

Financial Highlights

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER

	2002 HK\$'000	2001 HK\$'000	2000 HK\$'000
Turnover	6,737,025	7,271,518	4,947,984
Profit/(Loss) from operating activities	1,850,733	2,159,168	(596,224)
Provisions, net	331,728	161,099	1,242,207
Profit/(Loss) from operating activities (before finance costs and provisions)	2,182,461	2,320,267	645,983
Finance costs			
— Interest and other financing charges	1,244,999	1,566,474	572,367
— One-off finance costs associated with the debt refinancing of the GH Holdings Group* (“One-Off Finance Cost”)	249,120	—	—
* GH Water Supply (Holdings) Limited and its subsidiary			
Profit/(Loss) before tax	530,142	660,346	(1,144,896)
Profit/(Loss) before tax			
— excluding One-Off Finance Cost	779,262	N/A	N/A
Profit/(Loss) from ordinary activities attributable to shareholders	281,108	285,542	(1,356,302)
Profit/(Loss) from ordinary activities attributable to shareholders			
— excluding One-Off Finance Cost	530,228	N/A	N/A
Shareholders' funds	9,415,383	9,117,497	8,517,133
Shareholders' funds			
— excluding One-Off Finance Cost	9,664,503	N/A	N/A
Total assets	32,246,166	33,378,532	35,916,779
Net financial borrowings ⁶	16,537,125	17,785,665	19,128,260

Financial Highlights (continued)

SHARE INFORMATION (AS AT 31 DECEMBER)

	2002	2001	2000
Ordinary shares (HK\$0.5 per share) in issue	5,162m	5,133m	4,868m
Market capitalisation (HK\$)	5,007m	3,952m	4,381m
Closing market price per share	HK\$0.97	HK\$0.77	HK\$0.90
Basic earnings/(loss) per share	3.91 cents	4.32 cents	(54.44 cents)
Basic earnings/(loss) per share — excluding One-Off Finance Cost	8.63 cents	N/A	N/A
Diluted earnings/(loss) per share	3.83 cents	4.24 cents	N/A
Diluted earnings/(loss) per share — excluding One-Off Finance Cost	8.45 cents	N/A	N/A
Net asset value per share	HK\$1.82	HK\$1.78	HK\$1.75

FINANCIAL RATIOS (AS AT 31 DECEMBER)

	2002 Adjusted	2002	2001
Return on average shareholders' funds ¹	5.65%(i)	3.03%	3.24%
Post-tax return on average assets ²	2.02%(i)	1.27%	1.53%
Interest cover ³	1.59X(i)	1.33X	1.41X
Gearing ⁴	N/A	2.02X(ii)	2.22X
Liquidity ⁵	N/A	1.15X(iii)	1.39X

Notes:

- (i) Excluding the One-Off Finance Cost.
- (ii) There was a slight improvement in gearing ratio compared to last year. However, following the completion of the Assets Disposal in March 2003 and the full repayment of the Company's "restructuring bank debts" in May, 2003, the Group's gearing ratio is expected to be further improved.
- (iii) Portion of debts (the "WaterCo Debts") prepaid in 2001 by the GH Holdings Group has eliminated its current portion of the WaterCo Debts on the balance sheet, thus reducing the Group's "Current Liabilities" balance as at 31 December, 2001.

The refinancing of the WaterCo Debts completed on 20 December 2002, created a current portion of the new WaterCo Debts amounted to HK\$541 million on the balance sheet, thus increasing the balance of the Group's "Current Liabilities" by the same amount as at 31 December 2002. Due to this reclassification of the new WaterCo Debts, the liquidity position of the Group was worse off compared with last year.

With the cash contribution from the water distribution business in 2003, repayments of new WaterCo Debts will eliminate its current portion of the new WaterCo Debts on the balance sheet, bringing back an improvement to the Group's liquidity position in 2003.

