



新創建 NWS



Sustaining **Business Growth**
Upholding **Corporate Citizenship**



NWS Holdings Limited

Interim Report 2007-2008

Stock code: 0659



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Milestones

2007

July

NWS Holdings further acquired interest in Guangzhou Dongxin Expressway to 40.8%.

August

Panjin Water Plant won the Ankang Cup – National H & S Enterprises of 2006 organized by All China Federation of Trade Unions and State Administration of Work Safety.

September

Taifook Securities Group Limited won the Best Equity House organized by *FinanceAsia* and the Best Equity House in Hong Kong by *Asiamoney*.

November

NWS Holdings was officially included in the list of MSCI Global Standard Indices.

NWS Holdings signed a strategic cooperation agreement with Xiamen Municipal Government and CMA CGM S.A. to develop deep-water container terminals at Haicang in Xiamen which are scheduled to become operational in 2009.

NWS Holdings won Best Practice Awards 2007 – Enterprise Governance by Best Practice Management Group.

NWS Holdings was honoured with the Critical Partnership Award by the Community Investment and Inclusion Fund.

The NWS Corporate Song music video won Gold Award in the Corporations: Internal Communications category of the 2007 International Questar Awards organized by MerComm, Inc.

December

NWS Holdings was presented the Hong Kong Award for Corporate Governance Excellence by the Chamber of Hong Kong Listed Companies at the Hong Kong Corporate Governance Excellence Awards Gala Dinner.

NWS Holdings was awarded Second Runner-up in the Large Enterprise category of the HKIHRM/SCMP People Management Awards 2007 co-organized by the Hong Kong Institute of Human Resource Management and South China Morning Post.

2008

January

NWS Holdings was presented with the 2007 Hong Kong Awards for Industries: Environmental Performance Certificate of Merit by Business Environmental Council.

NWS Holdings received the Strategic Partners Award by Employees Retraining Board at the awards presentation ceremony of the 12th “Employers Gold Star Award”, while its member company Care & Services Company Limited won the Employers Gold Star Award – Certificate of Outstanding Performance on the same occasion.

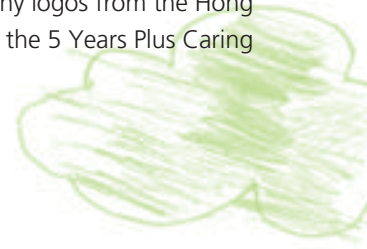
The Hong Kong Convention and Exhibition Centre was voted Best Convention and Exhibition Centre in the Asia Pacific in the 2008 Industry Survey conducted by *CEI Asia Pacific Magazine* for the sixth consecutive time.

NWS Holdings celebrated the fifth anniversary of its First Trading Day by conducting community services on the NWS Caring Day, and to strengthen the brand image of the Group, both the Chinese and English names of the Group were incorporated in its new logo.

February

Company newsletters *New Voice* and 《創建集》 won Gold Award in the Newsletter “Internal – Employee” category in the 21st International Mercury Awards organized by MerComm, Inc. A series of the HK • Love • Trees television commercials run by NWS Holdings Charities Foundation Limited won Bronze Award in the Advertising – Paid “Television Ads Campaign” category in the same competition.

NWS Holdings and its 18 member companies were presented with the 2007/08 Caring Company logos from the Hong Kong Council of Social Service. NWS Holdings and four of its member companies also received the 5 Years Plus Caring Company Logos.



Chairman's Message

Dear shareholders,

On behalf of our board of directors (the "Board"), I am pleased to report that the financial results in the first half of the financial year ending 30 June 2008 of NWS Holdings Limited ("NWS Holdings" or the "Company", together with its subsidiary companies, the "Group") can be described as outstanding.

INTERIM DIVIDEND: BENEFITS TO SHAREHOLDERS

The Board is pleased to declare an interim dividend for the year ending 30 June 2008 of HK\$0.55 per share (2007: HK\$0.25 per share). The dividend has included HK\$0.25 per share for reflecting the share of profit from the sales of units of Harbour Place during the six months ended 31 December 2007 (the "Current Period"). The interim dividend represents payout ratio of approximately 50% which is in line with the dividend policy of the Company.

STERLING PERFORMANCE

During the Current Period, the Group registered outstanding results while remarkable corporate achievements were scored on various fronts. The Group enjoyed healthy growth in profit as strong cash flow continued to be generated by its core businesses. The Group's attributable operating profit showed a year-on-year increase of 24%. During the Current Period, a share of profit of HK\$1,014.8 million was registered by the Harbour Place property project sale. Excluding the profit from property sale, net profit of the Group increased by 33%. We anticipate that additional profits from this project will continue to be materialized in the second half of the financial year ending 30 June 2008, when the remaining units are sold.

Favourable gains in the Group's operations were in part attributable to the consistently strong economic development of Mainland China during the Current Period. Following a record-high growth rate of 10.7% in 2006, Mainland China's GDP growth continued to surge ahead and broke the 11% mark in 2007. The country is set to overtake Germany as the world's largest exporter in 2008, and is even tipped to replace the US as the world's largest economy in the next decade. In tandem with the buoyant China market, the recovery of Hong Kong's economy was also well on course during the period further boosting the Group's businesses. Of the Group's core operations, outstanding performers included Roads, Ports, Contracting and Financial Services segments.

REALIZING THE GROWTH POTENTIAL

In its ongoing quest for growth and investment opportunities for its core businesses, the Group continued to expand its portfolio of large-scale infrastructure projects with enormous potential, including new roads in Mainland China. For example, the Guangzhou City Nansha Port Expressway, an operational project linking Guangzhou and Nansha Port, while the Conghua-Dongguan Expressway (Huizhou Section) running from Conghua to Dongguan, a green-field project, is expected to become operational in 2012. During the Current Period, the Group also signed a strategic agreement with Xiamen Municipal Government and CMA CGM S.A. to develop Xiamen's Haicang Port into an international transshipment hub. The completed terminal in Kunming was injected by the Chinese partner, China Railway Container Transport Corp., Ltd., into the China Rail Container Terminal joint-venture project as their equity contribution in December 2007. The construction of three new terminals in Qingdao, Zhengzhou and Chongqing has already been underway since December 2007 and is expected to be completed in late 2009. The next batch of four new terminals, namely, Wuhan, Xian, Dalian and Chengdu, is scheduled to start construction in mid 2008. Chengdu Jintang Power Plant, in which the Group holds 35% interest, has started to generate profits while Guangdong Baolihua New Energy Stock Co., Ltd. is constructing another two 300 MW plants to be in operation in second half of the year 2008.

On the home front, while the Hong Kong Convention and Exhibition Centre Atrium Link expansion is scheduled to be completed in the first quarter of 2009, Hip Hing Construction Company Limited has teamed up with Gammon Construction Limited and won the design and construction contract of the new government headquarters at Tamar. The Harbour Place property sale has attracted overwhelming response, with over 50% of the units having been sold up to mid-March 2008. Following the Group's further acquisition of approximately 40% interest in Taifook Securities Group Limited in June 2007, attributable operating profit of the Financial Services segment rose by a significant 362%, testifying the Group's fruitful investment in financial services business.

CORPORATE GOVERNANCE: FRUIT OF ONGOING EFFORT

With the aim of improving management quality, enhancing transparency and maintaining integrity of the Group's operations, corporate governance plays an important role in its management culture. A Corporate Governance Steering Committee comprising an executive director and representatives from senior management has been set up to formulate corporate governance policies for enhancing the corporate governance standards within the Group. Internal resources are appropriately deployed and that the strengths of member companies are maximized to achieve synergies.

Sound corporate governance is conducive to enhancing our corporate brand. During the Current Period, the Group was honoured with Hong Kong Award for Corporate Governance Excellence and Best Practice Award – Enterprise Governance for its high standards in implementing necessary structure and mechanism, and adherence to vigorous corporate governance practices.

The same period also saw the presentation of an international award to the Group in recognition of the production quality of the music video of our corporate song launched in 2006, its effectiveness in enhancing team spirits, and its success in projecting the image of a dynamic and innovative corporate culture. For further details about the honours bestowed on the Group, please refer to the Milestones section of this Interim Report.

CSR: DOING OUR SHARE FOR THE COMMON GOOD

As a responsible corporate citizen, while striving for the sustainable development of our business, the Group has never lost sight of the importance of contributing to the common good. NWS Holdings has long realized the importance of corporate social responsibility ("CSR"), and has embedded CSR in the core of its operations as part and parcel of its corporate governance.

NWS Holdings has set up a CSR Committee to formulate the Group's CSR policies, and pledge to adopt CSR principles in all its business practices. And to enhance community engagement through sponsorship and donation, NWS Holdings has injected HK\$5 million into NWS Holdings Charities Foundation Limited ("NWS Charities Foundation"), which was set up in November 2006. During the Current Period, NWS Charities Foundation launched Hong Kong • Love • Trees, the first large-scale sustainable tree conservation programme in Hong Kong. The corporate volunteer team, NWS Volunteer Alliance, has actively taken part in various volunteer and charitable activities to promote CSR among staff members.

Chairman's Message

LOOKING BEYOND THE 5TH ANNIVERSARY

To further demonstrate its commitment to the social cause, NWS Holdings designated 26 January 2008 as NWS Caring Day 2008, on which some 500 staff members of the Group's Corporate Office and member companies undertook volunteer services in alliance with Hong Kong Young Women's Christian Association. The event also marked the occasion of the fifth anniversary of the Group's First Trading Day. With the laying of solid foundations over the last five years for the sustainable development of the Group, it is set to realize its growth potential by upholding its service excellence and high standards of corporate governance, while keeping up its unremitting brand-building efforts.

VOTE OF THANKS

To maintain the goodwill of the local community and remain a responsible corporate citizen, the Group will continue with its outstanding CSR initiatives and efforts. At the same time, equal emphasis will also be placed on staff well-being by actively encouraging staff to maintain a work-life balance. On that note, I would like to thank all members of our NWS Holdings team, including staff, management and my fellow directors of the Board, for their tireless effort, whole-hearted commitment and faithful support throughout these years. They are what make NWS Holdings such a great team.

A handwritten signature in black ink that reads "Henry Cheng" followed by a period.

Dr Cheng Kar Shun, Henry

Chairman

Hong Kong, 17 March 2008

Independent Auditor's Review Report



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TO THE BOARD OF DIRECTORS OF NWS HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 8 to 37, which comprises the condensed consolidated balance sheet of NWS Holdings Limited (the "Company") and its subsidiary companies (together, the "Group") as at 31 December 2007 and the related condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended and a summary of significant accounting policies and explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17 March 2008

Interim Results

The Board is pleased to present the interim financial statements of the Group for the Current Period. The interim financial statements of the Group include the condensed consolidated income statement, the condensed consolidated cash flow statement and the condensed consolidated statement of changes in equity for the Current Period and the condensed consolidated balance sheet as at 31 December 2007, all of which are unaudited and condensed, along with explanatory notes, and are set out on pages 8 to 37 of this report.

