Seng Estate Development (Shanghai) Co., Ltd.	US\$10,000,000	—	—	49	Property Investment
Gaoming Xinming Bridge Limited	Rmb60,000,000	—	—	44	Operation of Toll Bridge
Guangdong Xinzhaoqiao Highways Company, Limited	Rmb80,000,000	—	—	38	Operation of Toll Road
Guangxi Beiliu Xinbei Highways Limited	Rmb99,200,000	—	—	33	Operation of Toll Road
Guangxi Cangwu Xincang Highways Limited	Rmb64,000,000	—	—	38	Operation of Toll Road
Guangxi Rongxian Xinrong Highways Limited	Rmb82,400,000	—	—	38	Operation of Toll Road
Guangxi Yulin Xintong Highways Limited	Rmb64,000,000	—	—	33	Operation of Toll Road
Guangxi Yulin Xinye Highways Limited	Rmb63,800,000	—	—	33	Operation of Toll Road
Guangxi Yulin Xinyu Highways Limited	Rmb96,000,000	—	—	33	Operation of Toll Road
Guangzhou Metropolitan Properties Co., Ltd.	HK\$140,000,000	—	100	100	Property Investment
Guangzhou New World Properties Development Co., Ltd.	HK\$170,000,000	—	100	100	Property Investment
Guangzhou Xinhua Chen Real Estate Co., Ltd.	Rmb200,000,000	—	—	70	Property Investment
Guangzhou Xin Hua Jian Real Estate Co., Ltd.	Rmb244,000,000	—	—	70	Property Investment
Guangzhou Xin Yi Development Limited	HK\$286,000,000	—	—	63	Property Investment
Nanjing Huawei Real Estate Development Co., Ltd.	US\$12,000,000	—	—	64	Property Investment
New World Anderson (Tianjin) Development Co., Ltd.	US\$10,000,000	—	—	70	Property Investment
New World Development (Wuhan) Co., Ltd.	US\$12,000,000	—	—	70	Property Investment
New World (Shenyang) Property Development Limited	Rmb97,720,000	—	—	63	Property Investment
Ningbo New World Department Store Limited	Rmb40,000,000	—	—	100	Department Store Operation
Ningbo Firm Success Consulting Development Company Limited	US\$5,000,000	—	—	100	Investment Holding
Qingyuan Xincheng Highways Limited	Rmb72,000,000	—	—	44	Operation of Toll Road
Shanghai Heyu Properties Co., Ltd.	US\$12,000,000	—	—	45	Property Investment
Shanghai Juyi Real Estate Development Co., Ltd.	Rmb350,000,000	—	—	49	Property Investment
Shanghai Mayfair Hotel Co., Ltd.	Rmb8,000,000	—	—	45	Hotel Operation
Shanghai Ramada Plaza Ltd.	US\$34,000,000	—	—	43	Property Investment and Hotel Operation
Shanxi Xinda Highways Limited	Rmb49,000,000	—	—	48	Operation of Toll Road
Shanxi Xinhuang Highways Limited	Rmb56,000,000	—	—	48	Operation of Toll Road
Shenyang New World Department Store Limited	Rmb30,000,000	—	—	100	Department Store Operation
Shenzhen New World Xianglong Network Technology Company Limited	Rmb200,000,000	—	—	54	Exploration of Wireless Telecommunication Network
Shenzhen New World Xianglong Technology Development Company Limited	Rmb100,000,000	—	—	54	Exploration of Wireless Telecommunication Network
Shenzhen Topping Real Estate Development Co., Ltd.	HK\$182,000,000	—	—	63	Property Investment
Sun Long Communication Co., Ltd.	Rmb100,000,000	—	—	54	Provision of telecommunication related services
Suzhou Huisu International Container Freight Wharfs Co., Ltd.	US\$3,750,000	—	—	40	Container Handling, Warehousing and Road Freight Operation
Taiyuan Xintai Highways Limited	Rmb72,120,000	—	—	48	Operation of Toll Road
Taiyuan Xinyuan Highways Limited	Rmb85,880,000	—	—	48	Operation of Toll Road
Tianjin New World Department Store Limited	US\$5,000,000	—	—	100	Department Store Operation
Wuhan Bridge Construction Co., Limited	502,850,000	Rmb1	—	27	Operation of Toll Bridges
Wuhan New Eagle Development Company Limited	US\$10,000,000	—	—	95	Property Investment
Wuhan New Eagle Properties Co., Limited	US\$2,830,000	—	—	67	Property Investment
Wuxi New World Department Store Limited	US\$5,000,000	—	—	100	Department Store Operation
Wuzhou Xinwu Highways Company Limited	Rmb72,000,000	—	—	24	Operation of Toll Road
Xiamen New World Xiangyu Warehouse & Processing Zone Limited	US\$5,000,000	—	—	54	Development of Warehousing, Processing and Logistics Facilities

