



**新創建集團有限公司\***  
**NWS Holdings Limited**  
(incorporated in Bermuda with limited liability)

**ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2003**

**RESULTS**

The board of directors (the "Directors") of NWS Holdings Limited (the "Company" or "NWSH", formerly known as Pacific Ports Company Limited) announces the audited consolidated results of the Company and its subsidiary companies (the "Group") for the year ended 30 June 2003 together with comparative figures for the year ended 30 June 2002, as follows:

	Note	2003 HK\$m	2002 HK\$m
Turnover	1	5,770.0	125.1
Cost of sales		(5,176.1)	(82.7)
Gross profit		593.9	42.4
Other revenues		58.0	28.0
Recognition of one-off negative goodwill		474.0	—
Amortization of net negative goodwill		72.0	—
General and administrative expenses		(419.9)	(64.8)
Other operating expenses		(44.2)	—
Other charges		(74.8)	(215.3)
Operating profit/(loss)	2	659.0	(209.7)
Finance costs		(194.1)	(2.9)
Share of results of jointly controlled entities		596.4	165.3
Associated companies		317.3	260.7
Profit before taxation		1,378.6	213.4
Taxation	3	(146.7)	(67.2)
Profit after taxation		1,231.9	146.2
Minority interests		(18.5)	(2.3)
Profit attributable to shareholders		1,213.4	143.9
Dividends	4	367.6	175.1
Earnings per ordinary share	5	HK\$1.39	HK\$0.05

**Notes:**

**1. Turnover, revenue and segment information**

The Group is principally engaged in container handling, logistics and warehousing services, infrastructure operations, property and facilities management, contracting, transport and other services. The Group's turnover and contribution from operations are analyzed as follows:

**a. Business segments**

	2003								Consolidated HK\$m
	Container handling, logistics and warehousing HK\$m	Roads and bridges HK\$m	Energy, water treatment and waste management HK\$m	Facilities HK\$m	Contracting HK\$m	Transport HK\$m	Others HK\$m	Eliminations HK\$m	
External sales	12.8	182.6	1.2	717.6	4,158.2	603.3	94.3	—	5,770.0
Intra-segment sales	—	—	—	62.9	411.5	—	11.1	(485.5)	—
Total turnover	12.8	182.6	1.2	780.5	4,569.7	603.3	105.4	(485.5)	5,770.0
Segment results	(6.4)	82.6	5.7	81.0	64.2	(8.5)	16.5	—	235.1
Recognition of one-off negative goodwill	—	—	—	—	—	—	—	—	474.0
Amortization of net negative goodwill	—	—	—	—	—	—	—	—	72.0
Profit on disposal of a subsidiary company	—	—	—	—	—	—	—	—	27.1
Impairment loss on fixed assets	(70.0)	27.1	—	—	(2.2)	(2.6)	—	—	(74.8)
Unallocated corporate expenses	—	—	—	—	—	—	—	—	(9.6)
Operating profit	—	—	—	—	—	—	—	—	659.0

	2002								Consolidated HK\$m
	Container handling, logistics and warehousing HK\$m	Roads and bridges HK\$m	Energy, water treatment and waste management HK\$m	Facilities HK\$m	Contracting HK\$m	Transport HK\$m	Others HK\$m	Eliminations HK\$m	
External sales	125.1	—	—	—	—	—	—	—	125.1
Intra-segment sales	—	—	—	—	—	—	—	—	—
Total turnover	125.1	—	—	—	—	—	—	—	125.1
Segment results	6.3	—	—	—	—	—	—	—	6.3
Impairment loss on fixed assets	(119.5)	—	—	—	—	—	—	—	(119.5)
Net loss on disposal of subsidiary companies and partial disposal of jointly controlled entities	(68.3)	—	—	—	—	—	—	—	(68.3)
Unallocated corporate expenses	—	—	—	—	—	—	—	—	(29.7)
Operating loss	—	—	—	—	—	—	—	—	(209.7)

**b. Geographical segments**

	2003		2002	
	Turnover HK\$m	Segment results HK\$m	Turnover HK\$m	Segment results HK\$m
Hong Kong	4,362.2	157.9	—	—
Mainland China	1,405.8	75.5	125.1	6.3
Others	2.0	1.7	—	—
	5,770.0	235.1	125.1	6.3