1	$\frac{\text{Results attributable to shareholders}}{(\text{opening equity} + \text{closing equity})/2}$	4	$\frac{\text{Financial indebtedness}}{\text{Net asset value}}$
2	$\frac{\text{Results after tax}}{(\text{opening total assets} + \text{closing total assets})/2}$	5	$\frac{\text{Current assets}}{\text{Current liabilities}}$
3	$\frac{\text{Results before tax} + \text{Total interest expense}}{\text{Total interest expense (includes the capitalised interest)}}$	6	Financial borrowings – cash and cash equivalents

Financial Highlights (continued)

ANALYSIS OF FINANCIAL BORROWINGS (AS AT 31 DECEMBER)

	2002 HK\$'000	2001 HK\$'000	2000 HK\$'000
Loan maturity profile			
Within 1 year	1,016,173	540,812	1,149,179
In the 2nd year	677,237	1,342,426	1,196,938
In the 3rd to 5th year, inclusive	4,135,631	4,389,968	5,963,414
Over 5 years	12,496,506	13,117,206	12,910,400
	18,325,547	19,390,412	21,219,931
Currency			
	%	%	%
Hong Kong dollars	81.8	61.2	58.5
US dollars	10.5	33.8*	38.9*
Euro	0.1	0.1*	1.0*
Renminbi	7.6	4.9	1.6
Interest rate			
	%	%	%
Floating	92.8**	29.6	34.0
Fixed	7.2	70.4	66.0

* Borrowings amounted to HK\$3.1 billion were hedged by currency swap agreements.

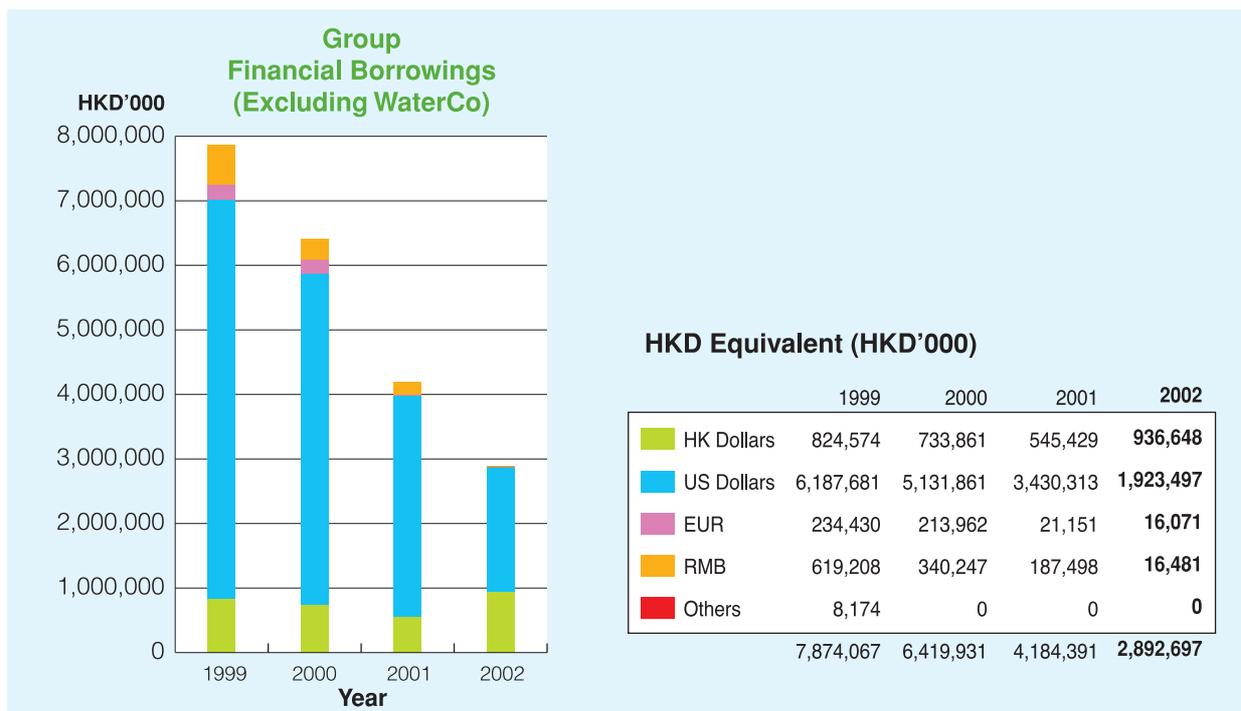
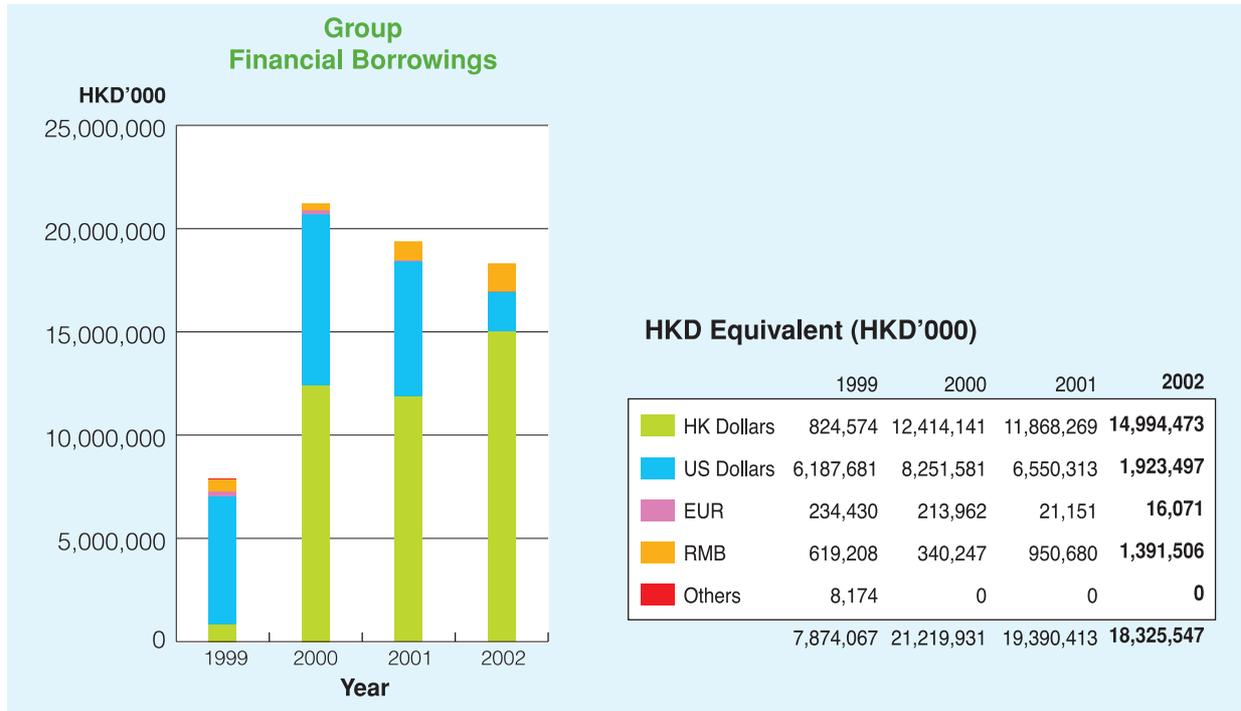
** Borrowing amounted to HK\$3.5 billion is hedged by a fixed interest rate swap agreement.

