

New World Group

新世界集團重組計劃

November 2002



Please refer to Shareholders' Circulars for full details

All terms in this presentation are the same as defined in the PPC shareholders' circular, unless otherwise noted

Shareholders' Circular Highlights



S&P Issues Investment Grade Credit Rating

BBB-, stable outlook

BBB Range Companies

Hong Kong, BBB- rated

- **CITIC Pacific**
- **Kerry Properties**

BBB Range

Hong Kong

- **Swire Pacific**
- **Wharf Holdings**
- **Hongkong Land**

The PRC

- **Sinopec**
- **CNOOC**

Global

- **Ford Motor Company**
- **General Motors**
- **Renault**
- **Lockheed Martin**



HK\$7 Bn Committed Bank Financing

- **Bank of America**
- **Bank of China**
- **Development Bank of Singapore**
- **Hang Seng Bank**
- **Hong Kong Shanghai Banking Corporation**
- **Industrial and Commercial Bank of China**



Fair Value Confirmed

	PPC	NWI (1)	NWD (NWS (2))
Independent Business Valuers	Chesterton Petty	Sallmanns	American Appraisal
Independent Financial Advisors	Commerzbank “Fair, reasonable and are based on normal commercial terms... we recommend... PPC shareholders to vote in favor...”	Anglo Chinese “We are of the view that... the terms... are fair and reasonable... we advise... NWI Independent Shareholders to vote in favor...”	N.M. Rothschild “We consider the terms... to be fair and reasonable... we advise... the Independent Shareholders to vote in favor...”
Independent Board Committee	“...recommends the PPC Independent Shareholders to vote in favor...”	“...recommends the Independent NWI Shareholders to vote in favor...”	“...recommends the Independent Shareholders to vote in favor...”
Required →	Independent Shareholders’ Approval	Independent Shareholders’ Approval	Independent Shareholders’ Approval



Notes
 1. Valuation of NWI's traditional infrastructure assets
 2. Valuation of NWS

Valuation Analysis

	NWI	NWS	PPC
Valuation	HK\$10,227MM (aggregate value)	HK\$10,913MM (equity value)	HK\$4,900MM (equity value)
Valuation (1) Parameter	Equity Discount Rate of » 15% (2)	WACC (6) of 9%-10% (3)	13.9x P/E
Benchmark	<u>EV/Adjusted EBITDA</u> - CKI 6.9x - Hopewell 11.4x - NWI (4) 9.6x	<u>P/E</u> - HSCII 14.4x - NWS 12.9x	<u>Issue Premium</u> 119% Premium to 2-Year Average Closing Price
IFA View (5)	“...in line with these comparables...”	“...is in line with HSCII...”	“... the issuance of [PPC] shares is at a substantial premium”

Notes

1. Please refer to valuation reports by Chesterton (PPC), American Appraisal (NWS) and Sallmanns (NWI) in the Appendices of NWI and PPC shareholders' circulars
2. For toll roads, bridges and PRC water and power projects
3. For NWS sub-divisions other than the security, financial management, and investment divisions
4. Valuation of infrastructure assets
5. Excerpts from Commerzbank fairness opinion. Please refer to pages 39-59 of PPC shareholders' circular
6. Weighted average cost of capital