**2. Operating profit/(loss)**

The calculation of basic earnings per share is provided at the rate of 17.5% (2002: 16%) on the estimated assessable profits for the year. Tax on Mainland China and overseas profits has been calculated on the estimated taxable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2003		2002	
	HK\$m	HK\$m	HK\$m	HK\$m
Crediting:				
Profit on disposal of a subsidiary company	—	27.1	—	21.7
Interest income	—	11.3	—	5.1
Machinery hire income	—	14.2	—	—
Charging:				
Cost of inventories sold	—	176.3	—	—
Depreciation	—	241.0	—	38.9
Other charges	—	—	—	—
Loss on disposal of a subsidiary company and partial disposal of jointly controlled entities	—	—	—	90.0
Impairment loss on fixed assets	—	74.8	—	119.5
Impairment loss on non-trading securities	—	—	—	5.8
	—	74.8	—	215.3

**3. Taxation**

The calculation of basic earnings per share is provided at the rate of 17.5% (2002: 16%) on the estimated assessable profits for the year. Tax on Mainland China and overseas profits has been calculated on the estimated taxable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2003		2002	
	HK\$m	HK\$m	HK\$m	HK\$m
Company and subsidiary companies				
Hong Kong profits tax	25.8	—	8.3	0.1
Mainland China and overseas taxation	8.4	—	—	—
Deferred taxation	—	42.5	—	0.1
Jointly controlled entities				
Hong Kong profits tax	27.8	25.9	—	—
Mainland China and overseas taxation	16.6	—	—	—
Deferred taxation	6.1	50.5	—	25.9
Associated companies				
Hong Kong profits tax	53.1	41.2	—	—
Mainland China and overseas taxation	0.1	—	—	—
Deferred taxation	0.5	—	—	—
	53.7	41.2	—	—
	146.7	67.2	—	—

**4. Dividends**

	2003 HK\$m	2002 HK\$m
Interim dividend paid of HK\$Nil (2002 restated: HK\$0.2) per ordinary share	—	41.2
Final dividend proposed of HK\$0.2 (2002: HK\$Nil) per ordinary share	356.2	—
4% cumulative convertible redeemable preference shares	11.4	133.9
	367.6	175.1

**5. Earnings per ordinary share**

The calculation of basic earnings per ordinary share is based on profit of HK\$1,213.4 million (2002: HK\$143.9 million) less preference share dividend of HK\$11.4 million (2002: HK\$133.9 million) and the weighted average of 866.1 million (2002 restated: 206.0 million) ordinary shares in issue during the year. The comparatives have been restated due to consolidation of 10 shares into 1 share during the year.

The diluted earnings per ordinary share for the year ended 30 June 2003 is not presented as the share options granted by the Company would not have a dilutive effect.

The diluted earnings per ordinary share for the year ended 30 June 2002 is not presented as the conversion of preference shares and share options granted by the Company would not have a dilutive effect.

**FINAL DIVIDEND**

The Directors recommend the payment of a final dividend of HK\$0.2 per ordinary share (2002: HK\$Nil) to the shareholders whose names appear on the register of members of the Company on 28 November 2003.

The register of members of the Company will be closed from Tuesday, 25 November 2003 to Friday, 28 November 2003, both dates inclusive, during which period, no transfer of shares will be registered. Dividend warrants will be despatched to shareholders on or about Tuesday, 16 December 2003. In order to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch registrars in Hong Kong, Standard Registrars Limited, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Monday, 24 November 2003.

**FINANCIAL REVIEW**

**Reorganization**

During the financial year ended 30 June 2003 ("FY2003"), NWSH played a major role in the reorganization of the New World Group (the "Reorganization"). Under the Reorganization, NWSH became the flagship service arm of the New World Group, a focused enterprise with service operations that extend across Greater China in the sectors of service management, infrastructure and ports development.

The Reorganization was announced on 21 October 2002 and highlighted the acquisition made by Pacific Ports Company Limited ("PPC") of New World Services Limited ("NWSS", now known as NWS Service Management Limited) and the traditional infrastructure assets of New World Infrastructure Limited ("NWI"). PPC was renamed NWSH upon completion of the Reorganization on 29 January 2003 and the NWSH consolidated shares debuted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 February 2003.