36 Principal Subsidiaries (continued)

As at 30 June 2003

	Registered capital/ Share capital issued		Attributable interest (Note a)		Principal activities
	Amount/Number	Par value per share	To the Company	To the Group	
Incorporated and operated in the People's Republic of China (continued)					
Xiamen Xinyuan Container Terminal Co., Ltd.	Rmb17,000,000	—	—	38	Cargo Consolidation, Container Storage, Repairs and Maintenance
Yunfu Xinxing Highways Limited	Rmb30,000,000	—	—	30	Operation of Toll Road
Zhaoqing Deqing Xinyue Highways Limited	Rmb34,000,000	—	—	35	Operation of Toll Road
Zhaoqing Xinde Highways Company, Limited	Rmb165,867,000	—	—	24	Operation of Toll Road
Zhaoqing Xinfeng Highways Company, Limited	Rmb94,000,000	—	—	24	Operation of Toll Road
Zhaoqing Xingao Highways Company, Limited	Rmb54,000,000	—	—	22	Operation of Toll Road
Zhaoqing Xinhui Highways Company, Limited	Rmb103,500,000	—	—	27	Operation of Toll Road
Zhaoqing Xinning Highways Company, Limited	Rmb90,000,000	—	—	30	Operation of Toll Road

Note:

(a) percentage of equity interest, in the case of equity joint ventures or joint stock limited company or profit sharing percentage, in the case of co-operative joint ventures.

	Share capital issued		Percentage of equity shares held		Principal activities
	Number	Par value per share	By the Company	By the Group	
Incorporated in Bermuda and operated in Hong Kong					
NWS Holdings Limited (formerly Pacific Ports Company Limited)	1,780,759,001	HK\$1	—	54	Investment Holding
Incorporated in British Virgin Islands					
Eddington Holdings Limited	100	US\$1	—	82	Investment Holding
Ever Brisk Limited	1	US\$1	—	70	Investment Holding
Fine Reputation Incorporated	10,000	US\$1	100	100	Investment Holding
Hing Loong Limited	10,000	US\$1	100	100	Investment Holding
Hinto Developments Limited	1	US\$1	—	70	Investment Holding
Lotsgain Limited	100	US\$1	—	54	Investment Holding
Magic Chance Limited	1	US\$1	—	70	Investment Holding
Master Services Limited	1,000,000	US\$0.01	—	33	Investment Holding
New World BioSciences Holdings Limited	1	US\$1	—	100	Investment Holding
New World Capital Finance Limited	1	US\$1	100	100	Financial Services
New World Enterprise Holdings Limited	1	US\$1	100	100	Investment Holding
New World First Bus Services Limited	10,000,000	HK\$1	—	54	Bus Services
New World First Ferry Services Limited	1	US\$1	—	54	Ferry Services
New World First Ferry Services (Macau) Limited	1	US\$1	—	54	Ferry Services
New World First Holdings Limited	10,000,000	HK\$1	—	54	Investment Holding
New World Hotels (Corporation) Limited	1	US\$1	—	64	Investment Holding
New World Industrial Holdings Limited	1	US\$1	—	100	Investment Holding
New World LifeTech Limited	100	US\$1	—	80	Investment Holding
New World Telephone International Limited	100	US\$1	—	100	Provision of Telecommunication Services
New World Venture Holdings Limited	1	US\$1	—	100	Investment Holding
NWS Infrastructure Management Limited	1	US\$1	—	54	Investment Holding
NWS Ports Management Limited	1	US\$1	—	54	Investment Holding
Park New Astor Hotel Limited	101	US\$1	—	100	Property Investment
Radiant Glow Limited	1	US\$1	—	70	Investment Holding
Sea Walker Limited	1	US\$1	100	100	Investment Holding
Sparkling Rainbow Limited	1	US\$1	—	70	Investment Holding
Steadfast International Limited	2	US\$1	100	100	Investment Holding
Sweet Prospects Enterprises Limited	1	US\$1	—	70	Investment Holding
True Blue Developments Limited	1	US\$1	—	70	Investment Holding
Twin Glory Investments Limited	1	US\$1	—	70	Investment Holding