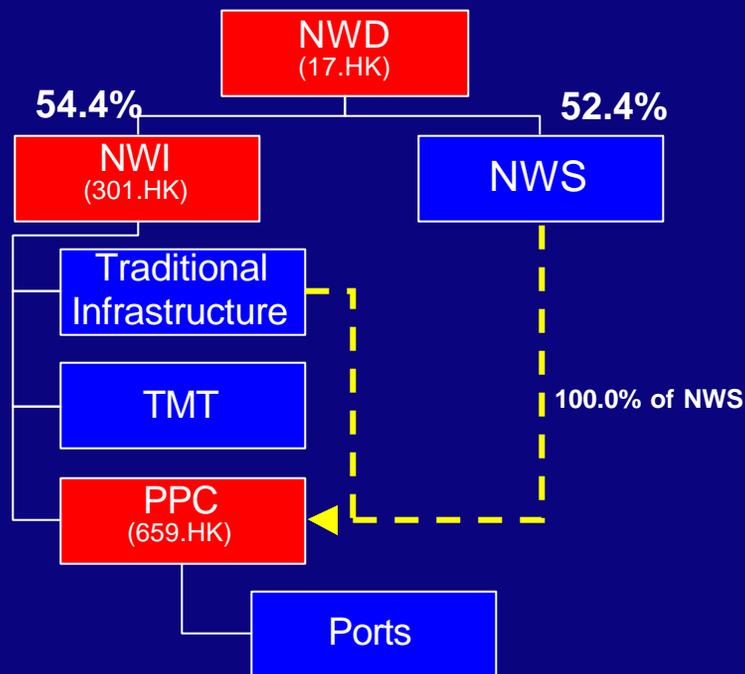


Introducing NWS Holdings

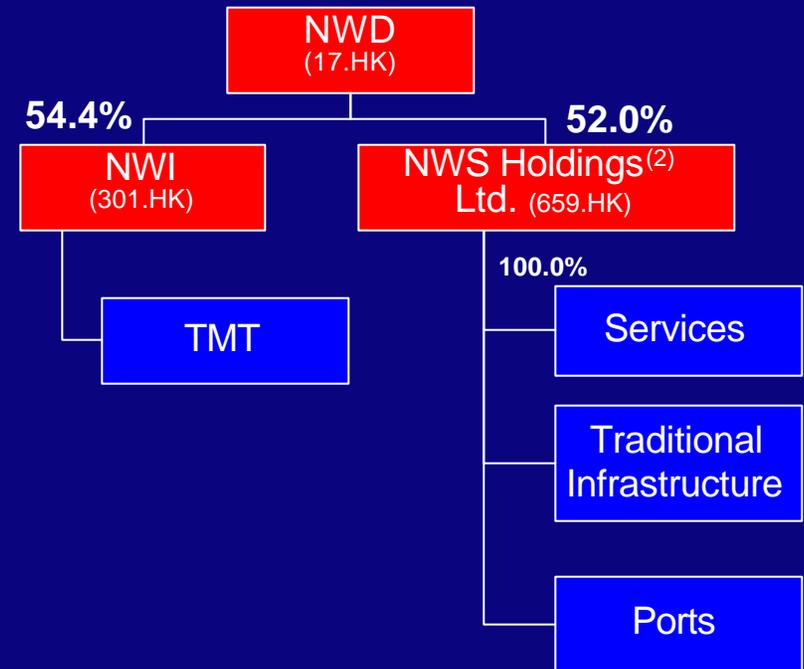


Reorganization Announced Oct. 21, 2002

Current Group Structure (1)



Group Structure at Closing (1)



Notes

1. Red boxes represent listed entities
2. Name of PPC proposed to be changed to "NWS Holdings Limited"

Window of Opportunity

PPC: Before the Reorganization



NWS Holdings: After the Reorganization



Enlarged Entity is Substantial

PPC—Before Reorganization HK\$MM ⁽⁵⁾

	PPC
Turnover	125
Adjusted EBITDA ⁽¹⁾	451
Cash Earnings ⁽²⁾	378
Cash Earnings/share (HK\$)	0.072
Net Income ⁽³⁾	144
Net Income ⁽³⁾ /share (HK\$)	0.03
Total Assets	3,817

Pro Forma NWS Holdings HK\$MM ⁽⁵⁾

	NWS Holdings	Increase
Turnover	12,409	9,827.2%
Adjusted EBITDA ⁽¹⁾	3,053	576.9%
Cash Earnings ⁽²⁾	2,136	465.1%
Cash Earnings/share (HK\$) 0.120		66.7%
Net Income ⁽³⁾	854	493.1%
Net Income ⁽³⁾ /share (HK\$)	0.05	75.2%
Net Income ⁽³⁾ excluding certain non-recurring items ⁽⁴⁾	1,071	N/A
-per share (HK\$) ⁽⁴⁾	0.06	N/A
Total Assets	37,196	874.5%