The Reorganization comprised: the acquisition of interests in NWI traditional infrastructure investments and the assignment of shareholder loans to infrastructure investee companies at a consideration of approximately HK\$9.6 billion, including cash of about approximately HK\$8.5 billion, an undertaking to repay liabilities of approximately HK\$0.9 billion, and fair value of approximately 853 million NWSH shares issued at HK\$0.29 per share; the acquisition of the share capital of NWSS for approximately HK\$3.4 billion, representing a value of approximately 11,701 million NWSH shares issued at HK\$0.29 per share; and, a distribution of the entire holding of approximately 5.6 billion NWSH shares held by NWI to the NWI shareholders, including the issue of nearly 3.2 billion shares to NWI upon conversion of all preference shares into ordinary shares.

**Segment Analysis**

The Group reported a profit attributable to shareholders of HK\$1,213.4 million, an increase of 743% compared to HK\$143.9 million for the financial year ended 30 June 2002 ("FY2002"). Attributable operating profit ("AOP") rose to HK\$964.9 million, up 167% from HK\$360.8 million in FY2002. The growth was primarily due to the Reorganization. The contributions from NWSS and NWS Infrastructure Management Limited ("NWSI") cover the period from 29 January 2003 to 30 June 2003 ("the Period") and have been consolidated into Group results.

NWSS includes five segments: Facilities, Contracting, Transport, Financial and Environmental. NWSS' AOP for the Period was HK\$236.4 million, representing 24% of the Group total. Facilities achieved AOP of HK\$73.3 million, or 31% of total NWSS' AOP. Contracting reported AOP of HK\$154.4 million, some 65% of total NWSS' AOP. Transport recorded a HK\$25.1 million loss, mainly due to a decline in customer flows during the Severe Acute Respiratory Syndrome ("SARS") period and the competition from the new Mass Transit Railway line in Tsung Kwan O ("TKO Line").

NWSI comprises three segments: Roads and Bridges, Energy, and Water Treatment and Waste Management. These segments generated AOP for the Period of HK\$324.9 million and accounted for 34% of Group AOP. The Roads and Bridges and Energy segments were major contributors, with AOP of HK\$124.3 million and HK\$182.8 million respectively, for a combined 95% of NWSI's AOP. AOP contribution from Water Treatment and Waste Management reached HK\$17.8 million.

NWS Ports Management Limited ("NWSP") reported AOP of HK\$403.6 million, a rise of 12% over HK\$360.8 million in FY2002, representing 42% of the Group AOP. Container handling was the major contributor and achieved AOP of HK\$229.0 million, accounting for 57% of NWSP's AOP.

In Spring 2003, Hong Kong and Mainland China suffered severely from SARS and Group AOP was negatively impacted. NWSS was the hardest hit business arm and the Transport segment suffered most, and the estimated loss in profit for NWSS was approximately HK\$147.7 million. NWSI was less affected by SARS, though some HK\$10.0 million of estimated profit was lost. Generally, SARS had limited impact on NWSP in FY2003.

The financial results benefited from net negative goodwill of HK\$994.6 million derived from the acquisition of NWSS' businesses. The amortization of this net negative goodwill of HK\$546.0 million has been recognized in the consolidated profit and loss accounts, and is composed of a recognition of one-off negative goodwill of HK\$474.0 million and annual amortization of HK\$72.0 million. Other non-recurring items include a HK\$27.1 million profit on disposal of Roadway No.1967 (Xinxing Section) and a HK\$74.8 million impairment loss on fixed assets as compared to HK\$119.5 million in FY2002.

Hong Kong and Mainland China were the dominant AOP producers, contributing 64% and 36% respectively, compared to 94% and 6% in FY2002. Overall, the Group achieved a more balanced investment portfolio by region.

**Business Performance**

For ease of comparison, the analysis of business performance has been prepared on a year-on-year basis as follows:

**NWSS**

NWSS' AOP for FY2003 (12-month) produced a satisfactory result of HK\$627.4 million as compared to FY2002 of HK\$980.4 million. This satisfactory result was achieved despite the material impact of SARS on operations. The contribution to NWSH for the Period reached HK\$236.4 million.

**Facilities**

Facilities achieved an AOP of HK\$265.5 million, 9% below that of the previous year. Hong Kong Convention and Exhibition Centre (Management) Limited attained a satisfactory result despite the postponement or cancellation of exhibitions, functions and banquets due to the SARS outbreak. Due to stringent cost saving measures, the performance was not as adversely affected as forecast. Other facilities management and service companies, such as property management, security and guarding, and cleaning service companies, performed to expectations. Only the laundry business was severely impacted by SARS.