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

	Note	For the six months ended 31 December	
		2007 HK\$'m	2006 HK\$'m
Revenue	3	9,367.8	6,902.7
Cost of sales		(8,151.4)	(6,321.3)
Gross profit		1,216.4	581.4
Other income	4	287.9	76.6
General and administrative expenses		(693.7)	(367.6)
Operating profit	4	810.6	290.4
Finance costs		(169.2)	(118.8)
Share of results of			
Associated companies		267.9	248.5
Jointly controlled entities	3(a)(i)	1,605.4	545.9
Profit before income tax		2,514.7	966.0
Income tax expenses	5	(142.6)	(40.4)
Profit for the period		2,372.1	925.6
Attributable to			
Shareholders of the Company		2,225.4	912.2
Minority interests		146.7	13.4
		2,372.1	925.6
Dividend	6	1,116.5	500.0
Earnings per share attributable to the shareholders of the Company	7		
Basic		HK\$1.10	HK\$0.47
Diluted		HK\$1.10	HK\$0.46

Interim Results

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

	Note	At 31 December 2007 HK\$'m	At 30 June 2007 HK\$'m
ASSETS			
Non-current assets			
Investment properties	8	1,103.3	1,103.3
Property, plant and equipment	9	1,981.8	1,957.1
Leasehold land and land use rights	10	98.2	99.1
Intangible assets		495.1	499.0
Associated companies	11	4,650.9	4,103.8
Jointly controlled entities		14,112.6	10,787.5
Available-for-sale financial assets	12	1,005.1	623.3
Other non-current assets		300.6	229.2
		23,747.6	19,402.3

Current assets			
Inventories		215.8	151.1
Trade and other receivables	13	10,439.1	14,692.1
Financial assets at fair value through profit or loss	14	410.3	246.9
Cash held on behalf of customers	15	3,361.9	2,042.4
Short term deposits	16	126.4	126.4
Cash and bank balances		3,663.2	3,120.8
		18,216.7	20,379.7

Total assets		41,964.3	39,782.0
EQUITY			
Share capital	17	2,014.8	2,014.2
Reserves	18	16,107.7	14,577.9
Proposed final dividend	18	–	604.4
Interim dividend	18	1,116.5	–
Shareholders' funds		19,239.0	17,196.5
Minority interests		1,250.9	1,002.0
Total equity		20,489.9	18,198.5

LIABILITIES			
Non-current liabilities			
Borrowings	19	6,270.8	3,937.9
Other non-current liabilities		834.3	683.8
		7,105.1	4,621.7

Current liabilities			
Trade and other payables	20	11,761.0	9,030.3
Taxation		198.3	183.8
Borrowings	19	2,410.0	7,747.7
		14,369.3	16,961.8

Total liabilities		21,474.4	21,583.5

Total equity and liabilities		41,964.3	39,782.0
Net current assets		3,847.4	3,417.9
Total assets less current liabilities		27,595.0	22,820.2

Interim Results

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

HK\$'m	For the six months ended 31 December 2007				
	Shareholders' funds			Minority interests	Total
	Share capital	Reserves	Total		
Balance at 1 July 2007	2,014.2	15,182.3	17,196.5	1,002.0	18,198.5
Fair value changes on available-for-sale financial assets, net of tax	–	53.8	53.8	9.4	63.2
Disposal of available-for-sale financial assets	–	(11.1)	(11.1)	(3.1)	(14.2)
Currency translation differences	–	338.6	338.6	18.1	356.7
Net income recognized directly in equity	–	381.3	381.3	24.4	405.7
Profit for the period	–	2,225.4	2,225.4	146.7	2,372.1
Total recognized income for the period	–	2,606.7	2,606.7	171.1	2,777.8
Dividend to					
Shareholders of the Company	–	(604.4)	(604.4)	–	(604.4)
Minority interests	–	–	–	(68.4)	(68.4)
Share options					
Value of services provided	–	38.2	38.2	1.1	39.3
New shares issued – nominal value	0.6	–	0.6	–	0.6
Share premium on issue of new shares	–	1.4	1.4	–	1.4
Deemed disposal of interest in a subsidiary company	–	–	–	153.0	153.0
Derecognition of minority interests upon disposal of subsidiary companies	–	–	–	(7.9)	(7.9)
Balance at 31 December 2007	2,014.8	17,224.2	19,239.0	1,250.9	20,489.9

Interim Results

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED (CONTINUED)

HK\$'m	For the six months ended 31 December 2006				
	Shareholders' funds			Minority interests	Total
	Share capital	Reserves	Total		
Balance at 1 July 2006	1,943.8	12,522.5	14,466.3	387.1	14,853.4
Fair value changes on available-for-sale financial assets, net of tax	–	259.5	259.5	–	259.5
Currency translation differences	–	232.0	232.0	13.5	245.5
Net income recognized directly in equity	–	491.5	491.5	13.5	505.0
Profit for the period	–	912.2	912.2	13.4	925.6
Total recognized income for the period	–	1,403.7	1,403.7	26.9	1,430.6
Dividend to					
Shareholders of the Company	–	(394.4)	(394.4)	–	(394.4)
Minority interests	–	–	–	(8.3)	(8.3)
Scrip dividend					
New shares issued – nominal value	12.7	–	12.7	–	12.7
Share premium on issue of new shares	–	213.2	213.2	–	213.2
Convertible bonds					
New shares issued – nominal value	32.1	–	32.1	–	32.1
Share premium on issue of new shares	–	387.2	387.2	–	387.2
Equity component, net of tax	–	(23.9)	(23.9)	–	(23.9)
Share options					
New shares issued – nominal value	0.2	–	0.2	–	0.2
Share premium on issue of new shares	–	0.6	0.6	–	0.6
Capital contribution from minority interests	–	–	–	0.2	0.2
Balance at 31 December 2006	1,988.8	14,108.9	16,097.7	405.9	16,503.6

Interim Results

CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED

	For the six months ended 31 December	
	2007 HK\$'m	2006 HK\$'m
Net cash generated from operating activities	235.7	243.3
Net cash (used in) / generated from investing activities	(2,298.3)	201.4
Net cash generated from / (used in) financing activities	2,641.2	(568.0)
Net increase / (decrease) in cash and cash equivalents	578.6	(123.3)
Cash and cash equivalents at 1 July	3,040.8	2,421.3
Currency translation differences	31.5	20.1
Cash and cash equivalents at 31 December	3,650.9	2,318.1
Analysis of cash and cash equivalents		
Cash and bank balances	3,663.2	2,318.1
Bank overdrafts	(12.3)	–
	3,650.9	2,318.1

Interim Results

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

NWS Holdings is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The principal activity of the Company is investment holding.

The principal activities of its subsidiary companies include:

- (a) the investment in and/or operation of facilities, contracting, transport and financial services; and
- (b) the development, investment, operation and/or management of power plants, water treatment and waste management plants, roads as well as container terminals.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The interim financial statements have been approved for issue by the Board on 17 March 2008.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements (the "interim financial statements") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"). The interim financial statements should be read in conjunction with the 2007 annual financial statements.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the 2007 annual financial statements.

For the six months ended 31 December 2007, the Group has adopted the following new standard, amendment to standard and interpretations which are relevant to the Group's operations and are mandatory for the financial year ending 30 June 2008:

HKAS 1 Amendment	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of these new standard, amendment to standard and interpretations does not have any significant impact on the results and financial position or changes in the accounting policies of the Group. However, the adoption of HKAS 1 Amendment and HKFRS 7 requires additional disclosures in the annual financial statements.

Interim Results

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

The following new or revised standards and interpretations are mandatory for accounting periods beginning on or after 1 January 2008 or later periods but which the Group has not yet adopted:

Effective for the year ending 30 June 2009

HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Effective for the year ending 30 June 2010

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments

The Group has already commenced an assessment of the impact of adopting these new or revised standards and interpretations but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

3. REVENUE AND SEGMENT INFORMATION

The Group's revenue is analyzed as follows:

	For the six months ended 31 December	
	2007 HK\$m	2006 HK\$m
Ports	3.1	10.5
Roads and bridges	131.4	119.9
Facilities rental	452.8	454.0
Facilities management	1,382.1	1,222.1
Contracting	6,438.3	5,054.9
Financial services	922.7	8.1
Other services	37.4	33.2
	9,367.8	6,902.7

In accordance with the Group's internal financial reporting and operating activities, the primary reporting format is by business segments and the secondary reporting format is by geographical segments.

Interim Results

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format – business segments

HK\$'m	Ports	Roads and bridges	Energy, water treatment and waste management	Facilities rental	Facilities management	Contracting	Financial services	Other services	Eliminations	Consolidated
For the six months ended										
31 December 2007										
External sales	3.1	131.4	–	452.8	1,382.1	6,438.3	922.7	37.4	–	9,367.8
Inter-segment sales	–	–	–	0.2	53.5	469.7	5.7	3.0	(532.1)	–
Total revenue	3.1	131.4	–	453.0	1,435.6	6,908.0	928.4	40.4	(532.1)	9,367.8
Segment results	7.5	68.1	6.4	116.5	95.0	113.4	390.5	4.3	–	801.7
Gain on deemed disposal of interests in a subsidiary company and an associated company	–	–	1.9	–	–	–	76.9	–	–	78.8
Profit on disposal of a subsidiary company	2.4	–	–	–	–	–	–	–	–	2.4
Unallocated corporate expenses										(72.3)
Operating profit										810.6
Finance costs										(169.2)
Share of results of										
Associated companies	25.2	(5.2)	124.6	–	–	46.6	31.3	45.4	–	267.9
Jointly controlled entities	27.4	308.6	103.4	114.2	0.2	(2.2)	–	1,053.8 ⁽ⁱ⁾	–	1,605.4
Profit before income tax										2,514.7
Income tax expenses										(142.6)
Profit for the period										2,372.1
Capital expenditure	–	1.0	–	4.9	31.8	14.4	17.9	6.3	–	76.3
Depreciation	0.4	45.6	–	13.3	15.0	18.4	13.1	4.4	–	110.2
Amortization of leasehold land and land use rights	–	–	–	–	0.1	0.6	–	0.2	–	0.9
Amortization of intangible assets	–	–	–	–	–	–	3.9	–	–	3.9
At 31 December 2007										
Segment assets	37.8	1,833.9	0.3	1,532.9	1,023.9	5,527.8	7,599.0	161.9	–	17,717.5
Associated companies	326.7	445.6	1,903.5	–	1.2	903.2	341.3	729.4	–	4,650.9
Jointly controlled entities	693.2	4,396.1	2,006.7	2,303.2	10.9	80.5	2.6	4,619.4	–	14,112.6
Unallocated assets										5,483.3
Total assets										41,964.3
Segment liabilities	5.6	872.1	0.4	293.0	510.3	5,370.9	4,536.6	15.2	–	11,604.1
Unallocated liabilities										9,870.3
Total liabilities										21,474.4

- (i) The share of results of jointly controlled entities included the Group's share of profit of HK\$1,014.8 million from a property development project, Harbour Place. The amount was included under other services segment.