SOURCE OF FINANCE# (AS AT 31 DECEMBER 2002)

	Available and committed %	Utilised %
Fixed rate notes	6.2	7.2
Bank and other borrowings	89.0	87.3
Floating rate notes/bonds	4.8	5.5
	100.0	100.0

Financing from the issue of the US\$125,000,000 3¼% redeemable cumulative convertible preference shares with an outstanding balance of US\$85,949,000 as at 31 December 2002, is not accounted for.

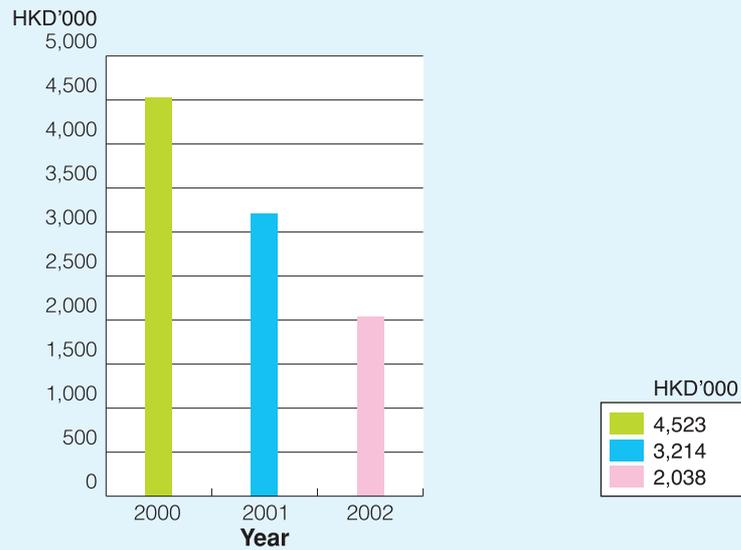
Financial Highlights (continued)