Notes

- Adjusted EBITDA equals earnings before interest (and other finance costs), tax, depreciation and amortization, net gain/loss on disposal of assets, subsidiaries and jointly controlled entities, impairment losses of fixed assets, provision for bad and doubtful debts, bad debts written off, unrealized loss on other investments and impairment losses of non-trading securities
- Cash Earnings equals profit attributable to shareholders before depreciation and amortization, net gain/loss on disposal and impairment of fixed assets, subsidiaries and jointly controlled entities and other non-cash items (including provision for bad and doubtful debts, bad debts written off, unrealized loss on other investments and impairment losses of non-trading securities)
- This represents the unaudited pro forma combined profit attributable to shareholders of the Enlarged PPC Group after certain significant adjustments for the reorganization. Please refer to PPC shareholders' circular, page 32 for more detailed information
- Excluding two significant non-recurring items totaling HK\$217MM, comprised of impairment losses of fixed assets of approximately HK\$145MM and net loss on disposal of subsidiaries and jointly controlled entities of approximately HK\$72MM. See PPC shareholders' circular, page 32
- Unless otherwise noted



Significant Increase in Cash and Cash Flow

HK\$MM	<u>PPC</u> <u>before</u>		<u>Increase by</u> <u>Reorganization</u>		<u>PPC after</u> <u>Reorganization</u> ⁽¹⁾
Cash on hand <i>Increased by</i>	349	+	1,902 545%	→	2,251
Adjusted EBITDA ⁽²⁾ <i>Increased by</i>	451	+	2,602 577%	→	3,053
Cash Earnings <i>Increased by</i>	378	+	1,758 465%	→	2,136

Notes

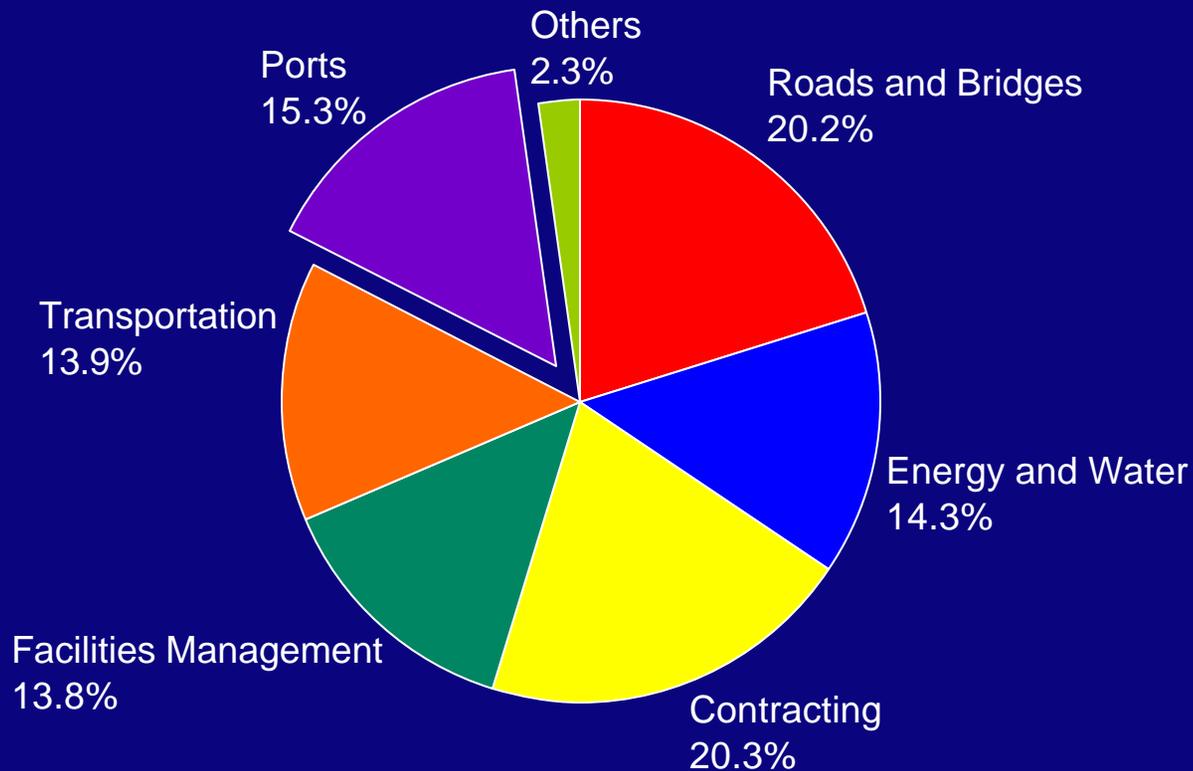
1. Figures based on pro-forma actual 2002 results