Interim Results

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format – business segments (Continued)

HK\$m	Ports	Roads and bridges	Energy, water treatment and waste management	Facilities rental	Facilities management	Contracting	Financial services	Other services	Eliminations	Consolidated
For the six months ended										
31 December 2006										
External sales	10.5	119.9	–	454.0	1,222.1	5,054.9	8.1	33.2	–	6,902.7
Inter-segment sales	–	–	–	0.3	55.7	291.4	7.2	2.3	(356.9)	–
Total revenue	10.5	119.9	–	454.3	1,277.8	5,346.3	15.3	35.5	(356.9)	6,902.7
Segment results	2.4	61.7	6.5	132.6	91.0	61.0	6.3	2.0	–	363.5
Unallocated corporate expenses										(73.1)
Operating profit										290.4
Finance costs										(118.8)
Share of results of										
Associated companies	17.8	(8.1)	160.6	–	0.1	37.2	40.9	–	–	248.5
Jointly controlled entities	23.1	253.3	80.6	108.0	0.1	27.8	–	53.0	–	545.9
Profit before income tax										966.0
Income tax expenses										(40.4)
Profit for the period										925.6
Capital expenditure	0.3	0.5	–	10.4	16.7	33.3	0.2	4.5	–	65.9
Depreciation	0.6	43.7	–	11.8	16.8	20.5	0.2	5.4	–	99.0
Amortization of leasehold land and land use rights	–	–	–	–	0.1	0.3	–	0.2	–	0.6
At 30 June 2007										
Segment assets	67.1	1,647.4	–	1,341.5	714.9	5,521.4	11,076.5	128.7	–	20,497.5
Associated companies	300.5	422.9	1,656.2	–	1.2	870.5	364.4	488.1	–	4,103.8
Jointly controlled entities	589.0	3,988.0	1,774.4	2,043.9	10.1	89.8	3.0	2,289.3	–	10,787.5
Unallocated assets										4,393.2
Total assets										39,782.0
Segment liabilities	4.1	677.2	0.4	305.6	460.9	4,770.8	3,005.1	15.6	–	9,239.7
Unallocated liabilities										12,343.8
Total liabilities										21,583.5

Interim Results

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Secondary reporting format – geographical segments

HK\$m	Note	Segment revenue	Segment results	Capital expenditure	Segment assets
					At
					31 December 2007
					For the six months ended 31 December 2007
Hong Kong	3(b)(i)	5,375.8	649.7	57.3	13,062.0
Mainland China		796.1	75.7	6.2	2,655.1
Macau		3,192.5	73.2	12.8	1,991.7
Others		3.4	3.1	–	8.7
		9,367.8	801.7	76.3	17,717.5
					At
					30 June 2007
					For the six months ended 31 December 2006
Hong Kong		3,983.8	226.7	51.6	16,842.8
Mainland China		918.9	87.8	14.3	2,223.2
Macau		1,999.6	47.7	–	1,425.6
Others		0.4	1.3	–	5.9
		6,902.7	363.5	65.9	20,497.5

(i) Segment information of Hong Kong is further analyzed as follows:

HK\$m	Segment revenue	Segment results	Capital expenditure	Segment assets
				At
				31 December 2007
				For the six months ended 31 December 2007
Ports	–	3.3	–	–
Facilities rental	452.8	116.5	4.9	1,530.9
Facilities management	1,326.1	92.8	27.8	966.3
Contracting	2,658.7	39.1	0.7	2,806.8
Financial services	919.8	388.0	17.9	7,596.1
Other services	18.4	10.0	6.0	161.9
	5,375.8	649.7	57.3	13,062.0

Interim Results

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Secondary reporting format – geographical segments (Continued)

(i) Segment information of Hong Kong is further analyzed as follows: (Continued)

HK\$'m	Segment revenue	Segment results	Capital expenditure	Segment assets
	For the six months ended 31 December 2006			At 30 June 2007
Ports	–	1.2	–	–
Facilities rental	454.0	132.6	10.4	1,341.5
Facilities management	1,179.6	85.4	6.3	658.8
Contracting	2,324.7	(6.8)	30.3	3,637.4
Financial services	7.7	5.8	0.2	11,076.4
Other services	17.8	8.5	4.4	128.7
	3,983.8	226.7	51.6	16,842.8

Interim Results

4. OPERATING PROFIT

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

	For the six months ended 31 December	
	2007 HK\$'m	2006 HK\$'m
Crediting		
Gross rental income from investment properties	21.6	21.2
Less: Outgoings	(5.1)	(5.3)
	16.5	15.9
Exchange gains	16.1	13.6
Interest income from margin and other financing of securities business, included in the revenue	225.0	–
Net income from leveraged foreign exchange trading	2.1	–
Commission on securities dealing	482.6	–
Commission on dealing in futures, options and commodities	31.9	–
Commission on dealing in bullion contracts	3.9	–
Net profit on futures, options and bullion contracts trading	10.1	–
Net profit on foreign exchange contracts trading	3.1	–
Other income		
Profit on disposal of a subsidiary company	2.4	–
Profit on disposal of available-for-sale financial assets	12.9	–
Net profit on disposal of financial assets at fair value through profit or loss	36.2	3.6
Fair value gains on financial assets at fair value through profit or loss	16.7	–
Interest income	112.6	40.8
Management fee income	18.2	12.4
Machinery hire income	1.1	12.8
Gain on deemed disposal of interests in a subsidiary company and an associated company	78.8	–
Dividends and others	9.0	7.0
	287.9	76.6
Charging		
Cost of inventories sold	390.5	365.3
Depreciation	110.2	99.0
Amortization of leasehold land and land use rights	0.9	0.6
Amortization of intangible assets	3.9	–
Impairment of trade and other receivables	1.3	1.9
Operating lease rental expenses	50.8	32.6
Interest expense for securities broking and margin financing operations, included in the cost of sales	150.4	–

Interim Results

5. INCOME TAX EXPENSES

Hong Kong profits tax is provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits for the Current Period. Taxation on Mainland China and overseas profits has been calculated on the estimated assessable profits for the Current Period at the rates of tax prevailing in the countries in which the Group operates. These rates range from 3% to 33% (2006: 3% to 33%).

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "New CIT Law"), pursuant to which the corporate income tax rates for domestic and foreign enterprises are unified at 25% effective from 1 January 2008. The New CIT Law also provides for preferential tax rates, tax incentives for prescribed industries and activities, grandfathering provisions as well as determination of taxation profit. On 6 December 2007, the State Council approved the Detailed Implementation Regulations for the implementation of the New CIT Law. The New CIT Law has an impact on the deferred income tax assets and liabilities of the Group and accordingly, the amount of deferred taxation as at 31 December 2007 has been determined based on the best estimation of the applicable corporate income tax rates. The Group will continue to evaluate the impact as more detailed regulations or interpretations on these areas are announced.

The amount of income tax charged to the condensed consolidated income statement represents:

	For the six months ended 31 December	
	2007 HK\$m	2006 HK\$m
Current income tax		
Hong Kong profits tax	102.8	32.0
Mainland China and overseas tax	15.6	14.7
Deferred income tax charge / (credit)	24.2	(6.3)
	142.6	40.4

Share of associated companies' and jointly controlled entities' taxation for the Current Period of HK\$66.8 million (2006: HK\$46.7 million) and HK\$335.1 million (2006: HK\$86.1 million) are included in the condensed consolidated income statement as share of results of associated companies and jointly controlled entities respectively.

6. DIVIDEND

	For the six months ended 31 December	
	2007 HK\$m	2006 HK\$m
Interim dividend declared of HK\$0.55 (2006: paid of HK\$0.25) per share	1,116.5	500.0

Interim Results

7. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the period is based on the following:

	For the six months ended 31 December	
	2007 HK\$'m	2006 HK\$'m
Profit attributable to shareholders of the Company	2,225.4	912.2
Effect of dilutive potential ordinary shares		
Interest on convertible bonds, net of tax	–	3.2
Adjustment on the effect of dilution in the results of subsidiary companies	(0.5)	–
Profit for calculation of diluted earnings per share	2,224.9	915.4

	Number of shares	
	2007	2006
Weighted average number of shares for calculating basic earnings per share	2,014,615,293	1,958,495,305
Effect of dilutive potential ordinary shares		
Share options	5,598,382	1,775,913
Convertible bonds	–	28,645,840
Weighted average number of shares for calculating diluted earnings per share	2,020,213,675	1,988,917,058

8. INVESTMENT PROPERTIES

	HK\$'m
At 1 July 2007 and at 31 December 2007	1,103.3

Vigers Hong Kong Limited, independent professional property valuer, was engaged to carry out an independent valuation on the investment properties as at 31 December 2007. The independent valuation, performed on an open market value basis, shows no significant difference from the carrying value as at 31 December 2007.

Interim Results

9. PROPERTY, PLANT AND EQUIPMENT

HK\$'m	Properties	Roads and bridges	Port facilities and terminal equipment	Other plant and equipment	Total
Cost					
At 1 July 2007	152.9	1,944.8	11.8	1,649.8	3,759.3
Currency translation differences	0.2	89.6	0.2	3.5	93.5
Additions	–	–	–	76.3	76.3
Disposals	(9.5)	–	–	(17.7)	(27.2)
Disposal of subsidiary companies	–	–	(6.3)	(1.8)	(8.1)
At 31 December 2007	143.6	2,034.4	5.7	1,710.1	3,893.8
Accumulated depreciation and impairment					
At 1 July 2007	29.0	539.2	7.2	1,226.8	1,802.2
Currency translation differences	–	25.0	–	1.7	26.7
Depreciation	1.6	45.6	0.4	62.6	110.2
Disposals	(5.9)	–	–	(14.8)	(20.7)
Disposal of subsidiary companies	–	–	(5.4)	(1.0)	(6.4)
At 31 December 2007	24.7	609.8	2.2	1,275.3	1,912.0
Net book value					
At 31 December 2007	118.9	1,424.6	3.5	434.8	1,981.8
At 30 June 2007	123.9	1,405.6	4.6	423.0	1,957.1

10. LEASEHOLD LAND AND LAND USE RIGHTS

	HK\$'m
Cost	
At 1 July 2007 and at 31 December 2007	139.8
Accumulated amortization and impairment	
At 1 July 2007	40.7
Amortization	0.9
At 31 December 2007	41.6
Net book value	
At 31 December 2007	98.2
At 30 June 2007	99.1

Interim Results

11. ASSOCIATED COMPANIES

Included in the unlisted associated companies are three companies which the Group has participating interests in and held for investment purposes. For the period ended 31 December 2007, the Group's share of results of these three investment companies amounted to HK\$45.5 million (2006: nil). The Group's investment in these companies as at 31 December 2007 amounted to HK\$729.4 million (30 June 2007: HK\$405.5 million), which mainly represents the fair value of investments in various listed and unlisted securities.

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	At 31 December 2007 HK\$m	At 30 June 2007 HK\$m
Listed securities		
Equity securities listed in Hong Kong	524.3	340.8
Unlisted securities		
Equity securities	441.8	243.5
Debt securities	39.0	39.0
	1,005.1	623.3
Market value of listed securities	524.3	340.8

The fair values of the listed securities are determined based on the quoted market bid prices available on the relevant exchanges. The fair values of the unlisted securities are determined using financial models, such as discounted cashflow model, and by reference to quoted prices from relevant financial institutions.