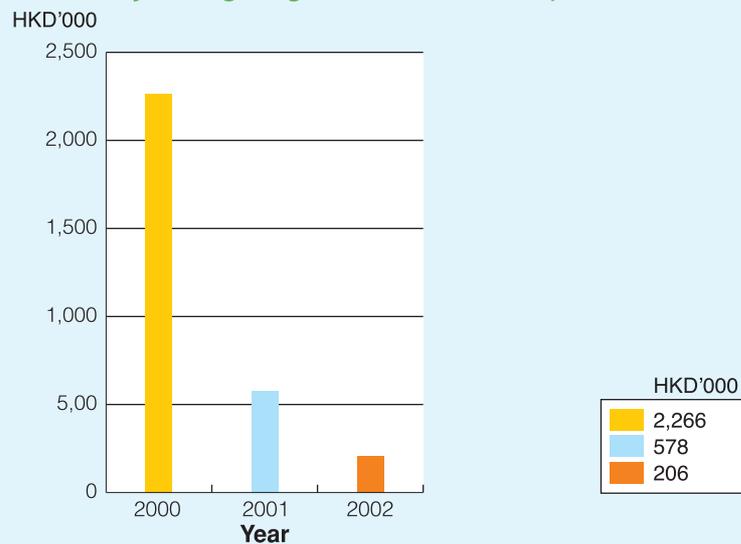
Financial Highlights (continued)

Restructured Bank Debts from 2000 (commencement of Scheme) to 2002

**Guangdong Investment Limited
Outstanding of Restructured Bank Debts**



**Standalone Companies
Outstanding of Restructured Bank Debts
(guaranteed by Guangdong Investment Limited)**



Financial Highlights (continued)

ANALYSIS OF THE GROUP'S BUSINESS

An analysis of the Group's turnover and earnings before interest, tax, depreciation and amortization ("EBITDA") by principal activity and geographical area of operations for the year ended 31 December 2002 is as follows:

Year ended 31 December 2002

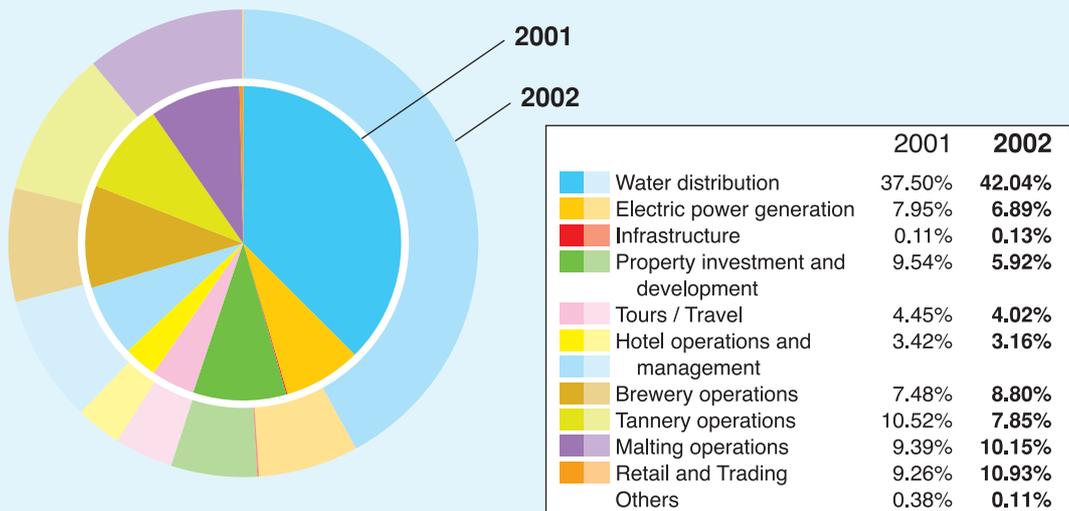
	Turnover		Profit/(Loss) from	EBITDA
	HK\$'000	%	operating activities after finance costs HK\$'000	HK\$'000
By activities:				
Water distribution	2,831,978	42.04	302,765	2,415,241
Electric power generation	464,370	6.89	(65,409)	2,579
Infrastructure	8,587	0.13	39,755	157,151
Property investment and development	398,685	5.92	106,926	147,179
Tours/Travel	271,030	4.02	(13,120)	4,546
Hotel operations and management	212,614	3.16	73,811	87,948
Brewery operations	593,052	8.80	104,943	189,469
Tannery operations	529,055	7.85	(73,672)	(47,710)
Malting operations	683,931	10.15	57,821	106,814
Retail & Trading	736,032	10.93	30,037	46,673
Others	7,691	0.11	(207,243)	(53,631)
	6,737,025	100.00	356,614	3,056,251
By geographical area:				
The People's Republic of China ("Mainland China")	6,246,485	92.72		
Hong Kong Special Administrative Region ("Hong Kong")	476,235	7.07		
Others	14,305	0.21		
	6,737,025	100.00		