2. Adjusted EBITDA equals earnings before interest (and other finance costs), tax, depreciation and amortization, net gain/loss on disposal of assets, subsidiaries and jointly controlled entities, impairment losses of fixed assets, provision for bad and doubtful debts, bad debts written off, unrealized loss on other investments and impairment losses of non-trading securities



Diversified Sources of Cash Flows

2002 Segment EBITDA (adjusted) ⁽¹⁾



Note

1. Segment EBITDA (adjusted) equals segment results plus share of results of jointly-controlled entities and associated companies plus the add back of segment depreciation and amortization, as stated on page 212 in Appendix III of the PPC shareholders' circular



Healthy Credit Profile...Investment Grade Rating

Credit Profile

Fiscal Year Ended June 30

Pro Forma 2002

Key Financials

Adjusted EBITDA ⁽¹⁾	3,053
Interest ⁽⁵⁾	493
Total Debt ⁽²⁾	11,373
Net Debt ⁽³⁾	9,122
Total Capitalization ⁽⁴⁾	26,777

Credit Ratios

Adjusted EBITDA ⁽¹⁾ / Interest	6.2x
Total Debt ⁽²⁾ / Adjusted EBITDA ⁽¹⁾	3.7x
Net Debt ⁽³⁾ / Adjusted EBITDA ⁽¹⁾	3.0x
Net Debt ⁽³⁾ / Total Capitalization ⁽⁴⁾	34.1%

Notes

1. Adjusted EBITDA definition is the same as in the circulars and the same as in the other pages of this presentation
2. Total Debt equals bank loans and overdrafts plus long term liabilities (both current and non-current portion) plus amount due to NWI (both current and non-current portion) less loans from minority shareholders of subsidiaries
3. Net Debt equals Total Debt minus bank balances and cash
4. Total Capitalization equals Total Debt + Net Assets
5. Interest equals finance costs plus interest expense and other incidental borrowing costs to be undertaken by the Enlarged PPC Group (see Appendix 11 of the PPC circular)



Strong Contribution from Services Businesses...

Hip Hing Construction



Hong Kong Convention and Exhibition Centre



New World First Bus



New World First Ferry



...Backed by NWS' Solid Earnings...