\* For identification purposes only

**Contracting**

Contracting's AOP was under pressure due to decreased development activity and declined to HK\$214.5 million, a 50% decrease over the previous year. Still, Hip Hing Construction Group and the NWS Engineering Group registered a substantial contribution due to cost cutting and efficiency improvements. Total contracts on hand reached HK\$25 billion and the value to be completed was HK\$13.6 billion at 30 June 2003.

**Transport**

Transport's AOP was HK\$321.1 million, down 80% from the previous year. New World First Bus Services Limited ("NWFB") serves the Hong Kong mass transit system with 100 routes and 769 buses. During the year, the NWFB contribution was affected by commencement of the TKO Line. New World First Ferry Services Limited and New World First Ferry (Macau) Services Limited operate 33 vessels to serve 11 routes, including the Hong Kong-Macau route.

**Financial, Environmental and Others**

Financial produced an AOP of HK\$34.3 million. The contributions mainly come from the encouraging performance of New World Insurance Management Limited and the corporate secretarial service group under Tricor Holdings Limited. Environmental posted a stable AOP of HK\$18.8 million, compared to HK\$17.9 million in the previous year, due to the solid results of Hong Kong Island Landscape Company Limited, a gardening and landscaping service company, and the 47%-owned Far East Landfill Technologies Limited.

**NWSI**

Pro-forma AOP contributions in FY2003 from the Roads and Bridges, Energy, and Water Treatment and Waste Management segments were HK\$351.9 million, HK\$398.1 million and HK\$26.2 million respectively, totalling HK\$776.2 million, an increase of 21% over the previous year. The AOP contribution to NWSH for the Period was HK\$324.9 million. Total cash contribution from 1 October 2002 (first date of cash contribution to NWSH pursuant to the Reorganization) to 30 June 2003 was approximately HK\$1,130.0 million, exceeding the budget by nearly 10%.

**Roads and Bridges**

Roads and Bridges' AOP increased 45% over the previous year. Though the performance was adversely affected by SARS in the second half of FY2003, the overall result was outstanding due to the prominent traffic growth in expressway projects and one-time windfall gains. Despite a traffic fall and a reduction in interest income, Guangzhou City Northern Ring Road's rose 13% to HK\$112.7 million due to a tax refund and a decrease in operating expenses. AOP of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) rose to HK\$51.4 million from FY2002 due to an increase in the average daily traffic flow of Phase I and II by 14% and 16% respectively, and the recognition of a one-off net interest income which was deferred previously. AOP from Bridges reduced by HK\$7.6 million to HK\$3.4 million in FY2003. This was primarily due to the cessation of the toll collection right at Yangtze River Bridge No. 2 as of 1 October 2002.

**Energy**

Energy's AOP increased 8% from FY2002. The combined AOP of Zhuijiang Power Station Phase I and II increased slightly to HK\$269.2 million, despite tariff reductions retroactive from July 2002. An increase in the attributable profit of Phase I and a rise in sales volume at Phase II offset most of the adverse impact of tariff reductions. The segment also benefited from the gain on the disposal of an effective interest of 1.35% in Companhia de Electricidade de Macau-CEM, S.A. (Macau Power Plant) to China Power International Holding Limited in May 2003.

**Water Treatment and Waste Management**

The AOP of this segment decreased 24% compared to FY2002. The drop was mainly attributable to a share of a specific provision of HK\$15 million made for under-performing projects and a fall in profit contribution from Shenyang Public Utility Holdings Company Ltd., which disposed of all water plants. New projects in Qingdao and Chongqing, which commenced operations in August 2002 and November 2002 respectively, produced a combined AOP of HK\$7.6 million and mitigated the downward effect. The Macao Water Supply Company Limited, the top contributor, increased water sales by more than 2%. In addition, NWSI explored opportunities in waste management in Shanghai.

**NWSP**

NWSP maintained its AOP growth despite the economic downturn in Hong Kong and the SARS impact. Hong Kong remained as the most important AOP contributor. CSX World Terminals Hong Kong Limited ("CSXWTHK") and ATL Logistics Centre Hong Kong Limited reported a combined AOP of HK\$364.6 million, an increase of 7% over FY2002.

Tianjin and Xiamen led the way in Mainland China. CSX Orient (Tianjin) Container Terminals Co., Limited contributed AOP of HK\$35.4 million, an increase of 67% from FY2002. Xiamen Xiang Yu Quay Co., Ltd. ("Xiangyu") reported an AOP of HK\$10.6 million, a decrease of 24%. The drop was mainly due to the reduction of shareholding in Xiangyu from 92% to 50% as Xiangyu merged with Xiamen Xiangyu Free Trade Zone Huijian Quay Co., Ltd. and Xiamen Xiangyu Free Port Developing Co., Ltd.