Year ended 31 December 2001

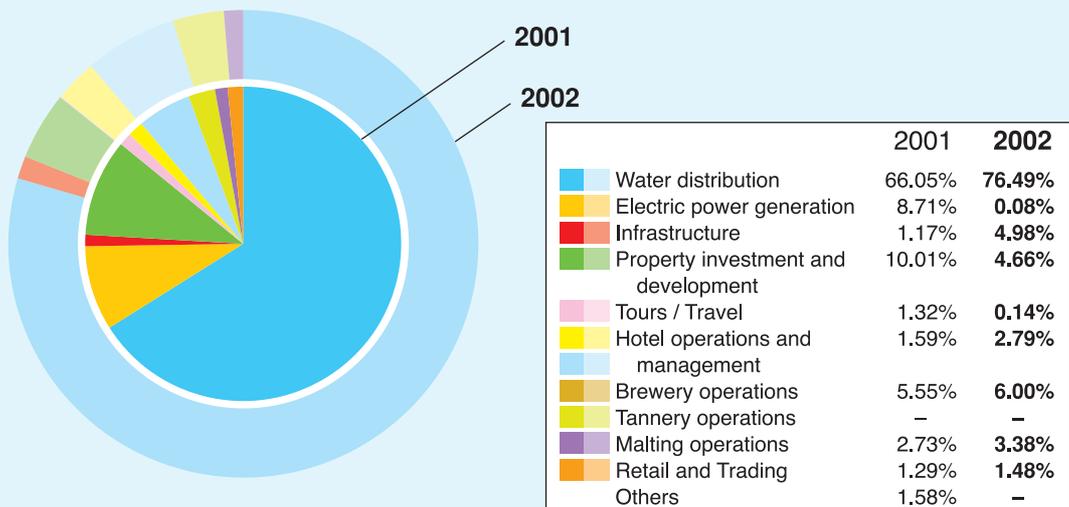
	Turnover		Profit/(Loss) from	EBITDA
	HK\$'000	%	operating activities after finance costs HK\$'000	HK\$'000
By activities:				
Water distribution	2,727,623	37.50	317,463	2,146,759
Electric power generation	578,001	7.95	212,037	283,273
Infrastructure	7,785	0.11	(9,313)	38,105
Property investment and development	693,787	9.54	266,220	325,271
Tours/Travel	323,245	4.45	19,423	42,939
Hotel operations and management	248,580	3.42	26,533	51,772
Brewery operations	543,922	7.48	63,877	180,326
Tannery operations	764,929	10.52	(80,552)	(38,033)
Malting operations	682,764	9.39	20,484	88,803
Retail & Trading	673,311	9.26	15,255	42,079
Others	27,571	0.38	(258,733)	51,206
	7,271,518	100.00	592,694	3,212,500
By geographical area:				
Mainland China	6,661,172	91.61		
Hong Kong	608,580	8.37		
Others	1,766	0.02		
	7,271,518	100.00		

Financial Highlights (continued)