An analysis of the issuers of available-for-sale financial assets is as follows:

	At 31 December 2007 HK\$m	At 30 June 2007 HK\$m
Equity securities		
Public sector entities	33.3	33.3
Bank and other financial institutions	213.0	74.2
Corporate entities	719.8	476.8
Debt securities		
Public sector entities	29.0	29.0
Corporate entities	10.0	10.0
	1,005.1	623.3

Interim Results

13. TRADE AND OTHER RECEIVABLES

	Note	At 31 December 2007 HK\$'m	At 30 June 2007 HK\$'m
Trade receivables	13(a)	2,621.8	8,118.4
Retention money receivables	13(b)	1,234.0	1,192.3
Current portion of long term receivable		77.7	77.7
Amounts due from customers for contract works		405.0	506.3
Advances to customers	13(c)	2,816.3	2,205.6
Other receivables, deposits and prepayments		3,042.3	2,322.6
Amounts due from associated companies		91.5	68.9
Amounts due from jointly controlled entities		150.5	200.3
		10,439.1	14,692.1

(a) Trade receivables can be further analyzed as follows:

	Note	At 31 December 2007 HK\$'m	At 30 June 2007 HK\$'m
Receivables arising from securities business	13(a)(i)	683.6	6,215.6
Other trade receivables		1,938.2	1,902.8
		2,621.8	8,118.4

- (i) The balance mainly represents accounts receivable attributable to dealing in securities and equity options transactions which are to be settled two days after the trade date, accounts receivable attributable to dealing in futures, options and bullion contracts transactions which are to be settled one day after the trade date. The balance at 30 June 2007 also included accounts receivable attributable to new shares subscription on clients' behalf which are normally settled within one week.

Interim Results

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables can be further analyzed as follows: (Continued)

(ii) The ageing analysis of trade receivables is as follows:

	At 31 December 2007 HK\$'m	At 30 June 2007 HK\$'m
Under 3 months	2,344.7	7,803.5
4-6 months	91.3	104.0
Over 6 months	185.8	210.9
	2,621.8	8,118.4

The Group has various credit policies for different business operations depending on the requirements of the markets and businesses in which these businesses operate.

(b) Retention money receivables in respect of contracting services are settled in accordance with the terms of respective contracts.

(c) The balance represents loans to margin clients for its securities businesses which are secured by the underlying pledged securities and are interest bearing. The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group. As at 31 December 2007, the total market value of securities pledged as collateral in respect of the loans to margin clients was HK\$17,690.2 million. (30 June 2007: HK\$15,942.2 million)

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December 2007 HK\$'m	At 30 June 2007 HK\$'m
Listed securities		
Equity securities listed in Hong Kong	202.0	111.9
Equity securities listed overseas	66.1	9.7
	268.1	121.6
Unlisted securities		
Equity securities	74.3	54.7
Debt securities	67.9	70.6
	142.2	125.3
Total	410.3	246.9
Market value of listed securities	268.1	121.6

Interim Results

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The fair values of the listed investments are determined based on the quoted market bid prices available on the relevant exchanges. The fair values of the unlisted investments are determined using financial models, such as discounted cashflow model, and by reference to quoted prices from relevant financial institutions.

An analysis of the issuers of financial assets at fair value through profit or loss is as follows:

	At 31 December 2007 HK\$'m	At 30 June 2007 HK\$'m
Equity securities		
Bank and other financial institutions	99.1	73.5
Corporate entities	243.3	102.8
Debt securities		
Bank and other financial institutions	67.9	70.6
	410.3	246.9

15. CASH HELD ON BEHALF OF CUSTOMERS

The Group maintains segregated trust accounts with licensed banks to hold securities business clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash held on behalf of customers under the current assets section of the balance sheet and recognized the corresponding accounts payable to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations.

16. SHORT TERM DEPOSITS

The short term deposits of HK\$126.4 million (30 June 2007: HK\$126.4 million) were pledged as securities for banking facilities for an intended project which has not yet commenced operation.

17. SHARE CAPITAL

	Ordinary shares	
	No. of shares	HK\$'m
Authorized		
At 30 June 2007 and 31 December 2007	2,400,000,000	2,400.0
Issued and fully paid		
At 1 July 2007	2,014,245,435	2,014.2
Exercise of share options	515,996	0.6
At 31 December 2007	2,014,761,431	2,014.8

Interim Results

17. SHARE CAPITAL (CONTINUED)

Share option scheme

The existing share option scheme of the Company was adopted on 6 December 2001 and amended on 12 March 2003 and 24 November 2006 (the "Share Option Scheme") which will be valid and effective for a period of ten years from the date of adoption. The Board may, at their discretion, grant options to any eligible participant as defined under the Share Option Scheme to subscribe for the shares of the Company. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme must not in aggregate exceed 10% of the share capital of the Company in issue as at 12 March 2003, i.e. 1,780,759,001 shares.

Movements in the number of share options outstanding during the Current Period are as follows:

	Number of options
At 1 July 2007	1,480,167
Exercised	(515,996)
Granted	29,694,000
At 31 December 2007	30,658,171

On 21 July 2003, 41,497,000 share options were granted to directors and certain eligible participants at the exercise price of HK\$3.725, which represents the average of the closing prices of the Company's shares on the Hong Kong Stock Exchange for the five trading days immediately preceding the date of grant. Such share options will expire on 21 July 2008.

On 21 August 2007, 29,694,000 share options were granted to directors and certain eligible participants at the exercise price of HK\$16.200, which represents the closing price of the Company's shares on the Hong Kong Stock Exchange on the date of grant. Such share options will expire on 21 August 2012.

Pursuant to the Share Option Scheme, the number of unexercised share options and exercise price are subject to adjustment in case of alteration in the capital structure of the Company. Due to the distribution of dividends in scrip form, adjustments had been made to both the number of unexercised share options and the exercise price in accordance with the Share Option Scheme. Exercise price of the share options granted on 21 July 2003 was subsequently adjusted to HK\$3.711 per share. No adjustment was made to both the number of unexercised share options and the exercise price during the six months ended 31 December 2007.

Interim Results

18. RESERVES

HK\$m	Share premium	Special reserves	Investment revaluation reserve	Exchange reserve	Revenue reserve	Total
At 1 July 2007	9,630.0	282.3	211.5	524.1	4,534.4	15,182.3
Profit attributable to shareholders of the Company	–	–	–	–	2,225.4	2,225.4
Dividend to shareholders of the Company	–	–	–	–	(604.4)	(604.4)
Fair value changes on available-for-sale financial assets, net of tax						
Group	–	–	20.9	–	–	20.9
Associated companies	–	–	32.9	–	–	32.9
Disposal of available-for-sale financial assets	–	–	(11.1)	–	–	(11.1)
Currency translation differences						
Group	–	–	–	59.4	–	59.4
Associated companies	–	–	–	82.1	–	82.1
Jointly controlled entities	–	–	–	197.1	–	197.1
Share options						
Value of services provided						
Group	–	36.7	–	–	–	36.7
Associated companies	–	1.5	–	–	–	1.5
Share premium on issue of new shares	1.4	–	–	–	–	1.4
Transfer	0.7	(1.4)	–	–	0.7	–
At 31 December 2007	9,632.1	319.1	254.2	862.7	6,156.1	17,224.2
Representing						
Balance as at 31 December 2007	9,632.1	319.1	254.2	862.7	5,039.6	16,107.7
2008 declared interim dividend	–	–	–	–	1,116.5	1,116.5
	9,632.1	319.1	254.2	862.7	6,156.1	17,224.2

Interim Results

19. BORROWINGS

	At 31 December 2007 HK\$m	At 30 June 2007 HK\$m
Non-current liabilities		
Bank loans	6,270.8	3,937.9
Current liabilities		
Current portion of bank loans	1,161.6	1,287.4
Short term bank loans and overdrafts – secured	564.4	629.6
Short term bank loans and overdrafts – unsecured	641.9	5,732.3
Other borrowings	42.1	98.4
	2,410.0	7,747.7
	8,680.8	11,685.6

Movements in borrowings are analyzed as follows:

	HK\$m
At 1 July 2007	11,685.6
Repayments of bank loans and borrowings	(7,529.9)
Drawdown of bank loans and borrowings	4,525.1
At 31 December 2007	8,680.8

Interim Results

20. TRADE AND OTHER PAYABLES

	Note	At 31 December 2007 HK\$'m	At 30 June 2007 HK\$'m
Trade payables	20(a)	5,128.5	3,473.0
Retention money payables		881.4	817.3
Advances received from customers for contract works		171.0	35.1
Amounts due to customers for contract works		1,072.6	798.7
Amount due to a fellow subsidiary company		–	117.0
Amounts due to minority interests		49.0	48.6
Other payables and accruals		3,788.3	3,701.1
Dividend payable		604.4	–
Amounts due to associated companies		9.9	2.7
Amounts due to jointly controlled entities		55.9	36.8
		11,761.0	9,030.3

(a) Trade payables are further analyzed as follows:

	Note	At 31 December 2007 HK\$'m	At 30 June 2007 HK\$'m
Payables arising from securities business	20(a)(i)	4,305.3	2,811.4
Other trade payables	20(a)(ii)	823.2	661.6
		5,128.5	3,473.0

- (i) Payables arising from securities business represent accounts payable attributable to various financial services transactions, including securities, equity options, leveraged foreign exchange, futures and options contracts, bullion contracts and other financial services. The balances are mainly repayable on demand. No ageing analysis is disclosed in respect of these balances as an ageing analysis is not meaningful in view of the nature of these transactions.

Interim Results

20. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Trade payables are further analyzed as follows: (Continued)

(ii) The ageing analysis of other trade payables is as follows:

	At 31 December 2007 HK\$'m	At 30 June 2007 HK\$'m
Under 3 months	729.1	566.1
4-6 months	29.8	32.9
Over 6 months	64.3	62.6
	823.2	661.6

21. MATURITY PROFILE OF ASSETS AND LIABILITIES

An analysis of the maturity profile of assets and liabilities of the Group analyzed by the remaining period at the balance sheet date to the contractual maturity date is as follows:

HK\$'m	Repayable on demand	3 months or less	1 year or less but over 3 months	5 years or less but over 1 year	Total
At 31 December 2007					
Assets					
Debt securities					
Available-for-sale financial assets	–	–	–	39.0	39.0
Financial assets at fair value through profit or loss	–	–	52.5	15.4	67.9
Advances to customers	2,816.3	–	–	–	2,816.3
Cash held on behalf of customers	3,361.9	–	–	–	3,361.9
Cash and bank balances	2,279.6	1,383.6	–	–	3,663.2
	8,457.8	1,383.6	52.5	54.4	9,948.3
Liabilities					
Borrowings	–	1,283.5	1,126.5	6,270.8	8,680.8
Current, fixed, savings and other deposits of customers	3,932.6	333.3	–	–	4,265.9
	3,932.6	1,616.8	1,126.5	6,270.8	12,946.7

Interim Results

21. MATURITY PROFILE OF ASSETS AND LIABILITIES (CONTINUED)

HK\$'m	Repayable on demand	3 months or less	1 year or less but over 3 months	5 years or less but over 1 year	After 5 years	Total
At 30 June 2007						
Assets						
Debt securities						
Available-for-sale financial assets	–	–	–	10.0	29.0	39.0
Financial assets at fair value through profit or loss	–	–	54.6	16.0	–	70.6
Advances to customers	2,205.6	–	–	–	–	2,205.6
Cash held on behalf of customers	2,042.4	–	–	–	–	2,042.4
Cash and bank balances	1,907.9	1,212.9	–	–	–	3,120.8
	6,155.9	1,212.9	54.6	26.0	29.0	7,478.4
Liabilities						
Borrowings	–	6,458.9	1,288.8	3,937.9	–	11,685.6
Current, fixed, savings and other deposits of customers	2,617.6	95.5	–	–	–	2,713.1
	2,617.6	6,554.4	1,288.8	3,937.9	–	14,398.7

22. COMMITMENTS

(a) The outstanding commitments for capital expenditure are as follows:

	Note	At 31 December 2007 HK\$'m	At 30 June 2007 HK\$'m
Contracted but not provided for			
Property, plant and equipment		1.3	3.8
Investment properties		278.5	210.0
Capital contributions to associated companies and jointly controlled entities	22(a)(i)	1,014.6	1,451.2
Other capital contributions	22(a)(i)	1,132.6	–
		2,427.0	1,665.0

Interim Results

22. COMMITMENTS (CONTINUED)

(a) The outstanding commitments for capital expenditure are as follows: (Continued)

(i) The Group has committed to provide sufficient funds in the form of capital and loan contributions to certain jointly controlled entities, associated companies and other projects to finance relevant projects. The directors estimate that the Group's share of projected funds requirements of these projects would be approximately HK\$2,147.2 million (30 June 2007: HK\$1,451.2 million) which represents the attributable portion of the capital and loan contributions to be made to the jointly controlled entities, associated companies and other projects.