37 Principal Associated Companies

As at 30 June 2003

	Share capital issued [#]		Percentage of equity shares held		Principal activities
	Number	Par value per share HK\$	By the Company	By the Group	
Incorporated and operated in Hong Kong					
Birkenhead Property & Investment Limited	1,200,000	1	—	50	Property Investment
CSX World Terminals Hong Kong Limited	55,000'A'	1	—	—	Operation of Container Terminal
Estoree Limited	5,000'B'	1	—	18	
	500'A'	10	—	—	
	500'B'	10	—	50	
	9,000'C'*	10	—	—	Property Investment
Ever Light Limited	1,000	1	40	40	Property Investment
Global Perfect Development Limited	1,000,000	1	—	35	Investment Holding
Global Winner Limited	2	1	—	50	Property Investment
Kentfull Engineering Company Limited	10,000	1	—	23	Building Construction
Pure Jade Limited	1,000	1	—	20	Property Investment
Quon Hing Concrete Company Limited	200,000	100	—	27	Production and Sales of Concrete
Ranex Investment Limited	100	1	—	10	Property Trading
Shun Tak Centre Limited	1,000	100	—	29	Property Investment
Silverland Limited	4	1	50	50	Property Investment
Sun City Holdings Limited	8,000,000	1	—	21	Investment Holding
Tengis Limited	2	10	—	12	Share Registration, Company Secretarial Services
Yargoan Company Limited	150,000	100	—	23	Stone Quarrying
Incorporated and operated in the United States of America					
Athena Database, Inc.	35,000,000B	—	—	—	Development of database application tools
CyberLancet Corporation	15,000,000+	—	—	54	
	50,000,000B	—	—	—	Development of Internet Technology
CyberNova Corporation	21,000,000+	—	—	54	
	31,000,000B	—	—	—	Development of Cable Modem
PrediWave Corporation	20,000,000+	—	—	54	
	35,000,000B	—	—	—	Development of Video-on-demand Technology
S.T.U.B. SATertainment, Inc.	15,000,000+	—	—	54	
	60,000,000B	—	—	—	Distribution of satellite products
TechStock, Inc.	40,000,000+	—	—	54	
	30,000,000B	—	—	—	Investment Holding
Visionaire Technology Corporation	20,000,000+	—	—	54	
	34,000,000B	—	—	—	Technology Investment Holding
WarpEra Corporation	15,000,000+	—	—	54	
	42,000,000B	—	—	—	Development of Computer Hardware and Software
	18,000,000+	—	—	54	

37 Principal Associated Companies (continued)

As at 30 June 2003

	Registered capital/ Share capital issued [#]		Percentage of equity shares held		Principal activities
	Number	Par value per share	By the Company	By the Group	
Incorporated and operated in Thailand					
Plenchit Arcade Company Limited	20,000	Baht10,000	—	13	Hotel Investment
Incorporated in British Virgin Islands					
Faith Yard Property Limited	2	US\$1	—	35	Property Investment
Fortune Star Worldwide Limited	100	US\$1	—	28	Investment Holding
Grand Make International Limited	100	US\$1	—	31	Investment Holding
New Dragon Asia Food Limited	1	US\$1	—	32	Investment Holding
New QU Energy Limited	65,000,000 ^B 35,000,000 ⁺	—	—	—	Development and Production of Heat Transfer Devices
Newton Asia Limited	2	US\$1	50	50	Property Investment
Incorporated and operated in the People's Republic of China					
Shangdong Unison Bioengineering Co., Ltd.	Rmb5,000,000	—	—	35	Chinese Herbal
Shanghai New World Huai Hai Property Development Co., Ltd.	US\$108,500,000	—	—	31	Property Investment
Incorporated in Bermuda and operated in Hong Kong					
Kwoon Chung Bus Holdings Limited	393,906,000	HK\$0.10	—	16	Investment Holding
Tai Fook Securities Group Limited	473,637,699	HK\$0.10	—	11	Investment Holding
Wai Kee Holdings Limited	784,674,034	HK\$0.10	—	15	Investment Holding

[#] Represented ordinary shares, unless otherwise stated.