**OUTLOOK**

All NWSH businesses benefit from key fundamentals, such as Hong Kong's economic recovery, expansion of Mainland China's economy, accession to the World Trade Organization and the Mainland and Hong Kong Closer Economic Partnership Arrangement ("CEPA"). The only question is to what degree do these factors benefit AOP.

NWSS' AOP will benefit from the Hong Kong economic recovery, the end of SARS and potential projects in Mainland China. Transport and Facilities should witness a marked improvement. NWSS' potential to serve Mainland China is promising. The structural changes to Mainland China property market and subsequent policy alterations may create opportunity for Contracting and Facilities businesses.

NWSI expects an AOP increase as a result of Mainland China growth and infrastructure development. Industrial expansion requires transport between provinces and cities, power to increase production and an efficient method to handle waste. However, changes in regulations and tariff pricing may cause uncertainty.

Hong Kong remains as the key NWSP's AOP contributor. Hong Kong port will maintain its competitive position in South China due to its ability to process trade efficiently. In addition, exports growth in Guangdong, recent CEPA agreement, planned construction of the Hong Kong-Zhuhai-Macau Bridge, new capacity coming online with the Container Terminal No. 9 and improved operating efficiencies present a promising outlook.

**FINANCIAL RESOURCES**

As at 30 June 2003, total cash and bank balances amounted to HK\$2,548.4 million, compared to HK\$349.3 million for FY2002. The net debt after the Reorganization amounted to HK\$8,682.0 million was primarily due to the consolidation of debt from NWSS and bank finance for the acquisition of NWI's infrastructure assets, of which approximately HK\$1,789.3 million was repaid during the Period, and the net debt reduced to HK\$6,892.7 million at 30 June 2003. As a result, the gearing ratio, which represents net debt to shareholders' funds plus minority interests and loans, decreased from 85% at the completion of the Reorganization to 62% in June 2003. The capital structure of the Group was 52% debt and 48% equity in June 2003, compared to the debt free position in the previous financial year.

The Group's funding and treasury policy is to maintain a balanced debt profile with sufficient risk diversification by specifying the preferred mix of fixed and floating debts. As at 30 June 2003, long-term bank loans amounted to HK\$7,754.6 million, representing 82% of total debt. A substantial portion of the long-term bank loans was attributed to the bridging loan, HK\$6,000.0 million outstanding at 30 June 2003, secured by the shares in the directly owned subsidiaries of the Company, which was arranged for the Reorganization. This bridging loan shall be refinanced by a long-term syndicated bank loan subsequently. Other secured bank loans amounted to HK\$232.3 million, of which HK\$133.2 million was secured by the toll collection rights of certain roads and HK\$99.1 million was secured by cash deposits. Fixed rate borrowings amounted to HK\$226.7 million denominated in Renminbi ("RMB"). All other debts were in floating rate and denominated in Hong Kong dollars.

Except for RMB, the Group did not have any other material exposure in exchange risk during the year.

Net cash inflow from operating activities reached HK\$920.2 million. Net cash outflow from investing activities of HK\$4,465.2 million was primarily due to the acquisition of NWI's infrastructure assets and net cash inflow from financing activities of HK\$5,732.9 million was mainly due to the bank financing for this acquisition.

Total Group capital commitments were HK\$50.4 million, and the share in capital commitments committed by jointly controlled entities were HK\$41.5 million. Sources of funding for the Group commitments are internally generated resources and banking facilities.

**CONTINGENT LIABILITIES**

Contingent liabilities of the Group was HK\$2,211.1 million, composed of guarantees for credit facilities granted to associated companies and jointly controlled entities HK\$1,279.9 million (2002: Nil) and HK\$932.2 million (2002: Nil) respectively. These guarantees included a corporate guarantee given by the Group for banking facilities granted to Asia Container Terminal Limited ("ACT"), releasing and replacing guarantees from NWI prior to the Reorganization, to the extent of approximately HK\$888.0 million as at 30 June 2003 (2002: Nil), in proportion to the Group's interest in ACT. The proportionate amount utilized against such facilities at 30 June 2003 which was secured by the guarantee amounted to approximately HK\$267.3 million (2002: Nil). CSXWTHK has agreed