(b) The Group's share of commitments for capital expenditure of the jointly controlled entities not included above are as follows:

	At 31 December 2007 HK\$m	At 30 June 2007 HK\$m
Contracted but not provided for		
Property, plant and equipment	435.8	312.7
Capital contributions to jointly controlled entities	98.8	82.9
Properties under development and for sale	2.1	515.6
Authorized but not contracted for		
Property, plant and equipment	187.0	143.6
	723.7	1,054.8

(c) Commitments under operating leases

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

	At 31 December 2007 HK\$m	At 30 June 2007 HK\$m
Buildings		
In the first year	62.7	66.4
In the second to fifth year inclusive	83.9	89.2
After the fifth year	21.9	25.6
	168.5	181.2
Equipment		
In the first year	6.7	8.4
In the second to fifth year inclusive	5.3	7.3
	180.5	196.9

Interim Results

22. COMMITMENTS (CONTINUED)

- (d) Future minimum rental payment receivable

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

	At 31 December 2007 HK\$m	At 30 June 2007 HK\$m
In the first year	10.1	9.8
In the second to fifth year inclusive	3.0	7.5
	13.1	17.3

The Group's operating leases are for terms ranging from one to five years.

23. CONTINGENT LIABILITIES

- (a) The Group's contingent liabilities are as follows:

	At 31 December 2007 HK\$m	At 30 June 2007 HK\$m
Guarantees for credit facilities granted to		
Associated companies	11.9	11.9
Jointly controlled entities	516.5	1,040.5
A related company	55.0	55.0
	583.4	1,107.4

- (b) The Group's share of contingent liabilities of the jointly controlled entities not included above is HK\$71.4 million (30 June 2007: HK\$70.6 million).

Interim Results

24. BUSINESS COMBINATIONS

As at 30 June 2007, the Group held 50% equity interest in Success Concept Investments Limited (“SCI”) which indirectly holds 51% equity interest in 廣州市東新高速公路有限公司, a company established in the PRC and owns an expressway in the PRC.

On 30 July 2007, the Group further acquired 30% equity interest in SCI at a consideration of HK\$133.6 million. Since then, SCI became a subsidiary company of the Group. The expressway is under construction. Accordingly, SCI has no material contribution to the Group’s revenue and net profit since the date of acquisition.

Details of net assets acquired are as follows:

	HK\$’m
Purchase consideration	
Cash paid	104.3
Account payable	29.3
Direct costs relating to the acquisition	2.5
Total purchase consideration	136.1
Fair value of net assets acquired – shown below	136.1

The assets and liabilities acquired as at the date of acquisition are as follows:

	Fair value HK\$’m	Acquiree’s carrying amount HK\$’m
Jointly controlled entities	584.8	584.8
Trade and other receivables	0.9	0.9
Cash and bank balances	1.7	1.7
Trade and other payables	(1.6)	(1.6)
Amount due to minority interests	(36.2)	(36.2)
Loan from minority interests	(82.0)	(82.0)
	467.6	467.6
Interest held by the Group as a jointly controlled entity	(331.5)	
Net assets acquired	136.1	
Purchase consideration settled in cash		106.8
Cash and bank balances in subsidiary company acquired		(1.7)
Cash outflow on acquisition		105.1

Interim Results

25. RELATED PARTY TRANSACTIONS

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

	Note	For the six months ended 31 December	
		2007 HK\$'m	2006 HK\$'m
Transactions with affiliated companies	25(a)(i)		
Provision of contracting work services	25(a)(ii)	605.9	296.9
Provision of other services	25(a)(iii)	18.7	15.9
Interest income	25(a)(iv)	5.7	8.4
Management fee income	25(a)(v)	12.6	6.7
Rental and other related expenses	25(a)(vi)	(6.1)	(4.3)
Transactions with other related parties	25(a)(i)		
Provision of contracting work services	25(a)(ii)	930.5	690.3
Provision of other services	25(a)(iii)	91.9	71.0
Rental and other related expenses	25(a)(vi)	(25.7)	(11.1)

- (i) Affiliated companies include associated companies and jointly controlled entities of the Group. Related parties are group companies, associated companies and jointly controlled entities of New World Development Company Limited ("NWD") which are not companies within the Group. NWD is the ultimate holding company of the Company.
- (ii) Revenue from the provision of contracting work services was charged in accordance with relevant contracts.
- (iii) The Group provided various kinds of services including facilities management, financial, environmental and other services to certain related parties. The services were provided and charged in accordance with relevant contracts.
- (iv) Interest income was charged at interest rates in accordance with relevant contracts.
- (v) Management fee was charged at rates in accordance with relevant contracts.
- (vi) Rental and other related expenses were charged at rates in accordance with respective tenancy agreements.

Interim Results

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management compensation

The aggregate amounts of emoluments of the directors of the Company are as follows:

	For the six months ended 31 December	
	2007 HK\$'m	2006 HK\$'m
Fees	1.3	1.2
Basic salaries, allowances and other benefits	20.3	14.4
Employer's contribution to retirement benefits schemes	1.0	0.8
	22.6	16.4

(c) The amounts receivable from associated companies and jointly controlled entities are HK\$4,107.2 million (30 June 2007: HK\$2,793.4 million). The amounts receivable are unsecured, of which HK\$376.6 million (30 June 2007: HK\$394.9 million) are interest bearing. The amounts payable to associated companies, jointly controlled entities, minority shareholders and a fellow subsidiary company are HK\$616.4 million (30 June 2007: HK\$613.5 million). The amounts payable are unsecured, of which HK\$89.1 million (30 June 2007: HK\$202.5 million) are interest bearing.

(d) Loan to a director

	At 31 December 2007 HK\$'m	At 30 June 2007 HK\$'m
Loan to a director of the Company	4.1	4.2

The loan is secured, bears interest at 3% per annum and has repayment terms as specified in the loan agreement. The maximum outstanding balance during the Current Period was HK\$4.2 million. No provision has been made in the Current Period.

26. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the Current Period's presentation.

Interim Dividend

The Board has resolved to declare an interim dividend for the year ending 30 June 2008 in scrip form equivalent to HK\$0.55 per share with a cash option to shareholders registered on 14 April 2008.

Subject to the Listing Committee of the Hong Kong Stock Exchange granting listing of and permission to deal in the new shares, each shareholder will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholders could elect to receive in cash and they be given the option to elect to receive payment in cash of HK\$0.55 per share instead of the allotment of shares. Full details of the interim scrip dividend will be set out in a circular to be sent to shareholders together with a form of election for cash on or about 8 May 2008.

BOOK CLOSE DATES

Book close dates (both days inclusive):	Wednesday, 9 April 2008 to Monday, 14 April 2008
Latest time to lodge transfer with transfer office:	4:00 pm on Tuesday, 8 April 2008
Name and address of transfer office:	Tricor Standard Limited 26/F, Tesbury Centre 28 Queen's Road East, Hong Kong

Management Discussion and Analysis

GROUP OVERVIEW

The Group reported a profit attributable to shareholders of HK\$2.225 billion for the Current Period, an increase of HK\$1.313 billion or 144%, as compared to HK\$912.2 million for the corresponding period in the last financial year (the "Last Period"). Attributable Operating Profit ("AOP") rose by 24% from HK\$1.119 billion in the Last Period to HK\$1.385 billion in the Current Period. Infrastructure division generated an AOP of HK\$692.6 million, a promising increase of 16% as compared to HK\$597.0 million in the Last Period. Service & Rental division achieved a significant growth of 33% and its AOP increased from HK\$521.5 million in the Last Period to HK\$692.8 million in the Current Period.

Apart from the operating results, an encouraging profit of HK\$1.015 billion from the sale of the residential flats of Harbour Place and gain on deemed disposal of interests in Taifook Securities Group Limited ("Taifook Securities") and an associated company amounting HK\$78.8 million were recognized in the Current Period.

Contribution by Division

	For the six months ended 31 December	
	2007 HK\$'m	2006 HK\$'m
Infrastructure	692.6	597.0
Service & Rental	692.8	521.5
Attributable operating profit	1,385.4	1,118.5
<i>Head office and non-operating items</i>		
Share of profit from property development project	1,014.8	–
Net gain from securities investment	44.3	3.6
Gain on deemed disposal of interests in a subsidiary company and an associated company	78.8	–
Profit on disposal of infrastructure project	2.4	–
Share-based payment	(35.1)	–
Other interest income	26.1	28.6
Other finance costs	(161.5)	(112.8)
Others	(129.8)	(125.7)
	840.0	(206.3)
Profit attributable to shareholders	2,225.4	912.2

Contributions from operations in Hong Kong accounted for 46% of AOP in the Current Period as compared to 42% in the Last Period. Mainland China and Macau contributed 45% and 9% respectively, as compared to 48% and 10% respectively in the Last Period.

Earnings per Share

Basic earnings per share increased by 134% from HK\$0.47 in the Last Period to HK\$1.10 in the Current Period.

Treasury Management and Cash Funding

The Group's funding and treasury policy is designed to maintain a comprehensively diversified and balanced debt profile to minimize the Group's financial risks. Management of the Group's financing and treasury activities are centralised at the corporate level. The Group's treasury function regularly reviews the funding requirements in order to enhance the cost-efficiency of funding initiatives. With adequate cash deposit and available banking facilities, the Group maintains a strong liquidity position to provide sufficient financial resources to finance its operations and potential investments.

Management Discussion and Analysis

GROUP OVERVIEW (CONTINUED)

Liquidity

As at 31 December 2007, the Group's total cash and bank balances and short term deposits amounted to HK\$3.790 billion, as compared to HK\$3.247 billion as at 30 June 2007. Net Debt dropped by 42% from HK\$8.438 billion at 30 June 2007 to HK\$4.891 billion as at 31 December 2007. The sharp decrease of Net Debt was mainly resulted from the provision of financing on certain IPO issues by Taifook Securities to clients at the end of June 2007 amounted to HK\$5.644 billion while no such activity was in place as at 31 December 2007. The Group's Gearing Ratio, as a result, also decreased from 46% as at 30 June 2007 to 24% as at 31 December 2007. The aforesaid IPO loans were borrowed back-to-back from banks and were repaid in early July 2007 following the allotment of the corresponding new issues. Taking out these short-lived IPO loans, the Gearing Ratio as at 30 June 2007 would be only 15%. In the pursuit of growth opportunities in its core businesses, the Group is prepared to increase the gearing ratio. The increase in gearing, excluding the impact of Taifook Securities' IPO loans, was in fact resulted from financing the new and existing investments in the Current Period like the Harbour Place property project, Nansha project and China United International Rail Containers Co., Limited, etc. The capital structure of the Group was 30% debt and 70% equity as at 31 December 2007, as compared to 39% debt and 61% equity as at 30 June 2007.