**Segmented Information
(Turnover)**

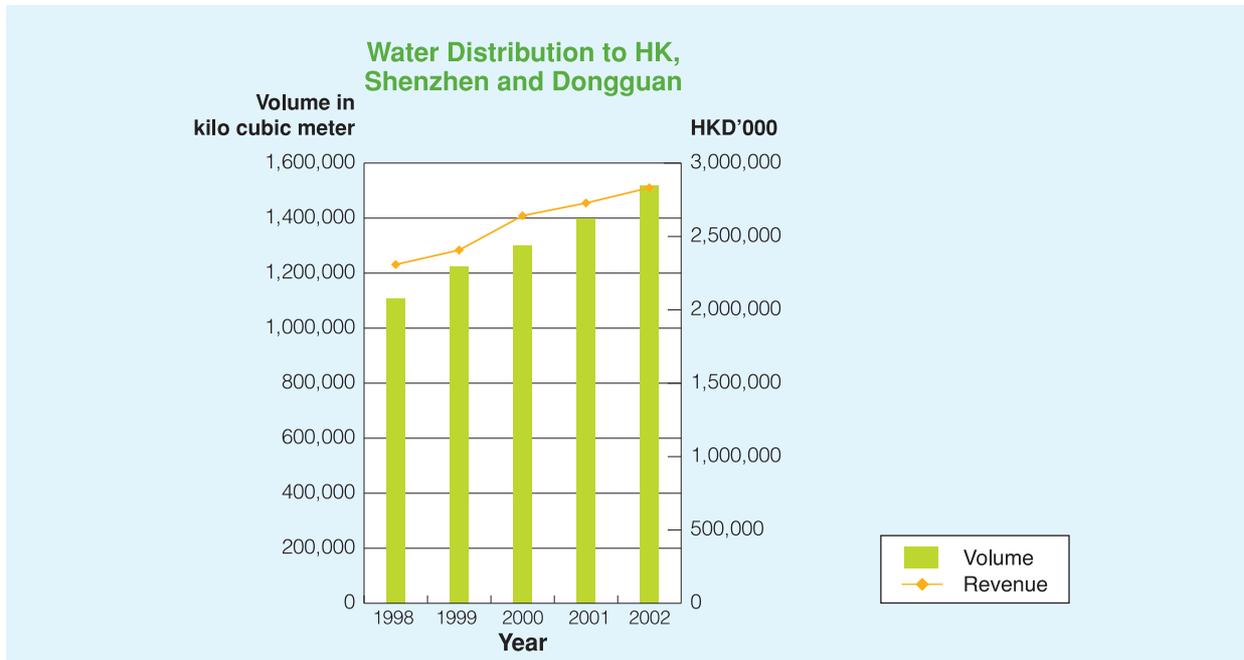


**Segmented Information
(EBITDA)**

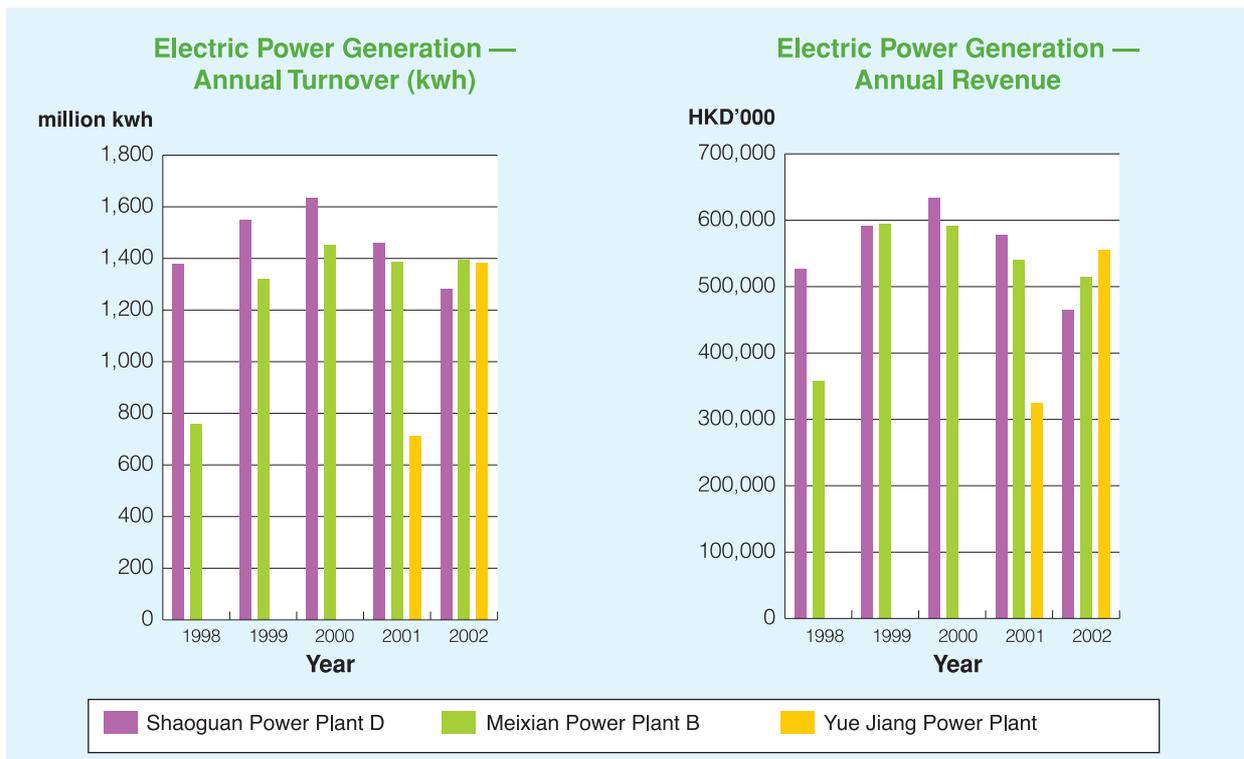


Financial Highlights (continued)