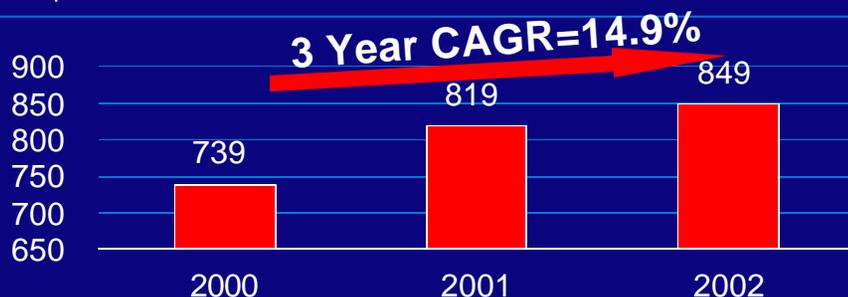
Turnover HK\$MM



Adjusted EBITDA ⁽¹⁾ HK\$MM



Net Income HK\$MM



Cash Earnings ⁽²⁾ HK\$MM



Notes

- Adjusted EBITDA equals earnings before interest (and other finance costs), tax, depreciation and amortization, net gain/loss on disposal of assets, subsidiaries and jointly controlled entities, impairment losses of fixed assets, provision for bad and doubtful debts, bad debts written off, unrealized loss on other investments and impairment losses of non-trading securities
- Cash Earnings equals profit attributable to shareholders before depreciation and amortization, net gain/loss on disposal and impairment of fixed assets, subsidiaries and jointly controlled entities and other non-cash items (including provision for bad and doubtful debts, bad debts written off, unrealized loss on other investments and impairment losses of non-trading securities)



...NWS' Strong Segmental Cash Flows and Earnings...

Segment Data

HK\$MM

	2000	2001	2002
Segment EBITDA (adjusted) ⁽¹⁾			
Contracting	526	487	651
Facilities Management ⁽³⁾	274	349	336
Transportation	264	355	430
Others ⁽⁴⁾	56	181	130
Segment Profit Before Tax ⁽²⁾			
Contracting	435	391	522
Facilities Management ⁽³⁾	261	334	316
Transportation	121	171	219
Others ⁽⁴⁾	47	165	128

Notes

1. Segment EBITDA (adjusted) equals segment results plus share of profits of jointly controlled entities and associated companies plus depreciation plus net amortization of goodwill plus impairment loss of land and buildings, as stated on pages 107-109 of Appendix I of the PPC shareholders' circular
2. Segment Profit Before Tax equals segment results plus share of profits of jointly controlled entities and associated companies, as shown on pages 107-109 of Appendix I of the PPC shareholders' circular
3. Facilities Management includes facilities management, property management, and security services
4. Others includes cleaning and landscaping, financial services and others



... and NWS' Robust Credit Profile

Credit Profile

Fiscal Year Ended June 30	2000	2001	2002
Adjusted EBITDA ⁽¹⁾ / Interest	16.8x	13.6x	19.5x
Total Debt ⁽²⁾ / Adjusted EBITDA ⁽¹⁾	1.1x	1.2x	1.7x
Net Debt ⁽³⁾ / Adjusted EBITDA ⁽¹⁾	(0.4)x	0.0x	0.1x
Net Debt ⁽³⁾ / Total Capitalization ⁽⁴⁾	(9.2)%	0.6%	1.6%

Notes

1. Adjusted EBITDA equals earnings before interest (and other finance costs), tax, depreciation and amortization, net gain/loss on disposal of assets, subsidiaries and jointly controlled entities, impairment losses of fixed assets, provision for bad and doubtful debts, bad debts written off, unrealized loss on other investments and impairment losses of non-trading securities
2. Total Debt equals bank loans and overdrafts plus long term liabilities (both current and non-current portion)
3. Net Debt equals Total Debt minus bank balances and cash
4. Total Capitalization equals Total Debt + Net Assets



Enhanced by Infrastructure Growth Businesses

Roads and Bridges



36 roads ⁽¹⁾ and 3
bridge projects ⁽²⁾

Power



5 power plant
projects

Water



17 water projects

Ports and Cargo Handling



10 ports and
cargo handling
projects



Note
1. Includes one tunnel
2. 3 operational bridges and Wuhan Bridge

...Which Also Provide Stable Cash Flow

- **State Council's intention in relation to guaranteed investment return**
 - **Group has been aware of intention since 1998**
 - **Prudent accounting to reflect only actual returns**
 - **No new investments in fixed return projects since 1998**

No Specific Impact of the intention on Infrastructure Assets

Valuers have considered intention and have not based valuations on guaranteed returns



New Vision and Strategy...