Debt Profile and Maturity

As at 31 December 2007, the Group's Total Debt decreased to HK\$8.681 billion from HK\$11.686 billion as at 30 June 2007. Long-term bank loans and borrowings increased from HK\$3.938 billion as at 30 June 2007 to HK\$6.271 billion as at 31 December 2007, with HK\$2.030 billion maturing in the second year and the remaining in the third to fifth year. Secured bank loans and overdrafts amounted to HK\$564.4 million as at 31 December 2007 and were secured by the securities clients' listed shares pledged to the Group. All bank loans were denominated in Hong Kong dollars and were bearing interest at floating rate. The Group did not have any material exposure in exchange risk other than RMB during the Current Period. No property, plant and equipment, investment properties nor leasehold land and land use rights were pledged as at 31 December 2007.

Commitments

The Group's commitments for capital expenditure were HK\$2.427 billion as at 31 December 2007 as compared to HK\$1.665 billion as at 30 June 2007. This represented commitment for capital contributions in certain associated companies, jointly controlled entities and other projects of HK\$2.147 billion as at 31 December 2007 as compared to HK\$1.451 billion as at 30 June 2007, and commitments for properties and equipment of HK\$279.8 million as at 31 December 2007 as compared to HK\$213.8 million as at 30 June 2007. The share of commitments for capital expenditure committed by jointly controlled entities was HK\$723.7 million as at 31 December 2007 as compared to HK\$1.055 billion as at 30 June 2007. Sources of funding for capital expenditure are internally generated resources and banking facilities.

Contingent Liabilities

Contingent liabilities of the Group were HK\$583.4 million as at 31 December 2007 as compared to HK\$1.107 billion as at 30 June 2007. These were composed of guarantees for credit facilities granted to associated companies, jointly controlled entities and a related company of HK\$11.9 million, HK\$516.5 million and HK\$55.0 million as at 31 December 2007 as compared to HK\$11.9 million, HK\$1.041 billion and HK\$55.0 million respectively as at 30 June 2007. The share of contingent liabilities of jointly controlled entities was HK\$71.4 million as at 31 December 2007 as compared to HK\$70.6 million as at 30 June 2007.

Employees and Remuneration Policies

As at 31 December 2007, over 43,000 staff were employed by entities under the Group's management of which approximately 24,000 were employed in Hong Kong. Total staff related costs excluding directors' remunerations, were HK\$1.549 billion (2006: HK\$1.047 billion), of which provident funds and staff bonuses were included. Remuneration packages including salaries, bonuses and share options are granted to employees according to individual performance and are reviewed accordingly to general market conditions every year. Structured training programmes were provided to employees on an ongoing basis.

Management Discussion and Analysis

OPERATIONAL REVIEW — INFRASTRUCTURE

Attributable Operating Profit (“AOP”) of the Infrastructure division for the Current Period increased 16% to HK\$692.6 million when compared to HK\$597.0 million of the Last Period.

AOP Contribution by Segment

	For the six months ended 31 December		
	2007 HK\$'m	2006 HK\$'m	Change % Fav./((Unfav.)
Roads	363.7	285.0	28
Energy	207.0	214.0	(3)
Water	62.5	56.0	12
Ports	59.4	42.0	41
Total	692.6	597.0	16

Roads

The AOP of the Roads segment for the Current Period was HK\$363.7 million, surged HK\$78.7 million or 28% from the Last Period.

Performance of projects within the Pearl River Delta Region was outstanding. Average daily traffic flow of Guangzhou City Northern Ring Road increased by 6% in the Current Period. Toll income of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) soared by RMB86.5 million or 20% in the Current Period as benefited by the strong economic development of the Pearl River Delta Region. The combined average daily traffic flow of Shenzhen-Huizhou Roadway and Expressway increased by 23% when compared to the Last Period.

AOP of Guangxi Roadways Network increased by 6% in the Current Period. Its combined average daily traffic flow rose 8%, mainly due to the repair and maintenance work of a connecting road was partially completed in July 2007.

AOP contribution from Shanxi Roadways Network maintained in the Current Period. Its average daily traffic flow, on a combined basis, down slightly by 1% when compared to the Last Period.

The average daily traffic flow of Tangjin Expressway (Tianjin North Section) increased by 4% while its toll income grew 29% in the Current Period after the introduction of toll-by-weight policy in August 2007.

AOP contribution from Wuhan Airport Expressway surged 76% in the Current Period. Its average daily traffic flow jumped 31% after the relocation of a new toll station in July 2007.

AOP from Tate's Cairn Tunnel rose 6% when compared to the Last Period. Its average daily traffic flow grew 3% in the Current Period.

Management Discussion and Analysis

OPERATIONAL REVIEW — INFRASTRUCTURE (CONTINUED)

Energy

AOP of the Energy segment dropped 3% from HK\$214.0 million to HK\$207.0 million for the Current Period.

Both combined electricity sales volume and average tariff of Zhujiang Power Plants increased by 3% in the Current Period. Its combined AOP, however, dropped 22% when compared to the Last Period. The decrease in AOP was mainly caused by a 19% increase in fuel cost due to the soaring coal price.

AOP from Macau Power, which was restricted by the Scheme of Control, increased 8% in the Current Period. Its sales volume grew satisfactorily by 27% due to the booming economy in Macau.

Guangdong Baolihua New Energy Stock Co Ltd, which was acquired in December 2006, also contributed AOP in the Current Period. Its electricity sales increased 5% when compared to the Last Period.

Two generation units of Chengdu Jintang Power Plant commenced operation in June and October 2007 respectively.

Water

AOP contribution from Water segment rose from HK\$56.0 million to HK\$62.5 million, up HK\$6.5 million or 12% when compared to the Last Period.

Average daily sales volume of Macau Water Plant increased by 9% on a period-on-period basis. In Mainland China, water sales volume of both Tanggu Water Plant and Chongqing Water Plant grew 8% when compared to the Last Period. Current Period of AOP also increased by contribution of new projects, such as Changshu Water Plant and Chongqing Tangjiatuo Waste Water Treatment Plant.

Ports

AOP contribution of Ports segment increased by 41% from HK\$42.0 million in the Last Period to HK\$59.4 million for the Current Period.

Xiamen New World Xiangyu Terminals Co., Ltd. reported a 6% volume growth to 403,000 TEUs. Throughput of Tianjin Orient Container Terminals Co., Ltd. grew 5% to 577,000 TEUs after the conversion of the coal berth into container handling facility was completed in February 2007. In the Current Period, throughput of Tianjin Five Continents International Container Terminal Co., Ltd. stood at 1,029,000 TEUs.

During the Current Period, our 70% interest in Xiamen Xinyuan Container Terminal Co., Ltd. was sold and realized a gain of HK\$2.4 million.

Management Discussion and Analysis

OPERATIONAL REVIEW — SERVICE & RENTAL

Service & Rental division has achieved an AOP of HK\$692.8 million for the Current Period. A significant increase of AOP by HK\$171.3 million or 33% was mainly attributable to the increase in contribution from Taifook Securities after the completion of further acquisition of Taifook Securities' shareholding to 61.3% on 8 June 2007.

After the further acquisition of the Taifook Securities' shareholding, the management decided to reclassify the business of Service & Rental division into four segments, namely "Facilities Rental", "Contracting", "Financial Services" and "Other Services" to facilitate a better analysis of the performance of different business segments under this division.

AOP Contribution by Segment

	For the six months ended 31 December		
	2007 HK\$m	2006 HK\$m	Change % Fav./Unfav.)
Facilities Rental	212.3	222.5	(5)
Contracting	138.8	110.1	26
Financial Services	214.6	46.5	362
Other Services	127.1	142.4	(11)
Total	692.8	521.5	33

Facilities Rental

The Group's Facilities Rental segment continued to be a steady source of profit and cash inflow to the Group. This segment recorded an AOP of HK\$212.3 million for the Current Period, a decrease of 5% over the Last Period.

Hong Kong Convention and Exhibition Centre ("HKCEC") continued to achieve satisfactory result for the Current Period with 696 events held during the Current Period serving over 3.3 million guests. AsiaWorld-Expo and other conference and exhibition facilities in Macau, Mainland China and other Asian countries have increased competition in this market. Construction works of the Atrium Link expansion in HKCEC has commenced in August 2006 and is due for completion in the first quarter of 2009. The new 19,400 sq m expansion will increase its available space for lease up to a total of 83,400 sq m.

ATL Logistics Centre ("ATL") recorded a steady profit with average occupancy rate reaching 98% during the Current Period. It has benefited from the growth of the local economy and the Mainland China's market. Being Hong Kong's largest multi-storey drive-in warehousing/container freight station complex, ATL continues to provide professional warehousing and terminal services for a demanding global clientele. As such, it remains as the market leader in the industry. The Group expects that ATL will continue to deliver stable profits as a result of the continuous growth of Hong Kong economy, increase in domestic consumption, improving job market and the buoyant property market, which continued to fuel the strong growth in the warehousing business in Hong Kong.

Management Discussion and Analysis

OPERATIONAL REVIEW — SERVICE & RENTAL (CONTINUED)

Contracting

The Contracting segment recorded AOP of HK\$138.8 million for the Current Period, representing an increase of 26% over the Last Period. The significant improvement in operating results is due to the gradual improvement of the overall operating environment in Hong Kong and the substantial contribution from Macau.

Leveraging its proven expertise in managing mega-sized and high quality construction projects and following the recent recovery of the private property development sector, the construction group, leading by Hip Hing Construction Company Limited has secured contracts of substantial size with a gross value of contract-on-hand of approximately HK\$33.0 billion as at 31 December 2007. Macau business continued to be encouraging with the potential high yields from the entertainment and property business. It is expected that Macau will continue to be the major profit contributor in the next year.

Performance of the Group's engineering business remained satisfactory albeit substantial upsurge of workers' salary, material price fluctuations and tender price war. Contracts on hand as at 31 December 2007 amounted to HK\$5.3 billion, while the contracts awarded during the Current Period were HK\$1.4 billion of which 21% was secured in Mainland China and 79% was secured in Hong Kong and Macau.

Financial Services

The Financial Services segment mainly comprises the results of Taifook Securities and Tricor Holdings Limited ("Tricor"). The contribution attributable to this segment has become more significant after the Group increased its shareholding in Taifook Securities to 61.3% on 8 June 2007 and the benefit of buoyant stock market.