^{*} Non-voting deferred ordinary shares

^{**} Non-cumulative non-voting redeemable preference shares

^B Common stocks

⁺ Series A preferred stocks

38 Principal Jointly Controlled Entities

As at 30 June 2003

	Registered capital	Attributable interest Ω To the Company	To the Group	Principal activities
Incorporated and operated in the People's Republic of China				
<i>Equity Joint Ventures</i>				
Beijing Orient Mosler Security Technology Co., Ltd.	US\$2,000,000	—	35	Security System
Guangzhou Oriental Power Co., Limited	Rmb990,000,000	—	14	Generation and Supply of Electricity
Guangzhou Pearl River Power Co., Limited	Rmb420,000,000	—	27	Generation and Supply of Electricity
Hong Kong Jing-Guang Development Ltd	HK\$1,000,000	—	23	Hotel Operation
CSX Orient (Tianjin) Container Terminals Co., Limited	US\$29,200,000	—	13	Operation of Container Terminal
Shanghai Jianmei Property Development Co., Ltd	US\$10,000,000	—	21	Property Investment
Shenyang New World Lumingchun Building Co., Limited	Rmb68,000,000	—	49	Hotel Operation
Xiamen Xiang Yu Quay Co., Ltd.	Rmb384,040,000	—	27	Container Handling and Storage and Road Freight Operations
Yixing United Ceramics Company Ltd.	US\$16,360,000	—	48	Ceramics Tiles Manufacturing
<i>Co-operative Joint Ventures</i>				
Beijing-Zhuhai Expressway Guangzhou-Zhuhai Section Co., Limited	Rmb580,000,000	—	14	Operation of Toll Road
Beijing Chong Wen-New World Properties Development Co., Limited	US\$104,100,000	—	49	Property Investment
Beijing Chong Yu Real Estate Development Co., Limited	US\$81,840,000	—	49	Property Investment
China New World Electronics Limited	US\$57,000,000	—	49	Property Investment
Dongguan New World Garden Trade Construction Co., Limited	US\$12,000,000	—	26	Property Investment
Dongguan New World Square Trade Construction Co., Limited	US\$12,000,000	—	26	Property Investment
Guangzhou Cosmart Estate Development Limited	HK\$48,000,000	—	42	Property Investment
Guangzhou Fong Chuen New World Properties Development Co., Limited	Rmb330,000,000	—	42	Property Investment
Guangzhou Fucheng Property Development Co., Limited	HK\$80,000,000	—	42	Property Investment
Guangzhou Northring Freeway Company Limited	US\$19,255,000	—	36	Operation of Toll Road
Huishen (Yantian) Expressway Huizhou Company Limited	Rmb39,000,000	—	18	Operation of Toll Road
Huizhou City Hui-Ao Roadway Company Limited	Rmb75,000,000	—	27	Operation of Toll Road
Huizhou City Huixin Expressway Company Limited	Rmb34,400,000	—	27	Operation of Toll Road
New Bei Fang Hotel Ltd.	US\$1,200,000	—	42	Property Investment
Neworgen Limited	US\$6,000,000	—	31	Development of Biochemical Technology
Shanghai Trio Property Development Co., Limited	US\$75,000,000	—	33	Property Investment
Shenzhen Top One Real Estate Development Co., Ltd.	HK\$60,000,000	—	49	Property Investment
Shunde De Sheng Power Plant Company Limited	US\$86,230,000	—	32	Operation of Power Plant
Sichuan Qianwei Dali Power Company Limited	US\$30,000,000	—	32	Generation and Supply of Electricity
Tianjin New World Properties Development Co., Ltd.	US\$12,000,000	—	70	Property Investment
Tangjin Expressway (Tianjin North Section)				
Tianjin Xinlu Expressway Company Limited	Rmb99,092,000	—	49@	Operation of Toll Road
Tianjin Xindi Expressway Company Limited	Rmb93,688,000	—	49@	Operation of Toll Road
Tianjin Xinlong Expressway Company Limited	Rmb99,400,000	—	49@	Operation of Toll Road
Tianjin Xinming Expressway Company Limited	Rmb85,468,000	—	49@	Operation of Toll Road
Tianjin Xinqing Expressway Company Limited	Rmb99,368,000	—	49@	Operation of Toll Road
Tianjin Xinquan Expressway Company Limited	Rmb92,016,000	—	49@	Operation of Toll Road
Tianjin Xinsen Expressway Company Limited	Rmb87,300,000	—	49@	Operation of Toll Road
Tianjin Xinshi Expressway Company Limited	Rmb99,388,000	—	49@	Operation of Toll Road
Tianjin Xinsi Expressway Company Limited	Rmb96,624,000	—	49@	Operation of Toll Road
Tianjin Xintong Expressway Company Limited	Rmb99,448,000	—	49@	Operation of Toll Road
Tianjin Xintuo Expressway Company Limited	Rmb99,316,000	—	49@	Operation of Toll Road
Tianjin Xinxiang Expressway Company Limited	Rmb90,472,000	—	49@	Operation of Toll Road
Tianjin Xinyan Expressway Company Limited	Rmb89,028,000	—	49@	Operation of Toll Road
Tianjin Xinzhao Expressway Company Limited	Rmb89,392,000	—	49@	Operation of Toll Road
Wuhan Airport Road Development Limited	Rmb60,000,000	—	22	Operation of Toll Road
Wuhan Taipei & New World Hotel Co., Ltd.	US\$14,160,000	—	35	Hotel Operation
Wuhan Wuxin Hotel Co., Ltd.	US\$13,500,000	—	42	Property Investment
Wuhan Xinhan Development Co., Limited	Rmb55,000,000	—	35	Property Investment
Wuxi New City Development Co., Limited	US\$10,040,000	—	26	Hotel Operation