Water Distribution



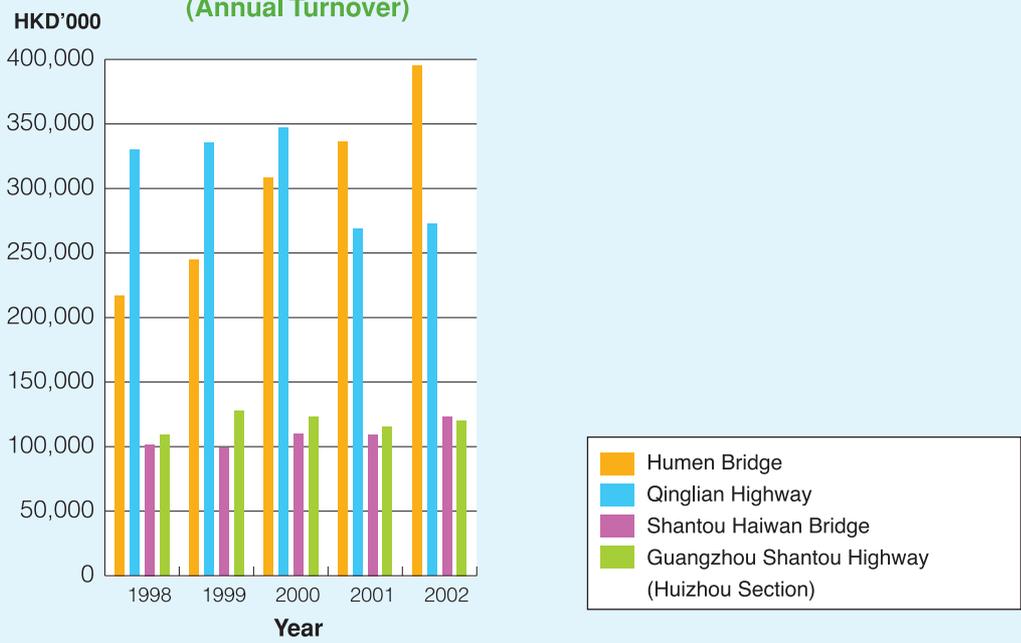
Electric Power Generation



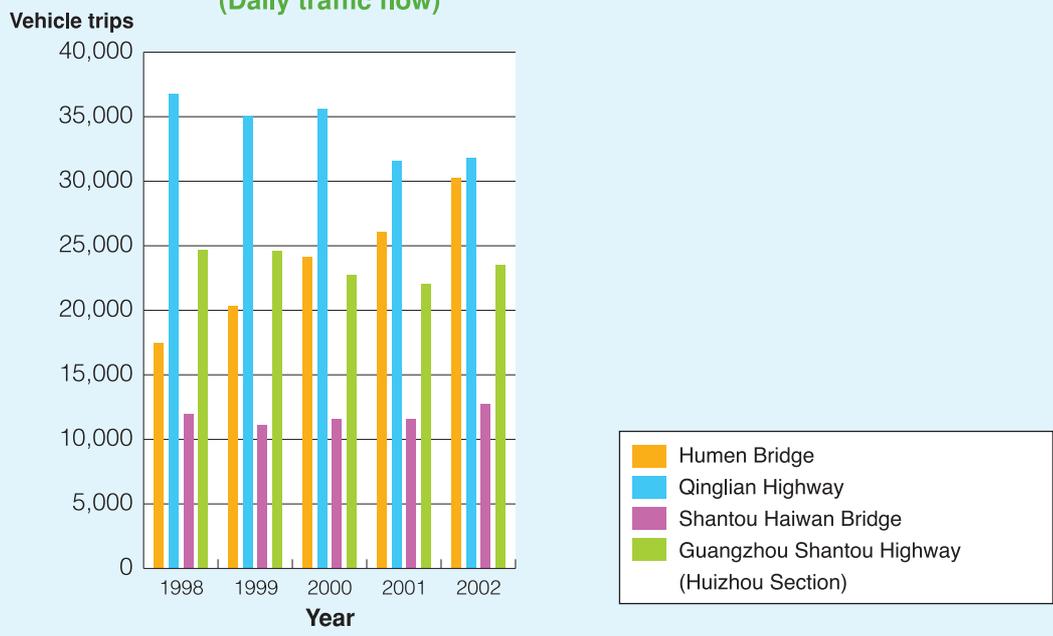
Financial Highlights (continued)