Taifook Securities achieved excellent results for the Current Period. The remarkable achievement can be mainly attributed to an exceptional robust stock market in 2007, while Taifook Securities' solid business foundation and massive client base placed the company in an advantageous position to tap the unprecedented business opportunities that arose. Contributions from Taifook Securities' core operations all grew substantially. The broking and margin finance businesses benefited immensely from the brisk turnover on the Hong Kong Stock Exchange, as trading interest in China stocks and derivative warrants were particularly hectic. Broking commissions and net interest income earned on margin loans contributed to the bulk of the earnings in the Current Period. Meanwhile, primary market activity was less striking. Taifook Securities' capital market activities still grew their contributions materially though with a lesser share of the earnings pie.

Although the global investment sentiment became cautious in the last quarter of 2007 as a consequence of the worries of a recession in both the US and Japan plus the threat of an overheating China economy, the Group is confident that the acquisition of Taifook Securities will enhance its long-term profitability along with the promising outlook of financial markets in Hong Kong and the Mainland China.

Also benefited from the booming stock market, Tricor achieved excellent results with a growth of 30% during the Current Period. Tricor had successfully expanded into the Mainland China and Singapore markets following the opening of offices in Shanghai and Beijing and the acquisition of Singapore business.

Management Discussion and Analysis

OPERATIONAL REVIEW — SERVICE & RENTAL (CONTINUED)

Other Services

This segment comprises various service businesses including the transport and other general services such as retail, property management, cleaning and security guarding.

The Group's transport business achieved an AOP of HK\$41.6 million for the Current Period, representing a 26% decrease over the Last Period. The decrease was mainly attributed to the rising operating costs such as fuel costs, staff wages and insurance payments.

Citybus Limited and New World First Bus Services Limited reported a significant drop in profits as compared with the Last Period. Surge in fuel price and salaries rise led to a heavy burden to the performance of the bus operation.

New World First Ferry Services Limited, which operates ferry business in Hong Kong, continued to suffer a loss mainly due to the high fuel costs, despite a 3.5% rise in fare revenue. The Macau ferry services achieved a satisfactory improvement in both fare revenue and profits in the Current Period resulting from a significant growth of 30% in patronage.

Free Duty engaged in duty free tobacco and liquor retail business at Hong Kong International Airport and the ferry terminals in China Hong Kong City and Shun Tak Centre has achieved excellent result during the Current Period following robust patronage arising from the rebound in Hong Kong's tourism sector. The Group has also commenced duty free operations in Lok Ma Chau Station in August 2007 and Lo Wu Station in January 2008.

The property management business contributed a stable profit to the Group despite tough market competitions and maintained a clientele of over 139,000 residential units under management. The Group continued to explore new market opportunities in Mainland China.

Disclosure Pursuant to Rule 13.22 of the Listing Rules

As at 31 December 2007, the Group has provided financial assistance, by way of shareholders' loans/advances, in the aggregate amount of HK\$4.107 billion to its affiliated companies, guaranteed bank loans and other borrowing facilities for the benefit of the affiliated companies in the amount of HK\$528.4 million and contracted to provide an aggregate amount of HK\$1.015 billion in capital and loans to affiliated companies. The said amounts, in aggregate, represents approximately 13.8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

The advances are unsecured, interest free and have no definite repayment terms except for an aggregate amount of HK\$255.0 million which carries interest ranging from 6% to 10% per annum, an amount of HK\$107.7 million which carries interest at 0.6% over Hong Kong Interbank Offered Rate per annum, and an amount of HK\$13.9 million which carries interest at Hong Kong prime rate per annum, and an amount of HK\$162.1 million which is repayable on or before 2009. Contracted capital and loan contributions to affiliated companies would be funded by borrowings or internal resources of the Group.

Pursuant to Rule 13.22 of the Listing Rules, a proforma combined balance sheet of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 31 December 2007 are presented as follows:

	Proforma combined balance sheet HK\$'m	Group's Attributable interest HK\$'m
Non-current assets	37,840.5	17,115.2
Current assets	15,858.6	6,741.4
Current liabilities	(11,984.0)	(4,868.8)
Non-current liabilities	(15,142.8)	(7,481.3)
	26,572.3	11,506.5

The proforma combined balance sheet of the affiliated companies is prepared by combining their balance sheets, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant balance sheet classification, as at 31 December 2007.

Additional Information

CORPORATE GOVERNANCE PRACTICES

The Company commits to achieve high standard of corporate governance practices. During the period under review, the Company has taken active steps for enhancing the overall corporate governance standard of the Group. Except the deviations in code provisions A.5.4 and E.1.2, the Company has complied with all the applicable code provisions and most of the recommended best practices as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules during the six months ended 31 December 2007.

As required under code provision A.5.4 of the CG Code, the Board should establish written guidelines on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") for relevant employees in respect of their dealing in the securities of the Company. The Board has established guidelines for employees in respect of their dealing in the Company's securities as set out in the handbook for "Corporate Policy on Staff Responsibility" but they are not on no less exacting terms than the Model Code. The deviation is mainly due to the fact that the Company currently has over 43,000 employees and operates diversified businesses, it will cause immense administrative burden for processing written notifications from the relevant employees by the Company.

Moreover, pursuant to code provision E.1.2 of the CG Code, the Chairman of the Board should attend the annual general meeting of the Company. Due to the engagement by another meeting held overseas, Dr Cheng Kar Shun, Henry, Chairman of the Board, was unable to attend the annual general meeting of the Company held on 26 November 2007.

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group and the unaudited interim financial statements for the Current Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the Model Code. Having made specific enquiry of all directors, they had complied with the required standards of the said code during the Current Period.

Additional Information

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2007, the directors and their respective associates had the following interests in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to section 352 of the SFO:

(a) Long position in shares

	Number of shares / Amount of registered capital			Total	Approximate percentage of issued share capital/ registered capital as at 31.12.07
	Personal interests	Family interests	Corporate interests		
The Company					
(Ordinary shares of HK\$1.00 each)					
Dr Cheng Kar Shun, Henry	9,179,199	587,000 ⁽¹⁾	8,000,000 ⁽²⁾	17,766,199	0.88%
Mr Doo Wai Hoi, William	2,006,566	–	9,130,000 ⁽³⁾	11,136,566	0.55%
Mr Chan Kam Ling	528,991	–	10,254,321 ⁽⁴⁾	10,783,312	0.54%
Mr Tsang Yam Pui	120,000	–	–	120,000	0.01%
Mr Wong Kwok Kin, Andrew	3,030,000	–	–	3,030,000	0.15%
Mr Lam Wai Hon, Patrick	991,191	–	5,072 ⁽⁵⁾	996,263	0.05%
Mr Cheung Chin Cheung	980,386	–	–	980,386	0.05%
Mr William Junior Guilherme Doo	–	–	301,343 ⁽⁶⁾	301,343	0.01%
Mr Wilfried Ernst Kaffenberger	557,248	–	–	557,248	0.03%
Mr Kwong Che Keung, Gordon	608,757	–	–	608,757	0.03%
Mr Cheng Wai Chee, Christopher	720,148	–	–	720,148	0.04%
NWD					
(Ordinary shares of HK\$1.00 each)					
Dr Cheng Kar Shun, Henry	–	300,000 ⁽¹⁾	–	300,000	0.01%
Mr Chan Kam Ling	142,970	–	–	142,970	0.00%
Mr Wong Kwok Kin, Andrew	150,000	–	–	150,000	0.00%
Mr Cheung Chin Cheung	62,200	–	–	62,200	0.00%
Mr Kwong Che Keung, Gordon	30,000	–	–	30,000	0.00%
New World China Land Limited					
(Ordinary shares of HK\$0.10 each)					
Dr Cheng Kar Shun, Henry	12,500,000	1,000,000 ⁽¹⁾	52,271,200 ⁽²⁾	65,771,200	1.72%
Mr Doo Wai Hoi, William	8,750,000	–	66,190,000 ⁽³⁾	74,940,000	1.96%
Mr Chan Kam Ling	1,250,000	–	–	1,250,000	0.03%
Mr Wong Kwok Kin, Andrew	2,136,400	–	–	2,136,400	0.06%
Mr Lam Wai Hon, Patrick	180,000	–	–	180,000	0.00%
Fung Seng Estate Development (Shanghai) Co., Ltd.					
(Registered capital in US\$)					
Mr Doo Wai Hoi, William	–	–	US\$3,000,000 ⁽⁷⁾	US\$3,000,000	30.00%

Additional Information

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

(a) Long position in shares (Continued)

	Number of shares / Amount of registered capital			Total	Approximate percentage of issued share capital/ registered capital as at 31.12.07
	Personal interests	Family interests	Corporate interests		
HH Holdings Corporation					
(Ordinary shares of HK\$1.00 each)					
Mr Chan Kam Ling	15,000	–	–	15,000	2.50%
Master Services Limited					
(Ordinary shares of US\$0.01 each)					
Mr Chan Kam Ling	16,335	–	–	16,335	1.63%
Mr Wong Kwok Kin, Andrew	44,915	–	–	44,915	4.49%
Mega Choice Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr Cheng Kar Shun, Henry	–	–	3,710 ⁽²⁾	3,710	34.61%
New World Hotel Management (BVI) Limited					
(Ordinary shares of US\$1.00 each)					
Mr William Junior Guilherme Doo	–	–	55 ⁽⁶⁾	55	5.50%
Ramada Property Ltd.					
(Ordinary shares of US\$1.00 each)					
Mr Doo Wai Hoi, William	–	–	250 ⁽³⁾	250	25.00%
Shanghai Juyi Real Estate Development Co., Ltd.					
(Registered capital in RMB)					
Mr Doo Wai Hoi, William	–	–	RMB229,500,000 ⁽⁷⁾	RMB229,500,000	30.00%
Wai Kee Holdings Limited					
(Ordinary shares of HK\$0.10 each)					
Mr Lam Wai Hon, Patrick	300,000	–	–	300,000	0.04%

Notes:

- (1) The shares are held by the spouse of Dr Cheng Kar Shun, Henry.
- (2) The shares are held by a company wholly owned by Dr Cheng Kar Shun, Henry.
- (3) The shares are held by a company wholly owned by Mr Doo Wai Hoi, William.
- (4) The shares are held by a company of which Mr Chan Kam Ling holds 50% equity interests.
- (5) The shares are held by a company wholly owned by Mr Lam Wai Hon, Patrick.
- (6) The shares are held by a company wholly owned by Mr William Junior Guilherme Doo.
- (7) The interests represent the participating interests held by a company wholly owned by Mr Doo Wai Hoi, William.