Leveraging stable cash flows to capitalize on select growth opportunities

- Focus on key infrastructure, ports and services businesses
- Invest in new projects with high growth potential

Optimizing capital structure through near-term de-leveraging

- Achieve sustainable target debt to total capital ratio
- Ensure acceptable return on equity

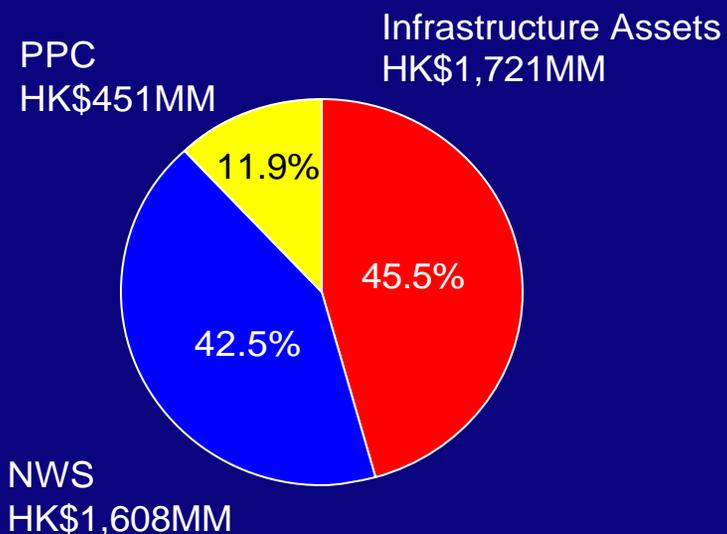
Targeting a dividend policy which is in line with comparable stable cash flow businesses

- Provide shareholders with competitive return on investment
- Consistent with the stable and recurring cash flow nature of its business

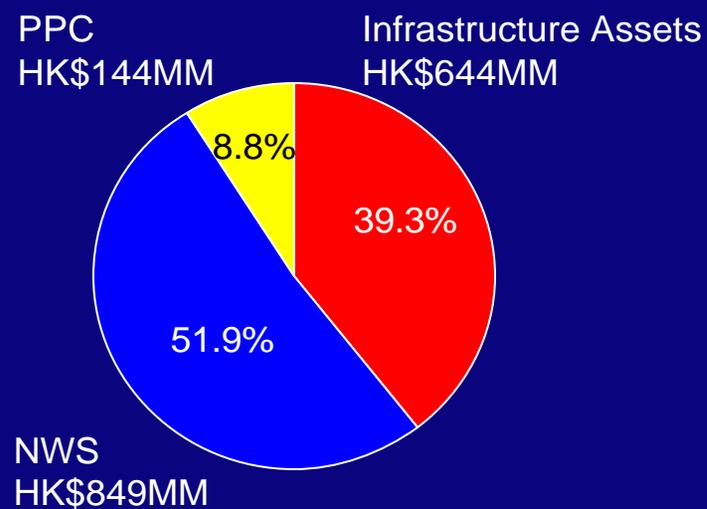


...Supported by Cash Flow and Earnings...

2002 Cash Flow ⁽¹⁾



2002 Profit ⁽²⁾



Note

1. Cash Flow here refers to Adjusted EBITDA plus repatriation of shareholders' loans for infrastructure assets (see footnote 3 in the next page for details). Adjusted EBITDA equals earnings before interest (and other finance costs), tax, depreciation and amortization, net gain/loss on disposal of assets, subsidiaries and jointly controlled entities, impairment losses of fixed assets, provision for bad and doubtful debts, bad debts written off, unrealized loss on other investments and impairment losses of non-trading securities. Please refer to Appendix III Section 3 of PPC's shareholders' circular
2. Profit here is Profit Attributable to Shareholders as stated in Appendix III Section 3 of PPC's shareholders' circular



...and Strong Cash Flows to Realize Strategy

HK\$MM	<u>Indicative</u>
Cash on Hand ⁽²⁾ (at June 30, 2002)	2,251
Plus	
Cash Earnings ⁽¹⁾ (2002 Proforma)	2,136
Plus	
Repatriation of Shareholders' Loan (2002A) ⁽³⁾	650