Toll Roads and Bridges

**Two Roads and Two Bridges
(Annual Turnover)**



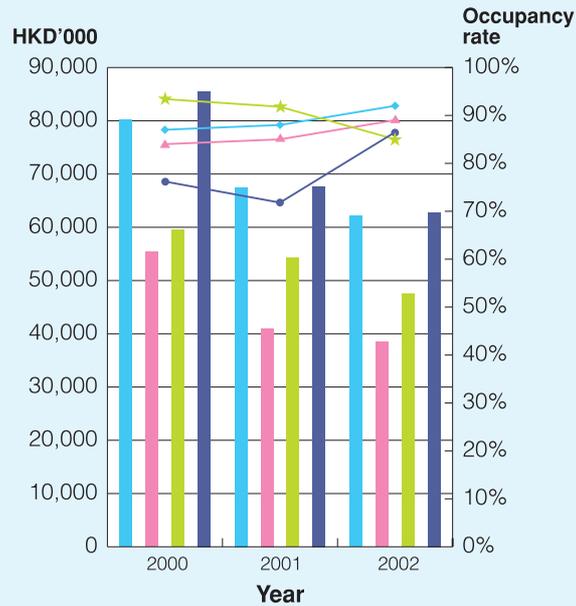
**Two Roads and Two Bridges
(Daily traffic flow)**



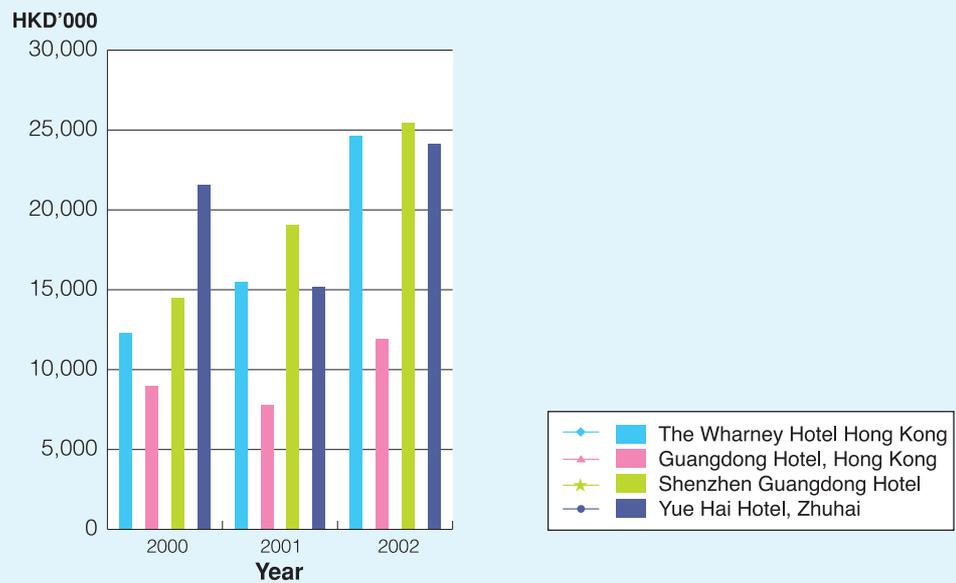
Financial Highlights (continued)

Hotel Operations

Hotels — Turnover



Hotels — EBITDA



- ◆ The Wharney Hotel Hong Kong
- ◆ Guangdong Hotel, Hong Kong
- ★ Shenzhen Guangdong Hotel
- ◆ Yue Hai Hotel, Zhuhai