Ω percentage of equity interest, in the case of equity joint ventures or joint stock limited company or profit sharing percentage, in the case of co-operative joint ventures.

@ Represented cash sharing ratio for the first 15 years of the joint venture period, thereafter the ratio will change to 60%.

38 Principal Jointly Controlled Entities (continued)

As at 30 June 2003

	Number	Share capital issued# Par value per share HK\$	Percentage of equity shares held By the Company	By the Group	Principal activities
Incorporated and operated in Hong Kong					
<i>Company Limited By Shares</i>					
Asia Container Terminals Limited	1,000	1	—	13	Development and Operation of Container Terminal
Asian Success Investments Limited	900	1	—	33	Property Investment
ATL Logistics Centre Hong Kong Limited	100,000'A'	1	—	30	Operation of Cargo Handling and Storage Facilities
	20,000'B'***	1	—	43	
	39,000*	1	—	—	
	15,918***	1	—	—	
Best Link Development Limited	20	1	—	50	Property Investment
Direct Profit Development Limited	200,000	0.05	—	15	Property Investment
Far East Landfill Technologies Limited	1,000,000	1	—	25	Landfill
Gloryland Limited	900	1	—	33	Property Trading
Grace Sign Limited	1,000	1	—	30	Property Investment
Istaron Limited	4	1	—	32	Investment Holding
Jade Gain Enterprises Limited	100	1	—	45	Property Investment
Kunming Fulintang Pharmaceutical Co., Ltd.	Rmb50,000,000	—	—	46	Pharmaceutical Chain Stores
Newfoundworld Limited	200,000	10	—	20	Property Trading
Ocean Champion Development Limited	10,000	1	—	50	Property Investment
Sheenity Enterprises Limited	10,000	1	—	50	Property Investment
Super Lion Enterprises Limited	2	1	50	50	Property Investment
Supertime Holdings Limited	100	1	—	27	Property Investment
Tate's Cairn Tunnel Company Limited	1,100,000	0.01	—	16	Operation of Toll Tunnel
	600,000,000*	1	—	—	
Wise Come Development Limited	30	1	—	40	Property Investment
Incorporated in British Virgin Islands and operated in the People's Republic of China					
Holicon Holdings Limited	2	US\$1	—	50	Property Development
Jaidan Profits Limited	2	US\$1	—	50	Property Development
Jorvik International Limited	2	US\$1	—	50	Property Development
Orwin Enterprises Limited	2	US\$1	—	50	Property Development
Cyber China Inc.	100	US\$1	—	35	Investment Holding
Incorporated in British Virgin Islands					
Quick Wealth Investment Limited	100	US\$1	—	32	Investment Holding
Right Choice International Limited	200	US\$1	—	28	Property Investment
Incorporated and operated in Malaysia					
Great Union Properties Sdn. Bhd.	100,000,000	M\$1	—	38	Property Investment
	10,000,000^	M\$0.10	—	38	
T & T Properties Sdn. Bhd.	9,500,000	M\$1	—	33	Property Investment
Incorporated in Hong Kong and operated in Macau and the People's Republic of China					
Sino-French Holdings (Hong Kong) Limited	1,086,280'A'	HK\$100	—	—	Investment Holding, Operation of Water and Electricity Plants
	2,089,000'B'	HK\$100	—	27	
	1,002,720'C'	HK\$100	—	—	

Represented ordinary shares, unless otherwise stated.

* Non-voting deferred ordinary shares.

** Non-voting preference shares.

*** Non-voting deferred preference shares.

^ Redeemable cumulative preference share.