Reduce debt by HK\$5Bn over next 3 years ⁽²⁾

Fund Growth: Capex of HK\$1.5Bn over next 3 years ⁽²⁾

Retained Earnings / Pay Dividend

Notes

1. Cash Earnings equals profit attributable to shareholders before depreciation and amortization, net gain/loss on disposal and impairment of fixed assets, subsidiaries and jointly controlled entities and other non-cash items (including provision for bad and doubtful debts, bad debts written off, unrealized loss on other investments and impairment losses of non-trading securities)
2. Please refer to PPC's shareholders' circular page 32-34 for details
3. Repatriation of shareholder loan capital from jointly controlled entities of the infrastructure sale group companies. HK\$204MM for FY2000, HK\$24MM for FY2001, and HK\$650MM for FY2002



Reorganization Benefits



Benefits to NWD Shareholders

Utilizes assets to reduce debt

Streamlines the organization structure

Creates greater business focus

Unlocks potential of subsidiaries



Benefits to NWI Shareholders

Reduces NWI's debt and gearing

Enables shareholders to hold shares in two separate companies

Unlocks value



Benefits to PPC Shareholders

Captures growth opportunities in Greater China

Increases recurrent cash flows

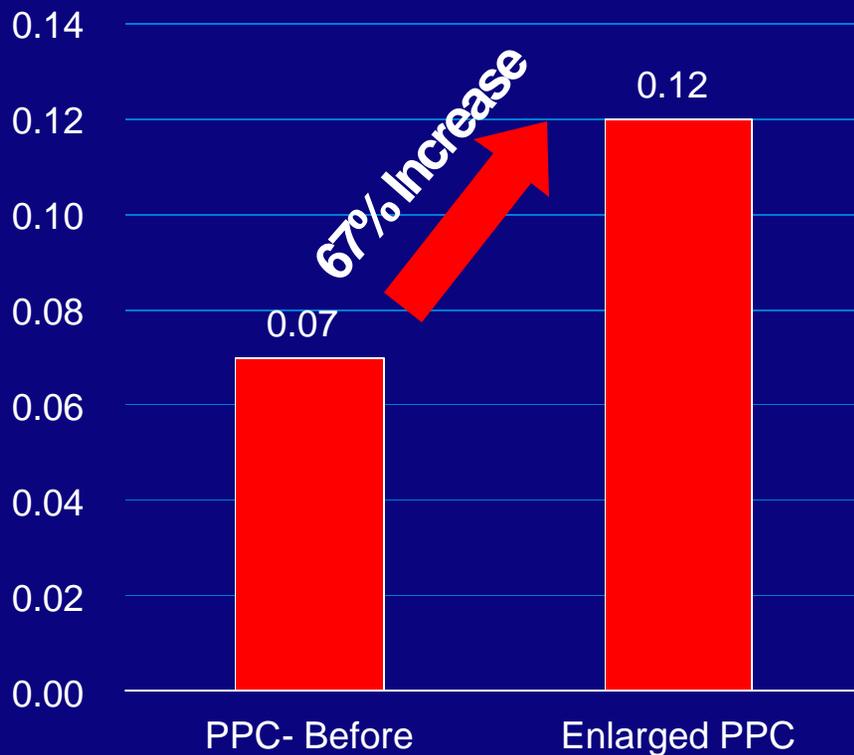
Improves cash earnings / cash earnings per share substantially