Additional Information

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

(b) Long position in underlying shares – share options

(i) The Company

The following directors of the Company have personal interests in options to subscribe for shares of the Company:

Name	Date of grant	Exercisable period (Note)	Number of share options			Balance as at 31.12.07	Exercise price per share HK\$
			Balance as at 01.07.07	Granted during the period	Exercised during the period		
Dr Cheng Kar Shun, Henry	21 August 2007	(1)	–	3,000,000	–	3,000,000	16.20
Mr Doo Wai Hoi, William	21 August 2007	(1)	–	2,000,000	–	2,000,000	16.20
Mr Chan Kam Ling	21 August 2007	(1)	–	2,000,000	–	2,000,000	16.20
Mr Tsang Yam Pui	21 August 2007	(1)	–	1,500,000	–	1,500,000	16.20
Mr Wong Kwok Kin, Andrew	21 August 2007	(1)	–	1,500,000	–	1,500,000	16.20
Mr Lam Wai Hon, Patrick	21 August 2007	(1)	–	1,500,000	–	1,500,000	16.20
Mr Cheung Chin Cheung	21 August 2007	(1)	–	1,500,000	–	1,500,000	16.20
Mr William Junior Guilherme Doo	21 August 2007	(1)	–	1,500,000	–	1,500,000	16.20
Mr Wilfried Ernst Kaffenberger	21 August 2007	(1)	–	300,000	–	300,000	16.20
Mr To Hin Tsun, Gerald	21 August 2007	(1)	–	300,000	–	300,000	16.20
Mr Dominic Lai	21 August 2007	(1)	–	300,000	–	300,000	16.20
Mr Kwong Che Keung, Gordon	21 August 2007	(1)	–	600,000	–	600,000	16.20
Mr Cheng Wai Chee, Christopher	21 August 2007	(1)	–	600,000	–	600,000	16.20
Mr Shek Lai Him, Abraham	21 August 2007	(1)	–	600,000	–	600,000	16.20

Notes:

- (1) 40% of the share options are exercisable from 21 August 2008 to 20 August 2012 while the remaining 60% of the share options are divided into 3 tranches exercisable from 21 August 2009, 21 August 2010 and 21 August 2011 respectively to 20 August 2012.
- (2) The cash consideration paid by each of the directors for the grant of share options is HK\$10.

Additional Information

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

(b) Long position in underlying shares – share options (Continued)

(ii) NWD

Under the share option scheme of NWD, the holding company of the Company, the following director of the Company has personal interest in options to subscribe for its shares. Details of the share options of NWD granted to him are as follows:

Name	Date of grant	Exercisable period	Number of share options			Exercise price per share HK\$
			Balance as at 01.07.07	Exercised during the period	Balance as at 31.12.07	
Dr Cheng Kar Shun, Henry	19 March 2007	19 March 2007 to 18 March 2012	36,500,000	–	36,500,000	17.756

Note: The cash consideration paid by the director for the grant of the share options is HK\$10.

(iii) New World Department Store China Limited

Under the share option scheme of New World Department Store China Limited ("NWDS", a fellow subsidiary company of the Company), the following director of the Company has personal interest in options to subscribe for its shares. Details of the share options of NWDS granted to him are as follows:

Name	Date of grant	Exercisable period (Note)	Number of share options			Exercise price per share HK\$	
			Balance as at 01.07.07	Granted during the period	Exercised during the period		Balance as at 31.12.07
Dr Cheng Kar Shun, Henry	27 November 2007	(1)	–	1,000,000	–	1,000,000	8.66

Notes:

- (1) Divided into 5 tranches exercisable from 27 November 2008, 27 November 2009, 27 November 2010, 27 November 2011 and 27 November 2012 respectively to 26 November 2013.
- (2) The cash consideration paid by the director for the grant of share option is HK\$1.

Additional Information

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

(b) Long position in underlying shares – share options (Continued)

(iv) Wai Kee Holdings Limited

Under the share option scheme of Wai Kee Holdings Limited (“Wai Kee”, an associated company of the Company), the following director of the Company has personal interest in options to subscribe for its shares. Details of the share options of Wai Kee granted to him are as follows:

Name	Date of grant	Exercisable period	Number of share options				Exercise price per share HK\$
			Balance as at 01.07.07	Granted during the period	Exercised during the period	Balance as at 31.12.07	
Mr Lam Wai Hon, Patrick	9 July 2007	9 July 2008 to 8 July 2011	–	330,000	–	330,000	3.39

Save as disclosed above, no interests and short positions were held or deemed to be taken to be held under Part XV of the SFO by any director or chief executive of the Company or their respective associates in the shares, the underlying shares and debentures of the Company or any of its associated corporations which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code or which are required pursuant to section 352 of the SFO to be entered in the register referred to therein.

SHARE OPTION SCHEME

(a) The Company

During the Current Period, movement of share options granted by the Company under the Share Option Scheme was as follows:

- (i) Details of movement of share options granted to the directors of the Company were disclosed under the section headed “Directors’ interests in securities” above.
- (ii) Details of movement of share options granted to other eligible participants were as follows:

Date of grant	Exercisable period (Note)	Number of share options					Balance as at 31.12.07	Exercise price per share HK\$
		Balance as at 01.07.07	Granted during the period	Exercised during the period	Lapsed during the period			
21 July 2003	(1)	1,480,167	–	515,996 ⁽³⁾	–	964,171	3.711	
21 August 2007	(2)	–	12,494,000 ⁽⁴⁾	–	–	12,494,000	16.200	

Additional Information

SHARE OPTION SCHEME (CONTINUED)

(a) The Company (Continued)

Notes:

- (1) Divided into 3 tranches exercisable from 21 January 2004, 21 July 2004 and 21 July 2005 respectively to 20 July 2008.
- (2) 40% of the share options are exercisable from 21 August 2008 to 20 August 2012 while the remaining 60% of the share options are divided into 3 tranches exercisable from 21 August 2009, 21 August 2010 and 21 August 2011 respectively to 20 August 2012.
- (3) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$16.932.
- (4) The closing price per share immediately before 21 August 2007, the date of grant, was HK\$15.70.
- (5) The cash consideration paid by each eligible participant for each grant of share options is HK\$10.

The fair value of the share options granted during the Current Period with exercise price per share of HK\$16.20 is estimated at approximately HK\$5.23, using the Binomial pricing model. Values are appraised based on the risk-free rate of 4.13% per annum with reference to the rate prevailing on the Hong Kong government bond, an approximately five-year period historical volatility of 46.52%, assuming dividend yield of 4.90% per annum and an expected option life of five years.

The Binomial pricing model requires input of subjective assumptions such as the expected stock price volatility. Change in the subjective input may materially affect the fair value estimates.

(b) Taifook Securities

During the Current Period, movements of share options granted by Taifook Securities under its share option scheme, which was adopted on 23 August 2002, were as follows:

Date of grant	Exercisable period (Note)	Number of share options				Balance as at 31.12.07	Exercise price per share HK\$
		Balance as at 01.07.07	Granted during the period	Exercised during the period	Lapsed during the period		
5 September 2003	(1)	1,300,000	–	650,000 ⁽⁴⁾	–	650,000	1.20
10 February 2006	(2)	2,000,000	–	450,000 ⁽⁵⁾	–	1,550,000	0.94
1 December 2007	(3)	–	28,700,000 ⁽⁶⁾	–	–	28,700,000	6.09

Notes:

- (1) Exercisable from 5 March 2004 to 4 March 2009.
- (2) Exercisable from 10 August 2006 to 9 August 2014.
- (3) Exercisable from 1 June 2008 to 31 May 2016.
- (4) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$5.63.
- (5) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$5.32.
- (6) The closing price per share immediately before 1 December 2007, the date of grant, was HK\$5.69.
- (7) The cash consideration paid by each eligible participant for each grant of share options is HK\$1.

The fair value of the share options granted during the six months ended 31 December 2007 was HK\$16.11 million (HK\$0.56 each) of which Taifook Securities recognized a share option expenses of HK\$2.685 million during the six months ended 31 December 2007.

Additional Information

SHARE OPTION SCHEME (CONTINUED)

(b) Taifook Securities (Continued)

The fair value of the equity-settled share options granted during the six months ended 31 December 2007 was estimated as at the date of grant, using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the input to the model used:

Dividend yield (%)	7.03
Expected volatility (%)	43.61
Historical volatility (%)	43.61
Risk-free interest rate (%)	1.21
Expected life of option (year)	1
Weighted average share price (HK\$)	5.69

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2007, so far as are known to the directors, the following parties (other than a director or chief executive of the Company) were recorded in the register kept by the Company under section 336 of the SFO as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

Name	Number of shares			Approximate percentage to the issued share capital of the Company as at 31.12.07
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ⁽¹⁾	–	1,204,205,541	1,204,205,541	59.77%
Centennial Success Limited ⁽²⁾	–	1,204,205,541	1,204,205,541	59.77%
Chow Tai Fook Enterprises Limited ⁽³⁾	59,831,893	1,144,373,648	1,204,205,541	59.77%
NWD ⁽⁴⁾	752,360,275	392,013,373	1,144,373,648	56.80%
Mombasa Limited	343,513,502	–	343,513,502	17.05%

Notes:

- (1) Cheng Yu Tung Family (Holdings) Limited holds 51% direct interest in Centennial Success Limited ("CSL") and is accordingly deemed to have an interest in the shares deemed to be interested by CSL.
- (2) CSL holds 100% direct interest in Chow Tai Fook Enterprises Limited ("CTF") and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF.
- (3) CTF, together with its subsidiary companies, hold more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by NWD.
- (4) NWD holds 100% indirect interest in Mombasa Limited and is accordingly deemed to have an interest in the shares held by Mombasa Limited in the Company. NWD is also deemed to be interested in 1,986,513 shares held by Financial Concepts Investment Limited, 14,857,756 shares held by Hing Loong Limited, 14,857,756 shares held by Fine Reputation Incorporated, 13,604,776 shares held by New World Hotels Corporation Limited and 3,193,070 shares held by Hong Kong Island Development Limited, all of them are subsidiary companies of NWD.
- (5) All the interests stated above represent long positions.

Additional Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES (CONTINUED)

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 31 December 2007.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiary companies has purchased, sold or redeemed any of the Company's listed securities during the Current Period.

Dr Cheng Kar Shun, Henry

Chairman

Hong Kong, 17 March 2008

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr Cheng Kar Shun, Henry (Chairman)
Mr Doo Wai Hoi, William (Deputy Chairman)
Mr Chan Kam Ling (Chief Executive Officer)
Mr Tsang Yam Pui
Mr Wong Kwok Kin, Andrew
Mr Lam Wai Hon, Patrick
Mr Cheung Chin Cheung
Mr William Junior Guilherme Doo

Non-executive Directors

Mr Wilfried Ernst Kaffenberger
Mr To Hin Tsun, Gerald
Mr Dominic Lai
Mr Yeung Kun Wah, David
(Alternate director to Mr Wilfried Ernst Kaffenberger)

Independent Non-executive Directors

Mr Kwong Che Keung, Gordon
Mr Cheng Wai Chee, Christopher
The Honourable Shek Lai Him, Abraham

COMMITTEES

Executive Committee

Dr Cheng Kar Shun, Henry (Chairman)
Mr Doo Wai Hoi, William
Mr Chan Kam Ling
Mr Tsang Yam Pui
Mr Wong Kwok Kin, Andrew
Mr Lam Wai Hon, Patrick
Mr Cheung Chin Cheung
Mr William Junior Guilherme Doo

Audit Committee

Mr Kwong Che Keung, Gordon (Chairman)
Mr Dominic Lai
Mr Cheng Wai Chee, Christopher
The Honourable Shek Lai Him, Abraham

Remuneration Committee

Mr Chan Kam Ling (Chairman)
Mr Lam Wai Hon, Patrick
Mr Kwong Che Keung, Gordon
Mr Cheng Wai Chee, Christopher
The Honourable Shek Lai Him, Abraham

Corporate Social Responsibility Committee

Mr Tsang Yam Pui (Chairman)
Mr Lam Wai Hon, Patrick
Mr Dominic Lai

QUALIFIED ACCOUNTANT

Mr Lam Wai Hon, Patrick

COMPANY SECRETARY

Mr Chow Tak Wing

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