Greater scale

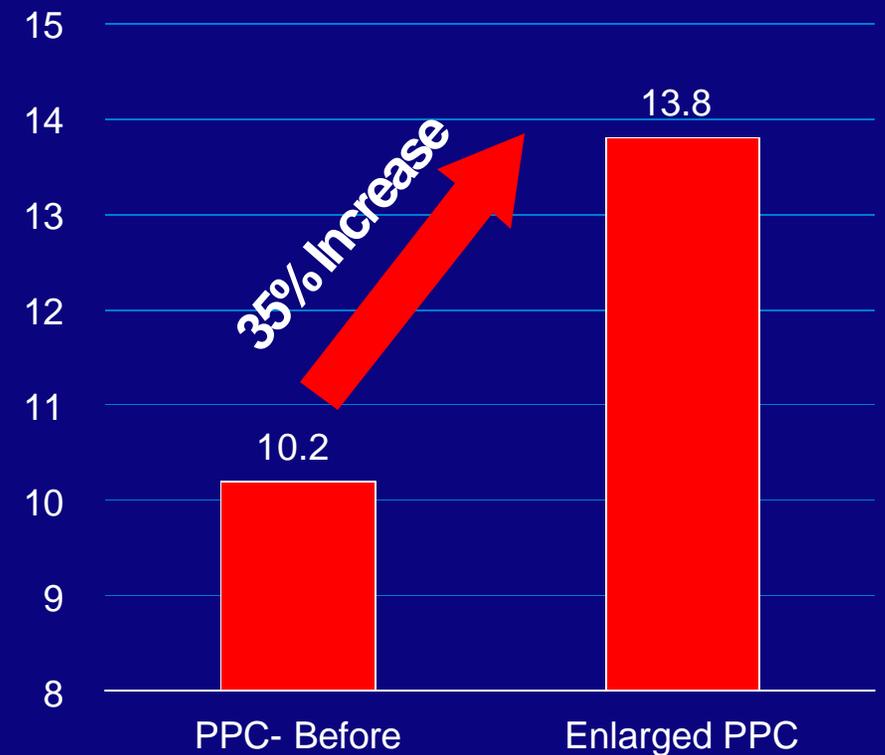


Substantial Accretion to PPC Shareholders

Cash Earnings Per Share ⁽¹⁾
HK\$



Return on Equity Based on Cash Earnings ⁽²⁾
%



Note

1. Cash Earnings equals profit attributable to shareholders before depreciation and amortization, net gain/loss on disposal and impairment of fixed assets, subsidiaries and jointly controlled entities and other non-cash items (including provision for bad and doubtful debts, bad debts written off, unrealized loss on other investments and impairment losses of non-trading securities)
2. Cash Earnings divided by total shareholders' funds



Potential Share Price Enhancement

PPC Current Price per Share ⁽¹⁾

HK\$0.42

PPC Cash Earnings per Share ⁽³⁾ Before Reorg.

HK\$0.072

PPC Current P/E
(Illustrative)

6.0x

Pro Forma Cash Earnings Per Share HK\$0.12

Implied Share Price (for illustrative purposes)

P/E (x)	Pro Forma Cash Earnings / Share (HK\$)	=	Implied Price (HK\$)
3.0	0.12	=	0.36
3.5	0.12	=	0.42
4.0	0.12	=	0.48
5.0	0.12	=	0.60
6.0	0.12	=	0.72
7.0	0.12	=	0.84
8.0	0.12	=	0.96
9.0	0.12	=	1.08
10.0	0.12	=	1.20

Current Price

Current P/E



Note

1. Based on closing price of HK\$0.415/share as at November 14, 2002

2. Name of PPC proposed to be changed to "NWS Holdings Limited"

3. Based on year 2002 actual

Issue Price at Substantial Premium to Current Price

Share Price Performance - Last Two Years

HK\$

MM Shares



Note
1. Exact issue price is HK\$0.9327/share

A Much Stronger NWS Holdings (1)

Strengthen and deepen PPC's business

Investment grade credit profile with healthy capital structure

Leading services, infrastructure and ports company in the PRC, Macau and Hong Kong

Strong cash flow to support target debt reduction program, fund capital expenditure plan for growth and sustain dividend policy



Timetable

Lock-up

- 6-month lock-up for NWS shareholders

Shareholders' Circular

- Dispatched on November 18, 2002

Shareholders' Vote at EGMs / SGM

- PPC, NWI and NWD EGMs / SGM to be held at 10:30 a.m., 11:30 a.m., and 12:00 p.m. respectively on December 12, 2002
- Rooms 403, 405, and 407 of Level 4, Hong Kong Convention and Exhibition Centre, 1 Harbour Road, Wanchai, Hong Kong

Closing

- Expected on or around January 15, 2003



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November 2002



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